



About Barloworld

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

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

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

About this report

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

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

An abridged version of this annual report has been printed with the unabridged version available on the Barloworld website www.barloworld.com. The report includes comparative information on Barloworld's performance in prior years, with information disclosed in past annual reports being restated where appropriate.

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

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

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

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

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

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



Content

IFC	About Barloworld
IFC	About this report
2	Barloworld highlights
3	Investment proposition
4	Barloworld businesses
6	Strategic profile
7	Strategic focus areas
8	Where we operate
8	Strategic growth segments
10	Sustainable value creation
12	Chairman's review
16	Chief executive's report

Operational review

22	Equipment
38	Automotive
48	Handling
58	Logistics
66	Corporate
68	Corporate governance report
72	Board of directors

Underscoring our sustainability

92	Underscoring our sustainability
----	---------------------------------

Financial overview

124	Finance director's review
-----	---------------------------

Annual financial statements

127	Directors' responsibility and approval
127	Certificate by secretary
128	Independent auditor's report
129	Directors' report
130	Accounting policies
138	Consolidated statement of financial position
139	Consolidated income statement
140	Consolidated statement of comprehensive income
141	Consolidated statement of cash flows
143	Notes to the consolidated statement of cash flows
145	Consolidated statement of changes in equity
146	Notes to the consolidated annual financial statements
220	Company statement of financial position
221	Company statement of comprehensive income
222	Company statement of changes in equity
223	Company statement of cash flows
224	Notes to the company statement of cash flows
225	Notes to the company annual financial statements
235	Global reporting initiative (GRI) Index
241	Letter from the chairman
242	Question form for annual general meeting
243	Shareholders' diary
244	Notice of annual general meeting
	Proxy form
	Notes to the proxy form
IBC	Corporate information

Salient features

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

Financial highlights

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

* From continuing operations

Investment proposition



Clear vision

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

Strategic focus

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

Leading international brands

- Caterpillar, Hyster, Avis and leading automotive brands

Attractive growth prospects

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

Business and geographic diversity

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

Strong financial position

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

Experienced management team

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

Responsible corporate citizenship

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





Equipment

Barloworld Equipment

Barloworld Equipment and Caterpillar have shared a partnership for 83 years in South Africa. Today Barloworld's Caterpillar dealership territories include 11 countries in southern Africa (South Africa, Namibia, Botswana, Angola, Zambia, Zimbabwe, Malawi, Mozambique, the DRC's Katanga province, Lesotho and Swaziland), as well as Spain, Portugal, Andorra, Cape Verde, São Tomé and Príncipe, Siberia and the Russian Far East. Barloworld Equipment also represents MAK and Perkins engines, Atlas Copco rotary blasthole drills and Metso mobile crushing and screening equipment for mining and construction. Customers are provided with integrated solutions comprising new, used and rental options together with comprehensive equipment management plans supported by the best technical training capability in the industry.



Automotive

Barloworld Automotive

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

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

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



Handling

Barloworld Handling

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

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



Logistics

Barloworld Logistics

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

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

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

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

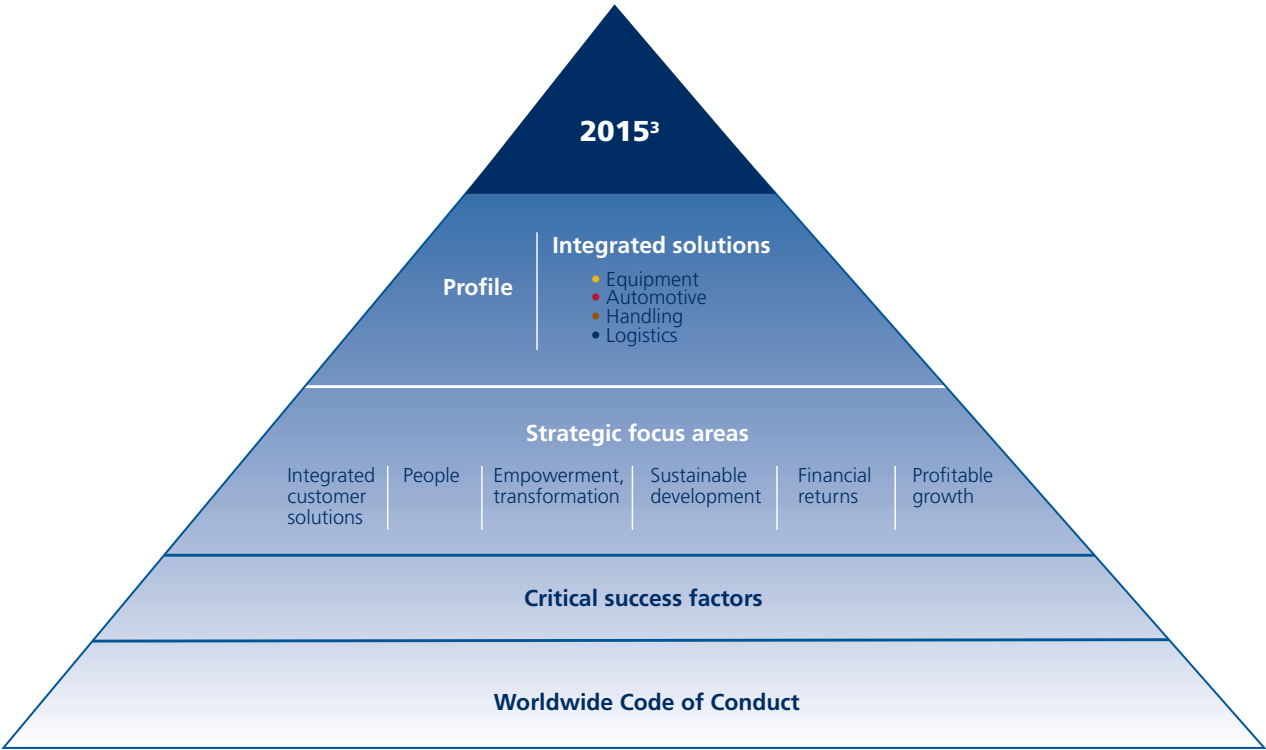
	Revenue		Operating profit/(loss)		Net operating assets	
	Year ended 30 Sept	2009	Year ended 30 Sept	2009	30 Sept	2009
R million	2010	Restated	2010	2009	2010	2009
– Southern Africa	912	1 156	42	80	369	518
– Europe	1 734	2 127	(40)	(53)	573	681
– North America	1 440	1 725	(19)	(54)	383	480
	4 086	5 008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

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

Vision 2015³

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

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



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

Strategic profile

The Barloworld organisation incorporates many defining characteristics and competencies:

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

Strategic focus areas



Integrated customer solutions

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

KPI: Market leadership in targeted segments



People

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

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



Empowerment and transformation

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

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



Sustainable development

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

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



Financial returns

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

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



Profitable growth

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

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



Where we operate

- Barloworld Equipment
- Barloworld Automotive
- Barloworld Handling
- Barloworld Logistics



Strategic growth segments



Growth driver

Chinese demand and global economic recovery to drive commodity prices and increased levels of mining investment

Geography

Southern Africa
Russia

Growth driver

Infrastructure backlogs and rapid urbanisation in emerging markets to drive infrastructure investment

Geography

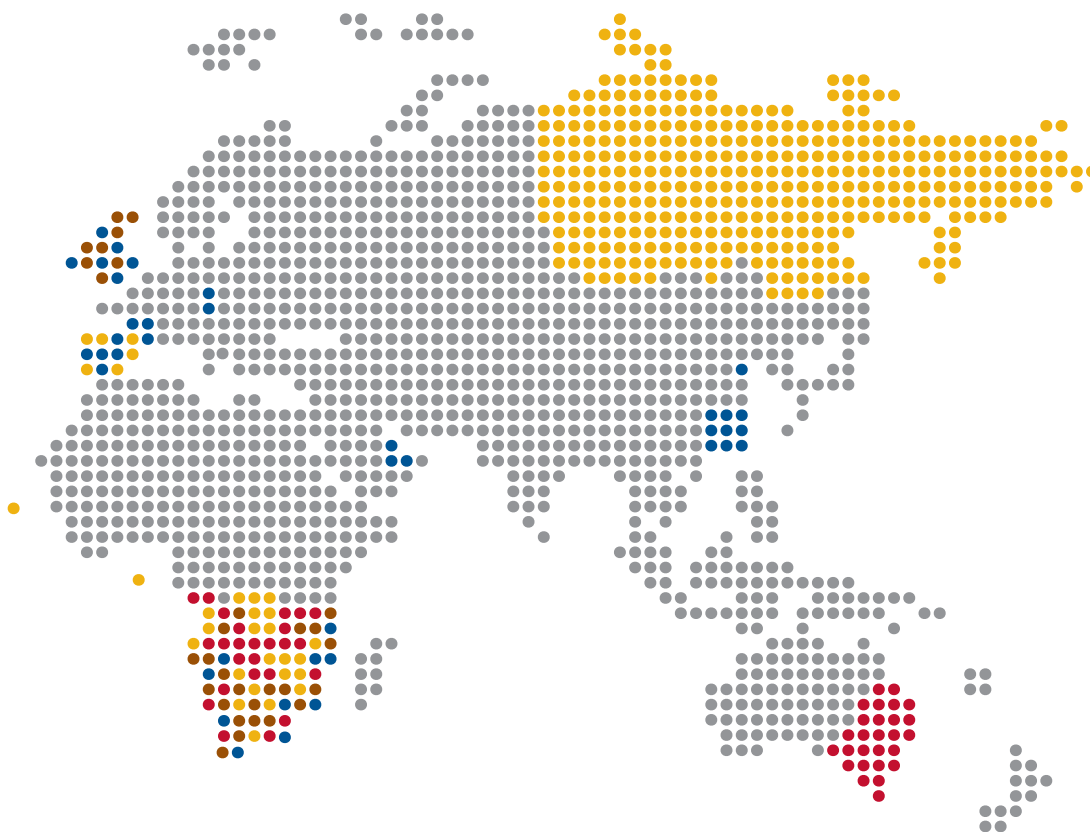
Southern Africa
Iberia
Russia

Growth driver

Capacity constraints and increasing electrification requirements provide opportunities in electric power. Marine and petroleum segments also have significant potential

Geography

Southern Africa
Iberia
Russia



Growth driver

Tourism potential, growing corporate demand for outsourced vehicle fleets and other solution platforms related to vehicle usage

Geography

Southern Africa
Australia



Growth driver

Demand for food and bio-fuels likely to significantly increase agricultural equipment opportunity in emerging markets.
Growth opportunity in providing super-integrator fleet solutions

Geography

US, UK, Europe, Siberia
Southern Africa



Growth driver

Ongoing trend to outsource supply chain management activities and recovery in world trade

Geography

Southern Africa,
Middle East, Europe and China



ECONOMIC

Operating performance

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

Financial position

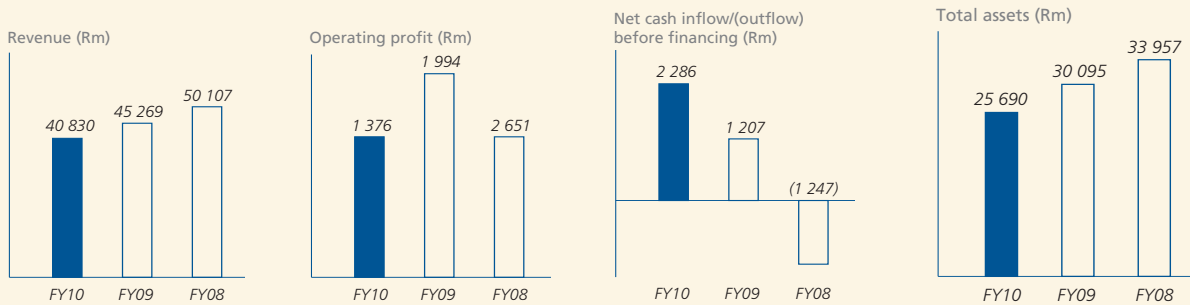
A priority is to maintain a strong financial position, conservative gearing targets and investment grade credit rating which will provide the financial flexibility to pursue organic and acquisitive growth opportunities.

Cash generation

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

Stakeholder value added

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



ENVIRONMENTAL

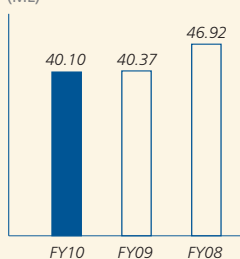
• *Products and services*

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

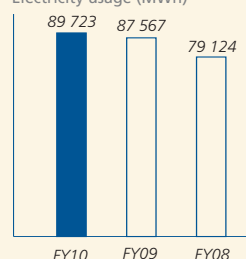
• *Energy efficiency and GHG emissions*

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

Petrol and diesel consumption (ML)



Electricity usage (MWh)



• *Water usage*

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

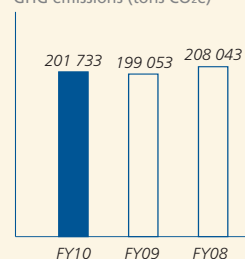
• *Materials and waste*

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

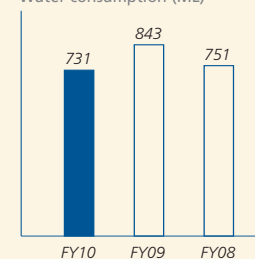
• *Biodiversity*

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

GHG emissions (tons CO₂e)



Water consumption (ML)



SOCIAL

• *Product responsibility*

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

• *Human rights*

Our code of ethics and worldwide code of conduct prohibit the abuse of human rights within and by the group.

• *Equality, empowerment and transformation*

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

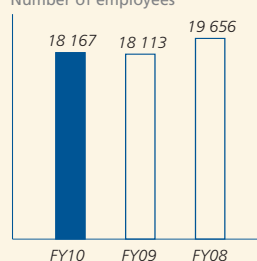
• *Socio-economic development*

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

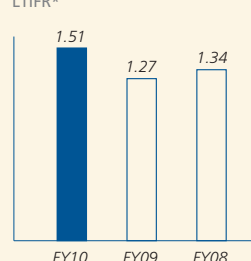
• *Employees*

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

Number of employees

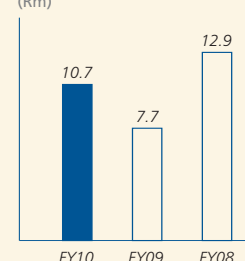


LTIFR*

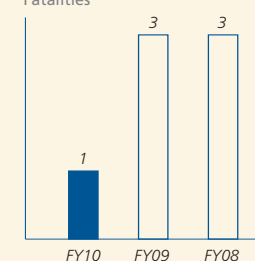


* Lost time injuries X 200 000 divided by total hours worked

Corporate social investment (Rm)



Fatalities





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

Dumisa Ntsebeza
Chairman

Introduction

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

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

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

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

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

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

Global and national economic environments

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

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

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

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

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

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

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

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

Group performance

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

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

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

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

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

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

Divisional overview

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

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

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

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

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

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

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

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

Stakeholder engagement, transformation and diversity

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

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

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

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

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

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

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

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

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

Corporate social investment

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

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

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

The environment

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

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

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

Board and governance

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

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

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

Outlook

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

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

Appreciation

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

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

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



Dumisa Ntsebeza
Chairman

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



Clive Thomson
Chief Executive

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

Overview

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

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

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

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

Operational review

Equipment

Southern Africa

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

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

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

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

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

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

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

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

Iberia

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

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

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

The focus on working capital continued in the current year. Iberia generated e93 million cash in 2009 and in the current year generated a further e21 million, ensuring that the financial position remains strong.

Russia

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

Component Rebuild Centre in Novosibirsk, Siberia

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

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

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



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

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

Automotive

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

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

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

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

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

Handling

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

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

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

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

Logistics

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

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

Corporate activity

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

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

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

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

Cash flow and borrowings

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

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

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

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

Empowerment and transformation

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

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

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

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

Sustainable development

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

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



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

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

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

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

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

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

Outlook

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

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

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

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

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

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

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

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

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

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



Clive Thomson
Chief executive

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

E q u i p m e n t





Operational profile

Barloworld Equipment is the dealer for Cat earthmoving equipment and engines in 11 southern African countries (South Africa, Namibia, Botswana, Angola, Zambia, Zimbabwe, Malawi, Mozambique, the Democratic Republic of Congo (DRC) Katanga province, Lesotho and Swaziland). Barloworld is also the Cat dealer in Spain, Portugal, Siberia and Russian Far East, São Tomé and Príncipe, Andorra and Cape Verde.

In addition to Caterpillar, the Equipment division represents complementary brands that facilitate its total solutions philosophy in the form of MAK and Perkins engines, Atlas Copco rotary blasthole drills and Metso mobile crushing and screening equipment. Customers in mining, construction, marine, electrical power generation and other industries are provided with integrated solutions that include new, used and rental equipment options, supported by equipment management plans designed to improve productivity and reduce operating costs.

Barloworld Equipment's strategic priority is the development of technical skills to sustain its customer solutions strategy in the long term.

Areas of operation

- South Africa, Angola, Botswana, DRC (joint venture), Malawi, Mozambique, Namibia, São Tomé and Príncipe, Swaziland, Lesotho, Zambia, Zimbabwe, Spain, Portugal, Siberia and Russian Far East, Andorra, Cape Verde.



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



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



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



Operating performance

Economic

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

Environmental

	Petrol and diesel consumption (ML)		Electricity consumption (MWh)		GHG total emissions (tons CO ₂ e)		Water consumption (ML)	
	Year ended		Year ended		Year ended		Year ended	
	30 Sept		30 Sept		30 Sept		30 Sept	
	2010	2009	2010	2009	2010	2009	2010	2009
– Southern Africa	6.36	6.80	14 314	16 801	34 141	38 749	242	241
– Europe	2.45	3.16	9 743	8 843	11 771	13 314	14	30
	8.81	9.96	24 057	25 644	45 912	52 063	256	271

Social

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

* BBBEE rating for South Africa only

SOUTHERN AFRICA

Overview

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

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

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

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

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

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

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

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

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

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

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

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



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

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

Mining

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

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

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

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

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

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

Construction

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

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

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

Rental and Used Equipment

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

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

Power

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

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

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

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

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

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

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

Sustainable development

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

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

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

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

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

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

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



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

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

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

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

Transformation

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

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

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

Our highly evolved skills development strategy also supports EE transformation.

Skills development

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

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

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

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

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

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

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

Doug Oberhelman,
Caterpillar CEO

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

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

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

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

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

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

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

Outlook

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

IBERIA

Overview

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

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

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

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

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

Strategic focus areas

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

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

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

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

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

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



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

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

Construction

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

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

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

Power Systems

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

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

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

Product Support

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

Rental Equipment

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

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

Used Equipment

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

Sustainable development

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

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

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

Outlook

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

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

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

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

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

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



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

RUSSIA

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

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

Mining

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

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

Construction

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

Outlook

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

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

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

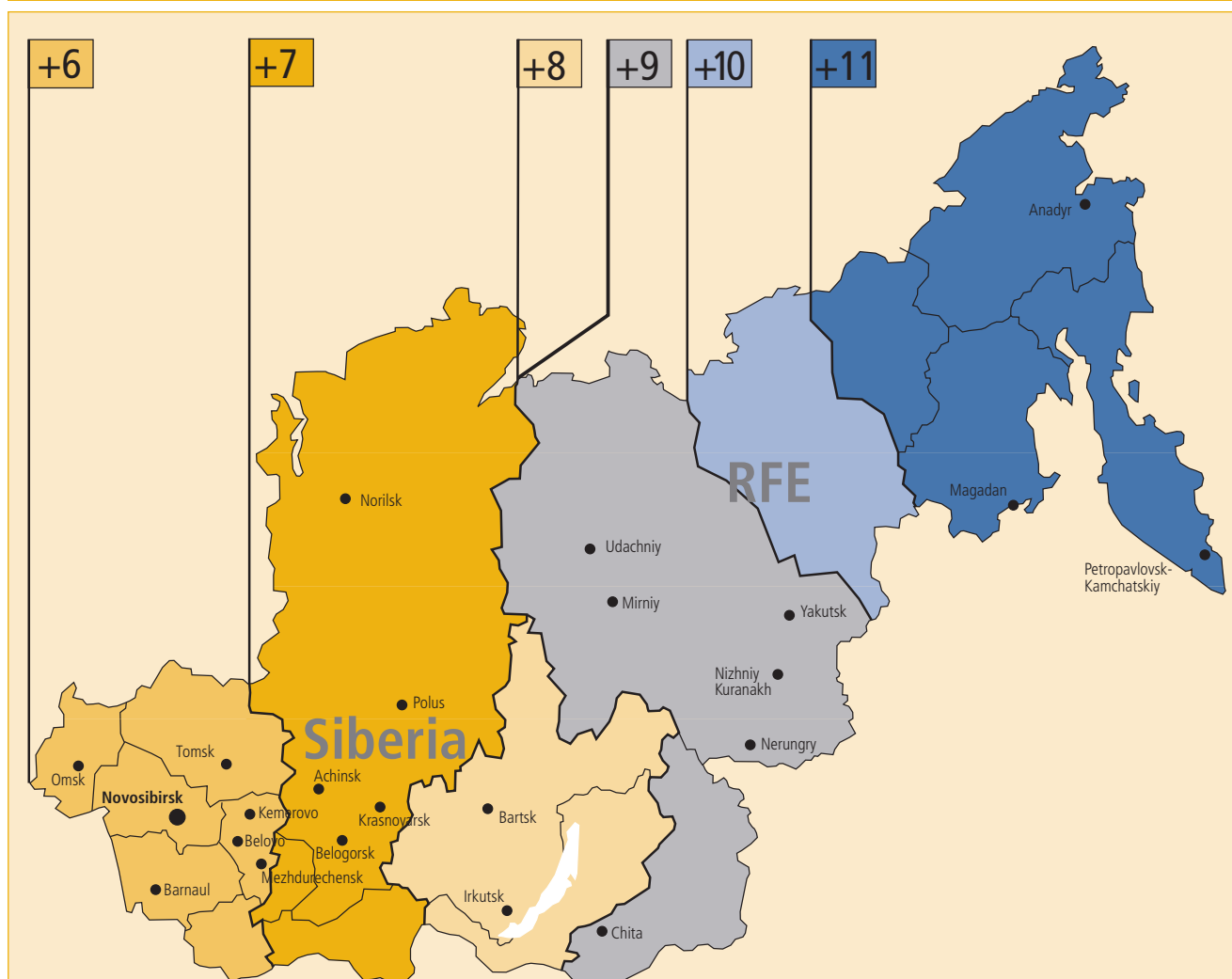
- significantly increasing our unit sales and market share;
- improving our distribution footprint throughout the territory;
- recruiting, developing and retaining people to support our growth plans; and
- leveraging our aftermarket offering to suit customer requirements and meet profitability targets.

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

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

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

Our Russian territory covers six time zones



Vostochnaya Technika (VT), Barloworld's joint venture territory in Russia, distributes and supports Cat and allied equipment across a 9.8 million square kilometre territory including western Siberia, eastern Siberia, Yakutia and the Russian Far East (RFE). This business, with a staff of 400, serves the mining, construction, forestry and power system segments and has aggressive plans in place to expand its distribution footprint, increase coverage and enhance customer service. A world class service and component rebuild centre will open close to our headquarters in Novosibirsk, the third largest city in Russia, in mid-2011. New facilities are also planned in the Magadan, Irkutsk, Kuzbass and Yakutia regions. Russia has some of the largest mineral reserves in the world, enormous tracts of forestry and very significant potential in infrastructure development. There are six different time zones between VT's headquarters in Novosibirsk and the Russian Far East office in Magadan. Flying time from Novosibirsk to the most eastern point of our territory is eight hours. Temperatures of between minus 40 and 50 degrees celsius are recorded and in some regions machines deliveries can only be made in the winter when frozen rivers are used as roads. Living conditions are harsh, infrastructure poor and skills hard to find. Yet VT lives by its motto, "Moving forward with the ever changing world. We do today what the others will do tomorrow."

Our leadership team

Southern Africa leadership team

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

Iberia leadership team

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

Russia leadership team

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

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

UNDERSCORING OUR SUSTAINABILITY

Diversity vision

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

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



Technical Academy

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

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



Winning the war on waste

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

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

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



Water recycling in Iberia

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



Automotive





Operational profile

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

Car rental operates Avis short-term vehicle rental throughout southern Africa providing a range of short-term usage solutions ranging from compact entry level passenger vehicles through to luxury coaches.

Motor retail operates leading motor vehicle franchise dealerships in South Africa, Australia and Botswana representing a range of motor vehicle brands. Additional products and services include coachwork repair centres, motor vehicle finance, insurance and related products and services. In South Africa, vehicle ownership solutions are available to large corporates through Barloworld Fleet Marketing.

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

Used vehicle and disposal solutions are provided in South Africa through innovative asset disposal systems.

Areas of operation

- **Car rental:** Southern Africa
- **Motor retail:** Southern Africa and Australia
- **Fleet services:** Southern Africa



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

Martin Laubscher (50)

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



Operating performance

Economic

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

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

Environmental

	Petrol and diesel consumption (ML) Year ended 30 Sept		Electricity consumption (MWh) Year ended 30 Sept		GHG total emissions (tons CO ₂ e) Year ended 30 Sept		Water consumption (ML) Year ended 30 Sept	
	2010	2009	2010	2009	2010	2009	2010	2009
Car rental southern Africa	3.17	3.40	4 987	4 928	13 927	22 368	90	179
Motor retail southern Africa	5.59	5.55	34 537	31 041	55 747	43 512	255	274
Motor retail Australia	1.04	0.88	3 802	3 637	5 692	5 458	18	10
Leasing southern Africa	0.56	0.68	1 488	1 920	3 190	3 714	4	3
	10.36	10.51	44 814	41 526	78 556	75 052	367	466

Social

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

* BBBEE rating for South Africa only

AUTOMOTIVE

Overview

Industry perspective

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

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

A resilient integrated approach

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

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

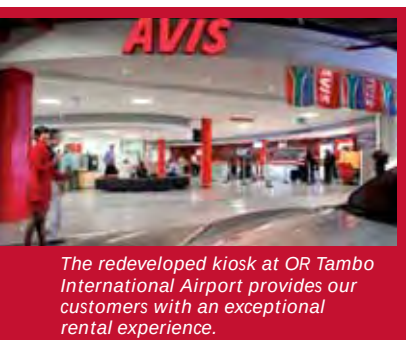
This is achieved through a balanced portfolio of operations including car rental, motor retail, fleet services, and used and disposal solutions. Aligned with the Barloworld group's focus areas, the Automotive division continued to create stakeholder value through six strategic themes.

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

An on-going commitment and focus on *employees* continued to enhance value creation across all business units in the division. Our approach recognises the important role of every employee, and institutionalises initiatives and structures aimed at developing, harnessing and directing collective employee wisdom towards achieving our overall objectives. Specific focus is given to talent attraction and retention, extensive training and development, and attractive employment conditions in order to secure the requisite skills to meet the divisional growth objectives.

Consistent with the group's commitment to *empowerment and transformation*, Barloworld Automotive aggressively pursued various initiatives during the year. In South Africa these were measured in the context of the DTI's BBBEE scorecard and underscore our commitment to ensuring our operations reflect the societies in which they operate. We attained the following ratings in our significant local operations: Avis Rent a Car South Africa – Level 2, Avis Fleet Services – Level 2, NMIDSM – Level 2 and Motor Retail South Africa – Level 3.

Sustainable development continues to feature prominently throughout the division. Environmental sustainability initiatives continue to provide commercial benefits where escalations in the cost of basic services outstrip inflation rates. Avis Rent a Car South Africa maintained CarbonNeutral® accreditation for the offset of its internal fuel and energy usage CO₂ emissions. In addition, the business continued to invest in water collection, filtration and recycling facilities at its three main depots in Johannesburg, Durban and Cape Town with significant savings being realised. Water collection and recycling are also priorities at our Bayside facility in Melbourne, Australia. The automotive division remains committed to all aspects of sustainable business development through the implementation



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

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

Improving *financial returns* remained our core focus during the year. Optimising business unit performance included maximising both inter- and intra-business unit synergies, as well as the implementation of tight performance targets and objectives. These included prudent capital allocation, optimising vehicle fleet utilisation, reducing working capital, improving asset turn, managing expenses and controlling interest costs. By working closely together, our South African business units optimise the opportunities for internal value creation through sourcing, service, repair and maintenance, as well as maximising the commercial benefits arising from the disposal of the significant number of quality used vehicles that are a consequence of the automotive division's activities.

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

The above strategic themes are cascaded into all business units and their collective efforts in this regard underscore the overall success of the division.

Comprehensive structures exist throughout the division and its business units in terms of which business risks are regularly reviewed and appropriate measures adopted to address or mitigate such risks. These risks are comprehensively covered and addressed in the division's strategic initiatives.

Divisional summary

In our continuing operations we achieved new and used vehicle retail sales of 80 503 units, against the previous year's 79 340 units. Car rental days in southern Africa improved to 5.0 million compared with the previous year's 4.8 million. At year end a total of 162 098 vehicles were under finance and other management contracts. The South African motor retail operations increased their market share, while our fleet services operations secured new business opportunities and increased their total fleet under management.

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

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

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

Car rental

Avis Rent a Car southern Africa operates short-term vehicle rental from over 190 customer service centres focused on the tourism, corporate, local and replacement market segments throughout southern Africa. At peak the car rental fleet comprised some 20 200 vehicles. The operations in South Africa, Botswana, Lesotho, Mozambique, Namibia and Swaziland are owned, while the remainder are sub-licensed. Avis Point 2 Point is a chauffeur-driven inner-city transfer service. Avis Van Rental operates a sub-licensee network in South Africa. Avis Coach Charter operates as a sub-licensee and is well positioned in the luxury coach market, while Zeda Car Sales disposes of ex-rental vehicles into the trade and to retail customers.

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

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

Motor retail

Southern Africa

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

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

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

In partnership with the Maponya Group, Barloworld was awarded the Toyota and Volkswagen franchises for the greater Soweto area. Trading is expected to commence during 2011. We have exited the Volvo and Landrover franchises in Witbank.

Focus areas in the year ahead include growing volumes, improving asset turn, maintaining working capital, controlling interest costs, containing expenses and exceeding customer expectations. Transformation and empowerment will continue to be addressed and employee value creation initiatives, particularly skills development and retention, will again be emphasised. A total of eight dealerships fall into our NMI-DSM and Garden City Motors joint venture, which principally covers the Mercedes-Benz, Chrysler and Mitsubishi brands, and also the Subaru brand.

Australia

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

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

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

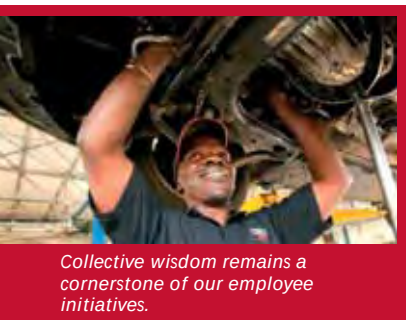
Fleet Services (Leasing)

Avis Fleet Services provides long-term rental and value added services to operators of passenger and commercial vehicles throughout South Africa and in Botswana, Lesotho, Mozambique, Namibia and Swaziland. Products and services include the administration of vehicle licensing, maintenance and fuel costs, the acceptance of maintenance and residual value risks, and vehicle sourcing and disposal services.

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



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



Collective wisdom remains a cornerstone of our employee initiatives.

and the tight rein on credit by major banks, the demand for our products and services remained buoyant. During difficult economic times, companies seek improvements in fleet efficiency and cost control, and turn to expert service providers to assist them.

New vehicle price inflation and stock unavailability made used vehicles more attractive to consumers and demand during the year was consistently strong, delivering a contribution above the 2009 level. The operations continue to focus on customer value, with specific attention to offering customers total fleet solutions, while progressing transformation and employee value creation initiatives, particularly skills development and retention. Robust management of maintenance expenditures and overhead costs remains a key focus area.

Stakeholder value creation

The creation of value for all stakeholders remains central to our business units' activities. The emphasis is on sustained improvement in value created, driven by all employees through an integrated set of programmes and initiatives, continually monitored and assessed against implemented standards and measures. We continue to create value for our principals and suppliers through investment in infrastructure and business systems, addressing brand exposure, as well as market share and improving business performance. Their confidence in our ability continues to be reflected in new opportunities offered to represent their brands and their on-going commitment to our operations.

Customer value remains central to the division's success. This is evidenced by our sustained activity levels, increased market shares and independent monitoring. We continue to monitor and focus on customer satisfaction ratings, as we believe it is through exceeding customer expectations at every interface that we will achieve a sustainable competitive advantage and create superior value for our customers and other stakeholders.

Employee value creation recognises the important role of every employee and institutionalises initiatives and structures aimed at developing, harnessing and directing collective employee wisdom towards our value creation objectives. It also ensures that employees share in the value created. An integrated approach to people management is entrenched throughout the division. Various programmes and initiatives across the division continue to empower employees and leaders, emphasising the critical role of personal behaviour in our customers' perception of the organisation and improving value creation. Our value creation for the communities in which we operate is a combination of indirect benefits from employment opportunities, rates and taxes paid, and development, as well as direct benefits arising from the corporate social investment initiatives of the business units which include contributions of skills, resources and finance.

Black economic empowerment in South Africa

Our South African car rental, motor retail and fleet service business units have achieved ratings of Level 2 or Level 3 on the DTI's BBBEE scorecard, and are well positioned to sustain their ratings and achieve future group targets. Avis Rent a Car South Africa continued to focus on its management development programme and comprehensive leadership programmes, while Motor Retail South Africa continued to invest in management development and technical training programmes.

In addition, we have a number of significant black economic empowerment joint ventures. These include our NMI-DSM joint venture, principally for the Mercedes-Benz operations in the greater Durban and Pietermaritzburg metropolitan areas in KwaZulu-Natal. The NMI-DSM and Garden City Motors operation remains one of the leading empowerment initiatives in the industry.

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

Outlook

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

Overall, 2011 is expected to be a year of modest growth. Optimising the inherent synergies and benefits of our South African integrated motor vehicle usage solutions offering remains central to our strategy. Various opportunities to grow our offering within southern Africa will be pursued and implemented.

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

Our southern African motor retail operations are well positioned to benefit from an improving new vehicle market and will continue their “Fewer, Bigger, Better” strategy, coupled with pursuing efficiencies through the centralisation and coordination of common functions, improving asset turn and reducing working capital. Our Australian motor retail operations remain a well-run focused business unit, and are expected to sustain the momentum created in 2010. Fleet services is expected to continue to benefit from current contracts and pursue attractive growth opportunities in various markets.

Our leadership team

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

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

UNDERSCORING OUR SUSTAINABILITY

Awards and recognition

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

Avis Rent a Car Southern Africa

- Sunday Times Brands and Branding independent survey: Best Car Rental Brand in South Africa for seventh consecutive year
- World Travel Award: Best Business to Business Car Rental Company – Africa
- Avis South Africa: Avis Europe Outstanding Achievement of the Year Award 2010

NMI-DSM (Black Economic Empowerment Joint Venture)

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

Motor Retail South Africa

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

Motor Retail Australia

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

Motor Retail Botswana

- Autohaus Gaborone: Best Volkswagen Parts Department in Category

Avis Fleet Services

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

Avis Rent a Car drives environmental sustainability

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

At Avis we are acutely aware of the need to reduce our carbon footprint and were the first car rental company to achieve CarbonNeutral® accreditation for the offset of our own energy and fuel CO₂ emissions. We recently introduced our internal Avis Earth Champions programme, giving all employees the opportunity to get involved in the environmental sustainability programme, from water recycling, energy reduction and waste management projects, to tree planting projects or volunteering for conservation bodies.

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

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



Club Motors Fountains – a sustainable dealership

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

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

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



Handling





Operational profile

Barloworld Handling is the world's largest independent Hyster lift truck dealer, offering customers a full range of lift trucks and warehouse/handling equipment in the south-east United States of America, United Kingdom, The Netherlands, Belgium and southern Africa. We have represented the market-leading Hyster brand for 80 years and have leveraged the strength of the brand through the introduction of innovative solutions for our manufacturing and distribution industry customers' materials handling needs.

Barloworld Handling also represents Massey Ferguson and Challenger (AGCO) and CLAAS agricultural products in southern Africa and Siberia and SEM (Shandong Equipment Machinery), one of China's leading wheel loader brands, in South Africa.

Areas of operation

- USA: Hyster dealership: South Eastern United States
- Europe: Hyster dealership: Belgium, The Netherlands and United Kingdom
- Southern Africa: Hyster dealership: Angola, Botswana, Malawi, Mozambique, Namibia, South Africa, Zambia and Zimbabwe
- Agricultural distribution: Massey Ferguson and Challenger (AGCO) and CLAAS: South Africa, Namibia, Botswana, Lesotho, Swaziland and Mozambique
- SEM: South Africa
- Siberia; Agricultural distribution: Challenger (AGCO)



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

John Blackbeard (53)

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



Operating performance

Economic

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

Environmental

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

Social

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

* BBBEE rating for South Africa only

HANDLING

Overview

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

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

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

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

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

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

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

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

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

United Kingdom

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

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

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



A Hyster J2.5XN truck at work.

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

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

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

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

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

United States of America

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

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

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

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

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

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

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

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

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

South Africa

Handling

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

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

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

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

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

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

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

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

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

Agriculture

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

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

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

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

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

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



Premium brand tractors from CLAAS and Massey Ferguson.



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

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

SEM

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

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

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

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

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

Europe

Belgium

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

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

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

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

Action was taken to increase employee awareness of our carbon footprint and we ended the year with an overall saving of 2% in our carbon tons. A new car policy was enacted to lease vehicles with lower CO₂ emissions and our focus on safety reduced the days lost from accidents by 19%.

The Netherlands

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

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

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

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

People

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

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

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

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

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

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

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

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

Transformation

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

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

Sustainable development

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

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

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



Hyster warehouse trucks being delivered.



The SEM wheel loader in operation.

Outlook

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

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

United Kingdom

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

United States

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

Handling South Africa

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

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

Agriculture

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

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

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

SEM

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

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

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

Europe

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

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

Our leadership team

John Blackbeard (53)	Chief executive officer. BSc Eng (Hons), Dip Bus Man. 14
Lex Knol (55)	Managing director: Barloworld Handling Europe. BEng. 10
Alwyn Smith (45)	President: Barloworld Handling United States of America. MPhil, BAccountancy. 15
Eugene Smith (49)	Finance director. MA (Cantab), ACMA. 28
Rob Tennant (53)	IT director. BSc, MSc, CPIM. 30
Phil Bastow (56)	Managing director: Barloworld Handling United Kingdom. 1
Godfried Heydenrych (37)	Director: Barloworld Handling Southern Africa. 9
Isadore Payne (48)	HR director. BPL, BPL Hons, MPL. 2
Steve Ball (38)	Divisional general counsel. LLB (Hons)/Solicitor (England & Wales). 1
John van Wyk (41)	Business development director. 7

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

UNDERSCORING OUR SUSTAINABILITY

First female technicians

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

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

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



Assisting farmers in Namibia

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



Zero emission electric powered lift trucks

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



Logistics

Driven by
transformation,
fuelled by **original thinking**





Operational profile

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

Barloworld Logistics creates unique value for clients by developing customised solutions through a holistic approach to supply chain management which combines strategy, planning, management, technology and integration of solutions with excellent operational execution. This is achieved by developing and applying skills and sharing knowledge spanning the full spectrum of supply chain management, across multiple geographies.

Barloworld Logistics also offers traditional logistics services such as transportation, warehousing and freight forwarding.

The overall objective is to grow a significant international supply chain management business for Barloworld.

Areas of operation

Supply Chain Management incorporating

- Supply Chain Management: southern Africa and UK
- Dedicated Transport Services: southern Africa

Freight Management and Services incorporating

- Freight Forwarding: southern Africa, Middle East, China, Europe and worldwide network partners
- Warehousing, Distribution and Transport: southern Africa, Middle East, China and Europe
- Supply Chain Software: southern Africa, Europe and USA



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

Isaac Shongwe (48)

Chief executive officer: Logistics

BA (Hons), MPhil (Oxon)

5 years' service

Operating performance

Economic

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

Environmental

	Petrol and diesel consumption		Electricity consumption		GHG total emissions		Water consumption	
	(ML)		(MWh)		(tons CO ₂ e)		(ML)	
	Year ended		Year ended		Year ended		Year ended	
	30 Sept		30 Sept		30 Sept		30 Sept	
	2010	2009	2010	2009	2010	2009	2010	2009
Southern Africa	15.03	13.54	7 494	7 391	50 756	46 385	54	31
Europe, Middle East and Asia	0.82	0.84	3 219	3 102	4 261	4 315	9	8
	15.85	14.38	10 713	10 493	55 017	50 700	63	39

Social

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

* BBBEE rating for South Africa only

LOGISTICS

Overview

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

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

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

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

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

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

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

Supply chain management (SCM)

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

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

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

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

Freight management and services

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

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

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



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

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

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

Supply chain software

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

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

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

Transformation

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

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

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

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

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

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

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

Sustainable development

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

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

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

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

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

Outlook

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

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

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

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

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

Supply Chain Management

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

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



Inspiring results in supply chain planning.



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

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

Freight Management and Services

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

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

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

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

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

Supply Chain Software

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

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

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

Our leadership team

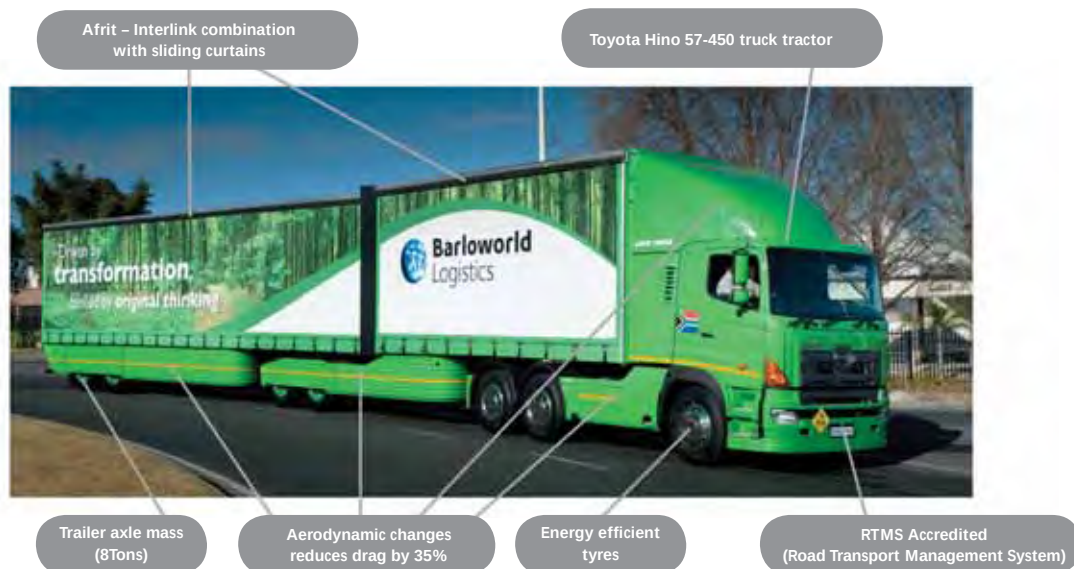
Isaac Shongwe (48)	Chief executive officer. BA (Hons), MPhil (Oxon). 5
Eric Gower-Winter (41)	Chief executive officer: Supply Chain Management. BCom Logistics. 12
Frank Courtney (45)	Chief executive officer: Freight Management and Services. BTech. 15
Rob Lumb (40)	Financial director. BCom, CA (SA). 10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

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

UNDERSCORING OUR SUSTAINABILITY

The Green Trailer project – technical specification of the trailer

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



Banco de Alimentos

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

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



NIKE SA

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

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

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

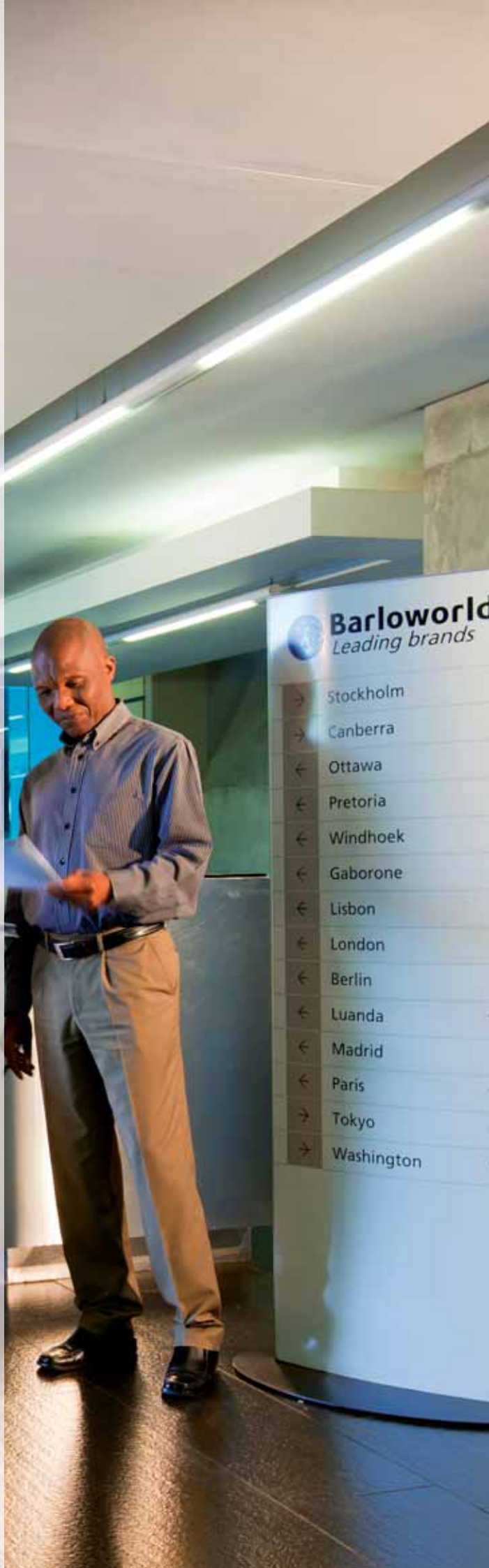
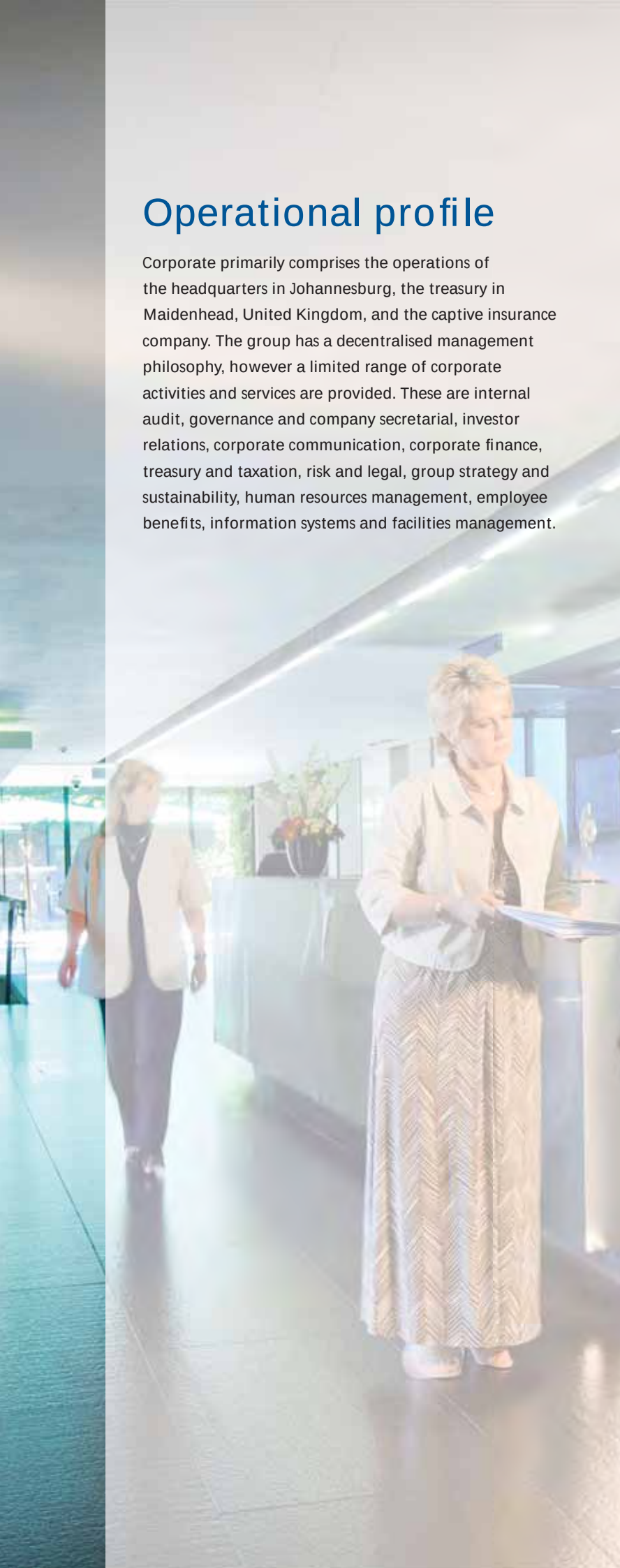
By partnering with strategic customers who would be promoting the Nike World Cup product range and offering them a 24 hour replenishment model, Nike was able to ensure maximum coverage on key products.

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



Operational profile

Corporate primarily comprises the operations of the headquarters in Johannesburg, the treasury in Maidenhead, United Kingdom, and the captive insurance company. The group has a decentralised management philosophy, however a limited range of corporate activities and services are provided. These are 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, information systems and facilities management.



CORPORATE

Overview

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

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

Operating performance

Economic

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

Environmental

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

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

Social

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

* BBBEE rating for South Africa only

Europe not material for environmental and social indicators.

Our leadership team

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

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



Sibani Mngomezulu

Group executive:
Governance and
Corporate affairs

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

Regulatory compliance

Barloworld is incorporated in South Africa under the provisions of the Companies Act, 1973, as amended (Companies Act). The company is listed on the JSE Limited, and is guided by the principles recommended in the King Report on Governance for South Africa 2009 (King III). In the year under review, the board of directors undertook an in-depth analysis of the principles contained in King III and compared these with current practice. The analysis indicated that in substance, Barloworld already applies a majority of the principles. A task team reporting to the audit committee has been appointed to improve certain existing processes to achieve alignment with King III during our 2011 financial year. King III will be applicable to the financial year commencing on 1 October 2010 and its principles will be considered and reported on fully in the next financial year.

The board has confirmed that the company complies with the Listings Requirements of the JSE Limited.

The company maintains a secondary listing on the London Stock Exchange and the Namibia Stock Exchange.

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

The board places strong emphasis on achieving the highest standards of financial management, accounting and reporting. The financial statements are prepared in accordance with International Financial Reporting Standards. Regarding non-financial aspects, the company has adopted the Global Reporting Initiative's (GRI) Sustainability Reporting guidelines on economic, environmental and social performance.

Board and directors

The company has a unitary board with nine non-executive directors and six executive directors. The board provides strategic direction and is responsible for the risk management strategy, compliance with applicable laws and ensuring that obligations towards shareholders and other stakeholders are met.

Board composition

Considerable thought is given to board balance and composition and collectively the board believes that the current mix of knowledge, skill and experience meets the requirements to lead the company effectively.

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

✓ signifies membership of the board committee

A summary of their biographical details is shown on pages 74 to 75.

Appointments to the board

To ensure a rigorous and transparent procedure, any new appointment of a director is considered by the board as a whole, on the recommendation of the nomination committee. The selection process involves consideration of the existing balance of skills and experience and a continuous process of assessing the needs of the company.

Non-executive directors are required to devote sufficient time to the company's affairs. While there is no formal limitation on the number of other appointments directors can hold, approval from the chairman must be obtained prior to acceptance of additional commitments that may affect the time that they can devote to the company. Non-executive directors are required to advise the board of any subsequent changes to or additional commitments from time to time as approved by the Chairman.

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

Mr Peter Bulterman was appointed to the board on 1 October 2009 as an executive director.

Independence of non-executive directors

The Barloworld board comprises a majority of independent non-executive directors. The board considers eight of the nine current non-executive directors to be independent. Ms Hixonia Nyasulu is not regarded to be independent in view of her participation, either directly or indirectly in the company's black ownership transaction that resulted in approximately 10% of the company's equity being subscribed for and issued to black partners.

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

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

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

Retirement of directors

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

In terms of the company's articles of association, at every annual general meeting, at least one-third of the directors retire from the board. According to the Companies Act, a director appointed by the board to fill a vacant seat must retire from that office at the next annual general meeting.

Chairman and chief executive

No individual has unfettered powers of decision-making. Responsibility for running the board and executive responsibility for conduct of the business are differentiated. Accordingly, the roles of the chairman of the board and of the chief executive are separate and clearly defined.

The chairman is responsible for leadership of the board, ensuring its effectiveness on all aspects of its role and setting its agenda. The chairman is also responsible for ensuring that the directors receive accurate, timely and clear information. The chairman also ensures effective communication with shareholders and facilitates communication with non-executive directors, and promotes constructive relations between executive and non-executive directors.

The chief executive provides leadership to the executive team in running the business and co-ordinates proposals developed by the executive committee for consideration by the board.

Board responsibilities

The general powers of the directors are set out in the company's articles of association. They have further unspecified powers and authority in respect of matters which may be exercised and dealt with by the company, which are not expressly reserved to the members of the company in general meeting.

The main responsibilities of the board as set out in the board charter are as follows:

- Approval of the strategic plan and the annual business plan, the setting of objectives and the review of key risks and performance areas;
- Monitoring the implementation of board plans and strategies against a background of economic, environmental and social issues relevant to the company and international political and economic conditions, as well as the mitigation of risks by management;
- Appointment of the chief executive and maintenance of a succession plan;
- The appointment of directors, subject to election by the members in general meeting; and
- Determination of overall policies and processes to ensure the integrity of the company's management of risk and internal control.

The charter expresses the board's philosophy regarding customer satisfaction, quality and safety of products and services; optimising the use of assets and maximising employees' productivity; respect for human dignity and observance of fundamental human rights; national and international corporate citizenship, including sound relationships with regulatory authorities.

Whilst retaining overall accountability and subject to matters reserved to itself, the board has delegated to the chief executive and other executive directors authority to run the day-to-day affairs of the company.

Strategy

The board, on the advice and recommendation of the executive committee, is responsible to the shareholders and other stakeholders for setting the strategic direction of the company.

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

Board meetings

Board meetings are convened by formal notice incorporating a detailed agenda together with relevant written proposals and reports. Information is distributed in a timely manner prior to board meetings, to facilitate adequate preparation for thorough discussion at these meetings. A number of decisions were taken between board meetings by written resolution in accordance with the company's articles of association.

Where directors are travelling in countries other than where a meeting is held and are not able to attend in person, video and tele-conferencing facilities allow them to participate in the debate and conclusions reached or resolutions taken.

During the year under review, six scheduled meetings were held. Five of these were held in South Africa and the other was held in the United Kingdom.

Attendance record

The table below sets out the number of meetings held and individual directors' attendance at meetings of the Board and its committees during the 2010 financial year.

Name	Board	Audit	General purposes	Nomination	Remuneration	Risk and sustainability	Empowerment and transformation	Executive
Number of meetings held	7	7	6	6	7	4	4	10
Non-executive directors								
DB Ntsebeza (<i>Chairman</i>)	7/7	–	6/6	6/6	7/7	–	4/4	
SAM Baqwa	6/7	–	–	5/6	–	–	4/4	
AGK Hamilton	7/7	7/7	6/6	6/6	7/7	4/4	–	
SS Mkhabela	7/7	–	–	5/6	–	–	4/4	
MJN Njeke	6/7	6/7	–	–	–	–	–	
SS Ntsaluba	6/7	6/7	–	–	–	4/4	–	
TH Nyasulu	5/7	–	–	–	–	–	–	
SB Pfeiffer	7/7	–	6/6	6/6	7/7	–	–	
G Rodriguez de Castro	7/7	–	–	–	–	–	–	
Executive directors								
CB Thomson (<i>CEO</i>)	7/7	–	6/6	–	–	4/4	4/4	10/10
PJ Blackbeard	7/7	–	–	–	–	3/4	–	10/10
PJ Bulterman	6/7	–	–	–	–	–	–	10/10
M Laubscher	7/7	–	–	–	–	4/4	–	10/10
OI Shongwe	7/7	–	–	–	–	2/4	3/4	9/10
DG Wilson	7/7	–	–	–	–	4/4	–	10/10

Board of directors

Non-executive directors



Dumisa Buhle Ntsebeza
Chairman Age: 60



Selby Alan Masibonge Baqwa
Age: 59



Alexander Gordon Kelso
Hamilton Age: 65



Sibongile Susan Mkhabela
Age: 54



Mfundiso Johnson
Ntabankulu Njeke Age: 51



Sango Siviwe Ntsaluba
Age: 50



Thembalihle Hixonia Nyasulu
Age: 56



Steven Bernard Pfeiffer
Age: 63



Gonzalo Rodriguez de Castro
de los Rios Age: 67

Executive directors



Clive Bradney Thomson –
Chief Executive Age: 44



Donald Gert Wilson –
Finance Director Age: 53



Peter John Blackbeard –
CEO Barloworld Handling
Age: 53



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



Martin Laubscher – CEO
Barloworld Automotive
Age: 50



Oupa Isaac Shongwe –
CEO Barloworld Logistics
Age: 48

Directors

Non-executive directors

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

Dumisa Buhle Ntsebeza – Chairman Age: 60

Business address: Fountain Chambers, Sandown Village Office Park, 86 Maude Street, Sandown

Nationality: South African

Qualifications: LLB, BProc, BA, LLM (International Law)

Profile: Dumisa was appointed to the Barloworld board in May 1999. He is an advocate of the High Court of South Africa and a member of the Johannesburg Bar. In 2005 he was conferred the status of silk and was the first African advocate in the history of the Cape Bar to do so. He served as a commissioner on the Truth and Reconciliation Commission and has been appointed from time to time, as acting judge of the High Court of South Africa. On 1 July 2009 Dumisa was appointed to serve on the Judicial Services Commission (JSC).

Selby Alan Masibonge Baqwa Age: 59

Business address: Block A, 1st Floor Nedcor Sandton, 135 Rivonia Road, Sandown, 2196

Nationality: South African

Qualifications: BJuris, LLB, MBA, DTech (hc), AMP (Harvard)

Profile: Selby was appointed to the Barloworld board in January 2005. He is Chief Governance and Compliance Officer at Nedbank Limited and a member of the Executive Committee of Nedbank Limited. He was appointed Public Protector of South Africa in 1995.

Alexander Gordon Kelso Hamilton Age: 65

Business address: 51 Chelsea Square, London, SW36LH

Nationality: British

Qualifications: MA (Cantab), FCA

Profile: Gordon was appointed to the Barloworld board in January 2007. He retired in 2006 after a career of more than 30 years as a partner of the UK practice of Deloitte & Touche LLP. He is a non-executive director of the UK-listed Lloyds underwriter Beazley Group plc and Fairbairn Private Bank. He is a member of the UK Financial Reporting Review Panel.

Sibongile Susan Mkhabela Age: 54

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

Nationality: South African

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

Profile: Bongile was appointed to the Barloworld board in January 2006. She serves on the Stanlib board and on the Deloitte's Best Company to Work for programme. She served as director for Programmes and Projects at the office of then Deputy President Thabo Mbeki. She is the CEO of the Nelson Mandela Children's Fund.

Mfundiso Johnson Ntabankulu Njeke Age: 51

Business address: Building A, Ground Floor, Bally Oaks Office Park, 33 Ballyclare Drive, Bryanston, 2021

Nationality: South African

Qualifications: BCom, BCompt (Hons), CA(SA), HDip Tax

Profile: JJ was appointed to the Barloworld board in September 2009. He is chairman of Silver Unicorn Trading 33 (Pty) Limited and the co-founder of Kagiso Trust Investments (Pty) Limited. He currently serves as a director on the boards of N M Rothschild (SA), Resilient Property Income Fund, MTN, Sasol and the Council of the University of Johannesburg, and is chairman of ArcelorMittal (SA) and Metropolitan Holdings.

Sango Siviwe Ntsaluba Age: 50

Business address: 21 West Street, Houghton, 2198

Nationality: South African

Qualifications: BCom, BCompt (Hons), CA(SA), HDip Tax Law

Profile: Sango was appointed to the Barloworld board in July 2008. He is the CEO of the Amabubesi Group and a founder member of Sizwe Ntsaluba VSP, the largest black owned consulting, accounting and auditing practice in South Africa.

Thembalihle Hixonia Nyasulu Age: 56

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

Nationality: South African

Qualifications: BA (Hons) Psychology, BA Social Work

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

Steven Bernard Pfeiffer Age: 63

Business address: Fulbright & Jaworski LLP, 801 Pennsylvania Avenue, NW, Washington DC, USA 20004

Nationality: American

Qualifications: BA, MA (Oxon), JD (Yale)

Profile: Steve was appointed to the Barloworld board in August 2001. He is a partner of Fulbright & Jaworski LLP, a USA legal firm. He is a non-executive director of Iridium Holdings LLC, chairman emeritus of Wesleyan University in Middletown, Connecticut, USA, a trustee of the Africa-America Institute in New York and a director of Project HOPE in Washington DC.

Gonzalo Rodriguez de Castro Garcia de los Rios Age: 67

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

Nationality: Spanish

Profile: Gonzalo was appointed to the Barloworld board in January 2004. He was appointed as a non-executive director of Barloworld's Spanish equipment business in 1995 and chairman in 2007. He was chief executive officer of the Madrid Stock Exchange and chairman of Euroquote in Brussels.

Executive directors

Clive Bradney Thomson – Chief Executive Age: 44

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

Nationality: South African

Qualifications: BCom (Hons), CA(SA), MPhil (Cantab)

Profile: Clive joined Barloworld in 1997 and was appointed to the Barloworld board in 2003 as finance director. He was subsequently appointed as chief executive officer of the Equipment division and then as chief executive officer of Barloworld on 18 December 2006. Previously he was a partner at Deloitte. In 1993 he completed his Master of Philosophy Degree at Cambridge University, England in the Economics and Politics of Development. Clive is a board member of Business Leadership South Africa.

Donald Gert Wilson – Finance Director Age: 53

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

Nationality: South African

Qualification: BCom CTA, CA(SA)

Profile: Don rejoined Barloworld as finance director in 2006 and was appointed to the Barloworld board in September 2006. Previously he was executive director – Finance at Sappi Limited.

Peter John Blackbeard – CEO Barloworld Handling Age: 53

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

Nationality: South African

Qualifications: BSc Eng (Mech) (Hons), Dip Business Management

Profile: John joined Barloworld in 1996 and was appointed to the Barloworld board in 2004. He was chief executive officer of the Scientific division prior to disposal of that business and in 2007 he was appointed chief executive officer of Barloworld Handling (formerly Barloworld Industrial Distribution). John was previously chief operating officer of PPC.

Peter John Bulterman – CEO Barloworld Equipment

Southern Africa Age: 54

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

Nationality: South African

Qualifications: HDip Mechanical Engineering

Profile: Peter joined Barloworld in 1975 as a bursar and was appointed to the Barloworld board on 1 October 2009. He was appointed chief executive officer of Equipment Southern Africa in July 2007 and chairman of Barloworld Equipment UK. Prior to his appointment as CEO in July 2007, Peter served as chief operations officer for Equipment Southern Africa.

Martin Laubscher – CEO Barloworld Automotive Age: 50

Business address: 6 Anvil Road, Isando, 1601

Nationality: South African

Qualifications: BAcc, BCompt (Hons), CTA, MCom (Business Management)

Profile: Martin joined Barloworld in 1980 as a bursar and was appointed to the Barloworld board in May 2005. He was appointed chief executive officer of the Automotive division in 2003. Previously he was the director responsible for the Automotive Group Franchise Operations.

Oupa Isaac Shongwe – CEO Barloworld Logistics Age: 48

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

Nationality: South African

Qualifications: BA (Hons) US, MPhil (Oxon)

Profile: Isaac joined Barloworld Logistics Africa as an executive director for Business Development and Transformation in 2005. He was appointed executive director for Barloworld and chief executive officer for Barloworld Logistics Africa in January 2007. Isaac was appointed as chief executive officer of the Barloworld Logistics division on 1 January 2009.

Assessing the performance of board members

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

Board effectiveness and evaluation

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

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

Induction and training

The company secretary arranges an appropriate induction programme for new directors. This includes an explanation of their fiduciary duties and responsibilities and arranging visits to operations, where discussions with management facilitate an understanding of the company's affairs and operations.

In the year under review, a site visit of the Barloworld Handling operations in Maidenhead, UK, was arranged to coincide with the July 2010 board meeting. The directors gained first-hand knowledge of the operation, results and prospects as explained by resident executive management.

Directors are apprised, wherever relevant, of any new legislation and changing commercial risks that may affect the affairs of the company.

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

In certain circumstances, it may become necessary for a non-executive or independent director to obtain independent professional advice in order to act in the best interests of the company. Such a director also has unrestricted access to the chairman, executive directors and the company secretary. Where a non-executive or independent director takes reasonable action and costs are incurred, these are borne by the company.

Company secretary

The company secretary provides the board as a whole and directors individually with guidance on the discharge of their responsibilities. He is also a central source of information and advice to the board and within the company on matters of ethics and good corporate governance. Appointment and removal of the company secretary are matters for the board as a whole. The company secretary maintains and regularly updates a corporate governance manual, copies of which are distributed to all newly-appointed directors and divisional senior managers.

The company secretary ensures that in accordance with the pertinent laws, the proceedings and affairs of the board and its members, the company itself and, where appropriate, the owners of securities in the company, are properly administered.

The company secretary ensures compliance with the Rules and Listings Requirements of the JSE Limited and where appropriate, other stock exchanges on which the company's securities are listed.

The company secretary also assists in developing the annual board plan, administers the long-term incentive schemes and ensures compliance with the statutory requirements of the company and its subsidiaries in South Africa.

Board committees

The board has seven sub-committees which have been established to assist the board in discharging its responsibilities. These committees listed hereunder play an important role in enhancing good corporate governance, improving internal controls and thus, the performance of the company:

- Executive
- General purposes
- Remuneration
- Empowerment and transformation
- Audit
- Nomination
- Risk and sustainability

Each board committee acts according to their written terms of reference approved by the board. They set out its purpose, membership requirements, duties and reporting procedures. Board committees may take independent professional advice at the company's expense. The committees are subject to regular evaluation by the board in regard to performance and effectiveness.

Chairmen of the board committees and the lead client service partner of the external auditors of the company are required to attend each annual general meeting to answer any questions raised by shareholders.

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

Executive committee

The executive committee comprises five executive directors and an additional six executive members.

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

- Financial, strategic, operational, governance, risk and functional issues;
- Formulation of the group strategy and policy; and
- Alignment of group initiatives.

The committee held 10 formal meetings during the year and additional sessions focusing on strategy and initiatives taken to develop intellectual capital in the group. The committee assists the chief executive officer to guide and control the overall direction of the business of the company, monitor business performance and act as a medium of communication and co-ordination between business units, group companies and the board.

Audit committee

The audit committee comprises three independent non-executive directors. The audit committee was appointed by shareholders on 28 January 2010 and in terms of the Act report directly to shareholders in respect of their statutory duties.

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

- Considering the independence of the external auditors and making recommendations to the board and shareholders on the appointment or dismissal of the external auditors and their fees for their services;
- Evaluating the independence, effectiveness and performance of the external auditors and considering and pre-approving any non-audit services rendered by those auditors, including satisfying themselves as to the validity of the non-audit services and defining any limits in this regard;
- Considering and reviewing the reliability and accuracy of financial information and appropriateness of accounting practices, policies and disclosure practices;
- Examining and reviewing the interim report, final profit statement, annual financial statements, prospectus or any other documentation to be published by the company;
- Reviewing compliance with applicable laws, best corporate governance practices, accounting standards and regulatory requirements;

- Reviewing the effectiveness of the group risk assessment process, adequacy of accounting records and internal control systems; and
- Monitoring and supervising the functioning and performance of internal audit.

The board places strong emphasis on maintaining appropriate systems of internal control. An internal control scorecard is tabled and reported to the audit committee for each business operation bi-annually. All significant deviations from laid out internal control policies and procedures are also reported. The audit committee assists the board in its deliberations regarding the company's continuing viability as a going concern.

The chairman of the committee reports to the board on the activities and recommendations made by the committee.

The finance director, head of internal audit and the external audit partner attend all meetings.

Each year the committee makes an assessment of the qualifications, expertise, resources and independence of the company's auditors. This assessment is based upon reports produced by the auditors, the committee's own dealings with the auditors and feedback from the executive team.

The independence and objectivity of the auditors is regularly considered by the committee.

The Barloworld SA audit committee attends to the statutory requirements outlined in the South African Companies Act for Barloworld Limited and its South African subsidiaries. The members are identical to those of the group audit committee, namely the three independent directors.

The report of the audit committee is on pages 88 to 89.

General purposes committee

The general purposes committee comprises three independent non-executive directors and one executive director.

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

Nomination committee

The nomination committee comprises five independent non-executive directors.

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

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

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

Mr Peter Bulterman, having been appointed during the financial year, is required to retire at the upcoming annual general meeting. Messrs Gordon Hamilton, Martin Laubscher and Clive Thomson and Ms Hixonia Nyasulu are required to retire by rotation. All retiring directors are eligible and have offered themselves as available for election or re-election respectively.

At its meeting in November 2010, the committee considered the candidates who are standing for election or re-election at the forthcoming annual general meeting (as referred to in Ordinary Resolutions 2 to 6 in the Notice of Annual General Meeting on page 244 of this document). Based on the skills, experience and contribution of each director, the board recommends to shareholders the election and/or re-election of each of the abovementioned directors.

Empowerment and transformation committee

The empowerment and transformation committee comprises three independent non-executive directors and two executive directors.

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

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

The executive responsible for transformation across the group attends all meetings.

Remuneration report

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

Remuneration committee

The committee comprises three independent non-executive directors. The chief executive may be invited to attend meetings of the committee, but may not participate in any discussion of his own remuneration.

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

In respect of non-executive directors, the committee makes recommendations to the board in respect of fees to be paid to each non-executive director for services rendered as a member of the board or a board sub-committee. Once these fees have been adopted by the board, they are submitted to the shareholders in general meeting for approval prior to implementation and payment. Details of the fees paid to non-executive directors are set out in detail on page 83 of this annual report. Details of fees proposed to shareholders for approval are set out in the notice of annual general meeting.

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

The key responsibilities and role of the committee include, but are not limited to the following:

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

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

Remuneration philosophy

Remuneration plays a critical role in attracting, motivating and retaining high-performing and talented individuals to achieve Barloworld's objectives. In line with the interests of shareholders, reward is set at responsible and competitive levels in relation to both local and relevant overseas markets, depending on where the individual is based. Barloworld's philosophy aims to establish a level of guaranteed remuneration that is competitive, short-term incentives that reward individuals for achieving targets and for exceptional performance, and long-term share-based incentive schemes that support retention and motivation of key skills.

Key developments

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

Executive directors' remuneration

Levels of remuneration have been designed to attract, retain and motivate the executive directors in line with market conditions. A significant proportion of the executive directors' remuneration has been structured as variable pay so as to link corporate and individual performance.

The company performs a benchmarking process annually to ensure that the packages awarded to executive directors are competitive. The benchmarking was conducted by PE Corporate Services, the company engaged to advise on benchmarking and review of executive remuneration. The findings were reviewed by PwC, the lead advisor to the remuneration committee. Remuneration data from the comparator group of companies' most recent published accounts was reviewed and analysed and appropriate increases to the compensation of the executive directors were applied. The comparator group of companies consists of similar sized international South African companies including those in related industries.

As part of this review, the committee, with assistance from its advisors, assessed the appropriateness of the quantum of, and balance between, guaranteed and variable remuneration.

The committee reviews the elements of the reward packages of executive directors annually. Remuneration packages are assessed relative to the market benchmarks of companies of comparable size, market sector, business complexity and international scope.

Reward levels are targeted to be commercially competitive, on the following basis:

- Guaranteed remuneration is based on the role complexity and scope of responsibility as measured by the Towers Watson Global Grading System;
- Although the company's guaranteed remuneration policy guideline recommends competitiveness at market benchmark levels, the most relevant market competitive position for total reward levels are based on individual performance;
- Company performance, individual performance and changes in responsibilities are also taken into consideration in setting salary levels each year; and
- In order to avoid disproportionate packages across divisions and business units of the group and between executives, adjustments are made as deemed necessary to ensure broad internal consistency. Adjustments may also be made to the reward levels for individuals to facilitate cross business unit mobility to either grow a business unit or enter new markets.

The elements of the reward package are detailed below and the components for each director are reflected in the tables accompanying this report.

Structure of the remuneration of executive directors

In the year under review, the remuneration package of executive directors comprised the following elements:

- Base pay
The executive directors' base salary is reviewed annually. The current levels are at the appropriate quartile of the group of comparator companies, which is made up of large international South African companies. Individual and company performance and changes in responsibilities are taken into account when determining base pay annually.
- Benefits
 - Retirement funding
 - Medical cover
 - Personal accident cover
 - Vehicle scheme
- Variable pay
This consists of short-term and long-term incentives.

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

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

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

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

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

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

Summary of STI targets and related payments as a percentage of basic salary:

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

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

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

Long-term incentive schemes

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

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

- **Share Option Scheme**

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

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

- **Share Appreciation Right Scheme**

The Barloworld cash-settled Share Appreciation Right Scheme has been developed with the object and purpose of providing employees with an opportunity to benefit from growth in the value of the ordinary shares of the company in the medium and long term.

Share appreciation rights (SARs) were awarded in November 2009 to executive directors and a limited number of senior executives. Performance conditions have been introduced such that vesting of the SARs is subject to the achievement of real growth in headline earnings per share.

The 2009 award vests in three tranches, one third on each of the third, fourth and fifth anniversaries of the grant date respectively. All SARs will lapse if not exercised within six years from date of grant.

Summary of SARs performance targets:

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

- **Forfeitable Share Plan**

The company adopted a new long-term incentive scheme – the Barloworld Forfeitable Share Plan 2010 (FSP). The main purpose of the FSP is to ensure that key skills are retained and align the interest of participants with shareholder interests.

Under the FSP, selected executives and senior managers are awarded a number of ordinary shares. The employee will benefit from shareholder rights with effect from the date of grant. However, the shares will be subject to a risk of forfeiture during the three year vesting period dependant on continued employment (vesting condition) and, for executive directors, will also be subject to performance conditions. At the end of the vesting period, the employee will own the shares unconditionally.

Summary of FSP performance targets:

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

The executive directors' salaries, bonuses, share option and share appreciation rights costs, retirement and medical contributions and other benefits, as well as gains from share options exercised or ceded, are provided on page 208. The details of the company's shares owned and the unexercised share options held by each director can be found on pages 211 to 213.

Termination periods for executive directors

There are no directors with service contracts with termination benefits exceeding one year's salary and notice periods in excess of one year.

Retirement and pensions

The retirement age for executive directors is 63. All executive directors participate in a defined contribution retirement fund designed to enable them to make appropriate financial provision for their retirement.

Non-executive directors' emoluments

Standard fees

Fees are fixed by the shareholders in general meeting on proposals agreed to by the board on the recommendation of the remuneration committee, which has been advised by independent external remuneration advisors.

At the annual general meeting held on 28 January 2010 shareholders resolved that in terms of article 61 of the company's articles of association, the fees payable to the chairman and non-executive directors for their services to the board, audit committee and the other board committees be fixed as follows:

Non-executive fees	Present
Chairman of the board, inclusive of fees payable as chairman of board committees	R1 437 500
Resident non-executive directors	R220 000
Non-resident non-executive directors	£52 600
Chairman of the audit committee	£25 500
Resident members of the audit committee	R73 500
Chairman of the remuneration committee (non-resident)	£16 300
Chairman of the empowerment and transformation committee (resident)	R81 000
Chairman of the risk and sustainability committee (resident)	R81 000
Resident members of each of the board committees	R55 210
Non-resident members of each of the board committees	£3 475

Fees for additional services

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

Details of remuneration, fees and other benefits earned by non-executive directors in the past year are given on page 208.

Risk and sustainability committee

For the year ended 30 September 2010, the risk and sustainability committee comprised two independent non-executive directors and five executive directors. On 1 October 2010, an additional two members were appointed, an independent non-executive director and an executive director.

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

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

The functions of the committee *inter alia* include:

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

Risk management process

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

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

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

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

As the group develops new business and expands into new markets and territories, it is faced with increasingly complex and changing environments. By integrating the risk management process with the group's strategic direction the risk-return trade-off is optimised. This enhances competitive advantage, growth and the employment of capital. In the case of joint ventures and associates, the company encourages adherence to the same risk management philosophy and policies.

Internal audit

With its responsibilities clearly defined and approved by the audit committee, internal audit continued to function throughout the group during the past year.

Internal audit focused on the following main areas:

- Appraising and advising on systems, procedures and management controls;
- Assessing the effectiveness of risk management processes;

- Evaluating the reliability and integrity of management and financial information;
- Assessing the control over assets and verifying their existence;
- Reviewing compliance with policies and procedures; and
- Recommending improvements in procedures and systems to enhance efficiencies and prevent fraud.

Risk focused audit plans for the year under review, with input from divisional management, were approved in November 2009. Audit findings were formally reported to divisional audit committees in April/May and again at financial year end. These divisional committees are chaired by officers who are non-executive to the respective divisions.

The head of internal audit co-ordinates the internal audit function worldwide and reports to the chairman of the audit committee regularly throughout the year, providing details of audit coverage and any significant findings.

The internal audit process did not highlight any breakdowns in internal control that were known to have had a material impact on the reported financial information.

Internal audit undertook a high level review of the risk management processes across the group and reported at the special risk focused meeting of the audit committee in September 2010.

Although not reliant on external auditors for any resource support, the head of internal audit continues to liaise with them with a view to maximising efficiencies of audit coverage where possible. During the year, internal audit utilised the services of independent external firms to supplement its internal resources to enable the department to complete their planned audit coverage for the year.

Insider trading

No employee, his/her nominee or members of their immediate family may deal either directly or indirectly, at any time, in the securities of the company on the basis of unpublished price-sensitive information regarding the company's business or affairs. No director or officer may deal in the securities of the company during the embargo period determined by the board in terms of a formal policy implemented by the company secretary. Periods of embargo are from the end of the interim and annual reporting periods to 24 hours after the announcement of financial and operating results for the respective periods.

The Rules of the JSE Limited extend obligations regarding transactions in the securities of the company to include those of any major subsidiary. Those officers whose trading transactions have to be disclosed to the market within 48 hours specifically include the directors and the company secretary, but now also embrace any associate of the directors or company secretary or any independent entity or investment managers through which the directors or company secretary may derive a present or future beneficial or non-beneficial interest.

The directors or officers of the company's major subsidiaries, whether wholly or partially owned, are also included in the list of directors, company secretary and other officers.

Trading in the company's shares and any cessions of options over such shares is conducted on completion of an application form, in the case of securities subject to the Barloworld Share Option Scheme or the Forfeitable Share Plan, or a letter in any other case. Authorisation for the transaction is given in writing by the chairman of the board, the chief executive or a divisional chief executive officer, as appropriate. The written authority is kept by the company secretary with the record of the particular transaction. In the event that the chairman wishes to trade, permission to do so is obtained from designated directors.

Ethics

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

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

Our Code of Ethics has the following elements:

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

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

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

The Barloworld Ethics Line was introduced in South Africa in 2002. It is an independent and confidential system by which employees or others can report unethical or risky behaviour. Such reports can be submitted to:

Postal address:

Barloworld Ethics Line, c/o Tip-offs Anonymous, Free Post KZN 138, Umhlanga Rocks, KwaZulu-Natal, 4320, South Africa

South Africa:

Telephone: 0800 003 248

Telefax: 0800 007 788

Outside South Africa:

Telephone: +27 31 571 5633

Telefax: +27 31 560 7395

The Barloworld Ethics Line is outsourced to Tip-offs Anonymous, which is an independent body within Deloitte, our external auditors. This provides an opportunity to anyone wishing to report unethical activities or dishonest behaviour that affects the Barloworld group. Total anonymity, if desired, is assured.

An ethics line has also been implemented in most of our international businesses.

The Code of Ethics is enforced with appropriate discipline on a consistent basis.

Barloworld Ethics Line – call statistics

	2010	2009	2008
Total number of calls	232	185	246
Total number of reports	93	113	120

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

Relationship with shareholders

The company is a strong proponent of transparency, best practice disclosure, consistency of communication and equal and timely dissemination of information to its shareholders. It encourages an active participation of shareholders at general meetings and maintains an investor relations programme which, *inter alia*, organises for corporate and divisional executives to attend regular meetings with shareholders and potential investors.

The company has regular dialogue with institutional shareholders, where it believes this to be in the interests of shareholders generally. Feedback from these visits is shared with the board. The chairman routinely offers key shareholders the opportunity of meeting with him to discuss governance, strategy or other matters. The interests of private shareholders remain paramount and in recognition of their needs, the company's website contains a range of investor relations information and materials, including an update on the group's activities, copies of all presentation materials given to institutional investors and further explanation of the matters contained in the annual report.

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

The Notice of the Annual General Meeting, detailing all proposed resolutions, is on pages 244 to 246 of this Annual Report.

Audit committee report

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

The audit committee has conducted its work in accordance with its terms of reference, information about which is recorded in the Corporate governance report and is pleased to present their report in terms of S270A (f) of the Companies Act for the financial year ended 30 September 2010.

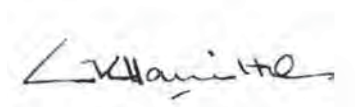
The committee performed the following activities:

- Considered the effectiveness of internal audit; the approval of the one year operational internal audit work plan and monitored adherence of internal audit to its annual plan.
- Received and reviewed reports from both internal and external auditors concerning the effectiveness of the internal control environment, systems and processes;
- Reviewed the reports of both internal and external auditors detailing their concerns arising out of their audits and requested appropriate responses from management;
- Reviewed the results of the financial control management self assessments as contained in the Barloworld internal control matrix which is completed in respect of all business units and operations in the Barloworld group.
- Reviewed the process in place for the reporting of concerns and complaints relating to accounting practices, internal audit, content of auditing of the company's financial statements, internal controls of the company and any related matters. The committee can confirm that there were no such complaints during the year under review.
- Reviewed the report prepared by internal audit regarding the risk management process in the company and the level of embeddedness of such processes within each operating division;
- Reviewed the group fraud policy as well as the group policy covering how its officers and employees deal with public officials, agents, distributors, intermediaries; trade related restrictions, export controls and sanctions;
- Reviewed the group information security policy as well as internal audit assessment of the levels of control in place across the group;
- Reviewed the results of divisional and business unit disaster recovery self assessments, the testing of such plans and the internal audit review of such disaster plans.
- Reviewed and approved the Barloworld policy for non-audit services that can be provided by the external auditors. This policy sets out those services that may not be provided by the external auditors and the required authorisation process for those services that the external auditors may provide. The policy further sets out limitations and approvals required for employment of current and former employees of the external auditors;
- Reviewed and recommended for adoption by the board such financial information that is publicly disclosed which for the year included:
 - The interim results for the six months ended 31 March 2010;
 - The annual report for the year ended 30 September 2010;
- Made appropriate recommendations to the board of directors regarding the corrective actions to be taken as a consequence of audit findings;
- Nominated for appointment Deloitte & Touche and Mr Graeme Berry as auditors of the company. In addition the audit committee nominated and appointed the external auditor for each subsidiary company;

- Considered the independence and objectivity of the external auditors and ensured that the scope of their additional services provided was not such that they could be seen to have impaired their independence;
- The audit committee considered the proposed external audit fees for each division and confirmed the group audit fees in consultation with group management;
- Considered the appropriateness of the expertise and adequacy of resources of the group's financial function and experience of the senior members of management responsible for the financial function;
- The committee reviewed the performance and confirmed the suitability and expertise of the chief financial officer, Mr DG Wilson.

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

- Attended all divisional audit committee meetings held both at the interim as well as the year end;
- Met with the head of internal audit, the group risk officer and group legal counsel on at least a bi-monthly basis;
- Attended all the group risk and sustainability meetings held during the year. With effect from October 2009 the group risk and sustainability committee was chaired by an independent non-executive director and the chairman of the group audit committee is now a member of that committee.



AGK Hamilton
Audit Committee Chairman
 16 November 2010

Shareholder profile

Register date: 30 September 2010

Issued share capital: 230 452 448

Public and non-public shareholdings

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

* Nine entities that hold shares issued in respect of the BEE transaction approved in September 2008

[#] The shares issued to strategic black partners and community service groups in respect of the BEE transaction. Refer to note 13 on page 173 for further information.

Registered shareholder spread

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

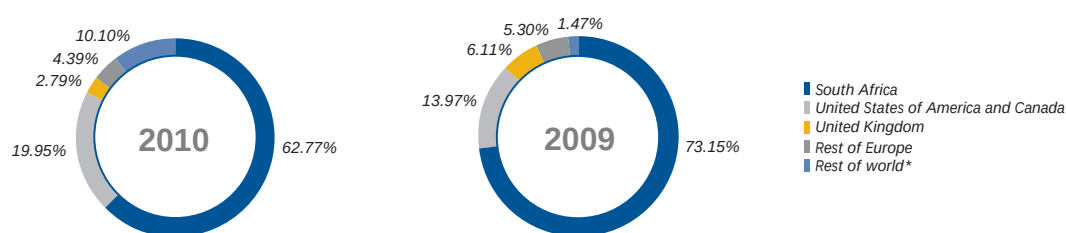
Beneficial shareholders holding 3% or more

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

Investment managers holding 5% or more

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

Geographic analysis of shareholders



Geographic analysis of shareholders – 2010

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

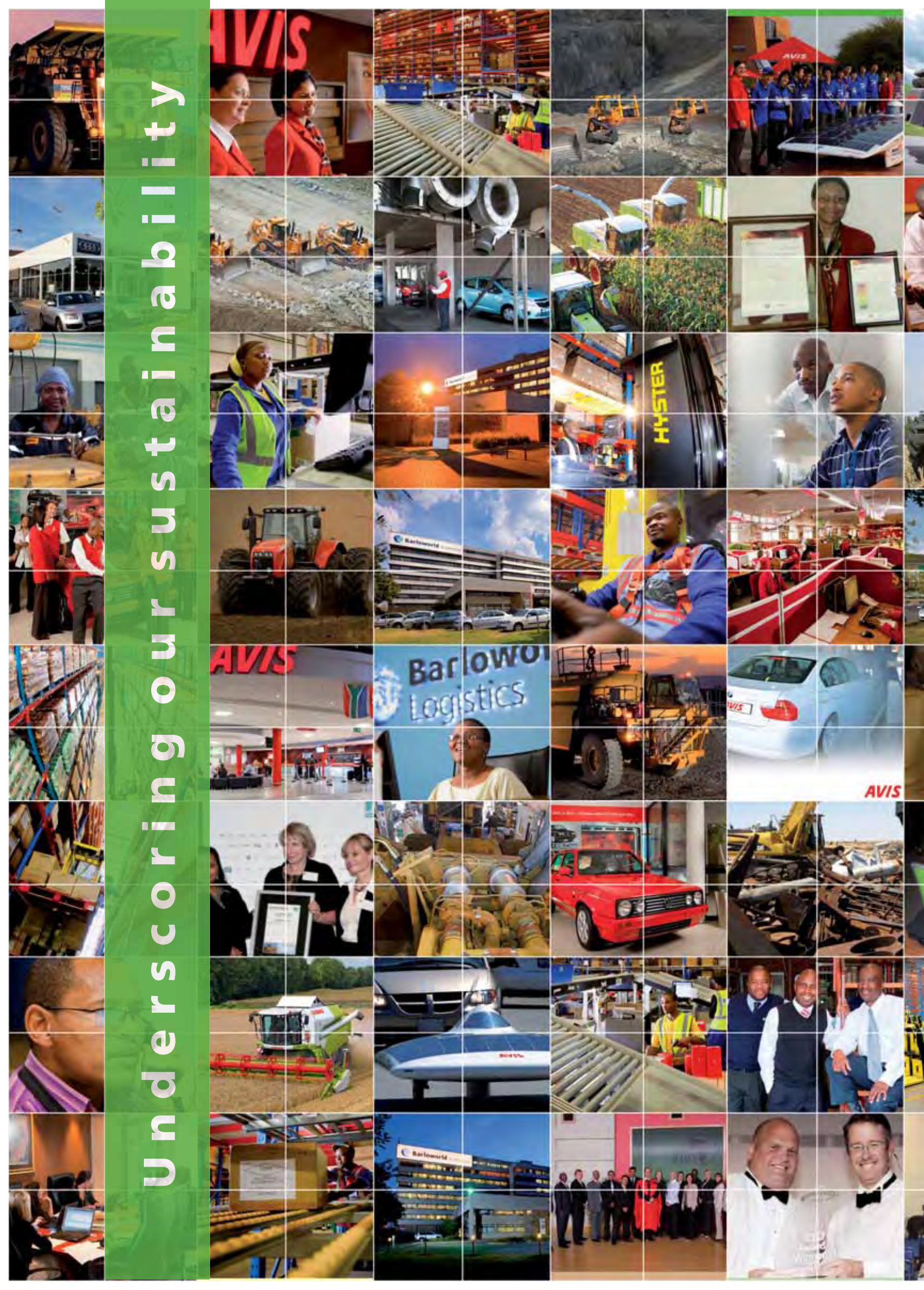
¹ Represents all shareholdings except those in the above regions.

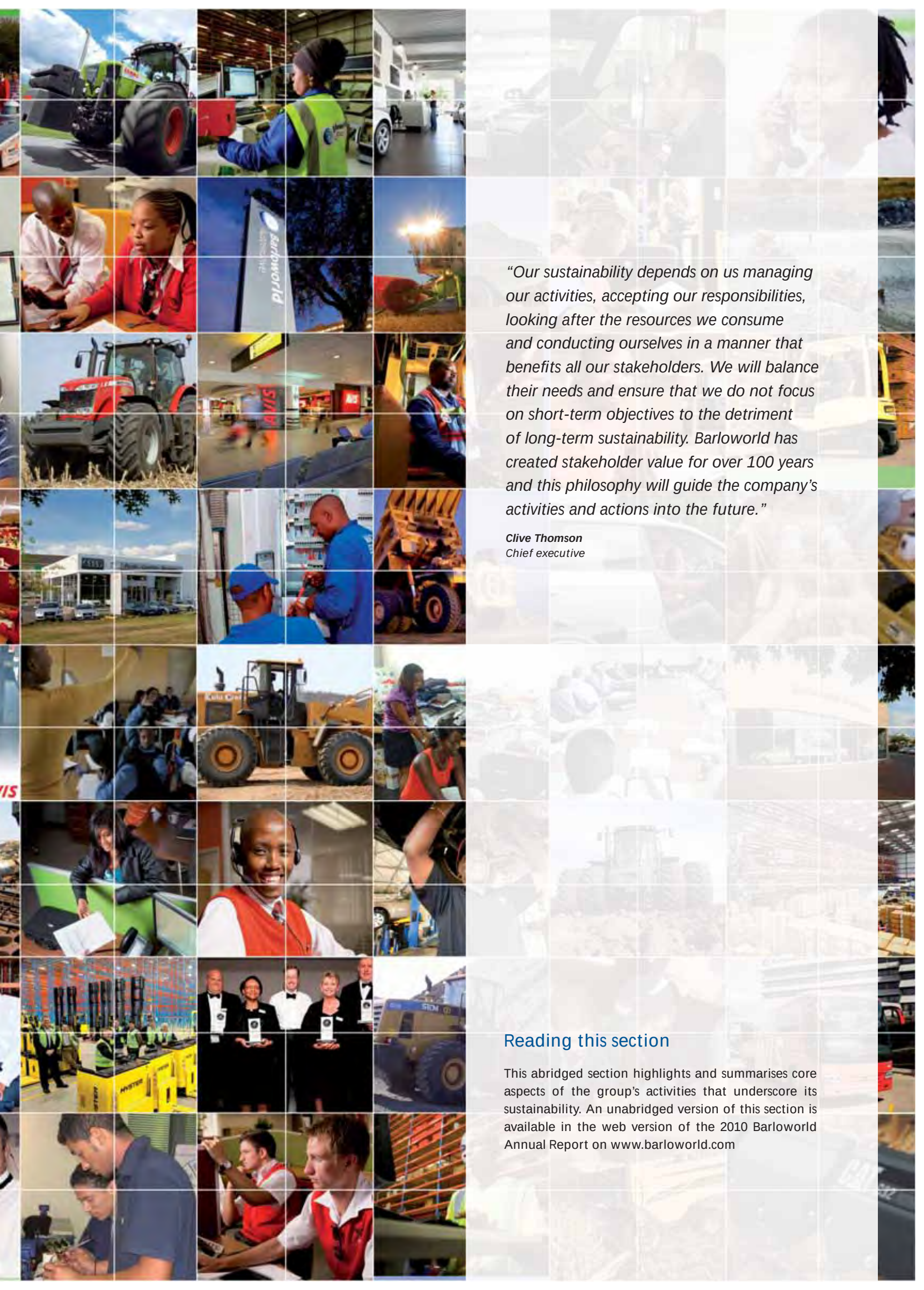
Geographic analysis of shareholders – 2009

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

For additional information on corporate governance refer to the web version of the annual report on website www.barloworld.com

Underpinning our sustainability





"Our sustainability depends on us managing our activities, accepting our responsibilities, looking after the resources we consume and conducting ourselves in a manner that benefits all our stakeholders. We will balance their needs and ensure that we do not focus on short-term objectives to the detriment of long-term sustainability. Barloworld has created stakeholder value for over 100 years and this philosophy will guide the company's activities and actions into the future."

Clive Thomson
Chief executive

Reading this section

This abridged section highlights and summarises core aspects of the group's activities that underscore its sustainability. An unabridged version of this section is available in the web version of the 2010 Barloworld Annual Report on www.barloworld.com



Christopher Whitaker
Executive: Strategy
and Sustainability

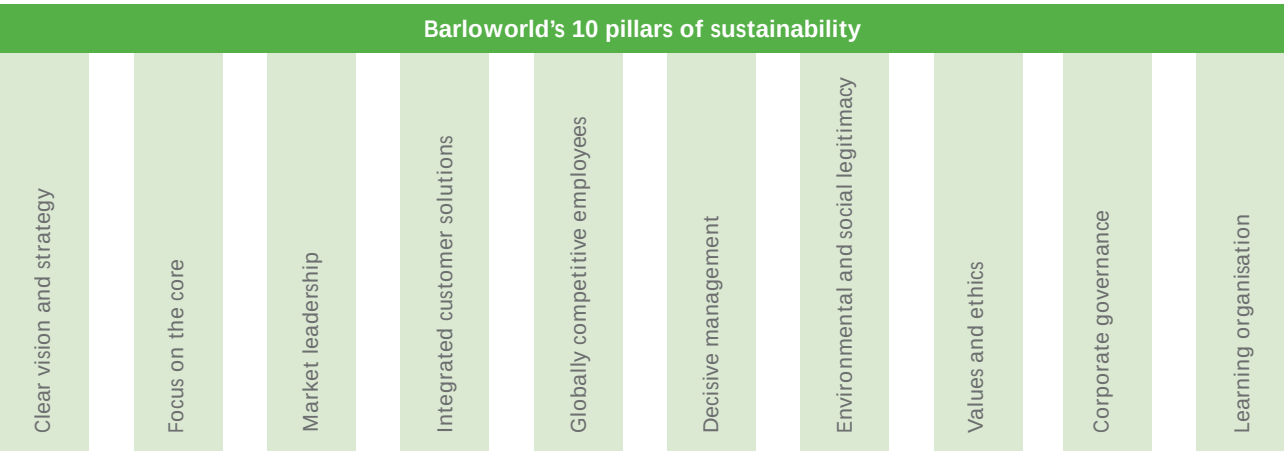


Khanyisile Kweyama
Group executive:
Global human resources
and transformation

Content

95	Progress on 2009 commitments	107	Targets
96	Overview	107	Energy
96	Introduction	108	Greenhouse gas emissions
96	Stakeholder engagement	110	Water
98	Approach to data collection and reporting	110	Materials
98	Assurance	111	Waste
99	Governance, ethics and values	111	Biodiversity
99	Climate change		
100	Strategic planning	112	Social aspects
100	Barloworld's 10 pillars of sustainability	112	Barloworld's conduct in society
100	Group information technology	112	Product responsibility
100	Supply chain	113	Human rights
100	Group risks	113	Equality
		114	Empowerment and transformation in South Africa
103	Economic aspects	115	Barloworld Education Trust
104	Stakeholders' share of value created	115	Enterprise development / Barloworld Siyakhula
		115	Socio-economic development
105	Environmental aspects	116	Employees
105	Overview		
106	Nature of products and services	120	Going forward
106	Principals' standards	122	Auditor's report
107	Indicators and data collection systems		

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



For further details see page 100 and the Barloworld website (www.barloworld.com).

Progress on 2009 commitments

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

2009 comment

2010 progress

Continue with sustainable value creation

- See Value added statement on page 104

Climate change to receive attention

- Emissions of 201 733 tons CO₂e reflect a 1.3% increase
- Petrol and diesel consumption of 40.1 ML reflects a 0.7% reduction
- Electricity consumption of 89 723 MWh reflects a 2.5% increase
- Activities to mitigate environmental footprint of products over lifecycle (pages 106 and 112)
- Commenced process to understand environmental footprint of supply chain. Avis Rent a Car South Africa customer usage (scope 3) emissions reported at 94 453 tons (page 108)
- Identified related risks and opportunities (pages 99 and 103)

Reduce water consumption

- Overall water use of 731 ML reflects a decrease of 13.2%
- Recycling initiatives implemented in major sites resulting in 9.4% of water recycled (page 110)

Waste management and focus on used oil disposal

- All used oil and other hazardous waste is disposed of through certified contractors

Corporate governance and standard of conduct expected from employees

- Introduction of Worldwide Code of Conduct
- Extensive executive and senior management training

Stakeholder engagement

- Continued engagement (pages 96 and 112)
- Group policy developed to provide framework and overarching principles

Strategic planning and implementation

- Revised strategic framework in place
- Sustainable development highlighted as a separate Strategic Focus Area (pages 6 and 7)
- Growth initiatives identified and progressed

Integrated reporting

- Updated format in annual report



Overview

Introduction

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

Stakeholder engagement

Barloworld recognises that its sustainable value creation activities are underpinned by open and transparent dialogue with stakeholders to identify material issues and respond appropriately.

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

Stakeholders engaged include:

Shareholders and providers of capital

As a listed company Barloworld complies with all legal communication requirements. The group regularly engages with its investor community and strives to provide them with the appropriate information to make informed investment decisions. Regular meetings are held with banks to provide financial performance updates and respond to queries or concerns.

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

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

See page 87 for additional aspects of shareholder engagement.

Customers

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

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

Barloworld Logistics sponsors leading research

This benchmark supply chain research is an annual independent study which has been initiated and sponsored by Barloworld Logistics since 2003. It is now conducted by respected international research specialists Frost & Sullivan. The survey measures trends in the industry and provides strategic insight for supply chain professionals.

Of particular importance is how South Africa's supply chains enable it to compete with other emerging markets, as the global balance of power shifts. This is the focus of the supplychainforesight study for 2011 (www.supplychainforesight.co.za).

Barloworld Logistics

EVOLVING STRATEGIES

Competitive supply chains in emerging economies

www.supplychainforesight.co.za

supplychainforesight

How are South African supply chain strategies enabling the country to compete in the new global economy – especially to compete with other emerging markets?

Find out by participating in Barloworld Logistics' supplychainforesight survey. This authoritative research report has been tracking business trends and giving the industry essential intelligence for the last seven years. It's become an indispensable tool for benchmarking and strategic planning in the supply chain and logistics industry.

To participate, log on to www.supplychainforesight.co.za and complete the 2011 supplychainforesight survey. You'll then receive a free copy of the research report and an invitation to attend the launch of the results.

Your insights count! Participate in building competitive strategies for SA.

Employees

Extensive, ongoing interaction and engagement with employees takes place across the group. These processes are formal and informal, structured and *ad hoc*, individual and collective. They are essential for creating an inspiring climate within which employees can perform optimally, fulfil their aspirations and benefit from value created.

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

Employee representatives, including trade unions, worker committees and industry bodies are engaged in an open and transparent manner, and in South Africa work skills and employment equity forums are established.

See pages 117 to 120 for further details on employee engagement and results of the Individual Perception Monitor (IPM) survey.

Principals and suppliers

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

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

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

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

Public sector and civil society

This group comprises a wide range of stakeholders which are engaged including government institutions and departments, municipal and local authorities, industry organisations as well as non-government organisations and the communities they serve.

Mindful of its role as a responsible corporate, the group is involved in a number of external initiatives including being a signatory to the United Nations Global Compact and is a founding member of South African initiatives such as the National Business Initiative and The Business Trust. Other memberships include Business Leadership South Africa and the South African Chambers of Commerce and Industry.

Barloworld operations across the world belong to numerous organised business associations and advocacy groups in the countries and regions in which they operate.

Employees are also encouraged to join their relevant professional associations and assume significant societal roles and leadership positions.

Barloworld executive on South Africa's Commission for Employment Equity

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



Approach to data collection and reporting

Barloworld reports on activities it considers to be material and of interest or concern to a broad grouping of its stakeholders and therefore of concern to the group. Where appropriate, these are factored into operational management systems, discussed with relevant stakeholders and addressed in reports.

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

Organisational boundaries for the collection of data reflect those used for financial purposes to ensure alignment between financial, social and environmental reporting. Reporting structures and boundaries for emissions are also aligned with the Greenhouse Gas (GHG) Protocol Corporate Standard (see Barloworld website for full disclosure in this regard). Data is collected at operational level and consolidated at divisional and group levels.

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

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

Due to the focus on continuing operations, emission intensities (page 109) are based on revenues from continuing operations only (page 5) and employee data for the year (page 116). Previously, revenues included operations held for sale, and average number of employees over two years was used. Revenue-based emission intensities are also affected by the revenue figures which have been restated for the treatment of IAS 16. Emission intensities have been restated accordingly.

Assurance

In order to ensure the credibility of reported data, third party assurance of material aspects is obtained. The Risk and Sustainability Committee identified material indicators as well as the group's GRI application level for assurance by Deloitte (see pages 122 to 123).

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

Governance, ethics and values

Barloworld conducts its activities in accordance with the highest ethical standards and principles of corporate governance, underpinning the group's value creation activities. This includes required corporate, executive and management structures (see pages 69 to 84).

Barloworld provides policy frameworks within which operations establish specific, relevant and appropriate policies, as well as management and control environments in the context of their respective industries. These are widely communicated through a variety of media including company briefs, company intranet and internet sites, publications, individual and group communications, training and induction programmes and structured team forums.

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

- Integrity
- Excellence
- Teamwork
- Commitment.

These guiding values are supported by relevant policies and principles of the UN Global Compact to which Barloworld is a signatory.

An anonymous Barloworld Ethics Line (see pages 86 to 87) and a commitment not to victimise whistle-blowers supports open and transparent compliance and promotes ethical conduct.

Formal processes to instil required standards and conduct throughout the group include induction and orientation programmes, relevant training sessions and compliance commitments from divisional leaders and senior managers.

A leader in corporate governance

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



Climate change

Barloworld is mindful of the impact its commercial activities have on the environment, the seriousness of climate change and the need for it to be addressed. Aspects of its business that contribute to climate change are measured and reported and the group strives to reduce, minimise and offset these activities where appropriate.

Aspirational energy and emission efficiency improvement targets have been set.

Risks and opportunities arising from climate change have been identified and include physical consequences, changing regulatory frameworks, customer requirements and brand reputation. For a full disclosure of related risks, opportunities and consequences see Barloworld's response to the Carbon Disclosure Project 2010 (CDP 2010) which is available on the Barloworld and CDP websites at www.barloworld.com and www.cdproject.net respectively. Competitive advantage in providing leading customer solutions which assist customers to achieve their own sustainable development objectives is recognised and related opportunities are pursued.

Avis sponsorship of solar race helps bring advanced alternative energy vehicles to South Africa

One of the world's toughest alternative energy vehicle races took place in South Africa in September 2010, attracting teams from Germany, Japan and South Africa.

Avis sponsored all the back-up vehicles for the event, 22 vehicles in total, six of which were Toyota Prius models.

The event provides South Africa with a platform to demonstrate its world-class science base and engineering skills, and the potential of its renewable energy industry.



Strategic planning

Understanding that the group's sustainability is underpinned by strategy, the group revitalised its strategic planning process and appointed an executive to a combined strategy and sustainability role.

A systematic, structured and integrated strategic planning process is followed throughout the group which blends group oversight and direction with operational insight, focus and delivery.

The group framework is cascaded throughout the organisation and appropriately adapted for each operation. The group's six strategic focus areas are supported by critical success factors, appropriate action plans and measurable performance indicators.

See pages 6 to 9.

Barloworld's 10 pillars of sustainability

Each pillar articulates a standard, aspirations and commitments in respect of its theme. They highlight the integrated nature of the group's approach to value creation, inform and guide current activities and provide a filter against which future opportunities can be assessed.

Group information technology

Information technology (IT) is regarded as central to providing solutions to the market that exceed customer expectations and optimise value delivery while ensuring compliance with internal policies, appropriate industry standards, legislation and regulations.

IT is a core component of the group's future growth and sustainability and is fully integrated into all strategic planning processes within the company, ensuring alignment and functional support in the achievement of business objectives.

Supply chain

By representing leading global Original Equipment Manufacturers (OEMs) and brands Barloworld participates in supply chains that conform to applicable norms and regulations and which aspire to the highest standards.

All group activities, including supply chain interactions, are guided by its governance framework of ethics, codes of conduct, policies and its commitment to legal compliance.

Group risks

The identification of risks and opportunities is robust, systematic and involves every level of the organisation. A comprehensive risk management policy is entrenched throughout the group, complemented by the Barloworld Limited Risk Management Philosophy, which is signed by the Barloworld CEO.

Barloworld group top risks – 2010 (in alphabetical order)

Key risks	Category of risk and management response
Acquisition underperformance The risk of future net cash flows from acquisitions failing to realise the projections upon which the initial purchase consideration was based may lead to value destruction for shareholders and a need to impair the related goodwill or assets.	Acquisition risk • A business acquisition policy and procedure is in place that sets out a structured approach and framework to be used when acquisitions are being made. This includes a pre-acquisition phase that includes the requirement to conduct a comprehensive strategic analysis of intended targets, development of acquisition criteria, both strategic and financial, and quantification of risk adjusted value creation potential for the respective business unit and the group. • The CEOs and CFOs of each business unit are responsible for ensuring that the policy and procedures are adhered to. • Following acquisitions, planning and task teams are established to focus on the realisation and management of possible synergies.
Competitor actions Competitor actions will erode our competitive position and have a significant impact on the value we create for shareholders.	Competitor risk • Continually reduce costs by focusing on operational efficiencies and staff training. • Continually improve service and the provision of innovative solutions to customers. • Develop key customer plans which contain all the information and strategies to satisfy the customer.
Currency volatility Movement of currencies against one another, mainly the movement of other currencies against the rand which creates risks relative to the translation of non-rand profits, the marking-to-market of financial instruments taken out to hedge currency exposures and the cost of imports into South Africa.	Financial risk • The responsibility for monitoring and managing these risks is that of line management. A group treasury policy is in place which clearly sets out the philosophy of hedging, guideline parameters within which to operate and permissible financial instruments to be utilised. • Preventative measures are implemented around determination of pricing mechanisms and structuring of commercial contracts to negate the impact of any adverse currency fluctuations.
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, <i>inter alia</i>, on reliable power and water supply and appropriate transport networks.	Strategic risk • Add value by giving constant feedback to our principals on market movements and product competitiveness. • Continually improve/build our relationships with our principals and major suppliers and attempt to ensure that we are the preferred dealer/customer. • Provide excellent customer service and lead in our markets. • Build smart partnerships with customers. • Build relationships with local authorities. • Align strategies and targets with those of our major principals as far as possible.

Key risks	Category of risk and management response
Exposure to equipment and motor vehicle buy-backs and residual values Some of the group's businesses could be exposed to losses due to contractual obligations to buy back equipment or motor vehicles previously sold or rented out, at prices above market or replacement cost at the time of being compelled to repurchase. This risk could arise, <i>inter alia</i>, through inadequate valuation skills at the time of determining the buy-back amount, poor condition of equipment and motor vehicles repurchased or significant shifts in the economic environment adversely impacting used values.	Financial risk • This is managed by ensuring adequate valuation competencies, managing inventory levels, optimally structuring contracts, modelling transactions to ensure adequate economic return, continually scanning market conditions, hedging currency risks and monitoring the use and condition of equipment and motor vehicles in respect of which obligations exist.
Exposure to political risks, terrorism and crime in the countries in which we operate The group's people and assets are spread through numerous countries around the world, while our activities are conducted in many more. The possibility exists that our people and assets, and the viability of the businesses, are exposed through acts of terrorism, political turmoil or crime in some of the regions in which the group operates, as well as in those that may be the subject of expansion. Business growth initiatives require that new markets and territories are the focus of our business expansion. These opportunities come with their own distinct risk exposures.	Operational risk • Minimise exposure in high-risk countries through thorough and in-depth risk assessments, coupled with the application of preventative and corrective risk management activities. • Maintain flexible business models. • Maintain Business Continuity Plans that incorporate emergency response actions, crisis management and business recovery plans specific to the businesses and the respective territories in which the businesses operate.
Exposure to significant customers and dependence on channels to market The risk that we are exposed to certain large customers and/or industries and that well-established distribution channels may change or consolidate.	Market risk • Build smart partnerships with customers. • Develop customer solutions which differentiate and expand our offering from product-based businesses. • Diversify customer base. • Develop new channels.
Slow recovery of global economies The effect of the prolonged slowdown on our businesses, customers, suppliers and funders and the continued risk that funding constraints within the supply chains will extend the recession and/or impede growth.	Financial risk • Inflationary pressures to be carefully monitored and managed, as appropriate, in each business. • Reduce costs and improve operating efficiencies. • Monitor our customers' ability to spend and access credit. • Reduce working capital, limit capital expenditure and improve cash flow. • Secure adequate committed borrowing facilities.

Key risks	Category of risk and 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.
Strategic employee skills Barloworld's key asset is the intellectual capacity and skills of its employees. This necessitates ongoing management of the challenges regarding recruitment, succession planning, skills retention and development.	Employee risk • Barloworld has a comprehensive employee approach and related set of initiatives to align employees with the strategy of the organisation. • These identify and align all employee elements of a value-creating organisation to ensure sustainable intellectual capacity and value creation competence. • Through performance management systems, employees' purpose, role, function and accountabilities are defined, and using competency-based assessments, employees are regularly reviewed to ensure the appropriate skill sets are available to enable performance at optimum levels. Extensive training resources and facilities are in place to assist and encourage employees to enhance their levels of competence and performance. • An appropriate suite of reward and incentive schemes ensures recognition, value creation for employees and retention of high-performing employees. • Focused initiatives and arrangements have minimised the negative effects of difficult economic conditions on employees and the company's skill base. These also ensure the required skills are in place to optimise any opportunities presented by improved economic circumstances.

For the group's response to risks and opportunities related to climate change, please also refer to the group's CDP 2010 submission which can be viewed on either the Barloworld website (www.barloworld.com) or the CDP website (www.cdproject.net).

Economic aspects

In terms of its value based management approach, Barloworld is committed to creating value for all of its stakeholders. It recognises that sustainability is based on balancing the interests of all stakeholders.

The group's economic value creation for its stakeholders is reflected in its value added statement which is to be considered along with the financial aspects covered elsewhere in this annual report as well as sections covering socio-economic development (pages 115 to 116) and enterprise development (page 115).

Stakeholders' share of value created

Value added statement

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

	2010		2009		2008	
	Rm	%	Rm	%	Rm	%
Revenue from continuing operations	40 830		45 269*		50 107*	
Revenue from discontinued operations	1 219		1 451		2 498	
Paid to suppliers for input materials, products and services	32 291		34 920		40 604	
Value added	9 758		11 800		12 001	
Income from investments^	104		203		208	
Total value created	9 862		12 003		12 209	
Value distribution						
Employees (note 1)	6 351	64	7 054	59	6 793	56
Capital providers:	914	9	1 428	12	1 654	14
Finance costs	691		994		980	
Dividends to Barloworld Limited shareholders	189		396		614	
Dividends to non-controlling interest in subsidiaries	34		38		8	
Unbundling of Coatings					52	
Government (note 2)	856	9	1 093	9	1 010	8
Communities (Corporate social investment)	11		8		13	
Reinvested in the group to maintain and develop operations	1 730	18	2 420	20	2 739	23
Depreciation	1 926		2 145		2 121	
Retained profit	(175)		428		671	
Deferred taxation	(21)		(153)		(53)	
	9 862	100	12 003	100	12 209	100
Value added ratios						
Number of employees (30 September)	18 167		18 918		20 471	
Revenue per employee (Rand)^	2 267 709		2 372 236		2 479 555	
Value created per employee (Rand)^	531 849		609 476		575 475	
Corporate social investment – % of profit after taxation, excluding exceptional items	2.13		1.0		0.9	
Notes:						
1. Employees						
Salaries, wages, overtime payments, commissions, bonuses and allowances**	5 459		6 055		5 932	
Employer contributions*	892		999		861	
	6 351		7 054		6 793	
2. Central and local government						
Current taxation	200		603		830	
Rates and taxes paid to local authorities	68		59		60	
Customs duties, import surcharges and excise taxes	566		418		105	
Skills development levy	22		13		15	
	856		1 093		1 010`	

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

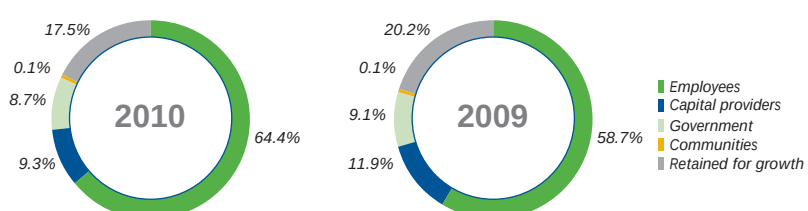
Based on average number of employees

* Restated for the treatment of IAS 16.

** Represents the gross amounts paid to employees including taxes payable by the employees

* In respect of pension funds, retirement annuities, provident funds, medical aid and insurance

Value distribution (%)



Barloworld employee volunteerism programme

The Barloworld group launched a volunteerism programme which will see staff from the group's head office and subsidiaries donating their time and skills in an effort to improve the education system in South Africa. The volunteerism programme was launched on 28 July 2010 at the Barloworld head office in Sandton. It was attended by Barloworld executives, TEACH South Africa staff, representatives of the Ekurhuleni school district, and learners and educators from five schools in Ekurhuleni.

"Our volunteerism programme aims to help schools in implementing business methodologies and practices through coaching, mentoring and skills development," said Barloworld CEO, Clive Thomson, adding that very often "giving of one's time requires more sacrifice than signing a cheque".



Environmental aspects

Overview

The group recognises that some of its activities have certain adverse environmental impacts. Consequently, mitigation measures are integrated into its operational management systems and customer offerings.

Internal focus is on material environmental issues which principally include non-renewable energy consumption, related greenhouse gas emissions, water consumption, recycling and disposal of hazardous material. Products increasingly incorporate environmentally efficient elements as a competitive advantage and assist customers in reducing the negative environmental impacts of their activities and achieving their own sustainable development objectives.

Barloworld's approach to environmental management is informed by:

- Barloworld's Environmental Policy
- Barloworld's Good Practice Guidelines On Environmental Management For Non-ISO 14001 Certified Operations
- Barloworld's Climate Change Policy
- Barloworld's Sustainable Development Approach (Environmental Aspects).

These documents can be viewed on the Barloworld website at www.barloworld.com.

Investment into initiatives to reduce its environmental impact are mostly integrated into the ongoing operations of the business and incorporated into design, development and construction activities such as new buildings, renovations and upgrades, water recycling plants and energy efficiency initiatives.

Refer to Barloworld's CDP 2010 response (www.barloworld.com) or (www.cdproject.net).

Barlow Park wins inaugural Energy Cybernetics Energy Barometer award

In June 2010 Barloworld corporate headquarters, Barlow Park in Sandton Johannesburg, won a bronze award in the inaugural Energy Cybernetics Energy Barometer Awards. Sixteen major South African companies competed in the "Head Office" category. Energy use at Corporate Office is 27% below the national average. The awards are a new initiative to encourage companies to become aware of their energy consumption levels and to improve these in the interest of their own bottom-lines as well as the national economy, whilst providing a platform for comparison and learning.



Investment is also made into new products such as the Logistics division's green trailer project, relevant software development, and a carbon offset programme.

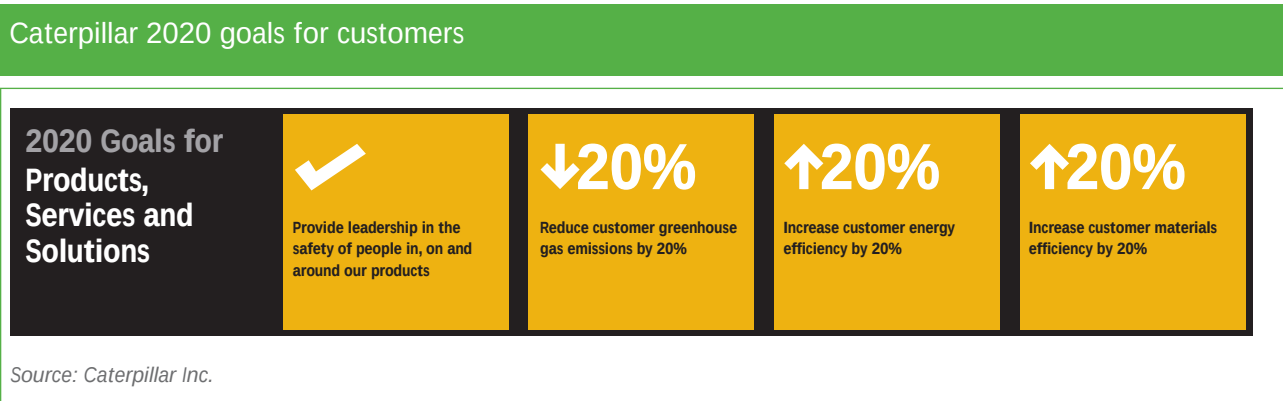
Nature of products and services

Barloworld recognises the environmental impact of its customer solutions and, with the support of its principals, is committed to providing leading products and solutions that enable customers to achieve their own sustainability objectives including environmental stewardship.

Represented Original Equipment Manufacturers (OEMs) focus on improving the lifecycle and environmental footprint of their products, addressing energy and emission efficiencies as well as product disposal.

The group is mindful of the lifecycle implications of the products and solutions it provides and appreciates the responsibility it has in this regard (see page 112). Due to the nature of its operations and the supply by OEMs and principals of the majority of its products, its focus is on ensuring maximum and efficient use of products, including extending their operating lifetime. In this regard, a relatively high percentage of Caterpillar and Hyster components are rebuilt, prolonging their life and reducing waste. Business models in equipment, handling and automotive divisions ensure extended useful lives for equipment, plant and vehicles.

Hyster's truck remanufacturing process recovers some 50% of original components whilst their rebuilt engines are 50% to 67% more efficient in terms of energy and labour respectively. Approximately 90% of a scrapped lift truck can be reclaimed. Some 70% of Caterpillar components are rebuilt.

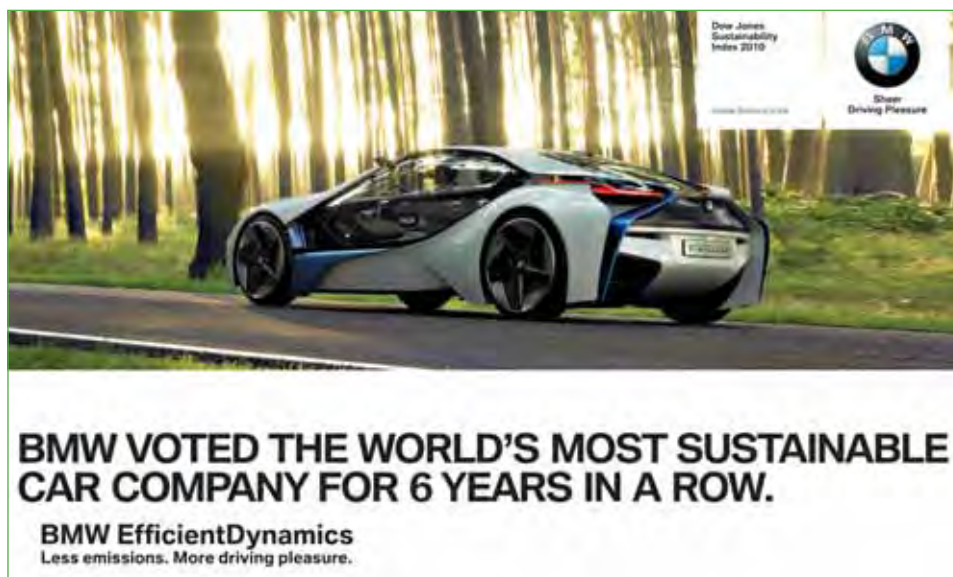


Principals' standards

Barloworld proudly represents leading international OEMs and in so doing, it is part of supply chains that embrace their values and standards in the manufacture, sale, service, support and disposal of products that reflect international best practice.

These standards are reflected in the group's activities, and are complemented by Barloworld's own ethics, values and standards. The group is committed to working with its suppliers to ensure their sustainability objectives are met and their competitive position enhanced.

Barloworld represents sustainable principals



Indicators and data collection systems

The group reports on indicators that it identifies as relevant and material to its activities. Structures and systems are in place to ensure accurate and consistent reporting. These are regularly reviewed and enhanced.

Targets

Pending any precise applicable industry or national targets, Barloworld set an overall aspirational target of a 12% energy efficiency improvement of its non-renewable energy consumption by the end of its 2014 financial year, off a 2009 baseline year. The period coincides with the group's five year strategic plan, from financial year 2010 to end financial year 2014.

The group has adopted a similar approach for greenhouse gas (GHG) emissions (scope 1 and 2) as these predominantly result from the mobile consumption of fossil fuels and the purchase of electricity generated from coal.

These targets are incorporated into the group's strategic planning process and the ongoing management of the business, including performance scorecards.

Against a 10% decline in revenue, the marginal increase in group petrol and diesel consumption together with a 2.5% increase in electricity used, resulted in increased energy and emission intensities.

This indicates a certain base demand for energy in the group. It is anticipated that energy and emission intensity levels will decrease as business activity increases and the benefits of the group's energy efficiency improvement initiatives become effective. See pages 108 and 109 for consumption and emission details.

Energy

Barloworld recognises the economic importance and environmental relevance of energy consumption.

It has implemented processes and systems to record relevant data and to ensure that measurement is in accordance with related initiatives, such as the Greenhouse Gas Protocol, so that resultant emissions are properly reported.

Barloworld Power, a business unit in the group, is actively identifying business opportunities and providing customer solutions to address the efficient use of electricity and supply constraints.

Petrol and diesel consumption (million litres)

Division	2010	2009	2008
Equipment	8.81	9.96	9.67
Automotive	10.36	10.51	13.69
Handling	5.06	5.50	6.42
Logistics	15.85	14.38	17.12
Corporate	0.02	0.02	0.02
Total	40.10	40.37	46.92

Includes continuing operations only

In addition to petrol and diesel the group also consumed 47 tons (225 tons in 2009) of liquid petroleum gas (LPG), and 961 m³k (101 m³k in 2009) of compressed natural gas (CNG) and liquid natural gas (LNG).

Electricity consumption (MWh)

Division	2010	2009	2008
Equipment	24 057	25 644	23 185
Automotive	44 814	41 526	37 869
Handling	9 481	9 094	8 458
Logistics	10 713	10 493	4 913
Corporate	658	810	4 699
Total	89 723	87 567	79 124

Includes continuing operations only

Greenhouse gas emissions

Barloworld recognises the causal link between greenhouse gas (GHG) emissions and climate change as well as the forecast of increasingly negative effects of climate change on the environment.

The group has focused on scope 1 and scope 2 emissions, the material causes of which are respectively the consumption of fossil fuels and electricity generated from fossil fuels. These are reported in terms of the GHG Protocol Corporate Standard and units of CO₂e, being the universal measure adjusted for the global warming potential of the six Kyoto Protocol greenhouse gases.

Mindful of the group's wider activities and the nature of its products and solutions, the group embarked on the measurement and internal reporting of some scope 3 emissions resulting from business air travel and its South African car rental operations. The group recognises that emissions from its car rental activities are central to its customer offerings and strives to reduce these by providing fuel efficient car fleets and having low emission and hybrid vehicles available for rent. Initial indications are that car rental operations in South Africa produced 94 453 tons of scope 3 CO₂e emissions during the year.

Emissions (CO₂e tons)

Division	2010	2009	2008
Equipment	45 912	52 063	49 296
Automotive	78 556	75 052	77 161
Handling	21 415	20 219	22 355
Logistics	55 017	50 700	53 592
Corporate	833	1 019	5 639
Total	201 733	199 053	208 043

Includes continuing operations only

Group emissions increased marginally in line with increased energy usage.

Scope 1 and scope 2 emissions (CO₂e tons)

Division	2010		2009		2008	
	Scope 1	Scope 2	Scope 1	Scope 2	Scope 1	Scope 2
Equipment	23 503	22 409	27 153	24 910	26 367	22 929
Automotive	26 224	52 332	26 602	48 450	32 768	44 393
Handling	15 176	6 239	14 356	5 863	16 908	5 447
Logistics	43 918	11 099	39 747	10 953	47 697	5 895
Corporate	43	790	47	972	n/r	5 639
Total	108 864	92 869	107 905	91 148	123 740	84 303

*Includes continuing operations only
The abbreviation 'n/r' stands for 'not reported'*

Emissions by energy sources (CO₂e tons)

Year	Diesel	Petrol	Heavy oil	LPG	CNG/LNG	Electricity
2010	74 654	32 033		141	2 036	92 869
2009	74 139	33 056		554	156	91 148
2008	83 703	38 784	1 035	169	49	84 303

Includes continuing operations only

The increase in CNG/LNG emissions is due to improved reporting, while other emissions are consistent with energy sources.

Emissions intensity (CO₂e tons)

Division	Per Rm revenue*			Per employee		
	2010	2009	2008	2010	2009	2008
Equipment	3.8	3.0	2.3	7.5	8.1	7.2
Automotive	3.8	3.9	4.1	10.8	10.6	10.7
Handling	5.2	4.0	3.3	8.7	8.0	7.5
Logistics	15.0	12.4	16.7	25.1	26.1	21.5
Corporate	n/a	n/a	n/a	8.5	9.9	54.2
Group	4.9	4.4	4.2	11.1	11.0	10.6

*Includes continuing operations only
* Revenue restated for the treatment of IAS 16*

The year on year reduction in group activity levels reflected by a 10% drop in revenue levels, exceeded the group's energy and emissions savings and hence negatively affected corresponding revenue-based intensity measures. It is anticipated that these will improve with increased levels of business activity and be positively affected by the group's energy efficiency initiatives.

Barloworld receives CDP 2010 Platinum award

The 2010 South African Carbon Disclosure Project report was launched in Johannesburg, at which the new Minister of Water and Environmental Affairs, Ms Edna Molewa, gave a keynote address. Barloworld received a Platinum award at this event, as one of four companies on the JSE which made it into the highest or 'Leading' performance band of the Carbon Disclosure Leadership Index and Performance Rating. The 'performance rating' is a new metric and performance points are awarded to companies that highlight the action which they are undertaking that contributes to climate change mitigation, adaptation and transparency, the materiality of these actions being relative to their sectors and business.



The group participated in the Carbon Disclosure Project (CDP) and its CDP 2010 submission contains details of its emission reduction activities. See either the CDP website (www.cdproject.net) or the Barloworld website (www.barloworld.com).

Water

Barloworld recognises that water is a scarce resource and is committed to more efficient water consumption through reduced use, increased recycling and water harvesting initiatives. The majority of water is sourced from municipal and local government water supply systems and legally discharged back into such systems after required filtration and separation processes. Washing of plant, equipment and vehicles constitutes the company's major use of water.

Water consumption (million litres)

Division	2010	2009	2008
Equipment	256	271	180
Automotive	367	466	465
Handling	43	46	47
Logistics	63	39	37
Corporate	2	21	22
Total	731	843	751

Includes continuing operations only

The group has reduced consumption by 13.2%. Overall some 9.4% of water was recycled in the group, with automotive recycling 17.6% and Equipment Iberia 12%.

Avis Cape Town depot now water neutral

Depending on sufficient rainfall, Avis car rental operations at Cape Town's international airport are water neutral. The system, which includes a 180 000 litre underground storage tank that captures harvested rain water, can save up to 40 million litres of water annually.



Materials

Barloworld does not extract, purchase or beneficiate raw materials. All materials are sourced from OEMs and other legitimate suppliers and are used to support the retail and service nature of the group's operations.

The group tracks the use of those materials it considers to have a high impact on the environment.

Materials used

	2010	2009
Paper (kgs)	906 039	1 075 867
Solvents (lts)	266 372	215 552
Lubricants (grease and oil) (lts)	9 146 730	7 556 528
Tyres (kgs)	1 329 242	1 500 089
Tyres (units)	2 757*	4 107
Batteries (kgs)	859 831	977 916
Batteries (units)	3 537*	5 405

Includes continuing operations only

** Equipment SA reported tyres and batteries in units*

Recycled input materials used

	2010	2009
Paper (kgs)	1 901	10 922
Tyres (kgs)	124 030	44 762

Includes continuing operations only

Given that Barloworld predominantly represents OEMs and principals, the opportunities for using recycled materials are limited, excepting where some of the products it provides can themselves be reused or recycled (see pages 106 and 112). Relatively significant items are paper and retreaded tyres.

Waste

The group does not generate significant volumes of waste. Both hazardous and non-hazardous waste streams are monitored by type, volume, disposal method and destination. All used oil and other hazardous waste is disposed of through certified contractors.

Waste

	2010	2009
Non-hazardous		
Paper (kgs)	457 609	511 951
Tyres (kgs)	768 490	615 420
Tyres (units)	2 117*	3 883
Hazardous		
Solvents (lts)	97 433	77 131
Lubricants (lts)	2 698 685	3 230 623
Oil filters (kgs)	114 492	71 380
Batteries (kgs)	119 610	152 791
Computers (kgs)	4 726	810

Includes continuing operations only

* Equipment SA reported tyres in units

A critical aspect of the group's waste management and product life-cycle stewardship programmes addresses extending product usage. This includes ensuring that products have extended lives, remanufacture and rebuild programmes (see pages 106 and 112).

Recycling mining equipment in Namibia

To prevent smuggling, a diamond mine in Namibia keeps all machinery on site, even when it is unserviceable. This has led to one of the largest scrap metal stockpiles in the world. Due to environmental and other practical concerns, old equipment and scrap metal is being recycled. Two Cat 330 DL hydraulic excavators from Barloworld Equipment are being used. Special metal shears have been fitted to cut scrap metal. Barloworld also trained operators in the safe and efficient use of the equipment.



Biodiversity

Barloworld operations do not directly affect any terrestrial fresh water or marine environments. Since sites are primarily in industrialised and urbanised locations, they do not impact on protected areas or areas that have high biodiversity value.

Social aspects

Barloworld's conduct in society

Barloworld's conduct in society is founded in its Code of Ethics, Worldwide Code of Conduct, policies and commitment to responsible corporate citizenship (see sections on governance, ethics and values on pages 68 and 99).

Due to the limited scale and predominantly urban and industrial locations of individual Barloworld operations, they do not significantly impact the communities or areas in which they are located and cannot be regarded as primary employers or suppliers in any particular region. Accordingly, the establishment or exit from business premises does not closely or significantly affect specific communities. Affected employees and their recognised representatives would be consulted in accordance with applicable legal requirements, business unit or industry retrenchment policies, practices or agreements.

The group and its divisions participate in relevant industry forums and appropriate industry lobbying and policy development activities.

These activities are non-political and no funds were paid to political parties and related institutions during the year. It is not Barloworld's policy to support any political party.

Product responsibility

Barloworld recognises that customer health and safety is a critical aspect of all its products, services and customer solutions. In representing leading global brands the group's customer solutions are backed by world renowned Original Equipment Manufacturer (OEM) warranties, guarantees and product responsibility and design features.

All new vehicles, plant and equipment have comprehensive handover procedures as well as service and maintenance regimes, which are either time or usage based, and ensure regular assessment and review of customer safety aspects and optimal operational performance.

Sold products have certification, labelling, product and service information required by legislation. There were no instances or notices of non-compliance regarding service information or labelling during the year.

Barloworld recognises that responsible product stewardship includes initiatives to manage and mitigate the environmental impacts of its products, services and customer solutions which ultimately would include disposal. Existing business models, as well as recycling, rebuild and remanufacture initiatives proactively mitigate the disposal implications of group products.

For Barloworld Equipment product responsibility includes extending the life of its Caterpillar machines

Through remanufacturing, Barloworld Equipment makes one of its largest contributions to sustainable development

Remanufacturing returns end of life components to their original condition, reducing waste and minimising the need for raw materials to produce new parts and machines. This keeps non-renewable resources in circulation for multiple lifetimes.

Component and machine rebuild throughput is planned to more than double by 2015.



Exceeding customer expectations is critical to Barloworld's success and extensive customer engagement initiatives are in place to ensure all business units understand customer requirements, their expectations for products and services as well as customer service levels. All marketing and advertising conforms to applicable laws and standards.

Human rights

Barloworld respects human rights. They are central to the group's legitimacy and covered in its Code of Ethics and Worldwide Code of Conduct. The group is a signatory to the UN Global Compact of which principles 1 and 2 specifically address this issue (www.unglobalcompact.org).

All employees, and stakeholders engaging with the group, are covered by this framework and are expected to conduct themselves accordingly. The framework applies to all business units and geographic regions where the group operates.

Equality

Barloworld understands the competitive advantage inherent in a diverse workforce and is committed to an employee complement that reflects the demographics of the countries in which it operates.

Central tenets of the group's approach to equality include:

- No unfair discrimination on the grounds of gender, race, religion, disability or sexual preference
- Proactive pursuit of programmes and initiatives to achieve its equality objectives
- Compliance with regulation and legislation in all countries in which it operates.

Identifying empowerment and transformation as one of Barloworld's six strategic focus areas ensures group and individual commitment to equality in the workplace and across the divisions.

Diverse board of directors	2010	2009
Black directors	7	7
White directors	8	7
Male directors	13	12
Female directors	2	2
South African directors	12	11
Non-South African directors (American, British, Spanish)	3	3
Executive directors	6	5
Non-executive directors	9	9

The group reviews its remuneration practices and is committed to removing unfair discrimination in this regard. In South Africa pay differentials are disclosed in terms of employment equity legislation.

There are currently two cases of alleged discrimination in the company, both in the US handling operations and both are denied by the company. Of the two Equal Employment Opportunity Commission (EEOC) charges of discrimination, one is based on age and the other on sex discrimination and retaliation and both are being defended by the company. The outstanding matter reported last year (page 81 of the 2009 report) was dismissed by the EEOC.

Barloworld supports disabled drivers

Barloworld and Avis support DRIVING AMBITIONS, a joint project between the QuadPara Association of SA (QASA) and Rolling Rehab. The project will provide driver training for people with disabilities. The joint donation of a Hyundai i20 from Barloworld and Avis has enabled DRIVING AMBITIONS to take the first small step towards creating a driving centre which will ensure that drivers with disabilities are given the skills that will keep them safe on the road as well as increase their confidence in themselves and their driving.

Avis has 10 vehicles with permanently fitted hand controls for rental as well as a van with a lift as part of the chauffeur service.



Group – Employees by employment category and gender

Category	2010			2009			2008		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Board*	6		6	5		5	6		6
Executive	21	2	23	25	2	27	24	2	26
Senior management	75	6	81	68	8	76	74	10	84
Middle management	1 794	681	2 475	1 832	638	2 470	1 839	587	2 426
Skilled upper	6 838	2 332	9 170	6 436	2 087	8 523	7 667	2 057	9 724
Semi skilled/ apprentices/trainees	4 682	1 241	5 923	5 039	1 383	6 422	4 675	1 630	6 305
Labour/unskilled	360	129	489	447	143	590	862	223	1 085
Total	13 776	4 391	18 167	13 852	4 261	18 113	15 147	4 509	19 656

Includes continuing operations only

**Includes executive directors only*

Empowerment and transformation in South Africa

Barloworld believes that the successful implementation of broad-based black economic empowerment (BBBEE) will underpin the future sustainable development of the country, its people and the group.

BBBEE ratings in terms of Department of Trade and Industry's (DTI) scorecard

SA business unit	2010	2009	2008
Equipment	2	3	4
Motor Retail	3	3	4
Avis Fleet Services	2	4	4
Avis Rent a Car	2	2	3
Handling	3	3	4
Logistics	3	4	4
Corporate	2	4	
Barloworld Siyakhula	1	1	

The group target is for all South African operations to achieve level 2 or 3.

In addition to the benefits resulting from a diverse workforce and empowered company, these ratings enhance the group's competitive position as customers may claim 110% credit or more of their procurement spending for the benefit of their own DTI scorecards. All business units score highly in the Ownership, Enterprise Development and Socio-Economic Development elements. Areas of focus are Skills Development and Employment Equity.

Employees by ethnic background in South Africa

Category	2010		2009		2008	
	AIC	White	AIC	White	AIC	White
Board*	1	4	1	3	1	4
Executive	5	8	6	12	6	10
Senior management	11	42	9	40	5	36
Middle management	621	1 003	509	1 009	469	1 041
Skilled upper	3 654	2 235	3 379	2 347	3 316	2 571
Semi skilled/apprentices/ trainees	3 076	383	2 980	463	2 886	607
Labour/unskilled	222	2	257	3	602	27
Total	7 590	3 677	7 141	3 877	7 285	4 296

**Includes executive directors only*

There has been an improvement in the number of African, Indian and Coloured (AIC) employees in South Africa in the Senior Management, Middle Management, Skilled Upper and Semi-skilled levels.

This is a result of continued focus on identifying and developing employees for promotional opportunities as well as the attraction of talent from the external market.

The Barloworld Education Trust

The Barloworld Education Trust (BET) is one of the four trusts established when Barloworld concluded a major empowerment transaction at holding company level in 2008. The BET's aim is to facilitate broad-based black economic empowerment through education.

Currently bursaries have been awarded to eight black students for the 2010 academic year, all of whom are studying engineering.

Enterprise development

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

Siyakhula invests in black empowered and black owned small and medium sized enterprises (SMEs) to create joint ventures that effectively allow them to align themselves with Barloworld's BBBEE strategies for preferential procurement, enterprise development and corporate social investment.

The fund was founded with an initial capital of R20 million and currently the committed funds are R45,3 million.

In total 523 jobs are provided in these businesses.

Barloworld Siyakhula empowers suppliers

Beneficiaries of Barloworld Siyakhula include Powertel which has a preferred supplier agreement with Barloworld Power, Machas Electrical Contractors have provided services to Barloworld Equipment since 2005, and Info Discount Stationers which is a longstanding supplier to Barloworld.



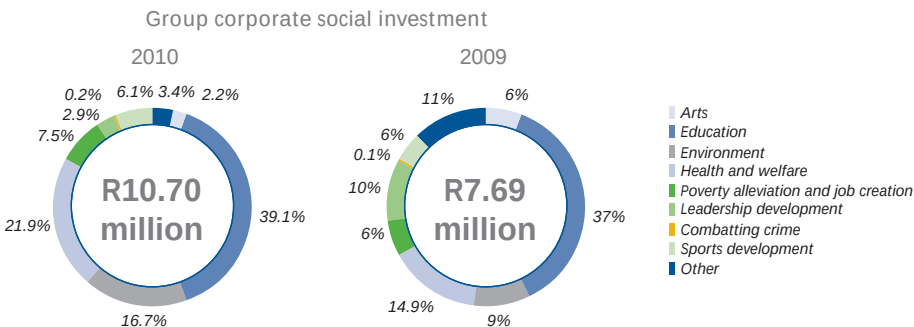
Socio-economic development

Barloworld views socio-economic development (SED) as an important and necessary component of broad-based black economic empowerment and a contribution towards the achievement of social stability.

Globally, the group allocated a total of R65 million to social investment initiatives over the past five years (2006 – 2010). This year R10.7 million was invested, 86% of which was allocated to SED in South Africa. Investments are made through the Barloworld Trust on behalf of the group; however divisional social investment programmes also make substantial contributions to local initiatives which add value in the communities in which they operate.

In the year under review focus areas were tightened to achieve greater impact on:

- Education and skills development as the primary focus
- Health and welfare, including HIV/AIDS
- Poverty alleviation/job creation
- Environment.



Barloworld assists TEACH South Africa to put young educators on frontline of change

Barloworld is a dedicated supporter of TEACH, which recruits, trains and supports the most talented recent university graduates to commit to teaching for a minimum of two years in some of South Africa's most disadvantaged schools.



Employees

Barloworld understands that its employees are the foundation of its success. Accordingly, “People” is identified as one of the group’s strategic focus areas. Value creation through and for employees by attracting, developing and retaining globally competitive people necessary to implement the group’s strategy and meet its growth targets remains one of the group’s most vital attributes.

Tragically, there was one work related death during the year. This was in Equipment Iberia and was the result of a motor vehicle accident.

Number of employees – Group

Division	2010	2009	2008
Equipment	6 121	6 436	6 820
Automotive	7 283	7 097	7 242
Handling	2 471	2 534	2 992
Logistics	2 194	1 943	2 498
Corporate	98	103	104
Total	18 167	18 113	19 656

Includes continuing operations only

Employees by region

Region	2010	2009	2008
Within South Africa	11 267	11 018	11 581
Outside South Africa	6 900	7 095	8 075
Total	18 167	18 113	19 656

Includes continuing operations only

2009 and 2008 numbers have been revised to reflect continuing operations. Unfortunately the economic downturn required a further reduction in the workforce and a total of 176 terminations was due to operational requirements, the majority of which were in equipment Iberia and logistics divisions. All attempts were made to avoid an active reduction of the workforce.

Critical success factors for employee value creation

The group has identified a methodology with six critical success factors to ensure optimal value creation for and by employees. This is appropriately implemented throughout the group via a range of interfaces and interventions.

An Individual Perception Monitor (IPM) surveys employee opinion on the status of the six critical success factors and an overall category that examines the extent to which employees are committed to the company. These results are used to identify areas for attention. It has a four point scale and the group target is to achieve a rating of at least three in all business units for all factors.

Scores of above three are considered excellent. The IPM survey is usually conducted bi-annually and a process is in place to align this across the group. Not all operations conducted an IPM survey in 2010. The ranges of IPM scores reported in this section reflect the latest available scores. It is anticipated that all divisions will conduct an IPM survey in 2011. The critical success factors and their salient features are:

Clear purpose and direction

Focused interventions and communications ensure that employees understand the strategy, priorities and goals of their organisation and their particular role in obtaining these.

Business unit IPM scores range from 3.34 to 3.46 (maximum 4)

Alignment

Value creation is optimised by ensuring alignment of employees behind the strategies and operational plans of the organisation.

Business unit IPM scores range from 3.21 to 3.38 (maximum 4)

Inspiring climate

Barloworld is committed to providing a caring, equitable and professional work environment for employees which motivates them to contribute their best endeavours and be proud ambassadors. An inspiring work climate attracts and retains employees.

Business unit IPM scores range from 2.98 to 3.10 (maximum 4)

The group has a philosophy of "Zero Injuries or Harm" to employees and business units each operate under a strict risk management audit protocol incorporating health and safety aspects. The lost-time injury frequency rate (LTIFR) showed an increase over the previous year due to LTIFR increases in all divisions except for logistics. Two alleged cases of noise induced hearing loss were reported in Equipment Southern Africa operations and Handling UK received two retrospective claims in respect of asbestos-related diseases. The claims date back to periods between 1959 to 1967 and 1986 to 1990. The earlier claim has been addressed and the later one is being investigated.

Health and safety statistics			LTIFR*		Fatalities		Occupational diseases		
Division	2010	2009	2008	2010	2009	2008	2010	2009	2008
Equipment	1.80	1.40	1.81	1		1	2		4
Automotive	1.24	1.03	0.58		1	1			
Handling	2.28	1.67	1.47				2	1	2
Logistics	1.11	1.27	1.67		2	1			1
Corporate									
Total	1.51	1.27	1.34	1	3	3	4	1	7

Includes continuing operations only

*LTIFR is calculated as follows: lost time injuries x 200 000 divided by total hours worked.

A number of employee wellness and support programmes are in place, including medical aid schemes and assistance programmes. HIV/AIDS receives particular attention in countries with high prevalence rates. Currently 100 employees receive HIV/AIDS assistance, 32 from company sponsored anti-retroviral medication schemes, and 68 from existing medical aid schemes.

HIV/AIDS statistics in Barloworld South Africa

Division	Employees			Employees who know their status			% who know their status			% of those tested who are HIV positive		
	2010	2009	2008	2010	2009	2008	2010	2009	2008	2010	2009	2008
Equipment	2 896	3 020	3 113	2 035	1 411	2 684	70	47	86	4	6	4
Automotive	6 427	6 307	6 478	3 495	3 688	3 308	54	58	51	5	4	4
Handling*	423	414	440	262			62			1		
Logistics	1 423	1 174	1 446	820	846	394	56	72	27	8	8	17
Corporate	98	103	104	42	103	45	43	100	43	10	6	9
Total	11 267	11 018	11 581	6 654	6 048	6 431	59	55	56	5	5	5

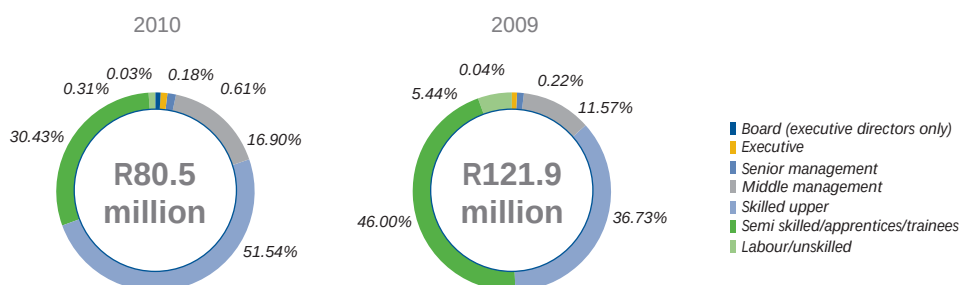
*Handling SA employees tested with Equipment in 2008 and 2009

Sustainable competence and intellectual capital

Barloworld recognises that the achievement of its vision and sustainable value creation objectives rests on the ability of its people. Attracting, developing and maintaining talented and globally competitive employees is central to ensuring sustainable competence and intellectual capital in the group.

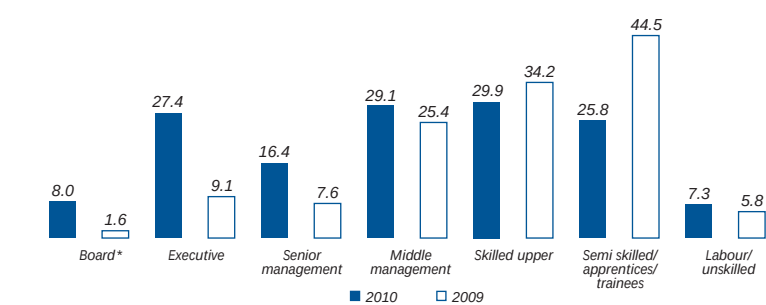
Business unit IPM scores range from 2.67 to 2.95 (maximum 4)

Training spend by occupational level (continuing operations only)



Although overall investment in training and development fell from 2009 levels, the group continued to invest in the skills required for its identified growth objectives. This is evidenced by the proportional increase in investment in the skilled and middle management categories.

Average hours training by occupational level



- The increased average hours of training for board, executive and senior management reflects the attention given to corporate governance, compliance and ethical behaviour as these categories attended a series of interventions in this regard.
- Training programmes include: apprenticeships, learnerships, management and leadership development programmes, technical skills and sales skills, all of which develop lifelong skills and ensure employability of employees. The group also conducts appropriate end of career programmes. These include retirement planning, financial planning and life-skills.

Barloworld Automotive develops its future leadership

Barloworld Motor Retail hosted the Barloworld Motor Retail Graduation Ceremony in partnership with the Rhodes Investec Business School and the merSeta in March 2010. This prestigious event was the first of its kind and also considered to be a pilot project at merSeta.

The Certificate in Management: Automotive Retail (CAR) is a formal qualification and forms part of the Barloworld Motor Retail Manager Development Programme. This qualification is offered at NQF Level 7. The purpose of the Barloworld Motor Retail Management Development Programme is to develop future leaders required in terms of their growth and succession plans, as well as empowerment objectives.

Employee turnover

Year	Resignations	Transfers	Retrenchments/ redundancies****	Retirements*	Dismissals	Deaths**	Other***
Total 2010	1 466	37	176	277	430	66	505
Total 2009	1 482	110	1 075	203	561	65	422
Total 2008	2 142	279	238	146	713	74	162

Includes continuing operations only
 *Including retirements due to ill health
 **Including accidental deaths (work related/non work related) and deaths due to illness
 ***Reflects sales of business and termination of fixed term contracts
 ****Includes voluntary terminations

Above figures exclude the Scandinavian car rental operations' 805 employees.

Performance management

The group's value creation activities are underpinned by entrenched performance management processes based on balanced scorecards. These establish agreed performance criteria, objective and transparent mechanisms for performance review, and instil a sense of duty and ownership among employees.

Business unit IPM scores range from 2.81 to 3.06 (maximum 4)

Structured team forums

Central to the achievement of the group's vision is its ability to harness, focus and direct the collective wisdom, knowledge, team work and experience in the group. To this end, regular, structured team meetings at all levels of the organisation have become an established feature of the group's employee engagement approach.

Business unit IPM scores range from 2.86 to 3.18 (maximum 4)

Employee engagement

The extent to which employees are committed to the company, have a common sense of destiny and are inspired to contribute their time and effort measures the success of the group's employee value creation approach and effectiveness of the related critical success factors.

Current IPM surveys indicate divisional scores that range from 2.73 to 3.20 (maximum 4) which are pleasing, particularly in the context of the difficult economic conditions that affected the operations, and the required measures and activities implemented to ensure the group's sustainability during this period.

Going forward

Barloworld's vision of 2015³ articulates its commitment to value creation for all stakeholders and illustrates its understanding of the integrated nature of sustainable development. Identified profitable growth opportunities, group and divisional strategies, distilled into six strategic focus areas, will be implemented by employees through a comprehensive value creation approach.

The group's sustainable value creation activities will remain an iterative process of engaging stakeholders, determining and balancing their interests, integrated management and accountability for sustainable development, and credible reporting.

Awards received

- See Logistics awards on page 63
- See Automotive awards on page 46
- Barloworld's 2009 Annual Report classified as "Excellent" in the Ernst & Young Corporate reporting survey
- Barloworld's 2009 Sustainability section of its 2009 annual report classified as "Excellent" in Ernst & Young Sustainability reporting survey
- Johannesburg Stock Exchange Socially Responsible Investment index (JSE SRI) 2010: "Best Performer" category
- Chartered Secretaries South Africa and Johannesburg Stock Exchange 2010 Annual Awards: Merit Award and third place in the Premier Award category
- Carbon Disclosure Project 2010 South Africa JSE 100: Platinum and Gold Awards. One of the top four companies in the CDP 2010 South African JSE 100 Joint Carbon Disclosure and Carbon Performance Ratings

Should there be any issues or aspects about which further information or detail is required, please contact Christopher Whitaker at christopherW@barloworld.com

CEO Award

Exceptional excellence on the part of individuals is recognised through nomination for the prestigious annual CEO Award. Candidates are formally nominated by their peers at divisional level and then put forward for group selection. The winner is selected by the CEO.

Nominees (from left to right in picture)

Rob Pullen, Senior General Manager, Service – Barloworld Equipment southern Africa

In 2008 the accelerated development of technical skills was identified as Barloworld Equipment’s most critical strategy to provide the necessary support for customers and achieve growth. Rob formulated a new skills development strategy and led from the front to make it happen. Today Barloworld Equipment is acknowledged by Caterpillar as leading edge in technical training.

Brandon Arnold, Operations Manager, Barloworld SEM – Handling South Africa

Almost single-handedly Brandon established Barloworld SEM as a key player in the South African low-cost wheel loader market. This was accomplished within only two years and with exceptional profitability and returns.

Tsatsane Mohale, Facilities Manager – Barloworld Corporate Office

Tsatsane has added value as the Corporate Office sustainability champion. Her nomination is based on initiatives she has put in place for “Greening Barlow Park” as well as resultant cost savings.

Arlene Cravo, Operations Manager, SCM Industrial – Barloworld Logistics South Africa

Arlene was this year’s winner of the Barloworld Logistics CEO Award, an accolade that Isaac Shongwe, CEO Barloworld Logistics, was proud to bestow upon her for outstanding contribution towards preparing our major Transport Management Services (TMS) client, PPC, to operate effectively and efficiently during the 2010 FIFA World Cup.

Willie Coetzee, After Sales General Manager, Mercedes Benz Market Centre, Bloemfontein

Through his implementation of new workflow systems, humble leadership style and in depth knowledge of service and parts processes, Willie has effectively created a “recession-proof” service and parts environment that has consistently improved returns at the John Williams Mercedes Benz Market Centre in the Free State, a province of South Africa.

Tiago Isidoro, Power Systems Manager – Barloworld STET, Portugal

Tiago was appointed power systems manager at a time when Barloworld STET was experiencing a number of challenges in major power station projects in the Azores and a significant power systems market decline due to the global economic crisis. The project situation was resolved, penalties were avoided and the customer relationship improved.



The Winner: Brandon Arnold

In making the award, Clive Thomson said, “The annual CEO Award is a tribute to the exceptional employees who make Barloworld the special company that it is. It is my responsibility to select one winner from the outstanding finalists nominated by our businesses. I was most impressed by all the 2010 nominees, and choosing a winner was extremely difficult”.



Auditor's report

30 November 2010

The Directors
Barloworld Limited
180 Katherine Street
Sandton
2146

Dear Sirs

Report of the Independent Auditors to the directors of Barloworld Limited on Limited Assurance Procedures regarding selected sustainability information published in Barloworld's Annual Report for the period 1 October 2009 to 30 September 2010

Scope

You have requested that we perform limited assurance procedures on:

- selected performance indicators to be published in the Sustainability Report in Barloworld's Annual Report for the year ended 30 September 2010;
- the self-declared Global Reporting Initiative G3 Guidelines ("GRI G3") B+ application level; and
- the calculation of the carbon inventory, direct and indirect energy consumption in accordance with the the Greenhouse Gas ("GHG") Protocol Corporate Standard for the accounting and reporting of greenhouse gas emission ("the carbon inventory, direct and indirect energy consumption calculation") .

Our limited assurance procedures were conducted with the objective of expressing a conclusion on whether anything came to our attention that causes us to believe the selected performance indicators; the GRI G3 application level and the carbon inventory, direct and indirect energy consumption calculation are not presented fairly. Limited assurance procedures include examining, on a test basis, evidence supporting the selected performance indicators, the GRI G3 application level and the carbon inventory, direct and indirect energy consumption calculation.

The selected performance indicators are as follows:

- Value Added Statement;
- Group CSI spend;
- Employee profile, limited to: number of employees; employee breakdown by race; and male and female employee breakdown;
- Lost time injuries and fatalities;
- Certified Quality Management Systems;
- Fuel usage;
- Electricity usage; and
- Water usage.

Methodology

We conducted our work in accordance with International Standards for Assurance Engagements 3000 (Revised), "Assurance Engagements other than audits or reviews of historical financial information" ("ISAE 3000"). This standard requires that we plan and perform the procedures to obtain limited assurance that the selected performance indicators, the GRI G3 application level and the carbon inventory, direct and indirect energy consumption calculation are presented fairly in accordance with the criteria set out in the annual report. The procedures conducted do not provide all the evidence that would be required in a reasonable assurance engagement and, accordingly, we do not express a reasonable assurance opinion.

Our work consisted of:

- Obtaining an understanding of the system used to generate, aggregate and report data based on discussions and interviews with management at selected operations and at the corporate head office;
- Performing a controls walk-through for key controls implemented in the sustainability reporting system;
- Testing the accuracy of certain data reported on a sample basis for limited assurance; and
- Reviewing selected documents to test coverage of topics within the annual report.

Responsibilities

The Group's directors are responsible for the preparation and presentation of the information within the annual report, and for maintaining adequate records and internal controls that are designed to support the sustainability reporting process.

Our responsibility is to express a limited assurance conclusion on the selected sustainable development performance data, the GRI G3 application level and the carbon inventory, direct and indirect energy consumption calculation based on our assurance engagement.

Considerations and limitations

Non-financial data is subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating or estimating such data. We have not undertaken work to confirm that all relevant issues are included, nor have we carried out any work on data reported in respect of future projections and targets. We have not conducted any work outside of the agreed scope and therefore restrict our opinion to the agreed sustainable development performance data, the GRI application level and the the carbon inventory, direct and indirect energy consumption calculation.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe the selected performance indicators listed above; and that the calculation of the consolidated direct and indirect energy consumption and carbon emissions inventory for the period 1 October 2009 to 30 September 2010 are not fairly presented and compliant with the requirements of the GHG Protocol Corporate Standard for the accounting and reporting of greenhouse gas emissions.

Based on our review, including consideration of the annual report, nothing has come to our attention that causes us to believe that Management's assertion that their sustainability reporting meets the requirements of the B+ application level of the Global Reporting Initiative G3 Guidelines is not fairly stated.



Deloitte & Touche
Registered Auditor
Per AG Waller
Partner

30 November 2010

National Executive: GG Gelink Chief Executive AE Swiegers Chief Operating Officer GM Pinnock Audit DL Kennedy Tax & Legal and Risk Advisory L Geeringh Consulting L Bam Corporate Finance CR Beukman Finance TJ Brown Client & Markets NT Mtoba Chairman of the Board MJ Comber Deputy Chairman of the Board

A full list of partners and directors is available on request

B-BBEE rating: Level 3 contributor/AA (certified by Empowerdex)

Member of Deloitte Touche Thomatsu Limited

Finance director's review



"During the past eighteen months that we have been focusing on reducing working capital, inventories have declined by R3 832 million."

Don Wilson Finance Director

Group operating performance

Continuing operations

Revenue for the year declined by 10% to R40.8 billion. The bulk of the shortfall occurred in our equipment businesses where total revenue fell by R4.8 billion (28%). The drop off in activity levels experienced in equipment southern Africa in the second half of 2009 continued into the current year while demand in Iberia remained weak throughout the year.

Earnings before interest, taxation, depreciation and amortisation (EBITDA) decreased by 18% to R3 318 million while operating profit declined by 31% to R1 376 million. Reduced activity in equipment southern Africa resulted in a decrease in operating profit of R557 million (43%). The automotive division continued their good performance, increasing operating profit by 10% to R772 million. Redundancy and restructuring charges of R59 million (2009: R139 million) were incurred to realign the cost base with prevailing activity levels. The bulk of the restructuring costs (R48 million) were incurred in Iberia.

The stronger rand resulted in losses arising from marking to market foreign currency contracts on unhedged transactions mainly in equipment southern Africa. The total negative fair value adjustments on financial instruments of R89 million is lower than the R201 million incurred in 2009 due to reduced volatility in the foreign exchange markets this year. The adjustments include a charge of R21 million arising from a change in the equipment southern Africa hedging approach to recognise the cost of forward points in foreign exchange contracts as a financial instrument cost.

Net finance costs decreased by R206 million (26%) to R583 million. This was largely due to the continued focus on reducing debt levels through improving operating cash flows and tightly managing working capital and capital expenditure. Investment income declined due to lower interest rates. Total finance charges, including leasing interest classified as cost of sales, decreased by R281 million (26%) to R809 million.

Exceptional charges of R176 million mainly comprise the impairment of goodwill in the logistics Middle East and Asia operations totalling R152 million.

Taxation, before Secondary Tax on Companies (STC), declined by 2% to R203 million. The effective taxation rate (excluding STC, prior year taxation and taxation on exceptional items) was 33.8%

(2009: 22.2%). The increased rate was largely attributable to withholding taxes and losses incurred in low-tax jurisdictions while the prior year rate was reduced by the first-time recognition of certain deferred taxation assets.

Income from associates fell by R27 million to R16 million owing to lower profits earned in the equipment joint ventures. The contribution from the Democratic Republic of Congo equipment joint venture declined by R62 million. Profits in the Russian joint venture improved, particularly in the second half, contributing R14 million to associates' income.

The non-controlling interest in the current year's earnings includes R13 million representing the dividends paid to the holders of 14 485 013 ordinary shares in terms of the BEE transaction concluded in 2008. These shares are not included in issued shares for purposes of calculating headline earnings per share (HEPS). HEPS from continuing operations of 212 cents is 40% lower than 2009 (351 cents).

Discontinued operations

Discontinued operations comprise the results of the Scandinavian car rental business up to its disposal on 31 July 2010. The loss of R272 million includes trading losses of R85 million and a loss of R187 million on the disposal of the business.

Cash flow

The continued focus on cash generation resulted in a net cash inflow for the year of R2 286 million (2009: R1 207 million). Working capital decreased by R1 069 million following the reduction of R885 million in 2009. During the past eighteen months that we have been focusing on reducing working capital, inventories have declined by R3 832 million. Most of the reduction in the current year was achieved in the southern African equipment business. In addition capital expenditure in the group has been curtailed to essential projects only. While there was some build up of the short-term car rental fleet ahead of the 2010 FIFA World Cup in South Africa, the fleet has reduced to normal levels at year end.

The disposal of the Scandinavian car rental business has resulted in a reduction in group debt of R774 million with a further R180 million (NOK 150 million) payment due by December 2010. The guarantee provided to DnB NOR for the bank funding was cancelled in September 2010 following the repayment of the loan by the purchaser.

Summarised cash flow statement

R million	2010	2009
Operating cash flows before working capital	3 457	3 845
Decrease in working capital	1 069	885
Net investment in leasing assets and vehicle rental fleet	(1 056)	(829)
Cash generated from operations	3 470	3 901
Other net operating cash flows	(905)	(1 617)
Dividends paid (including non-controlling shareholders)	(223)	(434)
Cash retained from operating activities	2 342	1 850
Cash flows from investing activities	(56)	(643)
Net cash inflow	2 286	1 207

Financial position and debt

Total assets employed in the group decreased by R4 405 million to R25 690 million. The decrease was largely due to reduced working capital and the disposal of car rental Scandinavia. The stronger rand resulted in a decrease of R1 271 million in total assets.

Total interest bearing debt at 30 September 2010 was reduced by R2 836 million to R6 977 million (2009: R9 813 million).

Strong collections from customers in the closing days of the financial year and reduced supplier and short-term funding

commitments resulted in cash and cash equivalents increasing by R156 million to R1 928 million (2009: R1 772 million).

Further progress was made in our initiative to address the group's debt maturity profile and to reduce the company's reliance on short-term funding. Long-term debt raised during the year included corporate bonds totalling R1 000 million (BAW3 to 8) issued in September 2010. The funds raised were utilised to repay short-term debt including R230 million of the corporate bond BAW1 which matures in July 2011. The long-term debt maturity profile at 30 September 2010 was 61% (2009: 63%).

Debt maturity profile

R million	Debt September 2010	2011	Redemption 2012	2013	2014 onwards
South Africa	6 453	2 369	85	46	3 953
Offshore	524	323	72	53	76
Total	6 977	2 692	157	99	4 029

In South Africa, short-term debt due for redemption in 2011 includes the balance outstanding on BAW1 of R1 305 million (including accrued interest) and commercial paper (CP) totalling R606 million. The CP market has remained liquid during the current year and we expect to maintain our participation in this market. The company has unutilised debt facilities with domestic banks totalling R5 362 million at 30 September 2010. The offshore facilities include a syndicated loan (undrawn at September 2010) of £80 million (R879 million) plus other unutilised bank lines totalling the equivalent of R1 688 million.

Net debt at September 2010 of R5 049 million declined by R2 992 million (37%) in the year. The bulk of the reduction was

through cash inflows before financing while the sale of car rental Scandinavia resulted in a reduction in net debt of R774 million. The stronger rand reduced net borrowings by R91 million.

Debt totalling R1 931 million at 30 September 2010 is subject to covenants in terms of loan agreements. No covenants have been breached during the year.

The company's credit rating of A+ was re-affirmed by Fitch Ratings in March 2010.

Finance director's review (continued)

Gearing in the three business segments is as follows:

Debt to equity (%)	Trading	Leasing	Car rental	Group total debt	Group net debt
Target range	30 – 50	600 – 800	200 – 300		
Ratio at 30 September 2010	34	482	202	64	47
Ratio at 30 September 2009	49	567	205	81	67

The company has R79 million (2009: R94 million) in an interest-bearing deposit account with a bank underpinning the security held by lenders to our Black Economic Empowerment partners.

The stronger rand resulted in a reduction of R820 million in shareholders' funds (2009: R926 million).

Accounting policies

Eleven new accounting standards, amendments and interpretations were adopted this year. The most material to the company were amendments to IAS 16 Property, plant and equipment and IAS 7 Statement of cash flows. IAS 16 was amended whereby an entity in the course of its ordinary activities, routinely sells items that it has held for rental to others, it transfers those assets to inventories at their carrying amount when they cease to be rented and become held for sale. Sale proceeds from such assets are recognised as revenue in accordance with IAS 18. The effect of this change was to increase revenue in 2010 by R2 586 million (2009: R3 037 million).

IAS 7 was amended to classify as operating activities, cash payments to acquire rental assets, cash receipts from rents and cash proceeds from the subsequent sale of such assets. The effect of this change was to decrease cash generated from operations by R1 056 million. There was no impact on the net cash flow before financing activities.

The comparative information for 2009 and 2008 has been restated for the adoption of the amendments referred to above. Further details regarding the restatements can be found in note 34 to the consolidated annual financial statements on page 205.

Dividends

Dividends totalling 75 cents per share were declared in respect of this year's earnings (2009: 110 cents). Dividends are payable on 18 100 902 of the shares issued in respect of the BEE transaction. The dividends declared this year are covered 2.6 times by headline earnings from continuing operations (2009: 3.0 times).

Going forward

In the wake of the world economic crisis our strategy of strengthening our financial position by focusing on cash flow and debt reduction has yielded good results. While we plan to maintain this emphasis, debt will start to increase as we build working capital as the recovery gains momentum. Since March 2009 net debt has declined by R5.1 billion and annual gross finance charges have dropped by R328 million. Over this period our net debt to equity has declined from 75% to 47% notwithstanding that currency has negatively impacted our shareholders' funds by R2.2 billion.

We believe that our financial position is strong and that we are well placed to fund the growth strategies of the divisions. The acquisition of the remaining 50% of the equipment business in Russia subsequent to year end will be funded utilising cash balances in our offshore business.

As we have now emerged from the worst of the financial crisis, the key financial strategic focus for 2011 will be on financial returns, particularly improving our return on shareholders' funds.



DG Wilson
Finance director
16 November 2010

Directors' responsibility and approval

for the year ended 30 September 2010

The directors of Barloworld Limited have pleasure in presenting the annual financial statements for the year ended 30 September 2010.

In terms of the South African Companies Act, 1973, as amended, the directors are required to prepare annual financial statements that fairly present the state of affairs and business of the company and of the group at the end of the financial year and of the profit or loss for that year. To achieve the highest standards of financial reporting, these annual financial statements have been drawn up to comply with International Financial Reporting Standards.

The annual financial statements comprise:

- the statements of financial position;
- the consolidated income statement;
- the statements of comprehensive income;
- the statements of cash flows;
- statements of changes in equity;
- a seven-year summary of statement of financial position, income statements, statements of cash flows, as well as statistics in respect of ordinary share performance, profitability and asset management, liquidity and leverage, and value added;
- a summary in other currencies;
- segmental analyses;
- notes; and
- accounting policies.

The reviews by the chairman, the chief executive, the finance director and the detailed operational reports discuss the results of operations for the year and those matters which are material for an appreciation of the state of affairs and business of the company and of the Barloworld group.

Supported by the audit committee, the directors are satisfied that the internal controls, systems and procedures in operation provide reasonable assurance that all assets are safeguarded, that transactions are properly executed and recorded, and that the possibility of material loss or misstatement is minimised. The directors have reviewed the appropriateness of the accounting policies, and concluded that estimates and judgements are prudent. They are of the opinion that the annual financial statements fairly present in all material respects the state of affairs and business of the company and the group at 30 September 2010 and of the profit for the year to that date. The external auditors, who have unrestricted access to all records and information, as well as to the audit committee, concur with this statement.

In addition, the directors have also reviewed the cash flow forecast for the year to 30 September 2011 and believe that the Barloworld group has adequate resources to continue in operation for the foreseeable future. Accordingly, the annual financial statements have been prepared on a going-concern basis and the external auditors concur.

The annual financial statements were approved by the board of directors and were signed on their behalf by:



DB Ntsebeza
Chairman



CB Thomson
Chief executive



DG Wilson
Finance director

Sandton
16 November 2010

Certificate by secretary

for the year ended 30 September 2010

In terms of section 268G(d) of the South African Companies Act, 1973, as amended (the Act), I certify that Barloworld Limited has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Act. Further, that such returns are true, correct and up to date.



S Mngomezulu
Secretary

Sandton
16 November 2010

Independent auditor's report

for the year ended 30 September 2010

We have audited the company annual financial statements and group annual financial statements of Barloworld Limited, which comprise the directors' report, the audit committee report on pages 88 to 89, the statement of financial position and the consolidated statement of financial position as at 30 September 2010, the income statement and the consolidated income statement, the statement of comprehensive income and the consolidated statement of comprehensive income, the statement of changes in equity and the consolidated statement of changes in equity, the statement of cash flows and the consolidated statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 129 to 234.

Directors' responsibility for the financial statements

The company's and group's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

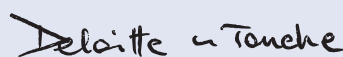
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements fairly present, in all material respects, the consolidated and separate financial position of Barloworld Limited as at 30 September 2010 and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.



Deloitte & Touche
Registered Auditor

Per AG Waller
Partner
16 November 2010

National Executive: GG Gelink Chief Executive, AE Swiegers Chief Operating Officer, GM Pinnock Audit, DL Kennedy Tax & Legal and Risk Advisory, L Geeringh Consulting, L Bam Corporate Finance, CR Beukman Finance, TJ Brown Clients & Markets, NT Mtoba Chairman of the Board, MJ Comber Deputy Chairman of the Board

A full list of partners and directors is available on request.

Directors' report

for the year ended 30 September 2010

Nature of business

Barloworld Limited (Barloworld or company) is a registered holding company for a group that is a distributor of leading international brands providing integrated rental, fleet management, product support and logistics solutions. Barloworld comprises businesses that fit the strategic profile above, meet strict performance criteria and demonstrate good growth potential.

Barloworld maintains a primary listing on the main board of the JSE Limited. The company also has secondary listings on the London and Namibia stock exchanges.

The company comprises the following main divisions:

- Equipment (earthmoving and power systems)
- Automotive (car rental, fleet services and motor retail)
- Handling (forklift truck distribution and fleet management)
- Logistics (logistics and supply chain management)

Financial results

The financial results for the year ended 30 September 2010 are set out in detail on pages 129 to 234 of these annual financial statements.

Audit committee report

The report of the audit committee in terms of section 270A (f) of the Companies Act 71 of 2008 for the year ended 30 September 2010 is set out in detail on pages 88 to 89.

Year under review

The year under review is fully covered in the chairman's, the chief executive's and the finance director's reviews.

Share capital

Details of the authorised and issued share capital, together with details of shares issued during the year, appear in note 13 to the annual financial statements on page 173.

Dividends

Details of the dividends and distributions declared and paid are shown in note 27 to the annual financial statements on page 188.

Acquisitions and disposals

Disposal of car rental Scandinavia

The Scandinavian car rental operations were disposed in July 2010. The net cash proceeds and debt repayment approximates R1 billion. The net proceeds reduced borrowings and enables the group to redeploy capital in higher return business opportunities. This strengthens the financial position and growth outlook of the group as the global economy recovers.

Disposal of Subaru

The disposal of the 50% stake in the Subaru import and distribution business to Toyota Tsusho Corporation was effective on 31 August 2010.

Directors

Biographical notes of the current directors are given on pages 74 to 75. Details of directors' remuneration, share appreciation rights, forfeitable shares and options appear on pages 208 to 213.

Changes in directorate

During the financial year under review, Mr PJ Bulterman was appointed to the board as an executive director.

According to the company's Articles of Association, at the forthcoming annual general meeting, Mr Bulterman, being a director appointed during the financial year under review, retires and Messrs AGK Hamilton, M Laubscher and CB Thomson and Ms TH Nyasulu retire by rotation. All are eligible and have offered themselves for election/re-election.

Company secretary and registered office

The company secretary is Mr Sibani Mngomezulu and his address and that of the registered office are as follows:

Business address	Postal address
180 Katherine Street	PO Box 782248
Sandton	Sandton, 2146
South Africa	South Africa

Auditors

Deloitte and Touche continued in office as auditors for the company and its subsidiaries.

At the annual general meeting shareholders will be requested to reappoint Deloitte and Touche as auditors of Barloworld Limited and to confirm that Mr Graeme Berry will be the designated lead audit partner.

Insurance

The group has placed cover in the London and South African traditional insurance markets up to e200 million in excess of R15 million. Group captive insurers provide cover for losses that may occur below the R15 million level, retaining R30 million in the aggregate.

Subsidiary companies

Details of principal subsidiary companies appear on pages 214 to 215 of the annual financial statements.

International Financial Reporting Standards (IFRS)

The company's financial statements were prepared in accordance with International Financial Reporting Standards and AC 500 standards as issued by the Accounting Practice Board.

Going concern

The directors consider that the company has adequate resources to continue operating for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing the company's financial statements. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

Major shareholders

Shareholders holding beneficially, directly or indirectly, in excess of 5% of the issued share capital of the company at 30 September 2010 are detailed on page 90 of the annual report.

Events after the reporting period

No other material events except for those already disclosed in Note 41 have occurred between the date of these financial statements and the date of approval, the knowledge of which would affect the ability of the users of these statements to make proper evaluations and decisions.

Accounting policies

Definitions

Refer to the web version of the annual report on www.barloworld.com under Investor centre for a list of financial terms used in the annual financial statements of Barloworld Limited (the company) and consolidated financial statements.

Basis of preparation

1. Accounting framework

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board using the historical cost convention except for certain financial instruments that are stated at fair value and adjustments, where applicable, in respect of hyperinflation accounting.

The basis of preparation is consistent with the prior year, except for new and revised standards and interpretations adopted per note 34 to the financial statements.

The group has made the following accounting policy choices in terms of IFRS:

- Non-controlling parties are considered to be equity participants and all transactions with non-controlling parties are recorded directly within equity (policy note 7).
- Interest in associates and joint ventures are accounted using the equity method (policy note 8).
- The cost model is applied in accounting for investment property (policy note 11).

2. Underlying concepts

The financial statements are prepared on the going concern basis.

Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard.

Financial assets and financial liabilities are offset and the net amount reported only when a legally enforceable right to set off the amounts exists and the intention is either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. Derecognition of assets and liabilities

Financial assets are derecognised when the contractual rights to receive cash flows have been transferred or have expired or when substantially all the risks and rewards of ownership have passed.

All other assets are derecognised on disposal or when no future economic benefits are expected from their use.

Financial liabilities are derecognised when the relevant obligation has either been discharged, cancelled or has expired.

4. Foreign currencies

The functional currency of each entity within the group is determined based on the currency of the primary economic environment in which that entity operates. Transactions in currencies other than the entity's functional currency are recognised at the rates of exchange ruling on the date of the transaction. Monetary assets and liabilities denominated in such currencies are translated at the rates ruling at the financial position date.

Gains and losses arising on exchange differences are recognised in profit or loss.

The financial statements of entities within the group whose functional currencies are different to the group's presentation currency, which is South African Rand, are translated as follows:

- Assets, including goodwill, and liabilities at exchange rates ruling on the financial position date;

- Income items, expense items and cash flows at the average exchange rates for the period; and
- Equity items at the exchange rate ruling when they arose.

Resulting exchange differences are classified as a foreign currency translation reserve and recognised as other comprehensive income. On disposal of such a business unit, this reserve is recognised in profit or loss.

5. Hyperinflationary currencies

The financial statements of foreign entities that report in the currency of a hyperinflationary economy are restated for the decrease in general purchasing power of the currency at the financial position date before they are translated into the group's presentation currency.

Company financial statements

6. Subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures in the separate financial statements presented by the company are recognised at cost.

Consolidated financial statements

7. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities, income, expenses and cash flows of the company and all entities controlled by the company as if they are a single economic entity. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the date of acquisition or up to the date of disposal.

Inter-company transactions and the resulting unrealised profits and balances between group entities are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are shown separately from the group equity therein. It consists of the amount of those interests at acquisition plus the non-controlling parties' subsequent share of changes in equity of the subsidiary. On acquisition date, the non-controlling interest is measured at the proportion of the fair values of the identifiable assets and liabilities acquired. Losses applicable to non-controlling interest in excess of its interest in the subsidiaries' equity are allocated against the group's interest except to the extent that the non-controlling parties' have a binding obligation and the financial ability to cover losses. Non-controlling parties are considered to be equity participants and all transactions with non-controlling parties are recorded directly within equity.

8. Interests in associates and joint ventures

The consolidated financial statements incorporate the assets, liabilities, income and expenses of associates and joint ventures using the equity method of accounting, applying the group's accounting policies, from the acquisition date to the disposal date (except when the investment is classified as held for sale, in which case it is accounted for as a non-current asset held for sale (policy note 15)). The most recent audited annual financial statements of associates and joint ventures are used, which are all within three months of the year end of the group. Adjustments are made to the associate's or joint venture's financial results for material transactions and events in the

intervening period. Losses of associates and joint ventures in excess of the group's interest are not recognised unless there is a binding obligation to contribute to the losses.

Goodwill arising on the acquisition of associates and joint ventures is included in the carrying amount of the associate and accounted for in accordance with the accounting policy for goodwill as set out in policy note 13 with the exception of impairment testing which is done in accordance with policy note 27 and not done separately from the investment.

Where a group entity transacts with an associate or a jointly controlled entity of the group, unrealised profits and losses are eliminated to the extent of the group's interest in the relevant associate or jointly controlled entity.

Financial statement items

Statement of financial position

9. Property, plant and equipment

Property, plant and equipment represent tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one period.

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes the estimated cost of dismantling and removing the assets.

Owner occupied properties and investment properties in the course of construction are carried at cost, less any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying value. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the group's accounting policy. Depreciation commences, on the same basis as other property assets, when the assets are ready for their intended use.

Depreciation is charged so as to write off the depreciable amount of the assets, other than land, over their estimated useful lives to estimated residual values, using a method that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity.

Where significant parts of an item have different useful lives to the item itself, these parts are depreciated over their individual estimated useful lives.

The methods of depreciation, useful lives and residual values are reviewed annually.

The following methods and rates were used during the year to depreciate property, plant and equipment to estimated residual values:

Aircraft	Straight line	5 years
Buildings	Straight line	20 to 50 years
Plant	Straight line	5 to 35 years
Vehicles	Straight line	5 to 10 years
Equipment	Straight line	5 to 10 years
Furniture	Straight line	3 to 15 years

Assets held under finance leases are depreciated over their expected useful lives or the term of the relevant lease, where shorter.

The gain or loss arising on the disposal or scrapping of property, plant, and equipment is recognised in profit or loss.

Vehicle rental fleets are accounted for as part of property, plant and equipment but due to the short-term nature of the assets, the net book value is reflected under current assets on the statement of financial position.

10. Decommissioning and rehabilitation assets

Group companies are generally required to restore mine and processing sites at the end of their useful lives to a condition acceptable to the relevant authorities and consistent with the group's environmental policies.

The expected cost of any committed decommissioning or restoration programme, discounted to its net present value, is provided and capitalised at the beginning of each project. The capitalised cost is depreciated over the expected life of the asset and the increase in the net present value of the provision for the expected cost is included with finance costs. Subsequent changes in the initial estimates of rehabilitation and decommissioning costs are capitalised as part of the cost of the item and depreciated prospectively over the remaining life of the item to which they relate.

The cost of ongoing programmes to prevent and control pollution and to rehabilitate the environment is recorded in profit or loss as incurred.

11. Investment property

An investment property is either land or a building or part of a building held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both.

The cost model is applied in accounting for investment property, i.e. the investment property is recorded at cost less any accumulated depreciation and impairment losses.

12. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. It includes patents, trademarks, capitalised development cost and certain costs of purchase and installation of major information systems (including packaged software).

Intangible assets are initially recognised at cost if acquired separately or at fair value if acquired as part of a business combination. Intangible assets having a finite useful life are amortised over their useful lives (generally three to seven years) using a straight-line basis.

Research costs are recognised in profit or loss when incurred.

Development costs are capitalised only when and if it results in an asset that can be identified, it is probable that the asset will generate future economic benefits and the development cost can be reliably measured. Otherwise it is recognised in profit or loss.

Patents and trademarks are measured initially at cost and amortised on a straight-line basis over their estimated useful lives, which is on average 10 years.

Intangible assets are tested for impairment if there is an indication that they may be impaired.

Accounting policies (continued)

13. Goodwill

Goodwill represents the future economic benefits arising from assets that are not capable of being individually identified and separately recognised in a business combination and is determined as the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary, associate or joint venture recognised at the date of acquisition.

Goodwill is recognised as an asset, is stated at cost less impairment losses and is not amortised.

Goodwill acquired in a business combination for which the agreement date was before 31 March 2004 was previously amortised on a systematic basis over its estimated useful life. The accumulated amortisation previously raised has been netted against the cost on 1 October 2004.

If, on a business combination, the fair value of the group's interest in the identifiable assets, liabilities and contingent liabilities exceeds the cost of acquisition, this excess is recognised in profit or loss immediately. For business combinations for which the agreement date was before 31 March 2004, this was called negative goodwill and presented as a negative asset. This amount has since been transferred to retained income on 1 October 2004.

On disposal of a subsidiary, associate, jointly controlled entity or business unit to which goodwill was allocated on acquisition, the amount attributable to such goodwill is included in the determination of the profit or loss on disposal.

14. Deferred taxation assets and liabilities

Deferred taxation is recognised using the financial position liability method for all temporary differences, unless specifically exempt, at the tax rates that have been enacted or substantially enacted at the financial position date.

A deferred taxation asset represents the amount of income taxes recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits (including unused credits for secondary taxation on companies). Deferred taxation assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

A deferred taxation liability represents the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred taxation liabilities are recognised for taxable temporary differences, unless specifically exempt.

Deferred taxation assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects immediately neither taxable income nor accounting profit.

Deferred taxation arising on investments in subsidiaries, associates and joint ventures is recognised except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset current taxation assets against current taxation liabilities and it is the intention to settle these on a net basis.

15. Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if the carrying amount will be recovered principally through sale rather than through continuing use. This condition is regarded as met only when the sale is highly probable, the assets (or disposal groups) are available for immediate sale in its present condition and management is committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of the classification.

Immediately prior to being classified as held for sale the carrying amount of assets and liabilities are measured in accordance with the applicable standard. After classification as held for sale it is measured at the lower of the carrying amount and fair value less costs to sell. An impairment loss is recognised in profit or loss for any initial and subsequent write-down of the asset and disposal group to fair value less costs to sell. A gain for any subsequent increase in fair value less costs to sell is recognised in profit or loss to the extent that it is not in excess of the cumulative impairment loss previously recognised.

Non-current assets or disposal groups that are classified as held for sale are not depreciated.

Rental assets that become available for sale after being removed from rental fleets are transferred to inventories (policy note 16) at their carrying amount. Sale proceeds from such rental assets are recognised as revenue in accordance with policy note 21.

16. Inventories

Inventories are assets held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, net of discount and rebates received. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion, distribution and selling.

The specific identification basis is used to arrive at the cost of items that are not interchangeable. Otherwise the first-in-first-out method or weighted average method for certain classes of inventory is used to arrive at the cost of items that are interchangeable.

17. Financial assets and financial liabilities (Financial instruments)

Financial instruments are initially measured at fair value plus transaction costs. However, transaction costs in respect of financial instruments classified as at fair value through profit or loss are expensed.

Investments classified as held-to-maturity financial assets are measured at amortised cost using the effective interest rate method less any impairment losses recognised to reflect irrecoverable amounts.

Financial instruments are classified as financial instruments at fair value through profit or loss where the financial instrument is either held for trading (including derivative instruments) or is designated as at fair value through profit or loss and are carried at fair value with any gains or losses being recognised in profit or loss. Fair value, for this purpose, is market value if listed or a value arrived at by using appropriate valuation models if unlisted.

Trade and other receivables are classified as loans and receivables and are measured at amortised cost less provision for doubtful debts, which is determined as set out under Impairment of assets in policy note 27. Items with extended terms are initially recorded at the present value of future cash flows and interest received is accounted for over the term until payment is received. Write-downs of these assets are expensed in profit or loss.

Other investments are classified as available-for-sale financial assets. These investments are carried at fair value with any gains or losses being recognised in other comprehensive income. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income is included in profit or loss for the period. Fair value, for this purpose, is market value if listed or a value arrived at by using appropriate valuation models if unlisted.

Cash and cash equivalents are measured at fair value, with changes in fair value being included in profit or loss.

Derivatives are measured at fair value, with changes in fair value being included in profit or loss other than derivatives designated as cash flow hedges. The fair value of derivatives is classified as non-current if the remaining maturity of the instruments is more than, and it is not expected to be realised within, 12 months.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risk and characteristics are not closely related to those of the host contract and the host contract is not classified as at fair value through profit or loss.

Non-derivative financial liabilities that are classified on initial recognition as financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value being included in net profit or loss.

Non-derivative financial liabilities that are not designated on initial recognition as financial liabilities at fair value through profit or loss (including interest-bearing loans and bank overdrafts) are measured at amortised cost using the effective interest rate method. Items with extended terms are initially recorded at the present value of future cash flows. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the accounting policy for borrowing costs (policy note 24).

18. Post-employment benefit obligations

Payments to defined contribution plans are recognised as an expense as they fall due. Payments made to industry-managed retirement benefit schemes are dealt with as defined contribution plans where the group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

The cost of providing defined benefits is determined using the projected unit credit method. Valuations are conducted every three years and interim adjustments to those valuations are made annually.

Actuarial gains and losses are recognised immediately in the statement of other comprehensive income.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognised in profit or loss when

the group is demonstrably committed to the curtailment or settlement.

Past service costs are recognised immediately to the extent that the benefits are already vested. Otherwise they are amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for the unrecognised past service costs and reduced by the fair value of plan assets. Any asset is limited to the unrecognised actuarial losses, plus the present value of available refunds and reductions in future contributions to the plan.

To the extent that there is uncertainty as to the entitlement to the surplus, no asset is recognised.

19. Shareholders for equity dividends

Dividends to equity holders are only recognised as a liability when declared and are included as a movement in reserves. Secondary taxation on companies in respect of such dividends is recognised as a liability when the dividends are recognised as a liability and is included in the taxation charge in profit or loss.

20. Provisions

Provisions represent liabilities of uncertain timing or amount.

Provisions are recognised when the group has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made for the amount of the obligation.

Provisions are measured at the expenditure required to settle the present obligation. Where the effect of discounting is material, provisions are measured at their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks for which future cash flow estimates have not been adjusted.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The provision is measured at the lower of cost of fulfilment and penalties arising from failure to fulfil.

Restructuring

A restructuring provision is recognised when the group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Warranties

Provisions for warranty costs are recognised at the date of sale of the relevant products, at the estimated expenditure required to settle the group's obligation.

Accounting policies (continued)

Income statement**21. Revenue**

Included in revenue are net invoiced sales to customers for goods and services, rentals from leasing fixed and movable property, commission, hire purchase and finance lease income.

Revenue is measured at the fair value of the consideration of the amount received or receivable. Cash and settlement discounts, rebates, VAT and other indirect taxes are excluded from revenue. Where extended terms are granted, interest received is accounted for over the term until payment is received.

Revenue from the rendering of services is measured using the stage of completion method based on the services performed to date as a percentage of the total services to be performed.

Revenue from the rendering of services is recognised when the amount of the revenue, the related costs and the stage of completion can be measured reliably.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred, when delivery has been made and title has passed, when the amount of the revenue and the related costs can be reliably measured and the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Revenue from royalties is recognised on the accrual basis in accordance with the substance of the relevant agreements.

Rental income is accounted for in accordance with policy note 28.

Where the group acts as agent and is remunerated on a commission basis, only the commission is included in revenue. Where the group acts as principal, the total value of business handled is included in revenue.

22. Employee benefit costs

The cost of providing employee benefits is accounted for in the period in which the benefits are earned by employees.

The cost of short-term employee benefits is recognised in the period in which the service is rendered and is not discounted. The expected cost of short-term accumulating compensated absences is recognised as an expense as the employees render service that increases their entitlement or, in the case of non-accumulating absences, when the absences occur.

The expected cost of profit-sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance and a reliable estimate of the obligation can be made.

23. Income from investments

Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.

Dividend income from investments is recognised when the shareholders' right to receive payment has been established.

24. Borrowing costs

Borrowing costs (net of investment income earned on the temporary investment of specific borrowings pending their

expenditure on qualifying assets) directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

25. Taxation

The charge for current taxation is based on the results for the year as adjusted for income that is exempt and expenses that are not deductible using tax rates that are applicable to the taxable income.

Deferred taxation is recognised in profit or loss except when it relates to items credited or charged to other comprehensive income, in which case it is also recognised in other comprehensive income.

Secondary taxation on companies (STC) is recognised as part of the current taxation charge when the related dividend is declared. Deferred STC is recognised if dividends received in the current year can be offset against future dividend payments to the extent of the reduction of future STC.

Transactions and events**26. Hedge accounting**

If a fair value hedge meets the conditions for hedge accounting, any gain or loss on the hedged item attributable to the hedged risk is included in the carrying amount of the hedged item and recognised in profit or loss.

If a cash flow hedge meets the conditions for hedge accounting the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss. A hedge of the foreign currency risk of a firm commitment is designated and accounted for as a cash flow hedge.

If an effective hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated gains or losses recognised in other comprehensive income are transferred to income in the same period in which the asset or liability affects profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gains or losses recognised in other comprehensive income are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

If a hedge of a net investment in a foreign entity meets the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in other comprehensive income and the ineffective portion is recognised in profit or loss. On disposal of a foreign entity, the gain or loss recognised in other comprehensive income is transferred to profit or loss.

Hedge accounting is discontinued on a prospective basis when the hedge no longer meets the hedge accounting criteria (including when it becomes ineffective), when the hedge instrument is sold, terminated or exercised, when for cash flow hedges, the forecast transaction is no longer expected to occur or when the hedge designation is revoked. Any cumulative gain or loss on the hedging instrument for a forecast transaction is retained in other comprehensive income until the transaction occurs, unless

the transaction is no longer expected to occur, in which case it is transferred to profit or loss for the period.

27. Impairment of assets

At each reporting date the carrying amount of the tangible and intangible assets are assessed to determine whether there is any indication that those assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of fair value less cost to sell or value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. Value in use, included in the calculation of the recoverable amount, is estimated taking into account future cash flows, forecast market conditions and the expected lives of the assets.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, its carrying amount is reduced to the higher of its recoverable amount and zero. The impairment loss is first allocated to reduce the carrying amount of goodwill and then to the other assets of the cash-generating unit. Subsequent to the recognition of an impairment loss, the depreciation or amortisation charge for the asset is adjusted to allocate its remaining carrying value, less any residual value, over its remaining useful life.

Impairment losses on held-to-maturity financial assets as well as trade and other receivables are determined based on specific and objective evidence that assets are impaired and is measured as the difference between the carrying amount of assets and the present value of the estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are recognised in profit or loss. If an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount but limited to the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use, goodwill and the cash-generating units to which these assets have been allocated are tested for impairment even if there is no indication of impairment. For the purpose of impairment testing goodwill is allocated to each of the cash-generating units expected to benefit from the synergies of the combination at inception of the combination. Impairment losses recognised on goodwill are not subsequently reversed. The attributable amount of goodwill is included in the profit or loss on disposal when the associated business is sold.

28. Leasing

Classification

Leases are classified as finance leases or operating leases at the inception of the lease.

In the capacity of a lessor

Amounts due from a lessee under a finance lease are recognised as receivables at the amount of the net investment in the lease, which includes initial direct costs. Where assets are leased by a manufacturer or dealer, the initial direct costs are expensed. Finance lease income is allocated to accounting periods so as to reflect a constant

periodic rate of return on the net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease or another basis if more representative of the time pattern of the user's benefit. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying value of the leased asset and recognised on a straight-line basis over the term of the lease.

In the capacity of a lessee

Finance leases are recognised as assets and liabilities at the lower of the fair value of the asset and the present value of the minimum lease payments at the date of acquisition. Finance costs represent the difference between the total leasing commitments and the fair value of the assets acquired. Finance costs are charged to profit or loss over the term of the lease and at interest rates applicable to the lease on the remaining balance of the obligations.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease or another basis if more representative of the time pattern of the user's benefit. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the term of the lease.

29. Government grants and assistance

Government grants are assistance by government in the form of transfers of resources in return for compliance with conditions related to operating activities. Government assistance is action by government designed to provide an economic benefit specific to an entity or range of entities qualifying under certain criteria. "Government" includes government agencies and similar bodies whether local, national or international.

When the conditions attaching to government grants have been complied with and they will be received, they are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs. When they are for expenses or losses already incurred, they are recognised in profit or loss immediately. The unrecognised portion at the financial position date is presented as deferred income. No value is recognised for government assistance.

30. Share-based payments

Equity settled share options

Executive directors and senior executives have been granted equity settled share options in terms of the Barloworld Share Option Scheme. After the date on which the options are exercisable and before the expiry date:

- the options can be exercised to purchase shares for cash or through a loan from the Barloworld Share Purchase Trust in which event the shares issued are accounted for in share capital and share premium at the amount of the exercise price; or
- the options can be ceded to an approved financial institution in which event there is no increase in share capital or share premium until the option is exercised by the financial institution, at which time they are accounted for at the amount of the option price.

Forfeitable Share Plan

Executive directors and senior executives have been granted equity settled shares in terms of the Barloworld Forfeitable Share Plan (FSP). Equity settled share-based payments are measured at fair value (excluding the effect of non

Accounting policies (continued)

market-based vesting conditions) at the date of grant and recognised in profit or loss on a straight-line basis over the vesting period, based on the estimated number of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. Fair value is measured using a binomial pricing model.

Cash settled share appreciation rights

Share appreciation rights granted to employees for services rendered or to be rendered are raised as a liability and recognised in profit or loss immediately or, if vesting requirements are applicable, over the vesting period. The liability is measured annually until settled and any changes in value are recognised in profit or loss.

Fair value is measured using a binomial pricing model.

Black Economic Empowerment (BEE)

In a BEE transaction, the share-based payment is measured as the difference between the fair value of the equity instruments granted and the fair value of the cash and other assets received (i.e. the BEE equity credentials) and are recognised as follows:

- In profit or loss at the grant date unless there are service conditions in which case it is recognised over the relevant period of the service conditions;
- As part of goodwill where the BEE equity credentials are obtained as part of the net assets acquired in a business combination.

31. Treasury shares

Treasury shares are equity instruments of the company, held by the company or other members of the consolidated group.

All costs relating to the acquisition of treasury shares as well as gains or losses on disposal or cancellation of treasury shares are recognised directly in equity.

32. Insurance contracts

An insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Certain transactions are entered into by the group as insurer and which falls within this definition. Significant items included are maintenance contracts, guaranteed residual values on sold equipment/vehicles as well as credit life and warranty products sold.

Maintenance contracts

Revenue on maintenance contracts is recognised on the percentage of completion method based on the anticipated cost of repairs over the life cycle of the equipment.

Guaranteed residual values

Guaranteed residual values are periodically given on repurchase commitments with customers. The likelihood of the repurchase commitments being exercised is assessed at the inception of the contract to determine whether significant risks and rewards have been transferred to the customer and if revenue should be recognised. If significant risks and rewards have not been transferred, revenue is not recognised and the transaction is accounted for as a pre-paid operating lease. Where the initial assessment was made that significant risks and rewards were transferred and revenue was recognised, but subsequent market conditions are considered to change the likelihood of the exercise of the buyback to become probable, the present

value of the net expected future outflow is provided for, after taking into consideration any proceeds on subsequent disposal of the equipment. All repurchase commitments as well as the related asset's expected values are disclosed under contingent liabilities.

Credit life and warranty products

Premiums are recognised as revenue proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the financial position date is recognised as an unearned premium liability. Premiums are reflected before deduction of commission and are gross of any taxes or duties levied on premiums.

Claims and loss adjustment expenses are charged to profit and loss as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. These include direct and indirect claims settlement costs and arise from events that have occurred up to the financial position date even if it has not yet been reported to the company. Liabilities for unpaid claims are not discounted and are estimated using the input of assessments for individual cases reported to the group and statistical analyses for claims incurred but not reported as well as the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

Acquisition costs, which include commission and other related expenses, are recognised in the period in which they are incurred.

33. Financial guarantee contracts

The group regards financial guarantee contracts as insurance contracts and uses accounting applicable to insurance contracts. Details regarding financial guarantees issued are disclosed under contingent liabilities.

34. Judgements made by management and sources of estimation uncertainty

Preparing financial statements in conformity with IFRS requires estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from these estimates.

Certain accounting policies have been identified as involving particularly complex or subjective judgements or assessments, as follows:

- **Recognition and derecognition of assets**

The company has concluded buyback and rental agreements with vehicle suppliers in South Africa in the Avis rent a car and logistics transport businesses. Management assessed that the significant risks and rewards remained with the suppliers. Accordingly the vehicles were not recognised as assets together with the accompanying debt obligations and the transactions were recorded as operating leases.

- **Interests in subsidiaries**

The trusts established to hold the shares awarded in the black economic empowerment transaction to the black non-executive directors, the black managers and the education entity are considered to be controlled by the company. Accordingly the assets and liabilities and the results of these trusts have been consolidated from the date of establishment.

The special purpose entities established to hold the shares and loans related to the strategic partners and

community service groups are not considered to be controlled by Barloworld. They are thus not consolidated.

- **Asset lives and residual values**

Property, plant and equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

- **Deferred taxation assets**

Deferred tax assets are recognised to the extent it is probable that taxable income will be available in future against which they can be utilised. Five-year business plans are prepared annually and approved by the boards of the company and its major operating subsidiaries. These plans include estimates and assumptions regarding economic growth, interest rates, inflation and competitive forces.

The plans contain profit and cash flow forecasts and these are utilised in the assessment of the recoverability of deferred tax assets. Deferred tax assets are also recognised on STC credits to the extent it is probable that future dividends will utilise these credits.

Management also exercises judgement in assessing the likelihood that business plans will be achieved and that the deferred tax assets are recoverable.

- **Post-employment benefit obligations**

Post-retirement defined benefits are provided for certain existing and former employees. Actuarial valuations are based on assumptions which include employee turnover, mortality rates, the discount rate, the expected long-term rate of return of retirement plan assets, healthcare inflation cost and rates of increase in compensation costs.

Judgement is exercised by management, assisted by advisors, in adjusting mortality rates to take account of actual mortality rates within the schemes.

- **Warranty claims**

Warranties are provided on certain equipment, spare parts and service supplied to customers. Management exercises judgement in establishing provisions required on the basis of claims notified and past experience.

- **Revenue recognition**

The percentage of completion method is utilised to recognise revenue on long-term contracts. Management exercises judgement in calculating the deferred revenue reserve which is based on the anticipated cost of repairs over the life cycle of the equipment applied to the total expected revenue arising from maintenance and repair contracts.

In addition, management exercises judgement in assessing whether significant risks and rewards have been transferred to the customer to permit revenue to be recognised.

Revenue arising from maintenance and repair work in progress is recognised on the percentage of completion basis.

In cases where there is a buyback, management considers whether the buyback is set at a level which makes the buyback substantive. If so, management uses the guidance from IAS 18 with regard to the transfer of risks and rewards for the purposes of revenue recognition. If the buyback is not considered to be substantive, then it is ignored for the purposes of revenue recognition. If revenue is recognised on a transaction which includes a buyback, then provision is made on the basis set out in repurchase commitments below as and when such provision is required.

- **Impairment of assets**

Goodwill is considered for impairment at least annually. Property, plant and equipment, and intangible assets are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

Future cash flows expected to be generated by the assets or cash-generating units are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value. The impairment loss is first allocated to goodwill and then to the other assets of a cash-generating unit.

Cash flows which are utilised in these assessments are extracted from formal five-year business plans which are updated annually. The company utilises the discounted cash flow valuation model to determine asset and cash-generating unit values supplemented, where appropriate, by other valuation techniques.

- **Repurchase commitments**

Buyback (repurchase) arrangements with customers are periodically concluded. The likelihood of the repurchase commitments being exercised and quantification of the possible loss, if any, on resale of the equipment is assessed at the inception of the contract and at each reporting period. Significant assumptions are made in estimating residual values. These are assessed based on past experience and take into account expected future market conditions and projected disposal values.

35. Sources of estimation uncertainty

There are no significant assumptions made concerning the future or other sources of estimation uncertainty that have been identified as giving rise to a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Consolidated statement of financial position

at 30 September

	Notes	2010 Rm	2009* Rm	2008* Rm
Assets				
Non-current assets		11 626	12 582	13 269
Property, plant and equipment	2	7 575	7 854	8 056
Goodwill	3	2 078	2 319	2 421
Intangible assets	4	297	280	205
Investment in associates and joint ventures	5	552	731	1 095
Finance lease receivables	6	236	463	436
Long-term financial assets	7	133	279	568
Deferred taxation assets	8	755	656	488
Current assets		14 012	15 155	17 812
Vehicle rental fleet	2	1 679	1 692	1 934
Inventories	9	5 318	7 036	7 775
Trade and other receivables	10	5 030	4 747	6 854
Taxation		57	53	11
Cash and cash equivalents	11	1 928	1 627	1 238
Assets classified as held for sale	12	52	2 358	2 876
Total assets		25 690	30 095	33 957
Equity and liabilities				
Capital and reserves				
Share capital and premium	13	295	252	242
Other reserves		1 750	2 688	3 745
Retained income		8 548	8 913	8 861
Interest of shareholders of Barloworld Limited		10 593	11 853	12 848
Non-controlling interest		233	217	185
Interest of all shareholders		10 826	12 070	13 033
Non-current liabilities		5 670	6 486	6 252
Interest-bearing	14	4 285	5 278	5 022
Deferred taxation liabilities	8	302	249	266
Provisions	15	217	185	325
Other non-interest-bearing	16	866	774	639
Current liabilities		9 136	10 030	12 676
Trade and other payables	17	5 807	5 775	7 335
Provisions	15	476	580	731
Taxation		161	108	344
Amounts due to bankers and short-term loans	18	2 692	3 567	4 266
Liabilities directly associated with assets classified as held for sale	12	58	1 509	1 996
Total equity and liabilities		25 690	30 095	33 957

* Restated for the treatment of IAS 16 (refer note 34).

For additional information on the consolidated seven-year summary and consolidated summary in other currencies refer to the web version of the annual report on website www.barloworld.com

Consolidated income statement

for the year ended 30 September

	Notes	2010 Rm	2009* Rm	2008* Rm
Continuing operations				
Revenue	19	40 830	45 269	50 107
Operating profit before items listed below (EBITDA)		3 318	4 061	4 689
Depreciation		(1 736)	(1 854)	(1 833)
Amortisation of intangible assets		(64)	(61)	(52)
Leasing interest classified as cost of sales		(142)	(152)	(153)
Operating profit	20	1 376	1 994	2 651
Fair value adjustments on financial instruments	21	(89)	(201)	(80)
Finance costs	22	(667)	(938)	(889)
Income from investments	23	84	149	195
Profit before exceptional items		704	1 004	1 877
Exceptional items	24	(176)	22	(17)
Profit before taxation		528	1 026	1 860
Taxation	25	(203)	(207)	(608)
Secondary taxation on companies	25	(25)	(41)	(67)
Profit after taxation		300	778	1 185
Income from associates and joint ventures	5	16	43	72
Net profit from continuing operations		316	821	1 257
Discontinued operations				
Loss from discontinued operations	12	(272)	(82)	(11)
Net profit		44	739	1 246
Attributable to:				
Non-controlling interests in subsidiaries		51	68	14
Owners of Barloworld Limited	28	(7)	671	1 232
		44	739	1 246
(Loss)/earnings per share (cents)				
– basic	26	(3.3)	321.8	602.2
– diluted	26	(3.3)	319.6	594.5
Earnings per share from continuing operations (cents)				
– basic	26	126.5	361.1	608.1
– diluted	26	126.1	358.6	600.3
(Loss)/earnings per share from discontinued operations (cents)				
– basic	26	(129.9)	(39.3)	(5.9)
– diluted	26	(129.9)	(39.0)	(5.8)

* Restated for the treatment of IAS 16 (refer note 34).

Consolidated statement of comprehensive income

for the year ended 30 September

	2010 Rm	2009 Rm	2008 Rm
Profit for the year	44	739	1 246
Other comprehensive income			
Exchange (losses)/gains on translation of foreign operations	(820)	(926)	934
Translation reserves realised on disposal of foreign subsidiaries	(102)		(201)
(Loss)/gain on cash flow hedges	(24)	(105)	81
Deferred taxation on cash flow hedges	8	25	(20)
Loss on revaluation of available for sale investments		(1)	
Net actuarial losses on post-retirement benefit obligations	(176)	(232)	(96)
Actuarial losses on post-retirement benefit obligations	(238)	(321)	(133)
Taxation effect of net actuarial losses	62	89	37
Other comprehensive income for the year, net of taxation	(1 114)	(1 239)	698
Total comprehensive income for the year	(1 070)	(500)	1 944
Attributable to:			
Non-controlling interest	51	68	14
Barloworld Limited shareholders	(1 121)	(568)	1 930
	(1 070)	(500)	1 944

Consolidated statement of cash flows

for the year ended 30 September

	Notes	2010 Rm	2009* Rm	2008* Rm
Cash flows from operating activities				
Cash receipts from customers		41 707	45 525	46 589
Cash paid to employees and suppliers		(37 181)	(40 795)	(42 600)
Cash generated from operations before investment in rental assets				
Net investment in fleet leasing assets	A	4 526	4 730	3 989
Net investment in vehicle rental fleet	B	(847)	(760)	(1 378)
	B	(209)	(69)	(768)
Cash generated from operations				
Finance costs		(691)	(994)	(980)
Realised fair value adjustments on financial instruments		(102)	(180)	(157)
Dividends received from investments and associates		6	14	26
Interest received		82	146	188
Taxation paid	C	(200)	(603)	(830)
Cash flow from operations				
Dividends paid (including non-controlling interest)		(223)	(434)	(622)
Cash retained from operating activities				
Cash flows from investing activities				
Acquisition of subsidiaries, investments and intangibles^	D	(3)	219	(996)
Proceeds on disposal of subsidiaries, investments and intangibles	E	309	7	1 098
Net investment in leasing receivables		135	(139)	(13)
Acquisition of other property, plant and equipment		(565)	(910)	(973)
Replacement capital expenditure		(346)	(522)	(305)
Expansion capital expenditure		(219)	(388)	(668)
Proceeds on disposal of property, plant and equipment		68	180	169
Net cash used in investing activities				
Net cash inflow/(outflow) before financing activities				
Cash flows from financing activities				
Proceeds on share issue		43	12	23
Pension fund payment				(759)
Proceeds from long-term borrowings		1 920	4 379	3 298
Repayment of long-term borrowings		(2 928)	(4 328)	(1 285)
(Decrease)/increase in short-term interest-bearing liabilities		(826)	(710)	70
Net cash (used in)/from financing activities				
Net increase in cash and cash equivalents				
Cash and cash equivalents at beginning of year		1 627	1 238	1 201
Cash and cash equivalents held for sale at beginning of year		145	31	
Effect of foreign exchange rate movement on cash balances		(106)	(57)	54
Effect of cash balances classified as held for sale		(6)	(145)	(31)
Effect of unbundling of Coatings on cash balances				(86)
Effect of disposal of car rental Scandinavia on cash balances		(227)		
Cash and cash equivalents at end of year				
Cash balances not available for use due to reserving restrictions		413	360	292

^ This movement includes the repayment of loans by joint ventures and associates.

* Restated for the treatment of IAS 7 (refer note 34).

Consolidated statement of cash flows (continued)

for the year ended 30 September

	2010 Rm	2009* Rm	2008* Rm
Cash flows from operating activities (before dividends paid)			
Per business segment:			
Continuing operations			
– Equipment	2 383	1 198	(412)
– Automotive	56	1 064	81
– Handling	206	(214)	530
– Logistics	33	251	145
– Corporate	(308)	(187)	(191)
Total continuing operations	2 370	2 112	153
Discontinued operations			
– Car rental – Scandinavia	195	172	(142)
– Coatings			(5)
– Scientific			84
Total discontinued operations	195	172	(63)
Total group	2 565	2 284	90
Cash flows from investing activities			
Per business segment:			
Continuing operations			
– Equipment	3	(179)	(295)
– Automotive	(110)	(144)	(556)
– Handling	60	(77)	(168)
– Logistics	(97)	(63)	(795)
– Corporate	(95)	(163)	58
Total continuing operations	(239)	(626)	(1 756)
Discontinued operations			
– Car rental – Scandinavia	183	(17)	(8)
– Coatings			(24)
– Scientific			1 073
Total discontinued operations	183	(17)	1 041
Total group	(56)	(643)	(715)
Cash flows from financing activities			
Per business segment:			
Continuing operations			
– Equipment	(2 178)	(433)	1 630
– Automotive	158	(904)	762
– Handling	(252)	61	(87)
– Logistics	83	(178)	773
– Corporate	490	847	(1 178)
Total continuing operations	(1 699)	(607)	1 900
Discontinued operations			
– Car rental – Scandinavia	(92)	(40)	141
– Coatings			86
– Scientific			(780)
Total discontinued operations	(92)	(40)	(553)
Total group	(1 791)	(647)	1 347

* Restated for the treatment of IAS 7 (refer note 34).

Notes to the consolidated statement of cash flows

for the year ended 30 September

	2010 Rm	2009* Rm	2008* Rm
A. Cash generated from operations is calculated as follows:			
Profit before taxation – continuing operations	528	1 026	1 860
Loss before taxation – discontinued operations	(109)	(182)	(335)
Adjustments for:			
Depreciation	1 926	2 145	2 121
Amortisation of intangible assets	67	65	57
Loss/(profit) on disposal of plant and equipment and intangibles	2	(1)	(1)
Profit on disposal of properties	(22)	(18)	(30)
Profit on disposal of subsidiaries and investments	(38)		
Dividends received	(6)	(14)	(26)
Interest received	(82)	(146)	(188)
Finance costs	691	994	980
Fair value adjustments on financial instruments	89	202	83
Asset impairments/(reversal)	236	(4)	382
IFRS 2 charge	24	6	337
Non-cash movement in provisions	154	(233)	155
Other non-cash flow items	(3)	5	27
Operating cash flows before movements in working capital	3 457	3 845	5 422
Continuing operations	3 344	3 661	5 055
Discontinued operations	113	184	367
Decrease/(increase) in working capital	1 069	885	(1 433)
Decrease/(increase) in inventories	1 296	525	(1 151)
(Increase)/decrease in receivables	(343)	2 195	(887)
Increase/(decrease) in payables	116	(1 835)	605
Cash generated from operations before investment in rental assets	4 526	4 730	3 989
B. Net investment in fleet leasing and rental assets:			
Net investment in fleet leasing and equipment rental assets	(847)	(760)	(1 378)
Additions to fleet leasing and equipment rental assets	(1 791)	(2 213)	(2 983)
Less: Proceeds on disposal of fleet leasing and equipment rental assets	944	1 453	1 605
Net investment in vehicle rental fleet	(209)	(69)	(768)
Additions to vehicle rental fleet during the year	(3 285)	(3 387)	(4 515)
Less: Proceeds on disposal of vehicle rental fleet	3 076	3 318	3 747
Net investment in fleet leasing and rental assets	(1 056)	(829)	(2 146)
C. Taxation paid is reconciled to the amounts disclosed in the income statement as follows:			
Amounts unpaid less overpaid at beginning of year	(53)	(325)	(430)
Per the income statement (excluding deferred taxation)	(250)	(362)	(756)
Adjustments in respect of subsidiaries acquired and sold including translation adjustments	(2)	31	(3)
Effect of unbundling			34
Amounts unpaid less overpaid at end of year	105	53	325
Cash amounts paid	(200)	(603)	(830)

* Restated for the treatment of IAS 7 (refer note 34).

Notes to the consolidated statement of cash flows (continued)

for the year ended 30 September

	2010 Rm	2009* Rm	2008* Rm
D. Acquisition of subsidiaries, investments and intangibles:			
Inventories acquired			335
Receivables acquired			327
Payables, taxation and deferred taxation acquired			(526)
Borrowings net of cash			(256)
Property, plant and equipment, non-current assets, goodwill and non-controlling interest			532
Total net assets acquired			412
Less: Existing share of net assets of associates before acquisition			(234)
Net assets acquired			178
Goodwill arising on acquisitions			566
Total purchase consideration			744
Less: Non-cash purchase consideration			(33)
Net cash cost of subsidiaries acquired			711
Investment and intangible assets (repaid)/acquired [^]	3	(219)	285
Cash amounts paid/(received) to acquire subsidiaries, investments and intangibles	3	(219)	996
Bank balances and cash in subsidiaries acquired			98
E. Proceeds on disposal of subsidiaries, investments and intangibles:			
Inventories disposed	18	96	271
Finance lease receivables disposed			259
Receivables disposed	461	52	298
Payables, taxation and deferred taxation balances disposed	(424)	(31)	(209)
Borrowings net of cash	(577)	(117)	(189)
Property, plant and equipment, non-current assets, goodwill and intangibles	1 187	4	322
Net assets disposed	665	4	752
Less: Non-cash translation reserves realised on disposal of foreign subsidiaries	(102)		
Less: Non-cash consideration on deconsolidation of subsidiary	(180)	(2)	(26)
Total net assets disposed	383	2	726
(Loss)/profit on disposal	(186)		370
Net cash proceeds on disposal of subsidiaries	197	2	1 096
Proceeds on disposal of investments and intangibles	112	5	2
Cash proceeds on disposal of subsidiaries, investments and intangibles	309	7	1 098

[^] This movement includes the repayment of loans by joint ventures and associates.

* Restated for the treatment of IAS 7 (refer note 34).

Consolidated statement of changes in equity

for the year ended 30 September

Notes	Share capital and premium Rm	Foreign currency translation reserves Rm	Re-valuation reserves Rm	Cash flow hedging reserves Rm	Legal and other reserves Rm	Equity compensation reserves Rm	Total other reserves Rm	Retained income Rm	Net actuarial losses on post-retirement benefits Rm	Total retained income Rm	Attributable to Barloworld Limited shareholders Rm	Non-controlling interest Rm	Interest of all shareholders Rm
Balance at 1 October 2007	223	2 362	3	(34)	347	(94)	2 584	8 943	(609)	8 334	11 141	80	11 221
Movement on foreign currency translation reserve		934					934				934		934
Translation reserves realised on disposal of foreign subsidiaries		(201)					(201)				(201)		(201)
Increase in fair value of hedging instruments				81			81				81		81
Deferred taxation charge to other comprehensive income				(20)			(20)				(20)		(20)
Net actuarial losses on post-retirement benefit obligations									(96)	(96)	(96)		(96)
Other comprehensive income		733		61			794		(96)	(96)	698		698
Profit for the year								1 232		1 232	1 232	14	1 246
Total comprehensive income for the year		733		61			794	1 232	(96)	1 136	1 930	14	1 944
Purchase of non-controlling interest in subsidiaries												136	136
Other reserve movements	(4)				55	(25)	30	53		53	79	(16)	63
Dividends	27							(614)		(614)	(614)	(8)	(622)
Effect of Coatings unbundling								(48)		(48)	(48)	(21)	(69)
BEE charge in terms of IFRS 2						337	337				337		337
Shares issued in current year	13	23									23		23
Balance at 30 September 2008	242	3 095	3	27	402	218	3 745	9 566	(705)	8 861	12 848	185	13 033
Changes in equity recognised during 2009													
Movement on foreign currency translation reserve		(926)					(926)				(926)		(926)
Decrease in fair value of hedging instruments				(105)			(105)				(105)		(105)
Decrease in fair value of available for sale investments			(1)				(1)				(1)		(1)
Deferred taxation charge to other comprehensive income				25			25				25		25
Net actuarial losses on post-retirement benefit obligations									(232)	(232)	(232)		(232)
Other comprehensive income		(926)	(1)	(80)			(1 007)		(232)	(232)	(1 239)		(1 239)
Profit for the year								671		671	671	68	739
Total comprehensive income for the year		(926)	(1)	(80)			(1 007)	671	(232)	439	(568)	68	(500)
Other reserve movements	(2)				(43)	(13)	(56)	9		9	(49)	2	(47)
Dividends	27							(396)		(396)	(396)	(38)	(434)
BEE charge in terms of IFRS 2						6	6				6		6
Shares issued in current year	13	12									12		12
Balance at 30 September 2009	252	2 169	2	(53)	359	211	2 688	9 850	(937)	8 913	11 853	217	12 070
Changes in equity recognised during 2010													
Movement on foreign currency translation reserve		(820)					(820)				(820)		(820)
Translation reserves realised on disposal of foreign subsidiaries		(102)					(102)				(102)		(102)
Decrease in fair value of hedging instruments				(24)			(24)				(24)		(24)
Deferred taxation charge to other comprehensive income				8			8				8		8
Net actuarial losses on post-retirement benefit obligations									(176)	(176)	(176)		(176)
Other comprehensive income		(922)		(16)			(938)		(176)	(176)	(1 114)		(1 114)
Profit for the year								(7)		(7)	(7)	51	44
Total comprehensive income for the year		(922)		(16)			(938)	(7)	(176)	(183)	(1 121)	51	(1 070)
Other reserve movements					(14)	8	(6)	7		7	1	(1)	(1)
Dividends	27							(189)		(189)	(189)	(34)	(223)
BEE charge in terms of IFRS 2						6	6				6		6
Shares issued in current year	13	43									43		43
Balance at 30 September 2010	295	1 247	2	(69)	345	225	1 750	9 661	(1 113)	8 548	10 593	233	10 826

Notes to the consolidated annual financial statements[#]

for the year ended 30 September

R million	Continuing operations											
	Consolidated*			Eliminations			Equipment			Automotive Motor retail		
	2010	2009	2008	2010	2009	2008	2010	2009	2008	2010	2009	2008
1. Operating[#] and geographical segments^{**}												
Revenue												
Southern Africa	28 643	30 758	31 817				8 379	11 187	12 164	12 341	11 525	11 736
Europe	7 010	9 848	13 579				3 854	5 892	8 969			
North America	1 440	1 726	1 862									
Australia and Asia	3 737	2 937	2 849							3 737	2 937	2 849
	40 830	45 269	50 107				12 233	17 079	21 133	16 078	14 462	14 585
Inter-segment revenue ^{***}				(943)	(1 172)	(1 259)	529	760	407	28	51	74
	40 830	45 269	50 107	(943)	(1 172)	(1 259)	12 762	17 839	21 540	16 106	14 513	14 659
Segment result												
Operating profit/(loss)												
Southern Africa	1 466	2 056	1 967				725	1 282	1 523	258	232	143
Europe	(153)	(67)	586				(69)	11	534			
North America	(19)	(54)	36									
Australia and Asia	82	59	62							82	59	62
Operating profit/(loss)	1 376	1 994	2 651				656	1 293	2 057	340	291	205
Fair value adjustments on financial instruments	(89)	(201)	(80)				(58)	(151)	49	5	2	10
Total segment result	1 287	1 793	2 571				598	1 142	2 106	345	293	215
By geographical region												
Southern Africa	1 385	1 856	1 879				666	1 128	1 570	263	234	153
Europe	(161)	(68)	594				(68)	14	536			
North America	(19)	(54)	36									
Australia and Asia	82	59	62							82	59	62
Total segment result	1 287	1 793	2 571				598	1 142	2 106	345	293	215
Income from associates and joint ventures	16	43	72				8	51	62		(6)	8
Segment result including associate income	1 303	1 836	2 643				606	1 193	2 168	345	287	223
Finance costs	(667)	(938)	(889)									
Income from investments	84	149	195									
Exceptional items	(176)	22	(17)									
	544	1 069	1 932									
Taxation	(228)	(248)	(675)									
Net profit	316	821	1 257									
Non-cash expenses per segment												
Depreciation	1 736	1 854	1 833				373	481	488	85	83	64
Amortisation of intangibles	64	61	52				18	25	21	5	4	4
Impairment losses/(reversals)	236	(4)	47				44	(21)	19			3

* The consolidated total excludes discontinued operations for income statement items but includes it for the statement of financial position.

** The geographical segments are determined by the location of assets.

*** Inter segment revenue is priced on an arm's length basis.

^ The Logistics acquisitions made during 2008 in the Middle East and Asia have been included under Europe.

The group has adopted IFRS 8 operating segments (Note 34).

Continuing operations																	
Automotive						Handling						Logistics^			Corporate		
Car rental southern Africa			Leasing			Trading			Leasing								
2010	2009	2008	2010	2009	2008	2010	2009	2008	2010	2009	2008	2010	2009	2008	2010	2009	2008
3 204	3 059	3 069	1 545	1 552	1 275	912 1 693 1 440	1 156 2 067 1 725	1 520 3 249 1 861	41	59 1	123 1	2 256 1 422	2 257 1 830	1 970 1 238	6	22	83
3 204 3	3 059 6	3 069 9	1 545 54	1 552	1 275	4 045 33	4 948 54	6 630 91	41	60	124	3 678 65	4 087 81	3 208 400	6 231	22 220	83 278
3 207	3 065	3 078	1 599	1 552	1 275	4 078	5 002	6 721	41	60	124	3 743	4 168	3 608	237	242	361
283	254	250	149	158	85	42 (65) (18)	80 (76) (54)	124 8 40	25 (1)	23	4 (4)	50 (40)	92 (15)	105 30	(41) (4)	(42) (10)	(263) 10
283 (1)	254 (1)	250 (7)	149 (2)	158 (3)	85 1	(41) (28)	(50) (29)	172 (25)	24	23		10 (7)	77 (6)	135 1	(45) 2	(52) (13)	(253) (109)
282	253	243	147	155	86	(69)	(79)	147	24	23		3	71	136	(43)	(65)	(362)
282	253	243	147	155	86	13 (64) (18)	51 (76) (54)	99 8 40	25 (1)	23	4 (4)	45 (42)	91 (20)	105 31	(31) (12)	(56) (9)	(377) 15
282 (1)	253	243	147 5	155 (5)	86 (2)	(69) 3	(79) 4	147 3	24	23		3	71	136	(43) 1	(65) (1)	(362) 1
281	253	243	152	150	84	(66)	(75)	150	24	23		3	71	136	(42)	(66)	(361)
452 4	411 3	454 1	512 1	476 1	413 1	221 10	300 8	312 8 6	16	22	31	59 23 192	68 18	53 15 2	18 3	13 2 17	18 2 17

Notes to the consolidated annual financial statements[#] (continued)

for the year ended 30 September

R million	Discontinued operations								
	Automotive			Coatings			Scientific		
	Car rental	Scandinavia							
	2010	2009	2008	2010	2009	2008	2010	2009	2008
1. Operating[#] and geographical segments (continued)**									
Revenue									
Southern Africa						517			
Europe	1 219	1 451	1 772						193
North America									16
	1 219	1 451	1 772			517			209
Segment result									
Operating profit/(loss)									
Southern Africa						78			
Europe	(89)	(135)	(10)						14
North America									(1)
Operating profit/(loss)	(89)	(135)	(10)			78			13
Fair value adjustments on financial instruments		(1)	(2)			(1)			
Total segment result	(89)	(136)	(12)			77			13
By geographical region									
Southern Africa						77			
Europe	(89)	(136)	(12)						14
North America									(1)
Total segment result	(89)	(136)	(12)			77			13
Income from associates and joint ventures						5			
Segment result including associate income	(89)	(136)	(12)			82			13
Non-cash expenses per segment									
Depreciation	190	291	274			8			6
Amortisation of intangibles	3	4				3			
Impairment losses/(reversals)			335						

** The geographical segments are determined by the location of assets.

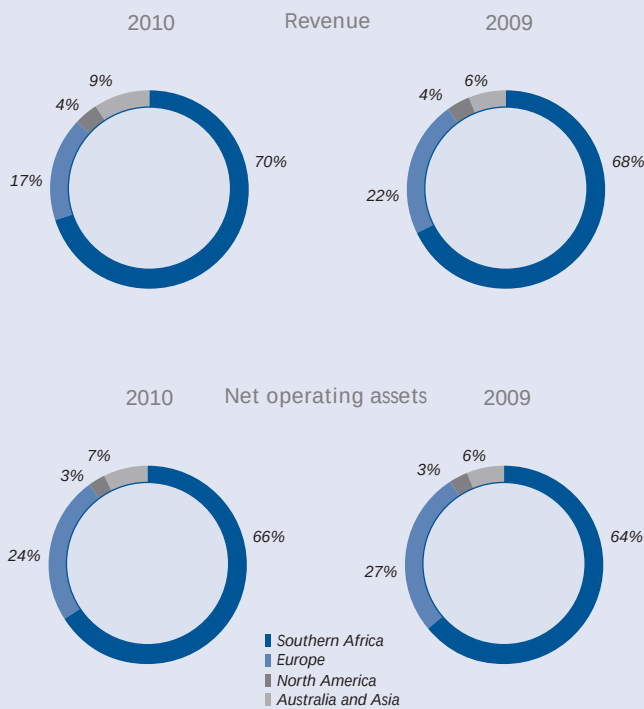
The group has adopted IFRS 8 operating segments (Note 34).

Segmental analysis – continuing operations

Reduction in equipment inventories commensurate with the decline in revenue



Geographical analysis – continuing operations



Solid performances from our southern African operations

Notes to the consolidated annual financial statements[#] (continued)

for the year ended 30 September

R million	Continuing operations								
	Consolidated*			Equipment			Automotive Motor retail		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
1. Operating[#] and geographical segments^{**}									
Assets									
Property, plant and equipment	7 575	7 854	8 056	1 777	2 178	2 590	1 647	1 671	1 534
Goodwill	2 078	2 319	2 421	184	207	239	244	244	244
Intangible assets	297	280	205	54	59	68	9	13	14
Investment in associates and joint ventures	552	731	1 095	512	680	822		(5)	7
Long-term finance lease receivables	236	463	436	45	102				
Long-term financial assets	133	279	568	14	23	17			1
Vehicle rental fleet	1 679	1 692	1 934						
Inventories	5 318	7 036	7 775	2 623	4 386	5 010	1 939	1 711	1 750
Trade and other receivables	5 030	4 747	6 854	2 575	2 430	3 817	450	444	490
Assets classified as held for sale	52	2 358	2 876					8	181
Segment assets	22 950	27 759	32 220	7 784	10 065	12 563	4 289	4 086	4 221
By geographical region									
Southern Africa	15 798	16 671	18 267	4 517	5 903	6 444	3 115	2 979	3 127
Europe	5 373	9 278	11 888	3 267	4 162	6 119			
North America	605	703	971						
Australia and Asia	1 174	1 107	1 094				1 174	1 107	1 094
Total segment assets	22 950	27 759	32 220	7 784	10 065	12 563	4 289	4 086	4 221
Taxation	57	53	11						
Deferred taxation assets	755	656	488						
Cash and cash equivalents	1 928	1 627	1 238						
Consolidated total assets	25 690	30 095	33 957						
Liabilities									
Interest-bearing liabilities (Leasing)	1 993	2 029	2 016						
Long-term non-interest bearing incl provisions	1 083	959	964	108	98	162	58	57	57
Trade and other payables incl provisions	6 283	6 355	8 066	2 060	1 802	3 251	1 624	1 401	1 215
Liabilities directly associated with assets classified as held for sale*	58	1 509	1 996						116
Segment liabilities	9 417	10 852	13 042	2 168	1 900	3 413	1 682	1 458	1 388
By geographical region									
Southern Africa	6 923	6 401	7 822	1 527	1 200	2 266	1 516	1 297	1 277
Europe	2 107	4 067	4 756	641	700	1 147			
North America	221	223	353						
Australia and Asia	166	161	111				166	161	111
Total segment liabilities	9 417	10 852	13 042	2 168	1 900	3 413	1 682	1 458	1 388
Interest-bearing liabilities (excluding leasing and held for sale amounts)	4 984	6 816	7 272						
Deferred taxation liabilities	302	249	266						
Taxation	161	108	344						
Consolidated total liabilities	14 864	18 025	20 924						
Capital additions									
Southern Africa	4 086	4 397	5 269	326	370	923	68	179	275
Europe	1 495	2 058	2 820	245	360	523			
North America	52	102	118						
Australia and Asia	9	19	138				9	19	138
	5 642	6 576	8 345	571	730	1 446	77	198	413

* The consolidated total excludes discontinued operations for income statement items but includes it for the statement of financial position.

** The geographical segments are determined by the location of assets.

^ The Logistics acquisitions made during 2008 in the Middle East and Asia have been included under Europe.

The group has adopted IFRS 8 operating segments (Note 34).

Continuing operations

Automotive						Handling						Logistics^			Corporate		
Car rental southern Africa			Leasing			Trading			Leasing								
2010	2009	2008	2010	2009	2008	2010	2009	2008	2010	2009	2008	2010	2009	2008	2010	2009	2008
393	348	283	2 171	2 039	1 895	686	838	1 018	26	41	68	280	314	366	595	425	302
784	784	784	282	282	282	143	157	187				441	645	685			
11	7	3	1	1	2	83	84	17				120	80	76	19	36	25
1	2	2	4	2	225	28	28	26				2	2	2	5	22	11
20	41	42	97	103	85	16	19		78	239	339						
1 679	1 692	1 934				53	64	53	15	20	109	4	7	16	27	124	330
134	108	144	24	32	55	595	790	812		1	(14)	3	5	7		3	11
349	351	513	183	192	176	478	503	773	181	126	114	763	813	1 065	51	(112)	(94)
										5	13	52					
3 371	3 333	3 705	2 762	2 651	2 720	2 082	2 483	2 886	300	432	629	1 665	1 866	2 217	697	498	597
3 371	3 333	3 705	2 762	2 651	2 720	616	779	662				922	936	1 030	495	90	579
						872	1 016	1 272	289	417	610	743	930	1 187	202	408	18
						594	688	952	11	15	19						
3 371	3 333	3 705	2 762	2 651	2 720	2 082	2 483	2 886	300	432	629	1 665	1 866	2 217	697	498	597
55	14	12	1 828	1 754	1 672				165	275	344						
736	1 053	844	167	193	334	56	71	106	45	72	185	6	5	15	588	449	93
			326	317	348	779	802	1 247	11	16	24	746	812	917	1	152	220
												58					
791	1 067	856	2 321	2 264	2 354	835	873	1 353	221	363	553	810	817	932	589	601	313
791	1 067	856	2 321	2 264	2 354	247	261	403				524	594	600	(3)	(282)	66
						388	423	636	200	329	514	286	223	332	592	883	247
						200	189	314	21	34	39						
791	1 067	856	2 321	2 264	2 354	835	873	1 353	221	363	553	810	817	932	589	601	313
2 287	2 061	2 403	1 021	1 270	1 220	164	243	269				39	79	84	181	195	72
						90	238	216	10	6	11	5	17	21			
						52	102	118									
2 287	2 061	2 403	1 021	1 270	1 220	306	583	603	10	6	11	44	96	105	181	195	72

Notes to the consolidated annual financial statements[#] (continued)

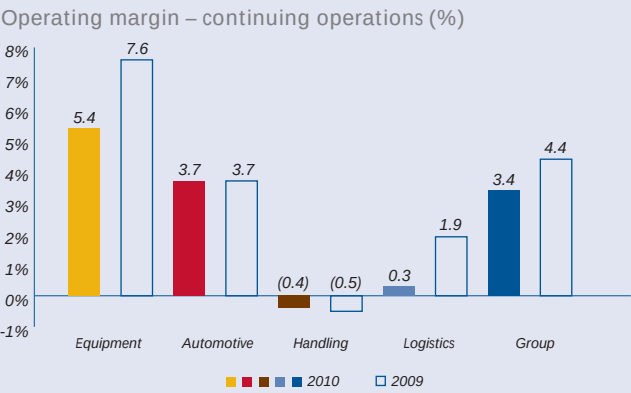
for the year ended 30 September

R million	Discontinued operations								
	Automotive			Coatings			Scientific		
	Car rental	Scandinavia							
	2010	2009	2008	2010	2009	2008	2010	2009	2008
1. Operating[#] and geographical segments (continued)**									
Assets									
Assets classified as held for sale		2 345	2 682						
Segment assets		2 345	2 682						
By geographical region									
Europe		2 345	2 682						
Total segment assets		2 345	2 682						
Liabilities									
Liabilities directly associated with assets classified as held for sale		1 509	1 880						
Segment liabilities		1 509	1 880						
By geographical region									
Europe		1 509	1 880						
Total segment liabilities		1 509	1 880						
Capital additions									
Southern Africa						23			
Europe	1 145	1 437	2 045						4
	1 145	1 437	2 045			23			4

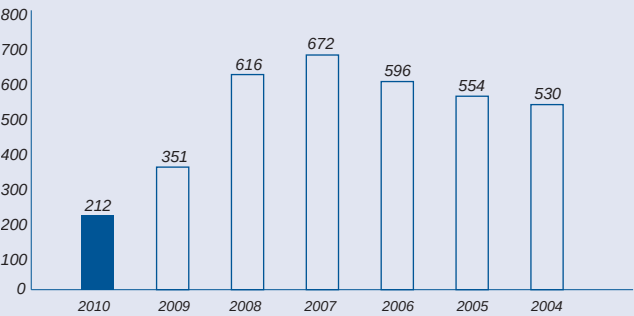
** The geographical segments are determined by the location of assets.

The group has adopted IFRS 8 operating segments (Note 34).

*Automotive margins
hold up well in
difficult markets*



Headline earnings per share – continuing operations (cents)



*Recessionary conditions
weaken headline earnings
per share from continuing
operations*

Notes to the consolidated annual financial statements (continued)

for the year ended 30 September

1. Operating and geographical segments (continued)**

1.1 Segmentation for purpose of gearing and interest cover targets^

These schedules are provided to assist users to gain a better understanding of how the group segments its statement of financial position and income statement in order to set appropriate gearing and interest cover targets. For this purpose three broad segments have been defined namely:

- Trading (dealership businesses)
- Leasing (long-term leasing solutions including fleet services)
- Car Rental (short-term car hire)

In view of the nature of the Leasing and Car rental businesses, these operations are more highly geared and in this respect are different from the rest of the group. Short-term equipment rental businesses with a net book value of rental assets amounting to R1 191 million (2008: R1 606 million; 2007: R2 252 million) are included as part of the Trading operations.

	Total group			Trading			Leasing [#]			Car rental		
	2010 Rm	2009 Rm	2008 Rm	2010 Rm	2009 Rm	2008 Rm	2010 Rm	2009 Rm	2008 Rm	2010 Rm	2009 Rm	2008 Rm
Consolidated statement of financial position												
Assets												
Property, plant and equipment												
Cost	13 563	15 820	17 003	8 014	8 378	8 977	3 177	2 984	2 914	2 372	4 458	5 112
Accumulated depreciation	4 306	4 526	4 849	3 026	2 952	3 167	979	904	951	301	670	731
Net book value	9 257	11 294	12 154	4 988	5 426	5 810	2 198	2 080	1 963	2 071	3 788	4 381
Less: Items reflected under current assets as vehicle rental fleet and assets classified as held for sale	1 682	3 440	4 098	3						1 679	3 440	4 098
Property, plant and equipment – net book value	7 575	7 854	8 056	4 985	5 426	5 810	2 198	2 080	1 963	392	348	283
Goodwill	2 078	2 319	2 421	1 012	1 253	1 355	282	282	282	784	784	784
Intangible assets	297	280	205	285	272	200	1	1	2	11	7	3
Finance lease receivables	236	463	436	61	121	13	175	342	423			
Long-term financial assets, investment in associates and joint ventures	685	1 010	1 663	645	945	1 285	19	22	334	21	43	44
Deferred taxation assets	755	656	488	725	635	435	30	21	48			5
Non-current assets	11 626	12 582	13 269	7 713	8 652	9 098	2 705	2 748	3 052	1 208	1 182	1 119
Current assets	14 012	15 155	17 812	11 319	12 540	14 747	410	369	358	2 283	2 246	2 707
Finance lease receivables	331	270	161	55	60	8	276	210	153			
Cash and cash equivalents	1 928	1 627	1 238	1 792	1 519	1 097	19	14	26	117	94	115
Other current assets	11 753	13 258	16 413	9 472	10 961	13 642	115	145	179	2 166	2 152	2 592
Assets classified as held for sale	52	2 358	2 876	52	8	182		6	13		2 344	2 681
Total assets	25 690	30 095	33 957	19 084	21 200	24 027	3 115	3 123	3 423	3 491	5 772	6 507
Equity and liabilities												
Interest of all shareholders	10 826	12 070	13 033	9 552	10 383	10 811	414	358	365	860	1 329	1 857
Non-current liabilities	5 670	6 486	6 252	1 607	2 351	3 604	2 196	2 320	2 528	1 867	1 815	120
Deferred taxation liabilities	302	249	266	53	24	8	142	134	150	107	91	108
Interest-bearing	4 285	5 278	5 022	738	1 647	3 163	1 842	1 921	1 859	1 705	1 710	
Non-interest-bearing	1 083	959	964	816	680	433	212	265	519	55	14	12
Current liabilities	9 136	10 030	12 676	7 867	8 465	9 496	505	445	530	764	1 120	2 650
Amounts due to bankers and short-term loans	2 692	3 567	4 266	2 508	3 415	2 319	151	108	157	33	44	1 790
Other current liabilities	6 444	6 463	8 410	5 359	5 050	7 177	354	337	373	731	1 076	860
Liabilities directly associated with assets classified as held for sale												
– Interest-bearing		968	1 356			76					968	1 280
– Non-interest-bearing	58	541	640	58	1	40					540	600
Total equity and liabilities	25 690	30 095	33 957	19 084	21 200	24 027	3 115	3 123	3 423	3 491	5 772	6 507

1. Operating and geographical segments (continued)**

1.1 Segmentation for purpose of gearing and interest cover targets (continued)^

	Total group			Trading			Leasing [#]			Car rental		
	2010 Rm	2009 Rm	2008 Rm	2010 Rm	2009 Rm	2008 Rm	2010 Rm	2009 Rm	2008 Rm	2010 Rm	2009 Rm	2008 Rm
Consolidated income statement												
Continuing operations												
Revenue	40 830	45 269	50 107	36 040	40 598	45 639	1 586	1 612	1 399	3 204	3 059	3 069
Operating profit before items listed below (EBITDA)	3 318	4 061	4 689	1 735	2 561	3 301	844	832	683	739	668	705
Depreciation	(1 736)	(1 854)	(1 833)	(756)	(945)	(935)	(528)	(498)	(444)	(452)	(411)	(454)
Amortisation of intangible assets	(64)	(61)	(52)	(59)	(57)	(50)	(1)	(1)	(1)	(4)	(3)	(1)
Leasing interest classified as cost of sales	(142)	(152)	(153)				(142)	(152)	(153)			
Operating profit	1 376	1 994	2 651	920	1 559	2 316	173	181	85	283	254	250
Fair value adjustments on financial instruments	(89)	(201)	(80)	(86)	(197)	(74)	(2)	(3)	1	(1)	(1)	(7)
Finance costs	(667)	(938)	(889)	(447)	(696)	(618)		(1)		(220)	(241)	(271)
Income from investments	84	149	195	63	121	166	2	2	1	19	26	28
Profit before exceptional items	704	1 004	1 877	450	787	1 790	173	179	87	81	38	
Exceptional items	(176)	22	(17)	(176)	22	(15)			(2)			
Profit before taxation	528	1 026	1 860	274	809	1 775	173	179	85	81	38	
Taxation	(228)	(248)	(675)	(188)	(177)	(657)	(41)	(55)	(9)	1	(16)	(9)
Profit/(loss) after taxation	300	778	1 185	86	632	1 118	132	124	76	82	22	(9)
Income from associates and joint ventures	16	43	72	12	48	74	5	(5)	(2)	(1)		
Net profit/(loss) from continuing operations	316	821	1 257	98	680	1 192	137	119	74	81	22	(9)
Discontinued operations												
(Loss)/profit from discontinued operations	(272)	(82)	(11)		58	306				(272)	(140)	(317)
Net profit/(loss)	44	739	1 246	98	738	1 498	137	119	74	(191)	(118)	(326)
Attributable to:												
Non-controlling interest	51	68	14	45	56	5	6	12	9			
Barloworld Limited shareholders	(7)	671	1 232	53	682	1 493	131	107	65	(191)	(118)	(326)
	44	739	1 246	98	738	1 498	137	119	74	(191)	(118)	(326)
Key financial ratios by segment												
Total borrowings to total shareholders' funds (%)**												
Actual	64	81	82	34	49	51	481	567	552	202	205	165
Target*				30 – 50			600 – 800			200 – 300		
Interest cover (times)**												
Actual	1.9	1.9	3.1	2.0	2.1	4.4	2.2	2.2	1.6	1.4	1.2	1.0
Target		> 3			> 4			> 1		> 1.25		

[#] The income received on the leasing net assets (finance and rental income) and the interest paid on the borrowings are regarded as operational items and are included in operating profits. Leasing results are stated excluding consolidation adjustments and inter-group eliminations.

* The group gearing target is dependent on the relative mix of assets between the three segments.

** Refer to www.barloworld.com for definitions.

^ All years have been reclassified for the treatment of car rental Scandinavia as discontinued operations.

Notes to the consolidated annual financial statements (continued)

for the year ended 30 September

	Cost Rm	2010 Accumulated depreciation and impairments Rm	Net book value Rm
2. Property, plant and equipment			
Freehold land and buildings	2 361	297	2 064
Leasehold land and buildings	700	203	497
Investment property	30	10	20
Plant, equipment and furniture	1 810	1 283	527
Vehicles and aircraft	493	255	238
Capitalised leased plant and equipment, vehicles and furniture	576	125	451
Rental assets – vehicles	4 891	1 041	3 850
Rental assets – equipment	2 702	1 092	1 610
	13 563	4 306	9 257
Less: Vehicle rental fleet reflected under current assets			
– continuing operations			1 679
Other assets classified as held for sale			3
Disposal group assets classified as held for sale			
– Property, plant and equipment			
– Vehicle rental fleet reflected under current assets			
			7 575
Per business segment:			
Continuing operations			
– Equipment			1 777
– Automotive			4 211
– Handling			712
– Logistics			283
– Corporate			595
Total continuing operations			7 578
Discontinued operations			
– Car rental – Scandinavia			
Total discontinued operations			
Total group			7 578
Amounts classified as held for sale			(3)
Total per statement of financial position			7 575
Investment properties:			
Six investment properties (2009: five and 2008: four) are held of which all are income generating (2009: five and 2008: four) and none are vacant (2009 and 2008: none).			
Income earned from investment properties			3
Direct operating expenses incurred on investment properties			1
Fair value of investment properties			65
The valuations were done by a chartered surveyor on the existing use value method.			
Other disclosures:			
Net book value of encumbered property, plant and equipment (note 14)			618
Historic value of land and residual value of plant and equipment			4 777
Insurable value of property, plant and equipment			16 511

This is based on the cost of replacement of such assets, except for motor vehicles and certain selected assets, which are included at estimated retail value.

The registers of land and buildings are open for inspection at the registered offices of the companies.

	2009		Net book value Rm	2008		Net book value Rm
	Cost Rm	Accumulated depreciation and impairments Rm		Cost Rm	Accumulated depreciation and impairments Rm	
	2 222	284	1 938	1 825	266	1 559
	702	201	501	702	172	530
	22	8	14	22	8	14
	1 948	1 324	624	1 909	1 310	599
	490	231	259	614	274	340
	594	110	484	621	105	516
	6 635	1 211	5 424	7 221	991	6 230
	3 207	1 157	2 050	4 089	1 723	2 366
	15 820	4 526	11 294	17 003	4 849	12 154
			1 692			1 934
			51			62
			1 697			2 102
			7 854			8 056
			2 178			2 590
			4 058			3 712
			879			1 086
			314			366
			425			302
			7 854			8 056
			51			62
			51			62
			7 905			8 118
			(51)			(62)
			7 854			8 056
			2			5
			56			2
						80
			749			1 058
			3 739			3 866
			14 332			12 452

Notes to the consolidated annual financial statements (continued)

for the year ended 30 September

	Freehold and lease- hold land and buildings Rm	Investment property Rm
Movement of property, plant and equipment		
2. Property, plant and equipment (continued)		
2010		
Net balance at 1 October 2009	2 439	14
Subsidiaries disposed	(24)	
Other additions	320	6
Impairment of assets [^]		
Translation differences (net) [#]	(64)	
	2 671	20
Other disposals	(18)	
Depreciation	(92)	
Net balance at 30 September 2010	2 561	20
Less: Vehicle rental fleet assets reflected under current assets		
Other assets classified as held for sale		
Balance reflected as property, plant and equipment	2 561	20
2009		
Net balance at 1 October 2008	2 089	14
Subsidiaries disposed		
Other additions	507	
Impairment of assets		
Translation differences (net) [#]	(26)	
	2 570	14
Other disposals	(46)	
Depreciation	(85)	
Net balance at 30 September 2009	2 439	14
Less: Vehicle rental fleet assets reflected under current assets		
Disposal group assets classified as held for sale	33	
Balance reflected as property, plant and equipment	2 406	14
2008		
Net balance at 1 October 2007	1 648	8
Subsidiaries acquired	192	3
Subsidiaries disposed	(114)	
Other additions	494	
Impairment of assets		
Translation differences (net) [#]	96	
	2 316	11
Other disposals	(28)	3
Depreciation	(64)	
Unbundling of Coatings	(135)	
Net balance at 30 September 2008	2 089	14
Less: Vehicle rental fleet assets reflected under current assets		
Disposal group assets classified as held for sale	38	
Balance reflected as property, plant and equipment	2 051	14

[^] The R11 million impairment relates to a significant decrease in the retail value of an aircraft together with the strengthening of the rand against the dollar.

[#] Refer page 160.

* Refer page 160.

Plant, equipment and furniture Rm	Vehicles and aircraft Rm	Capitalised leased assets Rm	Rental assets – vehicles* Rm	Rental assets – equipment* Rm	Total Rm
624 (17) 173 (33)	259 64 (11) (5)	484 2 (3)	5 424 (1 139) 4 349 (189)	2 050 728 (152)	11 294 (1 180) 5 642 (11) (446)
747 (13) (207)	307 (15) (54)	483 (3) (29)	8 445 (3 494) (1 101)	2 626 (573) (443)	15 299 (4 116) (1 926)
527 3	238	451	3 850 1 679	1 610	9 257 1 679 3
524	238	451	2 171	1 610	7 575
599 (3) 309 (34)	340 77 (6)	516 17 (4)	6 230 4 641 (2) (121)	2 366 1 025 (135)	12 154 (3) 6 576 (2) (326)
871 (31) (216)	411 (92) (60)	529 (8) (37)	10 748 (4 201) (1 123)	3 256 (582) (624)	18 399 (4 960) (2 145)
624 18	259	484	5 424 1 692 1 697	2 050	11 294 1 692 1 748
606	259	484	2 035	2 050	7 854
668 26 (92) 326 44	332 17 (11) 186 (3) 8	387 152 31 12	5 770 5 536 202	2 142 1 772 298	10 955 390 (217) 8 345 (3) 660
972 (12) (205) (156)	529 (77) (71) (41)	582 (32) (34)	11 508 (4 182) (1 096)	4 212 (1 195) (651)	20 130 (5 523) (2 121) (332)
599 23	340 1	516	6 230 1 934 2 102	2 366	12 154 1 934 2 164
576	339	516	2 194	2 366	8 056

Notes to the consolidated annual financial statements (continued)

for the year ended 30 September

	2010 Rm	2009 Rm	2008 Rm
2. Property, plant and equipment (continued)			
# Translation difference:			
The translation differences are made up as follows:			
Cost	(764)	(624)	1 114
Accumulated depreciation	318	298	(454)
	(446)	(326)	660
* Rental asset disclosures:			
Future minimum lease receivables under non-cancellable operating leases:			
Within one year	35	41	47
Two to five years	93	117	128
More than five years	35	55	21
	163	213	196
Future minimum lease receivables under non-cancellable operating leases for Avis Fleet Services:			
Within one year	630	613	603
Two to five years	720	727	742
More than five years	1	1	1
	1 351	1 341	1 346

Equipment rental assets include materials handling equipment rented to customers in South Africa, the United Kingdom and the United States and capital equipment in Southern Africa and Europe.

Vehicle rental assets include the following:

- Short-term motor vehicle fleet in southern Africa for rent to customers for periods varying between 1 to 30 days. In South Africa 8.6% (2009: 10.9% and 2008:19.4%) of the fleet value carries a guaranteed buyback from the manufacturer.
- Long-term vehicle fleet in southern Africa leased to customers for periods in excess of 12 months with an average lease term of 40 months (2009: 39 months, 2008: 43 months) and an average residual value of 46.7% (2009: 46% and 2008: 45%).

Impairment of rental assets arose from adjustments to market value when the assets were reclassified as held for sale. Refer note 1 for a segmental analysis of impairment losses.

	2010 Rm	2009 Rm	2008 Rm
3. Goodwill			
Cost			
At 1 October	3 041	3 151	2 381
Additions			684
Subsidiaries disposed	(575)	(4)	(32)
Unbundling of Coatings			(33)
Translation differences	(89)	(106)	151
At 30 September	2 377	3 041	3 151
Accumulated impairment losses			
At 1 October	722	730	335
Subsidiaries acquired			9
Subsidiaries disposed	(575)	(2)	(8)
Impairment	152		337
Translation differences		(6)	57
At 30 September	299	722	730
Carrying amount			
At 30 September	2 078	2 319	2 421

	2010 Rm	2009 Rm	2008 Rm
3. Goodwill (continued)			
Per business segment:			
– Equipment	184	207	239
– Automotive	1 310	1 310	1 310
– Handling	143	157	187
– Logistics	441	645	685
Total per statement of financial position	2 078	2 319	2 421
The impairments relate to the following:			
Avis and Budget Scandinavia			333
Logistics Middle East and Asia	152		
Other			4
	152		337

Goodwill is allocated to groups of cash-generating units based on group business segments (refer note 1).

The group has not recognised any significant intangible assets with indefinite useful lives.

During the current year, all significant recoverable amounts were based on value in use (except as noted below for the Car Rental Scandinavia and Logistics Middle East Africa businesses). A discounted cash flow valuation model is applied using five year strategic plans as approved by the board. The financial plans are the quantification of strategies derived from the use of a common strategic planning process followed across the group. The process ensures that all significant risks and sensitivities are appropriately considered and factored into strategic plans. Key assumptions are based on industry specific performance levels as well as economic indicators approved by the executive. These assumptions are generally consistent with external sources of information.

Cash flows for the terminal value beyond the explicit forecast period of five years is estimated by using growth rates that are aligned to the long-term sustainable level of growth in the economic region in which cash-generating units operate. For September 2009 and 2008 a CFROI® methodology was used, using the asset base, growth rate and fade principles.

Discount rates applied to cash flow projections are based on a country or region specific weighted average cost of capital (WACC), dependent upon the location of cash-generating segment operations. For September 2009 and 2008 a real cost of capital was used after adjusting for size, leverage and other known risks.

The WACC applied as at September 2010, and the after tax real cost of capital rates applied as at September 2009 and 2008 are as follows:

	2010 %	2009 %	2008 %
United States	6.7	6.0	6.0
Spain	8.1	6.4	6.4
United Kingdom	5.7	6.7	6.7
Norway	n/a	6.4	6.4
Sweden	n/a	6.4	6.4
Denmark	n/a	6.4	6.4
Australia	7.5	5.9	5.9
South Africa	11.9	7.4	7.4
UAE	9.4	n/a	n/a

The 2008 impairment was calculated by comparing the carrying value of the Avis and Budget Scandinavia cash-generating unit to its estimated recoverable amount. The estimated recoverable amount was determined on the fair value less costs to sell of the business based on the expected disposal price. The business was classified as held for sale in September 2009 and 2008 (refer note 12), and was sold at the end of July 2010.

During 2010, it was agreed that the Logistics Middle East and Asia freight forwarding business would be split between non-corporate trader and corporate customer/activity and the trader business would be exited. The rationale is that the trader business does not fit Barloworld Logistics strategic direction of converting their customer base to a supply chain management offering.

The 2010 impairment loss pertaining to the Logistics Middle East and Asia (MEA) unit was calculated by comparing the discounted cash flows of the remaining business cash-generating unit to the carrying value of the net operating assets of the remaining businesses and by comparing the carrying value of the MEA non-corporate trader business to its estimated recoverable amount. The estimated recoverable amount was determined based on the fair value less costs to sell of the business based on expected disposal price. The non-corporate trader business has been classified as held for sale (refer note 12).

Notes to the consolidated annual financial statements (continued)

for the year ended 30 September

		2010 Patents, trademarks and development costs Rm	Total intangible assets Rm	
4. Intangible assets				
Cost				
At 1 October	510	145	655	
Subsidiaries acquired				
Other additions	99	4	103	
Subsidiaries disposed				
Other disposals	(7)		(7)	
Amounts classified as held for sale				
Other reclassification	(2)		(2)	
Impairment				
Translation differences	(32)	(4)	(36)	
At 30 September	568	145	713	
Accumulated amortisation and impairment				
At 1 October	321	54	375	
Charge for the year (note 20)	50	17	67	
Subsidiaries disposed				
Other disposals	(2)		(2)	
Amounts classified as held for sale				
Other reclassification				
Impairment				
Translation differences	(23)	(1)	(24)	
At 30 September	346	70	416	
Carrying amount				
At 30 September	222	75	297	
Per business segment:				
Continuing operations				
– Equipment			54	
– Automotive			21	
– Handling			83	
– Logistics			120	
– Corporate			19	
Total continuing operations			297	
Discontinued operations				
– Car rental – Scandinavia				
Total discontinued operations				
Total group			297	
Amounts classified as held for sale				
Total per statement of financial position			297	

2009			2008		
Capitalised software Rm	Patents, trademarks and development costs Rm	Total intangible assets Rm	Capitalised software Rm	Patents, trademarks and development costs Rm	Total intangible assets Rm
403	135	538	369	175	544
			1	19	20
127	14	141	36	15	51
(3)		(3)		(78)	(78)
(7)	(1)	(8)	(4)	(3)	(7)
			(25)		(25)
13	5	18	4	6	10
	(4)	(4)			
(23)	(4)	(27)	22	1	23
510	145	655	403	135	538
293	40	333	240	30	270
53	12	65	45	12	57
			3		3
(6)		(6)	(4)		(4)
			(14)		(14)
1	4	5	8	(1)	7
				(1)	(1)
(20)	(2)	(22)	15		15
321	54	375	293	40	333
189	91	280	110	95	205
		59			68
		21			19
		84			17
		80			76
		36			25
		280			205
		7			11
		7			11
		287 (7)			216 (11)
		280			205

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

	2010 Rm	2009 Rm	2008 Rm	2010 Rm	2009 Rm	2008 Rm
5. Investment in associates and joint ventures*						
		(Loss)/income			Investment	
Associates	(16)	(21)	8	128	201	195
Joint ventures	32	64	64	424	530	900
	16	43	72	552	731	1 095
Per business segment:						
Continuing operations						
– Equipment	8	51	62	512	680	822
– Automotive	4	(11)	6	5	(1)	234
– Handling	3	4	3	28	28	26
– Logistics				2	2	2
– Corporate	1	(1)	1	5	22	11
Total continuing operations	16	43	72	552	731	1 095
Discontinued operations						
– Coatings			5			
Total discontinued operations			5			
Total group	16	43	77	552	731	1 095
Discontinued operations			(5)			
Total per income statement/ statement of financial position	16	43	72	552	731	1 095
		Associates			Joint ventures	
Cost of investment	203	203	147	230	230	230
Share of associates and joint ventures' reserves	(79)	1	39	194	214	174
Beginning of year	1	39	76	214	174	107
Normal and exceptional profit for the year	(16)	(21)	13	32	64	64
Dividends received	1					(6)
Unbundling of Coatings			(63)			
Reclassifications			(6)			(9)
Disposals and other reserve movements	(32)	(15)	19	(46)	(30)	18
Impairments during the year	(33)					
Other reallocation and movements		(2)		(6)	6	
Amounts classified as held for sale		(8)				
Carrying value excluding amounts owing	124	196	186	424	444	404
Loans and advances to associates and joint ventures	4	5	9		86	496
Carrying value including amounts owing	128	201	195	424	530	900
Carrying value by category						
Unlisted associates and joint ventures – shares at carrying value	124	196	186	424	444	404
	124	196	186	424	444	404
Valuation of shares						
Directors' valuation of unlisted associate companies and joint ventures	124	196	461	522	554	711
	124	196	461	522	554	711

	2010 Rm	2009 Rm	2008 Rm	2010 Rm	2009 Rm	2008 Rm
5. Investment in associates and joint ventures* (continued)						
Aggregate of group associate companies and joint ventures' net assets, revenue and profit						
Property, plant and equipment and other non-current assets	193	281	244	267	178	159
Current assets	60	61	73	813	837	1 255
Long-term liabilities	94	141		141	141	719
Current liabilities	35	31	18	232	422	258
Revenue	154	213	241	1 314	744	2 633
(Loss)/profit after taxation	(16)	(21)	8	32	64	64
Cash flow from operations	(12)	(18)	(34)	(274)	(114)	(279)

* Refer to note 38 and 39 for a detailed list of associate and joint venture companies.

	2010 Rm	2009 Rm	2008 Rm
6. Finance lease receivables			
Amounts receivable under finance leases:			
Gross investment	630	850	711
Less: Unearned finance income	(63)	(117)	(114)
Present value of minimum lease payments receivable	567	733	597
Receivable as follows:			
Present value			
Within one year (note 10)	331	270	161
Non-current portion	236	463	436
In the second to fifth year inclusive	233	456	419
After five years	3	7	17
	567	733	597
Per business segment (non-current portion):			
– Equipment	45	102	
– Automotive	97	103	85
– Handling	94	258	339
– Corporate			12
Total group	236	463	436
Minimum lease payments			
Within one year	373	342	223
In the second to fifth year inclusive	254	500	322
After five years	3	8	166
	630	850	711
Less: Unearned finance income	(63)	(117)	(114)
	567	733	597
Fair value of finance lease receivables	567	733	597
Allowance for uncollectible finance lease receivables			
At 1 October	12	37	45
Allowance reversed to profit or loss	(9)	(19)	(11)
Translation	(1)	(6)	3
At 30 September	2	12	37
Unguaranteed residual values of assets leased under finance leases	206	242	225

The interest rate charged in the United Kingdom and United States on the leases is fixed at inception for the duration of the lease term which is typically between four and five years. The weighted average interest rate on lease receivables for the year 30 September 2010 was 7% per annum (2009: 8%; 2008: 9%).

Notes to the consolidated annual financial statements (continued)

for the year ended 30 September

	2010 Rm	2009 Rm	2008 Rm
7. Long-term financial assets			
Listed investments at fair value	21	100	160
Unlisted investments at fair value	25	46	47
Bills and leases discounted with recourse and repurchase obligations	15	20	110
Other receivables	66	66	175
Other derivatives	1	19	47
Other non-current loans and deposits	1	8	4
Barloworld Share Purchase Scheme**	4	20	25
	133	279	568
Per category:			
Financial assets at fair value through profit or loss			
– Designated as such at initial recognition		100	160
– Held for trading items		15	36
Available-for-sale financial assets	46	46	47
Loans and receivables	86	59	313
Derivative assets designated as effective hedging instruments	1	4	12
Other assets		55	
	133	279	568
Per business segment:			
– Equipment	14	23	17
– Automotive	20	41	43
– Handling	68	84	162
– Logistics	4	7	16
– Corporate	27	124	330
Total per statement of financial position	133	279	568
Available-for-sale investments (note 37)			
Unlisted investments			
Opening balance	46	47	28
Additions and other movements			20
Investment disposals (Car rental Scandinavia business unit)	(21)		
Impairment of investments at fair value®		(1)	(2)
Fair value adjustment in current year			1
Fair value of unlisted investments	25	46	47
Total fair value of available-for-sale investments	25	46	47
Other listed investments			
PPC shares^	21	100	160
Valuation of shares:			
Market value – listed investments	21	100	160
Directors' valuation of unlisted investments	25	46	47
Total fair value	46	146	207

**Barloworld Share Purchase Scheme

Included are loans to executive directors for the purchase of shares amounting to R0.2 million (2009: R5.2 million; 2008: R7.7 million). The loans are secured by pledge of the shares and are repayable within 10 years of granting of the option or within nine months of death or immediately on ceasing to be an employee, except in the case of retirement. Interest rates vary in accordance with the terms and provisions of the trust deed and were 8% (2009: 8% to 12%; 2008: 8.85% to 12%).

^ PPC shares

The investment is held by Barloworld for the commitment to deliver PPC shares to the option holders following the unbundling of PPC. Refer to note 33.5 for details.

® The impairment related to the write off of an investment held in Norway by the disposed car rental Scandinavia business unit.

	2010 Rm	2009 Rm	2008 Rm
8. Deferred taxation			
Movement of deferred taxation			
Balance at beginning of year			
– deferred taxation assets	656	488	619
– deferred taxation liabilities	(249)	(266)	(610)
Net asset at beginning of the year	407	222	9
Recognised in income statement this year	22	114	53
– Continuing operations	24	114	51
– Rate change adjustment	(2)		2
Recognised in income statement this year			
– Discontinued operations	(1)	39	(28)
Arising on acquisition and disposal of subsidiaries		(10)	(16)
Translation differences	(40)	(63)	33
Accounted for directly in other comprehensive income	70	114	4
Unbundling of Coatings			(21)
Reclassified as held for sale		(36)	154
Other movements	(5)	27	34
Net asset at end of the year	453	407	222
– deferred taxation assets	755	656	488
– deferred taxation liabilities	(302)	(249)	(266)
Analysis of deferred taxation by type of temporary difference			
Deferred taxation assets			
Capital allowances	(106)	(115)	(81)
Provisions and payables	188	182	220
Prepayments and other receivables	32	45	39
Effect of tax losses	450	346	133
Retirement benefit obligations	195	199	178
Other temporary differences	(4)	(1)	(1)
	755	656	488
Deferred taxation liabilities			
Capital allowances	(244)	(323)	(345)
Provisions and payables	42	70	86
Prepayments and other receivables	(31)	60	50
Effect of tax losses	40	45	54
Retirement benefit obligations	(5)	(4)	(4)
Other temporary differences	(104)	(97)	(107)
	(302)	(249)	(266)
Amount of deferred taxation income/(expense) recognised in the income statement			
Capital allowances	(3)	(13)	53
Provisions and payables	(25)	(46)	29
Prepayments and other receivables	(6)	16	
Effect of tax losses	127	226	100
Retirement benefit obligations	(46)	(42)	(75)
Other temporary differences	(25)	(27)	(54)
	22	114	53

Notes to the consolidated annual financial statements *(continued)**for the year ended 30 September*

	2010 Rm	2009 Rm	2008 Rm
9. Inventories			
Work in progress	295	295	291
Finished goods	2 554	3 617	4 219
Merchandise	2 421	3 054	3 219
Consumable stores	11	21	26
Other inventories	37	49	20
Total inventories	5 318	7 036	7 775
Per business segment:			
– Equipment	2 623	4 386	5 010
– Automotive	2 097	1 902	2 124
– Handling	595	791	798
– Logistics	3	5	7
– Corporate		3	11
Total group	5 318	7 087	7 950
Amounts classified as held for sale		(51)	(175)
Total per statement of financial position	5 318	7 036	7 775
The value of inventories has been determined on the following bases:			
First-in first-out and specific identification	4 957	6 680	7 361
Weighted average	361	356	414
	5 318	7 036	7 775
Inventory pledged as security for liabilities	107	109	170
The secured liabilities are included under trade and other payables (note 17)			
Amount of write down of inventory to net realisable value and losses of inventory	141	22	13
Amount of reversals of inventory previously written down	4	7	5
Amounts removed during the year from cash flow hedge reserve and included in the initial cost of inventory	8	(55)	(2)

	2010 Rm	2009 Rm	2008 Rm
10. Trade and other receivables			
Trade receivables	4 119	4 172	5 883
Less: Allowance for doubtful receivables	(301)	(350)	(314)
Finance lease receivables (note 6)	331	270	161
Fair value of derivatives	31	21	138
Other receivables and prepayments	850	634	986
	5 030	4 747	6 854
Per category:			
Financial assets at fair value through profit or loss			
– Designated as such at initial recognition		21	
– Held for trading items			41
Loans and receivables	4 352	4 216	6 236
Derivative assets designated as effective hedging instruments	31		97
Finance lease receivables	331	270	161
	4 714	4 507	6 535
Per business segment:			
Continuing operations			
– Equipment	2 575	2 430	3 817
– Automotive	982	987	1 229
– Handling	659	629	887
– Logistics	806	813	1 065
– Corporate (including inter-group elimination)	51	(112)	(94)
Total continuing operations	5 073	4 747	6 904
Discontinued operations			
– Car rental – Scandinavia		445	471
Total discontinued operations		445	471
Total group	5 073	5 192	7 375
Amounts classified as held for sale	(43)	(445)	(521)
Total per statement of financial position	5 030	4 747	6 854
Allowance for doubtful receivables			
At 1 October	350	314	248
Additional allowance charged to profit or loss	68	111	70
Allowance reversed to profit or loss	(58)	(43)	(7)
Allowance utilised	(30)	(19)	
Acquisition of subsidiaries			16
Disposal of subsidiaries	(2)		(4)
Translation	(27)	(13)	(9)
At 30 September	301	350	314

Receivables are reviewed for impairment on an individual basis and factors considered include the nature and credit quality of counter parties as well as disputes regarding price, delivery, quality and authorisation of work done.

Notes to the consolidated annual financial statements (continued)

for the year ended 30 September

	2010 Rm	2009 Rm	2008 Rm
10. Trade and other receivables (continued)			
Age analysis of carrying value of items past due but not impaired per class			
Industry			
Less than 30 days	271	283	485
Between 31 – 60 days	192	160	361
Between 60 – 90 days	94	56	140
Greater than 90 days	105	101	158
	662	600	1 144
Government			
Less than 30 days	15	8	13
Between 31 – 60 days	4	2	12
Between 60 – 90 days	3	3	11
Greater than 90 days	6	13	4
	28	26	40
Consumers			
Less than 30 days	44	9	13
Between 31 – 60 days	21	1	37
Between 60 – 90 days	5	2	15
Greater than 90 days	18	1	7
	88	13	72
Carrying value of financial assets pledged as collateral for liabilities or contingent liabilities	55	84	78
The financial assets pledged consist of the accounts receivable in the Logistics Middle East division given as security for contingent liabilities.			
11. Cash and cash equivalents			
Cash on deposit	1 547	1 458	913
Other cash and cash equivalent balances	381	169	325
	1 928	1 627	1 238
Per category:			
Loans and receivables	1 928	1 627	1 238
	1 928	1 627	1 238
Per currency:			
South African rand	735	926	304
Foreign currencies	1 193	701	934
	1 928	1 627	1 238

	2010 Rm	2009 Rm	2008 Rm
12. Discontinued operations and assets classified as held for sale			
The Car rental Scandinavia business segment has been disposed on 31 July 2010.			
Results from discontinued operations are as follows:			
Revenue	1 219	1 451	2 498
Operating profit before items listed below (EBITDA)	104	160	372
Depreciation	(190)	(291)	(288)
Amortisation of intangible assets	(3)	(4)	(3)
Operating (loss)/profit	(89)	(135)	81
Fair value adjustments on financial instruments		(1)	(3)
Finance costs	(24)	(56)	(91)
Income from investments	4	11	13
Loss before exceptional items	(109)	(181)	
Exceptional items		(1)	(335)
Loss before taxation	(109)	(182)	(335)
Taxation	24	39	(7)
Loss after taxation	(85)	(143)	(342)
Income from associates and joint ventures			5
Net loss of discontinued operations before loss on disposal	(85)	(143)	(337)
(Loss)/profit on disposal of discontinued operations before taxation*	(289)		168
Realisation of translation reserve	102		201
Taxation effect of disposal			(43)
Release of contingency provision on prior year disposal		61	
Net (loss)/profit on disposal of discontinued operations after taxation	(187)	61	326
Loss from discontinued operations per income statement	(272)	(82)	(11)
Included in the loss from discontinued operations are the following non-trading items:			
Loss on sale of properties and investments		(1)	(2)
Net impairment of goodwill			(363)
Net impairment of other assets and costs to sell			(2)
The cash flows from the discontinued operations are as follows:			
Cash flows from operating activities	(6)	172	(63)
Cash flows from investing activities	183	(17)	1 041
Cash flows from financing activities	(92)	(40)	(553)

* Based on disposal prices agreed with external parties.

The major classes of assets and liabilities classified as held for sale are as follows:

	Total held for sale Rm	African Trading business ¹ Rm
2010		
Property, plant and equipment	3	3
Trade and other receivables	43	43
Cash balances	6	6
Assets classified as held for sale	52	52
Trade and other payables – short and long-term	(28)	(28)
Other current and non-current liabilities	(30)	(30)
Total liabilities associated with assets classified as held for sale	(58)	(58)
Net liability classified as held for sale	(6)	(6)

Notes to the consolidated annual financial statements (continued)

for the year ended 30 September

	Total Held for sale Rm	Car rental Scandinavia ² Rm	Other assets Rm	
12. Discontinued operations and assets classified as held for sale (continued)				
2009				
Intangible assets	7	7		
Investment in associates	8		8	
Vehicle rental fleet	1 697	1 697		
Inventories	51	51		
Trade and other receivables	445	445		
Finance lease receivables	5		5	
Cash balances	145	145		
Assets classified as held for sale	2 358	2 345	13	
Trade and other payables – short and long-term	(424)	(424)		
Other current and non-current liabilities	(117)	(117)		
Interest-bearing liabilities	(968)	(968)		
Total liabilities associated with assets classified as held for sale	(1 509)	(1 509)		
Net assets classified as held for sale	849	836	13	
	Total Held for sale Rm	Car rental Scandinavia ² Rm	Other assets Rm	Subaru ³ Rm
2008				
Property, plant and equipment	4	4		
Intangible assets	11	9		2
Vehicle rental fleet	2 102	2 102		
Inventories	175	58		117
Trade and other receivables	521	471		50
Deferred taxation assets	11			11
Finance lease receivables	13		13	
Tax overpaid	8	7		1
Cash balances	31	29		2
Assets classified as held for sale	2 876	2 680	13	183
Trade and other payables – short and long-term	(464)	(435)		(29)
Other current and non-current liabilities	(176)	(165)		(11)
Interest-bearing liabilities	(1 356)	(1 280)		(76)
Total liabilities associated with assets classified as held for sale	(1 996)	(1 880)		(116)
Net assets classified as held for sale	880	800	13	67

1. A decision has been made to dispose of the Logistics African non-corporate trading businesses. Negotiations are currently underway and sale agreements have been drafted. Final completion is expected by the first half of 2011 financial year.

2. The car rental Scandinavian business has been sold on 31 July 2010.

3. The sale of 50% of Subaru Southern Africa (Pty) Limited to Japan's Toyota Tsusho Corporation took place on 1 November 2008 and has since been accounted for as a joint venture of the group. The remaining 50% shareholding in Subaru Southern Africa (Pty) Limited was subsequently sold on 31 August 2010.

	2010 Rm	2009 Rm	2008 Rm
13. Share capital and premium			
Authorised share capital			
500 000 6% non-redeemable cumulative preference shares of R2 each	1	1	1
400 000 000 (2009: 300 000 000) ordinary shares of 5 cents each	20	15	15
	21	16	16
Issued share capital			
375 000 6% non-redeemable cumulative preference shares of R2 each (2009: 375 000) (2008: 375 000)	1	1	1
230 452 448 ordinary shares of 5 cents each (2009: 227 440 494) (2008: 226 878 609)	12	11	11
	13	12	12
Share premium:	282	240	230
Balance at beginning of year	240	230	212
Premium on share issues	43	12	23
Adjustment – other	(1)	(2)	(5)
Total issued share capital and premium	295	252	242
Issued shares:			
Total number of shares in issue at beginning of year excluding BEE shares	208 733 228	208 171 343	203 843 388
Issued during the year:			
Share options exercised	1 795 004	561 885	1 347 125
Shares issued to the General staff trust in terms of the BEE transaction			2 980 830
Shares issued in terms of the forfeitable share plan (note 33.2)	1 216 950		
Total number of ordinary shares in issue at end of year, excluding BEE shares	211 745 182	208 733 228	208 171 343
Other shares issued in respect of BEE transaction	18 707 266	18 707 266	18 707 266
Total number of ordinary shares in issue at end of year, including BEE shares	230 452 448	227 440 494	226 878 609
Treasury shares	(5 475 274)	(4 258 532)	(4 222 254)
Net number of ordinary shares in issue at end of year	224 977 174	223 181 962	222 656 355
Unissued shares:			
Ordinary shares reserved to meet the requirements of the Barloworld Share Option Scheme (note 1 below)	23 045 245	22 744 049	22 687 861
Ordinary shares	46 502 307	49 815 457	50 433 530
	69 547 552	72 559 506	73 121 391
6% Non-redeemable cumulative preference shares	125 000	125 000	125 000

Notes:

1. The members in general meeting on 20 January 2005 reserved shares for the purposes of the Barloworld Share Option Scheme.
2. The directors have a general authority to allot and issue up to 5% of the authorised but unissued ordinary shares of 5 cents each of the share capital of the company in terms of section 221 of the Companies Act.
3. Refer note 33 for detail about the Barloworld share incentive schemes and share-based payments disclosure.

Notes to the consolidated annual financial statements (continued)

for the year ended 30 September

	2010 Rm	2009 Rm	2008 Rm
14. Interest-bearing liabilities			
Total long-term borrowings (note 32.2)	6 066	5 970	5 196
Less: Current portion redeemable and repayable within one year (note 18)	(1 781)	(692)	(174)
Interest-bearing liabilities	4 285	5 278	5 022
Per category:			
Financial liabilities measured at amortised cost	4 285	5 278	5 022
	4 285	5 278	5 022

Summary of group borrowings by currency and by year of redemption or repayment

	Total owing 2010	Repayable during the year ending 30 September					Total owing 2009	Total owing 2008
		2011	2012	2013	2014	2015 and onwards		
R million								
Total SA rand	5 692	1 608	85	46	760	3 193	5 463	4 071
US dollar	37	16	12	6	2	1	74	618
UK sterling	152	108	22	13	7	2	239	270
Euro	156	32	30	30	21	43	190	193
Other	29	17	8	4			4	44
Total foreign currencies	374	173	72	53	30	46	507	1 125
Total SA rand and foreign currency liabilities	6 066	1 781	157	99	790	3 239	5 970	5 196

	Liabilities secured			Net book value of assets encumbered		
	2010 Rm	2009 Rm	2008 Rm	2010 Rm	2009 Rm	2008 Rm
Included above are secured liabilities as follows:						
Secured liabilities						
Secured loans						
South African rand	79	64	105	129	131	135
Foreign currencies			39			76
Liabilities under capitalised finance leases (note 29)						
South African rand	476	499	512	449	468	481
Foreign currencies	344	487	432	204	234	444
Total secured liabilities	899	1 050	1 088	782	833	1 136
Assets encumbered are made up as follows:						
Property, plant and equipment (note 2)				618	749	1 058
Finance lease receivables (note 6)				164		
Trade receivables (note 10)					84	78
				782	833	1 136

	2010 Rm	2009 Rm	2008 Rm
15. Provisions			
Non-current	217	185	325
Current	476	580	731
	693	765	1 056
Per business segment:			
Continuing operations			
– Equipment	298	340	446
– Automotive	195	211	390
– Handling	46	56	67
– Logistics	49	11	9
– Corporate	134	147	155
Total continuing operations	722	765	1 067
Discontinued operations			
– Car rental – Scandinavia			1
Total discontinued operations			1
Total group	722	765	1 068
Amounts classified as held for sale	(29)		(12)
Total per statement of financial position	693	765	1 056

	Total 2010 Rm	In- surance claims Rm	Warranty claims Rm	Credit life and warranty products Rm	Main- tenance contracts Rm	Post- retirement benefits Rm	Re- structuring Rm	Other Rm
Movement of provisions								
Balance at beginning of year	765	59	139	43	220	128	39	137
Amounts added	900	19	268	10	437	9	37	120
Amounts used	(882)	(29)	(291)	(11)	(454)	(32)	(7)	(58)
Amounts reversed unused	(75)		(13)	(1)	(4)	(6)		(51)
Unwinding of discount on present valued amounts	17				17			
Translation adjustments	(32)	(5)	(4)		(3)	(7)	(13)	
Balance at end of year	693	44	99	41	213	92	56	148
To be incurred								
Within one year	476	44	98	41	163	6	32	92
Between two to five years	142		1		50	13	24	54
More than five years	75					73		2
	693	44	99	41	213	92	56	148

Insurance claims

The provision arises from outstanding claims in Barloworld Insurance Limited which manages the group's insurance programme.

Warranty claims

The provisions relate principally to warranty claims on capital equipment, spare parts and service. The estimate is based on claims notified and past experience.

Credit life and warranty products

The provision relates to credit life and warranty products sold by the automotive segment. Refer note 31 on insurance contracts.

Maintenance contracts

This relates to deferred revenue on maintenance and repair contracts on equipment, forklift trucks and motor vehicles. Assumptions include the estimation of maintenance and repair costs over the life cycle of the assets concerned.

Post-retirement benefits

The provisions comprise mainly post-retirement benefits for existing and former employees. Actuarial valuations were used to determine the value of the provisions where necessary. The actuarial valuations are based on assumptions which include employee turnover, mortality rates, discount rates, the expected long-term rate of return of retirement plan assets, health care inflation cost and rates of increase in compensation costs.

Restructuring

The provision includes obligations related to the closure of operations.

Other

Included in other provisions are the amounts raised in terms of the share appreciation rights scheme amounting to R25 million (refer note 33) as well as unearned premium provisions amounting to R60 million in the Automotive division.

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

	2010 Rm	2009 Rm	2008 Rm
16. Other non-interest bearing liabilities			
Bills and leases discounted with recourse and repurchase obligations	15	20	111
Fair value of derivatives	20	79	20
Retirement benefit obligation	515	321	6
Other payables	316	354	502
Total non-interest bearing liabilities	866	774	639
Per category:			
Financial liabilities at fair value through profit or loss			
– Designated as such at initial recognition		21	11
– Held for trading items			20
Financial liabilities measured at amortised cost	866	685	602
Derivative liabilities designated as effective hedging instruments		68	
Other liabilities			6
	866	774	639
Per business segment:			
Continuing operations			
– Equipment	56	48	84
– Automotive	189	191	225
– Handling	99	141	287
– Logistics	4	4	14
– Corporate	518	390	29
Total group	866	774	639

Retirement benefit information

It is the policy of the group to encourage, facilitate and contribute to the provision of retirement benefits for all permanent employees. To this end the group's permanent employees are usually required to be members of either a pension or provident fund, depending on their preference and local legal requirements.

Altogether 46% of employees belong to one defined benefit and nine defined contribution retirement funds in which group employment is a prerequisite for membership. Of these, the defined benefit and four defined contribution funds are located outside of South Africa and accordingly are not subject to the provisions of the Pension Funds Act of 1956. 36% of employees belong to defined contribution funds associated with industry or employee organisations.

Defined contribution plans

The total cost charged to profit or loss of R428 million (2009: R390 million; 2008: R307 million) represents contributions payable to these schemes by the group at rates specified in the rules of the schemes (note 20).

Defined benefit plans

Amounts recognised in the Income Statement in respect of defined benefit schemes are as follows:

	2010 Rm	2009 Rm	2008 Rm
Current service cost	17	17	28
Interest costs	243	285	326
Expected return on plan assets	(259)	(286)	(357)
Net loss/(gain) recognised in profit or loss (note 20)	1	16	(3)
Actual return on plan assets	445	369	(364)

The triennial valuation of the United Kingdom defined benefit pension scheme was completed as at 1 April 2008 and updated at September 2010. The scheme reflected a deficit, calculated in terms of IAS 19 Employee Benefits of £45.0 million at the end of the financial year. The scheme was closed to new entrants from 1 April 2002, with all new employees in the United Kingdom required to join the defined contribution scheme.

The estimated contributions to be paid to the plan during the next financial year amounts to £1.9 million (R21 million).

	2010 Rm	2009 Rm	2008 Rm
16. Other non-interest bearing liabilities (continued)			
The amount included in the statement of financial position arising from the group's obligations in respect of defined benefit retirement plans is set out below:			
Present value of funded obligation	4 859	4 824	5 270
Fair value of plan assets	4 344	4 503	5 264
Net liability per statement of financial position	515	321	6
Movement in present value of funded obligation:			
At beginning of year	4 824	5 270	5 504
Current service cost	17	17	28
Interest cost	243	285	326
Actuarial losses/(gains) recognised in the statement of comprehensive income	427	411	(578)
Benefits paid	(216)	(231)	(292)
Employee contributions	12	14	21
Exchange differences	(448)	(942)	261
At the end of year	4 859	4 824	5 270
Movement in fair value of plan assets:			
At beginning of year	4 503	5 264	4 816
Expected return on plan assets	259	286	357
Actuarial losses/(gains) recognised in the statement of comprehensive income	189	90	(711)
Contributions	20	24	826
Benefits paid	(216)	(231)	(292)
Employee contributions	12	14	21
Other movements			(1)
Exchange differences	(423)	(944)	248
At the end of year	4 344	4 503	5 264
Cumulative actuarial losses	1 527	1 289	968
Plan assets consist of the following:			
– Equity instruments (%)	51	51	41
– Bonds (%)	49	47	58
– Cash (%)		2	1

Amount included in the fair value of assets for Barloworld Limited shares and property occupied by the group is nil.

Notes to the consolidated annual financial statements (continued)

for the year ended 30 September

16. Other non-interest bearing liabilities (continued)

Defined benefit funds are valued by independent actuaries as follows:

	Valuation interval	Latest statutory valuation
Barloworld UK Pension Scheme	Triennial	1 April 2008

Key assumptions used:

	2010	UK 2009	2008
Discount rate (%)	5.1	5.6	6.6
Expected return on plan assets (%)	6.2	7.7	7.2
Expected rate of salary increases (%)	3.0	3.8	4.3
Future pension increases (%)	3.0	3.0	3.5

Historical disclosures:

	2010 Rm	2009 Rm	2008 Rm	2007 Rm	2006 Rm
Present value of obligation	4 859	4 824	5 270	5 504	5 457
Fair value of plan assets	4 344	4 503	5 264	4 816	4 685
Net liability	515	321	6	688	772
Experience adjustments (%):					
Plan liabilities	9.0	8.5	(5.6)		
Plan assets	4.0	2.0	(13.9)	2.0	2.3

Historically, qualifying employees were granted certain post-retirement medical benefits. The obligation for the employer to pay medical aid contributions after retirement is not part of the conditions of employment for new employees. A number of pensioners and employees in the group remain entitled to this benefit, the cost of which has been fully provided (note 15).

	2010 Rm	2009 Rm	2008 Rm
17. Trade and other payables			
Trade and other payables	5 657	5 682	7 282
Fair value of derivatives	150	93	53
	5 807	5 775	7 335
Per category:			
Financial liabilities at fair value through profit or loss			
– Designated as such at initial recognition	27	57	
– Held for trading items	1	11	11
Financial liabilities measured at amortised cost	4 837	4 744	6 373
Derivatives designated as effective hedging instruments	131	74	42
	4 996	4 886	6 426
Per business segment:			
Continuing operations			
– Equipment	1 814	1 512	2 883
– Automotive	2 581	2 632	2 236
– Handling	746	764	1 206
– Logistics	756	802	908
– Corporate (including inter-group elimination)	(62)	65	131
Total continuing operations	5 835	5 775	7 364
Discontinued operations			
– Car rental – Scandinavia		424	431
Total discontinued operations		424	431
Total group	5 835	6 199	7 795
Amounts classified as held for sale	(28)	(424)	(460)
Total per statement of financial position	5 807	5 775	7 335

Refer note 9 for details of inventory pledged as security for payables.

	2010 Rm	2009 Rm	2008 Rm
18. Amounts due to bankers and short-term loans			
Bank overdrafts	108	633	1 488
Short-term loans	803	2 348	2 604
Current portion of long-term borrowings (note 14)	1 781	692	174
Total group	2 692	3 673	4 266
Amounts classified as held for sale		(106)	
Total per statement of financial position	2 692	3 567	4 266
Per category:			
Financial liabilities measured at amortised cost	2 692	3 567	4 266
	2 692	3 567	4 266
Per currency:			
South African rand	2 369	3 191	3 548
Foreign currencies	323	376	718
	2 692	3 567	4 266
19. Revenue			
Sale of goods	28 555	32 583	37 500
Rendering of services	7 915	8 483	8 060
Rentals received	3 636	3 897	4 110
Finance lease income	38	32	205
Other	686	274	232
	40 830	45 269	50 107
Per business segment:			
Continuing operations			
– Equipment	12 233	17 079	21 133
– Automotive	20 827	19 073	18 929
– Handling	4 086	5 008	6 754
– Logistics	3 678	4 087	3 208
– Corporate	6	22	83
Total continuing operations	40 830	45 269	50 107
Discontinued operations			
– Car rental – Scandinavia	1 219	1 451	1 772
– Coatings			517
– Scientific			209
Total discontinued operations	1 219	1 451	2 498
Total group	42 049	46 720	52 605
Value of business handled on behalf of customers but not recognised in revenue	1 555	2 390	3 617

Notes to the consolidated annual financial statements *(continued)**for the year ended 30 September*

	2010 Rm	2009 Rm	2008 Rm
20. Operating profit			
Operating profit is arrived at as follows:			
Revenue	40 830	45 269	50 107
Less: Net expenses	39 454	43 275	47 456
Cost of sales	31 900	35 296	39 778
Distribution costs	984	1 134	2 080
Administrative costs	4 436	4 571	4 349
Other operating costs	2 495	2 359	1 380
Other operating income	(361)	(85)	(131)
Operating profit	1 376	1 994	2 651
Per business segment:			
Continuing operations			
– Equipment	656	1 293	2 057
– Automotive	772	703	540
– Handling	(17)	(27)	172
– Logistics	10	77	135
– Corporate	(45)	(52)	(253)
Total continuing operations	1 376	1 994	2 651
Discontinued operations			
– Car rental – Scandinavia	(89)	(135)	(10)
– Coatings			78
– Scientific			13
Total discontinued operations	(89)	(135)	81
Total group	1 287	1 859	2 732

	2010 Rm	2009 Rm	2008 Rm
20. Operating profit (continued)			
Expenses include the following:			
Interest paid by leasing operations included in cost of sales	142	152	153
Depreciation	1 926	2 145	2 121
Continuing operations	1 736	1 854	1 833
Discontinued operations	190	291	288
Amortisation of intangibles	67	65	57
Continuing operations	64	61	52
Discontinued operations	3	4	5
Amounts removed from equity in respect of effective cash flow hedges	18	24	10
Operating lease charges	704	833	618
Operating lease charges – continuing operations	649	759	551
Land and buildings	334	433	329
Plant, vehicles and equipment	315	326	222
Operating lease charges – discontinued operations	55	74	67
Land and buildings	54	70	66
Plant, vehicles and equipment	1	4	1
Research and development costs			57
Administration, management and technical fees paid	110	158	149
Auditors' remuneration:	55	67	63
Audit fees	45	58	52
Fees for other services	10	9	11
Directors' emoluments paid by holding company and subsidiaries (note 35):			
Total directors' emoluments**	53	36	63
Executive directors	46	30	54
Salaries	19	15	17
Bonuses	13	10	14
Retirement and medical contributions	4	3	3
Share options/share appreciation rights awarded	2		(3)
Forfeitable share plan	5		
Car allowances	1	1	2
Other benefits	2	1	21
Non-executive directors	7	6	9
Fees	6	5	6
Fees for services to subsidiaries and other services	1	1	3
Staff costs (excluding directors' emoluments)	6 581	7 054	6 785
Continuing operations	6 296	6 667	6 380
Discontinued operations	285	387	405
Profit on disposal of other plant and equipment	(2)		(3)
Loss/(profit) on disposal of intangible assets	4	(1)	2
Amounts recognised in respect of retirement benefit plans (note 16):			
Defined contribution funds	428	390	307
Defined benefit funds	1	16	(3)

** Excludes the amount for share options exercised/ceded included in directors' remuneration per note 35.

Notes to the consolidated annual financial statements (continued)

for the year ended 30 September

	2010 Rm	2009 Rm	2008 Rm
21. Fair value adjustments on financial instruments			
Realised	(34)	(151)	44
Unrealised	(55)	(50)	(124)
Fair value adjustments on financial instruments	(89)	(201)	(80)
Per category:			
Financial assets/liabilities at fair value through profit or loss			
– Designated as such at initial recognition		(1)	(114)
– Held for trading items	(64)	(61)	17
Available-for-sale (reclassified from other comprehensive income to profit or loss)	1	(1)	
Loans and receivables	(33)	(28)	30
Held to maturity	1		
Financial liabilities measured at amortised cost	6	(110)	(13)
Total fair value adjustments on financial instruments	(89)	(201)	(80)
Per business segment:			
Continuing operations			
– Equipment	(58)	(151)	49
– Automotive	2	(2)	4
– Handling	(28)	(29)	(25)
– Logistics	(7)	(6)	1
– Corporate	2	(13)	(109)
Total continuing operations	(89)	(201)	(80)
Discontinued operations			
– Car rental – Scandinavia		(1)	(2)
– Coatings			(1)
Total discontinued operations		(1)	(3)
Total group	(89)	(202)	(83)
Fair value adjustments on financial instruments include:			
Ineffectiveness recognised in profit or loss arising from cash flow hedges	7	(61)	8
22. Finance costs			
Interest on financial liabilities not at fair value through profit or loss:			
Corporate bond and other long-term borrowings	(320)	(484)	(242)
Bank and other short-term borrowings	(418)	(558)	(727)
Capitalised finance leases	(64)	(68)	(59)
	(802)	(1 110)	(1 028)
Interest capitalised	7	25	15
Leasing inter-group interest classified as cost of sales	128	147	124
Total continuing operations	(667)	(938)	(889)
Discontinued operations – inter group interest paid	(3)	(9)	(15)
Discontinued operations – external interest paid	(21)	(47)	(76)
Total group	(691)	(994)	(980)
Finance costs include:			
Amounts removed from other comprehensive income in respect of effective cash flow hedges – (loss)/gain	(3)	(20)	24
23. Income from investments			
Dividends – listed and unlisted investments	6	14	20
Interest on financial assets not at fair value through profit or loss	78	135	175
Total continuing operations	84	149	195
Discontinued operations	4	11	13
Total group	88	160	208

	2010 Rm	2009 Rm	2008 Rm
24. Exceptional items			
Profit on disposal of properties, investments and subsidiaries	60	18	30
Impairment of goodwill**	(152)		(10)
(Impairment)/reversal of investments	(33)	4	(35)
Impairment of property, plant and equipment**	(51)		(2)
Gross exceptional (loss)/profit from continuing operations	(176)	22	(17)
Taxation (charge)/benefit on exceptional items		(5)	1
Net exceptional (loss)/profit from continuing operations	(176)	17	(16)
Gross exceptional loss from discontinued operations		(1)	(335)
Net exceptional (loss)/profit – total group	(176)	16	(351)
<i>** Refer notes 2, 3 and 7 for an explanation of the assumptions and circumstances underlying the impairments.</i>			
25. Taxation			
South African normal taxation			
Current year	(120)	(123)	(329)
Prior year	(7)	20	(3)
	(127)	(103)	(332)
Foreign and withholding taxation			
Current year	(100)	(219)	(319)
Prior year	2	1	(12)
	(98)	(218)	(331)
Deferred taxation			
Current year	(16)	114	33
Prior year	40		20
Attributable to a change in the rate of income tax	(2)		2
	22	114	55
Secondary taxation on companies			
Current year	(25)	(41)	(65)
Deferred			(2)
	(25)	(41)	(67)
Taxation attributable to the company and its subsidiaries	(228)	(248)	(675)
Per business segment:			
Continuing operations			
– Equipment	(147)	(259)	(610)
– Automotive	(110)	(110)	(17)
– Handling	17	27	(18)
– Logistics	(7)	(21)	(24)
– Corporate	19	115	(6)
Total continuing operations	(228)	(248)	(675)
Discontinued operations			
– Car rental – Scandinavia	24	39	26
– Coatings			(22)
– Scientific			(11)
Total discontinued operations	24	39	(7)
Total group	(204)	(209)	(682)

Notes to the consolidated annual financial statements (continued)

for the year ended 30 September

	2010 %	2009 %	2008 %
25. Taxation (continued)			
Reconciliation of rate of taxation:			
South Africa normal taxation rate	28.0	28.0	28.0
Reduction in rate of taxation	(9.8)	(15.0)	(1.7)
Exempt income	(3.4)	(5.1)	(0.7)
Exceptional tax		(0.1)	
Rate change adjustment			(0.1)
Tax losses of prior periods		(7.7)	(0.6)
Prior year taxation	(6.4)	(2.1)	(0.3)
Increase in rate of taxation	25.0	11.2	10.0
Disallowable charges	5.2	4.7	5.1
Exceptional tax	9.3		0.2
Foreign tax differential	3.7	2.5	1.1
Rate change adjustment	0.3		
Current year tax losses not utilised	1.8		
Secondary taxation on companies	4.7	4.0	3.6
Taxation as a percentage of profit before taxation	43.2	24.2	36.3
Taxation (excluding prior year taxation, exceptional taxation and secondary taxation on companies) as a percentage of profit before taxation (excluding exceptional items)	33.8	22.2	32.7
	Rm	Rm	Rm
Group tax losses and STC credits at the end of the year:			
South African – taxation losses	(745)	(587)	(342)
Foreign – taxation losses	(1 005)	(826)	(391)
	(1 750)	(1 413)	(733)
Utilised to reduce deferred taxation liabilities or create deferred taxation assets	1 663	1 256	504
Losses on which no deferred taxation assets raised due to uncertainty regarding utilisation	(87)	(157)	(229)
26. Earnings and headline earnings per share			
26.1 Fully converted weighted average number of shares			
Weighted average number of ordinary shares (net of share buyback)	209 468 701	208 517 521	204 558 742
Increase in number of shares as a result of unexercised share options	717 925	1 449 605	2 657 567
Fully converted weighted average number of shares	210 186 626	209 967 126	207 216 309
Account is taken of the number of ordinary shares in issue for the period in which they are entitled to participate in the net profit of the group.			
	Rm	Rm	Rm
Net (loss)/profit for the year attributable to shareholders of parent company	(7)	671	1 232
Net profit for the year from continuing operations	265	753	1 244
Net loss for the year from discontinued operations	(272)	(82)	(12)

	2010	2009	2008	2010 Cents	2009 Cents	2008 Cents
26. Earnings and headline earnings per share (continued)						
26.2 Earnings per share						
BASIC						
The weighted average number of ordinary shares	209 468 701	208 517 521	204 558 742			
(Loss)/earnings per share (basic)				(3.3)	321.8	602.2
Earnings per share from continuing operations (basic)				126.5	361.1	608.1
Loss per share from discontinued operations (basic)				(129.9)	(39.3)	(5.9)
DILUTED						
Fully converted weighted average number of shares (note 26.1)	210 186 626	209 967 126	207 216 309			
(Loss)/earnings per share (diluted)				(3.3)	319.6	594.5
Earnings per share from continuing operations (diluted)				126.1	358.6	600.3
Loss per share from discontinued operations (diluted)				(129.9)	(39.0)	(5.8)
Percentage dilution	0.3	1.3	1.8			
				Rm	Rm	Rm
26.3 Headline earnings per share						
BASIC						
Profit for the year attributable to Barloworld Limited shareholders				(7)	671	1 232
Adjusted for the following:						
Gross remeasurements excluded from headline earnings				365	(87)	(18)
Loss/(profit) on disposal of discontinued operations (IFRS 5)				289	(60)	(168)
Profit on disposal of subsidiaries and investments (IAS 27)				(38)		
Realisation of translation reserve on disposal of offshore subsidiaries (IAS 21)				(102)		(201)
Profit on disposal of properties (IAS 16)				(22)	(14)	(30)
Impairment of goodwill (IFRS 3)				152		343
Impairment/(reversal) of investments in associates (IAS 28) and joint ventures (IAS 31)				33	(12)	37
Impairment of plant and equipment (IAS 16)				51		2
Loss/(profit) on sale of intangible assets (IAS 38)				4	(1)	2
Profit on sale of plant and equipment excluding rental assets (IAS 16)				(2)		(3)
Taxation effects of remeasurements					5	42
Taxation benefit of discontinued operations (IFRS 5)					(1)	
Taxation charge on disposal of subsidiaries (IAS 27)						43
Taxation charge on impairment of investments in associates (IAS 28) and joint ventures (IAS 31)					6	
Taxation benefit on impairment of plant and equipment (IAS 16)						(1)
Net remeasurements excluded from headline earnings				365	(82)	24
Headline earnings				358	589	1 256

Notes to the consolidated annual financial statements (continued)

for the year ended 30 September

	2010 Rm	2009 Rm	2008 Rm
26. Earnings and headline earnings per share (continued)			
26.3 Headline earnings per share (continued)			
Profit from continuing operations	316	821	1 257
Non-controlling shareholders' interest in net profit from continuing operations	(51)	(68)	(13)
Profit from continuing operations attributable to Barloworld Limited shareholders	265	753	1 244
Adjusted for the following items in continuing operations:			
Gross remeasurements excluded from headline earnings from continuing operations	178	(28)	16
Profit on disposal of subsidiaries and investments (IAS 27)	(38)		
Profit on disposal of properties (IAS 16)	(22)	(15)	(30)
Impairment of goodwill (IFRS 3)	152		10
Impairment of investments/(Reversal of impairment) in associates (IAS 28) and joint ventures (IAS 31)	33	(12)	35
Impairment of plant and equipment (IAS 16)	51		2
Loss/(profit) on sale of intangible assets (IAS 38)	4	(1)	2
Profit on sale of plant and equipment excluding rental assets (IAS 16)	(2)		(3)
Taxation effects of remeasurements		6	(1)
Taxation charge on impairment of investments in associates (IAS 28) and joint ventures (IAS 31)		6	
Taxation benefit on impairment of plant and equipment (IAS 16)			(1)
Net remeasurements excluded from headline earnings from continuing operations	178	(22)	15
Headline earnings from continuing operations	443	731	1 259
Loss from discontinued operations	(272)	(82)	(11)
Non-controlling shareholders' interest in net loss from discontinued operations			(1)
Loss from discontinued operations attributable to Barloworld Limited shareholders	(272)	(82)	(12)
Adjusted for the following items in discontinued operations:			
Gross remeasurements excluded from headline earnings from discontinued operations	187	(59)	(34)
Loss/(profit) on disposal of discontinued operations (IFRS 5)	289	(60)	(168)
Realisation of translation reserve on disposal of offshore subsidiaries (IAS 21)	(102)		(201)
Loss on disposal of properties (IAS 16)		1	
Impairment of goodwill (IFRS 3)			333
Impairment of investments in associates (IAS 28) and joint ventures (IAS 31)			2
Taxation effects of remeasurements		(1)	43
Taxation benefit on disposal of discontinued operations (IFRS 5)		(1)	
Taxation charge on disposal of subsidiaries (IAS 27)			43
Net remeasurements excluded from headline earnings from discontinued operations	187	(60)	9
Headline loss from discontinued operations	(85)	(142)	(3)

	2010	2009	2008	2010 Cents	2009 Cents	2008 Cents
26. Earnings and headline earnings per share (continued)						
26.3 Headline earnings per share (continued)						
BASIC						
The weighted average number of ordinary shares	209 468 701	208 517 521	204 558 742			
Headline earnings per share (basic)				170.9	282.5	614.0
Headline earnings per share from continuing operations (basic)				211.5	350.6	615.5
Headline loss per share from discontinued operations (basic)				(40.6)	(68.1)	(1.5)
DILUTED						
Fully converted weighted average number of shares (note 26.1)	210 186 626	209 967 126	207 216 309			
Headline earnings per share (diluted)				170.3	280.5	606.1
Headline earnings per share from continuing operations (diluted)				210.7	348.1	607.6
Headline loss per share from discontinued operations (diluted)				(40.6)	(67.6)	(1.5)
Percentage dilution	0.4	0.7	1.3			

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

	2010 Rm	2009 Rm	2008 Rm
27. Dividends			
Ordinary shares			
Final dividend No 162 paid on 18 January 2010: 70 cents per share (2009: No 160 – 150 cents per share; 2008: No 158 – 200 cents per share)	147	312	409
Interim dividend No 163 paid on 7 June 2010: 20 cents per share (2009: No 161 – 40 cents per share; 2008: No 159 – 100 cents per share)	42	84	205
Paid to Barloworld Limited shareholders	189	396	614
Paid to non-controlling shareholders	34	38	8
	223	434	622

On 17 November 2010 the directors declared dividend No 164 of 55 cents per share.

An estimated dividend liability of R125 million and an estimated STC liability of R8 million have not been included in these financial statements.

In compliance with the requirements of the JSE Limited, the following dates are applicable:

Date declared	Wednesday	17 November 2010
Last day to trade <i>cum</i> dividend	Friday	7 January 2011
Shares trade ex dividend	Monday	10 January 2011
Record date	Friday	14 January 2011
Payment date	Monday	17 January 2011

Share certificates may not be dematerialised or rematerialised between Monday, 10 January 2011 and Friday, 14 January 2011, both days inclusive.

Analysis of dividends declared in respect of current year's earnings:

	2010 Cents	2009 Cents	2008 Cents
Ordinary dividends per share			
Interim dividend	20	40	100
Final dividend	55	70	150
	75	110	250

6% cumulative non-redeemable preference shares

Preference dividends totalling R22 500 were declared on each of the following dates:

- 14 April 2010 (paid on 17 June 2010)
- 5 November 2009 (paid on 30 November 2009)
- 28 April 2009 (paid on 25 May 2009)
- 14 November 2008 (paid on 24 November 2008)
- 25 April 2008 (paid on 26 May 2008)
- 10 October 2007 (paid on 5 November 2007)

	2010 Rm	2009 Rm	2008 Rm
28. Barloworld shareholders' attributable interest in subsidiaries			
Holding company	574	4 540	551
Less: Dividends received from subsidiaries	(492)	(4 455)	(801)
	82	85	(250)
Attributable interest in the aggregate amount of profits and losses of subsidiaries, after taxation, including associate companies:			
Profits	1 297	1 165	2 384
Losses	(1 386)	(579)	(902)
Barloworld Limited shareholders' interest	(7)	671	1 232

	2010 Rm	2009 Rm	2008 Rm
29. Commitments			
Capital expenditure commitments to be incurred:			
Contracted	1 016	920	953
Approved but not yet contracted	331	503	131
	1 347	1 423	1 084
Share of joint ventures' capital expenditure commitments to be incurred:			
Contracted	8		
Approved but not yet contracted	29		3
	37		3

Commitments will be spent substantially in the next financial year. Capital expenditure will be financed by funds generated by the business, existing cash resources and borrowing facilities available to the group.

	Long-term > 5 years Rm	Medium-term 2 – 5 years Rm	Short-term <1 year Rm	2010 Total Rm	2009 Total Rm	2008 Total Rm
Lease commitments						
Operating lease commitments						
Land and buildings	483	748	311	1 542	1 705	1 850
Motor vehicles		121	92	213	301	308
Other		31	164	195	145	120
	483	900	567	1 950	2 151	2 278

Land and building commitments include the following items:

- Commitments for the operating and administrative facilities used by the majority of business segments. The average lease term is five years. Many lease contracts contain renewal options at fair market rates.
- Properties used for office accommodation and used car outlets in the major southern African cities. Rentals escalate at rates which are in line with the historical inflation rates applicable to the southern African environment. Lease periods do not exceed five years.
- Properties at airport locations. The leases are in general for periods of five years and the rental payments are based on a set percentage of revenues generated at those locations subject to certain minimums.

Motor vehicle commitments are mainly for vehicles in use in the offshore operations. The average lease term is four years.

	Long-term > 5 years Rm	Medium-term 2 – 5 years Rm	Short-term <1 year Rm	2010 Total Rm	2009 Total Rm	2008 Total Rm
Finance lease commitments						
Present value of minimum lease payments						
Land and buildings	276	224	34	534	571	600
Motor vehicles		18	16	34	60	74
Rental fleets		41	108	149	232	270
Other		76	27	103	123	
	276	359	185	820	986	944
Minimum lease payments						
Land and buildings	412	406	91	909	1 001	1 082
Motor vehicles		18	16	34	61	84
Rental fleets		41	109	150	234	303
Other		76	27	103	122	
Total including future finance charges	412	541	243	1 196	1 418	1 469
Future finance charges				(376)	(432)	(525)
Present value of lease commitments (note 14)				820	986	944

Land and building commitments are for certain fixed rate leases in the automotive division for trading premises with an average term of twelve years including a purchase option at the end of the term.

Rental fleet commitments arise mainly in Barloworld Finance in the United Kingdom, which has financed certain rental units under capital leases with various institutions. These expire at the same time as the related lease with the customer.

Other commitments arise mainly in the handling division in Belgium where units are sold to customers and financed by the bank, whereby a guaranteed buyback is provided to the bank for more than 20% of the unit's value.

Notes to the consolidated annual financial statements (continued)

for the year ended 30 September

	2010 Rm	2009 Rm	2008 Rm
30. Contingent liabilities			
Bills, lease and hire-purchase agreements discounted with recourse, other guarantees and claims	1 367	1 212	1 066
Litigation, current or pending, is not considered likely to have a material adverse effect on the group.			
Buyback and repurchase commitments not reflected on the statement of financial position	224	294	517
The related assets are estimated to have a value at least equal to the repurchase commitment.			
The group has given guarantees to the purchaser of the coatings Australian business relating to environmental claims. The guarantees are for a maximum period of eight years up to July 2015 and are limited to the sales price received for the business. Freeworld Coatings Limited is responsible for the first AUD5 million of any claim in terms of the unbundling arrangement.			
Warranties and guarantees have been given as a consequence of the various disposals completed during the year and prior years. None are expected to have a material impact on the financial results of the group.			
The amount disclosed represents the group's share of contingent liabilities. The extent to which an outflow of funds will be required is dependent on future operations being more or less favourable than currently expected.			
There are no material contingent liabilities in joint venture companies.			
31. Insurance contracts			
Certain transactions are entered into by the group as insurer which fall within the definition of insurance contracts per IFRS 4 Insurance Contracts. Significant items included are the following:			
– credit life, warranty, personal accident and motor products sold with vehicles in the automotive segment			
– specific portions of maintenance contracts on equipment and vehicles sold in the equipment, handling and automotive segments			
– guaranteed residual values on equipment and vehicles in the equipment, handling and automotive segments.			
	2010 Rm	2009 Rm	2008 Rm
Income	1 514	1 336	1 315
Expenses	1 129	1 034	1 021
Cash inflow/(outflow)	21	8	(67)
(Gains)/losses recognised on buying reinsurance	(4)	(4)	5
Deferral of gains and losses on reinsurance:			
Unamortised amount at the beginning of the year			2
Amortisation for the year			(2)
Unamortised amount at the end of the year			
Liabilities:			
At the beginning of the year	513	650	482
Amounts added	1 077	898	1 261
Amounts used	(963)	(951)	(1 080)
Amounts reversed unused	(75)	(66)	(36)
Fair value adjustment on discount effect	(41)		
Translation difference	(20)	(18)	23
At the end of the year	491	513	650
Maturity profile:			
Within one year	267	296	372
Two to five years	217	215	267
More than five years	7	2	11
	491	513	650

	2010 Rm	2009 Rm	2008 Rm
31. Insurance contracts (continued)			
Assets:			
At the beginning of the year	213	222	220
Amounts added	743	586	616
Amounts used	(737)	(595)	(614)
At the end of the year	219	213	222
Age analysis of items overdue but not impaired:			
Overdue 30 to 60 days		3	10
Overdue 60 to 90 days	2		1
Overdue 90+ days			3
	2	3	14

Significant assumptions and risks arising from insurance contracts:

Credit life, warranty, personal accident and motor products

The sale of credit life and extended warranty products in the automotive segment is conducted through cell captive arrangements. The principal risk that the group faces under these insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amounts of claims and benefits will vary from year to year from the estimate determined using statistical techniques.

The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from insurance contracts and includes credit risk, interest rate risk, currency risk, and liquidity risk. All risks are managed on behalf of the group by an outside insurance company.

The risks are spread over a large variety of clients in the South African market.

Personal accident – Provides compensation arising out of the accidental death, permanent or temporary total disability of the renter and passengers in the vehicle.

Automotive – Provides indemnity for loss of or damage to the insured motor vehicle. The cover is normally on an all risks basis providing a wide scope of cover following an accident or a theft of the vehicle but the insured can select restricted forms of cover such as cover for fire and theft only.

The critical accounting judgements made in applying the group's accounting policies relate to the estimation of the ultimate liability arising from claims made under insurance contracts. The group's estimates for reported and unreported losses are continually reviewed and updated, and adjustments resulting from this review are reflected in the profit or loss. The process relies upon the basic assumption that past experience adjusted for the effect of current developments is an appropriate basis for predicting future events.

Maintenance contracts

Maintenance contracts are offered to customers in the equipment, automotive and handling segments. The contracts are managed internally through ongoing contract performance reviews, review of costs and regular fleet inspections. Risks arising from maintenance contracts includes component lives, component failure and cost of labour. The contracts consist of a variety of forms but generally include cover for regular maintenance as well as for repairs due to breakdowns and component failure which is not covered by manufacturer's warranties or other external maintenance plans. The amounts above include the estimated portion of contracts that meet the definition of an insurance contract. Revenue is recognised on the percentage of completion method based on the anticipated cost of repairs over the life cycle of the equipment/vehicles.

Financial risk mainly relates to credit risk but credit quality of customers is generally considered to be good and similar to the rest of the group's operations. Risks are spread over a large diversity of customers, fleets of equipment and vehicles and geographically in southern Africa, Iberia, United Kingdom and the United States.

Guaranteed residual values

Guaranteed residual values on repurchase commitments are periodically given with the sale of equipment/vehicles in the equipment, handling and automotive segments. The principal risk relates to the likelihood of the repurchase commitments being exercised by the customer which is dependent on the used equipment and vehicle market conditions at the time when the repurchase option is exercisable as well as terms of the repurchase agreements regarding age and condition of the equipment/vehicles. Risks are spread over a large diversity of customers and geographically in southern Africa, Iberia, United Kingdom and the United States. The likelihood of the repurchase commitments being exercised is assessed at inception as well as on an ongoing basis and determines the accounting applied. The charge to customers for the repurchase commitment is generally included in the sales price at the time of sale and is not measured separately. Refer to note 30 for the gross value of repurchase commitments.

Notes to the consolidated annual financial statements (continued)

for the year ended 30 September

32. Financial instruments

The group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, bank borrowings, money and capital market borrowings, loans to and from subsidiaries, leases, hire-purchase agreements discounted with recourse and derivatives. Details of the amounts discounted with recourse are included in note 30. Derivative instruments are used by the group for hedging purposes. Such instruments include forward exchange, currency option contracts and interest rate swap agreements. The group does not speculate in the trading of derivative instruments.

	Notes	2010 Rm	2009* Rm	2008* Rm
32.1.1 Summary of the carrying and fair value of financial instruments				
Carrying value of financial instruments by category:				
Financial assets:				
Financial assets at fair value through profit or loss				
– Designated as such at initial recognition	7,10		121	160
– Held for trading items	7,10		15	77
Available-for-sale financial assets	7	46	46	47
Loans and receivables	7,10,11	6 366	5 902	7 787
Derivative assets designated as effective hedging instruments	7,10	32	4	109
Finance lease receivables	6,10	567	733	597
Total carrying value of financial assets		7 011	6 821	8 777
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
– Designated as such at initial recognition	16, 17	27	78	11
– Held for trading items	16, 17	1	11	31
Financial liabilities measured at amortised cost	14,16,17,18	12 680	14 274	16 263
Derivative liabilities designated as effective hedging instruments	16, 17	131	142	42
Total carrying value of financial liabilities		12 839	14 505	16 347
Carrying value of financial instruments by class:				
Financial assets:				
Trade receivables				
– Industry		3 419	3 379	5 058
– Government		183	136	202
– Consumers		214	307	309
Other loans and receivables and cash balances		2 550	2 080	2 218
Finance lease receivables		567	733	597
Derivatives (including items designated as effective hedging instruments)				
– Forward exchange contracts		1		145
– Interest rate swaps			15	40
– Other derivatives		31	4	1
Other financial assets at fair value		46	167	207
Total carrying value of financial assets		7 011	6 821	8 777
Financial liabilities:				
Trade payables				
– Principals		1 410	1 553	1 923
– Other suppliers		3 427	3 191	4 450
Other non-interest bearing payables		866	685	602
Derivatives (including items designated as effective hedging instruments)				
– Forward exchange contracts		124	28	11
– Interest rate swaps				24
– Other derivatives		7	114	7
Other financial liabilities at fair value		28	89	42
Interest-bearing debt measured at amortised cost		6 977	8 845	9 288
Total carrying value of financial liabilities		12 839	14 505	16 347

* The 2008 and 2009 figures were restated to exclude pre-payments, leave pay provision and VAT payable/(receivable).

	2010 Rm	2009* Rm	2008* Rm
32. Financial instruments (continued)			
32.1.1 Summary of the carrying and fair value of financial instruments (continued)			
Fair value of financial instruments by class:			
Financial assets:			
Trade receivables			
– Industry	3 419	3 379	5 058
– Government	183	136	202
– Consumers	214	307	309
Other loans and receivables and cash balances	2 550	2 080	2 218
Finance lease receivables	567	733	597
Derivatives (including items designated as effective hedging instruments)			
– Forward exchange contracts	1		145
– Interest rate swaps		15	40
– Other derivatives	31	4	1
Other financial assets at fair value	46	167	207
Total fair value of financial assets	7 011	6 821	8 777
Financial liabilities:			
Trade payables			
– Principals	1 410	1 553	1 923
– Other suppliers	3 427	3 191	4 450
Other non-interest bearing payables	866	685	602
Derivatives (including items designated as effective hedging instruments)			
– Forward exchange contracts	124	28	11
– Interest rate swaps			24
– Other derivatives	7	114	7
Other financial liabilities at fair value	28	89	42
Interest-bearing debt measured at amortised cost	6 977	8 845	9 288
Total fair value of financial liabilities	12 839	14 505	16 347

* The 2008 and 2009 figures were restated to exclude pre-payments, leave pay provision and VAT payable/(receivable).

All financial instruments are carried at fair value or amounts that approximate fair value, except for the non-current portion of fixed rate receivables, payables and interest-bearing borrowings, which are carried at amortised cost. The carrying amounts for investments, cash, cash equivalents as well as the current portion of receivables, payables and interest-bearing borrowings approximate fair value due to the short-term nature of these instruments. The fair values have been determined using available market information and appropriate valuation methodologies.

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

32. Financial instruments (continued)**32.1.2 Fair value measurements recognised in the statement of financial position**

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	2010 Total
Financial assets at fair value through profit or loss				
Derivative financial assets	2	29		31
Non-derivative financial assets			1	1
Available-for-sale financial assets				
Shares	46			46
Total	48	29	1	78
Financial liabilities at fair value through profit or loss				
Other derivative financial liabilities		131		131
Financial liabilities designated at fair value through profit or loss	28			28
Total	28	131		159

There were no transfers between Level 1 and 2 in the period.

32.2 Financial risk management**a. Capital risk management**

The group manages its capital to ensure that all entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and equity. The overall strategy remains unchanged from the previous year.

The capital structure of the group consists of debt (notes 14 and 18), cash and cash equivalents (note 11) and equity attributable to equity holders of Barloworld Limited, comprising issued capital (note 13), reserves and retained earnings (statement of changes in equity).

A finance committee consisting of senior executives of the group meets on a regular basis to review the capital structure based on the cost of capital and the risks associated with each class of capital, analyse currency and interest rate exposure and to re-evaluate treasury management strategies in the context of most recent economic conditions and forecasts. The group has targeted gearing ratios for each major business segment as disclosed in note 1.1. The group's various treasury operations provide the group with access to local money markets and provide group subsidiaries with the benefit of bulk financing and depositing.

b. Market risk**i) Currency risk****Trade commitments**

The group's currency exposure management policy for the southern African operations is to hedge all material foreign currency trade commitments as soon as they arise. In respect of offshore operations, where there is a traditionally stable relationship between the functional and transacting currencies, the need to take foreign exchange cover is at the discretion of the divisional board. Each division manages its own trade exposure within the overall framework of the group policy. In this regard the group has entered into certain forward exchange contracts which do not relate to specific items appearing in the statement of financial position, but were entered into to cover foreign commitments not yet due or proceeds not yet received. The risk of having to close out these contracts is considered to be low. There has been no change during the year to the group's approach to manage foreign currency risk.

Net currency exposure and sensitivity analysis

The following table represents the extent to which the group has monetary assets and liabilities in currencies other than the group companies' functional currency. The information is shown inclusive of the impact of forward contracts and options in place to hedge the foreign currency exposures. Based on the net exposure below it is estimated that a simultaneous 10% change in all foreign currency exchange rates against divisional functional currency will impact the fair value of the net monetary assets/liabilities of the group to the extent of R266 million (2009: R43 million; 2008: R140 million), of which R113 million (2009: R31 million; 2008: R124 million) will impact other comprehensive income and R153 million (2009: R12 million; 2008: R16 million) will impact profit or loss.

Net foreign currency monetary assets/(liabilities)	Currency of assets/(liabilities)								Total Rm
	SA rand Rm	Euro Rm	British sterling Rm	US dollar Rm	Australian dollar Rm	Japanese yen Rm	Other African currencies Rm	Other currencies Rm	
32. Financial instruments (continued)									
32.2 Financial risk management (continued)									
Functional currency of group operation:									
SA rand	n/a	27	6	1 251	8		45		1 337
Euro		n/a		26					26
British sterling		380	n/a	276	135			179	970
US dollar	(16)	109	6	n/a	7		38	239	383
Other African currencies	1	(44)		(29)			n/a	(1)	(73)
Other currencies	(1)			13				n/a	12
As at 30 September 2010	(16)	472	12	1 537	150		83	417	2 655
SA rand	n/a	(3)	6	344	17		1	1	366
Euro	1	n/a		2					3
British sterling		3	n/a	(80)					(77)
US dollar	2	52	11	n/a	9		50	1	125
Other African currencies	(8)	(11)		6			n/a		(13)
Other currencies				29				n/a	29
As at 30 September 2009	(5)	41	17	301	26		51	2	433
SA rand	n/a	7	(1)	1 340	(3)			2	1 345
Euro		n/a		23					23
British sterling			n/a	4					4
US dollar	(41)	23	18	n/a			2	21	23
Other African currencies	6			(51)			n/a		(45)
Other currencies		1		42		1		n/a	44
As at 30 September 2008	(35)	31	17	1 358	(3)	1	2	23	1 394
					2010 Rm		Fair value 2009 Rm		2008 Rm
Hedge accounting applied in respect of foreign currency risk									
Cash flow hedges									
– fair value of (liability)/asset – foreign currency forward exchange contracts					(78)		(19)		73
The foreign currency contracts have been acquired to hedge the underlying currency risk arising from a firm commitment to acquire Equipment machines as well as the forecast purchases of spare parts. All cash flows are expected to occur and affect profit or loss within the next twelve months.									
Hedges of net investments in foreign operations									
As at September 2010, the group had nine cross-currency interest rate swap contracts which were all designated as a hedge of a net investment in a foreign entity. Details are as follows:									
	Currency	Foreign amount notional (000's)	Interest rate %	Maturity date			Fair value 2010 Rm	2009 Rm	2008 Rm
Fair value of asset/(liability)									
– cross-currency interest rate swap contracts	EUR	(75 632)	2.8	2011 – 2012	}				
Fair value of asset/(liability)									
– cross-currency interest rate swap contracts	GBP	64 659	3.0	2009 – 2011		(9)	(59)	(28)	
Fair value of asset/(liability)									
– cross-currency interest rate swap contracts	AUD	(25 000)	6.6	2010	}				
Fair value of asset/(liability)									
– cross-currency interest rate swap contracts	GBP	10 111	5.2	2010			(45)	(14)	
Total						(9)	(104)	(42)	

Notes to the consolidated annual financial statements (continued)

for the year ended 30 September

32. Financial instruments (continued)

32.2 Financial risk management (continued)

ii) Interest rate risk

The group manages the exposure to interest rate risk by maintaining a balance between fixed and floating rate borrowings. The interest rate characteristics of new borrowings and the refinancing of existing borrowings are structured according to expected movements in interest rates. There has been no change in the current year to this approach.

The interest rate profile of total borrowings is as follows:

	Currency	Year of redemption/ repayment	Interest rate (%)	2010 Rm	2009 Rm	2008 Rm
Liabilities in foreign currencies						
Secured loans	BWP	2009 – 2013	15.4			20
	UAE	2009 – 2011	EIBOR** 3m + 2.5%			18
Unsecured loans	USD	2010	Libor* + 2.5			522
	EUR	2009 – 2012	Euribor*** + .77			104
	USD	2010	3 month Libor* + 1.5	3	20	28
	MZN	2009 – 2011	BT91 + .25-1.25	27		
Liabilities under capitalised finance leases	GBP	2014 – 2015	6 to 7	152	239	270
	EUR	2020	Euribor*** + 5.68	156	190	89
	USD	2010 – 2014	4.2	34	54	69
	BWP	2010 – 2013	15.5	2	4	5
Total foreign currency liabilities (note14)				374	507	1 125
Liabilities in South African rand						
Secured loans		2010 – 2023	9.0	79	64	105
Unsecured loans		2010 – 2015	7.8 – 11.78	5 137	4 900	3 454
Liabilities under capitalised finance leases		2010 – 2022	12.0	476	499	512
Total South African rand liabilities (note 14)				5 692	5 463	4 071
Total South African rand and foreign currency liabilities (note 14)				6 066	5 970	5 196
Interest rates						
Loans at fixed rates of interest				5 033	4 414	3 678
Loans linked to South African money market rates				821	1 332	734
Loans linked to Offshore money markets				212	224	784
				6 066	5 970	5 196

* Libor – London inter-bank offered rate

** EIBOR – Emirates inter-bank overdraft rate

*** Euribor – European inter-bank offered rate

Hedge accounting applied in respect of interest rate risk

As at September 2010, the group had the following designated cash flow hedge interest rate swap contract:

	Currency	Amount-notional (000's)	Interest rate %	Maturity date	2010 Rm	Fair value 2009 Rm	2008 Rm
Fair value of asset/(liability) – designated cash flow hedge interest rate swap contracts	ZAR	500 000	7.96 (fixed)	2010		(4)	24
Total						(4)	24

Cash flow hedges

– fair value of interest rate swaps (4) 24

The interest swap contract has been acquired to hedge the underlying interest rate risk arising from interest cash flows on the loans linked to the South African prime rate. The cash flows occurred on a quarterly basis until June 2010.

32. Financial instruments (continued)

32.2 Financial risk management (continued)

Other interest rate derivatives

As at September 2010, the group had two other interest rate swap contracts. Details are as follows:

	Currency	Amount-notional (000's)	Interest rate %	Maturity date	2010 Rm	Fair value 2009 Rm	2008 Rm
Fair value of asset/(liability)	ZAR	750 000	3m Jibar [#]				
– interest rate swap contracts			+ 55 bps	2011	29	33	(5)
Fair value of asset/(liability)							
– interest rate swap contracts	ZAR	750 000	7.83 (fixed)	2011	(12)	(1)	49
Total					17	32	44

The interest rate swap contracts have been acquired to hedge the interest rate risk arising from the Baw1 corporate bond (refer note 10 of the company financial statements).

[#] Jibar – Johannesburg inter-bank acceptance rate

	2010 Rm	2009 Rm	2008 Rm
Interest rate sensitivity analysis			
Impact of a 1% increase in South African interest rates			
– charge to profit or loss, and	26	39	43
– increase in equity		4	12
Impact of a 1% increase in offshore interest rates			
– charge to profit or loss	4	13	23
iii) Other price risk			
The group is exposed to price risk arising out of the following:			
PPC share price			
The group has a liability to option holders following the unbundling of PPC during 2007 and holds shares against the liability (refer note 7).			
PPC share price sensitivity analysis			
Impact of a 10% increase in the PPC share price as at 30 September			
– gain in profit or loss in respect of the shares	2	10	33
– charge to profit or loss in respect of the liability	1	10	10
Baw share price			
The group has a liability to option holders in terms of the Share Appreciation Right Scheme (refer note 33.3).			
Baw share price sensitivity analysis			
Impact of a 10% increase in the Baw share price as at 30 September			
– charge to profit or loss in respect of the liability	6	3	
– fair value of designated cash flow hedge – Baw share call options			3

The call options have been acquired to hedge against future additional cash flows arising from increases in the Baw share price. The cash flows are expected to occur after the vesting of the rights as per note 33.3.

There has been no change during the current year in the group approach to managing other price risk.

c. Credit risk

Potential areas of credit risk consist of trade receivables and short-term cash investments. Trade receivables consist mainly of a large and widespread customer base. Group companies monitor the financial position of their customers on an ongoing basis. Where considered appropriate, use is made of credit guarantee insurance. The granting of credit is controlled by application and account limits. Provision is made for bad debts and at the year end management did not consider there to be any material credit risk exposure that was not already covered by credit guarantee insurance or a bad debt provision. It is group policy to deposit short-term cash investments with major banks and financial institutions with strong credit ratings.

The credit quality of assets that are neither past due nor impaired is considered to be good. Historical default rates vary per division from 0.2% to 3.5%.

Notes to the consolidated annual financial statements (continued)

for the year ended 30 September

	2010 Rm	2009 Rm	2008 Rm
32. Financial instruments (continued)			
32.2 Financial risk management (continued)			
Maximum exposure to credit risk (excl collateral held)			
Trade receivables			
– Industry	3 419	3 379	5 059
– Government	183	136	202
– Consumers	215	307	309
Other loans and receivables, prepayments and cash balances	2 822	2 396	2 538
Finance lease receivables	567	733	597
Derivatives (including items designated as effective hedging instruments)			
– Forward exchange contracts	1		144
– Interest rate swaps		15	40
– Other derivatives	31	4	1
Other financial assets at fair value	46	146	207
Other items, including financial guarantees	1 212	1 212	1 066
	8 224	8 328	10 163
Carrying value of financial assets, the terms of which have been renegotiated			
Trade receivables			
– Industry	7	1	1
– Government	1		3
Impairment losses/(gains) on financial assets			
Trade receivables			
– Industry			58
– Government			(2)
– Consumers			7
Finance lease receivables			(10)
Fair value of collateral held on overdue or impaired amounts			1
Fair value of collateral held on amounts not overdue or impaired			123

The collateral for 2008 consists largely of a mortgage in favour of the group as security against a property loan which arose with the disposal of the Steel business during November 2006. The loan was repaid in 2009.

d. Liquidity risk

The group manages liquidity risk by monitoring forecast cash flows, maintaining a balance between long-term and short-term debt and ensuring that adequate unutilised borrowing facilities are maintained. Unutilised bank facilities amounted to R7.3 billion (2009: R9.0 billion). There has been no change to this approach during the current year.

Maturity profile of financial liabilities

The maturity profile of the financial instruments is summarised as follows (based on contractual undiscounted cash flows):

	Total owing 2010	Repayable during the year ending 30 September		
		2011	2012 to 2015	2015 and onwards
Interest-bearing liabilities	8 207	2 229	4 349	1 629
Trade payables and other non-interest bearing liabilities	7 475	6 313	557	605

	2010 Rm	2009 Rm	2008 Rm
33. Share incentive schemes and share-based payments			
33.1 Financial effect of share-based payment transactions			
Income statement effect			
Expense arising from share-based payment transactions	6	6	337
Compensation expense arising from equity and cash-settled forfeitable share plan	9		
Compensation expense arising from equity-settled share option incentive plan		1	2
Compensation expense arising from cash-settled share appreciation rights incentive plan	11	(2)	(4)
Share-based payment expense included in operating profit	26	5	335
Taxation benefit on forfeitable share plan, cash-settled share appreciation rights and BEE transactions	(6)	(6)	(40)
Net share-based payment expense after taxation	20	(1)	295
Financial position effect			
Liability raised for cash-settled shares (to be incurred within 1 – 5 years)	(25)	(14)	(16)
Deferred taxation asset raised on share-based payment transactions	10	20	40
Net (reduction)/increase in shareholders' interest as a result of share-based payment transactions	(15)	6	24

33.2 Forfeitable share plan

On 28 January 2010 the group introduced the Barloworld Forfeitable share plan (FSP). The scheme allows executive directors and certain senior employees to earn a long-term incentive to assist with the retention and reward of selected employees. Shares are granted to employees for no consideration. These shares participate in dividends and shareholder rights from grant date. The vesting of the shares is subject to continued employment for a period of three years or the employee will forfeit the shares.

Shares issued to the executive directors are subject to performance conditions which will be measured over the three year vesting period. The performance conditions over the vesting period include a market condition based on total shareholder return and non-market conditions based on a return on equity and headline earnings per share.

On resignation, the employee will forfeit any unvested shares. On death or retirement only a portion of the shares will vest, calculated based on the number of months worked over the total vesting period, subject to any performance condition being met. The scheme is settled in shares and therefore the scheme is equity-settled. In jurisdictions where the delivery of shares is impractical, cash will be paid to employees in lieu of shares. These shares are cash-settled share-based payments.

Fair value estimates

In terms of IFRS 2, the transaction is measured at fair value of the equity instruments at the grant date. The fair value takes into account that the employees are entitled to the dividends from grant date. The fair value of the equity-settled shares subject to non-market conditions is the average share price at grant date. The estimated fair value of the equity-settled shares subject to market conditions were calculated at grant date using a Monte Carlo simulation model with the following inputs:

Date of grant: 17 March 2010	Market conditions	Non-market conditions
Number of shares granted	202 650	1 014 300
Share price at grant date (R)	46.35	46.35
Expected volatility (%)	42.9	
Expected dividend yield (%)	3.5	
Risk free rate (%)	8.1	
Estimated fair value per share at grant date (R)	29.81	46.29

In terms of IFRS 2, liabilities relating to cash-settled share-based payments are adjusted to fair value at financial position date. The estimated fair value of the cash-settled shares was calculated by using the closing share price at the reporting date and discounting future expected dividends.

Date of grant	17 March 2010
Number of cash-settled shares granted	59 300
Share price at grant date (R)	46.35
Risk free rate (%)	6.5
Estimated fair value per cash-settled share at grant date (R)	45.29
Estimated fair value per cash-settled share at year end (R)	46.23

Notes to the consolidated annual financial statements (continued)

for the year ended 30 September

33. Share incentive schemes and share-based payments (continued)**33.3 Cash-settled share appreciation rights scheme**

During 2007 the group introduced the Barloworld Cash Settled Share Appreciation Right Scheme. The scheme allows executive directors and certain senior employees to earn a long-term incentive amount calculated based on the increase in the Barloworld Limited share price between the grant date and the vesting and exercise of such rights.

No shares are issued in terms of this scheme and all amounts payable will be settled in cash. The objective of the scheme is to recognise the contributions of senior staff to the group's financial position and performance and to retain key employees.

The vesting of the rights are subject to specific performance conditions, based on group headline earnings per share. Rights are granted for a period of six years and vest one-third after three years from grant date, a further one-third after four years and the final third after five years.

The grant price of these appreciation rights equals the volume weighted average market price of the underlying shares on the three trading days immediately preceding grant date.

On resignation, share appreciation rights which have not yet vested and those vested but not exercised, are forfeited. On death or retirement the Barloworld remuneration committee may permit a portion of unvested rights to be exercised within one year (or such extended period as the committee may decide) of the date of cessation of employment.

It is group policy that employees should not deal in Barloworld Limited shares (and this is extended to the forfeitable share plan, share appreciation rights and share options schemes) for the periods from 1 April for half year end and 1 October for year end until 24 hours after publication of the results and at any other time during which they have access to price sensitive information.

Fair value estimates

In terms of IFRS 2, liabilities relating to cash-settled share-based payments are adjusted to fair value at balance sheet date.

The estimated fair value of the share appreciation rights was calculated using a binomial pricing model, with inputs as set out below.

Date of grant	15 Nov 2006*	12 July 2007*	29 Sept 2008	23 Nov 2009
Number of share appreciation rights granted	624 929	3 730 345	2 987 635	3 144 650
Exercise price (R)	64.18	113.01	61.01	51.04
Share price at grant date (R)	140.00	123.88	61.01	49.90
Share price at financial position date (R)	46.80	46.80	46.80	46.80
Expected volatility (%)	42.0	42.0	42.0	42.0
Expected dividend yield (%)	3.2	2.5	4.7	7.0
Risk free rate (%)	6.2	6.5	6.8	7.0
Exercise multiple (share price at exercise date/ option exercise price)	1.9	1.9	1.9	1.9
Estimated fair value per share appreciation right at grant date (R)	26.91	46.41	15.64	14.67
Estimated fair value per share appreciation right at year end (R)	6.69	2.93	10.57	13.34

* The 15 November 2006 and 12 July 2007 grants were modified due to the Cement and Coatings unbundling as set out in note 33.5 and 33.6.

33. Share incentive schemes and share-based payments (continued)

33.4 Equity-settled share option scheme

Equity-settled share options were granted to executive directors and senior employees in terms of the Barloworld Share Option Scheme 1985.

The objectives of the scheme are similar to that of the share appreciation rights scheme.

The options have a total contractual life of 10 years, with the exception of the May 2004 grant which has a six year contractual life.

The options vest one-third after three years from grant date, a further one-third after four years and the final third after five years.

Fair value estimates

Options granted after 7 November 2002 are expensed over their vesting period in terms of IFRS 2. The estimated fair value of these equity-settled options were calculated at grant date using a binomial model with the following inputs:

Date of grant	1 April 2003	26 May 2004
Number of options granted	2 168 400	2 205 200
Exercise price (R)	47.50	67.80
Share price at grant date (R)	47.50	67.80
Expected volatility (%)	35.0	35.0
Expected dividend yield (%)	5.8	4.3
Risk free rate (%)	10.4	10.9
Exercise multiple (Share price at exercise date/option exercise price)	2.0	2.0
Estimated fair value per option at grant date (R)	16.59	25.37

33.5 Modification for Cement and Coatings unbundling

The equity-settled share options were modified in line with shareholder approval granted as a result of the unbundling of Cement in July 2007 and Coatings in December 2007. Cash-settled share appreciation rights awarded on 15 November 2006 were modified in terms of the rules of the scheme.

The modifications did not result in any incremental fair value being granted to option or right holders, as the objective was to maintain intrinsic value at the same level before and after unbundling.

The modification for the Cement unbundling entailed a downward re-pricing of exercise prices combined with additional entitlements to compensate for the impact of a lower Barloworld share price after unbundling. The Cement unbundling resulted in an estimated 41.7% reduction in the Barloworld share price, based on the pre- and post unbundling share price of R214.50 and R125 respectively. The modification for the Coatings unbundling entailed a downward re-pricing of exercise prices only.

The Coatings unbundling resulted in an estimated 6.2% reduction in the Barloworld share price, based on the pre- and post unbundling share price of R114.60 and R107.50 respectively.

Corresponding fair values were demonstrated before and after unbundling based on a binomial option pricing model, as were intrinsic values.

The modified option entitlement ratio for the Cement unbundling was as follows:

Entitlement before unbundling	Entitlement after unbundling
[1 Barloworld option]	[1 Barloworld option + 0.866 new Barloworld options] or [1 Barloworld option + 1.8555 PPC sub-divided options]

The modified exercise prices are indicated in the table of unexercised options (note 33.6).

Notes to the consolidated annual financial statements (continued)

for the year ended 30 September

33. Share incentive schemes and share-based payments (continued)**33.6 Total forfeitable shares, share options and appreciation rights unexercised**

The following forfeitable shares, share options and share appreciation rights granted are unexercised:

Date of grant	Date from which exercisable	Expiry date	Contractual life remaining (years)	Original exercise price (R)	Modified exercise price (R)	Number of options/rights			Total unexercised**
						Barloworld directors	Barloworld employees [#]	Ceded*	
25 Sept 2001	25 Sept 2004	25 Sept 2011	1.0	45.70	13.63		130 379	42 566	172 945
25 Sept 2002	25 Sept 2005	25 Sept 2012	2.0	58.20	20.33		21 000		21 000
1 April 2003	1 April 2006	1 April 2013	2.5	47.50	14.59	43 987	439 940	164 833	648 760
Total equity-settled share options granted and unexercised						43 987	591 319	207 399	842 705
15 Nov 2006	15 Nov 2009	15 Nov 2012	2.1	140.00	64.18	270 492	354 437		624 929
12 July 2007	12 July 2010	12 July 2013	2.8	123.88	113.01	383 743	2 813 412		3 197 155
29 Sept 2008	29 Sept 2011	29 Sept 2014	4.0	61.01	n/a	617 398	2 231 941		2 849 339
23 Nov 2009	30 Nov 2012	22 Nov 2015	5.1	51.04	n/a	641 290	2 417 440		3 058 730
Total cash-settled share appreciation rights granted and unexercised						1 912 923	7 817 230		9 730 153
17 Mar 2010	17 Mar 2013	17 Mar 2013	2.5	0.00	n/a	810 600	406 350		1 216 950
Total equity-settled forfeitable shares granted and unexercised						810 600	406 350		1 216 950
17 Mar 2010	17 Mar 2013	17 Mar 2013	2.5	0.00	n/a		59 300		59 300
Total cash-settled forfeitable shares granted and unexercised							59 300		59 300
Total unexercised						2 767 510	8 874 199	207 399	11 849 108

The weighted average share price of options exercised during the period was R45.19 (2009: R43.91; 2008: R96.51).

* In terms of the rules of the Barloworld Share Option Scheme options may be ceded to an approved financial institution.

** Scheme rules dictate that the number of unexercised options may not exceed 10% of the total number of issued shares of the company at any time.

The unexercised share options granted to retired directors and employees are included in this column.

	Number of forfeitable shares	Number of appreciation rights	Number of share options	Weighted average exercise price (R)
Share options and appreciation rights movement for the year 2010				
Unexercised at the beginning of the year		6 950 825	2 637 709	68.56
Rights granted in terms of cash-settled share appreciation rights scheme		3 144 650		51.04
Equity-settled forfeitable shares granted	1 216 950			0.00
Cash-settled forfeitable shares granted	59 300			0.00
Appreciation rights forfeited		(365 322)		84.54
Options exercised			(1 795 004)	65.33
Forfeitable shares, options and appreciation rights unexercised at year end	1 276 250	9 730 153	842 705	62.76
Held by:				
Directors, employees and ex-employees of Barloworld	1 276 250	9 730 153	635 306	63.62
Financial institutions			207 399	14.39
2009				
Unexercised at the beginning of the year		7 114 885	3 261 917	66.19
Options forfeited			(62 323)	65.63
Appreciation rights forfeited		(164 060)		100.11
Options exercised			(561 885)	58.71
Options unexercised at year end		6 950 825	2 637 709	68.56
Held by:				
Directors, employees and ex-employees of Barloworld		6 950 825	2 459 872	69.41
Financial institutions			177 837	23.62

33. Share incentive schemes and share-based payments (continued)

33.6 Total forfeitable shares, share options and appreciation rights unexercised (continued)

	Number of appreciation rights	Number of share options	Weighted average exercise price (R)
2008			
Unexercised at the beginning of the year	4 355 274	4 661 117	76.83
Rights granted in terms of cash-settled share appreciation rights scheme	2 987 635		61.01
Options forfeited		(52 075)	60.30
Appreciation rights forfeited	(228 024)		113.01
Options exercised		(1 347 125)	51.66
Options unexercised at year end	7 114 885	3 261 917	66.19
Held by:			
Directors and employees of Barloworld	7 114 885	2 821 776	68.19
Financial institutions		440 141	21.12

33.7 Other share-based payment transactions

During 2008 the group implemented a Broad Based Black Economic Empowerment transaction.

The impact of this transaction, calculated in terms of IFRS 2 Share-based Payment, was a charge to profit or loss in the current year of R6 million (2009: R6 million; 2008: R337 million) which was determined on assumptions and inputs as set out below:

	Number of shares issued	Weighted average fair value per share (R)
Strategic black partners	12 331 337	10.02
The fair value is based on a Monte Carlo valuation model using an expected average dividend yield of 9.9% and a Barloworld share price volatility of 28.55% over the term of the lock-in period. The strategic black partners are permitted to receive all dividends paid in the lock-in period.		
Community service groups	2 153 676	10.02
The fair value is based on a Monte Carlo valuation model using an expected average dividend yield of 9.9% and a Barloworld share price volatility of 28.55% over the term of the lock-in period. The community service groups are permitted to receive all dividends paid in the lock-in period.		
Education trust	1 054 058	
No charge has been taken into account as no award to beneficiaries of the trust has been made to date. The shares awarded to the trust are treated as treasury shares.		
Black managers trust	3 060 166	4.67
The fair value is based on a valuation model using an expected average dividend yield of 9.9% and a Barloworld share price volatility of 28.55% over the term of the lock-in period. The trust is not entitled to receive dividends during the lock-in period.		
Black non-executive directors trust	108 030	83.31
The fair value is based on the 30 day volume weighted average share price of Barloworld Limited as at 9 July 2008, the date when the shares were donated to the trust. The three beneficiaries of the trust are DB Ntsebeza, S Baqwa and S Mkhabela, who are black non-executive directors of Barloworld Limited. The beneficiaries' shares are subject to a seven year lock-in period from 29 September 2008, during which period the beneficiaries will not be entitled to sell, cede, transfer or otherwise dispose of or encumber their Barloworld ordinary shares or their rights in the trust.		
General staff trust	2 980 829	64.50
The fair value is based on the Barloworld Limited closing share price on 30 September 2008, the date when the shares were allocated to staff members. 36 279 shares were not issued and are treated as treasury shares (note 13).		

Notes to the consolidated annual financial statements *(continued)**for the year ended 30 September***34. Changes in accounting policy and disclosures****34.1 New standards and interpretations adopted**

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The basis is consistent with the prior year except for the adoption of the following new and amended standards and new interpretations:

IFRS 8 Operating Segments (IFRS 8)

The group adopted IFRS 8 Operating Segments with effect from 1 October 2009. IFRS 8 requires an entity to report financial and descriptive information about its reportable segments. Operating segments are identified on the basis of management reports of the group that are regularly reviewed by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The executive committee of Barloworld Limited has been identified as the chief operating decision maker. Management has determined the operating segments based on the management reports and are consistent with the segmental reporting that was applied in IAS 14 and report on the operating segments as follows:

- The equipment segment provides customers with integrated solutions that includes Caterpillar earthmoving equipment, engines and other complementary brands.
- The automotive segment provides customers with integrated motor vehicle usage solutions through the operation of car rental, motor retail and fleet service business units.
- The handling segment provides customers with innovative solutions for material handling needs that includes lift trucks, warehouse handling equipment and distribution of agricultural equipment.
- The logistics segment provides customers with traditional logistics services and supply chain management solutions.
- The corporate segment comprises all the other group activities including the operations of the corporate office in Johannesburg and treasury in the United Kingdom.

The executive committee evaluates the segment performance based on the operating results plus any other items that are directly attributable to segments including fair value adjustments on financial instruments. Interest costs are excluded due to the centralised nature of the group's treasury operations.

The disclosures required have been included under note 1.

IAS 1 Presentation of Financial Statements (Revised) (IAS 1)

The revised version of IAS 1 requires the preparation of a "Statement of comprehensive income" which replaces the income statement. All non-owner changes in equity (that is, "comprehensive income") must be recognised either in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Comprehensive income for a period includes profit or loss for that period plus other comprehensive income recognised; which includes revaluation surpluses, actuarial gains and losses, foreign currency translation reserves and hedge accounting reserves. The group adopted two statements, a separate income statement and a statement of comprehensive income with effect from 1 October 2009. All changes in equity arising from non-owner changes in equity are displayed in the statement of comprehensive income. Only owner changes in equity are allowed in the statement of changes in equity. The statement of changes in equity shows reconciliation between the opening and closing balance of each component of equity.

IAS 1 also gives a choice to amend the titles of financial statements as they will be used in IFRSs. The group adopted the new terms with effect from 1 October 2009 as follows:

- "Balance sheet" will become "Statement of financial position"
- "Cash flow statement" will become "Statement of cash flows"

IFRS 3 Business Combinations (Revised) (IFRS 3)

The group adopted the revised IFRS 3 with effect from 1 October 2009 and applies prospectively to all new business combinations. The revised IFRS 3 has been issued after completion of the IASB second phase of its business combinations project and is now largely aligned with US accounting. Consequential amendments were also made to IAS 27 Consolidated and Separate Financial Statements, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures. The changes mainly relate to the treatment of acquisition costs (now to be expensed), contingent considerations, goodwill where non-controlling interests are involved, step acquisitions and partial disposals. The group did not enter into any business combination transactions or other events as defined by this IFRS in the current financial year.

IFRS 2 Share-based Payments (Revised) (IFRS 2)

The group adopted the amendments to IFRS 2 with effect from 1 October 2009 that clarify the definition of vesting conditions and the accounting treatment of cancellations, whether by the entity or other parties, to a share-based arrangement. The group did not require an amendment to its accounting treatment and the group updated its definition of vesting conditions accordingly.

IFRS 2 Group Cash-settled Share-based Payment Transactions (Revised – June 2009) (IFRS 2)

The group early adopted the amended IFRS 2 with effect from 1 October 2009 that clarify its scope and the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when that entity has no obligation to settle the share-based payment transaction. The amendments also incorporate the guidance contained in IFRIC 8 Scope of IFRS 2 and IFRIC 11 IFRS 2 – Group and Treasury Share Transactions. As a result IFRIC 8 and IFRIC 11 were withdrawn. The amendments did not require an amendment to the group's accounting treatment.

34. Changes in accounting policy and disclosures (continued)

34.1 New standards and interpretations adopted (continued)

Annual improvements project 2008

The group adopted improvements to IFRSs – a collection of amendments to IFRSs, issued in May 2008 by the IASB, with effect from 1 October 2009. These amendments consist of various necessary, but non-urgent, amendments to IFRSs that will not be part of another major project of the IASB. These amendments did not have a significant impact on the group, except for the amendments to IAS 16 and IAS 7 as detailed in note 34.2.

Annual improvements project 2009

The group early adopted improvements to IFRSs – a collection of amendments to IFRSs, issued by the IASB in April 2009, with effect from 1 October 2009. These amendments consist of various necessary, but non-urgent, amendments to IFRSs that will not be part of another major project of the IASB. These amendments did not have a significant impact on presentation, recognition or measurement for the group.

IFRIC 17 Distributions of Non-cash Assets to Owners

The group adopted IFRIC 17 with effect from 1 October 2009 and applies to non-cash distributions to owners after this date. IFRIC 17 provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its owners or when the owners are given a choice of taking cash in lieu of the non-cash assets. The interpretation clarifies that:

- a dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity;
- an entity should measure the dividend payable at the fair value of the net assets to be distributed;
- an entity should re-measure the liability at each reporting date and at settlement, with changes recognised directly in equity;
- an entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss, and should disclose it separately.

The Interpretation also requires an entity to provide additional disclosures if the net assets being held for distribution to owners meet the definition of a discontinued operation. The group did not distribute assets other than cash as dividends to its owners in the current financial year.

IAS 32 Financial Instruments – Classification of Rights Issues (October 2009)

The group early adopted the amended IAS 32 with effect from 1 October 2009 that was issued in October 2009 by the IASB on the classification of rights issues. For rights issues offered for a fixed amount of foreign currency current practice appears to require such issues to be accounted for as derivative liabilities. The amendment states that if such rights are issued pro rata to all an entity's existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated. The group did not offer any rights issues in the current financial year.

IFRIC 14 Prepayments of a Minimum Funding Requirement (November 2009)

The group early adopted the amended IFRIC 14 with effect from 1 October 2009 that was issued in November 2009 by the IASB on Prepayments of a Minimum Funding Requirement (Amendments to IFRIC 14). The amendments correct an unintended consequence of IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. Without the amendments, in some circumstances entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct the problem. The amendments must be applied retrospectively to the earliest comparative period presented. The amendment did not require an amendment to the group's accounting treatment.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (November 2009)

The group early adopted IFRIC 19 with effect from 1 October 2009 that was issued in November 2009 by the IASB on Extinguishing Financial Liabilities with Equity Instruments. A debtor and creditor might renegotiate the terms of a financial liability with the results that the debtor extinguishes the liability fully or partially by issuing equity instruments to the creditor. These transactions are sometimes referred to as 'debt for equity swaps'. This interpretation provides guidance on the accounting for such transactions. The interpretation did not require an amendment to the group's accounting treatment.

34.2 Changes to comparative information

IAS 16 Property, Plant and Equipment

IAS 7 Statement of Cash Flows

The group adopted the amendments in IAS 16 and IAS 7 with effect from 1 October 2009 that was amended by the 2008 annual improvements project as indicated above.

IAS 16 was amended whereby an entity, in the course of its ordinary activities, routinely sells items that it has held for rental to others, it transfers those assets to inventories at their carrying amount when they cease to be rented and become held for sale. Sale proceeds from such assets are recognised as revenue in accordance with IAS 18.

IAS 7 was amended that the cash payments to acquire rental assets, the cash receipts from rents and subsequent sale of such assets are all classified as operating activities.

This requires retrospective restatement of income statement, statement of financial position and the statement of cash flows. The 2009 and 2008 comparative information has been restated for the adoption of IAS 16 and IAS 7.

Notes to the consolidated annual financial statements (continued)

for the year ended 30 September

34. Changes in accounting policy and disclosures (continued)

34.2 Changes to comparative information (continued)

The effect of the above changes on the annual financial statements for the years ended 30 September 2009 and 2008 is as follows:

	Previously stated Rm	2009 IAS 16/ IAS 7 Re- statement Rm	Restated Rm	Previously stated Rm	2008 IAS 16/ IAS 7 Re- statement Rm	Restated Rm
Statement of comprehensive income restatement						
Revenue – continuing operations	42 232	3 037	45 269	46 830	3 277	50 107
Revenue – discontinuing operations	1 121	330	1 451	1 900	598	2 498
Cost of sales – continuing operations	32 528	2 768	35 296	36 074	3 704	39 778
Statement of financial position restatement						
Inventory	6 737	299	7 036	7 495	280	7 775
Assets classified as held for sale	2 657	(299)	2 358	3 156	(280)	2 876
Statement of cash flows restatement						
Cash flow from operating activities						
Operating cash flows before movements in working capital	3 587	258	3 845	5 281	141	5 422
Increase in working capital	882	3	885	(1 547)	114	(1 433)
Cash generated from operations before investment in rental assets	4 469	261	4 730	3 734	255	3 989
Net investment in fleet leasing assets		(760)	(760)		(1 378)	(1 378)
Net investment in vehicle rental fleet		(69)	(69)		(768)	(768)
Cash generated from operations	4 469	(568)	3 901	3 734	(1 891)	1 843
Finance costs	(994)		(994)	(980)		(980)
Realised fair value adjustments on financial instruments	(180)		(180)	(157)		(157)
Dividends received from investments and associates	14		14	26		26
Interest received	146		146	188		188
Taxation paid	(603)		(603)	(830)		(830)
Cash flow from operations	2 852	(568)	2 284	1 981	(1 891)	90
Dividends paid (including non-controlling shareholders)	(434)		(434)	(622)		(622)
Net cash from/(applied to) operating activities	2 418	(568)	1 850	1 359	(1 891)	(532)
Cash flows from investing activities						
Acquisition of subsidiaries, investments and intangibles	219		219	(996)		(996)
Proceeds on disposal of subsidiaries, investments and intangibles	7		7	1 098		1 098
Net investment in fleet leasing and rental assets	(568)	568		(1 891)	1 891	
Net investment in leasing receivables	(139)		(139)	(13)		(13)
Acquisition of other property, plant and equipment	(910)		(910)	(973)		(973)
Proceeds on disposal of property, plant and equipment	180		180	169		169
Net cash used in investing activities	(1 211)	568	(643)	(2 606)	1 891	(715)
Net cash inflow/(outflow) before financing activities						
	1 207		1 207	(1 247)		(1 247)
Net cash from financing activities						
Proceeds on share issue	12		12	23		23
Pension fund payment				(759)		(759)
Proceeds from long-term borrowings	4 379		4 379	3 298		3 298
Repayment of long-term borrowings	(4 328)		(4 328)	(1 285)		(1 285)
(Decrease)/increase in short-term interest-bearing liabilities	(710)		(710)	70		70
Net cash (used in)/from financing activities	(647)		(647)	1 347		1 347
Net increase in cash and cash equivalents	560		560	100		100
Cash and cash equivalents at beginning of year	1 238		1 238	1 201		1 201
Cash and cash equivalents held for sale at beginning of year	31		31			
Effect of foreign exchange rate movement on cash balances	(57)		(57)	54		54
Effect of cash balances classified as held for sale	(145)		(145)	(31)		(31)
Effect of unbundling of Coatings on cash balances				(86)		(86)
Cash and cash equivalents at end of year	1 627		1 627	1 238		1 238

34. Changes in accounting policy and disclosures (continued)

34.3 New standards and interpretations not yet adopted

The following standards and interpretations are not yet effective and will be adopted in future years:

IAS 24 Related Party Disclosure (November 2009)

The IASB revised IAS 24 in November 2009 by simplifying the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition and providing a partial exemption from the disclosure requirements for government-related entities.

The fundamental approach to related party disclosure has not changed and the group is mostly in line with the new standard. The replaced standard now requires disclosure of key management personnel compensation in total for each of the following categories (IAS 24.17):

- short-term employee benefits
- post-employment benefits
- other long-term benefits
- termination benefits
- share-based payment benefits

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the entity (IAS 24.9). The replaced standard is effective retrospectively for the year ending 30 September 2012. The group is currently collecting the detailed requirements and evaluating its retrospective impact on presentation, recognition and measurement.

IFRS 9 Financial Instruments (November 2009)

In November 2009 the IASB issued IFRS 9 as the first step in its project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets that must be applied starting 1 January 2013, with early adoption permitted. The IASB intends to expand IFRS 9 during 2010 to add new requirements for classifying and measuring financial liabilities, derecognition of financial instruments, impairment, and hedge accounting. It is expected that by the end of 2010 IFRS 9 will be a complete replacement for IAS 39.

The new standard is effective from 1 January 2013 for the year ending 30 September 2013. The group will assess the detailed requirements of the new standard once the complete IFRS 9 has been issued.

Annual improvements project 2010

In May 2010, the IASB issued Improvements to IFRSs – a collection of amendments to International Financial Reporting Standards (IFRSs). These amendments consist of various necessary, but non-urgent, amendments to IFRSs that will not be part of another major project of the IASB. Some of these amendments are effective for the year ending 30 September 2011 and the rest are effective for the year ending 30 September 2012. The group is in the process of evaluating the detailed requirements of the amendments and their impact on presentation, recognition and measurement.

35. Directors' remuneration and interests (continued)

Directors' remuneration (continued)

	Salary R000	Bonus R000	Retirement and medical contri- butions R000	Share options awarded* R000	Car allow- ances R000	Other benefits R000	Total 2009 R000
2009							
Executive directors							
PJ Blackbeard	2 888	227	327	(85)	201	876	4 434
M Laubscher	3 141	3 826	604	(91)	236	17	7 733
OI Shongwe	1 928	1 285	270	100	228	20	3 831
CB Thomson	4 761	3 219	818	39	266	355	9 458
DG Wilson	2 450	1 463	518	(163)	246	23	4 537
	15 168	10 020	2 537	(200)	1 177	1 291	29 993
						Fees for services to sub- sidiaries/ other services	Total 2009 R000
				Fees R000	Car allow- ances R000	R 000	
Non-executive directors							
S Baqwa				298			298
AGK Hamilton				1 060			1 060
MJ Levett (retired 30 January 2009)				283			283
S Mkhabela				316			316
DB Ntsebeza				1 438	266	2	1 706
TH Nyasulu				198			198
SB Pfeiffer				880			880
G Rodriguez de Castro Garcia de los Rios				690		790	1 480
SS Ntsaluba				265			265
MJN Njeke (appointed 16 September 2009)				11			11
				5 439	266	792	6 497
Total directors' remuneration							36 490

Notes to the consolidated annual financial statements (continued)

for the year ended 30 September

35. Directors' remuneration and interests (continued)

Directors' remuneration (continued)

	Salary R000	Bonus R000	Retirement and medical contri- butions R000	Share options awarded* R000	Car allow- ances R000	Other benefits R000	Total 2008 R000	Share options ceded^ R000	Share options exercised^ R000
2008									
Executive directors									
PJ Blackbeard	3 222	2 105	333	(386)	232	1 753	7 259	294	
BP Diamond (resigned 31 December 2007)	876		303	(88)	29	8 722	9 842		
AJ Lamprecht (resigned 30 November 2007)	361		95	(88)	39	1 117	1 524		
M Laubscher	2 487	1 758	463	(464)	236	16	4 496		1 779
OI Shongwe	1 513	1 550	212	(22)	228	5	3 486		
PM Surgey (resigned 30 September 2008)	2 280	2 132	512	(377)	249	8 629	13 425		2 805
CB Thomson	3 873	4 348	660	(431)	264	295	9 009		1 876
DG Wilson	2 216	2 109	459	(508)	244	27	4 547		
	16 828	14 002	3 037	(2 364)	1 521	20 564	53 588	294	6 460
						Fees for services to sub- sidiaries/ other services R 000	Total 2008 R000		
Non-executive directors									
SAM Baqwa				252			252		
AGK Hamilton				1 061			1 061		
MJ Levett (retired 30 January 2009)				936			936		
S Mkhabela				252			252		
SS Ntsaluba (appointed 28 July 2008)				43			43		
DB Ntsebeza				1 437	265	7	1 709		
TH Nyasulu				173			173		
SB Pfeiffer				867			867		
G Rodriguez de Castro Garcia de los Rios				715		2 601	3 316		
TS Munday (resigned 17 January 2008)				94		58	152		
RC Tomkinson (resigned 24 January 2008)				387			387		
				6 217	265	2 666	9 148		
Total directors' remuneration							62 736		

* This amount relates to the IFRS 2 Share-based Payment (credit)/charge for the year on share appreciation rights awarded in the current and prior year and share options awarded in previous years.

^ These amounts relate to the gain made on share options issued in previous years exercised/ceded during the current year excluding gains realised after resignation as a director.

35. Directors' remuneration and interests (continued)

Interest of directors in contracts

The group has guaranteed a loan from a financial institution amounting to R50 million (2009: R50 million; 2008: R98 million) to a controlled entity in which OI Shongwe has a 48% beneficial interest. The transaction was concluded before his appointment to the board.

The directors have certified that they did not have any other material interest in any transaction of any significance with the company or any of its subsidiaries.

A register detailing directors' and officers' interests is available for inspection at the company's registered office.

Interest of directors of the company in share capital

The aggregate beneficial holdings as at 30 September 2010 of the directors of the company and their immediate families (none of which has a holding in excess of 1%) in the issued ordinary shares of the company are detailed below. There have been no material changes in these shareholdings since that date.

	Number of shares at 30 September		2009 Direct	2009 Indirect	2008 Direct	2008 Indirect
	2010 Direct	2010 Indirect				
Executive directors						
PJ Blackbeard	137 984		38 334		38 334	
PJ Bulterman (appointed 1 October 2009)	99 650					
M Laubscher	180 341		46 101		46 101	
OI Shongwe	85 150		2 100		2 100	
CB Thomson	403 970	103	108 270	103	108 270	103
DG Wilson	104 650		5 000		5 000	
	1 011 745	103	199 805	103	199 805	103
Non-executive directors						
S Baqwa	36 010					
AGK Hamilton	1 850		1 850		1 850	
S Mkhabela	37 430		1 420			
HT Nyasulu	650		650		100	
DB Ntsebeza	41 960		5 950		4 500	
SB Pfeiffer	10 000		10 000		10 000	
	127 900		19 870		16 450	
	1 139 645	103	219 675	103	216 255	103

Notes to the consolidated annual financial statements (continued)

for the year ended 30 September

35. Directors' remuneration and interests (continued)

Interest of directors of the company in share options, share appreciation rights and forfeitable shares

The interests of the executive and non-executive directors in shares of the company provided in the form of options, share appreciation rights and forfeitable shares are shown in the table below:

	Number of options/rights as at 30 Sep 2009	Cash-settled share appreciation rights granted during the year
PJ Blackbeard	6 667 35 000 65 291 46 627 43 296 88 978	84 090
PJ Bulterman (appointed 1 October 2009)	37 320 37 320 55 129 77 576	84 090
M Laubscher	18 660 74 619 42 091 98 431	112 620
OI Shongwe	37 229 62 176	69 920
CB Thomson	43 542 65 291 137 870 201 259	199 560
DG Wilson	65 291 64 797 88 978	91 010
Baw share options	178 509	
Baw share appreciation rights	1 271 633	641 290
PPC options	43 296	
FSP shares		

* The original option price has been modified for the changes in share price as a result of the PPC and Coatings unbundlings.

Number of forfeitable shares granted during the year	Number of options exercised/ceded during the year	Number of options/ rights as at 30 September 2010	Share price on day exercised/cession price on day ceded	Option*/ rights price	Date from which exercisable
		6 667		14.59	01/04/06
	35 000		15.16	25.48	26/05/07
		65 291		64.18	14/11/09
		46 627		113.01	12/07/10
	43 296		16.15	16.95	26/05/07
		88 978		61.01	29/09/11
		84 090		51.04	30/11/12
99 650		99 650			17/03/13
	37 320		19.43	14.59	01/04/06
		37 320		25.48	26/05/07
		55 129		113.01	12/07/10
		77 576		61.01	29/09/11
		84 090		51.04	30/11/12
99 650		99 650			17/03/13
	18 660		45.06	25.48	26/05/07
		74 619		64.18	14/11/09
		42 091		113.01	12/07/10
		98 431		61.01	29/09/11
		112 620		51.04	30/11/12
132 900		132 900			17/03/13
		37 229		113.01	12/07/10
		62 176		61.01	29/09/11
		69 920		51.04	30/11/12
83 050		83 050			17/03/13
	43 542		20.21	25.48	26/05/07
		65 291		64.18	14/11/09
		137 870		113.01	12/07/10
		201 259		61.01	29/09/11
		199 560		51.04	30/11/12
295 700		295 700			17/03/13
		65 291		64.18	14/11/09
		64 797		113.01	12/07/10
		88 978		61.01	29/09/11
		91 010		51.04	30/11/12
99 650		99 650			17/03/13
	134 522	43 987			
		1 912 923			
	43 296				
810 600		810 600			

Notes to the consolidated annual financial statements *(continued)*

for the year ended 30 September

	Type	Issued capital Currency	Local currency amount
36. Principal subsidiary companies			
Avis Southern Africa Limited	H	ZAR	17 903 911
Barloworld Australia (Pty) Limited ⁵	O	AUD	82 275 501
Barloworld Botswana (Pty) Limited ³	H	BWP	35 329 536
Barloworld Capital (Pty) Limited	F	ZAR	30 000 000
Barloworld Equipment (Pty) Limited	O	ZAR	2
Barloworld Equipment UK Limited ¹	O	GBP	4 500 000
Barloworld Holdings PLC ¹	H	GBP	228 301 000
Barloworld Handling Limited ¹	O	GBP	22 180 000
Barloworld Insurance Limited ¹	O	GBP	4 100 000
Barloworld Investments (Pty) Limited	H	ZAR	900
Barloworld Logistics (Pty) Limited	O	ZAR	100
Barloworld South Africa (Pty) Limited	O	ZAR	600 000
Barloworld Investments Namibia (Pty) Limited ⁴	H	NAD	1 450 000
Finanzauto SA ²	O	EUR	41 382 127
RIH Investments (Pty) Limited – Ord	H	ZAR	3 264 730
– ‘A’ Ord		ZAR	5 876 514
Sociedade Technica de Equipamentos e Tractores SA ⁶	O	EUR	4 000 000
Zeda Car Leasing (Pty) Limited t/a Avis Fleet Services	O	ZAR	100
Barloworld Siyakhula (Pty) Limited	O	ZAR	25 000 100
Other foreign subsidiaries*			
Other subsidiaries*			

All companies are incorporated in (or operate principally in) the Republic of South Africa except where otherwise indicated as follows:

1. United Kingdom
2. Spain
3. Botswana
4. Namibia
5. Australia
6. Portugal

Keys to type of subsidiary

H – Holding companies

O – Operating companies

F – Finance companies

Any material changes which have taken place during the year are dealt with in the appropriate operational reviews.

* A full list of subsidiaries and a list of the special resolutions of those companies are available to the shareholders, on request, from the registered office of the company.

	Effective percentage holdings			Interest of holding company						Amounts owing to subsidiaries			
	2010	2009	2008	2010	Shares	2009	2008	2010	2009	2008	2010	2009	2008
	%	%	%	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
	100	100	100	106	106	107	102	70	70		95	46	
	100	100	100	30	30	30	639	979	2 590				2 642
	100	100	100										
	100	100	100										
	100	100	100										
	100	100	100										
	100	100	100	63	108	108	2 590	2 642					
	100	100	100										
	100	100	100										
	100	100	100										
	100	100	100										
	100	100	100	1 152	1	1	9 512	9 430	5 326	1 470	154	5	
	100	100	100	4	4	4	220	246	360	45	43	73	
	99.7	99.7	99.7										
	100	100	100	131	131	131							
	100	100	100										
	98.8	98.8	98.8										
	100	100	100										
	100	100	100										
	31	31	31										
55	56	56											
1 680	530	531	13 063	13 315	8 398	1 515							292

Notes to the consolidated annual financial statements (continued)

for the year ended 30 September

	Securities Exchange	2010	Number of shares 2009	2008
37. Listed and unlisted investments				
Number of shares held by the holding company and by subsidiaries, where significant, are as follows:				
Listed investments				
Astra Industries Limited*	Zimbabwe	15 311 155	15 311 155	15 311 155
Cairns Holdings Limited*	Zimbabwe	15 311 155	15 311 155	15 311 155
Tractive Power Holdings Limited*	Zimbabwe	15 311 155	15 311 155	15 311 155
Pretoria Portland Cement Company Limited	South Africa	646 459	2 945 216	5 131 797
Unlisted investments				
Business Partners Limited		2 209 594	2 209 594	2 209 594
U.R.D Investments (Pty) Limited – preference shares			20 000 000	20 000 000
First Rand Bank – preference shares		20 000 000	20 000 000	20 000 000

* The group's investment in these companies were fully impaired during 2007 due to the uncertain economic conditions in Zimbabwe.

Investor company/associate	Principal products or activities	Issued share capital R000	Percentage held by investors 2010	2009	2008
38. Investment in associate companies					
Barloworld Australia (Pty) Limited					
CAN 082 879 031 (Pty) Limited ¹ (Formerly Mercedes-Benz of Melbourne (Pty) Limited)	Motor retailer			49	49
Barloworld Holdings PLC					
Barzem Enterprises (Pty) Limited ^{2^}	Caterpillar dealer	48	35	35	35
Energyst B.V. ^{3^}	Caterpillar engines rental	5 041	23	23	22
Barloworld Automotive (Pty) Limited					
Investment Facility Company 383 (Pty) Limited t/a Sizwe Car Rental	Short-term car rental		49	49	49

All companies are incorporated in (or operate principally in) the Republic of South Africa except where otherwise indicated as follows:

1. Australia
2. Zimbabwe
3. Netherlands

Investor companies/joint ventures	Principal products or activities	Percentage held by investors 2010	2009	2008
39. Significant joint ventures				
Barloworld Equipment Company				
Bartrac Equipment (includes Democratic Republic of Congo)	Caterpillar dealer	50	50	50
Barloworld Automotive (Pty) Limited				
PhakisaWorld Fleet Solutions	Fleet leasing	50	50	50
Subaru Southern Africa (Pty) Limited	Motor retailer		50	
Barloworld Holdings PLC				
Finaltair SA [#]	Energy generation	50	50	50
Vostochnaya Technica UK	Caterpillar dealer	50	50	50
Barloworld Heftruck Verhuur BV	Hire of fork-lift-trucks	50	50	50

[#] Under liquidation

[^] The following associate companies have a different reporting year end:

Barzem Enterprises (Pty) Limited² – 31 August 2010

Energyst B.V.³ – 31 December 2010

40. Related party transactions

Various transactions are entered into by the company and its subsidiaries during the year with related parties. Unless specifically disclosed these transactions occurred under terms that are no less favourable than those entered into with third parties. Intra-group transactions are eliminated on consolidation.

The following is a summary of other transactions with related parties during the year and balances due at year end:

R million	Joint ventures in which the group is a venture
2010	
Goods and services sold to	
Barloworld Heftruck Verhuur B.V.	77
	77
Goods and services purchased from	
Barloworld Heftruck Verhuur B.V.	4
Bartrac Equipment	163
	167
Other transactions	
Management fees received from joint ventures	4
Other transactions	1
	5
No amounts are due from related parties as at end of year	
2009	
Goods and services sold to	
Bartrac Equipment	5
Barloworld Heftruck Verhuur B.V.	97
	102
Goods and services purchased from	
Barloworld Heftruck Verhuur B.V.	11
	11
Other transactions	
Management fees received from joint ventures	5
Other transactions	1
	6
Amounts due from related parties as at end of year	
Vostochnaya Technica Siberia loan	73
PhakisaWorld Fleet Solutions loan	2
Subaru Southern Africa (Pty) Limited	11
	86

Notes to the consolidated annual financial statements *(continued)**for the year ended 30 September***40. Related party transactions (continued)**

R million	Associates of the group	Joint ventures in which the group is a venture
2008		
Goods and services sold to		
Bartrac Equipment		87
The Used Equipment Company (Pty) Limited		9
Vostachnaya Technica UK		7
Energyst B.V.	3	
Barloworld Heftruck Verhuur B.V.		12
PhakisaWorld Fleet Solutions		101
	3	216
Goods and services purchased from		
The Used Equipment Company (Pty) Limited		94
Barloworld Heftruck Verhuur B.V.		29
		123
Other transactions		
Management fees received from associates		11
		11
Amounts due from related parties as at end of year		
Vostochnaya Technica Siberia loan		275
PhakisaWorld Fleet Solutions loan		221
Other loans to joint venturers		10
		506

Terms on other outstanding balances

Unless otherwise noted, all outstanding balances are payable within 30 days, unsecured and not guaranteed.

There are no doubtful debt provisions raised in respect of amounts due to/from related parties and no bad debts incurred during the year on these balances.

Associates and joint ventures

The loans to associates and joint ventures are repayable on demand and bears interest at market related rates.

Details of investments in associates and joint ventures are disclosed in notes 5, 38 and 39.

Subsidiaries

Details of investments in subsidiaries are disclosed in note 36.

Directors

Details regarding directors' remuneration and interests are disclosed in note 35, and share options, share appreciation rights and forfeitable shares are disclosed in note 33.

Transactions with key management and other related parties (excluding directors)

There were no material transactions with key management or close family members of related parties.

Shareholders

The principal shareholders of the company are disclosed on page 90.

Barloworld Medical Scheme

Contributions of R92 million were made to the Barloworld Medical Scheme on behalf of employees (2009: R84 million; 2008: R73 million).

Barloworld Pension Fund

Amounts recognised in the Income Statement in respect of defined benefit plans was a net loss of R1 million (2009: R16 million net loss; 2008: R3 million net gain).

41. Events after the reporting period

Agreement has been reached to acquire our partner's 50% shareholding in Vostochnaya Technica (VT) for US\$52 million (R363 million). VT distributes and supports Caterpillar and allied equipment across Siberia and the Russian Far East.

The transaction is subject to certain regulatory approvals however the group has acquired the right to appoint an additional director and therefore deemed to have acquired control from 1 October 2010.

The provisional goodwill of US\$22 million (R157 million) arising from the acquisition is attributable to the value of an established Caterpillar business.

None of the provisional goodwill to be recognised is expected to be deductible for income tax purposes.

For the purpose of this disclosure note the company has assumed fair values equate to carrying values. IFRS 3 requires the existing investment to be revalued based on the fair values before acquisition. This exercise results in a gain of US\$11 million (R77 million).

	Rm
Property, plant and equipment	169
Intangible assets	10
Inventories	516
Trade and other receivables	255
Trade and other payables	(320)
Loans	(283)
Deferred tax	27
Taxation	(9)
Other	(11)
Cash	214
Net assets	568
Goodwill on acquisition	157
Cost of investment	725
Cost of 50% investment	363
Satisfied by:	
Cash	363
Net cash outflow arising from acquisition	149
– Cash	363
– Cash and cash equivalents acquired	(214)

All known liabilities are accounted for in the above figures.

All numbers provided are provisional and are based on an exchange rate at 30 September 2010.

Had VT been acquired and consolidated from 1 October 2009 the group income statement would have included additional revenue of R1 455 million and profit of R105 million which includes the R77 million investment revaluation profit as referred to above.

Company statement of financial position

at 30 September

	Notes	2010 Rm	2009 Rm	2008 Rm
Assets				
Non-current assets		13 880	14 097	9 142
Property, plant and equipment	2	612	449	267
Intangible assets	3	18	22	23
Long-term financial assets	4	13 233	13 561	8 837
Deferred taxation assets	5	17	65	15
Current assets		1	4	42
Trade and other receivables	6	1	4	42
Total assets		13 881	14 101	9 184
Equity and liabilities				
Capital and reserves				
Share capital and premium	7	149	49	40
Other reserves		165	160	149
Retained income		8 604	8 232	4 117
Interest of shareholders of Barloworld Limited		8 918	8 441	4 306
Non-current liabilities		2 836	3 582	2 783
Interest-bearing	8	2 833	3 578	2 775
Provisions	9	2	3	8
Other non-interest-bearing	10	1	1	
Current liabilities		2 127	2 078	2 095
Trade and other payables		31	54	51
Provisions	9		2	8
Amounts due to bankers and short-term loans	11	2 096	2 022	2 036
Total equity and liabilities		13 881	14 101	9 184

Company statement of comprehensive income

for the year ended 30 September

	Notes	2010 Rm	2009 Rm	2008 Rm
Revenue	12	79	46	162
Operating profit	13	1 228	5 136	1 025
Fair value adjustments on financial instruments	14	1	(5)	(5)
Finance costs	15	(587)	(602)	(424)
Income from investments	16			2
Profit before taxation		642	4 529	598
Taxation	17	(68)	11	(47)
Net profit for the year		574	4 540	551
Other comprehensive income				
Coatings unbundling				(2 582)
Total comprehensive income for the year		574	4 540	(2 031)

Company statement of changes in equity

for the year ended 30 September

	Notes	Share capital and premium Rm	Re-valuation reserves Rm	Cash flow hedging reserves Rm	Equity compensation reserves Rm	Total other reserves Rm	Total retained income Rm	Total share-holders' interest Rm
Balance at 30 September 2007		11	3		12	15	6 762	6 788
Other comprehensive income recognised during 2008								
Coatings unbundling							(2 582)	(2 582)
Net profit for the year							551	551
Total comprehensive income for the year							(2 031)	(2 031)
Other reserve movements				(12)	146	134		134
Premium utilised for Coatings unbundling	7	(1)						(1)
BEE equity expenses	7	(3)						(3)
Dividends on ordinary shares							(614)	(614)
Non-executive directors trust BEE share issues	7	9						9
Shares issued in current year	7	24						24
Balance at 30 September 2008		40	3	(12)	158	149	4 117	4 306
Total comprehensive income for the year							4 540	4 540
Other reserve movements				8	3	11		11
BEE equity expenses	7	(2)						(2)
Dividends on ordinary shares							(425)	(425)
Shares issued in current year	7	11						11
Balance at 30 September 2009		49	3	(4)	161	160	8 232	8 441
Total comprehensive income for the year							574	574
Other reserve movements				3	2	5		5
Dividends on ordinary shares							(202)	(202)
Shares issued in current year	7	100						100
Balance at 30 September 2010		149	3	(1)	163	165	8 604	8 918

Company statement of cash flows

for the year ended 30 September

	Notes	2010 Rm	2009 Rm	2008 Rm
Cash flows from operating activities				
Cash generated/(utilised) from operations	A	23	89	(80)
Finance costs		(587)	(602)	(424)
Realised fair value adjustments on financial instruments		1	(5)	(5)
Dividends received		492	4 455	801
Interest received		713	664	409
Taxation paid	B	(20)	(37)	(60)
Cash flow from operations		622	4 564	641
Dividends paid		(202)	(425)	(614)
Cash retained from operating activities		420	4 139	27
Cash flows from investing activities				
Acquisition of property, plant, equipment and intangibles		(177)	(191)	(149)
Replacement capital expenditure		(62)	(83)	(146)
Expansion capital expenditure		(115)	(108)	(3)
Proceeds from disposals of property, plant and equipment				102
Decrease/(increase) in long-term financial assets		328	(4 748)	(1 718)
Net cash generated/(used) in investing activities		151	(4 939)	(1 765)
Net cash inflow/(outflow) before financing activities		571	(800)	(1 738)
Cash flows from financing activities				
Proceeds on share issue		100	11	23
(Decrease)/increase in long-term borrowings		(745)	803	1 199
Increase/(decrease) in short-term interest-bearing liabilities		74	(14)	510
Net cash (used in)/from financing activities		(571)	800	1 732
Net decrease in cash and cash equivalents				(6)
Cash and cash equivalents at beginning of year				6
Cash and cash equivalents at end of year				

Notes to the company statement of cash flows

for the year ended 30 September

	2010 Rm	2009 Rm	2008 Rm
A. Cash generated/(utilised) from operations is calculated as follows:			
Profit before taxation	642	4 529	598
Adjustments for:			
Depreciation	14	8	7
Loss on disposal of property, plant and equipment			2
Amortisation of intangible assets	2	2	2
Dividends received	(492)	(4 455)	(801)
Interest received	(713)	(664)	(409)
Finance costs	587	602	424
Fair value adjustments on financial instruments	(1)	5	5
BEE IFRS 2 charge		3	146
Other non-cash flow items	4	18	(42)
Operating cash flows before movements in working capital	43	48	(68)
Decrease in trade and other receivables	3	38	33
(Decrease)/increase in payables	(23)	3	(45)
Cash generated/(utilised) from operations	23	89	(80)
B. Taxation paid is reconciled to the amounts disclosed in the income statement as follows:			
Amounts due at beginning of year			
Per the income statement (excluding deferred taxation)	(20)	(37)	(60)
Cash amounts paid	(20)	(37)	(60)

Notes to the company annual financial statements

for the year ended 30 September

1. Accounting policies

Refer to group accounting policies on pages 130 to 137.

	Cost Rm	Accumulated depreciation and impairments Rm	Net book value Rm
2. Property, plant and equipment			
2010			
Freehold land and buildings	667	65	602
Investment property	11	6	5
Equipment, vehicles and furniture	15	10	5
	693	81	612
2009			
Freehold land and buildings	492	52	440
Investment property	11	6	5
Equipment, vehicles and furniture	13	9	4
	516	67	449
2008			
Freehold land and buildings	302	45	257
Investment property	11	6	5
Equipment, vehicles, aircraft and furniture	13	8	5
	326	59	267

There are no assets encumbered.

The insurable value of the company's property, plant and equipment as at 30 September 2010 amounted to R1 833 million (2009: R564 million; 2008: R379 million). This is based on the cost of replacement of such assets except for motor vehicles and certain selected assets, which are included at estimated retail value.

	Freehold land and buildings Rm	Investment properties Rm	Equipment and furniture Rm	Vehicles Rm	Total Rm
Movement of property, plant and equipment					
2010					
Net balance at 1 October 2009	440	5	4		449
Additions	175		2		177
	615	5	6		626
Depreciation (note 13)	(13)		(1)		(14)
Net balance at 30 September 2010	602	5	5		612
2009					
Net balance at 1 October 2008	257	5	5		267
Additions	190				190
	447	5	5		457
Depreciation (note 13)	(7)		(1)		(8)
Net balance at 30 September 2009	440	5	4		449
2008					
Net balance at 1 October 2007	121		10	1	132
Additions	139	5	2		146
	260	5	12	1	278
Disposals			(3)	(1)	(4)
Depreciation (note 13)	(3)		(4)		(7)
Net balance at 30 September 2008	257	5	5		267

The register of land and buildings is open for inspection at the registered office of the company.

Notes to the company annual financial statements *(continued)**for the year ended 30 September*

	Capitalised software Rm	Patents, trademarks and develop- ment costs Rm	Total intangible assets Rm
3. Intangible assets			
2010			
Cost			
At 1 October	8	37	45
Disposals	(2)		(2)
At 30 September	6	37	43
Accumulated amortisation			
At 1 October	6	17	23
Charge for the year (note 13)		2	2
At 30 September	6	19	25
Carrying amount			
At 30 September		18	18
2009			
Cost			
At 1 October	7	37	44
Additions	1		1
At 30 September	8	37	45
Accumulated amortisation			
At 1 October	6	15	21
Charge for the year (note 13)		2	2
At 30 September	6	17	23
Carrying amount			
At 30 September	2	20	22
2008			
Cost			
At 1 October	6	37	43
Additions	3		3
Disposals	(2)		(2)
At 30 September	7	37	44
Accumulated amortisation			
At 1 October	6	13	19
Charge for the year (note 13)		2	2
At 30 September	6	15	21
Carrying amount			
At 30 September	1	22	23

	2010 Rm	2009 Rm	2008 Rm
4. Long-term financial assets			
Interest in subsidiaries	13 228	13 553	8 805
Unlisted investments	5	5	5
Other derivatives		3	27
	13 233	13 561	8 837
Interest in subsidiaries			
Shares as originally stated (group note 36)	1 680	530	531
Amounts owing by subsidiaries (group note 36)	13 063	13 315	8 398
	14 743	13 845	8 929
Amounts owing to subsidiaries (group note 36)	(1 515)	(292)	(124)
	13 228	13 553	8 805
Total carrying value and fair value of unlisted investments – directors' valuation	5	5	5
5. Deferred taxation assets			
Movement of deferred taxation			
Balance at beginning of year	65	15	2
Recognised in income statement	(48)	48	13
Other movements		2	
Balance at end of year	17	65	15
Analysis of deferred taxation by type of temporary difference			
Capital allowances			
Provisions		2	
Effect of tax losses		43	15
Other temporary differences	17	20	
	17	65	15
Amount of deferred taxation recognised in the income statement			
Capital allowances			
Provisions	(2)	2	
Effect of tax losses	(43)	28	13
Other temporary differences	(3)	18	
	(48)	48	13
6. Trade and other receivables			
Other receivables and prepayments	1	4	42
	1	4	42

Notes to the company annual financial statements (continued)

for the year ended 30 September

	2010 Rm	2009 Rm	2008 Rm							
7. Share capital and premium										
Authorised share capital										
500 000 6% non-redeemable cumulative preference shares of R2 each	1	1	1							
400 000 000 (2009: 300 000 000) ordinary shares of 5 cents each	20	15	15							
	21	16	16							
Issued share capital										
375 000 6% non-redeemable cumulative preference shares of R2 each (2009: 375 000, 2008: 375 000)	1	1	1							
230 452 448 ordinary shares of 5 cents each (2009: 227 440 494, 2008: 226 878 609)	12	11	11							
	13	12	12							
Share premium:	136	37	28							
Balance at beginning of year	37	28								
Premium on share issues	99	11	23							
Premium on non-executive directors trust BEE share issues			9							
BEE equity expenses		(2)	(3)							
Premium utilised for Coatings unbundling			(1)							
Total issued share capital and premium	149	49	40							
For further information refer to note 13 in the consolidated financial statements.										
8. Interest-bearing liabilities										
Total long-term borrowings	4 323	3 578	2 775							
Less: Current portion redeemable and repayable within one year	(1 490)									
South African rand: interest-bearing	2 833	3 578	2 775							
Barloworld bonds										
Certificate	Issued	Maturity	Tenor	Comparable treasury stock	Spread	Yield	Type	2010 Rm	2009 Rm	2008 Rm
BAW 1	29 Jul 04	29 Jul 11	7 y	R153	112	10.70	Fixed rate (NACS)	1 305	1 553	1 565
BAW 2	02 Oct 08	02 Oct 15	7 y	R157	275	11.67	Fixed rate (NACS)	793	793	
BAW 3	15 Sep 10	02 Oct 17	7 y	3-month Jibar	260	8.68	Floating rate	332		
BAW 4	15 Sep 10	15 Sep 13	3 y	3-month Jibar	170	7.75	Floating rate	227		
BAW 5	15 Sep 10	15 Sep 13	3 y	R206	141	8.31	Fixed rate (NACS)	69		
BAW 6	15 Sep 10	02 Oct 14	4 y	3-month Jibar	185	7.93	Floating rate	200		
BAW 7	15 Sep 10	02 Oct 14	4 y	R201	173	8.73	Fixed rate (NACS)	75		
BAW 8	15 Sep 10	02 Oct 17	7 y	R203	238	9.94	Fixed rate (NACS)	91		
								3 092	2 346	1 565

R750 million of BAW 1 was converted to short term rates through the conclusion of an interest rate swap in 2004. During 2005, a fixed interest rate swap agreement was entered into. Interest is paid at 7.83%. A fair value loss of R15 million (2009: R26 million loss, 2008: R27 million gain) has been recognised in the current year.

The balance of these long-term borrowings R1 231 million (2009: R1 232 million, 2008: R1 210 million), is made up of loans obtained from the strategic partners and the community service groups, which form part of the BEE transaction implemented during September 2008. These loans mature in August 2015 and carry a fixed interest rate of 11.78% per annum.

	2010 Rm	2009 Rm	2008 Rm
9. Provisions			
Non-current	2	3	8
Current		2	8
	2	5	16
	Other [#] provisions Rm	Share [^] appreciation rights Rm	Total Rm
Balance at 1 October 2008	8	8	16
Net movements	(6)	(5)	(11)
Raised	6		6
Utilised	(12)	(5)	(17)
Balance at 30 September 2009	2	3	5
Net movements	(2)	(1)	(3)
Raised			
Utilised	(2)	(1)	(3)
Balance at 30 September 2010		2	2

[#] Other provisions

These provisions comprise the following:

Unvested share options of former employees R nil (2009: R1 million and 2008: R6 million) and director fees R nil (2009: R1 million and 2008: R1 million).

[^] Share appreciation rights

A provision for share appreciation rights arose during 2007 when the group introduced the Barloworld Cash Settled Share Appreciation Right Scheme 2007. The scheme allows executive directors and certain senior employees to earn a long-term incentive amount calculated based on the increase in the Barloworld Limited share price between the grant date and the vesting and exercise of such rights. For more details refer to note 33 on the group financial statements section.

	2010 Rm	2009 Rm	2008 Rm
10. Other non-interest bearing liabilities			
Other payables	1	1	
	1	1	
Per category			
Other liabilities	1	1	
	1	1	
11. Amounts due to bankers and short-term loans			
Short term loans	606	2 022	2 036
Current portion of long term loan	1 490		
	2 096	2 022	2 036
12. Revenue			
Rendering of services			133
Rentals received from subsidiaries	79	46	29
	79	46	162

Interest and dividends received are not included in revenue, but reflected as income under operating profit.

Notes to the company annual financial statements (continued)

for the year ended 30 September

	2010 Rm	2009 Rm	2008 Rm
13. Operating profit			
Operating profit is arrived at as follows:			
Revenue	79	46	162
Add: Net income	1 149	5 090	863
Interest from subsidiaries	713	664	407
Dividends from subsidiaries	492	4 455	801
Administrative costs	(56)	(29)	(345)
Operating profit	1 228	5 136	1 025
Administrative costs include the following:			
Depreciation (note 2)	14	8	7
BEE IFRS 2 charge		3	146
Loss on disposal of property, plant, and equipment			2
Amortisation of intangible assets (note 3)	2	2	2
Administration, management and technical fees paid	1	1	7
Auditors' remuneration	3	2	6
Audit fees	3	2	6
Staff costs (excluding directors' emoluments)			205
Amounts expensed in respect of retirement benefit plans:			
Defined-contribution funds			8
14. Fair value adjustments on financial assets			
Financial assets at fair value through profit – held for trading items	1	(5)	3
Ineffectiveness recognised in loss arising from cashflow hedges			(8)
	1	(5)	(5)
15. Finance costs			
Interest paid:			
Bank	(527)	(609)	(329)
Subsidiaries	(60)	7	(95)
	(587)	(602)	(424)
16. Income from investments			
Interest received on loans			2

	2010 Rm	2009 Rm	2008 Rm
17. Taxation			
Foreign and withholding taxation			
Current year	(2)	(4)	(4)
	(2)	(4)	(4)
Deferred taxation			
Current year	(52)	48	15
Prior year	4		
	(48)	48	15
Secondary taxation on companies			
Current	(18)	(33)	(56)
Deferred			(2)
	(18)	(33)	(58)
Taxation attributable to the company	(68)	11	(47)
	2010 %	2009 %	2008 %
Reconciliation of rate of taxation:			
South Africa normal taxation rate	28.0	28.0	28.0
Reduction in rate of taxation	(22.2)	(29.2)	(53.8)
Exempt income	(0.1)		(0.2)
Adjustment due to inclusion of dividend income	(21.5)	(27.5)	(37.5)
Prior year taxation	(0.6)		
Taxation on unprovided temporary differences		(1.7)	(16.1)
Increase in the rate of taxation	4.8	1.0	33.7
Disallowable taxation charges	1.7	0.2	9.7
Taxation on unprovided temporary differences			13.6
Withholding taxation	0.3	0.1	0.7
Secondary taxation on companies	2.8	0.7	9.7
Taxation as a percentage of profit before taxation	10.6	(0.2)	7.9
	2010 Rm	2009 Rm	2008 Rm
Taxation losses at the end of year		(162)	(291)
Utilised to reduce deferred taxation or create deferred taxation asset		162	56
Losses on which no deferred taxation assets raised due to uncertainty regarding utilisation			(235)
The company had no unutilised STC credits.			

Notes to the company annual financial statements (continued)

for the year ended 30 September

	2010 Rm	2009 Rm	2008 Rm
18. Contingent liabilities			
Guarantees for loans, overdrafts and liabilities of subsidiaries	6 371	6 476	6 171

The company has given an indemnity to Freeworld Coatings Limited in respect of environmental claims exceeding AUD\$5 million for a maximum period of eight years up to 2015. The claims relate to the coatings Australian business sold to PPG Industries during 2007.

19. Changes in accounting policy and disclosures

During the current year there have been no changes in accounting policies which have impacted the company. Refer to group note 34 for a list of all adoptions and changes in accounting policies as well as standards and interpretations not yet adopted.

20. Financial instruments

The company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, bank borrowings, money and capital market borrowings, loans to and from subsidiaries and derivatives. Derivative instruments are used by the company for hedging purposes.

	Notes	2010 Rm	2009* Rm	2008* Rm
20.1 Summary of the carrying and fair value of financial instruments				
Carrying value of financial instruments by category:				
Financial assets:				
Financial assets at fair value through profit or loss				
– Held for trading items	4			24
Available-for-sale financial assets	4	5	5	5
Loans and receivables	4, 6	1	4	42
Derivative assets designed as effective hedging instruments	4		3	3
		6	12	74
Financial liabilities:				
Financial liabilities measured at amortised cost		31	54	51
Interest-bearing loans	8, 11	4 929	5 600	4 811
		4 960	5 654	4 862
Fair value of financial instruments by category:				
Financial assets:				
Financial assets at fair value through profit or loss				
– Held for trading items				24
Available-for-sale financial assets		5	5	5
Loans and receivables		1	4	42
Derivative assets designed as effective hedging instruments			3	3
		6	12	74
Financial liabilities:				
Financial liabilities measured at amortised cost		31	54	51
Interest-bearing loans		4 929	5 600	4 811
		4 960	5 654	4 862

All financial instruments are carried at fair value or amounts that approximate fair value except for the non-current portion of fixed rate receivables, payables and interest-bearing borrowings which are carried at amortised cost. The carrying amounts for investments, cash, cash equivalents as well as the current portion of receivables, payables and interest-bearing borrowings approximate fair value due to the short-term nature of these instruments. The fair values have been determined using available market information and appropriate valuation methodologies.

* The 2008 and 2009 figures were restated to exclude pre-payments, leave pay provision and Vat payable/(receivable).

20. Financial instruments (continued)

20.2 Financial risk management

a. Capital risk management

The risk management is the same as the group note 32.

b. Market risk

i) Currency risk

The company is not exposed to any significant currency risk.

ii) Interest rate risk

The company manages the exposure to interest rate risk by maintaining a balance between fixed and floating rate borrowings. The interest rate characteristics of new borrowings and the refinancing of existing borrowings are structured according to expected movements in interest rates. There has been no change in the current year to this approach. The interest rate profile of total borrowings is as follows:

	2010 Rm	2009 Rm	2008 Rm
Interest rates			
Loans at fixed rates of interest	3 564	3 578	2 775
Loans linked to South African money market rates	1 365	2 022	2 036
	4 929	5 600	4 811

Interest rate sensitivity analysis

The impact of changes in the interest rates is not significant as interest costs are recovered from other group companies.

iii) Other price risk

Barloworld share price

The company has a liability to option holders in terms of the Share Appreciation Right Scheme (as per group note 33.3).

Barloworld share price sensitivity analysis

Impact of a 10% increase in the Baw share price as at 30 September

– charge to profit or loss in respect of the liability

1

1

Call options have been acquired to hedge against future additional cash flows arising from increases in the Baw share price. The cash flows are expected to occur after the vesting of the rights as per group note 33.3.

There has been no change during the current year in the company approach to managing other price risk.

c. Credit risk

The potential area of credit risk is short-term cash investments. It is company policy to deposit short-term cash investments with major banks and financial institutions with strong credit ratings.

	2010 Rm	2009 Rm	2008 Rm
Maximum exposure to credit risk (excluding collateral held)			
Financial assets:			
Financial assets at fair value through profit or loss			
– Held for trading items			24
Available-for-sale financial assets	5	5	5
Loans and receivables	1	4	42
Derivative assets designed as effective hedging instruments		3	3
Interest in subsidiaries	13 228	13 553	8 805
Other items including financial guarantees	6 371	6 476	6 171
	19 605	20 041	15 050

d. Liquidity risk

The company manages liquidity risk by monitoring forecast cash flows and maintaining a balance between long and short-term borrowings. There has been no change to this approach in the current year.

Notes to the company annual financial statements *(continued)**for the year ended 30 September***20. Financial instruments (continued)****20.2 Financial risk management (continued)****Maturity profile of financial liabilities**

The maturity profile of the financial instruments is summarised as follows (based on contractual undiscounted cash flows):

	Total owing 2010	Repayable during the year ending 30 September		
		2011	2012 to 2015	2016 and onwards
Interest-bearing liabilities	5 901	1 679	2 973	1 249
Trade payables and other non-interest bearing liabilities	32	31	1	
		2010 Rm	2009 Rm	2008 Rm

21. Related party transactions

With subsidiaries of the company

Goods and services sold	79	46	154
Dividends and interest – income	1 198	5 119	1 208
Dividends and interest – expense	60	(7)	95
Freehold land and buildings purchased			139
Inter group loans and other amounts due from related parties as at end of year*	13 063	13 315	8 398
Inter group loans and other amounts due to related parties as at end of year*	1 515	292	124

* There are no doubtful debt provisions raised in respect of amounts due to/from related parties and no bad debts incurred during the year on these balances.

22. Events after the reporting period

No material events have occurred between the end of the reporting period and the date of release of these financial statements.

The following notes are dealt with in the consolidated financial statements:

- Dividends (group note 27)
- Financial instruments (group note 32)
- Directors' remuneration and interest (group note 35)
- Barloworld shareholders' attributable interest in subsidiaries (group note 36)

Global reporting initiative (GRI) Index

The web version of the Barloworld annual report is aligned with application level B+

GRI Ref		Print version Pages	Web version
	Strategy and analysis		
1.1	Statement from the most senior decision maker of the organisation.	12 – 15, 16 – 21, 93	✓
1.2	Description of key impacts, risks, and opportunities.	21, 100 – 103	✓
	Organisational profile		
2.1	Name of reporting organisation.	Inside back cover	✓
2.2	Primary brands, products, and/or services.	Inside front cover, 4, 24, 40, 50	✓
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	4, 214 – 216	✓
2.4	Location of organisation's headquarters.	66, Inside back cover	✓
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Inside front cover, 4, 8 – 9, 23, 39, 49, 59, 66	✓
2.6	Nature of ownership, legal form.	68, 90, 91	✓
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Inside front cover, 4, 8 – 9, 23, 39, 49, 59, 66	✓
2.8	Scale of organisation • Number of employees; • Net sales (for private sector organisations) or • Net revenues (for public sector organisations); • Total capitalisation broken down in terms of debt and equity (for private sector organisations); and • Quantity of products or services provided. • Total assets; • Beneficial ownership (including identity and percentage of ownership of largest shareholders); and • Breakdowns by country/region of the following: – Sales/revenues by countries/regions that make up 5% or more of total revenues; – Costs by countries/regions that make up 5% or more of total revenues; and – Employees.	116, 117 2, 5 23, 39, 49, 59 2, 138 90, 91 146 – 147 24, 40, 50, 60, 67, 117	✓ ✓ ✓ ✓ ✓ ✓ ✓
2.9	Significant changes during the reporting period regarding size, structure, or ownership including: • The location of, or changes in operations, including facility openings, closings, and expansions; and • Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organisations).	90, 91, 124, 129 19, 124, 148	✓ ✓
2.10	Awards received in the reporting period.	20, 46, 63, 67, 120	✓
	Report parameters		
	Aspect: Report profile		
3.1	Reporting period.	Inside front and back covers	✓
3.2	Date of most recent previous report (if any).	Inside back cover	✓
3.3	Reporting cycle (annual, biennial, etc.).	Inside back cover	✓
3.4	Contact point for questions regarding the report or its contents.	Inside front and back covers, 120	✓
	Aspect: Report scope and boundary		
3.5	Process for defining report content, including: • Determining materiality; • Prioritising topics within the report; and • Identifying stakeholders the organisation expects to use the report. • Include an explanation of how the organisation has applied the 'Guidance on Defining Report Content' and the associated principles.	Inside front cover, 68, 98, Inside back cover	✓
3.6	Boundaries of report.	98, 108, 130	✓
3.7	State any specific limitations on the scope or boundary of the report.	98, 108, 130	✓
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.	98, 130	✓
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. <i>Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.</i>	98	✓

✓ Reference/further details available in the web version of the Barloworld annual report available at www.barloworld.com

Global reporting initiative (GRI) Index *(continued)*

for the year ended 30 September

GRI Ref		Print version Pages	Web version
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	98, 205	✓
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	98, 205	✓
3.12	Aspect: GRI content index Table identifying the location of the Standard Disclosures in the report. Identify the page numbers or web links where the following can be found: • Strategy and analysis 1.1 – 1.2; • Organisational profile 2.1 – 2.10; • Report parameters 3.1 – 3.13; • Governance, commitments, and engagement 4.1 – 4.17; • Disclosure of management approach, per category; • Core Performance Indicators; • Any GRI additional indicators that were included; and • Any GRI sector supplement Indicators included in the report.	235 – 240	✓
3.13	Aspect: Assurance Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organisation and the assurance provider(s).	98, 122, 128	✓
	Governance, commitments, and engagement		
4.1.	Aspect: Governance Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight. <i>Describe the mandate and composition (including number of independent members and/or non-executive members) of such committees and indicate any direct responsibility for economic, social, and environmental performance.</i>	68 – 79	✓
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organisation's management and the reasons for this arrangement).	69	✓
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members. <i>State how the organisation defines 'independent' and 'non-executive'. This element applies only for organisations that have unitary board structures. See the glossary for a definition of 'independent'.</i>	68 – 70	✓
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body. Include reference to processes regarding: • The use of shareholder resolutions or other mechanisms for enabling minority shareholders to express opinions to the highest governance body; and • Informing and consulting employees about the working relationships with formal representation bodies such as organisation level 'work councils', and representation of employees in the highest governance body. • Identify topics related to economic, environmental, and social performance raised through these mechanisms during the reporting period.	86, 87, 97, 117, 120, 241 – 247	✓
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance).	79 – 83, 107	✓
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	69 – 70, 76	✓
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics.	69, 76, 78, 85, 86	✓
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation. Explain the degree to which these: • Are applied across the organisation in different regions and department/units; and • Relate to internationally agreed standards.	6, 86, 94, 99, 105, 112, 113, 114, 120	✓

✓ Reference/further details available in the web version of the Barloworld annual report available at www.barloworld.com

GRI Ref		Print version Pages	Web version
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles. <i>Include frequency with which the highest governance body assesses sustainability performance.</i>	77, 84, 100	✓
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	76, 87, 241	✓
4.11	Aspect: Commitments to external initiatives Explanation of whether and how the precautionary approach or principle is addressed by the organisation. Article 15 of the Rio Principles introduced the precautionary approach. A response to 4.11 could address the organisation's approach to risk management in operational planning or the development and introduction of new products.	84, 100, 106	✓
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses. <i>Include date of adoption, countries/operations where applied, and the range of stakeholders involved in the development and governance of these initiatives (eg, multi-stakeholder, etc). Differentiate between non-binding, voluntary initiatives and those with which the organisation has an obligation to comply.</i>	68, 97, 98, 112, 114	✓
4.13	Memberships in associations (such as industry associations) and/or national/ international advocacy organisations in which the organisation: • Has positions in governance bodies; • Participates in projects or committees; • Provides substantive funding beyond routine membership dues; or • Views membership as strategic. <i>This refers primarily to memberships maintained at the organisational level.</i>	97, 98	✓
4.14	Aspect: Stakeholder engagement List of stakeholder groups engaged by the organisation. Examples of stakeholder groups are: • Communities; • Civil society; • Customers; • Shareholders and providers of capital; • Suppliers; and • Employees, other workers, and their trade unions.	96 – 98	✓
4.15	Basis for identification and selection of stakeholders with whom to engage. <i>This includes the organisation's process for defining its stakeholder groups, and for determining the groups with which to engage and not to engage.</i>	96	✓
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group. <i>This could include surveys, focus groups, community panels, corporate advisory panels, written communication, management/union structures, and other vehicles. The organisation should indicate whether any of the engagement was undertaken specifically as part of the report preparation process.</i>	96 – 98	✓
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	96 – 98	✓
	Economic • Disclosure on management approach	7, 10, 103	✓
	• Performance indicators		
EC1	Aspect: Economic performance Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	104	✓
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	99	✓
EC3	Coverage of the organisation's defined benefit plan obligations.	133, 175 – 178	✓
EC4	Significant financial assistance received from government.	Nil	✓
EC5	Aspect: Market presence Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	–	✓
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	115	✓
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	–	✓

✓ Reference/further details available in the web version of the Barloworld annual report available at www.barloworld.com

Global reporting initiative (GRI) Index *(continued)*

for the year ended 30 September

GRI Ref		Print version Pages	Web version
EC8	Aspect: Indirect economic impacts Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	104, 115, 116	✓
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	104, 115, 116	✓
	Environmental • Disclosure on management approach	7, 11, 15, 94, 99, 105	✓
	• Performance indicators		
	Aspect: Materials		
EN1	Materials used by weight or volume.	110	✓
EN2	Percentage of materials used that are recycled input materials.	111	✓
	Aspect: Energy		
EN3	Direct energy consumption by primary energy source.	108	✓
EN4	Indirect energy consumption by primary source.	108	✓
EN5	Energy saved due to conservation and efficiency improvements.	52, 55	✓
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	63, 106	✓
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	7, 27, 47, 55	✓
	Aspect: Water		
EN8	Total water withdrawal by source.	110	
EN9	Water sources significantly affected by withdrawal of water.	Nil	✓
EN10	Percentage and total volume of water recycled and reused.	110	✓
	Aspect: Biodiversity		
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	111	✓
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	111	✓
EN13	Habitats protected or restored.	111	✓
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	–	✓
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	–	✓
	Aspect: Emissions, effluents, and waste		
EN16	Total direct and indirect greenhouse gas emissions by weight.	108, 109	✓
EN17	Other relevant indirect greenhouse gas emissions by weight.	–	✓
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	7, 20, 27, 47, 54, 109	✓
EN19	Emissions of ozone-depleting substances by weight.	–	✓
EN20	NO, SO, and other significant air emissions by type and weight.	–	✓
EN21	Total water discharge by quality and destination.	110	✓
EN22	Total weight of waste by type and disposal method.	111	✓
EN23	Total number and volume of significant spills.	–	✓
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	–	✓
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and run off.	–	✓
	Aspect: Products and services		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	11, 28, 47, 63, 105, 106, 107, 110, 111, 112	✓
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	106	✓
	Aspect: Compliance		
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Nil	✓

✓ Reference/further details available in the web version of the Barloworld annual report available at www.barloworld.com

GRI Ref		Print version Pages	Web version
EN29	Aspect: Transport Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.	–	✓
EN30	Aspect: Overall Total environmental protection expenditures and investments by type.	–	✓
	Labour practices and decent work • Disclosure on management approach	7, 11, 116 – 120	✓
	• Performance indicators Aspect: Employment		
LA1	Total workforce by employment type, employment contract, and region.	24, 40, 50, 60, 67, 116, 117	✓
LA2	Total number and rate of employee turnover by age group, gender, and region.	119	✓
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	–	✓
	Aspect: Labour/management relations		
LA4	Percentage of employees covered by collective bargaining agreements.	–	✓
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	–	✓
	Aspect: Occupational health and safety		
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes.	–	✓
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region.	24, 40, 50, 60, 67, 118	✓
LA8	Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases.	118	✓
LA9	Health and safety topics covered in formal agreements with trade unions.	–	✓
	Aspect: Training and education		
LA10	Average hours of training per year per employee by employee category.	119	✓
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	119	✓
LA12	Percentage of employees receiving regular performance and career development reviews.	–	✓
	Aspect: Diversity and equal opportunity		
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	69, 73, 113, 114	✓
LA14	Ratio of basic salary of men to women by employee category.	–	✓
	Human rights • Disclosure on management approach	11, 113	✓
	• Performance indicators Aspect: Investment and procurement practices		
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	–	✓
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	–	✓
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	–	✓
	Aspect: Non-discrimination		
HR4	Total number of incidents of discrimination and actions taken.	113	✓
	Aspect: Freedom of association and collective bargaining		
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	–	✓

✓ Reference/further details available in the web version of the Barloworld annual report available at www.barloworld.com

Global reporting initiative (GRI) Index *(continued)*

for the year ended 30 September

GRI Ref		Print version Pages	Web version
HR6	Aspect: Child labour Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	–	✓
HR7	Aspect: Forced and compulsory labour Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.	–	✓
HR8	Aspect: Security practices Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	–	✓
HR9	Aspect: Indigenous rights Total number of incidents of violations involving rights of indigenous people and actions taken.	Nil	✓
Society • Disclosure on management approach		112	✓
• Performance indicators			
SO1	Aspect: Community Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	–	✓
SO2	Aspect: Corruption Percentage and total number of business units analysed for risks related to corruption.	–	✓
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures.	–	✓
SO4	Actions taken in response to incidents of corruption.	–	✓
SO5	Aspect: Public policy Public policy positions and participation in public policy development and lobbying.	–	✓
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Nil	✓
SO7	Aspect: Anti-competitive behaviour Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	Nil	✓
SO8	Aspect: Compliance Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Nil	✓
Product responsibility • Disclosure on management approach		11, 112	✓
• Performance indicators			
PR1	Aspect: Customer health and safety Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	112	✓
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	–	✓
PR3	Aspect: Product and service labelling Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	–	✓
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	Nil	✓
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	112	✓
PR6	Aspect: Marketing communications Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	112	✓
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Nil	✓
PR8	Aspect: Customer privacy Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Nil	✓
PR9	Aspect: Compliance Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Nil	✓

✓ Reference/further details available in the web version of the Barloworld annual report available at www.barloworld.com

Letter from the chairman

Dear Member

I have pleasure in inviting you to attend the 94th annual general meeting (AGM) of Barloworld Limited, to be held in the Tokyo Meeting Room, Barloworld Corporate Office, 180 Katherine Street, Sandton, on Wednesday, 26 January 2011 at 12:30.

The following documents are enclosed:

- Notice of AGM setting out the resolutions to be proposed at the meeting;
- Question form for AGM;
- A "shareholders' diary" with map indicating the location of the venue for the meeting; and
- A form of proxy.

If you are unable to attend, you can, as a member, exercise your right to take part in the proceedings by complying with the notes to the form of proxy.

I would also like to draw your attention to your right to raise questions, at the appropriate time, during the meeting. As it may not be possible to answer every question that members may care to raise at the meeting, and in order to ensure that matters of interest to members are dealt with, I would like to suggest that you use the attached question form to ask, in advance, any question(s) of particular concern to you. We will be able to assess the most popular topics from the question forms returned, and I will endeavour to address them all at the meeting. This advance compilation of relevant questions will, of course, not prevent you from raising questions, at the appropriate time, during the meeting.

The question form can be:

- Returned to the group secretary, 180 Katherine Street, Sandton (PO Box 782248, Sandton 2146, South Africa); or by email invest@barloworld.com to be received no later than 12:30 on Thursday, 20 January 2011; or
- Faxed, together with the form of proxy, to our transfer secretaries in South Africa:
Link Market Services South Africa (Pty) Limited
11 Diagonal Street, Johannesburg 2001
(PO Box 4844, Johannesburg 2000) South Africa
Fax number +27 11 834 4398
to be received no later than 12:30 on Monday, 24 January 2011; or
- Lodged, together with the form of proxy, to our registrars in the United Kingdom:
Equiniti Limited,
Aspect House, Spencer Road, Lancing,
West Sussex BN99 6ZL, England
to be received not later than 12:30 on Monday, 24 January 2011; or
- Handed in at the time of registering attendance at the meeting.

I look forward to welcoming you at the meeting.

Kind regards



DB Ntsebeza
Chairman

15 December 2010

Head office

180 Katherine Street
PO Box 782248, Sandton 2146, South Africa
Tel: +27 11 445 1000
Fax: +27 11 444 4170
Website: www.barloworld.com

Barloworld Limited (Reg No 1918/000095/06)

Directors

DB Ntsebeza (Chairman)
SAM Baqwa
PJ Blackbeard
PJ Bulterman
AGK Hamilton*
M Laubscher
SS Mkhabela
MJN Njeke
SS Ntsaluba
TH Nyasulu
SB Pfeiffer^
G Rodriguez de Castro Garcia de los Rios†
OI Shongwe
CB Thomson
DG Wilson

*British ^American †Spanish

Group secretary

S Mngomezulu

Question form for annual general meeting

Name of shareholder:

Address:

Contact details:

Telephone number:

Fax number:

Email:

Questions:

Shareholders' diary

for the year ended 30 September 2010

Financial year-end	30 September
Annual general meeting	26 January 2011
Reports and profit statements • Half yearly interim report • Preliminary report for the year • Annual Report	Published May November December
Dividends • 6% cumulative preference shares	Declared April November
• Ordinary shares – interim – final	Paid May November
Details of final dividend declared • Cents per share • Date declared • Last day to trade <i>cum</i> dividend • First trading day <i>ex</i> dividend • Record date • Payment date	Paid June January
	55 Wednesday, 17 November 2010 Friday, 7 January 2011 Monday, 10 January 2011 Friday, 14 January 2011 Monday, 17 January 2011

Share certificates may not be dematerialised or rematerialised between Monday, 10 January 2011 and Friday, 14 January 2011, both days inclusive.

Map giving location of Barloworld Sandton

The map below indicates the location of Barloworld Limited, Sandton, where the annual general meeting will be held:



Notice of annual general meeting

Barloworld Limited
(Incorporated in the Republic of South Africa)
Reg No 1918/000095/06
JSE share code: BAW
ISIN: ZAE000026639
(company)

Notice is hereby given that the ninety-fourth annual general meeting of the members of the company will be held in the Tokyo Meeting Room, Barloworld Corporate Office, 180 Katherine Street, Sandton, on Wednesday, 26 January 2011, at 12:30 for the purpose of considering the following business and if deemed fit, to pass, with or without modification, the following resolutions:

1. Ordinary business

- 1.1** To receive and adopt the annual financial statements for the year ended 30 September 2010, including the directors' report and the report of the auditors.

1.1.1 Ordinary resolution 1

"Resolved that the group annual financial statements for the year ended 30 September 2010, including the directors' report and the report of the auditors, be received and adopted."

- 1.2** To elect directors in accordance with the provisions of articles 59.3.1 and 66 of the company's articles of association.

Mr PJ Bulterman, having been appointed during the financial year, is required to retire. Messrs AGK Hamilton, M Laubscher and CB Thomson and Ms TH Nyasulu are required to retire by rotation. All retiring directors are eligible and they have offered themselves for election or re-election respectively. Brief biographical notes of each director standing for election or re-election are set out on pages 74 to 75 of the annual report.

The nomination committee of the company has conducted an assessment of the performance of each of the retiring candidates and the board accepted the findings. Accordingly, the board recommends to shareholders the election or re-election of each of the retiring directors referred to in Resolutions 2 to 6.

1.2.1 Ordinary resolution 2

"Resolved that Mr PJ Bulterman who retires in terms of article 59.3.1 of the articles of association of the company and is eligible and available for election, be and he is hereby elected as a director of the company."

1.2.2 Ordinary resolution 3

"Resolved that Mr AGK Hamilton who retires in terms of article 66 of the articles of association of the company and

is eligible and available for election, be and he is hereby re-elected as a director of the company."

1.2.3 Ordinary resolution 4

"Resolved that Mr M Laubscher who retires in terms of article 66 of the articles of association of the company and is eligible and available for election, be and he is hereby re-elected as a director of the company."

1.2.4 Ordinary resolution 5

"Resolved that Ms TH Nyasulu who retires in terms of article 66 of the articles of association of the company and is eligible and available for re-election, be and she is hereby re-elected as a director of the company."

1.2.5 Ordinary resolution 6

"Resolved that Mr CB Thomson who retires in terms of article 66 of the articles of association of the company and is eligible and available for re-election, be and he is hereby re-elected as a director of the company."

- 1.3** To appoint the audit committee in terms of the Companies Act, as amended.

1.3.1 Ordinary resolution 7

"Resolved that the audit committee be appointed in terms of the Companies Act, as amended. The board has determined that each of the members standing for appointment is independent in accordance with the requirements of the Act, that they possess the required qualifications and experience as determined by the board.

The proposed members of the audit committee are as follows:

Mr AGK Hamilton	Chairman
Mr MJN Njeke	Member
Mr SS Ntsaluba	Member

Brief biographical notes of each member standing for appointment are set out on pages 74 to 75 of the annual report.

- 1.4** To reappoint Deloitte & Touche as external auditors and to authorise the directors to determine their remuneration for the past audit.

1.4.1 Ordinary resolution 8

"Resolved that Deloitte & Touche be reappointed as the external auditors of the company and of the group until the conclusion of the next annual general meeting, and that their remuneration for the past audit be determined by the directors.

It is noted that the individual registered auditor who will undertake the audit during the financial year ending 30 September 2011 is Mr G Berry.

1.5 To approve the non-executive directors' fees.

1.5.1 Ordinary resolution 9

"Resolved that in terms of article 61 of the company's articles of association, the fees payable to the chairman and to the other non-executive directors for their services to the board, audit and the other committees of the board be revised with effect from 1 January 2011 as follows:

Non-executive fees	Present	Proposed
Chairman of the board	R1 437 500	R1 480 000
Resident non-executive directors	R220 000	R230 000
Non-resident non-executive directors	£52 600	£53 500
Chairman of the audit committee (non-resident)	£25 500	£26 000
Resident members of the audit committee	R73 500	R77 000
Chairman of the remuneration committee (non-resident)	£16 300	£16 700
Chairman of the empowerment and transformation committee (resident)	R81 000	R85 000
Chairman of the risk and sustainability committee (resident)	R81 000	R85 000
Chairman of the general purposes committee (resident)	–	R85 000
Chairman of the nomination committee (resident)	–	R85 000
Resident members of each of the board committees	R55 210	R58 000
Non-resident members of each of the board committees	£3 475	£4 000

1.6 To place 5% of the unissued shares under the control of the directors thus providing the company with flexibility to take advantage of opportunities that may arise including the possibility of payment of a scrip dividend if the board deems appropriate.

1.6.1 Ordinary resolution 10

"Resolved that the directors of the company be and are hereby authorised as a general authority to place up to 5% of the authorised but unissued ordinary shares of 5 cents each in the share capital of the company under the control of directors."

This ordinary resolution number 10 is required in order to comply with the provisions of section 221 and 222 of the Companies Act and the JSE Listings Requirements. The authority shall be valid until the date of the next annual general meeting of the company, provided it shall not extend 15 months from the date of this annual general meeting.

Special business

As special business, to consider and, if deemed fit, pass with or without modification the following resolutions:

2.1 Special resolution 1

Resolved that

(a) the directors of the company be authorised from time to time to acquire issued shares in the ordinary share capital of the company on the JSE Limited open market at a price no greater than 10% above the weighted average of the market value for the securities for the five previous business days immediately preceding the date on which the transaction was agreed or at a bid price no greater than the current trading price of the share; and the purchase by any of the company's

subsidiaries of shares in the company in the manner contemplated by and in accordance with the provisions of section 89 of the Companies Act, 1973, and other provisions which may be applicable;

(b) the authorisation granted in terms of (a) above shall remain in force from the date of registration of these special resolutions by the Registrar of Companies until the conclusion of the next annual general meeting of the company and in any event, no later than 15 months from the date on which they were passed;

(c) the repurchase by the company of its own securities in terms of (a) above may not exceed 10% of the company's issued ordinary share capital in the aggregate in any one financial year or in the case of acquisition by any of the company's subsidiaries, 10% of the issued ordinary share capital in the aggregate;

(d) in the event that the directors are granted general authority to buy back a maximum 10% of the issued share capital of Barloworld, or in the case of acquisition by any of the company's subsidiaries, 10% of the issued ordinary share capital in the aggregate, it is the opinion of the directors that following such maximum repurchase of shares:

- the company and the group would be able in the ordinary course of business to pay its debts for a period of 12 months after the date of notice issued in respect of the annual general meeting;
- the assets of the company and the group would be in excess of the liabilities of the company and the group. For this purpose, the assets and liabilities would be recognised and measured in accordance with the accounting policies used in the latest audited group annual financial statements;

Notice of annual general meeting *(continued)*

- the ordinary capital and reserves of the company and the group would be adequate for a period of 12 months after the date of notice issued in respect of the annual general meeting; and
 - the working capital of the company and the group would be adequate for a period of 12 months after the date of notice issued in respect of the annual general meeting;
- (e) the repurchase of securities to be effected through the order book operated by the JSE trading system and to be done without any prior understanding or arrangement between the company and the counterparty;
- (f) the authorisation to repurchase the shares is in accordance with the company's articles of association;
- (g) that only one agent will effect the buyback on behalf of the company;
- (h) that after the repurchase has been effected the company will still comply with shareholder spread requirements of the JSE Limited;
- (i) the company and its subsidiaries will not repurchase shares during a prohibited period;
- (j) the company and its subsidiaries, prior to undertaking a repurchase will obtain a working capital letter from its sponsor."

The reason for proposing and the effect of special resolution 1 is to grant the directors a general authority in terms of the Companies Act 61 of 1973, as amended, and subject to the Listings Requirements of JSE Limited and any other stock exchange upon which the shares of the company may be quoted or listed, for the acquisition by the company or one of its subsidiaries of the company's own shares on the terms set out above.

Detail in regard to other JSE Listings Requirements applying to special resolution 1:

Details of the directors

Directors' details can be found by referencing the table on pages 74 to 75.

Directors' responsibility statement

The directors collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make the statement false or misleading.

Interests of directors

The interests of the directors in the share capital of the company are set out on page 211.

Major shareholders

Details of major shareholders of the company are set out on page 90.

Share capital of the company

Details of the share capital of the company are set out on page 173.

Material change

There has been no material change in the financial or trading position of the company and its subsidiaries since the date of publication of the company's annual results on 17 November 2010.

Litigation

The company and its subsidiaries are not, and have not in the 12 months preceding the date of this notice of annual general meeting been involved in any legal or arbitration proceedings which may have or have had a material effect on the financial position of the company and its subsidiaries, nor is the company aware of any such proceedings that are pending or threatened.

Registered holders of certificated ordinary shares and holders of dematerialised ordinary shares in their own name, may attend, speak and vote at the annual general meeting or are entitled to appoint a proxy to attend, speak and, on a poll, vote in his/her stead. The person so appointed need not be a member of the company. Proxy forms should be forwarded to reach the company's transfer secretaries, Link Market Services, 11 Diagonal Street, PO Box 4844, Johannesburg 2000, South Africa, or United Kingdom registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6ZL, England, by not later than 12:00 (South African time) on 24 January 2011.

Shareholders who have dematerialised their shares through a Central Securities Depository Participant (CSDP) or stockbroker, and who have not elected own-name registration and wish to attend the annual general meeting, should timeously inform their CSDP or stockbroker of their intention to attend the meeting and request such CSDP or stockbroker to issue them with the necessary authority to attend. If they do not wish to attend the annual general meeting, they may provide such CSDP or stockbroker with their voting instructions.

- 2.2** To transact such other business as may be transacted at an annual general meeting.

By order of the board



S Mngomezulu
Secretary

Sandton
15 December 2010

Proxy form

Barloworld Limited
(Incorporated in the Republic of South Africa)
Company registration number 1918/000095/06
JSE code: BAW
ISIN code: ZAE000026639
(the company)

Only for the use of registered holders of certificated ordinary shares in the company and the holders of dematerialised ordinary shares in their own name in the capital of the company at the annual general meeting of members to be held in the Tokyo Meeting Room, Barloworld Corporate Office, 180 Katherine Street, Sandton, on Wednesday, 26 January 2011 at 12:30 (South African time).

Holders of ordinary shares in the company (whether certificated or dematerialised) through a nominee must not complete this form of proxy but should inform that nominee timeously, or, if applicable, their Central Securities Depository Participant (CSDP) or stockbroker of their intention to attend the annual general meeting and request such nominee, CSDP or stockbroker to issue them with the necessary authorisation to attend or provide such nominee, CSDP or stockbroker with their voting instructions should they not wish to attend the annual general meeting in person. Such ordinary shareholders must not return this form of proxy to the transfer secretaries.

I/We _____ of _____ being a holder(s)
of _____ ordinary shares hereby appoint
of _____ or, failing him/her,

the chairman of the meeting as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolution(s) to be proposed at the meeting and at each adjournment of the meeting and to vote for or against such resolutions or to abstain from voting in respect of the ordinary shares in the issued ordinary share capital of the company registered in my/our name, in accordance with the following instructions (see note 9).

** Insert an X or the number of ordinary shares (see note 9)*

Ordinary resolutions	*In favour of	*Against	*Abstain
1. Adoption of annual financial statements			
<i>Election of directors:</i>			
2. PJ Bulterman			
3. AGK Hamilton			
4. M Laubscher			
5. TH Nyasulu			
6. CB Thomson			
7. Appointment of audit committee			
8. Appointment of auditors			
9. <i>Approval of non-executive directors' fees:</i>			
Chairman of the board			
Resident non-executive directors			
Non-resident non-executive directors			
Chairman of the audit committee (non-resident)			
Resident members of the audit committee			
Chairman of the remuneration committee (non-resident)			
Chairman of the empowerment and transformation committee (resident)			
Chairman of the risk and sustainability committee (resident)			
Chairman of the general purposes committee (resident)			
Chairman of the nomination committee (resident)			
Resident members of each of the board committees			
Non-resident members of each of the board committees			
10. Place 5% of the unissued shares under the control of directors			
Special resolution			
1. Acquisition of own shares			

Insert an "X" in the relevant spaces above according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of ordinary shares than you own in the company, insert the number of ordinary shares held in respect of which you desire to vote (see note 9).

Signed at _____ on _____ 2010/2011

Signature/s _____

(Authority of signatory to be attached if applicable – see note 11)

Assisted by me _____

(where applicable – see note 12)

Each member is entitled to appoint a proxy (who need not be a member of the company) to attend, speak and vote in place of that member at the meeting.

Please read the notes on the reverse side of this form of proxy.

Notes to the proxy form

Instructions on signing and lodging of the annual general meeting form of proxy.

1. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alterations must be signed, not initialled.
2. The chairman shall be entitled to decline to accept the authority of a signatory:
 - a) under a power of attorney; or
 - b) on behalf of a companyunless the power of attorney or authority is deposited with the transfer secretaries, Link Market Services, 11 Diagonal Street, PO Box 4844, Johannesburg 2000, South Africa, or the United Kingdom registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZL, England, by not later than 12:00 (South African time) on Monday, 24 January 2011.
3. The signatory may insert the name of any persons(s) whom the signatory wishes to appoint as his/her proxy in the blank space/s provided for that purpose.
4. When there are joint holders of shares and if more than one such joint holder be present or represented, then the person whose name appears first in the register of members in respect of such shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof.
5. The completion and lodging of this form of proxy will not preclude the signatory from attending the annual general meeting and speaking and voting in person thereat should such person wish to do so, to the exclusion of any proxy appointed in terms hereof.
6. If, in the appropriate place on the face of the proxy, there is no indication of how to vote in respect of any resolution, the proxy shall be entitled to vote as he/she deems fit in respect of that resolution.
7. The chairman of the annual general meeting may reject or accept any form of proxy which is completed other than in accordance with these instructions, provided that in the event of acceptance, he/she is satisfied as to the manner in which a member wishes to vote.
8. If the shareholding is not indicated on the form of proxy, the proxy will be deemed to be authorised to vote the total shareholding registered in the member's name.

9. Please insert an "X" in the relevant space according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the company, insert the number of shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable at the meeting. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast in respect of which abstention is recorded may not exceed the total number of votes exercisable by the shareholder or by his/her proxy.
10. A form of proxy sent by electronic medium to the company secretary or transfer secretaries within the time allowed for submission, shall be deemed to constitute an instrument of proxy.
11. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company secretary or waived by the chairman of the annual general meeting.
12. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the company secretary.

Corporate information

Registered office and business address

Barloworld Limited
180 Katherine Street
PO Box 782248
Sandton
2146, South Africa
Tel: +27 11 445 1000
Email: invest@barloworld.com

Transfer secretaries – South Africa

Link Market Services South Africa
(Proprietary) Limited
(Registration number 2000/007239/07)
11 Diagonal Street
Johannesburg
(PO Box 4844, Johannesburg 2000)
Tel: +27 11 630 0000

Registrars – United Kingdom

Equiniti Limited
Aspect House, Spencer Road
Lancing, West Sussex
BN99 6ZL, England
Tel: +44 190 383 3381

Transfer secretaries – Namibia

Transfer Secretaries (Proprietary) Limited
(Registration number 93/713)
Shop 8, Kaiser Krone Centre
Post Street Mall
Windhoek, Namibia
(PO Box 2401, Windhoek, Namibia)
Tel: +264 61 227 647

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

The report covers the activities of the Barloworld group, including all subsidiaries and partially owned entities for the financial year ended 30 September 2010. Partially owned entities are treated as an integral part of Barloworld for reporting purposes. In the financial reports, associates and joint ventures are equity accounted.

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

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

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

Accounting policies are set out on pages 130 to 137. There have been no significant changes to the measurement methods used in the report. This report does not seek to provide comprehensive information on the entire supply chains of the industries in which we operate.

Accounting definitions can be found in the web version of the annual report on our website www.barloworld.com under Investor centre.

The previous report was published in December 2009.

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

A full GRI index is included on pages 235 to 240. All aspects of the guidelines have been addressed in the report unless indicated.

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

Sibani Mngomezulu, Group executive: Governance and Corporate Affairs, Barloworld Limited
180 Katherine Street, Sandton, 2146, South Africa
Tel: +27 11 445 1000, email: invest@barloworld.com

