

Barloworld Limited
(Incorporated in the Republic of South Africa)
Registration number 1918/000095/06
Ordinary share code: BAW
ISIN: ZAE000026639
Preference share code: BAWP
ISIN: ZAE000026647
("Barloworld" or "the Company")

FREEWORLD COATINGS LIMITED AUDITED RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2007

INTRODUCTION

In the announcement released by Barloworld earlier today informing Barloworld shareholders of the salient terms of the proposed unbundling of Barloworld's shareholding in Freeworld Coatings Limited ("Freeworld Coatings" or the "Company"), formerly the coatings division of Barloworld, Barloworld advised shareholders that a pre-listing statement in respect of Freeworld Coatings has been posted together with the unbundling circular today, 8 November 2007. The unbundling circular and pre-listing statement are also available on Barloworld's website and at the registered office of Barloworld, being 180 Katherine Street, Sandton, 2146, Johannesburg, South Africa.

The pre-listing statement contains information relating to Freeworld Coatings, including detailed financial information for the three financial years ended 30 September 2007. As Barloworld will only be releasing its financial results, and hence Freeworld Coatings' financial results, after the posting of the pre-listing statement, Barloworld hereby releases the income statement, balance sheet and cash flow statement in respect of Freeworld Coatings for the three financial years ended 30 September 2007, as well as further information relating to Freeworld Coatings.

While the unbundling remains at the discretion of shareholders, this announcement and the pre-listing statement have been prepared on the assumptions that the ordinary resolutions proposed in the notice of general meeting forming part of the Barloworld unbundling circular will be passed at the general meeting of shareholders of Barloworld to be held on Friday, 23 November 2007, and to the extent applicable, will be registered, that the required exemption in relation to US securities legislation is obtained and that the unbundling by Barloworld of its investment in Freeworld Coatings, details of which are reflected in the Barloworld circular, will be implemented.

Should Barloworld shareholders approve the unbundling, the Issuer Services Division of the JSE Limited ("JSE") has approved the listing of the Freeworld Coatings ordinary shares in the Specialty Chemicals sub-sector of the "Chemicals" sector of the JSE lists under the name "Freeworld Coatings", with effect from the commencement of business on Monday, 3 December 2007.

INFORMATION RELATING TO FREEWORLD COATINGS

Freeworld Coatings is a leader in the manufacture of decorative, automotive and industrial coatings in all Southern African territories. The Company is capable of providing full systems solutions and approaches across sectors ranging from architectural coatings to performance coatings and related products. Freeworld Coatings has factories in Durban, Port Elizabeth, Cape

Town and Johannesburg and operations in Botswana, Malawi, Namibia, Swaziland and Zambia. Products are marketed and sold throughout these countries and other sub-Saharan African countries. The Company is also present in China and Australia and exports to a number of countries. Internationally, Freeworld Coatings is regarded as a world-class player and is currently the 31st largest coatings company in the world. Freeworld Coatings is well-positioned in terms of experience, product offering and access to leading edge technology to further grow and successfully expand its presence in chosen markets and geographical locations.

Market and brand leadership

Freeworld Coatings is a leading marketer of decorative, and automotive and industrial coatings in South Africa and throughout the Southern African region, supplying approximately 30% and 27% of the requirements of those markets, respectively.

Freeworld Coatings' products are regarded as iconic brands within the markets they serve, with a strong reputation for quality, and attract a loyal customer base. Freeworld Coatings supplies brands including Plascon, Plascon Professional, Crown, Polycell, Midas and Earthcote to consumers and commercial enterprises.

The Midas and Earthcote brands are marketed and sold through 54 franchise stores throughout South Africa with a further five located in Mauritius, Edinburgh, Antwerp, Amsterdam and Windhoek.

Within the industrial and furniture markets throughout Southern Africa the Company is well-known as a supplier of specialised coatings under the Plascon, Maeder and International brands.

In the automotive industry, Freeworld Coatings supplies both vehicle manufacturers and the refinish industries in Southern Africa with products under the Plascon, Spies Hecker, Standox and DuPont brands.

In addition, through International Chemical Corporation (Proprietary) Limited ("ICC"), Freeworld Coatings produces and supplies colourant systems throughout South Africa and exports them to an increasing number of countries.

Complementary products, which include a wide range of paint brushes and rollers, are marketed to commercial enterprises and the do-it-yourself market under the premier Hamilton Brush brand.

Established customer base

Freeworld Coatings operates successfully across many sectors of the South African economy, serving major customers with whom it has long-established relationships through well-developed supply channels. Major customers in the various channels include Iliad Africa Group, Massmart Group, Mica Hardware Group, Penny Pinchers Group, Spar Build-it, Murray & Roberts, Group Five, major asset owners such as Sanlam, Old Mutual and Investec, BMW, Ford, General Motors, Mercedes, Nissan, Toyota, Volkswagen, Afrox, Bell Equipment and Transnet.

Freeworld Coatings also counts a significant number of independently owned hardware and paint specialist outlets as customers, with a national footprint across South Africa.

Experienced management team

The Freeworld Coatings management team has an established track record and a strong base of experience, which is reflected by achieving top quintile returns (in comparison to its global peer group) and successfully integrating strategic acquisitions into the business. Since 2002 the management team has increased turnover from R1 288 million to R2 348 million and operating profit from R92.2 million to R383 million.

STRATEGY AND PROSPECTS

Freeworld Coatings is optimistic about the opportunities and growth prospects available in South Africa and internationally. The Company's strategy is to be a world-class, commercially sensible and socially responsible company with a presence in selected high growth multi-national geographies, in which all the products and solutions offered can become leaders in their respective markets.

The emerging middle class, post the 1994 elections, and the build up to the 2010 Soccer World Cup are also fuelling the Company's growth. Freeworld Coatings is well-positioned to benefit from the resulting increase in:

- infrastructure spend;
- housing development; and
- vehicle sales,

to be achieved as a result of South Africa's economic growth.

Freeworld Coatings is intent on significantly growing its size and international presence in an industry which is undergoing rapid consolidation, thereby positioning itself over time as one of the largest global paint competitors.

In order to achieve this, Freeworld Coatings has developed a strategy which includes:

- targeting selective acquisitions which complement and further its vision;
- building its premium and other appropriate brands;
- aligning the distribution channels to market;
- lowering overall business system costs by internationally rolling out the new business model under development in China;
- continued investment in research and development, as well as accessing world-class and leading coatings technology through its membership, inter alia, of the Coatings Research Group Institute and Nova groups;
- further developing the role of tinting systems;
- continually reviewing product ranges in terms of composition, characteristics and functionality;
- focusing on innovation by fully capitalising on the research and development facilities in Alberton (new product development) and Stellenbosch (polymer research); and
- further developing Freeworld Coatings' already well-established relationships with its international partners which include, inter alia, Akzo Nobel and DuPont.

Additional growth is also expected through partnerships with global textured coating manufacturers, providing access to the textured coating sector in regions where Freeworld Coatings currently has a presence.

With the ever increasing pressure from a regulatory and environmental perspective to reduce and ultimately eliminate volatile organic compounds ("VOC") from world coatings, the colourant business is ideally placed to leverage its "zero VOC technology" and know-how into other markets. Such

markets will include Europe and Asia where stringent environmental targets have been legislated and which presents vast markets which Freeworld Coatings is successfully penetrating.

Freeworld Coatings' strategy is underpinned by the "value-based management" philosophy which seeks to create value for all its stakeholders including: shareholders, employees, customers, principals and suppliers as well as the communities in which the Company operates. Historically, the business has been achieving returns well in excess of its cost of capital, with a place in the top quintile of performers in the global coatings industry.

HISTORICAL FINANCIAL INFORMATION

The financial information set out below incorporates the effects of various acquisitions and disposals which took place during the period 2004 to 2007 and the effects of the corporatisation process to allow Barloworld to list and unbundle the Company separately on the JSE.

Basis of preparation

The financial information of Freeworld Coatings for the three years ended 30 September 2005, 30 September 2006 and 30 September 2007 is set out below. The financial statements are prepared in accordance with the accounting policies of the Company.

Commentary

2007

Revenue increased by 16% to R2 347 million buoyed by continued volume growth, particularly in the decorative segment and coupled with the results of the Company's automotive refinish distributor, Prostart Investments and the niche specialist coatings manufacturer, Midas Earthcote which were acquired during 2006, being recorded for a full year.

Operating profit rose by 16.2% to R383 million, before fair value adjustments of R7.6 million and the operating margin remained at 16.3%.

The decorative coatings division performed strongly, recording a 14% increase in revenues and increased operating profit by 18% to R262 million. Barloworld Plascon returned another solid performance although it was a much tougher year in many respects. Overall, the market remained firm, despite a run of interest rate increases and volumes continued to improve. Margins however remained under pressure on the back of strong commodity and oil prices. The Company's ongoing investment in the brand resulted in a more than satisfactory performance from the Plascon flagship brands of Double Velvet, Wall & All, Velvaglo, Cashmere and Micatex. In addition, the Company also saw excellent growth in its economy brands. The industrial business had a very successful year, growing at 24% on the back of strong demand from the mobile machinery and protective coatings segments with roadmarking paint levelling out after last year's strong growth. The African territories also posted a very strong performance with turnover increasing by 18%.

The performance coatings division overall posted a solid result with operating profit increasing by 12% to R130 million. However, individual performances were mixed with colourants recording strong growth both domestically as well as into export markets. The automotive original equipment manufacturer sector experienced a difficult year due to the general slow down in vehicle sales, the component supply industry strike, and slower than planned for completion of the waterborne technology paint shops at Toyota and Volkswagen. The

automotive refinish sector had a successful year marked by volume growth across the product range, the introduction of new products and technologies to the market and the completion of a development laboratory in Alberton. The Prostart distribution business, which was acquired last year, continues to more than meet expectations as a result of the broadening of the product base supply to the bodyshop industry. The Complementary products business comprising Hamilton Brush and Midas Earthcote posted solid returns, notwithstanding challenging market conditions.

The new warehouse facility for architectural/decorative coatings divisions and automotive coatings divisions in Port Elizabeth was completed, which will allow rationalisation of Freeworld Coatings logistical network in the Eastern Cape. The Mobeni Site upgrade included in the capex plans over the period 2006 - 2009 has continued through the year with improvements to workflow and the consolidation of sister companies on the site.

CONSOLIDATED BALANCE SHEET

at 30 September

	2007 R'000	2006 R'000	2005 R'000
ASSETS			
Non-current assets	3 139 238	450 347	321 708
Property, plant and equipment	528 769	234 804	169 403
Goodwill	1 721 356	30 981	21 044
Intangible assets	767 471	72 106	17 176
Investment in associates	85 303	82 809	87 464
Finance lease receivables	536	746	-
Long-term financial assets	10 283	6 884	-
Deferred taxation assets	25 520	22 017	26 621
Current assets	848 539	805 964	608 648
Inventories	361 595	344 666	257 575
Trade and other receivables	439 758	436 408	331 451
Taxation	514	2 572	5 438
Cash and cash equivalents	46 672	22 318	14 184
Total assets	3 987 777	1 256 311	930 356
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium	2 418 796	12 751	12 751
Other reserves	-	6 732	857
Retained income	-	353 942	298 193
Interest of shareholders	2 418 796	373 425	311 801
Minority interest	20 144	15 781	1 125
Shareholder loans	22 187	300 369	188 963
Interest of all shareholders	2 461 127	689 575	501 889
Non-current liabilities	53 100	26 210	57 569
Interest bearing liabilities	4 349	6 094	-
Deferred taxation liabilities	4 468	11 233	13 396
Provisions	21 501	8 883	44 173
Other non-interest bearing	22 782	-	-
Current liabilities	1 473 550	540 526	370 898
Trade and other payables	466 505	401 256	321 850
Provisions	6 921	17 494	2 615
Taxation	11 593	10 566	5 519
Amounts due to bankers and short-term loans	6 976	111 210	40 914
Amounts due to holding company	981 555	-	-
Total equity and liabilities	3 987 777	1 256 311	930 356

As part of the corporatisation process to allow Barloworld to list and unbundle the coatings division separately on the JSE, a new holding company for the coatings division was incorporated in August 2007 (namely Freeworld Coatings Limited). On 28 September 2007, as part of the corporatisation process, assets were sold across to their new entities within the corporatised coatings division at market value. This resulted in a R212 million revaluation of property, the inclusion of the Plascon intellectual property at R686

million and a goodwill figure of R1 690 million. This was financed by issuing 181 319 537 shares at a premium resulting in share capital and share premium of R2 419 million and debt/loan funding of R982 million.

CONSOLIDATED INCOME STATEMENT

for the year ended 30 September

	2007 R'000	2006 R'000	2005 R'000
CONTINUING OPERATIONS			
Revenue	2 347 531	2 025 167	1 638 964
Operating profit	383 024	329 528	267 489
Fair value adjustments on financial instruments	(7 560)	8 853	(297)
Finance costs	(17 735)	(14 080)	(11 899)
Income from investments	8 653	8 436	7 884
Profit before exceptional items	366 382	332 737	263 177
Exceptional items	4 447	(1 819)	10 244
Profit before taxation	370 829	330 918	273 421
Taxation	(111 070)	(95 387)	(82 693)
Profit after taxation	259 759	235 531	190 728
Income from associates and joint ventures	14 778	18 076	19 905
Net profit	274 537	253 607	210 633
Attributable to:			
Minority shareholders	4 562	3 547	233
Shareholders	269 975	250 060	210 400
	274 537	253 607	210 633
Earnings per share attributable to shareholders			
Issued ordinary shares ('000)	181 320	181 320	181 320
Earnings per share (cents)	149	138	116
Headline earnings per share (cents)	147	139	110

In terms of the unbundling process there is a stated intention of having a 1 for 1 entitlement ratio in terms of the shares issued by Freeworld Coatings, relative to the current number of Barloworld shares in issue. This full amount of shares had not been issued at 30 September 2007, and hence the computation of the EPS and HEPS has been calculated on the shares actually issued at that date. Had the full amount of shares been issued, the EPS and HEPS would have been approximately 12% lower in each year.

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 September

	2007 R'000	2006 R'000	2005 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	2 344 181	1 920 210	1 584 880
Cash paid to employees and suppliers	(1 903 721)	(1 603 109)	(1 371 840)
Cash generated from operations	440 460	317 101	213 040
Finance costs	(17 735)	(14 080)	(11 899)
Realised fair value adjustments on financial instruments	(7 560)	8 853	(297)
Dividends received from associates	12 436	23 459	9 923
Interest received	8 653	8 436	7 884
Taxation paid	(107 172)	(92 649)	(112 465)
Cash flow from operations	329 082	251 120	106 186
Dividends paid (including minority shareholders)	(7 749)	(198 396)	(305 794)
Cash inflow/(outflow) from operating activities	321 333	52 724	(199 608)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries, investments and intangibles	15 819	(116 722)	(17 935)
Proceeds on disposal of subsidiaries, investments and intangibles	20 018	3 887	3 663
Acquisition of long-term financial assets	(3 189)	-	-
Acquisition of other property, plant and equipment	(103 388)	(94 522)	(47 460)
Replacement capital expenditure	(76 048)	(48 259)	(40 686)
Expansion capital expenditure	(27 340)	(46 263)	(6 774)
Acquisition of intangible assets	(15 796)	-	-
Proceeds on disposal of property, plant and equipment	13 709	9 102	3 787
Net cash used in investing activities	(72 827)	(198 255)	(57 945)
Net cash inflow/(outflow) before financing activities	248 506	(145 531)	(257 553)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayment)/Proceeds of long-term borrowings	(257 145)	97 181	32 781
Increase in short-term interest bearing liabilities	32 641	56 484	25 578

Net cash from financing activities	(224 504)	153 665	58 359
Net increase/(decrease) in cash and cash equivalents	24 002	8 134	(199 194)
Cash and cash equivalents at beginning of year	22 317	14 184	213 378
Effect of foreign exchange rate movement	353	-	-
Cash and cash equivalents at end of year	46 672	22 318	14 184

Please refer to the pre-listing statement for further details on accounting policies and notes to the historical financial statements, as well as the pro forma financial effects of the debt/loan funding of R982 million on the income statement for the financial year ended 30 September 2007.

Barloworld shareholders are advised that this announcement is not required in terms of the JSE Listings Requirements but is being released by Barloworld for information purposes only.

8 November 2007
Johannesburg

Sponsor
JP Morgan