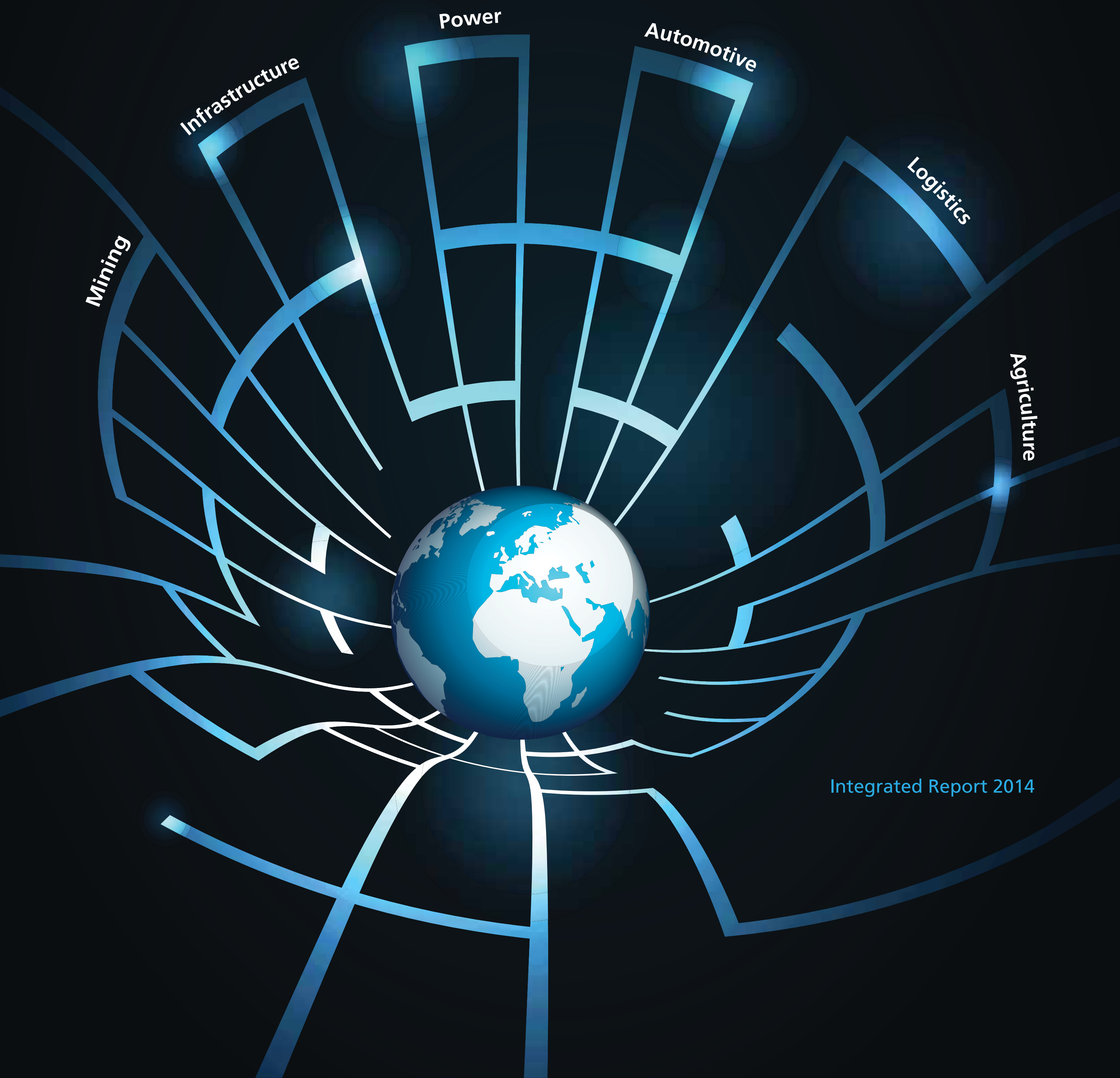
Barloworld
Leading brands

Investing in the future makes a sustainable difference



Integrated Report 2014

About this report

Report preamble and introduction

In our 2013 report we focused on the six Strategic Focus Areas (SFAs) that are consistent through our operations and align group activity, inform risks and provide a framework to identify opportunities. We have maintained this focus in our 2014 report as it captures the key priorities of the organisation as well as the input and outcomes of the capitals employed in the organisation. Our human, intellectual, natural, manufactured, financial, social and relationship capitals are deployed through a systematic, structured and integrated planning process throughout the group, facilitating an aligned group strategic framework.

The performance review is in line with this strategic framework as the context in which material issues are highlighted and reported on.

We have again used icons for our six key areas of strategic focus and provided page references to aid navigation through the report.

Strategic focus areas (SFAs)	Page reference
Profitable growth	Page 49
People	Page 53
Integrated customer solutions	Page 59
Sustainable development	Page 92
Empowerment and transformation	Page 101
Financial returns	Page 107

Introduction

While the primary audience of the Barloworld integrated report are long-term providers of capital, Barloworld's Value Based Management (VBM) philosophy requires that, to be sustainable, our value creation activities benefit and impact a wide range of stakeholders, and therefore the interests of these stakeholders are addressed in the report.

Our integrated reporting is guided by various codes and standards, including King III and best practice, giving our stakeholders insight into the workings of the organisation. As it is our intent to provide information that is important for the assessment of our value creation in the short, medium and long term, we have also included more robust information that is future-oriented.

Report scope and boundary

Our integrated report covers the financial period October 2013 to September 2014, highlighting all 24 geographic territories in which Barloworld and its subsidiaries operate. Associates and joint ventures are equity accounted. The consolidated data incorporates the company and all entities controlled by Barloworld as a single economic entity. There are no other entities over which the group has significant influence that it believes should be included in the report. Both financial and non-financial data is aligned to the same financial reporting period, allowing for comparison of performance data.

The report provides a perspective of past and current performance, while giving sight of future prospects and addressing the short, medium and long-term account of the various capitals employed in the value creation activities. Our annual financial statements are prepared in accordance with IFRS unless otherwise stated. Any limitations will be disclosed in the relevant section.

GRI *3.5 to 3.11*

Significant changes during the reporting period

During the reporting period, we disposed of our motor retail business in Australia, effective 31 March 2014.

Changes in accounting policies and discontinued operations

Barloworld's results for the half year ended 31 March 2013 and year ended 30 September 2013 have been restated to reflect changes in accounting policies as well as the disclosure of the Australian motor retail interests as discontinued operations.

Changes in accounting policies resulting from applying IAS19 (revised) Employee Benefits and IFRS 10 Consolidated Financial Statements, resulted in a restatement of prior year results on a comparable basis. This report covers continuing operations unless stated otherwise.

Assurance

The financial information in this report has been prepared according to IFRS and independently assured, together with material non-financial indicators and the group's GRI Application Level, by Deloitte & Touche.

Linking our material issues to our Strategic Focus Are

Core strategic themes

The group has identified top imperatives that form our material focus areas for each

Strategic focus areas (SFAs)	Strategic objectives
Profitable growth	Achieve targeted compound growth in total shareholder returns over five years to September 2015.
People	Build an organisation that adds value to employees as our success is based on inspired, aligned, empowered, results-driven, globally competitive, passionate people who create value through strategic innovation and continuous improvement.
Integrated customer solutions	Drive market leadership through competitive differentiation by accelerating the evolution of our business model from pure distribution to the provision of flexible, value-adding, integrated customer solutions.
Sustainable development	Develop products and services to capitalise on emerging sustainable business opportunities, realise cost savings through energy efficiency and other sustainable business practices, and enhance Barloworld's reputation by leading in sustainable development.
Empowerment and transformation	Enhance competitiveness, credibility, legitimacy and reputation in the eyes of all stakeholders by leading in broad-based empowerment and transformation.
Financial returns	Achieve top-quartile financial returns as measured against peer groups in each of our chosen business segments.

as and the capitals

core strategic theme. Key performance indicators have been set to track progress.

Material issues related to our strategic objectives		Capitals
– Key growth initiatives – Shareholder returns	– Capital allocation – Cost management	Financial Manufactured
– Employee value model – Leadership development	– Talent management – Health and safety	Human Intellectual
– Customer value proposition – Alignment with principals – Operational excellence	– Customer relationships – Innovation – Technology-enabled solutions	Human Intellectual Manufactured
– Reducing our environmental footprint – Responsible value chain – Products and services – Corporate social investment	– Stakeholder engagement – Ethics and compliance – Governance	Natural Social
– Diversity	– Enterprise and supplier development	Human Social
– Financial value drivers – Financial returns	– Source of funding/structure – Working capital – Cash management	Financial

Determining materiality

Barloworld uses ongoing engagement and review throughout the year as the basis for defining integrated report content. Through these processes, the group prioritises report content and validates the importance of issues with the concerned stakeholder groups. The principle of materiality guides the prioritisation of topics identified during the stakeholder engagement process.

Identification	– Review of internal and external macro factors – Deliberation at both operational and board levels – Define strategies and set targets
Prioritisation	Prioritisation happens in a number of ways: – Risk identification process – Ongoing stakeholder engagement – Values, policies and Code of Conduct – Customer surveys – Employee perception surveys – Internal and external audit reports – Meeting agendas and minutes – Regulatory requirements
Validation	Validation is primarily an internally driven process with endorsement by various board sub-committees. – Further stakeholder engagement – Executive and audit committees, as well as board final sign-off

We believe our materiality framework is sufficiently robust to instil confidence in our report's content, particularly when read in conjunction with other information in our suite of annual reporting.

In distilling the common themes emanating from stakeholder engagements and other processes for determining material issues, the need for us to provide more information on the future opportunities for Barloworld emerged. We have therefore sought to give a bit more colour into the general trends that inform our medium to long-term prospects, related investment and use of capitals.

GRI 3.5

Supplementary documents

Printed documents
Annual General Meeting (AGM) booklet 2014

Online documents
This document is also available online along with:

1. Remuneration report 2014
http://www.barloworld-reports.co.za/integrated-reports/ir-2014/rem-report/rem-about.php

2. Corporate Governance report 2014
http://www.barloworld-reports.co.za/integrated-reports/ir-2014/corp-gov/gov-about.php

3. Annual Consolidated Financial Statements 2014
http://www.barloworld-reports.co.za/integrated-reports/ir-2014/afs/financial-about-report.php

4. GRI G3.1 Content Index and a set of 2014 responses to the GRI Sustainability Reporting Guidelines G3.1
http://www.barloworld-reports.co.za/integrated-reports/ir-2014/gri-index/index.php

Our integrated reporting is aligned to GRI 3.1 Application Level A+. This refers to the information disclosed in this integrated report and supplementary documents as well as the information provided on our website.

2014

Barloworld is well positioned to take advantage of **growth prospects** in a world that calls for **innovative customer solutions that we can provide** in mining, infrastructure, energy, agriculture, automotive and logistics.

We are investing in the future.

Group profile

How we make a sustainable difference for our stakeholders:

By providing flexible value-adding integrated solutions through the representation of leading global brands in:

Equipment and Handling
page 60

Automotive and Logistics
page 80

Corporate
page 88

Guided by:
Values of integrity, excellence, teamwork and commitment, a worldwide Code of Conduct, a strong Code of Ethics

Delivered through:

- Long-term relationships with principals and customers
- Leveraging core competencies, systems and best practices across business segments
- Identifying high growth prospects and growing businesses in challenging markets
- Geographic diversity

Organisational structure

Governance approach and structure

Governance

The board recognises it is the custodian of corporate governance and always strives to ensure that the group aligns with local and international codes of good corporate governance, seeks to apply best practice and follows relevant trends in good corporate governance.

The extent to which Barloworld applies the principles and recommended practices in the King Report on Corporate Governance for South Africa (King III) is reviewed regularly. This review identifies the governance principles already being applied and those which the company needs to address or further entrench. The review also identifies areas of improvement or ways in which our governance practices can be enhanced.

Ethics

The Worldwide Code of Conduct articulates Barloworld's commitment to doing business the right way, guided by our values of integrity, excellence, teamwork and commitment. It sets the standards to which we hold ourselves accountable.

The Code of Ethics binds Barloworld directors, management and employees to obey the law, respect others, be fair and honest, and protect the environment.

Risk

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

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

Remuneration

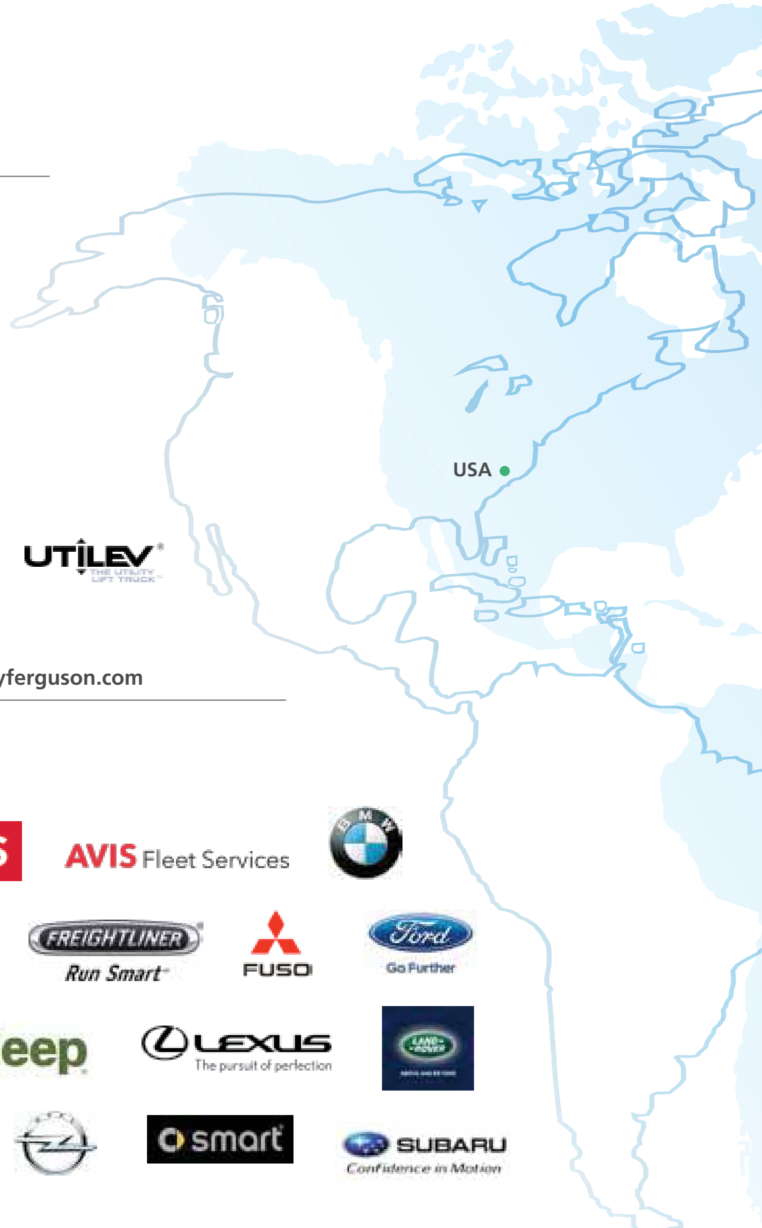
Barloworld has adopted a holistic approach to its remuneration philosophy for senior executives and general staff and has implemented a balanced design which consists of both monetary and non-monetary components.

Our business strategy concentrates on six Strategic Focus Areas, which are supported by performance indicators. How we reward our staff, in particular our executive staff and prescribed officers, is in line with our dedication to achieving our strategic objectives. Our remuneration policy and practices link in to these focus areas.

Structure

Barloworld ensures that a sound structure and governance framework that will enhance good corporate governance, improve internal controls and company performance is in place. In carrying our company priorities the board ensures the existence of the necessary committee structures with the executive committee and six other sub-committees with clear terms of reference that assist it in discharging its responsibilities.

Where we operate



Equipment

www.barloworld-equipment.com

Handling

www.hyster.co.za www.barloworld-sem.com www.masseyferguson.com

Automotive

www.barloworldautomotive.com www.avis.co.za www.fleetservices.co.za

Logistics

www.barloworld-logistics.com

24 countries of operation

Equipment	Handling	Automotive	Logistics
Andorra	Angola	Botswana	Botswana
Angola	Botswana	Ghana	Germany
Botswana	Lesotho	Lesotho	France
Cape Verde	Malawi	Mozambique	Namibia
China	Mozambique	Namibia	Portugal
Democratic Republic of the Congo	Namibia	South Africa	South Africa
Lesotho	Russia	Swaziland	Spain
Malawi	South Africa		Swaziland
Mozambique	Zambia		United Arab Emirates
Namibia			United Kingdom
Portugal			USA
Russia			Zambia
Sao Tome and Principe			Zimbabwe
South Africa			
Spain			
Swaziland			
United Kingdom			
Zambia			
Zimbabwe			

Business model

2015³ Driven by you

Our vision
To deliver significant incremental value for all our stakeholders through 2015.

Our values
Integrity, excellence, teamwork and commitment.

Given the nature of our business model, responsible leading principals and OEMs and robust supply chains underpin our ability to sustain long-term value creation for all our stakeholders.

Understanding societal needs and stakeholder expectations

Communicating through stakeholder engagements

Barloworld

Capitals	Inputs Components of value creation
Intellectual	**Products, systems and business platforms** – Provided by leading principals and Original Equipment Manufacturers (OEMs) **Intellect** – Brands and bespoke operating systems – Unique customer solutions
Financial	**Finance** – Appropriate debt/equity funding – Optimal divisional capital structures – Access to capital
Manufactured	**Facilities and infrastructure** – Leading facilities include modern environmentally friendly motor dealerships – Extensive earthmoving equipment repair, rebuild and remanufacture facilities – Training facilities and wide geographic footprint
Social and relationship	**Building long-term relationships** – With principals, customers, employees, investors and communities, driven through stakeholder engagement initiatives
Human	**People** – Skilled resources
Natural	**Natural resources** – Fossil fuels – Water

Activity
Value-adding elements

Place our products (sales of vehicles, plant and equipment, car rental), services (maintenance and repair, warehousing, administration, freight forwarding) and solutions (vehicle usage, maintenance and repair, supply chain optimisation) into a broad customer base.

Grow our customer base and the demand for our products, services and solutions through service excellence, leading technology and managing relationships.

Service our customer base realising recurring aftermarket opportunities and through logistical support and supply chain optimisation.

Supported by our employee and financial value models.

10 Pillars of Sustainability

- Clear vision and strategy
- Focus on the core
- Market leadership
- Integrated customer solutions

Code of Ethics
Worldwide Code of Conduct

Value Based Management
Central to value creation for all stakeholders.

SFAs

Profitable growth

People

Integrated customer solutions

Sustainable development

Empowerment and transformation

Financial returns

Outputs

Key products, solutions and impact

Flexible, value-adding, integrated customer solutions in
- Earthmoving: mining and infrastructure
- Power systems: electric power, marine, petroleum and industrial
- Materials handling: lift-trucks
- Agricultural equipment
- Short-term vehicle usage
- Vehicle ownership solutions
- Long-term vehicle leasing and fleet management
- Services: transport, warehousing, freight forwarding
- Supply chain solutions

Training and development
- People development and empowerment
- Increase performance and productivity
- Address staff turnover

Environmental aspects
- Emissions
- Waste

Outcomes

Value for stakeholders

Long-term value creation for all our stakeholders including the communities in which we operate aligned with our Value Based Management approach.

Stakeholders
- Shareholders and providers of capital
- Customers
- Employees
- Principals and suppliers
- Public sector
- Local communities

Refer to statement of total value added – page 12

Understanding societal needs and stakeholder expectations

Communicating through stakeholder engagements

Barloworld

Globally competitive employees

Decisive management

Environmental and social legitimacy

Values and ethics

Corporate governance

Learning organisation

Performance against key indicators

Salient features

Revenue up 4% to
R62.1 billion

Operating profit up 16% to
R3 830 million

HEPS from continuing operations up 10% to
857 cents

Total dividend per share up 10% to
320 cents

Return on net operating assets
18.8%

Net debt to equity
40.9%

Financial highlights

	Rand		US$	
	2014	2013	**2014**	2013
Revenue (million)	**62 101**	59 498	**5 875**	6 409
EBITDA (million)	**6 170**	5 389	**584**	580
Operating profit (million)	**3 830**	3 313	**363**	356
Net cash outflow before financing activities (million)	**145**	660	**13**	72
Net debt (million)	**7 154**	7 558	**633**	751
HEPS from continuing operations (cents)	**857**	780	**81**	84
Ordinary dividends per share declared in respect of current year's earnings (cents)	**320**	291	**30**	31
Total assets (million)	**44 006**	40 607	**3 895**	4 035
Net asset value per share (cents)	**7 941**	7 266	**703**	722

Financial and non-financial indicators

Economic

Revenue (Rm)
Up 4% to R62 101 million
(2013: R59 498 million)

Operating profit (Rm)
Up 16% to R3 830 million
(2013: R3 313 million)

Headline earnings per share (HEPS) from continuing operations
Up 10% to 857 cents
(2013: 780 cents)

Net debt to equity (%)
Within target range at 40.9%
(2013: 47.5%)

Return on net operating assets (%)
Increased to 18.8%
(2013: 18.0%)

Environmental

Petrol and diesel consumption (ML)
Up 7% to 66.43 ML
(2013: 62.06 ML)

Electricity consumption (MWh)
Down 1% to 81 028 MWh
(2013: 81 601 MWh)

Energy consumption (GJ)
Up 6% to 2 953 038 GJ
(2013: 2 779 570 GJ)

GHG emissions (tCO_2e) (scope 1 and 2)
Up 5% to 273 986 tCO_2e
(2013: 260 422 tCO_2e)

Water consumption (ML)
Down 6% to 785 ML
(2013: 832 ML)

Social

Number of employees
Up 2% to 19 616
(2013: 19 182)

Lost-time injury frequency rate (LTIFR)#
Up 24% to 1.23
(2013: 0.99)

Number of work-related fatalities
Three fatalities during the year
(2013: 3)

Corporate social investment (Rm)
Spend of R16.8 million
(2013: R16.9 million)

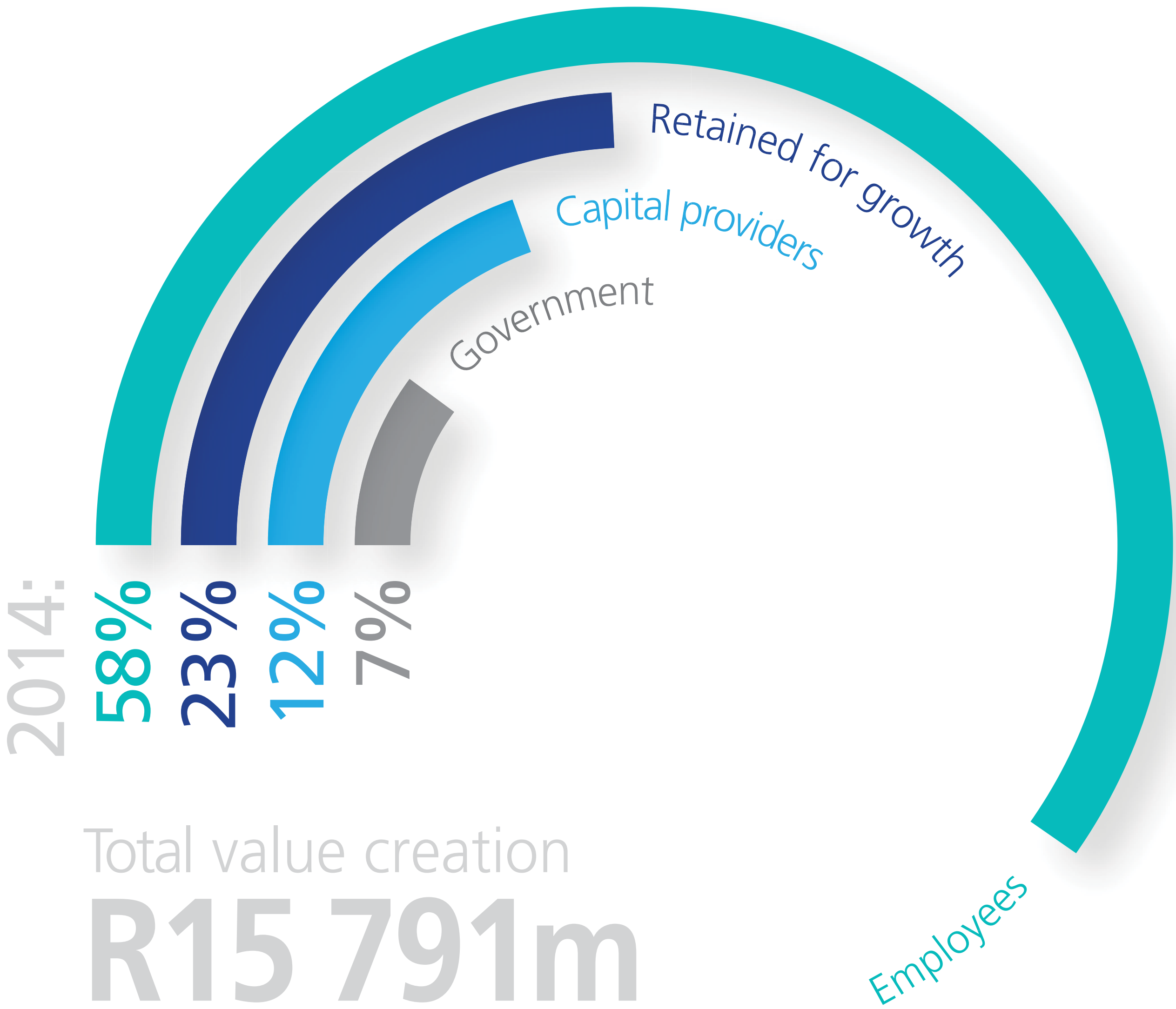
B-BBEE rating*
B-BBEE rating of level 2**
(2013: Level 2)

* *B-BBEE rating for South Africa only.*
** *Preliminary rating.*
\# *LTIFR: Lost-time injuries multiplied by 200 000 divided by total hours worked.*

Statement of total value added for the year ended 30 September 2014

Making a world of difference is central to our Value Based Management approach as we strive to create sustainable value.

Number of employees	Revenue per employee	Value created per employee
19 616	**R3.3m**	**R803 474**
Up 2%	Down 1%	Up 10%



Total value creation
R15 791m
2013: R14 250m

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

	2014		2013*		2012*	
	Rm	%	Rm	%	Rm	%
Revenue from continuing operations	62 101		59 498		53 415	
Revenue from discontinued operation	2 783		5 508		5 047	
Paid to suppliers for products and services	49 389		51 019		46 024	
Value added	15 494		13 987		12 438	
Income from investments^	297		263		247	
Total value created	15 791		14 250		12 686	
VALUE DISTRIBUTION						
Employees (note 1)	9 103	58	8 605	60	7 685	61
Capital providers	1 856	12	1 630	12	1 317	11
Finance costs	1 125		1 022		874	
Dividends to Barloworld Limited shareholders	639		522		393	
Dividends to non-controlling interest in subsidiaries	92		86		50	
Government (note 2)	1 103	7	952	7	752	6
Communities (corporate social investment)	17		17		17	
Reinvested in the group to maintain and develop operations	3 712	23	3 047	21	2 914	23
Depreciation	2 208		1 960		1 806	
Retained profit	1 556		1 080		1 320	
Deferred taxation	(52)		7		(212)	
	15 791	100	14 250	100	12 686	100
VALUE ADDED RATIOS						
Number of employees (30 September)	19 616		19 692		19 238	
Revenue per employee (Rand)#	3 301 297		3 339 631		3 084 361	
Value created per employee (Rand)#	803 474		732 083		669 297	
Corporate social investment – % of profit after taxation, excluding exceptional items	1		1		1	

Notes

	2014 Rm	2013* Rm	2012* Rm
1. EMPLOYEES			
Salaries, wages, overtime payments, commissions, bonuses and allowances**	7 673	7 068	6 349
Employer contributions†	1 204	1 071	930
Total continuing operations	8 877	8 140	7 279
Discontinued operation	226	465	406
Total group	9 103	8 605	7 685
2. CENTRAL AND LOCAL GOVERNMENT			
Current taxation	947	821	580
Rates and taxes paid to local authorities	59	54	60
Customs duties, import surcharges and excise taxes	49	38	76
Skills development levy	48	39	36
	1 103	952	752

^ *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 IFRS 10, IAS 19 and discontinued operation – refer to note 34.*
** *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.*

GRI *EC1 to EC9*

Chairman's letter

Investing in sustainable growth

Invested
R323 million
in acquisitions

Deployed
R847 million
in growth activities

We have demonstrated our ability to invest into the future sustainability of the organisation over decades, and with the increase in urbanisation and growth of the middle class, particularly in Africa, we are well-placed to take advantage of the opportunities presented.

Dear stakeholders

As chairman I am often asked what happened to the Barloworld of old. Did we do the right thing in 2007 when we decided to adopt a leaner business model in which we focus on distributing leading international brands and add value to these brands through integrated rental, fleet management, product support and logistics solutions?

Since I became chairman, in the same year, I have not seen a reason why we should abandon this strategy. On the contrary, our financial results continue to impress me against the backdrop of global and local uncertainty in many of our territories and communities. I am satisfied that our very talented executive team has managed the risks and opportunities optimally to keep us on a stable and pleasing growth path. We are maximising our earnings out of a very tight ship.

As we enter the fifth year of our 2015[3] vision, I am also satisfied that our strategic focus areas – profitable growth, people, integrated customer solutions, sustainable development, empowerment and transformation, and financial returns – are all in a state of very good health and contributing to our overall sustainability.

Value Based Management has played a key role in who we are today. Whether they are in Russia, Middelburg or the Democratic Republic of Congo, our leaders understand our values of integrity, excellence, teamwork and commitment and they take pride in the Barloworld brand. People say Barloworld is a good company. We have earned that reputation over 112 years and have demonstrated our ability to invest into the future sustainability of the organisation over decades.

We are working hard at finalising our Vision 2020, which will build on our current business model, taking into account trends and opportunities unearthed by those trends and the innovation of our people. We will continue to generate sustainable profits as a result of our focus in the segments where we operate.

Strength of Caterpillar relationship

We have shown repeatedly that we can and do succeed in managing risks and opportunities in challenging territories and our Equipment business representing the leading Caterpillar brand is testimony to this.

The acquisition of the southern African and Russian operations for the former Bucyrus mining products in our Equipment business two years ago has proven to be an excellent strategic decision. The extended mining product range (EMPR) that resulted from this acquisition has substantially exceeded our expectations for the second consecutive year in 2014 despite a general lack of investment in the mining sector.

The Equipment business has managed to achieve good growth in its southern African territories and there are exciting opportunities ahead. A potentially difficult political situation in Mozambique seems to have been resolved and it is imperative that we keep our finger on the pulse to play a leading role as infrastructure starts to develop around the new gas and oil discoveries.

The initiatives by our Russian Cat dealership to form strong, enduring customer relationships based not only on sales but also after-market support are critical in view of the current Ukraine crisis. I trust that our relationships will endure through this uncertain period due to the trust and loyalty we have established with our customers in this vast territory.

The balance created by our geographic diversity and total solutions offering in the Equipment division has also been evident looking at the six-year economic drought in Iberia where we have had to cut costs and, unhappily, carry out retrenchments. We remain the market leader in Spain and Portugal, however, and this remarkable staying power will show in the financial results when the economy turns, as it must. Over this difficult period we have optimised our profits in other geographic locations to cushion the losses in Iberia.

The vast potential of the marine power business on the Iberian peninsula is worth a special mention. The business model that has worked so well for us in Iberia will be emulated by our Global Power business to capture opportunities in our southern African and Russian dealership territories.

The Handling division, particularly the agricultural component, has the advantage of the Equipment footprint as it explores lucrative opportunities in southern Africa following the exit of the Lift-truck business from the lower return markets in the US, UK, Belgium and Holland.

My sense is that if there is a growth point anywhere, it is in Africa. We are on the right track.

New growth opportunities

I am eagerly anticipating a more Africa-focused future for the Automotive and Logistics division, which continues to deliver consistently excellent results across the board. The management team must be commended as they have not only grown the motor retail, car rental and fleet management businesses admirably but also turned around the Logistics business in 24 months.

Our divestment from the Australian motor retail business allows us to look for opportunities with better returns. From what I have seen personally, the potential in Africa is significant, in particular for car rental and fleet services – which already has some high-level contracts won through partnerships with government departments in South Africa.

As I mentioned in the last report, I have very high hopes for the future of our home-grown Logistics business unit. We have made further prudent investments to improve the potential offered by this business and in the Vision 2020 period I believe we will see great things coming out of it.

Dumisa Ntsebeza
Chairman

There is significant scope on the African continent to move things more efficiently physically and through using technology to optimise transport solutions. In our Logistics business we have the intellectual property to develop integrated transportation solutions and the physical means to put them into practice.

Stakeholder relationships

The key to sustainability is to develop appropriate, effective relationships with stakeholders in all our territories. We need to engage with governments to understand their short and long-term policies and where we can play a role. In an uncertain world it is through these stakeholder relationships that we will get a view of what is important for our business now and in the future.

We have the skills, talent and experience to play a meaningful role in public sector projects, but the relevant authorities can also extract value from us by using us as a sounding board. This mutually beneficial engagement is not only constructive but necessary.

Skills and talent management

As a South African head-quartered company with 75% of our employees in this country, the current stagnation of the South African economy is of great concern to us. The corollary to that is unemployment, particularly of young people. Our education system has not done us proud and is churning out job seekers who are underqualified.

Yet every year Barloworld's training facility in Johannesburg trains hundreds of artisans, not only from South Africa but from the whole SADC region. What we are doing to develop skills is significant and aimed not only at sustainability within our company, but also within our communities across southern Africa.

The South African authorities should be paying more attention to what companies like Barloworld are doing to produce critical skills that we need to build our economy.

Our skills programmes provide much needed opportunities for young people in South Africa and contribute to localisation in every country where we operate. There is nothing better for business than a country seeing its own people in positions of influence.

Diversity and localisation

It is of interest to me that the lessons we have learned through the transformation process in South Africa have enabled our approach to other territories. Barloworld has long accepted that employment equity requires diversity in terms of race and gender at all levels. While this is demanded by both the law and the constitution in South Africa, we are very conscious of not ticking boxes but striking a humane balance between a workforce that has been predominantly white and absorbing new talent from previously disadvantaged groups without disrupting our skills mix or our business objectives.

We are proceeding at a reasonable pace and I do think bold moves are being taken. It is worth noting that in 2007 we had three black African non-executive board members. Today three of our 10 non-executives are white and they are all foreign based. Of the seven black members, four are women.

In our African territories we are keenly aware of demographics and gender with regard to job opportunities and skills development. In Russia and Iberia we have seen growing recognition of the role of women in all spheres of our business.

We can take this even further. The African continent provides us with good opportunities to invest in and form partnerships with local businesses that are a strategic fit. It is incumbent on us as good corporate citizens to play a role in the success of local business to break barriers. It also makes good business sense, entrenching our own position in the territory.

The environment

I believe that climate change is a global issue that needs to be addressed and environmental stewardship is central to our approach. We are mindful of our role in propagating environmental awareness through our value chain and are committed to aligning with leading global principals, providing solutions that assist our customers in achieving their sustainable development objectives and a range of internal initiatives aimed at minimising the environmental impact of our operations.

Technology

Technology is becoming an increasing factor in the competitiveness of our customer solutions. This is tremendously exciting in terms of how much more we can offer all our customers through technology-enabled solutions. But it is also about what we can do for our employees and our environment.

Health and safety

Tragically, we had three fatalities; one in Logistics, one in Avis Rent a Car and one in Equipment southern Africa from motor vehicle accidents during the year. Our thoughts go out to their loved ones. We are using technology to avoid accidents and further loss of life as far as possible in environments where, unfortunately, such tragedies are all too common.

We are committed to entrenching a culture of safety and in this regard we remotely monitor every truck in our logistics fleet on the road, where and when it stops, how fast it travels, how our drivers behave behind the wheel.

In the Equipment division we track machines in the field not only to ensure their productivity and health, but also the safety of their operators. It will not be long, in fact, before autonomous Cat mining machines become the order of the day. The safety of our technicians assembling enormous mining machines on remote sites is also under the spotlight and we have been doing very well in this regard.

The cars sold and supported by our Automotive division incorporate the latest diagnostic and safety technology and our role includes understanding this technology so we can ensure that it does its job properly.

I have engaged with my board on responses to the risks posed by the Ebola virus. As a continent and, indeed globally, we need to be investing in containing the virus and finding a cure. As a company it is our responsibility to educate our employees and try to safeguard them and their families from exposure to this deadly disease as far as possible. Let us hope that it will be quickly contained and controlled.

Vote of thanks

Ms Hixonia Nyasulu retired by rotation from the board at the annual general meeting on 29 January 2014 after having served on the board for seven years and I would like to thank her for her valuable contribution.

We welcomed two new board members during the year. They are Dominic Sewela (CEO of Barloworld Equipment southern Africa), who was appointed as an executive director, and Ngozichukwuka (Ngozi) Edozien, as an independent non-executive director, both with effect from 19 March 2014. The board looks forward to their valuable input and insights.

Thank you to every member of our board for their tireless commitment to the oversight of our company. All the hard work that comes out of the committees governing various aspects of our activities is clearly evident in our pleasing results, in our steady growth and, above all, in staying true to our vision and values.

It remains for me to thank our chief executive, Clive Thomson, and the executives for their continued dedication to Barloworld's success and sustainability. As each year passes I find myself grateful to be working with a CE who shares my value system and vision for the future, with the result that we are always pulling in the same direction. Clive infuses a positive energy in his whole team and creates an environment in which talent and potential can blossom.

Dumisa Ntsebeza
Chairman

Key highlights

Revenue up	Operating profit up
4% to R62.1 billion	16% to R3 830 million

The group delivered a solid performance against the backdrop of challenging economic and geopolitical uncertainty.

Q Barloworld has produced another set of pleasing results in a challenging global and local economic environment. To what do you attribute these results?

We delivered a good financial performance in a relatively difficult external environment. The highlight of the 2014 financial year has been the strong result from our Automotive and Logistics division for the third consecutive year, with operating profit up 24% in tough trading conditions. The Equipment division also did very well to end the year ahead of target despite the subdued mining sector in southern Africa and Russia, and restructuring costs incurred in the Iberian business, which continues to face a weak construction market.

Q Does the counter-cyclical combination of the businesses play a part in balancing overall performance?

Our strategic growth segments – mining, infrastructure, power, agriculture, automotive and logistics – have different underlying growth drivers and therefore economic cycles, resulting in a natural counter-cyclicality. Our geographic diversity in southern Africa, Spain, Portugal, the UK, the Middle East and Russia also adds balance. Our solutions-based model offers new equipment and vehicle sales, as well as parts and service support. Parts and service revenue streams tend to be much more stable than new equipment sales, also providing higher margins and thus contributing strongly to our resilience and profitability. In most of our businesses we have seen strong growth in parts and service offsetting slower new sales this year.

Q What milestones, financial or otherwise, stand out for you in the past year?

A significant milestone has been the successful integration of the extended mining product range (EMPR) business, formed through the acquisition of the former Bucyrus business in 2012, into our mining operations in southern Africa and Russia. This business has performed extremely well since inception and, following a year as a standalone business to ensure focus and management accountability, its integration into the legacy mining business will provide back-office cost synergies and a seamless offering to our customer base.

We celebrated 20 years as a Caterpillar dealer in Zambia, Angola, Mozambique and Malawi, and 50 years in Botswana. As further testament to our commitment to the region and ensuring that we meet the servicing needs of our customers we opened a US$14 million facility in Zambia during August this year.

We disposed of our motor retail business in Australia for R1.3 billion during the course of the year, realising a profit of R374 million. We will redeploy this capital into areas of the business where we believe we can achieve better financial returns over time.

Within Logistics we made an acquisition in an extra-heavy abnormal load transport business which has synergies with our equipment operations. We also diversified the Barloworld Transport business into the sugar cane sector and organically established and secured the necessary skills to grow in the mobile crane segment. Our loss-making Far East logistics airfreight business was disposed of in November 2013.

Headline earnings per share from continuing operations up
10% to 857 cents

Total dividend up
10% to 320 cents

Q What does Caterpillar's Across the Table initiative mean for Barloworld in terms of future growth prospects for the Equipment business?

Last year Barloworld was nominated as one of Caterpillar's Circle of Excellence Dealers incorporating the top Cat dealers worldwide. As such we participated in Caterpillar's Dealer Advisory Group providing dealer input into Caterpillar's vision and strategy for its dealership network.

This has found expression in the Across the Table (AtT) initiative, which is designed to ensure that Caterpillar's global dealer distribution is best in class. This involves reinforcing foundational competencies around customer experience management and after-market support, as well as implementing game-changing capabilities such as technology enabled solutions, e-business, and ratcheting up rental and used performance.

AtT is now being implemented in our Equipment division and will provide significant opportunities to improve customer service and increase market share and revenues.

Clive Thomson
Chief executive

Q Despite the continued negative cycle in the mining sector, the EMPR business in the Equipment division has delivered on the upside for the second consecutive year. What have been the major successes in 2014 and to what do you attribute these?

As mines continued to defer capital expenditure amid concerns on the offtake of commodities from China, our EMPR business produced another excellent performance in southern Africa mainly due to two major orders for Swakop Uranium's Husab mine start-up in Namibia and First Quantum Minerals' Sentinel project in Zambia. These deliveries have been achieved on target and with an exceptional safety record and will produce good future after-market revenue opportunities.

In Russia the coal sector, historically our biggest commodity exposure, remains under severe pressure. Parts and service revenues from the EMPR business came through strongly to balance this, and the cost base was well managed to produce a pleasing result.

Better-than-expected operating margins in the Equipment business can be attributed to solid after-market performance in all territories, excellent customer service, improved parts marketing and tight cost control.

Q It has been another challenging year for the Equipment division in Iberia. How are we managing to shore up the business after six years with no real uptick in the Spanish and Portuguese economies?

In Iberia we have seen a further decline in our top line this year as certain large package deals were not repeated. However, we firmly believe that 2014 will be the bottom of what has been a long downward economic cycle and our consistent market leadership throughout the downturn will give us a good head start when sales start to recover.

Although there are some emerging signs of positive recovery in the Spanish economy, the construction sector lags this and we have been compelled to undertake a further restructuring in our Spanish business, with a reduction in headcount towards the end of the financial year. The significant costs associated with this have impacted the 2014 result, but the benefits will show in 2015.

Q Overall the global needs for energy point to sizeable potential for growth for the power business in southern Africa, Iberia and Russia. How is Barloworld responding to these opportunities?

In southern Africa the opportunities are focused in South Africa, Angola and Mozambique, in Iberia we are well entrenched in the global marine business and in Russia electric power and petroleum offer great potential.

John Blackbeard's appointment as CEO of the Global Power business on 1 October 2013 provided dedicated focus on capturing the opportunity in four distinct segments – electric power, marine, petroleum and industrial – and a number of specialised resources have been appointed from outside the company.

Barloworld and Caterpillar have developed a comprehensive four-year vision, strategy and growth plan for our Global Power business. We are now in the roll-out phase and expect to realise significant growth on the back of this joint initiative. Some milestone orders are starting to come through and I am pleased to see this business targeting growth in gas engines which, I believe, will become a much bigger part of the energy mix in southern Africa and elsewhere in future.

Q The Handling business has divested of assets outside southern Africa. Is this business now in a consolidation phase?

On the contrary, having disposed of the materials handling business in the USA, UK and Belgium last year and Holland in first quarter of this financial year, Barloworld Handling is now positioning for growth in the southern African market. Higher market share, margins and growth are expected in Africa in both our materials handling and agricultural operations.

SEM, Caterpillar's utility earthmoving equipment brand, continues to be distributed through this division and we are now broadening our capability to include SEM motor graders in addition to wheel loaders.

Effective 1 October the Metso mobile crushing and screening business will move from the Equipment division to join the Handling business where it will receive dedicated focus as one of a select collection of brands that fit well with our strategic growth segments.

Q All Automotive business units performed well ahead of expectations. What are the major factors behind this performance?

While new car sales remained under pressure, Motor Retail increased operating profit by 29% through good used car sales, parts and service revenues, insurance and finance contributions and disciplined cost control.

Car Rental had another strong year with operating profits up 33% on the back of volume growth through market share gains and increased rate per day, at the same time maintaining fleet utilisation at high levels.

Fleet Services, our long-term rental operation, increased operating profit 16% mainly due to good organic growth in fleets under management.

The Logistics business continues its upward trend with pleasing organic growth and profitability starting to flow through from recent acquisitions such as Manline, contributing to a 22% increase in operating profit. This result takes into account provision for exposures on the contract with Ellerines, which is currently in business rescue.

Q Strategic acquisitions and disposals have been a strong factor in the steady improvement and growth of the Logistics business in an uncertain environment. Is your growth strategy primarily acquisitive in this business?

Our strategy for the Logistics business is a combination of both organic growth and niche acquisitions. Organic growth has continued through winning certain notable supply-chain management contracts in the year. We have made acquisitions in an extra-heavy abnormal load transport business. This also leverages excellent synergies with our Equipment division, which requires abnormal load transport for delivery of machines and components throughout its southern African territories.

Q Leading-edge technology is a common theme across Barloworld's business. How do you expect technology to impact future sustainability and results?

Technology is an increasingly important part of how we deliver services and solutions to all our customers. This includes providing early insight on the health of all the products we represent, including earthmoving machines, motor vehicles and tractors. Our technology strategy is all about connecting assets, enabling us to obtain, analyse and share information with customers in order to better manage their machines, fleets and sites. We are investing heavily in technology-enabled solutions and e-business to ensure that we lead in the use of technology to deliver enhanced performance and productivity to our customer base.

Q The Integrated Employee Value Model and the Integrated Financial Value Model were launched in 2013 to enhance the group's value creation capability. How are these initiatives supporting the business?

We launched our people management methodology, the Integrated Employee Value Model (IEVM), in 2013. This has now been rolled out across the business and the 2014 employee survey has indicated that levels of employee engagement are very positive overall. We are putting action plans in place to address gaps where required.

Our Integrated Financial Value Model (IFVM), launched simultaneously, has also gained traction with the formulation of proactive plans to identify the key operational and financial value drivers within the business that can be leveraged to improve financial returns.

Q In 2009 the group set the aspirational target of a 12% efficiency improvement in non-renewable energy consumption and greenhouse gas emissions (scope 1 and 2) by the end of the 2014 financial year off a 2009 baseline. What has been the outcome and what are your future plans?

We have made good progress in improving energy and greenhouse gas emissions efficiency. However, the transport solutions businesses we have acquired in the Logistics space have higher energy intensities, which has negatively impacted the overall group position.

I am proud of the excellent programmes that have been put in place and the very positive employee buy-in that has been achieved through these initiatives. These are part of a broad suite of initiatives aimed at minimising our environmental footprint and climate change mitigation. This has created great forward momentum and we will certainly include new targets in our business strategy to 2020.

Q Barloworld places a great deal of importance on its role in society. What notable initiatives has the organisation been involved in as part of investing in communities and society in general?

We continue to focus our social spend in South Africa on youth, education and leadership development, with many projects and organisations receiving support from our different businesses.

Our flagship project as a group this year has been the Nelson Mandela Children's Hospital in Johannesburg, where we have donated Cat rental equipment to develop the site and an Avis vehicle to assist in fundraising. In the coming year we will also be donating a Cat generator to provide standby power for the hospital.

Q Transformation and empowerment are critical goals throughout Barloworld's operations, not only in South Africa, but globally diversity is a key focus area for the organisation. How has progress been in 2014?

Diversity in terms of gender, race and localisation is a central tenet of all our operations and this year we have also placed special focus on a supplier diversity initiative within the group which aims to uplift, train and empower our supplier base. We continue to make significant investments in skills development and training across the board from leadership to apprenticeship level, with apprentices from all our southern African territories receiving world-class instruction at our Technical Academy in Johannesburg.

We are assessing the impact of the new dti B-BBEE Codes of Good Practice and will be setting new targets as part of our strategy to 2020. We are confident this will improve our skills base and competitiveness.

Q With 2014 being the penultimate year of Barloworld's current five-year strategic plan, are you confident that the plan will be achieved? The group is also well under way in developing its strategy for the period 2016 to 2020. What can we look forward to?

Our plans for the 2015 financial year are commensurate with achieving the targets we set for our 2015[3] vision, bearing in mind global economic and geopolitical outcomes.

At the same time we are developing the strategies, targets and key performance indicators that will underpin our Vision 2020. Vision 2020 will be a broad continuation of our 2015[3] vision and strategy. However, there will also be some bold new targets and revitalised, game-changing context for profitable growth which will position the company to achieve top-quartile financial returns in the five years to 2020.

Innovative customer solutions will remain our biggest competitive advantage; and how we deliver these solutions will continue to evolve to ensure leading practices within our industries and markets.

Q What have been the major learnings in your 2015 journey to date?

It is becoming increasingly difficult to predict the future with any degree of certainty, particularly in our cyclical businesses. The major lesson in this is to plan ahead, but be aware that things will not always go as you anticipate. Our strategy and our leadership must remain flexible given the uncertainty and volatility in the global environment. While it is important to react appropriately to short-term change, it is also important to continue to keep doing the right things for the long term.

Q What is your outlook for 2015?

Demand for commodities will remain under pressure in the year ahead due to slower growth in China and reduced investment in new mining projects will impact new sales in our Equipment business. However, after-market activity should remain robust as we provide parts and services to mining customers focusing on maintaining productivity in existing fleets. Indications are that the mining sector should start an upward turn in the 2016 financial year.

Construction is starting to recover off a low base in South Africa and the outlook for the rest of southern Africa is positive.

Russian performance will depend on how the crisis in Ukraine evolves, but we are anticipating some good machine sales for the landmark Power of Siberia gas supply pipeline linking Russia and China. About 2 000km of this planned pipeline will be located in our Russian dealership territory.

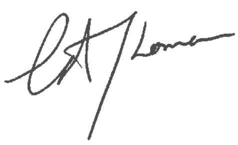
We expect an improved result out of Iberia following the restructuring this year, together with signs of long-awaited growth in the Spanish economy.

The focus on the Global Power business continues to gain traction. The marine market in Spain offers opportunity and we have gained some inroads in the South Africa market with the recent Transnet tug order. The electric power market has been under pressure in both Iberia and southern Africa although we did secure a large order in Mozambique in October 2014 and some significant opportunities are in the pipeline.

Despite continued challenges in the macro environment, we expect another solid result from the Automotive and Logistics division in 2015.

While a number of geopolitical risks and economic uncertainties exist globally, our focus will remain on executing our strategy, driving operational efficiencies and maintaining strong cash flows. We expect to continue to make progress into 2015 and are well placed to benefit once the infrastructure and mining cycles move into a recovery phase across our key geographies.

On this note, I wish to thank all Barloworld's people around the world for putting their energy and passion into achieving a good result in 2014, often in very trying conditions. We have an exceptionally talented and committed leadership team in place. Delivering on our strategic focus areas of profitable growth, people, integrated customer solutions, sustainable development, empowerment and transformation, and financial returns, this team is building a well rounded and balanced business that will achieve great things in the future.



Clive Thomson
Chief executive

Key highlights

Basic earnings per share increased
33% to 1 012 cents

Australian motor retail operations disposal for
R1.3 billion

Operating profit rose by 16% to R3 830 million with operation margin increasing to 6.2%

Revenue for the year increased by 4% to R62.1 billion, mainly due to increased revenues in Equipment southern Africa (R1.8 billion) in particular the Extended Mining Product Range (EMPR) and Automotive and Logistics (R2.3 billion), offset by reduced revenue in Equipment Russia, Iberia and Handling. The weakening rand increased revenue for the year by R2 billion.

Earnings before interest, taxation, depreciation and amortisation (EBITDA) increased by 14% to R6 170 million with depreciation and amortisation increasing by 13%.

Operating profit rose by 16% to R3 830 million with the operating margin increasing to 6.2%. The strong operating results generated in Equipment southern Africa (R1 968 million) and Russia (R429 million) made up for the operating loss of R168 million (€11.7 million) incurred in Equipment Iberia, which included restructure costs of R88 million (€6.2 million).

The Automotive and Logistics division produced another strong performance with all business units performing well, increasing operating profit by 24% to R1 644 million. This was after making provision for the exposure arising from the Ellerines Holdings business rescue.

The total negative fair value adjustments on financial instruments of R156 million (2013: R47 million) mainly relate to the cost of forward points on foreign exchange contracts in Equipment southern Africa and Handling South Africa.

Finance costs increased by R117 million to R1 117 million. The increase is mainly due to higher average debt levels, arising from increased average working capital levels for the year, increased fleet leasing and rental fleets and capex relating to investment in the logistics business, further impacted by higher interest rates. We remitted £60 million of the proceeds on sale of the Australian operations back to South Africa at the end of September in order to reduce local borrowing costs in the coming year.

Exceptional items of R66 million (net charge) mainly comprise the impairments of goodwill in the Logistics Sea Air Transport business (R208 million), and intangible assets and other assets in the Logistics Supply Chain Management business related to the Ellerines contract (R76 million). This was offset by profits from foreign currency translation reserves of R97 million realised on disposals of offshore businesses in handling and logistics, profits on disposal of investments (R64 million), and a profit on sale of property of R77 million.

Taxation charge for the year was R837 million. This included further impairment of the Spanish deferred tax asset of €3 million (R42 million). The effective taxation rate (excluding prior year taxation and taxation on exceptional items) was 34.1% (2013: 31.8%). The effective rate was negatively impacted by the unrelieved tax losses in Equipment Iberia and deferred tax arising on exchange movements in foreign subsidiaries.

Income from associates and joint ventures increased by 17% to R217 million (2013: R185 million) again driven by a strong performance from Equipment joint ventures.

The non-controlling interest in the current year's earnings includes dividends of R44 million paid to participants of the BEE transaction, with the balance relating to the minorities in our NMI/DSM and Transport subsidiaries.

Headline earnings per share (HEPS) from continuing operations increased by 10% to 857 cents (2013: 780 cents) and total HEPS (including discontinued operations) increased by 8% to 883 cents (2013: 821 cents).

Basic earnings per share (EPS) (including discontinued operations) of 1 012 cents is 33% higher than the prior year due to the exceptional profit of R374 million generated on the disposal of the Australian motor retail operations.

Cash flow

Cash generated from operations decreased to R3.0 billion (2013: R4.3 billion generated). Activity levels in the second half resulted in an increase in working capital for the year of R470 million (2013: R539 million decrease) which includes a funding payment to the UK defined benefit pension scheme of £15.2 million (R0.3 billion). The increased investment in fleet leasing assets was mainly due to the increased Equipment SA long-term rental fleet.

Summarised cash flow statement

	2014 Rm	2013 Rm
Operating cash flows before working capital	**6 302**	5 924
(Increase)/decrease in working capital	**(470)**	539
Net investment in leasing assets and vehicle rental fleet	**(2 879)**	(2 208)
Cash generated from operations	**2 953**	4 255
Other net operating cash flows	**(1 997)**	(1 648)
Dividends paid (including minority shareholders)	**(742)**	(598)
Cash retained from operating activities	**214**	2 009
Net cash applied to investing activities	**(69)**	(1 349)
Net acquisitions	**(1 385)**	(1 454)
Proceeds on disposal	**1 316**	105
Net cash inflow before financing activities	**145**	660

Net cash applied in the net investment of property, plant and equipment together with subsidiaries and intangibles of R1.4 billion was largely offset by the proceeds on disposal of Motor Retail Australia of R1.3 billion. This contributed to a net inflow of funds for the year of R145 million compared to an inflow of R660 million last year, which represented a significant improvement on the cash outflow of R3.9 billion reported at the interim.

Financial position and debt

Total assets employed in the group increased by R3.4 billion to R44 billion. The increase was driven by the weaker rand (R1.3 billion) and an increase in rental and leasing assets, as well as the acquisition of property, plant and equipment during the year.

Donald Wilson
Finance director

Total interest-bearing debt at 30 September 2014 increased to R11.3 billion (2013: R10.3 billion) while cash and cash equivalents increased to R4.2 billion (2013: R2.7 billion). Net debt reduced in the second half as a result of the seasonal decrease in working capital, and was positively impacted by the receipt of the proceeds from the sale of Motor Retail Australia. Net interest-bearing debt at 30 September 2014 of R7.2 billion was R404 million down on the prior year of R7.6 billion.

Debt

	Borrowings September	Redemption			
	2014 Rm	2015 Rm	2016 Rm	2017 Rm	2018 onwards Rm
Southern Africa	**10 776**	4 074	1 730	1 300	3 672
Offshore	**540**	321	175	26	18
Total	**11 316**	4 395	1 905	1 326	3 690

In December, the company issued three senior unsecured notes totalling R1 541 million under the South African Domestic Medium-Term Note programme. R714 million matures in 2019 financial year and R827 million in 2021 financial year. In addition, a R700 million bank term facility was extended for a further five years. During the second half the group concluded a five-year revolving bank credit facility of R1 billion, while Barloworld Transport finalised banking facilities of R561 million. The funds raised have been utilised to fund short-term working capital requirements and to improve the maturity profile of group debt.

In South Africa, short-term debt includes commercial paper totalling R1.0 billion (September 2013: R1.2 billion). While this market has remained liquid, spreads have been negatively impacted by interest rate uncertainty. We expect to maintain our participation in this market.

Cash balances of R4.2 billion are available to meet short-term commitments. The group has short-term borrowings at 30 September 2014 of R4 395 million, committed unutilised borrowing facilities of R6 102 million and further uncommitted facilities of R2 280 million.

Fitch Ratings downgraded the company's long-term credit rating to A+(zaf) (stable outlook) following the annual credit review in February 2014. While this had a marginal impact on the cost of short-term commercial paper funding, we have not experienced any impact on our cost of long-term borrowings.

The group debt to equity ratio at 30 September 2014 was 64.7% (September 2013: 64.0%), while group net debt to equity was 40.9% (September 2013: 47.5%).

Gearing in the three segments are as follows:

DEBT TO EQUITY (%)	Trading	Leasing	Car rental	Group total debt	Group net debt
Target range	30 – 50	600 – 800	200 – 300		
Ratio at 30 September 2014	**40**	**662**	**205**	**65**	**41**
Ratio at 30 September 2013	38	666	224	64	48

The weaker rand resulted in an increase of R744 million in shareholders' funds (2013: R800 million increase).

Accounting policies

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 new amended standards and new interpretations which have been outlined in note 33 of the Group Annual Financial Statements.

Barloworld's results for the year ended 30 September 2013 were restated to reflect changes in accounting policies as well as the disclosure of the Australian motor retail interests as discontinued operations.

Changes in accounting policy resulting from applying IAS19 (revised) Employee Benefits and IFRS 10 Consolidated Financial Statements, resulted in a restatement of prior year results on a comparable basis.

Dividends

Dividends totalling 320 cents per share were declared in respect of this year's earnings (2013: 291 cents).Of the issued shares of 231.3 million, only 227.7 million are entitled to receive dividends. The majority of shares not entitled to dividends relate to the Black Managers Trust (BMT) and Education Trust (ET).

The dividends declared this year are covered 2.6 times by headline earnings (2013: 2.6 times).

Going forward

The group return on net operating assets increased from 18% in 2013 to 18.8% in the current year driven by the strong operating performances in Equipment southern Africa and the Automotive and Logistics division. The group continues to deploy capital into higher returning businesses, which together with a projected return to profitability in Equipment Iberia, should further contribute to improved returns in 2015.

Donald Wilson
Finance director

Group executive: Human resources, strategy and sustainability report

Key highlights

Spend on training
R129.3 million

Corporate Social Investment
R16.8 million

Consolidating these responsibilities under one portfolio demonstrates the group's belief in an integrated approach to sustainable value creation. It ensures alignment and facilitates efficient implementation of initiatives. It also confirms our belief that effective strategy, driven by diverse and aligned people, is central Barloworld realising its vision 2015[3] and our future ambitions.

Flexible strategy

Barloworld is well on track to achieve its Vision 2015[3] which aims to deliver significant incremental value for all stakeholders through 2015. I believe that our operations have done an admirable job in progressing the ambitions of our vision as we strive to be a recognised global market leader in the provision of integrated solutions in distribution, rental, fleet management, product support and logistics to customers in our chosen business segments and geographies.

Our Vision 2015[3] was formulated as part of a five-year strategy to emerge successfully from the worst global recession in living memory and the response from our businesses has been overwhelmingly positive. However, as we approach 2015, we are extending our strategic thinking to where we need to be in 2020 and beyond. We have made good progress in this regard and we will communicate our Vision 2020 and related framework to our leadership at our Global Leaders Conference in March 2015.

As any company that has been in existence for more than 100 years should, our strategy has evolved constantly to adapt and thrive in the ever-changing environments in which we operate and we will continue to do so. In the past three years, for example, we have exited some of our businesses in the United States, United Kingdom, Belgium, Holland and Australia.

These divestments are part of our strategy to allocate capital to opportunities delivering higher financial returns in line with our objectives. The majority of our business remains in southern Africa and we have made some exciting acquisitions in Africa over the past three years. A number of the world's fastest growing economies are in Africa and we believe its future is tremendously exciting.

At the same time, we are a multinational company and global opportunities remain very much part of our strategic perspective, evidenced by our considerable investment in growing our Russian footprint.

In realigning our business to 2020 we are assessing the products and solutions we offer, the sectors in which we operate and our geographies. Our strategic growth segments – mining, infrastructure, power, automotive, logistics and agriculture – continue to provide an exciting platform for future growth.

Underpinning our strategy is our Value Based Management philosophy, recognising that success depends on creating sustainable value for all stakeholders: shareholders, employees, customers, principals and suppliers, our communities/society and the environment. This includes continuous engagement with all stakeholders both at divisional level and those that cut across all levels of our business.

Our six Strategic Focus Areas continue to focus our attention and inform decision-making throughout the group.

Building on Barloworld's financial success and pleasing growth over the past three years, we have a strong appetite to expand our activities and increase our value creation activities for the benefit of all our stakeholders. This will require innovation, something that only comes from our people.

People management

We operate in a highly competitive environment where skills are in short supply and it is becoming increasingly challenging to attract and retain the right talent to deliver our future strategies.

Barloworld has a great culture, which is one of the reasons we have up to four generations working side by side in the group. However, what attracted the right kind of employees to our business 20 years ago will not work today. In addition, we operate in diverse business sectors and some very tough environments.

About 75% of our 19 616 employees work in South Africa, 12% in other parts of Africa, and 13% in Russia and Europe.

While the majority of our people are employed in Africa, we are a multinational organisation and need to source a high level of talent to remain competitive in all geographies.

With this in mind we have revisited our approach to the people in our business through our Integrated Employee Value Model (IEVM), which is now central to our future strategy and is currently being executed across our business.

Through our IEVM we align our employees' objectives with the value drivers identified by our Integrated Financial Value Model (IFVM), focusing their activities and optimising the execution of our strategic initiatives and value creation activities.

Health and safety

The Health and safety is central to our Employee Value Proposition. Tragically, we had three work-related deaths during the year resulting from motor vehicle accidents. The families of the deceased have been cared for in terms of our benefits schemes and we continue to focus on training and related initiatives aimed at eliminating fatalities and entrenching a safety culture. Unfortunately, despite our attention to safety, the group's lost-time injury frequency rate (LTIFR) increased over the period, highlighting the requirement for continued emphasis and attention on providing a safe and healthy work environment.

Diversity

Transformation remains important in all our South African businesses and we continue to build on the progress we have made over the past five years. The preliminary B-BBEE report indicates that each of our South African business units has achieved a dti scorecard rating of Level 2 or 3. Barloworld is ranked as the top company in the general industrial sector of the Financial Mail's B-BBEE ratings.

We believe that in order to be successful, our businesses should reflect the demographics of the societies in which we operate, and we are determined to continue with good progress on the new Department of Trade and Industry scorecard that has recently come into effect with revised thresholds and targets.

Another diversity goal receiving dedicated focus is improving our gender balance through the appointment of more women at all levels of the group, including senior management.

Stakeholder engagement

Balancing our internal focus, we also continue to assess the value provided to our external stakeholders. We are currently working to enhance our engagement with governments in all our territories, not only as customers but also as strategic stakeholders in our businesses. Working in multiple geographies requires us to engage with government structures to ensure our business retains its firm foundations of values and ethics while aligning with the strategic vision of the respective countries in which we operate.

Sibani Mngomezulu
Group executive: Human resources, strategy and sustainability

Group executive: Human resources, strategy and sustainability report continued

This has its roots in the philosophy of "ubuntu". When we expand our footprint we must know where we are going. It is part of due diligence and corporate governance to acquaint ourselves with the public and private sectors as well as the communities that will be affected by our presence.

Communities

Through the Barloworld Trust, we invest millions in carefully selected interventions which address some of the foremost problems in South African society in a structured, systematic manner. This approach is underpinned by our strategic partnerships in civil society which deliver synergies and innovations in public service delivery that can be developed to scale by the public sector or the market. The divisions in the group also get involved in a number of initiatives in the communities where they operate.

Environmental stewardship

Whether we are developing our business in Africa, Russia or Europe, our integrated approach to our Strategic Focus Area of sustainable development remains constant and includes minimising the environmental impact of our operations, products and services and providing our customers with solutions that contribute to them achieving their sustainability objectives. This is entrenched in our strategic planning processes and underpinned by representing leading international Original Equipment Manufacturers.

Underscoring our commitment to environmental stewardship and climate change mitigation, in 2009 we set an aspirational group target of a 12% efficiency improvement in non-renewable energy consumption and greenhouse gas emissions (scope 1 and 2) by the end our 2014 financial year off a 2009 baseline. We also focus on water conservation and responsible waste management. Many innovative initiatives have been implemented in all our divisions, reducing our environmental footprint and increasing our operational resilience.

Despite our focus, we did not achieve our aspirational target, due mainly to a number of investments in the road transport aspects of our logistics business which have higher energy and emissions intensities compared to our other businesses. However, I believe we benefited by having this target and we have again set an aspirational group target for our 2015 financial year, after which we intend to align future targets with our Vision 2020.

We continued our focus on waste management during the past year, including responsible disposal as well as remanufacturing and rebuilding of earthmoving and mining machines. Our investment in re-, an environmental solutions company, enhances our ability to pursue emerging sustainable business opportunities and expand our customer solutions.

Alongside our responsibility to our natural environment goes our responsibility to our communities. We are mindful of the stronger role and louder voice of society in the actions of business and Barloworld is committed to being a responsible corporate citizen. Central to our activities is stakeholder engagement, which we believe enhances our value creation capabilities and informs our strategy.

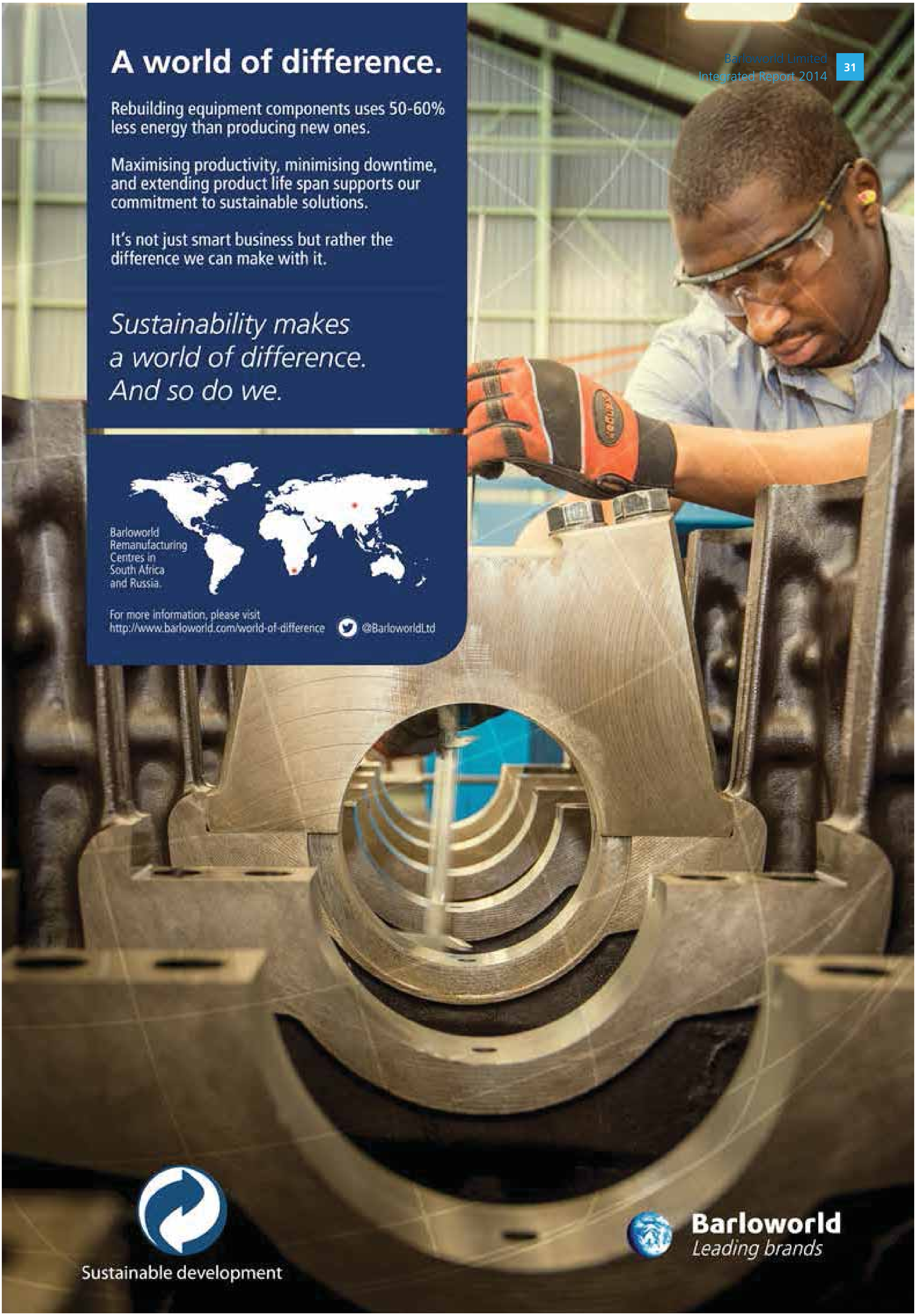
Ethics and governance

We conduct our activities in accordance with the highest ethical standards and principles of corporate governance. Across the group we are committed to acting in accordance with our Code of Ethics, Worldwide Code of Conduct and being compliant. Frameworks are provided at group level and our operations establish specific, relevant and appropriate policies, as well as management and control environments in the context of their respective industries and countries.

Barloworld is a signatory to the United Nations Global Compact which addresses human rights, labour standards, the environment and anti-corruption. Our codes and policies provide the guidance to address these aspects.

Our inclusion in the Dow Jones Sustainability Emerging Markets Index, the Global Compact 100 Index and the JSE Socially Responsible Investment Index underscores our commitment to sustainability and responsible corporate citizenship and we intend to build on our progress in the years ahead.

Sibani Mngomezulu
Group executive: Human resources, strategy and sustainability


A world of difference.
Rebuilding equipment components uses 50-60% less energy than producing new ones.
Maximising productivity, minimising downtime, and extending product life span supports our commitment to sustainable solutions.
It's not just smart business but rather the difference we can make with it.
Sustainability makes a world of difference. And so do we.
Barloworld Remanufacturing Centres in South Africa and Russia.
For more information, please visit http://www.barloworld.com/world-of-difference
@BarloworldLtd
Sustainable development
Barloworld
Leading brands

Overview and progress

Barloworld is a constituent of:

Dow Jones Sustainability Emerging Markets Index, Global Compact 100 Index and the JSE Socially Responsible Investment Index

Sustainability in strategy

Our Value Based Management (VBM) approach underpins sustainable development in Barloworld. This requires the integration of activities addressing economic, environmental and social aspects, and balancing the short and long-term interests of all stakeholders, including the communities in which we operate. This is institutionalised through structured strategic planning and risk management initiatives, a leadership philosophy and management approach that entrenches accountability for sustainable value creation, stakeholder engagement, and a commitment to consistent, transparent and comparable reporting.

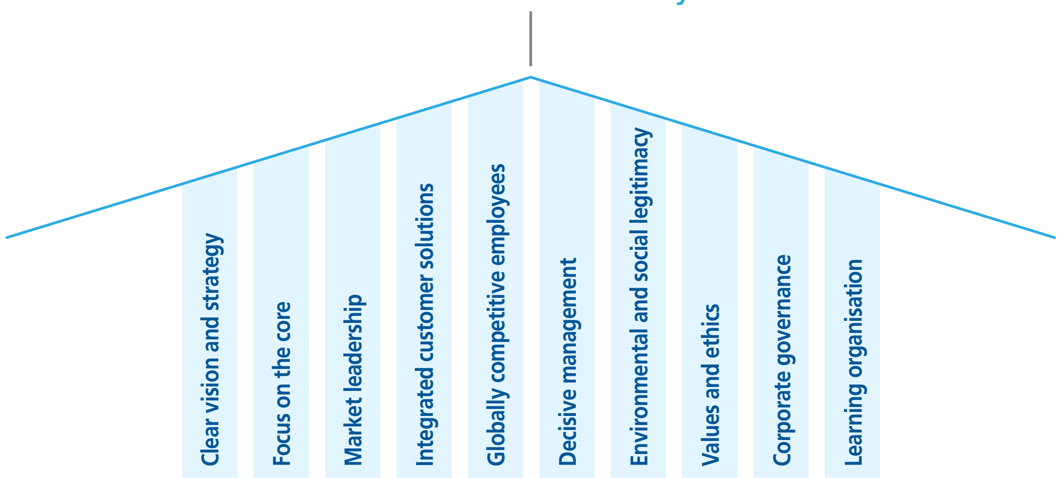
Central to our VBM approach and sustainability are these commitments to:

- Enhancing our customers' success by providing the integrated and environmentally sound solutions they require to remain competitive and meet their own sustainability objectives.
- Mutually beneficial relationships with our principals and representing them in a way that enhances their success and reflects their sustainable development objectives.
- Providing a safe and healthy workplace for employees where all have equal opportunities, are inspired to fulfil their ambitions and be proud ambassadors of Barloworld.
- Conducting our operations in an environmentally responsible manner.
- Identifying profitable growth opportunities and executing our strategic plans effectively and efficiently.
- Engaging our stakeholders and being a responsible corporate citizen for all of them, including contributing to social and economic development of the communities in which we operate.
- Delivering top-quartile returns to our shareholders through responsible business practices.

We recognise that a strong commitment to sustainable development is an important aspect of securing the skills required to realise our strategic goals, central to participating in legitimate value chains and at the core of responsible corporate citizenship.

Our 10 Pillars of Sustainability are used to guide our activities, assess progress, and act as a filter against which future opportunities are considered.

10 Pillars of Sustainability



Barloworld's 10 Pillars of Sustainability
Barloworld Awards 2014

GRI *1.2, 2.10, 4.14 to 4.17; EN5 to EN7, EN10, EN18, EN26, EN27, EN30; LA1 to LA15; S01, S09, S010; EC1*

Executing our strategy

Barloworld 2015^3

Our current strategic approach is underpinned by a suite of operations with similar business models and core competencies, common customers and realisable synergies. The business model includes delivering our products and services into identified markets, growing these markets and realising the aftermarket opportunities. Successful execution of this cycle results in growth, resilience and the ability to create long-term value for stakeholders.

The group's strategic planning process is a combination of its "top-down" strategic framework with the overall group structure and major investment decisions being made centrally, complemented by strategic and operational planning, and execution, being decentralised into its divisions.

Divisions' strategic plans are consistent with the group framework and guided by an aligned process. A robust and systematic identification of risks and opportunities is central to our strategic planning process.

Divisional plans are presented to the group executive on an annual basis and key aspects are consolidated into a group strategic plan, which is presented to the board for review and endorsement.

Through a consistent strategic framework and an aligned approach, strategies are efficiently and effectively executed throughout the group addressing stakeholder issues and group risks.

The board monitors the implementation of plans and divisional executive teams are accountable for fulfilling their strategic plans, meeting objectives and achieving key performance indicators.

Strategic plans are executed through elements of our comprehensive Integrated Employee Value Model which includes accessing, harnessing and directing the group's collective wisdom. The framework also includes a structured performance management system ensuring attention to top imperatives and value drivers, and enables employees to benefit appropriately from value created. An Integrated Financial Value Model highlights areas of focus to optimise value creation activities (value drivers), measures progress against objectives and provides relevant peer comparisons. These aspects enhance the group's value creation capability.

In line with the SFAs of improving our financial returns and profitable growth, the group has set hurdles for allocation of financial and other resources to opportunities and continually assesses the performance of existing operations against these hurdles. Businesses are exited where it is believed that they will not be able to meet the required performance level and investments are made into opportunities that align with the group's strategic direction. Examples are: exiting our Australian motor retail business and Handling's international Lift-truck operations and a number of investments by the Automotive and Logistics division. Internal structuring and resource allocation have directed focus on our Global Power business, which is well positioned for expansion.

With 2014 being the penultimate year of our current five-year strategic plan, focus has been on achieving our 2015 objectives while extending our strategic perspective to 2020 and beyond, and defining a strategic framework for the period 2016 to 2020 is receiving attention.

2014 progress

Key performance indicators have been set to track our progress against our Strategic Focus Areas.

Strategic Focus Area	Strategic objectives	Key performance indicators
Profitable growth	Achieve targeted compound growth in total shareholder returns over five years to September 2015.	– Top-quartile growth in total shareholder returns over five years to 2015 – Increase group operating profit by executing turnaround and growth strategies – Execute identified growth projects for each division
People	Build an organisation that adds value to employees as our success is based on inspired, aligned, empowered, results-driven, globally competitive, passionate people who create value through strategic innovation and continuous improvement.	– Drive employee engagement: Individual Perception Monitor (IPM) overall score above 75% for all businesses – People development and succession aligned with strategic growth priorities – Leadership development and retention – Provide a safe and healthy work environment
Integrated customer solutions	Drive market leadership through competitive differentiation by accelerating the evolution of our business model from pure distribution to the provision of flexible, value-adding, integrated customer solutions.	– Market leadership in targeted segments through delivery of integrated customer solutions
Sustainable development	Develop products and services to capitalise on emerging sustainable business opportunities, realise cost savings though energy efficiency and other sustainable business practices, and enhance Barloworld's reputation by leading in sustainable development.	– Aspirational target of a 12% efficiency improvement in non-renewable energy consumption and greenhouse gas emissions (scope 1 and 2) by end of 2014 financial year (2009 baseline) – Cumulative cost savings through sustainability initiatives – Pursue emerging commercial opportunities

2014 performance	2015 outlook
– Share price compound growth of 18.6% off September 2010 baseline – Operating profit up 16% in current year – EMPR enhances solutions offerings – Global Power growth strategy continues to gain momentum – Niche acquisitions and growth projects implemented in Automotive and Logistics	– Pursue identified strategic growth and value creation opportunities
– Overall divisional IPM scores range from 2.78 to 3.30 – Individual Career Reviews and Talent management discussions and planning completed – Leadership and executive development programmes conducted – LTIFR increased to 1.23 despite safety focus – Tragically, there were three work-related fatalities in motor vehicle accidents	– Continue entrenching employee value model to drive both employee productivity and increased engagement reflected in improved IPM scores – Ensure leadership succession and development through structured knowledge transfer initiatives – Continued drive on inculcating a safety culture, reflected in a reduced LTIFR and eliminating work-related fatalities – Manage and adjust headcount and employee profile to match business activity
– Market leadership position retained across most businesses – Successful integration of the former Bucyrus distribution and support businesses provides expanded product range to customer base in surface and underground mining – Niche acquisitions in Automotive and Logistics continue to expand customer solutions and support business model	– Leveraging technology in our integrated solutions to assist customers achieve their objectives
– The majority of our operations performed ahead of our aspirational group target. However, relatively higher energy and emissions intensities in our expanding logistics road transport operations negatively impacted progress and the group did not achieve its target being 27% and 10% worse than target on energy efficiency (GJ/Rm revenue) and GHG emissions efficiency (tCO_2e/Rm revenue) respectively – Forty-two Energy and nine water-savings initiatives implemented in operations with related savings – Investment in re- provides a platform for pursuing environmentally sustainable commercial opportunities	– To maintain momentum, we have set another aspirational group target of a 2% efficiency improvement against a business-as-usual perspective for our non-renewable energy consumption and related greenhouse gas emissions (scope 1 and 2) for the end of our 2015 financial year off a 2014 baseline year. The short-term target continues our focus on these aspects, while the group develops its longer-term five-year plan and objectives for the period 2016 to 2020 – Continue to pursue sustainability business opportunities and cost savings

Strategic Focus Area	Strategic objectives	Key performance indicators
Empowerment & transformation	Enhance competitiveness, credibility, legitimacy and reputation in the eyes of all stakeholders by leading in broad-based empowerment and transformation	– Department of Trade and Industry's B-BBEE Level 2 or 3 rating for each South African business unit – Leadership position – Drive gender equality, localisation, support for people with disabilities and diversity across the group
Financial returns	Achieve top-quartile financial returns as measured against peer groups in each of our chosen business segments	– Top-quartile financial returns on average through the cycle (at or above our cost of equity, and measured against relevant peer groups in our chosen business segments) – Achieve return on equity target (15%) – Achieve return on net operating assets target (20%) – Internal targets and hurdle rates set for all businesses – Release capital from underperforming assets

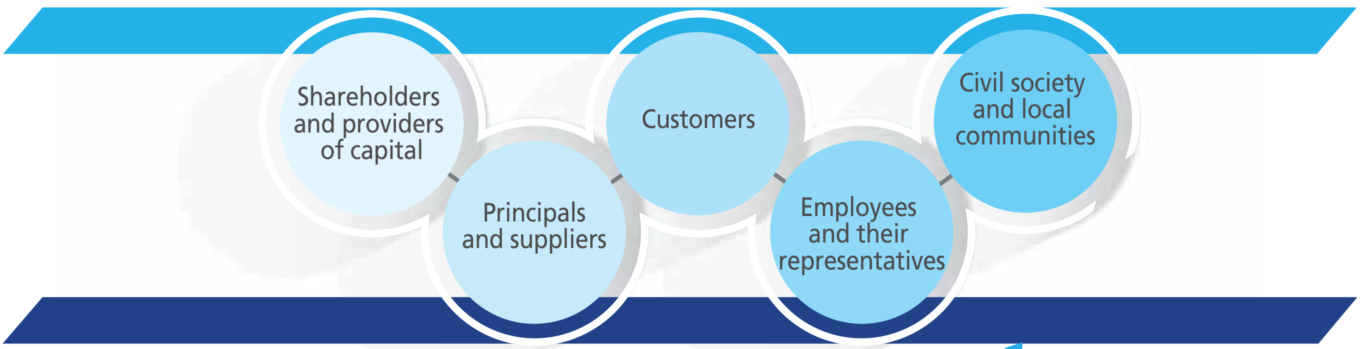
Barloworld 2020

Our 2020 strategic framework will be communicated to our top leadership at our Global Leaders Conference in March next year and will inform our approach for the strategic period 2016 to 2020. The draft framework builds on central aspects of our current approach, intends to refine our approach to sustainable value creation for our stakeholders and seeks to establish credible key performance indicators for progress assessment and reporting. A collective approach is being adopted in developing this plan which includes a significant contribution from executive teams participating in our executive development programme.

2014 performance	2015 outlook
– Ranked as number 1 in general industrial sector in B-BBEE for the fifth consecutive year – Preliminary reports for all South African operations indicate a Level 2 or 3 B-BBEE rating – Preliminary reports indicate group B-BBEE Level 2 rating – General staff trust shares to the value of some R281 million vested in 11 531 employees – Initiated and conducted five supplier diversity workshops in South African divisions covering some 300 suppliers – Education Trust sponsored 16 bursars to the value of about R1.6 million	– Initiated plans to align SA operations to dti's revised B-BBEE Codes of Good Practice to continually enhance the group's competitive position – Continue with supplier workshops aimed at increasing our efficiency and diversity of our supplier base – Continue to engage identified principals to develop appropriate localisation strategies – Continue to focus on diversity including gender and minorities representation across the group and at all levels
– Group return on equity declined from 12.2% to 11.6% following trading losses and restructuring costs in Spain – Group return on net operating assets improved from 18.0% to 18.8% – Strong improvement in returns from the Automotive and Logistics division – Realised R1.3 billion on disposal of Australian motor retail business to reinvest in higher returning growth opportunities	– Cost management to drive margin improvement – Improve returns on underperforming assets – Reallocation of capital to achieve optimal returns – Optimise debt levels through efficient working capital management – Continue to entrench the financial value model in our operations – 2015 revenue outlook ranges provided for major operations

The building of stakeholder trust and confidence, which underpins the profitability and sustainability of our businesses, guides Barloworld's approach to corporate social responsibility. Having adopted a Value Based Management business philosophy, we seek opportunities to add sustainable value for all of our stakeholders and contribute to the betterment of society and the well-being of communities within our spheres of influence through responsible corporate citizenship.

Stakeholder



engagement

While we focus on increasing value to our shareholders, we have also identified other stakeholder groups that are crucial to the success of our business due to their capacity to affect the businesses in our group and all our stakeholders. These specifically include customers, principals and suppliers, employees, the public sector, communities in the context of broader society and the natural environment, as well as the media. Barloworld's board and management give due regard to the legitimate expectations and interests of these stakeholders when taking decision in the best interests of the company.

Management of our relationships with key stakeholders in a proactive, open and mutually beneficial manner is at the core of our business model. Insights obtained in engagements with stakeholders assist in identifying emerging business opportunities and managing risk, and contribute to the formulation of our value propositions, strategic decisions and actions, performance and communications.

While responsibility for stakeholder engagement and management is decentralised to operations, appropriate stakeholder engagement policies, practices and reporting procedures are formulated at group level to establish clear lines of accountability and ensure compliance with the relevant laws, group standards and codes of conduct governing relationships with our stakeholders. A group executive has responsibility for stakeholder management and bringing to the board's attention potential gaps that may exist.

Barloworld Stakeholder Engagement policy

GRI *4.1 to 4.17*

2014 focus areas

A forum of stakeholder engagement champions from across the group provides a platform for continual improvement in stakeholder engagement performance and, in 2014, focused on sharing best practice in terms of stakeholder management. This included a review of insights extracted from *supplychainforesight*, the industry standard qualitative research study into South Africa's supply chains which has been sponsored by Barloworld Logistics since 2003. International best practice on how to create value through and for suppliers and on managing supply chains was also shared with the forum by Caterpillar.

The forum also identifies group opportunities and challenges, and facilitates cross-functional implementation of programmes intended to address these including:

Enhancing the customer value proposition

The need to facilitate customer sharing across diverse Barloworld operating divisions: This involves offering customers a single point of contact for the group to identify customer needs which could be met by other parts of the group, either as related or emerging new business opportunities, or which could be consolidated into existing integrated customer solutions.

Aligning interests in public sector

The need to enhance the group's approach to public sector engagement: The intent is to raise the profile of and increase knowledge about the group, and to create partnerships which both enhance our ability to provide relevant product and service solutions and achieve greater alignment with the social development and economic growth strategies of the countries in which we do business.

Outlook

We will further enhance the stakeholder engagement framework with particular focus on developing a common lens for the group on engagements at divisional and group level, through a study on stakeholder perceptions and the identification of potential gaps in terms of overall engagement. This will further assist in identifying issues that are important to the company's value creation process.

The table below reflects our engagement with major stakeholders.

Stakeholder	Issues raised	Management response

Shareholders and providers of capital	– Business sustainability, quality of earnings and capital allocation
	– Company and industries performance outlook
	– Executive remuneration and incentive schemes
		– Solid performance:
		  – Operating profits up 16%
		  – Headline earnings per share up 10%
		  – Total dividend up 10%
		  – Australian motor retail operations disposal for R1.3 billion
		  – Restructure of Iberia operations
		  – Targeted acquisitions in Automotive and Logistics
		– 2015 revenue outlook ranges provided for major operations
		– Detailed remuneration report
		  – Independent non-executive director chair of remuneration committee
		  – Independent advisers on remuneration strategy

Principals/ suppliers	– Business sustainability and optimal representation of brand	– Strategic initiatives undertaken with Caterpillar to enhance returns, customer offerings and increase operational resilience – Strategic plan finalised with Caterpillar to grow our Power Systems business – Avis endorses our car rental and fleet services expansion strategies, including expansion of fleet services into Tanzania – Leading OEMs provide additional growth opportunities including Toyota as well as Jaguar Land Rover operations in South Africa – Conducted supplier diversity workshops across our South African operations aimed at broadening our supply base

Engaging with our stakeholders continued

Stakeholder	Issues raised	Management response
Customers	– Providing solutions that assist in achieving their strategic objectives	– Significant EMPR orders and deliveries into expanding customer base including FQM (Zambia) and Swakop Uranium (Namibia) – Power Systems won tender to supply engines for eight tug vessels – Motor Retail performed well in declining market – Fleet Services has 307 000 vehicles under management – Car Rental has sustained customer satisfaction levels of over 90% – Logistics established thought leadership in customer centricity through research
Employees	– Job satisfaction, career fulfilment and equitable treatment	– Employee Value Proposition articulated in Integrated Employee Value Model – IPM overall scores range between 2.78 and 3.30. Scores above 3 are regarded as excellent – Tragically three work-related deaths due to motor vehicle accidents. Safety remains a priority with continued focus on training and a safety culture
Communities	– Responsible corporate citizenship, integral to the communities and the environments in which we do business	– CSI programmes invested R16.8 million in more than 200 beneficiaries, mainly in support of education, health and poverty alleviation initiatives – R11.2 million of this amount was verified B-BBEE SED spend in South Africa – Total investment of some R33 million in SED over five years – Constituent of the Dow Jones Emerging Markets Sustainability Index, Global Compact 100 Index and the JSE Socially Responsible Investment Index

GRI *For full list of stakeholder issues and responses see 4.14*

Building a more customer-focused organisation

Driving customer satisfaction is one of its five strategic imperatives of Barloworld Equipment (BWE). In order to improve customer satisfaction specifically with its large mining customers, a mining line-of-business structure was implemented in early 2014, focusing on mining product management and managing and delivering value to our major mining accounts. The initial focus of the account management team has been to develop an account management strategy for one of our largest customers. The approach BWE has taken is simply:

- Drive operational excellence across all sites
- Improve relationships at all levels within the organisation
- Focus on key initiatives at priority customer sites

One of the initiatives which was implemented is a continuous improvement (CI) programme at a specific high-priority site. Exceptional results have been achieved over the past eight months which have delivered real measurable value to our customer.

- Six CI projects were agreed with the Anglo Platinum Mogalakwena mine, which largely focused around the Hydraulic Mining Shovel fleet.
- Five of the projects have been completed and implemented; the final project will be completed in the near future and the benefits of the programme will be tracked for the next 12 months.
- The fleet performance has improved dramatically since the focused intervention by both Barloworld and the customer teams; fleet reliability (MTBF) has improved six-fold, the reliability has exceeded the agreed target by 50%.
- Equipment availability has improved from 67% to 83%.
- The maintenance cost for the shovel fleet has been substantially reduced and is running at 30% below budget.
- The mine has exceeded production targets for the year.

While many factors affect production, a large part of this production result can be attributed to the CAT hydraulic mining shovel fleet, as they make up the core of the loading fleet.

BWE is in the process of agreeing additional CI projects at this same mine site with the customer, in this way delivering a sustainable capability and competitive advantage.

Managing risk

This table reflects the group's top risks as well as management's responses to them.

Barloworld group top risks 2014 (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 – Following acquisitions, planning and task teams are established to focus on the realisation and management of possible synergies

Climate change and environmental stewardship
Barloworld considers a number of environmental related risks to its operations and value chain. These include climate change and related physical risks due to changing weather patterns; regulatory risks associated with greenhouse gas emissions; financial risks resulting from carbon taxes; operational risks due to constraints in energy supply and the availability of natural resources, such as water. The group identifies the predominant use of fossil-fuel based energy in its supply chain, operations, products and solutions as a risk to itself and its value chain.
	Environmental/operational/strategic/financial/ regulatory risk
	– Minimise exposure through in-depth risk assessments and strategic responses. Ensure organisational resilience through aligned and integrated management activities and policies. These include:
	  – Implementation of aspirational efficiency improvement targets in non-renewable energy consumption and greenhouse gas emissions (scope 1 and 2) and focus on water stewardship
	  – Association with leading principals, provision of products and solutions with reduced environmental footprint and which assist customers achieve their sustainable development objectives
	  – Geographic, industry and product diversification

Competitor actions Competitor actions will erode our competitive position and have a significant impact on the value we create for shareholders.	**Competitor risk** – Continually reduce costs by focusing on operational efficiencies and staff training – Continually improve service and the provision of innovative solutions to customers – Develop key customer plans which contain all the information and strategies to satisfy the customer
Currency volatility Movement of currencies against one another, mainly the movement of other currencies against the rand which creates risks relative to the translation of non-rand profits, the marking-to-market of financial instruments taken out to hedge currency exposures and the cost of imports into South Africa.	**Financial risk** – The responsibility for monitoring and managing these risks is that of line management. A group treasury policy is in place which clearly sets out the philosophy of hedging and guideline parameters within which to operate, and permissible financial instruments to be utilised – Preventive measures are implemented around determination of pricing mechanisms and structuring of commercial contracts to reduce the impact of any adverse currency fluctuations

Barloworld's 2014 CDP Climate Change and 2014 CDP Water disclosure responses

1.2

Key risks	Category of risk and management response
Defined benefit scheme exposure One of the key risks for the United Kingdom's defined benefit scheme over the past few years has been the reduced real yield on AA-rated corporate bonds which is used to value the liabilities. In addition, increased life expectancy of members will have an adverse impact on the scheme's funding position. Market volatility remains a risk, with 50% of the schemes assets invested in growth assets (largely equities), which includes 25% diversification into absolute return funds. The year-end valuation resulted in the deficit increasing to £104 million, largely due to lower discount rates, which was partially offset by decreased inflation above expected investment returns and recovery plan payments by the company. As the active members have reduced substantially, the trustee board will adopt more prudent assumptions in future in line with the maturity profile of the liabilities which will result in the scheme's liabilities increasing in the actuarial valuation as compared to the accounting valuation.	**Market risk** – A suitably qualified representative board of trustees, which includes a professional independent trustee, exists which is responsible for regularly evaluating the effectiveness of investment decisions. Professional investment advisers are used to assist in the management of the investment portfolios with a view to conservatively preserving and enhancing fund valuations. Complex investment risk models are run by the investment advisers and actuaries to assess optimum risk balance. The actuary also conducts a formal triennial valuation with six-monthly updates – Funding shortfalls are planned to be made up within sensible time frames via market-anticipated increased interest rates, positive returns on investments and additional contributions from the company agreed as part of a 10-year recovery plan to bring the fund back to full funding on an accounting basis – The defined benefit scheme in the United Kingdom was closed to new members in 2002 and the scheme is now mature with only minimal active membership following the disposal of Handling UK. All new employees in the United Kingdom are automatically enrolled in the United Kingdom's defined contribution scheme – The company and trustees have agreed on a long-term strategy for reducing investment risk as and when appropriate. This includes an asset-liability matching policy which aims to reduce volatility of the funding level of the pension plan by investing in matching annuities (buy-ins) for pensioners which perform in line with the liabilities of the plan. In 2013, the fund purchased a buy-in representing approximately 12% of the liabilities
Dependence on principals and suppliers Some of the businesses in the group are dependent on a small number of principals and/or suppliers. Our success is therefore linked to their ongoing financial stability, the competitiveness and quality of their products and services and the availability of equipment to meet customers' needs. In order to ensure sustainable value creation, we depend on suppliers of infrastructure in the countries in which we operate. Most of our businesses are dependent, inter alia, on reliable power and water supply and appropriate transport networks.	**Strategic risk** – Add value by giving constant feedback to our principals on market movements and product competitiveness – Continually improve/build our relationships with our principals and major suppliers and attempt to ensure that we are a preferred dealer/customer – Provide excellent customer service and lead in our markets – Build long-term partnerships with customers – Supplier due diligence performed – 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 political risks, sanctions, 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, may be exposed to sanctions, acts of terrorism, political turmoil or crime in some of the regions in which the group operates, as well as in those that may be the subject of expansion. Business growth initiatives require that new markets and territories are the focus of our business expansion. These opportunities come with their own distinct risk exposures.	**Operational risk** – Minimise exposure in high-risk countries through in-depth risk assessments, coupled with the application of preventive and corrective risk-management activities – Maintain flexible business models – Maintain business continuity plans that incorporate emergency response actions, crisis management and business recovery plans specific to the businesses and the respective territories in which the businesses operate
Exposure to significant customers and dependence on channels to market We are exposed to certain large customers and/or industries and well-established distribution and support channels that may change or consolidate.	**Market risk** – Build long-term partnerships with customers – Develop customer solutions which differentiate and expand our offering from product-based businesses – Diversify customer base – Develop new channels
Occupational Health and Safety risks Barloworld's key asset is its employees. Occupational Health and Safety risk is the likelihood of a person being harmed or suffering adverse health effects if exposed to a hazard in the workplace.	**Employee/operational/strategic risk** – Minimise exposure through in-depth risk assessments, coupled with the application of preventive and corrective risk management activities and policies – Training in accident prevention, accident response, emergency preparedness and the use of protective clothing and equipment, all with the aim of ensuring a safe workplace

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
Slow recovery of global economies The effect of the slow recovery on our businesses, customers, suppliers and funders and the continued risk that funding constraints within the supply chains could result in a double-dip recession and/or impede growth. This, in turn, has lowered commodity prices and impacted mining company investments.	**Financial risk** – Inflationary pressures to be carefully monitored and managed, as appropriate, in each business – Reduce costs and improve operating efficiencies – Monitor our customers' ability to spend and access credit – Reduce working capital, limit capital expenditure and improve cash flow – Secure adequate committed borrowing facilities
Strategic employee skills Barloworld's key asset is the intellectual capacity and skills of its employees. This necessitates ongoing management of the challenges regarding recruitment, succession planning, skills retention and development.	**Employee risk** – Barloworld has a defined Employee Value Proposition and methodology to align employees with the strategy of the organisation – These identify and align all employee elements of a value-creating organisation to ensure sustainable intellectual capacity and value-creation competence – Through performance management systems, employees' purpose, role, function and accountabilities are defined, and, using competency-based assessments, employees are regularly reviewed to ensure the appropriate skill sets are available to enable performance at optimum levels – Investments in training resources and facilities are continuing to assist and encourage employees to enhance their levels of competence and performance – An appropriate suite of reward and incentive schemes ensures recognition, value creation for employees and retention of high-performing employees

Managing technology

Supporting strategy, enabling digital commerce and mitigating risk

The information technology teams in Barloworld continue to focus on enabling the group's strategies, pursuing opportunities made possible by the changing nature of the technology ecosystem and improving the management of technology risks and the group's response to the ever-developing information security threat.

The IT environment is broadly governed according to the King III practices and is fully integrated into the strategic planning process within the company, ensuring the consideration of new business opportunities, and strategic, tactical and operational alignment in the achievement of business objectives.

Chief information officers in each division represent IT at divisional board level and the group finance director is responsible at a Barloworld board level. IT steering committees at a group, divisional and business unit level enable alignment with business direction and synergies across IT in the group. The group IT steering committee is chaired by the finance director and comprise the group CE and divisional CEOs and ensures that IT is given significant management attention and is applied to the best advantage of the company. The IT function is an agenda item at quarterly risk and sustainability committee meetings, a sub-committee of the board.

Disruptive technologies – investing for future solutions

Strategically, the most significant current focus is on the implications of the rapid change in the technology domain. All the major current trends are influencing our businesses and the competitive environment in which they operate. There is specific focus on big data and analytics; mobility and the Internet of things. Social media is also having an influence, most especially in our businesses that face the consumer directly. Our businesses are advancing in the use of cloud solutions, with due care being applied to ensure our information security standards are met and information privacy is effectively employed.

Our focus on our technology plans to effectively position the group in the application of these new technologies has been categorised in four key areas:

Technology-enabled solutions

Product and equipment management involves the utilisation of technology and the Internet of things to improve the product features and experience for our customers. This includes the use of equipment data to monitor utilisation, provide predictive diagnostics, improved maintenance regimes and thereby reduce the total cost of ownership. Our principals are active in the innovation of their product through technology enablement. Our businesses are making considerable progress in making these new products and solutions available in our markets. These solutions are improving the capabilities of the products and improving the effectiveness of the products in the hands of the customer.

e-Business

Business solutions include the use of technology to improve customer efficiency and to help the customer optimise discrete business activities. Many services are provided over the Internet and increasingly through the use of mobile applications, and include a number of e-commerce solutions. These solutions enhance optimal deployment of equipment and assets, thereby improving productivity and reducing operating cost.

Integrated solutions

Integrated solutions are offered by some of the group's businesses, most especially in the management services arena. These are characterised by the integration of the customers' computer systems into the group's systems to allow business processes to operate smoothly across organisational boundaries. These solutions assist the customer in optimising their business more broadly.

Business model

Technology is stimulating changes in business models in the markets in which the group operates. These changes are enabled by new ways of interacting with and providing services to customers. Our principals are actively investing in these new models and careful consideration is being given to their business potential.

@ Full Corporate Governance Report 2014

Technology-enabled solutions – sustaining customer loyalty

Barloworld Equipment is implementing and driving technological advancements which form an integral part of the Cat equipment management solutions (EM solutions). Productivity, equipment management, safety and sustainability are the four pillars which drive this business. By keeping pace with developments in technology, Barloworld Equipment has achieved positive outcomes towards strengthening these pillars. Technology allows customers to improve their revenues by lowering costs and improving productivity. Through delivering best-in-class technology we are keeping our customers loyal.

Cat EM solutions, a comprehensive remote monitoring and asset management service, is a total customer solution, a standard framework in five levels (access; inform; advise; support; manage) that allows us to standardise our service to the customer. Barloworld Equipment's implementation of EM solutions came from the need for a portal that would integrate into our customer relationship management (CRM) and asset management tool (AMT). Cat's EM solutions strategy was a perfect fit which allowed us to take our managed data solutions to market. We are the first dealer in the EAME region to launch this technology.

During the year, we undertook a massive roll-out across the territory to ensure that customer machines are connected and sending data to the Information Bureau in Boksburg. This technology allows us to receive information and make recommendations that ensure that customers' machines are more productive, maintaining our reputation as trusted advisers and thus driving customer loyalty.

Relationships are the key drivers of technology and by travelling throughout southern Africa to launch this new technology we demonstrated our belief in the human element as a conduit towards embracing advancements in technology. With internal awareness being a vital component in the success of this intangible product, we spent a significant amount of time travelling throughout the regions and communicating not only with key customers, but with our internal stakeholders.

Being the first to market with leading-edge technology solutions, Barloworld Equipment is demonstrating that we have not only the vision, but the capability to fulfil that vision, creating a better and more rewarding future for our industry.

Investing for profitable growth

Strategic intent

Achieve targeted compound growth in total shareholder returns over five years to September 2015.

Content

Growth activities

The industries and regions in the table below have been identified to provide growth opportunities for the group into the future. While significant opportunities have been identified and are currently under review, a number of niche acquisitions and growth projects were implemented during the year, which include:

- Acquisition of a Toyota dealership in the Northern Cape
- Acquisition of majority stake in a Jaguar Land Rover dealership in Mpumalanga
- Acquisition of a specialised transport business in South Africa
- Acquisition of an abnormal load transport operation in South Africa
- Acquisition of a Fleet Services business in Tanzania effective 4 November 2014
- Entry into the mobile crane market in South Africa

Key focus areas

Industry	Growth driver	Geography
Mining	Emerging market industrialisation driving long-term demand for commodities.	Southern Africa, Russia
Infrastructure	Infrastructure backlogs and rapid urbanisation in developing economies.	Southern Africa, Russia, Iberia
Power	Increasing demand in electricity, marine, petroleum and industrial power segments.	Southern Africa, Iberia, Russia
Agriculture	Importance of food security, growing demand for biofuels and rich agricultural potential across southern Africa.	Southern Africa, Russia
Automotive	Increasing need for flexible vehicle usage solutions in private, corporate and government segments and exposure to the growing tourism market.	Southern Africa, East Africa, West Africa
Logistics	Growing international trade and trend to outsource supply chain management activities.	Southern Africa, Middle East, Europe

The growth segments are central to our 2015 strategic objectives and align with our emerging 2020 perspective. Given our strategic profile, representation of principals and Original Equipment Manufacturers (OEMs) and brands, as well as our regions of activity, we are well placed to realise opportunities in these segments.

GRI 1.2

On the growth trail

The Automotive and Logistics division has implemented various strategic actions in pursuing profitable growth during the last financial year. These actions result from ongoing strategic analysis as well as supporting the Barloworld group's clearly identified growth segments.

Collaborative growth

Mining is a clearly defined growth pillar and primarily a focus for Barloworld Equipment. When the automotive units identified the Northern Cape as a possible growth area driven by mining activity, Barloworld approached Toyota to explore opportunities to replicate the successful formula that the group has with Toyota in the eMalahleni and Middelburg regions in Mpumalanga. This led to the acquisition of Leach Toyota which was effective from 10 March 2014. The dealership has been successfully integrated into the Motor Retail business unit and has been profitable from the start. This has opened the way for further growth across the Automotive unit with further opportunities to service the Avis Rent a Car branch in Kathu, as well as provide a base for Avis Fleet Services to expand its offering into the Northern Cape region and building on the group automotive offering in the region.

Geographic expansion

Africa remains attractive to various businesses within Barloworld. Avis Fleet Services commenced operations in Ghana in 2011 and the business is well positioned for growth in the region. The leasing business has a long sales cycle which takes time to grow the fleet size. After thorough analysis, a small leasing business was identified as a fast entry into the Tanzanian market. This will allow the business to take over a stable fleet and customer base from which to continue growing in this new territory.

Growing in scale

Following on the successful acquisition and formation of Manline Mega (the Abnormal Load Transport business) in Barloworld Transport, the opportunity arose to further expand the capabilities of this unit by acquiring Kumkani which operates in the extra-heavy transport segment, with equipment capable of transporting loads between 80 and 120 tons. This acquisition complements the existing operation and the trailers are equipped to transport large mining trucks and other specialist equipment. Allied to this operation is the use of mobile cranes to load and unload cargo. A study showed the significant opportunity that exists within the mobile crane market. An acquisition was the preferred entry route, however, an opportunity presented itself, after careful analysis, to employ an industry expert, backed by a solid management team, and deploy the capital into acquiring assets rather than buying a business. Barloworld Cranes will commence operations in January 2015.

Investing in our people

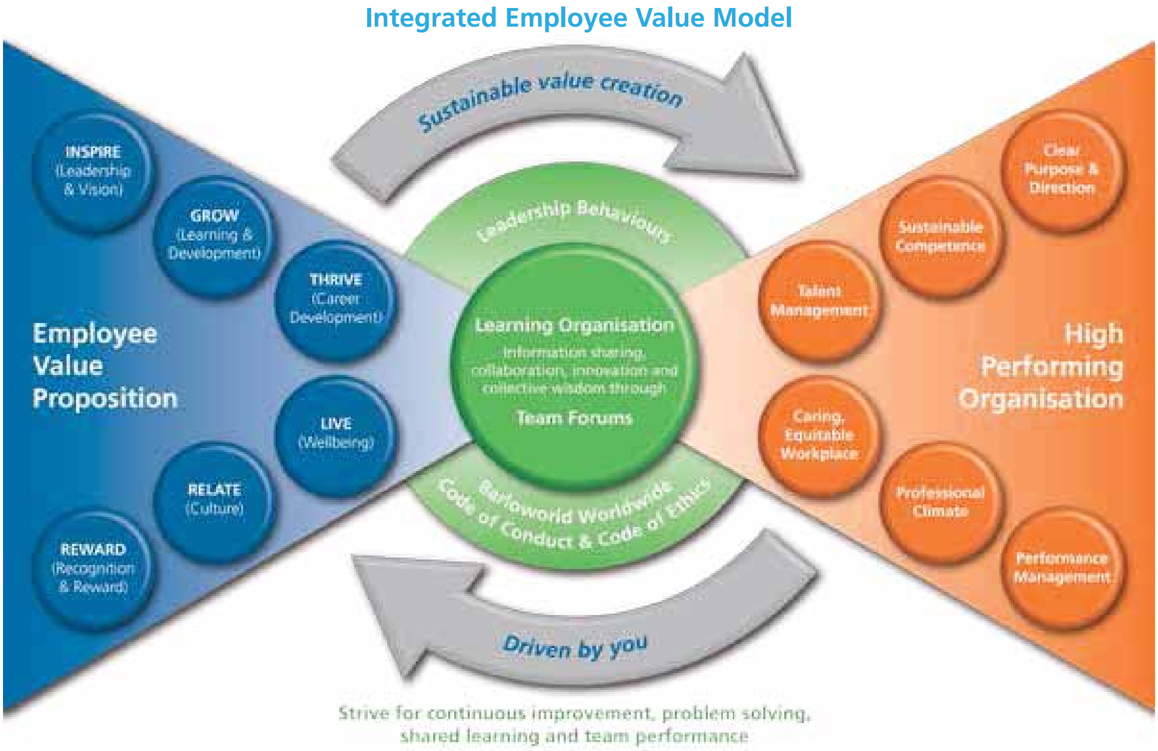
Strategic intent

Build an organisation that adds value to employees as our success is based on inspired, aligned, empowered, results-driven, globally competitive, passionate people who create value through strategic innovation and continuous improvement.

Content

Integrated Employee Value Model

The main components of the people management model:



Division/business unit	IPM result overall
Equipment southern Africa	2.88
Equipment Russia	2.99
Equipment United Kingdom	2.78
Equipment Iberia	Not conducted
Automotive head office	3.04
Avis Fleet Services	3.05
Avis Rent a Car	3.08
Logistics	3.10
Motor Retail	3.12
Handling United Kingdom	3.30
Handling, Agriculture and SEM South Africa	3.15
Handling rest of Africa	2.82
Agriculture Russia	2.92
Corporate office	3.01

Our Integrated Employee Value Model (IEVM) was rolled out across the group during the year and is central to us realising our strategic ambitions. The Employee Value Proposition (EVP) ensures we attract and retain the required talent and our people methodology, known as the High Performing Organisation (HPO), revolves around aligning purpose and effort, creating a safe, equitable and enabling environment that provides job satisfaction and inspires discretionary effort from employees. Collective wisdom and being a Learning Organisation ensures participation and knowledge sharing. Overall, our IEVM identifies and aligns all employee elements to ensure sustainable value-creation.

This is supported by 360-degree reviews and the Individual Perception Monitor (IPM) which offer feedback on the Barloworld Employee Value Proposition and employee commitment to the values in our Worldwide Code of Conduct.

The 2014 IPM questionnaire was aligned with the elements contained in the Employee Value Proposition – **Inspire, Grow, Thrive, Live, Relate and Reward** – as well as the sustainability platform on which it is based, the **Learning Organisation**. Critical aspects of employee engagement were also measured. The survey was conducted in most of our businesses.

GRI *LA1 to LA15*

The objective was to gauge how close we are to achieving our strategic objective on people, with a rating of at least 75% (3 or above) in all aspects of the IPM questionnaire as the benchmark.

The divisions are analysing the qualitative and quantitative results and detailed action plans are being prepared to improve the areas not achieving the benchmark of level 3.

Talent management

We have committed to invest in growing our sustainable competence and this necessitates an annual workforce planning analysis to identify future manpower needs aligned to the company's strategic plans. A talent pipeline review is also done to identify any gaps. Talent segmentation is important to identify core and scarce skills, which are prioritised and incorporated into recruitment strategies and skills development plans.

An annual Intellectual Capital Review (ICR) identifies and manages the talent within the organisation. In addition, 11 563 employees had career development discussions and individual development plans are implemented to enable employees to improve their skills to excel in their current and future roles. We have preference for internal appointments within the organisation through internal advertising of vacancies.

Skills development programmes are aligned to national regulations and frameworks and address both technical and other skills.

We place strong focus on apprenticeship and learnership programmes. We have 1 097 candidates on these programmes. In addition, there are 3 460 artisans, technicians and technologists within the group and 3 111 employees have degrees or diplomas.

With focus on the future talent pipeline, Barloworld provides financial assistance to 185 employees studying towards degrees or diplomas. 27 bursaries have been granted to external students studying towards a degree. In 2014 we have also assisted 164 external individuals in training, including work experience through a number of internship programmes.

Leadership development

The development and enhancement of leadership skills is a key element of Barloworld sustainability. Management and executive development programmes are held through recognised business schools and universities. Two of these programmes, the Executive Development Programme (EDP) and the Leadership Development Programme (LDP), are coordinated centrally with participants selected from across the group to participate. To date, 744 Barloworld employees have attended these two programmes.

Direct training spend increased by 10% to R129.3 million.

Percentage spend by occupational level

	% spend		
Occupational level	**2014**	2013	2012
Board*	**0.01**	0.00	0.01
Executive	**0.80**	0.02	0.09
Senior management	**2.93**	0.87	0.22
Middle management	**13.07**	11.34	10.96
Skilled upper	**46.97**	48.36	48.13
Semi-skilled/apprentices/trainees	**33.95**	39.36	39.60
Labour/unskilled	**2.27**	0.05	0.99
Total spend	**R129 268 232**	R120 078 219	R156 589 474
Continuing operations	**R129 268 232**	R117 051 847	R152 679 992

Average training hours per employee by occupational level

	Average hours		
Occupational level	**2014**	2013	2012
Board*	**3.17**	3.00	3.17
Executive	**22.72**	4.02	8.19
Senior management	**34.39**	12.24	8.93
Middle management	**28.06**	21.74	27.29
Skilled upper	**30.06**	37.40	28.18
Semi-skilled/apprentices/trainees	**56.80**	38.55	53.14
Labour/unskilled	**3.99**	2.51	16.04
Total	**38.08**	35.05	35.40
Continuing operations	**38.08**	35.22	35.80

Note: *Classification of executive, senior management and middle management has changed in 2014. This has not been changed for previous reporting periods.*
**Executive directors only.*

Performance management

Performance is managed to recognise excellence and develop skills. The reward and performance management system is aligned to value creation through remuneration, coaching and reviews.

Performance reviews are conducted annually. During the reporting period 12 778 reviews took place.

Health and safety

We are committed to creating a caring, equitable workplace and the safety and wellbeing of all Barloworld employees is paramount.

Regrettably, there were three work-related deaths during the year which were all motor vehicle accident related. We continue to emphasise safety and awareness of practices that will contribute to zero harm.

HIV/Aids statistics in Barloworld South Africa

	Employees			Employees who know their status*			% who know their status*			% of those tested who are HIV positive*		
Division	**2014**	2013	2012	**2014**	2013	2012	**2014**	2013	2012	**2014**	2013	2012
Equipment and Handling	**4 171**	4 293	4 210	**2 832**	2 160	2 627	**68**	50	62	**4**	3	4
Automotive and Logistics	**10 333**	9 471	8 241	**10 008**	5 301	4 918	**97**	56	60	**5**	5	5
Corporate	**115**	113	119	**68**	50	100	**59**	44	84	**6**	4	4
Total	**14 619**	13 877	12 570	**12 908**	7 511	7 645	**88**	54	61	**5**	4	5

**Cumulative over three years.*

Number of employees

Barloworld is a multinational entity committed to recruiting from communities in which we operate and developing the local skills base. Where the required skills are not available, the opportunity is used to broaden the experience and expertise of expatriate employees who, in turn, assist in developing local skills. Overall 1.40% of employees are expatriates and the number is steadily decreasing due to our comprehensive skills development programmes in all territories.

Overall headcount (permanent and contractors greater than 12 months) increased from 19 182 to 19 616 as a result of organic growth and smaller acquisitions in Handling and Logistics. This number was also impacted by retrenchments/redundancies and sales/disposals of businesses in Equipment, Handling and Automotive and Logistics.

Workforce by region

	2014	2013	2012
South Africa	**14 619**	13 877	12 570
Rest of Africa	**2 357**	2 418	2 334
UK, Europe and Russia	**2 472**	2 632	3 548
Middle East and Asia	**161**	242	244
North America	**7**	13	14
Total	**19 616**	19 182	18 710

Number of employees – group

	2014	2013	2012
Equipment and Handling	**8 298**	8 691	9 427
Automotive and Logistics	**11 203**	10 378	9 164
Corporate	**115**	113	119
Total	**19 616**	19 182	18 710

Outlook

The creation of a high-performing organisation is an ongoing process and in 2015 the main focus will be on implementing detailed action plans to address feedback from the IPM survey results. As we finalise the details of the next strategic period for the group to 2020, attention will also be given to skills assessment to determine future needs that will support our strategic priorities.

Logistics team wins 2014 CEO award

Friday, 7 November 2014 saw a gathering of teams and individuals from across Barloworld who have clearly indicated why people are our strategic advantage. These are the finalists nominated by our divisions to participate in the annual CEO Award.

Barloworld believes in making a world of difference to all our stakeholders by exceeding expectations in the provision of innovative, value-adding solutions. Our Value Based Management approach centres on long-term, positive outcomes for all who interact with the organisation. The CEO Awards recognise employees who go beyond the call of duty to make a world of difference.

The 2014 CEO Award went to our Logistics team responsible for managing Illovo's Germiston Bulk Sugar Depot. The 25-strong team, led by Krishna Govender, manages this sugar storage and bulk handling facility 24 hours a day, seven days a week, on behalf of Illovo. This is a critical supply point to Illovo's industrial customers such as ABI (bottlers of Coca Cola), National Brands and SA Breweries in Gauteng and surrounding areas.

The depot's CEO Award nomination followed outstanding performance over three years, with superior service levels consistently exceeding expectations.

The total Illovo contract has generated R3.4 billion in revenue, adding significant value to our shareholders as well as the customer.

From left to right – Alexandr Radionov, Jacques Gericke, Kavendrin Naidoo, Mbali Tshitenge, Clive Thomson, Willie Stander and Krishna Govender

The other finalists were:

Willie Stander (Handling), who has achieved a record year for the Challenger agricultural franchise in his first year as general manager of this business, an exceptional achievement in difficult conditions. Willie's customer focus, relationship with our principal, AGCO, and ability to motivate his team have laid the platform for strong future growth.

Jacques Gericke and the Isuzu Trucks JHB Service Team (Automotive), which has implemented several innovative ideas to substantially increase monthly hours and create enormous customer value. This team of 23 has consistently exceeded all financial targets through hard work, pride in doing the job, and putting customers first.

Mbali Tshitenge (Equipment southern Africa), strategy manager, who has received extremely high praise for her successful leadership of the strategically important Caterpillar dealer growth and profitability (DGAP) project for parts. This has laid a sound platform for growth in our Cat parts business now and in the future, which sits at the heart of our alignment with our principal.

Alexandr Radionov (Equipment Russia), for outstanding customer support as aftermarket manager for the Yakutia region. He finds innovative solutions to keep machines productive, negotiates long-term parts and service contracts and delivers fleets in record times to mining sites thousands of kilometres from our depots in some of the most challenging conditions on the planet.

Kavendrin Naidoo (Corporate office), group sustainability analyst, for enhancing the quality, accuracy and efficiency of safety, health and environment (SHE) reporting to the extent that Barloworld's non-financial reporting has won us many accolades and excellent rankings on various local and global indices.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Investing in integrated customer solutions

Strategic intent

Drive market leadership through competitive differentiation by accelerating the evolution of our business model from pure distribution to the provision of flexible, value-adding, integrated customer solutions.

Content

Equipment and Handling

Barloworld Equipment
Barloworld Handling

Geographic spread provided resilience in a tough mining climate.

Peter Bulterman
Chief executive officer: Equipment southern Africa, Iberia and Russia

Dominic Sewela
Chief executive officer: Equipment southern Africa

John Blackbeard
Chief executive officer: Power Systems southern Africa, Iberia, Russia and Handling

Viktor Salzmann
Chief executive officer: Equipment Iberia and COO Power Systems southern Africa, Iberia and Russia

Quinton McGeer
General director: Russia

Economic

Year ended 30 September	Revenue (Rm)		Operating profit/(loss) (Rm)		Net operating assets (Rm)	
	2014	2013	**2014**	2013	**2014**	2013
Equipment	**29 031**	28 148	**2 229**	2 069	**14 064**	11 877
– Southern Africa	**20 903**	19 126	**1 968**	1 678	**8 770**	6 901
– Europe	**4 134**	4 377	**(168)**	(16)	**2 343**	2 293
– Russia	**3 994**	4 645	**429**	407	**2 951**	2 683
Handling	**1 929**	2 534	**55**	54	**781**	751
	30 960	30 682	**2 284**	2 123	**14 845**	12 628
Share of associate and joint venture income			**228**	188		

Environmental

Year ended 30 September	Petrol and Diesel (ML)		Electricity (MWh)		Energy (GJ)		Emissions (tCO_2e) (scope 1 and 2)		Water (ML)	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Equipment	**10.19**	10.17	**29 703**	29 874	**494 657**	492 873	**53 161**	52 449	**269**	286
– Southern Africa	**7.42**	7.45	**19 721**	19 390	**359 101**	356 983	**40 901**	40 066	**221**	235
– Europe	**1.78**	1.74	**6 705**	7 164	**89 083**	89 791	**8 106**	8 251	**32**	34
– Russia	**0.99**	0.98	**3 277**	3 320	**46 473**	46 099	**4 154**	4 132	**16**	17
Handling	**1.14**	1.55	**762**	1 441	**46 535**	67 544	**3 940**	5 659	**6**	7
	11.33	11.72	**30 465**	31 315	**541 192**	560 417	**57 101**	58 108	**275**	293

Social

Year ended 30 September	Employee headcount		LTIFR		Fatalities		B-BBEE rating*	
	2014	2013	**2014**	2013	**2014**	2013	**2014****	2013
Equipment	**7 743**	8 002	**0.91**	0.91	**1**			
– Southern Africa	**5 480**	5 701	**0.59**	0.59	**1**		**2**	2
– Europe	**1 408**	1 448	**3.20**	3.23				
– Russia	**855**	853	**0.23**	0.24				
Handling	**555**	689	**1.18**	2.65			**2**	2
	8 298	8 691	**0.93**	1.03	**1**			

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

Financial highlights

Revenue	Operating profit	Operating margin
Up 9% to R30 960 million	Up 8% to R2 284 million	Up from 6.9% to 7.4%

Equipment

Handling

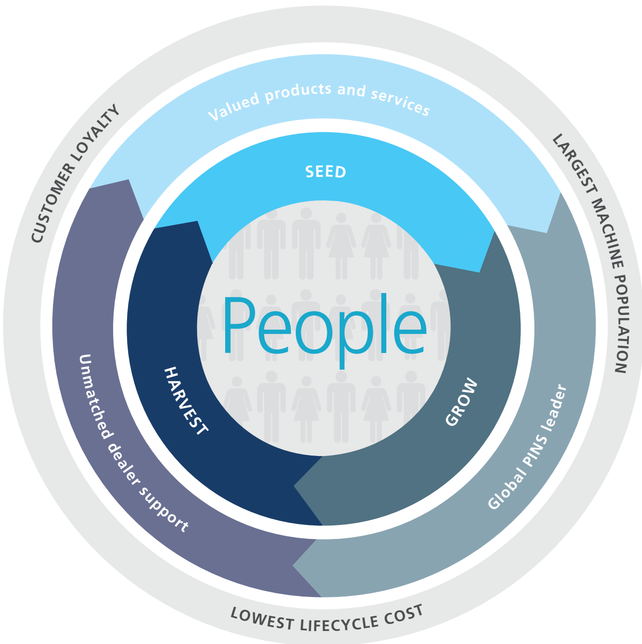
EQUIPMENT
Southern Africa
Market overview
Low confidence and reduced overall value of the mining industry continued into 2014 and the slump in demand for commodities, driven by China and Europe, put pressure on customers who cut back on costs and concentrated their budgets on operational improvements rather than capital expenditure.

Although this cost-cutting impacted our mining business, our customers' focus on improved operational efficiencies resulted in increased parts sales which offset the decline in machine sales.

Protracted labour unrest in the mining and engineering sectors in the South African market has contributed to the uncertainty in the industry.

Government's predicted capital expenditure on infrastructure did not materialise to the extent anticipated but we continue to see local contractors busy with private work, reflecting growth in the construction industry.

Business model



Business overview
Barloworld Equipment southern Africa's vision is to be the market leader by providing customers with the lowest total owning and operating cost over the life of the machine. We have four strategic imperatives which will enable us to achieve our vision: building a high-performing organisation, delivering customer satisfaction, driving market leadership and thus creating shareholder value.

Our alignment with our principal, Caterpillar, involves mutual understanding and respect, flexibility and focus on common goals. Various long-term initiatives are in progress to drive market leadership through improvement in machine and parts sales and service levels.

Our business in Botswana celebrated its 50th anniversary in 2014, and our businesses in Zambia, Angola, Mozambique and Malawi celebrated 20 years of business in Barloworld.

Equipment and Handling

Barloworld Equipment   Barloworld Handling

Successful integration of EMPR which delivered well ahead of acquisition expectations. Aftermarket and strong rental growth underpin overall solid performance.

Performance overview

Despite a very tough economic environment characterised by volatile commodity prices globally and labour unrest in South Africa, Barloworld Equipment southern Africa delivered a solid performance in the year ending September 2014. Revenue increased by 9.3% to R20.9 billion (2013: R19.1 billion). Operating profit for the period improved by 17.3% to R1 968 billion (2013: R1 678 billion) driven mainly by stronger machine, parts and maintenance and repair contracts performance. This was underpinned by strong rental growth as well as growth in the active machine population and consequently the aftersales business.

The EMPR business achieved strong performance driven by deliveries to Moolmans, Kumba Iron Ore in the Northern Cape, Swakop Uranium in Namibia, and First Quantum Minerals (FQM) in Zambia and continues to contribute at a higher level than anticipated at acquisition. Income from associates and joint ventures delivered profit growth of 24% over last year.

Slow economic growth in China had an unfavourable impact on commodities, with the tough environment resulting in capex reduction by customers and a lack of investment appetite. This has, however, created opportunities for other solutions, resulting in the growth of the rental business.

Factors that have led to the slowdown in growth in the mining sector in southern Africa will continue to have a negative impact on the mining industry in 2015, with growth, albeit at a modest rate, expected to improve from 2016 onwards.

Mining

2014 has been an exciting year for our EMPR business as we started the process of entrenching this product line into our existing mining business. The highlight of the year has been the continued delivery of two large build projects, namely Husab mine in Namibia and Sentinel mine in Zambia. Both projects are well on track towards completion on time, within budget and with a lost-time injury free record.

All equipment is set to be commissioned at FQM's Sentinel project in Zambia by the end of 2014 at a contract value of US$120 million. Barloworld Equipment is working closely with FQM to support its operations through the supply of parts, technical service representatives, field service support as well as a parts and service support facility close to the site.

Delivery of equipment to the Husab site of Swakop Uranium began in August 2013 and we aim to complete commissioning by December 2014. Field service support and training and a Barloworld Equipment parts and service support facility will be provided on site.

Financial results achieved during the year from the EMPR business unit exceeded original expectations. This was driven by the extraordinary effort of all our employees involved in this newly acquired business.

The first two years have laid a solid foundation for the future with the continued focus on building a solid pipeline of key critical skills. We are well positioned to take full advantage of opportunities resulting from an upturn in the mining industry in the medium term.

Construction, rental and used equipment

A remarkable 200% increase in the total market demand for construction equipment since 2010 has driven the sustained growth that we continue to enjoy in our construction business despite strong competition and the continued lack of major capital projects throughout southern Africa.

Our complementary Metso crushing and screening equipment business continued to deliver solid performance despite this subdued environment. This business will be incorporated in the Handling business unit in the new financial year.

Rental and used equipment remain attractive alternatives to new sales, particularly in South Africa, and this aspect of the integrated business enjoyed another good year with rental and used assets seeing 46% growth in operating profit.

The Cat Certified Used product offering continues to be an attractive alternative to new products, with over 400 machines delivered into the southern Africa market.

Power

The market for Power in southern Africa remains competitive with South Africa largely a standby power market; however, Angola and Mozambique are growing opportunities where we are enhancing our sales and product support to be able to further realise these opportunities.

We have invested in additional skills and systems in our electric power and onshore oil and gas centre of excellence to be able to undertake solutions projects in southern Africa.

Significant projects won include the supply of 16 MAK marine engines to SAS to power their eight new Transnet tugs, the gas-fired plant for Bio2Watt plus a standby power plant for a large financial institution in Mozambique.

Our Boksburg rental depot achieved the coveted Caterpillar five-star rating and we opened a new rental depot in Cape Town. We reduced our stock levels to be in line with new targets.

Opportunities continue to grow with increasing urbanisation, GDP growth, electrification, gas exploitation and general development in the southern African region. Large upcoming energy projects related to gas in Mozambique, oil in Angola, and in time, well-stimulation in South Africa, provide an exciting future.

Investing for future growth

People

Human resources is aligned to the Caterpillar Across the Table initiative with plans to improve capabilities and the positioning of human resources to ensure realisation of business goals; a clear recruitment, selection and on-boarding process; alignment of job grades to remuneration and benefits; the development of leadership competence; management development for sales and service employees; and regular updating and communication of human resources policies.

Employee value model

The Integrated Employee Value Model (IEVM) is being embedded into the business to ensure employees are inspired, committed, aligned, empowered and results-driven. At the core of our Employee Value Proposition is our commitment to continue investing in our people through learning and development programmes aimed at improving individual performance standards and competency levels. We manage, measure and review personal growth against defined targets and goals, which ensures that each of our employees is enabled to create value and to help achieve the business strategy. Our focus is on building sustainable competence and strengthening our leadership pipeline for future business needs.

Leadership development

We believe that leaders have a direct impact on employee engagement. As a result, we focus on developing and equipping our leaders at all levels with tools and skills to ensure that they cascade the company vision and strategy with insight, inspiration and exemplary behaviour. Every leader in our business is held accountable for ensuring that his or her team has clear direction and understanding of their role to create sustainable value for all our stakeholders.

Equipment and Handling

Barloworld Equipment

Barloworld Handling

We are a major contributor to skills development in our industry and have trained more than 600 learners from all our southern African territories.

A strong succession plan supported by a formal middle management excellence programme is being built.

Talent management

At Barloworld Equipment, performance management is a priority. Employee performance is formally reviewed at least twice a year and line managers are trained to conduct formal performance appraisals in a way that drives employee engagement and improved performance. The CEO annual Intellectual Capital Review (ICR) is conducted to assess the talent pipeline and to identify high-potential individuals, based on performance. The ICR process is also used to agree progressive action plans to close any talent gaps that may have been identified during the year under review.

The ICR process is also used to develop succession plans for critical roles and to ensure that the high-potential candidates are placed on an appropriate career path in line with their aspirations, interests and our business needs.

Skills development

We strive for continuous improvement, innovative problem solving, shared learning and increased team performance. Through collaboration tools and networks, innovation teams and information-sharing sessions (business meetings), we involve our employees as part of business decision-making to ensure that we tap into the collective wisdom of teams.

Barloworld Equipment has been formally recognised by the Manufacturing, Engineering and Related Services Sector Education and Training Authority (merSETA) as a major contributor to skills development in our industry. We have trained almost 600 learners from all our southern African territories in our Technical Academy over the year and carried out over 700 assessments. Some 1 250 customer employees have also received training at the academy this year.

Health and safety

Safety is one of our core values. Our aim is to run an injury-free operation and we are currently rolling out a behaviour-based care (BPC) programme at our main campus (Isando) and we expect this intervention to have a positive impact on safety. The programme will be extended to Middelburg in the 2015 financial year. We are proud to have received the OHSAS 18001 certification for the Isando campus in 2014. The Middelburg campus is already OHSAS 18001 certified.

Regrettably, one of our employees was tragically killed in a motor vehicle accident. Our deepest sympathies and condolences go to the family, friends and colleagues. To minimise the risk of vehicle-related incidents, we have:

- Instituted a defensive drive programme for employees who drive company-owned vehicles
- Instituted a policy on driving under dangerous conditions, for example, driving in misty conditions, areas where lighting is poor, the road infrastructure is poor
- Partnered with an external service provider to track and monitor the driving habits of employees. Where violations are identified, disciplinary action is instituted

Profitable growth

Barloworld Equipment has embarked on Caterpillar's dealer growth and profitability (DGAP) project, which aims to identify opportunities for profitable growth in our machine and parts sales. Caterpillar has found that globally there is a significant opportunity, and an increasing need, to improve profitable growth across its dealer network. Barloworld Equipment's profitability depends on growing our aftersales market as well as growing our machine sales to drive the aftersales business.

To realise profitable growth across our region, we will be implementing specific commercial plans for improving market share as follows:
- Adopting best aftermarket, prime and rental commercial practices
- Focusing commercial resources on the most significant opportunities
- Defining those areas where we can improve the price/value relationship for our customers

Integrated customer solutions

Aligning with our principals – Across the Table

Alignment with our principals has always been key to Barloworld Equipment's success. Testament to this is our partnership with Caterpillar, which has endured for 87 years. Barloworld Equipment is regarded as one of Caterpillar's most aligned dealers in the EAME (Europe Africa Middle East) region and the world. Our affiliation with Caterpillar involves mutual understanding and respect, flexibility and focus on common goals.

One of our key strategic initiatives moving forward relates to dealership performance and will be driven under the banner Across the Table (AtT). This is underpinned by the dealer growth and profitability (DGAP) programme, aimed at driving profitable growth for Caterpillar and its dealers by capturing opportunities globally.

Barloworld Equipment is developing actionable plans to capture these opportunities in southern Africa. The high level outcomes of the AtT initiative and the DGAP programme are:
- Outstanding customer experience
- Market leadership
- Dealer profitability

The Cat dealer network remains Caterpillar's single biggest competitive advantage in the market today. To maintain and grow our market leadership and step up to these new challenges, we aim to adapt existing practices and raise our performance.

AtT is the foundation upon which the long-standing relationships between Cat and its dealers were formed in 1926. The initiative today is a partnership for our future, inspired by our past, when Cat first penned the principles of that relationship. AtT has a number of work streams in close cooperation with Cat in harnessing further growth for both Cat and dealers.

Equipment and Handling

Barloworld Equipment
Barloworld Handling

We are making good progress in providing technology-enabled solutions to further enhance our customer value proposition.

Customer value proposition
A key focus of our growth and profitability strategy has been the implementation of a three-tier coverage model. This entails maintaining customer relationships through parts and service sales representatives (PSSRs), internal sales representatives (ISRs) and direct marketing to ensure that no owner or potential owner of a Cat machine is left uncovered.

The ISR programme is a new initiative which initially involved intensive training for 13 ISRs who were allocated to customers across our territories. ISRs can cover more customers over a wider distance due to their central location and use of technology. The ISR programme is starting to yield early results, particularly in parts sales. We anticipate that this will provide a competitive advantage in the future by enabling us to build relationships with customers we were not reaching previously.

Technology solutions
Barloworld Equipment is driving technological advancements which form an integral part of the Cat Equipment Management Solutions (EM Solutions), a comprehensive remote monitoring and asset management service that allows us to standardise our service to customers. This technology allows us to receive information and make recommendations that ensure that customers' machines are more productive, maintaining our reputation as trusted advisers and thus driving customer loyalty. Being one of the forerunners to market with leading-edge technology solutions, Barloworld Equipment is demonstrating that we have not only the vision, but the capability to fulfil that vision, creating a better and more rewarding future for our industry.

Sustainable development
Corporate social investment
The drive to engage in CSI projects that add value to both the communities within which we operate and our regional operations is making a difference. Barloworld Equipment has developed a CSI operational framework to provide guidance and encourage employee volunteerism.

Our SED/CSI total spend to date is almost R2.5 million with our main focus areas being education, health and environmental stewardship.

Ethics and compliance
At Barloworld Equipment, our intention is to conduct business in an ethical manner and our employees are exposed to our ethics policies on an ongoing basis. We are currently exposing our suppliers to our ethics and supplier Code of Conduct and running a comprehensive ethics and legal compliance programme in all territories.

Responsible value chain
In pursuit of the Barloworld campaign "Change Makes a World of Difference" we held a series of workshops with our suppliers to provide an understanding of the key imperatives of our procurement strategy including black economic empowerment, transformation, health and safety, anti-corruption, responsible sourcing, and enterprise and supplier development.

We recognise that through strategic partnerships with our suppliers we are able to add value to their businesses as well as enhance the quality of the service they deliver to us.

These workshops have been well attended and the common feedback from suppliers is an appreciation of being engaged and kept up to date on developments within Barloworld Equipment.

Environment
We continue to roll out various energy and water-saving initiatives aimed at addressing our aspirational targets and achieving strategic objectives. Our initiatives include, inter alia, the installation of online real-time electricity and water meters,

timers and occupancy sensors, efficient external and internal lighting, heat pumps, hydroboils, solar geysers, renewable solar voltaic energy for signage, water recycling plants, water harvesting tanks and waste recycling facilities.

Our significant component rebuild and remanufacture facilities and activities underpin our commitment in this regard and also support our product lifecycle and waste initiatives. Caterpillar's commitment to sustainability enhances our ability to provide products and solutions that assist our customers to achieve their own sustainable development objectives.

Empowerment and transformation

Preliminary report indicates a Level 2 B-BBEE rating, allowing us to sustain our competitive advantage. We have also seen a significant improvement in our employment equity rating, with more black women appointed at executive, senior and middle management levels. Gender representation on our board has improved and we have increased the number of employees with disabilities from 15 in 2012 to 73 in 2014.

Outlook

From a growth perspective, the African story is a good one with a positive medium-term outlook and we are well placed, operating in diversified regions with many and varied commodities. We look forward to seizing opportunities in both the mining and infrastructure sectors.

The mining industry is facing difficult conditions in the short term, particularly in the gold and platinum sectors. Little growth in output is expected as weaker prices, elevated costs and declining ore grades discourage production. However, increased demand for southern African coal and iron ore will encourage greater production for export as well as domestic consumption.

With the ongoing reduced capital expenditure by most mining houses, opportunities continue to arise in the contract mining sector and the rental offering to this market remains an attractive alternative to purchasing new equipment.

In mining, the EMPR business gives us the opportunity to harvest significant new sales and after-sales business.

In South Africa, one of the biggest challenges and opportunities will revolve around upgrading existing infrastructure.

The optimistic outlook for construction in southern Africa continues, driven by projects in infrastructure development, water, hydro-electric power and rail. The emerging middle class, coupled with urbanisation and industrialisation, has created a demand for improved infrastructure and service delivery.

However, the affordability of infrastructure continues to be a major issue as governments strive to shift the cost burden to end users, whose income is already squeezed by the rising cost of living. Cities will continue to drive economic activity as urbanisation increases, but many green field projects are still in the development and approval stages and yet to be released.

We have also identified significant opportunities in the construction after-sales market. Various coverage models have been implemented to capture this opportunity in the coming years, including internal sales representatives and enhanced direct marketing campaigns.

The outlook for the rental and used business remains extremely positive and we are expecting pleasing growth in the year to come from this channel.

While the Equipment southern Africa firm order book at September 2014 of R1.9 billion is down on the R3.5 billion at September 2013 this reduction is partly reflective of the shortening lead times for machine orders placed on Caterpillar; currently around 20 weeks for mining equipment.

Our 2015 revenue outlook range for equipment southern Africa is R20.0 billion to R22.0 billion compared to revenues of R20.9 billion in 2014.

Equipment and Handling

Barloworld Equipment
Barloworld Handling

Operational excellence – Swakop Uranium equipment assembly

In December 2012, a contract for the supply and commissioning of Cat mining equipment at the greenfield Husab mine, was signed between Barloworld Namibia and Swakop Uranium.

The tender was awarded to Barloworld following our acquisition of the distribution rights for the Cat Extended Mining Product Range (EMPR) in July 2012.

The R1.6 billion contract included the supply and commissioning of three Cat 7495 electric rope shovels, three Cat 6060 hydraulic mining shovels, six Cat MD6290 diesel drills, two Cat MD6640 electric drills and two electric motivators, as well as a five year maintenance and repair contract (MARC).

The site establishment team, including three key members of Barloworld Equipment's South African dragline assembly team together with existing and newly recruited Barloworld Namibia employees, started its work in July 2013. The team has been recognised as extremely professional.

In an unusual move to expedite logistics, all components were shipped into Namibia's Walvis Bay, with Barloworld Logistics playing a key role in getting the loads to site fast. All but two of the units will be delivered by December 2014.

The Husab site is located near Swakopmund in the Namib desert. Working in high temperatures and difficult conditions, the team met the delivery deadlines.

Despite the difficult conditions, safety was a key focus and by September 2014 the Barloworld team had achieved 163 000 man hours on site with no lost-time injuries.

Although a MARC agreement was initially included, Swakop Uranium subsequently decided to insource the maintenance and repairs. However, Barloworld Namibia has seconded 20 technical, parts support and operator training professionals to site for up to two years to assist the customer in establishing and training its own teams. Barloworld will also help with future apprentice training.

A separately negotiated parts supply contract involves components valued at about R120 million, which will be stocked on-site or in Barloworld Equipment's South African and Namibian support branches.

Investing for growth – Kitwe facility

Officially opened on 27 August 2014, Barloworld Equipment Zambia's new Kitwe facility represents an investment of approximately US$14 million in world-class support for Cat customers on the Copperbelt.

The year 2014 also marks Barloworld Equipment's 20th anniversary as the Cat dealer in Zambia.

The new Kitwe facility includes a machine and component rebuild centre with a testing bay for engines up to 2 000 horsepower, a latest-generation hydraulic test bench, a 2 200m² parts warehouse and a technical training centre. A Cat generator station provides primary and standby power to ensure uninterrupted operations.

"We have experienced rapid growth in our Cat machine population in recent years, particularly on the Copperbelt, which is one of the world's major copper and cobalt producers. Our new centre in Kitwe will meet current and future demand for safe and sustainable customer support," says Deon Heyns, managing director of Barloworld Equipment Zambia.

The new facility is designed to be largely self-sufficient, with rebuild capability for Cat engines, power train and hydraulic components to original Caterpillar specifications. This will stimulate the development of local skills.

Safety for employees and customers is a central objective of the facility. Barloworld Equipment Zambia has excelled in this regard in the 2014 financial year, recording a zero LTIFR (lost-time injury frequency rate) across all its operations from its main facility in Lusaka to branches and sites throughout the country.

This is a significant achievement, considering that it includes complex Extended Mining Product Range (EMPR) assemblies at Kalumbila Minerals' Sentinel copper mine near Solwezi. The machines assembled during the year include three Cat 7495 rope shovels, each with an operating weight of about 1 388 000kg and a payload capacity of 109 tons.

Barloworld Equipment Zambia also has its eye on infrastructure initiatives such as the planned Link Zambia 8 000 Project, which aims to upgrade 8 000km of national road. Landlocked Zambia has eight countries as neighbours and hopes to leverage its strategic position, together with strong projected growth over the next five years, to become a major regional trade hub.

From left: Brett Stevens – operations manager Barloworld Equipment Zambia; Nigel Lewis – Caterpillar vice president for EAME; Dominic Sewela – CEO Barloworld Equipment southern Africa; Dave Picard – Caterpillar AME regional manager; Clive Thomson – CE Barloworld Limited; Chris Monge – Caterpillar district manager for southern Africa; Stu Levenick – Caterpillar group president for customer and dealer support; Gerhard Vorster – Barloworld Equipment executive director; Peter Bulterman – CEO Barloworld Equipment southern Africa, Russia and Iberia; Deon Heyns – managing director Barloworld Equipment Zambia

For more on the Barloworld Equipment Kitwe facility, see page 79.

Equipment and Handling

Barloworld Equipment Barloworld Handling

Pleasing performance notwithstanding the impact of geopolitical uncertainty and mining slowdown.

Russia

Market overview

The Russian economic environment remains uncertain due to the weakening oil price and negative political sentiment driven by the Ukraine crisis. A quick and decisive resolution to the crisis would go a long way in returning stability to the region and give momentum to mending the relationship between Russia and the West.

Internally, Russia remains politically very stable with the current government receiving some of the highest popular support ratings on record. Closer economic relations are being established with the BRICS countries, especially China. A landmark 30-year gas supply agreement has been signed with China, giving the green light to the substantial and potentially lucrative Power of Siberia pipeline system linking the vast gas fields in eastern Siberia with China.

Although our customers are naturally worried about the current situation and its impact on uninterrupted customer support, there is surprisingly little negative sentiment towards us, Caterpillar and other western suppliers. We remain positive that in the medium term the current political crisis will be resolved and business will recover and grow.

Business overview

Our business model is currently undergoing a subtle transformation with greater emphasis placed on development of technology-enabled solutions. We are establishing a technology centre of excellence in Novosibirsk to offer customised solutions to specific customer needs across all segments, including mining. Best-in-class applications from Caterpillar as well as third-party vendors will be sourced. Most of our technology-enabled solutions are not equipment brand-specific and will allow us to penetrate customers with non-Cat fleets.

Aftermarket business continued to increase during 2014 despite the significant decline in prime product sales, a sign of maturity considering the youth of our dealership. The new Extended Mining Product Range (EMPR) has also demonstrated excellent growth in parts and service revenues over the prior year.

Performance overview

Our revenue was down by 23% on the prior year (US$383 million vs US$498 million in 2013) due to the continued decline in mining, the Ukraine crisis and a lack of large infrastructure projects in our dealership territory. Despite weaker top-line performance, we managed to achieve US$40 million in operating profit (2013: US$43 million), a respectable result under the circumstances that was driven by tight cost controls and realising efficiencies.

In mining, the coal segment remained severely depressed. Customers in the Kuzbass region remain loyal to local competitors due to entrenched fleets and pressure to purchase domestic product. However, we secured the start-up fleet for the Tiger's Realm Amaan North greenfield coking coal project in the Chukotka region on the basis of strong relationships and a comprehensive offer of Cat equipment, finance, tooling, infrastructure and technical support.

The gold segment continued to perform relatively well despite lower commodity prices. Alrosa, Russia's leading diamond producer, has also contributed strongly to both our new equipment and after-market mining revenues.

The construction sector has not shown improvement over 2014 due to a lack of federal finance following the efforts to complete the Sochi Olympics infrastructure, coupled with the weaker rouble reducing price competitiveness in the short term. We anticipate a turnaround as the Power of Siberia project gets off the ground.

Following our rental fleet investment over the last two financial years, the power division continues to show significant growth in rental revenue. This segment is now the major contributor to the profitability of our power business. Overall prime product sales were below expectation across both the electric power and oil and gas segments.

Investing in future growth

We are actively partnering with Caterpillar to achieve our common goals set in the Across the Table initiative. These include:

- Market share growth through increased sales coverage from the dealer and better marketing support from the principal
- Development of dealer capabilities and expertise in specialised mining applications (Mining Dealer of the Future)
- Creation of a technology Centre of Excellence with clear focus on provision of customer-specific technology-enabled solutions

We continue to improve our facility infrastructure, with the Kemerovo facility already operational and Magadan and Norilsk targeted for completion in 2015. Our Novosibirsk and Irkutsk facilities have achieved the maximum 5-star contamination control rating from Caterpillar.

With regard to our people, we will focus on strengthening customer service through the introduction of formal customer experience management practices. At the same time, a culture of safety continues to be entrenched in all levels of the business. Dedicated leadership training programmes have been developed and will be actioned in 2015 for middle management and high-potential employees.

Sustainable development remains central to our long-term success and we will continue to focus on related initiatives which include leveraging our component rebuild and remanufacturing capabilities, our 'green' building programme, and providing leading products and solutions to our customers.

We continue to modernise and improve our IT systems supporting the business. A business intelligence and budgeting tool has been implemented to allow for better and quicker analysis of our key performance indicators. In addition, a warehouse management system incorporating the latest developments in warehouse control and inventory management has been put in place in our Novosibirsk distribution hub in partnership with Barloworld Logistics.

Outlook

We are forecasting pressured revenues into 2015, followed by recovery in 2016 as the mining cycle starts to turn. The timing and magnitude of the potential decline and subsequent recovery will depend on resolution of the Ukraine crisis and global demand for commodities.

Excellent efforts have been made during 2014 to reduce working capital and the same vigorous focus will continue into the year ahead. We are projecting the business to be cash flow positive in 2015.

We are actively growing our capabilities in the areas of technology and equipment management in order to capture technology-related revenues as well as business from mining customers who are currently purchasing competitive products.

Our long-term success is dependent on the global commodity market, timing of the start-up of green field mining projects, availability of finance to the Russian mining houses and government programmes to fund construction in the regions. In 2015 we are planning to capitalise fully on the Power of Siberia opportunity, although strong competition is expected.

We will focus on profitable growth of the after-market opportunity through improved customer service, strict quality control and focused marketing support from our principals.

The Equipment Russia firm order book of US$14 million at September 2014 is well down on the prior year, however, there remain a number of major projects currently under discussion for both Caterpillar legacy and EMPR products. In addition, there are orders of US$17 million carried forward from the EMPR acquisition for delivery in 2015.

The 2015 revenue outlook range for Equipment Russia is US$350 million to US$400 million compared to revenues of US$383 million in 2014.

Power of Siberia

The Power of Siberia project was initiated by the Russian government in 2012 as a logistical solution to transport natural gas extracted from Kovykta and Chayanda gas fields in eastern Siberia to the eastern coast of Russia. The gas was intended to fill the capacity of the liquefied natural gas plant in Vladivostok for export to Japan.

In May 2014, Russia signed a landmark agreement with China to supply 38 billion cubic metres of gas per year over a period of 30 years to the total estimated value of US$400 billion. Parties have agreed that China National Petroleum Corporation, Gazprom's counterpart in China, will provide US$25 billion prepayment for the future gas deliveries to fund the construction of the Power of Siberia pipeline network to link the two countries.

The Power of Siberia project entails construction of more than 4 000km of pipelines with 2 100km located in our dealership territory. The pipeline network will ultimately link the eastern Siberia gas greenfields with Chinese and other Asian customers. Total cost of construction is estimated at more than US$55 billion with anticipated completion in 2019. Projected maximum capacity of the pipeline is 61 billion cubic metres per year (38% of Russia's current exports to Europe). The pipeline will be operated by Gazprom, Russia's natural gas government-owned monopoly.

Although it is difficult to estimate the exact opportunity arising out of this project due to multiple unknown factors, such as the ultimate contractors awarded the sections of the pipeline, timing of finance made available to fund the project and the extent of utilisation of existing machine fleets to construct the pipeline. At the same time it is clear that the opportunity is significant and comparable to the ESPO oil pipeline constructed in 2006 to 2012.

We are covering this project with a dedicated sales and aftermarket team with the city of Lensk chosen as the dealership main base located close to the project pipeline trajectory. Initial new and rental machine fleets have been mobilised to Lensk to ensure availability for potential customers once the Power of Siberia construction begins in earnest.

Equipment and Handling

Barloworld Equipment
Barloworld Handling

Improving macro-economic outlook but construction sector remains subdued.

Iberia

Market overview

We operated within a Spanish macro-economic environment showing greater stability, and signs of a long- awaited economic recovery are beginning to show. However, we continue to live with the effects of a prolonged economic downturn in Portugal. Indicators show some respite from the prolonged recession experienced in the region. Unemployment is reducing and the banking sector is improving, leading to a return of economic confidence despite ongoing concerns over the sustainability of the recovery in Europe as a whole. The recovery, primarily driven through the export and retail sectors, has not yet had any significant impact on the key public works and construction segments. The region still faces the effects of the prolonged recession.

Business overview

We continued to focus on our vision of being recognised by our customers as the market leader in providing integrated solutions for Caterpillar products, rental and product support. This has led us to be well aligned with the requirements of Caterpillar's Across the Table initiatives for dealers. We have also been recognised by Caterpillar through the award of gold status for Service Excellence for the fourth consecutive year in Spain and for the first time in Portugal, as well as maintaining platinum status for Marine Service, as well as Excellence in Service Training.

These accolades are reflected in our customer loyalty and satisfaction levels, which exceed those of our competitors and other Caterpillar dealers in the Europe Africa Middle East (EAME) region. We continue to lead the industry in overall market participation, with strong focus on delivering solutions to our customers wherever they are, working in partnership with our fellow Barloworld companies.

Performance overview

Despite the stabilising macro-economic environment, revenue was lower on a year-on-year basis due to the absence of large package deals delivered in the prior year. Revenue of €290 million for the Iberian business was 21% lower than 2013.

Mining activity in the region was mixed, with coal mining in Spain continuing low levels of activity due to mining subsidy cuts, while copper mining in Spain and Portugal was more buoyant. While there were no significant equipment deliveries following the equipment shipped in the prior year, sustained copper production drove product support activity consistent with the prior year.

The construction segment remained muted, with heavy construction continuing to feel the lack of public investment expenditure which has prevailed for the last five years and light construction absorbing existing equipment capacity in the region.

Development of the group's capability and market participation with the supply of equipment to non-traditional markets such as quarries, industry, agriculture and forestry, saw steady advancement. A slowdown in both the regional and international used market affected the level of used equipment sales, albeit at more robust margins, while rental revenue increased following implementation of the final phase of fleet reconfiguration.

The Power Systems business saw a year-on-year reduction in prime product revenue, affected by the non-recurrence of large critical power deals delivered in the prior year as well as long lead times from customers to close project details. The local markets continued to experience low levels of activity and ongoing changes in legislation around co-generation plants dampened the Spanish renewable power sector in particular. The second phase of a large financial institution's critical power project was delivered, as were some key marine and petroleum orders.

The increase in non-productive technician costs following the return of a large group of technicians from international secondments pushed overall gross margins lower than the prior year. Operating expenses were down on the prior year, despite the prior year including an enforced one-year temporary salary decrease in the Spanish business. A provision of €6.2 million was made in September for further restructuring to realign the business to the lower activity levels, leaving the division with an operating loss of €11.7 million for the period.

The balance sheet remained well controlled with working capital, rental fleet investments and capital expenditure managed. We continued with the realignment of the branch network which included completion of the new facility in Barcelona and ongoing construction of new facilities in Seville.

Investing for future growth

We are confident of returning the Iberian business to profitability in the short term by maintaining our industry-leading position in equipment sales and product support, continued margin development and protection, restructuring to contain and reduce costs, and strong alignment with Caterpillar's Across the Table initiative.

Stakeholder engagement continues to play a vital role in the Equipment Iberia business. Customer satisfaction and loyalty measures have been maintained at near-record highs as key account management and market focus programmes, accompanied by high service levels, form part of day-to-day operations. We have continued to drive extensive engagement with our principals in all areas of the business and we are making good progress on governance, ethics and compliance and sustainability requirements which include energy efficiency, water stewardship, responsible waste management and leading customer solutions. The Barloworld Worldwide Code of Conduct remains integral in driving ethical behaviour across the organisation.

Despite the challenging environment, we recognise that our employees are essential to the success of our business. We actively pursue gender equality and progress equal leadership and development opportunities despite the low employee turnover ratios experienced in the region. The Integrated Employee Value Model continues to be rolled out as a cornerstone of our employee value proposition.

Profitable growth of the Spanish and Portuguese businesses will continue to be driven by focus on our vision and the further expansion of our products and services to recognised key accounts, as well as capitalising on the opportunity that has been identified in the Power Systems business. Expanding and profiting from our hard-won footprint in non-traditional market segments will remain a key area in our Equipment business, while the continued turnaround and alignment with Caterpillar's rental and used initiatives is expected to offer additional growth and synergies.

Equipment and Handling

Barloworld Equipment

Barloworld Handling

Strategic plan finalised with Caterpillar to grow electric power, marine, petroleum and industrial segments in Spain, Portugal, southern Africa and Russia.

Our established capabilities in delivering world-class power systems product offerings and equipment management solutions give us a significant lead on competitors. Capitalising on this will require an investment in skills and services to ensure alignment with Caterpillar's growth strategy.

In a positive step forward, we have been selected as one of three pilot dealers for Caterpillar-branded propulsion systems, following their acquisition of Berg Propulsion in 2013.

Our commitment to create a sustainable organisation continues unabated. Our effective employee health and safety programmes and quality processes have resulted in a reduction in workplace accidents, excellence in external health and safety audits and the retention of two separate ISO ratings for processes and sustainability.

Outlook

The short to medium-term outlook for the region remains mixed with continued market uncertainty around the strength of the European Union's financial recovery and growth prospects, balanced against rising confidence levels in Spain and lingering issues clouding the Portuguese macro-economic picture.

Our focus will remain on maintaining our leading position in our traditional markets while continuing to build on gains made in identified non-traditional market segments. We also look to leverage our market-leading position in our Power Systems business, specifically in the Marine segment, to achieve product support growth. Our work during the year has resulted in a number of after-sales opportunities coming to fruition in the rail and petroleum segments.

We will continue to grow our technology-enabled product support solutions offering and optimise market coverage for our excellent service capabilities. The combination of our used and rental businesses into a single organisation has now been completed and we will look to maximise the synergies inherent in this integration while utilising our internally generated brands and routes to market to increase market coverage at low cost.

The workforce restructure at the end of 2014 is expected to reduce the division's overhead structure by approximately €7.4 million in the coming year.

The Iberian Equipment order book at September 2014 of €33 million is down on the prior year, however, the anticipated slow recovery in EU construction sector means that our 2015 revenue outlook range is €290 million to €315 million compared to revenues of €290 million in 2014.

Powering up for growth – Finanzauto awarded pilot dealership for Caterpillar Propulsion

For more than 50 years, Barloworld Finanzauto has been working with marine customers on the supply of diesel engines to power their vessels and to supply electric power on board. Through our dealership, Caterpillar has become the market leader in the marine business in Spain.

The market continues to evolve and customers are now asking for complete propulsion solutions to power their vessels. Listening to the voice of their key marine dealers and customers, Caterpillar purchased a leading marine propulsion company, Johan Walter Berg, based in Sweden, in September 2013. To align with Caterpillar's branding, the company has been renamed Caterpillar Propulsion.

Caterpillar chose to approach the roll-out of this acquisition by appointing only three dealers worldwide with sufficient critical mass to successfully market the propulsion equipment, an appetite for the marine business and the technical capabilities to participate in a pilot project to test the model, the training and the factory support.

Barloworld Finanzauto, as one of the top Cat marine dealers in the world, saw this as an opportunity to further entrench its market leadership and to secure a valuable new dimension for the Barloworld Global Power business, not only in Spain and Portugal, but also in southern Africa and Russia.

In February 2014 Barloworld Finanzauto was officially appointed as the Caterpillar Propulsion pilot dealer for the Europe Africa Middle East (EAME) region, where its technical capabilities, strong customer relationships and intrinsic market knowledge will be brought to bear in integrating this new venture into the current business and customer base.

Barloworld Finanzauto is now working with Caterpillar Propulsion to formulate and undertake training and to make key decisions on how dealers should best approach the marine propulsion market.

We have already closed our first deal for Caterpillar Propulsion equipment to the value of €1.6 million and a number of further opportunities have been identified.

Equipment and Handling

Barloworld Equipment
Barloworld Handling

Agriculture South Africa delivered record sales with strong growth in higher technology sectors.

HANDLING

Market overview

Trading conditions in the Lift-truck business in South Africa have been challenging, with the market dropping approximately 20% in 2014. In agriculture, the commercial maize crop is expected to be a record 14 million tons, contributing to decreased commodity prices, depressed cash flow for farmers, and thus pressure on new equipment sales.

Business overview

The Handling business has focused on redefining its Customer Value Proposition by looking at integrated offerings and reinforcing alignment with principals. Despite difficult trading conditions, customer relationships have been well maintained.

Performance overview

We have grown our market share in a declining Lift-truck market. Despite Lift-truck sales declining by 3%, operating profit improved by 17% as a result of improved after-market performance.

In agriculture, we successfully implemented key growth strategies in high-technology market segments, which contributed to overall revenue growth. Despite the market decline and termination of the CLAAS business in September 2013, our agriculture revenue increased by 12% and operating profit by 22%. Massey Ferguson tractor and Challenger sales grew by 29% and 60%, respectively.

Revenue from the SEM Wheel Loader business decreased mainly due to slow market activity and halted production of the 668 model. With more than 450 units in the market, parts revenue increased by 88% and is contributing well to overall profitability.

Revenue in the relatively young Mozambique Handling business doubled and a modest operating profit was secured. In Russia, we have grown our share of the tractor market in Siberia under difficult circumstances, but operating losses continued.

Outlook

In 2015 we plan further expansion of product lines and service offerings in the Lift-truck and SEM businesses and focus will remain on developing parts, service and customer support.

Some market growth is anticipated for high-technology agriculture mechanisation equipment. Large-scale farming is changing with increased demand for mechanisation, technology solutions and precision farming systems and we will harness these opportunities. We plan to establish a technology business unit to develop integrated customer solutions to improve productivity and efficiencies for these large operations.

Our 2015 revenue outlook range for the Handling division is R2.0 billion to R2.4 billion compared to revenues of R1.93 billion in 2014.

Investing in agriculture training and transformation

Barloworld Agriculture has partnered with the University of Fort Hare in the Eastern Cape through the supply of farming equipment for its training and research programmes.

The School of Agriculture and Agri-business at Fort Hare University, in collaboration with the Department of Agriculture, Forestry and Fisheries, is the home of agricultural traction studies in South Africa.

The Traction Centre (TC), the Animal Traction Centre (ATC) as well as the South African Network of Animal Traction (SANAT) are all based at the university. The TC and ATC are training, research and development centres offering undergraduate, postgraduate, extension officer and farmer training in all aspects of agricultural traction using tractors as well as draft animal power.

Mechanisation planning and the use, operation, calibration and maintenance of tractors and farm implements are included in the TC training. On-station and on-farm studies assist farmers to select appropriate power options (tractors, animal traction or a combination of both) for their farms.

The TC also undertakes community projects such as planning and mentoring for settler farmers on government-owned farms, as well as a university-operated agri-park that assists small-scale farmers and cooperatives to grow vegetables which are dehydrated, blended and supplied to school feeding programmes to make soups.

Investing in integrated customer solutions
continued

Equipment and Handling

Barloworld Equipment   Barloworld Handling

TOP IMPERATIVES 2015³

Strategic Focus Area	Key imperatives	Risk	Risk response
Profitable growth	– Improve machine and power market share – Maintain parts market share – Exceed EMPR growth expectations	– Loss of market share – Mining slowdown – Failure to meet growth targets on EMPR acquisition	– Agree clear common goals with Caterpillar via Across the Table (AtT) initiative – Obtain CAT support for key deals – Capture high share of aftermarket
People	– Promote a safe work environment – Secure appropriate skills to achieve strategic objectives – Develop a customer-centric culture	– Unsafe working environment – Inability to grow business due to lack of skills – Failure to adapt dealer model to new market conditions – Retention of key skills	– Embed safety culture – lead by example – Improve employee engagement – Implement customised leadership development programmes
Integrated customer solutions	– Penetrate key EMPR markets – Develop technology centre of excellence to enhance customer solutions	– Lack of competitive product offering – Failure to adapt dealer model to new market conditions – Failure to meet growth targets	– Joint initiatives with CAT to develop product and services strategies – Improve deal participation rate – Establish dedicated technology team – Source appropriate technology solutions
Sustainable development	– Execute AtT action plans – Improve utilisation of CRCs and machining tools – Achieve energy and emissions efficiency targets – Implement ethics and legal compliance programme	– Failure to adapt dealer model to new market conditions – Lack of return on investments made – Failure to comply with environmental legislation – Failure to comply with legal requirements	– Achievement of set milestones and common goals under AtT initiatives – Achieving remanufacturing targets – Implement initiatives to reduce energy and electricity consumption – Compliance framework in place and functional
Empowerment & transformation	– Work towards achievement of B-BBEE targets – Continued localisation programme – Gender diversity	– Inability to hire competent and skilled staff – Reputational damage – Potential loss of business	– Recruitment process that promotes diversity – Implement development programmes – Set localisation targets
Financial returns	– Achieve financial targets – Achieve Barloworld value added targets – Positive cash flow over plan period	– Dealership profitability and margin erosion – Slowdown in economic growth – Political risk: economic sanctions	– Improved working capital turns – Obtain favourable terms from principals – Strong focus on operational efficiency – Grow aftermarket business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Leading brands

Automotive and Logistics

Barloworld Automotive
Barloworld Logistics

Integrated business model delivers sustained value

Martin Laubscher
Chief executive officer:
Automotive and Logistics

Keith Rankin
Chief executive:
Barloworld Automotive

Steve Ford
Chief executive:
Barloworld Logistics

Economic

Year ended 30 September	Revenue (Rm) 2014	Revenue (Rm) 2013	Operating profit/(loss) (Rm) 2014	Operating profit/(loss) (Rm) 2013	Net operating assets (Rm) 2014	Net operating assets (Rm) 2013
Car Rental southern Africa	**4 510**	4 069	**421**	317	**1 808**	1 863
Motor Retail	**19 173**	17 465	**542**	421	**2 258**	3 290
– Southern Africa	**19 173**	17 465	**542**	421	**2 258**	1 942
– Australia						1 348
Fleet Services southern Africa	**3 087**	2 895	**559**	484	**3 318**	3 191
Logistics	**4 367**	4 377	**122**	100	**1 761**	1 112
– Southern Africa	**3 709**	3 454	**174**	137	**1 618**	992
– Europe, Middle East and Asia	**658**	923	**(52)**	(37)	**143**	120
	31 137	28 806	**1 644**	1 322	**9 145**	9 456
Share of associate and joint venture loss			**(11)**	(4)		

Environmental

Year ended 30 September	Petrol and Diesel (ML) 2014	Petrol and Diesel (ML) 2013	Electricity (MWh) 2014	Electricity (MWh) 2013	Energy (GJ) 2014	Energy (GJ) 2013	Emissions (tCO_2e) (scope 1 and 2) 2014	Emissions (tCO_2e) (scope 1 and 2) 2013	Water (ML) 2014	Water (ML) 2013
Car Rental southern Africa	**3.81**	3.03	**6 085**	7 089	**152 615**	129 629	**15 547**	14 715	**152**	239
Motor Retail southern Africa	**5.39**	5.24	**31 226**	31 110	**307 698**	300 748	**46 139**	45 466	**252**	246
Fleet Services southern Africa	**0.69**	0.66	**1 501**	1 366	**30 155**	27 845	**3 227**	2 968	**9**	3
Logistics	**45.20**	41.41	**11 084**	10 022	**1 918 772**	1 758 198	**151 266**	138 425	**95**	48
– Southern Africa	**45.06**	41.24	**8 507**	7 300	**1 904 671**	1 742 047	**148 924**	135 832	**85**	40
– Europe, Middle East and Asia	**0.14**	0.17	**2 577**	2 722	**14 101**	16 151	**2 342**	2 593	**10**	8
	55.09	50.34	**49 896**	49 587	**2 409 240**	2 216 420	**216 179**	201 574	**508**	536

Social

Year ended 30 September	Employee headcount 2014	Employee headcount 2013	LTIFR 2014	LTIFR 2013	Fatalities 2014	Fatalities 2013	B-BBEE rating* 2014**	B-BBEE rating* 2013
Car Rental southern Africa	**1 974**	1 911	**1.32**	0.93	**1**		**2**	2
Motor Retail southern Africa	**4 821**	4 757	**2.45**	1.43			**3**	3
Fleet Services southern Africa	**638**	551	**0.59**	0.16			**2**	3
Logistics	**3 770**	3 159	**0.71**	0.60	**1**	3		
– Southern Africa	**3 445**	2 762	**0.70**	0.60	**1**	3	**2**	2
– Europe, Middle East and Asia	**325**	397	**0.83**	0.60				
	11 203	10 378	**1.46**	0.96	**2**	3		

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

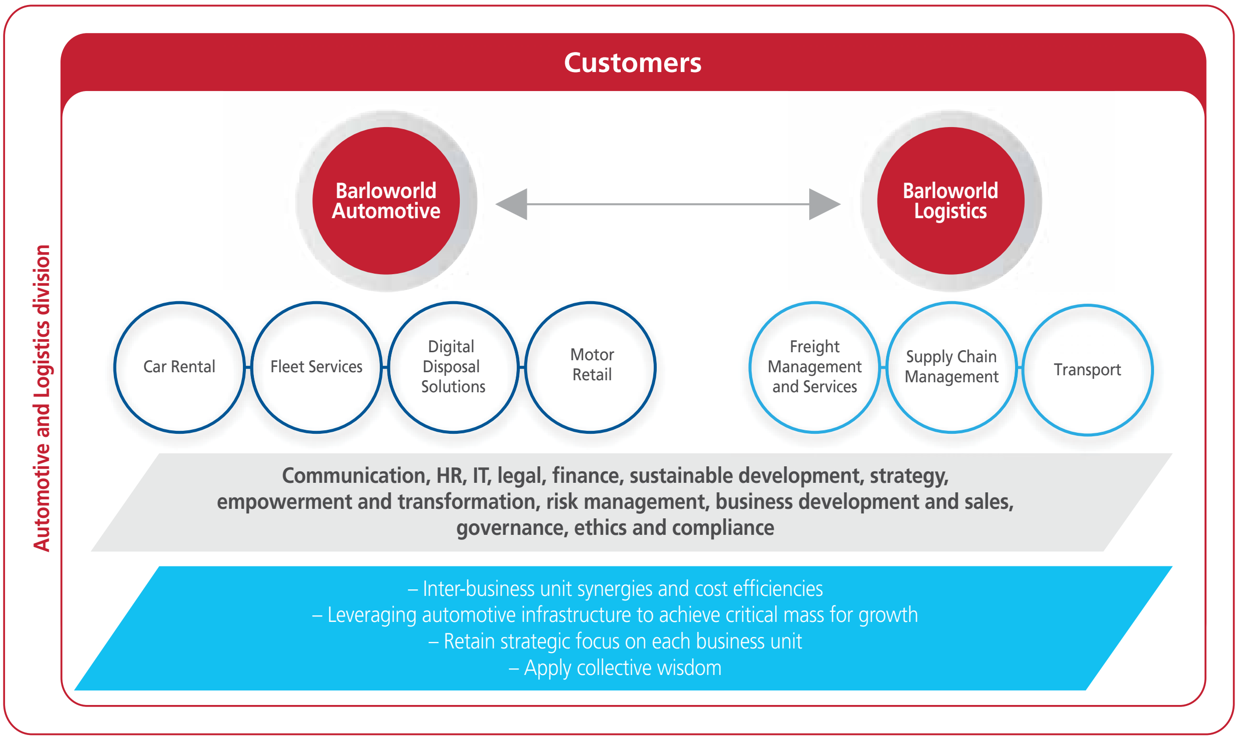
Financial highlights

Revenue	Operating profit	Operating margin
Up 8.1% to R31.1 billion	**Up 24% to R1 644 million**	**Up from 4.6% to 5.3%**

Automotive

Logistics

Business overview



Automotive and Logistics

Barloworld Automotive

Barloworld Logistics

Striving to be a recognised leader in providing integrated vehicle usage and logistics solutions.

Market overview

The division operates in markets that are influenced by interest rates, consumer and business confidence, trade flows and overall economic activity, all of which remained subdued during the financial year. The South African vehicle market saw a softening with new vehicle sales volumes lower in the financial year under review.

In South Africa, new vehicle industry sales for the financial year declined by 2.8% due to weak consumer confidence, while the used vehicle market provided select opportunities as new vehicle prices increased. Statistics from the South African Vehicle Rental and Leasing Association (SAVRALA) showed the car rental market grew by 0.3%.

Demand for outsourced vehicle management services and leasing remained robust. Certain sectors in the South African logistics industry are still trading below expectation, with others benefiting from an upturn in volumes and demand.

Strike action in key sectors impacted negatively on the overall logistics market. Internationally, volumes remain unpredictable and the industry remains cautious in view of volatile economic markets and uncertainty surrounding a sustained recovery.

In the context of this challenging environment, the overall division performed very well.

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

The division provides customers a range of integrated solutions from single-unit transactions to an overall solution, appropriate to the clients' specific needs, complemented by Barloworld service excellence. Through a structured approach, the division ensures that each business unit applies best practice within its core businesses, a strong focus on operational excellence, and strives for a market-leading position in each key segment. In addition, this approach maximises the direct and indirect benefits that exist between the various business units through meeting customer needs. The divisional platform provides for leadership and guidance across key areas through process ownership and collective wisdom.

Car Rental

Avis Rent a Car 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 27 100 vehicles. The operations in South Africa, Botswana, Lesotho, Mozambique, Namibia and Swaziland are company-owned and the remainder are sub-licensed. Avis Point 2 Point is a chauffeur-driven inner-city transfer service, while Avis Van Rental operates via a sub-licensee network in South Africa. Avis Car Sales disposes of ex-rental vehicles into the trade and to retail customers.

Fleet Services

Avis Fleet Services provides long-term rental vehicles and a range of fleet management services to operators of passenger and commercial vehicles in South Africa, Botswana, Ghana, Lesotho, Mozambique, Namibia and Swaziland. The business accepts residual value and maintenance risk on behalf of its leasing customers, while adding additional value through the design of customised fleet solutions, which include the leasing of fit-for-purpose vehicles, the administration of service and maintenance plans, vehicle licensing, managed maintenance services, fuel card services including billing, analysis, management and forensics, accident claims management, traffic fine and open-road tolling management, vehicle procurement and disposal.

Motor Retail

Motor Retail operates 43 leading motor vehicle franchise dealerships in South Africa and Botswana. Brands include Audi, BMW, Chrysler, Ford, General Motors, Jaguar Land Rover, Mazda, Mercedes-Benz, Toyota and Volkswagen. Products include the sale of new and used vehicles with supporting finance and insurance products, and aftermarket services including parts sales, service and coachworks repair centres. Complementing the dealer footprint, Barloworld Fleet Marketing develops and maintains strong relationships with key corporate customers requiring a range of ownership solutions.

Logistics

Barloworld Logistics is one of the leading logistics and supply chain management businesses in southern Africa with complementary operations in the United Arab Emirates, Iberia, Germany and the United Kingdom, employing some 3 800 staff across 100 offices. The integrated logistics solution offerings include supply-chain consulting and design, inventory management solutions, specialised transport and transportation management services, warehousing and distribution design and management, freight forwarding and clearing, and supply-chain software and planning. Through client collaboration, continual improvement and innovation, Barloworld Logistics delivers smart supply-chain solutions to customers. These solutions are aligned to drive business strategy and create a competitive advantage for clients. Depending on clients' requirements, such solutions can be across the supply-chain in an integrated manner or components of complete solutions. In each of these supply-chain solution areas we provide the leadership, skills, methodologies, processes and tools necessary to consult, design, implement, operate or manage the solutions.

Performance overview

Revenue of R31.1 billion, and a record operating profit of R1 644 million resulted in an operating margin of 5.3% (2013: 4.6%). Employees grew to 11 203 permanent employees in 15 countries. The Automotive business units performed well ahead of expectations, while the good improvements made in the southern African Logistics business were impacted by losses in the international operations. The integrated model and approach sustained the improvements in margins. Divisional sales of new and used vehicles totalled 84 512 units, against the previous year's 82 929 units.

Avis Rent a Car grew rental days in southern Africa to 6.7 million (+ 9.9%) from 6.1 million in the previous year. This growth was achieved with well-controlled fleet utilisation of 76% across an average fleet of 23 890 vehicles. The average fleet increased by 9.1%, while revenue per day improved by 2.7% in a competitive trading environment. This resulted in revenue growing 11% to R4.5 billion, while operating profit grew 33% to R421 million, resulting in operating margin improving to 9.3% from 7.8% in the prior year. The continuous management of the business' key value drivers, including revenue per day, fleet utilisation and holding cost per day as well as the exit of the coach charter operations at the end of 2013, led the overall improvement in performance.

Automotive and Logistics

Barloworld Automotive
Barloworld Logistics

Our talent attraction, development and retention supports the "grow our own" approach by providing training in collaboration with leading academic institutions and industry authorities to ensure that we meet the skills requirements for the overall divisional growth.

Avis Fleet Services' operations continued to grow, with 307 456 vehicles under long-term finance and other management contracts at year-end compared to 277 164 vehicles in the previous year. The business delivered another record performance with operating profit improving by 16% to R559 million as a result of targeted fleet growth and a focus on enhancing operational efficiencies across all product lines. A diverse customer mix with a balanced geographical footprint in southern Africa and a sustained focus on cost efficiencies sustained the results.

Motor Retail southern Africa sold 58 253 new and used vehicles during the year compared to 57 868 units in the prior year. Aftermarket activity improved, resulting in a 15% increase in parts turnover, while service hours grew by 0.8%. The increased activity levels, coupled with the "Fewer, Bigger, Better" dealership approach, resulted in operating profit improving by 29% to R542 million from a growth in revenue of 9.8% to R19.2 billion. Major facility upgrades during the year included Barons VW branches in Bellville, Cape Town and Bruma in Johannesburg. The business has targeted specific expansion in support of the overall Automotive business model and during the year acquired Leach Toyota in Kuruman to support growth in a key mining node, and acquired a majority stake in one of the leading Jaguar Land Rover dealerships in South Africa.

Logistics delivered an improved result with revenue stable at R4.4 billion and operating profit improving by 22% to R122 million, despite tough trading conditions in the international business units and after providing for certain costs in a key contract. The southern African business continued to build on the previous year's performance and also benefited from a further number of strategic acquisitions during this financial year in support of the strategic growth imperative set for this business unit. Barloworld Transport performed well and continues to grow in support of the overall business strategy. During the year the business acquired a majority share in a complementary abnormal load transport business operating in the >80 ton market and diversified its specialised transport unit into sugar cane. The international business units continued to face difficult trading conditions. The sea-air transport and Spanish business units performed below expectations.

Investing for future growth

People

Employee value model

Employee value 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 while ensuring that employees share in the value created. An integrated approach to good people management is entrenched throughout the division.

We have made good progress in rolling out the IEVM which underpins the Employee Value Proposition, communication and human resources best practice. The recently completed Individual Perception Monitor (IPM) survey conducted across all operations validated this progress. High scores were achieved in areas of clear purpose and direction: employee engagement, confirming that the employees understand and support their unit's vision and will strive to make the most of their talents to achieve agreed goals. Addressing feedback from the survey remains central to the process and particular emphasis in the year ahead will be placed on the "grow" element in support of further learning and personal development initiatives.

Talent management and leadership development

Talent attraction and development to meet skills requirements of the overall divisional growth prospects remain in focus. The division continued with rigorous training in support of both technical, management and leadership skills across all business units which are underpinned by our "grow our own" approach and fast-track development initiative. This training includes specific programmes presented in collaboration with leading South African universities, specific training programmes supported by the various industry training authorities, and in-house leadership and management development programmes.

Health and safety

We remain committed to a safe work environment. The LTIFR as reported, declined during the year. We will continue to focus on improving the ratio. Our motor retail, fleet services and car rental operations' LTIFR do not include individuals sourced through temporary service providers. During the year the division suffered two work-related deaths on the roads of South Africa. We continue to proactively apply leading safety practices to ensure the well-being of our employees and customers.

Profitable growth

In pursuing profitable growth, the division continued exploring opportunities in southern Africa. Our digital disposal solutions unit continues to leverage innovative systems and processes to optimise the quality of earnings through efficient used vehicle disposal and provides additional revenue growth opportunities. Avis Fleet Services entered into agreements to acquire a leasing business in Tanzania which will result in a fast-track entry into the market. Motor Retail acquired Leach Toyota in Kuruman and a controlling stake in Jaguar Land Rover N4. Barloworld Logistics acquired a majority share in extra-heavy abnormal load transport business through Barloworld Transport and further diversified its specialised transport business through a niche acquisition in the sugar cane market.

Integrated customer solutions

Providing customers with a range of integrated vehicle usage and logistics solutions to fulfil their specific requirements is the cornerstone of the divisional offering.

Customer value proposition

Our Automotive unit provides solutions to customers which include the products and services of our individual business units, as well as unique combinations of these products and services tailored to customers' specific vehicle needs in a seamless combination, effectively and efficiently provided by a single supplier. This ranges from single-unit transactions through to management of large-scale fleets over an extended period focusing on utilisation, fleet availability and effective management of costs.

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

Customer value remains central to the division's success and is reflected in our sustained activity levels, increased market share and independent monitoring showing improvements in customer engagement. We continue to monitor and focus on customer satisfaction ratings across all business units, as we believe it is through exceeding customer expectations, and meeting their changing needs, that we will achieve a sustainable competitive advantage and create superior value for them and other stakeholders. We continue to evaluate these changing requirements as part of our overall strategic plan and will continue to invest appropriately to meet these changes.

Alignment with our principals

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

Sustainable development

Corporate social investment

Value created for communities in which we operate is a combination of indirect benefits from employment opportunities, rates and taxes paid and development, as well as direct benefits arising from socio-economic development initiatives by the business units, which include contributing skills, resources and funding.

Governance

Our overall approach to good governance ensures that we meet the legitimate interests of all stakeholders, which is supported by the Barloworld Worldwide Code of Conduct and the ethics and compliance programme.

Environment

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

Empowerment and transformation

Consistent with the group's approach, we remain committed to workplace diversity, empowerment and transformation. Entrenching these principles in the strategic and operational decision-making processes ensures that we achieve Level 3 or better ratings in the relevant South African B-BBEE scorecard.

Supporting the division's commitment to this very important matter are a range of programmes to promote ongoing change including: accountability at a senior management level, fast track development programmes and a range of "grow our own" initiatives. Gender, localisation and inclusion issues receive close focus in our operations outside South Africa.

Financial returns

Improving financial returns remained a core focus during the year. Optimising business unit performance included maximising both inter and intra-business unit synergies, as well as the implementation of tight performance targets and objectives. These included prudent capital allocation, optimising vehicle fleet utilisation, reducing working capital, improving asset turn, managing expenses and controlling interest costs. This has been supported by the roll-out of the group Integrated Financial Value Model to support capital allocation decisions and assist in guiding strategic thinking.

Key decisions taken in optimising financial returns include the sale of the Logistics unit in the Far East, and the disposal of the Ferntree Gully motor dealership in Australia effective 31 October 2013. The remainder of the Australian motor retail operations were sold effective 31 March 2014, with the final proceeds being received on 1 April 2014. This transaction has resulted in much improved returns and was a key element in the division achieving its 2015[3] targets.

Outlook

The prolonged uncertainty in world markets remains an issue and the division will continue to prudently manage all aspects of the business. We will maintain emphasis on our six Strategic Focus Areas as outlined. Our strategic planning process supports prudent capital allocation in identified growth areas that exceed internal hurdle rates.

Automotive and Logistics

Barloworld Automotive Barloworld Logistics

With the various niche acquisitions made in this period we are well-positioned to strengthen our market position in the industries we operate in.

Urbanisation is a key trend affecting all areas of the business and the division is considering various alternatives to deal with the consequences of changing customer needs and the further use of technology to sustain our efforts in this regard.

Avis Fleet Services will continue to expand into select African markets, with operations in Zambia expected to commence in the next 12 months. The Logistics business is well positioned for growth, supported by a strong business development team that will deliver organic growth over time, complemented by targeted acquisitive growth opportunities, which meet strict criteria. This will include diversifying the supply-chain management operations, further strengthening our position in the market through Barloworld Transport and growing the environmental solutions segment. Other issues material to the future success of the division include repositioning the Car Rental business, and select expansion of the South African motor retail footprint to complement the divisional vehicle usage strategy.

2015 is expected to yield further growth in all business units. Optimising the inherent synergies and benefits of our South African integrated vehicle usage solutions offering remains central to our strategy. 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 needs.

Our southern African Motor Retail operations will continue on a "Fewer, Bigger, Better" strategy, coupled with pursuing efficiencies through the centralisation and coordination of common functions, improving asset turn and reducing working capital. The renewal of certain contracts within Avis Fleet Services is critical in maintaining a leading market position for the business and we will continue to pursue attractive growth opportunities in various markets. Barloworld Logistics will address the profitability of the international operations.

The 2015 revenue outlook range for the Automotive and Logistics division is R33.0 billion to R35.0 billion compared to revenues of R31.1 billion in 2014.

Recognition awards highlight strong alignment to principals

The Automotive and Logistics division has performed well in the last few years, improving returns while growing all the business units. Growth in a predominantly principal-driven business is often difficult, however, when in the spirit of true partnership there is alignment, the rewards are there for both the principal and the business. This in part supports the great results from the Automotive and Logistics division.

Some key awards include:

Motor Retail South Africa

22 dealer accolades awarded across South Africa, including:

- Toyota Overall Dealer of the Year: Barloworld Toyota Centurion.
- Parts Chairman's Award: Barloworld Toyota Centurion.
- Best Overall Mercedes-Benz Car Dealer: Garden City Motors PMB.
- Freightliner/FUSO Brand Centre of the Year: NMI-DSM CV Pinetown.
- Mercedes-Benz Financial Services Chairman's Award: NMI-DSM CV Pinetown.
- Chrysler Overall Dealer of the Year: Garden City Motors PMB.
- Isuzu Overall Volume Dealer of the Year: Barloworld GM Johannesburg Truck Centre.
- Audi (SA) Dealer Group of the Year: Barloworld Audi.
- Barons Durban: Club of Excellence Award.
- Barons N1 City: Club of Excellence Award.

Motor Retail Australia

- Holden 2013 Grand Masters: Barloworld Holden.

Avis Fleet Services

- Professional Management Review (PMR): Best Overall Fleet Management Company (8th consecutive year).

Avis Rent a Car

- Sunday Times – Best Car Rental brand in South Africa (11th consecutive year).

Avis Southern Africa

- AvisBudget Group EMEA region – Outstanding Achievement of the Year 2014
- Recognition of long service in serving Avis
- South Africa – 45 years
- Botswana – 40 years
- Lesotho – 35 years
- Mozambique – 25 years
- Angola – 25 years

Barloworld Logistics

- Nike SA – Platinum Logistics Achiever Award 2014.
- Frost & Sullivan Award for Technology Dealership for Environmentally Sustainable Logistics in southern African market.

TOP IMPERATIVES 2015[3]

Strategic Focus Area	Key imperative	Key risk	Risk response
Profitable growth	– Sustained EBITDA growth to fund asset replacement from existing cash flows – Achieve targeted operating profit over a five-year term – Pursue targeted growth opportunities	– Underperformance of acquired businesses	– Thorough analysis and robust acquisition processes ensure alignment to overall strategic objectives
People	– Drive employee engagement and collective wisdom. Sustain IPM >3 for all business units – Appropriate skills/ resources to meet targeted growth opportunities through structured ICR process – Ensure safe working environment	– Inability to attract, develop and retain people required to meet the divisional and individual business unit growth objectives – Death or injury on duty	– Integrated approach to good people management and safety practices well entrenched
Integrated customer solutions	– Progress value creating solutions to customers – Product bundling – Integrating products and services – Leveraging technology to meet changing customer needs	– Non-alignment to key principals and key customer strategies	– Business model and stakeholder engagement activities ensure alignment
Sustainable development	– 2% energy and emissions efficiency improvements by 2015 over 2014 baseline	– Environmental impairment as a result of the division's activities	– Comprehensive approach to embedding sustainable development principles into all operations
Empowerment & transformation	– Retain B-BBEE dti scorecard Level 3 or better for South African operations on existing codes – Focus on employment equity, skills development procurement targets and gender diversity	– Ensuring diversity in the workplace – Maintaining a competitive rating on the dti B-BBEE scorecards in South African operations	– Ongoing focus and development in place
Financial returns	– Meet and exceed the divisional return on equity hurdle rate	– Ongoing ability to improve returns and maintain results above set group hurdle rates	– Business model ensures attractive returns with a focus on exceeding hurdle rates for new and existing businesses

Corporate office overview

Barloworld Corporate Office

Corporate primarily comprises the operations of the headquarters and treasury in Johannesburg, the treasury in Maidenhead, United Kingdom, and the captive insurance company. While the group has a decentralised management philosophy, the corporate office creates value by providing a number of services to the operating units. These include internal audit, governance and company secretarial, investor relations, corporate communication, corporate finance, treasury and taxation, risk and legal, group strategy and sustainability, empowerment and transformation, human resources management, employee benefits, and facilities management.

The corporate operating loss has reduced, mainly owing to lower charges and accruals for long-term incentives linked to the Barloworld share price; this has, however, been partially offset by a loss in the group's insurance cell captive as a result of higher claims during the year.

Consistent with group commitments and aspirational targets, corporate office strives to reduce its environmental footprint. The main initiatives in this regard include waste management, electricity-saving measures such as retro-fitting of energy-saving lighting and motion sensors linked to lights and air-conditioning units, as well as timer switches on water pumps. These efforts contributed to a 5% reduction in energy consumption and emissions.

Corporate

	Revenue (Rm)		Operating profit/(loss) (Rm)		Net operating assets (Rm)	
Year ended 30 September	**2014**	2013	**2014**	2013	**2014**	2013
Southern Africa	**4**	10	**(24)**	(78)	**652**	543
Europe			**(74)**	(54)	**(1 944)**	(1 299)
	4	10	**(98)**	(132)	**(1 292)**	(756)

Environmental

	Petrol and Diesel (ML)		Electricity (MWh)		Energy (GJ)		Emissions (tCO_2e) (scope 1 and 2)		Water (ML)	
Year ended 30 September	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Southern Africa	**0.01**	0.01	**667**	699	**2 606**	2 733	**706**	740	**2**	3

Social

	Employee headcount		LTIFR		Fatalities		B-BBEE rating*	
Year ended 30 September	**2014**	2013	**2014**	2013	**2014**	2013	**2014****	2013
Southern Africa	**115**	113		1.53			**2**	2

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

Investing in supporting economic growth

Localisation

As part of our commitment to sustainable economic growth, Barloworld Siyakhula has championed the drive for localisation – the development of local industry and manufacturing – through strategic supply chain programmes aimed especially at supporting black industrial businesses. One such initiative involves our collaboration with the Department of Trade and Industry, as part of its drive towards the industrialisation of local and regional economies. Through this collaboration, Siyakhula will leverage the dti's Incubation Support Programme aimed at promoting women's empowerment and the development of inclusive markets including SMMEs and cooperatives. The initiative represents a significant opportunity for Barloworld's enterprise development strategy, as the assistance envisions cooperation not only within South Africa, but within the sub-Saharan region.

Supplier and enterprise development outreach

2014 has seen Barloworld embark upon an expansive outreach initiative aimed at enhancing and strengthening business capacity among SMMEs within the Barloworld value chain. In addition, the initiative seeks to foster job creation and local economic development by encouraging and supporting the growth of enterprises among the wider small business community.

In collaboration with our strategic partners, an intensive and ongoing development programme has been launched, incorporating training seminars, workshops, business forums and enterprise diagnostic and incubator services. Scheduled to continue well into 2015 and beyond, the programme gives strong effect – both quantitative and qualitative – to Barloworld's commitment to underpin and support the building of our national and local economies.

Investing in sustainable development

Strategic intent

Develop products and services to capitalise on emerging sustainable business opportunities, realise cost savings through energy efficiency and other sustainable business practices, and enhance Barloworld's reputation by leading in sustainable development.

Content

Overview

Sustainable development incorporates a wide range of aspects which include leveraging emerging commercial opportunities through the provision of integrated solutions that enable customers to realise their own sustainable development objectives, including minimising their environmental impacts. These solutions incorporate energy and emissions-efficient vehicles, plant and equipment, as well as optimal supply-chain management. These aspects are covered throughout the report; in this section we focus on our value chain and environmental stewardship.

Internally, we focus on conducting our operations in an environmentally responsible manner and reducing our consumption of non-renewable resources. We have implemented an aspirational non-renewable energy consumption and greenhouse gas emissions (scope 1 and 2) efficiency improvement target, and focus on water conservation and stewardship including recycling and rain-water harvesting. These initiatives support organisational resilience in the context of rising costs, regulatory and supply constraints. Extensive component rebuild and remanufacture activities in our Equipment division conserve non-renewable resources.

Our waste management capabilities have been enhanced with our investment in re-, an environmental solutions company, which supports our internal initiatives and expands our customer offerings.

Responsible value chain

Given the nature of our business and sustainability principles, it is important to align ourselves with a robust supply chain, responsible leading principals and Original Equipment Manufacturers (OEMs).

Relationships throughout our supply chain are based on mutual respect, trust, support and benefit, guided by our governance and ethical frameworks. The group will disengage from elements of its supply chain that do not conform and is developing a set of conduct criteria and standards for suppliers which will form part of a supplier due diligence initiative.

Integral to our value chain is our commitment to being a leader in sustainable development and identifying competitive advantages through solutions that help customers achieve their sustainability objectives, facilitate a transition to lower carbon economies and expand into related opportunities.

Aside from OEMs, Barloworld sources goods and services from a range of other service providers. This is particularly important in South Africa where integrating previously disadvantaged groups into the economy is a key socio-economic driver. Through our South African-oriented enterprise development initiatives and preferential procurement programme, we support and empower small and medium-sized suppliers, contractors and enterprises in our supply chain. We are committed to the localisation and empowerment of our supply chain where practicable, and have commenced with supplier development engagements in South Africa.

Responsible principals

Barloworld represents leading international OEMs and brands such as Caterpillar, Hyster, Avis, Audi, BMW, Ford, General Motors, Jaguar Land Rover, Mazda, Mercedes-Benz, Toyota, Volkswagen, Massey Ferguson, Challenger and others. The group is therefore part of supply chains that reflect international best practice in the manufacture, sale, service, support and disposal of products. These standards are complemented by Barloworld's own ethics, values and standards. We are committed to working with suppliers to ensure our customers' objectives are met and their competitive position enhanced.

Products and services

Leading customer solutions offered by Barloworld assist customers in achieving their sustainable development objectives. Barloworld's divisions have business models that enable vehicles, plant and equipment solutions to be provided as new or used units or rented on a long or short-term basis. In the Equipment division this is augmented by a significant component rebuild programme. This business model ensures efficiencies and synergies throughout the lifecycle of equipment, plant and vehicles and extended useful lives for these products. Logistics offers a wide range of supply-chain optimisation products that include energy-efficient transport solutions that also minimise carbon footprints.

Customer health and safety

Customer health and safety are critical aspects of all Barloworld's products, services and customer solutions. In representing leading global brands, our customer solutions are backed by warranties, guarantees and product responsibility, as well as unique design features that target optimum user safety and productivity.

Customer satisfaction

High levels of customer engagement and exceeding their expectations have allowed us to build loyalty and grow our customer base. Customers are central to our business model and critical to the ongoing success of Barloworld. All divisions have extensive customer engagement initiatives in place to understand customer requirements, their expectations for products and services, as well as service levels.

Initiatives include stringent measurement and survey systems, as well as targets and in some instances, agreed performance measures. Performance against objectives is monitored and reviewed, highlights areas for attention, directs operational activities and informs strategy.

Marketing communications

Group standards ensure that all marketing and advertising conforms to applicable laws and standards. The standards and corporate identities set by principals are adhered to. These are detailed and comprehensively monitored by Barloworld divisional operations and their principals. Any local adaptations require prior consent from principals. We are also guided by the standards set by industry bodies.

Reducing our environmental footprint and managing our impact

Barloworld is committed to responsible environmental stewardship and minimising its environmental footprint. These aspects underpin the group's response to climate change and are incorporated into sustainable development, one of the group's six Strategic Focus Areas.

We recognise that some of our activities have certain adverse environmental impacts such as those associated with the use of fossil fuels, and therefore mitigation measures are integrated into our operational management systems and customer offerings. We mainly represent OEMs and recognise the environmental impact from the manufacture and use of our vehicles, plant and equipment. As a responsible corporate citizen, we engage our suppliers and customers and strive to achieve the highest environmental standards.

Our approach to identifying material environmental issues

Material environmental issues are identified through a process involving the Barloworld executive and the group's risk and sustainability committees. This report covers such material issues.

Responding to the CDP's Climate Change and Water disclosures, participation in the JSE's SRI Index and other external surveys contribute to the identification of these issues. Internally, aspects identified as material are:
- Energy consumption
- Greenhouse gas emissions
- Water stewardship
- Waste management, including recycling and extended lifecycle (rebuild and remanufacture), and responsible waste disposal

The Energy Efficiency Pledge

Barloworld signed the National Business Initiative's Energy Efficiency Pledge in 2012 together with the South African Department of Energy. By signing the pledge, Barloworld undertook to work with the Energy Efficiency Leadership Network to drive continuous improvement of energy efficiency initiatives across the group.

Policies

Barloworld's approach to climate change and environmental stewardship is informed by its:
- Environmental policy
- Energy Efficiency policy
- Climate Change policy
- Water Use and Management policy.

Overview of environmental risk management and responses

Risks identification and response are key to the sustainability and longevity of our business. Environmental risks are identified and assessed through:
- A high level risk assessment (HLRA) which takes place twice a year and considers all risk exposures facing the group. HLRAs are held at both divisional and group levels. Material risks and management responses are included in the reported group "Top Risks"
- Focused risk assessments are conducted annually to identify and assess both risks and opportunities around climate change and water. Material aspects are disclosed in Barloworld's 2014 CDP Climate Change and 2014 CDP Water disclosure responses. These risk assessments are aligned to the HLRA approach and the group risk management framework.

Key indicators

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

Indicators cover identified material issues and other aspects that require management attention.

Monitoring and management

Reported environmental data is used in the daily management of the company. Material and relevant group aspects are reported at board level on a quarterly basis through the risk and sustainability committee's Safety, Health and Environment (SHE) report.

Data collection and reporting processes are reviewed throughout the year by Barloworld group internal audit services and selected indicators are assured at financial year-end by the group's external auditors.

@ Barloworld's 2014 CDP Climate Change and 2014 CDP Water disclosure responses
@ Barloworld Environmental, Energy Efficiency, Climate Change, Water Use and Management policies
GRI *EN1 to EN30*

To further integrate non-financial reporting within the group, consideration is being given to a more robust non-financial reporting platform that will enhance management of these aspects at an operational level.

Our Australian motor retail interests were disposed of in two separate transactions effective October 2013 and March 2014. Consequently, these operations are classified as discontinued operations and have been excluded from the environmental-related disclosures. Disclosure of continuing and discontinued operations is made in Barloworld's online GRI responses (http://www.barloworld-reports.co.za/integrated-reports/ir-2014/gri-index/index.php). GRI

Targets

In 2009, we set the aspirational group target of a 12% efficiency improvement in non-renewable energy consumption and greenhouse gas emissions (scope 1 and 2) by the end of this financial year off a 2009 baseline. This aspirational target was against a business-as-usual scenario that tracks revenue as a proxy for business activity. Although we did not achieve our target, it played a significant role in focusing attention and prompting relevant initiatives which benefited the group over the past five years and will continue to do so into the future. Initiatives prompted by our aspirational target included: measurement, avoidance, reduction, switching to appropriate alternate sources and technologies where feasible, and offsetting emissions from commercial activities where appropriate.

Addressing our material issues and progress

Energy consumption

Given the increasing energy costs and energy supply challenges, Barloworld recognises the economic importance and environmental relevance of non-renewable energy consumption and strives to improve the group's efficiency and consumption patterns. We have adopted the measure, avoid, reduce, switch and offset (MARSO) approach in pursuit of our energy efficiency objectives.

Group electricity consumption decreased by 1% and combined petrol and diesel consumption increased by 7% over 2013.

Energy consumption (GJ) by energy source

	2014	2013	2012
Diesel	**2 314 912**	2 149 578	1 159 390
Petrol	**343 612**	328 613	382 192
Electricity	**291 703**	293 762	296 236
Other	**2 811**	7 617	26 594
Barloworld group	**2 953 038**	**2 779 570**	**1 864 412**

Energy consumption was 6% up over 2013.

Energy consumption (GJ) by division

	2014	2013	2012
Equipment and Handling	**541 192**	560 417	639 136
Automotive and Logistics	**2 409 240**	2 216 420	1 223 186
Corporate	**2 606**	2 733	2 090
Barloworld group	**2 953 038**	**2 779 570**	**1 864 412**

Performance against aspirational energy efficiency target

The majority of our operations have performed ahead of our aspirational group target of a 12% efficiency improvement for non-renewable energy consumption set for the end of this financial year off a 2009 baseline. However, our overall group target was not achieved due mainly to a number of investments made in logistics road transport businesses, which have higher energy and emissions intensities compared to our other businesses. Nonetheless, this target played a major role in focusing our efforts on energy efficiency with significant benefits for the organisation.

This has impacted the group's energy mix and profile, resulting in the group being 12% worse than its 2009 baseline intensity (42.6) and 27% above the aspirational 12% efficiency improvement target (37.5).

Energy intensity by division (GJ per R1 million revenue)

	2014	2013	2012	2009 Baseline
EQUIPMENT AND HANDLING	**17.5**	18.3	22.0	31.1
Equipment	**17.0**	17.5	18.7	27.6
Handling	**24.1**	26.7	38.8	42.9
AUTOMOTIVE AND LOGISTICS	**77.4**	76.9	50.2	55.0
Automotive	**18.3**	18.8	22.6	29.6
Car Rental southern Africa	**33.8**	31.9	40.7	46.7
Motor Retail	**16.0**	17.2	19.9	26.5
Fleet Services southern Africa	**9.8**	9.6	12.9	19.5
Logistics	**439.4**	401.7	221.4	155.1
Southern Africa	**513.5**	504.4	287.7	262.1
Europe, Middle East and Asia	**21.4**	17.5	23.9	23.2
Barloworld group	**47.6**	**46.7**	**34.9**	**42.6**

Greenhouse gas emissions

We are concerned about climate change and appreciate the impact of greenhouse gas emissions on global warming. Restrictions on emissions and proposed carbon taxes pose risks to Barloworld and our value chain, including our customer base. However, these also present opportunities such as increased demand for products and solutions with limited or reduced carbon emissions, and opportunities for internal initiatives to further improve energy and emissions efficiency with related cost savings. The group continues to report greenhouse gas emissions in terms of the GHG Protocol Corporate Standard and in units of CO_2e, the universal unit measure adjusted for the global warming potential of the six Kyoto Protocol greenhouse gases. Emissions from customer use of our rental fleets are classified as scope 3 emissions.

Emissions (tCO_2e) by energy source (scope 1 and 2)

	2014	2013	2012
Diesel	**173 078**	160 717	86 684
Petrol	**24 291**	23 230	27 018
Electricity	**76 445**	76 022	75 576
Other	**172**	453	1 537
Barloworld group	**273 986**	**260 422**	**190 815**

Emissions (tCO_2e) by division (scope 1 and 2)

	2014			2013			2012		
Scope	**Scope 1**	**Scope 2**	**Total**	Scope 1	Scope 2	Total	Scope 1	Scope 2	Total
Equipment and Handling	**31 937**	**25 164**	**57 101**	33 044	25 064	58 108	38 060	25 432	63 492
Automotive and Logistics	**165 590**	**50 589**	**216 179**	151 341	50 233	201 574	77 151	49 651	126 802
Corporate	**14**	**692**	**706**	15	725	740	28	493	521
Barloworld group	**197 541**	**76 445**	**273 986**	**184 400**	**76 022**	**260 422**	**115 239**	**75 576**	**190 815**

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

Performance against aspirational emissions efficiency target

Our emission patterns follow those of our energy consumption, again reflecting good progress being made by our various businesses against their respective baselines. Similar to their energy intensity profile, our expanding Logistics operations have an increased emission intensity level, which impacts the group's intensity level, although not to the same extent as the impact on energy intensity due to the relatively lower increase in Logistics' emissions.

This has resulted in the group being 4% better than its 2009 baseline intensity (4.6) and 10% worse than the aspirational 12% efficiency improvement target (4.0).

Emissions (scope 1 and 2) intensity by division (tCO_2e per R1 million revenue)

	2014	2013	2012	2009 Baseline
EQUIPMENT AND HANDLING	**1.8**	1.9	2.2	3.3
Equipment	**1.8**	1.9	2.0	3.0
Handling	**2.0**	2.2	3.2	4.0
AUTOMOTIVE AND LOGISTICS	**6.9**	7.0	5.2	6.0
Automotive	**2.4**	2.6	3.1	4.3
Car Rental southern Africa	**3.4**	3.6	4.6	7.4
Motor Retail	**2.4**	2.6	3.0	3.8
Fleet Services southern Africa	**1.0**	1.0	1.4	2.4
Logistics	**34.6**	31.6	18.1	12.4
Southern Africa	**40.2**	39.3	23.2	20.6
Europe, Middle East and Asia	**3.6**	2.8	3.2	2.4
Barloworld group	**4.4**	4.4	3.6	4.6

Scope 3 emissions

Recognising our broader activities and the nature of our products and solutions, we report certain scope 3 emissions. These cover business air travel and, since 2010, we have reported the emissions from Avis Rent a Car's South African rental fleet.

Car rental operations in South Africa produced 93 676 tCO_2e (2013: 85 918 tCO_2e), an increase of 9% from 2013, resulting in a 3% improvement in intensity per rental day.

Since the 2013 financial year we initiated processes to report emissions from other significant rental fleets. These processes are being refined and disclosure will be considered in due course.

Water consumption

Although a limited consumer of water, Barloworld recognises the general scarcity of the resource and strives to use water efficiently and responsibly. Water stewardship initiatives within the group include increased recycling, rain-water harvesting and efficiency of use. These initiatives have resulted in a 6% decrease in consumption in 2014.

Water consumption (ML) by division

	2014	2013	2012
Equipment and Handling	**275**	293	319
Automotive and Logistics	**508**	536	463
Corporate	**2**	3	2
Barloworld group	**785**	**832**	**784**

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

Overall, 16.7% of water was recycled in the group, with Automotive and Logistics recycling 26% and Equipment operations in Iberia recycling 4% of their reported consumption.

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

Given that not all group operations are situated in water-stressed or water-scarce areas, water is managed on a decentralised basis and as such, no group-wide water efficiency targets have been set. Despite this, divisions may, where appropriate, set such targets.

Waste management

Given the nature of our business, the group does not generate significant volumes of waste. That which is generated is monitored by type, volume, disposal method and destination. These systems are evolving and improving, particularly in Equipment Russia, where limited reporting is currently in place.

Most waste is disposed of through certified contractors and no waste was shipped internationally. Difficulty has been experienced in obtaining appropriately certified waste-disposal companies in certain developing territories and solutions are being sought to address this aspect.

Paper, tyres and oil filters constitute most of our solid waste and lubricants make up most of our liquid waste.

Most waste generated within the group is recycled.

An important aspect of our waste management and product lifecycle stewardship is extending product use or life. We make the most significant contribution through the rebuilding and remanufacturing of machines and components. In Caterpillar operations, these processes require some 50% to 60% less energy by reusing approximately 85% to 95% by weight of materials from the original product. Overall, some 70% of Caterpillar components are rebuilt.

Waste by category

	2014	2013	2012
NON-HAZARDOUS			
Paper (kg)	**217 529**	322 458	622 120
Tyres (kg)	**274 917**	311 553	726 841
HAZARDOUS			
Solvents (ℓ)	**41 564**	64 375	156 445
Lubricants (grease and oil) (ℓ)	**2 416 961**	2 550 978	2 875 478
Oil filters (kg)	**176 247**	287 065	226 950
Batteries (kg)	**45 626**	39 444	100 596
Computers/ laptops (kg)	**15 621**	11 775	3 978

Spills

While there were no significant spills during the period, there were a number of minor spills which were properly attended to and, in all instances, our internal response mechanisms and processes functioned as intended.

Outlook

- Our current aspirational group efficiency improvement target for non-renewable energy and greenhouse gas emissions (scope 1 and 2) was set to the end of this financial period. We have now set an interim aspirational group target of a 2% efficiency improvement in non-renewable energy and greenhouse gas emissions (scope 1 and 2) by the end of our 2015 financial year, off a 2014 baseline against a business-as-usual scenario that again tracks revenue as a proxy for business activity. This maintains the momentum in this regard and allows for any longer-term target to align with the group's next five-year plan from 2016 to 2020
- We will continue our initiatives to improve energy consumption and emissions efficiency and report progress against our new aspirational target, which remains based on intensity levels, at the end of our 2015 financial year
- Our focus on identified internal material environmental issues will continue
- We will progress synergies and opportunities presented by our investment in re-, an environmental solutions company within the group and also incorporate their offerings into our customer solutions where appropriate
- We appreciate the importance and responsibilities relating to our supply chain and will enhance and develop initiatives to better understand, assess and respond to any identified risks and opportunities within our supply chain
- Consistent with our stakeholder engagement activities, we will continue to engage with our OEMs and customers to identify and provide solutions that assist our customers in achieving their sustainable development objectives
- We will continue to explore commercial opportunities which address our sustainable development objectives.

Investing in renewable and clean energy

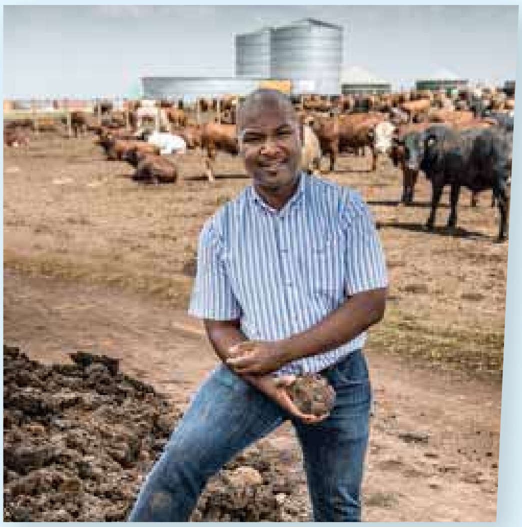
Barloworld Power has been awarded a contract by Bosch Projects to supply equipment for a 4MW biogas-to-power project that is being built near Bronkhorstspruit, 78km north-east of Boksburg.

The Bronkhorstspruit Biogas Power Plant is an independent power producer (IPP) being developed by Bio2Watt, which has a contract for the purchase of waste from Beefcor, a cattle feedlot in Boschkop, Bronkhorstspruit. Approximately 40 000 tons per annum of cattle manure will be the primary waste-stream, feeding two anaerobic digesters that will produce the biogas for a combined heat and power application, using Cat internal combustion gas generator sets.

The project has attracted significant co-funding from the Industrial Development Corporation and other foreign and domestic investors. An industrial manufacturer in Pretoria will be the end-user of the electricity via a power purchasing agreement (PPA). Given South Africa's power crisis, engine-based technology for power plants has been selected with various fuel gas applications for export to the national grid as part of renewable and clean energy alternatives.

Barloworld Power will supply four 1MW Cat CG170-12 generator sets to be sourced from Caterpillar Energy Solutions in Mannheim, as well as site supervision for the relevant scoping and commissioning.

This contract was finalised after 18 months of focused teamwork within Barloworld Power's Electric Power division.



Investing in our communities

Barloworld strives to be responsive to the needs of the communities in which we do business and therefore support for human rights and positive societal change go to the heart of the history of the organisation. Visionary leadership has played a vital role in embedding a social conscience in the group.

Central to the nature of our relationships with our stakeholders, the products and service solutions we offer, as well as our corporate social investments (CSI), is the belief that, through responsible corporate citizenship, corporations can and should contribute to the betterment of society within their spheres of influence.

We also subscribe to internationally recognised ethical principles, such as those of the United Nations Global Compact to which we are a signatory. We invest resources in social initiatives which contribute to the development and wellbeing of the communities in the countries in which we do business. In South Africa, the primary focus through the Barloworld Trust is on efforts to improve the education system and positively impact teaching and learner outcomes.

Initiatives are driven through development partnerships with organisations in civil society, the communities they serve, other members of the business community – including some of the group's key customers and suppliers – and the public sector. On this basis, Barloworld participates in multi-sector partnerships such as Business Leadership SA, the National Business Initiative and the Programme to Improve Learner Outcomes (PILO), among others, the scale and purpose of the partnerships being what makes them successful.

At group level, the organisation is committed to contributing at least one percent of our worldwide net profits after tax to social investments. A group CSI policy is reviewed annually by the board, with operational guidelines and a group-wide reporting regime in place.

The Barloworld Trust and operations' CSI programmes attempt to address the foremost problems in society, are aligned with national development objectives and industry issues, and involve local communities. In South Africa, the socio-economic development (SED) imperatives of broad-based black economic empowerment are incorporated into this approach.

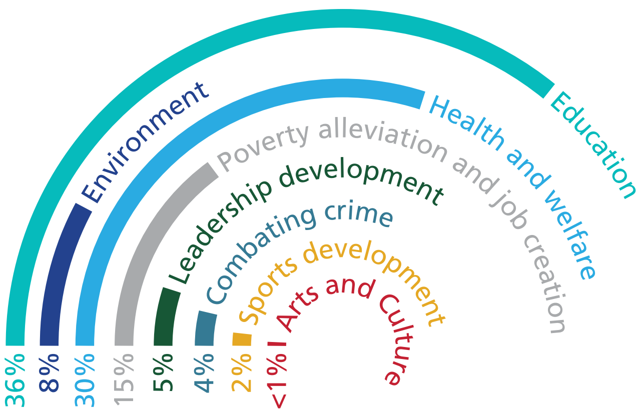
Some key group stakeholders in 2014 are Afrika Tikkun and Ikamva Labantu, which are community service organisations in our empowerment transaction, for their work in early childhood development, PILO, LEAP Science and Maths Schools, the Penreach whole school development programme, REAP (Rural Education Access Programme), Thandulwazi Maths and Science Academy, Teach South Africa and BRIDGE.

Outlook

We believe playing a positive role in our societies is essential for our sustainability, and we therefore favour a partnership approach to social and socio-economic development, seeking synergies between our divisions, with civil society, with organisations in our supply chains, governments and social partners, to increase cooperation, integrate efforts and achieve impacts at scale. Initiatives will continue to be aimed at improving the prospects and quality of life of the communities in which we do business.

The Barloworld Trust will continue to follow a developmental approach to CSI and invest in interventions aimed at improving teaching and learner outcomes in South Africa which could, at scale, impact the education system.

Group CSI spend 2014 (R16.8 million)



Group CSI spend in 2014 at R16.8 million (2013: R16.9 million), R15 million (2013: R15 million) of which was in South Africa

Over the past five years, the group has invested R78 million on CSI initiatives and, of this amount, R33 million was verified SED spend

Barloworld Corporate Social Investment policy

SO1 to SO10; EC1, EC8, EC9

Nelson Mandela Children's Hospital – a legacy to Africa

A group CSI forum facilitates the sharing of CSI initiatives across business units. Our multi-year donations-in-kind to the Nelson Mandela Children's Hospital currently under construction in Parktown, Johannesburg, South Africa, are a case in point.

The 300-bed specialised children's training hospital is a Mandela signature project and part of his legacy to Africa.

Barloworld strives to be responsive to the needs and interests of the communities in which it does business, is geared to contribute to a range of infrastructure development needs, and has participated in Mandela signature projects in the past. We initially embraced support for the hospital to mark Barloworld's 110th anniversary in 2012.

Since then, through group collaboration, earthmoving equipment from the Barloworld Equipment Cat rental store has been provided to develop the hospital site, a rental vehicle from Avis has been made available to the Hospital Trust for fundraising purposes over two years and a large generator is being donated via Barloworld Power to provide standby power for the hospital.

The Nelson Mandela Children's Hospital is expected to open in 2016.

Enactus

The Enactus organisation believes human progress depends on our ability to tap into the entrepreneurial spirit that lives within each of us and channel the unique talents, passions and ideas we each possess toward creating good in the world. It is committed to using the power of entrepreneurial action to transform lives and shape a better, more sustainable world.

Working with corporate partners and member universities, Enactus establishes student programmes on campuses around the world. With the support and encouragement of their faculty advisers and local business advisory boards, student teams apply business concepts to develop community outreach projects that improve the quality of life and standard of living for people in need.

Competitions are used to showcase the students' projects, encourage creativity and reward results, with project quality and impact evaluated by business leaders serving as judges. From national competitions around the world, one team is selected to represent each country. In South Africa, in a hotly contested 2014 national competition, the University of Fort Hare emerged as national champion and went on to compete with 36 countries at the World Cup in Beijing, China.

These experiences not only transform lives, but help students to develop the kind of talent and perspective that is essential to leadership in an increasingly complex and challenging world.

In development partnership with Enactus, Barloworld is able to play an important role in promoting entrepreneurship, encouraging young people to improve lives and strengthen communities, and building responsible leadership for the future.

Investing in empowerment and transformation

Strategic intent

Enhance our competitiveness, credibility, legitimacy and reputation in the eyes of all stakeholders by leading in broad-based empowerment and transformation.

Content

Investing in empowerment and transformation

For Barloworld, empowerment and transformation mean not only building an inclusive and diverse workforce, but also broadening the pool of businesses with whom we partner. In 2014 Barloworld has strengthened its drive to promote diversity and transformation within our value chain, in line with our objective of creating value for all stakeholders.

Sustainable workforce

As we look to 2015 and beyond, our success will depend on the quality of our business decisions. These decisions will need to be made in an organisational culture which is fully representative of our society in terms of race, gender, disability and other forms of diversity. Hence we promote ongoing transformation at all levels of the company in line with our objectives for employment equity.

Towards achieving this goal, we have continued to implement various policies and practices throughout the group. These include:

- Identifying and eliminating employment barriers
- Eliminating unfair discrimination on the grounds of race, religion, sexual preference, gender or any other basis
- Complying with regulations and legislation, including empowerment and transformation, within our operational environments
- Subscribing to a Code of Ethics and a Worldwide Code of Conduct to guide and promote sound governance and equal opportunity within our organisation

Barloworld has made solid and steady progress in all aspects of the Department of Trade and Industry's Broad-Based Black Economic Empowerment (B-BBEE) scorecard. We have built on our past successes with a number of new training and development initiatives in the past year, including executive and management development programmes. Special focus has been placed on diversity and grooming women for leadership, with emphasis on core and critical skills.

As a result of our staff development initiatives, 2014 saw significant increases in the number of black and female employees across Barloworld's divisions. Diversity within our management and executive ranks was also improved in line with our targets.

Females as % of total headcount (Group)

	2014			2013			2012		
Occupational level	**Female**	**Total**	**% female**	Female	Total	% female	Female	Total	% female
Board*		**6**			6			6	
Executive	**7**	**49**	**14.3**	1	25	4.0	1	26	3.9
Senior management	**29**	**176**	**16.5**	10	87	11.5	8	86	9.3
Middle management	**822**	**2 568**	**32.0**	762	2 553	30.0	739	2 567	28.8
Skilled upper	**2 725**	**10 069**	**27.1**	2 762	10 401	26.6	2 680	10 388	25.8
Semi-skilled/apprentices/ trainees	**1 174**	**6 402**	**18.3**	1 135	6 326	18.0	1 162	5 889	19.7
Labour/unskilled	**100**	**346**	**28.9**	84	294	28.6	98	276	35.5
Total	**4 857**	**19 616**	**24.8**	4 754	19 692	24.1	4 688	19 238	24.4
Continuing operations	**4 857**	**19 616**	**24.8**	4 654	19 182	24.3	4 586	18 710	24.5

**Executive directors only.*
Note: Classification of executive, senior management and middle management has changed in 2014. This has not been changed for previous reporting periods.

These achievements build upon important milestones in Barloworld's journey of transformation. These include:

Dominic Sewela, was appointed CEO of Barloworld Equipment southern Africa, effective 1 October 2013 as an executive director of Barloworld board effective 19 March 2014.

Boikanyo Mazibuko was appointed as deputy CEO within our Handling and Agriculture division.

Sibani Mngomezulu was appointed group executive: human resources, strategy and sustainability effective 1 June 2014.

The Barloworld general staff trust, has donated shares with a value of R281 million to 11 531 South African employees prior to the vesting in November 2013.

The Barloworld Education Trust, has since inception awarded 62 bursaries to the value of R4.7 million to 37 beneficiaries – all of whom are previously disadvantaged individuals.

The preliminary report indicates a Level 2 B-BBEE rating for six of the eight Barloworld SA divisions, with Barloworld Motor Retail retaining its Level 3 status and Barloworld Siyakhula at Level 1. These achievements match our current targets and well exceed industry norms.

Barloworld has for the past five years led in the general industrial sector in the Mail & Guardian ranking of top empowered companies.

There are seven black directors on Barloworld's board, including four women.

Sustainable progress

In 2015 and into the future the ongoing transformation of our businesses will remain one of the key elements of our strategy. As South Africa continues to redress its historical inequalities, Barloworld will play a constructive role by fostering equal opportunity within our organisation. We believe this to be not only a moral imperative, but an important pre-condition for the sustainability of our business.

Employees by ethnic background – South Africa

	2014		2013		2012	
Occupational level	**AIC#**	**White**	AIC#	White	AIC#	White
Board*	**1**	**4**	1	4	1	4
Executive	**11**	**26**	5	13	4	14
Senior management	**22**	**102**	16	46	16	41
Middle management	**791**	**1 149**	722	1 135	692	1 073
Skilled upper	**4 790**	**2 404**	4 548	2 416	4 161	2 386
Semi-skilled/apprentices/trainees	**4 631**	**417**	4 373	427	3 568	446
Labour/unskilled	**267**	**4**	170	1	163	1
Subtotal by category	**10 513**	**4 106**	9 835	4 042	8 605	3 965
Total employees	**14 619**		13 877		12 570	

*Executive directors only.
African, Indian, Coloured.
Note: Classification of executive, senior management and middle management has changed in 2014. This has not been changed for previous reporting periods.

Investing in empowerment and transformation continued

We remain committed to gender equality and will endeavour to increase our female workforce at all occupational levels, with special emphasis on management – including executive and board levels.

Preliminary B-BBEE reports from Empowerdex indicate that the targets set by our SA divisions have been achieved. Going forward, Barloworld's action plan will pursue all benchmarks delineated by the B-BBEE scorecard, with specific reference to management and control, employment equity and skills development.

Our B-BBEE levels will be monitored and reported as prescribed by the B-BBEE Codes of Good Practice.

SA business unit

	B-BBEE level		
	2014*	2013	2012
Equipment	**2**	2	2
Handling	**2**	2	3
Avis Rent a Car	**2**	2	2
Motor Retail	**3**	3	3
Avis Fleet Services	**2**	3	3
Logistics	**2**	2	2
Corporate	**2**	2	2
Barloworld Siyakhula	**1**	1	1
Barloworld Limited	**2**	2	2

** Preliminary report.*

Supplier diversity and enterprise development

Sustainable supplier diversity

Barloworld continues to position itself as an industry leader in supplier diversity as a strategic necessity in the current market environment. Our commitment has been reflected in the steady improvement of our B-BBEE scorecard ratings.

Policy and implementation

Barloworld has implemented various initiatives to improve efficiency and compliance levels within our supply chain, which we will continue in the coming year. Our commitment begins with our procurement policy, which ensures equal opportunity to diverse, under-represented businesses to supply goods and services within the group. By enshrining this practice throughout our divisions, we aim to strengthen the resilience of our business model and add value for all stakeholders.

Barloworld Siyakhula

Supplier diversity and transformation within the group is championed by Barloworld Siyakhula, our enterprise development initiative. Through a mix of financial and non-financial support, Siyakhula helps eligible black and women-owned SMEs build the capacity necessary to become competitive suppliers, not only to Barloworld but within the larger marketplace.

Moving forward we will place renewed focus on the creation of black and women-owned enterprises which are strategically positioned for the new global economy. Since inception in 2007, Siyakhula has provided support to 27 enterprises, facilitating job creation and employment for more than 600 people. To date it has been the catalyst for R157 million in enterprise development support for SMMEs.

Key 2014 initiative

Change makes a world of difference – supplier development outreach

- In response to the increasing emphasis on transformation and empowerment within our market environment, Barloworld this year implemented an extensive group-wide campaign to heighten B-BBEE compliance within our supply chain. Under the banner "Change makes a world of difference", the initiative included workshops, seminars and business forums communicating our forward business strategy with suppliers
- Through the "Change makes a world of difference" initiative, Barloworld signalled a major shift towards international best practice, prioritising supplier diversity as a crucial component of our corporate strategy
- Over 300 of our strategic supply chain partners participated; in the next financial year we have targeted a further 1 000 suppliers who will benefit from this programme

GRI *SO1 to SO10*

Strategic partnerships

To enhance our efforts to bolster the success rate of black and women-owned businesses, Barloworld Siyakhula has formed strategic partnerships with an array of specialist organisations.

Standard Bank Enterprise Development Unit
Through its Enterprise Development Unit, Standard Bank has committed grant funding of approximately R3.8 million for the support of black-owned SMEs which are part of Barloworld's supply chain. Assistance will include access to finance, access to markets as well as business development support.

South African Supplier Diversity Council (SASDC)
SASDC is a non-profit organisation that promotes sustainable supplier diversity within South Africa. Through training, mentorship and advisory support, it helps SMEs access corporate supply chain opportunities.

A founding member of SASDC, Siyakhula collaborates with the organisation in ongoing enterprise and supplier development projects.

Empowerdex
Barloworld has engaged Empowerdex to assist in the implementation, monitoring and analysis of the group's empowerment and transformation.

NBI – Private Sector Energy Efficiency (PSEE) project
The PSEE project, launched by the National Business Initiative, provides support and advice on energy conservation to small, medium and large businesses. With the assistance of the PSEE project, Siyakhula aims to help Barloworld's SMEs incorporate sustainable business practices within their operations.

Partnership with the Department of Trade and Industry

In line with our support for the industrialisation of local and regional industries, Siyakhula, through the SASDC, has formed a partnership with the Department of Trade and Industry. Through its Incubation Support Programme, the dti will assist Siyakhula to establish business incubators promoting the entrepreneurial empowerment of women and the development of inclusive business markets for SMEs and cooperatives.

Outlook

For over 100 years, one of the cornerstones of our success has been our ability to understand and adapt to the needs of our stakeholders. As we move our business forward into a future defined by change, Barloworld will continue to adapt as we strive for new ways to add value and to do business better.

In addition to our mandate to maximise value for our stakeholders, we appreciate the role of our value chain as a change agent – promoting equal opportunity, inclusivity and socio-economic development in the areas where we do business. We will continue to leverage our resources and partnerships towards these objectives.

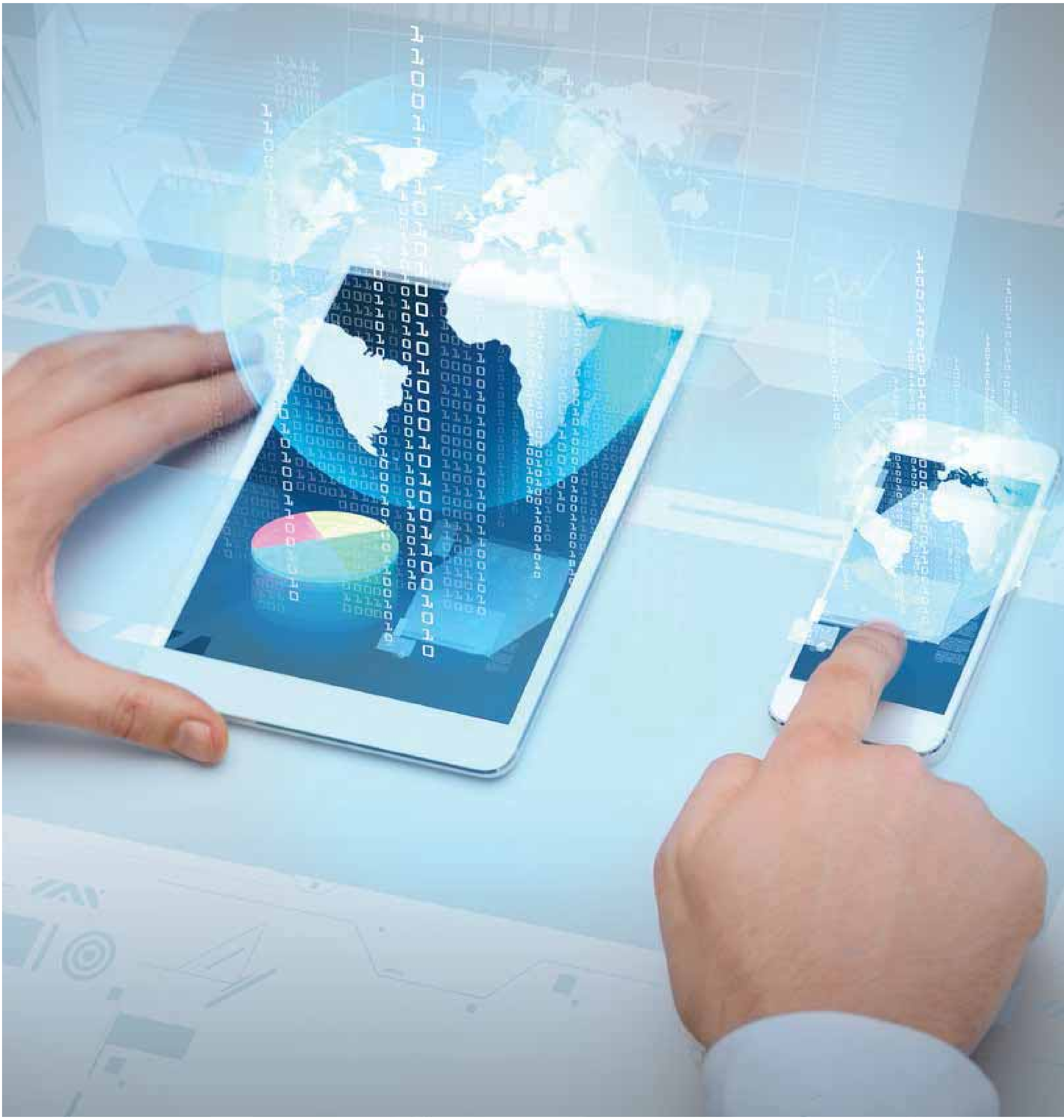
CTrack Mzansi

Charlie Pietersen has his hands full. As MD of CTrack Mzansi, his daily chores include running a subsidiary of DigiCore, one of the world's largest players in the fleet management and tracking industry. Yet, he confirms that the time he has spent with Barloworld Siyakhula as part of its supplier development outreach initiatives has been time well spent.

"You don't typically find that type of engagement from most suppliers in terms of supplier development. Barloworld Siyakhula has prepared us to think and function more strategically. It's very rare that you find companies that are willing to spend that type of time and energy on developing small firms like ours. Their outreach programme has been highly beneficial for us.

"Currently, we service Barloworld through BHP Billiton and Avis. We look forward to strengthening our partnership in future through Siyakhula."

Formed in 2011, CTrack Mzansi is DigiCore's black empowerment and enterprise development initiative. A young company with a staff contingent of 10 members, it has successfully leveraged the expertise and skills transfer of its parent company to penetrate both private and public sector opportunities in fleet management and tracking. In addition to its supply partnership with Barloworld, CTrack provides services to a host of other blue-chip organisations, including the Department of Labour and Debis (part of the Daimler Chrysler group).



Financial returns

Strategic intent

Achieve top-quartile financial returns as measured against peer groups in each of our chosen business segments.

Content

Summarised consolidated income statement

for the year ended 30 September

	Notes	Audited 2014 Rm	2013 Rm Restated*	% change
CONTINUING OPERATIONS				
Revenue		**62 101**	59 498	4
Operating profit before items listed below (EBITDA)		**6 170**	5 389	
Depreciation		**(2 198)**	(1 940)	
Amortisation of intangible assets		**(142)**	(136)	
Operating profit		**3 830**	3 313	16
Fair value adjustments on financial instruments		**(156)**	(47)	
Finance costs		**(1 117)**	(1 000)	
Income from investments		**39**	28	
Profit before exceptional items		**2 596**	2 294	13
Exceptional items	3	**(66)**	(79)	
Profit before taxation		**2 530**	2 215	
Taxation		**(837)**	(729)	
Profit after taxation		**1 693**	1 486	
Income from associates and joint ventures		**217**	185	
Net profit from continuing operations		**1 910**	1 671	
DISCONTINUING OPERATIONS				
Profit from discontinued operations	6	**428**	46	
Net profit		**2 338**	1 717	
Net profit attributable to:				
Owners of Barloworld Limited		**2 143**	1 609	
Non-controlling interest in subsidiaries		**195**	108	
		2 338	1 717	
Earnings per share (cents)				
– basic		**1 012.3**	763.0	
– diluted		**1 007.5**	759.2	
Earnings per share from continuing operations (cents)				
– basic		**810.3**	739.9	
– diluted		**806.4**	736.2	
Earnings per share from discontinued operations (cents)				
– basic		**202.0**	23.1	
– diluted		**201.1**	23.0	

**Restated for the treatment of IFRS 10, IAS 19 and discontinued operations – refer to note 10.*

Summarised consolidated statement of comprehensive income

for the year ended 30 September

	Audited	
	2014 Rm	2013 Rm Restated*
PROFIT FOR THE YEAR	**2 338**	1 717
Items that may be reclassified subsequently to profit or loss:	**370**	1 691
Exchange gains on translation of foreign operations	**862**	1 680
Translation reserves realised on disposal of foreign joint venture and subsidiaries	**(510)**	(14)
Gain on cash flow hedges	**25**	33
Deferred taxation on cash flow hedges	**(7)**	(8)
Items that will not be reclassified to profit or loss:	**(497)**	(290)
Actuarial losses on post-retirement benefit obligations	**(617)**	(320)
Taxation effect	**120**	30
Other comprehensive (loss)/income for the year, net of taxation	**(127)**	1 401
Total comprehensive income for the year	**2 211**	3 118
Total comprehensive income attributable to:		
Owners of Barloworld Limited	**2 016**	3 010
Non-controlling interest in subsidiaries	**195**	108
	2 211	3 118

**Restated for the treatment of IFRS 10, IAS 19 and discontinued operations – refer to note 10.*

Summarised consolidated statement of financial position

at 30 September

	Notes	Audited 2014 Rm	2013 Rm Restated*
ASSETS			
Non-current assets		**17 287**	16 023
Property, plant and equipment		**12 614**	11 356
Goodwill		**1 661**	1 820
Intangible assets		**1 380**	1 399
Investment in associates and joint ventures		**720**	571
Finance lease receivables		**123**	115
Long-term financial assets		**94**	108
Deferred taxation assets		**695**	654
Current assets		**26 719**	24 213
Vehicle rental fleet		**2 307**	2 081
Inventories		**11 814**	11 688
Trade and other receivables		**8 357**	7 687
Taxation		**79**	62
Cash and cash equivalents		**4 162**	2 695
Assets classified as held for sale	6		371
Total assets		**44 006**	40 607
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium		**316**	316
Other reserves		**4 517**	4 094
Retained income		**12 049**	11 035
Interest of shareholders of Barloworld Limited		**16 882**	15 445
Non-controlling interest		**604**	462
Interest of all shareholders		**17 486**	15 907
Non-current liabilities		**9 700**	9 611
Interest-bearing		**6 921**	7 285
Deferred taxation liabilities		**377**	421
Provisions		**182**	267
Other non-current liabilities		**2 220**	1 638
Current liabilities		**16 820**	14 983
Trade and other payables		**11 263**	10 780
Provisions		**1 046**	995
Taxation		**116**	240
Amounts due to bankers and short-term loans		**4 395**	2 968
Liabilities directly associated with assets classified as held for sale	6		106
Total equity and liabilities		**44 006**	40 607

**Restated for the treatment of IFRS 10, IAS 19 and discontinued operations – refer to note 10.*

Summarised consolidated statement of changes in equity

at 30 September

	Share capital and premium Rm	Other reserves Rm	Retained income Rm	Attributable to Barloworld Limited shareholders Rm	Non-controlling interest Rm	Interest of all shareholders Rm
Balance at 1 October 2012 (Restated)	309	2 433	10 181	12 923	298	13 221
Total comprehensive income for the year		1 655	1 355	3 010	108	3 118
Transactions with owners, recorded directly in equity						
Other reserve movements		6	21	27	142	169
Dividends			(522)	(522)	(86)	(608)
Treasury shares issued	3			3		3
Shares issued in current year	4			4		4
Balance at 30 September 2013 (Restated)	316	4 094	11 035	15 445	462	15 907
Total comprehensive income for the year		**370**	**1 646**	**2 016**	**195**	**2 211**
Transactions with owners, recorded directly in equity						
Other reserve movements		**52**	**7**	**59**	**39**	**98**
Dividends			**(639)**	**(639)**	**(92)**	**(731)**
Balance at 30 September 2014	**316**	**4 517**	**12 049**	**16 882**	**604**	**17 486**

Summarised consolidated statement of cash flows

for the year ended 30 September

	Notes	2014 Rm Audited	2013 Rm Restated* Audited
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating cash flows before movements in working capital		**6 302**	5 924
(Increase)/decrease in working capital		**(470)**	539
Cash generated from operations before investment in leasing and rental assets		**5 832**	6 463
Net investment in fleet leasing and equipment rental assets		**(2 143)**	(1 636)
Net investment in vehicle rental fleet		**(736)**	(572)
Cash generated from operations		**2 953**	4 255
Finance costs		**(1 125)**	(1 022)
Realised fair value adjustments on financial instruments		**(162)**	(54)
Dividends received from investments, associates and joint ventures		**197**	221
Interest received		**39**	28
Taxation paid		**(947)**	(821)
Cash inflow from operations		**955**	2 607
Dividends paid (including non-controlling interest)		**(742)**	(598)
Cash retained from operating activities		**214**	2 009
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries, investments and intangibles	4	**(323)**	(775)
Proceeds on disposal of subsidiaries, investments and intangibles	5	**1 316**	105
Net investment in leasing receivables		**(15)**	22
Acquisition of other property, plant and equipment		**(1 323)**	(818)
Replacement capital expenditure		**(476)**	(339)
Expansion capital expenditure		**(847)**	(479)
Proceeds on disposal of property, plant and equipment		**276**	117
Net cash used in investing activities		**(69)**	(1 349)
Net cash inflow before financing activities		**145**	660
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds on share issue			4
Shares repurchased for equity-settled share-based payment		**(34)**	(32)
Non-controlling equity loans			6
Purchase of non-controlling interest		**(4)**	(125)
Proceeds from long-term borrowings		**3 651**	1 614
Repayment of long-term borrowings		**(3 987)**	(1 748)
Increase/(decrease) in short-term interest-bearing liabilities		**1 535**	(339)
Net cash from/(used in) financing activities		**1 161**	(620)
Net increase in cash and cash equivalents		**1 306**	40
Cash and cash equivalents at beginning of year		**2 695**	2 476
Effect of foreign exchange rate movement on cash balance		**131**	208
Effect of cash balances classified as held for sale		**29**	(29)
Cash and cash equivalents at end of year		**4 162**	2 695
Cash balances not available for use due to reserving restrictions		**58**	189

**Restated for the treatment of IFRS 10, IAS 19 and discontinued operations – refer to note 10.*

Summarised notes to the consolidated financial statements

for the year ended 30 September

1. BASIS OF PREPARATION

The summary consolidated financial statements are prepared in accordance with the requirements of the Companies Act applicable to summary financial statements and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council. The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements, except for the adoption of the following amended or new standards and interpretations as detailed in note 11.

	Audited	
	2014 Rm	2013 Rm Restated*
2. RECONCILIATION OF NET PROFIT TO HEADLINE EARNINGS		
Net profit attributable to Barloworld shareholders	**2 143**	1 609
Adjusted for the following:		
(Profit)/loss on disposal of subsidiaries and investments (IFRS 10)	**(530)**	43
Profit on disposal of properties (IAS 16)	**(77)**	(18)
Impairment of goodwill (IFRS 3)	**208**	71
Reversal of impairment of investments in associates and joint ventures (IAS 28)	**2**	
Impairment of plant and equipment (IAS 16) and intangibles (IAS 38) and other assets	**94**	23
Loss on sale of plant and equipment excluding rental assets (IAS 16)		6
Taxation effect of remeasurements		(1)
Non-controlling interest in remeasurements	**27**	(2)
Headline earnings	**1 867**	1 731
Headline earnings from continuing operations	**1 813**	1 645
Headline earnings from discontinued operations	**54**	86
Weighted average number of ordinary shares in issue during the year (000)		
– basic	**211 669**	211 011
– diluted	**212 680**	211 953
Headline earnings per share (cents)		
– basic	**882.5**	820.8
– diluted	**877.7**	817.1
Headline earnings per share from continuing operations (cents)		
– basic	**856.5**	779.6
– diluted	**852.1**	776.1
Headline earnings per share from discontinued operations (cents)		
– basic	**26.0**	41.2
– diluted	**25.6**	41.0

**Restated for the treatment of IFRS 10, IAS 19 and discontinued operations – refer to note 10.*

Summarised notes to the consolidated financial statements continued

for the year ended 30 September

		Audited	
		2014 Rm	2013 Rm Restated*
3.	**EXCEPTIONAL ITEMS**		
	Profit/(loss) on acquisitions and disposal of investments and subsidiaries	**161**	(43)
	Impairment of goodwill	**(208)**	(31)
	Impairment of investments	**(2)**	
	Profit on disposal of property	**77**	18
	Impairment of property, plant and equipment, intangibles and other assets	**(94)**	(23)
	Gross exceptional loss from continuing operations	**(66)**	(79)
	Taxation (charge)/benefit on exceptional items	**(5)**	1
	Net exceptional loss from continuing operations	**(71)**	(78)
	Gross exceptional profit from discontinued operations		(40)
	Net exceptional loss before non-controlling interest	**(71)**	(118)
	Non-controlling interest on exceptional items	**(27)**	2
	Net exceptional loss	**(98)**	(116)
4.	**ACQUISITION OF SUBSIDIARIES, INVESTMENTS AND INTANGIBLES**		
	Inventories acquired	**(63)**	(218)
	Receivables acquired	**(5)**	(113)
	Payables, taxation and deferred taxation acquired	**36**	138
	Borrowings net of cash	**30**	353
	Property, plant and equipment, non-current assets, goodwill and non-controlling interest	**(100)**	(488)
	Total net assets acquired	**(101)**	(328)
	Goodwill arising on acquisitions	**(38)**	(37)
	Intangibles arising on acquisition in terms of IFRS 3 Business Combinations	**(42)**	(132)
	Total purchase consideration	**(181)**	(497)
	Investment and intangible assets acquired	**(142)**	(278)
	Cash amounts paid to acquire subsidiaries, investments and intangibles	**(323)**	(775)
	During the year the group acquired various businesses of which none was individually material.		
5.	**PROCEEDS ON DISPOSAL OF SUBSIDIARIES, INVESTMENTS AND INTANGIBLES**		
	Inventories disposed	**826**	90
	Receivables disposed	**160**	182
	Payables, taxation and deferred taxation balances disposed and settled	**(384)**	(159)
	Borrowings net of cash	**(180)**	(56)
	Property, plant and equipment, non-current assets, goodwill and intangibles	**878**	48
	Net assets disposed	**1 301**	105
	Less: Non-cash translation reserves realised on disposal of foreign subsidiaries	**(413)**	(14)
	Profit on disposal	**456**	14
	Net cash proceeds on disposal of subsidiaries	**1 343**	105
	Bank balances and cash in subsidiaries disposed	**(44)**	
	Proceeds on disposal of investments and intangibles	**17**	
	Cash proceeds on disposal of subsidiaries, investments and intangibles	**1 316**	105

The net cash proceeds on disposal of subsidiaries relates to the disposal of Fern Tree Gully, during October 2013, Flynt Logistics Operations during November 2013 and Handling Holland during December 2013. The proceeds on disposal of the remaining portion of Motor Retail Australia were received in April 2014. Additional proceeds of R3.2 million were received in June 2014.

**Restated for the treatment of IFRS 10, IAS 19 and discontinued operations – refer to note 10.*

	Audited 2014 Rm	2013 Rm Restated*
6. ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS		
Following the disposal of the Automotive Australia business on 31 March 2014 it has been classified as a discontinued operation.		
Results from discontinued operations are as follows:		
Revenue	**2 783**	5 508
Operating profit before items listed below (EBITDA)	**96**	166
Depreciation	**(10)**	(20)
Operating profit	**86**	145
Net finance costs and dividends received	**(8)**	(21)
Profit before exceptional items	**78**	124
Exceptional items		(40)
Profit before taxation	**78**	84
Taxation	**(24)**	(38)
Net profit of discontinued operations before profit on disposal	**54**	46
Profit on disposal of discontinued operations (including realisation of translation reserve)	**369**	
Taxation effect of disposal	**5**	
Profit from discontinued operations per income statement	**428**	46
The cash flows from the discontinued operations are as follows:		
Cash flows from operating activities	**198**	143
Cash flows from investing activities	**1 179**	(8)
Cash flows from financing activities	**(889)**	(95)
The major classes of assets and liabilities comprising the disposal group and other assets classified as held for sale are as follows:		
Property, plant and equipment		105
Goodwill		22
Investment classified as held for sale		30
Inventories		103
Trade and other receivables		80
Deferred tax asset		2
Cash balances		29
Assets of disposal group held for sale		371
Trade and other payables		(95)
Other current and non-current liabilities		(11)
Total liabilities associated with assets classified as held for sale		(106)
Net assets classified as held for sale		265
Per business segment:		
Automotive and Logistics		223
Equipment and Handling		42
Total group		265

The September 2013 assets held for sale relate to the net assets of the Ferntree Gully motor dealership in Australia, the Handling Holland dealership and the Flynt Logistics operations and were sold in the period.

Restated for the treatment of IFRS 10, IAS 19 and discontinued operations – refer to note 10.

Summarised notes to the consolidated financial statements continued

for the year ended 30 September

		Audited	
		2014 Rm	2013 Rm Restated*
7.	**DIVIDENDS**		
	Ordinary shares		
	Final dividend No 170 paid on 20 January 2014: 195 cents per share (2013: No 168 – 150 cents per share)	**413**	320
	Interim dividend No 171 paid on 17 June 2014: 106 cents per share (2013: No 169 – 96 cents per share)	**226**	202
		639	522
	Paid to non-controlling interest	**92**	86
		731	608
	Dividends per share (cents)	**320**	291
	– interim (declared May)	**106**	96
	– final (declared November)	**214**	195
8.	**CONTINGENT LIABILITIES**		
	Bills, lease and hire-purchase agreements discounted with recourse, other guarantees and claims	**1 720**	1 668
	Buy-back and repurchase commitments not reflected on the statement of financial position	**262**	288
	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.		
	A joint venture has received tax assessments relating to prior years which it is contesting. It is the present opinion of local management, after consulting with advisers, that the possibility of a material outflow of resources in connection with these assessments is considered to be remote.		
9.	**COMMITMENTS**		
	Capital expenditure commitments to be incurred:	**2 918**	2 262
	Contracted – Property, plant and equipment	**674**	718
	Contracted – Vehicle Rental Fleet	**1 251**	1 021
	Approved but not yet contracted	**993**	523
	Operating lease commitments	**3 154**	2 224
	Finance lease commitments	**1 252**	872

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

**Restated for the treatment of IFRS 10, IAS 19 and discontinued operations – refer to note 10.*

10. COMPARATIVE INFORMATION

In terms of IFRS 10, an investor controls (and therefore should consolidate) an investee when the investor has power over the investee, is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. An investee can either be a separate legal entity or a deemed separate entity. The cell captives do not meet the criteria to be classified as a separate entity. As a result Barloworld will not consolidate the cell captives from the 2014 financial year and will disclose the cell captives as investments in terms of IAS 39. The cells are actively managed on a fair value basis. The movement in the investment will go through the income statement and will be disclosed in the "Operating profit line". These changes are retrospective and the prior year numbers have been restated accordingly. The operating profit was reduced as follows: September 2013: R6 million and September 2012: R5 million but the net impact on headline earnings was zero.

Amendments to IAS 19 require that all actuarial gains and losses in respect of defined benefit post-employment plans are recognised in other comprehensive income. In addition, the standard no longer requires the expected return on plan assets to be recognised in profit or loss, rather a net interest income/expense is recognised on the net asset or liability. Plan administration expenses are recognised as operating expenses. All other remeasurements relating to plan assets are also recognised in other comprehensive income. These changes are retrospective and the prior year numbers have been restated accordingly. September 2013 operating profit was reduced by R64 million (September 2012: R58 million), net finance cost increased by R39 million (September 2012: R47 million) and the net after tax impact on headline earnings was a reduction of R83 million (September 2012: R58 million).

In addition, the prior year numbers were further restated to disclose the Australian automotive business as a discontinued operations. The business was sold effective 31 March 2014.

10. COMPARATIVE INFORMATION continued

Summarised consolidated income statement

	30 Sept 2013 Previously stated Rm	30 Sept 2013 Discontinued operations Rm	30 Sept 2013 IFRS 10/ IAS 19 Rm	30 Sept 2013 Restated Rm
Revenue	65 102	(5 508)	(96)	59 498
Operating profit before items listed below (EBITDA)	5 623	(165)	(69)	5 389
Depreciation	(1 960)	20		(1 940)
Amortisation of intangible assets	(136)			(136)
Operating profit	3 527	(145)	(69)	3 313
Fair value adjustments on financial instruments	(47)			(47)
Net finance costs and dividends received	(942)	21	(51)	(972)
Profit before exceptional items	2 538	(124)	(120)	2 294
Exceptional items	(119)	40		(79)
Profit before taxation	2 419	(84)	(120)	2 215
Taxation	(804)	38	37	(729)
Profit after taxation	1 615	(46)	(83)	1 486
Income from associates and joint ventures	185			185
Net profit from continuing operations	1 800	(46)	(83)	1 671
Discontinued operations				
Profit from discontinued operations		46		46
Net profit for the period	1 800		(83)	1 717
Net profit attributable to:				
Owners of Barloworld Limited	1 692		(83)	1 609
Non-controlling interest in subsidiaries	108			108
	1 800		(83)	1 717
Earnings per share (cents)				
– basic	801.9		(38.9)	763.0
– diluted	798.3		(39.1)	759.2
Earnings per share from continuing operations (cents)				
– basic	801.9	(23.1)	(38.9)	739.9
– diluted	798.3	(23.0)	(39.1)	736.2
Profit per share from discontinued operations (cents)				
– basic		23.1		23.1
– diluted		23.0		23.0
Condensed consolidated statement of comprehensive income				
Items that will not be reclassified to profit or loss:	(377)		87	(290)
Actuarial losses on post-retirement benefit obligations	(430)		112	(318)
Taxation effect	53		(24)	29

Summarised notes to the consolidated financial statements continued

for the year ended 30 September

10. COMPARATIVE INFORMATION continued

Summarised consolidated statement of financial position

	30 Sept 2013 Previously stated Rm	30 Sept 2013 IFRS 10/ IAS 19 Rm	30 Sept 2013 Restated Rm
ASSETS			
Non-current assets	15 997	26	16 023
Property, plant and equipment	11 356		11 356
Goodwill	1 820		1 820
Intangible assets	1 399		1 399
Investment in associates and joint ventures	571		571
Finance lease receivables	115		115
Long-term financial assets	82	26	108
Deferred taxation assets	654		654
Current assets	24 365	(152)	24 213
Vehicle rental fleet	2 081		2 081
Inventories	11 688		11 688
Trade and other receivables	7 698	(11)	7 687
Taxation	62		62
Cash and cash equivalents	2 836	(141)	2 695
Assets classified as held for sale	371		371
Total assets	40 733	(126)	40 607
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium	316		316
Other reserves	4 084	10	4 094
Retained income	10 977	58	11 035
Interest of shareholders of Barloworld Limited	15 377	68	15 445
Non-controlling interest	462		462
Interest of all shareholders	15 839	68	15 907
Non-current liabilities	9 708	(97)	9 611
Interest-bearing	7 285		7 285
Deferred taxation liabilities	404	17	421
Provisions	294	(27)	267
Other non-current liabilities	1 725	(87)	1 638
Current liabilities	15 080	(97)	14 983
Trade and other payables	10 787	(7)	10 780
Provisions	1 079	(84)	995
Taxation	246	(6)	240
Amounts due to bankers and short-term loans	2 968		2 968
Liabilities directly associated with assets classified as held for sale	106		106
Total equity and liabilities	40 733	(126)	40 607

10. COMPARATIVE INFORMATION continued

Condensed consolidated statement of cash flows

	30 Sept 2013 Previously stated Rm	30 Sept 2013 IFRS 10/ IAS 19 Rm	30 Sept 2013 Restated Rm
Cash flow from operating activities			
Operating cash flows before movements in working capital	5 936	(12)	5 924
Increase in working capital	535	4	539
Cash generated from operations before investment in rental assets	6 471	(8)	6 463
Net investment in fleet leasing and equipment rental assets	(1 636)		(1 636)
Net investment in vehicle rental fleet	(572)		(572)
Cash utilised in operations	4 263	(8)	4 255
Realised fair value adjustments on financial instruments	(55)	1	(54)
Finance costs and investment income	(771)	(2)	(773)
Taxation paid	(837)	16	(821)
Cash outflow from operations	2 600	7	2 607
Dividends paid (including non-controlling interest)	(598)		(598)
Net cash applied to operating activities	2 002	7	2 009
Net cash applied to investing activities	(1 349)		(1 349)
Acquisition of subsidiaries, investments and intangibles	(775)		(775)
Proceeds on disposal of subsidiaries, investments, intangibles and loans repaid	105		105
Net investment in leasing receivables	22		22
Acquisition of property, plant and equipment	(818)		(818)
Proceeds on disposal of property, plant and equipment	117		117
Net cash outflow before financing activities	653	7	660
Net cash from financing activities	(620)		(620)
Ordinary shares issued	4		4
Shares repurchased for forfeitable share plan	(32)		(32)
Purchase of non-controlling interest	(125)		(125)
Non-controlling equity loans	6		6
Increase in interest-bearing liabilities	(473)		(473)
Net decrease in cash and cash equivalents	33	7	40
Cash and cash equivalents at beginning of period	2 624	(148)	2 476
Effect of foreign exchange rate movements	208		208
Effect of cash balances held for sale	(29)		(29)
Cash and cash equivalents at end of period	2 836	(141)	2 695

Summarised notes to the consolidated financial statements continued

for the year ended 30 September

11. ACCOUNTING POLICIES

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

– IFRS 10 Consolidated Financial Statements (May 2011)
– IFRS 11 Joint Arrangements (May 2011)
– IFRS 12 Disclosure of Interest in Other Entities (May 2011)
– IAS 27 Separate Financial Statements (May 2011)
– IAS 28 Investments in Associates and Joint Ventures (May 2011)
– Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12) (June 2012)
– IFRS 13 Fair Value Measurement (May 2011)
– IAS 19 Employee Benefits (June 2011)
– IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities
– IFRS 1 Government Loans (March 2012)
– Annual improvements to IFRS 2009 – 2011 cycle (May 2012)
– Annual improvements to IFRS 2011 – 2013 cycle (Dec 2013)
– Annual improvements to IFRS 2010 – 2012 cycle (Dec 2013)

12. RELATED-PARTY TRANSACTIONS

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

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

13. PREPARER OF FINANCIAL STATEMENTS

These summarised consolidated financial statements have been prepared under the supervision of SY Moodley BCom CA(SA), Group General Manager: Finance.

14. OPERATING SEGMENTS

	Revenue		Operating profit/ (loss)		Fair value adjustments on financial instruments		Operating profit/ (loss) including fair value adjustments		Net operating assets/(liabilities)	
	2014 Rm	2013 Rm Restated*	**2014 Rm**	2013 Rm Restated*	**2014 Rm**	2013 Rm Restated*	**2014 Rm**	2013 Rm Restated*	**2014 Rm**	2013 Rm Restated*
Equipment and Handling	**30 960**	30 682	**2 284**	2 123	**(161)**	(54)	**2 123**	2 069	**14 845**	12 628
Automotive and Logistics	**31 137**	28 806	**1 644**	1 322	**1**	4	**1 645**	1 326	**9 145**	9 456
Corporate	**4**	10	**(98)**	(132)	**4**	3	**(94)**	(129)	**(1 292)**	(756)
Total group	**62 101**	59 498	**3 830**	3 313	**(156)**	(47)	**3 674**	3 266	**22 698**	21 328

**Restated for the treatment of IFRS 10, IAS 19 and discontinued operations – refer to note 10.*

Salient features

for the year ended 30 September

	Audited 2014	2013 Restated*
Financial		
Group headline earnings per share (cents)	**883**	821
Continuing headline earnings per share (cents)	**857**	780
Dividend per share (cents)	**320**	291
Continuing operating margin (%)	**6.2**	5.6
Continuing net asset turn (times)	**2.4**	2.6
Continuing EBITDA/interest paid (times)	**5.5**	5.4
Net debt/equity (%)	**40.9**	47.5
Group return on net operating assets (RONOA) (%)	**18.8**	18.0
Group return on ordinary shareholders' funds (%)	**11.6**	12.2
Net asset value per share including investments at fair value (cents)	**7 941**	7 266
Number of ordinary shares in issue, including BEE shares (000)	**231 292**	231 292
Non-financial – continuing operations#		
Energy consumption (GJ)	**2 953 038**	2 779 570
Greenhouse gas emissions (tCO_2e) – Scope 1 and 2	**273 986**	260 422
Water consumption (ML)	**785**	832
Number of employees	**19 616**	19 182
LTIFR†	**1.23**	0.99
Work-related fatalities	**3**	3
Corporate social investment (R million)	**17**	17
B-BBEE rating (level)+	**2**	2

	Closing rate		Average rate	
Exchange rates (Rand)	**2014**	2013	**2014**	2013
United States dollar	**11.30**	10.06	**10.57**	9.28
Euro	**14.27**	13.62	**14.35**	12.18
British sterling	**18.32**	16.30	**17.56**	14.48

**Restated for the treatment of IFRS 10, IAS 19 and discontinued operations – refer to note 10.*
 # Limited assurance – refer to page 139.
† Lost-time injuries multiplied by 200 000 divided by total hours worked.
+ Audited and verified by Empowerdex.

Who governs us

Directors

Brief profiles of the directors are set out below.

Non-executive directors

1 **Advocate Dumisa Buhle Ntsebeza SC**
Chairman
Age: 64 Nationality: South African
Qualifications: BA, BProc, LLB, LLM (International Law)

2 **Neo Phakama Dongwana**
Age: 42 Nationality: South African
Qualifications: BCom (Hons), CA(SA)

3 **Frances Ngozichukwuka Oluwatoyn Edozien**
Age: 49 Nationality: Nigerian
Qualifications: BA Social Studies, MBA, MA (Cambridge)

4 **Alexander Gordon Kelso Hamilton**
Age: 69 Nationality: British
Qualifications: MA (Cantab), FCA

5 **Alexander Landia**
Age: 51 Nationality: German
Qualifications: PhD Mathematics, Diploma in Mathematics

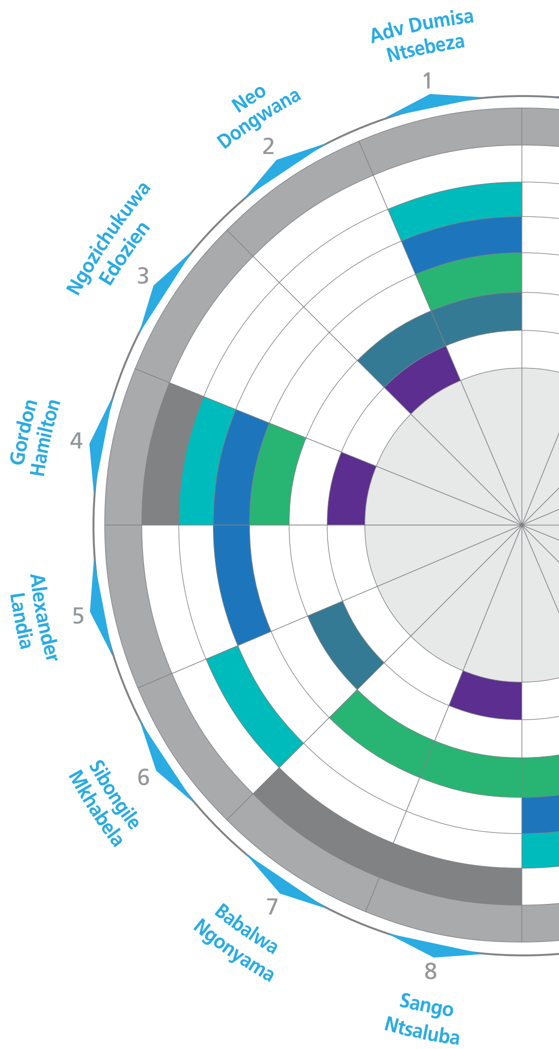
6 **Sibongile Susan Mkhabela**
Age: 58 Nationality: South African
Qualifications: BA Social Work (Hons), Dip Business Management, MAP

7 **Babalwa Ngonyama**
Age: 39 Nationality: South African
Qualifications: BCom (Accounting) CA(SA), MBA, HDip (Banking Law)

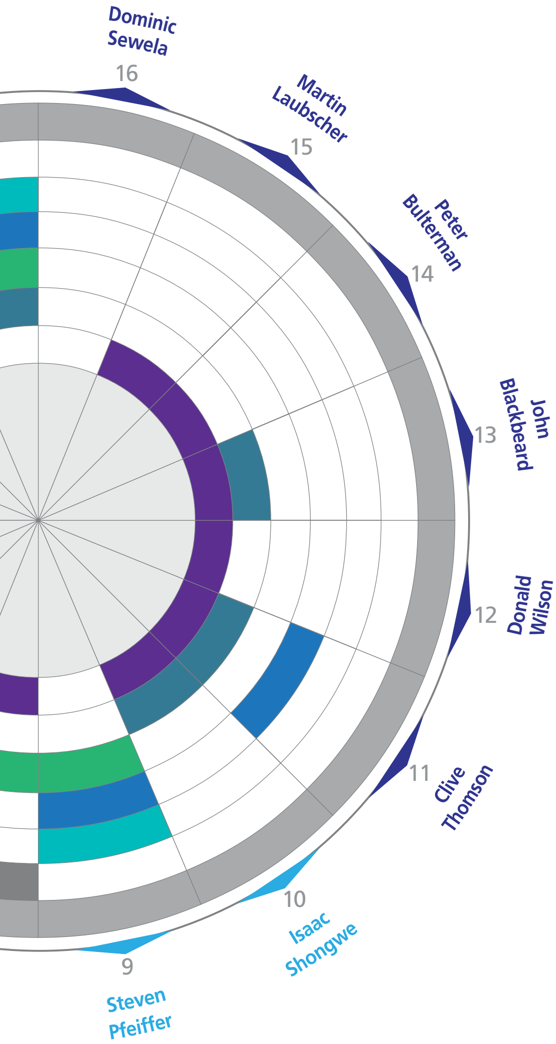
8 **Sango Siviwe Ntsaluba**
Age: 54 Nationality: South African
Qualifications: BCom, BCompt (Hons), CA(SA), HDip Tax Law

9 **Steven Bernard Pfeiffer**
Age: 67 Nationality: American
Qualifications: BA, MA (Oxon), JD (Yale)

10 **Oupa Isaac Shongwe (non-independent)**
Age: 52 Nationality: South African
Qualifications: BA (Hons), MPhil (Oxon)



Barloworld full Corporate Governance Report 2014



Executive directors

11 **Clive Bradney Thomson**
Chief executive
Age: 48 Nationality: South African
Qualifications: BCom (Hons), MPhil (Cantab), CA(SA)

12 **Donald Gert Wilson**
Finance director
Age: 57 Nationality: South African
Qualifications: BCom, CTA, CA(SA)

13 **Peter John Blackbeard**
Chief executive officer: Power Systems southern Africa, Iberia, Russia and Handling
Age: 57 Nationality: South African
Qualifications: BSc Eng (Mech) (Hons), Dip Business Management

14 **Peter John Bulterman**
Chief executive officer: Equipment southern Africa, Iberia and Russia
Age: 58 Nationality: South African
Qualifications: HDip Mechanical Engineering

15 **Martin Laubscher**
Chief executive officer: Automotive and Logistics
Age: 54 Nationality: South African
Qualifications: BAcc, BCompt (Hons), CTA, MCom (Business Management)

16 **Dominic Malentsha Sewela**
Chief executive officer: Equipment southern Africa
Age: 49 Nationality: South African
Qualifications: BSc Chemical Engineering

Committee diagram key

- Board
- Audit committee
- Nomination committee
- General purpose committee
- Remuneration committee
- Social, ethics and transformation committee
- Risk and sustainability committee

Corporate governance summary report

Ethical leadership

The board provides effective leadership based on a principled foundation and the group subscribes to high ethical standards. Responsible leadership, characterised by the values of responsibility, accountability, fairness and transparency, has been a defining characteristic of the company since its establishment in 1902.

The fundamental objective has always been to do business ethically while building a sustainable company that recognises the short and long-term impact of its activities on the economy, society and the environment. In its deliberations, decisions and actions, the board is sensitive to the legitimate interests and expectations of the company's stakeholders.

The business of the group is governed by a Worldwide Code of Conduct and a Code of Ethics, both approved by the board. The Worldwide Code of Conduct articulates Barloworld's commitment to doing business the right way, according to best practices, guided by the values of integrity, excellence, teamwork and commitment. The Code of Ethics enjoins Barloworld directors, management and employees to obey the law, to respect others, to be fair, honest and to protect the environment.

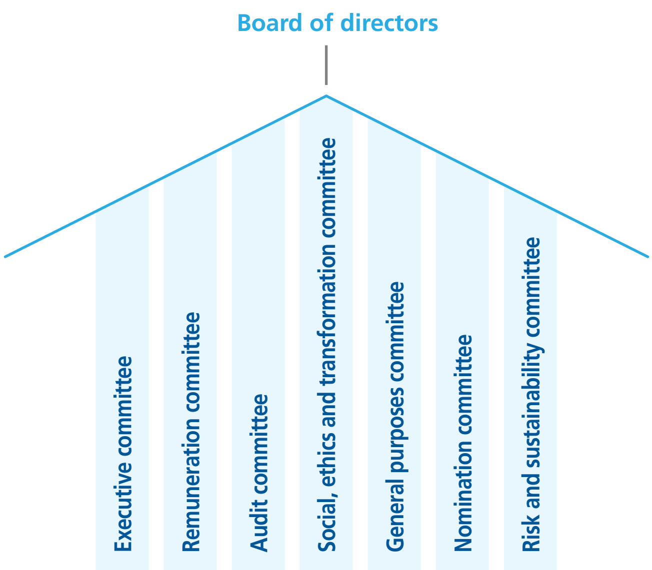
Corporate citizenship

The board and management recognise that Barloworld is an economic entity and also a corporate citizen. As such, it has a social and moral standing in society with all the attendant responsibilities.

Governance framework

The company's governance framework supports our 2015[3] strategic focus areas. The board plays a pivotal role in the strategy planning and establishes clear benchmarks to measure the company's strategic objectives.

The group applies the governance principles contained in King III and continues to further entrench and strengthen recommended practices in our governance structures, systems, processes and procedures.



GRI *4.1 to 4.17; HR1 to HR11*

Compliance with laws, rules, codes and standards

The board is responsible for ensuring that the group complies with applicable laws and considers adhering to non-binding rules, codes and standards. The board recognises that the group's operations are located in many jurisdictions which are at different levels of maturity and in which the rule of law exists in varying degrees.

Regulatory compliance

Barloworld is listed on the JSE Limited and maintains secondary listings on the London Stock Exchange (LSE) and Namibia Stock Exchange. The board annually confirms that the company complies with the Listings Requirements of the JSE Limited. Barloworld is not registered with the Securities and Exchange Commission in the United States and has unsponsored American depository receipts. Accordingly, the Sarbanes-Oxley Act of 2002 does not apply to the company.

Conflict of interest

The board consistently applies the provisions of the Companies Act on disclosing or avoiding conflicts of interest. Directors are required to declare their interests in general annually and specifically at each meeting of the board in accordance with the requirements of the Companies Act. Among other measures to deal with conflicts of interest, the company has a policy addressing the acceptance of gifts, which requires that gifts be officially declared and registered on the company's gift register.

Role and function of the board

The board functions in accordance with the requirements of King III and within the context of the Companies Act, the Listings Requirements of the JSE Limited and other applicable laws, rules and codes of governance. The board is responsible for, among other things, the governance of risk and information technology, and has ensured that the company has an effective, independent audit committee and an effective risk-based internal audit function.

The general powers of the directors are set out in the company's Memorandum of Incorporation. The directors have further unspecified powers and authority for matters that may be exercised and dealt with by the company, which are not expressly reserved to shareholders of the company in a general meeting.

The board always acts consistently in its duties of care, skill and diligence as well as its fiduciary duties. These are now partly codified in the Companies Act as standards of directors' conduct.

Composition of the board

Considerable thought is given to board balance and composition. Collectively, the board believes the current mix of knowledge, skill and experience meets the requirements to lead the company effectively. The board has 16 directors, comprising 10 non-executive directors and six executive directors.

Ms Ngozichukwuka Edozien and Mr Dominic Sewela were appointed to the board on 19 March 2014 as independent non-executive director and executive director, respectively.

Name	Year appointed	Audit	General purposes	Nomination	Remuneration	Risk and sustainability	Social, ethics and transformation
INDEPENDENT NON-EXECUTIVE DIRECTORS							
DB Ntsebeza (chairman)	1999		chairman	chairman	member		member
NP Dongwana	2012					member	member
FNO Edozien*	2014						
AGK Hamilton	2007	chairman	member	member	member	member	
A Landia	2013		member				
SS Mkhabela	2006			member			chairman
B Ngonyama	2012	member			member		
SS Ntsaluba	2008	member			member	chairman	
HT Nyasulu#	2007		member				
SB Pfeiffer	2001		member	member	chairman		
NON-INDEPENDENT NON-EXECUTIVE DIRECTORS							
OI Shongwe	2007					member	member
EXECUTIVE DIRECTORS							
CB Thomson (chief executive)	2003		member			member	member
PJ Blackbeard	2004					member	member
PJ Bulterman	2009					member	
M Laubscher	2005					member	
DM Sewela*	2014						
DG Wilson	2006					member	

Retired with effect from 29 January 2014.
* *Appointed with effect from 19 March 2014.*

Board appointment process

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

Independence of non-executive directors

The board comprises a majority of non-executive directors. The board has evaluated the rationale and meaning of the requirements of independence of directors according to King III. An assessment of the salient factors and unique circumstances of each non-executive director is performed annually. The independence of non-executives who have served on the board for longer than nine years is also assessed annually. The board is satisfied that nine of the ten non-executive directors are independent. Mr Isaac Shongwe is not regarded as independent.

Retirement of directors

In terms of the company's Memorandum of Incorporation, at every annual general meeting at least one-third of the directors retires from the board. According to the Companies Act, a director appointed by the board to fill a vacant seat will serve on a temporary basis until the vacancy has been filled by election at the next annual general meeting.

Messrs John Blackbeard, Martin Laubscher, Sango Ntsaluba, Adv Dumisa Ntsebeza SC and Ms Sibongile Mkhabela retire by rotation at the annual general meeting in February 2015 and all have offered themselves for re-election.

Ms Ngozichukwuka Edozien and Mr Dominic Sewela, having been appointed by the board in March 2014, must be elected by the shareholders at the AGM, scheduled to be held on 4 February 2015.

Chairman and chief executive

No individual has unfettered powers of decision-making. The responsibility for running the board and executive responsibility for conducting the business are differentiated. The chairman of the board, Adv Dumisa Ntsebeza SC, is an independent non-executive director and the chief executive, Mr Clive Thomson, is an executive director. The chairman is responsible for leading the board, ensuring its effectiveness and setting its agenda. The chief executive leads the executive team in running the business and coordinates proposals approved by the executive committee for consideration by the board.

Board meetings and attendance

Board meetings are convened by formal notice incorporating a detailed agenda and relevant written proposals and reports. Information is distributed in good time before board meetings to enable adequate preparation. A number of decisions are taken between board meetings by written resolution in accordance with the company's Memorandum of Incorporation and these are tabled for noting at each subsequent board meeting.

When directors are not able to attend in person, video and teleconferencing facilities allow them to participate fully. Where directors are unable to attend a meeting in person or via video/teleconference, they are able to make submissions in advance on matters to be discussed and these submissions are recorded at the meeting. The board and all the board committees meet as scheduled and, where necessary, special meetings are held to deal with specific aspects.

Name	Board 6^	Audit	Nomination	General purposes	Remuneration	Social, ethics and transformation	Risk and sustainability
DB Ntsebeza	6/6		4/4	6/6	5/5	4/4	
CB Thomson	6/6			6/6		4/4	4/4
PJ Blackbeard	6/6					3/4	4/4
PJ Bulterman	6/6						4/4
NP Dongwana	6/6					4/4	4/4
FNO Edozien*	4/6						
AGK Hamilton	6/6	6/6	4/4	6/6	5/5		4/4
A Landia**	5/6			2/6			
M Laubscher	6/6						4/4
SS Mkhabela	6/6		4/4			4/4	
B Ngonyama	5/6	6/6			5/5		
SS Ntsaluba	5/6	6/6			5/5		4/4
TH Nyasulu#	1/6			1/6			
SB Pfeiffer	6/6		4/4	6/6	5/5		
DM Sewela*	2/6						
OI Shongwe	6/6					4/4	3/4
DG Wilson	6/6						4/4

^ *Six scheduled and one special meeting.*
* *Appointed 19 March 2014.*
\# *Retired 29 January 2014.*
** *Appointed 19 March 2014 to the general purposes committee.*

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

Directors are appraised, wherever relevant, of new legislation and changing commercial risks that may affect the company. The board supports the development of directors and training is made available depending on each director's requirements and the quality and relevance of training available.

A formal continuing professional development policy for directors has been approved by the board. The policy is aimed at supporting and demonstrating the commitment of the directors and executives of Barloworld to ongoing high levels of ethics and business conduct.

Board and committee performance assessment
The performance of the board as a whole and the board committees individually is appraised annually. The recent performance assessment indicated that the board and the board committees are performing their duties and responsibilities effectively and efficiently.

Remuneration of directors and senior executives
Remuneration plays a critical role in attracting, motivating and retaining high-performing and talented individuals to achieve Barloworld's business objectives. A significant portion is linked to the achievement of strategic, operational and financial objectives.

Company secretary
Ms Lerato Manaka is the company secretary, duly appointed by the board in accordance with the Companies Act and the JSE Listings Requirements. The company secretary is not a director of the company. The board of directors annually considers and satisfies itself that the company secretary is properly qualified and experienced to carry out the duties and responsibilities of company secretary and that there is an arm's-length relationship between itself and the company secretary.

The company secretary provides the board as a whole and directors individually with guidance on discharging their responsibilities. She is also a central source of information and advice to the board and the company on matters of ethics and good corporate governance.

The company secretary ensures that, in accordance with pertinent laws, the proceedings and affairs of the board and its members, the company itself and, where appropriate, the owners of securities in the company are properly administered. She also assists and ensures that the board, individual directors and board committees are evaluated annually.

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

Risk management process
A written risk management philosophy issued by the chief executive and endorsed by the directors states that the company is committed to managing its risks and opportunities in the interests of all stakeholders. An ongoing systematic enterprise-wide risk assessment process supports the group philosophy. Divisional boards and senior managers conduct ongoing self-assessment of risk to identify critical business, operational, financial and compliance exposures and the adequacy and effectiveness of control factors at all levels. The group risk department oversees strategic direction and continuous improvement in methodology and process, as well as providing technical assistance.

Internal audit
The purpose, authority and responsibility of the internal audit function are defined in the internal audit charter that is consistent with the Institute of Internal Auditors' definition of internal auditing, and the principles of King III. The charter is updated and approved by the board annually. Although not reliant on external auditors for any resource support, the internal audit function, in accordance with the organisation's combined assurance model, continues to liaise with the external auditors and other assurance providers to maximise efficiencies in assurance coverage on key risks.

Share dealing
Through appropriate procedures, the board ensures that no director, officer, employee or nominees or members of their immediate family deal directly or indirectly in the securities of the company, either on the basis of unpublished price-sensitive information or during the embargo period determined by the board. A list of people who are restricted for this purpose has been approved by the board and is revised from time to time. A register of directors and officers is available for inspection at the company's registered office in Sandton, South Africa.

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

Remuneration summary report

This report is part of the remuneration report and will be put to a non-binding advisory vote by shareholders at the upcoming AGM. It summarises the company's remuneration policy for non-executive directors, executive directors and prescribed officers. The information provided in this report has been approved by the board on the recommendation of the remuneration committee. The full remuneration report is available on the company's website, www.barloworld.com.

Role of remuneration committee

The remuneration committee operates under terms of reference, a copy of which can be found on our website www.barloworld.com. The remuneration committee chairman reports formally to the board on the proceedings of the remuneration committee after each meeting and, in line with King III, will attend the annual general meeting of Barloworld to respond to any questions from shareholders regarding the remuneration committee's areas of responsibility.

Members of remuneration committee

The remuneration committee is constituted as follows:
- SB Pfeiffer (chairman) (independent non-executive)
- DB Ntsebeza (independent non-executive and chairman of the company)
- AGK Hamilton (independent non-executive)
- SS Ntsaluba (independent non-executive)
- B Ngonyama (independent non-executive)

The CE attends remuneration committee meetings by invitation, but does not participate in the voting process, and is not present when his own remuneration is discussed or considered. PricewaterhouseCoopers (PwC), the company's independent advisers, attend the meetings in an advisory capacity. The company secretary, Ms L Manaka, acts as secretary to the remuneration committee.

Advisers

During the 2014 financial year, the remuneration committee received advice and guidance from the following independent advisers:
- PwC – standing adviser to the remuneration committee on all executive and non-executive remuneration matters including guaranteed pay, short-term incentives, long-term incentives, non-executive directors' fees and general corporate governance standards
- PE Corporate Services – executive salary benchmarking and job grading

Linking remuneration to strategic objectives

Our business strategy concentrates on six strategic focus areas, which are supported by performance indicators.

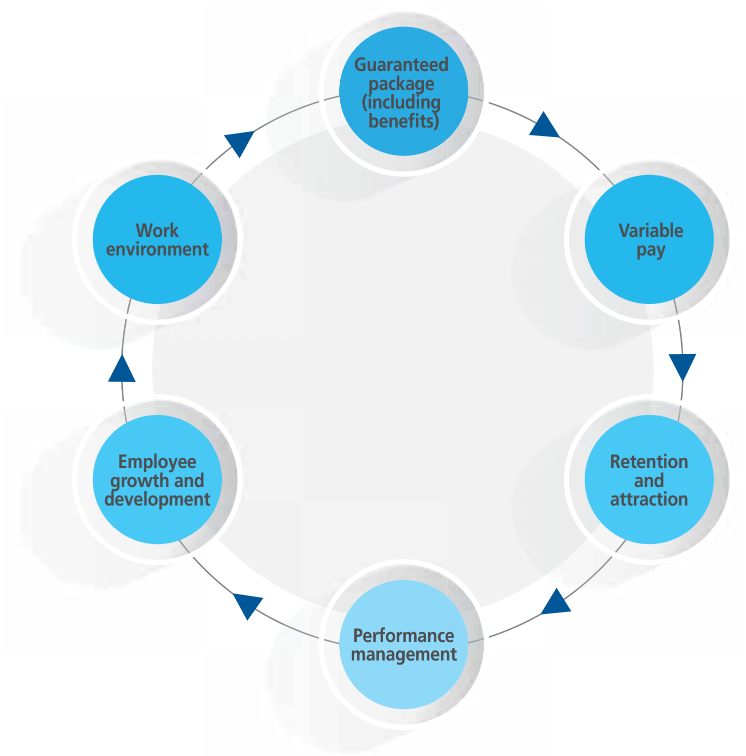
How we reward our staff, in particular our executive staff and prescribed officers, is in line with our dedication to achieving our strategic objectives. Below, we set out our six strategic focus areas, and how our remuneration policy and practices link in to these focus areas.

Strategic focus area	Strategic objectives	Link to remuneration policies and practices
Profitable growth	Achieve targeted compound growth in total shareholder returns over five years to September 2015.	– Executive remuneration is heavily weighted towards variable remuneration, to ensure the alignment of executive interests with those of our shareholders. As part of the variable remuneration offered to our executives, long-term incentive (LTI) awards under the Forfeitable Share Plan (FSP) and Share Appreciation Right Scheme (SAR) are made. The vesting of these awards is dependent on the achievement of stretching performance conditions
People	Build an organisation that adds value to employees as our success is based on inspired, aligned, empowered, results-driven, globally competitive, passionate people who create value through strategic innovation and continuous improvement.	– Barloworld aims to provide a level of remuneration which attracts, retains and motivates staff, in particular executives, of the highest calibre – Barloworld's overall remuneration philosophy is to ensure that executive directors and the senior executive team are fairly rewarded for their individual contribution to the company's operating and financial performance in line with its corporate objectives and strategy, and in line with this, we are committed to paying remuneration that is competitive relative to the target labour market in each country based on industry and market benchmarks reviewed by the company on an annual basis

@ Barloworld full Remuneration Report 2014

Strategic focus area	Strategic objectives	Link to remuneration policies and practices
Integrated customer solutions	Drive market leadership through competitive differentiation by accelerating the evolution of our business model from pure distribution to the provision of flexible, value-adding, integrated customer solutions.	– The short-term incentive (STI) rewards and motivates the achievement of agreed group, divisional and individual performance objectives. – In respect of personal scorecard objectives for the STI, key performance indicators (KPIs) such as the following would be included to drive performance in line with this strategic objective: – Market share targets – Customer loyalty and growth – Aftermarket growth targets
Sustainable development	Develop products and services to capitalise on emerging sustainable business opportunities, realise cost savings through energy efficiency and other sustainable business practices, and enhance Barloworld's reputation by leading in sustainable development.	– The STI rewards and motivates achievement of agreed group, divisional and individual performance objectives, and sustainable development KPIs are included in personal scorecard objectives
Empowerment & transformation	Enhance competitiveness, credibility, legitimacy and reputation in the eyes of all stakeholders by leading in broad-based empowerment and transformation.	– In respect of personal scorecard objectives for the STI, key performance indicators such as the following would be included: – B-BBEE rating level targets – Workforce diversity targets – Further, careful consideration is also given to internal equity within the group and to align the remuneration paid with shareholder interest and best practice
Financial returns	Achieve top-quartile financial returns as measured against peer groups in each of our chosen business segments.	– For the STI, a combination of the following metrics are used to ensure that financial returns remain a top priority for our executives: – Operating profit – Cash flow – Return on equity (ROE) – Headline earnings per share (HEPS) – For the LTI, returns on net operating assets is a performance condition for the FSP – Additionally, HEPS has been used, and continues to be used as a performance condition for both the FSP and the SAR

Barloworld has adopted a holistic approach to its remuneration philosophy for senior executives and general staff and has implemented a balanced design which consists of the following monetary and non-monetary components:



Divisional incentive plans are aligned such that divisional executives and management are incentivised on similar financial targets to executive directors, with total incentives benchmarked against market comparisons for equivalent levels of management.

Overview of remuneration

Role of benchmarking and salary adjustments

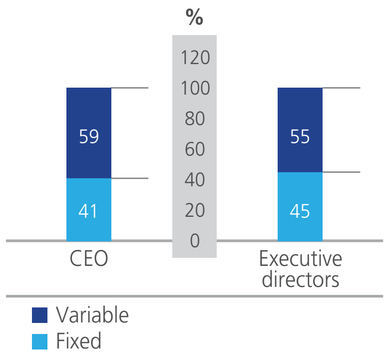
Barloworld operates the Towers Watson global grading methodology and structure. This assesses an executive's remuneration against an independently determined grade which is based on a number of factors including the "size" of the job (as measured by revenue and number of employees) as well as its "complexity" (incorporating aspects such as whether it is a domestic, international or global business).

Remuneration of divisional executives and senior management below executive director level is also benchmarked to independent market information based on the same grading system.

The remuneration committee approves salary increases and incentives for executive directors and prescribed officers on an individual basis. The salary adjustments for other employees are cascaded downwards throughout the group to the appropriate heads of divisions starting with the divisional CEO that approves the salary increases and incentives for executives on the divisional management boards.

Package design

Executive remuneration is heavily weighted toward variable remuneration as is illustrated below.



Elements of remuneration

The table below summarises the composition of the total remuneration package for executive directors and prescribed officers during the 2014 financial year. No material changes to the remuneration philosophy and practices in respect of executive directors and prescribed officers were made during the year, and none are envisaged for the 2015 financial year.

Element	Objective	Policy	Changes for 2015
FIXED			
Base salary	Reflects scope and nature of role, performance and experience.	In most cases, base salary is benchmarked around the median of the market. Variations around the median may be influenced by factors such as the nature of the assignment, level of experience of the executive, changes in responsibilities, performance track record, and strategic importance of the role. The company uses independent consultants, namely PE Corporate Services, to conduct the annual benchmarking exercise, and the results are discussed with PwC, as standing advisers to the remuneration committee. The level of base pay paid to executives is considered to be competitive in the appropriate labour market where the executive operates, as a result of the independent benchmarking performed, as well as the selection of comparator companies used.	None
Benefits	Provides employees with contractually agreed basic benefits such as medical aid, retirement funding and a company car or car allowance as per the human resource policy.	The percentage company contribution to benefits varies by country. In South Africa, a 14% company contribution to retirement funds applies.	None
VARIABLE			
Short-term incentive	Rewards and motivates achievement of agreed group, divisional and individual performance objectives.	Short-term incentives (annual bonuses) are paid in cash and are based on achievement against 12-month targets aimed at increasing shareholder value. The bonus operates on an additive basis and is capped at 125% of annual basic salary for executives and 150% for the CE. The criteria for earning a bonus consist of two elements, namely: – Personal objectives (incorporating non-financial measures). The attainment of agreed personal objectives will yield a maximum value of up to 30% of annual basic salary. The participant will need to have achieved a minimum of 70% of these objectives to qualify for this portion of the bonus – Financial performance targets. The attainment of financial objectives will yield a maximum value of up to 95% of annual basic salary for executives and 120% for the CE. Threshold, target and stretch performance targets are set by the remuneration committee annually in advance. In addition, the remuneration committee reviews the actual performance of the executives against the targets set at the beginning of the relevant year. The ultimate bonus payment is at the discretion of the remuneration committee.	No material changes expected

Element	Objective	Policy	Changes for 2015
VARIABLE			
Long-term incentive	Creates loyalty and ownership among employees and acts as a retention mechanism. Also aligns with shareholder interests and long-term value creation.	The company operates the following long-term incentive plans: – Forfeitable Share Plan (FSP) – Share Appreciation Right (SAR) Scheme It is essential for the group to retain skills over the longer term and to motivate and incentivise executive directors and other senior employees to drive sustainable value creation over multiple reporting periods and to be shareholders of the company. This is achieved through long-term incentive plans and annual awards using the FSP and SAR Scheme. In line with these objectives, in the case of the executive directors and prescribed officers, the FSP is 25% retention driven and 75% performance driven, and the SAR Scheme is 100% performance driven. An aggregate limit of 22 744 049 (twenty two million, seven hundred and forty four thousand and forty nine) shares equating to approximately 10% (ten percent) of the current issued share capital of the company applies to the all the share plans (including the old share option scheme). The maximum number of unvested FSP awards which may be made to any one participant is 0.25% of the issued ordinary share capital and the maximum number of unvested SARs granted to any one participant may not exceed 1% of the issued ordinary share capital of the company. On an annual basis, the remuneration committee determines the quantum of awards to be made, the performance targets and mix of instruments to be granted to eligible employees. **Forfeitable Share Plan (FSP)** Awards are structured as forfeitable share awards. This means that participants receive shares (including dividend and voting rights) on the date of award but those shares are subject to restrictions and a risk of forfeiture during a three-year vesting period. In addition, in respect of executive directors, the vesting of the majority of the forfeitable share award is subject to the satisfaction of performance targets. To the extent that the performance targets are not achieved, those shares subject to the targets will be forfeited and there will be no re-testing of the performance targets. The performance targets are measured over a three-year period. **Share Appreciation Rights (SARs)** The SAR Scheme was developed with the object and purpose of providing employees with an opportunity to benefit from growth in the value of the ordinary shares of Barloworld. The SARs are subject to a three, four and five-year vesting period. All SARs will lapse if not exercised within six years from date of grant. The first four awards (2006 to 2009) were cash-settled. From 2011, awards are equity-settled. From 2007, the entire SAR award was subject to a performance target.	None

Performance targets

The financial metrics for short and long-term incentives are set by the remuneration committee on an annual basis, and are carefully selected based on key business drivers over the short and long term.

The metrics which have been used in the past, and are envisaged to be used in future, are as follows:

Short-term incentive

Financial metrics

The financial metrics are set by the remuneration committee on an annual basis. These metrics are elected based on key business drivers over the short term. A combination of the following metrics has been used in the past and is envisaged to be used in future:

- Operating profit
- Cash flow
- Return on equity (ROE)
- Headline earnings per share (HEPS)

Group targets apply in the case of the CE and financial director. Group targets are considered appropriate for these individuals due to the strategic nature of these roles, and their responsibilities for the performance of the group as a whole.

Divisional targets apply for the rest of the executive directors and prescribed officers, with the exception of HEPS, which is measured for all on a group basis in recognition of the collective responsibility they bear for the performance of the group as a whole.

The targets set take into account the current trading conditions and challenges being faced by the company or relevant division and incorporate a meaningful level of stretch to motivate and retain senior employees. The threshold targets are set at a level which represents the minimum level of acceptable performance for the business.

Personal objectives

In respect of personal scorecard objectives, these would typically include aspects such as:

- Safety performance
- Market share targets
- People development and training
- Sustainable development key performance indicators
- Empowerment and transformation objectives
- Customer loyalty and growth
- Relationships with principals
- Aftermarket growth targets
- Acquisitions and disposals
- Special projects

The personal objectives component of the scheme is the same for the CE, executive directors and prescribed officers. The percentage of annual basic salary which will be paid as the portion of the STI which is attributable to personal performance is represented below.

Earning levels

The percentage of basic salary eligible to be paid as a bonus based on relative achievement against targets (threshold, target and stretch) is:

CE

Performance metric	Threshold %	Target %	Stretch %
Bonus based on financial targets	25	75	120
Bonus based on personal scorecard objectives	15	22.5	30
Total bonus	**40**	**97.5**	**150**

Executive directors and prescribed officers

Performance metric	Threshold %	Target %	Stretch %
Bonus based on financial targets	25	60	95
Bonus based on personal scorecard objectives	15	22.5	30
Total bonus	**40**	**82.5**	**125**

Long-term incentives

Details surrounding the performance conditions for the LTIs are set out below:

	SAR	FSP
Performance condition(s) and weighting	Headline earnings per share (HEPS) SARs are also subject to the inherent performance condition of share price appreciation above the strike price (being the current share price at the date of issue)	The following performance targets have been used and are envisaged to be used in future: – Relative total shareholder return (TSR) – HEPS – Return on net operating assets (RONOA)
Vesting of awards at threshold performance	25%	30%
Vesting of awards at on-target performance	100%	100%
Performance period	The performance conditions are measured over a three-year period, commensurately with the financial years of the company.	

Executive contracts

The main terms of the service contracts applicable to executive directors are summarised below:

PROVISION	POLICY
Contract term	Indefinite (or until normal retirement age in the relevant jurisdiction) subject to specified notice periods by the executive and the company
Notice period	– Nine months for the group CE – Six months for other executive directors
Termination of employment and change of control payments and/or automatic vesting of long-term incentives	Change of control clauses are covered by FSP and SAR rules and allow for proportionate vesting of awards. Change of control clauses in employment contracts provide for redundancy terms, based on established guidelines, in the event of termination of employment within six months of change of control
Restraint of trade	Not applicable
Other benefits	Certain executives may be employed in terms of expatriate contracts which include typical expatriate benefits in addition to the standard benefits

Non-executive directors

The appointment of non-executive directors (NEDs) is governed by a letter of appointment that sets out, among other things, the term of appointment, duties and responsibilities, fees and other payments, and termination of services.

NEDs receive a standard fee for their services on the board and board committees. The remuneration committee reviews the level of fees and makes recommendations to the board for consideration. A benchmarking exercise was conducted in November 2014 by PwC, the company's independent remuneration adviser. In terms of Barloworld's Memorandum of Incorporation, fees payable to NEDs must be approved by shareholders in general meeting. The current level of fees payable to non-executive directors was approved by Barloworld's shareholders at the annual general meeting held on 29 January 2014. Proposed fees for the 2015 financial year are set out in the notice to the annual general meeting.

Social, ethics and transformation report

Introduction

The social, ethics and transformation committee (the committee) is pleased to present its report for the financial year ended 30 September 2014.

The committee operates according to written terms of reference approved by the board and reviewed by the board annually. During the course of the 2014 financial year the committee met formally five times to discharge its duties and responsibilities. The committee has a clearly defined framework, aligned to the Companies Act, King III and other relevant legislation and standards, to determine the most effective processes and reporting formats to deal with matters under the committee's mandate. The framework complements existing monitoring and reporting initiatives.

The committee recognises the fact that some of its statutory functions overlap with the functions or mandates or terms of reference of other committees of the board. Where appropriate, these functions had been aligned to the mandate of the committee. In other areas of overlap, such as safety, health and environmental matters, the committee, without derogating from its duties and responsibilities, worked closely with and relied upon the work of other committees of the board.

The attendance schedule of the committee is disclosed on page 126 of the corporate governance report.

Composition

The committee consists of a mix of independent non-executive directors and executive directors. The committee is constituted as follows:

- SS Mkhabela (chairman – independent non-executive)
- PJ Blackbeard (executive)
- NP Dongwana (independent non-executive)
- DB Ntsebeza (independent non-executive and chairman of the company)
- OI Shongwe (non-independent non-executive)
- CB Thomson (CE)

Purpose of the committee

The role of the committee is to assist the board of Barloworld Limited in discharging its statutory duties of ensuring that:

- Diversity is promoted throughout its operations
- Non-discrimination is advanced through the elimination of any existing unfair discriminatory conditions, whether purposeful or inadvertent
- Broad-Based Black Economic Empowerment and transformation initiatives are pursued
- Social and economic development is promoted in communities in which the company operates
- The environment is protected
- Public health and safety is promoted
- Ethics is effectively managed in the group and is supported and governed by our values, in accordance with the Barloworld Worldwide Code of Conduct and Code of Ethics

Further, the committee strives to apply relevant codes of best practice including but not limited to the United Nations Global Compact Principles, The Organisation for Economic Co-operation and Development (OECD) guidelines regarding corruption, International Labour Organisation Decent Work Agenda, and the principles of good corporate citizenship as espoused in the King Report on Corporate Governance in South Africa.

The committee has access to any director or prescribed officers or employees of the company. Where appropriate, they have provided information or explanation necessary for the performance of the committee's functions.

Responsibilities

The committee carried out the following duties:

- Considered and reviewed the reports on the progress made by the company on the group's diversity programmes and the extent to which the company adhered to and implemented its desire to ensure that diversity is promoted throughout its operations
- Considered and reviewed the group stakeholder engagement policy and the implementation of the stakeholder management policy throughout the group aimed at ensuring a continued positive and lasting relationship with the company's stakeholders
- Reviewed and considered the corporate social responsibility (CSR) programmes, policy and strategy, which were driven by Barloworld values and commitment to responsible corporate citizenship
- Reviewed and considered the adequacy of the company's programme and policies for the effective management of ethics
- Received reports on the company's activities relating to the environment, health and public safety

Areas of focus for the year

Diversity

In view of the company's commitment to its values, the continued focus on monitoring the progress of the group's diversity strategy was a priority. The strategy involves identifying and eliminating any employment barriers, perceived or real, and to promote demographic representation in the workplace that more closely resembles that of the communities in which we operate. The committee received reports and presentations from the CEOs of each of the divisions regarding specific programmes and initiatives they have adopted.

Stakeholder engagement

The company continues to evolve its approach and strategic intent to stakeholder engagement. In order to advance stakeholder engagement in line with objectives set out in the group policy, a group stakeholder engagement forum, with divisional representation, had been established. Furthermore, working groups with cross-divisional representation were established to harmonise our approach with certain stakeholders. Good progress was made during the year regarding our approach to key common customers and our streamlined approach is expected to yield positive results including improved relationships.

Evaluation of the committee

The performance of the committee is formally assessed annually. The evaluation report confirmed that the committee was performing its overall responsibilities effectively and satisfactorily.

SS Mkhabela
Chairman of the committee

14 November 2014

Shareholder profile

Register date: 30 September 2014
Issued share capital: R231 291 819
Public and non-public shareholdings

SHAREHOLDER TYPE	Number of holders	% of total shareholders	Number of shares	% of issued capital
Non-public shareholders	25	0.21	20 885 260	9.03
Directors, prescribed officers and associates	12	0.10	1 385 342	0.60
Employee and educational trusts	4	0.03	5 014 905	2.17
Tamarix Investment Holdings (Pty) Limited	9	0.08	14 485 013	6.26
Public shareholders	11 663	99.79	210 406 559	90.97
Total	**11 688**	**100**	**231 291 819**	**100**

SHAREHOLDER SPREAD	Number of holders	% of total shareholders	Number of shares	% of issued capital
1 – 1 000 shares	8 557	73.20	3 080 416	1.33
1 001 – 10 000 shares	2 489	21.30	7 492 761	3.24
10 001 – 100 000 shares	473	4.05	15 252 381	6.59
100 001 – 1 000 000 shares	126	1.08	38 195 111	16.51
1 000 001 shares and above	43	0.37	167 271 150	72.33
Total	**11 688**	**100.00**	**231 291 819**	**100.00**

BENEFICIAL SHAREHOLDERS HOLDING 5% OR MORE Beneficial shareholdings	Total shareholding	%
Government Employees Pension Fund (PIC)	36 961 118	15.98
Total		

INVESTMENT MANAGERS HOLDING 5% OR MORE Investment manager	Total shareholding	%
Coronation Asset Management (Pty) Limited	35 356 689	15.29
PIC	29 590 523	12.79
Westwood Global Investments LLC	15 419 619	6.67
Dimension Fund Advisors	12 716 325	5.50
Total	**93 083 156**	**40.25**

GEOGRAPHICAL ANALYSIS OF SHAREHOLDERS – 2014 Region	Total shareholding	% of issued capital
South Africa	119 425 079	51.63
United States of America and Canada	55 757 143	24.11
United Kingdom	12 654 563	5.47
Rest of Europe	12 075 878	5.22
Rest of the world[1]	31 379 156	13.57
Total	**231 291 819**	**100**

GEOGRAPHICAL ANALYSIS OF SHAREHOLDERS – 2013 Region	Total shareholding	% of issued capital
South Africa	136 340 778	58.95
United States of America and Canada	57 210 591	24.74
United Kingdom	11 296 119	4.88
Rest of Europe	5 853 785	2.53
Rest of the world[1]	20 590 546	8.90
Total	**231 291 819**	**100.00**

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

Statement by board of directors

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

Signed by

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

22 December 2014

who have been duly authorised by the board.

DIRECTORS

Non-executive: DB Ntsebeza (chairman), NP Dongwana, FNO Edozien*, AGK Hamilton**, A Landia***, SS Mkhabela, B Ngonyama, OI Shongwe, SS Ntsaluba, SB Pfeiffer****

Executive: CB Thomson (chief executive), DG Wilson (finance director), PJ Blackbeard, PJ Bulterman, M Laubscher, DM Sewela

(Nigerian) **(British) *(German) ****(American)*

COMPANY SECRETARY

LP Manaka

Certificate by company secretary

In my capacity as the company secretary, I hereby certify that, to the best of my knowledge and belief, Barloworld Limited has lodged with the Registrar of Companies and Intellectual Property Commission all such returns and notices as are required of a public company in terms of the Companies Act, 71 of 2008 (as amended). Further, I certify that such returns and notices are true, correct and up to date.

LP Manaka
Company secretary

Sandton
14 November 2014

Independent auditors' report on summary financial statements to the shareholders of Barloworld Limited

The accompanying summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 30 September 2014, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited annual consolidated financial statements of Barloworld Limited for the year ended 30 September 2014. We expressed an unmodified audit opinion on those annual consolidated financial statements in our report dated 14 November 2014. Our auditor's report on the audited annual consolidated financial statements contained an Other Matter paragraph "Other reports required by the Companies Act" (included below).

The summary consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited annual consolidated financial statements of Barloworld Limited.

Directors' responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the framework concepts, and the measurement and recognition requirements of International Financial Reporting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council, the information as required by IAS 34 *Interim Financial Reporting*, and the requirements of the Companies Act of South Africa and for such internal control as the directors determine is necessary to enable the preparation of the summary consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

Opinion

In our opinion, the summary consolidated financial statements derived from the audited annual consolidated financial statements of Barloworld Limited for the year ended 30 September 2014 are consistent, in all material respects, with those annual consolidated financial statements, in accordance with the conceptual framework and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council, the information required by IAS 34 Interim Financial Reporting, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Other reports required by the Companies Act

The "other reports required by the Companies Act" paragraph in our audit report dated 14 November 2014 states that as part of our audit of the annual consolidated financial statements for the year ended 30 September 2014, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited annual consolidated financial statements. These reports are the responsibility of the respective preparers. The paragraph also states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited annual consolidated financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summary consolidated financial statements or our opinion thereon.

Deloitte & Touche

Deloitte & Touche
Registered Auditors

Per Graeme Berry
Partner

14 November 2014

The Woodlands, Woodlands Drive, Woodmead, Sandton

Independent auditors' non-financial assurance report

Limited assurance report of the independent auditors to the directors of Barloworld Limited (Barloworld) on their sustainability indicators and self-declared Global Reporting Initiative G3.1 (GRI) Application Level disclosures as contained in the integrated report and GRI Modular Response for the year ended 30 September 2014 (the Reports).

Scope of our work

We have undertaken a limited assurance engagement on the self-declared GRI G3.1 A+ Application Level and the following selected sustainability performance indicator disclosures published in the Barloworld integrated report and Modular Response for the year ended 30 September 2014:

Value created

- Statement of total value added

Community support

- Group corporate social investment spend (R million)

People

- Total number of employees
- Employee breakdown by race (RSA only) and gender

Safety

- Lost-time injury frequency rate and number of work-related fatalities

Environmental

- Fuel consumption – petrol and diesel (ML)
- Electricity consumption (MWh)
- Energy consumption (GJ)
- Carbon emissions (tCO_2e)
- Water consumption (ML)

Directors' responsibility for non-financial information

The directors are responsible for the preparation of the reports for the year ended 30 September 2014, including the implementation and execution of systems to collect required sustainability data and maintenance of internal control relevant to the preparation of the reports that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express our limited assurance conclusion on the above sustainability performance indicators and self-declared GRI G3.1 Application Level for the year ended 30 September 2014, based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" (ISAE 3000). This standard requires us to comply with ethical requirements and to plan and perform our assurance engagement to obtain sufficient appropriate evidence on which to base our limited assurance conclusion.

The evaluation criteria used for our assurance over the sustainability performance indicators is the Barloworld definitions as expressed in their Modular reporting. GRI G3.1 served as the criteria used for the Application Level assurance.

Our independence and quality control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants. In accordance with International Standard on Quality Control 1, Deloitte maintains a comprehensive system of quality control.

Summary of work performed

Considering the risk of material error, our multi-disciplinary team of sustainability assurance specialists planned and performed our work to obtain all the information and explanations we considered necessary to provide sufficient appropriate evidence. Our work was planned to mirror Barloworld's own group level compilation processes.

Key procedures we conducted included:

- Gaining an understanding of Barloworld's systems through interviews with management responsible for reporting systems at corporate head office and site level; and
- Reviewing the systems and procedures to capture, collate, aggregate, validate and process source data for the assured performance data included in the Reports

In a limited assurance engagement, evidence-gathering procedures are more limited than a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe that our evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our conclusion

Based on our examination of the evidence obtained, nothing has come to our attention which causes us to believe that the selected sustainability performance indicators are not fairly presented.

Based on the work performed on the reports, nothing has come to our attention that causes us to believe that management's declaration of an A+ Application Level in terms of the GRI G3.1 is not fairly stated.

Restriction of liability

Our work has been undertaken to enable us to express a limited assurance conclusion on the selected sustainability information to the directors of Barloworld in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than Barloworld, for our work, for this report, or for the conclusion we have reached.

Deloitte & Touche

Deloitte & Touche
Registered Auditors

Per Nina le Riche
Partner

14 November 2014

1st Floor, The Square, Cape Quarter, 27 Somerset Road, Green Point, Cape Town, 8005

Corporate information

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

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

This integrated report is printed on Trucard 1 Matt Bright White and Enigma Polar White which both contain woodpulps from well-managed forests.

BASTION GRAPHICS

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Corporate information

Online integrated report
For quick access on your mobile to the Barloworld website scan this QR code.

For more information on Barloworld:
www.barloworld.com

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LinkedIn **http://www.linkedin.com/company/barloworld-limited**

YouTube **http://www.youtube.com/barloworldLimited**

Send us your feedback
To ensure that we report on issues that matter to our stakeholders please provide any feedback and questions to: **invest@barloworld.com**, **sustainability@barloworld.com** or visit **www.barloworld.com** to download the feedback form.

Navigation aid

@ Web links **www.barloworld.com**

GRI Global Reporting Initiative (GRI 3.1) links to **http://www.barloworld-reports.co.za/integrated-reports/ir-2014/gri-index/index.php**

Forward-looking information
Our integrated report contains forward-looking information – that is, information related to future events. In this context, forward-looking statements often address our expected future business, results, financial performance and financial condition, and often contain words such as "expect", "anticipate", "intend", "plan", "believe", "seek", "could", "should", "would", "see," or "will". Forward-looking statements by their nature involve risk and uncertainty, as they relate to future events that are, to different degrees, not in Barloworld's control. Therefore actual events may differ materially from the stated expectations. Readers are thus cautioned not to place undue reliance on these statements which only provide management's view at the time of the report.

Barloworld
Leading brands

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