

Directors' report

for the year ended 30 September 2008

Nature of business

Barloworld Limited (Barloworld or company) is a registered holding company for a group that is a distributor of leading international brands providing integrated rental, fleet management, product support and logistics solutions. Barloworld comprises businesses that fit the strategic profile above, meet strict performance criteria and demonstrate good growth potential.

Barloworld maintains a primary listing on the main board of the JSE Limited. The company also has secondary listings on the London and Namibia stock exchanges.

Following the disposals of non-core businesses, the company comprises the following core divisions:

- Equipment (earthmoving and power systems)
- Automotive (car rental, fleet services and motor retail)
- Handling (forklift truck distribution and fleet management)
- Logistics (logistics and supply chain management)

Financial results

The financial results for the year ended 30 September 2008 are set out in detail on pages 124 to 263 of these annual financial statements.

Year under review

The year under review is fully covered in the chairman's, the chief executive's and the finance director's reviews.

Share capital

Details of the authorised and issued share capital, together with details of shares issued during the year, appear in note 13 to the annual financial statements on page 193.

Dividends

Details of the dividends and distributions declared and paid are shown in note 28 to the annual financial statements on page 214.

Unbundling of the coatings division

In furtherance of the objectives of unlocking the value gap between Barloworld's intrinsic value and its market value and the creation of a more focused group, Barloworld disposed of its interest in Coatings through a distribution of the ordinary shares of Coatings held by Barloworld to ordinary shareholders on 10 December 2007. Coatings listed on the JSE Limited on 3 December 2007 as Freeworld Coatings Limited.

Directors

Biographical notes of the current directors are given on pages 68 to 69. Details of directors' remuneration, share appreciation rights and options appear on pages 235 to 239.

Changes in directorate

During the financial year under review, Mr SS Ntsaluba was appointed to the board as an independent non-executive director. Messrs AJ Lamprecht, BP Diamond, TS Munday, PM Surgey and RC Tomkinson retired from the board.

According to the company's articles of association, at the forthcoming annual general meeting, Mr SS Ntsaluba, being a

director appointed during the financial year under review retires and Messrs PJ Blackbeard, MJ Levett, SB Pfeiffer, G Rodriguez de Castro Garcia de los Rios and Ms SS Mkhabela retire by rotation. All are eligible and have offered themselves for re-election, with the exception of Mr MJ Levett, who plans to step down at the annual general meeting.

Company secretary and registered office

The company secretary is Mr S Mngomezulu and his address and that of the registered office are as follows:

Business address	Postal address
180 Katherine Street Sandton South Africa	PO Box 782248 Sandton 2146 South Africa

Insurance

The group has placed cover in the London and South African traditional insurance markets of up to R2 billion and in excess of R30 million. Additional cover on a per risk basis has been purchased where appropriate. Group captive insurers provide cover for losses that may occur below the R15 million level, retaining R30 million in the aggregate.

Interests in transactions

Barloworld listed and unbundled its Coatings business in December 2007, which changed its business name to Freeworld Coatings Limited and listed on the JSE Limited on 3 December 2007. None of the directors as a consequence of the unbundling of the Coatings division have acquired additional shares. Following the unbundling, existing unvested options were re-priced on the terms disclosed in a circular to shareholders dated 8 November 2007.

On 8 September 2008, the shareholders voted in favour of the black ownership initiative for the acquisition by black participants of 10% of Barloworld's increased share capital. As part of the initiative, 108 303 Barloworld ordinary shares were allotted and issued for a cash consideration of R83.31 per Barloworld ordinary share to the beneficiaries of the Black Non-Executive Directors Trust, namely Messrs DB Ntsebeza and SAM Baqwa and Ms SS Mkhabela who would benefit equally from the allotment and issue of the Barloworld ordinary shares referred above. Full details on the initiative including funding were disclosed in a circular to shareholders dated 15 August 2008.

Subsidiary companies

Details of principal subsidiary companies appear on pages 240 to 241 of the annual financial statements.

International Financial Reporting Standards (IFRS)

The company's financial statements were prepared in terms of International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

Going concern

The directors consider that the company has adequate resources to continue operating for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in

preparing the company's financial statements. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

Major shareholders

Shareholders holding beneficially, directly or indirectly, in excess of 5% of the issued share capital of the company are detailed on page 83 of the annual report.

Black shareholding in the South African operations of Barloworld

Barloworld concluded its black ownership initiative for the acquisition by black participants of 10% of Barloworld's increased share capital in September 2008. The black participants will hold shares in Barloworld itself, and in terms of the BEE codes of Good Practice, only the South African operations are required to be empowered. The effective shareholding in the South African operations as a result of the black ownership initiative will be 29%. This shareholding exceeds the target in the Codes of 25%.

Events subsequent to the balance sheet date

Events subsequent to the balance sheet date are set out in note 43 on pages 247 of the consolidated annual financial statements.