

March 2009 reviewed Results

Barloworld Limited (Registration number 1918/000095/06)

JSE codes: BAW and BAWP

ISIN codes: ZAE000026639 and ZAE000026647

Reviewed results for the six months ended 31 March 2009

Strong operating cash generation in difficult trading environment
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- **Revenue increased 6% to R22 514 million**
- **Cash generated from operations up 26% to R1 195 million**
- **Operating profit before restructuring charges decreased 12% to R1 159 million**
- **Strong performance from Equipment southern Africa**
- **Automotive delivers good result in difficult markets**
- **Decisive action taken to reduce cost base in international operations**
- **Further improvement in debt maturity profile**
- **Interim dividend of 40 cents per share**

Clive Thomson, CEO of Barloworld, said:

“Trading in equipment southern Africa in the six months continued to be strong and the automotive division has performed well in difficult markets. However challenging trading conditions prevailed in our international operations and restructuring charges of approximately R114 million, principally in Iberia, were incurred to realign our cost base with lower activity levels. Negative financial instrument adjustments and higher net finance costs also impacted the group’s profits in the first half of 2009.

The overall trading environment in the second half is expected to remain difficult. In these circumstances we will retain our focus on expense and working capital management and our various initiatives should result in strong cash flow for the year. We expect to entrench our positions of market leadership and this will ensure that we are well placed to weather the economic downturn and position ourselves for long term success as the external environment improves.”

11 May 2009

Chairman and Chief Executive's Report

Operating review

The operating environment for the period under review has been challenging, particularly for our international operations. Severe recessions are forecast in the United States and Europe and the global economy is expected to contract in 2009 for the first time in the post war period. The South African economy has not been immune with GDP contracting by 1,8% in the last quarter of 2008 and every sign points to contraction in the first quarter of 2009. This means that the SA economy will now also be technically in recession.

Revenue to March from continuing operations increased by 6% to R22.5 billion while operating profit decreased by 20% to R1045 million. Excluding the restructuring costs of R114 million which have been incurred as part of our expense reduction plans, operating profits are 12% lower.

Equipment southern Africa performed well with revenue 20% up on the prior year and operating profits increased by 37% to R731 million. Despite the deferral of certain projects, the southern African operations experienced strong deliveries to the mining sector, mainly driven by coal and iron ore. Construction demand relating to infrastructure projects has also held up well. Angola continues to generate a significant contribution to equipment operating profit due to increased activity mainly in the construction segment as well as benefiting from a weaker rand.

In Iberia the Spanish economy has continued to deteriorate. The fall off in the construction market in Spain has been precipitous with the equipment industry unit sales down by approximately 65% in 2008. This negative trend has continued into 2009. Significant cost reduction plans have been implemented in both Spain and Portugal. Redundancy costs of R95 million (€7.3 million) were incurred in the first half for the negotiated staff reduction programme to realign the expense base to current activity levels. On the positive side the business gained significant market share and generated R578 million (€51 million) in cash for the period.

In Siberia revenue for the first half was 9% down on the prior year following lower trading levels mainly in the construction sector. Operating profits were marginally down.

The automotive division delivered a good result considering the difficult trading conditions with operating profits up 3%. Avis Rent a Car southern Africa generated revenue in line with the prior year notwithstanding that rental days were 8% down. The reduction of the fleet size by close to 10% has resulted in improved fleet utilisation and improved margins compared to the second half of 2008. The Scandinavian car rental business which is disclosed under discontinued operations was cash positive despite continued poor market conditions in all three countries in which we operate. Avis Fleet Services continued to grow both revenue as well as profits.

The motor retail business in southern Africa performed well in a declining market. Profit for the first half was 40% up on the prior year and benefitted from the consolidation of our NMI-DSM operations for the full period. The Australian motor retail business produced a result down on the prior year following the decline in the local motor industry.

In the handling division, the agriculture business continued to perform well but the lift truck market in South Africa has declined from last year. While the USA and UK handling businesses remained under pressure with both economies still depressed, we grew market share in the USA and maintained share in the UK. Markets in Belgium and the Netherlands are significantly down on last year.

Final Results

The logistics division has generated significantly higher revenue following the acquisition of the Dubai based Swift group and the Flynt operations in Hong Kong. The southern African business produced a satisfactory result despite difficult market conditions. The international operations in Iberia and UK incurred losses in the period under review while reduced volumes for Dubai and Hong Kong resulted in a lower than expected profit from the newly acquired businesses.

Headline earnings per share from continuing operations decreased by 46% to 199.6 cents. The reduction in earnings can mainly be attributed to the decline in operating performance in equipment Iberia, losses on financial instruments and higher net finance costs.

The board considered it prudent to reduce the interim dividend given the uncertainty prevailing in the current economic climate and credit markets. An interim dividend of 40 cents per share was declared.

Corporate activity

We, together with our appointed advisors, are continuing with the disposal process of our Scandinavian car rental operations. A confidential information memorandum has been distributed to interested parties after signing non-disclosure agreements. The process is progressing according to plan.

BEE and transformation

During the period, the value of the Barloworld shares held by the banks as security for funding our Black Economic Empowerment partners declined below specified levels. In the interests of the sustainability of the transaction our board resolved that the company place R125 million in an interest bearing deposit account to underpin the security held by the banks.

Our South African businesses have all been formally rated by an accredited agency and have achieved Level 4 or better BBEE ratings, which means that companies purchasing from the group will receive 100% credit for their procurement spend with our subsidiaries for the purpose of their own BEE scorecards.

Directorate

Mike Levett retired from the Board on 29 January 2009 after serving for more than 23 years. His valuable contribution to the board and the various board committees on which he served is greatly appreciated.

Outlook

It remains unclear how long the large western economies will remain in recession. Government intervention in the form of fiscal stimulus packages and monetary easing would appear to be having some impact in slowing down the sharp declines experienced. Economists believe that the US economy may bottom out in the latter part of 2009 but are unable to predict the timing of any upturn. The confidence levels of the highly indebted US consumer remain low in the wake of rising unemployment, falling home prices and tighter credit requirements.

Despite some expected slowdown in activity and a stronger rand in the second half, equipment southern Africa should hold up well due to our geographic diversity, our resilient

business model and the range of commodities mined in our territories. Infrastructure spend is set to continue and the power business is well positioned to capitalise on opportunities.

In Iberia the Spanish government fiscal stimulus plans should arrest the decline in economic activity in the latter half of the year with funding for some infrastructure projects coming on stream. Decisive management action taken to reduce the cost base will also yield benefits in the second half.

Whilst the gold mining and forestry segments remain relatively strong in Russia, the slowdown in other commodities and construction will result in lower revenues and profitability in the second half.

In the automotive division, rental day volumes for the Avis Rent a Car operation in southern Africa will remain under pressure, but should be countered by improved fleet utilisation. The motor retail business in southern Africa is anticipated to hold its own in a market where we expect new vehicle sales to remain under pressure for 2009, but the used vehicle profit contribution is forecast to improve. The weaker Australian retail market is likely to persist. Avis Fleet Services should continue to do well.

In the handling division, trading in the agriculture business should remain strong but the lift truck market in South Africa will be down as the economy slows. Trading conditions will continue to be difficult in the USA and Europe and the focus will be on improving efficiency and reducing costs further through management initiatives being implemented.

Our logistics business in South Africa is expected to perform satisfactorily, however the international operations will continue to be adversely impacted by the drop in trade volumes as a result of the global economic downturn.

The overall trading environment in the second half is expected to remain difficult. In these circumstances we will retain our focus on cash flow generation through operational efficiencies and expense reduction, working capital improvement, streamlining capital expenditure and optimisation of rental and leasing fleets. These initiatives will result in strong cash flow for the full year which will reduce debt and strengthen the group balance sheet. Furthermore, we expect to entrench our positions of market leadership through product and service excellence. This will ensure that we are well placed to weather the economic downturn and position ourselves for long term success as the external environment improves.

DB Ntsebeza
Chairman

CB Thomson
Chief Executive Officer

Group Financial Review

Revenue from continuing operations increased by 6% to R22.5 billion. Good growth in South African mining and Angola resulted in equipment southern Africa increasing revenue by 20%. The consolidation of the NMI – DSM motor dealerships in March 2008 and the acquisition of the Swift and Flynt International logistics businesses in April 2008 collectively contributed revenue of R2.5 billion in the past six months.

Operating profit declined by 20% to R1 045 million. Reduced demand in Europe, the USA and the Far East due to reduced economic activity, adversely impacted profits earned in these regions by the equipment, handling and logistics businesses. In Iberia, a redundancy charge of R95 million was incurred to realign the expense base with lower activity levels.

The financial instrument losses of R74 million (1H'08: R69 million gain) arose mainly from marking to market foreign exchange contracts in equipment and handling due to rand volatility at the end of the period. The marking to market of shares held in Pretoria Portland Cement Limited in respect of share option obligations resulted in a loss of R4 million (1H'08: R45 million).

Net finance costs increased by R110 million compared to 2008 mainly due to higher borrowings to support growth in working capital in equipment southern Africa, the logistics acquisitions and higher interest rates.

Taxation, before Secondary Tax on Companies (STC), declined by 47% to R161 million. The average effective tax rate, excluding STC, prior year taxation and taxation on exceptional items was 29% (1H'08: 28%).

Income from associates and joint ventures rose sharply to R76 million (1H'08: R18 million) reflecting strong deliveries in the equipment joint venture in the Democratic Republic of Congo.

The loss of R52 million from discontinued operations is mainly attributable to losses incurred in the period in car rental Scandinavia. In 2008 a gain of R332 million was realised on the disposal of the laboratory business.

Headline earnings per share from continuing operations declined by 46% to 199.6 cents (1H'08: 366.8 cents). The decrease is largely attributable to lower profits in Iberia, financial instrument losses and higher net finance costs.

Cashflow and borrowings

The focus on cashflow resulted in cash generated from operations in the period improving to R1 195 million (1H'08: R945 million). Working capital increased by R777 million during the first six months (1H'08: R1 640 million) driven mainly by the increased activity in equipment southern Africa. The increase in southern Africa was, however, partially offset by a release of R494 million in working capital in equipment Iberia as management initiatives yielded benefits.

Net cash applied to investing activities of R595 million (1H'08: R1 300 million), includes net additions to property, plant and equipment of R521 million and a net investment in fleet leasing and equipment rental assets and car rental vehicles of R114 million. The reduction on last year is mainly due to the deferral of non-essential capital expenditure and increased focus on optimising the rental fleets and leasing assets.

Final Results

Total debt to equity (%)	Trading	Leasing	Car rental	Total group
Target range	30 - 50	600 - 800	200 - 300	
Ratio at 31 March 2009	56	622	143	84
Ratio at 30 September 2008	51	552	165	82

Total interest-bearing borrowings of R11 255 million represent a group debt to equity ratio of 84% (September 2008: 82%). We continue to focus on improving the maturity profile of our borrowings. In the past six months additional long-term funding of R1 450 million has been raised through a seven-year corporate bond issue of R750 million and a five year term loan of R700 million. Short-term borrowings of R4 198, million which includes commercial paper of approximately R2 000 million raised in the local market, represents 37% of total borrowings (September 2008:43%).

At March the group had confirmed unutilised funding facilities of R7 459 million. In addition cash and cash equivalents at March amounted to R1 132 million. Working capital in the group, particularly in the equipment division, traditionally peaks in the first six months of the financial year. This trend is again forecast for this year which should result in a further reduction of short-term borrowings by September 2009 and we expect gearing for the trading segment to be within our target range.

Total assets employed in the group increased to R34 614 million (September 2008: R33 957 million) mainly due to a weaker rand.

Going forward

Our strategy is to further strengthen our balance sheet by focusing on cashflow and debt reduction. We have experienced good operating cashflows in the first half of the year even though the higher activity levels in equipment southern Africa contributed to an increased investment in working capital. We forecast to reverse the working capital outflow in the second half and we expect the group to be strongly cash positive as we deliver the firm order book in the back end of the year.

DG Wilson
Finance Director

Operational reviews

In the case of the leasing businesses, the operating profit is net of interest paid. Income from associates, which includes our share of earnings from joint ventures, is shown at the profit after taxation level.

Net operating assets comprise total assets less non-interest bearing liabilities. Cash is excluded as well as current and deferred taxation assets and liabilities. In the case of the leasing businesses, net assets are reduced by interest-bearing liabilities.

Comparative numbers have been restated as per note 20.

EQUIPMENT

R million	Revenue			Operating profit /(loss)			Net operating assets	
	Six months ended		Year ended	Six months ended		Year ended	31 Mar 09	30 Sep 08
	31 Mar 09	31 Mar 08	30 Sep 08	31 Mar 09	31 Mar 08	30 Sep 08		
- Southern Africa	5 888	4 920	11 930	731	532	1 523	5 566	4 178
- Europe	3 207	4 262	8 459	(45)	332	534	4 604	4 972
	9 095	9 182	20 389	686	864	2 057	10 170	9 150
Share of associate income				77	11	62		

Despite the global economic slowdown the southern Africa equipment business produced strong results for the period. We grew our market leadership position in most territories, with continued demand for infrastructure development and delivery of mining machines contributing to the result. We expect to deliver almost as many machines to the mining industry this year as in the past financial year.

Angola again recorded substantial growth and our business in Mozambique was awarded a significant machine order for a major coal mining project that will result in ongoing activity for several years. The power business continues to provide opportunities for increased revenues.

Our strategy to attract, retain and develop skilled people to sustain our customer support has continued. Construction of our dedicated technical training centre in Isando, together with accommodation, is progressing according to plan.

The customer order book remains at high levels by historic standards but lead times on orders for large Caterpillar machines have shortened considerably. Working capital levels have increased in the first half but we anticipate this reversing in the second half as outstanding orders on Caterpillar have reduced. We expect significant positive cash flows as we deliver the customer order book and optimise our inventory holding over the next 6 months.

While activity is expected to slow our business should hold up well due to our geographic diversity, our balanced business model of new, used and rental solutions, and the diversity of commodities we serve. Our comprehensive after sales, parts and service business is also expected to remain strong due to the large installed Caterpillar machine

population across southern Africa. We are taking action to reduce the expense base in those territories and regions where activity is expected to slow.

The Spanish economy remains depressed and investment in the construction equipment market has fallen by around 65%. Our revenues are down 37% in Euros and decisive management action has been taken to realign the cost base with reduced activity levels. This has necessitated a 402 headcount reduction since the middle of last year and redundancy costs of R95 million (€7.3 million) have been provided. The final stage of the redundancy plan has now been executed and annualised cost savings of approximately €9 million are expected.

There has also been intense focus on working capital management and the business generated R590 million (€51 million) in cash flow for the six months. We expect to further reduce working capital in the second half.

Despite the difficult economic conditions we grew market share in Spain by an unprecedented 5.1 percentage points and we expect to be able to maintain this positive trend. The government stimulus package should start to have a positive impact in the latter part of the year when some infrastructure projects are expected to receive funding.

In Portugal, economic activity is also depressed however the recent increase in public works awards should see some improvement in the coming months.

Share of associate income includes our joint ventures in the Democratic Republic of Congo (DRC) and Russia. We had strong deliveries of existing customer order books in the DRC although activity has now slowed considerably. Revenue in Russia was marginally down on the previous year as construction activity declined.

AUTOMOTIVE

R million	Revenue			Operating profit / (loss)			Net operating assets	
	Six months ended		Year ended	Six months ended		Year ended	31 Mar 09	30 Sep 08
	31 Mar 09	31 Mar 08	30 Sep 08	31 Mar 09	31 Mar 08	30 Sep 08		
Car rental Southern Africa	824	826	1 586	155	172	250	2 600	2 849
- Southern Africa	5 679	5 410	11 622	101	72	143	1 831	1 850
- Australia	1 260	1 403	2 849	12	33	62	1 007	983
Trading	6 939	6 813	14 471	113	105	205	2 838	2 833
Leasing Southern Africa*	534	451	948	52	33	85	365	366
	8 297	8 090	17 005	320	310	540	5 803	6 048
Share of associate (loss)/income				(3)	6	6		

*Operating profit after deducting interest paid and net operating assets after deducting interest-bearing borrowings

Our integrated motor vehicle usage solutions strategy proved resilient and the division has delivered a good result in difficult trading conditions. Overall margin has improved on the prior year and the operations produced strong positive cash flow during the period under review.

Avis Rent a Car southern Africa achieved a 7% increase in rate per day and improved overall fleet utilisation, while negative rental day growth softened the result. The operating margin was supported by an improved used vehicle contribution.

The southern African motor retail operations generated improved demand for used vehicles offset by declining new vehicle sales volumes. Operating profit benefited from the consolidation of our NMI-DSM operations, as well as the sale of 50% of the Subaru importation and distribution business, now disclosed as an associate. Our 'Fewer, Bigger, Better' approach continues to support the overall strategy of the division. Softer market conditions in Australia impacted the result.

Our fleet services business showed a strong overall improvement, supported by quality fleet growth.

Associates include our Phakisaworld and Sizwe BEE joint ventures and now also include our Subaru importation and distribution joint venture.

HANDLING

R million	Revenue			Operating profit / (loss)			Net operating assets	
	Six months ended		Year ended	Six months ended		Year ended	31 Mar 09	30 Sep 08
	31 Mar 09	31 Mar 08	30 Sep 08	31 Mar 09	31 Mar 08	30 Sep 08		
- Southern Africa	517	507	1 027	87	45	124	474	259
- Europe	1 196	1 574	3 193	(31)	26	8	691	636
- United States	989	909	1 849	(20)	16	40	660	638
Trading	2 702	2 990	6 069	36	87	172	1 825	1 533
Leasing*	30	71	76	8	11	-	75	76
	2 732	3 061	6 145	44	98	172	1 900	1 609
Share of associate income				2	-	3		

*Operating profit after deducting interest paid and net operating assets after deducting interest-bearing borrowings

In southern Africa the first half produced a strong result, however trading for the lift truck market is slowing in line with the contracting economy. The lift truck order book is down on the previous year. The good performance of the agriculture business was assisted by favourable rain patterns, declining interest rates, and stable food prices. The result has also been boosted by foreign exchange gains. High inventory levels are a timing issue related to deliveries from principals and are expected to reduce considerably over the next six months.

The overall lift truck markets in our European territories were down by some 40%. The Netherlands and Belgium operations were significantly impacted by the market downturn but both remain profitable. The UK produced a loss in a difficult market. Assets have been reduced significantly in local currencies due to focus on working capital management, capital expenditure reduction and optimisation of rental fleets.

The overall market in the US is down by 43%. In this environment, the US business produced a loss with lower overall sales compared to the previous year, but market share has grown.

Significant cost reductions have been achieved and further restructuring is currently underway in Europe and the US to remove additional costs and realign the expense base with current activity levels.

LOGISTICS

R million	Revenue			Operating profit /(loss)			Net operating assets	
	Six months ended		Year ended	Six months ended		Year ended	31 Mar	30 Sep
	31 Mar 09	31 Mar 08	30 Sep 08	31 Mar 09	31 Mar 08	30 Sep 08	31 Mar 09	30 Sep 08
Southern Africa	1 119	631	1 970	34	41	105	505	430
Europe, Middle East and Asia	1 243	186	1 238	(1)	5	30	878	855
	2 362	817	3 208	33	46	135	1 383	1,285

The African business has seen some impact as a result of the economic downturn however the supply chain management business has thus far proved to be resilient during this period. Organic growth is expected to continue.

The prevailing economic conditions and the resultant drop in trade volumes has contributed to lower levels of activity in volume-based businesses in Europe, the Middle East and Asia. This is expected to continue throughout 2009.

Significant cost saving initiatives have been implemented throughout the division including staff reductions. In addition, considerable effort has been expended in relation to working capital management.

Notwithstanding the downturn, clients continue to express interest in the division's service offering and a number of new engagements have been concluded. Management foresees further organic growth on a strategically focussed basis.

CORPORATE

R million	Revenue			Operating profit / (loss)			Net operating assets / (liabilities)	
	Six months ended		Year ended	Six months ended		Year ended	31 Mar 09 30 Sep 08	
	31 Mar 09	31 Mar 08	30 Sep 08	31 Mar 09	31 Mar 08	30 Sep 08		
Southern Africa	28	33	83	(25)	2	(263)	584	513
Europe	-	-	-	(13)	(8)	10	(319)	(229)
	28	33	83	(38)	(6)	(253)	265	284
Share of associate income				-	-	1		

In southern Africa the operating profit to March 2008 included a gain of R27 million attributable to a decrease in the group's liability for PPC share options. The operating loss for September 2008 includes the BEE charge of R337 million.

Dividend declaration for the six months ended 31 March 2009: Dividend Number 161

Notice is hereby given that the following dividend has been declared in respect of the year ended 31 March 2009: Number 161 (interim dividend) of 40 cents per ordinary share.

In compliance with the requirements of the JSE Limited, the following dates are applicable.

Date declared	Monday, 11 May 2009
Last day to trade cum dividend	Friday, 29 May 2009
First trading day ex dividend	Monday, 1 June 2009
Record date	Friday, 5 June 2009
Payment date	Monday, 8 June 2009

Share certificates may not be dematerialised or rematerialised between Monday, 1 June and 5 June 2009, both days inclusive.

On behalf of the board

S Mngomezulu
Secretary

Final Results

About Barloworld

Barloworld is a distributor of leading international brands providing integrated rental, fleet management, product support and logistics solutions. The core divisions of the group comprise Equipment (earthmoving and power systems), Automotive (car rental, fleet services and motor retailing), Handling (forklift truck distribution and fleet management) and Logistics (logistics and supply chain management).

We offer flexible, value adding, integrated business solutions to our customers backed by leading global brands. The brands we represent on behalf of our principals include Caterpillar, Hyster, Avis, Budget, Audi, BMW, Ford, General Motors, Mercedes-Benz, Toyota, Volkswagen and others.

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

The company was founded in 1902 and currently has operations in 42 countries around the world with approximately half of our twenty thousand employees in South Africa.

Directors

Non executive: DB Ntsebeza (Chairman), SAM Baqwa, AGK Hamilton*, S Mkhabela, SS Ntsaluba, TH Nyasulu, G Rodriguez de Castro de los Rios[†], SB Pfeiffer[^]

Executive: CB Thomson (Chief Executive), PJ Blackbeard, M Laubscher, OI Shongwe, DG Wilson

*British ^American †Spanish

Enquiries

Barloworld Limited: Sibani Mngomezulu, Tel +27 11 445 1000,
E-mail invest@barloworld.com

College Hill: Jacques de Bie, Tel +27 11 447 3030,
E-mail Jacques.deBie@collegehill.co.za

For background information visit www.barloworld.com

Corporate Information**Registered office and business address**

Barloworld Limited
180 Katherine Street
PO Box 782248
Sandton
2146, South Africa
Tel: +27 11 445 1000
Email: invest @barloworld.com

Registrars – United Kingdom

Equiniti Limited
Aspect House, Spencer Road
Lancing, West Sussex
BN99 6DA, England
Tel: +44 190 383 3381

Transfer secretaries – South Africa

Link Market Services South Africa
(Proprietary) Limited
(Registration number 2000/007239/07)
11 Diagonal Street
Johannesburg, 2001
(PO Box 4844, Johannesburg)
Tel: +27 11 630 0000

Transfer secretaries – Namibia

Transfer Secretaries (Proprietary)
Limited
(Registration number 93/713)
Shop 8, Kaiser Krone Centre
Post Street Mall
Windhoek, Namibia
(PO Box 2401, Windhoek, Namibia)
Tel: +264 61 227 647