VALUE ADDED STATEMENT

AT 30 SEPTEMBER 1999

A measure of the wealth created by the group is the amount of value added by its diverse manufacturing, distribution and other businesses to the cost of raw materials, products and services purchased. This statement shows the total wealth created and how it was distributed.

	1999 R'm	%	1998 R'm	%
Revenue	20 835		20 883	
Paid to suppliers for materials and services	14 862		15 812	
Value added	5 973		5 071	
Income from investments*	209		166	
Total wealth created	6 182		5 237	
Wealth distribution				
Salaries, wages and other benefits (note 1)	3 424	56	3 222	62
Providers of capital	458	7	590	11
Interest paid on borrowings	134		265	
Dividends to Barlow Limited shareholders†	276		267	
Dividends to outside shareholders in subsidiaries	48		58	
Government (see notes 2 and 3)	331	5	336	6
Reinvested in the group to maintain and develop operations	1 969	32	1 089	21
Depreciation	655		536	
Retained profit – Normal	437		423	
– Exceptional	888		163	
Deferred taxation	(11)		(33)	
	6 182	100	5 237	100
Value added ratios				
Number of employees (30 September)	22 148		27 804	
Revenue per employee†† (Rand)	834 216		726 555	
Wealth created per employee*†† (Rand)	247 578		182 204	

* *Includes interest received, dividend income and share of associate companies' retained profit*
† *Includes capitalisation awards and dividends on ordinary shares*
†† *Based on average number of employees*

	1999 R'm	1998 R'm
Notes		
1. Salaries, wages and other benefits		
Salaries, wages, overtime payments, commissions, bonuses and allowances	2 864	2 678
Employer contributions*	560	544
	3 424	3 222
2. Central and local government		
Current taxation	220	231
Regional Service Council levies	26	29
Rates and taxes paid to local authorities	43	40
Customs duties, import surcharges and excise taxes	42	47
Gross contribution to central and local government	331	347
Less: Government cash grants and subsidies		11
	331	336
3. Additional amounts collected on behalf of government		
Value added tax	680	562
Employee tax deducted from remuneration paid	672	652
South African withholding taxes	1	1
	1 353	1 215

* *In respect of pension funds, retirement annuities, provident funds, medical aid and insurance*

REPORT OF THE INDEPENDENT AUDITORS

FOR THE YEAR ENDED 30 SEPTEMBER 1999

We have audited the annual financial statements and group annual financial statements of Barlow Limited set out on pages 48 to 90 for the year ended 30 September 1999. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

– examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
– assessing the accounting principles used and significant estimates made by management; and
– evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company and the group at 30 September 1999 and the results of their operations and cash flows for the year then ended in accordance with generally accepted accounting practice, and in the manner required by the Companies Act.

Deloitte & Touche

Deloitte & Touche
Registered Accountants and Auditors
Chartered Accountants (SA)
(Member of Deloitte Touche Tohmatsu)

Sandton
15 November 1999

DIRECTORS' APPROVAL

FOR THE YEAR ENDED 30 SEPTEMBER 1999

The directors of the company are responsible for the integrity and objectivity of the annual financial statements and other information contained in this annual report, which has been prepared in accordance with generally accepted accounting practices.

In discharging this responsibility, the group maintains suitable internal control systems to provide reasonable assurance that assets are safeguarded and that transactions are executed and recorded in accordance with group policies.

The directors, supported by the audit committee, are satisfied that such controls, systems and procedures are in place to minimise the possibility of material loss or misstatement. The group's external auditors concur with this statement.

The directors believe that the group has adequate resources to continue in operation for the foreseeable future and the annual financial statements appearing on pages 48 to 90 have, therefore, been prepared on a going-concern basis. The group's external auditors concur with this statement.

W A M Clewlow
Chairman

A J Phillips
Chief Executive

D C Arnold
Director, Finance and Administration
Sandton
15 November 1999

CERTIFICATE BY SECRETARY

In terms of section 268G(d) of the Companies Act, 1973, as amended (Act), I certify that Barlow Limited has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Act. Further, that such returns are true, correct and up to date.

M J Barnett
Secretary

Sandton
15 November 1999

FINANCIAL DIRECTOR'S REVIEW

Accounting policies

The principal accounting policies of Barlow Limited and the disclosures made in the annual financial statements conform with South African Generally Accepted Accounting Practices. These accounting practices are rapidly coming into line with International Accounting Standards.

Two new accounting policies were adopted in the current year

1.1 IAS12 "Income Taxes". The accounting policy in respect of deferred taxation has been changed to comply with International Accounting Standard IAS 12. In line with the requirements of this standard, deferred taxation is now provided on all temporary differences. Deferred taxation assets are raised to the extent that recoverability is probable. The impact of the change is discussed more fully in note 31.1

1.2 IAS 36 "Impairment of Assets". The accounting policy in respect of impairment of assets has been adopted to comply with International Accounting Standard IAS36 "Impairment of Assets". This standard prescribes that the recoverable amount of an asset should be estimated whenever there is an indication that an asset may be impaired.

The following international accounting policies will become effective in the new year:

2.1 IAS 19 (revised), "Employee Benefits" was approved by the IASC board in January 1998 and becomes operative for financial statements covering periods beginning on or after 1 January 1999. The group currently does not provide fully for all accumulated employee benefits. This standard requires full provisioning for all material accumulated employee benefits.

2.2 IAS 38, "Intangible Assets" was approved by the IASC board in July 1998 and becomes operative for financial statements covering periods beginning on or after 1 July 1999. The standard prescribes recognition and amortisation requirements for intangible assets. The group currently does not capitalise intangible assets.

2.3 IAS 22 (revised), "Business Combinations" was approved by the IASC board in July 1998 and becomes operative for financial statements covering periods beginning on or after 1 July 1999. This standard specifies the date of acquisition as the date when control passes, requires the purchase consideration to be accounted for at fair value and requires that goodwill be capitalised and amortised over the anticipated useful lives. Retrospective application is required for goodwill that arose from acquisitions made in financial periods beginning on or before 1 January 1995.

The group previously charged goodwill arising on acquisitions and purchased trademarks directly to retained income. These items will now be raised as assets and amortised over the anticipated useful lives.

In addition the effect of transactions between group companies must be eliminated. Previously the group did not eliminate these effects as they were considered to be arm's length transactions.

2.4 IAS 35, "Discontinuing Operations" was approved by the IASC board in April 1998 and became effective for financial statements covering periods beginning on or after 1 January 1999. IAS 35 addresses presentation and disclosure relating to discontinued operations.

2.5 IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" was approved by the IASC board in July 1998 and becomes operative for financial statements covering periods beginning on or after 1 July 1999. IAS 37 prescribes the accounting and disclosure for all provisions, contingent liabilities and contingent assets.

The group is assessing the impact of these new policies. The early adoption of new standards is encouraged by the IASC board and it is the intention of the group to become fully compliant with International Accounting Policies as soon as practically possible.

Financial performance

In the year under review, revenue from continuing operations rose by 9% and operating profit from continuing operations decreased by 20%. This reflects the difficult trading conditions experienced by the group, particularly in South Africa and the rest of Africa, but also in several of the offshore operations.

The reduced operating performance was offset by lower interest charges, where net interest paid decreased by 88% largely as a result of the proceeds of the Comparex share sale, which netted nearly R1,4 billion.

The group overall tax rate after eliminating the effect of exceptional items, declined from 27% to 24% due to the reduction in the

OUR PRINCIPAL ACCOUNTING POLICIES COMPLY IN ALL MATERIAL RESPECTS WITH SOUTH AFRICAN PRACTICES. ASIDE FROM THE TREATMENT OF DEFERRED TAXATION AND IMPAIRMENT OF ASSETS, THEY ARE CONSISTENT WITH THOSE APPLIED IN THE PREVIOUS PERIOD

South African corporate tax rate to 30% which also resulted in the release of a portion of the prior year deferred tax provision.

Group earnings per share excluding exceptional items increased by 3%.

Exceptional items

The strategic decision to dispose of investments in non-core businesses resulted in substantial exceptional profits before tax of R875 million (1998: R96 million). 26 million Comparex shares were sold for approximately R1,4 billion in November resulting in an exceptional profit of R1 043 million. The balance of the exceptional items consists mainly of losses on discontinuance in the paper and steel divisions and impairment losses of R85 million discussed in note 31.2.

Balance sheet

The Comparex share sale, the sale of non-core assets as well as strong working capital management, strengthened the balance sheet considerably. Short-term debt declined by R1,4 billion while, cash resources rose to R1 184 million. (1998: R742 million).

As discussed more fully in the financial services sector of the annual report the gross assets of the rental business written by our offshore companies increased long-term debt by R339 million.

Cash flows

Cash flows from operations rose 19% to R1 452 million (1998: R1 220 million). This was partly the result of efficiencies in working capital management. After paying dividends, there was a net cash inflow of R1 121 million (1998: R1 100 million) from operating activities.

Proceeds from the disposal of non-core investments realised R2 000 million (1998: R722 million). Following the completion of most of our capital investment programmes, capital expansion and replacement expenditure declined from R874 million in 1998 to R607 million.

R518 million was invested in rental assets of which R325 million related to the on-going process of bringing the lift truck rental fleets in the United Kingdom onto the balance sheet. The balance related to the normal funding of rental assets primarily in Spain and the USA.

After utilising R1 017 million to reduce debt, cash and cash equivalents rose by R454 million.

Returns

Return on ordinary shareholders funds improved from 17,1% in 1998 to 27,1% in 1999. However, if we exclude the effect of the exceptional items the return reduces from 13,7% to 11,8%. Return on net assets shows a corresponding decline from 17,6% to 12,2%. Operating margins and net asset turn were also lower. Due to improved working capital management as well as the cash received from the Comparex sale, total borrowings to shareholders' funds excluding leasing operations declined from 32,9% to 16,4%.

Value based management

The group is adopting value based management (VBM) principles in order to complement our strategic decision making process. These principles focus on cash flow returns on investment (CFROI) relative to the cost of capital for the company. The company will only allocate capital to new investments if the returns of the potential acquisition meet the required cost of capital as set internally by the company.

Acquisitions

We have continued to expand through acquisition during 1999, not only geographically within our existing brands but also in the range of brands we manage. Major acquisitions made during the year included:

- An earthmoving distributor (Ditch Witch) in Georgia, USA for R100 million.
- A paint manufacturer (White Knight Paints) in Australia for R26,7 million.
- Most of the minority shares in Finanzauto SA.
- 310 769 Shares in Pretoria Portland Cement Co. Limited.
- Empomar SA, a capital equipment facility in Portugal, for R21 million.
- Motor Force CC, an additional Mazda dealership, for R4,8 million.

Disposals

The disposal of underperforming and non-core assets is an important component of Barlow's strategy to create value. Disposals included:

- The business of Federated Timbers for R75 million.
- Four of the five speciality paper mills for R149,9 million.
- Princetown, the materials handling distributor in Australia, for R57,5 million.
- The balance of our interest in Circle International and Circle Africa for R12,5 million.
- The shares in Rand Registrars Limited for R13 million.

Financial Services

The Co-brand and Own brand businesses are supported by a strong financial services operation which focuses on leasing, treasury, insurance and information technology. The activities of this sector are discussed fully in the financial services review on pages 38 and 39 of the annual report.

D C Arnold
15 November 1999

SEVEN-YEAR SUMMARY OF RESULTS AND STATISTICS

BARLOW LIMITED AND SUBSIDIARIES AT 30 SEPTEMBER 1999

	1999 R'm	1998 R'm	1997 R'm	1996 R'm	1995 R'm	1994 R'm	1993 R'm
CONSOLIDATED BALANCE SHEET							
Share capital and premium	749	742	539	449	294	281	261
Reserves and retained surplus	5 721	4 431	3 835	3 506	3 204	2 807	2 505
Interest of shareholders of Barlow Limited	6 470	5 173	4 374	3 955	3 498	3 088	2 766
Interest of outside shareholders in subsidiaries	520	555	510	680	570	496	478
Interest of all shareholders	6 990	5 728	4 884	4 635	4 068	3 584	3 244
Deferred taxation liabilities	282	371	319	260	218	235	266
Long-term liabilities	2 123	1 681	1 485	1 644	1 123	638	903
Current liabilities	4 690	6 759	5 468	4 540	4 173	3 370	3 801
Total funds and liabilities	14 085	14 539	12 156	11 079	9 582	7 827	8 214
Property, plant and equipment	4 257	4 384	3 234	2 801	2 260	1 981	2 008
Non-current assets and investment in associates	1 669	1 697	1 623	1 413	1 116	720	749
Deferred taxation assets	163	221	117				
Current assets	7 996	8 237	7 182	6 865	6 206	5 126	5 457
Total assets	14 085	14 539	12 156	11 079	9 582	7 827	8 214
CONSOLIDATED INCOME STATEMENT							
Revenue	20 835	20 883	19 388	17 811	15 522	12 874	11 763
Operating profit	908	1 113	1 067	969	843	583	466
Net interest (paid)/received	(23)	(190)	(16)	47	68	34	(45)
Income from investments	37	52	40	40	32	19	28
Profit before exceptional items	922	975	1 091	1 056	943	636	449
Exceptional items	875	96	140	(14)	(24)	14	(104)
Profit before taxation	1 797	1 071	1 231	1 042	919	650	345
Taxation	209	198	327	260	301	219	150
Profit after taxation	1 588	873	904	782	618	431	195
Share of associate companies' retained profits	61	39	29	10	4	1	20
Attributable net profit	1 649	912	933	792	622	432	215
– outside and preference shareholders	73	94	124	125	94	60	30
– ordinary shareholders in Barlow Limited	1 576	818	809	667	528	372	185
Attributable net profit excluding exceptional items	685	655	685	648	519	338	247
CONSOLIDATED CASH FLOW*							
Cash available from operations	1 452	1 220	957	564	938	369	
Dividends paid (including outside shareholders)	(331)	(120)	(201)	(210)	(149)	(341)	
Net cash from operating activities	1 121	1 100	756	354	789	28	
Net cash from/(used in) investing activities	350	(1 314)	(1 601)	(1 408)	(783)	(106)	
Net cash (used in)/from financing activities	(1 017)	(10)	993	769	172	(597)	
Net increase/(decrease) in cash and cash equivalents	454	(224)	148	(285)	178	(675)	

**Comparative figures prior to 1993 are not meaningful due to the unbundling of the Barlow Rand group with effect from 1 October 1993.*

61%

OF OUR OPERATING PROFIT COMES FROM OUTSIDE OF SOUTH AFRICA

	1999 R'm	1998 R'm	1997 R'm	1996 R'm	1995 R'm	1994 R'm	1993 R'm
ORDINARY SHARE PERFORMANCE							
Weighted average number of ordinary shares in issue during the period (000)	214 234	211 497	206 557	202 231	200 071	198 571	196 243
Net profit per share (cents)	735,6	386,8	391,7	329,8	263,9	187,3	94,3
Earnings per share excluding exceptional items (cents)	319,7	309,7	331,7	320,3	259,6	170,4	125,9
Dividends per share (cents)	141,0	124,0	124,0	105,0	84,0	56,0	
Dividend cover (times)	2,3	2,5	2,7	3,1	3,1	3,0	
Net asset value per share (cents)*	3 463	3 453	2 932	2 493	1 913	1 706	1 416
PROFITABILITY AND ASSET MANAGEMENT							
Operating margin (%)	4,4	5,3	5,5	5,4	5,4	4,5	4,0
Net asset turn (times)	2,1	2,3	2,4	2,7	2,8	2,4	2,1
Return on net assets (%)	12,2	17,6	19,3	20,2	20,9	15,8	13,2
Return on total assets (%)	8,5	12,2	13,3	13,1	13,2	10,2	8,5
Return on ordinary shareholders' funds (%)	27,1	17,1	19,4	17,9	16,0	12,7	6,7
Replacement capex to depreciation (%)	56,6	77,8	86,1	98,9	92,3	98,6	
Effective rate of taxation – including exceptionals (%)	12,5	21,2	27,4	28,3	34,4	36,9	45,6
Average rate of taxation – excluding exceptionals (%)	24,1	27,2	28,4	27,6	34,5	35,2	37,9
LIQUIDITY AND LEVERAGE							
Total liabilities to total shareholders' funds (%)	97,5	147,3	142,4	133,4	130,2	111,8	145,0
Total borrowings to total shareholders' funds							
– gross, including leasing operations (%)	41,1	68,2	72,9	54,1	42,7	33,1	55,6
– gross, excluding leasing operations (%)#	16,4	32,9	41,0	22,4	20,0	20,0	
Current ratio	1,7	1,2	1,3	1,5	1,5	1,5	1,4
Quick ratio	1,1	0,7	0,8	0,9	0,9	1,0	1,0
Interest cover – including leasing operations (times)	3,3	2,9	3,9	4,9	5,6	4,6	2,9
Interest cover – excluding leasing operations (times)#	5,0	3,5	5,7	8,4	7,8	4,9	3,0
Number of years to repay interest-bearing debt – gross	2,0	3,2	3,7	4,5	1,9	3,2	
Cash flow available from operations to total liabilities	21,3	14,5	13,8	9,1	17,7	9,2	
VALUE-ADDED							
Number of employees	22 148	27 804	29 681	30 740	30 660	30 351	32 880
Revenue per employee (R000's)	834,2	726,6	641,8	580,2	508,8	407,2	
Wealth created per employee (R000's)	247,5	182,2	168,9	145,2	127,0	102,6	
Employment cost per employee (R000's)	137,1	112,1	97,8	87,9	75,7	64,9	
INFLATION-ADJUSTED INFORMATION							
South African CPI index (base 1993 = 100)	152,1	149,7	137,3	127,1	117,2	110,1	100,0
Deflation factor (base 1993 = 100)	65,7	66,8	72,8	78,7	85,3	90,8	100,0
Earnings per share excluding exceptional items (cents)							
– Historical	319,7	309,7	331,7	320,3	259,6	170,4	125,9
– Deflated	210,2	206,9	241,6	252,1	221,5	154,7	125,9
Dividends per share							
– Historical	141,0	124,0	124,0	105,0	84,0	56,0	
– Deflated	92,7	82,8	90,3	82,6	71,7	50,9	
Total assets							
– Historical	13 922	14 318	12 036	11 107	9 582	7 826	8 214
– Deflated	9 150	9 564	8 768	8 742	8 177	7 108	8 214

** Including investments at market value*

 # Refer page 38 for details

DEFINITIONS FOR SEVEN-YEAR STATISTICS

Net asset value per share
Interest of shareholders of Barlow Limited, including investments at market value, divided by the total number of ordinary shares in issue.

Operating margin
Operating profit expressed as a percentage of turnover.

Net asset turn
Turnover divided by average net assets.

Net assets
Total assets less non-interest bearing liabilities, creditors, provisions and shareholders for dividends.

Total assets
Property, plant and equipment, intangible assets, non-current assets and current assets.

Return on net assets and total assets
Profit before interest paid and taxation (but including income from investments and share of associate companies' retained profits) expressed as a percentage of average net or average total assets.

Return on ordinary shareholders' funds
Net profit attributable to ordinary shareholders of Barlow Limited expressed as a percentage of average interest of shareholders of Barlow Limited.

Effective rate of taxation
Taxation (excluding prior year taxation) expressed as a percentage of profit before taxation (excluding dividend income).

Total liabilities
Current liabilities and long-term liabilities. Deferred taxation is excluded.

Total borrowings
Total liabilities less non-interest bearing liabilities, creditors, provisions and shareholders for dividends.

Interest cover
Profit before interest paid and taxation divided by interest paid including interest capitalised. (Profit includes income from investments, but excludes share of associate companies' retained profits).

Number of years to repay debt
The ratio of total borrowings to cash available from operations.

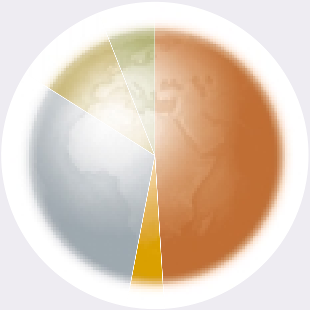
Dividend cover
Earnings per share excluding exceptional items divided by dividends per share.

Average rate of taxation
Taxation expressed as a percentage of profit before taxation (excluding exceptional items).

SEGMENTAL AND GEOGRAPHICAL ANALYSIS

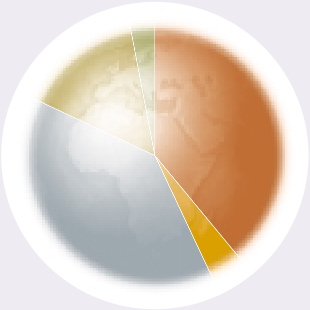
BARLOW LIMITED AND SUBSIDIARIES AT 30 SEPTEMBER 1999

REVENUE	1999 R'm	1998 R'm	% Change
Co-brands	13 331	12 056	11
Capital equipment	5 883	5 557	6
Materials handling	2 944	2 133	38
Motor	4 504	4 366	3
Own brands	6 291	5 934	6
Cement and lime	1 886	1 921	(2)
Scientific products	1 404	1 291	9
Coatings	1 952	1 734	13
Steel tube	1 049	988	6
Financial services	1 213	1 059	15
Leasing	978	884	11
Other	235	175	34
Continuing operations	20 835	19 049	9
Discontinued operations		1 834	
	20 835	20 883	–



	1999	1998
South Africa	49%	54%
Other Africa	4%	4%
Europe	31%	28%
North America	10%	8%
Australia and Asia	6%	6%

OPERATING PROFIT INCLUDING INCOME FROM ASSOCIATES	1999 R'm	1998 R'm	% Change
Co-brands	548	660	(17)
Capital equipment	309	388	(20)
Materials handling	185	233	(21)
Motor	54	39	38
Own brands	398	459	(13)
Cement and lime	247	333	(26)
Scientific products	78	89	(12)
Coatings	74	60	23
Steel tube	(1)	(23)	96
Financial services	27	85	(68)
Leasing	15	44	(66)
Other	12	41	(71)
Continuing operations	973	1 204	(19)
Discontinued operations		(23)	
	973	1 181	(18)
Operating profit including income from associates is arrived at as follows:	973	1 181	
Operating profit	908	1 113	
Dividends from associates	4	29	
Share of associate companies' retained profits	61	39	

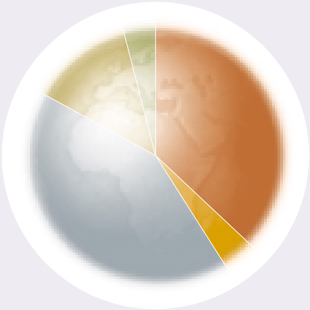


	1999	1998
South Africa	42%	49%
Other Africa	4%	5%
Europe	37%	33%
North America	14%	12%
Australia and Asia	3%	1%

SEGMENTAL AND GEOGRAPHICAL ANALYSIS

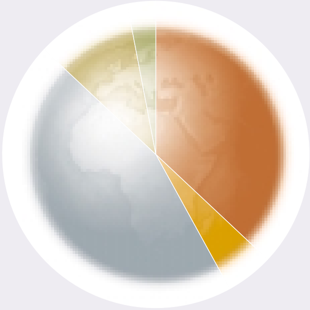
BARLOW LIMITED AND SUBSIDIARIES AT 30 SEPTEMBER 1999

CAPITAL EXPENDITURE	1999 R'm	1998 R'm	% Change
Co-brands	244	267	(9)
Capital equipment	110	111	(1)
Materials handling	72	139	(48)
Motor	62	17	265
Own brands	390	667	(42)
Cement and lime	229	385	(41)
Scientific products	61	112	(46)
Coatings	73	48	52
Steel tube	27	122	(78)
Financial services	471	357	32
Leasing	447	337	33
Other	24	20	20
Continuing operations	1 105	1 291	(14)
Discontinued operations	20	21	(5)
	1 125	1 312	(14)



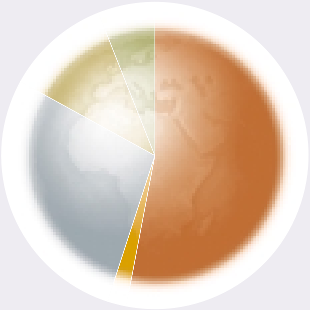
	1999	1998
South Africa	37%	49%
Other Africa	4%	3%
Europe	42%	37%
North America	13%	9%
Australia and Asia	4%	2%

DEPRECIATION	1999 R'm	1998 R'm	% Change
Co-brands	285	232	23
Capital equipment	70	70	
Materials handling	196	146	34
Motor	19	16	19
Own brands	341	272	25
Cement and lime	132	105	26
Scientific products	139	105	32
Coatings	44	39	13
Steel tube	26	23	13
Financial services	14	11	27
Other	14	11	27
Continuing operations	640	515	24
Discontinued operations	15	22	(32)
	655	537	22



	1999	1998
South Africa	37%	40%
Other Africa	5%	4%
Europe	45%	43%
North America	10%	8%
Australia and Asia	3%	5%

NET ASSETS	1999 R'm	1998 R'm	% Change
Co-brands	2 890	2 529	14
Capital equipment	1 679	1 591	5
Materials handling	834	549	52
Motor	377	389	(3)
Own brands	3 920	3 739	5
Cement and lime	1 985	1 860	7
Scientific products	776	718	8
Coatings	704	657	7
Steel tube	455	504	(10)
Financial services	2 928	2 622	12
Leasing	2 445	2 351	4
Other	483	271	78
Continuing operations	9 738	8 890	10
Discontinued operations	244	894	(73)
	9 982	9 784	2



	1999	1998
South Africa	53%	40%
Other Africa	2%	2%
Europe	28%	47%
North America	11%	7%
Australia and Asia	6%	4%

Net assets is arrived at as follows:

	1999	1998
Property, plant and equipment	4 257	4 384
Non-current assets	1 535	1 334
Investments in associates and joint ventures	134	363
Current assets	7 996	8 237
Total assets	13 922	14 318
Long-term liabilities – non-interest bearing	(448)	(384)
Creditors, taxation and shareholders for dividends	(3 121)	(3 456)
Provisions	(371)	(694)
	9 982	9 784

INCOME STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 1999

		GROUP		COMPANY	
		1999	1998*	1999	1998
	Notes	R'm	R'm	R'm	R'm
Revenue	2	20 835	20 883	22	19
– Continuing operations		20 835	19 049	22	19
– Discontinued operations	12		1 834		
Operating profit	3	908	1 113	235	200
– Continuing operations		908	1 136	235	200
– Discontinued operations			(23)		
Net interest paid	4	(23)	(190)	(20)	(38)
Income from investments	5	37	52		3
Profit before exceptional items		922	975	215	165
Exceptional items	6	875	96	131	560
Profit before taxation		1 797	1 071	346	725
Taxation	7	209	198	(1)	12
Profit after taxation		1 588	873	347	713
Share of associate companies' retained profits		61	39		
Attributable net profit		1 649	912	347	713
– Outside shareholders in subsidiaries and 6% preference shareholders in Barlow Limited		73	94		
– Ordinary shareholders in Barlow Limited		1 576	818	347	713
Dividends on ordinary shares and capitalisation awards	8	277	267	277	267
Retained surplus for the year	15	1 299	551	70	446
		Cents	Cents		
Net profit per share (basic)	10.1	735,6	386,8		
Net profit per share (fully diluted)	10.2	728,3	382,1		
Earnings per share excluding exceptional items (basic)	10.3	319,7	309,7		
Earnings per share excluding exceptional items (fully diluted)	10.4	319,2	306,9		
Dividends per share	8	141	124		

** Restated refer note 31.*

BALANCE SHEETS

AT 30 SEPTEMBER 1999

		GROUP		COMPANY	
		1999	1998*	1999	1998
	Notes	R'm	R'm	R'm	R'm
Share capital and premium	13	749	742	749	742
Non-distributable reserves	14	965	980	63	63
Retained surplus	15	4 737	3 424	1 121	1 051
Equity portion of convertible bond	17	19	27		
Interest of shareholders of Barlow Limited		6 470	5 173	1 933	1 856
Interest of outside shareholders in subsidiaries		520	555		
Interest of all shareholders		6 990	5 728	1 933	1 856
Deferred taxation liabilities	16	282	371		
Long-term liabilities	17	2 123	1 681		
Interest bearing		1 510	1 099		
Convertible bond		165	198		
Non-interest bearing		448	384		
Capital employed		9 395	7 780	1 933	1 856
Property, plant and equipment	18	4 257	4 384	117	123
Interest in subsidiaries	19			1 924	2 078
Non-current assets	20	1 535	1 334	34	20
Investment in associates and joint ventures	21	134	363		56
Deferred taxation assets	16	163	221	2	4
Current assets		7 996	8 237	88	43
Inventories	22	2 936	3 524		
Debtors	23	3 876	3 971	73	43
Deposits, cash and short term investments	24	1 184	742	15	
Current liabilities		4 690	6 759	232	468
Amounts due to bankers and short term loans	25	1 198	2 609		203
Creditors, taxation and shareholders for dividends	26	3 121	3 456	227	255
Provisions	27	371	694	5	10
Net current assets / (liabilities)		3 306	1 478	(144)	(425)
Employment of capital		9 395	7 780	1 933	1 856

** Restated refer note 31*

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 1999

	Notes	GROUP 1999 R'm	GROUP 1998 R'm	COMPANY 1999 R'm	COMPANY 1998 R'm
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	A	1 606	1 608	189	192
Dividends received		37	52		3
Net interest paid		(23)	(190)	(20)	(38)
Taxation (paid) / refunded	B	(168)	(250)	(20)	1
Cash available from operations		1 452	1 220	149	158
Dividends paid (including outside shareholders)	C	(331)	(120)	(276)	(90)
Net cash from / (used in) operating activities		1 121	1 100	(127)	68
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of subsidiaries	D	(263)	(457)		(15)
Acquisition of property, plant and equipment		(1 125)	(1 312)	(4)	(6)
– Replacement capital expenditure		(371)	(418)	(4)	(3)
– Expansion capital expenditure		(236)	(456)		(3)
– Rental assets		(518)	(438)		
Acquisition of investments		(230)	(231)	(22)	(20)
Total proceeds		2 000	722	270	406
– Proceeds from disposal of property, plant and equipment		252	27	12	
– Proceeds from disposal of investments and other movements		1 360	497	246	346
– Proceeds from disposal of subsidiaries	E	388	198	12	60
Exploration, research and development expenditure		(32)	(36)		
Decrease / (increase) in net amounts owing by subsidiaries				94	(459)
Net cash from / (used in) investing activities		350	(1 314)	338	(94)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issuance of share capital		7	44	7	24
Proceeds from long-term borrowings		2 819	3 477		
Repayment of long-term borrowings		(3 202)	(3 422)		
(Decrease) / increase in interest-bearing liabilities		(641)	(109)	(203)	2
Net cash (used in) / from financing activities		(1 017)	(10)	(196)	26
Net increase / (decrease) in cash and cash equivalents	F	454	(224)	15	–

NOTES TO THE CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 1999

	GROUP		COMPANY	
	1999	1998	1999	1998
	R'm	R'm	R'm	R'm
A. Cash generated from operations is calculated as follows:				
– Profit before exceptional items	922	975	215	165
Adjustments for:				
– Depreciation and other items	685	502	(4)	4
– Income from investments	(37)	(52)		(3)
– Net interest paid	23	190	20	38
– Exploration, research and development expenditure	32	36		
Operating profit before working capital changes	1 625	1 651	231	204
– Decrease / (increase) in inventories	438	(113)		
– (Increase) / decrease in debtors	(66)	232	(42)	(13)
– Decrease / (increase) in instalment sale and leasing accounts	139	(110)		
– (Decrease) / increase in creditors	(530)	(52)		1
Cash generated from operations	1 606	1 608	189	192
B. Taxation (paid) / refunded is reconciled to the amounts disclosed in the income statements as follows:				
– Amounts unpaid less overpaid at beginning of year	(105)	(89)	(15)	16
– Per the income statements (excluding deferred taxation)	(220)	(231)	2	(30)
– Adjustment in respect of subsidiaries acquired and sold including translation adjustments	12	(35)		
– Amounts unpaid less overpaid at end of year	145	105	(7)	15
Cash amounts (paid) / refunded	(168)	(250)	(20)	1
C. Dividends paid are reconciled to the amounts disclosed in the income statements as follows:				
– Amounts accrued and unpaid at beginning of year	(227)	(80)	(188)	(44)
– Scrip dividends		58		33
– Per the income statements	(277)	(267)	(277)	(267)
– Dividends accrued and payable to outside shareholders	(48)	(58)		
– Amounts accrued and unpaid at end of year	221	227	189	188
Cash amounts paid	(331)	(120)	(276)	(90)

NOTES TO THE CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 1999

	GROUP 1999 R'm	GROUP 1998 R'm	COMPANY 1999 R'm	COMPANY 1998 R'm
D. Acquisition of subsidiaries:				
– Inventories	(49)	(162)		
– Debtors	(241)	(161)		
– Creditors, taxation and deferred taxation	29	208		
– Borrowings and cash	208	114		
– Property, plant and equipment, non-current assets, goodwill and outside shareholders	(215)	(417)		
Total purchase price	(268)	(418)		
Add cash / (less overdraft)	5	(39)		
Cash flow on acquisition	(263)	(457)	–	(15)
E. Disposal of subsidiaries:				
– Inventories	202	76		
– Debtors	390	76		
– Creditors, taxation and deferred taxation	(238)	(78)		
– Borrowings and cash	(238)	(17)		
– Property, plant and equipment, non-current assets, outside shareholders and profit and loss on disposal	283	134		
Total disposal consideration	399	191		
(Less cash) / add overdraft	(11)	7		
Cash flow on disposal	388	198	12	60
F. Cash and cash equivalents:				
– At beginning of year	742	825		
– At end of year	1 184	742	15	
	442	(83)	15	
Translation adjustments	12	(141)		
Net increase / (decrease) in cash and cash equivalents	454	(224)	15	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 1999

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

The financial statements are prepared in accordance with the historic cost convention. The principal accounting policies of the group, which are set out below, comply in all material respects with South African statements of generally accepted accounting practice. Aside from the treatment of deferred taxation and impairment of assets, these policies are consistent with those applied in the previous period. It is the group's intention to become fully compliant with International Accounting Standards as soon as practically possible.

1.1 Basis of consolidation and goodwill

The group annual financial statements incorporate the annual financial statements of the company and its subsidiaries. Operating results of subsidiaries acquired or disposed of during the financial year are included from the date effective control was acquired or up to the date of disposal or discontinuance. The results of all subsidiaries are consolidated. The carrying value of subsidiaries in the company is compared annually with their attributable net asset value or, where quoted, with their market value.

Foreign operations are consolidated.

Internal balances are eliminated on consolidation. Unrealised profits that arise on arm's length transactions within the group in the normal course of business are not eliminated.

Goodwill, being the excess of the cost of shares in subsidiaries over the attributable net assets at the date of acquisition, is written off against retained surplus.

1.2 Joint ventures

A joint venture is a contractual arrangement whereby the group, together with one or more other venturers, undertakes an economic activity which is subject to joint control.

The group's interests in joint ventures have been accounted for using the equity method (see 1.3).

1.3 Associate companies

Associates are those companies which are not subsidiaries or joint ventures, in which the group exercises a significant influence and holds a long-term equity interest.

The post-acquisition results of associate companies are incorporated in the annual financial statements from the effective dates of acquisition and up to the effective dates of disposal using the equity method. Equity accounted income which is included in the respective carrying values of the investments, represents the group's proportionate share of associate companies' retained income after accounting for dividends payable by those associates. Dividends received from associates are included in income from investments.

Results of listed associates are equity accounted from their most recent audited annual financial statements or unaudited interim statements. Any losses of associates are brought to account until the investment in and loans to such associate are written down to a nominal amount. Thereafter losses are accounted for only insofar as the group is committed to providing financial support to such associates.

Equity accounted earnings of associate companies are included in retained surplus.

The carrying value of investments in associates represents the cost of each investment, net of goodwill on acquisition adjusted for the post-acquisition changes in the group's share of the net assets.

Goodwill, being the excess of the cost of shares in associates over the attributable net assets at the date of acquisition, is written off against retained surplus in the year that they are acquired.

1.4 Investments

Investments are stated at cost, less amounts written off.

Income from investments is brought to account only to the extent of dividends received or declared.

1.5 Partnership interests

Partnership interests are accounted for in the group accounts by consolidation of the financial position and results of the partnerships.

1.6 Property, plant and equipment

Property, plant and equipment are stated at cost to the group, less accumulated depreciation. Investment properties are classified under property, plant and equipment and accounted for in the same manner.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 1999

Major improvements to buildings, plant and equipment are capitalised. Maintenance and repairs are either expensed when incurred or, in certain repetitive situations, provided for in production costs. Borrowing costs directly attributable to the development of major capital projects are capitalised until the assets are brought into working condition. Certain costs of development and installation of major information systems (including packaged software) are capitalised and amortised over a five-year period.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The method and rates used are determined by conditions in the relevant industry. Land is not depreciated.

Leasehold land and buildings are amortised over their lease periods. Costs incurred in the purchase of established timber plantations and in the establishment of new areas are capitalised. All other expenditure in connection with timber plantations is written off each year. The company operates a cyclical afforestation programme, and while this cycle is maintained, no change is made to the capital asset.

1.7 Leases

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to group.

Operating leases are those leases which do not fall within the scope of the above definition. Operating lease rentals are charged against trading profit as they become due.

Assets subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the assets is depreciated at appropriate rates on the straight-line basis over the estimated useful lives of the assets. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are charged to operating profit when incurred.

1.8 Intangible assets and trademarks

Trademarks acquired are written off against retained surplus in the year that they are acquired.

1.9 Negative goodwill

Where the net assets of a subsidiary at the date of acquisition exceed the cost of shares acquired, the excess is described as negative goodwill and is treated as a non-distributable reserve.

1.10 Exploration, research and development costs

Exploration and research costs are expensed in the year in which they are incurred. Development costs are reviewed annually and are expensed if they do not qualify for capitalisation. If a project is abandoned during the development stage, the total accumulated expenditure is then written off. Development costs which are capitalised, are amortised on a systematic basis to reflect the pattern in which economic benefits are recognised.

1.11 Inventories

Inventories are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the first-in- first-out method. However, in certain subsidiaries inventories are valued on the average method. The values of finished goods and work in progress include direct costs and a proportion of overhead expenditure.

Redundant and slow-moving inventories are identified and written down with regard to their estimated economic or realisable values. Raw materials and consumables are written down with regard to their age, condition and utility.

1.12 Impairment of assets

Where there is an indication that an asset may be impaired, the recoverable amount of an asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

1.13 Revenue

Revenue comprises net invoiced sales to customers, rentals from leasing fixed and movable property, commission and hire purchase and finance lease income. Revenue excludes value-added tax.

1.14 Finance lease income and receivables

Income from finance lease contracts is credited to the income statement using the effective interest rate method. Finance lease receivables are stated in

the balance sheet at the net investment in the leases after the deduction of unearned charges.

1.15 Translation of financial statements prepared in foreign currencies

Balance sheets of consolidated foreign entities are translated into rand at rates of exchange ruling at 30 September. The related income, expenditure and cash flow statements are translated at the weighted average rate of exchange for the year. Aggregated gains and losses on the translation of foreign subsidiaries and associates are taken directly to non-distributable reserves.

Goodwill arising on the acquisition of a foreign entity and fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign entity are translated using the exchange rate at date of acquisition.

The financial statements of foreign operations that are integral to operations of the group are translated using the procedures described in point 1.17 below as if the transactions of the foreign operation had been those of the company itself.

1.16 Investments hedged by foreign loans and swap transactions

Where foreign currency loans or swap transactions are designated as and provide an effective hedge against an investment in a foreign entity, the exchange differences arising on the loans or transactions are taken directly to non-distributable reserves in the consolidated financial statements.

1.17 Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling on the transaction date. If a foreign currency denominated transaction is appropriately hedged with a forward exchange contract, the costs of hedging are included in the measurement of the underlying transaction and the transaction is therefore recorded at the forward rate.

1.18 Taxation

Deferred taxation is provided at current rates on all temporary differences. Deferred taxation assets are raised to the extent that recoverability is probable. This is a change in accounting policy (see note 31.1).

Secondary taxation on companies is provided in respect of expected dividend payments net of dividends received or receivable and is recognised as a taxation charge for the year.

Where applicable, non-resident shareholders' taxation is provided in respect of foreign dividends receivable.

1.19 Exceptional items

Exceptional items cover those amounts which are relevant to explain the performance of the group for the period, and generally include profit and loss on disposal of property, investments and other non-current assets, discontinued operations and impairment losses.

1.20 Earnings per share excluding exceptional items

The group has adjusted net profit per share by exceptional items in order to arrive at an earnings per share figure which, in the opinion of the directors, best reflects sustainability.

1.21 Discontinued operations

Discontinued operations are significant, distinguishable components of the group that have been sold, abandoned or are the subject of formal plans for discontinuance.

The profit or loss on the sale or abandonment of a discontinued operation is determined from the formalised discontinuance date and includes the operating results from this date, the difference between the proceeds on disposal and the net carrying value of the assets and liabilities to be disposed of, as well as all costs and expenses directly associated with the disposal. If a loss is expected, full provision is made from the discontinuance date. If a profit is expected, it is recognised only when it is realised.

1.22 Retirement benefits

The policy of the group is to provide retirement benefits for its employees. The contributions by group companies to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. The defined benefit funds are actuarially valued triennially on the projected unit credit method basis and the Barlow pension fund on the attained age method as it is

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 1999

considered more appropriate. Deficits identified are provided for, or are funded through lump sum payments or increased future contributions.

1.23 Post-retirement medical benefits

Historically, qualifying employees were granted certain post-retirement benefits. Although the practice has been discontinued, there is a liability in respect of current and retired employees to whom the benefit was granted. The liability has been fully provided for.

1.24 Share capitalisation awards and cash dividends

The full cash equivalent of capitalisation share awards and cash dividends are shown as dividends declared in the income statement.

The current dividend liability represents the estimated amount to be paid in cash.

Any difference between total dividends declared and the current dividend liability is transferred to a non-distributable share election reserve pending the outcome of the final share awards.

1.25 Revenue recognition

Revenue from manufacturing and other operations is recognised when the sale transactions giving rise to such revenue are concluded. Revenue from all sales of merchandise is brought to account when the risk passes to the customer. Dividends are recognised when the right to receive payment is established. Interest is recognised on a time proportion basis that takes into account the effective yields on assets.

1.26 Accounting for the substance of transactions

In terms of United Kingdom Accounting Standard FRS 5, transactions have been identified within Barlow International PLC relating to bills, sales and leases discounted with recourse and repurchase obligations for equipment sold. These have been brought onto the balance sheet.

1.27 Comparative figures

When an accounting policy is altered, comparative figures are restated in accordance with the new policy where material.

1.28 Segmental information

The principal segments of the group have been identified on a primary basis by distinction between own brands, co-brands and financial services and on a secondary basis by significant geographical region. The primary basis is representative of the internal structure for management purposes. The secondary basis, namely geographical, classifies all operations based on geographical locations of trading and manufacturing entities.

1.29 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investment in money market instruments, net of bank overdrafts.

		GROUP		COMPANY	
		1999	1998	1999	1998
		R'm	R'm	R'm	R'm
2.	REVENUE				
	Sale of goods*	18 384	18 437		
	Rendering of services	1 156	1 313		
	Rentals received	905	772	22	19
	Hire purchase and finance lease income	344	345		
	Other	46	16		
		20 835	20 883	22	19
	Includes intergroup revenue:				
	a. Subsidiary to holding company				
	Rendering of services	1	1		
	b. Subsidiary to subsidiary				
	Sale of goods	1 174	940		
	Rendering of services	87	90		
	Other	44	15		
		1 305	1 045		
	c. Subsidiary to associate and joint ventures				
	Sale of goods	164	92		
	Rendering of services		1		
		164	93		
	Total intergroup revenue	1 470	1 139		
	The intergroup transactions noted above are under terms that are no more or less favourable than those arranged with third parties and are therefore conducted on a market-related arm's length basis.				
	Included in revenue are exports from the Republic of South Africa	446	579		

Where companies act as agents and are remunerated on a commission basis, only the commission income, and not the value of the business handled, is included in revenue. Interest received and dividends are not included in revenue and are shown in notes 4 and 5 respectively.

Segmental and geographical analyses are given on page 53.

** 1998 includes revenue that relates to discontinued operations of R1 834 million.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 1999

	GROUP 1999 R'm	GROUP 1998 R'm	COMPANY 1999 R'm	COMPANY 1998 R'm
3. OPERATING PROFIT				
Operating profit is arrived at after taking into account the items detailed below:				
Cost of sales*	15 758	15 625		
Interest paid by leasing operations				
– External	173	202		
– Group	85	63		
	258	265		
Income from subsidiaries:				
– Fees			43	35
– Interest			40	53
– Dividends			197	164
			280	252
Depreciation (note 18)	655	537	4	3
Profit on disposal of plant and equipment	3	21		
Exchange gains	5	19		
Retirement benefit contribution#	187	194		
Operating lease charges:				
– Land and buildings	187	190		
– Plant, vehicles and equipment	280	279	2	1
	467	469	2	1
Exploration, research and development costs	32	36		
Administration, management and technical fees paid	42	35	4	3
Auditors' remuneration:				
– Audit fees	23	22	1	1
– Fees for other services	6	4		
	29	26	1	1
Directors' emoluments paid by holding company and subsidiaries:				
– Executive directors				
Fees	0,2	0,2		
Salary	17,7	17,8		
Benefits	8,2	6,8		
Bonuses and retirement gratuities	3,2	5,8		
Share options exercised	0,7	7,2		
Other emoluments	0,4			
	30,4	37,8		
– Non-executive directors				
Fees	0,7	0,4		
Other emoluments	0,3	0,2		
Total directors' emoluments	31,4	38,4		
Benefits include company vehicles, housing and Share Purchase Trust loans, company contributions to retirement funds and medical aid. Bonuses are performance related.				
Operating expenses by nature:				
Distribution costs	1 251	1 265		
Administrative costs	2 391	2 579	70	70
Other operating costs	573	534		
Other operating income	(304)	(498)	(283)	(251)
	3 911	3 880	(213)	(181)

** Cost of sales includes depreciation of R383 million (1998: R279 million)*
 # After taking into account a contribution holiday of R17 million (1998: R25 million)

	GROUP 1999 R'm	GROUP 1998 R'm	COMPANY 1999 R'm	COMPANY 1998 R'm
4. NET INTEREST PAID				
Interest paid:				
– Convertible bond	(14)	(25)		
– Other term borrowings	(99)	(172)	(18)	(35)
– Bank and other borrowings	(38)	(123)	(6)	(5)
– Finance lease interest	(73)	(35)		
– Interest capitalised	5	27		
	(219)	(328)	(24)	(40)
Interest received:				
– Bank and other	111	75	4	2
– Group interest received from leasing operations*	85	63		
	196	138	4	2
	(23)	(190)	(20)	(38)

** Interest paid by leasing operations refer note 3*

	GROUP 1999 R'm	GROUP 1998 R'm	COMPANY 1999 R'm	COMPANY 1998 R'm
5. INCOME FROM INVESTMENTS				
Dividends:				
– Listed investments	13	5		
– Unlisted investments	20	18		
– Associate companies	4	29		3
	37	52		3
6. EXCEPTIONAL ITEMS				
Loss on discontinued operations (note 12)	(105)	(487)		
Profit on sale of property and non-current assets	1 067	318	190	175
Impairment losses	(85)			
(Amounts written off) / provisions released	(1)	(5)	(59)	385
	876	(174)	131	560
Attributable exceptional items of associates	(1)	270		
	875	96	131	560
Taxation – current	15	7		
– deferred	(2)	60		
	888	163	131	560
Interest of outside shareholders	3			
Attributable to ordinary shareholders	891	163	131	560
7. TAXATION				
South African normal taxation	90	74	(1)	11
Foreign company and withholding taxation	119	124		1
	209	198	(1)	12
Consisting of: Current taxation	218	235		8
Deferred taxation	(12)	(24)	1	(7)
Prior year taxation – current	(11)	(9)	(3)	12
– deferred	1	(9)		(11)
Secondary tax on companies	13	5	1	10
	209	198	(1)	12

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 1999

		GROUP 1999 %	GROUP 1998 %
7.	TAXATION (continued)		
	Reconciliation of rate of taxation:		
	Taxation as a percentage of profit before taxation (excluding prior year taxation)	12,2	20,2
	Adjustment due to inclusion of dividend income	0,3	1,0
	Effective rate of taxation	12,5	21,2
	Reduction in rate of taxation	22,6	21,8
	– incentive allowances for exports		0,2
	– exempt income	19,0	19,9
	– rate change adjustment	1,8	
	– tax losses of prior periods	0,8	2,0
	– foreign tax differential	1,0	(0,3)
	Increase in rate of taxation	(5,1)	(8,0)
	– disallowable charges	(2,9)	(6,0)
	– current year's tax losses in subsidiaries available for allowance against their future taxable profits	(1,5)	(1,5)
	– secondary tax on companies	(0,7)	(0,5)
	Net decrease in rate of taxation for the year	17,5	13,8
	South African normal taxation rate	30,0	35,0
		R'm	R'm
	Group tax losses at the end of the year, arising primarily from operating losses, allowable for taxation		
	South African	290	141
	Foreign	47	8
		337	149
	Utilised to offset deferred taxation	231	80

As at 30 September 1999, the group did not have any unutilised credits in respect of secondary tax on companies.

The change in the company tax rate from 35% to 30% and the consequent adjustment to the deferred taxation balance at 30 September 1998 resulted in a credit in the 1999 year of R29 million to attributable earnings before exceptional items.

		1999 R'm	1998 R'm
8.	DIVIDENDS AND CAPITALISATION AWARDS		
	Ordinary shares		
	Interim dividend – paid on 12 July 1999	88	79
	Final dividend – payable on 17 January 2000	189	188
	6% cumulative preference shares		
	Preference dividends totalling R45 000 (1998: R45 000) were declared on 17 March 1999 and 10 September 1999, paid on 23 April and 29 October 1999 respectively.		
		277	267
	Dividends per share (cents)		
	Cash and cash equivalent		
	Interim	41	36
	Final	100	88
		141	124

	GROUP 1999 R'm	GROUP 1998 R'm	COMPANY 1999 R'm	COMPANY 1998 R'm
9. TRANSFERS (TO)/FROM NON-DISTRIBUTABLE RESERVES (note 14)				
Translation of financial statements of foreign operations	(36)	12		
Statutory and other reserves	32	(37)		146
Non-distributable reserves of joint ventures	3			
	(1)	(25)	–	146

	GROUP 1999	GROUP 1998
10. NET PROFIT PER SHARE		
10.1 Net profit per share (basic)		
Net profit attributable to ordinary shareholders (R'm)	1 576	818
The weighted average number of ordinary shares	214 233 835	211 497 049
Net profit per share (cents)	735,6	386,8
Account is taken of the number of ordinary shares in issue for the period in which they are entitled to participate in the net profit of the group.		
10.2 Net profit per share (fully diluted)		
Net profit attributable to ordinary shareholders (R'm)	1 576	818
Adjusted for after tax interest saving assuming conversion of convertible bond	10	11
	1 586	829
Fully converted weighted average number of shares	217 752 619	216 982 304
Net profit per share (fully diluted) (cents)*	728,3	382,1
The number of shares in issue for this calculation has been increased by the number of unexercised options and full conversion of the convertible bond.		
10.3 Earnings per share excluding exceptional items (basic)		
Net profit attributable to ordinary shareholders (R'm)	1 576	818
Adjusted for net exceptional items	(891)	(163)
	685	655
The weighted average number of ordinary shares per 10.1 above	214 233 835	211 497 049
Earnings per share excluding exceptional items (basic) (cents)	319,7	309,7
10.4 Earnings per share excluding exceptional items (fully diluted)		
Earnings as calculated in 10.3 above	685	655
Adjusted for after tax interest saving assuming conversion of convertible bond	10	11
	695	666
Fully converted weighted average number of shares per 10.2 above	217 752 619	216 982 304
Earnings per share excluding exceptional items (fully diluted)(cents)*	319,2	306,9

** The calculation of fully diluted earnings per share for 1999 excludes a potential exercise of share options as they have an anti-dilutive effect.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 1999

	GROUP 1999 R'm	GROUP 1998 R'm	COMPANY 1999 R'm	COMPANY 1998 R'm
11. ATTRIBUTABLE INTEREST IN SUBSIDIARIES				
Attributable interest in the aggregate amount of profits and losses of subsidiaries, after taxation, including associate companies:				
Profits			1 998	906
Losses			418	310
12. DISCONTINUED OPERATIONS				
During the year certain distinguishable business operations of the group were discontinued. The following information relates thereto:				
Loss on discontinuance (since date of discontinuance and shown as an exceptional item in note 6)				
Gross loss on discontinuance	(105)	(487)		
Taxation	9	10		
	(96)	(477)		
Aggregate summarised balance sheets				
Assets remaining at year end	403	1 189		
Liabilities remaining at year end	159	295		
The results of discontinued operations arising prior to the effective date of discontinuance and included in the income statement as being from ordinary operations are:				
Revenue		1 834		
Loss before taxation		(51)		
Taxation credit		27		
Loss after taxation		(24)		
Outside shareholders' interest		7		
Attributable loss to ordinary shareholders		(17)		

Discontinued operation	Segment	Date of discontinuance	Method of discontinuance
Federated Blaikie	Building materials	30 June 1998	Sale
Barlow Paper	Paper	31 July 1998	Sale
Eurofilters	Paper	31 July 1998	Sale
Bartons Precision Tube	Steel tube	1 October 1998	Closure
Princetown (Pty) Ltd	Handling	1 October 1998	Sale

		GROUP AND COMPANY 1999 R'm	GROUP AND COMPANY 1998 R'm
13.	**SHARE CAPITAL AND PREMIUM**		
	Authorised share capital		
500 000	6 percent cumulative preference shares of R2 each	1	1
300 000 000	Ordinary shares of 5 cents each	15	15
		16	16
	Issued share capital		
375 000	6 percent cumulative preference shares of R2 each	1	1
214 309 448	Ordinary shares of 5 cents each (1998: 214 007 500)	11	11
		12	12
	Share premium		
	Balance at beginning of year	730	527
	Premium on shares issued	7	203
	Balance at end of year	737	730
	Total issued share capital and premium	749	742

In terms of the Barlows 1985 Share Option Scheme, 301 948 new shares were allotted and issued during the year.

In terms of the Johannesburg Stock Exchange listing requirements, Barlow Limited had a shareholder spread, as defined in the regulations, of 27,65% at the year end.

Unissued shares

125 000	6 percent cumulative preference shares
16 073 211	Ordinary shares reserved to meet the requirements of the Barlows 1985 Share Option Scheme
3 602 844	Ordinary shares reserved to meet the requirements of the US$75 million convertible bond
66 014 497	Ordinary shares unreserved
85 690 552	

The members in general meeting:
– reserved ordinary shares for purposes of the Barlows 1985 Share Option Scheme, on 23 January 1995
– reserved ordinary shares for purposes of the company's US$75 million convertible bond 2004, on 28 October 1994
– placed the unissued cumulative preference shares and the remaining unissued ordinary shares under the control of the directors, on 25 January 1999, and this authority expires at the forthcoming annual general meeting.

13. SHARE CAPITAL AND PREMIUM (continued)

The Barlows 1985 Share Option Scheme

In terms of a members' resolution dated 23 January 1995, the directors were authorised to allot and issue, for purposes of the Barlows 1985 Share Option Scheme, ordinary shares equal to not more than 7,5% of the total issued ordinary shares of the company from time to time plus, in accordance with the provisions of that scheme and the Barlows 1979 Share Purchase Scheme, such number of ordinary shares as have, from time to time, been taken up and paid for in full by retired or former employees after expiry of one year from the date on which such employees ceased to be employed or retired and had paid for the shares in full.

The following options granted to directors and executives are unexercised:

Directors	Executives	Option price	Date from which exercisable	Expiry date
	80 000	1 484 cents	12 July 1993	12 July 2000
	151 487	1 237 cents	8 October 1993	8 October 2000
	104 200	1 979 cents	17 August 1995	17 August 2002
	98 193	1 948 cents	13 October 1995	13 October 2002
336 734	525 906	2 650 cents	14 January 1997	14 January 2004
235 000	1 720 000	4 300 cents	21 May 1999	21 May 2006
	50 000	4 600 cents	6 March 2000	6 March 2007
	673 300	4 765 cents	13 June 2000	13 June 2007
470 000		4 450 cents	16 February 2001	16 February 2008
35 000	2 784 000	4 100 cents	1 April 2001	1 April 2008
360 000	1 459 000	2 325 cents	1 September 2001	1 September 2008
	85 000	2 855 cents	1 March 2003	1 March 2009
1 436 734	7 731 086			

Movement for the year	1999	1998
Options at beginning of year	9 609 936	5 597 439
Options granted	85 000	5 188 500
Options exercised or lapsed	(527 116)	(1 176 003)
Options unexercised at year end	9 167 820	9 609 936

	GROUP 1999 R'm	GROUP 1998 R'm	COMPANY 1999 R'm	COMPANY 1998 R'm
14. NON-DISTRIBUTABLE RESERVES				
Arising on translation of financial statements of foreign operations:				
– prior years	770	284		
– transferred this year (note 9)	36	(12)		
– arising this year	(20)	498		
Statutory and other reserves:				
– prior years	198	283	63	209
– transferred this year (note 9)	(32)	37		(146)
– arising this year	4	(122)		
Holding company and subsidiaries	956	968	63	63
Non-distributable reserves of joint ventures:				
– prior years	12	12		
– transferred this year (note 9)	(3)			
Joint ventures	9	12		
	965	980	63	63

	GROUP 1999 R'm	GROUP 1998 R'm	COMPANY 1999 R'm	COMPANY 1998 R'm
15. RETAINED SURPLUS				
At beginning of year	3 424	3 208	1 051	605
Retained surplus for the year	1 299	551	70	446
Transfers to non-distributable reserves	(1)	(25)		
Goodwill released / (written off)	15	(310)		
At end of year	4 737	3 424	1 121	1 051
Included in the retained surplus is the group's attributable equity accounted share of the retained earnings of associate companies and the group's attributable share of retained reserves of joint ventures:				
– prior years	318	67		
– transfer on sale of associate (note 21)	(308)			
– current year movement	37	251		
	47	318		
16. DEFERRED TAXATION				
Movement of deferred taxation liabilities:				
Balance at beginning of year	371	319		
Transferred this year	(21)	19		
Rate change adjustment	(42)			
Arising on acquisition and disposal of subsidiaries	(22)	3		
Other movements	(4)	30		
	282	371		
Analysis of deferred taxation liabilities:				
Capital allowances	353	389		
Provisions	(116)	(80)		
Prepayments	21	13		
Effect of tax losses	(68)	(28)		
Other temporary differences	92	77		
	282	371		
Movement of deferred taxation assets:				
Balance at beginning of year	221	117	4	(14)
Transferred this year	(42)	42	(1)	18
Rate change adjustment	(11)		(1)	
Other movements	(5)	62		
	163	221	2	4
Analysis of deferred taxation assets:				
Capital allowances	3	(3)	(2)	(3)
Provisions	152	209		
Prepayments	(3)	(1)	(2)	
Effect of tax losses	1			
Other temporary differences	10	16	6	7
	163	221	2	4

	GROUP		COMPANY	
	1999	1998	1999	1998
	R'm	R'm	R'm	R'm
17. LONG-TERM LIABILITIES				
Total SA Rand and foreign currency borrowings (note 32)	2 461	2 824		200
Less: Current portion redeemable and repayable within one year (note 25)	(951)	(1 725)		(200)
Interest-bearing	1 510	1 099		
Liability portion of convertible bond	165	198		
Non-interest bearing liabilities	448	384		
Pension provisions	166	188		
Other provisions	131	19		
Long-term provisions (note 27)	297	207		
Bills and leases discounted with recourse and repurchase obligations	109	132		
Other creditors	42	45		
Total long-term liabilities	2 123	1 681	–	–

	Debt secured		Net book value of property, plant and equipment encumbered	
	1999	1998	1999	1998
	R'm	R'm	R'm	R'm
Secured debts				
Secured loans				
– Foreign currencies	10	40	30	22
Liabilities under capitalised finance leases				
– SA Rand	269	259	297	150
– Foreign currencies	419	252	411	264
Total secured debts	698	551	738	436

	Total owing 1999	Repayable during the year ending 30 September 2000	2001	2002	2003	2004 and onwards
17. LONG-TERM LIABILITIES (continued) Summary of group borrowings by currency and by year of redemption or repayment – excluding convertible bond						
R million						
Total SA Rand	1 363	668	106	307	16	266
US Dollars	190	119	18	18	18	17
UK Sterling	451	98	76	70	85	122
Japanese Yen	80	8	2	2	2	66
Spanish Peseta	204	42				162
Portuguese Escudo	57					57
Euro	115	16				99
Other	1		1			
Total foreign currencies	1 098	283	97	90	105	523
Total SA Rand and foreign currency liabilities	2 461	951	203	397	121	789

US$75 million was raised in 1995 through Barlow International Investment PLC by way of a ten year convertible bond issue guaranteed by Barlow Limited. The bonds carry a coupon rate of 7% and are convertible into Barlow Limited ordinary shares at a conversion price per share of R35,20. The bonds are convertible at the option of the holder between May 1995 and September 2004. The company, under certain circumstances, has a call option to convert the bonds into ordinary shares at any time from 20 September 1999 to maturity date. During the year no bonds were converted. However, US$7,905 million of the bonds were repurchased and accordingly, the outstanding balance at 30 September 1999 amounts to US$30,545 million, which would require the issue of 3 518 784 Barlow shares.

International Accounting Standards require that where a bond issue provides the investor with the option to acquire equity, the value of the equity option should be quantified. Using the residual valuation of the equity component method and assuming a premium of 2,75% would have to be paid had the group's convertible bond issue not carried a conversion option, the liability at 30 September 1999 may be apportioned as follows:

	1999 R'm	1998 R'm
Equity	19	27
Liability	165	198
Total	184	225

	1999 Cost R'm	1999 Accumulated depreciation or amounts written off R'm	1999 Net book value R'm	1998 Cost R'm	1998 Accumulated depreciation or amounts written off R'm	1998 Net book value R'm
18. PROPERTY, PLANT AND EQUIPMENT						
Group						
Freehold land and buildings	1 245	255	990	1 419	360	1 059
Leasehold land and buildings	98	26	72	86	36	50
Plant, equipment, vehicles, furniture and aircraft	3 940	2 000	1 940	4 486	2 070	2 416
Capitalised leased assets	321	25	296	195	32	163
Rental assets	1 673	714	959	1 317	621	696
	7 277	3 020	4 257	7 503	3 119	4 384
Holding company						
Freehold land and buildings	117	10	107	117	7	110
Equipment, vehicles, furniture and aircraft	19	9	10	24	11	13
	136	19	117	141	18	123

Property, plant and equipment with a net book value of R738 million (1998: R436 million) are encumbered as reflected in note 17.

The registers of land and buildings are open for inspection at the registered offices of the companies.

The insurable value of the group's property, plant and equipment as at 30 September 1999 amounted to R18 534 million (1998: R18 704 million). This is based on the cost of replacement of such assets, except for motor vehicles and certain selected assets, which are included at estimated retail value.

18. PROPERTY, PLANT AND EQUIPMENT (continued)

Movement of group property, plant and equipment

	Freehold and leasehold land and buildings R'm	Plant, equipment, vehicles, furniture and aircraft R'm	Capitalised leased assets R'm	Rental assets R'm	Total R'm
1999					
Net balance at beginning of year	1 109	2 416	163	696	4 384
Subsidiaries acquired	29	8			37
Other additions	74	368	165	518	1 125
Reclassification	109	(109)			
Translation differences (net)	(10)	4		(11)	(17)
	1 311	2 687	328	1 203	5 529
Disposal of subsidiaries	(74)	(240)	(19)		(333)
Other disposals	(118)	(68)		(54)	(240)
Impairment of assets	(6)	(38)			(44)
Depreciation	(51)	(401)	(13)	(190)	(655)
	1 062	1 940	296	959	4 257
1998					
Net balance at beginning of year	966	1 779	165	324	3 234
Subsidiaries acquired	99	102		7	208
Other additions	134	730	10	438	1 312
Reclassification	(90)	97	(7)		
Translation differences (net)	129	143		123	395
	1 238	2 851	168	892	5 149
Disposal of subsidiaries	(37)	(31)		(15)	(83)
Other disposals	(40)	(63)		(42)	(145)
Depreciation	(52)	(341)	(5)	(139)	(537)
	1 109	2 416	163	696	4 384

19. INTEREST IN SUBSIDIARIES

	COMPANY 1999 R'm	COMPANY 1998 R'm
Shares at cost (note 35)	372	436
Amounts written off	(460)	(460)
Amounts owing by subsidiaries (note 35)	3 087	3 247
	2 999	3 223
Amounts owing to subsidiaries	1 075	1 145
	1 924	2 078

	GROUP		COMPANY	
	1999	1998	1999	1998
	R'm	R'm	R'm	R'm
20. NON-CURRENT ASSETS				
Listed and unlisted investments (note 37)	470	133	6	6
Finance lease debtors+	935	996		
Bills and leases discounted with recourse and repurchase obligations	49	58		
Other debtors	13	83		
Other non-current loans and deposits*	41	47	1	1
Barlows 1979 Share Purchase Trust#	27	17	27	13
	1 535	1 334	34	20
Shares at cost less amounts written off				
Listed investments	161	5	4	4
Unlisted investments	309	128	2	2
	470	133	6	6
Valuation of shares				
Market value – listed investments	999	11	4	3
Directors' valuation of unlisted investments	315	136	2	2
	1 314	147	6	5

+ Finance lease debtors

– Gross investment	*2 097*	*2 449*
– Unearned finance charges	*(373)*	*(631)*
– Net investment	*1 724*	*1 818*
– Current portion (note 23)	*(789)*	*(822)*
– Non-current portion	*935*	*996*

** Other non-current loans and deposits*

Included in non-current loans and deposits are the following housing loans made to directors in terms of members' resolutions. These loans are secured by first mortgages over properties, bear interest at 13% (1998: 10%) per annum and are repayable in full no later than six months after retirement, retrenchment or death. Where loans exceed R100 000, the excess bears interest at 23% (1998: 20%) per annum.

Director	*1999 Rand*	*1998 Rand*
W A M Clewlow		*40 000*
M D Coward	*158 950*	*163 850*
A J Lamprecht	*100 000*	*100 000*
	258 950	*303 850*

 # Barlow 1979 Share Purchase Trust

Included are loans to executive directors for the purchase of shares amounting to R10,3 million (1998: R9,7 million). The loans are secured by pledge of the shares and are repayable within ten years of granting of the option or within nine months of death or immediately on ceasing to be an employee, except in the case of retirement. Interest rates vary in accordance with the terms and provisions of the trust deed and range from 3,2% to 6,4%.

	GROUP 1999 R'm	GROUP 1998 R'm	COMPANY 1999 R'm	COMPANY 1998 R'm
21. INVESTMENT IN ASSOCIATES AND JOINT VENTURES				
Book value	75	35		56
Share of retained earnings				
– beginning of year	318	67		
– transferred to investments (note 15)	(308)			
– increase for the year	60	309		
– normal and exceptional profit for the year	64	338		
– dividends received	(4)	(29)		
– other movements	(23)	(58)		
– end of year	47	318		
Carrying value excluding amounts owing	122	353		56
Amounts owing	12	10		
Carrying value including amounts owing	134	363	–	56
Carrying value by category				
Listed associates – shares at carrying value		321		56
Unlisted associates and joint ventures – shares at carrying value	122	32		
	122	353	–	56
Valuation of shares				
Market value – listed associate companies		2 449		227
Directors' valuation of unlisted associate companies and joint ventures	229	108		
	229	2 557	–	227
Aggregate of associate companies' and joint ventures' net assets and turnover (note 38):				
Property, plant and equipment, investments and cash	193	2 777		
Total borrowings	96	131		
Working capital	116	(364)		
Revenue	1 239	4 903		
22. INVENTORIES				
Raw materials and components	359	463		
Work in progress	194	208		
Finished goods	1 204	1 260		
Merchandise	909	1 261		
Consumable stores	91	92		
Buy-back commitments	179	240		
	2 936	3 524		
The value of inventories has been determined on the following bases:				
First-in first-out	2 645	3 227		
Average	291	297		
	2 936	3 524		

	GROUP		COMPANY	
	1999	1998	1999	1998
	R'm	R'm	R'm	R'm
23. DEBTORS				
Trade debtors	2 431	2 575		
Hire-purchase and lease debtors (note 20)	789	822		
Bills and leases discounted with recourse	48	58		
Other debtors, prepayments and taxation overpaid	604	504	10	20
Dividends accrued	4	12	63	23
	3 876	3 971	73	43
24. DEPOSITS, CASH AND SHORT-TERM INVESTMENTS				
Cash on deposit and short-dated liquid instruments	1 142	649		
Other cash and cash equivalent balances	42	93	15	
	1 184	742	15	–
25. AMOUNTS DUE TO BANKERS AND SHORT-TERM LOANS				
Bank overdrafts and acceptances	127	329		3
Short-term loans	120	555		
Current portion of long-term borrowings (note 17)	951	1 725		200
	1 198	2 609	–	203
26. CREDITORS, TAXATION AND SHAREHOLDERS FOR DIVIDENDS				
Trade and other creditors	2 596	2 918	38	34
Taxation	197	160		33
Bills and leases discounted with recourse	139	190		
Shareholders for dividends	189	188	189	188
	3 121	3 456	227	255
27. PROVISIONS				
Long-term (note 17)	297	207		
Short-term	371	694	5	10
	668	901	5	10