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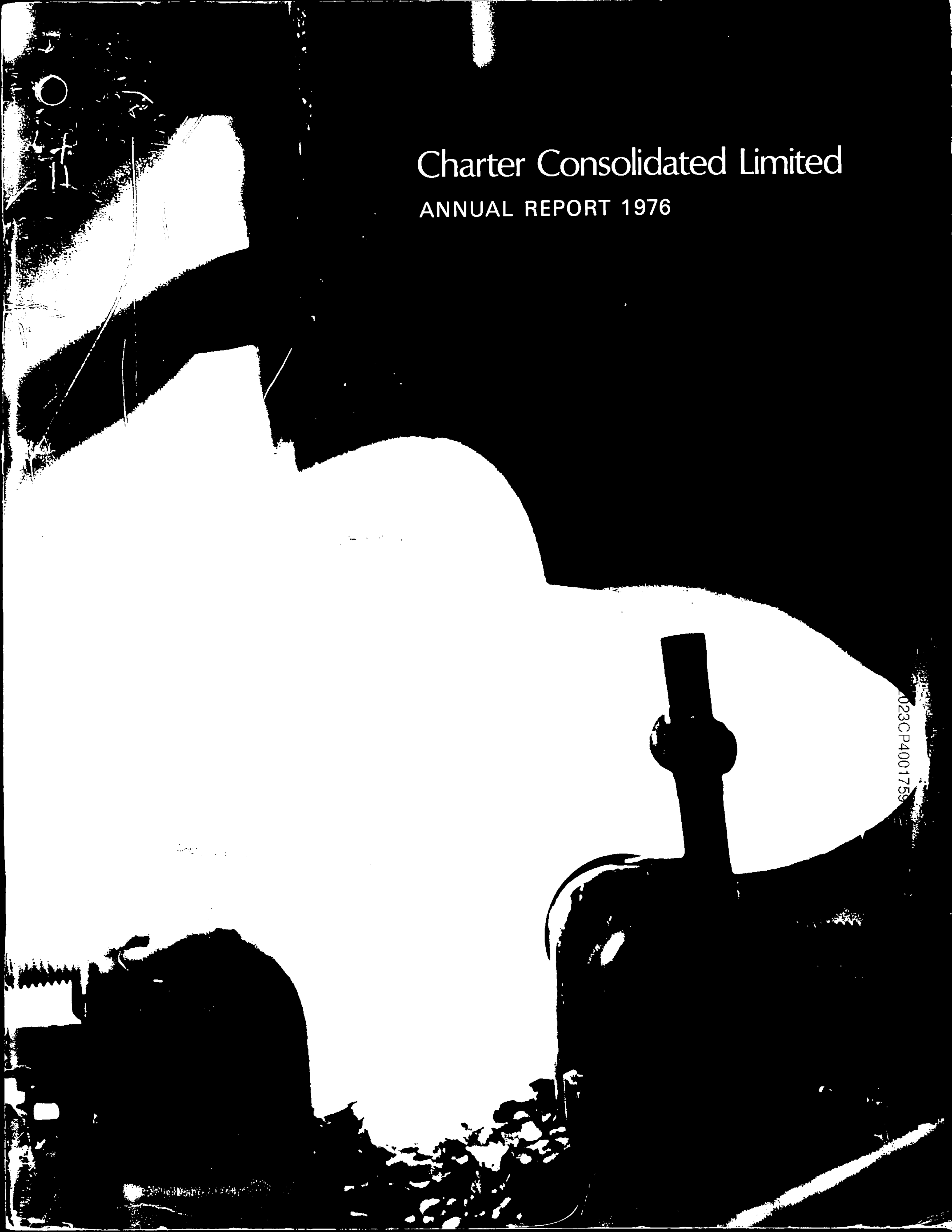
Charter Consolidated Limited

ANNUAL REPORT 1976



COVER
A 'Pandrol' rail fastening being made at the Elastic Rail Spike Company's United Kingdom plant

Offices

United Kingdom
40 Holborn Viaduct, London EC1P 1AJ *(registered)*
7 Rolls Buildings, Fetter Lane, London EC4A 1HX
Charter House, Park Street, Ashford, Kent TN24 8EQ

South Africa
44 Main Street, Johannesburg 2001

Canada
PO Box 28, Toronto-Dominion Centre, Toronto, Ontario M5K 1B8

Australia
26th Floor, 500 Collins Street, Melbourne, Victoria 3000

France
9 rue de Vienne, 75008 Paris

Portugal
244 Avenida da Liberdade, Lisbon 2

Rhodesia
70 Jameson Avenue Central, Salisbury C4

Registrars

United Kingdom
Charter Consolidated Services Limited
PO Box 102, Charter House, Park Street, Ashford, Kent TN24 8EQ

South Africa
Consolidated Share Registrars Limited
62 Marshall Street, Johannesburg 2001

Rhodesia
Anglo American Corporation of South Africa Limited
70 Jameson Avenue Central, Salisbury C4

CHARTER CONSOLIDATED LIMITED

Report and Accounts
Year ended 31 March 1976

Notice of Meeting

NOTICE IS HEREBY GIVEN that the eleventh annual general meeting of members of Charter Consolidated Limited will be held at Winchester House, 100 Old Broad Street, London EC2N 1BU, on Tuesday 20 July 1976 at 12 noon for the purpose of considering and, if thought fit, passing the following ordinary resolutions:

1. 'That the consolidated profit and loss account for the year ended 31 March 1976 and the balance sheet of the company and the consolidated balance sheet at that date, together with the annexed report of the directors, be and are hereby approved and adopted'
2. 'That the final dividend of 4.25675p per share for the year ended 31 March 1976 recommended by the board of directors be and is hereby approved for payment to shareholders registered at the close of business on 25 June 1976 and to persons presenting coupon no. 22 detached from share warrants to bearer'
3. 'That the following be and are hereby reappointed directors of the company:

   Mr H. J. Stucke
   Mr J. Ogilvie Thompson
   Mr G. A. Carey-Smith
   Mr R. H. Dent
   Mr J. O. Hambro
   Mr M. W. Thomas'

   These appointments will be dealt with in one resolution unless any member present or represented at the meeting requires otherwise.
4. 'That the remuneration of the joint auditors for the period until the next annual general meeting be fixed by the board of directors'

The transfer books and registers of members in the United Kingdom, the Republic of South Africa, and Rhodesia will be closed from 17 to 20 July 1976, both days inclusive.

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the company. A form of proxy accompanies this notice.

Holders of share warrants to bearer who wish to attend in person or by proxy or to vote at any general meeting of the company must comply with the relevant conditions governing share warrants to bearer (see inside back cover).

by order of the board
D. S. BOOTH
secretary

40 Holborn Viaduct
London EC1P 1AJ

24 June 1976

NOTES

1. Holders of loan stock are reminded that only shareholders are entitled to attend and vote at the meeting.
2. To be valid the form of proxy must reach the company at PO Box 102, Charter House, Park Street, Ashford, Kent TN23 2BR, not less than 48 hours before the meeting.
3. There are no directors' service contracts required by The Stock Exchange to be made available for inspection at the meeting.

Directorate and Administration

Chairman
S. Spiro, MC*

Deputy Chairman
Sir Philip Oppenheimer*

Managing Director
M. B. Hofmeyr*

Directors
F. S. Berning*
P. C. D. Burnell
G. A. Carey-Smith
J. N. Clarke*
J. E. H. Collins, MBE, DSC
R. H. Dent
H. R. Fraser
J. O. Hambro, MC
H. F. Oppenheimer
B. W. Pain*
G. W. H. Relly
J. G. Richardson*
L. G. Stopford Sackville*
H. J. Stucke
M. W. Thomas
J. Ogilvie Thompson
W. D. Wilson

**Members of Executive Committee*

Alternate Directors
R. J. Armitage
P. G. Hatch
M. W. B. Heald
F. J. A. Howard
A. E. Oppenheimer
A. J. W. Owston

Managers
R. J. Armitage
P. C. D. Burnell
P. G. Hatch
M. W. B. Heald
F. J. A. Howard
A. J. W. Owston

Secretary
D. S. Booth

Chief Accountant
R. H. T. Dawkins

Chief Economist
L. L. C. Smets

Personnel Controller
H. Holmes, MBE

Public Relations Consultant
H. E. O. Ellison

Administrative Manager
J. A. Pool

Director responsible for technical services
H. J. Stucke

Consulting Engineer
A. Smith

Assistant Consulting Engineer
J. V. Cleasby

Consulting Mechanical and Electrical Engineers
A. H. W. Purkiss
S. Sheer

Consulting Metallurgist
A. K. Chant

Consulting Geologists
Dr F. W. D. Cornwall
Dr J. F. Osten

Report of the Directors

The directors have pleasure in submitting their eleventh annual report, with the audited accounts, for the year ended 31 March 1976.

Financial results

The following are the major features of the consolidated profit and loss account:

	1976 £000s	1975 £000s
Consolidated profit before taxation	37,291	27,936
Deduct:		
Taxation	14,666	9,869
Interest of outside shareholders	2,382	861
	17,048	10,730
Earnings attributable	20,243	17,206
Appropriations		
Dividends:		
Interim of 2.5p per share paid on 2 January 1976	2,620	2,358
Recommended final of 4.25675p per share payable on or about 23 July 1976	4,461	4,149
	7,081	6,507
Profit for the year retained	13,162	10,699
Extraordinary items	(3,629)	(8,333)
Transfer to reserves	9,533	2,366

Earnings, after taxation and prior to extraordinary items, increased to £20,243,000, equivalent to 19.32p per share, compared with £17,206,000 or 16.42p per share in the year to 31 March 1975.

The board has recommended a final dividend of 4.25675p per share, to make a total dividend for the year of 6.75675p per share. The final and interim dividends, together with the tax credit of 3.63825p per share, represent the maximum distribution which is permitted under the counter-inflation legislation.

Investment income rose by £521,000 to £18,220,000. Although depressed metal prices reduced income derived from the Zambian copper mines through the investment in Minerals and Resources Corporation Limited, and from interests in tin and platinum, the major investments in mining finance houses produced further growth in revenue.

The United Kingdom stock market showed a remarkable recovery from the extreme depression of 1974 and this was mirrored less dramatically in the United States. The very substantial profits on realizations of £6,932,000 reflect some element of the surplus arising through the placing in January 1976 of 10 million shares of The Rio Tinto-Zinc Corporation Limited, the balance being included under extraordinary items.

The industrial companies had an excellent year. Cape Industries Limited's performance in more than doubling trading profits was matched by the results of the Elastic Rail Spike and Heatrae/Sadia groups.

The company's share of the retained earnings before taxation of associated companies decreased by £2,302,000 to £3,663,000, mainly as a result of lower metal prices.

The taxation charge increased by £4,797,000 to £14,666,000, which includes a provision for deferred taxation of £1,681,000. A significant element of this charge derives from the major improvement in the results of the industrial subsidiaries and from the substantial tax liability which arose as a result of the placing of the Rio Tinto-Zinc shares.

However, the taxable surplus arising from this placing enabled the company to claim full tax relief for the losses written off in the accounts to 31 March 1975 in respect of SOMIMA, and a credit of £7,326,000 is made to extraordinary items from this recovery of taxation. Extraordinary items show a deficit of £3,629,000. Reference is made below to the suspension of development work on the SMTF project. Charter's share of the investment expenditure on this project up to the time of suspension amounted to £20.9 million. The directors have decided in the present circumstances, as a matter of financial prudence, to provide £9.2 million against the cost of this investment, and in addition to write off in full Charter's share of estimated demobilization costs requiring a further £5.4 million. Losses of £1,039,000 also arise in respect of the exceptional costs resulting from the closure of plants by our industrial companies to achieve more efficient manufacturing operations. The aggregate deficit in extraordinary items was offset by the substantial credits arising from the tax relief in respect of SOMIMA, together with surpluses on the disposal of long term investments and surpluses in the accounts of associated companies. The continued depreciation of sterling against the Deutsche mark and the French franc required the company to make further provision against the increased cost of ultimately repaying the loans raised in these currencies, but this was compensated by the increased value in sterling terms of assets held outside the United Kingdom.

Shareholdings in Freight Services Holdings Limited, Pretoria Portland Cement Company Limited, Highveld Steel and Vanadium Corporation Limited, and The Northern Lime Company Limited have been disposed of.

Operations and investments

SOCIETE MINIERE DE TENKE-FUNGURUME (SMTF)

Full scale development work continued during 1975 on the Tenke-Fungurume copper project in Zaire in anticipation that the financing arrangements, which had been agreed in principle by the end of 1974, would be completed as envisaged. These arrangements included loans from third parties for a total of $425 million made up of bank syndicated eurodollar credits of approximately $200 million, with the balance being raised in the form of export credit finance from various government agencies.

During the course of the year a combination of major adverse external influences came to bear on the project. The continuing depression in the copper price had a serious effect on the Zaire economy, and created problems in the servicing of existing debt. The war in Angola and the resulting disturbed political conditions gave rise to anxiety, and the lending institutions were therefore reluctant in all the circumstances to undertake further commitments to disburse funds. The logistical and transportation disruptions caused by the war, combined with an unprecedented rate of world inflation, resulted in the likely cost of the project to produce 130,000 metric tons of copper per annum and related cobalt rising to more than $800 million, compared with the previous estimate of $660 million on which the financial scheme had been based.

The shareholders reviewed this grave situation with the government of Zaire, and with their full cooperation and agreement the decision was taken at the end of January to defer further expenditure on development. Up to this time an amount of $230 million had been expended on the project by the shareholders, and the additional cost of demobilization is estimated at around $55 million. Progress work on the main plant and township has ceased, all major equipment orders have been either suspended or terminated, and activity on site reduced to a minimum.

Despite the decision taken to suspend development of the project, Charter and associates and the other shareholders in SMTF, namely the Zaire government, Standard Oil of Indiana, Mitsui & Co., Bureau de Recherches Géologiques et Minières, and Leon Tempelsman & Son, remain convinced that the Tenke-Fungurume orebodies, containing 51 million metric tons of ore assaying 5.7 per cent copper and 0.46 per cent cobalt, constitute one of the most attractive copper deposits in the world. Feasibility work is continuing, including the study of a scheme involving lower production levels initially, with a view to reactivating the project as soon as possible.

CLEVELAND POTASH

Steady progress has been made on the completion of the construction phase, both on surface and underground, and on development work at Cleveland

Potash Limited, which is jointly owned by Charter and associates and by Imperial Chemical Industries. It will be recalled that the completion of the rock shaft, intended for hoisting ore, was materially delayed because of water encountered during sinking operations. The service shaft, which was designed for the movement of equipment and personnel, had thus to be used also for the hoisting of ore until the rock shaft was sunk to final depth and fully equipped. This was achieved during the year, but the extended use of the service shaft for ore hoisting has necessitated the refurbishing and rehabilitation of this shaft. A substantial part of this work has now been completed but the availability of the shaft for operations continues to be restricted.

The extent and grade of the potash reserves calculated from original borehole information have been broadly confirmed by underground development and geological work. However, the potash seam exposed thus far has been undulating and varying in thickness, and this, coupled with poor roof conditions, has resulted in a slower build-up of ore production and a lower ore grade than anticipated.

As a result of these factors it is unlikely that a rate of production sufficient to cover costs will be attained until some time in 1977. To meet the delay in building up production, Charter and associates and Imperial Chemical Industries have agreed to make available to Cleveland a further £18 million this year. Charter's share of this is £6.75 million.

Although the world potash market showed weakness during the latter part of the year, with some falling off in consumption, it is confidently expected that Cleveland will be able to dispose of its future production at satisfactory prices.

MALAYSIA

Charter's main interest in tin mining is through shareholdings in Tronoh Mines Limited, Bidor Malaya Tin Sendirian Berhad, Ayer Hitam Tin Dredging Limited, and The Sungei Besi Mines Limited. Production from Tronoh and its subsidiary companies for the year ended 31 December 1975 was 2,582 metric tons of tin concentrate, compared with 3,077 metric tons during 1974, and this, combined with lower prices for tin in 1975, resulted in a decrease in profit from £1.5 million to £0.9 million.

At Ayer Hitam production increased from 2,636 metric tons to 3,127 metric tons and was reflected in the improved profit of £1.6 million for the year to 30 June 1975, compared with £1.0 million in the previous year.

Although Sungei Besi's output of 2,277 metric tons in the year to 31 March 1975 did not match the 2,579 metric tons produced in the previous 12 months, profits increased to a record level of £0.7 million, compared with £0.6 million in 1973-4, mainly because the company received the benefit of the higher tin prices for the first nine months of its financial year. Production is expected to be lower for two years as a result of an extensive development plan launched in April 1975, so that the mine is unlikely to contribute significantly to Tronoh group profits until 1977-8.

Work on the joint venture project in the Selangor state of Malaysia has been suspended while suitable arrangements are made to provide the finance necessary for further development. Every effort is being made to negotiate terms to enable work to be restarted on this important tin discovery. Charter has a 36 per cent interest in this project and Tronoh nine per cent; the balance is held by Selangor State Development Corporation.

It was announced on 1 April 1976 that, as a result of negotiations which had taken place since June 1975, proposals had been formulated which, if implemented, would result in a Malaysian company associated with Pernas Securities Sendirian Berhad, an agency of the federal Malaysian government, making an offer for the shares of London Tin Corporation Limited not already owned by Pernas and its subsidiaries. Before the proposals can be implemented, various consents and approvals will have to be obtained from the exchange control and revenue authorities in the United Kingdom and from those in Malaysia and Singapore. As part of the proposed arrangements, Pernas and Charter would merge their tin mining interests by placing them in a new Malaysian company for which a listing is envisaged in due course. The assets of this company would be managed by a new Malaysian company jointly owned by Pernas and by Charter which would provide full technical and other services.

BERALT TIN AND WOLFRAM

Beralt Tin and Wolfram Limited had a satisfactory year and recorded a profit before tax of £1.4 million. This compared with £3.1 million in 1974 when exceptional profits arose through the sale of stocks which had been built up.

Despite greater availability of labour, production at the mine at Panasqueira suffered as a result of absenteeism, reduced working hours, and the declaration of additional public holidays, and total output of wolfram concentrates declined to 1,742 metric tons, compared with 1,827 metric tons in 1974.

The wolfram market enjoyed a year of unusual stability. Although a certain slackening in demand occurred towards the end of the year, prices remained firm, and Beralt was able to sell its wolfram concentrates at an average price higher than in the previous year. Sales volume was lower, however, at 1,882 metric tons of concentrate, compared with 3,032 metric tons sold in 1974.

During the year exchange control permission was received to transfer to the United Kingdom one third of the operating company's dividend for 1974, which enabled Beralt Tin and Wolfram to pay a dividend of 1.75p per share in respect of its own year 1975. The second instalment of the operating company's dividend for 1974, and also a dividend for 1975, is expected to be remitted to the parent company in the current year.

PROSPECTING AND OTHER ACTIVITIES

Charter continued to participate directly and indirectly through associated companies in prospecting operations in various parts of the world, principally Spain, Ireland, Australia, Brazil, Costa Rica, and South-east Asia.

In Australia Charter's mineral activities are carried on through Australian Anglo American Limited, in which Charter's interest is now 15 per cent. Australian Anglo American's Blue Spec gold and antimony mining operation commenced production on schedule in April.

In Brazil Charter has a 12 per cent interest in the 49 per cent interest of Anglo American Corporation do Brasil Limitada in Mineracao Morro Velho S.A., an old established gold mining company where ore production is now in excess of 40,000 metric tons a month.

Average gold recovery is seven grams per metric ton, and this is expected to increase in 1976. An investigation of gold-bearing conglomerates at Jacobina in the state of Bahia is being pursued by drilling and adit work.

In the North Sea the consortium in which Charter has a 25 per cent interest completed the drilling of a second well in block 210/19 without any showings of hydrocarbons.

CAPE INDUSTRIES

Charter's principal industrial subsidiary, Cape Industries Limited, had a record year, with turnover rising to £107 million from £81.3 million, and pre-tax profits reaching £10.2 million, compared with £3.9 million for 1974. These results were achieved in spite of difficult trading conditions.

All divisions improved their profits, the greatest increase arising in the mining division, which raised total tonnage both mined and sold. Together with substantial price increases effected during the year, these factors led to a much needed improvement in profitability.

The wages of black South African employees were further increased in 1975 by 53 per cent and have now risen to almost four times their level four years ago. Improvements continue to be made to standards of accommodation and amenities.

At home, the market for external cladding materials remained at a depressed level, but higher demand for fire-resisting boards and panels for both land and marine use enabled satisfactory results to be achieved. The contracting division, enlarged during the early part of the year by the acquisition from Turner &

'Rocksil' rigid sections and slabs, manufactured by Cape Insulation, were installed by Cape Contracts for the thermal insulation of pipework at BP's new oil terminal at Grangemouth, Scotland

Newall Limited of its insulation contracting business, continued to prosper. Despite the troubled state of the motor industry, the automotive and engineering division again increased both turnover and profits.

As to the future, the demand for asbestos fibre, and for thermal insulation materials and contracting services, remains strong. Fire regulations will also reinforce the need for fire-resisting boards and panels. The market for friction materials may not change greatly in the United Kingdom, but there are signs of an upturn in the rest of Europe.

Capital expenditure in 1976 will be heavy, amounting to £4.8 million in the United Kingdom and £6.3 million in South Africa. Towards the end of the year Cape raised £4.9 million by means of a rights issue of shares for cash, in which Charter took up its entitlement, in order to provide for these further capital projects and to avoid increasing the company's indebtedness.

Much publicity has been given to health hazards connected with asbestos. Cape spends very large sums on dust control and takes a leading part in research into this problem. The proposed government inquiry into the situation is welcomed.

ELASTIC RAIL SPIKE AND HEATRAE/SADIA GROUPS

Sales of Charter's wholly owned industrial subsidiaries, the Elastic Rail Spike (ERS), Heatrae, and Sadia groups, rose by £5.5 million to £22.5 million in 1975, an increase of 32 per cent, which was largely attributable to ERS. Combined trading profits, after depreciation and interest on external borrowings but before inter-group interest, taxation, and minorities, increased from £0.8 million to £2.1 million.

ERS had a particularly successful year, with its trading profits increasing from £0.7 million to £1.6 million. Demand in the United Kingdom for railway track fastenings weakened in the second half of 1975, coinciding with the financial problems of British Rail. However, exports of fastenings from the United Kingdom were buoyant. The Australian subsidiary, which suffered restrictions in steel supplies in 1974, increased profits very considerably, and the 75 per cent owned Canadian subsidiary produced a satisfactory profit in its first year of operation. Exports and operations abroad accounted for about 60 per cent of profits and should continue to do so, but prospects in the United Kingdom are likely to be limited for the next year at least.

Heatrae and Sadia have been maintained as separate trading groups, competing in those markets in which both are represented. Consolidated sales were little changed in value compared with 1974, but volume declined by 10 per cent in United Kingdom markets, which continue to be depressed. Plans to expand exports were implemented in 1975 and some progress was made. Greater benefits are expected in 1976. Combined trading profits increased from £0.2 million to £0.5 million, mainly as a result of increased efficiency following closure of two factories. The progress of Heatrae and Sadia now depends on the extent to which rising costs can be controlled in relation to price restrictions.

MINERALS AND RESOURCES CORPORATION

The consolidated net profit of Minerals and Resources Corporation Limited (MINORCO), in which Charter effectively holds a 20 per cent interest, dropped by US$18.3 million to US$11.4 million for the year to 30 June 1975. This sharp decline in earnings was attributable mainly to a substantial fall in dividend income from MINORCO's 49.98 per cent interest in Zambia Copper Investments Limited (ZCI), which distributed dividends of four cents a share, compared with 40 cents a share in the previous financial year. ZCI's earnings have been affected by the lower copper price, and in addition its liquidity has been seriously impaired by the fact that over US$10.5 million of the dividends declared by Nchanga Consolidated Copper Mines Limited and Roan Consolidated Mines Limited which accrued to ZCI are blocked in Zambia because of exchange control restrictions. Neither of these producing copper mines has declared a dividend since the quarter ended 30 September 1974.

MINORCO's principal source of earnings was its 30 per cent interest in Engelhard Minerals & Chemicals Corporation, which again achieved record results, with net profits of $114.7 million for 1975, compared with $110.2 million in the previous year. MINORCO's other major investments are a 43 per cent interest in Trend

International Limited, a subsidiary of Hudson Bay Mining and Smelting Co. Limited through Francana Oil & Gas Ltd, and a 15 per cent equity holding in Inspiration Consolidated Copper Company, in which Hudson Bay has a 22 per cent interest. Inspiration, which is concerned with the mining and treatment of copper ores in the United States, had a difficult year in 1975 with the adverse effects of the depressed copper price and a 25 per cent cut in production, which resulted in a net loss of $3.9 million, compared with earnings of $9.5 million in 1974.

The Trend International group has extensive oil and gas production and exploration interests in North America and Indonesia, and in 1975 its consolidated net earnings were $10.3 million. Crude oil production in Indonesia averaged 63,000 barrels a day, compared with 30,600 barrels a day in 1974. Although capacity fell short of expectations due to logistical problems and increasing water production from some wells, output for the first quarter of 1976 reached an average of 67,000 barrels a day.

The continued absence of dividends from its indirect interests in the Zambian copper mining industry is reflected in MINORCO's net profit for the six months to 31 December 1975, which amounted to US$2.6 million, compared with US$7.2 million in the corresponding period of 1974.

ANGLO AMERICAN CORPORATION OF CANADA

The consolidated net income of Anglo American Corporation of Canada Limited (AMCAN), in which Charter has an equity interest of 25 per cent, decreased from C$11.9 million in 1974 to C$5.7 million in 1975, mainly as a result of lower earnings from its principal investment, a 38.5 per cent interest in Hudson Bay Mining and Smelting Co. Limited. Hudson Bay's reduction in earnings from C$45.0 million in 1974 to C$14.8 million in 1975 is largely attributable to its base metal operations which were adversely affected by rising operating costs, higher taxes, and low metal prices. On the other hand, the fertilizer and oil and gas operations increased their contribution to earnings.

Hudson Bay owns a 51 per cent interest in Terra Chemicals International Inc., a United States fertilizer and chemical company, and a 55 per cent share in Francana Oil & Gas Ltd, a Canadian producer of oil and natural gas, in which AMCAN itself now holds a direct interest of 28.3 per cent following the dissolution of the partnership with Credit Foncier Franco-Canadien in Francana Development Corporation Ltd. Francana Oil & Gas holds 57 per cent of Trend International Limited, in which MINORCO is the only other shareholder. Hudson Bay's financial position has recently been strengthened by the issue in the United States of debentures totalling US$50 million and by the agreement in March 1976 to sell its interest in Western Decalta Petroleum Limited for C$36.3 million.

BOTSWANA RST

Through Anglo American Corporation Botswana Limited Charter has a 4.5 per cent interest in Botswana RST Limited (BRST), which in turn holds an 85 per cent interest in Bamangwato Concessions Limited, the operator of a copper/nickel mine at Selebi-Pikwe in Botswana.

The continuing low level of production and the depressed copper price gave rise to an operational loss for BRST of R15.2 million before financing charges of R23.3 million. This resulted in a loss for the year to 31 December 1975 of R38.5 million after all charges. It is believed that the operating difficulties in the metallurgical plant have now been identified and these are being corrected. Production during the year has continued to improve and in December 1975 reached approximately 70 per cent of capacity. Progress was maintained during the first quarter of 1976, and it is hoped that target production will be achieved during this year. Nevertheless, there will be substantial additional losses in BRST's current financial year.

Substantial support by way of loans continued to be provided by the principal shareholders, pending a reorganization of the company's capital structure.

Directorate

A list of the directors of the company appears on page 3.

Mr M. W. Stephenson resigned as a director on 31 December 1975, and Mr H. J. Stucke was appointed in his place on 1 January 1976. Mr N. K. Kinkead-Weekes resigned from the board on 31 March 1976. Mr J. Ogilvie Thompson was appointed a director on 22 April 1976.

In accordance with the company's articles of association, Mr H. J. Stucke and Mr J. Ogilvie Thompson hold office only until the forthcoming annual general meeting but offer themselves for reappointment. Mr G. A. Carey-Smith, Mr R. H. Dent, Mr J. O. Hambro, and Mr M. W. Thomas retire by rotation and offer themselves for reappointment.

General information

The book value of the group's fixed assets increased from £36,668,000 to £47,353,000 during the year, reflecting mainly the professional revaluation of the land and buildings owned by Cape Industries. Movements on reserves are shown in the consolidated profit and loss account on page 18 and in note 15 on the accounts on page 27.

During the year the company issued 570 fully paid shares of 25p each against conversion of £2,371 five per cent convertible unsecured loan stock 1984. The issued share capital was thereby increased to £26,201,510.25 in 104,792,981 fully paid shares of 25p each and 326,500 partly paid shares of 25p each (1p paid up).

An analysis of investments and investment income appears on page 35. Other particulars which constitute part of this report are given on page 44, and a list of subsidiary companies on page 34.

Auditors

Coopers & Lybrand and Deloitte & Co. will be re-appointed in accordance with the provisions of section 159 (2) of the Companies Act 1948.

by order of the board
D. S. BOOTH
secretary

40 Holborn Viaduct
London EC1P 1AJ

8 June 1976

Ten Year Financial Record

CHARTER CONSOLIDATED LIMITED AND ITS SUBSIDIARY COMPANIES

EARNINGS *(year to 31 March)*	**1976 £000s**	1975 £000s	1974 £000s	1973 £000s	1972 £000s	1971 £000s	1970 £000s	1969 £000s	1968 £000s	1967 £000s
Income from investments	**18,220**	17,699	13,254	10,440	10,441	14,372	10,705	9,578	8,972	8,218
Surplus on realizations	**6,932**	2,124	4,309	4,034	3,445	1,104	5,343	3,041	2,253	1,619
Interest received less paid	**(2,910)**	(758)	327	(129)	222	(15)	(511)	125	539	777
Trading profit	**14,566**	6,566	7,198	5,716	4,442	3,704	4,499	839	871	834
	36,808	25,631	25,088	20,061	18,550	19,165	20,036	13,583	12,635	11,448
Deduct: administration and technical expenditure	**2,127**	1,497	1,295	944	901	999	1,237	1,349	1,283	1,135
prospecting expenditure*	**1,053**	2,163	919	602	778	769	—	—	—	
	3,180	3,660	2,214	1,546	1,679	1,768	1,237	1,349	1,283	1,135
	33,628	21,971	22,874	18,515	16,871	17,397	18,799	12,234	11,352	10,313
Add: group share of retained profits less losses of associated companies*	**3,663**	5,965	3,109	(1,137)	774	2,803	—			
Profit before taxation	**37,291**	27,936	25,983	17,378	17,645	20,200	18,799	12,234	11,352	10,313
Deduct: taxation	**14,666**	9,869	9,076	3,832	3,036	3,276	4,772	2,114	1,649	1,576
	22,625	18,067	16,907	13,546	14,609	16,924	14,027	10,120	9,703	8,737
Deduct: amount attributable to outside shareholders and pre-acquisition	**2,382**	861	1,016	1,103	673	556	1,029	—	—	—
Earnings attributable	**20,243**	17,206	15,891	12,443	13,936	16,368	12,998	10,120	9,703	8,737
Deduct: dividends paid	**7,081**	6,507	5,987	6,654	8,383	8,381	7,422	6,522	6,522	5,707
Retained	**13,162**	10,699	9,904	5,789	5,553	7,987	5,576	3,598	3,181	3,030
Earnings per share	**19.32p**	16.42p	15.16p	11.87p	13.30p	15.84p††	13.13p	10.34p	9.92p	8.93p
Dividends per share	**6.76p†**	6.21p†	5.71p†	6.35p	8.00p	8.00p	7.50p	6.66p	6.66p	5.83p
Imputed tax credit per share**	**3.64p†**	3.24p†	2.69p†	1.65p	—	—	—	—	—	—
	10.40p†	9.45p†	8.40p†	8.00p	8.00p	8.00p	7.50p	6.66p	6.66p	5.83p

*items introduced in 1972 resulting from new accounting policies

**item included for the first time in 1973 on the introduction of the imputation tax system

†to two decimal places

††earnings recalculated on revised figures resulting from new accounting policies

CHARTER CONSOLIDATED LIMITED AND ITS SUBSIDIARY COMPANIES

NET ASSETS
(at 31 March)

	1976 £000s	1975 £000s	1974 £000s	1973 £000s	1972 £000s	1971 £000s	1970 £000s	1969 £000s	1968 £000s	1967 £000s
Investments at market value or directors' valuation	**255,606**	303,863	351,347	324,189	272,637	266,785	325,959	383,226	268,929	163,286
Investments at book value	**196,151**	199,393	184,410	178,597	150,413	143,559	138,388	141,547	123,723	106,111
Fixed assets	**47,353**	36,668	30,075	23,640	22,000	21,556	19,578	3,315	3,015	2,664
Exploration and development expenditure*	**657**	4,442	4,069	2,250	759	—				
Net current assets	**35,532**	9,269	24,531	27,177	34,425	37,760	17,969	5,424	3,986	7,177
	279,693	249,772	243,085	231,664	207,597	202,875	175,935	150,286	130,724	115,952
Deduct: investment grants, minority interest, long term indebtedness, and deferred taxation	**67,748**	52,222	48,189	46,951	35,234	35,175	33,969	14,991	1,125	1,080
Total capital and reserves	**211,945**	197,550	194,896	184,713	172,363	167,700	141,966	135,295	129,599	114,872
Add: surplus of market value or directors' valuation of investments over book value	**59,455**	104,470	166,937	145,592	122,224	123,226	187,571	241,679	145,206	57,175
Total net assets	**271,400**	302,020	361,833	330,305	294,587	290,926	329,537	376,974	274,805	172,047
Net assets per share	**259p**	288p	345p	315p	281p	277p	333p	385p	280p	175p

ISSUED SHARE CAPITAL
(at 31 March)

	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967
	26,202	26,201	26,201	26,200	26,199	26,194	24,738	24,458	24,458	24,458

**item introduced in 1972 resulting from new accounting policies*

Underground at the Cleveland Potash mine, Cleveland, a 'Secoma' drill operating in a heading preparatory to blasting

ACCOUNTS

Accounting Policies

1. Basis of consolidation

(i) In order to facilitate administration, the financial years of Cape Industries Limited and its subsidiaries and those of the other group manufacturing subsidiaries terminate on 31 December.

(ii) The results of subsidiaries acquired during the year are included in the consolidated profit and loss account from their effective dates of acquisition.

2. Foreign currencies

Profit and loss items, assets, and liabilities in foreign currencies are converted into sterling at the rates of exchange ruling at the dates of the respective balance sheets. Differences arising from the conversion of currencies are shown as an extraordinary item.

3. Income received

Income from investments, including where applicable the imputed tax credit, is accounted for on a received basis.

4. Investments

(i) Investments have been classified into portfolio, which includes investments in prospecting companies, and long term holdings. The latter are deemed to be long term when they are considered to be of strategic importance to the group and as such are held with no intention of resale. If, due to changed circumstances, long term investments cease to be of strategic importance they are reclassified as portfolio investments.

(ii) Treatment of profits less losses arising on disposal of investments:
Profits less losses arising on disposal of portfolio investments are included in the profit and loss account as surplus on realization of investments. Any profits and losses arising from the disposal of long term investments are dealt with as extraordinary items.

(iii) Investments are included at cost unless the aggregate of market value and directors' valuation is less than book value or when, in the opinion of the directors, a permanent loss in value has arisen on any investment. The diminution in value of long term investments is charged as an extraordinary item.

5. Turnover

Turnover is the invoiced value of sales and excludes transactions between group companies.

6. Investment and other grants

Grants in respect of capital expenditure are credited to profit and loss account over the estimated average life of the relevant fixed assets. Grants shown in the consolidated balance sheet represent total grants to date less the amount credited to profit and loss account.

7. Depreciation

Fixed assets are written off evenly over their expected useful lives with the exception that no depreciation has been provided on freehold land.

Depreciation on assets qualifying for investment and other grants is calculated on their full cost (see policy 6).

8. Technical development expenditure

Group expenditure on research and development, patents, and trade marks is written off when incurred.

9. Deferred taxation

Provision is made under the liability method for United Kingdom corporation tax at 52 per cent and overseas taxation at the appropriate rates on the differences between the amounts at which certain items are included in the balance sheets and the amounts at which they will rank for taxation relief in the future.

Advance corporation tax on dividends payable after the balance sheet date is deducted from deferred taxation.

10. Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realizable value. Long term contract work in progress of Cape Industries Limited is valued at cost less foreseeable losses and progress payments received and receivable. Profits on such contracts are taken on completion. Cost includes expenditure which is incurred in the normal course of business in bringing the product or services to their present location and condition. Net realizable value is the estimated selling price less all costs to be incurred.

11. Prospecting, exploration, and development expenditure

Group expenditure on prospecting and on exploration and development is dealt with as follows:

(i) Expenditure to develop existing mining areas:
The expenditure is considered a part of the general development of the mine and is written off to mine operating costs in the year incurred.

(ii) Expenditure on general prospecting:
Expenditure during the initial exploration stage is written off in full in the profit and loss account of the year. Further expenditure on prospects which, after the initial stage, appear promising is carried forward as an asset in the balance sheet under the heading of exploration and development expenditure while an evaluation is carried out to establish its commercial viability. In the event that any prospect is abandoned after such evaluation, the total expenditure is charged as an extraordinary item.

(iii) Expenditure on development of new mines:
When it is decided to develop a prospect into a mine, any exploration and development expenditure relating thereto is capitalized as an investment or fixed asset. All further expenditure on development of the mine is capitalized. If any project has to be abandoned in the development stage the total expenditure is charged as an extraordinary item.

12. Associated companies

Associated companies are:
(i) those in which the group owns 20 per cent or more of the issued equity capital, or
(ii) those in which the group's investment is effectively that of a partner in a joint venture or consortium, or
(iii) mining companies managed by the group in which it also has a significant holding
and in which the group exercises a significant influence over management and participates in the commercial and financial policy decisions of the companies concerned.

Certain other companies in which the group owns 20 per cent or more of the issued equity capital are not considered to be associated companies as the group does not exercise a significant influence over their management. These companies are shown in the list of other investments of 10 per cent or more on page 33.

The group share of retained profits less losses of associated companies since 1 April 1971 or the date when they were first treated as associated companies is included in the book values of the investments in the consolidated balance sheet. It is not practicable to ascertain the group share of retained profits prior to these dates.

Development costs incurred by associated companies in the course of development of mines and charged to revenue by those companies are not included in the group share of retained profits less losses of associated companies.

The accounts used to calculate the group share of profits less losses of associated companies are the latest audited accounts available to the group with the exception of Minerals and Resources Corporation Limited for which accounts for the half-year to 30 June (audited) and accounts for the half-year to 31 December (unaudited) are used.

Consolidated Profit and Loss Account Year ended 31 March 1976

CHARTER CONSOLIDATED LIMITED AND ITS SUBSIDIARY COMPANIES

	1976 £000s	1976 £000s	1975 £000s	1975 £000s
Income from investments *(note 1)*		18,220		17,699
Surplus on realizations of investments less amounts written off		6,932		2,124
Interest received		2,911		5,022
Trading profit *(note 4)*		14,566		6,566
		42,629		31,411
Deduct:				
Administration and technical expenditure *(note 4)*	2,127		1,497	
Prospecting expenditure	1,053		2,163	
Interest paid *(note 3)*	5,821	9,001	5,780	9,440
		33,628		21,971
Group share of retained profits less losses of associated companies *(note 2)*		3,663		5,965
Profit before taxation		37,291		27,936
Taxation *(note 7)*		14,666		9,869
Profit after taxation and before extraordinary items		22,625		18,067
Deduct:				
Interest of outside shareholders in profits of subsidiaries	2,159		899	
Pre-acquisition profit (1975 – loss)	223	2,382	(38)	861
Attributable to Charter		20,243		17,206
Earnings per share 19.32p (1975 – 16.42p) *(note 17)*				
Dividends paid and proposed *(note 8)*		7,081		6,507
Profit for the year retained before extraordinary items		13,162		10,699
Deduct:				
Extraordinary items *(note 5)*		3,629		8,333
Retained profit transferred to reserves		9,533		2,366

Profit for the year after extraordinary items totalled £16,614,000 (1975 – £8,873,000)

Movements on reserves

	1976 £000s	1975 £000s
Reserves at 31 March 1975	140,725	138,075
Retained profit for the year	9,533	2,366
Revaluation of properties net of deferred taxation	5,184	325
Reserves of subsidiary and associated companies disposed of during the year	(321)	(41)
Reserves at 31 March 1976	155,121	140,725

For the accounting policies see pages 16 and 17. For notes on the accounts see pages 21 to 28.

Consolidated Balance Sheet 31 March 1976

CHARTER CONSOLIDATED LIMITED AND ITS SUBSIDIARY COMPANIES

	1976		1975	
	£000s	£000s	£000s	£000s
Fixed assets *(note 10)*		47,353		36,668
Exploration and development expenditure		657		4,442
Investments *(note 9)*		196,151		199,393
Current assets				
Stocks and work in progress *(note 11)*	23,939		24,727	
Debtors	37,100		32,185	
Short term loans and deposits	33,679		27,563	
Bank and cash balances	2,024		1,489	
	96,742		85,964	
Current liabilities				
Associated companies' and other deposit accounts	8,595		10,412	
Bank loans and overdrafts (secured – £528,000; 1975 – £729,000)	9,352		16,690	
Creditors *(note 12)*	35,274		41,923	
Taxation	3,528		3,521	
Proposed final dividend	4,461		4,149	
	61,210		76,695	
Net current assets		35,532		9,269
Total net assets		279,693		249,772
Financed by:				
Issued capital *(note 13)*		26,202		26,201
Share premium account *(note 14)*		30,622		30,624
Reserves *(note 15)*		155,121		140,725
Total capital and reserves		211,945		197,550
Investment and other grants		863		947
Minority interest		13,332		7,843
Long term indebtedness *(note 18)*		49,414		42,172
Deferred taxation *(note 16)*		4,139		1,260
		279,693		249,772

S. SPIRO
Chairman

M. B. HOFMEYR
Managing Director

Directors

For the accounting policies see pages 16 and 17. For notes on the accounts see pages 21 to 28.

Balance Sheet
31 March 1976

CHARTER CONSOLIDATED LIMITED

	1976 £000s	1976 £000s	1975 £000s	1975 £000s
Subsidiary companies				
Shares at cost	93,779		93,779	
Add:				
Amounts due from subsidiaries	65,402		59,595	
	159,181		153,374	
Deduct:				
Amounts due to subsidiaries	100,298		95,158	
		58,883		58,216
Deferred asset				
Advance corporation tax *(note 16)*		2,402		2,234
Current asset				
Bank balances		4		4
		61,289		60,454
Financed by:				
Issued capital *(note 13)*		26,202		26,201
Share premium account *(note 14)*		18,629		18,627
Reserves *(note 15)*		8,047		7,442
Total capital and reserves		52,878		52,270
Long term indebtedness *(note 18)*		2,357		2,360
Current liabilities				
Creditors	64		102	
Taxation	1,529		1,573	
Proposed final dividend	4,461		4,149	
		6,054		5,824
		61,289		60,454

S. SPIRO
Chairman

M. B. HOFMEYR
Managing Director

Directors

For the accounting policies see pages 16 and 17. For notes on the accounts see pages 21 to 28.

Notes on the Accounts

1. Income from investments

	1976 £000s	1975 £000s
(i) Associated companies (see note 2)	3,008	4,145
Other investments	15,212	13,554
	18,220	17,699
(ii) Arises from:		
Listed investments	14,462	14,460
Unlisted investments	3,758	3,239
	18,220	17,699
(iii) Includes franked investment income	4,248	3,762

2. Associated companies

(i) Those companies considered as principal associated companies as defined in accounting policy 12 on page 17 are listed on page 32. Certain companies in which the group's holding exceeds 20 per cent but which are not considered to be associated companies are listed on page 33.

(ii) Income from investments in associated companies was £3,008,000 (1975 – £4,145,000). This represents dividends received by Charter in the year ended 31 March 1976, being dividend declarations by associated companies in their financial years ended prior to 31 March 1976 of £2,390,000 (1975 – £3,145,000) and dividend payments by associated companies in respect of their current financial years of £618,000 (1975 – £1,000,000).

(iii) Group share of retained profits less losses of associated companies for their latest financial years ended prior to 31 March 1976.

	1976 £000s	1975 £000s
Share of profits less losses before taxation	6,846	9,764
Deduct: dividends paid from these profits	3,183	3,799
Group share of retained profits less losses before taxation	3,663	5,965
Deduct: taxation (see note 7)	3,218	2,916
	445	3,049
Add: extraordinary items (see note 5)	1,908	5,940
Group share of retained profits less losses for the year ended 31 March 1976 (see note 15)	2,353	8,989

(iv) For balance sheet details of investments in associated companies see note 9.

3. Interest paid on borrowings by the group

	1976 £000s	1975 £000s
Loans repayable after more than five years	2,876	2,664
Loans repayable within five years	292	581
Amounts deposited with the group	994	1,224
Bank loans and overdrafts	1,659	1,311
	5,821	5,780

4. Trading profit and administration and technical expenditure

	1976 £000s	1975 £000s
(i) Expenses charged:		
Auditors' remuneration (parent company – £7,000; 1975 – £7,000)	218	164
Directors' emoluments (see note 6)	235	196
Depreciation of fixed assets (see note 10)	4,119	3,704
Hire of plant and equipment	715	484
Credits:		
Investment and other grants	170	212
Rents received	230	214
(ii) Turnover of the manufacturing subsidiaries	130,295	98,779
(iii) Administration and technical expenditure:		
Expenditure	10,724	9,211
Deduct: recovered from companies outside the group	8,597	7,714
	2,127	1,497

5. Extraordinary items

	1976 £000s	1975 £000s
SOMIMA:		
(i) Investment written off and liability to repay the group share of SOMIMA's guaranteed and other loans	—	(11,408)
(ii) Taxation relief on prior years' losses relating to SOMIMA	7,326	—
Société Minière de Tenke-Fungurume (SMTF) (see notes (i) and (ii) below)	(14,600)	—
Provision for permanent diminution in value of long term investment	(1,153)	(17)
Net effect of conversion of currencies	43	(3,230)
Profits less losses on disposal of long term investments net of taxation	2,395	15
Losses and provisions relating to closure of operations net of taxation	(1,039)	(390)
Surplus on sale of fixed assets	414	—
Goodwill and pre-acquisition profits on purchase of shares in subsidiaries	592	(158)
Exploration and development expenditure written off net of deferred taxation	(458)	—
Sundries	379	512
Associated companies	1,908	5,940
	(4,193)	(8,736)
Minority interest	564	403
	(3,629)	(8,333)

NOTES:

(i) As detailed in page 5 of the report of the directors, development of the SMTF project was suspended in January 1976. At 31 March 1976 Charter had contributed £22.1 million ($44.0 million) to the project expenditure, of which £1.2 million ($2.5 million) was in relation to demobilization costs. It is estimated that a further £4.2 million ($7.6 million) of demobilization costs will be incurred after 31 March 1976.

It is the opinion of the directors that, in view of the suspended state of the development of the project, it is prudent at 31 March 1976:

(a) to write off £1.2 million in respect of the demobilization costs incurred to 31 March 1976, and to provide £4.2 million for the estimated costs to be incurred; and

(b) to provide for a further £9.2 million against the cost of this investment.

(ii) No credit for deferred taxation has been taken in respect of this item as such relief may be offset by restriction of relief for overseas taxation.

6. Directors' emoluments

	1976 £	1975 £
Directors of the parent company:		
Fees	14,000	14,000
Salaries and other remuneration, including pension contributions	264,000	221,000
Pensions to former directors	5,000	5,000
	283,000	240,000
Deduct: fees received from other companies and refunded to the group	48,000	44,000
	235,000	196,000
Amounts paid to directors:		
Chairman: Mr S. Spiro	31,898	30,214
Others:		
£25,001 – £27,500	1	–
£20,001 – £22,500	5	4
£17,501 – £20,000	1	2
£15,001 – £17,500	1	2
£12,501 – £15,000	–	1
£7,501 – £10,000	2	–
£5,001 – £7,500	1	–
up to £2,500	9	9

14 directors have agreed to waive emoluments due to them from Charter Consolidated Limited and its subsidiary companies. Fees waived by these directors during the year amounted to £35,000 (1975: 12 directors – £34,000).

7. Taxation

	1976 £000s	1975 £000s
GROUP COMPANIES		
On profit for the year:		
United Kingdom corporation tax at 52 per cent, including deferred taxation of £1,110,000 (1975 – £1,052,000)	13,898	11,056
Taxation at 35 per cent on United Kingdom investment income (1975 – 33 per cent)	1,486	1,241
	15,384	12,297
Deduct: relief for overseas taxation	5,994	5,644
	9,390	6,653
Overseas taxation, including deferred taxation of £571,000 (1975 – £194,000 relief)	3,659	1,426
	13,049	8,079
Deduct:		
Adjustments in respect of previous years	1,381	801
Estimated overspill relief	220	325
	1,601	1,126
	11,448	6,953
ASSOCIATED COMPANIES	3,218	2,916
	14,666	9,869

NOTES:

(i) In the event of certain overseas subsidiaries and associated companies distributing reserves or profits, additional liability to United Kingdom taxation would arise.

(ii) Overseas taxation is arrived at after taking credit for exporters' taxation allowance for which the South African mining subsidiaries are eligible.

8. Dividends paid and proposed

	1976 £000s	1975 £000s
Interim dividend of 2.5p per share (1975 – 2.25p) paid on 2 January 1976	2,620	2,358
Proposed final dividend of 4.25675p per share (1975 – 3.95966p per share) payable on or about 23 July 1976	4,461	4,149
	7,081	6,507

9. Investments

	AT COST, LESS AMOUNTS WRITTEN OFF		AT MARKET VALUE OR DIRECTORS' VALUATION	
	1976 £000s	1975 £000s	1976 £000s	1975 £000s
ASSOCIATED COMPANIES				
Listed in Great Britain	13,623	13,624	18,642	17,294
Listed outside Great Britain	12,973	12,973	9,947	12,098
	26,596	26,597	28,589	29,392
Unlisted	17,770	22,844	26,688	27,408
	44,366	49,441	55,277	56,800
Advances	6,858	16,401	6,568	16,401
	51,224	65,842	61,845	73,201
Add: group share of retained profits less losses (see note 15)	16,711	14,549		
	67,935	80,391		
OTHER INVESTMENTS				
Listed in Great Britain	80,949	90,973	146,607	200,284
Listed outside Great Britain	18,721	16,726	16,995	17,941
	99,670	107,699	163,602	218,225
Unlisted	28,546	11,303	30,159	12,437
	128,216	119,002	193,761	230,662
TOTAL INVESTMENTS				
Listed in Great Britain	106,631	114,935	165,249	217,578
Listed outside Great Britain	31,706	29,704	26,942	30,039
	138,337	144,639	192,191	247,617
Unlisted, including advances	57,814	54,754	63,415	56,246
	196,151	199,393	255,606	303,863

NOTES:

(i) In the case of listed South African securities, London stock exchange prices have been taken where the securities are held in the United Kingdom, and Johannesburg stock exchange prices where the securities are held in South Africa.

(ii) Included in other unlisted investments are shares in Anglo American Corporation Rhodesia Limited. The book value and directors' valuation at 31 March 1976 both amount to £2,989,000 (1975 – £2,989,000). Any disposal of these shares would require consent under existing exchange control regulations, and no income can be remitted to the company from Rhodesia.

(iii) Commitments and guarantees by the company and its subsidiaries in respect of subscriptions for shares and loan facilities amount to £8,866,000 (1975 – £10,189,000).

(iv) A subsidiary company has entered into contracts for exploration expenditure to be incurred after 31 March 1976.

(v) The greater part of the investments is of a permanent nature, but in the event of their realization at the current market values there would be a corporation tax liability on the resultant profit based approximately on the surplus of market values over book cost.

(vi) The market value of foreign currency investments includes 75 per cent of the investment currency premium where applicable.

10. Fixed assets

	FREEHOLD PROPERTY £000s	LONG LEASEHOLD PROPERTY £000s	SHORT LEASEHOLD PROPERTY £000s	PLANT FURNITURE AND FITTINGS £000s	MINING RIGHTS £000s	TOTAL £000s
At cost or valuation at 31 March 1975	19,695	2,917	3,435	38,506	1,576	66,129
Currency realignment	(154)	—	(189)	(1,033)	(118)	(1,494)
Additions at cost	1,375	125	310	4,599	—	6,409
Subsidiaries acquired during the year	—	—	—	1	—	1
Disposals	(324)	(139)	(56)	(1,910)	(18)	(2,447)
Reallocations	—	(71)	71	—	—	—
Revaluations	7,125	(19)	555	—	—	7,661
Balance at 31 March 1976	27,717	2,813	4,126	40,163	1,440	76,259
Depreciation at 31 March 1975 on assets at cost or at valuation	4,103	586	1,941	22,737	94	29,461
Currency realignment	(157)	—	(125)	(615)	(7)	(904)
Charge to profit and loss account	634	82	182	3,193	28	4,119
Disposals	(15)	(29)	(20)	(1,211)	—	(1,275)
Revaluations	(2,330)	(89)	(76)	—	—	(2,495)
Balance at 31 March 1976	2,235	550	1,902	24,104	115	28,906
Net book amounts:						
At 31 March 1976	25,482	2,263	2,224	16,059	1,325	47,353
At 31 March 1975	15,592	2,331	1,494	15,769	1,482	36,668

NOTES:

(i) Fixed assets are included on the following bases:

	FREEHOLD PROPERTY £000s	LONG LEASEHOLD PROPERTY £000s	SHORT LEASEHOLD PROPERTY £000s	PLANT FURNITURE AND FITTINGS £000s	MINING RIGHTS £000s
At cost	11,856	1,335	3,304	40,140	239
At valuation – 1948	—	—	—	—	1,201
1970	—	—	—	23	—
1972	155	—	—	—	—
1974	568	1,117	102	—	—
1975	15,138	361	720	—	—
	27,717	2,813	4,126	40,163	1,440

(ii) Freehold properties at valuation include an amount of £619,000 relating to land and factory premises acquired by Belgian subsidiaries and financed by secured loans (see note 18). The legal title to the factory premises does not vest in the companies concerned until the final instalments on the loans have been paid.

(iii) The freehold and leasehold properties at valuation in 1975 were valued by Edward Rushton Son & Kenyon, Brogden, Barnes & Co., Du Plessis, Viviers & Co., Leslie Richards and Pollock, Johan Frederick Brendenkamp and Mader Van Niekerk. Industrial and commercial properties were valued on an existing use basis, and agricultural land in South Africa associated with mining operations at open market values on an existing use basis.

(iv) Commitments for capital expenditure of subsidiaries amount to £1,104,000 (1975 – £2,065,000).

(v) Estimated capital expenditure of subsidiaries authorized but not committed amounts to £3,575,000 (1975–£1,817,000).

11. Stocks and work in progress

	1976 £000s	1975 £000s
Long term contracts work in progress	16,610	7,915
Deduct: progress payments received and receivable	16,227	7,372
	383	543
Raw materials and consumable stores	10,822	11,332
Work in progress	1,858	2,541
Finished goods	10,876	10,311
	23,939	24,727

12. Creditors

Creditors include the balance amounting to £2,339,000 (1975 – £2,951,000) of a provision established by Cape Industries Limited in 1973 for compensation payments for industrial disease. Since the provision was established, the number of claims received has been substantially higher than the level on which the provision was based, although it is possible that this is at least in part attributable to the submission of claims at an earlier time than originally expected. It is not possible to say whether this experience indicates that in the final outcome the aggregate number of claims will materially exceed that originally expected. The assessment of the likely sum required remains very difficult to determine and it is not possible to state with certainty that the balance of the provision will, in fact, be adequate. Nevertheless, having reviewed the position in consultation with Cape Industries Limited and their auditors, the directors consider that there is no conclusive evidence that at this stage it is necessary to set aside a further amount.

13. Share capital

		£
Authorized: 120,000,000 shares of 25p each		30,000,000
Issued and fully paid: At 31 March 1975	104,792,411 shares of 25p each, fully paid	26,198,103
Issued during year as detailed in the report of the directors	570	142
	104,792,981	26,198,245
Issued partly paid: At 31 March 1975 and 1976	326,500 shares of 25p each, 1p paid up	3,265
Total issued at 31 March 1976		26,201,510

NOTES:

(i) Under the share incentive scheme adopted in 1970 and the share option scheme designed to supersede it in 1973 the directors can at their discretion issue to senior employees up to a further 2,642,088 partly paid shares under the former scheme or options to subscribe for up to 2,873,500 shares.

(ii) The maximum number of shares which may be issued on conversion of the company's five per cent convertible loan stock 1984 is 565,744.

14. Share premium account

	GROUP £000s	COMPANY £000s
Balances at 31 March 1975	30,624	18,627
Premium on shares issued by the company	2	2
Reduction of interest in a subsidiary company	(4)	—
Balances at 31 March 1976	30,622	18,629

15. Reserves

	GROUP £000s	COMPANY £000s	SUBSIDIARY COMPANIES £000s	ASSOCIATED COMPANIES £000s
Reserves at 31 March 1975	140,725	7,442	118,734	14,549
Retained profit for the year	9,533	605	6,575	2,353
Revaluation of properties net of deferred taxation	5,184	—	5,184	—
Reserves of subsidiary and associated companies disposed of during the year	(321)	—	(130)	(191)
Reserves at 31 March 1976	155,121	8,047	130,363	16,711

16. Deferred taxation

The balance of deferred taxation comprised:	1976 £000s	1975 £000s
Excess of the book value of assets qualifying for taxation allowances over their written down value for taxation purposes	5,243	4,408
Taxation on capital gains on property revaluation	2,679	—
Taxation on capital gains on assets sold and rolled over against the acquisition of new assets	292	240
Taxation relief relating to provision for compensation for industrial disease	(1,040)	(1,307)
Stock appreciation relief relating to industrial subsidiaries	1,561	716
Taxation relief on prospecting expenditure	(849)	—
Difference between book and taxation value of investments arising from timing differences	(544)	(76)
Advance corporation tax (see note below)	(3,203)	(2,721)
	4,139	1,260

NOTE:
Advance corporation tax recoverable of £2,402,000 (1975 – £2,234,000) is shown as a deferred asset in the company's balance sheet.

17. Earnings per share

Earnings per share attributable to Charter is calculated on earnings of £20,243,000 (1975 – £17,206,000) and on 104,792,981 shares (1975 – 104,792,411 shares) as if the additional 570 shares issued during the financial year had been issued for the whole year.

18. Long term indebtedness

Details of loans repayable over a longer period than five years:	1976 £000s	1975 £000s
Debenture stocks (secured) issued by		
(i) Charter Consolidated Investments Limited		
4½ per cent first debenture stock 1978/83	500	500
4 per cent second debenture stock 1978/83	500	500
(ii) Cape Industries Limited		
7¾ per cent debenture stock 1986/89	2,000	2,000
6¼ per cent debenture stock 1986/89	600	600
Unsecured loan stocks issued by		
(i) The company		
5 per cent convertible loan stock 1984	2,357	2,360
(ii) Cape Industries Limited		
7¼ per cent loan stock 1986/91	3,459	3,459
(iii) Swaziland Collieries Limited		
9½ per cent registered convertible notes 1972/81	15	151
Bonds issued by Charter Consolidated Overseas N.V.		
(i) 6½ per cent unsecured bonds of DM112,000,000 1968/83	22,998	20,141
(ii) 7½ per cent guaranteed bonds of FF94,000,000 1987	10,479	9,449
Belgian long term loans		
Secured, repayable by annual instalments over 12 years	349	375
	43,257	39,535
Loans repayable in less than five years:		
Bank loans unsecured	6,105	2,537
Belgian unsecured	52	100
	49,414	42,172

NOTES:

(i) The company's five per cent convertible loan stock 1984 carries the following conversion rights:

Year of conversion	*Number of shares per £100 stock*
1976-9	24
1980-4	23

(ii) The DM112,000,000 6½ per cent unsecured bonds 1968/83 are listed on the Frankfurt stock exchange. The FF94,000,000 7½ per cent guaranteed bonds 1987 are listed on The Stock Exchange, London. The company has guaranteed both bond issues as regards repayment of principal, including premium if any, and payment of interest.

(iii) The Belgian loans are repayable by annual instalments, and interest is payable at rates (currently not exceeding seven per cent per annum) determined half-yearly by the Belgian authorities.

(iv) Included in bank loans are £2,772,000 repayable in Belgian francs and £385,000 repayable in French francs.

19. Contingent liabilities

	1976 £000s	1975 £000s
For amounts not called on investments	168	374
In respect of guarantees of £25,966,000 less counter-guarantees £3,857,000 (company net – £10,658,000; 1975 – £14,353,000)	22,109	16,160
In respect of underwriting participations and option granted	485	3,632
Bills receivable	516	277
As endorsers of bills of exchange	—	1,467
	23,278	21,910

Cape Industries Limited has been named a defendant in actions commenced in the USA which seek the recovery of very substantial damages. These actions are being strenuously contested. In the opinion of American legal advisers, the amounts claimed are highly speculative and conjectural and have only a tenuous basis in law or in fact. In the light of this advice, the directors believe that no material liability is likely to arise as a result of the actions, and no provision has been made in these accounts in respect of any such liability.

Source and Application of Funds
Year ended 31 March 1976

	1976		1975	
	£000s	£000s	£000s	£000s
SOURCE OF FUNDS				
Earnings attributable to Charter		20,243		17,206
Extraordinary items		(3,629)		(8,333)
		16,614		8,873
Adjustments for items not involving movements of funds:				
Depreciation	4,119		3,704	
SMTF (see note (i) below)	10,400		—	
Provision for diminution in value of portfolio and long term investments	1,350		3,441	
Changes in currency conversion rates of loans and investments	1,375		3,459	
Deferred taxation	805		1,574	
Minority interest in retained profits of the year	1,596		496	
Exploration and development expenditure written off	458		—	
Share of retained profits less losses of associated companies	(2,353)	17,750	(8,989)	3,685
Funds generated		34,364		12,558
Disposal of fixed assets	1,172		499	
Proceeds of rights issue received by Cape Industries Limited from minority shareholders	1,657		—	
Increase in long term indebtedness	2,738	5,567	(385)	114
		39,931		12,672
APPLICATION OF FUNDS				
Purchases of fixed assets	5,880		10,844	
Investments (see note (iii) below)	198		10,168	
Increase in working capital and other items (see note (ii) below)	10,966		(879)	
Dividends paid and proposed	7,081	24,125	6,507	26,640
Increase (decrease) in liquid funds (see note (iv) below)		15,806		(13,968)

NOTES:

(i) Provision against cost of investment of £9,200,000 and for demobilization costs of £1,200,000

(ii) Analysis of working capital:

	1976 £000s	1975 £000s
Decrease in stocks and work in progress	(788)	7,923
Increase in debtors	4,915	6,124
Decrease in creditors*	6,649	(16,828)
Increase in taxation	(7)	1,745
Other items	197	157
	10,966	(879)

*1976 includes liability of £4,200,000 for SMTF demobilization costs; 1975 included liability of £8,679,000 to repay the group share of SOMIMA's guaranteed and other loans.

(iii) Investments:

	1976 £000s	1975 £000s
Purchases	30,546	35,671
Book value of realizations	(30,348)	(25,503)
	198	10,168

(iv) Increase in liquid funds:

	1976 £000s	1975 £000s
Increase in short term loans, deposits, and cash	6,651	(1,704)
Decrease in associated companies' and other deposits	1,817	(3,867)
Decrease in bank loans and overdrafts	7,338	(8,397)
	15,806	(13,968)

Report of the Auditors to the Members

We report on the accounts set out on pages 16 to 34.

Included in Investments in the consolidated balance sheet is the investment in Société Minière de Tenke-Fungurume (SMTF) at an amount of £11.7 million. As stated in note 5 (i) on page 22, development of this project has been suspended and the company has written off £1.2 million of demobilization costs incurred at 31 March 1976 and provided £4.2 million for estimated demobilization costs to be incurred after that date. The company has also provided a further £9.2 million against the cost of the investment. In the present circumstances it is not possible for us to assess whether the provision of £9.2 million is adequate or excessive and therefore whether the investment in SMTF is fairly stated at £11.7 million.

With this reservation, in our opinion, based on our examination and on the reports of the auditors of certain subsidiaries and associated companies not audited by us, the accounts:

(a) give, so far as concerns the members of Charter Consolidated Limited, a true and fair view of the state of affairs at 31 March 1976 and of the profit and source and application of funds for the year ended on that date so far as is practicable having regard to the fact that the accounts of certain subsidiaries and associated companies have been made up to dates other than 31 March 1976, and

(b) comply with the Companies Acts 1948 and 1967.

COOPERS & LYBRAND
DELOITTE & CO.
Chartered Accountants
London, 8 June 1976

PRINCIPAL INTERESTS AND INVESTMENTS

Principal Investments

ASSOCIATED COMPANIES

as defined in accounting policy 12 on page 17, shown by principal country of operation*

	Group interest in equity capital (per cent)	Accounting date
Bermuda		
Minerals and Resources Corporation Limited *Mining finance*	20	*Dec*
Botswana		
Anglo American Corporation Botswana Limited *Mining finance*	25	*Dec*
Canada		
Anglo American Corporation of Canada Limited *Mining finance*	24.8	*Dec*
Luxembourg		
Park Holdings Limited *Investment*	22.5	*Sep*
Malaysia		
Associated Mines (Malaya) Sendirian Berhad *Mine management*	39.2	*Dec*
Ayer Hitam Tin Dredging Limited Incorporated in England (In addition 17.5 per cent held by Tronoh Mines Limited) *Tin mining*	16.4	*June*
Bidor Malaya Tin Sendirian Berhad *Tin mining*	39.2	*Dec*
The Sungei Besi Mines Limited Incorporated in England (In addition 25.7 per cent held by Tronoh Mines Limited) *Tin mining*	6.3	*Sep*
Tronoh Mines Limited Incorporated in England *Tin mining*	29.7	*Dec*
Portugal		
Beralt Tin and Wolfram Limited Incorporated in England *Wolfram mining*	46.3	*Dec*
South Africa		
Euranglo (Pty) Limited *Investment*	25	*Dec*
Switzerland		
Anmersales AG. *Marketing of metals*	37	*Sep*
United Kingdom		
Anmercosa Sales Limited *Marketing of metals*	37	*Sep*
Cleveland Potash Limited *Development of potash mine*	37.5	*Dec*
Covenant Industries Limited *Marketing and manufacture of chemicals*	33.9	*Sep*

**where the country of incorporation is different from the principal country of operation this is shown beneath the company name*

CAPE INDUSTRIES GROUP

	Group interest in equity capital (per cent)	Accounting date
India		
Rane Brake Linings Limited *Manufacture of friction materials*	9.5	*Dec*
Malaysia		
Don Eastern Sendirian Berhad *Manufacture of friction materials*	18.9	*Dec*
New Zealand		
Don Agencies Limited *Manufacture of friction materials and distribution of automotive components*	14.6	*Jan*
Sweden		
Svenska Bromsbandsfabriken AB *Manufacture of friction materials*	32.5	*Dec*

OTHER INVESTMENTS OF 10 PER CENT OR MORE

	Group interest in equity capital (per cent)
Australia	
Australian Anglo American Limited *Mining finance*	15
International Pacific Corporation Limited *Merchant banking*	39.3
Tinnabruich (Pty) Limited *Investment*	37
Brazil	
Anglo American Corporation do Brasil Limitada *Gold mining and general prospecting*	11.6
France	
Société Minière d'Anglade *Scheelite mining*	25
Republic of Ireland	
Tara Exploration and Development Company Limited Incorporated in Canada *Lead and zinc mining*	10.8
Rhodesia	
Anglo American Corporation Rhodesia Limited *Industrial finance*	33.5
Singapore	
Haw Par Brothers International Limited *Tin mining and industrial interests*	13.2

	Group interest in equity capital (per cent)
South Africa	
Anglo American Corporation of South Africa Limited *Mining finance*	10
Anglo American Investment Trust Limited *Diamond investments*	10
Blyvooruitzicht Gold Mining Company Limited *Gold mining*	10
Union Corporation Limited *Mining finance*	10
Union Platinum Mining Company Limited *Platinum mining*	11.5
United Kingdom	
Selection Trust Limited *Mining finance*	28.8
Zaire	
Société Minière de Tenke-Fungurume *Copper and cobalt project*	14
Zambia	
National Milling Company Limited *Flour milling*	24.5

OTHER PRINCIPAL INVESTMENTS

South Africa

The Argus Printing and Publishing Company Limited
Printing and publishing

De Beers Consolidated Mines Limited
Diamond mining

Harmony Gold Mining Company Limited
Gold mining

Rand Selection Corporation Limited
Mining finance

United Kingdom

The Rio Tinto-Zinc Corporation Limited
Mining finance

Zambia

Zambian government loans – housing
– Kariba hydro-electric scheme

Subsidiary Companies

The following are the major subsidiaries of the company, including those whose activities materially affected the profit or assets of the Charter group during the year. Except where otherwise stated, each of these companies is wholly owned and all the shares or stock held are either unclassified or classified as ordinary.

Cape Industries group

	Country of incorporation/operation
Cape Industries Limited (66.3 per cent) ($3\frac{1}{2}$ per cent cumulative preference shares – 100 per cent) *Industrial and mining*	*England*
Cape Asbestos Fibres Limited (66.3 per cent) *Marketing of asbestos fibre*	*England*
Cape Asbestos Insulations (Pty) Limited (66.3 per cent) *Asbestos insulation products and friction materials*	*South Africa*
Cape Asbestos South Africa (Pty) Limited (66.3 per cent) *Administration of group South African mining companies*	*South Africa*
Cape Blue Mines (Pty) Limited (66.3 per cent) *Mining of blue asbestos*	*South Africa*
Cape Boards and Panels Limited (66.3 per cent) *Insulation board for ship and building construction*	*England*
Cape Contracts Limited (66.3 per cent) *Fire protection, thermal and acoustic insulation contracting*	*England*
Cape Distribution Limited (66.3 per cent) *Distribution of automotive components*	*England*
Cape Insulation Limited (66.3 per cent) *Insulation products*	*England/Scotland*
Cape Universal Claddings Limited (66.3 per cent) *Asbestos cement products and other building materials*	*England*
Don International Limited (66.3 per cent) (4.2 per cent cumulative preference shares – 66.3 per cent) *Manufacture of friction materials*	*England*
Don International S.A. (66.3 per cent) *Manufacture of friction materials*	*Belgium*
Egnep (Pty) Limited (66.3 per cent) *Mining of amosite asbestos*	*South Africa*
North American Asbestos Corporation (66.3 per cent) *Sale of crude and processed asbestos fibre*	*United States of America*
Trist, Draper Limited (66.3 per cent) *Manufacture of friction materials*	*England*

Other industrial

Elastic Rail Spike Company Limited *Railway track fastenings*	*England*
Heatrae Holdings Limited *Heating equipment*	*England*
Sadia Limited *Domestic electrical appliances and commercial refrigerators*	*England*

Finance and investment

	Country of incorporation/operation
Barnato (Holdings) U.K. Limited	*England*
The British South Africa Company*	*England*
The British South Africa Company Investments Limited*	*England*
Cecil Investments Limited	*England*
Central Mining Finance Limited	*England*
The Central Mining & Investment Corporation Limited*	*England*
Centramic (South Africa) Limited	*South Africa*
Charmay Limited	*Bermuda/England*
Chartef Limited	*Liberia*
Charter Consolidated Finance Limited	*England*
Charter Consolidated Investments Limited*	*England*
Charter Consolidated (Malaysia) Sendirian Berhad	*Malaysia*
Charter Consolidated (North Sea Explorations) Limited	*England*
Charter Consolidated Overseas N.V.	*Curaçao (Netherlands Antilles)*
Charter European Holdings S.A.	*Luxembourg*
The Consolidated Mines Selection (Johannesburg) Limited	*South Africa*
Equinox Investments Limited	*South Africa*
Interlink Investments Limited	*Canada*
Leonora Investments Limited	*Gibraltar*
Nimbus Investments S.A.	*Luxembourg*
Raven Investments Limited	*Gibraltar*
Shafford Holdings Limited	*England*
Swaziland Collieries Limited (57.6 per cent)	*Swaziland*
Town Properties Limited	*South Africa*

Services

Anglo Charter International Services Limited* (51 per cent) *Employment services*	*England*
Charter Consolidated Services Limited* *Administrative and technical services*	*England*
Charter France (50.3 per cent) *Administration*	*France*

**shares in these companies are held directly by Charter; the shares in the remaining companies are held through subsidiaries*

Analysis of Investments and Investment Income

GEOGRAPHICAL

	INVESTMENTS 1976 £000s	INVESTMENTS 1975 £000s	PER CENT 1976	PER CENT 1975	PER CENT OF INVESTMENT INCOME 1976	PER CENT OF INVESTMENT INCOME 1975
United Kingdom	**25,337**	31,875	**9.9**	10.5	**6.3**	6.0
Rest of Europe	**12,478**	10,876	**4.9**	3.6	**14.1**	6.5
North and South America	**46,948**	42,387	**18.4**	13.9	**11.9**	9.8
South Africa	**100,552**	153,217	**39.3**	50.4	**52.6**	50.8
Zambia	**16,959**	16,700	**6.6**	5.5	**2.5**	11.5
Rest of Africa	**22,178**	10,045	**8.7**	3.3	**1.8**	2.0
South-east Asia	**9,507**	11,476	**3.7**	3.8	**3.9**	6.9
Australia	**21,647**	27,287	**8.5**	9.0	**6.9**	6.5
	255,606	303,863	**100.0**	100.0	**100.0**	100.0

BY CATEGORY

	INVESTMENTS 1976 £000s	INVESTMENTS 1975 £000s	PER CENT 1976	PER CENT 1975	PER CENT OF INVESTMENT INCOME 1976	PER CENT OF INVESTMENT INCOME 1975
Mining – Finance	**139,541**	171,974	**54.6**	56.6	**47.4**	48.9
Diamonds	**19,396**	21,488	**7.6**	7.1	**11.6**	9.8
Gold	**14,933**	32,663	**5.9**	10.7	**12.5**	13.7
Tin and wolfram	**7,452**	6,039	**2.9**	2.0	**3.2**	5.8
Copper and other minerals	**36,569**	32,835	**14.3**	10.8	**1.0**	4.0
Industrial, commercial, oil, etc.	**33,530**	34,923	**13.1**	11.5	**23.0**	16.5
Long term loans	**4,185**	3,941	**1.6**	1.3	**1.3**	1.3
	255,606	303,863	**100.0**	100.0	**100.0**	100.0

NOTES:

1. The analysis (geographical and by category) is based on the stock exchange value of listed investments and the directors' valuation of unlisted investments at 31 March.

2. The geographical analysis takes into consideration direct interests and where possible major indirect interests in the areas concerned and is therefore only approximate.

Interests of the Company

The following are brief descriptions of some of the companies in which Charter has an important interest:

Anglo American Corporation of South Africa Limited

Anglo American Corporation of South Africa is the head of an international group of mining, industrial, and investment companies to which it provides technical and other services. Its overall size is estimated at approximately R5,300 million.

Production by the group's gold mines declined by 14,735 kilograms to 285,147 kilograms as a result of lower recovery grades. A rise of over 25 per cent in unit working costs more than offset the higher average selling price received, and working profit from gold fell by R65.3 million to R583.1 million, of which taxation and state's share of profits absorbed R307 million. Group production of uranium was only slightly higher than in the previous year but an improvement in sales and prices led to a sharp rise in profit from R1.2 million to R5.6 million.

Coal sales by group collieries were nearly 10 per cent higher at 23 million tons, accounting for about a third of South Africa's total output. In spite of a severe increase in costs, the combined operating profit rose from R14.5 million to R21.4 million. From January 1976 eight major operating collieries in the Transvaal were merged into Anglo American Coal Corporation Limited (formerly The Vereeniging Estates Limited), which will initially produce about 20 million sales tons of coal a year.

Anglo American Industrial Corporation Limited (AMIC) increased its consolidated net profit in 1975 by R12.5 million to R40.9 million and raised its dividend from 57.5 cents to 63 cents a share. AMIC's increased earnings were mainly attributable to the substantially higher profits of two of its subsidiaries, Boart International Limited and Scaw Metals Limited. In January 1975 Barratt's Industries Limited became a wholly owned subsidiary of Boart International and in May 1975 Stafford Mayer Company South Africa Limited and South African Board Mills Limited became wholly owned subsidiaries of AMIC. AMIC's interests in freight and travel will be broadened by the merging of Freight Services Holdings Limited with companies carrying on similar activities in the Safmarine group. The net income before tax of Highveld Steel and Vanadium Corporation Limited rose from R11.2 million to R20.2 million in the year to 30 June 1975 and reached R14.0 million in the half-year to 31 December 1975.

The corporation's interest in diamonds lies mainly in its holding in De Beers Consolidated Mines Limited through Anglo American Investment Trust Limited, and its investment in the Zambian copper mining industry is held through the Bermudian company Minerals and Resources Corporation Limited.

An analysis by primary source of the corporation's investments at 31 December 1975 is shown below:

	Value per cent	*Income per cent*
Gold	41	47
Diamonds	13	15
Copper	3	4
Coal	5	2
Platinum	2	1
Other mining	5	2
Industrial	18	17
Finance	10	11
Property	3	1
	100	100

FEATURES OF THE ACCOUNTS

Year ended 31 December	*1975 R000s*	*1974 R000s*
Issued share capital in 131,672,300 ordinary shares of 10 cents each and R4,758,750 six per cent cumulative preferred stock	17,926	17,897
Capital reserves and share premium	81,285	79,188
Revenue reserves	344,970	296,508
Loan capital	60,128	49,546
Group profit before taxation	92,057	83,857
Taxation	4,350	4,942
Group profit after taxation, minorities, and preferred dividends	84,428	75,460
Earnings per ordinary share	64.1 cents	57.4 cents
Dividends (ordinary) – amount	43,449	38,100
– per share	33 cents	29 cents
Market value of listed investments	997,842	1,057,818
Directors' valuation of unlisted investments	235,246	218,785
Net asset value*	1,142,100	1,218,000
Net asset value per ordinary share*	R8.67	R9.27

**includes listed investments at market value and unlisted investments at directors' valuation*

Anglo American Corporation Botswana Limited

Anglo American Corporation Botswana (AMBOT), in which Charter holds 25 per cent, has an interest of approximately 18 per cent in Botswana RST Limited (BRST) which in turn holds 85 per cent of Bamangwato Concessions Limited, the company mining nickel and copper at Selebi-Pikwe. Production at Selebi-Pikwe had increased by December 1975 to 70 per cent of capacity, and it is expected that further improvement will be made during 1976 as recent modifications are brought on line. Continuing steps are being taken to correct the operating difficulties in the metallurgical plant. To enable BRST to continue financing the project in terms of the completion guarantees, its major shareholders are providing substantial loans.

AMBOT also has an 80 per cent holding in Morupule Colliery (Proprietary) Limited. West End Property Company (Proprietary) Limited, a wholly owned subsidiary of AMBOT, owns a multi-storey office building in Gaborone.

FEATURES OF THE ACCOUNTS

Year ended 31 December	*1975 R000s*	*1974 R000s*
Issued share capital in shares of R1 each	200	200
Share premium	5,568	5,568
Consolidated profit after taxation, minorities, and extraordinary item	58	284 (loss)

Anglo American Corporation do Brasil Limitada

Anglo American Corporation do Brasil is a member of the Anglo American Corporation group established to invest in the mining industry and to participate in mineral prospecting. It conducts a widespread prospecting programme and is currently investigating in depth a gold prospect at Jacobina in Bahia. In 1975 it acquired a 49 per cent interest in Mineracao Morro Velho S.A., which owns a group of producing gold mines in the state of Minas Gerais.

Anglo American Corporation of Canada Limited

The company (AMCAN), which is a member of the Anglo American Corporation group, holds the bulk of the Canadian assets of the Charter Consolidated, Anglo American Corporation, and De Beers groups. These include direct and indirect investments in copper, zinc, cadmium, gold, silver, potash, chemicals, oil and gas, and prospecting operations. AMCAN's major asset is its holding (slightly increased during the year) in Hudson Bay Mining and Smelting Co. Limited whose earnings dropped substantially in 1975 due to higher operating costs and taxes and weak metal markets.

In September 1975 AMCAN sold its 40 per cent interest in Francana Development Corporation Ltd and acquired from that company 2,205,012 shares in Francana Oil & Gas Ltd. During the year AMCAN also disposed of its holdings in Consumers Oil Limited and Agnew Lake Mines Limited.

At 31 December 1975 AMCAN's principal investments were:

	Percentage (direct)
Ambay Services Limited	50.0
Francana Oil & Gas Ltd	28.3
Hudson Bay Mining and Smelting Co. Limited	38.5
Lytton Minerals Limited	33.9
Whitehorse Copper Mines Ltd	20.6

FEATURES OF THE ACCOUNTS

Year ended 31 December	*1975 C$000s*	*1974 C$000s*
Issued capital stock in 6,319,614 'A' and 3,609,931 'B' shares of no par value	101,085	101,085
Revenue reserves	49,703	48,077
Income less expenses	6,731	4,554
Provision for taxation	618	3
Gain on realization of investments less provision for losses	1,386	86
Share of income of effectively controlled companies	(2,482)	7,309
Net income*	5,702	11,946
Net income per share*	57 cents	120 cents
Dividends – amount	3,972	3,972
– per share	40 cents	40 cents
Market value of listed investments	79,821	50,420
Book or equity cost of unlisted investments	7,148	19,941
Net asset value per share	C$8.76	C$8.24

**after extraordinary item*

Anglo American Investment Trust Limited

The company (ANAMINT) is the principal holding company for the diamond interests of the Anglo American Corporation group, having 26 per cent of De Beers Consolidated Mines Limited and shareholdings in certain diamond trading companies.

At Kimberley, De Beers Consolidated Mines owns the De Beers and Wesselton mines and leases the Dutoitspan and Bultfontein mines from subsidiary companies. It also operates the Finsch mine north-west of Kimberley and the Koffiefontein mine in the Orange Free State, and is mining on the farms Annex Kleinzee and Dreyers Pan in Namaqualand. De Beers Botswana Mining Company (Proprietary) Limited, owned jointly by De Beers and the Botswana government, operates the Orapa mine and is opening the nearby Letlhakane mine, which is expected to be commissioned by the end of 1976. Production at the new diamond mine at Letseng-la-Terai, in which De Beers and the Lesotho government have interests of 75 per cent and 25 per cent respectively, is expected to start in late 1976.

The De Beers company's mining subsidiaries are The Consolidated Diamond Mines of South West Africa (Proprietary) Limited and Premier (Transvaal) Diamond Mining Company (Proprietary) Limited which, with Sea Diamond Corporation (Proprietary) Limited, became wholly owned during the year. Other subsidiaries of De Beers include The Diamond Corporation (Proprietary) Limited, a diamond purchasing company, and The Diamond Purchasing and Trading Company (Proprietary) Limited, marketing gem and near-gem diamonds, in which ANAMINT has a direct shareholding. In January 1976 ANAMINT increased its holding in The Diamond Trading Company (Proprietary) Limited to 50 per cent, significantly enlarging the company's interest in diamond marketing.

Total sales by the Central Selling Organisation in the year to 31 December 1975 fell by 15 per cent to $1,066 million (R793 million), though there was a continued recovery during the year from the depressed levels in the second half of 1974. The consolidated net profit of De Beers rose from R201.3 million to R220.7 million, but this included the benefit of a non-recurring tax adjustment of R29.6 million.

De Beers also has important mining, financial, and industrial investments through its 39.8 per cent holding in Rand Selection Corporation Limited and through its subsidiaries De Beers Holdings (Proprietary) Limited and De Beers Industrial Corporation Limited.

In September 1975 ANAMINT changed its year end to 31 March to bring to account De Beers interim and final dividends for that company's latest financial year to 31 December.

FEATURES OF THE ACCOUNTS

	Fifteen months ended 31 March 1976 R000s	*Year ended 31 December 1974 R000s*
Issued share capital in 10,000,000 ordinary shares of 50 cents each and 2,500,000 six per cent cumulative preference shares of R2 each	10,000	10,000
Revenue reserves	46,071	26,917

	Fifteen months ended 31 March 1976 R000s	Year ended 31 December 1974 R000s
Profit before taxation	50,162	29,967
Taxation	208	226
Profit after taxation and preference dividends	49,654	29,441
Earnings per ordinary share	497 cents	294 cents
Dividends (ordinary) – amount	30,500	29,000
– per share	305 cents	290 cents
Market value of listed investments	308,505	251,224
Directors' valuation of unlisted investments	50,425	40,972
Net asset value per ordinary share	R35.66	R27.68

Australian Anglo American Limited

Australian Anglo American (AAA) was formed in 1971 as a holding company through which Charter Consolidated, together with the Anglo American Corporation group and associates, would seek new business opportunities in the Australian mining industry and undertake prospecting programmes in Australia and neighbouring regions. AAA are managers of the joint venture project at the Blue Spec gold mine in Western Australia where commissioning of the plant on low grade development ore commenced in April.

FEATURES OF THE ACCOUNTS

Year ended 30 June	*1975*	*1974*
	A$000s	*A$000s*
Issued capital in ordinary shares of 50 cents each	18,000	18,000
Share premium	2,970	2,970
Consolidated loss after taxation	3,994	767 (profit)

Beralt Tin and Wolfram Limited

The company owns 80.55 per cent of Beralt Tin & Wolfram (Portugal) S.A.R.L., which operates a wolframite deposit in central Portugal to produce wolfram concentrates and small tonnages of tin and copper concentrates.

The wolfram market remained stable during the year, and 1,882 metric tons of concentrate were sold at favourable prices, against 3,032 metric tons in the previous year when heavy destocking occurred. The Portuguese company has declared dividends for 1974 and 1975, but Portuguese exchange control permission is required for remittance of funds to the parent company. A dividend of 1.75p per share was paid by Beralt to its shareholders on 31 December 1975 out of the proceeds of the first instalment of its share of the 1974 dividend.

FEATURES OF THE ACCOUNTS

Year ended 31 December	*1975*	*1974*
	£000s	*£000s*
Issued share capital in ordinary shares of 25p each	2,869	2,869
Capital reserve	334	270
Revenue reserves	2,225	1,559
Consolidated profit before taxation	1,427	3,066
Taxation	426	835
Consolidated net profit attributable to Beralt before extraordinary items	730	1,690
Earnings per share	6.36p	14.72p
Extraordinary items	195	169
Dividend – amount	201	nil
– per share	1.75p	nil

Blyvooruitzicht Gold Mining Company Limited

The company is a member of the Barlow Rand group, operating a gold mine on the far west Witwatersrand which recovers uranium oxide, silver, and osmiridium as by-products.

Although underground production during the year to 30 June 1975 was adversely affected by a shortage of labour, the tonnage milled rose slightly. A decline in yield and the resultant fall in gold produced, together with higher working costs, was more than offset by a 25 per cent rise in the average price received for gold, and the working profit from gold increased. Profit from uranium also increased due to rising demand and an improvement in the price received. Total working profit was R67.7 million, compared with R64.7 million for the previous year.

FEATURES OF THE ACCOUNTS

Year ended 30 June	*1975*	*1974*
	R000s	*R000s*
Issued share capital in shares of 25 cents each	6,000	6,000
Capital reserves	73,682	69,867
Revenue reserves	9,533	6,701
Yield per metric ton (gold)	14.40 grams	16.34 grams
Profit before taxation	70,462	66,092
Taxation and state's share of profits	39,608	38,490
Profit after taxation and state's share of profits	30,854	27,602
Dividends – amount	24,000	21,600
– per share	100 cents	90 cents

Cape Industries Limited

Based in the United Kingdom, the Cape Industries group manufactures building and insulation products and friction materials, undertakes insulation contracting, and distributes components for the automotive industry. It also mines asbestos fibre in South Africa and sells it world wide.

The turnover of the group rose from £81.3 million in 1974 to £107.0 million in 1975, while the profit before tax increased from £3.9 million to £10.2 million. The principal contribution to the improvement in profit came from the mining division, which increased its tonnage mined and benefited from strong demand and higher prices.

The building and insulation division achieved a marked increase in trading profit, the continued demand for fire protection materials and insulation products more than offsetting the weakness of the general construction market. The profit of Cape Contracts Limited, which was enlarged by the acquisition early in 1975 of the insulation contracting business of Newalls Insulation Company Limited, was more than double that for the previous year.

Notwithstanding the troubles in the motor industry, the companies in the automotive and engineering division increased their profits, except for Don International Limited (formerly Small and Parkes Limited) whose profit was affected by weakness in original equipment markets and by reorganization costs. Cape Distribution Limited, having completed its initial programme of acquisitions, successfully consolidated its position.

At 31 December 1975 the assets of the group were valued at over £56 million, compared with £33 million at the end of 1974. The increase reflected retained profits from 1975 of £4.1 million, the proceeds of a rights issue in October 1975 of £4.9 million, and an upward revaluation of the group's principal properties by £10.3 million following a professional valuation.

FEATURES OF THE ACCOUNTS

Year ended 31 December	*1975*	*1974*
	£000s	*£000s*
Issued share capital in 24,003,260 ordinary shares of 25p each and 250,000 $3\frac{1}{2}$ per cent cumulative preference shares of £1 each	6,251	4,643
Reserves and share premium	30,315	15,900
Loan capital ($6\frac{1}{4}$ per cent and $7\frac{3}{4}$ per cent debenture stocks and $7\frac{1}{4}$ per cent unsecured loan stock)	6,059	6,059
Consolidated profit before taxation	10,195	3,884
Taxation	4,080	1,303
Profit after taxation and extraordinary items	5,610	2,332
Earnings per ordinary share	29.6p	14.0p
Dividends (ordinary) – amount	1,488	989
– per share	6.6795p	5.6267p

Covenant Industries Limited

Charter Consolidated and associates, with Imperial Chemical Industries Limited, jointly own Covenant Industries, which operates in the chemical and allied industries field, mainly in Kenya, Nigeria, Tanzania, and Zambia. It handles the merchanting of ICI products and the local formulation of some chemicals, and the manufacture of paints and of explosives.

Consolidated profit before tax rose from £2.3 million in the year to September 1974 to £3.8 million in 1975. During the year difficult trading conditions were experienced in east and central Africa, but these were more than offset by the favourable opportunities presented in Nigeria.

FEATURES OF THE ACCOUNTS

Year ended 30 September	*1975*	*1974*
	£000s	*£000s*
Issued share capital in ordinary shares of £1 each	92	92
Shareholders' loans	306	306
Reserves	4,946	3,332
Consolidated profit before taxation	3,793	2,272
Taxation	1,714	931
Consolidated profit after taxation, minorities, and extraordinary items	1,631	796
Dividends	165	210

Harmony Gold Mining Company Limited

The company and its wholly owned subsidiaries, members of the Barlow Rand group, mine for gold in the Orange Free State. Uranium oxide, sulphuric acid, silver, osmiridium, and pyrite are recovered as by-products.

Operations during the year to 30 June 1975 were affected by the shortage of labour, but the ore milled was only marginally less than for the previous year. Working costs rose steeply due to substantial increases in wages and in the cost of stores and materials but, as a result of the higher average price received for gold, working revenue from gold, silver, and osmiridium increased by R13.1 million to R112.0 million. Profits from uranium, pyrite, and sulphuric acid rose to R2.4 million, compared with R0.2 million in 1974.

FEATURES OF THE ACCOUNTS

Year ended 30 June	*1975*	*1974*
	R000s	*R000s*
Issued share capital in shares of 50 cents each	13,442	13,442
Capital reserves	119,681	140,342
Revenue reserves	22,276	16,143
Yield per metric ton (gold)	6.01 grams	6.38 grams
Consolidated profit before taxation and state's share of profits	50,033	51,403
Taxation and state's share of profits	13,177	23,429
Consolidated profit after taxation and state's share of profits	36,856	27,974
Dividends – amount	20,701	15,324
– per share	77 cents	57 cents

Haw Par Brothers International Limited

Incorporated in Singapore, the company operates in Singapore, Malaysia, Hong Kong, and Thailand. Its principal direct interests are pharmaceuticals, merchanting and general trading (including insurance), merchant and investment banking, ship leasing, chartering, and marine services. The principal indirect activities include substantial interests in London Tin Corporation Limited, the largest tin mining group in the world; Island and Peninsular Development Berhad, a Malaysian company whose main activities are in palm oil, rubber plantations, and property development; and Cheung Kong (Holdings) Limited, a large Hong Kong property company.

Minerals and Resources Corporation Limited

Minerals and Resources Corporation (MINORCO), a member of the Anglo American Corporation group, is incorporated in Bermuda with interests in mining, prospecting, oil, and industry. It participates in new international business of the Anglo American Corporation and Charter Consolidated groups.

In August 1974 MINORCO, as part of its expansion and diversification, increased its equity interest in Engelhard Minerals & Chemicals Corporation (EMC) to about 30 per cent. In 1974 EMC more than doubled its earnings from $52.5 million to $110.2 million, and MINORCO's dividend income from this source totalled $6.1 million. In 1975 EMC's earnings further improved to $114.7 million.

MINORCO has a significant interest in the Zambian copper mining industry through its holding of just under 50 per cent in Zambia Copper Investments Limited (ZCI). Dividends from ZCI's two principal investments, Nchanga Consolidated Copper Mines Limited (49 per cent held) and Roan Consolidated Mines Limited (12.25 per cent held), were sharply reduced by the lower copper price prevailing during the year to June 1975, and ZCI was also affected by Zambia's foreign exchange difficulties, which prevented externalization of dividends declared by the mining companies for their financial years 1974-5. ZCI's profit after tax fell from US$54.8 million to US$15.9 million, and dividends were reduced from 40 cents to four cents per share.

In June 1975 MINORCO acquired a stake in the capital of Inspiration Consolidated Copper Company (ICC), an integrated natural resources company based in the United States whose principal activity is the production and sale of copper. ICC's net earnings were $9.5 million in 1974, but as a result of the depressed price of copper this was turned into a loss of $3.9 million in 1975.

Through Trend International Limited, MINORCO has a 43 per cent interest in Trend Exploration Limited, an international oil and gas exploration company whose major asset is a 27 per cent interest in a production-sharing contract in Indonesia. Net earnings of the Trend group for the year to 31 December 1975 rose to $10.3 million.

FEATURES OF THE ACCOUNTS

Year ended 30 June	*1975 US$000s*	*1974 US$000s*
Issued share capital in 31,668,899 ordinary, 41,910,618 'A' ordinary, and 8,572 deferred shares of BD$1.40 each	103,023	44,336
Capital reserve and share premium	199,738	120,236
Loan capital	5,017	5,035
Prospecting reserve	4,677	—
Revenue reserves	47,437	46,868
Consolidated profit before taxation	11,893	29,769
Foreign taxation	476	118
Consolidated profit after taxation	11,417	29,651
Market value of listed investments	279,638	62,807
Book cost of unlisted investments	81,796	51,404
Dividends (ordinary) – amount	4,434	22,168
– per share	14 cents	70 cents
Dividends ('A' ordinary) – amount	5,892	—
– per share	14.06 cents	—
Net asset value	408,900	224,700

Rand Selection Corporation Limited

The corporation, a member of the Anglo American Corporation group, is a finance and investment company with shareholdings in gold, diamond, copper and other base metals, coal, platinum, insurance, finance, industrial, and property companies. Within this wide spread of investments its main strength is in gold.

The corporation's investment income for the year to 30 September 1975 rose to R57.9 million, compared with R49.4 million in 1974, largely as a result of higher dividends from its gold interests in the first half of the year. The diamond and platinum markets were affected by deteriorating world economic conditions, and dividends from platinum were sharply reduced.

Included for the first time in the corporation's financial results are those for a full year of Rand Selection Insurance Holdings Limited (RSI) – formerly Schlesinger Insurance and Institutional Holdings Limited – the subsidiary acquired in 1974 whose principal interest is in African Eagle Life Assurance Society Limited. The assets of the African Eagle group increased from R355 million in June 1974 to R417 million in September 1975, and its combined premium and investment income rose to a record R124 million. During the year the RSI group exchanged its holding in Western Bank Limited for shares in Barclays National Bank Limited, the largest banking organization in southern Africa, in which the corporation and its associates became the principal South African shareholders.

During the year the corporation acquired a significant interest in the new Elandsrand Gold Mining Company Limited both directly and through Anglo American Gold Investment Company Limited.

On 30 July 1975 the corporation issued 30 million fully paid preference shares of R1 each to help finance its participation in new investment opportunities. Since the end of the financial year, 475,873 ordinary shares of 50 cents each have been issued to minority shareholders in South African Townships, Mining and Finance Corporation Limited, which became a wholly owned subsidiary from 1 April 1975.

FEATURES OF THE ACCOUNTS

Year ended 30 September	*1975 R000s*	*1974 R000s*
Issued share capital in 41,774,279 ordinary shares of 50 cents each and 30,000,000 cumulative redeemable preference shares of R1 each	50,887	20,848
Capital reserve and share premium	212,538	211,631
Revenue reserves	114,777	95,973
Loan capital	59,143	57,206
Group profit before taxation	49,659	46,302
Taxation	49	756

Year ended 30 September	1975 R000s	1974 R000s
Group profit after taxation and minorities	48,489	43,911
Earnings per share	*114.5 cents	*113.6 cents
Dividends (ordinary) – amount	31,536	27,016
– per share	75 cents	70 cents
Market value of listed investments	677,173	784,319
Directors' valuation of unlisted investments	118,235	100,982
Net asset value†	751,235	850,060
Net asset value per share†	R17.98	R20.39

**adjusted to reflect that profits from new subsidiaries were received for only a portion of the year*

†includes listed investments at market value and unlisted investments at directors' valuation

The Rio Tinto-Zinc Corporation Limited

The Rio Tinto-Zinc Corporation (RTZ) and its subsidiary companies is a British-based international group of mining and industrial companies with interests in almost every major metal and fuel, including aluminium and its products, borax, coal, copper, gold, industrial and agricultural chemicals, iron ore, lead, oil, silver, specialty steels, tin, uranium, and zinc.

The much lower copper price prevailing in 1975 had a sharp impact on the group's results, and profit before tax showed a reduction of £125 million compared with 1974. Of that reduction approximately £100 million was attributable to the copper operations at Bougainville, Palabora, and Lornex. In March 1975 RTZ raised £33 million by means of a rights issue.

Conzinc Riotinto of Australia Limited (CRA) (80.6 per cent owned by RTZ) is a holding company for the RTZ group's interests in Australia, New Zealand, and Papua New Guinea. The earnings of Bougainville Copper Limited (53.6 per cent owned by CRA) for 1975 were substantially lower than for 1974, primarily as a result of the considerable decrease in the realized price of copper and a significant escalation in operating costs. Hamersley Iron Pty Limited (54 per cent owned by CRA) improved its trading results in 1975 when higher realized prices and increased productivity outweighed the rise in production costs. Earnings of Australian Mining & Smelting Limited (73.5 per cent owned by CRA) were reduced because of a decline in sales, lower prices for lead, and adverse exchange rate movements. Comalco Limited (45 per cent owned by CRA), with interests in bauxite, alumina, and aluminium, improved the value of its sales, but prices did not fully compensate for higher costs. Interest charges and increased bauxite royalties also had an adverse effect.

RTZ has a 51.4 per cent interest in Rio Algom Limited, a Canadian company with interests in copper and uranium mining and in stainless and specialty steels. During 1975 Rio Algom raised capital for its Elliot Lake uranium mining operations and for new steel production facilities, and increased to 66.5 per cent its stake in Lornex Mining Corporation Ltd, whose pre-tax earnings were considerably lower than in 1974 owing to a fall in the average price received for copper and a rise in operating costs.

RTZ holds 66.2 per cent of Brinco Limited, whose principal interest is in mineral exploration in North America. Through its wholly owned subsidiary Rio Tinto South Africa Limited, RTZ has a 38.9 per cent holding in the copper producer Palabora Mining Company Limited and a 45.2 per cent holding in Rössing Uranium Limited, whose open pit operation is expected to come to full production in 1976. The wholly owned subsidiary R.T.Z. Borax Limited, with interests in borax, potash, and industrial and agricultural chemicals, maintained its earnings in 1975.

Also wholly owned by RTZ, R.T.Z. Industries Limited (formerly R.T.Z. Europe Limited) is the holding company for many of RTZ's light industrial activities, particularly in the United Kingdom and the rest of Europe. Its chief interests are in products made of aluminium, steel, glass, and wood, and in tin smelting and engineering. The RTZ Industries group had a generally satisfactory year, except for R.T.Z. Pillar Europe Limited which incurred substantial losses in Germany and France and is to reorganize its European interests.

Through membership of the Hamilton Brothers consortium, R.T.Z. Oil and Gas Limited, a wholly owned subsidiary of RTZ, has a 25 per cent interest in the Argyll field, the first producing oil field in the United Kingdom sector of the North Sea.

FEATURES OF THE GROUP ACCOUNTS

Year ended 31 December	1975 £000s	1974 £000s
Issued share capital of RTZ in 237,275,815 ordinary shares of 25p each, 12,667,659 accumulating ordinary shares of 25p each, and 7,732,967 3.325 per cent 'A' and 3,143,750 3.5 per cent 'B' cumulative preference shares of £1 each	73,300	66,100
Capital reserves and share premium	174,400	130,800
Revenue reserves	309,800	265,400
Loan capital	326,100	256,100
Profit before taxation	153,700	279,100
Taxation	68,700	135,800
Net profit attributable to RTZ shareholders before extraordinary items	38,600	62,500
Earnings per ordinary share of RTZ	15.57p	27.91p
Extraordinary items	22,300	(7,200)
Dividends – amount	13,300	10,100
– per ordinary share	5.42p	4.97p

Selection Trust Limited

The company and its subsidiaries form a British-based mining finance group with net assets valued at 31 March 1975 at £176 million. Its main business is investment and participation in mining enterprises and the conduct of its own mining and minerals exploration ventures, giving rise to interests in a wide range of metals and minerals, principally in Australia, North America, and Africa, and to interests related to North Sea oil and gas.

During the year ended 31 March 1975 the company expanded within the United Kingdom by acquiring the whole of the issued share capital of Amari Limited (formerly 18.3 per cent held), a group of companies primarily engaged in metals stockholding and distribution, and by effecting a merger with Consolidated African Selection Trust Limited (CAST), in which the company's previous interest was 36.5 per cent. Although CAST's income continues to be derived mainly from its interests in diamond mines in Ghana and Sierra Leone, it has in recent years widened its interests in activities not connected with diamonds, particularly in the United Kingdom. These include quarrying operations and services to the offshore gas and oil industry.

In the Netherlands sector of the North Sea the Noordwinning group continued to develop its K/13 gas field, in which the company has an interest of 5.55 per cent, and production of gas began in March 1976. In February 1976 an outline plan was announced for the development of the Agnew nickel deposit in Western Australia on a limited scale. Subject to satisfactory financing arrangements and receipt of the necessary government approvals in Australia, the Agnew joint venturers expect to be ready to proceed with the project by August 1976.

The company has a significant interest in AMAX Inc., a diversified natural resources company operating internationally. As a result of lower metal prices and reduced demand, sales by AMAX for the year to 31 December 1975 declined to $962 million from $1,167 million in the previous year. Net earnings were $134.4 million, compared with $144.5 million in 1974.

Tsumeb Corporation Limited, in which the company has a direct interest as well as an indirect interest through AMAX, owns mines in South West Africa producing mainly copper and lead. Depressed metal prices and higher costs resulted in Tsumeb recording a net loss of R158,000 for its year ended 31 December 1975. Net income for the previous year was R14.5 million. Metal sales fell by R17.7 million to R55 million.

The principal business of Western Mining Corporation Limited is nickel mining and processing in Western Australia. Although sales of nickel for the year to 30 June 1975 declined by 5,000 metric tons to 39,000 metric tons, sales revenue from nickel and co-products increased by A$21.8 million to A$123.5 million as a result of world price increases and a devaluation of the Australian dollar. Consolidated net profit for the first half of the year ending 30 June 1976 was A$5.5 million, compared with A$9.8 million for the first half of the previous year.

Selection Trust's other principal equity investment interests are in Unisel Gold Mines Limited, a company in the Union Corporation group engaged in the development of a gold mine in the Orange Free State, and Southvaal Holdings Limited.

The total revenue of the group for the year to 31 March 1975 rose from £13.7 million to £18.4 million and included improved operating profits from the expanding Mount Newman iron ore project in Western Australia and the company's share of earnings from the first full year's work of its craneship in the North Sea. In the half-year to September 1975 revenue declined to £8.6 million from £10.4 million in the half-year to September 1974 owing to lower operating profit and reduced dividend income. Combined with higher interest and other expenditure, this resulted in a fall in the profit after taxation from £4.0 million to £1.9 million.

In May 1976 the company raised £20 million by means of a rights issue of ordinary shares to facilitate foreign currency borrowings for the Agnew and Detour projects and to meet capital requirements in the United Kingdom.

FEATURES OF THE ACCOUNTS

Year ended 31 March	*1975*	*1974*
	£000s	*£000s*
Issued share capital in 23,172,678 ordinary shares of 25p each and 24,444 ordinary shares of 25p each (5.625p paid)	5,794	5,100
Capital reserves and share premium	36,285	25,421
Revenue reserves	10,757	9,628
Consolidated profit before taxation	10,565	9,802
Taxation	4,490	3,751
Consolidated profit after taxation and deduction of minority interests and pre-acquisition profits	5,080	5,269
Earnings per share	24.9p	25.8p
Dividends – amount	3,105	2,621
– per share	14p	12.8505p
Net assets – at book value	52,836	40,149
– at market value or directors' valuation	*176,229	145,807
Net asset value per share	£7.60	£7.15

**including net assets of both CAST and Amari*

Tara Exploration and Development Company Limited

The company, which is incorporated in Canada, is engaged in mineral exploration in the Republic of Ireland through its wholly owned subsidiary, Tara Prospecting Limited.

The company's major subsidiary Tara Mines Limited (75 per cent owned), having secured the necessary state mining lease, is carrying forward the development of a lead/zinc mine at Navan in the Republic of Ireland. Estimated total costs of bringing the mine to production are US$150 million, and the company has recently completed arrangements for the senior financing of the project. Start-up is scheduled for the spring of 1977, and production is scheduled to build up to an annual rate of 500,000 short tons of zinc and lead concentrates.

Tronoh Mines Limited group

Tronoh Mines and its subsidiary, Bidor Malaya Tin Sendirian Berhad, operate mines in Malaysia producing tin and by-products in concentrate form. Production of tin concentrate fell from 3,077 metric tons in 1974 to 2,582 metric tons in 1975. The reduction in the group's profitability was due to the drop in production and the lower tin prices prevailing in 1975.

Associated companies are Ayer Hitam Tin Dredging Limited and The Sungei Besi Mines Limited in Malaysia, and Aokam Tin Berhad in Thailand, all of which are tin mining companies.

FEATURES OF THE ACCOUNTS

Year ended 31 December	*1975*	*1974*
	£000s	*£000s*
Issued share capital in shares of 25p each	2,579	2,579
Capital reserves and share premium	1,942	1,900
Revenue reserves	4,090	3,532
Group profit before taxation	2,167	4,423
Taxation	1,158	2,430
Group net profit attributable to Tronoh before extraordinary items	878	1,533
Earnings per share	8.5p	14.9p
Extraordinary items	123	231
Dividends – amount	443	415
– per share	4.29p	4.02p

Union Corporation Limited

Union Corporation is a mining finance company whose main interests are in the South African gold mining industry and in mining and refining of platinum, nickel, and copper. Other interests of the group include property; construction; shipping; and paper, packaging, and printing. In South Africa it administers two investment companies with mining finance and industrial portfolios. It also explores for new sources of metals and minerals and for oil and natural gas.

At the gold mines in the group, working costs per ton milled rose by 26 per cent, due mainly to substantial wage increases. However, the average price received for gold improved from R3,340 to R3,655 per kilogram, largely offsetting the higher costs and enabling four of the group's seven producing gold mines to raise their dividends. Development continued at Unisel Gold Mines Limited in the Orange Free State, where the capital required to bring the mine to production in 1978 is now estimated at R49 million.

The reduced level of industrial demand for platinum group metals during 1975 resulted in lower prices, and in a fall in sales by Impala Platinum, which has reduced its annual production rate to 600,000 ounces of platinum.

Although there was an increase in the corporation's dividend income from gold, and from its South African industrial interests, this was more than offset by the decline in receipts from its platinum and copper investments. Total dividend income accordingly decreased by R1.1 million to R32.6 million. The fall in the market value of listed investments was due primarily to the decline in gold and mining financial share prices during 1975.

FEATURES OF THE ACCOUNTS

Year ended 31 December	*1975*	*1974*
	R000s	*R000s*
Issued share capital in ordinary shares of 6.25 cents each	3,631	3,631
Capital reserve (including share premium)	79,463	79,358
Revenue reserves	78,499	69,540
Loan capital ($6\frac{1}{2}$ per cent registered unsecured notes 1974/83)	2,800	3,200
Consolidated profit before taxation	36,481	42,832
Taxation	1,617	4,085
Consolidated profit after taxation	34,864	38,747
Earnings per share	60 cents	67 cents
Dividends – amount	24,402	24,402
– per share	42 cents	42 cents
Market value of listed investments	310,898	426,374
Directors' valuation of unlisted investments	90,042	71,449
Net asset value	418,473	514,050
Net asset value per share	R7.20	R8.85

Union Platinum Mining Company Limited

The company's revenue consists almost entirely of dividend income from Rustenburg Platinum Mines Limited, of which it owns 37.3 per cent.

The volume of platinum sales in Rustenburg's financial year ended August 1975 was slightly lower than in 1974, although the gross value of all metals sold was two per cent higher. Interest charges and a major escalation in costs in spite of improved productivity resulted in a decrease in the profit after tax from R56.9 million to R47.3 million, and the dividend was substantially reduced from R21.84 to R5.45 per share.

In February 1975 Rustenburg announced a cutback in production of approximately 25 per cent because of the decline in demand for platinum, but production is now being stepped up with a view to increasing saleable stocks.

FEATURES OF THE ACCOUNTS

Year ended 31 October	*1975*	*1974*
	R000s	*R000s*
Issued share capital in shares of 10 cents each	4,570	4,570
Capital reserves	35,807	35,807
Revenue reserves	51	25
Profit before taxation	2,307	9,340
Taxation	14	9
Profit after taxation	2,293	9,331
Dividends – amount	2,267	9,327
– per share	4.96 cents	20.41 cents

General Information

Directors' interests

The following are the interests of the directors of the company who held office on 31 March 1976 as notified to the company in terms of the Companies Act 1967:

	FULLY PAID SHARES OF 25p EACH	
DIRECTORS	1 April 1975	31 March 1976
F. S. Berning	100	100
P. C. D. Burnell (appointed 3 June 1975 – nil)		100*
G. A. Carey-Smith	100*	100*
J. N. Clarke	100*	100*
J. E. H. Collins	100*	100*
R. H. Dent	1,155*	1,155*
H. R. Fraser	100	100
J. O. Hambro	1,131*	1,131*
	1,745	1,745
M. B. Hofmeyr	100	100
N. K. Kinkead-Weekes	100	100
H. F. Oppenheimer	5,000,100†	5,000,100†
Sir Philip Oppenheimer	9,798*	9,798*
B. W. Pain	100	100
G. W. H. Relly	500*	500*
	100	100
J. G. Richardson	100*	100*
S. Spiro	100	100
L. G. Stopford Sackville	4,750*	4,750*
H. J. Stucke (appointed 1 January 1976 – nil)		100*
M. W. Thomas	100*	100*
W. D. Wilson	100	100
ALTERNATE DIRECTORS		
R. J. Armitage	nil	nil
P. G. Hatch	nil	nil
M. W. B. Heald	nil	nil
F. J. A. Howard (appointed 20 January 1976 – nil)		nil
A. E. Oppenheimer	nil	nil
A. J. W. Owston	nil	nil

*these interests are beneficially owned: the remainder are not beneficially owned
†of which 5,000,000, being shares held by a body corporate, are notified pursuant to section 28(3) of the Companies Act 1967

Of these directors and alternate directors, the following had beneficial interests in the partly paid shares of the company issued under its share incentive scheme, the effect of which was to enable executive directors and senior employees to subscribe for shares which, after a qualifying period, could be fully paid up at a price determined at the time of subscription:

	PARTLY PAID SHARES OF 25p EACH	
	1 April 1975	31 March 1976
J. N. Clarke	7,500	7,500
N. K. Kinkead-Weekes	12,500	12,500
B. W. Pain	12,500	12,500
J. G. Richardson	10,000	10,000
L. G. Stopford Sackville	10,000	10,000
R. J. Armitage	7,500	7,500
P. G. Hatch	3,500	3,500
M. W. B. Heald	5,000	5,000
A. J. W. Owston	6,000	6,000

Mr R. H. Dent also had a beneficial interest in 4,000 and 4,750 ordinary shares of 25p each in Cape Industries Limited, a subsidiary of the company, at 1 April 1975 and 31 March 1976 respectively.

Between the end of the financial year and 24 May 1976, being one month prior to the date of the notice of annual general meeting, Mr N. K. Kinkead-Weekes disposed of his interest in 100 fully paid shares of the company. No other change was notified in any of the abovementioned interests.

There were no contracts or arrangements subsisting during the financial year which require to be disclosed in terms of section 16(1)(c) of the Companies Act 1967 as interpreted by the Council of The Stock Exchange.

Substantial shareholding

Anglo American Corporation of South Africa Limited and its associated companies held an interest of 36.1 per cent in the issued share capital of the company at 24 May 1976.

Taxation

(i) Capital gains tax
The market price of the company's shares on 6 April 1965 was:
Registered shares – 98.75p
Shares represented by renounceable letters of allotment – 100p
Share warrants to bearer – 100p

(ii) The company is not a close company within the provisions of the Income and Corporation Taxes Act 1970 and this position has not changed since the end of the financial year.

Turnover

The following is an analysis of the turnover shown in note 4 on the accounts and the amount of profit attributable to each different class of business undertaken by the group's manufacturing subsidiaries:

	Turnover £000s	Contribution to group trading profit before taxation £000s
Building and insulation products	52,351	3,994
Automotive and engineering products	28,740	1,355
Mining and sale of asbestos fibre	29,081	6,863
Railway track fastenings, mine roof bolting systems, galvanizing, etc.	12,857	1,645
Heating and catering equipment	9,656	587
Coal mining	743	122
	133,428	14,566
Deduct: sales between different classes of business	3,133	—
	130,295	14,566

Geographical analysis of turnover and trading profit

	Turnover £000s	Trading profit £000s
United Kingdom	77,224	6,515
Rest of Europe	23,297	584
Australasia and South-east Asia	11,400	950
Africa and Middle East	10,687	6,060
North and South America	7,687	457
	130,295	14,566

Exports

The aggregate value of goods exported by the group's United Kingdom manufacturing subsidiaries during the year was £15,795,000.

Number and remuneration of employees

The average number of employees per week of the company and its subsidiaries working wholly or mainly in the United Kingdom was 9,935 during the year. The aggregate amount of the remuneration paid to such employees during the year was £30,618,000.

Political and charitable contributions

The company's subsidiaries made contributions for political purposes during the year totalling £12,000, consisting of payments of £10,000 to The City and Industrial Liaison Council, £1,000 to British United Industrialists, and £1,000 by Cape Industries Limited to the Conservative and Unionist Party.

Contributions for charitable purposes made by the company and its subsidiaries during the year totalled £48,000.

Procédure permettant aux détenteurs de certificats d'actions au porteur d'assister à une assemblée générale

Les détenteurs de certificats d'actions au porteur désirant assister en leur qualité de membre à une assemblée générale, sont tenus de déposer leurs certificats d'actions trois jours ouvrables francs au moins avant la date de l'assemblée au bureau du directeur du registre de la société au Royaume-Uni ou à ceux des agents de la société à l'étranger.

Les administrateurs acceptent qu'à la place du certificat d'actions soit déposée une attestation* délivrée par un 'dépositaire autorisé' ou par toute autre personne déclarant avoir reçu le dépôt du certificat d'actions. Le dépositaire autorisé ou la personne habilitée doit s'engager à ne remettre le certificat d'actions au déposant que contre remise de l'attestation de dépôt et d'engagement.

La société remettra au déposant d'un certificat d'actions ou d'une attestation de dépôt et d'engagement une carte d'admission portant ses nom et adresse, de même que le nombre d'actions représenté par le certificat correspondant. Cette carte lui permettra, de ce fait, d'assister et de voter en personne ou par mandataire à une assemblée générale.

**des formulaires peuvent être obtenus auprès des bureaux indiqués ci-dessus*

MM. les actionnaires peuvent se procurer des exemplaires des conditions régissant les certificats d'action au porteur en s'adressant soit au siège social ou au bureau du directeur du registre de la société, soit aux bureaux des agents de la société aux adresses suivantes: Crédit Lyonnais, 19 boulevard des Italiens, 75002 Paris; Banque Rothschild, 21 rue Laffitte, 75009 Paris.

Procedure for holders of share warrants to bearer to attend a general meeting

Holders of share warrants to bearer wishing to attend as members at a general meeting must deposit their share warrants at least three clear normal business days before the meeting at the offices of the company's registrars in the United Kingdom or any of the company's overseas paying agents.

The directors may accept in lieu of the deposit of a share warrant a certificate* from an authorized depositary or other approved person to the effect that the share warrant has been deposited with him. The authorized depositary or approved person must give an undertaking* not to surrender the share warrant to the depositor except against return of the certificate of deposit and the undertaking.

The company will deliver to the person depositing a share warrant, or certificate of deposit and an undertaking, an admission card stating his name, address, and the number of shares represented by the relative warrant to enable him to attend and vote in person or by proxy at a meeting.

**forms are available from the abovementioned offices*

Copies of the conditions governing share warrants to bearer are available from the registered office of the company and the office of its registrars in the United Kingdom, and from the company's overseas paying agents, Crédit Lyonnais, 19 boulevard des Italiens, 75002 Paris, and Banque Rothschild, 21 rue Laffitte, 75009 Paris.

MM. les actionnaires sont informés qu'ils peuvent se procurer un exemplaire en français de ce rapport en s'adressant soit au Secrétaire

CHARTER CONSOLIDATED LIMITED
40 Holborn Viaduct, London EC1P 1AJ

soit à
CHARTER FRANCE 9 rue de Vienne, 75008 Paris

soit au
CREDIT LYONNAIS 19 boulevard des Italiens, 75002 Paris

soit à la
BANQUE ROTHSCHILD 21 rue Laffitte, 75009 Paris

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