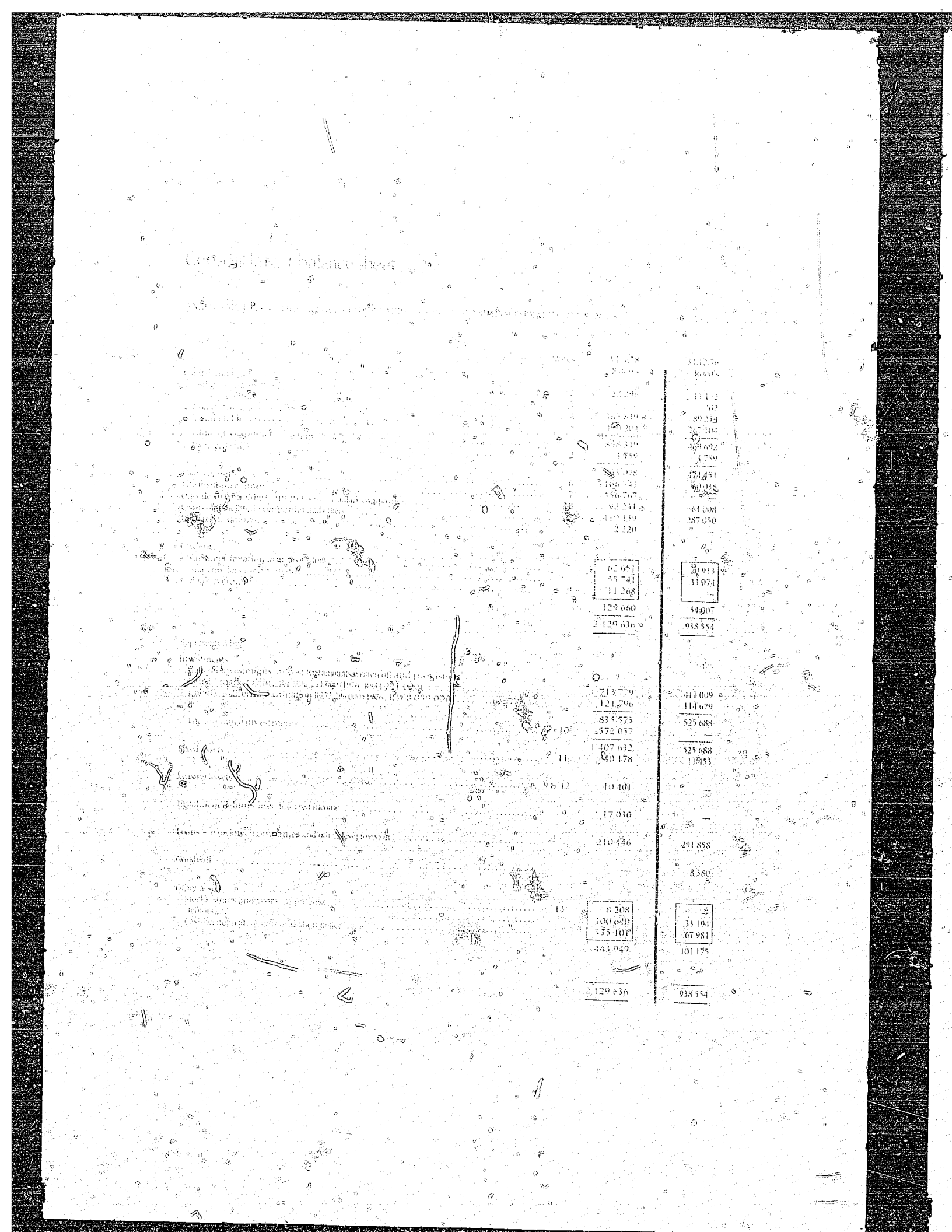
FILE NAME: Cape Asbestos (CAPE)

DATE: 0000

DOC#: CAPE185

DOCUMENT DESCRIPTION: Consolidated Profit and Loss Account - Charter Consolidated Ltd. & Subsidiaries [Legal - Tibbs Case Exhibit 83]



Consolidated income statement

[illegible]

[illegible] AND SUBSIDIARY COMPANIES

	Notes	[illegible] 31.3.78 R000's	Year ended 31.12.76 R000's
[illegible] by operations	15	243 170	[illegible] 181
[illegible]		85 839	[illegible]
[illegible]		9 643	[illegible]
[illegible]		48 103	2 001
		326 784	138 [illegible]
[illegible]			
[illegible]		10 171	2 946
[illegible]		30 239	22 906
[illegible] equipment		40 410	25 852
[illegible]		2 392	1 886
[illegible]		4 921	2 768
[illegible] investments		15 183	9 497
[illegible] loan		5 000	2 300
		—	2 750
		68 106	45 053
Group profit before taxation		258 678	93 865
Taxation	17	17 027	4 647
Group profit after taxation	18	241 651	89 218
Outside shareholders' interests in profits of subsidiary companies		46 329	2 940
Preference dividends	21	286	286
Earnings attributable to ordinary shareholders before extraordinary item		195 036	85 992
Per share 89,9 cents (1976: 65,3 cents)			
Net loss arising from changes in exchange rates	20	(595)	(33)
Transfer from currency reserve		595	33
Ordinary dividends	21	99 132	43 465
Retained profit before extraordinary item		95 904	42 527
Extraordinary item	22	33 463	20 000
Retained profit after extraordinary item		62 441	22 527
Unappropriated profit, December 31 1976		15 976	16 884
Retained profits of subsidiaries acquired during the period attributable to the Corporation's former minority interest		15 744	—
		31 720	16 884
Adjustment thereto arising from changes in exchange rates		(311)	66
Adjustment in respect of previous years taxation	17	(1 298)	—
		30 111	16 950
		92 552	39 477
Transfers to reserves			
Non-distributable reserve	4	5 106	22
General reserve	5	69 919	23 479
		75 025	23 501
Unappropriated profit, March 31 1978		17 527	15 976

Balance sheet

AT MARCH 31 1978

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

	Notes	31.3.78 R000's	31.3.77 R000's
Capital and reserves			
Authorised shares			
Share premium	2	22 296	13 172
Non-distributable reserve	3	—	202
Distributable reserves	4	351 938	84 148
	5	207 767	207 930
Ordinary shareholders' equity		582 001	305 452
Preferred stock	2	4 759	4 759
		586 760	310 211
Loan capital	6	57 339	60 038
Loans			
Subsidiary companies		185 242	21 833
Associates companies and other		393 695	272 686
		578 937	294 519
Creditors			
Creditors, taxation and provisions		17 533	12 438
Shareholders for dividends		55 741	33 074
		73 274	45 512
		1 296 310	710 280
Represented by			
Investment in subsidiary companies			
Shares at cost, less amounts written off and provision		408 729	89 232
Loans less provision		220 605	158 367
Dividends accrued		64 195	226
		693 529	247 825
Other investments – at cost less amounts written off and provision			
Listed – market value R390 815 000 (1976: R470 464 000)		111 953	112 612
Unlisted – directors' valuation R28 728 000 (1976: R39 530 000)		11 406	11 956
		123 359	124 568
Loans – associated companies and others less provision		163 983	263 165
Other assets			
Debtors		18 912	21 010
Cash on deposit, at call and short notice		296 527	53 712
		315 439	74 722
Office, research and transport equipment	1(h)	—	—
		1 296 310	710 280

Income statement

FOR THE FIFTEEN MONTHS ENDED MARCH 31 1978

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

	Notes	31.3.78 R000's	Year ended 31.12.76 R000's
Investment income			
Income from subsidiaries	15	32 570	43 576
Income from associates	16	100 513	25 729
Income from interest, fees and other sources after deducting administration expenses		65 056	41 178
Surplus on realisation of investments		4 382	758
		202 521	111 241
Interest paid			
Banks		3 610	2 946
Loans to associated companies and others		36 411	22 504
		40 021	25 450
Depreciation of office, research and transport equipment		1 881	67
Contributions to staff pension funds		4 197	2 487
Costs of prospectings		14 679	8 891
Provision against investments		6 791	3 381
Provision against loans		2 836	3 104
		70 405	44 980
Profit before taxation		132 116	66 261
Taxation	17	10 174	2 501
Profit after taxation	18	121 942	63 760
Preference dividends	2P	286	286
Earnings attributable to ordinary shareholders before extraordinary item		121 656	63 474
Per share 56,0 cents (1976 58,5 cents)	20		
Ordinary dividends	21	99 132	43 465
Retained profit before extraordinary item		22 524	20 009
Extraordinary item	22	21 389	20 000
Retained profit after extraordinary item		1 135	9
Unappropriated profit December 31 1976		430	421
Adjustment in respect of previous year taxation	17	(1 298)	
		(868)	421
Unappropriated profit March 31 1978		267	430

Members' diary

Financial year end	March 31
Annual financial statements published	July
Annual general meeting held	August

DIVIDENDS

1 On ordinary shares		
Interim (and interim report)	declared	November
	paid	January
Final (and provisional statement)	declared	May/June
	paid	July
2 On preference shares		
Interim	declared	June
	paid	June
Final	declared	December
	paid	December
3 On preferred stock		
Interim	declared	June
	paid	August
Final	declared	December
	paid	February

Cover: Recently completed Re-claimer at Free State Geduld's new No. 5 shaft

Notice to members

ANNUAL GENERAL MEETING

Notice is hereby given that the sixty-first annual general meeting of members of Anglo American Corporation of South Africa Limited will be held at 44 Main Street, Johannesburg on Friday, August 18 1978, at 11h00, for the following business:

1 To receive and consider the annual financial statements in respect of the fifteen months ended March 31 1978.

2 To elect directors in accordance with the provisions of the Corporation's articles of association.

3 To consider, and if deemed fit, to pass, with or without modification, the following resolution as an ordinary resolution, namely:

'That the directors be and they are hereby authorised:

(i) To allot and issue all or any portion of the 9 650 000 unissued redeemable cumulative preference shares of 2,5 cents each in the capital of the Corporation and, after providing for the allotment and issue of the ordinary shares in terms of the share incentive scheme, the staff share option scheme and any shares which shall have been set aside for allotment in substitution for shares in Rand Selection Corporation Limited arising on conversion of bonds of US$1 000 each representing the Rand Selection US$30 million 6¼ per cent convertible loan 1986, all or any portion of the remaining 13 732 254 unissued ordinary shares of 10 cents each in the capital of the Corporation, at such time or times to such person or persons, company or companies, and upon such terms and conditions as they may determine.

(ii) To make arrangements on such terms and conditions as they may deem fit for the subscription by underwriters of:

(a) any shares offered by way of rights issues but not taken up by the persons entitled thereto; and

(b) any shares resulting from the consolidation of any fractional entitlements in respect of any shares issued in pursuance of a rights issue, provided that any rights to such shares which can be sold in nil-paid form on The Johannesburg and/or London Stock Exchanges during the period which they are quoted on such stock exchanges may be sold by the underwriters, and the net proceeds of any sale of such rights shall be paid to the Corporation.'

The head office and United Kingdom transfer registers and the register of members of the Corporation will be closed from August 14 to August 18 1978, both days inclusive.

Holders of share warrants to bearer who wish to attend in person or by proxy or to vote at any general meeting of the Corporation must comply with the regulations of the Corporation under which share warrants to bearer are issued.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his stead. A proxy need not be a member of the Corporation.

By order of the board
J T GOLDFINCH
Managing Secretary

July 25 1978

Registered Office
44 Main Street, Johannesburg

ANGLO AMERICAN
CORPORATION
OF SOUTH AFRICA
LIMITED

61st Annual Report · 1978

Containing the financial statements in respect of the fifteen months ended March 31 1978

Introduction 2
The year in brief 4
Directorate 6
Group administration 7
Directors' review 9
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Ten-year financial statistics 75
Interests of the Group 77
Subsidiaries' results 101
Directors' shareholdings 103

Annual Report as at 31 March 1978 and Financial Statements, Board Report and Auditors' Report thereon, prepared in terms of the Companies Act, 1973, as amended

Introduction

The Corporation, its relationship to the Group and to its major associates

Anglo American Corporation is the head of an international group of mining, industrial and investment companies whose overall size is estimated at approximately R5 600 million. With effect from January 1 1977 the Corporation was considerably enlarged through a merger with Rand Selection Corporation.

The mining finance houses in South Africa have traditionally operated the group system, whereby the parent house not only administers companies that are not necessarily subsidiaries, but also provides them with a full range of administrative and technical services and is able, by virtue of its financial strength and standing, to assist them in finding capital for expansion and development. De Beers Consolidated Mines and Charter Consolidated, though not members of the Group, draw upon the Corporation's technical services.

It has therefore become customary for the term 'group' to have a wider meaning in the South African mining industry than its statutory definition of a parent company and its subsidiaries, and it is in this wider sense that it is used in this introduction, in 'The year in brief' on pages 4 and 5 and in the 'Directors' review' on pages 9 to 41. However, in the audited annual financial statements on pages 45 to 74, and in the section 'Interests of the Group' on pages 77 to 102, the term is used in its statutory sense to refer to the Corporation and its subsidiaries.

The Group's structure is outlined in the chart which shows the significant shareholding relationships between the Corporation and the principal finance and investment companies of the Group and between the Anglo American Group and its two major associates, De Beers and Charter. The figures printed outside each circle show the percentage interest in that company held by another Group company or associate; for example, Anglo American Corporation holds 36 per cent of Charter, which in turn has six per cent of Anglo American and 20 per cent of Minerals and Resources Corporation (Minorco).

The business of Anglo American Corporation is to invest in companies, many of which it administers and develops. In mining, the Anglo American Group and its associates have important interests in the production of gold and uranium, diamonds, copper and nickel, coal, platinum, tin, potash, asbestos, iron ore, lead, zinc, manganese and wolfram. The Group's industrial interests range from steel-making and heavy engineering to construction, motor vehicles, paper and textiles, chemicals, drilling tools, refractories and foodstuffs. The principal commercial interests are banking, computer services in Southern Africa, freight and travel, insurance and property.

The Group's investments are held mainly through the specialised companies identified in the chart, such as Anglo American Gold Investment Company, Anglo American Investment Trust for the diamond mining and marketing investments, and Anglo American Industrial Corporation. The majority of the coal mining interests are consolidated in Anglo American Coal Corporation. Minorco, based in Bermuda, participates in the Group's international mining and industrial interests, while on a geographical basis there are Anglo American Corporation of Canada (Amcan), Anglo American Corporation Rhodesia, Zambia Copper Investments, Australian Anglo American and Anglo American Corporation do Brasil. The valuations given in the chart are calculated as at March 31 1978.

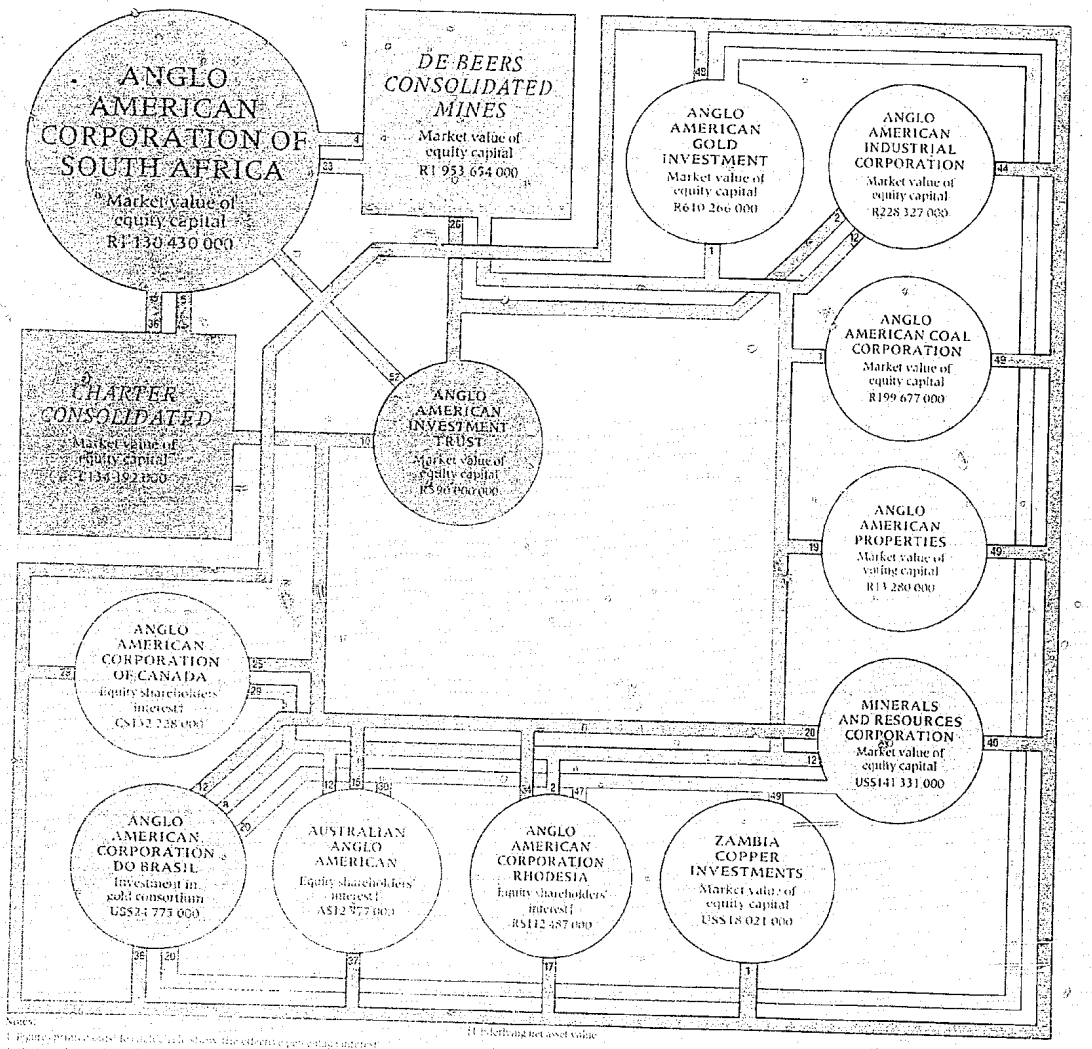
Anglo American Corporation has had only two Chairmen, the founder, Sir Ernest Oppenheimer, from 1917 to 1957, and the present Chairman, his son, Mr Harry Oppenheimer. This has brought a continuity of policy to the activities of the Corporation, whose aims are to earn profits for its shareholders, but to do so in such a way as to make a real and lasting contribution to the welfare of the areas and countries where it operates.

The Corporation's roots are firmly planted in Africa where it began; its interests there, both in mining and in a wide range of industries, are continuing to grow. But its resources are also being applied internationally, in mining and related fields, through Minorco, Charter and Amcan. Geological exploration similarly has become world-wide. The Group and associates are involved in prospecting programmes in Africa, in North and South America, in Australia, and in Europe.

The Corporation's original capital in 1917 was £1 million, which was raised from British, American and South African sources – hence the title 'Anglo American Corporation of South Africa'. The present capital and reserves exceed R860 million, and the Corporation's investments at March 31 1978 were valued at R2 269 million.

To illustrate the scale of its mining operations, in 1977 the Group was responsible for over 37 per cent of South Africa's gold output, equivalent to about 27 per cent of world production (excluding Communist countries), for 33 per cent of South Africa's coal and 40 per cent of its uranium. The copper mines in which the Group is interested accounted for 13 per cent of world production in 1977.

Following the merger of Anglo American Corporation with Rand Selection, registered ordinary shareholders increased by 8 000 to more than 24 000 while bearer certificates in issue increased by 7 000 to nearly 45 000. The majority of the share capital is held in South Africa with most of the balance held in the United Kingdom and other European countries.



Notes:

1 Equity attributable to Anglo American shareholders' interest

2 Market value of ... at close of business on ... 1979

The year in brief

As from January 1 1977 Rand Selection Corporation was merged into Anglo American Corporation to form a mining finance house of very great strength. The merger was accompanied by a change in the Corporation's year end to March 31. Net equity earnings for the 15-month period to March 31 1978 were R195 million while earnings per share were 89,9 cents. Dividends totalling 48,25 cents a share comprised a special dividend of 8,25 cents, an interim dividend of 12 cents and a final dividend of 28 cents a share. If the Corporation's share of the undistributed profits from its investments, in which it or its associates directly or indirectly holds 20 per cent or more of the equity or which are administered within the Anglo American Group, were taken into account, the estimated total earnings for the 15 months to March 31 1978, after adjusting for crossholdings, would be approximately 178 cents a share compared with 132 cents a share for the 12 months to December 31 1976. Earnings for the 12-month period to March 31 1978, based on the number of shares effectively in issue during the period, would have been approximately 70 cents a share and the underlying earnings approximately 142 cents a share. A charge of R33,5 million for the 15-month period was made under extraordinary items in respect of the Group's investments in Société Minière de Tenke-Fungurume (SMTF) and Botswana RST (BRST).

INVESTMENTS

The value of the Corporation's listed general investments was R1 997 million at the year end. An analysis by primary source and geographical location of the Corporation's direct investments and the underlying investments of the holding companies in which it is interested, is given opposite. The figures for 1978 and 1976 are not comparable in view of the consolidation of Rand Selection for the first time, the change in the financial year end and the higher than normal flow of income in the quarter to March 31 each year. The value of the direct interests of Anglo American Corporation and its associated finance companies (listed on page 12) in the mining, finance, industrial and property companies administered by the Corporation was approximately R1 700 million at March 31 1978 while the estimated total value of these administered companies was about R3 700 million. The value of the direct interests of the Corporation and its associated finance companies in non-administered companies amounted to R1 900 million. This brings the value of the direct interests of the Corporation and its associated finance companies to about R3 600 million, and the overall size of the Group, being the aggregate value of the administered companies and the direct interests in non-administered companies, to about R5 600 million.

	Value of investments* Percentage		Investment income* Percentage	
by prime source	1978	1976	1978	1976
Gold	43	34	30	34
Diamonds	19	16	32	20
Copper	1	3	1	2
Coal	6	7	8	5
Platinum	2	3	1	2
Other mining	2	5	1	3
Industrial	17	19	17	18
Finance	7	10	8	15
Property	1	2	1	1
Oil and gas	1	1	1	—
	100	100	100	100
Geographical				
South Africa	75	78	70	79
South West Africa/Namibia	4	4	6	5
Rest of Africa south of the equator	6	6	8	7
North America	6	5	6	3
Elsewhere	9	7	10	6
	100	100	100	100

*Excluding interests attributable to outside shareholders in subsidiary companies.

INVESTMENT COMPANIES

The principal administered investment companies include Anglo American Gold Investment Company (Amgold), Anglo American Investment Trust (Anamint), Anglo American Industrial Corporation (Amic) and Anglo American Coal Corporation (Amcoal).

Despite an improved gold price, Amgold's investment income declined by 3,7 per cent to R45,2 million as a result of increased working costs and capital expenditure incurred by the gold mines. Net earnings for 1977 were R5,8 million less at R41,5 million and the dividend was reduced by 15 cents to 165 cents a share.

Anamint's earnings for the year ended March 31 1978 rose to R64,6 million and the dividend increased by 46 per cent to 600 cents a share, reflecting the further improved earnings of De Beers Consolidated Mines.

Amic was affected by the depressed economy, and by the sharp drop in the markets for timber and related products. Net equity earnings declined by 9,5 per cent to R40,6 million and earnings per share by nine cents to 151,1 cents for the year ended December 31 1977. However, in view of the increased earnings achieved by the main subsidiaries, Boart International and Scaw Metals, and the improved outlook for the timber sector, the dividend was increased by five cents to 70 cents a share.

Amcoal experienced another highly successful year with net earnings improving by 68 per cent to R47,3 million and the dividend increasing by 50 per cent to 60 cents a share for the year ended December 31 1977.

GOLD AND URANIUM

Although the tonnage milled increased by 5,7 per cent, lower recovery grades resulted in a further decline in Group gold production by 3,1 per cent to 262 408 kilograms. Despite lower production and a 14,6 per cent increase in unit costs, working profit improved by 12,3 per cent to R433,9 million because of the higher average selling price of R4 082 a kilogram, or about $146 an ounce. Taxation and State's share of profits absorbed R160,2 million or 36,9 per cent.

Two new gold and uranium ventures, East Rand Gold and Uranium

FEATURES OF THE CONSOLIDATED FINANCIAL STATEMENTS	March 31 1978 R000's	December 31 1976 R000's	December 31 1975 R000's
Issued ordinary capital and reserves	858 319	469 692	447 802
Listed general investments			
Book value	713 779	411 009	353 857
Market value	1 996 731	934 221	997 842
Unlisted general investments			
Book value	121 796	114 679	164 968
Directors' valuation	272 296	168 059	235 246
Investment income – general investments	213 179	87 181	81 194
Equity earnings	195 036	85 992	84 428
per share (1978 based on 217 068 082 shares effectively in issue during the fifteen months)	89,9 cents	65,3 cents	64,1 cents
Dividends on ordinary shares	99 132	43 465	43 449
per share (1978 includes a special interim of 8,25 cents a share)	45,25 cents	33 cents	33 cents
Number of issued ordinary shares	222 964 532	131 725 300	131 672 300

Company and the Joint Metallurgical Scheme initiated by the Group's Orange Free State mines, began commissioning during the period under review. The Elandsrand gold mine is well ahead of schedule and is expected to come into production in mid-1979.

Production of uranium from Group gold mines increased by 32,9 per cent to 1 533 tons.

DIAMONDS

Sales of rough gem and industrial diamonds by the Central Selling Organisation increased by 33 per cent during 1977 to reach a new record of $2 073 million. De Beers Consolidated Mines more than doubled its consolidated net earnings to R623 million, equivalent to 172,7 cents a deferred share, in another extremely successful year. The net diamond account rose by R300 million to R751 million because of the higher volume of sales and the price increases in September 1976, March 1977 and, to a lesser extent, December 1977. A record total dividend of 52,5 cents a share (1976: 33 cents) was paid. Total mine output increased from the 1976 level by 1 262 000 carats to 11,8 million.

COAL

Higher export earnings and a domestic price increase were mainly responsible for an improvement of nearly 50 per cent in the pre-tax earnings of Group collieries to R73,7 million. Amcoal turnover rose by 30,6 per cent to R259 million. Amcoal's new Kleinkopje mine is expected to produce its first coal at the end of 1978, with the total cost remaining within the capital budget of R109 million.

With coal exports at R248,5 million in 1977, coal ranks after gold and diamonds as South Africa's third largest contributor to export turnover.

OTHER MINING

Depressed copper prices during the year continued to impair earnings from the Group's copper interests. While the London Metal Exchange price has recently recovered slightly, prospects for a material increase during the next 12 months are not encouraging.

Nchanga Consolidated Copper Mines and Roan Consolidated Mines are incurring substantial losses with operations continuing to be hampered by shortages of skilled staff and of components, and by the closure of the Benguela railway outlet to Lobito.

Hudson Bay Mining and Smelting reported consolidated earnings of C$4,1 million, excluding an extraordinary gain of C$52,6 million from the sale of its potash assets in Saskatchewan. Earnings which were adversely affected by weak metal and fertilizer markets nonetheless improved in 1977, largely because Hudbay's petroleum subsidiaries, Francana Oil & Gas and Canadian Merrill, benefited from increased production and higher product prices. Two new base metal mines were brought into production in the Flin Flon-Snow Lake area.

INDUSTRY

Highveld Steel and Vanadium Corporation again reported improved results for the year to June 30 1977. Net equity earnings rose by R4,8 million to R20,7 million, with earnings per share increasing by 12 per cent to 30,6 cents. The successful commissioning of a plate mill enabled Highveld to enter a new sector of the local market as a second supplier. Notwithstanding difficulties in the international steel market Highveld maintained satisfactory exports.

Despite difficult trading conditions and adverse foreign currency movements, Boart International increased earnings by 6,7 per cent to R17,5 million in 1977.

Scaw Metals increased earnings for 1977 by 10,6 per cent to R16,1 million.

Consolidated net earnings of Mondi Paper Company and its major subsidiary, South African Board Mills Limited, rose by R1,9 million to R10,2 million, despite a reduced local demand for newsprint, a 15 per cent surcharge on imported raw materials and generally adverse trading conditions.

Directorate

CHAIRMAN
H F Oppenheimer *

DEPUTY CHAIRMEN
Sir Keith Acutt, KBE (British)
G W H Relly*

DIRECTORS
W G Busmed*
J N Clarke (British)*
Dr Z J de Beer, MP*
D A Ethéredge, OBE*
G C Fletcher, MC*
H R Fraser (British)
C J L Griffith*
F P Gush
M B Hofmeyr*
J A Holmes (British)*
G Langton*
D G Nicholson (British)*
N F Oppenheimer
Sir Philip Oppenheimer (British)
B W Pain (British)*
Sir Albert Robinson (British)
L G Stopford Sackville (British)
J Ogilvie Thompson*
G H Waddell*
W D Wilson
*Executive directors

ALTERNATE DIRECTORS
Dr M G M Attmore
B E Bullett (British)
G A Carey-Smith (British)
H K Davies
Dr H B Dyer
W J Hefer
D B Hoffe
F J A Howard
J D Johnson (British)
A Johnstone
M W King
O P Koevoet
P J R Leyden (British)
D E MacIver
J L P Mackenzie
A B McKerron
C D M Melville
Dr L G Murray
M C O'Dowd
M W Stephenson (British)
J D Taylor (Canadian)
V I Webber (British)
A Wilson

Group administration

CHAIRMAN'S OFFICE

OPERATING COMMITTEE
G W H Relly (Chairman)
J Ogilvie Thompson
G H Waddell

MANAGEMENT
J N Clarke
Dr Z J de Beer
J L Drysdale
G C Fleicher
D B Hoffe
J A Holmes
D G Nicholson
M C O'Dowd

CHIEF PERSONNEL CONSULTANT
E N Cadbaine

ECONOMICS CONSULTANT
A R D Lehfeldt

GROUP COMPUTER CONSULTANT
M Cowley

MANAGING SECRETARY
J T Goldfinch

PUBLIC RELATIONS CONSULTANT
B E Mortimer

Finance Office

DIRECTOR
J N Clarke

MANAGERS
I M P Dewhirst
A Johnstone
M W King

CHIEF ACCOUNTANT
G C Freeman

International Co-ordination Office

MANAGER
J D Taylor

Manpower Resources Office

MANAGER
J L Drysdale

PERSONNEL CONSULTANTS
C W H du Toit
T G Mann
N D Morgan
J J Worth

SENIOR MEDICAL CONSULTANT
Dr J L C Whitcombe

MEDICAL CONSULTANT
Dr J G D Laing

Technical Office

DIRECTOR
J A Holmes

DEPUTY TECHNICAL DIRECTORS
D. M G M'Ahmore
J. J Johnson
D E MacIver
J I P Mackenzie
Dr I G Munro
M W Stephenson

CHIEF CONSULTING METALLURGIST
A D Peschar

CONSULTING ARCHITECT
D R Fenton

CONSULTING CIVIL ENGINEER
D W Stansfield-White

CONSULTING ELECTRICAL ENGINEER
H M Brown

CONSULTING GEOLOGIST
Dr E W D Cornwall

MINING EVALUATION CONSULTANT
H M MacLeod

HEAD OF TECHNICAL SERVICES
J Dyer

RESEARCH DIRECTOR
G S James

OPERATING DIVISIONS

Boart International

CHAIRMAN
G C Fleicher

MANAGING DIRECTOR
H K Davies

Coal

CHAIRMAN
W G Boustred

MANAGING DIRECTOR
T A I Braithwaite

DEPUTY MANAGING DIRECTOR
D Rankin

CONSULTING ENGINEERS
F Chilton
P P Coetser
J D Flint
D F Rogans

CONSULTING GEOLOGIST
Dr D A M Smith

CONSULTING MECHANICAL AND ELECTRICAL ENGINEERS
J M Kinghorn
G O Parnell

CONSULTING METALLURGIST
H S Schwartz

ENERGY CONSULTANT
R L Cohen

FINANCIAL DIRECTOR
J A B Nichols

MARKETING AND SALES DIRECTOR
D J Rilson

PERSONNEL CONSULTANT
D B Wiggill

Commerce and Industry

CHAIRMAN
C J L Grillith

MANAGER
O P Koevort

Diamond Services

CHAIRMAN
J Ogilvie Thompson

MANAGERS
Dr H B Dyer
P J R Leyden
A Wilson

CONSULTING ENGINEERS
A K Chant
S F Gandar
T Lee-Jones
J C Martens

CONSULTING GEOLOGIST
Dr L G Murray

CONSULTING MECHANICAL AND ELECTRICAL ENGINEERS
I A MacKinnon
K J Trueman

CONSULTING METALLURGISTS
G Schwartz
J F Slabbert

FINANCIAL DIRECTOR
L A Lincoln

PERSONNEL CONSULTANT
C N Cross

Food and Agriculture

CHAIRMAN
W J Hefer

Gold and Uranium

CHAIRMAN
D A Etheredge

MANAGING DIRECTOR AND
CHIEF EXECUTIVE
G Langton

DEPUTY MANAGING DIRECTORS
W R Lawrie
M S McCann
G Y Nisbet
G S Young

CONSULTING ENGINEERS
F J Bayley
I Howitt
D M Rood
F Schmid
E T Wilson

CONSULTING GEOLOGIST
Dr P J Pienaar

CONSULTING MECHANICAL AND
ELECTRICAL ENGINEERS
M K Glover
G D Griesel
K N Love

CONSULTING METALLURGISTS
R Pendreigh
W I Ruhater

FINANCIAL DIRECTOR
G M Hollond

MARKETING DIRECTOR
N F Oppenheimer

PERSONNEL CONSULTANT
S W van der C...

Heavy Industry

CHAIRMAN
W G Boustred

Insurance

CHAIRMAN
G W H Relly

CHIEF EXECUTIVE
D G Nicholson

New Mining Business

CHAIRMAN
A B McKernan

CONSULTING ENGINEER
N F Keys

CONSULTING GEOLOGISTS
Dr P J Pienaar
Dr D A M Smith

Property

CHAIRMAN
G H Wakefield

MANAGING DIRECTOR
C O M Melville

REGIONAL OFFICES

Australia

EXPLORATION MANAGER
R J A Kermick

Botswana

MANAGER
N D A Hardie

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The Chairman, Mr H F Oppenheimer and the Minister of Mineral Resources and Water Affairs, Dr G Chapi, at the official signing of the agreement between De Beers and the Botswana Government to proceed with the development of a new diamond mine at Jwaneng in south-eastern Botswana.

Finance and investment

Rand Selection merger completed

The period under review was undoubtedly one of the most difficult ever faced by South African business. Anxieties concerning political developments in southern Africa continued to affect confidence, particularly overseas, in the country's ability to adopt policies that would foster stability and growth. As a result there was a large net outflow of capital, and although a surplus was achieved in the balance of payments on current account the foreign reserves remained low and therefore remained a critical constraint on policy. Inflationary pressures showed little sign of abating and in consequence there was a further tightening, early in 1977, of the restrictive monetary and fiscal measures that had been introduced the previous year. The effect on real domestic spending was severe and virtually all sectors of the economy were exposed to exceptional strains that were widely reflected in lower profits and rising unemployment. These conditions were to some extent mitigated by the outstanding agricultural season, the good performance of non-gold mining exports, and the firming of the gold price, particularly in the second half of 1977. By the end of the year some business cycle indicators were implying that the declining phase had ended, a prospect that was further improved by the 1978/79 Budget, which aims selectively to stimulate the economy.

In these circumstances the Corporation's results were satisfactory. Comparisons with the previous year are not meaningful, because the figures reflect the consolidation of Rand Selection Corporation Limited into Anglo American Corporation as from January 1, 1977, to form a single mining finance house of considerable strength and status in world capital markets. The simplification of the structure of the Corporation and its subsidiaries also offered the benefits of rationalisation, which became manifest during the year. The merger was accompanied by a change in the Corporation's year end to March 31, on which date in 1978 the combined net assets of the entity exceeded R2 296 million.

The comments that follow relate to the consolidated income statement and balance sheet of the Corporation and its subsidiaries. Net equity earnings for the 16-month period to March 31 1978 were R195 million (1976: R86 million) while earnings per share, based on the effective number of shares in issue during the period under review, were 89,9 cents, (1976: 65,3 cents). General investment income amounted to R213,2 million (1976: R87,2 million) and net income from fees, interest and other sources, after deducting administration expenses and interest paid, was R37,9 million (1976: R19,2 million). Trading profits of companies which became subsidiaries as a result of the merger amounted to R9,6 million. The surplus on realisation of general investments amounted to R18,1 million (1976: R2 million). Prospecting costs for the 15 months amounted to R15,2 million (1976: R9,3 million) and taxation absorbed R17 million (1976: R4,6 million). Ordinary dividends totalling 45,25 cents a share were declared for the 15-month period, compared with 33 cents a share for the year ended December 31 1976.

An extraordinary charge of R33,5 million was made against profits in respect of the investments in Société Minière de Tenke-Fungurume (SMTF) and Botswana RST Limited (BRST). Although the Corporation and Rand Selection Corporation in their 1976 financial years provided a total of R30 million against their investments in SMTF, it was considered prudent, as base metal prices have shown no evidence of sustained recovery and little progress has been made with the alternative of a smaller scale project, to make a further provision of R10,4 million against this investment, so that the book value has been provided against in full. The Shaba province of Zaïre, in which the SMTF orebody is located, was invaded by anti-Government forces in May 1978 and the town of Kolwezi was recaptured with the aid of French and Belgian troops.

BRST recently reported that agreement had been reached between the principal shareholders, the Botswana Government and the principal project lenders for the re-organisation of the financial structure and sales arrangements of BCL Limited, operator of the nickel-copper project at Selebi-Phikwe in Botswana, in which BRST holds an 85 per cent interest. The major effects of this re-organisation will be to reduce BCL's interest burden and improve cash flows by accelerating receipt of sales proceeds, as well as removing the obligation to produce sulphur as part of the Phase I requirements. Although production levels increased substantially during the second half of 1977, the prices of nickel and copper remained depressed, and BRST recorded a loss, before extraordinary charges of P3,7 million, of P35,1 million for the year ended December 31 1977. In the light of these factors it has been considered sound to make a full provision, as an extraordinary item, of R25,9 million against the investment in BRST as at March 31 1978.

The market value of listed investments at March 31 1978 was R1 996,7 million, an excess of R1 282,9 million over the book value of R713,8 million. The directors' valuation of unlisted investments at the year end was R272,3 million.

The value of the direct interests of Anglo American Corporation and its associated finance companies (listed on page 12) in the mining, finance, industrial and property companies administered by the Corporation was approximately R1 700 million at March 31 1978 while the estimated total value of these administered companies was about R3 700 million. The value of the direct interests of the Corporation and its associated finance companies in non-administered companies amounted to R1 900 million. This brings the value of the direct interests of the Corporation and its associated finance companies to about R3 600 million, and the overall size of the Group, being the aggregate values of the administered companies and the direct interests in non-administered companies to about R5 600 million.

It was announced on March 31 1978 that, in order to finance ongoing commitments, the Corporation had made arrangements to raise R40 million at 10,5 per cent by means of a private placing of cumulative redeemable preference shares. The shares, which will not carry conversion rights, will have an average life of about eight years.

Anglo American Gold Investment Company Limited (Amgold) earned net profits of R41,5 million in 1977, R3,9 million less than the previous year. Despite an improvement in the price of gold, the sharp

The annual Plan contract at Prieska ... rises on the Lake Rand, with its South African Land ... Reflections ... on the background, during November 1977 by ... owner the Rand Daily Mail's business ... has given ... a measure of its outstanding contribution to the development of the South African economy.

NET ASSET VALUES, PROFITS, EARNINGS AND DIVIDENDS OF THE MAJOR GROUP FINANCE COMPANIES

				Consolidated profit before taxation and minority interests		Equity earnings per ordinary share		Dividends per ordinary share	
		1977/78 million	1976 million	1977/78 million	1976 million	1977/78 cents	1976 cents	1977/78 cents	1976 cents
Anglo American Corporation of South Africa Limited[1]	March 31 1978	R2 296,0[2]	R1 312,7[2]	R195,3[3]	R86,3	89,0[4]	53,3	45,25[5]	33,0
Anglo American Industrial Corporation Limited	December 31 1977	R187,6[2]	R73,1[2]	R47,1	R28,2	501,3	120,0	60,0	40,0
Anglo American Corporation of Rhodesia Limited	December 31 1977	C$65,4[6]	C$65,4[6]	C$5,3	C$1,7[7]	6(C)3,5	—	6(C)3,5	6(C)40,0
Anglo American Corporation of Zambia Limited	June 30 1977	K508,6[8]	K572,4[8]	*R93,3	R54,2	(R)16,0	(R)14,6[9]	(R)5,0	(R)3,57
Anglo American Corporation (South Africa) Limited	December 31 1977	R716,7[2]	R432,7[2]	R31,5	R45,4	189,1	206,7	165,0	180,0
Anglo American Corporation (South West Africa) Limited	December 31 1977	R342,7[2]	R301,9[2]	R40,6	R42,9	151,1	160,0	70,0	65,0
Anglo American Investment Trust Limited	March 31 1978	R427,0[2]	R431,8[2]	R61,6	R44,1	643,3	438,2	600,0	410,0
Minerals and Resources Corporation Limited	June 30 1977	US$458,0[2]	US$367,3[2]	US$12,7	US$6,9	(US)17,5	—	(US)12,0	(US)2,0
Anglo American Industrial Corporation Limited	June 30 1977	US$390,0[2]	US$274,2[2]	US$1,2	US$0,2	(US)1,0	(US)0,1	—	—

Note

1. For the eight months ended March 31 1978.
2. Based on the number of shares effectively in issue during the fifteen months.
3. Includes profits attributable to effectively controlled companies.
4. Total investments at market value and unlisted investments at book value.
5. Adjusted to show effect of a capitalisation during 1977.

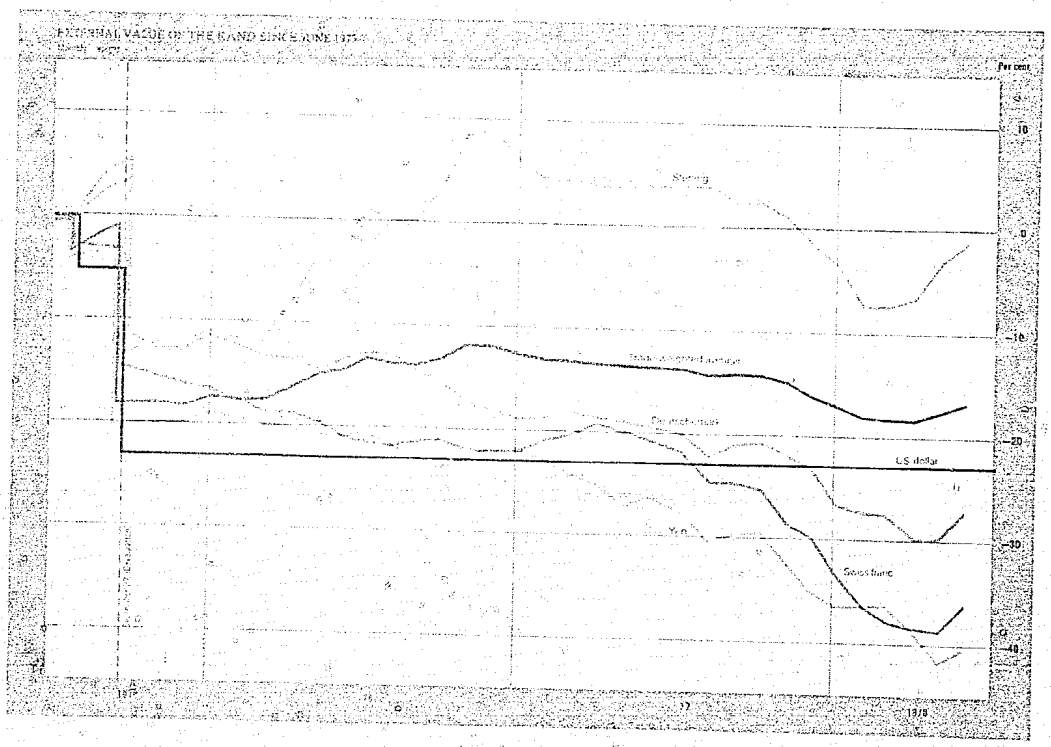
... the Corporation's cash and liquid resources ... million at year-end, ... contractual commitments ... of gold shares and investment income declined by 5,7 per cent to R45,7 million. Dividends for 1977 totalled 165 cents a share, compared with 280 cents the previous year. The market value of listed investments increased by 24,4 per cent to R7 ... million, reflecting higher share prices, the acquisition of further shares in Hudaco Industries and Gold Mining Company Limited following the rights issue by that company in January 1977 and the capitalisation of loans to Rand Gold and Base Mining Company Limited which results in a 20 per cent interest in that company.

Although borrowings increased by R28,5 million, also at 10,5 per cent, by a private placing of redeemable cumulative preference shares, this ... an average fall of about four cents. The funds will be used to reduce short-term borrowings and to finance certain investment commitments.

Anglo American Investment Trust Limited (Anamint), which holds 26,47 per cent of De Beers Consolidated Mines Limited and investments in various unquoted diamond trading companies, became a 52,16 per cent held subsidiary of the Corporation as a result of the merger with Rand Selection Corporation. Equity earnings for the year ended March 31 1978 were R61,6 million compared with R44,1 million in the previous year. The total dividend increased by 46 per cent to 600 cents a share. At the year end the book value of Anamint's investments was R58,1 million, compared with market and directors' valuations totalling R612,5 million.

In common with many other industrial companies, the earnings of Anglo American Industrial Corporation Limited (Amic) were affected by the continuing economic recession. Net equity earnings fell by 5,5 per cent to R40,6 million for the year ended December 31 1977 and earnings per share decreased from 160 cents to 151,1 cents because of the sharp decline in the markets for timber and related products. Since the year end, discussions have taken place among producers in these industries which should result in a return to profitability in the current year. In view of that, and together with the excellent results from Amic's major subsidiaries, Boart International Limited and Scaw Metals Limited, and the improved income from its portfolio investments, the final dividend was increased by five cents, making a total dividend for the year of 70 cents a share.

The Corporation's significant investment in the life assurance industry is held through Anglo American Insurance Holdings Limited (AAIH) which comprises African Eagle Life Assurance Society Limited, Guarantee Life Assurance Company Limited and Southampton Assurance Company of Rhodesia Limited. The rationalisation programme, introduced since the Corporation acquired control of the assurance companies, is now beginning to take effect. Over the past 18 months AAIH has successfully revised its new business product range, particularly with the introduction of specialised products for Guarantee Life and an innovative pensions investment vehicle which has been adopted by African Eagle Life. Total assets of AAIH at March 31 1978 amounted to R717,3 million compared with R650,8 million 18 months ago. Premium income



growth has been satisfactory and reached R147,4 million over the same period.

Anglo American Coal Corporation Limited (Amcoal) reported a 50 per cent improvement in pre-tax profits to R74,7 million for the year ended December 31 1977. Coal sales increased by 11 per cent to 25,7 million tons and group turnover, at R239 million, was 30,6 per cent higher than in 1976. During the year a tax equalisation policy was adopted by the coal mining subsidiary companies for major capital expenditure programmes. An amount equivalent to the tax benefit arising from major capital expenditure during the year is set aside from income and is then credited to income over the estimated lives of the projects concerned. Thus R17 million was provided for tax equalisation during the year which, together with normal taxation of R7,6 million, resulted in a total tax charge for the year of R24,6 million. Attributable equity earnings were R47,3 million compared with restated 1976 earnings, calculated on the same basis, of R28,2 million and the annual dividend was increased by 50 per cent to 60 cents a share.

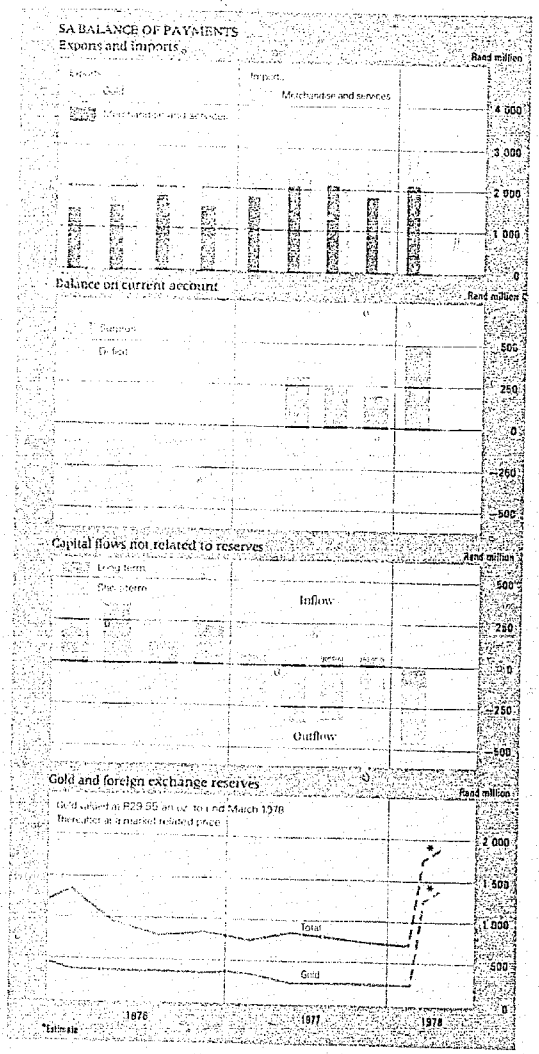
The Corporation has a 41 per cent interest in Johannesburg Consolidated Investment Company Limited (JCI) which holds a wide-spread portfolio of mining and industrial investments and which derives the major portion of its revenue from gold and diamond interests, and platinum, through Rustenburg Platinum Holdings Limited which it administers. The gold and uranium producer, The Randfontein Estates Gold Mining Company, Witwatersrand, Limited, operated very satisfactorily and increased net earnings by 28 per cent to R48 million in the year ended December 31 1977. Good progress was made on its R180-million expansion programme initiated in

1976. The Palabora copper project undertaken by RCL came into production during a period of low base metal prices and has incurred substantial losses. As a result it was announced on December 22 1977 that the mine had been placed on a care and maintenance basis. Net earnings of RCL for the financial year ended June 30 1977 increased by R8 million to R27 million, against which an extraordinary charge of R12 million was made in respect of the Palabora investment. The total dividend was maintained at 170 cents a share. Net earnings for the six months to December 31 1977 increased by 22 per cent to R15,8 million, and an unchanged interim dividend of 40 cents a share was paid.

The equity earnings of Charter Consolidated Limited, the Corporation's United Kingdom based mining finance associate, increased by £0,2 million to £3,6 million in the year to March 31 1978. Income from investments improved by £2,5 million and advantage was taken of improved stock market conditions to increase profits on realisation of investments by £1,4 million to £4,8 million. Trading profits of industrial subsidiaries declined marginally to £18,4 million, compared with £18,8 million for the previous year. Reduced profits from Cape Industries Limited resulting from a downturn in the asbestos market were partially offset by the inclusion of six months' profits from the newly acquired subsidiary M.K. Refrigeration Limited, while in addition the Hasbk Rail Split and Heatrae Sadia groups more than maintained their 1976 profits. Extraordinary charges of £21,7 million included provisions of £7,5 million and £6 million, respectively, against Charter's investments in Cleveland Potash Limited and BRST, and a provision of £8,2 million to reflect the net effect of conversion of currencies. Charter's net asset value, including investments at market and directors' valuations, increased by £14,1 million to £285,6 million at March 31 1978.

As in 1976, the major source of dividend income received in the year to June 30 1977 by Minerals and Resources Corporation Limited (Minorco), a Bermuda based investment company, was its holding in Engelhard Minerals & Chemicals Corporation (EMC). Dividend income of US$13,9 million was 26 per cent higher than in 1976, while after tax profits, before extraordinary losses, for the year ended June 30 1977, amounted to US$12,7 million compared with US$6,9 million the previous year. Extraordinary losses amounted to US$34,1 million, which were covered by transfers from share premium and capital reserves of US$26 million and US$8,1 million respectively. A reduced valuation of Minorco's Australian and other investments accounted for US$8,1 million of the loss and US$2o million related to the write-down of Minorco's investment in Trend International Limited, following material amendments to the production-sharing contract in which Trend International has a 27 per cent interest, with Pertamina, the Indonesian state owned oil agency, and production difficulties.

No income was received by Minorco from its 49,9 per cent interest in Zambia Copper Investments Limited (ZCI). ZCI's principal investments are in Nchanga Consolidated Copper Mines Limited (NCCM), Rhoan Consolidated Mines Limited (RCM) and BRST. As a result of the continuing depressed state of the copper market, both NCCM and



RCM are operating at a loss and the possibility of dividend payments being resumed in the foreseeable future appears remote. During the year to June 30 1977 ZCI provided US$20 million against its investment in BRSF.

Anglo American Corporation of Canada Limited (Amcan) reported consolidated earnings for the year ended December 31 1977 of C$3,9 millions or C$0,39 a share and net earnings, after an extraordinary gain, of C$23,8 million or C$2,39 a share. The extraordinary gain arose from the realisation by an associated company, Hudson Bay Mining and Smelting Co. Limited, of its potash assets in Saskatchewan. Earnings benefited from the substantial reduction in provision against investments, lower exploration expenditures and the increased profits of associated companies, particularly Trafalgar Oil & Gas Limited. These improvements were partly offset by a decline in net interest received and in profits from securities trading. Amcan's net asset value at December 31 1977, including listed investments at market value and unlisted investments at lower of cost or directors' valuation, decreased slightly to C$93,3 million.

Anglo American Corporation Rhodesia Limited (Amrho) holds the Rhodesian interests of Anglo American Corporation, Minorco and Charter in a widely-diversified portfolio. Net earnings increased from R$4,2 million to R$4,3 million in the financial year to June 30 1977. Amrho has major investments in Wankie Colliery, Rhodesian Nickel Corporation, Hampani Mining Corporation (now managed by Anglo American Corporation), Rhodesian Alloys, and Hippo Valley Estates in addition to interests in citrus, agriculture, forestry and timber processing, cement, flour milling, tugling stock hire, property, merchant banking and investment finance.

Anglo American Corporation do Brasil Limitada (Ambras) holds a 49 per cent interest in Mineração Morro Velho S.A. which operates a group of small gold mines near Belo Horizonte in Minas Gerais. Technical and operational improvements as well as higher gold prices increased the mine's profits in the year ended January 31 1978 and a dividend was paid. Ambras is undertaking a substantial exploration programme for gold and base metals in various parts of Brazil through Unigeo Geologia e Mineração S.A., which is also continuing with feasibility studies of the Jacobina auriferous conglomerates in Bahia. Although substantial tonnages of gold ore have been identified it is not yet possible to determine whether these low- to medium-grade reserves can be viably mined at prospective gold prices and the extent of the higher grade tonnages indicated is currently being investigated.

The Corporation has a 36,7 per cent equity interest in Australian Anglo American Limited which is conducting an extensive exploration and prospecting programme for mineral deposits in Australia, New Zealand and Fiji. Australian Anglo American holds an 80 per cent interest in a subsidiary, Mulga Mines (Proprietary) Limited, which until recently operated a small gold antimony mine at Nullagine in Western Australia. The mine ceased operations early in 1978, following substantial losses that were incurred.

Further details of the principal finance and investment companies in which the Group holds a significant interest are given on pages 79 to 85.

Gold and uranium

Strong industrial demand continued

The market price of gold during 1977 increased satisfactorily from a low in January of $129,40 to a high in November of $168,15, closing in December at $161,95, and averaging $147,72 for the year, an increase of 18,4 per cent. Since then the trend has continued with gold reaching a high of $190 at the afternoon fix on March 8 1978.

In reviewing the gold market the past 15 months ought to be considered in two phases, the first from January to September when the price rose to and remained at the $140 – $150 level, and the second from October to March when the price rose significantly. In the first phase an equilibrium between industrial demand for gold and supply resulted in relative price stability, with very little investment or speculation evident. In the second, the impact of growing American interest in gold as an investment commodity, particularly in the light of the weakening dollar and the depressed state of Wall Street, began to take effect. A measure of this interest, which affected other world markets, was the volume on the New York Commodity Exchange during November when options totalling 18,49 million ounces were traded.

Since the end of the period under review there have been three further developments which will influence the market. The United States Treasury announced that it planned to resume selling gold at the rate of 300 000 ounces a month for at least a six-month period, in an attempt to balance the substantial imports of gold into the United States. The first of these auctions was held on May 23 when the gold on offer was readily absorbed into the market. The results of the auction, with an average price of $180,38, can be considered to be very satisfactory.

Then India announced its plan to sell 70 tons of gold, apparently confiscated from smugglers, to its internal market over a three-month period commencing in May. The sales to date appear to have had very little impact, as the Indian market is very restricted, with gold reaching prices that are in no way related to those of the main gold centres.

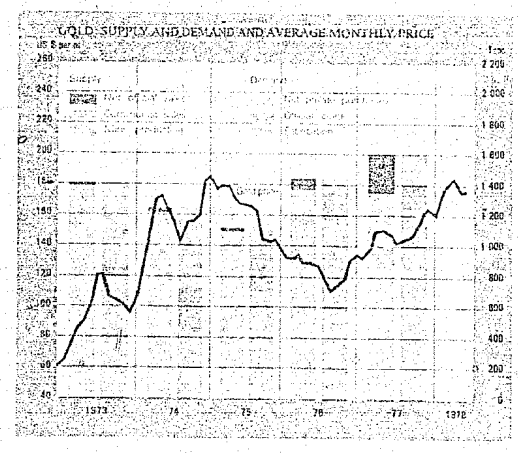
Finally, the International Monetary Fund (IMF) announced that it was reducing its monthly auctions by an amount of 55 000 ounces from 525 000 to 470 000 ounces a month. It is generally believed the reduction is to accommodate those developing countries who, under the terms of the IMF auctions, can make non-competitive bids for gold. Certain central banks can now deal in bullion following the ratification of the revised IMF articles.

Two of these developments have brought more gold on to the market, while another has lessened the amount available. Provided the strong industrial demand of the first quarter of the year continues, the market should have little difficulty in absorbing the new supply.

Supplies of gold to the market during 1977 appear to have increased by approximately 10 per cent over the previous year to a total of about 1 600 tons, with South Africa the major supplier of 698,4 tons which

comprised the industry's total production of 697 tons and 1,4 tons sold out of reserves. South Africa's production, 1,7 per cent lower than in 1976, represented the lowest figure for 10 years, although it is expected that production should increase again in 1978. Russia continues to be the second major supplier, followed by the IMF whose auctions contributed 188 tons, or more than 10 per cent of the total supply. Considering the disruption these sales caused when they first took place in 1976, it is important to note that, were the auctions to be discontinued now, the market would be seriously short of physical gold. In fact, current industrial demand for gold can no longer be met out of western world production and a substantial proportion of official and Russian sales are being used for industrial purposes. It is this situation which gives the gold market its inherent strength and stability and results in a rising gold price when industrial demand is supplemented by investment and speculative demand.

Industrial demand continued sustaining the growth shown during the second half of 1976. A contributor to this strong demand, which the higher prices did not abate, was the weakening dollar which made gold comparatively cheap to manufacturers paying, for example, in Deutschemarks, Swiss francs and the yen. There has been one significant shift in industrial demand in that sales to the Far East have declined compared with 1976 but this has been more than compensated by increased demand in the United States. Krugerrands also had a good year and sales at 3 341 million were 10,8 per cent ahead of 1976 though still below the 1975 record levels. As a result of the increased interest in gold, 76 per cent of South Africa's gold production was sold as Krugerrands in the last quarter, compared with an average of 14 per cent for the whole year. Sales continued to be strong in the first quarter of 1978 when 1,669 million coins were sold, being approximately half the total sales made during 1977. Apart from industrial demand and official coin sales there was also speculative buying, particularly in the later part of 1977 and early 1978, though there is always a possibility that this gold may return to the market, and so be a disruptive element.



Though it had been hoped that the second amendment to the IMF articles would be ratified in 1977, this only took place early in April 1978. Consequently the South African Government revalued its gold holdings as at the end of March 1978 on April 11 to a price of $163,27, being the average of the last 10 London gold fixes less 10 per cent, and will adjust the value of its reserves at the end of each month on the same basis. This has two benefits for the mines: the clause under the Mocambique Convention whereby the mines had to remit their employees' deferred pay in gold to the Moçambique Government at the official price will fall away, and the mines will now receive a market-related price for all their gold immediately it is sold to the Reserve Bank.

THE SOUTH AFRICAN GOLD MINING INDUSTRY

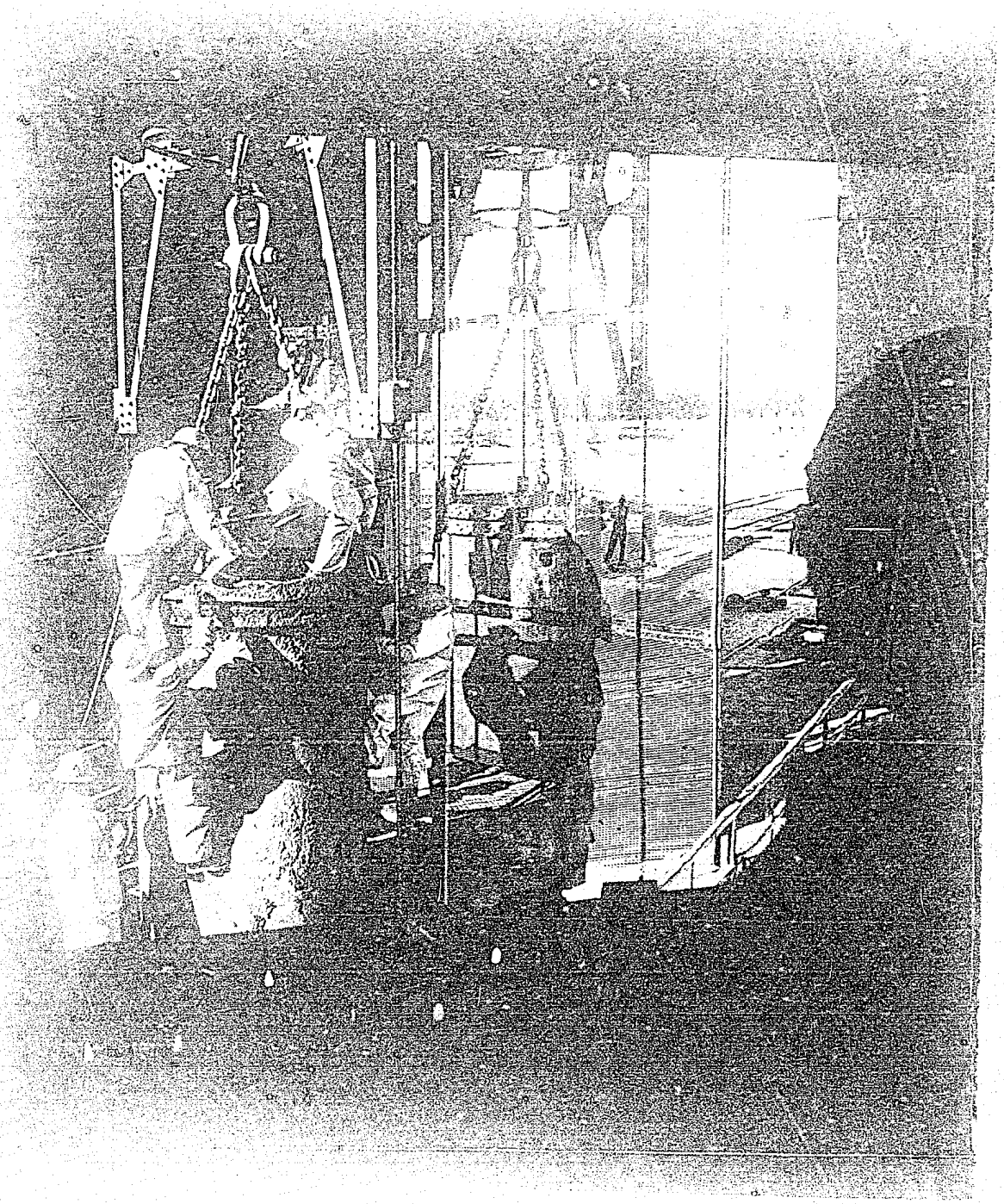
The industry produced 697 013 kilograms of gold in 1977, which was 12 099 kilograms, or 1,7 per cent less than in 1976. Although average recovery grade improved fractionally from 9,21 grams to 9,22 grams a ton, production declined because tonnage milled decreased by 1,7 million tons to 74,8 million tons. The average gold price received in 1977 increased from the 1976 price of R3 367 a kilogram to R4 084 a kilogram, equivalent to approximately $146 an ounce (1976: $121). While Harmony Gold Mining Company Limited no longer publishes its gold working costs and profits separately, in the rest of the industry unit costs increased on average by R4,29, or 21,9 per cent, to R23,84 a ton milled. Working profits, however, rose by R165,6 million, or 18,6 per cent, to R1 054,4 million, while taxation and State's share of profits for the year absorbed an estimated R495,7 million of this profit, or 47 per cent, compared with 44,3 per cent in 1976.

Capital expenditure on producing mines was R430,3 million as compared with R374,5 million in 1976. Dividend declarations totalled R358,7 million, R10,6 million more than for 1976.

LABOUR

Labour relations were satisfactory during the 15-month period. Wage increases were less than in previous years because of a national policy of restraint in an inflationary era. The major issue among white employees concerned working hours. Following negotiations for a five-day week, the 11-shift fortnight, introduced in 1977, has been in operation for more than a year and its impact on production will be the subject of a second report by the Franzsen Commission to be submitted to the Minister of Labour and of Mines. Initial experience by the mines is that there have been production losses and cost increases.

The supply of black labour, which increasingly is from sources closer to the mines, was better than in many previous years because of improved recruiting arrangements, wage increases and continuing attention to living conditions. The construction of houses for more



section Black employees are now well under way and this, together with other developments in recruiting, should result in time in a more stable labour force even though the majority remains migrants.

The majority of South Africans appears to appreciate that changes are necessary in the entire field of industrial relations, employment practices and labour utilisation. Unfortunately these changes meet with resistance from some of our white employees and we have unofficially advised them of their job security and have enquired of our various sources to encourage a changed attitude towards industrial relations and has on issues aimed at allowing mines to make more effective use of all workers. In this connection, the report of the Wiehahn Commission due in the second half of this year is of considerable importance.

THE GROUP'S MINES

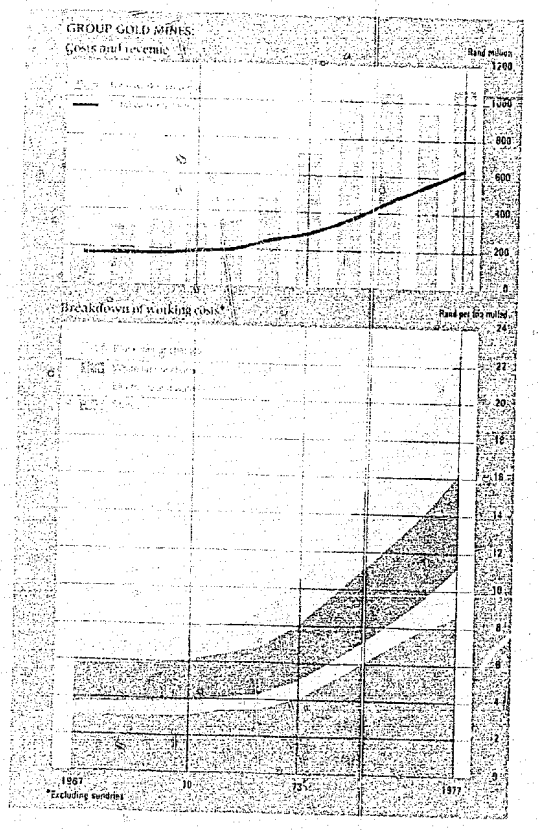
Gold production by the eight producing mines administered by Anglo American Corporation declined by 8 569 kilograms or 3.1 per cent, to 264 548 kilograms. Lower tonnages also were recorded at all mines except Free State Saaiplaas. Gold Mining Company Limited and Western Holdings Limited, which showed marginal increases. At Free State Geduld Mines Limited the grade was substantially diluted by the lower grades of ore produced from Freddies Consolidated Mines Limited following the amalgamation of their two lease areas. Although the Group's milled tonnage rose by 3.7 per cent, or 1 176 000 tons, to 32 576 000 tons, there was a further inflation of mine costs, which rose by R3.08 or 15.6 per cent to R22.73 a ton milled. In spite of lower production, working revenue increased by 1.4 per cent to R1 071.2 million as a result of the higher average price received of R4 062 a kilogram, or about $3 156 an ounce, (1976: $121). The working profit of the Group mines showed an improvement of R47.4 million, or 12.3 per cent, to R433.9 million. Taxation and State's share of profits absorbed R168.2 million, which was R2.2 million more than in 1976, and equivalent to 38.9 per cent of working profit. Capital expenditure on mining assets by these producing mines amounted to R174.8 million, compared with R134.4 million in 1976. Of the 1977 total, R39.6 million (1976: R31.6 million) was incurred in respect of the Joint Metallurgical Scheme (JMS) undertaken by the Group's Orange Free State mines. Dividends paid totalled R112.9 million compared with R118.6 million in 1976.

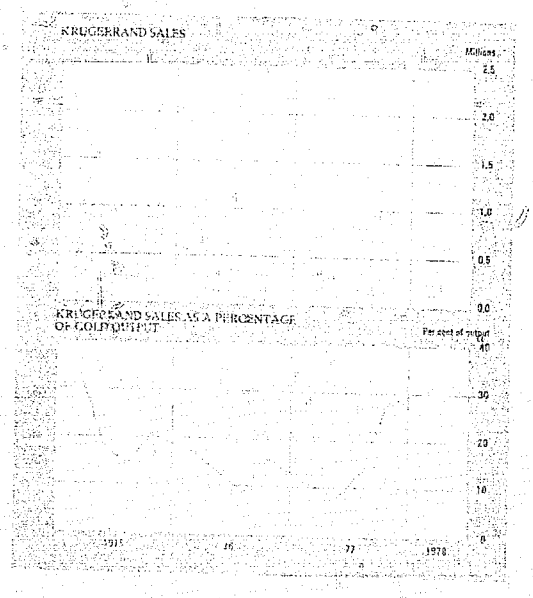
Group ore reserves currently estimated at 34.7 million tons at a pay limit based on a gold price of R3 500 a kilogram.

Commissioning of the JMS, to recover uranium, sulphuric acid and gold from current gold plant tailings and deposited slimes, began in March 1977. Several technical problems were encountered, causing 1977 production to be lower than anticipated, and making it necessary to buy material from a Group company to meet commitments for uranium sales in 1978. Uranium production to the end of September was 207 tons, and in the December quarter 166 tons. If the encouraging improvements in the metallurgical performance continue as planned, the JMS will achieve full potential before the end of 1978.

At Free State Saaiplaas the major development concerns the new No. 3 shaft, which was estimated in 1974 to cost R81 million, including the expansion of milling capacity. Inflation has now boosted this estimate to R120 million and it will be necessary to raise further funds, probably during 1979, to complete the project. Sinking operations were delayed about two months by an accident in the shaft on October 7.

During 1977 the amalgamation of the lease areas of Free State Geduld and Freddies was approved retrospectively to October 1976. In consideration for relinquishing its 50 per cent interest in Freddies, Western Holdings Limited received 440 000 new shares in Free State





Gadsby having an effective 0.7 per cent beneficial interest in the mine. Mining operations from a declined shaft commenced at Free State Geduld No. 3 shaft which is due to advance is complete.

At Western Holdings mining operations continued normally during the year.

At President Steyn Gold Mining Company Limited underground development was suspended in August 1977 and a slow production build-up at the No. 3 shaft area began. Grade and tonnage milled to be lower than forecast for the year ended September 30 1977. Results for the year include the Valder Mining Company Limited lease area where development only was undertaken until October 1977 when stoping operations started. President Steyn and Valder are being operated as a single unit.

At President Brand Gold Mining Company Limited total capital expenditure was R13.7 million. This included expenditure of R2.9.7 million on account of the TMS, the after-tax cost of which was financed by loans. Further expenditure of R28 million is expected during 1978, including R16.5 million for the TMS.

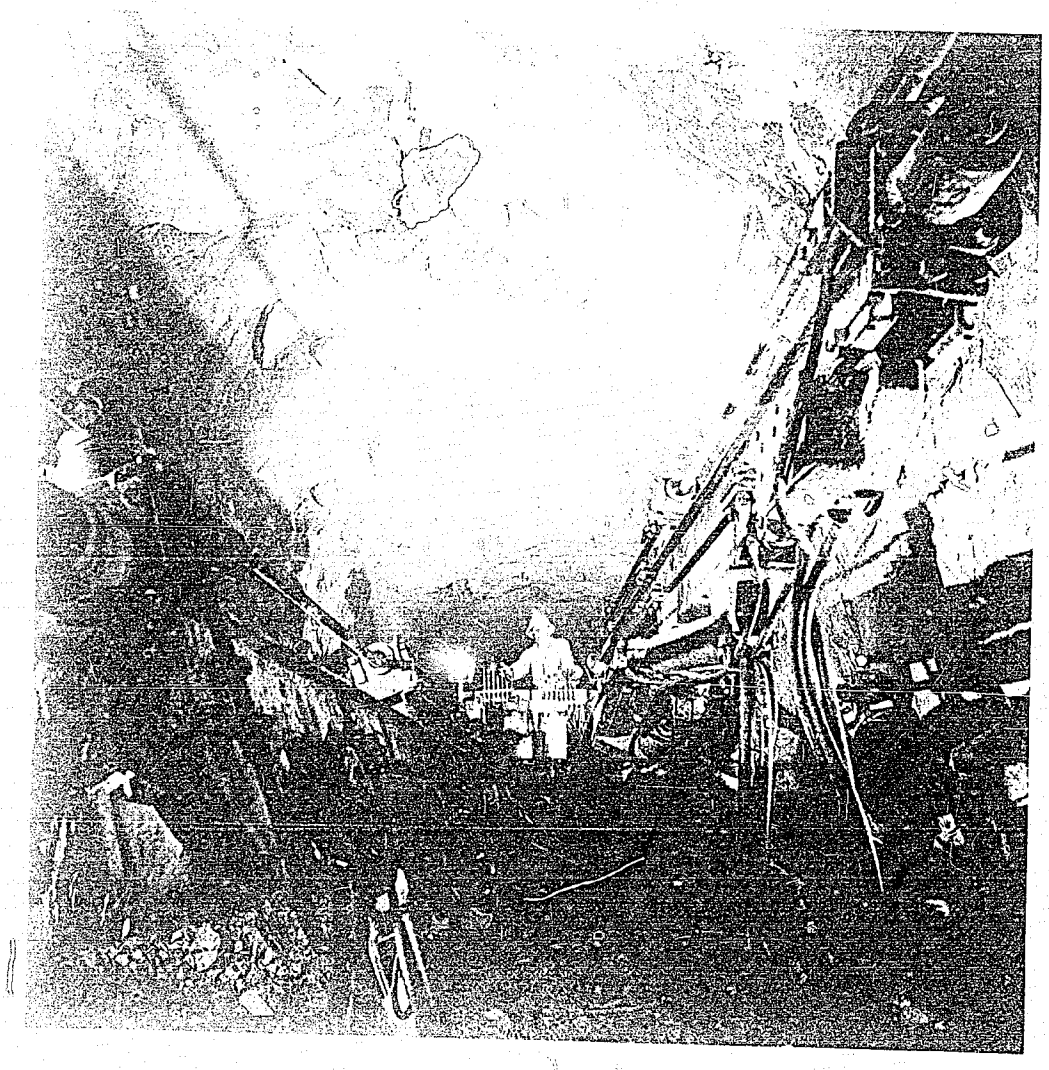
Improved results for 1977 by Welkom Gold Mining Company Limited were largely the result of the new mining policy of extracting pillars in worked-out areas where grades are generally better than those being exposed in newly developed areas.

By the end of 1977 the men/material shaft at Elandsrand Gold Mining Company Limited had been sunk to 1 933 metres, while the rock/ventilation shaft reached its final depth of 2 195 metres on January 5 this year. In addition, during 1977, 4 079 metres of station development and 1o2 metres of orepass raiseboring were completed at the men/materials shaft complex, and 1 610 metres of station development completed at the rock/ventilation shaft. Net expenditure on mining assets during the year amounted to R45.4 million and is estimated at R78 million in the current year. The mine is well ahead of schedule and an underwritten rights offer to members of Elandsrand was made in June 1978 to raise approximately R77 million to finance the estimated capital expenditure required to bring the mine into production in mid-1979.

At Vaal Reefs Exploration and Mining Company Limited it was decided that operating management should have greater responsibility at this very large complex, where expenditure on working costs amounts to about R200 million a year, and senior Corporation officials were seconded to the company in operating management positions. There will be further changes during 1978 to ensure more effective use of the company's human resources and to provide greater decision-making at mine level. The North and South mining divisions have been amalgamated into one and Nos. 1 and 2 shafts (South) are now identified as Nos. 8 and 9 shafts, respectively. Faulting and uncertain values continued in the South lease area, causing additional lower grade ore to be mined in the North lease to fill milling capacity. Extensions to the present East and West uranium plants and the construction of the new South uranium plant have begun. Commissioning dates have been advanced considerably to take advantage of the continuing strength of the uranium market and it is now planned to expand treatment plant capacity to 720 000 tons a month in the second half of 1979, a year sooner than scheduled. The collar of No. 9 shaft is complete and the concrete headgear constructed to its final height, with sinking now planned to start in September 1978. The shaft is expected to be commissioned in 1983. Building of the new hostel, to accommodate 6 000 men, is continuing.

At Western Deep Levels Limited an underground fire broke out in June 1977 in one of the highest grade areas of the mine, making it necessary to expand production from lower grade sections. Work is continuing on the tertiary sub-vertical shaft systems at both Nos. 2 and 3 shafts, to allow mining operations below the 100 level to expand. However, the high stress associated with such depths, entailing costly support of haulages, is restricting the rate of advance. The new hostel complex is now fully occupied and older hostels are being upgraded. Construction has started on the new village for senior black married employees and their families, which is to be shared with Elandsrand Gold Mining Company.

East Rand Gold and Uranium Company Limited (Ergo) produced its first uranium on February 25 1978, only two years after the decision to go ahead with the project to recover gold and uranium, and to produce sulphuric acid from old slimes dams. The R145-million project is shortly expected to achieve its planned reclamation rate of 1,5 million tons of slimes a month. Initially annual production should be about





Construction of the crushing plant at De Beers' Kenmare mine on the Namaqualand coast. The mine comes into production during late 1978 and will build up to a rate of 300 000 carats a year, consisting mainly of small, high-quality gems

7 000 kilograms of gold, 200 tons of uranium and 530 000 tons of sulphuric acid, of which 70 000 tons will be required for Ergo's own treatment processes. In July last year Ergo made an offer of 16 million shares at R3,50 a share, of which 12 250 000 shares were firm subscriptions by certain companies and financial institutions. When the offer closed on July 29, applications totalling R286 million had been received, a record for a South African share issue, and the 3 750 000 shares offered to the public were eighteen-and-a-half times subscribed. Since the inception of the company, the net proceeds available from the issue of equity capital amounted to R114,8 million with the balance of funds for Ergo's capital expenditure being provided by revolving credit facilities and short-term borrowings. In November Ergo received the Rand Daily Mail's Business Achievement Award for 1977 in recognition of its pioneering technical accomplishments and its contribution to the development of the South African economy.

The South African [illegible] on Company Limited which terminated underground [illegible] at the end of 1976, continued to recover gold from waste rock dumps in the East Rand area and the intention is to do so for as long as it is profitable. Meanwhile, initial results have been obtained from the first of the two exploratory boreholes south and south-west of the workings. The reef was intersected at a depth of 3 065 metres but the grades have been disappointing. Drilling is continuing in both holes and further results expected during 1978 will determine whether to embark on further holes.

East Daggafontein Mines Limited terminated underground mining in November 1976 and arrangements were subsequently made to sell its gold treatment plant and all other plant, equipment and saleable items. Substantial income was received from certain royalty arrangements entered into in 1977, as well as from the disposal of saleable assets. However, similar results are not expected to recur, as the bulk of such assets have now been realised.

URANIUM

During 1977 the uranium price remained firm at 1976 levels. Although the world recession led to a downward revision of proposed construction programmes for nuclear power stations, the uncertainty of uranium supplies from Canada and Australia lent support to the market, as did the United States' insistence that more stringent conditions of sale should apply to uranium.

Group gold mines have been well placed to take advantage of the strong uranium market, with production rising by 32,9 per cent to 1 533 tons, the increase being largely from the JMS. At Vaal Reefs the increase in treatment capacity from 335 000 tons to 720 000 tons a month is now expected to come into operation in the second half of 1979. The detailed feasibility study and the pilot testwork for The Afrikander Lease Limited project were completed during 1977. There is, however, concern over the continuing inflation of capital and working costs. This could affect the viability of the mine, which unlike other South African mines would not produce uranium as a by-product of gold. As a result it has been decided to delay a decision on the establishment of a mine and temporarily to suspend sales negotiations until talks with Government on various aspects of the project are concluded and the feasibility study has been reviewed.

SAFETY

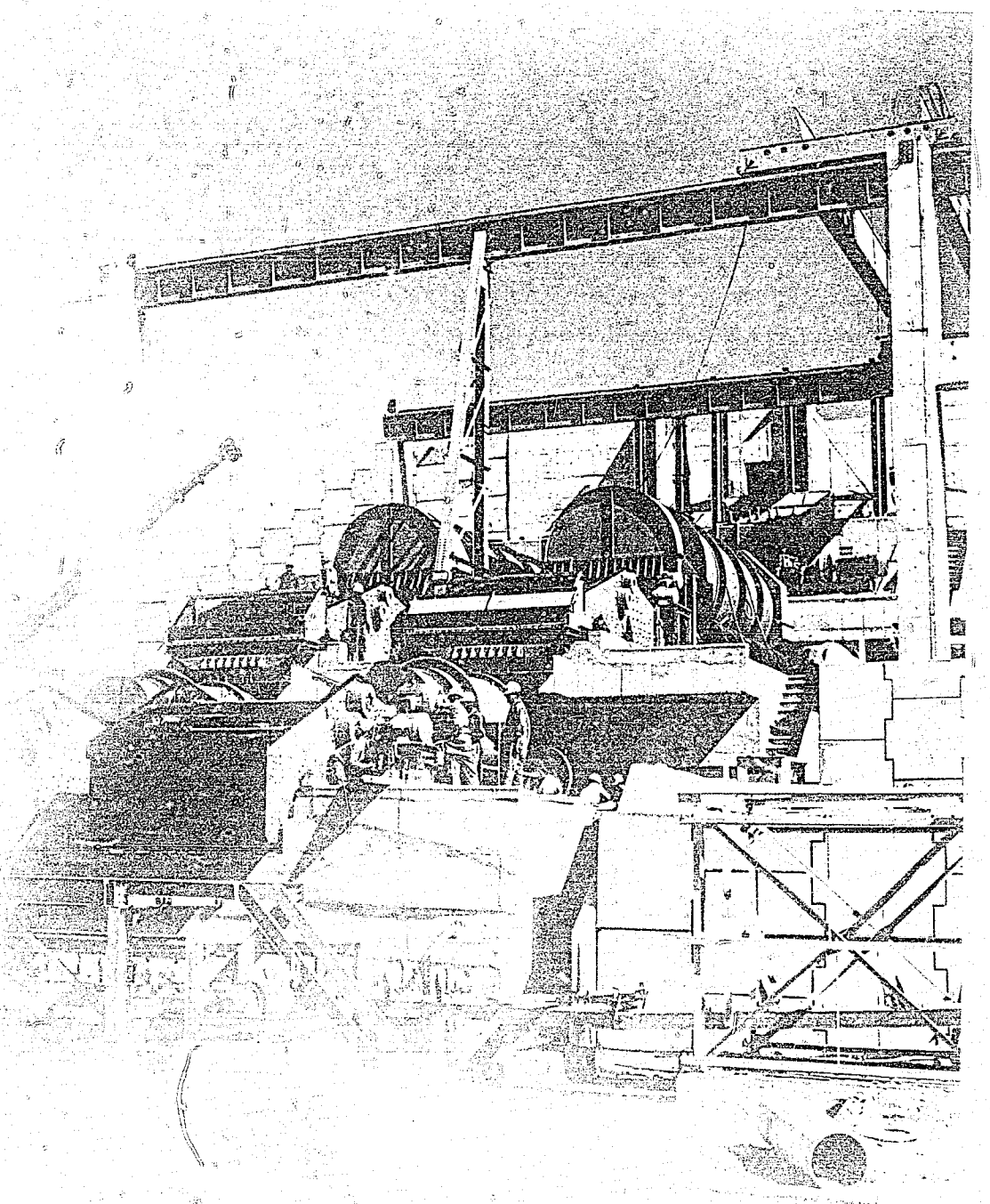
The reportable accident rate per thousand employees per annum in service on the gold mines of the Group fell by 1,58 from 45,05 to 43,47, while the fatality rate remained virtually static at 1,29. The Group Chairman's Safety Shield was won by Free State Geduld for the second time, while the Chamber of Mines Millionaire Shield was won by Vaal Reefs North for the fifth time. This major award, which is presented to a mine on completing a million consecutive fatality-free shifts, was also won by Freddies for the second time, shortly before its amalgamation with Free State Geduld.

The detailed operating results of gold mines administered by Anglo American Corporation and those in which the Group holds a significant interest are given on pages 84 to 88.

Diamonds

Sales reach a new record

Sales of rough gem and industrial diamonds by the Central Selling Organisation (CSO) during 1977 reached a new record of US$2 073 million or R1 803 million, an increase of 33 per cent compared with the previous year. Prices, raised by an overall 8,75 per cent in 1976, were further increased by 15 per cent in March 1977 and by 17 per cent in December. The market, which had been characterised during most of 1976 by demand particularly for the smaller sizes and the cheaper qualities of large diamonds, strengthened further over the course of the year. By the end of 1977 an unprecedented demand had developed for all qualities of goods, despite the price increases and the sale to the cutting centres of more carats than ever before. Primarily this was because of excellent trading conditions for diamond jewellery at the retail level, particularly in the United States, seen partly in response to the CSO's world-wide advertising efforts. However, during the latter part of the year a measure of speculative trading in the cutting centres and of general investment interest in diamonds as a store of value also began to influence overall demand. In the first months of 1978 when the effect of the December increase could not yet have filtered through to the retail stores, this resulted in premiums well in excess of the CSO prices being paid for rough diamonds in the secondary markets. At the same time it became apparent that the bank credit which was being used to finance stocks in the cutting centres, some of it based on ruling premium prices, was reaching proportions which, in the event of any market downturn, could cause severe liquidity problems. To counteract this situation and to enable the producers to benefit from the premiums being paid, the CSO in March this year introduced a variable surcharge to the normal list prices of diamonds it offers for sale. The surcharge, at a rate to be determined at





	Metric tons treated		Carats recovered		Carats per 100 metric tons		Cost per metric ton	
	1977	1976	1977	1976	1977	1976	1977	1976
							R	R
De Beers mine	7 [illegible]	[illegible]	[illegible]	[illegible]	17.71	15.18	4.68	3.84
Dutoitspan mine	792 [illegible]	1 [illegible]	[illegible]	[illegible]	13.15	14.33	4.54	3.67
Bultfontein mine	1 [illegible]	[illegible]	[illegible]	[illegible]	34.61	30.14	4.78	3.45
Wesselton mine	1 918 318	1 [illegible]	[illegible]	[illegible]	37.14	28.76	3.34	3.73
Finsch mine	3 [illegible]	[illegible]	[illegible]	[illegible]	66.65	63.70	2.85	2.16
Koffiefontein mine	1 [illegible]	[illegible]	[illegible]	[illegible]	31.05	9.68	2.92	2.63
Kimberley Division, total	[illegible]	[illegible]	[illegible]	[illegible]				
Namaqualand mines	[illegible]	[illegible]	[illegible]	[illegible]	28.59	26.62	4.22	3.53
Premier mine	[illegible]	[illegible]	[illegible]	[illegible]	28.32	27.88	2.80	2.36
Consolidated Diamond Mines	13 836 [illegible]	12 [illegible]	[illegible]	[illegible]	33.43	33.15	4.70	4.46
Letseng-la-Terae mine	[illegible]		[illegible]		3.31		5.27	—
Orapa mine	[illegible]	[illegible]	[illegible]	[illegible]	67.08	69.31	Pula 2.74	Pula 2.48
Lethlakane mine	[illegible]		[illegible]		31.82		3.36	—
Total	[illegible]	[illegible]	[illegible]	[illegible]				

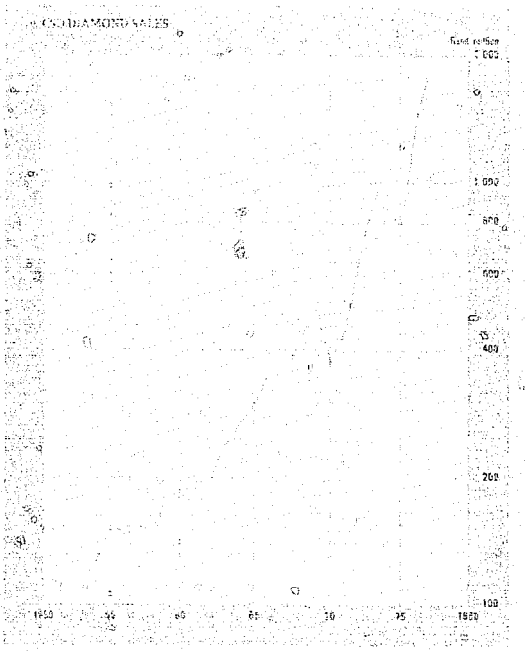
the time of each sale, will continue to be applied; that a reasonable relationship has been restored between the number and size ranges of diamonds and the current prices of polished diamonds.

Sales of industrial diamonds (both natural and synthetic) also established a new record in 1977. High demand levels continued throughout the year, particularly for small stones, and the ongoing natural and synthetic grits market for the current year remains favourable.

The consolidated net profit after taxation for De Beers Consolidated Mines Limited rose more than one-third from R309 million in 1976 to R413 million (equivalent to 172,7 cents per Rand Share (1976: 85,2 cents) after allowing for dilution from the preference capital. The net dividend accordingly rose by R80 million to R354 million because of the higher volume of sales and the price increases in September 1976, March 1977 and to a lesser extent December 1977. This improvement was achieved despite the fact that the results of the Diamond Purchasing and Trading Company (Swaziland) Limited, which ceased to be a subsidiary during the year, were no longer consolidated. Income from other sources, notably unlisted investments and interest received, rose by R54 million to R192 million and expenditure rose by R16 million to R55 million. Consolidated profit before tax of R888 million was R368 million higher than in 1976. Tax and the State's share of profits, which had risen by R60 million in 1976, rose further during 1977 from R183 million to R255 million. A record level of dividends was paid on the De Beers deferred shares for the year, amounting to 82 cents a share (1976: 35 cents), and a total of R342 million (1976: R161 million) was transferred to reserves. The value, at cost or net realizable value, of diamond stocks decreased by R7 million to R221 million while total current assets rose by R159 million to R502 million.

Production by the mines of the De Beers group in South Africa, South West Africa/Namibia, Botswana and Lesotho amounted to 11 [illegible] 695 carats in 1977 compared with 10 345 921 carats in 1976. Contributing to this increase, amounting to about 12 per cent, were made by all the mines of the group except Orapa, where the recovery grade was marginally lower than in 1976. The new Lethlakane mine, which is also owned by De Beers Botswana Mining Company (Proprietary) Limited (Debswana), was commissioned at the end of 1976 and produced 345 984 carats during the year. The Letseng-la-Terae mine in Lesotho also reached full production during the year, and produced 22 688 carats. Production from the Kimberley Division mines rose by nine per cent; from Namaqualand by 13 per cent; from the Premier mine by 10 per cent; and from Consolidated Diamond Mines (DMA) by 18 per cent.

Major capital expenditure programmes were in progress within the De Beers group which, with others recently initiated, will bring about a substantial increase in productive capacity. Construction work at the Koingnaas mine in Namaqualand is nearing completion, and production at the rate of approximately 500 000 carats a year is expected to start in the middle of 1978. The small Langhoogte mine, also in Namaqualand, will start producing at the rate of some 60 000



the mine for the rate of production of that mine from 2,35 million to approximately 3,5 million carats by the end of 1978, while production from Finsch mine is expected to increase by about 25 per cent when mining moves from the surrounding gravels to the kimberlite pipe itself in the end of 1979. Agreement has been reached with the Government of Botswana on the development of an important new mine at Orapa in the south of the country, where a major kimberlite pipe overlain by Kalahari sediments to a depth of 30 to 50 metres was discovered by De Beers in 1973. The mine, to be developed and operated by Debswana in which the Government has a 50 per cent interest, is due to be brought into commercial production in 1982 at an initial rate of approximately 3,5 million carats a year, rising to six million carats in the mid 1980s.

In the sphere of industrial relations, important progress was made towards the elimination of all forms of racial discrimination within the control of the De Beers group. A comprehensive programme of job evaluation on the mines in South Africa and South West Africa/Namibia has resulted in the introduction of an integrated wage scale for employees of all races. In the Kimberley Division, the employment of migrants is now being limited to those to whom an obligation exists to provide continuing employment. Agreement has been reached with the authorities for the establishment of financially assisted home ownership schemes for black employees in Kimberley and at Rustenburg. At CDM, the families of the first Ovambo District employees to be housed at Oranjemund arrived during the year. Selection and training facilities throughout the group's mines were expanded and improved. Following the introduction of a five-day working week for the mining sector in the Kimberley Division in November 1976, these arrangements were extended to artisans on the Kimberley mines in December 1977 and were introduced for the mining sector at Premier in February 1978.

In anticipation of constitutional and political changes in South West Africa/Namibia, the head office of CDM was moved from Kimberley to Windhoek.

The scope of work of the De Beers Diamond Research Laboratory expanded significantly during the year. Attention continued to be devoted to bettering the efficiencies of mine recovery plants and to developing improved recovery methods, and in March a new separation plant was commissioned at Finsch mine for the handling of small sizes of concentrates. In response to the trend towards greater use of diamonds in industrial processes, a variety of new synthetic products was developed. SDATOOS for use in specialised sawing and drilling applications has been added to the range of synthetic diamonds produced by De Beers. The application testing of another new line of products, SYNDITE cutting tools, is being pursued. The production of CDA/T, an elongated diamond grit particle for use in resin bond grinding wheels, began at Springs in the Transvaal and an equally novel resin bond grit for the dry grinding of carbide called CDA M also shows considerable commercial promise.

Further details of companies in the De Beers group are given on pages 88 and 89

In the background, the Kriel power station. Above, Amcoal's Kriel mine in the current financial year. When full development the Kriel complex will produce 4 million tons of coal per year for its own power station and 2 million tons of export coal annually

Coal

Exports build up through Richards Bay

The South African coal mining industry took significant growth in 1977, despite depressing economic conditions worldwide. However, while the world market in steam coal continues to show signs of underlying firmness, there has been a weakening in overseas demand for metallurgical coal and in the coal trade market for converting coal.

Export build up through Richards Bay has progressed satisfactorily, reaching the planned annual rate for Phase 1 of 12 million tons in the last quarter of 1977. The Republic of South Africa's coal exports in 1977 amounted to R348 million, placing coal third in export turnover after gold and diamonds. The coal terminal is expected to operate at capacity during 1978, and Phase 2 of the export development will start late in 1978 when the terminal's capacity will be progressively increased to nine million tons to 24 million tons a year. Furthermore, the coal industry, Government and Richards Bay Coal Terminal company (Proprietary) Limited are now examining the feasibility of a Phase 3 programme of exports involving an estimated additional 20 million tons a year. The industry has been advised that the first priority in Phase 3 would be the fulfilment of outstanding export authorities granted to Phase 2 exporters. The specific export developments could increase the already valuable contribution that coal exports are making to the country's balance of payments to approximately R1 000 million by the mid-1980s.

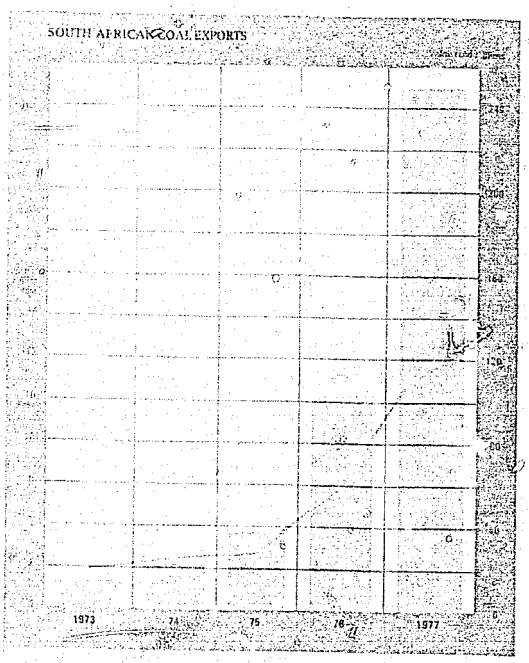
The additional capacity necessary to meet domestic demand was provided by the industry following the significant increase in the domestic coal price in mid-1976. However, the current reduced demand caused by a mild 1977 winter, full stockpiles and a depressed economy has resulted in some surplus capacity. Although this is disappointing, the industry is now well placed to meet increased demand and so avoid the periodic shortages that were experienced before.

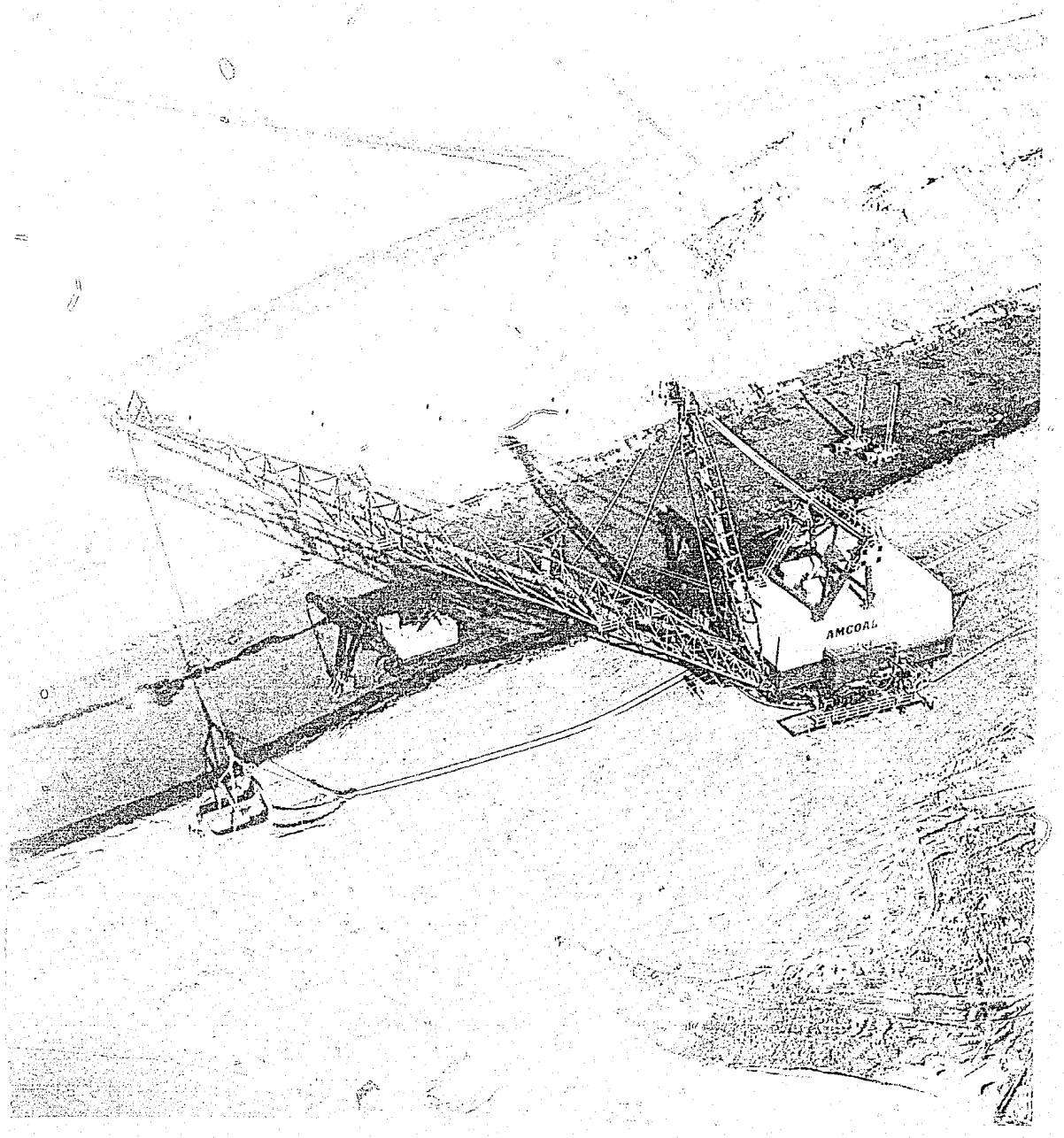
Total sales of the South African industry in 1977 rose by 10,3 per cent from 77 145 million tons while sales by Group-administered collieries increased by 10,9 per cent to 25,4 million tons, equivalent to 33 per cent of the total.

Total operating profits before tax of Group collieries increased significantly to R73,5 million from R49,1 million in 1976 owing mainly to the domestic price increase and export earnings. Working cost increases of 19,3 per cent, while lower than in 1976, were nevertheless higher than budgeted and continuing attention is being devoted to containing them.

The Group's major coal company, Anglo American Coal Corporation Limited (Amcoal), again made considerable progress in 1977, with turnover up 31 per cent to R259 million and group earnings up 68 per cent to R47 million. Dividends were increased by 50 per cent to 60 cents a share, and even so were constrained by the substantial remaining capital expenditure programme of R181 million in present money terms. The development of Amcoal's new Kleinkopje mine is proceeding well, with the first coal expected to be produced, as planned, at the end of 1978, and the total cost remaining within the original estimate of R109 million, in 1976 money. When the mine is in full production in 1983, it will provide the two million tons a year of exports for which Amcoal has been granted firm Government authority under the Phase 2 export programme. In total, Amcoal was granted provisional permission to export five million tons a year for 20 years. Amcoal will thus be entitled to export three million tons a year in the proposed Phase 3 programme, and is accordingly investigating the best source from which to produce the additional coal.

The supply of coal by Group collieries to the Electricity Supply Commission (Escom) in 1977 increased by 1,4 million tons, mainly because of the buildup at Kriel which supplies the Kriel power station. The underground mine produced 2,7 million tons in 1977 and will build up to the planned annual rate of four million tons during 1978. The stream diversion for the opencast mine was successfully commissioned early in 1978, and coaling commenced in the second quarter. The power station will ultimately consume 8,5 million tons of coal a year from the underground and opencast mines.




AMCOAL

The vertical shaft and access ramp (left) at the Middelplaats Manganese mine in the Northern area of the northern Cape. Initial deliveries from this R47 million development are due by the end of March 1979, most of which will be for export

Arnot Colliery, the Group's biggest supplier to Escom, has had to reduce its opencast mine output because of full stockpiles and lower than expected consumption. Meanwhile, significant progress has been made with surface restoration at the Arnot opencast mine.

The two Transvaal export collieries, Bank and Landau, operated well through 1977, both achieving improved washing plant yields of low-ash and power station coals. Together they supplied 4,4 million tons of the Transvaal Coal Owners' Association exports of 8,6 million tons in 1977.

In Natal, Vryheid Coronation Limited reported marginally lower earnings in 1977 as a result of difficult trading conditions in the coke market. Conversely the Natal Anthracite Colliery Limited group reported substantially improved earnings, following successful export sales and profitable dump recovery operations.

Increased mining difficulties in remnant reserve areas and problems associated with hand-got working meant another difficult year for the Group collieries supplying blend coking coal to The South African Iron and Steel Industrial Corporation Limited (Iscor). The possibility of mechanising certain of these operations is being discussed with Iscor, but the short lives remaining may make mechanisation uneconomical.

The Group is in an extremely strong position as to coal reserves, for it already controls more than six billion run-of-mine tons of coal reserves and is making satisfactory progress in its prospecting programme which has as its main objective over the next four years the acquisition and consolidation of coal blocks in the Transvaal totalling a further three billion tons.

In the short term the spread of coal interests in the Group will enable substantial profits to be earned, notwithstanding difficult trading conditions. In the longer term Group participation in the export trade is expected to grow and there are good prospects for increasing sales to the domestic market, particularly of power station coal.

In Rhodesia coal sales by Wankie Colliery Company Limited for the year ended August 31 1977 fell by 11,9 per cent to 2 197 000 tons, while coke sales at 194 000 tons were marginally less than in the previous year. Net earnings declined by R$147 000 to R$2,6 million and the dividend was maintained at 7,5 cents a share. Although, in the circumstances, trading results were satisfactory, the lower sales meant that profits on sales to Rhodesian customers fell short of the level provided for in the agreement with the Government for the supply and pricing of coal and coke. In terms of the agreement, the shortfall on profits amounting to R$2,1 million would be recovered during the current year if a price increase of more than 20 per cent were to be implemented. The agreement, however, has been temporarily suspended and the company has agreed to a 10 per cent increase in the price of all its products.

Further details of coal interests retained within the Group and those in which the Group holds a significant interest are given on pages 50 and 51.

Other mining

Copper price prospects not encouraging

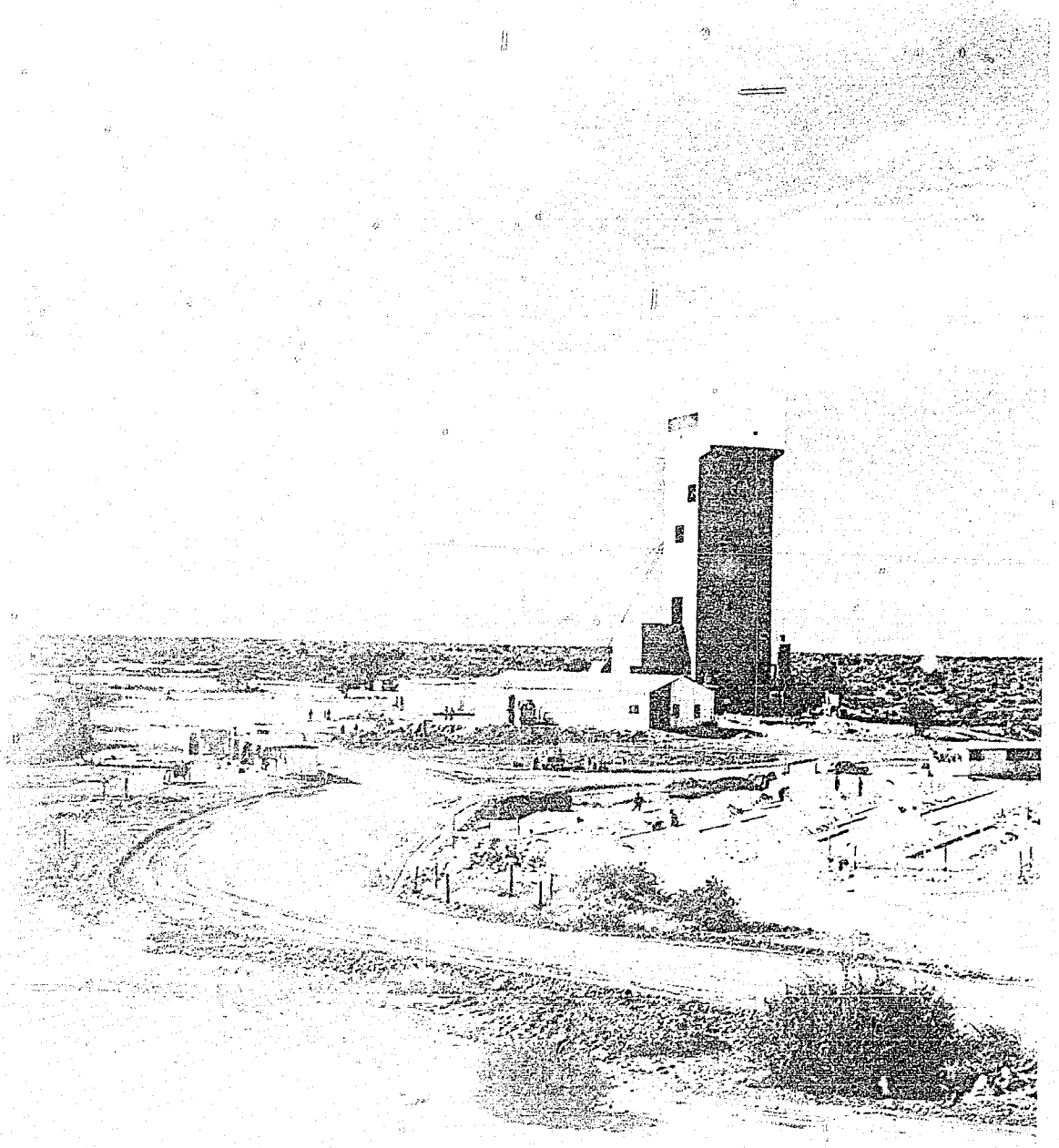
Prices in the world copper market declined steadily through 1977 and in the first quarter of 1978, reflecting the absence of any significant recovery in the economies of major trading nations and the existence of record surplus stocks. At the beginning of 1977 the London Metal Exchange (LME) copper price was £795 a ton, or 61 US cents a pound, improving briefly in March 1977 to over £900, mainly because of an expected mid-year strike over wage re-negotiations in the American copper mining industry. Settlement of the dispute was reached without any significant stoppages and prices on the LME and in the United States returned to their downward trend.

By the end of 1977 the LME price stood at £666, while LME stocks increased during the 12 months from 603 000 tons to 641 000 tons and total western world stocks increased to more than two million tons. In the first quarter of 1978 the price declined further, reaching a low point of £611 in February and at March 31 the price had risen again to £696 a ton, equivalent to 60 US cents a pound. LME stocks at that date totalled 575 000 tons.

Prospects of an improvement in the copper market during the next 12 months are not encouraging. There are no indications of a worthwhile increase in world consumption so any alleviation must come from a reduction of supply. Although countries affiliated to the International Council of Copper Exporting Countries (Cipec) failed to agree in December 1977 on all-round cutbacks in production, Zambia, Zaïre and Peru in February 1978 jointly announced proposals to reduce by 15 per cent their supply of copper as soon as possible. Shortly thereafter Zambia announced a 15 per cent *force majeure* cutback on contracted deliveries of copper until December 1978. It will, however, take some time before the effects of these decisions can be gauged, including the disruptions of supplies of copper resulting from the invasion in May 1978 of the Shaba province of Zaïre by anti-Government forces.

The main difficulties surrounding the Group's Zambian investments remain unchanged. The effects of lower prices and increased costs have led to a position where the two mining companies, Nchanga Consolidated Copper Mines Limited (NCCM) and Roan Consolidated Mines Limited (RCM), after a brief return to profitability in 1976/77, are incurring substantial losses, while operations have been hindered by severe shortages of skilled staff and to a lesser extent by shortages of components through lack of foreign exchange. With the continued closure of the Benguela railway outlet to Lobito, Zambia's mining industry has had to rely heavily on the congested port of Dar-es-Salaam, leading at times to a build-up of copper stocks awaiting export. Liquidity is a serious problem and the companies are receiving substantial temporary loans from the Bank of Zambia.

NCCM produced 407 978 tons of finished copper during 1977 compared with 421 226 tons the previous year. RCM's output was 250 509 tons against 289 960 tons in 1976.



In South Africa, Rustenburg Platinum Holdings Limited which holds as its principal asset the entire equity of Rustenburg Platinum Mines Limited, reported consolidated profits after tax of R4.6 million for the year ended August 31 1977. Whilst an interim dividend of 2.5 cents a share was declared the reduced earnings in 1977 did not allow a final dividend. The 1977 profits are not comparable with the profits of R44.1 million reported by the company in 1976 as the basis of accounting was changed in two respects, both of which had the effect of reducing profits. Rustenburg group companies achieved slightly higher sales in the year to August 31 1977 than in the previous financial year despite difficult market conditions, with the price of platinum fluctuating between $160 an ounce in September 1976 and $142-$152 an ounce in August 1977. These unduly low prices, combined with the effects of inflation on capital and working costs, adversely affected the company's financial position. In addition, market conditions dictated a cut in production of between 10 and 20 per cent as from November 1 1977. The capital expenditure programme for the current financial year was also reduced by R7.5 million to R15 million. The cutback in production coincided with a reduction in supplies of platinum and palladium from Russia as well as considerable speculative activity and evidence of restocking by several end-users. The free market price rose from about $170 an ounce in November 1977 to $220 by the end of January 1978 and to a peak in May of $252. Rustenburg was therefore able to raise its own price for platinum progressively from $205 an ounce on January 25 to $260 on June 8. Its palladium price was raised to $70 an ounce. Negotiations are taking place to reduce the losses that the company is incurring on platinum sales to the automotive industry and steps have been initiated to bring the level of production closer to the current level of sales. Rustenburg's net earnings for the six months to February 28 1978 fell by R1.4 million to R400 000 and no interim dividend was declared.

Hudson Bay Mining and Smelting Co. Limited (Hudbay) reported consolidated earnings for the year ended December 31 1977 of C$4.4 million, or C$0.64 a share, excluding an extraordinary gain of C$52.6 million, or C$5.20 a share, arising from the sale of Hudbay's potash assets in Saskatchewan. The corresponding figures for 1976 were earnings of C$2.8 million or C$0.28 a share, before extraordinary charges, of C$11.1 million, or C$1.10 a share. The consolidated results include Hudbay's share of earnings and losses, which are accounted for on an equity basis, of effectively controlled companies. The results also include C$2.3 million representing unrealised exchange gains on the translation into Canadian dollars of United States subsidiaries' accounts. Hudbay passed its third and fourth quarterly dividend payments and the total distribution for 1977 amounted to 60 cents a share compared with 80 cents in 1976. The improvement in 1977 earnings before extraordinary items stemmed largely from the better performances of Hudbay's petroleum subsidiaries, Francana Oil & Gas Limited and Canadian Merrill Limited, which benefited from increased production and higher product prices. This was offset to some extent by the continuing weakness in metal and fertilizer markets which, together with increased costs, adversely affected Hudbay's earnings. Contributions to pre-tax operating profit for the year were 3.1 per cent from base metals, 33.2 per cent from fertilizers and chemicals, 62.4 per cent from oil and gas, and 1.3 per cent from industry. Two new mines were brought into production at the company's base metal operation in the Flin Flon-Snow Lake area in northern Manitoba, and work was started on a new $26 million concentrator near Snow Lake.

Hudbay's oil and gas investments, represented by its 61.9 per cent interest in Canadian Merrill and its 54.9 per cent interest in Francana, which in turn owns 56.8 per cent of Trend International Limited, all reported higher net earnings flowing from higher product prices, increased production and improved access to markets. Canadian Merrill's net earnings for the year to June 1977 were C$3.6 million or C$1.72 a share compared with C$2 million, or C$0.99 a share, in 1976 and in the six months to December 1977 net earnings at C$1.7 million, or C$0.70 a share, were marginally higher than in the corresponding period in 1976, before an extraordinary gain of C$349 000 in 1976. Francana had consolidated net earnings in 1977 of C$9.9 million, or C$1.27 a share, compared with a loss, including an extraordinary item, of C$18.1 million or C$2.33 a share in 1976. All three companies continued their exploration and development programmes in 1977, with Francana making a significant heavy oil and gas discovery in Saskatchewan, and Canadian Merrill expanding materially its gas reserves in Colorado.

Terra Chemicals International Inc., in which Hudbay has a 50.5 per cent interest, earned US$8 million or $1.27 a share, compared with 1976 earnings of $12 million or $2.03 a share. This decline was caused mainly by weak fertilizer prices in the United States, together with the rising price of natural gas, the principal raw material for the production of Terra's nitrogen products. The new ammonia plant in Oklahoma, in which Terra has a 25 per cent interest, is now in full production and a nearby upgrading plant, in which Terra has a 65 per cent interest, is in the final stages of construction and is expected to begin production early in 1978. Terra's planned expansion to the south and south west progressed further through the acquisition of most of the assets of Riverside Chemical Company which has blending and distribution centres located mainly in the southern states of the USA.

Inspiration Consolidated Copper Company recorded a loss for the year ended December 31 1977 of US$11.1 million, compared with a profit of $126 000 for 1976. The main factors responsible for this loss were weak copper prices, low demand and a strike during July and August. Dividends for the year were reduced by 30 cents to 20 cents a share. Deliveries of copper were marginally higher than the previous year at 90.9 million pounds but this was more than offset by the fall in the average price from 69.48 cents a pound in 1976 to 66.84 cents in 1977, when the entire US copper industry experienced one of its worst years since the early 1930s, with demand for domestic copper dropping substantially and lower-cost copper being imported. The competitive position of US producers was further weakened by costly wage settlements in 1977.

The equity earnings of The Messina (Transvaal) Development Company Limited fell sharply from R13.9 million in the previous year

to Rs.2 million for the year ended September 30 1977. This decrease was largely the result of low world copper prices and prevailing economic conditions in South Africa, which adversely affected certain of the Messina group's industrial subsidiaries.

The financial performance of the copper-nickel mine at Selebi-Phikwe in Botswana operated by BCL Limited in which the group has a significant interest through Botswana RST Limited (BRST) was seriously affected by the decline in the price of nickel and an operating loss of P3,88 million was incurred during 1977. The net loss attributable to BRST shareholders amounted to P38,54 million after charging interest payable of P27,8 million and taking into account exchange gains, other expenditure and extraordinary items. Production at Selebi-Phikwe fell slightly from 32 500 tons in 1976 to 30 772 tons in 1977, mainly because the smelter at the company's plant was closed during the first half of the year for routine maintenance purposes. A record level of 19 307 tons was, however, achieved for the following six-month period. Production during 1978 is expected to continue at the similar level although inflationary pressures are likely to increase operating costs. Furthermore, nickel and copper prices are not expected to increase significantly during the current year. The financial and sales restructuring of BCL was concluded on March 16 1978 and is dealt with in the Finance and Investment section of this report.

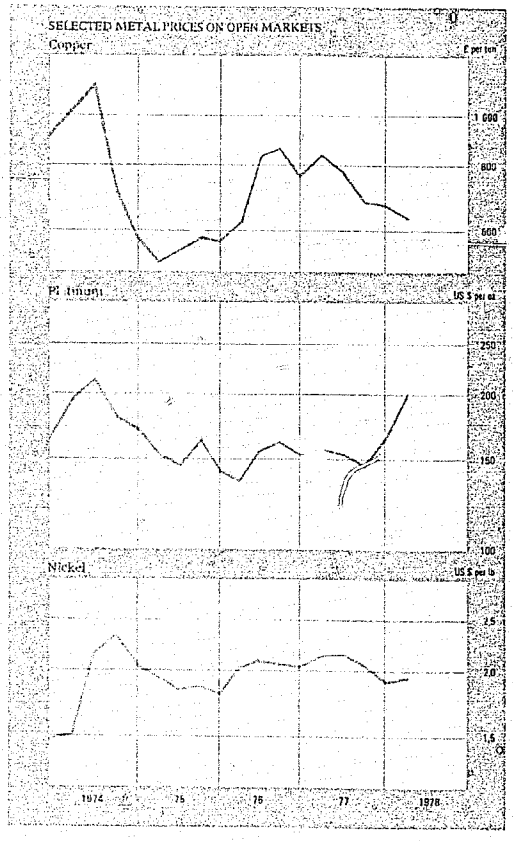
The consolidated net profit of Rhodesian Nickel Corporation Limited for the year ended March 31 1978 was R$3,3 million compared with R$3,6 million the previous year. The interim dividend was passed because of the company's heavy loan indebtedness and the present depressed state of the world nickel market. A final dividend of three cents a share was declared, absorbing R$720 000. Dividends for the previous year amounted to seven cents a share, and absorbed R$1,7 million.

The complex geology of the deposit impeded development of the Cleveland Potash Limited mine, in the United Kingdom, which is jointly owned by Charter Consolidated Limited and its associates and Imperial Chemical Industries Limited. The increased use of continuous mining machinery at the mine has resulted in improvements in roof conditions and the rate of advance, and remaining technical difficulties are associated mainly with the Carving potash seam and near-seam strata. However, the use of long-hole horizontal drilling, which probes ahead of current workings, has greatly augmented knowledge about the nature and extent of the ore reserves and has allowed more effective planning of future mining operations. Production has recently reached a level of around 90 000 tons of product a month.

Charter has a 10,8 per cent interest and Anglo American Corporation a 3,4 per cent interest in Tara Exploration and Development Company Limited which, through its subsidiary Tara Mines, operates a lead/zinc mine at Navan in the Republic of Ireland. The capital cost of the mine was US$154 million (£81,2 million) and it has a designed capacity to produce 500 000 short tons of lead and zinc concentrates a year from 2,5 million tons of ore. Production started in June 1977 and, although labour unrest delayed the mine development programme in 1977, production in 1978 is proceeding satisfactorily. However, Tara will be adversely affected by the prevailing low demand for, and market price of, zinc.

Betafi Tin and Wolfram Limited reported a record pre-tax profit of £4,5 million for 1977, compared with £2,6 million in the previous year. This increase was mainly a result of firm wolfram prices, which more than offset a decline in the volume of concentrate produced and sold by the Portuguese operating company.

Swaziland Iron Ore Development Company Limited continued to supply medium-grade ore to certain Japanese steel mills. The company



A Fraser drilling rig on top of a slimes dam provides an unusual sight at the President Brand gold mine in the Orange Free State. Although prospecting in the early 1960's indicated that the reef in this area, the south-western corner of the mine's lease, was of marginal interest only, the increased price of gold has prompted further investigation

was unable to meet its long-term contract for the supply of two million dry long tons annually, as continuing difficulty was encountered with railway and loading facilities at the port of Maputo. However the company operated profitably and maintained dividend payments. Although the ore reserve was depleted and mining operations ceased in December 1977, treatment of the large stockpile, accumulated as a result of poor railway and port services, continues. Taking the current rate of despatches into account, all operations at the mine are expected to cease during 1980.

Construction of the Middelplaats Manganese Limited mine in the north-western Cape is progressing satisfactorily, and production is expected to commence in mid-1979. However, construction of the railline service ramp has fallen behind schedule although it has reached a point more than 450 metres from the portal. The plant construction contract has been awarded, housing and offices are being constructed and site establishment has started. A nine kilometre railway line to carry 500 000 tons of ore annually is being constructed from the mine to Mamatwane station.

Zinchem and Industrial Mineral Resources (Proprietary) Limited (Zimro), a leader in the industrial base mineral and zinc chemical fields, reported a 28,2 per cent increase in net earnings for the year ended December 31 1978. As previously reported the problems experienced at the Hudson Mining Company (Proprietary) Limited andalusite mine have been overcome and that company has contributed substantially to Zimro's profit growth. Depressed trading conditions in the European foundry industry have adversely affected the performance of G. B. W. Industrial and Chemical Supplies (Proprietary) Limited. The company, which markets chromite sands from its operation in Missingen, Holland, has been affected by interruptions in supply, severe competition and the threat of product substitution. During the year G. B. W. Base and Industrial Minerals (Proprietary) Limited acquired the total issued share capital of Foundry Properties (Pty) Limited, a company manufacturing and selling foundry supplies complementary to the company's present product range.

Further details of major subsidiary companies, the trade investment companies group and those in which the Group holds a significant interest are given on page 40.

Industry and commerce

Cost pressure hardly reduced

The industrial, commercial and construction sectors of the economy were more seriously affected than others by the poor economic circumstances of 1977. Policy measures designed to curb domestic demand had a marked effect on private consumption expenditure, with sales volumes declining in all categories, including foodstuffs. Durable consumer goods were affected to an even greater extent, with car sales in particular falling below the depressed levels of the previous year.

Investment activity declined drastically because industrialists in virtually all areas found themselves with growing excess capacity, and because public sector investment spending was reduced sharply – partly to conform with Government policy and partly as a result of a number of major projects having reached completion. In these circumstances it was hardly surprising that manufacturing output should reflect the largest decline experienced in more than three decades.

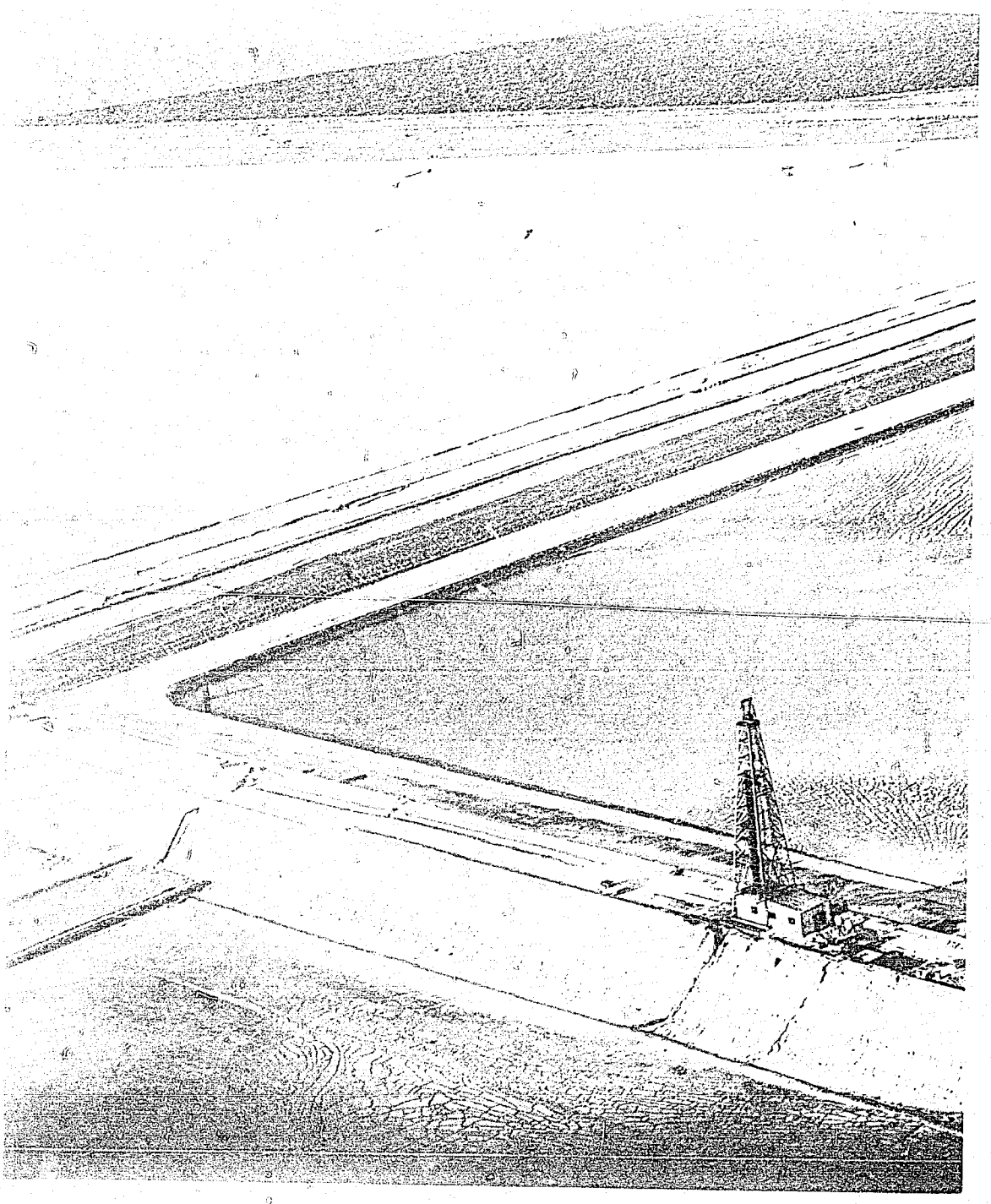
However, some relief to this generally adverse environment was provided by an exceptional agricultural season, reasonably favourable results in the mining sector and, to a lesser extent, continued spending on some public sector projects.

Certain industries – notably those producing chemicals and various metal products – and to some extent the demand for contract work, benefited from these developments. In some instances, exports also maintained volumes, particularly in sales of processed and semi-processed iron and steel. Elsewhere, however, output more accurately reflected the drop in domestic demand, with manufacturers of electrical machinery and appliances, transport equipment and timber being noteworthy examples.

Despite slack demand and a slower rate of increase in average wages, cost pressures were hardly reduced, mainly because of continued increases in administered prices. This was clearly reflected in depressed average profit levels, and in the growing number of unemployed, a problem of extremely serious proportions. The urgent need for growth to combat the problem of unemployment in particular has prompted a gradual, but only moderate, relaxation of policy measures. In the absence of further similar steps, which hinge on balance of payments developments, only a marginal improvement in industrial and commercial activity can be expected.

The investments of the Corporation and its associated finance companies in industry and commerce cover a wide range of activities, including iron, steel, alloys, chemicals and explosives, civil engineering and construction, drilling tools, refractory and other structural clay products, textiles, plastics, paperboard, timber, including wattle extract for the leather industry, agricultural products and foodstuffs, industrial equipment, motor vehicles and components, rail locomotives and coaches, shipping forwarding and clearing and computer services.

The Group has a wide spread of industrial interests in South Africa, both directly and through its investments in Amic, De Beers Industrial Corporation Limited (Debincor) and Mainstraat Beleggings (1965) (Eiendoms) Beperk. Debincor holds a substantial interest in AECI Limited, the major chemicals and explosives manufacturer. The Group's investments in Highveld Steel and Vanadium Corporation Limited and, through Amic, in Scaw Metals Limited and Boart International Limited, are complemented by its joint interest with the Federale Mynbou/General Mining group in Mainstraat which also holds several major investments in the steel and heavy engineering



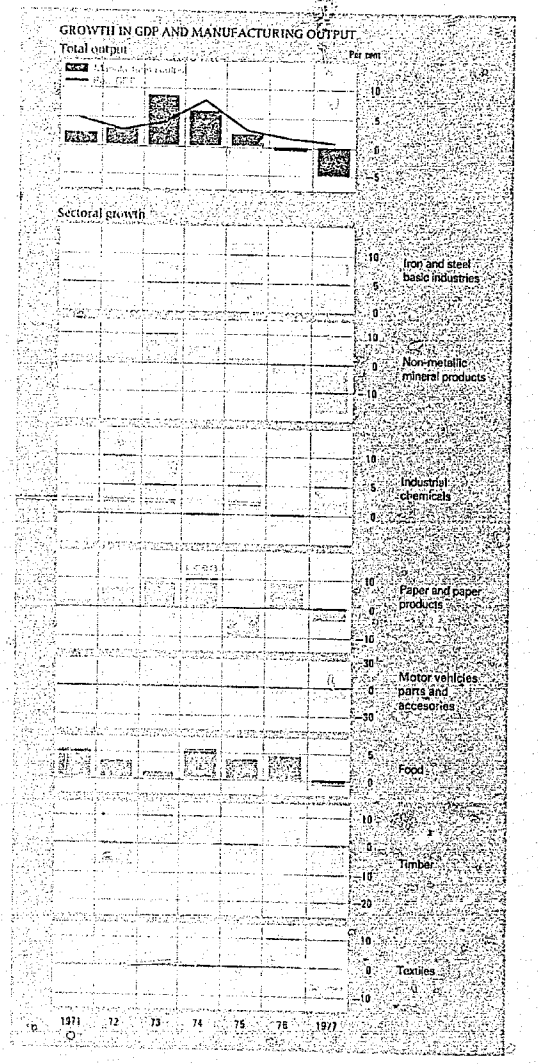
sector. The Group indirectly has other important industrial interests in Rhodesia through Anglo American Corporation Rhodesia Limited and in Zambia through Zaramgalo Industrial Corporation Limited, as well as a significant holding in Barlow Rand Limited.

IRON, STEEL AND ENGINEERING

Highveld again reported improved results for the financial year to June 30 1977, with increased tonnages of hot metal steel blocks and Vanadium slag produced. Consolidated profit for the year before taxation and deduction of minority interests was R33,1 million against R28 million in 1975/76. These results are not strictly comparable because 1976/77 includes for the first time the R4,6 million pre-tax profit of Trans-Hex (Proprietary) Limited which became a subsidiary on July 1976. After providing for deferred tax and outside shareholders' interests, equity earnings were R20,7 million against R15,9 million in the previous year and earnings per share increased by 12 per cent to 68 cents. Net income for the half year ended December 31 1977 amounted to R9,8 million, which was at the same level as the corresponding period in 1976.

During 1977 the steel industries of the major industrialised countries continued to run well below capacity because of lower demand and substantial imports of steel from third world and communist bloc countries. This encouraged strong protectionist lobbies in Europe and North America which restricted South Africa's steel exports to the European Economic Community and Canada during 1977. Meanwhile current moves in the United States over trigger prices must affect South Africa's steel exports to this market in the year ahead. Despite this, Highveld maintained a satisfactory level of exports and the plant ran at capacity throughout the year. While it appears that the downward trend in local demand for steel may have levelled off, there is unlikely to be any significant improvement in the foreseeable future. The successful commissioning of a plate mill in August enabled Highveld to participate in a new sector of the local market as a second supplier, resulting in an increase in domestic sales of Highveld's products, with a corresponding reduction in exports of steel semis. The domestic steel price increase effective from January 1 1978, will help meet increased costs that have occurred since the previous increase in December 1976, but is still insufficient to restore profit margins to former levels. Demand for vanadium weakened considerably and only one of each furnace units at the Vanpre division is in operation. This reduced output, coupled with other producers' cutbacks, should correct the supply/demand imbalance. The world ferro-alloy industry is also suffering from over-capacity and Trans-Hex's export sales of manganese ferro-alloys were adversely affected; only two of five furnaces having been in operation for most of the period under review.

The commissioning of Highveld's plate mill and its recent price reduction fully completes the major part of its R60 million flat product expansion programme. Although financial forecasting is difficult in present conditions Highveld expects during the second half of the financial year to maintain profit margins achieved in the six months ended December 31 1977.



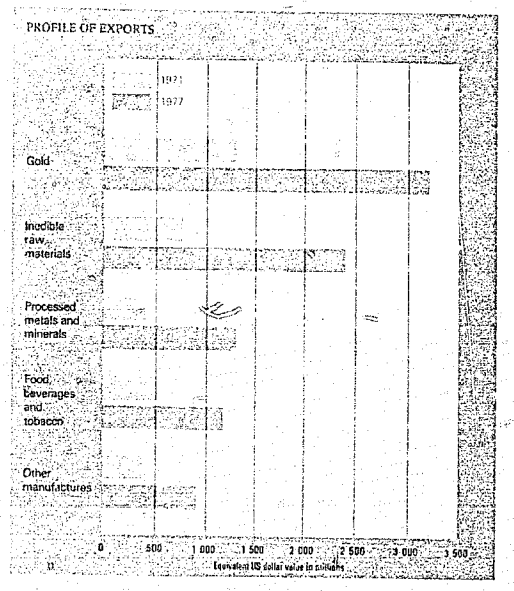
During 1977 Boart, a wholly owned subsidiary of Amic, rationalised and consolidated its operations, following a further overseas expansion in 1976. The tungsten carbide division had excellent results in southern Africa, offsetting setbacks in Canada and Europe, where base metal and construction industries are in a depressed state. The diamond drilling division performed extremely well, particularly in the United States and South Africa. In Australia, where Boart's operations have been completely reorganised, acceptable profits were earned in the latter half of 1977. In spite of difficult trading conditions and the adverse effects of substantial foreign currency movements, Boart's after tax profits rose by 7 per cent from R16,1 million in 1976 to R17,3 million, a further record. Although conditions are not expected to improve significantly, Boart predicts an increase in earnings for 1978.

Equity earnings of the Scaw group for 1977 increased by 10,6 per cent to R16,1 million, an excellent performance achieved in difficult market conditions throughout the year. Despite reduced orders, the iron and steel foundries maintained a satisfactory level of activity and sales of grinding media were similar to those of 1976. Although there was no improvement in the local demand for rolled steel, exports increased. The foundries expect to maintain an acceptable level of production for most of 1978 while the outlook for grinding media appears sound. In view of the depressed state of the construction and building industry, no material improvement in domestic demand for rolled steel is foreseen in 1978. However, the latest rolled steel price increase will offset some of the higher costs experienced since the previous increase. Every effort is being made to contain costs and maintain selling prices at competitive levels but recently announced price increases for electricity and other essential services and commodities, indicate a continuing upward pressure. Although it appears that 1978 will be a difficult year, it is anticipated that Scaw's earnings should be similar to those of 1977.

International Pipe & Steel Investments South Africa (Proprietary) Limited (IPSA), in which the Group and Debmicor have a 14,7 per cent interest, increased its consolidated profit after tax by 0,9 per cent to R11,9 million for the year to September 30 1977. Equity earnings of IPSA's two subsidiaries, Stewarts & Lloyds of South Africa Limited and Boumar Loeg Vandelhill Corporation Limited, decreased by 21,7 per cent to R7,9 million and increased by 20,8 per cent to R13,5 million, respectively.

Union Carriage and Wagon Company (Proprietary) Limited, principal builder of electric locomotives and passenger coaches for the South African Railways received a R60 million order in November for 586 suburban coaches, the biggest single order ever placed by the Railways. The company also builds industrial locomotives and its subsidiary, Unimmod Buildings (Proprietary) Limited, produces pre-fabricated modular structures.

Net income attributable to ordinary shareholders of Vereeniging Refractories Limited, a subsidiary of Amcoal, increased slightly to R3,3 million for the year ended December 31 1977. This increase was despite substantial losses incurred by Coverland Roof Tiles (Proprietary) Limited and Vitro Clay Pipes Limited, which operate in the building sector. Increased exports of chromite, andalusite and refractories, together with improved efficiencies, resulted in net operating income of the refractories and mining divisions improving by 38,6 per cent over the 1976 figures. No significant upturn is expected in 1978 and results for this group should be similar to 1977.



CIVIL AND ENGINEERING CONSTRUCTION

Equity earnings of the LTA Limited group for the year ended March 31 1977 were R5,4 million, compared with R5,2 million the previous financial year. Earnings were 41 cents a share as against 40 cents. Work in hand at March 31 1977 was valued at R271 million compared with R224 million the previous year. The dividend was maintained at 18,5 cents a share. For the six months to September 30 1977 equity earnings were R3,2 million compared with R3,1 million for the same period in 1976. Earnings were 26 cents a share as against 23 cents. Work in hand at September 30 1977 was valued at R298 million. It is expected that the results for the 12 months ended March 31 1978 will be similar to those of the previous financial year.

TIMBER AND ALLIED INTERESTS

Mondi Paper Company Limited, the equity capital of which is held by the Group, Debmicor and JCI, manufactures and markets a wide variety of

Ten-boom 'Jumbo' drill rig working on the side wall enlargement of a valve hall at the Electricity Supply Commission's Pumped Storage Scheme in the Drakensberg, Natal. This project, a joint venture between LTA and Shaft Sinkers will produce additional electricity for the national grid during peak periods

paper and paper products. The plant, located at Merebank, Durban, comprises a groundwood mill, three high speed paper machines and a paper finishing facility. The consolidated pre-tax earnings of Mondi and its major subsidiary, South African Board Mills Limited, rose from R14,9 million in 1976 to R17 million. This increase was achieved despite a reduced demand for newsprint in South Africa, the imposition of a 15 per cent surcharge on imported raw materials and generally adverse trading conditions. Although exports of newsprint remained high throughout 1977, low world prices reduced profits considerably. Consolidated net equity earnings for 1977 were R10,2 million compared with R8,3 million in 1976. It is expected that the earnings of the Mondi group will improve further during the current year.

The deteriorating market for sawn timber during 1977 had an adverse effect on S.A. Forest Investments Limited (Safi) and its two major subsidiaries, Acme Timber Industries Limited and Peak Timbers Limited. The sawmills of its subsidiaries operated below capacity and at much reduced selling prices. Despite adverse trading conditions the Safi group was able to increase its market penetration although profits declined substantially. Losses were incurred in some of the company's other operations, notably M.V. Houtprodukte (Eiendoms) Beperk; which resulted in the Safi group incurring a loss of R302 000 in the year ended December 31 1977 compared with a profit of R2,3 million in 1976.

The Natal Tanning Extract Company Limited increased its operating earnings from its production of wattle bark extract. However, lower sugar cane earnings, higher interest charges arising from the funding of new afforestation areas and higher taxation reduced equity earnings from R2,5 million to R1,9 million in 1977.

Faced with greatly reduced demand for board products, Bruynzeel Plywoods Limited (Bruply) experienced a difficult year. This, combined with severe price cutting and increasing costs resulted in a loss of R2,4 million in 1977 compared with a profit of R1,4 million in 1976. In view of the surplus capacity in the industry, discussions took place with the Associated Furniture Companies Limited (Afcol) group and agreement was reached for the merger of their chipboard interests with those of Bruply. The resulting rationalisation should benefit and stabilise the chipboard industry in South Africa.

MOTOR AND TRANSPORT

Sigma Motor Corporation (Proprietary) Limited completed its first full trading year as a manufacturer in what has been described as the worst sales year since the 1960s. Despite this, Sigma improved its penetration in the passenger car market to over 14 per cent in December 1977 giving an overall market share for 12 months of 11 per cent. Sigma also improved its position in the light commercial market and increased its market share there from 8,9 per cent in 1976 to just over 11 per cent. Despite the Automotive Division's performance being better than expected, Sigma's overall loss was higher than anticipated at the time of the merger negotiations, mainly because the cutback in Government expenditure weakened the market in which the Equipment and Truck Division operates. This division has been re-organised and results are expected to improve significantly in 1978. With the introduction of two award-winning cars, the Colt Galant and Mazda 323, Sigma is in a sound position to improve its market share and to maintain its position as a major force in the motor industry.

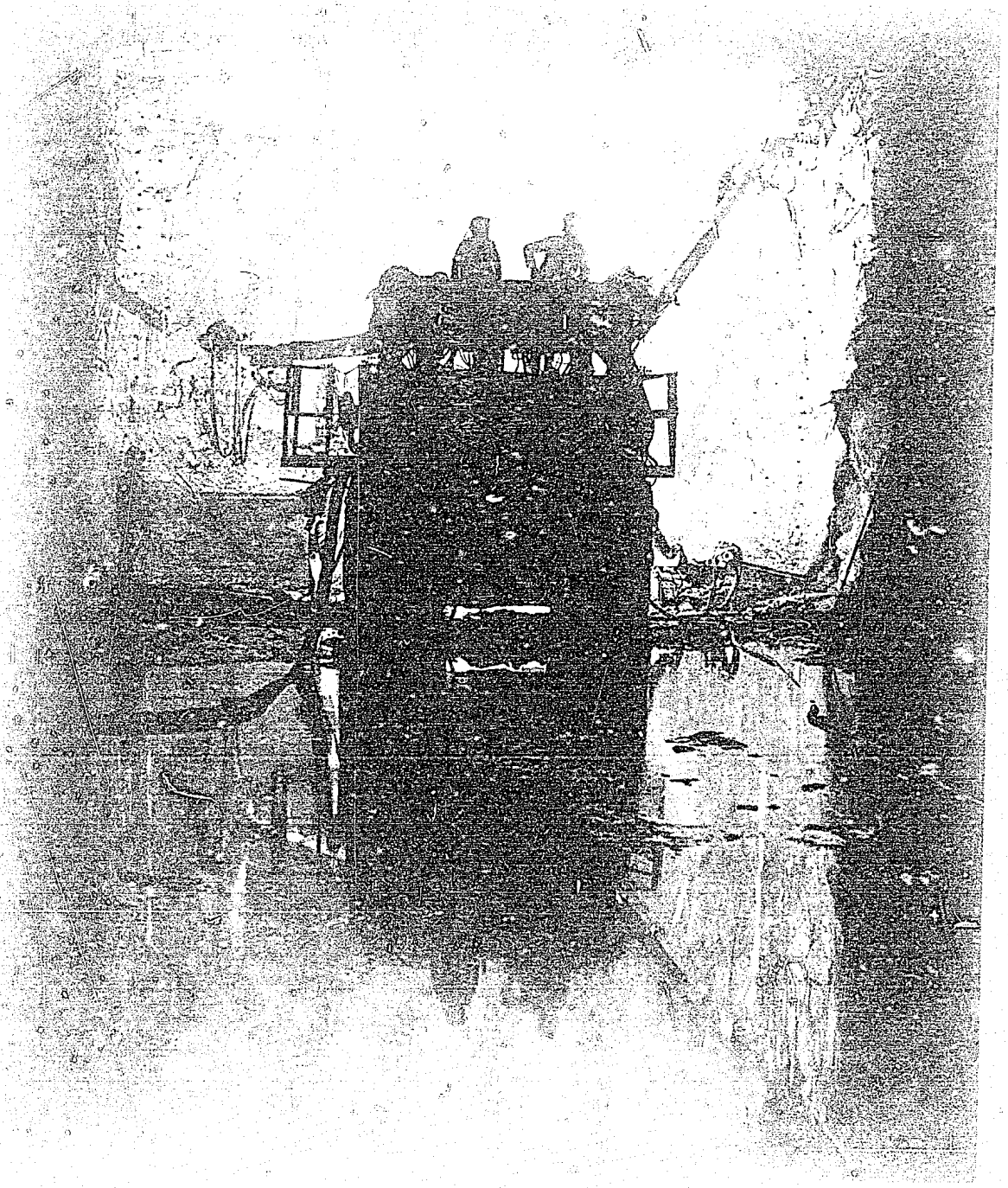
McCarthy Group Limited is the largest retail motor organisation in South Africa, comprising various companies marketing particular vehicle franchises for specific areas. The group's unit sales of new passenger cars and commercial vehicles declined by 30 per cent for the year ended June 30 1977 yet represented 12,1 per cent of total sales in the Republic. Highly competitive trading conditions reduced gross profit margins and this, together with the drop in unit volume, was largely responsible for the decline of R2,3 million in net equity earnings to R1,6 million for the year.

The activities of the Freight Services Holdings Limited group include clearing and forwarding, buying and confirming, ships agency and the servicing of ships, a comprehensive travel service and many ancillary services related to moving goods and people, both nationally and internationally. As anticipated, the downturn in imports continued during 1977, but by reacting timeously to market and economic conditions the group increased net earnings to R4,6 million. The group's interest in South African Container Depots (Proprietary) Limited, which operates the sole customs enfranchised container handling depot in South Africa, is expected to contribute considerably to 1978 earnings.

CHEMICALS AND EXPLOSIVES

AECI Limited achieved an increase in group sales of R157,8 million in 1977, or 36,5 per cent, to R590,2 million, while net equity earnings rose by 18,5 per cent to R37,2 million. The results of South African Nylon Spinners (Proprietary) Limited, which became a wholly owned subsidiary on January 1 1977, are included in the above figures for the first time. The higher profits were largely the result of the greatly improved performance, particularly in the second half of the year, of the company's coal-based ammonia plant at Modderfontein where, following the resolution of technical problems, output and efficiencies rose significantly. The total volume of sales in the Republic of South Africa was only slightly higher in 1977 than in 1976, but the level of business activity improved in most sectors of the company's operations during the second half of the year. The R230-million Coalplex project, a joint venture undertaking in which AECI has a 60 per cent interest and Sentrachem Limited 40 per cent, was commissioned during 1977. The plant is producing polyvinyl chloride (PVC), carbide, acetylene, chlorine and caustic soda. The production cost of PVC compares favourably with the cost of producing this material from imported oil. Notwithstanding the lower than expected demand for Coalplex products as a result of depressed conditions in the South African economy, the project, which is based on coal, has exceptional long-term potential.

The Chemical Holdings Limited group manufactures and markets a wide range of formulated and other chemicals for industrial



[illegible] Brett Giles, an associate of Vereeniging Refractories, [illegible] for an example [illegible] [illegible] development project near Cape Town

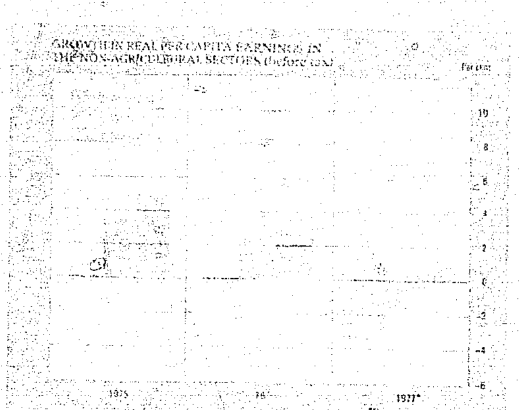
applications. In the year to June 30 1977 turnover rose by 36 per cent to R30,6 million, while earnings, in the face of sharply increased competition, increased by 14,7 per cent to R1,1 million. Dividends increased by 1,5 cents to 18 cents a share.

FOOD

After two seasons of lower production the 1977 South African maize crop [illegible] with [illegible] [illegible] the year to April 1978 [illegible] million tons in 1977.

[illegible] benefited from improved climatic conditions and [illegible] its biggest crop with consolidated [illegible] the year to September 30 1977 [illegible] The results of the [illegible] division also improved, particularly [illegible] which is very [illegible] throughout this period. [illegible] significantly the scope of its operations to include fresh vegetables and fruit and improved its profit potential through the acquisition of [illegible] Food [illegible]

[illegible] Products Limited, in which the Group has a significant minority interest, is the largest processor of maize for industrial purposes in South Africa, producing starches, glucose and various [illegible] at Germiston and Meyerton in the Transvaal and at Bellville in the Cape. In the year to September 30 1977 earnings rose by 28 per cent to R[illegible] million and dividends were increased by 19 per cent to [illegible] cents a share.



The Tongaat Group Limited's net equity earnings for the year ended March 31 1977 were R10,2 million, an increase of 20,7 per cent over the previous year. This eighth consecutive profit increase was a considerable achievement in the face of difficult trading conditions in most of the sectors in which that group operates. Despite record production and recoveries the sugar division's net contribution was lower, as was that of the building materials division, while the foods and feeds division and the textile division again increased profits. The new International Sugar Agreement which came into force on January 1 1978 is not particularly favourable for South Africa, but the industry welcomes the greater stability it will afford.

OK Foods Limited, which conducts an extensive meat and dairy products business in the Republic and in Swaziland, again made record profits during the year ended February 28 1977. Earnings per share rose from 124,9 cents to 193,6 cents, while dividends were increased from 44 cents to 56 cents. It is anticipated that the results for the subsequent financial year will show a further improvement, with prospects of increasing exports from Swaziland particularly hopeful.

As expected, the 1977 season was beset with difficulties for RFF Limited and other growers and processors of deciduous fruit in the western Cape. Excessive rains and a highly unseasonal lack of sunshine reduced the size and quality of peach and pear crops, and because of the depressed state of principal export markets, selling prices did not increase. Margins were further reduced by a continuing escalation in operating costs. The unfavourable weather also affected the grape crop and the company's new winery suffered from teething problems which, however, have now been resolved. Fortunately the international market for pure fruit juice concentrates was exceptionally strong. Although the juice plant made a significant contribution to income, RFF incurred a loss of R186 000 in the year to September 30 1977.

In Moçambique, the two cashew processing companies administered by the Group, Mocita S.A.R.L. and its subsidiary Antenes S.A.R.L., had a successful year in 1977. Despite severe shortages of power, packing and raw materials and despite yields and quality remaining below pre-1974 levels, the two companies earned profits equivalent to R1,6 million, but were unable to resume dividend payments in view of continuing exchange control regulations.

SUNDRY

Industex (Proprietary) Limited manufactures various industrial textiles for the tyre, rubber and other industries, and spins cotton and synthetic yarns. As a result of the economic recession in general, and in the motor industry in particular, there was a substantial decline in demand for the company's products including those of its subsidiary, Union Cotton Mills (Proprietary) Limited, which operates a yarn dyeing and weaving plant. In consequence, consolidated net earnings for the year ended June 30 1977 declined by 25 per cent to R1,5 million.

Computer Sciences (Proprietary) Limited, a leading supplier of computer services and equipment to the South African data processing market, improved its earnings in 1977. Increased recognition of



Despite a general setback in the accommodation sector of South Africa, the Anglo American Corporation's Sheraton Hotel in Durban, which was completed during 1977, is showing satisfactory progress.

Computer Sciences as a marketing company, resulting from a higher level of customer service and a strong emphasis on staff development, contributed to the year's results, and the company has become a major force in the computer products and services industry.

Amcoscor Computer Services (Proprietary) Limited, a wholly-owned subsidiary of the Corporation, provides computer consultancy services to the Group and its associated companies.

Further details of the principal industrial and commercial companies within the Anglo American Corporation Group and those in which the Group holds a significant interest are given on page 95 to 103.

Property

Carlton Centre improves profit

The Group's property interests managed by Anglo American Property Services (Proprietary) Limited include retail chain shop and office complexes, suburban shopping centres and residential, commercial and industrial township land. The investments are held mainly through Anglo American Properties Limited (Amaprop), the property-owning subsidiaries of the African Life Assurance Society Limited, including Sage Limited, Anglo American Coal Corporation Limited, South African Townships Mining and Finance Corporation Limited, Creative Homes Limited, Rentsworth Centre (Proprietary) Limited, Marine Centre Limited and Carlton Centre Limited.

Amaprop reported a loss for the 12 months ended March 31 1978 of R953 000 compared with a loss of R206 000 the previous year. This increased loss is largely because of a R475 000 reduction in dividends received from Sovereign Property Investments Limited, the owners of Prospecton Industrial Township. Demand for industrial township land is at a low ebb and any improvement will depend on a general upturn in the economy. Land sales at the Marina da Gama development in Muizenberg, Cape Town, have increased over the previous year with the prospect of further sales in the current year. The wholly-owned Cabana Beach resort hotel maintained its earnings in a difficult trading market.

The Group and associates have a 50 per cent interest in Carlton Centre Limited which owns and operates the Carlton Centre, comprising a 52-storey office tower, the 30-storey Carlton Hotel, a major shopping centre, covered parking for 2 000 cars and an ice rink. Carlton Centre Limited made an after-tax profit for the year ended June 30 1977 of R9 2 million – including a R7 1 000 profit on the repurchase of its debentures – compared with R782 000 for the previous year, and for the six months ended December 31 1977 earnings amounted to R1,4 million, including a profit of R617 000 realised on the purchase of additional debentures.

The net earnings of Sorec Limited for the 18 months ended March 31 1978 amounted to R1,2 million compared with R2 million for the 15 months ended September 30 1976. In view of the company's overall financial position no dividend has been declared for the 18 months. Sorec has now concluded its extensive building programme, started in 1969, with the completion of Life Centre in the new Stock Exchange area, Total House in Bloemfontein and the remodelled and expanded Killarney Mall, all in Johannesburg, and Shell House in Cape Town. During the period under review Wesbank House was sold and arrangements between Sanlam and the Sorec group in relation to the Sanso group of companies were terminated.

Although the shop and office markets in all major centres in South Africa are heavily oversupplied, 96 per cent of the 210 775 square metres of shops and 84 per cent of the 380 291 square metres of offices managed by Anglo American Property Services for the Group, were let at competitive rentals, with reasonable rental growth assured through the negotiation of satisfactory escalation rates for all leases concluded.

In the short term the property groups will not reflect substantial increases in profits as long as interest rates remain high, rentals and land selling prices continue to be eroded, surplus space is available in all areas of the market, and costs continue to rise.

Further details of the principal property companies administered within the Anglo American Corporation Group and those in which the Group holds a significant interest are given on page 100.

Exploration and research

Emphasis on search for uranium continues

Exploration for a wide range of base metals and uranium continued in South Africa, South West Africa/Namibia and in many other parts of the world, with a significant proportion of total prospecting expenditure in southern Africa devoted to the search for uranium.

Results from an investigation of a secondary uranium deposit in the north-western Cape have been encouraging and further drilling and metallurgical work is proceeding, while in the Karoo the joint investigation for uranium with Empresa Nacional del Uranio S.A., the Spanish nuclear fuel company, continues. In the Namib Desert, near Swakopmund, South West Africa/Namibia, large but low-grade secondary uranium deposits are being examined in conjunction with Minatome, Ouranamines and Union Corporation Limited.

Several base metal prospects were examined and drilled at a number of places in the Transvaal, Cape Province and South West Africa/Namibia. Initial indications in some cases have been sufficiently promising to warrant further examination and a new copper/lead/zinc discovery in southern South West Africa/Namibia is of particular interest.

In June 1977 the Corporation entered into an agreement with Newmont Mining Corporation and O'okiep Copper Company Limited to acquire a 45 per cent interest in the Gamsberg zinc-lead deposit. As a result of a feasibility study, the partners decided not to develop the

Prospect drilling for gold south of the Canavieiras mine at Jacobina in the state of Bahia, Brazil

property immediately before the unfavourable zinc market. It was decided, however, to continue geological and metallurgical work on the deposit pending an improvement in the market.

In addition to exploration by the gold mining companies within mining lease areas, drilling continued on adjacent properties and elsewhere. In the Tribute Bankbaarbeid block adjoining Free State Saaiplaas, the drilling programme is virtually complete and has yielded interesting results which will be assessed during 1978. Significant uranium and gold values are still being obtained in various reefs south of the Orange Free State goldfields, but further drilling will have to be undertaken to judge more clearly the potential of the area. In general the results of drilling south and south west of the Vaal Reefs mine have been disappointing. Exploration for uranium north of Klerksdorp has yielded sufficiently favourable indications to warrant continuing with the current programme. Drilling is to resume in a block south of the Western Areas mine where encouraging values were obtained during 1976. Prospecting in other areas has so far failed to disclose any significant results.

The coal exploration programme over the past decade has resulted in the Group attaining an extremely strong position in coal reserve holdings. During this period rights to about 2,5 billion additional tons of mine bars in large viable coalfields have been purchased, while the forward exploration programme aims to acquire rights to a further three billion tons, much of which is already partly proven and held under option by Group companies. Together with historically-held coalfields, total reserves of the Group should exceed nine billion tons by 1981. The main emphasis during the year continued to be on the further consolidation of Group holdings in previously discovered eastern Transvaal coalfields as well as an expansion into new areas in the south east of the province. The programme involved the acquisition of coal rights, ongoing drilling and reserve evaluations. Exploration has also been carried out on behalf of the coal mining companies in which mining areas in Natal are such has been for further high-grade steaming coal reserves.

The Group has maintained its exploration activities beyond Southern Africa. Australian Anglo American Limited was active in Australia, Papua New Guinea, New Zealand and Fiji. In the Kimberley district of Western Australia extensions to the Sally Malay nickel and copper deposit are being sought as well as additional mineral zones in the area. Other prospects are being investigated in Tasmania, mainland Australia and in New Zealand. During 1977 Consolidated Zinc Rio Tinto Australia Limited (CRA) joined the Amax Australian Anglo American, Preussag joint venture which is investigating the Namosi porphyry copper deposit in Fiji. A drilling programme using reverse circulation equipment was carried out during the year, with encouraging results. Early in 1978 Preussag and CRA exercised their option to earn their respective interests in the joint venture and a second phase of work, which includes metallurgical and engineering investigations, has started. Other exploration through Anglo Pacific Exploration in Fiji located base metal mineralisation which is being further investigated.

In Brazil, Anglo American Corporation do Brasil Limitada (Ambras) is conducting substantial exploration for gold and base metals through Unigeo Geologia e Mineração S.A. This company is also continuing with feasibility studies of the Jacobina auriferous conglomerates in the state of Bahia. Although substantial tonnages of gold ore have been identified it is not yet possible to determine whether these low- to medium-grade reserves can be economically mined at prospective gold prices, and the extent of indicated higher grade tonnages is now being investigated.

Charter Consolidated Limited has continued prospecting programmes in Ireland, Spain and France, mainly for base metal and tungsten minerals, in the U.K. North Sea, a group of companies in which Charter has slightly more than an eight per cent interest, has been awarded a fifth round licence over two adjacent blocks in the Moray Firth region. One block has also been retained from the fourth round licence held by a group in which Charter has a 25 per cent interest. Charter also participates in the exploration programmes of Australian Anglo American and Ambras.

Joint exploration in Canada between Anglo American Corporation of Canada Limited and Hudson Bay Exploration and Development Company Limited continued in British Columbia, Yukon, Ontario, Quebec and in certain uranium-prospect areas in Saskatchewan. Hudson Bay Exploration explored for its own account in Manitoba, Saskatchewan and in the south western United States.

Trend Exploration Limited continued oil exploration in Indonesia and in the United States. Canadian Merrill Limited participated in active drilling both in Canada and in the United States. Francana Oil and Gas Limited was involved in drilling in Canada and a discovery was made of heavy oil and gas in the Tangleflags field in west-central Saskatchewan.

RESEARCH

The Anglo American Research Laboratories in 1977 again concentrated on gold and uranium recovery and significant programmes were continued or initiated on various aspects of the Joint Metallurgical Scheme (JMS) in the Orange Free State and Far East Rand. A considerable amount of work was also done on amenability and feasibility testing of Afrikander Lease ores. In the field of uranium extraction, substantial work has also been carried out on non-Witwatersrand series ores. In all cases the amenability of these to one or more of the wide range of extraction processes developed over the years has been demonstrated. Attention has also been paid to large-scale plant testing of the use of activated carbon in gold and uranium circuits with considerable success, particularly for gold recovery. The Corporation holds certain relevant patents and arrangements are in hand for the manufacture of the carbon materials through The Natal Tanning Extract Company Limited.

Further progress has been made in the production process of super-grade magnesium oxide and patent protection has been obtained. Advantages include the ability to process low-grade materials as well as to provide substantially improved environmental conditions compared with other processes in use. Some work has been carried out on the extraction of metal values from undersea manganese nodules

and also on the recovery of tungsten from low-grade ores. A number of other base metal testing programmes has continued, particularly on southern African ores, with work also being undertaken for overseas mines, including those in Australia, Brazil and North America. This is in addition to the continuing effort on behalf of our operations in Rhodesia and in Botswana.

As was to be expected, some problems occurred in the Electronics Laboratory fire detection systems after long-term exposure to operating conditions. These were rectified and should not recur. A new development being studied is the use of the Becon Mark II detector for dust monitoring.

The techniques of telemetering, developed for use with the fire detectors, are now being extended to other mining activities where rapid and accurate monitoring and transmission of information is essential to enable corrective action to be taken. Areas where progress has been made include fans, underground chilled water control, machine water circuits, and underground pumps. Work is continuing in conjunction with the Council for Scientific and Industrial Research and AECI Limited on the development of controlled sequential blasting devices which, if successful, would result in a significant improvement in productivity.

Perhaps the most important development during the year has been the improvement and standardisation of maximum demand controlling units now being used, not only in our mines, but in industries as well. With the rapid increase in the price of power, much is partly based upon maximum demand, the limitation or smoothing of this demand without adversely affecting operations is of considerable economic importance, and success is being achieved in this field.

In the mining field, collaboration, particularly with the Chamber of Mines, is continuing while the Group's mining research facilities have continued their efforts to solve particular mine problems. Raise boring, a major development activity in previous years, has now become a fully operational production process.

Preliminary research indicated the economic feasibility of waste stowing in mined-out stopes. It is possible that this may prove to be the most promising method of counteracting problems arising from ever-increasing depth and lateral spread of worked-out areas as mining proceeds. The only alternative to minimise the increasing pressures would be to leave substantial areas unmined, which would adversely affect operations. During the year waste filling has been proved to be technically feasible, but severe wear of components has been experienced and this will have to be considerably reduced to improve the economics of the process. Another method using hydraulic back-filling with fine tailings residues has also been demonstrated on a small scale and intermediate scale testing has started underground. Effective use of either one or both of these techniques would have a major impact on stoping operations as well as substantially improving the underground environment.

The use of continuous miners for the mining of coal increased during the year. Associated research on optimising and modifying the design of these machines for local conditions continued at the Chamber of Mines. Progress was made in the research programme on the disposal of ash into previously mined areas. It is now apparent that these methods will allow the mining of limited additional tonnages of coal in thick seam conditions where previous mining only extracted part of the seam.

The development of a circuit to beneficiate the −0,5mm fraction of raw coal at the Landau and Bank collieries is in progress. This work, which includes the experimental treatment of material at a pilot circuit erected at the Fuel Research Institute, may ultimately allow the recovery of additional low-ash coal at these two collieries.

Further details of the principal prospecting companies administered within the Anglo American Corporation Group are given on page 102.

June 1978

Annual financial statements

for the fifteen months ended March 31 1978



The annual financial statements which appear on pages 46 to 74 were approved by the board of directors on June 23 1978 and are signed on its behalf.

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Directors:
H F Oppenheimer
Keith Acutt
G W H Relly

J T Goldfinch, *Managing Secretary*
G C Leeman, *Chief Accountant*

Auditors' report

To the members,
Anglo American Corporation of South Africa Limited

We have examined the annual financial statements and group annual financial statements set out on pages 46 to 71.

In our opinion, based on our examination and the reports of the auditors of those subsidiaries not audited by us, the financial statements fairly present, in the manner required by the Companies Act, the financial position of the Corporation and of the Group at March 31 1978 and the results of their operations for the fifteen months ended on that date.

ERNST & WHINNEY, AITKEN & CARTER
GOLDBY, COMPTON & MACKELVIE Chartered Accountants (S.A.)

Johannesburg
June 23 1978

Directors' report

The directors have pleasure in submitting the annual financial statements of the Corporation, together with the consolidated annual financial statements of the Corporation and its subsidiaries. In terms of the merger arrangements with the Rand Selection Corporation Limited (Rand Selection) group, the financial year ends of both groups were changed to March 31. The financial statements accordingly cover the fifteen months from January 1 1977 to March 31 1978.

MERGER WITH RAND SELECTION

The merger arrangements provided for Rand Selection to become a wholly-owned subsidiary of the Corporation by the cancellation of the Rand Selection ordinary shares held by shareholders other than the Corporation and its subsidiaries and the issue to such shareholders of 20c ordinary shares in the Corporation for every 100 Rand Selection shares held.

A prerequisite for the merger was that Rand Selection would make a rights offer to raise R84 500 000 to repay its short-term borrowings from the Corporation and to provide for envisaged commitments. Accordingly 10 562 538 Rand Selection ordinary shares of 50 cents each were offered at a price of 800 cents a share to Rand Selection shareholders in the ratio of 25 new shares for every 100 shares held. The rights offer was so arranged that subscribers for Rand Selection shares received fully-paid ordinary shares in the Corporation in the ratio of the merger terms stated above. Subscriptions were received for approximately 52 per cent of the shares offered and the balance was taken up by De Beers Consolidated Mines Limited which underwrote the offer.

Members were informed in a press announcement published on May 4 1977 that the Supreme Court of South Africa had granted an Order on May 3 1977 confirming the reduction of the capital of Rand Selection to give effect to the merger of the Corporation with Rand Selection.

CONSOLIDATED FINANCIAL STATEMENTS

The comments that follow relate to the consolidated balance sheet and the consolidated income statement of the Corporation and its subsidiaries. The results of Rand Selection and its subsidiaries and other companies which, by virtue of the merger also became subsidiaries, are included in these financial statements from January 1 1977, that being the effective date of the merger with Rand Selection. Accordingly the figures in the financial statements are not comparable.

CAPITAL

At January 1 1977 the authorised capital was R20 000 000 in 140 000 000 ordinary shares of 10 cents each, 1 241 250 six per cent cumulative preference shares of R1 each, and R4 758 750 six per cent cumulative preferred stock. In terms of a special resolution registered on May 9 1977, the authorised capital was increased from R20 000 000 to R50 000 000 by the creation of 100 000 000 new ordinary shares of 10 cents each.

At January 1 1977 the issued capital was R17 931 280 consisting of

131 725 300 ordinary shares of 10 cents each, fully paid and R4 758 750 six per cent cumulative preferred stock.

In consideration for the cancellation of their 34 909 828 shares in Rand Selection 69 089 656 ordinary shares in the Corporation were issued to the former shareholders in Rand Selection, other than the Corporation and its subsidiaries, and 21 125 076 of the Corporation's ordinary shares, credited as fully paid, were issued to the subscribers to the Rand Selection rights offer.

In terms of the share incentive scheme 114 500 ordinary shares were issued at ruling market prices to senior employees including directors holding salaried employment. At March 31 1978 there remained a balance of 387 500 shares available for issue in terms of the share incentive scheme.

A further 46 000 options to ordinary shares, held by senior members of staff, lapsed during the fifteen months under review, leaving a balance of 463 800 options outstanding at March 31 1978. No options have lapsed or been exercised since March 31 1978.

At March 31 1978 the issued capital was R27 055 203 consisting of:

222 961 532 ordinary shares of 10 cents each, fully paid, and

R4 758 750 six per cent cumulative preferred stock.

On March 31 1978 the Corporation announced that it proposed to raise R40 million at 10,5 per cent by means of a private placing of cumulative redeemable preference shares having an average life of eight years, for the purpose of financing ongoing commitments. Details of this issue were contained in a circular to members dated June 1 1978 convening a general meeting of the Corporation which was held on June 23 1978. At that meeting members approved resolutions in terms of which the Corporation's unissued preference share capital of R1 241 250 in shares of R1 each was sub-divided into 49 650 000 redeemable cumulative preference shares of 2,5 cents each and placed under the control of the directors; the Articles of Association were amended to redesignate the cumulative preference shares as redeemable cumulative preference shares, and provision was made for the dividend rate and terms of redemption of the preference shares to be determined by the directors or by the Corporation in general meeting at the time of issue. It is intended to issue 40 000 000 of these preference shares on July 1 1978 at a premium of 97,5 cents a share, which will mean that the Corporation's issued capital will increase by R1 million and share premium by R39 million. It is not intended to seek a stock exchange listing for these shares which it is anticipated will be redeemed in four equal half-yearly instalments commencing on July 1 1985. The remaining 9 650 000 preference shares will be held in reserve.

Of the 17 035 468 ordinary shares which were unissued at March 31 1978, specific authority has been granted to the directors to allot and issue up to 851 300 shares in respect of the share option and share incentive schemes and 2 451 914 shares in substitution for ordinary shares in Rand Selection arising on conversion of bonds of US$1 000 each representing the Rand Selection US$20 167 000 six-and-a-half per cent convertible loan 1986. The balance of 13 732 254 unissued ordinary shares together with the 9 650 000 unissued redeemable cumulative preference shares are the subject of general authorities granted to the directors in terms of section 221(3) of the Companies Act, 1973, as amended. These general authorities remain valid only until the next annual general meeting which is to be held on August 18 1978, and members will be asked at that meeting to consider an ordinary resolution placing the remaining unissued ordinary and preference shares under the control of the directors. The full text of the proposed resolution is set out in the notice convening the annual general meeting.

RAND SELECTION US$20 167 000 SIX-AND-A-HALF PER CENT CONVERTIBLE LOAN 1986

In February 1971 Rand Selection raised a six-and-a-half per cent US$30 000 000 (R21 288 000) loan represented by 30 000 bearer bonds of US$1 000 each. Prior to the merger with Rand Selection, bondholders had the right at any time until January 31 1986 to convert their bonds into ordinary shares in the capital of Rand Selection at a price of R11,75 a share calculated at a fixed exchange rate of R1 to US$1,40. As part of the merger arrangements bondholders agreed to the modification of the conversion rights attaching to their bonds, so that the bonds are now convertible into ordinary shares in the Corporation instead of shares in Rand Selection, at a price of R5,875 a share calculated at the same fixed exchange rate of R1 to US$1,40. There were no bond conversions during or subsequent to the fifteen-month accounting period and there were accordingly 20 167 bonds outstanding at the date of this report. To satisfy the conversion rights in respect of these unconverted bonds, 2 451 914 of the Corporation's ordinary shares are being held in reserve.

SHARE PREMIUM

At January 1 1977 the share premium account stood at R202 000. In May 1977 91 124 732 shares were issued at a premium of R267 907 000 in respect of the merger with Rand Selection. This increased the share premium account to R268 109 000. In terms of a special resolution passed by members on April 25 1977 and an Order of the Supreme Court of South Africa, both of which were registered by the Registrar of Companies on May 9 1977, the share premium account was eliminated by the transfer of R268 109 000 to non-distributable reserve. Since then 114 500 incentive scheme shares mentioned above have been issued at ruling market prices. The resulting premium was applied in writing off share issue expenses amounting to R470 000. On the issue of the 40 million cumulative redeemable preference shares on July 1 1978 a premium of R39 million will accrue to the Corporation.

INVESTMENTS

During the fifteen months under review the book value of the general investments held by the Corporation and its subsidiaries increased by R309 887 000 to R835 575 000, of which listed investments increased by R362 770 000 and unlisted investments increased by R7 117 000. The market value of listed general investments at March 31 1978 was R1 096 751 000 and exceeded the book value by R1 282 952 000 compared with an excess of R523 212 000 at the end of 1976. The

[illegible] was valued at 12 [illegible] per cent above the [illegible] of R121 [illegible] compared with a valuation last year [illegible] per cent above the then book value. The substantial [illegible] arising from the [illegible] with Rand [illegible]

SUBSIDIARY COMPANIES

Details of subsidiary companies in which the Corporation has a direct [illegible] interest are given on pages 21 to 30. Particulars of special [illegible] passed by these companies during the period under review [illegible] on page 31 of this report.

PROFITS AND APPROPRIATIONS

The [illegible] of the group [illegible] is higher in the quarter to March 31, each year, the results for the three months under review, which include two March quarters, are enhanced accordingly. No [illegible] accrued to the Group from the life insurance operation during the three months ended March 31 1978. The Group's profit after [illegible] for the period was R21 691 000 (1976: R8 918 000) and is dealt with as follows:

	15 Months ended March 31 1978	12 Months ended December 31 1976
	R'000	R'000
[illegible] profit after taxation	21 691	8 918
[illegible] attributable to minority shareholders in [illegible] subsidiaries	46 329	2 940
[illegible] attributable to Corporation	226	286
Balance attributable to ordinary shareholders		
Before extraordinary item	595 038	55 092
[illegible]	(9 985)	(331)
[illegible]	595	33
Dividends	29 132	13 465
Retained profit before extraordinary item	06 935	42 527
[illegible]	33 [illegible]	20 000
Retained profit after extraordinary item	62 941	22 527
Retained profit December 31 1976	16 [illegible]	16 884
[illegible]		
[illegible]	15 [illegible]	[illegible]
[illegible]	31 [illegible]	16 884
[illegible]	[illegible]	[illegible]
[illegible]	31 [illegible]	[illegible]
	50 111	16 930
	93 [illegible]	30 477
	[illegible]	33 [illegible]
Retained profit at March 31 1978	17 [illegible]	16 [illegible]

Taxation

The Secretary for Inland Revenue has changed the previous practice, employed over many years, in respect of certain expenditure claimed as a deduction for tax in the financial year 1976. The Group unappropriated profit brought forward from 1976 has been adjusted by R1 [illegible] being the additional tax incurred. Objection to the assessment raised by the tax authorities is being lodged and payment of the additional tax has been made under protest.

Taxation for the period to March 31 1978, has been provided on the assumption that the revised basis of assessment will be applied. However, it is intended that an objection will be lodged.

Extraordinary item

Due to the unsettled political conditions in Central Africa, together with the economic difficulties experienced by Zaire and the low copper price, it was not possible to conclude satisfactory financing arrangements for the Société Minière de Tenke-Fungurume (SMTF) copper project in Zaire and work was therefore suspended in January 1976. The Corporation and Rand Selection in 1976 consequently made provisions of R20 000 000 and R10 000 000 respectively against the value of their investments in SMTF. During 1977 the copper price remained depressed and it was not possible to raise finance on satisfactory terms for this project. A further provision of R10 363 000 has therefore been made against the Group's investment in SMTF, so that the book value has been provided against in full.

As reported in the Directors' review last year, proposals were being considered by the principal shareholders, the Botswana Government, and the principal project lenders for the financial restructuring of Botswana RST Limited (BRST) and its 85 per cent subsidiary BCL Limited (BCL) which operates the copper-nickel mine at Selebi-Phikwe in Botswana. The Corporation and its subsidiaries have a 12 per cent interest in BRST as well as an obligation to provide a net 20,2 per cent of the finances required to meet certain completion undertakings given to lenders to BCL. The restructuring arrangements were concluded on March 16, 1978. Further details of these arrangements are given in the Directors' review on page 11. The need for restructuring arose, inter alia, from the technical completion requirements under the original financing arrangements for the project and the restructuring involves significant changes in these arrangements to meet the requirements of the principal project lenders and those of the Botswana Government. In these circumstances, and as reflected in the second interim report of the Corporation published on February 23 1978, the directors have considered it prudent to provide in full as an extraordinary charge R25 907 000 against the Group's investment in BRST as at March 31 1978.

Consequent upon the restructuring arrangements the completion undertakings in respect of phase one of the project have been met. Work is progressing on phase two, which, on its completion, will enable the remaining undertakings to be met. It is considered that further capital invested in terms of the restructuring arrangements will be recovered over the medium-term and also that there is a reasonable prospect of achieving a reasonable return on that investment.

DIVIDENDS

[illegible] paid on May 8 a final dividend for 1977 of 12 cents per share (1976: 8 cents) making a total for the year of 17 cents per share (1976: 12 cents) and a final dividend for 1977 of [illegible] cents per share (1976: 2 cents) are declared on June 5 1978, making [illegible] for the fifteen months ended March 31 1978 of 45.5 cents per share (1976: 33 cents). Dividends at three per cent were declared on the SIX per cent preferred stock on June 2 and December 1 [illegible].

FINANCIAL STATISTICS

Financial statistics for the 10 years 1968 [illegible] 78 appear on page 74.

DIRECTORATE

On May 26 1977 Mr C. W. H. Relly was appointed joint Deputy Chairman of the Corporation. In addition the following changes occurred in the composition of the board of directors:

Appointments

J A Holmes (January 9 1978)

D F Hoile

(Alt to G W H Relly) May 25 1977

R S Bullen

(Alt to J A Holmes) May 18 1978

D L G Murray

(Alt to N P Oppenheimer) May 10 1978

J D Tapling

(Alt to Sir Albert Robinson) May 19 1978

Retired

J Spira, M.C.

(Alt: D F Hoile) May 18 1977

Mr J A Holmes, who was appointed a director during the period under review, retires in terms of the Corporation's Articles of Association at the forthcoming annual general meeting. In addition Messrs W G Bouwer, D A Etheredge, C J L Griffith, G Langton, H F Oppenheimer, G W H Relly, W D Wilson and Sir Albert Robinson, retire by rotation. All the retiring directors are eligible for re-election.

Details of the beneficial and non-beneficial interests of the directors in the issued ordinary share capital of the Corporation at March 31 1978 appearing in the register of the interests of the directors in the shares of the Corporation, are given on page 103 of this report. There have been no changes in these interests between March 31 1978 and the date of this report. There are no service contracts granted by the Corporation or any of its subsidiaries to any directors of the Corporation.

Consolidated balance sheet

AS AT 31 MARCH 1978 OF SANLAM INSURANCE CORPORATION OF SOUTH AFRICA LIMITED AND ITS SUBSIDIARY COMPANIES

	Note	31.3.78 R000's	31.12.76 R000's
Capital and reserves			
Ordinary shares	2	22 296	13 172
Share premium	3	—	202
Non-distributable reserves	4	365 819	89 214
Distributable reserves	5	470 204	367 104
Ordinary shareholders' equity		858 319	469 692
Preferred stock	2	4 759	4 759
		863 078	474 451
Loan capital	6	109 541	60 038
Life assurance funds	7	926 767	—
Outside shareholders' interests in subsidiary companies	8	92 231	63 008
Loans – associated companies and others	9	419 139	287 050
Deferred taxation		2 220	—
Creditors			
Creditors for taxation and provisions		62 651	20 933
Shareholders for dividends		55 741	33 074
Bank overdrafts	9	11 268	—
		129 660	54 007
		2 129 636	938 554
Represented by			
Investments			
General investments, at cost less amounts written off and provision:			
Listed – market value R1 996 731 000 (1976: R534 221 000)		713 779	411 009
Unlisted – directors' valuation R272 296 000 (1976: R168 059 000)		121 796	114 679
		835 575	525 688
Life assurance investments	10	572 057	—
		1 407 632	525 688
Fixed assets	11	40 178	8 453
Leasing assets	9 & 12	10 401	—
Instalment debtors less deferred income	9	17 030	—
Loans – associated companies and others less provision		210 446	291 858
Goodwill		—	8 380
Other assets			
Stocks, stores and work in progress	13	8 208	—
Debtors		100 610	33 194
Cash or deposits at call and short notice		335 101	67 981
		443 949	101 175
		2 129 636	938 554

Consolidated income statement

FOR THE FIFTEEN MONTHS ENDED MARCH 31 1978

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED AND ITS SUBSIDIARY COMPANIES

	Notes	15 months to 31.3.78 R000's	Year ended 31.12.76 R000's
Investment income – general investments	15	213 179	87 481
Income from interest, fees and other sources after deducting administration expenses		85 859	49 736
Trading profits		9 643	—
Surplus on realisation of general investments		18 103	2 001
		326 784	138 918
Interest paid:			
Loan capital		10 171	2 946
Loans by associated companies and others		30 239	22 906
		40 410	25 852
Expenditure on office, research and transport equipment		2 592	1 886
Contributions to staff pension funds		4 921	2 768
Cuts of prospecting		15 183	9 497
Provision against investments		5 000	2 300
Provision against loans		—	2 750
		68 106	45 053
Group profit before taxation		258 678	93 865
Taxation	17	17 027	4 647
Group profit after taxation	18	241 651	89 218
Outside shareholders' interests in profits of subsidiary companies		46 329	2 940
Preferred stock dividends	21	286	286
Earnings attributable to ordinary shareholders before extraordinary item		195 036	85 992
Per share 89,9 cents (1976 65,3 cents)	20		
Net loss arising from changes in exchange rates		(595)	(33)
Transfer from currency reserve		595	33
Ordinary dividends	21	99 132	43 465
Retained profit before extraordinary item		95 904	42 527
Extraordinary item	22	33 463	20 000
Retained profit after extraordinary item		62 441	22 527
Unappropriated profit brought forward		15 976	16 884
Retained profits of subsidiaries acquired during the period attributable to the Corporation's former interest in them		15 741	—
		31 720	16 884
Adjustment thereto arising from changes in exchange rates		(311)	65
Adjustment in respect of previous year's taxation	17	(6 298)	(3
		30 111	16 9
		92 552	39 4
Transfers to reserves:			
Non-distributable reserve	4	5 106	22
General reserve	5	69 919	23 479
		75 025	23 501
Unappropriated profit March 31 1978		17 527	15 976

Balance sheet

AT MARCH 31 1978

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

	Notes	31.3.78 R000's	31.12.76 R000's
Capital and reserves			
Ordinary shares	2	22 296	13 172
Share premium	3	—	202
Non-distributable reserve	4	351 938	84 148
Distributable reserves	5	207 767	207 930
Ordinary shareholders' equity		582 001	305 452
Preferred stock	5	4 759	4 759
		586 760	310 211
Loan capital	6	57 339	60 038
Loans			
Subsidiary companies		185 242	21 833
Associated companies and others		393 695	272 686
		578 937	294 519
Creditors			
Creditors: taxation and provisions		17 533	12 438
Shareholders for dividends		55 741	33 074
		73 274	45 512
		1 296 310	710 280
Represented by:			
Investment in subsidiary companies			
Shares at cost, less amounts written off and provision		408 729	89 232
Loans less provision		220 605	158 367
Dividends accrued		64 195	226
		693 529	247 825
Other investments – at cost less amounts written off and provision			
Listed – market value R390 815 000 (1976: R179 364 000)		111 953	112 612
Unlisted – directors' valuation R28 798 000 (1976: R30 530 000)		11 406	11 956
		123 359	124 568
Loans – associated companies and others less provision		163 983	263 165
Other assets			
Debtors		18 912	21 010
Cash on deposit, at call and short notice		296 527	53 712
		315 439	74 722
Office, research and transport equipment	10(b)	—	—
		1 296 310	710 280

Income statement

FOR THE FIFTEEN MONTHS ENDED MARCH 31 1978

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

	Notes	31.3.78 R000's	Year ended 31.12.76 R000's
Investment income			
Income from subsidiaries	15	32 570	43 576
Income from associates, fees and other sources after deducting administration expenses	16	100 513	25 729
Surplus on realisation of investments		65 056	41 178
		4 382	758
		202 521	111 241
Interest paid:			
Loan capital		3 610	2 946
Loans by associated companies and others		36 411	22 504
		40 021	25 450
Expenditure on office, research and transport equipment		1 881	1 657
Contributions to staff pension funds		4 197	2 487
Costs of prospecting		14 679	8 891
Provision against investments		6 791	3 381
Provision against loans		2 836	3 104
		70 405	44 980
Profit before taxation		132 116	66 261
Taxation	17	10 174	2 501
Profit after taxation	18	121 942	63 760
Preferred stock dividends	21	286	286
Earnings attributable to ordinary shareholders before extraordinary item		121 656	63 474
Per share 56,0 cents (1976: 48,2 cents)	20		
Ordinary dividends	21	90 342	43 465
Retained profit before extraordinary item		22 524	20 009
Extraordinary item	22	21 389	20 000
Retained profit after extraordinary item		1 135	9
Undistributed profit, December 31 1976		430	421
Adjustment in respect of previous year's taxation	17	(1 298)	—
		(868)	421
Undistributed profit, March 31 1978		267	430

Notes to the financial statements

1. Accounting policies

(a) *Investments*

(i) The fixed and unfixed general investments of the group are predominantly income-earning long-term holdings. Where, in the opinion of the directors, a permanent diminution in the value of an investment, flowing from normal circumstances, has occurred, provision for such diminution is charged against current profits.

(ii) Expenditure, including interest where applicable, relating to the development of land and buildings forming part of the insurance investments, is capitalised and included in the capital cost of the development.

(b) *Mineral rights*

Mineral rights and certain development expenditure are generally maintained at book cost. Where, however, exploitation is not likely in the foreseeable future, expenditure is written down to a nominal value.

(c) *Instalment debtors and leasing assets*

Income in respect of instalment debtors and leasing assets is included in the income statement in proportion to the instalments accrued.

(d) *Stocks, stock-work in progress*

Stocks and stores are valued at the lower of cost and net realisable value. Cost is determined mainly on the average cost basis. The value of work in progress includes a proportion of overheads.

(e) *Foreign currencies*

Assets and liabilities in foreign currencies not covered by forward exchange contracts are expressed in South African currency at the rates of exchange ruling at the year end.

Gains or losses arising from foreign currency transactions and conversions (other than those relating to insurance) are transferred to, or charged against, a currency reserve.

(f) *Life insurance subsidiaries*

The information shown in the consolidated financial statements in respect of subsidiary life insurance companies is in accordance with the provisions of the Companies Act, 1973, as amended, relating to insurance companies, in particular:

(i) The market value of listed life insurance investments is not disclosed. The basis of valuation of these investments is stated in note 16.

(ii) Contingency reserves are not separately disclosed in the consolidated balance sheet and movements thereon are not separately stated.

(iii) Surpluses from the insurance businesses are stated after transfers to contingency reserve. Individual items of income and expenditure and taxation which are not required to be disclosed in terms of the Act are not separately stated.

(iv) Additional transfers to contingency reserve may also be made as an appropriation of profits.

(g) *Turnover*

Due to the nature of the group's income, the directors are of the opinion that to publish a figure for turnover would be meaningless.

(h) *Depreciation*

The Corporation and certain of its subsidiaries write off expenditure on office, research and transport equipment in the year of acquisition.

Depreciation of leasing assets is provided on a straight-line basis over the periods of the leases.

No depreciation is provided against freehold land and buildings.

Other depreciating assets are depreciated on straight line or diminishing value bases to reduce their book values to estimated residual values over their effective lives.

(c) *Basis of taxation*

Deferred taxation is provided at the current rate of normal taxation on:

(i) The excess of the book values of leasing assets over their tax values.

(ii) Taxation allowances relating to borrowing property debtors.

(iii) The excess of book values over tax values of assets ranking for recoupable tax allowances and their book values.

(d) *Repairs and maintenance*

Recurring expenditure is written off in the year in which it is incurred.

Capital

	31.3.78 R000's	31.12.76 R000's
Authorised		
230 000 000 ordinary shares of 10 cents each	24 000	14 000
1 241 250 six per cent cumulative preference shares of R1 each	1 241	1 241
2 975 750 six per cent cumulative preferred stock	4 759	4 759
	30 000	20 000
Issued		
127 961 332 ordinary shares of 10 cents each fully paid	22 296	13 172
R4 759 750 six per cent cumulative preferred stock	4 759	4 759
	27 055	17 931

The unissued capital at March 31 1978 comprised 17 045 468 ordinary shares of 10 cents each and 1 241 250 six per cent cumulative preference shares of R1 each.

By terms of resolutions of members, fifteen million ordinary shares were placed at the disposal of the directors acting through trustees for a share option and a share incentive scheme for senior members of the staff as follows:

(a) Share option scheme: 1 300 000 shares were placed at the disposal of directors but, when the scheme was discontinued during 1974, options had not been granted in respect of 786 000 shares, which were transferred to the share incentive scheme at that time. Options are granted for 10 years or until two years after retirement of the option holder, whichever is the earlier.

Options granted in terms of the scheme are as follows:

	Balance at 31.12.76	Lapsed during period	Exercised during period	Balance at 31.3.78
Granted on August 27 1969 at 630 cents a share	206 500	31 500	—	175 000
Granted on January 9 1972 at 537 cents a share	157 800	10 500	—	147 300
Granted on August 1 1973 at 340 cents a share	145 500	4 000	—	141 500

(b) Share incentive scheme: 1 500 000 shares were placed at the disposal of directors and 786 000 were transferred from the share option scheme. At December 31 1976 502 000 shares were available for issue under the scheme. Of these shares 114 500 were issued during the period leaving a balance of 387 500 shares available under the scheme. At March 31 1978 R9 995 000 (December 31 1976: R9 630 000) had been advanced to the trustees of the share incentive scheme.

2 351 914 shares are reserved to cover the conversion rights of holders of the six-and-a-half per cent convertible loan raised in 1977 by Rand Selection Corporation Limited. (See note 16(c).)

The total unissued 33 793 554 unissued ordinary shares are under the unrestricted control of the directors until the forthcoming annual general meeting.

Share premium

The change in the share premium during the fifteen months arises as follows:

	R000's
Balance at December 31 1976	202
Premium on 91 124 712 shares issued on the acquisition of Rand Selection Corporation Limited	267 907
Premium on 114 500 shares issued under the share incentive scheme	470
	268 579
Less	
Share issue and merger expenses	470
Premium transferred to the non-distributable reserve in terms of resolution of members dated April 25 1977	268 109
	268 579
	—

4. Non-distributable reserve

The increase in the non-distributable reserve arises as follows:

Corporation		Group
R000's		R000's
84 148	Balance at December 31 1976	89 214
268 109	Transfer from share premium (see note 3)	268 109
	Non-distributable reserves of subsidiaries acquired during the period attributable to the Corporation's former minority interest	4 147
	Transfer per income statement:	
	Non-distributable share of trading profits of the group	4 885
	Other items	221
		5 106
319	Less: Share issue and merger expenses	319
	Adjustment to opening balance for changes in exchange rates	158
	Adjustment by insurance subsidiary	280
(319)		(757)
351 938		365 819

5. Distributable reserves

The changes in the distributable reserves are as follows:

Corporation				Group			
General reserve	Unappropriated profit	Total		Total	General reserve	Unappropriated profit	Currency reserve
R000's	R000's	R000's		R000's	R000's	R000's	R000's
207 500	438	207 938	Balance at December 31 1976	367 104	346 959	15 976	4 169
	(1 298)	(1 298)	Adjustment in respect of previous year's taxation	(1 298)		(1 298)	
			Adjustment arising from changes in exchange rates	(1 191)	(742)	(311)	(138)
			Reserves of subsidiaries acquired during the period attributable to the Corporation's former minority interest	48 849	32 878	15 744	227
	1 135	1 135	Retained profit after extraordinary item	62 441		62 441	
			Net loss arising from changes in exchange rates	(595)			(595)
			Appropriated during period	(5 106)	69 919	(75 025)	
207 500	263	207 767		470 204	449 014	17 527	3 663

6. Loan capital

Loan capital comprises the following:

Corporation			Group	
Rand equivalents			Rand equivalents	
31.12.76	31.3.78		31.3.78	31.12.76
R000's	R000's	Loans of:	R000's	R000's
8 556	8 556	(a) Swiss francs 50 000 000	8 556	8 556
7 925	7 834	(b) US$9 000 000 (1976: $9 113 000)	7 834	7 925
		(c) US$5 272 000	4 584	—
43 478	40 870	(d) US$47 000 000 (1976: $50 000 000)	40 870	43 478
		(e) US$20 167 000	14 311	—
		(f) Registered unsecured rand debentures	30 000	—
79	79	(g) Registered unsecured notes	79	79
		(h) Life insurance subsidiaries	59 525	—
		(i) Mortgage loan	32	—
		(j) HK $523 000	458	—
60 038	57 339		166 541	60 038

Loan (c) is sub-participated as follows:

	31.3.78	31.12.76
	R000's	R000's
Rand Selection Corporation Limited (RSC)	9 533	10 142
Others	9 282	9 874
	18 815	20 016

Details of the individual loans are as follows:

(a) *Swiss francs 50 000 000*

The loan bears interest at the rate of 5,75 per cent per annum and is repayable by November 15 1987, subject to the undertaking that the Corporation will, if possible, purchase in the market for cancellation up to Swiss francs 7 500 000 of the loan at prices not exceeding par in each of the four 60 day periods prior to November 15 in the years 1983 to 1986. The Corporation has the right to redeem the full loan earlier, on any annual interest payment date, at a premium of 2,0 per cent reducing by 0,5 per cent per annum in the years 1978 to 1981 and thereafter at par. The servicing and repayment of the loan are covered by forward exchange contracts with the South African Reserve Bank.

(b) and (c) *Dollar loans*

These are the participations of the Corporation and RSC in a loan raised by an associated company.

The loans bear interest at the rate of 6,96 per cent per annum and are repayable in instalments on June 1 in each of the years 1978 to 1982 as follows:

Anglo American Corporation	$1 802 000
Rand Selection Corporation	1 054 000
Group	$2 856 000

(d) *US$47 000 000*

The loan bears interest at the rate of 7,5 per cent per annum and is repayable at par in instalments of $1 500 000 on March 1 in each of the years 1979 to 1981 inclusive, $2 500 000 on March 1 1982 and $8 000 000 on March 1 in each of the years 1983 to 1987 inclusive. The Corporation may, in certain circumstances, make repayment earlier.

(e) *US$20 167 833*

The loan raised by RSC bears interest at the rate of 6,5 per cent per annum. Holders have the right until January 31 1986 to convert the loan into ordinary shares of the Corporation at a price of R5,875 per share and calculated at an exchange rate of R1 equals US$1,50.

The balance of the loan then outstanding will be redeemed at par on March 1 1986. However, RSC may, on giving no less than 90 days notice, redeem the whole of the loan at any time:

(i) At a price of 101 per cent until March 1 1979 and reducing by 0,5 per cent on each subsequent March 1 to 100 p... at on and after March 1 1980.

(ii) At par if the mean of the quotation of the shares of the Corporation on The Johannesburg Stock Exchange on each of the 20 business days preceding the 15th day prior to the day on which notice of redemption is first published is at least 150 per cent of the conversion price.

(iii) At par, if RSC has been, or on the occasion of the next payment due in respect of the loan will be, compelled by law to deduct any South African taxes. The conditions of issue of the loan require that any such taxes shall be borne by RSC.

The loan may be purchased by RSC at any time and at any price in the open market or any price not exceeding 103 per cent, plus accrued interest, by private treaty. Bonds purchased by RSC may be reissued or surrendered for cancellation. The interest and repayment of the loan are covered by forward exchange contracts with the South African Reserve Bank.

(f) *Registered unsecured rand debentures*

The debentures, issued by RSC, bear interest at the rate of 10 per cent per annum and will be redeemed in 15 equal annual instalments by drawings on the last Friday of March in each year commencing on March 25 1983 with the final redemption on March 28 1997.

RSC has the right to purchase debentures at such price as it may deem fit. Any debentures so purchased will be cancelled and RSC may not reissue them. Such cancelled debentures shall first be applied in reducing the next redemption or redemptions.

(g) *Registered unsecured notes*

The loan of R79 000 is represented by 5,75 per cent registered unsecured notes which are repayable at par on March 31 1982 unless previously purchased or redeemed in accordance with the note conditions.

(h) *Life insurance subsidiaries*

Of these loans R43 615 000 is secured by mortgages over certain of the land and buildings shown in note 10. No further information is required to be given in respect of these loans.

(i) *Mortgage loan*

The loan is secured by mortgage over land and buildings having a book value of R1 214 000 and bears interest at the rate of 6,25 per cent per annum. It is repayable in half-yearly instalments of R5 000 until December 22 1984 and the remaining balance of R259 000 is repayable on June 22 1985.

(c) [illegible]

The loan bears interest at the rate of 9,5 per cent per annum and is repayable in half-yearly instalments of $53 000. The loan is covered by a forward exchange contract.

7. Life insurance funds

The life insurance funds at March 31 1978 exceeded the amount of the actuarial valuation of liabilities under insurance policies and contracts at that date and include additional inner reserves and unallocated surpluses.

8. Outside shareholders' interests

The interests of the outside shareholders in subsidiary companies amounted to R92 231 000 at March 31 1978, (December 31 1976: R63 008 000) made up of R23 635 000 in the insurance group and R68 596 000 (December 31 1976: R63 008 000) in other companies. At March 31 1978 there was also attributable to the outside shareholders of the non-insurance subsidiaries their interest amounting to R274 378 000 (December 31 1976: R5 342 000), in the excess of market value and directors' valuations of listed and unlisted investments respectively over their book values.

As market values and directors' valuations are not disclosed in respect of investments which form part of the insurance investments a corresponding figure is not computed in respect of the outside shareholders in the insurance subsidiaries.

9. Secured short-term borrowings

Loans from associated companies and others include loans totalling R1 382 000 secured by pledge and cession of leasing assets and instalment debtors having a book value of R1 658 000.

Bank overdrafts include advances totalling R6 141 000 secured by the hypothecation of land and buildings, movables, book debts, leasing assets and instalment debtors having a book value of R7 255 000.

10. Life insurance investments

Listed equities and mutual fund units held in respect of certain internal investment portfolios relating to linked contracts have been valued at market price and repurchase price respectively.

Subject to the foregoing, investments are shown in the consolidated balance sheet on the following bases:

	R000's	31.3.78 R000's
Government and public authority stocks, debenture stocks and all dated fixed interest stocks including redeemable preference shares, which are normally held to redemption, are reflected at amounts related to their redemption value after allowing for anticipated losses where applicable and consist of the following:		
Government and public authority stocks	191 228	
Debentures and other loan stocks	14 760	
Funds on deposit and treasury bills	6 299	
		212 287
Property investments are reflected at cost or amounts based on periodic valuations of the respective underlying properties and consist of:		
Freehold land and buildings	249 220	
Listed equities and options	1 493	
Loans and debentures	13 935	
		264 648
Listed and unlisted equities (other than in property owning companies) are reflected at cost or revalued amounts based on periodic valuations of the respective equities after deducting a provision for diminution in value and consist of:		
Listed equities and mutual fund units	57 385	
Unlisted equities	5 388	
		62 773
Mortgage and other loans and all other investments including funds on deposit are shown at par or at redemption value after making provision for any anticipated losses and consist of:		
Mortgages secured over fixed property	10 065	
Loans secured against group insurance companies' policies	20 227	
Other loans and investments	2 057	
		32 349
		572 057

11. Fixed assets – group

	31.3.78			31.12.76		
	Cost or valuation	Aggregate depreciation and amounts written off	Book value 31.3.78	Cost or valuation	Aggregate depreciation and amounts written off	Book value 31.12.76
	R000's	R000's	R000's	R000's	R000's	R000's
Land and buildings	24 751		24 751	9 318	—	9 318
Plant, machinery, motor vehicles and equipment	8 159	3 187	4 972	—	—	—
Mineral rights	5 852	1 210	4 642	2 135	—	2 135
	38 762	4 397	34 365	11 453	—	11 453
Idle installations:						
Furniture, motor vehicles and equipment at cost, less accumulated depreciation and amounts written off			5 813			—
Office, research and transport equipment – written off			—			—
Mining assets at cost less recoupments and amounts written off			—			—
			40 178			11 453

A register of land and buildings is open for inspection at the registered office of the Corporation by members or their duly authorised representatives.

Land and buildings are shown above at group cost or valuation. Other fixed assets are shown above at cost or valuation, as per the balance sheets of the subsidiary companies, and no adjustment has been made on consolidation, for accumulated depreciation in existence at the date of acquisition of the subsidiaries.

12. Leasing assets

	R000's
At cost	17 818
Less Depreciation	7 417
	10 401

These represent assets of finance subsidiaries whose business is the leasing of assets. The assets are leased for periods of between two and ten years.

13. Stocks, stores and work in progress

These comprise:

	R000's
Raw materials	3 212
Work in progress	2 429
Consumable stores	1 093
Finished products	1 474
	8 208

14. Contingent liabilities and commitments

(a) There are contingent liabilities in various currencies in respect of:

Corporation			Group	
31.12.76	31.3.78		31.3.78	31.12.76
R000's	R000's		R000's	R000's
		(i) A guarantee with others to a diamond mining company in respect of an agreement which that company has with The Diamond Corporation Limited. The Corporation's obligation has, however, been counter-guaranteed as to 50 per cent by a subsidiary and 50 per cent by an associated company.		
		(ii) Guarantees with De Beers Consolidated Mines Limited in respect of the servicing and repayment of a foreign loan to Highveld Steel and Vanadium Corporation Limited of US$20 000 000 (1976: DM100 000 000 and US$20 000 000). The servicing and repayment of the loan is covered by forward exchange contracts with the South African Reserve Bank.	14 296	32 153
32 153	14 296			

Corporation			Group	
31.12.76 R000's	31.3.78 R000's		31.3.78 R000's	31.12.76 R000's
		(iii) Guarantees, with another, to certain lenders to BCL Limited:		
7 145	17 186	to the extent of the equivalent of	17 186	7 145
1 579	12 557	Which amount has been counter-guaranteed as to	10 243	1 579
2 566	4 629		6 943	2 566
11 028	10 766	A guarantee, with another, of a loan to the Government of the Republic of Botswana equivalent to	10 766	11 028
7 068	6 967	Which amount has been counter-guaranteed as to	4 967	7 068
3 960	3 866		5 799	2 960
34 433	—	Other completion undertakings	—	34 433
22 068	—	Which were counter-guaranteed as to	—	22 068
12 365	—		—	12 365
18 891	8 495		12 742	18 891
62 500	63 055	(iv) Other guarantees	68 100	68 032
36 352	37 166	Which have been counter-guaranteed as to	42 670	41 884
26 148	25 889		25 430	26 148

Guarantees given by the Corporation as shown in (iv) above include:
A guarantee in respect of a loan advanced to gold mining companies for an amount of R34 080 000 (1976: R34 080 000). The Corporation's obligation has been fully counter-guaranteed.

(b) There are commitments in respect of:
(i) BCL Limited
Undertakings whereby the Corporation and another undertake to provide or procure 37,5 per cent of:
(a) any finance which may be required to complete Phase two of the BCL project;
(b) finance required by BCL Limited up to an aggregate amount of the equivalent of R10 500 000 for pollution control expenditure during the period January 1 1978 to December 31 1983;
(c) up to an aggregate amount of the equivalent of R43 884 000 which may be required by BCL Limited during the period March 1 1978 to December 31 1981 to meet cash deficiencies of all kinds other than deficiencies arising from:
(i) the acceleration of indebtedness or,
(ii) expenditure incurred for the completion of the project or,
(iii) expenditure incurred for the control of pollution.
Portions of these commitments have been assumed by a subsidiary to the extent of 18 per cent and 46 per cent by associated companies.
(ii) Undertakings to acquire, subscribe or procure subscriptions for shares in and to make loans to other concerns.
(iii) In respect of capital expenditure authorised by the boards of subsidiaries but not contracted for amounting to R790 000.

15. Investment income

Corporation investment income			Group investment income	
			General investments	
31.12.76 R000's	31.3.78 R000's		31.3.78 R000's	31.12.76 R000's
40 363	39 012	Listed	179 980	67 020
3 063	3 538	Unlisted	33 199	20 161
43 426	42 550		213 179	87 181

16. Income from subsidiaries

	31.3.78 R000's	31.12.76 R000's
Dividends	95 180	24 281
Fees	2 098	1 448
Interest	3 235	—
	100 513	25 729

17. Taxation

Corporation			Group	
31.12.76	31.3.78		31.3.78	31.12.76
R000's	R000's		R000's	R000's
1 342	3 977	South African	10 502	2 002
1 150	3 426	Foreign	3 923	2 768
2 492	7 403		14 425	4 770
109		Net adjustment in respect of previous period	(205)	(123)
2 601	7 403		14 220	4 647
		Dealt with as follows in the income statement:		
2 601	10 121	Taxation	17 027	4 647
—	(2 807)	Included in extraordinary item (see note 22)	(2 807)	—
2 601	7 314		14 220	4 647

The Secretary for Inland Revenue has changed the previous practice, employed over many years, in respect of certain expenditure claimed as a deduction for tax in the financial year 1976. Objection to the assessment raised by the tax authorities is being lodged and payment of the additional tax has been made under protest. The unappropriated profit of the Corporation and of the Group brought forward from 1976 has been adjusted by R1 298 000 being the additional tax incurred.

Taxation for the period to March 31 1978 has been provided on the assumption that the revised basis of assessment will be applied. However, it is intended that objection will be lodged.

18. Profit after taxation

The profits of the Corporation and the group have been arrived at after taking into account the following expenditure:

Corporation			Group	
31.12.76	31.3.78		31.3.78	31.12.76
R000's	R000's		R000's	R000's
1 012	1 129	Administration and professional fees	3 932	1 521
109	126	Audit fees	593	144
		Depreciation of plant, machinery, motor vehicles, furniture and equipment	973	—
		Depreciation of leasing assets	6 054	—
		Loss on disposal of fixed assets	597	—
234	402	Leasing charges	2 400	1 219

19. Directors' remuneration

The aggregate amount payable to the Corporation's directors and alternate directors by the Corporation and its subsidiary companies is as follows:

	31.3.78	31.12.76
	R000's	R000's
Directors' fees	110	94
Other emoluments	1 879	1 252
	1 989	1 346
Pensions of past directors for services in a managerial capacity	90	87

20. Earnings per share

The issued ordinary share capital of the Corporation is 222 964 332 shares. However, the earnings per share have been based on the effective number of shares in issue during the fifteen months to March 31 1978 calculated as follows:

	Shares
Issued ordinary share capital at December 31 1976	131 725 300
Shares issued:	
In respect of the acquisition of Rand Selection Corporation with effect from January 1 1977	69 999 656
In respect of the rights issue to RSC and Sol Kerzner Corporation shareholders in May 1977 – 21 125 076 ordinary shares in Anglo American Corporation, reduced in proportion to the period the shares were in issue during the fifteen months to March 31 1978	15 228 626
In terms of the Share Incentive Scheme	114 500
	217 068 082

21. Dividends

	31.3.78 R000's	31.12.76 R000's
On preferred stock:		
No. 96 of three per cent declared June 2 1977	143	143
No. 97 of three per cent declared December 1 1977	143	143
	286	286
On ordinary shares:		
No. 82 (special) of 8,25 cents per share declared May 3 1977	16 642	—
No. 83 (interim) of 12 cents per share declared November 24 1977 (1976: 8 cents)	26 749	10 534
No. 84 (final) of 25 cents per share declared June 5 1978 (1976: 25 cents)	55 741	32 931
	99 132	43 465

22. Extraordinary item

Corporation			Group	
31.12.76 R000's	31.3.78 R000's		31.3.78 R000's	31.12.76 R000's
20 000	6 894	Provision against investment in Zaire	10 363	20 000
—	17 302	Provision against investment in Botswana RST Limited	25 907	—
20 000	24 196		36 270	20 000
—	2 807	*Less:* Tax relief claimed in respect of a proportion of investment	2 807	—
20 000	21 389		33 463	20 000

See also Directors' report.

Source and application of funds statement

FOR THE FIFTEEN MONTHS ENDED MARCH 31 1978

Corporation: Year 1976 R000's	Corporation: 1978 R000's		Group: 1978 R000's	Group: Year 1976 R000's
		Source of funds:		
66 261	132 116	Profit before taxation and outside shareholders' interest	258 678	93 865
6 434	9 627	Add: Provision against investments and loans, less net adjustments arising from changes in exchange rates	3 056	4 205
72 695	141 743		261 734	98 070
207	276 712	Proceeds from shares issued	276 712	207
—	136 876	Loans from associated companies and others	136 938	—
—	—	Property, mineral rights and equipment	—	589
—	27 783	Creditors, taxation and provisions	29 232	—
128 702	—	Debtors and cash	—	141 991
		Investment in subsidiary companies:		
1 931	—	Decrease in cost of shares		
22 667	—	Net decrease in loans and amounts due		
27 608	—			
229 262	585 114		704 616	240 857
		Application of funds:		
		Investment in subsidiary companies:		
—	300 552	Increase in cost of shares		
—	126 276	Net decrease in loans and amounts due		
—	174 276			
1 746	29 931	Cost of general investments acquired, less cost of investments sold	48 140	9 162
—	—	Property, mineral rights and equipment	1 621	—
59 831	27 336	Loans to associated companies and others	23 171	58 044
112 426	—	Loans from associated companies and others	—	112 200
90	2 699	Repayment of loan capital – net	1 917	90
		Outside shareholders' interest in subsidiary companies	36 677	3 496
2 501	8 665	Taxation	15 518	4 647
43 751	99 418	Dividends	99 418	43 751
8 917	—	Creditors, taxation and provisions	—	9 467
—	240 789	Debtors and cash	247 592	—
—	—	Net investment in subsidiaries acquired during the period (see below)	210 562	—
229 262	585 114		704 616	240 857

Explanatory note to source and application of funds statement	R000's	R000's
Net investment in subsidiaries acquired during the period		210 562
Investment in and net loans to these subsidiaries at January 1 1977		122 884
Reserves attributable to the Corporation's former minority interest		52 996
Net assets at March 31 1978 of subsidiaries acquired during the period		386 442
Represented by:		
General investments	341 921	
Life insurance investments	572 057	
Fixed assets	27 104	
Leasing assets	10 401	
Instalment debtors less deferred income	17 030	
Loans – associated companies and others	33 358	
Stocks, stores and work in progress	8 208	
Debtors and cash	88 268	
		1 098 347
Less: Liabilities		
Loan capital	108 420	
Life insurance funds	456 767	
Outside shareholders' interest	87 055	
Loans – associated companies and others	11 018	
Deferred taxation	2 220	
Creditors, taxation and provisions	35 157	
Bank overdrafts	11 268	
		711 905
		386 442

Subsidiaries in which the Corporation has a direct or indirect interest

AT MARCH 31 1978

	Issued share capital		Interest in share capital				Book value of holding company			
			Direct		Indirect		Shares		Loans	
	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76
	R000's	R000's	%	%	%	%	R000's	R000's	R000's	R000's
Incorporated in South Africa										
Investment companies										
Afkon Investments Limited	1	—	47	—	48	—	303	—	—	—
Afrikander Lease and Enterprises Investments Company Limited										
ordinary	4 180	4 180	80	80	20	20	20 935	20 935	6 487	
preference	5 500	5 500	—	—	—	—	—	—	—	
Afrikon High Property Holdings Limited	*	—	—	—	75	—	—	—	2 597	
Afrikon Gold and Base Metal Holdings Limited	100	—	—	—	100	—	—	—	—	
African Textile and Investments Limited										
ordinary	1	1	100	100	—	—	1	1	911	1 205
preference	2	2	—	—	—	—	—	—	—	
Afrikon Afrikaner Insurance Holdings Limited	222	—	—	—	100	—	—	—	—	
Afrikon Afrikaner Investments Trust Limited										
ordinary	5 000	—	37	—	37	—	3 504	—	—	—
preference	5 000	—	—	—	—	—	—	—	—	
Afrikon Afrikaner Investments Limited	—	10	—	100	—	—	—	15	—	
Afrikon Holdings Limited	*	5 000	65	65	35	—	9 668	9 668	—	
Commercial Holdings (Proprietary) Limited	*	—	—	—	75	—	—	—	—	
Cornelis Investments (Proprietary) Limited	*	—	—	—	61	—	—	—	—	
Cornelis Logic Holdings Limited	*	—	—	—	100	—	—	—	—	
Portander Holdings Limited	4	—	12	—	82	—	1 619	—	300	
Cornese Holdings Limited	1	—	—	—	100	—	—	—	—	
Dido Investments Corporation (Proprietary) Limited	8	—	—	—	75	—	—	—	3 243	
Dido Investments Limited	5	5	58	58	—	—	11 334	11 334	—	
Electro Chemical Industries Limited	2	—	50	—	50	—	*	—	—	
Engelhard Enterprises of Southern Africa Limited	*	—	—	—	100	—	—	—	—	
Farmagro Limited	*	—	22	—	41	—	786	—	—	
Fin Consolidated Holdings (Proprietary) Limited	400	—	—	—	100	—	—	—	—	
Gilbert Services (Proprietary) Limited	*	—	—	—	100	—	—	—	—	
Glenridge Life Properties (Proprietary) Limited	*	—	—	—	75	—	—	—	—	
Helix Investments Limited	*	—	33	—	33	—	*	—	154	
Industrial Investment Holdings (Proprietary) Limited	342	—	—	—	75	—	—	—	—	
Institutional Investments Limited	5	—	—	—	75	—	—	—	—	
S.S.F. Properties (Proprietary) Limited	2	—	—	—	100	—	—	—	—	
Thesis Finance (Proprietary) Limited	100	—	—	—	100	—	—	—	—	
Tollerton Holdings Limited	1	—	—	—	100	—	—	—	—	
U.S. Properties Limited	129	129	—	—	67	55	—	—	—	
Malpraan Holdings Limited	2	2	—	—	100	100	—	—	117 057	125 965
Mediwick Holdings Limited										
'A' ordinary	2	—	—	—	100	—	—	—	28 616	—
'B' deferred	2	—	—	—	100	—	—	—	—	—
Millers Investments Limited										
ordinary	*	*	100	100	—	—	*	*	—	—
preference	15	29	100	100	—	—	643	1 258	—	—
The New Era Consolidated Limited	350	350	100	100	—	—	3 045	3 045	—	—
North Stage Investments (Proprietary) Limited	*	—	—	—	72	—	—	—	—	—
Oriole Investments Limited	1	—	—	—	100	100	—	—	—	—
Orkla Finance Holdings (Proprietary) Limited	10	—	—	—	38	—	—	—	—	2 018
Pan African Mineral Properties Limited	200	—	—	—	77	—	—	—	—	—
Primal Investments Limited	*	—	—	—	100	—	—	—	—	—
Provincial Acceptance Corporation (Proprietary) Limited	40	—	—	—	75	—	—	—	—	—
Rand Alkaline Investments Limited	*	—	—	—	100	—	—	—	—	—
Randfel Investments Limited	*	—	—	—	100	—	—	—	—	—
Rand Selection Corporation Limited										
ordinary	21 125	—	12	—	88	—	298 937	—	9 603	—
preference	12 500	—	—	—	100	—	—	—	—	—
Rhenish Holdings Limited	27	27	18	17	82	44	5 505	5 505	—	—
Simmon Holdings Limited	*	—	—	—	100	—	—	—	—	—
Solvo Limited	22 692	—	—	—	55	—	—	—	8 440	—
Solvo Investments (Proprietary) Limited	*	—	—	—	55	—	—	—	—	—
Solvo Rand Corporation (Proprietary) Limited	1	—	—	—	65	—	—	—	—	—
Solvo Rand Corporation (South Africa) (Proprietary) Limited	*	—	—	—	65	—	—	—	—	—
Solvo Properties (Proprietary) Limited	*	—	—	—	75	—	—	—	—	—
Solvo Property Investments (Proprietary) Limited	2	—	—	—	68	—	—	—	—	—
South African Solvo Selection Limited	5 000	5 000	100	100	—	—	8 646	8 646	—	—
South African Southern Mining and Finance Corporation Limited	4 000	—	—	—	100	—	—	—	—	—
Transvaal Limited	1	1	—	—	100	100	—	—	16 764	15 849
Vaal Reefs Exploration and Mining Company Limited	*	—	—	—	100	—	—	—	—	—

	Issued share capital		Interest in share capital				Book value of holding company			
			Direct		Indirect		Shares		Loans	
	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76
	R000's	R000's					R000's	R000's	R000's	R000's
[illegible]										
[illegible]	*	—	—	—	69	—	—	—	—	—
[illegible]	1 500	—	94	—	76	—	520	—	—	—
[illegible]	2 094	—	6	—	71	—	419	—	—	—
[illegible]										
[illegible]	3 283	—	—	—	75	—	—	—	2	—
[illegible]	1 575	—	—	—	75	—	—	—	—	—
[illegible]	10	—	—	—	100	—	—	—	—	—
[illegible]										
[illegible]	501	—	—	—	100	—	—	—	—	—
[illegible]										
[illegible]	*	*	—	—	100	100	—	—	131	46
[illegible]										
[illegible]	*	—	—	—	75	—	—	—	—	—
[illegible]										
[illegible]	*	—	—	—	100	—	—	—	152	—
[illegible]										
[illegible]	*	—	—	—	77	—	—	—	3	—
[illegible]										
[illegible]	1	—	—	—	94	—	—	—	—	—
[illegible]	*	—	—	—	75	—	—	—	—	—
[illegible]	*	—	—	—	75	—	—	—	—	—
[illegible]	*	—	—	—	72	—	—	—	—	—
[illegible]	*	—	—	—	69	—	—	—	—	—
[illegible]	3 460	3 460	100	100	—	—	4 255	4 255	13 805	13 974
[illegible]	1	—	—	—	65	—	—	—	—	—
[illegible]	*	—	—	—	100	—	—	—	—	—
[illegible]	5	—	—	—	75	—	—	—	—	—
[illegible]	*	—	—	—	100	—	—	—	—	—
[illegible]	*	—	—	—	65	—	—	—	—	—
[illegible]	1 000	—	—	—	55	—	—	—	—	—
[illegible]	275	—	—	—	100	—	—	—	—	—
[illegible]	*	—	—	—	75	—	—	—	—	—
[illegible]	2	—	—	—	100	—	—	—	—	—
[illegible]	*	—	—	—	69	—	—	—	—	—
[illegible]	*	—	—	—	69	—	—	—	—	—
[illegible]	*	—	—	—	55	—	—	—	—	—
[illegible]	*	—	—	—	75	—	—	—	—	—
[illegible]	1	—	—	—	65	—	—	—	—	—
[illegible]	124	124	—	—	100	100	—	—	—	—
[illegible]	*	—	—	—	55	—	—	—	—	—
[illegible]	*	—	—	—	65	—	—	—	—	—
[illegible]	*	—	—	—	20	—	—	—	—	—
[illegible]	*	—	—	—	65	—	—	—	—	—
[illegible]	1	—	—	—	61	—	—	—	—	—
[illegible]	*	—	—	—	51	—	—	—	—	—
[illegible]	*	—	—	—	75	—	—	—	—	—
[illegible]	5	—	—	—	20	—	—	—	—	—
[illegible]	*	—	—	—	55	—	—	—	—	—
[illegible]	*	—	—	—	29	—	—	—	—	—
[illegible]	*	—	—	—	60	—	—	—	—	—
[illegible]	*	—	—	—	55	—	—	—	—	—
[illegible]	*	—	81	—	—	—	*	—	6 494	—
[illegible]	*	—	—	—	100	—	—	—	—	—
[illegible]	*	—	—	—	53	—	—	—	—	—
[illegible]	*	—	—	—	53	—	—	—	—	—
[illegible]	*	—	—	—	29	—	—	—	—	—
[illegible]	*	—	—	—	20	—	—	—	—	—

	Issued share capital		Interest in share capital				Book value of holding company			
			Direct		Indirect		Shares		Loans	
	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76
	R	R000's	%	%	%	%	R000's	R000's	R000's	R000's
[illegible] Properties (Proprietary) Limited	2	—	—	—	69	—	—	—	—	—
Investors Properties (Proprietary) Limited	*	—	—	—	68	—	—	—	—	—
Public Square Street Properties (Proprietary) Limited	*	—	—	—	59	—	—	—	—	—
Malbut Property (Proprietary) Limited	*	—	—	—	51	—	—	—	—	—
Mirena Estate (Proprietary) Limited	*	*	—	—	75	75	—	—	—	—
Miron Investments (Proprietary) Limited	*	—	—	—	55	—	—	—	—	—
Nest Properties (Proprietary) Limited	*	—	—	—	75	—	—	—	—	—
Ninth Stage Properties (Cape Town) (Proprietary) Limited	*	—	—	—	68	—	—	—	—	—
Ninth Stage Properties (Johannesburg) (Proprietary) Limited	2	—	—	—	72	—	—	—	—	—
Parel Investments (Proprietary) Limited	33	—	—	—	55	—	—	—	—	—
P.H.B. Investments (Proprietary) Limited	*	—	—	—	75	—	—	—	—	—
P.H.S. Investments (Proprietary) Limited	*	—	—	—	65	—	—	—	—	—
Rabb Properties (Proprietary) Limited	*	—	—	—	60	—	—	—	—	—
Sabel Developments (Proprietary) Limited	2	—	—	—	100	—	—	—	—	—
Salisi Properties (Goldfact Street) (Proprietary) Limited	*	—	—	—	61	—	—	—	—	—
Samro Properties (Pretoria) Limited	*	—	—	—	61	—	—	—	—	—
Sapiti Properties (Roberts Street) (Proprietary) Limited	*	—	—	—	61	—	—	—	—	—
Sheigen (Proprietary) Limited	*	—	—	—	69	—	—	—	—	—
Shiloh Properties (Proprietary) Limited	*	—	—	—	55	—	—	—	—	—
Sotex Properties Bezuidenhout (Proprietary) Limited	*	—	—	—	55	—	—	—	—	—
Sotex Properties Braamfontein (Proprietary) Limited	*	—	—	—	65	—	—	—	—	—
Sotex Properties Braamfontein Holdings (Proprietary) Limited	*	—	—	—	65	—	—	—	—	—
Sotex Properties Cape Town (Proprietary) Limited	*	—	—	—	55	—	—	—	—	—
Sotex Properties Gardens (Proprietary) Limited	*	—	—	—	65	—	—	—	—	—
Sotex Properties Hillbrow (Proprietary) Limited	2 500	—	—	—	55	—	—	—	—	—
Sotex Properties Stratford (Proprietary) Limited	*	—	—	—	55	—	—	—	—	—
Sotex Properties Fort Hare (Proprietary) Limited	*	—	—	—	55	—	—	—	—	—
Sotex Properties Sacramento (Proprietary) Limited	*	—	—	—	55	—	—	—	—	—
Sotex Townships Holdings (Proprietary) Limited	*	—	—	—	55	—	—	—	—	—
Stichting Properties (Proprietary) Limited	*	—	—	—	65	—	—	—	—	—
Sydna Properties (Proprietary) Limited	*	—	—	—	75	—	—	—	—	—
Sydray Investments (Proprietary) Limited	*	—	—	—	65	—	—	—	—	—
Tabs Properties Marvan (Proprietary) Limited	*	—	—	—	75	—	—	—	—	—
Tabs Properties Pittwater (Proprietary) Limited	*	—	—	—	75	—	—	—	—	—
Tabs Properties Sydney (Proprietary) Limited	*	—	—	—	75	—	—	—	—	—
Tabs Properties Vanderbijlpark (Proprietary) Limited	*	—	—	—	75	—	—	—	—	—
Tenth Property Company (Proprietary) Limited	*	—	—	—	65	—	—	—	—	—
Theatre Centre (Proprietary) Limited	*	—	—	—	68	—	—	—	—	—
Three Five Nine Seven Johannesburg (Proprietary) Limited	*	—	—	—	55	—	—	—	—	—
Town 66 Properties (Proprietary) Limited	*	—	—	—	49	—	—	—	—	—
Tuinen Beach Development Properties (Proprietary) Limited	*	—	—	—	40	—	—	—	—	—
Unival Properties (Proprietary) Limited	10	—	—	—	54	—	—	—	—	—
Woodlie Investments Limited	*	—	—	—	75	—	—	—	—	—
Wordvast Onbeheerde Beperk	*	—	—	—	75	—	—	—	—	—
Wynberg Civic Properties (Proprietary) Limited	*	—	—	—	69	—	—	—	—	—
Wyndor Properties (Proprietary) Limited	*	*	—	—	100	100	—	—	—	—
Wyvern Properties (Proprietary) Limited	*	—	—	—	55	—	—	—	—	—
Zodiac Enterprises (Proprietary) Limited	200	200	—	—	100	100	—	—	—	—
220 Main Properties (Proprietary) Limited	*	—	—	—	80	—	—	—	—	—
Dormant subsidiaries										
Woodstock Canal (Proprietary) Limited	*	—	—	—	75	—	—	—	—	—
Dormant and inactive subsidiaries										
Landhold Capital (Proprietary) Limited	*	—	—	—	75	—	—	—	—	—
Investment holding subsidiaries										
Administration Holding Company (Proprietary) Limited	*	—	—	—	75	—	—	—	—	—
Property management subsidiary										
Management and Investment Holdings (Proprietary) Limited	5a	—	—	—	100	—	—	—	—	—
Associated										
Anglo American Base Metal Holdings S.A. (Proprietary) Limited	68	68	—	—	76	51	—	—	—	—
Anglo American Investment Corporation Limited	231	231	—	—	95	63	—	—	—	—

	Issued share capital		Interest in share capital				Book value of holding company			
			Direct		Indirect		Shares		Loans	
	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76
	R000's	R000's	%	%	%	%	R000's	R000's	R000's	R000's
Anglo American Prospecting Company (South) Limited	13	13	—	—	95	63	—	—	—	—
Anglo American Prospecting Services (Proprietary) Limited	*	—	—	—	95	—	—	—	—	—
Anglovaal Minerals (Proprietary) Limited	—	8	—	—	—	60	—	—	—	—
Falcon Investments (Proprietary) Limited	8	—	—	—	72	—	—	—	—	—
Groenvlei Investments (Proprietary) Limited	5	—	—	—	74	—	—	—	—	—
Harmony Gold Mines Limited	7 839	—	—	—	56	—	—	—	—	—
New Consolidated Klerksdorp Collieries Limited	*	—	—	—	73	—	—	—	—	—
Transvaal Investments (Proprietary) Limited	3	—	—	—	52	—	—	—	—	—
Manufacturing and marketing										
Bramfontein (Proprietary) Limited	*	—	—	—	77	—	—	—	—	—
C. W.W. Industrial and Chemical Supplies (Proprietary) Limited	*	—	—	—	77	—	—	—	—	—
Crucible Kaolin (Proprietary) Limited	12	—	—	—	77	—	—	—	—	—
S.A. Grades and Staples Mills (Proprietary) Limited	21	—	—	—	77	—	—	—	—	—
Wood Wastes (Proprietary) Limited	24	—	—	—	42	—	—	—	—	—
Zinchem Europa (Pty) Limited	*	—	—	—	77	—	—	—	—	—
Mining and mining										
Chromium Chemicals (Proprietary) Limited	10	—	—	—	77	—	—	—	—	—
C. W.W. Base and Industrial Minerals (Proprietary) Limited	980	—	—	—	77	—	—	—	—	—
C. W.W. Silica Sands (Proprietary) Limited	*	—	—	—	77	—	—	—	—	—
Hudson Mining Company (Proprietary) Limited	3	—	—	—	62	—	—	—	—	—
Leger Mining Company (Proprietary) Limited	1	—	—	—	38	—	—	—	—	—
Ocean Bentonite Company (Proprietary) Limited	24	—	—	—	77	—	—	—	—	—
S.A. Grades (Proprietary) Limited	45	—	—	—	77	—	—	—	—	—
Mineral rights holding										
African Hawk Eagle Holdings Limited	*	—	—	—	76	—	—	—	—	—
Anglovaal Prospecting (Proprietary) Limited	1	—	—	—	39	—	—	—	—	—
Bowed Eagle Holdings Limited	*	—	—	—	76	—	—	—	—	—
Collins Holdings Limited	102	—	—	—	81	—	—	—	—	—
Fezolan Holdings Limited	4	1	—	2	76	49	—	—	—	—
Martial Eagle Holdings Limited	1	—	—	—	76	—	—	—	—	—
Transvaal Holdings Limited	1	1	—	2	76	49	—	—	—	—
Mining rights holding										
Limpopo Anthracite (Proprietary) Limited	85	—	—	—	75	—	—	—	—	—
Limestone Deposits (Proprietary) Limited	*	—	—	—	77	—	—	—	—	—
Natal Coal Syndicate (Proprietary) Limited	200	—	—	—	75	—	—	—	—	—
Overseas										
Pretoria Holdings (Proprietary) Limited	*	—	—	—	55	—	—	—	—	—
Pretoria (Proprietary) Limited	2	—	—	—	55	—	—	—	—	—
Sparta Investments (Proprietary) Limited	*	—	—	—	55	—	—	—	—	—
Trestail Investments Limited	*	—	—	—	75	—	—	—	—	—
Tuscan View Estates Limited	1	—	—	—	100	—	—	—	—	—
Incorporated in Rhodesia	RS000's	RS000's								
Finance and investment										
Anglovaal Securities Limited	20	20	—	—	100	100	—	—	—	—
Blue Skies Private Limited	*	*	—	—	100	100	—	—	—	—
Consolidated Mines Holdings (Rhodesia) Limited	1 028	1 028	—	—	100	100	—	—	—	—
Tanganda Mining Holdings (Private) Limited	4	—	—	—	100	—	—	—	—	—
New Rhodesia Investments Limited	5 000	5 000	100	100	—	—	20 760	20 760	—	—
Rhodes Investments Limited	12 100	—	—	—	100	—	—	—	—	—
York Diamonds (1976) (Private) Limited	2	—	—	—	100	—	—	—	—	—
Technical services										
Anglo American Corporation Services Limited	20	20	—	—	100	100	—	—	—	—
Anglo American (Rhodesian Services) Limited	2	2	—	—	100	100	—	—	—	—
Investment										
Southampton Investments (Rhodesia) Private Limited	1 000		—	—	75	—	—	—	—	—

	Issued share capital		Interest in share capital				Book value of holding company			
			Direct		Indirect		Shares		Loans	
	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76
	R'000's	R'000's					R000's	R000's	R000's	R000's
Property holding										
Scafell Properties Salisbury (Private) Limited	1	—	—	—	47	—	—	—	—	—
Tudor Properties of Rhodesia (Private) Limited	8	—	—	—	75	—	—	—	—	—
Tudor Properties of Rhodesia Salisbury (Private) Limited	8	—	—	—	75	—	—	—	—	—
Prospecting										
Nod Chrome Mines Limited	60	—	—	—	65	—	—	—	—	—
New Mill Berkley Limited	120	—	—	—	65	—	—	—	—	—
Blackthorne Farms (Pvt) Limited	240	—	—	—	65	—	—	—	—	—
Southridge Farms (Pvt) Limited	240	—	—	—	65	—	—	—	—	—
Valley Exploration and Mining Company Limited	300	—	—	—	65	—	—	—	—	—
Incorporated in Luxembourg	US$000's	US$000's								
Finance and investment										
Anglo Holdings S.A.										
— 'A' shares	205	—	100	—	—	—	165	—	—	—
— 'B' shares	32	—	—	—	100	—	—	—	—	—
Anglo-Transvaal S.A.										
— ordinary shares	—	3 319	—	100	—	—	—	2 629	1 596	107
— 'A' shares	205	—	—	—	100	—	—	—	—	—
— 'B' shares	3 114	—	100	—	—	—	764	—	—	—
Anglo Holdings Limited	1 631	1 631	100	100	—	—	711	711	—	—
Hathaway Investments Limited	7 336	—	—	—	100	—	—	—	—	—
Orbed Investments Limited	9 223	9 223	—	—	100	100	—	—	—	—
Rand Luxembourg Limited S.A.										
— 'A' shares	32	—	—	—	100	—	—	—	—	—
— 'B' shares	1 961	—	—	—	100	—	—	—	—	—
Financial holding										
Cosi Oil S.A.	3	—	—	—	100	—	—	—	—	—
	FF000's	FF000's								
Tilbax Holding S.A.	1 000	1 000	—	—	100	100	—	—	—	—
Zaltex Holding S.A.	100	100	100	100	—	—	14	14	—	—
Incorporated in Liberia	US$000's	US$000's								
Finance and investment										
Allegro Holdings Limited	20	—	—	—	63	—	—	—	—	—
Antonelli Limited	1	1	—	—	100	100	—	—	—	—
Cabot Holdings Limited	1	—	—	—	80	—	—	—	—	—
Elbern Investments Limited										
— 'A' voting	1	—	—	—	100	—	—	—	—	—
— 'B' non-voting	91	—	100	—	—	—	15 377	—	—	—
Elkind Limited	1	—	—	—	100	—	—	—	—	—
Merlin Investments Limited	40	—	—	—	100	—	—	—	—	—
Midway Investment Limited										
— 'A' voting shares	1	1	—	—	100	100	—	—	—	—
— 'B' non-voting shares	100	100	—	—	—	—	—	—	—	—
Rockmain Holdings Limited										
— A stock	1	—	—	—	100	—	—	—	—	—
— B stock	1	—	—	—	100	—	—	—	—	—
— C stock	1	—	100	—	—	—	276	—	—	—
— D stock	1	—	—	—	100	—	—	—	—	—
Strand Investments Limited	1	0	100	—	—	—	*	—	—	—
Tancen Limited	1		63	—	32	—	—	—	—	—
Insurance										
Anglo Euramerican Holdings Limited	15	15	—	—	67	55	—	—	—	—
Norwood Investments Limited	1	—	—	—	100	—	—	—	—	—
Mercantile Investments Limited	1	—	—	—	100	—	—	—	—	—
Park Holdings Limited	1 000	—	—	—	62	—	—	—	—	—
Swan Investments Limited	1	—	—	—	97	—	—	—	—	—
Incorporated in Zambia	K'000's	R'000's								
Finance and investment										
Anglo American Southern Rhodesia Limited	8	8	—	—	100	100	—	—	—	—
Mining finance										

	Issued share capital		Interest in share capital				Book value of holding company			
			Direct		Indirect		Shares		Loans	
	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76
	K000's	K000's					R000's	R000's	R000's	R000's
Mining holdings										
Anglo American Corporation (Central Africa) Limited	2 500	2 500	—	—	100	100	—	—	—	—
Services										
Anglo American Corporation Zambia Services Limited	*	*	—	—	51	51	—	—	—	—
Incorporated in Australia	A$'000's	A$000's								
Finance and investment										
Amplecrest Investments Australia Proprietary Limited	1	1	—	—	100	100	—	—	—	—
Australia Prospectors Limited	3	—	—	—	67	—	—	—	—	—
Spinifex Estates Proprietary Limited	30	30	—	—	100	100	—	—	—	—
Mineral services										
Australian Anglo American Services Limited	563	563	—	—	100	100	—	—	122	136
Incorporated in Bermuda	BD$'000's	BD$000's								
Finance and investment										
Anglo American Investment Trust (Bermuda) Limited	37	37	—	—	100	100	—	—	—	11
Incorporated in the United Kingdom	£000's	£000's								
Finance and investment										
Electrams Limited	352	—	—	—	95	—	—	—	—	—
Iscaor Limited	5	5	—	—	100	100	—	—	—	—
Lydenburg Holdings Limited	5	5	100	100	—	—	326	326	—	—
Pan Orient Investments Limited										
— ordinary	*	—	—	—	95	—	—	—	—	—
— preferred	*	—	—	—	95	—	—	—	—	—
Purchel Holdings Limited	*	—	95	—	—	—	*	—	3 682	—
Marketing										
Associated Sales Limited	*	—	—	—	60	—	—	—	—	—
Incorporated in Canada	C$000's	C$000's								
Finance and investment										
Anseld (Canada) Limited	19 493	19 493	—	—	96	62	—	—	—	—
Celo Securities Limited	1	1	—	—	96	62	—	—	—	—
Incorporated in Switzerland	SF000's	SF000's								
Finance and investment										
Bingre Holding A.G.	50	50	100	100	—	—	8	8	—	—
Rand Holding A.G.	50	—	—	—	100	—	—	—	—	—
Commercial services										
Anglo American Corporate Management and Services A.G	—	100	—	—	—	100	—	—	—	—
Incorporated in France	FF000's	FF000's								
Trading and investment										
Compagnie Financiere Panafricaine S.A.	39 000	—	—	—	63	—	—	—	—	—
Management services										
Charter France S.A.	199	—	—	—	83	—	—	—	—	—
Charter France Services S.A.	100	—	—	—	63	—	—	—	—	—
Incorporated in the Netherland Antilles	US$'000's	US$000's								
Finance and investment										
Geevor Holdings N.V.										
— A Shares	1	—	—	—	—	—	—	—	—	—
— B Shares	1	—	—	—	80	—	—	—	—	—
— C Shares	1	—	—	—	63	—	—	—	—	—
Incorporated in the Netherland	US$'000's	US$000's								
Finance & investment										
Fenbo B.V.	5 127	—	—	—	100	—	—	—	—	—
Gallo Holding B.V.	129	—	—	—	48	—	—	—	—	—
Commercial services										

	Issued share capital		Interest in share capital				Book value of holding company			
			Direct		Indirect		Shares		Loans	
	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76
	Lire'000's	Lire'000's					R000's	R000's	R000's	R000's
Incorporated in Italy										
Mining										
Amministrazione Sviluppo Italia S.P.A.	10	—	—	—	60	—	—	—	—	—
	E000's	E000's								
Incorporated in Swaziland										
Mining										
Swaziland Iron Ore Development Company Limited	6 000	—	—	—	59	—	—	—	—	—
Services										
Swaziland Industries (Proprietary) Limited	3	—	—	—	77	—	—	—	—	—
	R000's	R000's								
Incorporated in Lesotho										
Managerial services										
Anglo American Lesotho Services Company (Proprietary) Limited	*	*	—	—	100	100	—	—	—	—
	P000's	P000's								
Incorporated in Botswana										
Merchandising										
Anglo American Corporation (Botswana) (Proprietary) Limited	*	*	100	100	—	—	*	*	103	33
Property owning										
West End Property Company (Proprietary) Limited	50	—	44	—	22	—	—	—	—	—
Mining										
Metropole Collieries (Proprietary) Limited	*	—	55	—	18	—	*	—	428	—
Other							208	72	15	14
							408 729	89 232	220 605	158 367

Amounts due by

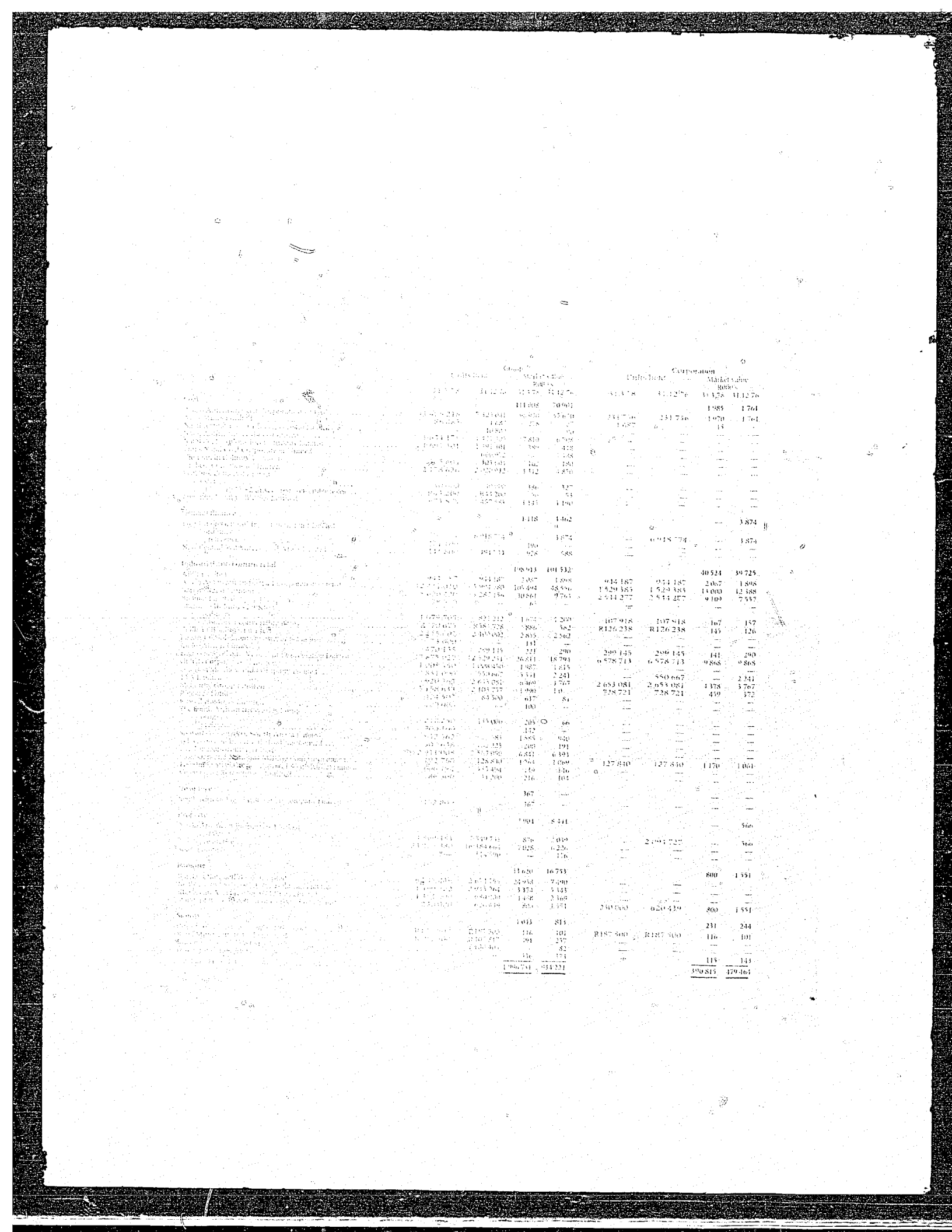
Aggregate after-tax profits and losses attributable to Anglo American Corporation of South Africa Limited from its subsidiaries amount to:

	R000's	
	31.3.78	31.12.76
Profits	170 649	68 092
Losses	2 321	56

Schedule of general investments

AT MARCH 31 1978

	Group				Corporation			
	Units held		Market value R000's		Units held		Market value R000's	
Listed	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76
Mining finance and investment			389 581	350 530			158 044	181 992
Anglo American Gold Investment Company Limited	10 498 905	5 606 445	291 870	144 494	5 214 035	5 174 997	144 950	131 962
Barlows R.S.T. Limited	2 166 171	1 444 114	390	1 155	1 444 114	1 444 114	260	1 155
Charter Consolidated Limited	37 101 555	32 298 591	77 273	160 126	—	—	—	—
General Mining and Finance Corporation Limited	77 569	49 895	2 009	1 198	3 490	3 490	90	84
Gold Fields of South Africa Limited	539 010	360 822	10 618	7 397	59 149	59 149	1 166	1 214
Johannesburg Consolidated Investment Company Limited	2 900 036	216 989	58 702	5 370	—	—	—	—
Metals and Minerals Investment Corporation Limited	1 176 347	303 000	1 588	600	—	—	—	—
Mineral Deposits Limited	29 364 215	21 610 706	53 862	41 807	5 145 974	5 145 974	11 378	13 894
Rand Selection Corporation Limited	* —	7 250 321	—	47 125	* —	5 181 957	—	33 683
U.C. Investments Limited	338 000	484 582	1 207	1 260	—	—	—	—
Gold mining			500 806	153 105			133 749	74 556
1. Witwatersrand and East Rand			100 077	6 791			15 206	1 260
Brakpan Mines Limited	262 892	239 380	316	359	—	—	—	—
East Daggafontein Mines Limited	496 497	236 992	238	50	—	—	—	—
East Rand Gold and Uranium Company Limited	15 523 158	—	85 377	—	2 505 089	—	13 778	—
Geduld Proprietary Mines Limited	135 000	90 000	253	111	54 000	90 000	86	111
Kinross Mines Limited	323 268	202 879	1 817	832	161 478	161 478	907	662
Leslie Gold Mines Limited	51 738	32 786	33	20	—	—	—	—
The South African Land & Exploration Company Limited	1 350 957	797 132	858	598	649 112	649 112	435	487
Winkelhaak Mines Limited	983 800	614 573	11 205	4 824	—	—	—	—
2. West Rand			311 556	104 802			110 116	66 440
Bantjes Consolidated Gold Mining Company Limited	967 100	114 926	13 551	1 264	10 033	10 033	143	110
Buffelsdal Gold Mining Company Limited	984 078	812 078	1 309	1 085	235 226	235 226	313	315
East Driefontein Gold Mining Company Limited	2 876 224	2 389 720	34 504	23 655	2 339 372	2 339 372	27 020	22 926
Blyvooruitzicht Gold Mining Company Limited	25 157 565	7 487 333	85 392	19 838	16 100 849	6 465 293	54 743	17 133
Doornfontein Gold Mining Company Limited	2 409 772	1 651 987	4 889	2 426	—	—	—	—
Harmony Gold Mining Company Limited	830 484	22 333	15 156	356	7 366	7 366	134	118
Kloof Gold Mining Company Limited	33 805	33 805	230	218	33 805	33 805	230	218
Southvaal Holdings Limited	2 503 723	1 565 246	20 133	9 691	637 931	637 931	4 912	3 732
Vaal Reefs Exploration and Mining Company Limited	1 864 663	458 043	30 803	7 447	191 815	191 815	4 220	3 261
Western Areas Gold Mining Company Limited	1 436 366	784 337	4 615	1 765	—	—	—	—
Western Deep Levels Limited	2 174 750	2 791 561	82 920	35 525	1 467 663	1 467 663	18 346	18 595
Zandpan Gold Mining Company Limited	1 168 792	548 797	3 804	1 586	10 967	10 967	35	32
3. Orange Free State			89 173	41 509			8 427	6 856
Free State Geduld Mines Limited	226 650	74 431	6 233	1 349	—	—	—	—
Free State Saaiplaas Gold Mining Company Limited	1 540 331	2 976 200	5 592	3 110	—	—	—	—
Harmony Gold Mines Limited	620 805	180 533	919	220	25 600	25 600	38	31
President Brand Gold Mining Company Limited	1 558 527	1 081 421	25 326	17 735	—	—	—	—
President Steyn Gold Mining Company Limited	2 328 205	826 620	30 267	9 299	—	—	—	—
St. Helena Gold Mining Company Limited	41 050	—	577	—	—	—	—	—
Welkom Gold Mining Company Limited	1 341 068	630 518	6 302	1 952	—	—	—	—
Western Holdings Limited	479 891	285 370	14 157	6 845	284 370	284 370	8 389	6 825
Diamonds			593 060	179 376			42 839	162 654
Anglo American Investment Trust Limited	* —	4 147 234	—	149 561	* —	3 703 516	—	134 252
De Beers Consolidated Mines Limited	109 258 135	8 342 072	593 060	29 815	7 889 350	7 889 350	42 839	28 402
Copper and other mining			26 941	20 785			6 176	3 985
Elec Alexander Lease Limited	2 998 162	1 265 074	14 991	3 985	1 235 234	1 265 074	6 176	3 985
Rio Muomba Mineral Development Company, Limited	1 166 933	1 053 726	2 127	2 789	—	—	—	—
Rhodesia Nickel Corporation Limited	2 187 258	2 833 858	3 [illegible]	9 861	—	—	—	—
Shangani Mining Corporation Limited	2 600 553	3 429 612	1 013	3 125	—	—	—	—
Tanganyika Concessions Limited	498 114	445 114	1 008	1 022	—	—	—	—
Tati Exploration and Development Company Limited	220 410	—	2 146	—	—	—	—	—
Zambia Copper Investments Limited	996 233	583 031	150	60	—	—	—	—
Platinum			32 370	27 523			6 467	8 556
Lydenburg Platinum Limited	242 000	—	325	—	—	—	—	—
Rustenburg Platinum Holdings Limited	24 649 805	16 004 980	32 045	27 523	4 974 305	4 974 305	6 467	8 556



	Group				Corporation			
	Units held		Directors' valuation R000's		Units held		Directors' valuation R000's	
Finance	31.12.78	31.12.76	31.12.78	31.12.76	31.12.78	31.12.76	31.12.78	31.12.76
Mining finance and investment			93 770	67 255			990	7 550
Anglo American Corporation of Canada Limited	3 051 293	3 051 293			—	—		
Anglo American Corporation Rhodesia Limited	4 535 653	3 530 922			—	—		
Anglo Transvaal Consolidated Investment Company Limited	15 602 250	8 500 000			—	—		
Anglo Transvaal Industries Limited	33 139 250	—			10 099 500	—		
Falconbridge Nickel Mines Limited	—	3 917 656			—	—		
Rand Selection Corporation Limited	950 000	632 671			50 000	50 000		
Rhodesian Anglo American Limited	—	5 000 000			—	—		
Rhodesian Selection Trust Limited	—	1 000 175			—	—		
Selection Trust Zambia Limited	500 000	500 000			—	—		
Zambian Anglo American Limited	—	1 000 175			—	—		
Zambian Selection Trust Limited	*—	12 600			—	—		
Charter Consolidated Limited	* —	315			*—	315		
Western Areas Gold Mining Company Limited	*—	744 500			*—	657 800		
Industrials			92 345	—			—	—
Anglovaal Industries Limited	21 600	—			—	—		
Associated Manufacturers (Zambia) Limited (Ordinary shares)	10 000	—			—	—		
The Central African Power Corporation Limited	661 776	—			—	—		
The Industrial Development Corporation of Zambia Limited	500 000	—			—	—		
Lonrho (Africa Properties) Limited								
Ordinary	330 000	—			—	—		
6% Cumulative preference	350 000	—			—	—		
The Rhodesia Railways Limited (Ordinary shares)	28 000	—			—	—		
Copper and other mining			12 920	5 986			4 199	2 370
Chibuluma Mines Limited								
Ordinary	870 000	555 555			—	555 555		
preference	3 750 000	—			—	—		
6% Convertible	1 200 000	—			—	—		
Rhodesian Anglo American Limited	3 331 005	—			2 223 000	—		
Rhodesian Anglo American (Investments) Limited	198 581	305 722			—	—		
Rhodesian Alloys Limited	2 266 663	1 521 111			—	—		
Selection Trust (Zambia) Limited	21 000	—			—	—		
Zambian Anglo American Limited	*—	1 176 537			—	—		
Zambian Copper Investments Limited	95 000	—			—	—		
Gold			1 579	1 260			—	—
Rio Tinto Southern Rhodesia Limited	700 000	700 000			—	—		
South China Syndicate (Proprietary) Limited	—	50 000			—	—		
Industrial Securities			25 768	24 372			2 362	11 248
Ashburton Investments Limited	* —	150			*—	150		
Ashton Investments Limited	—	69 500			—	69 500		
Consolidated Holdings (Proprietary) Limited	205 000	—			—	—		
Corporate Holdings Limited	* —	496			*—	196		
Cluff Oil Holdings Limited	* —	1 000			—	—		
Electrical Industrial Properties Limited	* —	2 000			*—	2 000		
Rhodesian Investments (Proprietary) Limited	*—	83			—	—		
Lyndale Investments Limited								
Ordinary	250 000	250 000			227 500	227 500		
preference	50 000	—			50 000	—		
Lyndale Securities	* —	600 000			*—	217 553		
Mutual Consolidated Investment Services Limited								
A ordinary	250	250			—	—		
B non-voting	1 000	1 000			—	—		
C non-voting	300	—			—	—		
Orion Investments (Pvt) Limited	30 350	13 500			—	—		
Nyasaland Investments Limited	—	125			—	125		
Palmolive Investments Limited		89 000			—	—		
Park Hill Nominees Limited	* —	41 535			—	—		
Rand Investments Limited		500			—	500		
Selection Trust Nominees Limited	500	—			—	—		
Southern Rhodesia Investments Limited	370 000	—			—	—		
Zinc Products Limited	* —	41 535			*—	41 535		

	Group				Corporation			
	Units held		Directors' valuation R000's		Units held		Directors' valuation R000's	
Unlisted	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76
Mining finance and investment			51 770	67 259			990	7 550
Anglo American Corporation of Canada Limited	3 091 290	3 091 290			—	—		
Anglo American Corporation Rhodesia Limited	4 705 858	3 880 922			—	—		
Australian Anglo American Limited	14 400 000	8 800 000			—	—		
BCL Limited – preference	15 149 250	—			10 089 500	—		
Falcon Investments Limited	—	3 947 656			—	—		
JCI Participations Holdings B.V.	980 000	612 671			50 000	50 000		
Johannesburg Consolidated Investment Company Limited								
– preference	—	5 000 000			—	—		
Osprey Investments Limited	—	4 010 175			—	—		
Overseas and European Investment Company Limited	500 000	500 000			—	—		
Pelagian Investments Limited	—	4 010 175			—	—		
Swan Investments Limited	*—	12 693			—	—		
Swedish Investments Limited	*—	315			*—	315		
Western Deep Levels Limited	*—	741 500			*—	657 800		
Diamonds			92 343	—			—	—
Afrikaner Gem Sales Limited	21 000	—			—	—		
Consolidated Diamond Mines of South West Africa Limited – redeemable cumulative preference	30 000	—			—	—		
The Diamond Mining and Trading Company (Proprietary) Limited	461 736	—			—	—		
The Diamond Trading Company (Proprietary) Limited	500 000	—			—	—		
Industrial Distributors (1946) Proprietary Limited								
– ordinary	330 000	—			—	—		
– fully participating preference	140 000	—			—	—		
Rhodesian Gem Diamonds (Sharing) Limited	28 000	—			—	—		
Copper and other mining			12 920	5 986			4 199	2 370
Cleveland Potash Limited								
– ordinary	875 000	555 555			—	555 555		
– preference	3 750 000	—			—	—		
– 10% loan stock	£2 000 000	—			—	—		
Consolidated Zinc Corporation Limited	3 333 005	—			2 223 000	—		
Mosaic Rhodesia Investments Limited	358 983	305 722			—	—		
Rhodesian Alloys Limited	2 266 663	1 511 111			—	—		
Société de Mipaire El Aouloute	28 000	—			—	—		
Swaziland Iron Ore Development Company Limited	*—	4 176 287			—	—		
Tsumeb Corporation Limited	85 000	—			—	—		
Coal			1 379	1 260			—	—
Witbank Exploring Syndicate	700 000	700 000			—	—		
Natal Coal Syndicate (Proprietary) Limited	—	80 000			—	—		
General finance			25 768	24 372			2 362	11 248
Actens Investments Limited	*—	150			*—	150		
Actens Investments Limited	—	69 500			—	69 500		
Components Holding Trust Stad Maatskappy	355 000	—			—	—		
Corbidon Holdings Limited	*—	496			*—	496		
Corvest Holdings Limited	*—	1 000			—	—		
Electro Chemical Industries Limited	*—	2 000			*—	2 000		
Engelhard Enterprises of Southern Africa Limited	*—	83			—	—		
Epsilon Investments Limited								
– ordinary	250 000	250 000			227 500	227 500		
– preference	50 000	—			50 000	—		
Etruscan Limited	*—	500 000			*—	217 853		
Management and Technical Services Limited								
"A" voting	250	250			—	—		
"B" non-voting	100	100			—	—		
"D" non-voting	100	—			—	—		
Orbit Investments Limited	20 230	13 500			—	—		
Nova Investments Limited	—	125			—	125		
Rand Selection Limited	—	55 000			—	—		
Park Holdings Limited	*—	41 525			—	—		
Pond Investments Limited		300			—	300		
Sun Life Holdings Proprietary Limited "B"	50	—			—	—		
Sylvan Corporate Loans to Grand	2 750 000	—			—	—		
Union Corporation Limited	*—	41 525			*—	41 525		

	Group				Corporation			
	Units held		Directors' valuation R000's		Units held		Directors' valuation R000's	
	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76
Industrial and commercial			60 152	48 498			10 326	9 575
Nestlé (Alpes) A.G.	—	50			—	—		
Nestlewest Food Group (C.V.)	—	1 333			—	1 333		
Cadbury Holdings Limited	5 000	4 386			—	—		
J. L. Clarkson Company Limited	114 282	76 187			76 187	76 187		
Clay Products Limited	61 500	61 500			—	—		
Consolidated Sciences (Proprietary) Limited	1 826 334	—			—	—		
Consolidated Metallurgical Industries Limited								
– shares	1 875 000	1 190 476			—	—		
– convertible loan stock	8576 922	—			—	—		
Consolidated Share Registrars Limited	19 370	19 370			19 370	19 370		
Cooper & Nephew Limited	98 600	65 600			—	—		
C.T. Bowring and Associates Holdings (South Africa) Limited								
– ordinary	25 000	25 000			25 000	25 000		
– preference	2	2			1	1		
C.T. Bowring and Associates (Rhodesia) (Private) Limited								
– ordinary	37 281	37 281			—	—		
– preference	1	1			—	—		
Dawson Thurstan Timber Company (Proprietary) Limited	7 750	7 750			—	—		
Hall Insurance and Company (Proprietary) Limited	147	98			—	—		
Hlobyl Proprietary Limited – preference	17 000	16 819			8 273	12 279		
Iscor Mining Pipe and Steel Investments S.A. (Proprietary) Limited	4 039 187	2 691 746			820 156	820 156		
KBA Products Limited	1 764 271	99 562			99 562	99 562		
McCarthy Motor Holdings Limited	1 000	1 000			730	730		
Mainstream Beleggings (1965) Eiendoms Bpk.	547 909	365 000			365 000	365 000		
Middelburg Steel and Alloys (Proprietary) Limited	1 136 595	721 636			—	—		
Mondi Finida Holdings Limited	1 125 000	1 125 000			—	—		
Mondi Paper Company Limited								
– ordinary	16 111 941	8 959 958			610 983	610 983		
– preference	10 000 000	10 000 000			—	—		
Nampak Limited								
– ordinary	718 661	470 170			—	—		
– preference	1 035 230	670 162			—	—		
Shell Shirker (Proprietary) Limited	3 000 000	2 683 500			—	—		
Sigma Motor Corporation (Proprietary) Limited	6 829 670	4 546 907			1 038 859	1 038 859		
Silverfields Farms Ltd.	1 700 393	1 187 000			—	—		
Union Carriage and Wagon Company (Proprietary) Limited	454 776	303 192			111 192	111 192		
Zinchem and Industrial Mineral Resources (Proprietary) Limited	* —	299 500			* —	60 785		
Property			17 927	13 120			2 021	2 293
Amalgamated Construction Limited	294	196			196	196		
Anglo American (O.F.S.) Housing Company Limited	637 500	637 500			615 131	615 131		
Anglo American Properties Limited – debentures	2 420 847	1 486 219			—	2 065 992		
Carlton Centre Limited	14 183 333	9 545 840			—	—		
Crosby-Hoopes Limited	505 352	—			—	—		
Diversified Corp (Proprietary) Limited	40	—			100 000	—		
Eersteraads Centre (Proprietary) Limited	* —	1 553			* —	1 553		
Main Place Holdings Limited	589	368			368	368		
Nathan's Gama Limited	3 512	3 073			—	—		
Banking			6 358	5 474			6 534	5 454
Anglo's Investments Limited	350	350			—	—		
Bahamas International Trust Company Limited								
– voting	124	124			124	124		
– non-voting	1 876	1 876			1 876	1 876		
Central Rosebery (Proprietary) Limited	50	50			50	50		
Commonwealth Development Finance Company Limited	241 525	241 525			—	233 050		
Industrial Finance Corporation of South Africa Limited	437 502	437 502			425 000	425 000		
National Finance Corporation of South Africa Limited	624 000	624 000			624 000	480 000		
The Discount House of South Africa Limited								
– ordinary	217 500	217 500			217 500	217 500		
– preference	—	108 750			—	108 750		
Sundry			3 479	2 091			2 366	1 040
Abu Petroleum Bpy(t)	1 002	1 201			—	—		
Lonrho Pte Ltd Amalgam. Holding A.G.	1 200	800			800	800		
Lonrho Rhod. Hotels Limited	100	100			100	100		
Other sundry holdings		—			—	—		
Total Directors' Valuation			272 296	168 059			28 798	39 530
Quoted investments at Stock Exchange value								

Statistics from the consolidated financial statements

FOR THE TEN YEARS TO 1978

Year ended[1]	Number of issued ordinary shares[2]	Issued ordinary capital and reserves	Investments		Equity earnings after taxation	Equity earnings per share[2]	Dividend per ordinary share[2]	Total ordinary dividend
			Book value	Market value[3]				
		R000's	R000's	R000's	R000's	cents	cents	R000's
1968	129 820 400	243 536	262 290	956 355	32 728	25,2	14	18 375
1969	129 820 400	261 306	283 117[4]	818 138[4]	36 224	27,9	16	20 771
1970	129 820 400	279 727	307 335[4]	688 610[4]	38 692	29,8	16	20 771
1971	129 820 400	300 805	434 881	927 378	40 970	31,5	17	22 069
1972	129 858 200	322 638	449 946	1 262 094	45 379	34,9	19	24 674
1973	129 880 300	353 730	468 583	1 231 359	57 954	44,6	24	31 176
1974	131 387 300	397 215	449 710	1 276 603	75 460	57,4	29	38 100
1975	131 672 300	447 803	518 825	1 233 088	84 428	64,1	33	43 449
1976	134 725 300	469 692	5 688	1 102 280	85 992	65,3	33	43 465
1978	222 964 532[5]	858 519[5]	838 375[5]	2 269 027[5]	195 036[6]	89,9[6][7]	45,25[6]	99 132

1. 1968 to 1972: Financial year end was December 31. It was changed to March 31 commencing March 31 1974.
2. Adjusted for share subdivision in June 1969 of 81 shares into 10 cent shares, for purposes of comparison.
3. 1968 to 1973: Includes unlisted investments at book value and outside shareholders' interest in surplus of market value of listed investments over book value.
   1974 to 1978: Includes unlisted investments at directors' valuation and outside shareholders' interest in surplus of market value and directors' valuation over book value.
4. Excluding investments in subsidiary companies not consolidated.
5. Shares issued in respect of the acquisition of RSC including rights issue to RSC shareholders.
6. Not comparable with previous years owing to the merger of Rand Selection Corporation Limited and the inclusion of other companies which, by virtue of the merger, became subsidiaries of Anglo American Corporation. Equity earnings are for the 15 months January 1 1977 to March 31 1978.
7. Based on 217 068 082 shares effectively in issue during the 15 months.
8. Includes a special interim of 8,25 cents.

Overleaf: The restoration of mined-out areas at the Group's opencast coal operations is a high priority. At Amcoal's Arnot mine near Middelburg in the Transvaal, the dragline (silhouetted in the background) disturbs surface land at a rate of six hectares a month creating huge spoil heaps which are re-contoured at the same rate. A comprehensive programme is being followed to rehabilitate the soil in these re-contoured areas and to re-introduce pasturage

Interests of the Group

The Anglo American Corporation Group and its associates have direct and indirect interests in a wide range of financial, mining, industrial, prospecting, insurance and other companies. Particulars are given in this section of those companies in which the Group and associates hold significant interests.

Principal finance and investment companies 79

Principal operating companies

Gold and uranium 84

Diamonds 88

Coal 89

Other mining 90

Oil and gas 93

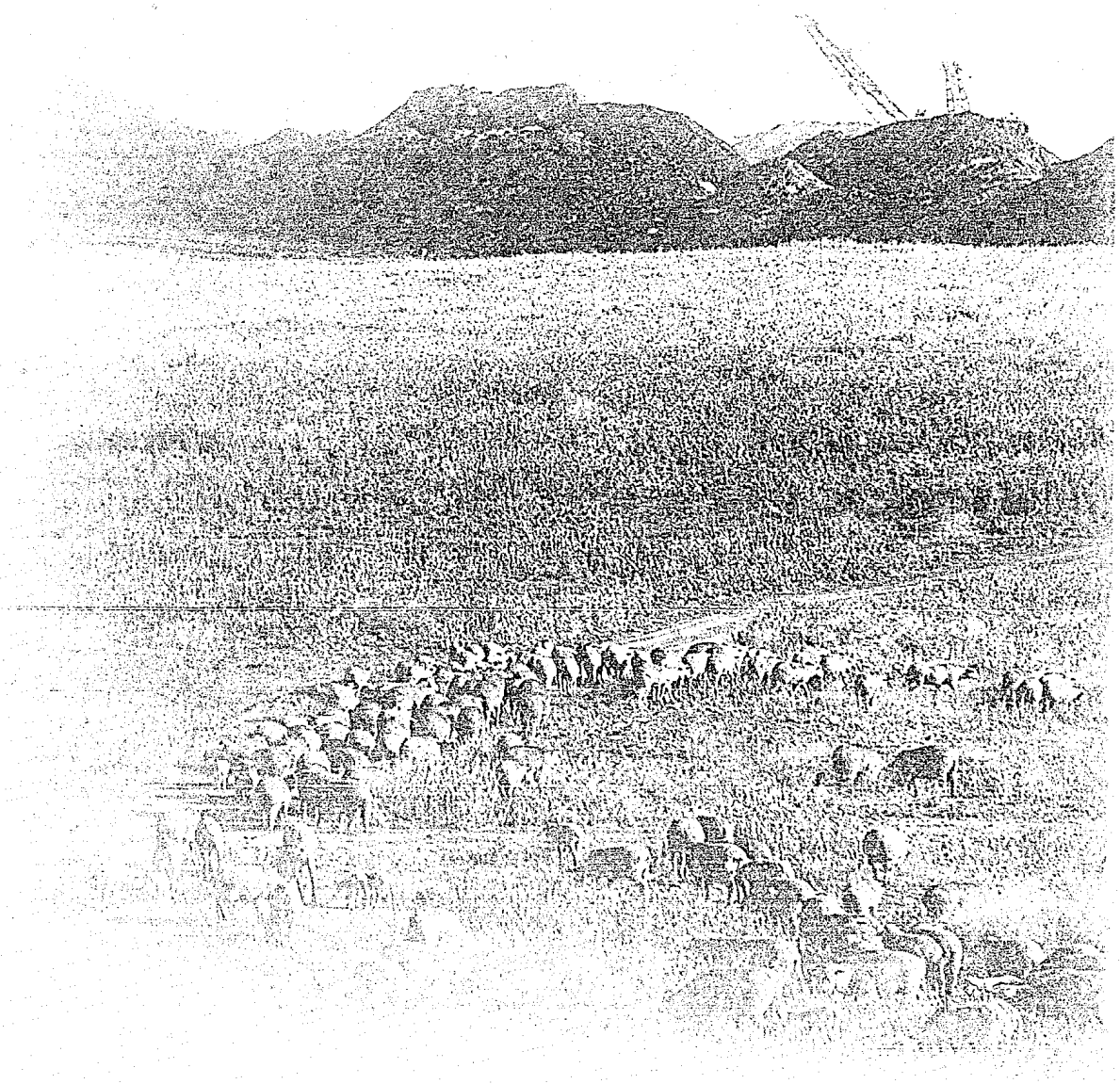
Industry and commerce 95

Property 100

Insurance, banking and general investment 100

Prospecting 102

Service 102



Principal finance and investment companies

In this section of the Report the Anglo American Corporation of South Africa Limited and its principal subsidiary companies are dealt with under the following headings: Administered within the Anglo American Corporation Group; Anglo American Gold Investment Company Limited (Amgold); Associated companies.

Administered within the Anglo American Corporation Group

Anglo American Coal Corporation Limited (Amcoal)

AAC Group equity interest – 85 per cent

Amcoal holds the interests of the Anglo American Corporation Group in the coal mining and marketing sectors of the market with investments in the South African coal industry. It owns directly or indirectly 25 producing collieries and has coal reserves in excess of 1 000 million tons. The marketing of coal on both the domestic and export markets is a key function. A significant interest is held in Transvaal Consolidated Land and Exploration Company Limited, which has a diversified portfolio of investments in the coal, base metals and industrial sectors.

Amcoal also holds interests in coal mining in the Transvaal, the Orange Free State and participates in the coal projects in Botswana and Swaziland. The Anglo American Coal Corporation Group is the largest coal producer in the Republic of South Africa.

Amcoal Exploration Limited, a wholly-owned subsidiary of Amcoal, is engaged in exploration for coal in the Republic of South Africa and Botswana.

Amcoal Swaziland Limited, a wholly-owned subsidiary of Amcoal, is engaged in exploration for coal in Swaziland.

Year ended December 31

	1977	1976
	R000's	R000's
Issued capital		
22 375 135 shares of 50 cents each	11 188	11 188
Reserves	153 854	139 866
Deferred taxation	34 852	31 776
Loans, debentures and long-term liabilities	160 000	164 000
Investments		
Listed		
Book value	7	7
Market value	264	1 688
Unlisted		
At cost less amounts written off	5 811	1 761
Directors' valuation	1 000	838
Loans outstanding	17 200	15 158
Dividends paid	11 188	8 394

The Anglo American Corporation of South Africa Limited has a 49,9 per cent interest in Amcoal.

Anglo American Corporation do Brasil Limitada (Ambras)

Anglo American Corporation and its associates hold an effective 60 per cent interest in Ambras. Ambras owns Brazil gold and uranium assets and a 50 per cent interest in the gold business that comprises the Morro Velho mines, being split as to the complex Sabara and Raposos mines, Anglo American Corporation Limited and three Brazilian companies.

Ambras was formed in 1973 to look at investments in Brazil, with the purpose of seeking investments particularly in mining, prospecting and developing mineral deposits, and providing services to associated companies involved in such trading activities.

In 1975, the company acquired a 50 per cent interest in Mineração Morro Velho which owns the principal producing gold mines in the state of Minas Gerais.

Ambras, through its associate, Urânio do Brasil Mineração S.A., is negotiating with the Brazilian authorities on the uranium gold prospects in the State of Bahia and its interests in prospecting properties throughout Brazil.

Anglo American Corporation of Canada Limited (Amcan)

AAC Group equity interest – 56,3 per cent

Amcan was established and is considered to be the main part of the Canadian assets of the Anglo American Corporation. Its assets consist largely of interests in base metal and industrial minerals companies, gold and uranium producers, coal and oil and natural gas production and prospecting companies.

Year ended December 31

	1977	1976
	$000's	$000's
Issued capital		
5 412 338 shares of no par value		
Authorized capital comprises:		
Class A convertible preference shares	100 000	100 000
Class B shares	150 000	150 000
Capital and reserves	193 955	181 055
Investments	193 955	181 231
Listed		
Book value		660
Market value		372
Unlisted	135 255	122 833
Directors' value	82 896	83 276
Unlisted		
Book value	2 387	1 662
Directors' value	2 897	1 527
Loans outstanding	5 013	15 034
Dividends paid	21 771	21 771
Taxation paid	1 439	3 072

All amounts are expressed in Canadian currency.

At December 31 1977 Amcan's principal investments were as follows:

	Effective percentage ownership
Amcan Asbestos Limited	99,00
Falconbridge Nickel Mines Ltd	25,29
Hudson Bay Mining & Smelting Co Limited	36,61
Lake Asbestos of Quebec Ltd	33,93
Pacific Coal Limited	50,00
Quebec Metallurgical Industries Limited	50,00
Rio Algom Mines Limited	44,33

Anglo American Corporation Rhodesia Limited (Amcho)

AAC Group equity interest – 50 per cent

Amcho, by contract with certain other Rhodesian foreign companies, holds the Rhodesian interests of the Anglo American Corporation, Minerals and Resources Corporation Limited and Charter Consolidated Limited groups and has a widely diversified portfolio of Rhodesian mining investments. Its major investments include coal, nickel and copper mining, iron steel fabrication and allied construction industries, citrus, sugar, cotton, tobacco, forests and timber processing, ceramic tiles, milling, coking coal, fine, property investment holdings and investment finance. In addition Amcho has a substantial participation in the Corporation's prospecting programmes in Rhodesia.

Year ended 31 June

	1977	1976
	$000's	$000's
Issued capital		
28 350 000 shares of $1 each	28 350	7 080
Share premium and reserves	61 195	51 555
Unrealized profits	2 304	3 800
Investments		
Listed		
Book value	19 567	17 715
Market value	26 426	17 970
Unlisted at book value	31 772	33 750
Loans outstanding	3 337	3 175
Dividends paid	1 418	992

All amounts are expressed in Rhodesian currency.

Anglo American Gold Investment Company Limited (Amgold)

AAC Group equity interest – 47,83 per cent

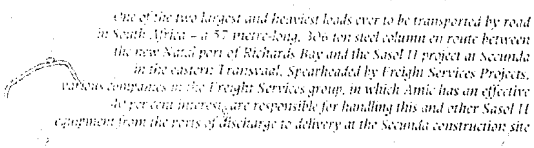
An investment company with major shareholdings in South African gold and uranium mining companies and interests in gold mining and exploration in Australia and Brazil.

Year ended December 31

	1977	1976
	R000's	R000's
Issued capital		
21 952 012 ordinary shares of 82 cents	21 952	21 952
Share premium and reserves	146 709	141 423
Investments		
Listed		
At cost less amounts written off	184 731	147 581
Market value	760 811	612 839
Unlisted		
At cost less amounts written off	330	330
Directors' valuation	5 289	4 155
Loans	4 955	12 836
Equity earnings	41 507	45 366
Dividends paid	36 221	39 514

The shareholdings of Amgold and its subsidiary company, Orange Free State Investment Trust Limited, at December 31 1977 were:

	Shares held	Percentage interest
Gold producing		
Blyvooruitzicht Gold Mining Company Limited	1 635 000	6,81
Buffelsfontein Gold Mining Company Limited	2 218 750	20,17
Deelkraal Gold Mining Company Limited	5 468 690	8,68
Doornfontein Gold Mining Company Limited	701 888	7,14
East Driefontein Gold Mining Company Limited	6 063 509	11,12
East Rand Gold and Uranium Company Limited	8 000 000	20,00
Ellaton Gold Mining Company Limited	11 425 366	22,70
Elsburg Gold Mining Company Limited	1 351 500	4,47
Free State Geduld Mines Limited	2 112 650	20,24
Free State Saaiplaas Gold Mining Company Limited	5 403 667	19,23
Harmony Gold Mining Company Limited	737 000	2,74
Hartebeestfontein Gold Mining Company Limited	1 737 700	15,52
Kinross Mines Limited	102 000	0,57
Kloof Gold Mining Company Limited	2 413 467	7,98
Loraine Gold Mines Limited	2 297 000	14,03
President Brand Gold Mining Company Limited	2 808 000	20,00
President Steyn Gold Mining Company Limited	3 084 300	20,03
St Helena Gold Mines Limited	1 885 000	19,58
Vaal Reefs Exploration and Mining Company Limited	3 106 490	16,35
Venterspost Gold Mining Company Limited	33 500	0,66
Welkom Gold Mining Company Limited	2 300 000	18,78
West Driefontein Gold Mining Company Limited	2 080 134	14,20



One of the two largest and heaviest loads ever to be transported by road in South Africa – a 57 metre-long, 300 ton steel column en route between the new Natal port of Richards Bay and the Sasol II project at Secunda in the eastern Transvaal. Spearheaded by Freight Services Projects, various companies in the Freight Services group, in which Amic has an effective 46 per cent interest, are responsible for handling this and other Sasol II cargoment from the ports of discharge to delivery at the Secunda construction site

	Shares held	Percentage interest
Western Areas Gold Mining Company Limited	1 016 300	2,52
Western Deep Levels Limited	5 500 000	13,23
Western Holdings Limited	1 500 000	23,91
Winkelhaak Mines Limited	10 000	0,08
Zandpan Gold Mining Company Limited	1 218 200	14,29
Financial		
Eldorado Gold Mining Company Limited	10 000	1,20
Gold Fields (South Africa) Limited	1 776 753	17,09
Sentrachem Holdings Limited	1 961 200	11,31
Western Deep Levels Limited	134 100	0,26
Winkelhaak Mines Limited	10 000	0,08
Property		
Carbon Cosmos Limited		
– ordinary	10 000	1,28
– 6½ per cent cumulative first preference shares of R1 each	2 000 000	
Prospecting		
Anglo American Corporation of South Africa Limited	177 177 418	*29,03
Australian Anglo American Securities Limited	25 000	20,00
Bishop Anglo West Limited	2 500	2,50
Goldfinger Gold Mining Company Limited	200	1,00
Winkler Investments (Proprietary) Limited	150 000	30,00
Other		
Anglo De Beers Finance Services Limited	2	28,57
Cape Verde Petroleum Limited	10	10,00
Gulf of Wolfson Bay Limited		
Stock Items (Pty) Ltd	R50 000	
Transvaal Gold Mining Estates Limited		
– ordinary	961 000	1,60
– R1 cumulative preference	2 000 000	
Meadow Investments Limited	20 000	0,71
Molen Mines Proprietary Limited	1 000	50,00
The Alexander Tube Limited	1 000 500	17,28
Out South Africa Limited		
Exploration Company Limited	10 000 000	20,00
United Gold Mines Limited	582 000	1,11

* Direct and indirect holdings

Anglo American Industrial Corporation Limited (Amic)

AAC Group equity interest – 46,2 per cent

Amic was formed in November 1973 by the merger of the industrial interests of the Anglo American Corporation Group and:

Amic's principal activities are the design of mining plant, equipment and vehicles; the provision of mining and civil engineering, heavy and marine transport, plant hire and lifting services; and the manufacture of steel products.

Amic also holds a large portfolio of investments in listed companies, principally in the fields of mining finance and in companies involved in the manufacturing and distribution of consumer goods.

Year ended December 31 1977

	1977 R000's	1976 R000's
Issued capital		
26 260 947 ordinary shares of R1 each	26 261	26 261
Share premium and reserves	258 038	262 092
Long- and medium-term loans	17 137	17 179
Investments		
– Listed		
Book value	59 324	60 749
Market value	68 152	56 086
– Unlisted		
Book value	47 315	45 892
Directors' valuation	53 344	53 578
Equity earnings	20 492	12 959
Dividends paid	18 803	17 170

Principal wholly-owned subsidiaries at December 31 1977

Boart International Limited

Braunzeel Pipelines (Pty) Limited (equity capital only)

Drakensberg Estate Land and Estate Company (Proprietary) Limited

SA Forest Investments Limited (equity capital only)

Scaw Metals Limited

Principal investments of the Amic group at December 31 1977 were:

	Shares held	Percentage interest
Building and allied industries		
LTA Limited	3 674 716	17,98
Freight and travel		
Freight Services Holdings Limited (directly and through Rovlon Holdings Limited)	1 026 266*	40,34
Iron, steel, engineering and related industries		
Consolidated Metallurgical Industries Limited	1 250 000	10,00
Edbulk Investments and Carriers (Proprietary) Limited	nil	1,79
Highveld Steel and Vanadium Corporation Limited	3 133 050	8,11
International Pipe and Steel Investments S.A. (Proprietary) Limited 'A' shares	3 737 426	5,33
H. Clark and Company Limited	150 000	30,00
Mansfield Refrigerator Plant (Pty) Ltd	228 125	12,50
Middelburg Steel and Alloys (Proprietary) Limited	5 000	1,17
Stewarts & Lloyds of South Africa Limited	561 639	3,29
Union Carriage and Wagon Company Limited	189 592	1,16
The Union Steel Corporation of South Africa Limited	1 830 000	13,40
Vereeniging Refractories Limited	756 000	15,72
Zimbabwe Industrial Mineral Reserves (Proprietary) Limited	260 000	19,50
Industrial finance		
Barlow Rand Limited	1 177 300	1,15
De Beers Industrial Corporation Limited	1 625 000	26,10
Mining finance, equipment and contracting services		
Marshall Little Holdings Limited	750 000	18,03
Shaft Sinkers (Proprietary) Limited	300 000	5,00
Smith Bros (Proprietary) Limited	750 000	30,00
Timber and paper		
Cadbara Holdings Limited	3 341	33,34

* Subsidiary as at 31 December

	Shares held	Percentage interest
Mondi Paper Company Limited	15 320 120	39,79
Sappi Limited	300 000	1,05
Property		
Ingango Property Investments Limited	500	25,00
Food and produce		
African Products Limited	328 500	8,76
OKK Foods Limited	250 000	50,00
Sociedade Farms Limited	648 500	21,62
The Tongaat Group Limited	1 031 250	6,32
Textiles		
Industex (Proprietary) Limited	1 273 217	37,45
Romatex Limited	751 900	2,87
Motor and transport		
McCarthy Group Limited	2 059 940	12,13
McCarthy Main Holdings Limited	1 500	25,00
Sigma Motor Corporation (Proprietary) Limited	7 013 330	38,05

Anglo American Investment Trust Limited (Anamint)

AAC Group equity interest – 52,16 per cent

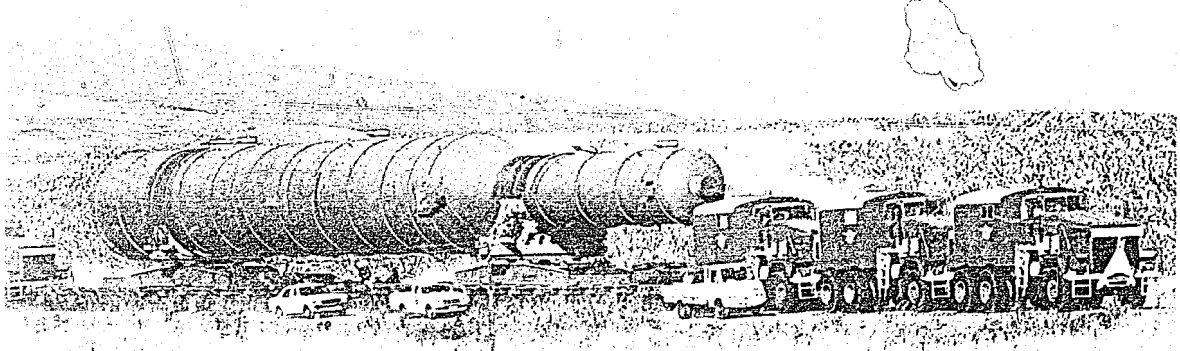
An investment company with shareholdings in De Beers Consolidated Mines Limited and certain diamond trading companies

Year ended March 31 1978

	1978 R000's	1977 R000's
Issued capital		
– ordinary shares – 10 000 000 of 50c each	5 000	5 000
– six per cent cumulative preference shares – 2 500 000 of R2 each	5 000	5 000
Distributable reserves	53 228	48 894
Investments		
– Listed –		
At cost	46 411	46 411
Market value	520 123	398 345
– Unlisted –		
At cost	11 636	6 960
Directors' valuation	92 343	47 943
Equity earnings	64 634	44 123
Dividends paid – ordinary	60 000	41 000

Anamint's investments at March 31 1978 were as follows:

	Shares held	Percentage interest
Abrasive Grit Sales Limited – 'A' shares	21 600	12,00
Anglo American Industrial Corporation Limited	590 625	2,20
De Beers Consolidated Mines Limited – deferred shares	93 862 430	26,37
The Diamond Purchasing and Trading Company (Proprietary) Limited	461 756	18,47
The Diamond Trading Company (Proprietary) Limited	500 000	50,00
Industrial Distributors (1946) Limited		
– ordinary shares	330 000	13,20
– five per cent cumulative participating preference shares	150 000	30,00
Industrial Grit Distributors (Shannon) Limited	28 000	15,55



Anglo American Properties Limited (Amaprop)

[illegible]

Australian Anglo American Limited

[illegible]

Minerals and Resources Corporation Limited (Minorco)

[illegible]

Zambia Copper Investments Limited (ZCI)

[illegible]

Administered outside the Anglo American Corporation Group

Charter Consolidated Limited

AAC Group equity interest – 35,82 per cent

Charter is a United Kingdom mining finance company operating internationally with interests in gold, diamonds, copper, tin and wolfram, platinum, potash and other minerals, and important industrial interests. These include a majority holding in Cape Industries Limited, wholly-owned subsidiaries Elastic Rail Spike Company Limited and Heatrae-Sadia Holdings Limited, and M. K. Refrigeration Limited, a manufacturer of bar cooling equipment, which was acquired in August 1977.

Based on the market value of listed investments and the directors' valuation of unlisted investments, the net value at March 31 1978 amounted to £287 604 000 (1977: £273 544 000). The following is an indication of the geographical location of its assets and revenue, taking into account its direct interests and also, where possible, its major indirect interests.

	Assets £000's	Percentage of assets	Percentage of revenue
United Kingdom	98 890	27,0	32,8
Rest of Europe	30 929	8,4	8,0
North and South America	55 043	15,0	9,7
South Africa	136 904	37,3	37,9
Zambia	7 348	2,0	1,5
Rest of Africa	5 665	1,6	2,4
South east Asia	15 079	4,1	5,7
Australia	16 868	4,6	2,0
	366 735	100,0	100,0

Year ended March 31 1978

	1978 £000's	1977 £000's
Issued capital		
104 837 397 shares of 25p each, fully paid, and 286 500 shares of 25p each, 1p paid up	26 212	26 202
Share premium and reserves	184 150	*190 519
Long term indebtedness and deferred taxation	58 064	*52 511
Investments		
Listed		
At cost	133 943	138 519
Market value	210 478	196 412
Unlisted		
At cost	48 673	57 450
Directors' valuation	52 380	56 380
Equity earnings	25 435	*19 277
Dividends paid	8 703	*7 865

**Restated to reflect change in basis of accounting for deferred taxation.*

All amounts are expressed in United Kingdom currency.

At March 31 1978, Charter's principal direct and indirect investments were as follows:

	Percentage held
Anglo American Corporation do Brasil Limitada	12,0
Anglo American Corporation of Canada Limited	24,8
Anglo American Corporation of South Africa Limited	5,9
Anglo American Investment Trust Limited	10,0
Australian Anglo American Limited	15,0
Beralt Tin and Wolfram Limited	48,2
Botswana RST Limited	4,5
Cape Industries Limited	66,9
Cleveland Potash Limited	37,5
Malaysia Mining Corporation Berhad	28,6
Minerals and Resources Corporation Limited	20,0

	Percentage held
Rustenburg Platinum Holdings Limited	4,2
Selection Trust Limited	25,8
Societe Miniere de Tenke Fungurume	14,0
Union Corporation Limited	9,5

De Beers Consolidated Mines Limited (De Beers)

AAC Group equity interest — 30,37 per cent

The principal activities and interests of De Beers are the mining of natural diamonds, the manufacture of synthetic diamond, the marketing of diamonds produced by the group and by other producers, and a portfolio of investments outside the diamond industry. Details of the group's operations may be found on pages 88 and 89 of this report.

Year ended December 31 1977

	1977 R000's	1976 R000's
Issued capital		
40 per cent cumulative preference shares (excluding 4 481 shares held by subsidiary companies)	1 678	1 678
Eight per cent cumulative second preference shares 2 866 929 of R1 each	2 867	2 867
Deferred shares — 357 766 032 of five cents each	17 886	17 880
Reserves*	1 491 953	1 067 860
Long-term liabilities	41 380	41 443
Minority interests	79 674	107 099
	1 540 538	1 231 177
Diamond mining and fixed assets	179 497	143 653
Diamonds on hand		
Mining companies	18 427	26 500
Other companies	151 723	200 811
Investments		
Listed		
Book value	598 490	567 998
(Market value)	(612 180)	(642 808)
Unlisted		
Book value	77 516	116 903
(Directors' valuation)	(136 201)	(155 287)
Long-term loans	72 127	72 816
Net current assets	462 206	343 950
Other	160 203	75 285
	1 540 [illegible]	1 241 477
Diamond account	751 153	451 518
Interest and dividend income	169 179	93 621
Other revenue	22 470	13 893
Surplus on realisation of fixed assets	67	(3)
	943 771	558 997
Less: Prospecting, interest and other charges	43 351	32 227
Amounts written off investments less surplus on realisation of investments	2 6 314	43 156
Consolidated profit before tax	888 107	519 916
Taxation and State's share of profits under mining leases	254 618	182 915
Consolidated profit after tax	633 489	337 001
Minority interest	10 174	28 485
Profit attributable to De Beers	623 315	308 516
Deferred dividends	188 889	125 926

*After deducting excess of cost of shares in subsidiary companies over book value of net assets at date of acquisition.

Johannesburg Consolidated Investment Company Limited (JCI)

AAC Group equity interest — 30,51 per cent

JCI is a mining finance company with substantial investments in gold, platinum, diamonds, coal, copper and other minerals, and in mining finance, industrial, property and financial investment companies.

The valuation of the company's assets, taking listed investments at market valuations and other assets at directors' valuations, totalled R360,3 million at June 30 1977. Of this total, 66,3 per cent was represented by investments in mining and mineral processing and 33,7 per cent by JCI's interests in industrial, financial and property investments.

Year ended December 31 1977

	1977 R000's	1976 R000's
Issued capital		
Ordinary shares — 7 105 690 of R2 each	14 211	14 211
8,25 per cent cumulative redeemable preference shares — 10 000 000 of R1 each	—	10 000
Share premium and reserves	170 200	165 961
Long-term loans and deferred taxation	86 436	129 413
Investments		
Listed		
Book value	147 462	150 040
Market value	225 357	267 811
Unlisted		
Book value	30 886	17 849
Directors' valuation	60 454	47 912
Equity earnings	*15 030	26 206
Dividends paid	12 080	12 080

*After extraordinary item — provision against investment in Tsumeb Corporation Limited.

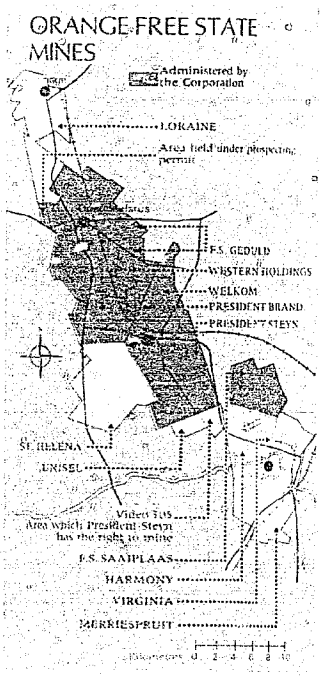
At June 30 1977, the principal investments of the JCI group were as follows:

	Percentage held
Gold	
Elsburg Gold Mining Company Limited	24
The Randfontein Estates Gold Mining Company, Witwatersrand, Limited	23
Western Areas Gold Mining Company Limited	7
Platinum	
Rustenburg Platinum Holdings Limited	28
Nickel	
Shangani Mining Corporation Limited	49
Diamonds	
De Beers Consolidated Mines Limited	1
Coal	
Tavistock Collieries Limited	52
The Natal Cambrian Collieries Limited	100
Antimony	
Consolidated Murchison Limited	25
Copper	
O'okiep Mining Company (Proprietary) Limited	67
Palabora Mining Company Limited	5
Ferrochrome	
Consolidated Metallurgical Industries Limited	52
Mining Finance	
Free State Development and Investment Corporation Limited	49
Industry	
Anikon Holdings (Proprietary) Limited	98
Argus Printing and Publishing Company Limited	18
Johnson Matthey & Company Limited	27
Lenning Holdings Limited	78
Loam's Creek Timber Limited	100
Mondi Paper Company Limited	24
Steelbrite Limited	64
The South African Breweries Limited	18
Toyota South Africa Limited	15
Finance	
Standard Bank Investment Corporation Limited	1
Property	
Downtown Real Estate Corporation Limited	28
I.H. Isaacs (Proprietary) Limited	49
Main Place Holdings Limited	61
Milpark Investments (Proprietary) Limited	67

Principal operating companies

Gold and uranium

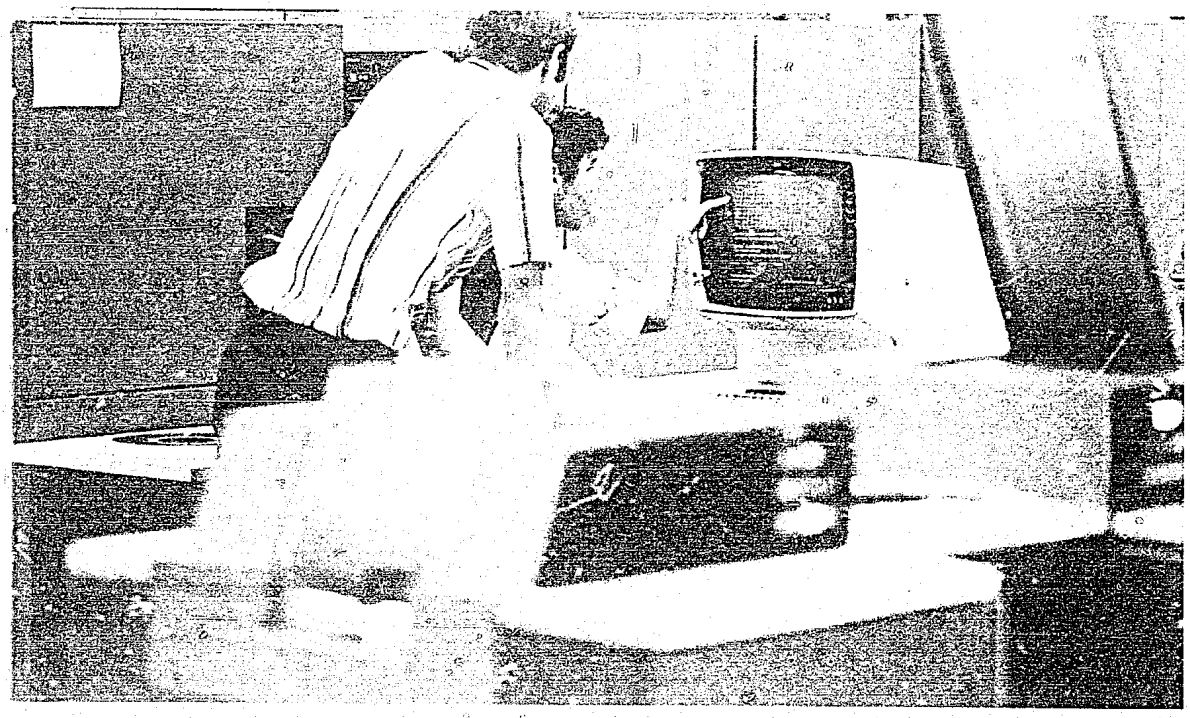
ORANGE FREE STATE



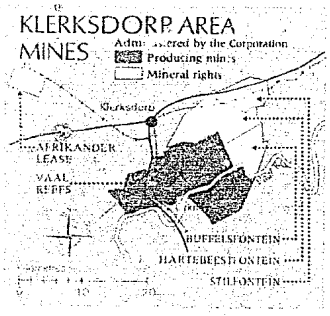
President Brand Gold Mining Company Limited

President Steyn Gold Mining Company Limited

Welkom Gold Mining Company Limited



Ergo Gold Mines Limited



Consolidated Main Reef Limited

FAR WEST RAND AND KLERKSDORP

Western Areas Gold Mining Company Limited

Vaal Reefs Exploration and Mining Company Limited

Financial Mines Corporation Limited

Consolidated Main Reef Limited decided to delay a decision on the establishment of a mine and temporarily to suspend sales negotiations in all fields with the Government on certain aspects of the project are confirmed and a formal agreement with the Australian syndicate has taken place.

Vaal Reefs Exploration and Mining Company Limited

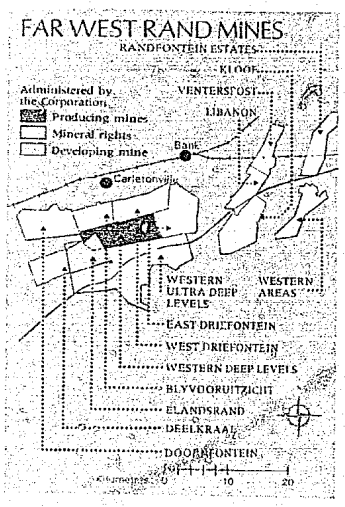
AAC Group companies interest 47% per cent

Year ended December 31 1977

	1977	1976
Issued capital		
Ordinary shares of 50 cents each	R9 387 000	R9 500 000
Loans unified	7 163 000	6 572 000
Mined – metric tons	849	1001
Yield per ton milled	R26·74	R31·29
Working profit	R7 079 000	Rnil 341 000
Investment allowances used	R17 918 000	R11 745 000
Profit (loss) attributable to Vaal Reefs Holdings Limited	R8 867 000	R227 000
Ore Reserves at December 31		
Tons (metric)	R14 250 000	R22 575 000
Grade (g/t)	R7·5 grams	R20 grams

The immediate development plans consist of the mine is being expanded to 750 000 tons a month which is planned to be reached in the second half of 1979. Sinking of the new No. 9 shaft is scheduled to start in September 1978 and commissioning is expected in 1983.

Planned production for the year ending December 31 1978 comprises 750 000 tons grade 9·0 grams per ton. Planned capital expenditure R7 200 000.



Western Deep Levels Limited

[illegible]

Administered by other mining finance houses

Blyvooruitzicht Gold Mining Company Limited

[illegible]

Buffelsfontein Gold Mining Company Limited

[illegible]

Deelkraal Gold Mining Company Limited

[illegible]

[illegible]

East Driefontein Gold Mining Company Limited

[illegible]

Elsburg Gold Mining Company Limited

[illegible]

Hartebeestfontein Gold Mining Company Limited

[illegible]

	1977	1976
Taxation and State's		
interest in profit	R20 828 000	R31 874 000
Dividends declared	R13 120 000	R21 280 000

Planned production for the year ending June 30 1978. Tonnage 2 900 000, Grade 11,0 grams per ton. Planned capital expenditure R15 000 000

Kloof Gold Mining Company Limited

AAC Group equity interest – 0,13 per cent

Year ended June 30 1977

	1977	1976
Issued capital		
30 240 000 shares of		
R1 each	R30 240 000	R30 240 000
Tons milled	1 527 000	1 391 000
Yield – grams/ton	12,4	11,2
Cost per ton milled	R27,40	R22,70
Working profit	R25 111 000	R24 259 000
Taxation and State's		
share of profit	R6 294 000	R5 021 000
Dividends paid	R9 072 000	R14 213 000

Planned capital expenditure for the year ended June 30 1978 was R14,1 million

West Driefontein Gold Mining Company Limited

Year ended June 30 1977

	1977	1976
Issued capital		
14 082 100 shares of		
R1 each	R14 082 000	R14 082 000
Tons milled	2 223 000	2 646 000
Yield – grams/ton	23,7	21,5
Cost per ton milled	R25,25	R18,81
Working profit		
gold	R131 357 000	R152 628 000
uranium and acid	R3 890 000	587 000
Taxation and State's		
share of profit	R79 145 000	R92 678 000
Dividends paid	R39 430 000	R47 175 000

Planned capital expenditure for the year ended June 30 1978 was R16 500 000.

Zandpan Gold Mining Company Limited

AAC Group equity interest – 9,43 per cent

The company's main business is the holding of a 19,6 per cent investment in Hartebeestfontein Gold Mining Company Limited, the operating results of which appear earlier in this section

Year ended June 30 1977

	1977 R000's	1976 R000's
Issued capital		
13 020 285 shares of		
R1 each	13 020	13 020
Dividends paid	2 864	4 069

EAST RAND AND EVANDER

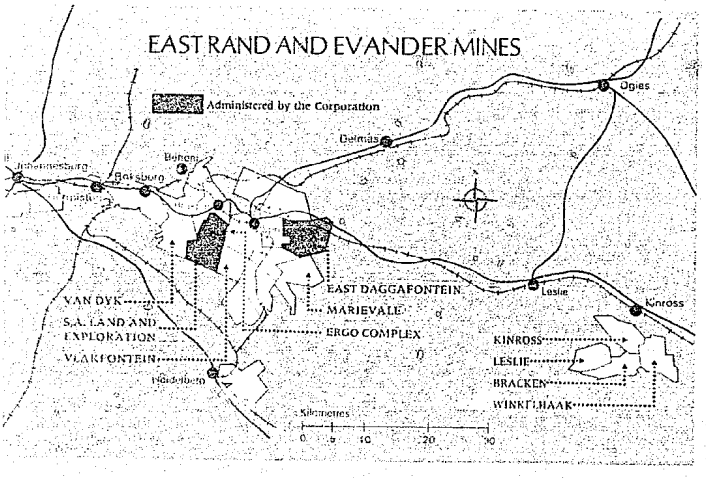
Administered by Anglo American Corporation

East Daggafontein Mines Limited

AAC Group equity interest – 13,31 per cent

Year ended December 31 1977

East Rand Gold and Uranium Company Limited (Ergo)



The South African Land and Exploration Company Limited

Administered by other mining finance houses

Winkelhaak Mines Limited

Diamonds

Activities carried out by the Anglo American Corporation Group

De Beers Consolidated Mines Limited/De Beers

1 The Kimberley Division of De Beers operates the De Beers, Dutoitspan, Bultfontein and Wesselton mines at Kimberley, the Finsch mine north west of Kimberley and the Koffiefontein mine in the Orange Free State. The Namaqualand Division is currently mining alluvial deposits on the farms Alexis Klipkuil and Dreyers Pan. Production from the new Kleinzee and Langhoogte mines will commence shortly. De Beers also operates the Premier mine at Cullinan, in the Transvaal.

2 The Consolidated Diamond Mines of South West Africa (Proprietary) Limited carries on open cast alluvial mining operations along the southern portion of the coast of South West Africa and is a leading producer of gem diamonds.

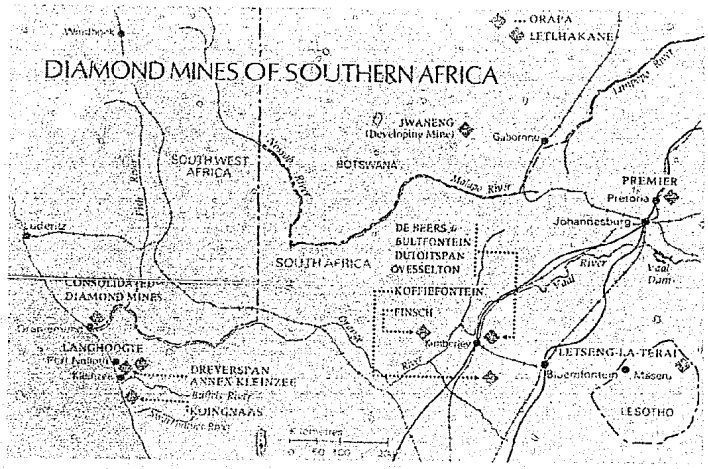
3 The Beers Lesotho Mining Company (Proprietary) Limited, 57½ per cent owned operates the Letseng-la-Terai alluvial mine in Lesotho which reached full production in September 1977.

4 The Beers Botswana Mining Company (Proprietary) Limited, 50 per cent owned operates the Orapa and Lobatse mines in Botswana. An important new mine is shortly to be developed at Jwaneng in southern Botswana and will take about four years to be brought into production.

5 De Beers Industrial Diamond Division (Proprietary) Limited is the outlet for the sale of De Beers industrial diamond drilling materials and bort. It is in addition the marketing arm for company exploration and the Industrial Diamond division and administers the De Beers Diamond Research Laboratory.

6 The Diamond Corporation Proprietary Limited and its subsidiaries conduct the London operations on behalf of The Diamond Producers Association in the marketing of their production. The corporation has built up large financial reserves which facilitate the holding of stocks of diamonds thereby stabilising the market.

7 De Beers Industrial Corporation Limited (100) per cent owned) is an industrial finance and investment



Coal

Natal Anthracite Colliery Limited

A wholly-owned subsidiary, Balgray Collieries (Proprietary) Limited, mines lower grade anthracite in the district of Utrecht, Natal. The other two wholly-owned subsidiaries, Carnarvon and Impati, supply anthracite from their existing dumps.

	Eighteen months ended December 31 1977	Year ended June 30 1976
Issued capital		
1 000 000 ordinary shares of 50 cents each	R2 000 000	R2 000 000
Coal sales (tons)*	1 488 000	727 000
Consolidated profit after taxation	R7 513 000	R2 258 000
Dividends paid	R2 080 000	R1 080 000

*Including sales of wholly-owned subsidiaries, Balgray, Carnarvon and Impati.

Natal Coal Exploration Company Limited

AAC Group's equity interest – 51,83 per cent

With the closure of the company's colliery in October 1968, the company's business is confined to the receipt of royalty income from:

1 The lease of its Vryheid area coal trade allocation to three other producing collieries in Natal.

2 The lease of its coal reserves in the Mooiklantz area to The Natal Anthracite Collieries Limited. The exploitable reserves are expected to be exhausted in 1980.

	Eighteen months ended December 31 1977	Year ended June 30 1976
	Rands	Rands
Issued capital		
4 000 000 shares of 5 cents each	2 500	2 500
Net profit	311	200
Dividends paid	313	200

Swaziland Collieries Limited

The company operates a colliery at Mpaka, Swaziland.

Year ended March 31 1978

	1978	1977
Issued capital		
1 250 000 shares of 1 rand each	1 250 000	1 250 000
Coal sales (tons	134 000	123 000
Net profit	1 111 000	1 111 000

All amounts are expressed in Swaziland currency.

Vierfontein Colliery Limited

AAC Group's equity interest – 7,61 per cent

The company operates a colliery in the Viljoenskroon district of the Orange Free State and produces bituminous coal for sale under contract to the Electricity Supply Commission's Vierfontein Power Station.

	Eighteen months ended December 31 1977	Year ended June 30 1976
Issued capital		
1 000 000 shares of 50 cents each	R2 000 000	R2 000 000
Coal sales (tons	1 946 000	1 161 000
Profit after taxation	R3 616 000	R1 291 000
Dividends paid	R3 850 000	R1 540 000

Waterval(?) Colliery Company Limited

[illegible]

Administered outside the
Anglo American Corporation Group

[illegible] Limited

[illegible]

Blinkpan Koolmyne Beperk

[illegible] the Trans-Natal Coal Corporation Limited group operates two mines in the Middelburg district of the Transvaal. Blinkpan Colliery, which supplies coal to Escom's Komati power station, and the recently established [illegible] Colliery, which was developed to supply a portion of the coal export requirements arising from the contract between the [illegible] and the Japanese steel mills.

During the year ended June 30 1977 sales of [illegible] coal contributed 884 000 tons towards total sales of [illegible] tons by the company.

Trans-Natal Coal Corporation Limited

The company operates a group of collieries in the Transvaal and Natal.

Year ended June 30 1977

	1977	1976
Issued capital		
50 [illegible] shares of		
50 cents each	R25 180 000	R21 150 000
Coal sales – tons	20 181 000	17 658 000
Net profit	R19 107 000	R10 382 000
Dividends paid	R8 037 000	R4 018 000

Witbank Colliery Limited

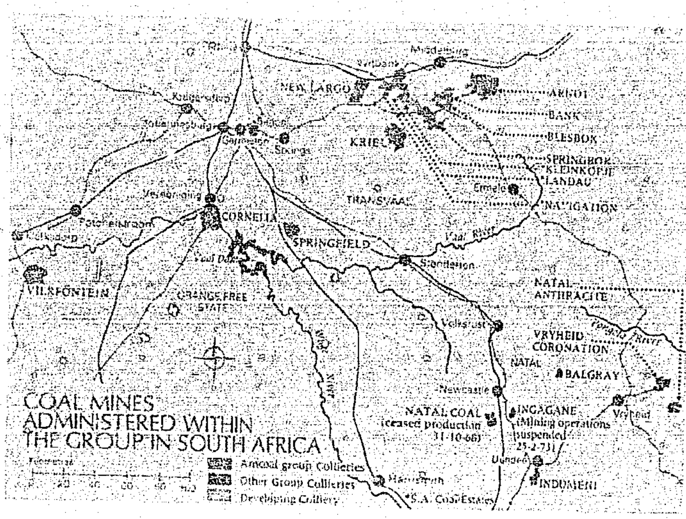
AAC Group equity interest [illegible] per cent

Through a wholly owned subsidiary, the company operates five collieries in the Witbank district of the Transvaal.

Year ended September 30 1977

	1977	1976
Issued capital		
6 288 280 ordinary		
shares of R2 each	R12 576 000	R12 576 000
Coal sales – tons	6 862 000	6 068 000
Consolidated profit		
after taxation	R13 093 000	*R13 223 000
Dividends paid	R3 144 000	R3 534 000

*[illegible] non-recurring [illegible]



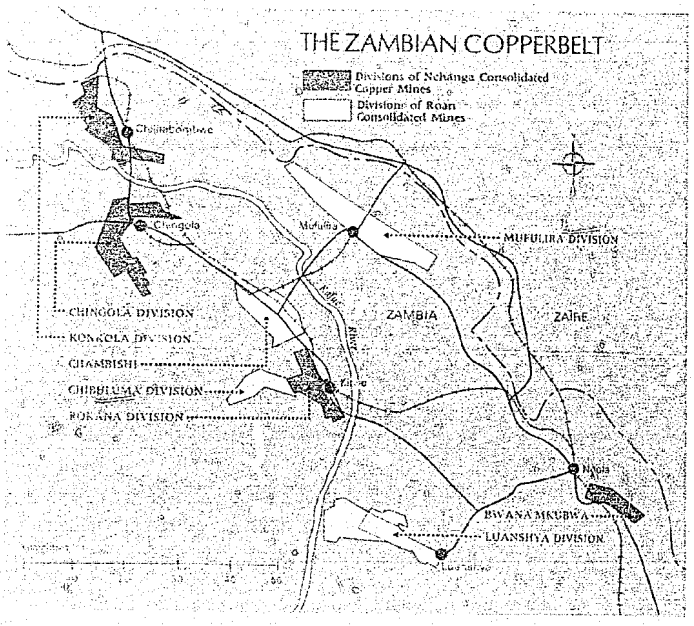
Other mining

Administered within the
Anglo American Corporation Group

Middelplaas Manganese Limited

In 1969 the company acquired the mineral rights of the [illegible] extent of the farm Middelplaats, situated in the [illegible] area of the northern Cape manganese belt. Drilling on the property indicated reserves of manganese ore in excess of 52 million tons at a grade of approximately 38 per cent manganese and four per cent iron.

Following a detailed feasibility report, the mine is presently under construction with the sinking of the rock shaft and incline services ramp. Site preparation for the construction of the plant has begun and the establishment of housing for employees is continuing. The deposit will be mined by underground mechanical methods and it is planned that production will begin in mid 1979. The estimated capital cost of the project is R47 million.



Cleveland Potash Limited

A 51 per cent subsidiary of

Cleveland Potash Limited

The complex operations at Boulby mine and an associated processing plant on the Cleveland coast of north-east England. The introduction of continuous mining machines, which began in 1977, and the adaptation of conventional mining techniques to deal with the difficult geological conditions have produced improved results. A further £14.8 million was made available by shareholders to the company during the year to meet expenditure required for the full capital production.

	1977	1976
Ore mined	1,000 tons	1,000 tons
Potash content	2,000 tons	2,000 tons
Potash concentrate	3,000 tons	3,000 tons
Potash content	1,000 tons	1,000 tons

[illegible]

Hudson Bay Mining and Smelting Co. Limited (Hudbay)

[illegible]

Year ended December 31 1977 [partly illegible]

	1977 $000's	1976 $000's
Issued capital stock [illegible] shares of no par value	71 247	71 247
[illegible] shareholders' equity	284 733	203 836
Investments in other companies	12 927	31 510
[illegible] revenue from sales [illegible]	336 336	333 637
Net earnings after taxation [illegible]	[illegible]	2 819
Net earnings (loss) after extraordinary items	[illegible]	(3 756)
Dividends paid	6 061	8 018

All amounts are expressed in Canadian currency.

Inspiration Consolidated Copper Company (ICC)

[illegible] ... the production and sale of copper ... sulphuric acid ... Arizona. It has substantial reserves ... copper-bearing materials ... [illegible]

[illegible]

Kuri Holdings Limited

[illegible]

Nchanga Consolidated Copper Mines Limited

[illegible]

'A' ordinary shares. Zambia Copper Investments Limited holds the remaining 49 per cent in the form of 'B' ordinary shares.

Year ended March 31 1977

	1977 K000's	1976 K000's
Issued capital		
'A' ordinary shares – 64 373 152 of K2 each	128 746	128 746
'B' ordinary shares – 61 848 715 of K2 each	123 698	123 698
five per cent redeemable cumulative preference shares – 153 970 of K2 each	308	416
5½ per cent redeemable cumulative preference shares – 285 050 of K2 each	570	636
Share premium and reserves	188 348	187 905
Long-term loans	140 579	119 732
Production of finished copper – tons	427 810	385 414
Copper sales – tons	425 931	386 201
Average proceeds per ton	K1 072	K768
Total sales revenue – all metals	506 383	327 320
Net profit	34 492	4 864

All amounts are expressed in Zambian currency.

Roan Consolidated Mines Limited

The company operates copper mines at Mufulira, Luanshya, Chibuluma and Chambishi on the Zambian Copperbelt, at Kalengwa in the North-Western Province of Zambia and a copper refinery at Ndola.

The Zambian government holds 51 per cent of the company's issued ordinary share capital in the form of 'A' ordinary shares. Zambia Copper Investments Limited holds 12.25 per cent of the equity in the form of 'B' ordinary shares.

Year ended June 30 1977

	1977 K000's	1976 K000's
Issued capital		
'A' ordinary shares – 15 460 684 of K4 each	61 843	61 843
'B' ordinary shares – 14 854 382 of K4 each	59 417	59 417
Share premium and reserves	163 658	147 664
Long-term liabilities	77 737	72 192
Production of finished copper – tons	261 444	280 994
Copper sales – tons	265 146	271 431
Average proceeds per ton	K1 118	K806
Total sales revenue	309 369	226 536
Net profit (1976: Loss)	20 855	(292)

All amounts are expressed in Zambian currency.

Rustenburg Platinum Holdings Limited (RPH)

AAC group equity interest – 19.97 per cent

The company holds the entire issued share capital of Rustenburg Platinum Mines Limited, which operates three major platinum mines in the Transvaal and is the world's largest primary producer of platinum. Other platinum group metals as well as nickel and copper are important contributors to total revenue.

In September 1977 the entire issued capital of Atok Platinum Mines (Proprietary) Limited was acquired which has increased the spread of the company's platinum mining operations.

Year ended August 31 1977

	1977 R000's	1976 R000's
Issued capital		
123 410 623 shares of 10 cents each	12 300	12 300

S.A. Manganese Amcor Limited (Samancor)

Tsumeb Corporation Limited

Year ended September 30 1977

	1977	1976
Issued capital		
10 000 000 ordinary shares of R0·05 each, fully paid	R5 000 000	R5 000 000
5 000 000 6% cumulative preference shares of R1 each, fully paid	R5 000 000	R5 000 000
Total shareholders' equity	R106 581 000	R101 459 000
Long-term loans	R26 025 000	R15 992 000
Fixed assets at book value	37 536	31 980
Working capital per ton	R2 104	R1 110
Equity earnings*	R6 172 000	R13 868 000
Dividends paid	R3 247 000	R4 016 000

* Equity earnings of Tsumeb for 1977 are R7 205 000 (1976: R9 696 000) after deducting R1 033 000 (1976: R4 172 000) for the Namibian mineral royalty.

Tsumeb Corporation Limited

A SCM subsidiary (Tsumeb 7·38 per cent)

Operating the mine, plant and facilities for the mining and treatment of copper, lead ores, continental and silver in South West Africa.

Year ended December 31 1977

	1977 R000's	1976 R000's
Total revenue	2 600	2 900
Profit before taxation	17 220	25 017
Taxation	22 264	31 277
Profit after taxation	536	46 174
Minority interests	533	11 711
Net profit	2 212	346
Dividends		
Ordinary	22 827	19 398
Preference	53 446	52 000
Total dividends	4 343	1 750
Net dividends attributable to SCM	58 576	53 748
Value of assets	33 000	33 000

Whitehaven Coal per Mines Limited

Year ended September 30 1977

	1977	1976
Issued capital		
10 000 000 ordinary shares of $A1 each, fully paid	$A 10 000	$A 10 000
2 500 000 preference shares of $A1 each, fully paid	$A 2 500	$A 2 500
Total shareholders' equity	$A 13 000	$A 13 000
Fixed assets at book value	$A 16 000	$A 15 000
Working capital	$A 5 000	$A 5 000
Net profit	$A 3 000	$A 3 000
Dividends paid	$A 2 000	$A 2 000

Tara Exploration and Development Company Limited

A SCM subsidiary (SCM 50 per cent)

The company is engaged in the exploration for and development of base metal deposits in Ireland. It has a 50 per cent interest in the Navan deposit, which is being developed by Tara Mines Limited, a company in which Tara has a 25 per cent interest and Conzinc Riotinto of Ireland Limited has a 75 per cent interest. Tara Mines Limited is developing the deposit and will mine and mill ore from it. Tara Exploration and Development Company Limited has a 50 per cent interest in Silvermines Limited, which has a 25 per cent interest in the Silvermines deposit. Silvermines Limited is developing the deposit and will mine and mill ore from it.

Year ended December 31 1977

	1977	1976
Issued capital	$A 1	$A 1
Total shareholders' equity		
Fixed assets at book value	7 398	7 377
Working capital	14 637	13 515
Net profit	1 396	1 079
Dividends paid	500	500

The Messina (Transvaal) Development Company Limited

A SCM subsidiary (SCM 74·1 per cent)

The company owns and operates the Messina copper mine and its plant and facilities in the Northern Transvaal. It also owns the Artonvilla lead/zinc mine and plant in the Northern Transvaal.

Year ended June 30

	1977	1976
Total revenue	56 542 000	23 661 000
Profit before taxation	24 000	10 000
Taxation	2 000	10 000
Net profit	22 000	nil
Dividends paid	nil	nil

Oil and gas

Administered outside the Anglo American Corporation Group

Canadian Merrill Ltd

The company is involved in the exploration for and production of oil and gas in Canada and the United States of 50 per cent of the equity is held by Hudson Bay Mining and Smelting Co. Limited.

Year ended June 30 1977

	1977 $000's	1976 $000's
Issued capital stock		
7 541 137 shares of no par value	6 993	6 692
Total shareholders' equity	13 169	9 613
Gross operating revenue	16 331	10 552
Net income after extraordinary items	3 555	1 987

All amounts are expressed in Canadian currency.

Production

Crude oil (barrels)		
– total	241 000	225 000
– daily average	660	614
Natural gas (million cu ft)		
– total	11 800	9 500
– daily average	32	26

Francana Oil & Gas Ltd

The company is engaged in the exploration for and the production of crude oil and natural gas in Canada and has a 50·8 per cent interest in Trend International Limited. Anglo American Corporation of Canada Limited and Hudson Bay Mining and Smelting Co Limited hold interests of 28·29 per cent and 54·91 per cent respectively in Francana.

Year ended December 31 1977

	1977 $000's	1976 $000's
Issued capital stock		
7 793 752 common shares of no par value	37 140	37 140
Total shareholders' equity	48 827	48 920
Gross operating revenue	63 816	53 237
Net earnings (before extraordinary item) 1976	9 907	1 994
Net earnings (loss) after extraordinary item	9 907	(18 146)

All amounts are expressed in Canadian currency.

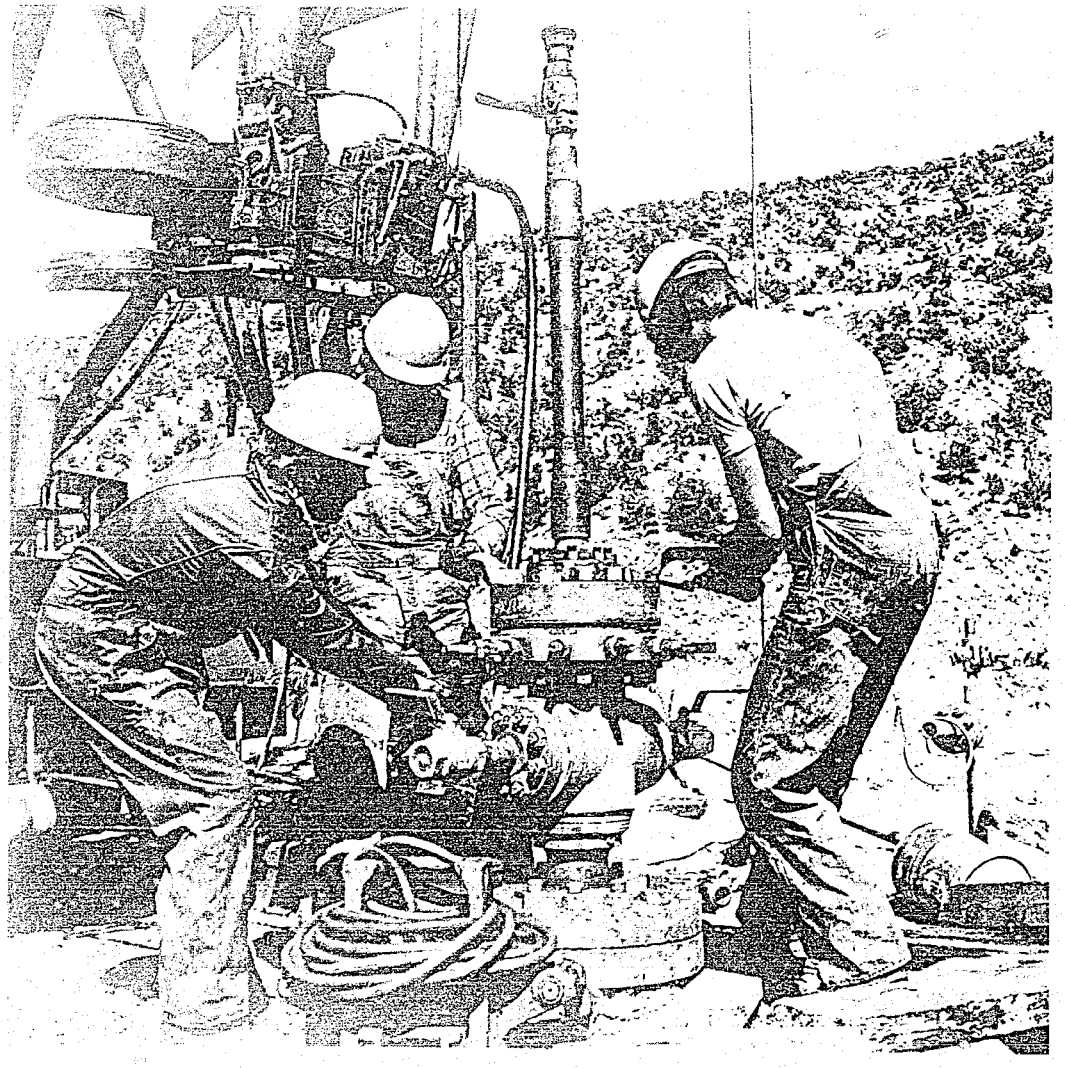
Production (North America only)

Crude oil (barrels)		
– total	713 000	695 000
– daily average	2 037	1 901
Natural gas (million cu ft)		
– total	3 402	2 943
– daily average	9·3	8·1
Oil and gas land holdings (gross acres)		
– in Africa, North America	2 840 000	2 864 000

Production and land figures exclude Trend, which is given below.

Trend International Limited (Trend)

Trend, through its wholly-owned subsidiary Trend Exploration Limited, is engaged primarily in the production of crude oil in Indonesia through a joint



[illegible]

Year ended December 31 1977

[illegible]

Industry and commerce

Administered within the Anglo American Corporation Group

Boart International Limited

[illegible]

[illegible] and distribution of [illegible] tungsten carbide [illegible] surface and underground [illegible] Boart has also established itself as a supplier of a wide range of tungsten carbide and diamond products to industry [illegible] southern Africa and Australia.

During 1976 Boart completed the reconstruction of its [illegible] and 1977 was a year of rationalisation and consolidation. No major acquisitions were made during the year.

The consolidated profit of the Boart group after taxation and outside shareholders' interests was R[illegible] million for the year to December 31 1977, compared [illegible] for the previous year.

Bruynzeel Plywoods Limited (Bruply)

Bruply, a subsidiary of Amic, together with its associate company, manufactures veneers, plywood, blockboard, chipboard, [illegible] chipboard, doors, sawn timber, mouldings, laminated beams, wooden trusses and [illegible] pole.

Year ended December 31 1977

	1977 R000's	1976 R000's
Issued capital		
Ordinary shares		
[illegible] shares of 50 cents each fully paid	3 375	3 375
[illegible] shares of 50 cents each [illegible] paid	2	2
5,5 per cent cumulative preference shares		
200 000 of R2 each	400	400
Share premium and reserves	14 012	16 442
Loans	5 697	4 033
Net loss/(profit) after tax attributable to ordinary shareholders	2 424	(1 421)
Dividends per share		
(cents)	22	22

Clay Products Limited

AAC Group equity interest – [illegible] per cent

The company operates a factory near Bulawayo, Rhodesia, producing a wide range of refractory and [illegible].

Year ended March 31 1977

	1977 $000's	1976 $000's
Issued capital		
[illegible] shares of $2 each	798	798
Reserves	828	372
Deferred taxation	—	360
Fixed assets	1 680	[illegible]
Equity earnings	165	182
Dividends paid	109	109

All amounts are expressed in Rhodesian currency

Computer Sciences (Proprietary) Limited

AAC Group equity interest – 21,49 per cent

The company, through its Computer Sciences Sigma [illegible] Limited, offers a wide range of computer software through two bureaux. A systems development and support service is also provided. The company's computer hardware division provides services through products which include Datapoint, Data 100, ITT Courier, [illegible] Series, Texas Instruments and Centen.

Consolidated Share Registrars Limited

AAC Group equity interest – 49,67 per cent

The company operates as share transfer secretaries principally to the Anglo American Corporation Group and associates. At December 31 1977 the company acted as transfer secretaries to 80 companies.

Eastern Transvaal Timber Company (Proprietary) Limited

The company, which owns 15 000 hectares of land in the Carolina, Waterval Boven and Barberton districts of the Transvaal, is engaged in timber growing operations. Management of the company's plantations is undertaken by S.A. Forest Investments Limited

Highveld Steel and Vanadium Corporation Limited

AAC Group equity interest – 26,39 per cent

Highveld owns and operates an iron, steel and vanadium complex at Witbank in the Transvaal. The full ore requirements of both the steelworks and the Vantra division, which produces vanadium pentoxide, are supplied by Highveld's Mapochs mine at Roossenekal. Highveld's subsidiary, Transalloys (Proprietary) Limited, is a major supplier of Highveld's requirements of ferroalloys and is an exporter of manganese alloys.

Year ended June 30 1977

	1977 R000's	1976 R000's
Issued capital		
67 720 770 shares of R1 each	67 721	58 186
Share premium and reserves	27 242	30 294
Long-term loans and provision for deferred taxation	49 347	54 897
Fixed assets	191 909	128 053
Equity earnings	20 740	15 908
Dividends paid	10 158	7 394

Hippo Valley Estates Limited

The company produces sugar, citrus and related products in Rhodesia.

Year ended March 31 1977

	1977 $000's	1976 $000's
Issued capital		
23 964 600 shares of $1 each	23 965	7 987
Reserves (1976 includes share premium)	12 066	24 069
Loans (1976 includes deferred taxation)	12 784	15 025
Loss/(profit) after taxation	3 983	(6 781)
Dividends paid	—	3 302

All amounts are expressed in Rhodesian currency

LTA Limited

AAC Group equity interest – 31,29 per cent

The LTA group is one of the largest building and civil engineering groups in southern Africa. The activities of the companies in which it is interested cover the full building and civil engineering spectrum, from small works through to major projects, turnkey projects involving the complete design, engineering and construction of plant and buildings, and also industrialised buildings, the manufacture of prefabricated and building components and steel reinforcing.

Year ended [illegible]

Issued capital		
[illegible]		
[illegible]		
[illegible]		
[illegible]		
[illegible]		
[illegible]		
[illegible]		
[illegible]		
[illegible]		
[illegible]		
[illegible]		
[illegible]		
[illegible]		
[illegible]		
[illegible]		

Bowil Paper Company Limited

AAC Group equity interest [illegible]

[illegible]

RBF Limited

AAC Group equity interest [illegible]

[illegible]

Sciw Metal Limited

[illegible]

Shell Sinkers (Proprietary) Limited

AAC Group equity interest [illegible] per cent

Shell Sinkers and its wholly owned subsidiaries provide civil engineering design and construction service to the building and civil engineering industries for shell sinking, caissoning, [illegible] and underground excavations.

Net profits of the group before tax for the nine months ended March 31 1978 were R2 850 000 compared with R1 278 000 for the year ended June 30 1977.

Sigma Motor Corporation (Proprietary) Limited

AAC Group equity interest [illegible] per cent

Sigma was created in the second half of 1976 as a result of the merger of Chrysler South Africa (Proprietary) Limited and Leyland (Proprietary) Limited and is held as an [illegible] per cent by Group companies and Anglo American Industrial Corporation of [illegible] Limited. Its assembly plants are situated in the Marlo, Maxeke, New Canada and Isando areas of Johannesburg and a wide variety of Mazda, Chrysler, Leyland and Valiant vehicles are produced. The Commercial Truck Division of Sigma manufactures Bedford, Isuzu and Mack products.

Subsidiaries undertakes the assembly of bicycle tube [illegible]

Soetvelde Farms Limited

AAC Group equity interest [illegible] per cent

The company was formed in 1976 to consolidate and develop the farming interests of the Anglo American Corporation and De Beers Group in large areas of the Transvaal, Orange Free State and northern Cape. Its operations consist of the growing of maize, wheat, [illegible] and other field crops and the breeding, [illegible] cattle, pigs and sheep. The company [illegible] with land and arable, mainly [illegible] through wholly owned subsidiaries, [illegible] Farms Limited, Delehaia [illegible] a wholly owned subsidiary, [illegible] with the handling of grain and livestock [illegible] Limited another wholly [illegible] [illegible] a range of [illegible] under irrigation in the [illegible]

S.A. Forest Investments Limited

[illegible] of Anglo American [illegible] all shares [illegible]

[illegible] is the largest [illegible] in South [illegible] and Natal. It also engaged [illegible] plantations and sawmills [illegible] and Natal. It also engaged [illegible] manufacture of timber [illegible] fibre boards [illegible] through Forest Industries and [illegible] which it has a 90 per cent [illegible] the equity [illegible] with timber plantations [illegible]

[illegible] Leader of the S.A. Forest [illegible] R392 000 for the year ended [illegible] with a profit of R2 28[illegible]

The South African Cotton Timber Company Limited

[illegible]

timber: pine, gum, poplar, sugar cane and phormium. The principal operation is the production of tanning extract from wattle bark, and three factories are operated for this purpose. By-products produced in 1977 included approximately 288 000 tons of timber, 50 000 tons of wattle bark and 152 000 tons of sugar cane.

Net earnings of Natal Tanning for the year ended December 31 1977 were R1,87 million compared with R2,25 million for the previous year.

Vereeniging Refractories Limited

AAC Group equity interest 1,73 per cent

Vereeniging Refractories, a subsidiary of Anglo American Coal Corporation Limited, manufactures a wide variety of refractory bricks and materials for the steel, ferroalloy and other industries where heat is utilised. The company also manufactures building bricks and Stabiron pre-stressed beams, lintels and floor systems. Subsidiary and associated companies are involved in the manufacture of concrete roof tiles and vitrified clay pipes and fittings for house drainage and sewers while others mine raw materials used by the group. The main works is situated at Vereeniging.

Year ended December 31 1977

	1977 R000's	1976 R000's
Issued capital		
ordinary shares – 5 000 000 of 50 cents each	2 500	2 500
5,5 per cent cumulative non-redeemable preference shares – 500 000 of R2 each	1 000	1 000
Distributable reserves	21 048	19 100
Long-term and deferred liabilities	5 505	5 290
Book value of fixed assets	22 421	22 164
Net current assets	9 089	8 609
Equity earnings	3 335	3 259
Dividends paid – ordinary	1 500	1 500

Administered outside the Anglo American Corporation Group

AECI Limited

Through its holding in Debmarine Amic has an effective interest of 10,5 per cent in AECI.

The group produces mining explosives and accessories, a wide range of plastics, heavy chemicals for industrial and agricultural use, vinyl products, animal feedstuffs and synthetic fibres. Its main factories are situated at Modderfontein, Sasolburg, Somerset West and Umbogintwini.

At Sasolburg the company's coal-based chemical complex was commissioned in 1977. The project, which is a 60/40 joint venture with Sentrachem Limited, produces polyvinyl chloride and a range of chloro chemical products at Sasolburg.

Year ended December 31 1977

	1977 R000's	1976 R000's
Issued capital		
ordinary shares – 128 316 686 of R1 each	128 300	117 400
7 per cent cumulative redeemable shares – [illegible]	[illegible]	6 000
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

African Products Limited

Chemical Holdings Limited

AAC Group equity interest – 14,78 per cent

A consolidated Metallurgical Industries Limited (CMI)

Cullinan Holdings Limited

AAC Group equity interest – 16,47 per cent

	1977 R000's	1976 R000's
Issued capital		
Ordinary shares of 10 cents each	1 050	1 050
Preference shares of 25 cents each, 8,5 per cent cumulative	1 000	1 000
Net asset value	14 097	11 515
Trading profit	10 109	11 812
Profit before taxation	20 206	15 504
Interests in associated companies		
– attributable	1 256	2 329
– investment at book value	1 895	1 563
Equity earnings	2 323	2 700
Dividends paid – ordinary	1 642	1 052
– preference	85	85

Dorman Long Vanderbijl Corporation Limited (Dorbyl)

Dorbyl, a steel fabricating and engineering group created by the amalgamation of Dorman Long (Africa) Limited and Vanderbijl Engineering Corporation Limited, is the principal heavy steel engineering group in South Africa. Its seven plants are geared to rolling stock and earthmoving construction, ship building and ship repair and specialised structural engineering.

Equity earnings of Dorbyl, which is a 36 per cent held subsidiary of International Iron and Steel Engineering (South Africa) (Proprietary) Limited were R13,5 million for the year ended 30 September 1977 (1976: R11,2 million).

Engelhard Minerals & Chemicals Corporation (EMC)

Anglovaal has a 2% per cent interest in EMC, the operations of which embrace the processing of ores, minerals and metals, the refining and processing of non-ferrous metals, and the refining, processing and fabricating of precious metals.

Year ended 31 December 31 1977

	$m	1976 $m
Issued capital		
5 541 653 common shares of $1 each	5,5	5,5
Net asset value	81	81,6
Trading profit	68,8	68,3
Profit before taxation	137,6	101,1
Net earnings	102,5	75,4
Dividends paid – common shares	31,2	32,3
– preference shares	0,3	0,3
Interests in associated companies	47,9	45,4

Freight Services Holdings Limited

The company operates in South Africa, Europe, the United Kingdom, the United States of America and Australia. Its activities include clearing, forwarding, buying, continental stevedoring, ships agency and the servicing of ships and a comprehensive travel service.

In addition the group has a controlling interest in S A Container Depots (Proprietary) Limited, which is the sole customs controlled container handling depot in South Africa.

Anglo American Industrial Corporation Limited has an interest of 30,44 per cent in the company.

Gallo (Africa) Limited

AAC Group equity interest – 10,00 per cent

The company and its associated companies are engaged in the manufacture and distribution of gramophone records and tapes, music publishing and the distribution of television sets, consumer electronic products, audio-visual equipment and other related activities.

Year ended June 30 1977

	1977 R000's	1976 R000's
Issued capital		
ordinary shares 4 638 000 of 25 cents each, fully paid	1 165	1 154
67 200 of 25 cents each, partly paid	17	17
six per cent cumulative preference shares – 150 000 of R2 each	300	300
Share premium and reserves	5 232	4 755
Long term loans and deferred taxation	1 000	4 675
Fixed assets	4 277	4 472
Unlisted investments –		
Book value	1 554	2 067
Directors' valuation	2 252	2 067
Equity earnings	*21	1 630
Dividends paid – ordinary	419	738

**1 including net profit of R1,4 on sale of investment.*

Hall Longmore and Company (Proprietary) Limited

AAC Group equity interest – 4,32 per cent

The company and its wholly-owned subsidiary, Hall Longmore Contractors (Proprietary) Limited, are engaged in the manufacture and distribution of steel pipes, pipe fittings and rubber heavy steel products, and in the construction of pipelines. Two other subsidiaries manufacture and distribute drilling equipment and pneumatic tools.

Industex (Proprietary) Limited

The company manufactures various industrial textiles for the tyre, rubber and other manufacturing industries and spins cotton and synthetic yarns. A wholly-owned subsidiary, Union Cotton Mills (Proprietary) Limited, operates a yarn dyeing and weaving plant which manufactures a wide range of towelling products and bedspreads. Amic holds 37,4 per cent of Industex.

J.L. Clark and Company Limited

AAC Group equity interest – 12,70 per cent

The company and its subsidiaries are suppliers of a wide range of heating, airconditioning, refrigeration and industrial equipment. During 1977 the company became a leading supplier of solar water heating equipment.



New Cattle Group Limited

Mansfield Steel and Alloy (Proprietary) Limited

OK K Foods Limited

Romatex Limited

Stewarts & Lloyds of South Africa Limited

Terra Chemicals International, Inc.

The Toffee Group Limited

The Union Steel Corporation (of South Africa) Limited (Unisco)

AAC Group equity interest – 2,09 per cent

Unisco owns steel works at Vereeniging where it produces rolled, drawn, forged and cast steel products as well as copper and aluminium conductors and wire. Its wholly owned subsidiary, Veldmaster (Proprietary) Limited, manufactures agricultural discs and other earth engaging parts.

A wholly owned subsidiary, Unisco Aluminium Corporation (Proprietary) Limited, operates an aluminium electrical transmission cable and conductor plant at Richards Bay. Associated companies manufacture aluminium and copper rod and operate as steel merchants.

Year ended December 31 1977

	1977 R000's	1976 R000's
Issued capital		
ordinary shares 29 010 000 of 50 cent each	14 505	14 505
preferred 'A' shares 125 000 of R2 each	250	250
preferred 'B' shares 125 000 of R2 each	250	250
Distributable reserves	24 811	24 177
Long term loans and deferred taxation	27 332	21 100
Equity earnings	1 041	3 180
Dividends paid – ordinary	725	3 596

Tiger Oats and National Milling Company Limited

AAC Group equity interest – 1,74 per cent

Tiger Oats is an investment holding company, with subsidiary and associated companies operating in various branches of the food, feed, agricultural, fishing and pharmaceutical industries. Its main activities are in maize, wheat, oats and barley milling, the baking industry, edible oil extraction, the manufacture of margarine and a variety of grocery products; animal feed and pet food production; the production of eggs, broiler chickens and dairy products; bulk handling and shipping; the importation and distribution of pharma-

Property

Administered within the Anglo American Corporation Group

Anglo American O.F.S. Housing Company Limited

Anglo American Properties Limited (Anglopro)

Carlton Centre Limited

Consolidated Diamond Mines of South West Africa Limited

Kentucky Fried Chicken (Pty) Limited

Kentucky Fried Chicken (Transvaal) (Pty) Limited

Kentucky Fried Chicken (Western Province) (Pty) Limited

Kentucky Fried Chicken (Eastern Province) (Pty) Limited

Kentucky Fried Chicken (Natal) (Pty) Limited

Kentucky Fried Chicken (Orange Free State) (Pty) Limited

Kentucky Fried Chicken (Eastern Transvaal) (Pty) Limited

Kentucky Fried Chicken (Northern Transvaal) (Pty) Limited

Kentucky Fried Chicken (Namibia) (Pty) Limited

KentWest Centre (Proprietary) Limited

Orange Free State Land and Estate Company (Proprietary) Limited (OFSLE)

Sorec Limited

	18 Months ended March 31 1978 R000's	15 Months ended September 30 1977 R000's
Fixed assets		
Ordinary shares – 22 938 615 of 10 cents each	2 294	2 294
Preference shares – 21 930 of R1 each	21 930	21 930
Loans to Subsidiary companies	598	598
Shares in Associate companies	98 050	18 850
Loans	10 824	76 860
Investments	42 224	60 862

	18 Months ended March 31 1978 R000's	15 Months ended September 30 1977 R000's
Valuation investment	18 936	68 908
Export earnings	1 187	1 972
Dividend paid		1 426

Sorec's main interests in completed buildings are as follows:

	Percentage interest
African Eagle Life Centre, Cape Town	100
African Eagle Life Centre, Kimberley	100
African Eagle Life Centre, Port Elizabeth	100
African Eagle Life Centre, Pretoria	30
Bree Information Centre, Johannesburg (formerly Transvaal Centre)	100
Checkers Store, Benoni	100
Civic Hall Road House, Johannesburg	30
Civic Towers (C.T. House), Johannesburg	51
Cycle Cole factory, Durban	100
Dalgleish Centre, Johannesburg	15
Dell, South, Johannesburg	100
Gardens Centre, Cape Town	50
Hindustani Building, Johannesburg	100
Highgrove, Johannesburg	51
His Majesty's, Johannesburg	70
Killarney Mall, Johannesburg	100
Life Centre, Johannesburg	28
Lloyds Building, Johannesburg	26
Opera Plaza, Pretoria	50
Sandton City, Sandton	20
Sanso Centre, Cape Town	70
Shell House, Cape Town	25
Sunnypark, Pretoria	51
111 Commissioner Street, Johannesburg (formerly African Life Centre)	15

Administered outside the Anglo American Corporation Group

Main Place Holdings Limited

A.A.C. Group equity interest – 27,95 per cent

Main Place, administered by Johannesburg Consolidated Investment Company, Limited, is the holding company of 15 wholly owned subsidiary companies which own 6,53 hectares of land west of the Magistrates Court, adjacent to the financial district of Johannesburg. The land is being held for future development.

Insurance, banking and general investment

Administered within the Anglo American Corporation Group

African Eagle Life Assurance Society Limited

A.A.C. Group equity interest – 75,00 per cent

The company is one of the largest assurance groups in South Africa offering a comprehensive, flexible range of

African Gold and Base Metal Holdings Limited

Anglo American Rhodesian Development Corporation Limited

First Consolidated Holdings (Proprietary) Limited

Marnistraat Beleggings (1965) (Eiendoms) Beperk

New Central Wanderers and Areas Limited (NCWA)

Western Ultra Deep Levels Limited

Administered outside the Anglo American Corporation Group

Barclays National Bank Limited (Barclays)

Rand Discount House Limited

Barlow Rand Limited

Hollardstraat-ses Beleggings Beperk
AAC Group equity interest – 19,00 per cent

This investment company, which is a subsidiary of Federale Mynbou Beperk., was formed in 1963 by Anglo American Corporation and Federale Mynbou. It has a substantial shareholding in General Mining and Finance Corporation Limited.

C.T. Bowring and Associates Holdings (South Africa) Limited
AAC Group equity interest – 50,00 per cent

Through various subsidiaries and associated companies, the company conducts insurance broking operations in the Republic of South Africa, South West Africa and Swaziland.

Year ended December 31

	1977 R000's	1976 R000's
Issued capital		
ordinary shares – 50 000 of R1 each	50	50
'A' class non-cumulative preference shares – 2 of R1 each	R2	R2
'B' class non-cumulative preference shares – 2 of R1 each	R2	R2
Share premium and reserves	491	388
Equity earnings	1 084	878
Dividends paid		
– ordinary	980	790
– preference	226	226

Gold Fields of South Africa Limited
AAC Group equity interest – 3,31 per cent

A mining finance and exploration company with substantial holdings in gold and goldmanium mining companies, base mineral, industrial and property companies.

Year ended June 30

	1977 R000's	1976 R000's
Issued capital		
16 401 477 ordinary shares of 25 cents each	4 075	4 075
Share premium and reserves	146 137	242 787
Investments		
Listed –		
Book value	142 919	113 531
Market value	391 898	448 546
Unlisted –		
Book value	5 832	5 318
Directors' valuation	12 448	10 900
Equity earnings	21 733	29 694
Dividends paid	17 932	25 262

International Pipe and Steel Investments South Africa (Proprietary) Limited (IPSA)

Nedlaw Actuarial Services Cell Holdings Limited

Standard Bank Investment Corporation Limited (Stanbic)

Tanganyika Concessions Limited

The Discount House of South Africa Limited

Prospecting

Administered within the Anglo American Corporation Group

Anglo American Prospecting Company (Scotia) Limited

Anglo American Prospecting Services (Proprietary) Limited

Munscarch Surveys Limited

Prospecting Ventures Limited

Swaziop Exploration (Proprietary) Limited

Service

Administered within the Anglo American Corporation Group

Amaccess Computer Services Limited

Anglo American Corporation Botswana Services (Proprietary) Limited

Anglo American Property Services (Proprietary) Limited

Inter-Mine Services O.F.S. (Proprietary) Limited

Statutory and other information

Special resolutions passed by subsidiary companies

Change of name

Conversion from private to public company

Change of financial year end to March 31

Amendments to Articles of Association

Change in capital structure

Amendments to Memorandum of Association

Adoption of new Articles of Association

Shareholdings

	Beneficial	Non-beneficial	Options to acquire
J G Billett	*10 000	–	5 000
A Carter-Smith	*15 000	–	–
	1 000		
	*30 000	100	–
H E Dacre	*15 000	1 000	7 000
Dr J Ede B	11 300	100	3 000
	2 028		
Dr H E Dent	*15 000	1 000	7 000
D A Etherington	*30 000	100	8 000
G C Fowler	*30 000	1 500	10 000
H D Fraser	*30 000	100	–
C D Fr-Smith	*30 000	1 000	9 000
E P Gash	*30 000	100	9 000
	700		
W J Heley	*15 000	1 000	6 500
D B Hollo	*15 000	1 000	7 500
	300		
Sir B Hoskyns	*30 000	1 000	10 000
	3 600		
J A Hopkins	*30 000	100	2 000
J J A Howard	*15 000	100	–
F D Johnson	*15 000	–	3 000
A Johnstone	*15 000	100	4 000
	2 500		
M W King	*15 000	100	–
	51		
O P Kocsot	*15 000	100	5 000
G Langton	*30 000	100	–
P J R Leyden	*15 000		3 000
D F MacIver	*15 000	100	7 000
I L P Mackenzie	*15 000	100	–
	500		
A B McKerron	*15 000	100	5 000
C D M Melville	*15 000	–	9 000
Dr J G Murray	*15 000	–	6 000
	200		
D G Nicholson	*30 000	100	7 000
M C O'Dowd	*15 000	1 000	4 500
H F Oppenheimer	118 333 268 (includes 565 334 registered)	–	–
N F Oppenheimer	118 333 268 (includes 100 registered)	–	–
Sir Philip Oppenheimer	4 200	116	–
	12 195		
	**430		
R W Pam	–	500	–
C W H Relly	*30 000	1 000	18 000
Sir Alick Rob-nson	–	1 000	–
M W Stephenson	*15 000	–	9 000
J G Stopford Sackville	–	100	–
J S Taylor	*15 000	–	–
Dr Sir Eric Thompson	*30 000	1 000	11 000
G H Waddell	118 333 268 (includes 1 000 registered)	–	–
A T Webber	*15 000	–	7 000
A Wilson	*15 000	11 000	–
W D Wilson	*30 000	10 000	10 000
	42 480		

The Corporation is not aware of the extent, if any, of the directors' family interests.

* Shares held under a share incentive scheme
† Indirect
‡ Indirect/partial
** Subject to life interest of trust

HEAD OFFICE
44 Main Street, Johannesburg 2001
PO Box 61587, Marshalltown 2107
Telex 7167
Telephone 638 8111
Managing Secretary: J T Goldingh

OFFICES

Australia
Australian Anglo American Limited
500 Collins Street, Melbourne
Telex 30728
Telephone 622111
Secretary: J E Clark

Bermuda
Anglo American Investment Trust (Bermuda) Limited
Belvedere Building, Pitts Bay Road, Pembroke
Telex 3345 SPECI BA
Telephone 51255
Secretary: D F Ellis

Botswana
Anglo American Corporation Botswana (Services) Proprietary Limited
Botsalano House, The Mall, Gaborone
Telex 4108BH
Telephone 2202
Secretary: A A Wickerson

Brazil
Anglo American Corporation do Brasil Limitada
Avenida Presidente Antonio Carlos, 51 - 2° andar, Rio de Janeiro, RJ
(CP-538-ZC00)
Telex 2122723 AACB BR
Telephone 2146355
Secretary: R N Lima

Canada
Anglo American Corporation of Canada Limited
PO Box 28
Toronto Dominion Centre, Toronto, Ontario M5K 1B8
Telex 065 24372
Telephone 362192
Senior Vice President — Administration,
Secretary and General Counsel: C L Taylor, QC

France
Charter France S.A.
9 Rue de Vienne, Paris 8e
Telex 280360
Telephone 5225484
Secretary: R S Robertson

Luxembourg
Anglux Limited S.A.
50 Route D'Esch, BP 1507
Telex 2234
Telephone 40104
Secretary: D P Paton

Portugal
Anglo American Corporation de Portugal S.A.R.L.
244 Avenida De Liberdade, Lisbon
Telex 18516
Telephone 561126
Secretary: A Viera De Castro

Rhodesia
70 Jameson Avenue Central, Salisbury C4
Telex 4113
Telephone 704461
Managing Secretary (Rhodesia): G F Bain

United Kingdom
40 Holborn Viaduct, London EC1P 1AJ, England
Telex 27529
Telephone 3531545
London Secretary: D S Booth

Zambia
Anglo American Corporation (Central Africa) Limited
74 Independence Avenue, Lusaka
Telex ZA 41190
Telephone 53000
Secretary: J M Casey

SHARE TRANSFER SECRETARIES
Consolidated Share Registrars Limited
42 Marshall Street, Johannesburg 2001
(PO Box 61051, Marshalltown 2107)

Charter Consolidated Limited
PO Box 102
Charter House
Park Street, Ashford
Kent TN24 8EQ, England

Members of the Corporation who wish to receive copies of the annual reports and accounts of quoted companies associated with the Corporation may obtain them upon application to the Managing Secretary or to the London Secretary of the Corporation. Changes of address should be notified to the Corporation's transfer secretaries.

Printed by Butterworth-Juta, Johannesburg

Consolidated balance sheet

AT MARCH 31 1978

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED AND ITS SUBSIDIARY COMPANIES

	Notes	31.3.78 R000's		31.12.76 R000's
Capital and reserves				
Ordinary shares	2	22 296		13 172
Share premium	3	—		202
Non-distributable reserve	4	365 819		89 214
Distributable reserves	5	470 204		367 104
Ordinary shareholders' equity		858 319		469 692
Preferred stock		4 759		4 759
		863 078		474 451
Loan capital	6	166 541		60 038
Life insurance funds	7	456 767		—
Outside shareholders' interests in subsidiary companies	8	92 231		63 008
Loans – associated companies and others	9	419 139		287 050
Deferred taxation		2 220		—
Creditors				
Creditors, taxation and provisions		62 651		20 933
Shareholders for dividends		55 741		33 074
Bank overdrafts	9	11 268		—
		129 660		54 007
		2 129 636		938 554
Represented by:				
Investments				
General investments, at cost less amounts written off and provision:				
Listed – market value R1 996 731 000 (1976: R934 221 000)		713 779		411 009
Unlisted – directors' valuation R272 296 000 (1976: R168 059 000)		121 796		114 679
		835 575		525 688
Life insurance investments	10	572 057		—
		1 407 632		525 688
Fixed assets	11	40 178		11 453
Leasing assets	9 & 12	10 401		—
Instalment debtors less deferred income	9	17 030		—
Loans – associated companies and others less provision		210 446		291 858
Goodwill				8 380
Other assets				
Stocks, stores and work in progress	13	8 208		—
Debtors		100 640		33 194
Cash on deposit, at call and short-notice		335 101		67 981
		443 949		101 175
		2 129 636		938 554

Consolidated income statement

FOR THE FIFTEEN MONTHS ENDED MARCH 31 1978

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED AND ITS SUBSIDIARY COMPANIES

	Notes	31.3.78 R000's	Year ended 31.12.76 R000's
Investment income – general investments	15	213 179	87 181
Income from interest, fees and other sources after deducting administration expenses		85 859	49 736
Trading profits		9 643	—
Surplus on realisation of general investments		18 103	2 001
		326 784	138 918
Interest paid:			
Loan capital		(10 171)	(2 946)
Loans by associated companies and others		(30 239)	(22 906)
		(40 410)	(25 852)
Expenditure on office, research and transport equipment		(2 592)	(1 886)
Contributions to staff pension funds		(4 921)	(2 768)
Costs of prospecting		(15 183)	(9 497)
Provision against investments		(5 000)	(2 300)
Provision against loans		—	(2 750)
		(68 106)	(45 053)
Group profit before taxation		258 678	93 865
Taxation	17	(17 027)	(4 647)
Group profit after taxation	18	241 651	89 218
Outside shareholders' interests in profits of subsidiary companies		(46 329)	(2 940)
Preferred stock dividends	21	(286)	(286)
Earnings attributable to ordinary shareholders before extraordinary item		195 036	85 992
Per share 89,9 cents (1976: 65,3 cents)	20		
Net loss arising from changes in exchange rates		(595)	(33)
Transfer from currency reserve		595	33
Ordinary dividends	21	(99 132)	(43 465)
Retained profit before extraordinary item		95 904	42 527
Extraordinary item	22	(33 462)	(20 000)
Retained profit after extraordinary item		62 442	22 527
Unappropriated profit, December 31 1976		15 976	16 884
Retained profits of subsidiaries acquired during the period attributable to the Corporation's former minority interest		15 744	—
		31 720	16 884
Adjustment thereto arising from changes in exchange rates		(311)	66
Adjustment in respect of previous year's taxation	17	(1 298)	—
		30 111	16 950
		92 552	39 477
Transfers to reserves			
Non-distributable reserve	4	(5 106)	(22)
General reserve	5	(69 919)	(23 479)
		(75 025)	(23 501)
Unappropriated profit, March 31 1978		17 527	15 976

Balance sheet

AT MARCH 31 1978

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

	Notes	31.3.78 R000's		31.12.76 R000's	
Capital and reserves					
Ordinary shares	2	22 296		13 172	
Share premium	3	—		202	
Non-distributable reserve	4	351 938		84 148	
Distributable reserves	5	207 767		207 930	
Ordinary shareholders' equity		582 001		305 452	
Preferred stock	2	4 759		4 759	
		586 760		310 211	
Loan capital	6	57 339		60 038	
Loans					
Subsidiary companies		185 242		21 833	
Associated companies and others		393 695		272 686	
		578 937		294 519	
Creditors					
Creditors, taxation and provisions		17 533		12 438	
Shareholders for dividends		55 741		33 074	
		73 274		45 512	
		1 296 310		710 280	
Represented by:					
Investment in subsidiary companies					
Shares at cost, less amounts written off and provision		408 729		89 232	
Loans less provision		220 605		158 367	
Dividends accrued		64 195		226	
		693 529		247 825	
Other investments – at cost less amounts written off and provision					
Listed – market value R390 815 000 (1976: R479 464 000)		111 953		112 612	
Unlisted – directors' valuation R28 798 000 (1976: R39 530 000)		11 406		11 956	
		123 359		124 568	
Loans – associated companies and others less provision		163 983		263 165	
Other assets					
Debtors		18 912		21 010	
Cash on deposit, at call and short notice		296 527		53 712	
		315 439		74 722	
Office, research and transport equipment	1(h)	—		—	
		1 296 310		710 280	

Income statement

FOR THE FIFTEEN MONTHS ENDED MARCH 31 1978

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

	Notes	31.3.78 R000's	Year ended 31.12.76 R000's
Investment income			
Income from subsidiaries	15	32 570	43 576
Income from interest, fees and other sources after deducting administration expenses	16	100 513	25 729
Surplus on realisation of investments		65 056	41 178
		4 382	758
		202 521	111 241
Interest paid:			
Loan capital		3 610	2 946
Loans by associated companies and others		36 411	22 504
		40 021	25 450
Expenditure on office, research and transport equipment		1 881	1 667
Contributions to staff pension funds		4 197	2 487
Costs of prospecting		14 679	8 891
Provision against investments		6 791	3 381
Provision against loans		2 836	3 104
		70 405	44 980
Profit before taxation		132 116	66 261
Taxation	17	10 174	2 501
Profit after taxation		121 942	63 760
Preferred stock dividends	18	286	286
Earnings attributable to ordinary shareholders before extraordinary item		121 656	63 474
Per share 56,0 cents (1976: 48,2 cents)	20		
Ordinary dividends	21	99 132	43 465
Retained profit before extraordinary item		22 524	20 009
Extraordinary item	22	21 389	20 000
Retained profit after extraordinary item		1 135	9
Unappropriated profit, December 31 1976		430	421
Adjustment in respect of previous year's taxation	17	(1 298)	—
		(868)	421
Unappropriated profit, March 31 1978		267	430

Members' diary

Financial year end	March 31	
Annual financial statements published	July	
Annual general meeting held	August	
DIVIDENDS		
1 on ordinary shares		
interim (and interim report)	declared	November
	paid	January
final (and provisional statement)	declared	May/June
	paid	July
2 on preference shares		
interim	declared	June
	paid	June
final	declared	December
	paid	December
3 on preferred stock		
interim	declared	June
	paid	August
final	declared	December
	paid	February



Cover: Recently completed headgear at Free State Geduld's new No. 3 shaft

Notice to members

ANNUAL GENERAL MEETING

Notice is hereby given that the sixty-first annual general meeting of members of Anglo American Corporation of South Africa Limited will be held at 44 Main Street, Johannesburg on Friday, August 18 1978, at 11h00, for the following business:

1 To receive and consider the annual financial statements in respect of the fifteen months ended March 31 1978.

2 To elect directors in accordance with the provisions of the Corporation's articles of association.

3 To consider, and if deemed fit, to pass, with or without modification, the following resolution as an ordinary resolution, namely:

That the directors be and they are hereby authorised:

(i) To allot and issue all or any portion of the 9 650 000 unissued redeemable cumulative preference shares of 2,5 cents each in the capital of the Corporation and, after providing for the allotment and issue of the ordinary shares in terms of the share incentive scheme, the staff share option scheme and any shares which shall have been set aside for allotment in substitution for shares in Rand Selection Corporation Limited arising on conversion of bonds of US$1000 each representing the Rand Selection US$30 million 6¼ per cent convertible loan 1986, all or any portion of the remaining 13 732 254 unissued ordinary shares of 10 cents each in the capital of the Corporation, at such time or times to such person or persons, company or companies and upon such terms and conditions as they may determine.

(ii) To make arrangements on such terms and conditions as they may deem fit for the subscription by underwriters of:

(a) any shares offered by way of rights issues but not taken up by the persons entitled thereto; and

(b) any shares resulting from the consolidation of any fractional entitlements in respect of any shares issued in pursuance of a rights issue, provided that any rights to such shares which can be sold in nil-paid form on The Johannesburg and/or London Stock Exchanges during the period which they are quoted on such stock exchanges may be sold by the underwriters, and the net proceeds of any sale of such rights shall be paid to the Corporation.

The head office and United Kingdom transfer registers and the register of members of the Corporation will be closed from August 14 to August 18 1978 both days inclusive.

Holders of share warrants to bearer who wish to attend in person or by proxy or to vote at any general meeting of the Corporation must comply with the regulations of the Corporation under which share warrants to bearer are issued.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his stead. A proxy need not be a member of the Corporation.

By order of the board
J T GOLDFINCH
Managing Secretary

July 25 1978

Registered Office
44 Main Street, Johannesburg

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

Incorporated in the Republic of South Africa
Company Registration No. 01 05309 06

61st Annual Report · 1978

Containing the financial statements in respect of the fifteen months ended March 31 1978

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Aandeelhouers wat 'n Afrikaanse vertaling van hierdie verslag verlang, word versoek om met die oordragsekretarisse in verbinding te tree

Introduction

The Corporation, its relationship to the Group and to its major associates

Anglo American Corporation is the head of an international group of mining, industrial and investment companies whose overall size is estimated at approximately R5 600 million. With effect from January 1 1977 the Corporation was considerably enlarged through a merger with Rand Selection Corporation.

The mining finance houses in South Africa have traditionally operated the group system, whereby the parent house not only administers companies that are not necessarily subsidiaries, but also provides them with a full range of administrative and technical services and is able, by virtue of its financial strength and standing, to assist them in finding capital for expansion and development. De Beers Consolidated Mines and Charter Consolidated, though not members of the Group, draw upon the Corporation's technical services.

It has therefore become customary for the term 'group' to have a wider meaning in the South African mining industry than its statutory definition of a parent company and its subsidiaries, and it is in this wider sense that it is used in this introduction, in 'The year in brief' on pages 4 and 5 and in the 'Directors' review' on pages 9 to 44. However, in the audited annual financial statements on pages 45 to 74, and in the section 'Interests of the Group' on pages 77 to 102, the term is used in its statutory sense to refer to the Corporation and its subsidiaries.

The Group's structure is outlined in the chart which shows the significant shareholding relationships between the Corporation and the principal finance and investment companies of the Group and between the Anglo American Group and its two major associates, De Beers and Charter. The figures printed outside each circle show the percentage interest in that company held by another Group company or associate: for example, Anglo American Corporation holds 36 per cent of Charter, which in turn has six per cent of Anglo American and 20 per cent of Minerals and Resources Corporation (Minorco).

The business of Anglo American Corporation is to invest in companies, many of which it administers and develops. In mining, the Anglo American Group and its associates have important interests in the production of gold and uranium, diamonds, copper and nickel, coal, platinum, tin, potash, asbestos, iron ore, lead, zinc, manganese and wolfram. The Group's industrial interests range from steel-making and heavy engineering to construction, motor vehicles, paper and textiles, chemicals, drilling tools, refractories and foodstuffs. The principal commercial interests are banking, computer services in southern Africa, freight and travel, insurance and property.

The Group's investments are held mainly through the specialised companies identified in the chart, such as Anglo American Gold Investment Company, Anglo American Investment Trust for the diamond mining and marketing investments, and Anglo American Industrial Corporation. The majority of the coal mining interests are consolidated in Anglo American Coal Corporation. Minorco, based in Bermuda, participates in the Group's international mining and industrial interests, while on a geographical basis there are Anglo American Corporation of Canada (Amcan), Anglo American Corporation Rhodesia, Zambia Copper Investments, Australian Anglo American and Anglo American Corporation do Brasil. The valuations given in the chart are calculated as at March 31 1978.

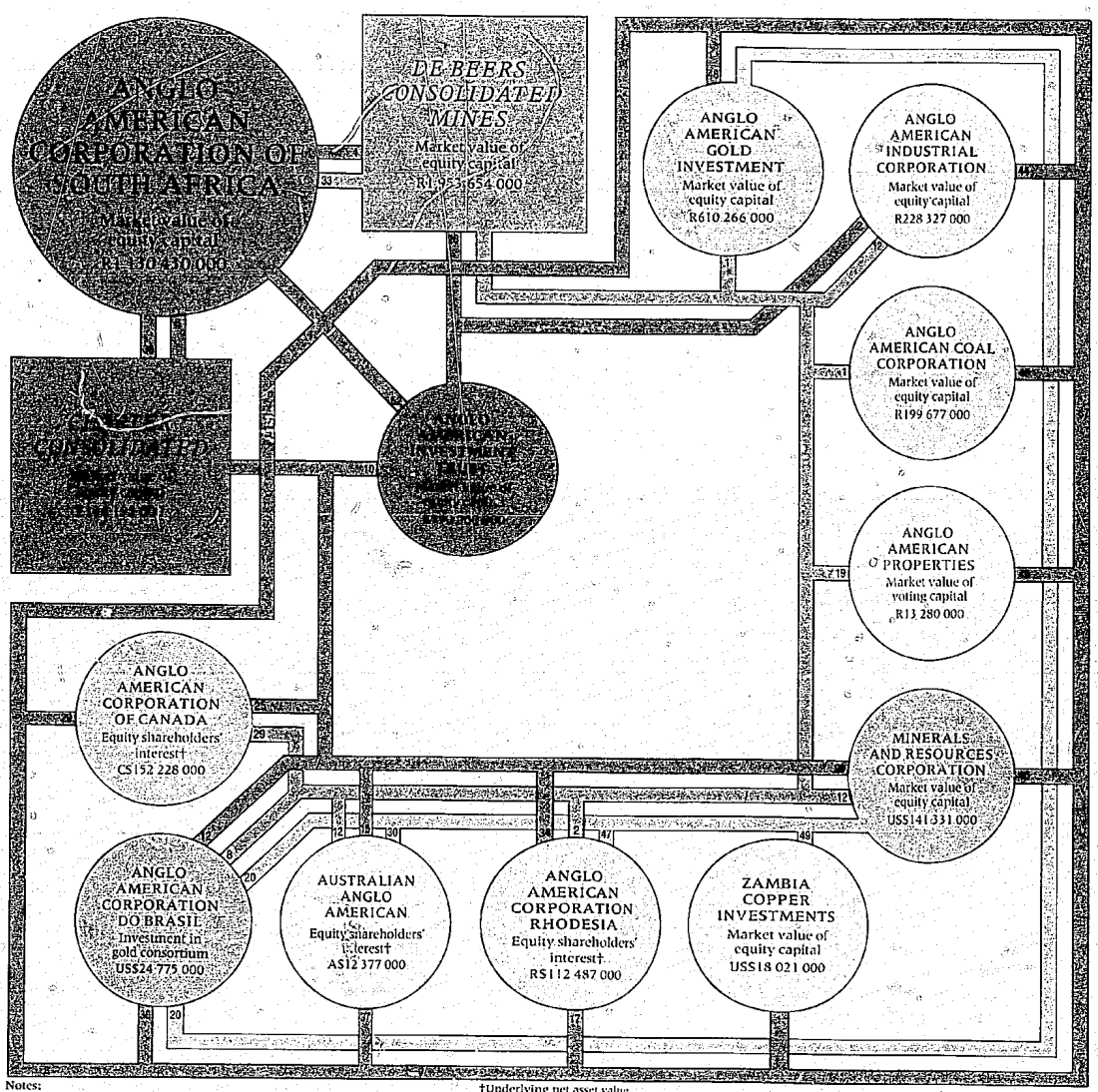
Anglo American Corporation has had only two Chairmen, the founder, Sir Ernest Oppenheimer, from 1917 to 1957, and the present Chairman, his son, Mr Harry Oppenheimer. This has brought a continuity of policy to the activities of the Corporation, whose aims are to earn profits for its shareholders, but to do so in such a way as to make a real and lasting contribution to the welfare of the areas and countries where it operates.

The Corporation's roots are firmly planted in Africa where it began; its interests there, both in mining and in a wide range of industries, are continuing to grow. But its resources are also being applied internationally, in mining and related fields, through Minorco, Charter and Amcan. Geological exploration similarly has become world-wide. The Group and associates are involved in prospecting programmes in Africa, in North and South America, in Australia, and in Europe.

The Corporation's original capital in 1917 was £1 million, which was raised from British, American and South African sources – hence the title 'Anglo American Corporation of South Africa'. The present capital and reserves exceed R860 million, and the Corporation's investments at March 31 1978 were valued at R2 269 million.

To illustrate the scale of its mining operations, in 1977 the Group was responsible for over 37 per cent of South Africa's gold output, equivalent to about 27 per cent of world production (excluding communist countries), for 33 per cent of South Africa's coal and 40 per cent of its uranium. The copper mines in which the Group is interested accounted for 13 per cent of world production in 1977.

Following the merger of Anglo American Corporation with Rand Selection, registered ordinary shareholders increased by 8 000 to more than 24 000 while bearer certificates in issue increased by 7 000 to nearly 45 000. The majority of the share capital is held in South Africa with most of the balance held in the United Kingdom and other European countries.



Notes:
1. Figures printed outside each circle show the effective percentage interest
2. Market values and equity shareholders' interests are as at March 31 1978

†Underlying net asset value

The year in brief

As from January 1 1977 Rand Selection Corporation was merged into Anglo American Corporation to form a mining finance house of very great strength. The merger was accompanied by a change in the Corporation's year end to March 31. Net equity earnings for the 15-month period to March 31 1978 were R195 million while earnings per share were 89,9 cents. Dividends totalling 45,25 cents a share comprised a special dividend of 8,25 cents, an interim dividend of 12 cents and a final dividend of 25 cents a share. If the Corporation's share of the undistributed profits from its investments, in which it or its associates directly or indirectly holds 20 per cent or more of the equity or which are administered within the Anglo American Group, were taken into account, the estimated total earnings for the 15 months to March 31 1978, after adjusting for crossholdings, would be approximately 178 cents a share compared with 132 cents a share for the 12 months to December 31 1976. Earnings for the 12-month period to March 31 1978, based on the number of shares effectively in issue during the period, would have been approximately 70 cents a share and the underlying earnings approximately 142 cents a share. A charge of R33,5 million for the 15-month period was made under extraordinary items in respect of the Group's investments in Société Minière de Tenke-Fungurume (SMTF) and Botswana RST (BRST).

INVESTMENTS

The value of the Corporation's listed general investments was R1 997 million at the year end. An analysis by primary source and geographical location of the Corporation's direct investments and the underlying investments of the holding companies in which it is interested, is given opposite. The analyses for 1978 and 1976 are not comparable in view of the consolidation of Rand Selection for the first time, the change in the financial year end and the higher than normal flow of income in the quarter to March 31 each year. The value of the direct interests of Anglo American Corporation and its associated finance companies (listed on page 12) in the mining, finance, industrial and property companies administered by the Corporation was approximately R1 700 million at March 31 1978 while the estimated total value of these administered companies was about R3 700 million. The value of the direct interests of the Corporation and its associated finance companies in non-administered companies amounted to R1 900 million. This brings the value of the direct interests of the Corporation and its associated finance companies to about R3 600 million, and the overall size of the Group, being the aggregate value of the administered companies and the direct interests in non-administered companies, to about R5 600 million.

INVESTMENT COMPANIES

The principal administered investment companies include Anglo American Gold Investment Company (Amgold), Anglo American Investment Trust (Anamint), Anglo American Industrial Corporation (Amic), and Anglo American Coal Corporation (Amcoal).

Despite an improved gold price, Amgold's investment income declined by 3,7 per cent to R45,2 million as a result of increased working costs and capital expenditure incurred by the gold mines. Net earnings for 1977 were R3,8 million less at R41,5 million and the dividend was reduced by 15 cents to 165 cents a share.

	Value of investments* Percentage		Investment income* Percentage	
By prime source	1978	1976	1978	1976
Gold	43	34	30	34
Diamonds	19	16	32	20
Copper	1	3	1	2
Coal	6	7	8	5
Platinum	2	3	1	2
Other mining	3	5	1	3
Industrial	17	19	17	18
Finance	7	10	8	15
Property	1	2	1	1
Oil and gas	1	1	1	
	100	100	100	100
Geographical				
South Africa	75	78	70	79
South West Africa/Namibia	4	4	6	5
Rest of Africa south of the equator	6	6	8	7
North America	6	5	6	3
Elsewhere	9	7	10	6
	100	100	100	100

*Excluding interests attributable to outside shareholders in subsidiary companies.

Anamint's earnings for the year ended March 31 1978 rose to R64,6 million and the dividend increased by 46 per cent to 600 cents a share, reflecting the further improved earnings of De Beers Consolidated Mines.

Amic was affected by the depressed economy, and by the sharp drop in the markets for timber and related products. Net equity earnings declined by 5,5 per cent to R40,6 million and earnings per share by nine cents to 151,1 cents for the year ended December 31 1977. However, in view of the increased earnings achieved by the main subsidiaries, Boart International and Scaw Metals, and the improved outlook for the timber sector, the dividend was increased by five cents to 70 cents a share.

Amcoal experienced another highly successful year with net earnings improving by 68 per cent to R47,3 million and the dividend increasing by 50 per cent to 60 cents a share for the year ended December 31 1977.

GOLD AND URANIUM

Although the tonnage milled increased by 5,7 per cent, lower recovery grades resulted in a further decline in Group gold production by 3,1 per cent to 262 408 kilograms. Despite lower production and a 14,6 per cent increase in unit costs, working profit improved by 12,3 per cent to R433,9 million because of the higher average selling price of R4 082 a kilogram, or about $146 an ounce. Taxation and State's share of profits absorbed R160,2 million or 36,9 per cent.

Two new gold and uranium ventures, East Rand Gold and Uranium

FEATURES OF THE CONSOLIDATED FINANCIAL STATEMENTS	March 31 1978 R000's	December 31 1976 R000's	December 31 1975 R000's
Issued ordinary capital and reserves	858 319	469 692	447 802
Listed general investments			
Book value	713 779	411 009	353 857
Market value	1 996 731	934 221	997 842
Unlisted general investments			
Book value	121 796	114 679	164 968
Directors' valuation	272 296	168 059	235 246
Investment income – general investments	213 179	87 181	81 194
Equity earnings	195 036	85 992	84 428
per share (1978 based on 217 068 082 shares effectively in issue during the fifteen months)	89,9 cents	65,3 cents	64,1 cents
Dividends on ordinary shares	99 132	43 465	43 449
per share (1978 includes a special interim of 8,25 cents a share)	45,25 cents	33 cents	33 cents
Number of issued ordinary shares	222 964 532	131 725 300	131 672 300

Company and the Joint Metallurgical Scheme initiated by the Group's Orange Free State mines, began commissioning during the period under review. The Elandsrand gold mine is well ahead of schedule and is expected to come into production in mid-1979.

Production of uranium from Group gold mines increased by 32,9 per cent to 1 533 tons.

DIAMONDS

Sales of rough gem and industrial diamonds by the Central Selling Organisation increased by 33 per cent during 1977 to reach a new record of $2 073 million. De Beers Consolidated Mines more than doubled its consolidated net earnings to R623 million, equivalent to 172,7 cents a deferred share, in another extremely successful year. The net diamond account rose by R300 million to R751 million because of the higher volume of sales and the price increases in September 1976, March 1977 and, to a lesser extent, December 1977. A record total dividend of 52,5 cents a share (1976: 35 cents) was paid. Total mine output increased from the 1976 level by 1 262 000 carats to 11,8 million.

COAL

Higher export earnings and a domestic price increase were mainly responsible for an improvement of nearly 50 per cent in the pre-tax earnings of Group collieries to R73,7 million. Amcoal turnover rose by 30,6 per cent to R259 million. Amcoal's new Kleinkopje mine is expected to produce its first coal at the end of 1978, with the total cost remaining within the capital budget of R109 million.

With coal exports at R248,5 million in 1977, coal ranks after gold and diamonds as South Africa's third largest contributor to export turnover.

OTHER MINING

Depressed copper prices during the year continued to impair earnings from the Group's copper interests. While the London Metal Exchange price has recently recovered slightly, prospects for a material increase during the next 12 months are not encouraging.

Nchanga Consolidated Copper Mines and Roan Consolidated Mines are incurring substantial losses with operations continuing to be hampered by shortages of skilled staff and of components, and by the closure of the Benguela railway outlet to Lobito.

Hudson Bay Mining and Smelting reported consolidated earnings of CS4,4 million, excluding an extraordinary gain of CS52,6 million from the sale of its potash assets in Saskatchewan. Earnings which were adversely affected by weak metal and fertilizer markets nonetheless improved in 1977, largely because Hudbay's petroleum subsidiaries, Francana Oil & Gas and Canadian Merrill, benefited from increased production and higher product prices. Two new base metal mines were brought into production in the Flin Flon-Snow Lake area.

INDUSTRY

Highveld Steel and Vanadium Corporation again reported improved results for the year to June 30 1977. Net equity earnings rose by R4,8 million to R20,7 million, with earnings per share increasing by 12 per cent to 30,6 cents. The successful commissioning of a plate mill enabled Highveld to enter a new sector of the local market as a second supplier. Notwithstanding difficulties in the international steel market Highveld maintained satisfactory exports.

Despite difficult trading conditions and adverse foreign currency movements, Boart International increased earnings by 6,7 per cent to R17,5 million in 1977.

Scaw Metals increased earnings for 1977 by 10,6 per cent to R16,1 million.

Consolidated net earnings of Mondi Paper Company and its major subsidiary, South African Board Mills Limited, rose by R1,9 million to R10,2 million, despite a reduced local demand for newsprint, a 15 per cent surcharge on imported raw materials and generally adverse trading conditions.

Directorate

CHAIRMAN
H F Oppenheimer*

DEPUTY CHAIRMEN
Sir Keith Acutt, KBE (British)
G W H Relly*

DIRECTORS
W G Boustred*
J N Clarke (British)*
Dr Z J de Beer, MP*
D A Etheredge, OBE*
G C Fletcher, MC*
H R Fraser (British)
C J L Griffith*
E P Gush
M B Hofmeyr*
J A Holmes (British)*
G Langton*
D G Nicholson (British)*
N F Oppenheimer
Sir Philip Oppenheimer (British)
B W Pain (British)
Sir Albert Robinson (British)
L G Stopford Sackville (British)
J Ogilvie Thompson*
G H Waddell*
W D Wilson

*Executive director

ALTERNATE DIRECTORS
Dr M G M Atmore
B E Bullett (British)
G A Carey-Smith (British)
H K Davies
Dr H B Dyer
W J Héfer
D B Hoffe
F J A Howard
J D Johnson (British)
A Johnstone
M W King
O P Koevort
P J R Leyden (British)
D E MacIver
J L P Mackenzie
A B McKerron
C D M Melville
Dr L G Murray
M C O'Dowd
M W Stephenson (British)
J D Taylor (Canadian)
V I Webber (British)
A Wilson

Group administration

CHAIRMAN'S OFFICE

OPERATING COMMITTEE
G W H Relly (Chairman)
J Ogilvie Thompson
G H Waddell

MANAGEMENT
J N Clarke
Dr Z J de Beer
J F Drysdale
G C Fletcher
D B Hoffe
J A Holmes
D G Nicholson
M C O'Dowd

CHIEF PERSONNEL CONSULTANT
E N Cathrine

ECONOMIC CONSULTANT
A B Dickman

GROUP COMPUTER CONSULTANT
M Cowley

MANAGING SECRETARY
J T Goldfinch

PUBLIC RELATIONS CONSULTANT
B R Mortimer

Finance Office

DIRECTOR
J N Clarke

MANAGERS
J M P Desmidt
A Johnstone
M W King

CHIEF ACCOUNTANT
G C Leeman

International Co-ordination Office

MANAGER
J D Taylor

Manpower Resources Office

MANAGER
J F Drysdale

PERSONNEL CONSULTANTS
C W H du Toit
T G Mann
N D Morgan
F J Worth

SENIOR MEDICAL CONSULTANT
Dr J L C Whitcombe

MEDICAL CONSULTANT
Dr J G D Laing

Technical Office

DIRECTOR
J A Holmes

DEPUTY TECHNICAL DIRECTORS
Dr M G M Atmore
J D Johnson
D E MacIver
J L P Mackenzie
Dr L G Murray
M W Stephenson

CHIEF CONSULTING METALLURGIST
A D Deuchar

CONSULTING ARCHITECT
D R Yetton

CONSULTING CIVIL ENGINEER
D W Standish-White

CONSULTING ELECTRICAL ENGINEER
H M Brown

CONSULTING GEOLOGIST
Dr F W D Cornwall

MINING VALUATION CONSULTANT
H M MacLeod

HEAD OF TECHNICAL SERVICES
J Dyer

RESEARCH DIRECTOR
G S James

OPERATING DIVISIONS

Boart International

CHAIRMAN
G C Fletcher

MANAGING DIRECTOR
H K Davies

Coal

CHAIRMAN
W G Boustred

MANAGING DIRECTOR
T A J Braithwaite

DEPUTY MANAGING DIRECTOR
D Rankin

CONSULTING ENGINEERS
F Chilton
P P Coetser
J D Flint
D F Rogans

CONSULTING GEOLOGIST
Dr D A M Smith

CONSULTING MECHANICAL AND ELECTRICAL ENGINEERS
J M Kinghorn
G O Parnell

CONSULTING METALLURGIST
H S Schwartz

ENERGY CONSULTANT
R L Cohen

FINANCIAL DIRECTOR
J A B Nichols

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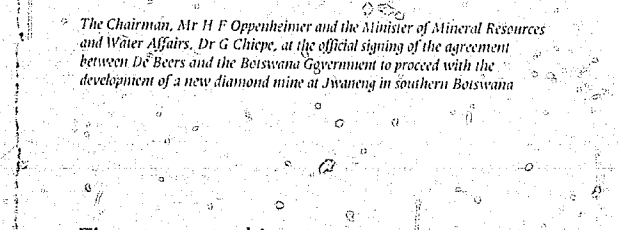
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Directors' review

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The Chairman, Mr H F Oppenheimer and the Minister of Mineral Resources and Water Affairs, Dr G Chiepe, at the official signing of the agreement between De Beers and the Botswana Government to proceed with the development of a new diamond mine at Jwaneng in southern Botswana

Finance and investment

Rand Selection merger completed

The period under review was undoubtedly one of the most difficult ever faced by South African business. Anxieties concerning political developments in southern Africa continued to affect confidence, particularly overseas, in the country's ability to adopt policies that would foster stability and growth. As a result there was a large net outflow of capital, and although a surplus was achieved in the balance of payments on current account the foreign reserves remained low and therefore remained a critical constraint on policy. Inflationary pressures showed little sign of abating and in consequence there was a further tightening, early in 1977, of the restrictive monetary and fiscal measures that had been introduced the previous year. The effect on real domestic spending was severe and virtually all sectors of the economy were exposed to exceptional strains that were widely reflected in lower profits and rising unemployment. These conditions were to some extent mitigated by the outstanding agricultural season, the good performance of non-gold mining exports, and the firming of the gold price, particularly in the second half of 1977. By the end of the year some business cycle indicators were implying that the declining phase had ended, a prospect that was further improved by the 1978/79 Budget, which aims selectively to stimulate the economy.

In these circumstances the Corporation's results were satisfactory. Comparisons with the previous year are not meaningful, because the figures reflect the consolidation of Rand Selection Corporation Limited into Anglo American Corporation as from January 1 1977, to form a single mining finance house of considerable strength and status in world capital markets. The simplification of the structure of the Corporation and its subsidiaries also offered the benefits of rationalisation, which became manifest during the year. The merger was accompanied by a change in the Corporation's year end to March 31, on which date in 1978 the combined net assets of the entity exceeded R2 296 million.

The comments that follow relate to the consolidated income statement and balance sheet of the Corporation and its subsidiaries. Net equity earnings for the 15-month period to March 31 1978 were R195 million (1976: R86 million) while earnings per share, based on the effective number of shares in issue during the period under review, were 89,9 cents, (1976: 65,3 cents). General investment income amounted to R213,2 million (1976: R87,2 million) and net income from fees, interest and other sources, after deducting administration expenses and interest paid, was R37,9 million (1976: R19,2 million). Trading profits of companies which became subsidiaries as a result of the merger amounted to R9,6 million. The surplus on realisation of general investments amounted to R18,1 million (1976: R2 million). Prospecting costs for the 15 months amounted to R15,2 million (1976: R9,5 million) and taxation absorbed R17 million (1976: R4,6 million). Ordinary dividends totalling 45,25 cents a share were declared for the 15-month period compared with 33 cents a share for the year ended December 31 1976.

An extraordinary charge of R33,5 million was made against profits in respect of the investments in Société Minière de Tenke-Fungurume (SMTF) and Botswana RST Limited (BRST). Although the Corporation and Rand Selection Corporation in their 1976 financial years provided a total of R30 million against their investments in SMTF, it was considered prudent, as base metal prices have shown no evidence of sustained recovery and little progress has been made with the alternative of a smaller scale project, to make a further provision of R10,4 million against this investment, so that the book value has been provided against in full. The Shaba province of Zaire, in which the SMTF orebody is located, was invaded by anti-Government forces in May 1978 and the town of Kolwezi was recaptured with the aid of French and Belgian troops.

BRST recently reported that agreement had been reached between the principal shareholders, the Botswana Government and the principal project lenders for the re-organisation of the financial structure and sales arrangements of BCL Limited, operator of the nickel-copper project at Selebi-Phikwe in Botswana, in which BRST holds an 85 per cent interest. The major effects of this re-organisation will be to reduce BCL's interest burden and improve cash flows by accelerating receipt of sales proceeds, as well as removing the obligation to produce sulphur as part of the Phase I requirements. Although production levels increased substantially during the second half of 1977, the prices of nickel and copper remained depressed, and BRST recorded a loss, before extraordinary charges of P3,7 million, of P35,1 million for the year ended December 31 1977. In the light of these factors it has been considered sound to make a full provision, as an extraordinary item, of R25,9 million against the investment in BRST as at March 31 1978.

The market value of listed investments at March 31 1978 was R1 996,7 million, an excess of R1 282,9 million over the book value of R713,8 million. The directors' valuation of unlisted investments at the year end was R272,3 million.

The value of the direct interests of Anglo American Corporation and its associated finance companies (listed on page 12) in the mining, finance, industrial and property companies administered by the Corporation was approximately R1 700 million at March 31 1978 while the estimated total value of these administered companies was about R3 700 million. The value of the direct interests of the Corporation and its associated finance companies in non-administered companies amounted to R1 900 million. This brings the value of the direct interests of the Corporation and its associated finance companies to about R3 600 million, and the overall size of the Group, being the aggregate values of the administered companies and the direct interests in non-administered companies to about R5 600 million.

It was announced on March 31 1978 that, in order to finance ongoing commitments, the Corporation had made arrangements to raise R40 million at 10,5 per cent by means of a private placing of cumulative redeemable preference shares. The shares, which will not carry conversion rights, will have an average life of about eight years.

Anglo American Gold Investment Company Limited (Amgold) earned net profits of R41,5 million in 1977, R3,9 million less than the previous year. Despite an improvement in the price of gold, the sharp

The central plant complex at Ergo, near Springs on the East Rand, with the South African Land & Exploration mine in the background. During November 1977 Ergo received the Rand Daily Mail's business achievement award 'in recognition of its outstanding contribution to the development of the South African economy'

NET ASSET VALUES, PROFITS, EARNINGS AND DIVIDENDS OF THE MAJOR GROUP FINANCE COMPANIES

	Financial year ended	Net asset value based on consolidated balance sheet		Consolidated profit (loss) after tax and outside interests		Equity earnings per ordinary share		Dividends per ordinary share	
		1977/78 million	1976 million	1977/78 million	1976 million	1977/78 cents	1976 cents	1977/78 cents	1976 cents
Anglo American Corporation[1]	March 31 1978	R2 296,6[2]	R1 042,7[2]	R195,3[3]	R86,3	89,9[4]	65,3	45,25[3]	33,0
Anglo American Coal Corporation	December 31 1977	R167,8[2]	R153,0[2]	R47,3	R28,2	201,3	120,0	60,0	40,0
Anglo American Corporation of Canada[5]	December 31 1977	CS93,1[6]	CS93,4[6]	CS3,3	CS(1,7)	(C)33,5	—	(C)43,5	(C) 40,0
Anglo American Corporation Rhodesia	June 30 1977	RS68,4[6]	RS78,9[6]	RS4,5	RS4,2	(R)16,0	(R)14,6[7]	(R)5,0	(R)3,5[7]
Anglo American Gold Investment	December 31 1977	R749,7[2]	R632,7[2]	R41,5	R45,4	189,1	206,7	165,0	180,0
Anglo American Industrial Corporation	December 31 1977	R332,7[2]	R301,9[2]	R40,6	R42,9	151,1	160,0	70,0	65,0
Anglo American Investment Trust	March 31 1978	R617,6[2]	R451,8[2]	R64,6	R44,1	643,3	438,2	600,0	410,0
Minerals and Resources Corporation	June 30 1977	US$408,6[6]	US$487,5[6]	US$12,7	US$6,9	(US)17,3	—	(US)12,0	(US)2,0
Zambia Copper Investments	June 30 1977	US$239,6[6]	US$270,2[6]	US$1,2	US$0,3	(US)1,0	(US)0,1	—	—

Notes:

[1] Following the acquisition of Rand Selection Corporation Limited, the results of the Corporation include, for the first time, the operations of the Rand Selection Group and 52,2 per cent of the operations of Anglo American Investment Trust (detailed further down the table).

[2] Listed investments at market value and unlisted at directors' valuation.

[3] 15-month period ended March 31 1978.

[4] Based on number of shares effectively in issue during the fifteen months.

[5] Excludes equity accounting for effectively controlled companies.

[6] Listed investments at market value and unlisted investments at book value.

[7] Adjusted to show effect of a capitalisation during 1977.

rise in working costs and increased capital expenditure requirements, restricted dividend payments by the gold mines, and investment income declined by 3,7 per cent to R45,2 million. Dividends for 1977 totalled 185 cents a share compared with 180 cents the previous year. The market value of listed investments increased by 24,1 per cent to R760,8 million, reflecting higher share prices, the acquisition of further shares in Elandsrand Gold Mining Company Limited following the rights issue by that company in January 1977 and the capitalisation of loans to East Rand Gold and Uranium Company Limited which resulted in a 20 per cent interest in that company.

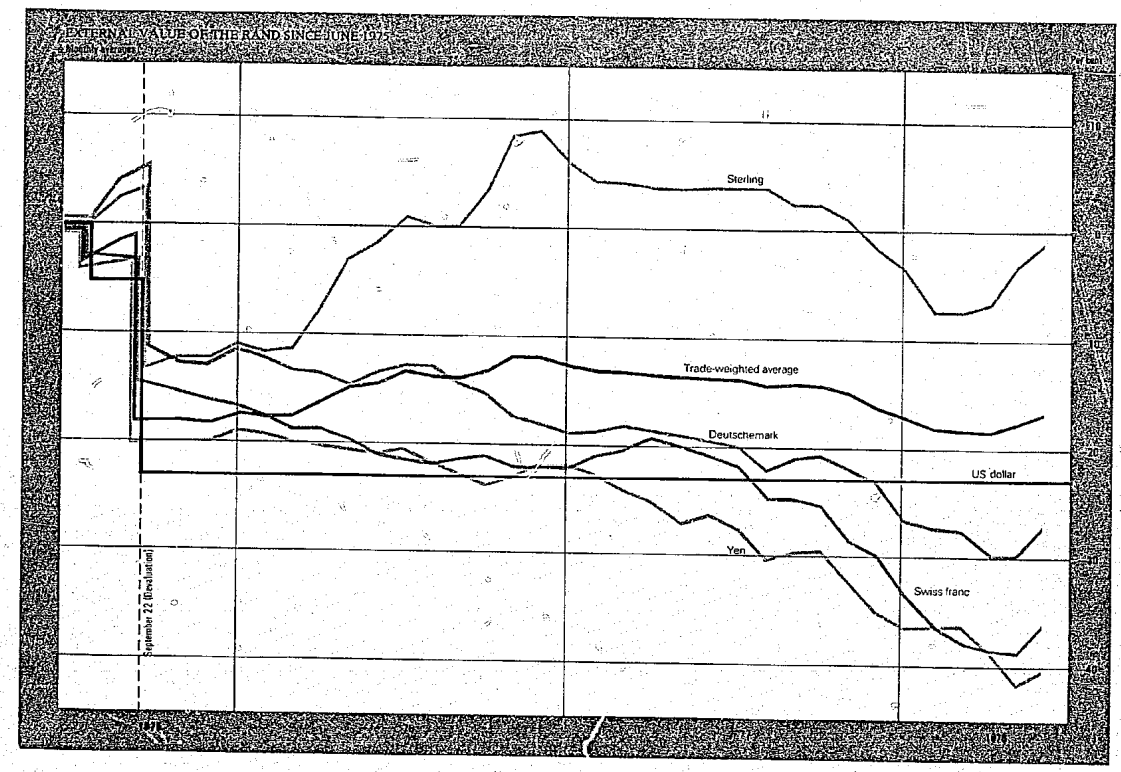
Amgold has arranged to raise R25 million, also at 10,5 per cent by a private placing of redeemable cumulative preference shares, having an average life of about four years. The funds will be used to reduce short-term borrowings and to finance new investment commitments.

Anglo American Investment Trust Limited (Anamint), which holds 26,37 per cent of De Beers Consolidated Mines Limited and investments in various unquoted diamond trading companies, became a 52,16 per cent held subsidiary of the Corporation as a result of the merger with Rand Selection Corporation. Equity earnings for the year ended March 31 1978 were R64,6 million compared with R44,1 million in the previous year. The total dividend increased by 46 per cent to 600 cents a share. At the year end the book value of Anamint's investments was R58,1 million, compared with market and directors' valuations totalling R612,5 million.

In common with many other industrial companies, the earnings of Anglo American Industrial Corporation Limited (Amic) were affected by the continuing economic recession. Net equity earnings fell by 5,5 per cent to R40,6 million for the year ended December 31 1977 and earnings per share decreased from 160 cents to 151,1 cents because of the sharp decline in the markets for timber and related products. Since the year end, discussions have taken place among producers in these industries which should result in a return to profitability in the current year. In view of that, and together with the excellent results from Amic's major subsidiaries, Boart International Limited and Scaw Metals Limited, and the improved income from its portfolio investments, the final dividend was increased by five cents, making a total dividend for the year of 70 cents a share.

The Corporation's significant investment in the life assurance industry is held through Anglo American Insurance Holdings Limited (AAIH) which comprises African Eagle Life Assurance Society Limited, Guarantee Life Assurance Company Limited and Southampton Assurance Company of Rhodesia Limited. The rationalisation programme, introduced since the Corporation acquired control of the assurance companies, is now beginning to take effect. Over the past 18 months AAIH has successfully revised its new business product range, particularly with the introduction of specialised products for Guarantee Life and an innovative pensions investment vehicle which has been adopted by African Eagle Life. Total assets of AAIH at March 31 1978 amounted to R717,3 million compared with R650,8 million 18 months ago. Premium income





growth has been satisfactory and reached R147,4 million over the same period.

Anglo American Coal Corporation Limited (Amcoal) reported a 50 per cent improvement in pre-tax profits to R74,7 million for the year ended December 31 1977. Coal sales increased by 11 per cent to 25,7 million tons and group turnover, at R259 million, was 30,6 per cent higher than in 1976. During the year a tax equalisation policy was adopted by the coal mining subsidiary companies for major capital expenditure programmes. An amount equivalent to the tax benefit arising from major capital expenditure during the year is set aside from income and is then credited to income over the estimated lives of the projects concerned. Thus R17 million was provided for tax equalisation during the year which, together with normal taxation of R7,6 million, resulted in a total tax charge for the year of R24,6 million. Attributable equity earnings were R47,3 million compared with restated 1976 earnings, calculated on the same basis, of R28,2 million and the annual dividend was increased by 50 per cent to 60 cents a share.

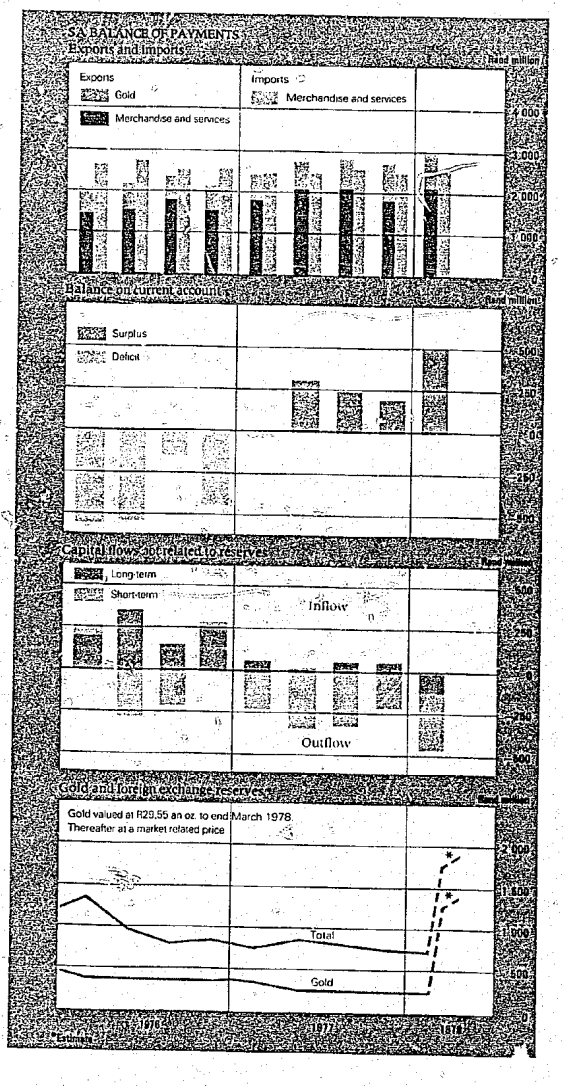
The Corporation has a 41 per cent interest in Johannesburg Consolidated Investment Company Limited (JCI) which holds a widespread portfolio of mining and industrial investments and which derives the major portion of its revenue from gold and diamond interests, and platinum, through Rustenburg Platinum Holdings Limited which it administers. The gold and uranium producer, The Randfontein Estates Gold Mining Company, Witwatersrand, Limited, operated very satisfactorily and increased net earnings by 28 per cent to R48 million in the year ended December 31 1977. Good progress was made on its R180-million expansion programme initiated in

1976. The Otjihase copper project undertaken by JCI came into production during a period of low base metal prices and has incurred substantial losses. As a result it was announced on December 22 1977 that the mine had been placed on a care-and-maintenance basis. Net earnings of JCI in the financial year ended June 30 1977 increased by R800 000 to R27 million, against which an extraordinary charge of R12 million was made in respect of the Otjihase investment. The total dividend was maintained at 170 cents a share. Net earnings for the six months to December 31 1977 increased by 22 per cent to R15,8 million, and an unchanged interim dividend of 40 cents a share was paid.

The equity earnings of Charter Consolidated Limited, the Corporation's United Kingdom based mining finance associate, increased by £6,2 million to £25,4 million in the year to March 31 1978. Income from investments improved by £2,5 million and advantage was taken of improved stock market conditions to increase profits on realisation of investments by £3,4 million to £5,8 million. Trading profits of industrial subsidiaries declined marginally to £18,1 million, compared with £18,9 million for the previous year. Reduced profits from Cape Industries Limited, resulting from a downturn in the asbestos market, were partially offset by the inclusion of five months' profits from the newly-acquired subsidiary, M.K. Refrigeration Limited, while in addition the Elastic Rail Spike and Heatrae Sadia groups more than maintained their 1976 profits. Extraordinary charges of £21,7 million included provisions of £7,5 million and £6 million, respectively, against Charter's investments in Cleveland Potash Limited and BRST, and a provision of £8,2 million to reflect the net effect of conversion of currencies. Charter's net asset value, including investments at market and directors' valuations increased by £14,1 million to £287,6 million at March 31 1978.

As in 1976, the major source of dividend income received in the year to June 30 1977 by Minerals and Resources Corporation Limited (Minorco), a Bermuda-based investment company, was its holding in Engelhard Minerals & Chemicals Corporation (EMC). Dividend income, at US$13,9 million, was 26 per cent higher than in 1976, while after-tax profits, before extraordinary losses, for the year ended June 30 1977, amounted to US$12,7 million compared with US$6,9 million the previous year. Extraordinary losses amounted to US$34,1 million, which were covered by transfers from share premium and capital reserves of US$26 million and US$8,1 million respectively. A reduced valuation of Minorco's Australian and other investments accounted for US$8,1 million of the loss and US$26 million related to the writedown of Minorco's investment in Trend International Limited, following material amendments to the production-sharing contract in which Trend International has a 27 per cent interest, with Pertamina, the Indonesian state-owned oil agency, and production difficulties.

No income was received by Minorco from its 49,9 per cent interest in Zambia Copper Investments Limited (ZCI). ZCI's principal investments are in Nchanga Consolidated Copper Mines Limited (NCCM), Roan Consolidated Mines Limited (RCM) and BRST. As a result of the continuing depressed state of the copper market, both NCCM and



RCM are operating at a loss and the possibility of dividend payments being resumed in the forseeable future appears remote. During the year to June 30 1977 ZCI provided US$20 million against its investment in BRST.

Anglo American Corporation of Canada Limited (Amcan) reported consolidated earnings for the year ended December 31 1977 of CS3,9 million or CS0,39 a share and net earnings, after an extraordinary gain, of CS23,8 million or CS2,39 a share. The extraordinary gain arose from the realisation by an associated company, Hudson Bay Mining and Smelting Co. Limited, of its potash assets in Saskatchewan. Earnings benefited from the substantial reduction in provision against investments, lower exploration expenditures and the increased profits of associated companies, particularly Francana Oil & Gas Limited. These improvements were partly offset by a decline in net interest received, and in profits from securities trading. Amcan's net asset value at December 31 1977, including listed investments at market value and unlisted investments at lower of cost or directors' valuation, decreased slightly to CS93,1 million.

Anglo American Corporation Rhodesia Limited (Amrho) holds the Rhodesian interests of Anglo American Corporation, Minorco and Charter in a widely-diversified portfolio. Net earnings increased from RS4,2 million to RS4,5 million in the financial year to June 30 1977. Amrho has major investments in Wankie Colliery, Rhodesian Nickel Corporation, Shangani Mining Corporation (now managed by Anglo American Corporation), Rhodesian Alloys, and Hippo Valley Estates in addition to interests in citrus, agriculture, forestry and timber processing, cement, flour milling, rolling stock hire, property, merchant banking and investment finance.

Anglo American Corporation do Brasil Limitada (Ambras) holds a 49 per cent interest in Mineração Morro Velho S.A. which operates a group of small gold mines near Belo Horizonte in Minas Gerais. Technical and operational improvements as well as higher gold prices increased the mine's profits in the year ended January 31 1978 and a dividend was paid. Ambras is undertaking a substantial exploration programme for gold and base metals in various parts of Brazil through Unigeo Geologia e Mineração S.A., which is also continuing with feasibility studies of the Jacobina auriferous conglomerates in Bahia. Although substantial tonnages of gold ore have been identified it is not yet possible to determine whether these low- to medium-grade reserves can be viably mined at prospective gold prices and the extent of the higher grade tonnages indicated is currently being investigated.

The Corporation has a 36,7 per cent equity interest in Australian Anglo American Limited which is conducting an extensive exploration and prospecting programme for mineral deposits in Australia, New Zealand and Fiji. Australian Anglo American holds an 80 per cent interest in a subsidiary, Mulga Mines (Proprietary) Limited, which until recently operated a small gold-antimony mine at Nullagine in Western Australia. The mine ceased operations early in 1978, following substantial losses that were incurred.

Further details of the principal finance and investment companies in which the Group holds a significant interest are given on pages 79 to 83.

Gold and uranium

Strong industrial demand continued

The market price of gold during 1977 increased satisfactorily from a low in January of $129,40 to a high in November of $168,15, closing in December at $164,95, and averaging $147,72 for the year, an increase of 18,4 per cent. Since then the trend has continued with gold reaching a high of $190 at the afternoon fix on March 8 1978.

In reviewing the gold market the past 15 months ought to be considered in two phases, the first from January to September when the price rose to and remained at the $140 – $150 level, and the second from October to March when the price rose significantly. In the first phase an equilibrium between industrial demand for gold and supply resulted in relative price stability, with very little investment or speculation evident. In the second, the impact of growing American interest in gold as an investment commodity, particularly in the light of the weakening dollar and the depressed state of Wall Street, began to take effect. A measure of this interest, which affected other world markets, was the volume on the New York Commodity Exchange during November when options totalling 18,49 million ounces were traded.

Since the end of the period under review there have been three further developments which will influence the market. The United States Treasury announced that it planned to resume selling gold at the rate of 300 000 ounces a month for at least a six-month period, in an attempt to balance the substantial imports of gold into the United States. The first of these auctions was held on May 23 when the gold on offer was readily absorbed into the market. The results of the auction, with an average price of $180,38, can be considered to be very satisfactory.

Then India announced its plan to sell 70 tons of gold, apparently confiscated from smugglers, to its internal market over a three-month period commencing in May. The sales to date appear to have had very little impact, as the Indian market is very restricted, with gold reaching prices that are in no way related to those of the main gold centres.

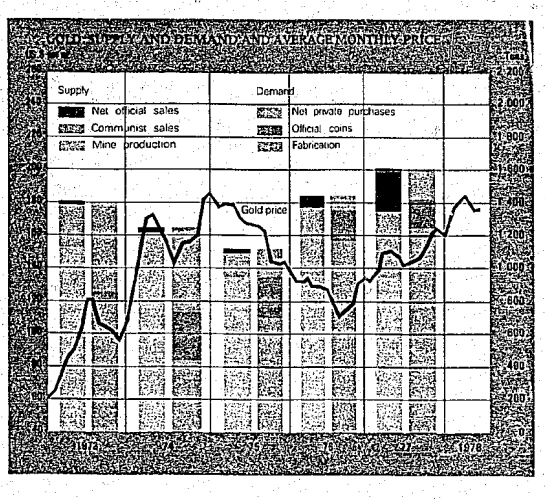
Finally, the International Monetary Fund (IMF) announced that it was reducing its monthly auctions by an amount of 55 000 ounces from 525 000 to 470 000 ounces a month. It is generally believed the reduction is to accommodate those developing countries who, under the terms of the IMF auctions, can make non-competitive bids for gold. Certain central banks can now deal in bullion following the ratification of the revised IMF articles.

Two of these developments have brought more gold on to the market, while another has lessened the amount available. Provided the strong industrial demand of the first quarter of the year continues, the market should have little difficulty in absorbing the new supply.

Supplies of gold to the market during 1977 appear to have increased by approximately 10 per cent over the previous year to a total of about 1 600 tons, with South Africa the major supplier of 698,4 tons which

comprised the industry's total production of 697 tons and 1,4 tons sold out of reserves. South Africa's production, 1,7 per cent lower than in 1976, represented the lowest figure for 16 years, although it is expected that production should increase again in 1978. Russia continues to be the second major supplier, followed by the IMF whose auctions contributed 188 tons, or more than 10 per cent of the total supply. Considering the disruption these sales caused when they first took place in 1976, it is important to note that, were the auctions to be discontinued now, the market would be seriously short of physical gold. In fact, current industrial demand for gold can no longer be met out of western world production and a substantial proportion of official and Russian sales are being used for industrial purposes. It is this situation which gives the gold market its inherent strength and stability and results in a rising gold price when industrial demand is supplemented by investment and speculative demand.

Industrial demand continued, sustaining the growth shown during the second half of 1976. A contributor to this strong demand, which the higher prices did not abate, was the weakening dollar which made gold comparatively cheap to manufacturers paying, for example, in Deutschemarks, Swiss francs and the yen. There has been one significant shift in industrial demand, in that sales to the Far East have declined compared with 1976 but this has been more than compensated by increased demand in the United States. Krugerrands also had a good year and sales at 3,331 million were 10,8 per cent ahead of 1976 though still below the 1975 record levels. As a result of the increased interest in gold, 26 per cent of South Africa's gold production was sold as Krugerrands in the last quarter, compared with an average of 14 per cent for the whole year. Sales continued to be



strong in the first quarter of 1978 when 1,669 million coins were sold, being approximately half the total sales made during 1977. Apart from industrial demand and official coin sales there was also speculative buying, particularly in the latter part of 1977 and early 1978, though there is always a possibility that this gold may return to the market, and so be a disruptive element.

Though it had been hoped that the second amendment to the IMF articles would be ratified in 1977, this only took place early in April 1978. Consequently the South African Government revalued its gold holdings as at the end of March 1978 on April 11 to a price of $163,27, being the average of the last 10 London gold fixes less 10 per cent, and will adjust the value of its reserves at the end of each month on the same basis. This has two benefits for the mines: the clause under the Moçambique Convention whereby the mines had to remit their employees' deferred pay in gold to the Moçambique Government at the official price will fall away, and the mines will now receive a market-related price for all their gold immediately it is sold to the Reserve Bank.

THE SOUTH AFRICAN GOLD MINING INDUSTRY

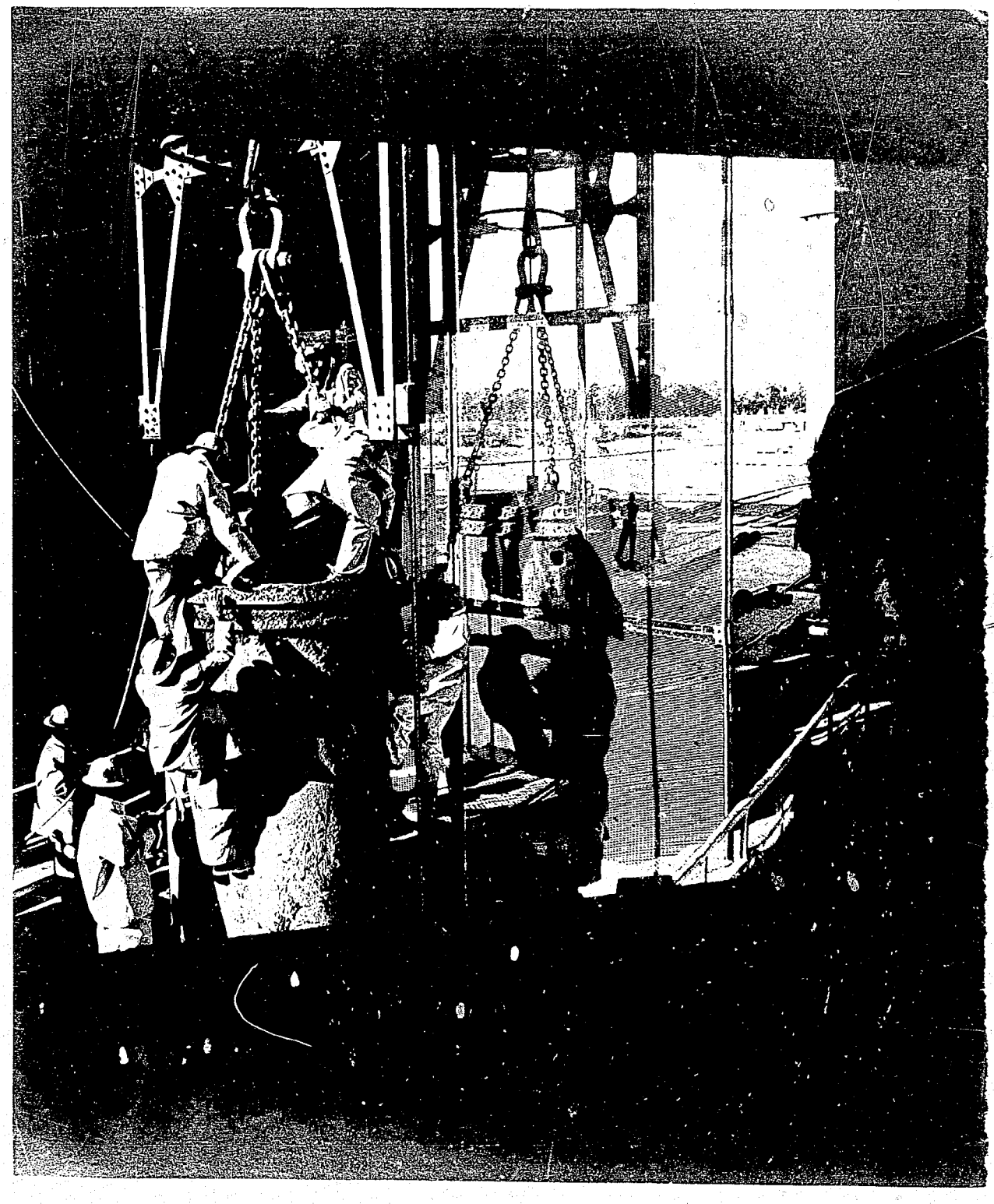
The industry produced 697 013 kilograms of gold in 1977, which was 12 099 kilograms, or 1,7 per cent less than in 1976. Although average recovery grade improved fractionally from 9,21 grams to 9,22 grams a ton, production declined because tonnage milled decreased by 1,7 million tons to 74,5 million tons. The average gold price received in 1977 increased from the 1976 price of R3 367 a kilogram to R4 084 a kilogram, equivalent to approximately $146 an ounce (1976: $121). While Harmony Gold Mining Company Limited no longer publishes its gold working costs and profits separately, in the rest of the industry unit costs increased on average by R4,29, or 21,9 per cent, to R23,84 a ton milled. Working profits, however, rose by R165,6 million, or 18,6 per cent, to R1 054,4 million, while taxation and State's share of profits for the year absorbed an estimated R495,7 million of this profit, or 47 per cent, compared with 44,3 per cent in 1976.

Capital expenditure on producing mines was R430,3 million as compared with R374,5 million in 1976. Dividend declarations totalled R338,7 million, R10,6 million more than for 1976.

LABOUR

Labour relations were satisfactory during the 15-month period. Wage increases were less than in previous years because of a national policy of restraint in an inflationary era. The major issue among white employees concerned working hours. Following negotiations for a five-day week, the 11-shift fortnight, introduced in 1977, has been in operation for more than a year and its impact on production will be the subject of a second report by the Franzsen Commission to be submitted to the Minister of Labour and of Mines. Initial experience by the mines is that there have been production losses and cost increases.

The supply of black labour, which increasingly is from sources closer to the mines, was better than in many previous years because of improved recruiting arrangements, wage increases and continuing attention to living conditions. The construction of houses for more



Shaft sinking crew going on shift at the Free State Geduld No. 3 shaft where full sinking operations commenced at the end of February 1978

senior black employees is now well under way and this, together with other developments in recruiting, should result in time in a more stable labour force even though the majority remains migrants.

The majority of South Africans appears to appreciate that changes are necessary in the entire field of industrial relations, employment practices and labour utilisation. Understandably these changes meet with resistance from some of our white employees and we have accordingly assured them of their job security and have embarked on intensive courses to encourage a changed attitude towards industrial relations and labour issues, aimed at allowing mines to make more effective use of all workers. In this connection, the report of the Wiehahn Commission, due in the second half of this year, is of considerable importance.

THE GROUP'S MINES

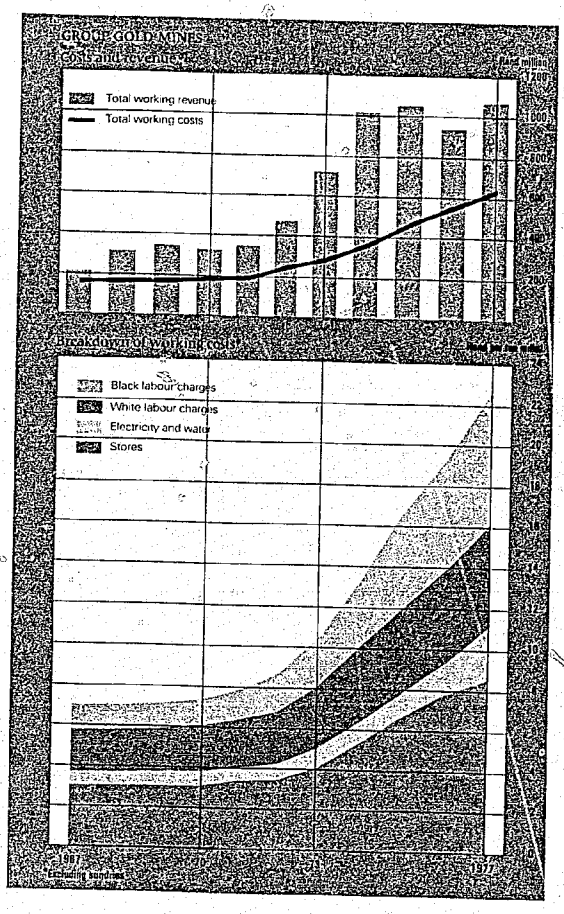
Gold production by the eight producing mines administered by Anglo American Corporation declined by 8 449 kilograms, or 3,1 per cent, to 262 408 kilograms. Lower recovery grades were recorded at all mines except Free State Saaiplaas Gold Mining Company Limited and Welkom Gold Mining Company Limited, which showed marginal increases. At Free State Geduld Mines Limited the grade was substantially diluted by the lower grade of ore produced from Freddies Consolidated Mines Limited following the amalgamation of their two lease areas. Although the Group's milled tonnage rose by 5,7 per cent, or 1 416 000 tons, to 26 275 000 tons, there was a further inflation of unit costs, which rose by R3,08 or 14,6 per cent to R24,25 a ton milled. In spite of lower production, working revenue increased by 17,4 per cent to R1 071,2 million as a result of the higher average price received of R4 082 a kilogram, or about $146 an ounce (1976: $121). The working profit of the Group's mines showed an improvement of R47,4 million, or 12,3 per cent to R433,9 million. Taxation and State's share of profits absorbed R160,2 million, which was R2,2 million more than in 1976 and equivalent to 36,9 per cent of working profit. Capital expenditure on mining assets by these producing mines amounted to R174,5 million, compared with R173,4 million in 1976. Of the 1977 total, R39,5 million (1976: R51,6 million) was incurred in respect of the Joint Metallurgical Scheme (JMS) undertaken by the Group's Orange Free State mines. Dividends paid totalled R112,9 million compared with R118,6 million in 1976.

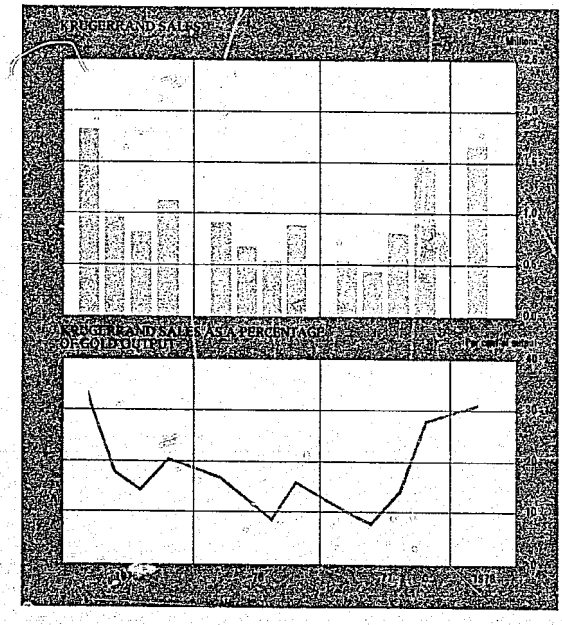
Group ore reserves are currently estimated at 54,7 million tons at a pay limit based on a gold price of R3 300 a kilogram.

Commissioning of the JMS, to recover uranium, sulphuric acid and gold from current gold plant tailings and deposited slimes, began in March 1977. Several technical problems were encountered, causing 1977 production to be lower than anticipated, and making it necessary to buy material from a Group company to meet commitments for uranium sales in 1978. Uranium production to the end of September was 207 tons, and in the December quarter 106 tons. If the encouraging improvements in the metallurgical performance continue as planned, the JMS will achieve full potential before the end of 1978.

At Free State Saaiplaas the major development concerns the new No. 3 shaft, which was estimated in 1974 to cost R81 million, including the expansion of milling capacity. Inflation has now boosted this estimate to R120 million and it will be necessary to raise further funds, probably during 1979, to complete the project. Sinking operations were delayed about two months by an accident in the shaft on October 7.

During 1977 the amalgamation of the lease areas of Free State Geduld and Freddies was approved retrospectively to October 1976. In consideration for relinquishing its 50 per cent interest in Freddies, Western Holdings Limited received 440 000 new shares in Free State





Geduld giving it an effective 4,2 per cent beneficial interest in the merged mining operation. Full-scale sinking has commenced at Free State Geduld's No. 5 shaft where the headgear is complete.

At Western Holdings mining operations continued normally during the year.

At President Steyn Gold Mining Company Limited underground fires in August 1977 and a slow production build up at the No. 4 shaft caused both grade and tonnage milled to be lower than forecast for the year ended September 30 1977. Results for the year include the Video Mining Company Limited lease area where development only was undertaken until October 1977 when stoping operations started. President Steyn will continue to reflect consolidated results of the two companies in its published accounts.

At President Brand Gold Mining Company Limited total capital expenditure was R35,7 million. This included expenditure of R29,7 million on account of the JMS, the after-tax cost of which was financed by loans. Further expenditure of R28 million is expected during 1978, including R16,5 million for the JMS.

Improved results for 1977 by Welkom Gold Mining Company Limited were largely the result of the new mining policy of extracting pillars in worked-out areas where grades are generally better than those being exposed in newly developed areas.

By the end of 1977 the men/material shaft at Elandsrand Gold Mining Company Limited had been sunk to 1 933 metres, while the rock/ventilation shaft reached its final depth of 2 195 metres on January 5 this year. In addition, during 1977, 4 079 metres of station development and 162 metres of orepass raiseboring were completed at the men/materials shaft complex, and 1 610 metres of station development completed at the rock/ventilation shaft. Net expenditure on mining assets during the year amounted to R45,4 million and is estimated at R78 million in the current year. The mine is well ahead of schedule and an underwritten rights offer to members of Elandsrand was made in June 1978 to raise approximately R77 million to finance the estimated capital expenditure required to bring the mine into production in mid-1979.

At Vaal Reefs Exploration and Mining Company Limited it was decided that operating management should have greater responsibility at this very large complex, where expenditure on working costs amounts to about R200 million a year, and senior Corporation officials were seconded to the company in operating management positions. There will be further changes during 1978 to ensure more effective use of the company's human resources and to provide greater decision-making at mine level. The North and South mining divisions have been amalgamated into one and Nos. 1 and 2 shafts (South) are now identified as Nos. 8 and 9 shafts, respectively. Faulting and uncertain values continued in the South lease area, causing additional lower grade ore to be mined in the North lease to fill milling capacity. Extensions to the present East and West uranium plants and the construction of the new South uranium plant have begun. Commissioning dates have been advanced considerably to take advantage of the continuing strength of the uranium market and it is now planned to expand treatment plant capacity to 720 000 tons a month in the second half of 1979, a year sooner than scheduled. The collar of No. 9 shaft is complete and the concrete headgear constructed to its final height, with sinking now planned to start in September 1978. The shaft is expected to be commissioned in 1983. Building of the new hostel, to accommodate 6 000 men, is continuing.

At Western Deep Levels Limited an underground fire broke out in June 1977 in one of the highest grade areas of the mine, making it necessary to expand production from lower grade sections. Work is continuing on the tertiary sub-vertical shaft systems at both Nos. 2 and 3 shafts, to allow mining operations below the 100 level to expand. However, the high stress associated with such depths, entailing costly support of haulages, is restricting the rate of advance. The new hostel complex is now fully occupied and older hostels are being upgraded. Construction has started on the new village for senior black married employees and their families, which is to be shared with Elandsrand Gold Mining Company.

East Rand Gold and Uranium Company Limited (Ergo) produced its first uranium on February 25 1978, only two years after the decision to go ahead with the project to recover gold and uranium, and to produce sulphuric acid from old slimes dams. The R145-million project is shortly expected to achieve its planned reclamation rate of 1,5 million tons of slimes a month. Initially annual production should be about



Construction of the crushing plant at De Beers' Koingnaas mine on the Namaqualand coast. The mine comes into production during July 1978 and will build up to a rate of 500 000 carats a year, consisting mainly of small, high-quality gems

7 000 kilograms of gold, 200 tons of uranium and 530 000 tons of sulphuric acid, of which 70 000 tons will be required for Ergo's own treatment processes. In July last year Ergo made an offer of 16 million shares at R3,50 a share, of which 12 250 000 shares were firm subscriptions by certain companies and financial institutions. When the offer closed on July 29, applications totalling R286 million had been received, a record for a South African share issue, and the 3 750 000 shares offered to the public were eighteen-and-a-half times subscribed. Since the inception of the company, the net proceeds available from the issue of equity capital amounted to R114,8 million with the balance of funds for Ergo's capital expenditure being provided by revolving credit facilities and short-term borrowings. In November Ergo received the Rand Daily Mail's Business Achievement Award for 1977 in recognition of its pioneering technical accomplishments and its contribution to the development of the South African economy.

The South African Land & Exploration Company Limited which terminated underground mining at the end of 1976, continued to recover gold from waste rock dumps in the East Rand area and the intention is to do so for as long as it is profitable. Meanwhile, initial results have been obtained from the first of the two exploratory boreholes south and south-west of the workings. The reef was intersected at a depth of 3 065 metres but the grades have been disappointing. Drilling is continuing in both holes and further results expected during 1978 will determine whether to embark on further holes.

East Daggafontein Mines Limited terminated underground mining in November 1976 and arrangements were subsequently made to sell its gold treatment plant and all other plant, equipment and salvageable items. Substantial income was received from certain royalty arrangements entered into in 1977, as well as from the disposal of saleable assets. However, similar results are not expected to recur, as the bulk of such assets have now been realised.

URANIUM

During 1977 the uranium price remained firm at 1976 levels. Although the world recession led to a downward revision of proposed construction programmes for nuclear power stations, the uncertainty of uranium supplies from Canada and Australia lent support to the market, as did the United States' insistence that more stringent conditions of sale should apply to uranium.

Group gold mines have been well placed to take advantage of the strong uranium market, with production rising by 32,9 per cent to 1 533 tons, the increase being largely from the JMS. At Vaal Reefs the increase in treatment capacity from 335 000 tons to 720 000 tons a month is now expected to come into operation in the second half of 1979. The detailed feasibility study and the pilot testwork for The Afrikander Lease Limited project were completed during 1977. There is, however, concern over the continuing inflation of capital and working costs. This could affect the viability of the mine, which unlike other South African mines would not produce uranium as a by-product of gold. As a result it has been decided to delay a decision on the establishment of a mine and temporarily to suspend sales negotiations until talks with Government on various aspects of the project are concluded and the feasibility study has been reviewed.

SAFETY

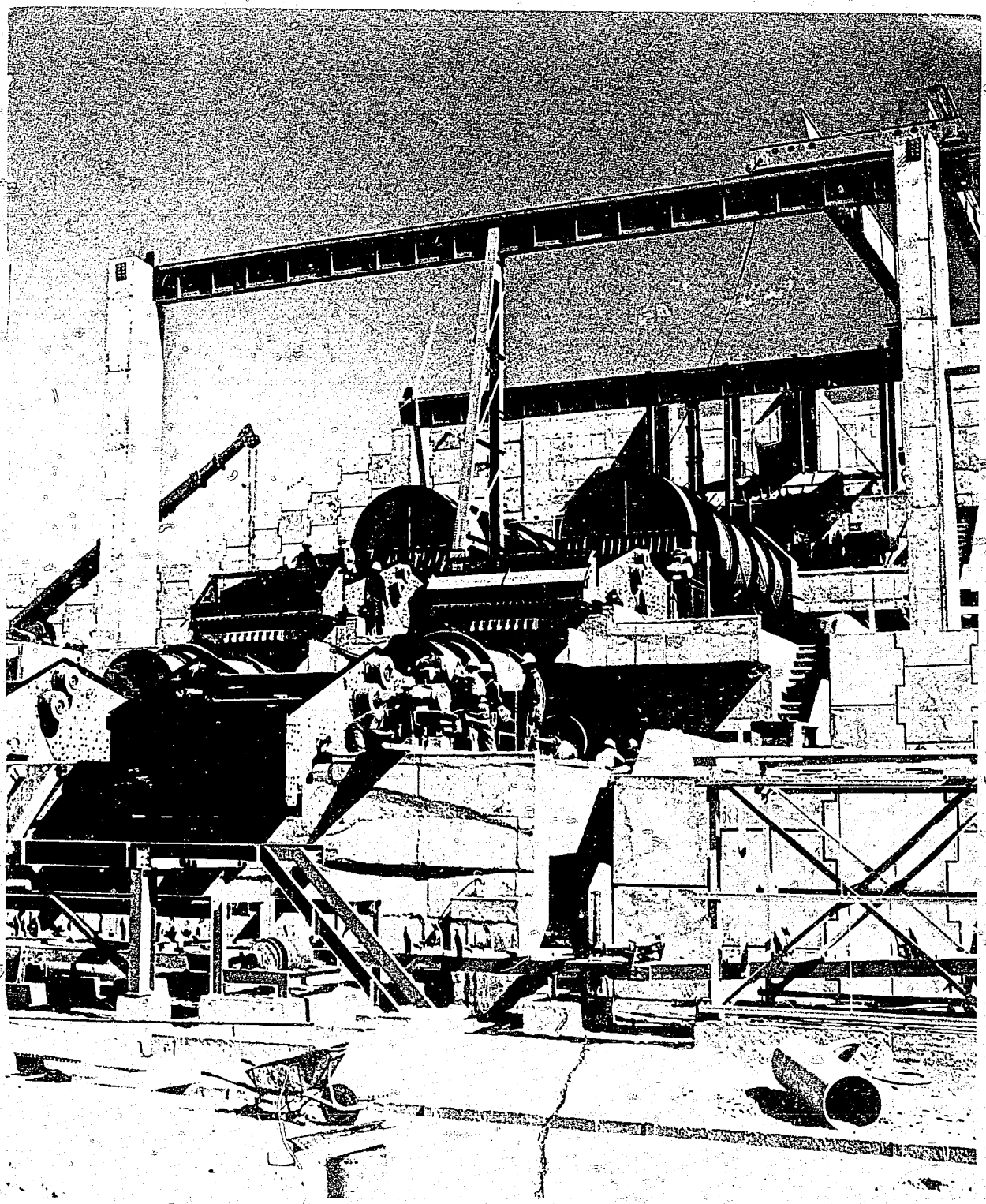
The reportable accident rate per thousand employees per annum in service on the gold mines of the Group fell by 1,58 from 45,05 to 43,47, while the fatality rate remained virtually static at 1,29. The Group Chairman's Safety Shield was won by Free State Geduld for the second time, while the Chamber of Mines Millionaire Shield was won by Vaal Reefs North for the fifth time. This major award, which is presented to a mine on completing a million consecutive fatality-free shifts, was also won by Freddies for the second time, shortly before its amalgamation with Free State Geduld.

The detailed operating results of gold mines administered by Anglo American Corporation and those in which the Group holds a significant interest are given on pages 84 to 88.

Diamonds

Sales each a new record

Sales of rough gem and industrial diamonds by the Central Selling Organisation (CSO) during 1977 reached a new record of US$2 073 million or R1 803 million, an increase of 33 per cent compared with the previous year. Prices, raised by an overall 8,75 per cent in 1976, were further increased by 15 per cent in March 1977 and by 17 per cent in December. The market, which had been characterised during most of 1976 by demand particularly for the smaller sizes and the cheaper qualities of large diamonds, strengthened further over the course of the year. By the end of 1977 an unprecedented demand had developed for all qualities of goods, despite the price increases and the sale to the cutting centres of more carats than ever before. Primarily this was because of excellent trading conditions for diamond jewellery at the retail level, particularly in the United States, seen partly in response to the CSO's world-wide advertising efforts. However, during the latter part of the year a measure of speculative trading in the cutting centres and of general investment interest in diamonds as a store of value also began to influence overall demand. In the first months of 1978 when the effect of the December increase could not yet have filtered through to the retail stores, this resulted in premiums well in excess of the CSO prices being paid for rough diamonds in the secondary markets. At the same time it became apparent that the bank credit which was being used to finance stocks in the cutting centres, some of it based on ruling premium prices, was reaching proportions which, in the event of any market downturn, could cause severe liquidity problems. To counteract this situation and to enable the producers to benefit from the premiums being paid, the CSO in March this year introduced a variable surcharge to the normal list prices of diamonds it offers for sale. The surcharge, at a rate to be determined at



	Metric tons treated		Carats recovered		Carats per 100 metric tons		Cost per metric ton	
	1977	1976	1977	1976	1977	1976	1977	1976
							R	R
De Beers mine	725 497	800 634	113 963	121 522	15,71	15,18	4,68	3,84
Dutoitspan mine	792 806	1 068 671	112 143	153 399	14,15	14,35	4,53	3,67
Bultfontein mine	1 042 240	717 109	329 729	216 141	31,64	30,14	4,78	3,45
Wesselton mine	1 948 348	1 948 268	528 817	560 261	27,14	28,76	4,34	3,73
Finsch mine	3 639 640	3 454 951	2 425 799	2 202 778	66,65	63,76	2,85	2,16
Koffiefontein mine	3 712 694	3 656 315	409 789	354 044	11,04	9,68	2,92	2,63
Kimberley Division total	11 861 225	11 645 948	3 920 240	3 608 145				
Namaqualand mines	4 066 711	3 857 654	1 162 752	1 026 905	28,59	26,62	4,22	3,53
Premier mine	7 074 403	6 574 895	2 010 307	1 833 278	28,42	27,88	2,80	2,36
Consolidated Diamond Mines	14 899 997	12 879 152	2 001 217	1 693 994	13,43	13,15	4,70	4,46
Letseng mine	680 000	—	22 688	—	3,34	—	5,27	—
							Pula	Pula
Orapa mine	3 449 565	3 428 985	2 345 010	2 383 599	67,98	69,51	2,74	2,48
Letlhakane mine	1 087 310	—	345 981	—	31,82	—	3,36	—
Totals	43 119 211	38 386 634	11 808 195	10 545 921				

the time of each sale, will continue to be applied until a reasonable relationship has been restored between the market price of rough diamonds and the retail prices of polished diamonds.

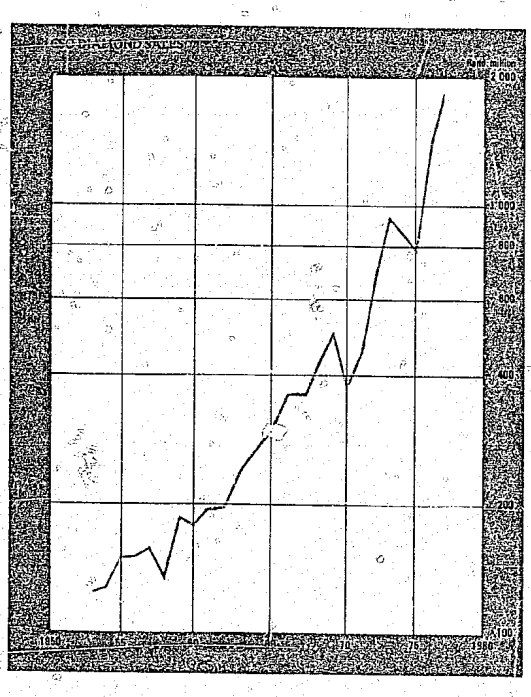
Sales of industrial diamonds, both natural and synthetic, also established a new record in 1977. High demand levels continued throughout the year, particularly for drilling diamonds and the coarser natural and synthetic grits. The outlook for the current year remains favourable.

The consolidated net profit after tax attributable to De Beers Consolidated Mines Limited more than doubled from R309 million in 1976 to R623 million, equivalent to 172,7 cents a deferred share (1976: 85,2 cents) after allowing for dividends on the preference capital. The net diamond account rose by R300 million to R751 million because of the higher volume of sales and the price increases in September 1976, March 1977 and, to a lesser extent, December 1977. This improvement was achieved despite the fact that the results of The Diamond Purchasing and Trading Company (Proprietary) Limited, which ceased to be a subsidiary during the year, were no longer consolidated. Income from other sources, notably unlisted investments and interest received, rose by R84 million to R192 million, and expenditure rose by R16 million to R55 million. Consolidated profit before tax at R888 million was R368 million higher than in 1976. Tax and the State's share of profits, which had risen by R60 million in 1976, rose further during 1977 from R183 million to R255 million. A record level of dividends was paid on the De Beers deferred shares for the year, amounting to 52,5 cents a share (1976: 35 cents), and a total of R312 million (1976: R164 million) was transferred to reserves. The value, at cost, of diamond stocks decreased by R7 million to R221 million while net current assets rose by R159 million to R502 million.

Production by the mines of the De Beers group in South Africa, South West Africa/Namibia, Botswana and Lesotho amounted to 11 808 195 carats in 1977 compared with 10 545 921 carats in 1976. Contributions to this increase, amounting to about 12 per cent, were made by all the mines of the group except Orapa, where the recovery grade was marginally lower than in 1976. The new Letlhakane mine, which is also owned by De Beers Botswana Mining Company (Proprietary) Limited (Debswana), was commissioned at the end of 1976 and produced 345 981 carats during the year. The Letseng-la-Terai mine in Lesotho also reached full production during the year, and produced 22 688 carats. Production from the Kimberley Division mines rose by nine per cent; from Namaqualand by 13 per cent; from the Premier mine by 10 per cent; and from Consolidated Diamond Mines (CDM) by 18 per cent.

Major capital expenditure programmes were in progress within the De Beers group which, with others recently initiated, will bring about a substantial increase in productive capacity. Construction work at the Koingnaas mine in Namaqualand is nearing completion, and production at the rate of approximately 500 000 carats a year is expected to start in the middle of 1978. The small Langhoogte mine, also in Namaqualand, will start producing at the rate of some 60 000

carats a year at about the same time. Design work has commenced for a new plant at Tweepad, just north of Dreyers Pan, so that production levels can be maintained when, towards the end of 1980, it becomes necessary to treat the lower grade ore in this area. At Finsch mine north-west of Kimberley major modifications to the treatment plant are being planned, which will increase diamond output within two years from the present level of nearly 2,5 million carats a year to about 3,5 million carats. Government approval has been received for new lease arrangements for the Premier mine near Pretoria, enabling expenditure on capital works to be financed by De Beers. At Premier work is proceeding with the development of mining operations below the gabbro sill. Production from below the sill is due to start in 1979 and will considerably extend the life of the mine. Work is proceeding with a scheme to re-treat certain of the older dumps in and around Kimberley, the effect of which will be to extend the life of the Kimberley operations to approximately 20 years. Deliveries of dump material to the central treatment plant will start early in 1979. In Botswana work in hand on the expansion of Orapa is expected to



increase the rate of production of that mine from 2,35 million to approximately 4,5 million carats by the end of 1978, while production from Letlhakane is expected to increase by about 25 per cent when mining moves from the surrounding gravels to the Kimberlite pipe towards the end of 1979. Agreement has been reached with the Government of Botswana for the development of an important new mine at Jwaneng, in the south of the country, where a major kimberlite pipe overlain by Kalahari sediments to a depth of 30 to 50 metres was discovered by De Beers in 1973. The mine, to be developed and operated by Debswana in which the Government has a 50 per cent interest, is due to be brought into commercial production in 1982 at an initial rate of approximately 3,5 million carats a year, rising to six million carats in the mid-1980s.

In the sphere of industrial relations, important progress was made towards the elimination of all forms of racial discrimination within the control of the De Beers group. A comprehensive programme of job evaluation on the mines in South Africa and South West Africa/Namibia has resulted in the introduction of an integrated wage scale for employees of all races. In the Kimberley Division, the employment of migrants is now being limited to those to whom an obligation exists to provide continuing employment. Agreement has been reached with the authorities for the establishment of financially assisted home ownership schemes for black employees in Kimberley and at Koffiefontein. At CDM, the families of the first Ovambo married employees to be housed at Oranjemund arrived during the year. Selection and training facilities throughout the group's mines were expanded and improved. Following the introduction of a five-day working week for the mining sector in the Kimberley Division in November 1976, these arrangements were extended to artisans on the Kimberley mines in December 1977 and were introduced for the mining sector at Premier in February 1978.

In anticipation of constitutional and political changes in South West Africa/Namibia, the head office of CDM was moved from Kimberley to Windhoek.

The scope of work of the De Beers Diamond Research Laboratory expanded significantly during the year. Attention continued to be devoted to bettering the efficiencies of mine recovery plants and to developing improved recovery methods, and in March a new separation plant was commissioned at Finsch mine for the handling of small sizes of concentrates. In response to the trend towards greater use of diamonds in industrial processes, a variety of new synthetic products was developed. SDA100S for use in specialised sawing and drilling applications has been added to the range of synthetic diamonds produced by De Beers. The application testing of another new line of products, SYNDITE cutting tools, is being pursued. The production of CDA-L, an elongated diamond grit particle for use in resin bond grinding wheels, began at Springs in the Transvaal and an equally novel resin bond grit for the dry grinding of carbide called CDA-M also shows considerable commercial promise.

Further details of companies in the De Beers group are given on pages 88 and 89.

The first of two 3 000-ton Bucyrus Erie draglines at Amcoal's Kriel mine in the eastern Transvaal. When fully operational the draglines will move 23 million cubic metres of overburden annually

Coal

Exports build up through Richards Bay

The South African coal mining industry recorded significant growth in 1977, despite worsening economic conditions worldwide. However, while the world market for steam coal continues to show signs of underlying firmness, there has been a weakening in overseas demand for metallurgical coal and in the domestic market for bituminous coal.

The build-up of exports through Richards Bay has progressed satisfactorily, reaching the planned annual rate for Phase 1 of 12 million tons in the last quarter of 1977. The value of South Africa's coal exports in 1977 amounted to R248,5 million, placing coal third in export turnover after gold and diamonds. The coal terminal is expected to operate at capacity during 1978, and Phase 2 of the export programme will start late in 1978 when the terminal's capacity will be progressively increased by eight million tons to 20 million tons a year. Furthermore, the coal industry, Government, the Railways and the Richards Bay Coal Terminal Company (Proprietary) Limited are now examining the feasibility of a Phase 3 programme of exports involving an estimated additional 20 million tons a year. The industry has been advised that the first priority in Phase 3 would be the fulfilment of outstanding export authorities granted to Phase 2 exporters. Prospectively these developments could increase the already valuable contribution that coal exports are making to the country's balance of payments to approximately R1 000 million by the mid-1980s.

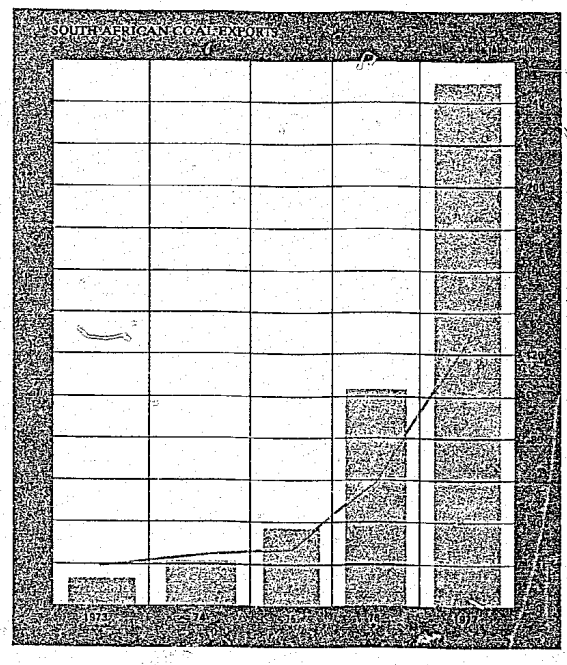
The additional capacity necessary to meet domestic demand was provided by the industry following the significant increase in the domestic coal price in mid-1976. However, the current reduced demand caused by a mild 1977 winter, full stockpiles and a depressed economy has resulted in some surplus capacity. Although this is disappointing, the industry is now well placed to meet increased demand and so avoid the periodic shortages that were experienced before.

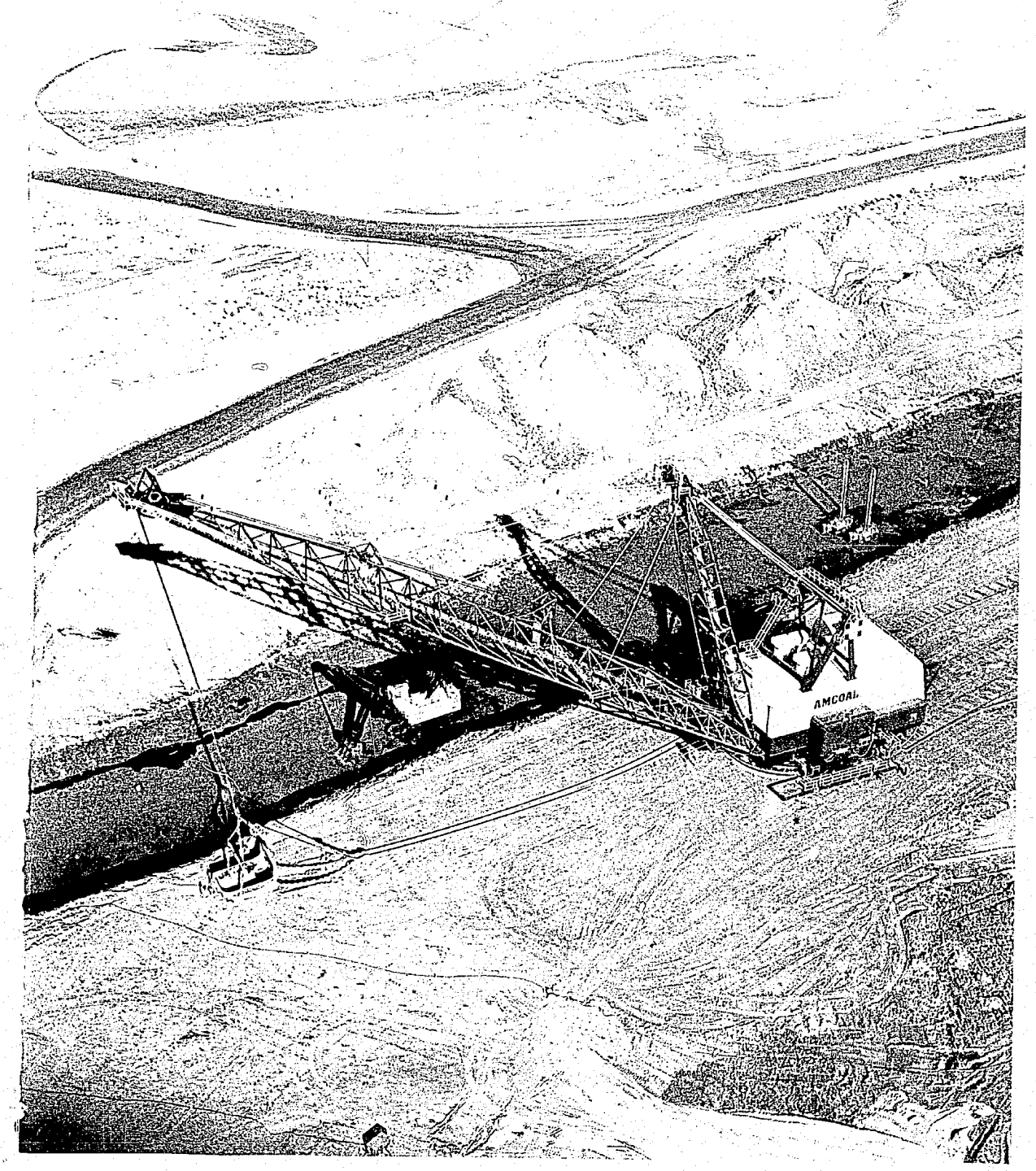
Total sales by the South African industry in 1977 rose by 10,4 per cent from 77 to 85 million tons, while sales by Group-administered collieries increased by 10,5 per cent to 28,4 million tons, equivalent to 33 per cent of the total.

Total operating profits, before tax, of Group collieries increased significantly to R73,7 million from R49,1 million in 1976, owing mainly to the domestic price increase and export earnings. Working cost increases of 19,5 per cent, while lower than in 1976, were nevertheless higher than budgeted and continuing attention is being devoted to containing them.

The Group's major coal company, Anglo American Coal Corporation Limited (Amcoal), again made considerable progress in 1977, with turnover up 31 per cent to R259 million, and group earnings up 68 per cent to R47 million. Dividends were increased by 50 per cent to 60 cents a share, and even so were constrained by the substantial remaining capital expenditure programme of R181 million in present money terms. The development of Amcoal's new Kleinkopje mine is proceeding well, with the first coal expected to be produced, as planned, at the end of 1978, and the total cost remaining within the original estimate of R109 million, in 1976 money. When the mine is in full production in 1983, it will provide the two million tons a year of exports for which Amcoal has been granted firm Government authority under the Phase 2 export programme. In total, Amcoal was granted provisional permission to export five million tons a year for 20 years. Amcoal will thus be entitled to export three million tons a year in the proposed Phase 3 programme, and is accordingly investigating the best source from which to produce the additional coal.

The supply of coal by Group collieries to the Electricity Supply Commission (Escom) in 1977 increased by 1,4 million tons, mainly because of the build-up at Kriel which supplies the Kriel power station. The underground mine produced 2,7 million tons in 1977 and will build up to the planned annual rate of four million tons during 1978. The stream diversion for the opencast mine was successfully commissioned early in 1978, and coaling commenced in the second quarter. The power station will ultimately consume 8,5 million tons of coal a year from the underground and opencast mines.




AMCOAL

The vertical shaft and access ramp (left) at the Middelplaats Manganese mine in the Sishen area of the northern Cape. Initial deliveries from this R47 million development are due by the end of March 1979, most of which will be for export

Arnot Colliery, the Group's biggest supplier to Escom, has had to reduce its opencast mine output because of full stockpiles and lower than expected consumption. Meanwhile, significant progress has been made with surface restoration at the Arnot opencast mine.

The two Transvaal export collieries, Bank and Landau, operated well through 1977, both achieving improved washing plant yields of low-ash and power station coals. Together they supplied 4,4 million tons of the Transvaal Coal Owners Association exports of 8,6 million tons in 1977.

In Natal, Vryheid Coronation Limited reported marginally lower earnings in 1977 as a result of difficult trading conditions in the coke market. Conversely the Natal Anthracite Colliery Limited group reported substantially improved earnings, following successful export sales and profitable dump recovery operations.

Increased mining difficulties in remnant reserve areas and problems associated with hand-got mining meant another difficult year for the Group collieries supplying blend coking coal to The South African Iron and Steel Industrial Corporation Limited (Iscor). The possibility of mechanising certain of these operations is being discussed with Iscor, but the short lives remaining may make mechanisation uneconomical.

The Group is in an extremely strong position as to coal reserves, for it already controls more than six billion run-of-mine tons of coal reserves and is making satisfactory progress in its prospecting programme, which has as its main objective over the next four years the acquisition and consolidation of coal blocks in the Transvaal totalling a further three billion tons.

In the short term the spread of coal interests in the Group will enable substantial profits to be earned, notwithstanding difficult trading conditions. In the longer term Group participation in the export trade is expected to grow and there are good prospects for increasing sales to the domestic market, particularly of power station coal.

In Rhodesia coal sales by Wankie Colliery Company Limited for the year ended August 31 1977 fell by 11,9 per cent to 2 197 000 tons, while coke sales at 194 000 tons were marginally less than in the previous year. Net earnings declined by R$147 000 to R$2,6 million and the dividend was maintained at 7,5 cents a share. Although, in the circumstances, trading results were satisfactory, the lower sales meant that profits on sales to Rhodesian customers fell short of the level provided for in the agreement with the Government for the supply and pricing of coal and coke. In terms of the agreement, the shortfall on profits amounting to R$2,1 million, would be recovered during the current year if a price increase of more than 20 per cent were to be implemented. The agreement, however, has been temporarily suspended and the company has agreed to a 10 per cent increase in the price of all its products.

Further details of coal mines administered within the Group and those in which the Group holds a significant interest are given on pages 89 and 90.

Other mining

Copper price prospects not encouraging

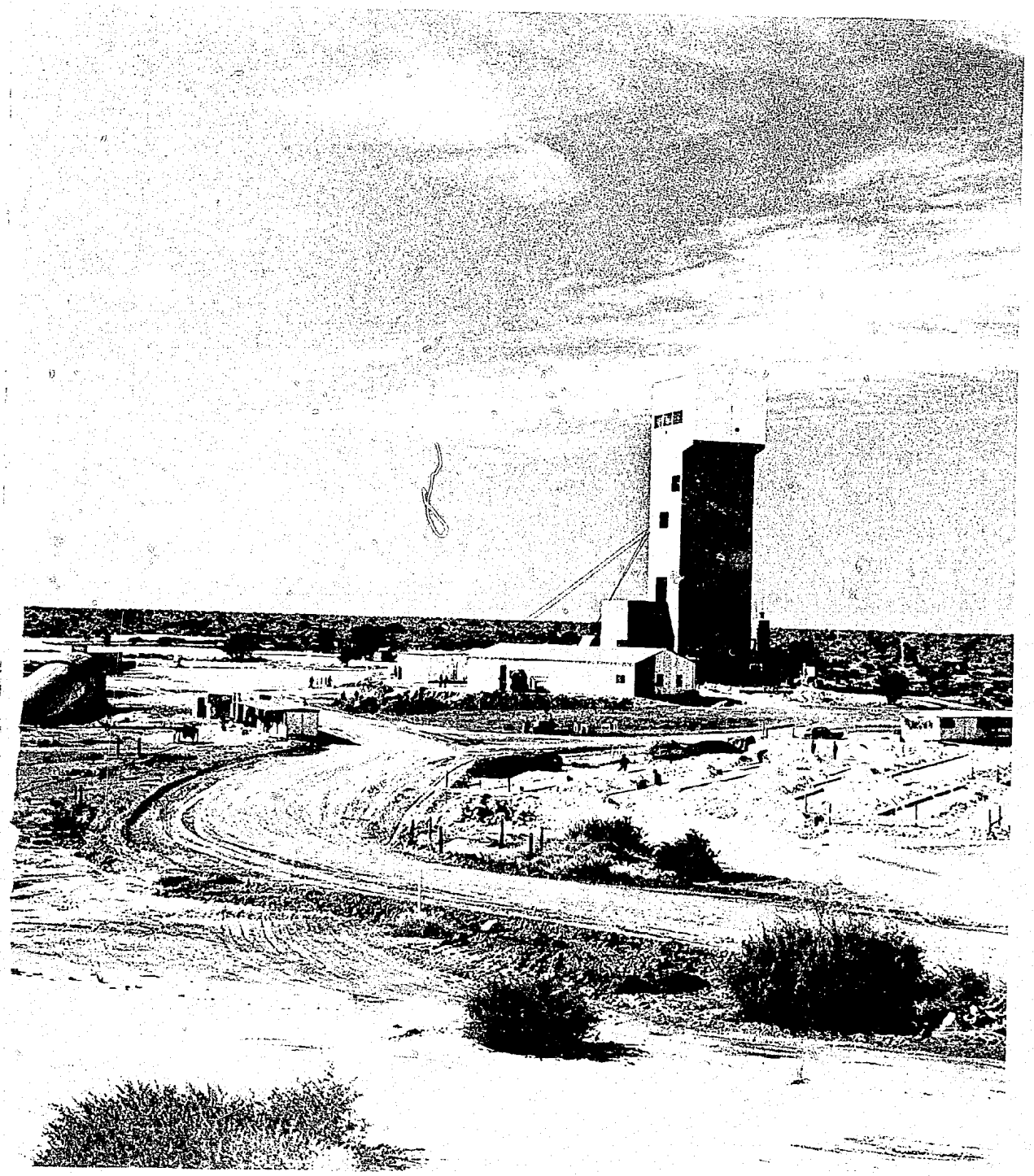
Prices in the world copper market declined steadily through 1977 and in the first quarter of 1978, reflecting the absence of any significant recovery in the economies of major trading nations and the existence of record surplus stocks. At the beginning of 1977 the London Metal Exchange (LME) copper price was £795 a ton, or 61 US cents a pound, improving briefly in March 1977 to over £900, mainly because of an expected mid-year strike over wage re-negotiations in the American copper mining industry. Settlement of the dispute was reached without any significant stoppages and prices on the LME and in the United States returned to their downward trend.

By the end of 1977 the LME price stood at £666, while LME stocks increased during the 12 months from 603 000 tons to 641 000 tons and total western world stocks increased to more than two million tons. In the first quarter of 1978 the price declined further, reaching a low point of £611 in February and at March 31 the price had risen again to £696 a ton, equivalent to 60 US cents a pound. LME stocks at that date totalled 575 000 tons.

Prospects of an improvement in the copper market during the next 12 months are not encouraging. There are no indications of a worthwhile increase in world consumption so any alleviation must come from a reduction of supply. Although countries affiliated to the International Council of Copper Exporting Countries (Cipec) failed to agree in December 1977 on all-round cutbacks in production, Zambia, Zaïre and Peru in February 1978 jointly announced proposals to reduce by 15 per cent their supply of copper as soon as possible. Shortly thereafter Zambia announced a 15 per cent *force majeure* cutback on contracted deliveries of copper until December 1978. It will, however, take some time before the effects of these decisions can be gauged, including the disruptions of supplies of copper resulting from the invasion in May 1978 of the Shaba province of Zaïre by anti-Government forces.

The main difficulties surrounding the Group's Zambian investments remain unchanged. The effects of lower prices and increased costs have led to a position where the two mining companies, Nchanga Consolidated Copper Mines Limited (NCCM) and Roan Consolidated Mines Limited (RCM), after a brief return to profitability in 1976/77, are incurring substantial losses, while operations have been hindered by severe shortages of skilled staff and to a lesser extent by shortages of components through lack of foreign exchange. With the continued closure of the Benguela railway outlet to Lobito, Zambia's mining industry has had to rely heavily on the congested port of Dar-es-Salaam, leading at times to a build-up of copper stocks awaiting export. Liquidity is a serious problem and the companies are receiving substantial temporary loans from the Bank of Zambia.

NCCM produced 407 978 tons of finished copper during 1977 compared with 421 226 tons the previous year. RCM's output was 250 509 tons against 289 960 tons in 1976.



In South Africa, Rustenburg Platinum Holdings Limited which holds as its principal asset the entire equity of Rustenburg Platinum Mines Limited, reported consolidated profits after tax of R4,6 million for the year ended August 31 1977. While an interim dividend of 2,5 cents a share was declared, the reduced earnings in 1977 did not allow a final dividend. The 1977 profits are not comparable with the profits of R44,1 million reported by the company in 1976 as the basis of accounting was changed in two respects, both of which had the effect of reducing profits. Rustenburg group companies achieved slightly higher sales in the year to August 31 1977 than in the previous financial year despite difficult market conditions, with the price of platinum fluctuating between $160 an ounce in September 1976 and $142/$152 an ounce in August 1977. These unduly low prices, combined with the effects of inflation on capital and working costs, adversely affected the company's financial position. In addition, market conditions dictated a cut in production of between 10 and 20 per cent as from November 1 1977. The capital expenditure programme for the current financial year was also reduced by R7,5 million to R15 million. The cutback in production coincided with a reduction in supplies of platinum and palladium from Russia, as well as considerable speculative activity and evidence of restocking by several end-users. The free market price rose from about $170 an ounce in November 1977 to $220 by the end of January 1978 and to a peak in May of $252. Rustenburg was therefore able to raise its own price for platinum progressively from $205 an ounce on January 25 to $240 on June 8. Its palladium price was raised to $70 an ounce. Negotiations are taking place to redress the losses that the company is incurring on platinum sales to the automotive industry and steps have been initiated to bring the level of production closer to the current level of sales. Rustenburg's net earnings for the six months to February 28 1978 fell by R1,4 million to R400 000 and no interim dividend was declared.

Hudson Bay Mining and Smelting Co. Limited (Hudbay) reported consolidated earnings for the year ended December 31 1977 of C$4,4 million, or C$0,44 a share, excluding an extraordinary gain of C$52,6 million, or C$5,20 a share, arising from the sale of Hudbay's potash assets in Saskatchewan. The corresponding figures for 1976 were earnings of C$2,8 million, or C$0,28 a share, before extraordinary charges, of C$11,1 million, or C$1,10 a share. The consolidated results include Hudbay's share of earnings and losses, which are accounted for on an equity basis, of effectively controlled companies. The results also include C$2,3 million representing unrealised exchange gains on the translation into Canadian dollars of United States subsidiaries' accounts. Hudbay passed its third and fourth quarterly dividend payments and the total distribution for 1977 amounted to 60 cents a share compared with 80 cents in 1976. The improvement in 1977 earnings before extraordinary items stemmed largely from the better performances of Hudbay's petroleum subsidiaries, Francana Oil & Gas Limited and Canadian Merrill Limited, which benefited from increased production and higher product prices. This was offset to some extent by the continuing weakness in metal and fertilizer markets which, together with increased costs, adversely affected Hudbay's earnings. Contributions to pre-tax operating profit for the year were 3,1 per cent from base metals, 33,2 per cent from fertilizers and chemicals, 62,4 per cent from oil and gas, and 1,3 per cent from industry. Two new mines were brought into production at the company's base metal operation in the Flin Flon-Snow Lake area in northern Manitoba, and work was started on a new $26 million concentrator near Snow Lake.

Hudbay's oil and gas investments, represented by its 61,9 per cent interest in Canadian Merrill and its 54,9 per cent interest in Francana, which in turn owns 56,8 per cent of Trend International Limited, all reported higher net earnings flowing from higher product prices, increased production and improved access to markets. Canadian Merrill's net earnings for the year to June 1977 were C$3,6 million or C$1,72 a share compared with C$2 million, or C$0,99 a share, in 1976 and in the six months to December 1977 net earnings at C$1,7 million, or C$0,70 a share, were marginally higher than in the corresponding period in 1976, before an extraordinary gain of C$349 000 in 1976. Francana had consolidated net earnings in 1977 of C$9,9 million, or C$1,27 a share, compared with a loss, including an extraordinary item, of C$18,1 million or C$2,33 a share in 1976. All three companies continued their exploration and development programmes in 1977, with Francana making a significant heavy oil and gas discovery in Saskatchewan, and Canadian Merrill expanding materially its gas reserves in Colorado.

Terra Chemicals International Inc., in which Hudbay has a 50,5 per cent interest, earned US$8 million or $1,27 a share, compared with 1976 earnings of $12 million or $2,03 a share. This decline was caused mainly by weak fertilizer prices in the United States, together with the rising price of natural gas, the principal raw material for the production of Terra's nitrogen products. The new ammonia plant in Oklahoma, in which Terra has a 25 per cent interest, is now in full production and a nearby upgrading plant, in which Terra has a 65 per cent interest, is in the final stages of construction and is expected to begin production early in 1978. Terra's planned expansion to the south and south west progressed further through the acquisition of most of the assets of Riverside Chemical Company which has blending and distribution centres located mainly in the southern states of the USA.

Inspiration Consolidated Copper Company recorded a loss for the year ended December 31 1977 of US$11,1 million, compared with a profit of $126 000 for 1976. The main factors responsible for this loss were weak copper prices, low demand and a strike during July and August. Dividends for the year were reduced by 30 cents to 20 cents a share. Deliveries of copper were marginally higher than the previous year at 90,9 million pounds but this was more than offset by the fall in the average price from 69,48 cents a pound in 1976 to 66,84 cents in 1977, when the entire US copper industry experienced one of its worst years since the early 1930s, with demand for domestic copper dropping substantially and lower-cost copper being imported. The competitive position of US producers was further weakened by costly wage settlements in 1977.

The equity earnings of The Messina (Transvaal) Development Company Limited fell sharply from R13,9 million in the previous year

to R6,2 million for the year ended September 30 1977. This decrease was largely the result of low world copper prices and prevailing economic conditions in South Africa, which adversely affected certain of the Messina group's industrial subsidiaries.

The financial performance of the copper-nickel mine at Selebi-Phikwe in Botswana operated by BCL Limited in which the Group has a significant interest through Botswana RST Limited (BRST) was seriously affected by the decline in the price of nickel and an operating loss of P3,88 million was incurred during 1977. The net loss attributable to BRST shareholders amounted to P38,54 million after charging interest payable of P27,8 million and taking into account exchange gains, other expenditure and extraordinary items. Production at Selebi-Phikwe fell slightly from 32 506 tons in 1976 to 30 772 tons in 1977 mainly because the smelter at the company's plant was closed during the first half of the year for routine maintenance purposes. A record level of 19 307 tons was, however, achieved for the following six-month period. Production during 1978 is expected to continue at the higher level although inflationary pressures are likely to increase operating costs. Furthermore, nickel and copper prices are not expected to increase significantly during the current year. The financial and sales restructuring of BCL was concluded on March 16 1978 and is dealt with in the Finance and Investment section of this report.

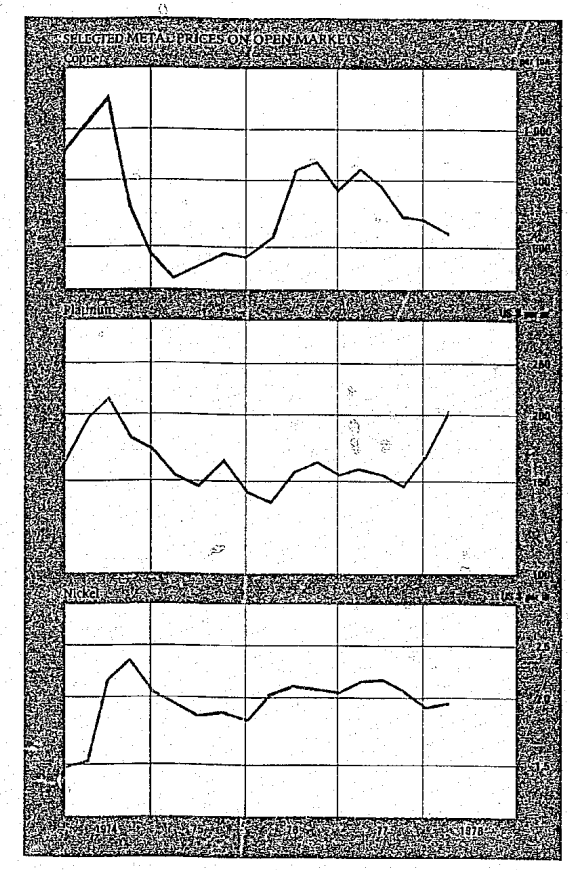
The consolidated net profit of Rhodesian Nickel Corporation Limited for the year ended March 31 1978 was RS2,3 million compared with R$3,6 million the previous year. The interim dividend was passed because of the company's heavy loan indebtedness and the present depressed state of the world nickel market. A final dividend of three cents a share was declared, absorbing R$720 000. Dividends for the previous year amounted to seven cents a share, and absorbed R$1,7 million.

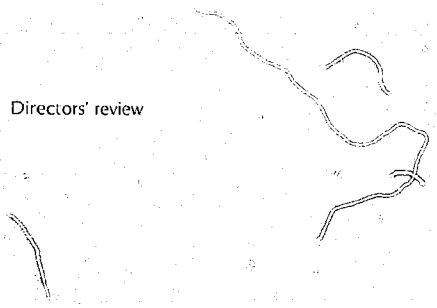
The complex geology of the deposit impeded development of the Cleveland Potash Limited mine, in the United Kingdom, which is jointly owned by Charter Consolidated Limited and its associates and Imperial Chemical Industries Limited. The increased use of continuous mining machinery at the mine has resulted in improvements in roof conditions and the rate of advance, and remaining technical difficulties are associated mainly with a varying potash seam and near-seam strata. However, the use of long-hole horizontal drilling, which probes ahead of current workings, has greatly augmented knowledge about the nature and extent of the ore reserves and has allowed more effective planning of future mining operations. Production has recently reached a level of around 30 000 tons of product a month.

Charter has a 10,8 per cent interest and Anglo American Corporation a 3,4 per cent interest in Tara Exploration and Development Company Limited which, through its subsidiary Tara Mines, operates a lead/zinc mine at Navan in the Republic of Ireland. The capital cost of the mine was US$151 million (£81,2 million) and it has a designed capacity to produce 500 000 short tons of lead and zinc concentrates a year from 2,5 million tons of ore. Production started in June 1977 and, although labour unrest delayed the mine development programme in 1977, production in 1978 is proceeding satisfactorily. However, Tara will be adversely affected by the prevailing low demand for, and market price of, zinc.

Beralt Tin and Wolfram Limited reported a record pre-tax profit of £4,5 million for 1977, compared with £2,6 million in the previous year. This increase was mainly a result of firm wolfram prices, which more than offset a decline in the volume of concentrate produced and sold by the Portuguese operating company.

Swaziland Iron Ore Development Company Limited continued to supply medium-grade ore to certain Japanese steel mills. The company





A Boart drilling rig on top of a slimes dam provides an unusual sight at the President Brand gold mine in the Orange Free State. Although prospecting in the early 1960s indicated that the reef in this area, the south-western corner of the mine's lease, was of marginal interest only, the increased price of gold has prompted further investigation

was unable to meet its long-term contract for the supply of two million dry long tons annually as continuing difficulty was encountered with railway and loading facilities at the port of Maputo. However the company operated profitably and maintained dividend payments. Although the ore reserve was depleted and mining operations ceased in December 1977, treatment of the large stockpile, accumulated as a result of poor railway and port services, continues. Taking the current rate of despatches into account, all operations at the mine are expected to cease during 1980.

Construction of the Middelplaats Manganese Limited mine in the north-western Cape is progressing satisfactorily, and production is expected to commence in mid-1979. However, construction of the incline service ramp has fallen behind schedule although it has reached a point more than 450 metres from the portal. The plant construction contract has been awarded, housing and offices are being constructed and site establishment has started. A nine kilometre railway line to carry 100 truck ore-trains is being constructed from the mine to Mamathwane Station.

Zinchem and Industrial Mineral Resources (Proprietary) Limited (Zimro), a leader in the industrial base mineral and zinc chemical fields, reported a 28,2 per cent increase in net earnings for the year ended December 31 1977. As previously reported the problems experienced at the Hudson Mining Company (Proprietary) Limited andalusite mine have been overcome and that company has contributed substantially to Zimro's profit growth. Depressed trading conditions in the European foundry industry have adversely affected the performance of G. & W. Industrial and Chemical Supplies (Proprietary) Limited. This company, which markets chrome sands from its operation in Vlissingen, Holland, has been affected by interruptions in supply, severe competition and the threat of product substitution. During the year G. & W. Base and Industrial Minerals (Proprietary) Limited acquired the total issued share capital of Foundrex (Proprietary) Limited, a company manufacturing and selling foundry requisites complementary to the company's present product range.

Further details of mines administered within the Anglo American Corporation Group and those in which the Group holds a significant interest are given on pages 90 to 93.

Industry and commerce

Cost pressure hardly reduced

The industrial, commercial and construction sectors of the economy were more seriously affected than others by the poor economic circumstances of 1977. Policy measures designed to curb domestic demand had a marked effect on private consumption expenditure, with sales volumes declining in all categories, including foodstuffs. Durable consumer goods were affected to an even greater extent, with car sales in particular falling below the depressed levels of the previous year.

Investment activity declined drastically because industrialists in virtually all areas found themselves with growing excess capacity, and because public sector investment spending was reduced sharply – partly to conform with Government policy and partly as a result of a number of major projects having reached completion. In these circumstances it was hardly surprising that manufacturing output should reflect the largest decline experienced in more than three decades.

However, some relief to this generally adverse environment was provided by an exceptional agricultural season, reasonably favourable results in the mining sector and, to a lesser extent, continued spending on some public sector projects.

Certain industries – notably those producing chemicals and various metal products – and to some extent the demand for contract work benefited from these developments. In some instances, exports also maintained volumes, particularly in sales of processed and semi-processed iron and steel. Elsewhere, however, output more accurately reflected the drop in domestic demand, with manufacturers of electrical machinery and appliances, transport equipment and timber being noteworthy examples.

Despite slack demand and a slower rate of increase in average wages, cost pressures were hardly reduced, mainly because of continued increases in administered prices. This was clearly reflected in depressed average profit levels, and in the growing number of unemployed, a problem of extremely serious proportions. The urgent need for growth to combat the problem of unemployment in particular has prompted a gradual, but only moderate, relaxation of policy measures. In the absence of further similar steps, which hinge on balance of payments developments, only a marginal improvement in industrial and commercial activity can be expected.

The investments of the Corporation and its associated finance companies in industry and commerce cover a wide range of activities, including iron, steel, alloys, chemicals and explosives, civil engineering and construction, drilling tools, refractory and other structural clay products, textiles, plastics, paperboard, timber, including wattle extract for the leather industry, agricultural products and foodstuffs, industrial equipment, motor vehicles and components, rail locomotives and coaches, shipping forwarding and clearing and computer services.

The Group has a wide spread of industrial interests in South Africa, both directly and through its investments in Amic, De Beers Industrial Corporation Limited (Debincor) and Mainstraat Beleggings (1965) (Eiendoms) Beperk. Debincor holds a substantial interest in AECI Limited, the major chemicals and explosives manufacturer. The Group's investments in Highveld Steel and Vanadium Corporation Limited and, through Amic, in Scaw Metals Limited and Boart International Limited, are complemented by its joint interest with the Federale Mynbou/General Mining group in Mainstraat which also holds several major investments in the steel and heavy engineering



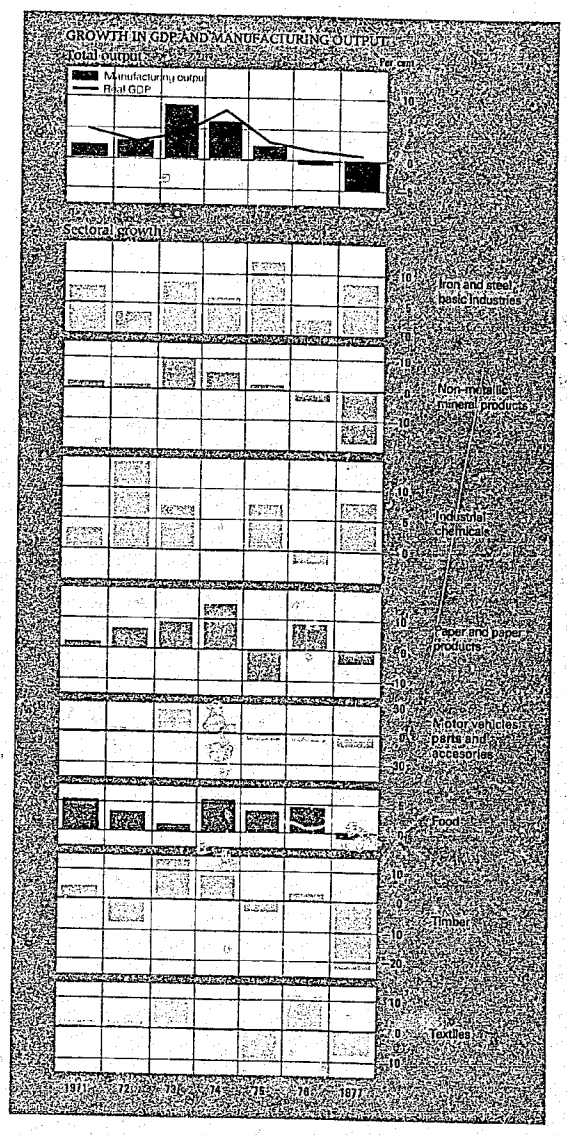
sector. The Group indirectly has other important industrial interests in Rhodesia through Anglo American Corporation Rhodesia Limited and in Zambia through Zamanglo Industrial Corporation Limited, as well as a significant holding in Barlow Rand Limited.

IRON, STEEL AND ENGINEERING

Highveld again reported improved results for the financial year to June 30 1977, with increased tonnages of hot metal, steel blocks and vanadium slag produced. Consolidated profit for the year before taxation and deduction of minority interests was R33,1 million against R28 million in 1975/76. These results are not strictly comparable because 1976/77 includes for the first time the R4,6 million pre-tax profit of Transalloys (Proprietary) Limited which became a subsidiary in July 1976. After providing for deferred tax and outside shareholders' interests, equity earnings were R20,7 million against R15,9 million in the previous year and earnings per share increased by 12 per cent to 30,6 cents. Net income for the half year ended December 31 1977 amounted to R9,8 million, which was at the same level as the corresponding period in 1976.

During 1977 the steel industries of the major industrialised countries continued to run well below capacity because of lower demand and substantial imports of steel from third world and communist bloc countries. This encouraged strong protectionist lobbies in Europe and North America, which restricted South Africa's steel exports to the European Economic Community and Canada during 1977. Meanwhile current moves in the United States over 'trigger prices' must affect South Africa's steel exports to this market in the year ahead. Despite this, Highveld maintained a satisfactory level of exports and the plant ran at capacity throughout the year. While it appears that the downturn in local demand for steel may have levelled off, there is unlikely to be any significant improvement in the foreseeable future. The successful commissioning of a plate mill in August enabled Highveld to participate in a new sector of the local market as a second supplier, resulting in an increase in domestic sales of Highveld's products, with a corresponding reduction in exports of steel semis. The domestic steel price increase, effective from January 1 1978, will help meet increased costs that have occurred since the previous increase in December 1976, but is still insufficient to restore profit margins to former levels. Demand for vanadium weakened considerably and only one of eight roasting units at the Vantra division is in operation. This reduced output, coupled with other producers' cutbacks, should correct the supply-demand imbalance. The world ferro-alloy industry is also suffering from over-capacity and Transalloys' export sales of manganese ferro-alloys were adversely affected, only two of five furnaces having been in operation for most of the period under review.

The commissioning of Highveld's plate mill and its eighth pre-reduction kiln completes the major part of its R80-million flat product expansion programme. Although financial forecasting is difficult in present conditions, Highveld expects during the second half of the financial year to maintain profit margins achieved in the six months ended December 31 1977.



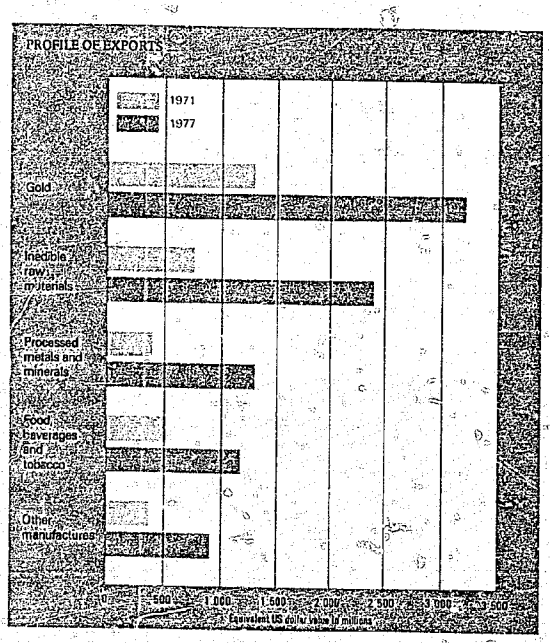
During 1977 Boart, a wholly-owned subsidiary of Amic, rationalised and consolidated its operations, following a further overseas expansion in 1976. The tungsten carbide division had excellent results in southern Africa, offsetting setbacks in Canada and Europe, where base metal and construction industries are in a depressed state. The diamond drilling division performed extremely well, particularly in the United States and South Africa. In Australia, where Boart's operations have been completely reorganised, acceptable profits were earned in the latter half of 1977. In spite of difficult trading conditions and the adverse effects of substantial foreign currency movements, Boart's after-tax profits rose by 6,7 per cent from R16,4 million in 1976 to R17,5 million, a further record. Although conditions are not expected to improve significantly, Boart predicts an increase in earnings for 1978.

Equity earnings of the Scaw group for 1977 increased by 10,6 per cent to R16,1 million, an excellent performance achieved in difficult market conditions throughout the year. Despite reduced orders, the iron and steel foundries maintained a satisfactory level of activity and sales of grinding media were similar to those of 1976. Although there was no improvement in the local demand for rolled steel, exports increased. The foundries expect to maintain an acceptable level of production for most of 1978 while the outlook for grinding media appears sound. In view of the depressed state of the construction and building industry, no material improvement in domestic demand for rolled steel is foreseen in 1978. However, the latest rolled steel price increase will offset some of the higher costs experienced since the previous increase. Every effort is being made to contain costs and maintain selling prices at competitive levels but recently-announced price increases for electricity and other essential services and commodities, indicate a continuing upward pressure. Although it appears that 1978 will be a difficult year, it is anticipated that Scaw's earnings should be similar to those of 1977.

International Pipe & Steel Investments South Africa (Proprietary) Limited (IPSA), in which the Group and Debincor have a 14,7 per cent interest, increased its consolidated profit after tax by 0,9 per cent to R11,9 million for the year to September 30 1977. Equity earnings of IPSA's two subsidiaries, Stewarts & Lloyds of South Africa Limited and Dorman Long Vanderbijl Corporation Limited, decreased by 21,7 per cent to R7,9 million and increased by 20,8 per cent to R13,5 million, respectively.

Union Carriage and Wagon Company (Proprietary) Limited, principal builder of electric locomotives and passenger coaches for the South African Railways, received a R60-million order in November for 586 suburban coaches, the biggest single order ever placed by the Railways. The company also builds industrial locomotives and its subsidiary, Unionmod Buildings (Proprietary) Limited, produces prefabricated modular structures.

Net income attributable to ordinary shareholders of Vereeniging Refractories Limited, a subsidiary of Amcoal, increased slightly to R3,3 million for the year ended December 31 1977. This increase was despite substantial losses incurred by Coverland Roof Tiles (Proprietary) Limited and Vitro Clay Pipes Limited, which operate in the building sector. Increased exports of chromite, andalusite and refractories, together with improved efficiencies, resulted in net operating income of the refractories and mining divisions improving by 38,6 per cent over the 1976 figures. No significant upturn is expected in 1978 and results for this group should be similar to 1977.



CIVIL AND ENGINEERING CONSTRUCTION

Equity earnings of the LTA Limited group for the year ended March 31 1977 were R5,4 million, compared with R5,2 million the previous financial year. Earnings were 41 cents a share as against 40 cents. Work in hand at March 31 1977 was valued at R271 million compared with R224 million the previous year. The dividend was maintained at 18,5 cents a share. For the six months to September 30 1977 equity earnings were R3,2 million compared with R3,1 million for the same period in 1976. Earnings were 26 cents a share as against 23 cents. Work in hand at September 30 1977 was valued at R298 million. It is expected that the results for the 12 months ended March 31 1978 will be similar to those of the previous financial year.

TIMBER AND ALLIED INTERESTS

Mondi Paper Company Limited, the equity capital of which is held by the Group, Debincor and ICI, manufactures and markets a wide variety of

Four-boom 'Jumbo' drill rig working on the side wall enlargement of a valve hall at the Electricity Supply Commission's Pumped Storage Scheme in the Drakensberg, Natal. This project, a joint venture between LTA and Shaft Sinkers will produce additional electricity for the national grid during peak periods

paper and paper products. The plant, located at Merebank, Durban, comprises a groundwood mill, three high speed paper machines and a paper finishing facility. The consolidated pre-tax earnings of Mondi and its major subsidiary, South African Board Mills Limited, rose from R14,9 million in 1976 to R17 million. This increase was achieved despite a reduced demand for newsprint in South Africa, the imposition of a 15 per cent surcharge on imported raw materials and generally adverse trading conditions. Although exports of newsprint remained high throughout 1977, low world prices reduced profits considerably. Consolidated net equity earnings for 1977 were R10,2 million compared with R8,3 million in 1976. It is expected that the earnings of the Mondi group will improve further during the current year.

The deteriorating market for sawn timber during 1977 had an adverse effect on S.A. Forest Investments Limited (Safi) and its two major subsidiaries, Acme Timber Industries Limited and Peak Timbers Limited. The sawmills of its subsidiaries operated below capacity and at much reduced selling prices. Despite adverse trading conditions the Safi group was able to increase its market penetration although profits declined substantially. Losses were incurred in some of the company's other operations, notably M.V. Houtprodukte (Eiendoms) Beperk, which resulted in the Safi group incurring a loss of R392 000 in the year ended December 31 1977 compared with a profit of R2,3 million in 1976.

The Natal Tanning Extract Company Limited increased its operating earnings from its production of wattle bark extract. However, lower sugar cane earnings, higher interest charges arising from the funding of new afforestation areas and higher taxation reduced equity earnings from R2,3 million to R1,9 million in 1977.

Faced with greatly reduced demand for board products, Bruynzeel Plywoods Limited (Bruply) experienced a difficult year. This, combined with severe price cutting and increasing costs, resulted in a loss of R2,4 million in 1977 compared with a profit of R1,4 million in 1976. In view of the surplus capacity in the industry, discussions took place with the Associated Furniture Companies Limited (Afcol) group and agreement was reached for the merger of their chipboard interests with those of Bruply. The resulting rationalisation should benefit and stabilise the chipboard industry in South Africa.

MOTOR AND TRANSPORT

Sigma Motor Corporation (Proprietary) Limited completed its first full trading year as a manufacturer in what has been described as the worst sales year since the 1960s. Despite this, Sigma improved its penetration in the passenger car market to over 14 per cent in December 1977, giving an overall market share for 12 months of 11 per cent. Sigma also improved its position in the light commercial market and increased its market share there from 8,9 per cent in 1976 to just over 11 per cent. Despite the Automotive Division's performance being better than expected, Sigma's overall loss was higher than anticipated at the time of the merger negotiations, mainly because the cutback in Government expenditure weakened the market in which the Equipment and Truck Division operates. This division has been re-organised and results are expected to improve significantly in 1978. With the introduction of two award-winning cars, the Colt Galant and Mazda 323, Sigma is in a sound position to improve its market share and to maintain its position as a major force in the motor industry.

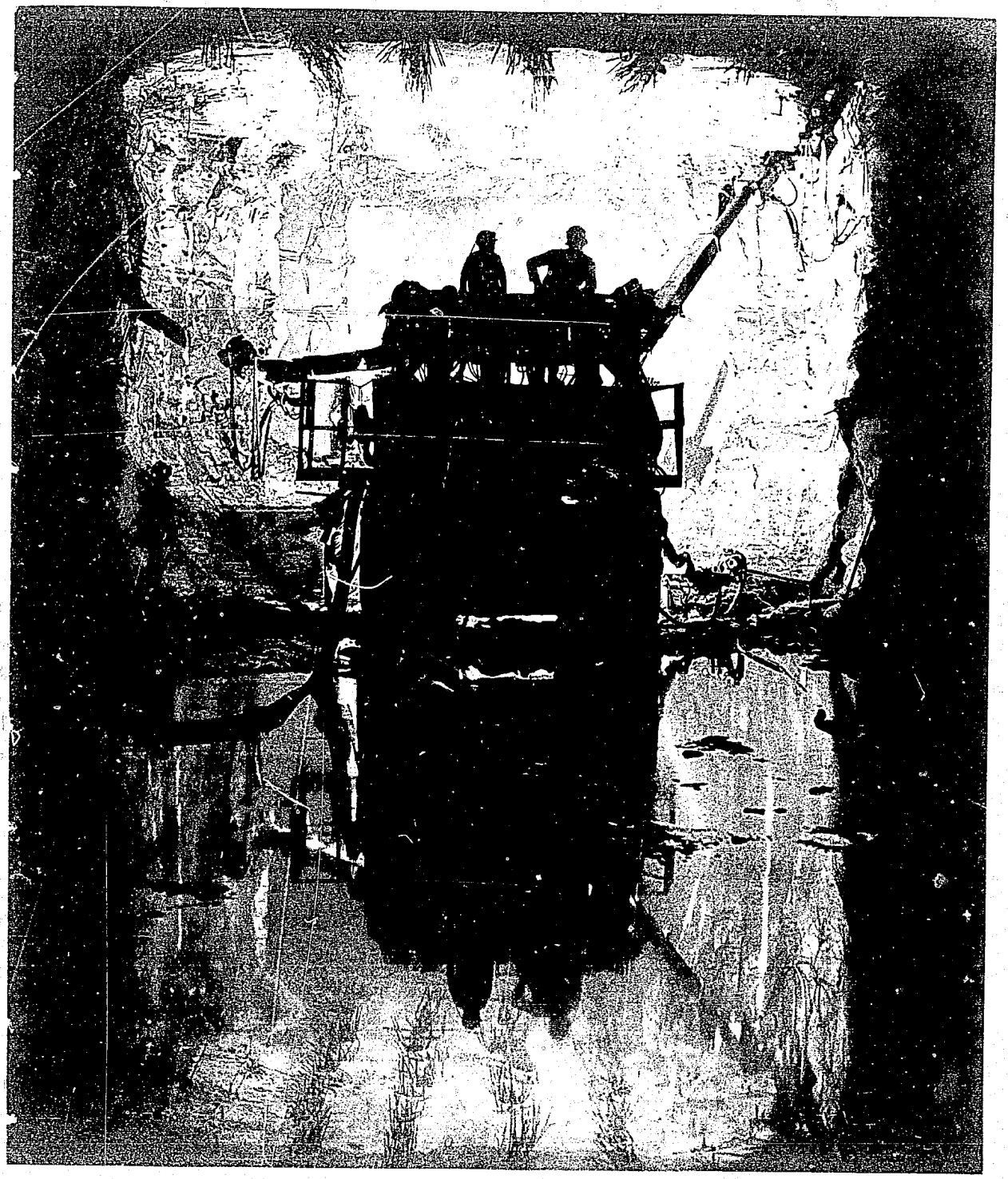
McCarthy Group Limited is the largest retail motor organisation in South Africa, comprising various companies marketing particular vehicle franchises for specific areas. The group's unit sales of new passenger cars and commercial vehicles declined by 30 per cent for the year ended June 30 1977 yet represented 12,1 per cent of total sales in the Republic. Highly competitive trading conditions reduced gross profit margins and this, together with the drop in unit volume, was largely responsible for the decline of R2,3 million in net equity earnings to R1,6 million for the year.

The activities of the Freight Services Holdings Limited group include clearing and forwarding, buying and confirming, ships agency and the servicing of ships, a comprehensive travel service and many ancillary services related to moving goods and people, both nationally and internationally. As anticipated, the downturn in imports continued during 1977, but by reacting timeously to market and economic conditions the group increased net earnings to R4,6 million. The group's interest in South African Container Depots (Proprietary) Limited, which operates the sole customs enfranchised container handling depot in South Africa, is expected to contribute considerably to 1978 earnings.

CHEMICALS AND EXPLOSIVES

AECI Limited achieved an increase in group sales of R157,8 million in 1977, or 36,5 per cent, to R590,2 million, while net equity earnings rose by 18,5 per cent to R37,2 million. The results of South African Nylon Spinners (Proprietary) Limited, which became a wholly-owned subsidiary on January 1 1977, are included in the above figures for the first time. The higher profits were largely the result of the greatly improved performance, particularly in the second half of the year, of the company's coal-based ammonia plant at Modderfontein where, following the resolution of technical problems, output and efficiencies rose significantly. The total volume of sales in the Republic of South Africa was only slightly higher in 1977 than in 1976, but the level of business activity improved in most sectors of the company's operations during the second half of the year. The R230-million Coalplex project, a joint venture undertaking in which AECI has a 60 per cent interest and Sentrachem Limited 40 per cent, was commissioned during 1977. The plant is producing polyvinyl chloride (PVC), carbide, acetylene, chlorine and caustic soda. The production cost of PVC compared favourably with the cost of producing this material from imported oil. Notwithstanding the lower than expected demand for Coalplex products as a result of depressed conditions in the South African economy, the project, which is based on coal, has exceptional long-term potential.

The Chemical Holdings Limited group manufactures and markets a wide range of formulated and other chemicals for industrial



Coverland Roof Tiles, an associate of Vereeniging Refractories, is supplying concrete roof tiles for approximately 10 000 homes at Mitchell's Plain, a low-cost housing development project near Cape Town

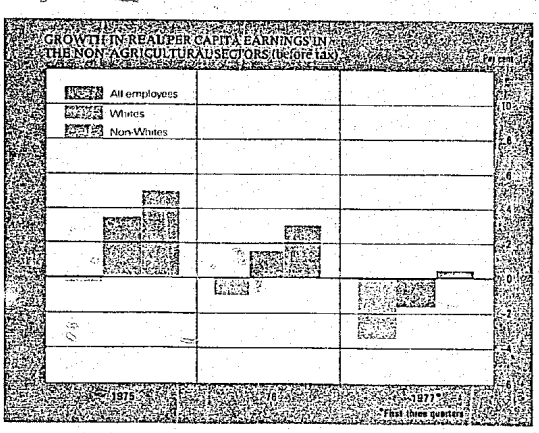
applications. In the year to June 30 1977 turnover rose by 36 per cent to R30,6 million, while earnings, in the face of sharply increased competition, increased by 14,7 per cent to R1,1 million. Dividends increased by 1,5 cents to 18 cents a share.

FOOD

After two seasons of lower production the 1977 South African maize crop rose to 9,7 million tons, the third highest annual total on record, with estimated domestic consumption virtually unchanged at 5,8 million tons, and exports significantly increased. Earnings from maize exports of 2,6 million tons are expected to amount to R225 million for the year to April 1978 as against R165 million from exports of 1,5 million tons in 1977.

Soetvelde Farms Limited benefited from improved climatic conditions and increased revenue from maize, its biggest crop, with consolidated profit after tax for the year to September 30 1977 increasing to R666 000. The results of the livestock division also improved, particularly at the Vereeniging feedlot, which is very satisfactory considering the overall weakness of the meat industry throughout this period. Soetvelde recently widened significantly the scope of its operations to include fresh vegetables and fruit, and improved its profit potential through the acquisition of Dewhurst Fresh Foods Limited.

African Products Limited, in which the Group has a significant minority interest, is the largest processor of maize for industrial purposes in South Africa, producing starches, glucose and various maize-based syrups at Germiston and Meyerton in the Transvaal, and at Bellville in the Cape. In the year to September 30 1977 earnings rose by 23 per cent to R3,2 million and dividends were increased by 19 per cent to 43 cents a share.



The Tongaat Group Limited's net equity earnings for the year ended March 31 1977 were R10,2 million, an increase of 20,7 per cent over the previous year. This eighth consecutive profit increase was a considerable achievement in the face of difficult trading conditions in most of the sectors in which that group operates. Despite record production and recoveries, the sugar division's net contribution was lower, as was that of the building materials division, while the foods and feeds division and the textile division again increased profits. The new International Sugar Agreement which came into force on January 1 1978 is not particularly favourable for South Africa, but the industry welcomes the greater stability it will afford.

OKK Foods Limited, which conducts an extensive meat and dairy products business in the Republic and in Swaziland, again made record profits during the year ended February 28 1977. Earnings per share rose from 124,9 cents to 193,6 cents, while dividends were increased from 44 cents to 56 cents. It is anticipated that the results for the subsequent financial year will show a further improvement, with prospects of increasing exports from Swaziland particularly hopeful.

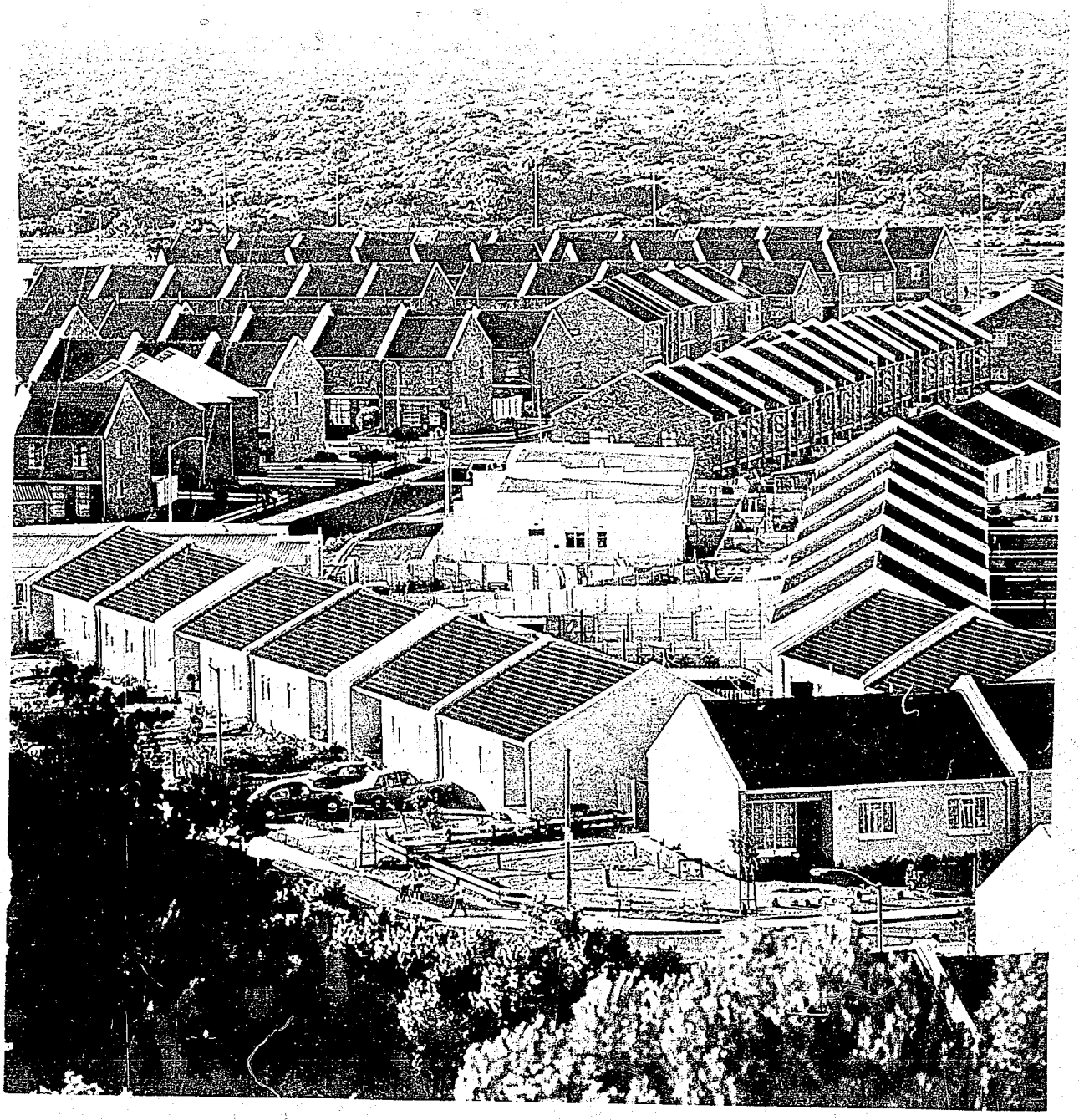
As expected, the 1977 season was beset with difficulties for RFF Limited and other growers and processors of deciduous fruit in the western Cape. Excessive rains and a highly unseasonal lack of sunshine reduced the size and quality of peach and pear crops, and because of the depressed state of principal export markets, selling prices did not increase. Margins were further reduced by a continuing escalation in operating costs. The unfavourable weather also affected the grape crop and the company's new winery suffered from teething problems which, however, have now been resolved. Fortunately the international market for pure fruit juice concentrates was exceptionally strong. Although the juice plant made a significant contribution to income, RFF incurred a loss of R186 000 in the year to September 30 1977.

In Moçambique, the two cashew processing companies administered by the Group, Mocita S.A.R.L. and its subsidiary Amenes S.A.R.L., had a successful year in 1977. Despite severe shortages of power, packing and raw materials and despite yields and quality remaining below pre-1974 levels, the two companies earned profits equivalent to R1,6 million, but were unable to resume dividend payments in view of continuing exchange control regulations.

SUNDRY

Industex (Proprietary) Limited manufactures various industrial textiles for the tyre, rubber and other industries, and spins cotton and synthetic yarns. As a result of the economic recession in general, and in the motor industry in particular, there was a substantial decline in demand for the company's products including those of its subsidiary, Union Cotton Mills (Proprietary) Limited, which operates a yarn dyeing and weaving plant. In consequence, consolidated net earnings for the year ended June 30 1977 declined by 25 per cent to R1,5 million.

Computer Sciences (Proprietary) Limited, a leading supplier of computer services and equipment to the South African data processing market, improved its earnings in 1977. Increased recognition of





Despite a general surfeit of office accommodation in South Africa, the Anglo American Group's Shell House in Durban, which was completed during 1977, is 80 per cent occupied

Computer Sciences as a marketing company, resulting from a higher level of customer service and a strong emphasis on staff development, contributed to the year's results, and the company has become a major force in the computer products and services industry.

Anmercosa Computer Services (Proprietary) Limited, a wholly-owned subsidiary of the Corporation, provides computer consultancy services to the Group and its associated companies.

Further details of the principal industrial and commercial companies within the Anglo American Corporation Group and those in which the Group holds a significant interest are given on pages 95 to 100.

Property

Carlton Centre improves profit

The Group's property interests, managed by Anglo American Property Services (Proprietary) Limited, include central city shop and office complexes, suburban shopping centres, and residential, commercial and industrial township land. The investments are held mainly through Anglo American Properties Limited (Amaprop), the property owning subsidiaries of the African Eagle Life Assurance Society Limited, including Soree Limited, Anglo American Coal Corporation Limited, South African Townships Mining and Finance Corporation Limited, Creative Homes Limited, Kenilworth Centre (Proprietary) Limited, Marina da Gama Limited and Carlton Centre Limited.

Amaprop reported a loss for the 12 months ended March 31 1978 of R655 000 compared with a loss of R206 000 the previous year. This increased loss is largely because of a R475 000 reduction in dividends received from Isipingo Property Investments Limited, the owners of Prospecton Industrial Township. Demand for industrial township land is at a low ebb and any improvement will depend on a general upturn in the economy. Land sales at the Marina da Gama development in Muizenberg, Cape Town, have increased over the previous year with the prospect of further sales in the current year. The wholly-owned Cabana Beach resort hotel maintained its earnings in a difficult trading market.

The Group and associates have a 90 per cent interest in Carlton Centre Limited which owns and operates the Carlton Centre, comprising a 50-storey office tower, the 30-storey Carlton Hotel, a major shopping centre, covered parking for 2 000 cars and an ice rink. Carlton Centre Limited made an after-tax profit for the year ended June 30 1977 of R952 000 – including a R74 000 profit on the repurchase of its debentures – compared with R782 000 for the previous year, and for the six months ended December 31 1977 earnings amounted to R1,4 million, including a profit of R617 000 realised on the purchase of additional debentures.

The net earnings of Soree Limited for the 18 months ended March 31 1978 amounted to R1,2 million, compared with R2 million for the 15 months ended September 30 1976. In view of the company's overall financial position no dividend has been declared for the 18 months. Soree has now concluded its extensive building programme, started in 1969, with the completion of Life Centre in the new Stock Exchange area, Total House in Braamfontein and the remodelled and expanded Killarney Mall, all in Johannesburg, and Shell House in Cape Town. During the period under review Wesbank House was sold and arrangements between Sanlam and the Soree group in relation to the Sanso group of companies were terminated.

Although the shop and office markets in all major centres in South Africa are heavily oversupplied, 96 per cent of the 210 775 square metres of shops and 84 per cent of the 380 291 square metres of offices managed by Anglo American Property Services for the Group, were let at competitive rentals with reasonable rental growth assured through the negotiation of satisfactory escalation rates for all leases concluded.

In the short term the property groups will not reflect substantial increases in profits as long as interest rates remain high, rentals and land selling prices continue to be eroded, surplus space is available in all areas of the market, and costs continue to rise.

Further details of the principal property companies administered within the Anglo American Corporation Group and those in which the Group holds a significant interest are given on page 100.

Exploration and research

Emphasis on search for uranium continues

Exploration for a wide range of base metals and uranium continued in South Africa, South West Africa/Namibia and in many other parts of the world, with a significant proportion of total prospecting expenditure in southern Africa devoted to the search for uranium.

Results from an investigation of a secondary uranium deposit in the north-western Cape have been encouraging and further drilling and metallurgical work is proceeding, while in the Karoo the joint investigation for uranium with Empresa Nacional del Uranio S.A., the Spanish nuclear fuel company, continues. In the Namib Desert, near Swakopmund, South West Africa/Namibia, large but low-grade secondary uranium deposits are being examined in conjunction with Minatome, Omitaramines and Union Corporation Limited.

Several base metal prospects were examined and drilled at a number of places in the Transvaal, Cape Province and South West Africa/Namibia. Initial indications in some cases have been sufficiently promising to warrant further examination and a new copper/lead/zinc discovery in southern South West Africa/Namibia is of particular interest.

In June 1977 the Corporation entered into an agreement with Newmont Mining Corporation and O'okiep Copper Company Limited to acquire a 45 per cent interest in the Gamsberg zinc-lead deposit. As a result of a feasibility study, the partners decided not to develop the

Prospect drilling for gold south of the Canavieries mine at Jacobina in the state of Bahia, Brazil

property immediately because of the unfavourable zinc market. It was decided, however, to continue geological and metallurgical work on the deposit pending an improvement in the market.

In addition to exploration by the gold mining companies within mining lease areas, drilling continued on adjacent properties and elsewhere. In the Erfdeel-Dankbaarheid block adjoining Free State Saaiplaas the drilling programme is virtually complete and has yielded interesting results which will be assessed during 1978. Significant uranium and gold values are still being obtained in various reefs south of the Orange Free State goldfields, but further drilling will have to be undertaken to judge more clearly the potential of the area. In general the results of drilling south and south west of the Vaal Reefs mine have been disappointing. Exploration for uranium north of Klerksdorp has yielded sufficiently favourable indications to warrant continuing with the current programme. Drilling is to resume in a block south of the Western Areas mine where encouraging values were obtained during 1976. Prospecting in other areas has so far failed to disclose any significant results.

The coal exploration programme over the past decade has resulted in the Group attaining an extremely strong position in coal reserve holdings. During this period rights to about 2,5 billion additional run-of-mine tons in large, viable coalfields have been purchased, while the forward exploration programme aims to acquire rights to a further three billion tons, much of which is already partly proven and held under option by Group companies. Together with historically-held coalfields, total reserves of the Group should exceed nine billion tons by 1981. The main emphasis during the year continued to be on the further consolidation of Group holdings in previously discovered eastern Transvaal coalfields as well as an expansion into new areas in the south east of the province. The programme involved the acquisition of coal rights, on-going drilling and reserve evaluations. Exploration has also been carried out on behalf of the coal mining companies in their mining areas. In Natal the search has been for further high-grade anthracite reserves.

The Group has maintained its exploration activities beyond southern Africa. Australian Anglo American Limited was active in Australia, Papua New Guinea, New Zealand and Fiji. In the Kimberley district of Western Australia extensions to the Sally Malay nickel and copper deposit are being sought as well as additional mineral zones in the area. Other prospects are being investigated in Tasmania, mainland Australia, and in New Zealand. During 1977 Consolidated Zinc-Rio Tinto Australia Limited (CRA) joined the Amax, Australian Anglo American, Preussag joint venture which is investigating the Namosi porphyry copper deposit in Fiji. A drilling programme using reverse circulation equipment was carried out during the year, with encouraging results. Early in 1978 Preussag and CRA exercised their option to earn their respective interests in the joint venture and a second phase of work, which includes metallurgical and engineering investigations, has started. Other exploration through Anglo Pacific Exploration in Fiji located base metal mineralisation which is being further investigated.

In Brazil, Anglo American Corporation do Brasil Limitada (Ambras) is conducting substantial exploration for gold and base metals through Unigeo Geologia e Mineração S.A. This company is also continuing with feasibility studies of the Jacobina auriferous conglomerates in the state of Bahia. Although substantial tonnages of gold ore have been identified it is not yet possible to determine whether these low- to medium-grade reserves can be economically mined at prospective gold prices, and the extent of indicated higher grade tonnages is now being investigated.

Charter Consolidated Limited has continued prospecting programmes in Ireland, Spain and France, mainly for base metal and tungsten minerals. In the U.K. North Sea, a group of companies in which Charter has slightly more than an eight per cent interest, has been awarded a fifth round licence over two adjacent blocks in the Moray Firth region. One block has also been retained from the fourth round licence held by a group in which Charter has a 25 per cent interest. Charter also participates in the exploration programmes of Australian Anglo American and Ambras.

Joint exploration in Canada between Anglo American Corporation of Canada Limited and Hudson Bay Exploration and Development Company Limited continued in British Columbia, Yukon, Ontario, Quebec and in certain uranium-prospect areas in Saskatchewan. Hudson Bay Exploration explored for its own account in Manitoba, Saskatchewan and in the south-western United States.

Trend Exploration Limited continued oil exploration in Indonesia and in the United States. Canadian Merrill Limited participated in active drilling both in Canada and in the United States, Francana Oil and Gas Limited was involved in drilling in Canada, and a discovery was made of heavy oil and gas in the Tangleflags field in west-central Saskatchewan.

RESEARCH

The Anglo American Research Laboratories in 1977 again concentrated on gold and uranium recovery and significant programmes were continued or initiated on various aspects of the Joint Metallurgical Scheme (JMS) in the Orange Free State, and Ergo on the East Rand. A considerable amount of work was also done on amenability and feasibility testing of Afrikander Lease ores. In the field of uranium extraction, substantial work has also been carried out on non-Witwatersrand series ores. In all cases the amenability of these to one or more of the wide range of extraction processes developed over the years has been demonstrated. Attention has also been paid to large-scale plant testing of the use of activated carbon in gold and uranium circuits with considerable success, particularly for gold recovery. The Corporation holds certain relevant patents and arrangements are in hand for the manufacture of the carbon materials through The Natal Tanning Extract Company Limited.

Further progress has been made in the production process of super-grade magnesium oxide and patent protection has been obtained. Advantages include the ability to process low-grade materials as well as to provide substantially improved environmental conditions compared with other processes in use. Some work has been carried out on the extraction of metal values from undersea manganese nodules



and also on the recovery of tungsten from low-grade ores. A number of other base metal testing programmes has continued, particularly on southern African ores, with work also being undertaken for overseas mines, including those in Australia, Brazil and North America. This is in addition to the continuing effort on behalf of our operations in Rhodesia and in Botswana.

As was to be expected, some problems occurred in the Electronics Laboratory fire detection systems after long-term exposure to operating conditions. These were rectified and should not recur. A new development being studied is the use of the Becon Mark II detector for dust monitoring.

The techniques of telemetering, developed for use with the fire detectors, are now being extended to other mining activities where rapid and accurate monitoring and transmission of information is essential to enable corrective action to be taken. Areas where progress has been made include fans, underground chilled water control, machine water circuits, and underground pumps. Work is continuing in conjunction with the Council for Scientific and Industrial Research and AECI Limited on the development of controlled sequential blasting devices which, if successful, would result in a significant improvement in productivity.

Perhaps the most important development during the year has been the improvement and standardisation of maximum demand controlling units now being used, not only in our mines, but in industries as well. With the rapid increase in the price of power, which is partly based upon maximum demand, the limitation or smoothing of this demand without adversely affecting operations is of considerable economic importance, and success is being achieved in this field.

In the mining field, collaboration, particularly with the Chamber of Mines, is continuing while the Group's mining research facilities have continued their efforts to solve particular mine problems. Raise boring, a major development activity in previous years, has now become a fully operational production process.

Preliminary research indicated the economic feasibility of waste stowing in mined-out stopes. It is possible that this may prove to be the most promising method of counteracting problems arising from ever-increasing depth and lateral spread of worked-out areas as mining proceeds. The only alternative to minimise the increasing pressures would be to leave substantial areas unmined, which would adversely affect operations. During the year waste filling has been proved to be technically feasible, but severe wear of components has been experienced and this will have to be considerably reduced to improve the economics of the process. Another method using hydraulic back-filling with fine tailings residues has also been demonstrated on a small scale and intermediate scale testing has started underground. Effective use of either one or both of these techniques would have a major impact on stoping operations as well as substantially improving the underground environment.

The use of continuous miners for the mining of coal increased during the year. Associated research on optimising and modifying the design of these machines for local conditions continued at the Chamber of Mines. Progress was made in the research programme on the disposal of ash into previously mined areas. It is now apparent that these methods will allow the mining of limited additional tonnages of coal in thick seam conditions where previous mining only extracted part of the seam.

The development of a circuit to beneficiate the −0,5mm fraction of raw coal at the Landau and Bank collieries is in progress. This work, which includes the experimental treatment of material at a pilot circuit erected at the Fuel Research Institute, may ultimately allow the recovery of additional low-ash coal at these two collieries.

Further details of the principal prospecting companies administered within the Anglo American Corporation Group are given on page 102.

June 23 1978

Annual financial statements

for the fifteen months ended March 31 1978



The annual financial statements which appear on pages 46 to 74 were approved by the board of directors on June 23 1978 and are signed on its behalf.

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Directors:
H F Oppenheimer
Keith Acutt
G W H Relly

J T Goldfinch, *Managing Secretary*
G C Leeman, *Chief Accountant*

Auditors' report

To the members,
Anglo American Corporation of South Africa Limited

We have examined the annual financial statements and group annual financial statements set out on pages 46 to 74.

In our opinion, based on our examination and the reports of the auditors of those subsidiaries not audited by us, the financial statements fairly present, in the manner required by the Companies Act, the financial position of the Corporation and of the Group at March 31 1978 and the results of their operations for the fifteen months ended on that date.

ALEX. AIKEN & CARTER
GOLDBY, COMPTON & MACKELVIE Chartered Accountants (S.A.)

Johannesburg,
June 23 1978

Directors' report

The directors have pleasure in submitting the annual financial statements of the Corporation, together with the consolidated annual financial statements of the Corporation and its subsidiaries. In terms of the merger arrangements with the Rand Selection Corporation Limited (Rand Selection) group, the financial year ends of both groups were changed to March 31. The financial statements accordingly cover the fifteen months from January 1 1977 to March 31 1978.

MERGER WITH RAND SELECTION

The merger arrangements provided for Rand Selection to become a wholly-owned subsidiary of the Corporation by the cancellation of the Rand Selection ordinary shares held by shareholders other than the Corporation and its subsidiaries and the issue to such shareholders of 200 ordinary shares in the Corporation for every 100 Rand Selection shares held.

A prerequisite for the merger was that Rand Selection would make a rights offer to raise R84 500 000 to repay its short-term borrowings from the Corporation and to provide for envisaged commitments. Accordingly 10 562 538 Rand Selection ordinary shares of 50 cents each were offered at a price of 800 cents a share to Rand Selection shareholders in the ratio of 25 new shares for every 100 shares held. The rights offer was so arranged that subscribers for Rand Selection shares received fully-paid ordinary shares in the Corporation in the ratio of the merger terms stated above. Subscriptions were received for approximately 52 per cent of the shares offered and the balance was taken up by De Beers Consolidated Mines Limited which underwrote the offer.

Members were informed in a press announcement published on May 4 1977 that the Supreme Court of South Africa had granted an Order on May 3 1977 confirming the reduction of the capital of Rand Selection to give effect to the merger of the Corporation with Rand Selection.

CONSOLIDATED FINANCIAL STATEMENTS

The comments that follow relate to the consolidated balance sheet and the consolidated income statement of the Corporation and its subsidiaries. The results of Rand Selection and its subsidiaries and other companies which, by virtue of the merger also became subsidiaries, are included in these financial statements from January 1 1977, that being the effective date of the merger with Rand Selection. Accordingly the figures in the financial statements are not comparable.

CAPITAL

At January 1 1977 the authorised capital was R20 000 000 in 140 000 000 ordinary shares of 10 cents each, 1 241 250 six per cent cumulative preference shares of R1 each, and R4 758 750 six per cent cumulative preferred stock. In terms of a special resolution registered on May 9 1977, the authorised capital was increased from R20 000 000 to R30 000 000 by the creation of 100 000 000 new ordinary shares of 10 cents each.

At January 1 1977 the issued capital was R17 931 280 consisting of

131 725 300 ordinary shares of 10 cents each, fully paid and R4 758 750 six per cent cumulative preferred stock.

In consideration for the cancellation of their 34 999 828 shares in Rand Selection 69 999 656 ordinary shares in the Corporation were issued to the former shareholders in Rand Selection, other than the Corporation and its subsidiaries, and 21 125 076 of the Corporation's ordinary shares, credited as fully paid, were issued to the subscribers to the Rand Selection rights offer.

In terms of the share incentive scheme 114 500 ordinary shares were issued at ruling market prices to senior employees including directors holding salaried employment. At March 31 1978 there remained a balance of 387 500 shares available for issue in terms of the share incentive scheme.

A further 46 000 options to ordinary shares, held by senior members of staff, lapsed during the fifteen months under review, leaving a balance of 463 800 options outstanding at March 31 1978. No options have lapsed or been exercised since March 31 1978.

At March 31 1978 the issued capital was R27 055 203 consisting of:

222 964 532 ordinary shares of 10 cents each, fully paid, and

R4 758 750 six per cent cumulative preferred stock.

On March 31 1978 the Corporation announced that it proposed to raise R40 million at 10,5 per cent by means of a private placing of cumulative redeemable preference shares having an average life of eight years, for the purpose of financing ongoing commitments. Details of this issue were contained in a circular to members dated June 1 1978 convening a general meeting of the Corporation which was held on June 23 1978. At that meeting members approved resolutions in terms of which the Corporation's unissued preference share capital of R1 241 250 in shares of R1 each was sub-divided into 49 650 000 redeemable cumulative preference shares of 2,5 cents each and placed under the control of the directors; the Articles of Association were amended to redesignate the cumulative preference shares as redeemable cumulative preference shares, and provision was made for the dividend rate and terms of redemption of the preference shares to be determined by the directors or by the Corporation in general meeting, at the time of issue. It is intended to issue 40 000 000 of these preference shares on July 1 1978 at a premium of 97,5 cents a share which will mean that the Corporation's issued capital will increase by R1 million and share premium by R39 million. It is not intended to seek a stock exchange listing for these shares which it is anticipated will be redeemed in four equal half-yearly instalments commencing on July 1 1985. The remaining 9 650 000 preference shares will be held in reserve.

Of the 17 035 468 ordinary shares which were unissued at March 31 1978, specific authority has been granted to the directors to allot and issue up to 851 300 shares in respect of the share option and share incentive schemes and 2 451 914 shares in substitution for ordinary shares in Rand Selection arising on conversion of bonds of US$1 000 each, representing the Rand Selection US$20 167 000 six-and-a-half per cent convertible loan 1986. The balance of 13 732 254 unissued ordinary shares, together with the 9 650 000 unissued redeemable cumulative preference shares are the subject of general authorities granted to the directors in terms of section 221(3) of the Companies Act, 1973, as amended. These general authorities remain valid only until the next annual general meeting which is to be held on August 18 1978, and members will be asked at that meeting to consider an ordinary resolution placing the remaining unissued ordinary and preference shares under the control of the directors. The full text of the proposed resolution is set out in the notice convening the annual general meeting.

RAND SELECTION US$20 167 000 SIX-AND-A-HALF PER CENT CONVERTIBLE LOAN 1986

In February 1974 Rand Selection raised a six-and-a-half per cent US$30 000 000 (R21 288 000) loan represented by 30 000 bearer bonds of US$1 000 each. Prior to the merger with Rand Selection, bondholders had the right at any time until January 31 1986 to convert their bonds into ordinary shares in the capital of Rand Selection at a price of R11,75 a share calculated at a fixed exchange rate of R1 to US$1,40. As part of the merger arrangements bondholders agreed to the modification of the conversion rights attaching to their bonds, so that the bonds are now convertible into ordinary shares in the Corporation instead of shares in Rand Selection, at a price of R5,875 a share calculated at the same fixed exchange rate of R1 to US$1,40. There were no bond conversions during or subsequent to the fifteen-month accounting period and there were accordingly 20 167 bonds outstanding at the date of this report. To satisfy the conversion rights in respect of these unconverted bonds, 2 451 914 of the Corporation's ordinary shares are being held in reserve.

SHARE PREMIUM

At January 1 1977 the share premium account stood at R202 000. In May 1977 91 124 732 shares were issued at a premium of R267 907 000 in respect of the merger with Rand Selection. This increased the share premium account to R268 109 000. In terms of a special resolution passed by members on April 25 1977 and an Order of the Supreme Court of South Africa, both of which were registered by the Registrar of Companies on May 9 1977, the share premium account was eliminated by the transfer of R268 109 000 to non-distributable reserve. Since then 114 500 incentive scheme shares mentioned above have been issued at ruling market prices. The resulting premium was applied in writing off share issue expenses amounting to R470 000. On the issue of the 40 million cumulative redeemable preference shares on July 1 1978 a premium of R39 million will accrue to the Corporation.

INVESTMENTS

During the fifteen months under review the book value of the general investments held by the Corporation and its subsidiaries increased by R309 887 000 to R835 575 000, of which listed investments increased by R302 770 000 and unlisted investments increased by R7 117 000. The market value of listed general investments at March 31 1978 was R1 996 731 000 and exceeded the book value by R1 282 952 000 compared with an excess of R529 212 000 at the end of 1976. The

unlisted general investments were valued at 123,6 per cent above the book value of R121 796 000 compared with a valuation last year which was 46,5 per cent above the then book value. The substantial increase in investments held largely reflects the merger with Rand Selection.

SUBSIDIARY COMPANIES

Details of subsidiary companies in which the Corporation has a direct or indirect interest are given on pages 64 to 70. Particulars of special resolutions passed by these companies during the period under review appear on page 103 of this report.

PROFITS AND APPROPRIATIONS

As the flow of income of the enlarged group is higher in the quarter to March 31 each year, the results for the fifteen months under review, which include two March quarters, are enhanced accordingly. No surplus accrued to the Group from the life insurance operation during the fifteen months ended March 31 1978. The Group profit after taxation for the period was R241 651 000 (1976: R89 218 000) and was dealt with as follows:

	15 Months ended March 31 1978 R000's	12 Months ended December 31 1976 R000's
Group profit after taxation	241 651	89 218
Outside shareholders' interests in profits of subsidiaries	46 329	2 940
Preferred stock dividends	286	286
Earnings attributable to ordinary shareholders before extraordinary item	195 036	85 992
(Per share 89,9 cents (1976: 65,3 cents))		
Net loss arising from changes in exchange rates	(595)	(33)
Transfer from currency reserve	595	33
Dividends	99 132	43 465
Retained profit before extraordinary item	95 904	42 527
Extraordinary item	33 463	20 000
Retained profit after extraordinary item	62 441	22 527
Unappropriated profit, December 31 1976	15 976	16 884
Retained profits of subsidiaries acquired during the period attributable to the Corporation's former minority interest	15 741	—
	31 720	16 884
Adjustment thereto arising from changes in exchange rates	(311)	66
Adjustment in respect of previous year's taxation	(1 298)	—
	30 111	16 950
	92 552	39 477
Transfers to reserves	75 025	23 501
Unappropriated profit, March 31 1978	17 527	15 976

Taxation

The Secretary for Inland Revenue has changed the previous practice, employed over many years, in respect of certain expenditure claimed as a deduction for tax in the financial year 1976. The Group unappropriated profit brought forward from 1976 has been adjusted by R1 298 000 being the additional tax incurred. Objection to the assessment raised by the tax authorities is being lodged and payment of the additional tax has been made under protest.

Taxation for the period to March 31 1978, has been provided on the assumption that the revised basis of assessment will be applied. However, it is intended that an objection will be lodged.

Extraordinary item

Due to the unsettled political conditions in Central Africa, together with the economic difficulties experienced by Zaïre and the low copper price, it was not possible to conclude satisfactory financing arrangements for the Société Minière de Tenke-Fungurume (SMTF) copper project in Zaïre and work was therefore suspended in January, 1976. The Corporation and Rand Selection in 1976 consequently made provisions of R20 000 000 and R10 000 000 respectively against the value of their investments in SMTF. During 1977 the copper price remained depressed and it was not possible to raise finance on satisfactory terms for this project. A further provision of R10 363 000 has therefore been made against the Group's investment in SMTF, so that the book value has been provided against in full.

As reported in the Directors' review last year, proposals were being considered by the principal shareholders, the Botswana Government, and the principal project lenders for the financial restructuring of Botswana RST Limited (BRST) and its 85 per cent subsidiary BCL Limited (BCL) which operates the copper-nickel mine at Selebi-Phikwe in Botswana. The Corporation and its subsidiaries have a 12 per cent interest in BRST as well as an obligation to provide a net 20,2 per cent of the finances required to meet certain completion undertakings given to lenders to BCL. The restructuring arrangements were concluded on March 16 1978. Further details of these arrangements are given in the Directors' review on page 11. The need for restructuring arose, inter alia, from the technical completion requirements under the original financing arrangements for the project and the restructuring involves significant changes in these arrangements to meet the requirements of the principal project lenders and those of the Botswana Government. In these circumstances, and as reflected in the second interim report of the Corporation published on February 23 1978, the directors have considered it prudent to provide in full as an extraordinary charge R25 907 000 against the Group's investment in BRST as at March 31 1978.

Consequent upon the restructuring arrangements the completion undertakings in respect of phase one of the project have been met. Work is progressing on phase two, which, on its completion, will enable the remaining undertakings to be met. It is considered that further capital invested in terms of the restructuring arrangements will be recovered over the medium-term and also that there is a reasonable prospect of achieving a reasonable return on that investment.

DIVIDENDS

A special dividend (No. 82) of 8.25 cents a share was declared on May 3 1977. An interim dividend (No. 83) of 12 cents a share (1976: 8 cents) was declared on November 24 1977 and a final dividend (No. 84) of 25 cents a share (1976: 25 cents) was declared on June 5 1978 making a total for the fifteen months ended March 31 1978 of 45,25 cents a share (1976: 33 cents). Dividends of three per cent were declared on the six per cent preferred stock on June 2 and December 1 1977.

FINANCIAL STATISTICS

Financial statistics for the 10 years 1968 to 1978 appear on page 75.

DIRECTORATE

On May 26 1977 Mr G W H Relly was appointed joint Deputy Chairman of the Corporation. In addition the following changes occurred in the composition of the board of directors:

Appointments

J A Holmes January 1 1978
D B Hoffe
(Alt to G W H Relly) May 25 1977
B E Bullett
(Alt to J A Holmes) May 10 1978
Dr L G Murray
(Alt to N F Oppenheimer) May 10 1978
J D Taylor
(Alt to Sir Albert Robinson) May 10 1978

Retired

S Spiro, M.C.
(Alt D B Hoffe) May 18 1977

Mr J A Holmes, who was appointed a director during the period under review, retires in terms of the Corporation's Articles of Association at the forthcoming annual general meeting. In addition Messrs W G Boustred, D A Etheredge, C J L Griffith, G Langton, H F Oppenheimer, G W H Relly, W D Wilson and Sir Albert Robinson, retire by rotation. All the retiring directors are eligible for re-election.

Details of the beneficial and non-beneficial interests of the directors in the issued ordinary share capital of the Corporation at March 31 1978, appearing in the register of the interests of the directors in the shares of the Corporation, are given on page 103 of this report. There have been no changes in these interests between March 31 1978 and the date of this report. There are no service contracts granted by the Corporation or any of its subsidiaries to any directors of the Corporation.

Consolidated balance sheet

AT MARCH 31 1978

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED AND ITS SUBSIDIARY COMPANIES

	Notes	31.3.78 R000's	31.12.76 R000's
Capital and reserves			
Ordinary shares	2	22 296	13 172
Share premium	3	—	202
Non-distributable reserve	4	365 819	89 214
Distributable reserves	5	470 204	367 104
Ordinary shareholders' equity		858 319	469 692
Preferred stock	12	4 759	4 759
		863 078	474 451
Loan capital	6	166 541	60 038
Life insurance funds	7	456 767	—
Outside shareholders' interests in subsidiary companies	8	92 231	63 008
Loans – associated companies and others	9	419 139	287 050
Deferred taxation		2 220	—
Creditors			
Creditors, taxation and provisions		62 651	20 933
Shareholders for dividends		55 741	33 074
Bank overdrafts	9	11 268	—
		129 660	54 007
		2 129 636	938 554
Represented by:			
Investments			
General investments, at cost less amounts written off and provision:			
Listed – market value R1 996 731 000 (1976: R934 221 000)		713 779	411 009
Unlisted – directors' valuation R272 296 000 (1976: R168 059 000)		121 796	114 679
		835 575	525 688
Life insurance investments	10	572 057	—
		1 407 632	525 688
Fixed assets	11	40 178	11 453
Leasing assets	9 & 12	10 401	—
Instalment debtors less deferred income	9	17 030	—
Loans – associated companies and others less provision		210 446	291 858
Goodwill		—	8 580
Other assets			
Stocks, stores and work in progress	13	8 208	—
Debtors		100 640	33 194
Cash on deposit, at call and short notice		335 101	67 981
		443 949	101 175
		2 129 636	938 554

Consolidated income statement

FOR THE FIFTEEN MONTHS ENDED MARCH 31 1978

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED AND ITS SUBSIDIARY COMPANIES

	Notes	31.3.78 R000's	Year ended 31.12.76 R000's
Investment income – general investments	15	213 179	87 181
Income from interest, fees and other sources after deducting administration expenses		85 859	49 736
Trading profits		9 643	—
Surplus on realisation of general investments		18 103	2 001
		326 784	138 918
Interest paid:			
Loan capital		10 171	2 946
Loans by associated companies and others		30 239	22 906
		40 410	25 852
Expenditure on office, research and transport equipment		2 292	1 886
Contributions to staff pension funds		4 921	2 768
Costs of prospecting		15 183	9 497
Provision against investments		5 000	2 300
Provision against loans		—	2 750
		68 106	45 053
Group profit before taxation		258 678	93 865
Taxation	17	17 027	4 647
Group profit after taxation	18	241 651	89 218
Outside shareholders' interests in profits of subsidiary companies		46 329	2 940
Preferred stock dividends	21	286	286
Earnings attributable to ordinary shareholders before extraordinary item		195 036	85 992
Per share 89,9 cents (1976: 65,3 cents)	20		
Net loss arising from changes in exchange rates		(595)	(33)
Transfer from currency reserve		595	33
		—	—
Ordinary dividends	21	99 132	43 465
Retained profit before extraordinary item		95 904	42 527
Extraordinary item	22	33 463	20 000
Retained profit after extraordinary item		62 441	22 527
Unappropriated profit, December 31 1976		15 976	16 884
Retained profits of subsidiaries acquired during the period attributable to the Corporation's former minority interest		15 744	—
		31 720	16 884
Adjustment thereto arising from changes in exchange rates		(311)	66
Adjustment in respect of previous year's taxation	17	(1 298)	—
		30 111	16 950
		92 552	39 477
Transfers to reserves			
Non-distributable reserve	4	5 106	22
General reserve	5	69 919	23 479
		75 025	23 501
Unappropriated profit, March 31 1978		17 527	15 976

Balance sheet

AT MARCH 31 1978

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

	Notes	31.3.78 R000's	31.12.76 R000's
Capital and reserves			
Ordinary shares	2	22 296	13 172
Share premium	3	—	202
Non-distributable reserve	4	351 938	84 148
Distributable reserves	5	207 767	207 930
Ordinary shareholders' equity		582 001	305 452
Preferred stock	2	4 759	4 759
		586 760	310 211
Loan capital	6	57 339	60 038
Loans			
Subsidiary companies		185 242	21 833
Associated companies and others		393 695	272 686
		578 937	294 519
Creditors			
Creditors, taxation and provisions		17 533	12 438
Shareholders for dividends		55 741	33 074
		73 274	45 512
		1 296 310	710 280
Represented by:			
Investment in subsidiary companies			
Shares at cost, less amounts written off and provision		408 729	89 232
Loans less provision		220 605	158 367
Dividends accrued		64 195	226
		693 529	247 825
Other investments – at cost less amounts written off and provision			
Listed – market value R390 815 000 (1976: R479 467 000)		111 953	112 612
Unlisted – directors' valuation R28 798 000 (1976: R39 730 000)		11 406	11 956
		123 359	124 568
Loans – associated companies and others less provision		163 983	263 165
Other assets			
Debtors		18 912	21 010
Cash on deposit, at call and short notice		296 527	53 712
		315 439	74 722
Office, research and transport equipment	1(h)	—	—
		1 296 310	710 280

Income statement

FOR THE FIFTEEN MONTHS ENDED MARCH 31 1978

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

	Notes	31.3.78 R000's	Year ended 31.12.76 R000's
Investment income	15	32 570	43 576
Income from subsidiaries	16	100 513	25 729
Income from interest, fees and other sources after deducting administration expenses		65 056	41 178
Surplus on realisation of investments		4 382	758
		202 521	111 241
Interest paid:			
Loan capital		3 610	2 946
Loans by associated companies and others		36 411	22 504
		40 021	25 450
Expenditure on office, research and transport equipment		1 881	1 667
Contributions to staff pension funds		4 197	2 487
Costs of prospecting		14 679	8 891
Provision against investments		6 791	3 381
Provision against loans		2 836	3 104
		70 405	44 980
Profit before taxation		132 116	66 261
Taxation	17	10 174	2 501
Profit after taxation	18	121 942	63 760
Preferred stock dividends	21	286	286
Earnings attributable to ordinary shareholders before extraordinary item		121 656	63 474
Per share 56,0 cents (1976: 48,2 cents)	20		
Ordinary dividends	21	99 132	43 465
Retained profit before extraordinary item		22 524	20 009
Extraordinary item	22	21 389	20 000
Retained profit after extraordinary item		1 135	9
Unappropriated profit, December 31 1977		430	421
Adjustment in respect of previous year's taxation	17	(1 298)	—
		(868)	421
Unappropriated profit, March 31 1978		267	430

Notes to the financial statements

1. Accounting policies

(a) *Investments*

(i) The listed and unlisted general investments of the group are predominantly income-earning long-term holdings. Where, in the opinion of the directors, a permanent diminution in the value of an investment, flowing from normal circumstances, has occurred, provision for such diminution is charged against current profits.

(ii) Expenditure, including interest where applicable, relating to the development of land and buildings forming part of the insurance investments, is capitalised and included in the capital cost of the development.

(b) *Mineral rights*

Mineral rights and certain development expenditure are generally maintained at book cost. Where, however, exploitation is not likely in the foreseeable future, expenditure is written down to a nominal value.

(c) *Instalment debtors and leasing assets*

Income in respect of instalment debtors and leasing assets is included in the income statement in proportion to the instalments accrued.

(d) *Stocks, stores, work in progress*

Stocks and stores are valued at the lower of cost and net realisable value. Cost is determined mainly on the average cost basis. The value of work in progress includes a proportion of overheads.

(e) *Foreign currencies*

Assets and liabilities in foreign currencies not covered by forward exchange contracts are expressed in South African currency at the rates of exchange ruling at the year end.

Gains or losses arising from foreign currency transactions and conversions (other than those relating to insurance) are transferred to, or charged against, a currency reserve.

(f) *Life insurance subsidiaries*

The information shown in the consolidated financial statements in respect of subsidiary life insurance companies is in accordance with the provisions of the Companies Act, 1973, as amended, relating to insurance companies, in particular:

(i) The market value of listed life insurance investments is not disclosed. The basis of valuation of these investments is stated in note 10.

(ii) Contingency reserves are not separately disclosed in the consolidated balance sheet and movements thereon are not separately stated.

(iii) Surpluses from the insurance businesses are stated after transfers to contingency reserve. Individual items of income and expenditure and taxation which are not required to be disclosed in terms of the Act are not separately stated.

(iv) Additional transfers to contingency reserve may also be made as an appropriation of profits.

(g) *Turnover*

Due to the nature of the group's income, the directors are of the opinion that to publish a figure for turnover would be meaningless.

(h) *Depreciation*

The Corporation and certain of its subsidiaries write off expenditure on office, research and transport equipment in the year of acquisition.

Depreciation of leasing assets is provided on a straight line basis over the periods of the leases.

No depreciation is provided against freehold land and buildings.

Other depreciating assets are depreciated on straight line or diminishing value bases to reduce their book values to estimated residual values over their effective lives.

(i) *Deferred taxation*

Deferred taxation is provided at the current rate of normal tax on:

(i) The excess of the book values of leasing assets over their tax values.

(ii) Taxation allowances relating to township property debtors.

(iii) The differences between tax values of assets ranking for recoupable tax allowances and their book values.

(j) *Prospecting expenditure*

Prospecting expenditure is written off in the year in which it is incurred.

2. Capital

	31.3.78 R000's	31.12.76 R000's
Authorised:		
240 000 000 ordinary shares of 10 cents each	24 000	14 000
1 241 250 six per cent cumulative preference shares of R1 each	1 241	1 241
R4 758 750 six per cent cumulative preferred stock	4 759	4 759
	30 000	20 000
Issued:		
222 964 532 ordinary shares of 10 cents each, fully paid	22 296	13 172
R4 758 750 six per cent cumulative preferred stock	4 759	4 759
	27 055	17 931

The unissued capital at March 31 1978 comprised 17 035 468 ordinary shares of 10 cents each and 1 241 250 six per cent cumulative preference shares of R1 each.

In terms of resolutions of members, three million ordinary shares were placed at the disposal of the directors acting through trustees for a share option and a share incentive scheme for senior members of the staff as follows:

(i) Share option scheme – 1 500 000 shares were placed at the disposal of directors but, when the scheme was discontinued during 1974, options had not been granted in respect of 786 000 shares, which were transferred to the share incentive scheme at that stage. Options were granted for 10 years or until two years after retirement of the option holder, whichever is the earlier.

Options granted in terms of the scheme are as follows:

	Balance at 12.76	Lapsed during period	Exercised during period	Balance at 31.3.78
Granted on August 27 1969 at 650 cents a share	206 500	31 500	—	175 000
Granted on January 19 1972 at 537 cents a share	157 800	10 500	—	147 300
Granted on August 1 1973 at 700 cents a share	145 500	4 000	—	141 500

(ii) Share incentive scheme – 1 500 000 shares were placed at the disposal of directors and 786 000 were transferred from the share option scheme. At December 31 1976 502 000 shares were available for issue under the scheme. Of these shares 114 500 were issued during the period leaving a balance of 387 500 shares available under the scheme. At March 31 1978 R9 995 000 (December 31 1976: R9 630 000) had been advanced to the trustees of the share incentive scheme.

(iii) 2 451 914 shares are reserved to cover the conversion rights of holders of the six-and-a-half per cent convertible loan raised in 1971 by Rand Selection Corporation Limited. (See note 6(e).)

The remaining 13 732 254 unissued ordinary shares are under the unrestricted control of the directors until the forthcoming annual general meeting.

3. Share premium

The change in the share premium during the fifteen months arises as follows:

	R000's
Balance at December 31 1976	202
Premium on 91 124 732 shares issued on the acquisition of Rand Selection Corporation Limited	267 907
Premium on 114 500 shares issued under the share incentive scheme	470
	268 579
Less:	
Share issue and merger expenses	470
Premium transferred to the non-distributable reserve in terms of resolution of members dated April 25 1977	268 109
	268 579
	—

4. Non-distributable reserve

The increase in the non-distributable reserve arises as follows:

Corporation R000's		Group R000's
84 148	Balance at December 31 1976	89 214
268 109	Transfer from share premium (see note 3)	268 109
	Non-distributable reserves of subsidiaries acquired during the period attributable to the Corporation's former minority interest	4 147
	Transfer per income statement:	
	Non-distributable sharedealing profits of the group	4 885
	Other items	221
		5 106
319	*Less:* Share issue and merger expenses	319
	Adjustment to opening balance for changes in exchange rates	158
	Adjustment by insurance subsidiary	280
(319)		(757)
351 938		365 819

5. Distributable reserves

The changes in the distributable reserves arise as follows:

Corporation				Group			
General reserve	Unappropriated profit	Total		Total	General reserve	Unappropriated profit	Currency reserve
R000's	R000's	R000's		R000's	R000's	R000's	R000's
207 500	430	207 930	Balance at December 31 1976	367 104	346 959	15 976	4 169
	(1 298)	(1 298)	Adjustment in respect of previous year's taxation	(1 298)		(1 298)	
			Adjustment arising from changes in exchange rates	(1 191)	(742)	(311)	(138)
			Reserves of subsidiaries acquired during the period attributable to the Corporation's former minority interest	48 849	32 878	15 744	227
	1 135	1 135	Retained profit after extraordinary item	62 441		62 441	
			Net loss arising from changes in exchange rates	(595)			(595)
			Appropriated during period	(5 106)	69 919	(75 025)	
207 500	267	207 767		470 204	449 014	17 527	3 663

6. Loan capital

Loan capital comprises the following:

Corporation Rand equivalents			Group Rand equivalents	
31.12.76	31.3.78		31.3.78	31.12.76
R000's	R000's	Loans of:	R000's	R000's
8 556	8 556	(a) Swiss francs 50 000 000	8 556	8 556
7 925	7 834	(b) US$9 009 000 (1976: $9 113 000)	7 834	7 925
		(c) US$5 272 000	4 584	—
43 478	40 870	(d) US$47 000 000 (1976: $50 000 000)	40 870	43 478
		(e) US$20 167 000	14 311	—
		(f) Registered unsecured rand debentures	30 000	—
79	79	(g) Registered unsecured notes	79	79
		(h) Life insurance subsidiaries	59 525	—
		(i) Mortgage loan	324	—
		(j) US $525 000	458	—
60 038	57 339		166 541	60 038

Loan (d) is sub-participated as follows:	31.3.78 R000's	31.12.76 R000's
Rand Selection Corporation Limited (RSC)	9 533	10 142
Others	9 282	9 874
	18 815	20 016

Details of the individual loans are as follows:

(a) *Swiss francs 50 000 000*

The loan bears interest at the rate of 5,75 per cent per annum and is repayable by November 15 1987, subject to the undertaking that the Corporation will, if possible, purchase in the market for cancellation up to Swiss francs 7 500 000 of the loan at prices not exceeding par in each of the four 60 day periods prior to November 15 in the years 1983 to 1986. The Corporation has the right to redeem the full loan earlier, on any annual interest payment date, at a premium of 2,0 per cent reducing by 0,5 per cent per annum in the years 1978 to 1981 and thereafter at par. The servicing and repayment of the loan are covered by forward exchange contracts with the South African Reserve Bank.

(b) and (c) *Dollar loans*

These are the participations of the Corporation and RSC in a loan raised by an associated company.

The loans bear interest at the rate of 6,96 per cent per annum and are repayable in instalments on June 1 in each of the years 1978 to 1982 as follows:

Anglo American Corporation	$1 802 000
Rand Selection Corporation	1 054 000
Group	$2 856 000

(d) *US$47 000 000*

The loan bears interest at the rate of 7,5 per cent per annum and is repayable at par in instalments of $1 500 000 on March 1 in each of the years 1979 to 1981 inclusive, $2 500 000 on March 1 1982 and $8 000 000 on March 1 in each of the years 1983 to 1987 inclusive. The Corporation may, in certain circumstances, make repayment earlier.

(e) *US$20 167 000*

The loan, raised by RSC, bears interest at the rate of 6,5 per cent per annum. Holders have the right until January 31 1986 to convert the loan into ordinary shares of the Corporation at a price of R5,875 per share and calculated at an exchange rate of R1 equals US$1,40.

The balance of the loan then outstanding will be redeemed at par on March 1 1986. However, RSC may, on giving no less than 90 days notice, redeem the whole of the loan at any time:

(i) At a price of 101 per cent until March 1 1979 and reducing by 0,5 per cent on each subsequent March 1 to 100 per cent on and after March 1 1980.

(ii) At par, if the mean of the quotation of the shares of the Corporation on The Johannesburg Stock Exchange on each of the 20 business days preceding the 15th day prior to the day on which notice of redemption is first published is at least 150 per cent of the conversion price.

(iii) At par, if RSC has been, or on the occasion of the next payment due in respect of the loan will be, compelled by law to deduct any South African taxes. The conditions of issue of the loan require that any such taxes shall be borne by RSC.

The loan may be purchased by RSC at any time and at any price in the open market or any price not exceeding 103 per cent, plus accrued interest, by private treaty. Bonds purchased by RSC may be reissued or surrendered for cancellation. The interest and repayment of the loan are covered by forward exchange contracts with the South African Reserve Bank.

(f) *Registered unsecured rand debentures*

The debentures, issued by RSC, bear interest at the rate of 10 per cent per annum and will be redeemed in 15 equal annual instalments by drawings on the last Friday of March in each year commencing on March 25 1983 with the final redemption on March 28 1997.

RSC has the right to purchase debentures at such price as it may deem fit. Any debentures so purchased will be cancelled and RSC may not reissue them. Such cancelled debentures shall first be applied in reducing the next redemption or redemptions.

(g) *Registered unsecured notes*

The loan of R79 000 is represented by 5,75 per cent registered unsecured notes which are repayable at par on March 31 1982 unless previously purchased or redeemed in accordance with the note conditions.

(h) *Life insurance subsidiaries*

Of these loans R43 616 000 is secured by mortgages over certain of the land and buildings shown in note 10. No further information is required to be given in respect of these loans.

(i) *Mortgage loan*

The loan is secured by mortgage over land and buildings having a book value of R1 214 000 and bears interest at the rate of 6,25 per cent per annum. It is repayable in half-yearly instalments of R5 000 until December 22 1984 and the remaining balance of R259 000 is repayable on June 22 1985.

(j) *US$525 000*

The loan bears interest at the rate of 9,5 per cent per annum and is repayable in half-yearly instalments of $55 000. The loan is covered by a forward exchange contract.

7. Life insurance funds

The life insurance funds at March 31 1978 exceeded the amount of the actuarial valuation of liabilities under insurance policies and contracts at that date and include additional inner reserves and unallocated surpluses.

8. Outside shareholders' interests

The interests of the outside shareholders in subsidiary companies amounted to R92 231 000 at March 31 1978, (December 31 1976: R63 008 000) made up of R23 635 000 in the insurance group and R68 596 000 (December 31 1976: R63 008 000) in other companies. At March 31 1978 there was also attributable to the outside shareholders of the non-insurance subsidiaries their interest amounting to R274 378 000 (December 31 1976: R5 342 000), in the excess of market value and directors' valuations of listed and unlisted investments respectively over their book values.

As market values and directors' valuations are not disclosed in respect of investments which form part of the insurance investments a corresponding figure is not computed in respect of the outside shareholders in the insurance subsidiaries.

9. Secured short-term borrowings

Loans from associated companies and others include loans totalling R1 382 000 secured by pledge and cession of leasing assets and instalment debtors having a book value of R1 658 000.

Bank overdrafts include advances totalling R6 141 000 secured by the hypothecation of land and buildings, movables, book debts, leasing assets and instalment debtors having a book value of R7 255 000.

10. Life insurance investments

Listed equities and mutual fund units held in respect of certain internal investment portfolios relating to linked contracts have been valued at market price and repurchase price respectively.

Subject to the foregoing, investments are shown in the consolidated balance sheet on the following bases:

	R000's	31.3.78 R000's
Government and public authority stocks, debenture stocks and all dated fixed interest stocks including redeemable preference shares, which are normally held to redemption, are reflected at amounts related to their redemption value after allowing for anticipated losses where applicable and consist of the following:		
Government and public authority stocks	191 228	
Debentures and other loan stocks	14 760	
Funds on deposit and treasury bills	6 299	
		212 287
Property investments are reflected at cost or amounts based on periodic valuations of the respective underlying properties and consist of:		
Freehold land and buildings	249 220	
Listed equities and options	1 193	
Loans and debentures	13 935	
		264 648
Listed and unlisted equities (other than in property owning companies) are reflected at cost or revalued amounts based on periodic valuations of the respective equities after deducting a provision for diminution in value and consist of:		
Listed equities and mutual fund units	57 385	
Unlisted equities	5 388	
		62 773
Mortgage and other loans and all other investments including funds on deposit are shown at par or at redemption value after making provision for any anticipated losses and consist of:		
Mortgages secured over fixed property	10 065	
Loans secured against group insurance companies' policies	20 227	
Other loans and investments	2 057	
		32 349
		572 057

11. Fixed assets – group

	31.3.78 Cost or valuation	31.3.78 Aggregate depreciation and amounts written off	31.3.78 Book value	31.12.76 Cost or valuation	31.12.76 Aggregate depreciation and amounts written off	31.12.76 Book value
	R000's	R000's	R000's	R000's	R000's	R000's
Land and buildings	24 751	—	24 751	9 318	—	9 318
Plant, machinery, motor vehicles and equipment	8 159	3 187	4 972	—	—	—
Mineral rights	5 852	1 210	4 642	2 135	—	2 135
	38 762	4 397	34 365	11 453	—	11 453
Life insurance:						
Furniture, motor vehicles and equipment at cost, *less* accumulated depreciation and amounts written off			5 813			—
Office, research and transport equipment – written off			—			—
Mining assets at cost *less* recoupments and amounts written off			—			—
			40 178			11 453

A register of land and buildings is open for inspection at the registered office of the Corporation by members or their duly authorised representatives.

Land and buildings are shown above at group cost or valuation. Other fixed assets are shown above at cost or valuation, as per the balance sheets of the subsidiary companies, and no adjustment has been made, on consolidation, for accumulated depreciation in existence at the date of acquisition of the subsidiaries.

12. Leasing assets

	R000's
At cost	17 818
Less: Depreciation	7 417
	10 401

These represent assets of finance subsidiaries whose business is the leasing of assets. The assets are leased for periods of between two and ten years.

13. Stocks, stores and work in progress

These comprise:	R000's
Raw materials	3 212
Work in progress	2 429
Consumable stores	1 093
Finished products	1 474
	8 208

14. Contingent liabilities and commitments

(a) There are contingent liabilities in various currencies in respect of:

Corporation 31.12.76 R000's	Corporation 31.3.78 R000's		Group 31.3.78 R000's	Group 31.12.76 R000's
		(i) A guarantee with others to a diamond mining company in respect of an agreement which that company has with The Diamond Corporation Limited. The Corporation's obligation has, however, been counter-guaranteed as to 50 per cent by a subsidiary and 50 per cent by an associated company.		
32 153	14 296	(ii) Guarantees with De Beers Consolidated Mines Limited in respect of the servicing and repayment of a foreign loan to Highveld Steel and Vanadium Corporation Limited of US$20 000 000 (1976: DM100 000 000 and US$20 000 000). The servicing and repayment of the loan is covered by forward exchange contracts with the South African Reserve Bank.	14 296	32 153

Corporation 31.12.76 R000's	Corporation 31.3.78 R000's		Group 31.3.78 R000's	Group 31.12.76 R000's
		(iii) Guarantees, with another, to certain lenders to BCL Limited,		
7 145	17 186	to the extent of the equivalent of	17 186	7 145
4 579	12 557	Which amount has been counter-guaranteed as to	10 243	4 579
2 566	4 629		6 943	2 566
		A guarantee, with another, of a loan to the Government of the		
11 028	10 766	Republic of Botswana equivalent to	10 766	11 028
7 068	6 900	Which amount has been counter-guaranteed as to	4 967	7 068
3 960	3 866		5 799	3 960
34 433	—	Other completion undertakings	—	34 433
22 068	—	Which were counter-guaranteed as to	—	22 068
12 365	—			12 365
18 891	8 495		12 742	18 891
62 500	63 055	(iv) Other guarantees	68 100	68 032
36 352	37 166	Which have been counter-guaranteed as to	42 670	41 884
26 148	25 889		25 430	26 148

Guarantees given by the Corporation as shown in (iv) above include:
A guarantee in respect of a loan advanced to gold mining companies for an amount of R34 080 000 (1976: R34 080 000). The Corporation's obligation has been fully counter-guaranteed.

(b) There are commitments in respect of:

(i) BCL Limited

Undertakings whereby the Corporation and another undertake to provide or procure 37,5 per cent of:

(a) any finance which may be required to complete Phase two of the BCL project;

(b) finance required by BCL Limited up to an aggregate amount of the equivalent of R10 500 000 for pollution control expenditure during the period January 1 1978 to December 31 1983;

(c) up to an aggregate amount of the equivalent of R43 884 000 which may be required by BCL Limited during the period March 1 1978 to December 31 1981 to meet cash deficiencies of all kinds other than deficiencies arising from:

(i) the acceleration of indebtedness or,

(ii) expenditure incurred for the completion of the project or,

(iii) expenditure incurred for the control of pollution.

Portions of these commitments have been assumed by a subsidiary to the extent of 18 per cent and 46 per cent by associated companies.

(ii) Undertakings to acquire, subscribe or procure subscriptions for shares in and to make loans to other concerns.

(iii) In respect of capital expenditure authorised by the boards of subsidiaries but not contracted for amounting to R790 000.

15. Investment income

Corporation Investment income 31.12.76 R000's	Corporation Investment income 31.3.78 R000's		Group Investment income General investments 31.3.78 R000's	Group Investment income General investments 31.12.76 R000's
40 563	29 012	Listed	179 980	67 020
3 013	3 558	Unlisted	33 199	20 161
43 576	32 570		213 179	87 181

16. Income from subsidiaries

	31.3.78 R000's	31.12.76 R000's
Dividends	95 180	24 281
Fees	2 098	1 448
Interest	3 235	—
	100 513	25 729

17. Taxation

Corporation 31.12.76 R000's	Corporation 31.3.78 R000's		Group 31.3.78 R000's	Group 31.12.76 R000's
1 412	5 917	South African	10 502	2 002
1 100	1 446	Foreign	3 923	2 768
2 512	7 363		14 425	4 770
(11)	4	Net adjustment in respect of previous period	(205)	(123)
2 501	7 367		14 220	4 647
		Dealt with as follows in the income statement:		
2 501	10 174	Taxation	17 027	4 647
—	(2 807)	Included in extraordinary item (see note 22)	(2 807)	—
2 501	7 367		14 220	4 647

The Secretary for Inland Revenue has changed the previous practice, employed over many years, in respect of certain expenditure claimed as a deduction for tax in the financial year 1976. Objection to the assessment raised by the tax authorities is being lodged and payment of the additional tax has been made under protest. The unappropriated profit of the Corporation and of the Group brought forward from 1976 has been adjusted by R1 298 000 being the additional tax incurred.

Taxation for the period to March 31 1978 has been provided on the assumption that the revised basis of assessment will be applied. However, it is intended that objection will be lodged.

18. Profit after taxation

The profits of the Corporation and the group have been arrived at after taking into account the following expenditure:

Corporation 31.12.76 R000's	Corporation 31.3.78 R000's		Group 31.3.78 R000's	Group 31.12.76 R000's
1 012	1 129	Administration and professional fees	3 932	1 521
100	126	Audit fees	593	144
		Depreciation of plant, machinery, motor vehicles, furniture and equipment	973	—
		Depreciation of leasing assets	6 054	—
		Loss on disposal of fixed assets	597	—
231	402	Leasing charges	2 400	1 219

19. Directors' remuneration

The aggregate amount payable to the Corporation's directors and alternate directors by the Corporation and its subsidiary companies is as follows:

	31.3.78 R000's	31.12.76 R000's
Directors' fees	110	94
Other emoluments	1 879	1 252
	1 989	1 346
Pensions of past directors for services in a managerial capacity	90	87

20. Earnings per share

The issued ordinary share capital of the Corporation is 222 964 532 shares. However, the earnings per share have been based on the effective number of shares in issue during the fifteen months to March 31 1978 calculated as follows:

	Shares
Issued ordinary share capital at December 31 1976	131 725 300
Shares issued:	
In respect of the acquisition of Rand Selection Corporation with effect from January 1 1977	69 999 656
In respect of the rights issue to the Rand Selection Corporation shareholders in May 1977 – 21 125 076 ordinary shares in Anglo American Corporation, reduced in proportion to the period the shares were in issue during the fifteen months to March 31 1978	15 228 626
In terms of the share incentive scheme	114 500
	217 068 082

21. Dividends

	31.3.78 R000's	31.12.76 R000's
On preferred stock:		
No. 96 of three per cent declared June 2 1977	143	143
No. 97 of three per cent declared December 1 1977	143	143
	286	286
On ordinary shares:		
No. 82 (special) of 8,25 cents per share declared May 3 1977	16 642	—
No. 83 (interim) of 12 cents per share declared November 24 1977 (1976: 8 cents)	26 749	10 534
No. 84 (final) of 25 cents per share declared June 5 1978 (1976: 25 cents)	55 741	32 931
	99 132	43 465

22. Extraordinary item

Corporation			Group	
31.12.76 R000's	31.3.78 R000's		31.3.78 R000's	31.12.76 R000's
20 000	6 894	Provision against investment in Zaïre	10 363	20 000
—	17 302	Provision against investment in Botswana RST Limited	25 907	—
20 000	24 196		36 270	20 000
—	2 807	*Less:* Tax relief claimed in respect of a proportion of investment	2 807	—
20 000	21 389		33 463	20 000

See also Directors' report.

Source and application of funds statement

FOR THE FIFTEEN MONTHS ENDED MARCH 31 1978

Corporation Year 1976 R000's	Corporation 1978 R000's		Group 1978 R000's	Group Year 1976 R000's
		Source of funds:		
66 261	132 116	Profit before taxation and outside shareholders' interest	258 678	93 865
6 484	9 627	*Add:* Provision against investments and loans less net adjustments arising from changes in exchange rates	3 056	4 205
72 745	141 743		261 734	98 070
207	276 712	Proceeds from shares issued	276 712	207
—	136 876	Loans from associated companies and others	136 938	—
—	—	Property, mineral rights and equipment	—	589
—	27 783	Creditors, taxation and provisions	29 232	—
128 702	—	Debtors and cash	—	141 991
		Investment in subsidiary companies:		
4 941	—	Decrease in cost of shares		
22 667	—	Net decrease in loans and amounts due		
27 608	—			
229 262	583 114		704 616	240 857
		Application of funds:		
		Investment in subsidiary companies:		
—	300 552	Increase in cost of shares		
—	126 276	Net decrease in loans and amounts due		
—	174 276			
1 746	29 931	Cost of general investments acquired, less cost of investments sold	48 140	9 162
—	—	Property, mineral rights and equipment	1 621	
59 85	27 336	Loans to associated companies and others	23 171	58 044
112 426	—	Loans from associated companies and others	—	112 200
90	2 699	Repayment of loan capital – net	1 917	90
		Outside shareholders' interest in subsidiary companies	56 677	3 496
2 501	8 665	Taxation	15 518	4 647
43 751	99 418	Dividends	99 418	43 751
8 917	—	Creditors, taxation and provisions	—	9 467
—	240 789	Debtors and cash	247 592	—
—	—	Net investment in subsidiaries acquired during the period (see below)	210 562	—
229 262	583 114		704 616	240 857

Explanatory note to source and application of funds statement	R000's	R000's
Net investment in subsidiaries acquired during the period		210 562
Investment in and net loans to these subsidiaries at January 1 1977		122 884
Reserves attributable to the Corporation's former minority interest		52 996
Net assets at March 31 1978 of subsidiaries acquired during the period		386 442
Represented by:		
General investments	341 921	
Life insurance investments	572 057	
Fixed assets	27 104	
Leasing assets	10 401	
Instalment debtors less deferred income	17 030	
Loans – associated companies and others	33 358	
Stocks, stores and work in progress	8 208	
Debtors and cash	88 268	
		1 098 347
Less: Liabilities		
Loan capital	108 420	
Life insurance funds	456 767	
Outside shareholders' interest	87 055	
Loans – associated companies and others	11 018	
Deferred taxation	2 220	
Creditors, taxation and provisions	35 157	
Bank overdrafts	11 268	
		711 905
		386 442

Subsidiaries in which the Corporation has a direct or indirect interest

AT MARCH 31 1978

	Issued share capital		Interest in share capital				Book value of holding company			
			Direct		Indirect		Shares		Loans	
	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76
	R000's	R000's	%	%	%	%	R000's	R000's	R000's	R000's
Incorporated in South Africa										
Finance and investment										
Aclem Investments Limited	1	—	47	—	48	—	303	—	—	—
African and European Investment Company Limited										
– ordinary	4 180	4 180	80	80	20	20	20 935	20 935	6 487	—
– preference	3 500	3 500	—	—	—	—	—	—	—	—
African Eagle Property Holdings Limited	*	—	—	—	75	—	—	—	2 592	—
African Gold and Base Metal Holdings Limited	100	—	—	—	100	—	—	—	—	—
African Loans and Investments Limited										
– ordinary	1	1	100	100	—	—	1	1	911	1 205
– preference	2	2	—	—	—	—	—	—	—	—
Anglo American Insurance Holdings Limited	222	—	—	—	100	—	—	—	—	—
Anglo American Investment Trust Limited										
– ordinary	5 000	—	37	—	15	—	3 504	—	—	—
– preference	5 000	—	—	—	—	—	—	—	—	—
Angloswazi Investments Limited	—	16	—	100	—	—	—	15	—	—
Anseld Holdings Limited	*	3 000	65	65	35	—	9 668	9 668	—	—
Century Plaza Holdings (Proprietary) Limited	*	—	—	—	75	—	—	—	—	—
Charybdis Investments (Proprietary) Limited	*	—	—	—	61	—	—	—	—	—
Control Logic Holdings Limited	*	—	—	—	100	—	—	—	300	—
Coriander Holdings Limited	4	—	12	—	82	—	1 619	—	—	—
Courser Holdings Limited	1	—	—	—	100	—	—	—	3 243	—
Disco Investments Corporation (Proprietary) Limited	8	—	—	—	75	—	—	—	—	—
Egret Investments Limited	3	3	58	58	—	—	11 334	11 334	—	—
Electro Chemical Industries Limited	8	—	50	—	50	—	*	—	—	—
Engelhard Enterprises of Southern Africa Limited	*	—	—	—	100	—	—	—	—	—
Euranglo Limited	*	—	22	—	41	—	786	—	—	—
First Consolidated Holdings (Proprietary) Limited	400	—	—	—	100	—	—	—	—	—
Greater Services (Proprietary) Limited	*	—	—	—	100	—	—	—	—	—
Guarantee Life Properties (Proprietary) Limited	*	—	—	—	75	—	—	—	—	—
Helix Investments Limited	*	—	33	—	33	—	*	—	154	—
Institutional Investment Holdings (Proprietary) Limited	312	—	—	—	75	—	—	—	—	—
Institutional Investments Limited	3	—	—	—	75	—	—	—	—	—
K.S.J. Properties (Proprietary) Limited	2	—	—	—	100	—	—	—	—	—
Litorn Finance (Proprietary) Limited	100	—	—	—	100	—	—	—	—	—
Lodestone Holdings Limited	1	—	—	—	100	—	—	—	—	—
L.S. Properties Limited	129	129	—	—	67	45	—	—	—	—
Marjoram Holdings Limited	2	2	—	—	100	100	—	—	117 057	124 965
Methwick Holdings Limited										
– 'A' ordinary	2	—	—	—	100	—	—	—	28 616	—
– 'B' deferred	2	—	—	—	100	—	—	—	—	—
Millibar Investments Limited										
– ordinary	*	*	100	100	—	—	*	*	—	—
– preference	15	29	100	100	—	—	643	1 258	—	—
The New Era Consolidated Limited	550	550	100	100	—	—	3 045	3 045	—	—
Ninth Stage Investments (Proprietary) Limited	*	—	—	—	72	—	—	—	—	—
Oriole Investments Limited	1	1	—	—	100	100	—	—	—	2 018
Own Home Finance (Proprietary) Limited	10	—	—	—	38	—	—	—	—	—
Pan African Mineral (Proprietary) Limited	200	—	—	—	77	—	—	—	—	—
Pintail Investments Limited	4	—	—	—	100	—	—	—	—	—
Provincial Acceptance Corporation (Proprietary) Limited	40	—	—	—	75	—	—	—	—	—
Rand American Investments Limited	*	—	—	—	100	—	—	—	—	—
Randsel Investments Limited	*	—	—	—	100	—	—	—	—	—
Rand Selection Corporation Limited										
– ordinary	21 125	—	12	—	88	—	298 937	—	9 603	—
– preference	12 500	—	—	—	100	—	—	—	—	—
Rhochar Holdings Limited	27	27	18	17	82	44	5 505	5 505	—	—
Runcorn Holdings Limited	*	—	—	—	100	—	—	—	—	—
Sorec Limited	22 497	—	—	—	55	—	—	—	8 340	—
Sorec Developments (Proprietary) Limited	*	—	—	—	55	—	—	—	—	—
Sorec Eagle Properties (Proprietary) Limited	4	—	—	—	65	—	—	—	—	—
Sorec Eagle Properties (Rissik Street) (Proprietary) Limited	*	—	—	—	65	—	—	—	—	—
Sorec Properties Brits (Proprietary) Limited	*	—	—	—	75	—	—	—	—	—
Sorec Properties (Waterkant Street) (Proprietary) Limited	2	—	—	—	68	—	—	—	—	—
South African Mines Selection Limited	5 000	5 000	100	100	—	—	8 646	8 646	—	—
South African Townships Mining and Finance Corporation Limited	4 460	—	—	—	100	—	—	—	—	—
Thaton Limited	3	3	—	—	100	100	—	—	16 764	15 849
Townstate Nominees (Proprietary) Limited	*	—	—	—	100	—	—	—	—	—

*Nominal amount

	Issued share capital		Interest in share capital				Book value of holding company			
			Direct		Indirect		Shares		Loans	
	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76
	R000's	R000's	%	%	%	%	R000's	R000's	R000's	R000's
Wanderers View Property Holdings (Proprietary) Limited	*	—	—	—	69	—	—	—	—	—
Western Ultra Deep Levels Limited	1 500	—	44	—	16	—	520	—	—	—
Zinchem and Industrial Mineral Resources (Proprietary) Limited	2 094	—	6	—	71	—	419	—	—	—
Life assurance										
African Eagle Life Assurance Society Limited	3 283	—	—	—	75	—	—	—	2	—
Guarantee Life Assurance Company Limited	1 375	—	—	—	75	—	—	—	—	—
Institutional Life Brokers (Proprietary) Limited	10	—	—	—	100	—	—	—	—	—
Leasing services										
First Consolidated Leasing and Finance Corporation Limited	400	—	—	—	100	—	—	—	—	—
Computer services										
Anmercosa Computer Services Limited	*	*	—	—	100	100	—	—	131	46
Computer owning										
Chelstead Holdings (Proprietary) Limited	*	—	—	—	75	—	—	—	—	—
Property administration										
Anglo American Property Services (Proprietary) Limited	*	—	—	—	100	—	—	—	152	—
Managerial services										
Zimro (Proprietary) Limited	*	—	—	—	77	—	—	—	3	—
Property owning										
African Eagle Life (Proprietary) Limited	1	—	—	—	54	—	—	—	—	—
African Eagle Properties Braamfontein Werf (Proprietary) Limited	*	—	—	—	75	—	—	—	—	—
African Eagle Properties Jacobs (Proprietary) Limited	*	—	—	—	75	—	—	—	—	—
African Life Centre Johannesburg (Proprietary) Limited	*	—	—	—	72	—	—	—	—	—
African Life Centre Pretoria (Proprietary) Limited	*	—	—	—	69	—	—	—	—	—
Anmercosa Land and Estates Limited	3 460	3 460	100	100	—	—	4 255	4 255	13 805	13 974
Barbara Investments (Proprietary) Limited	1	—	—	—	65	—	—	—	—	—
B. and S. Building (Proprietary) Limited	*	—	—	—	100	—	—	—	—	—
Beherens Street Properties (Proprietary) Limited	4	—	—	—	75	—	—	—	—	—
Benparry Investments (Proprietary) Limited	*	—	—	—	100	—	—	—	—	—
Biccard Street Properties (Proprietary) Limited	*	—	—	—	65	—	—	—	—	—
Braamfontein Centre (Proprietary) Limited	1 000	—	—	—	55	—	—	—	—	—
Bryanston Hobart Shopping Centre (Proprietary) Limited	275	—	—	—	100	—	—	—	—	—
Century Plaza (Proprietary) Limited	*	—	—	—	75	—	—	—	—	—
Crescent Developments (Proprietary) Limited	2	—	—	—	100	—	—	—	—	—
Delphin Investments (Proprietary) Limited	*	—	—	—	69	—	—	—	—	—
Disco Properties Braamfontein (Proprietary) Limited	*	—	—	—	69	—	—	—	—	—
Doris Court (Proprietary) Limited	*	—	—	—	55	—	—	—	—	—
Eleventh Stage Investments (Proprietary) Limited	*	—	—	—	75	—	—	—	—	—
Estay Investments (Proprietary) Limited	1	—	—	—	65	—	—	—	—	—
Exchange Buildings (Proprietary) Limited	124	124	—	—	100	100	—	—	—	—
Field North (Proprietary) Limited	*	—	—	—	55	—	—	—	—	—
First Stage Investments (Proprietary) Limited	*	—	—	—	65	—	—	—	—	—
Getzin Investments (Proprietary) Limited	*	—	—	—	29	—	—	—	—	—
G.L.L.D. Investment Company (Proprietary) Limited	*	—	—	—	65	—	—	—	—	—
Gower Properties (Proprietary) Limited	*	—	—	—	61	—	—	—	—	—
Griffin Properties (Proprietary) Limited	*	—	—	—	54	—	—	—	—	—
Guarantee Life Properties Southdale (Proprietary) Limited	*	—	—	—	75	—	—	—	—	—
Highrise Holdings (Proprietary) Limited	2	—	—	—	29	—	—	—	—	—
Ivanel Properties (Proprietary) Limited	*	—	—	—	55	—	—	—	—	—
Ives Investments (Proprietary) Limited	*	—	—	—	29	—	—	—	—	—
Jasmin Enterprises (Proprietary) Limited	*	—	—	—	69	—	—	—	—	—
Jobacs (Proprietary) Limited	*	—	—	—	55	—	—	—	—	—
Kenilworth Centre (Proprietary) Limited	*	—	81	—	—	—	*	—	6 494	—
Kersauer Properties (Proprietary) Limited	*	—	—	—	100	—	—	—	—	—
Killarney Centre (Proprietary) Limited	*	—	—	—	55	—	—	—	—	—
Killarney Developments East (Proprietary) Limited	*	—	—	—	55	—	—	—	—	—
Kreza Heights (Proprietary) Limited	*	—	—	—	29	—	—	—	—	—
Lanaria Properties (Proprietary) Limited	*	—	—	—	49	—	—	—	—	—

*Nominal amount

	Issued share capital		Interest in share capital				Book value of holding company			
			Direct		Indirect		Shares		Loans	
	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76
	R000's	R000's	%	%	%	%	R000's	R000's	R000's	R000's
L.H.A. Properties (Proprietary) Limited	3	—	—	—	69	—	—	—	—	—
Lowerberg Properties (Proprietary) Limited	*	—	—	—	68	—	—	—	—	—
Lynbeth Strand Street Properties (Proprietary) Limited	*	—	—	—	59	—	—	—	—	—
Markart Properties (Proprietary) Limited	4	—	—	—	54	—	—	—	—	—
Mbulwa Estate (Proprietary) Limited	8	8	—	—	75	75	—	—	—	9
Miron Investments (Proprietary) Limited	8	—	—	—	54	—	—	—	—	—
Naoj Properties (Proprietary) Limited	*	—	—	—	75	—	—	—	—	—
Ninth Stage Properties (Cape Town) (Proprietary) Limited	*	—	—	—	68	—	—	—	—	—
Ninth Stage Properties (Johannesburg) (Proprietary) Limited	2	—	—	—	72	—	—	—	—	—
Patgef Investments (Proprietary) Limited	14	—	—	—	55	—	—	—	—	—
P.H.B. Investments (Proprietary) Limited	*	—	—	—	75	—	—	—	—	—
P.L.G. Investments (Proprietary) Limited	*	—	—	—	65	—	—	—	—	—
Rimit Properties (Proprietary) Limited	*	—	—	—	69	—	—	—	—	—
Sabel Developments (Proprietary) Limited	2	—	—	—	100	—	—	—	—	—
Sanso Properties (Joubert Street) (Proprietary) Limited	*	—	—	—	61	—	—	—	—	—
Sanso Properties (Pretoria) Limited	*	—	—	—	61	—	—	—	—	—
Sanso Properties (Riebeeck Street) (Proprietary) Limited	*	—	—	—	61	—	—	—	—	—
Shengro (Proprietary) Limited	*	—	—	—	69	—	—	—	—	—
Sixbro Properties (Proprietary) Limited	*	—	—	—	55	—	—	—	—	—
Sorec Properties Benoni (Proprietary) Limited	*	—	—	—	55	—	—	—	—	—
Sorec Properties Braamfontein (Proprietary) Limited	*	—	—	—	65	—	—	—	—	—
Sorec Properties Braamfontein Holdings (Proprietary) Limited	*	—	—	—	65	—	—	—	—	—
Sorec Properties Cape Town (Proprietary) Limited	*	—	—	—	55	—	—	—	—	—
Sorec Properties Gardens (Proprietary) Limited	*	—	—	—	65	—	—	—	—	—
Sorec Properties Hillbrow (Proprietary) Limited	2 500	—	—	—	55	—	—	—	—	—
Sorec Properties Krugersdorp (Proprietary) Limited	*	—	—	—	55	—	—	—	—	—
Sorec Properties Port Elizabeth (Proprietary) Limited	*	—	—	—	55	—	—	—	—	—
Sorec Properties Sunnyside (Proprietary) Limited	*	—	—	—	45	—	—	—	—	—
Sorec Townships Holdings (Proprietary) Limited	*	—	—	—	55	—	—	—	—	—
Stiemond Properties (Proprietary) Limited	*	—	—	—	65	—	—	—	—	—
Sydvil Properties (Proprietary) Limited	*	—	—	—	75	—	—	—	—	—
Sydray Investments (Proprietary) Limited	*	—	—	—	65	—	—	—	—	—
Talas Properties Mayfair (Proprietary) Limited	*	—	—	—	75	—	—	—	—	—
Talas Properties Primrose (Proprietary) Limited	*	—	—	—	75	—	—	—	—	—
Talas Properties Springs (Proprietary) Limited	*	—	—	—	75	—	—	—	—	—
Talas Properties Vanderbijlpark (Proprietary) Limited	*	—	—	—	75	—	—	—	—	—
Tenth Property Company (Proprietary) Limited	*	—	—	—	65	—	—	—	—	—
Theatre Centre (Proprietary) Limited	*	—	—	—	68	—	—	—	—	—
Three Five Nine Seven Johannesburg (Proprietary) Limited	*	—	—	—	55	—	—	—	—	—
Treveson Properties (Proprietary) Limited	*	—	—	—	49	—	—	—	—	—
Van den Berg's Transport Investments (Proprietary) Limited	*	—	—	—	49	—	—	—	—	—
Virawal Properties (Proprietary) Limited	10	—	—	—	54	—	—	—	—	—
Vogelux (Proprietary) Limited	*	—	—	—	75	—	—	—	—	—
Voorwaarts (Eiendoms) Beperk	*	—	—	—	75	—	—	—	—	—
Wanderers View Properties (Proprietary) Limited	*	—	—	—	69	—	—	—	—	—
Westander Properties (Proprietary) Limited	*	*	—	—	100	100	—	—	—	—
Westcom Properties (Proprietary) Limited	*	—	—	—	54	—	—	—	—	—
Zaaiwater (Proprietary) Limited	200	200	—	—	100	100	—	—	—	—
Zeestraat Properties (Proprietary) Limited	*	—	—	—	59	—	—	—	—	—
Township developer										
Whitehall Court (Proprietary) Limited	*	—	—	—	75	—	—	—	—	—
Townships and mineral rights holding										
Eastland Centre (Proprietary) Limited	*	—	—	—	75	—	—	—	—	—
Title to freehold rights holding										
Johannesburg Estate Company (Proprietary) Limited	*	—	—	—	75	—	—	—	—	—
Property maintenance and design										
Maintenance and Design Services (Proprietary) Limited	56	—	—	—	100	—	—	—	—	—
Prospecting										
Anglo American Base Metal Holdings S.W.A. (Proprietary) Limited	60	58	—	—	76	51	—	—	—	—
Anglo American Prospecting Company Limited	224	224	—	—	95	63	—	—	—	—

*Nominal amount

	Issued share capital		Interest in share capital				Book value of holding company			
			Direct		Indirect		Shares		Loans	
	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76
	R000's	R000's	%	%	%	%	R000's	R000's	R000's	R000's
Anglo American Prospecting Company (South) Limited	13	13	—	—	95	63	—	—	—	—
Anglo American Prospecting Services (Proprietary) Limited	*	—	—	—	95	—	—	—	—	—
Anterra Minerals (Proprietary) Limited	—	8	—	—	—	60	—	—	—	—
Dinal Investments (Proprietary) Limited	8	—	—	—	72	—	—	—	—	—
Dunnock Investments (Proprietary) Limited	5	—	—	—	74	—	—	—	—	—
Jeanneite Gold Mines Limited	7 839	—	—	—	56	—	—	—	—	—
Roy Point-Braakfontein Colliery Limited	*	—	—	—	73	—	—	—	—	—
Warbler Investments (Proprietary) Limited	3	—	—	—	57	—	—	—	—	—
Manufacturing and marketing										
Foundrex (Proprietary) Limited	*	—	—	—	77	—	—	—	—	—
G. & W. Industrial and Chemical Supplies (Proprietary) Limited	*	—	—	—	77	—	—	—	—	—
Glacier Kaolin (Proprietary) Limited	12	—	—	—	77	—	—	—	—	—
S.A. Oxides and Barytes Mills (Proprietary) Limited	21	—	—	—	77	—	—	—	—	—
Wheel Weights (Proprietary) Limited	24	—	—	—	42	—	—	—	—	—
Zinchem (Proprietary) Limited	*	—	—	—	77	—	—	—	—	—
Mining and processing										
Clapham Chrome (Proprietary) Limited	10	—	—	—	77	—	—	—	—	—
G. & W. Base and Industrial Minerals (Proprietary) Limited	580	—	—	—	77	—	—	—	—	—
G. & W. (Silica Sands) (Proprietary) Limited	*	—	—	—	77	—	—	—	—	—
Hudson Mining Company (Proprietary) Limited	3	—	—	—	62	—	—	—	—	—
Lager Mining Company (Proprietary) Limited	1	—	—	—	38	—	—	—	—	—
Ocean Bentonite Company (Proprietary) Limited	24	—	—	—	77	—	—	—	—	—
S.A. Oxides (Proprietary) Limited	45	—	—	—	77	—	—	—	—	—
Mineral rights holding										
African Hawk Eagle Holdings Limited	*	—	—	—	76	—	—	—	—	—
Andalusite Transvaal (Proprietary) Limited	1	—	—	—	39	—	—	—	—	—
Booted Eagle Holdings Limited	*	—	—	—	76	—	—	—	—	—
Calliope Holdings Limited	402	—	—	—	81	—	—	—	—	—
Ferrobar Holdings Limited	4	1	—	2	76	49	—	—	—	—
Martial Eagle Holdings Limited	1	—	—	—	76	—	—	—	—	—
Taybard Holdings Limited	1	1	—	2	76	49	—	—	—	—
Mining rights holding										
Langkrans Anthracite (Proprietary) Limited	85	—	—	—	75	—	—	—	—	—
Limestone Deposits (Proprietary) Limited	*	—	—	—	77	—	—	—	—	—
Natal Coal Syndicate (Proprietary) Limited	200	—	—	—	75	—	—	—	—	—
Dormant										
Prestin Holdings (Proprietary) Limited	*	—	—	—	55	—	—	—	—	—
Prestin (Proprietary) Limited	2	—	—	—	55	—	—	—	—	—
Sorec Investments (Proprietary) Limited	*	—	—	—	55	—	—	—	—	—
Teastaff Investments Limited	*	—	—	—	75	—	—	—	—	—
Townsview Estates Limited	1	—	—	—	100	—	—	—	—	—
Incorporated in Rhodesia	R$000's	R$000's								
Finance and investment										
Appraised Securities Limited	20	20	—	—	100	100	—	—	—	—
Blue Skies (Private) Limited	*	*	—	—	100	100	—	—	—	—
Consolidated Mines Holdings (Rhodesia) Limited	1 028	1 028	—	—	100	—	—	—	—	—
Jameson Mining Holdings (Private) Limited	4	—	—	—	—	—	20 760	20 760	—	—
New Rhodesia Investments Limited	5 000	5 000	100	100	—	—	—	—	—	—
Rhodes Investments Limited	12 100	—	—	—	100	—	—	—	—	—
Varied Investments (1968) (Private) Limited	2	—	—	—	100	—	—	—	—	—
Financial services										
Anglo American Corporation Services Limited	20	20	—	—	100	100	—	—	—	—
Anglo American (Rhodesian Services) Limited	37	37	—	—	100	100	—	—	—	—
Life assurance										
Southampton Assurance Company of Rhodesia Limited	1 000	—	—	—	75	—	—	—	—	—

*Nominal amount

	Issued share capital		Interest in share capital				Book value of holding company			
			Direct		Indirect		Shares		Loans	
	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76
			%	%	%	%				
	R$000's	R$000's					R000's	R000's	R000's	R000's
Property owning										
Sanso Properties Salisbury (Private) Limited	1	—	—	—	47	—	—	—	—	—
Talas Properties of Rhodesia (Private) Limited	8	—	—	—	75	—	—	—	—	—
Talas Properties of Rhodesia (Salisbury) (Private) Limited	8	—	—	—	75	—	—	—	—	—
Prospecting										
Neil Chrome Mines Limited	60	—	—	—	65	—	—	—	—	—
New Middleridge Limited	120	—	—	—	65	—	—	—	—	—
Rhochrome Limited	214	—	—	—	65	—	—	—	—	—
Southridge Limited	240	—	—	—	65	—	—	—	—	—
Valley Exploration and Mining Company Limited	300	—	—	—	65	—	—	—	—	—
Incorporated in Luxembourg	US$000's	US$000's								
Finance and investment										
Anglo Holdings S.A.										
– 'A' shares	205	—	100	—	—	—	165	—	—	—
– 'B' shares	32	—	—	—	100	—	—	—	—	—
Anglux Limited S.A.										
– ordinary shares	—	3 319	—	100	—	—	—	2 679	1 596	107
– 'A' shares	205	—	—	—	100	—	—	—	—	—
– 'B' shares	3 114	—	100	—	—	—	764	—	—	—
Axalux Holdings Limited	1 631	1 631	100	100	—	—	711	711	—	—
Lighthouse Investments Limited	7336	—	—	—	100	—	—	—	—	—
Orlop Investments Limited	9 223	9 223	—	—	100	100	—	—	—	—
Rand Luxembourg Limited S.A.										
– 'A' shares	32	—	—	—	100	—	—	—	—	—
– 'B' shares	1 361	—	—	—	100	—	—	—	—	—
Patent holding										
Crucible S.A.	3	—	—	—	100	—	—	—	—	—
	FF000's	FF000's								
Tilux Holding S.A.	1 000	1 000	—	—	100	100	—	—	—	—
Nilux Holding S.A.	100	100	100	100	—	—	14	14	—	—
Incorporated in Liberia	US$000's	US$000's								
Finance and investment										
Allegro Holdings Limited	50	—	—	—	63	—	—	—	—	—
Anmines Limited	1	1	—	—	100	100	—	—	—	—
Cubit Holdings Limited	1	—	—	—	811	—	—	—	—	—
Falcon Investments Limited										
– 'A' voting	1	—	—	—	100	—	—	—	—	—
– 'B' non-voting	51	—	100	—	—	—	19 377	—	—	—
Librand Limited	1	—	—	—	100	—	—	—	—	—
Merlin Investments Limited	40	—	—	—	100	—	—	—	—	—
Midway Investment Limited										
– 'A' voting shares	1	1	—	—	100	100	—	—	—	—
– 'B' non-voting shares	100	100	—	—	—	—	—	—	—	—
Revetment Holdings Limited										
– A stock	1	—	—	—	100	—	—	—	—	—
– B stock	1	—	—	—	100	—	—	—	—	—
– C stock	1	—	100	—	—	—	276	—	—	—
– D stock	1	—	—	—	100	—	—	—	—	—
Sward Investments Limited	1	—	100	—	—	—	*	—	—	—
Tefancon Limited	1	—	63	—	32	—	—	—	—	—
Dormant										
Anglo European Holdings Limited	15	15	—	—	67	45	—	—	—	—
Nimrod Investments Limited	1	—	—	—	100	—	—	—	—	—
Martingale Investments Limited	1	—	—	—	100	—	—	—	—	—
Park Holdings Limited	1 000	—	—	—	62	—	—	—	—	—
Swan Investments Limited	1	—	—	—	67	—	—	—	—	—
Incorporated in Zambia	K000's	K000's								
Finance and investment										
Anglo American Northern Properties Limited	8	8	—	—	100	100	—	—	—	—

*Nominal amount

	Issued share capital		Interest in share capital				Book value of holding company			
			Direct		Indirect		Shares		Loans	
	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76
	K000's	K000's	%	%	%	%	R000's	R000's	R000's	R000's
Financial services										
Anglo American Corporation (Central Africa) Limited	2 500	2 500	—	—	100	100	—	—	—	—
Dormant										
Anglo American Corporation Zambia Services Limited	*	*	—	—	51	51	—	—	—	—
Incorporated in Australia	A$000's	A$000's								
Finance and investment										
Angborne Investments Australia Proprietary Limited	1	1	—	—	100	100	—	—	—	—
Ausrand Proprietary Limited	2	—	—	—	67	—	—	—	—	—
Spinifex Finance Proprietary Limited	39	39	—	—	100	100	—	—	—	—
Managerial services										
Australian Anglo American Services Limited	563	563	—	—	100	100	—	—	122	136
Incorporated in Bermuda	BD$000's	BD$000's								
Finance and investment										
Anglo American Investment Trust (Bermuda) Limited	37	37	—	—	100	100	—	—	—	11
Incorporated in the United Kingdom	£000's	£000's								
Finance and investment										
Electramic Limited	352	—	—	—	95	—	—	—	—	—
Luxam Limited	5	5	—	—	100	100	—	—	—	—
Lydenburg Holdings Limited	5	5	100	100	—	—	326	326	—	—
Pionsjudged Investments Limited										
– ordinary	*	—	—	—	95	—	—	—	—	—
– preferred	*	—	—	—	95	—	—	—	—	—
Purlined Holdings Limited	*	—	95	—	—	—	*	—	3 682	—
Marketing										
Anmercosa Sales Limited	*	—	—	—	60	—	—	—	—	—
Incorporated in Canada	C$000's	C$000's								
Finance and investment										
Anseld (Canada) Limited	19 493	19 493	—	—	96	62	—	—	—	—
Cello Securities Limited	1	1	—	—	96	62	—	—	—	—
Incorporated in Switzerland	SF000's	SF000's								
Finance and investment										
Barque Holding A.G.	50	50	100	100	—	—	8	8	—	—
Raid Holding A.G.	50	—	—	—	100	—	—	—	—	—
Managerial services										
Anglo American Corporation Management and Services A.G.	—	100	—	—	—	100	—	—	—	—
Incorporated in France	FF000's	FF000's								
Finance and investment										
Compagnie Financiere Eurafricaine S.A.	29 000	—	—	—	63	—	—	—	—	—
Managerial services										
Charter France S.A.	199	—	—	—	63	—	—	—	—	—
Charter France Services S.A.	100	—	—	—	63	—	—	—	—	—
Incorporated in the Netherland Antilles	US$000's	US$000's								
Finance and investment										
Georgic Holdings N.V.										
– 'A' shares	1	—	—	—	—	—	—	—	—	—
– 'B' shares	1	—	—	—	80	—	—	—	—	—
– 'C' shares	1	—	—	—	63	—	—	—	—	—
Incorporated in the Netherlands	US$000's	US$000's								
Finance and investment										
Erabas B.V.	5 727	—	—	—	100	—	—	—	—	—
Gallic Holdings B.V.	739	—	—	—	48	—	—	—	—	—

*Nominal amount

	Issued share capital		Interest in share capital				Book value of holding company			
			Direct		Indirect		Shares		Loans	
	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76
	Lire 000's	Lire 000's	%	%	%	%	R000's	R000's	R000's	R000's
Incorporated in Italy										
Marketing										
Anmercosa Sales Italia S.P.A.	10	—	—	—	60	—	—	—	—	—
	E000's	E000's								
Incorporated in Swaziland										
Mining										
Swaziland Iron Ore Development Company Limited	6 000	—	—	—	59	—	—	—	—	—
Dormant										
Swaziland Industries (Proprietary) Limited	3	—	—	—	77	—	—	—	—	—
	R000's	R000's								
Incorporated in Lesotho										
Managerial services										
Anglo American Lesotho Services Company (Proprietary) Limited	*	*	—	—	100	100	—	—	—	—
	P000's	P000's								
Incorporated in Botswana										
Managerial services										
Anglo American Corporation Botswana (Services) (Proprietary) Limited	*	*	100	100	—	—	*	*	103	33
Property owning										
West End Property Company (Proprietary) Limited	50	—	44	—	22	—	—	—	—	—
Mining										
Morupule Colliery (Proprietary) Limited	*	—	35	—	18	—	*	—	428	—
Other							208	72	15	14
							408 729	89 232	220 605	158 367

*Nominal amount

Aggregate after-tax profits and losses attributable to Anglo American Corporation of South Africa Limited from its subsidiaries amount to:

	R000's	
	31.3.78	31.12.76
Profits	170 649	48 092
Losses	2 321	56

Schedule of general investments

AT MARCH 31 1978

	Group				Corporation			
	Units held		Market value R000's		Units held		Market value* R000's	
Listed	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76
Mining finance and investment			489 581	350 530			158 044	181 992
Anglo American Gold Investment Company Limited	10 498 905	5 666 445	291 870	144 494	5 214 035	5 174 997	144 950	131 962
Botswana R.S.T. Limited	2 166 171	1 444 114	390	1 155	1 444 114	1 444 114	260	1 155
Charter Consolidated Limited	37 301 555	32 298 591	77 275	100 126	—	—	—	—
General Mining and Finance Corporation Limited	77 569	49 395	2 009	1 198	3 490	3 490	90	84
Gold Fields of South Africa Limited	539 010	360 822	10 618	7 397	59 199	59 199	1 166	1 214
Johannesburg Consolidated Investment Company Limited	2 900 036	416 989	50 702	5 370	—	—	—	—
Metals and Minerals Investment Corporation Limited	1 176 347	300 000	1 588	600	—	—	—	—
Minerals and Resources Corporation Limited	29 364 215	21 610 706	53 862	41 807	5 145 974	5 145 974	11 578	13 894
Rand Selection Corporation Limited	*—	7 230 324	—	47 123	*—	5 181 957	—	33 683
U.C. Investments Limited	338 000	484 582	1 267	1 260	—	—	—	—
Gold mining			500 806	153 105			133 749	74 556
1. Witwatersrand and East Rand			100 077	6 794			15 206	1 260
Bracken Mines Limited	269 892	239 380	316	359	—	—	—	—
East Daggafontein Mines Limited	496 497	236 992	238	50	—	—	—	—
East Rand Gold and Uranium Company Limited	15 523 158	—	85 377	—	2 505 089	—	13 778	—
Grootvlei Proprietary Mines Limited	158 000	90 000	253	111	54 000	90 000	86	111
Kinross Mines Limited	323 268	202 879	1 817	832	161 478	161 478	907	662
Leslie Gold Mines Limited	54 628	32 786	33	20	—	—	—	—
The South African Land & Exploration Company Limited	1 250 937	797 132	838	598	649 112	649 112	435	487
Winkelhaak Mines Limited	983 800	614 573	11 205	4 824	—	—	—	—
2. West Rand			311 556	104 802			110 116	66 440
Buffelsfontein Gold Mining Company Limited	967 100	114 926	13 781	1 264	10 033	10 033	143	110
Deelkraal Gold Mining Company Limited	984 078	812 078	1 309	1 088	235 226	235 226	313	315
East Driefontein Gold Mining Company Limited	2 876 224	2 389 720	33 504	23 655	2 339 372	2 339 372	27 020	22 926
Elandsrand Gold Mining Company Limited	25 157 565	7 487 343	85 392	19 838	16 100 849	6 465 293	54 743	17 133
Elsburg Gold Mining Company Limited	2 409 772	1 651 987	4 889	2 346	—	—	—	—
Hartebeestfontein Gold Mining Company Limited	830 484	22 333	15 156	356	7 366	7 366	134	118
Kloof Gold Mining Company Limited	33 805	33 805	250	218	33 805	33 805	250	218
Southvaal Holdings Limited	2 508 723	1 565 246	20 133	9 694	637 931	637 931	4 912	3 732
Vaal Reefs Exploration and Mining Company Limited	1 854 663	438 045	40 803	7 447	191 815	191 815	4 220	3 261
Western Areas Gold Mining Company Limited	1 436 366	784 537	4 615	1 765	—	—	—	—
Western Deep Levels Limited	7 174 750	2 794 563	87 920	35 545	1 467 663	1 467 663	18 346	18 595
Zandpan Gold Mining Company Limited	1 188 792	548 797	3 804	1 586	10 967	10 967	35	32
3. Orange Free State			89 173	41 509			8 427	6 856
Free State Geduld Mines Limited	226 650	74 431	6 233	1 349	—	—	—	—
Free State Saaiplaas Gold Mining Company Limited	4 546 131	2 978 200	5 592	4 110	—	—	—	—
Loraine Gold Mines Limited	620 805	180 333	919	220	25 600	25 600	38	31
President Brand Gold Mining Company Limited	1 558 527	1 081 423	25 326	17 735	—	—	—	—
President Steyn Gold Mining Company Limited	2 328 204	826 620	30 267	9 299	—	—	—	—
St. Helena Gold Mining Company Limited	44 050	—	577	—	—	—	—	—
Welkom Gold Mining Company Limited	1 341 068	650 518	6 102	1 952	—	—	—	—
Western Holdings Limited	479 894	285 170	14 157	6 844	284 370	284 370	8 389	6 825
Diamonds			593 060	179 376			42 839	162 654
Anglo American Investment Trust Limited	*—	4 137 234	—	149 561	*—	3 703 516	—	134 252
De Beers Consolidated Mines Limited	109 258 135	8 342 072	593 060	29 815	7 889 350	7 889 350	42 839	28 402
Copper and other mining			26 941	20 785			6 176	3 985
The Afrikander Lease Limited	2 998 162	1 265 074	14 991	3 985	1 235 234	1 265 074	6 176	3 985
The Messina (Transvaal) Development Company Limited	1 466 933	1 093 726	2 127	2 789	—	—	—	—
Rhodesian Nickel Corporation Limited	8 187 258	6 838 858	5 535	9 804	—	—	—	—
Shangani Mining Corporation Limited	2 600 533	3 429 612	1 014	3 125	—	—	—	—
Tanganyika Concessions Limited	498 114	448 114	1 008	1 022	—	—	—	—
Tara Exploration and Development Company Limited	220 410	—	2 116	—	—	—	—	—
Zambia Copper Investments Limited	996 233	388 031	150	60	—	—	—	—
Platinum			32 370	27 523			6 467	8 556
Lydenburg Platinum Limited	342 000	—	325	—	—	—	—	—
Rustenburg Platinum Holdings Limited	24 649 805	16 001 980	32 045	27 523	4 974 305	4 974 305	6 467	8 556

*Now a subsidiary of the Corporation

	Group				Corporation			
	Units held		Market value R000's		Units held		Market value R000's	
	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76
Coal			111 008	70 901			1 985	1 761
Anglo American Coal Corporation Limited	11 408 218	7 325 041	96 970	55 670	231 736	231 736	1 970	1 761
Apex Mines Limited	86 485	1 687	778	27	1 687	—	15	—
Natal Ammonium Collieries (1946) Limited	—	10 800	—	90	—	—	—	—
Natal Anthracite Colliery Limited	1 644 176	1 427 305	7 810	6 708	—	—	—	—
Natal Coal Exploration Company Limited	1 691 301	1 491 301	389	418	—	—	—	—
Trans-Natal Coal Corporation Limited	—	660 972	—	1 388	—	—	—	—
Vierfontein Colliery Limited	305 604	305 604	162	180	—	—	—	—
Vryheid Coronation Limited	2 178 626	2 020 912	3 312	4 850	—	—	—	—
Witbank Colliery Limited								
– shares	30 000	30 000	386	327	—	—	—	—
– 13,5% 1979/82 unsecured convertible notes	R43 200	R43 200	56	53	—	—	—	—
Zuinguin Natal Collieries Limited	673 875	457 583	1 145	1 190	—	—	—	—
General finance			1 118	4 462			—	3 874
First Union General Investment Trust Limited								
– ordinary	—	6 918 774	—	3 874	—	6 918 774	—	3 874
– preference	221 100	—	190	—	—	—	—	—
New Central Witwatersrand Areas Limited	441 800	591 733	928	588	—	—	—	—
Industrial and commercial			198 913	101 532			40 524	39 725
AECI Limited	944 187	944 187	2 087	1 898	944 187	944 187	2 087	1 898
Anglo American Industrial Corporation Limited	12 411 030	5 994 580	105 494	48 556	1 529 385	1 529 385	13 000	12 388
Barlow Rand Limited	8 620 420	3 287 156	30 861	9 733	2 544 277	2 544 277	9 109	7 557
Boumat Limited	38 960	—	65	—	—	—	—	—
Chemical Holdings Limited								
– ordinary	1 079 705	827 212	1 674	1 200	107 918	107 918	167	157
– unsecured convertible notes	R770 675	R581 728	886	582	R126 238	R126 238	145	126
Cullinan Holdings Limited	2 115 002	2 100 002	2 855	2 562	—	—	—	—
Edgars Consolidated Investments Limited	73 000	—	131	—	—	—	—	—
Gallo (Africa) Limited	470 155	299 145	221	290	299 145	299 145	141	290
Highveld Steel and Vanadium Corporation Limited	17 875 027	12 529 231	26 813	18 794	6 578 713	6 578 713	9 868	9 868
Huletts Corporation Limited	1 008 450	1 008 450	1 987	1 815	—	—	—	—
Johnson Matthey and Company Limited	851 000	550 667	5 551	2 241	—	550 667	—	2 241
LTA Limited	3 920 363	2 653 081	6 469	3 767	2 653 081	2 653 081	4 378	3 767
McCarthy Group Limited	3 158 633	2 105 757	1 990	1 074	728 721	728 721	459	372
Pomatex Limited	424 500	84 500	637	81	—	—	—	—
Russell Holdings Limited	100 000	—	100	—	—	—	—	—
The South African Breweries Limited								
– ordinary	210 250	135 000	205	66	—	—	—	—
– preference	200 100	—	142	—	—	—	—	—
Stewarts & Lloyds of South Africa Limited	932 362	626 683	1 585	940	—	—	—	—
Television and Electrical Holdings Limited	303 638	182 225	200	191	—	—	—	—
The Tongaat Group Limited	2 911 008	2 537 050	6 841	6 393	—	—	—	—
Tiger Oats and National Milling Company Limited	192 760	128 840	1 764	1 069	127 840	127 840	1 170	1 061
The Union Steel Corporation (of South Africa) Limited	606 194	355 494	139	146	—	—	—	—
Vereeniging Refractories Limited	86 400	43 200	216	104	—	—	—	—
Insurance			367	—			—	—
South African Eagle Insurance Company Limited	152 800	—	367	—	—	—	—	—
Property			7 904	8 441			—	566
Anglo American Properties Limited								
– ordinary	4 869 483	7 549 751	876	2 039	—	2 094 727	—	566
– preference	23 425 880	16 384 664	7 028	6 226	—	—	—	—
Sorec Limited	*—	314 590	—	176	—	—	—	—
Banking			33 620	16 753			800	1 551
Barclays National Bank Limited	6 745 449	2 674 755	24 958	7 490	—	—	—	—
Nedbank and Syfrets – UAL Holdings Limited	1 499 722	2 935 764	3 374	5 343	—	—	—	—
Rhodesian Acceptances Holdings Limited	1 381 000	680 000	4 488	2 369	—	—	—	—
Standard Bank Investment Corporation Limited	250 000	620 439	800	1 551	250 000	620 439	800	1 551
Sundry			1 043	813			231	244
City of Johannesburg – 6,5% 1997 stock	R187 500	R187 500	116	101	R187 500	R187 500	116	101
Rand Mines Limited – loan stock	R592 500	R407 817	391	257	—	—	—	—
Rhodesia – 6% 1978/81 stock	—	£100 403	—	82	—	—	—	—
Other minor holdings	—	—	536	373	—	—	115	143
Total market value			1 996 731	934 221			390 815	479 464

Now a subsidiary of the Corporation

Unlisted	Group FV Units held 31.3.78	Units held 31.12.76	Directors' valuation R000's 31.3.78	31.12.76	Corporation Units held 31.3.78	Units held 31.12.76	Directors' valuation R000's 31.3.78	31.12.76
Mining finance and investment			51 770	67 255			990	7 550
Anglo American Corporation of Canada Limited	3 051 290	3 051 290			—	—		
Anglo American Corporation Rhodesia Limited	4 705 854	3 830 922			—	—		
Australian Anglo American Limited	15 400 000	8 800 000			—	—		
BCL Limited – preference	15 149 250	—			10 099 500	—		
Falcon Investments Limited	—	3 947 656			—	—		
Hollardstraat-ses Beleggings Beperk	980 000	632 671			50 000	50 000		
Johannesburg Consolidated Investment Company Limited – preference	—	5 000 000			—	—		
Osprey Investments Limited	—	4 040 175			—	—		
Overseas and Rhodesian Investment Company Limited	500 000	500 000			—	—		
Peregrine Investments Limited	—	4 040 175			—	—		
Swan Investments Limited	*—	12 693			—	—		
Sward Investments Limited	*—	315			*—	315		
Western Ultra Deep Levels Limited	*—	744 500			*—	657 800		
Diamonds			92 343	—			—	—
Abrasive Grit Sales Limited	21 600	—			—	—		
Cymberlite (Proprietary) Limited – variable rate cumulative preference	39 000	—			—	—		
The Diamond Purchasing and Trading Company (Proprietary) Limited	461 756	—			—	—		
The Diamond Trading Company (Proprietary) Limited	500 000	—			—	—		
Industrial Distributors (1946) (Proprietary) Limited – ordinary	330 000	—			—	—		
– participating preference	150 000	—			—	—		
Industrial Grit Distributors (Shannon) Limited	28 000	—			—	—		
Copper and other mining			12 920	5 986			4 199	2 370
Cleveland Potash Limited – ordinary	875 000	555 555			—	555 555		
– preference	3 750 000	—			—	—		
– 10% loan stock	£2 000 000	—			—	—		
Gamsberg Zinc Corporation Limited	3 334 005	—			2 223 000	—		
Messina Rhodesia Investments Limited	458 583	305 722			—	—		
Rhodesian Alloys Limited	2 266 663	1 511 111			—	—		
Societe de Miniere D'Anglade	24 000	—			—	—		
Swaziland Iron Ore Development Company Limited	*—	1 176 287			—	—		
Tsumeb Corporation Limited	95 000	—			—	—		
Coal			1 379	1 260			—	—
Blinkpan Koolmyne Beperk	700 000	700 000			—	—		
Natal Coal Syndicate (Proprietary) Limited	—	50 000			—	—		
General finance			25 768	24 372			2 362	11 248
Achem Investments Limited	*—	150			*—	150		
Astron Investments Limited	—	69 500			—	69 500		
Compagnie Holding Franco Sud-Africaine	285 000	—			—	—		
Coriander Holdings Limited	*—	496			*—	496		
Courser Holdings Limited	*—	1 000			—	—		
Electro Chemical Industries Limited	*—	2 000			*—	2 000		
Engelhard Enterprises of Southern Africa Limited	*—	83			—	—		
Epoch Investments Limited – ordinary	250 000	250 000			227 500	227 500		
– preference	50 000	—			50 000	—		
Euranglo Limited	*—	400 000			*—	217 553		
Management and Technical Services Limited – 'A' voting	250	250			—	—		
– 'B' non-voting	100	100			—	—		
– 'D' non-voting	100	—			—	—		
Mean Investments Limited	20 250	13 500			—	—		
Nave Investments Limited	—	125			—	125		
Pamelia Trawlers Limited	—	85 000			—	—		
Park Holdings Limited	*—	41 435			—	—		
Pleach Investments Limited	—	300			—	300		
Smade Holdings (Proprietary) Limited – 'B'	50	—			—	—		
Societe Financiere Louis Le Grand	279 300	—			—	—		
Zinc Products Limited	*—	41 525			*—	41 525		

*Now a subsidiary of the Corporation

	Group				Corporation			
	Units held		Directors' valuation R000's		Units held		Directors' valuation R000's	
	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76	31.3.78	31.12.76
Industrial and commercial			60 152	48 498			10 326	9 575
Annersales A.G.	—	40			—	—		
Bentworth Trust (Europa) N.V.	—	1 333			—	1 333		
Cardium Holdings Limited	5 000	3 386			—	—		
J. L. Clark and Company Limited	114 282	76 187			76 187	76 187		
Clay Products Limited	61 500	61 500			—	—		
Computer Sciences (Proprietary) Limited	1 826 334	—			—	—		
Consolidated Metallurgical Industries Limited								
– shares	1 875 000	1 190 476			—	—		
– convertible loan stock	R576 922	—			—	—		
Consolidated Share Registrars Limited	19 370	19 370			19 370	19 370		
Conway Johnson Limited	98 400	65 600			—	—		
C.T. Bowring and Associates Holdings (South Africa) Limited								
– ordinary	25 000	25 000			25 000	25 000		
– preference	2	2			1	1		
C.T. Bowring and Associates (Rhodesia) (Private) Limited								
– ordinary	37 281	37 281			—	—		
– preference	1	1			—	—		
Eastern Transvaal Timber Company (Proprietary) Limited	7 750	7 750			—	—		
Hall Longmore and Company (Proprietary) Limited	147	98			—	—		
Illings (Proprietary) Limited – preference	17 000	16 819			8 273	12 279		
International Pipe and Steel Investments S.A. (Proprietary) Limited	4 019 197	2 694 746			820 156	820 156		
Kiln Products Limited	1 764 274	99 562			99 562	99 562		
McCarthy Main Holdings Limited	1 500	1 000			730	730		
Mainstraat Beleggings (1965) (Eiendoms) Beperk	547 500	365 000			365 000	365 000		
Middelburg Steel and Alloys (Proprietary) Limited	1 136 595	721 636			—	—		
Mimbula Fitula Holdings Limited	1 125 000	1 125 000			—	—		
Mondi Paper Company Limited								
– ordinary	14 111 941	8 959 958			610 983	610 983		
– preference	10 000 000	10 000 000			—	—		
RFF Limited								
– ordinary	718 464	470 170			—	—		
– preference	1 005 240	670 162			—	—		
Shaft Sinkers (Proprietary) Limited	3 000 000	2 683 500			—	—		
Sigma Motor Corporation (Proprietary) Limited	6 819 670	4 546 907			1 038 859	1 038 859		
Soetvelde Farms Limited	1 709 393	1 157 000			—	—		
Union Carriage and Wagon Company (Proprietary) Limited	454 776	303 192			111 192	111 192		
Zinchem and Industrial Mineral Resources (Proprietary) Limited	*—	299 590			*—	60 785		
Property			17 927	13 120			2 021	2 293
Amaprop McCarthy Investments Limited	294	196			196	196		
Anglo American (O.F.S.) Housing Company Limited	637 500	637 500			615 131	615 131		
Anglo American Properties Limited – deferred	2 520 847	5 386 839			—	2 865 992		
Carlton Centre Limited	14 183 333	9 545 840			—	—		
Creative Homes Limited	505 352	—			100 000	—		
Dennehof Court (Proprietary) Limited	40	—			—	—		
Kenilworth Centre (Proprietary) Limited	*—	1 553			*—	1 553		
Main Place Holdings Limited	559	368			368	368		
Marina da Gama Limited	5 512	3 675			—	—		
Banking			6 558	5 474			6 534	5 454
Aspella Investments Limited	350	350			—	—		
Bahamas International Trust Company Limited								
– voting	124	124			124	124		
– non-voting	1 876	1 876			1 876	1 876		
Central Reserves (Proprietary) Limited	50	50			50	50		
Commonwealth Development Finance Company Limited	241 525	241 525			—	233 050		
Industrial Finance Corporation of South Africa Limited	437 502	437 502			425 000	425 000		
National Finance Corporation of South Africa Limited	624 000	480 000			624 000	480 000		
The Discount House of South Africa Limited								
– ordinary	217 500	217 500			217 500	217 500		
– preference	—	108 750			—	108 750		
Sundry			3 479	2 094			2 366	1 040
Ansa Petroleum Beperk	1 802	1 201			—	—		
Edesa Société Anonyme Holding A.G.	1 200	800			800	800		
Lucas Block Minerals Limited	100	100			100	100		
Other minor holdings	—	—			—	—		
Total directors' valuation			272 296	168 059			28 798	39 530

**Now a subsidiary of the Corporation*

Statistics from the consolidated financial statements

FOR THE TEN YEARS TO 1978

Year end[1]	Number of issued ordinary shares[2]	Issued ordinary capital and reserves	Investments		Equity earnings after taxation	Equity earnings per share[2]	Dividend per ordinary share[2]	Total ordinary dividend
			Book value	Market value[3]				
		R000's	R000's	R000's	R000's	cents	cents	R000's
1968	129 820 400	245 536	262 299	956 355	32 728	25,2	14	18 175
1969	129 820 400	261 806	283 117[4]	818 138[4]	36 224	27,9	16	20 771
1970	129 820 400	279 727	307 335[4]	688 610[4]	38 692	29,8	16	20 771
1971	129 820 400	300 805	434 881	927 378	40 970	31,5	17	22 069
1972	129 858 200	322 658	449 946	1 262 094	45 379	34,9	19	24 674
1973	129 889 300	353 730	468 583	1 231 359	57 954	44,6	24	31 176
1974	131 387 300	397 215	449 710	1 276 603	75 460	57,4	29	38 100
1975	131 672 300	447 803	518 825	1 233 088	84 428	64,1	33	43 449
1976	131 725 300	469 692	525 688	1 102 280	85 992	65,3	33	43 465
1978	222 964 532[5]	858 319[5]	835 575[6]	2 269 027[6]	195 036[6]	89,9[6+7]	45,25[8]	99 132

1 1968 to 1976: Financial year end was December 31, it was changed to March 31 commencing March 31 1978.

2 Adjusted for share subdivision on June 13 1969 of R1 shares into 10 cent shares, for purposes of comparison.

3 1968 to 1973: Includes unlisted investments at book value and outside shareholders' interest in surplus of market value of listed investments over book value.
1974 to 1978: Includes unlisted investments at directors' valuation and outside shareholders' interest in surplus of market value and directors' valuation over book value.

4 Excluding investment in subsidiary companies not consolidated.

5 Shares issued in respect of the acquisition of RSC including rights issue to RSC shareholders.

6 Not comparable with previous years owing to the merger of Rand Selection Corporation Limited and the inclusion of other companies which, by virtue of the merger, became subsidiaries of Anglo American Corporation. Equity earnings are for the 15 months January 1 1977 to March 31 1978.

7 Based on 217 068 082 shares effectively in issue during the 15 months.

8 Includes a special interim of 8,25 cents.



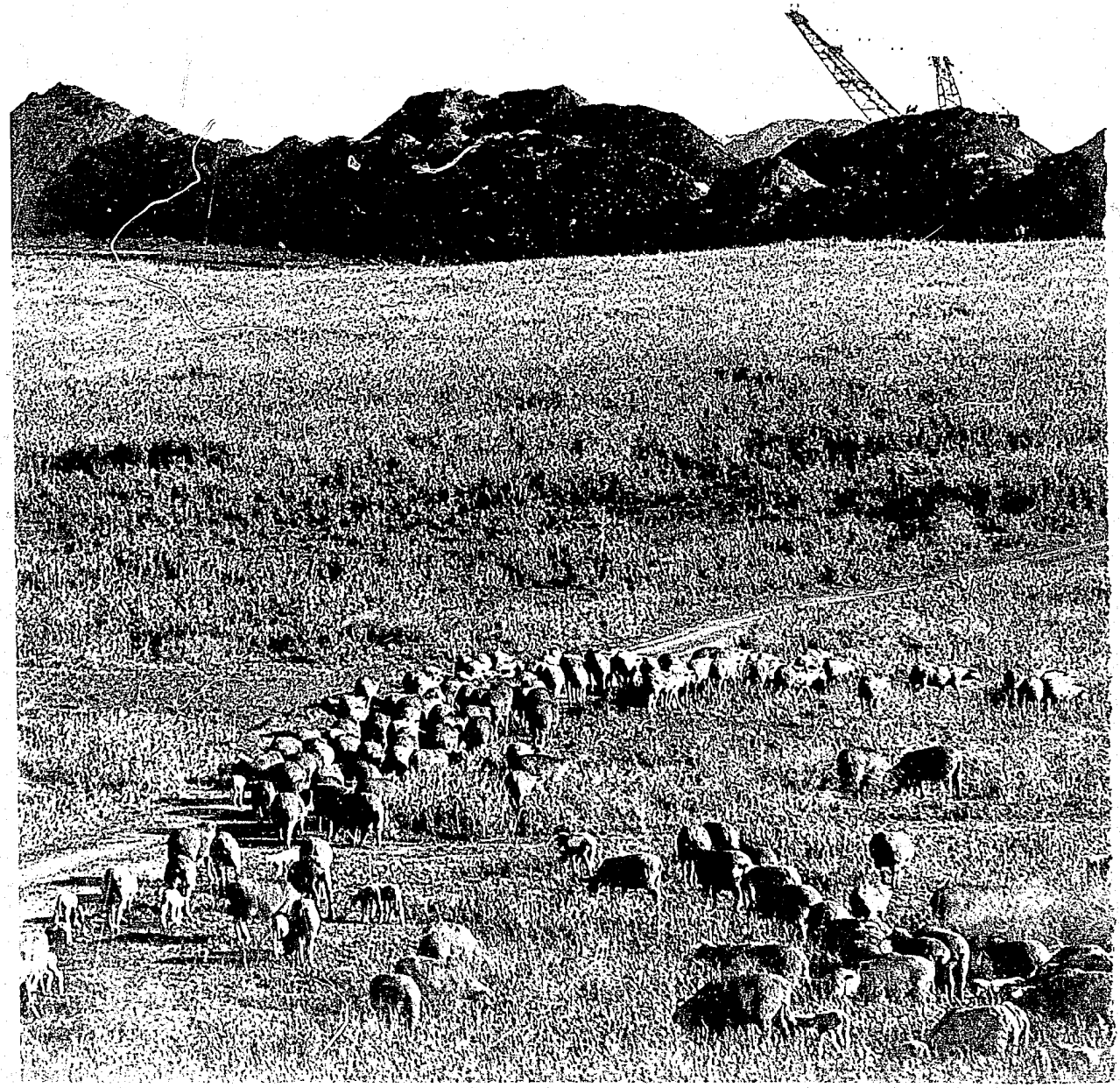
Overleaf: The restoration of mined-out areas at the Group's opencast coal operations is a high priority. At Amcoal's Arnot mine near Middelburg in the Transvaal, the dragline (silhouetted in the background) disturbs surface land at a rate of six hectares a month creating huge spoil heaps which are re-contoured at the same rate. A comprehensive programme is being followed to rehabilitate the soil in these re-contoured areas and to re-introduce pasturage

Interests of the Group

The Anglo American Corporation Group and its associates have direct and indirect interests in a wide range of financial, mining, industrial, prospecting, insurance and other companies. Particulars are given in this section of those companies in which the Group and associates hold significant interests.

Principal finance and investment companies 79

Principal operating companies
Gold and uranium 84
Diamonds 88
Coal 89
Other mining 90
Oil and gas 93
Industry and commerce 95
Property 100
Insurance, banking and general investment 100
Prospecting 102
Service 102



Principal finance and investment companies

In this section of the report the Anglo American Corporation (AAC) Group equity interest reflects the interest of the Corporation and its subsidiaries in each company. In many cases, additional interests are held by finance and investment companies associated with the AAC Group.

Administered within the Anglo American Corporation Group

Anglo American Coal Corporation Limited (Amcoal)

AAC Group equity interest – 48,56 per cent

Amcoal holds the major coal investments of the Anglo American Corporation Group. It is one of the largest coal mining groups in the world with investments in the South African coal industry through its 12 principal subsidiary companies involved in coal mining, the marketing of coal on both the domestic and export markets and related activities. A 51 per cent interest is also held in Vereeniging Refractories Limited, a major producer of refractories and allied products in South Africa.

Amcoal also owns property, mineral and coal rights in the Transvaal and Orange Free State and participates in the coal prospecting programme of the Anglo American Corporation Group through its wholly-owned subsidiary, Amcoal Exploration and Finance Limited.

Year ended December 31 1977	1977 R000's	1976 R000's
Issued capital		
23 491 438 shares of 50 cents each	11 746	11 746
Reserves	153 845	138 846
Long- and medium-term loans	59 317	46 776
Fixed, mining and net township assets	259 195	181 997
Investments		
Listed –		
Book value	860	860
Market value	1 463	1 488
Unlisted –		
Book value	3 811	4 582
Directors' valuation	4 391	5 138
Equity earnings	47 295	*28 188
Dividends paid	14 095	9 396

**As restated after taking into account tax equalisation provision.*

Details of Amcoal's principal interests appear on page 89 of this report.

Anglo American Corporation do Brasil Limitada (Ambras)

Anglo American Corporation and its associates hold an effective 60 per cent interest in Ambras' business other than in gold and diamonds and a 68 per cent interest in its gold business, the remaining interests in these fields being split as to five-eighths Minerals and Resources Corporation Limited and three-eighths Charter Consolidated Limited.

Ambras was formed in 1973 to hold the Group's interests in Brazil, with the purposes of seeking investments, particularly in mining, prospecting for and developing mineral deposits, and providing services to associated companies investing in or trading with Brazil.

In 1975, the company acquired a 49 per cent interest in Mineração Morro Velho, which owns a group of producing gold mines in the state of Minas Gerais.

Ambras, through its associate, Unigeo Geologia e Mineração S.A., is continuing with its in-depth investigation of the Jacobina gold prospect in the State of Bahia, and its widespread prospecting programme throughout Brazil.

Anglo American Corporation of Canada Limited (Amcan)

AAC Group equity interest 29,5 per cent

Amcan was established to consolidate the major part of the Canadian assets of the Anglo American Corporation, De Beers and Charter Consolidated groups. These include both direct and indirect investments in copper, zinc, gold, silver, cadmium, fertilizers, agricultural chemicals, crude oil and natural gas production and prospecting operations.

Year ended December 31 1977	1977 $000's	1976 $000's
Issued capital stock		
9 929 545 shares of no par value consisting of 6 319 614 class 'A' shares and 3 609 931 class 'B' shares	101 085	101 085
Total shareholders' equity	153 445	133 231
Investments		
Listed –		
Book value	—	660
Market value	—	372
Equity value	143 255	122 831
Market value	82 896	83 276
Unlisted –		
Book value	2 387	1 662
Equity value	2 807	1 327
Earnings before extraordinary items (1976 loss)	3 913	(5 934)
Earnings after extraordinary items (1976 loss)	23 771	(14 721)
Dividends paid	4 319	3 972

All amounts are expressed in Canadian currency.

At December 31 1977 Amcan's principal investments were as follows:

	Direct percentage ownership
Ambay Services Limited	50,00
Francana Oil & Gas Ltd	28,29
Hudson Bay Mining and Smelting Co. Limited	36,60
Lytton Minerals Limited	33,94
Tombill Mines Limited	50,66
Whitehorse Copper Mines Limited – joint venture	33,33

Anglo American Corporation Rhodesia Limited (Amrho)

AAC Group equity interest – 16,60 per cent

Amrho, in conjunction with certain other Rhodesian Group companies, holds the Rhodesian interests of the Anglo American Corporation, Minerals and Resources Corporation Limited and Charter Consolidated Limited groups and has a widely diversified portfolio of Rhodesian-based investments. Its major investments include coal, nickel and copper mining, iron, steel, ferrochrome and allied engineering industries, citrus, sugar, general agriculture, forestry and timber processing, cement, flour milling, rolling stock hire, property, merchant-banking and investment finance. In addition Amrho has a substantial participation in the Corporation's prospecting programme in Rhodesia.

Year ended June 30 1977	1977 $000's	1976 $000's
Issued capital		
28 354 606 shares of $1 each	28 355	7 089
Share premium and reserves	33 195	51 555
Unsecured loans	2 400	4 800
Investments		
Listed –		
Book value	19 567	17 735
Market value	26 425	37 970
Unlisted, at book value	31 772	33 779
Equity earnings	4 537	4 153
Dividends paid	1 418	992

All amounts are expressed in Rhodesian currency.

Anglo American Gold Investment Company Limited (Amgold)

AAC Group equity interest – 47,83 per cent

An investment company with major shareholdings in South African gold and uranium mining companies and interests in gold mining and exploration in Australia and Brazil.

Year ended December 31 1977	1977 R000's	1976 R000's
Issued capital		
21 952 012 ordinary shares of R1 each	21 952	21 952
Share premium and reserves	146 709	141 423
Investments		
Listed –		
At cost, less amounts written off	184 731	147 581
Market value	760 811	612 839
Unlisted –		
At cost, less amounts written off	340	340
Directors' valuation	5 289	4 455
Loans	4 955	12 836
Equity earnings	41 507	45 366
Dividends paid	36 221	39 514

The shareholdings of Amgold and its subsidiary company, Orange Free State Investment Trust Limited, at December 31 1977 were:

	Shares held	Percentage interest
Gold producing		
Blyvooruitzicht Gold Mining Company Limited	1 635 000	6,81
Bulfelsfontein Gold Mining Company Limited	2 218 750	20,17
Deelkraal Gold Mining Company Limited	5 468 690	8,68
Doornfontein Gold Mining Company Limited	701 888	7,14
East Driefontein Gold Mining Company Limited	6 063 509	11,12
East Rand Gold and Uranium Company Limited	8 000 000	20,00
Elandsrand Gold Mining Company Limited	11 425 366	22,70
Elsburg Gold Mining Company Limited	1 351 500	4,47
Free State Geduld Mines Limited	2 112 650	20,24
Free State Saaiplaas Gold Mining Company Limited	5 403 667	19,23
Harmony Gold Mining Company Limited	737 000	2,74
Hartebeestfontein Gold Mining Company Limited	1 737 700	15,52
Kinross Mines Limited	102 600	0,57
Kloof Gold Mining Company Limited	2 413 467	7,98
Loraine Gold Mines Limited	2 297 000	14,03
President Brand Gold Mining Company Limited	2 808 000	20,00
President Steyn Gold Mining Company Limited	3 004 500	20,63
St. Helena Gold Mines Limited	1 885 000	19,58
Vaal Reefs Exploration and Mining Company Limited	3 106 490	16,35
Venterspost Gold Mining Company Limited	33 500	0,66
Welkom Gold Mining Company Limited	2 300 000	18,78
West Driefontein Gold Mining Company Limited	2 000 134	14,20

One of the two largest and heaviest loads ever to be transported by road in South Africa – a 57 metre-long, 306 ton steel column en route between the new Natal port of Richards Bay and the Sasol II project at Secunda in the eastern Transvaal. Spearheaded by Freight Services Projects, various companies in the Freight Services group, in which Amic has an effective 40 per cent interest, are responsible for handling this and other Sasol II equipment from the ports of discharge to delivery at the Secunda construction site

	Shares held	Per-centage interest
Western Areas Gold Mining Company Limited	1 016 500	2,52
Western Deep Levels Limited	3 309 290	13,24
Western Holdings Limited	1 569 460	20,94
Winkelhaak Mines Limited	10 000	0,08
Zandpan Gold Mining Company Limited	1 718 250	13,20
Financial		
Ellaton Gold Mining Company Limited	59 000	7,49
Gold Fields of South Africa Limited	1 776 733	10,90
Southvaal Holdings Limited	3 461 202	13,31
Western Ultra Deep Levels Limited	434 400	28,96
Witwatersrand Deep Limited	35 227	2,18
Property		
Carlton Centre Limited – ordinary	50 000	0,18
– 8½ per cent fully paid first mortgage convertible debentures 1979/96	1 000 000	
Prospecting		
Anglo American Corporation do Brasil Limitada (A and B quotas)	17 217 414	*20,00
Australian Anglo American Searches Limited	92 020	20,00
Boskop Areas (West Wits) Limited	7 200	2,40
Goldridge Gold Mining Company Limited	1 200	12,00
Warbler Investments (Proprietary) Limited	4 800	20,00
Other		
Anglo De Beers Forest Services (Lesotho) Limited	2	28,57
Cape Verde (Proprietary) Limited	10	10,00
City of Welkom local registered stock 1995, 11 per cent	R500 000	
Jeannette Gold Mines Limited – ordinary	1 963 002	25,04
– R1 convertible notes	154 972	
Meadow Investments Limited	20 000	22,73
Mulga Mines Proprietary Limited	1 000	20,00
The Afrikander Lease Limited	1 028 298	15,28
The South African Land & Exploration Company Limited	1 058 496	16,04
Unisel Gold Mines Limited	882 500	3,15

**20 per cent interest in gold activities.*

Anglo American Industrial Corporation Limited (Amic)

AAC Group equity interest – 46,2 per cent

Amic was formed to consolidate the industrial holdings of the Anglo American Corporation Group.

Amic's subsidiaries operate in the fields of mining tools, equipment and contracting services; iron, steel and engineering; forestry, saw milling and timber processing. Amic also holds a large portfolio of investments in undertakings complementary to those of its subsidiaries and in industries involved in paper and packaging, freight and travel, chemicals, construction, food and produce, motors and transport, and textiles.

Year ended December 31 1977	1977 R000's	1976 R000's
Issued capital 26 861 947 ordinary shares of R1 each	26 862	26 845
Share premium and reserves	285 002	262 050
Long- and medium-term loans	17 147	17 179
Investments		
Listed – Book value	50 324	50 719
Market value	65 152	56 080
Unlisted – Book value	47 315	45 892
Directors' valuation	53 314	53 578
Equity earnings	40 592	42 949
Dividends paid	18 804	17 370

Principal wholly-owned subsidiary companies at December 31 1977:
Boart International Limited
Bruynzeel Plywoods Limited (equity capital only)
Orange Free State Land and Estate Company (Proprietary) Limited
S.A. Forest Investments Limited (equity capital only)
Scaw Metals Limited

The principal investments of the Amic group at December 31 1977 were:

	Shares held	Per-centage interest
Building and allied industries		
LTA Limited	4 674 716	37,98
Freight and travel		
Freight Services Holdings Limited (directly and through Redbury Holdings Limited)	1 026 266*	40,34
Iron, steel, engineering and related industries		
Consolidated Metallurgical Industries Limited	1 250 000	10,00
Hall Longmore and Company (Proprietary) Limited	61	1,79
Highveld Steel and Vanadium Corporation Limited	5 493 050	8,11
International Pipe and Steel Investments S.A. (Proprietary) Limited – 'C' shares	3 757 426	5,33
J.L. Clark and Company Limited	180 001	20,00
Mainstraat Beleggings (1965) (Eiendoms) Beperk	228 125	12,50
Middelburg Steel and Alloys (Proprietary) Limited	590 907	4,17
Stewarts & Lloyds of South Africa Limited	864 649	3,79
Union Carriage and Wagon Company Limited	189 492	1,16
The Union Steel Corporation (of South Africa) Limited	3 800 000	13,10
Vereeniging Refractories Limited	786 000	15,72
Zinchem and Industrial Mineral Resources (Proprietary) Limited	200 000	19,30
Industrial finance		
Barlow Rand Limited	1 177 000	1,16
De Beers Industrial Corporation Limited	3 625 000	26,36
Mining tools, equipment and contracting services		
Mimbula Fitula Holdings Limited	750 000	18,03
Shafi Sinkers (Proprietary) Limited	300 000	5,00
Smith Boart (Proprietary) Limited	750 000	50,00
Timber and paper		
Cardium Holdings Limited	3 334	33,34

**includes 636 014 indirect*

	Shares held	Per-centage interest
Mondi Paper Company Limited	15 320 120	39,79
Sappi Limited	300 000	1,05
Property		
Isipingo Property Investments Limited	500	25,00
Food and produce		
African Products Limited	323 500	8,76
OKK Foods Limited	250 000	50,00
Soetvelde Farms Limited	648 500	21,62
The Tongaat Group Limited	1 031 250	6,32
Textiles		
Industex (Proprietary) Limited	1 273 217	37,45
Romatex Limited	751 900	2,87
Motor and transport		
McCarthy Group Limited	2 059 940	12,13
McCarthy-Main Holdings Limited	1 500	25,00
Sigma Motor Corporation (Proprietary) Limited	7 013 330	38,05

Anglo American Investment Trust Limited (Anamint)

AAC Group equity interest – 52,16 per cent

An investment company with shareholdings in De Beers Consolidated Mines Limited and certain diamond trading companies

Year ended March 31 1978

	1978 R000's	1977 R000's
Issued capital ordinary shares – 10 000 000 of 50c each	5 000	5 000
six per cent cumulative preference shares – 2 500 000 of R2 each	5 000	5 000
Distributable reserves	53 228	48 894
Investments Listed – At cost	46 411	46 411
Market value	520 123	398 345
Unlisted – At cost	11 656	6 960
Directors' valuation	92 343	47 943
Equity earnings	64 634	44 123
Dividends paid – ordinary	60 000	41 000

Anamint's investments at March 31 1978 were as follows:

	Shares held	Per-centage interest
Abrasive Grit Sales Limited – 'A' shares	21 600	12,00
Anglo American Industrial Corporation Limited	590 625	2,20
De Beers Consolidated Mines Limited – deferred shares	94 862 330	26,37
The Diamond Purchasing and Trading Company (Proprietary) Limited	461 756	18,47
The Diamond Trading Company (Proprietary) Limited	500 000	50,00
Industrial Distributors (1946) Limited – ordinary shares	330 000	13,20
– five per cent cumulative participating preference shares	150 000	30,00
Industrial Grit Distributors (Shannon) Limited	28 000	15,55



Anglo American Properties Limited (Amaprop)

AAC Group equity interest – 48,9 per cent

Amaprop is a property finance company with a diversified spread of investments both as to type and geographical location. It has interests in city-centre office and shopping complexes, hotels, medical suites, parking garages and residential and holiday apartment blocks. In addition it has land holdings and township developments in the Transvaal, Natal and the Cape Province.

Year ended March 31 1978

	1978 R000's	1977 R000's
Issued capital		
ordinary shares – 20 810 608 of 50 cents each	10 405	10 404
deferred ordinary shares – 10 668 000 of 50 cents each	5 334	5 334
seven per cent cumulative convertible redeemable preference shares – 31 422 783 of 50 cents each	15 711	15 713
Share premium and reserves	12 490	12 462
Long-term loans	47 126	45 522
Fixed assets	87 678	87 998
Township properties and debtors	1 809	1 942
Loss attributable to ordinary shareholders	655	206
Accumulated loss	5 716	5 034

Details of Amaprop's interests may be found on page 100 of this report.

Australian Anglo American Limited

AAC Group equity interest – 36,7 per cent

The purpose of this company is to establish mining activities in Australia and neighbouring regions, now primarily through its exploration effort. Active programmes are being conducted throughout Australia, in Fiji and in New Zealand.

Through its subsidiary Mulga Mines Proprietary Limited, Australian Anglo American has a beneficial interest of approximately 78 per cent in the Blue Spec Gold and Antimony Mine in Western Australia which has incurred significant working losses since production commenced during 1976. Although the mine had achieved a small operating surplus in the current period, a decision to cease operations was made early in 1978 and realisation of the mine's assets is virtually complete.

Australian Anglo American administers Australian Anglo American Prospecting Limited, Australian Anglo American Searches Limited and Australian Anglo American Ventures Limited.

Year ended June 30 1977

Issued capital A$18 000 000 in shares of 50 cents each.

Minerals and Resources Corporation Limited (Minorco)

AAC Group equity interest – 39,91 per cent

Minorco, domiciled in Bermuda, is a finance and investment company with substantial investments in international commodity trading, industry, copper mining, base metals and oil exploration and production.

Year ended June 30 1977

	1977 $000's	1976 $000's
Issued capital		
ordinary shares – 73 579 517 of BD$1,40 each	103 011	*103 011
deferred shares – 8 572 of BD$1,40 each	12	12
Share premium and reserves	220 687	250 847
Loans	5 486	12 206
Investments		
Listed –		
Book cost	228 356	229 555
Market value	313 291	363 203
Unlisted, less amounts written off	51 879	81 969
Loans, less amounts written off	10 934	20 425
Equity earnings	12 720	6 944
Transfers from reserves (net)	36 714	1 595
Dividends paid	8 829	8 350

Issued capital is expressed in Bermudian currency and all other amounts in United States currency.

**Consisted of 31 668 809 ordinary shares of BD$1,40 each and 41 910 618 'A' ordinary shares of BD$1,40 each.*
The 'A' ordinary shares were converted to ordinary shares on October 16 1976.

The major investments of Minorco and its subsidiaries at June 30 1977 were:

	Percentage interest
Engelhard Minerals & Chemicals Corporation	29,00
Inspiration Consolidated Copper Company	14,96
Trend International Limited	43,15
Zambia Copper Investments Limited	49,98

Zambia Copper Investments Limited (ZCI)

AAC Group equity interest – 0,80 per cent

ZCI, domiciled in Bermuda, is a finance and investment company with substantial investments in the copper and nickel mining industries. Minorco, in which the Anglo American Corporation Group has a 40 per cent interest, holds 49,98 per cent of the equity of ZCI.

Year ended June 30 1977

	1977 $000's	1976 $000's (restated)
Issued capital		
ordinary shares – 122 559 866 of 24 Bermudian cents each	29 414	24 414
deferred shares – 50 000 of 24 Bermudian cents each	12	12
Share premium and reserves	238 755	261 534
Investments		
Listed –		
At cost	34 364	28 334
Market value	4 985	7 528
Unlisted at cost	173 403	174 448
Loss (1976 profit)	*22 779	(151)
Dividends paid	—	—

**Loss after extraordinary items:*
Zambia Kwacha devaluation – $3 957 000
Provision against investment in and loans to Botswana RST Limited – $20 000 000

Issued capital is expressed in Bermudian currency and all other amounts in United States currency.

The major investments of ZCI and its subsidiaries at June 30 1977 were Nchanga Consolidated Copper Mines Limited 49,00 per cent interest, Roan Consolidated Mines Limited 12,25 per cent interest and Botswana RST Limited 11,75 per cent interest.

Administered outside the Anglo American Corporation Group

Charter Consolidated Limited

AAC Group equity interest – 35,82 per cent

Charter is a United Kingdom mining finance company operating internationally with interests in gold, diamonds, copper, tin and wolfram, platinum, potash and other minerals, and important industrial interests. These include a majority holding in Cape Industries Limited, wholly-owned subsidiaries Elastic Rail Spike Company Limited and Heatrae-Sadia Holdings Limited, and M. K. Refrigeration Limited, a manufacturer of bar cooling equipment, which was acquired in August 1977.

Based on the market value of listed investments and the directors' valuation of unlisted investments, the net asset value at March 31 1978 amounted to £287 604 000 (1977: £273 544 000). The following is an indication of the geographical location of its assets and revenue, taking into account its direct interests and also, where possible, its major indirect interests.

	Assets £000's	Percentage of assets	Percentage of revenue
United Kingdom	98 899	27,0	32,8
Rest of Europe	30 929	8,4	8,0
North and South America	55 043	15,0	9,7
South Africa	136 904	37,3	37,9
Zambia	7 348	2,0	1,5
Rest of Africa	5 665	1,6	2,4
South-east Asia	15 079	4,1	5,7
Australia	16 868	4,6	2,0
	366 735	100,0	100,0

Year ended March 31 1978

	1978 £000's	1977 £000's
Issued capital		
104 837 397 shares of 25p each, fully paid, and 286 500 shares of 25p each, 1p paid up	26 212	26 202
Share premium and reserves	181 150	*190 519
Long-term indebtedness and deferred taxation	58 064	*52 511
Investments		
Listed –		
At cost	133 943	138 519
Market value	210 478	196 412
Unlisted –		
At cost	48 673	57 450
Directors' valuation	52 380	56 380
Equity earnings	25 435	*19 277
Dividends paid	8 703	*7 865

**Restated to reflect change in basis of accounting for deferred taxation.*

All amounts are expressed in United Kingdom currency.

At March 31 1978, Charter's principal direct and indirect investments were as follows:

	Percentage held
Anglo American Corporation do Brasil Limitada	12,0
Anglo American Corporation of Canada Limited	24,8
Anglo American Corporation of South Africa Limited	5,9
Anglo American Investment Trust Limited	10,0
Australian Anglo American Limited	15,0
Beralt Tin and Wolfram Limited	48,2
Botswana RST Limited	4,5
Cape Industries Limited	66,9
Cleveland Potash Limited	37,5
Malaysia Mining Corporation Berhad	28,6
Minerals and Resources Corporation Limited	20,0

	Percentage held
Rustenburg Platinum Holdings Limited	4,2
Selection Trust Limited	25,8
Société Minière de Tenke-Fungurume	14,0
Union Corporation Limited	9,5

De Beers Consolidated Mines Limited (De Beers)

AAC Group equity interest – 30,37 per cent

The principal activities and interests of De Beers are the mining of natural diamonds, the manufacture of synthetic diamond, the marketing of diamonds produced by the group and by other producers, and a portfolio of investments outside the diamond industry. Details of the group's operations may be found on pages 88 and 89 of this report.

Year ended December 31 1977

	1977 R000's	1976 R000's
Issued capital		
40 per cent cumulative preference shares – 800 000 of R5 each (less 4 481 shares held by subsidiary companies)	3 978	3 978
eight per cent cumulative second preference shares – 2 866 929 of R1 each	2 867	2 867
deferred shares – 359 789 042 of five cents each	17 989	17 989
Reserves*	1 401 945	1 067 900
Long-term liabilities	40 886	41 443
Minority interests	72 070	107 300
	1 539 735	1 241 477
Diamond mining and trading assets	170 527	133 824
Diamonds on hand		
Mining companies	38 962	26 690
Other companies	181 783	200 811
Investments		
Listed –		
Book value	325 489	267 088
(Market value)	(612 446)	(342 308)
Unlisted –		
Book value	77 540	116 993
(Directors' valuation)	(130 101)	(153 218)
Long-term loans	72 425	77 846
Net current assets	502 206	342 940
Other	100 803	75 285
	1 539 735	1 241 477
Diamond account	751 155	451 543
Interest and dividend income	169 079	93 624
Other revenue	22 470	13 833
Surplus on realisation of fixed assets	67	(3)
	942 771	558 997
Less: Prospecting, interest and other charges	48 351	42 227
Amounts written off investments less surplus on realisation of investments	6 313	(3 146)
Consolidated profit before tax	888 107	519 916
Taxation and State's share of profits under mining leases	254 618	182 915
Consolidated profit after tax	633 489	337 001
Minority interest	10 174	28 485
Profit attributable to De Beers	623 315	308 516
Deferred dividends	188 889	125 926

**After deducting excess of cost of shares in subsidiary companies over book value of net assets at dates of acquisition.*

Johannesburg Consolidated Investment Company Limited (JCI)

AAC Group equity interest – 40,81 per cent

JCI is a mining finance company with substantial investments in gold, platinum, diamonds, coal, copper and other minerals, and in mining finance, industrial, property and financial investment companies.

The valuation of the company's assets, taking listed investments at market valuations and other assets at directors' valuations, totalled R360,3 million at June 30 1977. Of this total, 65,5 per cent was represented by investments in mining and mineral processing and 33,7 per cent by JCI's interests in industrial, financial and property investments.

Year ended December 31 1977

	1977 R000's	1976 R000's
Issued capital		
Ordinary shares – 7 105 600 of R2 each	14 211	14 211
8,25 per cent cumulative redeemable preference shares – 10 000 000 of R1 each	—	10 000
Share premium and reserves	170 200	165 961
Long-term loans and deferred taxation	86 426	129 413
Investments		
Listed –		
Book value	147 462	150 040
Market value	225 357	267 811
Unlisted –		
Book value	30 886	17 849
Directors' valuation	60 454	47 912
Equity earnings	*15 030	26 206
Dividends paid	12 080	12 080

**After extraordinary item – provision against investment in former subsidiary R12 000 000.*

At June 30 1977, the principal investments of the JCI group were as follows:

	Percentage held
Gold	
Elsburg Gold Mining Company Limited	24
The Randfontein Estates Gold Mining Company, Witwatersrand, Limited	25
Western Areas Gold Mining Company Limited	7
Platinum	
Rustenburg Platinum Holdings Limited	28
Nickel	
Shangani Mining Corporation Limited	49
Diamonds	
De Beers Consolidated Mines Limited	1
Coal	
Tavistock Collieries Limited	52
The Natal Cambrian Collieries Limited	100
Antimony	
Consolidated Murchison Limited	25
Copper	
Otjihase Mining Company (Proprietary) Limited	67
Palabora Mining Company Limited	5
Ferrochrome	
Consolidated Metallurgical Industries Limited	52
Mining Finance	
Free State Development and Investment Corporation Limited	49
Industry	
Anderr Holdings (Proprietary) Limited	98
Argus Printing and Publishing Company Limited	33
Johnson Matthey & Company Limited	24
Lenning Holdings Limited	78
Louw's Creek Timber Limited	100
Mondi Paper Company Limited	14
Steelbrite Limited	64
The South African Breweries Limited	18
Toyota South Africa Limited	15
Finance	
Standard Bank Investment Corporation Limited	1
Property	
Downtown Real Estate Corporation Limited	28
J.H.Isaacs (Proprietary) Limited	49
Main Place Holdings Limited	61
Milpark Investments (Proprietary) Limited	67

Principal operating companies

Testing of the Hurls project – Human Resources Information System – for the Gold and Uranium division at ACSL's computer centre at Welkom in the Orange Free State. The first phase of the system, which will eventually be 'on-line' to all the Group's gold mines, will go into use at Vaal Reefs later this year

Gold and uranium

ORANGE FREE STATE

Administered by Anglo American Corporation

Free State Geduld Mines Limited

AAC Group equity interest – 2,17 per cent

Year ended September 30 1977

	1977	1976
Issued capital 10 440 000 shares of 50 cents each	R5 220 000	R5 000 000
Tons milled	3 436 000	2 104 000
Yield – grams/ton	12,89	16,38
Cost per ton milled	R21,35	R19,91
Working profit	R92 314 000	R73 332 000
Joint Metallurgical Scheme share of profit	R280 000	—
Taxation and State's share of profit	R29 223 000	R38 319 000
Dividends paid	R24 000 000	R20 000 000

With effect from October 1 1976 the mining lease of Freddies Consolidated Mines Limited was amalgamated with that of Free State Geduld and accordingly the 1977 figures relate to the combined operation and are not comparable with the 1976 figures. Previously Free State Geduld held 50 per cent of the share capital of Freddies. The remaining half interest was relinquished by Western Holdings Limited in consideration for 440 000 shares in Free State Geduld and Freddies is now a wholly-owned subsidiary of the company.

Planned production for the year ending September 30 1978: Tonnage 3 200 000; Grade 12,7 grams per ton. Planned capital expenditure R35 000 000, which excludes an amount of R2 000 000 to be spent on the metallurgical complex.

Free State Saaiplaas Gold Mining Company Limited

AAC Group equity interest – 16,18 per cent

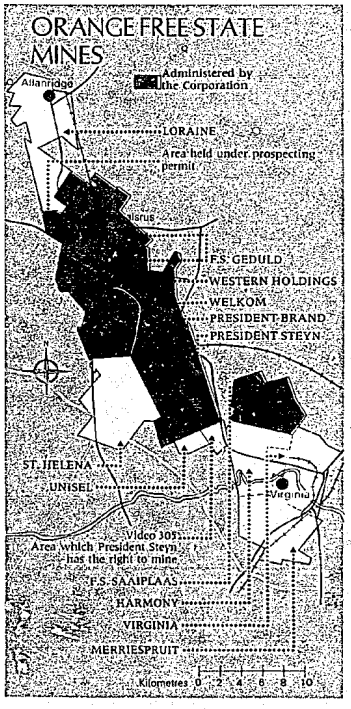
Subsidiary of President Brand Gold Mining Company Limited.

Year ended September 30 1977

	1977	1976
Issued capital 28 100 000 shares of R1 each	R28 100 000	R28 100 000
Tons milled	1 234 000	1 193 000
Yield – grams/ton	3,63	3,26
Cost per ton milled	R19,03	R15,71
Working loss – gold	R6 359 000	R5 001 000
Uranium profit	R4 716 000*	R128 000
Joint Metallurgical Scheme share of profit	R2 173 000	—

**Relates mainly to a spot sale made prior to production under the Joint Metallurgical Scheme.*

Planned production for the year ending September 30 1978: Tonnage 1 200 000; Grade 3,8 grams per ton. In addition the company will treat 45 000 tons of ore a month from President Brand on a cost plus service charge basis. Planned capital expenditure R12 000 000, which includes an amount of R11 200 000 to be spent on the mine's new No. 3 shaft system, which is expected to reach full operating capacity by 1981.



Jeannette Gold Mines Limited

AAC Group equity interest – 56,45 per cent

Year ended March 31 1978

Issued capital: R7 839 000 in shares of R1 each.

The company suspended mining operations towards the end of 1955 before coming into production.

Early in 1974, in view of the increased price of gold, the company began an exploratory drilling programme to supplement existing data in order to provide sufficient information for an assessment to be made on the viability of re-opening the mine. The programme was completed in November 1977. In all, four new holes were drilled and three old holes were re-opened from which deflections were drilled. With the exception of a few isolated results which were very good, the results were generally poor or only average and an assessment of the results is in progress.

In order to finance the completion of the drilling programme the company raised additional funds early in 1976 of R603 000 by means of a rights offer to members, for cash, at par, of R1 units of transferable, unsecured, non-interest-bearing, redeemable and/or convertible Notes – 1979.

President Brand Gold Mining Company Limited

AAC Group equity interest – 11,1 per cent

Year ended September 30 1977

	1977	1976
Issued capital 14 040 000 units of stock of 50 cents each	R7 020 000	R7 020 000
Tons milled*	3 093 000	2 967 000
Yield – grams/ton	10,56	12,98
Cost per ton milled	R22,12	R19,56
Working profit	R54 064 000	R70 700 000
Joint Metallurgical Scheme share of profit	R192 000	—
Taxation and State's share of profit	R6 757 000	R22 721 000
Dividends paid	R18 252 000	R23 868 000

**Includes 196 500 (1976: 506 600) tons treated on the company's behalf, on a cost plus service charge basis, by Free State Saaiplaas Gold Mining Company Limited.*

Planned production for the year ending September 30 1978: Tonnage 3 100 000 (which includes 540 000 tons to be treated by Free State Saaiplaas); Grade 9,8 grams per ton. Planned capital expenditure R10 500 000. In addition, an amount of R16 500 000 is to be spent on the metallurgical complex.

President Steyn Gold Mining Company Limited

AAC Group equity interest – 15,98 per cent

Year ended September 30 1977

	1977	1976
Issued capital 14 566 400 shares of 50 cents each	R7 283 000	R7 000 000
Tons milled	3 100 000	2 593 000
Yield – grams/ton	8,65	10,52
Cost per ton milled	R23,86	R22,21
Working profit	R26 277 000	R32 965 000
Joint Metallurgical Scheme share of profit	R621 000	—
Taxation and State's share of profit	—	R523 000
Dividends paid	R2 857 000	R6 300 000

Planned production for the year ending September 30 1978: Tonnage 3 400 000; Grade 8,0 grams per ton. Planned capital expenditure R19 000 000, which excludes an amount of R2 000 000 to be spent on the metallurgical complex.

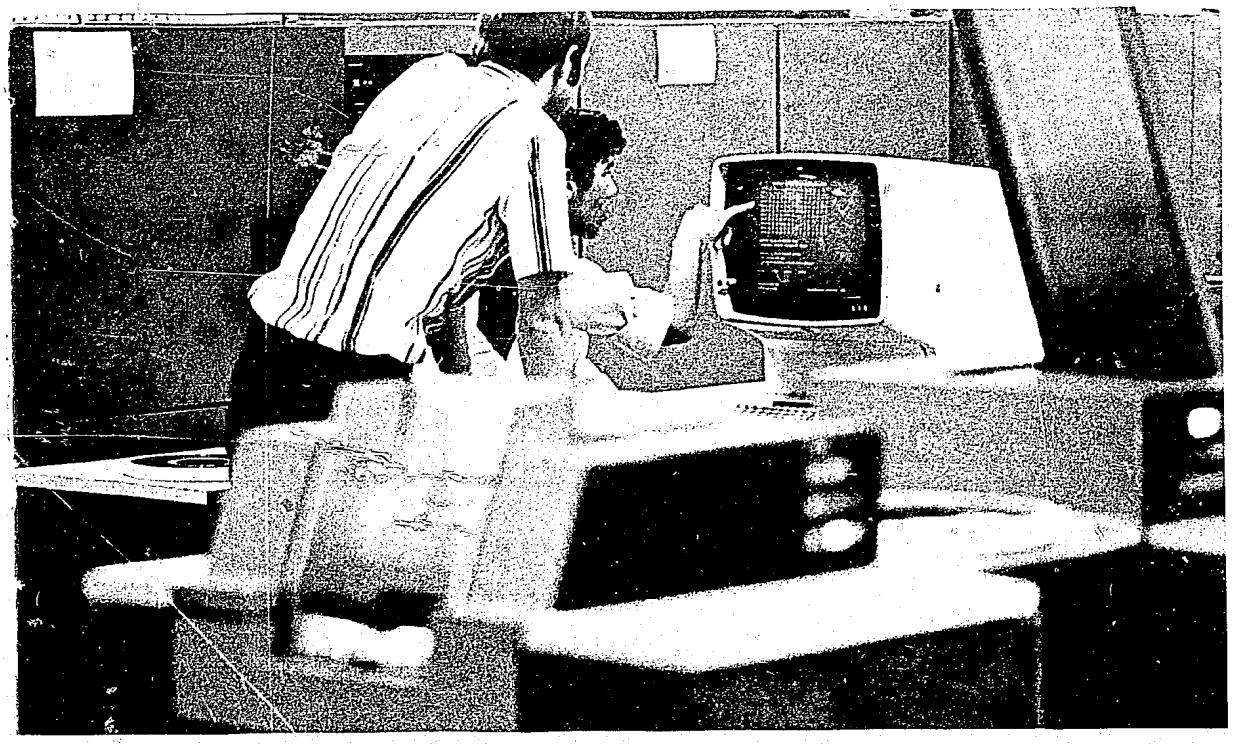
The above results relate to the company and its wholly-owned subsidiary, Video Gold Mining Company Limited, which owns the mineral rights on the farm Video and which President Steyn mines on behalf of the company from its No. 4 shaft.

Welkom Gold Mining Company Limited

AAC Group equity interest – 10,95 per cent

Year ended September 30 1977

	1977	1976
Issued capital 12 250 000 shares of 50 cents each	R6 125 000	R6 125 000
Tons milled	2 183 000	2 101 000
Yield – grams/ton	6,36	6,28
Cost per ton milled	R20,21	R18,40
Working profit	R7 777 000	R6 085 000
Taxation and State's share of profit	R926 000	R389 000
Dividends paid	R4 288 000	R1 837 000



Planned production for the year ending September 30 1978: Tonnage 2 100 000; Grade 6,3 grams per ton. Planned capital expenditure R3 500 000.

Western Holdings Limited

AAC Group equity interest – 6,40 per cent

Year ended September 30 1977

	1977	1976
Issued capital		
7 496 376 shares of 50 cents each	R3 748 000	R3 748 000
Tons milled	3 093 000	2 974 000
Yield – grams/ton	11,77	12,70
Cost per ton milled	R19,74	R17,54
Working profit	R74 389 000	R75 975 000
Joint Metallurgical Scheme share of profit	R534 000	—
Taxation and State's share of profit	R48 215 000	R50 228 000
Dividends paid	R20 990 000	R23 239 000

During the year the company relinquished its 50 per cent interest in Freddies Consolidated Mines Limited in consideration for 440 000 new shares in Free State Geduld Mines Limited. In consequence the company is now the beneficial holder of 4,2 per cent of Free State Geduld.

Planned production for the year ending September 30 1978: Tonnage 3 100 000; Grade 11,0 grams per ton. Planned capital expenditure R6 500 000.

Anglo American Corporation Group Orange Free State mines' Joint Metallurgical Scheme

The six mines administered by the Corporation in the Orange Free State, Free State Geduld, Free State Saaiplaas, President Brand, President Steyn, Welkom and Western Holdings, are involved in a major metallurgical scheme which produces uranium, sulphuric acid and additional gold from current tailings and reclaimed slimes of these mines. The recovery of the uranium from slimes began in March and that from pyrite concentrate in July 1977.

Year ended September 30 1977

Flotation plants	
slime treated – tons	4 767 000
Uranium plant	
slime treated – tons	913 000
concentrate treated – tons	54 000
uranium oxide produced – kg	206 845
Acid plant	
acid produced – tons	137 668
Gold plant	
calcine treated – tons	34 522
gold produced – kg	114
Profit	R3 800 000

Administered by other mining finance houses

Harmony Gold Mining Company Limited

Year ended June 30 1977

	1977	1976
Issued capital		
26 884 650 shares of 50 cents each	R13 442 000	R13 442 000
Tons milled	6 163 000	5 512 000
Yield – grams/ton	5,25	5,26
Cost per ton milled	R17,02	R15,06
Working profit – gold, uranium, pyrite and acid	R32 422 000	R34 731 000
Taxation and State's share of profit	R3 440 000	R3 562 000
Dividends paid	R6 721 000	R17 475 000

During the 1975 and 1976 financial years all the assets of the wholly-owned subsidiaries, Merriespruit (Orange Free State) Gold Mining Company Limited and Virginia Orange Free State Gold Mining Company Limited, were acquired by the company.

Loraine Gold Mines Limited

AAC Group equity interest – 3,79 per cent

Year ended September 30 1977

	1977	1976
Issued capital		
16 366 986 shares of R1 each	R16 367 000	R16 067 000
Tons milled	1 234 000	1 123 000
Yield – grams/ton	6,7	6,6
Cost per ton milled	R27,25	R28,00
Working loss	R1 936 000	R6 455 000
Profit – uranium oxide and pyrite	R221 000	R147 000

The company has an assessed loss for taxation purposes estimated at R30 144 000 at September 30 1977 and remains classified as an assisted mine in terms of the Gold Mines Assistance Act, 1968.

Planned production for the year ending September 30 1978: Tonnage 1 300 000; Grade 6,5 grams per ton. Planned capital expenditure R1 100 000.

St Helena Gold Mines Limited

AAC Group equity interest – 0,46 per cent

Year ended September 30 1977

	1977	1976
Issued capital		
9 625 000 shares of R1 each	R9 625 000	R9 625 000
Tons milled	2 090 000	2 260 000
Yield – grams/ton	10,21	11,53
Cost per ton milled	R17,66	R13,43
Working profit	R41 136 000	R59 284 000
Taxation and State's share of profit	R17 310 000	R26 216 000
Dividends paid	R11 069 000	R16 362 000

In terms of an agreement entered into in 1974 with Unisel Gold Mines Limited, the company is continuing with the establishment of the Unisel mine which the company will develop and operate on behalf of Unisel,

and will provide certain housing facilities, railway facilities and the reduction works capacity to handle the ore from the new mine. St Helena will recover a remuneration based on capital expenditure incurred and on tonnage milled once the new mine comes into production in 1979.

The company's new reduction works has been operating satisfactorily since March 1977 and the new smelt house was commissioned early in 1978.

Unisel Gold Mines Limited

Year ended September 30 1977

Issued capital: R23 136 000 in 28 000 000 shares of no par value.

The company was incorporated in 1972 and during the year took cession of a mining lease over a portion of the farm Jurgens Hof in the Ventersburg district of the Orange Free State. An agreement was entered into in 1974 with St Helena Gold Mines Limited under which St Helena is to develop and operate the new mine on the farm Jurgens Hof on behalf of Unisel.

During 1977 shaft sinking was completed to a final depth of 1977 metres. Trial stoping operations are planned to begin in the first quarter of 1979 and full production to be reached in November 1979.

FAR WEST RAND AND KLERKSDORP

Administered by Anglo American Corporation

Elandsrand Gold Mining Company Limited

AAC Group equity interest – 49,99 per cent

The company was incorporated in 1974 and is establishing a new gold mine in the Oberholzer and Potchefstroom districts of the Transvaal. The mining lease covers an area of 2 619 hectares.

By the end of December 1977 the men/materials shaft had been sunk to a depth of 1 933 metres and the rock/ventilation shaft reached its final depth of 2 195 metres on January 5 1978. The mine is well ahead of schedule and is now expected to come into production in mid-1979, compared with the previous forecast of early 1980. Net expenditure from the inception of the company to the end of 1977 amounted to R98,6 million. Net expenditure for 1977 was R45,4 million and is estimated at R78,0 million for 1978.

Year ended December 31 1977

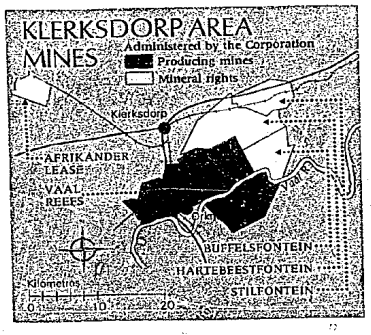
	1977 R000's	1976 R000's
Issued capital 50 322 825 shares of 20 cents each	10 065	4 473
Capital reserve	110 233	56 117
Mining assets	98 645	53 250

In February 1977 the company raised R61 506 000 by means of a rights issue to members of 27 957 125 shares of 20 cents each at R2,20 a share.

Southvaal Holdings Limited

AAC Group equity interest – 9,65 per cent

Vaal Reefs Exploration and Mining Company Limited mines an area south of the Vaal River in terms of an arrangement under which Southvaal Holdings is paid a royalty equal to 55 per cent of the profit from gold and uranium, before tax, after deducting interest and loan repayments due to Southvaal Holdings, repayments by



Vaal Reefs of a certain uranium consumer loan and any capital expenditure incurred within the area which the directors of Vaal Reefs decide should be offset against such profit. Since the consumer loan received by Vaal Reefs is used to finance the residual amount required for capital expenditure on the new South uranium plant after taking taxation into account, the level of profit available in 1977 for distribution to Vaal Reefs shareholders was equal to that which would have been achieved without the capital outlay on the new uranium plant. However, in order that the royalty paid to Southvaal Holdings in 1977 should likewise be unaffected, the directors of Vaal Reefs decided that capital expenditure on the new uranium plant in the South lease area would not be offset against working profit derived from the area, and consequently no deduction was made for the purpose of determining the royalty. The principle that expenditure on the new South uranium plant should not affect the royalty payment to the company will continue to be applied as far as possible. However, in respect of the repayment of the uranium consumer loan over the years 1981 to 1983, appropriations will be made from Vaal Reefs' available profit during this period and concurrently equal amounts will be deducted from profits derived from the South lease area in determining the royalty.

Year ended December 31 1977

	1977 R000's	1976 R000's
Issued capital 26 000 000 shares of 50 cents each	13 000	13 000
Distributable reserve	59	335
Profit after taxation	5 184	543
Dividends paid	5 460	1 560

The Afrikander Lease Limited

AAC Group equity interest – 44,57 per cent

The company owns freehold rights and mineral rights over uranium-bearing areas in the Klerksdorp district of the Transvaal. A detailed feasibility study and pilot plant testwork to determine if a viable uranium mine could be established was concluded in the latter half of 1977. There is, however, concern about certain inflationary factors which could affect the viability of the mine, which is unlike other South African mines that produce uranium as a co-product with substantial gold output. As a result it has been decided to delay a decision on the establishment of a mine and temporarily to suspend sales negotiations until talks with the Government on various aspects of the project are concluded and a general review of the feasibility study has taken place.

Vaal Reefs Exploration and Mining Company Limited

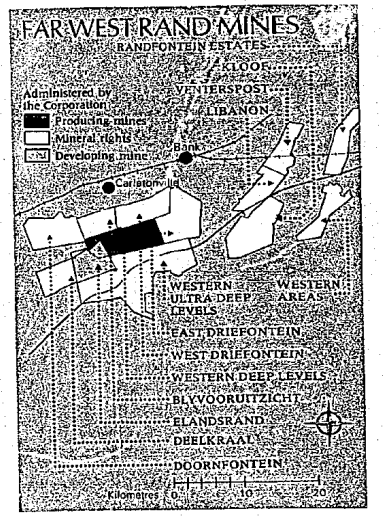
AAC Group equity interest – 9,76 per cent

Year ended December 31 1977

	1977	1976
Issued capital 19 000 000 shares of 50 cents each	R9 500 000	R9 500 000
Tons milled	7 165 000	6 572 000
Yield – grams/ton	8,95	10,04
Cost per ton milled	R26,75	R23,29
Working profit – gold	R74 079 000	R66 241 000
– uranium and sulphuric acid	R17 018 000	R11 745 000
Royalty payment to Southvaal Holdings Limited	R8 462 000	R227 000
Taxation and State's share of profit	R14 250 000	R22 525 000
Dividends paid	R21 850 000	R20 900 000

The uranium treatment plant capacity of the mine is being expanded to 720 000 tons a month, which is planned to be reached in the second half of 1979. Sinking of the new No. 9 shaft is scheduled to start in September 1978 and commissioning is expected in 1983.

Planned production for the year ending December 31 1978: Tonnage 7 200 000; Grade 9,0 grams per ton. Planned capital expenditure R72 000 000.



Western Deep Levels Limited

AAC Group equity interest – 28,7 per cent

Year ended December 31 1977

	1977	1976
Issued capital 25 000 000 shares of R2 each	R50 000 000	R50 000 000
Tons milled	2 977 000	2 941 000
Yield – grams/ton	14,61	15,14
Cost per ton milled	R29,48	R24,70
Working profit – gold	R88 930 000	R76 366 000
– uranium	R3 249 000	R1 719 000
Taxation and State's share of profit	R45 025 000	R38 139 000
Dividends paid	R20 625 000	R22 500 000

Planned production for the year ending December 31 1978: Tonnage 3 000 000; Grade 14,4 grams per ton. Planned capital expenditure R26 000 000.

Administered by other mining finance houses

Blyvooruitzicht Gold Mining Company Limited

Year ended June 30 1977

	1977	1976
Issued capital 24 000 000 shares of 25 cents each	R6 000 000	R6 000 000
Tons milled	1 736 000	1 945 000
Yield – grams/ton	12,48	12,79
Cost per ton milled	R25,53	R19,60
Working profit – gold	R32 620 000*	R50 450 000
Working profit (1976 loss) – uranium	R759 000	R222 000
Taxation and State's share of profit	R9 573 000	R24 670 000
Dividends paid	R11 040 000	R18 000 000

**Includes revenue of R1 061 000 from 281 kilograms of gold sold from clean-up operations at the old reduction works.*

Capital expenditure for the current financial year is estimated at R10,5 million and will be incurred mainly on preparations for increased production from the western section of the mine.

Buffelsfontein Gold Mining Company Limited

AAC Group equity interest – 8,79 per cent

Year ended June 30 1977

	1977	1976
Issued capital 11 000 000 shares of R1 each	R11 000 000	R11 000 000
Tons milled	3 199 000	3 172 000
Yield – grams/ton	9,15	9,31
Cost per ton milled	R24,20	R21,46
Working profit – gold	R25 151 000	R36 731 000
Net profit – uranium, pyrite and acid	R9 502 000	R5 482 000
Taxation and lease payments	R15 058 000	R20 804 000
Dividends paid	R14 300 000	R13 750 000

Planned capital expenditure for the financial year ended June 30 1978 was R18 300 000.

Deelkraal Gold Mining Company Limited

AAC Group equity interest – 1,56 per cent.

Year ended December 31 1977

Issued capital: R12 600 000 in 63 000 000 shares of 20 cents each.

The company was incorporated in 1974 and is establishing a gold mine in the Klerksdorp area of the Transvaal to the south-west of the Western Deep Levels Limited mine and adjoining the Elandsrand Gold Mining Company Limited mine. The viability of the mine has been based solely on the Ventersdorp Contact Reef (VCR) which it is estimated will provide 45 million tons of ore at a mean yield of 10,4 grams a ton. The Elsburg Reefs, slightly below the VCR and lower in value, are expected to yield substantial additional tonnages at little additional cost. The uranium content of the VCR and Elsburg Reefs may be of value in the future, although this contribution to income was ignored in the feasibility study.

The Nos. 1 and 2 shafts have reached their final depths and the provision of the necessary ancillary services is progressing favourably with a view to trial milling beginning early in 1980.

East Driefontein Gold Mining Company Limited

AAC Group equity interest – 5,28 per cent

Year ended December 31 1977

	1977	1976
Issued capital 54 510 000 shares of R1 each	R54 510 000	R54 510 000
Tons milled	2 096 000	1 771 000
Yield – grams/ton	23,3	20,4
Cost per ton milled	R25,08	R21,21
Working profit	R145 914 000	R82 214 000
Taxation and State's share of profit	R83 304 000	R28 181 000
Dividends paid	R42 518 000	R40 883 000

Elsburg Gold Mining Company Limited

AAC Group equity interest – 7,98 per cent

Year ended December 31 1977

	1977 R000's	1976 R000's
Issued capital 30 203 000 stock units of R1 each	30 203	30 203
Dividends paid	2 552	2 945

The company owns 48,7 per cent of the equity of Western Areas Gold Mining Company Limited, the salient features of which are as follows:

	1977	1976
Issued capital 40 306 950 in stock units of R1 each	R40 307 000	R40 307 000
Tons milled	3 579 000	3 585 000
Yield – grams/ton	6,0	6,37
Cost per ton milled	R21,56	R17,22
Working profit	R15 047 000	R16 383 000
Taxation	R1 584 000	R2 056 000
Dividends paid	R5 240 000	R6 046 000

Harlebeestfontein Gold Mining Company Limited

AAC Group equity interest – 7,42 per cent

Year ended June 30 1977

	1977	1976
Issued capital 11 200 000 shares of R1 each	R11 200 000	R11 200 000
Tons milled	2 830 000	2 840 000
Yield – grams/ton	11,3	11,4
Cost per ton milled	R25,91	R22,03
Working profit – gold	R37 735 000	R53 938 000
– uranium and pyrite	R4 424 000	R3 108 000
Taxation and State's share of profit	R20 828 000	R31 874 000
Dividends declared	R15 120 000	R21 280 000

Planned production for the year ending June 30 1978: Tonnage 2 900 000; Grade 11,0 grams per ton. Planned capital expenditure R15 000 000.

Kloof Gold Mining Company Limited

AAC Group equity interest – 0,11 per cent

Year ended June 30 1977

	1977	1976
Issued capital 30 240 000 shares of R1 each	R30 240 000	R30 240 000
Tons milled	1 527 000	1 391 000
Yield – grams/ton	12,4	11,2
Cost per ton milled	R27,40	R22,70
Working profit	R25 111 000	R24 259 000
Taxation and State's share of profit	R6 294 000	R5 021 000
Dividends paid	R9 072 000	R14 213 000

Planned capital expenditure for the year ended June 30 1978 was R14,1 million.

West Driefontein Gold Mining Company Limited

Year ended June 30 1977

	1977	1976
Issued capital 14 082 160 shares of R1 each	R14 082 000	R14 082 000
Tons milled	2 223 000	2 646 000
Yield – grams/ton	23,7	21,5
Cost per ton milled	R25,25	R18,81
Working profit – gold	R131 357 000	R152 628 000
– uranium and acid	R3 890 000	587 000
Taxation and State's share of profit	R79 145 000	R92 678 000
Dividends paid	R39 430 000	R47 175 000

Planned capital expenditure for the year ended June 30 1978 was R16 500 000.

Zandpan Gold Mining Company Limited

AAC Group equity interest – 9,13 per cent

The company's main business is the holding of a 19,6 per cent investment in Harlebeestfontein Gold Mining Company Limited, the operating results of which appear earlier in this section.

Year ended June 30 1977

	1977 R000's	1976 R000's
Issued capital 13 020 285 shares of R1 each	13 020	13 020
Dividends paid	2 864	4 069

EAST RAND AND EVANDER

Administered by Anglo American Corporation

East Daggafontein Mines Limited

AAC Group equity interest – 13,31 per cent

Year ended December 31 1977

Underground operations at the company's mine were terminated in November 1976 and subsequent activities have been confined to clean-up operations and the salvage and sale of plant and equipment.

The company has negotiated the sale of its gold recovery plant, and in terms of the agreement will receive a share of the income from the sale of gold recovered by the buyer from the surface area of the mine and from material brought in from outside sources.

Two tributing agreements providing for royalty payments to the company have been concluded. In the first instance, limited underground mining operations in a defined area are permitted with a view to recovering small patches of residual ore which could not be profitably mined by the company prior to the cessation of underground operations. In the second case the tributing agreement provides for a neighbouring mine to mine an area of 12 hectares within the company's mining lease area.

East Rand Gold and Uranium Company Limited (Ergo)

AAC Group equity interest – 38,81 per cent

Year ended March 31 1978

Ergo has established a treatment plant in the Springs area for the purpose of recovering gold, uranium and sulphuric acid from old mining slimes dams on the East Rand. The company began production in February 1978 with the recovery of the first uranium. Sulphuric acid production started in March and the first bar of gold bullion was produced in April. Initial annual production will be approximately 7 000 kilograms of gold, 200 tons of uranium oxide and 530 000 tons of sulphuric acid, of which about 460 000 tons will be for sale and the balance will be used by the company.

The issued capital is R20 000 000 in 40 000 000 shares of 50 cents each.

The South African Land & Exploration Company Limited

AAC Group equity interest – 18,95 per cent

Year ended December 31 1977

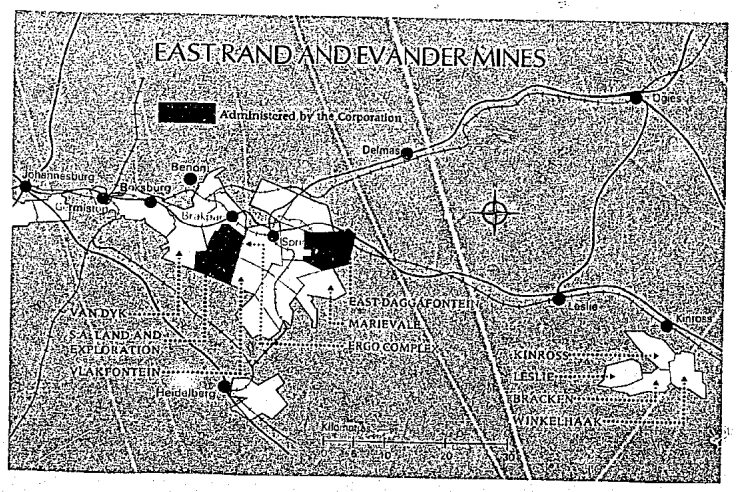
	1977
Issued capital	
6 600 000 shares of 35 cents each	R2 310 000
Tons milled from dumps	897 000
Yield – grams/ton	1,82

The previous year's operations are not comparable and the 1976 figures have therefore been omitted.

Notwithstanding that underground mining operations ceased at the end of 1976, recovery of gold from clean-up and treatment of waste rock dumps in the vicinity realised gold revenue of R6,7 million for the year ended December 31 1977. Revenue of R2,9 million from the sale of capital items, salvaged equipment and scrap, plus sundry revenue of R761 000, brought the mine's total income for the year to R10,4 million. After deductions of R6,9 million for operating and salvage costs, and estimated taxation of R831 000 the company recorded a surplus of R2,7 million.

Prospecting expenditure for the year totalled R462 000 and drilling of the two surface exploration boreholes in the area to the south and south-west of the mine workings is continuing. The total drilling expenditure to end-December 1977 amounted to R576 000 which is being financed from the proceeds of the rights issue made towards the end of 1976.

It is estimated that a further amount of some R400 000 will be spent to complete this phase of the drilling programme and a decision regarding further boreholes is dependent on the results of the current drilling phase as they become known.



Administered by other mining finance houses

Winkelhaak Mines Limited

AAC Group equity interest – 8,20 per cent

Year ended September 30 1977

	1977	1976
Issued capital		
12 000 000 shares of R1 each	R12 000 000	R12 000 000
Tons milled	2 025 000	2 015 000
Yield – grams/ton	7,85	7,65
Cost per ton milled	R13,13	R11,25
Working profit	R32 568 000	R30 730 000
Taxation and lease consideration	R21 782 000	R20 544 000
Dividends paid	R10 320 000	R9 120 000

Diamonds

Administered outside the Anglo American Corporation Group

De Beers Consolidated Mines Limited (De Beers)

AAC Group equity interest – 30,37 per cent

Financial details of De Beers may be found on page 83 of this report.

Principal interests at December 31 1977 (all wholly-owned subsidiaries unless otherwise indicated):

1 The Kimberley Division of De Beers operates the De Beers, Dutoitspan, Bultfontein and Wesselton mines at Kimberley, the Finsch mine north-west of Kimberley and the Koffiefontein mine in the Orange Free State. The Namaqualand Division is currently mining alluvial deposits on the farms Annex Kleinzee and Dreyers Pan. Production from the new Koingnaas and Langhoogte mines will commence shortly. De Beers also operates the Premier mine at Cullinan in the Transvaal.

2 The Consolidated Diamond Mines of South West Africa (Proprietary) Limited carries on open-cast alluvial mining operations along the southern portion of the coast of South West Africa, and is a leading producer of gem diamonds.

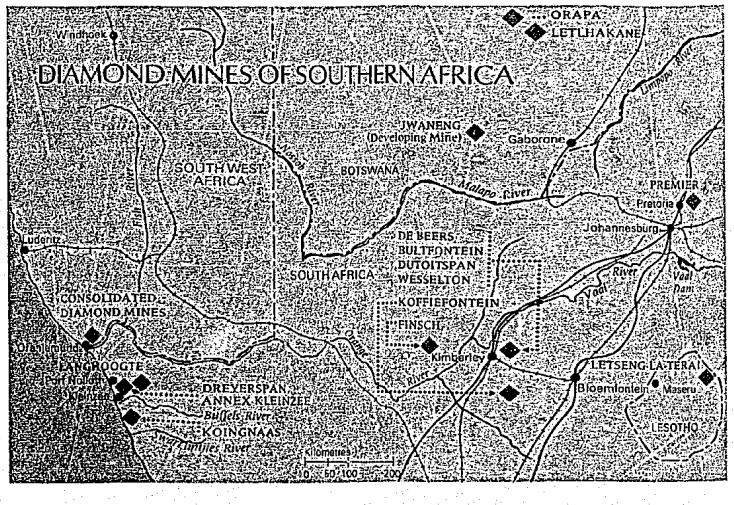
3 De Beers Lesotho Mining Company (Proprietary) Limited (75 per cent owned) operates the Letseng-la-Terai diamond mine in Lesotho, which reached full production in September 1977.

4 De Beers Botswana Mining Company (Proprietary) Limited (50 per cent owned) operates the Orapa and Letlhakane mines in Botswana. An important new mine is shortly to be developed at Jwaneng in southern Botswana and will take about four years to be brought into production.

5 De Beers Industrial Diamond Division (Proprietary) Limited is the outlet for the sale of De Beers natural diamond drilling materials and boart. It is, in addition, the management company implementing the policy of the industrial diamond division and administers the De Beers Diamond Research Laboratory.

6 The Diamond Corporation (Proprietary) Limited and its subsidiaries contract with various producers who are not members of The Diamond Producers Association for the purchase of their production. The corporation has built up large financial resources which facilitate the holding of stocks of diamonds, thereby stabilising the trade.

7 De Beers Industrial Corporation Limited (60,93 per cent owned) is an industrial finance and investment



company whose main asset is a direct and indirect interest of 39,98 per cent in the issued ordinary share capital of AECI Limited. It also has a direct interest of 9,16 per cent in Mondi Paper Company Limited.

8 De Beers Consolidated Mines Limited and its subsidiaries hold 33,14 per cent of the issued ordinary share capital of Anglo American Corporation of South Africa Limited and also have substantial direct interests in other mining finance and investment companies as well as in gold and uranium, diamond, copper and other base metals, coal, industrial and commercial, banking and property companies.

Coal

Administered within the Anglo American Corporation Group

Anglo American Coal Corporation Limited (Amcoal)

AAC Group equity interest – 48,56 per cent

Financial details of the Amcoal group are given on page 79.

Group coal and coke sales comprise the following:

	1977 Tons	1976 Tons
Escom	15 608 000	14 447 000
Iscor	1 755 000	1 985 000
Transvaal Coal Owners Association (TCOA)	7 514 000	5 889 000
Other	825 000	891 000
	25 702 000	23 212 000

The principal companies in the group are as follows (all wholly-owned subsidiaries unless otherwise indicated):

Coal mining and related activities
Amalgamated Collieries of South Africa Limited
Amcoal Exploration and Finance Limited
Anglo Power Collieries (Proprietary) Limited
Blesbok Colliery Limited
The Coronation Collieries Limited
New Largo Colliery Limited
South African Coal Estates (Witbank) Limited
Springbok Colliery Limited
Springfield Collieries Limited
Transvaal Coal Corporation Limited
Vryheid Coronation Limited (65 per cent held)
Witbank Coal Holdings Limited

Industrial
Vereeniging Refractories Limited (51 per cent held)

Morupule Colliery (Proprietary) Limited

AAC Group equity interest – 53,0 per cent

The company operates a mine near Palapye in Botswana. The bulk of the coal produced is sold to the Botswana Power Corporation and BCL Limited.

	Fifteen months ended March 31 1978	Year ended December 31 1976
Issued capital 100 shares of P1 each	P100	P100
Coal sales – tons	357 000	226 000
Net profit	P1 157 000	P539 000

Financial amounts are expressed in Botswana currency.

Natal Anthracite Colliery Limited

AAC Group equity interest – 41,1 per cent

The company operates a colliery near Vryheid, Natal, which produces high-grade low phosphorus anthracite. A wholly-owned subsidiary, Balgray Collieries (Proprietary) Limited mines lower grade anthracite in the district of Utrecht, Natal. The other two wholly-owned subsidiaries, Carnarvon and Impati, supply anthracite from their existing dumps.

	Eighteen months ended December 31 1977	Year ended June 30 1976
Issued capital 4 000 000 stock units of 50 cents each	R2 000 000	R2 000 000
Coal sales – tons*	1 488 000	727 000
Consolidated profit after taxation	R7 513 000	R2 258 000
Dividends paid	R2 680 000	R1 080 000

**Includes sales by the wholly-owned subsidiaries, Balgray, Carnarvon and Impati.*

Natal Coal Exploration Company Limited

AAC Group equity interest – 33,83 per cent

With the closure of the company's colliery in October 1968, the company's business is confined to the receipt of royalty income from:

1 The lease of its bituminous coal trade allocation to three other producing collieries in Natal.

2 The lease of its coal reserves in the Mooikrantz area to The Natal Cambrian Collieries Limited. The exploitable reserves are expected to be exhausted by 1980.

	Eighteen months ended December 31 1977 R000's	Year ended June 30 1976 R000's
Issued capital 5 000 000 shares of 50 cents each	2 500	2 500
Net profit	311	209
Dividends paid	313	200

Swaziland Collieries Limited

The company operates a colliery at Mpaka, Swaziland.

Year ended March 31 1978	1978	1977
Issued capital 1 264 620 shares of E2 each	E2 529 240	E2 529 240
Coal sales – tons	134 000	123 000
Net profit	E311 000	E314 000

All amounts are expressed in Swaziland currency.

Vierfontein Colliery Limited

AAC Group equity interest – 7,64 per cent

The company operates a colliery in the Viljoenskroon district of the Orange Free State and produces bituminous coal for sale under contract to the Electricity Supply Commission's Vierfontein Power Station.

	Eighteen months ended December 31 1977	Year ended June 30 1976
Issued capital 4 000 000 shares of 50 cents each	R2 000 000	R2 000 000
Coal sales – tons	1 946 000	1 361 000
Profit after taxation	R560 000	R429 000
Dividends paid	R480 000	R340 000

Wankie Colliery Company Limited

The company mines coal and produces coke in Rhodesia.

Year ended August 31 1977

	1977	1976
Issued capital		
25 333 488 shares of $1 each	$25 333 000	$25 333 000
Sales		
Coal – tons	2 197 000	2 496 000
Coke – tons	194 000	211 000
Tar – litres	6 595 000	7 804 000
Profit after taxation	$2 643 000	$2 790 000
Dividends paid	$1 900 000	$1 900 000
Investments		
Listed –		
At cost	$1 045 000	$1 080 000
Market value	$755 000	$774 000
Unlisted	$294 000	$294 000
Other loans	$2 558 000	$3 192 000

All amounts are expressed in Rhodesian currency.

Zuinguin Natal Collieries Limited

AAC Group equity interest – 48,13 per cent

The company's wholly-owned subsidiary, Indumeni Coal Mines Limited, operates a colliery near Dundee, Natal, and produces coking coal for supply to the South African Iron and Steel Industrial Corporation Limited (Iscor).

	Eighteen months ended December 31 1977	Year ended June 30 1976
Issued capital		
1 400 000 shares of 50 cents each	R700 000	R700 000
Coking coal sales – tons*	552 000	365 000
Consolidated profit after taxation	R672 000	R431 000
Dividends paid	R560 000	R336 000

**Sales by the wholly-owned subsidiary company, Indumeni Coal Mines Limited.*

Administered outside the Anglo American Corporation Group

Arlex Mines Limited

AAC Group equity interest – 4,44 per cent

The company operates a colliery in the Witbank district of the Transvaal.

Year ended December 31 1977

	1977	1976
Issued capital		
ordinary shares – 1 950 000 of R1 each	R1 950 000	R1 950 000
5½ per cent redeemable cumulative preference shares – 90 000 of R2 each	R180 000	R180 000
Coal sales – tons	2 101 000	1 873 000
Net profit	R5 633 000	R6 083 000
Dividends paid – ordinary	R692 000	R692 000

Blinkpan Koolmyne Beperk

AAC Group equity interest – 17,50 per cent

This company, which is part of the Trans-Natal Coal Corporation Limited group, operates two mines in the Middelburg district of the Transvaal: Blinkpan Colliery, which supplies coal to Escom's Kendal power station, and the recently established Haasloutein Colliery, which was developed to supply a portion of the coal export requirements arising from the contract between the TCOA and the Japanese steel mills.

During the year ended June 30 1977, sales of Haasloutein coal contributed 854 000 tons towards total sales of 3 569 000 tons by the company.

Trans-Natal Coal Corporation Limited

The company operates a group of collieries in the Transvaal and Natal.

Year ended June 30 1977

	1977	1976
Issued capital		
50 760 000 shares of 50 cents each	R25 380 000	R21 150 000
Coal sales – tons	20 481 000	17 955 000
Net profit	R19 107 000	R10 384 000
Dividends paid	R8 037 000	R4 018 000

Witbank Colliery Limited

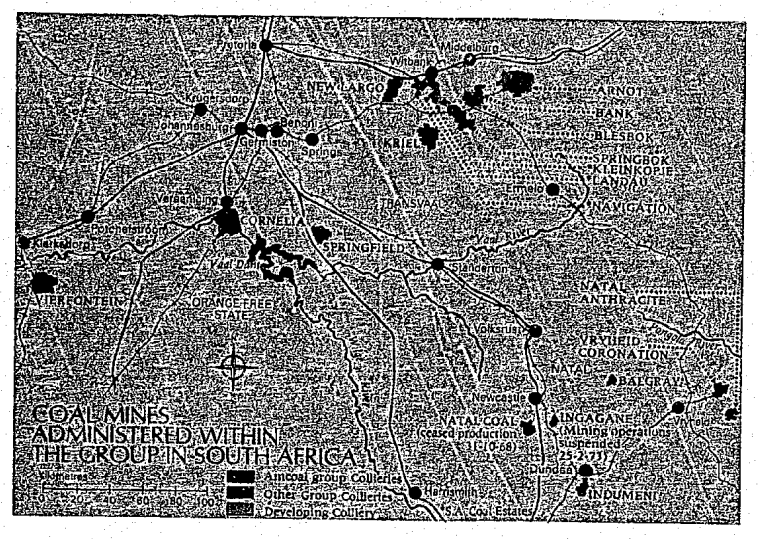
AAC Group equity interest – 0,47 per cent

Through a wholly-owned subsidiary, the company operates five collieries in the Witbank district of the Transvaal.

Year ended September 30 1977

	1977	1976
Issued capital		
6 288 280 ordinary shares of R2 each	R12 576 000	R12 576 000
Coal sales – tons	6 862 000	6 068 000
Consolidated profit after taxation	R34 093 000	*R14 223 000
Dividends paid	R3 333 000	R354 000

**After deducting R131 000 in respect of non-recurring transactions.*



Other mining

Administered within the Anglo American Corporation Group

Middelplaats Manganese Limited

In 1969 the company acquired the mineral rights of the remaining extent of the farm Middelplaats, situated in the Sishen area of the northern Cape manganese belt. Drilling on the property indicated reserves of manganese ore in excess of 52 million tons at a grade of approximately 38 per cent manganese and four per cent iron.

Following a detailed feasibility report, the mine is presently under construction with the sinking of the rock shaft and incline services ramp. Site preparation for the construction of the plant has begun and the establishment of housing for employees is continuing. The deposit will be mined by underground mechanical methods and it is planned that production will begin in mid-1979. The estimated capital cost of the project is R47 million.

Rhodesian Nickel Corporation Limited

AAC Group equity interest – 34,11 per cent

The company owns the entire issued share capitals of Trojan Nickel Mine Limited and Madziwa Mines Limited, whose nickel mines are situated in the Bindura, Filabusi and Shamva districts of Rhodesia. The company's other wholly-owned subsidiary, Bindura Smelting and Refining Company Limited, which is situated next to the Trojan Nickel Mine at Bindura, produces refined nickel from nickel concentrates received from the company's three nickel mines, and also from Shangani Mining Corporation Limited's mine, 100 kilometres north-east of Bulawayo. Copper is also produced as a by-product of the refining process.

Year ended March 31 1978

	1978 $000's	1977 $000's
Issued capital		
24 000 000 shares of 50 cents each	12 000	12 000
Unsecured loans	17 928	17 485
Equity earnings	2 275	3 599
Dividends paid	720	1 680

All amounts are expressed in Rhodesian currency.

Shangani Mining Corporation Limited

AAC Group equity interest – 12,50 per cent

The company operates a nickel mine at Shangani, about 100 kilometres north-east of Bulawayo in Rhodesia. Mining operations started in the first quarter of 1976 and during the year ended June 30 1977 tonnage milled amounted to 1 219 000 tons. Ore is refined by the Bindura Smelting and Refining Company Limited.

Swaziland Iron Ore Development Company Limited

AAC Group equity interest – 59,43 per cent

The company is currently fulfilling a contract for the supply of six million dry long tons of medium-grade ore to Japanese steel mills. Railage and loading facility problems at Maputo during the period under review resulted in the company failing to meet its contractual delivery target of two million tons a year. However, the company operated at a profit and dividends were declared.

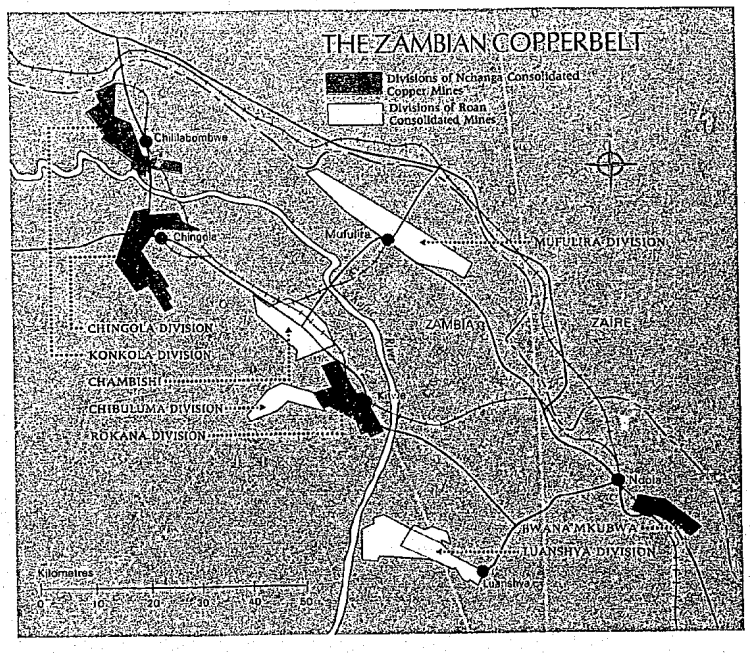
In December 1977 mining operations ceased as a result of ore reserves being depleted and presently the company is treating a large accumulated stockpile. At current delivery rates all operations at the mine are expected to end during 1980.

Zinchem & Industrial Mineral Resources (Proprietary) Limited

AAC Group equity interest – 76,42 per cent

The company, through its major subsidiaries, G. & W. Base and Industrial Minerals (Proprietary) Limited, G. & W. Industrial and Chemical Supplies (Proprietary) Limited and Hudson Mining Company (Proprietary) Limited, is engaged in the mining, processing and marketing of a wide range of industrial minerals to a number of industries including the foundry, refractory, paint, rubber, plastic, oil drilling, chemical, ceramic, glass, agricultural and pharmaceutical industries. It has a number of mining operations in various parts of the country and its main processing plant is situated at Wadeville, Germiston. G. & W. Industrial and Chemical Supplies also exports chrome sand to Europe and operates a drying and bagging plant at Vlissingen in Holland, from which the product is distributed throughout Europe.

Another subsidiary, Zinchem (Proprietary) Limited, produces zinc dust for the gold mines and the paint industry and zinc oxide for use in the rubber, paint, ceramic, pharmaceutical, agricultural and chemical industries.



Administered outside the Anglo American Corporation Group

Botswana RST Limited

AAC Group equity interest – 12,05 per cent

The company, of which the Group and associates directly and indirectly hold nearly 30 per cent, has an interest of 85 per cent in BCL Limited, a company conducting a nickel and copper mining operation at Selebi-Phikwe in Botswana. The remaining 15 per cent interest in BCL is held by the Government of Botswana.

The Selebi-Phikwe project is being undertaken in two phases. The first phase, completed in 1977, involved the construction of the mining and ancillary facilities at Phikwe, the smelting and concentrating facilities for the entire project and the mining shaft at Selebi. The second phase, comprising the development of the underground mine at Selebi, is expected to be completed in 1979.

Processing problems are being resolved in all sections of BCL's operations, and during the second half of 1977 production of copper-nickel matte reached a further record of 19 307 tons.

Year ended December 31 1977

	1977 P000's	1976 P000's
Issued capital		
17 979 282 shares of P2 each	35 959	35 959
Long-term loans	278 964	227 913
Mining assets and other capitalised expenditure	203 056	204 182
Production of copper-nickel matte – tons	30 772	32 506
Total sales revenue	68 540	64 041
Net loss	35 082	29 913

All amounts are expressed in Botswana currency.

Cleveland Potash Limited

AAC Group equity interest – 12,50 per cent

The company operates a potash mine and an associated processing plant in the Cleveland area of north-east England. The introduction of continuous mining machines, which began in 1977, and the adaptation of conventional mining techniques to deal with the difficult geological conditions have produced improved results. A further sum of £18 million was made available by shareholders to the company during the year to meet expenditure required for the build-up of production.

Year ended December 31 1977

	1977 £000's	1976 £000's
Issued capital		
ordinary shares – 7 000 000		

	1977 £000's	1976 £000's
of £1 each	7 000	7 000
10 per cent redeemable participating preference shares of £1 each	30 000	22 500
Share premium	2 123	2 123

All amounts are expressed in United Kingdom currency.

Hudson Bay Mining and Smelting Co. Limited (Hudbay)

Hudbay, a Canadian company, is a diversified resource-oriented organisation with Canadian and international operations and investments in the fields of mining and metallurgy, fertilizers and chemicals, and oil and gas. Anglo American Corporation of Canada Limited, in which the Anglo American Corporation Group has a 29,5 per cent interest has, in turn, a direct and indirect interest of 38,13 per cent in Hudbay.

Hudbay primarily produces copper and zinc from ore mined in the Flin Flon-Snow Lake area of Manitoba, approximately 650 kilometres north-west of Winnipeg.

Production of ore from these mines totalled 1 822 000 tons in 1977 (1976: 1 563 000 tons) and metal production from all sources was as follows:

	1977 000's	1976 000's
Refined copper (pounds)	135 363	122 550
Slab zinc (pounds)	151 820	120 860
Cadmium (pounds)	219	283
Selenium (pounds)	135	120
Gold (ounces)	74	66
Silver (ounces)	1 322	1 221
Lead (pounds)	915	695

Proven reserves of copper-zinc ore in the company's mines in the Flin Flon-Snow Lake area at December 31 1977 totalled 17 511 100 tons, assaying: copper 2,75 per cent, zinc: 2,7 per cent, gold: 0,036 ounces per ton, silver: 0,53 ounces per ton.

Since 1970, Hudbay has diversified into other resources and geographic areas, the most important of which are:

1. A 50,5 per cent interest in Terra Chemicals International, Inc., which manufactures chemical fertilizers and feed ingredients at Port Neal, Iowa, and distributes these and allied agricultural products in the United States.
2. A 54,9 per cent interest in Francana Oil & Gas Ltd., which is engaged in the exploration for and production of crude oil and natural gas in Canada and which in turn has a 56,8 per cent interest in Trend International Limited, a corporation engaged primarily in the production of crude oil in Indonesia and in the United States and international exploration for oil and gas.
3. A 61,9 per cent interest in Canadian Merrill Ltd., which is engaged principally in oil and gas production in Canada and the United States.
4. A 23,4 per cent interest in Inspiration Consolidated Copper Company, which is primarily engaged in the production and sale of copper from its Arizona properties.
5. A 41,2 per cent interest in Whitehorse Copper Mines Limited, which produces copper concentrates from a mine at Whitehorse in the Yukon. Hudbay announced in June 1978 that it was making an offer for all the outstanding Whitehorse shares which it did not already own.

During 1977 the company's Sylvite Division potash mine and refinery was sold to the province-owned Potash Corporation of Saskatchewan for $143 million.

Year ended December 31 1977	1977 $000's	1976 $000's
Issued capital stock 10 101 739 shares of no par value	71 247	71 247
Total shareholders' equity	254 755	203 826
Investments in other companies	42 927	53 530
Gross revenue from sale of products, less freight and selling expenses	346 346	343 647
Net earnings after taxation (before extraordinary items)	4 413	2 819
Net earnings (loss) after extraordinary items	56 990	(8 279)
Dividends paid	6 061	8 018

All amounts are expressed in Canadian currency.

Inspiration Consolidated Copper Company (ICC)

ICC is an integrated American natural resources company. Its principal business is the production and sale of copper from its operations, which includes mines, smelter, refinery, rod fabricating and sulphuric acid plants in the state of Arizona. It has substantial reserves of copper ore. ICC also smelts copper-bearing materials for other producers, and owns and operates a silver mine in Montana.

At December 31 1977, Hudbay and Minorco had interests of 23,42 and 15,62 per cent respectively in ICC. In June 1978 the two companies announced that they proposed to make an offer for all of the shares of ICC not already held by them. Hudbay and Minorco have pooled their ICC interests in a jointly-owned US company which will also become the holder of all shares acquired as a result of the offer.

Year ended December 31 1977	1977	1976
Issued common stock 3 292 184 shares of $1 each	$3 292 000	$3 292 000
Number of shares outstanding	3 269 984	3 269 984
Total shareholders' equity	$101 387 000	$113 183 000
Deliveries of copper (pounds)	90 873 000	90 593 000
Revenue	$95 676 000	$91 425 000
Net loss (1976 earnings)	$11 142 000	($126 000)
Dividends paid on common stock	$654 000	$1 635 000

All amounts are expressed in United States currency.

Kiln Products Limited

AAC Group equity interest – 41,85 per cent

The company, which is a member of the Gold Fields of South Africa Limited group, operates a kiln at the Berg Aukas mine near Grootfontein in South West Africa. It produces zinc oxides from zinc silicate concentrates and zinc-bearing residues purchased from its wholly-owned subsidiary, The South West Africa Company, Limited. The zinc oxide production is sold to a South African zinc refining company within the Gold Fields group.

Nchanga Consolidated Copper Mines Limited

The company operates a copper mine, a refinery and a centralised services division at Kitwe and copper mines at Chingola and Chililabombwe on the Zambian Copperbelt. A lead and zinc mine is in operation at Kabwe, some 200 kilometres south of the Copperbelt. The Zambian government holds 51 per cent of Nchanga's issued ordinary share capital, in the form of 'A' ordinary shares. Zambia Copper Investments Limited holds the remaining 49 per cent, in the form of 'B' ordinary shares.

Year ended March 31 1977	1977 K000's	1976 K000's
Issued capital		
'A' ordinary shares – 64 373 152 of K2 each	128 746	128 746
'B' ordinary shares – 61 848 715 of K2 each	123 698	123 698
five per cent redeemable cumulative preference shares – 153 970 of K2 each	308	416
5½ per cent redeemable cumulative preference shares – 285 050 of K2 each	570	636
Share premium and reserves	185 348	187 905
Long-term loans	140 579	139 732
Production of finished copper – tons	427 810	385 414
Copper sales – tons	425 931	386 201
Average proceeds per ton	K1 072	K768
Total sales revenue – all metals	506 383	327 320
Net profit	34 492	4 864

All amounts are expressed in Zambian currency.

Roan Consolidated Mines Limited

The company operates copper mines at Mufulira, Luanshya, Chibuluma and Chambishi on the Zambian Copperbelt, at Kalengwa in the North-Western Province of Zambia and a copper refinery at Ndola.

The Zambian government holds 51 per cent of the company's issued ordinary share capital, in the form of 'A' ordinary shares. Zambia Copper Investments Limited holds 12,25 per cent of the equity in the form of 'B' ordinary shares.

Year ended June 30 1977	1977 K000's	1976 K000's
Issued capital		
'A' ordinary shares – 15 460 684 of K4 each	61 843	61 843
'B' ordinary shares – 14 854 382 of K4 each	59 417	59 417
Share premium and reserves	163 658	147 664
Long-term liabilities	77 737	72 192
Production of finished copper – tons	261 444	280 994
Copper sales – tons	265 446	271 431
Average proceeds per ton	K1 118	K806
Total sales revenue	309 369	226 536
Net profit (1976: Loss)	20 855	(292)

All amounts are expressed in Zambian currency.

Rustenburg Platinum Holdings Limited (RPH)

AAC Group equity interest – 19,97 per cent

The company holds the entire issued share capital of Rustenburg Platinum Mines Limited, which operates three major platinum mines in the Transvaal and is the world's largest primary producer of platinum. Other platinum group metals, as well as nickel and copper, are important contributors to total revenue.

In September 1977 the entire issued capital of Atok Platinum Mines (Proprietary) Limited was acquired which has increased the spread of the company's platinum mining operations.

Year ended August 31 1977	1977 R000's	1976 R000's
Issued capital 123 440 625 shares of 10 cents each	12 300	12 300

	1977 R000's	1976 R000's
Share premium and reserves	259 000	248 000
Fixed-term loans	49 400	65 600
Mining assets, at cost less recoupments	271 800	259 400
Unlisted investments	10 400	11 100
Equity earnings	4 600	36 900
Dividends paid	3 100	12 300

Profits declared for 1977 are not comparable with those of 1976. Two major changes took place in the basis of accounting in respect of the method of valuing stocks and charging capital expenditure to current costs of production.

S.A. Manganese Amcor Limited (Samancor)

Samancor is engaged in the mining of manganese ore at four mines in the north-western Cape Province. The company has two chrome mines and a third is planned to begin production in 1978. Smaller mines in the group produce silica, dolomite and serpentine. Samancor is also involved in the production of fertiliser, phosphorus and phosphoric acid, ferro-alloys and ferro-chrome and charge-chrome at plants in the Transvaal.

Year ended December 31 1977

	1977 R000's	1976 R000's
Issued capital		
Ordinary shares – 27 727 500 of 20 cents each, fully paid	5 545	5 538
131 700 of 20 cents each, two cents paid	3	3
10 per cent cumulative redeemable preference shares – 7 000 000 of R1 each	7 000	7 000
Share premium and reserves	152 160	133 450
Long-term liabilities and deferred taxation	33 420	16 695
Investments		
Unlisted –		
Book value	4 377	4 377
Directors' valuation	8 612	7 309
Other	25 002	20 987
Equity earnings	36 523	52 613
Dividends paid – ordinary	18 015	17 994

Tara Exploration and Development Company Limited

AAC Group equity interest – 3,41 per cent

The company, in which Charter Consolidated Limited has a 10,8 per cent interest, operates a lead/zinc mine at Navan in the Republic of Ireland through its subsidiary Tara Mines Limited. The mine and concentrator are designed to produce 500 000 short tons of lead/zinc concentrates from 2,5 million tons of ore a year. Production started in June 1977, and although labour unrest delayed the mine development programme in 1977, production in the first quarter of 1978 proceeded satisfactorily.

The Messina (Transvaal) Development Company Limited

AAC Group equity interest – 13,35 per cent

The company mines copper in the northern Transvaal and in Rhodesia and has interests in property, motor vehicle manufacturing, earth moving equipment, container manufacturing and finance companies.

Year ended September 30 1977

	1977	1976
Issued capital		
10 991 660 stock units of 50 cents each, fully paid	R5 496 000	R5 496 000
339 000 shares of 50 cents each, one cent paid	R3 000	R3 000
Share premium and reserves	R100 481 000	R101 459 000
Long-term loans	R26 925 000	R15 992 000
Production of finished copper – tons	37 736	41 289
Average price per ton	R1 104	R1 110
Equity earnings*	R6 172 000	R13 868 000
Dividends paid	R3 297 000	R4 946 000

**Excludes exceptional loss of R3 297 000 (1976: profit R323 000).*

Tsumeb Corporation Limited

AAC Group equity interest - 2,38 per cent

The company is engaged in the mining and treatment of copper, lead, zinc, cadmium and silver in South West Africa.

Year ended December 31 1977

	1977 R000's	1976 R000's
Issued capital 4 000 000 shares of 50 cents each	2 000	2 000
Distributable reserve	27 229	25 017
Long-term loan and deferred taxation	22 264	21 277
Inventories and fixed assets	46 446	46 174
Metal sales	52 945	44 711
Net profit	2 212	160
Production		
Copper – tons	22 827	19 498
Lead – tons	34 446	34 655
Zinc – tons	1 141	1 770
Cadmium – kilograms	88 076	117 878
Silver – grams	43 668 051	35 080 940

Whitehorse Copper Mines Limited

The company operates a mine and mill at Whitehorse in the Yukon on behalf of a joint venture in which it has a two-thirds interest and which produces copper, gold and silver in concentrate form. Almost all of the company's income is derived from the joint venture. All concentrates produced are sold to Hudson Bay Mining and Smelting Co. Limited which has a 41,2 per cent interest in the company. Anglo American Corporation of Canada Limited holds the remaining one-third interest in the joint venture. In June 1978, Hudbay announced that it was making an offer for all the outstanding Whitehorse shares which it did not already own.

Year ended December 31 1977

	1977 $000's	1976 $000's
Issued capital stock 3 392 502 (1976: 3 386 102) shares of no par value	7 238	7 227
Total shareholders' equity	11 623	11 510
Share of joint venture revenue	1 496	1 979
Net income after extraordinary item	103	558
Production		
Copper – pounds	26 341 000	24 364 000
Gold – ounces	24 000	19 000
Silver – ounces	250 000	241 000

All amounts are expressed in Canadian currency.

Oil and gas

Administered outside the Anglo American Corporation Group

Canadian Merrill Ltd

The company is involved in the exploration for and production of oil and gas in Canada and the United States. 61,9 per cent of the equity is held by Hudson Bay Mining and Smelting Co. Limited

Year ended June 30 1977

	1977 $000's	1976 $000's
Issued capital stock 2 751 137 shares of no par value	6 993	6 692
Total shareholders' equity	13 469	9 613
Gross operating revenue	16 331	10 552
Net income (after extraordinary items)	3 555	1 987

All amounts are expressed in Canadian currency.

Production		
Crude oil (barrels)		
– total	241 000	225 000
– daily average	660	614
Natural gas (million cu. ft)		
– total	11 800	9 500
– daily average	32	26

Francana Oil & Gas Ltd

The company is engaged in the exploration for and the production of crude oil and natural gas in Canada and has a 56,8 per cent interest in Trend International Limited. Anglo American Corporation of Canada Limited and Hudson Bay Mining and Smelting Co. Limited hold interests of 28,29 per cent and 54,91 per cent respectively in Francana.

Year ended December 31 1977

	1977 $000's	1976 $000's
Issued capital stock 7 793 752 common shares of no par value	37 140	37 140
Total shareholders' equity	48 827	38 920
Gross operating revenue	63 836	53 237
Net earnings (before extraordinary item 1976)	9 907	1 994
Net earnings (loss) after extraordinary item	9 907	(18 136)

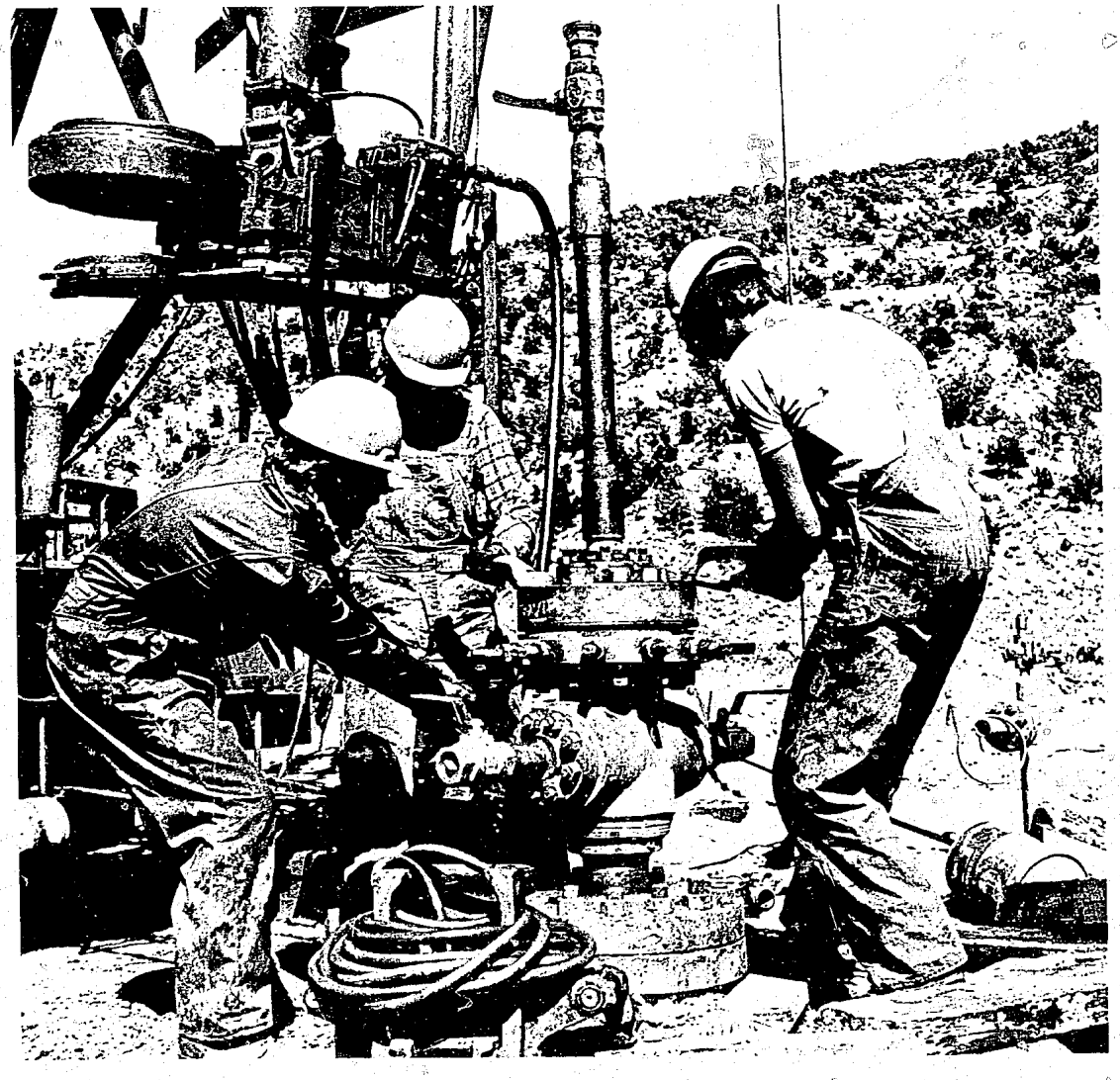
All amounts are expressed in Canadian currency.

Production (North America only)		
Crude oil (barrels)		
– total	743 000	695 000
– daily average	2 037	1 904
Natural gas (million cu. ft)		
– total	3 402	2 943
– daily average	9,3	8,1
Oil and gas land holdings (gross acres)		
– total area North America	2 840 000	2 864 000

Production and land figures exclude Trend, which is given below.

Trend International Limited (Trend)

Trend, through its wholly-owned subsidiary Trend Exploration Limited, is engaged primarily in the production of crude oil in Indonesia through a joint



venture formed to explore for and develop hydrocarbon reserves in the Salawati Basin of Irian Jaya. Trend has a 27 per cent interest in and acts as operator of the joint venture, which holds a concession awarded in October 1970 for a term of 30 years.

The joint venture operates under a production sharing contract with Pertamina, the National Oil Company of Indonesia.

In 1976, the production sharing contract with Pertamina was modified. The amendments, which became effective on January 1 1978 increase the Indonesian Government's share of after-tax profits from 65 per cent to 85 per cent and require capital costs to be amortised over a period of years instead of during the year in which they are incurred. In addition contractors were required to make special payments to the Indonesian Government with respect to 1977 and 1976 production. The special payments of $3 143 000 (1976: $8 620 000) by Trend have been charged to revenue and reduced 1977 earnings after minority interest by $1 787 000 (1976: $4 900 000).

Trend also holds producing oil and gas properties in the United States and Canada and conducts an extensive prospecting programme in these countries and abroad.

Year ended December 31 1977

	1977 $000's	1976 $000's
Issued capital stock		
147 838 common shares of BD$24 each	3 548	3 548
Total shareholders' equity	52 654	48 502
Gross revenue	53 802	48 110
Net earnings (loss) after extraordinary item	11 651	(70 979)

All amounts are expressed in United States currency.

Production		
Crude oil (barrels)		
Indonesian production sharing contract		
– total (millions)	28,5	27,7
– daily average	78 000	75 700
Trend's share		
– total (millions)	2,8	2,6
– daily average	7 718	7 123
North America		
– total	428 000	358 000
– daily average	1 173	982
Natural gas (million cu. ft)		
North America		
– total	766	626
– daily average	2,1	1,7
Oil and gas land holdings (thousand acres)		
– total area North America	2 093	2 414
– total area overseas	19 960	19 248

Industry and commerce

Administered within the Anglo American Corporation Group

Boart International Limited

Boart, a wholly-owned subsidiary of Anglo American Industrial Corporation Limited is, through its subsidiaries and associates, engaged in the manufacture and marketing of all types of diamond and tungsten carbide tipped drilling tools, and in surface and underground contract drilling and the provision of certain ranges of mining equipment and mining services to all major mining countries. Boart has also established itself as a supplier of a wide range of tungsten carbide and diamond products to industry, particularly in southern Africa and Australia.

During 1976 Boart completed the reconstruction of its overseas holdings and 1977 was a year of rationalisation and reconstruction. No major acquisitions were made during the year.

The consolidated profit of the Boart group, after taxation and minority shareholders' interests, was R17,50 million for the year to December 31 1977, compared with R16,41 million for the previous year.

Bruynzeel Plywoods Limited (Bruply)

Bruply, a subsidiary of Amic, together with its associate companies manufactures veneers, plywood, blockboard, chipboard, veneered chipboard, doors, sawn timber, mouldings, laminated beams, wooden trusses and gumpoles.

Year ended December 31 1977

	1977 R000's	1976 R000's
Issued capital		
ordinary shares – 6 749 710 of 50 cents each, fully paid	3 375	3 375
210 000 of 50 cents each, one cent paid	2	2
5,5 per cent cumulative preference shares – 200 000 of R2 each	400	400
Share premium and reserves	14 012	16 442
Loans	5 697	4 033
Net loss (income) attributable to ordinary shareholders	2 424	(1 421)
Dividends paid – preference	22	22

Clay Products Limited

AAC Group equity interest – 15,41 per cent

The company operates a factory near Bulawayo, Rhodesia, producing a wide range of refractory and earthenware products.

Year ended March 31 1977

	1977 $000's	1976 $000's
Issued capital		
399 000 shares of $2 each	798	798
Reserves	828	372
Deferred taxation	—	390
Fixed assets	1 686	1 773
Equity earnings	165	182
Dividends paid	100	100

All amounts are expressed in Rhodesian currency.

Computer Sciences (Proprietary) Limited

AAC Group equity interest – 21,49 per cent

The company (formerly Computer Sciences Sigma (Proprietary) Limited) offers a wide range of computer services through two bureaux. A systems development and support service is also provided. The company's computer hardware division provides services through products which include Datapoint, Data 100, ITT Courier, Univac V series, Texas Instruments and Comten.

Consolidated Share Registrars Limited

AAC Group equity interest – 49,67 per cent

The company operates as share transfer secretaries principally to the Anglo American Corporation Group and associates. At December 31 1977 the company acted as transfer secretaries to 80 companies.

Eastern Transvaal Timber Company (Proprietary) Limited

The company, which owns 15 000 hectares of land in the Carolina, Waterval Boven and Barberton districts of the Transvaal, is engaged in timber growing operations. Management of the company's plantations is undertaken by S.A. Forest Investments Limited.

Highveld Steel and Vanadium Corporation Limited

AAC Group equity interest – 26,39 per cent

Highveld owns and operates an iron, steel and vanadium complex at Witbank in the Transvaal. The full ore requirements of both the steelworks and the Vantra division, which produces vanadium pentoxide, are supplied by Highveld's Mapochs mine at Roossenekal. Highveld's subsidiary, Transalloys (Proprietary) Limited, is a major supplier of Highveld's requirements of ferro-alloys and is an exporter of manganese alloys.

Year ended June 30 1977

	1977 R000's	1976 R000's
Issued capital		
67 720 770 shares of R1 each	67 721	58 186
Share premium and reserves	27 242	10 294
Long-term loans and provision for deferred taxation	49 347	54 897
Fixed assets	191 909	128 053
Equity earnings	20 740	15 908
Dividends paid	10 158	7 394

Hippo Valley Estates Limited

The company produces sugar, citrus and related products in Rhodesia.

Year ended March 31 1977

	1977 $000's	1976 $000's
Issued capital		
23 964 600 shares of $1 each	23 965	7 987
Reserves (1976 includes share premium)	12 066	24 069
Loans (1976 includes deferred taxation)	12 784	15 025
Loss (profit) after taxation	3 983	(6 781)
Dividends paid	—	3 302

All amounts are expressed in Rhodesian currency.

LTA Limited

AAC Group equity interest – 31,29 per cent

The LTA group is one of the largest building and civil engineering groups in southern Africa. The activities of the companies in which it is interested cover the full building and civil engineering spectrum, from small works through to major projects, turnkey projects involving the complete design, engineering and construction of plant and buildings, and also industrialised buildings, the manufacture of prefabricated and building components and steel reinforcing.

Year ended March 31 1977

	1977 R000's	1976 R000's
Issued capital		
ordinary shares – 12 527 840 of R1 each, fully paid	12 528	12 310
173 500 of R1 each, five cents paid (Executive Share Incentive Scheme)	9	9
10 per cent cumulative convertible redeemable preference shares – 46 769 of R1 each	47	52
Share premium and reserves	19 053	8 726
Long-term and deferred liabilities	12 222	7 680
Equity earnings	5 407	5 226
Dividends		
– ordinary	2 319	2 280
– preference	5	268

Mondi Paper Company Limited

AAC Group equity interest – 36,65 per cent

The company operates a paper mill at Merebank, Durban, comprising a groundwood mill, three high speed paper machines and a paper finishing department. The company's capacity is 260 000 tons a year.

A subsidiary, South African Board Mills Limited, produces paperboard and felt base paper, and operates a sugar mill at Merebank in Natal. It holds 49 per cent of the equity of Balamundi S.A. (Proprietary) Limited, which utilises felt base paper for conversion into floor coverings, roofing felts and dampcourse.

The companies of the Bowater Associated Industries group, which are subsidiaries of Mondi, market a wide range of paper products and manufacture plastic and waxed containers.

Mondi's equity earnings for the year to December 31 1977 amounted to R10,19 million, compared with R8,25 million in 1976.

RFF Limited

AAC Group equity interest – 37,89 per cent

On its extensive estate in the Groot Drakenstein Valley of the western Cape Province, the company grows deciduous fruit for sale on the South African and export markets and for canning in its own factory. It also produces wine and table grapes and pure fruit juice concentrates.

Its winery, completed in 1976, markets a range of estate wines under the name Boschendal. The company has developed a major livestock section consisting of a piggery and a dairy.

Scaw Metals Limited

The company is a wholly-owned subsidiary of Anglo American Industrial Corporation Limited. The three major fields in which it operates are ferrous and non-ferrous castings, rolled steel products in the merchant bar range and grinding media for the mining and cement industries. The cast ferrous products include railroad components such as freight car wheels and bogie castings. The company also has investments in Highveld Steel and Vanadium Corporation Limited and W.S. Claster (Private) Limited.

Equity earnings of the Scaw Metals group of companies for the year ended December 31 1977 was R16,05 million, compared with R14,52 million in 1976.

Shaft Sinkers (Proprietary) Limited

AAC Group equity interest – 50 per cent

Shaft Sinkers and its wholly-owned subsidiaries provide an integrated design and construction service to the mining and civil engineering industries for shaft sinking, tunnelling, raiseboring and underground excavations.

Net profits of the group before tax for the nine months ended March 31 1978 were R2 810 000 compared with R2 278 000 for the year ended June 30 1977.

Sigma Motor Corporation (Proprietary) Limited

AAC Group equity interest – 37,00 per cent

Sigma was formed in the second half of 1976 as a result of the merger of Chrysler South Africa (Proprietary) Limited and Illings (Proprietary) Limited and is held as to approximately 75 per cent by Group companies and Amic and the balance by Chrysler Corporation of the United States. The company markets the Mazda, Mitsubishi and Chrysler range of passenger vehicles and a wide variety of Mazda and Chrysler light commercial vehicles. The Equipment and Truck Division of Sigma markets Komatsu, Hitachi, Ameise and Mack products.

A subsidiary undertakes the financing of vehicle hire-purchase and leasing transactions.

Soetvelde Farms Limited

AAC Group equity interest – 49,90 per cent

The company was formed in 1969 to consolidate and develop the farming interests of the Anglo American Corporation and De Beers groups in large areas of the Transvaal, Orange Free State and northern Cape. Its operations include the growing of maize, wheat, potatoes and other dryland crops and the breeding, raising and fattening of cattle, pigs and sheep. The company also supplies fresh fruit and vegetables, mainly to the mining industry, through its wholly-owned subsidiary Dewhyrst Fresh Foods Limited. Delshan Ranches (Private) Limited, a wholly-owned subsidiary, has an extensive cattle ranching operation near Gwelo, Rhodesia. Dawn Orchards Limited, another wholly-owned subsidiary, produces tomatoes, a range of vegetables and tropical fruits under irrigation in the Lowveld of the northern Transvaal.

S.A. Forest Investments Limited

The company is a subsidiary of Anglo American Industrial Corporation Limited which owns all of its equity capital.

The S.A. Forest Investments group is the largest integrated forestry and sawmilling operation in South Africa, with extensive timber plantations and sawmills in the eastern Transvaal and Natal. It is also engaged through subsidiaries, in the manufacture of factory-built houses and glue-laminated timber products.

The company holds, through Forest Industries and Veneers Limited, approximately 96 per cent of the equity of Peak Timbers Limited which owns timber plantations and operates sawmills in Swaziland.

The consolidated loss after taxation of the S.A. Forest Investments group was R392 000 for the year ended December 31 1977, compared with a profit of R2,28 million for the previous year.

The Natal Tanning Extract Company Limited

Gradam Holdings Limited, in which the Anglo American Corporation Group has a 50 per cent interest, holds 83 per cent of the capital of Natal Tanning.

The company owns or controls 72 000 hectares of forest land in the south-eastern Transvaal and Natal which is planted mainly to wattle with smaller areas under pine, gum, poplar, sugar cane and pharmium. The principal operation is the production of tanning extract from wattle bark and three factories are operated for this purpose. By-products produced in 1977 included approximately 288 000 tons of timber, 50 000 tons of wattle bark and 152 000 tons of sugar cane.

Net earnings of Natal Tanning for the year ended December 31 1977 were R1,87 million compared with R2,25 million for the previous year.

Vereeniging Refractories Limited

AAC Group equity interest – 1,73 per cent

Vereeniging Refractories, a subsidiary of Anglo American Coal Corporation Limited, manufactures a wide variety of refractory bricks and materials for the steel, ferro-alloy and other industries where heat is utilised. The company also manufactures building bricks and Stallon pre-stressed beams, lintels and floor systems. Subsidiary and associated companies are involved in the manufacture of concrete roof tiles and vitrified clay pipes and fittings for house drainage and sewers while others mine raw materials used by the group. The main works is situated at Vereeniging.

Year ended December 31 1977

	1977 R000's	1976 R000's
Issued capital		
ordinary shares – 5 000 000 of 50 cents each	2 500	2 500
5,5 per cent cumulative non-redeemable preference shares – 500 000 of R2 each	1 000	1 000
Distributable reserves	21 048	19 100
Long-term and deferred liabilities	5 505	5 290
Book value of fixed assets	22 421	22 164
Net current assets	9 089	8 609
Equity earnings	3 335	3 259
Dividends paid – ordinary	1 500	1 500

Administered outside the Anglo American Corporation Group

AECI Limited

Through its holding in Debincor, Amic has an effective interest of 20,3 per cent in AECI.

The group produces mining explosives and accessories, a wide range of plastics, heavy chemicals for industrial and agricultural use, vinyl products, animal feedstuffs and synthetic fibres. Its main factories are situated at Modderfontein, Sasolburg, Somerset West and Umbogintwini.

Coalplex, the company's coal-based chemical complex was commissioned in 1977. The project, which is a 60/40 joint venture with Sentrachem Limited, produces polyvinyl chloride and a range of chloro-chemical products at Sasolburg.

Year ended December 31 1977

	1977 R000's	1976 R000's
Issued capital		
ordinary shares – 148 336 585 of R1 each	148 300	137 400
5,5 per cent cumulative preference shares – 3 000 000 of R2 each	6 000	6 000
Reserves	197 200	163 600
Long-term loans	202 000	191 400
Book value of fixed assets	379 700	296 200

	1977 R000's	1976 R000's
Unlisted investments –		
Book value	44 900	52 900
Directors' valuation	45 000	63 000
Equity earnings	37 200	31 400
Dividends paid – ordinary	26 700	21 200

AECI's major investments include:

	Percentage interest
Duropeni Holdings (Proprietary) Limited	100
Prolux Paint Holdings (Proprietary) Limited	100
Rand Carbide Limited	68
South African Nylon Spinners (Proprietary) Limited	100
Trionf Fertiliser (Proprietary) Limited	49
Coalplex Project	60

African Products Limited

At December 31 1977 Anglo American Industrial Corporation Limited had an interest of 8,8 per cent in this company, which produces maize starches, cornflour, dextrins, dextrose, glucose and other maize-based products at Germiston, Transvaal, and owns Maize Products Limited of Meyerton, Transvaal and Glucose and Starch Products Limited of Bellville, Cape Province.

Year ended September 30 1977

	1977 R000's	1976 R000's
Issued capital		
3 694 850 ordinary shares of R1 each	3 695	3 677
Share premium and reserves	11 427	9 775
Long-term loans and deferred tax	1 442	1 588
Equity earnings	3 215	2 611
Dividends paid	1 589	1 324

Chemical Holdings Limited

AAC Group equity interest – 34,78 per cent

The companies in the Chemical Holdings group manufacture and market an important range of industrial chemical products. They also provide expert service on the uses of the chemicals and their application in particular industrial fields. The products cover a wide range of industrial activity including, inter alia, dispersants for the control of oil slicks, laundry and drycleaning chemicals, size for the paper industry, detergents and extreme pressure lubricants.

Year ended June 30 1977

	1977 R000's	1976 R000's
Issued capital		
3 104 617 shares of R1 each	3 105	3 067
Share premium and reserves	4 295	3 701
Loans and convertible notes	2 444	2 703
Equity earnings	1 131	986
Dividends paid	559	506

Consolidated Metallurgical Industries Limited (CMI)

AAC Group equity interest – 15 per cent

CMI is administered by Johannesburg Consolidated Investment Company Limited. It was incorporated in 1975, principally to produce and market charge chrome. Structural erection and plant assembly at the company's site at Lydenburg in the eastern Transvaal was completed at a total cost of R55,5 million. The operation, which has a designed annual capacity of 120 000 tons of charge chrome, was commissioned in the first half of 1977.

Cullinan Holdings Limited

AAC Group equity interest – 26,37 per cent

Cullinan has separate trading and manufacturing divisions engaged in the production of refractories, electrical and industrial porcelain products, building bricks and brick panels. The activities of various subsidiary companies include the mining and marketing of minerals used mainly in the refractory and other heavy clay and ceramic industries, township and property development and the design and marketing of electrical transmission line systems.

Year ended June 30 1977

	1977 R000's	1976 R000's
Issued capital		
ordinary shares – 8 019 983 of 50 cents each	4 010	4 010
5,5 per cent cumulative preference shares – 500 000 of R2 each	1 000	1 000
Share premium and reserves	13 000	11 515
Long-term and deferred liabilities	10 165	11 812
Book value of fixed assets	20 206	15 504
Interests in associated companies	1 236	2 320
Investments and loans	1 898	1 863
Equity earnings	2 323	2 760
Dividends paid – ordinary	1 042	1 042

Dorman Long Vanderbijl Corporation Limited (Dorbyl)

Dorbyl, a steel fabricating and engineering group created by the amalgamation of Dorman Long (Africa) Limited and Vanderbijl Engineering Corporation Limited, is the foremost heavy steel engineering group in South Africa. Its major plants are engaged in rolling stock and locomotive construction, ship building and ship repair and mechanical and structural engineering.

Equity earnings of Dorbyl, which is a 56 per cent held subsidiary of International Pipe and Steel Investments South Africa (Proprietary) Limited, were R13,5 million for the year to September 30 1977 (1976: R11,2 million).

Engelhard Minerals & Chemicals Corporation (EMC)

Minorco has a 29 per cent interest in EMC, the operations of which embrace the marketing of ores, minerals and metals, the mining and processing of non-metallic minerals, and the refining, processing and fabricating of precious metals.

Year ended December 31 1977

	1977 $000's	1976 $000's
Issued capital stock		
common shares – 31 821 000 of $1 each	31 821	31 693
Total shareholders' equity	683 849	600 330
Long-term liabilities	125 161	103 091
Net earnings	122 568	124 865
Net earnings per common share		
– primary	$3,88	$3,99
– fully diluted	$3,72	$3,80
Dividends paid – common shares	37 948	32 988

All amounts are expressed in United States currency.

Freight Services Holdings Limited

The group operates in South Africa, Europe, the United Kingdom, the United States of America and Australia. Its activities include clearing, forwarding, buying, confirming, stevedoring, ships agency and the servicing of ships and a comprehensive travel service.

In addition, the group has a controlling interest in S.A. Container Depots (Proprietary) Limited, which is the sole customs enfranchised container handling depot in South Africa.

Anglo American Industrial Corporation Limited has an interest of 40,34 per cent in the company.

Gallo (Africa) Limited

AAC Group equity interest –10,09 per cent

The company and its associated companies are engaged in the manufacture and distribution of gramophone records and tapes, music publishing and the distribution of television sets, consumer electronic products, audio-visual equipment and other related activities.

Year ended June 30 1977

	1977 R000's	1976 R000's
Issued capital		
ordinary shares – 4 658 000 of 25 cents each, fully paid	1 165	1 154
162 700 of 25 cents each, partly paid	17	17
six per cent cumulative preference shares – 150 000 of R2 each	300	300
Share premium and reserves	5 232	4 755
Long-term loans and deferred taxation	4 600	4 675
Fixed assets	4 377	4 472
Unlisted investments –		
Book value	1 554	2 067
Directors' valuation	2 252	2 067
Equity earnings	*21	1 639
Dividends paid – ordinary	419	738

**Excluding net profit of R4,4 000 on sale of investment.*

Hall Longmore and Company (Proprietary) Limited

AAC Group equity interest – 4,32 per cent

The company and its wholly-owned subsidiary, Hall Longmore Contractors (Proprietary) Limited, are engaged in the manufacture and distribution of steel pipes, pipe fittings and other heavy steel products, and in the construction of pipelines. Two other subsidiaries manufacture and distribute drilling equipment and pneumatic tools.

Industex (Proprietary) Limited

The company manufactures various industrial textiles for the tyre, rubber and other manufacturing industries and spins cotton and synthetic yarns. A wholly-owned subsidiary, Union Cotton Mills (Proprietary) Limited, operates a yarn dyeing and weaving plant which manufactures a wide range of towelling products and bedspreads. Amic holds 37,4 per cent of Industex.

J.L. Clark and Company Limited

AAC Group equity interest – 12,70 per cent

The company and its subsidiaries are suppliers of a wide range of heating, airconditioning, refrigeration and industrial equipment. During 1977 the company became a leading supplier of solar water heating equipment.



McCarthy Group Limited

AAC Group equity interest – 18,59 per cent

The group is the largest retail motor organisation in South Africa, and comprises various companies each marketing particular vehicle franchises for specified areas.

The group has extensive property interests which, in the main, are leased to certain of its trading and administrative divisions. It also operates a computer bureau and has subsidiary companies which undertake motor insurance broking, the financing of vehicle hire-purchase and leasing transactions, and the importation and distribution of motorcycles and industrial engines.

Year ended June 30 1977

	1977 R000's	1976 R000's
Issued capital		
ordinary shares – 16 987 415 of 50 cents each	8 494	8 494
5,5 per cent cumulative preference shares – 150 000 of R2 each	300	300
Share premium and reserves	24 199	22 918
Long-term liabilities	8 321	11 543
Equity earnings	1 550	3 863
Dividends paid – ordinary	1 019	1 444

Middelburg Steel and Alloys (Proprietary) Limited

AAC Group equity interest – 8,01 per cent

The company, which is part of the Barlow Rand Limited group, owns the entire issued share capital of The Southern Cross Steel Company (Proprietary) Limited. Southern Cross and its subsidiaries produce and market stainless steel, and ferro-chromium. Equity earnings of Middelburg Steel for the year ended September 30 1977 were R10,5 million (1976: R9.0 million).

OKK Foods Limited

The company, in which the Anglo American Industrial Corporation Limited group has a 50 per cent interest, is engaged in the manufacture, cold storage and marketing of meat and dairy produce in the western Transvaal, Orange Free State and north-western Cape Province.

Romatex Limited

AAC Group equity interest – 1,81 per cent

Romatex is the holding company of an industrial group with interests in the production of a large range of floor coverings and carpet components, jute and plastic materials for the packaging and textile industries, ropes and cordage, knitting yarns, components for the motor industry, fabrics for the clothing industry and footwear.

Year ended March 31 1978

	1978 R000's	1977 R000's
Issued capital		
ordinary shares – 23 499 353 of R1 each	23 499	23 499
5,4 per cent redeemable cumulative preference shares – 1 000 000 of R1 each	—	1 000
six per cent redeemable cumulative preference shares – 500 000 of R1 each	—	250
Share premium and reserves	56 822	49 935
Long-term liabilities and deferred taxation	11 339	14 824
Fixed assets	51 634	53 622
Investments and loans	4 073	3 819
Dividends paid – ordinary	3 995	3 055

Stewarts & Lloyds of South Africa Limited

AAC Group equity interest – 4,09 per cent

The company is a 52 per cent held subsidiary of International Pipe and Steel Investments South Africa (Proprietary) Limited. The Stewarts & Lloyds group comprises over 30 operating subsidiary companies with a total sales volume of more than R200 million. The business of the group consists of the manufacture and distribution of welded and seamless steel tube, rectangular hollow sections, tubular steel structures, pipe fittings and joints, copper, plastic and Bundyweld tubes, centrifugal pumps, valves, sluice gates, diesel engines, irrigation equipment, malleable and grey iron castings and mild and alloy steels, air conditioning and refrigeration components and parts, mining machinery and ventilation equipment.

Year ended September 30 1977

	1977 R000's	1976 R000's
Issued capital		
ordinary shares – 22 790 533 of 50 cents each	11 395	11 255
six per cent first cumulative preference shares – 300 000 of R2 each	600	600
Share premium (net) and reserves	68 306	62 500
Long-term borrowings	30 906	30 581
Fixed assets	28 160	24 993
Unlisted investments, at book value	99	99
Equity earnings	7 877	10 122
Dividends paid - ordinary	3 874	3 827

Terra Chemicals International, Inc.

The company, 50,5 per cent owned by Hudson Bay Mining and Smelting Company Limited, manufactures nitrogen-based fertilizers and nitrogen feed ingredients at its plant in Iowa in the United States. It also has part ownership in manufacturing facilities in Oklahoma which produce ammonia, nitrogen fertilizer solutions and urea liquor, and is a distributor of these and allied agricultural products. During 1977 Terra purchased most of the assets of Riverside Chemical Company, a formulator of agricultural chemicals and a distributor of crop protection chemicals, fertilizers and other farm supply products.

Year ended December 31 1977

	1977 $000's	1976 $000's
Issued capital stock		
common shares – 5 305 302 (1976: 5 298 936) of $1 each	5 305	5 299
preferred shares – 169 256 (1976: 169 377) of $100 each	16 926	16 938
Total shareholders' equity	66 328	63 778
Gross revenue	109 540	103 346
Net earnings	7 971	11 994
Dividends paid – common shares	4 242	3 974

All amounts are expressed in United States currency.

The Tongaat Group Limited

AAC Group equity interest – 17,85 per cent

The company is a major producer within the South African sugar industry and is the holding company of a diversified group. Its interests include the production and distribution of building materials, textiles, animal feeds, bakery products, poultry products, mushrooms and electrical and electronic engineering.

The group's investments include a 24,5 per cent interest in and 50 per cent control of Haletts Corporation Limited, a 28 per cent interest in Hypack Products (Proprietary) Limited and a 14 per cent interest in Gypsum Industries Limited.

Year ended March 31 1978

	1978 R000's	1977 R000's
Issued capital		
ordinary shares – 16 304 320 of R1 each, fully paid	16 331	16 304
360 000 of R1 each, five cents paid	17	18
6,5 per cent redeemable cumulative preference shares – 1 650 000 of R1 each	1 485	1 650
Share premium and reserves	104 765	97 104
Long-term loans	41 415	27 108
Book value of fixed assets	133 377	131 351
Investments, at valuation		
Associated companies	11 092	11 102
Listed	6 116	4 637
Market value	6 887	4 637
Unlisted	1 175	1 072
Directors' valuation	1 175	1 072
Equity earnings	10 760	10 201
Dividends paid - ordinary	4 085	3 913

The Union Steel Corporation (of South Africa) Limited (Usco)

AAC Group equity interest – 2,09 per cent

Usco owns steel works at Vereeniging where it produces rolled, drawn, forged and cast steel products as well as copper and aluminium conductors and wire. Its wholly-owned subsidiary, Veldmaster (Proprietary) Limited, manufactures agricultural discs and other earth engaging parts.

A wholly-owned subsidiary, Usco Aluminium Corporation (Proprietary) Limited, operates an aluminium electrical transmission cable and conductor plant at Richards Bay. Associated companies manufacture aluminium and copper rod and operate as steel merchants.

Year ended December 31 1977

	1977 R000's	1976 R000's
Issued capital		
ordinary shares – 29 010 000 of 50 cents each	14 505	14 505
preferent 'A' shares – 125 000 of R2 each	250	250
preferent 'B' shares – 125 000 of R2 each	250	250
Distributable reserves	24 811	24 477
Long-term loans and deferred taxation	27 332	21 100
Equity earnings	1 041	5 480
Dividends paid – ordinary	725	1 596

Tiger Oats and National Milling Company Limited

AAC Group equity interest – 1,74 per cent

Tiger Oats is an investment holding company, with subsidiary and associated companies operating in various branches of the food, feed, agricultural, fishing and pharmaceutical industries. Its main activities are in maize, wheat, oats, and barley milling; the baking industry; edible oil extraction; the manufacture of margarine and a variety of grocery products; animal feed and pet food production; the production of eggs, broiler chickens and dairy products; bulk handling and shipping; the manufacture and distribution of pharma-

ceutical and allied products and, in addition, through the Oceana group of fishing companies, pelagic fishing and the processing thereof into canned fish, fish meal, and fish oil, as well as the processing of rock lobster. Equity earnings for the year ended December 31 1977 were R22,38 million (1976: R18,83 million).

Union Carriage and Wagon Company (Proprietary) Limited

AAC Group equity interest – 2,79 per cent

The company is the biggest single supplier of railway passenger coaches and electric locomotives to the South African Railways and produces rolling stock for sale to other railway authorities and private operators in southern Africa. Union Carriage also supplies industrial diesel electric and diesel hydraulic locomotives. During the year ended June 30 1977 the South African Railways requested extensions in deliveries on contracts which adversely affected profits, although the company was left with a reasonable work load.

Through a subsidiary, Unionmod Buildings (Proprietary) Limited, the company has diversified into the manufacture of factory-built modular buildings.

Property

Administered within the Anglo American Corporation Group

Anglo American (O.F.S.) Housing Company Limited

AAC Group equity interest – 15,00 per cent

The company provides housing in the Orange Free State for employees of associated companies. At December 31 1977 the cost of stands, houses, flats, and hostels owned by the company amounted to R27,87 million.

Anglo American Properties Limited (Amaprop)

AAC Group equity interest – 48,9 per cent

Financial details of Amaprop may be found on page 82 of this report. The company's major property interests in completed property developments are as follows:

	Percentage interest
Amcor House, Johannesburg	100,00
Brickhill Road Parkade, Durban	100,00
Cabana Beach, Umhlanga Rocks	100,00
Carlton Centre, Johannesburg	29,90
Devonshire Hotel and Devonshire House, Johannesburg	100,00
Durban Bay House, Durban	54,05
Edura, Johannesburg	100,00
Finsbury township, Randfontein	100,00
La Lucia township, Natal	55,00
Prospecton Industrial township, Durban	50,00
Marina da Gama, Muizenberg	50,00
Muckleneuk-Lanterns and Welgelegen, Pretoria	100,00
Provincial House and Durdoc Centre, Durban	51,40
Transvaal House, Pretoria	100,00
Umhlanga Beach Mews, Umhlanga Rocks	100,00
320 West Street, Durban	100,00

Carlton Centre Limited

AAC Group equity interest – 49,98 per cent

The company owns the Carlton Centre in the central business district of Johannesburg. The Centre is one of the largest commercial building developments in the world and comprises a 50-storey office tower, the 30-storey international-class Carlton Hotel, two department stores, approximately 170 retail shops and restaurants, an international-sized ice rink and covered parking facilities for 2 000 cars. The Carlton Hotel, in which the company has an 89 per cent interest, is managed by Western International Hotels of Seattle.

Year ended June 30 1977

	1977 R000's	1976 R000's
Issued capital		
28 380 332 ordinary shares of 50 cents each	14 190	14 184
Share premium	26	14 139
Loan capital		
8¼ per cent first mortgage convertible debentures 1979/96, fully paid	33 659	34 000
8¼ per cent first mortgage non-convertible debentures 1979/96, fully paid	58	—
7½ per cent second mortgage debentures 1977/2001, fully paid	9 600	10 000
Unsecured loans	13 288	14 130
Operating profit	6 000	6 373
Equity earnings	878	782
Surplus arising from purchase and cancellation of 8¼ per cent debentures	74	—
Accumulated loss	6 127	7 079

Kenilworth Centre (Proprietary) Limited

AAC Group equity interest – 81,43 per cent

The company operates a regional shopping centre complex in the southern suburbs of Cape Town.

Orange Free State Land and Estate Company (Proprietary) Limited (OFSLE)

OFSLE, which is a wholly-owned subsidiary of Anglo American Industrial Corporation Limited, owns 11 000 hectares of land in the Orange Free State and western Transvaal as well as the rights to a proportion of claim licences and mining lease rentals over an area of approximately 19 000 hectares. The company also owns 19 trading sites in the same areas, and is participating in the development of residential townships in the Welkom and Allanridge areas of the Orange Free State.

OFSLE has interests in O.K.K. Foods Limited (50 per cent) and Soetvelde Farms Limited (19 per cent).

Sorec Limited

AAC Group equity interest – 55 per cent

Sorec is a property investment company with interests mainly in prime shop and office developments and suburban shopping complexes in South Africa.

	18 Months ended March 31 1978 R000's	15 Months ended September 30 1977 R000's
Issued capital		
ordinary shares – 21 938 695 of R1 each	21 939	21 939
ordinary deferred 'D' shares – 558 560 of R1 each	558	558
Share premium and reserves	39 939	38 819
Loans	60 [illegible]	56 860
Fixed assets	93 [illegible]	60 464

	18 Months ended March 31 1978 R000's	15 Months ended September 30 1977 R000's
Unlisted investments	48 956	68 908
Equity earnings	1 187	1 972
Dividends paid	—	1 426

Sorec's major interests in completed buildings are as follows:

	Percentage interest
African Eagle Life Centre, Cape Town	100
African Eagle Life Centre, Krugersdorp	100
African Eagle Life Centre, Port Elizabeth	100
African Eagle Life Centre, Pretoria	30
Braamfontein Centre, Johannesburg (formerly Total Centre)	100
Checkers Store, Benoni	100
Civic Hill/Total House, Johannesburg	30
Civic Towers/I.C.L. House, Johannesburg	51
Coca-Cola factory, Durban	100
Damelin Centre, Johannesburg	15
Field North, Johannesburg	100
Gardens Centre, Cape Town	50
Highpoint Hillbrow, Johannesburg	100
Highrise, Johannesburg	51
His Majesty's, Johannesburg	70
Killarney Mall, Johannesburg	100
Life Centre, Johannesburg	28
Lloyds Building, Johannesburg	26
Opera Plaza, Pretoria	70
Sandton City, Sandton	20
Sanso Centre, Cape Town	70
Shell House, Cape Town	25
Sunnypark, Pretoria	51
111 Commissioner Street, Johannesburg (formerly African Life Centre)	15

Administered outside the Anglo American Corporation Group

Main Place Holdings Limited

AAC Group equity interest – 27,95 per cent

Main Place, administered by Johannesburg Consolidated Investment Company Limited, is the holding company of 15 wholly-owned subsidiary companies which own 4,53 hectares of land west of the Magistrates Court, adjacent to the financial district of Johannesburg. The land is being held for future development.

Insurance, banking and general investment

Administered within the Anglo American Corporation Group

African Eagle Life Assurance Society Limited

AAC Group equity interest – 75,00 per cent

The company is one of the largest assurance groups in South Africa offering a comprehensive, flexible range of

equity-linked life assurance plans. African Eagle Life is also a leading underwriter and innovator in the group pensions market. Operations of the group extend throughout South Africa, Rhodesia and South West Africa and include the marketing of industrial life business in the more densely populated areas.

Subsidiary life companies are Guarantee Life Assurance Company Limited and Southampton Assurance Company of Rhodesia Limited. Guarantee Life concentrates on providing sophisticated services in the field of life assurance exclusively through brokers. It offers a wide range of life assurance products including those linked to property, equity, fixed interest, cash and managed portfolios. Southampton Life markets a full range of life and pensions products in Rhodesia. A wholly-owned subsidiary, African Eagle Property Holdings Limited, deals in property investment and development.

African Gold and Base Metal Holdings Limited

AAC Group equity interest – 100 per cent

The company holds mineral rights over a number of farms in South Africa. It also has a major interest in The Afrikander Lease Limited and through its wholly-owned subsidiary, Pintail Investments Limited, it has an interest in Rustenburg Platinum Holdings Limited.

Anglo American Rhodesian Development Corporation Limited

The company's main source of income is the leasing to the Rhodesia Railways under long-term agreements of rolling stock, originally purchased for R$15,5 million. In addition, it administers as independently operating divisions, the Mazoe Citrus estates near Salisbury and substantial forestry estates in the Eastern Highlands.

First Consolidated Holdings (Proprietary) Limited

AAC Group equity interest – 100 per cent

The principal activity of the company is the provision of instalment credit facilities and medium-term finance. A subsidiary company, First Consolidated Leasing and Finance Corporation Limited, specialises in the leasing of movable assets.

Mainstraat Beleggings (1965) (Eiendoms) Beperk

AAC Group equity interest – 30,00 per cent

Mainstraat was formed by Anglo American Corporation and the Federale Mynbou/General Mining group for the purpose of investing principally in the fields of engineering and heavy industry. The company has interests in Highveld Steel and Vanadium Corporation Limited, Hall Longmore and Company (Proprietary) Limited, International Pipe and Steel Investments South Africa (Proprietary) Limited, Stewarts & Lloyds of South Africa Limited, Union Carriage and Wagon Company (Proprietary) Limited and Unionmod Buildings (Proprietary) Limited.

New Central Witwatersrand Areas Limited (NCW)

AAC Group equity interest – 25,01 per cent

NCW is an investment company administered by Anglo American Corporation. Its main interests are in mining finance and mining companies.

Year ended June 30 1977	1977 R000's	1976 R000's
Issued capital		
1 766 396 shares of 50 cents each	833	833
Distributable reserves	795	791
Listed investments		
At cost	1 693	1 675
Market value	4 506	4 798
Equity earnings	295	303
Dividends paid	291	300

Western Ultra Deep Levels Limited

AAC Group equity interest – 60,23 per cent

The company is the holder of mineral rights over an area of 11 613 hectares comprising portions of various farms in the Potchefstroom district of the Transvaal. Of these rights 2 104 hectares are included in the mining lease area of Elandsrand Gold Mining Company Limited. The company holds shares in East Driefontein Gold Mining Company Limited, Western Deep Levels Limited and Elandsrand Gold Mining Company Limited.

Administered outside the Anglo American Corporation Group

Barclays National Bank Limited (Barclays)

AAC Group equity interest – 12,67 per cent

Barclays provides a comprehensive banking service through approximately 1 000 offices throughout southern Africa. The main function of Barclays is commercial banking, including international trade finance, foreign exchange dealings, business development and commercial intelligence. These services are supplemented by subsidiaries specialising in merchant banking, hire purchase, leasing, factoring and all aspects of insurance and pension schemes.

Year ended September 30 1977	1977 R000's	1976 R000's
Issued capital		
53 234 011 ordinary shares of R1 each	53 234	53 234
Reserves	174 103	145 962
Total assets	5 168 974	4 639 875
Equity earnings	33 708	28 760
Dividends paid	12 244	10 114

Bard Discount House Limited

The company is a registered discount house incorporated in Rhodesia. Profit after tax for the year ended August 31 1977 was R$355 000 (1976: R$312 000).

Barlow Rand Limited

AAC Group equity interest – 8,42 per cent

A South African mining and industrial finance and investment company which heads a group comprising a large number of subsidiary and administered associate companies operating throughout southern Africa, the United Kingdom and the continent of Europe.

The principal interests and activities of the group include primary and secondary manufacturing, mining and exploration, property, investment, and the distribution and merchandising of a diverse range of products to all sectors in the various economies it serves.

Year ended September 30 1977	1977 R000's	1976 R000's
Issued capital		
ordinary shares – 102 367 306 of 10 cents each, fully paid	10 236	10 132
4 272 500 of 10 cents each, one cent paid	43	43
six per cent cumulative preference shares – 375 000 of R2 each	750	750
Share premium and reserves	403 517	312 150
Long-term liabilities and deferred taxation	227 791	142 616
Book value of fixed assets	457 429	260 503
Excess of market value of listed investments and of directors' valuation of unlisted investments over book value	60 690	50 545
Equity earnings	77 145	72 818
Dividends paid – ordinary	26 543	24 329

C.T. Bowring and Associates Holdings (South Africa) Limited

AAC Group equity interest – 50,00 per cent

Through various subsidiaries and associated companies, the company conducts insurance broking operations in the Republic of South Africa, South West Africa and Swaziland.

Year ended December 31 1977	1977 R000's	1976 R000's
Issued capital		
ordinary shares – 50 000 of R1 each	50	50
'A' class non-cumulative preference shares – 2 of R1 each	R2	R2
'B' class non-cumulative preference shares – 2 of R1 each	R2	R2
Share premium and reserves	491	388
Equity earnings	1 084	878
Dividends paid		
– ordinary	980	790
– preference	226	226

Gold Fields of South Africa Limited

AAC Group equity interest – 3,31 per cent

A mining finance and exploration company with substantial holdings in gold and gold/uranium mining companies, base mineral, industrial and property companies.

Year ended June 30 1977	1977 R000's	1976 R000's
Issued capital		
16 301 477 ordinary shares of 25 cents each	4 075	4 075
Share premium and reserves	146 137	142 787
Investments		
Listed –		
Book value	142 919	113 531
Market value	391 898	448 546
Unlisted –		
Book value	5 832	5 318
Directors' valuation	12 448	10 900
Equity earnings	21 733	29 694
Dividends paid	17 932	25 262

Hollardstraat-ses Beleggings Beperk

AAC Group equity interest – 49,00 per cent

This investment company, which is a subsidiary of Federale Mynbou Beperk, was formed in 1963 by Anglo American Corporation and Federale Mynbou. It has a substantial shareholding in General Mining and Finance Corporation Limited.

International Pipe and Steel Investments South Africa (Proprietary) Limited (IPSA)

AAC Group equity interest – 5,70 per cent

IPSA is the holding company for two subsidiaries, Dorman Long Vanderbijl Corporation Limited (Dorbyl) in which it has a 56 per cent interest, and Stewarts & Lloyds of South Africa Limited in which it has a 52 per cent interest. Details of Dorbyl and Stewarts & Lloyds appear on pages 97 and 99 respectively of this report.

Nedbank and Syfrets-UAL Holdings Limited

AAC Group equity interest – 1,75 per cent

The company is a holding company operating through a number of subsidiaries which cover the whole spectrum of banking and financial services.

Year ended September 30 1977

	1977 R000's	1976 R000's
Issued capital		
85 860 005 shares of R1 each, fully paid	85 860	85 860
4 417 022 shares of R1 each, partly paid	85	85
Share premium and reserves	92 642	77 232
Total assets	2 849 619	2 546 632
Equity earnings	31 591	28 355
Dividends paid	15 455	14 167

Standard Bank Investment Corporation Limited (Stanbic)

AAC Group equity interest – 0,47 per cent

Through a number of wholly-owned subsidiaries, Stanbic offers a wide range of financial services in the fields of commercial and merchant banking, hire purchase, leasing and block-discounting facilities, mutual fund investment, participation mortgage bond investment and mortgage facilities, and insurance services.

Year ended March 31 1977

	1977 R000's	1976 R000's
Issued capital		
ordinary shares – 52 721 297 of R1 each	52 721	45 029
6½ per cent first cumulative preference shares – 8 000 000 of R1 each	8 000	8 000
Share premium and distributable reserves	123 683	103 033
Total assets	4 153 913	3 910 277
Equity earnings	20 524	23 927
Dividends paid – ordinary	11 862	10 131

Tanganyika Concessions Limited

AAC Group equity interest – 3,19 per cent

The company, which is incorporated in the United Kingdom, is a holding company with its principal interests in Union Minière S.A., a mining and exploration company operating in various parts of the world, and in the Benguela Railway Company which owns the railway service linking Angola, Zaïre and Zambia. Other significant interests include 59 per cent of Elbar Industrial Limited, which deals mainly in the manufacture and distribution of agricultural machinery, and 50 per cent of Tanks Oil and Gas Limited, which is involved in exploration for oil and gas in the North Sea.

The Discount House of South Africa Limited

AAC Group equity interest – 20,70 per cent

As a registered discount house, the company negotiates call loans from banks, building societies and mining houses for subsequent investment in a range of domestic short-term securities and contributes to making active markets in the securities in which it invests.

Equity earnings for the year ended December 31 1977 were R1,56 million, compared with R1,36 million the previous year.

Prospecting

Administered within the Anglo American Corporation Group

Anglo American Prospecting Company Limited

AAC Group equity interest – 95,00 per cent

The company is engaged in the financing of prospecting ventures in countries outside South Africa.

Anglo American Prospecting Company (South) Limited

AAC Group equity interest – 95,25 per cent

The company entered into an agreement in 1975 with Aquitaine S.W.A. and Canso Oil and Gas Inc. for the purpose of prospecting for oil off the west coast of South Africa.

Anglo American Prospecting Services (Proprietary) Limited

AAC Group equity interest – 95,00 per cent

The company is engaged in prospecting operations on behalf of associated and other companies in South Africa and South West Africa.

Minsearch Surveys Limited

Hudson Bay Mining and Smelting Co. Limited and its associates have a 70 per cent interest in this company with the balance owned by Barringer Research Limited. It was formed in 1974 to undertake the development of Barringer's 'Airtrace' airborne geochemical survey system.

Prospecting Ventures Limited

This company, which is registered in Rhodesia, carries out prospecting operations in that country on behalf of the Corporation and associated companies.

Swakop Exploration (Proprietary) Limited

The company holds a prospecting grant over 28 000 hectares of land in South West Africa, where prospecting for source material is being carried out.

Service

Administered within the Anglo American Corporation Group

Anmercosa Computer Services Limited

AAC Group equity interest – 100 per cent

The company has branches in Johannesburg and Welkom. It provides a bureau and software development and support service from its offices located in Welkom. The gold mines associated with the Anglo American Corporation Group are the major users of these services. In Johannesburg computer consultancy services and support are provided to Group users, including technical data processing for the Coal Division.

Anglo American Corporation Botswana (Services) (Proprietary) Limited

AAC Group equity interest – 100 per cent

The company is responsible for the administration of the Anglo American Corporation and De Beers group companies domiciled in Botswana, and operates from Botsalano House, an office building in Gaborone owned by an associated company, West End Property Company (Proprietary) Limited.

Anglo American Property Services (Proprietary) Limited

AAC Group equity interest – 100 per cent

The company provides technical, management and administrative services to property companies within and associated with the Anglo American Corporation Group.

Inter-Mine Services O.F.S. (Proprietary) Limited

The company supplies stores and materials to gold mining companies in the Orange Free State and the Transvaal associated with the Anglo American Corporation Group.

Statutory and other information

Special resolutions passed by subsidiary companies

Change of name

African Hawk Eagle Holdings Limited
(from African Hawk Eagle (Proprietary) Limited)
Anglo American Insurance Holdings Limited
(from Rand Selection Insurance Holdings Limited)
Booted Eagle Holdings Limited
(from Booted Eagle (Proprietary) Limited)
Ferrobar Holdings Limited
(from Ferrobar Investments Limited)
Martial Eagle Holdings Limited
(from Acme Project Holdings (Proprietary) Limited)
Purlined Holdings Limited
(from Purlined International Civil Engineering Contractors Limited)
Taybard Holdings Limited
(from Taybard Investments Limited)

Conversion from private to public company

African Hawk Eagle Holdings Limited
Anseld Holdings Limited
Booted Eagle Holdings Limited
Control Logic Holdings Limited
Engelhard Enterprises of Southern Africa Limited
Euranglo Limited
L.S. Properties Limited
Martial Eagle Holdings Limited
Rand American Investments Limited

Change of financial year end to March 31

Anglo American Investment Trust (Bermuda) Limited
Anglux Limited S.A.
Anseld (Canada) Limited
Axalux Holdings Limited
Capstan Holdings Limited
Cello Securities Limited
Crucible S.A.
Flagstaff Holdings Limited
Gallic Holdings B.V.
Georgic Holdings N.V.
Hilux Holdings S.A.
Keystone Holdings Limited
Lighthouse Investments Limited S.A.
Nilux Holding S.A.
Orlop Investments Limited
Osier Holdings Limited
Park Holdings Limited
Pinion Holdings Limited
Rand Luxembourg Limited S.A.

Amendments to Articles of Association

Anglo American Base Metal Holdings S.W.A. (Proprietary) Limited
Anglo American Property Investments Limited
Anseld Holdings Limited
Bay Passage Investments Limited
Euranglo Limited
Exchange Buildings (Proprietary) Limited
Kaffrarian Metal Holdings (Proprietary) Limited
The New Era Consolidated Limited
Rand Selection Corporation Limited
South African Mines Selection Limited
South African Townships Mining and Finance Corporation Limited

Change in capital structure

African Hawk Eagle Holdings Limited
Anglux Limited S.A.
Anseld (Canada) Limited
Anseld Holdings Limited
Booted Eagle Holdings Limited
Cello Securities Limited
Coriander Holdings Limited
Egret Investments Limited
Engelhard Enterprises of Southern Africa Limited
Euranglo Limited
Ludestone Holdings Limited
L.S. Properties Limited
Marjoram Holdings Limited
Martial Eagle Holdings Limited
Oriole Investments Limited
Pintail Investments Limited
Purlined Holdings Limited
Rand American Investments Limited
Rand Luxembourg Limited S.A.
Rand Selection Corporation Limited
Randsel Investments Limited
Rhochar Holdings Limited
Thaton Limited

Amendments to Memorandum of Association

African Hawk Eagle Holdings Limited
Bay Passage Investments Limited
Booted Eagle Holdings Limited
Ferrobar Holdings Limited
Martial Eagle Holdings Limited

Adoption of new Articles of Association

African Hawk Eagle Holdings Limited
Booted Eagle Holdings Limited
Ferrobar Holdings Limited
Langkrans Anthracite (Proprietary) Limited
Martial Eagle Holdings Limited
Natal Coal Syndicate (Proprietary) Limited
Roy Point-Brackenfontein Colliery Limited

Shareholdings

The interests of the present directors and alternate directors in the shares of the Corporation at March 31 1978 appearing in the register of the interests of the directors in the shares of the Corporation are set out below. There have been no changes between that date and June 23 1978.

Directors	Beneficial	Non-beneficial	Option to acquire
Sir Keith Acutt	—	42 600	—
Dr M G M Amiore	*15 000	100	6 000
W G Boustred	*30 000 1 333	100	9 000
B E Bullett	*10 000	—	5 000
G A Carey-Smith	*15 000 1 000	—	—
J N Clarke	*30 000	100	—
H K Davies	*15 000	1 000	7 000
Dr Z J de Beer	†1 400 2 028	100	4 000
Dr H B Dyer	*15 000	1 000	7 000
D A Etheredge	*30 000	100	8 000
G C Fletcher	*30 000	4 500	10 000
H R Fraser	*30 000	100	—
G J L Griffith	*30 000	1 000	9 000
E P Gush	*30 000 700	100	9 000
W J Hefer	*15 000	1 000	6 500
D B Hoffe	*15 000 300	1 000	7 500
M B Holmeyr	*30 000 3 600	1 000	10 000
J A Holmes	*30 000	100	2 000
F J A Howard	*15 000	100	—
J D Johnson	*15 000	—	3 000
A Johnstone	*15 000 2 000	100	4 000
M W King	*15 000 54	100	—
O P Koevoet	*15 000	100	5 000
G Langton	*30 000	100	—
P J R Leyden	*15 000	—	3 000
D E MacIver	*15 000	100	7 000
J L P Mackenzie	*15 000 500	100	—
A B McKerron	*15 000	100	5 000
C D M Melville	*15 000	—	6 000
Dr L G Murie	*15 000 200	—	6 000
D G Nicholson	*30 000	100	7 000
M C O'Dowd	*15 000	1 000	4 500
H F Oppenheimer	‡18 333 268 (includes 565 350 registered)	—	—
N F Oppenheimer	‡18 333 268 (includes 100 registered)	—	—
Sir Philip Oppenheimer	3 200 †7 195 **430	1 000	—
B W Pain	—	100	—
G W H Relly	*30 000	1 000	18 000
Sir Albert Robinson	—	1 000	—
M W Stephenson	*15 000	—	9 000
L G Stopford Sackville	—	100	—
J D Taylor	*15 000	—	—
J Ogilvie Thompson	*30 000	1 000	14 000
G H Waddell	‡18 333 268 (includes 1 000 registered)	—	—
V J Webber	*15 000	—	7 000
A Wilson	*15 000	41 060	—
W D Wilson	*30 000 ‡2 380	10 000	10 000

The Corporation is not aware of the extent, if any, of the directors' family interests.

* Shares held under a share incentive scheme
† Indirect
‡ Indirect-partial
** Sole beneficiary of trust

HEAD OFFICE

44 Main Street, Johannesburg 2001
(PO Box 61587, Marshalltown 2107)
Telex 7167
Telephone 838-8111
Managing Secretary: J T Goldfinch

OFFICES

Australia
Australian Anglo American Limited
500 Collins Street, Melbourne
Telex 30728
Telephone 622141
Secretary: J E Clark

Bermuda
Anglo American Investment Trust (Bermuda) Limited
Belvedere Building, Pitts Bay Road, Pembroke
Telex 3348 SPECT BA
Telephone 51255
Secretary: D F Ellis

Botswana
Anglo American Corporation Botswana (Services) (Proprietary) Limited
Botsalano House, The Mall, Gaborone
Telex 410BD
Telephone 2202
Secretary: A V Waterston

Brazil
Anglo American Corporation do Brasil Limitada
Araujo Porto Alegre, 36-20000-Rio de Janeiro, R.J.
(CP-538-ZC00)
Telex 2121723 AACB BR
Telephone 2446355
Secretary: R N Lima

Canada
Anglo American Corporation of Canada Limited
PO Box 28
Toronto-Dominion Centre, Toronto Ontario M5K 1B8
Telex 6524372
Telephone 3622192
Senior Vice-President – Administration,
Secretary and General Counsel: C K Taylor, QC

France
Charter France S.A.
9 Rue de Vienne, Paris 8e
Telex 280406
Telephone 5225484
Secretary: R S Robertson

Luxembourg
Anglux Limited S.A.
50 Route D'Esch (BP 459)
Telex 2234
Telephone 40161
Secretary: D P Paton

Portugal
Anglo American Corporation de Portugal S.A.R.L.
244 Avenida Da Liberdade, Lisbon
Telex 18316
Telephone 561126
Secretary: A Viera De Castro

Rhodesia
70 Jameson Avenue Central, Salisbury C.4
Telex 4113
Telephone 704461
Managing Secretary (Rhodesia): G T Bain

United Kingdom
40 Holborn Viaduct, London EC1P 1AJ, England
Telex 27529
Telephone 3531545
London Secretary: D S Booth

Zambia
Anglo American Corporation (Central Africa) Limited
74 Independence Avenue, Lusaka
Telex ZA 41190
Telephone 53000
Secretary: J M Casey

SHARE TRANSFER SECRETARIES

Consolidated Share Registrars Limited
62 Marshall Street, Johannesburg 2001
(PO Box 61051, Marshalltown 2107)

Charter Consolidated Limited
PO Box 102
Charter House
Park Street, Ashford
Kent TN24 8EQ, England

Members of the Corporation who wish to receive copies of the annual reports and accounts of quoted companies associated with the Corporation may obtain them upon application to the Managing Secretary or to the London Secretary of the Corporation. Changes of address should be notified to the Corporation's transfer secretaries.

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Statement by the Chairman
Mr H F Oppenheimer

To be read in conjunction with the Corporation's annual report for 1978

The accounts for the fifteen months ending March 31 reflect for the first time the effects of the merger with Rand Selection Corporation which became effective from January 1 1977. The figures are therefore not comparable with those in the last report and accounts which dealt with the year 1976. The net equity earnings for the period under review amounted to R195 million, or 89,9 cents a share. If account were taken of the Corporation's share of the undistributed profits of those companies in which it or its associates, directly or indirectly, hold 20 per cent or more of the capital, or which are administered in the Group, the declared and underlying earnings for the fifteen months would total about 178 cents a share. Ordinary dividends totalled 45,25 cents a share, which is equal to 50 per cent of the declared earnings or 25 per cent of the declared and underlying earnings.

A special charge of R33,5 million has been made in respect of our investments in Société Minière de Tenke Fungurume (SMTF) and Botswana RST (BRST) which means that these investments up to March 31 have been provided for in full. The large losses incurred by BRST have been due partly to very low metal prices and partly to the unforeseen technical difficulties at its mining subsidiary, BCL. Good technical progress was made last year and production has consequently increased. Nevertheless the mine will not be able to operate economically until nickel prices improve and at present profits on a scale to justify our large past investment cannot be foreseen. The financial structure and sales arrangements of BCL have recently been reorganised following negotiations between the principal shareholders, the Government of Botswana and the major lenders. I am confident that the long-term viability of the project has been enhanced by this restructuring which will effectively reduce the company's debt burden and improve its cash flow. The situation in respect of the SMTF deposit in the Shaba province of Zaïre is somewhat different. This is a large high-grade copper/cobalt orebody on which work had to be suspended early in 1976. While its prospects are again being examined, it is obvious that in addition to a very real improvement in the copper market, major economic changes and the re-establishment of peace and stability in Shaba would be necessary before any large-scale development of the mine could be considered. In the circumstances we regarded it as essential to make full provision against our investment, though naturally we hope that the time will come when it will be possible on some new basis to turn this considerable mining opportunity to account.

The exceptional difficulties being experienced by the South African economy which I discussed in my last statement continued to be felt throughout the period under review. Inflationary conditions and pressure on the balance of payments resulted early in 1977 in the application of a still more restrictive monetary policy. This was successful in bringing about a surplus on current account but this advantage was offset by a large outflow of capital, mainly attributable to political anxieties. In these circumstances the economy stagnated and unemployment took on worrying proportions – a state of affairs that further reduced the confidence of foreign investors and multiplied the problems of the Treasury and Reserve Bank. Towards the end of 1977 however a slightly better trend became evident due, in the main, to a very good agricultural season, improved mineral exports and the higher price of gold. Accordingly the Minister of Finance was able in this year's budget to provide some cautious stimulation for the economy and there is now reason to believe that the recessionary phase has come to an end. This is a time, I feel, when some boldness is called for on the part of the government and monetary authorities and, insofar as it becomes possible, the private business sector also. Though the beginning of recovery is now perceptible, it is still a delicate plant and we must be careful not to smother it, before it is properly established, by continuing to apply a restrictive policy after the need for it has gone. Risks to the balance of payments are of course involved, but the risks of further economic stagnation and further unemployment seem to me to be greater still.

More than once the Prime Minister has said in Parliament that the thing he would fear most in South Africa would be large-scale unemployment, particularly of blacks. The Prime Minister's concern is certainly fully justified, though in the particular circumstances of South Africa the effects of a low growth rate over an extended period would be likely to take the form not so much of massive unemployment in the towns as of massive under-employment in impoverished rural areas. Professor Spandau of the University of the Witwatersrand has recently estimated that the per capita income of blacks in the homelands is less than half the average for blacks in Soweto. With a black population growth of about 2,6 per

cent a year it is plain that if the modern sector of the economy does not grow at a rate sufficient to absorb the new entrants to the labour market, the pressure of population dependent on a subsistence economy in rural areas would become very serious indeed. While the average real per capita income of blacks in urban areas has risen rapidly since 1970, there is unquestionably serious poverty at the lower end of the scale. For social reasons, therefore, it must be unacceptable – even if it were technically possible – to reverse the trend towards more capital-intensive industry in order to provide employment for larger numbers at lower rates of pay. On the contrary human considerations make it necessary, as and when it becomes economically possible to do so, to raise minimum wages to conform with the standards of the more progressive and prosperous firms who have accepted the Minimum Living Level as their guide. This is by no means an easy thing to do in all circumstances and certainly it would not benefit anyone to raise wages further if the effect were to close mines and factories and add materially to the number of unemployed. However there comes a stage in the development of any country at which the trend towards a more capital-intensive economy is necessary and irreversible and the possibilities of sustaining economic growth on a low-wage labour-intensive basis become exhausted. South Africa is certainly in that stage. All these considerations point to the conclusion that massive unemployment or under-employment will not be avoided and social stability will be at risk unless the South African economy can resume a rapid rate of growth. The material and human resources for growth on an adequate scale are certainly there but they cannot be turned to account unless the necessary investment capital is made available. This cannot be found in full from local sources and the country's greatest need is therefore a renewed inflow of investment funds on a large scale from overseas.

It is just because our prosperity and stability are at this juncture so dependent on investment from abroad that many individuals and groups who disapprove of the country's official race policy believe that an economic boycott – if only it could be made effective – would force South Africa to change that policy radically. I have little doubt that in practice the immediate effect of any such boycott would not be to cause the government to change course, but to tighten its control over the flow of blacks from rural areas to the towns for the reason that unemployment in rural areas is judged to be less likely to cause social unrest than massive unemployment in the cities. If a boycott did in the long run produce change in South Africa it could only be violent change induced by the sufferings that it would have inflicted on black people. It is difficult to believe that any end could justify such means, and particularly so when the opposite policy of stimulating economic growth must bring about major improvements in the opportunities, conditions of employment and wages of the black workers. Such developments would almost certainly also lead to the more rapid elimination of racial discrimination, particularly in the highly sensitive areas of education, security of tenure, and in regard to the harsh restrictions that exist on the movement of black workers.

It is my belief, however, that the efforts of those advocating an economic boycott on moral grounds have played and will play only a minor part in reducing the level of overseas investment. If overseas investors have been unwilling to put money into South Africa it is not generally speaking for moral reasons but because of their appraisal of the instability to which they would be exposed by political factors. This anxiety was sparked off by the events in Soweto in 1976 and it was powerfully reinforced by the strong world reaction to the Biko affair and to the banning of the leading black newspaper and the detention of a number of important people last October. Obviously, too, political anxieties are going to have a much more decisive effect at a time when the economy is in a period of recession. There can be little doubt that in the circumstances of the last two years the government's cautious and restrictive fiscal and monetary policies were right and unavoidable. If persisted in too long, however, they could result in our economy being so structured that a surplus on current account was secured not just as a temporary expedient but on a permanent basis by restricting domestic spending and therefore the growth of the economy to an extremely low level. We have now as I believe moved to a stage in which economic policy can and should be directed primarily not to consolidation and survival but to growth and prosperity. An expanding economy would in itself be an encouragement to overseas investors and by reducing unemployment it would lessen the risk of social unrest and allay anxieties about our political situation. Naturally such policy decisions cannot in their nature be a matter of precise calculation; and human judgement, which is in-

evitably fallible, is involved. There comes a time however when excessive caution is not the safe but the dangerous course, and I am convinced that we should now seek to strengthen the balance of payments not by the negative measures we have been using, but more positively by devising specific means of encouraging foreign investment over and above the normal attractions that a stable and growing economy offers the investor.

While the expansion of the economy so as to provide job opportunities and improve the standard of living depends in the first place on a higher level of investment, it would be quite impossible to achieve if industrial relations were not on a sound basis. This whole field is now under consideration by the Wiehahn commission whose report is expected later this year. One of the most important questions with which the commission must be concerned is that of black trade unionism. Trade unions are an integral part of the free enterprise system in South Africa and throughout the West. Those of us who are committed to the extension of this system should see the inclusion of black workers in the trade union movement as a healthy and desirable development. Black trade unions are of course not forbidden by law; their membership has been increasing to a considerable extent, and like the economy as a whole their growth will be stimulated by a higher level of investment. However black trade unions are still not recognised in terms of the industrial conciliation act and the government has so far preferred to support the establishment of work and liaison committees. Though these committees have certainly served a useful purpose, I remain of the opinion that they can only be an interim expedient. Whatever their merits may be, in the long run it is going to be quite impossible to persuade the black workers that collective bargaining, which is accepted as an essential part of industrial organisation around the world and is regarded as right and necessary for white workers in South Africa, should not be applicable to black workers. And no form of labour organisation which is not in accordance with the wishes of the workers themselves is going to function satisfactorily. As and when black trade unions emerge which are properly conducted and reasonably representative we should certainly be prepared to recognise and negotiate with them even though they may not as yet be officially recognised in terms of the legislation. There have been other encouraging developments in the labour field, in addition to the appointment of the Wiehahn commission. Earlier this year the Minister of Labour withdrew or suspended determinations affecting most of the occupations still subject administratively to job reservation. Recently, too, in terms of an agreement negotiated by the National Industrial Council for the Iron and Steel Industry, a body which is representative of 400 000 workers of all races, job reservation has been scrapped and training opportunities opened up to all so that in this very important industry it is now possible to promote workers and offer them terms of employment that are in no way connected with race. Progress is being made.

GOLD AND URANIUM

The strength of the gold market in face of the additional supplies arising from the United States' auctions is encouraging. The trend is the more welcome because costs are continuing to rise, at an average rate for Group mines about 15 per cent above last year. While this is primarily the result of the general inflation, it is aggravated by the increasing distance of working faces from the shafts, leading to more extensive travelling, haulage and service requirements, and in older mines by the difficult conditions encountered in extracting remnants. Considerable effort is being devoted to the problems of improving productivity in these circumstances. In capital costs, the rate of escalation is lower than it has been for some years, due to the keen competition for heavy engineering business. Nevertheless the increase continues to be a matter of concern in relation to the very large sums – totalling some R2 billion – that the industry is investing in new production facilities. If gold and uranium prices stabilise at present levels I believe that capital expenditure will fall from the beginning of the 1980s, when the mining industry will start to reap its reward. In fact, the first of the new mines will shortly start producing and a year from now there should be three new mines – Unisel, Deelkraal and Elandsrand – in their early months of production. When the decision to establish Elandsrand was taken in 1974 it was scheduled to open in 1981; I am pleased to say that determined leadership and technological innovation have brought the date forward by two years. Ergo has come into operation this year and should be in full production by the end of 1978.

The uranium market has remained firm during the last year. The suspension of contracts by the Canadian

government and the still uncertain position of uranium production in Australia have narrowed the sources on which consumers can call and South Africa, which has a reputation for meeting its contractual obligations, has benefited. In the last 18 months South African producers have been able to sell large quantities of material on medium- and long-term contracts; many of these contracts provided consumer finance, so greatly easing the impact on shareholders of the costs of new production facilities. Production from gold mines in the Anglo American Group is quickly being stepped up and the position is not far off when our Group will be supplying half of the uranium produced in the country.

Labour relations during the year have been generally peaceful, with the exception of the recent unrest at one shaft of President Steyn. We have made further progress in implementing the Group's policy of improving the earnings, living conditions and productivity of our black employees. Our aim is the elimination of race as a factor in determining wages and other conditions of employment. For two years now the industry has been able to maintain its black labour force at full strength, and has become less dependent on foreign workers. However we are still not satisfied that our systems of manpower planning are as sophisticated and flexible as they need to be, to provide management with the best in manning efficiency and assure the migrant who is prepared to plan his work cycle that he will be employed throughout at the highest level of his skill and earning power. In our desire to achieve a more stable labour force we are planning to reduce the proportion of migrants by providing more of our senior workers – as we are now permitted to – with family accommodation in mine villages or nearby townships. Indeed major housing programmes are in hand for all the Group's gold mines, and good progress is being made. We shall not, however, be able to move as far and as fast as we would like to do, in all such matters affecting the welfare of our employees, unless we can concurrently achieve a real and sustained improvement in productivity.

DIAMONDS

Diamond sales by the Central Selling Organisation in 1977, which was a record-breaking year for De Beers in all respects, increased by 33 per cent compared with 1976. By the end of the year, in spite of two major price increases, demand for all qualities of goods was at an unprecedented level. This was attributable principally to the continued growth in demand for diamond jewellery, but also to a new and unhealthy element of speculative trading, reflected in the substantial premiums over the CSO's selling prices that were being paid in the secondary market, quite unrelated to basic consumer demand. The established policy of the CSO is to set its selling prices at a level that it believes can be maintained on a long-term basis and to raise them only when it is satisfied that a new level is justified in relation to retail demand. To discourage speculation, and in the meantime enable the producers to benefit from the prevailing premiums, the CSO announced in March 1978 that at the time of each sight it would inform its customers of a surcharge to be added to the basic price, until a sounder relationship had been restored between the market prices of rough and the prices of polished diamonds at retail level. I am glad to say that in large measure this has been achieved and that it has been possible to reduce the amount of the surcharge from the 40 per cent imposed at the March sight to 10 per cent in July. The imposition of the surcharge was accompanied by some reduction in the volume of diamonds offered to the market. As a result the CSO's sales in the first half of 1978, at R1 064 million, though 24 per cent higher than in the second half of 1977, were slightly lower in volume when account is taken of the increase in prices last December. The net attributable profits of the De Beers group more than doubled during 1977 to R623 million, and the total dividend was raised by 50 per cent to 52,5 cents a deferred share. The group is carrying through the largest expansion programme in its history, opening new mines and extending existing ones in South Africa and Botswana. Altogether the De Beers group has never been more active and innovative and though the years ahead will no doubt have their stresses and strains, I feel sure that it can face the future with confidence.

COAL

Exports of South African coal through Richards Bay built up steadily in 1977 and by the last quarter the terminal was operating at its planned throughput of 12 million tons a year. Export sales in 1977 amounted to R248 million, placing coal third behind gold and diamonds in foreign currency earnings. This is a remarkable achievement, reflecting great credit on the industry and the authorities, and one that has contributed materially to the improve-

ment in the balance of payments. Our own collieries produced some five million tons for export last year, and this was an important factor in their progress. Amcoal, the Group's principal coal company, achieved satisfactory growth, increasing turnover by 31 per cent to R259 million and earnings by 68 per cent to R47 million. Construction at Amcoal's new Kleinkopje mine is progressing well and production will start as planned toward the end of this year to supply the local market and fulfil the Amcoal entitlement in Phase 2 of the export programme beginning in 1979. Notwithstanding some problems in the home and export markets I am confident that the Group's coal interests, with their wide spread of business and very large coal reserves, will continue to earn substantial profits and are exceptionally well placed to participate in the further expansion of the trade.

INDUSTRY

Although trading conditions in the home and overseas markets were even more difficult than in 1976 our industrial interests generally made further progress during the year. Highveld Steel and Vanadium Corporation substantially improved its equity earnings to R20,7 million in the year to June 30 1977 and was able to maintain earnings in the first half of the new financial year. The plate mill commissioned in August 1977 has made a substantial contribution to these results, enabling Highveld to enter a new sector of the local market, increase its domestic sales and diminish the need to export steel semis. Its subsidiary, Transalloys, brought a new silico-manganese smelter on stream in June 1977 and in January 1978, having converted an existing smelter, started the production of ferro-silicon for Highveld. Faced by protectionist measures against steel imports in some of its major markets, Highveld has successfully diversified its overseas sales and with the improvement in world steel prices that those measures in part have brought about, has very creditably managed to maintain its export earnings. The steel industry's costs have been rising more rapidly than the administered prices of its products in the home market, with the result that profit margins are being squeezed. This is in contrast to the experience of the three major industries, coal, electricity and the railways, on which it largely depends, where the controlled prices have been sufficient not only to recover working costs but contribute income for capital requirements. Demand for Highveld's vanadium-bearing slag has remained firm, despite the generally weak vanadium market, though the Vantra division, producing vanadium pentoxide, operated only one of its eight roasting units during the year. Scaw Metals achieved further growth in a difficult year, increasing its equity earnings by 10,6 per cent to R16 million in 1977. Little improvement can be expected in domestic demand for rolled steel this year though the outlook for Scaw's foundries and grinding media appears satisfactory. Boart International raised its after-tax profits by 6,7 per cent to a new record of R17,5 million last year. In the tungsten carbide division, excellent results in southern Africa offset the effects of the recession in the base metal and construction industries in Canada and Europe, and the diamond drilling division performed extremely well. A further increase in Boart's earnings can be expected this year.

Sigma Motor Corporation, which had its first full year of operation in 1977, has made a promising start. Though unit sales for the industry as a whole fell by more than 15 per cent compared with 1976, Sigma almost doubled its share of the passenger car market over the year and significantly increased its share of the light commercial vehicle market. Several new models were introduced and found a ready acceptance by the public. Since the company was formed in November 1976 the work force at its Pretoria plant has increased by 77 per cent to 2 570. In July 1978 Sigma, following its policy of rationalising the manufacture of high-quality vehicles in one South African company, backed by the resources of our Corporation and the technology of international motor companies, acquired the right to manufacture and distribute Peugeot and Leyland passenger vehicles in South Africa. Further, it agreed to merge its heavy commercial vehicle and specialised equipment interests with those of Leyland South Africa in a new company in which Sigma would hold 51 per cent. As a result the production of passenger cars will be concentrated in the Pretoria plant and of commercial vehicles at the Leyland facilities in the Cape. These moves make Sigma the largest motor group in South Africa.

Our timber interests, which are held mainly through S.A. Forest Investments, have suffered from a falling volume of sales and prices. Industry sales of sawn timber declined by over 23 per cent in 1977, continuing the adverse trend which started in 1974, and price cutting has

resulted. Every effort is being made to increase operating efficiency still further but this will not in itself restore profitability. Mondi Paper Company and its subsidiary, S.A. Board Mills, did well to improve equity earnings by 23 per cent to R10,2 million in 1977, despite low prices for some products – particularly of newsprint in overseas markets – and the decline in newsprint consumption in South Africa. To enable Mondi to manufacture a range of fine papers, presently imported at an annual cost to the country of some R14 million, it is installing a second super-calendar machine which should be in production toward the end of the year.

INTERNATIONAL OPERATIONS

Base metals generally and copper, nickel and zinc in particular remained in over-supply during 1977. The resurgence in demand that had been hoped for failed to materialise as the recovery in the US economy faltered and found little response in the other major developed economies. Prices continued their downward drift, accentuated by the increase in stocks and the aggressive competition for market share. It is difficult to be sanguine about the prospects in the short term. Although there are signs that the major producers, for example of copper, are coming to accept the need for discipline in restricting production, it must be remembered that their sensitivity to market forces has been impaired by the tendency for governments to become more involved in the control of natural resources. The dilemma of these governments today, in balancing the conflicting requirements of price stability on the one hand and sufficient foreign exchange on the other, cannot be resolved without substantial assistance from the developed countries and the various international agencies.

Hudson Bay Mining & Smelting (Hudbay), in which Anglo American Corporation of Canada holds 38 per cent, performed creditably in the difficult environment of 1977. Consolidated earnings before extraordinary items rose by C$1,6 million to C$4,4 million, the improved performance of the petroleum subsidiaries offsetting the rather disappointing results of the Canadian metals division and Terra Chemicals. While the C$144 million that Hudbay received from the sale of its potash mine to the Saskatchewan government has been eroded somewhat by the need to finance ongoing capital expenditure and adverse cash flows, the company is continuing its efforts to identify new investments in the natural resource area and has recently taken two major initiatives to consolidate its position in the North American base metals industry. It has made, jointly with Minerals and Resources Corporation (Minorco), a tender offer of US$33 a share for all the shares in Inspiration Consolidated Copper not already owned by them. Although Inspiration made a loss of US$11,1 million in 1977, mainly as a result of weak metal prices and a prolonged strike at the mine, its substantial ore reserve and development potential leave it well placed to benefit from an upturn in copper prices and a revival of interest in the US base metals industry. Hudson Bay has also tendered for the outstanding shares in Whitehorse Copper Mines in which it formerly held a 41,2 per cent interest.

Minorco, by participating in the bid for full ownership of Inspiration, has made an important step towards the fuller realisation of its role as an international resources company. In addition to its interest in Inspiration, Minorco's major investments include a 29 per cent holding in Engelhard Minerals & Chemicals (EMC). EMC had a successful year in 1977, its earnings of US$122,6 million being only marginally less than the record profits of the previous year. The Philipp Brothers division was again the foremost contributor, although the Minerals and Chemicals and Engelhard Industries divisions both achieved record profit levels. The depressed state of the metals and commodities markets has inevitably strained the earnings capacity of the Philipp Brothers division, but its resilience in diversifying successfully into new trading areas is encouraging for the future. Minorco's copper interests in Zambia, which are held indirectly through its 49 per cent holding in Zambia Copper Investments, had a difficult year. Both Nchanga Consolidated Copper Mines and Roan Consolidated Mines are incurring substantial losses as a result of low prices, transport problems, and the constraints imposed on the efficient production and distribution of copper by the critical shortage of foreign exchange.

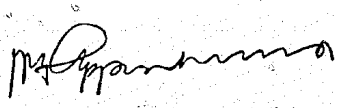
The earnings before extraordinary items of our United Kingdom associate, Charter Consolidated, increased by 32 per cent to £25,4 million in the year to March 1978. Significantly increased investment income and profits on realisations of investments more than offset the slight reduction in the contribution from the industrial subsidiaries. Charter expanded its industrial activities during

the year by acquiring M.K. Refrigeration, a manufacturing group that complements Charter's existing interests in catering and refrigeration, and broadens its base for future investment in British industry. Cape Industries' manufacturing and contracting divisions performed successfully in 1977, but their increased earnings were insufficient to offset the sharp decline in profits from asbestos mining. Cleveland Potash made considerable progress in resolving the technical problems that have beset it; nevertheless production remains disappointing and a sustained and concerted effort will be needed if the mine is to achieve its production targets. In view of the continuing difficulties at Cleveland Potash and the escalation of development costs, Charter wrote off £7,5 million against its investment in the company, and in addition wrote off £7,7 million against its investment in Botswana RST and in Société Minière de Tenke Fungurume.

In Brazil, production has improved at the Morro Velho gold mines in Bello Horizonte in which our Group holds a 49 per cent interest and dividend payments have been resumed. Work is continuing to see if we can establish a viable gold mine on the Jacobina prospect in Bahia and a number of other base metal projects are being actively followed up. In this way, and perhaps with acquisitions from time to time, we hope to build up our position in Brazil.

DIRECTORATE

I am pleased to record that on May 26 1977 Mr G W H Relly, who has been chairman since its inception of the operating committee of the board, was appointed joint deputy chairman of the Corporation. Mr G Langton, while remaining on the board, relinquished his appointment as technical director on January 1 1978 to assume the position of managing director and chief executive in the gold and uranium division. He was succeeded as technical director by Mr J A Holmes. Mr Holmes and Mr J N Clarke, the director responsible for our finance office, were appointed to the board's executive committee on January 1 1978.



Chairman

44 Main Street
Johannesburg
July 26 1978