FILE NAME: Cape Asbestos (CAPE)

DATE: 1979 Mar 31

DOC#: CAPE181

DOCUMENT DESCRIPTION: Consolidated Profit and Loss Account [Legal - Tibbs Case Exhibit 79]

Consolidated Profit and Loss Account Year ended 31 March 1979

CHARTER CONSOLIDATED LIMITED AND ITS SUBSIDIARY COMPANIES

	1979 £000	1978 £000
Income from investments *(note 1)*	19,517	21,054
Surplus on realizations of investments	11,990	[illegible]
Interest receivable	4,059	1,616
Trading profit of industrial subsidiaries *(note 2)*	21,212	16,065
	56,778	46,555
Deduct: Administration and technical expenditure *(note 2)*	4,096	3,472
Prospecting expenditure	1,079	961
Interest payable *(note 3)*	7,000	5,728
	12,175	10,161
	44,603	36,394
Group share of losses less retained profits of associated companies *(note 4)*	(56)	6,693
Profit before taxation	44,547	43,087
Taxation *(note 6)*	17,965	14,387
Profit after taxation and before extraordinary items	26,582	28,700
Deduct: Interest of outside shareholders in profits of subsidiaries	3,591	3,265
Attributable to Charter	22,991	25,435
Earnings per share 21.93p (1978 – 24.26p) *(note 15)*		
Dividends paid and proposed *(note 7)*	9,043	8,703
Profit for the year retained before extraordinary items	13,948	16,732
Deduct: Extraordinary items *(note 8)*	5,682	21,661
Retained profit transferred to reserves (1978 – deficit)	8,266	(4,929)
Profit for the year after extraordinary items totalled £17,309,000 (1978 – £3,774,000)		
Movements on reserves		
Reserves at 31 March 1978	150,467	159,888
Retained profit for the year (1978 – deficit)	8,266	(4,929)
Surplus on revaluation of a subsidiary's freehold property	983	—
Discount on purchases of shares of subsidiary companies (1978 – premium)	94	(4,294)
Disposals of shareholdings in subsidiary and associated companies	—	(198)
Reserves at 31 March 1979 *(note 16)*	159,810	150,467

The accounting policies on pages 18 and 19 and the notes on pages 23 to 31 form part of these accounts.
The report of the auditors is on page 17.

Consolidated Balance Sheet 31 March 1979

CHARTER CONSOLIDATED LIMITED AND ITS SUBSIDIARY COMPANIES

	1979		1978	
	£000	£000	£000	£000
Fixed assets *(note 9)*		74,905		63,786
Exploration and development expenditure		122		111
Investments *(note 10)*		158,306		182,616
Market or directors' valuation £282,239,000 (1978 – £262,858,000)				
Current assets				
Stocks and work in progress *(note 11)*	48,238		47,079	
Debtors	59,565		49,140	
Short term loans and deposits	48,550		19,415	
Bank and cash balances	1,890		5,647	
	158,243		121,281	
Current liabilities				
Associated companies' and other deposit accounts	5,938		4,497	
Bank loans and overdrafts (secured – £1,358,000; 1978 – £3,415,000)	24,301		16,475	
Creditors *(note 12)*	63,790		48,898	
Taxation	5,863		6,271	
Proposed final dividend	5,871		5,532	
	105,763		81,673	
Net current assets		52,480		39,608
Deferred taxation *(note 6)*		10,880		(519)
		296,693		285,602
Financed by:				
Share capital *(note 13)*		26,215		26,212
Share premium account *(note 17)*		30,695		30,683
Reserves *(note 16)*		159,810		150,467
Total capital and reserves		216,720		207,362
Capital expenditure grants		2,560		2,546
Interest of outside shareholders in subsidiaries		20,736		18,521
Long term indebtedness *(note 14)*		56,677		57,173
		296,693		285,602

M. B. HOFMEYR
B. W. PAIN
} *Directors*

The accounting policies on pages 18 and 19 and the notes on pages 23 to 31 form part of these accounts.
The report of the auditors is on page 17.

Balance Sheet 31 March 1979

CHARTER CONSOLIDATED LIMITED

	1979 £000	1979 £000	1978 £000	1978 £000
Subsidiary companies				
Shares at cost or valuation	93,779		93,779	
Add:				
Amounts due from subsidiaries	—		4,200	
	93,779		97,979	
Deduct:				
Amounts due to subsidiaries	37,265		37,444	
		56,514		60,535
Current assets				
Bank balances		2		2
Deferred asset				
Advance corporation tax *(note 6)*		2,516		2,850
		59,032		63,387
Financed by:				
Share capital *(note 13)*		26,215		26,212
Share premium account *(note 17)*		18,702		18,690
Reserves *(note 16)*		4,626		9,164
Total capital and reserves		49,543		54,066
Long term indebtedness *(note 14)*		2,337		2,339
Current liabilities				
Creditors	313		74	
Taxation	968		1,376	
Proposed final dividend	5,871		5,532	
		7,152		6,982
		59,032		63,387

M. B. HOFMEYR
B. W. PAIN } *Directors*

The accounting policies on pages 18 and 19 and the notes on pages 23 to 31 form part of these accounts.
The report of the auditors is on page 17.

Source and Application of Funds Year ended 31 March 1979

CHARTER CONSOLIDATED LIMITED AND ITS SUBSIDIARY COMPANIES

	1979		1978	
	£000	£000	£000	£000
SOURCE OF FUNDS				
Profit before taxation		44,547		[illegible]
Extraordinary items before interest of outside shareholders and adjusted for taxation relief of £16,162,000 (1978 – £907,000)		(22,241)		[illegible]
		22,306		[illegible]
Adjustments for items not involving movements of funds				
Depreciation	7,248		[illegible]	
Provisions against mining projects and investments	16,288		[illegible]	
Provisions for industrial disease and closure of operations	398		[illegible]	
Provisions against guaranteed loans and leasing financing commitments	9,195		—	
Effect of currency translation on loans, investments, and fixed assets	3,137		[illegible]	
Share of losses less retained profits of associated companies	1,295	37,561	[illegible]	27,494
Funds generated		59,867		[illegible]
Disposal of fixed assets	506		[illegible]	
Increase in long term indebtedness	287		[illegible]	
Increase in government grants	14	807	[illegible]	[illegible]
		60,674		[illegible]
APPLICATION OF FUNDS				
Purchases of fixed assets	18,650		[illegible]	
Investments (see note (i) below)	381		[illegible]	
Goodwill on acquisition of subsidiaries	(94)		[illegible]	
Taxation paid	9,903		[illegible]	
Increase in working capital and other items (see note (ii) below)	7,919		11,675	
Dividends paid	8,704	44,563	8,151	[illegible]
Increase in liquid funds (see note (iii) below)		16,111		[illegible]

NOTES

	1979	1978
(i) Investments:	£000	£000
Long term – purchases	8,868	[illegible]
– book value of realizations	(7,127)	[illegible]
	1,741	[illegible]
Portfolio – net realizations at book value	(1,360)	[illegible]
	381	[illegible]

Realizations less purchases of investments contributed £17,159,000 (1978 – £1,607,000) to the source of funds.

(ii) Analysis of working capital:		
Increase in stocks and work in progress	1,159	[illegible]
Increase in debtors	10,425	[illegible]
Increase in creditors	(5,584)	[illegible]
Other items	1,019	[illegible]
	7,019	[illegible]

	1979	1978
(iii) Increase in liquid funds:	£000	£000
Increase in short term loans, deposits, and cash	25,378	[illegible]
Increase in associated companies' and other deposits	(1,441)	[illegible]
Increase in bank loans and overdrafts	(7,826)	[illegible]
	16,111	[illegible]

(iv) Net assets on acquisition of subsidiaries:		
Fixed assets	809	[illegible]
Goodwill	(94)	[illegible]
Stocks	914	[illegible]
Debtors	733	[illegible]
Creditors	(618)	[illegible]
Taxation	(152)	[illegible]
Government grants	(10)	[illegible]
Cash	12	[illegible]
Other items	(105)	[illegible]
	1,509	[illegible]

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Mines/Finance

*Mining Finance

Charter Consolidated Limited

Annual Report and Accounts

For the year ended 31 March 1979

Contents

Offices

40 Holborn Viaduct, London EC1P 1AJ *(registered)*

Charter House, Park Street, Ashford,
Kent TN24 8EQ

44 Main Street, Johannesburg 2001, South Africa

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

581 Little Collins Street, Melbourne,
Victoria 3000, Australia

70 Jameson Avenue Central, Salisbury C4, Zimbabwe Rhodesia

8th Floor, Oriental Plaza, Jalan Parry,
Kuala Lumpur 04-01, Malaysia

9 rue de Vienne, 75008 Paris, France

244 Avenida da Liberdade, Lisbon 2, Portugal

Registrars

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

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

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

Notice of Meeting

NOTICE IS HEREBY GIVEN that the fourteenth annual general meeting of members of Charter Consolidated Limited will be held at Winchester House, 100 Old Broad Street, London EC2N 1BU, on Friday 10 August 1979 at 12 noon for the following purposes:

1. To consider the accounts and the report of the directors for the year to 31 March 1979
2. To declare a final dividend
3. To reappoint as a director Mr H. F. Oppenheimer, who has attained the age of 70 (special notice having been given by the chairman of his intention to propose a resolution for Mr Oppenheimer's reappointment)
4. To reappoint as directors Mr G. A. Carey-Smith, Mr J. O. Hambro, and Mr M. W. Thomas
5. To appoint Mr G. A. Higham as a director
6. To reappoint Coopers & Lybrand and Deloitte Haskins & Sells as joint auditors and authorize the board to fix their remuneration.

NOTES

1. Holders of share warrants to bearer who wish to attend in person or by proxy or to vote at the meeting must comply with the relevant conditions governing share warrants to bearer (see page 48).
2. Holders of loan stock are reminded that only shareholders are entitled to attend and vote at the meeting.
3. To be valid the form of proxy must reach the company at PO Box 102, Charter House, Park Street, Ashford, Kent TN23 2BR, not less than 48 hours before the meeting.
4. There are no directors' service contracts required by The Stock Exchange to be made available for inspection at the meeting.

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

by order of the board
D. S. BOOTH
secretary

40 Holborn Viaduct
London EC1P 1AJ

17 July 1979

Directorate and Administration

Chairman and Managing Director
M. B. Hofmeyr

Deputy Chairman
Sir Philip Oppenheimer

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

Alternate Directors
R. J. Armitage
A. E. Oppenheimer

Executive Committee
M. B. Hofmeyr
Sir Philip Oppenheimer
J. N. Clarke
B. W. Pain
J. G. Richardson
L. G. Stopford Sackville

Managers
R. J. Armitage
P. C. D. Burnell
F. J. A. Howard
A. J. W. Owston

Secretary
D. S. Booth

Chief Accountant
R. H. T. Dawkins

Chief Economist
L. L. C. Smets

Personnel Consultant
R. D. McVean

Public Relations Consultant
H. E. O. Ellison

Director responsible for technical services
H. J. Stucke

Consulting Engineers
J. V. Cleasby
C. J. Forristal
A. Smith

Consulting Geologist
Dr J. F. Osten

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

Consulting Metallurgist
I. R. M. Chaston

Report of the Directors

The directors have pleasure in submitting their fourteenth annual report, with the audited accounts, for the year ended 31 March 1979. The group's operations during the year are dealt with by the chairman in his review on pages 7 to 16.

Financial results

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

	1979 £000	1978 £000
Consolidated profit before taxation	44,547	43,087
Deduct:		
Taxation	17,965	14,387
Interest of outside shareholders	3,591	3,265
	21,556	17,652
Earnings attributable	22,991	25,435
Dividends:		
Interim of 3.025p per share paid on 3 January 1979	3,172	3,171
Recommended final of 5.6p per share payable on or about 14 August 1979	5,871	5,532
	9,043	8,703
Profit for the year retained	13,948	16,732
Extraordinary items	(5,682)	(21,661)
Transfer to reserves	8,266	(4,929)

Earnings per share, after taxation and prior to extraordinary items, were 21.93p, compared with 24.26p in the year to 31 March 1978.

The board has recommended a final dividend of 5.6p per share, to make a total dividend for the year of 8.625p per share carrying a tax credit of 3.88993p per share.

Directorate

A list of the directors of the company appears on page 4.

Mr H. R. Fraser resigned from the board on 4 July 1979.

The chairman has given special notice to the company of his intention to propose at the forthcoming annual general meeting a resolution for the reappointment as a director of Mr H. F. Oppenheimer, who has attained the age of 70. Mr Oppenheimer also retires by rotation in accordance with the company's articles of association. Mr G. A. Carey-Smith, Mr J. O. Hambro, and M. W. Thomas retire by rotation and offer themselves for reappointment. Mr R. H. Dent retires by rotation but does not wish to be reappointed. The directors recommend the appointment of Mr G. A. Higham to the board in his place.

General information

The book value of the group's fixed assets increased from £63,786,000 to £74,905,000 during the year. Details are shown on page 27 in note 9 on the accounts. Movements on reserves are shown in the consolidated profit and loss account on page 20.

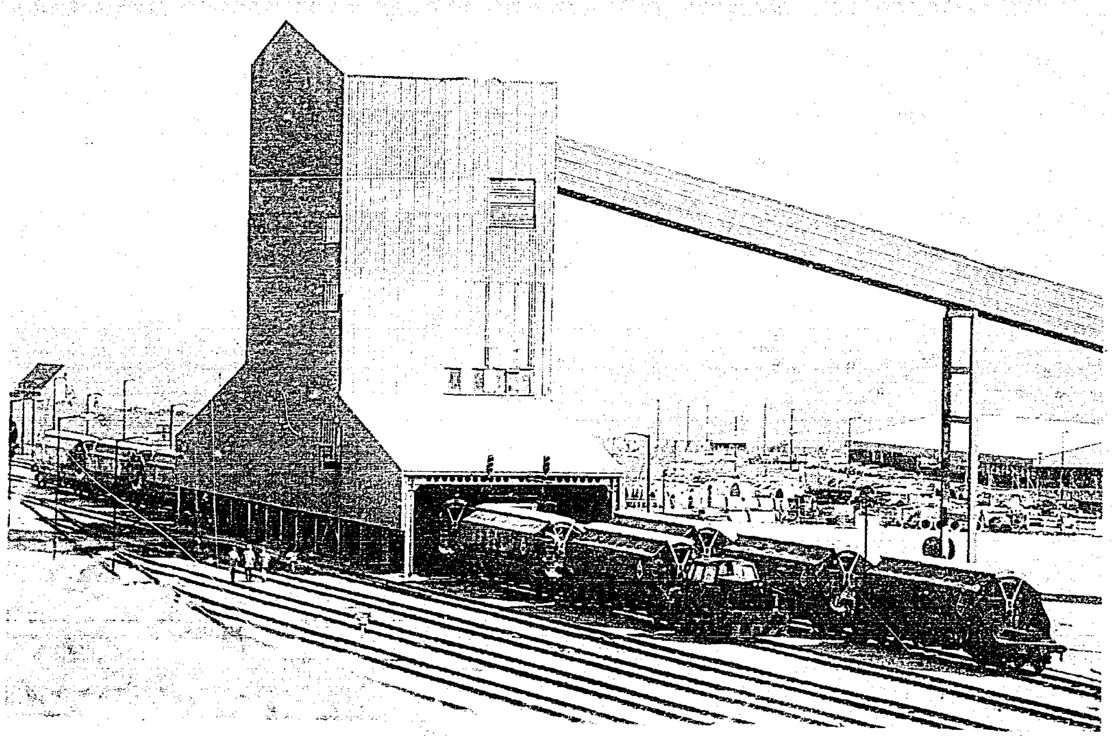
In September 1978 the company issued 405 fully paid shares of 25p each against conversion of £1,685 five per cent convertible unsecured loan stock 1984. During the year 9,500 partly paid shares issued under the company's share incentive scheme became fully paid, and a further 400 have become fully paid since the end of the year; these shares now rank *pari passu* with the other fully paid shares of the company. The issued share capital stands at £26,214,691.50 in 104,847,702 fully paid shares of 25p each and 276,600 partly paid shares of 25p each (1p paid up).

An analysis of assets and income appears on pages 36 and 37. Other particulars which constitute part of this report are on page 47, and a list of principal subsidiary companies on pages 34 and 35.

by order of the board
D. S. BOOTH
secretary

40 Holborn Viaduct
London EC1P 1AJ

4 July 1979



Review by the Chairman

Financial results

The consolidated profit before tax for the year ended 31 March 1979 was £44.6 million, compared with £43.1 million last year. However, higher corporation tax charges on the increased profits from realization of investments, and the absence of credit for tax relief in respect of the loss of Cleveland Potash included in the results of associated companies, resulted in a fall in earnings after tax to £23.0 million from £25.4 million, equivalent to 21.93p per share compared with 24.26p last year.

Investment income showed a decline from £21.1 million to £19.5 million, mainly reflecting the special additional interim dividend received last year from Anglo American Corporation of South Africa in consequence of the change in its accounting period. Increases in dividend income were received from our diamond and tin mining interests, but these were offset by reductions resulting mainly from investment disposals. No income was received during the year from our Zambian copper interests, held through Minerals and Resources Corporation.

Advantage was taken of the high level of investment currency premium and the strength of the gold share market during the year to make special realizations and to strengthen cash resources. The holding in Blyvooruitzicht Gold Mining Company and the greater part of the holding in Harmony Gold Mining Company were sold. Profits from realizations of investments amounted to £12.0 million, compared with £5.8 million in the previous year. Interest receivable and interest payable were higher due to the increased rates, but the net charge on balance was reduced this year as a result of Charter's increased cash resources.

The industrial subsidiaries increased their trading profits for the year to £21.2 million, compared with £18.1 million last year. The figures included a full year's results from our newly acquired subsidiary M.K. Refrigeration, whose profits, on an annualized basis, were slightly lower than in the previous year. Cape Industries made a further advance in earnings, with very strong growth in the building and insulation division compensating for lower turnover and profit in the mining division. Production problems at Heatrae-Sadia prevented the advances in earnings that had been expected, but both Elastic Rail Spike and Torque Tension achieved satisfactory growth in profits.

Included in the results of associated companies was a charge of £5.8 million representing Charter's share of the loss of Cleveland Potash from 1 April 1978, the date of commencement of commercial production, to 31 December 1978. Of this amount of £5.8 million, £1.4 million represented finance charges, £0.7 million depreciation, and the balance of £3.7 million the operating loss for the period. The share of Cleveland's loss slightly more than offset the retained earnings of other associates which were also below the level of last year.

It was deemed prudent to make under extraordinary items a provision against the full book value of Charter's investment in Cleveland Potash. After deduction of the share of Cleveland's loss referred to above and the appropriate tax relief, and taking into account the provision made last year of £7.5 million, the amount required to write off fully our investment in Cleveland at 31 March was £11.0 million. In addition, a provision has been made against the full amount of our liabilities under guarantees in respect of loan and leasing finance for Cleveland amounting to £9.2 million.

Overall, extraordinary items give rise to a charge this year of £5.7 million. The greater part of our holding in Union Corporation was sold during the year, and this together with some minor items led to a profit after tax of £6.0 million on the sale of long term investments. A credit of £12.6 million for tax relief arose in respect of the loss on Société Minière de Tenke-Fungurume previously written off, and the appreciation of sterling caused a deficit of £4.5 million on the conversion of foreign currency assets and liabilities.

In the circumstances, the board feels that any increase in dividend this year, apart from adjusting for the lower rate of imputed tax credit and rounding off, would not be appropriate.

At 31 March 1979 the value of Charter's net assets, adjusted for market and directors' valuation of investments, was £340.6 million (equivalent to 325p per share), compared with £287.6 million (equivalent to 274p per share) at 31 March 1978.

Mining

CLEVELAND POTASH

As I reported last year, the Cleveland Potash mine has faced a series of formidable problems since the first potash was recovered from underground development in 1973. These have stemmed mainly from the complex orebody and from problems arising from the difficulty in establishing a stable labour force in an area with no mining tradition. The mine was designed to produce and hoist, by 1977, approximately 2.5 million tonnes of ore per annum from which the plant would produce one million tonnes of potash.

These problems limited production in 1977 to 800,000 tonnes of ore, from which only 135,000 tonnes of potash were produced. Performance in 1978, after an encouraging start, deteriorated and potash production for the year was 249,000 tonnes.

By the end of 1978 the project had absorbed £117.3 million, of which the partners had provided £76.4 million, third party loans and overdraft amounted to £25 million, government grants were £11.5 million, and £4.4 million represented leased assets. Charter's investment amounted to £22.0 million after writing off £7.5 million in 1978, and in addition it had furnished guarantees for an amount of £9.2 million.

The mine forecast for 1979 presented to the partners in January of this year was for production of 534,000 tonnes of potash from 1.7 million tonnes of ore. The forecast projected an increase in monthly production from just under 30,000 tonnes at the beginning of the year to a monthly rate of some 55,000 tonnes by the end of the year, which reflected break-even on operating costs. The forecast indicated that Cleveland Potash would require up to £14 million to be contributed by the partners during the year.

In these circumstances, the partners jointly voted £8 million to the project, of which Charter's share is £3 million, with the intention of reviewing the project in the middle of the year.

In the first half of the year 750,000 tonnes of ore were hoisted and 212,000 tonnes of potash produced, which is within three per cent of target. Although this represents a considerable improvement on the performance in 1978, it has not proved possible to produce in any one month more than 41,000 tonnes of potash, which is significantly lower than was expected by the end of June. The company's estimated loss for the six months ended 30 June 1979 is £8 million, of which £4.7 million is attributed to an operating deficit and the balance to depreciation and financial charges on external loans.

Funds voted for the project will meet requirements until the end of August, before which time the future of the project will be reviewed by the partners.

MALAYSIA

Malaysia Mining Corporation (MMC), in which Charter has a 28.6 per cent interest, is established as the world's major tin mining investment company. Its tin interests are concentrated in Malaysia but it also has investments in Thailand and Nigeria. In addition, MMC has a significant interest in the Ashton venture, which has made some diamond discoveries in northwest Australia. MMC's consolidated pre-tax profit for the year ended 31 January 1979 of M$52.9 million compares favourably with the M$48.5 million earned in the previous year.

The tin mining companies which comprise the bulk of the MMC group interest produced a total of 24,500 tonnes of tin concentrate in 1978, compared with 24,977 tonnes in 1977. Although output has declined during the year, the increased tin price ensured that the group's satisfactory profit levels were maintained. The average London Metal Exchange cash price for tin during 1978 was £6,706 per tonne, as against £6,181 per tonne in 1977.

The world production of tin increased marginally during 1978, but until significant new orebodies are discovered and developed this cannot be regarded as a long term trend. The supply of tin is roughly matched at present by consumer demand, at prices which enhance the profitability of MMC's mining operation. Consequently satisfactory results are expected for the coming year.

During 1978 MMC discontinued the traditional method of direct selling of tin concentrate output to the smelting companies and has, in conjunction with international marketing agents, undertaken the world marketing of the group's tin output, which is an important new facet to MMC's growing expertise.

The prolonged negotiations for the development of the important tin discovery in south Selangor continued throughout the year, and it now seems possible that agreement can be reached to activate this project. With the increasing world demand for tin, it is important that this project should proceed as soon as possible.

During this year it is intended that MMC should seek a public quotation on the Kuala Lumpur and Singapore stock exchanges.

TENKE-FUNGURUME

In the light of the very high capital costs involved and the prevailing political and economic conditions, it is not anticipated that it will be possible to bring to fruition the rich copper/cobalt deposits at Tenke-Fungurume in the near future, and the project continues on a caretaker basis. Standard Oil of Indiana has disposed of its shareholding in Société Minière de Tenke-Fungurume, which has been taken largely by the French organization Bureau de Recherches Géologiques et Minières. Consideration continues to be given to ways and means of turning the ore reserves to account.

BERALT AND ANGLADE

The year 1978 was particularly active for Beralt Tin and Wolfram and the results achieved can be considered satisfactory, although not up to the record levels of the previous year. Consolidated profit before tax was £3.5 million, compared with £4.6 million in 1977, and after taking taxation and minority interests into account profit attributable to Beralt amounted to £2.1 million (equivalent to 18.5p per share), compared with £2.8 million (equivalent to 24.8p per share) in 1977. The escudo depreciated against sterling over the year by 19 per cent, and as a result the profit and loss account has been charged with an exchange loss of £1.0 million.

Beralt's Portuguese operating company increased its production at the Panasqueira mine for the first time in four years, with an output of concentrates amounting to 1,450 tonnes of wolfram, 1,101 tonnes of copper, and 62 tonnes of tin, compared with 1,267, 1,176, and 58 tonnes respectively in 1977. However, the average London Metal Bulletin quotation for wolfram during the year was US$147.15 per metric ton unit, compared with US$174.76 per metric ton unit in 1977. The lower price of wolfram more than offset Beralt's increased production and volume of sales during the period, and was the principal reason for the year's operating profit falling below the record levels of 1977. The underground mechanization programme, which is aimed at increasing production and improving working conditions at Panasqueira, is continuing, and work on the new inclined shaft system, which should be commissioned early in 1981, is progressing satisfactorily.

Beralt acquired, in December 1978, a 64.8 per cent interest in Minas da Borralha, which operates a wolfram mine in north Portugal, and treats the concentrate on site to produce ferro-tungsten. While it has not had a significant effect on Beralt's results for 1978, sales in the early part of 1979 have so far been satisfactory.

The results of Société Minière d'Anglade, in which Charter has a 25 per cent interest, were also affected by the fall in the tungsten price in 1978, and a drop in sales revenue of FF9.0 million was reported. The company made a net profit of FF6.0 million, compared with FF4.4 million in 1977, and declared FF4.5 million in dividends. Production of 652 tonnes of WO_3 in concentrate was slightly lower than in 1977.

Exploration work, which I reported on in last year's review, has resulted in the blocking out of additional reserves which will extend the life of the mine by six years. Anglade is also engaged in the final stage of an evaluation of an open-cast scheelite project near Toulouse.

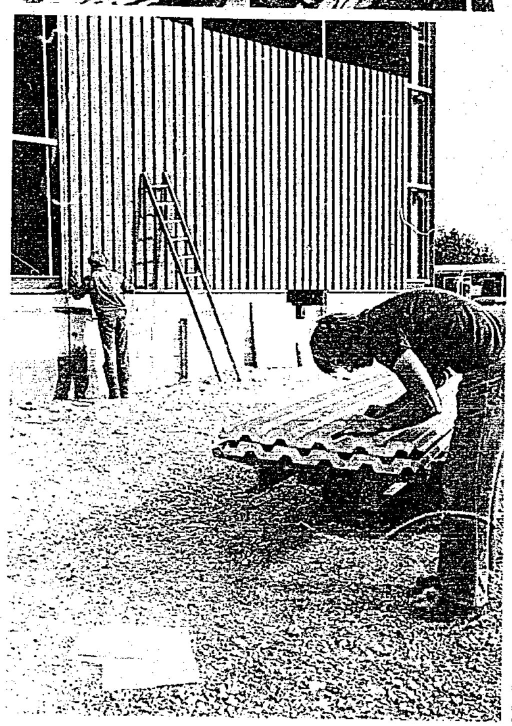
BOTSWANA RST/BCL LIMITED

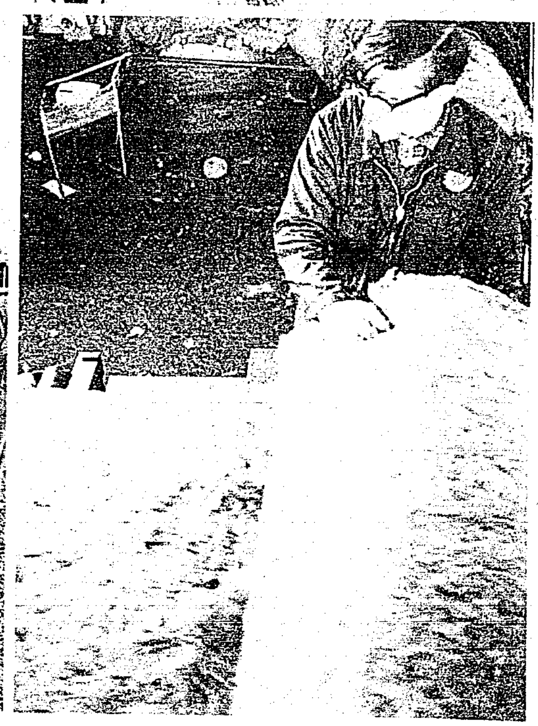
Charter has interests in BCL Limited, which owns and operates the Selebi-Phikwe nickel/copper mine in Botswana, and in Botswana RST, which holds 85 per cent of the ordinary share capital of BCL.

Production of nickel/copper matte by BCL in 1978 totalled 39,517 tonnes, which is 94 per

[illegible] insulation services. A new range of insulated composite metal claddings, [illegible] is manufactured by Cape Universal Claddings.

Cape Insulation produces Rocksil (below), a man-made rock fibre material which is widely used for industrial and domestic thermal insulation [illegible]





cent of design capacity, compared with 30,772 tonnes produced in 1977. Despite continued depressed metal prices, BCL achieved an operating profit of P2.0 million, compared with a loss of P5.9 million in 1977, but, after deduction of loan interest payable and other expenditure, the loss was P24.7 million, compared with a loss of P31.6 million in 1977, equivalent to US$29.6 million and US$38.0 million respectively at the rate of exchange ruling at 31 December 1978.

Charter has provided funds during the year following the commitments contracted under the terms of the restructuring arrangements negotiated in March 1978, in addition to the commitment to provide funds for completion of phase II of the project.

The level of working costs was well controlled in a year when inflation continued to have a marked effect on costs. However, even though production increased, sales revenue was almost the same as in 1977 as a result of lower overall metal prices. Since the end of the year metal prices have improved, and steps have been taken to benefit from the substantial rise in the price of cobalt by increasing production of cobalt at BCL as far as is practicable.

If metal prices remain at their current levels, it is expected that BCL will continue to achieve an operating profit.

TARA

Charter has a 10.6 per cent interest in Tara Exploration and Development Company which holds 75 per cent of Tara Mines, which owns and operates a zinc/lead mine at Navan in the Republic of Ireland.

Commercial production at Navan commenced on 1 January 1978. In the year to 31 December 1978, 1,381,140 tonnes of ore were milled to produce 237,877 tonnes of zinc concentrates and 41,801 tonnes of lead concentrates. The company is giving priority to increasing mine production to design capacity of 2.3 million tonnes of ore per annum.

In 1978, partly as a result of weak metal prices, Tara Exploration made a loss of US$10.7 million (US$1.66 per share) and was obliged to renegotiate the terms of its financing with the main lenders. The revised terms provide for a delayed repayment schedule and for increased facilities guaranteed by the principal shareholders available to meet operating cash shortfalls and, in certain circumstances, repayments of principal of bank loans.

Prices of zinc and lead have improved over the past year, and this, together with increasing production, should lead to satisfactory operating profits during 1979.

EXPLORATION

Charter has maintained exploration programmes for non-ferrous metals in Spain, France, Ireland, and the United Kingdom. In Spain and Ireland the emphasis has been on tungsten, and a number of ore grade intersections have been made near Segovia, in Spain, and these will be followed up with further drilling this year. In the United Kingdom we are searching for uranium in a joint venture with the French company Minatome with the aid of a grant from the European Economic Community. Outside Europe Charter maintained its interest in the Anglo American Corporation group exploration programmes in Australia and Brazil.

In the North Sea detailed geophysical work has been undertaken on our fifth round licence covering blocks 14/16 and 14/17 and an initial exploration well is now under consideration. The British National Oil Corporation is operator for this licence and Charter's interest is 8¼ per cent. A thorough reappraisal of our fourth round licence covering block 210/19, in which Charter has a 25 per cent interest, is being made in the light of discoveries in neighbouring blocks. Charter made no application in the sixth licensing round.

Industrial subsidiaries

Group turnover in CAPE INDUSTRIES amounted to £180 million in 1978, compared with £155 million in 1977. Net profit before tax and extraordinary items rose to £12.7 million, compared with £11.9 million in the previous year. The world-wide reduction in demand for asbestos fibre has continued, resulting in a decline in turnover and profit from Cape's mining division, which ran at a lower level of production than in 1977. The increase in group profits, though modest, can be attributed to the strong growth and profit of the building and insulation division.

On 29 June 1979 Cape's South African mining companies were sold to Transvaal Consolidated Land and Exploration Company. The sale comes at a time when Cape is diversifying away from the manufacture of asbestos related products, and the net sterling proceeds of £15.1 million will be used to finance the group's expansion in other areas of its business.

The automotive and engineering division was prevented from maintaining the steady improvement achieved in recent years by lower sales than anticipated in the home replacement and original equipment markets. All sections of the building and insulation division made substantial advances in turnover, and the trading profit of the division improved by over 77 per cent. This was due both to improved market conditions in the construction and insulation industries and to effective cost control in the building products sector. Further substantial growth in the division is expected during 1979.

The Elastic Rail Spike (ERS) group, which manufactures and markets railway track fastenings and associated components, increased sales by 48 per cent to £19.9 million, and trading profit before interest and tax increased from £1.6 million to £1.9 million. The figures are not strictly comparable with those shown in last year's report as during the year Torque Tension, formerly a wholly owned subsidiary of ERS, became a wholly owned subsidiary of Charter and its results are now shown separately. Although progress was considerable during the year, export orders expected by the operations in the United Kingdom, Canada, and Australia were deferred, resulting in sales lower than forecast. Overseas plants are expected to show improved performances during 1979, with particularly attractive prospects in Canada and Brazil. The operation in the United Kingdom is faced with an uncertain year but one in which reorganization will be completed to permit satisfactory adaptation to reduced volume with maintained profitability.

Sales in the Heatrae-Sadia group improved by £1.0 million over the 1977 results to £15.0 million, but trading profit before interest and tax fell to £0.7 million (1977 – £1.1 million). The heating division, the largest in the group, suffered substantial manufacturing problems following the closure of a factory early in 1978 and the transfer of its production to a larger group factory. Numerous difficulties have been encountered in bringing into production several new products, and these have proved very costly in view of the fact that they occurred at a time when the level of orders was high. The problems are now being resolved, productivity has improved substantially, and group sales and profitability are expected to recover during 1979.

The MK Refrigeration group increased sales by 13 per cent to £17.4 million in 1978, but overall margins declined as a result of changed product mix and increased overheads, associated with new manufacturing facilities which have still to produce a return. Trading profit before interest and tax was £2.5 million, compared with post-acquisition profits from August to December 1977 of £1.1 million. M.K. Refrigeration produces and markets a wide range of drink cooling equipment, and sales reflected the lower level of expenditure by the brewery industry generally in 1978, due to the poor summer and reduction of the industry's previously high stocks of beer coolers. This business is expected to recover during 1979, and the introduction of a wider range of drink cooling equipment is expected to have a favourable impact.

Torque Tension, which is now a wholly owned subsidiary of Charter, reported a substantially increased trading profit of £0.4 million before interest and tax (1977 – £0.2 million). The company, which has developed a range of hydraulic drilling equipment in addition to its existing roof bolt systems, looks forward to a considerable increase in sales during 1979. Its drilling equipment has gained acceptance by the National Coal Board, and a significant growth in the Board's orders is leading to further product development for this market.

Associated companies

MINORCO

Minerals and Resources Corporation (MINORCO), in which Charter holds a 20 per cent interest, reported consolidated profits after tax for the year to 30 June 1978 of US$15.1 million, compared with US$12.7 million in the previous year. This was principally due to the increased dividends paid by Engelhard Minerals & Chemicals Corporation (EMC), in which MINORCO has a 29 per cent interest. EMC's net earnings for the year to 31 December 1978 were US$142.2 million (1977 – US$122.6 million). This record level reflects very largely the increase in earnings accruing to the Philipp Brothers division, due to far more active markets in base metals and other industrial raw materials. Net sales and operating revenues, at US$10,200 million for the year, exceeded last year's figures by 38 per cent, and EMC paid dividends amounting to US$1.25 per share during 1978 (1977 – US$1.20 per share).

MINORCO also owns 43 per cent of Trend International, with reported net earnings of US$11.6 million for the year to 31 December 1977, which compares favourably with the loss in the previous year of US$5.9 million before extraordinary items. For the six months ended 30 June 1978 Trend's net earnings were US$5.2 million. The corporation received dividends from Trend of US$2.6 million during the year.

MINORCO has a 49.9 per cent holding in Zambia Copper Investments (ZCI), which earned a profit after tax and before extraordinary items of US$0.7 million for the year ended 30 June 1978. There was no dividend income from its major copper producing investments, Nchanga Consolidated Copper Mines and Roan Consolidated Mines, in which ZCI holds 40 per cent and 12.25 per cent respectively. A deficit on extraordinary items of US$21.5 million was recorded, of which US$19.9 million represented a provision against the investment in BRST and BCL and the loans to BRST. This provision, together with the provision of US$20 million made in the previous financial year, means that, with the exception of the senior unsecured loan to BCL of US$0.7 million, full provision was made in respect of ZCI's total investment in BRST and BCL to date. ZCI did not declare any dividends during the year.

MINORCO has increased its holding in another major copper investment, Inspiration Consolidated Copper Company (ICC), from 16 per cent to 50 per cent. ICC, which produces and sells copper from its Arizona operations in the United States, lost US$7.8 million in 1978, compared with a loss of US$11.1 million in 1977. The average copper price for 1978, at 64.9 cents per pound, was just under two cents per pound lower than in 1977, but higher revenue from tolling operations resulted in a smaller deficit for the year. Improved results for 1979 are expected as a result of the strengthening of the copper price.

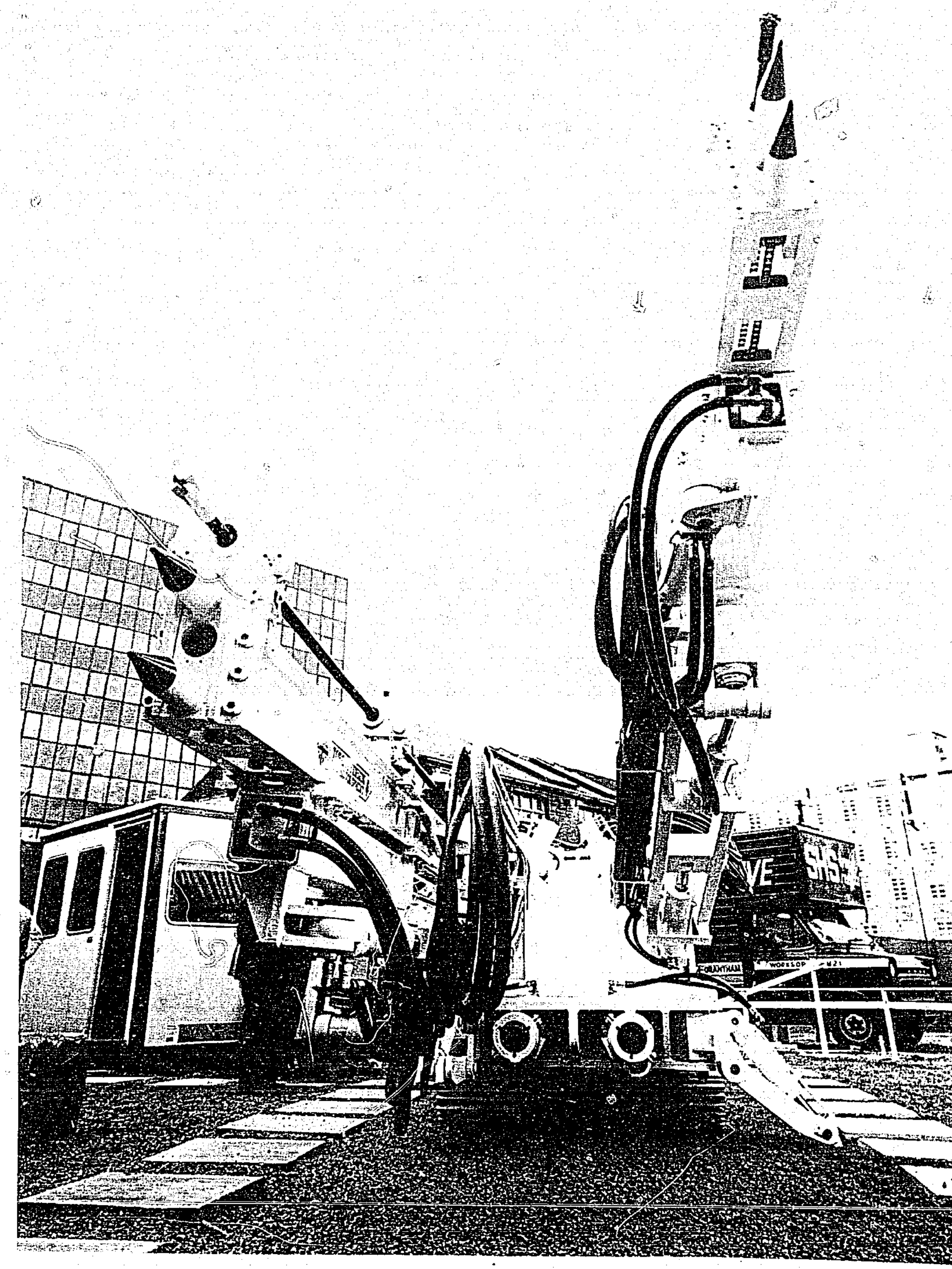
AMCAN

Charter has a 24.8 per cent holding in Anglo American Corporation of Canada (AMCAN), an investment company whose principal asset is its 44.3 per cent interest in Hudson Bay Mining and Smelting Co. Limited (Hudbay), a diversified natural resources organization which is a leading producer of copper and zinc in Canada and has major investments in copper mining, oil and gas, fertilizers, and chemicals.

Hudbay reported net earnings of C$5.1 million, 16 per cent up on 1977. The results include, however, C$2.6 million of unrealized exchange gains, due to the fall of the value of the Canadian dollar against the United States dollar with the consequent upward valuation of Hudbay's assets in the United States. Hence realized net profits amounted to C$2.5 million for 1978, a marginal improvement on the disappointing C$2.1 million for 1977. No dividends were paid during 1978, although a dividend of 10 cents per share was declared in January 1979 and 20 cents per share in April.

In June 1978 Hudbay and MINORCO made an offer of US$33 per share for all the shares not held by them in ICC. As a result, Hudbay's interest increased from 23 per cent to 36.5 per cent in 1978, and from January 1979 ICC became wholly owned by the two companies (with 50 per cent each) when those common shares still outstanding were converted into preferred shares.

Francana Oil & Gas, in which Hudbay has a 55 per cent interest and AMCAN a 28 per cent interest, reported net earnings in 1978 of C$9.7 million, slightly lower than the C$9.9 million earned in 1977. Canadian Merrill, of which Hudbay holds 62 per cent, had a disappointing year with net earnings of C$2.3 million, compared with C$3.6 million for the year to 30 June



The new 'Bison twin' drilling machine produced by Torque Tension Limited

1977. Weak demand for fertilizers led to low margins and reduced profits at Terra Chemicals International, Hudbay's 51 per cent subsidiary, where net earnings were C$1.3 million, compared with C$8.0 million in 1977.

The prospects for Hudbay are for an improvement over the disappointing results of 1978. The market for most of its products has improved, notably in metals and oil, and payment of dividends was resumed in January and April 1979.

Outlook

The more buoyant economic conditions which emerged in the second half of 1978 reflected simultaneous expansion in the principal economies of the free world. A revival of industrial activity in Germany and in Japan coincided with a surprisingly robust extension of the economic recovery in the United States. Steel production showed a particularly strong upturn, and it appears that investment spending, much of which had been deferred for several years, once again came to play a significant role in economic growth.

Charter has a substantial interest in many mining projects which have been able to benefit from higher metal prices during the last year, and these investments could have been expected to yield improving returns in the future. However, once again, the recent sharp escalation in oil prices casts doubt on the ability of the western economies to sustain their rate of growth, as the resources that were destined for new industrial investment will now be diverted to meeting the higher costs of energy. Indicators already show a reduction of growth in the American economy and a striking fall in the production of steel in west Germany.

In spite of an expected reduction of economic activity, stock levels in many metal markets are now lower than in recent years, and the indications are that in a number of metals in which Charter has an interest there is likely to be some shortfall of supply, which will bolster the returns to existing producers. The gold market is expected to continue to flourish as a result of a general lack of confidence in the main currencies of the world, and Charter will benefit from this through its holdings in the companies of the Anglo American Corporation group.

I commented last year on the lack of investment in new mines, which has been largely attributed to the high political risk associated with the mounting of such ventures in lesser developed countries, as well as uneconomical price levels. Price improvements over the past year have yet to induce such a growth in investment, as the political hazards in potential host countries remain, and economic prospects are still not sufficiently attractive to promote the confidence needed to develop mining projects whose payback period is necessarily extensive. Therefore it is likely that metal prices will continue to rise as a result of shortage of supply for as long as capital investment in new mines remains at a low ebb.

However, the European Commission and a number of member governments are now seriously concerned by this inadequacy in investment, as well as by the sharp decline in exploration expenditure of the European mining industry which has occurred over the last decade in developing countries. I therefore hope that the resistance of some member states to the proposals of the Commission for the establishment of a European investment guarantee system will be overcome in the near future.

The severe winter and industrial unrest at the end of last year affected our industrial companies, in common with British industry generally, but since then results have been more encouraging, and some improvement in profits is forecast by our wholly owned industrial subsidiaries. The Cape Industries group, after an indifferent start to the year, has regained in the past months much of the ground that was lost, and is expected to produce results broadly similar to those of last year but with a higher proportion of earnings coming from the building and insulation division.

Looking to the future, we believe that the most favourable opportunities for growth lie in the development of Charter's industrial holdings, and we are actively engaged in furthering our interests in certain specified areas which we have identified as capable of future expansion and which complement our existing industrial interests. Our objective is to achieve a better balance between our mining and industrial investments, and between our United Kingdom and foreign earnings. As the bulk of our mining income comes from abroad there are financial and tax advantages to be derived from increased earnings from industrial investment at home.

The process of achieving the right mix of investments has been taken a stage further during the past year with the disposal of some of our South African interests, among them substantial holdings in Union Corporation, Blyvooruitzicht Gold Mining Company, Harmony Gold Mining Company, and the recent sale by Cape Industries of its asbestos mines in South Africa. The extent to which the process can or should be carried further is under continuous review.

Directorate and personnel

As shown in the report of the directors, Mr H. R. Fraser has resigned from the board and Mr R. H. Dent retires by rotation but does not wish to be considered for reappointment. I would like each of them to know how much all their colleagues on the board appreciate and value their contribution to the running of the company. In the case of Mr Dent, whose principal interest has been as chairman of our subsidiary Cape Industries, we are fortunate in being able to propose Mr G. A. Higham, deputy chairman and managing director of Cape, to take his place on the Charter board.

Once again it gives me great pleasure to express my gratitude for the loyalty and support of those who work with us. I am very happy to be able to take this opportunity to thank all our employees throughout the group for their very significant contribution to our activities during the past year.

M. B. HOFMEYR
chairman

4 July 1979

Accounts

CHARTER CONSOLIDATED LIMITED AND ITS SUBSIDIARY COMPANIES

Report of the Auditors to the Members

We report on the accounts set out on pages 18 to 35.

Included in investments in the consolidated balance sheet is an investment in Cleveland Potash Limited (Cleveland) at a nominal value of £5. As set out in note 8(i) on page 26, the directors have considered it prudent to provide a further £22.4 million against the investment, which together with the provision made in 1978 amounts to a total provision of £29.9 million. In addition, a provision of £9.2 million included in creditors in the consolidated balance sheet has been made for guarantees given by a subsidiary company in respect of loan and leasing finance of Cleveland. In view of the continuing uncertainty as to the future of the Cleveland mine, and having regard to the commitment to subscribe for further loan facilities referred to in note 10(iii) on page 28, it is not possible for us to assess whether the total amounts provided will prove to be adequate or excessive and whether the investment in Cleveland after the provisions made is fairly stated.

Subject to the foregoing, in our opinion, the accounts give a true and fair view of the state of affairs of the company and, so far as concerns the members of the holding company, of the group at 31 March 1979 and of the profit and source and application of funds for the year ended on that date and comply with the Companies Acts 1948 and 1967.

COOPERS & LYBRAND
DELOITTE HASKINS & SELLS

Chartered Accountants

London, 13 July 1979

Accounting Policies

1. Basis of consolidation

(i) The accounts are prepared on the historical cost basis of accounting except for certain assets included at revaluation.

(ii) In order to facilitate administration, the financial years of Cape Industries Limited and its subsidiaries and those of the other group industrial subsidiaries terminate on 31 December. Details of these subsidiaries are shown on page 34.

(iii) The results of subsidiaries acquired during the year are included in the consolidated profit and loss account from their effective dates of acquisition. The premium or discount between the purchase consideration and their net assets is dealt with through reserves.

2. Foreign currencies

(i) Profit and loss items, assets, and liabilities are translated into sterling at the rates of exchange ruling at the dates of the respective balance sheets.

(ii) Differences arising from the translation into sterling of foreign currency loans financing foreign portfolio investments are included with the sterling profits less losses arising on the realization of those investments. In accordance with policy 4 these differences and the profits less losses arising from the realizations of foreign portfolio investments are included in the profit and loss account as surplus on realizations of investments.

(iii) Differences arising from the translation into sterling of all other foreign currency items are shown as an extraordinary item in the profit and loss account.

3. Income received

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

4. Investments

i) Investments have been classified into portfolio, which includes investments in prospecting companies, and long term holdings. Investments are deemed to be long term when they are considered to be of strategic importance to the group and are not held with the intention of resale. If, due to changed circumstances, long term investments cease to be of strategic importance they are reclassified as portfolio investments.

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

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

5. Turnover

Turnover is the invoiced value of sales of industrial subsidiaries and excludes both transactions between group companies and sales turnover taxes.

6. Capital expenditure grants

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

7. Depreciation

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

The following rates are normally applied:
Freehold buildings – 2 per cent per annum
Leasehold property – the period of the lease or 2 per cent per annum for leases in excess of 50 years
Plant, furniture, and fittings – 10 to 25 per cent per annum.
Mining rights are amortized evenly over a 40-year period.

Depreciation on assets qualifying for capital expenditure grants is calculated on their full cost (see policy 6).

8. Technical development expenditure

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

9. Deferred taxation

Provision is made for deferred taxation at the rate of corporation tax ruling at the year end, except in respect of any tax reduction which is reasonably expected to continue for the foreseeable future. Debit balances are carried forward in the balance sheet where there is a reasonable certainty of recovery in the near future.

Advance corporation tax on dividends payable after the balance sheet date is included with deferred taxation.

10. Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realizable value. Contract work in progress is valued at cost less foreseeable losses and progress payments received and receivable. Cost includes expenditure which is incurred in the normal course of business in bringing the product or service to its present location and condition. Net realizable value is the estimated selling price less all costs to be incurred.

11. Prospecting, exploration, and development expenditure

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

(i) Expenditure to develop existing mining areas:
This expenditure, being part of the general development of the mine, is written off to mine operating costs in the year incurred, and is reflected in trading profit in the profit and loss account.

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

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

12. Associated companies

The group accounts for profits less losses of associated companies, as defined under Statement of standard accounting practice no. 1, as follows:

(i) Dividends from associated companies are accounted for on a received basis, and this income is included in income from investments in the profit and loss account.

(ii) In addition, the group share of retained profits less losses for the year is accounted for separately in the profit and loss account. The accounts used to calculate the group share of retained profits less losses of associated companies are normally the latest audited accounts available to the group.

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

Mine development costs of companies in the course of developing mines, including costs charged to revenue by those companies, are not accounted for in the profit and loss account in accordance with policy 11 (iii).

Consolidated Profit and Loss Account Year ended 31 March 1979

CHARTER CONSOLIDATED LIMITED AND ITS SUBSIDIARY COMPANIES

	1979 £000	1978 £000
Income from investments *(note 1)*	19,517	21,054
Surplus on realizations of investments	11,990	5,790
Interest receivable	4,059	1,646
Trading profit of industrial subsidiaries *(note 2)*	21,212	18,065
	56,778	46,555
Deduct: Administration and technical expenditure *(note 2)*	4,096	3,472
Prospecting expenditure	1,079	961
Interest payable *(note 3)*	7,000	5,728
	12,175	10,161
	44,603	36,394
Group share of losses less retained profits of associated companies *(note 4)*	(56)	6,693
Profit before taxation	44,547	43,087
Taxation *(note 6)*	17,965	14,387
Profit after taxation and before extraordinary items	26,582	28,700
Deduct: Interest of outside shareholders in profits of subsidiaries	3,591	3,265
Attributable to Charter	22,991	25,435
Earnings per share 21.93p (1978 – 24.26p) *(note 15)*		
Dividends paid and proposed *(note 7)*	9,043	8,703
Profit for the year retained before extraordinary items	13,948	16,732
Deduct: Extraordinary items *(note 8)*	5,682	21,661
Retained profit transferred to reserves (1978 – deficit)	8,266	(4,929)

Profit for the year after extraordinary items totalled £17,309,000 (1978 – £3,774,000)

Movements on reserves

	1979 £000	1978 £000
Reserves at 31 March 1978	150,467	159,888
Retained profit for the year (1978 – deficit)	8,266	(4,929)
Surplus on revaluation of a subsidiary's freehold property	983	—
Discount on purchases of shares of subsidiary companies (1978 – premium)	94	(4,294)
Disposals of shareholdings in subsidiary and associated companies	—	(198)
Reserves at 31 March 1979 *(note 16)*	159,810	150,467

The accounting policies on pages 18 and 19 and the notes on pages 23 to 31 form part of these accounts.
The report of the auditors is on page 17.

Consolidated Balance Sheet 31 March 1979

CHARTER CONSOLIDATED LIMITED AND ITS SUBSIDIARY COMPANIES

	1979		1978	
	£000	£000	£000	£000
Fixed assets *(note 9)*		74,905		63,786
Exploration and development expenditure		122		111
Investments *(note 10)*		158,306		182,616
Market or directors' valuation £282,239,000 (1978 – £262,858,000)				
Current assets				
Stocks and work in progress *(note 11)*	48,238		47,079	
Debtors	59,565		49,140	
Short term loans and deposits	48,550		19,415	
Bank and cash balances	1,890		5,647	
	158,243		121,281	
Current liabilities				
Associated companies' and other deposit accounts	5,938		4,497	
Bank loans and overdrafts (secured – £1,358,000; 1978 – £3,415,000)	24,301		16,475	
Creditors *(note 12)*	63,790		48,898	
Taxation	5,863		6,271	
Proposed final dividend	5,871		5,532	
	105,763		81,673	
Net current assets		52,480		39,608
Deferred taxation *(note 6)*		10,880		(519)
		296,693		285,602
Financed by:				
Share capital *(note 13)*		26,215		26,212
Share premium account *(note 17)*		30,695		30,683
Reserves *(note 16)*		159,810		150,467
Total capital and reserves		216,720		207,362
Capital expenditure grants		2,560		2,546
Interest of outside shareholders in subsidiaries		20,736		18,521
Long term indebtedness *(note 14)*		56,677		57,173
		296,693		285,602

M. B. HOFMEYR
B. W. PAIN
} *Directors*

The accounting policies on pages 18 and 19 and the notes on pages 23 to 31 form part of these accounts.
The report of the auditors is on page 17.

Balance Sheet 31 March 1979

CHARTER CONSOLIDATED LIMITED

	1979		1978	
	£000	£000	£000	£000
Subsidiary companies				
Shares at cost or valuation	93,779		93,779	
Add:				
Amounts due from subsidiaries	—		4,200	
	93,779		97,979	
Deduct:				
Amounts due to subsidiaries	37,265		37,444	
		56,514		60,535
Current assets				
Bank balances		2		2
Deferred asset				
Advance corporation tax *(note 6)*		2,516		2,850
		59,032		63,387
Financed by:				
Share capital *(note 13)*		26,215		26,212
Share premium account *(note 17)*		18,702		18,690
Reserves *(note 16)*		4,626		9,164
Total capital and reserves		49,543		54,066
Long term indebtedness *(note 14)*		2,337		2,339
Current liabilities				
Creditors	313		74	
Taxation	968		1,376	
Proposed final dividend	5,871		5,532	
		7,152		6,982
		59,032		63,387

M. B. HOFMEYR
B. W. PAIN } *Directors*

The accounting policies on pages 18 and 19 and the notes on pages 23 to 31 form part of these accounts.
The report of the auditors is on page 17.

Notes on the Accounts

1. Income from investments

	1979 £000	1978 £000
(i) Associated companies	3,778	4,164
Other investments	15,739	16,890
	19,517	21,054
(ii) Arising from:		
Listed investments	16,444	17,315
Unlisted investments	3,073	3,739
	19,517	21,054
(iii) Includes franked investment income	4,758	4,398

NOTE

Dividends of £335,000 (1978 – £354,000) paid by Anglo American Corporation Rhodesia Limited but blocked in Zimbabwe Rhodesia have not been included in investment income. Total such dividends blocked at 31 March 1979 amounted to £904,000.

2. Trading profit of industrial subsidiaries and administration and technical expenditure

	1979 £000	1978 £000
(i) Expenses charged:		
Auditors' remuneration (parent company – £16,000; 1978 – £12,000)	418	322
Directors' emoluments (see note 5)	205	133
Depreciation of fixed assets (see note 9)	7,248	6,030
Hire of plant and equipment	1,043	977
Charge in respect of depreciation of assets held under finance leases	125	—
Credits:		
Capital expenditure grants	325	181
Rents receivable	498	594
(ii) Turnover of the industrial subsidiaries	238,446	192,582
(iii) Administration and technical expenditure:		
Expenditure	11,112	10,545
Deduct: Recovered from companies outside the group	7,016	7,073
	4,096	3,472

(iv) A subsidiary has a commitment to make an annual payment of £187,000 to the Charter Consolidated pension scheme for the next six years.

3. Interest payable on borrowings by the group

	1979 £000	1978 £000
Loans repayable after more than five years	3,091	3,308
Loans repayable within five years	44	36
Amounts deposited with the group	425	239
Bank loans and overdrafts	3,440	2,145
	7,000	5,728

4. Associated companies

Principal associated companies are listed on page 33.

Group share of losses less retained profits of associated companies:

	1979 £000	1978 £000
Share of profits less losses before taxation	2,673	9,568
Deduct: Dividends declared from these profits	2,729	2,875
Group share of losses less retained profits before taxation	(56)	6,693
Taxation	(3,666)	(4,407)
	(3,722)	2,286
Extraordinary items (see note 8)	(1,239)	(358)
Group share of losses less retained profits for the year ended 31 March 1979	(4,961)	1,928

For balance sheet details of investments in associated companies see note 10.

NOTES

(i) The 1979 results include for the first time the group share of the loss of Cleveland Potash Limited (Cleveland). This share totals £5,801,000 and is based on the period from 1 April 1978, when the production phase was deemed to have commenced, to 31 December 1978 (Cleveland's financial year end). In accordance with accounting policy 12 on page 19, mine development costs prior to this period charged to revenue by Cleveland were not accounted for within the associated companies' results in Charter's consolidated profit and loss account.

(ii) Associated companies' deferred taxation has not been adjusted to reflect the group's accounting policy because of different taxation systems and accounting standards applicable to certain overseas associated companies.

5. Directors' emoluments

	1979 £	1978 £
Directors of the parent company:		
Fees	16,000	17,000
Salaries and other remuneration including pension contributions	271,000	189,000
Pension payable to widow of former director	3,000	5,000
	290,000	211,000
Deduct: Fees received from other companies and refunded to the group	85,000	78,000
	205,000	133,000
Amounts paid to directors:		
Chairman: Mr M. B. Hofmeyr	£34,057	£30,981
Others: £27,501–£30,000	2	—
£25,001–£27,500	3	1
£22,501–£25,000	—	2
£20,001–£22,500	—	[illegible]
£7,501–£10,000	1	1
£5,001– £7,500	1	1
£2,501– £5,000	—	1
up to £2,500	12	13

NOTE

13 directors have agreed to waive emoluments due to them from Charter Consolidated Limited and its subsidiary companies. Fees waived by these directors during the year amounted to £26,000 (1978: 13 directors – £33,000).

6. Taxation

(1) Charge in consolidated profit and loss account	1979	1978
GROUP COMPANIES on profit for the year	£000	£000
United Kingdom:		
Corporation tax at 52 per cent	16,146	7,597
Deferred taxation	(2,980)	1,210
Double taxation relief	(5,726)	(5,698)
Advance corporation tax written off by subsidiary	1,095	1,019
Taxation at 33 per cent (1978 – 34 per cent) on investment income	1,570	1,496
	10,105	5,624
Overseas:		
Taxation	4,038	4,263
Deferred taxation	918	1,167
	15,061	11,054
Adjustments in respect of previous years	(762)	(1,074)
ASSOCIATED COMPANIES (see note 4)	3,666	4,407
	17,965	14,387

NOTES

(i) The taxation charge for the year excludes £5,400,000 (1978 – £6,726,000) not expected to be payable in the foreseeable future resulting from accelerated capital allowances, stock appreciation relief, and other timing differences.

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

(2) The provision made in the accounts for deferred taxation and the full potential liability are set out below:	1979 PROVISION MADE £000	1979 FULL POTENTIAL LIABILITY £000	1978 PROVISION MADE £000	1978 FULL POTENTIAL LIABILITY £000
Excess of the book value of assets qualifying for taxation allowances over their written down value for taxation purposes	3,712	12,934	3,082	10,327
Taxation on capital gains on property revaluation	32	3,206	27	1,945
Taxation on capital gains on assets sold and rolled over against the acquisition of new assets	—	1,183	—	1,469
Taxation relief relating to provision for compensation for industrial disease	—	(1,196)	—	(1,378)
Stock appreciation relief relating to certain industrial subsidiaries	111	10,664	238	7,525
Taxation relief on prospecting expenditure not yet claimed	(237)	(497)	(108)	(525)
Difference between book and taxation value of investments (see note (ii) below)	(11,932)	(14,001)	130	(2,028)
Advance corporation tax (see note (iii) below)	(2,516)	(5,213)	(2,850)	(5,437)
	(10,880)	7,080	519	11,898

NOTES

(i) No account has been taken for relief in deferred or potential deferred taxation on either provisions totalling £29,946,000 (of which £13,820,000 was raised in previous years) against certain investments, or the provision of £9,195,000 against the Cleveland Potash Limited guarantee commitments (see note 8(i)). Such relief cannot at present be quantified because of uncertainty as to the crystallization of losses and the incidence of double taxation relief.

(ii) The amount of £11,982,000 included in respect of the difference between book and taxation value of investments consists primarily of:

(a) £5,561,000 relating to provisions against the investment in Cleveland Potash Limited (see note 8(i));

(b) £6,263,000 relating to the profits arising on certain inter-group transactions, eliminated on consolidation, which is deferred until such time as the profits are realized outside the group.

(iii) Advance corporation tax recoverable of £2,516,000 (1978 – £2,850,000) is shown as a deferred asset in the parent company's balance sheet.

7. Dividends paid and proposed

	1979 £000	1978 £000
Interim dividend of 3.025p per share (1978 – 3.025p) paid on 3 January 1979	3,172	3,171
Proposed final dividend of 5.6p per share (1978 – 5.27645p per share) payable on or about 14 August 1979	5,871	5,532
	9,043	8,703

8. Extraordinary items

	1979 £000	1978 £000
Cleveland Potash Limited (see note (i) below) (see review by the chairman on pages 7 and 8)	(20,189)	(7,500)
Société Minière de Tenke-Fungurume (SMTF)		
(i) Taxation relief on amounts written off in prior years (see note (ii) below)	12,581	—
(ii) Balance of investment written off	—	(1,744)
Profits less losses on disposals of long term investments, net of taxation of £1,912,000	5,984	617
Net effect of translation of currencies	(3,272)	(8,216)
Industrial disease provision (see note (iv) below)	(445)	(2,571)
Discount on purchase in of 7½ per cent guaranteed FF bonds	442	379
Botswana RST Limited/BCL Limited, investment provision	(137)	(5,998)
Losses and provisions relating to closure of operations (1979 net recovery)	47	(1,695)
Surplus on sale of fixed assets	—	3,797
Mining assets written off	—	(361)
Sundry	149	(163)
Associated companies (see note (v) below)	(1,239)	(358)
	(6,079)	(23,813)
Minority interest	397	2,152
	(5,682)	(21,661)

NOTES

(i) Details of the Cleveland Potash Limited loss are set out below:

	£000
Provision against the cost of the investment	22,356
Deduct: Deferred taxation relief	5,561
	16,795
Deduct: Share of Cleveland Potash Limited's loss included in group share of losses less retained profits of associated companies	5,801
	10,994
Provision against guarantees in respect of loan and leasing finance raised by Cleveland Potash Limited	9,195
	20,189

Deferred taxation relief on provisions against the investment in Cleveland has been restricted to that amount which is considered reasonably certain of recovery in the near future. No account has been taken in deferred or potential deferred taxation for relief on the balance of the provisions raised (see note 6(2)(i)).

(ii) Credit has been taken by way of taxation relief for the whole of the amounts written off in prior years of £24,195,000 relating to SMTF. The anticipated taxation relief amounting to £12,581,000 has been matched in full against taxation arising on profits of the year.

(iii) Extraordinary items have been reduced by £3,165,000 as a result of deferred taxation relief relating to inter-group profits which are eliminated on consolidation (see note 6(2) (ii))

(iv) The industrial disease charge relates to the provision for the estimated maximum amount of costs defending claims in the USA (see note 18).

(v) Associated companies' extraordinary items include the following:

	1979 £000	1978 £000
Effect of currency realignment:		
On the group share of retained opening reserves	(918)	(1,178)
In associated companies' own accounts	(378)	(707)
	(1,296)	(1,885)
Provision for loss in value of underlying investments	(93)	(897)
Gain on mine disposal	—	2,322
Sundry	150	102
	(1,239)	(358)

9. Fixed assets

	FREEHOLD PROPERTY £000	LONG LEASEHOLD PROPERTY £000	SHORT LEASEHOLD PROPERTY £000	PLANT FURNITURE AND FITTINGS £000	MINING RIGHTS £000	TOTAL £000
COST OR VALUATION						
At 31 March 1978	37,107	3,019	2,028	60,537	1,455	104,146
Currency realignment	(472)	—	(29)	(1,087)	(80)	(1,668)
Revaluation	983	—	—	—	—	983
Additions at cost	2,658	507	168	13,100	1,596	18,029
Subsidiaries acquired	219	—	15	1,260	—	1,494
Disposals	(1,864)	(203)	(106)	(4,346)	(2)	(6,521)
Reallocations	(6)	(54)	60	—	—	—
At 31 March 1979	38,625	3,269	2,136	69,464	2,969	116,463
DEPRECIATION ON ASSETS AT COST OR AT VALUATION						
At 31 March 1978	6,437	546	704	32,435	238	40,360
Currency realignment	(246)	—	(20)	(628)	(14)	(908)
Charge to profit and loss account	1,070	54	70	6,023	31	7,248
Subsidiaries acquired	52	—	6	815	—	873
Disposals	(1,827)	(203)	(104)	(3,881)	—	(6,015)
Reallocations	—	(1)	1	—	—	—
At 31 March 1979	5,486	396	657	34,764	255	41,558
NET BOOK AMOUNTS						
At 31 March 1979	33,139	2,873	1,479	34,700	2,714	74,905
At 31 March 1978	30,670	2,473	1,324	28,102	1,217	63,786

NOTES

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

	FREEHOLD PROPERTY £000	LONG LEASEHOLD PROPERTY £000	SHORT LEASEHOLD PROPERTY £000	PLANT FURNITURE AND FITTINGS £000	MINING RIGHTS £000	TOTAL £000
At cost	20,583	2,044	1,416	69,458	1,773	95,274
At valuation – 1948	—	—	—	—	1,196	1,196
1972	135	—	—	—	—	135
1974	268	882	—	—	—	1,150
1975	15,366	310	720	—	—	16,396
1976	1,123	33	—	6	—	1,162
1978	1,150	—	—	—	—	1,150
	38,625	3,269	2,136	69,464	2,969	116,463

(ii) Freehold properties at valuation include an amount of £886,000 relating to land and factory premises acquired by the Belgian subsidiary and financed by secured loans (see note 14). The legal title to the factory premises does not vest in the company concerned until the final instalments on the loans have been paid.

(iii) The freehold property at valuation in 1978 was valued by chartered surveyors based on current open market values.

(iv) Commitments for capital expenditure of subsidiaries amount to £5,782,000 (1978 – £3,347,000).

(v) Estimated capital expenditure of subsidiaries authorized but not committed amounts to £2,937,000 (1978 – £2,514,000).

10. Investments

	AT COST, LESS AMOUNTS WRITTEN OFF		AT MARKET VALUE OR DIRECTORS' VALUATION	
	1979	1978	1979	1978
	£000	£000	£000	£000
ASSOCIATED COMPANIES				
Listed in Great Britain	23,483	23,367	31,649	24,581
Listed outside Great Britain	62	62	135	115
	23,545	23,429	31,784	24,696
Unlisted	21,679	30,420	28,360	38,517
	45,224	53,849	60,144	63,213
Advances	158	1,362	158	1,362
	45,382	55,211	60,302	64,575
Add: Group share of retained profits less losses (see note 16)	10,091	15,052		
	55,473	70,263		
OTHER INVESTMENTS				
Listed in Great Britain	76,223	82,236	192,518	169,060
Listed outside Great Britain	17,598	19,827	17,140	16,722
	93,821	102,063	209,658	185,782
Unlisted	9,012	10,290	12,279	12,501
	102,833	112,353	221,937	198,283
TOTAL INVESTMENTS				
Listed in Great Britain	108,619	114,022	224,167	193,641
Listed outside Great Britain	17,717	19,921	17,275	16,837
	126,336	133,943	241,442	210,478
Unlisted, including advances	31,970	48,673	40,797	52,380
	158,306	182,616	282,239	262,858

NOTES

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

(ii) Included in other unlisted investments are shares in Anglo American Corporation Rhodesia Limited. The book value and directors' valuation at 31 March 1979 both amount to £2,989,000 (1978 – £2,989,000). Any disposal of these shares would require consent under existing exchange control regulations, and no income can be remitted to the group from Zimbabwe Rhodesia.

(iii) Commitments by the company and its subsidiaries in respect of subscriptions for shares and loan facilities amount to £5,723,000 (1978–£11,990,000), of which £2,625,000 (1978–£7,500,000) relates to Cleveland Potash Limited and £2,343,000 (1978–£3,636,000) relates to Botswana RST Limited/BCL Limited.

(iv) A subsidiary company has entered into contracts for exploration expenditure to be incurred after 31 March 1979.

(v) The greater part of the investments is of a long term nature. In the event of the realization of investments at the market value or directors' valuation at 31 March 1979 of £282,239,000 there would be a tax liability which it is not possible to quantify because of the incidence of relief in respect of losses and variations in overseas rates of tax.

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

11. Stocks and work in progress

	1979 £000	1978 £000
Contract work in progress	48,765	33,410
Deduct: Progress payments received and receivable	48,132	32,570
	633	840
Raw materials and consumable stores	21,493	26,929
Work in progress	6,044	3,477
Finished goods	20,068	15,833
	48,238	47,079

12. Creditors

Creditors include:

(i) an amount of £2,790,000 (1978 – £3,154,000), representing the balance of provisions established by Cape Industries Limited in earlier years for compensation payments for industrial disease. The assessment of the likely sum required remains very difficult to determine and it is not possible to state with certainty that the provision will be adequate. The directors have reviewed the position with Cape Industries Limited and believe in the light of the available evidence that it will be sufficient to meet either all or the great majority of claims.

(ii) a provision of £9,195,000 in respect of guarantees provided on behalf of Cleveland Potash Limited.

13. Share capital

	31 March 1979		31 March 1978	
	Shares of 25p each	£	Shares of 25p each	£
Authorized:	120,000,000	30,000,000	120,000,000	30,000,000
Issued:				
Fully paid shares	104,847,302	26,211,825	104,837,397	26,209,349
Partly paid shares				
(1p paid up – see note (iii) below)	277,000	2,770	286,500	2,865
Total of issued share capital		26,214,595		26,212,214

NOTES

(i) During the year 405 fully paid shares of 25p each were issued against conversion of the company's loan stock, and 9,500 partly paid shares were fully paid up (see report of the directors).

(ii) The maximum number of shares which may be issued on conversion of the company's five per cent convertible loan stock 1984 is 560,924.

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

14. Long term indebtedness

	1979 £000	1978 £000
Debenture stocks (secured) issued by		
(i) Charter Consolidated Investments Limited		
4½ per cent first debenture stock 1978/83	500	500
4 per cent second debenture stock 1978/83	500	500
(ii) Cape Industries Limited		
7¾ per cent debenture stock 1986/89	2,000	2,000
6¼ per cent debenture stock 1986/89	600	600
Unsecured loan stocks issued by		
(i) The company		
5 per cent convertible loan stock 1984 (see note (i) below)	2,337	2,339
(ii) Cape Industries Limited		
7¼ per cent loan stock 1986/91	3,459	3,459
(iii) Swaziland Collieries Limited		
9½ per cent registered convertible notes 1972/81	14	15
Bonds issued by Charter Consolidated Overseas N.V. (see note (ii) below)		
(i) 6½ per cent unsecured bonds of DM106,000,000 1968/83	27,824	28,740
(ii) 7½ per cent guaranteed bonds of FF76,500,000 1987	8,615	10,353
Belgian (secured) 1979/86 (see note (iii) below)	286	328
	46,135	48,834
Bank loans (secured) (see note (iv) below)	180	32
Bank loans (unsecured) 1980/88 (see note (iv) below)	10,362	8,307
	56,677	57,173

NOTES

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

Year of conversion	*Number of shares per £100 stock*
1979	24
1980–84	23

(ii) The DM106,000,000 6½ per cent unsecured bonds 1968/83 are listed on the Frankfurt stock exchange. The FF76,500,000 7½ per cent guaranteed bonds 1987 are listed on The Stock Exchange in London.

The company has guaranteed both bond issues as regards repayment of principal, including premium if any, and payment of interest.

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

(iv) Bank loans are repayable in the following currencies:

	1979 £000	1978 £000
Sterling	3,720	3,100
Belgian francs	3,940	2,976
US dollars	1,393	1,271
Swedish kroner	646	609
French francs	532	326
Dutch guilders	311	57
	10,542	8,339

(v) Repayments are due as follows:

	BANK LOANS £000	OTHER BORROWINGS £000	TOTAL £000
Within one year	2,220	5,601	7,821
Between one and two years	8	5,615	5,623
Between two and five years	1,752	17,801	19,553
Over five years	6,562	17,118	23,680
	10,542	46,135	56,677

15. Earnings per share

Earnings per share attributable to Charter is calculated on earnings of £22,991,000 (1978 – £25,435,000) and on 104,847,302 shares (1978 – 104,837,397 shares) as if the additional 405 shares issued during the financial year had been issued for the whole year and the 9,500 partly paid shares which became fully paid during the financial year had been fully paid for the whole year.

16. Reserves

	1979 £000	1978 £000
Group reserves at 31 March are held as follows:		
Parent company	4,626	9,164
Subsidiary companies	145,093	126,251
Associated companies	10,091	15,052
	159,810	150,467

NOTES

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

(ii) The movement in reserves of the parent company is accounted for by a transfer from reserves, after payment of dividends, of £4,538,000 (1978 - retained profit of £182,000) included in the consolidated profit and loss account.

17. Share premium account

	GROUP £000	COMPANY £000
Balances at 31 March 1978	30,683	18,690
Premium on shares issued by the company	12	12
Balances at 31 March 1979	30,695	18,702

18. Contingent liabilities and outstanding commitments

	1979 £000	1978 £000
For amounts not called on investments	300	410
In respect of guarantees of £14,773,000 less counter-guarantees £5,275,000 (company net – £20,415,000; 1978 – £10,617,000)	9,498	17,340
In respect of underwriting participations and options granted	25	—
Bills receivable discounted	115	157
Commitment to purchase metal in 1979	—	2,054
Other items	884	923
	10,822	20,884

NOTES

(i) Certain companies in the Cape Industries Limited group continue to be named, along with other asbestos fibre and asbestos product suppliers, as defendants in legal actions in the USA claiming damages as a result of the use of their products. The directors believe, in the light of legal advice received, that the outcome of these actions is unlikely to have any material effect on the group's financial position, and accordingly no provision in respect of them has been made in these accounts except for the estimated maximum amount of costs which might be incurred in the USA defending these claims.

(ii) The net guarantee liability for 1979 includes £3,775,000 for Botswana RST Limited/BCL Limited.

Source and Application of Funds Year ended 31 March 1979

CHARTER CONSOLIDATED LIMITED AND ITS SUBSIDIARY COMPANIES

	1979 £000	1979 £000	1978 £000	1978 £000
SOURCE OF FUNDS				
Profit before taxation		44,547		43,087
Extraordinary items before interest of outside shareholders and adjusted for taxation relief of £16,162,000 (1978 – £907,000)		(22,241)		(24,720)
		22,306		18,367
Adjustments for items not involving movements of funds				
Depreciation	7,248		6,030	
Provisions against mining projects and investments	16,288		15,638	
Provisions for industrial disease and closure of operations	398		4,422	
Provisions against guaranteed loans and leasing financing commitments	9,195		—	
Effect of currency translation on loans, investments, and fixed assets	3,137		7,739	
Share of losses less retained profits of associated companies	1,295	37,561	(6,335)	27,494
Funds generated		59,867		45,861
Disposal of fixed assets	506		1,713	
Increase in long term indebtedness	287		1,991	
Increase in government grants	14	807	1,558	5,262
		60,674		51,123
APPLICATION OF FUNDS				
Purchases of fixed assets	18,650		21,247	
Investments (see note (i) below)	381		4,182	
Goodwill on acquisition of subsidiaries	(94)		4,294	
Taxation paid	9,903		7,037	
Increase in working capital and other items (see note (ii) below)	7,019		11,675	
Dividends paid	8,704	44,563	8,154	56,589
Increase in liquid funds (see note (iii) below)		16,111		(5,466)

NOTES

(i) Investments:

	1979 £000	1978 £000
Long term – purchases	8,868	7,908
– book value of realizations	(7,127)	(2,588)
	1,741	5,320
Portfolio – net realizations at book value	(1,360)	(1,138)
	381	4,182

Realizations less purchases of investments contributed £17,159,000 (1978 – £1,607,000) to the source of funds.

(ii) Analysis of working capital:

	1979 £000	1978 £000
Increase in stocks and work in progress	1,159	13,521
Increase in debtors	10,425	8,107
Increase in creditors	(5,584)	(10,217)
Other items	1,019	264
	7,019	11,675

(iii) Increase in liquid funds:

	1979 £000	1978 £000
Increase in short term loans, deposits, and cash	25,378	(5,583)
Increase in associated companies' and other deposits	(1,441)	213
Increase in bank loans and overdrafts	(7,826)	(96)
	16,111	(5,466)

(iv) Net assets on acquisition of subsidiaries:

	1979 £000	1978 £000
Fixed assets	809	4,745
Goodwill	(94)	4,294
Stocks	914	5,202
Debtors	733	3,722
Creditors	(618)	(2,368)
Taxation	(152)	(1,709)
Government grants	(10)	(1,135)
Cash	32	1,465
Other items	(105)	(459)
	1,509	13,757

Principal Investments

PRINCIPAL INVESTMENTS OF 10 PER CENT OR MORE, INCLUDING ASSOCIATED COMPANIES*	*Nature of business*	*Group interest in equity capital (per cent)*	*Accounting date for inclusion of associated company results*
Australia			
Australian Anglo American Limited	Mining finance	15	
Tinnabruich (Pty) Limited	Investment	37	
Bermuda			
Minerals and Resources Corporation Limited*	Mining finance and investment	20	December
Brazil			
Anglo American Corporation do Brasil Limitada	Gold mining and general prospecting	12	
Canada			
Anglo American Corporation of Canada Limited*	Mining finance	24.8	December
France			
Société Minière d'Anglade	Wolfram mining	25	
Republic of Ireland			
Tara Exploration and Development Company Limited Incorporated in Canada	Zinc and lead mining	10.6	
Malaysia			
Malaysia Mining Corporation Berhad*	Tin mining	28.6	January
Pernas Charter Management Sendirian Berhad*	Technical and administrative services	50	December
Portugal			
Beralt Tin and Wolfram Limited* Incorporated in England	Wolfram mining	50	December
Singapore			
Haw Par Brothers International Limited	General trading, insurance, shipping, and investment	13.2	
South Africa			
Anglo American Investment Trust Limited	Diamond investments	10	
The Argus Printing and Publishing Company Limited	Printing and publishing	10	
Euranglo Limited*	Investment	25	March
United Kingdom			
Anmercosa Sales Limited*	Marketing of metals	37	March
Charter-CJB Mineral Services Limited*	Technical services	50	December
Cleveland Potash Limited*	Potash mining	37.5	December
Covenant Industries Limited*	Marketing and manufacture of chemicals	33.9	September
Selection Trust Limited	Mining finance	25.8	
Zimbabwe Rhodesia			
Anglo American Corporation Rhodesia Limited	Mining finance and investment	33.5	

OTHER PRINCIPAL INVESTMENTS	
Botswana	
Botswana RST Limited/BCL Limited	Nickel and copper mining
South Africa	
Anglo American Corporation of South Africa Limited	Mining finance
Rustenburg Platinum Holdings Limited	Platinum mining
United Kingdom	
The Rio Tinto-Zinc Corporation Limited	Mining finance

NOTES

1. Companies are shown by principal country of operation; where they are incorporated in a different country this is shown beneath the company name.
2. Accounts of Minerals and Resources Corporation Limited used to calculate the group share of retained profits covered the six months to 30 June (based on audited accounts) and the six months to 31 December (unaudited accounts).
3. The Charter group holds 37.5 per cent of the 10 per cent redeemable participating preference shares of Cleveland Potash Limited.

Subsidiary Companies

Company	Nature of business	Group interest in equity capital (per cent)	Country of incorporation/ operation
Industrial			
CAPE INDUSTRIES GROUP			
Cape Industries Limited	Industrial and mining	67.3	England
Cape Asbestos Fibres Limited	Marketing of asbestos fibre	67.3	England
Cape Asbestos South Africa (Pty) Limited	Administration of South African mining companies	67.3	South Africa
Cape Blue Mines (Pty) Limited	Mining of blue asbestos	67.3	South Africa
Cape Boards and Panels Limited	Insulation board for ship and building construction	67.3	England
Cape Building Services Limited	Fire protection and insulation contracting	67.3	England
Cape Contracts Limited	Industrial thermal insulation contracting	67.3	England
Cape Distribution Limited	Distribution of automotive components	67.3	England
Cape Insulation Limited	Manufacture of insulation products	67.3	England/Scotland
Cape Investments S.A. (Pty) Limited	Holding company for South African industrial subsidiaries	67.3	South Africa
Cape Universal Claddings Limited	Asbestos cement products and other building materials	67.3	England
Don International Limited	Manufacture of friction materials	67.3	England
Don International S.A.	Manufacture of friction materials	67.3	Belgium
Egnep (Pty) Limited	Mining of amosite asbestos	67.3	South Africa
Trist, Draper Limited	Manufacture of friction materials	67.3	England
ELASTIC RAIL SPIKE GROUP			
Elastic Rail Spike Company Limited	Railway track fastenings	100	England
Elastic Rail Spike Company (Australia) Pty Limited	Railway track fastenings	100	Australia
Pandrol Canada Limited	Railway track fastenings	75	Canada
Pandrol Incorporated	Railway track fastenings	100	United States of America
HEATRAE-SADIA GROUP			
Heatrae-Sadia Holdings Limited	Industrial holding company	100	England
Heatrae Catering Equipment Limited	Commercial catering equipment	100	England
Heatrae-Sadia Heating Limited	Domestic and industrial heating equipment	100	England
Sadia Airofreeze Limited	Commercial refrigeration	100	England
MK REFRIGERATION GROUP			
M.K. Refrigeration Limited	Industrial holding company	100	England
Gaskell & Chambers Limited	Drink dispensing equipment	100	England
M.K. Refrigeration (Manufacturing) Limited	Bar cooling equipment	100	England
Morgan Furniture Limited	Contract furniture	100	England
Paterex Limited	Precision engineering	100	England
Swaziland Collieries Limited	Coal mining	57.6	Swaziland
Torque Tension Limited	Mine roof bolting systems and drilling equipment	100	England
Finance and investment			
Barnato (Holdings) U.K. Limited	Investment	100	England
The British South Africa Company*	Investment	100	England
The British South Africa Company Investments Limited*	Investment	100	England
Central Mining Finance Limited	Finance and investment	100	England
The Central Mining & Investment Corporation Limited*	Investment	100	England
Centramic (South Africa) Limited	Investment	100	South Africa
Charter Consolidated Finance Limited	Finance	100	England

Company	*Nature of business*	*Group interest in equity capital (per cent)*	*Country of incorporation/ operation*
Charter Consolidated Investments Limited*	Investment	100	England
Charter Consolidated (Malaysia) Sendirian Berhad	Investment	100	Malaysia
Charter Consolidated Overseas N.V.	Finance	100	Netherlands Antilles
Hawkswick Holdings Limited	Investment	100	England
Interlink Investments Limited	Investment	100	Canada
Leonora Investments Limited	Investment	100	Gibraltar
Nimbus Investments S.A.	Investment	100	Luxembourg
Raven Investments Limited	Investment	100	Gibraltar
Shafford Holdings Limited	Investment	100	England
Town Properties Limited	Investment	100	South Africa
Services			
Anglo Charter International Services Limited*	Employment services	51	England
Charter Consolidated Services Limited*	Administrative and technical services	100	England

*Shares in these companies are held directly by the company; the shares in the remaining companies are held through subsidiaries.

NOTES

1. The companies listed above include those whose activities materially affected the profit or assets of the Charter group during the year.
2. On 29 June 1979 the Cape Industries mining subsidiaries in South Africa were sold outside the group.
3. A subsidiary holds 100 per cent of the 3½ per cent cumulative preference shares of Cape Industries Limited and 67.3 per cent of the 4.2 per cent cumulative preference shares of Don International Limited.
4. The accounts of Cape Industries Limited, M.K. Refrigeration Limited, Charter Consolidated Overseas N.V., and Swaziland Collieries Limited are not audited by the Charter group auditors but are available on application.
5. The financial years of the industrial subsidiaries terminate on 31 December apart from Paterex Limited and Swaziland Collieries Limited whose years end on 31 May and 31 March respectively.

Analysis of Assets and Income

Geographical analysis of total assets and revenue

	Assets		Per cent of assets		Per cent of revenue	
	1979 £000	1978 £000	1979	1978	1979	1978
United Kingdom	103,975	98,899	25.4	27.0	29.1	32.8
Rest of Europe	31,463	30,557	7.6	8.3	5.5	8.0
North and South America	89,699	61,085	21.9	16.7	12.7	10.8
South Africa	98,701	114,149	24.1	31.2	34.4	33.2
Rest of Africa	34,701	29,726	8.5	8.1	7.3	7.5
South-east Asia	19,956	15,079	4.9	4.1	9.1	5.7
Australasia	31,251	16,868	7.6	4.6	1.9	2.0
	409,746	366,363	100.0	100.0	100.0	100.0

Analysis by category of investments and investment income

	Investments		Per cent of investments		Per cent of investment income	
	1979 £000	1978 £000	1979	1978	1979	1978
Mining–Finance	169,362	145,779	60.0	55.4	51.4	54.2
Diamonds	44,507	36,937	15.7	14.1	22.4	18.2
Gold	5,467	11,568	1.9	4.4	3.7	6.2
Tin and wolfram	14,557	9,652	5.[illegible]	3.7	9.6	6.9
Copper, potash, and other minerals	14,903	25,985	5.3	9.9	3.1	0.9
Industrial, commercial, etc.	31,235	29,791	11.1	11.3	8.9	12.6
Long term loans	2,208	3,146	0.8	1.2	0.9	1.0
	282,239	262,858	100.0	100.0	100.0	100.0

NOTES

1. Listed investments are included at market value at 31 March and unlisted investments at directors' valuation at 31 March.
2. The geographical analysis takes into consideration direct interests and where possible major indirect interests in the areas concerned and is therefore only approximate. Deferred taxation is excluded.
3. The analysis of investments does not include the industrial subsidiaries.

Analysis by product category of turnover and trading profit of industrial subsidiaries

	Turnover 1979 £000	Turnover 1978 £000	Per cent of turnover 1979	Per cent of turnover 1978	Per cent of trading profit 1979	Per cent of trading profit 1978
Building and insulation products	104,150	82,358	43.4	42.1	41.5	30.1
Automotive and engineering products	51,796	43,232	21.6	22.2	10.6	13.2
Mining and sale of asbestos fibre	25,615	31,447	10.7	16.1	19.8	33.3
Heating, catering, and bar equipment	32,386	20,215	13.5	10.4	15.1	11.9
Railway track fastenings	19,997	13,350	8.3	6.8	9.1	9.1
Mining equipment	4,313	3,233	1.8	1.7	2.1	1.3
Coal mining	1,813	1,300	0.7	0.7	1.8	1.1
	240,070	195,135	100.0	100.0	100.0	100.0
Deduct: Sales between different classes of business	1,624	2,553				
	238,446	192,582				

Geographical analysis of turnover of industrial subsidiaries

	Turnover 1979 £000	Turnover 1978 £000	Per cent of turnover 1979	Per cent of turnover 1978
United Kingdom	176,758	120,874	74.1	62.8
Rest of Europe	26,236	33,794	11.0	17.5
Australasia and South-east Asia	3,498	10,552	1.5	5.5
North and South America	10,440	5,503	4.4	2.9
South Africa	17,551	8,303	7.3	4.3
Rest of Africa and Middle East	3,963	13,556	1.7	7.0
	238,446	192,582	100.0	100.0

NOTE

The aggregate value of goods exported by the group's United Kingdom industrial subsidiaries during the year was £26,346,000 (1978 – £22,444,000).

Ten Year Financial Record

Charter Consolidated Limited and its subsidiary companies

	1979 £000	1978 £000	1977 £000	1976 £000	1975 £000
Earnings *(year to 31 March)*					
Income from investments	19,517	21,054	18,581	18,220	17,699
Surplus on realizations	11,990	5,790	2,375	6,078	2,124
Trading profit of industrial subsidiaries	21,212	18,065	18,936	14,566	6,566
	52,719	44,909	39,892	38,864	26,389
Deduct:					
Administration and technical expenditure	4,096	3,472	3,674	2,127	1,497
Prospecting expenditure	1,079	961	825	1,053	2,163
Interest payable less receivable	2,941	4,082	3,031	2,910	758
	8,116	8,515	7,530	6,090	4,418
	44,603	36,394	32,362	32,774	21,971
Add: Group share of retained profits less losses of associated companies	(56)	6,693	6,369	3,663	5,965
Profit before taxation	44,547	43,087	38,731	36,437	27,936
Deduct: Taxation	17,965	14,387	16,134	14,666	9,869
	26,582	28,700	22,597	21,771	18,067
Deduct: Amount attributable to outside shareholders and pre-acquisition *(note 4 below)*	3,591	3,265	3,320	2,382	861
Earnings attributable	22,991	25,435	19,277	19,389	17,206
Deduct: Dividends paid	9,043	8,703	7,865	7,081	6,507
	13,948	16,732	11,412	12,308	10,699
Earnings per share	**21.93p**	**24.26p**	**18.40p**	**18.50p**	**16.42p**
Dividends per share	8.62p	8.30p	7.50p	6.76p	6.21p
Imputed tax credit per share	3.89p	4.28p	3.93p	3.64p	3.24p
	12.51p	12.58p	11.43p	10.40p	9.45p
Net assets *(at 31 March)*					
Investments at market value or directors' valuation	282,239	262,858	252,792	255,606	303,863
Investments at book amount	158,306	182,616	195,969	196,151	199,393
Fixed assets	74,905	63,786	54,199	47,353	36,668
Exploration and development expenditure	122	111	601	657	4,442
Net current assets	52,480	39,608	37,679	34,765	9,269
	285,813	286,121	288,448	278,926	249,772
Deduct: Capital expenditure grants, minority interest, long term indebtedness, and deferred taxation	69,093	78,759	71,727	66,981	52,222
Total capital and reserves	216,720	207,362	216,721	211,945	197,550
Add: Surplus of market value or directors' valuation of investments over book value	123,933	80,242	56,823	59,455	104,470
Total net assets	340,653	287,604	273,544	271,400	302,020
Net assets per share	**325p**	**274p**	**261p**	**259p**	**288p**
Issued share capital *(at 31 March)*	26,215	26,212	26,202	26,202	26,201

1974 £000	1973 £000	1972 £000	1971 £000	1970 £000
13,254	10,440	10,441	14,372	10,705
4,309	4,034	3,445	1,104	5,343
7,198	5,716	4,442	3,704	4,499
24,761	20,190	18,328	19,180	20,547
1,295	944	901	999	1,237
919	602	778	769	—
(327)	129	(222)	15	511
1,887	1,675	1,457	1,783	1,748
22,874	18,515	16,871	17,397	18,799
3,109	(1,137)	774	2,803	—
25,983	17,378	17,645	20,200	18,799
9,076	3,832	3,036	3,276	4,772
16,907	13,546	14,609	16,924	14,027
1,016	1,103	673	556	1,029
15,891	12,443	13,936	16,368	12,998
5,987	6,654	8,383	8,381	7,422
9,904	5,789	5,553	7,987	5,576
15.16p	**11.87p**	**13.30p**	**15.84p**	**13.13p**
5.71p	6.35p	8.00p	8.00p	7.50p
2.69p	1.65p	—	—	—
8.40p	8.00p	8.00p	8.00p	7.50p
351,347	324,189	272,637	266,785	325,959
184,410	178,597	150,413	143,559	138,388
30,075	23,640	22,000	21,556	19,578
4,069	2,250	759	—	—
24,531	27,177	34,425	37,760	17,969
243,085	231,664	207,597	202,875	175,935
48,189	46,951	35,234	35,175	33,969
194,896	184,713	172,363	167,700	141,966
166,937	145,592	122,224	123,226	187,571
361,833	330,305	294,587	290,926	329,537
345p	**315p**	**281p**	**277p**	**333p**
26,201	26,200	26,199	26,194	24,738

NOTES

1. Prospecting expenditure, group share of retained profits less losses of associated companies, and exploration and development expenditure were introduced in 1972 on the adoption of new accounting policies.
2. Surplus on realizations and earnings per share from 1976 reflect a revised accounting policy for foreign currencies.
3. Taxation and earnings per share from 1977 reflect the revised accounting policy for deferred taxation.
4. From 1977 pre-acquisition profits have been excluded from the profit and loss account.

Interests of the Group

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

Anglo American Corporation of South Africa Limited

Anglo American Corporation of South Africa develops and holds investments in mining, industrial, and investment companies on a world-wide basis but principally in southern Africa. The corporation administers companies that are not necessarily subsidiaries, provides them with a full range of administrative and technical services, and assists them in raising capital for expansion and development.

In mining, the corporation 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. In the year to 31 March 1979 production by the eight principal gold mines administered by the corporation totalled 261,271 kilograms, and the combined working profit was R715.4 million. Production at the new Elandsrand Gold Mining Company Limited mine began in December 1978, and the milling rate is planned to reach 120,000 [illegible] of ore a month during the second half of 1979.

Industrial interests range from steelmaking and heavy engineering to construction, motor vehicles, paper and textiles, chemicals, drilling tools, refractories, and foodstuffs. The principal commercial interests are in insurance and property, banking, freight and travel, and computer services. A major interest is Highveld Steel and Vanadium Corporation Limited which recorded an attributable profit of R21.0 million for the year to 30 June 1978 in spite of difficult trading conditions and increased its dividend from 15 to 16 cents.

The corporation's investments are held largely through associated companies such as Anglo American Gold Investment Company Limited (AMGOLD), Anglo American Coal Corporation Limited (AMCOAL), and Anglo American Industrial Corporation Limited (AMIC), while its interest in diamonds lies mainly in its holding in De Beers Consolidated Mines Limited through its subsidiary Anglo American Investment Trust Limited (in which Charter has a 10 per cent interest). The Bermudian company Minerals and Resources Corporation Limited (in which Charter has a 20 per cent interest) participates in the corporation's international mining and industrial interests.

AMGOLD has substantial interests in gold and gold/uranium mines in the Transvaal and Orange Free State, and also has a small interest in a group of gold mines in Brazil. The market value of AMGOLD's listed investments at 28 February 1979 was R1,095.1 million, and equity earnings for the fourteen months to that date were R69.7 million, compared with R41.5 million for the twelve months to 31 December 1977. The dividend was increased from 165 cents to 250 cents per share.

AMCOAL has a considerable investment in the South African coal industry through a number of subsidiaries which mine and market coal. Sales of coal and coke by the AMCOAL group in 1978 totalled 26.7 million tons, a rise of 3.9 per cent compared with the previous year. Attributable profit rose to R52.7 million from R47.3 million in 1977, and the dividend was increased from 60 cents to 72 cents per share.

AMIC is an industrial holding company with subsidiaries operating in the fields of mining equipment, engineering, and timber products and a large portfolio of investments. AMIC's main subsidiaries, Boart International Limited and Scaw Metals Limited, showed good results in 1978, and Bruynzeel Plywoods Limited returned to profitability. The AMIC group's net equity earnings rose from R39.1 million in 1977 to R48.8 million, and the dividend was increased from 70 cents to 80 cents per share. During 1978 AMIC acquired the business of the African Products Limited group, manufacturers of maize and starch products, for a total consideration of R26.4 million, of which approximately R11 million was raised by means of a US dollar loan.

In July 1978 the corporation issued 40 million redeemable cumulative preference shares of 2.5 cents each at a premium of 97.5 cents, the rate of dividend being 10.5 per cent on the issue price of R1 per share.

FEATURES OF THE ACCOUNTS

	Year ended 31 March 1979 (unaudited) R000	*15 months ended 31 March 1978* R000
Issued share capital in 223,978,377 ordinary shares of 10 cents each, R4,758,750 six per cent cumulative preferred stock, and 40,000,000 cumulative preferred shares of 2.5 cents each	28,200	27,100
Share premium	5,900	nil
Non-distributable reserve	366,700	365,800
Distributable reserves	560,200	470,200
Loan capital	146,300	166,500
Group profit before taxation	265,000	258,700
Taxation	16,900	17,000
Equity earnings	202,000	195,000
Earnings per ordinary share	90.2 cents	89.9 cents
Dividends (ordinary) – amount	103,000	99,100
– per share	46 cents	45.25 cents
Extraordinary items	(6,900)	(33,500)
Market value of listed investments	3,071,400	1,996,700
Directors' valuation of unlisted investments	314,500	272,300

Anglo American Corporation do Brasil Limitada

Anglo American Corporation do Brasil is an associate of the Anglo American Corporation group, involved in mining and exploration in Brazil. It has a 49 per cent interest in Mineração Morro Velho S.A., which owns a group of producing gold mines in the state of Minas Gerais and declared a dividend for the year to 31 January 1979 equivalent to US$6.7 million, and an interest (currently 50 per cent) in Unigeo Geologia e Mineração S.A., which is conducting an extensive programme of drilling and underground adit work at the Jacobina gold prospect in Bahia. It also has a 35 per cent interest in Empresa de Desenvolvimento de Recursos Minerais 'Codemin' S.A. which is developing a nickel mine and smelting facilities in Goias.

Anglo American Corporation of Canada Limited

The company (AMCAN) is an investment company whose principal asset is its 44.3 per cent interest in Hudson Bay

Mining and Smelting Co. Limited, a diversified natural resources organization which is a leading producer of copper and zinc in Canada and has investments in copper mining, oil and gas, fertilizers, and chemicals.

Hudson Bay's earnings for 1978 rose from C$4.4 million before extraordinary items to C$5.1 million, but these included unrealized currency exchange gains of C$2.6 million (C$2.3 million in 1977). The Canadian metals division improved its results because of greater sales, higher prices, and the increase to 100 per cent of the interest in Whitehorse Copper Mines Ltd. However, the petroleum subsidiaries reported lower profits because of reduced Indonesian sales and higher amortization charges resulting from a downward revision of the estimated reserves of Canadian Merrill Ltd. The earnings of Terra Chemicals International Inc. were adversely affected by lower fertilizer prices and rising operating costs. The industrial operations group performed satisfactorily.

In June 1978 Hudson Bay and Minerals and Resources Corporation Limited made an offer of US$33 per share for all the shares not held by them in Inspiration Consolidated Copper Company (ICC), whose principal activity is the production and sale of copper from its operations in Arizona. As a result, Hudson Bay's interest increased from 23 per cent to 36.5 per cent, and from January 1979 ICC became wholly owned by the two companies (with 50 per cent each) when those common shares still outstanding were converted into preferred shares. ICC made a loss of US$7.8 million in 1978, compared with a loss of US$11.1 million in 1977.

In November 1978 Hudson Bay acquired a 37.5 per cent interest in Tantalum Mining Corporation of Canada Limited, which has a tantalum mine and a lithium deposit in south-east Manitoba.

AMCAN's earnings before extraordinary items for 1978 showed some reduction, the increased profit from its holding in Hudson Bay being outweighed by a fall in interest received, higher prospecting expenditure, and a smaller gain on realizations of investments.

FEATURES OF THE ACCOUNTS

Year ended 31 December	*1978*	*1977*
	C$000	C$000
Issued share capital in 9,929,545 shares of no par value	101,085	101,085
Earnings before extraordinary items	3,506	3,913
Earnings after extraordinary items	3,725	23,771
Earnings per share	38 cents	C$2.39
Dividends – amount	1,986	4,319
– per share	20 cents	43.5 cents
Market value of listed investments	111,509	82,896
Book cost of unlisted investments	2,326	2,494
Net asset value*	108,395	93,087
Net asset value per share*	C$10.92	C$9.37

**includes listed investments at market value and unlisted investments at lower of cost or directors' valuation*

Anglo American Investment Trust Limited

The company (ANAMINT) is a holding company for the diamond interests of the Anglo American Corporation group which holds 52.2 per cent of its issued equity capital. ANAMINT has an interest of 26.4 per cent in De Beers Consolidated Mines Limited and shareholdings in various diamond trading companies.

The principal activities of the De Beers group are the mining of gem and industrial diamonds in southern Africa, the manufacture of synthetic diamonds for use in industry, and the marketing through the Central Selling Organisation of diamonds produced by the De Beers group and other producers. It also holds a portfolio of international investments in mining, industrial, and finance companies.

De Beers operates diamond mines at Kimberley and elsewhere in South Africa and, through its wholly owned subsidiary CDM (Proprietary) Limited, in South West Africa/Namibia. Other mining operations are conducted by De Beers Lesotho Mining Company (Proprietary) Limited, a 75 per cent subsidiary of De Beers, and De Beers Botswana Mining Company (Proprietary) Limited, of which De Beers holds 50 per cent. Total diamond production by the De Beers group (including the Orapa and Letlhakane mines which are jointly owned by De Beers and the Botswana government) amounted to 12.0 million carats in 1978, compared with 11.8 million carats in 1977, and it is planned to raise productive capacity to 19 million carats by 1983 through programmes of expansion and the opening of the new mine at Jwaneng in southern Botswana.

The market for rough diamonds, in which there had been a high level of speculative activity in 1977, returned to normality by the end of 1978 after the replacement of temporary surcharges by a permanent price increase of 30 per cent. The demand for industrial diamonds remained strong. Sales by the Central Selling Organisation at US$2,552 million were a record for the third year in succession and exceeded the 1977 figure by 23 per cent.

The group attributable profit of De Beers rose from R563.3 millon in 1977 to R741.2 million in 1978, and dividends on the deferred shares were increased from 52.5 cents to 65 cents per share.

FEATURES OF THE ACCOUNTS

Year ended 31 March	*1979*	*1978*
	R000	*R000*
Issued share capital in 10,000,000 ordinary shares of 50 cents each and 2,500,000 six per cent cumulative preference shares of R2 each	10,000	10,000
Distributable reserves	57,533	53,228
Profit before taxation	79,856	64,777
Taxation	251	143
Equity earnings	79,305	64,334
Earnings per ordinary share	793 cents	643 cents
Dividends (ordinary) – amount	75,000	60,900
– per share	750 cents	600 cents
Market value of listed investments	805,112	520,123
Directors' valuation of unlisted investments	105,249	92,343
Net asset value per ordinary share*	R91.48	R61.26

**includes investments at market value or directors' valuation*

Australian Anglo American Limited

Australian Anglo American (AAA) is a holding company associated with the Anglo American Corporation group, Minerals and Resources Corporation Limited, and Charter Consolidated whose business is to establish mining activities in Australia and neighbouring regions, primarily through exploration.

FEATURES OF THE ACCOUNTS

Year ended 30 June	*1978 A$000*	*1977 A$000*
Issued capital in ordinary shares of 50 cents each	18,000	18,000
Capital reserve and share premium	5,937	5,607
Group profit after extraordinary items	343	(7,702)

Beralt Tin and Wolfram Limited

The company owns 80.55 per cent of Beralt Tin & Wolfram (Portugal) S.A.R.L. which owns and operates a mine and plant in central Portugal producing concentrates of wolfram, tin, and copper. Towards the end of 1978 that company acquired 80.5 per cent of the share capital of Minas da Borralha S.A.R.L. which owns the wolfram mine, plant, and properties at Borralha in northern Portugal.

Production of wolfram concentrates at the Panasqueira mine increased from 1,287 tonnes in 1977 to 1,450 tonnes in 1978, and sales rose from 1,308 tonnes to 1,452 tonnes. There was a fall in the market price of wolfram during the year, but the adverse effect of lower prices was partly offset by the rise in sales and by higher interest earnings. The value of the company's fixed assets increased substantially following the acquisition of Minas da Borralha and a revaluation by Beralt Tin & Wolfram (Portugal) under new Portuguese legislation.

A dividend of 4p per share was paid following receipt of the company's share of the dividend paid by Beralt Tin & Wolfram (Portugal) out of its earnings for 1977.

FEATURES OF THE ACCOUNTS

Year ended 31 December	*1978 £000*	**1977 £000*
Issued share capital in ordinary shares of 25p each	2,869	2,869
Capital reserves	940	248
General reserve and retained earnings	4,739	4,037
Consolidated profit before taxation	3,480	4,653
Taxation	737	1,021
Consolidated net profit attributable to Beralt before exchange losses	2,126	2,846
Earnings per share	18.5p	24.8p
Exchange losses	965	1,079
Consolidated net profit after exchange losses	1,161	1,767
Dividends – amount	459	430
– per share	4p	3.75p

**certain figures have been restated to reflect changes in the accounting treatment of exchange differences on fixed assets and interest on deposits in Portugal*

Botswana RST Limited

The company (BRST) has an interest of 85 per cent in BCL Limited, which conducts a nickel/copper mining operation at Selebi-Phikwe in the Republic of Botswana. The remaining 15 per cent of BCL is held by the Botswana government.

In 1978 production of nickel/copper matte rose to 39,517 tonnes, compared with 30,772 tonnes in 1977 and 32,506 tonnes in 1976, and in spite of continued depressed metal prices an operating profit was realized of P2.0 million. After charging interest payable of P26.9 million, and allowing for exchange gains, interest received, and other expenditure, the loss on current operations was P24.7 million, compared with a loss of P31.6 million for the previous year.

In terms of the March 1978 restructuring arrangements, P75 million of BCL's subordinated indebtedness to BRST, and BRST's corresponding indebtedness to its principal shareholders, was cancelled, and BCL issued to those principal shareholders P75 million 10 per cent cumulative redeemable preference shares of P1 each.

FEATURES OF THE ACCOUNTS

Year ended 31 December	*1978 P000*	*1977 P000*
Issued share capital in shares of P2 each	35,959	35,959
Share premium	838	838
Accumulated deficit	*59,704	102,497
Total shareholders' deficit	22,907	65,700
Loans from principal shareholders and others	229,704	278,918
Loss on current operations	24,682	31,643
Exploration expenditure and extraordinary items	nil	7,172
Attributable to minority shareholder in BCL	(759)	(279)
Attributable to preference shareholders in BCL	(18,260)	nil
Net loss attributable to BRST	5,663	38,536

**reflects reduction of P48,456,000 attributable to preference shareholders of BCL*

Cape Industries Limited

Based in the United Kingdom, the Cape Industries group manufactures building and insulation products and friction materials, undertakes insulation contracting and related building services, and distributes components for the automotive industry. Until June 1979, when the company sold its mining division to Transvaal Consolidated Land and Exploration Company Limited for a net consideration of approximately £15.1 million, it also mined asbestos fibre in South Africa and sold it world wide.

Group turnover increased from £155.4 million in 1977 to £180.3 million in 1978 and profit before taxation from £11.9 million to £12.7 million. These results reflected a strong growth in the building and insulation division, little change in the automotive and engineering division, and a decline in the mining division. Capital expenditure during the year amounted to £12.6 million, of which £2.9 million was spent in South Africa.

The building and insulation division made substantial advances in both turnover and profit. Increased sales of cladding products resulted in a marked recovery in earnings, and the manufacture of fireproof panels was maintained at a high and profitable level. Demand for thermal insulation materials was strong, particularly in the domestic market, and there was a further significant expansion in the thermal insulation contracting business despite keen competition.

The automotive and engineering division suffered from lower than expected sales of friction materials in both the home replacement and original equipment markets, due partly to labour disputes in the United Kingdom motor industry, and margins came under pressure. Good progress was made in consolidating the position of the manufacturing companies in Belgium and Sweden, and the distribution companies had a successful year.

Sales and profits in the mining division were reduced, in spite of a satisfactory operating performance, due to continued weakness in the world market for asbestos.

FEATURES OF THE ACCOUNTS

Year ended 31 December	*1978*	*1977*
	£000	*£000*
Issued share capital in 24,003,260 ordinary shares of 25p each and 250,000 3½ per cent cumulative preference shares of £1 each	6,251	6,251
Reserves and share premium	53,688	46,686
Loan capital (6¼ per cent and 7¼ per cent debenture stocks and 7¼ per cent unsecured loan stock)	6,059	6,059
Other term debt	10,705	8,667
Consolidated profit before taxation	12,731	11,857
Taxation	2,196	2,455
Consolidated profit after taxation and extraordinary items	10,029	6,218
Earnings per ordinary share*	43.9p	39.1p
Dividends (ordinary) – amount	2,219	1,970
– per share	9.2443p	8.2064p

calculated on profit before extraordinary items

Covenant Industries Limited

The company, which is jointly owned by Charter Consolidated and associates and by Imperial Chemical Industries Limited, imports and markets chemicals and related products and manufactures and formulates agricultural chemicals, paints, and commercial explosives. It operates mainly in Kenya, Nigeria, Tanzania, and Zambia.

In Nigeria the growth of Chemical and Allied Products Limited was slowed down by the substantial reduction in government spending, and the profit also decreased compared with the previous year due to an increase in operating costs. Twiga Chemical Industries (Tanzania) Limited, which manufactures agricultural and veterinary products, had a very successful year. In Kenya the agricultural sector had another good year, but the exports of Twiga Chemical Industries Limited declined and as a result there was an overall reduction in profit compared with the previous year. Dukon Limited, which manufactures paints in Zambia, had a satisfactory year. Dividend and exchange control regulations in the overseas territories restrict the amount of profits which can be remitted to the United Kingdom.

In October 1978 the company's shareholding in Chemical and Allied Products was reduced to 40 per cent by an issue of new shares in accordance with the Nigerian Enterprises Promotion Decree to allow Nigerians to hold 60 per cent of the shares.

FEATURES OF THE ACCOUNTS

Year ended 30 September	*1978*	*1977*
	£000	*£000*
Issued share capital in ordinary shares of £1 each	92	92
Reserves	12,123	10,736
Consolidated profit before taxation	*3,726	6,313
Taxation	2,218	2,996
Consolidated profit after taxation and minorities	*1,210	2,321
Dividends	270	360

**includes share of profit of unconsolidated subsidiary of £1,358,000 before taxation*

Haw Par Brothers International Limited

The company, which is incorporated in Singapore, operates in Singapore, Malaysia, Hong Kong, and Indonesia. Its principal activities are direct and indirect investment in trading, manufacturing, insurance, property, marine transportation, and pharmaceutical products.

The company again made a loss after taxation but before extraordinary items in 1978, mainly due to the substantial losses incurred by the marine division and a poor performance by the insurance division. However, there was a considerable surplus on extraordinary items, the profit on the sale of long term investments being only partially offset by a deficit on the revaluation of vessels.

FEATURES OF THE ACCOUNTS

Year ended 31 December	*1978*	*1977*
	S$000	*S$000*
Issued share capital in ordinary shares of S$1 each	107,873	106,973
Consolidated profit (loss) before taxation	(3,925)	(2,340)
Taxation	1,045	2,433
Consolidated profit (loss) after taxation	(4,970)	(4,773)
Consolidated profit (loss) after taxation and extraordinary items	14,078	(3,125)
Net asset value*	115,960	105,613
Net asset value per share*	S$1.07	S$0.99
Dividends	nil	nil

**includes investments at book value*

Malaysia Mining Corporation Berhad

Malaysia Mining Corporation (MMC) holds substantial interests in tin mining companies which previously formed the London Tin Corporation and Tronoh Mines groups. It is held as to 28.65 per cent by Charter Consolidated and the remainder by Pernas Securities, an agency of the federal government of Malaysia.

The MMC group, which forms the biggest tin mining group in the world, has interests in a large number of tin mining companies, principally in Malaysia but with some investments in Thailand and Nigeria. It also has an investment in a possible diamond mining operation in Australia which is under investigation. The group produced some 24,500 tonnes of tin concentrate in 1978, representing approximately 9.5 per cent of the world's known production.

It is the intention that MMC should seek a public quotation on the Kuala Lumpur and Singapore stock exchanges during the current year.

FEATURES OF THE ACCOUNTS

Year ended 31 January	*1979*	*1978*
	M$000	*M$000*
Issued share capital in shares of M$1 each	10,000	10,000
Share premium	84,977	84,977
Reserves	14,763	9,121
Medium term loan	89,277	107,132
Consolidated profit before taxation	52,927	48,494
Taxation	32;393	26,505
Consolidated profit after taxation and extraordinary items	19,553	22,297
Dividends	14 400	13,000

Minerals and Resources Corporation Limited

Minerals and Resources Corporation (MINORCO) is a Bermudian based mining and industrial investment company whose purpose is to invest in natural resources and industrial projects throughout the world.

MINORCO has a 29 per cent interest in Engelhard Minerals & Chemicals Corporation (EMC), a United States company marketing ores, minerals, and metals; refining and manufacturing precious metals; and mining non-metallic minerals. In 1978 EMC's net earnings reached a record level of US$142.2 million, an increase of 16 per cent over the previous year's earnings of US$122.6 million and 14 per cent higher than the previous record established in 1976.

MINORCO has an interest of just over 43 per cent in Trend International Limited, an oil and gas company operating principally in Indonesia and North America. Trend has a 27 per cent interest in and acts as operator of a joint venture consortium which has a production sharing contract with Pertamina, the Indonesian state oil enterprise. In the six months to 30 June 1978 Trend's net earnings were US$5.2 million, compared with US$6.0 million in the corresponding period of 1977.

MINORCO holds just under 50 per cent of Zambia Copper Investments Limited (ZCI), which has an interest of just under 40 per cent in Nchanga Consolidated Copper Mines Limited, a 12.25 per cent interest in Roan Consolidated Mines Limited, and a direct interest of 11.75 per cent in Botswana RST Limited (BRST). ZCI showed a profit after taxation and before extraordinary items for the year to 30 June 1978 of US$0.7 million. Extraordinary items showed a deficit of US$21.5 million arising mainly from a further provision against the investments in and loans to BRST and BCL Limited, for which virtually full provision has now been made.

In June 1978 MINORCO and Hudson Bay Mining and Smelting Co. Limited made an offer of US$33 per share for all the shares not held by them in Inspiration Consolidated Copper Company (ICC), whose principal activity is the production and sale of copper from its operations in Arizona. As a result, MINORCO's interest increased from 16 per cent to 36.5 per cent, and from January 1979 ICC became wholly owned by the two companies (with 50 per cent each) when those common shares still outstanding were converted into preferred shares. ICC made a loss of US$7.8 million in 1978, compared with a loss of US$11.1 million in 1977.

FEATURES OF THE ACCOUNTS

Year ended 30 June	*1978*	*1977*
	US$000	*US$000*
Issued share capital in 73,579,517 ordinary and 8,572 deferred shares of BD$1.40 each	103,023	103,023
Capital reserve and share premium	166,586	166,020
Revenue reserves	58,409	51,457
Consolidated profit before taxation and extraordinary items	16,324	13,812
Foreign taxation	1,179	1,092
Consolidated net profit before extraordinary items	15,145	12,720
Extraordinary items	(1,576)	(34,133)
Market value of listed investments	214,270	313,291
Book value of unlisted investments	78,702	51,879
Dividends – amount	8,829	8,829
– per share	12 cents	12 cents

The Rio Tinto-Zinc Corporation Limited

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

Conzinc Riotinto of Australia Limited (CRA) (68.2 per cent owned by RTZ) is the holding company for most of the RTZ group's interests in Australia, New Zealand, Papua New Guinea, and Malaysia, and also has interests in Europe and the United States. Australian Mining & Smelting Limited (a wholly owned subsidiary of CRA) marginally improved its earnings in 1978 as the demand for and price of zinc and lead began to pick up. Bougainville Copper Limited (53.6 per cent owned by CRA) increased its earnings because of the steady rise in copper prices during the second half of 1978 and the high average prices of gold and silver experienced throughout the year. Revenue and earnings from Hamersley Iron Pty Limited (54 per cent owned by CRA) were significantly lower than those of the previous year owing to a reduction in the volume of ore shipped and a less favourable exchange rate movement for the year. Sales by Comalco Limited (45 per cent owned by CRA), which has interests in bauxite, alumina, and aluminium, were appreciably higher than in 1977, but a rise in production costs adversely affected profits.

RTZ has a 51.3 per cent beneficial interest in Rio Algom Limited, a Canadian company with interests in copper and uranium mining and in stainless and specialty steels. Revenue from uranium production, mainly from operations at Elliot Lake in Ontario, was higher than in 1977, but the lower average grade of ore mined and increased operating costs resulted in a slight fall in earnings. Lornex Mining Corporation Ltd (68.1 per cent owned by Rio Algom) showed a rise in earnings compared with 1977, attributable to the higher average prices realized for copper and molybdenum in 1978. Rio Algom is developing a uranium mine owned by Preston Mines Limited (in which RTZ has an interest of 80.9 per cent) which is scheduled to reach its target rate of production early in 1984.

Through its wholly owned subsidiary Rio Tinto South Africa Limited, RTZ has a 38.9 per cent beneficial holding in the copper producer Palabora Mining Company Limited, which recorded a greater volume of sales at higher prices and increased its earnings. RTZ also holds beneficially 66.2 per cent of Brinco Limited, whose principal interest is in mineral exploration and development in North America, and 46.5 per cent of Rössing Uranium Limited, which started commercial production in January 1978 and made a profit for the year. The wholly owned subsidiary R.T.Z. Borax Limited benefited from strong demand for industrial borax products and higher earnings from chemicals.

Also wholly owned by RTZ, R.T.Z. Industries Limited is the holding company for many of RTZ's light industrial activities, particularly in the United Kingdom, North America, and Australia. Its chief interests are in products made of aluminium, steel, glass, and wood, and in tin smelting and light engineering. The RTZ Industries group had another successful year in spite of depressed conditions in virtually all the countries in which it operated, with Indal Limited (55.6 per cent owned by R.T.Z. Industries) achieving record sales and earnings.

Through membership of a Hamilton Brothers consortium, R.T.Z. Oil and Gas Limited, a wholly owned subsidiary of RTZ, has a 25 per cent interest in the Argyll oil field in the United Kingdom sector of the North Sea where production exceeded five million barrels in 1978.

The significant improvement in metal prices in the second half of 1978 resulted in an increase of £16.1 million in the net profit attributable to RTZ, in spite of a reduction in the sterling value of profits earned overseas due to the strengthening of the pound.

FEATURES OF THE GROUP ACCOUNTS

Year ended 31 December	*1978*	*1977*
	£000	*£000*
Issued share capital of RTZ in 242,479,211 ordinary shares of 25p each, 8,697,646 accumulating ordinary shares of 25p each, and 7,732,967 3.325 per cent 'A' and 3,143,750 3.5 per cent 'B' cumulative preference shares of £1 each	73,700	73,500
Capital reserves and share premium	200,500	195,400
Revenue reserves	461,700	402,800
Loan capital	415,500	426,400
Profit before taxation	284,000	271,500
Taxation	115,800	130,100
Net profit attributable to RTZ shareholders before extraordinary items	98,400	82,300
Earnings per ordinary share of RTZ before extraordinary items	39.04p	32.68p
Extraordinary items	(9,800)	(40,400)
Dividends (ordinary) – amount	27,800	22,900
– per share	11.5p	9.5p

Rustenburg Platinum Holdings Limited

The company's principal asset is its wholly owned subsidiary Rustenburg Platinum Mines Limited which operates three platinum mines in the Transvaal. The company also owns Atok Platinum Mines (Proprietary) Limited.

In the year to 31 August 1978 demand for Japanese jewellery was firm and the demand from the automobile industry increased. Coupled with a marked fall in sales by the Soviet Union, this enabled Rustenburg to improve its turnover by [illegible] per cent and substantially increase the price of platinum. In consequence there was a strong recovery in the profit after taxation, and a final dividend was declared.

By the end of 1978 the rate of production had been restored to the level before the cutbacks instituted in November 1977 and it was decided to reinstate part of the planned programme of expansion.

FEATURES OF THE ACCOUNTS

Year ended 31 August	*1978*	*1977*
	R000	*R000*
Issued share capital in shares of 10 cents each	12,500	12,300
Non-distributable reserves	280,600	254,600
Distributable reserves	800	4,400
Consolidated profit before taxation	34,300	4,500
Taxation	8,500	(100)
Consolidated profit after taxation	25,800	4,600
Dividends – amount	9,900	3,100
– per share	8 cents	2.5 cents

Selection Trust Limited

The company and its subsidiaries form a British based mining finance group whose business covers a wide range of interests mainly related to the extraction and use of mineral resources.

The revenue of the group for the year to 31 December 1978 was £34.6 million, compared with £26.6 million for the preceding nine months. Earnings from operations, which included the first full year's income from the Kleeman Industrial Holdings group, totalled £20.6 million, of which £2.7 million came from the K/13 gas field and £4.5 million through the renegotiated arrangement with the Heerema organization. Dividend income rose to £5.1 million, reflecting increased payments by the National Diamond Mining Company (Sierra Leone) Limited and resumed payments by Tsumeb Corporation Limited.

In Western Australia, construction of the facilities at the Agnew nickel deposit was completed during 1978 and the planned rate of production should be achieved by the end of 1979. With the upturn in metal prices, the economics of bringing the copper/zinc/silver deposit near Teutonic Bore into production are again being examined. At the Mt Newman iron ore project, shipments of ore reached a record 30.8 million tons, and the profit derived by Selection Trust group from its five per cent direct interest increased to £3.6 million.

In Canada, the South Bay copper/zinc/silver mine in north-western Ontario incurred a loss of C$0.2 million in the year to 31 December 1978, compared with a loss of

C$1.0 million for the nine months to 31 December 1977. This improvement was attributable to lower operating costs throughout the year and higher metal prices during the last quarter. At the Detour copper/zinc/silver deposit in Quebec consideration is being given to the production of copper from the B zone and the continuation of exploration and feasibility studies in the other zones.

The company has an important interest in Amax Inc., a major American natural resources company with interests in metals, minerals, and fuels in many parts of the world. Amax reported record net earnings of US$160 million for the year to 31 December 1978, compared with US$119 million in 1977, and the quarterly rate of dividend was increased in the fourth quarter of 1978 from 43¾ to 55 cents per common share. Other mining investments are in Western Mining Corporation Limited and Unisel Gold Mines Limited, a developing gold mine in the Orange Free State which should reach full production in November 1979.

In the United Kingdom, Alexander Shand (Holdings) Limited, whose business is primarily open cast coal mining, building, and engineering, contributed £[illegible]3 million to Selection Trust's operating profit. Sales by the Amari Limited group, whose principal activity is the stockholding and marketing of metals, increased from £28.9 million in the last nine months of 1977 to £55.7 million in the year 1978, in spite of difficult trading conditions and some fall in the prices obtainable. The wholly owned subsidiary Kleeman Industrial Holdings Limited, parent company of a group involved in the design and manufacture of products for controlling liquids and gases, performed unevenly in 1978, particularly in overseas markets, where trade dropped significantly in certain areas.

In January 1979 the Selection Trust group extended its activities in Australia by completing arrangements to purchase the drill-ship 'Regional Endeavour' at a cost of A$18.4 million.

FEATURES OF THE ACCOUNTS

	Year ended 31 December 1978	*Nine months ended 31 December 1977*
	£000	*£000*
Issued share capital in 31,699,675 ordinary shares of 25p each fully paid and 24,444 ordinary shares of 25p each (5.625p paid)	7,900	7,900
Share premium and reserves	91,300	86,500
Consolidated profit before taxation	19,800	16,100
Taxation	7,900	6,000
Consolidated profit after taxation and minority interests	11,400	9,600
Earnings per share	35.8p	32.8p
Dividends – amount	6,600	6,300
– per share	20.844p	[illegible]
Net asset value*	204,000	174,000
Net asset value per share*	£6.43	£5.48

**includes investments at market value or directors' valuation*

Swaziland Collieries Limited

The company operates a colliery at Mpaka, Swaziland, where saleable coal production for the year to 31 March 1979 was 174,076 tons, compared with 143,880 tons for the previous year. Turnover rose by 49 per cent from E2.1 million to E3.2 million.

The Swaziland government has indicated that it may wish to acquire a 50 per cent interest in the company.

FEATURES OF THE ACCOUNTS

Year ended 31 March	*1979*	*1978*
	E000	*E000*
Issued share capital in shares of E2 each	2,529	2,529
Share premium	29	29
Loan capital	24	24
Profit before taxation	701	315
Taxation	203	4
Profit after taxation	498	311
Earnings per share	39.4 cents	24.6 cents
Dividends – amount	228	38
– per share	18 cents	3 cents

Tara Exploration and Development Company Limited

The company, which is incorporated in Canada, owns 75 per cent of Tara Mines Limited which operates an underground zinc/lead mine at Navan in the Republic of Ireland. During 1978, the first year of commercial production, 1,381,140 tonnes of ore were milled, producing 237,877 tonnes of zinc concentrates and 41,801 tonnes of lead concentrates. Revenue from concentrate sales amounted to US$49.4 million.

FEATURES OF THE ACCOUNTS

Year ended 31 December	*1978*	*1977*
	US$000	*US$000*
Consolidated loss before taxation	13,484	1,169
Taxation	772	nil
Minority interest in loss of subsidiary	(3,099)	nil
Consolidated loss after taxation and minority interest	11,157	1,169
Extraordinary item	461	(352)
Consolidated net loss	10,696	1,521

General Information

Directors' interests

The following are the interests of the directors of the company who held office on 31 March 1979 as notified to the company in terms of the Companies Act 1967:

DIRECTORS	FULLY PAID SHARES OF 25p EACH 1 April 1978	31 March 1979
P. C. D. Burnell	100*	100*
G. A. Carey-Smith	100*	100*
J. N. Clarke	100*	100*
J. T. H. Collins	100*	100*
R. H. Dent	1,155*	1,155*
H. R. Fraser	100	100
J. O. Hambro	1,131*	1,131*
	1,745	1,745
M. B. Hofmeyr	100	100
F. J. A. Howard	500*	500*
H. F. Oppenheimer	100	100
Sir Philip Oppenheimer	9,798*	9,798*
A. J. W. Owston	100*	100*
B. W. Pain	100	100
G. W. H. Relly	500*	500*
	100	100
J. G. Richardson	100*	100*
L. C. Stopford Sackville	4,000*	4,000*
H. J. Stucke	100*	100*
M. W. Thomas	100*	100*
J. Ogilvie Thompson	100	100
W. D. Wilson	100	100
ALTERNATE DIRECTORS		
R. J. Armitage	nil	nil
A. E. Oppenheimer	nil	nil

*these interests are beneficially owned; the remainder are not beneficially owned

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

	PARTLY PAID SHARES OF 25p EACH 1 April 1978	31 March 1979
P. C. D. Burnell	7,500	7,500
J. N. Clarke	7,500	7,500
A. J. W. Owston	6,000	6,000
B. W. Pain	12,500	12,500
J. G. Richardson	10,000	10,000
L. G. Stopford Sackville	10,000	10,000
R. J. Armitage	7,500	7,500

Mr R. H. Dent also had a beneficial interest in 4,750 ordinary shares of 25p each in Cape Industries Limited, a subsidiary of the company, at 1 April 1978 and 31 March 1979.

There has been no change notified in any of the above-mentioned interests between the end of the financial year and 17 June 1979, being one month prior to the date of the notice of annual general meeting.

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

Substantial shareholding

Anglo American Corporation of South Africa Limited held an interest of 35.6 per cent in the issued share capital of the company at 17 June 1979.

Taxation

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

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

Number and remuneration of employees

The average number of employees per week of the company and its subsidiaries working wholly or mainly in the United Kingdom was 11,651 during the year. The aggregate amount of the remuneration paid to such employees during the year was £51,688,000.

Political and charitable contributions

Contributions for political purposes made through subsidiary companies during the year amounted to £25,400, of which £25,000 was paid to The City and Industrial Liaison Council, £300 to the Ashford Conservative Association, and £100 to the Conservative Commonwealth Council.

Contributions for charitable purposes made by the company and its subsidiaries during the year totalled £60,270.

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

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

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

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

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

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

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

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

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

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

**forms are available from the abovementioned offices*

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

MM. les actionnaires sont informés qu'ils peuvent se procurer un exemplaire en français de ce rapport en s'adressant soit à Charter Consolidated Limited, 40 Holborn Viaduct, London EC1P 1AJ, soit à Charter France, 9 rue de Vienne, 75008 Paris, soit à Crédit Lyonnais, 19 boulevard des Italiens, 75002 Paris, soit à la Banque Rothschild, 21 rue Laffitte, 75009 Paris.

Printed in England by Westerham Press