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annual report and accounts 31 march

1970

OFFICES

United Kingdom
40 Holborn Viaduct, London
7 Rolls Buildings, Fetter Lane, London
Kent House, Station Road,

South Africa
44 Main Street, Johannesburg

Canada
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Toronto-Dominion Centre,

Rhodesia
70 Jameson Avenue Central,

Australia
13th Floor, 60 Market Street,

France
9 rue de Vienne, Paris 8e

REGISTRARS

United Kingdom
Charter Consolidated
Kent House, Station

South Africa
Consolidated
62 Marshall

Rhodesia

CHARTER CONSOLIDATED LIMITED

NOTICE IS HEREBY GIVEN pursuant to paragraph 2 in the Third Schedule to the Trust Deed dated 24th June, 1969 and made between Charter Consolidated Limited (hereinafter called "the Company") of the one part and The Law Debenture Corporation, Limited (hereinafter called "the Trustees") of the other part that a MEETING of the holders (hereinafter called "the Stockholders") of the 5 per cent. Convertible Unsecured Loan Stock 1984 of the Company will be held at Winchester House, 100 Old Broad Street, London, E.C.2, on Tuesday the 14th day of July, 1970 at 12.10 p.m. (or so soon thereafter as the Extraordinary General Meeting of the Company shall have been concluded or adjourned) when the following Resolution will be proposed as an EXTRAORDINARY RESOLUTION:—

RESOLUTION

THAT such modifications of the rights of the Stockholders as may be involved in the implementation by the Company of the provisions of the Share Incentive Scheme set out in the Appendix to the Circular Letter to the Shareholders of the Company dated 18th June, 1970 a copy of which document accompanied the Notice convening this Meeting be sanctioned and that accordingly the said Share Incentive Scheme be approved.

By Order of the Board,

D. S. BOOTH,

Joint Secretary.

18th June, 1970.

40 HOLBORN VIADUCT,

LONDON, E.C.1.

NOTES:

(1) A Stockholder entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies to attend and, on a poll, to vote in his place. A proxy need not be a Stockholder.

(2) Instruments of proxy must reach the Company at Kent House, Station Road, Ashford, Kent, not less than 48 hours before the time of the meeting.

2413 B., M. & CO., LTD. S77584P/w

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CHARTER CONSOLIDATED LIMITED

40 HOLBORN VIADUCT,
LONDON, E.C.1.

18*th June*, 1970.

To the holders of the
5 *per cent. Convertible Unsecured Loan Stock* 1984 *of the Company* ("*the Stockholders*")

DEAR SIR *or* MADAM,

SHARE INCENTIVE SCHEME

You will find enclosed herewith a letter to the Shareholders of the Company setting out in the Appendix thereto a Share Incentive Scheme, under which up to 2,968,588 shares in the Company, representing 3 per cent. of the present issued Share Capital, will be available for subscription by senior employees of Charter Consolidated Services Limited, the Company which employs those who have overall responsibility for the Company's worldwide business.

Your attention is drawn to the provisions of the Scheme which are summarised in my letter to the Shareholders. The Scheme requires your approval, since under the Trust Deed constituting the Convertible Unsecured Loan Stock the Company is prohibited from:—

(i) distributing to its Members any capital profits or capital reserves or any profits or reserves arising from a distribution after 21st May, 1969, of capital profits or capital reserves by a subsidiary except by means of a capitalisation issue in the form of fully paid shares of the same class as the shares of the Company in issue at 21st May, 1969;

(ii) issuing any securities by way of capitalisation of profits or reserves other than fully paid shares of the same class as aforesaid issued to the holders of such shares.

The Company is also prohibited from creating any equity share capital which ranks in any respect in priority to the shares in issue at the aforesaid date or from modifying the rights of such shares.

The shares to be issued under the Scheme and the shares which, under the provisions of the Scheme, will be issued in respect thereof on a capitalisation issue will be a different class from the shares in issue on the 21st May, 1969. Further, the proposed alteration to Article 132 of the Company's Articles of Association will enable the shares to be issued under the Scheme to participate in full on any capitalisation albeit that they may be only partly paid.

You will find overleaf a Notice convening a Meeting of the Stockholders for the purpose of proposing an Extraordinary Resolution sanctioning such modification of your rights as may be involved in the implementation of the Scheme. You will note that in my letter to Shareholders I recommend the Scheme for their approval as being beneficial to the Company's long term interests. I feel that such recommendation applies equally to the Stockholders and I would recommend all Stockholders to give it their support by voting in favour of the Resolution. The provisions of the Scheme have been considered by The Law Debenture Corporation, Limited, the Trustees of your Loan Stock, and they have authorised me to say that, in their opinion, the Scheme is proper for submission to the Stockholders. You will also find enclosed a Proxy. In view of the fact that the quorum required for passing an Extraordinary Resolution is the holders present in person or by Proxy of a clear majority in nominal value of the Stock for the time being outstanding **it is essential that you should complete and return the Proxy in accordance with the instructions thereon as soon as possible. The return of the Proxy will not prevent you from attending the meeting and voting in person, if you are able to do so.**

Yours faithfully,

H. V. SMITH,

Chairman.

[P.T.O.

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FOR INFORMATION ONLY

CHARTER CONSOLIDATED LIMITED

40, HOLBORN VIADUCT,
LONDON, E.C.1.

18th June, 1970.

To the Shareholders.

Dear Sir (or Madam),

SHARE INCENTIVE SCHEME

Your Directors have formulated, and recommend for your approval, proposals for a Share Incentive Scheme, under which up to 2,968,588 shares in the Company, representing 3 per cent. of the present issued share capital, will be available for subscription by senior employees of Charter Consolidated Services Limited ("C.C.S. Limited"), the company which employs those who have overall responsibility for the Company's worldwide business. These employees include executive directors of the Company itself.

The Scheme contains provisions for the offer of shares on a partly paid basis and is designed so that for a small initial capital outlay a participant who continues in service with C.C.S. Limited can obtain the benefit of any long term increase in the value of the shares which may be expected to accompany successful management, while accepting the risk of loss if the Company fails to prosper.

The following are the main points of the Scheme, which is set out in full as an Appendix to this letter:—

(*a*) The Board of Directors will have a discretion as to those to whom they may offer participation in the Scheme.

(*b*) The price at which participants are to subscribe for shares ("the Subscription Price") will be the average of the middle market quotations on The Stock Exchange, London of a fully paid registered share of the Company for the period of one month prior to the date of offer, (though the Board of Directors has a discretion to fix a higher price).

(*c*) The shares will initially be partly paid, the participant paying up 2 per cent. of the Subscription Price (appropriated as nearly as convenient pro rata to the nominal value thereof and to premium).

(*d*) The maximum number of shares which may be held by any one participant as a result of offers under the Scheme must not exceed in value at the Subscription Price appropriate to each share five times his annual rate of remuneration at the date he is offered the shares. There is also an overall maximum for any participant of 50,000 shares.

(*e*) The participant may decide to pay up the balance of the unpaid Subscription Price on any shares at any time (i) after ten years from the date of issue of those shares, or (ii) after five years if he was aged 45 or over at the date of their issue, or (iii) after he has attained the age of 50 and at least five years have elapsed since the date of their issue or (iv) after retirement. The Company has a discretion to allow earlier payment in special circumstances (e.g. exceptional ill-health or incapacity). In the case of the death of a participant his personal representatives will be entitled to pay up the balance of the Subscription Price at any time.

(*f*) The Company may require the payment of the balance of the Subscription Price in any of the following circumstances:—

(i) at any time after the participant himself is entitled to pay up the shares as provided by paragraph (*e*) above provided that the average of the middle market quotations on The Stock Exchange, London, of a fully paid registered share of the Company during the period of one month immediately preceding the date of the proposed call is in excess of the Subscription Price; or

(ii) at any time after 2 years from the death of the participant.

(*g*) If a participant leaves the employment of C.C.S. Limited (otherwise than on death or retirement), the Company shall have the right either:

(i) to permit such holder to continue to hold the partly paid shares (together with any shares derived therefrom by way of capitalisation), in which case the Company will be entitled at any time to make a call for the balance of the Subscription Price; or

(ii) to require that such partly paid shares (together with any shares derived therefrom by way of capitalisation) be sold to another participant at a price equal to the amount paid up thereon, in which case the balance of the Subscription Price payable by any participant to whom such partly paid shares are transferred will be appropriately adjusted.

(*h*) The partly paid shares will not rank for any dividend. They will however rank in full for shares on scrip issues, though these shares will not rank for any dividend while the shares from which they are derived remain partly paid. Any rights issue or other offer or invitation made to shareholders as a class will be extended to the holders of partly paid shares. Neither the partly paid shares nor any shares arising on a scrip issue to holders of any such partly paid shares will entitle the holders to vote at any General Meetings of the Company. The partly paid shares will not be transferable. These restrictions on dividends, voting and transfer will all disappear as and when the partly paid shares become fully paid in accordance with the Scheme.

(*i*) The maximum number of partly paid shares to be issued under the Scheme will be 2,968,588 (which figure will be subject to adjustment to take account of any subsequent capitalisation issues). No alteration may be made to the above limitation nor to any of the specific provisions of the Scheme without the approval of the Company in General Meeting and the consent of the holders of the 5 per cent. Convertible Unsecured Loan Stock 1984 ("the Loan Stock") of the Company. In other respects the Scheme may be amended by the Board from time to time.

You will find set out on page 7 a Notice convening an Extraordinary General Meeting of the Company to be held on 14th July, 1970 for the purpose of considering a Special Resolution to give effect to the foregoing proposals and to effect certain consequential alterations to the Articles of Association. You will note that such Resolution is conditional on the passing of an Extraordinary Resolution of the holders of the Loan Stock at a meeting of such holders which has been convened for the same day.

I believe that the introduction of the Scheme will be beneficial to the Company's long term interests, and I therefore recommend all shareholders to give it their support. In doing so, I should add that neither I nor Mr. S. Spiro, the Deputy Chairman and Managing Director, will participate in the Scheme.

Yours faithfully,

H. V. SMITH,

Chairman.

Note.—A form of proxy for use at the Extraordinary General Meeting is enclosed. Please complete it in accordance with the instructions thereon and return it as soon as possible and in any event so as to reach the Company at Kent House, Station Road, Ashford, Kent, not less than 48 hours before the meeting. You will not, by completing such form, be precluded from attending and voting in person at the Extraordinary General Meeting if you are able to do so. Holders of share warrants to bearer who desire to attend in person or by proxy or to vote at any General Meeting of the Company must comply with the relevant conditions governing share warrants to bearer. These are set out on page 32 of the 1970 Annual Report.

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APPENDIX

CHARTER CONSOLIDATED LIMITED

SHARE INCENTIVE SCHEME

1. In this Scheme the following words and expressions bear the following meanings, namely:—

"the Company"	Charter Consolidated Limited.
"C.C.S. Limited"	Charter Consolidated Services Limited.
"Shares"	Shares in the capital of the Company.
"Offer"	An offer made to an employee of C.C.S. Limited to participate in this Scheme.
"Offeree"	An employee of C.C.S. Limited nominated by the Board to receive an Offer hereunder.
"Grantee"	An Offeree who has accepted an Offer by the Company of Shares in accordance with the terms of this Scheme.
"the Offer Date"	The date upon which an Offer under this Scheme is made to an Offeree.
"the Second Offer Date"	The date on which a person is made an offer to purchase Scheme Shares from a Grantee pursuant to Clause 8 (*a*) hereof.
"Issue Date"	The date upon which Shares are issued to a Grantee pursuant to this Scheme.
"the Current Market Price"	At any particular date a price equal to the arithmetic average of the middle market quotations (after making such adjustments thereto as the auditors for the time being of the Company determine to be appropriate following upon any reduction of capital issue of securities by way of rights or capitalisation of profits or reserves or sub-division or consolidation of share capital of the Company) of a fully paid registered Share during the period of one month immediately preceding such date as shown by the Daily Official List of The Stock Exchange, London.
"The Subscription Price"	The Current Market Price at the relevant Offer Date plus such further sum (if any) as the Board for the purposes of the relevant Offer(s) may in its absolute discretion determine.
"The Revised Subscription Price"	In relation to Scheme Shares offered for purchase from a Grantee pursuant to Clause 8 (*a*) of this Scheme the Current Market Price calculated at the relevant Second Offer Date (adjusted upwards to take into account Capitalisation Shares issued in respect of such Scheme Shares) plus such further sum (if any) as the Board may in its absolute discretion determine.
"the Board"	The Board of Directors for the time being of the Company or a duly authorised committee thereof.
"retired employee"	Any former employee of C.C.S. Limited being a Grantee who shall have retired at or after normal retirement age (which shall be regarded as 60 years for males and 55 years for females) or (with the approval of the Board of C.C.S. Limited) prior to normal retirement age.
"Scheme Shares"	Shares issued to a Grantee pursuant to this Scheme and which for the time being are not fully paid up both as to the nominal value thereof and as to premium.
"Capitalisation Shares"	Shares issued credited as fully paid up by way of capitalisation of profits or reserves in respect of the relevant Scheme Shares and any further Shares so issued in respect of Capitalisation Shares.
"this Scheme"	This Scheme in its present form, or with and subject to any amendment thereto effected in accordance with Clause 15 hereof.

The expression "employee" includes a Director holding a salaried employment or office with C.C.S. Limited.

Shares which have been paid in full both as to nominal value and as to premium (if any) are referred to as "fully paid".

2. The Board shall be at liberty from time to time at their discretion to make to any Offeree an Offer of Shares on the terms of this Scheme at the Subscription Price.

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3. (*a*) No Offer shall be made under this Scheme to any Offeree of a number of Shares which, if added to Shares already acquired under this Scheme by such Offeree, would exceed 50,000 or have an aggregate Subscription Price in excess of five times his current annual rate of remuneration as an employee of C.C.S. Limited. For this purpose (i) Shares comprised in a previous Offer shall carry the Subscription Price relevant to that Offer and (ii) in computing an employee's current annual rate of remuneration bonuses or commission or other remuneration fluctuating in amount shall be taken into account by reference to amounts actually received in respect of the last completed period for which the same have been determined or on such other basis as the Board may consider appropriate.

(*b*) The maximum number of Shares issued under the terms of this Scheme shall not exceed 2,968,588.

(*c*) The limitations on the number of Shares to be issued under this Scheme contained in sub-clauses (*a*) and (*b*) of this Clause will be adjusted in such manner as the Auditors for the time being of the Company shall certify to be appropriate in the event of either the sub-division or consolidation of the Shares or of the issue of additional Shares credited as fully paid up by way of capitalisation of profits or reserves.

4. An Offer shall be personal to an Offeree and non-assignable and (unless otherwise specified) will be open for acceptance only within seven days after the Offer Date. An Offer may be accepted in part. To be effective an acceptance must be accompanied by a remittance of 2 per cent. of the Subscription Price of the Shares accepted by the Offeree. Such sum shall be appropriated as nearly as convenient pro rata to the nominal value of the Shares so accepted and to premium. The Shares in respect of which an Offer is accepted shall be allotted and issued to the Offeree within seven days after the date of such acceptance.

5. Until a Scheme Share has become fully paid:—

(i) It shall not rank for any dividend declared or paid on the fully paid up Shares of the Company;

(ii) It shall not confer upon the holder thereof any right to attend or vote at any General Meeting of the Company and Articles 71 and 72 of the Company's Articles of Association shall be deemed to be modified accordingly;

(iii) No transfer thereof shall be capable of being either executed or registered without the consent of the Board.

6. (*a*) A Grantee may request a call to be made on all or any Scheme Shares held by him in the circumstances set out below, namely:—

(i) At any time after 10 years from their Issue Date; or

(ii) At any time after 5 years from their Issue Date if the Grantee was aged 45 or over on that date; or

(iii) After the Grantee has attained the age of 50 and at least 5 years have elapsed since their Issue Date.

Provided that if the Grantee becomes a retired employee he may request a call to be made at any time thereafter on all or any Scheme Shares held by him.

(*b*) In the event of the death of a Grantee his legal personal representatives may request a call to be made on all or any Scheme Shares held by him.

(*c*) Except as provided by sub-clauses (*a*) and (*b*) of this Clause the Company shall not be obliged to make a call on any Scheme Shares unless and until such balance is called for payment pursuant to Clause 7 of this Scheme. The Company reserves the right however to accept a request for a call to be made on all or any Scheme Shares held by a Grantee at any time if in the opinion of the Board there are special circumstances (e.g. exceptional ill-health or incapacity) in consequence whereof it is reasonable to permit the Scheme Shares in question to be paid up.

(*d*) Within fourteen days after any valid request pursuant to sub-clauses (*a*) and (*b*) of this Clause or the acceptance of a request pursuant to sub-clause (*c*) of this Clause the Company shall make a call in respect of the whole but not part of the unpaid balance of the Subscription Price of the Grantee's Scheme Shares in respect of which such request is made and the Grantee shall become bound to pay to the Company in respect of each of the Grantee's Scheme Shares the whole of such unpaid balance.

7. The Company shall be entitled to call up the whole of the unpaid balance of the Subscription Price on all or any of the Scheme Shares held by any one Grantee in the circumstances set out below, namely:—

(i) At any time after the Grantee is entitled to request a call to be made as provided by Clause

6 (*a*) above but so that no such call shall be made unless at the date of the making thereof the Current Market Price (adjusted upwards to take account of any Capitalisation Shares issued in respect of such Scheme Shares) shall be in excess of the Subscription Price of such Scheme Shares; or

(ii) At any time after the expiration of two years from the death of the Grantee; or

(iii) At any time after the Grantee shall have left the employment of C.C.S. Limited otherwise than on death or in circumstances such that he becomes a retired employee

and the Grantee shall become bound to pay to the Company in respect of each of the Grantee's Scheme Shares the whole of such unpaid balance.

8. (*a*) In the event of a Grantee leaving the employment of C.C.S. Limited otherwise than on death or in circumstances such that he becomes a retired employee, the Company shall have the right at any time within twelve months thereafter to require that all of his Scheme Shares and Capitalisation Shares (if any) be sold to persons (eligible as Offerees) nominated by the Company at a price equal to the amount paid up (in respect both of nominal value and of premium) on such Scheme Shares, provided always that the foregoing provisions of this sub-clause (*a*) shall not apply to any Scheme Shares as regards which the Grantee was immediately prior to his leaving the employment of C.C.S. Limited entitled to request a call to be made under Clause 6 (*a*) of this Scheme.

(*b*) The Scheme Shares acquired by any purchaser pursuant to sub-clause (*a*) of this Clause shall be subject to the terms of this Scheme in all respects as if such Scheme Shares had been allotted and issued to the purchaser on the acceptance of an Offer made hereunder on the Second Offer Date (and any Capitalisation Shares so acquired shall be subject to the terms of this Scheme as if the same had been issued to the purchaser by way of capitalisation of reserves in respect of his holding of such Scheme Shares) but so that the balance to be paid up by the purchaser in respect of the Scheme Shares so acquired by him shall be the excess of the Revised Subscription Price over the amount paid up thereon at the Second Offer Date (in respect of both of nominal value and of premium) together with the amount (if any) paid up thereon pursuant to sub-clause (*c*) of this Clause.

(*c*) In the event that the price paid by a purchaser for Scheme Shares pursuant to sub-clause (*a*) of this Clause is lower than 2 per cent. of the Revised Subscription Price, the purchaser shall, in addition to paying the purchase price, pay up an amount per share equal to the difference between 2 per cent. of the Revised Subscription Price and the said purchase price. Such amount per Share shall be paid to the Company at the same time as payment is made to the transferor of the relevant Scheme Shares and no transfer of such Shares shall be registered unless and until such amount has been paid.

(*d*) If, having become bound to transfer any Shares to any purchaser pursuant to sub-clause (*a*) of this Clause a Grantee shall make default in transferring the same, the Company may receive the sale price for the relevant Shares and the Board may authorise some person to execute a transfer of such Shares to the purchaser and upon the execution of such transfer the Company shall hold the sale price upon trust for the transferor and the receipt of the Company for the sale price shall be a good discharge to the purchaser.

9. All calls made by the Company pursuant to Clauses 6, 7 and 8 of this Scheme shall be made so as to become payable one month after the date of such call.

10. No calls shall be made on any Scheme Shares other than in accordance with the provisions of Clauses 6, 7 or 8 of this Scheme, and accordingly the provisions of Articles 21 to 26 (inclusive) of the Company's Articles of Association shall not apply to Scheme Shares.

11. (*a*) Capitalisation Shares shall be subject to the following restrictions which (subject to Clause 12 (*c*) of this Scheme) shall apply until the Scheme Shares which (immediately or mediately) gave the right to the allotment of such Capitalisation Shares become fully paid:—

(i) such Capitalisation Shares shall not rank for any dividends declared on the fully paid Shares of the Company;

(ii) such Capitalisation Shares shall not confer upon the holder thereof any right to attend or vote at any General Meeting of the Company and Articles 71 and 72 of the Company's Articles of Association shall be deemed to be modified accordingly;

(iii) no transfer of any of such Capitalisation Shares shall be capable of being either executed or registered without the consent of the Board.

(*b*) A Grantee shall not be entitled to renounce any Capitalisation Shares and accordingly all Capitalisation Shares allotted to a Grantee shall be issued to him and registered in his name in the Register of Members of the Company.

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(*c*) The provisions of Article 132 of the Company's Articles of Association as altered on the 14th July, 1970, shall have effect subject to sub-clauses (*a*) and (*b*) of this Clause.

12. (*a*) Scheme Shares shall be liable to forfeiture in accordance with Articles 38 to 43 (inclusive) of the Company's Articles of Association for non-payment of any call in respect thereof under Clauses 6, 7 and 8 of this Scheme.

(*b*) The Company shall have a first and paramount lien not only on all Scheme Shares issued to a Grantee but also on all his Capitalisation Shares for all moneys (whether presently payable or not) which may become payable to the Company in respect of the said Scheme Shares in accordance with Clauses 6, 7 and 8 of this Scheme.

(*c*) All the provisions of Articles 18 to 20 (inclusive) of the Company's Articles of Association shall apply in respect of the lien conferred by sub-clause (*b*) of this Clause, but in the event of any Capitalisation Shares being sold in accordance with the said provisions none of the restrictions provided for by Clauses 11 (*a*) and 14 of this Scheme shall thereafter apply to the Capitalisation Shares so sold.

13. The Company will be entitled to retain the documents of title to Scheme Shares and Capitalisation Shares until such Scheme Shares become fully paid. Until Scheme Shares issued to the Grantee have become fully paid the Grantee shall not, without the written permission of the Board, mortgage, pledge or otherwise encumber any of such Scheme Shares or the Capitalisation Shares or be entitled to call upon the Company to deliver up to him any of the documents of title thereto.

14. No Scheme Shares or (subject to Clause 12 (*c*) of this Scheme) Capitalisation Shares shall be capable of being quoted or dealt in on any recognised Stock Exchange, but upon Scheme Shares becoming fully paid the Company shall make application to the Council of The Stock Exchange, London and to such other Stock Exchanges on which the Shares are for the time being quoted for permission to deal in and for quotation for the Scheme Shares so paid up and the related Capitalisation Shares (if any).

15. No Shares may be issued under this Scheme at a price less than the Subscription Price and no amendment may be made to this Scheme so as to alter any of the limitations set out in Clause 3 of this Scheme or any other provision specifically described in the foregoing Clauses of this Scheme without the authority of the Company in General Meeting. In other respects this Scheme may be amended by the Board from time to time but no such amendment shall operate to alter the terms of issue of any Scheme Shares issued or agreed to be issued prior to such amendment except with such consent or sanction on the part of the holders of such Scheme Shares (treated as a separate class) as would be required under the Articles of Association for the time being of the Company for a variation of the rights attached thereto. So long as any rights of conversion remain exercisable under the terms of the Trust Deed constituting the 5 per cent. Convertible Unsecured Loan Stock 1984 of the Company no amendment of this Scheme requiring the authority of the Company in General Meeting will be made without the prior sanction of an Extraordinary Resolution of the holders of such Stock unless the Trustees of such Stock shall previously have certified to the Company that the interests of the said holders would not be adversely affected thereby in any material respect.

16. Any dispute arising under this Scheme shall be referred to the decision of the Auditors for the time being of the Company who shall act as experts and not as arbitrators and whose decision shall be final and binding.

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CHARTER CONSOLIDATED LIMITED

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of the above-named Company will be held at Winchester House, 100, Old Broad Street, London, E.C.2. on Tuesday, the 14th day of July, 1970 at 12.05 p.m. (or so soon thereafter as the Annual General Meeting of the Company shall have been concluded) for the purpose of considering and if thought fit, passing the following resolution which will be proposed as a SPECIAL RESOLUTION:—

RESOLUTION

THAT subject to the passing at a Meeting of the holders of the 5 per cent. Convertible Unsecured Loan Stock 1984 of the Company which has been convened for 12.10 p.m. on 14th July, 1970 (or so soon thereafter as this meeting shall have been concluded or adjourned) or at any adjournment thereof of an Extraordinary Resolution approving the Share Incentive Scheme set out in the Appendix to the Circular Letter dated 18th June, 1970, which accompanied the Notice convening this meeting:—

(A) the said Share Incentive Scheme be and the same is hereby approved, to the intent that such approval shall in so far as is requisite operate by way of alteration of the Articles of Association of the Company;

(B) the Directors of the Company be and they are hereby authorised to vote as Directors on any matters connected with the said Share Incentive Scheme notwithstanding that they may be interested in the same, and the prohibition on interested Directors voting contained in Article 86(2) of the Articles of Association of the Company be and the same is hereby relaxed to that extent accordingly; and

(C) the Articles of Association of the Company be and they are hereby altered by deleting Article 132 and substituting the following new Article:—

"132 (1) The Company may, upon the recommendation of the Directors, by Ordinary Resolution authorise the Directors to capitalise any sum standing to the credit of any of the Company's reserve accounts (including Share Premium Account and Capital Redemption Reserve Fund) or any sum standing to the credit of profit and loss account or otherwise available for distribution, and to appropriate such sum to the holders of Shares in proportion to the numbers of Shares (whether or not fully paid) held by them respectively and to apply such sum on their behalf in paying up in full unissued Shares for allotment and distribution credited as fully paid up to and amongst them in the proportion aforesaid.

(2) Whenever such a resolution as aforesaid is duly passed the Directors shall do all acts and things required to give effect to such capitalisation, with full power to the Directors to make such provisions as they think fit for the case of shares becoming distributable in fractions (including provisions whereby the benefit of fractional entitlements accrue to the Company rather than to the members concerned). The Directors may authorise any person to enter on behalf of all the members interested into an agreement with the Company providing for such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned."

By Order of the Board,
D. S. BOOTH,
Joint Secretary.

18th June, 1970.
40 Holborn Viaduct,
London, E.C.1.

NOTES:— (1) A member entitled to attend and vote at the above Meeting shall be entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company. Holders of share warrants to bearer who desire to attend in person or by proxy or to vote at any General Meeting of the Company must comply with the relevant conditions governing share warrants to bearer. These are set out on page 32 of the 1970 Annual Report.

(2) Instruments of proxy must reach the Company at Kent House, Station Road, Ashford, Kent, not less than 48 hours before the time of the Meeting and in default will not be treated as valid.

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S76650 BR
RUTHUP, MATHIESON & CO. LTD. LONDON

Charter Consolidated Limited annual report and accounts 31 march 1970

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Notice of annual general meeting

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NOTICE IS HEREBY GIVEN that the fifth annual general meeting of members of Charter Consolidated Limited will be held at Winchester House, 100 Old Broad Street, London EC2, on Tuesday 14 July 1970 at 12 noon for the purpose of considering and, if thought fit, passing the following ordinary resolutions:—

1. 'That the consolidated profit and loss account for the year ended 31 March 1970 and the balance sheet of the company and the consolidated balance sheet at that date, together with the annexed report of the directors, be and are hereby approved and adopted'

2. 'That the final dividend of 1*s*. 0*d*. per share for the year ended 31 March 1970 recommended by the board of directors be and is hereby approved for payment to shareholders registered at the close of business on 12 June 1970 and to persons presenting coupon no. 10 detached from share warrants to bearer'

3. 'That the undermentioned be and are hereby reappointed directors of the company:—

   Mr R. H. Dent
   Mr J. B. Mudd
   Mr J. G. Richardson
   Mr L. G. Stopford Sackville
   Mr N. K. Kinkead-Weekes
   Mr B. W. Pain
   Mr C. W. Engelhard
   Mr J. O. Hambro
   Mr E. R. A. de Rothschild'

   These appointments will be dealt with in one resolution unless any member present or represented at the meeting requires otherwise.

4. 'That the remuneration of the joint auditors for the period until the next annual general meeting be fixed by the board of directors'

The transfer books and registers of members in the United Kingdom, the Republic of South Africa, and Rhodesia will be closed from 11 to 14 July 1970, both days inclusive.

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

Holders of share warrants to bearer who want to attend in person or by proxy or to vote at any general meeting of the company must comply with the relevant conditions governing share warrants to bearer (*see page* 32).

BY ORDER OF THE BOARD
J. R. BYLES
joint secretary

40 Holborn Viaduct, London EC1
18 June 1970

NOTES:

1. Holders of loan stock are reminded that only shareholders are entitled to attend and vote at the meeting.
2. To be valid the form of proxy must reach the company at Kent House, Station Road, Ashford, Kent, not less than 48 hours before the meeting.
3. The following are available for inspection at the registered office of the company during usual business hours until the date of the meeting and may be inspected at the place of the meeting for at least 15 minutes prior to and during the meeting:
   (a) The register of directors' interests kept in accordance with the Companies Act 1967;
   (b) A copy of a contract of service between a director of the company and a subsidiary company.

Directorate and administration

Chairman
The Hon. H. V. Smith*

Deputy chairman and managing director
S. Spiro, MC*

Directors
Sir Keith Acutt, KBE
Comte T. de Feuilhade de Chauvin
A. Chester Beatty
J. E. H. Collins, MBE, DSC
R. H. Dent
C. W. Engelhard
H. R. Fraser
J. O. Hambro, MC
N. K. Kinkead-Weekes*
J. B. Mudd, MBE, MC*
H. F. Oppenheimer
Sir Philip Oppenheimer
B. W. Pain*
J. G. Richardson*
E. R. A. de Rothschild
L. G. Stopford Sackville*
T. P. Stratten
W. D. Wilson

Alternate directors
R. J. Armitage
P. C. D. Burnell
M. W. B. Heald
R. H. MacWilliam
A. E. Oppenheimer
A. W. Owston
R. V. Pritchard

Managers
R. J. Armitage
P. C. D. Burnell
M. W. B. Heald
A. W. Owston
R. V. Pritchard

**directors holding executive appointments*

Joint secretaries
D. S. Booth
J. R. Byles

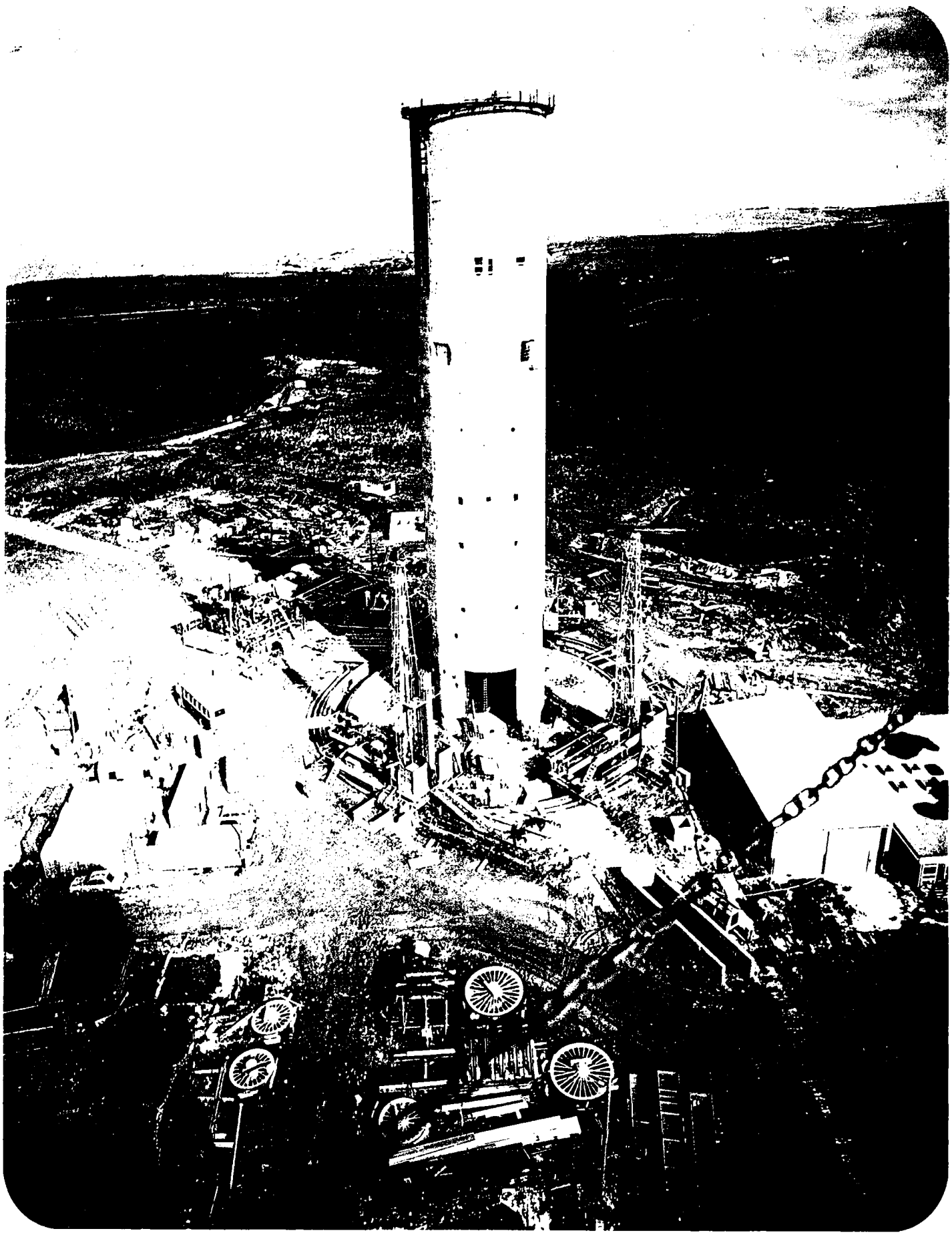
Bankers
Barclays Bank D.C.O.
Hambros Bank Limited
National Westminster Bank Limited

Auditors
Cooper Brothers & Co.
Deloitte, Plender, Griffiths & Co.

Solicitors
Coward, Chance & Co.
Linklaters & Paines

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One of the twin headgears at the Cleveland Potash mine, Boulby, Yorkshire



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Report of the directors

The directors have pleasure in submitting their fifth annual report, together with the audited accounts for the year ended 31 March 1970.

Consolidated profit and loss account

	£000's	
The consolidated profit before taxation for the year ended 31 March 1970 was		18,799
Taxation amounted to	4,772	
Interest of outside shareholders in subsidiaries was	571	
Pre-acquisition profits of subsidiaries were	458	5,801
Leaving a consolidated profit attributable of		12,998
Out of which there has been appropriated:		
Interim dividend of 6*d.* per share, paid on 12 December 1969	2,474	
Recommended final dividend of 1*s.* 0*d.* per share payable on 15 July 1970	4,948	
Transfer to investment and exploration reserve	1,500	8,922
Leaving an unappropriated profit for the year of		4,076

Dividends

The board recommends to members the declaration of a final dividend of 1*s.* 0*d.* per share (1969: 10*d.*) which together with the interim dividend of 6*d.* per share (1969: 6*d.*) paid on 12 December 1969 will cost the company £7,422,000 (1969: £6,522,000).

Reserves

Movements on reserves during the year are shown on page 30 in note 15 on the accounts.

Fixed assets

The book value of the group's fixed assets increased from £3,315,000 to £19,578,000 during the year. Details are shown on page 27 in note 9 on the accounts.

Share and loan capital

The authorized share capital remains unchanged.

During the year the company issued 1,120,089 fully paid shares of 5*s.* each and £2,633,551 5 per cent unsecured loan stock 1984, convertible into a maximum of 658,388 new shares of 5*s.* each. These securities, together with the payment of £5,207,072 in cash, were issued in exchange for 6,222,716 ordinary shares of The Cape Asbestos Company Limited in which the company thereby acquired a controlling interest.

Directors

A list of the current directors of the company is on page 3 and constitutes part of this report.

Mr S. Spiro was appointed to the board as deputy chairman and managing director on 1 April 1969. Mr O. B. Bennett resigned as a director on 20 May 1969 and Mr H. R. Fraser was appointed a director on 3 June 1969. Mr M. W. Rush retired from the board on 8 July 1969 and Mr R. H. Dent, chairman of The Cape Asbestos Company Limited, was appointed a director in his place. Mr P. H. A. Brownrigg resigned as a director on 11 November 1969 and Mr J. B. Mudd, senior technical consultant to Charter, was appointed to fill the vacancy. Sir Frederick Crawford and Mr H. St. L. Grenfell resigned as directors from 1 January 1970, and Mr J. G. Richardson and Mr L. G. Stopford Sackville were appointed to the board from that date.

In accordance with the provisions of article 103 of the company's articles of association, Mr R. H. Dent, Mr J. B. Mudd, Mr J. G. Richardson, and Mr L. G. Stopford Sackville hold office only until the forthcoming annual general meeting, but they offer themselves for reappointment.

Mr N. K. Kinkead-Weekes, Mr B. W. Pain, Mr C. W. Engelhard, Mr J. O. Hambro, and Mr E. R. A. de Rothschild retire by rotation in accordance with the provisions of article 99 (1) of the articles of association and offer themselves for reappointment.

Principal activities and interests

The company's principal activities are finance and in-

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vestment, particularly in mining and mineral exploration, and also include interests in a number of industrial companies. Details are given in the chairman's review on pages 12 to 17. As stated earlier, during the year the company acquired control of The Cape Asbestos Company Limited which, in addition to the mining of asbestos fibre, manufactures building, insulation, and friction materials and light engineering products.

An analysis of assets and investment income (geographical and by category) is on page 19 and lists of principal investments and subsidiary companies are on pages 8 to 10.

Other information

The information on directors' interests, turnover, exports, and the number and remuneration of employees shown on page 31 constitutes part of this report.

Contributions for political purposes during the year totalled £5,000, consisting of one payment made through a subsidiary company to British United Industrialists.

Contributions for charitable purposes made by the company and its subsidiaries during the year totalled £32,283.

Auditors

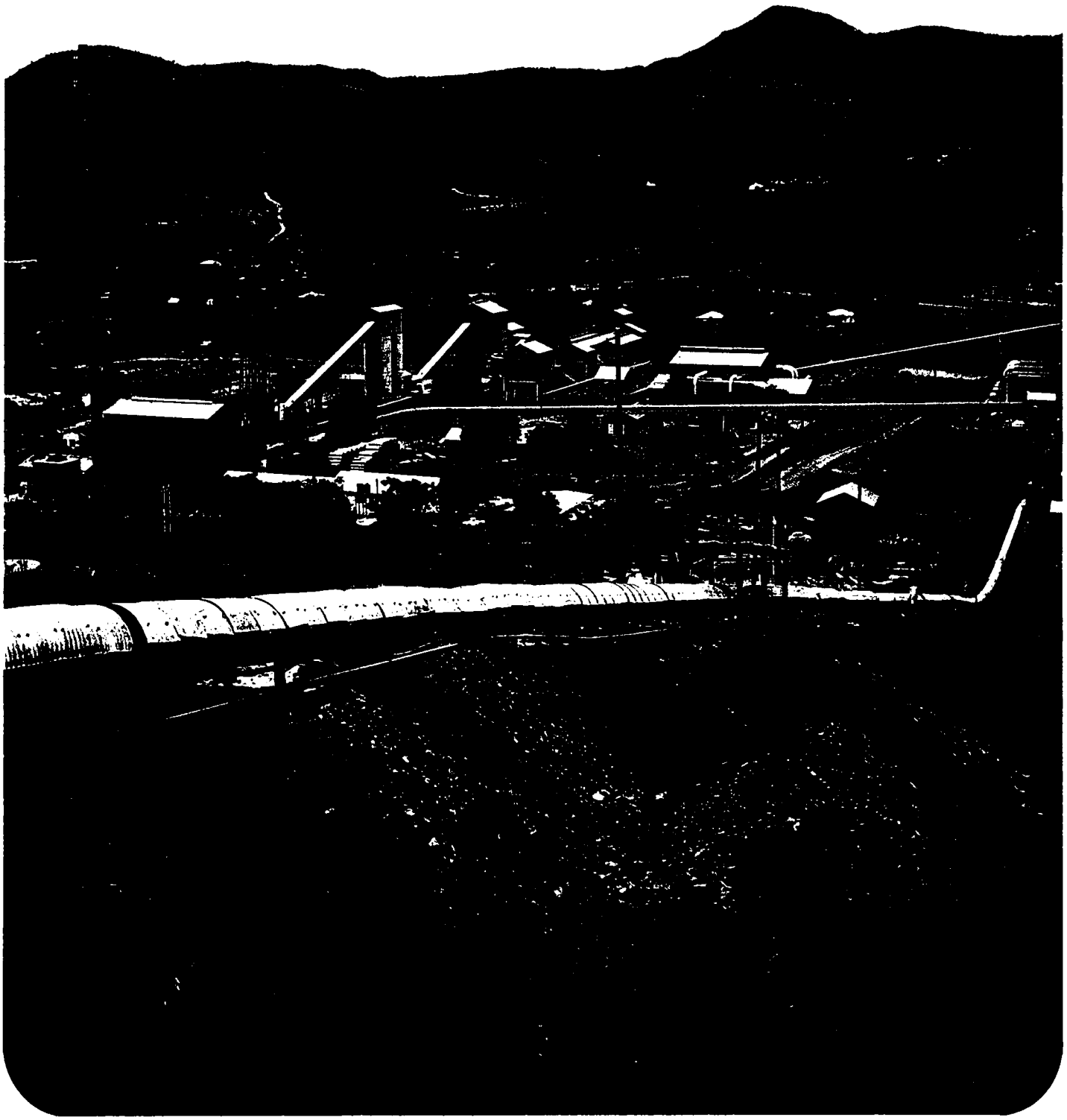
Cooper Brothers & Co. and Deloitte, Plender, Griffiths & Co. are willing to be reappointed as auditors to the company.

BY ORDER OF THE BOARD
J. R. BYLES
joint secretary

40 Holborn Viaduct, London EC1
2 June 1970

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Surface installations at the Cape Asbestos mine at Penge, South Africa



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Principal investments of the group 31 march 1970

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INTERESTS OF 10 PER CENT OR MORE

	GROUP INTEREST IN EQUITY CAPITAL (per cent)
Australia	
International Pacific Corporation Limited *merchant banking*	30
Canada	
Anglo American Corporation of Canada Limited *mining finance*	24.7
Western Decalta Petroleum Limited *oil and gas exploration and production*	44.7
France	
Société Minière d'Anglade *scheelite mining*	20
Malaysia	
Associated Mines (Malaya) Sendirian Berhad *mine management*	39.2
Bidor Malaya Tin Sendirian Berhad *tin mining*	39.2
Tronoh Mines Limited *Incorporated in England* *tin mining*	25.1
Mauritania	
Société Minière de Mauritanie *copper mining*	33.5
Portugal	
Beralt Tin and Wolfram Limited *Incorporated in England* *wolfram mining*	41.2
Rhodesia	
Anglo American Corporation Rhodesia Limited *industrial finance*	33.5
South Africa	
Anglo American Corporation of South Africa Limited *mining finance*	10
Blyvooruitzicht Gold Mining Company Limited *gold mining*	10
Brakspruit Platinum (Pty) Limited *platinum mining*	19.3
Euranglo (Pty) Limited *investment holding*	25
Harmony Gold Mining Company Limited *gold mining*	10
Northern Lime Company Limited *lime quarrying*	11.8
Platinum Prospecting Company Limited *platinum mining*	20.3
Pretoria Portland Cement Company Limited *cement manufacture*	10.2
Rand Mines Limited *mining finance*	15.9
South African Coal Estates (Witbank) Limited *coal mining*	10
Transvaal Consolidated Land and Exploration Company Limited *mining finance*	20.4
Union Corporation Limited *mining finance*	10
Witbank Colliery Limited *coal mining*	18.1
United Kingdom	
Anglo American International (U.K.) Limited *technical consultancy*	48
The Anglo Chemical & Ore Co. Limited *dealing in metals*	37
Anmercosa Sales Limited *selling of metals*	37
Barlow Myers Limited *selling of hydraulic lifting equipment*	49
Cleveland Potash Limited *potash mining*	37.5
Covenant Industries Limited *manufacture of chemicals*	37
Elevators and Engineering Limited *lift manufacture*	25
Ferranti Limited *manufacture of electrical and electronic equipment*	12.6
Lancashire Tar Distillers Limited *tar distilling*	16.3
Pillar Limited *aluminium fabrication*	13.5
Selection Trust Limited *mining finance*	26.8
Werff Bros Limited *retail fashion trading*	40
United States	
Anglo American Corporation of United States Inc. *industrial finance*	22.5
Zambia	
National Milling Company Limited *flour milling*	50
Zambian Anglo American Limited *copper mining*	22.8

OTHER PRINCIPAL INVESTMENTS

Australia
Broken Hill Proprietary Company Limited
iron and steel production

France
Le Nickel
mining finance and metallurgy

Italy
Società Nazionale Sviluppo Imprese Industriali
finance and investment

Malaysia
Ayer Hitam Tin Dredging Limited *Incorporated in England*
tin mining
The Sungei Besi Mines Limited *Incorporated in England*
tin mining

South Africa
Anglo American Investment Trust Limited
diamond mining

The Argus Printing and Publishing Company Limited
printing and publishing

De Beers Consolidated Mines Limited
diamond mining

Highveld Steel and Vanadium Corporation Limited
steel manufacture

Rand Mines Holdings Limited
industrial finance

Rand Selection Corporation Limited
mining finance

Virginia-Merriespruit Investments (Pty) Limited
gold mining

Western Deep Levels Limited
gold mining

United Kingdom
The Rio Tinto-Zinc Corporation Limited
mining finance

The 'Shell' Transport and Trading Company Limited
production, refining, and distribution of oil

United States
Engelhard Hanovia Inc.
industrial finance

Zambia
Zambian government loans—housing
—Kariba hydro-electric scheme

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Group subsidiary companies

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

England
The British South Africa Company*
investment holding

The British South Africa Company Investments Limited*
investment dealing

Central Mining Finance Limited
investment dealing

The Central Mining & Investment Corporation Limited*
investment holding

Centramic Properties Limited (51%)
property development

Centramic U.K. Limited
industrial holding

Charter Consolidated Finance Limited
banking and finance

Charter Consolidated Investments Limited*
investment holding

Charter Consolidated Services Limited*
services

Minera Mines Limited (80%)
mineral exploration

The Cape Asbestos Company Limited (60.5%)
(5% cumulative preference shares—100%)
mining and industrial holding

Cape Insulation Limited (60.5%)
asbestos and other insulation products

Cape Universal Building Products Limited (60.5%)
asbestos cement products and other building materials

Kismet Limited (60.5%)
transport service equipment

Small and Parkes Limited (60.5%)
automotive and industrial friction materials

Trist, Draper Limited (60.5%)
automotive and industrial friction materials

Elastic Rail Spike Company Limited
railway track fastenings

Heatrae Limited
heating equipment

Lee Green Precision Industries Limited
components for telecommunications

Rathdown Industries Limited
components for television and telecommunications

Australia
Charter Consolidated Investments (Australia) Limited
investment holding

Charter Consolidated Prospecting (Australia) Limited
prospecting

Belgium
Don International (60.5%)
automotive and industrial friction materials

Bermuda
Greenpoint Company Limited
investment holding

Katrine Company Limited
investment holding

Canada
Interlink Investments Limited
investment holding

Curaçao (Netherlands Antilles)
Charter Consolidated Overseas N.V.
investment dealing

Eire
Cape Asbestos (Ireland) Limited (60.5%)
automotive friction materials

France
Charter France (50.3%)
services

Luxembourg
Charter European Holdings
investment holding

Malaysia
Charter Consolidated (Malaysia) Sendirian Berhad
investment holding

Peru
Charter Minera (75%)
prospecting

South Africa
Amosa (Pty) Limited (60.5%)
amosite asbestos mining

Cape Asbestos South Africa (Pty) Limited (60.5%)
services

Cape Blue Mines (Pty) Limited (60.5%)
blue asbestos mining

Egnep (Pty) Limited (60.5%)
amosite asbestos mining

Centramic (South Africa) Limited
investment dealing

The Consolidated Mines Selection (Johannesburg) Limited
investment holding

Equinox Investments Limited
investment holding

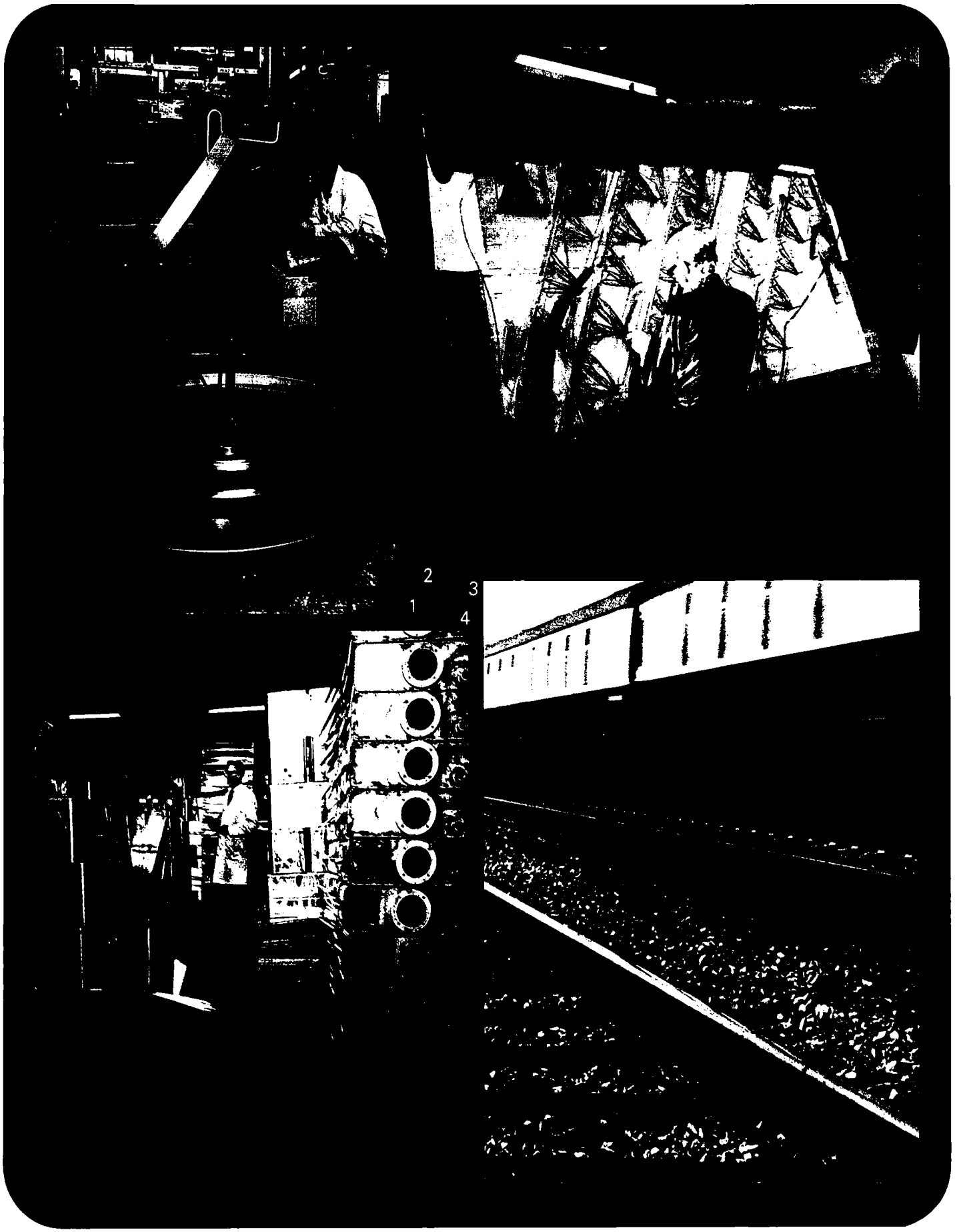
Swaziland
Swaziland Collieries Limited (63.4%)
coal mining

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

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Among Charter's industrial interests are:

1 Press work components for television equipment (Rathdown Industries)
2 Harness wiring forms for the telecommunications industry (Lee Green Precision Industries)
3 Railway track fastenings in use on British Rail (Elastic Rail Spike Company)
4 Domestic and industrial electric water heater tanks (Heatrae)



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Chairman's review

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Changes in the board during the year ended 31 March 1970 are listed in the report of the directors, and there is no need for me to refer to them here. I would, however, like to mention one of Charter's pioneers, Mr Derek Pollen, of whose death we learnt with deep sadness in December. Mr Pollen, who retired at the end of March 1969 as a deputy chairman and director of Charter, will be remembered not only for his services to Charter and previously to The Central Mining & Investment Corporation, but for his wise judgement, dedication, and leadership, and for the major part he played in bringing about the merger.

Accounts and finance

The group's consolidated profit after taxation and minority interests rose by 28 per cent from £10,120,000 to £12,998,000, and earnings per share increased to 2*s.* 8*d.* compared with 2*s.* 1*d.* for the year ended 31 March 1969. The profits include Charter's proportion of the earnings of The Cape Asbestos Company from 12 June 1969, the date that Cape Asbestos became a subsidiary of Charter, to 31 December 1969.

In view of the substantial increase in investment income the board has recommended a final dividend of 1*s.* 0*d.* per share which together with the interim of 6*d.* already paid makes a total for the year of 1*s.* 6*d.* per share, costing £7,422,000, compared with 1*s.* 4*d.* per share, costing £6,522,000 last year. An amount of £1,500,000 has been transferred to investment and exploration reserve and the unappropriated profit of £4,076,000 has been carried forward.

Profits on realization of investments attributable to sharedealing subsidiaries rose from £3,041,000 to £5,343,000. In addition, a net surplus after tax of £1,919,000 which arose on disposal of shares held by subsidiary holding companies has been credited to capital reserve. As mentioned in the half-yearly statement, we took advantage in the earlier part of the year of buoyant share markets to make substantial realizations of investments to finance the cash element of our increased interest in Cape Asbestos and to provide against commitments in existing and new projects, mostly in the mining field. Some additional sales of shares were made in the second half of the financial year. Altogether it is important that shareholders should appreciate that profits from realizations in the year under review must be regarded as exceptional and not likely to recur on the same scale in the present accounting year.

Investment income increased by £1,127,000 to £10,705,000 largely due to increased income from our holdings in mining finance houses. We received dividends from The Rio Tinto-Zinc Corporation, Selection Trust, and Union Corporation on new shares issued during the previous financial year by way of rights, and increased dividends from our substantial holdings in Zambian Anglo American and Anglo American Corporation of South Africa. I would like to emphasize the importance of our interest in Anglo American not only as a source of income but because of the benefits which both companies draw from their association together in a wider group of companies. From Charter's point of view this association has been very helpful in obtaining new business and it has also made possible the establishment of a highly qualified technical organization in London, something which otherwise would have been much more difficult and would have taken much longer. Both companies contribute in many ways, tangible and intangible, to the advantages of their association and I would mention in particular the value derived from the dissemination of information and the availability of expert advice on a group-wide scale.

Reverting to the accounts, the amount of interest received at £1,358,000 is higher than for the previous year as a result of higher interest rates receivable throughout the year on liquid funds, which have been increasing as investments have been sold.

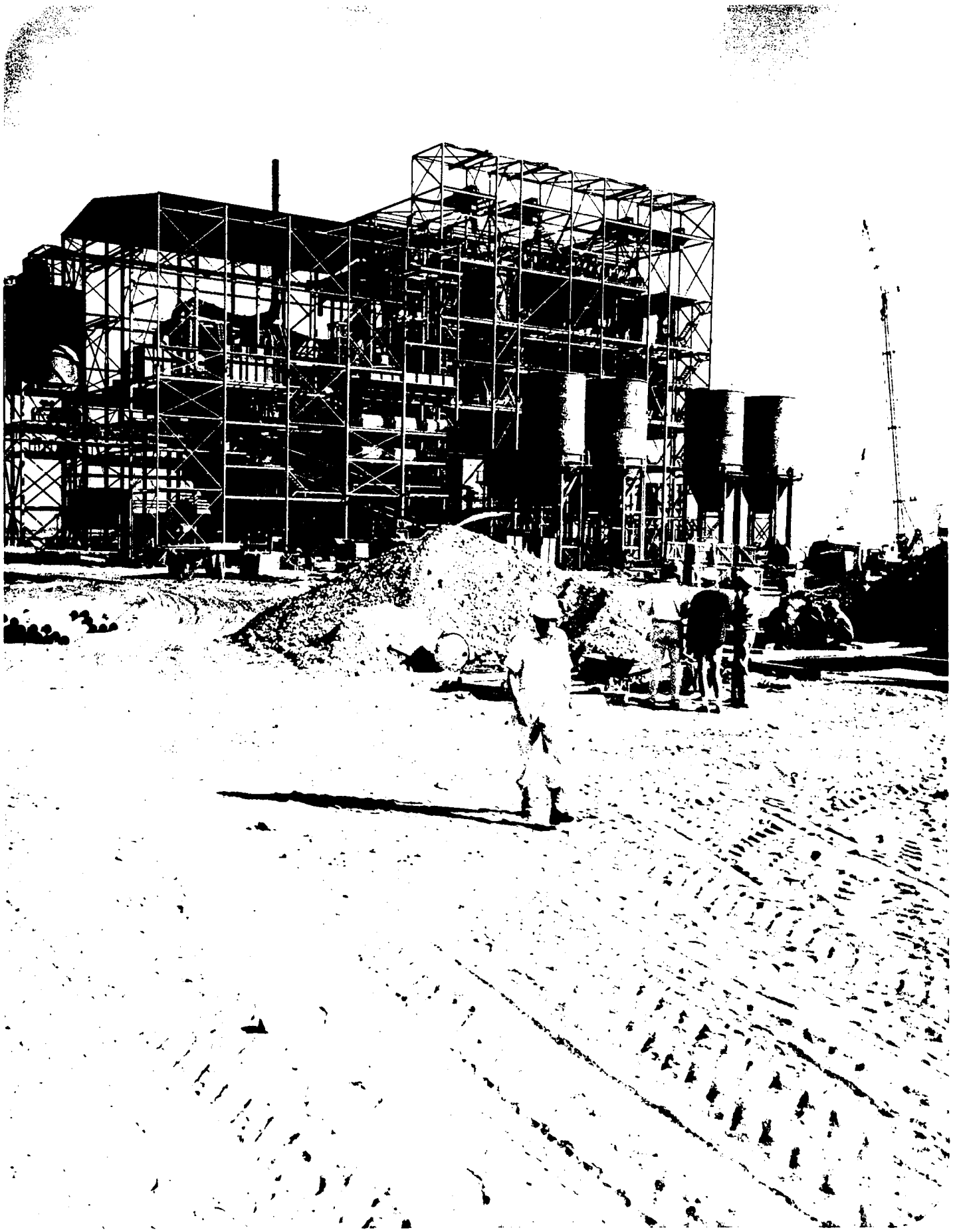
The substantial jump in trading profits for the year is due to the inclusion of earnings from Cape Asbestos. The profits of the wholly-owned industrial subsidiaries declined from £733,000 in 1969 to £535,000 in the year under review.

Despite a substantial increase in costs our net administration expenses showed some reduction as a result of a greater allocation of charges for services provided for associated companies and clients. Interest paid at £1,869,000 includes interest on the Deutsche Mark loan and convertible loan stock and the interest paid by Cape Asbestos on their long term borrowings.

The net value of assets shown by the consolidated balance sheet, taking market values of quoted investments and unquoted investments at directors' valuation, amounted to £329,537,000 or 66*s.* 7*d.* per Charter share.

The market value of quoted investments has fallen from £330 million to £274 million. This is of course due in part to the general decline in stock exchange values but also in part to the reinvestment in unquoted securities of

The TORCO plant at the SOMIMA copper mine, Akjoujt, Mauritania



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the proceeds of the unusually heavy disposal of portfolio securities to which I have referred.

It was announced on 6 March 1970 that The Rio Tinto-Zinc Corporation was to offer to acquire the whole of the issued share capital of Pillar Limited in exchange for RTZ ordinary shares. Charter had a 13.5 per cent interest in Pillar, whose main business is the fabrication of aluminium. The terms of the offer, which Charter accepted, provided for an exchange of one 'new' RTZ share for every two Pillar shares held. Charter accordingly received 1,990,610 new shares in RTZ in consideration for its shareholding in Pillar, thus increasing Charter's already substantial interest in RTZ and providing a substantial book profit on the original cost of the Pillar investment.

The metal sales and metal trading companies, Anmercosa Sales and The Anglo Chemical & Ore Co., both achieved satisfactory results, benefiting, among other things, from lively market conditions, particularly in copper. The cash copper price on the London Metal Exchange rose from £559 per long ton at the end of March 1969 to £746 per long ton at the end of March this year.

Mining projects

I am pleased to be able to report that the SOMIMA copper mine at Akjoujt in Mauritania will shortly commence production of copper concentrates. Production is expected to build up rapidly to a planned annual rate of not less than 30,000 tons of copper in concentrates. The development of this important new source of copper is of great significance and all concerned are to be congratulated on bringing it to production so close to the scheduled date. Charter's substantial investment in the SOMIMA company will provide an important addition to our future cash flow.

Anmercosa Sales has negotiated contracts for the sale of copper concentrates from Akjoujt on behalf of the SOMIMA company.

Cleveland Potash, which is jointly owned on the one hand by Charter and associated companies and on the other by Imperial Chemical Industries, made considerable progress during the year with engineering work for the establishment of its major potash mine in the Staithes area of Yorkshire. The preparation of the two shafts started last August; the shaft collars and headgears have been completed and sinking hoists installed; and full scale sinking of the shafts will proceed according to schedule this month. The mine, with a minimum output of one million tons of potash products per annum, is expected to start production in 1973.

Beralt Tin and Wolfram, in which Charter has a large interest, earned pre-tax profits during 1969 of £899,000, compared with £1,021,000 in the previous year. Sales of wolfram concentrates were approximately the same as for 1968 and the reduction in profits was mainly due to sharply increased costs. Beralt has experienced an acute shortage of labour throughout 1969, but is engaged on an expansion programme which should greatly improve efficiencies and production.

In France, Charter with Anglo American Corporation has a 40 per cent interest in Société Minière d'Anglade, a company formed to exploit a scheelite deposit near Salau in the French Pyrenees. Production from this mine is expected to commence later this year.

Tronoh Mines, in which Charter has a shareholding of just over 25 per cent, produced, with its subsidiaries, 1,985 tons of tin in concentrates during 1969, compared with 1,500 tons in the previous year. The net profit of the Tronoh group for the year ended 31 December 1969 was £474,760 compared with £327,041 in 1968. After providing £102,006 attributable to the 49 per cent holding of Charter and its associates in Bidor Malaya Tin, the balance available for appropriation was £372,754, from which dividends of 7½*d.* per share have been paid.

Charter has investments in other operating companies in the Tronoh group and, with the ending last December of restrictions on the export of tin, all companies have been able to sell their production and accumulated stocks at satisfactory prices.

Highly successful results are being achieved by Ayer Hitam Tin Dredging, and total production for the current year should substantially exceed that for the financial year to 30 June 1969 which was in itself a record.

Planning for future operations at The Sungei Besi Mines, in which Tronoh and Charter have a substantial interest, is now complete, and with maintenance of current tin prices a return to profitability is expected. However, the longer term future still remains uncertain and further investigation of possible reserves has been deferred pending a return to dividend payments. The loan account has been reduced from £655,000 to £479,000 and is now shared equally between Charter and Tronoh.

Prospecting

During the year we increased the range and intensity of our prospecting operations, and our policy is to continue

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expanding these activities. The discovery and development of new mineral deposits will have an important bearing on our future growth and profits, but it must be emphasized that much of the mining which takes place in the future will be in what are now regarded as developing countries, where economic and commercial activity tend to be subject to varying degrees of state control or participation. This imposes on us particular obligations both towards our shareholders and towards the governments of the countries in which we are carrying on our prospecting activities. More and more, therefore, our policy is to enter into partnership with these governments and, in addition, while taking the initiative on the management, financial, and technical sides, to invite others to share the exploration costs in return for an opportunity to participate on ground floor terms in any subsequent mining venture. The development of SOMIMA in which the participants include the Mauritanian government, the International Finance Corporation, and an international consortium of business houses under Charter's leadership, is a good example of the successful use of this approach. Charter is now involved in several other parts of the world in undertakings of a similar nature which are in varying stages of development.

Charter, Anglo American Corporation, Grangesberg of Sweden, and Pechiney of France have signed with Cerro Corporation a letter of intent incorporating an option to investigate a number of Cerro's important mining concessions in Peru. The arrangement is for a period of six months from 2 May 1970. During this time detailed consideration will be given to the implications of investing in Peru, and discussions will be held with the Peruvian government regarding their policies for development in terms of the country's new mining code.

The outcome of these discussions will also have an important bearing on the possible development of the Berenguela copper/silver deposit, the outlook for which, regrettably, is not encouraging without special taxation or development incentives and the solution of certain major technical problems.

In Chile Charter has formed a new company with Empresa Nacional de Minera (a government development organization) to undertake an exploration programme over an area in the north of the country, and a preliminary geological survey is also being carried out in Brazil.

Another significant development is in Iran, where a joint company has been formed with the government's Industrial Development and Renovation Organisation to explore for minerals, particularly copper, in the Kerman region, which we believe to be of interesting geological potential.

In Thailand Charter is prospecting with a number of other international companies in joint ventures to explore for tin in offshore areas.

In Spain Charter and Engelhard Minerals and Chemicals Corporation have formed a jointly owned Company—Charter Engelhard—to carry out prospecting activities.

Charter also continues its extensive Australian activities, which are largely concentrated in Western Australia. In addition to exploration at Pilbara, Kalgoorlie, and Fraser Range, interests have been acquired in new base metal prospects. Charter has also extended its operations elsewhere in Australia and is now engaged in a number of exploration ventures, including a search for base metals in north-west Tasmania, copper in the Northern Territory, and various minerals in Queensland.

In Canada Western Decalta Petroleum, in which Charter holds 44.7 per cent of the issued ordinary share capital and all the convertible debentures, considerably expanded its oil exploration activities and holds a number of strategic areas in the North West Territories, the Mackenzie valley and delta, the Arctic islands, Alaska, and Hudson Bay. All these areas are now being examined by Western Decalta and other companies.

Changes in Zambia

On 11 August 1969 President Kaunda announced that the government of Zambia wished to acquire a 51 per cent interest in the Zambian mining companies, in which Charter, through its holding in Zambian Anglo American, has a substantial interest. In May 1970, shareholders in Rhokana Corporation, Rhokana Copper Refineries, Nchanga Consolidated Copper Mines, and Bancroft Mines approved proposals for a scheme of arrangement which, subject to being sanctioned by the High Court for Zambia, provides for the vesting of all the mining assets and undertakings of the companies in Bancroft with effect from 1 January 1970.

The aggregate book value of the mining undertakings of the scheme companies at 31 December 1969 amounted to K246.6 million. The capital of Bancroft is to be reorganized, and 51 per cent of the aggregate value, equivalent to K125.8 million, will be represented by fully paid shares to be issued to the state-owned Zambia

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Industrial and Mining Corporation, which will satisfy the purchase consideration by issuing fully paid 6 per cent loan stock guaranteed as to payment of capital and interest in US dollars by the government. The loan stock will be redeemed in 24 equal half-yearly instalments, and provision is made for accelerated redemption after three years if dividends received thereafter from the enlarged Bancroft exceed a specified level.

The balance of 49 per cent of the equity of Bancroft, as well as the non-mining assets of the scheme companies, will be vested in Zambia Copper Investments, a new Bermudian company. Zambia Copper Investments will issue its own securities in substitution for those held by existing shareholders of the scheme companies. The largest shareholder in Zambia Copper Investments will be Zambian Anglo American, which will hold approximately 48 per cent of its issued share capital.

Approval of the governments concerned has been obtained for Zambian Anglo American to be transferred to Bermuda.

The operating companies have announced terminal dividends in respect of the period to 31 December 1969, and these are reflected in the net profit of Zambian Anglo American amounting to approximately K27.5 million for the six months ended 31 December 1969. High copper prices in 1969 contributed to this profit figure. Until externalization Zambian Anglo American remains subject to government restrictions on the amount of dividends that can be distributed, and it is expected that a dividend of 54 ngwee per share will be paid. In terms of the externalization arrangements, however, an amount of K10.8 million may be transferred to Bermuda, when the company becomes registered there, and a further amount (estimated at approximately K7 million) at the rate of K300,000 per month thereafter.

We consider that the terms announced represent a settlement which is reasonable to all sides.

Anmercosa Sales, together with associated companies in the Anglo American Corporation group, will provide metal marketing services to the consolidated company in which the assets of the former individual mining companies will be vested.

Cape Asbestos

As announced in the half-yearly report The Cape Asbestos Company became a subsidiary of Charter on 12 June 1969. This arose from the offer, which was accepted by Cape Asbestos shareholders, to acquire 50 per cent of the ordinary share capital not already owned by Charter. Charter also acquired the entire issued preference capital. We were pleased to welcome to the board of Charter Mr R. H. Dent, chairman of Cape Asbestos.

The Cape Asbestos company was founded in 1893 and there has long been a close association with Charter through one of its forerunners, The Central Mining & Investment Corporation. The principal business of the Cape group consists of the mining of asbestos fibre in South Africa and the manufacture of building, insulation and friction materials and light engineering products in the United Kingdom, South Africa, and continental Europe. In the last five years the Cape group's sales have increased from £22.3 million in 1965 to £40.6 million in 1969. Profits before tax have increased from £2.0 million to £3.2 million over the same period.

Since June last year Cape has acquired the whole of the issued share capital of Trist, Draper Limited, manufacturers of brake and clutch linings. Charter now holds just over 60.5 per cent of Cape's issued ordinary share capital.

As stated at the time of the offer it will be our purpose to make Cape the channel for the expansion of Charter's industrial activities.

North American interests

As announced in December 1969, Anglo American Corporation and its associated companies have acquired additional shares in Engelhard Hanovia from Mr C. W. Engelhard and his family. Together with shares previously acquired, these associated companies now hold a majority interest in Engelhard Hanovia. The principal interest of Engelhard Hanovia is its 44 per cent holding of the common stock of Engelhard Minerals and Chemicals Corporation, which had a satisfactory year in 1969, increasing its consolidated net profit after tax from US$31.66 million to US$34.72 million.

Anglo American Corporation of Canada (AMCAN), in which Charter has a 24.7 per cent interest, raised its net income for 1969 to C$5.2 million from C$4.6 million in 1968. In addition, profits on sale of investments during 1969 realized C$7.9 million. AMCAN's 1969 earnings included a dividend of C$4.40 per share (C$4.00 in 1968) from Hudson Bay Mining and Smelting Co. in which AMCAN has a 28 per cent interest.

The improvement in Hudson Bay's earnings per share from C$7.42 in 1968 to C$9.86 in 1969 was attributable to higher prices for copper and zinc, coupled with the

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treatment of tax-free ore from the Osborne Lake and Flexar mines. The development of Hudson Bay's extensive potash deposit in Saskatchewan is progressing satisfactorily.

In September 1969 AMCAN and Hudson Bay each acquired 500,000 treasury shares of New Imperial Mines, a copper producing company in the Yukon territory, and options over further shares which, if fully exercised, would bring the holdings of AMCAN and of Hudson Bay to 10.6 per cent each.

New Imperial's 1969 net earnings of C$4.375 million compared with C$1.259 million in the previous year, the improvement being attributable to higher production and increased copper prices.

The White Pass and Yukon Corporation, which operates a completely integrated ship-train-truck transportation system between Vancouver and points in the Yukon territory and in which AMCAN has a 26.2 per cent interest, completed in 1969 a modernization and expansion programme involving a total expenditure of about C$22 million. Mining developments in the areas served by the corporation are expected to lead to additional volumes of freight.

Other interests

Covenant Industries, a company owned jointly by Charter and associates on the one hand and Imperial Chemical Industries on the other, trades in and manufactures chemical and allied products, mainly agricultural chemicals and paint, in Nigeria, Zambia, and east Africa. In spite of the difficulties resulting from the war, turnover and profits in Nigeria have shown a welcome and substantial improvement and prospects for economic growth there are considered good. In Zambia, in addition to a successful investment in paint manufacture, Covenant Industries is participating with the state-owned Industrial Development Corporation in the establishment of a factory which commenced production of explosives for the copper mining industry this year. In east Africa trading levels have been maintained. Covenant's investment in Uganda, where the government has recently announced its intention to acquire controlling participations, is small.

The aggregate profitability of Charter's wholly-owned subsidiary industrial companies in the United Kingdom fell during the year, mainly as a consequence of the rising costs of materials and labour and of overheads. These increases proved exceedingly difficult to recover in selling prices and as a result profit margins were eroded. The Heatrae group and the Rathdown group were particularly affected. The Elastic Rail Spike group improved its position, and its associated company in South Africa obtained a contract from South African Railways which should enhance its future results.

It was reported last year that Charter and associates had taken part in a continental syndicate which acquired a major shareholding in Sviluppo, an Italian finance and investment company. Industry in Italy is suffering from severe labour and social troubles although the country's economy is fundamentally soundly based. Sviluppo's principal holding is in the Italian Grand Hotel Company, CIGA, which has increased profits and raised its dividend from 80 to 100 *lire* per share. Under the new management control Sviluppo is actively developing its financial and merchant banking business in Italy.

International Pacific Corporation, the merchant bank in Sydney in which Charter has a 30 per cent interest, had a satisfactory year of operations.

During the year Charter sold its interest in Hume Limited, pipe manufacturers in South Africa.

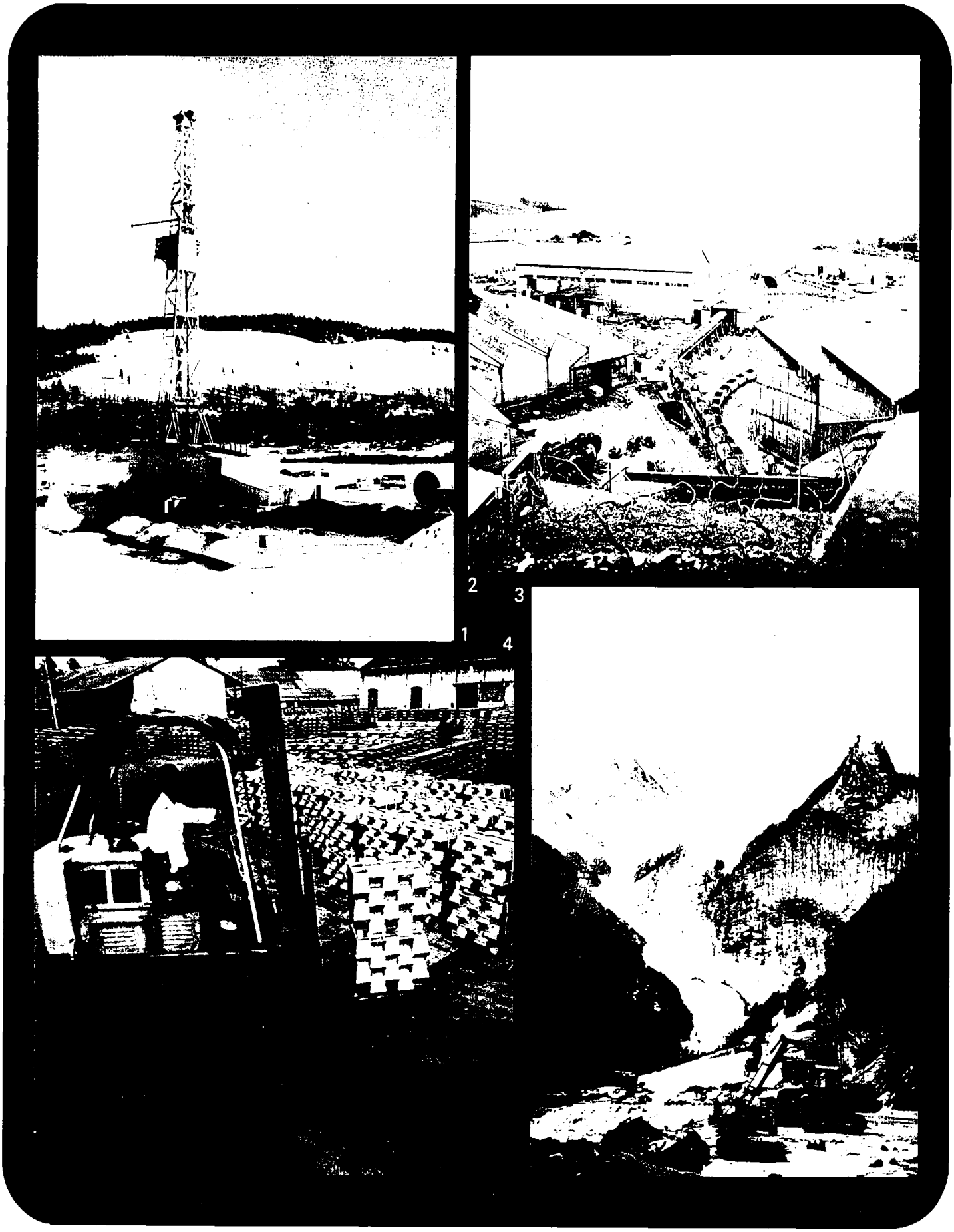
Lastly, I would like to emphasize our debt to those we employ for their skill and constructive work in the interests of the company. Of course, we do our best to ensure that they receive salaries related to their responsibilities and at least competitive with those available elsewhere. We must be grateful, however, that the quality of service given by our staff reflects a spirit of loyalty and willing cooperation within the whole organization, which cannot be measured merely in terms of remuneration.



H. V. SMITH
Chairman

2 June 1970

1 Drilling for oil in Canada - Western Decalta Petroleum
2 Surface installations at Beralt Tin and Wolfram mine, Portugal
3 Construction work at Societe Miniere d'Anglade scheelite mine, France
4 Tin ingots from concentrates produced by Tronoh Mines, Malaysia



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Analysis of assets and investment income

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Geographical analysis

	ASSETS		PER CENT OF ASSETS		PER CENT OF INVESTMENT INCOME	
	1970	[illegible]	1970	[illegible]	1970	[illegible]
	£000's	[illegible]				
United Kingdom	70,438	[illegible]	19.4	[illegible]	14.2	[illegible]
Continental Europe	11,696	[illegible]	3.2	[illegible]	1.6	[illegible]
North America	73,780	[illegible]	20.3	[illegible]	11.5	[illegible]
South Africa	128,792	[illegible]	35.4	[illegible]	39.8	[illegible]
Zambia	19,927	[illegible]	5.5	[illegible]	23.8	[illegible]
Rest of Africa	12,204	[illegible]	3.4	[illegible]	3.5	[illegible]
Malaysia	2,968	[illegible]	0.8	[illegible]	1.4	[illegible]
Australia	43,701	[illegible]	12.0	[illegible]	4.2	[illegible]
	363,506	[illegible]	100.0	[illegible]	100.0	[illegible]

Investment category

	ASSETS		PER CENT OF ASSETS		PER CENT OF INVESTMENT INCOME	
	1970	[illegible]	1970	[illegible]	1970	[illegible]
	£000's	[illegible]				
Mining—Finance	194,738	[illegible]	53.6	[illegible]	37.8	[illegible]
Diamonds	11,773	[illegible]	3.2	[illegible]	3.5	[illegible]
Gold	6,844	[illegible]	1.9	[illegible]	7.3	[illegible]
Tin	6,411	[illegible]	1.8	[illegible]	2.1	[illegible]
Copper and other minerals	23,006	[illegible]	6.3	[illegible]	23.8	[illegible]
Industrial, commercial, oil, etc.	80,521	[illegible]	22.2	[illegible]	21.9	[illegible]
Long term loans	2,666	[illegible]	0.7	[illegible]	3.6	[illegible]
	325,959	[illegible]	89.7	[illegible]	100.0	[illegible]
Fixed assets	19,578	[illegible]	5.4	[illegible]		
Net current assets	17,969	[illegible]	4.9	[illegible]		
	363,506	[illegible]	100.0	[illegible]	100.0	[illegible]

Notes:
1. The analysis of assets (geographical and by category) is based on the stock exchange value of quoted investments and the directors' valuation of unquoted investments at 31 March.
2 The geographical analysis takes into consideration direct interests and where possible major indirect interests in the areas concerned and is therefore only approximate.

Five year financial record

CHARTER CONSOLIDATED LIMITED AND ITS SUBSIDIARY COMPANIES

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Earnings (year to 31 march)	1970 £000's	1969 £000's	1968 £000's	1967 £000's	1966 £000's	
Income from investments	10,705	9,578	8,972	8,218	8,717	
Profits on sharedealing	5,343	3,041	2,253	1,619	1,200	
Interest received less paid	(511)	125	539	777	1,216	
Trading profit and sundry revenue	4,499	839	871	834	518	
Deduct: administration and technical expenditure	*1,237*	*1,349*	*1,283*	*1,135*	*1,216*	
Profit before taxation	18,799	12,234	11,352	10,313	10,435	
Deduct: taxation	*4,772*	*2,114*	*1,649*	*1,576*	*2,656*	
	14,027	10,120	9,703	8,737	7,779	
Deduct: amount attributable to outside shareholders and pre-acquisition	*1,029*	—		—	—	
Group net profit	12,998	10,120	9,703	8,737	7,779	
Deduct: dividends paid (gross)	*7,422*	*6,522*	*6,522*	*5,707*	*4,784*	*(net)*
Retained	5,576	3,598	3,181	3,030	2,995	
Earnings per share	2*s.* 8*d.*	2*s.* 1*d.*	2*s.* 0*d.*	1*s.* 9*d.*	1*s.* 7*d.*	*(net)*
Dividends per share	1*s.* 6*d.*	1*s.* 4*d.*	1*s.* 4*d.*	1*s.* 2*d.*	1*s.* 4*d.*	

Net assets (at 31 march)					
Investments at market value or directors' valuation	325,959	383,226	268,929	163,286	155,688
Investments at book value	138,388	141,547	123,723	106,111	92,326
Fixed assets	19,578	3,315	3,015	2,664	2,030
Net current assets	17,969	5,424	3,986	7,177	15,163
Deduct: minority interests, long term indebtedness, and investment grants	*33,969*	*14,991*	*1,125*	*1,080*	*1,240*
Total capital and reserves	141,966	135,295	129,599	114,872	108,279
Add: surplus of market value or directors' valuation of investments over book value	187,571	241,679	145,206	57,175	63,362
Total net assets	329,537	376,974	274,805	172,047	171,641
Net assets per share	66*s.* 7*d.*	77*s.* 1*d.*	56*s.* 2*d.*	35*s.* 2*d.*	35*s.* 1*d.*

Report of the auditors to the members

In our opinion, based on our examination and the reports of the auditors of those subsidiary companies not audited by us, the accounts set out on pages 22 to 30 comply with the Companies Acts 1948 and 1967 and give, so far as concerns members of the holding company, a true and fair view of the state of affairs at 31 March 1970 and of the profit for the year ended on that date on the basis set out in note 1.

COOPER BROTHERS & CO.
DELOITTE, PLENDER, GRIFFITHS & CO.
Chartered accountants

London, 2 June 1970

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Consolidated profit and loss account for the year ended 31 march 1970

CHARTER CONSOLIDATED LIMITED AND ITS SUBSIDIARY COMPANIES

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	1970		1969	
	£000's	£000's	£000's	£000's
Income from investments (*note* 2)		10,705		9,578
Profits less losses on realization of investments by dealing subsidiaries, less provision against loans, and underwriting commission (*note* 3)		5,343		3,041
Interest received		1,358		825
Trading profit and sundry revenue (*note* 4)		4,499		839
		21,905		14,283
Deduct:				
Administration and technical expenditure (*note* 4)	1,051		1,234	
Directors' emoluments (*note* 6)	126		99	
Interest paid (*note* 5)	1,869		700	
Auditors' remuneration (parent company £2,100: 1969—£2,100)	60		16	
		3,106		2,049
Profit before taxation		18,799		12,234
Taxation (*note* 8)		4,772		2,114
Profit after taxation		14,027		10,120
Deduct:				
Interest of outside shareholders in profits of subsidiaries	571			
Pre-acquisition profits of subsidiaries	458			
		1,029		—
Net profit attributable to Charter Consolidated Limited		12,998		10,120
Interim dividend of 6*d.* per share gross (1969—6*d.* per share) paid 12 December 1969	2,474		2,446	
Proposed final dividend of 1*s.* 0*d.* per share gross (1969—10*d.* per share) payable 15 July 1970	4,948		4,076	
		7,422		6,522
		5,576		3,598
Transfer to investment and exploration reserve in subsidiaries (*note* 15)		1,500		1,250
Unappropriated profit for the year (*note* 15)		4,076		2,348

For notes on the acccunts see pages 25 to 30

Consolidated balance sheet
31 march 1970

CHARTER CONSOLIDATED LIMITED AND ITS SUBSIDIARY COMPANIES

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	1970 £000's	1970 £000's	1969 £000's	1969 £000's
Fixed assets (*note* 9)		19,578		3,315
Investments (*note* 10)		138,388		141,547
Current assets				
Stocks and work in progress (*note* 11)	9,953		1,407	
Debtors	17,249		11,006	
United Kingdom tax repayable	799		554	
Short term loans and deposits	14,583		5,369	
Bank and cash balances	2,208		1,178	
	44,792		19,514	
Current liabilities				
Associated companies' and other deposit accounts	2,760		1,429	
Unclaimed dividends	42		13	
Bank overdrafts	1,134		825	
Creditors	10,763		3,435	
Taxation (including United Kingdom corporation tax due 1 January 1971 £3,266,000: 1969—£3,772,000)	7,176		4,312	
Proposed final dividend (gross)	4,948		4,076	
	26,823		14,090	
Net Current Assets		17,969		5,424
Total Net Assets		175,935		150,286
Financed by:				
Issued capital (*note* 12)		24,738		24,458
Capital reserves (*note* 15)		47,916		47,610
Revenue reserves (*note* 15)		69,312		63,227
Total Capital and Reserves		141,966		135,295
Investment grants (*note* 9)		1,386		67
Minority interest		7,327		84
Long term indebtedness (*note* 13)		25,256		14,840
		175,935		150,286

H. V. SMITH, S. SPIRO } *Directors*

S. W. PARKS *Chief accountant*

For notes on the accounts see pages 25 to 30

Balance sheet
31 march 1970

CHARTER CONSOLIDATED LIMITED

	1970		1969	
	£000's	£000's	£000's	£000's
Subsidiary companies				
Shares at cost	85,313		85,313	
Add: amounts due from subsidiaries	24,795		11,525	
	110,108		96,838	
Deduct: amounts due to subsidiaries	72,316		66,911	
		37,792		29,927
Current assets				
Debtors	—		171	
Short term loans	200		850	
Bank balances	9		32	
		209		1,053
		38,001		30,980
Financed by:				
Issued capital (*note* 12)		24,738		24,458
Share premium (*note* 15)		3,269		—
Revenue reserves				
Investment and exploration reserve	2,207		2,207	
Unappropriated profits (*note* 15)	141		137	
		2,348		2,344
Total Capital and Reserves		30,355		26,802
Long term indebtedness (*note* 13)		2,634		—
Current liabilities				
Associated companies' deposit accounts	—		45	
Unclaimed dividends	20		13	
Creditors	44		44	
Proposed final dividend (gross)	4,948		4,076	
		5,012		4,178
		38,001		30,980

H. V. SMITH, S. SPIRO } *Directors*

S. W. PARKS *Chief accountant*

For notes on the accounts see pages 25 to 30

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Notes on the accounts
31 march 1970

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1. Basis of consolidation and effect of changes in the composition of the group

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

(b) In order to facilitate administration, the financial year of The Cape Asbestos Company Limited and its subsidiaries terminates on 31 December and those of the other group manufacturing subsidiaries terminate on 31 January.

2. Income from investments

(*a*) Includes franked investment income of £3,365,000 (1969—£3,236,000)

(*b*) Arises from:

	1970 £000's	1969 £000's
Quoted investments	8,832	7,927
Unquoted investments	1,873	1,651
	10,705	9,578

Dividends from overseas investments are included at the gross amount declared except for dividends from Malaysian and Zambian companies which have been included after deduction of taxation levied in those countries.

3. Dealing profits

Profits less losses on realization of investments by dealing companies includes profits of £3,247,000 on the realization of investments transferred from a holding company at book value during the year. In previous years such profits have been transferred to capital reserve (*see note* 15).

4. Trading profit and sundry revenue

		1970 £000's	1969 £000's
(i)	The turnover of the manufacturing subsidiaries amounted to £46,606,000 (1969—£5,624,000) based on the invoiced value of goods sold		
(ii)	Investment grants credited in these accounts	135	14
(iii)	Depreciation of fixed assets charged in these accounts (including amount set aside for increased cost of plant replacement £15,000: 1969—£14,000)	2,030	246
(iv)	Rents paid in respect of hire of plant, machinery, and equipment charged in these accounts	130	62
(v)	Rents received	161	154
(vi)	Administration and technical expenditure	3,731	2,861
	Deduct: recovered from companies outside the group	2,680	1,627
		1,051	1,234

5. Interest paid on borrowings by the group

	£000's	£000's
Loans repayable after more than five years	1,493	447
Loans repayable within five years	202	146
Amounts deposited with the group	166	99
Bank overdrafts	8	8
	1,869	700

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6. Directors' emoluments

Directors of the parent company	1970	1969
	£	£
Fees	25,000	24,000
Salaries and other remuneration including pension contributions	144,000	112,000
Pensions etc. to former directors	3,000	1,000
	172,000	137,000
Deduct: fees received from other companies and refunded to the group	46,000	38,000
	126,000	99,000
Amounts paid to directors		
Chairman: Hon. H. V. Smith	25,126	6,282
Highest paid director	25,126	17,252
Others:		
£17,501–£20,000	1	—
£15,001–£17,500	2	2
£12,501–£15,000	2	—
£10,001–£12,500	2	3
£7,501 –£10,000	—	1
£5,001 – £7,500	1	—
£2,501 – £5,000	2	1
up to £2,500	14	13

Fees waived by 12 directors amounted to £28,000 (1969—10 directors £32,000)

7. Remuneration of employees of the group

The number of employees, other than directors of the parent company, whose total emoluments receivable from the company and its subsidiaries exceeded £10,000 were:
Exceeding £10,000 but not exceeding £12,500, 7 employees (1969—3 employees)

8. Taxation

	1970 £000's	1969 £000's
On profit for the year		
United Kingdom corporation tax at 45 per cent (1969—45 per cent)	7,267	4,575
Deduct: double taxation relief	3,330	2,591
	3,937	1,984
Overseas taxation	1,050	419
	4,987	2,403
Add: adjustments in respect of previous year	30	(12)
	5,017	2,391
Deduct: estimated overspill relief in respect of 1970	245	277
	4,772	2,114

Note:
In the event of certain overseas subsidiaries distributing reserves or profits, additional liability to United Kingdom taxation would arise.

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9. Fixed assets

	FREEHOLD PROPERTY	LONG LEASEHOLD PROPERTY	SHORT LEASEHOLD PROPERTY	PLANT, FURNITURE AND FITTINGS	MINING RIGHTS	TOTAL
	£000's	£000's	£000's	£000's	£000's	£000's
Cost at 31 March 1969	879	1,514	183	1,496	131	4,203
Attributable to subsidiaries acquired	7,693	278	1,610	18,738	1,387	29,706
	8,572	1,792	1,793	20,234	1,518	33,909
Additions at cost	649	384	86	3,180	51	4,350
Cost of items sold and scrapped	(171)	—	(58)	(662)	(14)	(905)
Balance at 31 March 1970	9,050	2,176	1,821	22,752	1,555	37,354
Depreciation						
At 31 March 1969 on assets at cost	115	156	17	600	—	888
Attributable to subsidiaries acquired	2,731	72	1,052	11,642	—	15,497
	2,846	228	1,069	12,242	—	16,385
Charge to profit and loss account	235	67	92	1,636	—	2,030
On items sold and scrapped	(71)	—	(27)	(541)	—	(639)
Balance at 31 March 1970	3,010	295	1,134	13,337	—	17,776
Net book value						
At 31 March 1970	6,040	1,881	687	9,415	1,555	19,578
At 31 March 1969	764	1,358	166	896	131	3,315

NOTES:

(i) In addition to the above the group owns estates, buildings, and citrus groves in Rhodesia which cost £230,000 and are fully depreciated.

(ii) Freehold land and buildings are included on the following basis:—

	£000's
At cost	7,971
At valuation in 1960	794
At valuation in 1966	285
	9,050

No depreciation has been provided on freehold land. Included is an amount of £394,000 relating to land and factory premises acquired by the Belgian subsidiaries and financed by secured loans (*see note* 13). The legal title to the factory premises does not vest in the companies concerned until the final instalments on the loans have been paid.

(iii) Mining rights are included on the following bases:—

	£000's
At cost	308
At valuation in 1948	1,247
	1,555

No amortisation has been provided on the mining rights in South Africa as the directors are of the opinion that the present value exceeds book value.

(iv) Investment grants in respect of each year's capital expenditure are credited to profit and loss account over a period of ten years, 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 profits.

(v) Commitments for capital expenditure of subsidiaries amount to £1,298,000 (1969—£543,000). Investment grants £120,000 (1969—£11,000).

(vi) Estimated capital expenditure of subsidiaries authorized but not committed amounts to £1,113,000 (1969—£598,000). Investment grants £162,000 (1969—£26,000).

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10. Investments

	AT COST, LESS AMOUNTS WRITTEN OFF		MARKET VALUE OR DIRECTORS' VALUATION	
	1970 £000's	1969 £000's	1970 £000's	1969 £000's
GENERAL				
Quoted in Great Britain	57,383	63,483	187,365	220,505
Quoted outside Great Britain	16,215	20,554	21,245	33,500
	73,598	84,037	208,610	254,005
Unquoted	28,137	19,454	33,373	35,082
	101,735	103,491	241,983	289,087
ASSOCIATED COMPANIES				
Quoted in Great Britain	15,398	17,780	58,504	69,108
Quoted outside Great Britain	3,840	3,094	6,708	7,117
	19,238	20,874	65,212	76,225
Unquoted	8,671	9,304	9,974	10,482
	27,909	30,178	75,186	86,707
Advances	8,744	7,878	8,790	7,432
	36,653	38,056	83,976	94,139
TOTAL INVESTMENTS				
Quoted in Great Britain	72,781	81,263	245,869	289,613
Quoted outside Great Britain	20,055	23,648	27,953	40,617
	92,836	104,911	273,822	330,230
Unquoted, including advances	45,552	36,636	52,137	52,996
	138,388	141,547	325,959	383,226

NOTES:

(i) In the case of quoted 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 unquoted investments are shares in Anglo American Corporation Rhodesia Limited. The book value and director's valuation at 31 March 1970 both amount to £2,988,542. Any disposal of these shares would require consent under existing exchange control regulations and no income can be remitted to the company from Rhodesia.

(iii) Commitments and guarantees by the company in respect of subscriptions for shares and loan facilities amount to £14,671,000 (1969—£16,765,000).

(iv) A subsidiary company has entered into contracts for exploration expenditure to be incurred after 31 March 1970.

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

(vi) The value of investments includes 75 per cent (1969—75 per cent) of the investment currency premium where applicable, which amounts to £1,986,000 (1969—£6,399,000)

11. Stocks

Stocks and work in progress have been valued at the lowest of cost, net realizable value, and replacement price, on bases consistent with those adopted in previous years.

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12. Share capital

		1970 £	1969 £
Authorized: 120,000,000 shares of 5*s.* each		30,000,000	30,000,000
Issued:			
At 31 March 1969	97,832,866 shares of 5*s.* each fully paid	24,458,216	24,458,216
Acquisition of The Cape Asbestos Company Limited	1,120,089	280,023	
At 31 March 1970	98,952,955	24,738,239	

13. Long term indebtedness

Details of loans repayable over a longer period than five years

	1970 £000's	1969 £000's
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) The Cape Asbestos Company Limited		
7¾ per cent debenture stock 1986/89	2,000	—
6¼ per cent debenture stock 1986/89	600	—
Unsecured Loan stocks issued by		
(i) The company		
5 per cent convertible loan stock 1984	2,634	—
(ii) The Cape Asbestos Company Limited		
7¼ per cent loan stock 1986/91	3,459	—
Bonds issued by Charter Consolidated Overseas N.V.		
6½ per cent unsecured bonds of DM120,000,000 1968/83	14,873	13,840
Belgian long term loans		
Secured, repayable by annual instalments over 13 years	370	—
Unsecured, repayable by annual instalments over 7 years	320	—
	25,256	14,840

NOTES:

(i) The company's 5 per cent convertible loan stock 1984 carries the following conversion rights:

Year of conversion	Number of shares per £100 stock
1970—74	25
1975—79	24
1980—84	23

(ii) The increase of £1,033,000 in the sterling equivalent of the DM120,000,000 6½ per cent unsecured bonds 1968/83 represents the additional cost at redemption attributable to the revaluation of the Deutsche Mark on 26 October 1969 (*see note* 15).
The bonds are quoted on the Frankfurt stock exchange.
The company has guaranteed the bonds as regards both repayment of principal, including premium if any, and payment of interest.

(iii) The Belgian subsidiaries pay interest on their secured loans at rates determined half yearly by the Belgian authorities, currently 7 per cent per annum, and on their unsecured loans at 2.35 per cent.

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14. Contingent liabilities

	1970 £000's	1969 £000's
For amounts not called on investments	315	492
In respect of guarantees (company £1,176,000: 1969—£955,000)	1,960	1,326
In respect of underwriting participations	91	419
As acceptors of bills (company)	—	2,500
Bills receivable and a hire purchase agreement discounted	138	—
	2,504	4,737

The company has given guarantees in connection with future loans by third parties to Société Minière de Mauritanie

15. Movements on reserves

	SHARE PREMIUM ACCOUNT GROUP	OTHER CAPITAL RESERVES GROUP	INVESTMENT AND EXPLORATION RESERVE GROUP	UNAPPROPRIATED PROFITS GROUP	UNAPPROPRIATED PROFITS COMPANY
	£000's	£000's	£000's	£000's	£000's
Balances at 31 March 1969	11,996	35,614	10,890	52,337	137
Add:					
Appropriated from profits		15	1,500	4,076	4
Additional redemption cost of Deutsche Mark bonds on revaluation of the Deutsche Mark		(1,033)			
Goodwill arising on acquisition of subsidiaries during the year		(4,365)			
Premium on shares issued at market value by the company	3,269				
Reserves of subsidiaries acquired during the year		759			
Surplus realized on sales of investments by holding subsidiaries less United Kingdom tax thereon (*see note* 3)		1,919			
United Kingdom tax relief on disposal of investment written off in previous year			366		
United Kingdom tax on inter-group profit of previous year no longer required			532		
Sundry surpluses and adjustments		(258)	147	(48)	
	15,265	32,651	13,435	56,365	141
Deduct:					
Amount written off unquoted investments			20		
Investments in exploration companies and exploration expenditure written off			468		
	15,265	32,651	12,947	56,365	141
Balances at 31 March 1970	47,916		69,312		141

16. Currency conversion

Assets and liabilities in commonwealth and foreign currencies have been converted into sterling at the rates of exchange ruling at the dates of the respective balance sheets.

17. Exchange control

The transfer of assets held by the group in Rhodesia and in the Republic of South Africa would be subject to restriction under exchange control regulations.

18. Subsidiary companies and principal investments

A list of the major subsidiary companies, associated companies and interests of ten per cent or more in other companies, and other principal investments are included on pages 8 to 10.

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Directors' interests

The following are the interests in the company of the directors who held office on 31 March 1970, as notified to the company in terms of the Companies Act 1967:

	INTEREST IN SHARES OF 5*s.* EACH OF THE COMPANY	
	1 April 1969	31 March 1970
DIRECTORS		
Sir Keith Acutt	100	100
Comte T. de Feuilhade de Chauvin	574	574
A. Chester Beatty	287	287
J. E. H. Collins	100	100
R. H. Dent (*appointed 8 July 1969*—500)		500
C. W. Engelhard	14,950	14,950
H. R. Fraser (*appointed 3 June 1969*—nil)		100
J. O. Hambro	2,876	2,876
N. K. Kinkead-Weekes	100	100
J. B. Mudd (*appointed 11 November 1969*—nil)		100
H. F. Oppenheimer	5,004,600*	5,000,100*
Sir Philip Oppenheimer	9,798	9,798
B. W. Pain	100	100
J. G. Richardson (*appointed 1 January 1970*—nil)		100
E. R. A. de Rothschild	148,541	156,291
The Hon. H. V. Smith	1,200	1,200
S. Spiro (*appointed 1 April 1969*—nil)		100
L. G. Stopford Sackville (*appointed 1 January 1970*—4,750)		4,750
T. P. Stratten	1,200	1,200
W. D. Wilson	100	100
ALTERNATE DIRECTORS		
R. J. Armitage (*appointed 3 June 1969*—nil)		nil
P. C. D. Burnell (*appointed 3 June 1969*—nil)		nil
G. W. Flint	1,000	1,000
The Hon. R. B. Loder	nil	nil
R. H. MacWilliam	1,500	1,500
A. E. Oppenheimer (*appointed 3 June 1969*—nil)		nil
A. W. Owston (*appointed 20 January 1970*—nil)		nil

* Of which 5,000,000, being shares held by a body corporate, are notified pursuant to section 28(3) of the Companies Act 1967.

Mr R. H. Dent also had an interest, both at the date of his appointment as a director and at 31 March 1970, in £2,142 of the company's 5 per cent convertible unsecured loan stock 1984.

Of the abovementioned directors, the following had interests in The Cape Asbestos Company Limited, which became a subsidiary of the company on 12 June 1969:

	INTEREST IN ORDINARY SHARES OF 5*s.* EACH OF THE CAPE ASBESTOS COMPANY LIMITED	
	12 June 1969	31 March 1970
R. H. Dent (*appointed a Charter director 8 July 1969*—2,100)		2,100
H. R. Fraser	nil	800
S. Spiro	800	800
G. W. Flint	1,500	1,500

Finance Act 1965

(i) Capital gains tax
The market price of the company's shares on 6 April 1965 was:
Registered shares 19*s.* 9*d.*
Shares represented by renounceable letters of allotment 20*s.* 0*d.*
Share warrants to bearer 20*s.* 0*d.*

(ii) The company is not a close company within the provisions of the Finance Act 1965.

Turnover

The following is the proportion of the turnover shown in note 4 and the amount of profit attributable to each different class of business undertaken by the group's manufacturing subsidiaries.

	Proportion of turnover %	Contribution to group trading profit before taxation £000's
Building and construction industry materials	32.3	758
Automotive friction materials	29.5	862
General engineering and shipbuilding materials	8.4	283
Asbestos fibre	16.8	1,656
Railway track fastenings, mine roof bolts, galvanizing, etc.	3.7	320
Heaters and heating equipment	6.2	119
Components (mainly for the television and telecommunications industries)	3.1	96
	100.0	4,094

Geographical analysis of turnover	£000's
United Kingdom	31,007
Continental Europe	7,082
North and South America	3,058
Africa and Middle East	3,244
Australasia and Far East	2,215
	46,606

Exports

The aggregate value of goods exported by the group's United Kingdom manufacturing subsidiaries during the year totalled £4,798,000.

Number and remuneration of employees

The average number of employees per week of the company and its subsidiaries working wholly or mainly in the United Kingdom was 9,495 during the year.

The aggregate amount of the remuneration paid to employees working wholly or mainly in the United Kingdom during the year was £12,429,000.

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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: –

i the transfer office of the company, Kent House, Station Road, Ashford, Kent, or

ii at the offices of Credit Lyonnais, 19 boulevard des Italiens, Paris 2e, or Banque Rothschild, 21 rue Laffitte, Paris 9e.

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 any of the above-mentioned office*

COPIES OF THE CONDITIONS GOVERNING SHARE WARRANTS TO BEARER ARE AVAILABLE FROM THE REGISTERED AND TRANSFER OFFICES OF THE COMPANY AND FROM THE OFFICES OF CREDIT LYONNAIS, 19 BOULEVARD DES ITALIENS, PARIS 2E, AND BANQUE ROTHSCHILD, 21 RUE LAFFITTE, PARIS 9E.

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

Les détenteurs de certificat d'actions au porteur désirant assister en leur qualité de membre à une assemblée générale, sont tenus de déposer leur certificat d'actions trois jours ouvrables francs au moins avant la date de l'assemblée:

1 Au bureau des transferts de la société, Kent House, Station Road, Ashford, Kent.

ou

2 Au Crédit Lyonnais, 19 boulevard des Italiens, Paris 2e, ou chez Banque Rothschild, 21 rue Laffitte, Paris 9e.

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

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

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

MM. LES ACTIONNAIRES PEUVENT SE PROCURER DES EXEMPLAIRES DES CONDITIONS REGISSANT LES CERTIFICATS D'ACTIONS AU PORTEUR EN S'ADRESSANT: SOIT AU BUREAU DES TRANSFERTS DE LA SOCIETE: SOIT AU CREDIT LYONNAIS, 19 BOULEVARD DES ITALIENS, PARIS 2E: SOIT CHEZ BANQUE ROTHSCHILD, 21 RUE LAFFITTE, PARIS 9E.

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

CHARTER CONSOLIDATED LIMITED
40 Holborn Viaduct London EC1

soit au

CREDIT LYONNAIS 19 boulevard des Italiens Paris 2e

soit chez

BANQUE ROTHSCHILD 21 rue Laffitte Paris 9e

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