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Charter Consolidated Limited

annual report and accounts

31 march 1967

Offices

UNITED KINGDOM
40 Holborn Viaduct, London EC1 *(registered)*
7 Rolls Buildings, Fetter Lane, London EC4
Kent House, Station Road, Ashford, Kent

REPUBLIC OF SOUTH AFRICA
44 Main Street, Johannesburg

RHODESIA
70 Jameson Avenue Central, Salisbury C4

CANADA
Suite 2800, 25 King Street West, Toronto 1

AUSTRALIA
1309 National Mutual Centre, 447 Collins Street, Melbourne

FRANCE
34 rue du Rocher, Paris 8e

Registrars

UNITED KINGDOM
Consolidated Share Registrars Limited:
Kent House, Station Road, Ashford, Kent

SOUTH AFRICA
Consolidated Share Registrars Limited:
76 Main Street, Johannesburg

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

Charter Consolidated Limited

Incorporated in England

Charter is a finance and investment company with assets of approximately £172 million. The greater part of its investment is in mining and allied operations throughout the world. The company also has important interests in a wide range of industrial activities, mainly located in the United Kingdom.

Charter continues to seek new business opportunities in a variety of fields, and its specialist service departments are constantly investigating new projects. In the sphere of mining, it is conducting, on its own account and in association with other mining groups, a programme of mineral exploration in many countries.

Charter works in close association with the Anglo American Corporation group, one of the largest mining finance organisations in the world, which provides the company with technical services. For its part the Charter group undertakes for the Anglo American Corporation group of companies a wide range of activities from London.

Notice of annual general meeting

NOTICE IS HEREBY GIVEN that the second annual general meeting of members of Charter Consolidated Limited will be held at The Chartered Insurance Institute, 20 Aldermanbury, London EC2, on Tuesday 11 July 1967 at 11 am, for the following purposes:—

1 To consider the balance sheets and consolidated profit and loss account for the year ended 31 March 1967 and the reports of the directors and auditors.

2 To elect directors.

3 To fix the remuneration of the auditors.

The transfer books and registers of members in the United Kingdom, Republic of South Africa and Rhodesia will be closed from 8 to 11 July 1967, 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.

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.*

BY ORDER OF THE BOARD R. V. PRITCHARD *manager and secretary*

40 Holborn Viaduct, London EC1 16 June 1967

* *see page 32.*

Contents

Directorate

Chairman

H. F. Oppenheimer

Deputy chairmen

S. D. H. Pollen, MBE, TD
The Hon. H. V. Smith
W. D. Wilson *managing director*

Directors

Sir Keith Acutt, KBE
O. B. Bennett, CBE
A. Chester Beatty
Comte T. de Feuilhade de Chauvin
J. E. H. Collins, MBE, DSC
Sir Frederick Crawford, GCMG, OBE
C. W. Engelhard
H. St. L. Grenfell, OBE, MC
J. O. Hambro, MC
N. K. Kinkead-Weekes
The Hon. J. Christopher Loder
P. J. Oppenheimer
B. W. Pain
Evelyn R. A. de Rothschild
M. W. Rush
T. P. Stratten

Alternate directors

G. W. Flint
H. R. Fraser
Sir Jim S. Holland, Bt, TD
The Hon. R. B. Loder
R. H. MacWilliam
J. G. Richardson
L. G. Stopford Sackville

Administration

Executive committee of the board of directors

H. F. Oppenheimer
H. St. L. Grenfell, OBE, MC
P. J. Oppenheimer
S. D. H. Pollen, MBE, TD
The Hon. H. V. Smith
W. D. Wilson

Managers

G. W. Flint
H. R. Fraser
Sir Jim S. Holland, Bt, TD
N. K. Kinkead-Weekes
The Hon. J. Christopher Loder
The Hon. R. B. Loder
B. W. Pain
R. V. Pritchard
J. G. Richardson
L. G. Stopford Sackville

Secretary

R. V. Pritchard

Chief accountant

D. C. Kempson

Auditors

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

Bankers

Barclays Bank D.C.O.
National Provincial Bank Limited
Westminster Bank Limited

The London headquarters of Charter Consolidated at 40 Holborn Viaduct

FEATURES FROM THE CONSOLIDATED ACCOUNTS

	1967 £	1966 £
Profit after taxation	10,016,000	7,779,000
Dividends gross per share	1s. 2d.	* 1s. 8d.
Total dividends	5,707,000	* 4,784,000 (net)
Investments—quoted and unquoted:		
(*a*) at book value	106,111,000	92,326,000
(*b*) at stock exchange and directors' valuation	163,286,000	155,688,000
Revenue reserves	54,381,000	51,406,000
Capital reserves	36,033,000	32,442,000
Issued capital	24,458,000	24,431,000

**Including a special distribution of 4d. per share (costing £957,000) relating to the three month period prior to the merger on 31 March 1965*

The detailed accounts will be found on pages 13 to 19 of this report

FINANCE ACT 1965

1. 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*.

2. The company is not a close company within the provisions of the Finance Act 1965.

Report of the directors

The directors have pleasure in submitting their second annual report together with the audited accounts for the year ended 31 March 1967.

Consolidated profit and loss account

		£
The consolidated profit before taxation for the year ended 31 March 1967 was		10,313,000
Taxation amounted to		1,576,000
Leaving a consolidated profit after taxation of		8,737,000
To which should be added: Transitional relief under the Finance Act 1965		1,279,000
		10,016,000
Out of which there has been appropriated:	£	
Dividend of 6*d*. per share, paid on 15 December 1966	2,446,000	
Dividend of 8*d*. per share, paid on 29 March 1967	3,261,000	
Transfer to investment and exploration reserve	2,500,000	
		8,207,000
Leaving an unappropriated profit for the year of		£1,809,000

A reduction in the rate of dividend was forecast as a result of the additional tax liability arising under the new corporation tax system. Dividends totalling 1*s*. 2*d*. per share have been paid, amounting to £5,707,000, which compares with the dividends paid last year at the rate of 1*s*. 4*d*. per share, costing the company £3,827,000, to which was added a special distribution of 4*d*. per share (costing £957,000) relating to certain pre-merger earnings of the three companies which amalgamated to form Charter Consolidated on 31 March 1965. This year the company has obtained special non-recurring tax relief amounting to £1,279,000 under the transitional provisions in the Finance Act 1965 in respect of dividends deemed to be paid out of income previously taxed.

No further dividend is now recommended in respect of the year ended 31 March 1967.

It is proposed that in future the interim dividend will be declared in November, payable in December; the final dividend will be announced in May/June and be paid in July after approval by the annual general meeting.

Reserves

Movements on reserves during the year are shown on page 18 in note 6 on the accounts.

The following amounts have been charged to investment and exploration reserve:

Investments in exploration companies and exploration expenditure written off	£667,000
Amount written off investments	£1,105,000
	£1,772,000

After the transfer of £2,500,000 to investment and exploration reserve that reserve stands at £10,863,000.

Share capital

On 1 August 1966 the company increased its share capital from £24,431,168 10*s*. to £24,458,216 10*s*. by the issue of 108,192 fully paid shares of 5*s*. each in conversion of the remaining £95,407 6½ per cent convertible debenture stock 1974/77 of The Consolidated Mines Selection Company Limited, a wholly owned subsidiary company. The authorised capital of the company remained at £30,000,000.

Principal interests and activities

The activities of the group are reviewed as part of this report on pages 21 to 27, and a list of the principal subsidiary companies in the group appears on page 28.

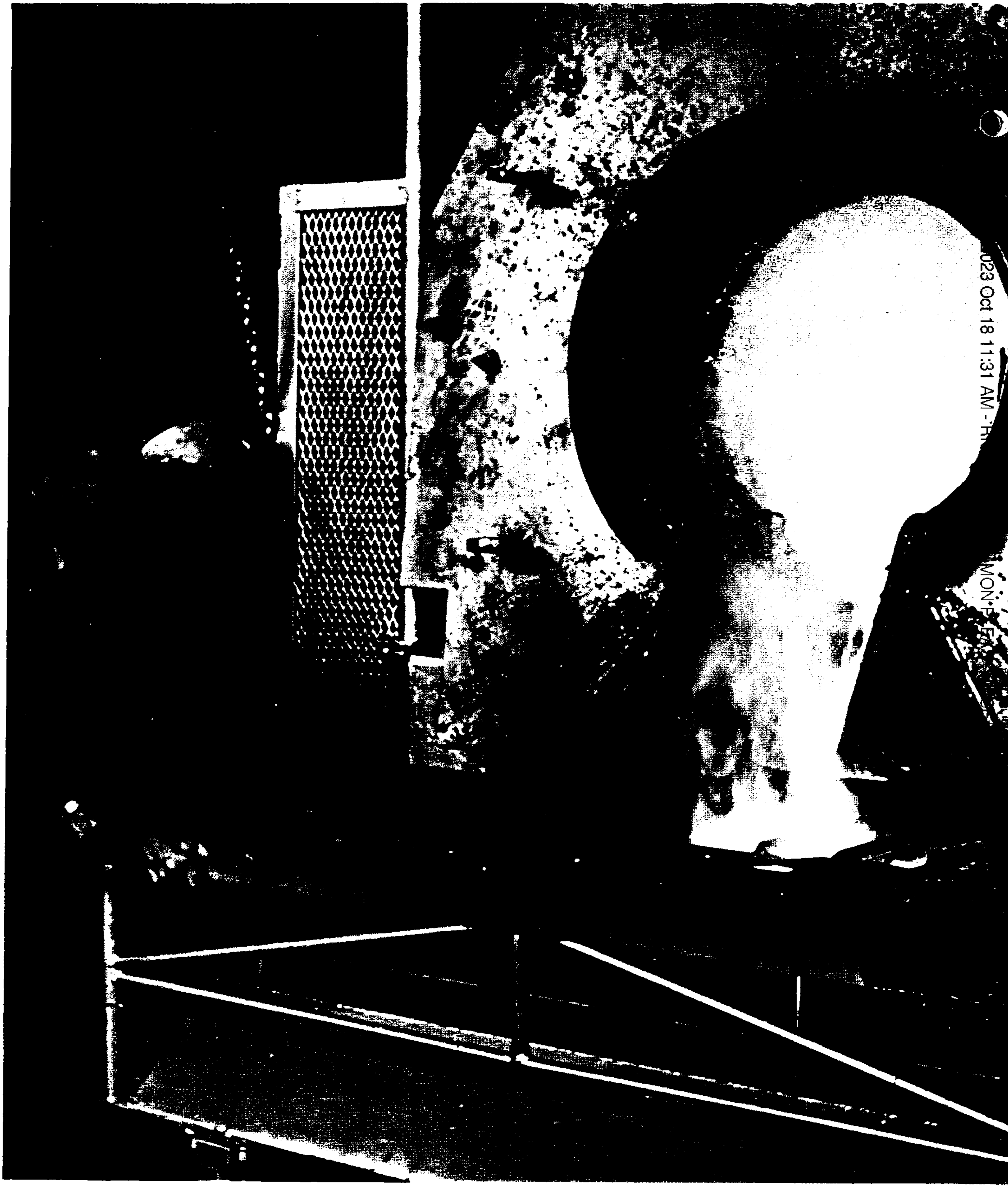
The principal interests of the group, with a geographical analysis of assets and investment income, are shown on pages 29 and 30.

Board of directors

Mr P. V. Emrys-Evans and Mr T. Muir Warden, OBE, retired from the board on 31 December 1966. Mr Muir Warden is, however, continuing to serve the company as a consultant, particularly on oil matters. The directors wish to record their appreciation of the valuable contributions made by Mr Emrys-Evans as chairman and Mr Muir Warden as an executive director in implementing the merger and assisting in Charter's subsequent expansion.

Mr H. F. Oppenheimer succeeded Mr Emrys-Evans as chairman on 1 January 1967.

Mr O. B. Bennett, CBE, and Mr M. W. Rush were appointed to the board from 1 July 1966 and Mr N. K. Kinkead-Weekes, The Hon. J. Christopher Loder and Mr B. W. Pain joined the board on 1 January



Pouring gold into crucibles on a gold mine in South Africa

1967. These directors all retire in accordance with the provisions of article 103 of the articles of association and offer themselves for reappointment.
Sir Frederick Crawford, GCMG, OBE, Mr C. W. Engelhard and Mr J. O. Hambro, MC, retire by rotation in accordance with the provisions of article 99(1) of the articles of association and offer themselves for re-election.

Auditors

Messrs Cooper Brothers & Co. and Messrs Deloitte, Plender, Griffiths & Co. are willing to continue in office as joint auditors to the company.

Unclaimed shares

Outstanding share warrants to bearer of The British South Africa Company and of The Central Mining & Investment Corporation Limited may now be exchanged only for registered shares of Charter Consolidated, the right to receive share warrants to bearer having expired, under the terms of the merger scheme, on 31 March 1967. At 2 June 1967, 125,574 shares of Charter remained to be claimed by holders of the now obsolete share warrants to bearer of these two wholly owned subsidiary companies.

BY ORDER OF THE BOARD R. V. PRITCHARD *manager and secretary*

9 June 1967

Unloading copper wirebars from Zambia at the London docks

Consolidated profit and loss account for the year ended 31 march 1967

	1967		1966	
	£	£	£	£
Income from investments (note 1)		8,218,000		8,717,000
Profits less losses on realisation of investments by dealing subsidiaries, and underwriting commission		1,619,000		1,200,000
Interest received less paid		820,000		1,265,000
Trading profit and sundry revenue (note 2)		834,000		518,000
		11,491,000		11,700,000
Deduct:				
Administration and technical expenditure	1,005,000		1,091,000	
Directors' emoluments (note 3)	117,000		111,000	
Debenture stock interest	43,000		49,000	
Auditors' remuneration (parent company £1,575)	13,000	1,178,000	14,000	1,265,000
Consolidated profit before taxation		10,313,000		10,435,000
Taxation (note 5)		1,576,000		2,656,000
Consolidated profit after taxation		8,737,000		7,779,000
Add:				
Transitional relief under the Finance Act 1965 in respect of dividends deemed to be paid out of income previously taxed		1,279,000		—
		10,016,000		7,779,000
Appropriated as follows:				
Dividend of 6*d.* per share gross (1966—10*d.* per share less income tax) paid 15 December 1966	2,446,000		* 2,392,000	
Dividend of 8*d.* per share gross (1966—10*d.* per share less income tax) paid 29 March 1967	3,261,000	5,707,000	2,392,000	4,784,000
		4,309,000		2,995,000
Transfer to investment and exploration reserve (note 6):				
Company	2,207,000		—	
Subsidiaries	293,000	2,500,000	2,000,000	2,000,000
Unappropriated profit for the year		£1,809,000		£995,000

* *Including a special distribution of 4d. per share (costing £957,000) relating to the three month period prior to the merger on 31 March 1965.*

For notes on the accounts see pages 17 to 19
Auditors' report see page 20

Consolidated balance sheet—31 march 1967

	1967 £	1967 £	1966 £	1966 £
Capital				
Authorised: 120,000,000 shares of 5*s.* each	£30,000,000		£30,000,000	
Issued: 97,832,866 shares of 5*s.* each fully paid (see directors' report)	£24,458,216	24,458,000	£24,431,168	24,431,000
Capital reserves (note 6)				
Share premium account	11,996,000		11,926,000	
Other	24,037,000	36,033,000	20,516,000	32,442,000
Revenue reserves (note 6)				
Investment and exploration reserve	10,863,000		9,984,000	
Unappropriated profits	43,518,000	54,381,000	41,422,000	51,406,000
TOTAL CAPITAL AND RESERVES		114,872,000		108,279,000
Interest of minority shareholders in subsidiary company		80,000		145,000
Debenture stocks (note 7)		1,000,000		1,095,000
		£115,952,000		£109,519,000

S. D. H. POLLEN } *Directors*
H. V. SMITH }
D. C. KEMPSON *Chief Accountant*

For notes on the accounts see pages 17 to 19

		1967		1966	
		£	£	£	£
Fixed assets (note 8)			2,664,000		2,030,000
Investments at cost, less amounts written off					
Quoted on stock exchanges:					
In Great Britain		59,899,000		46,307,000	
Outside Great Britain		20,756,000		23,391,000	
		80,655,000		69,698,000	
Unquoted		25,456,000		22,628,000	
			106,111,000		92,326,000
	£				
Stock Exchange value of quoted securities (note 9)	*134,375,000*			*125,588,000*	
Directors' valuation of unquoted securities	*28,911,000*			*30,100,000*	
	£163,286,000			*£155,688,000*	
Current assets					
Stock in trade and work in progress (note 10)		1,403,000		1,376,000	
Debtors		3,541,000		2,477,000	
United Kingdom tax repayable		1,444,000		2,296,000	
British Government securities (Stock Exchange value £446,000; 1966 £4,831,000)		431,000		4,776,000	
Short term loans and deposits		7,615,000		9,620,000	
Bank and cash balances		510,000		359,000	
		£14,944,000		£20,904,000	
Current liabilities					
Associated companies and other deposit accounts		3,168,000		786,000	
Unclaimed dividends		270,000		326,000	
Bank overdrafts		185,000		213,000	
Creditors		1,981,000		1,945,000	
Taxation (including United Kingdom corporation tax due 1 January 1968, £874,000; 1966 £341,000)		2,163,000		2,471,000	
		£7,767,000		£5,741,000	
NET CURRENT ASSETS			7,177,000		15,163,000
			£115,952,000		£109,519,000

Auditors' report see page 20

CHARTER CONSOLIDATED LIMITED

Balance sheet—31 march 1967

	1967 £	1967 £	1966 £	1966 £
Subsidiary companies				
Shares at cost	24,458,000		24,431,000	
Add: Amounts due from subsidiaries	4,381,000		5,070,000	
	28,839,000		29,501,000	
Less: Amounts due to subsidiaries	796,000	28,043,000	672,000	28,829,000
Current assets				
Debtors	67,000		10,000	
United Kingdom tax repayable	3,000		23,000	
Short term loans	2,300,000		550,000	
Bank balances	3,000		5,000	
	£2,373,000		£588,000	
Current liabilities				
Associated companies' deposit accounts	2,045,000		—	
Unclaimed dividends	82,000		129,000	
Creditors	3,000		2,000	
	£2,130,000		£131,000	
NET CURRENT ASSETS		243,000		457,000
		£28,286,000		£29,286,000
Capital				
Authorised: 120,000,000 shares of 5*s.* each	£30,000,000		£30,000,000	
Issued: 97,832,866 shares of 5*s.* each fully paid (see directors' report)	£24,458,216	24,458,000	£24,431,168	24,431,000
Revenue reserves				
Investment and exploration reserve	2,207,000		—	
Unappropriated profits (note 6)	1,621,000	3,828,000	4,855,000	4,855,000
		£28,286,000		£29,286,000

S. D. H. POLLEN }
H. V. SMITH } *Directors*

D. C. KEMPSON *Chief Accountant*

For notes on the accounts see pages 17 to 19
Auditors' report see page 20

Notes on the accounts—31 march 1967

1 Income from investments.

(*a*) 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 relative to these countries.

(*b*) Includes franked investment income of £1,492,000.

2 Trading profit and sundry revenue.

In order to facilitate administration, the financial year of all manufacturing subsidiaries terminates on 31 January.

3 Directors' emoluments.	1967	1966
	£	£
Fees	23,000	22,000
Other remuneration (including pension premiums)	116,000	104,000
	139,000	126,000
Less: Fees received from other companies and refunded to the group	22,000	15,000
	£117,000	£111,000

4 Depreciation of fixed assets charged in these accounts (including amount set aside for increased cost of plant replacement, £29,000; 1966 £27,000)	£191,000	£153,000

5 Taxation.		
On profit for the year	£	£
United Kingdom—corporation tax	3,984,000	746,000
—income tax	136,000	4,499,000
—profits tax	1,000	1,058,000
	4,121,000	6,303,000
Less: Double taxation relief	2,808,000	3,369,000
	1,313,000	2,934,000
Overseas taxation	336,000	356,000
	1,649,000	3,290,000
Less: Adjustments in respect of previous year	73,000	634,000
	£1,576,000	£2,656,000

6 Movements on reserves during the year.

	Share Premium Account Group	Other Capital Reserves Group	Investment and Exploration Reserve Group	Unappropriated Profits Company	Unappropriated Profits Group
	£	£	£	£	£
Balances at 31 March 1966	11,926,000	20,516,000	9,984,000	4,855,000	41,422,000
Add:					
Premium on conversion of debenture stock by a subsidiary (see directors' report page 9)	70,000				
Appropriated from profits			2,500,000	(3,234,000)	1,809,000
Amount set aside for increased cost of plant replacement (note 4)		29,000			
Investment grants		43,000			
Profit realised on sales of investments by holding subsidiaries less United Kingdom tax thereon		3,501,000			
Surplus on realisation of shares arising from inter-group transactions in previous years less United Kingdom tax thereon			85,000		
Surplus arising on sale of exploration investments by holding subsidiary transferred to unappropriated profits		(47,000)	(149,000)		196,000
United Kingdom tax recoverable on realisation of shares arising from inter-group transaction by dealing subsidiaries			183,000		
Sundry surpluses and adjustments		(5,000)	32,000		91,000
	11,996,000	24,037,000	12,635,000	1,621,000	43,518,000
Deduct:					
Amount written off investments			1,105,000		
Investments in exploration companies and exploration expenditure written off			667,000		
Balances at 31 March 1967	£11,996,000	£24,037,000	£10,863,000	£1,621,000	£43,518,000

7 Debenture stocks (secured).

	1967	1966
	£	£
Issued by The Rhodesia Railways Trust Limited		
4½ per cent first debenture stock 1978/83	500,000	500,000
4 per cent second debenture stock 1978/83	500,000	500,000
	1,000,000	1,000,000
Issued by The Consolidated Mines Selection Company Limited		
6½ per cent convertible debenture stock 1974/77 (see directors' report page 9)	—	95,000
	£1,000,000	£1,095,000

8 Fixed assets.

	Cost	Aggregate Depreciation	1967 Net	1966 Net
	£	£	£	£
Freehold property	683,000	103,000	580,000	502,000
Long leasehold property	1,275,000	54,000	1,221,000	771,000
Estates, buildings and citrus groves in Rhodesia	230,000	230,000	—	—
Plant, furniture and fittings	1,407,000	544,000	863,000	757,000
	£3,595,000	£931,000	£2,664,000	£2,030,000

9 Quoted investments.

In the case of 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.

10 Stock in trade and work in progress has been valued at the lowest of cost, net realisable value and replacement price.

11 Expenditure authorised by the Board and commitments outstanding.

	£	£
In respect of capital expenditure	314,000	101,000
In respect of subscriptions for shares and loan facilities	3,922,000	2,946,000
	£4,236,000	£3,047,000

A subsidiary company has entered into contracts for exploration expenditure to be incurred after 31 March 1967.

12 Contingent liabilities.

	£	£
For amounts not called on investments	360,000	441,000
In respect of guarantees	449,000	550,000
In respect of underwriting participations	25,000	44,000
	£834,000	£1,035,000

13 Assets and liabilities in Commonwealth and foreign currencies have been converted as follows:

(*a*) Fixed assets and investments, at rates ruling on date of acquisition.

(*b*) Stock Exchange value of investments, current assets and liabilities, at rates ruling on 31 March 1967, including 75 per cent (1966, 75 per cent) of the investment currency premium where applicable.

14 Taxation.

(*a*) In the event of certain overseas subsidiaries distributing reserves or profits, additional liability to United Kingdom taxation would arise.

(*b*) A liability to corporation tax would arise in the event of the realisation of investments.

(*c*) No account has been taken of possible overspill relief estimated at £70,000.

15 Exchange control.

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

Report of the auditors to the members

The balance sheet of the company set out on page 16 is in agreement with the books which in our opinion have been properly kept. We obtained the information and explanations we required. In our opinion the balance sheet complies with the Companies Act, 1948, and gives a true and fair view of the state of affairs of the company.

The consolidated accounts set out on pages 13 to 15 incorporate figures in respect of certain subsidiary companies which have not been audited by us. In our opinion, based upon our examination and the reports of other auditors, the consolidated accounts, together with the information given in the notes on pages 17 to 19, comply with the Companies Act, 1948, and give a true and fair view of the state of affairs and the profit of the group.

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

LONDON 9 JUNE 1967

Review of interests and activities

The Charter group has had a successful second year in spite of general economic difficulties in the United Kingdom. The policy of deploying resources into new areas of investment has been continued while some of the existing interests have been expanded.

Particular attention has been paid during the year to establishing Charter Consolidated's own identity and policy as distinct from those of the three companies which merged to form Charter two years ago. These companies had for many years been well established in the City and overseas and were well known in the fields of mining and finance, particularly through their contributions to mining developments in Africa. Charter itself is now firmly established as a leading international company in mining and finance, with its own reputation and prominence.

To facilitate the conduct of the company's business overseas new subsidiary companies have been formed in Australia, Malaysia, Nigeria, France and Luxemburg. Offices of the company were opened in Melbourne, Toronto and Paris.

On the service side an important development now nearing completion is the transfer out of London of the group's computer and share registration divisions to new offices at Ashford in Kent. Some 150 of the staff are involved in this move which will achieve the integration under one roof of the share registration work undertaken for outside companies, including that performed for the Anglo American Corporation group (through Consolidated Share Registrars Limited) and for Rand Mines Limited and associated companies.

Assistance including housing loans and special allowances is being given to those members of the staff who, in moving to Ashford, are making a radical change in their lives.

Some of the office space vacated in London will either be sublet on short leases or be used for the expansion of the group's operations in London. For the convenience of stockbrokers, banks and other agencies a small office will be retained in the City to permit the lodgment of bearer share coupons which will be passed to the Ashford office for processing and payment.

Finance and investments

With the introduction of the corporation tax system the Government announced its intention to limit double tax relief for underlying taxes suffered overseas to trade investments which are defined, with some exceptions, as shareholdings amounting to not less than ten per cent of the voting power of the overseas company. This limitation has not yet come into effect in respect of South African and Zambian income, on which the group received full double tax relief throughout the year. Full relief was also received on income from American investments up to 20 September 1966.

Income from investments fell this year from £8,717,000 to £8,218,000. This fall is accounted for by certain special dividends being declared last year prior to the introduction of corporation tax and the relevant payments this year being consequently reduced.

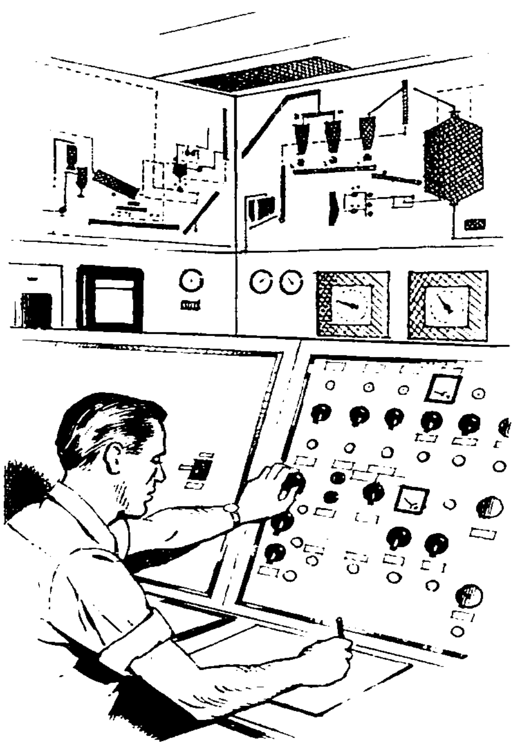
Profits from share realisations and underwriting commission were higher this year at £1,619,000. This was largely due to special transactions made to bring more investments within the category of trade investments, the income from which will be eligible for double tax relief.

Receipts from interest earned this year are lower than in the previous year by £445,000. This is mainly due to the group's having held last year exceptionally large cash balances following the termination of The British South Africa Company's business in Zambia.

The group's wholly owned manufacturing subsidiaries, namely Rathdown Industries Limited, A. & P. Steven Limited and companies of the Elastic Rail Spike Company Limited and Heatrae Limited groups, have overall had a satisfactory year. Of these the Heatrae and Elastic Rail Spike groups have both returned substantially increased profits which contributed notably to the advance in trading profits and sundry revenue from £518,000 to £834,000.

The charge for taxation on the year's profit is £1,576,000. This figure is not comparable with the previous year's taxation charge as under the new corporation tax system the tax of £2,354,000, deducted from the company's dividends of 1*s*. 2*d*. per share, has to be accounted for to the revenue authorities. For the same reason the consolidated profit after taxation of £8,737,000 cannot be compared with the previous year's figure.

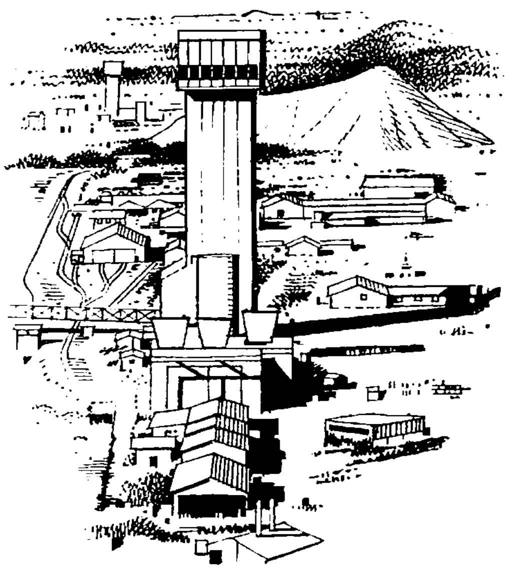
This year the company has obtained special non-recurring



Automation in ore processing

tax relief amounting to £1,279,000 under the transitional provisions in the Finance Act 1965 in respect of dividends deemed to be paid out of income previously taxed.

The principal interests of the group and the general investment pattern at the end of the year are shown on pages 29 and 30, together with the geographical distribution in terms of both asset value and investment income. Approximately 50 per cent by value of the investments were in Africa, 25 per cent in North America and the balance of 25 per cent in the United Kingdom and elsewhere.



Gold mining in South Africa

The largest single category of investments is mining finance where shareholdings amounted to £72,980,000 in value. These holdings provide a very wide spread of interests with a potential growth factor. Apart from what might be regarded as its trade investments the group has substantial interests of a normal portfolio nature. These investments have a value of some £30,000,000, and with their marketability constitute a financial reserve from which funds can be drawn when required for new business.

Reports on new investments and other developments follow under geographical headings

United Kingdom

In June 1966 Charter exercised its option to subscribe for 7,556,567 ordinary 10*s*. shares in The Rio Tinto-Zinc Corporation Limited at 25*s*. 1$\frac{3}{8}$*d*. per share. The subscription monies were provided out of the proceeds of redemption of the company's holding of £9.5 million 5½ per cent unsecured loan stock 1966/71 of Rio Tinto-Zinc.

In November 1966 Charter acquired 2,475,000 shares in Pillar Holdings Limited. Shortly afterwards it subscribed for its proportion of new shares in a rights issue made by Pillar Holdings and acquired some further shares through underwriting so that the total holding now amounts to 3,065,541 shares, being 15.4 per cent of the issued capital. Pillar Holdings' main business is the distribution, extrusion and semi-fabrication of aluminium into a wide variety of shapes for use principally in the building industry.

In December 1966, in conjunction with Anglo American Corporation and its associates, the company acquired through its holding in Electramic Limited an important interest in The Anglo Chemical & Ore Co. Limited, a prominent London metal trading company with a particularly important position in copper trading.

The copper deposit at Akjoujt, Mauritania. Charter has the major interest in the company which will operate a mine here

Charter has also agreed to take a 49 per cent participation in a new holding company formed by Thos Barlow (Holdings) Limited, a subsidiary in the United Kingdom of Thos Barlow of South Africa, principally to acquire and operate the franchise for Hyster fork lift machinery.

Anmercosa Sales Limited has had a successful year during the course of which it took over the marketing in Europe of zinc and cadmium produced by Hudson Bay Mining and Smelting Co. Limited of Canada, and also became sales agents for Highveld Steel and Vanadium Corporation Limited of South Africa.

Europe

Charter has maintained its 12½ per cent interest in the two investment holding companies formed and jointly owned by Banque de Paris et des Pays-Bas and Anglo American Corporation referred to in last year's report. One of these investment holding companies has formed, in association with Boart International Limited, the International Civil Engineering and Construction Company, registered in Belgium, to tender for construction projects in African countries associated with the European Economic Community. The company will collaborate closely with the Société Africaine d'Etudes et de Construction, which has considerable experience in the field of construction and civil engineering in west and central Africa.

North America

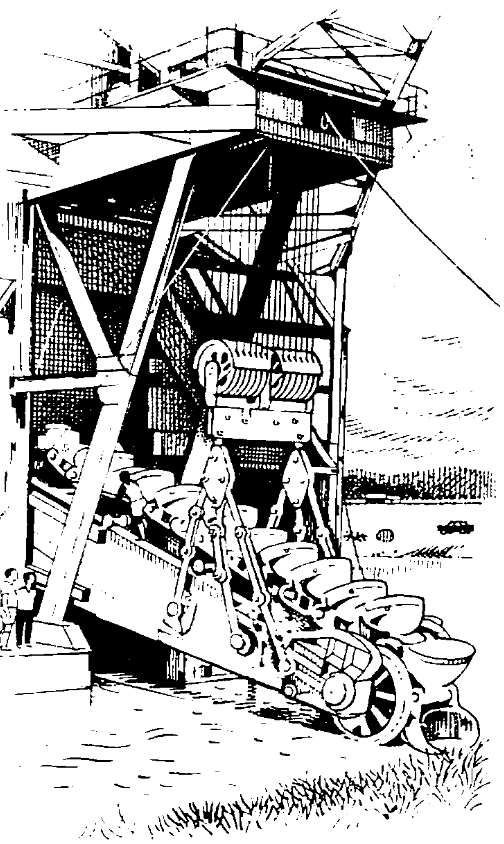
Charter has a 24.4 per cent equity interest in Anglo American Corporation of Canada Limited (AMCAN), a company formed to consolidate the Canadian interests of the Charter, Anglo American Corporation and De Beers groups. With assets of some Canadian $84 million at 31 March 1967 this company is in a strong position to play an important role in the development of Canada's natural resources. Its principal investment is an important holding in Hudson Bay Mining and Smelting Co. AMCAN also took over Charter's interest in Baffinland Iron Mines Limited which, during the year, continued market surveys and feasibility studies. When market conditions appear to be appropriate a listing for the AMCAN shares will be sought on the principal Canadian stock exchanges.

Arrangements are in course of completion which will enable a group composed of Charter and the Anglo American Corporation group to acquire a substantial minority interest in Engelhard Hanovia Inc., a United States company with a major shareholding in Engelhard Industries Inc., an industrial company well known in the precious metals field. This interest will be held through a newly formed American company.

Malaysia

During 1966 world tin prices continued a fairly regular downward trend under the influence of increasing world production and stockpile releases by the General Services Administration in the United States, before settling over the past few months at around £1,200 per ton.

Tin production during the year to 31 December 1966 by Tronoh Mines Limited, in which Charter has a substantial interest, and by its subsidiary companies amounted to 1,530 tons as compared with 1,235 tons in 1965. Financial results were adversely affected by the fall in the price of the metal.



Tin dredging in Malaysia

A major development by Tronoh during the year was the opening up of the new Bidor composite mining area through Bidor Malaya Tin Limited in which Tronoh holds 51 per cent and Charter 49 per cent. Total ground available within the composite area is 2,395 acres, estimated to contain 280 million cubic yards of free dredging ground with an average depth of 72.5 feet and with an average bore value of 0.2 kati (1 kati = $1\frac{1}{3}$ lb.) per cubic yard.

This ground includes 125 million cubic yards held by Bidor Malaya either under mining title or application for mining title. The balance of the composite area is Malay reserve ground which will be worked on a tribute basis.

It is estimated that the composite area contains sufficient reserves of ground to justify operating four dredges over fifteen years.

Tronoh's other current development project is the opening up of the Ayer Kuning section of its property where production from the first dredge is scheduled to begin soon.

An associated company has advised its intention of exercising the option granted to it to acquire at cost 20 per cent of Charter's interest in the Tronoh group resulting from the agreement with Tronoh dated 2 November 1965.

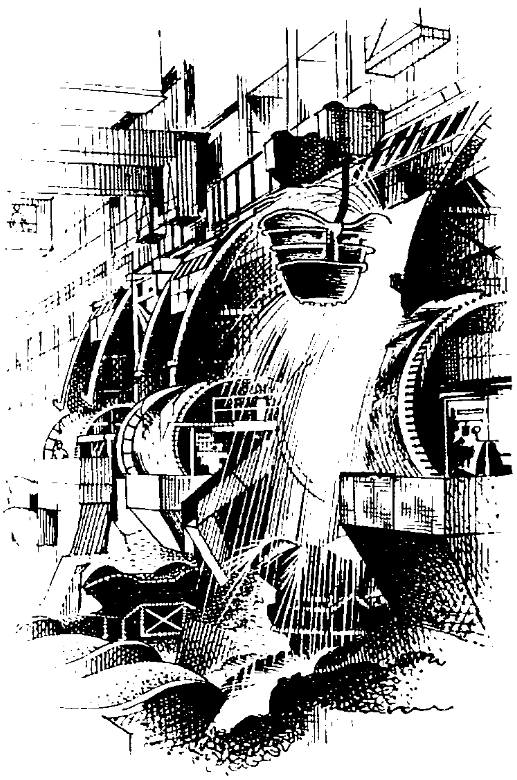
In the state of Kedah, Charter, in conjunction with Jardine Waugh and Muda Development Corporation the latter representing local Malay interests—is establishing a company to start an experimental drag-line mining operation in the Serdang West area. Charter also has a 50 per cent interest in the prospecting company formed with Jardine Waugh for exploration in Kedah.

A Malaysian subsidiary of Charter was formed during the year to hold certain investments in Malaysia registered companies.

Australia

A wholly owned subsidiary, Charter Consolidated Investments (Australia) Limited, has been formed to hold new investments in that country.

During the year Charter participated with other major mining groups in a number of prospecting ventures, particularly in Western Australia and Victoria.



Copper smelting in Zambia

Mauritania

In November 1966 the Government of the Islamic Republic of Mauritania awarded to Charter the rights to mine a copper deposit at Akjoujt, some 150 miles north-east of the coastal capital of Nouakchott. The necessary establishment convention and supporting agreements are being negotiated and preliminary work has begun. The deposit, which has not been developed in the past because the refractory oxide ores could not be economically concentrated by conventional flotation methods, has estimated reserves of 7.7 million tons of oxide ore, with a grade of 2.7 per cent copper, overlying 15 million tons of sulphide ore with a grade of 1.7 per cent copper. The recent development in the Anglo American Corporation group of a process called TORCO (treatment of refractory copper ores) now makes possible the economic treatment of these ores.

Capital expenditure to mid-1970, when copper production is scheduled to start, is estimated at U.S. $56 million, including provision for expenditure on road and wharf improvements, the development of water supplies, housing and other ancillary items. Annual production will be approximately 25,000 tons of copper in concentrates. Charter and its associates hold the major interest in the mining company, Société Minière de Mauritanie (SOMIMA), formed to work the deposit. The Mauritanian Government has a large shareholding in this company, and other participants include the Bureau de Recherches Géologiques et Minières, Banque de Paris et des Pays-Bas, Société Minière et Métallurgique de Penarroya and Compagnie Financière d'Outre-Mer. SOMIMA is discussing with international institutions loans to assist in financing this project.

Two wholly owned subsidiaries have been formed, Charter European Holdings S.A., registered in Luxemburg, to hold Charter's interests in SOMIMA, the operating company, and Charter France S.A. to manage that company. Charter France has retained Anglo American International (U.K.) Limited to supervise technical aspects of the project. That company has in turn engaged the Bechtel Corporation to handle a major portion of the design and construction work.

Group subsidiary companies

At 31 March 1967 the principal subsidiary companies of Charter Consolidated, all of which were wholly owned except where otherwise stated, were as shown below:—

	TYPE OF COMPANY
UNITED KINGDOM	
The British South Africa Company	*Investment holding*
The British South Africa Company Holdings Limited	*Investment holding*
The Central Mining & Investment Corporation Limited	*Investment holding*
Financial and Mining Holdings Limited	*Investment holding*
The Rhodesia Railways Trust Limited	*Investment holding*
Wall Trust Limited	*Investment holding*
The British South Africa Company Investments Limited	*Investment dealing*
Cecil Investments Limited	*Investment dealing*
Central Mining Finance Limited	*Investment dealing*
The Consolidated Mines (Investments) Limited	*Investment dealing*
The Consolidated Mines Selection Company Limited	*Investment dealing*
Centramic U.K. Limited	*Industrial holding*
A. & P. Steven Limited	*Manufacturing*
Elastic Rail Spike Company Limited	*Manufacturing*
Heatrae Limited	*Manufacturing*
Rathdown Industries Limited	*Manufacturing*
A. Moir & Co. Limited	*Service*
Charter Consolidated Services Limited	*Service*
AUSTRALIA	
Charter Consolidated Investments (Australia) Limited	*Investment holding*
CANADA	
Centramic (Canada) Limited	*Investment holding*
Interlink Investments Limited	*Investment holding*
BERMUDA	
Greenpoint Company Limited	*Investment holding*
Katrine Company Limited	*Investment holding*
Pattern Company Limited	*Investment holding*
FRANCE	
Charter France S.A.	*Service*
LUXEMBURG	
Charter European Holdings S.A.	*Investment holding*
MALAYSIA	
Charter Consolidated (Malaysia) Sendirian Berhad	*Investment holding*
NIGERIA	
Charter Mining Investments (Nigeria) Limited	*Prospecting*
REPUBLIC OF SOUTH AFRICA	
Centramic (South Africa) Limited	*Investment dealing*
The Consolidated Mines Selection (Johannesburg) Limited	*Investment holding*
Equinox Investments Limited	*Investment holding*
SWAZILAND	
Swaziland Collieries Limited (63.1%)	*Coal mining*

Principal interests of the group

The following list shows the investment pattern of Charter Consolidated and its subsidiaries and identifies their principal interests:—

MINING	VALUATION AT 31.3.67 £	PER CENT OF NET ASSETS	PER CENT OF INVESTMENT INCOME
FINANCE	72,980,000	42·4	32·1
Anglo American Corporation of Canada Limited			
Anglo American Corporation of South Africa Limited			
Consolidated Gold Fields Limited			
Johannesburg Consolidated Investment Company Limited			
Rand Mines Limited			
Rand Selection Corporation Limited			
The Rio Tinto-Zinc Corporation Limited			
Selection Trust Limited			
Transvaal Consolidated Land and Exploration Company Limited			
Union Corporation Limited			
DIAMONDS	6,494,000	3·8	3·9
Anglo American Investment Trust Limited			
De Beers Consolidated Mines Limited			
GOLD	8,214,000	4·8	11·4
Blyvooruitzicht Gold Mining Company Limited			
Harmony Gold Mining Company Limited			
Orange Free State Investment Trust Limited			
Virginia-Merriespruit Investments (Pty) Limited			
Western Deep Levels Limited			
Western Holdings Limited			
West Rand Investment Trust Limited			
COPPER AND OTHER METALS	17,120,000	10·0	28·5
Bidor Malaya Tin Limited			
Brakspruit Platinum (Pty) Limited			
McIntyre Porcupine Mines Limited			
Mufulira Copper Mines Limited			
Nchanga Consolidated Copper Mines Limited			
Rhokana Corporation Limited			
Société Minière de Mauritanie			
Société Minière et Métallurgique de Penarroya			
Tronoh Mines Limited			
Zambian Anglo American Limited			
INDUSTRIAL, COMMERCIAL, ETC.	49,276,000	28·6	19·6
Anglo American Corporation Rhodesia Limited			
The Anglo Chemical & Ore Co. Limited			
Anmercosa Sales Limited			
carried forward	154,084,000	89·6	95·5

	VALUATION AT 31.3.67 £	PER CENT OF NET ASSETS	PER CENT OF INVESTMENT INCOME
brought forward	154,084,000	89·6	95·5
The Argus Printing and Publishing Company Limited			
Boart and Hard Metal Products S.A. Limited			
The Cape Asbestos Company Limited			
Engelhard Hanovia Inc.			
Euranglo (Pty) Limited			
Highveld Steel and Vanadium Corporation Limited			
Hume Limited			
National Milling Company Limited			
Pillar Holdings Limited			
Pretoria Portland Cement Company Limited			
Société Internationale Pirelli S.A.			
Werff Bros Limited			
OIL	5,699,000	3·3	1·5
The British Petroleum Company Limited			
The 'Shell' Transport and Trading Company Limited			
Western Decalta Petroleum Limited			
LONG TERM LOANS	3,503,000	2·0	3·0
Zambian Government—Housing loan			
Kariba hydro-electric scheme			
	163,286,000	94·9	100·0
Fixed assets, less minority interests and debenture stocks	1,584,000	0·9	—
Net current assets	7,177,000	4·2	—
	£172,047,000	100·0%	100·0%

Geographical analysis

	Distribution by asset value (per cent)	Distribution by investment income (per cent)
UNITED KINGDOM	15·6	8·0
NORTH AMERICA	25·2	10·9
SOUTH AFRICA	37·5	42·3
REST OF AFRICA	12·0	33·1
MALAYSIA	2·0	2·5
ELSEWHERE	7·7	3·2
	100·0%	100·0%

Notes:

1. The investment pattern and geographical analysis of assets is based on the stock exchange value of quoted investments and the directors' valuation of unquoted investments at 31 March 1967.

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

The Hudson Bay Mining and Smelting Co.'s copper and zinc mine at Flin Flon, Manitoba, Canada

EXTRACT FROM CONDITIONS GOVERNING SHARE WARRANTS TO BEARER

11. No person shall as holder of a Share Warrant be entitled to attend or to exercise any privilege as a Member at a meeting unless he shall three clear normal business days at least before the day fixed for the meeting have deposited:

(i) at the Transfer Office of the Company, Kent House, Station Road, Ashford, Kent, or

(ii) at the offices of Crédit Lyonnais, S.A. 19, Boulevard des Italiens, Paris, 2e, and Messrs. de Rothschild Freres, 21 rue Laffitte, Paris 9e,

the Share Warrant in respect of which he claims to act as aforesaid, and unless the Warrant shall remain so deposited until the close of the meeting and any adjournment thereof. The Directors may in lieu of the deposit of a Share Warrant as aforesaid accept the deposit of a Certificate of an "Authorised Depositary" (as defined by the Exchange Control Act, 1947) or of some Banker or other person to be approved of by the Directors to the effect that the Warrant has been deposited with him and an undertaking by such Authorised Depositary, Banker or other person that he will not surrender the possession of such Warrant, except against the return to him of such Certificate of Deposit and Undertaking. Every such Certificate of Deposit and Undertaking shall specify the number of the Share Warrant so deposited, the name and address of the person so depositing the same and the number of shares represented by such Warrant and the lodgement of such Certificate of Deposit and Undertaking shall, if accepted by the Directors, be for all the purposes of these conditions equivalent to the deposit of the Share Warrant to which it relates.

12. The Company shall deliver to the person so depositing a Share Warrant, or Certificate of Deposit and Undertaking, a certificate stating his name and address and the number of shares represented by the relative Warrant, and such certificate shall entitle him to attend and vote in person or by proxy at a meeting in respect of the shares specified therein in the same manner and subject to the same provisions and restrictions as if he were a registered member provided that no form of proxy deposited with the Company shall be effective unless the relative certificate is deposited therewith and remains so deposited until after the meeting at which such form of proxy is used. Upon surrender of such certificate to the Company the Warrant or Certificate of Deposit in respect whereof it shall have been given shall be returned.

EXTRAIT DES CONDITIONS REGISSANT LES CERTIFICATS D'ACTIONS AU PORTEUR

11. Aucun détenteur de certificat d'actions au porteur ne sera admis à assister à une Assemblée Générale ou à y exercer ses droits d'associé s'il n'a pas, trois jours ouvrables francs au moins avant la date de cette Assemblée, déposé:

(i) Au Bureau des Transferts de la Société—Kent House, Station Road, Ashford, Kent, ou

(ii) Au Crédit Lyonnais, 19 boulevard des Italiens, Paris 2e, ou chez Messieurs de Rothschild Frères, 21 rue Laffitte, Paris 9e.

le certificat d'actions dont il se réclame; et à condition également que ledit certificat demeure en dépôt jusqu'à la clôture de l'Assemblée Générale, même en cas de renvoi de celle-ci. Les Administrateurs pourront accepter qu'à la place du certificat d'actions soit déposée une attestation délivrée par un "Dépositaire Autorisé" (tel que défini par la loi de 1947 sur le contrôle des changes), un Banquier ou toute autre personne agréée par eux. Par cette attestation le Dépositaire Autorisé, le Banquier ou toute personne déclarera avoir reçu le dépôt du certificat et s'engagera à ne s'en dessaisir que contre remise de cette attestation de dépôt et d'engagement. Chaque attestation de dépôt et d'engagement devra mentionner le numéro du certificat d'actions déposé, le nom et l'adresse du déposant et le nombre d'actions représentées par ce certificat. S'il est accepté par les Administrateurs, le dépôt de cette attestation aura, aux termes de ces conditions, les mêmes effets que le dépôt du certificat d'actions qu'il représente.

12. La Société délivrera au déposant d'un certificat d'actions, ou d'une attestation de dépôt et d'engagement, une formule portant ses nom et adresse et le nombre d'actions représentées par le certificat correspondant; cette formule lui permettra d'assister et de voter en personne ou par mandataire à une Assemblée Générale, en vertu des actions qui y sont mentionnées, de la même manière et sous les mêmes conditions et limitations que s'il était titulaire de titres nominatifs; étant bien entendu qu'aucune procuration déposée auprès de la Société ne sera valable que si la formule correspondante y est jointe et demeure en dépôt jusqu'à la fin de l'Assemblée pour laquelle cette procuration a été donnée.

Lors de la remise de cette formule à la Société, l'attestation de dépôt ou le certificat d'actions, en contre-partie duquel il aura été délivré, sera rendu au déposant.

MM. les actionnaires sont informés qu'ils peuvent se procurer un exemplaire en français de ce rapport et de l'allocution du Président, en s'addressant soit au

Secrétaire
CHARTER CONSOLIDATED LIMITED
40 Holborn Viaduct London EC 1

soit au
CREDIT LYONNAIS, S.A.
19 boulevard des Italiens Paris 2e

soit chez
MESSRS DE ROTHSCHILD FRERES
21 rue Laffitte Paris 9e