FILE NAME: Cape Asbestos (CAPE)

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Consolidated balance sheet
31 march 1972

CHARTER CONSOLIDATED LIMITED AND ITS SUBSIDIARY COMPANIES

	1972 £000s	1972 £000s	1971 £000s	1971 £000s
Fixed assets (*note 9*)		22,000		21,556
Exploration and development expenditure		759		—
Investments (*note 10*)		150,413		143,559
Current assets				
Stocks and work in progress	10,399		11,065	
Debtors	19,947		19,583	
Short term loans and deposits	29,587		28,854	
Bank and cash balances	2,266		2,266	
	62,199		61,768	
Current liabilities				
Associated companies and other deposit accounts	1,597		2,635	
Unclaimed dividends	30		74	
Bank loans and overdrafts	4,381		2,561	
Creditors	13,510		10,730	
Taxation	2,493		2,246	
Proposed final dividend	5,763		5,762	
	27,774		24,006	
Net current assets		34,425		37,760
Total net assets		207,597		202,875
Financed by:				
Issued capital (*note 11*)		26,199		26,194
Capital reserves (*note 12*)		61,392		64,614
Revenue reserves (*note 12*)		84,772		76,892
Total capital and reserves		172,363		167,700
Investment grants		1,380		1,594
Minority interest		7,511		7,372
Long term indebtedness (*note 13*)		25,006		25,142
Deferred taxation		1,337		1,067
		207,597		202,875

S. SPIRO *Chairman*
PHILIP OPPENHEIMER *Deputy chairman*
Directors

S. W. PARKS *Chief accountant*

For the accounting policies see pages 20 and 21. For notes on the accounts see pages 26 to 33

Consolidated profit and loss account for the year ended 31 march 1972

CHARTER CONSOLIDATED LIMITED AND ITS SUBSIDIARY COMPANIES

	1972 £000s	1972 £000s	1971 £000s	1971 £000s
Income from investments (*note 1*)				
Associated companies (*note 2*)	2,883		6,407	
Other investments	7,558		7,965	
		10,441		14,372
Surplus on realizations of investments less amounts written off		3,445		1,104
Interest received		2,099		2,036
Trading profit (*note 4*)		4,442		3,704
		20,427		21,216
Deduct:				
Administration and technical expenditure (*note 4*)	720		805	
Directors' emoluments (*note 5*)	103		122	
Prospecting expenditure	778		769	
Interest paid (*note 3*)	1,877		2,051	
Auditors' remuneration (parent company £3,000: 1971 £3,000)	78	3,556	72	3,819
		16,871		17,397
Add:				
Group share of retained profits less losses of associated companies (*note 2*)		774		2,803
Profit before taxation		17,645		20,200
Taxation (*note 7*)		3,036		3,276
Profit after taxation		14,609		16,924
Deduct:				
Interest of outside shareholders in profits of subsidiaries		673		556
Earnings attributable to Charter		13,936		16,368
Earnings per share 13.30p (1971 – 15.84p)				
Dividends				
Interim dividend of 2½p per share (1971 – 2½p per share) paid 17 December 1971	2,620		2,619	
Proposed final dividend of 5½p per share (1971 – 5½p per share) payable on or about 13 July 1972	5,763	8,383	5,762	8,381
Profit of the year retained		5,553		7,987
Deduct:				
Extraordinary items (*note 8*)		677		—
Transfer to reserves (*note 12*)		4,876		7,987

For the accounting policies see pages 20 and 21. For notes on the accounts see pages 25 to 32

Charter Consolidated Limited

Annual report and accounts for the year ended 31 march 1972

Notice of meeting

NOTICE IS HEREBY GIVEN that the seventh annual general meeting of members of Charter Consolidated Limited will be held at Winchester House, 100 Old Broad Street, London EC2N 1BE, on Tuesday 11 July 1972 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 1972 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 $5\frac{1}{2}$p per share for the year ended 31 March 1972 recommended by the board of directors be and is hereby approved for payment to shareholders registered at the close of business on 9 June 1972 and to persons presenting coupon no. 14 detached from share warrants to bearer'
3. 'That the following be and are hereby reappointed directors of the company:
   Mr G. W. H. Relly
   Mr M. W. Stephenson
   Mr H. R. Fraser
   Mr H. F. Oppenheimer
   Mr W. D. Wilson
   Mr J. E. H. Collins'
   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 8 to 11 July 1972, both days inclusive.

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

Holders of share warrants to bearer who wish to attend in person or by proxy or to vote at any general meeting of the company must comply with the relevant conditions governing share warrants to bearer (*see page 51*).

by order of the board
D. S. BOOTH
joint secretary

40 Holborn Viaduct, London EC1P 1AJ
15 June 1972

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.

Features of the year

Consolidated profit before tax £17,645,000 (last year £20,200,000)

Earnings per share 13.30p (last year 15.84p)

Dividend maintained at 8p per share

Reduction in income mainly due to exceptional dividends last year from Zambian Anglo American and to losses at SOMIMA

Profits on realizations higher at £3,445,000

Cape Asbestos profits increased from £2,528,000 to £3,098,000

Good progress at Cleveland Potash but some delay probable in completion of treatment plant and shaft sinking

Persistent problems in operation of plant under desert conditions at SOMIMA necessitate further modifications and delay attainment of full production

Malaysian tin companies' production and profits mainly higher, but Beralt Tin and Wolfram results substantially lower

Promising copper project in Zaire under investigation

Licences obtained for oil exploration in North Sea

Gold price higher – copper price lower

Directorate and administration

Chairman and managing director
S. Spiro, MC*

Deputy chairman
Sir Philip Oppenheimer*

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

**members of executive committee*

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

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

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

Chief accountant
S. W. Parks

Chief economist
L. L. C. Smets

Personnel consultant
H. Holmes, MBE

Public relations consultant
L. J. Burke

Director responsible for technical services
M. W. Stephenson

Consulting engineers
K. C. G. Heath
T. Lee-Jones
T. L. Pretorius
H. J. Stucke

Consulting mechanical and electrical engineers
K. N. Love
A. H. W. Purkiss
S. Sheer

Consulting metallurgist
A. L. Guise Brown

Consulting geologists
F. W. D. Cornwall
J. F. Osten

Offices

United Kingdom
40 Holborn Viaduct, London EC1P 1AJ (*registered*)
7 Rolls Buildings, Fetter Lane, London EC4A 1HX
Kent House, Station Road, Ashford, Kent

South Africa
44 Main Street, Johannesburg

Canada
PO Box 28, Toronto Dominion Bank Tower
Toronto-Dominion Centre, Toronto 111

Rhodesia
70 Jameson Avenue Central, Salisbury C4

Australia
13th Floor, 60 Market Street, Melbourne, Victoria 3000

France
9 rue de Vienne, Paris 8e

Portugal
244 Avenida da Liberdade, Lisbon

Registrars

United Kingdom
Charter Consolidated Services Limited
Kent House, Station Road, Ashford, Kent

South Africa
Consolidated Share Registrars Limited
62 Marshall Street, Johannesburg

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

Auditors

Cooper Brothers & Co.
Deloitte & Co.

Solicitors

Coward Chance
Linklaters & Paines

Bankers

Barclays Bank International Limited
Hambros Bank Limited
National Westminster Bank Limited

Diamond drilling in progress at the Tenke-Fungurume copper prospect in the Republic of Zaire

Report of the directors

The directors have pleasure in submitting their seventh annual report, together with the audited accounts, for the year ended 31 March 1972.

Activities

Charter is a United Kingdom based mining finance company operating internationally and having a substantial proportion of its assets in investments in other mining finance companies covering an extensive range of metals, minerals and other activities.

Charter provides administrative, technical and other services to a number of operations mainly in the field of mining and allied activities, including in particular Cleveland Potash Limited in the United Kingdom, the SOMIMA copper mine in Mauritania, a group of tin mines in Malaysia and Beralt Tin and Wolfram Limited in Portugal. It is carrying out extensive prospecting over widespread areas and is making a broad study of all aspects of the feasibility of a potentially important new copper mining project in Zaire.

Charter's principal industrial activity is the manufacture of products for the building industry and friction materials through The Cape Asbestos Company Limited.

To achieve economies in costs an increasing proportion of Charter's staff is being based at Ashford in Kent, where a major office block is to be constructed at an estimated cost of £4 million on a site owned by the company.

A technical laboratory has also been established at Ashford where samples of minerals from the company's mining and prospecting ventures are analysed and process development work is carried out. The technical services provided at Ashford include plant design and other planning facilities for the copper mines managed by the Anglo American Corporation group in Zambia.

Financial results

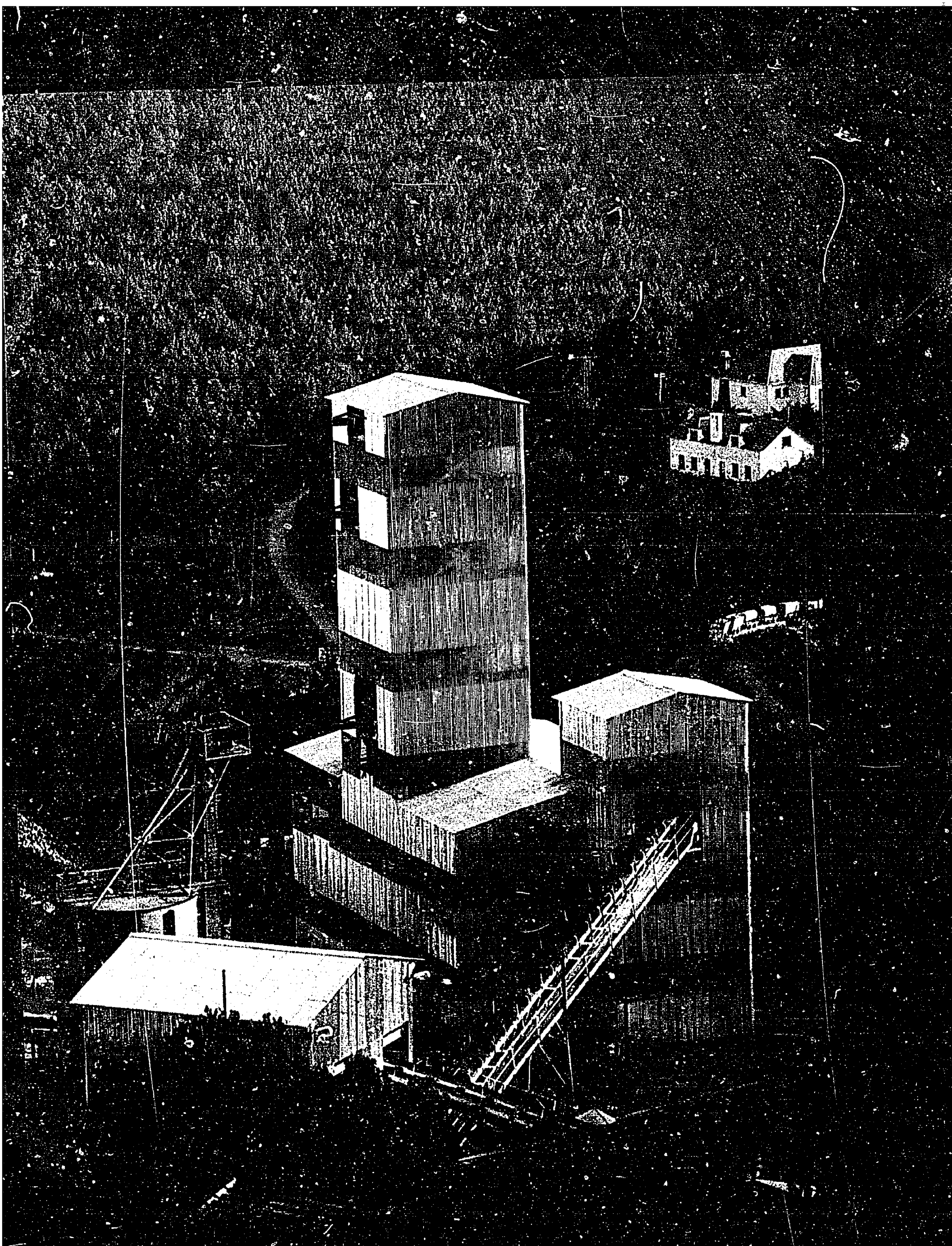
Consolidated profit and loss account

	1972 £000s	1971 £000s
Consolidated profit before taxation	17,645	20,200
Deduct:		
Taxation	3,036	3,276
Interest of outside shareholders	673	556
	3,709	3,832
Earnings attributable	13,936	16,368
Appropriations		
Dividends:		
Interim of $2\frac{1}{2}$p per share paid on 17 December 1971	2,620	2,619
Recommended final of $5\frac{1}{2}$p per share payable on or about 13 July 1972	5,763	5,762
	8,383	8,381
Profit of the year retained	5,553	7,987
Extraordinary items	(677)	—
Transfer to reserves	4,876	7,987

Certain changes have been made in accounting policies which are explained on pages 20 and 21. Movements on reserves are shown on page 30 in note 12 on the accounts, and an analysis of investments and investment income appears on page 38. Other information is given in the review of interests and elsewhere in this report.

Dividends

The board recommends to members the declaration of a final dividend of $5\frac{1}{2}$p per share (1971: $5\frac{1}{2}$p) which together with the interim dividend of $2\frac{1}{2}$p per share (1971: $2\frac{1}{2}$p) makes 8p per share (1971: 8p) amounting to £8,383,000 (1971: £8,381,000).



The new heavy media separation plant at Beralt Tin and Wolfram's Panasqueira mine in Portugal

Share and loan capital
The authorized share capital remains unchanged. The company increased its issued share capital during the year from £26,194,403 to £26,198,698.50 in 104,781,734 fully paid shares of 25p each and 326,500 partly paid shares of 25p each (1p paid up). Of the new shares, 15,158 fully paid shares were allotted against conversion of £60,630 five per cent unsecured loan stock 1984, and 50,600 partly paid shares were issued under the company's share incentive scheme at a subscription price of 221.50p per share, of which two per cent was paid up on application.

Directors

A list of the current directors of the company who held office during the year is on page 4.

Mr G. W. H. Relly was appointed a director on 13 July 1971. Mr J. B. Mudd, the director responsible for technical services, retired on 31 December 1971, and Mr M. W. Stephenson was appointed in his place on 11 January 1972. In accordance with the provisions of article 103 of the company's articles of association, Mr G. W. H. Relly and Mr M. W. Stephenson hold office only until the forthcoming annual general meeting. They offer themselves for reappointment. Mr H. R. Fraser, Mr H. F. Oppenheimer, Mr W. D. Wilson and Mr J. E. H. Collins retire by rotation in accordance with the provisions of article 99(1) of the articles of association and offer themselves for reappointment.

General information

Other particulars which are required by the Companies Act 1967 and constitute part of this report are given on pages 33–4 and 50.

Auditors

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

by order of the board
D. S. BOOTH
joint secretary

40 Holborn Viaduct
London EC1P 1AJ

30 May 1972

SOMIMA *copper concentrate ready for shipment from Akjoujt*

Review of interests

Accounts and finance

In drawing up the accounts this year Charter has adopted the recent recommendations of the Institutes of Chartered Accountants regarding the inclusion of profits and losses of associated companies and the treatment of extraordinary items. The method of dealing with prospecting expenditure has also been changed and general prospecting expenditure is now charged against profits.

Charter's earnings, after taxation and excluding extraordinary items, amounted to £13,936,000 representing 13.30p per share, compared with £16,368,000 last year representing 15.84p per share. The board has recommended a final dividend of 5½p per share which together with the interim dividend of 2½p makes a total of 8p (amounting to £8,383,000), the same as last year.

Investment income fell from £14,372,000 to £10,441,000. Of the reduction of £3,931,000, £3,147,000 was on account of decreased income from Zambian Anglo American due in the greater part to the receipt of exceptional terminal dividends last year consequent upon the restructuring of the copper mining companies to provide a 51 per cent participation for the Zambian government. Selection Trust, in which Charter has an interest of 32.8 per cent, increased its dividend from 16¼p to 18p.

Charter's share of the undistributed profits, less losses, of associated companies, amounting to £774,000, is incorporated for the first time this year in the profit and loss account. The comparative figure last year was £2,803,000. The fall is largely accounted for by the inclusion this year of an amount of £1,010,000 in respect of losses of the SOMIMA copper mine. Charter's attributable share of the retained earnings of associated companies included last year a substantial amount in respect of Anglo Chemical & Ore, which has been sold, and higher amounts for Zambian Anglo American and Beralt Tin and Wolfram.

Associated companies are defined broadly as those companies in which Charter owns 20 per cent or more and in the management of which it plays a significant part. They are listed on page 36.

Investments are now classified into portfolio and long term holdings. Profits and losses on sales of investments in the latter category are included under extraordinary items. Results of portfolio transactions appear in the profit and loss account as profits on realizations.

Stronger stock exchange markets enabled a more active policy to be pursued, and profits on realizations amounted to £3,445,000 compared with £1,104,000.

A net deficit, after taking account of the profit on the sale of Barlow Rand shares, arose on extraordinary items mainly owing to the fall in book values of assets of overseas subsidiaries caused by currency devaluation. Previously these items would normally have been dealt with through reserves.

Trading profits showed a marked improvement at £4,442,000 compared with £3,704,000. Cape Asbestos did well in difficult trading conditions and Charter's wholly owned industrial subsidiaries also achieved an aggregate increase in profits.

Expenditure incurred on general prospecting, amounting to £778,000, has been charged against profits this year. Last year such expenditure, amounting to £769,000, was written off against investment and exploration reserve.

The value of net assets, taking quoted investments at market value and unquoted investments at directors' valuation, amounted to £294,587,000 equivalent to 281p per Charter share (1971: 277p).

Major investment changes

The merger between Rand Mines Limited and Thos Barlow & Sons Limited was completed in June 1971, as a result of which Charter acquired a 3.86 per cent interest in the merged company, Barlow Rand Limited, in exchange for its 15.9 per cent interest in Rand Mines. The holding in Barlow Rand, which was too small to qualify for double tax relief, has since been disposed of.

Coincident with the reorganization of the Botswana RST group of companies and the completion of financing and other arrangements for the development of the Selebi-Pikwe nickel-copper project, Charter took a 25 per cent participation in Anglo American Corporation Botswana Limited, through which Charter now holds an interest in Botswana RST amounting to 4.5 per cent and will participate in other Anglo American Corporation group business in Botswana. Anglo American Botswana has mineral rights over extensive coal deposits in that country.

Charter has concentrated its principal Australian activities with those of Anglo American Corporation in a new Australian company, Australian Anglo American Limited. Charter contributed assets to a value of A$4,500,000 to acquire a 25 per cent equity interest. The new company is now fully established, and with the technical backing of the group is well placed to take advantage of business opportunities.

The Anglo Chemical & Ore Co. Limited, a metal trading company owned entirely by Charter and associates, was sold on satisfactory terms to a subsidiary of Engelhard Minerals & Chemicals Corporation. This transaction gave rise to cash proceeds of £2,600,000 for Charter and a pre-tax profit of £850,000.

Purle Brothers Holdings Limited was subject to a take-over by Redland Limited which led to Charter acquiring Redland shares with a market value substantially in excess of the original cost of its ten per cent holding in Purle. Werff Bros Limited, a comparatively small group of fashion wear retail stores in which Charter held 40 per cent and provided loan finance, was sold to Raybeck Limited.

Negotiations are well advanced for the government of Zambia to acquire a 51 per cent interest in National Milling Company Limited from the joint shareholders Charter and Spillers Limited.

Mining

SOMIMA

At the Akjoujt copper mine of Société Minière de Mauritanie (SOMIMA), the extensive modifications programme started early in 1971 was well advanced by the year end. The ability of the TORCO process to treat Akjoujt ore successfully has been satisfactorily demonstrated but many important items of equipment have had to be strengthened, modified or replaced due to the difficult nature of the ore and the stresses of climate and conditions in the Sahara desert. Pending completion of the necessary modifications programme, production during the past year has inevitably been very limited. Output to 31 December 1971 totalled 7,645 metric tons of concentrates with an average grade of 61.7 per cent.

Delays in achieving full production, together with the increased capital costs of the modifications programme and continuing low sales proceeds, have necessitated raising a further $24 million which has been provided in the form of short to medium term credits, under the guarantee of Charter and other shareholders, from Crédit Lyonnais, Barclays Bank International and Banque Internationale pour l'Afrique Occidentale.

Cleveland Potash

The establishment of a major potash mine in Yorkshire by Cleveland Potash Limited, a company jointly owned by Charter and associates and by Imperial Chemical Industries Limited, continued satisfactorily during the first half of the year. Recently there have been delays in the construction of the treatment plant, and in shaft sinking in the lower sections of the bunter sandstone now in progress at a depth of nearly 3,000 feet. These will defer initial commissioning of the mine, but it is still anticipated that production will commence in mid-1973 and every effort will be made to minimize the effect on the production build-up. Reinstatement of railway access to the site is well advanced and construction of loading and storage facilities on the river Tees is nearing completion.

In spite of strong representations made to the government and in parliament, investment grants were cut off from the project in respect of expenditure for which detailed contracts could not be entered into before October 1970. This decision has necessitated the provision of replacement finance to the extent of

£6 million. Recently, regional development grants have been introduced and these may benefit the project by an amount of about £1 million. As contemplated in the financing plan, agreement has been reached with the Department of Trade and Industry for a loan of £3 million under the Local Employment Act subject to the guarantee of the shareholders.

Tronoh group

Charter's main interests in tin mining in Malaysia are through Tronoh Mines Limited and its associated companies, Ayer Hitam Tin Dredging Limited and The Sungei Besi Mines Limited.

Production of Tronoh and its subsidiaries for the year to 31 December 1971 was 3,512 metric tons of tin concentrates, compared with 2,734 metric tons for 1970, and net group profit was £742,000 compared with £651,000.

Ayer Hitam's profits for the year to 30 June 1971 showed a substantial decline from the record figure achieved in the previous year, but there has been a marked improvement this year to date.

Sungei Besi's production continued to improve in the year to 31 March 1972 and dividends were resumed with the declaration of an interim in March.

In general, production and profits of Tronoh group companies in recent years have shown an upward trend, but it is doubtful whether this can be maintained unless there is an increase in the tin price in real terms. Costs are rising rapidly, particularly of new equipment and major spares, and mining areas acquired in order to replace ore reserves are of lower grade than existing areas.

Beralt Tin and Wolfram

Owing mainly to a serious and sustained fall in the wolfram price, the pre-tax profits earned by Beralt Tin and Wolfram Limited were substantially lower at £592,000, as against the previous year's figure of £1,787,000. No interim or final dividend was paid. The expansion programme has been completed and the shortfall of labour largely overcome. The mine is now in a good position to increase production but future profitability must depend upon the wolfram price returning to more normal levels. During the year the better labour situation enabled a more precise assessment to be made of the ore grades at the Ribeira deposit. The results, however, were disappointing and it was accordingly decided to cease operations since it was not envisaged that these could be conducted profitably at present or foreseeable wolfram price levels on the scale which would be necessary.

Anglade

Charter and Anglo American Corporation together have a 40 per cent interest in Société Minière d'Anglade, which operates a scheelite mine in the French Pyrenees. Shortage of ore reserves combined with the current low prices for tungsten make the future prospects for this operation very doubtful, although most of the technical problems involved have been successfully overcome, especially in the treatment section.

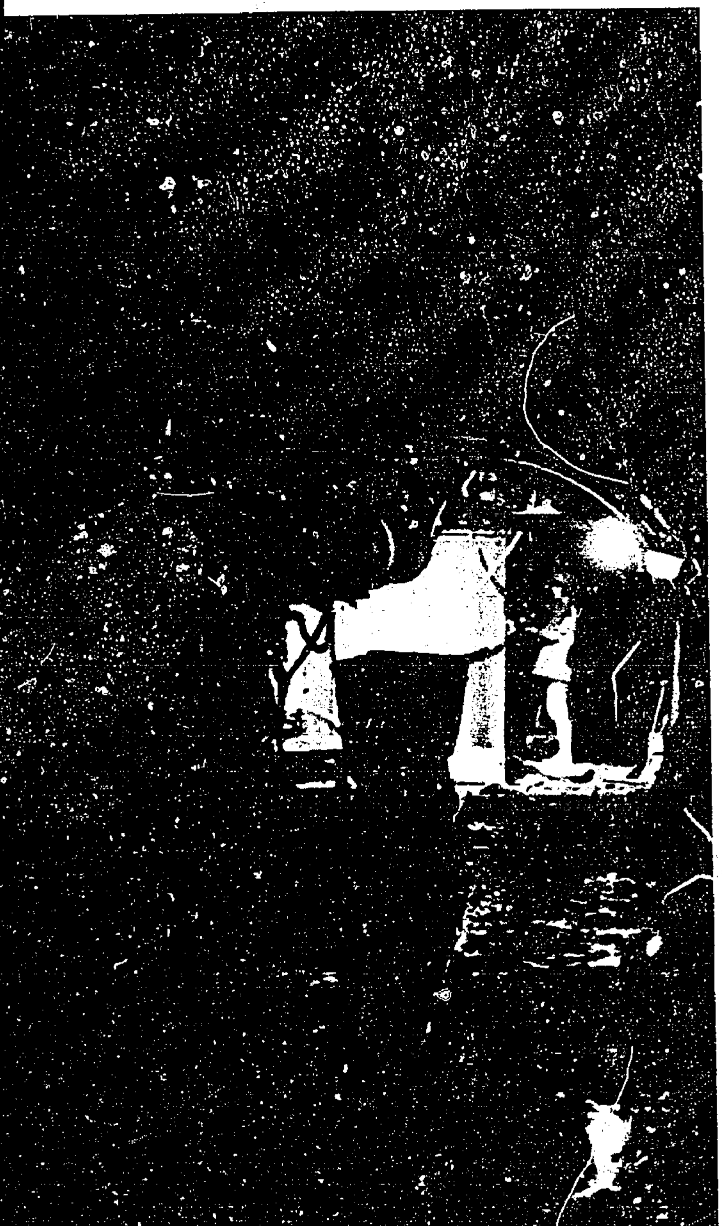
Prospecting

Republic of Zaire

Charter provides management and other services for the two consortium companies which are exploring for copper and other minerals in the Shaba province of the Republic of Zaire (formerly Katanga province, Congo Kinshasa) named Société Internationale des Mines du Zaire (SIMZ) and Société Minière de Tenke-Fungurume (SMTF). SMTF is engaged in a study of the feasibility of mining operations in the Tenke-Fungurume area and by the end of 1971 had completed 157 boreholes, indicating reserves of mixed copper and cobalt oxide and sulphide ore within two hundred metres of the surface. The sulphide content increases with depth. The weighted average for intersections in 73 boreholes for which assay results were available at the year end was 6.2 per cent total copper for 8.16 metres average core length in the upper orebody and 7.4 per cent total copper for an average core length of 11.32 metres in the lower orebody. The geology and the metallurgy are complex and an investigation into the method of ore beneficiation to be adopted is being undertaken on site and at Charter's laboratories at Ashford in Kent, where a small-scale pilot metallurgical plant has been established. All aspects associated with determining the overall feasibility of the Tenke-Fungurume project are now being examined and it is expected that the investigation will be substantially complete within a year.

SIMZ's geological programme was designed to explore 35,000 square kilometres of concessions and

An undersea tunnel for water and effluent disposal pipelines for Cleveland Potash. Accuracy during construction is maintained by using a laser, the beam of which is clearly seen in the photograph



interesting preliminary indications of mineralization have been found in several areas, meriting further examination.

Charter and its associates have an interest of approximately 28 per cent in both companies. The other participants are the government of Zaire; Amoco Minerals Company (an affiliate of Standard Oil of Indiana); Mitsui of Japan; Bureau de Récherches Géologiques et Minières and Omnium des Mines of France; and Leon Tempelsman & Son Inc. of the United States.

Thailand

Charter and Tronoh, together with two major United States international companies, have been prospecting for nearly three years for tin offshore in Thailand. Geological results have been encouraging, but the areas of interest revealed by drilling programmes undertaken last year are along exposed coastline, and investigations at present are being directed to engineering design and testwork to permit dredging operations during the monsoon period. Whether the potential reserves can be exploited economically at present tin price levels will depend largely on the success of these engineering investigations.

Iran

Since 1969, when a joint company was formed with the Iranian government's Industrial Development and Renovation Organisation, Charter has conducted an intensive exploration programme, mainly for copper, in the joint company's exploration areas near Kerman. Total expenditure on the programme was in excess of £700,000 of which Charter's proportion amounted to about £290,000. Although interesting copper prospects were discovered none of these would support a viable mining operation under present conditions and it was consequently decided to relinquish the areas. Nevertheless, Charter remains encouraged by the mineral potential of Iran and it is hoped that further exploration targets will be found, enabling Charter to take full advantage of the very useful experience which it has gained in local operating conditions and of the very satisfactory relationship with our government partners.

North Sea oil

During the year Charter entered into a joint venture with Home Oil of Canada Limited, Oil & Gas Enterprises (N.S.) Limited and Canadian Industrial Gas (U.K.) Limited to participate in oil exploration in the United Kingdom sector of the North Sea. Our consortium has been awarded two exploration blocks, and in accordance with undertakings given to the Department of Trade and Industry further detailed seismic work is being carried out prior to drilling operations which will commence when suitable equipment becomes available. Charter has a 30 per cent interest in the consortium but will apply for authority to transfer one sixth of its interest to its associate Western Decalta Petroleum Limited.

Other areas
Charter started a re-examination of areas of potential base metals interest in the United Kingdom and in the Republic of Ireland. Prospecting activities in Spain and Portugal have been intensified and targets include various areas of potential copper/nickel mineralization. An exploratory mission was sent to Indonesia, and a preliminary mineral survey was completed in Brazil. Further investigations into specific opportunities in Indonesia will be undertaken in 1972/73.

North American interests

Following an agreement with the Engelhard family Anglo American Corporation and associated companies including Charter exchanged their joint majority interest in Engelhard Hanovia Inc. for a proportionate amount of Engelhard Minerals & Chemicals Corporation common and preferred stock held by Engelhard Hanovia Inc. As a result of this transaction, Anglo American Corporation and associated companies including Charter jointly hold 30.6 per cent of the outstanding Engelhard Minerals & Chemicals common stock and 19.7 per cent of the preferred stock. Mainly because of less favourable results from precious metals operations due to sluggishness in the American economy net earnings of Engelhard Minerals & Chemicals declined from $36,327,000 in 1970 to $31,208,000 before extraordinary charges of $3,139,000. During the first quarter of 1972 earnings were $7,200,000 compared with $5,600,000 last year.

The consolidated net income of Anglo American Corporation of Canada Limited (AMCAN), in which Charter has a 24.7 per cent equity interest, was C$1,173,000 in 1971 compared with C$907,000 in 1970. Substantially lower dividends were received from Hudson Bay Mining and Smelting Co. Limited, but trading activities showed a marked improvement and interest charges were reduced. AMCAN's 1971 dividend was lowered to 30 cents per share (1970, 40 cents per share) in view of the difficulties experienced by Hudson Bay.

Hudson Bay's earnings for 1971 declined sharply from C$19,500,000 to C$3,000,000, mainly as the result of protracted strikes at its mines in the Flin Flon and Snow Lake areas and lower copper prices. The profit for the first quarter of 1972 recovered to over C$4,000,000, reflecting the gradual rise in the prices for copper and zinc and a higher rate of copper production.

Western Decalta Petroleum earned C$1,539,000 in 1971 compared with C$1,218,000 in 1970. The company has raised $6.8 million by the issue of one million shares, listed on the American stock exchange, the proceeds of which will be utilized in the company's programme for the acquisition, exploration and development of oil and gas properties.

Industrial and other interests

Charter's principal industrial subsidiary, The Cape Asbestos Company Limited, increased its sales from £45,700,000 to £50,200,000 and its profits before tax from £2,528,000 to £3,098,000. This considerable improvement arises from the manufacturing operations in the United Kingdom, where turnover was increased and measures taken to reduce costs and improve productivity showed their effect. Sales and earnings at the mines remained at approximately the same levels as in 1970.

The aggregate profits of Charter's wholly owned industrial subsidiaries improved by 21 per cent compared with last year. Heatrae Limited achieved a modest level of profitability after the losses incurred in 1970, and the Elastic Rail Spike group obtained very favourable results. The Rathdown companies experienced difficult trading conditions in the telecommunications components market and suffered a decline in profits.

Anmersales AG., with its associated United Kingdom and Italian companies, whose principal activity is the marketing of copper, achieved satisfactory results despite the slow-down in industrial demand throughout the free world.

Seven year financial record

CHARTER CONSOLIDATED LIMITED AND ITS SUBSIDIARY COMPANIES

EARNINGS
(year to 31 March)

	1972 £000s	1971 £000s	1970 £000s	1969 £000s	1968 £000s	1967 £000s	1966 £000s
Income from investments	10,441	14,372	10,705	9,578	8,972	8,218	8,717
Surplus on realizations	3,445	1,104	5,343	3,041	2,253	1,619	1,200
Interest received less paid	222	(15)	(511)	125	539	777	1,216
Trading profit	4,442	3,704	4,499	839	871	834	518
	18,550	19,165	20,036	13,583	12,635	11,448	11,651
Deduct: administration and technical expenditure	901	999	1,237	1,349	1,283	1,135	1,216
prospecting expenditure*	778	769	—	—	—	—	—
	1,679	1,768	1,237	1,349	1,283	1,135	1,216
	16,871	17,397	18,799	12,234	11,352	10,313	10,435
Add: group share of retained profits less losses of associated companies*	774	2,803	—	—	—	—	—
Profit before taxation	17,645	20,200	18,799	12,234	11,352	10,313	10,435
Deduct: taxation	3,036	3,276	4,772	2,114	1,649	1,576	2,656
	14,609	16,924	14,027	10,120	9,703	8,737	7,779
Deduct: amount attributable to outside shareholders and pre-acquisition	673	556	1,029	—	—	—	—
Earnings attributable	13,936	16,368	12,998	10,120	9,703	8,737	7,779
Deduct: dividends paid	8,383	8,381	7,422	6,522	6,522	5,707	4,784 *(net)*
Retained	5,553	7,987	5,576	3,598	3,181	3,030	2,995
Earnings per share	13.30p	15.84p†	13.13p	10.34p	9.92p	8.93p	7.96p *(net)*
Dividends per share	8.00p	8.00p	7.50p	6.66p	6.66p	5.83p	6.66p

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

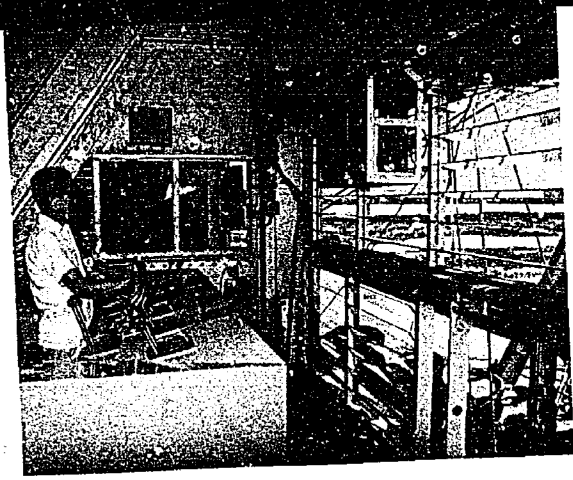
† earnings recalculated on revised figures resulting from new accounting policies

NET ASSETS

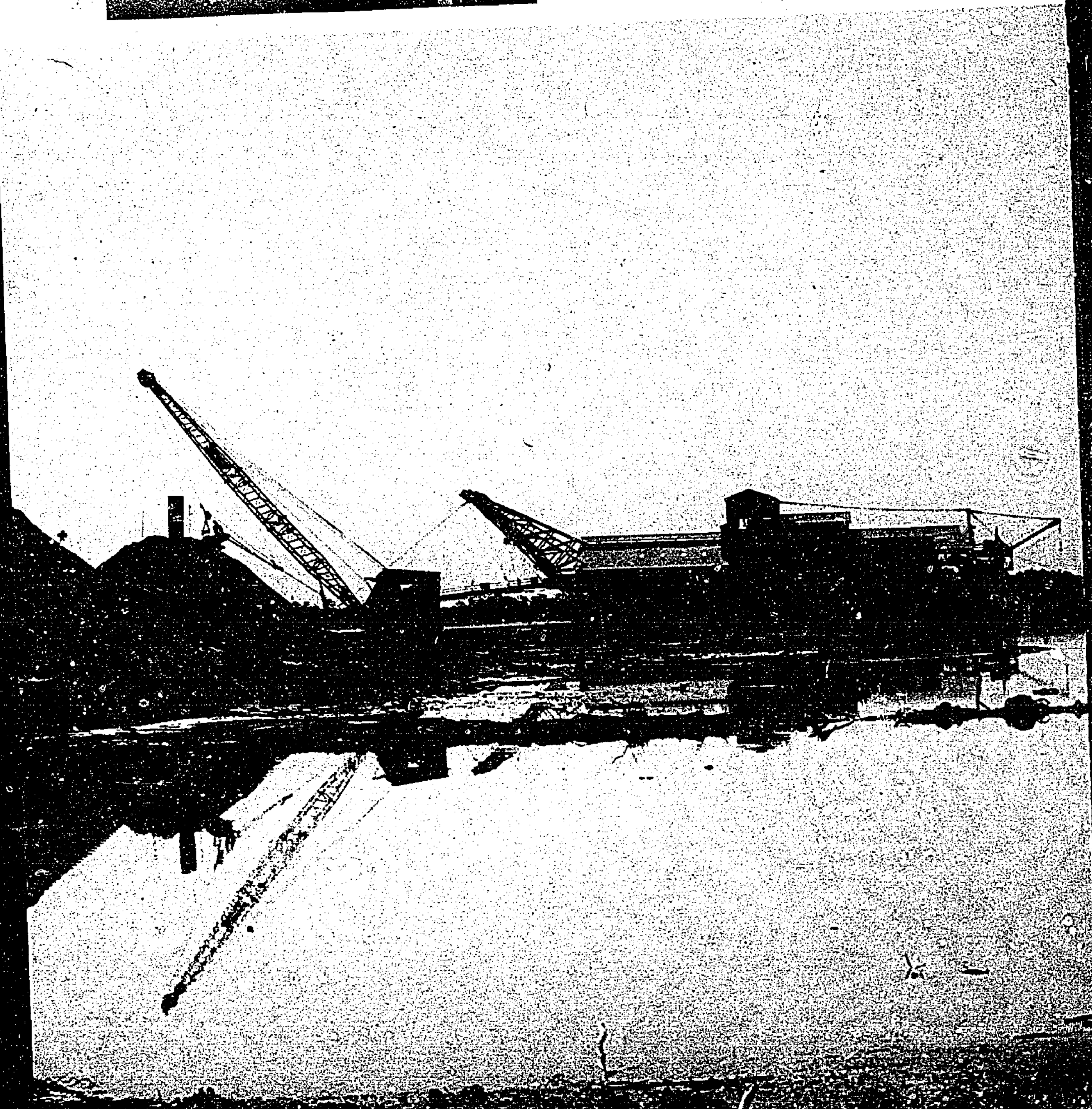
(at 31 March)

	1972 £000s	1971 £000s	1970 £000s	1969 £000s	1968 £000s	1967 £000s	1966 £000s
Investments at market value or directors' valuation	272,637	266,785	325,959	383,226	268,929	163,286	155,688
Investments at book value	150,413	143,559	138,388	141,547	123,723	106,111	92,326
Fixed assets	22,000	21,556	19,578	3,315	3,015	2,664	2,030
Exploration and development expenditure*	759	—	—	—	—	—	—
Net current assets	34,425	[illegible]	17,969	5,424	3,986	7,177	15,163
	207,597	[illegible]	175,935	150,286	130,724	115,952	109,519
Deduct: investment grants, minority interest, long term indebtedness and deferred taxation	35,234	[illegible]	33,969	14,991	1,125	1,080	1,240
Total capital and reserves	172,363	167,700	141,966	135,295	129,599	114,872	108,279
Add: surplus of market value or directors' valuation of investments over book value	122,224	123,226	187,571	241,679	145,206	57,175	63,362
Total net assets	294,587	290,926	329,537	376,974	274,805	172,047	171,641
Net assets per share	281p	277p	333p	385p	280p	175p	175p

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



LEFT
The control panel of Bidor Malaya no. 1 tin dredge
BELOW
Bidor Malaya no. 3 dredge with drag-line excavator constructing a slimes retention dam



Accounts

PAGE

Accounting policies

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

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

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

2. Income received

Income from investments is accounted for on a received basis.

3. Treatment of profits and losses arising on the disposal of investments

From 1 April 1971 investments have been classified into portfolio and long term holdings. The latter are held by the group with no intention of resale.

Profits and losses arising on the disposal of portfolio investments are included as a contribution to the earnings of the year. Any disposals of long term investments are dealt with as extraordinary items and the profits and losses arising therefrom will not be included as a contribution to the earnings of the year.

4. Depreciation and amortization

The group's policy is to write off the book value of each fixed asset evenly over its expected useful life. There are two exceptions: firstly, no depreciation has been provided on freehold land; and, secondly, no amortization has been provided on mining rights in South Africa as the directors are of the opinion that the present value exceeds book value.

Depreciation on assets qualifying for investment grants is calculated on their full cost.

5. Investment grants

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

6. Foreign currencies

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. Differences arising from realignment of currencies are shown as an extraordinary item.

7. Deferred taxation

This represents UK corporation tax at 40 per cent and overseas taxation at the appropriate rates on the difference between the amounts at which certain assets of a subsidiary are stated in its balance sheet and the amounts at which these assets will rank for taxation relief in the future.

8. Stock valuation

Stocks and work in progress have been valued at the lower of cost and net realizable value on bases consistent with those adopted in previous years. In determining cost for stock valuation purposes, selling expenses and certain overhead expenses are excluded.

9. Prospecting, exploration and development expenditure

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

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

(ii) Expenditure on general prospecting:
From 1 April 1971 such expenditure during the initial exploration stage is written off in full in the profit and loss account of the year. In previous years such expenditure has been charged against investment and exploration reserve in the year incurred. Further expenditure on prospects which, after the initial stage, appear promising is carried forward as an asset in the balance sheet under the heading of Exploration and development expenditure, while an evaluation is carried out to establish its commercial viability. In the event that any prospect is abandoned after such evaluation, the total expenditure will be charged to investment and exploration reserve.

(iii) Expenditure on the development of new mines:
When it is decided to develop a prospect into a mine, any exploration and development expenditure relating thereto will be capitalized in the appropriate asset account. All further expenditure on development of the mine will also be capitalized. If any project has to be abandoned in the development stage the total expenditure will be charged to investment and exploration reserve.

10. Investment and exploration reserve

In the years to 31 March 1971 the reserve has been used to write down investments, where necessary, and to write off expenditure on prospecting and exploration.

From 1 April 1971, it is intended that the reserve should continue to be used to write down investments, where necessary, and to write off expenditure as defined in paragraphs 9(ii) and (iii) above.

It is the company's intention to transfer to the reserve an amount equal to the Exploration and development expenditure as defined in paragraph 9(ii) above.

11. Associated companies

Associated companies are those:

(i) in which the group owns 20 per cent or more of the issued equity capital and participates in management through board representation, or

(ii) in which the group's investment is by nature a joint venture or partnership, or

(iii) mining companies managed by the group in which it also has a significant holding.

The group's share of retained profits less losses of its associated companies is, for the first time, included in the 1972 consolidated profit and loss account and the 1971 profit and loss account has been adjusted for comparison.

The group's share of retained profits less losses of associated companies since 1 April 1971 is included in the book values of the investments in the consolidated balance sheet. It is not practicable to ascertain the group share of retained profits prior to that date.

The accounts used to calculate the group's share of profits less losses of associated companies are the latest audited accounts available to the group.

Consolidated profit and loss account for the year ended 31 march 1972

CHARTER CONSOLIDATED LIMITED AND ITS SUBSIDIARY COMPANIES

	1972 £000s	1972 £000s	1971 £000s	1971 £000s
Income from investments (*note 1*)				
Associated companies (*note 2*)	2,883		6,407	
Other investments	7,558		7,965	
		10,441		14,372
Surplus on realizations of investments less amounts written off		3,445		1,104
Interest received		2,099		2,036
Trading profit (*note 4*)		4,442		3,704
		20,427		21,216
Deduct:				
Administration and technical expenditure (*note 4*)	720		805	
Directors' emoluments (*note 5*)	103		122	
Prospecting expenditure	778		769	
Interest paid (*note 3*)	1,877		2,051	
Auditors' remuneration (parent company £3,000: 1971 £3,000)	78	3,556	72	3,819
		16,871		17,397
Add:				
Group share of retained profits less losses of associated companies (*note 2*)		774		2,803
Profit before taxation		17,645		20,200
Taxation (*note 7*)		3,036		3,276
Profit after taxation		14,609		16,924
Deduct:				
Interest of outside shareholders in profits of subsidiaries		673		556
Earnings attributable to Charter		13,936		16,368
Earnings per share 13.30p (1971 – 15.84p)				
Dividends				
Interim dividend of 2½p per share (1971 – 2½p per share) paid 17 December 1971	2,620		2,619	
Proposed final dividend of 5½p per share (1971 – 5½p per share) payable on or about 15 July 1972	5,763	8,383	5,762	8,381
Profit of the year retained		5,553		7,987
Deduct:				
Extraordinary items (*note 8*)		677		—
Transfer to reserves (*note 12*)		4,876		7,987

For the accounting policies see pages 20 and 21. For notes on the accounts see pages 26 to 32

Consolidated balance sheet 31 march 1972

CHARTER CONSOLIDATED LIMITED AND ITS SUBSIDIARY COMPANIES

	1972 £000s	1972 £000s	1971 £000s	1971 £000s
Fixed assets (*note 9*)		22,000		21,666
Exploration and development expenditure		759		—
Investments (*note 10*)		150,413		143,559
Current assets				
Stocks and work in progress	10,399		11,065	
Debtors	19,947		19,583	
Short term loans and deposits	29,687		28,864	
Bank and cash balances	2,266		2,266	
	62,199		61,768	
Current liabilities				
Associated companies' and other deposit accounts	1,597		2,635	
Unclaimed dividends	30		74	
Bank loans and overdrafts	4,381		2,561	
Creditors	13,510		10,730	
Taxation	2,493		2,246	
Proposed final dividend	5,763		5,762	
	27,[illegible]74		24,008	
Net current assets		34,425		37,780
Total net assets		207,597		202,875
Financed by:				
Issued capital (*note 11*)		26,199		2[illegible],194
Capital reserves (*note 12*)		61,392		64,814
Revenue reserves (*note 12*)		84,772		76,892
Total capital and reserves		172,263		167,700
Investment grants		1,[illegible]		1,594
Minority interest		7,511		7,272
Long term indebtedness (*note 13*)		25,006		26,142
Deferred taxation		1,387		1,067
		207,597		202,875

S. SPIRO, *Chairman*
PHILIP OPPENHEIMER, *Deputy chairman*
} *Directors*

S. W. PARKS *Chief accountant*

For the accounting policies see pages 20 and 21. For notes on the accounts see pages 26 to 32

Balance sheet
31 march 1972

CHARTER CONSOLIDATED LIMITED

	1972		1971	
	£000s	£000s	£000s	£000s
Subsidiary companies				
Shares at cost	93,779		93,779	
Add: amounts due from subsidiaries	44,030		38,691	
	137,809		132,470	
Deduct: amounts due to subsidiaries	80,926	56,883	77,661	54,809
Current assets				
Debtors	492		85	
Short term loans	600		450	
Bank balances	20		16	
		1,112		551
		57,995		55,360
Financed by:				
Issued capital (*note 11*)		26,199		26,194
Share premium		18,587		18,529
Revenue reserves				
Investment and exploration reserve	2,963		2,204	
Unappropriated profits (*note 12*)	2,024	4,987	90	2,294
Total capital and reserves		49,773		47,017
Long term indebtedness (*note 13*)		2,402		2,463
Current liabilities				
Unclaimed dividends	21		46	
Creditors	36		72	
Proposed final dividend	5,763		5,762	
		5,820		5,880
		57,995		55,360

S. SPIRO, *Chairman*
PHILIP OPPENHEIMER, *Deputy chairman*
Directors

S. W. PARKS *Chief accountant*

For the accounting policies see pages 20 and 21. For notes on the accounts see pages 25 to 32.

Notes on the accounts
31 march 1972

1. Income from investments

	1972 £000s	1971 £000s
(i) Includes franked investment income	3,442	3,564
(ii) Arises from:		
Quoted investments	8,337	11,708
Unquoted investments	2,104	2,664
	10,441	14,372

NOTES:

(i) 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.

(ii) Income received in 1971 included dividends from Zambian Anglo American Limited of £5,007,000 of which £2,831,000 was regarded as exceptional.

2. Associated companies

(i) Those companies considered as principal associated companies as defined in accounting policy 11 on page 21 are listed on page 36. Certain companies in which the group's holding exceeds 20 per cent but which are not considered to be associated companies are listed on page 37.

(ii) Income from investments in associated companies £2,883,000 (1971 – £6,407,000). This represents dividends received by Charter in the year ended 31 March 1972, being dividend declarations by associated companies in their financial years ended prior to 31 March 1972 of £2,127,000 (1971 – £4,547,000) and dividend payments by associated companies in respect of their current financial years of £756,000 (1971 – £1,860,000).

(iii) Group share of retained profits less losses of associated companies for their latest financial years ended prior to 31 March 1972.

	1972 £000s	1971 £000s
Share of profits less losses before taxation	4,517	7,432
Deduct: dividends paid from those profits	3,743	4,629
Retained before taxation	774	2,803
Deduct: taxation (*see note 7*)	672	1,137
Retained after taxation by associated companies (*see note 10*)	102	1,666

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

3. Interest paid on borrowings by the group

	1972 £000s	1971 £000s
Loans repayable after more than five years	1,555	1,508
Loans repayable within five years	9	114
Amounts deposited with the group	102	236
Bank overdrafts	211	193
	1,877	2,051

4. Trading profit and administration and technical expenditure

	1972 £000s	1971 £000s
(i) Turnover of the manufacturing subsidiaries based on the invoiced value of goods sold	58,439	52,526
(ii) Investment grants credited in these accounts	185	195
(iii) Depreciation of fixed assets charged in these accounts	2,444	2,282
(iv) Rents paid in respect of hire of plant, machinery and equipment charged in these accounts	224	215
(v) Rents received	126	147
(vi) Administration and technical expenditure	5,710	4,322
Deduct: recovered from companies outside the group	4,990	3,517
	720	805

5. Directors' emoluments

	1972 £	1971 £
Directors of the parent company		
Fees	23,000	24,000
Salaries and other remuneration including pension contributions	135,000	139,000
Pensions to former directors	7,000	7,000
	165,000	170,000
Deduct: fees received from other companies and refunded to the group	62,000	48,000
	103,000	122,000
Amounts paid to directors		
Chairman: Mr S. Spiro (1971 includes £18,838 paid to The Hon. H. V. Smith)	21,244	23,876
Others:		
£20,001–£22,500	1	1
£12,501–£15,000	1	2
£10,001–£12,500	4	3
£5,001–£7,500	1	–
£2,501–£5,000	1	2
up to £2,500	12	12

Fees waived by 10 directors amounted to £27,000 (1971 – 9 directors £33,000)

6. Remuneration of employees of the group

	1972	1971
The number of employees, other than directors of the parent company, whose total emoluments received from the company and its subsidiaries exceeded £10,000 were:		
£10,001–£12,500	8	6
£12,501–£15,000	3	2
£15,001–£17,500	1	–

7. Taxation

	1972 £000s	1971 £000s
GROUP COMPANIES		
On profit for the year		
United Kingdom corporation tax at 40 per cent (1971 — 40 per cent)	4,126	6,442
Deduct: double taxation relief	2,052	5,065
	2,074	1,377
Overseas taxation	896	1,087
	2,969	2,464
Deduct: adjustments in respect of previous years	80	—
	2,889	2,464
Deduct: estimated overspill relief	525	325
	2,364	2,[illegible]
ASSOCIATED COMPANIES		
On profit for the year		
United Kingdom corporation tax at 40 per cent	461	1,074
Deduct: double taxation relief	127	325
	334	749
Overseas taxation	425	421
	759	1,170
Deduct: adjustments in respect of previous years	87	33
	672	1,137
TOTAL GROUP AND ASSOCIATED COMPANIES	3,036	3,276

NOTE:
In the event of certain overseas subsidiaries and associated companies distributing reserves or profits additional liability to United Kingdom taxation would arise.

8. Extraordinary Items

	1972 £000s
Profits less losses on disposals of long term investments less United Kingdom tax thereon of £1,912,000	1,538
Recoveries of amounts written off and United Kingdom tax relief relating to previous years	787
Provision in respect of extraordinary losses in a subsidiary	(891)
Sundry adjustments	5
Reduction in assets of overseas subsidiaries due to currency realignment	(2,116)
Per profit and loss account	(677)

As from 1 April 19[illegible] extraordinary items are being accounted for through the consolidated profit and loss account. In previous years these items were charged or credited direct to reserves.

9. Fixed assets

	FREEHOLD PROPERTY £000s	LONG LEASE-HOLD PROPERTY £000s	SHORT LEASE-HOLD PROPERTY £000s	PLANT FURNI-TURE AND FITTINGS £000s	MINING RIGHTS £000s	TOTAL £000s
Cost at 31 March 1971	9,020	2,438	1,916	25,775	1,698	40,847
Currency realignment	(268)		(181)	(1,071)	(205)	(1,725)
Additions at cost	563	28	182	3,073	129	3,975
Disposals	(143)	(1)	(7)	(664)		(815)
Reallocations		(153)	153			
Balance at 31 March 1972	9,172	2,312	2,063	27,113	1,622	42,282
Depreciation at 31 March 1971 on assets at cost	3,116	363	1,214	14,698	—	19,391
Currency realignment	(224)		(126)	(694)		(1,044)
Charge to profit and loss account	228	73	68	2,055		2,424
On disposals	(2)		(6)	(401)		(409)
Reallocations		(52)	52			
Balance at 31 March 1972	3,118	384	1,202	15,658	—	20,362
Net book value At 31 March 1972	6,054	1,928	861	11,455	1,622	22,000
At 31 March 1971	5,904	2,075	702	11,177	1,698	21,556

NOTES:

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

	£000s
At cost	8,187
At valuation 1960	696
At valuation 1966	289
	9,172

Included is an amount of £456,000 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.

(ii) Mining rights are included on the following basis:

	£000s
At cost	375
At valuation in 1943	1,247
	1,622

(iii) Commitments for capital expenditure of subsidiaries amount to £673,000 (1971 – £857,000) and investment grants to nil (1971 – £36,000)

(iv) Estimated capital expenditure of subsidiaries authorized but not committed amounts to £4,339,000 (1971 – £1,906,000)

10. Investments

	AT COST, LESS AMOUNTS WRITTEN OFF		MARKET VALUE OR DIRECTORS' VALUATION	
	1972 £000s	1971 £000s	1972 £000s	1971 £000s
ASSOCIATED COMPANIES				
Quoted in Great Britain	31,955	31,841	57,345	53,828
Quoted outside Great Britain	3,194	3,380	7,630	8,200
	35,149	35,221	64,975	62,028
Unquoted	17,737	14,849	19,172	16,849
	52,886	50,070	84,147	78,877
Advances	13,595	12,421	12,017	11,623
	66,481	62,491	96,164	90,500
Add: group's share of retained profits less losses (*see note 2*)	102			
	66,583			
OTHER				
Quoted in Great Britain	53,925	48,870	137,299	137,032
Quoted outside Great Britain	9,739	12,222	12,819	13,265
	63,664	61,092	150,118	150,297
Unquoted, including advances	20,166	19,976	26,355	25,988
	83,830	81,068	176,473	176,285
TOTAL INVESTMENTS				
Quoted in Great Britain	86,666	80,711	194,644	190,860
Quoted outside Great Britain	13,097	15,602	20,449	21,465
	99,763	96,313	215,093	212,325
Unquoted, including advances	50,650	47,246	57,544	54,460
	150,413	143,559	272,637	266,785

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 other unquoted investments are shares in Anglo American Corporation Rhodesia Limited. The book value and directors' valuation at 31 March 1972 both amount to £2,989,000 (1971 – £2,989,000). Any disposal of these shares would require consent under existing exchange control regulations and no income can be remitted to the company from Rhodesia.

(iii) Commitments and guarantees by the company and its subsidiaries in respect of subscriptions for shares and loan facilities amount to £9,043,000 (1971 – £10,049,000).

(iv) A subsidiary company has entered into contracts for exploration expenditure to be incurred after 31 March 1972.

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

(vi) The market value of investments includes 75 per cent (1971 – 75 per cent) of the investment currency premium where applicable, which amounts to £388,000 (1971 – £788,000).

11. Share capital

Authorized: 120,000,000 shares of 25p each			30,000,000
Issued and fully paid: At 31 March 1971	104,766,576 shares of 25p each fully paid		26,191,644
Issued during year as detailed on page 9 in the report of the directors	15,158		3,790
	104,781,734		26,195,434
Issued partly paid: At 31 March 1971	275,900 shares of 25p each, 1p paid up		2,759
Issued during year as detailed on page 9 in the report of the directors	50,600		506
	326,500		3,265
At 31 March 1972			26,198,699

NOTES:

(i) Under the share incentive scheme there remain 2,642,088 shares for issue partly paid to senior employees at the discretion of the directors.

(ii) The maximum number of shares which may be issued on conversion of the company's 5 per cent convertible loan stock 1984 is 600,586.

12. Movements on reserves

	SHARE PREMIUM ACCOUNT GROUP £000s	OTHER CAPITAL RESERVES GROUP £000s	INVESTMENT AND EXPLORATION RESERVE GROUP £000s	UNAPPROPRIATED PROFITS GROUP £000s	UNAPPROPRIATED PROFITS COMPANY £000s
Balances at 31 March 1971	30,524	34,090	15,142	61,750	90
Add:					
Transfer from profit and loss account £4,876,000		(2,666)	1,036	6,506	2,693
Transfer in respect of exploration and development expenditure capitalized			759	(759)	(759)
Premium on shares issued by the company	57				
Reserves of subsidiaries sold or acquired during the year		(613)	600	(180)	
Amount written off an unquoted investment			(82)		
	30,581	30,811	17,455	67,317	2,024
	61,392		84,772		

13. Long term indebtedness

	1972 £000s	1971 £000s
Details of loans repayable over a longer period than five years		
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	2,000
6½ per cent debenture stock 1986/89	600	600
Unsecured loan stocks issued by		
(i) The company 5 per cent convertible loan stock 1984	2,402	2,463
(ii) The Cape Asbestos Company Limited 7½ per cent loan stock 1986/91	3,459	3,459
(iii) Swaziland Collieries Limited 9½ per cent registered convertible notes of R240,000 1972/81	125	140
Bonds issued by Charter Consolidated Overseas N.V. 6½ per cent unsecured bonds of DM120,000,000 1968/83	14,873	14,873
Belgian long term loans Secured, repayable by annual instalments over 11 years	325	341
	24,784	24,876
Loans repayable in less than five years Belgian unsecured	222	266
	25,006	25,142

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 registered holders of the Swaziland Collieries notes have the right during March and September in any year from 1972 to 31 March 1981, inclusive, to surrender the notes for conversion into shares on the basis of one Swaziland Collieries share for every R2 of nominal value so surrendered.

(iii) The DM120,000,000 6½ per cent unsecured bonds 1968/83 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.

(iv) The Belgian subsidiaries pay interest at rates determined half-yearly by the Belgian authorities, currently 2 per cent per annum on the secured loans and 2.35 per cent per annum on the unsecured loans.

14. Contingent liabilities

	1972 £000s	1971 £000s
For amounts not called on investments	409	320
In respect of guarantees £21,436,000 less counter-guarantees £7,964,000 (company net: £8,823,000; 1971 – £3,272,000)	13,471	4,001
In respect of underwriting participations	765	38
Bills receivable and a hire purchase agreement discounted	128	155
	14,773	4,514

15. 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.

16. Subsidiary and associated companies and other principal investments

A list of the major subsidiary companies is on page 50. A list of principal associated companies, interests of 10 per cent or more in other companies and other principal investments is on pages 36 and 37.

Report of the auditors to the members

In our opinion, based on our examination and on the reports of the auditors of certain subsidiaries and associated companies not audited by us, the accounts set out on pages 20 to 32:

(a) give, so far as concerns the members of Charter Consolidated Limited, a true and fair view of the state of affairs at 31 March 1972 and of the profit for the year ended on that date, so far as is practicable having regard to the fact that the accounts of certain subsidiaries and associated companies have been made up to dates other than 31 March 1972, and

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

COOPER BROTHERS & CO.
DELOITTE & CO.
Chartered accountants
London, 30 May 1972

General information

Directors' interests

The following are the interests of the directors of the company who held office on 31 March 1972, as notified to the company in terms of the Companies Act 1967:

	INTEREST IN FULLY PAID SHARES OF 25p EACH OF THE COMPANY	
	1 April 1971	31 March 1972
DIRECTORS		
Sir Keith Acutt	100	100
A. Chester Beatty	287	287
Comte T. de Feuilhade de Chauvin	674	574
J. E. H. Collins	100	100
R. H. Dent	1,155	1,155
H. R. Fraser	100	100
J. O. Hambro	2,876	2,876
N. K. Kinkead-Weekes	100	100
H. F. Oppenheimer	5,000,100*	5,000,100*
Sir Philip Oppenheimer	9,798	9,798
B. W. Pain	100	100
G. W. H. Relly	(*appointed 13 July 1971*—nil)	600
J. G. Richardson	100	100
Evelyn de Rothschild	1,000	1,000
The Hon. H. V. Smith	1,200	1,200
S. Spiro	100	100
M. W. Stephenson	(*appointed 11 January 1972*—nil)	100
L. G. Stopford Sackville	4,750	4,750
T. P. Stratten	1,200	1,200
W. D. Wilson	100	100
ALTERNATE DIRECTORS		
R. J. Armitage	nil	nil
P. C. D. Burnell	nil	nil
J. N. Clarke	(*appointed 1 August 1971*—nil)	nil
M. W. B. Heald	nil	nil
R. H. MacWilliam	1,500	1,500
A. E. Oppenheimer	nil	nil
A. J. W. Owston	nil	nil
R. V. Pritchard	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

Of these directors and alternate directors, the following had interests in the partly paid shares of the company and the ordinary shares of The Cape Asbestos Company Limited, a subsidiary of the company:

	INTEREST IN PARTLY PAID SHARES OF 25p EACH OF THE COMPANY	
	1 April 1971	31 March 1972
DIRECTORS		
N. K. Kinkead-Weekes	12,500	12,500
B. W. Pain	12,500	12,500
J. G. Richardson	10,000	10,000
L. G. Stopford Sackville	10,000	10,000
ALTERNATE DIRECTORS		
R. J. Armitage	7,500	7,500
P. C. D. Burnell	7,500	7,500
J. N. Clarke	(*appointed 1 August 1971*—5,000)	7,500
M. W. B. Heald	5,000	5,000
A. J. W. Owston	6,000	6,000
R. V. Pritchard	5,000	6,000

These partly paid shares were issued under the share incentive scheme approved by members and loan stock holders in July 1970. The scheme provides for the issue of partly paid shares, at the discretion of the board of directors, for subscription by senior employees (including executive directors of Charter) of Charter Consolidated Services Limited.

	INTEREST IN ORDINARY SHARES OF 25p EACH OF THE CAPE ASBESTOS COMPANY LIMITED	
	1 April 1971	31 March 1972
P. C. D. Burnell	800	nil
R. H. Dent	2,100	2,300
S. Spiro	800	nil
L. G. Stopford Sackville	800	nil

No director or alternate director had any other interest notified to the company in terms of the Companies Act 1967.

Taxation

(i) Capital gains tax

The market price of the company's shares on 6 April 1965 was:

Registered shares 98.75p

Shares represented by renounceable letters of allotment 100p

Share warrants to bearer 100p

(ii) The company is not a close company within the provisions of the Income and Corporation Taxes Act 1970.

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 (per cent)	Contribution to group trading profit before taxation £000s
Building and construction industry materials	34.6	1,207
Automotive industry materials	27.9	884
General engineering and shipbuilding materials	8.1	144
Asbestos fibre	15.2	1,720
Railway track fastenings, mine roof bolts, galvanizing, etc.	4.9	442
Heaters and heating equipment	6.7	36
Components (mainly for television and telecommunications industries)	2.6	130
Coal	—	18
	100.0	4,442

Geographical analysis of turnover

	£000s
United Kingdom	39,997
Continental Europe	6,638
North and South America	3,186
Africa and Middle East	3,586
Australasia and Far East	3,032
	56,439

Exports

The aggregate value of goods exported by the group's United Kingdom manufacturing subsidiaries during the year totalled £6,518,000.

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 9,489 during the year.

The aggregate amount of the remuneration paid to employees working wholly or mainly in the United Kingdom during the year was £15,652,000.

Political and charitable contributions

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 £35,974.

Principal interests and investments

Principal investments

Associated companies

as defined in accounting policies on page 21, paragraph 11

	Accounting date	Group interest in equity capital (per cent)
Australia		
Australian Anglo American Limited *Mining finance*	Dec	25
International Pacific Corporation Limited *Merchant banking*	Oct	26.3
Bermuda		
Zambian Anglo American Limited *Mining finance*	June	23.5
Canada		
Anglo American Corporation of Canada Limited *Mining finance*	Dec	24.7
Western Decalta Petroleum Limited *Oil and gas exploration and production*	Dec	38.2
France		
Société Minière d'Anglade *Scheelite mining*	Dec	25
Malaysia		
Associated Mines (Malaya) Sendirian Berhad *Mine management*	Dec	39.2
Ayer Hitam Tin Dredging Limited Incorporated in England (In addition 17.5 per cent held by Tronoh Mines Limited) *Tin mining*	June	9.5
Bidor Malaya Tin Sendirian Berhad *Tin mining*	Dec	39.2
The Sungei Besi Mines Limited Incorporated in England (In addition 25.7 per cent held by Tronoh Mines Limited) *Tin mining*	Mar	9.2
Tronoh Mines Limited Incorporated in England *Tin mining*	Dec	25.1
Mauritania		
Société Minière de Mauritanie *Copper mining*	Dec	33.5
Portugal		
Beralt Tin and Wolfram Limited Incorporated in England *Wolfram mining*	Dec	45.7

	Accounting date	Group interest in equity capital (per cent)
South Africa		
Euranglo (Pty) Limited *Investment*	Dec	25
Switzerland		
Anmersales AG. *Marketing of metals*	Sep	37
United Kingdom		
Anglo American International (U.K.) Limited *Technical consultancy*	Mar	48
Anglo Charter International Services Limited *Recruiting and employment services*	Dec	50
Anmercosa Sales Limited *Marketing of metals*	Sep	37
Cleveland Potash Limited *Potash mining*	Dec	37.5
Covenant Industries Limited *Marketing and manufacture of chemicals*	Sep	37
Elevators and Engineering Limited *Lift manufacture*	Dec	25

Other investments of 10 per cent or more

	Group interest in equity capital (per cent)
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
Harmony Gold Mining Company Limited *Gold mining*	10.2
The Northern Lime Company Limited *Lime quarrying*	10.5
Platinum Prospecting Company (Pty) Limited *Platinum mining*	20.3
Pretoria Portland Cement Company Limited *Cement manufacture*	10.5
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	
Berger and Gosschalk Limited *Stock jobbers*	10
Ferranti Limited *Manufacture of electrical and electronic equipment*	12.6
Selection Trust Limited* *Mining finance*	32.8
Zaire	
Société Minière de Tenke-Fungurume *Copper exploration*	14
Zambia	
National Milling Company Limited *Flour milling*	24.5

**book value included under associated companies (see note 10 on page 29) in accordance with stock exchange requirements*

Other principal investments

France
Le Nickel
Mining finance and metallurgy

Italy
Società Nazionale Sviluppo Imprese Industriali
Finance and investment

South Africa
Anglo American Investment Trust Limited
Diamond investments

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 Selection Corporation Limited
Mining finance

Virginia-Merriespruit Investments (Pty) Limited
Gold mining

United Kingdom
The Rio Tinto-Zinc Corporation Limited
Mining finance

United States
Engelhard Minerals & Chemicals Corporation
Processing and marketing of minerals

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

Analysis of investments and investment income

Category of investments	1972 £000s	1971 £000s
Mining		
Finance	**151,044**	154,471
Diamonds	**17,937**	9,983
Gold	**6,612**	7,498
Tin and wolfram	**6,773**	6,053
Copper and other minerals	**19,379**	21,439
Industrial, commercial, oil, etc.	**68,497**	64,689
Long term loans	**2,395**	2,652
	272,637	266,785

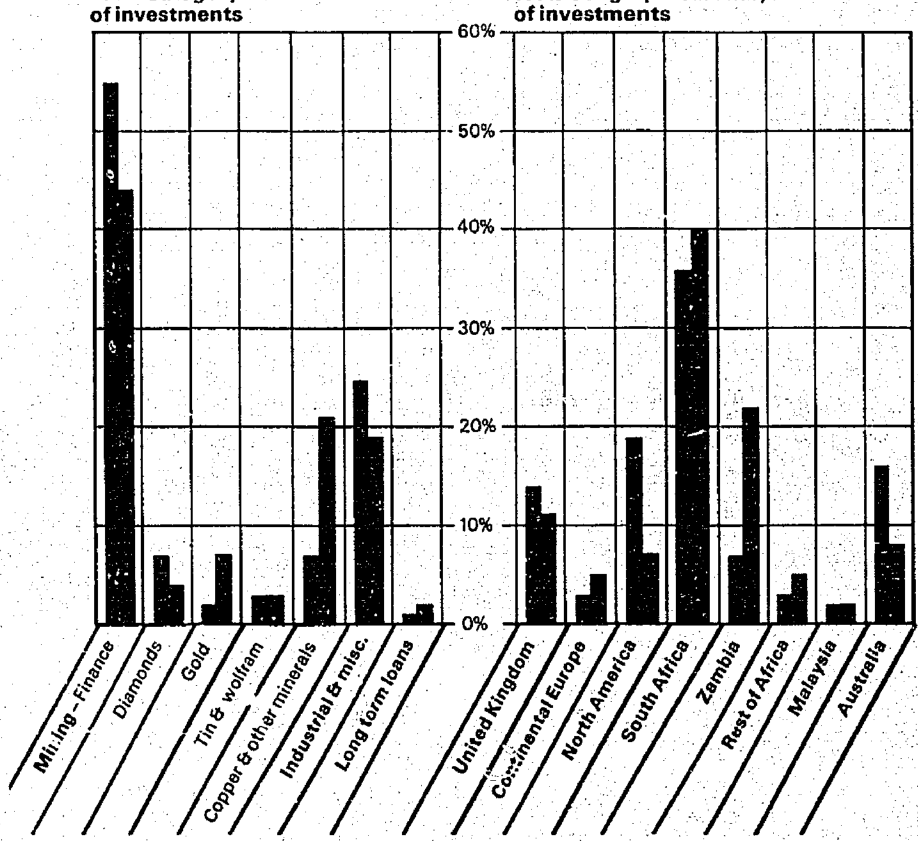
Geographical analysis of investments	1972 £000s	1971 £000s
United Kingdom	**39,332**	33,410
Continental Europe	**7,190**	9,116
North America	**52,168**	57,609
South Africa	**99,286**	98,581
Zambia	**18,493**	16,861
Rest of Africa	**8,491**	10,563
Malaysia	**4,536**	2,808
Australia	**43,141**	37,837
	272,637	266,785

NOTES: 1 The analysis 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.

1972 Category of investments

1972 Geographical analysis of investments



Percentage of investment value £272,637,000

Percentage of investment income £10,441,000

Interests of the company

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

Mining finance

Anglo American Corporation of South Africa Limited

Anglo American Corporation is the head of an international group of mining, industrial and investment companies. In mining, the Anglo American Corporation group and its close associate De Beers Consolidated Mines Limited have important interests in the production of gold and uranium, copper and nickel, coal, tin, potash, asbestos, diamonds, iron ore, platinum, lead, zinc and wolfram. In industry the group's interests range from steel making and heavy engineering to construction, transport and motor vehicles, paper and textiles, chemicals, drilling tools, refractories and foodstuffs. The group is also active in property development in southern Africa and in insurance, merchant banking, the local discount market and computer services.

In 1971 the group was responsible for 39 per cent of South Africa's gold output, equivalent to 31 per cent of world production (excluding communist countries), 29 per cent of South Africa's coal and about one third of its uranium. Mines managed by the group produced 63 per cent of Zambia's copper, equivalent to more than six per cent of world production.

Production by the group's gold mines in 1971 fell by 10,719 kilograms to 384,900 kilograms. Working profit however rose by R6.4 million to R161.3 million. This was attributable to additional revenue from free market sales.

The group produced 1,132 tons of uranium, compared with 1,178 tons in 1970. Working profit from uranium and acid fell by R2.8 million to R3.2 million.

Sales of gem and industrial diamonds through the Central Selling Organisation totalled R446.4 million, an increase of 18 per cent over sales in 1970. This favourable trend is continuing in 1972.

The sales by group collieries in South Africa increased by 620,000 tons to 16.6 million tons, and in February 1972 increases were announced in the controlled selling price of coal and coke. These increases introduce into the pricing system of South Africa for the first time the principle of differential prices for various qualities.

The value of the corporation's investments at 31 December 1971 was R216 million higher than at the previous year end largely as a result of the consolidation for the first time of H.D. Development Limited.

The interests of the corporation in Canada are held through Anglo American Corporation of Canada Limited; its interests in Australia have been consolidated in Australian Anglo American Limited.

On the industrial side, the consolidated net profit attributable to Anglo American Industrial Corporation Limited for the year to 31 December 1971 was R9.5 million as against R15.4 million for the 18 months ended 31 December 1970. The fall in profit was mainly due to losses on civil engineering contracts. Dividends totalled 35 cents per share for the year compared with the annual rate of 33.3 cents in 1970.

The estimated value of the property companies administered by the corporation was approximately R140 million. Those companies through which the group holds its major property interests – Anglo American Properties Limited and South African Townships Mining and Finance Corporation Limited – increased their profits in 1971 in spite of a downturn in the economy.

The corporation's investment in the Zambian copper mining industry is held through the Bermudian company Zambian Anglo American Limited, which owns 49.98 per cent of Zambia Copper Investments Limited. Production of finished copper by Nchanga Consolidated Copper Mines Limited in 1971 rose by 5,960 tons to 401,471 tons. The value of sales declined by K47.9 million to K325.4 million, mainly because of lower copper prices. Zambia Broken Hill, a division of Nchanga, produced a record 85,326 tons of lead and zinc, an increase of 4,304 tons over the 1970 figure.

In February 1972 the corporation raised through N. M. Rothschild & Sons Limited and a consortium of European banks a US$50 million loan at $7\frac{1}{2}$ per cent repayable by 1987. The proceeds were used to repay existing loans and to finance future investment.

An analysis by primary source of the corporation's investments at 31 December 1971 is shown below:

	Value per cent	*Income per cent*
Gold	22	28
Diamonds	25	18
Copper	6	20
Coal	3	4
Platinum	1	2
Other mining	6	5
Industrial	25	12
Finance	9	9
Property	3	2
	100	100

The results for the last two years were:

Year ended 31 December	*1971*	*1970*
Group profit before taxation	R46,563,000	R44,684,000
Taxation	R1,796,000	R3,903,000
Group profit after taxation and minorities	R41,256,000	R38,978,000
Earnings per ordinary share	31.5 cents	29.8 cents
Dividends – amount	R22,355,000	R21,057,000
– per ordinary share	17 cents	16 cents
Market value of quoted investments	R840,942,000	R605,514,000
Book value of unquoted investments	R86,436,000	R83,096,000
Net assets – value	R749,900,000	R657,400,000
– per ordinary share	R5.74	R5.03

Anglo American Corporation of Canada Limited

The company (AMCAN), which is a member of the Anglo American Corporation group, was established in 1966 to consolidate the bulk of the Canadian assets of the Charter, Anglo American and De Beers groups. These include both direct and indirect investments in copper, zinc, cadmium, gold, silver, potash and uranium mining, chemicals, crude oil and natural gas production, road, rail, and sea transportation, land development and prospecting operations.

In Canada, AMCAN continued to participate with Hudson Bay Exploration and Development Company Limited in exploration programmes in the Yukon territory, British Columbia and Ontario. Numerous anomalies in a few copper discoveries were tested by surface diamond drilling but none proved to be of economic importance. In Mexico, AMCAN with local partners completed drill testing anomalous copper areas in the state of Sonora, with negative results. Samples are being collected for testing from tungsten occurrences and a gold deposit, both located in central Mexico.

At 31 December 1971 the company's principal investments were as follows:

	No. of shares	*Percentage*
Hudson Bay Mining and Smelting Co. Limited	2,530,671	27.99
Francana Development Corporation Limited	400,000	40.00
Agnew Lake Mines Limited	150,001	10.00
The White Pass and Yukon Corporation Limited	494,985	26.22
Great Northern Capital Corporation Limited	606,750	24.56

The results for the last two years were:

Year ended 31 December	*1971*	*1970*
Income before taxation	C$1,223,000	C$903,000
Taxation	C$50,000	C$4,000*
Net income	C$1,173,000	C$907,000
Extraordinary gains on realization of investments	C$1,141,000	C$997,000
Earnings per share	13.9 cents	10.8 cents
Dividends – amount	C$2,529,000	C$3,371,000
– per share	30 cents	40 cents
Market value of quoted investments	C$75,279,000	C$74,446,000
Book cost of unquoted investments	C$14,499,000	C$24,228,000
Net assets – value	C$83,300,000	C$84,600,000
– per share	C$9.88	C$10.04

**taxation recovery*

Australian Anglo American Limited

The company, which is a member of the Anglo American Corporation group, was formed in 1971 with funds of approximately A$20 million. Anglo American Corporation and its associates subscribed for 45 per cent of the issued capital, Charter 25 per cent and Zambian Anglo American Limited the balance of 30 per cent.

The Anglo American and Charter groups have since 1965 conducted widespread prospecting operations throughout Australia and neighbouring territories. Apart from seeking investment opportunities, particularly in mining, Australian Anglo American will continue to direct this search for mineral deposits.

Geological exploration programmes are being conducted in many parts of Western Australia, in the north-west region of Tasmania, in Queensland, in the Northern Territory and in Fiji.

Rand Selection Corporation Limited

The company, a member of the Anglo American Corporation group, is a financial and investment company with shareholdings in financial, gold, diamond, copper and other base metals, coal, platinum, industrial and land and estate companies.

Early in 1971 the company issued R30 million ten per cent debentures repayable 1983/97 and also raised a US$30 million convertible Eurodollar loan at 6¾ per cent repayable 1986. The proceeds of these two loans enabled the company to repay existing short and long term loans and to meet the continuing investment commitments arising out of its agreement with Anglo American Corporation to participate in new ventures and to take advantage of any new opportunities that may arise.

The decline of share prices on The Johannesburg Stock Exchange particularly affected the mining finance and mining sectors. The market value of the company's quoted securities was therefore significantly lower in 1971.

An analysis of the investments of the company and its subsidiaries at 30 September 1971 is shown below:

	Value	
	R000s	*per cent*
Finance	136,295	33.04
Diamonds	53,587	12.99
Investment – gold mining	55,495	13.45
Gold mines	60,482	14.66
Companies principally interested in copper and other base metals	17,132	4.15
Platinum	3,068	0.74
Coal	11,845	2.87
Industrial	63,009	15.28
Land, estate and sundry	11,569	2.82
	412,482	100.00

The results for the last two years were:

Year ended 30 September	*1971*	*1970*
Group profit before taxation	R21,634,000	R21,994,000
Taxation	R397,000	R266,000
Group profit after taxation and minorities	R21,040,000	R21,540,000
Earnings per share	61.8 cents	63.3 cents
Dividends – amount	R14,465,000	R14,465,000
– per share	42.5 cents	42.5 cents
Market value of quoted investments*	R364,650,000	R463,529,000
Book value of unquoted investments†	R68,009,000	R65,219,000
Net assets – value	R364,400,000	R439,900,000
– per share	R10.74	R12.96

**includes the company's share in the interest in Charter Consolidated Limited held through Rhochar Holdings Limited, an unquoted company*

†includes R20,177,000 in respect of Rhochar Holdings Limited

The Rio Tinto-Zinc Corporation Limited

The Rio Tinto-Zinc Corporation Limited (RTZ) and its subsidiary companies are a British-based international group of mining and industrial companies with interests in almost every major metal and fuel. In addition to developing its original activities in aluminium, copper, lead, uranium and zinc, the group has diversified considerably and now has major interests in aluminium products, borax, hydro-electric power development, iron ore, special steels and tin smelting.

The company's interests in Australia and New Zealand are for the main part held through Conzinc Riotinto of Australia Limited (Conzinc) which is 80.6 per cent held by RTZ. Production of iron ore and pellets by Hamersley Iron Proprietary Limited (54 per cent owned by Conzinc) showed a further increase compared with the previous year. RTZ's principal aluminium interests in Australia and New Zealand are controlled by Comalco Limited which is a public company 45 per cent owned by Conzinc. Shipments of bauxite from Weipa, Queensland, totalled 7.5 million tons in 1971 compared with 5.8 million tons in 1970. Bougainville Copper Proprietary Limited, of which RTZ group holds 43 per cent, continued to develop the copper orebody and construction of mining and infrastructure facilities at Bougainville, New Guinea, within the budget of A$400 million.

The group interests in Canada and the United States represented 18.5 per cent of the group total assets. These interests other than RTZ Pillar Limited's publicly quoted Canadian subsidiary, Indal Canada Limited, are held and managed by three companies: Rio Algom Mines Limited (51 per cent owned), which is interested in uranium, copper and the production of stainless and specialty steels; Brinco Limited, which is developing the hydro-electric power scheme on the upper Churchill river and conducting mining exploration; and United States Borax & Chemical Corporation, which sold over $100 million worth of borax and potash in 1971.

In southern Africa Palabora Mining Company Limited suffered heavily from the decline in world copper prices.

In the United Kingdom RTZ Pillar increased its profits during 1971 in spite of the generally difficult conditions in the aluminium industry. The zinc and lead smelting operations at Avonmouth are being transferred to a new Australian subsidiary company.

RTZ has a 25 per cent interest in certain prospects held by the Hamilton group which has been successful in obtaining licences to drill for oil in the North Sea.

The results for the last two years were:

Year ended 31 December	*1971*	*1970*
Group profit before taxation	£68,000,000	£85,800,000
Taxation	£28,300,000	£34,400,000
Group net profit attributable to RTZ shareholders	£19,000,000	£27,000,000
Earnings per ordinary share	8.45p	12.11p
Dividends – amount	£13,700,000	£13,700,000
– per ordinary share	6p	6p

Year ended 31 December	*1971*	*1970*
Market value of quoted investments	£75,700,000	£104,900,000
Book value of unquoted investments	£54,400,000	£44,300,000
Total shareholders' funds	£292,400,000	£297,900,000

Selection Trust Limited

Selection Trust is a British mining finance house with interests in a wide range of metals and minerals. It also seeks additional interests throughout the world by conducting its own mineral exploration programmes and by participating in the development of mining properties and allied businesses controlled by others.

Active exploration is being carried out in Australia, North America and Africa and, on a small scale, in the United Kingdom. Consolidated African Selection Trust Limited (CAST) has the right to a participation in all exploration ventures.

In June 1971 Selection Trust announced that in the course of its exploration in Western Australia a significant occurrence of nickeliferous sulphides had been discovered in the Agnew area, some 250 miles north of Kalgoorlie. An intensive programme of diamond drilling has so far indicated two nickel bearing shoots. The no. 1 shoot contains nine million metric tons of sulphide material above a cut-off grade of one per cent nickel, with an average grade of just over two per cent nickel. Below the no. 1 shoot, and separated from it by a zone of low grade material, lies the no. 2 shoot which appears to be at least the size of the no. 1 shoot. Work is continuing in the area and a study of the feasibility of establishing a mining operation is in progress.

In Canada mining and milling operations at a rate of 500 tons of ore per day were started early in May 1971 at the South Bay copper-zinc-silver mine in north-western Ontario.

In Iran, Selection Trust produced a detailed feasibility report for the proposed development of the Sar Cheshmeh copper deposit. After protracted negotiations with the Iranian government, no agreement could be reached and the formal rights of the company to participate in the project have lapsed.

Selection Trust's principal investments are in American Metal Climax Inc. (AMAX), Tsumeb Corporation Limited, CAST and Western Mining Corporation Limited; it also has an interest in the Mount Newman iron ore project.

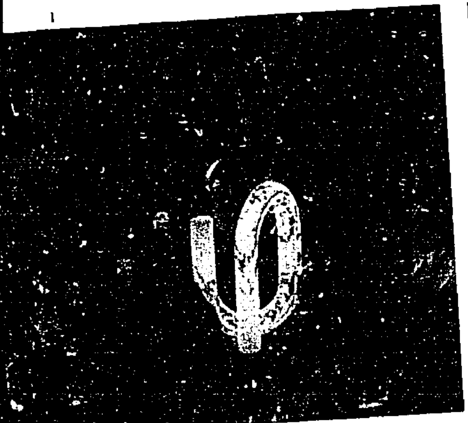
The company owns 11.8 per cent of AMAX, which is a major American natural resource company concerned with the production of a wide variety of metals and minerals and having interests throughout the world. AMAX's net earnings for 1971 amounted to $55.4 million ($2.20 per share) compared with the record net earnings of $83.6 million ($3.40 per share) in 1970. Total sales were $757 million as against $841 million in 1970. Dividends paid by AMAX in 1971 totalled $1.40 per share, the same as for the previous year. In addition to its extensive interests in molybdenum, aluminium, base metals and coal, AMAX has a 25 per cent interest in the Mount Newman iron ore project.

Tsumeb Corporation, in which Selection Trust has a 14.25 per cent direct interest and an indirect interest in a further 29.13 per cent held by AMAX, operates base metal mines in South West Africa.

Industrial interests:

1. *A 'Pandrol' rail fastening being made at Elasteel Limited, Worksop*
2. *Hot-dip zinc galvanizing of a steel gantry by Worksop Galvanizing Company*
3. *'Don' friction material manufacture at Small and Parkes, Manchester*
4. *Copper cylinders awaiting inspection at Heatrae, in Norwich*
5. *Manufacture of 'Rocksil' insulation at the Stirling factory of Cape Insulation*

1



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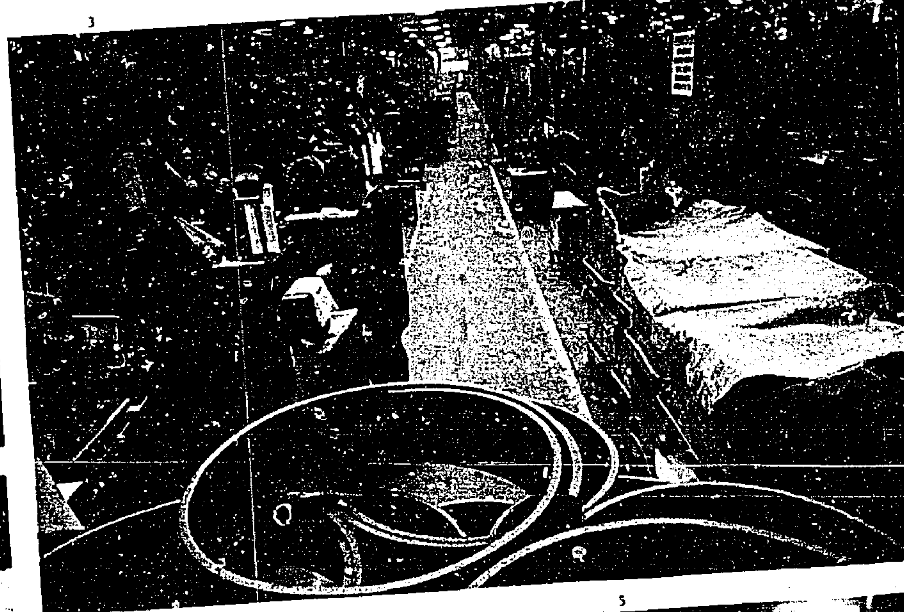

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5

In addition to participating with Selection Trust in exploration, the main interest of CAST (37.8 per cent owned by the company) is in diamond mining in Sierra Leone and Ghana. With effect from 1 July 1970 its diamond mining business in Sierra Leone was acquired by the National Diamond Mining Company (Sierra Leone) Limited, in which the Sierra Leone government owns a 51 per cent interest and the CAST group a 49 per cent interest. Dividends received from CAST during the year amounted to 7½p compared with 10p in the previous year.

The primary business of Western Mining Corporation, in which Selection Trust has a 9.4 per cent interest, is the operation of a nickel mine at Kambalda in Western Australia and a nickel refinery at Kwinana; it also carries out extensive exploration programmes.

The Mount Newman iron ore project is a joint venture in which Selection Trust has a direct interest of five per cent and an indirect interest through the 25 per cent participation in the project held by AMAX. The participants in this venture are working a large iron ore deposit in the Pilbara region of Western Australia. During the year to 31 March 1971, the second year of trading operations, Mount Newman shipped 13 million tons of iron ore compared with 6.45 million tons in the previous period. Production is currently running at a rate of some 20 million tons a year.

The results for the last two years were:

Year ended 31 March	*1971*	*1970*
Consolidated profit before taxation	£7,792,000	£7,279,000
Taxation	£2,088,000	£2,483,000
Consolidated profit after taxation and deduction of minority interests	£5,680,000	£4,753,000
Dividends – amount	£3,664,000	£3,299,000
– per share	18p	16½p
Charged against reserve for exploration expenditure and depreciation of investments	£2,072,000	£1,455,000
Net assets – at book value	£32,707,000	£30,662,000
– at market value or directors' valuation	£120,641,000	£148,993,000
Net asset value per share	£5.93	£7.32

Transvaal Consolidated Land and Exploration Company Limited

The company and its subsidiary and associated companies are members of the Barlow Rand group. It is an investment company which owns extensive minerals and land interests in the Transvaal, where it is actively engaged in mineral exploration, and also controls land interests in Mozambique.

It controls two collieries in the Witbank district. Chrome ores and concentrates are produced by subsidiary companies in the Rustenburg and Lydenburg districts. It also receives royalties from the tribute of asbestos, chrome, tin and other minerals mined in its properties.

The spread of principal interests at 30 June 1971 based on market values of quoted and book values of unquoted investments, and the income attributable to each category, were as follows:

	Value		*Dividend income*	
	R000s	*per cent*	*R000s*	*per cent*
Mining – gold and uranium	2,584	24.7	213	16.3
– coal	133	1.3	11	0.8
– platinum	559	5.3	866	66.3
Industrial	5,343	51.1	89	6.8
Financial and investment	1,844	17.6	128	9.8
	10,463	100.0	1,307	100.0

The results for the last two financial periods were:

	Year ended 30 June 1971	*18 months ended 30 June 1970*
Group profit before tax	R3,301,000	R4,903,000
Taxation	R578,000	R1,044,000
Group net profit after taxation and minorities	R2,653,000	R3,827,000
Earnings per share	25 cents*	59 cents
Dividends – amount	R1,391,000	R1,908,000
– per share	21 cents	29 cents
Market value of quoted investments	R6,606,000	R6,055,000
Book value of unquoted investments	R1,704,000	R2,502,000
Loans to associated companies	R2,153,000	R2,037,000
Net assets – value	R16,405,000	R16,124,000

**40 cents before special depreciation of investments*

Union Corporation Limited

The company is a mining finance company principally interested in the South African gold mining industry. It has substantial investments in mining and refining of other precious and base metals, including platinum, nickel, copper and chrome in South Africa. The interests of the company also include industrial and manufacturing, structural, mechanical and civil engineering, shipping and related services, road transport, property and banking. It administers two investment companies in South Africa and one investment trust in the United Kingdom.

Total gold production by gold mines within the group in 1971 decreased to 115,401 kilograms compared with 121,169 kilograms in 1970. The revenue earned by these mines increased from R101,432,000 to R107,458,000.

In August 1971 the company through its Australian subsidiary acquired 49.9 per cent of Cudgen R.Z. It also acquired eight per cent of Consolidated Rutile, which is 50.005 per cent owned by Cudgen R.Z. These two companies are engaged in major beach sand operations on the east coast of Australia and on North Stradbroke Island off the coast of Queensland. Together the two companies are the third biggest producers of rutile and zircon in Australia.

The company both directly and indirectly through its 30 per cent interest in Bay Hall Trust has a large holding in Capital & Counties Property Company. This is one of the leading property companies in the United Kingdom whose portfolio at 25 March 1971 totalled £121 million.

Group industrial companies in southern Africa include South African Pulp and Paper Industries, the leading paper producer; the Darling and Hodgson group, a civil engineering and road construction group; Eclipse Engineering and Project Engineering, which have iron and steel interests; and Kohler Brothers, a holding company with investments in the packaging and printing industries. Union Corporation also has a stake in Unicorn Shipping Lines, which is currently operating thirty ships.

The results for the last two years were:

Year ended 31 December	*1971*	*1970*
Group profit before taxation	R14,734,000	R13,160,000
Taxation	R116,000	R571,000
Group profit after taxation	R14,618,000	R12,589,000
Earnings per share	29 cents	25 cents
Dividends – amount	R6,500,000	R6,000,000
– per share	13 cents	12 cents
Market value of quoted investments	R156,435,000	R148,496,000
Book value of unquoted investments	R25,497,000	R22,771,000
Net assets – value	R193,133,000	R205,962,000
– per share	386 cents	412 cents

Zambian Anglo American Limited

Zambian Anglo American, which is a member of the Anglo American Corporation group, is a finance and investment company incorporated in Bermuda with direct and indirect investments in a large number of mining, industrial and other companies. Its principal investment is in the Zambian copper mining industry through Zambia Copper Investments Limited, which is also a Bermudian company, in which it owns 49.98 per cent of the issued capital. It has recently acquired, through a wholly owned Australian subsidiary, 30 per cent of the share capital of Australian Anglo American Limited, and also has an indirect interest in Engelhard Minerals & Chemicals Corporation.

The unusually high dividend for the period ended 30 June 1971 reflected exceptional dividends received from the copper mining companies, consequent upon their restructuring to provide a 51 per cent interest to the Zambian government. An interim dividend of 10p was declared by the company in February 1972 for the year ending 30 June 1972.

The results for the last two financial periods were:

	26 June 1970 to 30 June 1971 (Consolidated)	*1 July 1969 to 25 June 1970 (Unconsolidated)*
Investment income	£9,794,000	£16,361,000
Other income	£4,424,000	£625,000
Profit before taxation	£14,068,000	£16,968,000
Provision for foreign taxation	£134,000	£63,000
Profit after taxation	£13,934,000	£16,905,000
Dividends – amount	£12,667,000	£9,527,000*
– per share	40p	31½p*
Net assets – value	£71,500,000	£71,500,000
– per share	£2.26	£2.36

***in addition a special dividend of £3,920,000 (12½p per share) was paid on 30 November 1970*

Diamonds

Anglo American Investment Trust Limited

The company, which is a member of the Anglo American Corporation group, is an investment company with shareholdings in De Beers Consolidated Mines Limited and certain diamond trading companies.

De Beers Consolidated Mines, in which Anglo American Investment Trust has a 25.93 per cent equity interest, operates at Kimberley the De Beers and Wesselton mines, which it owns, and the Dutoitspan and Bultfontein mines, which are leased from subsidiary companies. North-west of Kimberley, at Lime Acres, the company operates the Finsch mine. In the Orange Free State the Koffyfontein mine has been reopened and production began in phase with the closure of the Jagersfontein mine where production ceased at the end of May 1971. A new mine at Orapa in Botswana started production during July 1971.

The De Beers company has a direct interest of 98.3 per cent in the ordinary shares of The Consolidated Diamond Mines of South West Africa Limited which operates the opencast workings along the southern portion of the coast of South West Africa. De Beers also owns 98.39 per cent of the deferred shares and 93.54 per cent of the preference shares of Premier (Transvaal) Diamond Mining Company Limited which operates the Premier mine near Pretoria in the Transvaal.

In addition the De Beers group has large interests in the mining of gold, copper, platinum, coal and other minerals and in a number of industrial and finance companies.

De Beers' subsidiaries include The Diamond Corporation (Proprietary) Limited which contracts with various producers who are not members of the Diamond Producers' Association for the purchase of their production. The Diamond Purchasing and Trading Company (Proprietary) Limited and The Diamond Trading Company Limited are concerned with the marketing of gem and near-gem diamonds. De Beers also has a 50 per cent interest in both Ultra High Pressure Units Limited and Ultra High Pressure Units (Ireland) Limited. These two companies manufacture synthetic diamonds in South Africa and Ireland respectively. Through De Beers Holdings Limited and De Beers Industrial Corporation Limited the De Beers group holds investments in mining, industrial and financial companies.

The results for the last two years were:

Year ended 31 December	*1971*	*1970*
Profit before taxation	R16,997,000	R15,173,000
Taxation	R146,000	R110,000
Profit after taxation	R16,851,000	R15,063,000
Earnings per ordinary share	165 cents	148 cents
Dividends – amount	R16,300,000	R14,800,000
– per ordinary share	160 cents	145 cents
Market value of quoted investments	R432,119,000	R364,046,000
Book cost of unquoted investments	R2,742,000	R1,803,000
Net assets – value	R430,800,000	R362,300,000
– per ordinary share	R42.58	R35.73

Gold

Blyvooruitzicht Gold Mining Company Limited

The company is a member of the Barlow Rand group and operates a gold mine on the Far West Witwatersrand which produces uranium oxide as a by-product.

New record tonnages for 1971 of six per cent over 1970, mined and milled, were established for the mine despite shortages of artisans. Although yield dropped, the increased throughput raised gold produced by 1,263.5 kilograms. The new uranium plant is working satisfactorily.

The results for the last two years were:

Year ended 30 June	*1971*	*1970*
Yield per metric ton	19.53 grams	20.13 grams
Profit before taxation	R15,036,000	R14,310,000
Taxation and lease payments	R6,823,000	R5,958,000
Profit after taxation and lease payments	R8,213,000	R8,352,000
Dividends – amount	R5,760,000	R5,760,000
– per share	24 cents	24 cents

Harmony Gold Mining Company Limited

The company is a member of the Barlow Rand group. It operates a gold mine in the Orange Free State and produces as by-products uranium oxide, pyrite and sulphuric acid. It is well placed to take part in any future commercial demand for uranium.

The combined throughput of the Harmony and Merriespruit mills reached during 1971 a new record level at 3,305,000 metric tons. Overall gold production improved by three per cent to 33,781 kilograms. The increased revenue from gold production more than compensated for a four per cent increase in working expenditure.

Uranium production was down 2½ per cent, and as the market was uncertain in the short term the company did not proceed with some of its planned development in this field.

The results for the last two years were:

Year ended 30 June	*1971*	*1970*
Yield per metric ton	10.22 grams	10.33 grams
Profit before taxation	R5,241,000	R4,716,000
Taxation and lease payments	R1,235,000	R1,279,000
Profit after taxation and lease payments	R4,006,000	R3,437,000
Dividends – amount	R2,880,000	R3,060,000
– per share	16 cents	17 cents

Tin and wolfram

Beralt Tin and Wolfram Limited

The principal activity of the company is the mining in Portugal and subsequent treatment of ore to produce wolfram concentrates and small quantities of tin and copper concentrates.

The company's profits for 1971 and sales during the first quarter of 1972 were seriously affected by the weak market for wolfram. This, coupled with essential capital expenditure, has exhausted the company's cash resources and necessitated the raising of bank overdraft facilities totalling £1,885,000 to finance the continued operation of the mine.

During 1971, despite increased production for the last four months, only 1,449 metric tons of wolfram and tin concentrates were produced, compared with 1,634 metric tons in 1970.

Considerable development work was carried out on the Ribeira tin and wolfram deposit in the north of Portugal. The disappointing grade of ore, coupled with extensive faulting, led to the conclusion that any mining operations would be unprofitable at current or foreseeable price levels and accordingly all work on this mine will be discontinued by Beralt.

The results for the last two years were:

Year ended 31 December	*1971*	*1970*
Profit before taxation	£592,000	£1,787,000
Taxation	£226,000	£695,000
Extraordinary deductions	£89,000	—
Profit after taxation and extraordinary deductions	£277,000	£1,092,000
Dividends – amount	—	£556,000
– per share	Nil	21p

Tronoh Mines Limited group

Tronoh Mines and its subsidiaries, Bidor Malaya Tin Sendirian Berhad and Southern Tronoh Tin Dredging Limited, operate tin mines in Malaysia. Group production for the year to 31 December 1971 was 3,512 metric tons of tin concentrate, compared with 2,734 for 1970.

Tronoh and Bidor operate a total of seven dredges and Southern Tronoh commenced gravel pump mining on a tribute basis in October 1971, the dredge remaining under care and maintenance. All operations are in the state of Perak.

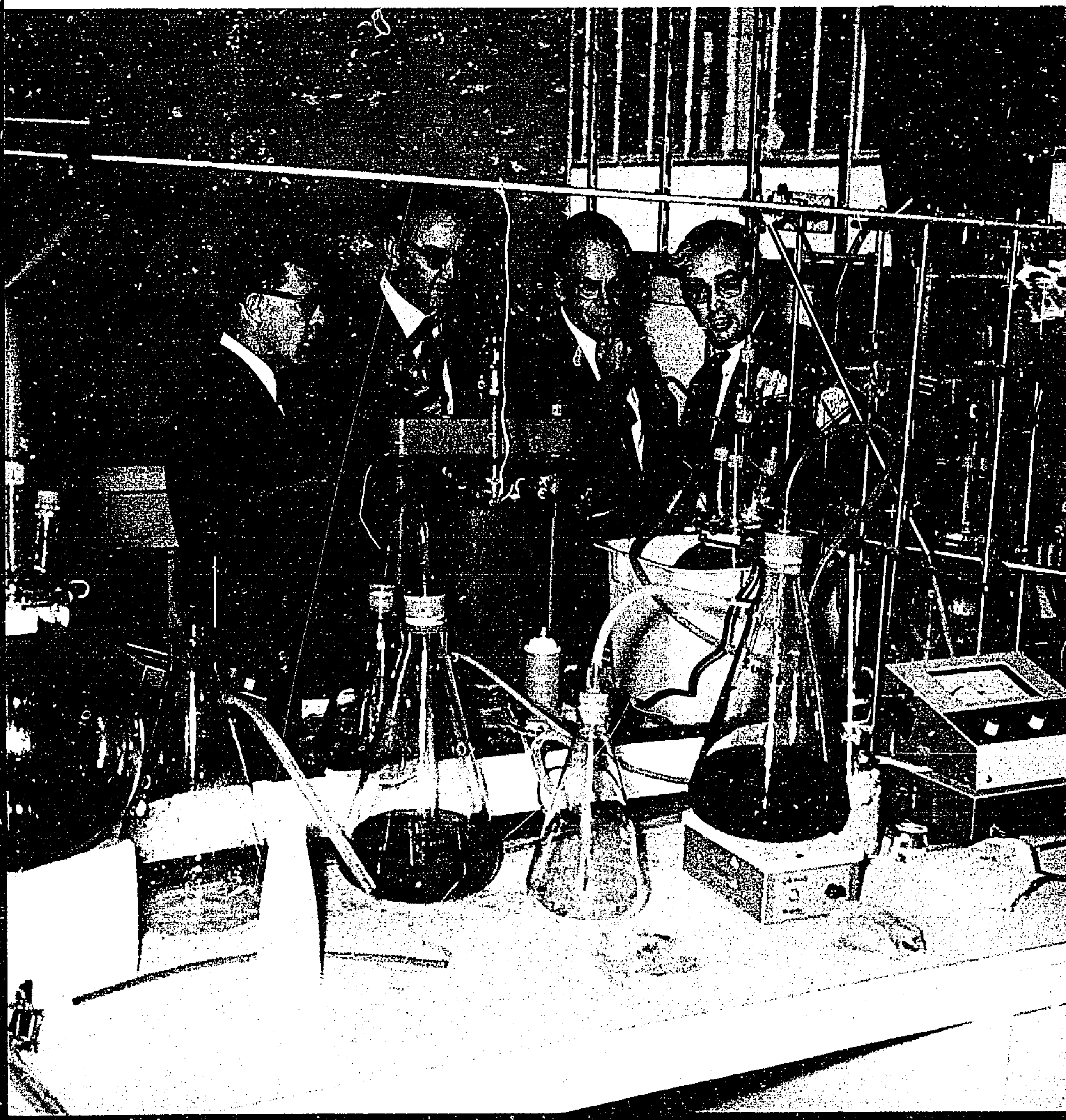
With Charter and two major United States companies, Tronoh has been prospecting for nearly three years for tin offshore in Thailand and geological results have been encouraging. Drilling has revealed extensive areas of interest along exposed coastline, and investigations are now being undertaken regarding the design of dredging equipment that will operate through the monsoon period.

Associated companies are Ayer Hitam Tin Dredging Limited and The Sungei Besi Mines Limited, which operate tin mines in Malaysia; Aokam Tin Berhad, which operates two dredges offshore in Thailand; and Associated Mines (Malaya) Sendirian Berhad, the group's management company in Malaysia.

The results for the last two years were:

Year ended 31 December	*1971*	*1970*
Group profit before taxation	£1,560,000	£1,425,000
Taxation	£674,000	£663,000
Group profit after taxation and minorities	£742,000	£651,000
Dividends – amount	£438,000	£387,000
– per share	4.25p	3.75p

Senior technical staff during a visit to the company's geochemical laboratory at Ashford, Kent



Copper and other minerals

Anglo American Corporation Botswana Limited

This company (AMBOT) holds the interests of Anglo American Corporation and certain associated companies, including Charter, in Botswana.

AMBOT has an indirect interest of approximately 18 per cent in Botswana RST Limited, which in turn holds 85 per cent of the equity of Bamangwato Concessions Limited which is developing a nickel-copper mine at Selebi-Pikwe in Botswana. Production is expected to start at Pikwe early in 1974 at a rate for the initial years of about 17,000 metric tons of refined nickel and 15,500 metric tons of refined copper and 127,000 metric tons of sulphur per annum. Production at Selebi is expected to begin in 1979.

AMBOT's other holdings include 80 per cent of Morupule Colliery (Pty) Limited, which is planning to establish and operate a coal mine near Palapye in Botswana. The mine, which has a designed initial capacity of 219,000 metric tons of coal per annum and is expected to begin production in 1973, has an agreement with Botswana Power Corporation to supply it with coal for the power station being built adjacent to the Selebi-Pikwe mine. Coal will also be supplied direct to the Selebi-Pikwe mine.

Brakspruit Platinum (Proprietary) Limited

The company is a member of the Barlow Rand group and holds a mining lease, in extent 1,575 hectares, over certain farms in the Rustenburg district of the Transvaal. Its main source of revenue is tribute income, receivable on a royalty basis until 1985, on the mining lease from Rustenburg Platinum Mines Limited.

The dividends for the year to 31 August 1971 were R9.95 per share, costing R2,487,500, compared with R12.20 per share, costing R3,050,000, for the year 1970.

South African Coal Estates (Witbank) Limited

The company is a member of the Anglo American Corporation group and operates two collieries in the Witbank district of the Transvaal. The Landau no. 3 colliery produces mainly steam coal and the Navigation and Landau no. 3 collieries produce blend coking coal.

Rising working costs and increased selling expenses made steam coal operations less profitable in 1971 although sales rose from 1,344,000 metric tons to 1,382,000 metric tons. The blend coking coal operations maintained their profit margin.

The company has entered into a contract to supply to Japan low-ash coal from the Landau no. 3 colliery at an initial annual rate of 100,000 metric tons from 1972 to 1976, rising thereafter to 500,000 metric tons per annum until 1986.

The results for the last two years were:

Year ended 30 June	*1971*	*1970*
Profit before taxation	R569,000	R613,000
Taxation	R146,000	R169,000
Profit after taxation	R423,000	R444,000
Dividends – amount	R400,000	R420,000
– per share	40 cents	42 cents

Witbank Colliery Limited

The company, which is a member of the Barlow Rand group, mines coal from its Wolvekrans section at Witbank in the Transvaal.

Sales of coal rose from 1,527,314 tons to 1,564,968 tons in the year ended 31 August 1971 in spite of the restriction of sales due to shortage of available railway trucks. However, as a result of higher costs there was a small reduction in the profit after tax.

Sales for 1971/72 are expected to be slightly lower. The interim dividend declared in February 1972 was reduced to 10 cents per share compared with 13 cents in February 1971, emphasizing the need for an increase in the coal price to enable the 1971 dividend to be maintained.

The results for the last two years were:

Year ended 31 August	*1971*	*1970*
Profit before taxation	R580,000	R625,000
Taxation	R161,000	R198,000
Profit after taxation	R419,000	R427,000
Dividends – amount	R400,000	R477,000
– per share	26 cents	31 cents

Industrial

The Cape Asbestos Company Limited

Cape Asbestos has two main divisions, manufacturing and mining.

The manufacturing division comprises fourteen factories, situated mainly in the United Kingdom. There are also establishments in Europe, America and South Africa, as well as agencies and licencee companies throughout the world. The products consist of asbestos based insulating and cladding boards and many other materials principally used in the building industry; brake and clutch linings and similar components for the automotive industry; and thermal insulation products, made in Scotland, mainly based on mineral wool and covering a wide range of temperatures. There is in addition a large thermal insulation contracting organization and a factory making garage equipment.

The mining division consists of two groups of mines producing amosite and crocidolite asbestos in South Africa.

During 1971 there was a substantial improvement in the group's net profits which came from increased sales of manufactured products combined with improved efficiency in nearly all plants. At the mines, production and earnings remained at approximately the same level as in the previous year. Subject to reasonable trading conditions, it is expected that sales and earnings will continue to increase in 1972.

The results for the last two years were:

Year ended 31 December	*1971*	*1970*
Profit before taxation	£3,098,000	£2,528,000
Taxation	£1,269,000	£1,069,000
Profit after taxation	£1,829,000	£1,459,000
Earnings per ordinary share	10.8p	8.4p
Dividends (ordinary) – amount	£1,298,000	£1,190,000
– per share	7.5p	6.9p

Covenant Industries Limited

The company, which is owned jointly by Charter and associates and Imperial Chemical Industries Limited, has manufacturing and trading interests – chemicals, agricultural chemicals, explosives, dyes, paints, plastics, organic fibres and pharmaceuticals – mainly in Kenya, Nigeria, Tanzania, Uganda and Zambia.

The results for the last two years were:

Year ended 30 September	*1971*	*1970*
Profit before taxation	£899,000	£814,000
Taxation	£427,000	£509,000
Profit after taxation	£472,000	£305,000

Elevators and Engineering Limited

The company's main business is the manufacture, installation, servicing and repair of lifts through its wholly owned subsidiary, Hammond & Champness Limited.

The profit for the year ended 31 December 1971 compared with the loss in the previous year was largely due to better control and a measure of improved pricing, plus the elimination of bank borrowing.

The results for the last two years were:

Year ended 31 December	*1971*	*1970*
Profit before taxation	£175,000	£49,000 (loss)
Taxation	£8,000	Nil
Profit after taxation	£167,000	£49,000 (loss)
Extraordinary credits	£55,000	£109,000
Dividends – amount	£79,000	£79,000
– per ordinary share	2½p	2½p

Engelhard Minerals & Chemicals Corporation

The operations of Engelhard Minerals & Chemicals Corporation are divided into three principal lines of business, reflecting the major classes of products sold: the marketing of ores, minerals and metals, conducted by Philipp Brothers division; the mining and processing of non-metallic minerals, carried on by the Minerals & Chemicals division; and the refining, processing and fabricating of precious metals, conducted by the Engelhard Industries division.

The company has developed a platinum catalytic converter for the control of exhaust emissions from internal combustion engines. It is negotiating with Ford Motor Company a contract for the supply of these converters on a national scale starting with the 1975 model year.

In 1971 corporate earnings from non-US operations reached an unprecedented high, accounting for almost 90 per cent of total net earnings before extraordinary charges (1970: 66 per cent). Since foreign earnings generally bear a lower tax rate than US earnings the 1971 provision for taxes was relatively low.

The results for the last two years were:

Year ended 31 December	*1971*	*1970*
Earnings before taxes and extraordinary charges	$34,237,000	$49,320,000
Taxation	$3,029,000	$12,993,000
Earnings before extraordinary charges	$31,208,000	$36,327,000
Extraordinary charges net of taxes on income	$3,139,000	—
Net earnings – amount	$28,069,000	$36,327,000
– per share	97 cents	$1.30
Dividends – amount	$13,282,000	$13,378,000
– per share on common stock	40 cents	40 cents

Ferranti Limited

The company and its subsidiaries develop and manufacture general electric and electronic engineering products.

Low levels of ordering and prices in the transformer field again affected the group's results. A provision of £1 million was made in respect of overseas transformer contracts in the year ended 31 March 1971. However, the Avionics and Automation divisions, representing two thirds of the group's business, yielded a satisfactory return on their capital.

The results for the last two years were:

Year ended 31 March	*1971*	*1970*
Loss before taxation	£827,000	£1,592,000 (profit)
Taxation recoverable	£344,000	(£657,000)
Loss after taxation	£483,000	£935,000 (profit)
Dividends (ordinary) – amount	£240,000	£240,000
– per share	6p	6p

Highveld Steel and Vanadium Corporation Limited

Year ended 30 June

Highveld Steel and Vanadium Corporation, a member of the Anglo American Corporation group, owns and operates an iron, steel and vanadium complex at Witbank in the Transvaal. For the year ended 30 June 1971 the company traded at a profit for the first time since the building of the Highveld plant. In the last six months of 1971, difficulties with the operation of the iron plant affected output, and market conditions for the sale of steel and vanadium became worse. The result was that the company sustained a net loss of R1,859,000 (unaudited) for this six month period as opposed to the net profit of R2,123,000 made during the year to 30 June 1971.

Problems with the iron plant have been solved to a very large extent and production is now higher.

The Northern Lime Company Limited

The company is a member of the Barlow Rand group and operates three lime works at Lime Acres and Taung in the northern Cape and Marble Hall in the northern Transvaal.

Sales continued to increase as most of the major industries used more lime, but costs continued to rise and there were labour shortages. The results for the six months to 31 December 1971 showed a reduced profit after tax of R505,000 compared with R521,000 for the corresponding period in 1970. The reason was increased depreciation and interest charges relating to capital expenditure on the expansion programme. The interim dividend was unchanged.

The uranium and ferro-alloy industries' demand for lime fell during the last six months of 1971, but the company is taking steps to promote new markets for lime products.

The results for the last two years were:

Year ended 30 June	*1971*	*1970*
Profit before taxation	R1,674,000	R1,375,000
Taxation	R670,000	R550,000
Profit after taxation	R1,004,000	R825,000
Dividends – amount	R484,000	R423,000
– per share	26 cents	24 cents

Pretoria Portland Cement Company Limited

The company is a member of the Barlow Rand group and manufactures cement at four Transvaal factories. Its wholly owned subsidiary Eastern Province Cement Company Limited owns a cement factory at Port Elizabeth.

The company's sales increased marginally during the year ended 30 June 1971. This reflected both the drop in the growth of demand for cementitious materials in South Africa and production problems, mainly a high incidence of kiln refractory failures and a shortage of steel grinding media for cement mill operations.

The interim results for the six months to 31 December 1971 show a lower trading profit and it is likely that the next six months, reflecting economic conditions, will show a downward trend in sales.

The results for the last two years were:

Year ended 30 June	*1971*	*1970*
Profit before taxation	R6,827,000	R6,904,000
Taxation	R2,824,000	R3,153,000
Profit after taxation	R4,003,000	R3,751,000
Dividends – amount	R1,740,000	R1,651,000
– per share	14.75 cents	14.00 cents

Western Decalta Petroleum Limited

The company is engaged in the exploration for and the development and production of crude oil and natural gas. Until recently it concentrated on Canada and the United States, but plans to take an interest, in conjunction with others including Charter, in exploration in the North Sea, and is also applying for exploration permits in the Mediterranean.

In the year 1971, net oil and gas sales increased by 20.4 per cent to C$6,747,000. Development and exploration expenditure amounted to C$4,919,000 and included C$1,749,000 ascribed to the capital assets of Western & Texas Oil Co. Limited on purchase of its shares during the year. Western Decalta now holds 88.3 per cent of this company.

The company continued drilling on its large land holdings during the year. These total interests in 24,707,000 gross acres and are principally in the North West Territories, the Arctic Islands, the Hudson Bay area and eastern Canada.

The results for the last two years were:

Year ended 31 December	*1971*	*1970*
Gross income	C$6,921,000	C$5,800,000
Cash flow	C$4,080,000	C$3,384,000
Net income	C$1,539,000	C$1,218,000
Net income per common share	22 cents	17 cents
Dividends	Nil	Nil

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.

Finance and investment	*Country of incorporation/operation*
Barnato (Holdings) U.K. Limited	England
The British South Africa Company*	England
The British South Africa Company Investments Limited*	England
Central Mining Finance Limited	England
The Central Mining & Investment Corporation Limited*	England
Centramic (South Africa) Limited	South Africa
Charter Consolidated Finance Limited	England
Charter Consolidated Investments Limited*	England
Charter Consolidated (Malaysia) Sendirian Berhad	Malaysia
Charter Consolidated Overseas N.V.	Curaçao (Netherlands Antilles)
Charter European Holdings	Luxembourg
Charter Luxembourg Limited	Luxembourg
The Consolidated Mines Selection Company Limited	England
The Consolidated Mines Selection (Johannesburg) Limited	South Africa
Equinox Investments Limited	South Africa
Greenpoint Company Limited	Bermuda
Interlink Investments Limited	Canada
Katrine Company Limited	Bermuda

Industrial	
The Cape Asbestos group	
The Cape Asbestos Company Limited (60.5 per cent) (5 per cent cumulative preference shares – 100 per cent) *Industrial and mining*	England
Cape Asbestos Fibres Limited (60.5 per cent) *Marketing of asbestos fibre*	England
Cape Insulation Limited (60.5 per cent) *Insulation products and thermal insulation contracting*	England/Scotland
Cape Universal Building Products Limited (60.5 per cent) *Asbestos cement products and other building materials*	England
Kismet Limited (60.5 per cent) *Transport service equipment*	England
Small and Parkes Limited (60.5 per cent) *Automotive and industrial friction materials*	England
Trist, Draper Limited (60.5 per cent) *Automotive and industrial friction materials*	England
Elastic Rail Spike Company Limited *Railway track fastenings*	England
Heatrae Limited *Heating equipment*	England
Lee Green Precision Industries Limited *Telecommunications components*	England
Rathdown Industries Limited *Television and telecommunications components*	England

Mining	
The Cape Asbestos group	
Amosa (Pty) Limited (60.5 per cent) *Amosite asbestos*	South Africa
Cape Blue Mines (Pty) Limited (60.5 per cent) *Blue asbestos*	South Africa
Egnep (Pty) Limited (60.5 per cent) *Amosite asbestos*	South Africa
Swaziland Collieries Limited (63.4 per cent) *Coal*	Swaziland

Property	
Centramic Properties Limited (51 per cent)	England

Services	
The Cape Asbestos group	
Cape Asbestos South Africa (Pty) Limited (60.5 per cent)	South Africa
Charter Consolidated Services Limited*	England
Charter France (50.3 per cent)	France

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

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

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

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

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

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

MM. les actionnaires peuvent se procurer des exemplaires des conditions regissant les certificats d'actions au porteur en s'adressant: soit au bureau des transferts de la société; soit au Crédit Lyonnais, 19 boulevard des Italiens, Paris 2e; soit chez Banque Rothschild, 21 rue Laffitte, Paris 9e.

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 Crédit 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 offices*

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 Crédit Lyonnais, 19 boulevard des Italiens, Paris 2e, and 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'adressant soit au Secrétaire

CHARTER CONSOLIDATED LIMITED
40 Holborn Viaduct London EC1P 1AJ

soit à
CHARTER FRANCE 9 rue de Vienne Paris 8e

soit au
CREDIT LYONNAIS 19 boulevard des Italiens Paris 2e

soit chez
BANQUE ROTHSCHILD 21 rue Laffitte Paris 9e