OWNERSHIP & CONTROL

4-1-80 — 30-3-80

Finally, she concludes, although data on incidence of silicosis on the gold mines is inadequate, 'the problem of silicosis in gold mining has to a very large extent been solved'. (The Chamber of [illegible]
year on ventilati[illegible]
disease - is now [illegible]

The provisions of [illegible]
tion are analysed [illegible]
and industrial acc[illegible]
because:

(i) industria[illegible]
present a[illegible]
(ii) the enfor[illegible] statutory bodies,
particula[illegible] Workmen's Compensation Commissioner and the Factories Inspectorate of the Department of Labour.

Because Adler believes that the state of industrial health is the result of a process of bargaining over time between employers and workers, he suggests, in order to improve South Africa's 'very sorry industrial health record':

(i) the establishment of free collective bargaining rights for all workers;
(ii) the recognition of the right of unions to include working conditions and the enforcement thereof in the arena of collective bargaining and in industrial agreements;
(iii) right of access by workers and unions to standards and research of semi-government bodies such as the CSIR (Council for Scientific and Industrial Research) and NRIOD (National Research Institute for Occupational Diseases);
(iv) the withdrawal of the secrecy provisions in the various Acts covering industrial health;
(v) the withdrawal of the clause in the Workmen's Compensation Act preventing civil actions for damages by workers against negligent employers. This would allow workers, primarily through their unions, to make employers' negligence a very expensive matter, and the award of punitive damages in a few cases would greatly assist the unions engaged in collective bargaining in obtaining safer conditions.

Rembrandt 50 pc stake in Henkel SA

(33)

By Pieter de Vos

The Rembrandt Group has acquired a 50 percent interest in Henkel South Africa it was announced in Dusseldorf West Germany

The deal was concluded to finance the plans for expansion of Henkel South Africa, the managing director Dr Konrad Schweiker said in Johannesburg

The company plans a strong increase in sales, another chemical factory on the Rand — nearer to its main market than its present Durban factory — and an extension of its product range

This at the moment covers consumer products, such as household products and industrial products (inorganic chemicals and adhesives)

The policy of the parent company — Henkel of West Germany, which is privately owned by the Henkel family — is to [illegible] with the [illegible] of local groups, says Dr Schweiker

The terms of the deal are not known. A spokesman from Rembrandt said Dr Anton Rupert, its chairman might give more information later

Henkel retains control of all operating management, Dr Schweiker says

Henkel is the second largest manufacturer of detergents in Europe

With more than 90 companies [illegible] in 40 countries [illegible] consolidated [illegible] were about R[illegible] of which [illegible] in West Germany

The turnover for its South African company is estimated at almost R50m last year

A different perspective on [illegible]
[illegible] accidents are high. Costs of com[illegible] and rehabilitation - the Workmen's Compensation Commissioner and the Accident Funds approved by him pay out about R43 million a year in compensation, rehabilitation and medical expenses - are only a fraction of total costs. There are further costs related to disruption of production and salary of injured employees not paid by the Accident Fund.

Matthysen points to several factors which, in his opinion, lead to accidents: lack of management control, personal factors (lack of knowledge or skill, 'improper motivation' and 'physical or mental problems'), job factors (such as inadequate work standards, design or purchasing standards, normal wear and tear, abnormal usage). These factors provide the opportunity for unsafe acts (operating without authority, operating at 'improper speed') or unsafe conditions, (such as inadequate guards, defective equipment and congestion) which are the immediate causes of accidents. (On the causes of accidents on the mines, see the notes by Kooy, Vol.2).

Matthysen also describes the work of the National Occupational Safety Association, established in 1951 after an investigation by the Minister of Labour into ways of reducing 'manpower waste'. He concludes that progress is being made in accident prevention; evidence of this is the lowering of insurance premiums which employers have to pay to the Workmen's Compensation Commissioner.

Two papers, by Levy (*57) and Cooper (*41) examine methods of health care for workers.

The focus of Levy's paper is the use of a 'medical team approach' to the health of workers. He suggests, like Matthysen, that it is in the interests of management to maintain and improve worker health because this leads to increased productivity and efficiency, the reduction of time lost due to ill-health and treatment and the prevention of 'premature wastage of trained manpower'.

232 Star 7/2/80

'Mysterious' heavy buying of SA mine group's shares

Evidence is again accumulating in London that an "unfriendly" mystery buyer, thought to be South African or Arab, may now hold as much as 28 percent of Consolidated Gold Fields, one of the top 15 companies in Britain

In London the South African mining giant General Mining is being strongly tipped as the "mystery" buyer, but in Johannesburg General Mining continues to knock this down

The London Stock Exchange yesterday reacted vigorously to renewed heavy buying of Gold Fields shares They leapt 16 pence to a record 508 pence and at one stage touched 514 pence

At these prices the company is valued at more than R1 310-million

By yesterday Gold Fields was concerned enough to draw the attention of the London Stock Exchange to what is happening

SA HOLDING

Gold Fields would say in London yesterday only "There has been a progressive increase in the number of unregistered transfers held by persons unknown

"The number of shares covered by such transfers has increased sharply in the past three weeks"

The main attraction of Consolidated Gold Fields is its holding of 46 percent in Gold Fields of South Africa

In Johannesburg this morning a spokesman for General Mining referred The Star back to a November statement that Genmin did not own a share in Cons Gold

Gold Fields has told the Johannesburg Stock Exchange that if evidence of the buyer's identity comes to light it will inform the JSE immediately is consistently worse than that of the whites. The 'coloureds' have higher mortality rates for all the major causes of death apart from cardiovascular diseases and neoplastic diseases in men over 65 years of age, neoplastic diseases in women in this group, and cardiovascular disease in men 45-64 years of age during 1960 and 1970. Clearly the rate of 5/1 000 which has been chosen is entirely arbitrary but a similar pattern of mortality emerges if lower or higher levels are selected.

Two aspects of these age-cause specific mortality rates require emphasis. Firstly, whilst being affected by the incidence of the diseases in question, these rates are also influenced by their fatality rates, for example, a decrease in the mortality related to Tuberculosis will not only be influenced ...ation at

... are, ... Fig. 6. ... nd is ... Two ... station ... f age. ... and ... n fact, ... etter ... rn is ... viden- ... ommuni- ... Female ... r whites

Hunt for Cons Gold renewed

LONDON. — Consolidated Gold Fields drew attention yesterday to an unidentified buyer of its shares. The renewed buying had taken place in the past three weeks, said Cons Gold.

The price of the shares rose 18p to 510p on the London Stock Exchange yesterday, reports Sapa-AP.

The chairman of Cons Gold, Lord Erroll of Hale, reported increased buying by unidentified sorces. Rumours of an attempt to purchase a controlling interest in the company have been circulating for weeks.

Lord Erroll said: "Since early December there has been a progressive increase in the number of unregistered transfers held by persons unknown."

The directors had drawn this to the attention of the London Stock Exchange and believed shareholders should also be told.

The statement said the possibility of a creeping acquisition of the company was mentioned by Lord Erroll at Cons Gold's annual meeting last November, although the company's share register revealed nothing untoward at that time.

But in Johannesburg, company officials and investment analysts said it was unlikely that South African interests were buying into Cons Gold, reports Reuter.

Dr Fred du Plessis, managing director of Sanlam and deputy chairman of Bank Holding Corporation, said: "Sanlam is definitely not involved."

He was reluctant to being drawn further, but sources told Trevor Walker of Reuter it was highly unlikely that Afrikaner interests were involved in buying Cons Gold shares.

They said General Mining was still involved with the amalgamation of Union Corporation and a major new undertaking of the Cons Gold nature would be difficult to understand.

Analysts said that because of the nature of the takeover of Union Corp by Genmin, British market observers tended to look to Afrikaner interests to account for any sharp rise in the Cons Gold share price.

The deputy chairman of Gold Fields of South Africa, Mr Robin Plumbridge, said: "It is very easy to write off the obvious."

He said there had been various bullish forecasts concerning Cons Gold in recent months by British analysts and the increased buying of Cons Gold could stem from this.

It was difficult to understand why a South African company would contemplate buying into an overseas company through the financial rand premium and consequently lower-yielding investment return.

Johannesburg analysts say that if Afrikaner interests are not involved, the only other contender would appear to be Anglo American — and this is viewed as unlikely.

Anglo has 40% of South Africa's gold output and given the Government's view of monopolistic situations, particularly concerning the Anglo American group, analysts doubt that it would contemplate a move of this magnitude.

Similarly, companies like Barlow Rand are ruled out — mainly because of the disadvantages of investing in overseas companies through the financial rand and the natural widening of the premium any weight of funds would cause.

NEIL BEHRMANN reports that the buyer is operating through one of the jobbers and buys the shares when gold is weak.

Brokers say that relative to the market, Cons Gold is behaving well. Before gold picked up from $660 on Tuesday morning, Cons Gold shares were appreciating while gold shares with much better potential yields were weak.

Brokers also note that there has been extensive activity in Union Corporation, Anglovaal and Barlow Rand. Some believe that General Mining will sell its 20% holding in Anglovaal to Barlow Rand to pay for the increased stake in Union Corporation.

They say there has also been increased activity in General Mining. Although Cons Gold takeover talk dies down from time to time, the market still talks of a potential predator, possibly General Mining.

At the end of last November it was estimated that the large interests had bought about 15% of Cons Gold. Some brokers believe that the stake is now over 20%.

Both white and 'coloured' females have shown an increasing life expectancy at the age of 45, and although this has been small, it contrasts with the downward trend of both white and 'coloured' males.

Although it is apparent that the Expectation of Life at birth for the 'coloureds' has shown a marked improvement between 1941 and 1970, it is salutary to note that neither 'coloured' males nor females, at either e_o or e_{45}, have reached expectations of life in 1970 which are as high as the whites were in 1929. What also gives some cause for concern is that although the expectation of Life cannot be expected to improve indefinitely, it would appear that the 'coloured' life expectancy is levelling off at a much lower age than has occurred in the white community.

3. South Africa (1929-1940) : Report on the Vital Statistics of the Union of South Africa. Annual 1926-1938, Government Printer, Pretoria.

4. South Africa (1961-1965) : Bureau of Census and Statistics, Report on Deaths, South Africa and South West Africa, Reports UG 26/1961, RP 17/1961, RP 45/1965, RP 63/1965, Government Printer, Pretoria.

5. South Africa (1971-1977) : Department of Statistics, Reports of Deaths, Reports 07 - 03 - 01 to 07 - 03 - 12, Government Printer, Pretoria.

6. South Africa (1948). Official Year Book No. 23, 1946, Chapter XXIX, Government Printer, Pretoria.

7. Van Tonder, J.L. and Van Eeden, I.J. (1975). Abridged Life Tables for all the population groups in the Republic of South Africa (1921-1970), Report S-34, Human Sciences Research Council, Pretoria.

8. Preston, S.H., Keyfitz, N. and Schoen, R. (1977) : Causes of Death; Life Tables for National Populations, Seminar Press, New York

9. Sadie, J.H. (1970). S. Afr. J. Economics, 38, 1.

10. Doll, R. (1976) : Monitoring of Government Statistics, in Seminars in Community Medicine, Volume 2. ibid.

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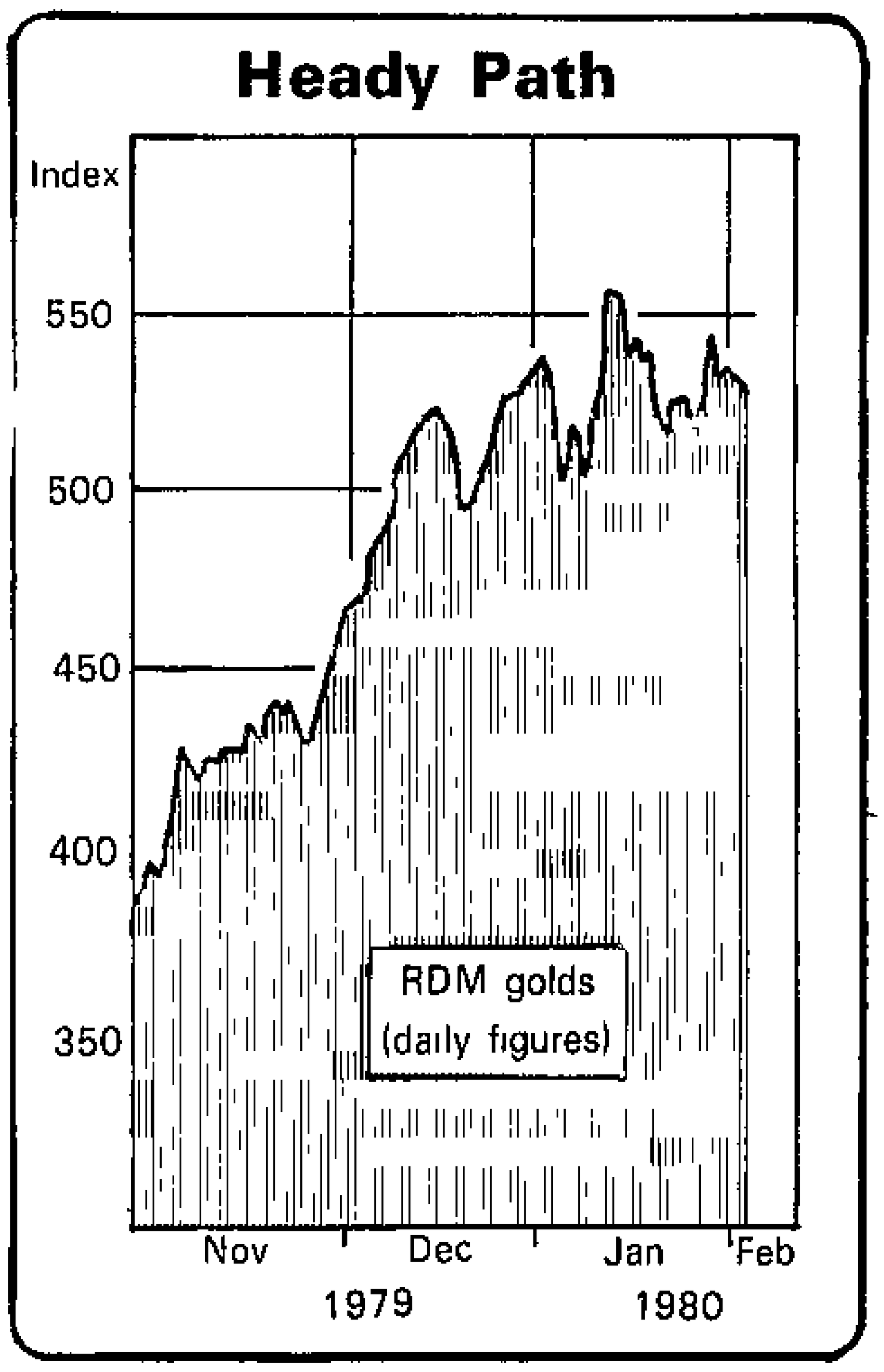
DIAGONAL STREET

News sensitive

FM 8/2/80

By Wednesday of this week, the market's main talking point was Cons Gold's announcement in London on dealings in shares If anyone in Cons Gold disbelieved stories that a takeover was under way, they are now disabused And there is little if anything management can do to prevent it

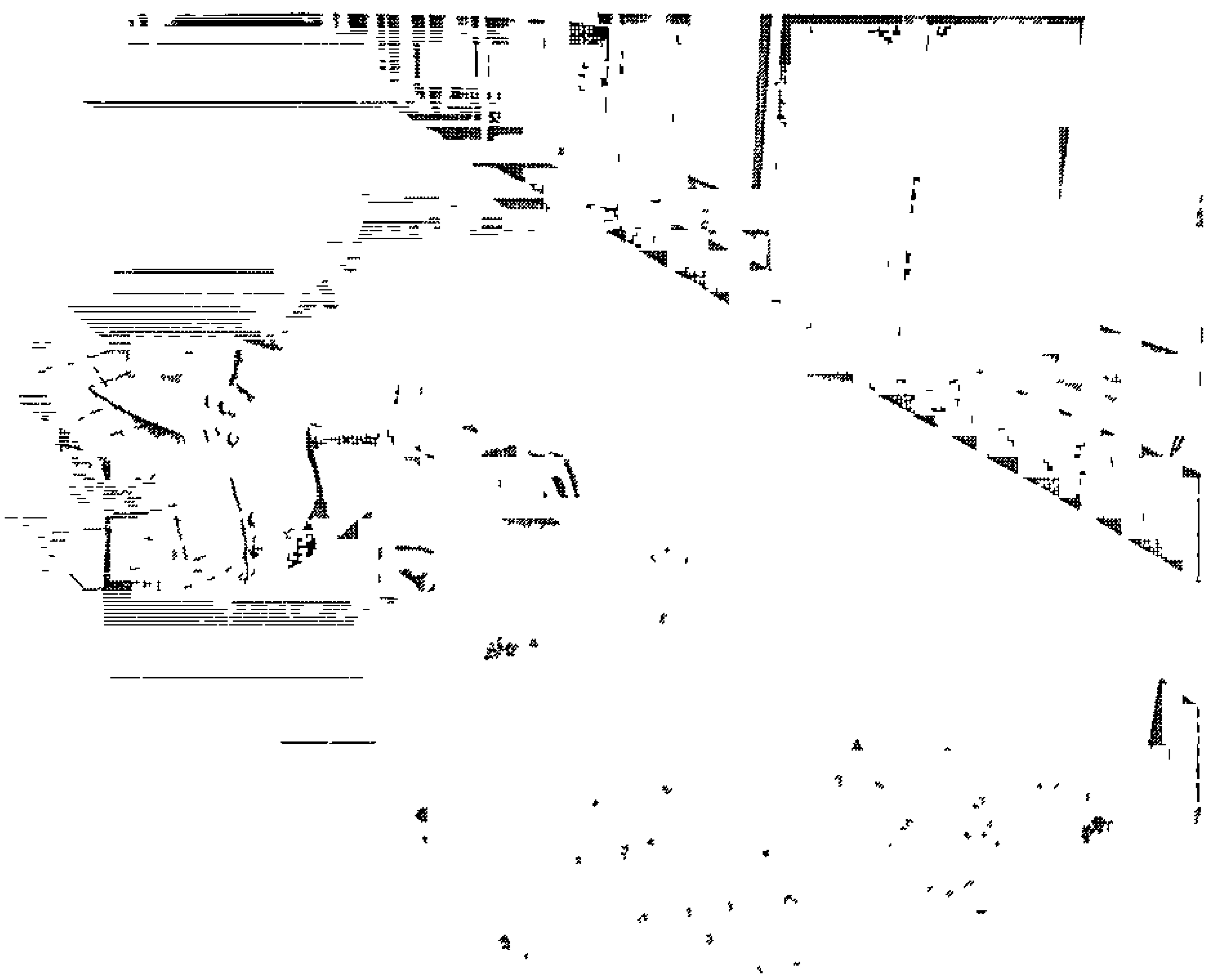
Buying has been steadily building up since last December But it has apparently reached feverish proportions, both on and off the markets, in the past three weeks And whoever is buying is simply not letting on to Cons Gold Significant numbers of shares have not been returned to the transfer secretaries for registration in new names, and, if a full scale takeover is being mounted, the predator is unlikely to reveal anything until he is in an invulnerable position



London, as with most world stock exchanges, is effectively powerless to block takeovers by foreigners A SA predator after Cons Gold is hardly likely to give the UK takeover regulations a second thought — there is no penalty that can be applied to him

London analysts are convinced that the predator is General Mining and/or associates in the Rembrandt group But as usual the whole operation is shrouded in secrecy Perhaps more to the point, a previously sanguine Cons Gold board is very rattled by the moves

The board's actions over the next few weeks could be worth watching There seems to be a lot of steam left in Cons Gold shares with rumours in London of an open bid by General Mining at 680p compared with the 500p range in which the share was trading on Wednesday



Sorting the growing hedge favourites

Trading in Diagonal Street started the week hesitantly as gold traded in a fairly narrow band around $660, and a high financial rand inhibited foreign buying But oil price increases, following on President Carter's tough talk on military intervention and the registering of US manpower forced gold traders to cover short positions and the price rose back through $700

On Wednesday afternoon, bullion was

fixed in London at $709 — its highest level in nearly two weeks

Gold opened the week around $650 Share trading in Diagonal Street was relatively sluggish, by recent standards, and the daily mining board turnover fell to R6,8m last Friday In January the average daily volume was over R20m But with US Middle East relations still strained, gold market operators covered in ahead of Wednesday's IMF gold auction, and foreign buying came streaming into Diagonal Street

Last week the financial rand was up at 110c, but as French Bank reportedly cleared out its short-position, the price eased, encouraging foreign interest in golds For example, in London on Wednesday morning Amgold opened up $2, while GFSA and FS Geduld added $3 early in the day By Wednesday afternoon the JSE gold index had appreciated more than 10 points to 505,3 on the day The FR, which had been as low as US104c, closed up at US108c

Brokers noted some institutional interest, though the volume was low in some lower priced issues, with the result that Village closed the week 10% higher and Sallies and Vlaks both leapt ahead, the former 135c to 930c These performances appear to support recent forecasts that the market is nearing the top The euphoria phase is setting in, which means, say many brokers, the top is very close

The current week should provide excitement On Wednesday gold futures opened $19-$26,50 up, and if the IMF auction provides a large bid total with a price around the $700 level, gold shares should run ahead There seems little doubt that before the top is reached sharp gains can be expected in some shares

Outside the market there has been some dissatisfaction about a lack of information being given to shareholders in GF Props and WR Cons The complaint is that shareholders have not been told anything about the throughput of Luipaardsvlei material by WR Cons Rumour has it that uranium grades of up to 0,7kg/t were recovered from Luipaardsvlei ore during the December quarter

The strength in golds spilled into platinums as the free market price rose over $900 on Wednesday Rustenburg added 25c to 580c on the week and Impala 30c to 640c The relisting of Lydenburg after General Mining and the Old Mutual had tied up their deal left the share unchanged at the 365c pre-suspension price Minorities are being offered 345c, but Old Mutual wants to retain the listing

Other metal shares were stronger on LME metal price trends This was again reflected in a record Reuters Commodity index of over 1 832 In coppers Palamin added 50c to 1 650c following the 50c final dividend declaration

A tin price of over £7 300 saw the tin board up 3,5% Zaaiplaats, however, fell 35c to 340c after the recent high volume buying, apparently based on possibilities regarding the company's slimes operations Rooiberg added 200c to 2 500c while sister company Union Tin appreciated 5% to 230c

De Beers has been reasonably stable since the 1979 second-half CSO sales were announced But as from February 18 with prices of gems over 1ct increased by up to 40% and overall prices set to advance by an average 12% De Beers added 90c to 1 080c

Friday's 11% domestic coal price increase was better than some had expected resulting in average gains of 3% for coal shares Coals still appear strong despite possible short-term reactions If, as some analysts have suggested, the national inflation rate is contained this year, this 11% administered price rise could spell improved profits for some collieries

Tavistock announced a 16% interim earnings increase to 395c (341c) with a 125c (100c) interim dividend This profit improvement came with a 6,2% rise in coal sales to 2 Mt (1,9 Mt) and a 19,8% increase in mining profit

Mining houses and mining financials also had a good week, mostly related to gold portfolios Middle Wits rose 150c to, Tuesday February 12 1980

Anglo admits: We bought Cons Gold

By Colin Campbell, Deputy Financial Editor

Anglo American today admitted that it had a 25 percent stake in Consolidated Gold Fields.

It said that Anglo American Corporation of South Africa and Anglo interests have built up a 25 percent stake 'and plan no further purchases'.

A Cons Gold spokesman said Cons Gold understands the Anglo stake was purchased as a "strategic holding".

Anglo said that it would issue a full statement later.

PLEA

Anglo's statement comes hours after news that Cons Gold had asked the British Government for help in identifying the mystery buyer of more than a quarter of its shares.

British MPs had also tabled questions in the House of Commons.

The question as to who was the mystery bidder for Cons Gold has been worrying Gold Fields and has been exercising analysts' minds for some weeks. It was originally suggested that it was South African interests which had been buying up secret parcels, and it was generally assumed that it was General Mining or another large Afrikaans institution. However General Mining originally said that it did not comment on market rumours and then last week said that it did not own a share in Cons Gold.

Was Anglo buying because it was afraid that effective control of Cons Gold would pass into "unfriendly hands?"

Or was it buying because through Cons Gold it could get closer to the 46 percent-owned Gold Fields of South Africa — the mining house which controls a number of large, and important gold mines and other mining interests in South Africa.

Or was it a buyer because — as was the suggested rationale behind the General Mining full bid for Union Corporation — that in today's high cost environment the cost of opening up new fields is virtually prohibitive?

Cons Gold has an issued capital of 146.8m shares. At a London share price of 532p the effective purchase cost of one quarter of Cons Gold would cost £197.8m — or R369m.

INQUIRY

Today's sudden disclosure by Anglo was probably prompted by the threatened inquiry in Britain which would have been conducted under Section 172 of the Companies Act 1948. This section gives the department's inspectors sweeping powers to determine the beneficiary owner of shares — and (more menacing) — to take action against those declining to give evidence.

It has not been used in isolation for more than 25 years. Just as menacing is that the department has the power to disenfranchise shares whose owners remain anonymous, block dividends on those shares, and stop their transfer moves.

When the Cons Gold Fields rumours first started, London stockbroker James Capel recalled in a light vein, how control of Union Corporation came to General Mining through a series of stock market deals. The London broker added: The lessons of the Union Corporation bid battle must still be fresh in Gold Fields minds.

"Luckily this time round there is a policeman on hand who if called in may soon put a break on the predators ambitions."

The newsletter named the 'policeman' as Anglo's Harry Oppenheimer.

QUESTION

James Capel added: 'Anglo's Harry Oppenheimer would not like to see the jewels in Gold Fields crown (GFSA) fall into the hands of his greatest competitor.

The mystery buying of Cons Gold hares has, I understand, been conducted through various names and in various centres—including Switzerland.

The burning question now is: Has any other South African party been building up a stake as well?

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Fattis and Monis Mace
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Checkers, Poto' Gold,
Wrench Town Bakery,
Somerset West.

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THE ARGUS, TUESDAY FEBRUARY 12 1980

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FINANCE

SECRET BUYER: CONS GOLD SEEKS INQUIRY

Argus

Argus Bureau

LONDON. — Consolidated Gold Fields has asked the British Government for help in identifying the mystery buyer of more than a quarter of its shares.

The most popular City theory ascribes the buying, which began before Christmas, to Afrikaner interests in South Africa.

Gold Fields is afraid that a strategic stake is being built up in the company, to the possible detriment of other shareholders.

GREAT SECRECY

The company believes that only a few buyers are in the market because if more were involved, the great secrecy which has surrounded the operation would be difficult to maintain.

Approaches were made to the stock exchange for help, but apparently without success. Even if an inquiry were started promptly, the delay might be enough to allow the buyer to increase his stake.

Gold price

GOLD price fixings in London yesterday:

	Dollars an ounce	Rands a kg
10.30 am	714,50	18 829,42
3.00 pm	710,50	18 724,00

The company hopes that an inquiry would either flush the buyer or buyers into the open or make them pause.

MPs have tabled questions on Gold Fields in the Commons.

Gold Fields has grown increasingly concerned in the past week about the large number of shares being bought but not registered. As many as 40-million shares, amounting to 27 percent of the total, could have passed into unknown hands.

PRICE UP

Speculative buying of Gold Fields yesterday pushed the price up 26p to 524p.

The inquiry, which would be conducted by the Department of Trade, was requested by Gold Fields under Section 172 of the Companies Act 1948.

This section gives the department's inspectors sweeping powers to determine the beneficiary owner of shares and to take action against those declining to give evidence. It has not been used in isolation for more than 25 years.

BLOCK DIVIDENDS

The department may also disenfranchise shares whose owners remain anonymous; block dividends on those shares, and stop their transfer

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What happens to children who are malnourished in ...

Thomas (Vol.2) followed up a sample of children with mild malnutrition (below the third percentile but without clinical signs) who were not admitted to hospital but were treated as outpatients with supplementary food, advice and bus fares where necessary for follow-up, and found that 51% of them had died within 6 weeks. But hospitalisation too is often ineffective. 14% of children hospitalised died within 6 weeks of discharge. Hospitalisation with follow-up and milk after discharge offered the best chances of

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Cooper also offers information on services and fees (both in-patient and out-patient) at provincial hospitals for comparison purposes. In conclusion, she makes the following points:

(i) In general, more concern is shown for skilled workers, who are difficult to replace, than for unskilled workers (that is, there is a skill and a race bias in the provision of services).

(ii) Medical aid schemes, and to a lesser extent medical benefit schemes, emphasise curative rather than preventive medicine.

(iii) The benefits extended by medical benefit schemes are much less comprehensive than those extended ...

(iv) ... Most

(v) ... sick ... rti- ... of ... nds ... ck ..., are not always better for workers than those in the Factories Act.

(vi) It may not be in the interests of unskilled workers (often contract workers) who move frequently from one industry to another, to contri-

...tion of studies ... provided as background and material. These studies show that there is a far greater proportion of children who are malnourished in rural areas than in urban ones, even among children in urban squatter areas. White shows that, using the arm circumference test, the proportion of malnourished children aged 1-5 years was 1,9% in Crossroads compared with 7,4% in Nqutu in KwaZulu, and he quotes other studies which find an incidence of 12% in Tsolo, Transkei, and 13,8% in the Muldersdrift farming area near Johannesburg. (The arm circumference method is an extremely conservative measure of malnutrition. In Tsolo, over 30% were malnourished by reference to the

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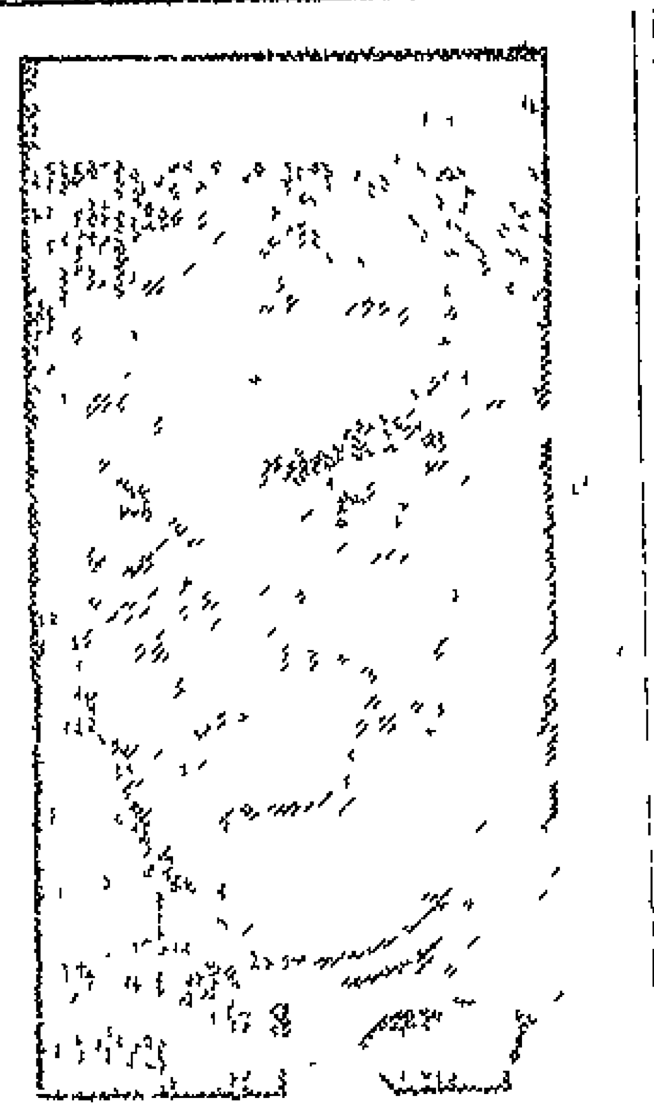
Cons Gold deal reaction

Tactics by De Beers under fire



Mr Harry Oppenheimer . . . another jewel in his crown.

By Colin Campbell
Deputy Financial Editor

For the De Beers Anglo American empire, it is a whole new wider world.

The announcement that De Beers-Anglo has been the mystery buyer of Cons Gold gives it still more interests in Australia, Canada, Britain and South Africa — and brings into South African hands the effective control of an important mining house.

Through its 46 percent subsidiary, Gold Fields of South Africa, Cons Gold controls about 23 percent of South African gold production and 16 percent of world production.

Anglo American in its own right controls 27 percent of South African production and 27 percent of world output.

The 25 percent stake which has been sewn up (to be shared between Anglo and De Beers) should lead to De Beers-Anglo boardroom representation on Cons Gold's board of directors which in turn, gives the Anglo empire some considerable muscle, should it wish to exercise it, in exerting influence on Gold Fields' policies.

Though De Beers-Anglo says officially that its stake is just a strategic holding, and that it was not seeking to change control or management, London City comment this morning in The Times says that "most financial observers here take with a pinch of salt Anglo's claim that it had no wish to change the control or management [illegible] Fields."

'INVESTMENT'

Anglo is not saying anything outside its official statement yesterday, but I understand that De Beers — which at its last published balance sheet had cash holdings of [illegible] — [illegible] the view that Cons Gold was a 'good investment.'

[illegible]

But the manner in which De Beers-Anglo secretly acquired its stake [illegible] in London.

[illegible]

QUESTION

He backs up this assertion [illegible] of the London Stock Exchange [illegible]

The Financial Times columnist adds "It seems extraordinary that a company of De Beers' stature should wait until Gold Fields had gone to the lengths of asking the Department of Trade to conduct an inquiry before it showed its hand."

[illegible] case for considering a change in the law making it obligatory to disclose a purchase of more than 5 percent of a company or a group of individuals acting together."

The [illegible] on the Lex column reads "No bouquet [illegible] Beers."

[illegible]

The question remains [illegible]

RDM 13.2.80

Anglo coup wins vital gold stake

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By DON ROBERTSON, Mining Editor

MR HARRY Oppenheimer's Anglo American empire has secretly acquired a vital 25% interest in the London-based Consolidated Gold Fields group for an estimated R350-million.

Cons Gold controls Gold Fields of South Africa.

Anglo American and GFSA together produce 44% of the free world's gold output.

At a price of $700 an ounce, the GFSA/Anglo annual gold production would be worth nearly R8 000-million.

The Anglo American coup ends months of speculation on the Johannesburg and European stock exchanges over the mystery buyer for Cons Gold.

Popular favourite was General Mining, the Afrikaner group which took over Union Corporation in 1974, also after building up a secret strategic stake through London.

Although Anglo American has said it does not intend to raise its stake in Cons Gold to 30% — at that level it would have to bid for all the shares, according to London rules — most analysts believe it has acquired effective control.

It is certainly hard to see how any major decisions over Cons Gold and GFSA can in future be taken without Anglo's approval.

The Anglo acquisition, which was accomplished through its associate company, De Beers, gives the giant group an even larger slice of the world mining industry.

But while Mr Oppenheimer might be beaming at his latest success, the board of Consolidated Gold Fields is not as happy. At a Press conference in London yesterday, the managing director of Cons Gold Fields, Mr David Lloyd-Jacob, said he did not welcome the acquisition, but "we are prepared to live with it".

The prize Anglo wins is not only a larger say in Cons Gold Fields' mining interests in Britain, Australia, Canada and Indonesia, but adds substantially to its control over the world gold mining industry through Cons. Gold Fields' 46% interest in Gold Fields of South Africa, which manages West Driefontein, the world's richest gold mine.

The Anglo purchase successfully stiffles any attempt General Mining might have entertained to acquire Cons Gold Fields.

Had General Mining succeeded in gaining a foothold in Cons Gold Fields, it could have rivalled Anglo in size of assets and gold production.

Following the disclosure by Anglo, the Board of Trade in London is to investigate whether the purchase contravened any rules of the London Stock Exchange code, and two inspectors will report on the shareholding in Cons Gold.

● See Page 11

ing. This is partly due to a deficiency in information on the results of the programmes which can be resolved by recourse to appropriate data. Nevertheless, there will also be differences of judgement which cannot be resolved without prior agreement on the relative valuation of different benefits which have to be fed into the analysis; and in the intuitive pro... factors may not be differentiated.

A ... with no further analysis th... valuing the be... another.

... students in ... nursing where no numerical data is ava... used discussion, to draw on the experience of a gr... elf to

Potential health problems are first listed, and then given a score (from one to four pluses) under each of four headings:

Diagram 1: A method of ranking health problems

Problem	Prevalence	Severity	Community concern	Vulnerability to management	Total
Large & poorly spaced families	++++	++++	+++	++	96
Yaws	-	++	+++	++++	0

* Added to test scoring method

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'Boer War' tactics — it's just not done

London peeved at the Cons Gold raid

By STANLEY UYS
London Bureau

REACTION in the British Press to De Beers surprise purchase of 25% of the shares of Consolidated Gold Fields varies from prissy disapproval to grudging admiration

Several financial commentators said peevishly that this sort of thing was not done in London, and advised that the law be tightened up

Most commentators saw the takeover as the result of a tussle between Anglo American and the "Boer" controlled General Mining, and deplored the importation of "Boer War" tactics into the sedate City climate.

One or two suggested that Anglo American's "liberalism" in employment practices might now lead to a change in the policies of the "ultra-conservative" Gold Fields group

Mr Harry Oppenheimer, chairman of Anglo American and De Beers, is referred to as "the grand master of the South African political, gold, diamond and business chessboard", as "the richest man in Africa" and as "Goldfinger"

The Financial Times said Anglo-De Beers "was believed to be trying to check the steady accretion of power by Afrikaner interests in the South African mining industry"

The Daily Mirror said "City men believe that Mr Oppenheimer, a fierce opponent of apartheid, wanted to stop Boer financiers buying up a British mining company"

The Daily Mail made a similar comment

The Financial Times commented "While De Beers-Anglo may well have been looking for safe and long-term investments, the stalking of Gold Fields had other and perhaps more important motives Such motives are to be found in the structure of the South African mining industry and the political implications of that structure

"Anglo's position of dominant power in the industry has in recent years declined relative to the rise of General Mining, representing Afrikaner financial interests For General Mining to gain direct or indirect control of Gold Fields of South Africa after drawing Union Corporation into its web would have been a prize indeed

"General Mining and those behind it are close to the South African Government Any movement of the Government to the Right could put De Beers-Anglo — as an Anglo-Jewish concern — under pressure, while leaving General Mining untouched"

Patrick Sergeant writes in the Daily Mail "De Beers, the great South African diamond and gold group, have shown that no British enterprise is safe from foreign raiders by buying a quarter of the shares of Consolidated Gold Fields, one of our largest companies, without anyone spotting them

"Can all be fair in love and the Boer War? London Stock Exchange chairman Nicholas Goodison evidently doesn't think so, as he said 'It looks as if the intention of company law, which is that a company should be able to discover the beneficial owners of its capital, was being at least temporarily frustrated Adequate disclosure is essential if there is to be a fair market in the company's shares'"

The Daily Telegraph writes "Anglo and De Beers still claim they did nothing to break United Kingdom company law, but that will cut little ice with self-regulators in the City who have seen Anglo only being finally flushed out by the threat of a Department of Trade inquiry Anglo is a reputable enough company not to behave in the way it has done"

The Guardian's City editor, Victor Keegan, is highly critical He questions "the dubious morality of Mr Oppenheimer's methods" of fighting a "parochial" battle with General Mining at the expense of Gold Fields shareholders

Keegan is one of several commentators who ask why "only a privileged handful were yesterday morning offered 615p apiece for shares which to all intents and purposes were worth 525p to everyone else"

"Sure, it was not practical to ask the many thousands of individuals involved and therefore brokers Rowe & Pitman were only able to put the tempting offer to a select few

"But if Mr Oppenheimer seriously wants to squeeze the Afrikaans-speaking business interests in their apparent aims to tilt the balance of industrial power in the Cape, it is a pity that he chose London as the battleground

"For he should know that as a regular visitor to these shores that the spirit of the London securities market is such that partial, selective and highly secretive offers to a privileged minority are not welcome

"Harry Oppenheimer should have come clean and made a full-scale takeover bid for Consolidated Gold Fields"

The Daily Telegraph says that "there was a lot of discontent that only the 'fat cats' had been invited to sell at the top price, whereas the small shareholder was left totally in the dark until the whole business had been completed"

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imveliso, kodwa imveliso yehlile

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Record Unsifted Flour, Record Wheatie Treat Flour; Philadelphia Flour; Koeberg
Mille pack Mealie Meal; Fattis & Monis icecream cones, wafers and cake cups;
Fattis and Monis Macaroni, spagetti, shells, ribbons, rings, dilatines;
Princess macaroni, spagetti, shells, rings, ribbons, dilatines;
Checkers, Poto' Gold, Pick 'n Pay macaroni, spagetti, rings, ribbons, shells, dilatines;
Wrench Town Bakery, Observatory ; Good Hope Bakery, Elsies River; Ultra Bakery,
Somerset West.

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Stake in Australian mining

Argus Correspondent

BRISBANE. — Mr Harry Oppenheimer's Anglo American has bought a strategic stake in the Australian mining industry through its purchase of a 25 percent holding in the London-based Consolidated Gold Fields.

The holding gives Anglo direct and indirect interests in several leading Australian mining groups.

These include Consolidated Gold Fields of Australia and its partly owned subsidiaries, North Broken Hill, EZ Industries, Australian Pulp and Paper Mills, the Ranger Uranium Development in the Northern Territory and the Alcoa Aluminium group.

SECOND LARGEST

The Consolidated Gold Fields group is perhaps the second largest gold mining organisation in the world, producing about 12 percent of the western world's production through its 46 percent interest in Gold Fields of South Africa.

The move also gives Anglo an interest in Renison, the largest hardrock tin miner in the world and the leading Australian tin miner.

It has also gained an important stake in Associated Minerals Consolidated — the world's leading miner of beach minerals.

Anglo will call tune in Cons Gold

Argus 15/2/80

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Financial Editor

DOES Anglo American now control Consolidated Gold Fields? This is a question being asked after the announcement this week that Anglo American, in conjunction with De Beers, now owned 25 percent of Consolidated Gold Fields' shares.

The answer is a definite yes, even though other shareholders may still hold 75 percent of the company's shares.

Most shareholders, whether large institutions or small private investors, are usually extremely loath to take a direct interest in the running of their companies.

Consequently, whenever there is no other major shareholder as is the case here, it is extremely difficult to mobilise sufficient opposition to block the actions of the largest shareholder.

"It can be accepted," therefore, that Anglo American is now in effective control of Consolidated Gold Fields.

While Anglo is unlikely to interfere directly in the day-to-day running of the company, it can be expected to appoint some of its own nominees to the board of directors.

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CONS GOLD

End of a chapter

"From all we see, the mystery buyer is fully revealed" thus Cons Gold MD David Lloyd-Jacob in London on Tuesday.

Presumably management is happy that the buyer has been revealed as De Beers but, whether it is happy that over 25% of

David Lloyd-Jacob . . . learning to live with Anglo

the group's equity has been bought or is pledged to Anglo/De Beers, is another matter. The Anglo/De Beers group has, of course, announced that it does not intend to acquire further shares, nor that it is seeking to "change the control or the management of Consolidated Gold Fields in which it has great confidence" But things can change, and it will not be surprising if greater "collaboration" is seen between the groups' scattered interests in future

No matter which way it is examined, Anglo/De Beers now effectively controls Cons Gold's 46%-owned subsidiary GFSA, meaning, among other things, that the sometimes acrimonious debate between the two in the Chamber of Mines could lessen And as many analysts see things, the interests of both Anglo and GFSA, particularly in the developing OFS goldfield will prove to be very close Joint ventures between Anglo's overseas operations and those of Cons Gold are a distinct possibility, especially in the UK where Charter needs new outlets

Not that such moves are necessarily bad, but there are many investors who fear that the growing polarisation of mining interests in SA still has some way to run

If the General Mining/Sanlam/Rembrandt camp was interested or had acquired a stake in Cons Gold, it is probably now effectively deterred So, presumably, its growth will have to be targeted through by increased co-operation with associated companies in SA (see *Fox*) Unofficially, Anglo/De Beers took up its 25% to block other predators So, now that the group can relax over GFSA/Cons Gold, it has the time to rationalise in SA Next in line, many observers believe, will be even closer links with JCI, if not a bid for outright control Anglo's appointees are firmly in control of JCI's board and, over the past few months, Anglo has significantly increased its stake in JCI-managed Rustenburg At least one thing is certain, Anglo will never again let JCI's management rush into developments such as Otjihase (and, to a lesser extent, Shangani), which ended disastrously with write-offs which effectively wiped out a whole year's earnings in 1977

Developments at JCI will be a pointer to the likely future of Cons Gold. I find it very hard to believe that Anglo/De Beers will remain satisfied with a simple equity stake The now-revealed 25% interest, which is to be split equally between Anglo and De Beers, is strategic in that it effectively blocks other predators But, judging by the 615,5p that was paid for each of the 16,5m shares transferred on Tuesday and the fact that the other 21,4m shares already bought or on which options were held were taken in at prices between 310p and 615p, De Beers appears to have paid anything up to £200m (R380m) for an investment which, in the year to June 30 1979, would have yielded dividends of £5m

Even if Cons Gold doubles its payout this year, Anglo's eventual 12,5% stake is only worth 4,2c a share in dividend income, compared with likely earnings this year of well over 100c For De Beers, it means additional earnings of 2,6c per share compared with 95c in the first half of 1979

On this basis, it is probably safe to assume the Anglo group will be looking for other spin-offs in the fairly near future Granted it may not be full control — at least not just yet — but the possibility of mergers between Cons Gold's UK interests and Charter and its Australian and North American interests with Minorco cannot be ruled out

In SA, the obvious areas for increased joint activity are base metal developments in the northern Cape and some form of rationalisation between GFSA's gold interests and Amgold.

The eventual developments remain to be seen but, with Cons Gold and, effectively, GFSA under its belt, the Anglo/De Beers juggernaut has gained added momentum And that may well prompt moves by competitors to increase as quickly as possible their own bases

Jim Jones

iders shock the Brits

Harry's ra

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WHEN members of Britain's financial establishment wiped their eyes one morning this week, they found that a band of South African raiders had stolen secretly through London's Stock Exchange to gain effective control of one of the UK's mightiest mining houses, Consolidated Gold Fields.

HARRY OPPENHEIMER
Anglo's mastermind

How they quietly bought mighty Congold

And at 44 Main Street, Johannesburg, headquarters of the Anglo American Corporation, executives maintained a strict silence about the share coup that cost them something in the region of R350-million and gave them almost 25 per cent of Congold's shares

Some details:

- The raid was mounted through the Johannesburg stock broking firm Davis, Borkum, Hare and Co, working with a large London firm, Rowe and Pitman
- Anglo American strategists were staggered by "the inertia" of Consolidated Gold Fields management who failed to take any effective defensive action or even to mount a vigorous attempt to find out who was buying their shares
- There may have been a second "mystery buyer" in the field who could still own a substantial number of Congold shares, for before the Anglo/De Beers combine broke cover, Congold had estimated that as much as 20 per cent of their shares had been secretly acquired

It subsequently transpired that only 14 per cent was in the South African group's hands and they had to make a high-priced offer last week to obtain another 11 per cent

Anglo is unworried by Stock Exchange investigations now going on in London

"We know we broke no laws," said an Anglo man

The Congold coup caught the imagination of an admiring South African public and focused attention on Anglo American's multinational might

Quietly over the years, the tentacles of financial power have reached through the massive sandstone portals of 44 Main Street to embrace raw materials companies around the world

Sometimes they recoiled, expensively bloodied by financial defeat.

But more often they grasped yet another source of precious raw materials to add to the corporation's treasure chest

On this occasion the tentacle was truly muscular and, besides the South African interests, it seized a share in international assets that are complementary to Anglo's existing business

Added to the corporation's existing multinational treasures are major interests in civil engineering, shipping, transport, aluminium products, banking, insurance and metal trading in Britain, coal, copper, ilmenite, rutile, tin, zircon, coke and iron ore in Australia, and steel production and distribution, gold mining, alloy casting and energy interests in the United States

To trace the path of the corporation around the world one has to be able to recognise the spoor of its major associates and subsidiaries

Internationally, Anglo usually operates in partnership with companies with whom it has a bewildering variety of cross-shareholdings, directors in common and jointly-controlled subsidiaries

Develop

Anglo tends to regard itself, with justification, as a model guest corporation for any country and one, moreover, that is prepared to play an energetic role in helping host governments develop their resources and their economies

Says Mr Gavin Relly, deputy chairman and chairman of the executive committee "Multinationals are monolithic organisations like Ford or IBM that operate across boundaries and are accused of being able to transfer assets and labour to the disadvantage of host countries This is not as easy as it sounds and I don't give much credence to the accusations

"In any case I don't think Anglo American is that sort of multinational beast In fact it is quite a different animal We are not monolithic in either the management or the capital sense

"We do operate and invest internationally but we do not manage internationally We do not seek to make decisions for foreign areas from 44 Main Street

Ethics

"Our key is to create an investment operation in another country that is totally dedicated to the ethics of that country and is substantially managed by natives of that country and is cognisant of and abides by the rules and regulations of that country and conducts its operations as part of that particular national economy"

Anglo, internationally, is not only Anglo Its usual partners are De Beers and the London-based Charter Corporation The three are usually regarded as merely the semi-autonomous provinces of a single empire — usually called the Oppenheimer empire, although the intricacies of ultimate control cannot be unravelled

It is accepted that Mr Harry Oppenheimer wields the imperial power although that power is modified by the influence of his directors and of other major shareholders

Anglo's major areas of overseas interests are in Canada, the United States, where its interests are controlled through companies registered in Bermuda and Canada, the United Kingdom, Europe (through Charter), Australia which has gulped millions in prospecting money with little return, South America where it has large interests in Brazil and is casting interested eyes on Chile and the Argentine and the Far East where, through a complicated series of holding companies, it has the major share in an oil field in Indonesia

In Africa, apart from South Africa itself, the group's major interests are in Rhodesia, Zambia, Botswana, Lesotho and South West Africa

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Anglo's Cons Gold coup

London anguish a case of sour grapes

By HAROLD FRIDJHON

THE SILENCE out of 44 Main Street has been terrifying — like walking into the Diagonal Street trading hall on a Sunday morning, full of yesterday's ghosts and tomorrow's dreams

Perhaps Anglo and De Beers are trying to lay yesterday's ghosts before they discuss tomorrow's dreams They certainly aroused enough British demons after the Cons Gold Fields coup was announced It must be many years since both Oppenheimer companies have earned such a vicious London Press and the silence from the group must reflect a certain self-consciousness

Not that they have done anything which should make them self-conscious Surely one of the unwritten rules of the free enterprise game is to try to outwit the system? If this weren't so, why should great companies and corporations spend fortunes every year on maintaining battalions of accountants, lawyers and tax advisers?

These people are not on corporate payrolls to be decorative They are there to devise ways and means of beating the system, of finding the loopholes through legislation, and the Uri Gellers to bend the rules If the capitalistic system is to survive it needs frequent shots of innovation, of cheek, and of daring

It would be a dull, mechanistic reflection of leftwing bureacracy if everything went by rule and rote A certain amount of buccaneering is necessary, a certain amount of freebooting, a certain amount of the do-and-daring which, I have always been led to believe, contributed to the spirit of enterprise which forged the British Empire And which apparently is now being stifled

Probably 44 Main Street will continue to be tomb-quiet until the inquiry into the tactics of the coup has been examined by civil servants who live by rule books Whose whole training and upbringing is not to be original but to produce clones, grey repetitions of everything that has gone before And these will be the people who will sit in judgment on what Anglo and De Beers have done, advised by the best merchant banking brains in London

For I have no doubt that Mr Harry Oppenheimer and his confreres consulted widely and deeply before they started the Cons Gold campaign It was no sudden rush of blood to the head It was a carefully planned operation in which the best advice was sought and taken And then executed over time

London's over-reaction to the coup — and make no mistake it was a coup — was the realisation that another British company had fallen into "foreign" hands

The British Press is full of praise when its businessmen go raiding into the Common Market and the United States and scoop up foreign-owned companies and groups This is fairplay But when someone does something similar to them, like partisan football crowds, they cry "foul" And then rake among the muck

The Brit-Boer War was revived De Beers was decried as an Anglo-Jewish organisation All the epithets that could smear were gouged out of phrase books And the latest development is the suggestion that the De Beers diamond organisation should be examined for its monopolistic practices

It would be tactless no doubt to recall what happened in the bad old days when the diamond market was a free-for-all Men lost their jobs — in the mines, in the world's diamond polishing and cutting industries — and thousands of people lost millions as the value of their jewellery slumped It is convenient to forget these past evils in the evangelism of today

I don't believe that Anglo-De Beers went into Gold Fields to block any moves which might be made in that direction by Afrikaner interests The 44 Main Street brains trust know that General Mining is too well occupied with all its present developments to start any new foreign adventures

Rupert/Sanlam? That was a possibility, but just as De Beers first tentative steps towards acquisition were spotted early in the game, Anglo would have been alerted that some mischievous move was afoot and would have taken countervailing action

I believe that 44 Main Street has gone into Cons Gold with deliberate aforethought Anglo American has a years-long reputation of not being initiators but buyers. It has grown big, strong and wealthy by acquiring what other people have started And it is in the process of acquiring, directly or indirectly, what Cons Gold has And in this the South African interests are only part of the game

It would certainly suit the Anglo book if there were closer cooperation between GFSA and itself, particularly when it comes to the extension of old mines by tacking on new areas At times there are conflicts of interest, as in the case of Deelkraal and Elandsrand

As valuable as the South African end of Cons Gold might be, the other interests in Australia, and the United States, for instance, have even greater worth — not directly to Anglo and De Beers but to Minorco the offshore investment company in which the Oppenheimer family are very interested, and which is the keystone holding company of many of Anglo's foreign ventures.

This is probably the clue which is hidden — and which will remain as hidden, deep-planned strategies until they are ultimately revealed

But back to the Cons Gold coup Today's Londoners should have a peek into history It is only technically a British company It appears to be forgotten that it was a Cecil Rhodes venture, floated for convenience in Britain to finance his gold interests So if anything Cons Gold looks as if it is coming

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Argus

Anglo coup earns grudging admiration

Argus Bureau

LONDON. — Behind the angry criticism here of Anglo American's dramatic coup this week in acquiring a quarter of Consolidated Gold Fields lies much grudging admiration — and more than a little envy.

The purchase by De Beers of the 37-million odd shares, estimated to cost nearly R360-million is still a major talking point on the London Stock Exchange, and is likely to have far-reaching repercussions.

The criticism stems from the method of the purchase Brokers and observers agreed that Anglo, through De Beers, at all times stayed within the letter of the law

But hiding their identity until they achieved their objective, the experts say, was firmly against the 'spirit of the law.'

The result seems likely to be a tightening of company law to prevent a repeat performance of the Anglo deal.

A Government probe continues, and now the stock exchange is to mount its own investigation

But the deal had all the earmarks of the old-style, swashbuckling gold rush days — and left many brokers chuckling in admiration

RUMOUR

'I have to admit it was cunningly orchestrated,' said one

The envy stems from the fact that the jobbers and brokers in on the deal have profited enormously

The brokers, Rowe and Pitman, are believed to have collected up to R126 000 and the jobbers, along the line between half a penny and two pence a share

The first inkling that something was on the go came as far back as last October. The initial rumour was that General Mining, was moving in — obviously with its eye on the ultimate prize, Gold fields South Africa, the holding company of South Africa's most profitable gold mines

Despite the denial this week by Dr Wim de Villiers, many London brokers still believe General Mining — or other Afrikaner interests, notably the Sanlam group or Dr Anton Rupert — were in on the initial stages and could even now hold about three percent of Gold Fields

Anglo it is believed, moved in around late November or early December

The trick was to simply not register the stock

As a foreign group Anglo was legally able to buy up to 30 percent before declaring itself, while British interests would not have been able to go beyond five percent.

Mr Harry Oppenheimer's jobber offered the most competitive price on the market, ensuring himself first bite of any Gold Fields shares

'But he was cunning,' said one broker 'He did not stay at one price, nor did he stay in the market every day. He would drop out for a while then come back again at a different price, adding to the confusion'

The gold price, meanwhile, was ripping upwards A case could be made for the purchase of Gold Fields shares on that score

The shares by this stage were unusually active Gold Fields had long feared the emergence of a major stockholder But they found themselves defenceless to prevent it

Joint managing director, Mr David Lloyd-Jacobs headed a Gold Fields inquiry to uncover the mystery buyer, with little success.

With the share price over 600, Gold Fields undertook the most drastic step they could, by calling for an official Department of Trade investigation

The sequence of events last Tuesday left the market in a whirl At 9 13 am Mr Oppenheimer telephoned Gold Fields and disclosed that he was the mystery buyer

Two minutes later he sent his brokers into the market and in the largest ever share-buying operation acquired 16 5 million shares at 615,5 p

Why mine when you can buy?

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A special correspondent looks at Anglo's stake in Gold Fields.

LONDON — Consolidated Gold Fields has always been vulnerable to a raid on its shares The last annual report showed that no shareholder had an interest of 5 percent or more in the group

During the recession years this was a matter of little consequence There were few who were interested in building up a stake in a natural resources group with a predilection for rights issues, and only moderate earnings and dividends

But as metal prices came off the floor and the group boosted net profits by 63 percent to a record £56,2m in the year to June, it became clear that Gold Fields was finally gaining the benefits of investments and operations in very valuable properties

BIG STAKE

Most notably the group's earnings were being pushed higher by its gold interests, held partly through a 46 percent stake in Gold Fields of South Africa, but also embracing direct stakes in a number of the largest South African mines

There is a 25 percent holding in Deelkraal, 10 percent each of Doornfontein, East Driefontein and West Driefontein, and 9 percent of Kloof

Through Amey Roadstone, the group has a major stake in the European construction materials industry It has diversified into specialist manufacturing with ownership of companies like Alumsac, the UK aluminium products supplier. Through Azcon in the US, it is involved in steel production and distribution

The group has built up a substantial mining presence in Australia through the 70 percent owned Consolidated Gold Fields Australia A controlling stake in that country's biggest tin producer, Renison, not to speak of a major interest in beach sands through Associated Minerals Consolidated, and holdings in iron ore through Mount Goldsworthy and in copper through Mount Lyell

EXPENSIVE

Within South Africa the group is involved in expansion not only through the new Deelkraal gold mine but also because of its indirect stake in the major base metals development at Black Mountain in the northern Cape

Over the last 10 weeks De Beers has probably spent more than R150m in buying for itself and its associate, Anglo American Corporation, a 25 percent stake Although this gives them an added interest in established mines at a time when capital costs are rising fast for new ventures and a bigger foothold in Australia and the US, the investment looks expensive

If Gold Fields pays dividends of 26p gross a share for the year to June, then the De Beers/Anglo portion would come to less than £10m a smaller rate of return than a mining group would normally expect

And, if De Beers/Anglo holds to its undertaking not to seek control or management changes at Gold Fields, then the flow of income from Gold Fields remains outside its control

MOTIVES

All of this suggests that while De Beers/Anglo may well have been looking for safe and long term investments the stalking of Gold Fields had other and perhaps more important motives

Such motives are to be found in the structure of the South African mining industry and the political implications of that structure

Anglo's position of dominant power in the industry has in recent years declined relative to the rise of General Mining representing Afrikaner financial interests For General Mining to gain direct or indirect control of Gold Fields of South Africa, after drawing Union Corporation into its web would have been a prize indeed

It is believed that General Mining was buying shares in Consolidated Gold Fields last October as a means of winning this prize De Beers/Anglo also seems to have started buying in October, and it is a fair supposition that the buying was a defensive measure against General Mining — Financial Times

De Beers/Cons Gold affair is far from over

By RICHARD LAMBERT

AT 6.30 on last Tuesday morning, a partner in leading City stockbrokers Rowe and Pitman received an early morning phone call from South Africa.

His instructions were to mount a £101m share raid on Consolidated Gold Fields that morning. At 8.30am the operation was under way, and by 10am it was all over.

De Beers had bought 11 percent of Gold Fields in 90 minutes, which together with the shares which it and "other parties" had been secretly acquiring over the previous four months added up to a 25 percent interest in the company.

De Beers then announced that it had that morning secured options from the other parties to buy their shares, and that half its enlarged holding was to be passed on to a fellow member of Mr Harry Oppenheimer's South African mining empire, Anglo American Corporation.

But although the transaction has been completed, the story is by no means over. The Secretary of State for Trade has appointed inspectors to investigate the ownership of Gold Fields.

The Office of Fair Trading is deciding whether to look into the affair and the Stock Exchange is mounting its own investigation of share dealings in Gold Fields.

These stable doors will be clanging for quite some time to come.

It was early last October that Gold Fields first became aware of odd movements in its share register. The company keeps a record of its outstanding certifications — shareholders applying for new certificates after selling off part of their holding.

At the end of September, the figure was 231 000. A month later it was 1,2m, and by the end of December it was 5,3m. Since these figures did not tally with the number of actual share registrations, Gold Fields become convinced that unknown buyers were accumulating large numbers of its shares, and not registering their ownership.

Outstanding certifications in January climbed above 9,5m, and late that month Gold Fields applied unsuccessfully to the Stock Exchange for help in finding out what was happening.

A week ago, with the number rising inexorably towards 12½m, Gold Fields made a public statement of its concern, and on Monday it was driven to the desperate step of requesting the appointment of government inspectors.

This is presumably what forced De Beers' hand.

One of the big questions is how this operation was mounted without breaking UK company law, which requires that

Anglo American's purchase of a strategic stake in Cons Gold has led to an outcry in some sections of the British press. This is how Richard Lambert of the Financial Times viewed the operation

anyone who buys five percent or more of a company should show his hand. Apart from emphasizing that it took great pains to observe the law, De Beers refuses to elaborate on Tuesday's brief statement. It stands on its reputation, it says.

All the same, the Department of Trade inspectors have not been called off the case and are likely to be asking questions related to Section 28 of the 1967 Companies Act.

Before its share raid, De Beers had just under 5 percent of Gold Fields. According to its statement, it secured on Tuesday options from two unnamed parties to purchase two companies, one of which held 4,9 percent of Gold Fields and the other 3½ percent.

Section 28 says, among other things, that a person shall be deemed to be interested in shares if

- a body corporate is interested in them, and that body corporate or its directors are accustomed to act in accordance with his directions or instructions
- if he enters into a contract for the purchase thereof by by him
- if he has the right to call for delivery thereof by himself or to his order

Whatever the explanation, it is hard to quarrel with the statement from Mr Nicholas Goodison, chairman of the Stock Exchange, who said "It looks as if the intention of company law, which is that a company should be able to discover the beneficial owners of its capital, was being at least temporarily frustrated."

Such behaviour may be familiar on the wilder fringes of the secondary banking sector. In the case of De Beers and its agents, it seems extraordinary.

A separate cause for concern is the way that the vast majority of Gold Fields' shareholders were excluded from the buying bonanza on Tuesday morning. Having closed at 525p on Monday night, the buying price for a brief and hectic period on Tuesday morning was 615p.

Immediately after the order was completed, the shares fell back sharply, and they were pushing down towards 500p later in the week.

De Beers bought its shares on a first come first served basis, which inevitably meant that the institutions got the lion's share of the action. Rowe and Pitman told the four jobbers in the stock what was happening at 8.30am, but it was not until nearly an hour later that many leading brokers heard what was going on.

For an hour and a half, the City's telephones were humming with specific, privileged, price sensitive informatin. It would be challenging to explain to anyone not wise in the ways of the Square Mile why this does not count as insider trading.

A general view among stockbrokers is that in a free market a big buyer (or seller) is bound to get better terms than the maiden aunt in Brighton. This must be true, up to a point. But De Beers has spent over £150m on its investment in Gold Fields, which is a lot more than Racal is forking out for the whole of Decca.

If the stock market is to be anything more than a place where a handful of big institutions swap shares among themselves, then in cases like this a partial offer available to all shareholders must surely be appropriate. To condone De Beers' action and at the same time to beef about the passing of the small investor is humbug.

Mr Goodison certainly takes the point. Asked whether he was concerned about the appar-

Difficulties in determining the level of demand for Health Care

It was said earlier that one of the major weaknesses of the market mechanism as a signalling device was that it does not issue signals that are ...

... the risk of permanent full or partial incapacity and the risk of loss of income.

3. It includes a substantial degree of uncertainty as to the outcome from using the product being demanded because, in most instances, the patient lacks previous experience of the results from that particular form of medical care.

These characteristics significantly increase the difficulties that are involved in marketing medical care in the manner that society would best like it. The difficulty in securing adequate marketability for a product or even a portion of a product, such as, for example, the uncertainty pro-

... The degree of infection may be extremely high in some poor communities, but accepted as a way of life and consequently not translated into a demand for health care.

Many of the aspects, connected with difficulties in establishing the 'true' demand levels for the different types of health and medical care, stem from the difficulties involved in evaluating the benefits and costs related to such provision. To be relevant in any social sense, the evaluation should be undertaken with reference to the social goals of the community, conse-

232

Fed Volk gets 75% of Masferg

CT 26/2/80

JOHANNESBURG — Federale Volksbeleggings (FVB) has taken a majority shareholding in Massey-Ferguson (South Africa) Ltd, the companies said in a joint statement

FVB now holds 75,1% and Massey-Ferguson of Canada 24,9% of the shares

The name Massey-Ferguson (South Africa) Ltd has been changed to Fedmech Holdings Ltd through which FVB will develop its machinery manufacturing and distribution network

The companies said Fedmech Holdings subsidiary Fedmech Farm and Construction Machinery Ltd is now the exclusive holder of the Massey-Ferguson product franchise in South Africa

Other operating subsidiaries of Fedmech are Safim Manufacturing Ltd of Vereeniging, Slattery Investments (Pty) Ltd of Potgietersrus, and Rhoplow Ltd of Bulawayo all farm machinery and accessories manufacturers

The companies said strong connections between Fedmech and Massey-Ferguson in Canada would continue with back-up knowledge, research, and know-how

Fedmech will continue to market construction equipment manufactured by the West German IBH Holdings group of Mainz

FVB said that the South African government decision to set up a single diesel engine manufacturing plant to supply all tractor and truck manufacturers in South Africa and the government's increased local content policy led to the takeover

FVB said it is likely that the diesel engine project will result in it investing in an assembly plant costing between R3m and R[illegible]m followed by increased local content requirements for its tractors

It said the projects could have adverse impacts on its medium term earnings and that substantial future financial needs would best come from South African sources — Reuter

Takeover Panel looks again at the rules after De Beers raid

RDM 26/12/80

232

~~216~~

BY NEIL BEHRMANN

LONDON. — The London Takeover Panel is considering whether it should change its rules following De Beers' raid on Consolidated Gold Fields

Last week, Mr Patrick Neill, chairman of the Council for Securities Industry, which regulates the panel, said the Takeover Panel would join the London Stock Exchange and Department of Trade and investigate raids on companies

Besides the Consolidated Gold Fields affair, the huge US industrial group, Rockwell International, bought shares in a UK company, Serck

Institutions, similar to Consolidated Gold Fields, received very favourable prices while the small shareholder was left out in the cold

At an investment conference of the National Association of Pension Funds, Mr Neill said both the deals were entirely within the legal code However, there was no equality of opportunity for all shareholders

Only professional shareholders knew of the deal and were able to act in time.

Mr Neill said the Takeover Panel was examining these problems. The remedy could possibly be the enforcement of a partial bid and this would protect small shareholders

However, such a procedure could be costly and time consuming

Under current law, the Companies Act requires holders of a 5% interest in a company to declare themselves

But the shares which eventually ended up under the Oppenheimer umbrella were not registered, so it was difficult to determine the identity of the buyers

In any event, it seems that the predator "warehoused" the shares so that other buyers under Mr Oppenheimer's wing could buy on behalf of De Beers

The Companies Act 5% provision was thus a failure in the Consgold case This meant that the Takeover Panel was powerless to intervene, despite the fact that the De Beers raid could lead to a full-scale bid at some future date

With no registration rules or partial bid requirements covering the circumstances, the law, Stock Exchange and Takeover Panel proved to be powerless

All parties are now examining legislation and rules to see whether they can prevent a similar unfair raid occurring again

Row over De Beers 'raid' on Consgold

Star 24/7/80

233

The Star Bureau

LONDON — Britain's Trade Minister, Mr Cecil Parkinson, told the Commons yesterday the government was disturbed by the way in which the small shareholder had been denied an opportunity to share in the R189 million Consolidated Gold Fields-De Beers "raid."

He said no government action would be taken until three separate investigations were complete.

The Opposition Labour spokesman on trade moved the introduction of new clauses into the Companies Bill designed to prevent the 'piecemeal and furtive" acquisition of control in large British companies by foreign interests.

The spokesman, Mr Clinton Davies said the system and the spirit of the law had been flouted by Anglo American which seemed to have its own "shady interpretation" of the rules.

A favoured few had shared in price sensitive information 'in pursuance of a swift and certain gain' he told the House.

But the Opposition motion was defeated after Mr Parkinson warned against the introduction of 'half-thought out measures against a background of comparative ignorance of the facts."

Mr Parkinson admitted that the De Beers raid highlighted a number of questions.

De Beers raised the bid price to 615.5 pence from 525 pence overnight, bought 16.5 million shares and then withdrew leaving the Consgold price at 502 pence.

Mr Parkinson said he passionately felt that the spread of shareholdings should be encouraged, but it was vital that small shareholders had confidence in the market.

Rembrandt koop 20 p.s. van Total

Rapport 2/3/80

198

232

64

Deur GERT MARAIS

REMBRANDT het sy steeds wyer wordende beleggings nog verder uitgebrei deur 'n belang van 20 persent in Total S.A. te koop. Dit volg kort op die hakke van 'n belegging van 50 persent wat in Henkel SA gedoen is.

Volgens 'n verklaring wat gesamentlik deur Total en die Rembrandt-groep uitgereik is, het die aandeelhouers van Total besluit om die maatskappy se kapitaal met 25 persent te verhoog deur 9 miljoen nuwe aandele uit te reik.

Dit lui verder dat onderhandelinge nou afgehandel is waarvolgens bestaande aandeelhouers eenparig besluit het om nuwe aandele uit te reik aan Partnership in Industry, 'n volfiliaal van die Rembrandt-groep.

Dit gee Rembrandt 'n belang van 20 persent in Total Trou aan Rembrandt se tradisie om so min as moontlik te sê, word die prys nie genoem nie en is nie een van die maatskappye bereid om 'n aanduiding te gee wat dit was nie Die koopprys word egter in kontant betaal.

In die verklaring word die ooreenkoms as 'n ,,multimiljoenrand-transaksie" beskryf. Dit is dadelik van krag

Die bestaande aandeelhouers in Total is Compagnie Francaise des Pettroles, Volkskas-Groep en Ou Mutual. Die nuwe verwikkeling verhoog die Suid-Afrikaanse aandeel in die maatskappy tot 38,4 persent, wat beteken dat Volkskas en Ou Mutual saam net meer as 18 persent van die aandele hou

Hoewel dit nie amptelik bekend gemaak is nie, sal dit waar wees dat Total 'n aandeel van sowat 12 persent in die plaaslike brandstofmark het. Dit maak die maatskappy se bedryf sy vyfde grootste. Die vier groter as Total, is Caltex, Mobil, Shell en BP — waarskynlik in daardie volgorde

Hierdie vier se individuele markaandele is nie ver van sowat 20 persent elk nie

Total het tans sowat 650 vulstasies in Suid-Afrika Die opening van verdere vulstasies word volgens 'n rasionalisasieprogram beheer, maar die maatskappy sal waarskynlik tussen agt en tien voor die einde van aanstaande jaar kan oopmaak.

Rembrandt se belegging in Total is veral interessant as na van sy ander bestaande minderheidsbeleggings gekyk word. Hy het onder meer 'n belang van 25 persent in Federale Mynbou, die beheermaatskappy van General Mining

General Mining het pas beheer oor Trek, 'n ander oliemaatskappy, verkry. Trek besit die reg om die volgende raffinadery op te rig.

General Mining het ook 'n minderheidsbelang in Sentrachem verkry en ondersoek tans die moontlikheid om sy steenkoolveld in Noord-Transvaal vir die vervaardiging van brandstof te gebruik.

Hierdie metanol kan baie maklik deur beide Trek en Total bemark word

Total se besturende direkteur, mnr A.R. Hough, sê egter dat die transaksie met Rembrandt nie aangegaan is met die oog om nader aan Trek te beweeg nie Hoewel hy dit nie sê nie, is so 'n moontlikheid in 'n later stadium seker nie heeltemal uitgesluit nie

Total het in sy eie reg aansienlike steenkoolbelange in Suid-Afrika. Total, Genmin en BP het elk 'n belang van 'n derde in die Ermelo-steenkoolmyn. Hierdie belang behoort egter nie aan Total S A nie, maar aan Total Eksplorasie, 'n filiaal van die Franse beheermaatskappy.

Rembrandt beskou die belegging in hierdie stadium ook nie as 'n naderbeweeg aan General Mining se oliebelange nie. 'n Woordvoerder van die maatskappy het aan Sake-Rapport gesê dit is normale praktyk om beleggingsgeleenthede deurlopend te ondersoek. Die belegging in Total word as só 'n belegging beskou

Minorco income rises 56%

(232)

(58)

RDM 6/3/80.

By DON ROBERTSON
Mining Editor

MINERALS & Resources Corporation (Minorco), which is destined to become the major overseas mining investment arm of the Anglo American group, had a healthy rise in profits for the six months to last December.

Total income rose by 56% to $14 441 000 from $9 273 000 in the first half of the previous year, although expenses rose by more than double this percentage to $4 250 000 from $1 990 000, reflecting a first-time payment of interest on the $50-million loan raised last year

The results include only three weeks of earnings from the enlarged portfolio following the restructuring of the Anglo, Charter, Minorco group, which became effective from December 3

At the attributable level, however, the results are not comparable because of a change in accounting policy, which now makes use of the equity accounting system

This change resulted in the inclusion of $25 594 000 in the accounts for the six months, being the group's share of retained earnings in associate companies Most of this figure reflects earnings retained in Engelhard Minerals Most of the improvement in dividend income also comes from this source

Before the inclusion of these retained earnings, profits were $9 537 000 compared with $6 857 000 When included, attributable profits for the six months were $35 131 000 against $6 857 000

Adding to income was a $2 824 000 contribution from interest The full $50-million loan was called, but not utilised and earned this interest during the period

Interest on the loan amounted to $2 126 000, the difference between the two figures reflecting the increase in interest rates since the loan was negotiated

An unchanged interim of 4c was declared in November

Zambia Copper Investments (ZCI), in which Minorco has a 49,98% interest, also reports substantially improved results for the half-year, with attributable profits up to $1 730 000 from $338 000.

Dividend income rose to $579 000 from $4 000, reflecting the improved position in Nchanga Consolidated and Roan Consolidated, in which the company has a 39,9% and 9,8% interest respectively.

~~240~~ (16) (232)
RDM 11/3/80

Anglo coup increases UK minerals isolation

THE British Government has the power to freeze the 25% interest built up by De Beers Consolidated Mines and Anglo American Corporation in Consolidated Gold Fields, writes Paul Cheeseright in the Lombard column of the Financial Times

The Office of Fair Trading is deciding whether to mount an investigation If it does, it might care to consider whether the accumulation of South African influence over the UK mining industry, and especially the pivotal role of the Anglo-De Beers group, is in the public interest The problem is highly relevant to the debate over whether the UK should have a more active minerals procurement policy

There are four major mining houses in London Of these four, only Rio Tinto-Zinc remains predominantly under British control Charter Consolidated is effectively controlled from Johannesburg and was indeed established by Anglo American as a window on the world And Charter has a 25,8% stake in Selection Trust Now Consolidated Gold Fields has moved partially within the Anglo American orbit

The point is that, if the UK Government responded to civil service, academic and industry urgings and made a deliberate effort to diversify Britain's sources of mineral supplies away from traditional areas — among which South Africa is extremely important — then there could be a block on the actions of three of the mining houses

At the moment the mining houses do not play a significant direct role in the UK economy Contracts between their mines and UK consumers are few But their expertise is a national asset If there were to be a Government-backed minerals policy, it would inevitably draw that expertise into a much closer relationship with the UK economy

A stage could conceivably be reached where the aims of a UK Government clashed with those of the South African Government, which after all needs to maintain the loyalty of traditional customers

At that stage it is not clear which way the South African influence on the UK mining houses would be exercised In short, three of the mining houses are not free agents This would not matter if it could be assumed that the commercial links of a century with South Africa will always be maintained, ensuring a steady supply not only of chrome and manganese, but of precious and base metals

But that assumption is not necessarily valid Political tensions in Southern Africa are there for all to see The prospect of South African social discord leading to a leak in the minerals supply-line is real, although perhaps remote

The prospect is real enough for both the French and West German governments to start building stockpiles of those minerals where South Africa is a major supplier They want to reduce minerals dependence on South Africa At the same time, however, the UK Government is apparently content to allow South African influence over its industry to increase

The explanation for the contrast is simple Although the three countries share a reliance on imports of minerals, the French and West Germans have been much readier to take official action to reduce vulnerability to breaks in supplies

While the UK has traditionally relied on the market, the French and West Germans have established minerals companies, granted tax incentives and provided exploration grants

Against the background of the South African situation and the widely expected shortages of the 1980s, Sir Keith Joseph, the Industry Secretary, might ponder the value of similar schemes

He could find that intervention in minerals procurement is as necessary as intervention in energy policy, in which case it might be better if he could deal with UK companies, not Anglo-South African groups

...ATION RESULTS IN FACULTY ARTS AS AT 29 02 80 PAGE 1
YEAR : 1 13010

FIRST NAMES	COURSE	DESCRIPTION	SYMBOL			
~~NASLEY~~	~~004101~~	~~PSYCHOLOGY I~~	2	(61)	1	~~085913J~~
KATHRYN JANE	115101	FRENCH I	F	(34)	7	152249N
~~BARRY JOHN~~	~~004101~~ 908101	~~PSYCHOLOGY I~~ GEOGRAPHY I	UP UP	(57) (60)	1	~~154500U~~
ZULEIGA	911101 911102	MATHEMATICS I M102 MATHEMATICS IA	F 3	(44) (50)	1	157349G
FUAD	104101	ARCHAEOLOGY I	UP	(55)	1	155374K
~~MARIA JOAO CARDIGA~~	~~115101~~	~~FRENCH I~~	F	~~(39)~~		~~153858~~
CLIVE ANTHONY	107101	ENGLISH I (PRE-1980)	3NX		1	162594H
~~HENRY NICHOLAS~~	~~110101~~	~~CULTURAL HISTORY OF W.E. I~~	ABS			~~170462~~
CRAIG KEIN	004101 105202 908101	PSYCHOLOGY I SOCIAL ANTHROPOLOGY I(PRE 1 GEOGRAPHY I	UP UP UP	(53) (54) (57)	1	157724P
LINDA JEAN	101103 502113	AFR LANG INTENSIVE (XHOSA) HISTORY OF ART I	ABS ABS		1	162809R
CAROLINE ALISON JANE	106104	ECONOMICS IB	UP	(61)	1	155940B
CLIVE CARL			F F	(37) (46)	7	115210D
			F UP	(36) (50)	1	159729U
			UP	(51)	1	155052K
			3	(52)	1	138311N
			3NX		1	161780Y
			UP F	(53) (44)	1	157700N
			ABS		1	153399N
			3NX F 3	(42) (50)	1	162250J
ALF COURSEUP				(50)		152215

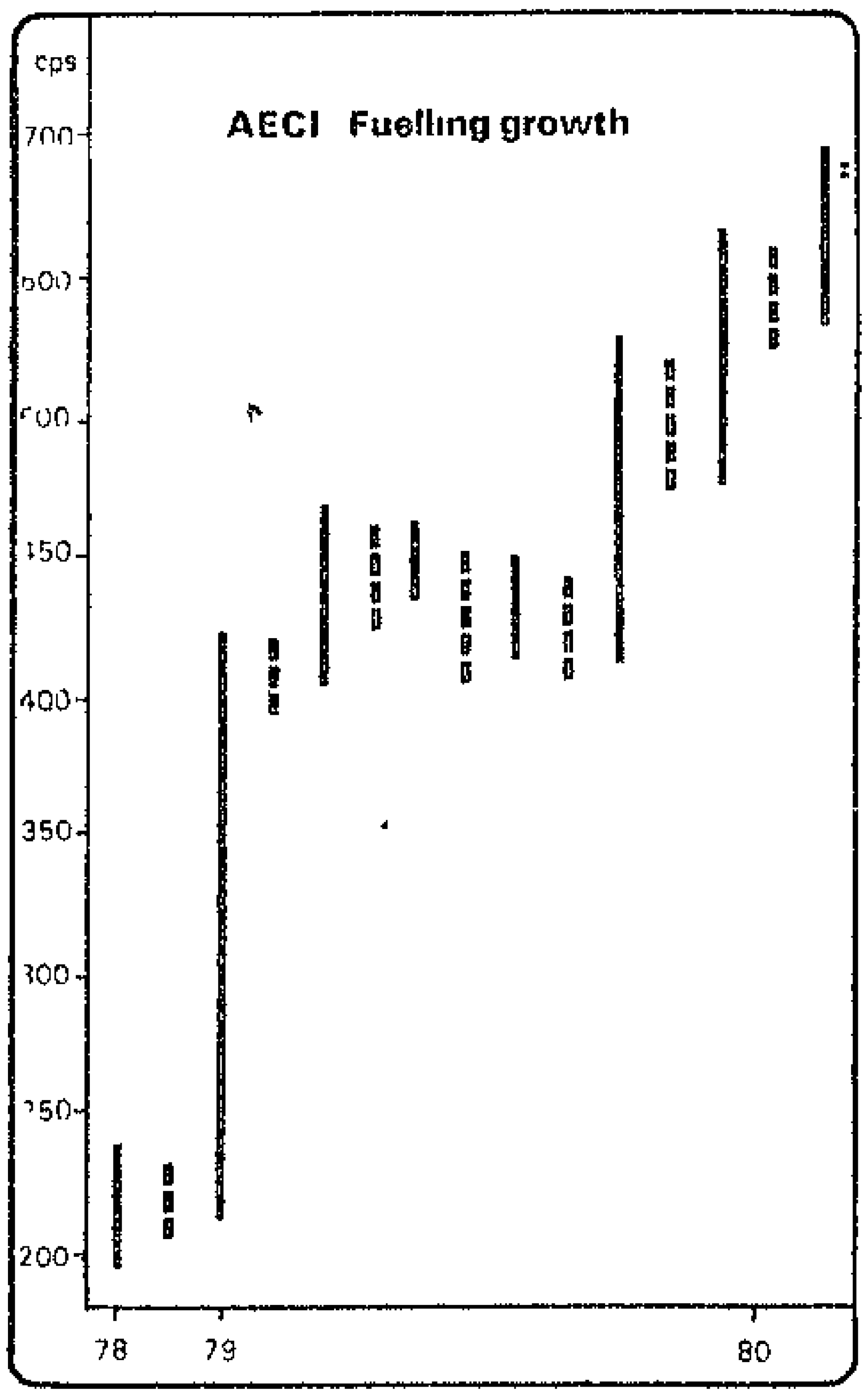
UCT

AECI 232 183 28/3/80

Explosive growth

Activities *Chemical and explosives producer which owns 60% of Coalplex 49% of Triomf and 100% of SA Nylon Spinners Anglo American Corporation and ICI each own 40% of the equity*
Chairman *H F Oppenheimer deputy chairman W B M Duncan managing director D N Marvin*
Capital structure *148,7m ordinaries of R1, 300 000 5.5% cum prefs of R2*
Market capitalisation *R1 026 0m*
Financial *Year to December 31 1979 Borrowings long and medium term, R165 7m Net cash R23,3m Debt equity ratio 40 7% Current ratio 1 8 Group net cash flow R92 1m Capital commitments R95,0m*
Share market *Price 690c (1979-80 high, 715c low, 335c trading volume last quarter, 334 000 shares) Yields 7 4% on earnings, 4,3% on dividend Cover 1,7 PE ratio 13 4*

	76	77	78	'79
Return on cap %	11 8	12 3	17 4	19 2
Turnover (Rm)	432	590	704	896
Pre tax profit (Rm)	54 6	64 6	95 3	125 4
Gross margin %	14 6	13 3	15 5	15 4
Earnings (c)	29 8	24 7	37 6	51 4
Dividends (c)	18	18	22	30
Net asset value (c)	219	233	253	319



AECI is continuing on an explosive growth tack This is reflected in doubling of the share price in the last twelve months The chemical sector is closely tied to growth in general consumer demand so it is not surprising that AECI s fortunes benefited from strongly improved sales throughout the economy

AECI's own sales were boosted by increased demand for consumer oriented products such as low density polythene and synthetic fibres In fact trade has been so buoyant that plants producing these products were fully utilised and the group now finds it will have to increase capacity by establishing a 140 000 t polythene plant at a cost of R150m and spend R40m on additional spinning capacity at SANS to meet anticipated demand Output of polythene was supplemented by imports to meet local demand

The funding of this capex will be provided by cash flows and borrowings However, chairman Harry Oppenheimer does not expect increased borrowings to have any significant effect on the group s gearing ratios suggesting that borrowings will be kept to a minimum Certainly 1980 s R95m capex could quite easily be financed from cash balances earnings and cash flow

Cash flow alone should be well over R105m this year and the group had liquid assets totalling R50 9m at the year-end This together with the 41% debt equity ratio reflects the balance sheet strength and the ability of the group to meet increased working capital requirements accompanying increased turnover Last year sales increased by 27 2% resulting in a working capital increase of R45,9m Stocks increased to R174 4m (R131 3m) and debtors to R170 1m (R141 2m), while creditors rose only R21 2m to R110 1m

Another strength is the increased efficiency of capital employed In the last four years the group has increased return on capital from 11 8% to 19 2% Also the gross margin has been maintained at a creditable 15 4% (15 5%) The group is still striving to improve on this and with the increasing profitability of Coalplex this is likely to be achieved

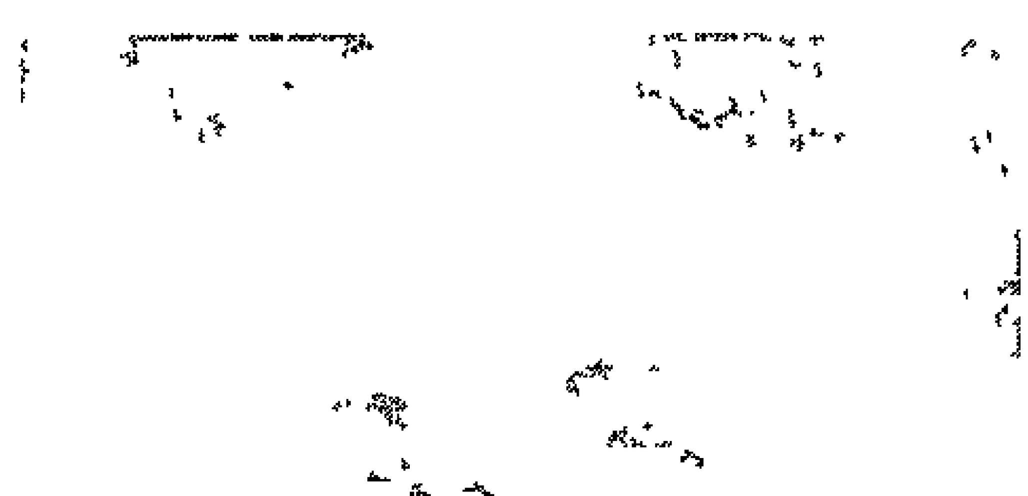
Though Coalplex is probably not yet profitable it performed well with design capacity being proved The efficiency of this plant and increased PVC sales resulting from local markets being developed and export sales doubling to 42 000t — despite the loss of Iran as a market — helped the polymers and derived products division become the biggest contributor to the R132 0m (R103 8m) group trading profit This division achieved a R49 4m (R36 3m) trading profit from R370,6m (R272 0m) sales Besides benefiting from increased polythene and fibre sales, the division has had a tremendous boost from Duropenta which supplies plastic and PVC pipes to the mining building civil engineering and agricultural sectors Duropenta was the strongest growth subsidiary in the group

The explosives division increased its contribution to trading profit to R37,1m (R31 1m) and agricultural and inorganic chemicals to R31 9m (R27 8m)

Helped by particularly high demand for paint and related products the chlor-alkali and organics division increased its sales to R165 1m (R139 8m) But the margins were low and the division achieved a trading profit of only R13,6m (R8 6m) With the upturn in building activity this division is emerging from a long period of low activity

Last year s profits did not benefit from Triomf s dividend of which R7 8m accrues to AECI as dividends are brought to account in the year they are received Had these dividends been included in 1979 results taxed profit would have increased 45 4% to R91,1m As it was, the figure increased 33 3% to R83 3m (R62 5m) Investment allowances totalling R6,7m (R5 2m) were included in this figure but the group does not consider these to be distributable so deducts them from the R76 5m (R57 3m) attributable profit

With 30% of AECI s products already derived from coal and the group seriously looking into ethanol production from agricultural residues and into substantially



AECI's Marvin moving ahead in all areas

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS A

14340 BACHELOR OF ARTS/HIGH.DIP.LIBRARIAN. YEAR : 4

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPT
~~1138601~~	~~MANTREY~~	~~JENNIFER ANNE~~	~~104202~~	~~ARCHAEOLOGY~~
			111706	PRINCIPLES O

~~* TOTAL NUMBER OF STUDENTS 1~~

DEAN

* Cannot graduate H Dip Lib as she has failed B.A.

UCT

(+2)

reasing methanol production, the group
ild substantially lessen SA's dependence imported oil-based fuel and chemicals th coal and ethanol have promise as emical building blocks Furthermore ,CI is helping with the development of a nventional internal combustion engine, nch will run on methanol in its 100% rm and is registering patents for addi-es which will allow diesel engines to in on methanol If all goes well the oup could establish a 2 500 t-a-day iethanol plant on a coal field At this age AECI estimates the cost of the plant ill be around R400m

There appears to be no reason why ,ECI could not maintain its current rowth rate and extrapolation of last ear's growth points to earnings of 70c his year, from which a 40c dividend could e paid So the share, on a 5,7% prospec-ive yield, has not yet come to the end of ts growth

232 ~~210~~ 61 FM 4/1/80

DUIKER

Medium term potential

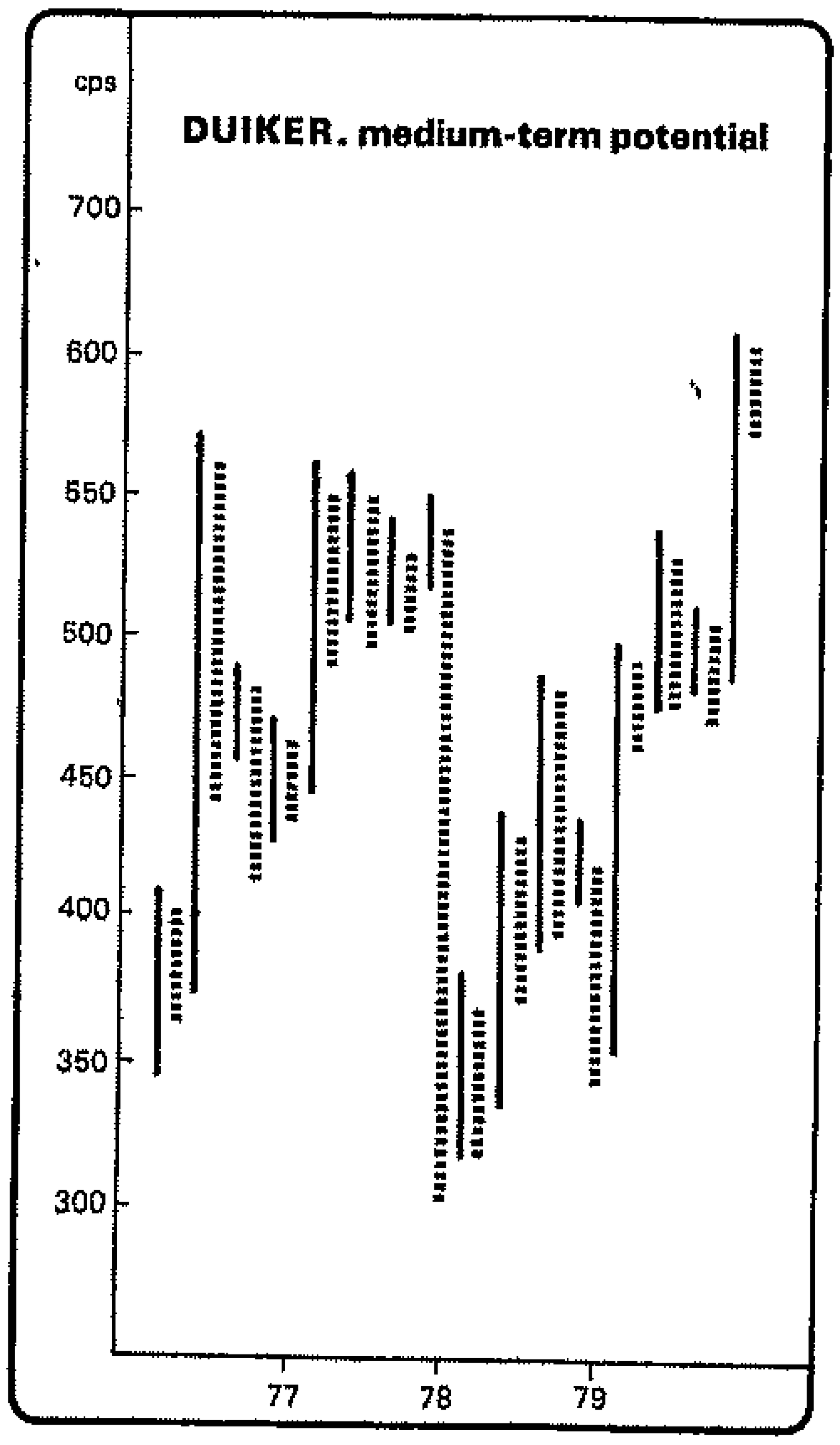
Activities: *Mining holding company in the Lonrho group with coal and asbestos mining interests SA Managed holds 39,5% of the equity, Tweefontein 28,6% and Witbank Consolidated 15,1%*
Chairman: *S C Newman, managing director R A Lee*
Capital structure: *11,2m ordinaries of 35c Market capitalisation R65m*
Financial· *Year to September 30 1979 Net cash R7,6m Current ratio 1,7 Capital commitments R10,5m*
Share market: *Price 580c (1978-80 high, 630c, low, 310c, trading volume last quarter, 171 000 shares) Yields 10,9% on earnings, 6,2% on dividend Cover 1,8 PE ratio 9,1*

	'76	'77	'78	'79
Coal sales (000t)	2 159	2 392	2 472	2 544
Turnover (Rm)	9 9	12 5	11 7	9 7
Pre-tax profit (Rm)	5 1	12 1	15 7	12 4
Earnings (c)	52,6	64 8	80 9	63,5
Dividends (c)	20	45	36	36
Net asset value (c)	210	387	387	417

At least for the next couple of years, management is likely to be cautious on dividends But though that may make the share less attractive than alternative investments, it need not preclude purchases by investors prepared to take a positive view on the company's mineral rights

Chairman Syd Newman makes no bones about this year's dismal prospects for asbestos The two operating mines, Emmarentia and Wandrag, are selling at minimal contractual levels, with material being sent for blending and sale by Gefco Newman sees little prospect of the situation improving in the near term, nor does he foresee any major improvement in selling prices

Syd Newman . . . improving prospects with gold



Thus, while normal development of the mines continues, asbestos is unlikely to make a greater contribution to pre-tax profit than last year's R1,7m

The same is true for the anthracite operations Technical problems resulted in production of poorer quality and lower-priced materials And there is apparently little prospect of any near-term improvement in prices On the other hand, the previously contentious Mhlangapisi deposit could prove to have better prospects than the company was prepared to predict only a year ago

Then, available geological information led Newman to say that coal contained in the Dundas seam was so badly weathered that its mining was not a proposition However, further exploration of the Alfred seam has disclosed reasonably attractive tonnages of anthracite and exploration expenditure is to be stepped up

As with other producers for the local market, Duiker's bituminous coal operations have been constrained by weak demand and unexciting controlled prices However, establishment of Tweefontein's Boschmans section is, to all intents and purposes, complete This year, capex for coal operations is planned at R7,1m compared with last year's R8,6m At this stage, there seems little possibility of any further near-term heavy capex commitments for bituminous coal projects

Management is not particularly optimistic on near-term coal revenue and contents itself with the cautious opinion that, depending on domestic controlled prices and export sales, revenue should at least match last year's level Thus, as far as the company's existing operations are concerned, the immediate future is unlikely to be particularly spectacular However, there could be other pay-offs for shareholders by the mid-Eighties

On its own account, Duiker is drilling gold/uranium mineral rights near Klerksdorp Though no precise details are given, the ore being evaluated probably lies in the lower Witwatersrand series which is becoming increasingly attractive as bullion advances

Meanwhile, Duiker retains a 40% interest in the Erfdeel/Dankbaarheid block in the OFS which is being evaluated by Anglo and its associates One view is that the area will be developed through Western Holdings to take advantage of tax allowances in that company's accounts If an independent mining operation is established, it is difficult to foresee Duiker taking up a proportional commitment to the area's capital needs More than likely is that a free ride will be taken in the equity of a new mine, or that Duiker will seek some form of royalty agreement

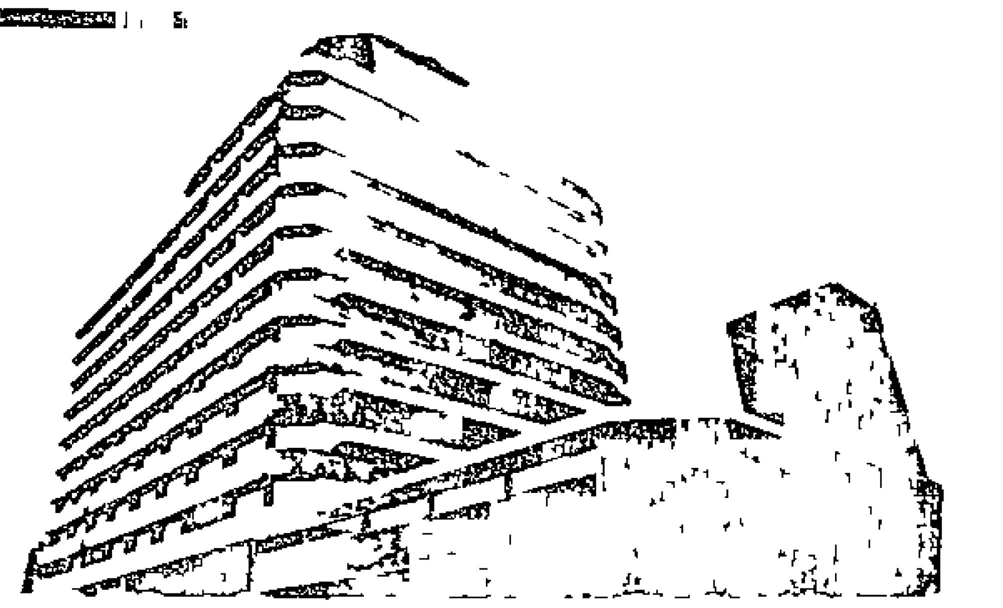
That probably makes sense if it means an eventual strong cash flow which can be used for development of the company's more traditional mining operations This year, it is difficult to predict any material improvement in last year's 36c dividend payout R8,5m — equivalent to some 76c per share — is earmarked for capex this year, while a further R2m capex could be in prospect if the decision is taken to establish operations at Mhlangapisi

But for investors who are prepared to wait completion of the company's development projects, some solid dividend growth could be in prospect within the next three to four years In the meantime, there remains the speculative appeal of the gold holdings

Jim Jones

232

Picfin shareholders want some answers on Pickard rationalisation



PROPOSALS aimed at a radical rationalisation of the Pickard group companies are now in the hands of shareholders, leaving many of them bewildered and disgruntled over the changed circumstances in which they will find themselves if the proposals are implemented.

The bones of the scheme are that Picfin (at present a 72% subsidiary of Picbel) will pay R16 1-million for Picbel's interests in Asokor Union Wine and Piccan

Picfin will sell those of its activities not related to food and wine - in practice this translates into the sale of Katz International a distributor of white goods) to Sagit which company will then hold 72% of Picfin 56% of Picprop and 100% of SPH which in turn will hold 100% of Katz International

Sagit is 100% controlled by Picbel

For Picbel shareholders, the reorganisation of their interests will not mean a great deal Picbel is the ultimate holding company now and will continue to hold this position after the proposals have been implemented

Picbel might participate to a greater extent than formerly in certain companies and to a lesser extent in others But the end result is that its income will be derived essentially from the same interests it has hitherto held

Chairman Jan Pickard says that the objective of the exercise is ' to arrange the assets controlled by the Picbel group in such a way that the return on capital employed will be increased

In addition it will enable the group to 'adopt a financial policy, directed at a continuous improvement in the ratio between own and external funds

For shareholders in listed companies Asokor, Union Wine and Piccan, the proposals have little significance, with the only change being the identity of their immediate holding companies

But for shareholders in Picfin the change is dramatic Some regard it as traumatic

In terms of the proposals, Picfin which currently operates principally as a wholesale distributor of household electrical appliances (via Katz International), will become the holding company for the food and liquor interests of Picbel

With effect from July 1 1979, Picfin will (it is envisaged) acquire the following interests now held directly by Picbel

- A total of 2 496 759 ordinary shares in Union Wine, representing 59 7% of that company's total issued share capital
- A total of 3 555 937 ordinary shares in Asokor, representing 61,7% of that company's total issued share capital
- A total of 8 036 800 ordinary shares in Piccan, representing 85,6% of that company's issued share capital

Diagonal Street

By JOHN SPIRA

For these assets, Picfin will pay R16,1-million which was Picbel's book value of these holdings at June 30, 1979

The purchase consideration will be met from Picfin's cash balances of R5,1-million proceeds from the disposal of Katz International (R4,8-million) and the assumption of certain of Picbel's liabilities amounting to R6,2-million

Of the latter figure, Picfin will acquire 2 8 million cumulative redeemable preference shares from Sagit, while Picfin's subsidiaries will acquire 3,3 million of these preference shares The preference shares will be acquired at par to yield 10%

The document containing the proposals states that if the proposals had been in effect for the 12 months to June 30, 19979, the effect on Picfin would have been to increase earnings from 41c to 55c a share and to raise the net asset value from 263c to 295c a share

Superficially the terms being offered to Picfin minorities appear to be fair and reasonable However, shareholders who have gone to the trouble of making a careful study of the proposals have come up with some searching questions to which answers will, hopefully, be forthcoming

These queries include the following

- We are at present shareholders in a company whose major investment is Katz International a successful concern operating as a distributor of household electrical appliances

We are shareholders in Picfin precisely because we have confidence in Katz International and in the sphere of economic activity in which it operates

Now overnight and without being given any alternative we are to become shareholders in the food and wine industry

We are exchanging a vital company in a growth industry plus a big dollop of cash for Asokor (meat) and Union Wine (liquor) both of which have less potential than Katz International

Piccan the third company in the package, has an extremely poor profit history We simply don't want it

Nor do we want the preference shares we are being induced to acquire The cash in Picfin can be put to far better use than the 10% return attaching to the Sagit preference shares

- For purposes of the deal Katz International is being valued on a 26% return after tax Asokor is valued at the same return but Union Wine on its valuation carries an after tax return of only 12,3%

Piccan which suffered a loss of R695 000 last year, brings down the return we are inheriting from trading assets even further

We acknowledge that if the proposals had been in effect for the financial year to June 30 1979 Picfin's earnings would have been higher But we regard this as a grossly unfair comparison

Such a comparison does not measure like against like After all Picfin held a whopping R5 1-million cash for the greater part of last year and it is palpably misleading to compare a return on a trading asset with a return earned on a cash balance — particularly at a time when interest rates are low

If one were to apply the return earned by Katz International to Picfin's cash holding, then Picfin minorities are in a far worse situation than formerly

- Minorities are surely entitled to an alternative if they are unhappy with the deal Since the entire nature of their company is being changed, they should be offered the option of being paid out in cash at net asset value
- Most welcome would be a re-think on the details of the proposals Picfin shareholders would probably offer no opposition to the purchase of Asokor since the return on the proposed purchase price is equal to that of Katz International

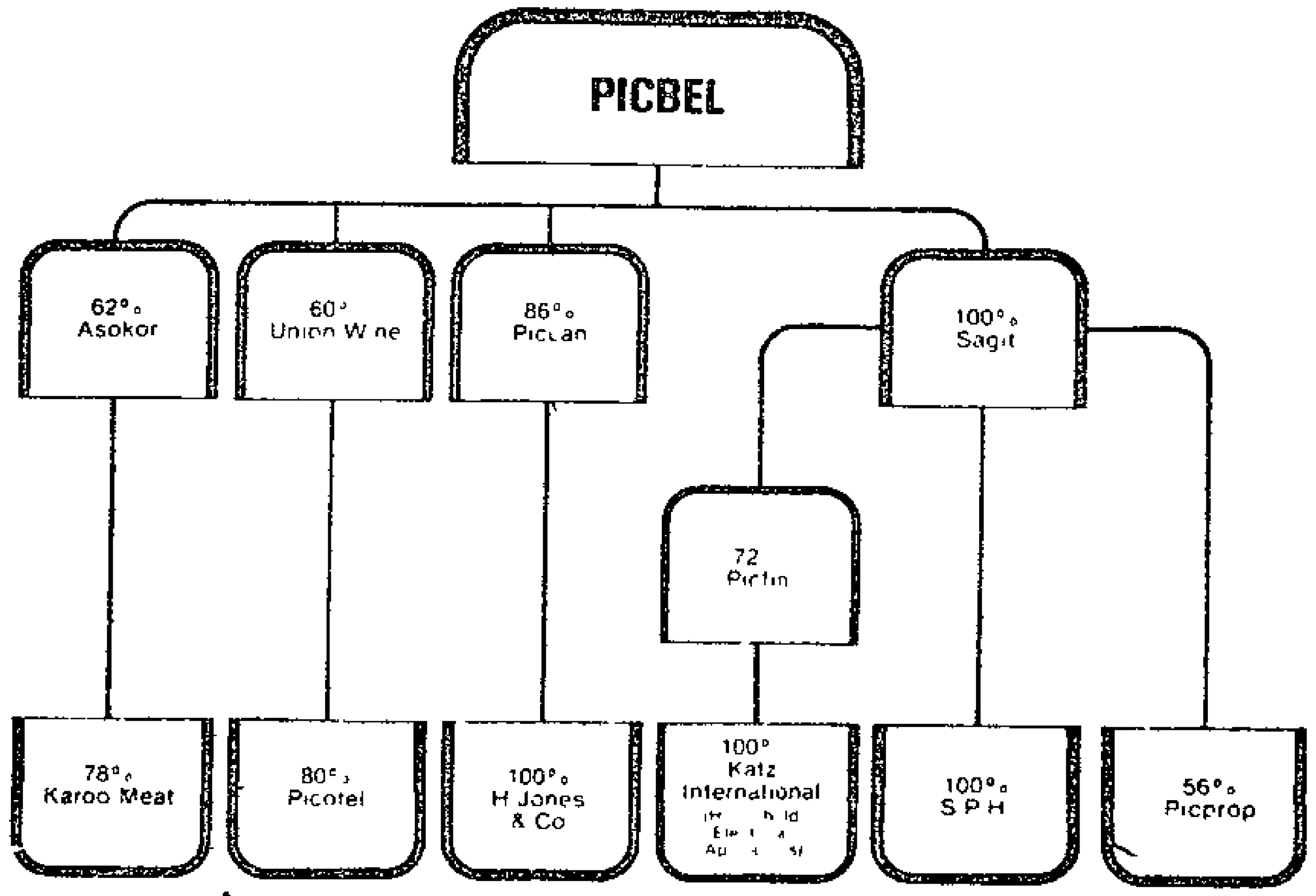
But Union Wine and Piccan are too expensive and the Sagit preference shares are far from attractive

Minority shareholders in Picfin are therefore of the opinion that they are getting a raw deal

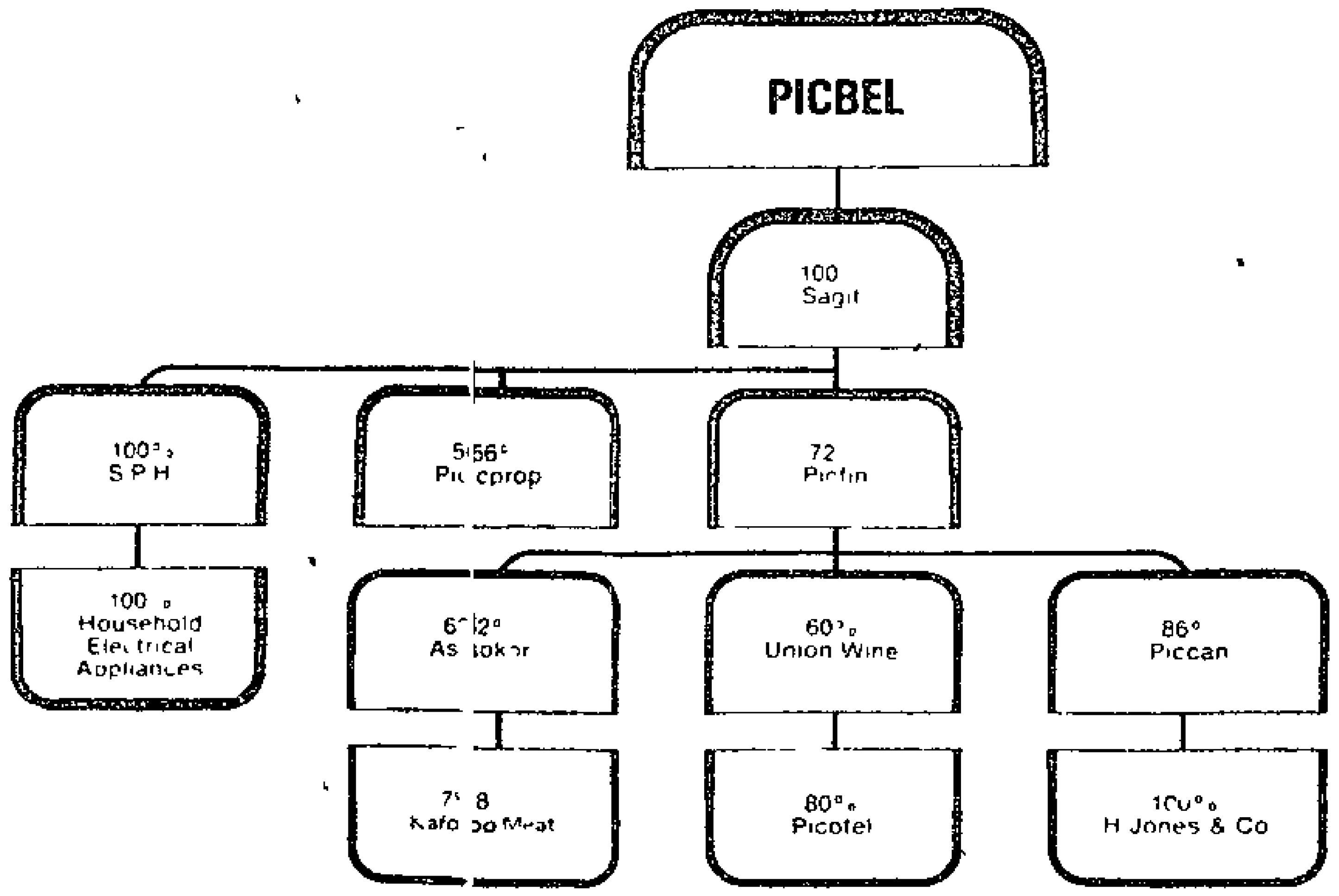
Mr Pickard obviously has other ideas on the subject and the points raised by the minorities are of sufficient merit to warrant a reply

So please Mr Pickard may we have some answers?

ORGANISATION STRUCTURE BEFORE IMPLEMENTATION OF THE PROPOSALS



ORGANISATION STRUCTURE AFTER IMPLEMENTATION OF THE PROPOSALS



(232) (347) FM 11/1/80

MESSINA

Sharp recovery

Activities· *Mining and industrial group Copper interests include Messina mine in SA and MTD (Mangula) (55%) and Merits (65%) in Rhodesia Datsun-Nissan is wholly-owned Holds 77% of equipment distributor Premier Metal*

Chairman· *Commander H F P Grenfell, deputy chairman and joint managing director W J Wilson, joint managing director D A Thompson*

Capital structure. *11m stock units of 50c Market capitalisation R37,4m*

Financial *Year to September 30 1979 Borrowings long- and medium-term, R35,7m, net short-term, R4,8m Debt equity ratio 39,4% Current ratio 1,2 Net cash flow R11,2m Capital commitments R29,5m*

Share market· *Price 340c (1979-80 high, 360c, low, 127c, trading volume last quarter, 1,0m shares) Yields 17% on earnings, 2,9% on dividend Cover 5,8 PE ratio 5,9*

	'76	'77	'78	'79
Copper sales (000 t)	44 3	42 0	34 8	33 5
Turnover (Rm)	300 5	263 5	295 7	n/a
Pre-tax profit (Rm)	28 4	9 5	4 8	16 0
Earnings (c)	127 4	57 9	19 5	57 8
Dividends (c)	45	30	—	10
Net asset value (c)	898	858	858	958

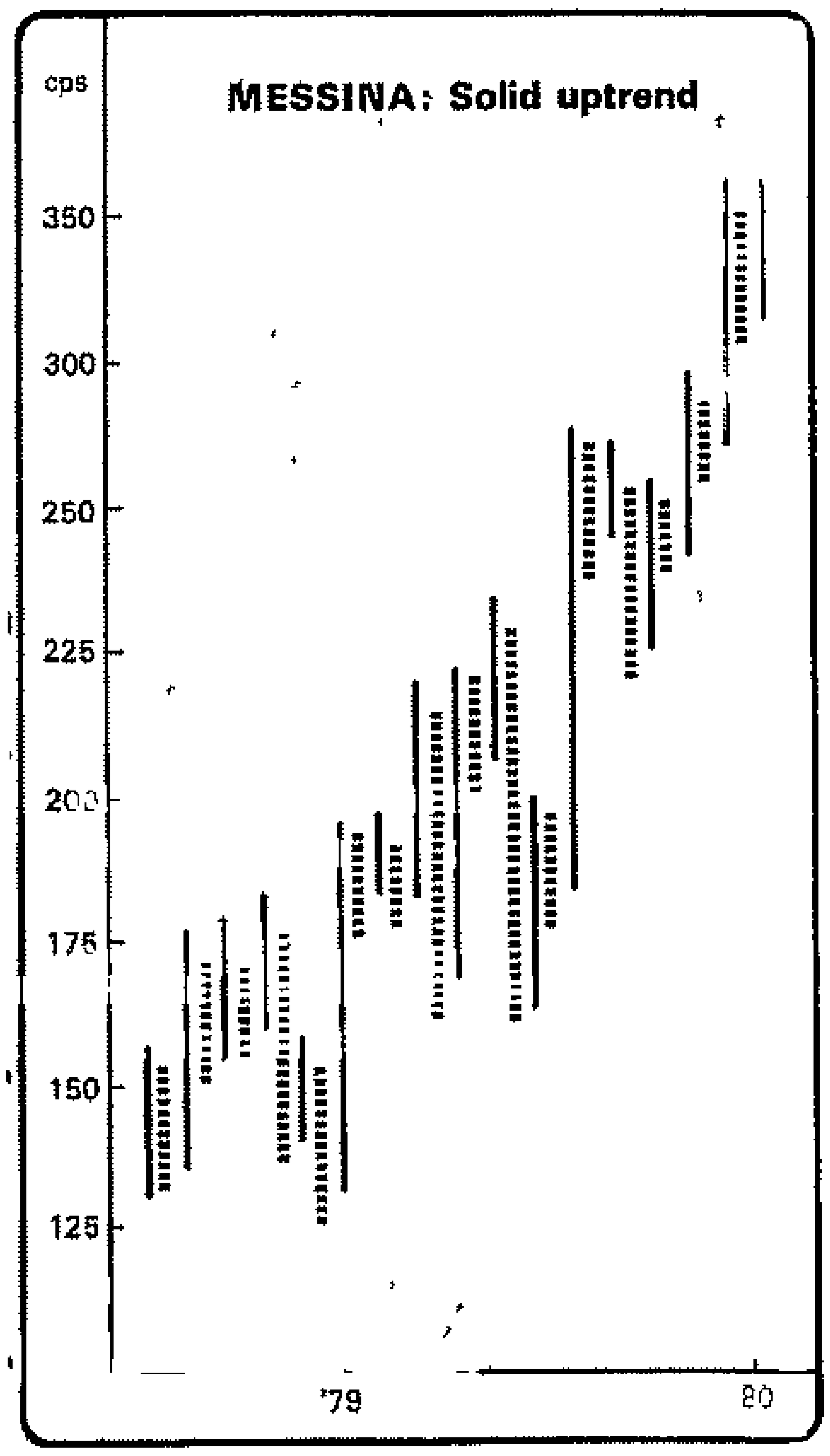
Mainly as a result of higher copper prices, mining last year took over as Messina's major profit spinner, contributing 49% to net income compared to 42% from Datsun and 9% from the rest Even though copper sales were less at 33 500 t, group pre-tax income rose by 236% to R16m (R4,8m) And, after adjustments, earnings worked out at 57,8c, allowing for the resumption of a dividend, albeit only a 5,8 times covered 10c

Chairman Commander Grenfell warns that dividends are likely to remain low until the group's interest burden has been reduced Currently, it is paying out R12,6m in interest, which was 44% of last year's operating profit However, some progress was made, with total borrowings reduced from R57,3m to R54,6m, at which level they represent only 39% of equity The real problem then lies with getting a better return on capital employed — and that means higher copper prices

Despite significant cost increases at both the Messina and Rhodesian mines, net income from mining increased from R8m to R16,7m The main factor has a higher average LME copper price of £878/t, compared with £689/t in the previous year The effective rand price was R1 513/t (R1 104), reflecting the high sterling parity which prevailed for most of the year

The mining division benefited from higher prices, particularly in the second and third quarters The Messina mine made a record profit of R1,04m after deducting R248 000 for prospecting (1978 loss R411 000) as the stockpile was run down at satisfactory prices Since then, the stockpile has been rebuilt — but not, unfortunately, ore reserves Despite spending R1,1m on exploration, nothing concrete has yet been found and the mine received R2,2m in State aid during the year, bringing the total to R2,8m

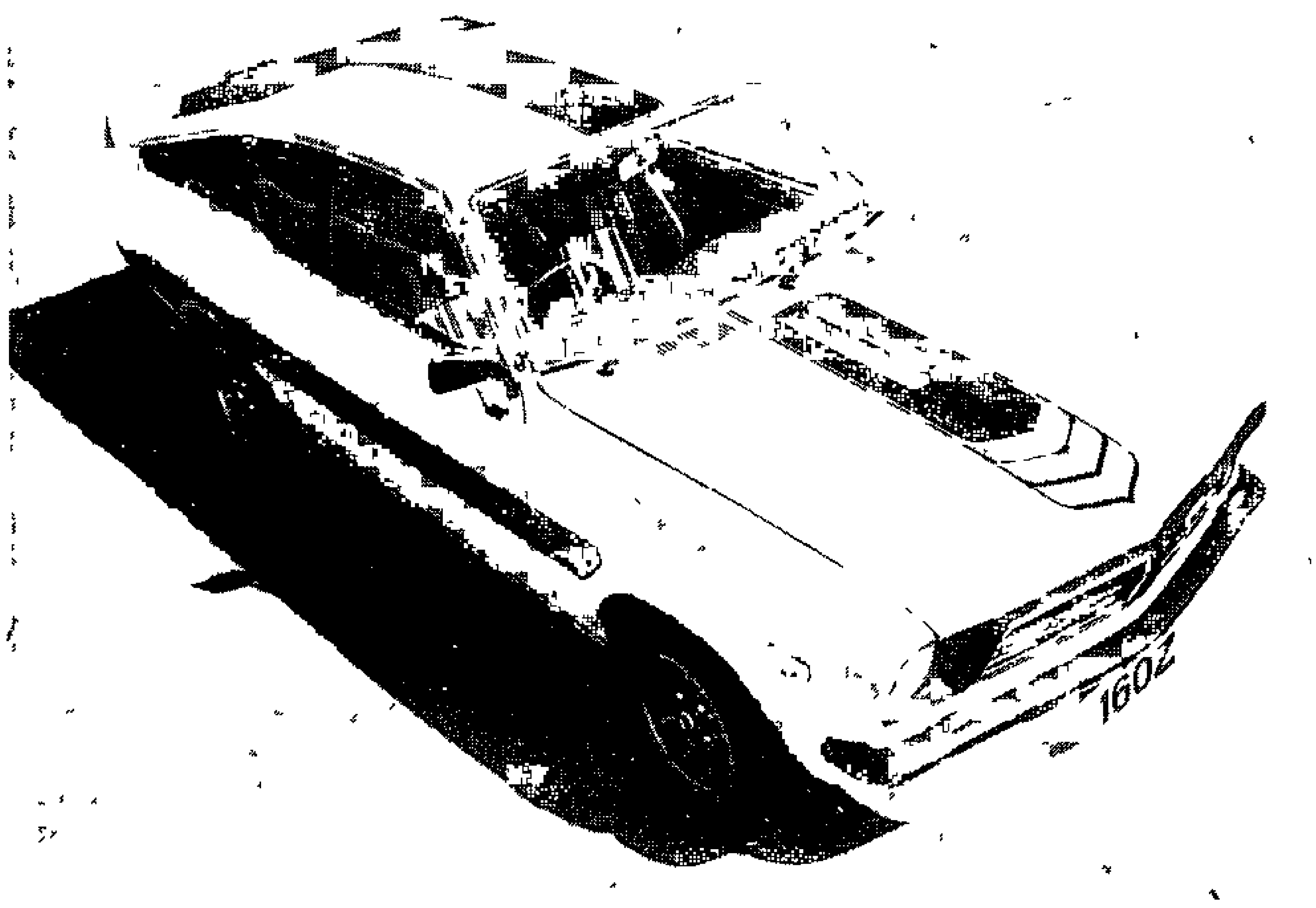
In the overall picture, however, Messina is small beer in comparison to Mangula,



which chipped in R12,1m of the group s R15,7m income from copper With Lomagundi, the contribution was R14,3m So events in Rhodesia are crucial to cash flow

Production at Mangula was hampered by a pressure burst in the Miriam shaft during February and limited haulage facilities were only reinstated in April For the future, an electrolytic refinery is to be sited adjacent to the Alaska smelter at a cost of R5,3m and will have a capacity of 20 000 t of cathode copper a year

As part of a drive for improved liquidity, Messina (Electronic) was sold to Altech, Steelmetal sold Dubigeon Plastics; the major assets of Datsun (Finance) were sold to Barclays Western Bank, Premier Metal Cargo Vans was disposed of, and Merits sold its holding in Mangula to Old Mutual This lot realised R7m in cash and was applied to bringing down borrowings and helped net current assets to increase from R7m to R28m



Datsun . . more dazzle in results

On the industrial front, only Premier Metal failed to make a profit. But losses were significantly reduced as a result of the previous year's reorganisation and recapitalisation. In a similar vein to Premier, Steelmobile has now phased out container manufacture and required a R2m injection to share capital to keep it on an adequate working basis.

Wholly-owned Datsun-Nissan did particularly well considering the speed restrictions, fuel price increases and lack of consumer confidence in going after big-ticket items. Pre-tax income was R4.8m (R3.5m) on an increase in volume of 4 119 units. After providing for deferred tax of R1,4m, however, taxed profit slipped to R3.4m (R3.7m). Market penetration improved from 13.3% to 14.1% as a consequence of an improved share of the commercial vehicle market of 21.9% (19.3%).

Judging by the decline in copper stocks on the LME from 400 000 t at the end of September 1978 to 135 000 t, world consumption continues to outpace production. Meanwhile, short-term prospects are being hampered by high interest rates worldwide and the threat of recession in the US early this year. So there could be a renewed period of price weakness, even though strength would have been expected given the pending labour contract negotiations in the US this year.

The long term prospects for copper continue to look good to Grenfell. He states that severe shortages are around the corner unless prices rise sufficiently to justify the cost of starting up new mines with lower grades.

Copper's performance has restored investment interest in the share, which has risen from a low of 127c to 340c in the past year. But while much of this stems from the resumption of dividends, at least a little of the price appreciation is to be found in recurrent rumours that a bid for the group is imminent. My view is that nothing will be heard until after the AGM on January 24 when, among others, the group's new share incentive scheme will be put to the vote. However, before voting for the scheme, shareholders might be advised to insist on disclosure of the group's turnover. It is simply unacceptable that management should cease to provide turnover figures on the grounds that the diverse nature of operations renders disclosure meaningless. If it is meaningless, why not treat shareholders as adults and provide them with a meaningful divisional turnover breakdown? John White

(232) (210) (61)

CORONATION SYNDICATE

Rhodesian discount

11/1/80

Activities *Mining finance company in the Lonrho group with Rhodesian subsidiary operating four gold mines and one copper mine Tweefontein holds 62,2% of the equity*

Chairman *S C Newman*

Capital structure *6m ordinaries of 25c Market capitalisation R36 6m*

Financial *Year to September 30 1979 Net cash R7,4m Current ratio 1 6 Net cash flow R3,8m Capital commitments R215 000*

Share market *Price 610c (1979-80 high, 650c, low, 145c, trading volume last quarter, 94 000 shares) Yields 19,3% on earnings, 8,9% on dividend Cover 2,2 PE ratio 5,2*

	'76	'77	'78	'79
Turnover (Rm)	14 5	14 2	15 2	21 4
Mining profit (Rm)	3 0	2 0	4 9	9 5
Dividend income (R000)	102	–	86	250
Pre tax profit (Rm)	2 5	1 5	4 5	8 7
Earnings (c)	42 0	24 2	75 4	117 6
Dividends (c)	5	25	8	54
Net asset value (c)	98	95	138	175

Rhodesian settlement prospects and booming gold and steady copper prices have lifted Corsyn's share price from 160c to 610c in the past year And for investors who are confident that Rhodesia will evolve peacefully the share still seems good value Chairman Syd Newman is not prepared to forecast metal prices but he forecasts a higher dividend this year using a conservative $380 gold price and steady £990 copper price

The group's operating mines in Rhodesia turned in a record profit in the year to end September The largest gold mine Arcturus achieved an operating income of R2 8m (R1 3m) on almost unchanged throughput of 108 000t (103 000t) yielding 755 kg (681 kg) gold Mashona Kop produced 39 kg (50 kg) gold on unchanged throughput, which resulted in income of R85 000 (R88 000) Mazoe turned in operating income of R1 9m (R1 1m) from 561 kg (627 kg) gold and Muriel R3 1m (R2 4m) from output of 647 kg (700 kg) gold

The lower profit from Mashona Kop arose as the mine was nearing the end of its underground life Before the year-end, the mine's assets were transferred to Arcturus and both mines will now be accounted together At end-September, the estimated reserves of the four gold mines were 928 000 t (860 000 t) at an average grade of 10 6 g/t (11 g/t) Mashona Kop's reserves fell to 2 000 t (7 000 t) at 10 5 g/t (11,3 g/t)

The Inyati mine increased copper output to 3 237 t (3 146 t) and a higher metal price produced revenue of R1 3m (R110 000)

Corsyn was largely successful in holding costs last year Newman says overall operating costs rose to R10 7m (R9,2m) but the outlook for the current year is less bright Particularly in a changed political framework labour costs are likely to escalate and Newman notes a critical shortage of skilled labour He feels wage rates could rise by as much as 20% this year which could cost Corsyn R750 000

The outlook for the three gold mines appears favourable Capex this year is estimated at R3 5m (R1 9m) with the bulk being spent at Arcturus where the mill capacity is being increased to handle more dump and or underground material and to prospect a new area At both Muriel and Mazoe exploration to reveal new underground reserves is continuing

Corsyn's dividends from Witcons and Duiker amounted to R244 000 (R81 000) last year and at least the same revenue should accrue in 1980

Newman calculates that gold at $380 and copper at £990 with a 750p oz silver price should result in turnover of about R26 5m (1979 R21 4m) and operating income of R12 5m (R8 7m) This he says would allow 1979's 54c dividend to be comfortably exceeded notwithstanding higher unit costs

At 610c the share yields a high historic 8 9% The prospective yield is even higher reflecting the still-tenuous Rhodesian situation A purchase might best be left until after the February elections, though at this stage the share rates a hold

Corsyn contributed R4 4m (R2 7m) or 71 8% (66 5%) of parent **Tweefontein's** taxed profit This year Duiker's payment will probably not exceed last year's 36c, indicating Corsyn will produce an even larger share of 1980's profit Tweefontein stands at 1 900c on an 12 1% historic yield which discounts the Rhodesian connection

Des Kilalea

RAND LONDON 232

Raising more cash

Fm 4/1/80

For the third time in less than 18 months, Rand London is raising additional funds to finance its acquisition and expansion programme This time, shareholders are being asked to chip in R10m by way of a rights offer of prefs and ordinaries in the subsidiary, Rand London Investments, which will become a listed company in its own right as Rand London Coal (RL Coal)

In September 1978, Rand London approached shareholders for R1,9m by way of a 35-for-100 ordinary rights issue, and in July last year, the group placed R3m in 10,85% redeemable prefs The prefs are due to be redeemed in four equal tranches between December 1980 and mid-1982

The current issue involves the selling of all the group's coal interests to wholly-owned subsidiary RL Coal. These are valued at R14,3m in the announcement and include the R4,5m Kempslust coking coal mine, Aloe Minerals and Brockwell Anthracite Colliery Rand London itself will thus be left with Colorado Granite, Hochmetals, its 60%-owned manganese mine, and Pegmin as its major income-earning assets, as well as its diluted stake in RL Coal

Essentially, Rand London will offer shareholders 22% of the ords and 38% of the prefs of RL Coal for R10m Since the transfer of the coal interests to RL Coal, assets and projects have been revalued by independent consultants at about R40m, meaning minorities will be financing about 25% of total asset value, with probably a similar total equity stake in the new company

Rand London MD Bernard Holtshousen says this method was adopted because it offers shareholders a direct interest in a coal-only investment, and it seems reasonable that the issue price will be pitched at a dividend yield in excess of the 5% currently prevailing on the coal sector — perhaps about 7% to encourage shareholders to follow their rights

Rand London, itself, will acquire R5m cash from the deal as the coal division repays indebtedness This, says Holtshousen, will be used to acquire assets and expand existing operations, although no immediate plans are on the cards However, consideration is being given to doubling the output of Colorado Granite at a cost of about R250 000

Rand London has a short but good dividend record and earnings this year are expected to be higher than the forecast 33c (27,6c) The sale of part of the coal company will obviously affect the earnings potential of Rand London, but by retaining 78%, the effect should not be too great and new acquisitions will probably fill in However, shareholders will have to be satisfied no further development finance liquidity problems are encountered in the near future, although Holtshousen considers this unlikely

Des Kilalea

232 141 149

Chet expands its Transkei interests

EAST LONDON — Butterworth-based Chet Industries, which manufactures Lion matches under licence and other small wooden products, is flexing its muscles

Established in 1971, Chet was one of the original two industries in Butterworth (the other was the grain bag factory) and as such was one of the pioneering companies in the fantastic industrial expansion which saw Transkei's major industrial growth point burgeon into a boom town almost overnight

Now it has taken over the Stuttkor timber factory in Stutterheim which was closed down after going into liquidation, has taken over Interlock Timber (Pty), a company manufacturing laminated beams and re-established the factory in Butterworth, and has acquired the equity and assumed the management of the Umtata Timber Development Company.

Chet's expansion programme was outlined by the group's managing director, Mr Cecil Kessler, when he addressed a rural development symposium in Umtata on Tuesday

The old Stuttkor is now operating under the name of Chet Board (Pty), a company formed to restore production at the original Stuttkor factory

The new installation has been completed and the factory now has the capacity to produce 1 000 000 square metres of blockboard and 400 000 square metres of plywood annually

Chet Board has also signed a supply contract with a major European importer of board material The contract is valued at R6 million a year or R30 million over the initial period of the contract

In time the factory will be expanded to produce sliced veneers — a project already approved by the board of the Transkei Development Corporation — as well as wooden doors and windows

Interlock Timber is projected to produce 25 cubic metres of laminated beams daily from March

If projections for 1980 are attained, following reconstruction and expansion, the Umtata Timber Development Company, a major saw-milling operation, will produce a minimum of 4 000 cubic metres of kiln dried sawn timber monthly compared with less than 1 000 cubic metres before the company was restructured

Existing timber-derivative industries established by the Chet Group and the TDC will absorb some 3 000 cubic metres a month, leaving little for further industrial expansion

Other areas of industrial expansion researched by the Chet Group for future development include an adhesives factory which will ultimately draw its raw materials from wattle extract produced in Transkei from indigenous wattle plantations, wood frame housing, development and expansion of the furniture industry, manufacturing further small wood section products as kitchen ware, wooden spoons, paint and brush handles, and wooden shoes by Chet Industries, and the installation of waste-compacting equipment to supply local needs for solid fuel — an important consideration as all the coal now used in Transkei is imported from Natal at high cost.

Mr Kessler said he believed the most important development was that of wood frame housing

He added "Foundations for the development of this project have been laid" Once a lot of red tape obstructing the project had been removed, an agreement to establish it in conjunction with one of the largest manufacturers in Europe of this type of construction could be concluded at any time

"Houses produced by this system will undoubtedly provide much better living conditions than existing houses constructed from concrete blocks," Mr Kessler said

He added it would generate considerable additional industrial activity in such service industries as a chip board factory which would obtain its raw material from forest waste and thinnings, the manufacture of doors and windows and, ultimately, other fittings when quantity justified it.

In the short time it has been going Chet Industries has chalked up some impressive statistics

It now produces more than 1 000 000 lollipop sticks daily and is the sole supplier to South African sweet manufacturers.

It produces 15 million wooden clothes pegs a month of which 40 per cent will be exported to Europe and Canada this year.

And it produces some two million toothpicks daily

Lollipop sticks, clothes pegs and toothpicks were all previously imported and Chet are well advanced with new development plans to manufacture 200 million ice-cream sticks annually, another item previously imported.

—BUSINESS EDITOR

CECIL KESSLER: better living in houses.

Plea to plant poplars

EAST LONDON — The managing director of Chet Industries, Mr Cecil Kessler, has appealed to the Transkei Department of Forestry to plant poplar deltoides to provide Chet's Butterworth match factory with one of its major raw materials

Chet, established in Butterworth in 1971, originally manufactured Chet matches, but now manufactures the market leaders, Lion matches, under an agreement with Lion Match

The company has also diversified its product range and now also manufactures lollipop sticks, clothes pegs and toothpicks and will shortly start manufacturing ice-cream sticks

Speaking at a rural development symposium in Umtata, Mr Kessler said Transkei's forest resources represent the greatest prospect for industrial development in the immediate future

"An area of 295 000 ha, 6,7 per cent of the total surface area of Transkei, is suitable for afforestation," he said Of that area some 60 000 ha had been put under plantation of mostly pine, eucalyptus and wattle

Mr Kessler also called for a measure or state intervention in utilising Transkei's forest resources, adding "I am concerned by the fact there are a considerable number of saw mills in Transkei, each privately owned and each making its own decision about disposing its products

"If the timber derivative industry is to develop and prosper, its raw material source must be secure and it is clear that intervention in the saw-milling business by the Transkei Government will be necessary to ensure this"

— BUSINESS EDITOR

(232) (58) (245) FM 25/1/80

RAND LONDON

Expensive rights?

Ahead of suspension in December, Rand London's share price shot ahead to 212c. And since relisting and the announcement of the proposed rights issue, the share has advanced to 215c. But, on the information thus far vouchsafed shareholders, does the share price fairly reflect the company's worth? And would shareholders have been better served by a straightforward rights issue rather than the one now proposed with partial dismemberment of their company — or even no rights issue at all?

I can see little logic in offering shareholders 22% of the ords and 38% of the prefs in subsidiary Rand London Coal unless, that is, earnings prospects from the group's non-coal operations are too unattractive to permit raising further cash. As it is, I do not feel the proposed rights issue is among the most attractive to have hit the market in the past few years.

Based on Rand London Coal's earnings estimates, hiving off part of the coal interests means a 4c earnings drop to 41c for the Rand London ordinary shares this year and something possibly exceeding 13c in the year to end-June 1981.

So for every 100 shares currently held, in theory a shareholder will be 1 300c worse off as far as earnings are concerned. Adding together next year's expected earnings per share of Rand London Coal's ordinary shares and its participating pref dividends, a shareholder who accepts the rights offer will gain 1 543c earnings. It means a net attributable earnings improvement of some 240c for present holders of 100 Rand London shares.

Of course, that does not include any benefits from investment of the R10m to be raised by the rights issue. To all intents and purposes, shareholders are being offered 25% of the group's coal interests for R10m, which means the coal interests are effectively worth R40m. So, if half the funds raised are kept in the coal operations, it is probably reasonable to assume an eventual five fortieths (12,5%) earnings increase from coal interests and a similar proportion for the parent. Roughly, that points to additional earnings for every 100 shares currently held of around 375c.

So if the rights are taken up, a holder of 100 Rand London shares could see an effective earnings improvement of about 615c. Which is all very well, but taking up the package of 23 RL Coal ords and 46 part prefs offered for every 100 Rand London ords presently held will cost R80,50. And that means buying an investment with an effective prospective earnings yield of 7,6% in 1981 unless some fancy earnings are expected from the R10m. Until details of expected earnings from the R10m are announced, the rights issue is hardly an attractive proposition when compared with Amcoal's 11% historic earnings yield and Barlows' 14,5%.

The group probably has little option but to raise additional funds by this method. A straight rights issue would in all likelihood be ill received by shareholders following the September 1978 R1,9m ordinary rights issue and last July's R3m pref placing.

At least for the present, Rand London shows some of the symptoms of having outgrown itself. At its present stage of development, the group needs to show fast rising earnings. But if they can only be made by the partial sale of the group's best asset, then perhaps the time has come for a period of consolidation.

As far as shareholders are concerned, there would be nothing wrong with a couple of years of solid profit ploughbacks if that were to build a sound base for advance into the mid-Eighties. But with the present arrangement, which is underwritten by Senbank, ordinary shareholders have few options open to them. If they do not accept and stay aboard, their earnings are chopped, and if they accept, their new investment could be expensive. Perhaps the best advice to shareholders is to sell out before they are squeezed.

Jim Jones

FALCON 232 214 272 FM 25/1/80

Soaring, but vulnerable

Activities: *London registered mining company operating gold mines in Rhodesia Holds 40% of Olympus Consolidated Mines RhoCorp holds 33,1% of the equity*
Chairman: *F L Wigley*
Capital structure: *2m ordinaries of Rh50c Market capitalisation R28m*
Financial: *Year to September 30 1979 Net cash Rh$3,1m Capital commitments Rh$47 000*
Share market: *Price 1 400c (1979-80 high, 1 400c, low, 440c, trading volume last quarter, 10 000 shares) Yields 9,8% on earnings, 8,8*% on dividend Cover 1 1 PE ratio 10,2*

	'76	'77	'78	'79
Tons milled (000)	235	239	242	244
Capex (Rh$000)	467	298	665	885
Working profit (Rh$000)	1 338	1 598	2 449	4 075
Earnings (Rhc)	38 1	51 2	69 0	11 3
Dividends (Rhc)★	35	50	60	100

★ Before non residents tax Exchange rate Rh$ - R1 234

In the past year, Falcon's share price has more than tripled as the gold price soared and some prospects of a settlement became apparent in Rhodesia The result for Falcon shareholders of the higher gold price was a 61,3% rise in earnings to 111,3c (69c), with a 66,7% dividend advance to 100c (60c) And this was at an average gold price for the year of $250 ($185)

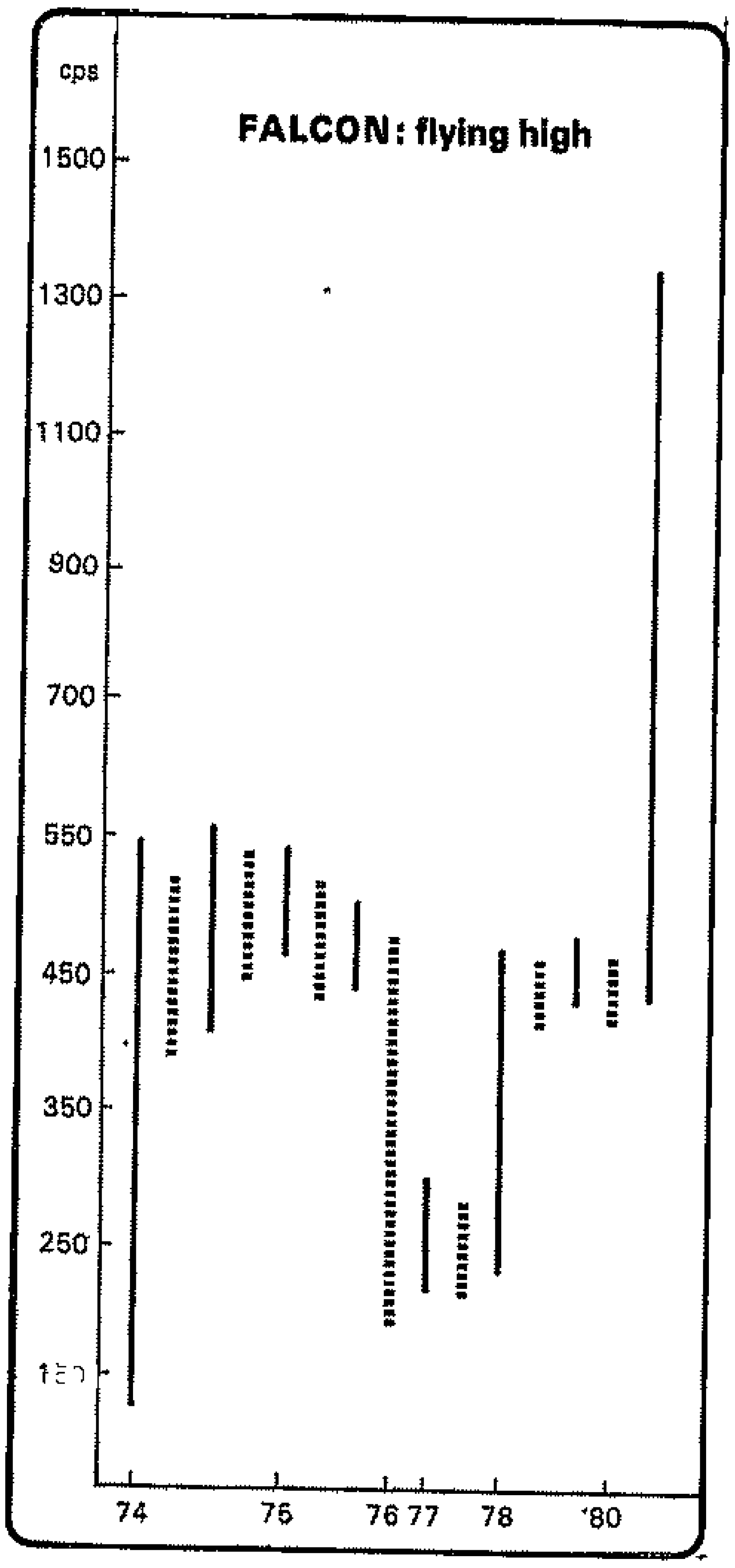
While average recovery grade was cut to 6,75 g/t (7,8 g/t), mill throughput rose only marginally And this was insufficient to stem unit costs which rose 23%

Higher working profit

The higher gold price meant the average revenue per ton milled rose to Rh$38,50 (Rh$28,00) — a 35,1% improvement — while working expenditure per ton milled was up only 21,8% at Rh$21,80 (Rh$17,90) Working profit per ton milled amounted to Rh$16,70 (Rh$10,1) — up 65,4%

Also contributing to Falcon's record profit last year was its 40% stake in Olympus Mines, which generated a pretax profit of Rh$267 000 (nil), and paid a Rh$220 000 dividend Last year, the previously accumulated loss of Olympus was recovered, and no tax was payable by this company

The past year saw an increase in development and prospecting activities with this reserve increased to Rh$250 000 Chairman Frederick Wigley says development results were satisfactory with Ven-



ice Mine maintaining a high level of payability and the returns from Dalny improving steadily Total distance advanced was 10 045 m (9 449 m) with 34% of that sampled proving payable (31%) at an average value of 11,9 g/t (10,8 g/t) and width of 174 cm (161 cm)

Last year, Falcon bought Golden Oriole Mine near Bulawayo and sank a shaft to 4 level Work has confirmed the persistence of payable values Milling is expected to start early this year, with a monthly throughput of 900 t Prospecting expenditure incurred on Golden Oriole and the Mascot mine in the Venice area, and charged to the prospecting and development reserve, amounted to Rh$155 000

Overall capital expenditure totalled Rh$885 000, compared with Rh$665 000 previously

Ore reserves of the group at end-September calculated at $310 an ounce on a 22% increase in working costs were 1,6 Mt (1,2 Mt) at an average grade of 10,2 g/t (11,2 g/t) with width 174 cm (175 cm). Included in this is 411 000 t (144 000 t) for Venice mine, which follows the opening of several additional sections with high percentage payability

At Dalny Mine, waste-sorting plant is to be erected and a concentrator plant, incorporating separate treatment of troublesome oxidised slime, is to be commissioned at Venice in the next 18 months

Lower grades

This year monthly mill throughput is planned at 20 500 t, but will be accompanied by a reduced recovery grade of 6 51 g/t in line with the lower ore reserve value Wigley says if gold remains around present levels, profit will increase substantially But he cautions on the difficulty of containing working costs and the possibility of reducing grade further Heavy capex will hit distributable profit this year The Venice shaft and Dalny sorting equipment will absorb about Rh$1 7m but, on the plus side, Olympus is exceeding forecast returns

With the gold price presently around $700 with "at least $200 downside," according to some brokers, gold share prices are vulnerable, particularly Falcon, which has a built-in political factor Although, at 1 400c, the share yields an attractive 8,8% after non-residents' tax the yield falls to a fully priced 6,6%

Des Kilalea

ASSENG DIVIDEND

Last week Asseng's dividend for 1979 was incorrectly given as 26c instead of 30c It means a growth of 15,4% last year after four years of static payments

DATES TO REMEMBER

Last day to register dividends
Friday February 1 East Daggafontein 10c, SA Land 20c Southvaal 140c, Vaal Reefs 320c, Western Deep 225c, Zaaiplaats 20c
Meetings.
Monday January 28 Barlow Rand (Sandton)
Wednesday January 30 Rustenburg Sumcor
Thursday January 31 CI Industries (Pinetown) Scotts (O&S Durban)
Friday February 1 African Oxygen Falcon Mines (Rhodesia)
All meetings are in Johannesburg unless otherwise stated
O & S = Ordinary and special meeting

Old Mutual in R10,7m Lyd Plat deal

CT 2/2/80

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By DON ROBERTSON

JOHANNESBURG. — After two weeks of what must have been some hard bargaining, General Mining and its associate, Sentrust, have announced details of the sale of their stake in Lydenburg Platinum to the Old Mutual for R10 714 665, equivalent to 345c a share.

The purchase price will be satisfied by the exchange of a mixed portfolio of securities from Old Mutual The transaction will increase Old Mutual's interest in Lydenburg to 42% from the previously held 21%

The effective change of control will result in a reconstitution of the board, although the operations of Lydenburg will remain unaltered

In addition, Lydenburg has agreed to sell to General Mining all its mineral and mining rights, participation rights and property holdings, although it will retain the right to negotiate a participation in any future development of these mining rights

These rights are reported to have a minor value and their sale will not have a material effect on the earnings or prospects of Lydenburg The consideration for this sale will be determined by an independent adviser

Old Mutual will extend a cash offer of 345c a share to minority shareholders of Lydenburg

The deal certainly appears most favourable for Old Mutual Lydenburg's 8,3% holding in Rustenburg Platinum — its major investment — is worth 431c at yesterday's closing price of 600c Its interest in Sentrust and President Steyn, at current prices, takes this value up to about 470c a share

For Old Mutual, the deal makes sense in that it is picking up a good investment at a considerable discount and should benefit from the dividend income from a currently optimistic Rustenburg

What Old Mutual will pay for the mineral rights, however, could reduce the discount

The major participation is on the farm Vermeulenskraal-Noord, south of President Steyn However, results from exploratory drilling on the farm have not revealed any significant values and prospecting has ceased

For General Mining, however, the deal seems rather odd, with the price well below the value of the underlying assets

A General Mining spokesman, points out that the group is already heavily committed in the platinum industry through its indirect holding in Impala through Union Corporation, which it is in the process of acquiring as a wholly owned subsidiary

It is considered that the portfolio it will receive from Old Mutual will fit in better with its current investment strategy

Sun Trib (Finance) 3/2/80

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Tongaat makes strong bid for Hebox

By TONY HUDSON
Finance Editor

TONGAAT is to make a formal bid for the entire issued share capital of Hebox Textiles.

In an announcement late on Friday, Union Acceptances said Hebox shareholders would be offered either 40 Tongaat ordinary shares for every 100 Hebox shares held or R275 for every 100 Hebox shares.

If the offer of Tongaat shares is accepted, it means that Tongaat is paying 256 cents for Hebox shares. As Tongaat is standing at 640 cents at Friday's close, it would mean that the price would have to move to about 700 cents before the equivalent of the cash offer of 275 cents could be realised.

Tongaat has come up from a low last year of 280 cents and it seems in the current overbought state of the market that the counter would have very little steam left in it.

Therefore those interested in growth would be wise to accept the cash offer and place their funds elsewhere. However, in the long term, there is no doubt that Tongaat has a very sound future and those more interested in dividends and stability would do well to accept the shares.

According to the Union Acceptances statement, holders of 60 percent of the share offer have agreed to support the proposal.

At nearly 10 times Hebox's earnings, the price Tongaat is paying would seem a bit over the odds. However, it must be confident that with its financial muscle it will improve the quality of earnings at Hebox and put the company back on the growth trail.

Hebox has been undergoing some hard times and for the year to June 30 1979, the company's after tax profit was down nearly 19 percent to R1,35 million and the chairman's forecast did not indicate any further growth.

With Hebox standing at 160 cents at suspension and with little growth in sight, the offer is an excellent opportunity for locked-in shareholders to get out.

10.2 Economics of the Drug Industry

Brodie (Vol.2) shows that a large part of the ethi[illegible] South Africa is controlled by overseas firms. He [illegible] high price of pharmaceutical products is related t[illegible] practices of the industry. He concludes that, al[illegible] 'excess' profits, drug prices are unnecessarily hi[illegible] several possible solutions to this problem:

1. Nationalisation.
2. Direct controls on the private market.
3. Dissemination of information by the Medic[illegible]
4. Centralised marketing of drugs.

Genmin's Trek stake now 47,3 pc

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Star 6/2/80

By Jean Moon

General Mining has bought an additional 5,7m shares in Trek Beleggings, which brings its stake in the company up to 47,3 percent.

The sellers Federale Volksbeleggings (4,4m shares) and Industrial Selections (1,3m shares) were the joint founder members of Trek. The price paid for the acquisition is about 210c, but General Mining has no intention of making offers to other shareholders.

The shares were offered to General Mining on a right of first refusal which the three companies agreed upon in 1969.

It is not expected that this development will result in any material change in the present structure or normal activities of Trek.

* * *

The Phosphate Development Corporation (Foskor) announces an unchanged dividend of 15 percent of issued capital which amounts to R1,17m for the year ended June 1979.

Pre-tax income from the sale of phosphate concentrates for local consumption rose 85 percent to R11,9m while interest and other revenue of R562 000 brought the total to R12,75m which compares with R6,08m for the previous year.

The sharp increase in fuel prices will only have its full impact in the current year and will have a major effect on phosphate production costs.

* * *

Tavistock Collieries has increased its taxed profit by nearly 16 percent to R7,9m for the six months ended December 31.

Earnings rose 4,5c to 39c a share and the company has increased the interim dividend by 9c to 17c a share. The amount of coal sold during the period rose by 115 062 tons to nearly 2m tons.

Capital expenditure was curbed during the period to R?m compared with R4,4m in the corresponding months.

The increase in the interim dividend [illegible] yield [illegible] the day [illegible] price of 1 [illegible] to a [illegible] effective [illegible] percent.

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6. i.e. by treating more people the costs per head are not reduced.
7. In the language of economics these may be rents arising from the scarcity of doctors, not a repayment of the costs of their production (training), so that the supply of doctors may not be decreased by a worldwide reduction of their incomes coupled with removal of some of the restrictions on entry to medical training.
8. This is described in economic theory (e.g. Arrow's 'Impossibility theorem') as difficulty in deriving a social welfare function.
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11. See, e.g. O. Gish & G. Walker, 'Mobile Health Services'. TriMed, London, 1977.
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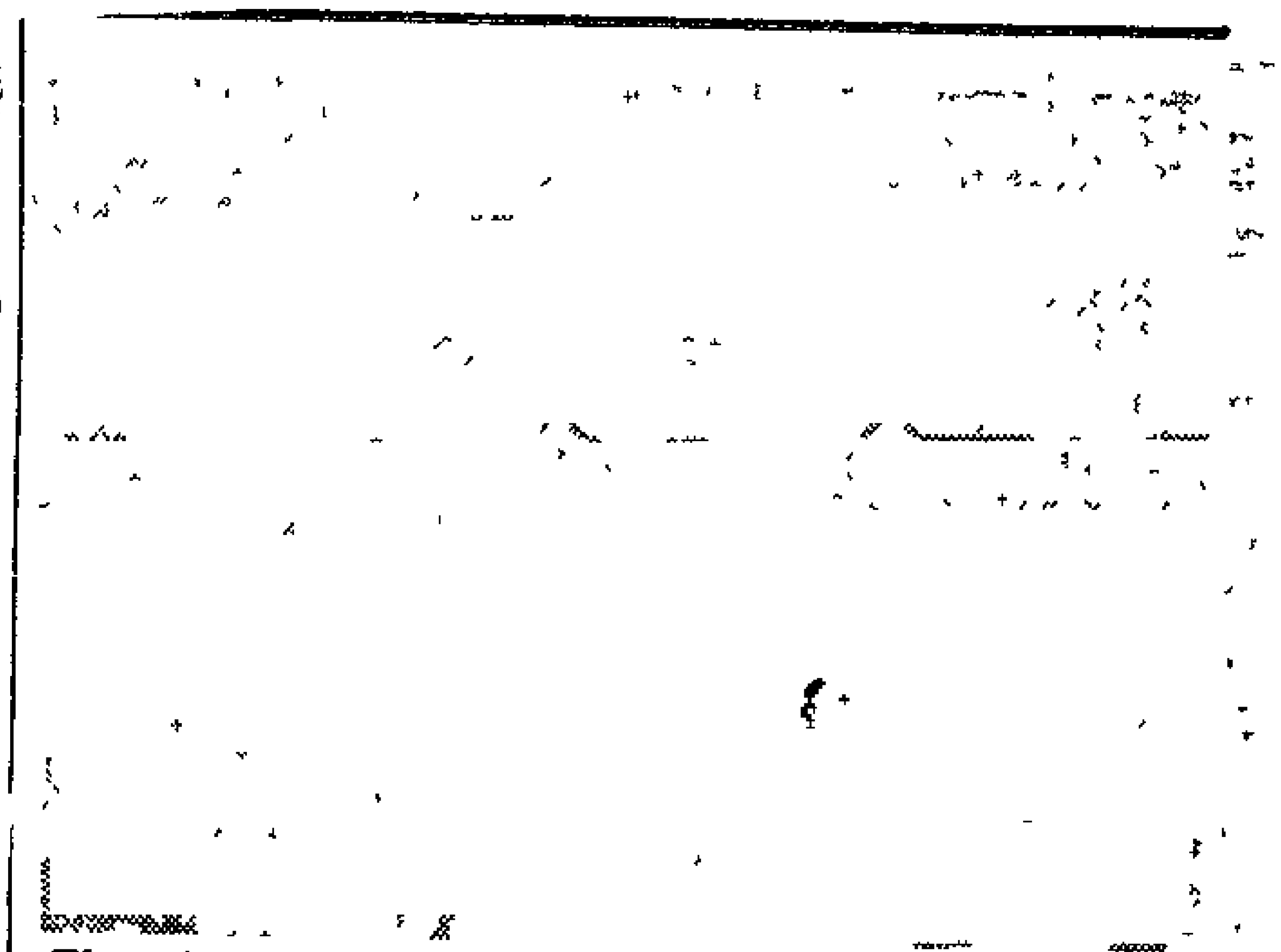

The slogan with differing interpretations, seen on many of CTC's buses.

No bus shares sold in Ciskei

232 DD 9/12/80

EAST LONDON — No Ciskeians had been sold shares in the Ciskei Transport Corporation (CTC) the general manager of the Ciskei National Development Corporation, Mr F Meisenholl, said

"I do not think there should be a Ciskeian who is interested in buying shares in a company that is not profitable," he added

He said the company was subsidised by the government to keep it going otherwise it would not survive on the tariff structure on which it operates

"The tariff structure is about 1,0 to 1,2 cents per passenger kilometre against 1,7 to 2 cents in other parts of the country

"The result is that CTC is not a profitable organisation and any Ciskeian who invests in the company cannot expect to receive dividends "

Mr Meisenholl said this had been the position for a number of years and he put the reason for the low tariff structure at the number of fare increases — only two since 1974, with the last having been cancelled by a Supreme Court decision

"From the CNDC side we like to offer shares to Ciskeians in companies in which we know they will, in the future be able to receive dividends from so that they can participate in the profits of these companies," he said

"The fact of the matter is that CTC is owned jointly by the CNDC, the economic wing of the Ciskei, and the Corporation for Economic Development.

"As all ventures launched by these corporations in the Ciskei are aimed at the development of the Ciskei and the advancement of its people, there can be no doubt that the CTC's objectives are identical."

He said CTC provided transport services to 100 000 Ciskeians daily and employed 1 000 Ciskeians It was also significant that CTC's directors were Ciskeians.

"Just as the S. A R & H and S. A. Airways are the national transport operations of the Republic, so CTC strives to be the national transport network of the Ciskei," Mr Kaiser said

Because of this he said it was felt the slogan was appropriate

The question of Ciskeians buying shares in the company was one of the strongest arguments raised by Ciskeian politicians when they ended a bus boycott after which the buses were bought by the two corporations from City Tramways.

Speaking at the Sisa Dukashe Stadium in Mdantsane early in February, 1975, Mr L F Siyo, who was then Minister in the Ciskei, and Mr B. D. R. Myataza,

Asked whether the slogan on the buses — ZezamaCiskei Amahle — They belong to good or beautiful Ciskeians — was not misleading, he said the group manager of CTC, Mr H G Kaiser, would be able to explain that

In a statement in which Mr Kaiser translated the slogan to mean — We belong to the beautiful Ciskei — he said the slogan was suggested by prominent Ciskeians, among them intellectuals, businessmen and civic leaders

"There is still a misconception that CTC is in the hands of private owners and many people are even still under the impression that the company is controlled by Cape Tramways, the previous owners," Mr Kaiser said

assured Ciskeians they would be able to buy shares when the buses were taken over by the then Xhosa Development Corporation — hence many people understood the slogan to mean that the buses belonged to Ciskeians —DDR

Centenary test bat stolen

MELBOURNE — A souvenir bat from the 1977 centenary cricket test between England and Australia has been stolen from the members' long room at the Melbourne cricket ground, the secretary, Mr Ian Johnson, said yesterday.

The bat, signed by the 22 players, was taken while the members' pavilion was open to the public during practice sessions. — SAPA-RNS

Now SAB tackles streamlining task

STAR 9/2/80

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JSE Spotlight

Jean Moon looks at SAB's problems after the beer war

The dust has settled after SA Breweries' victory in the "battle of the beer market," and though both contenders are now wearing smiles, it is not going to be all smooth sailing for SAB.

Before the final shot was fired, SAB had intended to put up its beer prices by 5 percent, but it has now agreed to peg them for the rest of 1980. This might be quite tough in the face of galloping inflation (now at above 14 percent). But, had the price increases come into operation, and had SAB continued offering price cut lines (which in the past accounted for 1 percent of sales), it would still have been the loser to the extent of about 10 percent.

For starters, SAB faces a bill of over R1 for retrenchment pay for the 299 ICB staff who could not be accommodated in the new set-up. Then it must work towards turning the loss-making ICB operation into at least a break-away position.

BRANDS

The streamlining includes taking a good look at some of the less popular, therefore less viable brands with a view to discontinuation. We should hear quite soon which are to be axed.

The likely ones are Shaftt, Stallion, Colt, Culemborg, Sportsman, Beck and Heidelberg.

These brands represent less than 1 percent of the R600m-a-year market. It is hard to assess exactly how much was spent last year on advertising these brands, but it could be near the R1m mark.

SAB is reputed to have spent at least R5,9m on beer advertising during the price war while ICB spent about R3m in its effort to increase its 8,3 percent market share.

So far SAB had kept mum on its advertising budget for this year, but it can be expected that the type of advertising will swing towards an increase in corporate image ads and those "lovely refreshing beer-type" ads designed to increase beer sales rather than create brand-swapping.

Advertising of wine and related spirits to some extent no longer applies and should save a substantial sum. Last year the advertising expenditure of Stellenbosch Farmers' Wineries is rumoured to have been a hefty R8,5m. This now becomes the headache of KWV and Rembrandt.

While the new setup can only be good for the parties involved, beer drinkers received the news with dismay. When the battle was in full fury, SAB and ICB had special offers running nearly all the time.

Though these offers were often confined to the slower-selling brands, avid beer drinkers were prepared to switch for a week or two in order to extend their paunches even further at a slightly lower price.

It is highly unlikely that, apart from a few exceptions when a certain brand is being tested on the public, any special offers will appear on bottle store shelves.

MORAL

These discounts were limited to the smaller bottles and cans, which is the most expensive way to buy beer anyway. But for the sake of convenience (like non-returnable bottles and carry packs) the public is prepared to accept about 10 percent less volume of beer for the same price.

Fancy packs and labels add considerably to costs, which has been proved by the better bargains obtainable on super dumpies which come in boxes.

The moral of this bit of the story seems to be that, provided you drink more than one beer an evening, it would pay you to buy in pint or quart bottles — and provided you wife does not mind the empties piling up in the back yard before they are returned to the bottle store for the deposits.

DUPLICATION

The streamlining and cost-saving also depends to a large extent on cutting out the duplication which resulted from the takeover.

Still no decision has been taken on the fate of the multi-million rand factory complex in Prospecton near Durban. SAB has three factories in the area and this R4,8m plant has now become a white elephant.

In other areas where interests have become duplicated, five overlapping depots will be mothballed and sold at a later stage.

The two Denver depots are in the process of being amalgamated and the Krugersdorp depot has been moved to Chamdor. ICB's Bethal depot was moved to SAB's Witbank depot nearly before the ink was dry on the agreement.

Rosslyn has taken over the deliveries formerly made from Waterloo in Pretoria.

BLACK MARKET

Last year R600m was spent by the public on lager beer, and this is expected to grow at a compound rate of about 15 to 20 percent in the next three years to total over R900m by 1982. In the past five years, the compound growth rate was 10 to 15 percent.

Much of the growth is expected to come from the black market as the beer drinking population increases along with higher wages. Last year's estimate put black consumption at 60 percent against 40 percent for whites.

The market leaders in beer are Castle, Black Label and Lion, which account for more than 80 percent of sales.

BREAKDOWN

At the time of the takeover, the ICB range, which includes Kronenbrau 1308 and KB Gold, only accounted for 8 percent of the market share. The small balance is made up of the less popular SAB brands.

A rough breakdown of distribution: bottle stores 50 percent, mines and administration boards 30 percent and the rest through clubs, hotels and restaurants.

Potbellied beer-drinkers may complain bitterly about the cost of the calorie-filled beverage, but the brewer's margin is really quite small. Excise takes up 45 percent of the cost while raw materials account for 10 percent. Other costs such as employees' pay and depreciation swallows a further 20 percent. Packaging and other variables account for a further 20 percent, leaving a mere 5 percent to the brewer.

NEW BREWERY

This week SAB's group managing director, Mr Dick Goss (with the help of the President of Bophuthatswana, Chief Lucas Mangope turning the first sod), set the wheels in motion for the construction of a R19m brewery in Ga-Rankuwa.

The brewery will be completed in about 18 months' time and will turn out the equivalent of 1,7m quart bottles of beer a week, which will cater for 90 percent of Bophuthatswana's needs.

I think it fair to assume that SAB intends to rely on a good volume increase as well as in streamlining to help it over the next year. But while this might be good for the brewers, what about those paunches?

Perhaps it will also provide more work for those clinics which specialise in streamlining figures.

the cost of raising the necessary funds has to be taken into account. The funds themselves are already justified by comparison with the alternative methods of provision, but there are additional costs involved in raising them: interest on loans, or administrative and incentive costs of raising taxation. These are normally insignificant for any given project, but may affect the overall amounts available for the health budget.

Where the methods of providing a given service use the same kinds of resources in different proportions, the decision-making can be simplified by means of Linear Programming, though health service choices cannot usually be presented in the simplified way required by this method.

2. CHOICE OF PROGRAMMES

So far, we have discussed methods of choosing means to obtain a given objective. But what tools are available to aid the choice of objectives themselves? Can anything be said on the question of the priority to be given to particular diseases or age groups, whether to allocate more to child welfare clinics or care of the aged?

Overall criteria are needed, and they have to be expressed in such a way that they can guide these detailed questions. Essentially, the problem is not only to relate resources used to objectives achieved, but to relate the various objectives to each other.

There are various means of doing this; but all of them require that expenditure be accounted for by the ends it is expected to achieve.

2.1 Programme Budgeting

Programme budgeting, also known as budgeting by objectives, involves the presentation of expenditure data according to the objectives to which it is directed. Thus, projects to combat TB would be grouped together, geriatric problems, sanitation programmes, etc.

This is necessary:

(a) to know the cost of pursuing each objective;

(b) to group together activities with the same objectives which can be compared by cost-effectiveness analysis;

(c) to know the effectiveness of a given amount of money when spent on different objectives, so that choices can be formulated in terms of the alternatives we might afford - so many geriatric day care centres, so many child welfare clinics, etc.

Financial statistics are not traditionally arranged on this basis but in categories such as 'salaries', 'transport', 'medicines', etc. A separation, e g. between expenditure on different disease groups or age groups cannot be made.

The grouping of expenditure into programmes is an art. Pole, an econo-

Sugar takeover talk on JSE

By ELIZABETH ROUSE

DIAGONAL Street speculation is that moves are afoot in the sugar world

The speculation hinges on the extraordinary performance of Huletts, which has been traded in unusually large volumes and whose price is being resolutely kept at 900c

Speculation is that there will be a takeover involving inter linked Huletts, Tongaat and CG Sugar Anglo and Barlows are mentioned as bidders

When Huletts and the other sugars started emulating gold share gains last week, a Huletts spokesman denied that anything was in the offing On Tuesday the chairman, Mr Chris Saunders, said that he knew of no reason for the share's move

Activity has geared down in Crookes, CG Sugar, which came off 50c to 1 250c yesterday, and Tongaat, which shed 5c to 750c, but whoever was in the market for Huletts stubbornly kept the price at 900c yesterday That kind of action usually spells some offer price

De Beers and Anglo continued to dominate trading, with Anglo up 20c to 1 450c after a high of 1 480c, and De Beers up 40c to 1 175c after 1 185c GFSA reacted with a 250c decline to 8 150c after Tuesday's big advance.

Attention has turned to non-precious metals on the lack of inspiration on the gold front Coppers, tins and antimony were in demand yesterday as were copper and tin content mining financials

Industrials remained in uptrend London demand boosted Barlows and SA Brews and Senchem moved on the Genmin coal oil uranium project

Selected gold marginals were slightly firmer Selected heavies were off in the 50c to 125c region

Messina put on another 10c to close at 460c and Palamin firmed 25c to 1 875c

Lyplat started to advance, gaining 18c to 398c Rusplat was up 5c

Rooiberg firmed 100c to 2 175c and Union jumped 30c to 305c in tins Cons Murch gained 50c to 1 035c

Johnnies was marked up 100c to 7 500c after its brilliant results and Midwits featured with a 50c gain to 1 050c

Barlows was up 25c to 980c, Senchem gained 25c to 865c and Steelmetals put on 25c on good results

group? But community care originally became fashionable as a good thing in itself. The practitioners are very apt to muddle the medical and economic arguments when it suits them, and the politicians and administrators equally so when it suits them, but the economist's concern is to keep them separate" 9

Programme budgeting, then, entails the attempt at this separation, sorting out from the multiplicity of decisions those which can be made on the basis of administrative or economic, together with medical-technical criteria, and those in which the role of the public through political

SAM STEELE (2) . 232

Dull record

Activities *Investment and finance company with subsidiaries active in the manufacture and retail [illegible]* [illegible] *Owns 100% of Steel & Barnett* [illegible] *Directors hold 14 [illegible] of the equity*
Chairman *E [illegible] Roy* [illegible] *director* *B M Goldberg*
Capital structure *10,9m ord shares of 50c Market capitalisation R5,8m*
Financial *Year to August 31 1979 Borrowings long- and medium-term nil, net short-term, R6,0m Debt equity ratio 69 2% Current ratio 1 [illegible] Net cash flow R359 000*
Share market *Price 53c (1979 80 high, 60c, low, 31c, trading volume last quarter, 1,2m shares) Yields 11,9% on earnings 7 5% on dividend Cover 1,6 PE ratio 8 4*

	76	'77	78	'79
Return on cap %	11 7	11 6	10 7	11 1
Turnover (Rm)	24 7	17 9	20 6	20 9
Pre tax profit (R 000)	1 125	1 164	1 120	1 224
Gross margin %	4 6	6 5	8 2	8 9
Earnings (c)	4 6	5 2	5 8	6 3
Dividends (c)	3 5	3 5	3 5	4 0
Net asset value (c)	64	73	75	78

In real terms shareholders in Samstel have been losing ground for the past five years Last year was no exception and this, given the general economic revival and higher black spending, was disappointing Turnover advanced a marginal 2% to R20,9m, although slightly higher margins enabled earnings to be lifted by 8 6% to 6,3c (5,8c)

But, while gross profit rose by 10%, short-term debt increased by 20% to R6,1m Consequently, interest paid was R65 000 higher at R636 000 This represents 34% of gross profit while total debt stands at 69,2% of equity

Out of the higher earnings shareholders got the first dividend increase in five years, with the total rising from 3 5c to a 1 6-times covered 4c So Samstel could not have been more generous The real problem is that the furniture trade needs still more buyers - and higher margins

In this context it is interesting to note that the services of MD Monty Goldberg and directors Norman Steele and D E Mathie are now deemed vital enough to warrant a R300 000 restraint of trade agreement Methinks that it would hardly be worth their while to set up shop elsewhere and produce similar results

Unless, of course, great things are expected this year However, chairman Edward Roy says little besides that turnover has risen satisfactorily in the first four months and that profitability is improving

In assessing where the group's prospects lie, which is basically Steel & Barnett, it is interesting to note that 79% (78%) of group income after tax stems from retailing, and only 14% from manufacturing Perhaps a more aggressive attitude to store management and development could have led to a happier earning record Nevertheless, furniture has been tipped by several analysts as the sector to watch With a historic yield of 7,5% the share is one of the cheaper entries around and is readily marketable

John Wato

Financial Mail February 15 1980

FATTIS & MONIS STRIKE

Inyanga ngoku sele izakuphela abasebenzi abangama - 88 bakwa Fattis & Monis efektri eBellville South benogwayimbo. Into ebangele ukuba bagwayimbe kukugxothwa kwabasebenzi abahlanu ebebesebenza nabo. Bathi unobangela wokugxothwa kwaba basebenzi bahlanu, kukuba bebengamalungu eTrades Unions Le union be izama ukwenza uphando nonthethwathethwano lokuba kunyuswe imali ibeyi - R40 ngeveki yay. kusetyenzwe iyure ezisi - 8 ngemini. Umphathi weFektri leyo uthe ezizinto bazifunayo zingaphezu kwamandla yaye ziya kwenza uqhushululu efemini.

Abasemagunyeni kumbutho weUnion onamalungu ayi 10 000 (amawaka alishumi) obizwa ngokuba yi Food and Canning Workers Union bathi abo bagxothiweyo bebesayinile amaphepha anika i-Union igunya lokuba benze uthethwathethwano ngemeko ezibetele ekunokuthi kusetyenzwe phantsi kwazo. Ifektri leyo ilalile oluthethwathethwano ne Union. Ifektri ibalula into yokuba omatshini ekusetyenzwa ngabo bathathe indawo yabantu yiyo lento kunyanzeleke ukuba kuphungulwe abasebenzi.

Nangona aba bagxothiwyo ingabantu beBala uninzi lwabo bagwayimbileyo ngamagoduka abantu abamnyama. Nangona bathe bagrogriswa ngokugxothwa babuyele emphandleni aba basebenzi bamnyama bame bemi kwicala labeBala ababathatha ngokuba bangabantakwabo. Ngosuku lokuqala logwayimbo indoda emele icala lomsebenzi izame ukubohlula abeBala kubantu abamnyama xa bebemengaphandle kweFektri. Abasebenzi [illegible] omnye wabo uthe USilapha sonke yaye i[illegible]

Ayenda amanani abantu abazibanakanyi[illegible] yeentlanganiso zokuxhasa abasebenzi kw[illegible] University nakwano Kolegi ababafundi k[illegible] U.W.C., Hewat, Bellvill Technical Coll[illegible] bathe abasebenzi mabaphinde baqeshwe k[illegible] ingathengwa.

Umbutho oyi Western Province Traders A[illegible] awo ukuba angayithengi imveliso yaleFe[illegible]

Umbutho oyi South African Council of S[illegible] zonke izikolo ezinonxibelelwano kunye[illegible] phinde baqeshwe. Yaye akufuneki bayith[illegible]

Abanfundi base U.C.T. bayenzile eyabo [illegible] Bacele ukuba imveliso zakwe Fattis & M[illegible]

UFattis & Monis uphikele ukuthi akukho[illegible] lowa ungumphathi wefem le uthi ukhath[illegible] thengwa ngabamnyama njengoko inkxaso e[illegible] Fem baqashe abasebenzi abangabanye uku[illegible] ukuze kubekho imveliso. Kodwa imvelisc[illegible]

Ngubani uFattis & Monis? UFattis & Mon[illegible] Record - self raising flour, Cake flou[illegible] Wheatie Treat flour; Philadelphia fl[illegible] Fattis & Monis icecream, cones, cake c[illegible] spagetti, shells, ribbons, rings, dil[illegible] Checkers and Roma - macaroni, spagett[illegible] Vrench Town Bakery in Observatory; Ult[illegible] in Elsies River.

THE JSE THIS WEEK

Rumours rife over Anglo and Huletts

Sunday Star 11/1/80 (232)

By Jean Moon

Anyone who still does not know that De Beers was the mystery buyer of Cons Gold (though the name General Mining continues to rumble around the market), or has not heard of the new gold mine costing R715m at Western Deep, or that Sall[illegible] come off pension with the possibility of a new [illegible] must have had his [illegible] in a sugar sack all week. My oh my — Anglo certainly has been busy — but perhaps it hasn't finished yet.

Takeover talk abounds in the market place, [illegible] ing Huletts to Anglo. Certainly Monday's closing price of [illegible] Friday's [illegible] of [illegible] ridiculous. Huletts price has leapt over [illegible] percent in the past two months, with nearly 50 percent of that gain coming in the past couple of weeks.

But Huletts is 51 percent owned by S & J, a private company in the CG Sugar stable. Therefore a predator must persuade CG Sugar to part with it, holding [illegible] before gaining control. With drought having a particularly adverse effect on Huletts CG Sugar might well now be willing to part with its stake.

But a broker who is clued up on the sugar scene is urging clients to sell their sugar shares now as the price is too high. The broker figures that the ethanol spin-off will take a long time to come, and this could be further hampered by the water shortage.

[illegible] which it has [illegible] initially to [illegible] further buying [illegible]

[illegible] sugar is [illegible] 20 trading day.

The rest of the industrial market has been looking good, spurred on by excellent results published by [illegible]. Some highlights of the week have been Rennies with a [illegible] in profits, Sappi with a 60 percent [illegible] Abercom and Tholer.

Gold shares have not performed well but the firm undertone remained while bullion wavered between $[illegible] and $710 dollars.

GENERAL NEWS

RDM 16.2.80

Board will probe trade monopolies

Pretoria Bureau

THE Competitions Board is currently investigating restrictive or monopolistic trading practices in five major industries — and there are other investigations in the pipeline

The board, which has taken over the Board of Trade and Industries responsibilities under the old Regulation of Monopolistic Conditions Act, had its first meeting in Pretoria last week

Its primary function is to break down and eliminate unfair competition barriers.

The five investigations now under way involve the fertiliser industry, the poultry industry, the liquor industry, sanitary ware and hardware industries, and price discrimination involved in the big chain stores squeezing discounts from suppliers.

A major aim of the board was to give relief to those organisations adversely affected by conflicts which had their roots in an imperfect marketing system

The investigation into the fertiliser industry was started nearly three years ago by the Board of Trade.

In a detailed report on the industry the board found that two major companies — Triomf and Fedmis — controlled about 90% of total production and turnover

The board felt that entry to the industry was restricted for manufacturers and distributors by Triomf's alliance with AE & CI which placed it in a favourable position in getting supplies of nitrogenous raw materials, and the considerable shareholding which the major agricultural co-operatives had in Triomf.

This placed Triomf in a privileged position

The inquiry into the liquor industry was launched about two years ago before last year's takeover by SA Breweries of Intercontinental Breweries

Spin off from the takeover was the sale by SAB of its interests in Stellenbosch Farmers Winery to a new company, Cape Wine and Distillers

Rembrandt, which sold Intercontinental to SAB for R25-million, also sold its wine and spirits interests in Oudemeester to the new company

SAB and Rembrandt each have a 30% stake in Cape Wine and Distillers

The chairman of the SA Independent Egg Producers Association, Mr Ian Bartlet, said poultry farmers felt their interests were being prejudiced by the virtual monopoly in feed production of the three large producers, Tiger Oats, Premier Milling and Tongaat

As an outlet for their feeds, he claimed, they had to buy up or take over existing poultry farms This had led to an overproduction of eggs which in turn prevented prices from rising to a level more in line with production costs than existing prices

These points, Mr Bartlet said, were made clear in a memo to the Board of Trade

Another point made was that the three big producers had formed the National Egg Producers Co-operative (Nepco) to control the egg market

In the sanitary ware and hardware investigation, the background is allegations of supply discrimination and "exclusive dealing" in which some traders may not have free and unqualified access to supplies

This could unbalance the competitive situation in the retail trade

The price discrimination investigation arises from complaints by suppliers that they are being squeezed for unreasonably large discounts on bulk orders

However, the big supermarkets claim this is in the interests of consumers as the cheaper they buy, the cheaper they can sell

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MITCHELL COTTS BEPERK

("M.C.")

VERKRYGING VAN DIE CLIFFORD HARRIS CONSOLIDATED VENTURES MAATSKAPPYEGROEP

("C.H.-groep")

Standard Aksepbank Beperk is gemagtig om aan te kondig dat M C en mnr Clifford Harris en ander partye tot 'n ooreenkoms geraak het in verband met die verkryging deur M C van al die uitgereikte aandelekapitaal van die C H -groep
Die verkryging is onderworpe aan die goedkeuring van aandeelhouers van M C in algemene vergadering

Die C.H.-groep

Die C.H -groep is teen die middel van die veertigerjare in die Wes-Kaap deur mnr Clifford Harris gestig en het sy hoofkwartier in Kaapstad. Sy belangrikste besigheid is siviele ingenieurskontrakte, hoofsaaklik padbou, spoorweg-, brug-, hawe- en damkonstruksie en klipbreekwerk Kontrakte word dwarsdeur die Republiek van Suid-Afrika en aangrensende gebiede onderneem
Hierbenewens besit die C H -groep 50% van Much Holdings (Edms) Beperk ("Much") wat op sy beurt 'n 50%-aandeelhouer van African Bitumen Emulsions (Edms) Beperk ("A B E ") is Hierdie maatskappye is belangrike leweransiers van padblad- en -dekmateriaal dwarsdeur Suid-Afrika en lewer ook 'n verskeidenheid bitumineuse mengsels en verwante chemikalieë
Die bestuur van die C H -groep sal voortgaan met mnr. Clifford Harris as Voorsitter, mnr F G Ilse as Besturende Direkteur en mnr C J Bettison as 'n Uitvoerende Direkteur Dit is die voorneme om mnr Clifford Harris en mnr Fred Ilse te versoek om tot die direksie van M C toe te tree

Die effektiewe datum

Ingevolge die ooreenkoms met die C H -groep-aandeelhouers sal die effektiewe datum 1 Julie 1979 wees

Koopteenprestasie

Die effektiewe koopteenprestasie is soos volg
A R15 miljoen in kontant, en
B Een miljoen nuwe gewone aandele in M C. wat as volopbetaal uitgereik word Hierdie aandele sal in aanmerking kom vir enige dividend wat M C ten opsigte van die jaar tot 30 Junie 1980 verklaar en wanneer dit uitgereik word sal daar aansoek gedoen word om die notering daarvan op Die Johannesburgse Effektebeurs Die markprys van M C -aandele op 29 Januarie 1980 (die dag voor die opskorting daarvan) was 240 sent per aandeel Op hierdie grondslag beloop die totale teenprestasie R17,4 miljoen

Uitwerking op M.C.

Die verkryging van hierdie bekende en suksesvolle groep verteenwoordig 'n groot toevoeging tot M C en 'n belangrike voorwaartse stap op die gebied van die siviele ingenieurs- en verwante bedrywe Dit sal afsonderlik bestuur en geïdentifiseer word as 'n bedryfsafdeling van M C en sal verskeie ander groepswerksaamhede aanvul.
Die C H -groep se balansstaat toon 'n sterk likiede posisie en aanleg en uitrusting is modern en in goeie toestand
Ofskoon historiese balansstaatwaardes 'n vermindering van 55 sent, van 342 sent tot 287 sent, op 30 Junie 1979 in die netto batewaarde per M C -aandeel aandui, is M C van mening dat huidige batewaardes die historiese waardes wat in die 1979-balansstaat van die C H -groep aangetoon word, aansienlik oorskry
Gebaseer op die geouditeerde rekeninge van C H -groep en van M C vir die jaar tot 30 Junie 1979 is die uitwerking van die verkryging, na aanpassing vir finansieringskoste, 'n styging in die verdienste per aandeel van M C. vir daardie jaar van ongeveer 35 sent tot ongeveer 42 sent
Die uitgifte van nuwe aandele ingevolge die voorwaardes van die voorgestelde verkryging sal 'n afname in die persentasie van die aandelekapitaal van M C., wat deur sy uiteindelike moedermaatskappy Mitchell Cotts Group Limited van Londen gehou word, van ongeveer 77% tot ongeveer 72% tot gevolg hê

Algemene vergadering van aandeelhouers

'n Omsendbrief en kennisgewing van 'n vergadering van aandeelhouers van M.C om hierdie verkryging te bekragtig, word tans opgestel Na die nodige goedkeuring deur Die Johannesburgse Effektebeurs verkry is sal die omsendbrief so gou doenlik uitgestuur word

Hernotering van aandele

Ten tye van die voorlopige aankondiging van hierdie transaksie op 30 Januarie 1980 is die notering van die aandele van M C op Die Johannesburgse Effektebeurs opgeskort Daar is nou aansoek gedoen om die hervatting van die notering vanaf besigheidsaanvang op 15 Februarie 1980

Johannesburg, 14 Februarie 1980

General Mining acquires a bigger slice of Siemens SA

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RDM (1978)

By HAROLD FRIDJHON

THERE has been a switch in the local shareholdings of Siemens Ltd, the South African subsidiary of Germany's Siemens AG, the electrical and telecommunications giant.

SA Mutual has sold its 8% holding to General Mining which has bought a further 8% from the Industrial Development Corporation

The position now is that through a Swiss subsidiary, Siemens AG holds 52% of the total capital and the IDC, the Federale Group, and General Mining each hold 16%.

No mention has been made of what General Mining paid either Mutual or the IDC for the shares which it acquired but it is understood that the transaction was satisfied by an exchange of securities

One can only conjecture whether the Old Mutual purchase of Lydenburg Platinums figured as part of the deal

In a statement issued last night, the reason given for the restructuring of the capital was "to optimise the potentials of Siemens and General Mining to their mutual benefit, both nationally and internationally"

This presumably means that General Mining has got itself more than just a blue-chip investment

The reference to" international potential" suggests that Genmin must have done a deal with Siemens AG for the export of some of its mineral production and bearing in mind Europe's intense fuel problem, my guess is that coal must be somewhere in the equation

The statement goes on to add that both General Mining and Siemens "expect additional business, the intensified use of existing manufacturing facilities and an increase in local content and employment"

Dr W J de Villiers, chairman of General Mining, will join the board of Siemens LTD, his alternate will be Mr George Clark who heads up Genmin's industrial division

Anglo's firm foothold in Huletts' boardroom

By Jon Beverley

DURBAN — Anglo American Corporation has gained a firm foothold in the Huletts Corporation boardroom with the appointment last week of Mr Chris Griffiths who is an executive director of Anglo and heads Sigma and Anglo American Industrial Corporation

Mr Griffiths comes in as a Tongaat group nomination together with Mr D W Strachan, vice-chairman of Tongaat

Two new directors have been appointed by C G Smith and Company to Huletts They are Mr Warren Clewlow, executive director in Natal of Barlows, and Mr Bas Kardohl, executive chairman of Nampack

C G Smith have a new board following last week-end's acceptance of the offer to minority shareholders with Barlows holding an effective 84 percent stake

An Anglo American spokesman declined to comment yesterday on whether the corporation had now consolidated its holding in Huletts

Anglo has a 17,38 percent holding in Tongaat and a 3,3 percent holding in Huletts Tongaat, through its holding in S and T Investments, has a holding in excess of 26 percent in Huletts, according to Anglo's annual report

The new board appointments were made on February 12 before the sudden rise to 900 cents of Huletts shares and the above normal volume of over 500,000 last week Yesterday The price was down to 750 cents and only a few thousand changed hands

Market talk is that Anglo views the sugar operations in Rhodesia, where it has a mill as well together with the transport and aluminium operations, as worth sweeping under its wing and preventing Barlows from taking Huletts into the C G Smith empire

ma - 88 bakwa Fattis & Monis efektri
uba bagwayimbe kukugxothwa kwaba-
ngela wokugxothwa kwaba basebenzi
e union be izama ukwenza uphando
...unyuswe imali ibeyi - R40 ngeveki yay kusetyenzwe
...mphathi weFektri leyo uthe ezizinto bazifunayo zinga-
...kwenza uqhushululu efemini.

Union onamalungu ayi 10 000 (amawaka alishuni) obizwa
g Workers Union bathi abo bagxothiweyo bebesayinile
unya-lokuba benze uthethwathethwano ngemeko ezibetele
ntsi kwazo. Ifektri leyo ilalile oluthethwathethwano
into yokuba omatshini ekusetyenzwa ngabo bathethe indawo
eleke ukuba kuphungulwe abasebenzi.

igabantu beBala uninzi lwabo bagwayimbileyo ngamagoduka
bathe bagrogriswa ngokugxothwa babuyele emphandleni aba
mi kwicala labeBala ababathatha ngokuba bangabantakwabo.
o indoda emele icala lomsebenzi izame ukubohlula abe-
bebemengaphandle kweFektri. Abasebenzi balile ukwahlulwa,
onke yaye iinjongo zethu zinye."

ibanakanyileyo nabasebenzi abagwayimbelileyo. Kwenye
basebenzi kwive-i ephelileyo kubekho abafundi base
ababafundi kwe - 500. Ababafundi bavela kwezi zikolo
echnical College, Peninsula Training College. Ababafundi
de baqeshwe kungenjalo yonke imveliso yakwe Fattis & Monis

nce Traders Association uthe uza kuxelela onke amalungu
veliso yaleFektri de bavume uthethwathethwano.

Council of Sports SACOS ucele onke amalungu awo nazo
elwano kunye nabo ukuba zixhase abo bagxothiweyo de ba-
ifuneki bayithenge imveliso yale fektri.

enzile eyabo intlanganiso bebonakalisa ubunye nabasebenzi
kwe Fattis & Monis zingathengwa okanye zingasetyenziswa.

UFattis & Monis uphikele ukuthi akukho ngxabano nakungevani kulefektri. Kodwa ke-
lowa ungumphathi wefem le uthi, ukhathazekile xa kusithiwa imveliso yabo mayinga-
thengwa ngabamNyama njengoko inkxaso enkulu iyela kwabo bamnyama. Abaphathi bale
Fem baqashe abasebenzi abangabanye ukuba basebenze endaweni yabo bagwayimbileyo
ukuze kubekho imveliso, kodwa imveliso yehlile.

Ngubani uFattis & Monis? UFattis & Monis yifektri enezimvaliso zilandelayo:
Record - self raising flour, Cake flour; Bread flour, Sifted flour, Unsifted flour,
Wheatie Treat flour; Philadelphia flour; Koeberg Mille packed mealie meal;
Fattis & Monis icecream cones, cake cups and wafers; Fattis & Monis macaroni,
spagetti, shells, ribbons, rings, dilatines; Princess, Pick 'n Pay, Pot of Gold,
Checkers and Roma - macaroni, spagetti, shells, ribbons, rings, dilatines;
Vrench Town Bakery in Observatory; Ultra Bakery in Somerset West; Good Hope Bakery
in Elsies River.

bulk of disease and suffering is amongst not the white population but the African population and the bulk of illness occurs in rural areas and not in urban areas. Out of a registered number of 17 374 doctors in South Africa (Race Relations Survey, 1977:541), only 482, or 2,8% (Hansard, 1976, 2, Col.39) work in the Bantustans and overall figures estimate ratios in the range of 1:600 doctors for whites as contrasted to 1:40 000 doctors for blacks. Expressed differently, 81% of all doctors live in urban areas (Cooper, 1974:20), where only slightly more than a third of the population live, and the majority of all doctors primarily service the needs of the white population. This maldistribution of doctors is a mirror of the maldistribution of resources in South African society. Indeed, the organisation of South African medicine provides a clear illustration of the Law of inverse medical care, which is that 'The availability of good medical care tends to vary inversely with the need of the population served' (Hart, 1975).

While it may be inevitable within the existing organisation of South African medicine that doctors, who the Human Sciences Research Council currently estimate on average earn R18 250 p.a. (Financial Mail, 14 November 1977), cluster into areas where richer practices amongst the affluent and more ancillary services are to be found, and where professional advancement is more possible, the medical profession must question whether the implicit transmission of an ethic whereby medicine among blacks and in rural areas is devalued can continue to be supported. A simple increase in the number of doctors is unlikely to alter the law of inverse care, what may be far ... approaching this ...

Argus Correspondent

PAARL. — The KWV with its R362-million assets is now part of an organisation that controls more than 80 percent of the distribution and marketing of wine and spirits consumed in South Africa, Dr Andre du Toit, chairman of the KWV, said when he addressed members of the Paarl Farmers' Association here last night.

Dr du Toit listed the benefits the KWV and its wine farmer members would receive because of the creation of the new group between the KWV, Stellenbosch Farmers Winery Ltd, Oudemeester and Henry Taylor and Ries (Pty) Ltd, to be known as Cape Wine.

BIG GROWTH

The growing local population, their increasing prosperity and a growing demand for South African natural wines and brandies on overseas markets indicated a favourable growth potential for the new undertaking.

The KWV's stake was acquired for R42-million. This amount will be financed with 1-million R1 shares to be taken up by the KWV from its own sources and 14-million R1 preference shares from private placing.

Another 27-million R1 preference shares is to be taken up by a consortium of banks.

The 14-million preference shares will be offered to selected wine producers.

... services in South Africa, for instance, have been described by the Minister of Health as being 'so inefficient, unbalanced and uncoordinated' that they fail to meet the needs of the country (Sunday Express, 14 March 1976). To take another illustration in the area of ancillary services: within the three African townships in Cape Town, there is not one pharmacy for

the use of the population and residents have to leave the townships to obtain drugs if clinics are not open. One need hardly quantify the obvious: the number of qualified dentists, pharmacists, opthalmologists, or more importantly, the number of health visitors and health educators is severely limited, as is the number of institutions available, particularly to the black population, to serve the needs of the mentally ill,[3] the handicapped and the elderly. In short, ancillary medical services, especially those available to the black population, are in chronically short supply, and are weakly developed.

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The *fourth*, and probably the leading characteristic to be mentioned, typifying the social organisation of South African medicine, is that it is dominated and controlled by whites and is deeply permeated by the structure of apartheid. Its own professionals are trained in different institutions according to their skin colour and paid differentially (although it would cost South Africa only R1,4 million p.a. to pay equally qualified doctors the same salary and R14,2 million p.a. to give equally qualified nurses the same pay (Hansard 1977, Col.599)). Similarly, gross segregation runs throughout the bulk of medical facilities available to the population and thus inevitably many, if not most, of these facilities are not equal either in terms of their physical capacities, physical quality or in terms of the quality of care that they are able to offer. There can be no other country in which the duplication of expensive facilities on an unequal basis on the grounds of colour is the norm. Most vitally, though, apartheid has meant that the majority of the population are shut out from any real part in the political decisions shaping ... articipate in the design of services, ... of medical resources or in decisions ... ections that medical services are to ... elands can help decide about the ... graphic areas merely gives emphasis ... the general exclusion of blacks in the ... stem of health care.

... in South Africa generally has been ... of the population as the important factor determining the health of the population is socio-economic development and not the application in medical technology. Second, it has also been argued that there is a particular social organisation attached to South African medicine. These two broad features conditioning and

Anglo move no secret

Star 22.2.80

Anglo's movement into Huletts was not the best-kept secret, as readers of last Saturday's Star are aware What is more, yesterday's 60c price tumble in the sugar share comes as no surprise.

Anglo has a 17,3 percent stake in Tongaat, which through its holding in S & T Investments, has over 26 percent of Huletts as well as a 3,3 percent direct holding in Huletts

Executive director of Anglo, Chris Griffith, who, also heads Sigma and Anglo American Industrial Corporation, will take his place at Huletts boardroom table, nominated together with D W Strachan, by Tongaat.

C G Smith & Company have appointed Mr Warren Clewhow, executive director of Barlows in Natal, and Mr Bas Kardohl, executive chairman of Nampack, as Huletts directors.

The market was warned last Wednesday that something was afoot when the price of Huletts screeched ahead to 900c on a huge volume of over 122 000 shares.

Anglo gets Huletts foothold

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~~186~~

RDM 20/2/80.

By JON BEVERLEY

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The board appointments were made on February 12 before the sudden rise to 900c of Huletts shares and the above-average trading volume of more than 500 000 shares on the Johannesburg Stock Exchange last week Yesterday Huletts price was down to 690c and only a few thousand shares changed hands

Market talk is that Anglo views the sugar operations in Rhodesia where it has a mill as well, together with Huletts transport and aluminium operations as worth taking under its wing and also preventing Barlows from taking Huletts into the C G Smith empire

Anglo's sweet tooth

RDM 20/2/80 (232)

Own Correspondent

DURBAN — Anglo American Corporation has gained a firm foothold in the boardroom of the sugar group Huletts Corporation.

Mr [illegible] Griffith, [illegible] director of [illegible] and head of [illegible] and Anglo American Industrial Corporation, has been appointed a director of Huletts.

Anglo has a [illegible] holding in Tongaat and [illegible] of Huletts. Tongaat, through its holding in [illegible] Investments, has more than [illegible] of Huletts, according to Anglo's annual report.

● See Page 14

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DM 20/2/80 52

BARLOWS will be in full control of unlisted C G Smith and Company when Mr [illegible] [illegible] Rosholt, Barlows executive chairman takes over from the current chairman, Mr J C McGough, at the end of February.

[illegible] result of the offer to minority shareholders, Barlows emerges with a holding of 65% Smiths Sugar has a non-voting block of 23% [illegible] Industrial Development Corporation holds 3,8% Crookes Brothers 1,2% and smaller holders 5%

This gives Barlows an effective 84% of the voting stock

Other executive directors are Mr Warren Clewlow, vice-chairman, and Mr M J Noyce, who are both Barlows directors resident in Natal.

Other executives will be Mr D Brown, Mr Bas Kardhol, of Nampak, Mr Tony Norton, of Smith Sugar, Mr Jack Ward, of Romatex, Mr W M Shorten, financial director, and Mr P P Noppe, both of C G Smith

The non-executive directors are Mr [illegible] McGough, Mr F R Jones, chairman of Smith Sugar, Mr L G Abrahamse, of Nedbank, [illegible] [illegible]an, of Rio Tinto, [illegible] Marsh [illegible] McCarthy [illegible] Group, and Mr W T Passmore formerly of Standard Bank domestic market

Barlows sugar details

RDM 22/2/80.

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Financial Reporter

THE tie-up of the Barlows-CG Smith & Company deal, which involved Barlows offer to CGS shareholders who wished to sell out, has cost Barlows R25 400 000 cash and the issue of 3 378 897 shares

This gives Barlows 64,8% of the equity and 84% of the voting equity of CG Smith & Company (CGS) CG Sugar became a subsidiary of CGS in terms of the complicated deal, which involved the sale of Barlows 55,4% holding in Nampak in exchange for 169 508 CGS ordinary shares

Barlows bought an additional 7 683 CGS shares at R650 a share to provide GCS with funds to buy an additional 485 559 CG Sugar shares, to make that group a CGS subsidiary

Barlows then offered to acquire any CGS shares (other than those held by CG Sugar) that shareholders wished to sell for R323,50 cash plus the allotment of 43 Barlows for one CGS share

RAPPORT 24/2/80 (232)

Nuwe FVB is hier!

Deur GERT MARAIS

'N NUWE Federale Volksbeleggings is hier. Die herstrukturering wat die laaste ruk by die maatskappy gedoen is, het die grondslag geskep vir 'n totaal nuwe groep van die een wat beleggers voor die tyd geken het.

In die laaste paar jaar is die groepstruktuur verander van een wat aan 'n spinnerak herinner het tot 'n eenvoudige eenheid wat basies uit 'n beheermaatskappy en vyf afdelings onder hom bestaan.

Dit het saamgeval met die verkoop van 'n klomp minderheidsbelange waarin baie geld opgesluit was, maar waarvoor die maatskappy nie beheer gehad het nie. Terselfdertyd is die aandeelhouding in 'n aantal strategiese beleggings heelwat opgestoot.

Die verhoging van FVB se belang in die strategiese beleggings is nou vir praktiese doeleindes afgehandel. Dit het nie net die groepstruktuur vereenvoudig nie, maar skep aansienlike geleenthede om in die toekoms al hoe meer op organiese groei te konsentreer — iets wat nie voorheen maklik moontlik was toe 'n wye reeks aandele as blote beleggings gehou is nie.

'n Verdere gevolg is die verbetering wat weens die herstrukturering in die balansstaat en inkomstestaat verwag word.

Dit wat hierbo gesê is klink miskien te veel na 'n lofsang, of aan die ander kant na 'n aantyging dat die groep in die verlede minder as goed daar uit gesien het.

Dit is so dat die winsdalings wat in 1977 voorgekom het die groep se beeld geknou het. In die mark se oë is hierdie wisselvalligheid nou iets van die verlede. Nadat die aandeelprys in die eerste kwartaal van 1978 by 130c gedraai het, het 'n geordende styging tot aan die einde van die derde kwartaal verlede jaar voorgekom. Die aandeelprys het egter sedertdien van 250c tot 'n hoogtepunt van 460c gespring. Die huidige dividendopbrengs van 4,1 persent is heelwat laer as die nywerheidsafdeling se gemiddeld van 5,4 persent. Dit verdiskonteer waarskynlik reeds tot 'n mate die verwagte hoër dividend wat vir die boekjaar tot einde Maart aangekondig gaan word.

Maar wat het die maatskappy gedoen om hierdie beter aanslag te regverdig?

Aan die een kant is beheer verkry oor 'n hele aantal maatskappye, of die belang in hulle is aansienlik verhoog. Aan die ander kant is belange verkoop wat nie van strategiese belang vir die groep was nie.

Aan die aankoopkant het die volgende oor die afgelope aantal jare gebeur:

- Beheer is verkry oor SA Druggists,
- Bechmalt is oorgeneem. Dit is saamgevoeg met Marine Products en hieruit is Fedfood gebore. Fedfood het op sy beurt weer 'n belang in Ruto Flour Mills en Boerstra Bakkerye verkry en ook vir Simba-Quix oorgeneem,
- Beheer is oor South African Television Manufacturers verkry
- Massey-Ferguson is oorgeneem,
- 'n Onregstreekse belang is in Greatermans verkry,
- Telectra is gereorganiseer,
- Price Forbes is deur Federale Volkskas Makelaars oorgeneem,
- Die belang in Fedics is verhoog, en
- Weens die oorname van Fedmis deur Sentrachem is FVB se belang in Sentrachem sodanig verhoog dat FVB nou byna 50% van die aandele van Sentrachem se beheermaatskappy hou.

Aan die verkoopkant was die volgende die belangrikste gebeure:

- Die belang in Federale Mynbou is aan Sanlam verkoop,
- Die belegging in Trek is verkoop,
- W Woods is verkoop;
- Die Bloemfontein-Sentrum is verkoop, en
- Die Hotel Edward in Durban is verkoop.

Soos uit die struktuurtekening hierby gesien kan word, het dit hierbo tot gevolg dat die groep nou uit vyf duidelike afdelings bestaan.

Wat is hulle vooruitsigte?

Sake-Rapport het vandeesweek met dr Kerneels Human, die besturende Direkteur, daaroor gepraat. Hy glo dat 'n groot deel van die filiale waarskynlik in die toekoms in nog oornames betrokke sal wees, het die groep sy belange nou wyd genoeg versprei en is die beleggings groot genoeg om self vir aansienlike groei te sorg.

Hier volg 'n kort oorsig oor elk van die vyf afdelings.

CHEMIES EN FARMASEUTIES

Die verhoging van die belang in Sentrachem is seker die afgelope jaar se grootste prestasie. Veral as in ag geneem word met watter ambisieuse uitbreidingsplanne Sentrachem nou besig is. Hoewel dr Human dit nie sê nie sal Sentrachem se resultate waarskynlik nie gekonsolideer kan word nie omdat dit 'n te groot versteurende invloed op dié van FVB sal hê. Aansienlike inkomstegroei word nietemin hieruit verwag.

SA Druggists is besig om al hoe meer in die vervaardiging van farmaseutiese produkte betrokke te raak. Dit, asook die moontlike oorname van oorsese maatskappye in Suid-Afrika, hou groot moontlikhede in.

VOEDSEL

Alles wat onder die voedselafdeling hoort, is nou daar.

Veral die viswinste kan aansienlik herstel. Dit kan verder aangehelp word deur in die vang en verwerking van ander vissoorte te diversifiseer. Dit sluit nie net kusvis nie, maar ook diepseevis in.

Die res van die afdeling sal ewe-eens op organiese groei steun en toekomstige oornames sal berekend en planmatig wees.

ELEKTRONIES

Die mark vir beeldradiostelle het die laaste sowat nege maande bo verwagting goed gegroei. Dit sal verder verbeter wanneer die beoogde diens vir swartes ingestel word. Markopnames dui daarop dat hulle veral die groot kleurstelle sal koop. Aansienlike winste word nou en gesonde groei in die toekoms uit die verkoop van hoetroustelle verwag.

Oor die langer termyn sal die afdeling se grootste groei waarskynlik uit die groep se toetrede tot die telekommunikasiebedryf kom.

DIENSTE

Verdere diversifikasie is hier moontlik. Avis, die motorverhuringsgroep, is reeds die markleier met meer as 40 persent van die mark. Verdere groei word verwag.

Fedics, die verskaffer van nywerheidspysenering is ook die markleier in sy sektor. Die maatskappy bedien meer as 100 miljoen etes per jaar en groei steeds.

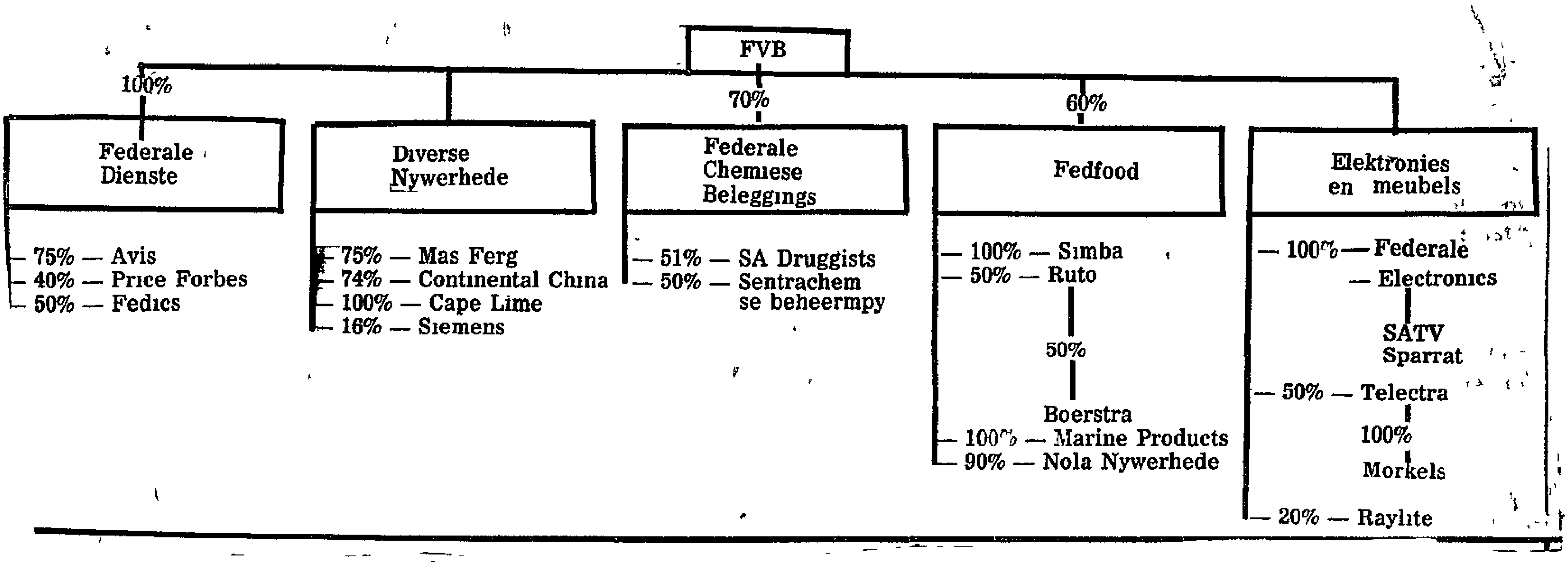
Price Forbes vaar goed ten spyte van die prysmededinging in die versekeringsbedryf.

NYWERHEIDSBELANGE

Dit is seker nie onrealisties om te verwag dat 'n groter mate van rasionalisasie in die trekkermark verwag kan word noudat FVB 'n groter belang in Massey Ferugson verkry het nie. Namate die boeregemeenskap se posisie verbeter, sal dié van die maatskappy verbeter.

Continental China is reeds die markleier in breekware. Probleme word met storting uit die Ooste ondervind, maar 'n verbetering in hierdie toestand word verwag. Die maatskappy voorsien al hoe meer van sy eie grondstowwe.

Die verbetering wat FVB se finansiële posisie voorgekom het, behoort duidelik in die nuwe jaarverslag sigbaar te wees. Dit is deels moontlik gemaak deur die verkope van beleggings wat nie van strategiese waarde was nie. Die gevolg van die verbeterde posisie sal in die toekoms waarskynlik deur die groep se filiale gevoel kan word, want die beheermaatskappy sal beter instaat wees om aan hulle geld vir uitbreiding te verskaf.



Onsekerheid of Genmin vir Unicorp kry

Deur GERT MARAIS

GENERAL MINING sal vroeg vandeesweek volledige besonderhede van sy aanbod vir Union Corporation bekend maak. In hierdie stadium is dit nog nie 'n uitgemaakte saak dat die aanbod gaan slaag nie.

Die onsekerheid word geskep deur ontevredenheid oor die aanbodprys wat in sommige kringe bestaan. 'n Groep makelaars hier en Londen voel dat die voorgestelde prys van 80 Genmin-aandele vir elke 100 van Unicorp te laag is.

Teen Vrydag se sluitingspryse van onderskeidelik 1 900c en 1 450c beteken dit 'n premie van net 4,8 persent. 'n Verhouding van 1 tot 1 word deur die ontevredenes as meer realisties beskou Dit sal 'n premie van 31 persent verteenwoordig

Genmin het 75 persent van die stemme op die vergadering nodig vir sukses

Volgens die jongste beskikbare inligting word 87 persent van Unicorp se aandele in Suid-Afrika gehou, 8 persent in Londen en 5 persent in die res van Europa.

'n Sterk gevoel bestaan in sommige plaaslike kringe dat dit hoogs onwaarskynlik is dat die Londense aandeelhouers die aanbod gaan aanvaar Onsekerheid bestaan oor dié in die res van Europa

Die groot argument is dat Genmin nie in Londen bekend is nie, dit daar swak verhandel en die aanbod in elk geval nie aantreklik is nie

In Suid-Afrika het sommige makelaars hul kliënte reeds afgeraai om die aanbod te aanvaar Ander is ook besig om Unicorp se aandele op te koop in die hoop dat die aanbodprys verbeter sal word.

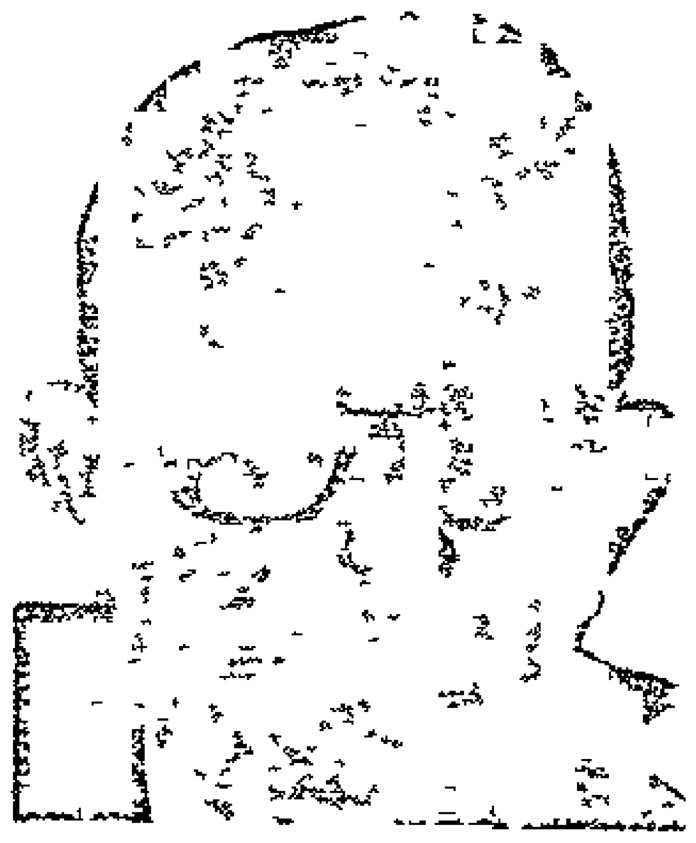
Dit lyk egter nie in hierdie stadium asof enigiemand aktief besig is om stemme teen die aanvaarding van die aanbod te werf nie Die teenkanting is spontaan

Wanneer enige oorname ter sprake is, is veral twee faktore van belang 'n duidelike uiteensetting van die voordele wat die verkoper gaan kry deur te verkoop, of 'n aanmoediging in die vorm van onmiddellike kontant, of hoe alternatiewe waarde

Die uiteensetting van die voordele om die aanbod te aanvaar sal in vandeesweek se besonderhede bekend gemaak word, maar diegene wat teen die aanbod is, het blykbaar reeds besluit dat Unicorp beter waarde as die gesamentlike Genmin/Unicorp sal lewer

Hul redenasie is dat Unicorp se vooruitsigte beter as dié van Genmin is en dat sy koste per ton laer is Vir hulle is die argument dat die maatskappye gesamentlik makliker krediet vir groot ontwikkelinge gaan kry, nie geldig nie Hulle meen ook dat Unicorp aansienlike verdere uitbreidings in die Suid-Vrystaat kan onderneem, sy neerslae naby Leslie nou betalend is en dat daar geen bykomende voordeel in is om hul uiteenlopende belange nou saam te gooi nie Afsonderlik bied hulle elkeen verskillende voordele vir die belegger

Aan die ander kant glo Genmin natuurlik dat sy aanbod billik is



DR W J DE VILLIERS, voorsitter van General Mining

MNR E PAVITT, voorsitter van Union Corporation

Toe die aanbod bekend gemaak is, was die premie nie net 4,8 persent soos nou nie, maar wel 14,3 persent Unicorp se prys het daarna gestyg om in lyn met die aanbodprys te kom

As 'n mens verder na die verhouding van 80 vir elke 100 op grond van 1979 se resultate kyk, lyk die prentjie heelwat anders Op grond van 1979 se verdienste moes die aanbod 58 vir elke 100 gewees het, op grond van dividende 62 vir elke 100 en op grond van batewaarde 68 vir elke 100 aandele in Unicorp

Diegene ten gunste van die aanbod wys verder daarop dat 'n betekenisvolle groei in die verdienste deur die vergrote groep getoon behoort te word As die jongste resultate, voor inagneming van eksplorasiekoste volgens afdeling opgedeel word en dié van die vergrote groep daarvolgens bereken word, sou Unicorp se aandeelhouers in die afgelope jaar 'n styging van 12 persent in verdienste getoon het deur die aanbod te aanvaar

Albei kante is ewe oortuig van hul eie standpunte

Dit lyk egter of Genmin 'n bietjie onseker oor die uitslag is, want hy het 'n openbare skakelmaatskappy aangestel om sy beeld tot aan die einde van Maart te bevorder

KWV deeper into the market

Sowetan 25/2/81

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Own Correspondent

PAARL — The KWV with its R362m is now part of an organisation that controls more than 80 percent of the distribution and marketing of wine and spirits consumed in South Africa, said Dr Andre du Toit, chairman of the KWV, when he addressed members of the Paarl Farmers' Association here

Dr du Toit dealt in detail with benefits which would accrue to the KWV and its wine-farmer members as a result of the creation of the new group between the KWV, the Stellenbosch Farmers' Winery, Oudemeester and Henry Taylor and Ries

SHARES

The growing local population and their increasing prosperity together with an increasing demand especially for South African natural wines and brandy, indicate a favourable growth potential for the new undertaking which will be known as Cape Wine

The KWV indirect interterest in this organisation was acquired for R42m and it is envisaged that this amount will be financed with R1m ordinary shares of R1 each to seven percent participating accumulative preference shares of R1 each from private placing and 27m 7 percent redeemable participating accumulative preference shares of R1 each These are to be taken up by a consortium of banks consisting of the Central Merchant Bank with 40 percent, Volkskas with 40 percent and Boland Bank with 20 percent

The purpose of the issue of the 14m shares is to give selected participants involved in the wine industry at producers level the opportunity of beneficially participating in the KWV's indirect 30 percent share holding in Cape Wine

The issue is offered to wine farmers' co operative societies directly involved in the wine industry and to a limited extent to their personnel

Participants can thus acquire an interest in the processing and marketing of their products

The KWV is of the opinion that the re-structuring of the wholesale liquor interests holds possibilities for rationalisation which will be to the advantage of all parties involved in the wine industry

Masferg gives FVB extra biff

ROM 26/2/80 (232)

By HOWARD PREECE

FEDERALE Volksbeleggings has completed the formalities of its take-over of Massey-Ferguson (South Africa) and thus added powerfully to its already impressive industrial muscle

Masferg, now delisted from the Johannesburg Stock Exchange, becomes Fedmech Holdings with FVB having a 75,1% stake and Massey Ferguson of Canada the remaining 24,9%

The Canadian parent used to hold 51% and FVB 30%

Although the Canadian decision partially to disinvest might have been politically influenced, the deal has many advantages

Local borrowing restrictions are no longer a limiting factor and FVB still has the benefit of technical and financial links with the Canadian group

It is in the area of diesel engines, however that FVB may particularly gain — apart from Fedmech's traditional tractor business

The South African Government has decided to push through the R400-million Atlantis diesel engine project which will effectively mean that only two diesel engine groups will function in South Afica, Mercedes and Perkins

Perkins is owned in South Africa by Masferg, or rather by FVB

The diesel engine market at present is worth well over R100 million a year

Masferg has also had around 23% of the South African tractor market and this could improve, particularly as the local component programme for tractors is stepped up

Atlantis is due to come on stream in mid-1981 — although the Government will have to make an early announcement on such final details as the amount of protection the engines will get if that target is to be met

The switch to locally produced engines will in itself boost the local component value of tractors from little over 20% to well over 40%

FVB said yesterday "The decision by the South African authorities to establish a single diesel engine manufacturing plant to supply all tractor and truck manufacturers to the virtual exclusion of all other diesel engine makes, followed by a directive to the Board of Trade and Industries to investigate and make recommendations regarding the increased local manufactured content of tractors, led to the present stage of developments regarding Fedmech Holdings"

Unicorp holders will benefit

CT 26/2/80

JOHANNESBURG — Apart from a 14.7 percent increase in earnings and four percent improvement in net asset value there are five main benefits that Union Corporation shareholders will derive by accepting General Mining's offer for their shares, Barclays National Merchant Bank says in the formal scheme documents released yesterday.

The bank, which vetted the bid on behalf of minority shareholders in Unicorp, says these are:

- The elimination of any possible conflict of interest between the three existing groups of minority shareholders in Unicorp (51.7 percent owned by Genmin), in Geamin (64 percent owned by Federale Mynbou) and in Federale Mynbou.

Under the streamlined structure, Fedmyn will have a 45.4 percent stake in the enlarged Geamin, which will thus be able to allocate funds between itself and a 100 percent owned Unicorp without having to choose between benefitting one set of shareholders or another.

- The injection of the R189m cash from the rights issue. This money, which will be provided entirely by Genmin's existing shareholders, will benefit the Unicorp shareholder who exchanges his shares for a stake in the enlarged Geamin.

- The enhanced financial resources of the group will be an asset in exploiting new ventures, the Merchant Bank says.

- The broader base of mining interests.

- The rationalization benefits, especially in relation to applied research in mining, metallurgy and processing of ores, and in marketing operations.

The scheme document records that the 80 for 100 terms represented a 14.3 percent premium over the share prices on the Johannesburg Stock Exchange immediately before the deal was announced, with the premium in London being 12 percent.

An important warning is added: "The circumstances which led to the current exceptionally volatile bullion market are unprecedented and predictions of its future course must take into account the possibility that prices could retreat as rapidly as they escalated." — Sapa

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RDM 26/2/80

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The aims behind that Genmin offer

By DON ROBERTSON
Mining Editor

THE rationale behind the General Mining bid for complete control of Union Corporation is undoubtedly the desire to create a financially strong group with the muscle to raise the necessary finance to develop its many exciting projects.

And the official offer document released today contains a recommendation of acceptance by Mr Ted Pavitt, chairman of Union Corp and from Barclays National Merchant Bank, who were called in to protect the interests of minorities

When the offer was first made in December, the terms — 80 General Mining for 100 Union Corp — drew criticism from some sources However, since the year-end results for both groups were announced last week, a better understanding of the deal becomes apparent

On a straight dividend, earnings and asset basis, the 80 General Mining shares represent a reasonable premium on the 100 Union Corps, although the switch in the emphasis of the income contribution of the new, enlarged group might not be to every shareholder's liking

As an integral part of the deal, it is required that General Mining make a rights issue to existing shareholders in the ratio of 30 new shares for every 100 shares held at 1 500c to raise R189-million.

In addition, 1 170 000 A ordinary shares will be issued to Federale Mynbou and Sentrust in exchange for the cancellation of Fed Mynbou's 25% participation interest in General Mining's new ventures and Sentrust's 10% participation right

Assuming all these proposals are implemented a shareholder of 80 Gen Mining shares in the enlarged group would have received dividend income of 89c a share or R71,20 based on the results to December last. This compares with 62c a share or R62 on 100 Union Corps.

On an earnings basis, the figures for 80 Gen Minings would have been 195,6c a share or R156,50 compared with R136,4c a share on 100 Union Corps or R136,40.

Based on net assets, the figure for the Gen Mining shares is 2 135c a share or R1 708 compared with 1 642,9c share or 1 642,90 for 100 Union Corps.

General Mining has expressed a policy of maintaining at least a dividend cover of 2,2 times, slightly less than it held last year This would represent a dividend of 71,2c a share from the combined group compared with 62c from Union Corp.

On an overall income position, based on December figures, the position changes regarding the composition of the income base and for the Union Corp shareholder who holds dear the previous predominance of gold, uranium and platinum in his portfolio, he might not like the switch.

It must be borne in mind though, that this composition could change in the future

Prior to the scheme, gold and uranium made up 33,4% of income to Union Corp. This will fall to 26,5% in the new group, based on last year's figures

Platinum contributed 12% to Union Corp but this will fall to 8,1% and the strong contribution from industrial and commercial investments will fall to 29% from 38,6%

The difference will effectively be made up by a bigger income from coal of 7,3% against nil and 25,1% against 13% from financial and management services

The change is much the same when considering the restructuring of the assets.

The benefit of a bigger stake in the growing coal industry appears to be the only benefit from this change in portfolio income

However, the document points out that the operating profits of the 12 gold mines in the enlarged group contributed to earnings based on a gold price of $270 for the period to September Since then, the gold price has risen to an average of $489.

But the longer term benefits might perhaps outweigh what could be a short-term switch in the income contribution, certainly with regard to financing new capital projects

In the past, Union Corp has been retsricted in its ability to raise finance, its balance sheet being fairly heavily committed

General Mining on the other hand is fairly free from debt and will raise R189-million from the rights issue. Invested at 7%, this cash will earn 13,52c a Union Corp share

Together, the group has a number of exciting projects on hand.

The primary uranium producer, Beisa is expected to come into production in 1981 at a cost of R250-million The Beatrix mine, now being considered, could cost R400-million. Sappi expects to spend R500-million over the next five years

Most interesting is Gen Mining's plans to develop its northern Transvaal coal fields to produce uranium, various grades of coal and possibly synthetic fuels. This project would cost a considerable amount

Should the deal be approved by shareholders, Federale Mynbou will end up with a 45,40 stake in the group, the Union Corp minority 29,82% and the existing Gen Mining minority 24,78%

Star 26/2/80

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Unicorp says 'yes' to Genmin offer

It is a whole new exciting world for General Mining and Union Corporation, and I therefore see little reason why Unicorp shareholders should have second thoughts about accepting General Mining's offer of 80 of its shares for every 100 Unicorp shares now held The board of Unicorp, led by chairman Ted Pavitt, recommend the deal to shareholders

By Colin Campbell, Deputy Financial Editor

The plan to buy out the outstanding 48,3 percent of Unicorp not now held will put the enlarged mining house in strong shape to tackle the riches of South Africa and opportunities elsewhere that lie ahead in the 80s — something which may not have been as easily tackled as separate units because of the enormous costs of mining and exploration

The offer document says that 'Genmin continues to explore for gold and base minerals and interesting discoveries have been made which are in the process of being evaluated" Genmin has exciting potential coal developments on the cards

PLANS

Unicorp is spending R250m to open the new uranium/gold mine Beisa. It will need R400m if it goes head with a new gold mine south east of Beisa, and has extensive industrial development plans as well — only recently Sappi announced a R500m programme over the next five years

As one house the potential to tap financial resources will be greater, and as one group Unicorp shareholders will share in the progress Ownership of the enlarged Genmin, assuming all the proposals are accepted, will be Fedmyn 45,40 percent, Unicorp minority 29,84 percent, existing Genmin minority 24,78 percent

As a separate issue, Genmin plans to raise R189m by way of a rights issue from its own existing shareholders The money raised will benefit the group but the now Unicorp shareholder will not have been called on to contribute

Because of Genmin's extensive and promising coal interests today's Unicorp shareholder will be taken into a field where he is now hardly represented On the other side Genmin gets wider and closer access to overseas interests, including gas and oil fields in the Gulf of Mexico and the North Sea

It is clear from the documents that both houses need each other

With preliminary 1979 year-end figures of both groups to hand, the 80-for-100 share proposal gives a 148 percent increase in dividend income, a 14,7 percent appreciation on earnings and a 4,0 percent rise on net asset value considerations

Both mining houses have come a long way in their own right over the years As one they should be travelling even further —and faster

What it cost

The cost of the scheme between General Mining and Union Corporation is estimated at R400 000

The formal offer document, published today, says that this R400 000 will be paid by Genmin, but that the fee of Barclays Merchant Bank Limited will be paid by Unicorp

There is no breakdown of the costs, but they would include merchant bank fees, the fees of auditors and lawyers printing and publishing costs, stamp duties and other costs usually associated with schemes of arrangement

27/2/80

Star

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London cool on that Genmin offer

By John Cavill, Financial Correspondent

LONDON — General Mining's final offer for the 48,3 percent of Union Corporation it does not hold, is "not over-generous" — but London stockbrokers are recommending their clients to accept and hold the Genmin shares

Lex, the Financial Times investment columnist, describes the Genmin terms as "tight" and says the formal offer "does not make very inspiring reading"

The column also points out that "minorities can be awkward"

Genmin cannot vote its own Unicorp shares and needs 75 percent of the minority-held stock to approve the merger.

"With about a quarter of the independent Unicorp shares held outside South Africa, this affair is not cut and dried," comments Lex.

SUPPORT

But most stockbrokers polled yesterday believe the scheme will get enough support and that Unicorp shareholders should accept.

James Capel and Company commented "We would have preferred Unicorp to remain separate and not be swallowed up into a big conglomerate. But we think Genmin has enough backing to make the merger a fait accompli and Unicorp shareholders should accept"

There was, however, some conflict of opinion over the price relationship between the two stocks

At Simon and Coates, Mr Richard Taylor said he was recommending clients to buy Unicorp as a cheap way into Genmin.

IMAGE

With Genmin at 20,25 dollars yesterday the 80-for-100 share offer priced Unicorp at 16,20 dollars against the market price of 15,50 dollars

"It would have been nice if General Mining had been a bit more generous but in the long term we believe it is a mining house in which people should be invested especially with the consolidation of Unicorp," he said.

"Genmin's image could, however, benefit from a bit more education of overseas investors And a repeat of the exercise of three years ago when Genmin held a series of seminars and meetings here would help

"A change of name to bring Unicorp into the merged grouping title of the merged grouping might also benefit Genmin overseas," he said.

But at Messel and Company, analyst Mr Geoffrey Ware, said the prices of the two shares were exactly in line in terms of the offer.

ıat 21 workers (16 percent) earn R10

orkers (55 percent) earn R15 or less and

ıt) earn R20 a week or less.

o African workers were R15,49 a week and

4,65. Agricultural census data give the

igures:

LE 19

payment (in cash and in kind) by race

four magisterial districts, 1972-73

ed	Average payment (cash plus kind), (R per week)
	8,03
	7,72
1 022	6,06
446	7,40
3 017	7,21

ar workers:

Number employed	Average payment (cash plus kind), (R per week)
38	8,47
19	4,44
362	5,98
695	6,64
1 114	6,45

t on agricultural and pastoral production,

ultural Census No. 46, 1972-73, Report No. 06-01-10.

nisa survey gives the following estimates of total

ATI/SOUTH ATLANTIC

Looking ahead

FM 24/2/80

In the six months to December, ATI's main subsidiaries appear to have done better than those of South Atlantic **Consolidated Glass**, for example, continued to boost productivity in the wake of growing consumer expenditure Greater utilisation of manufacturing capacity, together with effective cost controls, resulted in attributable profit growing by 43% compared to a 24% increase in sales Specifically, earnings per share rose to 93c (65c) but, as usual, no interim dividend is payable

In the glass division, sales have continued to improve, while the efficiency of the glass tableware operations has improved sufficiently to make a useful contribution to group profit As for plastics, this division is now operating at an acceptable level of profitability, and earnings were enhanced by the acquisition of the entire equity of SA Blown Containers, a specialist supplier of quality packaging to the cosmetic industry

Despite Cons Glass now approaching the point of acceptable plant utilisation, opportunity is being taken of buoyant demand to further extend glass capacity by enlarging existing facilities as furnaces fall due for periodic repair

These options are being exercised to meet anticipated future demand and to ensure sufficient stand-by capacity to continue a high degree of flexibility and customer service Consequently, capex at the half-way mark is up at R3,5m, compared with R639 000 in the previous equivalent period and R1,3m in the previous year

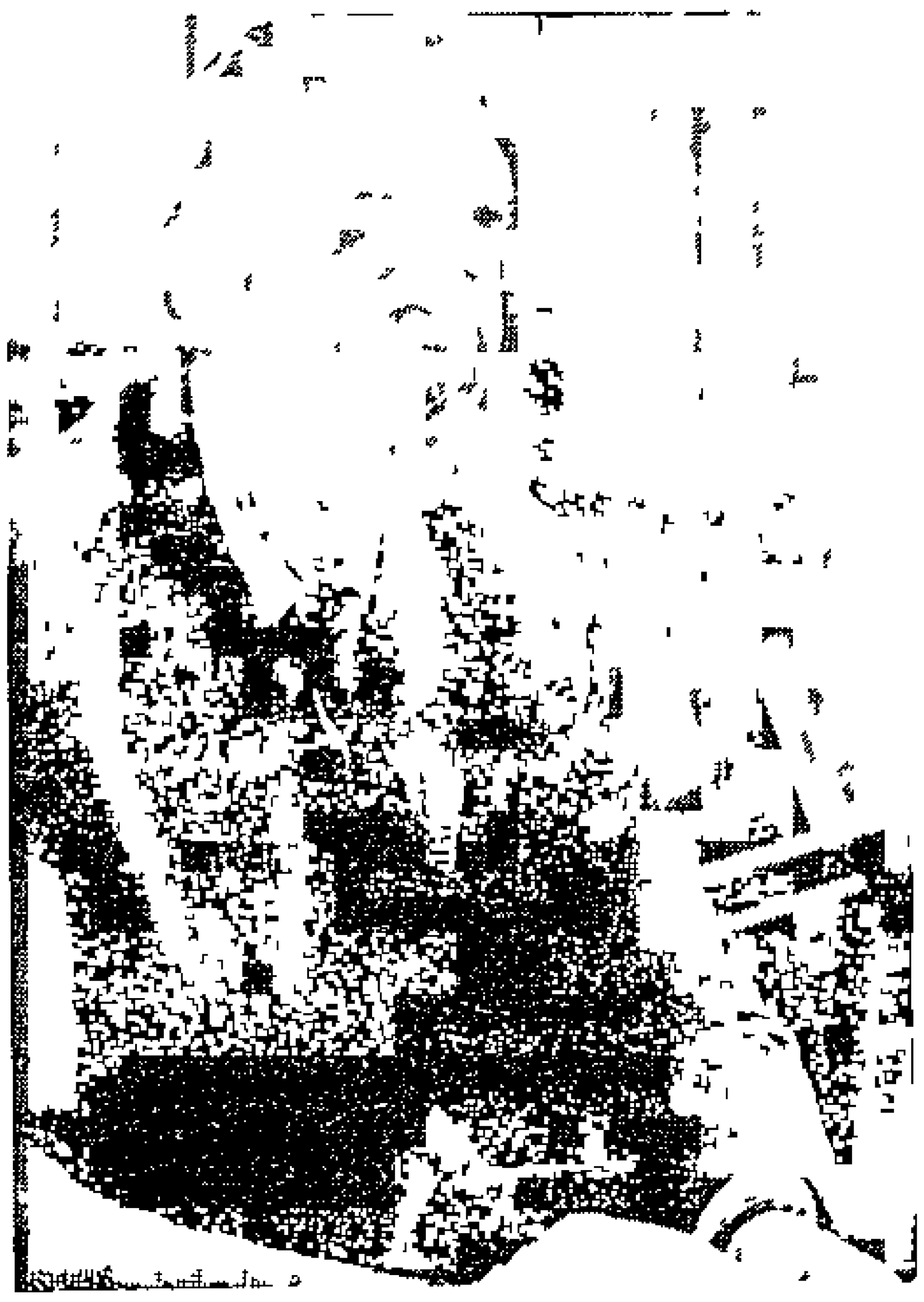
As such, this could put some constraint on Cons Glass' ability fully to pass on to shareholders the benefits of higher earnings Under the circumstances, and depending on the need to feed holding company ATI, I would expect the dividend cover to remain in excess of 3,0 times

Traditionally, the second-half is quieter, so expect lesser earnings of about 85c to give 178c for the year Out of this, Cons Glass could reasonably be expected to pay a dividend of 60c This places the share on a rather attractive prospective yield of 7,5%, given the potential that still exists for growth

This time round though, star performer in the Anglovaal stable promises to be South Atlantic's **T W Beckett** with its 58% increase in earnings, up from 24c to 38c Again, the improvement is attributed to higher sales, better efficiencies and larger margins Although some pressure is expected on margins in the current half, Beckett could easily turn in a repeat performance, earning 76c for the year and paying a dividend of at least 25c for a prospective yield of 6,4% As such, it is not as attractive as Cons Glass

Anglovaal's marine, electrical and engineering company, **Globe Engineering** did not fare as well Although there was a substantial improvement in the company's profitability as a result of increased market share in Cape Town, group profit was dragged down by the loss of R641 000 (R6 000 profit) at **James Brown & Hamer** and lower profits from **Shipwrights & Engineers Holdings**

Globe's pre-tax profit was thus slightly



Basil Hersov . . . spending for the future

lower at R1,1m (R1,4m) on turnover 5% ahead of the previous comparable first half After adjusting for a higher tax rate and minorities, earnings per share were equivalent to 19c (22c) Given lower capital commitments, and continued profitability from Globe, there is every prospect of the dividend being maintained at 27,5c for the year, even allowing for an uncertain second half from James Brown & Hamer

Globe's other subsidiary, Shipwrights, reported a 12% decrease in turnover Combined with a decline in deposit interest rates, this led to a lower pre-tax profit of R178 000 (R220 000) and lower earnings of 13c (17c) For the second half, demand is expected to improve, but not sufficiently to overcome severe competition So look for lower earnings over the year, but probably for a maintained dividend of 25c

Elsewhere, **Claude Neon** managed to boost earnings from 8c to 11,4c as previously bought sign rental contracts started to pay off, and as a marked improvement in demand was experienced The order book is said to be good enough to warrant the forecast of an even better second half, and a modest increase in the 7,5c dividend

In percentage terms, **Steelmetals** posted the largest improvement as demand for engineering supplies and services blossomed and as several contracts were closed Earnings grew by 122% in rising from 18c to 40c Further contract closures are expected in the second half and there should be some positive spin-off from the recent purchase of 51% of File Hire, a company hiring capital construction equipment

National Bolts also did well to push attributable profit up by 59% to R1,3m (R823 000) Earnings rose from 17c to 27c and are expected to be roughly the same in the second half to give a total of 54c for the year Obviously, there is lots of room to improve on last year's dividend of 16c

Overall, ATI appears set for another good year It managed to boost earnings by 41% to 79c (56c) in the first half However, capital commitments were way up at R15,7m compared to R2,2m last time round and only R4,8m for last year Obviously, this is going to prove a constraint on underlying subsidiaries, such as Cons Glass, from passing on the full benefit of any earnings advance In the second half, ATI is forecast to do as well, implying earnings of at least 160c But, owing to the nature of the underlying dividend receipts, all of which now flow through in the next financial period, do not expect much more than perhaps a 40c total dividend, covered 3,0 times by last year's earnings of 125c or 4,0 times by predicted earnings this year

South Atlantic, on the other hand, appears to be becalmed by adverse engineering and food results Not even Beckett's sparkling performance could boost attributable profit by more than R138 000 to R3,7m But, given a repeat performance in the second half, earnings for the year could total 60c to leave the dividend unchanged at 19c

John White

LONRHO (282) (6) RM29/2/80

UK emphasised

Activities: *UK-based multinational conglomerate with main interests in agricultural equipment, general trade, export finance and insurance, engineering and manufacturing Other interests include liquor, textiles, mining, printing and publishing and hotels About 59% of pre-tax profit is derived from African operations while 35% originates in the UK Arab interests control 20% of the equity with chief executive Tiny Rowland holding some 15%*

Chairman *Lord Duncan Sandys, managing director R W Rowland*

Capital structure *210,7m ordinaries of 25p fully paid and 266 000 5p paid Market capitalisation R453m*

Financial *Year to September 30 1979 Borrowings long- and medium-term, £59,4m, net short-term, £192,4m Debt equity ratio 66,5% Current ratio 1,1 Capital commitments £66,6m*

Share market: *Price 215c (1979-80 high, 235c, low, 165c, trading volume last quarter, 1,7m shares) Yields 12,3% on earnings, 6,3% on dividend Cover 2,1 PE ratio 7,4*

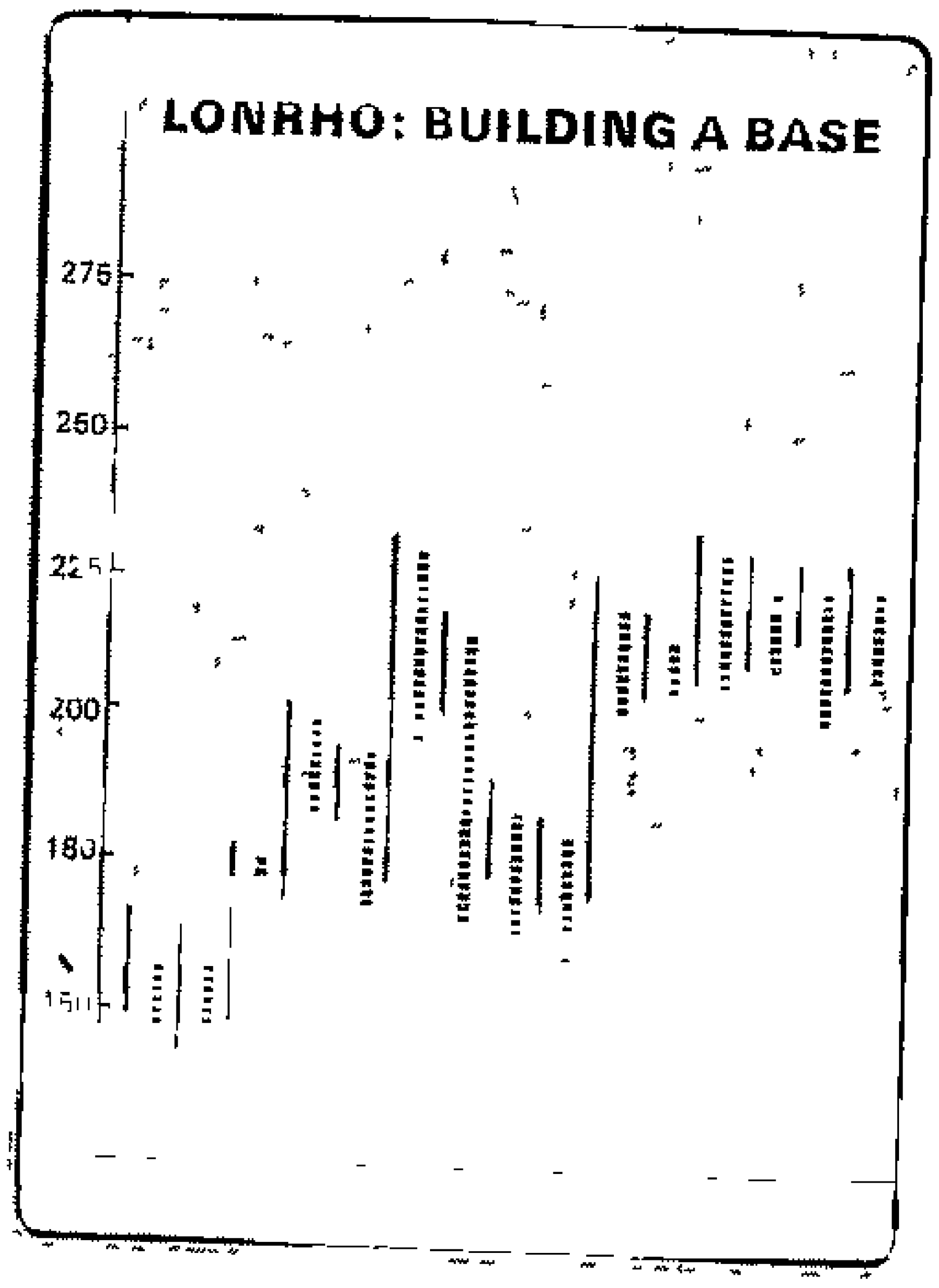
	'76	'77	'78	'79
Turnover (£m)	1 083	1 257	1 491	1 565
Pre-tax profit (£m)	93 4	90 2	93 6	84 0
Earnings (c)	30 2	35 1	36 1	28,5
Dividends (c)	7,6	9 9	11 4	13 3
Net asset value (c)	231	243	305	328

In its 70th year of operation, Lonrho reported a lower profit despite higher turnover and buoyant prices for its mining products Nevertheless, the year to end-September 1979 was very important for the group's policy of increasing investment in UK-based income sources

Last year, Lonrho's turnover increased 5% to £1,6 billion (£1,5 billion) — not particularly impressive considering the diversity of group interests Pre-tax profit dipped 10,3% to £84m (£93,6m), but the directors lifted the dividend total to 7,32p (6,65p) in line with the improved year-end liquidity Cash balances at end-September were £56,6m (£34,4m) and the final 4,68p dividend will cost £10,1m (£8m)

Chairman Tiny Rowland explains that the "exceptional" fall in profit last year is attributable to heavy re-investment needs and trading problems in West Africa, as well as the expense involved in the Monopolies Commission investigation into the then proposed takeover of the Scottish Suits group Nevertheless, he regards the balance sheet as "healthier" than it has ever been

The 22,4% increase in pre-tax profit attributable to southern Africa arises mainly from the group's Rhodesian gold, and SA platinum and coal mines In particular, 50,4%-owned Western Platinum had a good year, increasing working profit to R17,6m (R3,9m) on a 67,3% rise in sales to R42,5m Wesplat sells most of its production on contract to Mitsubishi Japan, but some is sold on the free market where prices have been at record levels



Lonrho geography

	Turnover '78	Turnover '79	Pre-tax profit '78	Pre-tax profit '79
		£m		
UK				
East Central			35,0	31 4
Southern Africa		[illegible]	22,8	[illegible]
West Africa			7 4	[illegible]
Europe/other	1005 5	101 [illegible]	[illegible]	

Group gold mines realised an average $261 for production of 358 000 oz, and this year prices have been much higher Lonrho has a number of gold properties viable at a gold price above $250 Development of some of these is in hand, promising additional income in the current year

Meanwhile, the year was not without its thrills There was the litigation over the Umtali pipeline, the Arab-Rowland boardroom battle, the investigation into the takeover of Suits, and the acquisition of a larger stake in the House of Fraser With the acquisition of the Suits' minorities after the year-end, Lonrho continued the policy of increasing its UK income base As a result of this £67m takeover, Lonrho also increased its stake in the house of Fraser to 29,9% — just under the 30% limit at which it would be obliged to make an offer to minorities

Other new UK acquisitions included Harrison & Sons the security printers, and further motor dealerships, like Dutton- Forshaw In addition, since the year-end, it has bought 50% of Princess Properties which owns hotels in the US and UK

These acquisitions should enhance Lonrho's market rating, as it now relies proportionately less on more risky African-based investments Should a stable settlement eventuate in Rhodesia, the share price should move higher For the moment, at 215c, yielding an historic 6,2%, Lonrho appears fully valued *[illegible]*

Shippers for T&I

232

29/2/80 RDM

Financial Reporter

TRADE & Industry Acceptance Corporation has reached agreement for the acquisition of the Commonwealth Shippers group (CSL) and its Bermuda-based associate, Commonwealth International Holdings (CIH), from Kirsh Industries for a price of R4 300 000

The price will be met by the issue of shares in T&I and a package of cash or preference shares carrying a coupon linked to the prime overdraft rate

CSL, the South African arm of the group, conducts business as confirmers and financiers, financing and servicing the international and domestic movement of goods for clients in South Africa, the United Kingdom, America, Canada, Israel, New Zealand and Norway

The non-South African subsidiaries of the group are controlled by CIH

The purchase price of CIH is R1 240 000, which will be settled by the issue of 240 000 shares in T&I at an effective price of 521c a share. This compares with the current market price of 450c.

The price paid for CSL is R3-million which will be settled by the issue of 320 000 shares in T&I, representing half the total This puts a price of 469c on the issue of these shares

The balance of R1 500 000 will be paid either in cash, or by the issue of redeemable preference shares, which will carry a coupon related to the prime rate with a maximum and minimum rate

The 560 000 shares to be issued will not rank for the dividend to be declared by T&I for the year to June next However, the issue will give Kirsh Industries a 15% stake in the enlarged issued share capital of T&I and will include board representation

The acquisition of the CSL, which will take effect from July 1 this year, will not have a material effect on T&I's net asset value, but should contribute to earnings in the following financial year The benefits of rationalisation thereafter should be more noticeable

It is expected that the acquisition will push up T&I's receivables account to between R70-million and R80-million a year compared with the current R40-million Consolidated turnover of the group should rise to about R500-million a year

The deal requires approval by T&I shareholders

Drankwinkels nie vinnig verkoop

Rapport 2/3/80 (232) (182)

Deur GERT MARAIS

SUID-AFRIKAANSE BROUERYE en Rembrandt is besig om twee totaal uiteenlopende beleide met die verkoop van hul onderskeie kleinhandeldrankwinkels te volg.

Volgens die ooreenkoms wat in November gesluit is toe die bieroorlog tussen die twee beeindig is, sal hulle in die komende vyf jaar 7,5 persent van hulle dranklisensies per jaar moet verkoop Daarna word die persentasie tot 10 persent per jaar opgeskuif totdat al hul lisensies verkoop is.

Dit beteken dat SAB vanjaar sowat tien drankwinkels moet verkoop en Rembrandt sestien.

SAB het tot dusver nog nie een drankwinkel verkoop nie. Geen transaksies word voor die tweede helfte van die jaar verwag nie. Die maatskappy is tans besig om planne vir die verkoop van die winkels deur te werk.

Die algemene beleid by die verkoop van die winkels sal egter wees om die swakste eerste te verkoop. Dit sal dié wees met 'n klein omset en 'n klein wins, meestal op kleiner plekke

SAB is van plan om Solly Kramer, die naam waaronder die winkels handel dryf, se personeel die eerste opsie te gee.

Vir die huidige word gepoog om die winkels se personeel so goed moontlik bymekaar te hou, want dit is duidelik dat daar geen langtermynvooruitsigte vir hulle in die drankwinkels self is nie.

Rembrandt, aan die ander kant, het reeds met die verkoop van sy kwota winkels vir die jaar begin Die maatskappy wil nie sê hoeveel tot nou toe verkoop is nie, maar dit is waarskynlik nie meer as 'n handvol nie.

Verskeie navrae is tot dusver uit alle dele van die land ontvang en 'n paar aanbiedinge word nou oorweeg.

Die maatskappy volg egter glad nie die beleid om voorkeur aan WP-kelders of enige van die ander winkelgroepe se personeel te gee. Gewone sakebeginsels word gevolg: as die prys reg is, word die winkel verkoop.

Volgens 'n woordvoerder van die maatskappy is dit nie die beleid om bekend te maak hoeveel, waar, aan wie of teen watter prys die winkels verkoop word nie. Rembrandt sal hom egter by die ooreenkoms hou.

'n Ander drankgroep, Uniewyn, is in teenstelling met SAB en Rembrandt se pogings om van hulle drankwinkels ontslae te raak, druk besig om sy eie reeks winkels uit te brei.

Die maatskappy het kort voor die ooreenkoms tussen SAB en Rembrandt gesluit is, toestemming van die Regering gekry om 'n verdere 75 winkels te koop. Dit sal hom die groep met die meeste kleinhandelsafsetpunte vir drank in die land maak.

Uniewyn is besig om 'n hele paar winkels te ondersoek en sal binne die volgende veertien dae daaroor besluit. Die groep sal graag sy kwota van 75 so gou moontlik wil koop.

Die eerste klomp sal vir kontant gekoop word, maar daarna sal na finansiering oor die langtermyn gekyk moet word. 'n Uitgifte van een of ander aard is waarskynlik moontlik.

Volgens Uniewyn se besturende direkteur, mnr. W. D Terblanche, is daar heeltemal genoeg drankwinkels om na te kyk. Hy ondersoek tans 'n paar op die platteland. Die enigste voorwaarde wat hy stel, is dat die winkels winsgewend moet wees

Hy sê nie SAB óf Rembrandt het nog nie van hulle winkels aan hom aangebied nie

Geeneen van die drie groepe wil kommentaar oor die pryse van drankwinkels lewer nie. Afhangende van grootte en winsgewendheid kan die prys vir 'n gemiddelde drankwinkel egter tussen R60 000 en R200 000 wissel

(232) RDM 6/3/88.

Bitcon puts cash muscle into Altech

By ELIZABETH ROUSE

ALLIED Technologies' takeoverof the cash and property company, Bitcon Holdings & Trust Company, emerges as a potentially useful and profitable deal for Altech and investors.

Bitcon becomes the holding company for Altech under the name of Allied Electronics Corporation (Altron) and has been reconstructed to give investors a better chance of gaining a stake in Altech

The creation of this holding company, which will have R17-million in cash, gives Altech flexibility in its aim to become a force in the international electronics field

Altech's chief executive, Mr Bill Venter, says that besides doubling the size of Altech, Altron gives the group the funds and paper for an acquisition in the R20-million to R25-million range without resorting to borrowings

It also opens up an avenue for raising funds by means of a rights issue, giving flexibility of movement in building up a strategic South African owned electronics group

Another important factor is that the establishment of a pyramid company for Altech removes a potential problem that could inhibit Altech's growth — the issue of Altech shares would have brought the holding of Altech's executive team below 50% Now that team holds 54% of Altron

Altron will have 11 135 140 shares in issue of which 1 800 000 (16%) will be in the hands of the public

The Altron shares will each contain 40,7% of an Altech share and so represent an alternative way into Altech, in which ITT of America has a 33% stake The public has access to a trading pool of barely 900 000 shares

Altron will have a controlling 51 98% stake in Altech, plus R6-million in cash — there was about R2-million cash in Bitcon and the share portfolio has been sold for R4-million — and a property portfolio that has been indepedently valued at R1 600 000

Based on Altec's preliminary results for the year ended last Friday, Altron would have earned 43,4c a share In keeping with its status as an investment holding company, Altron would pay out its entire dividend income and most of its other income This would have been about 20c a share for the year just ended.

Based on Altech's current share price of 1 250c, the Altron shares are backed by 508c of Altech alone Altron's net cash and property investments add a further 14c a share

A transmuted listing statement for Altron will be published later this month

Altron will stand at the head of the electronics group's three arms — the recently formed Teltech telecommunications group, which with STC, is a force in post office telecommunications in South Africa, the Allied Technologies components and general electronics operations, and the Powertech group

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ALTECH/BITCON/POWERTECH

Gearing for growth

Since the Uniewinkels deal, Altech has been regarded as a liquid and highly acquisitive electronics company. And with the STC takeover in 1977 the group moved into the big league, becoming the largest local electronics operation. This week's Bitcon deal offers even further potential and besides giving the group access to extensive finance for large scale investment in coming years, it comes at a time when Altech is looking further afield to strengthen its already stable base in the electronics and telecommunications sectors.

The deal centres on the injection into Bitcon, already rechristened Allied Electronics Corporation (Altron), of a controlling 52% stake in Altech valued at R47,5m. Accompanying this is a five way share split of the present 371 000 Bitcon shares and the issue to the Altech directors and executives of 9,3m new Altron shares for their holding in Altech. In the end Altron will have 11,1m shares in issue with minorities holding 1,8m.

The immediate effect is that an interest in Altech becomes easier to acquire through Bitcon, answering the now fairly common question of when Altech might have a share split to make the equity more marketable. The Altech directors and executives hold 52% of the equity, ITT (of the US) 33% and local insitutions up to 8% leaving less than 900 000 shares available to the public. With the current price up at 1 300c the share is not very marketable.

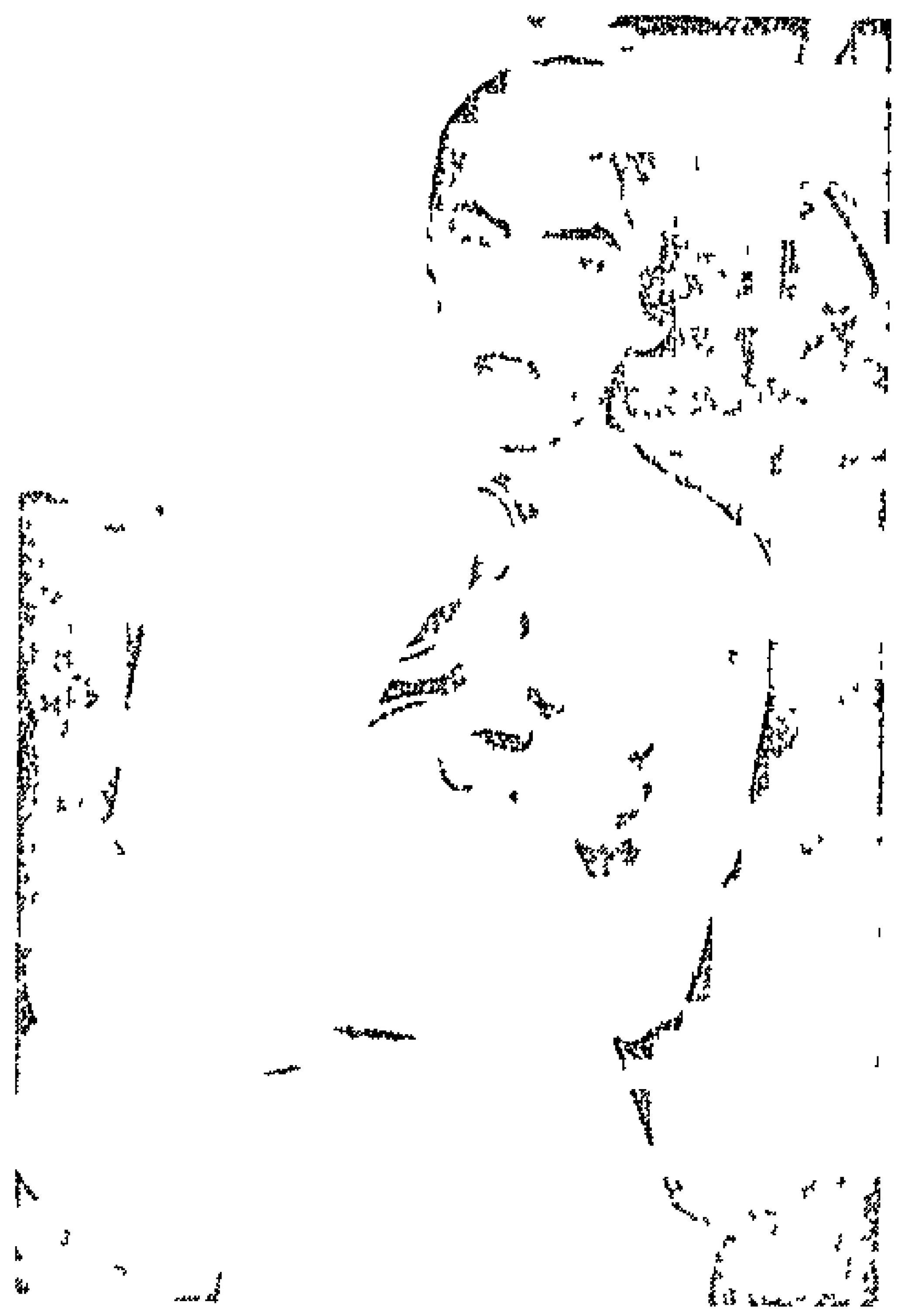
The major impact of the deal, however, is the leverage Altron gives the Altech group in its quest for further acquisitions. In Altech's business, local control is essential, particularly when tendering for strategic government contracts. Should Altech have issued shares in pursuance of its acquisition policy, the controlling shareholders' stake could have dropped below 50%. This might have paved the way for a change of control, particularly as ITT could have come out as a buyer — or a seller to a third party — at some time in the future.

Admittedly, this situation does not exist at present, says Altech chief executive Bill Venter. "But we had to guard against that possibility while at the same time ensuring we had the capacity to expand."

With the Altech directors and executives holding 84% of Altron there is now considerable financial leverage before control could change. For example, if Bill Venter and his team reduced their stake in Altron from 84% to 51% — still leaving 52% of Altech in Altron — additional finance of more than R20m could be raised.

This does not include the R11m cash currently held by Altech, or R7m in Altron since Bitcon's listed portfolio was sold to Anglovaal or the R10m available in borrowings to Altech before it runs up against a self-imposed 50% debt equity ceiling. Additionally, Altech could have its owns rights issue. Thus should the need arise, the Altech group could have access to as much as R60m.

Venter says nothing major is in the pipeline at present, but stresses that the acquisition hunt is not confined to SA. "We are large and our three divisions have the capability to tender on turnkey projects here and abroad." So perhaps Altech is set to become the next multinational on the JSE lists.



Bill Venter . . . perpetuating control

Although more than 96% acceptance has been gained on the Bitcon takeover, the preliminary results for Altech and sister company Powertech should encourage any recalcitrant minorities to accept happily. Altech's turnover rose 51,7% to R88m (R58m) while pre-tax profit increased 45% to R15,4m (R10,6m). On earnings of 100,4c (71,7c) a higher 40c (28c) dividend has been declared to more than match market expectations.

These earnings did not include any benefits from the Messina acquisition during the year nor the recent tie-up with the French CGE group for the local manufacture of telephone exchange electronic digital switching equipment for the Post Office. Next year this latter deal will kick in and offers the telecommunications division a solid 15-year contract which will further enhance earnings.

For subsidiary Powertech the year to end-February was better than budget. Earnings of 5,1c compare with the forecast of 3,4c at the time of the Circuitaire takeover in July, and a 2c maiden has been declared.

The market responded enthusiastically to Altech's results, marking the share up to 1 300c from 1 225c on Monday. Powertech, however, remained almost unchanged at 110c. Venter cautions against expecting too much from Powertech in the short-term, but reminds shareholders that in its first year Altech did not perform as well as Powertech did in 1979-80.

This week's results and the Bitcon deal mark a watershed for the group. The full implications of the funding channels opened to an already liquid group will not be seen immediately. But in the next three years it should pay off as the group operates on its own stringent investment criteria and steers clear of excessive gearing. So far, Venter's management has pushed Altech from 100c to 1 300c in just four years. The next four-year span could be as exciting.

Des Kilalea

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UC INVESTMENTS

Bright prospects

Activities· *Investment company in the Union Corporation group Holds major stakes in Impala (12%) and Union Corp Evander gold mines Union Corporation holds 48,4% of the equity*
Chairman *E Pavitt, managing director H A Smith*
Capital structure *195m ordinaries of R1 Market capitalisation R238,9m*
Financial *Year to December 31 1979 Net cash R11,1m Current ratio 1,1 Capital commitments R16m*
Share market *Price 1 225c (1979-80 high, 1 225c, low, 475c, trading volume last quarter, 407 000 shares) Yields 6 9% on earnings, 4,9% on dividend Cover 1,4 PE ratio 14,4*

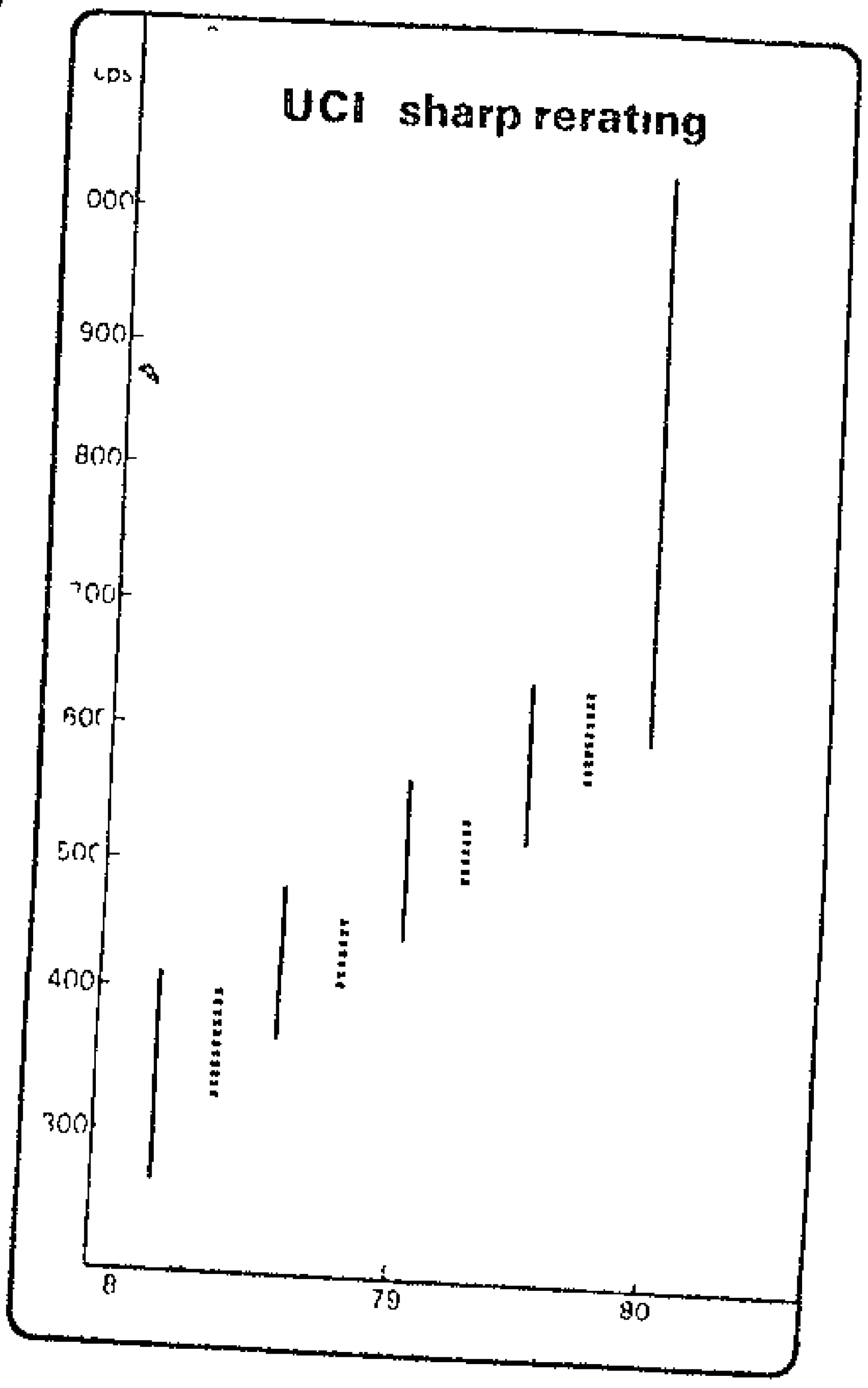
	'76	'77	'78	79
Investment income (R 000)	7 200	7 190	9 864	14 676
Pre tax profit (R 000)	6 336	7 243	12 078	17 782
Portfolio value (Rm)	85 3	103 5	127 0	257 3
Earnings (c)	32 4	37 1	61 9	84 9
Dividends (c)	30	30	42	60
Net asset value (c)	430	527	652	1 327

Last year, shareholders in UC Investments saw their investment exceed most expectations to earn a record 84,9c (61 9c) and pay 60c (42c) This year prospects are even better Chairman Ted Pavitt's optimistic annual statement promises that 1980 should beat the 1979 record by "a substantial margin" despite the funding requirements for UCI's stake in Union Corporation's new uranium/gold mine, Beisa

In the year to end-December, the average gold price based on the London afternoon fix was $308, stemming from a range for bullion of $216-$524 Already this year the average is over $600, and even if the price does recede from present levels, UCI's investment income will boom again in 1980 Record platinum sales and prospects, as reflected in Impala's interim statement two weeks ago (*FM* Feb 22), are further bull points for UCI's dividend income this year Outside of gold, Impala is UCI's largest investment with a value this week of R49,6m During the year UCI sold 265 000 Impala shares

Investment income in 1979 totalled R14,7m (R9,9m) — a 48,5% improvement stemming from higher dividends, particularly from gold and platinum investments UCI's major holdings are in the Union Corp Evander mines where dividend income was well up Winkelhaak, for example, raised its distribution 58,9% to 209c (129c) a share, Kinross 34,6% to 74c (55c) and Bracken 18,2% to 52c (44c)

The higher gold price also increased Bracken's life by roughly four years, but UCI nevertheless cut back its holding in this mine by more than half to 831 000 (1,7m) shares This follows on the previous year's reduction of the stake in the lower-life Leslie and an increased investment in Unisel In 1979 the holding in Unisel was again increased and UCI now holds 1,83m (1,76m) ordinaries



Other changes in the gold share portfolio were the disposal of St Helena, a reduced holding in Kinross, a doubling of the investment in Buffels, and the addition of 100 000 Stilfontein shares

Shareholdings in the metal sector were virtually unchanged, while major variations in industrial counters centred on increased investment in Barlow and the disposal of Tiger Oats In the unlisted section, the first R1,5m tranche in Beisa was reflected During the course of this year and next, a further R16m will be pumped into Beisa, for an ultimate holding of 15%

Prospects for this year include last October's start up of Unisel and the expected maiden dividend from this investment Last year, UCI brought to account its first dividend from Ergo Also, the industrial holdings should produce higher income, as should the increased holding in Winkelhaak gained when UCI exchanged its prospecting and mining rights over the farms Driefontein and Goedehoop Pavitt says initial drilling results from two boreholes are "most encouraging "

Financing UCI's share in Beisa provides no "foreseeable difficulty" says Pavitt In his previous annual report he stated the funds would come from cash flow and sales from the portfolio, if necessary The initial R1,5m tranche was financed from cash flow, and at end-December UCI was sitting on R11,1m (R5 6m) cash

While there still could be short-term dividend restraint because of the need to fund the stake in Beisa, there appears no reason considering the prospects for higher investment income this year, why a higher dividend will not be forthcoming A setback in gold and platinum prices should not harm dividend income prospects overly much, though share dealing profits could suffer

Nevertheless, yielding an historic 4,9% at 1 225c, UCI should insulate shareholders from the downside risk in direct gold and platinum holdings if prices suffer a severe reaction

Des Kilalea

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Dit gons om Kirsh-groep oor ,grote'

FRANZ ALBRECHT

VIR die soveelste keer het die ongenoteerde Kirsh Industries-groep die Suid-Afrikaanse sakewêreld aan die gons. Hierdie keer, lyk dit egter of die groep 'n werklik groot vis in die gedagte het, of aan groot uitbreidings dink.

In die kort bestek van 'n week het die groep 'n belangrike volfiliaal, Commonwealth Shippers, vir R4,3 miljoen verkoop, én die befaamde jong oudregter, mnr. Mervyn King, 41, as uitvoerende direkteur aangestel.

Hy is die eerste nuwe uitvoerende direkteur in die Kirsh-groep in twintig jaar wat nie verantwoordelik is vir 'n spesifieke bedryfsmaatskappy nie.

Die voorsitter van Kirsh Industries, mnr Natie (Nathan) Kirsh, 48, was tot nog toe die enigste uitvoerende direkteur wat nie in beheer van 'n sekere bedryfsaktiwiteit was nie Saam met hom op die raad is sy broer, mnr. Issy Kirsh, wat verantwoordelik is vir Swaziland se handelsradio, en mnr. Dudley Hope 'n voormalige hoofbestuurder van Standard Bank.

Maar die verkoop in beginsel van Commonwealth Shippers aan Trade & Industry Acceptance Corporation verlede week, hou twee groot voordele in vir die Kirsh-groep wat hom nog verder slaggereed maak vir groot dinge

Teen die middel van die jaar, wanneer Commonwealth Shippers deur Trade & Industry geabsorbeer is, keer die huidige besturende direkteur van Commonwealth Shippers, die vyftigjarige mnr. Arnold Levy, terug na die Kirsh-groep as uitvoerende direkteur.

Dit beteken dat die Kirsh-groep binnekort twee nuwe uitvoerende direkteure op sy raad sal hê, waarvan die eerste al in die tuig is. Die gewig wat al vyf die groep se uitvoerende direkteure in die ekonomiese wêreld dra, mag nie onderskat word nie.

In die tweede plek hou die verkoop van die verskepings- en konfirmasiehuis (Commonwealth Shippers) 'n geweldige voordeel vir die groep in. Die enorme voorwaardelike aanspreeklikheid wat met so 'n maatskappy gepaard gaan, word nou uit die balansstaat van die groep verwyder.

Die transaksie met Trade & Industry is deurgevoer met Trade & Industry-aandele plus 'n balans van R1,5 miljoen in òf kontant, òf aflosbare voorkeuraandele. Maar die geldwaarde van die transaksie is 'n toevallige wins in vergelyking met die enorme potensiele las waarvan ontslae geraak word.

Enkele dae nadat die transaksie beklink en nog voordat mnr King se aanstelling bekragtig is, het mnr. Kirsh en mnr. King oorsee vertrek. „Ons gaan oorsee vir 'n nuwe onderneming," het mnr. Kirsh aan 'n finansiële tydskrif gesê.

Hy het ook, na wat berig word, gesê mnr. King sal hopelik in die buiteland aanbly om die knoop vân die nuwe onderneming deur te hak.

Hoewel Kirsh Industries nie genoteer is nie, is daar reeds drie genoteerde maatskappye in die groep: Kimet (waarvan 63 persent deur Kirsh besit word), Metro Cash and Carry Holdings (50 persent), en Constantia-Versekering (50 persent).

Nadat die transaksie met Trade — Industry beklink is, sal Kirsh 15 persent van die uitgereikte aandele van hierdie genoteerde groep besit.

Daar is baie bedrywighede in Swaziland, waaraan die Swazilandse regering 'n aandeel het. Mnr. Kirsh is sowat 22 jaar gelede na Swaziland om sy sakebelange op die been te bring Oorsee is daar ook bedrywighede.

Die Kirsh-groep het ook 'n 50 persent aandeel in 'n paar van die spogmiddestadeiendomme in Johannesburg

Mnr. King word ook aangestel as uitvoerende direkteur van die groep se belange in Europa en Noord-Amerika, wat onafhanklik is van hul belange in Suidelike Afrika

Hoofbedrywighede in die Kirsh-groep, gemeet aan die bydrae tot winste.

1. Selfbedieningsgroothandel
2. Eiendom
3. Swaziland-beleggings
   - — maal van mielies
   - — maak van kafferkoringmout
   - — meng van kunsmis
   - — voedseldistribusie
   - — kunsmis en chemikalië
   - — boumateriale, trekkers en voertuie
   - — finasiering en eiendom
4. Maak en verspreiding van kafferkoringmout in S.A.
5. Supermarkte
6. Handelsradio
7. Verspreiding van nywerheidschemikalië en plastiese grondstowe
8. Versekering

232 214

Anglo kyk dalk na Simmers

DIE lys van ou goudmyne aan die Witwatersrand wat as gevolg van die hoë goudprys nuwe lewe gaan kry, word al hoe langer. Die jongste gerugte is dat Anglo American moontlik 'n aanbod vir Simmer and Jack gaan maak. Op die oomblik behoort dié myn aan 'n konsortium sakemanne.

Geen bevestiging kon vir die gerugte gekry word nie, maar kenners sê Anglo het sy opsie om Simmer and Jack te koop vir 'n maand verleng. Nadere inligting kan moontlik binnekort beskikbaar gestel word.

Een van die grootste probleme met die ou myne in die sentrale Witwatersrand-gebied is dat hulle groot probleme met water het. Indien Anglo in Simmer and Jack sou belangstel, sal dit beteken dat hy 'n grootskaalse ont-waterings-projek sal aanpak wat al die ou goudmyne in die gebied gaan drooglê.

Dit sal 'n enorme projek wees en uit die aard van die saak baie kapitaal verg. Sekere kenners meen egter dat daar genoeg ondergrondse reserwes in die gebied is om so 'n poging ekonomies geregverdig te maak.

Een voordeel van die ou myne in hierdie gebied is dat hulle nie baie diep is nie en dat baie van die skagte nog in so 'n toestand is dat hulle redelik maklik heropen en hernieu kan word. Dit sal waarskynlik baie goedkoper wees as om byvoorbeeld 'n nuwe skag te sink.

Kenners sê hoewel die ertsgrade van die oorblywende reserwes in die myne oor die algemeen baie laag is, kan so 'n projek lewensvatbaar wees indien die goudprys op die huidige vlak van sowat 600 dollars per ons bly.

Daar moet natuurlik ook in gedagte gehou word dat die stewige goudprys die mynhuise se koffers in so 'n mate gevul het dat hulle op die oomblik genoeg kapitaal het om sulke projekte aan te pak.

Word daar te lank gewag, sal kostestygings moontlik van so 'n aard wees dat hierdie projekte nooit aangepak kon word nie — selfs al behou die goudprys sy huidige vlak

Sou Anglo besluit om so 'n projek deur te voer, sal dit beteken dat die ou goudmyne van die sentrale Witwatersrand, die pioniers in Suid-Afrika se goudmynbedryf, weer almal nuwe lewe kry.

Intussen word die lys van ou myne waaraan ernstige aandag gegee word om hulle weer in produksie te bring, al langer.

Tot dusver sluit die lys onder meer myne soos Village Main, Rand Leases, Government Areas, South Roodepoort en Sallies in.

Die lys van groot uitbreidings by bestaande myne groei ook. Die jongste toevoeging tot hierdie lys is Randfontein wat sy besluit aangekondig het dat hy voortgaan met die ontginning van die Cooke No. 3-seksies. Die uitbreidings, wat sowat R200 miljoen gaan kos, sluit onder meer 'n nuwe skag, vergroting van die Cooke-aanleg asook ander uitbreidinge aan die infrastruktuur soos huisvesting in.

Die grootste uitbreidings van hierdie soort wat nog vanjaar aangekondig is, is dié by Western Deep Levels, wat sowat R715 miljoen sal kos.

— DAAN DE KOCK

Business News 9/3/80 (232)

Multitape expands production

By VERA BELJAKOVA

MULTITAPE, South Africa's largest reel-label company, is expanding its production capacity by some 20% with the aid of new machinery worth R200 000

This five-colour rotary letterpress can print labels at a speed of 100 metres a minute

Multitape is the SA subsidiary of the British Norcross company, with an international turnover of £370-million

Of the six main reel-label printers in the SA, Multitape is by far the largest, with a turnover of R3-million for 1979.

Among its clients are OK Bazaars, Unilever, Pick 'n Pay, Blue Ribbon Meat, all the main pharmaceutical, food, clothing, chemical and capital industries, says Dr Carel de Wet, chairman of Multitape.

Some 1 000-million labels were printed last year, of which 400-million labels (or 95% of SA's requirement) were for tea bags

"Multitape has now completed the first stage of its modernisation programme with the installation of the high-speed rotary letterpress — the first in South Africa and one of the first in the world," explains Dr de Wet

"By the end of this year we shall have a second superpress "

The British parent company, Norcross, has been involved in the development of the new machinery, which is manufactured in Japan

Norcross operates in Australia (where it is market leader), France, Germany, Belgium, Holland and New Zealand

The Norcross super-letterpress machine should increase Multitape's turnover by about R3-million within the first 18 months

Multitape's turnover is expected to increase by 30% this year

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS

15016 B.A./LL.B. YEAR : 1

STUD NO	SURNAME	FIRST NAMES	COURSE	
~~1539824~~	~~STRACHAN~~	~~ANDREW KENNETH~~	~~105104~~	
1565290	VISSER	VIVIEN ELIZABETH	117101	
~~1575477~~	~~WAINE~~	~~VINCENT CHARLES~~	~~044101~~ 102101 107101	
~~1566388~~	~~ZACHERL~~	~~SABINE RUTH~~	~~004101~~	~~PSYCHOLOGY I~~
157915X	ZACKON	JEFFREY	102101 107101	AFRIKAANS ENGLISH I (PRE-1980)

* TOTAL NUMBER OF STUDENTS 30

DEAN

REGIS

RDM 11/3/80 (232) (12)

Botrest seeks urgent aid

(217)

By ADAM PAYNE

ANGLO American Corporation and Amax, the principal shareholders in Botswana RST, are having urgent talks with a German bank to alleviate the financial struggle of the Selebi-Phikwe copper-nickel mine.

This was said by an Anglo American Corporation spokesman yesterday following the statement by the Botswana Minister of Mineral Resources, Dr G K Chiepe, that the mine is running the risk of closure because of the loan burden.

The spokesman said: "The mine is in a very difficult financial situation. Negotations are in process with the German bank, Kreditanstalt Fur Wiederaufbau, with a view to delaying loan repayments and it is of great importance to the company that these negotiations are concluded as soon as possible."

Botswana RST's operating company, Bamangwato Concessions, has had a continuing struggle since the mine opened with metallurgical difficulties, smelter problems and mounting capital costs in the face of a fall in copper and nickel prices at the time

The result was an intolerable loan burden with high interest and principal repayments.

Two months ago the mine completed arrangements for interim finance to counteract the potential adverse effect on BCL of the strike at the Amax refinery in the US which treats the copper-nickel matte exported by BCL.

The arrangements included the provision of funds by Anglo American Corporation and Amax as well as the temporary deferral of principal payments due on loans from the KFW bank, the IDC and Chase Manhattan Bank and the temporary deferral of some interest payments due to Anglo American and Amax.

Since then, the American strike has ended and BCL's matte is again being refined

Present negotiations with various parties cover a more permanent deferral of royalties to the Botswana Government, senior shareholders' loans and loans from other senior creditors, depending on BCL's cash flow needs over a four-year period ending on December 31, 1983

Dr Chiepe, addressing the Botswana Parliament, said the Selebe-Phikwe mine was in danger of collapse A collapse would have serious repercussions throughout Botswana since the mine employs 4 000 men and women.

The brighter side of this picture is that with the rise in copper and nickel prices, the mine's operations are more financially rewarding than ever before

Operating profit of P6 652 000 was reported for the six months ending June last year. (One pula is worth approximately R1).

After deduction of interest and fees, there was a loss for the six months of P10 300 000. The accumulated deficit at June 30 was P63 762 000

It can be assumed that operating profit in the six months to December will be higher than that in the previous six months because of better copper and nickel prices.

Fares increase in 1977 doubled Tramways profit

ARGUS 12/3/80

87 232 360

AFTER the last bus fares increase was granted to City Tramways in Cape Town in 1977 their profits doubled from R2,07-m to R4,10-m, and the National Transport Commission (NTC) should guard against such profits being made out of the present fare increases application.

This was argued by Mr A Chaskalson SC, for 31 of the objectors to the fares at the NTC hearing in Cape Town yesterday.

Other points raised by Mr Chaskalson yesterday afternoon were:

- The fares were based on a replacement devaluation of the buses which would result in commuters financing the cost of buses 10 years hence which under certain circumstances, Tramways might never have to buy;
- The NTC should consider recommending that the Government finance the replacement of buses at a low interest rate;
- Tollgate Holdings, Tramways holding company, was rated as the top performing company in the Top 100 Companies competition;
- A Uitenhage subsidiary of Tollgate Holdings had made an after-tax profit of R240 000 from issued share capital of R5 000.

TURNOVER

Mr Chaskalson pointed out that according to the balance sheets of City Tramways, their turnover increase steadily from 1975 when it was R15,98-m to R29,2-m in 1979. This included a jump from R26,7-m in 1978 to 1979's figure of R29,2-m.

Profits during the same period rose from R1,05-m in 1975 to R4,19-m last year, and they rose from R4,1-m in 1978 to R4,19-m inspite of the partial effect of a fuel price increase totalling 224 percent between January and June 1979.

Referring to the commission's decision to turn down his application for certain information to be brought before them which would clarify Tramways' actual income and their ability to absorb the fuel cost increases, Mr Chaskalson said that it might have shown their ability to maintain their profit position.

SAME INCOME

'If they have been able to maintain their profit position since then in spite of increased cost and the same income, if the fares they have applied for are granted, their profits will catapult as they did in 1977.'

According to the 1979 balance sheet, the total capital investment in City Tramways (Pty) Ltd was R5,1-million which yielded a profit of R4,19-million which was a return of 82,15 percent.

In the three years from 1977 to 1979, City Tramways had paid dividends to the holding company, Tollgate Holdings (Pty) Ltd, of R2,6-million, R2,63-million and R2,00-million for a total of R7,3-million which was more than R2-million more than the capital invested

'Where are these vast sums of money invested by shareholders on which they are entitled to a profit referred to by Mr Snitcher,' Mr Chaskalson asked 'I don't suggest that the shareholders should not profit or that the company should run at a loss But they should not make super-profits — excessive profits

SECURE

'Their profits should be in line with what other people earn, bearing in mind that they have a secure position, and their investment is not at risk.'

'Let us look at the performance of the holding company, Tollgate Holdings'

Between 1975 and 1979, the earnings per share rose from 34.5 cents a share to 91,66 cents The dividends rose from 11,5 cents to 20 cents. The net worth of the shares rose from 263 cents to 438 cents.

The dividends nearly doubled, the earnings nearly trebled and the capital growth was considerable.

SUCCESSFUL

Mr Snitcher quoted figures from the Financial Mail to show that profits had increased by over 30 percent for other companies

In the Business Times Top 100 Companies last year, Tollgate Holdings were rated 16th. They were the most successful company in the top 100 in that they rose from nowhere to 16th, Mr Chaskalson said

He quoted from the annual report which said that 64,2 percent of Tollgate's profits came from public transport.

De Beers lifts final to 52,5c

~~240~~ 232

RDM 12/3/80

By DON ROBERTSON
Mining Editor

BUOYED by an increased and more widespread investment portfolio, De Beers has weathered a tough diamond market and has raised the final dividend for the year to December to 52,5c a share from 45c in 1978 on unchanged earnings of 205c a share

The final takes the total to 72,5c from 65c previously

The payout and earnings are better than the market expected, with earnings projections ranging from 180c to 190c a share and the final dividend forecast at 50c

Attributable profits for the year were R742-million compared with R741-million, before the provision in the past year of R14-million, which represents the cost of admitting migrant workers to the pension fund They were previously on a separate company allowance scheme

Earnings from diamonds were down at R831-million from R956-million in spite of almost unchanged revenue from the Central Selling Organisation in 1979

Income from interest and dividends brought in an increased R312-million compared with R234-million in 1978, which more than covered the dividend payment of about R261-million

The profit retention for the year is about R413-million, or 115c a share

In a move to create a wider spread of interests, the book value of investments was increased during the year to R620-million from R418-million Part of this reflected the 6% increase in the holding in Anglo American and the 2% rise in the holding in Minorco after the restructuring of the Anglo holding in Charter

In addition, 5% of Consolidated Gold Fields was bought during the year Subsequently a 25% stake was built up in Cons Gold, half of which was sold to Anglo

Reflecting the improvement in market prices, the value of the group's listed and unlisted investments rose to R2 201-million at the yearend from R1 004-million The market value of listed investments was R1 875-million compared with R817-million

The cash balance, which stood at R1 294-million at the end of 1978, was reduced to R974-million This was used partly to finance the increase in diamond stocks which rose to R409-million from R256-million and the rise in the book value of listed investments

Current liabilities were reduced to R537-million from R645-million, long-term loans were increased to R103-million from R69-million, other current assets to R349-million from R239-million and unlisted investments to R127-million from R80-million

The need to finance the stock increase suggests that the market went through a fairly bad patch towards the end of the year, although this must have been solely in small stones In February, the price of larger stones — over one carat — was raised by an average 12%

At the current price, the shares yield 7,2% on the dividend

Lamberts surprises with final

232

RDM 13/3/80

By ELIZABETH ROUSE

TIGER'S Oceana fishing companies could not make headway in reduced fishing operations last year, but United Oceana Holdings and Sea Products have held payments and Lamberts Bay Holdings has surprisingly raised its dividend total by 1c.

In spite of a 5% decline in earnings to 71c a share in the year to last December from 1978's 75c, Lamberts has declared an 18c final dividend, which makes total distribution 28c against 27c paid in 1978

Units annual dividend is unchanged at 13c on earnings of 44c a share, down 4% on 1978's 46c. Sea Products managed to lift earnings by 7,8% to 69c from 64c a share on improved rock lobster catches, but the final dividend is the same at 25c, making an unchanged 40c for the year

Units, which holds 69,2% of Lamberts, which in turn holds 50,7% of Seaswa, reports an attributable taxed profit of R4 210 000 (R4 423 000) Lamberts made R6 097 000 (R6 410 000) and Seaswa R2 920 000 (R2 695 000)

The fishing industry voluntarily stopped fishing for pilchards at the end of June 1979, which affected cannery output, reports Mr Abe Shapiro, chairman of Seaswa

The anchovy fishing pattern was reasonable for most of the season, but bad weather conditions delayed completion of the United Fishing Enterprises quota towards the end of August last year

The oil yield was good from the pelagic fish catch and improved rock lobster landings helped to offset reduced earnings in the pelagic sector

The coming season is hedged with uncertainties and Seaswa as well as Lamberts expect a sharp decline in canned fish production in Namibia.

The opening date and quotas for the 1980 pelagic season have not yet been determined, but it is expected that catching will start around April 7, and that the industry's quotas will be further reduced, says Mr Shapiro

This means that canned fish will have to be imported for South African consumption and to meet export contracts In addition, the entire fishmeal and fishoil output will be needed by the domestic market where prices are lower than overseas

The market in America for frozen rock lobster tails is firm, but catches have been below average because of bad weather and the authorities have increased the size which can be caught

Mr Rudi Frankel, chairman of Units and Lamberts, reports that the South African pelagic fish quota is unchanged, but landings to date have been below those of recent years and it is not possible to predict how the season will progress.

South African coast rock lobster catches were unchanged and the Units group has almost completed packing its share of the quota

The same stnctures apply to Units and Seaswa operations along the Namibian coast

Tiger more generous

232

RDM 13/3/80.

41 ~~180~~

By ELIZABETH ROUSE

SALES of the Tiger Oats group and its associates in South Africa and Britain climbed by 25,5% to nearly R2 000-million in 1979, a fine achievement in the face of a slight downtrend in its fishing companies.

This turnover advance and the lift in consumer spending since the second half of last year and a decline in capital expenditure have prompted the board to be more generous about dividend payments.

The final dividend has been raised to 38c from 33c, lifting total payment to 66c from 58c on a 15% increase in group earnings to 262c a share in the year to last December from 228c in 1978.

Tiger's yearend results are better than could have been expected at the interim stage when the group had only a small earnings rise of 8,7% because of the static economy

Second-half earnings rose by over 22%, amounting to 137c a share against 125c earned in the first half and growth at this faster rate seems likely for the next six months, according to Tiger's chairman, Mr Rudi Frankel,

The pharmaceutical subsidiary, Adcock-Ingram, has proved to be a profitable acquisition and is set to produce good results this year This could offset an expected decline in the fishing companies, which face troubled waters

More impressive is the advance by Tiger's associates — which include the 30% held Bibby in Britain and Metcash and King Food in South Africa Taking the undistributed profits of the associates into account the earnings rise is 20% to 321c a share from 269c

The associates' contribution to earnings is 59c a share, up 45% on 1978's 40c. Attributable earnings of the associates make up 18,1% of group earnings

Turnover of the associates started to pass that of the Tiger group last year and accounted for R998-million against Tiger's R913-million Their 1979 growth rate is larger at 33% compared with Tiger's 17,5% because these companies are not hedged in by so many price restrictions as the basic food producer.

The food industry remains highly competitive and Tiger's margins were down from 4,68% to 4,3%. Group trading profit amounted to R60 884 000 (R55 779 000 in 1978) and attributable taxed profit was R29 251 000 (R25 412 000) Seaswa's profits have been consolidated for the first time and 1978 figures have been adjusted accordingly.

Capital commitments are well down at R6-million, but usually the group ends up spending more than its stated commitments in its continuous plant updating programme Mr Frankel says there is some spare capacity in the industry, but that it is fast being absorbed

Tiger remains a blue chip among food companies, as the dividend yield of 4,6% testifies

STU13-0 EXAMINATION RESULTS IN FACULTY ARTS AS AT 29 02 80 PAGE 1

15036 B.A./LL.B. YEAR : 5 15036

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL			
~~101834P~~	~~HACK~~	~~BRYAN CECIL~~	~~642101~~	~~PUBLIC INTERNATIONAL LAW~~	~~ABS~~		~~4~~	~~101834P~~
1154740	HARPER	GREGORY MARK	602101	PUBLIC INTERNATIONAL LAW	2-	(67)	5	1154740
~~114338F~~	~~JACOBS~~	~~DENISE ELLEN~~	~~642101~~	~~ROMAN DUTCH LAW I~~	~~1~~	~~(76)~~	~~4~~	~~114338F~~
103069G	LEWIN	DIANE	603202	ROMAN LAW & JURISPRUDENCE	13	(53)	4	103069G
~~100344V~~	~~LOW~~	~~BRIAN ANTHONY~~	~~603202~~	~~ROMAN LAW & JURISPRUDENCE~~	~~1UP~~	~~(56)~~	~~5~~	~~100344V~~
094400C	MAYO	HENRY	603202	ROMAN LAW & JURISPRUDENCE	1UP	(50)	4	094400C
~~102255V~~	~~WILLIAMS~~	~~MICHAEL DAVID~~	~~603202~~	~~ROMAN LAW & JURISPRUDENCE~~	~~1UP~~	~~(50)~~	~~4~~	~~102255V~~

* TOTAL NUMBER OF STUDENTS 7

DEAN

REGISTRAR (ACADEMIC)

UCT

Anamint final 630c

JOHANNESBURG — Anglo American Investment Trust (Anamint) has increased its equity earnings by 11,4 percent to R90,7m for the year ending March 31 1980 from the R79,3m earned in the year to March 31 1979.

A final dividend of 630 cents a share (previous final 520 cents) has been declared which with the interim of 230 cents (previous interim 230 cents) makes a total for the year of 860 cents (750 cents).

The company has substantial interest in both De Beers Consolidated mines and the diamond trading companies.

During the year Anamint sold its investmement of 590 625 shares in Anglo American Industrial Corporation at a profit of R13,9m.

The proceeds of the sale have been reinvested in De Beers preferred shares. Anamint purchased 2 274 100 De Beers deferred shares during the year to bring its holding in that company to 97 136 430 deferred shares or 27 percent.

The market value of the company's listed investments amounted to R990,8m at March 12 1980 compared with R805,1m on March 31, 1979.

232

RDM 14/3/80

Amic profit bounds to R85m

By HOWARD PREECE
Financial Editor

ANGLO American Industrial Corporation, Amic, has produced some outstanding results for 1979 with attributable taxed profit up by 63% to R85 530 000 from R52 409 000. The final dividend has been raised from 55c to 72,5c to make a total of 105c (80c).

Earnings a share rose from 195,1c to 317,2c

There are some qualifications, or amplifications, to the results

Profits were helped by the inclusion of a full year's earnings from both Mondi Paper and African Products.

The directors also say that two of their wholly owned subsidiaries are uncertain about the prospects of recovering profits from some of their overseas operations and the results of these foreign operations have not been consolidated.

But in relation to total profit performance these are not critical issues

The rise in pre-tax profit from R84-million to R150-million reflects remarkably strong growth from a group starting from such a high profit base.

Amic, which is an industrial holding company, numbers among its main interests Boart International and Scaw Metals which, with Mondi, are reckoned to have been the main contributors to profits

It also has a big stake in Sigma motor group, and judging by the first two months of this year that could prove highly significant in 1980

The directors say that all the group's subsidiaries showed substantial profit rises last year.

Investments include holdings in LTA, Highveld, Debincor and McCarthy.

COMMENT: Coming on top of the soaring profit from Amgold and the huge absolute profit from De Beers, the Amic figures are yet another reminder, if one were needed, of the vast financial muscle that is on call to Anglo American.

How easy it was financially for Anglo, with De Beers, to snap up effective control of Consolidated Gold Fields.

The Amic share price closed yesterday at 2 200c, up 85% since the beginning of 1979 which basically mirrors the general rise in the industrial market.

The total payment of 105c last year is in line with market expectations, but the earnings of 317,2c a share are better than most forecasts, even after 79% rise in attributable profit to R36 857 000 at the halfway mark.

Given the sheer size of Amic, the exceptional profit rise should cheer the Johannesburg Stock Exchange generally

Historically, Amic yields 14,4% on earnings and 4,8% on dividend. There may not be much left for private investors, but the share remains a solid institutional blue chip.

232

Tweefontein 97c

RDM 14/3/80

232

Mining Editor

TWEEFONTEIN United Collieries, a member of the Lonrho stable, has raised its interim dividend to 97c a share from 63c after a 114% rise in the interim payment from Coronation Syndicate, in which it has a 66% interest

Coronation Syndicate, benefiting from improved gold and copper operations in Rhodesia, has raised its interim to 30c from 14c This higher payment flowed through to Tweefontein and compensated for the unchanged interim of 18c from Duiker Exploration

Duiker owns the coal assets of Tweefontein and Witbank Consolidated and the major source of income for these two companies comes in the form of dividends from Duiker

In contrast, Witbank Consolidated, without the benefit of any additional income source, has declared an interim of 33c compared with 32c previously.

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS

13100 PERFORMERS DIPLOMA IN SPEECH & DRAMA YEAR : N/A AS AT 29 02 80 PAGE 1

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL	
~~1623211~~	~~STERN~~	~~JOCELYN NEILA~~	~~116113~~	~~PRACT SP I AFRIKAANS LOWER/ABS~~	3	~~1623211~~
			116117	PRACT ACT I AFRKIAANS LOWER/ABS		

~~TOTAL NUMBER OF STUDENTS~~ 1

DEAN

REGISTRAR (ACADEMIC)

13100

UCT

2

(57) (232) (61) FM 14/3/80

BARCLAYS

Excellent prospects

Activities· *SA's largest banking group Subsidiaries include Barclays National Bank, Barclays Western Bank and Barclays Insurance Brokers Barclays International (UK) owns 64% of the equity and Anglo American/De Beers 18%*

Chairman *J M Barry, managing director A R M Aldworth*

Capital structure· *53,2m ordinaries of R1 Market capitalisation R433,6m*

Financial *15 months to December 31 1979 Total assets R6 808m (1978 R5 692m)*

Capital and reserves *R300m (R252m), capital surplus R39,7m (R23 6m)*

Share market *Price 815c (1979-80 high, 815c, low, 485c, trading volume last quarter, 163 000 shares) Yields 11,4% on earnings, 4,9% on dividend Cover 2,3 PE ratio 7,8‡*

	+ '76	+ '77	+ '78	+ *79
Total deposits (Rm)	3 169	3 485	3 890	4 690
Total advances (Rm)	2 085	2 309	2 566	2 991
Operating profit (Rm)	50 0	55 1	60 2	98 9
Operating profit advances and customer liabilities	1 2	1 5	1 7	1 6
Taxed return on equity (%)	16 3	15 7	16 4	14 8
Earnings (c)	53 2	62 6	74 8	116 7
Dividends (c)	19	23	30	50
Net asset value (c)	327	398	478	627

‡ Annualised
+ Year to end-September
* 15 months to end December

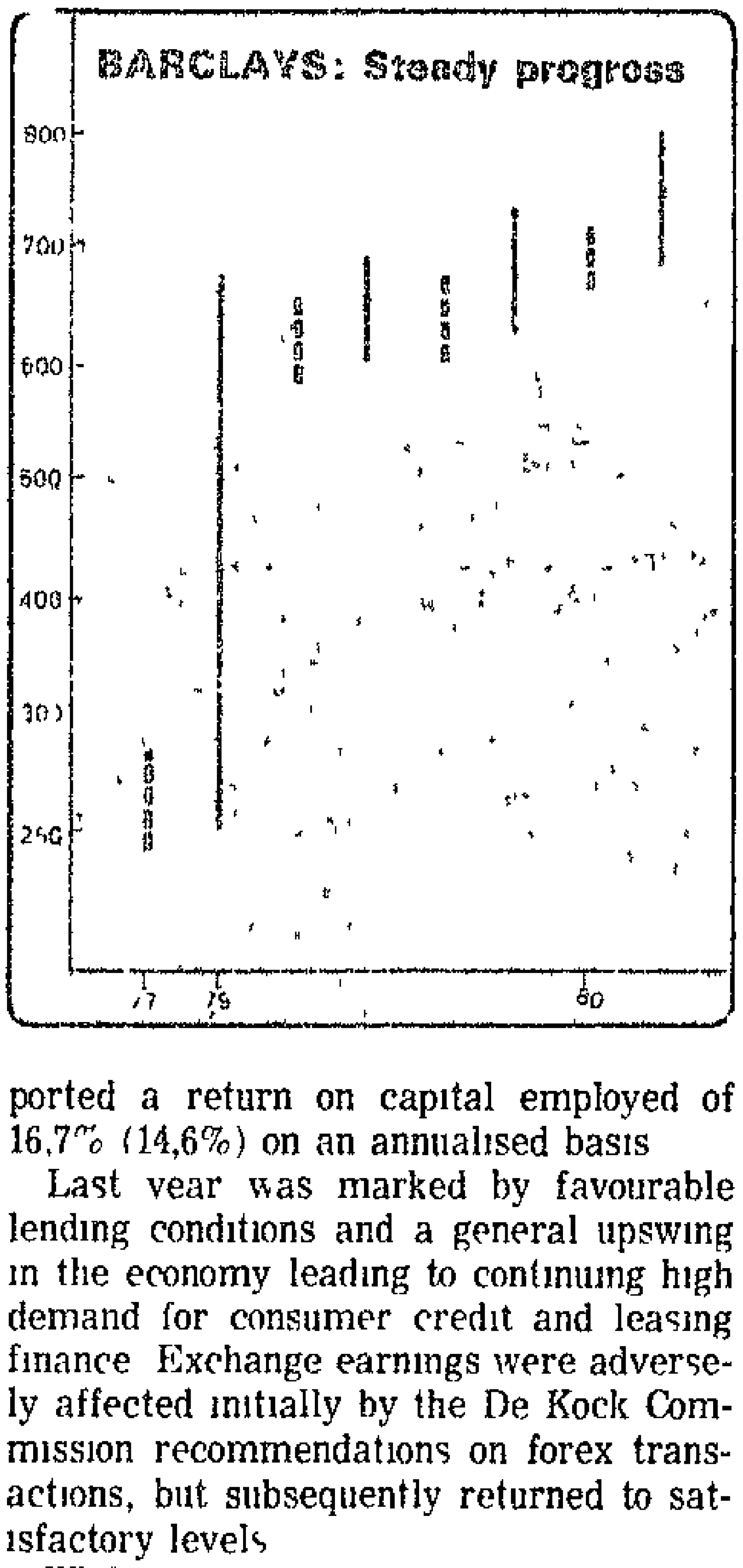
In line with a quickening in the economy and growing consumer demand the Barclays Bank group reported an annualised operating profit increase of 31,4% in the 15 months to end-December And this year, provided the rate of growth in SA continues, another impressive profit increase can be expected In 1979, the payoff for shareholders was a 33,3% hike in the annualised dividend payment, up from 30c to 40c, and it appears certain another record distribution is on the cards in 1980

Operating profit for the 15 month period was R98,9m which annualises to R79,1m (R60,2m) Taxed earnings for the period of 116,8c allowed a 50c total dividend to be paid

	Operating income		Taxed profit	
	Rm			
	1978	*1979	1978	*1979
Commercial bank	43,0	53,7	26,7	38,6
Wesbank	12,7	9,4	7,2	9,4
Sor[illegible]	[illegible]	5,7	2,0	5,4
Sor[illegible]	[illegible]	1 8	0,9	1,0

* Annualised

At end-December Barclays had total assets of 6 8 billion (R5 7 billion), while share capital and reserves amounted to R299,8m (R252m) The excess capital in relation to the Banks Act's requirement was R39,7m (R23,6m), giving plenty of room for additional advances But, despite this excess capital position Barclays re-



ported a return on capital employed of 16,7% (14,6%) on an annualised basis

Last year was marked by favourable lending conditions and a general upswing in the economy leading to continuing high demand for consumer credit and leasing finance Exchange earnings were adversely affected initially by the De Kock Commission recommendations on forex transactions, but subsequently returned to satisfactory levels

While all divisions contributed to the increase, the star performer was Barclays Merchant Bank BMB s taxed earnings rose 76,6% to R5,1m (R2,9m) on an annualised basis, and it paid R4,1m (R540 000) in dividends to the holding company The commercial bank earned R48,3m in the 15 months, or an annualised 44,7% increase to R38,6m (R26,7m), including R5,1m (R4m annualised) in dividends from subsidiaries At the operating profit level, the bank contributed 69,4% (71,5%) to the group total

Barclays Wesbank, which performed so well in 1978 with an operating profit of R12,7m (R1,8m), continued to progress strongly with an annualised 31,1% increase in taxed profit to R9,4m (R7,2m) and a return on equity of 24,5% From the December quarterly returns of banks (BA9) it can be seen that Wesbank recorded a 15% increase in HP business, an 8,9% increase in leases and enjoyed a 17,3% market share

The reasons for BMB's sharp increase in profit were, to a large extent, a result of its concentration on tax-based leases and the number of corporate restructures it handled for clients During the accounting period, substantial repayments of existing advances exceeded "the modest" demand from industry for medium-term finance, resulting in a lower level of advances at end-December However, acceptance credit facilities were at a higher level, but competition was intense BMB's 28,3% return on equity was the highest in the industry

Commercial banking was affected by intense competition, exacerbated by the fact that corporate borrowers tend to provide front-end financing themselves and then draw down a bank loan over relatively long periods Thus the capital spending boom is not having an immediate impact on bank profits

The foreign exchange division had to reduce the spread between buying and selling rates after the De Kock Commission recommendations in order to hold market share However, the market stabilised and wider spreads have since been reinstated

The Barclaycard division had another good year It now has over 450 000 customers and more than 40 000 shopping outlets Turnover on an annualised basis rose 82,7% to R425m (R233m)

This year another increase in profit and dividends is expected Consumer spending is on the increase and durable purchases should keep banks busy The market has pushed the share 77% higher to 815c in the past year, where it yields an historic 4,9% Near-term, the industrial market looks uncertain so buying opportunities may improve, but the share rates a buy on a medium term view

Des Kilalea

FALCON'S YIELD

In the *FM* of January 25, non-residents' shareholders tax was deducted from the Falcon dividend to calculate the yield to local investors In fact, being London registered, Falcon pays branch profits tax and thus does not deduct NRST from dividends This meant the yield was 8,8% and not 6,6% as stated

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STU13-9 EXAMINATION RESULTS IN FACULTY ARTS

13010 BACHELOR OF ARTS YEAR : 1 AS AT 29 02 80 PAGE 4

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL			13010
155148P	JENKINS	JOSEPHINE ALEXANDRA	115103	ITALIAN INTENSIVE	F	(47)	1	155148P
156426C	JONES	TIMOTHY ARNOT	106105	ECONOMICS IA	F	(44)	1	156426C
160764U	JONES	MARK FRANCIS	115101	FRENCH I	UP	(62)	1	160764U
162323N	JOUSTE	LINDA ADELE	111101 115101	RELIGIOUS STUDIES I CULTURAL HISTORY OF W.E. I	ABS ABS		7	162323N
~~157009M~~	~~KATZ~~	~~ADELLE FAYE~~	~~114101~~	~~RELIGIOUS STUDIES I~~	~~UP~~	~~(54)~~	~~1~~	~~157009M~~
157519R	KENYON	GERDA-MARIE	004101 107101	PSYCHOLOGY I ENGLISH I (PRE-1980)	UP 3NX	(58)	1	157519R
160445A	KELLY	CAROLYN MAY	110101	HISTORY I	UP	(57)	1	160445A
157025E	KOTZE	MONIQUE RUTH	102103	AFRIKAANS EN NEDERLANDS I	F		1	157025E
160168W	KRAMER	JANINE MARIETTA CAROLINE	107101 115101	ENGLISH I (PRE-1980) FRENCH I	3NX F	(48)	1	160168W
~~137450L~~	~~LANCASTER~~	~~DEBORAH ANNE~~	~~104202~~	~~SOCIAL ANTHROPOLOGY I(PRE~~	~~1UP~~	~~(50)~~	~~1~~	~~137450L~~
159478W	LE ROUX	KAREN JEANETTE	906101	GEOGRAPHY I	ABS		1	159478W
~~156804P~~	~~LOU~~	~~KIAAN~~	~~102103~~	~~AFRIKAANS EN NEDERLANDS I~~	~~UP~~	~~(50)~~	~~1~~	~~156804P~~
130847A	MAHOMED	RIYANI	004101 105104 ~~107101~~	PSYCHOLOGY I LATIN I ~~ENGLISH I (PRE-1980)~~	F F ~~ABS~~	(43) (46)	1	130847A
		VIVIEN E NORAH	102101 906101	AFRIKAANS GEOGRAPHY I	ABS ABS		7	137330X
		GODEON JOZUA	105103	GREEK & ROMAN LIT & PHIL	ABS		1	159321A
		JENNIFER MARY	106103	ECONOMICS IA	ABS		1	150162R
		JENNIFER ANN	004101 103202	PSYCHOLOGY I SOCIAL ANTHROPOLOGY I(PRE	UP 1UP	(52) (50)	1	155800Y
		~~ADAI~~	~~511101~~	~~COMMERCIAL LAW A~~	~~ABS~~		~~7~~	~~157772R~~
		RICCARDO EDUARD GREGORIO	115103	ITALIAN INTENSIVE	F	(45)	1	158259J
		~~SANDRA RACHEL~~	~~106103~~	~~ECONOMICS IA~~	~~ABS~~		~~1~~	~~156326V~~
		CECILIA AGNES	107101	ENGLISH I (PRE-1980)	3NX		1	157549Z
		~~ELISSA JANE~~	~~311101~~	~~MATHEMATICS I~~	~~F~~	~~(48)~~	~~1~~	~~15~~

UCT

Tweefontein 97c

Mining Editor 14/3/80

TWEEFONTEIN United Collieries, a member of the Lenibo stable, has raised its interim dividend to 97c a share from 63c after a 214% rise in the interim payment from Coronation Syndicate, in which it has a 66% interest.

Coronation Syndicate, benefiting from improved gold and copper operations in Rhodesia, has raised its interim to 30c from 14c. This higher payment flowed through to Tweefontein, and compensated for the unchanged interim of 18c from Duiker Exploration.

Duiker owns the coal assets of Tweefontein and Witbank Consolidated and the major source of income for these two companies comes in the form of dividends from Duiker.

In contrast, Witbank Consolidated, without the benefit of any additional income source, has declared an interim of 33c compared with 37c previously.

Barlows into computers

S. Times 16/3/80

By BILL CAIN

BARLOW Rand is going into computers. Electronics division executive director Derek Cooper tells me the company has bought a 51% stake in Perseus following "quick and easy" negotiations.

He adds that the deal gives Barlows — the country's largest industrial group with a turnover of R2 808-million last year — a supplier complementary to many of its present products.

"Just about every industry we are in is now computer controlled. In future we'll have the products and expertise we've so far had to buy outside."

Dr Louis Raubenheimer, chairman of 11-year-old Perseus, says a key reason for selling control is the need for strong backing and cash flow to maintain the company's phenomenal growth.

He adds: "With a R15-million annual turnover we've reached the stage where we're not small and not large. We've averaged 100% annual growth since we started (last year turnover was 145% up on 1978) and it is getting difficult to keep it up on our own.

"We will grow at 50% to 100% a year with Barlows behind us."

Perseus's management and work-force remains intact and the company will remain autonomous under the Barlow umbrella.

Both Mr Cooper and Dr Raubenheimer refuse to reveal the price of the 51% holding, except that it is "several million rands", and decline to discuss Perseus's future plans.

The bulk of the computer company's revenue comes from sales of imported hardware.

Perseus supplies, along with software, small computers. A year ago it launched Persetel to handle larger machines. Dr Raubenheimer says both operations are profitable with an aggregate net return of around R1-million.

Mr Cooper says Barlow Rand has long realised the need for computers in a wide range of applications.

He adds, "In addition to complementing the capabilities of our electronics division, Perseus allows us to have within our organisation the ability to meet almost every type of computer system need."

Dr Raubenheimer says the Barlow's link "allows us to tackle larger projects".

Unicorp is urged to accept bid by Genmin

51 16/3/80

BY JOHN SPIRA

IN A recommendation which openly contradicts the view of many British analysts, W Greenwell & Co, a major London stock broking firm, is urging Union Corporation shareholders to accept the 80 General Mining shares being offered to them in exchange for every 100 Unicorp shares which they hold

Principal basis for this recommendation is the opportunity for Unicorp shareholders to participate in Genmin's northern Transvaal fuel/coal project, which the firm considers has 'exciting potential'

Greenwell views the northern Transvaal project in a light that 'suggests the possibility that General Mining will become an energy stock by the second half of the 1980s"

It adds "A clue to the confidence that General Mining has in this project, even at this early stage of investigation, is the recent enlargement of its controlling stake in Trek Petroleum If you are going to produce fuel, then it is a sensible idea to control its distribution and have some say in the retail price

"By the end of the 1980s, Opec will still be in control of the price of the world's most commonly used energy source

"In our opinion, the price of oil and gas and petroleum derivatives, for example, naptha (a feed-stock for the chemical and plastics industries) will be considerably higher in relative terms"

"It is not inconceivable that naptha derived from coal will be a cheaper alternative than naptha derived from other sources, so with their coal areas and proven technology, South Africa could become a major supplier of liquid petroleum products to world industry"

Other reasons given by the firm for acceptance of the Genmin offer are

- The combined group, with its strong asset backing, will be in a better position for the financing of new projects, thus ensuring continued growth
- Rationalisation of human resources will mean that trained personnel can be utilised elsewhere, thereby strengthening the group and easing a potential brake on expansion
- It is only in gold and uranium that the two groups overlap Their remaining interests are complementary and the combined group becomes "exceedingly well spread"

Accordingly, while a Unicorp shareholder surrenders a small amount of income from the precious metals sector, he gains from coal, asbestos, fluorspar and heavy industry, 'which is going to do very well in the expanding South African economy"

- Ignoring price changes, the next increase in earnings that a Unicorp shareholder can expect will come from Unisel in 1980 and Beisa in 1983

For Genmin, two new collieries (Matla and Ermelo) reach full production before June 1981 there is a 5-million ton a year coal export quota to be filled and the new heavy industry gear box and axle projects will be contributing earnings before 1983

On acceptance, a Unicorp shareholder will share in this earnings growth

- The holder of 100 Unicorp shares could have been 16% better off had the completed scheme for the expansion of Genmin taken place a year ago

Family firms lagging in performance

(232)

S Times 16/3/80

FAMILY businesses listed on the Johannesburg Stock Exchange have tended to lag behind the performance of professionally-managed companies with a wider spread of ownership.

This is especially evident where the family businesses are in a single line of activity, and need to launch themselves out of the "pioneer" stage to sustain and improve their performance

Such businesses tend to suffer from a "lack of specialised functional skills (as in finance, marketing and production), from a lack of succession in management and generally from a paucity of the skills necessary to successfully integrate a growing, diverse and divisionalised set of operations"

These are among the key findings of a new study by Robin Mackintosh, senior lecturer at the Graduate School of Business of the University of Cape Town

By STEPHEN ORPEN

The study builds on previous research into the performance of various types of company listed on the JSE by Dr G S Andrews

Andrews' research showed that more-diversified companies, and especially conglomerates as he defined them, tended to out-perform more narrowly-focussed businesses But his work did not separate out family businesses

The new study identifies some 105 JSE-listed companies which could be called family businesses, compared with some 150 in 1971, and examines the perfomance of the shares of samples of these companies relative to the performance of other listed companies' shares in 1973-77

The performance of the family businesses is further compared according to their structure and stage of development — from "single business", "dominant business", through "related business" to "unrelated business" categories

Sub-divisions include those for companies that are vertically structured, "constrained", "linked", "single", "passive" or "conglomerate"

The test determining whether a company is a family one includes both a controlling interest in the hands of the family and the presence of at least two active family members on the board

Two additional companies – Anglo American Corp and the Rembrandt group — were included in the family category for special reasons

Companies whose share performance was superior to that of the industrial share market as a whole (measured by the RDM 100 index) were expected to show "proportionately greater increases in share price or a smaller drop in bear markets"

Some 78% of the main sample of 51 family-held companies were in the single or dominant business categories — about the same as for all listed industrials

But 51% of the family businesses were in the "single business" category compared with only 35% of the more than 250 listed companies studied by Andrews

The findings include

- Single-business family companies out-performed the market only 34% of the time in 1973-77 and under-performed 54% of the time
- Dominant-business family companies in the "vertical category were better only 29% of the time and worse 57%
- The small number of "dominant-unrelated family companies were better 50% of the time and worse only 31%
- So-called "unrelated-passive" family companies (in unrelated businesses in a passive way in terms of management) proved "manifestly unsuccessful" as a group, performing above average only 27% of the time and worse 60%
- Family companies that have "taken small steps" towards diversification have generally not been successful

"By contrast those with strongly diversified strategies, related and unrelated in terms of type of business, have been the most successful

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Rapport 16/3/80

BARLOWS KRY BEHEER OOR PERSEUS — GROEP

FRANZ ALBRECHT

DIE nywerheid- en mynboureus Barlow Rand het vandeesweek sy belange na die komperbedryf uitgebrei. Vir etlike miljoene rande het hy 'n aandeel van 51 persent in die elfjaar oue Perseus/Persetel-groep gekoop.

Perseus spog tans met 'n omset van R15 miljoen per jaar, en die verwagting is dat dit met 50 persent na R22,5 miljoen in 1980 sal styg. Die groep bied omvattende rekenaardienste en verskaf rekenaars en toerusting.

Die hoofbedryfsmaatskappy van die groep is Perseuns-Rekendienste en -Outomatisasie met sy hoofkantoor in Pretoria, en hierdie maatskappy het die beherende belang in Persetel. 'n Ander maatskappy wat onlangs gestig is, heet Computer Aided Design.

'n Uitvoerende direkteur van Barlows, mnr. Derek Cooper, sal tesame met nog een of twee persone van Barlows tot die raad van Perseus toetree.

„Die verkryging van hierdie vername belange in die rekenaarsbedryf moet gesien word teen die agtergrond dat Barlows terdee bewus is van die groep se toenemende behoefte aan rekenaars in 'n wye reeks van toepassings" het mnr Cooper aan Sake-Rapport gesê.

Perseus — 'n ten volle Suid-Afrikaanse maatskappy — het indrukwekkende gegroei sedert sy bestaan in 1969. Dit word beskou as die toonaangewende voorsiener van klein komperstelsels in Suid-Afrika.

Mnr. Cooper se van Perseus dat dit 'n groep is met 'n wydte en diepte in sy produkteveld, dienstelewering en bekwaamhede in die rekenaarbedryf. „Dit sal Barlows die vermoë gee om binne sy eie organisasie feitlik enige rekenaarstelselbehoefte te bevredig."

Die Perseus-groep sal ook grootliks baat vind deur die verkryging van 'n vennoot soos Barlows. In die verlede is groei in sommige gebiede — veral wanneer dit by groot rekenaarstelsels, -installasies en -dienste gekom het — verhinder deurdat Perseus nie die finansiele spierkrag van die multinasionale rekenaarorganisasies in Suid-Afrika kon ewenaar nie.

Soos die voorsitter van Perseus, dr Louis Raubenheimer, dit stel: „Ten einde ons vinnige groei te handhaaf, het ons gevoel dat 'n finansiële sterk vennoot belangrik is. Dit sal ons nou in staat stel om nie net die huidige geleenthede te benut nie, maar om ook groter projekte te onderneem"

Hoewel Perseus reeds honderd vooraanstaande klante bedien, sal die verwantskap met Barlows dit in staat stel om sy sake met sy huidige klante, asook met nuwes, meer uit te brei.

Perseus se bestuur bly almal aan in hul huidige hoedanighede. Met die rugsteuning van Barlows kan die maatskappy ook nou aan groei dink deur oorname of ontwikkeling van spesialistemaatskappye wat die huidige organisasie sal aanvul.

Tribune 16/3/80

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Glimmer of hope in IBM 'monopoly' case

From WALTER PFAEFFLE in New York

NEW YORK: For more than a decade, the American Government has been involved in a legal fight to pry open International Business Machines Corporation's grip on the world computer market.

The Government's 11-year-old suit, charging the giant company with monopolising the market, is being argued in a New York Federal Court, where the actual trial began some five years ago.

Ever since discussions for an out-of-court settlement started last October, both sides have stressed that a procedural agreement would be a necessary precondition for serious negotiations to resolve the monopoly case.

IBM controls more than half of the world's computer market, with annual sales of more than 20 billion dollars.

This week brought a glimpse of hope with the disclosure by US Attorney General, Benjamin Civiletti, that his staff and IBM had reached an accord "on procedures for exploring the substance of settlement issues."

Despite the tentative agreement, details of which weren't spelled out, the two sides still appear to be far apart on substantive issues.

The key issue remains the Justice Department's contention tha the computer concern must divest itself of some operations — a demand that IBM strongly opposes.

At one point this week, the Justice Department's chief official for anti-trust questions, Sanford Litvack, said he wouldn't rule out the possibility of a settlement that provided something less than the divestiture goal the Government is seeking.

Later, however, in a clarifying statement, Mr Litvack said "we aren't going to settle for anything less than diversiture," he added that nothing had changed from the Government's longstanding position that a breakup was necessary.

IBM's general counsel, Nicholas Katzenbach, also restated the company's position that it would not negotiate on the basis of structural relief, meaning divestiture.

The latest development in the suit, already the longest federal case in history, brought new doubts in legal circles that the parties were likely to resolve the deep differences in their purposes and reach a settlement.

Meanwhile there are rumblings of a major management reshuffle because, "there is a distinct feeling among board members that the successful formula IBM has had is slipping."

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS AS AT 29 02 80 PAGE 2

13010 BACHELOR OF ARTS YEAR : 1

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL		
~~162004R~~	~~BURNE~~	~~SUZANNE ELIZABETH~~	~~106103~~	~~ECONOMICS IA~~	(43)	1	162004R
158955C	CARO	SALLY-ANN	107101 116120 111101			1	158955C
162195Z	CHAIT	CHERYL	102101			1	162195Z
~~153965D~~	~~CLARKE~~	~~PENELOPE JILL~~	~~105202~~			1	153965D
157789K	COHEN	DAVID	104101 110101			1	157789K
156503M	COLLIER	LINDSEY JEANNE	911101 916103			1	156503M
~~153999D~~	~~COLLINS~~	~~BEVERLEY RHYNOA~~	~~116120~~			1	153999D
153621E	COUCHEN	ROBERT GEORGE RENESON	004101			1	153621E
~~158572X~~	~~COURIE-JAY~~	~~COLETTE~~	~~107101~~	ENGLISH I (PRE-1980)	3NX	1	158572X
153796V	DAVIS	CASSANDRA ELAINE	107101	ENGLISH I (PRE-1980)	3NX	1	153796V
~~140457W~~	~~DELAHUNTY~~	~~ANNA TERESA~~	~~906101~~	GEOGRAPHY I	ABS	1	140457W
162384E	DOMAN	MICHAEL EDWARD	106102	ECONOMIC HISTORY I	F (8)	1	162384E
~~155931H~~	~~DU PLESSIS~~	~~MARCIA ELIZABETH~~	~~107101~~	ENGLISH I (PRE-1980)	3 (57)	1	155931H
158919N	DUNCAN	ANDREW SYMON	003101 004101	SOCIOLOGY [illegible]			
156415R	ERASMUS	[illegible]					

13010

SUNDAY TRIBUNE, MARCH 16, 1980

The new power of Afrikaner business

(232) Tribune 16/3/80

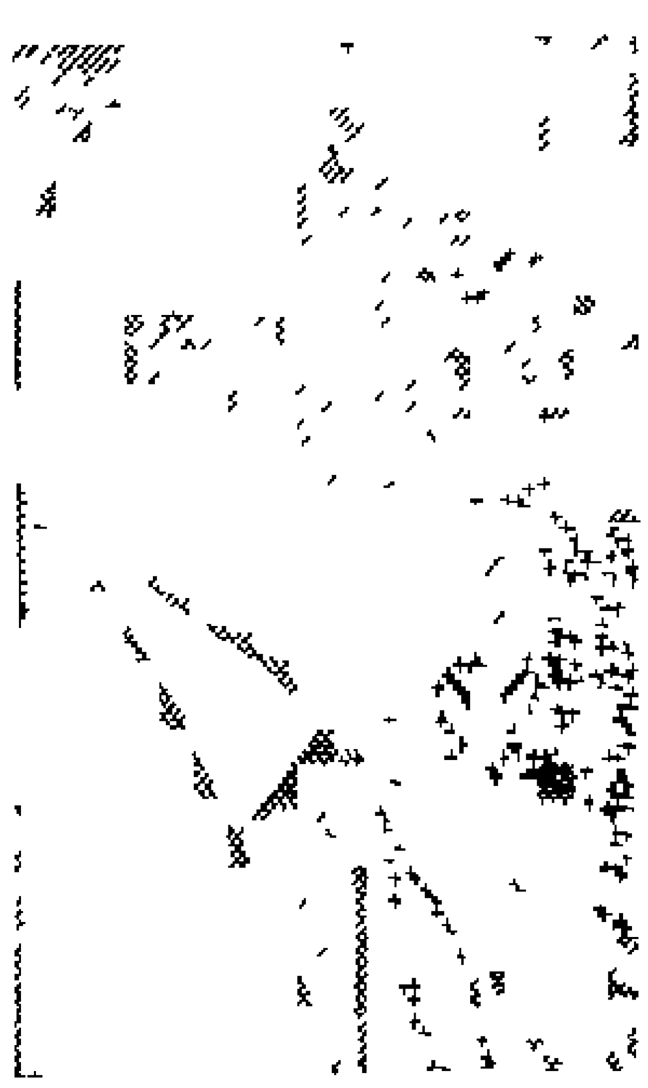
AFRIKANER power in mining finance has grown and is continuing to increase. But the Afrikaner and the English-speaking houses have developed a community of interests which has been reflected in the shift, however limited, towards more liberal attitudes in the Government.

That community of interests became noticeable when Mr Harry Oppenheimer snapped up 25 percent of Consolidated Gold Fields of London for his Anglo American Corporation-De Beers Consolidated Mines group of companies

True, he was reasserting the dominance of his groups among the mining finance houses and undoubtedly he aimed to keep General Mining, the Afrikaner house, away from Gold Fields of South Africa, 46 percent owned by Consolidated Gold Fields But significantly this display of English and Afrikaner rivalry does not appear to have injured Afrikaner susceptibilities, as it would have done 20 years ago.

Magnates

Until the mid 1960s, the mining houses were the preserve of the successors to the English and Jewish magnates who built the first gold mines near Johannesburg in the 1880s and 1890s — Barney Barnato, Cecil Rhodes, Solly and Woolf Joel the Albu brothers and so on Afrikaans newspaper cartoons portrayed the mining magnates — personified by Sir Ernest Oppenheimer and his son Harry — as a hook-nosed cigar-smoking wheeler-dealer named Hoggenheimer



Mr Harry Oppenheimer of Anglo American-De Beers.

In the early 1960s the audacity like that of the Consolidated Gold Fields coup would have aroused fears that Mr Oppenheimer was trying to subvert the Afrikaner nation "He can secretly cause a good many things to happen," Dr Hendrik Verwoerd, then Prime Minister, said of Mr Oppenheimer "In other words he can pull strings With all that monetary power and with this powerful machine which is spread over the whole of the country he can, if he so chooses, exercise an enormous influence against the Government and the state" In the mid-1960s a Nationalist cabinet minister threatened to nationalise Anglo American

Dr Verwoerd was right about the power then of course And the judgment is equally valid now. Indeed it may even have been an understatement because Anglo American-De Beers is at the centre of a complicated web of cross-shareholdings which draw seven mining finance houses together and is a driving force behind the economy.

No longer automatically seen as a subversive, Mr Oppenheimer can carry through actions like the Consolidated Gold Fields coup without attracting too much local criticism

One of the favourite speech themes of Prime Minister, P. W. Botha, and his military advisers is the urgency of mobilising all the country's resources — political, economic and military — to meet the "total onslaught" of its enemies.

The Government's recognition that economic strategy is as important as political ideology stems largely from the growing influence of Afrikaner businessmen on the direction of National Party thinking in the past decade Indeed, the impact of their views on such crucial policy areas as labour is widely regarded as the main cause of a deepening split within the party.

The Afrikaner businessman now probably has as much, if not more, in common with his English-speaking counterpart in commerce, industry and mining as with the blue-collar workers, farmers, teachers and civil servants who have traditionally formed the power base of the National Party

The rise of Afrikaner business has thus brought a rapprochement between the Government and business in general One seldom hears complaints now that business is doing its best to subvert Government policies, or from the other side, that Pretoria takes decisions vital to business without consulting its leaders

What's good for Afrikaner business is also good for English business. Afrikaner industrialists have been a major force in getting the Government to make some of the changes for which their English-speaking counterparts have been pressing for years

There is little doubt that the business lobby has scored some significant successes Foreign exchange controls are slowly being dismantled, price controls will probably be next. The labour market, while still very imperfect, is less restrictive than it used to be

Nowhere is the emergence of a powerful Afrikaner voice and the merging of Afrikaner and English business interests more noticeable than in the mining industry

The first seeds of change in the industry were sown in 1953, when the fledgling Afrikaner industrial groups, Federale Volksbeleggings and Bonuskor, formed a mining arm, called Federale Mynbou, to run their small coal mines in the eastern Transvaal.

The breakthrough came in 1957 when Federale Mynbou won an Electricity Supply Commission tender to deliver coal to the new Komati power station — one of many government contracts which helped put Afrikaner companies on their feet

With the poor image of the mining industry and particularly Anglo-American in Government, Anglo was keen to see the Afrikaners get a bigger stake in mining. A complicated exchange of shares in 1965 gave Federale Mynbou control of the Anglo-American affiliate General Mining, which had a number of valuable gold and uranium mines, particularly in the far western Transvaal.

The deal meant that assets controlled by Federale Mynbou leapt from R70m to R300m.

"I think it's a very good thing for the gold mining industry that there should be a large house which is Afrikaner oriented," Mr Oppenheimer said in 1969. General Mining is now the country's second largest mining company after Anglo with assets of over R1,3bn last year.

Unions

A senior executive at Anglo American, generally recognised as the most outspoken and progressive mining company, says that he sees General Mining as "an ally" in pressing for industrial reform. Despite earlier opposition, General Mining now agrees with Anglo's stand for the recognition of black trade unions. Both houses are also pressing for a narrowing of the wage gap between black and white mine workers, still about 7 to 1.

Mr Oppenheimer has however, signalled that he wants more, when he said last July that "what is needed is a change of emphasis away from the politics of protest towards the politics of power and all liberal institutions must examine how they can become more directly and positively engaged in promoting and encouraging the process of change (in government policy) which is now under way."

— London Financial Times.

STAR 17/3/80

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Nampak gets 51 pc of Prem Paper

By Jean Moon

With some help from African Finance Corporation (AFC), Nampak now holds a 51 percent stake of Premier Paper

To gain control, Nampak bid for 834 000 shares of Premier (51 percent) and received acceptances totalling 704 000 (43,1 percent)

A further 84 000 shares were tendered and all tenders have been accepted

Nampak also made a bid for 51 percent of Premier's 11,3 percent preference to ensure that it retained control after the conversion

Out of a total of 1,6m of these preference shares in issue acceptances totalling 668 000 was received A further 264 000 were tendered and accepted by Nampack bringing the holding of the preference to 61 percent

Once the conversion has taken place in June 1982 or June 1983 Nampak's holding will increase from 51 percent to 53 percent

As it stands at the moment, Nampack has 51 percent of Premier, AFC 26 percent and the rest is held by minorities. Premier's listing is therefore about to go back on the boards

Field ending the Rhodesian link?

(232) RDM 18/3/80

By ELIZABETH ROUSE

FIELD Industries Africa may be contemplating the sale of its Rhodesian operations, judging by the separation of its year-end dividend into South African and Rhodesian components.

The group has been diversifying its South African operations as fast as possible in the past year, obviously with the view to offset developments on the Rhodesian side.

The share was suspended on the Johannesburg Stock Exchange yesterday pending a "proposal concerning its investment in its wholly-owned Rhodesian subsidiary, Field Industries."

The year-end results are separated into South African and Rhodesian components and the proposed dividend will consists of 3,1c from the Rhodesian dividend and 2,9c from South African profits, making an unchanged 6c.

Sales are higher in South Africa than in Rhodesia but taxed profit return is higher in Rhodesia as initial costs of development and launching of the Weld range of automotive and industrial rubber products had a negative effect on South African earnings.

South African taxed profit for the year to last December is R559 000 on a turnover of R10 369 000 against a taxed profit of R456 000 on sales of R11 128 000 in 1978.

The Rhodesian subsidiary's taxed profit amounts to R977 000 on sales of R8 883 000 compared with R802 000 on sales of R7 565 000 in 1978.

The South African tax rate is low at the moment because of plant investment allowances.

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS

12010 LOWER DIPLOMA IN LIBRARIANSHIP YEAR : 1

STUD NO	SURNAME	FIRST NAMES	COURSE	DESC
~~140980P~~	~~BUHRING-UHLE~~	~~URSEL~~	~~118101~~	~~CULTURA~~
159075H	ELEERS	CHARLES PETER	118101	CULTURA

* TOTAL NUMBER OF STUDENTS 2

DEAN

UCT

Amcoal to examine possibility of methanol from coal

18/3/80 232 CT

By ADAM PAYNE

JOHANNESBURG. — Amcoal, Anglo American Corporation' coal holding and managing company, looks forward to a sucessful year in 1980, with major capital projects being considered in builing up for higher exports.

This is said by the chairman, Mr W G Boustred, in his annual review He adds that Amcoal, in co-operation with major South African interests, will be examining the possibility of manufacturing methanol from coal and it welcomes the government's encouragement of developments in this process

Highlights from Mr Boustred's review are

- Both the coal ming division and the industrial division — Vereeniging Refractories — of Amcoal expect growth in turnover during 1979
- The rapidly-escalating price of oil and realization of the political instability of oil-producing regions has resulted in coal being substituted for oil on a wide scale, together with plans to build new coal- burning capacity
- The new investment opportunities made available by the group's participation in the Richards Bay phase 3 export programme — up to 44 million tons a year — and the detailed planning of the New Denmark and New Vaal Collieries to supply Escom will ensure a growth in Amcoal's earnings in the future
- Conditions in the export market for steaming coal are expected to firm and pricing headway will be made under medium to long-term contracts with established consumers
- Metallurgical coal prices, which have been on a plateau, are now being exposed to the pressure of the rising level of world steam coal prices and some price advance can be expected

One of the impressive sections o Mr Boustred's impressive review concerns Amcoal's tremendous reserves of coal and steps to increase these

He says the company's strong coal reserve position was underlined during the year when tenders for coal supplies to new Escom power stations were successful at New Denmark and New Vaal

Between them, these two power stations will consume 551-million tons of coal and a further 215-million tons will be dedicated at New Denmark if Escom execises the option to double the capcity of that power station

Proven reserves owned and available for exploitation were increased during 1979 by 995-million tons to 7 700-million run-of-mine tons

Additional options over 13 000 ha were acquired and it is expected that the target of Anglo American Corporation and its associates in this programme of securing more than 9 000-million run-of-mine tons of proven coal reserves in consolidated coal fields will be met by the end of 1982

This year it is expected that coal rights to a further 500-million tons will be bought These reserves are calculated on 1975 methods of mining and would be greatly increased with present and planned mining methods

New schemes to further increase Amcoal's ability to supply coal competitively on a wide georgrahical bais by improving the strategic siting of reserves will be inroduced in 1980

Other points from the review are

- At the end of the year Amcoal's collieries had capital spending programmes estimated at R371-million in 1979 money compared with R124-million at the end of 1978
- Escom and Amcoal have agreed that Amcoal will now fund the entire capital cost of completing Kriel colliey, estimated at R101 500 000 Amcoal will thus invest a further R28 900 000 in the colliery in 1980
- Anglo's exporting collieries railed 6 700 000 tons of steaming and metallurgical coal to Richards Bay in 1979 Kleinkopje export colliery will produce steam coal at a rate of 2 500 000 tons a year in the first stage of its development compared with the original planned 2 200 000 tons
- Although steaming coal export prices have improved it is clear that further real advances in pricing will be necesary to enable new mines to be brought into production worldwide to meet the increasing deand for internationally-traded steam coal
- Amcoal remains confident that its participation in the phase 3 export programme will make a valuable contiibutoon to its future earnings

Japan to announce anti-inflation package

TOKYO — Prime Minister Masayoshi Ohira said the government will introduce a package of price-curbing measures within 10 days to combat inflation

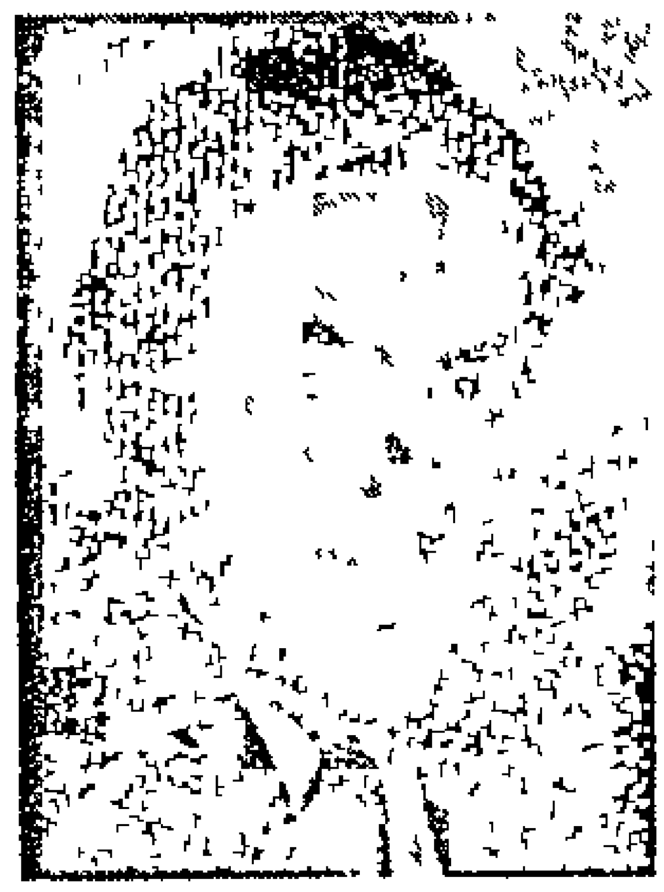
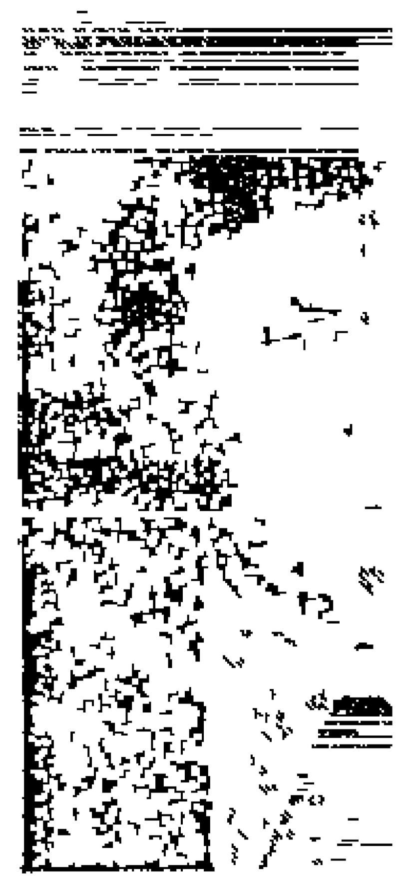
Mr Ohira also told the upper house of Parliament that the government will do its best to restrict a rise in the consumer price index in fiscal 1980 starting next month on its 6 4 percent target He did not give any indications of measures that may be introduced

Exports slash deficit

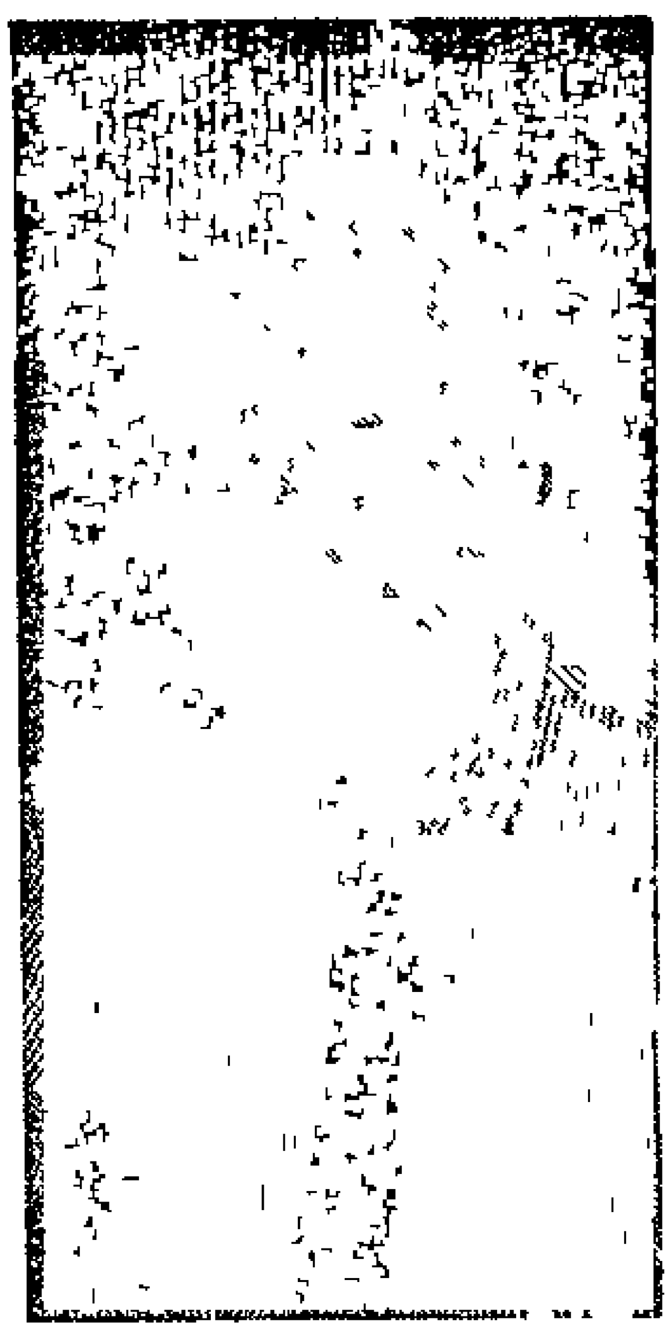
TOKYO — A big increase in Japanese exports sharply reduced this country s world trade deficit in February from the previous month, the Finance Ministry said yesterday

The value of Japanese exports last month rose by 23 percent over the corresponding month of last year, the biggest year-on-year increase in 17 months, it said

However, February imports, boosted by higher crude oil and other fuel prices showed a 46 percent increase

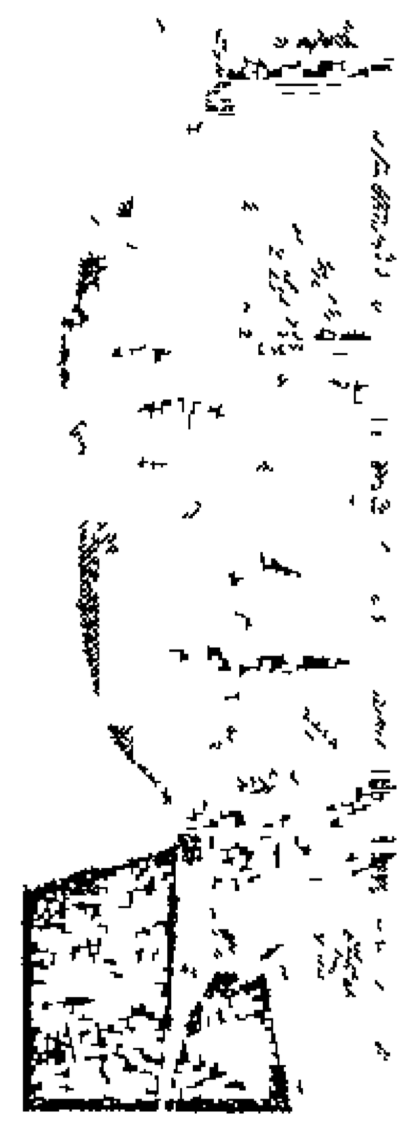



Mr A J Badenhorst, left, manager of Hu... (Engineering) has been appointed a director of ... manager of Murray and Roberts (Engineer... appointed an alternative director of the co... manager mechanical and electrical, for M... appointed an alternative di...

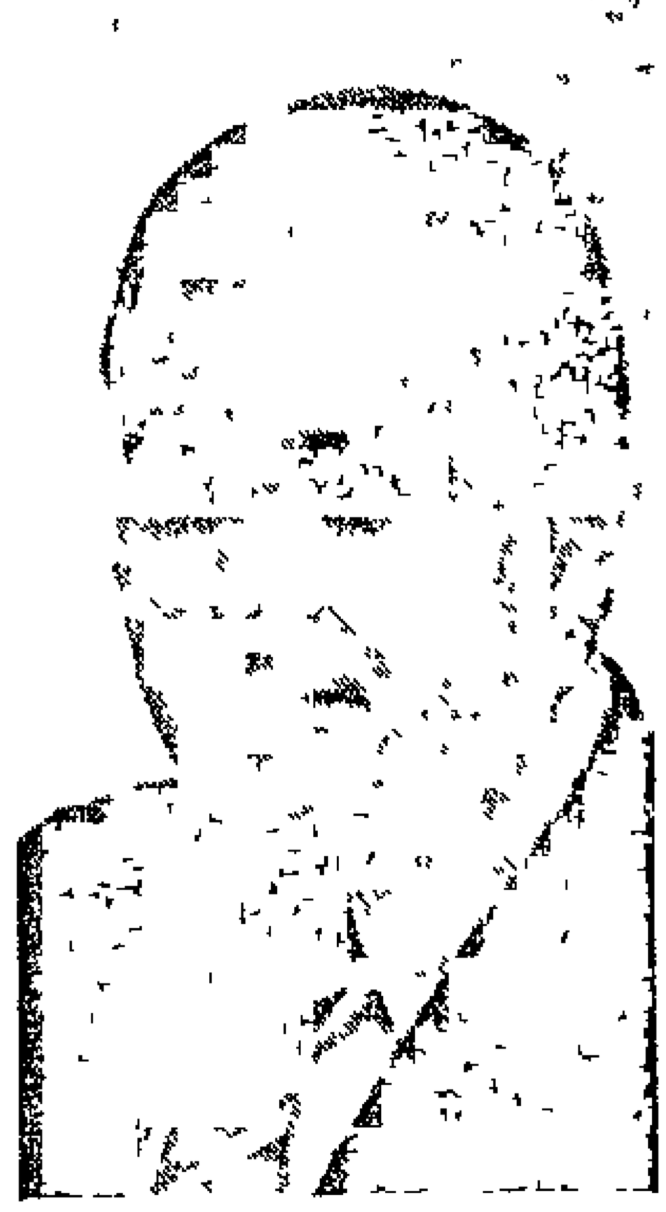


Mr John Allison has been appointed chief executives of the bearings and services division of Hubert Davies Engineering Supply Co, a Blue Circle company

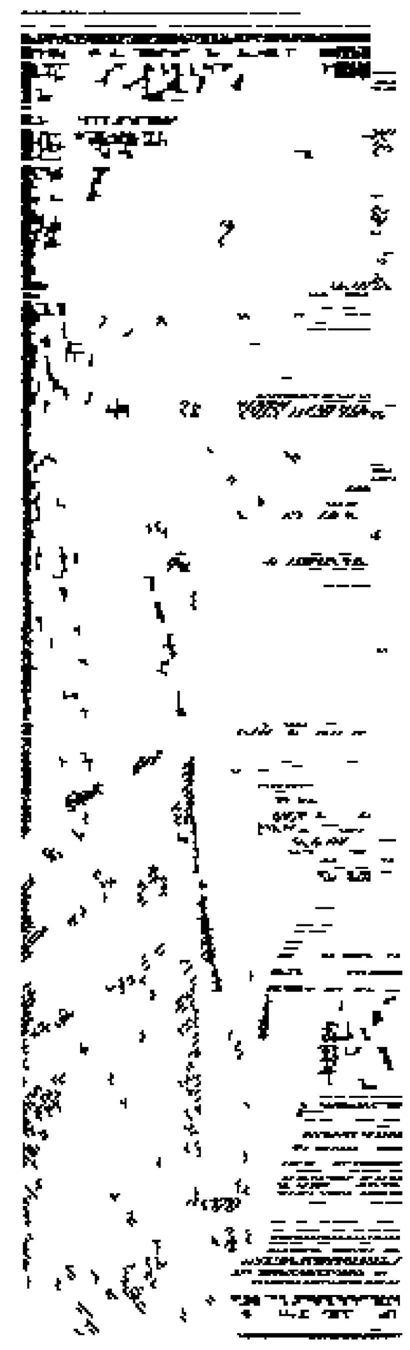
busi... and pe...



A South Africa... H Havenga, ... pointed direct... struction, M... the Otis Elevat...



Mr Ken Mourant has been appointed managing director of Lectrolite (Pty) ltd, a company in the Saficon group He succeeds Mr Herbert Muller who becomes deputy chairman



Mr Piet Vivier h... pointed manag... George branch ... National B...

Genmin-Unicor merger decision today

19/2/80

By ADAM PAYNE

Johannesburg. — General Mining and Union Corporation shareholders will decide at meetings today whether to accept the merger proposals made by General Mining If accepted, the resulting combined mining house will be second only to Anglo American Corporation in size.

Union Corporation minority shareholders will be asked to accept or reject the proposals for a merger

General Mining shareholders will be asked to approve a rights issue to raise R189 million to finance expansion programmes now being considered by Genmin

An eve-of-poll evaluation of the proposals by one of Johannesburg's leading stockbrokers says that Union Corporation shareholders will benefit considerably by the merging of the two groups They recommend acceptance of the Genmin offer

The report says "The final merging of these groups not only provides a wider spread of interests both actual and potential but would also appear to be essential if future capital commitments are to be adequately funded

Without taking into account the value of General Mining's Northern Transvaal coalfield, which it considers of great future potential, the report says the merger is much needed to give the muscle for future ventures

Without it the individual groups could not embark on these ventures when it is realized that its twin shaft system for Western Deep Levels will cost R750 million in today's money and expansion of Sappi will cost R500-million

Summing up future capital needs, the three analysts who compiled the report say

"To cover the cost of the Beatrix and Beisa mines, the coal processing projects and probably certain other gold mines, we arrive at a potential capital commitment over the next five years of about R3 000-million

"This is one and a half times the present combined market capitalization of the two companies

' There is thus considerable logic in establishing an asset base capable of bringing such projects to fruition "

The analysts estimate dividends from Union Corporation, as a separate company, at 94c this year, compared with 62c last year, 120c in 1981 and 144c in 1982

After a merger they estimate the dividends at 120c this year 150c in 1981 and 185c in 1982

The Union Corporation shareholder will thus receive higher income after the merger A General Mining shareholder's dividends, without the merger are estimated at 135c this year 180c in 1981 and 215c in 1982 Thus, the General Mining shareholder sacrifices income in the short term as a result of the dilution of equity

His only consolation in the short term is the rights offer which does not fully compensate for the decline in income and net asset value

At a price of 1 850c Genmin is on a prospective dividend yield ex-offer of 7,1 percent

Actuaries

JSE actuaries indices in order of yesterday previous move, dividend yield and earnings yield were

Overall 552,7 561 2 8,5- 5,9, 12,7 Mng Prod 633,0, 643,7, 10 7- 6 9 14,7, Coal 1049,5, 1053 8, 4,3-, 4,5, 10 6 Diamonds 1802,1, 1856,2 54,1-, 7 2 20,4, Al Gold 461,7 468 8 7 1-, 7,2, 13 2, Met & Min 252 6 255 0 2 4-, 6,1, 15 9 Mng Fin 625 8 635 1 9 3-, 4 8 8,3 Fin & Ind 598,8 606 8, 8 0- 5,0 12 5 Fin 409 8 415 3, 5 5 5 2, 10 3 Ind 500 1 506,8, 6 7- 5 0 13 0 - Sapa

Indices

Coal 1041 9

Diamonds 1803 6 Wits 384 5 Evander 479 4 Klerksdorp 860 3 Free State 465 6 West Wits 645 5

Gold 496 5 Copper 196 1 Managanese 411 3 Platinnum 360 6 Tin 338'8 Other 190 6

Metals 236 1 Mining Houses 526 5 Mining Hldg 301 3 Banks & Fin Serv 572 0 Insurance 155 8 Investment Trusts 186 1 Property 95 8 Ind Holding 771 5 Beverages & Hotels 565 1 Building & Cons'r 338 1 Chemicals 299 5 Clothing 261 1 Electronics Etc 258 5 Engineering 232 7 Fishing 117 0 Food 398 7 Furniture 154 7 Motor 272 2 Paper & Packaging 667 1 Pharmaceuticals 109 5 Printing 323 9 Steel + Allied 311 4 Stores 458 6 Sugar 756 2 Tobacco 222 9

Industrial 483 6

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS AS AT 29 02 80 PAGE 1

13100 PERFORMERS DIPLOMA IN SPEECH & DRAMA YEAR : N/A 13100

STUD NO SURNAME FIRST NAMES COURSE DESCRIPTION

1623241 STERN

TOTAL NUM

DEAN

21 232

Anglo-Alpha will cash in on boom

By DON ROBERTSON

JOHANNESBURG. — Anglo-Alpha Cement is budgeting for a 20 percent increase in turnover in the current financial year and is looking for a further improvement in earnings, although not at the same rate as in 1979

Boosting group enthusiasm is the encouraging attitude from the price controller regarding a possible review of the cement price this year

In his report for the year to December, the chairman, Mr H Byland, says the price controller has indicated that a 12,5 percent return on capital before tax and interest will be applied in 1980 and 15 percent therafter

This compares with the 10 percent return allowed since 1975 Mr Byland says that in periods of stable costs this will probably represent an attractive return

However, during periods of rapid cost escalation and as price increases are only granted after the completion of the period under review, selling prices lag behind cost increases and the industry's effective return can be expected to be between 3 percent and 4 percent lower

This, he says, is insufficient to attract investment or generate sufficient cash flow to finance, either internally or through loans, necesaary capital projects

A ten-year cash flow projection submitted by the industry indicates that if the price formula continues to be applied on the previous basis, it will be unable to finance replacement projects or expansion

The need to embark immediately on new capital projects is obvious in view of the expected boom in the building industry

Capacity utilizations by the industry have been predicted at 91 percent for the industry by 1982 Past experience has shown that before the 90 percent capacity figure is reached, supply problems occur because of the construction industry's sesonal pattern

"Traditionally, the cement industry tries to build additional capacity before 85 percent utilization is reached Decisions on replacement and expansion are therefore urgent as orders placed now would result in plants being commissioned, at the earliest, in the first half of 1983

"Nevertheless, the company is sufficiently optimistic about the future and has included in its five-year plan and 10-year funding projection, replacement and expansion projects in the cement division to at least maintain its market share

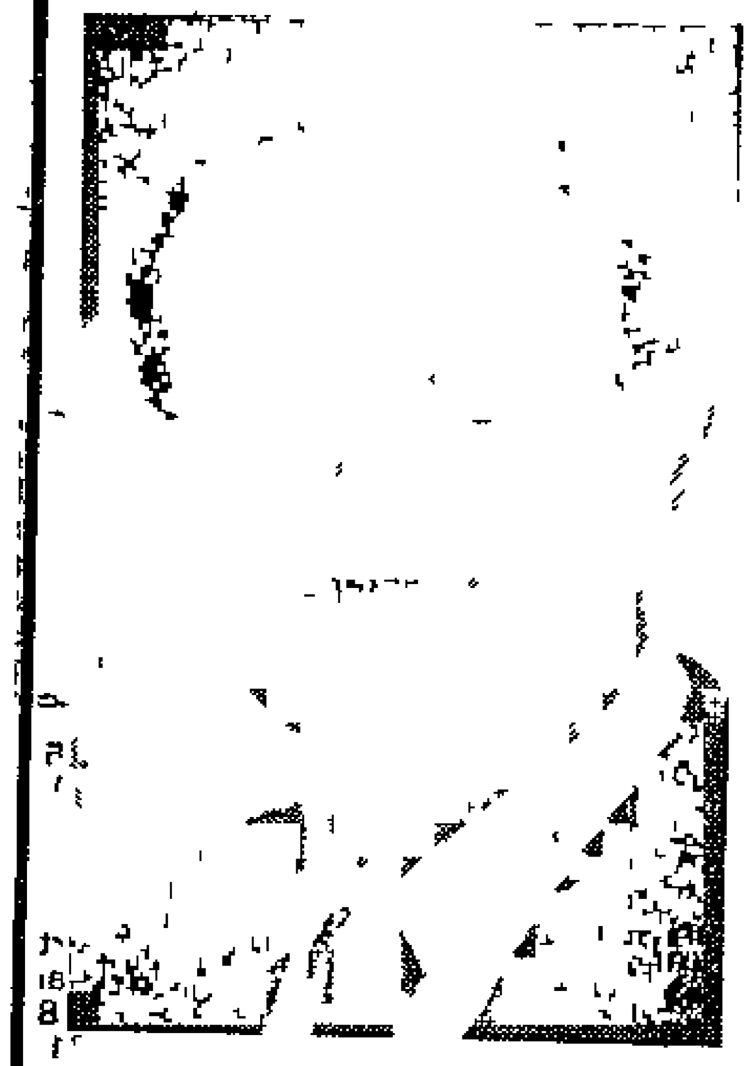
"No decisions or committments to proceed have been made in this respect but it hoped that the basis to do so will be accepted by the price controller during 1980," says Mr Byland

"In addition, a further approach has been made to the authorities to eliminate or reduce price control on stone products"

Mr Byland says that the economy has turned the corner and that the growth rate in the building and constructon industry this year will be high It is expected that domestic demand for cement will increase by about 8 percent while lime and stone demand will rise by about 10 percent and 11 percent respectively

The group, however, is not totally dependent on the cement industry for its earnings Last year cement provided only 42 percent of income, with other interests contributing the balance

With this in mind, the company plans to drop the word, cement, from its name



Mr David Cloete will join the management of Syfrets Johannesburg as alternate director of Syfrets Trust Executor SA Ltd on April 1 He was previously a director of Syfrets Trust Company Ltd in Cape Town

Unless otherwise stated all financial news in this issue was compiled by Paul Dold and sub edited by E V Honeyman

Syfrets buys control of Thibault Trust

By PAUL DOLD
Financial Editor

IN one of the biggest take-overs in the trust company field in years, Syfrets has bought control of the Thibault Trust group which has had a large slice of the city's trust, property and liquidation business

Significantly Thibault Trust's Mr David Rennie who played a leading role in the expansion of the group's insolvency business and who recently handled many leading liquidations including Half Price Stores will be moving to Syfrets as head of the latter's division

The price Syfrets paid for control has not been disclosed but the deal represents a considerable growth in strategic operations

The take-over includes a substantial stake in the Permanent Trust property administration company Permanent Trust is one of Cape Town's major property administrators which will continue to operate as an independent company under the managing director Mr Joe Abel

The company was founded some 57 years ago as a real estate operation owned and run by the Kaplan family In 1950 it moved into property administration as well and was taken over by Thibault Trust in 1972

In 1977 it merged its interests with Tarleys Trust and Maritime Estates and Mr Abel became managing director in 1976

The official announcement says

Negotiations have been concluded whereby the Syfrets Group (Syfrets) has acquired control of the Thibault Trust group of companies which includes a major stake in Permanent Trust Association (Pty) Ltd (Permanent Trust)

Mr Rael Gordon having indicated in December last year his intention to return to the auditing profession will be leaving Syfrets on June 30 this year

Mr L Maister of Thibault Trust group will also be retiring later this year and Mr David Rennie of Thibault Trust group will head Syfrets insolvency division in the Western Cape

Permanent Trust will continue to operate independently under its existing management headed by Mr Joe Abel

The property broking activities of Permanent Trust will henceforth be carried on by another company Permanent Trust Association Sales (Pty) Ltd, which will be managed by Mr Michael Lubner and wholly independently owned

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS AS AT 29 02 80 PAGE 1

14210 B.A./PERFORMERS DIP (SPEECH & DRAMA) YEAR : 1 14210

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL		
			~~F120~~	~~DRAMA I~~	~~ABS~~	~~1~~	~~1523373~~
			F5101	FRENCH I	F (45)	1	1523660

REGISTRAR (ACADEMIC)

UCT

Mining merger approved

232

20/3/80

By DON ROBERTSON

JOHANNESBURG — Shareholders of Union Corporation, at a series of meetings here yesterday, cast a big vote in favour of the merger of their company's operations with those of General Mining

The merger will create South Africa's second biggest mining house with assets of R2 700 million

Formal completion of the deal now requires only Supreme Court approval This will be dealt with on March 25

At a meeting of scheme members 1 360 shareholders voted casting 14 357 748 votes in favour of the merger Only 391 245 votes were registered against the deal

Only two shareholders at the meeting queried the deal with one suggesting that the terms of the offer — 80 General Mining shares for 100 Union Corporation shares — be improved

At the following general meeting four special resolutions and one ordinary resolution giving effect to the scheme were passed unanimously

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General Mining shareholders also approved plans to inject R189 million cash into their company through a 30-for 100 rights issue at R15 a share

Unit trusts

Buyers sellers yield
SA Growth 329 80 (322 60) 305 86 (299 21) 4 70 (4 80)
National Growth 196 36 (190 77) 183 28 (178 08) 3 56 (3 67)
SA Trust 141 22 (137 50) 131 74 (128 28) 4 25 (4 36)
Old Mutual 312 20 (305 54) 292 00 (285 78) 3 66 (3 74)
UAL 326 21 (318 53) 307 90 (300 61) 4 47 (4 58)
Sanlamtrust 307 00 (300 06) 286 83 (280 36) 4 30 (4 40)
Trust 94 66 (93 53) 88 31 (87 25) 4 54 (4 60)
Santamgro 135 45 (132 84) 126 38 (123 95) 4 28 (4 37)
Syfrets 95 32 (93 38) 89 89 (88 05) 5 39 (5 50)
Guardbank 294 25 (285 84) 276 82 (272 69) 4 31 (4 37)
Standard 205 29 (201 85) 194 94 (191 68) 4 48 (4 55)
Standard Income 102 86 (102 86) 100 32 (100 33) 9 25 (9 25)
— Reuter

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS AS AT 29 02 80 PAGE 1
13030 BACHELOR OF ARTS YEAR : 3 13030

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL			
~~1025211~~	~~ABBOTT~~	~~PETER HARRY KAETH D~~	~~603202~~	~~ROMAN LAW & JURISPRUDENCE~~	~~IUP~~	~~(57)~~	~~4~~	~~102521L~~
077201P	ANDREWS	DAVID BRIAN	107301	ENGLISH III	3	(56)	4	077201P
~~101148U~~	~~BASKIN~~	~~MELANIE ANN~~	~~114101~~	~~RELIGIOUS STUDIES I~~	~~UP~~	~~(54)~~	~~5~~	~~101148U~~
101875J	BUSSE	PETER GRAHAM		HOLOGY III	3	(52)	4	101875J
~~114694T~~	~~COOKE~~			~~RAPHY IIA (HALF COURSE)~~	~~UP~~	~~(51)~~	~~4~~	~~114694T~~
				CAN LANGUAGES XHOSA II	UP	(50)	4	115418E
				~~EMATICS IIA M204~~	~~UP~~	~~(55)~~	~~4~~	~~111405T~~
				EMATICS IB	F	(41)	5	100997E
				~~HOLOGY III~~	~~UP~~	~~(57)~~	~~4~~	~~098097C~~
				N LAW II	UP	(63)	4	113612R
				~~CAL HISTORY I~~	~~UP~~	~~(50)~~	~~4~~	~~101853K~~
				AN INTENSIVE	UP	(60)	4	102381J
				~~ASTRONOMY A (HALF CRSE)~~	~~2-~~	~~(63)~~	~~5~~	~~097859J~~
			106301	ECONOMICS III	ABS		5	101158E
			~~116317~~	~~DRAMA III~~	~~UP~~	~~(53)~~	~~4~~	~~094855G~~
			107301	ENGLISH III	ABS		5	111351M
			~~117301~~	~~POLITICAL SCIENCE III~~	~~UP~~	~~(53)~~	~~4~~	~~103519W~~
			802131	HIST & APPRECIAT OF MUSIC I	ABS		5	102719B
			~~105103~~	~~GREEK & ROMAN LIT & PHIL~~	~~3~~	~~(58)~~	~~5~~	~~102257Z~~
			102302	AFRIKAANS EN NEDERLANDS III	F		5	033409H
			~~106301~~	~~ECONOMICS III~~	~~UP~~	~~(51)~~	~~4~~	~~101164L~~
			910101	STATISTICS 1A(HALF CRSE)	F	(24)		
			910108	STATISTICS 1C(HALF CRSE)	F	(34)		
			~~911201~~	~~MATHEMATICS IIA M204~~	~~UP~~	~~(55)~~	~~4~~	~~112105D~~
		GILDA MARIA	102101	AFRIKAANS	UP	(50)	4	116606W
~~1331007~~	~~VILJOEN~~	~~ADELE~~	~~107301~~	~~ENGLISH III~~	~~2-~~	~~(67)~~	~~4~~	~~1331007~~

UCT

RDM 19/3/80 (232)

Why Unicorp needs Genmin

By ADAM PAYNE

GENERAL MINING and Union Corporation shareholders will decide at meetings today whether to accept the merger proposals made by General Mining. If accepted the resulting combined mining house will be second only to Anglo American Corporation in size.

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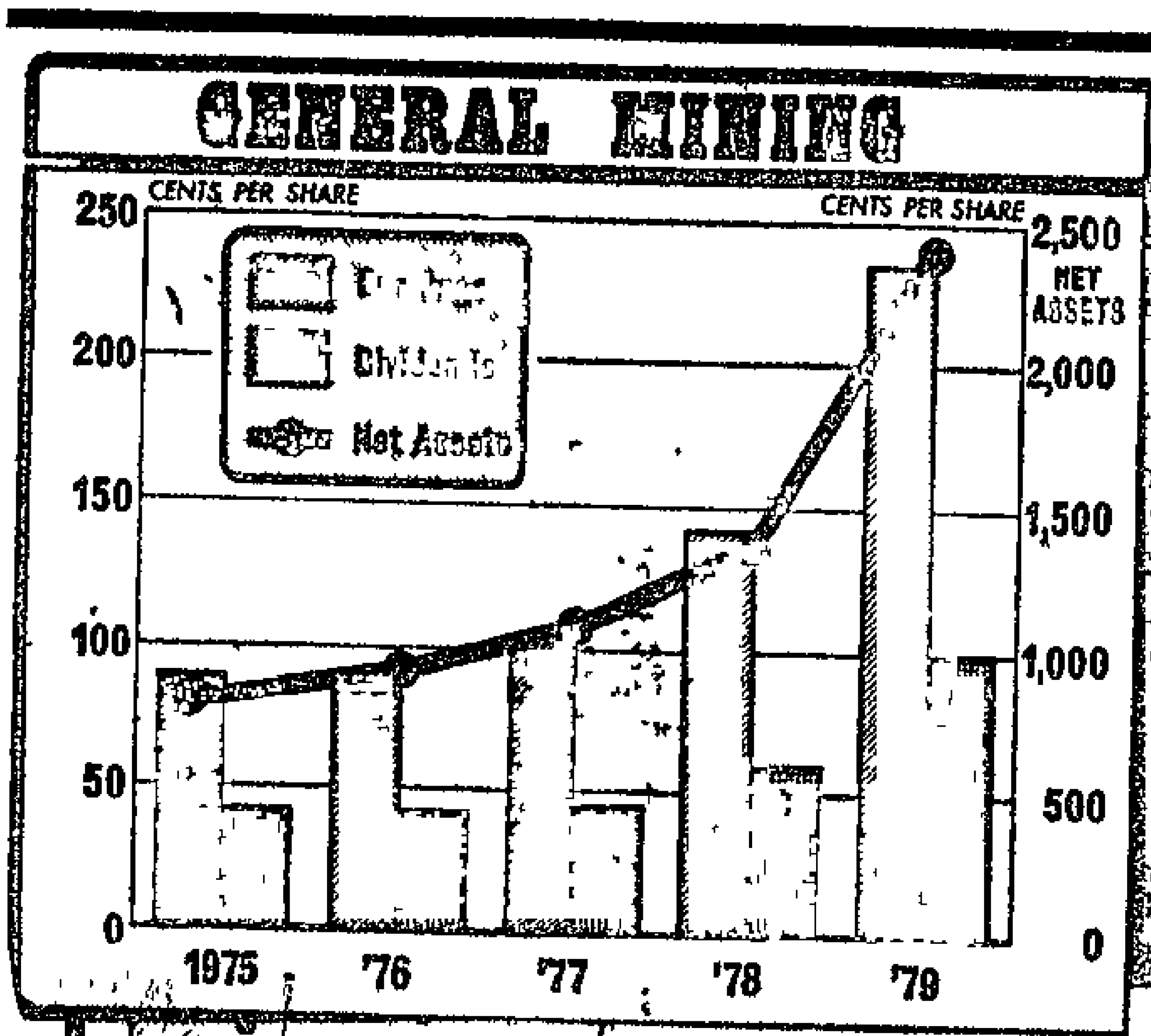
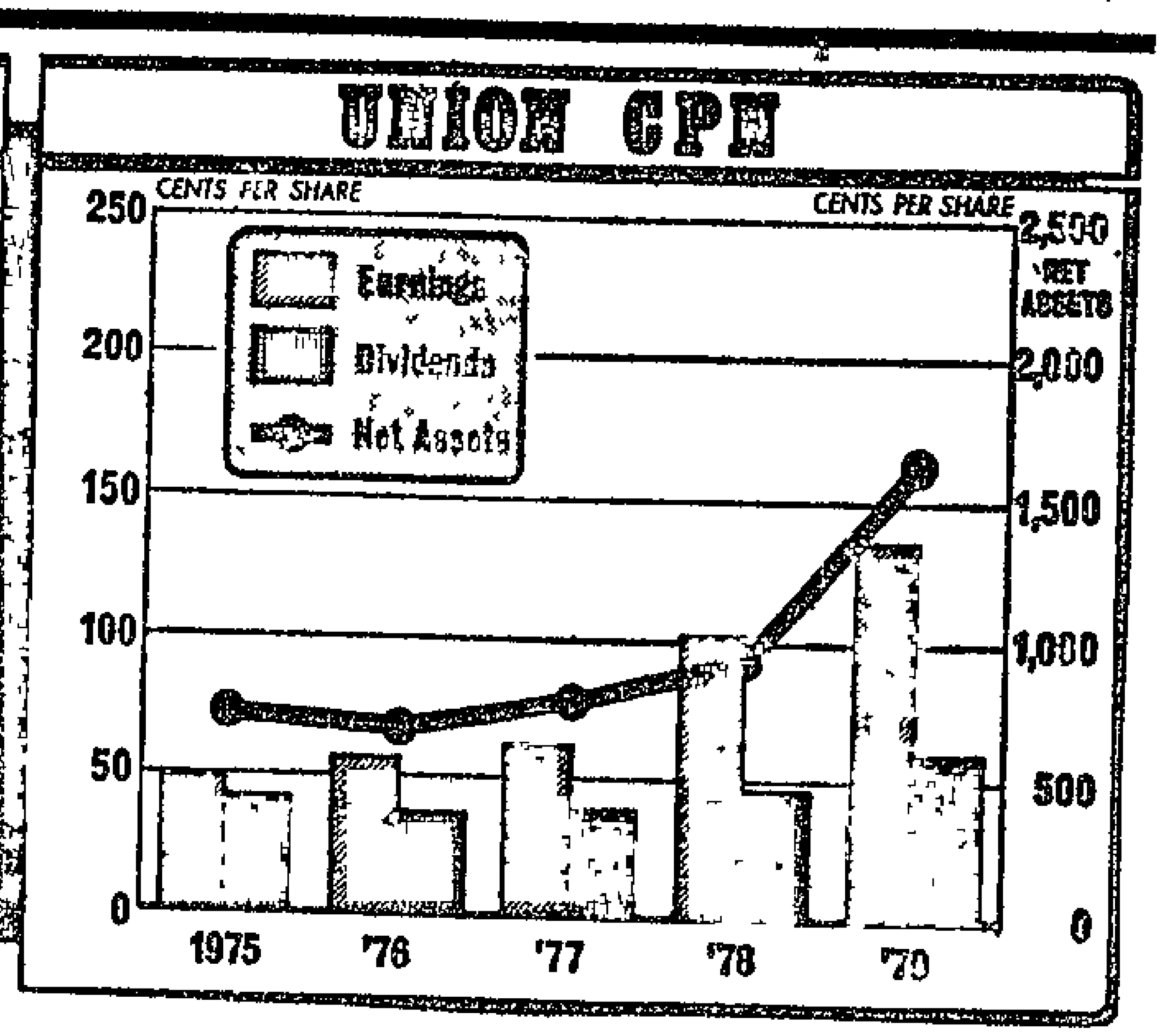
At a price of 1 850c, Genmin is on a prospective dividend yield ex-offer of 7,1%.

157789K	COHEN	DAVID	104101	ARCHAEOLOGY I	2-	(62)
			110101	HISTORY I	F	(62)
156503M	COLLIER	LINDSEY JEANNE	911101	MATHEMATICS I M102	UP	(5[illegible])
			916103	ANIMAL BIOLOGY (HALF COURSE)	UP	(5[illegible])
~~153999D~~	~~COLLINS~~	~~BEVERLEY ROXNON~~	~~116120~~	~~DRAMA I~~	~~F~~	
153621E	COUCHER	ROBERT GEORGE RENESON	004101	PSYCHOLOGY I	UP	(5[illegible])
~~138572X~~	~~COURTENAY~~	~~COLETTE~~	~~107101~~	~~ENGLISH I (PRE-1980)~~	~~3NX~~	
153796V	DAVIS	CASSANDRA ELAINE	107101	ENGLISH I (PRE-1980)	3NX	
~~140457[illegible]~~	~~DELAHUNTY~~	~~ANNA TERESA~~	~~904101~~	~~GEOGRAPHY I~~	~~ABS~~	
162384E	DOMAN	MICHAEL EDWARD	106102	ECONOMIC HISTORY I	F	
~~155931[illegible]~~	~~DU PLESSIS~~	~~MARCIA ELIZABETH~~	~~107101~~	~~ENGLISH I (PRE-1980)~~	~~3~~	~~(5[illegible])~~
158919N	DUNCAN	ANDREW SYMON	003101	SOCIOLOGY I	F	(4[illegible])
			004101	PSYCHOLOGY I	F	(4[illegible])
156415R	ERASMUS	ARNO JACQUES ERASMUS	601101	COMMERCIAL LAW A	F	(3[illegible])
			910106	STATISTICS IC(HALF CRSE)	F	(4[illegible])
~~162310[illegible]~~	~~EVANS~~	~~GAVIN MARK READ~~	~~101103~~	~~AFR-LANG INTENSIVE (XHOSA)~~	~~3~~	~~(57)~~
161480X	FAFAK	GIULIETTA	107101	ENGLISH I (PRE-1980)	3NX	
~~153863T~~	~~FARQUHAR~~	~~GILLIAN DEBORAH~~	~~115101~~	~~FRENCH I~~	~~UP~~	~~(57)~~
152866J	FARRELL	MICHAEL BRUCE	004101	PSYCHOLOGY I	UP	(55)
~~157359T~~	~~FINLAY~~	~~PAMELA JOAN~~	~~105101~~	~~ECONOMICS IB~~	~~UP~~	~~(52)~~
			115102	FRENCH INTENSIVE	UP	(53)
			115103	ITALIAN INTENSIVE	UP	(54)
~~159744K~~	~~FIUKAVANTI~~	~~LUIGINA~~	~~914102~~	~~PHYSICS IB~~	~~UP~~	~~(58)~~

UCT





Unicorp deal through

0.37

2.17 2.19

By DON ROBERTSON
Mining Editor

SHAREHOLDERS of Union Corporation, at a series of meetings in Johannesburg yesterday, cast a big vote in favour of the merger of their company's operations with those of General Mining

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Modesty key to Natal coal mines

JOHANNESBURG. — Vryeid Coronation, in the Anglo American stable, expects earnings in the current financial year to be similar to the R5 651 000 earned in 1979, the directors say in their report for the year to December.

Production of coking coal is expected to be marginally lower but demand is forecast to continue at the improved level experienced towards the end of last year

This will result in a decline in coking coal available for Iscor Reserves of saleable coking coal are estimated at 7 800 000 tons and if mining continues a the current rate they will be exhausted in about 10 years

However, an agreement has been reached with Envati Colliery to exploit the remaining reserves on its property, about 40 km from Vryheid

Drilling is in progress to establish the extent of these reserves and until the results are available it is not possible to estimate what they will mean to the life of Vryheid

However it is hoped tha the life will be extended by two to thee years **Natal Anthracite** expects only a modst increase in profits in the current year Production is expected to be maintained at about last year s level and no difficulty is seen in marketing the product

Although most export contracts for 1980 show statisfactory price increases, a disappointing price was obtained for low ash duff, which constitutes 19 percent of group sales tonnage

In addition carry-over contracts from last year will weaken the effects of the price increase on the annual results

Domestic household consumption is expected to decline but industrial demand should increase for high quality anthracite, say the directors

Zuinguin is looking for improved earnings in the current year in spite of an expected decline in sales to Iscor to 360 000 tons from 388 000 tons in 1979 The coal supply agreement with Iscor ended in June last year, but Iscor has purchased coal from the mine since then and will continue to do so until a new agreement is reached

Negotiations are well advanced and a reassessment of the reserves in the remaining area is being undertaken Should this prove satisfactory it is expected that a new agrement will be signed with Iscor

The possibility of exploiting the lower grade coking coal reserves in the western area of the Indumeni colliery was studied at Iscor's request and cost last year The investigation is expected to be completed this year and if it is decided to develop the area, supplies of coal should start in 1983 This could extend the life of Indumeni by about two years

Iscor will finance the project should it be decided to go ahead

Vierfontein Colliery forecasts a decline in sales to Escom to 90 000 tons a month this year from 137 000 tons a month last year, reflecting the reduction in Escom's required output from the Vierfontein power station

This is expected to have an adverse effect on profits, although it could be offset by improved contractual arrangements with Escom

Reserves are presently estimated at 11-million tons, but it is possible that this may increase to 15 200 000 tons by the inclusion of additional opencast reserves which are overlain by a greater depth of overburden than those currently being mined

These reserves are should be sufficient to meet Escom s indicated burning requirements for the remainder of the life of the power station

Unit trusts

Buyers sellers yield

SA Growth 332 91 (329 80) 328 75 (305 86) 4 66 (4 70)
NGF 199 87 (196 36) 186 56 (183 28) 3 50 (3 56)
SA Trust 143 65 (141 22) 134 01 (131 74) 4 18 (4 25)
Old Mutual 314 95 (312 20) 294 57 (292 00) 3 63 (3 66)
UAL 329 61 (326 21) 311 10 (307 90) 4 42 (4 47)
Sanlamtrust 310 66 (307 00) 290 25 (286 83) 4 25 (4 30)
Trust 97 04 (94 66) 90 52 (88 31) 4 43 (4 54)
Santamgro 137 38 (135 45) 128 19 (126 38) 4 22 (4 28)
Syfrets 96 20 (95 32) 90 72 (89 89) 5 34 (5 39)
Guardbank 295 80 (294 25) 278 20 (276,82), 4 28 (4 31)
Standard 206 91 (205 29) 196 54 (194 94) 4 44 (4 48)
Standard Income 102 86 (102 86) 100 32 (100 32) 9 25 (9 25) — Reuter

Associated Ore and Metal Corp — Pre-tax profit R2,78m (R2 12m) for six months ended December 31 Interim dividend 60c (40) Taxed profit R2 39m (1 44m) Tax R433 000 (539 000) minorities R40 000 debit (R139 000 credit) Listed investments — book value R8 14m (8 03m) market value R56,73m (41 59m). — Reuter

Prem Mill gets OIL stake

(232)

RDM 21/3/80.

Fishing

Financial Reporter

PREMIER Milling has bought a minority holding in Ovenstone Investments, OIL.

A statement by Barclays National Merchant Bank says this has been acquired through the market and "agreement has been reached in principle in terms of which Premier's interest will be pooled with the shares controlled directly or indirectly by the Ovenstone family."

It said the Ovenstone family had effective control and would continue to control OIL.

The statement said the proposed arrangements did not affect the earnings or capital structure of OIL, nor would there be any material effect on Premier Milling's earnings.

COMMENT: OIL's interests include property, township development, construction and investment, but it is the interest in fishing and fishmeal that makes it particularly appealing to Premier.

The size of the stake acquired has not been disclosed — but it does explain the extraordinary volume of dealings in OIL at the end of last year and early 1980 — and is thought to be around 15%.

If the Ovenstone family should ever be a seller of control Premier would be the buyer.

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS AS AT

13010 BACHELOR OF ARTS YEAR : 1

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION				
~~162004R~~	~~BURNE~~	~~SUZANNE ELIZABETH~~	~~106103~~	~~ECONOMICS IA~~				
158955C	CARO	SALLY-ANN	107101	ENGLISH I (PRE				
			116120	DRAMA I				
			~~114101~~	~~CULTURAL HISTO~~				
162195Z	CHAIT	CHERYL	102101	AFRIKAANS				
~~153945D~~	~~CLARKE~~	~~PENELOPE JILL~~	~~103202~~	~~SOCIAL ANTHROPOLOGY I(PRE~~	~~1UP~~			
157789K	COHEN	DAVID	104101	ARCHAEOLOGY I	2-			
			110101	HISTORY I	F			
156503M	COLLIER	LINDSEY JEANNE	911101	MATHEMATICS I M102	UP			
			916103	ANIMAL BIOLOGY (HALF COURSE	UP			
~~153999D~~	~~COLLINS~~	~~BEVERLEY ROYNON~~	~~116120~~	~~DRAMA I~~	~~F~~			
153621E	COUCHER	ROBERT GEORGE RENESON	004101	PSYCHOLOGY I	UP			
~~138572X~~	~~COURTENAY~~	~~COLETTE~~	~~107101~~	~~ENGLISH I (PRE-1980)~~	~~3NX~~			
153796V	DAVIS	CASSANDRA ELAINE	107101	ENGLISH I (PRE-1980)	3NX			
~~140457N~~	~~DELAHUNTY~~	~~ANNA TERESE~~	~~908101~~	~~GEOGRAPHY I~~	~~ABS~~			
162384E	DOMAN	MICHAEL EDWARD	106102	ECONOMIC HISTORY I	F	(8)	1	162384E
~~155931D~~	~~DU PLESSIS~~	~~MARCIA ELIZABETH~~	~~107101~~	~~ENGLISH I (PRE-1980)~~	~~3~~	~~(57)~~	~~1~~	~~155931D~~
158919N	DUNCAN	ANDREW SYMON	003101	SOCIOLOGY I	F	(49)	7	158919N
			004101	PSYCHOLOGY I	F	(49)		
156415R	ERASMUS	ARNO JACQUES ERASMUS	601101	COMMERCIAL LAW A	F	(55)	1	156415R
			910108	STATISTICS IC(HALF CRSE)	F	(48)		
~~162310Z~~	~~EVANS~~	~~GAVIN MARK READ~~	~~101103~~	~~AFR LANG INTENSIVE (XHOSA)~~	~~3~~	~~(57)~~	~~1~~	~~162310Z~~
161480X	FAFAK	GIULIETTA	107101	ENGLISH I (PRE-1980)	3NX		1	161480X
~~153863T~~	~~FARQUHAR~~	~~GILLIAN DEBORAH~~	~~115101~~	~~FRENCH I~~	~~UP~~	~~(57)~~	~~1~~	~~153863T~~
152866J	FARRELL	MICHAEL BRUCE	004101	PSYCHOLOGY I	UP	(55)	1	152866J
~~157359T~~	~~FINLAY~~	~~PAMELA JOAN~~	~~106104~~	~~ECONOMICS IB~~	~~UP~~	~~(52)~~	~~1~~	~~157359T~~
			115102	FRENCH INTENSIVE	UP	(58)		
			115103	ITALIAN INTENSIVE	UP	(54)		
~~159744K~~	~~FIORAVANTI~~	~~LUIGINA~~	~~914102~~	~~PHYSICS IB~~	~~UP~~	~~(58)~~	~~1~~	~~159744K~~

232

21/3/8

... But one thing is sure it ... emely difficult, if not impossible to match last year's growth Suffice that, on an historical yield of 6,1% ... with the sectoral 5,7%, U & L ... s good value

John White

... ults and dividends

UNION & LONDON

A great year

232 ~~58~~

FM 21/3/80

Activities *Investment trust with diversified listed portfolio Subsidiaries function as merchant bankers and providers of venture capital Largest single holding is in Southern Sun Hotels (1,8m shares) Ultimate holding company is Sage Holdings with 60%*
Chairman· *H L Shill, executive director W Gray*

Capital structure· *1,2m ordinaries of R1. Market capitalisation R7,9m*
Financial *Year to December 31 1979 Borrowings long and medium term, nil Net cash R826 000 Debt equity ratio 6,8% Current ratio 1,7*
Share market *660c (1979-80 high, 660c, low 320c, trading volume last quarter, 6 000 shares) Yields 7,7% on earnings 6 1% on dividend Cover 1,3 PE ratio 13,0*

	'76	'77	'78	'79
Distributable income (R 000)	287	335	404	652
Earnings (c)	23 5	27 3	33 1	50 9
Dividends (c)	15 5	21 0	25 0	40 0
Net asset value (c)	297	325	424	900

Traditionally, investment trusts can be relied to move in tandem with the market's major indices, particularly if the portfolio is widely diversified That U & L achieved a substantially higher rise in nav than either the JSE overall index, which rose by 82,5% over the same period, or the all gold index, which rose by 100%, is due to the emphasis on gold producers in its portfolio — and the coming to market of its major unlisted investment, Southern Sun Hotels

For the record, nav increased by 112,3% And, in vindication of higher share prices, earnings advanced by an equally impressive 53,8% to reach 50 9c after adjustments For shareholders, there was also the satisfaction of receiving a 60% higher dividend of 40c

As for the portfolio, there were no sales this time round if one excludes the reduction in the Southern Sun stake as a result of founder Sol Kerzner exercising his option to repurchase 1 25m of the original 3,1m shares held by U & L But there were several additions, encompassing a broad range of industrial activities

The largest single investment made last year was the purchase of 100 000 Nedbank which had a market value of R515 000 at the end of December This represents the first foray into banks and financial services — and accounted for as much as 9% of the portfolio total of R5,7m (again excluding Sosun which is held by a subsidiary) Other notable additions were HLH (24 000), Russell Holdings (100 000), Metal Box (35 000) and 45 000 Sasol

The deal with Sosun labelled by chairman Louis Shill as an investment cum banking partnership ' was something of a classic And, in the belief that it can be repeated U & L has since the year-end bought a 50% interest in Karena Holdings, which in turn holds the franchise to the Hertz car rental business in SA This investment is shared with Noel de Villiers, who incidentally was instrumental in getting Avis off the ground While no significant contribution is expected from Hertz this year neither are the purchase price and terms that onerous, R1,2m in cash over the next four years

On the dealing side, RSA 11% 1998 has been sold and replaced with R1m worth of Escom 10,25% 2003 And in current assets, trading investments have risen from a market value of R124 000 to R614 000 If these may be classed as quick assets, to this can be added another R559 000 available for investment, being cash and bank deposits On the gearing front, the long-term liability of R750 000 has been transferred to current liabilities and is the only obligation

As usual no forecast is offered for the ...

DUNSWART

232   15/8   FM 21/3/80

Earnings dilution ahead

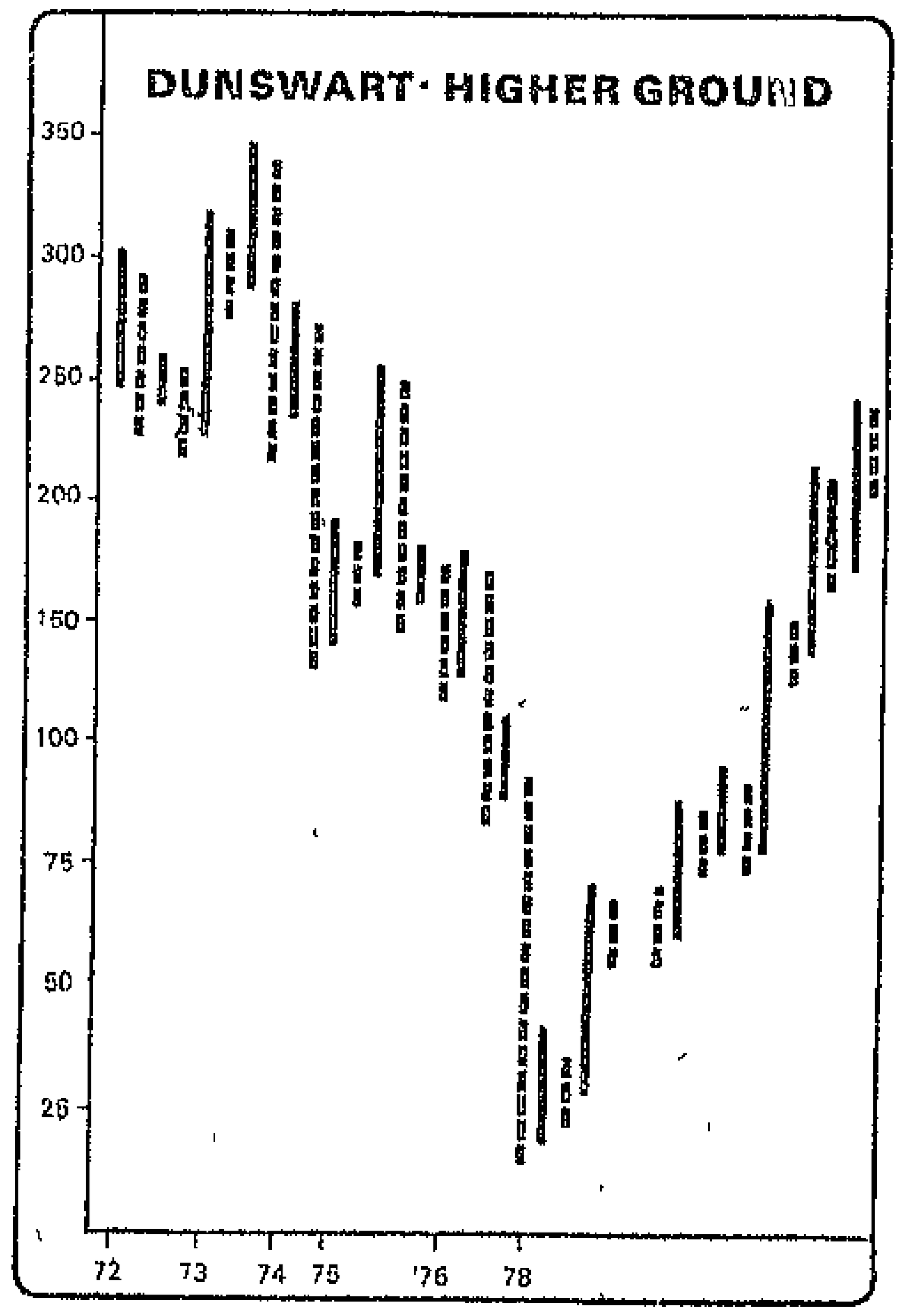
Activities *Steel and sponge iron producer Genmin owns 46,6% of the equity and Sanlam 10%*
Chairman *G Clark managing director K T Brightman*
Capital structure *4,8m ordinaries of 50c, 100 000 6% cum prefs of R2, 300 000 6,0% second red cum prefs of R2 and 200 000 10,5% red cum prefs of R1 Market capitalisation R10,6m*
Financial *Year to December 31 1979 Borrowings long and medium-term, R14,7m Net cash R1,6m Debt equity ratio 71,7% Current ratio 1,9 Net cash flow R6,0m Capital commitments R7,9m*
Share market *Price 220c (1979-80 high, 270c, low, 78c, trading volume last quarter, 269 000 shares) Yields 35,1% on earnings, 4,5% on dividend Cover 7,7 PE ratio 2,8*

	'76	'77	'78	'79
Return on cap %	16,9		8,0	15,1
Turnover (Rm)	41,6	38,9	54,8	68,6
Pre tax profit/loss (Rm)	1,5	(2,0)	0,5	3,4
Gross margin %	10,8	—	5,4	8,4
Earnings (c)	47,5	(4,5)	8,3	77,2
Dividends (c)	20	—	—	10
Net asset value (c)	427	338	357	439

On the back of a 522% increased pre-tax profit, achieved from 25,2% higher sales, Dunswart's share price has moved out of the doldrums However, investors may have overdone the run up to the profit announcement, when they pushed the price up to 270c — more than three times higher than 1979's low of 78c But, following the profit announcement, the share slipped down to 220c, probably in anticipation of an earnings dilution following this year's two option dates

Dunswart issued 6,3m options to subscribe to ords with its R12,6m 14% deb issue On March 31 and September 30 this year and next year debenture holders may swop half of their debs for ords or purchase at R1 in cash one ord for each two debs held With only 4,8m ords currently in issue, the share capital could be more than doubled in the next two years Obviously, this could reduce earnings by more than half

Due to an assessed loss of R5,9m, which resulted in the company paying no tax, the profit growth was translated into an 830% earnings rise to 77,2c (8,3c) Though shareholders may have been disappointed in the low 10c payout, the high retentions were necessary to bring balance sheet ratios down to respectable levels For example the R2,8m transfer of retained income to distributable reserves — helping to increase the shareholders' fund to



R21,2m (R17,2m) — and reducing borrowings by R2,8m to R15,8m, resulted in a decline in the debt equity ratio to 77,2% (102,6%)

The net effect was to increase capital employed to R38,0m (R36,8m) Dunswart also managed to increase its cash holding to R2,7m, despite a rise in stocks to R9,8m (R7,6m) as this was largely financed by the rise in creditors to R9,5m (R6,6m) Depending on how many options are exercised, the balance sheet may be vastly different by the year end

Last year's growth reflects the gearing effect of a small increase in turnover when a plant has ample spare capacity to cope with increased demand without needing large capital investment The 353 000 t liquid steel production was below the forecast 380 000 t capacity, but this year, the directors say, an all-out effort will be made to achieve full utilisation This should be helped by the installation of a R2,4m fume cleaning plant which should improve working conditions considerably

Success with the sponge iron plant, which, by contrast was closed down in 1978 due to a surplus of scrap metal on the market was helped last year by scrap shortages There is now a possibility that other steel companies will purchase sponge iron from Dunswart

Certainly, Dunswart found the sponge iron suitable for steel production, and other manufacturers, who took some 9 000 t for experimental purposes, tended to confirm these results Sponge iron obviates the use of coking coal in producing steel

As part of a five-year plan, Dunswart is now looking into the possibility of installing a second sponge iron kiln For rolled sections, the target capacity is to 270 000 t by 1981 Last year the production target was for 240 000 t and the division came close with 236 000 t

Dunswart hopes eventually to expand into more sophisticated product ranges following the example of Union Steel which will require heavier capex Meantime capital commitments at the year-end amounted to R7,9m (R6,3m) This could be financed from Dunswart's own resources Depreciation amounted to R2,9m and taxed profit could be at last year's level, with tax likely to take a slice of this year's profit

So, with the R2,7m in cash under its belt, the group could finance this capex without the need to resort to loan capital As the economy has probably entered the second stage of the upward trend in the business cycle, prospects for growth augur well for steel producers Indeed, the directors forecast earnings growth, though they are not sure of the extent of the possible rise due to the company's reliance on the Price Controller for steel price hikes

Nevertheless, Dunswart intends concentrating on the local market, where buoyant conditions are likely to prevail this year and to restrict export tonnages to markets where reasonable prices are attainable However, shareholders should not expect too much in the way of dividends as the group plans heavy capex in the next five years

Obviously, this will require high retentions Even so, the director's immediate objective is to broaden the earnings base by bringing all sections into play to the fullest possible extent This year a pre-tax profit of R4,0m is possible, but, after tax offsets, attributable profits will probably be of the same order as last year's R3,3m

However, dividend cover could be lowered to say three times and a 25c payout is possible if no options are exercised putting the share on an attractive 13,6% prospective yield But perhaps this is expecting too much Given the share's patchy record, investors are probably justified in being cautious

Peter Pittendrigh

191 232 260

PM 21/3/80

STEEL

Up the independents

Firming local demand for steel has sparked off a major round of new capital investment by the country's half-dozen independent steel producers. Expenditure of some R350m is under way or in the planning stages at present including Southern Cross' R127m stainless steel expansion programme.

Biggest of the independents is Anglo American Corporation's Highveld Steel & Vanadium, which produced 751 000 t of liquid steel last year. Highveld's R18m ninth kiln is currently under construction and scheduled to be commissioned around mid-year, while its tenth kiln should come on stream in 18 months time.

This will complete the first iron plant, and already the feasibility of a second iron plant is being investigated. A decision on that investment — involving something like R100m for one furnace and three kilns — is expected to be taken this year.

Highveld at present has spare capacity at the steel mills but none in iron-making so the expansion would eventually lift its overall capacity by 25% without any need for new mills. Some scrap metal is also used though this accounts for only 5%-10% of raw material input.

Last year exports took up 43% of Highveld's output though the revival of domestic demand has seen this fall below 40% this year where it's likely to stay for a while.

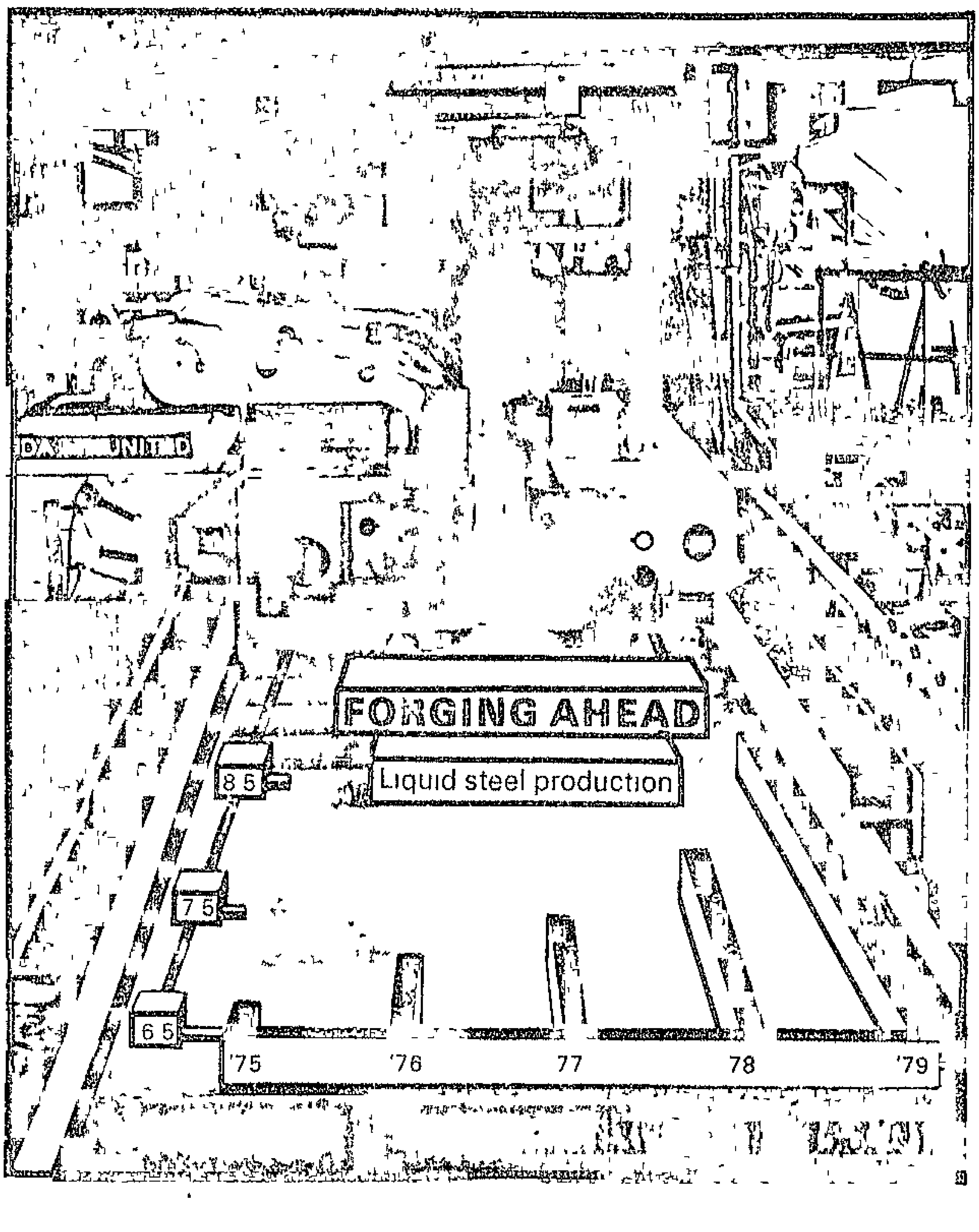
Dunswart Iron & Steel, which has virtually completed a R16m modernisation and expansion programme has called for tenders for a second sponge iron kiln which would cost around R20m, says MD Ken Brightman.

HOW THEY STACK UP

Iscor v private steelmakers

Producer	Liquid steel production tons
Highveld	750 000
Dunswart	380 000
Scaw	350 000
Usco	270 000
Davsteel	★150 000
McWillaw	★100 000
Total private sector	2 000 000
Iscor	6 468 000

★ Plant just commissioned



"This would raise our sponge iron capacity from 120 000 t a year to 300 000 t," he says. "At the same time, we are conducting feasibility studies for new steel making facilities which would need consideration of a new electric arc furnace and continuous casting plant.

"This would lift our total liquid steel capacity from 380 000 t a year to 500 000 t."

Dunswart is the country's only producer of sponge iron (next to scrap, the cheapest raw material for steel production). At present sponge iron provides 120 000 t a year of the raw material input with the rest coming from scrap metal and small quantities of cast iron and pig iron. However, despite the planned near-tripling of sponge iron capacity, no reduction in the quantity of scrap used is envisaged because of the expansion of steel-making capacity.

Exports have accounted for as much as 30% of Dunswart's output in recent years, but strengthening domestic demand will bring this figure down this year.

"We intend to maintain an export presence," says Brightman. "But we also aim to increase our domestic market share and over the long-term, exports will probably not exceed 20%-25% of our production."

Union Steel (Usco) MD Jan de Waal is cagey about his plans, though the FM understands a fairly substantial investment is likely there over the next five years.

"We are ironing out bottlenecks in our existing plant and we are also planning, but there is nothing concrete at this stage," says de Waal.

At its present output of 270 000 t a year Usco is operating at full capacity, but debottlenecking could raise the capacity without major capital investment.

"In 1973 we put in a new mill which we are now altering so that we will be able to utilise the capacity more effectively over a wider area of the market," avers De Waal

"We are still trying to convert to speciality steels which increases the profit potential without raising the liquid steel capacity "

Usco's entire raw material input is scrap, but some experimentation is being done with direct reduction

The market, says De Waal, is "very lively", but predicting how long it will remain in the ascendancy is difficult

"The steel industry normally moves in four-year phases," he adds "We are approaching the crest of the wave at the moment, and the steel industry in Europe is in a down phase So our market could start to turn down next year "

Scaw Metals, a wholly owned subsidiary of Anglo American Industrial Corporation is scrapping its two bar and section rolling mills and replacing them with a single R25m mill with a capacity of 200 000 t a year

Modernisation

This will raise total capacity of finished products from 240 000 t a year to around 400 000 t Liquid steel production is 350 000 t a year Scrap accounts for 63% of Scaw's raw material for rolled steel production

The minnows in the steel industry are also expanding Durban-based McWillaw Iron & Steel, owned by Leo Raphaely & Son, has just completed a R3m modernisation programme which will increase liquid steel capacity from 62 500 t a year to 100 000 t within two years

McWillaw caters to the coastal trade, supplying reinforcing steel to the Durban and Port Elizabeth markets, and has not yet experienced a significant upturn in demand

"There is a healthier tone in the market," says MD Lew Evans "But we are tied completely to the construction industry, and so there is a six-month lag in demand "

However, as a subsidiary of Leo Raphaely, the country's leading steel exporter, McWillaw is well placed to find export markets when local demand is insufficient

New melt shop

Davsteel, a small family-owned steelmaker, has just commissioned a new melt shop with a production capacity of 150 000 t a year

"Capacity will eventually move to 200 000 t," says chairman Mendel Kaplan "Up to now we have been manufacturing reinforcing bars and wire rods from billets bought out Now we are making our own billets in our own melt shop " Kaplan won't disclose the cost of the project

The state steel corporation, Iscor, is still far and away the dominant force in the industry, producing 75% of the country's output But with a huge cushion in the form of exports which can be diverted to the local market as demand picks up, Iscor is not in a capacity expansion phase just now

Takeover watchdog for SA urged

(2322) RDM, 21/3/80

Financial Reporter

THE solution to the question of unfair takeovers in South Africa lies in the establishment of an independent body, along the lines the the London Takeover Panel or the American Securities Exchange Commission, says Mr R Campbell, joint chairman of the Shareholders Association of South Africa

This body should monitor bids before they are made, and subsequent to publication of terms, dissatisfied shareholders should take their complaints to it

The association is not advocating that every complaint by frustrated shareholders be investigated In many takeovers there are valid reasons for consolidation which can benefit the companies concerned.

But takeovers rarely adequately recognise potential profits. In many cases this is a difficult factor to evaluate, but it plays an important role in the mind of the investors and rightly so, says Mr Campbell.

He deplores the apathy of South African shareholders. They seem unmindful of the fact that they are part owners of the company whose shares they hold and whose boards are there to serve their interests

Perhaps the main factor behind this apathy is the feeling of impotence by minority shareholders The American priciple of cumulative voting for directors could go a long way towards giving minorities a greater interest in the running of their companies

Under the cumulative system the entire board retires each year and each shareholder may cast votes in the ratio of shares he holds, multiplied by the number of directors to be elected

An independent director has the opportunity of challenging the establishment, when necessary, at board level

In spite of lack of protective measures, equity investment is the only avenue open to individuals for protecting income and capital, says Mr Campbell

25m KWV response

RDM 25/3/80 232 182

CAPE TOWN — The KWV offer of 14-million 7% profit-sharing preference shares of R1 each to wine farmers and cooperatives attracted applications for more than 25-million shares The KWV is considering increasing the number of shares in the issue, and these will be allocated on April 1.

The issue is to help finance the KWV's share in the holding company of the new Cape Wine & Distillers, in which the KWV and Rembrandt will each hold 50% of the equity — Reuter

R6,6m electronics stake for Amic

(232) (189)

Financial Reporter RDM 26/3/80.

AMIC has entered the electronics field by buying 80% of Control Logic (Pty) for R6 666 000

Control Logic makes and markets electronic control systems and electronic equipment, including annunciators and autotonic products, such as cruise controls

Profits have risen strongly in recent years and prospects for steady growth are sound says Amic

Amic directors believe electronics offers an important investment opportunity for the group and that this investment will provide a sound base from which to expand in this sector

Amic will acquire the shareholding through a wholly owned subsidiary whose name will be changed to reflect more accurately the nature of its new business

Funds required for this purchase will be obtained on a short-term basis and will be repaid out of earnings

Amic pays R51m for joint control of Haggie

(232) RDM 26/3/80

By HOWARD PREECE
Financial Editor

ANGLO American Industrial Corporation (Amic) is paying nearly R51-million to get joint control with Union Corporation of Haggie, the steel wire rope manufacturers.

The seller is Bridon, a British group which is apparently under severe financial pressures from soaring interest rates and the long-running steel strike in the UK

Bridon is selling a 35,25% stake (6 494 290 shares) in Haggie to Scaw Metals, a subsidiary of Amic, for R50 655 000.

Bridon is also selling the balance of its holding in Haggie to the Union Corporation group to bring Unicorp's stake in Haggie to 35,25%.

That puts a tag of about R60-million on the full deal.

What it means is that Haggie has acquired the formidable new dual parentage of Anglo American and General Mining, owners of Unicorp

Until this deal Unicorp and its companion UC Investments held 28,2% of Haggie.

The change in effective control may well be seen in some quarters as yet another example of politically sensitive British disinvestment in South Africa

Patently it is disinvestment, but the financial problems facing Bridon do seem the crucial reason for the ending of its 30-year holding in Haggie

Mr Richard Savage, the chief executive of Haggie, says Bridon will continue to have a closing working relationship with Haggie

He also points out that there are precedents in Union Carriage and Coalkwip of highly satisfactory joint workings between Anglo and Genmin

A statement by Anglo yesterday said part of the payment to Bridon would be through a R12-million special dividend on its shares in Haggie

That is the equivalent of its share of the retained earnings in Haggie and as such will be able to be paid out at the normal commercial rand rate

The balance of the R60-million odd will presumably have to go through the financial rand market

COMMENT: Haggie produced exceptionally good profit figures for 1979 with taxed earnings up from R10 446 000 to nearly R19-million.

The group has a most impressive record and it is unlikely that Bridon would have sold out its holding without dire necessity.

Haggie depends heavily on the mining industry and the new link with Anglo must be helpful.

Anglo, of course, also has considerable interests in the steel industry which can be to Haggie's advantage.

There must, however, be some regret at the loss of an important direct British stake in South African industry.

Fedfood gets Table Top

232

RDM 27/3/80

Financial Reporter

THERE is no secret behind the suspension of Federale Food's shares on the Johannesburg Stock Exchange yesterday as Business Mail's correspondent in George picked up the news on Tuesday that the group had bought Table Top.

Table Top Foods (Pty) was sold to Federale Volksbeleggings, the holding company of Fedfood, in a R15-million deal in London.

This was revealed in George before suspension of the shares by Fedfood's managing director, Mr J D Louw, who will become the new chairman of Table Top.

Negotiations started in London last Friday morning with Union International of London, a company belonging to the Vestey family, group owners of Table Top in South Africa.

After 2½ days of negotiations, the deal was settled on Sunday afternoon, shortly before Mr Louw and two other senior Fedfood executives were to fly back to South Africa.

Included in the deal are the Table Top deep-freeze factory in George, a prepared food factory in Clayville between Johannesburg and Pretoria, and the network of distribution depots.

The takeover follows an abortive bid for Table Top last November by Anglovaal, owners of the other frozen-food giant, Irvin & Johnson.

Although Irvin & Johnson with its big fish interests is the larger of the two, Table Top is the leader in the frozen vegetable market.

The George factory processes about 16 000 tons of frozen vegetables a year, about a quarter of which is exported.

Fedfood will take over Table Top on Tuesday.

Mr Gert Schoonraad will continue to be managing director in Johannesburg of the group with Mr Louw as chairman. Mr Bill Ewen will stay on as manager of the George factory.

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS AS AT 29 02 80 PAGE 1

151.6 B.A./LL.B. YEAR : 1 15016

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL			
~~154230R~~	~~ARA~~	~~HANS-ERIK~~	~~105105~~	~~LATIN ELEMENTARY~~			~~1~~	~~154230R~~
157795R	BARRETT	MICHAEL CONRAN	117101	POLITICAL SCIENCE I	UP	(59)	1	157795R
~~153562D~~	~~BUCHILSKY~~	~~GLENN BRUCE~~	~~102101~~	~~AFRIKAANS~~	~~UP~~	~~(50)~~	~~1~~	~~153562D~~
156581X	COFF[illegible]	PETER DAVID	117101	POLITICAL SCIENCE I	UP	(57)	1	156581X
~~155002F~~	~~[illegible]~~	~~INDRA~~	~~105105~~	~~LATIN ELEMENTARY~~	~~ABS~~		~~1~~	~~155002F~~
157855G	DE KOCK	RODNEY JAMES	105105	LATIN ELEMENTARY	UP	(56)	1	157855G
~~154395W~~	~~DREYER~~	~~[illegible]~~	~~117101~~	~~POLITICAL SCIENCE I~~	~~UP~~	~~(59)~~	~~1~~	~~154395W~~
155823Y	FISHER	MICHAEL ALEX	102101	AFRIKAANS	F		1	155823Y
~~150196G~~	~~GIHWALA~~	~~DEEPIKA~~	~~117101~~	~~POLITICAL SCIENCE I~~	~~UP~~	~~(56)~~	~~1~~	~~150196G~~
158314F	G[illegible]	STEPHEN MICHAEL	105104	LATIN I	F	(31)	1	158314F
~~156503L~~	~~HARDCASTLE~~	~~JUSTIN FRANK~~	~~105105~~	~~LATIN ELEMENTARY~~	~~UP~~	~~(50)~~	~~1~~	~~156503L~~
038176N	HARRIES	ROGER EZRA PAUL	107101	ENGLISH I (PRE-1980)	2-	(64)	1	038176N
~~115449N~~	~~HENDRICKS~~	~~ROBIN ARTHUR JUSTIN~~	~~105105~~	~~LATIN ELEMENTARY~~	~~ABS~~		~~1~~	~~115449N~~
159727R	KANE-BERMAN	DIANA LOUISE STUART	117101	POLITICAL SCIENCE I	UP	(55)	1	159727R
~~162529M~~	~~KEAY~~	~~EDWARD WALLACE~~	~~117101~~	~~POLITICAL SCIENCE I~~	~~F~~	~~(47)~~	~~7~~	~~162529M~~
161080M	LEVIN	MERVYN BERNARD CHARLES	105105	LATIN ELEMENTARY	ABS		1	161080M
~~157638W~~	~~MAHALEY~~	~~NAZ[illegible]~~	~~105105~~	~~LATIN ELEMENTARY~~	~~UP~~	~~(51)~~	~~1~~	~~157638W~~
155155X	MCQUEEN	STEPHEN	105105	LATIN ELEMENTARY	ABS		1	155155X
		~~E-BRADLEY~~	~~102101~~	~~AFRIKAANS~~	~~F~~		~~1~~	~~156583Z~~
		E MILES LUTHER	102101	AFRIKAANS	UP	(50)	1	153752X
			~~503202~~	~~ROMAN LAW & JURISPRUDENCE II~~	~~F~~	~~(49)~~	~~1~~	~~156337F~~
		MED FAIQ	105104	LATIN I	F	(34)	1	154745U
		~~HAN GRANT~~	~~102101~~	~~AFRIKAANS~~	~~UP~~	~~(59)~~	~~1~~	~~156056B~~
		D BADOR PETER	105104	LATIN I	UP	(50)	1	154272M
		~~N RENEE~~	~~105104~~	~~LATIN I~~	~~UP~~	~~(50)~~	~~1~~	~~15493[illegible]~~

UCT

232

27/3/80.

Bumper payout from Anglo likely

By HAROLD FRIDJHON

JUDGING by the published performances of the major companies — Amgold, Anamint, Amic and Amcoal — Anglo American Corporation is set for a bumper year with record profits and record dividends.

The interim report, published last November, gave a hint of what could be expected in May/June when the preliminary figures and the final dividend will be announced.

At the halfway mark, attributable profits had increased from R88-million to R120 300 000, taking earnings from 39,5c a share to 53,6c and the dividend from 14c to 20c

The larger part of Anglo's earnings accrue in the first quarter of the calendar year when the major associated companies report and announce their final dividends This year we have seen some encouraging figures from the four major holding companies.

Assuming that Anglo's holdings in these companies have not changed materially since the date of the last accounts, it appears that income from Anamint has gone up by 14,6%, that from Amgold has more than doubled at R55-million, Amic's contribution is more than 30% higher and Amcoal's about 24% up Income from these sources rose from R95-million last year to about R139-million this year.

Last year the dividends paid by these four giants produced 43% of Anglo's investment income. Assuming that the proportion is little changed this year and that other investment income grew at a corresponding rate, it is estimated that investment income will rise from last year's R220-million to about R319-million

By the time that the other numbers are added and subtracted, interest earned and interest paid, trading profits, exploration expenditure (a wild guess) provisions and tax, the attributable taxed profit could be R300-million against last year's R202-million to give earnings of about 134c a share.

Assuming that retentions are about the same proportion as they have been in the past it would appear that a final dividend of about 48c a share could be paid which, with the interim of 20c, would give 68c for the year

On the other hand, the final declaration might be tinged with conservatism — to keep something in the kitty for next year — and could be pitched at 45c, making 65c for the year.

If these assumptions and guesstimates are anywhere near the mark at last night's closing price of 1 340c, the share will yield 4,9%

UCT

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS AS AT 29 02 80 PAGE 2

13030 BACHELOR OF ARTS YEAR : 3

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL			
1331002	VILJOEN	ADELE	116317	DRAMA III	2-	(63)	4	1331002
113116C	.ANNENBURG	MOIRA MARIA	908307	GEOGRAPHY IIIB (HALF COURSE)UP		(51)	4	113116C
096146G	WEIGROVE	CAROL TESSA	110301	HISTORY III	F	(45)	5	096146G
096560G	WILLIS-SMITH	GRANT	906205	GEOGRAPHY IIB (HALF COURSE)ABS			4	096560G
103278J	WYNGAARD	GAIL ESTELLE	110301	HISTORY III	F	(43)	4	103278J
114463R	ZOELLER	CHRISTOPHER HANS	102101	AFRIKAANS	ABS		5	114463R

* TOTAL NUMBER OF STUDENTS 29

DEAN

REGISTRAR (ACADEMIC)

ST 5-9 EXAMINATION RESULTS IN FACULTY ARTS AS AT 29 02 80 PAGE 3

13[illegible] BACHELOR OF ARTS YEAR : 1 13010

ST NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL			
~~[illegible]~~	~~FOLLETT~~	~~[illegible] JANE~~	~~1[illegible]2~~	~~SOCIAL ANTHROPOLOGY I (PRE 13~~		~~(51)~~	~~1~~	~~160942M~~
[illegible]V	FRIEDLANDER	[illegible]E DEVORA	107101	ENGLISH I (PRE-1980)	3NX		1	157568V
~~[illegible]~~	~~GANISCH~~	~~[illegible] IRENE~~	~~[illegible]~~	~~FRENCH INTENSIVE~~	~~F~~	~~(43)~~	~~1~~	~~150296J~~
15[illegible]E	GARRETT	DIANNE SYBELLE	9[illegible]51[illegible]1 911[illegible]1	CHEMISTRY IA CH. 102 MATHEMATICS I [illegible]102	ABS ABS		1	156290E
[illegible]26V	GEFFEN	[illegible]E[illegible]ITA	1[illegible]1[illegible]2	HEBREW INTENSIVE	F		1	154026V
15[illegible]	GIANNAKAKIS	A[illegible]STA	115101	FRENCH I	UP	(55)	1	154362K
153[illegible]	GILL	CHRISTEL KAMILA	117101	POLITICAL SCIENCE I	UP	(55)	1	153981[illegible]
[illegible]55[illegible]	GILL	JUDIT[illegible] MARY	107101	ENGLISH I (PRE-1980)	3NX		1	155173R
591[illegible]	GOSS	[illegible] E AIMERST E	115101	FRENCH I	UP	(55)	1	159186D
[illegible]211U	GREEN	JA[illegible]ET FAY	0[illegible]1	PSYCHOLOGY I	UP	(60)	1	15[illegible]211U
153[illegible]55J	GRUSON	KIRSTI CHARLOTTE GERDA	10[illegible]2	ECONOMIC HISTORY I	ABS		7	153655J
1[illegible]22[illegible]5X	HALLIER	SUZ[illegible]E COLLIERS	106103	ECONOMICS IA	UP	(50)	1	162285X
[illegible]	HANCOCK	E[illegible]I[illegible]A ANNE	107101	ENGLISH I (PRE-1980)	3NX		1	161662V
[illegible]21[illegible]F	HARRIS	[illegible]ETH JULIA MARY	114101 ~~[illegible]~~	RELIGIOUS STUDIES I ~~[illegible]~~	F ~~UP~~	(49) ~~(50)~~	1	162109F
55[illegible]A	HART	TIMOTHY JA[illegible] GRAHAM	0[illegible]101 107101	PSYCHOLOGY I ENGLISH I (PRE-1980)	2- 3NX	(65)	1	155641A
15954[illegible]	HARVEY	MARGARET JOANNE	911101	MATHEMATICS I [illegible]02	ABS		1	115954M
15960[illegible]H	HEESE	SUSAN MARGARET	102101 ~~[illegible]~~	AFRIKAANS ~~RELIGIOUS STUDIES I~~	UP ~~UP~~	(50) ~~(65)~~	1	159604H
1[illegible]491J	HE[illegible]ECK	TREVOR RONALD	117101	POLITICAL SCIENCE I	F	(48)	1	161491J
~~[illegible]E~~	~~HE[illegible]~~	~~[illegible]~~	~~[illegible]~~	~~FRENCH I~~	~~F~~	~~(37)~~	~~7~~	~~15[illegible]26E~~
[illegible]572[illegible]L	HOPPEN	UTE	115101	FRENCH I	ABS		1	155720L
~~[illegible]~~	~~[illegible]~~	~~[illegible]~~	~~[illegible]~~	~~DRAMA I~~	~~ABS~~		~~7~~	~~152889J~~
[illegible]5514[illegible]P	JERVIS	JOSEPHINE ALEXA JR.	0[illegible]4101 107101 ~~[illegible]~~	PSYCHOLOGY I ENGLISH I (PRE-1980) ~~FRENCH I~~	3 3 ~~3~~	(57) (59) ~~(56)~~	1	155148P

UCT

Barlows gets Spicers

[illegible] 28/3/80

Financial Reporter

BARLOWS has acquired the paper merchants, Spicers (Pty), from the Reed group The price is not disclosed

The company will operate under the chairmanship of Mr Bas Kardol, executive director of Barlows and chairman of Nampak, and Mr Frits Waldeck who was appointed managing director in 1978

Spicers, which has offices in Johannesburg, Durban, Cape Town, Pretoria and Bloemfontein, trades in South African-made paper and is a substantial importer of high-quality paper

The company also supplies graphic sundries, such as blankets for litho printing, various ranges of backcloth and takstrip to the printing industry, and has started a book-binding section

Vaal Reefs looks to profit boost

RDM 28/3/80

By ADAM PAYNE

BECAUSE of the extraordinary increases in the price of gold, the potential of the entire mining lease area of Vaal Reefs is being re-examined and in particular the possibility of increasing production and profits by the mining on an extensive scale of the Ventorsdorp Contact Reef, says the chairman, Mr Dennis Etherege, in his review for 1979

The mine's present mining is on the deeper Vaal Reef

The Ventersdorp Contact Reef, which is exploited by mines on the West Wits Line is deposited at Vaal Reefs over large channel widths and is at the relatively shallow depth of about 1 000m, extending over a large area in competent ground

This means that mining operations in the payable areas will be easy and the enviromental conditions good

It will probably be necessary for the company to provide an additional metallurgical plant Initial studies on this expansion will be completed in about six months

"Vaal Reefs is geared to enter the new decade with confidence," says Mr Etheredge "It is a large company that has undergone significant mergers, expansion, consolidation and restructuring over the past several years and is now in a position to realise the resultant economies of scale

"Investments made over past years and those planned for the immediate future are providing a modern mining complex that can operate efficiently "

Mr Etheredge reports that available profit for the year was R96 645 000 and dividends of 510c a share took R96 900 000

Retained profit fell slightly to R12 214 000 The royalty payment to Southvaal Holdings rose to R66 976 000 (R28 233 000) Royalties will be paid twice yearly in future and Southvaal will pay two dividends a year

Vaal Reefs yields at 8,22 g/t for gold and 0,19 kg/t for uranium were respectively 5% and 14% below 1978 yields

Uranium production rose 213 tons or 20% to 1 273 tons showing its importance to this mine Uranium working profit rose from R5-million five years ago to R62-million

The new South uranium plant encountered problems, but should attain its design extraction rates by mid-1980

A pressure leach plant is being built which should lead to an improvement in uranium recoveries It should be commissioned in the second half of 1981, with full production being reached by the end of 1982

8c more for Fedfood earnings

232

VDM 28/3/80

By ELIZABETH ROUSE

FEDERALE Foods confirmed yesterday that the group would buy Table Top for about R15-million cash from Union International Company of London

The acquisition will be effective from April 1, 1980, and the final price will be subject to an audit of Table Top stocks

Based on projected earnings for Table Top for the year to March 1981, the acquisition will add 8c to 10c a share to Fedfood's earnings

These figures do not take into account any rationalisation benefits arising from the amalgamation of interests Pending finality of permanent funding for this acquisition, Fedfood's net asset value will not be materially affected says Fedfood

The addition of Table Top to the Fedfood stable will mean that the group will control more than 45% of the frozen-vegetable market in South Africa It also gives Fedfood the facility to move into both frozen fish and frozen confectionery

Table Top has cold storage facilities in Johannesburg, Clayville, Durban, Port Elizabeth, George and Cape Town The company has two factories — one for the preparation of frozen vegetables at George, plus related farming activities, and the other sited at Clayville, which handles the processing of prepared frozen foods

In addition, the entire Table Top distribution network and vehicle fleet plus trade mark are included in the purchase

The story behind Fedfood's suspension on the Johannesburg Stock Exchange was reported yesterday by Business Mail s George correspondent

Pension funds chase Retco

(232) RDM 28/3/80

By ELIZABETH ROUSE

THE RETCO property empire, worth R116 332 000 according to the last balance sheet, might be set for dismantling and its prime buildings might pass into the hands of a pension fund consortium.

This reason for the suspension of Retco shares this week was circulating in informed quarters yesterday, but could not be confirmed with Retco directors

The theory is that the pension fund consortium will buy the buildings only, not the Retco subsidiaries which own the buildings Pension funds are not interested in owning companies which attract tax

The consortium would be interested in getting rental income only and prospects appear good for higher rents in office and shop buildings, which make up 80% of the Retco group's property portfolio

Retco has valuable buildings on prime sites in Johannesburg, Pretoria, Durban, Cape Town, East London and Bloemfontein, plus buildings in smaller towns in the three provinces

A shortage of prime buildings has developed since the property market upswing and the cost of similar buildings would be substantially higher today

According to one source, the consortium is headed by the Mine Officials Pension Fund, whose accumulated funds were R432 654 977 in 1977

If the Mine Employees Pension Fund is in on the deal, that adds almost R300-million money power (in 1977 terms) to the consortium Their combined funds must be well over R1 000-million in current terms

There is talk of a property trust being formed by the consortium But the deal is so complicated that nobody can hazard a guess of what will happen to some properties, such as small hotels, which will not be attractive to pension funds and what will happen to Retco

Retco is 32% owned by SA Breweries In line with other groups, SA Brews might be contemplating getting out of property ownership and leaving it to institutional experts

Retco's rental income rose by 5% to R11 954 000 last year, costs increased by 17% to R4 300 000, which left net income virtually static at R7 600 000 The interest bill was R3 600 000

At the halfway stage net profit was down 50,7% to R543 000 and a cut in the dividend from last year's 3c seems likely

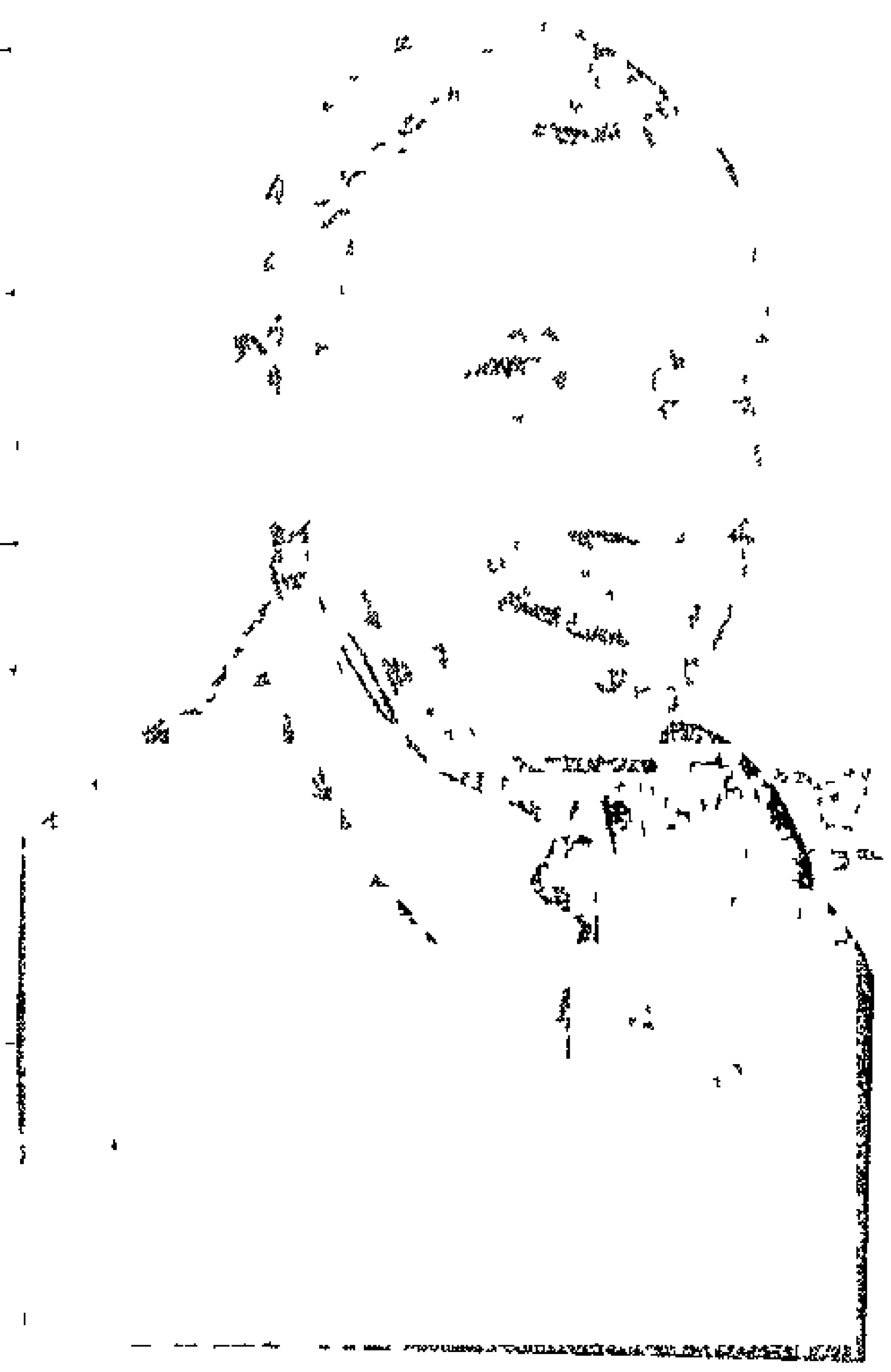
Net worth was 109c a share in 1979, but is more at current property values However, because of Retco' poor profit and dividend record, shareholders could well take a cash offer and invest the money elsewhere

AMIC/HAGGIE RAND FM (232)

Amic buys in

26/3/80

In a R60m deal the controlling shareholding in Haggie Rand has been re-arranged to leave Amic and Union Corp with joint control. Previously, Union Corp and UK-listed company Bridon controlled



Haggie's Haggie . something to smile about

Haggie

Bridon has sold 35,25% in Haggie to Amic for R50,7m — an effective price of 780c per Haggie share — while Union Corp bought the balance to boost its stake to the same as Amic's. This Anglo Genmin arrangement is not as peculiar as it seems in view of the existing joint ventures in Coalequip and Union Carriage.

Bridon obtained its shareholding in Haggie when its SA operation Rand Ropes merged with Haggie in 1952. The sale of this investment to Amic and Union Corp is apparently an effort by Bridon to solve its own financial problems after large contracting losses in a fairly recently acquired UK subsidiary.

Market sources suggest that Union Corp would have been interested in buying the whole Bridon stake, but that it was thought prudent to include Amic in view of Anglo group being a large Haggie customer. Additionally, Amic subsidiary Scaw Metals, through which the Haggie stake is being acquired, was fairly far advanced in setting up its own rope operation.

Amic's stake in Haggie was acquired at a 7,6% premium on the JSE price of 725c and a huge 99% premium on Haggie end-December net worth of 391c. However, Anglo notes that Haggie's plant is worth much more on a replacement value basis, and one industry source reckons the real figure is probably over 700c.

Had Haggie been included for the year to end-December, Amic's earnings would have risen 16c to 333c — a 5% increase. The proceeds of the sale of Bridon's stake will be remitted in the form of a R12m special dividend from Haggie which will be funded by Amic and Union Corp, while the balance will go out through the financial rand. Amic will finance its share from cash flow and short-term borrowings.

In another acquisition, Amic has acquired 80% of Control Logic, an electronics company for R6,7m. The deal includes the purchase of 50% in Control Logic from an Anglo subsidiary.

This acquisition marks the entry of Amic to the lucrative electronics industry and will be the base from which further expansion will be directed. Conlog has contracts at Sasol and control systems including "Speedocruise" controls.

Des Kilalea

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UNIVERSITY OF
EXAMINATION A

All answer books must be numbered

Number of books handed in	4

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AMCOAL 232 245

More growth ahead

FM 28/3/80

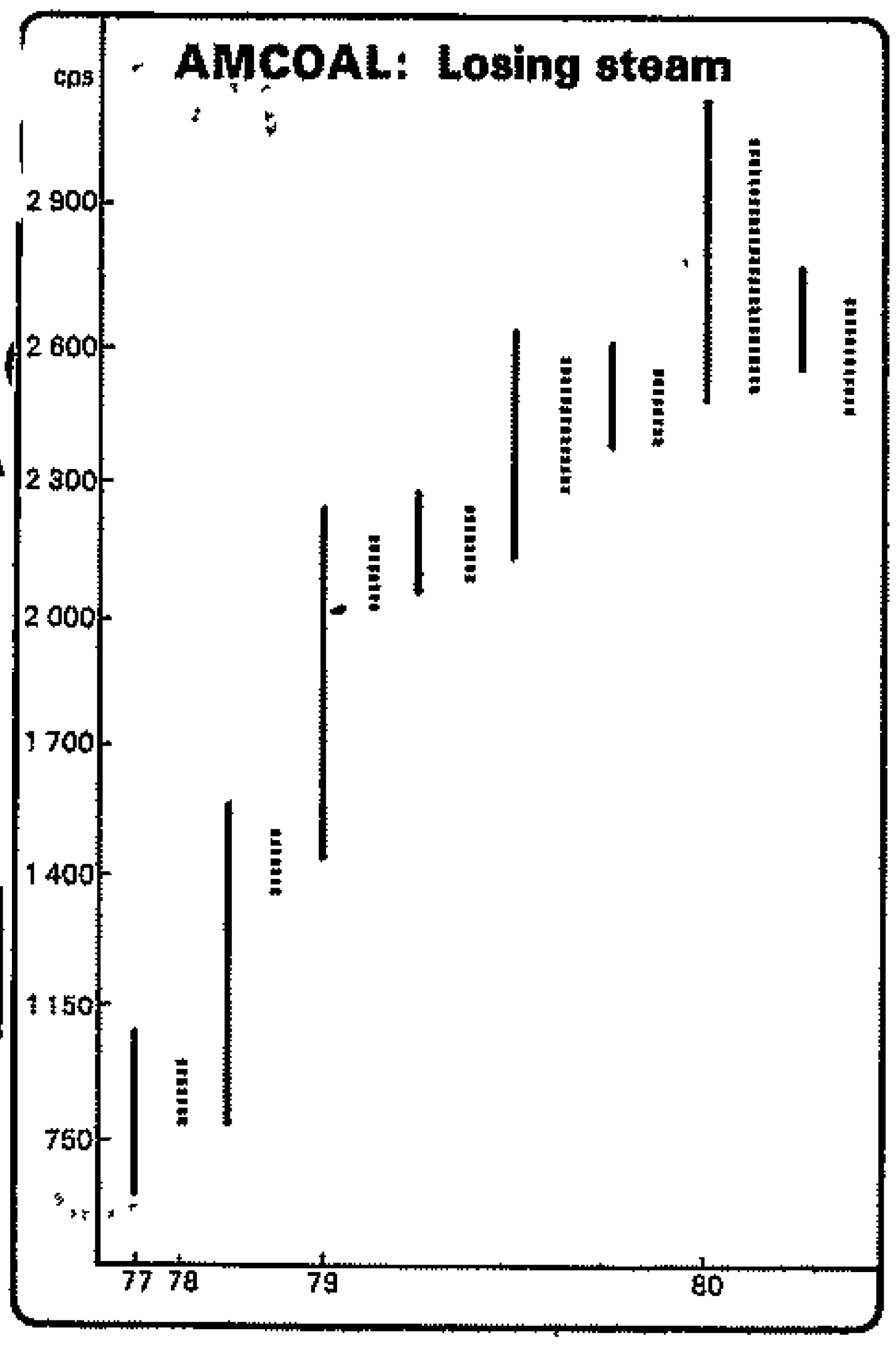
Activities: *Holding company for Anglo American group's coal interests Has 12 operating collieries and is SA's largest coal corporation Has a 51% interest in Vereeniging Refractories Anglo holds 48,6% of the equity*
Chairman: *W G Boustred, managing director D Rankin*
Capital structure: *23,5m ordinaries of 50c Market capitalisation R564m*
Financial: *Year to December 31 1979 Borrowings long- and medium-term, R47,6m, net short-term, R28,6m Debt equity ratio 28,1% Current ratio 0,9 Group cash flow R74,5m Capital commitments R56,4m*
Share market. *Price 2 400c (1979-80 high, 2 850c, low, 1 420c, trading volume last quarter 286 000 shares) Yields 11,6% on earnings, 3,8% on dividend Cover 3,1 PE ratio 8,6*

	'76	'77	'78	'79
Coal and coke sales (Mt)	22,7	25 7	26,7	33 0
Turnover (Rm)	198	259	308	386
Pre-tax profit (Rm)	49 5	74 7	87 6	106 6
Earnings (c)	173	202	226	279
Dividends (c)	40	60	72	90
Net asset value (c)	651	714	874	1 076

The containment of operating costs is one of the most pleasing aspects of Amcoal's annual report This plus steady expansion, new investment opportunities and sales contracts should ensure sound future profit growth

In the year to end-December Amcoal's increase in unit working costs was only 2,8% (9,5%) largely as a result of the build-up in opencast operations at Kriel and Kleinkopje But even had these mines been excluded, the average increase would have been 10,6% — lower than the inflation rate and far better than the 19,6% hike in 1977

The success in containing costs flows rom a 30,5% increase in productivity to



125,7 sales tons (96,3t) per man, reflecting higher tonnages sold, plus a 4,8% reduction in staff in line with further mechanisation In 1979, 88% (80%) of Amcoal's coal was won by mechanised methods, and a further rise is in prospect

Coal and coke sales in 1979 were 33Mt (26,7Mt), the largest increase being a 36,7% rise in exports to 36,7% to 6,7Mt (4,9Mt) Deliveries to Escom power stations rose 27,1% to 21,6Mt (17,0Mt) Amcoal's average price per ton rose only 3,25% to R8,90 (R8,62), largely because of the lower margin on sales to Escom

In 1979, sales from Kriel accounted for much of the higher supply to Escom The burning rate at the Kriel power station was higher than forecast so coal production was increased ahead of schedule, rising 86% to 8,2Mt (4,4Mt) At Arnot sales lost due to a lower burning rate were augmented by deliveries to other stations, resulting in total sales of 5,5Mt (5,4Mt)

Amcoal is now to fund the entire cost of Kriel, estimated at R101,5m This means additional investment of R28,9m, of which an R8,7m balance is to be spent as incurred Initially, Escom was to have helped finance the project, but Amcoal appears happy with the new arrangement

Amcoal has been awarded large supply contracts for two new 1 800MW power stations The first station, Tutuka, will be

COAL AND COKE CUSTOMERS

	1978		1979	
Escom	17,0	64	21,6	65
Export (TCOA & Amcoal)	4,9	18	6,7	20
Domestic	2,5	9	2,1	7
Iscor	1,6	6	1,8	5
Other	0,3	1	0,3	1
Coke	0,4	2	0,5	2
	26,7	100	33,0	100

supplied by the New Denmark coalfield Production should commence in 1984 and the 5Mt full capacity should be reached in 1987

Escom also has an option over additional potential supplies from New Denmark, which, if available, will enable the station to be expanded to a maximum of 3 600MW

The second contract was awarded to the Cornelia coalfield, where underground and opencast operations are to be established Production is scheduled for the late Eighties with maximum capacity of 6,5Mt a year

At end-December, Amcoal had capex programmes of some R371m (R124m), including R210m for completion of the collieries to supply the 1 800MW power stations at Tutuka and Cornelia Of this R210m, Amcoal estimates it will fund some 60%

Sales increased on all but the domestic market General industrial user demand was unchanged but SAR and the cement industry requirements fell Escom demand at its older stations is falling as the Eastern Transvaal units are commissioned, while SAR is phasing out steam locomotives Sales to the cement industry suffered due to competition from non-TCOA collieries and lower production and exports following the changes in Iran

On the local market, Amcoal chairman Graham Boustred says consumers are becoming more grade selective The Price Controller granted domestic price rises between 10,6% and 12,1% effective February 1 this year Amcoal sees little advance in domestic sales this year by the TCOA, but, with the group's success in holding cost increases below the annual inflation rate, there should be at least the same contribution from this source in the year ahead

On the export market, Amcoal supplied nearly 50% of the TCOA tonnages — a total of 5,6Mt plus 1,1Mt sold in terms of Amcoal's own export authority The third phase of the Richards Bay, which will boost capacity from the present 24Mt to 44Mt, is expected to be completed in two stages during 1983 and 1986, says Boustred Given the trend towards a lesser reliance on oil as an energy source internationally, Amcoal is confident of benefiting from this expansion

Amcoal's balance sheet remains strong As a consequence of its fairly extensive capex requirements over the coming years the group will need additional funds However there is ample scope in the balance sheet to finance this expansion — despite total borrowings of R78,7m (R72,8m) — without restraining dividend distributions At 2 400c, Amcoal stands on a 3,8% yield — the lowest in the coal sector — reflecting the group's size and solid base through its contracts to Escom and dominance of the more lucrative export market

Des Kilalea

examination book(s) are used

4 Do not write in the left hand margin

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

Fedfood-keuse net reg

RAPPORT 30/3/80

DIE oorname van Table Top deur Fedfood kom in 'n stadium waarin dié maatskappy hom regmaak om heelwat vinniger te groei

Volgens Table Top se besturende direkteur, mnr Gert Schoonraad, wissel die reële groei in die mark waarin die groep is nou met tussen 10 en 12 persent per jaar Die produkontwikkeling en uitbreiding waarmee die maatskappy besig is, behoort daartoe te lei dat hierdie syfer ver oorskrei sal word Hy wil egter nie sê wat die uitbreiding presies sal behels nie

Die maatskappy se omset is nou R25 miljoen per jaar Hy het reeds 45 persent van die mark vir bevrore groente, 60 persent van die mark vir bevrore hamburgerkoekies as verpakking vir ander groepe by sy eie markaandeel getel word, 25 persent van die bevrore pasteimark, 8 tot 9 persent van die bevrore vismark en sowat 50 persent van die mark vir bevrore lemoensap as sy verspreiding van Minute Maid bygetel word

Sowat R3 miljoen van die omset word uit uitvoer na Brittanje en Europa verkry

Afgesien van die maatskappy se eie groei, behoort heelwat rasionalisasievoordele uit die oorname deur Fedfood verkry te word Dit is egter nog te vroeg om te sê watter rasionalisasie moontlik sal wees

Hoewel 'n nuwe direksie nou gekies sal word, bly die bestuur onveranderd

Irvin & Johnson, die maatskappy se grootste mededinger, het in November 'n mislukte poging aangewend om Table Top oor te neem Indien dit geslaag het, sou I & J nou 'n aandeel van 80 persent in die mark vir bevrore groente gehad het Sy enigste mededinger sou ICS gewees het wat 'n markaandeel van 20 persent het

(232) (186)

ST 15-9 EXAMINATION RESULTS IN FACULTY ARTS

13100 PERFORMERS DIPLOMA I, SPEECH & DRAMA YEAR : V/A

AS AT 29 02 80

PAGE 1

13100

STUD NO SURNAME FIRST NAMES COURSE SYMBOL DESCRIPTION

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OWNERSHIP & Control

April – May 1980

Oppenheimer talks on the Cons Gold deal

'We blocked the mystery bidder'

(232) RDM 13/5/80

By NEIL BEHRMANN.

LONDON. — Mr Harry Oppenheimer has confirmed that De Beers and Anglo bought 25% of Consolidated Gold Fields to block another bidder.

In an interview with the Sunday Telegraph here, Mr Oppenheimer said he had been uneasy about Gold Fields for several years

The only protection against a major predator was its size Yet, for a big oil company or even a large mining company flush with gold profits, this was not neccesarily sufficient, said the Anglo American chairman

Last October (when Business Mail and Cape Times first published the unusual activity), De Beers noticed a big buyer in the London market

The immediate thought was that it must be General Mining However, Mr Oppenheimer decided that the bidder was not an Afrikaans mining house

"Nonetheless, we decided someone was going to go for it and if so, it would upset the whole balance of power," said Mr Oppenheimer "It was never the intention of De Beers – and the whole operation started as a De Beers as opposed to an Anglo American, one – to take control "

"But I wouldn't like someone else to control it I wouldn't like us to control it either, as it would be politically unwise to bring under one roof 70% of the South African mining industry."

Mr Oppenheimer reckons that the balance of power is something worth paying for

"We are substantially the biggest mining group in South Africa, and a lot of business comes to us because of our size Obviously our position would be affected if another group were as big "

If it was not General Mining, who else was in the market? Mr Oppenheimer says he still does not know It might have been an oil company – Atlantic Richfield and Exxon were both mentioned – and that would not have pleased the Anglo men

"That would not have been to our advantage," says Mr Oppenheimer He believes that someone without any knowledge of the South African mining scene, might have disturbed the delicately developing balance

Mr Oppenheimer has now tied up Cons Gold and the offshoot GFSA His two companies, De Beers and Anglo have just under 25% and have stopped buying

Recently, there were reports that undisclosed nominees in Cons Gold register had increased, but Mr Oppenheimer has not confirmed that the buying has emanated from the Anglo stable

However, Mr Oppenheimer has now gone on record as saying that he would not rule out increasing the stake to 29,9%, "in the future "

Yet, that will be the maximum holding, "unless someone were still to bid ".

The Sunday Telegraph calculates that with Cons Gold ruling around 462p, the Anglo paper loss is £38-million on the £150-million purchase which was made in February

14/5/80

FM

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PEUGEOT FACTORY

Defence Force moves in

The comings and goings of helicopter-borne army brass has been the talk of Natalspruit for months. Now the secret's out: the Defence Force has bought the old Peugeot Citroen factory in Alberton for R1m.

An army spokesman confirms the deal and tells the *FM* that the huge layout will be used primarily as storage space. There will be plenty of it.

The developed portion of the site alone contains some 70 000m² of covered floor space in five industrial buildings. That approaches the size of the trading area of Eastgate and, spacewise, is believed to be the biggest deal of its kind concluded in SA.

Total site area is equally impressive — 50 ha of non-contiguous land situated in both Alberton and Germiston. Defence says there is plenty of room for its needs with storage as its main goal. It has been interested in the property for at least 18 months and took an option six months ago.

The Peugeot Citroen operation moved out about a year ago when the group tied up with Sigma. Since then the buildings have been systematically stripped of the trappings of motor manufacture and are now "clean" and awaiting the arrival of the Defence Force.

The plum deal has been clinched by John Penny (of John Penny Pty) who has held sole agency since 1978. Penny says he played a hunch a couple of years back by deciding to have an in-depth look at what was happening in the motor industry.

"The rationalisation going on at the time convinced me that things were on the move," he says. "It certainly paid off."

The deal is believed to have been struck a little below original valuation, but Penny points out that it's a custom-built property with very few potential takers.

In the event, Peugeot Citroen have probably done well to get out of it with R1m. The alternative was to sit with unproductive premises and substantial holding costs without enhancing the prospects of a better deal.

For its part, Defence has obviously struck a hard bargain and still obtained precisely what it was looking for.

De Beers — market overlooks the hidden riches

RDM 16/5/80

216 74 232 214

LONDON — There is a major anomaly in the mining share market which cries out for rectification, writes Andrew Wilson in the Sunday Telegraph

For years platitudious arguments have held sway rather than fact — and it is frequently difficult for the major investment funds to reverse their long-held beliefs and even more so those of their trustees

To begin at the beginning The world's most efficient monopoly is that of the Central Selling Organisation which can count among its customers every significant diamond producer other than Ghana

Even the Australians are likely to join the list of those who receive monthly cheques in respect of the Ashton mine when it begins to produce marketable quantities of diamonds later this year

Ghana's production of 1 500 000 carats has a gem content of only 15% and these are not of high quality That leaves the CSO selling revenue in 1979 of $2 598-million (R2 192-million)

By far the largest proportion came from gemstones and this is where the CSO's parent, De Beers, really scores At present, it produces around 45% of world gemstones from its mines in Southern Africa

But as pointed out here before, this proportion will rise over the next few years so that its share will exceed 55% with the major variables or unknown being Australia

But the evidence from there indicates that Ashton could best be compared with the Orapa mine in Botswana with an 80% industrial diamond content

Industrial diamonds have prices around 200p a carat at a crude approximation whereas a poor quality gemstone would start off a hundred times higher in the uncut form

But there now appears to be some pressure on supplies worldwide This has encouraged De Beers to develop synthetic alternatives, including one incorporating boron nitride for use in machining hardened steels This points to a higher cash contribution from this source to De Beers revenue in future years

Part of the adverse market sentiment to De Beers arises from the historically high proportion of profits gleaned from South West Africa at Consolidated Diamond Mines Until recently, these accounted for over a quarter of net group profits But in 1979 this had declined to 18% accompanied by a decline in diamond output of 246 000 carats to 1 650 000

While the future of South West Africa remains a little uncertain, De Beers is still plugging ahead to evaluate new reserves although CDM's life expectancy is now the equivalent of 10 years at 1979 production levels unless there are significant discoveries

The shortfall is to be made up from that part of the De Beers group which I have found the most exciting — Namaqualand which is to the south of the Orange River There too, as at CDM, the ancient marine beaches contain large quantities of diamonds, although for some inexplicable reason these tend to be smaller than those on the northern bank

But the deposits seem to extend ever farther south with desposits at Mitchells Bay, 65 km away from the mines at Kleinzee appearing to have the potential to be a significant contributor to group profits

The heavy concentration on research is leading to greatly improved diamond recoveries Treatment of the old spoil dumps at Kimberley saw a sixfold jump in the quantity recovered in 1979 at 335 000 carats At the nearby Finsch mine, a switch from an open pit to underground mining will lead to a 2-million carat increase to 4 500 000 carats, so that with the discoveries in Botswana, De Beers output by 1983 will have risen from 14 million to 18-million carats

So far, so good Will diamond prices hold? The market is quiet at present, with the amounts being offered at the sights being reduced Against reduced volume, however, the 12% increase in prices announced in February, coming in the wake of a 13% rise last September, appears to be sticking

At this stage, it seems fairly safe to assume that diamond profits will be much in line with the R831-million of last year But from here on, the inherent strength of De Beers begins to show itself On a balance sheet basis, the mines and plant are valued at a mere R155-million, whereas on a realistic basis their value is nearer R1 000-million This is computed on the basis of De Beers earning 60% of its diamond profits from its own operations

Once De Beers had only its cash balances to fall back on But in return for being treated as the Anglo American cash milch cow for several years, it has now accumulated an outstanding investment portfolio In addition to cash on hand of R981-million at the end of December, it had 38,5% of Anglo American and 15,9% of Minorco

The overall portfolio excluding cash was worth R2 304-million at the yearend which generated income of only R82 700 000, or a mere 3,6% But that was a year when gold averaged only $307 compared with the average for the first four months of this year, calculated on a perhaps artificial daily basis, of $603,25 an ounce Income from this source will explode in 1980 helped by the acquisition of a net 12½% of Consolidated Gold Fields

It says much for the De Beers cash flow and profitability that it did not have to seek Reserve Bank permission to buy the Cons Gold stake, the amount of cash accruing through double taxation relief was sufficient — and we are talking of sums of around £150-million being held outside South Africa not required for diamond stockpile financing, which were used effectively to help fund Anglo's 12½% stake as well

The links between Cons Gold and De Beers/Anglo are to become closer The probable appointments to the Cons Gold board of Mr Julian Ogilvie Thompson from South Africa and Mr Neil Clarke from Anglo/Charter Consolidated will be balanced by Cons Gold chief executive Mr Rudolph Agnew taking his place around the table at 44 Main Street

At this stage, investment income should improve by over R100-million to R240-million This leaves pre-tax profits around R1 200-million and earnings showing a positive trend with a rise from 206c a share to 220c, depending on tax

The dividend total could well increase from 72,5c to 80c a share This would cost R288 million which dividend income alone covers over 1,4 times, leaving the diamond profits in for nothing So one has an investment yielding a prospective 11 5% with the shares at 348p, covered by assets of R12,50 a share

The discount against the mining-finance house such as UC Investments or Amgold is unjust and De Beers emergence as the world's largest investment holding company has still to be realised

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...terial may be brought into the examination room unless candidates are so instructed

2 Candidates are not to communicate with other candidates or with any person except the invigilator

3 No part of an answer book is to be torn out

4 All answer books must be handed to the commissioner or to an invigilator before leaving the examination

to disqualification and to possible exclusion from the University

UK to tighten up after Anglo raid

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RDM 28/5/80

LONDON. — The UK Panel on Takeovers and Mergers wants legislation to require investors buying shares in a company, when acting in concert with each other, to disclose their total holding when their joint stake reaches 5% or more, says the chairman, Lord Shawcross.

He says the panel's annual report measures are also necessary to ensure that companies are not kept in ignorance for long when investors deliberately delay registering their purchase of shares

Lord Shawcross says market raids are equally worrying, though more difficult to deal with

He says these disclosure problems arose during the recent creeping acquisition of about a 25% interest in Consolidated Gold Fields by Anglo American Corporation of South Africa and De Beers Consolidated Mines

It was later open to institutions and others, who had been privately notified of Anglo American's above-market offer, to come back into the market at lower prices and repurchase shares which they had sold at record levels to the Anglo American group

Lord Shawcross says the definition of foreign companies which are not subject to the UK takeover code when receiving a bid was redefined after the abolition of foreign exchange controls last autumn

Foreign companies are now generally defined as non-residents incorporated abroad, or where the head office, central management and control are outside Britain Irish companies listed on the London Stock exchange remain subject to the code in this context

Previously, foreign companies were defined as those not subject to UK foreign exchange controls

Lord Shawcross says a revised takeover code, taking account of several current concerns, will be published towards the end of 1980 Revisions will be on a smaller scale than the last revision in 1976

The panel plans to consider the current proposal in the US whereby buyers of more than 10% of a company's stock during a limited period would have to tender for the balance The possibility of requiring partial bids will also be reviewed

At present, UK takeover rules require a general offer when an outsider acquires 30% or more — Reuter

Argus buys 25 percent stake in Hortors

Star 2/12/80

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By Colin Campbell

The Argus Group has bought a 25 percent plus stake in Hortors.

The chairman of Argus Printing and Publishing, Mr L E A Slater, announced this morning that Argus decided that a shareholding in Hortors, operating as it does in the printing and publishing field, was a sensible investment. The stake cost roughly R2,25m cash.

Argus acquired its interest through the stock market, and is now probably the largest single shareholder in Hortors. However, it is understood that Argus, by virtue of its market acquisition, will not have to make a similar offer to acquire other shareholders' interests.

155C A SHARE

When the Abramson-Pegg interest in the Hortors group was unwound following the Information scandal, their interest in Hortors was placed privately with local investors and institutions. The placing initially ensured that no individual shareholder controlled 20 percent or more. Since then parcels of shares have become available on the market, and Argus has been a buyer. Hortors closed on the JSE last night at 155c a share.

In his statement this morning the chairman of Hortors Limited, Mr J M Parrington, said that "during the past two weeks the volume of the company's shares traded on the Johannesburg Stock Exchange has been well above normal

"Shareholders are advised that The Argus Printing and Publishing Company Limited has notified the directors that they have made an investment slightly in excess of 25 percent of the issued ordinary shares of Hortors Limited."

12c DIVIDEND

The question of Argus boardroom representation on the Hortors board by virtue of its stake has not been considered yet.

Argus recently acquired an effective 30 percent stake in Caxton Limited, and its latest purchase takes it yet further into the printing/publishing industry.

Hortors' main operating divisions include Kalamazoo Business Systems, Sparham and Ford, Kiley Baker, Cape and Transvaal Printers, and other print and packaging interests

Hortors recently forecast net earnings of 22c a share for 1980 and a dividend of 12c a share. Total capital employed at last balance sheet date was R7,88m.

Star 3/4/80

Carrig Diamonds has exercised its right to acquire 250 000 ordinary shares of Leicester Diamonds for R250 000 (232). This investment represents 25 percent of equity interest in Leicester and will be funded from internal sources. It also retains its right to receive royalty equal to 10 percent of Leicester's gross revenue (231).

In order to rationalise operations, Carrig has sold its diamond recovery pilot plant at book value of R136 000 and payment will be received in instalments over the next two years.

...ographic film section, consisting of 5 films and 5 lectures, will be ... by Dr John van Zyl of Witwatersrand University who recently ... months in the U S A studying ethnographic film. The cinéma ... ion will be ~~presented~~ by Mr Freddy Ogterop of the Provincial ...ary who is one of the most knowledgeable experts in this field ...e therefore comprises carefully selected films and lectures ... the most up to date information available in this exciting field.

...APHIC FILM

... which reveals one society to another may be regarded as an ethnographic film. Any film which reveals the texture of human life on as many levels as possible – the appearance of a people and their surroundings, their ritual activities, the quality of their interpersonal relationships, the rhythms of their society and their values, is not only a valuable historical document, but also increases society's knowledge of the present. There is, significantly, a shortage of this kind of film material in South Africa. This course will suggest some of the strategies and problems involved in ethnographic film-making.

Lecture One	The need for context. Film *The Nuer* (70 min)
Lecture Two	Whole acts. Film *Rivers of Sand* (88 min)
Lecture Three	History as it happens. Film *Chulas Fronteras* (59 min)
Lecture Four	Backyard Ethnography. Film *Daguerrotypes* (78 min)
Lecture Five	The local scene. Film *Bushmen of the Kalahari* (50 min)
	OR a selection of local films

CINÉMA-VÉRITÉ

Some people think of cinéma-vérité, or direct cinema, as a modern version of candid camera, that is, recording life as it is lived by means of hand-held cameras and natural sound. It was, interestingly, a film style born out of technological developments and then evolved into a social concept. Largely applicable to documentary film-making, the phrase was coined to describe Jean Rouch and Edgar Morin's *Chronique d'un Été* and has since been applied to many films that employed the techniques without necessarily subscribing to the philosophy. The first 2 lectures in this series will explore the idea of cinéma-vérité as it emerged in France, Canada and the United States and the third will discuss possible applications to a relatively recent development, the committed local-issue advocate.

Lecture One	The observer. The fly on-the wall approach. Film *Chiefs* (20 min) or *A happy Mother's Day* (26 min) *Running fence* (57 min)
Lecture Two	The catalyst. Acknowledging one's presence. Film *The moontrap* (84 min)
Lecture Three	The militant. Fighting the good fight. Film *It's ours whatever they say* (39 min)

NOTE. Additional films related to this course will be screened each afternoon at 5 30 p m. It is advisable to see as many of these as possible. Fee 50c per session. The programme will be available in the final Summer School programme.

The organisers may change some of the film material listed above, depending on what is available from abroad.

Ivor Jacobson: Main Mover

Ivor Jacobson, like Robert Townsend, believes business should be fun — if it's not, get out of it. With the increased growth and profits his group is showing, he's not likely to, however.

Jacobson's Trade and Industry (T & I) has just acquired Commonwealth Shippers, thereby increasing its material assets by 25%. "It didn't suit Natie Kirsh to own the company but it certainly suits us," says Jacobson. "We have got ourselves a well managed organisation."

He lists his company's acquisitions like items on a shopping list, giving the impression that they were won with a minimal effort.

A major coup was when Jacobson took over Lags' interest in T & I. "It was the first time that a scheme of capital reduction had been put into practice in SA," claims Jacobson with pride. "Now it is common."

He assures you that while it looks like an aggressive policy of acquisition, organic developments are largely responsible for growth.

It was while he was completing his CA that Jacobson first became familiar with the shipping world. "I spent 85% of my day with a shipping house and from then on I was addicted."

With family money he started International Shipping in 1968, which was later used as vehicle to gain control of T & I. He moved into investment banking, acquiring interests in fields as diverse as textiles and catering.

"Investment banking naturally is still a small part of the business. But we are most aggressive in the area of corporate finance."

Significantly, T & I have opened eight new operations in the last year alone (the map showing international offices in the annual report is already out of date).

Jacobson is also quick to say that he is not primarily in the traditional confirming business. "Confirming is in reverse gear," he explains. And that is one thing Jacobson is not.

Is he aggressive? "No," says Jacobson, surprised at being asked. "But I do move at a pace."

Colleagues claim that he is an entrepreneur in the true sense. His mind can embrace anything — he moves with ease from finance figures in Johannesburg to operations in Hong Kong.

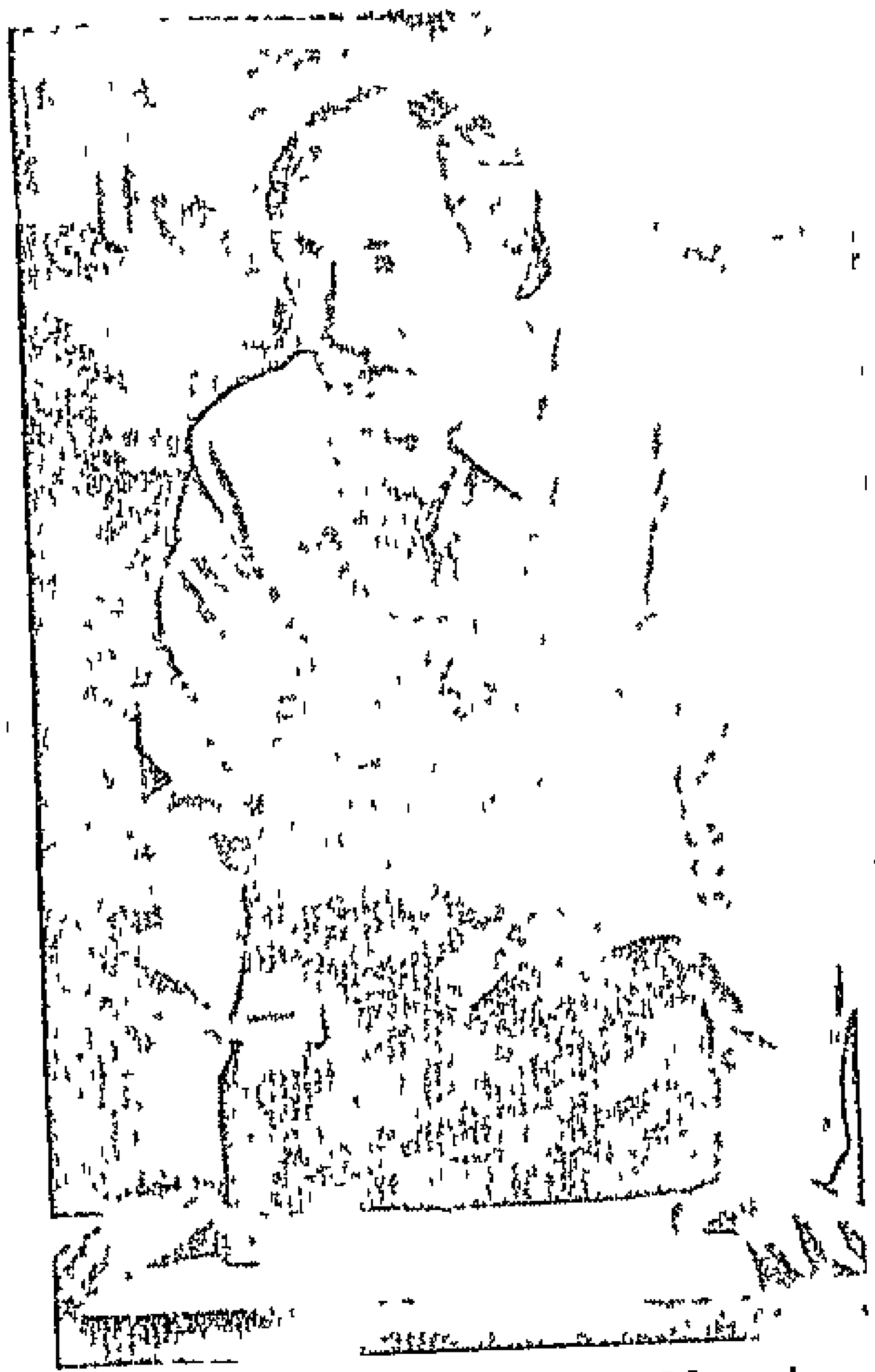
If the strength of the group lies, as Jacobson claims, in the management team, what attributes should management have? "You need to be immaculate in everything you do." That he appears to be. Even the Cuban cigar (not many Havana smokers are inventive enough to have them at the moment) is inoffensive and under control.

What about his competition? He laughs. "What competition? There is not much that is meaningful in the shipping business. Merchant banks are, I suppose, the people we are up against."

If SA operations make up the smaller proportion of the group and there is an increasing tendency to do international business, why not move the operation from Johannesburg? Jacobson shakes his head, and you get the feeling that he would not even consider it. "You don't have to be in London to run it. Our management is good and can handle most of what has to be done. I physically visit each branch every six months. Anyway, what better place to live than SA?"

What will he do when he no longer finds business fun? Retire? At 39, and still moving fast, it doesn't seem to be a possibility. "But the Bahamas would be good," he concedes, considering it for just a second, "and maybe I would set up a small investment banking operation."

Otherwise, it is more business. Resuscitating the Zimbabwean office is on the cards, he says, with a snap of his fingers. "We're just waiting to see what Mugabe will do."



Jacobson: waiting for Mugabe

Alderson forecast record sales

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C.T. 8/4/80

BY PAUL DOLD
Financial Editor

THE Cape Town consortium of David Abbott and Johan van der Burgh seem to have acquired control of Pretoria motor dealer Alderson and Flitton at a propitious time judging from today's report.

The board says that trading in all divisions is buoyant and profits for the second half should "substantially exceed" those in the first half and the final dividend is likely to be higher than the interim

Provided sufficient stock is available car sales are expected to reach record levels

In the first hint of expansion since the consortium bought its 41,5 percent in March, shareholders are told that the group is investigating the establishment of additional outlets

"It is the long-term objective to broaden the earnings base of the group into other areas but at the same time strengthen its traditional areas of operation"

Thus it looks as if shareholders will not have to wait long for further news and heavy emphasis will be on expansion

The company has both the Sigma franchise and General Motors and the latter with its new Opel could prove particularly interesting

The consortium is making a stand-by offer through its stockbroker Davis Borkum & Hare to minorities at 60c a share, the same price at which it bought its stake from the Richards — Kholy family interests

As the share price is well above this level, currently around the 79c mark, few minorities can be expected to take up the offer The shares have been steadily moving up in fairly high volume and even the present price is a discount on net asset value

The quality of the deals which emerge over the next few weeks will be a definite indicator on share price prospects A series of outstanding deals could push the price well ahead

While industrial shares generally may be looking a bit toppy Alderson is a special situation and should prove a rewarding investment and downside potential looks limited on yield prospects

The group earned 3,2c in the first half and paid a 1c interim Earnings of 12c a share for the year look within reach with a 5 — 6c dividend Thus the share is on a prospective minimum yield of over six percent and possibly as high as 7,6 percent depending on trading for the remainder of this year

Judging from the bullish tone of the latest statement, and with the economy now moving swiftly ahead and car sales booming, Alderson is set for growth

Genmin bid to ease the diesel problem

C.T. 9/4/80 (232)

By ADAM PAYNE

JOHANNESBURG — In the recent merger of General Mining and Union Corporation, one aspect of enormous importance that was virtually ignored — because no projected earnings were possible — was the exploitation of Genmin's Springbok Flats coalfield for oil and chemicals

I am told that when this project comes to fruition the accent will be on providing a product suitable for diesel production and the project would thus be a powerful weapon in reducing the shortage of diesel fuel which threatens to become a serious problem from 1983

Already South Africa is a net exporter of petrol from time to time because more petrol than needed is refined to obtain the much needed diesel fuel Two important milestones lie ahead in Genmin's drive to launch its coal liquefication project

- Before the year ends, Genmin will know if its coal performs well in coal liquefication demonstration pilot plants overseas, which produce a few tons a day

- Also, during the year the process developers overseas, who have spent probably up to R1 000-million on research and development, will get the first results from their experiments in scaling-up the size of their pilot plants to commercial-size plants

It is obvious that this project will have national strategic implications, and that normal commercial considerations will not be the only criteria in launching it It would be most surprising if Genmin were not already in close consultation with the government

One can expect that the final decision will be an amalgam of strategic and commercial considerations, which might easily involve government financial involvement

Genmin is not aiming to build another Sasol The Sasol process, which involves synthesis of gases, produces the lighter, or white spirits, petrols, with very little of the heavier fuels

Methanols also supply the top fraction of the barrel

The combination of these two could well lead to a situation where South Africa has to import excessive quantities of crude oil and re-export both the top of the barrel fractions — petrol, and the bottom of the barrel — bunker and heavy fuel oils — to get the required volume of diesel in the middle of the barrel

This is the case for the production of synthetic crudes instead of simply multiplying Sasols

The direct method of coal conversion, with which General Mining's experiments are concerned, broadly involves the crushing of coal and the combination of this with a heavy oil base to form a slurry The hydrogen-deficient coal paste is then gradually broken down to molecular level by very high temperaures (between 400 and 600 degrees C) in a hydrogen-rich 'soup suitable for normal fractionating and refining

I am told that the direct liquefaction processes have worked fairly well in small-scale demonstration plants producing up to a few tons a day

The remaining problems to be resolved lie in the field of enginering scale-up from a few tons a day to hundreds or even thousands of tons a day

This is not simply a matter of making things bigger — the engineering is extremely complex Various overseas comanies and governments have spent sums approximating R1 000-million in total on research and development into these and related processes

To do this is clearly beyond the scope of South Africa s resources, so Genmin will be seeking to license technology once it is proved The first scaled-up plants are due to start test running overseas this year

Genmin coals have been encouraging in laboratory tests and the company has announced that sufficient coal is being sent overseas for fairly long runs in the demonstration plants which produce a few tons a day

Assuming that Genmin is told this year that (1) its coal is suitable for liquefaction in a demonstration plant and (2) that scaling-up experiments by the developers have ben successful, the next logical step would be for Genmin coal to be tested on a large scale in the scaled-up plants

If this is successful then, subject to financial viability, the project would be ready to go If eveything goes right, one could guess this stage being as late 1981

Should further rsearch work be needed at any step the project will obviously move backwards in time

Given the world liquid fuel position, it should be more a question of "when" rather than of "if" the project gets under way

The size of the undertaking is speculative at this stage I am told that even Genmin cannot evisage any particular size

The diesel shortage is so serious that the equivalent of a Sasol 4 could be justified costing between R3 000-million and R4 000-million

On the other hand, it might be prudent with a complex new process to start with the first unit of a modular scheme and build up later A great deal will depend on oil politics and economics

Genmin at its press conference reporting on the Springbok Flats coalfield disclosed that in partnership with Trans-Natal Coal Corporation it has already invested R13 200 000 on the project, building up a picture of the reserves in the area and researching the alternative ways of exploiting them

Briefly, the reserves fall into four fairly distinct zones an area of blend coking coal, areas of medium quality steam coal showing significant concentrations of uranium, extensive areas of medium low-grade steam coal and lastly, smaller areas of poor quality coal

Of great interest is the fact that certain of these coals are more reactive to chemical processing than coals in established fields

The company's plan for exploiting the coalfield falls into three separate operations

1 The coal mining phase which will involve general mining (45%) in partnership with Trans-Natal (55%) in the benfication and production of a washed product

2 The exloitation of the carbonaceous content of this coal which has Sentrachem holding a 49% participation with General Mining and Trans-Natal each having a 25 5% share

3 The metallurgical project which processes the uraniferous ash produced by the carbonaceous operation In this case particpation is split evenly between General Mining and Trans-Natal Only part of the coalfield contains the higher concentration of uranium

As to the oil situation generally, even after allowing for various economic and conservation measures, the minimum growth rates for petrol and diesel needs are now estimaed at 2% and 5% annually respectively

Satisfying the country's diesel needs is already a problem and one which is likely to be exaggerated once Sasol 1,2 and 3 are all on steam

If the traditional refineries set their imports of oil at a level which, with Sasol, will satisfy South Africa's total liquid fuel needs, then given the limitation of the breakdown of crude oil by South African refineries, there will be a considerable over-supply of petrol and a critical shortage of diesel from 1983

The government's awareness of this problem can be seen in the additional incentives which are being offered to domestic synthethic fuel processes which specifically favour the production of diesel The gap has to be filled

Seardel pays R2,5m for Sharp 75%

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RDM 11/9/80.

By SIMON WILLSON
Industrial Reporter

SHARP Electronics SA secured a major injection of capital yesterday when Seardel Investment Corporation bought a 75% interest in Sharp and its subsidiary companies.

The deal, worth R2 500 000, was signed by Seardel's chairman, Mr Aaron Searll, and his Sharp counterpart, Mr Colly Fram, and comes into effect from July 1 this year.

The price will be paid by an allotment of 150 000 shares in Seardel at R3,10 a share, with the balance in cash

Mr Fram remains in control of Sharp's management team, and will have a seat on the Seardel board as chairman of the Sharp group

Sharp is in the unusual position of being the sole South African distributor for the Sharp Corporation of Japan, but at the same time remains outside the Japanese multinational company's network of worldwide subsidiaries.

Sharp SA was set up with R200 000 in capital in 1973, and now ranks ninth in size in Sharp's international distributors It has assets exceeding R9-million and a turnover of more than R19-million

Cape Town-based Seardel is involved in the manufacture of apparel, leather goods and toys and also has substantial interests in shipping and freight forwarding

The group has 24 subsidiary companies — 20 in Cape Town, three in Durban and one in Johannesburg — employing 7 500 people, and has a turnover of more than R100-million.

"We have been looking to diversify for over two years now, and in all that time we never found a suitable partner," Mr Searll said yesterday.

"We wanted to diversify into consumer goods, and we were looking for compatible management and an international brand name

"Sharp turned out to be exactly the sort of company we had been looking for, and right from the start our negotiations went perfectly," Mr Searll said

Mr Fram said Sharp had been on the lookout for additional capital since its inception, and had held informal talks with several merchant banks

Sharp is established in the pocket-calculator and car-radio markets, and the capital that will become available as a result of the Seardel deal is to put to use in a major sortie into the hi-fi market.

"We aim to start hi-fi production in March 1981 This is part of the consumer durable market we have been eyeing for some time as stereo audio equipment is going to be a great growth field," Mr Fram said

"We'll be aiming at the mass end of the market· portable radios, cassette recorders and music centres."

FM 11/4/80

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GROUP OWNERSHIP

Closing loopholes

The Share Block Control Bill read in Parliament recently has weighed in, as expected, with some pretty stringent controls on the owning of immovable property through the lesser-known method of group ownership

Most of the controls are related to accounting procedures and the rights of share block owners, as recommended by the Van Tonder Commission And although it is only partly through the parliamentary process, the Bill should provide a formula which will prevent some of the disasters of the past

Relatively unknown in the Transvaal, share block ownership has been successful in Natal and the Cape for almost 30 years And it is seen by property experts as a worthwhile alternative where the opening of a sectional titles register is unsuitable The immovable property is owned by a company Ownership of a particular portion of the property is then achieved through an Ownership, Use and Occupation Agreement (which, according to the Bill, must be in writing) linked to a block of shares

The South African Property Owners' Association (Sapoa), and the Institute of Estate Agents (IEA), who worked closely with the Van Tonder Commission on the recommendations, have welcomed the introduction of the Bill, saying it performs two basic functions.

Spokesman for Sapoa and the IEA, Kevin Moore, maintains the legislation recognises the share block system has a place on the South African property scene, and that, properly controlled, it should be viewed as complementary to the sectional title system

The Bill, he says, provides a workable mechanism which will both enable and control the conversion from the share block to sectional title form of ownership, thus replacing the much criticised Section 23 of the Sectional Titles Act

Sapoa and the IEA believe the Bill will provide a reasonable balance in protecting the interests of all parties involved — owners, developers, mortgagees and creditors

Despite general approval, the two property bodies are nevertheless hoping to have some of the technical aspects altered before the Bill is enacted

Moore sees the Bill as a stabilising mechanism which will help prevent the unscrupulous from taking advantage of the system's' loopholes Most of the flaws in the past, he says, have been caused by schemes which have not been set up and managed properly

RETCO FM 11/4/80 (232)

Property squeezed

With the current suspension of Retco while negotiations are in progress over a sale by SA Breweries of its interest in the company and an offer to minorities by a consortium of pension funds, the preliminary profit statement is of limited importance Profit before tax fell 24,9% to 2,8m (R3,7m), while earnings were 34,4% lower at 2,35c (3,6c)

The directors attribute the profit fall to lower income from property sales, higher operating costs and a bigger interest bill Income from properties rose 9% to R13m (R12m), while after operating costs the figure was 7% higher at R8,2m (R7,6m) Therefore, costs were 11,6% higher at R4,8m (R4,3m), which is not particularly high when compared with the annual inflation rate, but shows up the low increase in property income

The increase in property income flowed from higher rentals and a reduction in vacancies, though no figures are available Most of Retco's properties are office blocks in the Johannesburg CBD as well as flats and hotels During the year, subsidiary Longtill was placed in provisional liquidation, apparently as a result of low tender prices and inadequate escalations As a result, Retco has written R2,4m off reserves, which would mean a reduction in net worth per share of some 3,7c At end-March nav would thus be around 107c a share

Though the results for the year to end-March are disappointing, they are better than expected at the halfway mark when 0,8c (1,7c) was earned Then the directors said second-half earnings would be "slightly higher" than in the first six months In the event, they were double There were no profits on property sales in the first half, hence the overall reduction for the year

As usual Retco distributed nearly all its earnings The total payment for the year amounts to 2c (3c) which puts the share, at the pre-suspension 75c, on a low 2,7% yield But that is academic until negotiations are completed *Des Kilalea*

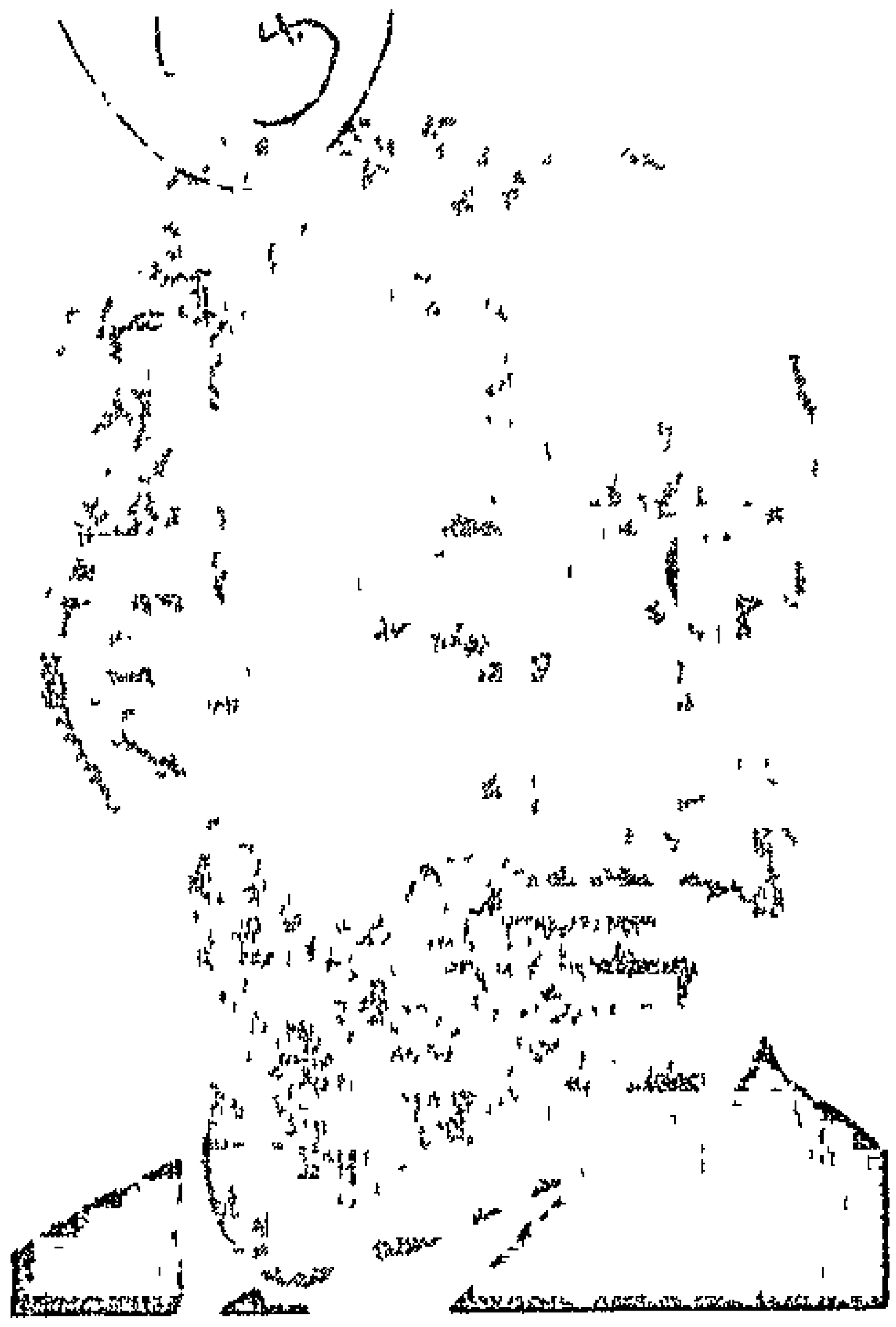
CONS MURCH
On the mend

Activities *Mining company operating in the Letaba district Transvaal Produces a large part of the world's antimony concentrates JCI is the largest shareholder with 25,2% of the equity*
Chairman and managing director *H Dalton-Brown deputy chairman J M Meyer*
Capital structure *4 2m ordinaries of 10c Market capitalisation R38,3m*
Financial *Year to December 31 1979 Net cash R3,3m Current ratio 2,0 Capital commitments R1 4m*
Share market *Price 920c (1974-80 high 1 125c, low 365c, trading volume last quarter, 369 000 shares) Yields 20,8% on earnings, 10,9% on dividend*

	'76	'77	'78	'79
Concentrate output (000t)	18 3	19 8	16 3	20 1
Turnover (Rm)	23 0	17 3	11 6	23 3
Working profit/(loss) (Rm)	11 4	3 0	(1 2)	9 2
Earnings (c)	186 5	69 5	-	190 9
Dividends (c)	140	30	--	100

In quoting Cons Murch shares at 920c — 50% up on a year ago — the market has taken the view that the problems of 1978 are well behind the company And on the past year's results the re-rating seems justified

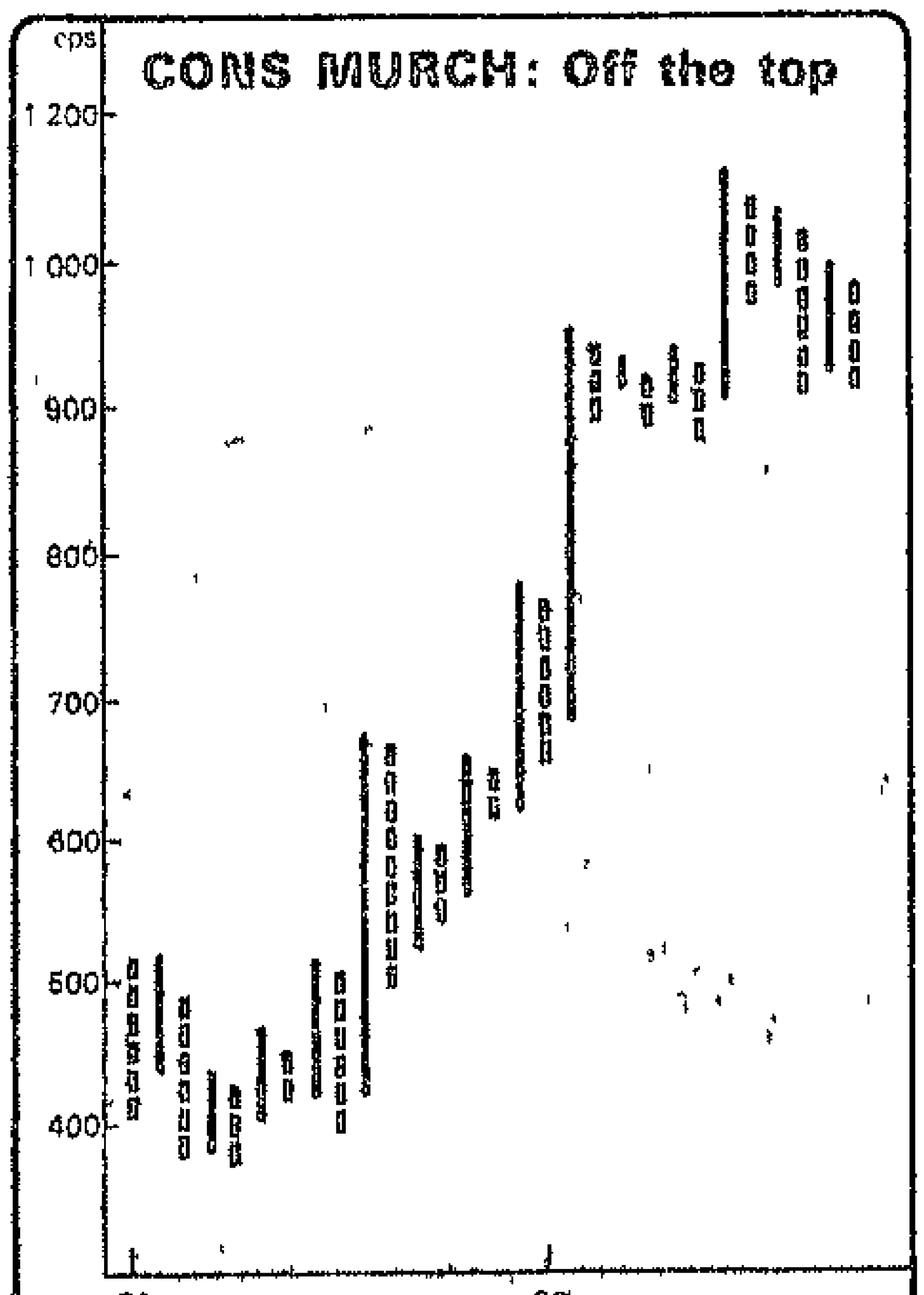
Earlier technical problems which restrained production in 1978 have been largely overcome, while, helped by re-establishment of previously reduced consumer inventories, sales tonnage almost doubled to 22 473t (11 632t)



Cons Murch's Dalton-Brown fewer problems to face

In the event, year-end stocks were reduced from 9 311t to 6 904t And as stocks are carried in the company's accounts at zero value revenue from stockpile sales was pure profit in the company's hands There is scope for further sales from stocks with probably, a minimum stock level of not much more than 2 000t necessary for the maintenance of an orderly marketing programme

Which is all very well, but circumstances beyond the company's control could make 1980 a more difficult year than 1979 With US prime rates in the region of 20% correspondingly high UK interest rates and the increasing possibility of a savage economic recession developing,



major customers who have helped fund the mine's antimony oxide plant will almost certainly tighten up their own inventory controls Couple that with the possibility of a significant demand downturn, and the year could be a tough one

That, of course, is all hypothetical On the factual side, last year's sales and earnings recovery has allowed the mine to carry out previously deferred but necessary capex projects Last year capex absorbed R2 8m and chairman Tony Dalton-Brown expects capex to run at about R4m this year -- largely for shaft sinking

That however does not faze Dalton-Brown Despite his prediction that antimony sales and profits will run at about last year's levels, he hopes that dividends can be maintained because of considerably higher gold revenue

Last year the mine produced 224,6kg of gold at an average recovery grade of 0 42g/t But gold losses in concentrates were almost double at 0 82g t With the plant to recover gold from oxide slag scheduled to come on stream during this year's first quarter gold losses should fall significantly

Last year gold sales revenue was R2 5m which included payment for gold in concentrates sold to customers If gold averages only $450 this year the mine's increased capacity should mean gold revenue at least equal to planned capex this year

On the antimony side however, marketing problems could be in the offing And for the longer term the mine's remaining life is open to question A year ago the remaining life was estimated by Dalton-Brown at eight years While exploration in the vicinity of the mine and underground drilling have helped maintain reserves as yet no significant additions to reserves, have been reported Meanwhile, not mentioned in the annual report, the company is currently mounting an antimony exploration programme in Spain

Completion of this year's capex programme should make the mine a more efficient and flexible operation And there is no reason why mill head grades should not be maintained with the revised stoping methods And still on the positive side, earnings now have a much sounder gold underpinning

The difficulty in evaluating likely distributable earnings this year, however, lies in predicting antimony sales Some 80% of the mine's concentrates will soon be treated at the extended oxide plant Customers who have funded the plant's expansion may well have guaranteed to purchase its full oxide capacity If that is the case, antimony sales could well be supported even if natural demand falls away as Western economies head into recession Under those circumstances there is scope for a dividend increase this year But that is probably fully reflected in the share price

Jim Jones

AMIC FM 11/4/80

232 1-89

All systems go

Activities· *Industrial holding company in the Anglo American group Owns Boart International, Scaw Metals, Bruynzeel Holdings, African Products (all 100%) and Mondi (62,7%) Investments include De Beers Industrial, Freight Services, Highveld Steel and LTA*
Chairman *G W H Relly*
Capital structure· *27,0m ordinaries of R1 Market capitalisation R567m*
Financial· *Year to December 31 1979 Borrowings long- and medium-term, R67,0m, net short-term, R32,5m Debt equity ratio 22,6% Current ratio 1,6 Net cash flow R80,7m Capital commitments R107,4m*
Share market. *Price 2 100c (1979-80 high, 2 550c, low, 1 200c, trading volume last quarter, 184 000 shares) Yields 15,1% on earnings, 5,0% on dividend Cover 3,0 PE ratio 6,6*

	'76	'77	'78	'79
Return on cap %	21 0	18 2	19 5	23 9
Turnover (Rm)	318	327	491	736
Pre-tax profit (Rm)	70 8	58 8	84 2	150 0
Gross margin %	22 2	19 4	18 8	22 0
Earnings (c)	160	141	195	317
Dividends (c)	65	70	80	105
Net asset value (c)	1 060	1 166	1 320	1 747

Although chairman Gavin Relly warns shareholders not to expect a repeat of last year's 63% earnings increase, indications are that the group will at least be able to maintain its dividend growth rate at 30%

The main reason dividends did not increase at the same rate as earnings last year was the increased retentions of the major operating subsidiaries to take account of inflation and, in certain instances, to provide funds for expansion Another factor, however, was that Amic held back a greater proportion of its investment income Unconsolidated earnings covered the payout an unusually large 1 31 times compared with the average of 1 14 for the previous five years, indicating the scope to increase dividends even if the earnings growth rate slows down

Also, Relly's statement was written before the acquisition of a 35,25% interest in Haggie, an investment which is expected to boost earnings by about 5% based on 1979 results (*Fox*, March 28) On the 50c distribution from Haggie expected by the *FM* for 1980 the income from the 6,5m shares held by the group would be R3,25m, although the impact on Amic's own dividend income will depend on how much of this it receives from wholly-owned Scaw Metals, through which the acquisition was made

Last year's earnings improvement was broadly based with all main operating subsidiaries contributing (see table) Results were enhanced by acquisitions made in 1978, particularly Mondi and African Products which were consolidated for only six and three months respectively in that year However, the benefits were offset to some extent by changes in accounting policies of certain group companies which reduced taxed profits by R3,2m

	Contribution to earnings 1978		Contribution to earnings improvement 1979 %
Scaw Metals	34,4	29 4	21 7
Boart	33,8	28,7	20,5
Mondi	10 7	16,6	26 0
Bruynzeel	2 8	6,6	12 5
African Products	2,7	6 2	11,7
Investments	15 6	12 5	7 6

The thrust came mainly from higher domestic sales, the value of which increased by 52% compared with a 44% improvement in exports, and the proportion of exports to total sales consequently dropped from 33% to 31% A total of 86% of earnings is now attributable to SA operations compared with 80,5% in 1978

The biggest single contributor to last year's earnings improvement, at 26%, was Mondi which now also includes the SA Forest Investment group This company benefited mainly from a firm market for fine papers and virtually doubled its net profits, although with the changes in Amic's holding the group share of this company's profits increased 154%

A further paper machine is expected to be commissioned late this year, to be followed by a fifth in 1981, after which Mondi will have a capacity of between 450 000 t-500 000 t of paper products a year This compares with Sappi s 560 000 t (including Carlcor)

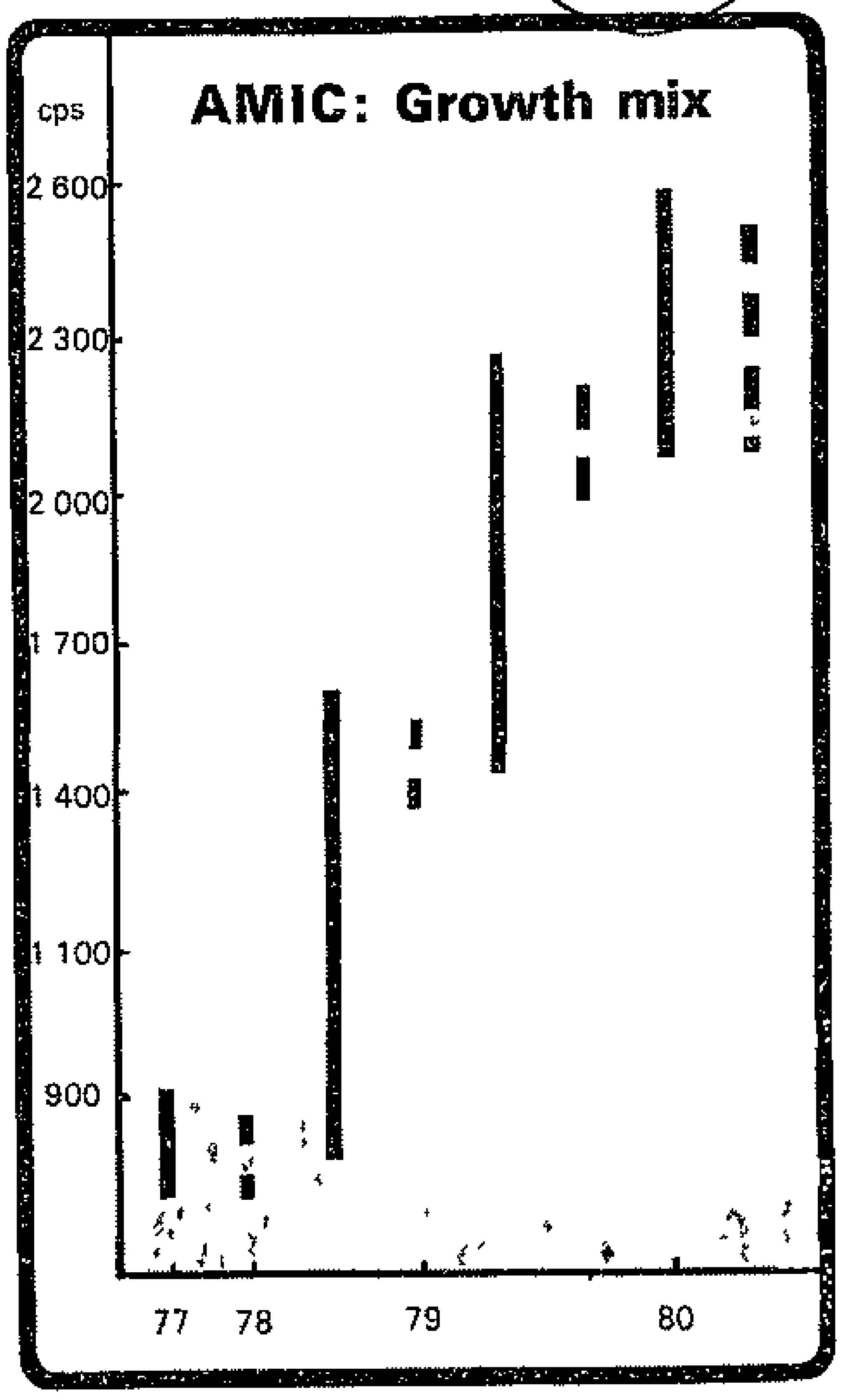
With this increased capacity, and a continued improvement in the performance of its timber and paperboard subsidiaries, Mondi is looking to higher profits again this year

Scaw Metals and Boart International contributed 21,7% and 20,5% respectively to the improvement in group earnings

Both benefited from buoyant mining industry conditions, while Scaw was also able to substantially increase export sales of railroad products More recently however Scaw has noted a softening in the international market for railroad casting and for this reason the company does not see 1980 earnings improving to the same extent as in 1979

Boart, on the other hand, has made a number of strategic acquisitions, the most important of which was a major interest (50%) in Klockner-Becorit (SA) and the partnership with the German parent of this Johannesburg coal mining equipment supplier is expected to be of substantial benefit to the group It consequently sees a further significant increase in sales and earnings this year

Group capex is likely to be significantly higher than last year's R81,3m Apart from Mondi's fourth mill, which is expect-



Amic's industrial base . . a solid earnings prop

ed to cost R70m, Scaw is to spend about R35m on a new bar and section mill, and a grinding media plant at Rustenburg to serve the platinum mines But this should not strain group resources as the bulk of it will be covered by net cash flow which is likely to total at least R100m this year

In any case, the group is in excellent financial shape and could well afford to increase borrowings, currently a low 22,6% of permanent capital Total debt increased by R24m last year, associated mainly in a restructuring of the long-term short-term relationship R28m in new long term loans were raised, while short-term borrowings dropped R4m and now account for only 46% of the total compared with 62% a year ago

The share at 2 100c looks very good value The historic dividend yield of 5,0% is above the industrial market average of 4,7% whereas, logically, a company of this quality should be trading at a premium Amic could distribute 140c this year which adds to the attractions as the 6,7% prospective yield should provide a measure of protection even if interest rates turn higher

Brian Thompson

ADCOCK-INGRAM

Rationalisation gains

Activities *Holding company which derives most of its income from the manufacture and sale of pharmaceuticals and chemicals Tiger Oats owns 52% of the equity*

Chairman *J Tannenbaum, managing director N W Nossel*

Financial Mail April 11 1980

Capital structure *1 9m ordinaries of 50c 75 000 8% cum prefs of R2 Market capitalisation R32,9m*

Financial *Year to December 31 1979 Borrowings long- and medium-term, R3,5m, net short-term, R4,7m Debt equity ratio 26,8% Current ratio 2,0 Net cash flow R4,3m Capital commitments R2,6m*

Share market *Price 1 775c (1979-80 high, 1 800c, low 1 200c, trading volume last quarter, 23 500 shares) Yields 16,5% on earnings, 5 0% on dividend Cover 3,3 PE ratio 6,1*

	'76	'77	* 78	'79
Return on cap %	23 7	23 4	22 4	26 0
Turnover (Rm)	66 9	54 4	88 5	70 1
Pre tax profit (Rm)	7 2	7 6	11 8	11 1
Gross margin %	13 2	14 9	14 4	16 5
Earnings (c)	238	210	317	293
Dividends (c)	70	75	120	88
Net asset value (c)	1 207	1 315	1 474	1 670

* 18 months to end December Annualised

Benefits from the past two years' rationalisation produced a significant improvement in profit margins despite a relatively low turnover increase And this year, though the rationalisation exercise is all but complete, another profit advance is on the cards as the full effects of the product reorganisation and cost cutting programmes are felt

PRE-TAX PROFIT MIX

	'79	'78
	%	%
Pharmaceuticals, hospitals and surgical supplies	62,5	69,1
Consumer products	6,9	6,3
Wholesale & retailing	30,6	24,6

The growth in the profit contribution from the pharmaceutical, hospital and surgical supplies division is a direct result of last year's rationalisation MD Norman Nossel tells the *FM* that Adcock-Ingram cut down its range of low volume, low margin product lines "We are not sales conscious, but profit conscious We ensure that our tendering is not subsidised by private sales All tenders must be on a profitable basis," says Nossel

Demand for products in this division was firm throughout the year In the ethicals operation Adcock-Ingrim re-established Keatings Pharmaceuticals to market licensed products alongside Rio ethicals operation Adcock-Ingram re-es- Sabax in which Adcock holds 60% had a "most satisfactory" year In 1979 new manufacturing facilities were commissioned which use locally produced raw materials, saving some R1m in foreign exchange annually New plant and machinery was also installed at the Latex Rubber products operation, which is broadening its marketing base and aiming for higher market share

The Home Products division also rationalised its product range during the year, and Nossel is looking forward to an increased contribution This, however, will mean higher marketing expenditure to increase market share The Family Circle group of retail chemists is also concentrating on increasing its advertising expenditure Chairman Jack Tannenbaum says the steps being taken are to assist chemists combat the market inroads by the chain stores

This year, with expectation of further improvements in profit margins, there should be another advance in earnings However the market has taken an apparently dim view of last year's dividend cover increase to 3 3 (2,6) times Nossel explains that the increase is not necessarily an indication of a permanently higher cover but rather that R2,6m capex is needed this year to finance a recent purchase at a low price, of land near Halfway House and new premises bought for R1,6m Adcock has also recently revised its wage structure to ensure a stable work force

With its relatively high dividend cover and strong balance sheet the company has adequate resources for further expansion An earnings hike to about 340c is possible this year, though this estimate may be conservative given the tax benefits that should flow from the R2,6m capex At 1 775c Adcock stands on a prospective 5 PE, which is not expensive on a medium-term view *Des Kilalea*

DATES TO REMEMBER

Last day to register for dividends

Friday April 18 French Bank 5 5c, Gresham 11 5c Ned Equity 4,25c, Northern Engineering 21c Picardi Hotel 3c SA Bias Binding 35c, Sage 10,5c Wankie 3 96c Willem Barendsz 6c

Meetings

Monday April 14 Natal Anthracite Metal Closures Standard Brass Vierfontein Zuinguin

Tuesday April 15 Amcoal, NEI, Vryheid

Wednesday April 16 Cons Murchison

Thursday April 17 Aberdare (Port Elizabeth) Apex, Durban Deep, EP News (Port Elizabeth) ERPM, Gaydon QH Superite Rooiberg Union Tin Vogels

Friday April 18 Bruynzeel

All meetings are in Johannesburg unless otherwise stated

Premium war a worry

(232) 11/4/80

Financial Reporter

Alexander Howden Group (South Africa) expects productivity and growth to increase in 1980, says the chairman, Mr Monty Schapiro, in the annual report

The group will benefit from the acquisition of Nathan Lazarus as well as from rationalisation and reorganisation

There is evidence that productivity measured as a ratio of turnover to number of staff has risen and the trend will continue

Mr Schapiro expects further growth from African Pension Trustees, the employee benefit and financial consultancy division, and from Africover started in late 1979 for the black community Africover has reached profitability much sooner than was expected

Mr Schapiro says his optimism for 1980 is tempered by problems facing the group and all other insurance broking companies because of the premium rate war in the short-term insurance industry Because of this problem, he is unwilling to predict group earnings for 1980

Fedfood

RDM 12/4/80

THE LISTING of Federale Voedsel was suspended by the JSE yesterday at the company's request Fedfood is engaged in negotiations for the acquisition of a fairly large company, the result of which could have an effect on the value of its shares.

(232)

Mitcotts pays R1m for firm

RDM 15/4/80

NEGOTIATIONS have been concluded by which Mitchell Cotts will acquire the total share capital of W J McIntyre (Pty) for a cash consideration of almost R1-million, a Mitchell Cotts statement says.

McIntyre is a Vereeniging-based company which specialises in the supply of precision engineering requirements to major industrial concerns in the Vaal Triangle and beyond, including Sasol at Secunda and Iscor in Newcastle

The company will be a separate, wholly-owned subsidiary of Mitchell Cotts and will operate under the sales and distribution group of Mitchell Cotts companies, said the statement. —Reuter

Simba and Riviera in link-up

[illegible] — [illegible] its [illegible], Simba Quix has acquired the [illegible] of Riviera Foods.

Fedfood said in a statement, the merger of these two operations will create South Africa's largest snack food, biscuit and sweet manufacturing and distribution network.

Riviera's three shareholders will receive a payment of R?50 000 cash and a ?5% equity stake in Simba valued at R1 500 000 based on conservative projections.

The combined Simba-Riviera operation should contribute between 15c and 20c to Fedfood earnings in the current year to March 31 1981, the statement added. — Reuter

Alderson offer

(232) RDM 15/4/80

Financial Reporter

ALDERSON & Flitton Holdings says the consortium of Mr D W Abbott and Mr J E van der Burgh, which has acquired about 41,5% of the issued ordinary A&F shares at 60c each from the Richards Kholy family interests, is now offering to buy other shareholders' shares at the same price.

Since the relisting of A&F shares on the Johannesburg Stock Exchange on March 12, the market price has ranged from a low of 70c to a high of 85c The market price was 73c on March 26, but net asset value a share at June 30, 1979, the date of the latest audited accounts, was 97c

As the JSE market price is higher than the offer price, the stock exchange has agreed that this offer can take the form of a stand-by offer which opened on April 8 and will close on April 25.

The company says that further to the interim report of February 15, trading results in all divisions indicate earnings for the second half of the financial year should substantially exceed those of the first half, and it is expected that the final dividend will exceed the interim

The company is confident about its future, and the change of control should strengthen the current improvement in company prospects.

Providing sufficient stock is available, sales are expected to improve to record levels. The company is investigating the possibility of setting up additional outlets

The company's long-term objective is to broaden the earnings base of the group into other areas, but at the same time to strengthen its traditional areas of operation

RDM 17/4/80

Cape Wine draws R174-million

3.32 (182)

By HAROLD FRIDJHON

THE issue of 14-million shares at 115c in Cape Wine & Distillers, the new R223-million holding company for the Rembrandt/KWV/SFW wine and spirit interests, was oversubscribed nearly 11 times, Senbank announced yesterday.

Applications received were valued at R174 800 000 and totalled 152-million shares

When the offer was made at the end of March, 1-million shares were reserved for staff, these were oversubscribed 2,8 times.

Six-million shares were to be allotted to "bona fide registered wine farmers and wine cooperative societies" — these attracted applications for 18 900 000 shares, an oversubscription rate of 3,15 times.

The public allocation of 7-million shares was oversubscribed 18,6 times, the issue attracting applications for more than 130-million shares.

The directors of Cape Wine will decide on a basis for allotment later this week; it is expected that the shares will be listed on the Johannesburg Stock Exchange on April 30.

Twins stand-by offer

LDM 17/4/89 232 (TBP)

THE controlling shareholders and certain executives of W & A Investment Corporation are making a stand-by offer of 229c a share to the minority shareholders in Twins Pharmaceuticals

The reason for this move is that since the intention to acquire control of Twins was announced, the ordinary shares have traded well above 229c

The acquisition of the Twins shell — after which it will have a 50% shareholding in W & A — will mean that Twins will be the controlling company of W & A Within a year, trading assets of at least 25% of total assets not connected with the current operations of W & A are to be introduced into Twins

The JSE Committee has called for information from stockbroking firms on all transactions carried out by them in Twins shares from January 2 to February 22, inclusive

The reason for the inquiry is the fluctuation both in the price and the volume of trading in the share in that time

Thos Cook wants a home for R30m

RDM 18/4/80

232

58

64

By SIMON WILLSON
Industrial Reporter

THOMAS Cook, the world's largest travel company, expects to have an extra R30-million to invest this year and the company's chief executive, Mr Alan Kennedy, is in Johannesburg to look at expansion possibilities for Thomas Cook's South African operations

The R30-million, in cash and shares, is expected to accrue from an international deal in which Cook will sell part of its traveller's cheque empire to a European holding company to create a world-wide traveller's cheque system

Thomas Cook is looking for areas to expand with the new investment capital, and the Transvaal region is high on the list

Mr Kennedy said at a news conference in Johannesburg yesterday he would discuss with the company's South African board the areas where Thomas Cook operations could most profitably be expanded

'We'd be interested in being simply a larger company in South Africa -- we can see very sensible reasons why we should expand in the Transvaal area

'It is an easy area to control, it's easy to advertise and to amortise your advertising costs across more branches," Mr Kennedy said

Thomas Cook has a network of 14 branches around South Africa

It is the largest European issuer of traveller's cheques, and deals in sterling, United States Canadian, Australian and Hong Kong dollars, French and Swiss francs, yen and Indian rupees worldwide through more than 25 000 outlets

Mr Kennedy said the R30-million deal, which gave Thomas Cook a 20% stake in the new European holding company, did not represent a desire by Thomas Cook to withdraw from the world traveller's cheque market

'In fact, it is a strategy to strengthen our position in the traveller's cheque field,' he said

'Traveller's cheque marketing over the next few years is likely to be dominated by big financial institutions which widen the area in which the cheques are accepted and guarantee the cheques' refundability

"We decided the answer was to align ourselves with major financial institutions, so we reached this agreement to sell our United States, Canadian and Australian dollar traveller's cheques to this new European holding company."

His company stood to reap the benefits of a larger sales volume and economies of scale

Thomas Cook officials say the product of their traveller's cheque link with the European holding company will be a newly designed European traveller's cheque with increased world-wide acceptance because the leading European banks are expected to be part of the scheme, and a better encashment back-up, supported by the banks

A possible barrier to any expansion of the traveller's cheque business in South Africa is the domestic and international strength of the credit card, but Mr Kennedy said he did not view traveller's cheques and credit cards as being in direct competition

(b) Manual labour is hired locally from week to week.

(d) All the plant needed for Southampton has been owned for some years. £1,6000 is the year's depreciation (straight-line) in the financial accounts. If the Hull job is taken, less plant will be required, and the surplus items will be hired out for the year on similar work at a rental of £750. Interest is based on a memorandum entry, at 5% of original cost, in the cost records.

(f) Office and general expenses amount to about £1,800 every year.

Required:

A revised budget (if you think revisions are called for), adhering as far as possible to the same order as that used for the data above, showing which job you (as a director) prefer, with short notes explaining your guiding principles and any calculations. Both jobs would last 12 months; no other jobs are being done or are likely to be offered.

FM 18/4/80

(732) (R.17)

GEFCO

Battening down

Activities *Mining company producing crocidolite (blue asbestos) from a number of mines in the Kuruman area of the Cape Province and BophuthaTswana Managed by General Mining which owns 43,8% of the issued shares Sentrust holds 13,2% and Sanlam 7,3%*
Chairman: *C H Walters*
Capital structure· *12,0m ordinaries of 5c Market capitalisation R25,7m*
Financial: *Year to December 31 1979 Borrowings net short-term, R11,4m Current ratio 1,2 Capital commitments R284 000*
Share market· *Price 215c (1979-80 high, 430c, low, 215c, trading volume last quarter, 155 000 shares) Yields 17,8% on earnings, 15,1% on dividend Cover 1,2 PE ratio 5,6*

	'76	'77	'78	'79
Fibre produced (000t)	57 5	76 1	64 3	50 5
Turnover (Rm)	39 3	47 1	45 1	39 6
Pre tax profit (Rm)	9 7	15 1	12 8	6 7
Earnings (c)	66 0	94 3	70,3	38 3
Dividends (c)	30	52	55	32 5

Gefco has problems that are unlikely to be easily or quickly overcome The developed world is increasingly wary of using potentially hazardous blue asbestos, demand has fallen significantly with a slowdown of infrastructural developments, and consumers in Eastern Europe, who are increasingly strapped for hard currencies, are asking for and apparently getting extended credit terms

The combined effect of these market problems has necessitated a considerable tightening up of the company's mining operations And from the chairman's comments it is clear that the company is digging in for a protracted period of slack demand As he says "Steps are being taken to contain costs by eliminating activities and cost centres hitherto regarded as essential for a speedy return to full production" In other words, operations are being phased out and are unlikely to be brought back on stream in a hurry

Available markets are being fought over by the SA crocidolite producers, and the competition is cut-throat Gefco is attempting to counter some of the competition by ensuring that its product meets tight specifications, particularly as regards reducing the health hazardous micro-fibre content of its finished product But this move, albeit necessary, has resulted in lower recovery efficiencies and higher cost of sales That being the case, profits are in a vice and a further near-term tightening is in prospect

But, while costs remain under pressure, the company has to maintain a relatively expensive exploration and mineral rights acquisition programme. New deposits are increasingly difficult to find and competition for them is tough

For the longer term, management is confident that the company's product will enjoy steady growth But that is little consolation to investors with shorter-range objectives Any significant market improvement is unlikely this year, and it is probably safest to count on a further contraction accompanied by keener prices with fixed overheads having to be carried by lower production tonnages

While that continues, and particularly so long as the communist bloc can demand and get easy credit and payment terms, management could well take the attitude that additional earning retentions are necessary until the position improves So dividends could well be under double pressure

On an historic yield basis, the share looks ridiculously cheap — and it probably is for investors prepared to look beyond the problems of the next couple of years But, last year, parent General Mining cut its interest from 48,1% to 43,8% of the issued shares, helping to confirm that expected recovery will be a drawn-out process Near-term, then, the shares are best reserved for speculative portfolios or for trading on price movements *Jim Jones*

FM 15/4/80 ~~189~~ 232

FEDFOOD

Fleshing out

Fedfood's expansion and diversification programme continues with the acquisition of Riviera for a R4,75m cash and share package, and with the purchase of a Cape-based fishing operation for R1,8m

The new fishing unit gives subsidiary Marine Products an additional quota of 2 500 t of white fish, as well as two boats, but the initial contribution to group earnings will be small The contribution to group earnings from the rationalisation of Riviera into Simba will be around 10c, while the group's previous acquisition, Table Top, will add a further 10c or so

Riviera, with a turnover forecast this year of about R20m, was bought relatively cheaply According to Fedfood MD Jan Louw, the price was based on a PE ratio of about 5, which would indicate a direct contribution from the snacks and biscuit manufacturer of around 5,6c to the group

These acquisitions have not been made without some strain on financial resources, especially as Table Top was purchased for R15m in cash As a result, says Louw, the company is considering a rights issue soon to provide funds to finance further purchases He adds that there are, in fact, no companies in line for acquisition right at the moment The same comment, however, was made when Riviera was bought and the action did not stop there

The effects of the recent diversifications are difficult to calculate in terms of group earnings, as the results for the year to end-March are not yet available However, it seems reasonable to assume that last year will have resulted in earnings of about 65c, indicating a 16,5c final following the 13c interim Dividend cover is being slowly raised in line with the group's shift into the food sector and its increasing finance requirements

Consolidation of Table Top and Riviera should push this year's earnings to 95c, assuming no further purchases With dividend cover indicated at about 2,5 times by the end of the year, total dividends should reach 38c, giving a yield of 7,9% on the relisting price of 480c this week

Scott Hawker

Fedfood's Simba — new flavours from Riviera

:ARDEL/SHARP

:roader base

FM 18/4/80 (232)

what appears to be an attractive deal ardel has bought 75% control of Sharp lectronics SA for R2,5m However as irt of Seardel's plans for Sharp, there ill be an injection of at least R1,5m to lieve certain "financial pressures" and low for further expansion

Seardel is paying for the acquisition by suing 150 000 of its own shares valued at 10c each for a total R465 000, and R2,03m i cash Funds for the cash payment will e raised through long-term loans and will mporarily, anyway, move Seardel off its hosen path to a reduced debt equity ra-io The acquisition could lead to a further icrease in dividend cover from 1979's 5,3 3,3) times Last year, total group borrowings were R20,1m for a debt equity ratio f 139%, while the annual interest/leasing ill was covered only 2 7 times by gross rofit

In 1979, Sharp earned about R1m after ax, which puts a PE of over three on the leal — low in terms of today's market However, the plans to inject at least R1,5m, effectively push the PE to nearly live, which means an earnings yield of about 20% — more in line with the average available in Diagonal Street but still attractive The injection cannot accurately be termed part of the purchase price, though it would obviously have had a bearing on the amount Seardel was prepared to pay

The acquisition is in line with Seardel's policy of broadening its operating base Seardel itself should report sales of R100m this year while the Sharp acquisition will create a group with turnover of over R125m

The previous owners of Sharp have warranted that the company will report pre-tax profit of at least R1,9m for the year to end-1980 Based on Seardel's estimate of its own profit for the year to end-June, and the attributable portion from the 75% holding in Sharp, group earnings would have increased some 14c a share, after adjusting for the increased shares in issue and the interest costs relating to the cash portion of the purchase price However Sharp will only be consolidated from July 1

In the half-year to end-December, Seardel earned 49,8c (34c) and paid a 6c (4c) dividend These earnings followed a 19 5% turnover improvement to R60,7m (R50 8m) with better operating margins of 5,6% (4,8%) Last year earnings were split almost evenly between the first and second six months This implies annual earnings could be in the region of 100c (75,9c), though this might be conservative as the group operated ahead of budgets in the third quarter

Based on last year's dividend cover, the total distribution should be in the region of 18c for a prospective yield at 330c of 5,5% And growth next year should be better once Sharp kicks in, adding perhaps 18c to earnings

Des Kilalea

ELECTRONICS

232 FM 18/4/80

Sharp shooting

The Cape-based Seardel Investment Corporation has bought a 75% stake in Sharp Electronics (SA). Purchase price is R2,5m paid in 150 000 shares at R3,10 each, and the balance in cash. The deal is effective from July 1. (See *Fox*)

Sharp's management remains intact. Sharp chairman, Colly Fram retains chairmanship of the electronics company, and has been invited to join Seardel's board. "A very happy marriage," chorus Seardel chairman Aaron Searll and Sharp MD Kurt Jensen.

Rationale for the get-together, says Searll, is Seardel's policy decision "to broaden our base." At present group turnover is roughly R100m a year, towards which apparel manufacture contributes 60%. The balance is taken up by leather tanning, toy manufacture, clearing, shipping, and freight forwarding.

Searll says the group was interested in investing in consumer goods. Criteria were growth potential, good management, and preferably an international brand franchise.

"Sharp scored full marks."

He expects the Sharp acquisition to add R25m a year to turnover and R2m to pre-tax profits. The electronics industry's growth potential for the Eighties is "fantastic," reckons Searll, "and Sharp is a world leader in the field."

Sharp MD Kurt Jensen is equally satisfied. "The capital will facilitate rapid expansion in local manufacturing, and into new product lines."

Jensen says 1979 turnover for the Sharp group was R19m. He believes Sharp's 26% to 27% of the local car radio market, now worth an estimated R14m, can go to 45%. "That's what we want. We have developed additional manufacturing capacity that will give us four times our present capacity."

Portable radios, now selling over R9m to R10m annually, are equally attractive.

Searll ...it's going to be a happy marriage

Jensen says: "At prêsent we hold 11%. We want to reach 20% in two years."

Paper copiers worth about R20m a year, are another target. "We hold 5%. We want 10% in a year."

In calculators, Sharp holds 45% to 50%. "And we will obviously try and expand this market."

Sharp now plans to enter the hi-fi market, initially at the top end with imported units. "We hope to do R720 000 turnover in the first year. Next year we intend entering the locally manufactured hi-fi market. This should add R600 000 to turnover."

Jensen says Sharp hopes to double turnover on electronic cash registers — from R80 000 to R160 000-R180 000 a month over the next two years. He also envisages big expansions in micro-wave ovens and closed circuit, professional TV studio equipment.

Rand London in shipping

232

COM 21/4/86

RAND LONDON Corporation, which has built up lucrative export markets for its coal, granite and other mineral products, has entered shipping

It has done so through its wholly owned subsidiary Hochmetals (Africa), a trader in minerals chemicals and other commodities, which has combined with Tradinter SA and Mr Norman Stobart and Mr Dave Banett to from Tradinter Shipping, a freight broking and shipping management concern

Tradinter Shipping which expects to handle 70 000 tons of shipping a month initially, will act as brokers for part-charter cargoes of 1 000 tons and upwards and contract to manage, for both exporters and importers, the full movement of their cargoes from works to point of delivery

"We will not be forwarding agents, but will continue to use the services of several established forwarding agents to assist us in offering an efficient and competitive service to our various clients," said Mr Gawie Yssel, the company's managing director

He foresaw the biggest need for Tradinter Shipping's services in the break-bulk and smaller bulk parcel business, although the company was moving about 100 containers a month and expected this side of the business to become more important

Apart from handling existing shipping business of Tradinter SA and several of its clients, Tradinter Shipping will handle much of Rand London's and Hochmetals export business This will add to the strength of Tradinter Shipping in the freight market and the company expects to effect substantial savings in freight rates by being in a posistion to comb larger freight parcels

These savings will be pas on to clients resulting in s stantial deductions in th overall freight costs on expc and imports

"By the end of the year hope to handle 100 000 ton freight a month," said Mr Y sel

The shareholders in Tradinter Shipping are Hochmetals (Africa) (37%) Tradinter SA (Pty) which is owned by the Yssel family (37%) and Mr Stobart and Mr Barnett, holding between them 26% of the shares

The board is Mr Yssel, managing director Mr Selwyn Kossuth, managing director of Hochmetals (Africa), Mr Colin Whittle, a director of Hochmetls (Africa) and Mr Stobart

General manager of Tradinter Shipping is Mr Charles Thomas, who has been managing shipping division of Tradinter SA (Pty) since 1977

Toncoro acquisition

232

RDM 21/4/80.

DURBAN — Toncoro has bought the Port Elizabeth Brick Company (Pty) from Federated Timbers for an undisclosed amount

Mr A R Kemp, chief executive of Toncoro, said the purchase was in addition to his company's expansion plans announced recently.

Port Elizabeth Brick company owns a large and modern complex of two tunnel kilns and one plant is producing common bricks. The other has been closed for the past two years and will be recommissioned

Messina has 387% boost in profit

232 277 RDM 22/4/80

By ADAM PAYNE

FEW, if any, mining/industrial companies could equal the profit performance reported by Messina (Transvaal) Development Company for the six months to March 31.

Net attributable profit rose 387% from R1 788 000 in the six months to March last year to R8 721 000 this year. This represents earnings a share of 79,3c (16,3c)

An interim dividend of 15c has been declared as against no dividend at the interim stage last year and a 10c final, for the year ending September

The results reflect a fine performance by Datsun which is owned by Messina Income on the industrial side, mainly from Datsun, almost doubled income from R4 653 000 to R8 963 000

Mining by the group's copper mines was even more profitable, largely because of the higher copper price with income at R15 505 000 (R7 997 000)

Income before tax rose to R20 141 000 (R5 858 000) and then tax took a big bite at R7 296 000 (R2 855 000)

The sum of R4 124 000 (R1 215 000) was attributable to minority interests and deductible from the after-tax income of R12 845 000 (R3 003 000)

Capital commitments are marginally higher than at this time last year at R9 992 000

Copper production was little changed in the six months, smelter production was lower and copper sales were lower than at the same time last year

Mr W J Wilson, the deputy chairman and managing director who was at the helm of Datsun when it was turned round from losses to profit, and Mr D A Thompson, a director, report that mining income rose substantially during the first half-year because of higher metal prices

Income from industry also increased primarily because of improved profits from Datsun

Although metal prices could be lower, the continuing improvement in industrial profits should result in increased attributable earnings in the second half of the present financial year, they say

Substantial loan repayments have been made during the past six months and as a result, the interest charged, at R4 516 000, is expected to decline with a resultant improvement in the group's liquidity

232

Cape Wine offer — the details

RDM 22/4/80

THE allocation of shares in the heavily oversubscribed Cape Wine and Distillers public share issue shows a fairly well balanced distribution to the big and the small investor

The issue, which attracted R174 800 000 and was almost 14 times oversubscribed, offered shares in the new company — effectively controlling the South African wine industry — at 115c a share

Merchant bankers, Senbank, announces that one in ten applicants for 100 shares will receive 100 shares, two in ten applicants for 200 shares will received 100 shares and so on to nine in ten applicants who applied for 900 shares, who will receive 100 shares

Thereafter, applicants for between 1 000 shares and 9 000 shares will receive about 7% of the number of shares applied for

Applicants for between 9 100 and 12 000 shares will receive about 6%, while applications for between 12 100 shares and 50 000 shares will receive about 5% of the number of shares applied for

Applications for between 50 100 and 125 000 shares will receive about 4,0% and applications for between 130 000 and 250 000 shares will receive about 3,5% of the shares applied for

Applications for over 250 000 shares will receive about 3% of the application

In terms of the "private" issue, employees subscribed for 2 867 900 of the 1-million shares on offer

In this respect, applications up to, and including 2 000 shares will be allotted in full. Applicants who subscribed for 2 000 share or more will receive 2 000 shares plus about 16% of the excess subject to a maximum of 10 000 shares

For the 6-million shares reserved for wine farmers, applications for 18 948 700 shares were received

Applications up to 5 000 shares will be alloted in full, while those who applied for more thasn 5 000 will receive 5 000 shares plus about 15% of the oversubscription

232 ~~214~~

RDM 23/9/80

Hint of bigger SA stake

By NEIL BEHRMANN

[LON]DON. — A report in The [Dail]y Telegraph suggests that [...] of 9 900 000 shares of Con[soli]dated Gold Fields are held [by] a South African insurance [com]pany, Fidelity Life and by [a] London merchant bank, [Ha]mbros

The Daily Telegraph mining editor wonders whether Barlow Rand or Dr Anton Rupert are behind these stakes

However a Consgold spokeswoman was not able to verify the theory

The spokeswoman admitted that shares held by security nominees now amount to 38 537 000 shares or 26% of Consgold issued share capital

When De Beers raided the market a couple of months ago the company's admitted stake was 36 950 000 shares or just under 25 % of the share capital

The Daily Telegraph assumes that Anglo is building up its stake, but the spokeswoman commented that the holdings were under the cover of security nominees so it was difficult to detect the identity of the purchaser

Rand London's R6m buy

RAND London is to acquire Newclare Smelting Works, merchants in steel, industrial fasteners and hardware for R6 125 000.

The purchase price will be payable seven days after the ratification by shareholders of the deal and will be settled by the payment of R3 350 000 in cash and the issue of 1 240 000 shares in Rand London at a price of 225c. 2322 RDM 23/4/80

The acquisition will complement the import and export business of the recently acquired Hochmetals (Africa)

Reverse takeover bid made for Skye

RDM 24/4/80

(232)

By DON ROBERTSON
Mining Editor

SKYE, a cash shell which was floated during the heady days of 1969 as a wig producer, is now the subject of a reverse takeover by the Johannesburg Mineral Corporation.

The purchase consideration is R4 475 000 which will be settled by the issue of 4 500 000 ordinary shares in Skye and 750 000 deferred shares and the payment of R1-million in cash, representing the bulk of the company's cash resources

This will secure a 90% interest in JMC — the remaining 10% being held by Government Gold Mining Areas

JMC is currently negotiating a deal for the acquisition of certain claims over property on the East Rand and has entered into an agreement with Messina regarding these claims Should this come to fruition, Skye will issue to the vendors of JMC — Mr Joe Berardo, head of Waverley and Carrigs being the most important — a further 1 500 000 deferred shares in Skye

The deferred shares will not qualify for dividends for two years, but will then rank pari passu with the ordinaries

Skye will also purchase from Southern Prospecting (Pty) for 850 000 ordinaries and 850 000 deferreds, the option on the issued share capital of Egoli Mining Company, which has an interest over a considerable tonnage of slimes on the East Rand

Exercising the option will cost Skye R1 200 000 in cash payable over 10 years

The major shareholder in Southern is Mr Jim Wilson

In addition, it will entitle Skye to the rights over certain sand dumps in the Germiston area

JMC and its subsidiaries have the right to treat certain gold-bearing sand dumps and slimes dams on the East Rand At present, the main source of income is from the treatment of dumps and slimes at the SA Lands property The Egoli potential is the mine and dumps at the old Modder Bee mine

The development of this prospect, which could involve the re-opening of the mine, will be costly, but initial plans suggest that it can be financed from borrowings

However, current operations should produce earnings of at least 10c in the year to February next at a gold price of $400 Out of this, it is expected that a dividend of at least 7c will be paid on the increased share capital

The shares of Skye, suspended at 90c in February, will be relisted today

The deal, the first reverse takeover for many years, will give Mr Joe Berardo his long sought-after listing, but at the same time means that Mr Peter Gain, who acquired control of Skye in January, will relinquish this control

The new board will be headed by Mr Berardo, with Mr Gain holding second position on the board

74,5 + 34 = 108,5 = 54% 3

COMPETITION Fin (232)
25/4/80

Takeover guidelines

The Competition Board is putting the finishing touches to its draft guidelines on mergers, take-overs and acquisitions.

After inviting suggestions from organised commerce, industry, mining and the trade unions, the board has compiled a working draft which will be sent to interested parties for further study, comment and possibly discussion before it draws up its final policy paper.

According to private sector sources, there are indications that the board will adopt a fairly permissive stance on acquisitions, so long as the rationale is growth non-prejudicial to the public interest.''

But the sources say the board has intimated that it will pay close attention to acquisitions aimed at vertical integration particularly in the food industry where notions of 'cornering the market' (processors/manufacturers who buy into retailing and vice versa) can arouse strong emotions among consumers.

At present, the sources said, the board appeared to be satisfied with the intense competitiveness of the food sector, but if a series of acquisitions indicated significant structural changes were taking place threatening to restrict competition, then such groups would be candidates for investigation.

Government's line is that it is fully aware that by international standards the SA market is so small that it does not always permit the establishment of a multitude of companies in all economic sectors. It therefore believes there should be no unreasonable impediments on rationalisation aimed at longer runs and hence lower unit costs of goods and services.

In addition to acquisitions which would materially alter the structure of an economic sector and which would have the potential to restrict competition, the board will scrutinise all deals for anti-competitive practices which could arise.

These include practices such as predatory pricing intended to head off potential competitors or to force existing competitors out of the market. Tie-in sales, where one product cannot be bought without another, will bear investigation, as will the related practice of 'full-line forcing,' where a manufacturer insists on a customer taking a wide range of his company's products.

Other potentially anti-competitive practices include loyalty discounts or rebates designed to discourage customers from seeking alternative sources of supply; supply restrictions to retailers; restrictions on the sale of competitors' goods; rental-only contracts, where a supplier of, say, sophisticated business machines will do so only on a rental basis with no provision for outright purchase; patent licensing policy, where manufacturers accumulate large numbers of patents to protect their inventions designed to keep others from entering the market; and discriminatory pricing.

TOP 100

In this week's *Top Companies Survey* on pages 90 and 91 the straplines indicating the nature of the articles — Mining, Financials and Gold — have been transposed. We apologise for this error.

WN
BOOK

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First Name(s) [redacted]

EVERY CANDIDATE MUST enter in column (1) the number of each question answered (in the order in which it has been answered), leave columns (2) and (3) blank

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ight into the examination room
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4 Do not write in the left hand margin

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

Made in South Africa TRIO RAND/S P C T PSL/UPD 100 000 1978 PD UCT AM7a Vervaardig in Suid Afrika

(21)

GENERAL MINING FM 25/4/80 (HD) 232

Solid growth base

Activities· *Mining house with major interests in gold, coal, base metals and industry Since the year-end the house has gained 100% control of Union Corporation Controlled by Federale Mynbou and associates, who after the rights issue, will hold 45,6% of the ordinaries and 76,9% of the "A" ords*

Chairman and managing director *Dr W J de Villiers*

Capital structure. *78,3m ordinaries of 40c*, 1,17m 'A' ordinaries of 40c* 250 000 6% cum prefs of R2 Market capitalisation R1 083m*

Financial *Year to December 31 1979 Borrowings long- and medium-term, R167,3m, net short-term, R244,4m+ Debt equity ratio 42,6% Current ratio 0,9 Net cash flow R100,6m Capital commitments R72,5m*

Share market *Price 1 675c (1979-80 high, 2 300c, low, 785c, trading volume last quarter, 97 000 shares) Yields 13,6% on earnings, 6,0% on dividend Cover 2,3 PE ratio 7,3*

* After 30 for 100 rights issue
+ includes creditors

	'76	'77	'78	'79
Distributable income (Rm)	34 5	43 3	63 4	98 5
Quoted investments				
Book value (Rm)	235	241	274	298
Market value (Rm)	263	445	647	1 210
Earnings (c)	83	104	151	228
Dividends (c)	42	45	60	100
Net asset value (c)	911	1 090	1 367	3 142

The past year has seen significant changes in the group, with strong performances from major income sources, and topped early in 1980 by the acquisition of Union Corp minorities and the build-up of strategic holdings in the portfolio Whether any of these changes will have a major impact on earnings per share in 1980 remains to be seen, as the Union Corp tie-up is geared to a longer-term view, and there will be a significantly higher number of ordinary shares to service as part of the takeover and the subsequent rights issue

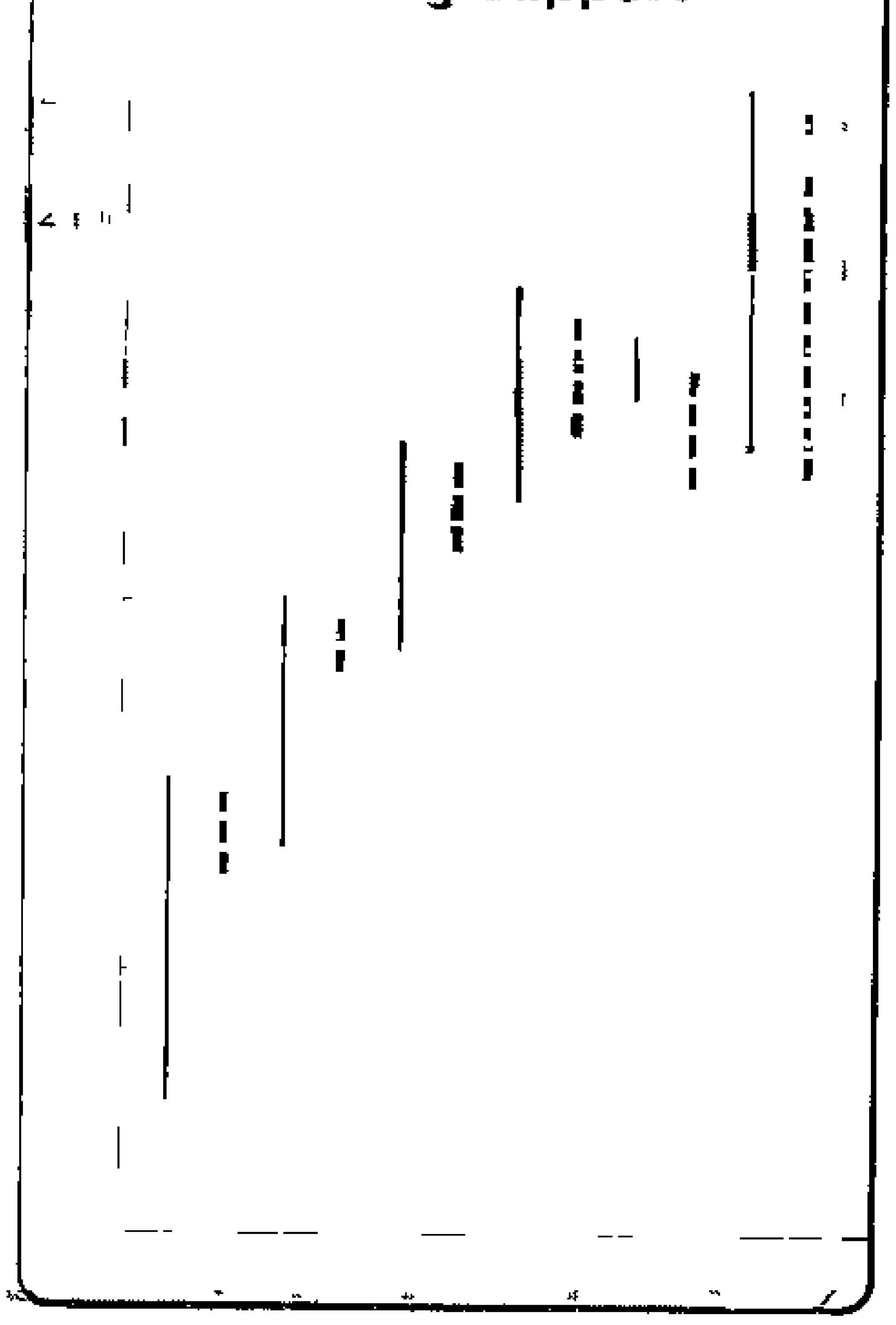
The Union Corp takeover increases total assets of the enlarged group to R2 703m, against R2 514m as calculated on January 1, which, with the issue of 37,5m ordinaries and "A" ordinaries, means a fall in net asset value to 2 135c (2 428c) According to the scheme documents, the consolidation of Union Corp in the year to end-December 1979 would have meant pre-tax profit of R230,7m, compared with Genmin's actual R218m, while earnings per share would have been 195,6c against the actual 235c — a 17% reduction Against this, however, is weighed the longer-term

Wim de Villiers now for more green field projects

expansion plans of the Union Corp group which includes Beisa and Beatrix, as well as its high quality industrial assets

The main thrust of last year's consolidated profit advance came from gold interests platinum through Union Corp and Lydenburg and strong performance from the coal and industrial divisions Chairman Wim de Villiers says the gold price received by the group increased 53% last year, and though the trend is uncertain, he foresees a significantly higher average for 1980 with a beneficial impact on profits Uranium production rose 32% as a result of the Chemwes plant for uranium extraction at Buffels and Stilfontein, and radiometric sorting at WR Cons Though uranium prices are currently weak, he confidently expects a longer-term improvement

GENERAL MINING
Losing support



Coal sales were up 10 to 27,5 Mt last year, reflecting the commissioning of the first Matla generating set and Ermelo Mines where production is just short of planned capacity Profits from this source benefited from the domestic coal price increase and exports De Villiers says there are signs of strengthening export prices He reiterates statements during the year that no definite news can be expected of the fuel extraction plans in the Northern Transvaal, in conjunction with Sentrachem, until further studies have been completed But it is probably safe to assume that De Villiers is being ultra-cautious on the project, and that a start to capex is possible this year

Prices for the group's base mine products and chrome were not particularly buoyant last year but an improvement is expected in 1980 De Villiers says higher prices are apparent in some 1980 contracts negotiated so far However against this must be set downside risks if the US and the rest of the industrialised world slide into a deep recession

The industrial division of Genmin relies to a great extent on capital investment in SA And although the general business atmosphere is improving De Villiers says there have been few signs of increased fixed investments Genmin is embarking on a substantial investment programme, including a gearbox and axle plant in SA

Besides the Union Corp takeover, there have been significant changes since the year-end in the make-up of Genmin's portfolio Investment income rose 46,2% last year to R75,3m (R51 5m) in line with higher dividends from gold platinum and coal holdings while the group's industrial interests performed much better For example, Dunswart declared its first dividend in three years — a 10c total for the year

Changes in the portfolio since the year-end include the swop with Old Mutual of Genmin's 19 5% of Lydenburg for a parcel of shares the cash purchase of 16% of Siemens SA an increased 47,3% (18,4%) stake in Trek, and the purchase of 8,4% in

Sentrachem An offer has been made for balance of Klein Aub

ATTRIBUTING PROFITS

	1978 Rm	%	1979 Rm	%
Gold & uranium	17,3	22,[illegible]	29,4	26,8
Platinum	2,7	3,[illegible]	8,2	7,5
Coal	9,8	12,6	12,2	11,1
Minerals/ beneficiation	7,9	10,1	5,4	4,9
Commerce/industry	20,8	26,6	31,3	28,5
Financial	6,4	[illegible],2	3,8	3,5
Management/other	10,0	12,8	19,6	17,7
	77,9	100	109,9	100

INVESTMENT PORTFOLIO ANALYSED

	1978	1979
Gold/uranium	42	[illegible]
Platinum	18	15
Coal	14	14
Metals/minerals	8	5
Industry/commerce	14	10
Financial/others	4	7
	100	100

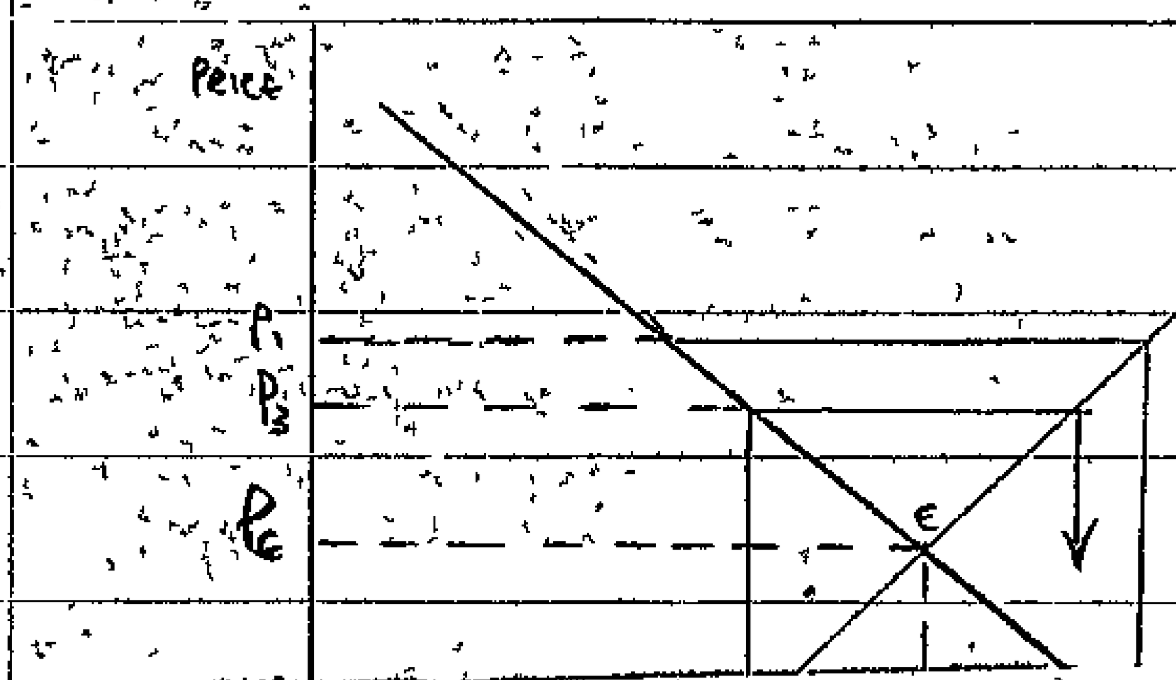
Capex for the group this year is estimated at R72,3m (R209,5m), but, with the R189m proceeds from the rights issue, financing this should not mean any need for dividend restraint However the capex figure could alter significantly, should a start be made on the Northern Transvaal coal and other mining projects

Prospects this year look good, with gold likely to average significantly higher than in 1979, and the coal outlook has improved with firming export prices Industrial companies in the group are also geared for strong performance In particular, the Union Corp paper and packaging operations should turn in sparkling results At 625c for a 6,2% historic yield, the share seems cheap compared with others in the sector That may reflect investors' caution over near-term earnings per share based on the increased number of shares in issue But it is a caution that may have been overdone — the house has a solid performance record

Des Kilalea

8

6) If farmers base their planne[d] ...
prices in the previous year (and ...
much as they plan to) prices will ...
is known as a "cobweb" system



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... and place an amount equal to
$q_2 - q_e$ on the market. The farmers will once again receive a revenue of $Q_e \times P_e$ and equilibrium will have been restored. The farmers, therefore, don't get paid for the stored crops when they are taken off the market, but rather when they are placed once again on the market.

We should, however, allow for the farmers to learn and

RAND LONDON ~~RDM~~ 232 FM 25/4/80

Clearer picture

Two deals concluded by Rand London since its contentious rights issue earlier this year may provide some clues to the future development of this company

In less than a week Hochmetals (Africa) a wholly-owned RL subsidiary has announced the expansion of its activities into shipping in conjunction with Tradintei SA followed by the R6,1m acquisition of Newclare Smelting Works, whose main activity is steel merchanting

The picture which seems to be emerging therefore, is that RL — as distinct from its 78%-owned subsidiary, Rand London Coal — is being developed primarily as a commodity trading operation fed in part by its other mining interests

If this is so, then the restructuring of the group, involving the floating off of its coal interests as a separate entity, takes on a somewhat different light, being both desirable and necessary in order to draw a distinct line between the two basic and fundamentally different operations — coal mining and commodity trading — of the group

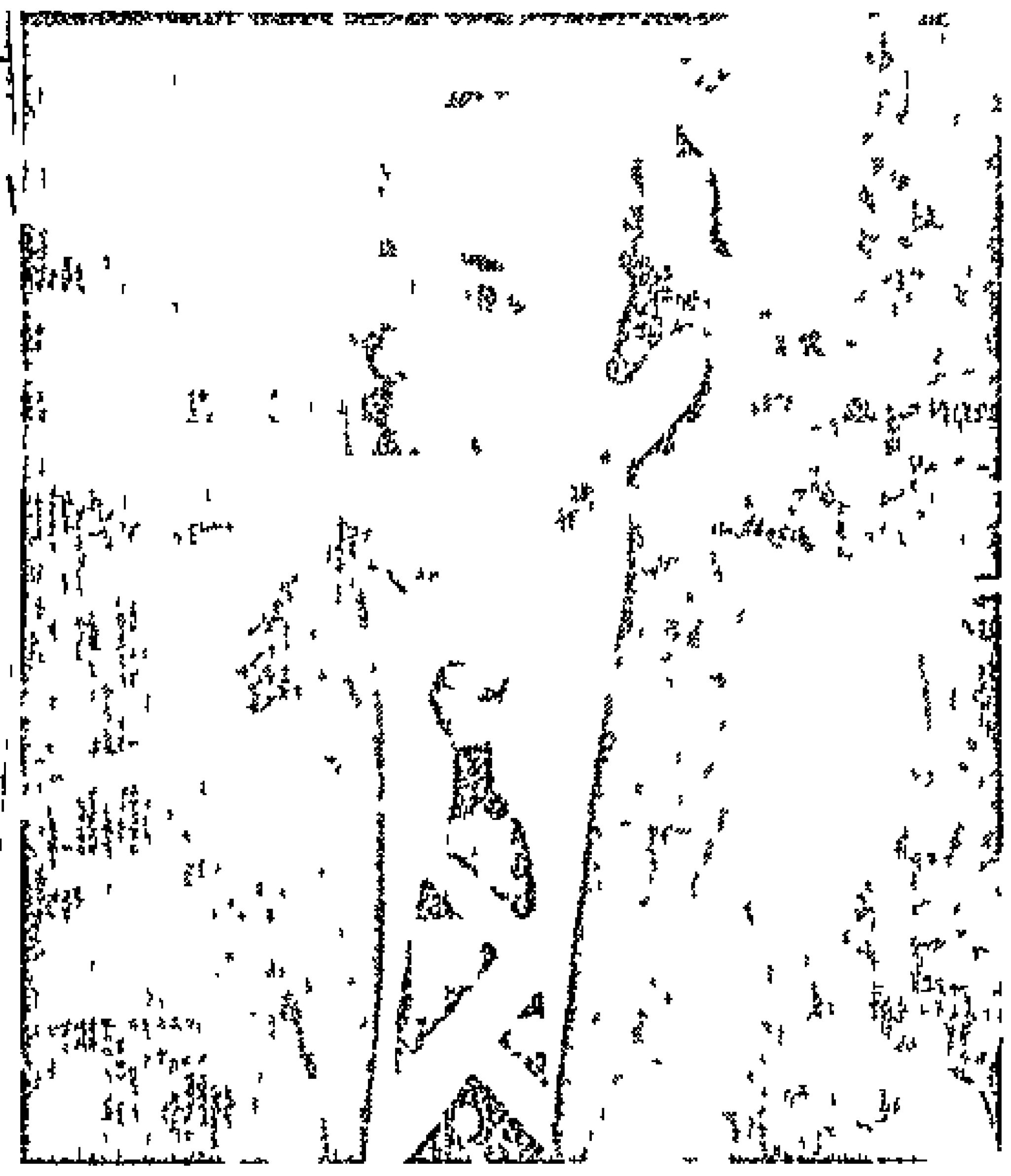
In the context of RL as a trading company, the acquisition of Newclare Smelting is a major expansion and adds steel merchanting to operations which have traditionally centred around mineral trading and the export of PVC products

Newclare also acts as a distributor for National Bolts and has some hardware interests, although these apparently account for a relatively small proportion of earnings

The acquisition will not have any major impact on 1980 earnings, according to RL, and the 41c forecast for the year to June therefore still holds good. In 1981, however, Newclare is expected to account for 15% of profits which, after taking into account 1,24m new RL shares issued in part-payment, suggests a boost to earnings per share of about 8%

The shares were issued at 225c for a total of R2,79m, and the remainder of the purchase price was R3,3m cash

Brian Thompson



RL MD Bernard Holtshousen differentiating operations

Financial Mail April 25 1980

Field SA loses Zimbabwe link

(232)
RDM 25/4/80

Financial Reporter

THE UK holding company of Field Industries, Hunting Associated Industries (Hail), proposes to separate its South African and Zimbabwean operations, according to Union Acceptances.

Hail's stake in Field Zimbabwe is held through Field South Africa Splitting the company means Field South Africa will part with its Zimbabwean assets

As a result, for every Field share they hold, Field Industries shareholders in South Africa will recieve two unlisted shares in Field Zimbabwe, or 60c in cash if they prefer

The Field share price before suspension was 75c, so the current offer puts a relatively high price on the Zimbabwean operation, which in the past has contributed roughly half of Field Industries' profits and dividends

SA shareholders seem likely to find the cash a preferable alternative to shares in an unlisted company in a country that might not always be as well disposed towards South Africa as in the past

IMF dealing slack after JSE debut

CDM 25/4/80 232 189

By ELIZABETH ROUSE

IMF GROUP, the industrial fastener company which emerged from the reverse takeover of the Sand Consolidated property company, made a lethargic debut in the engineering sector of the JSE this week

After 81 200 shares changed hands on Monday and Tuesday at a price range of between 110c and 115c activity slumped, although the price held up at 115c.

IFM's prospects look good and potential dividend yield is about 10%, which is better than National Bolts 6,3%, but the market appears to be hesitant about the share

IMF forecasts a taxed profit of R1 300 000 for the year to June, 1980, or 21,4c a share, calculated on 6-million shares in issue over a full year A 5c dividend will be paid for the six months to June

Policy is to keep the dividend twice covered Output is being increased by 30% to meet expected increased demand for fasteners and the dividend for 1981 could well be 13c

The transmuted listing statement, shows that the IFM Group, including its two subsidiaries, Indfast and Diabros, made a taxed profit of R776 000 in the year to June 1979 and R726 000 in the six months to December 1979

The group went through three lean years, but in 1978 taxed profit leapt to R677 000, according to adjusted figures, from 1977's R389 000.

RAPPORT 27/4/80 (232) (288)

Fedics nou volle SA maatskappy

FEDICS — deel van Federale Volksbeleggings sowel as van Imperial Cold Storage — is nou 'n ten volle Suid-Afrikaanse maatskappy. Hierdie twee aandeelhouers het die een-derde-aandelebesit wat Trusthouse Forte Group besit het, in gelyke hoeveelhede uitgekoop.

Die voorsitter van Fedics, mnr. Peet van der Walt, het vandeesweek gesê dat Federale Dienste — 'n filiaal van Federale Volksbeleggings — en ICS nou elk 50 persent van Fedics se aandele besit.

'n Ooreenkoms is egter met Trusthouse Forte aangegaan waarby Fedics nog steeds op die spysenieringskundighede van hierdie internasionale hotel-, ontspannings- en spysenieringsgroep kan staatmaak, veral waar toekomstige internasionale ontwikkelings in die spysenieringsbedryf moontlik in Suid-Afrika toegepas kan word.

Fedics is in 1971 deur Federale Volksbeleggings en ICS gestig en Trusthouse Forte het daarna een derde van die aandelebesit bekom.

'n Nuwe besturende direkteur is by Fedics aangestel, is vandeesweek aangekondig. Hy is die 41-jarige mnr. David Wigley, voormalige groephoofbestuurder sowel as 'n uitvoerende direkteur van Southern Suns Hotels tot nou toe.

nday, April 28, 1980

Anglo building up stake in Congold?

(T 29/4/80)

(237)

By NEIL BEHRMANN

LONDON — A report in the Daily Telegraph suggests that 6.7 percent or 9.9m shares of Consolidated Gold Fields are held by a South African insurance company, Fidelity Life and by a London merchant bank Hambros.

The newspaper's mining editor wonders whether Barlow Rand or Anton Rupert are behind these stakes. However a Consgold official was not able to verify the theory.

The official admitted that shares held by security nominees now amount to 38 537 000 shares, or 26 percent of Consgold issued share capital.

When De Beers raided the market a couple of months ago the company's admitted stake was 36.9m shares or just under 25 percent of the share capital.

The Daily Telegraph assumes that Anglo is building up its stake but the official commented that the holdings were under the cover security nominees so it was difficult to detect the identity of the purchaser.

Group gets Samstel control in R2,6m deal

(232)

RDM 29/4/80

By ELIZABETH ROUSE

A CONTROLLING interest in Sam Steele Holdings has been acquired by two senior members of Davis, Borkum, Hare & Company Inc, two Samstel directors and three independent entrepreneurs.

The deal is worth R2 597 000, the consortium having paid 53c a share for 4 900 000 Samstel shares, constituting 49% of the share capital.

A similar offer of 53c a share will be made to minorities. Undoubtedly, they will go along with the new board, both on development prospects and on offer-price considerations.

Samstel shares were trading at 52c ahead of suspension and account must be taken of last year's 4c dividend, so the offer-price is not attractive.

The consortium was obviously formed by Samstel managing director, Mr Monty Goldberg. His partners (now members of the reconstituted board) are Mr Norman Steele of Samstel, brokers Mr Max Borkum and Mr H A Hare, Mr W Imrie, son of the late Mr Jim Imrie, and Mr H A McNeil and Mr J N Sharland.

A joint announcement by Davis, Borkum, Hare and Samstel says the immediate objective will be to take advantage of the furniture group's potential and to stimulate and expand its 72 retail household furniture outlets.

Last year 79% of the group's taxed income of R667 305 came from its retail outlets and only 14% from manufacturing.

The consortium might have other investment plans for Samstel, but they should be satisfied for the moment with pepping up the retail outlets in a healthy consumer market.

Wholly-owned Steel & Barnett is the manufacturing arm, while retailing is done through Eastvaal, Remmers & Niss with Protea Furnishers.

Samstel shares will be reinstated today and should react well to the takeover news.

Old Mutual bid to strengthen stake in Tiger and ICS

CT 30/4/80

~~(196)~~ (232)

BY PAUL DOLD

Financial Editor

THE Old Mutual has moved swiftly to thwart any possible bid by rival groups for control of the huge food giants Tiger Oats and ICS, and both shares were suspended yesterday pending the outcome of discussions between the Mutual and the respective boards

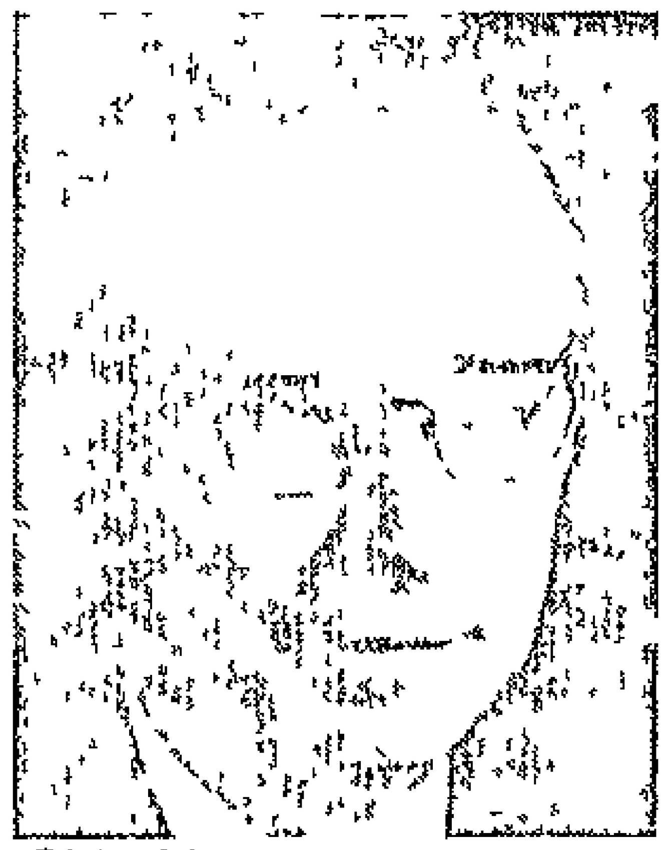
The talks are aimed at the restructuring of Old Mutual's food and related interests according to an announcement yesterday

As recent take-overs have shown several of the large groups including Fed Food have been closely examining the food sector for expansion opportunities

Fed Food recently bought Table Top and Riviera Foods which underscored the emphasis the Federale Group was placing on growth in this sector Thus the talks now underway seem aimed at preempting any approaches from predator groups succeeding

Old Mutual managing director Mr Frans Davin last night declined to comment on the likely outcome of the talks but he did disclose that the Old Mutual wanted to strengthen its position as major shareholders in both Tiger and ICS in our own interest and also those of a wide number of small shareholders

The Old Mutual has had a long association with both companies but particularly ICS and



Old Mutual's Mr F J Davin safeguarding the Mutual's stake in Tiger, ICS

Davin himself has been linked with Imperial for some 21 years

I understand there will not be a merger of the two groups and their independence and separate managements will be maintained Market speculation earlier in the day was that Tiger might buy ICS

Tiger has some 11m shares in issue with a market value of R16 on while ICS share capital is R 3 7m valued at R73 3m Both counters have firmed in recent weeks although actual turnover has been in line with the average over the past year However both stocks are favoured by institutions and large lines of stock could change hands in off-market deals

The listing of Common Fund which has a stake in ICS was also suspended yesterday

The Old Mutual owns some 4 8m shares in ICS, equivalent to 20 percent of the capital, which with Common Fund's 2,6m shares brings the stake to 7 4m The Mutual's stake in Tiger is believed to be 2,8m shares equivalent to 21 percent

UAL, the merchant bank handling the deal, said in a statement yesterday The listings of Tiger Oats Imperial Cold Storage and Common Fund were suspended today, pending discussions on the restructuring of Old Mutual's food and related interests

In this regard Old Mutual initiated discussions between the boards of Tiger Oats and Imperial Cold Storage The listing of Common Fund was also suspended as Common Fund's investment in ICS represents a material proportion of its assets

The proposals will have no effect on the business operations or independence of Tiger or ICS

Work has already begun on the deal and it is likely that further announcements will be made in the next 10 days

2327 RDM 30/4/80

Romatex up 46%

Financial Editor

ROMATEX has boosted earnings and dividends by 46% for the 12 months to March 31 on turnover up by only 15%

The Natal textile group is now controlled by Barlows through C G Smith

It has changed its yearend to September 30 to coincide with Barlows, but today's 12-month figures are directly comparable with those of the previous financial year

A second interim dividend of 24c has been declared which, with the first interim payment of 11c, gives 35c against the 1978-79 total of 24c

Earnings a share are up from 54,9c to 79,9c

Attributable profit increased from R13 100 000 to R19-million

Turnover rose by only an inflation-matching 15% from R218-million to R251 million

The disproportionate profit rise — 46% after-tax — came about mainly through the switching from low to high margin operations, notably the closing of the grain-bag operation and from the extra contribution from Island View Holdings which became 100% owned last year

The rise in pre-tax profit was even higher — by 55% from R22 million to over R34-million — but an extension of the lifo depreciation provisions from under R2 million to R4 million had a restraining effect on taxed profit

A final dividend for the 18-month accounting period will be paid

On yesterday's price of 570c the share yields 14% on earnings and 6,1% on dividend

Old Mutual in Tiger, ICS talks

(232) ~~186~~ RDM 30/4/80.

Financial Editor

MAJOR talks affecting food groups Tiger Oats and Imperial Cold Storage are in progress.

They have been initiated by the Old Mutual which has a stake of about 17% in ICS and also holdings in Tiger Oats and some subsidiaries

Tiger in turn has approximately 14% of ICS

The shares of Tiger, ICS and Common Fund, which has a consequential 17% in ICS, have all been voluntarily suspended on the Johannesburg and London stock exchanges

Union Acceptances says the proposals being discussed "will have no effect on the business operations or independence of Tiger or ICS".

It said the Old Mutual had "initiated discussions between the boards of directors of Tiger Oats and ICS a with a view to restructuring Old Mutual's major interests in the food and related industries".

In 1979 Tiger had sales of R941-million and made a taxed attributable profit of R29-million

The chairman, Mr Rudi Frankel, said in his annual review, however, that trading margins remained under pressure and that taxed profit as a percentage of sales dropped to 4,2% against 4,6% in 1978

He said that Tiger — whose main direct rival is Premier Milling but which faces many smaller competitors in various areas — was finding "intense competition" in its principal activities

ICS will soon report for the year to February 28

It made R7 670 000 pre-tax in the half-year from sales of more than R500-million in the previous full year

Plevans profit 71% up

232
RDM 30/4/80.

PLASCON-EVANS Paints had net taxed profit of R5 752 000 for the six months to March 31, 1980, compared with R3 348 000 for the corresponding period a year earlier

This Barlow Rand company's increase in profit is 71 8% Turnover at R81 707 000 was up 35,3% on the previous year's R60 386 000

A 25% higher dividend of 5c has been declared On earnings of 21,1c a share, this gives a dividend cover of 4,22 and compares with a dividend of 4c on earnings of 12,3c for a 3,08 cover in the first half of the 1979 period

The company reports that the brisk trading conditions experienced during the period are expected to continue for the rest of the year However, it warns that although earnings for the full year to September 30 will show a satisfactory increase over the 33,6c recorded in 1979, rising raw material costs will continue to erode margins

30

~~249~~

232

Amrel doubles profit —and pays 28.5c final

STAR 1/5/80

By Jean Moon

On a 65 percent boost in turnover to R126,6m, Amalgamated Retail (Amrel) has more than doubled its attributable profit to R8,4m for the year ended March.

The final dividend has been raised 63 percent to 28,5c a share, making the total distribution for the year 77 percent higher at 41,5c a share.

On a larger number of shares in issue resulting from the acquisition of the shoe division, earnings rose 76 percent to 124.2c.

Directors thank a buoyant economy pushing turnover in the furniture sector higher, better store sitings, improved operational controls, and the full integration of the shoe division producing better than expected profits, for the exceptional rise in profits.

They also expect Amrel, with its roots purely in retail activities, to benefit more than most from the budget concessions and point out that it is well poised to take advantage of the opportunities which they feel sure will arise.

Next year's results were expected to show a satisfactory improvement.

★ ★ ★

Amrel brings more good news for SA Brews

232

30 RDM 1/5/80

By HOWARD PREECE
Financial Editor

THE MONEY must be pouring into SA Breweries even faster than its beer is poured down the customers throats Amalgamated Retail, the furniture and shoe retailer 61% owned by SAB, has reported taxed attributable profit up 119% from R3 825 000 to R8 381 000 for the year ended March 31

The final dividend has been raised from 16 5c to 28,5c to boost the total for the year to 41,5c against 23,5c in the previous year

Profits were, however, given the extra benefit of the inclusion of Shoe Corporation's retail division and the additional shares issued to SAB in return had the effect of diluting the rise in earnings a share

The rise, however, was still a hefty 74% — from 70,7c to 124 2c

Amrel's spectacular profit jump — yet another manifestation of the surge in consumer spending — comes immediately after the confirmation that OK Bazaars is back in the big time profit growth

Add Southern Sun and the whole liquor bonanza and it is evident that some remarkable results will be coming from SAB for the year to March 31, 1980

But even these will surely pale by comparison with 1980-81 when the full impact of Sun City is felt and when all the benefits of the beer monopoly are realised

Of course, at 300c SAB shares are already discounting plenty

Back to Amrel Turnover was up by 65% last year from R77-million to R127-million, of which R29-million, however, came from the inclusion of the shoe business

Furniture sales were up by "only" 27%

This means that Amrel has succeeded handsomely in restraining costs and improving margins on the greater volume of business

It is an indication of the gearing effect that the economic upturn can have on profits

A statement accompanying the results says "On prospects the directors point to the recent Budget in which the Minister of Finance once again emphasised consumer spending as the key to continued and sustained economic growth

"Amrel, which has its roots purely in retail activities, should benefit more than most from the Budget concessions and is well poised to take advantage of the opportunities which the directors feel sure will arise

"This, coupled with the growth taking place within Amrel itself, makes the directors confident that the results will show a satisfactory improvement in the current financial year"

Amrel shares were up 10c yesterday to 610c, at which price they yield 20,3% on historic earnings and 6,8% on dividend

Escom pension fund in R10m Sandton deal

RDM 2/5/80

232

By SIMON WILLSON
Industrial Reporter

IN ONE of the biggest property investments by a pension fund, the Escom pension fund has bought a 25% individual share in Liberty Life's Sandton City complex for just over R10-million.

Extensions to the Sandton City complex being planned by Liberty Life will take the value of the total investment by Liberty and Escom to R100-million, and the Escom fund has committed itself to maintaining its proportion of the investment, giving it a possible share value ceiling of R25-million

The deal was the culmination of negotiations which began last December Liberty Life has handled the Escom fund's property ventures before, this deal is the 10th and biggest

The Escom fund has commissioned a number of studies about the viability of the planned extensions to the Sandton City complex and the likely effect they will have on the Escom investment

"This is theoretically a big deal at a potential figure of R25-million, but that is still only a projection at this point," a fund spokesman said yesterday

"We have not signed a blank cheque here We will be continually evaluating the details of the extension

"There may be some developments which will be too big for us, or which may not be profitable in terms of other investment possibilities we may have open to us, so we will at all times retain our identity in decision-making," the spokesman said

Mr Michael Rapp, of Liberty Life, said yesterday "We are pleased with the deal because we wanted a significant institutional partner with us We already have a close association with the Escom pension fund from our past deals "

"It may well be our intention to bring in another pension fund partner, but nothing is final at this stage," Mr Rapp said

Liberty's interest in the Sandton City complex dates to 1976 when it acquired Rapp & Maister, which then owned a half-share in the Sandton Development Group, which owns Sandton City, Esso House and 27 hectares of prime development land alongside the office and shopping blocks

Liberty then took over Leibtown Investments stake in the group for R18-million to get 100% of the group, bringing the value of Liberty's property interests to about R250-million

The planned extensions to the development of the Sandton City complex, valued at between R50-million and R60-million, are still on the drawing board, but are said to mean good news for Liberty policyholders and pension-fund clients as it is believed that the Sandton City-Esso House development was acquired on a yield of about 9%, discounting the value of the undeveloped land

Liberty's success in large-scale property investment is illustrated by its development of the R40-million Eastgate shopping centre Less than a year after opening, the complex is fully let and yielding 11% on the investment

232 ~~249~~

STAR
2/5/80
(~~188~~)

Afcol's profit rises 105 pc

By Colin Campbell
Deputy Financial Editor

What else can you say about a 105 percent rise in year end profit and a 107 percent increase in the year's dividend than "excellent"

Afcol today reports just that, and though it cautions that the current year is unlikely to see the same rate of increase, it nonetheless expects another good year ahead

Sales rose by 22 percent to R142m, and attributable income leapt from R6,5m to R13 3m, thanks to higher sales volumes improved capacity utilisation and a higher level of profits from associated companies

Afcol recently topped up its Romatex interest to 21 percent, the net effect of which for the period under review was to increase earnings by 2c a share Had the Romatex transaction been effective for the full year, then earnings would have been 10c a share higher at 67c a share

The final dividend for the year ended March is 18c a share to make a year's payment of 29c compared with 14c a share previously The 39c a share payment covers net earnings of 57,6c a share nearly 2 0 times

The board is positive about this years prospects The overall economy looks good and the expected building industry activity will benefit all areas of Afcol's investments There will be a full year's benefit from Romatex, let alone the benefits of organic growth At 360c Afcol yields 8 1 percent Recommended

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Afcol profit doubled, final is 18c

(232) ~~(180)~~ RDM 2/5/80

Financial Editor

ASSOCIATED Furniture has more than doubled profits and dividends for the year to March 31, 1980, in yet another surging performance from the SA Breweries group

SAB owns 56% of Afcol, the furniture makers

Afcol boosted taxed attributable profit last year by 105% from R6 485 000 to R13 321 000 The final dividend has bounded up from 7c to 18c to give a total of 29c compared with 14c the previous year

Earnings a share were up from 28,4c to 57,6c

The results are way ahead of forecast — the directors' original estimate was earnings of 45c

What is remarkable is the extent of the profit boost from a modest increase in turnover — up by 22% from R116-million to R142-million

That was sufficient to generate an 89% rise in gross operating income from R8 020 000 to R15 169 000

The directors say "Improved economic activity in the second half of the financial year led to increased sales, higher capacity utilisation and, therefore, profits

"This also applied to those whose businesses for which we equity account for profits but whose sales are not included in the group turnover "

For most of the last financial year, Afcol had major investments in stable companion Amalgamated Retail and in Barlows and Romatex

The sharp rise in dividend income from R1 674 000 to R4 575 000 and this sent full attributable profits to the 105% rise

Afcol has, however, increased its stake in Romatex from 10% to 22% in a deal which included selling all its Amrel shares to SAB and most of its Barlows shares to Romatex sellers

The Afcol directors say "Additional earnings will flow (this year) from the Romatex investment which will then have been held for the full financial year "

They say the 1979-80 figures included only 2c a share earnings from Romatex, whereas had the deal been effective for the full year earnings would have been 67c instead of 57,6c

The directors forecast 'While the same rate of growth in earnings a share cannot be expected in the coming year there is good reason for optimism with regard to the quantum of expected earnings

"The improved outlook for growth in the overall economy coupled with expected building industry activity will benefit all areas of Afcol's investments "

Afcol shares were priced at 360c yesterday, offering historic yields of 16% on earnings and 8,1% on dividend

These must look attractive if the overall market perks up

Sage sees Schachat boost

(232) (58) RDM 2/5/80 (32)

Financial Reporter

SAGE Holdings expects to benefit this year from the housing boom through its subsidiary Schachat

The Sage annual report shows surprisingly on the surface, that Schachat incurred a loss in 1979

But it points out that that construction profits are only taken on occupation of new homes, which generally occurs from six to nine months after a contract has been signed

"Schachat's adverse results for the first half of the past year reflected the poor sales and low margins on trading in 1978

"Although demand for new homes began to show a meaningful improvement from mid-year, results in the second six months of 1979 continued to be affected by poor sales in the early part of the year

The report reveals that Schachat's home sales were approaching R30-million last year as they did in 1976, after slipping below R20 million in 1977 and 1978

So Sage can expect a solid profit contribution this year from Schachat

However, the directors caution that "serious shortages in labour and materials, notably bricks, have developed which will have an adverse impact on anticipated profitability"

Among other points in the report are

- It is expected that the group may be subject to a higher overall incidence of taxation in 1980
- The directors note that "the 1979 financial statements reflect significant growth in the group's total assets to R136-million at the yearend a substantial improvement in its overall financial structure and satisfactory borrowing ratios which make it possible to pursue the further development of the entire group from a strong financial base"
- If managed funds under the group's control are taken into account, the total net taxed income generated under the management of the group now exceeds R18 million a year

CT 3/5/80 232

Mine pension funds take R8,6m stake in Clicks

Talking business

by

PAUL DOLD

THREE of the large mining industry pension funds have bought a 33⅓ percent stake in the Cape Town based Clicks Stores which at current market prices puts a R8,6m price tag on the deal

The three funds are the De Beers fund, Mine Officials and the Mine Employees Fund The De Beers fund alone has bought some 1m shares

The purchases were confirmed this week by Clicks' chairman, Mr Jack Goldin, who said the pension funds had taken up Greatermans' entire stake in the group

Greatermans probably sold its shares due to the need for generating finance for its ambitious development programme

The deal will considerably increase the stature of this fast-growing specialist discount gift and toiletries chain

Clicks' potential was underscored by its recent interim profit statement which disclosed that earnings for the six months were close to those for the entire previous year At the half-way stage earnings per share were 13,3c (18,5c for the previous year) and a 5c interim dividend was declared

Both sales and profits are running stongly in the second half, although margins are being shaved to increase Clicks' share of the toiletries market where there is intensive competition between the chains.

Earnings for the full year could reach 24c with a dividend of 11c being feasible If the group does manage to achieve these profit levels the share price will still be on a miniscule yield of around 4 percent, but I believe in assessing the price cognizance should be taken of the considerable longer-term earnings ability

While the short-term outlook is attractive the medium term prospects are far more interesting The group is gearing for its largest-ever expansion and budgets provide for a quadrupling of trading area from the current 14 196 sq m over the next five years

The bulk of the stores are in the Cape (16), with six in Natal and only nine thus far in the Transvaal Undoubtedly the Transvaal will become Clicks' major market Several store openings are being planned along the Reef At least four to five new branches will be added each year in the five year programme

Store sizes are being steadily upgraded from the current 400 to 600 sq m to 1 400 sq m which should ensure evern higher returns on sales And there seems little doubt that viewed against the background of Goldin's flair for retailing that profits will at least maintain the same growth

Apart from the traditional toiletries and gift business Goldin is considering expanding into related fields and is currently sifting through several proposals. The group is flush with cash and an acquisition or two cannot be ruled out

Will Goldin decide to plunge back into foods? He founded the fledgling Pick 'n Pay and then sold out to Raymond Ackerman, and was the pioneer of food discounting in Cape Town

"I am being seriously tempted," is all he would say

But the withdrawal of Greatermans (who own Checkers) is bound to heighten market speculation that Goldin will join battle in foods Although the market is fiercely competitive he is acknowledged as one of the best discounters in the country and few doubt his ability to rapidly become a force in this field as well

Part of this new thrust towards expansion into other retail fields no doubt flows from the able management team at Clicks and the base at the Cape Town head office which can handle a far larger branch structure than the current 31 stores

In a few days time the new IBM in-house computer will go live, increasing capacity still further Clicks is designing its own computer programmes which will thus be tailor made

And the management depth is apparent from Goldin's two aides, either of whom can automatically take over running the firm should the necessity arise They are directors June Kritzinger and Brian Jones.

The rest of the management team consists of Raymond Godfrey, Martin Susskind, Robin Spengler, Trevor Honneysett, Grant Smith, Peter Green, Stephen Rom, Jerome Lewin and Willie Gouws

Expansion for the present is likely to be firmly focussed on South Africa although the Clicks type operation could have potential in Australia and elsewhere

The two card and gift stores in Los Angeles are trading profitably but scheduled further growth in the United States has been postponed until the economy has moved through the current downswing.

68 + 34 = 102 : 51 %

3

Retco nog ryp vir oornames

RAPPORT 4/5/80

232

RETCO is steeds ryp om oorgeneem te word en die mislukking van die aanbod deur 'n groep pensioenfondse moet grootliks toegeskryf word aan onervarendheid by die fondse en tweespalt in eie geledere.

'n Aanbod sou gemaak word teen tussen 90c en 100c per aandeel want dit is wat die bates van Retco werd is op 'n gekapitaliseerde opbrengs Die basiese probleem was dat geen een van die fondse gretig was om die aandele self te koop nie maar hulle wou kyk na die eiendomme in die groep.

Kyk 'n mens na die jaarverslag tot einde November 1979 is die volgende duidelik.

Inkomste vanaf die eiendomme was bykans R12 miljoen Kostes het R4,3 miljoen, of 36 persent hiervan opgevreet. Die gevoel is dat hierdie koste ver te hoog is en dat dit so laag as 25 persent van bruto inkomste behoort te wees Op hierdie koste kan daar aansienlik bespaar word.

Administrasie kos 'n verdere 6 persent van bruto inkomste Dit behoort volgens ingeligte bronne nie meer as 4 persent te wees nie, en vir 'n portefeulje van Retco se grootte kan dit selfs so laag as 3 persent wees

Rente op verbande het 37 persent van die bruto inkomste bedra en selfs op hierdie koste kan bespaar word

'n Ontleding van Retco se eiendomme toon dat minstens 75 persent daarvan vir die meer konserwatiewe pensioenfonds-belegger aanvaarbaar sal wees Tot soveel as 30 persent van die totale portefeulje kan selfs as uitstaande eiendomme beskryf word

Nogtans is die aandele van die maatskappy vir min fondse aanvaarbaar

Dit is interessant om daarop te let dat die fondse 'n gekapitaliseerde opbrengs van meer as 10 persent per jaar gebruik het om hul waardebepaling van Retco te maak en teen hierdie opbrengs was die aandele ongeveer 100c stuk werd. Ander eiendomsbeleggings deur hierdie selfde fondse word tans teen 'n gekapitaliseerde waarde van so min as 8 persent per jaar gedoen.

Waardebepaling op gekapitaliseerde waarde beteken egter dat slegs eiendomme met 'n opbrengs 'n waarde het. Retco besit byvoorbeeld Arbitrage, 'n pragstuk grond reg langs die Beursgebou wat nou as parkeerplek gebruik word Die grond is destyds aangekoop vir R6,4 miljoen en is nie deur die fondse in berekening gebring by hulle waardebepaling nie.

Verder het Retco ook 'n klompie hotelgeboue en ander on-ontwikkelde of half-ontwikkelde eiendomme wat deur 'n ontwikkelaar vinnig en meer waardevolle eiendomme omskep kan word.

Daar word gevoel dat indien Retco sy eiendomme wat inkomste lewer sou verkoop 'n netto bedrag van R65 miljoen tot R70 miljoen geïn kan word en dat die groep dan nog gelaat sal word met bates van minstens R10 miljoen.

Die mislukte poging om Retco oor te neem het minstens die volgende uitgewys.

- SA Brouery en Federated Employees is redelik gewillige verkopers
- By ontbinding van die maatskappy is die aandele heelwat meer werd as die huidige 55c - 60c per aandeel
- Byna al die land se grootste pensioenfondse was oor die afgelope paar weke op een of ander stadium geïnteresseerd in minstens om onderliggende bates van die groep.

Teen hierdie agtergrond gesien en ook die verbetering in die verhuringsposisie by sommige van Retco se eiendomme oor die afgelope paar weke sal dit ons nie verbaas as 'n hele paar mense nie nou besig is met nuwe planne om die groep oor te neem nie. Bestaande beleggers kan maar gerus aanhou aan hul aandele.

— Gert Marais

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1 Enter at the top of each page and in column (1) of the block on this cover the number of the question you are answering
2 Blue or black ink must be used for written answers The use of a ball point pen is acceptable Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used
3 Names must be printed on each separate sheet (e g graph paper) where sheets additional to examination book(s) are used
4 Do not write in the left hand margin

1 No books, notes, pieces of paper or other material may be brought into the examination room unless candidates are so instructed
2 Candidates are not to communicate with other candidates or with any person except the invigilator
3 No part of an answer book is to be torn out
4 All answer books must be handed to the commissioner or to an invigilator before leaving the examination

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

Afrox hoists interim to 12c

RDM 6/5/80

232

Financial Editor

AFRICAN Oxygen has boosted its interim dividend from 9c to 12c after increasing net attributable taxed profit from R5 043 000 to R7 451 000 for the six months to March 31.

Earnings a share rose from 17,04c to 25c

Afrox makes and distributes industrial and medical gases It is controlled by British Oxygen

The turnover for the half-year was up by 23% from R68-million to almost R84-million

The fact that Afrox was able to push earnings up by close to 50% again illustrates the gearing benefits on profits that many groups are getting from the economic upturn with the ability to make greater use of capacity

Afrox, was, however, given the extra benefit of a lower incidence of tax — because of allowances on capital expenditure — and earnings, therefore, got an additional aid over the 33% rise in pre-tax profit

The directors say a R22-million capital expenditure programme is on hand this year and is expected to reach R27-million in 1981

Profit was given an extra non-recurring boost of R483,000 from the sale of 49% of Dowson & Dobson Electronics

"Improved trading conditions are expected to continue and the growth pattern should be maintained during the remainder of the year"

COMMENT. Afrox deservedly has the image of a solid, well managed group.

Earnings this year should be in the 55c to 60c range after 28,7c, 34,4c, 40c and 42,6c in the previous four years.

The market has, however, largely anticipated the excellent interim figures and the share price will probably reflect general market trends in the near future

RDM 6/5/80

(3) Sugar (232)

It's a sweetener from C G Smith

Financial Editor

C G SMITH SUGAR has produced a sweet surprise for shareholders with profits for the year to March 31 above the level indicated in the interim report last December

Net taxed profit is up from R14 086 000 to R20 130 000 The final dividend has been raised from 50c to 63c to give a total of 85c (70c)

Earnings a share jumped from 95c to 135,5c

C G Sugar was taken over by Barlows at the end of last year in part of a wider Barlows bid to take a big slice of the sugar industry

Because of the uneven trading pattern, C G Sugar presents its interim figures in the form of half the estimate of profits for the full year

The estimate was on the low side this time, and had interim taxed profits of R7 746 000 and earnings of 52c — levels that have been comfortably exceeded

The directors say "The 1979 80 sugar season was a satisfactory one for the group

"This was largely attributable to the increase in production of 104 414 tons of sugar and the improvement in the group's industrial share from 35,2% in 1979 to 40,3% in 1980

"For the second consecutive year, industrial proceeds were supplemented by a R25-million medium term loan raised by the South African Sugar Association

In addition, higher world and domestic sugar prices helped to reduce the deficit in proceeds from R19 300 000 in 1978 79 to R3 100 000 in the season under review

"Improved contributions to earnings were also made by the group's sugar related activities"

They say prospects are that dividends this year will be at least maintained

At 1040c C G Sugar yields 13% on earnings and 8,2% on dividend

KWV Bel debut

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RDM 7/5/80.

Financial Reporter

KWV Beleggings preference and ordinary shares make their debut on the Johannesburg Stock Exchange board in the beverages and hotels sector today

Trade will take place only in the 16 500 000 7% participating preference shares, which were privately placed with about 2 000 wine farmers, cooperative societies directly involved in the wine industry and, to a limited extent, their employees

The 1-million ordinary shares and 24 500 000 7% redeemable prefs will not be traded on the market as they can only be transferred within their respective holding parties

The ordinaries are held intact by a wholly owned KWV subsidiary and the redeemable prefs are held by Boland Bank, Senbank and Volkskas

The value of the tradeable prefs is about equal to that of Cape Wine ordinary shares, currently trading around 135c

KWV, whose sole asset is its 30% holding in Cape Wine, will distribute all its earnings Based on Cape Wine's paying its forecast 8,25c, the company should pay 8,14c for the 1980-1981 year

Durban Bay House for Old Mutual

232 ~~58~~ RDM 7/5/80

OLD MUTUAL has bought Durban Bay House in Smith Street for R11 264 000 This is the largest single-unit property transaction in South Africa

The previous record was set by Old Mutual when it acquired the IBM building in Johannesburg in January 1980 In each case Old Mutual has invested in fully let high-quality office buildings at a price substantially lower than their replacement values

Mr Martin Buss, property manager of Old Mutual, says Old Mutual will buy all the shares and shareholders' loans in Bay Passage Investments (Pty) The shareholders are Anglo American Properties (54%), with W R Poynton Investments Trust (Pty) and Nedbay (Pty) owning 46%

The effective date of the transaction will be June 30, 1980

PP Cement to spend R94m

RDM 8/5/80

232

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By HOWARD PREECE

PRETORIA Portland Cement has R94-million expansion plans over the next three years.

This is disclosed in the interim report which shows net profit up by 54% from R8 714 000 to R13 426 000 for the six months to March 31

The interim dividend has been raised from 11c to 14c

PP Cement, which is controlled by Barlow Rand, benefited heavily from capital spending already in hand with a sharp reduction in tax incidence

Turnover for the half-year was up by 21% from R64-million to R77-million, mostly reflecting inflation but partly attributable to the general real upturn in the economy

In line with turnover, pre-tax profit rose by just under 21% from R16 132 000 to R19 462 000

Tax, however, fell from R7 026 000 to R5 596 000

This resulted in the 54% rise in consolidated net profit

PP Cement makes a special extra depreciation provision to match replacement costs and this deduction from net profit increased from R2 631 000 to R4 065 000

Earnings a share were diluted by the inclusion for ordinary dividend participation of more than 2 500 000 A shares that were issued in 1977 in securing 100% of Northern Lime

Before the extra depreciation, "transfer to plant replacement reserve", earnings a share rose by 30% from 58,2c to 75,6c

Deducting that transfer, earnings were up by the same percentage from 40,6c to 52,7c

COMMENT: The R94-million expansion planned includes R60-million for the lime division. Lime is classified as mining and does not qualify for manufacturing investment allowances although it does get assistance.

Overall, the tax incidence could be higher next year

Cement, the main contributor to profits, is — unlike lime — price controlled and this is obviously a limiting factor as far as share investment is concerned

There was, however, a price increase from April 1 and this will be reflected in the second-half results.

The Price Controller has also agreed to allow the return on capital employed to rise to 15% next year, although there are complications in the arithmetic here.

PP Cement looks in good shape, in spite of the loss of most of its export business to Iran, but the shares are perhaps primarily institutional in their appeal.

RAND DAILY MAIL, Thursday, May 8, 1980

Stilfontein makes the dirt pay

232

RDM 8/5/80

Financial Reporter

STILFONTEIN will speed up the rate of development in previously unpayable areas, says the chairman, Mr F J Fritz, in the annual report.

A further tributing arrangement is being made final with Hartebeestfontein whereby Stilfontein will obtain the right to mine about 150 000 centares next to the mine's north-western boundary.

Development of this area is expected to cost R668 000 this year.

The Chemwes plant, in which the company has an 85% shareholding, was brought into full production last year four months ahead of schedule. Uranium output is above contractual commitments, but further sales should be achieved this year.

He is confident that the gold price will allow Stilfontein to make greater use of its low-grade ore, and that the mine's uranium will be of substantial benefit in the years ahead.

Costs will increase by milling lower grade ore (working costs were almost R40 a ton last year) and operational efficiencies will have to be improved. The report shows that the ore reserve pay limit of 2 ... 000 tons with a gold grade of 11.61 g-t and uranium grade of 0.18 kg-t is based on a gold price of $300.

Stilfontein's taxed profit leapt by 63% to R85 300 000 in the year to last December from R11 900 000 in 1978 and the dividend total was increased to 135c from 66c. The mine received an average gold price of $305 against $197 in 1978, which pushed working profit up to R139 488 000 from R93 557 000.

Chemwes results were not consolidated because production started towards the end of 1979 and limited quantities had been sold by the yearend.

ICS raises final

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RDM 8/5/80

By FLIZABETH ROUSE

IMPERIAL Cold Storage improved on its steady profit and dividend growth record over the past year and improved margins in the face of higher distribution costs

Earnings are up 28% to 55c a share in the year to last February from 1979's 43c The final dividend has been raised by 1c to 12c, bringing the total to 16c from 14,5c for the 1979 year

Dividend yield is 5,16% on the pre-suspension price of 310c

ICS's taxed profit of R13 090 000 compares with R10 110 000 in 1979 after higher minority interests of R2 060 000 (R1 320 000)

Turnover has risen at a faster rate of 17,3% to R587 950 000 compared with the previous year's increase of 12,3% to R501 100 000 and the pre-tax return on sales improved to 4,04% from 3,83%

ICS reduced its loan commitments in the 1978-1979 year and probably repaid some loans out of its bigger cash flow over the past year

ICS shares are suspended, together with Tiger Oats which holds 17% of ICS, because of plans to restructure Old Mutual's interests in the food industry

Old Mutual has a 20% stake in ICS and a 21% holding in Tiger Common Fund, also suspended has a 17% stake in ICS Intention is to clean up this holding structure and possibly to strengthen it to ward off bidders

RMP on the move again in property

RDM 8/5/80

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By ELIZABETH ROUSE

RAND Mines Properties is on the move on the property as well as the mining front

The company intends to develop 91 hectares in Wadeville industrial township, according to the interim report This move is significant as the company's property holdings have been static since the economic slump

RM Props has paid R1 783 000 cash for the acquisition of the land-owning company, Wadeville Investment Company, from Hillman Developments, a wholly owned subsidiary of Barlows

To finance this acquisition and to provide funds for development of the land, RM Props has sold its investment in Transvaal Gold Mining Estates (TGME) to Barlows for R3 188 000 cash As the net asset value at the effective sale date in October last year was R1 295 000 the surplus on this sale is R1 893 000

The RM Props group retains the mineral and mining rights over TGME's Pilgrim's Rest land, which is farmed

Turnover and pre-tax profits show considerable improvement at the halfway stage, but RM Props ran into a higher tax bracket assessed losses having been reduced and non-taxable income being lower, and the attributable taxed profit advance has been cut to just over 9%

However, the directors are confident that yearend earnings should show a satisfactory increase on 1979's 34,3c a share as a result of an increased tempo in land sales

This means that shareholders can expect a lift from last year's annual dividend of 17c However the share price will reflect RM Props dump retreatment prospects

At the moment RM Props biggest income stems from property and to a lesser extent from timber

Profit from property sales increased to R2 222 000 in the six months to last March from the previous comparable half-year's R1 668 000 The Thesens timber division did well, with profits up at R977 000 from R596 000

Net mining profit came off to a net R501 000 from R568 000 as income from surface gold operations fell considerably

Group turnover was up by 27 7% to R12 812 000 (TGME's farming operations contributed R405 000 so the sale will have little efect on earnings) from R10 034 000 and pre-tax profits rose by 29,4% to R3 479 000 from R2 688 000 Taxed attributable profit was R2 327 000 against the 1979 half-year's R2 130 000 Tax jumped to R1 130 000 from R547 000

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WILLIAMS, HUNT

In low gear

It seems that the acquisition of Gentire by subsidiary Tarry last year was Williams, Hunt's only saving grace in the year to February 25. The group's motor sales have apparently hardly improved since the first half — when their profit contribution declined by 45% — while the 1c dividend hike to 11c is almost entirely attributable to the consolidation of General Tire as from September.

Further details should be available with the annual report. But from the limited information provided by the preliminary report it appears that performance is not yet up to scratch. At the time of the acquisition of the US parent's 26,4% holding in Gentire the directors said that had the acquisition been effective for the year to February 1979 earnings would have been 39,9c instead of the 30,2c actually achieved. So last year's 34c earnings are in fact a considerable decrease on what could have been achieved had the motor side held up.

Top-line figures are not strictly comparable and pre-tax profits are a massive 279% higher at R7,5m (R2,1m) reflecting the consolidation of Gentire. Net earnings, meanwhile, rose a modest 12,7% to R3m — a more valid comparison as the year-ago figure includes the Gentire earnings attributable to the group's then 26,4% stake.

During the first six months, the motor division had little answer to the demands of the car market in terms of smaller vehicles. It has now made moves to counter this but it remains to be seen what effect this will have. Until the accounts finally reveal the actual contribution of the various operating sectors judgment on prospects must be reserved. An historic yield of 7,3% does not recommend the share at its current 150c, though there may be something to go for as car sales improve.

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their price. Therefore, the quality of housing will deteriorate

TC Lands doubles profit

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RDM 9/5/80.

By ADAM PAYNE

TRANSVAAL Consolidated Lands, a Barlow Rand subsidiary with wide mining interests, has almost doubled its attributable profit for the six months to March compared with the same time last year, and has declared an interim dividend of 65c (42c) which is more than five times covered by earnings of 349c a share

The attributable profit of R25 521 000 for the half-year compares with R13 432 000 in the half-year to March 1979 and R20 988 000 in the second half of the year to September

Prospects for the second half of this year are bright with a forecast that profit levels should be maintained and that the final dividend should be at least 120c (93c), making a total of 185c (135c)

As TC Lands has exceeded dividend forecasts, this prediction should prove to be conservative

On a total of 185c for the year the yield on yesterday's share price of 4 000c would be 4,6% This is a low yield but TC Lands in the past has grown strongly in profits and share appreciation from year to year and this performance should be continued, particularly if the gold price remains high

Income from coal will be much higher this year than in previous years

The main increases in income in the past six months came from gold and coal investments Turnover, which covers sales of asbestos, chrome, coal, fluorspar and timber, jumped by 73% to R130-million, helped by income from the new Duvha Colliery which contributed nothing last year

It was helped on a much smaller scale by income from the asbestos division which owns Cape Asbestos

Rietspruit Colliery, jointly owned by TC Lands and Shell, was in production for only a short while in the previous financial year but contributed to turnover throughout the past six months

In its gold investments, TC Lands benefited by a trebled final dividend from Harmony and by higher dividends from other gold holdings

COMMENT TC Lands did slightly better than expected from its asbestos division which is good news at a time when sections of the asbestos mining industry are struggling

Whether asbestos will be better than the platinum investment which was sold to buy Cape Asbestos remains to be seen — depending on what dividends the platinum companies declare this year.

When TC Lands held its platinum shares, dividends were small and were passed on occasion

The asbestos interests have good potential

The coal picture here is excellent with increasing output from Duvha which serves Escom, and rising exports from Rietspruit

Rietspruit exports last year totalled 2 600 000 tons and they are expected to rise to 4 800 000 tons this year and 5 500 000 tons by the middle of 1983.

A pointer to the strength of TC Lands investments is the fact that the market value of its listed investments rose from R69-million at March 31 1979 to R127-million at March 31 this year

Chemhold sees R3m profit

232

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RDM 9/5/80.

By ELIZABETH ROUSE

CHEMICAL Holdings is maintaining its impressive performance and the chairman, Mr Bill Hefer, forecasts a 1980 taxed profit of more than R3-million.

In his March quarterly report to shareholders, Mr Hefer forecasts that the final dividend could be 18c on the increased share capital This will lift the total to 29,5c from 21c

The one-for-four rights issue was 98% successful The share capital has been increased by 1 069 591 shares to 5 422 599 shares, all of which will participate in the final dividend, payable in November

Some of the rights issue funds have been used to acquire from Akzo Chemie its 25% holding in Akulu-Marchon, the new holding company which started operating in January

The transaction has increased Chemhold's interest in Akulu-Marchon to 50%, the balance continuing to be held by Albright & Wilson of Britain

Mr Hefer says the group sees a rewarding future in detergent raw materials

Chemhold made a record taxed profit of R865 000 in the March quarter — up 72% on the 1979 March quarter's R503 000 This brought attributable taxed profits for the nine months to March to R2 193 000 — up almost 68% on R1 306 000 earned in the previous comparable nine months

Turnover over the same time rose by over 30% to R40 302 000 from R30 937 000 Sales were up 29,5% in the March quarter to R13 986 000 from the December quarter's R10 796 000.

The associate companies, Akulu Chemicals, Dusek Brothers and SA Paper Chemicals, improved their turnovers and all other divisions flourished

Mr Hefer comments that while the contribution from the associates to this improvement was important, it should not obscure the significance of a 45,9% rise in Chemhold's pre-tax profits to R4 309 000 over the past nine months.

If Chemhold earns a minimum of 20c in the last quarter, earnings will be 70,6c a share for the year compared with 1979's 46c

S&L pays maiden interim of 10c

RDM 10/5/80.

By ELIZABETH ROUSE

STEWARTS & Lloyds has declared a maiden interim dividend of 10c on earnings of 24,4c a share — up 49% on last year's interim earnings of 16,4c a share

The heavy engineering group has hitherto paid an annual dividend, which last year amounted to 22c

The board's decision to pay an interim is based on the cash flow benefits derived from the introduction of Lifo accounting last year Improved liquidity means that the interim payment can be accommodated in the seasonal cash flow, say the directors

Although Lifo gives a more realistic picture of Stewarts & Lloyds financial health in inflationary times, it obscures the sharp leap in group activities

Pre-tax profit before Lifo adjustment for the year to last March has jumped by 81% to R12 252 000 from the previous comparable half-year's R6 765 000 on a 23% rise in turnover to R157 890 000 from R128 795 000

The Lifo adjustment of R2 919 000 has reduced taxed profit to R6 029 000 This shows a 49% improvement on last year's interim taxed profit of R4 059 000

Results for the past half-year exclude the contribution made by the trading activities of H Incledon & Company (SA), which was sold in October 1979 This sale had some effect on turnover, but earnings were boosted by R400 000 made on the sale of Incledon-owned properties

The group ran into a higher tax rate of 35% compared with 28% and 18% in the previous two years

But capital spending is increasing again The foundry modernisation programme will take most of the R20 951 000 committed for capital spending (1979 capital expenditure was R9 769 000)

Since the yearend, additional capital expenditure of R2-million has been authorised for Baldwins, which is putting up the first steel sheet service centre in Natal

Stewarts & Lloyds usually does better in the second half of the year and the chairman, Mr H C Kuiper, expects that the seasonal improvement will prevail Sales and profits should advance in line with overall economic growth

It is difficult to predict yearend results, but the group is in trimmer shape to cope with increased business (costs are under control) and it should easily improve on first-half earnings of 24,4c

However, a decision in principle has been taken to extend Lifo to all stocks held by the group (last year Lifo was limited to steel stocks, which were about 58% of total stock) and this might affect earnings

Dividend cover will probably be kept at a safe 2,4 so dividend expectations cannot be too optimistic

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Barlows thumps forecast

RDM 10/5/80.

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By HOWARD PREECE
Financial Editor

BARLOW RAND has produced gold-lined results for the six months to March 31, with attributable taxed profit up 71% from R53 739 000 to R92 160 0[illegible]. The interim dividend has been raised from 12c to 18c in keeping with a profit performance that has far exceeded the group's original hopes.

Turnover was up by 46% from R1 042-million to R1 517-million

Barlows, the industrial/mining giant, has excelled across the board But the windfall from Rand Mines gold interests gave the interim results a particularly handy boost, even though the contribution is still small in relation to total profits

Investment income, essentially from the Harmony, ERPM, Blyvoor and Durban Deep gold mines, rose from R8 770 000 to R17 531 000

A statement on the overall results says "The higher growth rate in profit is largely due to better margins, management controls and higher dividend income from gold investments"

Earnings a share at the halfway stage were up 62% from 46,5c to 75,4c after some weighted average dilution from additional issued shares, notably through the C G Smith takeover in December last year

Pre-tax profit was up by "only" 59% from R134-million to R214-million

The tax incidence was considerably reduced, however, from higher dividend income and through greater use of tax allowances on new plant and machinery

Of course, the slice going to outside shareholders — basically in TC Lands, Plascon-Evans, C G Smith and GEC — also rose sharply, from R27-million to R50-million

Mr Mike Rosholt, executive chairman of Barlows, says "In general the growth in profits and earnings reflects the improved performance of the South African economy

"A strong domestic market for domestic steel and sustained export demand for ferrochrome resulted in Middleburg Steel & Alloy earning higher profits

"The mining division benefited from increased coal revenues

"The improvement in consumer demand and the strong recovery in the construction and building industries resulted in higher turnover and profits in the cement and lime, building materials and steel distribution, paint and packaging divisions

"Whilst the economies of South Africa's major trading partners are entering a period of recession it is unlikely that this will impact seriously on South Africa this year, other than to slow down the growth of exports

"With the large balance of payments surplus on current account likely to continue, the South African economy should remain strong for the remainder of this year"

He warns, however, that while this should ensure a substantial growth in earnings over 1979 the rate of increase in the second half of this year is unlikely to match the first half

COMMENT: Net earnings rose by 46% in 1978-79 and Mr Rosholt suggested in the annual report that growth this year might not be as strong

With the halfway net earnings up by 62%, it is certain that growth in 1979-80 will end up even higher than in the previous year, even with Mr Rosholt's caution about the second half of this year.

Still, underestimating of profit by Barlows is an established, and understandable, tradition.

Last year the group paid a total dividend of 38c This year a final of 3[illegible]c ([illegible]c) and a total of 54c look possibile

The share price has, of course, bounded up since the annual report — market capitalisation is up R300-million since last September — although at 93[illegible]c yesterday it was well off the year's peak, and 45c higher on the week.

That puts the prospective dividend yield around 6% with a three times cover.

Superb though the results are, the market has probably anticipated them well and the share price may not make big immediate headway.

Barlows remains, though, as blue a chip as it has ever been.

B & S meets strong demand

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DM 12/5/80

B & S STEEL Furniture has reached a new adventurous phase of its development and this is borne out by results so far this year, says the chairman, Mr H Back, in the annual report

The company expects a marked increase in demand for its products

B & S Steel has become subject to borrowing restrictions in terms of foreign exchange control because more than 25% of the issued capital is now held by non-residents as a result of the emigration of a director, Mr J Grossman

Of the 2 256 400 shares in issue 758 250 shares (representing 33 6% of the total) are held by non-residents In terms of the formula applied by the exchange control authorities, the company's South African borrowings are limited to 74 4% of shareholders' funds

To remove this constraint on its operations a company controlled by Mr J Grossman — Joe Grossman Family Holdings (Pty) — will reduce its holding in B & S to a level at which the company will cease to be subject to restriction

This is subject to Family Holdings right to increase its shareholding to its present level at any time up to and including January 1 1983 by which date it is expected B & S will have been able to reduce its borrowings to a level at which on the assumption that Family Holdings exercises that right to increase its shareholding B & S will be able to operate more comfortably within the exchange control constraints

An agreement has been concluded that the issued share capital and share premium account of B & S be reduced by R157 800 by the cancellation of 263 000 shares held by Family Holdings, and the payment to it in cash of 60c a share in respect of those shares representing the share capital paid up thereon, and 10c a share by way of a reduction of the share premium account of B & S — Reuter

Howden stake

232

ALEXANDER Howden Group, the London-based insurance brokers, has acquired an additional 1 527 000 shares in its Johannesburg Stock Exchange listed insurance broking subsidiary Alexander Howden Group (South Africa)

The Alexhow Group UK, which had profits of R35 411 000 in its latest financial year, has as a result of the acquisition boosted its stake in the South African company from 67,5% to 90%

RDM 12/5/80

The shares acquired represent the holdings in Alexhow formerly held by Hill Samuel They are the residual stake held by Hillsam following the banks' decision to divest most of its pension and insurance interests

Payment was 133c a share Current market price is 135c

(241) (232) 13/5/80

BUSIN

Amcoal bids for Vryheid

By Jean Moon

A 66 percent stake in Vryheid Coronation is just not enough for Anglo American Coal Corporation (Amcoal). The coal giant is going for a 100 percent holding

The shares of Vryheid were suspended on the JSE yesterday because negotiations are in progress in terms of which Vryheid will become a wholly-owned subsidiary of Amcoal Shareholders can expect to have further information on Friday

Vryheid's real value lies in its coking coal, being one of the few producers in the country which is short of this particular coal Iscor is a huge user

The acquisition by Amcoal will have no material effect on the earnings or net asset value of Amcoal It would seem that this is a tidying up operation, as Vryheid is the last remaining share in the Amcoal stable to be quoted

The pre-suspension price of Vryheid was 290c, at which level the dividend yield stood at 9,2 percent on an earnings yield of 20,2 percent

Metkor's earnings leap 59 percent

STAR 13/5/80

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By Jean Moon

Metkor's earnings leaped nearly 59 percent to 6,12c a share in the six months to December The net income rose 90 percent to R4,2m and the preference share dividend absorbed R716 000. As there was no taxation, distributable earnings rose from R2,2m in the corresponding period to R3,5m

Metkor received a maiden dividend from Air Products of South Africa

Metkor's investment in Donkerhoek was disposed of during the period It acquired 23,7 percent of minorities in Hart for R269 154 and 1,9m Metkor shares Hart is now a wholly controlled subsidiary of Metkor

It also acquired the 48,75 minority interest in Wispeco for 7,4m Metkor shares

UNIVERSITY OF CAPE TOWN

...SWER BOOK

Amal Laundries makes it a good cash deal

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13/5/80

By ELIZABETH ROUSE

ANOTHER cash assets share-listing has been created through the takeover of Amalgamated Laundries' trading operation and related assets by Steiner Linen Services (Pty).

This transaction, which involves a purchase price of between R1 250 000 and R1 350 000 (depending on June 1980 profits), will leave Amalgamated Laundries with R1 ... 000 cash and properties with a book value of R950 000, mortgaged for R698 000

This is an excellent deal for both shareholders, who have stayed with the company in spite of passed dividends, and for Amalgamated Laundries The purchase price ranges from 95,4c a share at the lower end and 103,05c at the upper end

Net asset value was 90c a share at the end of June 1979 and on completion of the deal it should be about 130c a share, according to an Amalgamated announcement.

The shares, suspended on April 18 this year, returned to the JSE board yesterday The counter was quoted at 90c buyers and 120c sellers but no deals were struck

The deal will require Treasury sanction as Steiner is a non-resident controlled company

Suitable investment opportunities will be found, but the board's objective remains a mystery at present

Mr Max Florence, chairman of Amalgamated Laundries, and his associates bought 585 006 Amalgamated shares for 46c a share after the Herbert Porter group's liquidation early in 1979.

The share stayed suspended on the JSE from July 6, 1978, when the Porter group collapsed, to October 1, 1979, after an unprecedented clash between Mr Florence and his associates and the Johannesburg Stock Exchange committee over making a similar offer to minorities.

Amalgamated improved steadily under the Florence banner, but based on the last report from the company, which showed interim earnings for the six months to last December up at 10,8c (9,8c), the 1980 dividend would have been small.

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Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

Metkor income soars

RDM 13/5/80

232

58

Financial Reporter

METKOR Investments' dividend income jumped to R4 564 230 in the six months to last December from the 1978 half year's R2 451 567 and attributable taxed profit climbed to R3 543 000 from R2 235 000.

Interim earnings are 6,12c, surpassing the previous full year's 5,46c, but dividend prospects are conservative — an unchanged 5c for the year ending June after having paid a large preferent dividend of R1 246 000 in March this year.

The jump in interim dividend income stemmed from payment of a maiden dividend by Air Products of South Africa (Pty) and an increased dividend from International Pipe & Steel Investments (Pty)

Since March, Wispeco and Hart have become Metkor subsidiaries, but these companies, although doing better, are unlikely to make much difference to Metkor's income by the June year-end

Vryheid Cor is suspended

2DM 13/5/80. 232

By ADAM PAYNE

VRYHEID CORONATION, the only listed coal mining subsidiary of Amcoal, was suspended on the JSE yesterday at the company's request because of negotiations aimed at making it a wholly-owned subsidiary of Amcoal.

A statement setting out the proposed terms of the deal is expected on Friday

The shares of Amcoal were not suspended since the acquisition of Vryheid as a wholly-owned subsidiary will have no material effect on the earnings a share of Amcoal or on its net asset value

An anomaly — Vryheid being the only listed coal mining subsidiary — will be cleared up by making the company wholly owned.

In spite of the fact that Vryheid is one of the few coking coal mines in a country which is short of coking coal, its shares have not enjoyed the growth of many other coal mining shares which have notched up greater profit performances

The shares were under a cloud at one time because it was feared that the coking coal contract with Iscor would not be renewed

However, the present demand for coke is firm and as a result less coking coal will be available this year than Iscor could take.

Because of increased difficulties in mining, the production of coking coal will be marginally lower this year than last

It is forecast that earnings will be similar to last year when they totalled 29c a share and dividends were 27c giving a yield of 9,3% on Friday's price of 290c

Pesticide move

232 183 RDM 19/5/80

SENTRACHEM will reorganise its pesticide interests from July 1 Mr D J Marlow, the managing director, said the changes were necessitated by the extension of Sentrachem's agricultural product range

In the next two years the group planned to manufacture a considerable number of new products as an extension to the pesticides it made now

Construction of plants to manufacture 2 4-D and MCPA was progressing well Three additional strategic pesticides would appear on the South African market within the next 12 months and plans to produce yet another four pesticides were far advanced

A new company, Agrimark, would market these products

UNIVERSITY OF CAPE TOWN
EXAMINATION ANSWER BOOK

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Examiners' Initials		

Record for Bromain

232 RDM 14.3.80

By ELIZABETH ROUSE

BROMAIN, the furniture retail group which owns Teltron and has a Ford car dealership, has achieved a record yearend profit — a dramatic recovery from last year's loss.

It has declared a record final dividend of 6,5c, which makes the year's total 9c against the 1,5c paid out last year to avoid undistributed profits tax

Earnings before extraordinary items are 28c for the year to February compared with 2,9c in 1979 Earnings after non-recurrent items are 25,9c a share against a loss of 8,8c

Bromain turned the corner at the halfway stage when earnings were 8,4c, which led the market to anticipate good yearend results and the current price of 125c reflects expectation of a further improvement

Dividend yield is 7,2% compared with the industrial holding sector's average of 5,6% and earnings yield is 20,7% The price earnings ratio is a narrow 4,8

Bromain directors confidently predict higher profits this year, provided buoyant conditions in the economy continue All divisions are trading at higher levels However, the group will run into a higher tax bracket this year

Teltron, which makes and distributes Sanyo, B & O, Du Pont and Canon photo copiers, has achieved a major turnaround after substantial restructuring and management reorganisation

Another factor is the sharp decline in interest charges to R1 318 000 from 1979's R2 475 000 Last year the debt equity ratio, although improved, was still a horrific 102%

Bromain's 1980 taxed profit amounts to R2 269 000 against a loss of R32 000 in 1979 Outside shareholders now take a profit of R552 000 compared with carrying a loss of R218 000 last year

Goodwill on the acquisition of the outstanding 30% in Teltron has been written off for R268 000, offset partially by a R139 000 profit on the sale of land and buildings

That leaves a net profit of R1 588 000 on the bottom line compared with a loss of R521 000 in 1979 after the Teltron write-off

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Subject Econ 3a.
(to be copied from the heading on the Examination Paper)

Paper No F34.
(to be copied from the heading on the Examination Paper)

NOTE CAREFULLY

1 Enter at the top of each page and in column (1) of the block on this cover the number of the question you are answering
2 Blue or black ink must be used for written answers The use of a ball point pen is acceptable Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used
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Samstel lifts interim

RDM 14/5/80

(232)

By ELIZABETH ROUSE

SAM STEELE Holdings, effective control of which recently went to a consortium, and its wholly owned subsidiary, Steel & Barnett, have reported good interim results.

Samstel has raised its interim dividend to 2,5c on earnings of 5,34c a share from 2c paid on the 1979 half-year's earnings of 3,7c and it receives a higher interim of 8,5c (7c) from Steel & Barnett, which earned 17,1c (11,5c)

Samstel's taxed profit was R581 000 (R385 000) and Steel & Barnett made R553 000 (R395 000)

The board is confident that Samstel will achieve higher earnings in the second half of the year. Advantage will be taken of the buoyant economy by increasing trading volume, mainly in the furniture retail division of 72 stores

The stores are also the reason for the takeover bid The price paid to the family was 53c a share Since the takeover announcement, the counter has risen to 62c, showing that the market values Samstel much higher

Anamint value

232

DN 14/5/80

Financial Reporter

MR H F Oppenheimer, chairman of Anglo American Investment Trust, reports in his annual review that the net asset value of Anamint at March 31 was 10 436c a share compared with 9 148c at March 31 last year

Anamint closed at 10 300c yesterday

He says the increase in net asset value of the shares was largely due to the improvement in the price of De Beers share on the JSE from 840c on March 31 1979 to 970c at March 31 this year

Anamint sold Amic shares in the past year and used the proceeds to partly finance the acquisition of a further 2 280 711 De Beers shares The company now holds 27% on the equity of De Beers

BTR deal

232

16/5/80

RDM

Financial Reporter

BTR South Africa has bought Laursen Brothers (Pty) and its associated companies Container Sales Agencies (Pty) and Anchor Safety (UK) of Rosslyn Pretoria for R1 600 000 cash

The companies' sales in the year before acquisition (February 1980) were about R5-million and net asset worth was about R1 500 000 Based on the 1979 1980 performance, the contribution to earnings would have been 2,5c a BTR share

BTR is confident that the acquistion will achieve higher earnings this year

Laursen Brothers makes locking gears fasteners and twist locks for the container industry It exports about 40% of this equipment The company also makes steel door frames and components for the mining and domestic appliance industry

Sun Times (Bus Times) 18/5/80

R30m for big S & L expansion

(232)

By ANDREW McNULTY

MORE than R30-million has been earmarked for modernisation programmes by the diverse Stewarts and Lloyds group over the next three years

This is additional to R10-million spent on welded steel tubes production two years ago

The investment will leave the R300-million group well placed for growth about which it is "very excited"

The wide range of metal products produced are aimed at mining, industry, building and construction and should benefit from the quickening of economic activity, as well as the vast array of capital projects announced by these and other sectors

While slowing profits, adoption of Lifo accounting means capital spending can be easily funded

A pioneer in inflation accounting, S & L is not only extending Lifo to all stocks held in the group, but has also adopted a broad strategy against inflation

This has provided a formula for use in setting growth and earnings targets

Richard Anderson, executive director financial, says main areas of modernisation include

- More than R15-million on the Salcast Foundry, to produce, in a highly cost-effective operation all types of cast iron products by September 1981

Markets include the motor industry, mining and the railways

- R2-million is being spent on enlarging the Baldwin steel factory in Durban

This will enable production and rapid deliveries of coiled steel in small quantities, employing technology now used only overseas

- As well as the current R22-million capital programme, some R10-million will be needed in broadening the steel tubes range within three years Galvanised steel items will be produced for domestic and export markets

There are several other developments which boost earnings prospects

A "significant market" is being developed through Salweir in diesel engines smaller than Atlantis diesel engine lines

Pumps, valves and related producers are being geared towards what is seen as a potentially very strong market in water technology

Production processes are being separated in the group to increase their efficiency

Productivity and skills are considered S & L's next big challenge and attention will be paid to information systems

Mr Richards says profits are tending upwards after the drop when Lifo was adopted

Growth in turnover should at least move with the trend in the gross domestic product

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BUSINESS MAIL

CDM 19/5/80

Generous Amcoal offer for Vryheid

232

By ELIZABETH ROUSE

AMCOAL is offering generous terms to Vryheid Coronation minority shareholders in the complete takeover deal.

They will have the choice of receiving a capital payment of 360c a share cash, or a special dividend payment of 310c a share plus a capital payment of 50c a share

Amcoal holds 66% of Vryheid's issued shares and the acquisition of the remaining 34% will involve Amcoal in a cash payment of R11 500 000

Besides the generosity of the offer of 360c against a pre-suspension price of 290c, the decision to give minorities alternative methods of taking payment to suit their tax status, means that Amcoal is anxious to get Vryheid

Small investors will obviously opt for the capital payment only, as the profit will not be taxable. Institutions and non-resident shareholders might opt for the mixture of special dividend and cash payments for tax purposes

Non-resident shareholders registered in Vryheid's books on May 19, 1980, may accept either alternative, but those registered after that date may accept only the first

Those Vryheid shares which are subject to these proposals will not qualify for any dividend in the year to December 1980

The acquisition of the remaining Vryheid shares is expected to benefit marginally Amcoal's earnings and net-asset value a share.

The shares will be reinstated on the Johannesburg Stock Exchange tomorrow.

CORM·PERTOT

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(232) ~~(183)~~

Plascon's R3m expansion to boost output

RDM 20/5/80.

By SIMON WILLSON
Industrial Reporter

DESPITE a R1 100 000 capital expenditure programme last year Plascon Evans, Barlow Rand's paint-manufacturing subsidiary, is still unable to meet demand and has launched a R3 million expansion scheme for fiscal 1980 to increase production capacity at all its plants.

The scheme includes the erection of a resin plant in Bulawayo and a new factory in Epping, Cape Province, for Inmont — the printing ink and specialised coating manufacturer which Plascon took over last year.

The Bulawayo expansion will however be using funds generated within Zimbabwe rather than those of the parent South African company. Profits are difficult to repatriate from the newly independent state and are being ploughed back in new investment.

Building extensions and additional equipment are required at the Polycell plant and the paint plants at Luipaardsvlei, Transvaal — Plascon's biggest factory — and Epping.

Factories also to be extended are those at Chamdor (near Krugersdorp), Port Elizabeth and Cape Town. The scheme includes Plascon's own emulsion plant at Mobeni, Durban — the first emulsion plant built by a South African paint manufacturer.

The R3 million is coming from the company's own resources, and no public issues are planned to raise loan capital.

The expansion programme is another indication of the buoyancy of the paint market which although very much part of the construction industry suffers little of that industry's notorious cyclical booms and troughs.

The paint industry is certainly benefitting from the present high demand for construction in South Africa and Plascon's figures reflect this.

Turnover last year rose to R132.7 million, an increase of 3[illegible] on the previous year. A consolidated net profit of R9.1 million resulted in earnings per share increasing from 23.[illegible]c in 1978 to [illegible]c in 1979, an improvement of 12[illegible].

The healthy signs were bolstered by the performance of Plascon's Zimbabwean subsidiary, whose profit contribution to the group last year increased by 60% over the year before.

But even in the construction industry troughs paint manufacturers come off less badly than most other suppliers in the industry.

Demand for paint is more inelastic than that for other building materials and it survives the depressions that stall production altogether in industries with more elastic demand patterns such as bricks and cement.

The only problematic outlook for the paint industry and companies like Plascon at the moment is their continuing dependence on oil by-products for their paint ingredients and a critical shortage of chemists in the industry.

The industry successfully rode the big lead price increases of last year by reducing lead oxide based paints to a minimum with a bit of clever substitution.

Now Plascon is conducting advanced exploration and intensive research into the development of water based finishes to less-en the industry's dependence on petroleum based materials.

Paint, although predominantly a capital intensive industry, is being hit — in common with other specialised manufacturers — by a shortage of skilled labour, in particular of industrial chemists.

Tongaat gets H Lewis

(232) ~~186~~

RDM 21/5/80.

Financial Reporter

THE battle for H Lewis seems over with Tongaat the winner.

Finansbank said yesterday: "Shareholders in the H Lewis food-processing and distribution company are being well rewarded for the long suspension of their shares

"Tongaat is offering 850c a share cash for 100% of H Lewis

"This is a 55% premium on the price of 550c on February 21, the date on which Lewis shares were first suspended pending takeover negotiations, and 126c a share higher than the 724c bid from an unnamed party (not Tongaat)."

Mr Natie Kirsh's Metro Cash & Carry group was reportedly the other party

The statement said "This dispute has now been resolved, thus clearing the way for Tongaat's offer, which puts a price of R17 500 000 on Lewis

"Shareholders representing 75% of Lewis issued share capital have already accepted this offer and Lewis will be proposing schemes of arrangement to make the company a 100% subsidiary of Tongaat

"This is Tongaat's third acquisition in the past two months On Monday, Tongaat gained 100% shareholder approval for its R13-million bid for 100% of Hebox Textiles, which is now only subject to Supreme Court approval.

"Hebotex shareholders have until May 30 to decide whether to accept R275 cash or 40 Tongaat ordinary shares for each 100 Hebotex they hold.

"In March, Tongaat bought the country's largest independent asparagus farm and cannery, near Krugersdorp, for cash"

Lewis is involved maize milling, cereal manufacture, oils, animal feeds, flour milling and cotton ginning.

Tongaat also has interests in most of these areas so there would seem to b scope for rationalisation, assuming the deal goes through

Toncoro booms with building

~~191~~ 232 ~~32~~

RDM 21/5/80

By HOWARD PREECE
Financial Editor

BOOM-TIME in the building industry is reflected in soaring profits and dividends reported by Toncoro, South Africa's biggest brickmaker, for the year to March

Taxed profit rose by 109% from R3 864 000 to R7 710 000 and the total dividend is up from 5c to 12c

The results also show, in common with those of many other companies, the sharp gearing effect on profits of an upturn in business

In line with the surge in building activity sales, were a record R117-million last year, 41% up on the R83-million in the previous year by Primrose Industrial and Coronation Brick combined.

The two merged to become Toncoro and previous figures have been adjusted to make last year's results comparable with 1978-79

Earnings a share of Toncoro, on this comparable basis, rose from 17,2c to 35,9c.

Toncoro is part of the Tongaat group

A statement accompanying the results says the big profit rise was "largely due to major increases in production and to sales of bricks stockpiled during the building recession"

It says that because of price controls, price rises have played a minor role in the profit recovery from earnings of 9,2c a share two years ago (again on a comparable basis)

Plants that had been mothballed in the building recession were revived and production rose from 1 200-million bricks in 1979 to 1 316-million last year.

Sales of bricks from stocks built up in Natal by Coronation helped to alleviate the pressure on demand in the Transvaal, where Primrose had not stockpiled to any meaningful extent

Mr Dick Kemp, Toncoro's chief executive, says "Although we are still trying to catch up with demand in most areas of the country, where stocks are now exhausted, we still have supplies available in Natal

"Our development of exports will continue, but our main focus is on the continuing increase in demand from the domestic market, which offers good prospects for Toncoro's immediate future

"Our drive for greater plant efficiencies, and our increased marketing effort, are already yielding excellent results and bode well for the future

"We are continuing to expand our investment programme, particularly in factories and technology that will increase our output of face bricks

"Our improved profits are helping to finance the investment plan, which absorbed R5 700 000 last year and for which the current estimated cost of new works being planned is R18-million"

COMMENT The one certainty about the brick business is that supply never matches demand — there is either a large surplus or, as now, a scrambling shortfall.

That is probably inevitable in the cyclical nature of the building industry and can be seen in the adjusted calculated earnings of Toncoro over the past five years of 53,1c, 14,6c, 9,2c, 14,1c and 35,9c

At a price of 270c the shares yield 13,3% on earnings and 4,4% on dividend although, given the uneven nature of the business, these figures are less meaningful than for more stable industries.

If the building boom keeps going Toncoro could be interesting, but it is bound to be speculative

Nampak's R18,9m deal

RDM 22/5/80

NAMPAK has bought all of Paper & Packaging Industries, of Pretoria, for R18 900 000. PPI, the last large privately owned packaging company in South Africa, manufactures corrugated papers, corrugated board and corrugated boxes at its Rosslyn plant from wastepaper.

Settlement will be by the issue of provisional renounceable letters of allotment for 2 450 000 Nampak shares at 770c each, the closing price of Nampak shares on April 30, the date agreement was reached.

The new shares will not qualify for the interim dividend payable to shareholders registered on June 6

Because they want cash, the vendors have renounced their rights to the letters of allotment to C G Smith & Co, which holds 55,4% of Nampak C G Smith has agreed to renounce 44,6% of the provisional allotment in favour of the other shareholders of Nampak

Nampak minorities will be able to take up the new shares at 770c on the basis of nine new shares for every 100 shares they hold.

The acquisition of PPI and the issue of the shares is not expected to affect Nampak's earnings or net asset value

Alexhow revamped

RDM 22/5/80

232

Financial Reporter

MR NATIE Kirsh's Constantia Insurance group is poised for expansion in a deal that involves a major restructuring of the listed broking group Alexander Howden (SA).

Effectively, Alexhow (SA) will sell all its insurance broking interests to the parent Alexander Howden group in London

Constantia will acquire the cash and share shell rump of Alexhow (SA)

A statement says "Full control of Alexhow SA's insurance broking interests passes to Alexander Howden group in London

"At the same time, in a move to obviate any future conflict of interest, Alexhow London will sell its entire shareholding in Constantia Insurance to Alexhow SA and simultaneously dispose of its entire shareholding in Alexhow SA to Nathan Kirsh & Associates

"Kirsh will in this manner acquire 90% of Alexhow SA and minority shareholders will be made a standby offer of 133c a share by Kirsh

"As soon as possible thereafter Kirsh will change the name of Alexhow SA

"The details of the arrangements are such that Alexhow London acquires, through one or more of its wholly owned subsidiaries, all Alexhow SA's present insurance broking interests for R9 134 439

"Alexhow London's 1 050 000 shares in Constantia will be sold to Alexhow SA for R1 260 000

"Nathan Kirsh & Associates acquire the remaining listed shell of Alexhow SA at 133c a share

"Alexhow SA's assets will consist of 1 050 000 shares and R7 874 439 "

RDM 23/5/80

Consure and Alexhow SA

(232) Financial Reporter (58)

THE preliminary results of Constantia Insurance, due for publication early next week, will be of special interest to Alexander Howden SA minority shareholders.

This is because, following Mr Natie Kirsh's latest deal, Alexhow SA now owns 26% of Consure as one of its only two assets. The other asset is the R7 900 000 in cash it received from Alexhow UK for its insurance broking operations

Natie Kirsh & Associates are offering what they paid for control of Alexhow SA to minority shareholders That was 133c cash, equivalent to net asset value

With the share on 150c and prospects bright for a good set of results from the fast-recovering Consure, it seems that minorities will not accept and Alexhow SA will remain listed.

After the deal Natie Kirsh & Associates end up with 90% of Alexhow SA They intend to sell as yet unspecified assets to the company, partly for the big cash holding and partly for new Alexhow SA shares

Business Mail reported incorrectly yesterday that Consure would acquire the cash and share rump of Alexhow SA and that this spelled expansion for Consure

In a nutshell, what has actually happened is Alexhow of the UK has bought Alexhow SA's insurance broking operations, while Natie Kirsh & Associates have bought 90% of the Alexhow SA cash and share rump at net asset value.

The 26% stake in Consure previously held by Alexhow UK is now in the hands of Alexhow SA

Luyt's Triomf stake up

2322
183
GM 23/6/80

Industrial Reporter

SENTRALE Landbou Bevorderings (SLB) Co-operative Societies have been released from the contract under which they had to retain a material share interest in Triomf Fertilizer Investments, says Triomf's executive chairman, Mr Louis Luyt

SLB took up a 40% interest in Triomf in 1970, and the co-operatives' interest now stands at about 49%

Mr Luyt and other investors have now obtained the total interest of the co-operative societies in Triomf There will be no change in the control of Triomf Fertilizer Investments as a result of the transaction

Mr Luyt also announced yesterday that Lanchem, which is controlled by the Luyt group and owns about 35% of Triomf, would be given the opportunity to increase its shareholding in Triomf to just under 50%

Guardian and Unsbic link up

58
232
RDM 23/5/80.

By HOWARD PREECE

A MAJOR rationalisation in the short-term insurance market was announced last night with a coming together of Guardian Assurance and Union National South British Insurance (Unsbic).

Technically it involves a reverse takeover of Unsbic — and thus a JSE listing of Guardian — by Mr Donald Gordon's Guardian group.

Both Guardian and Unsbic are at pains, however, to describe the deal as a merger and not a takeover.

That invites some cynicism, but the fact that no money is changing hands, as it were, in the main deal does offer credence

Minority shareholders in Unsbic will, however, be offered 350c a share which is 50% above the pre-suspension price

What the deal does confirm is that times are tough in the short-term market and that both Guardian and Unsbic feel happier about pooling their resources

This is basically what is happening

At present Unsbic is 70% owned by the South British Insurance group of New Zealand

Guardian is owned 75% by Guardian Royal Exchange, GRE, of Britain and 25% by Mr Gordon's Liberty Holdings

Now Unsbic will acquire all Guardian's issued shares — the reverse takeover

Unsbic will in turn increase its issued shares from 3 200 000 to 10-million.

The new shares will not, however, qualify for the 20c dividend that Unsbic will declare for the year to June 30.

These 10-million shares will be owned 50%-plus by GRE, 25% by South British, 15,5% by Liberty Holdings and the rest by general investors.

So South British will have 25% of the new Unsbic/Guardian against 70% of the old Unsbic.

Ultimate control of the new combine will be with GRE, but Mr Gordon will be the chairman and, clearly, the effective executive head

A statement yesterday said. "The reconstituted Unsbic will be backed by capital resources and reserves of almost R33 500 000 as compared with the capital resources and reserves of Unsbic at June 30, 1979, of approximately R9 100 000.

"It is further proposed that Unsbic's name will as soon as is convenient be changed to incorporate Guardian.

"As a result of the proposed arrangements Unsbic and Guardian as reconstituted will have total assets of approximately R125-million with an annual net premium income from fire, motor, accident and marine insurance business estimated at R58-million

"Based on the taxed profit of Guardian for the year ended December 31, 1979, and the estimated taxed profit for Unsbic for the year ending June 30, 1980, combined taxed profit of the reconstituted Unsbic is estimated at R4 400 000, equivalent to 44c on the enlarged share capital of 10-million shares."

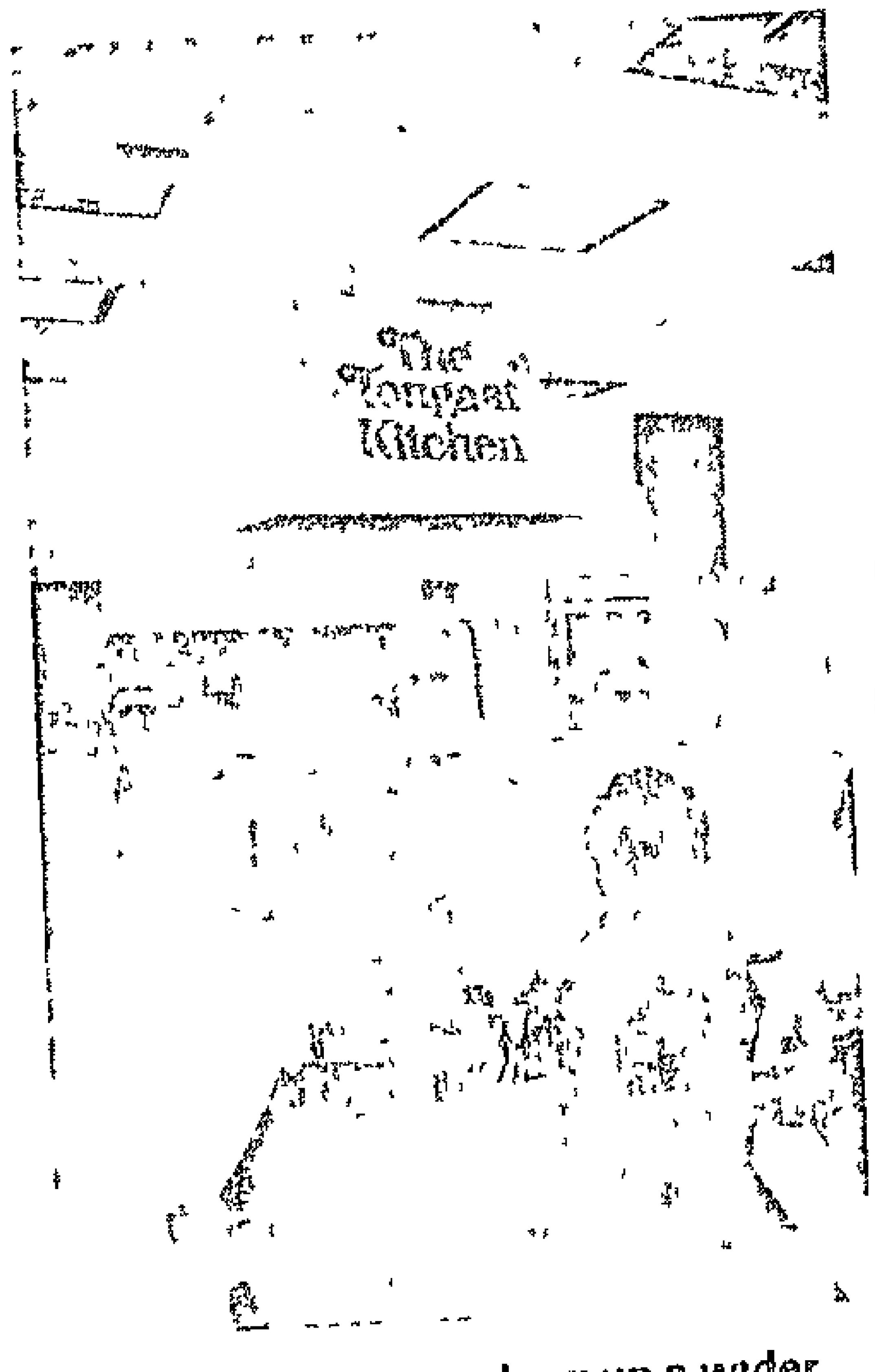
Mr Gordon and Mr Harold van Santen, chairman of Unsbic and deputy chairman "elect" of the new group, said last night that the short-term market was a tough one in which the combined assets would offer greater scope for risk underwriting.

TONGAAT/LEWIS FM 23/5/80 232

More diversity

Tongaat's R17,5m (850c a share) offer for H Lewis is generous but must be qualified by the fact that Lewis has not yet released its results for the year to end February on which the offer, and its acceptance, should be based.

At the half-way stage Lewis's performance was only marginally better than in the first six months of the previous year, with earnings at 39c (38c). The interim dividend on the other hand was hiked from 9c to 12c. So at 850c Tongaat's offer seems to be based on an attractive PE of about



Tongaat ... cooking up a wider profit mix

9. Indications are that Lewis performed well last year but probably not so well as to lower my estimated PE significantly. If so, best advice is to accept — as have the 75% controlling shareholders including Premier Milling.

Of course, shareholders have to be grateful in part to Natie Kirsh who made an initial offer of 715c for Lewis which was subsequently overtaken by Tongaat.

At the same time Tongaat shareholders are not being done down. The acquisition will lead Tongaat into a couple of new operational areas including wheat milling and cotton ginning. The valuable cottonseed oil and seed cake plants for animal feeds are additional advantages.

"Lewis fits in well with our existing operations," says Tongaat group MD Alan Hankinson, "and we will have to make a careful study to decide what rationalisation can take place. Most likely candidate for early rationalisation will be distribution operations in Natal."

The takeover, along with that of Hebotex which is currently subject to Supreme Court approval, will change the potential pattern of divisional profit contributions considerably, admits Hankinson. He is, however, reluctant to predict the effect of the new acquisitions on earnings in the current financial year.

He does point out, however, that, though the group's recent takeovers were all financed with cash, as well as some ordinaries in the Hebox deal and a private placing of prefs, Tongaat still has a healthy cash position.

Tongaat's taxed profit in the year to end March rose to R17m (R12,6m) and the total payout increased to 30c (23,2), covered a conservative 2,7 times (2,6). Given moderate organic growth in Lewis's earnings last year, and a further increase this year after absorption into Tongaat, it could contribute about 10c a Tongaat share this year.

On this basis, and despite gloomy sugar predictions, Tongaat looks increasingly attractive with a 10c dividend within reach for the year. At 650c Tongaat thus yields a prospective 6,2%, which is good enough.

Scott Baxter

Old Mutual gets more of Tiger

232

~~186~~

RDM 29/5/80.

Financial Reporter

OLD MUTUAL has increased its stake in Tiger Oats from 21,3% to 28,9% and Tiger Oats has raised its stake in Adcock-Ingram from 59,1% to 67,2% as a result of talks between Old Mutual, Tiger Oats and Imperial Cold Storage.

This was announced by UAL and Barclays National Merchant Bank in Johannesburg yesterday

Old Mutual has acquired additional shares in Tiger Oats at 1 750c a share by private negotiation and from Lamberts Bay, part of the Oceana group of fishing companies

These purchases, together with the issue of 178 356 new Tiger Oats shares to Old Mutual for 150 723 shares in Adcock-Ingram, will raise Old Mutual's holding in Tiger Oats from 21,3% to not less than 28,9%

Tiger Oats stake in Adcock-Ingram will rise from 59,1% to 67,2% This increase will not have a material affect on the earnings or net asset value of Tiger Oats

The restructuring did not go any further, the merchant banks say, as "the benefits from any complete restructuring of the investments of Old Mutual in Tiger Oats and ICS would not accrue in sufficient measure to all parties concerned"

But "management will continue to examine all available avenues to take advantage of the benefits that would flow from further closer co-operation between the two companies"

The banks said the companies would continue to operate independently in their traditional areas of business under their existing managements. It was not Old Mutual's intention to use its holding in Tiger Oats to influence company policy or management decisions

Tiger Oats observers on the JSE speculate that the deal was designed to consolidate Old Mutual's effective control of Tiger, following moves on Tiger made recently by an unidentified preditor

The shares of Tiger, ICS and Common Fund will be relisted on Monday

Kirsh fighting for Tiger group

232

Sun Times (Bus Times) 25/5/80

By STEPHEN ORPEN

SEVERAL of the country's largest companies and other organisations are locked in a ferocious battle for control of South Africa's largest food empire, the Tiger Oats and National Milling group, with a turnover now nudging R1 000-million a year.

On one side, entrepreneur Natie Kirsh has forged plans to launch a new corporate empire, including Tiger Oats, which would rank number three or four among the country's largest industrial groups

His group has been working to achieve this by spending as much as R150-million to restructure and acquire control of Tiger His aim is to inject the company into a new combine with Metro Cash number one in Business Times' 100 Top Companies listing last year

Intended vehicle for the combine is the shell of the Alex Howden group, in which Mr Kirsh and various associates bought a 90% stake for some R8-million only this week

On the other side, it seems that South Africa's largest life assurance organisation Old Mutual has worked with various merchant banks, Imperial Cold Storage (ICS) Common Fund and others to block Mr Kirsh

JAN VD HORST — RUDI FRANKEL — NATIE KIRSH

The intention seems to be to maintain Tiger as an old-established family business — although the family under septuagenarian Rudi Frankel is now believed to hold only a relatively small number of shares

Companies and institutions involved on both sides in the struggle for control include Old Mutual Tiger ICS the Adcock-Ingram group Metro Cash National Foods, United Oceana Sea Products SWA Swafil Lamberts Bay Frasers Common Fund Kirsh Industries the new Alexhow shell Barclays Merchant Bank and Union Acceptances (UAL)

UAL announced late in April that the shares of Tiger ICS and Common Fund were being suspended on the Johannesburg and London stock exchanges because Old Mutual had initiated discussions between the boards of Tiger Oats and ICS with a view to restructuring Old Mutual's interests in the food and related industries

In fact analysts now suggest that Old Mutual's object is simply to acquire sufficient additional shares in Tiger to block any takeover bid — to which Tiger has become vulnerable

At no stage since the suspension of the shares have outside shareholders in Tiger ICS or Common Fund been consulted at a general meeting about what arrangements were being negotiated between these companies and Old Mutual

These shareholders have still not been given a chance to make up their own minds about the Kirsh plans

According to sources close to all concerned, Mr Kirsh, planned to inject both Tiger and the R400-million turnover Metro Cash chain into the Alexhow shell to form a highly complementary new group

The Kirsh camp maintains that Tiger and its shareholders would have benefitted through much higher dividends from the vastly-improved cash flow of Metro — contrasting with Tiger's less favourable cash flow position

The Alexhow-Metro combine which would have been renamed would have benefitted from Tiger's huge asset base and its sources of produce and product of the kind sold through Metro's 109 outlets countrywide

According to a leading broker on the Johannesburg Stock Exchange "It seems the matter might have been treated differently by the London Stock Exchange

"All shareholders should have the opportunity to consider all the options "

Mr Kirsh is tight-lipped about the matter but does not deny that the sort of deal he is said to have put to the Old Mutual Tiger interests was, in fact presented

It is still possible that Mr Kirsh will try to reach agreement with Old Mutual for a deal beneficial to all concerned But the exercise has been made more difficult by the fact that as far as I could determine as Business Times went to Press Old Mutual has lifted its holding in Tiger from some 21 3% to 28,9%

I was told that this had been achieved by the sale by Old Mutual to Tiger of its share in Adingra the holding company for the Adcock Ingram group, in exchange for 178 000 Tiger shares

A further 250 000 Tiger shares had been acquired from a Tiger subsidiary (my guess is Lamberts Bay) making a total of an additional 3 3% of Tiger's voting shares

The remaining additional 4 3% of Tiger shares had been acquired by private treaty

No doubt there are sound arguments on both sides There could be a case for further discussion between all parties

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3 No part of an answer book is to be torn out

4 All answer books must be handed to the commissioner or to an invigilator before leaving the examination

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

Mutual stake in Tiger rises

STAR (232) 26/5/80 (~~186~~)

By Jean Moon

The Old Mutual has extended its stake in Tiger Oats by 7,6 percent to [illegible]5,9 percent and Tiger has raised its stake in Adcock Ingram by 8,1 percent to 6[illegible],2 percent.

Old Mutual paid 1 770c a share for Tiger in a private negotiation with Lamberts Bay.

This together with the issue of 178 356 new Tiger shares to Old Mutual in exchange for 150 723 Adcock Ingram shares raises its holding of Tiger to a minimum of 2[illegible]9 percent.

But the restructuring of the holding will have no significant measure, but management will continue to examine all available avenues to take advantage of the benefit that would flow from further closer co-operation between the two companies. They will continue to operate independently.

The shares of the companies involved, Tiger, ICS and Common Fund came back on to the lists today.

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'No danger of Tiger takeover'

STAR 26/5/80

232

By Jean Moon

There is "absolutely no danger whatsoever" of a takeover of Tiger Oats and National Milling by Natie Kirsh, said Rudi Frankel.

But Natie Kirsh said he was "astonished" that Mr Frankel should make such a statement without consulting all his shareholders. He intends to continue with his multi-million bid to secure control.

"EMOTIONAL"

Mr Kirsh regards his approaches as "a boon, not a danger" to Tiger's shareholders and employees.

A link-up of the groups would enhance the prospects of both and would lead to the building of a bigger and more powerful group, according to Mr Kirsh.

"I intend to contact Mr Frankel again with a view to discussions with his board because I believe a merger between our group and his company can only be to the benefit of all his shareholders as well as mine," said Mr Kirsh.

While admiring Mr Frankel for the way he had built up Tiger he felt that Mr Frankel was reacting "emotionally."

Following Friday's announcement by the Old Mutual of its increased stake in Tiger, Mr Frankel said he was satisfied that this would effectively block any takeover attempt by Mr Kirsh. This should also reassure his 19 700 employees that their jobs were safe with his group.

Kirsh—Frankel: let shareholders take a vote on it

232

RDM 27/5/80

By HAROLD FRIDJHON

BID and counter-bid, evasive action to frustrate bids . are all part and parcel of the free enterprise society Mr Natie Kirsh was fully justified in trying to make a bid for Tiger Oats, just as Mr Rudi Frankel was equally justified in taking countervailing action

With his entrepreneurial flair which has been manifest in most enterprises which he has touched, Mr Kirsh is justified in believing that he could do better with Tiger's assets than the present management

Mr Kirsh speaks with a record of brilliant successes, the latest of which is reported on this page today

On the other hand, Mr Frankel has, over the years, built Tiger into the multi-million group which it is by imaginative and highly innovative management Year by year Tiger s profits have grown with a solid and substantial growth of real assets

Tiger is today one of this country s bluest of blue chips enjoying considerable institutional support as is evinced by the willingness of the Old Mutual to participate in the defence of the company from a so-called predator A fair interpretation of the Old Mutual's support is that the insurance giant is very happy with the present management

Of course, Mr Kirsh sees advantages in a Tiger-Metro link up From his point of view such a joining of hands would have obvious benefits to both companies

For a manufacturing group to get most-favoured treatment from a major distributive outlet could be a stimulus to sales

And from Metro's point of view a direct link with a major supplier could mean additional facilities and marketing assistance which would ultimately reflect on the balance sheet

On the other hand, how would Tiger's other customers react if they felt that Metro was getting preferential treatment?

But one must ask whether such a tie-up would be in the public interest Both Tiger and Premier are the dominant companies in the food field It is the competition between the two which is in the consumer's ultimate benefit

In terms of the theory of countervailing power it is essential that Tiger and Premier are independent to compete with each other

ICS and Tiger have cross shareholdings, but these have never been allowed to get large enough to create what might be regarded as a monopolistic situation

One also questions whether a Metro-Tiger tie-up would meet with the approval of the new Competition Board just as one would not expect the board to approve of, say, a Premier-Pick 'n Pay link-up

The Board could possibly determine that a producer-distributor weld was undesirable

But one should not try to anticipate the Board s attitude In any case Competition Board intervention is not currently an issue

What is material is that Mr Kirsh is, apparently, not taking the Frankel blocking move lying down One would not expect him to Mr Kirsh is a tireless, redoubtable fighter He believes that he has equity on his side and when Kirsh believes he is right, he will fight

He is reported as saying that his plans for Tiger would be in the shareholders' best intersts And I have no doubt that he believes it as firmly as Rudi Frankel believes that *his* management team can better serve Tiger shareholders

There is only one way that this can be determined and that is by asking shareholders what they think

In other words let Natie Kirsh mount a proxy battle Let the shareholders in general meeting vote on the issue Let Kirsh outline his plans while Frankel presents his record And then put it to the vote

This is not an issue for takeover panels — even if we had one It is for the owners to decide and the owners are the shareholders

Consure is back on dividend list

RDM 27/5/80. 232

Financial Reporter

CONSTANTIA Insurance has declared a 6c dividend for the year ended February — the first payment the former Marine & Trade group has made since 1978

Kirsh Industries bought Consure in May, 1978, and it incurred a shock loss of R1 745 000 R21 340 000 after accounting changes) for the year to June

In the eight months to February 1979 a pre-tax profit of R76 000 was made — earnings of 1,9c a share

For the 1979-80 year a profit of R705 000 was made (before and after tax because of previous losses), equal to 17,2c a share earnings

A statement says "Gross premiums written rose from R9 700 000 in the eight months ended February 1979 to R21 100 000 in the 12 months just ended This is a 45,2% improvement on an annualised basis "

Non-motor premiums accounted for 18% of business written compared with 6% in the previous period

The 1979 underwriting loss of R433 000 swung to a profit of R79 000, but net investment income dipped by 18% (on an annualised basis) to R626 000, "reflecting both the drop in interest rates during the past year and the fact that the company has a smaller balance of funds on deposit because it is settling claims more rapidly

The statement says "Not included in these calculations are two significant transactions that resulted in a substantial inflow of cash during the past year

"First was a R1 100 000 profit realised on the 50% stake in Nedbank Mall, Consure s head office building, this was injected into the company two years ago when Mr Kirsh gained control

"Second was a net R144 000, mainly on a surplus on the sale of Consure's stake in Anchor Life Insurance

"These transactions boosted the total net income from R124 000 in the 1979 trading period to R1 900 000 in the year to February

"The Kirsh group is in the process of raising its stake in Consure to 76% ' The original 50% was bought two years ago by Kirsh Industries a public but unlisted company

"The extra 26% is being bought by Alexander Howden Group (SA) as part of a reconstruction scheme that will see control of Alexhow pass to Natie Kirsh and Associates

"It is planned to retain Alexhow s JSE listing and to inject assets into it in addition to the shares in Consure "

COMMENT The market tends to put a high rating on Mr Natie Kirsh's talents and the Consure results further explain why

After the unexpected hefty loss of Consure in 1978 the share price took a tumble after having ridden from 75c to 125c on Mr Kirsh's involvement

Mr Kirsh, as surprised as anyone by Consure's shock announcement, offered to buy back minority shares at the prices paid

The results for 1979-80 and the share price rise to 150c sellers yesterday show how sensible most shareholders were to stay with Consure

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Cullinan gets McWade

(232) (184)

RDM 28/5/80

Financial Reporter

CULLINAN Refractories has taken over McWade Productions (Pty) for R875 000

This follows the buying a month ago for R1 200 000 of the Martco operation from Delta Metal Holdings.

Martco makes and supplies specialised electrical components, mainly to the mining industry.

McWade is a non-ferrous foundry making a range of aluminium items which are sold as components to the electrical industry.

Cullinan says that both Martco and McWade should make a useful contribution to earnings in the year beginning July 1

"Cullinan does not see this move as the end of the expansion road in this area. Over 10 years ago the group planning team consciously made the decision to steer the group out of its total dependence upon refractories, and, therefore, the steel industry

"We are fast approaching the time when the electrical division will contribute equally with the refractories division to group profits"

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RDM 29/5/80

THE SUPREFME COURT has approved the 100% acquisition of Hebox Textiles by Tongaat Group and Hebotex will be de-listed on the Johannesburg Stock Exchange tomorrow

Shareholders unanimously approved the scheme of arrangement in terms of which they were offered R 75 cash, or 40 Tongaat shares for 100 Hebotex. They have until tomorrow to choose between cash and Tongaat shares

232

RDM 29/5/80

Kirsh blocks Premier Mill

By HAROLD FRIDJHON

KIMET, the Natie Kirsh controlled company which is effectively the pyramid of Metro Cash & Carry, is to buy out for R3 570 000 the participation and voting rights attaching to its 9 million 11% preference shares

The reasons given for this move by the company are to prevent further erosion of its dividends to shareholders and to simplify the control of Kimet which is complicated by the blocking rights which these prefs enjoy when issues call for a vote They carry two votes for each pref share compared with one vote for each ordinary share

While the company stresses the cost of maintaining the participation rights of the preference shares — and they are costly because they are entitled to 16 34% of any dividend exceeding R1 200 000 as well as other shares in profits I am strongly of the opinion that Mr Kirsh is more concerned with the voting rights which these shares enjoy

And bearing in mind who the holders of the prefs are, one can sense Mr Kirsh's anxiety to strip the shares of their privileges and to pay the 11% fixed dividend and done with

When the Kimet issue was first discussed in the Press during October 1978 it was stated that the 9 million prefs were owned by Premier Milling and that they were issued to enable Kimet to get control of Metro

At that time it was suggested that the gearing which the pref shares gave was advantageous to the company But now Kimet is not happy about the gearing which really makes the point that the main purpose of the exercise appears to be to eliminate Premier's voting strength There are 16 400 000 Kimet shares on issue, of which about 11 million are held by Kirsh Industries This means that the total ordinary voting strength is 16 400 000 against the 18 million votes which Premier could exercise whenever it felt that its interests might be jeopardised by Mr Kirsh's acquisitiveness

For example the cold hand of Premier was probably responsible for Kimet's abortive bid for H Lewis This could have been either an embarrassment for Premier — or a competitive threat bearing in mind the Kirsh drive

By the same token, the distancing of Kimet from Premier leaves the company free to move in any direction it wishes in the food industries as well as giving Kirsh Industries the freedom to pounce on Tiger Oats about which more later

It might be argued that R3 500 000 is a high price to pay for getting a free hand but it must be remembered that the preference shares are not only entitled to a percentage of the dividends which are paid to ordinary shareholders but they are also entitled to their 16 3 on the total cash profits of Kimet received from any of its investments' This quote comes from the Kimet prospectus

So there are sound financial reasons for paying a premium for freedom I am given to understand that the company will raise the cash by temporary short term funding which stage will later be converted into a long term loan

Back to Tiger Oats About a million Tigers have changed hands this week Yesterday's total was 229 000 The shares are being traded at 1 750c against 1 550c before the so called restructuring at the talks with Old Mutual

Market sources suggest that the buying is probably coming from 'the house' and the Old Mutual At 3 8% yield Tigers are not an attractive buy which appears to confirm that the buying is offensively defensive

Where is the stock coming from?

As the sheer volume is does not look like 'little investor selling' although it is possible that many small investors see this as an opportunity to take a good profit It looks as if some institutions might be among the sellers Total Tiger ordinary shares in issue number slightly more than 11 million

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Premier boot on other foot

(232) (186) (DM 30/5/80 (30)

By HAROLD FRIDJHON

PREMIER Milling shareholders will make a useful profit out of their Kimet investment when the Natie Kirsh company pays out the R3 570 000 to the holders of the 9-million participating preference shares to compensate them for the loss of special voting rights and their participation in profits and dividends

Premier obtained the pref shares when Mr Kirsh bought out the milling company's interest in Metro Cash & Carry For Premier that was a good deal, a participation in Kimet's profits as well as an 11% return on the nominal value of the shares No doubt on what Premier had originally paid for its holding in Metro the return was worthwhile

But Premier did not feel disposed to holding the 9-million shares so it sold 6-million to two banks This means that on the balance of 3-million pref shares, Premier will earn R1 190 000 on an outlay of R3-million over two years — a satisfactory return by any standard

That, however, is only part of the story, Premier is still getting its 11%

Mr Tony Bloom, chairman of Premier, said that he was satisfied with the deal but, commenting on the headline in yesterday's Business Mail, he added that it was not Kirsh blocking Premier Milling, rather was it Premier Milling unblocking Kirsh

By voluntarily surrendering its voting rights — for which Premier and the other pref shareholders were adequately compensated — Premier had given Mr Kirsh freedom of action, Mr Bloom said

FM 30/5/80 (232)

JOINT ANNOUNCEMENT

BY

GUARDIAN ASSURANCE COMPANY SOUTH AFRICA LIMITED

LIBERTY HOLDINGS LIMITED

UNION NATIONAL SOUTH BRITISH INSURANCE COMPANY LIMITED

MERGER OF GUARDIAN ASSURANCE COMPANY SOUTH AFRICA LIMITED AND UNION NATIONAL SOUTH BRITISH INSURANCE COMPANY LIMITED

The boards of directors of Guardian Assurance Company South Africa Limited ("Guardian"), Liberty Holdings Limited ("Liberty Holdings") and Union National South British Insurance Company Limited ("Unsbic") wish to announce that agreement in principle has been reached in terms of which, with effect from 1 July 1980, Unsbic will acquire Guardian's issued equity share capital.

Unsbic is listed on The Johannesburg Stock Exchange and 70% of its equity is held by The South British Insurance Company Limited of New Zealand ("South British"). Guardian is controlled by the Guardian Royal Exchange Assurance Limited of the United Kingdom ("GRE") which currently owns 75% of its equity with Liberty Holdings (the South African listed holding company of the Liberty Life Group) owning the balance of 25% of the shares.

The proposed merger is subject to the finalisation and signature of the necessary documentation, the obtaining of the necessary approvals from the South African authorities and The Johannesburg Stock Exchange by not later than 30 June 1980 and is also subject to the fulfilment of a number of conditions precedent by not later than 30 September 1980 including the approval of the merger by the shareholders of Unsbic.

In terms of the arrangements it is proposed that Unsbic's existing authorised share capital be increased to R10 million divided into 10 million shares of R1 each and that the 6,8 million new shares ("the new shares") then in reserve be issued to GRE and Liberty Holdings at an issue price of R[illegible]50 per share.

In consequence of these arrangements the shareholding of South British in Unsbic will be reduced to 25% of the enlarged equity capital. GRE, the holding company of the worldwide Guardian Royal Exchange Group, will control the reconstituted Unsbic with a shareholding marginally in excess of 50% and Liberty Holdings will hold approximately [illegible]% of the issued shares of the reconstituted Unsbic. The balance of Unsbic's shares will be held by the South African public and will continue to be listed on The Johannesburg Stock Exchange. Furthermore, the reconstituted Unsbic will be backed by capital resources and reserves of almost R33,5 million as compared with the capital resources and reserves of Unsbic at 30 June 1979 of approximately R9,1 million.

In the absence of any unforeseen circumstances it is anticipated that Unsbic will in September declare a dividend in respect of its financial year ending 30 June 1980 of 20 cents per share to Unsbic's existing shareholders. The new shares to be issued to GRE and Liberty Holdings as aforementioned will not participate in such dividend but will rank for any dividends declared by Unsbic in respect of profits earned after 1 July 1980. Once issued, the 6,8 million new shares will rank *pari passu* in all other respects with the existing shares of Unsbic.

It is proposed that the financial year end of Unsbic be changed to 31 December with effect from 31 December 1980. The reconstituted Unsbic will in future adopt a policy of paying two dividends per annum to be declared in February and August each year in respect of the 6 month period ending 31 December and 30 June respectively immediately preceding the date of declaration. The dividends will be payable in April and October following their declaration and it is proposed that Unsbic's dividend policy after the acquisition of Guardian will be based on a minimum distribution of 65% of Unsbic's net consolidated taxed profit, provided that such dividend does not exceed Unsbic's consolidated net investment income after tax for the accounting period in question.

It is further proposed that Unsbic's name will as soon as is convenient be changed to incorporate the name "Guardian" to be more representative of the company's reconstituted status.

As a result of the proposed arrangement, Unsbic and Guardian as reconstituted will have total assets of approximately R125 million with an annual net premium income from fire, motor, accident and marine insurance business estimated at R58 million. Based on the taxed profit of Guardian for the year ended 31 December 1979 and the estimated profit of Unsbic for the year ending 30 June 1980, combined taxed profit of the reconstituted Unsbic on this basis is estimated at R4,4 million, equivalent to 44 cents per share on the enlarged issued share capital of 10 million shares of R1 each.

The boards of directors of Unsbic and Guardian have recognised that for some considerable time there has been a need to rationalise the South African short term insurance industry in order to achieve greater efficiency and capacity and the benefits of consolidation through the creation of more powerfully based insurance groupings. It is believed that the merging of Guardian with Unsbic, which will result in the establishment of a major new short term insurance group in South Africa with greatly enhanced risk capacity, will partially fulfil this objective and will achieve substantial economies of scale and the rationalisation of the two operations, thereby achieving major advantages for policyholders and shareholders and contributing to the stability of the South African market in general.

Subject to the transaction being concluded, and as soon as possible after the 20 cents dividend has been paid by Unsbic, Liberty Holdings proposes to make an offer to all Unsbic shareholders, other than South British and GRE, to acquire their shareholdings in Unsbic on the basis of a cash consideration of R3,50 per share. Acceptance of the offer will be at the complete discretion of the Unsbic shareholder concerned.

The boards of directors of Unsbic and Guardian will be reconstituted to be more representative of the change in shareholders once the proposals are implemented, with Mr Donald Gordon, chairman of Guardian and Liberty Holdings, becoming chairman and Mr Harold Edward van Santen, presently chairman of Unsbic, becoming deputy chairman. Both Mr Michael Newman, presently managing director of Guardian, and Mr Keith Nisson, general manager of Unsbic, will be members of the reconstituted boards and will hold the executive titles of managing director and senior general manager respectively.

Full details relating to the aforementioned arrangements and the procedure by which it is proposed that they will be implemented will be contained in a circular to be sent to shareholders as soon as possible.

The listing of Unsbic's share capital on The Johannesburg Stock Exchange will be reinstated with effect from the commencement of trading on 26 May 1980.

On behalf of

GUARDIAN ASSURANCE COMPANY SOUTH AFRICA LIMITED	LIBERTY HOLDINGS LIMITED	UNION NATIONAL SOUTH BRITISH INSURANCE COMPANY LIMITED
DONALD GORDON	DONALD GORDON	HAROLD EDWARD VAN SANTEN
Chairman	Chairman	Chairman

Johannesburg
23 May 1980

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Huletts Aluminium income soars

STAR 30/5/80

On a 21 percent rise in turnover to R105m **Huletts Aluminium** increased its net income by nearly 30 percent to R5,3m in the year ended March

A final dividend of 27c has been declared, bringing the year's total distribution to 36c a share

Earnings on a historic cost basis rose 19,3c to 95,5c a share, but after accounting for the effects of inflation the rise was 16,4c to 71,1c a share

The capital commitments amounting to nearly R2m will be funded by depreciation and net income retentions.

RDM 31/5/80

Boumat Kwikot deal

(2-32)

KWIKOT (East Cape), formerly AK Industries (Pty), has become a wholly owned subsidiary of Kwikot, says the parent company, Boumat.

On March 31 its subsidiary, Kwikot owned 51% of the issued capital of Kwikot (East Cape), and since April 1, it has acquired the remaining 49% of the shares

The net tangible asset value of the 49% interest as reflected in the Kwikot (East Cape) audited balance sheet on March 31 was R193 962, and the company's profit for the year to March 31 was R127 373

The purchase consideration of R329 000 will be met by the issue of 70 000 ordinary Boumat shares at a price of 470c — the market price at the time the agreement was reached with the sellers

The transaction will have a negligible effect on earnings and assets an ordinary share in the current financial year

OWNERSHIP & CONTROL

1-6-80 — 31-12-80

1980

'Dawn raids' battle 'not worth fighting'

STAR 3/6/80 (232) (68) (270)

The Star Bureau

LONDON — The financial editor of The Times has dismissed the controversy over 'dawn raids' — such as the De Beers Consolidated Goldfields and Charter Consolidated-Anderson Strathclyde operations — as a battle which is not worth fighting.

"One can think of plenty of battles worth fighting on behalf of small shareholders, but this is not one of them," is the concluding comments in the Financial Editor column published yesterday.

The Times' column points out that Lord Shawcross, chairman of the city takeover panel, tacitly admitted that while "dawn raids" were a cause for concern it was difficult to know how to deal with them.

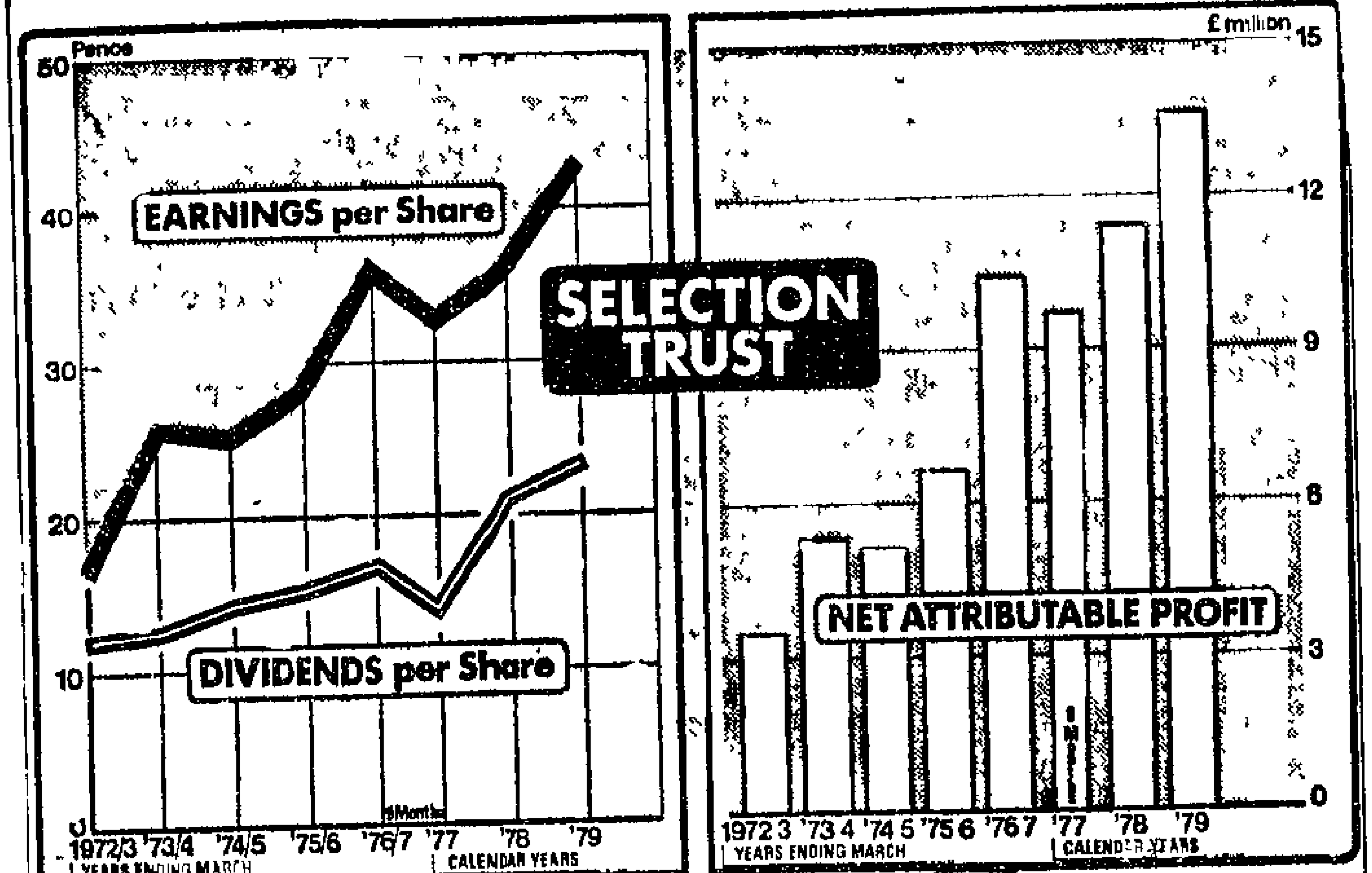
Says The Times: "The issues which concern the authorities are whether some shareholders — by implication the small ones who normally do not have direct and immediate access to the market — are being unfairly treated."

The other concern was "How to allay suspicion that large shareholde[rs] may have been tipped beforehand that such operation is to get [under] way."

But The Tim[es con]siders that possib[le] — such as enforcing partial bids or lowering the current threshold under which a full takeover is obligatory, from 30 percent to 20 percent — would only fetter the market.

The "dawn raider" is not a new phenomenom, it says, and the existing takeover code ensures a "fair crack of the whip" for shareholders in the event of a bid while monopolies legislation can force disinvestment "in extreme cases."

"The real answer is to let the market be. The small shareholder may well be at a disadvantage when the dawn raider arrives — but there are other occasions (when for example, he wants to sell his shares) when he is at an advantage," says The Times.



(232) (10)

Seltrust bid — is BP right for it?

RDM 24/6/80 (58)

By Andrew Wilson

LONDON — There are few takeovers mooted and fewer completed in the mining industry But when they do occur, the numbers involved are frequently enormous

The latest the British Petroleum approach to Selection Trust, values the entrepreneurial mining house at £364-million with the shares at £11-1/2

Why BP wants Seltrust is fairly obvious The oil major has been more successful than many of its rivals in developing energy alternatives in South Africa and Australia and has had the sense, on the other hand, to adopt the role of junior partner where necessary

But is BP right for ST?

Here a few sums need to be done Seltrust has 6 8% of Amax worth around $90-million The income return from this is a mere 4%, or so, on the open market value of the investment

Seltrust has always argued quietly that Amax has provided the asset backbone for bank loans which otherwise would have been obtainable only at higher interest rates

It is a moot point whether BP or any other predator would retain this holding Certainly, for an oil company, the decision would be very much political rather than financial, even if it did reduce the capital cost by around 25%, or about 18% after allowing for the capital gains tax, on the holding

Another is the 34% stake in Unisel now capitalised at about £45-million Few South African institutions would be prepared, or able to take this on board other than the Anglo American group

Certainly, General Mining/Union Corporation would be unwilling, as this would leave their holding at 63% and they have better things to do with their liquidity in the development of other gold and uranium properties to the south of Unisel in the Orange Free State and the Transvaal coal and uranium projects

Consolidated Gold Fields has indicated it is most unlikely to counter-bid, and at Seltrust's present price, it does not have sufficient ammunition unless it goes for a blocking manoeuvre

Here one enters on to dangerous ground Harry Oppenheimer's De Beers and Anglo American have between them 25% of the Cons Gold equity Another arm Charter Consolidated has 27% of Seltrust

As De Beers appears to have upset the Department of Trade earlier this year through the market raid upon Cons Gold, any move to increase the Oppenheimer stake in the British mining houses would almost certainly lead to a Monopolies Commission reference with the only let-out being the transfer of Charter's stake in Cons Gold

Anglo No. 1 foreign investor in US

RDM 25/6/80. (232)

NEW YORK. — Anglo American Corporation of South Africa is the biggest foreign investor in the United States, says Forbes magazine.

The magazine says it "beat out Royal Dutch-Shell, the Anglo-Dutch oil company by controlling about $19 200-million (about R15 400-million) in sales primarily through its stake in booming Engelhard Minerals & Chemicals Corporation".

In its July 7 edition, the fornightly business publicatinon says that Royal Dutch-Shell is in second place after $16 500-million sales in the US last year

British Petroleum, which owns 53% of Standard Oil of Ohio in the US, is in third place with sales of $7 900-million, Tengelmann group of Germany (owner of 47% of A & P, the American supermarket chain) is fourth with US sales of $6 700-million, Friedrich Flick group of Germany is fifth with sales of $5 900-million through its part ownership of W R Grace and US Filter

Forbes says that in the US, Anglo American owns 29% of Engelhard (industrial materials), 50% of Inspiration Consolidated Copper (copper), and 51% of Terra Chemicals International (fertilisers) It also owns outright the Amcon group (mining exploration, steel, scrap), Arc America Corporation (construction materials), Skytop Brewster Rig (oil rig manufacturing), King Oil Tools (oilfield equipment) and Mechanical Seal & Service (oilfield equipment)

Forbes says that "also new to the top 100 list of foreign investors in the US are 12 banking and finance and insurance companies, the largest being Hong Kong & Shanghai Banking Corporation, which owns 41% of Marine Midland Bank of New York The Hong Kong bank is in 22nd place with US revenues of $1 400-million

"Another newcomer is 18th-ranked Volkswagenwerk of West Germany, which last year manufactured $1 100-million worth of cars in the US" Its total US sales were $1 500-million with the addition of its 100%-owned Triumph-Adler subsidiary

"Among the most popular acquisition targets of foreign buyers in 1979 were companies in food-related businesses Delhaize-Le Lion of Belgium, which already controls supermarket Food Town Stores, bought another chain, $436-million Alterman Foods The Netherlands' Ahold acquired a retailer as well, the $547-million BILO

"But it was corporations from the United Kingdom that led the way Dalgety & Northern Foods bought distribution, processing and meat-packing concerns whose total volume was around $1 500-million Imperial group now owns the $578-million Howard Johnson restaurant chain Conglomerate Grand Metrolpolitan recently acquired the nearly $1 000-million Liggett group, whose interests range from liquor to pet food" — Sapa-AP

SA may rescue legendary MG

(2327) RDM 3/7/80.

By LEICESTER SYMONS, Motor Editor

THE legendary MG Midget sports cars could well be saved by Leyland South Africa from threatened extinction after flourishing for more than 50 years

The move would be feasible It should also make the South African company a considerable exporter of cars The United States has long been the prime customer for MGs, taking about 70% of the total output in recent years.

It was announced in London earlier this week that production of MGs would cease by the end of the year This followed the failure of a consortium, headed by Aston Martin-Lagonda, to raise the money needed to take over the MG factory at Abingdon in England.

While it would be uneconomic for British Leyland to continue building MGs at Abingdon, the Leyland SA plants at the Cape have surplus manufacturing capacity Leyland SA also has a plant to manufacture Mini engines which were the first engines manufactured in this country with locally cast engine blocks

The Mini is being re-introduced in South Africa and the MG Midget uses basically the same engine

By taking over the redundant tooling for the Midget body and other components from its British parent, Leyland South Africa could build the car in the country

When questioned recently about reports in motoring circles that the MG Midget would be manufactured by Leyland South Africa, Mr Leslie Wharton, the company's managing director, would neither confirm nor deny the statement He is at present overseas on holiday

British journal claims: RDM 28/6/80

(232) (255) (55)

Oppenheimer link in BP, Sel Trust, Cons Gold deals

BY NEIL BEHRMANN

LONDON. — British Petroleum originally wanted to buy Consolidated Gold Fields, according to a British journal, Financial Weekly.

It suggests that Mr Harry Oppenheimer blocked BP's approach to Cons Gold and in a quid pro quo is backing BP's bid for Selection Trust

Financial Weekly says "The discovery of a secret meeting aboard HMS Belfast last November confirms that British Petroleum, which has launched a £400-million-plus takeover bid for Selection Trust, initially wanted to buy another mining-finance house, Consolidated Gold Fields

"The meeting adds weight to City speculation about the informal arrangements made between the British oil giant and South African mining magnate, Mr Harry Oppenheimer, over a complex carve-up of the mining sector

"Almost as soon as the UK Government decided upon its £290-million sale of BP shares to the public last November, a secret meeting was negotiated between BP and Cons Gold on board HMS Belfast, moored in the Thames and a daytime London tourist attraction The Friday evening meeting was attended by nine senior executives from each company

"In the ensuing months Cons Gold shares became the subject of continuous rumours of a stock accumulation culminating in the famous February £150-million dawn raid by Mr Oppenheimer's De Beers Consolidated and Anglo American finance groups

"By open-market purchases of Cons Gold shares they amassed a defensive stake of 26%

THE CHIEF executive of Consolidated Gold Fields, Mr Rudolf Agnew, said of the Financial Weekly report. "It is total fiction from a Cons Gold point of view."

A BP spokesman said. "We are not prepared to comment on speculative stories."

An Anglo American spokesman declined to comment

The City editor of Financial Weekly said the sources were "impeccable".

"It is considered significant that the dawn raid was launched almost at the same time as final payments were due on the Government's sale of BP shares — a point in time when BP would be free of prospectus restraints

"Mr Oppenheimer has in subsequent comments expressed the view that he believed the predator lurking in the background of Cons Gold's share activity was not the rival South African General Mining group, but a major international oil company That oil company was clearly BP "

Having been blocked in its Cons Gold move, BP turned its attention to Selection Trust, whose largest single shareholder is the Oppenheimer-controlled Charter Consolidated, which holds 27,23% It has close links with De Beers and Cons Gold

Mr Oppenheimer, therefore, has considerable influence over the terms Selection Trust will accept from BP And, having prevented a takeover of Cons Gold, City suggestions are that, subject to acceptable bid terms, Mr Oppenheimer will support BP's move into Selection Trust

BP has been anxious to pursue long-term expansion and development of its mining interests, but few City observers believed that BP would be keen to go back into South Africa

However, a takeover of Cons Gold would not have precluded a hive-off of a large part of its South African assets to provide backing for Cons Gold's recent expansion in world-wide mining, in energy equipment, and its extensive business providing drilling and servicing rigs for the oil industry

The "Gold Fields group" is said to hold a large stake in the Ultramar oil group now enjoying success in both the North Sea and Canada And so Mr Oppenheimer's unwillingness to see a BP-controlled Cons Gold is understandable

BP's ultimate bid terms for Selection Trust are expected to be a mixture of cash and loan stock worth upwards of £400-million which would be underwritten and probably have options for conversion into ordinary stock This would water down the UK Government stake — split between 25,69% owned by the Treasury and 20,13% in the hands of the Bank of England

Before the article appeared several stockbrokers thought that a quid pro quo deal between Mr Oppenheimer and Cons Gold made a lot of sense — especially as Mr Oppenheimer told the Sunday Telegraph that the original bidder for Cons Gold was not General Mining and "might have been an oil company"

CANDIDATE MUST enter in (1) the number of each question d (in the order in which it has swered); leave columns (2) and k.

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the block on this cover the number of the you are answering.

3 Blue or black ink must be used for written answers. The use of a ball point pen is acceptable. Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used

4. Names must be printed on each separate sheet (e.g. graph paper) where sheets additional to examination book(s) are used.

pieces of paper or other material may be brought into the examination room unless candidates are so instructed

2 Candidates are not to communicate with other candidates or with any person except the invigilator.

3 No part of an answer book is to be torn out

4. All answer books must be handed to the commissioner or to an invigilator before leaving the examination.

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

Mr O gives nod to giant BP takeover

RDM 8/7/80

232

By HOWARD PREECE, Financial Editor

MR HARRY Oppenheimer yesterday gave his blessing and crucial approval to the biggest takeover deal in British financial history.

British Petroleum, the oil giant, announced details of a R768-million (£428-million) bid for Selection Trust, the US-based mining, mineral exploration and mining finance group.

A statement said the directors of both BP and Seltrust had agreed the deal.

Mr Oppenheimer's approval was, however, crucial

He is chairman of Anglo American which holds a 36% stake — effective control — in Charter Consolidated, the British-based international mining finance group

Charter holds a 27% stake (now worth some R200-million) in Seltrust.

London commentators are unanimous that BP would not have made the bid for Seltrust without being certain of Charter's vital approval

Now they are asking what is in it, apart from a huge profit, for "the Oppenheimer interests"

A popular theory is that the deal should be seen in conjunction with the 25%-plus stake in Consolidated Gold Fields that was acquired in February this year by Anglo and stable companion De Beers

The suggestion is that Cons Gold might be prepared to hive off its 46% stake in Gold Fields of South Africa in return either for Anglo's stake in Charter or through some deal involving Minorco.

Minorco is a Bermuda-based international mining group in which Anglo holds 39%, effective control

A spokesman for Anglo American said in Johannesburg last night that he had "no comment" to make on these London reports.

But mining analysts in Johannesburg say that the London commentators may be drawing too hasty conclusions.

They point out, for example, that Anglo has gone to great trouble to build up its international role through Minorco and would be unwilling to run it down

But there seems no doubt that the directors of Cons Gold would like to get Anglo out of their group

They also seem politically sensitive to their involvement in South Africa

So some eventual deal that leads to Anglo having direct control over GFSA — Anglo and GFSA together control over 60% of South African gold production — cannot be ruled out

Meanwhile Charter has acquired an oil interest and/or a lot of cash

Seltrust's interests include about 35% of South Africa's Unisel gold mine It is also involved in nickel, iron ore, silver, zinc and diamonds variously in Australia, Canada, the US and West Africa

BP is looking generally for major diversifications outside oil and has big coal interests in South Africa.

● See Page 15

BP in R768m bid for Seltrust group

RDM 8/7/80 232 270

LONDON. — THE biggest takeover bid in London's financial history is announced, with British Petroleum offering more than R760-million for the big mining finance group, Selection Trust, in another bid by a giant oil company to diversify away from oil.

British Petroleum and Selection Trust, both issued statements saying their boards had agreed to terms of a R768-million offer by B P for Seltrust's shares

The announcement came after weeks of speculation Three weeks ago B P said it was interested in the group, and speculation hotted up after shares in the two companies were suspended on Friday

It follows a trend by the world's leading oil companies to diversify their activities

B P and others have been turning their attention increasingly towards mining, coal and other minerals, in the face of rising oil costs, calls for oil conservation and the eventual prospect of oil supplies running short

B P has made little secret of its wish to expand Earlier this year, B P chairman, Sir David Steel said that although the company wanted to develop oil and gas resources wherever possible, it also wanted to move into other activities "mainly connected with the production and use of energy and other resources"

B P already has a successful mining division, B P Minerals, and is a big coal producer in the private coal industries of Australia and America

But the acquisition of Selection Trust would be a major change in the shape of the partly government-owned B P.

The London-based finance group pumps money into mining projects including nickel mining in Western Australia, copper, zinc and silver in Australia and Canada, gold in South Africa and Nevada, iron ore in Australia and diamonds in West Africa

The offer by B P is subject to agreement by the companies' shareholders and by the usual stock market and international authorities

About 26% of the shares in Selection Trust is owned by Charter Consolidated, the mining finance house linked with Mr Harry Oppenheimer

B P said that Charter Consolidated intended to accept the offer, as did the directors of Selection Trust, who held about 2% of the shares in their company

B P is offering 18 of its shares for every five Selection trust shares. This works out at £13,46 for each Selection trust share based on stock market prices before Friday's suspension.

The total sum of £427 700 000 is about £50-million more than the previous record bid in London set by Grand Metropolitan's takeover of Watneys Brewery Company in 1972

Selection Trust shareholders have also been offered an alternative by B P, if they prefer cash

This amounts to £12,75 a share which would value the whole company at £405 200 000

B P said acquisition of Selection Trust would give it a vehicle for developing its mining interests consistent with its policy of expanding into non-oil based extractive industries

Mr Robin Adam, a B P managing director, said "We are very pleased that we have been able to reach agreement with Selection Trust, which represents some of the best expertise in the international minerals industry"

He said it was intended that Selection Trust would operate as a separate company within the B P group

The chairman of Selection Trust, Mr John du Cane, said "We in Selection Trust have frequently expressed our faith in the future of the mining industry, and our belief that the world is facing a serious shortage of metals in the not too distant future" — Sapa-Reuter

MONOPOLIES

FM 11/7/80

245 232

Into the minefield

Recent government actions have done little to encourage confidence in its even-handedness on the subject of monopolies On the one hand, it recently passed the Maintenance and Promotion of Competition Act, with the apparent purpose of ensuring that competition, the foundation of the free enterprise system, remains unfettered

On the other, it has in the course of the last year sanctioned or been party to the establishment of a number of monopolies or near-monopolies The recent rationalisation of the liquor industry, for example, fully sanctioned by government, was no shining example of trust-busting zeal

On the contrary, it enshrined a cosy tripartite arrangement between government and English and Afrikaans-speaking business groups which has a strong flavour of monopoly And the restriction on an early increase in beer prices exacted from SA Breweries would surely have met with approval from that arch interventionist, John Kenneth Gailbraith, himself — permit a monopoly and then regulate it tightly in the public interest

More recently, government, through the Industrial Development Corporation, has set up Atlantis Diesel Engines, and will compel users to buy their engines from ADE For some of them it will mean expensive modifications to existing tractor and truck assemblies to accommodate an unfamiliar motor, and will entail an average cost premium of at least 30% The public will pay for this

This was followed by a similar authoritarian approach to the manufacture of truck axles and powertrains, where the Afrikaans group, General Mining, has been given the exclusive right to set up a plant This will put another 20% on to the price of most trucks Again, the public will pay for this

Despite government's claimed commitment to free enterprise, and despite the recommendations of the Franzsen Commission in the early Seventies, government has allowed banks, building societies and, in particular, insurance companies to form unhealthy closer associations that frustrate the competitive forces of the marketplace

Anglo's Oppenheimer . . . target of the trust busters?

The result has been such an upsurge in tied business practices to the detriment of the consumer that legislation is now being prepared to outlaw it But in view of the many and large cross-holdings between banks and insurance companies, it is hardly likely to be a sufficient or practicable sanction

Franzsen argued that no banks be allowed to own more than 10% of an insurance company and vice versa Since then, Sanlam has virtually absorbed Trust Bank as well as the Bankorp subsidiaries, and Volkskas has bought into Legal & General Old Mutual has brought within its umbrella Nedbank, UAI and the SA Permanent Building Societies

Most large banking groups have acquired insurance brokers and some, in particular Standard, have acquired their own building societies Boardroom links exist between Barclays and the UBS and Volkskas and Saambou National

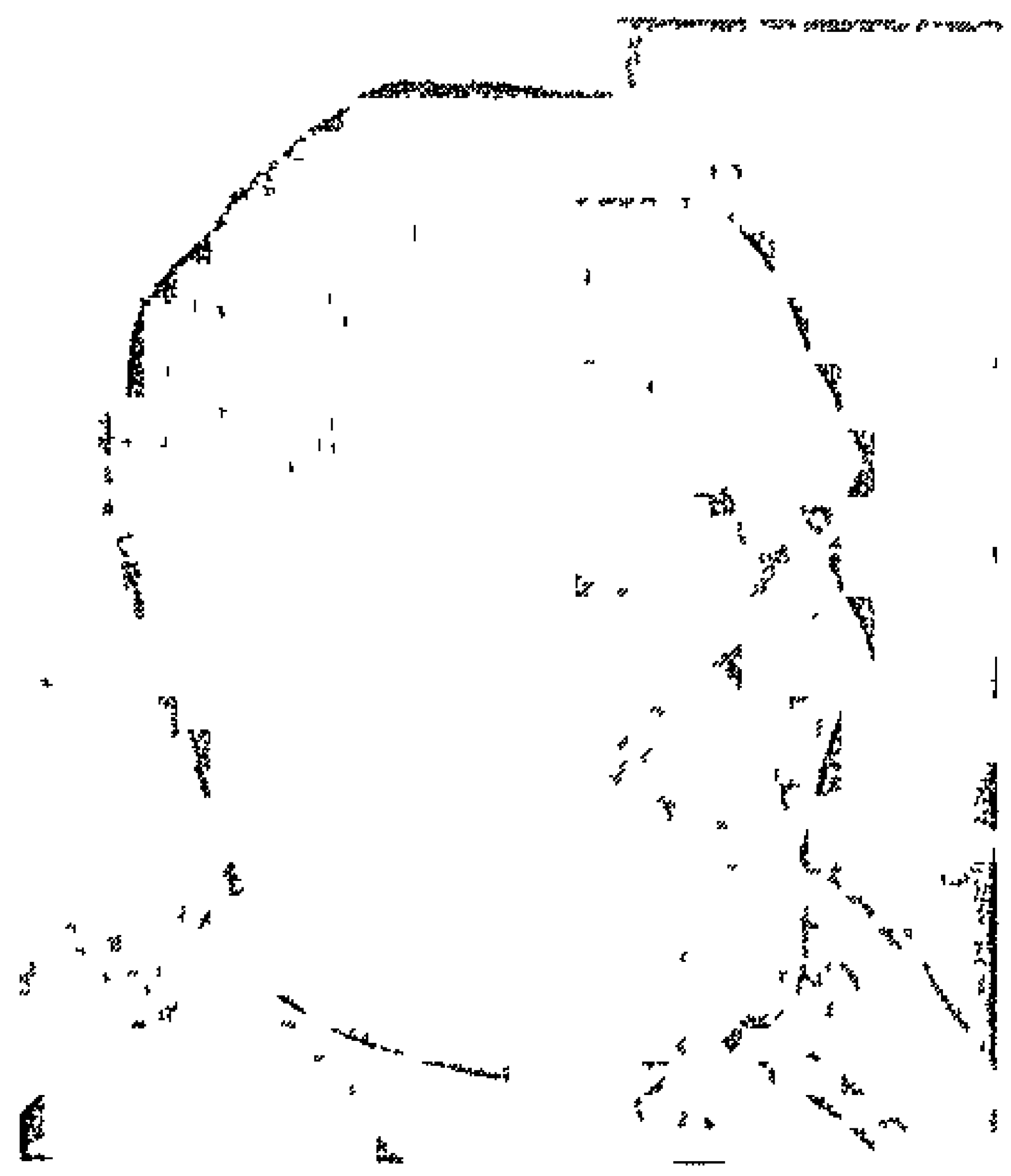
No longer do the large banks complain to Church Square of the competition from building societies They now have no need to The larger building societies have their own captive underwriters with whom their bondholders are required to place their home insurance

At the moment of writing, there rests on the desk of Dr Schalk van der Merwe, Minister of Commerce and Consumer Affairs, the Board of Trade and Industries' report on "monopolistic conditions in the supply and distribution of pharmaceutical products"

The BTI was entrusted with this investigation in terms of the earlier Monopolistic

Conditions Act, before enactment of the Maintenance and Promotion of Competition Act of 1979, which established a specific Competition Board to take over the role of watchdog

At least on paper the new Act confers on government (acting on the recommendation of the Board) remarkably far-reaching powers They include the fixing of price controls on any class of goods and the suspension of any tariff providing protection for any class of locally manufactured goods To give effect to recommendations of the Competition Board,



SAB's Dick Goss liquor industry rationalisation was no shining example

there may be prohibition of restrictive practices and the dissolution of bodies formed to police those restrictive practices

Section 14(1)(c) goes so far as to sanction the prohibition or reversal of acquisitions considered to be against the public interest and the dissolution of bodies corporate There is no time limit, so that action could, at least theoretically, be taken to reverse acquisitions long-predating the enactment of the statute

On the other hand, the whole mechanism of the Act tends to be conciliatory, rather than peremptory, so that draconian action in the foreseeable future does not seem particularly likely For example, the first step to enforce a recommendation by the Board is a process of negotiation between the Board and the other parties Only if negotiation fails, can the Board make recommendatins to government for actual enforcement

Provision is made, in some situations, for appeal to a special court under the presidency of a Supreme Court judge In others, decisions must be tabled in the House of Assembly It's of particular importance in the SA context that the Competitions Act also empowers the Board — under section 6(1)(a) — to scrutinise the entrepreneurial activities of State-controlled institutions too

The report on the pharmaceutical industry contains no recommendations relating to market structure (like acquisitions), only to market practices All the practices found by the Board to be against the public interest relate to matters like the collective maintenance of uniform profit margins, collusion over uniform tender prices and tender conditions joint action to restrict the sale of pharmaceutical products to retail pharmacies, and the restriction of wholesale facilities to members of the Pharmaceutical Wholesale Drug Association

It s likely that these proposals will enjoy a fair measure of public support cutting right across party political lines So the potentially most contentious features of the Act (relating to acquisitions) will not be tested in this case

Scrutiny

What, though, of other industries currently under scrutiny? These include the fertiliser industry, the sanitary and hardware sector, alcoholic beverages (!) poultry, discrimination in retail distribution, the explosives industry and the Association of Travel Agents (Some of these investigations are unfinished business inherited, like the pharmaceutical enquiry, from the Board of Trade and Industries)

Only time will tell how the bare bones of the Act will be clothed with action Of great relevance is the current political [illegible] between government and the business community, in the interests of rapid growth and political stability But there are some situations with a potential political dimension not under any circumstances to be ignored One is the allegation of monopoly flung by some National Party supporters at the 'English-speaking Press', meaning the Argus and SAAN groups

Then there is the potential expansion of the Anglo-American group to incorporate GFSA, a move which would give it control of some 60% of SA s gold production Not too far removed from this sensitive area is the effort by Hanhill s Oliver Hill to break into AECI's explosives monopoly Is it imagining too much to suggest that these two issues might be seen by some observers in one and the same context? In other words, any expansion of Anglo American might be regarded as possibly strengthening AECI s position?

For the present, there is much encouragement for businessmen in the approach of Competition Board chairman Dr Dawid Mouton He told the *FM* that his Board does not deal with problems in a high-handed way, preferring conciliation to coercion He does not regard businessmen as enemies of the public interest, but as people fulfilling a vital function for the community The constant challenging of businessmen's motives is therefore most counterproductive He does not believe in harassment of business, although the Board does have a vital function in ensuring that competitive market mechanisms are kept working in the public interest

So, at least during Mouton s term of office it is reasonable to look forward to a balanced and even-handed approach to the monopolies issue But that isn t really the point No law or regulation should be framed around the personality or philosophy of one individual

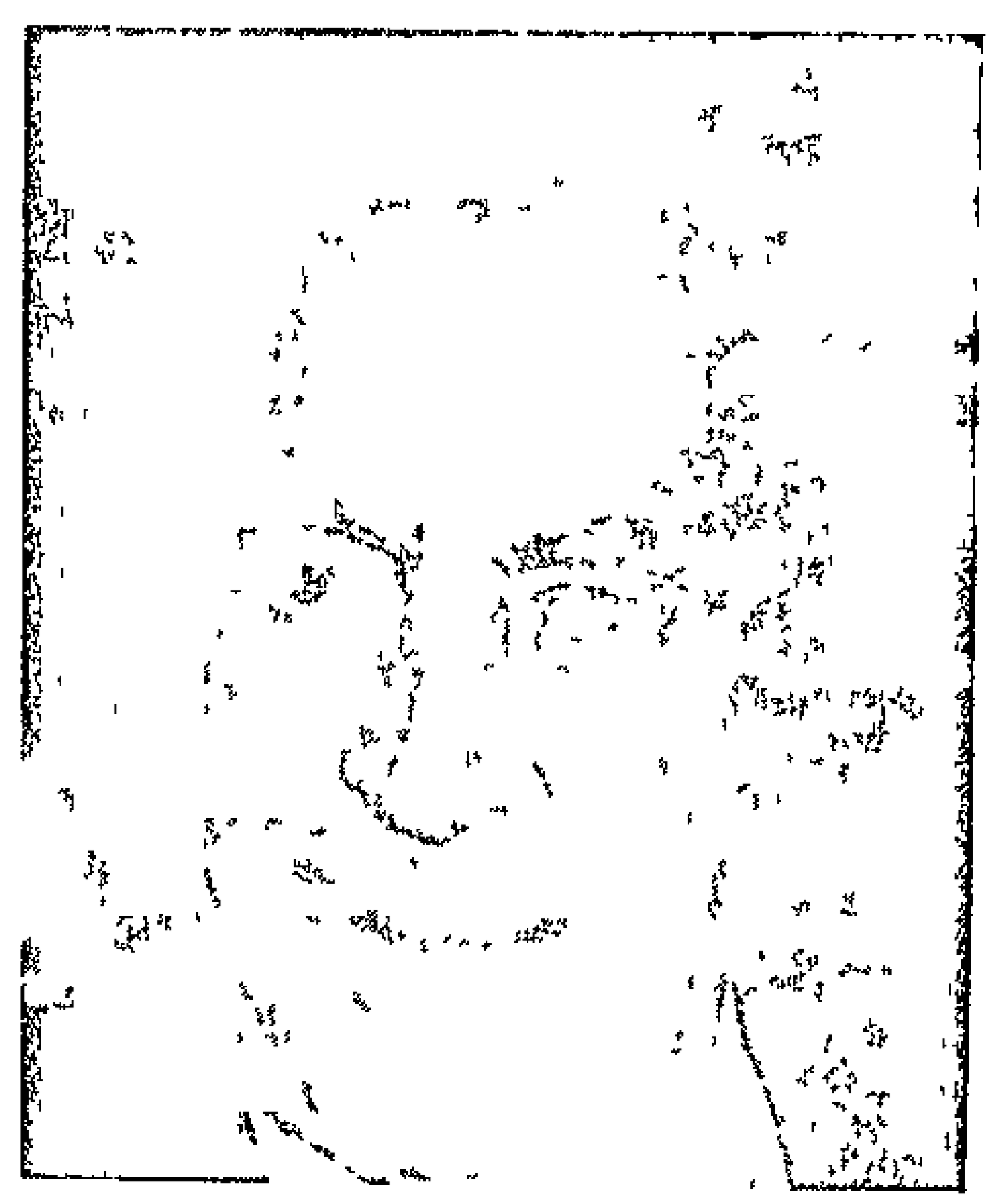
By all means, let us have a modicum of regulation, framed to prevent *abuses* of the free enterprise system Collusion between cartels to fix prices or to raise barriers to entry into their industry or profession should not be allowed — because this represents artificial interference with market forces

A monopoly *per se* is not a bad thing In SA, where economies of scale are difficult to achieve in a small market, some monopolies are inevitable

What is important, though is that the potential for competition is not stifled The best way to do this is *not* to set up a board of civil servants with wide-ranging arbitrary powers and little imagination, but to frame laws which give greater freedom to the positive operation of market forces

Government must decide where it stands for or against free enterprise If it is for it must apply free market principles without concern for whether State-owned corporations, Afrikaans or English business are being [illegible]

And it must remain the duty of all those with a genuine faith in free market principles to continue to draw public attention to each and every case of nascent or full-blown monopoly, and of a too-cosy relationship between business and government



Rembrandt's Anton Rupert cosy tripartite arrangement

The full implications of each case must continue to be laid bare for public scrutiny so that the case for free competition is never allowed to go by default

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RDM 14/7/80

The Davis, Borkum role in dawn raid

By NEIL BEHRMANN

LONDON. — The London Stock Exchange council's report shows that a Johannesburg stockbroking firm, Davis, Borkum, Hare, was intimately involved in the Anglo American/De Beers/Cons Gold dawn raid.

The report says "When it came to the ears of the directors of Anglo American and De Beers that somebody, or so they thought, was buying Consolidated Gold Fields in London on an unusual scale, their reaction was to think in terms of assembling a stake which would serve to maintain the existing balance of power in the South African gold-mining industry

"They discussed the possibility with their London stockbrokers, Messrs Rowe & Pitman as early as the northern hemisphere summer of 1979 "

Towards the end of last year the Anglo group began to accumulate shares

"From October 26, Rowe & Pitman were buying shares in Gold Fields on the London market for the account of a firm of Johannesburg stockbrokers, Davis, Borkum, Hare & Co

"Rowe & Pitman have told us that they were aware that instructions were emanating from one of the companies in or friendly towards the Anglo American/De Beers group of companies

"Rowe & Pitman were not to buy aggressively . shortly before Rowe & Pitman received their first instructions from Davis, Borkum, Mr S E J Raven, a director of Akroyd & Smithers (a firm of jobbers, wholesalers of shares), had been in Johannesburg in connection with his firm's jobbing business.

"During the course of his visit he had spoken to Davis, Borkum and been told that during the summer of 1979, a significant number of shares of Cons Gold had been purchased in the London market by an unknown buyer "

Mr Raven explained how this could have been done

The brokers' jobbers (Akroyd & Smithers) then went into action

"The procedure adopted by Rowe & Pitman for the execution of this order was that they left a buying order with Akroyd without placing any limit on either size or price

"Each day the jobbers made a normal two-way market and attempted to end up as net holders of Gold Fields shares Rowe & Pitman then bought the balance of Akroyd's book at the end of the dealing day.

"It was agreed that the jobbers would handle the currency arrangements and that they would report to Davis, Borkum daily and on the shares they had sold to Rowe & Pitman "

Rowe & Pitman would then transfer the shares into nominee companies on instructions from Davis, Borkum

Contract notes were rendered to Davis, Borkum and the firm had to deal with all registration formalities

Although Rowe & Pitman did not know how the shares were being allocated, the council "understands that the shares bought through Davis, Borkum were booked to De Beers"

"The buyers were aware that if they should exceed the level of 5% of the ordinary share capital of Cons Gold, they would become obliged to disclose to the company."

To counter this issue of legality, "another party was persuaded by the group to buy shares through Davis, Borkum on the same basis . that buyer in turn went on acquiring shares up to just under 5% of the share capital and a further party was then approached and the process continued We have not been able to identify these parties."

All parties obtained legal advice on the legality rather than morality of these transactions and, "there appears to have been no thought in the minds of the buyers that they escaped UK legislation simply because they were not themselves UK residents".

Shares were acquired steadily and by February 8 this year, 21-million shares of Cons Gold had been bought

There is veiled criticism in the report of the broking parties involved, especially Davis, Borkum:

"The instructions given to Rowe & Pitman were that transfers should be forwarded to their principals, Davis, Borkum, Hare in Johannesburg, who would deal with the formalities of registration.

"In fact, we now know that none of the shares being acquired in this way were presented for registration until after February 12 Thus it was that Cons Gold found themselves with an increasing amount of share capital unaccounted for this device is not unknown but not frequently used ".

The report comments that even if UK exchange control remained in force after October 23, it is likely that the dealings would have been sanctioned

During this period 13,4% of Cons Gold Holdings were built up by the Anglo group.

Then followed the events of February 11 and February 12 when De Beers bought the remaining shares bringing the holding to 25% The manner in which this purchase was carried out became known as the dawn raid which has been extensively criticised in the City and is now being investigated by the Department of Trade.

CDM 15/7/80

Nedbank could gain on sale of Rhobank

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By DAVID CARTE
Deputy Financial Editor

IF EXPLORATORY talks with Bank of America are successful, Nedbank could become the first large South African company to sell off a Zimbabwean subsidiary since Mr Mugabe's Government came to power.

Mr Rob Abrahamse, chief executive of Nedbank, told Business Mail that Nedbank "has talked" to Bank of America about selling Rhobank, its 62%-owned Zimbabwean subsidiary, but discussions had "not yet reached the negotiating stage"

He said Bank of America had initiated the discussions

With 30 branches nationwide, shareholders' funds of Z$18 500 000 and total assets of Z$228-million, Rhobank is the third biggest bank in Zimbabwe Nedbank consolidates it but Rhobank represents less than 5% of Nedbank Group's profits and assets Nedbank had shareholders' funds of R124-million, total assets of R3 719-million and earned R47 393 000 after tax in the year to end September 1979

Banking observers said, if a sale is clinched, it would probably be beneficial to Nedbank, which, in recent years, has received only a small dividend from its relatively large Zimbabwean investment

Nedbank, observers said, would "not give Rhobank away" They pointed out that setting up a similar sized operation with total deposits of Z$170-million and advances of Z$131-million would cost Bank of America " quite a few millions"

Rhobank made Z$3-million in the year to September, 1979 and in the six months to end March 1980 earnings were 8% ahead

The forecast was that earnings would be maintained at the year end Last year earnings a share were 42c and the dividend was 23c, which, on Nedbank's 4 552 000 shares, translated into a dividend of Z$105 000 for Nedbank

Banking sources in Johannesburg point out that past performance was achieved despite sanctions and the war Peacetime prospects in a country with international links again meant that past profits would have little bearing on a price for Rhobank

Rhobank is valued in Nedbank's books at Z$7 342 000 The share stands at 465c on the Salisbury Stock Exchange This values Nedbank's stake at more than Z$20-million, so a capital profit of at least Z$13-million is indicated

Such a profit would not affect the income statement but would bolster Nedbank SA's reserves This would enhance its already substantial capital surplus, enabling Nedbank to write more business and, if it felt so inclined, to be more generous with dividends

There should be no problem repatriating the proceeds of any sale Bank of America could pay Nedbank in US dollars with minimal reference to the Zimbabwean authorities

There seems little doubt that a successful deal would add to the Nedbank share price

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Figure 2.3

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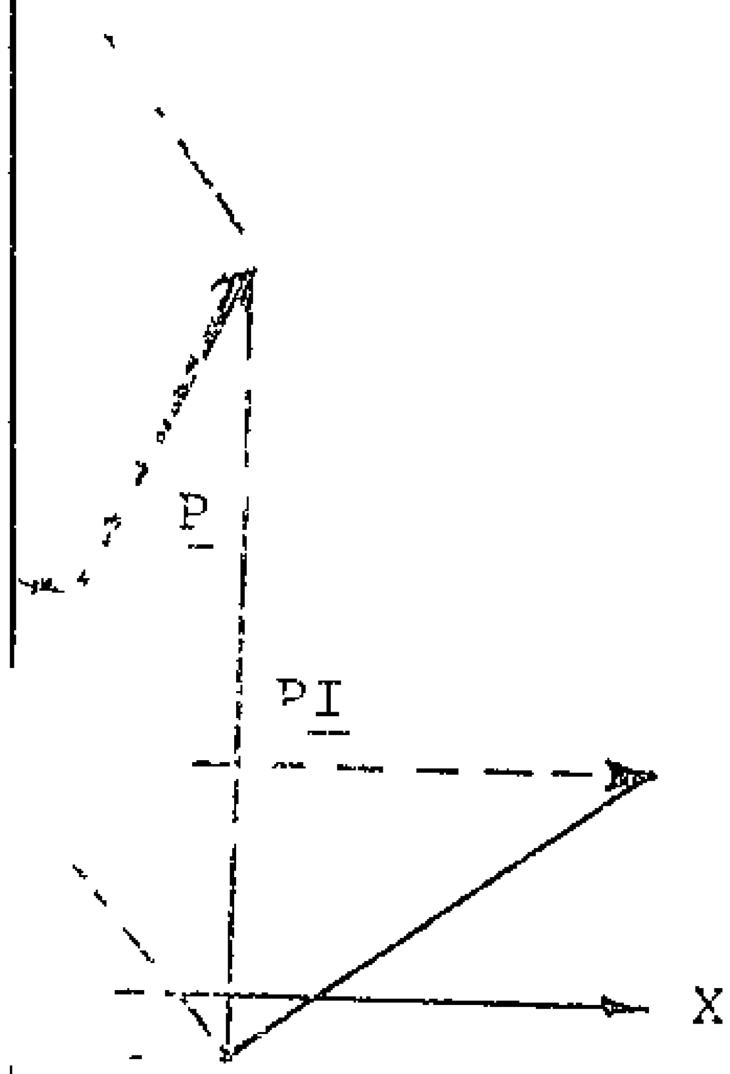

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Figure 2.4

RDM 22/7/80 232

ITT may off-load stake in Altech

By DAVID CARTE
Deputy Financial Editor

INTERNATIONAL TELEPHONE and Telegraph Corporation (ITT) of the US, has agreed to sell its 2 434 000 shares in Allied Technologies (Altech) to Allied Electronics (Altron), Altech's South African holding company, at an undisclosed price.

At current market value, the shares, representing 32% of the equity of Altech, are worth R34-million

The giant US electronics multinational acquired the shares in Altech when it sold its subsidiary, STC to Altech in 1977 One of the conditions of the 1977 deal was that the controlling shareholders of Altech would have first option if ever ITT wanted to sell

According to Mr Bill Venter, chief executive of Altech and chairman of Altron, the backers of Altech have always wanted to South Africanise the company as far as possible and have pressed ITT to sell ever since

"Now they have agreed to sell' and, for the first time in many months, a meaningful stake has become available in a company with a market capitalisation of R140-million, with a 50% compound growth rate

"It's an exciting situation but we have taken no decision on what to do There are dozens of possible permutations and we would like to consider our options"

Both Altron and Altech have large cash holdings and unused borrowing capacity, so the shares could be bought for cash by Altron, which already owns 52% of Altech But this would not enhance the spread of Altech shares among South African holders - a prime desire of Altech's backers

The Altech shares could be offered to one or a number of South African institutions, which, according to Mr Venter, have been frustrated trying to get meaningful stakes in the company. A stake of more than 25% carried blocking rights and could be highly desireable for a very large institution.

One way to achieve a better spread of Altech shares and at the same time to broaden the company's profit base would be to use the shares to acquire a company that would marry well with Altech

While today's official statement from Altron says no decision has yet been taken, Mr Venter said the shares would not be allowed to fall into foreign hands

This was tantamount to saying that one way or another they will be repatriated. At this stage no terms have been released, so it is not possible to establish the effect of the repatriation on the share price. Whatever happens, the marketability of Altech shares must be enhanced

The official statement cautions Altron and Altech shareholders in their dealings before another announcement

Star 23/7/80

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BUSIN

Concern in UK on 'raid'

From The Financial Times

LONDON — As a result of the De Beers "dawn raid" on Consolidated Gold Fields on the London Stock Exchange, the British Government is to consider the need for further legislation to cover the ownership of shares in publicly quoted companies.

Mr John Nott, Secretary of State for Trade, has told the Commons that he will consider the case for statutory change in the light of the forthcoming Department of Trade report on the acquisition by De Beers of 25 percent of Consolidated.

Mr Nott was speaking in response to four questions dealing with the controversy over De Beers and also with the possibility of new legislation on disclosure of action by a group of shareholders who together acquire more than five percent of a company.

Hours after Mr Nott's announcement, a private investment company acquired a 29,5 percent stake in Gough Cooper, the housebuilder, in another "dawn raid." Starwest Investment Holdings bought 2,3-million Gough Cooper shares in less than 30 minutes yesterday.

Coalplex and Triomf help AECI surge

~~183~~ 232 ~~215~~

RDM 24/7/80.

By DAVID CARTE
Deputy Financial Editor

A MAIDEN profit at Coalplex, the resumed dividend from Triomf and a better performance by all major divisions lifted AECI — South Africa's biggest chemical group — to an 80% earnings increase in the six months to the end of June.

The interim report shows group sales up 40% to R551 200 000 and pre-tax profit 69% ahead at R85 300 000 Thanks to a tax rate that dropped from 35,5% to 32,5%, taxed attributable profit soared 81% to R54-million Earnings a share were 80% better at 36,2c (20,1c) Profits are struck on the conservative lifo method of stock valuation

The interim dividend was lifted 50% to 18c (12c)

The report says all major sectors contributed to the improvement, but growth in agricultural nitrogen, industrial chemicals, paints, plastic pipes and vinyl products was "particularly noteworthy"

At a news conference at which the results were released yesterday, AECI managing director, Mr Denys Marvin, said the improvement at Coalplex had been "very material" to the group first-half improvement

The R7 800 000 resumed dividend from Triomf was another important factor This added 5,2c a share to earnings Without this, the earnings improvement would have been 54% to 31c

AECI forecasts that profits in the second half will be significantly higher than those earned in the second half of last year

Asked if earnings could still be 80% at the yearend, Mr Marvin said "That would be nice, but there will not be another dividend from Triomf in the second half, so it's not likely"

But "the ship's in good shape and we don't see a downturn for quite a long time"

Reporting on development projects, Mr Marvyn said AECI was not rushing into the methanol project Much appraisal work remained to be done With the best will in the world, there would be no go-ahead until 1984

The R40-million expansion programme at SA Nylon Spinners was on schedule and would come on stream in the second quarter of next year, and the polythene plant would open in 1981

While these results were gratifying, he stressed that profits were not excessive Returns on AECI's huge investments had been less than acceptable during the recession and on a current cost accounting basis, the group was earning only about 5,8% after tax on its investments compared with a "reasonable" return of 6,5% Pre-inflation the current return was more like 21%

Mr Marvin said Coalplex still depended on PVC exports It had exported 25 000 tons of PVC and expected to export 55 000 tons this year Recession in the West had put pressure of export prices and the hardening rand was another problem Coalplex would be more solidly and permanently in profit when the South African market took more of its production

Mr Marvin expected all Coalplex's production to be sold in SA by 1984 to 1985

Only after this was a second Coalplex, with Sentrachem this time the major shareholder, likely Because capital spent extending an existing plant was four times more cost effective than capital spent on a greenfields plant, it was possible the existing plant would be extended first and Sentrachem offered a bigger stake as this happened

Mr Marvin revealed that AECI was considering entering a technical agreement with an American chemical company in terms of which AECI would give the American company technical knowledge on coal gasification in exchange for the US company's expertise on coal liquefaction

The US company was building a coal liquefaction pilot plant which was planned to come on stream in 1985

He said "The future is coal and AECI is unique among diversified world chemical companies of its type in having 30% of its assets coal based"

Mr Marvin saw the skilled labour shortage as one of the most formidable bottlenecks threatening the group, but said recruitment efforts in the UK had been successful

Asked about security, he said all AECI plants were insured, and as far as was practicable, were well protected and designed to avert catastrophes

It seems a safe bet that AECI will improve yearend earnings 50% to 77c While dividend cover at the interim was raised to 2 from 1,7 at the yearend, this was probably because of the Triomf contribution and it would be no great surprise, given the quality of these earnings, if the dividend also rose 50% to 45c This puts the counter, at the new high of 850c, on a prospective yield of 5,3%

It might look expensive, but this is a counter with a vested interest in rising oil prices, which makes its coal-based chemicals ever more competitive

No govt probe into 'dawn raid'

Own Correspondent

LONDON. — The "dawn raid" in which De Beers, the South African mining company, acquired a 25 percent stake in Consolidated Gold Fields, the London mining finance house, will not be referred to the Monopolies and Mergers Commission

This was announced by the Trade Secretary, Mr John Nott, yesterday

De Beers secretly built up a 13,4 percent holding in Consolidated Gold during the closing months of last year and spring of this year Then in February the company went into the stock market in an early morning raid and increased their holding to 25 percent

De Beers were criticized for the method they used to buy the shares which did not allow all shareholders an equal chance to sell There was also some disquiet about the way in which a foreign company was able to seize such a major stake in a British company.

It appears now that Mr Nott feels there is no significant issue of public interest which would justify an investigation

The government has come to the conclusion that the shares will not give power to control Consolidated Gold Fields though it may be able to influence them If De Beers were to gain control, the situation would be different and the matter would then be referred to the Monopolies Commission

Report on De Beers causes stir in UK

Citizen 3/8/88

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LONDON — The Department of Trade has been urged to consider whether De Beers committed a criminal offence in its controversial "dawn raid" takeover of Consolidated Gold Fields early this year.

The recommendation is made today in an official report by Department of Trade inspectors.

The secretly operated takeover raid on Consolidated Gold Fields shares was masterminded by Mr Harry Oppenheimer and involved both De Beers Mining Company and Anglo American Corporation.

The report, released this morning only hours before the Stock Exchange Council was due to meet to consider its own special committee report and recommendations, has caused a stir in Stock Exchange circles.

It recommends a change in the law to enable the courts to prevent such raids and deprive companies of "the fruits" of such enterprises.

FRUSTRATED

But in the case of De Beers, the report concedes, any proceedings may be frustrated by the fact that the raid was conducted by a foreign company.

The report says in its conclusions "We are satisfied that De Beers formulated its scheme with the express intention of avoiding the disclosure provisions of the Companies Acts.

"It is within the law for a person to arrange his business affairs in such a manner that he avoids the consequences of legislation.

"We are not, however, wholly convinced that the scheme, in this case, if properly conducted, would have successfully prevented any company, person, or persons from acquiring an interest as defined by the Act."

The inspectors say they encountered difficulties in finding out the relevant facts about the transaction because De Beers is a South African company.

SAW 9/8/80

LSE move on dawn raids

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From The Times

LONDON — The Stock Exchange Council has come out in favour of a system of controlling dawn raids which was specifically rejected by the report of its own special committee a month ago

The report was published in response to the acquisition by Anglo American and De Beers of almost 12 percent of Consolidated Gold Fields.

The raid was accomplished by Rowe and Pitman, the stockbrokers, standing in the market place and offering an 18 percent premium on the going price of the shares

Gold Fields said the controversy arose because only 200 of its 40 000 shareholders had a chance to sell at that price

Since then a series of such raids has put pressure on the stock exchange, intensified by yesterday morning's Department of Trade report on the Anglo deal, to lay down ground rules.

The special committee came out against a "tender" system, but after a meeting the Council of the Stock Exchange decided to recommend one. It will be debated at a meeting today of the Council for the Securities Industry, the city watchdog

DAWN RAIDS

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De Beers, LSE 'not impressive'

G(BR 8/880

The Star Bureau

LONDON — While important changes in British company law could result from De Beer's controversial "dawn raid" on the shares of Consolidated Gold Fields, Fleet Street financial editors feel there is still a "reluctance" to admit that there was anything wrong with the deal.

But there is a general consensus, following the publication of the Department of Trade's report on the deal, that De Beers Mining Company comes out of the report badly.

One city editor, Patrick Lay in the Daily Express, says that Mr Harry Oppenheimer, has tarnished his "Mr Nice Guy" image by resorting to his back door methods of gaining the 25 percent stake in Gold Fields

The report by two investigators, ordered by the Department of Trade following an outcry over the covert buying of shares by De Beers, was given prominence in most of the serious Fleet Street newspapers

In his analysis of the report the financial editor of The Times says that while De Beers comes out of the report badly, the behaviour of our Stock Exchange is also "hardly impressive"

He was referring to the "alarmingly off-hand response" by the Stock Exchange to the increasing urgent demands from Consgold to put their shares on the "talisman system" which they felt — though the inspectors did not agree — would have revealed the buyer

"Given all the evidence, it is hardly surprising that the inspectors have concluded that De Beers stalked Consgold using a system designed specifically to avoid its exposure under the 5 percent rule," says The Times analysis.

"But the inspectors were finally not convinced this system could have worked, if it had operated perfectly, which it did not"

The Guardian's financial editor says it "seems certain" that De Beers will be prosecuted for its "accidental breach of company law."

Britain bans stock market dawn raids

Star 8/5/80

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The Star Bureau

LONDON — Stock market "dawn raids," in which a buyer makes rapid and large purchases of a company's shares, have been banned in Britain.

They will not be allowed again until a complete code of conduct has been drawn up by the Council for the Securities Industries, the City's main watchdog body on which both brokers and institutional investors and banks are represented.

The Department of Trade intends publishing a consultative document on Monday recommending changes in the 1948 and 1967 Companies Acts.

These moves stem from operations this year when Anglo American and De Beers secretly bought 13,4 percent of Consolidated Gold Fields and then purchased another 11,6 percent in a matter of minutes on the stock market.

Page 17: De Beers 'not impressive.'

Dawn raid spurs rethink on law

RDM 14/8/80

By NEIL BEHRMANN

LONDON — The UK Department of Trade has recommended changes in legislation after the De Beers "dawn raid" on Consolidated Gold Fields.

In a consultative document, "Disclosure of Interests in Shares," the department suggests changes in UK company law

It also advises that the Secretary for Trade should have legal powers to cancel the shareholdings of unidentified nominee shareholdings when a company or Secretary for State cannot obtain disclosure of the identity of the buyers

This is the third document on "dawn raids" and is a direct result of the furor which has resulted from the De Beers-Anglo accumulation of 25 percent of Consgold's share capital from October last year to February

The first document was issued by the Council of the Stock Exchange

The second was the Department of Trade's 55 page investigation And the final document recommends changes in legislation

All the documents stated that the De Beers group and the parties involved, including Johannesburg stockbrokers Davis Borkum Hare, did not break the law

This applied to the methods of accumulation and the registration of shares, where the parties conducted their activities within the ambit of existing laws

Under existing UK law if investors or companies buy 5% or more of the voting shares they must disclose their identity

Each nominee holding bought just under 5% of Consgold and then stopped buying With the exception of one, where a genuine mistake was involved, there was no need for disclosure under the law

However the Department of Trade investigation finds that the nominee companies were connected and were buying shares for the same purpose — to build up a stake in Cons Gold well in excess 5%.

The parties also delayed registration of shares Though this does not break the law the Department of Trade says, "if the shares had been registered, even limited investigation into (nominee companies) Dido, Fermain and Security, nominees should have disclosed the probable identity of the company for whom they acted as nominees"

In the consultative document the Department of Trade says though there would be considerable difficulties in imposing statutory requirements on ad hoc combinations of persons or companies acting in concert or by arrangement, "the Stock Exchange Council and the Council for the Securities Industry (consider) the scope for supporting the spirit of the law by strengthening their non-statutory regulations in the interests of an informed market"

De Beers Consgold stake is now 25,8%

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RDM 20/9/80

LONDON — De Beers Consolidated Mines said yesterday it had exercised an option on a further 1 300 000 shares in Consolidated Goldfields, bringing the joint De Beers-Anglo American stake to 38 500 000 shares or 25,8%.

De Beers said the stake was split equally between De Beers and Anglo but under UK company law De Beers was deemed to be interested in Anglo's Consgold shares because De Beers held over one third of the voting power in Anglo — Reuter

Anton Rupert may be moving into diamonds

RDM 14/10/80

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Own Correspondent

CAPE TOWN. — Dr Anton Rupert seems set to move into diamonds through a takeover the Cape Town-based diamond mining group, Trans Hex after the decision of the boards of the two controlling companies Naskor and Seeland to recommend acceptance of the Rembrandt offer.

Naskor holds some 38% of Trans Hex while Seeland has 26%

Rembrandt's bid was made by a subsidiary Partnership in Mining which is expected to end up with slightly over 50% stake in Trans Hex after a proposed merger of the three Trans Hex companies if the offer is approved by shareholders

Nakskor shareholders are being offered 195c per share and 50 shares in the merged group for every 100 shares held

The Seeland offer is 175,50c in cash and 45 shares in the new group for every 100 Seeland shares held.

Trans Hex shareholders are being offered 138,50c plus 325 shares in the group for every 100 shares held

The Trans Hex chairman, Mr Hoffie Hoffman, has issued the following statement

"After considering all the matters which followed the offers by Corporate Credit Services to the shareholders of Naskor and Seeland which involved the disposal or partial disposal of their interests in the companies, the boards of directors of Naskor and Seeland and the consortium of shareholders which formed themselves into a controlling group wish to announce that they support the offer by Partnership in Mining Limited

"These parties are of the opinion that the latest proposals meet all the requirements and are in the best interests of all the shareholders"

5/11/80 RDM 232

Trans Hex goes to Rembrandt

By ALEC HOGG

AT last, it seems, the wrangle for the Cape diamond mining group Trans Hex has ended. The company intends accepting the Rembrandt subsidiary Partnership in Mining's offer of 275c a share.

This is a coup for Dr Anton Rupert's group following Trans Hex's simultaneous rejection of the "substantially better" offer proposed by Rand London through its merchant banker Finansbank.

Trans Hex says it does not see its way clear to prolonging the "drawn-out uncertainty regarding the future of the company".

The board believes that the total takeover offer by Rand London is not possible since it is in direct contrast to the well-known attitude expressed by some shareholders who do not want to part with their holdings.

"On inquiry Rand London's representatives indicated that a scheme could be considered with the board whereby shareholders not wishing to sell, may be accommodated," says a statement.

"At the same time it became apparent that they are not in a position to make any concrete proposals regarding their declared intention.

"On the one hand they state that they are prepared to make an offer which is 'substantially better' than the R2,75 per Trans Hex share offered by Partnership in Mining, but on the other hand make everything subject to the condition that they be given the opportunity to verify the stated ore reserves of Trans Hex group.

"In reality they seek the co-operation of the board to structure an offer, but at the same time keep the option open to terminate the approach.

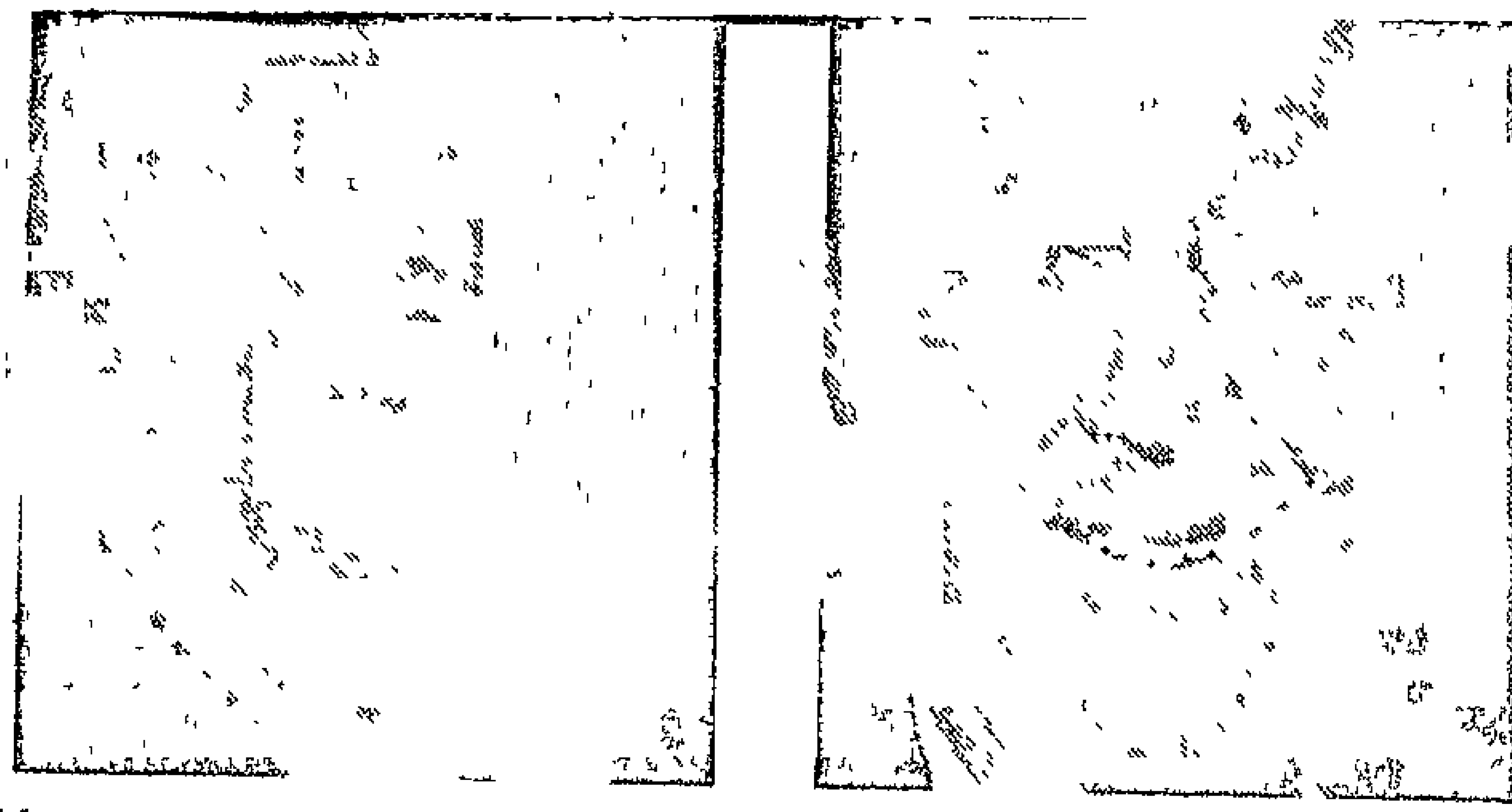
"It is thus evident that the board has no offer to consider, that the whole affair is clouded by uncertainties and that it is not clear when matters will be finalised, if ever."

In terms of the Partnership in Mining offer, Seeland and Naskor, (whose only assets are interests of 25,7% and 41,5% respectively in Trans Hex) will merge with Trans Hex.

After the scheme comes into operation, the new company, called Trans Hex Groep Beperk will be a wholly owned subsidiary of Partnership in Mining, and will have an authorised capital of 3 500 000 shares of no par value. Based on the values placed on the different interests for the purposes of the schemes, a Trans Hex Groep share would have a value of 390c.

Once the schemes have come into effect, current Trans Hex shareholders will receive 35 shares in the new company and R138,50 for every 100 Trans Hex shares held, Seeland shareholders will receive 45 shares in Trans Hex Groep and R179,50 in cash for every 100 Seeland shares held, and Naskor shareholders will receive 50 shares in the new group and R195,00 in cash for every 100 Naskor shares held.

Shareholders may in addition, dispose of their holdings in the new company at a price of R3,90 for every Trans Hex Groep share.



Rembrandt chief Anton Rupert (left) claims to have Trans Hex in the bag after a four-month battle for control. Contender Bernard Hottshousen, managing director of Rand London, has received little co-operation from Trans Hex's board

Ding-dong fight for control of Trans Hex

STAR 17/11/80

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By Jean Moon

The battle for control of Trans Hex continues to rage after four months. The latest piece of strategy is a claim by Partnership in Mining (a Rembrandt company), to have established a control situation in Nascor Mynbou and Trans Hex

At the same time, the only other contender left on the scene — Rand London — has made a counter offer equal to Partnership's

Both contenders are now offering 600c a share for Naskor and 432c a share for Trans Hex

Partnership is also negotiating with Seeland Mynbou for an acquisition of its shares in Trans Hex

If Rand London is successful with its bid, it will seek an early opportunity to extend to all other shareholders in the Trans Hex group the benefit of an offer or a listing for shares

Bernard Holtshousen, Rand London's managing director, tells me that as it has received little co-opration from Trans Hex's directors with regard to the condition of its bid that it be able to examine and confirm ore reserves of the Trans Hex site, it has now limited its bid to 50 percent of the company — which will still give it control, but puts it less at risk

Bidding for the Namaqualand diamond mine began in July with a bid by Laurie Korsten of Volkskas Merchant Bank in his private capacity for 64 percent of Trans Hex. Then the Theron/Katz and Lurie rationalisation offered Seeland shareholders R200 cash plus 25 shares in the new Trans Hex company for every 100 Seeland held. Naskor members were offered R220 cash plus 25 shares in the new company for every 100 Naskor held.

Then came Octa Diamonds and Natal Makelaars bidding up to 355c for Naskor, 330c for Seeland and 250c for Trans Hex

Partnership's original offer was R195 plus 50 shares for every 100 Naskor, R195,50 plus 45 new shares for Seeland and R138,50 plus 35 new shares for Trans Hex.

Rembrandt offers cash in Trans Hex

STAR 19/11/80 (232)

By Jean Moon

The winner of the Trans Hex paper chase has crossed the finishing line. But the victor Partnership in Mining, a Rembrandt company, has abandoned paper in favour of cash.

Partnership has finally acquired a controlling shareholding in Trans Hex, Seeland and Naskor and therefore decided not to go ahead with the scheme of arrangement with the shareholders of the companies involved, which was proposed on October 28. This scheme involved a cash plus share swap in the new company.

While Partnership already has control, it has nevertheless offered to acquire up to 50 percent of shares in each of the three companies. Shareholders in Trans Hex have been offered 423c, in Seeland 546c and Naskor 600c for their shares. Those wishing to accept the offer should deliver share certificates to Partnership in Mining before December 5.

At the final stages of the four-month race, only two contenders were left. But as the two, Partnership and Rand London, neared the winning tape, the latter was given the cold shoulder by the board of Trans Hex even though its offer matched that of Partnership.

However, although it is part of Rand London's long term strategy to get into gold and diamonds — and such openings do not present themselves often — all the defeated contender is suffering from at the end of the chase is a slightly bloodied knee.

Oppenheimer within sight of Cons Gold target

STAR 24/11/80 232

The Star Bureau

LONDON — Mr Harry Oppenheimer, chairman of both De Beers and Anglo American, is now just 5,6-million shares away from the 29,9 percent stake he wants to buy in Britain's biggest mining finance house, Consolidated Gold Fields, according to a financial correspondent of the New Standard.

He says that the De Beers camp has revealed that they now own 50 008 750 Cons Gold shares, or 26,8 percent of the capital enlarged by the rights issue

"The figures imply that Mr Oppenheimer's empire has been a determined buyer of Cons Gold shares since the 181-million sterling issue nine days ago, having picked up almost 4-million shares in the market," he writes.

At Rowe and Pitman, who organised the dawn raid and the original purchases, partner Oliver Baring, "it will be done in idea yet when De Beers will seek to increase their holding

"Whenever they feel like it," added Mr Baring," it will be done in the most open possible way."

The presence of such a determined buyer, says the New Standard's correspondent, is sure to sustain the Cons Gold share price at least until the 29.9 percent target is reached

"In spite of all the denials, Lord Errol, chairman of Cons Gold, and his men must be worried lest Harry finds the whole company just too mouth-watering to resist," he concludes

STAR 28/11/83 (232)

Fertiliser probe: call to publish interim report

Farming Correspondent

The interim report of the Committee of Inquiry into tehe Fertiliser Industry, should be published forthwith, a prominent Progressive Federal Party politician said in Johannesburg today

Mr Rupert Lorimer, MP for Orange Grove, said the report had been submitted on Monday to the ministers who were members of the Cabinet's food committee.

It made sweeping recommendations to contain the price of fertiliser.

According to a newspaper report, the committee report was being treated as top secret, and it was feared that its publication might be substantially delayed

Mr Lorimer said that in view of the urgency of all matters relating to the inflation of food prices, he was going to urge the Minister of Agriculture to persuade his colleague, the Minister of Industry, Commerce and Tourism, to arrange for the immediate publication of the interim report.

Farmers had a right to hear the views of the expert committee before the announcement of next season's fertiliser prices.

It had also been reported that as a result of the uncertainty surrounding Government fertiliser policy, the cost accountants of the Department of Industry, Commerce and Tourism were working simultaneously on three alternative fertiliser price calculations for next season

The first calculation was according to the existing formula, the second one to a formula recommended by the comittee, and the third according to a compromise formula devised by the department

Harry O's hand in billion rand plan

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21/12/80 S. Times Bus

Harry Oppenheimer . . . revels in the grand manoeuvre, the financial masterstroke

Oppenheimer's R8 000-million empire seems poised for exciting ride via a new sortie by Cons Gold

By Stephen Orpen

CONSOLIDATED Gold Fields, the billion-rand London-based mining house in which Harry Oppenheimer's still larger Anglo American group recently acquired a controversial strategic stake, is gearing up for a huge acquisition

This is the word from London, New York and Johannesburg sources, although Anglo itself is remaining tight-lipped

Asarco, Newmont Mining and Phelps Dodge are singled out as the most likely targets

Consgold — which is now 27,5% controlled by Mr Oppenheimer's interests — recently announced a $430-million rights offer Also, as Thomas Jaffe reports in Forbes magazine, it can add greatly to its "war chest" by borrowing as much as $1 500-million

That means a total purse of a massive $1 900-million with which Consgold can buy another mining group. However, Jaffe says the hunter "claims it won't go to the limit on debt"

Anglo American Corporation told me this week only that "it is not for us to comment Consolidated Gold Fields is independently managed"

No doubt. But equally, the Anglo group wields powerful influence

Officially, the $2 500-million-a-year Consgold group admits only to shopping "in related fields"

But, according to New York analysts, eager Wall Streeters and others scent a major tender offer

There are two schools of thought about the Anglo hand in any plans Consgold may have

The first argues that a major acquisition by Consgold would embarrass Anglo by increasing the likelihood of an investigation by the Americans into the Anglo-De Beers substantial involvement that the much-vaunted hostility between Anglo and Consgold (which arose when Anglo grabbed its de facto controlling interest in Consgold) has been defused

The reasoning here is that Anglo has in fact stabilised what was a highly political situation in Consgold As important, in Consgold's chief, Rudolph Agnew, the group has a powerful man on Anglo's board who would see the advantages of working with instead of against Anglo strategy

In turn, Anglo has one of its three top men, Julian Ogilvie Thompson, on the Consgold board and he is a specialist in large financial manoeuvres

Not least, Consgold could raise more cash more conveniently than any other vehicle in which Anglo has a major stake

The end result here is seen as a major acquisition through Consgold followed by rationalisation of Anglo's main overseas vehicles, including Charter, Minorco and Engelhard Minerals and Chemicals Corp

If one compares what has so far occurred between Anglo and Consgold with the much earlier deals beteen Anglo and Engelhard, the full extent of future possibilities is underlined

The Engelhard group now has revenues of more than R18 000-million a year, of which around 45% are from the sale of crude oil and related products

● To Page 3

There, Consgold is regarded as virtually an Anglo subsidiary and American watchdog agencies have been consistently on the lookout for ways to trap Anglo-De Beers under monopolistic and related legislation

Protagonists of this argument feel Anglo is more likely to choose its own sub-groups, Charter and/or Minorco — huge in their own right — to expand by takeover Certainly Charter could produce hundreds of millions in cash if necessary for this purpose

By contrast, however, there is growing support for the argu-

Gov Areas en Modderfontein dalk tog saam

DIE kanse is baie sterk dat Government Areas vir Modderfontein B, wat deur mnr. L. C. Pouroulis beheer word, gaan oorneem. 'n Aankondiging kan dalk vandeesweek kom.

Gerugte het die laaste ruk die ronde gedoen dat geen ooreenkoms tussen die twee maatskappye bereik kon word nie. Die teenoorgestelde kan dalk waar wees.

Indien met die ooreenkoms voortgegaan word, sal Government Areas se aandelekapitaal van die huidige 8,4 miljoen aandele tot 12,7 miljoen verhoog word. Die nuwe aandele sal gebruik word om mnr. Pouroulis vir Modderfontein B te betaal. Teen die huidige markprys plaas dit 'n waarde van sowat R8 miljoen op die transaksie.

Die houding wat die Ontvanger van Inkomste oor die transaksie ingeneem het, het egter na bewering vir vertragings gesorg.

Die Ontvanger wou glo gehad het dat mnr. Pouroulis belasting op die wins uit die verkoop van Modderfontein B betaal, omdat hy in dié geval as 'n handelaar in mynhope beskou word. Dit sou beteken dat hy sowat R4 miljoen in kontant moes kry omdat hy nie belasting in aandele kan betaal nie.

Ná aftrekking van die mynbelasting en persoonlike belasting op die wins wat mnr. Pouroulis nou uit Modderfontein B maak, kan hy nie veel meer as sê 17 persent van die voorbelaste wins uit die bedrywighede in sy sak steek nie.

Dit sal daarom vir hom aantreklik wees om die een of ander ooreenkoms met Government Areas te sluit en só sy belastinglas te verminder.

Government Areas het 'n aansienlike aangeslane verlies, en uit mnr. Pouroulis se oogpunt sal dit die moeite werd wees om sy huidige belang in Modderfontein B te verruil vir 'n groter belang in Government Areas, wat na aan Modderfontein B lê. Hy besit tans sowat 25 persent van Government Areas se aandele.

Volgens die omsendbrief wat Government Areas verlede jaar aan aandeelhouers gestuur het, het die myn sowat 2 miljoen ton se ertsreserwes bogrond met 'n geraamde gemiddelde opbrengs van 1,75 gram per ton. Ondergrondse ertsreserwes word op 39 miljoen ton, met 'n geraamde gemiddelde opbrengs van 3,0 gram per ton, gestel.

Government Areas het ook aansienlike hoeveelhede sand en slyk om te verwerk.

Modderfontein B beskik oor aansienlike sandhope, genoeg om twintig jaar te hou, wat vir herwinning gebruik kan word, asook oor 'n aansienlike hoeveelheid ondergrondse erts. Van hierdie sand kan maklik na Government Areas gepomp word as dit nodig wou wees.

Na verneem word, gaan die aanleg by Government Areas aansienlik uitgebrei word. Kapitaalbesteding van sowat R6 miljoen word genoem.

Volgens berekeninge kan die verdienste van die vergrote groep soos volg daar uitsien: 1981, 40c; 1982, 70c en in 1983 sal dit daal tot sowat 50c omdat die opgehoopte verliese dan uitgewis en die maatskappy vir belasting aanspreeklik sal wees. Hierdie berekeninge is gebaseer teen 'n goudprys van

Mutual het nou 40p.s. van Tiger

Deur GERT MARAIS

OU MUTUAL het sy belang in Tiger Oats vandeesweek verder opgestoot en hy kan nou nie veel minder as 40 persent van Tiger se aandele hou nie. Dit beteken dat mnr. Natie Kirsh se plan om 50 persent van Tiger te koop, nou finaal van die baan is, want Ou Mutual is nou in 'n onbetwiste beheerposisie.

Ou Mutual het verlede Saterdag bekend gemaak dat hy sy aandeel in Tiger van 21,3 persent tot 28,9 persent verhoog het. Dit is gedoen deur sy belang in Adcock-Ingram te verruil vir nuwe aandele in Tiger, en aandele in Tiger wat deur die Oceana-groep gehou is, teen R17,50 per aandeel te verkry. Private transaksies met ongenoemde persone is ook aangegaan vir nog aandele.

Die verdere verhoging van 28,9 persent tot sowat 40 persent is vandeesweek deur transaksies op die Effektebeurs gedoen. Ou Mutual het die prys van Tiger se aandele so na as moontlik aan R17,50 gehou en in die proses het sowat 13 persent van die maatskappy se kapitaal van eienaar verwissel. Die markwaarde daarvan is na aan R25 miljoen.

Enige hoop wat mnr. Natie Kirsh nog gehad het om 'n suksesvolle aanbod vir Tiger te maak, is daardeur verpletter.

'n Woordvoerder van Ou Mutual wou nie sê presies hoe groot die belang in Tiger nou is en tot hoeveel dit verder verhoog gaan word nie.

Dit lyk of die aankope op die Effektebeurs 'n tweeledige doel het. Vir eers maak Ou Mutual daarmee seker dat Tiger nie sonder sy goedkeuring oorgeneem kan word nie, en ten tweede kry minderheidsaandeelhouers daarmee 'n geleentheid om hul aandele teen die huidige hoë prys te verkoop as hulle wil.

Albei „doelstellings" is egter oop vir kritiek.

Ou Mutual se benadering is waarskynlik dat hy in Tiger se vooruitgang oor die langtermyn belang stel. Hoewel Ou Mutual dit nooit sal sê nie, is hy dalk bang dat iets soortgelyks met Tiger sal gebeur as wat met baie maatskappye gebeur het wat Jim Slater en Oliver Jessel oorgeneem het. Van hulle is nou nêrens nie.

Ou Mutual se vrees was waarskynlik dat mnr. Kirsh dalk meer in voordele op die kort termyn belang sal stel as hyself. Dit kan 'n laer dividenddekking en hoër dividende tot gevolg hê, wat op die kort termyn groot byval sal vind, maar nie noodwendig op die lang termyn in die maatskappy se voordeel sal wees nie.

Mnr. Kirsh, aan die ander kant, se gevoel was weer dat aansienlike voordele verkry kon word uit die samevoeging van Metro Cash and Carry, met sy groot kontantvloei, en Tiger, met sy groot bates. Metro se kontantvloei sal gebruik kan word tot Tiger se voordeel en hoër dividende sal op hierdie manier moontlik gemaak word sonder om Tiger te benadeel.

Tiger se dividenddekking is nou 4 keer, terwyl Premier Milling, sy groot mededinger, 'n dekking van 2,8 het.

Metro is in 'n bedryf waar 'n groot deel van sy afset vir kontant gedoen word, maar hy krediet het om vir sy aankope te betaal. Hy het dus altyd kontant.

Tiger is in die teenoorgestelde posisie. Hy moet sy kliënte van krediet voorsien en in 'n tyd van hoë inflasie word dit 'n al hoe groter probleem. Tiger het verlede jaar effektief R3 miljoen per maand geleen. Hoewel hy dus groot winste maak, het hy nie kontant nie.

Die tweede punt van kritiek raak die minderheidsaandeelhouers

Mense wat simpatiek staan teenoor mnr. Kirsh sê Tiger het verkeerd opgetree deur beskerming by Mutual te soek toe daar sprake van 'n aanbod was. Alle aandeelhouers moes self 'n kans gekry het om te besluit wat goed vir hulle is.

Die storie lui dat mnr. Kirsh die voorsitter van Tiger, mnr. Rudie Frankel, met die voorstel genader het dat Metro 50 persent van Tiger koop. Mnr. Frankel het Ou Mutual wat sy grootste aandeelhouer was en is, dadelik genader om 'n moontlike oorname te voorkom.

Die res is geskiedenis. Tiger, ICS en Common Fund se noterings is opgeskort sodat Ou Mutual, sy belange in die voedsel- en verwante bedrywe kon herstruktureer.

Mense wat hierteen gekant is, sê Ou Mutual het hiermee artikel 223 van die Maatskappywet oortree, omdat hy binnekennis van 'n moontlike aanbod gehad en in die aandele handelgedryf het terwyl dit opgeskort was.

Of dit wel só is, is 'n ander storie.

Minderheidsaandeelhouers in Tiger is nietemin die geleentheid ontneem om self meer vir hul aandele te kry as wat Mutual nou daarvoor op die beurs betaal, want Metro se aanbod sou nader aan R20 gewees het.

Ondanks die kritiek op Ou Mutual se optrede het hy een van die vinnigste en doeltreffendste verdedigings in 'n lang tyd teen 'n moontlike oorname van een van sy beleggings opgebou.

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1/6/80
SUN TRIB

We want to buy your bank . . . says Volkskas

(PROP)

232

STANDARD Bank's premises in Mobeni have been bought by another financial institution — Volkskas

The Standard will move to bigger premises in Leicester Road, with large parking facilities — and Volkskas opens its first Mobeni branch in the South Coast Road building which Standard vacates

The R150 000 sale was handled by Tony Bolt of Isaacs Geshen, who also arranged the lease of Standard's new property.

The bank has taken a portion of the new Firestone building and has almost completed a R250 000 conversion programme

The new office is expected to open on Monday June 16

Both banks say the move has been prompted by increased business and the need to maintain service to industrial clients in Mobeni For Volkskas, this will be their first fully-fledged branch in the area

Premises manager C. L. Engelbrecht said the property would be completely refurbished once the Standard moves out in mid-June. Volkskas expects to be trading from the premises by the end of September.

Tollgate what it offers M & R

RDM 2/6/80

By HAROLD FRIDJHON

MURRAY & Roberts is said to be the bidder for control of Tollgate Holdings whose shares have been suspended on the Johannesburg Stock Exchange.

It is believed that M & R, which has been steadily diversifying its investment portfolio, is interested in all the Tollgate assets, except the insurance group

Tollgate is a well-diversified operation which includes Cape Town and Port Elizabeth transport companies, finance and investment undertakings, property, the Shield insurance group, which underwrites both life and short-term cover, and some manufacturing and service companies

The price at suspension was 430c which gave a yield of 4,6% The last accounts, those for the year to June 30, 1979 showed a net worth of 438c, with net assets of R50-million

The accounts state that the profit of the Shield Insurance group were not consolidated, but it was not explicitly stated whether or not Shield assets were included other than as an investment

The directors control 35% of the capital directly, but it is possible that the holdings of the Pasvolsky family could constitute control because the company was built up through the efforts of Mr I Pasvolsky

If Shield is left out of the deal, it might continue as a separate entity or it might be sold to another insurance group The group's assets are R43-million

232 RDM 3/6/88

25% of Grinaker for D & H

By ELIZABETH ROUSE

DARLING & Hodgson from the Unicorp stable was the bidder for Grinaker Holdings, but there will be no merger although D & H has obtained a 25% holding in Grinaker.

UAL says discussions between the two groups did not result in a basis, in principle, being determined for a merger and talks have been terminated

Grinaker's directors were advised that D & H had acquired Grinaker ordinary shares and/or options to buy ordinary shares in Grinaker, which together represented an interest not exceeding 25%

Effective control of Grinaker is held by its directors and certain associates. They do not envisage that the D & H transaction will alter this position

According to latest available shareholding figures, chairman Mr Ola Grinaker, directors and family held about 36% of the share capital Legal & General held 4,15%, Sanlam 3% and various pension funds' interests ranged from about 0,5% to 2,47%.

Talk was that Finansbank obtained the options on behalf of D & H through the market and from non-family shareholders The option was said to be based on a price around 850c and could have been based in cash or kind

The Grinaker family also apparently started an option or proxy quest to ward off the takeover bid, so the family holding might now be larger

It must have been an interesting battle reminiscent of the Anglo-Cons Gold tussle Perhaps this is not the end of the story. The Genmin-Unicorp group would be happy to strengthen its construction interests and gain entry to the electronics market through what was formerly Racal Electronics, which Grinkaer bought for R11 700 000 from the UK parent in 1978

Grinaker shares will be reinstated on the Johannesburg Stock Exchange today The pre-suspension price was 740c

64 + 43 = 107 = 54%

UNIVERSITY OF CAPE TOWN
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EVERY CANDIDATE MUST enter in column (1) the number of each question answered (in the order in which it has been answered), leave columns (2) and (3) blank

	Internal	External
(1)	(2)	(3)
6	14	
7	11½	
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All answer books must be numbered

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Saficon drives up its profit by 59%

RDM 4/6/80.

232

By DAV[illegible]ARTE
Deputy Financial Editor

BUOYANT Mercedes and Volkswagen sales and a bigger stake in the prosperous building materials supplier, Boumat, lifted Saficon to a 59% increase in taxed attributable profit in the year to end March and enabled a 75% increase in the final dividend to 12,25c (1979-7c).

This brings the total dividend for the year to 14,25c, a 58% improvement on 1979's 9c

The preliminary results, released yesterday, show sales up 26% to R179-million, operating profit before tax and interest up 26% to R6 400 000 and equity earnings up 59% to R3 800 000 Earnings per share rose 56% to 48,1c

The results will be a pleasant surprise to shareholders of Saficon and its parent, Sakers, who were told at the interim that Saficon would do no more than maintain last year's earnings of 30,7c and dividend of 9c

At the interim, the group was still suffering the after-shock of last June's fuel crackdown and earnings and the dividend were more or less static

But things really came alive in the second half, with second half sales up 35% on those of 1979 Second half taxed attributable profit nearly doubled from R1 300 000 to R2 600 000

The chairman, Mr Sidney Borsook, said the upturn really became apparent only after September and has subsequently shown no signs of abating

Saficon increased its stake in Boumat from 15% to 20% by the end of the year and, recognising the share as good value, and, perhaps, mindful of the acquisitive business climate, has subsequently increased it further

Its present stake in Boumat is at least double that of the next biggest holder Nevertheless, Boumat contributed only 14,3% of net operating profit after tax, before interest (NOPAT), so Saficon remains predominantly a motor stock

The chairman of Boumat, Mr Irvine Brittan, has been appointed to the Saficon board

Top company Sakers or Safic derives all its income from Saficon but thanks to pref gearing, was able to increase its dividend even more than Saficon's Whereas both companies last year paid 9c, this year Sakers is to pay 14,75c - half a cent more

This should further enhance Sakers' rating relative to Saficon Saficon yields 8,5% on the new dividend and Sakers 8,7% The yields should move to par soon

Considering that times were good only in the second half and that the motor industry should roar ahead after the July tax cuts come into effect, both look underrated relative to the market

1. Enter at the top of each page and in column (1) of the block on this cover the number of the question you are answering
2. Blue or black ink must be used for written answers The use of a ball point pen is acceptable Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used
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Hosken in R1,54m bid for Cape Trustees

CAPE TIME 5/6/80

(232)

BY PAUL DOLD, Financial Editor

Hosken Consolidated, the Johannesburg-based quoted insurance group is the mystery bidder for Cape Trustees and Executors. The identity of the bidder became known yesterday when it was disclosed that Hosken had made a formal R21 bid for each share in Cape Trustees which puts a price tag of some R1 541 988 on the offer.

With Cape Trustees board recommending acceptance Hosken looks set to take over the company and more specifically gain control of a valuable general banking licence The Registrar of Banks has approved the deal in principle The offer is conditional on at least a 50 percent acceptance

At the same time a Cape Town consortium which had evidently begun buying in Cape Trustees shares at R19,30 has told the board that it will no longer submit an offer The identity of the local consortium has not been revealed but is believed to include a number of well known local businessmen

By pitching its bid at R21 — well above the balance net asset value of R14,76 — Hosken should ensure acceptance by the majority of shareholders

The R21 offer places a value of about R490 000 on the group's banking licence and trust company rights

Liquidation

A significant aspect of the deal is that Hosken is to sell the insolvency liquidation and judicial management business to a company controlled by Cape Trustees existing management

This company will be controlled by Mr F D Glaum, Mr A de V Joubert, Mr R Millman, Mr J J Rousseau and Mr P T C Thorne and will continue to trade as Cape Trustees. Hosken says it will change CTE's name to one which will not include Cape Trustees Thus the independence of Cape Town's largest liquidation and judicial management company has been assured

"It is further intended that the administration of deceased estates and property activities presently conducted by CTE in Cape Town will continue under Cape Trustees Limited, which will maintain the present high level of service," Hosken says

The offer is valid from yesterday until 4,30 pm on June 20 and this can be extended if necessary

The offer documents say that if acceptances are received for more than 50 percent of the issued shares the offer shall automatically no longer be conditional on HCI receiving an 100 percent acceptance

Hosken has reserved the right to invoke the provisions of Section 321 of the Companies act for compulsory acquisition of outstanding shares For this section to become operative not less than nine tenths of the shares must have been cast for the offer

Alexhow — premium could be excessive

EDM 5/6/80

Deputy Financial Editor

SINCE Mr Natie Kirsh took it over at net asset value of 133c a fortnight ago, Alexander Howden, now largely a cash shell, has traded at a substantial premium to its intrinsic worth.

The share has traded as high as 180c and the current price of 170c is a 28% premium to net assets at the time of the deal

Is the share overpriced?

Alexander Howden today has two assets — R7 900 000 in cash, the proceeds of the insurance broking subsidiaries taken over by Alexander Howden UK, and just over 1-million shares, or 26%, of Constantia Insurance

Since Consure's brilliant results last week, its share price has risen from 120c at the time of the Alexhow deal to 170c But this rise adds only 7c a share to the net asset value of Alexhow, which now has a net worth of 140c The current price is still a 21% premium to assets at today's prices.

And Alexhow will not be a cheap way into an exciting asset such as Tiger No matter how exciting the asset Mr Kirsh finally puts into Alexhow, he will not put it in at a discount

So the premium is very much on Mr Kirsh's name and track record

Mr Kirsh says the premium makes him feel "uncomfortable"

But that is the way he felt last year when minorities followed him into Marine & Trade at a premium — especially when that company turned out a can of worms and he offered buyers their money back. He says the premium was a great motivation

Those who stuck with Kirsh in Consure today are laughing So are those investors who banked on personalities such as Peter Gain, Oliver Hill, James Haslam, David Lurie, John Feek and others

But thus far a bull market has been running Perhaps the time has come to concentrate on assets rather than individuals

It seems more than likely that now Tiger is no longer a prospect, the most likely asset to go into Alexhow will come from the Kirsh stable

Putting Kirsh Industries into Alexhow, for instance, might be a good way to list Kirsh Industries, which holds significant stakes in Commonwealth Shippers, Kimet, Trade & Industries, Swazi Radio and 40% of Channel 702, the radio station based in BophutaTswana within earshot of the Reef black listenership

Hosken offer for Cape Trustees

RDM 5/6/80

HOSKEN CONSOLIDATED Investments has offered R21 a share for the entire issued share capital of Cape Trustees & Executors.

The offer is on condition that holders of more than 50% of Cape Trustees shares accept. The directors of CTE have advised shareholders that, in their opinion, "the HCI offer is fair and reasonable" and they have recommended acceptance of the offer.

The offer of R19,30, which a competitive bidder had considered, is no longer being submitted in the light of the HCI offer of R21 a share.

According to an announcement, HCI intends to change CTE's liquidation, judicial management and insolvency practice to a company to be called Cape Trustees Limited, which is to be owned and controlled by Mr F D Glaum, Mr A de V Joubert, Mr R Millam, Mr J J Rousseau and Mr P T C Thorne. It is intended that the liquidation practice will continue as an independent entity along the same lines as now.

It is further intended that the administration of deceased estates and property activites conducted by CTE in Cape Town will continue under Cape Trustees.

The banking-related activites of CTE will be expanded. — Sapa

Old Mutual has over 40% of Tiger

1232

RDM 5/6/90

By DAVID CARTE

Deputy Financial Editor

WITH SOME heavy buying last week, Old Mutual — South Africa's biggest stock-market investor — has built up its stake in Tiger Oats to "more than 40%".

The word from Cape Town is that Mutual bought between 1 500 000 and 2-million Tiger shares at 1 750c for most of last week out of a sense of "moral duty".

It did this instead of extending an offer of 1 750c to all minorities, following its purchase of shares off the market at this price while Tiger was suspended after a bid by Mr Natie Kirsh for control of Tiger.

At the time of Mr Kirsh's first offer to the Mutual for control of Tiger Oats, the Mutual had about 21% of Tiger, by far the largest single stake. The Mutual's response to the bid was to suspend the share and then to buy shares off the market from Lamberts Bay and other Tiger associates, increasing its stake to 29%. For these shares, Old Mutual paid 1 750c compared with the pre-suspension price of 1 550c.

After the relisting, trading in Tiger Oats was extremely heavy at 1 750c and higher. More than 1 500 000 shares traded last week.

Old Mutual now admits having been a heavy buyer since the relisting of the share and says its stake now "exceeds 40%". Old Mutual has apparently stopped buying and the Tiger share price has slumped to 1 650c.

Some critics are not satisfied with the Mutual's gesture. They believe there should have been an announcement and that the offer should have stood for at least two weeks.

Market observers in Johannesburg speculate that the Mutual was inundated with stock while it was buying and that its holding could exceed 50%.

Mr Kirsh is not entirely a loser. Before his bid, he is believed to have built up a significant stake in Tiger. Rumour has it that he sold this to Old Mutual at a healthy profit.

Haggie spends R4m for Samos

232 RDM 5/6/80

By DAVID CARTE

AFTER 12 years on the JSE, Samuel Osborn is to disappear from the lists following Haggie's bid of 650c a share, or 85 Haggie shares plus R30 in cash for 100 Samos shares, for the 25,5% minority stake that it does not already own.

The cash offer is a 30% improvement on the 500c offered to minorities 18 months ago when Haggie took control of Samuel Osborn from Samuel Osborn UK, and an 18% improvement on the pre-suspension price of 550c. On the 32,5c dividend Osborn has paid annually for the past five years, the offer gives a yield of 5% in a sector with an average yield of 5,7%.

The minorities' take-out will cost Haggie the equivalent of about R4-million.

On the face of it, this is not a very generous offer, considering current yields on the JSE, that Osborn was looking for better times in 1981 after five years of relative stagnation and that those who took their 500c 18 months ago and reinvested it on the JSE would probably have made more than 30% since then.

But most of the outstanding shares are held by two or three institutions, which did not accept Haggie's 500c cash offer when it took control in January 1979. The fact they they will accept presumably means the offer is a fair one.

With Haggie on 735c, the share offer is worth 654c, so whether minorities accept cash or shares depends on the market 'twixt now and the closing date.

Boumat goes into Action

(232) (20) (188) (D)61 16/6/80

By HAROLD FRIDJHON

BOUMAT has bought 80% of Tool Wholesale Holdings (Pty) — the Action Group — for R1 502 500 as from March 1, 1980. On the basis of TWH's accounts for the year to February 1980 if this acquisition had been included in the latest Boumat accounts, the earnings a share would have increased from 101,5c to 106,5c

On the other hand, the net asset value of a Boumat share would have gone down from 321c to 314c The reason for this is is the goodwill factor in the price The net tangible value of TWH at the end of February was R1 203 265 Boumat's 80% is worth R962 612 plus loan accounts amounting to R72 665

Boumat will satisfy the price of R1 502 500 by a cash payment of R400 000 and by the issue of 100 000 Boumat ordinary shares at 480c, the market price on the day when the agreement in principle was reached The balance of R622 500 is to be paid free of interest by June 30, 1981 At Boumat's option the balance will be paid in cash or shares, or by both, the shares to be at market price when payment is made

TWH, which earned a pre-tax profit of R706 3[illegible] last year, is a wholesale and retail chain operating the Action stores selling tools, hardware and allied lines for the home improvement trade and is aimed at the do-it-yourselfer

These products fall into the activities of Boumat although the group has not yet spread into the do-it-yourself market

Mr David Gevisser, executive deputy chairman of Boumat, told me yesterday that the group had been investigating this business area when the opportunity arose to acquire the Action chain

Buying TWH and the Action shops will not impose any burden on the Boumat management structure Mr Omri Gelgor (43), who founded TWH with his father, retains a 20% interest and will continue as managing director The Omris had plans for expansion although there were some financial constraints

With Boumat behind them some of these plans can now be implemented and it is expected that this will become another Boumat growth point

Boumat appears to be on the move The TWH acquisition is the third in a week, but the most important

Last week the group bought City Metal Works for R720 000 which was paid for by the issue of 150 000 Boumat shares at 480c City Metal manufactures Kitchen Pride kitchen units, one of the three leaders in the field It specialises in housing contracts and individual sales of units through distributors

The other acquisition was to buy out the minority shareholder in Kwikot (East Cape) for R329 000 which was also paid for by a share issue The number involved was 70 000 Boumat ordinaries at 470c

Neither of these two acquisitions will have a material effect on Boumat's earnings a share or on its net assets a share

Fedmech moves to mining supplies

232 RDM 6/6/80

Financial Reporter

FEDMECH Holdings has acquired Arban Engineering (Pty) from Federale Volksbeleggings for an undisclosed consideration.

Arban Engineering, formed in 1935, provides specialised consumer goods to the mining industry and industrial manufacturing sectors

Dr Leon Knoll, deputy chairman and managing director of Fedmech, says that although its major activity remains that of manufacturing and marketing Massey-Ferguson, Safim and Slattery farm machinery lines and Hanomag construction machinery through subsidiaries, this development reflects the new Fedmech policy of broadening is activities into other mechanical engineering fields.

The policy of FVB is to rationalise its interests in this sector under Fedmech control

Mr Angus Walker, managing director of Arban, says the company's incorporation into the Fedmech group makes good business sense He foresees a boost to operations from the support that Fedmech can provide in the technical, marketing and financial fields.

Arban's most successful imported product line are Hoyt white metals, Mastabar conveyor belt fastening equipment, Jacksons conveyor belt fastening equipment and Erta engineering plastics

Hoyt white metals, a range of Jacksons fasteners and certain proprietary items are being made in South Africa

After buying two small companies in 1974, the company gained access to the polyurethane elastomer market, resulting in the manufacture if hydrocyclones, flotation equipment and allied products for the mining industry

Last year Arban bought Isaac Jackson South Africa (Pty), enabling it to make plate-type conveyor belt fasteners to SABS specification

Since the Federale group took control of Arban in 1971 its sales volume has increased from R431 000 to more than R4-million.

Arban's head office is in Isando. It sells to the mining industry throughout South Africa and in neighbouring countries and exports to Zambia and Zimbabwe

FM 6/6/80 (232)

KANHYM

Meaty matters

This week's interim report throws little light on which way Kanhym's negotiations with the Picardi group are likely to go Is the company planning to sell some or all of its meat interests so that it can concentrate on coal mining, or will the reverse happen with Kanhym taking over some of the meat distribution activities from Jan Pickard's group?

Kanhym . . . putting beef into earnings

Certainly, the report does not suggest that the company is in any way disenchanted with its main activities — cattle farming and meat trading which together last year accounted for 87% of pre-tax profits

At the same time, full development of the group's coal resources, which are jointly owned with BP, will require a lot of capital And, while the annual report did not anticipate any difficulties in raising Kanhym's share of the finance, conditions could have changed since December, when the report was released

Interim results were well ahead of expectations, the 28% increase in earnings from 28 8c to 37c for the six months to end-March being more than three times the growth rate forecast by the company for the full year The improvement apparently came about through unexpectedly favourable conditions in the crop division, with indications that the company's maize crop will be more than sufficient to provide the total requirements of the cattle feedlot

The size of the feedlot is being increased to process at least 10% more high grade cattle than last year On the meat trading side, the group abattoir has already fully utilised the additional capacity commissioned last year and a decision has been taken to move into the red meat wholesale field Capex of R2,4m has been approved for this venture, which is expected to become operational in April next year

The improvement is obviously expected to continue The interim dividend has been raised from 9c to 13c which, the company says, is in keeping with its expectations If the growth rate in interim earnings is maintained, the full year's figure should be in the region of 83c, of which 40c would probably be distributed Last year's total was 30c

Brian Thompson

HAGGIE/SAMUEL OSBORN

Re-bidding

FM 6/6/80 232

Samuel Osborn minorities who rejected Haggie Rand's December 1978 offer to buy them out, are once again being wooed. With the listing suspended and negotiations at an "advanced stage," it appears that this time two or three major institutional holders will accept.

Haggie bought control of the mining machinery and machine tool company in December 1978 but as it was then unlisted could make only a cash offer to minorities. The 500c offer was an acceptable premium to Osborn's 390c pre-suspension price. But there was then a shortage of top-rate industrial stock for the institutions to reinvest in so the minorities stood fast and Haggie had to settle for a 74,49% holding.

Following its August 1979 listing, Haggie is now in a position to offer a share swop to the institutions. The terms of the current proposal give the minorities a choice — either 650c cash for each Osborn share held (a premium of 19% on the pre-suspension price of 545c), or 85 Haggie shares plus R30 in cash for every 100 Osborn shares. At Haggie's current 750c, the share option values Osborn at 667,5c a share.

It appears that Haggie has made the share offer the more attractive because this is where the interest of the institutions lies. The cash offer has taken into account the profit performance of Osborn over the past year but those taking the 650c will not receive the interim dividend, normally declared in August. The Haggie interim, which could be 20c to 25c, will be payable on the new shares.

The proposal will have no material effect on Haggie's net worth or earnings. So in terms of both capital gains and prospective dividends, the second choice remains the more enticing and the almost certain choice of all the minorities. *Fiona Halse*

Old Mutual has over 40% of Tiger

C. Times 7/6/80

58 232 (486)

By DAVID CARTE

WITH some heavy buying last week, Old Mutual — South Africa's biggest stock-market investor — has built up its stake in Tiger Oats to "more than 40 percent"

The word is that Mutual bought between 1 500 000 and 2 m Tiger shares at 1 750c for most of last week out of a sense of "moral duty"

It did this instead of extending an offer of 1 750c to all minorities, following its purchase of shares off the market at this price while Tiger was suspended after a bid by Mr Natie Kirsh for control of Tiger

At the time of Mr Kirsh's first offer to the Mutual for control of Tiger Oats, the Mutual had about 21 percent of Tiger, by far the largest single stake The Mutual's response to the bid was to suspend the share and then to buy shares off the market from Lamberts Bay and other Tiger associates, increasing its stake to 29 percent For these shares, Old Mutual paid 1 750c compared with the pre-suspension price of 1 550c

After the relisting, trading in Tiger Oats was extremely heavy at 1 750c and higher More than 1 500 000 shares traded last week

Old Mutual now admits having been a heavy buyer since the relisting of the share and says its stake now "exceeds 40 percent" Old Mutual has apparently stopped buying and the Tiger share price has dropped back

Some critics are not satisfied with the Mutual's gesture They believe there should have been an announcement and that the offer should have stood for at least two weeks

Market observers in Johannesburg speculate that the Mutual was inundated with stock while it was buying and that its holdings could exceed 50 percent

Mr Kirsh is not entirely a loser Before his bid, he is believed to have built up a significant stake in Tiger Rumour has it that he sold this to Old Mutual at a healthy profit

Rand firms

JOHANNESBURG — The rand closed firmer at $1,2836/46 compared with the previous $1,2830/40 close and the 1 2835/45 opening in fairly quiet end-week trading

Dealers noted a couple of export orders in spot trading but overall activity was subdued with operators maintaining long rand, short dollar positions over the weekend Forward trading was negligible

The Reserve bank's indicated rand/dollar spot rate rose 11 points at the opening to 1,2836/56 and thereafter held steady, while forward discount rates were adjusted up 0,25 pct across the board

Other closing rates were, Stg 181,7540/7510, Dmk 2,2760/80, Sfr 2,1090/110, Dfl 2,4990/5010, Ffr 5,2950/90, yen 282,40/60 — Reuter

Miserly Volkskas profit jumps 33%

(232) RDM 7/6/80.

By DAVID CARTE
Deputy Financial Editor

AFTER AN eventful year, in which it acquired large chunks of Metkor and Legal & General Assurance, Volkskas Group has announced a 33,4% increase in taxed profit to R30 353 000 and a 22% rise in group assets to R3 758 000 000 to the end of March.

Earnings a share gained 31% to 134,3c (1979 102,6c), but ahead of the rights issue of 6 500 000 new shares at 470c after the yearend, dividend cover was stepped up to 4,5, with the result that the dividend rose only 15% to 30c (26c).

The bank contributed R15 600 000, or about half of taxed profit, and after an astonishing turnaround, Bonuskor weighed in with an attributable R5 100 000 (R1 260 000) Bonuskor's Honda motorcycle agency, Midmacor, and its timber interests performed exceptionally The riddance of bankrupt Vesting was also a boon

The balance of taxed profit came mainly from Transvaalse Suikerkorporasie, Volkskas Merchant and Industrial banks, Transvaal Malleable Foundries, Mercedes manufacturers, United Car & Diesel, and Volkskas "investments" in Metkor and Legal & General

The profits of Transvaalse Suikerkorporasie are not disclosed, but are believed to exceed last year's contribution of R5 300 000 Volkskas Merchant Bank contributed an attributable R1 200 000 and the industrial bank R1 300 000 All other operations traded profitably during the year, although UCDD's profits were inhibited by the fuel crunch of last June The subsequent recovery of Mercedes sales is not reflected in these results because of UCDD's early yearend

The declared profits are after substantial transfers to hidden reserves They reflect a return of 16% on group shareholders' funds of R189 100 000 at the yearend.

Stated returns in the bank represented a return of only 12% on shareholders' funds of R129 500 000 A bank spokesman says falling interest rates were a problem, with the bank exposed on some hefty fixed interest lending, although much lost ground was recouped in the money market

The 6 461 824 shares created by the rights issue brought in R30 366 000 The additional capital will be used as and where needed Merely to maintain earnings on the enlarged capital base, the group must increase taxed profits R8 600 000, or 28% To maintain the 16% return on shareholders' funds, equity earnings must be raised R4 800 000 A constant dividend will cost R1 940 000 more next year

The disclosure provisions of the Banks Act leave all banks with much discretion in the declaration of profits and ahead of a rights issue there was good reason for Volkskas to state things conservatively.

Metkor and Legal & General Volkskas are not consolidated or equity accounted, so, remembering provisions tucked away in reserves in all the banking subsidiaries, earnings are, if not understated, of exceptional quality and dividend cover seems absurdly conservative, even in the wake of the rights issue.

At 610c, Volkskas yields 4,9%, which is much in line with the other Big Five banks Its PE of 4,9 is way out of line though, and on the face of it, makes it look cheap against the average of 8,6 for the Big Three.

But the sort of conservatism demonstrated by these figures lends credence to the view that Volkskas is not motivated solely by financial considerations and concern for shareholders Power, patriotism and "the people" come first So, while the dividend yield may stay in line with the other banks, those earnings will not get due recognition on the market until Volkskas is a bit more generous — with payouts and with information

Sake Rapport 8/6/80

Vrae en antwoorde oor Ou Mutual en Tiger

Deur GERT MARAIS

SOMMIGE mense in beleggerskringe was ietwat verbaas oor die metodes wat Ou Mutual gebruik het om te verseker dat niemand anders beheer oor Tiger Oats kry nie.

Daar is byvoorbeeld gesê Ou Mutual het Tiger se aandele laat opskort en daarna daarin handel gedryf met die wete dat mnr. Natie Kirsh van Metro van plan was om 'n aanbod vir die aandele te maak.

Na aanleiding van verlede naweek se berig in Sake-Rapport dat Ou Mutual sy belang in Tiger verder van die 28,9 persent wat hyself bekend gemaak het tot sowat 40 persent verhoog het, is 'n paar vrae aan Ou Mutual se besturende direkteur, mnr. F. J. Darvin, gestel.

VRAAG: Het Ou Mutual nie oneties opgetree deur sy belang in Tiger te vergroot terwyl die aandele opgeskort was nie, want hy het immers reeds geweet dat mnr. Natie Kirsh van Metro dalk met 'n aanbod vir Tiger kon kom?

ANTWOORD: Die opskorting van Tiger, ICS en Common Fund-aandele was aangevra om Ou Mutual in staat te stel om 'n werklike poging aan te wend om sy belange in die voedsel- en verwante bedrywe te herstruktureer. Baie werk is in die verband gedoen, maar saam met die aksepbanke kon daar nie 'n metode gevind word wat tot voordeel van alle partye, insluitende die minderheidsaandeelhouers, sou strek nie. Omdat ons bewus was van ons verantwoordelikheid het ons alle hoof- of groot aandeelhouers van wie aandele gedurende opskorting aangekoop was, van ons planne verwittig en daarna aan alle aandeelhouers die geleentheid deur die mark gebied om dieselfde prys nl 1 750c per aandeel te verkry.

VRAAG: Is minderheidsaandeelhouers nie deur Ou Mutual se optrede benadeel nie, want mnr. Kirsh se aanbod sou na verneem word hoër gewees het as die 1 750c wat Ou Mutual op die Effektebeurs vir die aandele betaal het nadat Tiger se notering herstel is?

ANTWOORD: Daar moet onthou word dat geen formele aanbod van mnr. Kirsh of enigiemand anders ontvang was nie. 'n Moontlike aanbod moet nie met 'n werklike formele aanbod wat op beleggingsmeriete berus, verwar word nie. Daar kan dus nie van 'n benadeling van minderheidsaandeelhouers of enige ander aandeelhouers gepraat word nie.

VRAAG: Is Tiger se aandele uit 'n beleggingsoogpunt 1 750c werd? Teen daardie prys gee die aandele immers 'n dividendopbrengs van net 3,8 persent.

ANTWOORD: Tiger Oats toon reeds oor baie jare 'n meer as bevredigende groeikoers, en beskik oor 'n aansienlike bateportefeulje. Met 'n Dividendopbrengs van 3,8 persent wat vier keer gedek is, is Ou Mutual van mening dat 'n prys van 1 750c tans geregverdig is.

VRAAG: Wat is Ou Mutual se gemiddelde opbrengs op Tiger nou as die koste van die totale belegging in ag geneem word?

ANTWOORD: Aangesien Ou Mutual reeds baie jare 'n aansienlike aandelebelang in Tiger sowel as stemdraende omskepbare voorkeuraandele hou, kan die gemiddelde opbrengs op die totale aandeelhouding vir niemand van enige beduidenis wees nie.

VRAAG: Hoe groot is Ou Mutual se belang nou in Tiger Oats?

ANTWOORD: Ou Mutual se belang in Tiger is tans 43,8 persent.

VRAAG: Gaan Ou Mutual sy belang in Tiger verder verhoog?

ANTWOORD: Voorlopig volstaan ons met die huidige aandeelhouding. 'n Besluit oor 'n verdere verhoging sal ter gelegener tyd geneem word.

VRAAG: Bly die beleid staan dat Tiger sonder Ou Mutual se inmenging sal voortgaan?

ANTWOORD: Dit is Ou Mutual se tradisionele beleid om nie in die bestuur van enige maatskappye waarin daar 'n meerdere of mindere aandeelhouding gehou word, in te meng nie. Dit is nie nou die bedoeling om hierdie beleid te verander nie en dit geld ook ten opsigte van Tiger.

8/6/80 SUN TIM (232)

Robin group chirps a more harmonious tune

THE absence of any fanfares in the wake of the Robin group results came as no surprise because the shares of Amalgamated Industrial Investment Corporation (AIIC) and Premier Industries are far from being high in the JSE popularity stakes.

And until the release of the 1979-80 figures, the shares offered little to commend themselves. Both companies have languished in the red for the past several years. They last paid a dividend in 1976

Unlisted Robin Consolidated Industries (Robcon) owns full control of all the group's operating companies, which supply products for the building industry such as sanitaryware, aluminium windows, doors, cast iron products and curtain-walling. Other activities include paper converting and stationery

Premier Industries' only asset is 100% of the ordinary shares and 90 300 preference shares in Robcon AIIC in turn has an 80% stake in Premier.

Distilling this involved group financial structure down to simple terms, the issued capitals of the three companies are such that Premier's earnings per share will be more or less twice those of AIIC, with both companies deriving their income from the same source

For the year to February 28, 1980, Premier recorded attributable profits of R76 733 (following a R552 000 loss in the previous year), which translates into earnings of 9,1c a share AIIC earned R61 822 (R444 000 loss) equivalent to 3,9c a share

The principal reason for the appreciable recovery stems from a shedding of the bulk of the group's loan burden via the funds generated through the sale of B Owen Jones to Protea Holdings early last year In addition, expensive debt was converted into preference shares.

This slashed interest payments — a development which coincided with a marked upturn in the building industry, from which about half the group's profits emanate

The magnitude of the turnaround has been exaggerated by the gearing on ordinary share earnings provided by the preference shares which exist in all three Robin group companies

Additional gearing is supplied by the small issued capitals of the two listed companies. AIIC's issued capital totals 1,6-million shares, while that of Premier a mere 840 000 shares.

This means that a R100 000 increase in (for example) Premier's earnings, would be equivalent to a 12c a share improvement in earnings, or 133% higher than the past year's figure.

Since the lion's share of the 1979-80 improvement was achieved in the second half of the financial year and since the building industry remains buoyant, the group should make further rapid strides in the current 12 months

Accordingly, it is by no means inexplicable to find that since the beginning of calendar 1980, AIIC's share price has appreciated by 145,5% to 135c, while Premier has added 206,7% to 230c

Group chairman Wilfred Robin tells me that he is looking for earnings of at least 30c a share this year from AIIC and of double that from Premier He is "cautiously optimistic that the payment of ordinary dividends will be resumed at an early date"

And if Mr Robin's expectations materialise, both shares have added upside potential At current levels, therefore they are attractively priced — provided, that is, one can get them.

Amrel to open 70 more outlets

232 ~~BW~~ RDM 9/6/80

By ELIZABETH ROUSE

AMREL, the SA Breweries group furniture and shoe retail division, plans to open 70 outlets this year — a sign of the group's optimism about the consumer upswing.

This expansion follows on the opening or resiting of 41 shops and the closing of 30 shops in the past year in line with the group's rationalisation and updating policy

The chairman, Mr Dick Goss, says in the annual report that the group's capital structure is adequate to finance the envisaged growth, but it is advisable to rearrange the borrowing pattern Long-term loans are being raised

The 1980 balance sheet shows that interest-bearing debt rose to R35 986 000 in the year to last March from R23 867 000 in 1979 and total liabilities to total shareholders increased to 1,9 1 after remaining at 1,8·1 for some years

Mr Goss says Amrel trades on the principle of different chains of stores to serve specific markets There are 12 such chains within the group and this policy allows it to focus on a particular market and encourages flexibility in day-to-day operations

A partnership is being negotiated with the Coloured Development Corporation in the Cape to facilitate store openings in selected areas for both furniture and shoes.

The group operates shoe shops successfully in partnership with the relevant Government corporations in BophuthaTswana and KwaZulu

Amrel plans to open 20 furniture stores and to resite five shops The Early Bird Television service division has moved successfully into household appliance repairs and this service will be expanded

The shoe division trades under four main trading names — Cuthberts, Selecta, Barnes and Multiserv A programme of store rationalisation and openings is under way

Many Cuthberts stores, better suited to Selecta's self-service style of trading, are being converted Low-return stores are being weeded out and replaced with opportunities more suitable to Cuthbert's requirements Selecta will open 37 units with major emphasis on the Western Cape Four Barnes stores will be resited and Multiserv, the heel-bar division, will expand by about 20 units

Amrel again surpassed the national retail sales growth in the furniture and shoe sectors over the past year National retail sales rose by 13%, with furniture increasing by 20% and footwear by 9,5%.

Amrel's turnover rose to R126 600 000 from R76 700 000. Furniture division sales increased to R97 200 000 from R76 700 000 and shoe division sales were up 20% to R29 400 000 from R24 500 000

Earnings climbed by 76% to 124,2c from 70,7c and dividends were raised to 41,5c from 23,5c.

Shareholders are assured of further earnings and dividend growth on Mr Goss's optimistic view of the growth in consumer spending and the opening of further outlets.

Smiths pays 42c on 36% profit rise

RDM 9/6/80.

Deputy Financial Editor

AFTER GOOD results from its main investments, Romatex, CG Smith Sugar and Huletts, CG Smith Investments, now a Barlows company, pushed up profits before tax by 41% and after tax by 36% in the year to March 31.

The second interim published today shows pre-tax profit up from R27 636 000 to R39 061 000 and earnings up from R14 640 000 to R19 441 000 Earnings a share also rose 33% to 61,3c (46,1c) and the dividend was raised 27% to 42c (33c)

Best-performing investment was Romatex, which increased taxed profit 44,7% to R19 087 000 and the dividend 46% to 24c CG Sugar increased taxed profit 43% to R20 130 000 and the dividend 21% to 70c, and Huletts pushed up taxed profit 27% to R20 460 000 and the dividend 19% to 44c Romatex contributed an attributable R10 478 000, CG Sugar R6 240 000 and Huletts R7 284 000

Romatex benefited from buoyant consumer spending in the semi-durables area and spent R28 300 000 replacing plant, expanding and on acquisitions Romatex is looking for a further increase in profits in the next six months to the end of the new financial year

CG Sugar increased sugar production and curtailed costs and was thus able to improve sugar profits in spite of the drought, which hit production. Income from other sources should enable it to maintain its dividend, even if earnings are not maintained The sugar price continues to run in the industry's favour

The second interim dividend of 32c was paid on the same basis as finals in the past A final dividend taking into account the results for the 18 months to the end of September will be paid in February 1981

Smiths yields 6,6% on the new dividend compared with CG Sugar's 7,6%, Romatex's 6%, Huletts 6,3%, Barlows 4,4% and the sugar average of 5,6% There is no obvious value in the stock

RDM 9/6/80 232 24

Marine survey

CAPE Continent Shipping Group has acquired two additional companies specialising in marine surveying and insurance adjusting to broaden its operations. This was announced in Johannesburg by Mr E (Ted) Coote, managing director of the group

The acquisitions are Spanner Rickson (Pty) of Johannesburg and S L Spanner & Co of Cape Town They join Mark S Harvey & Associates (Pty), the marine surveyors of Durban, in Intercontinental Adjusters & Surveyors (Pty)

Mr Les Critchley has joined the board of Intercontinental Adjusters & Surveyors In Cape Town Mr Stan L Spanner and Mr Willie Smith and in Johannesburg Mr Ken Q Rickson have joined the company's board under chairmanship of Mr Ted Coote.

Malbak fires on all cylinders

RDM 9/6/80

By DAVID CARTE
Deputy Financial Editor

A SURGE in demand for agricultural machinery in the second half improved packaging, plastic and motor profits and a full year's contribution from new acquisitions, Maccabee and PCI, lifted Malbak to a record 50% earnings increase in the year to March 31.

Earnings a share for this low-key industrial conglomerate in the first half were 20% ahead at 19,1c. Second-half earnings surged 76% to 31,3c for a total of 50,4c to give Malbak its 12th consecutive earnings and dividends record.

The latest results mean that earnings a share have grown at an average compound rate of 17,2% a year since Malbak's creation in 1969 in spite of murderously tough times in motors and agriculture in recent years.

Group sales for the year rose 28% to R129-million, pre-tax profit 57% to R9 100 000 and earnings for shareholders 50% to R5 280 000. The dividend was raised 33% to 18c (13,5c). Dividend cover has long been conservative, averaging 2,6 since the group's inception, but this year's 2,8 is a high. Still, with Malbak already earning nearly 25% on shareholders' funds with better to come, few will object.

Bakke, which makes and sells packaging, plastic products and mining supplies, contributed 42% of earnings and Maccabee, the light engineering division, 15%. Other contributions by division were Malbak Motor Holdings 8%, Malcomess 13%, and Group Services, boosted by PCI, 22%.

Malbak is firing on all cylinders pretty well for the first time since its creation and things look bright for all divisions in the immediate future. It is a tightly run, conservative operation, which should do even better than it already has. At 300c the tightly held shares yield 6% on the new dividend, which is attractive.

There seems little danger that even in an acquisitive climate such as this that a predator will move in on Malbak. Most of the shares are scattered among a number of heavyweight institutions.

RDM 11/6/80.

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Quincor hunts [redacted]

Financial Reporter

QUINCOR (formerly Empisal) and virtually a cash shell) is negotiating to buy certain companies engaged in the chemical and allied fields, say the directors in the annual report.

The share has been suspended since April 21 because of the takeover talks.

The annual report shows taxed profit for the eight months to last February at R44 458 against 1979's R1 745 before writing off a loss of R834 334 in that year on the sale of the Empisal group to Tedelex.

Present controlling shareholders are Xactics Holdings (Pty) of Cape Town. Most of Quincor's current assets are tied up in loans to Tedelex and a fellow subsidiary of Xactics, which has packaging interests.

There is no way of judging the potential of the company by the eight months' results as they reflect the cash shell situation.

M&R confirms Tollgate bid

RDM 11/6/80

232

Deputy Financial Editor

AS BUSINESS Mail foretold on June 2, Murray & Roberts is the bidder for Tollgate Holdings, the large Cape-based transport, insurance and property group

M&R executive chairman, Mr Des Baker, confirms that "complicated" negotiations are in progress and will say no more, not even when an outcome is likely

Sources close to the deal say the negotiations have been going on for a fortnight and may go on for up to three months

This suggests the proposals may involve stripping out certain assets not compatible with M&R's industrial nature

Shield Insurance, a highly esoteric business which the controlling families operate and may like to retain, seems a likely exclusion Because of its "different" nature, Shield has never been consolidated, even though Tollgate owns all of it Insurance assets are not easy to value and this could be one complication in the deal

Before suspension, Tollgate, at 430c, was capitalised at R47 800 000, compared to M&R's current capitalisation, at 505c, of R56 600 000

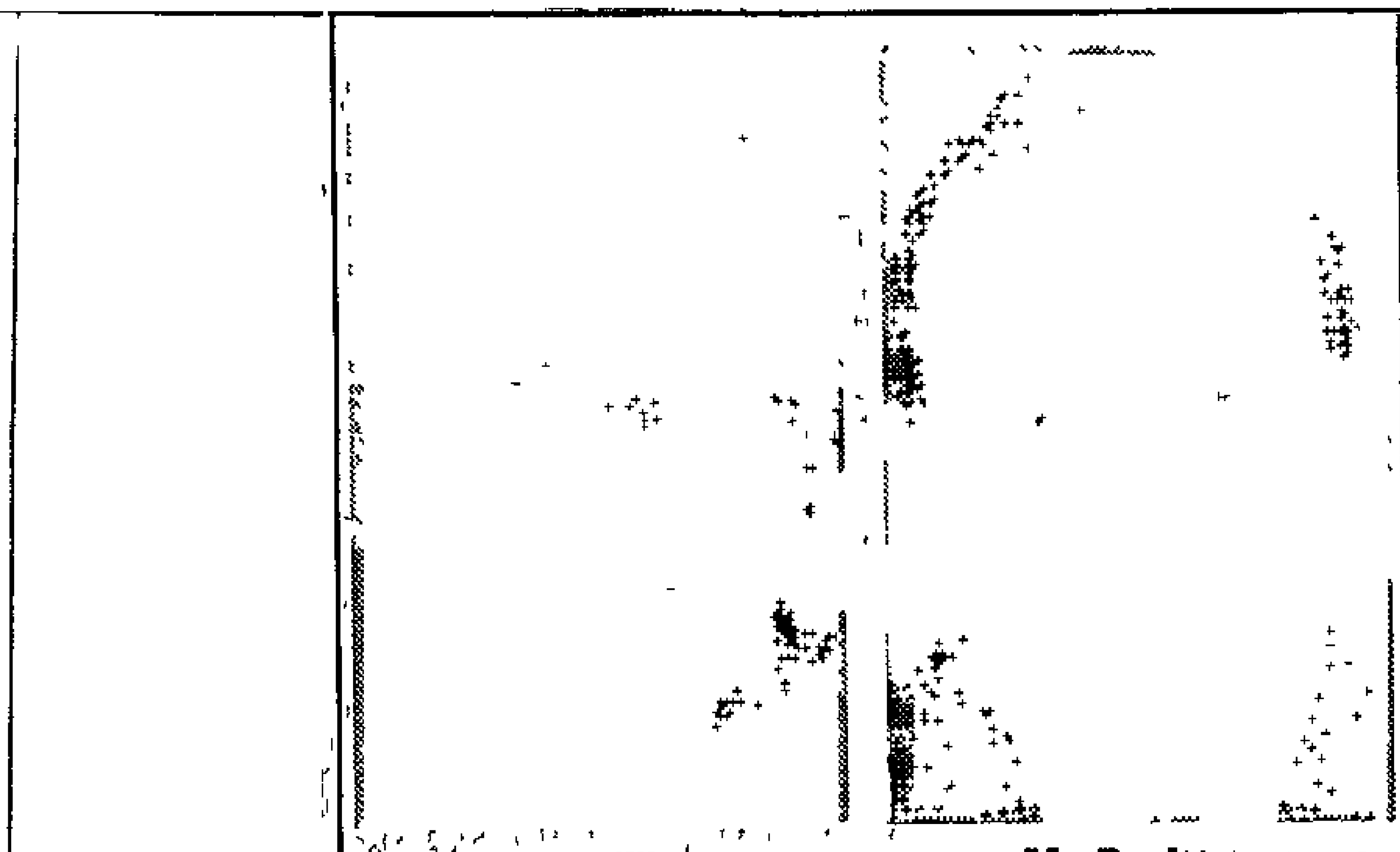
So, in terms of value, the prospective deal is certainly "material" to M&R The fact that M&R has not been suspended suggests that the price to be paid will be a full one, having no material effect on earnings or net assets a share

Tollgate's pre-tax profit, excluding Shield, in the year to the end of June 1979 was R16 500 000 and earnings were R10 184 000 Earnings a share were 91,6c and the dividend a 4,6 times covered 20c Net asset value was 438c

At the interim, earnings were 3% ahead at 45,1c and the dividend was pegged at 10c because of capital expenditure of R10 550 000 ahead of the group Net assets rose 17c following the sale at a capital profit of R2-million of Athlone Trust's quoted shares

Assuming constant earnings and dividends, by the end of the year there will be another 70c odd of retained earnings in Tollgate, suggesting a net asset value by June of about 525c This and the low PE of 4,7 represented by the pre-suspension price of 430c suggest that an offer for all of Tollgate except Shield will have to be a big premium on 430c

Sources in the bus transport industry say that if Murray & Roberts does not clinch the deal there would be at least one other suitor for Tollgate Hungry Amic is also a large bus operator



Dr De Villiers — Mr Pavitt

RDM 11/6/80 (232) [redacted]

Bosses of the R2 700m giant

By ADAM PAYNE

THE MERGER of General Mining & Finance Corporation and Union Corporation has resulted in the formation of one of the world's major mining groups with assets of R2 700-million.

Heading this new giant, called General Mining Union Corporation, are Dr Willem de Villiers, executive chairman and managing director, and Mr Ted Pavitt, executive deputy chairman Mr Pavitt will continue as executive chairman and managing director of Union Corporation

Although the two companies constitute a single mining house, they will retain their separate organisational structures

Shareholders will be asked to approve the name General Mining Union Corporation on July 2

The group has some of the biggest developing and embryo projects in South Africa under its control

Beisa Mines is a uranium-/gold mine south of Welkom due to start producing next year

Also in the Free State, precementation work has started at the shaft site of Beatrix mine south-east of Beisa

In the Northern Transvaal, a major exploration and testing programme has revealed a large coalfield Potential reserves include blend coking coal and uranium The group, with Sentrachem, is investigating the feasibility of direct liquefaction of petrol and diesel from this coal

In the Transvaal a factory is being established to produce high-quality heavy gearboxes and planning of a similar factory to produce rear axles for heavy vehicles is in progress

An expansion programme by the Impala Platinum operation in BophuthaTswana is nearly completed Under Impala Platinum the group operates Bafokeng North and South mines, Wilderbeesfontein North and South Mines and Mineral Processes at Magaliesburg The nickel/copper and platinum metals refineries are in Springs

The group's operating gold mines include Bracken, Buffelsfontein, Fairview, Kinross, Leslie, Marievale, Grootvlei, Stilfontein, Winkelhaak, St Helena and West Rand Consolidated Unisel, the newest of the gold mines, was brought to production last year, as was the Chemwes plant for the extraction of uranium from the slimes dams of the Stilfontein and Buffelsfontein mines

The Trans-Natal Coal Corporation and Clydesdale Collieries have 13 collieries

Extensive base minerals and metals operations include asbestos, fluorspar, manganese, copper, chrome and salt in South Africa Ilmenite, rutile and zircon are produced in Australia and South Africa A joint venture in Spain mines lead and zinc

Two major financial companies in the group are UC Investments and Sentrust The group has participation in banking

The major industrial subsidiaries feature a wide spread of interests including manufacturing, contracting, shipbuilding, light and heavy engine and steel production, foundries, paper production and packaging, and marketing of petroleum products and mining equipment

Industrial companies include Sappi, Hall Longmore, Kohler Bros, Carlton Paper, Dunswart Iron and Steel Works, Evelyn Haddon, Superocla, Sandock-Austral, Unicorn Shipping, African Coasters, Darling & Hodgson, Kanhym Investments Trek and RUC Mining Contracting

Construction group may take over Tollgate

932

CAPE TIMES 12/6/80

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Staff Reporter

MURRAY AND ROBERTS, the giant construction group, are negotiating a possible takeover of Tollgate Holdings, which includes City Tramways, the bus company presently being boycotted in the Peninsula

The announcement took the form of a joint statement by the two groups

Tollgate Holdings are the largest privately owned transport operators in the country, with 1 317 buses operating in Cape Town, Port Elizabeth, George, Malmesbury, Mossel Bay, Oudtshoorn, Paarl, Somerset-West, Stellenbosch, Strand and other areas

Tollgate Holdings was suspended on the Johannesburg Stock Exchange and the London Stock Exchange on May 22, as negotiations could affect share prices

The joint announcement means that negotiations between Murray and Roberts and Tollgate Holdings could be long and drawn out Tollgate's share listing is likely to remain in suspension till July 31

Apart from the bus division, Tollgate has a financing arm consisting of Golden Arrow Finance Corporation, an insurance company, Shield Insurance, a property subsidiary, Tollgate Property Corporation, and a touring group, Springbok Atlas Safaris Other companies include a computer bureau, advertising company and a concrete block manufacturing company

The Tollgate share price stood at approximately R4 before it was suspended, which puts a stock market valuation of approximately R44 m on the group

Murray and Roberts has over the past few years been diversifying extensively out of construction and already has stakes in the food and automotive component industries

Alderson stakes R1,4m

232

RDM 12/6/80

Own Correspondent

CAPE TOWN — Aldersdon & Flitton Holdings is moving into the appliance-electronics field and has bought an 80% stake for R1 400 000 in the Cape Town based Siman Enterprises, appliance distributors

The deal, financed in the main from existing cash resources, is expected to add about 4,3c a share to Alderson's earnings in the 1981 financial year The effective date for the takeover is January 26, 1980

Mr Solly Simanowitz, the present chairman of Siman, and Mr Les Kacev, the managing director, are to be appointed joint managing directors and will hold the remaining 20% of the equity

The Cape Town consortium of Mr Johan van der Burgh and Mr David Abbott who bought a 41,5% stake in Alderson in March for R1 400 000 at 60c a share are expanding the group from its motor base

T&I terms for shippers

232 RDM 13/6/80

By DAVID CARTE
Deputy Financial Editor

TRADE & Industry is to issue 560 000 new ordinary shares and preference shares to the value of R1 500 000 to acquire the Commonwealth Shippers Group from Moshal Gevisser, Kirsh Industries and Kirsh Investments.

This is disclosed in a circular to shareholders published today and puts a price of about R4 600 000 on an international shipping company that last year made a taxed profit of R1 054 000.

For Commonwealth Shippers Southern African interests, T&I is to pay R3-million — R1 500 000 through the issue of 320 000 shares at 468c and R1 500 000 through the issue of variable rate preference shares For CSL's Bermuda subsidiary, Commonwealth International Holdings, T&I is to issue 320 000 shares at 500c a share, equivalent to R1 600 000 or $1 500 000

Based on the figures for last year, the acquisition would have lifted T&I's earnings from 83c to 95c, but because the tax rate is due to rise and doubtful debts will in future be more conservatively provided for, the acquisition is not expected to affect earnings or the dividend in the year to June 1981

Commonwealth Shippers taxed profit record for the past five years is R697 000, R122 000, (R192 000 loss), R602 000, R1 054 000 The amount of tax paid declined from R319 000 in 1976 to a low of R35 000 in the most recent financial year

About 76% of Commonwealth Shippers assets are in debtors (R9 110 000 out of total assets of R11 803 000) Listed investments worth R1 560 000 at cost are the other major assets

The victim company has shareholders' funds of R3 107 000 and borrowings of R1 166 000

A pro forma balance sheet shows that the acquisition raises T&I's net tangible assets from R9 983 000 to R12 963 000 after deduction of prefs and the number of shares in issue from 3 237 000 to 3 797 000 Net asset value therefore rises 8%-from 308c to 334c After the deal T&I will have long-term loans of R11 199 000

The main assets of T&I in the wake of the deal will be debtors of R68 348 000, loan portion of taxation R21 732 000 and trading subsidiaries of R2 488 000

THE PRESS FM 13/6/80 232

Newspaper tiger

Perskor, the Afrikaans publishing group is on a buying spree. With its fortunes continuing upwards, chairman Marius Jooste is buying up country newspapers.

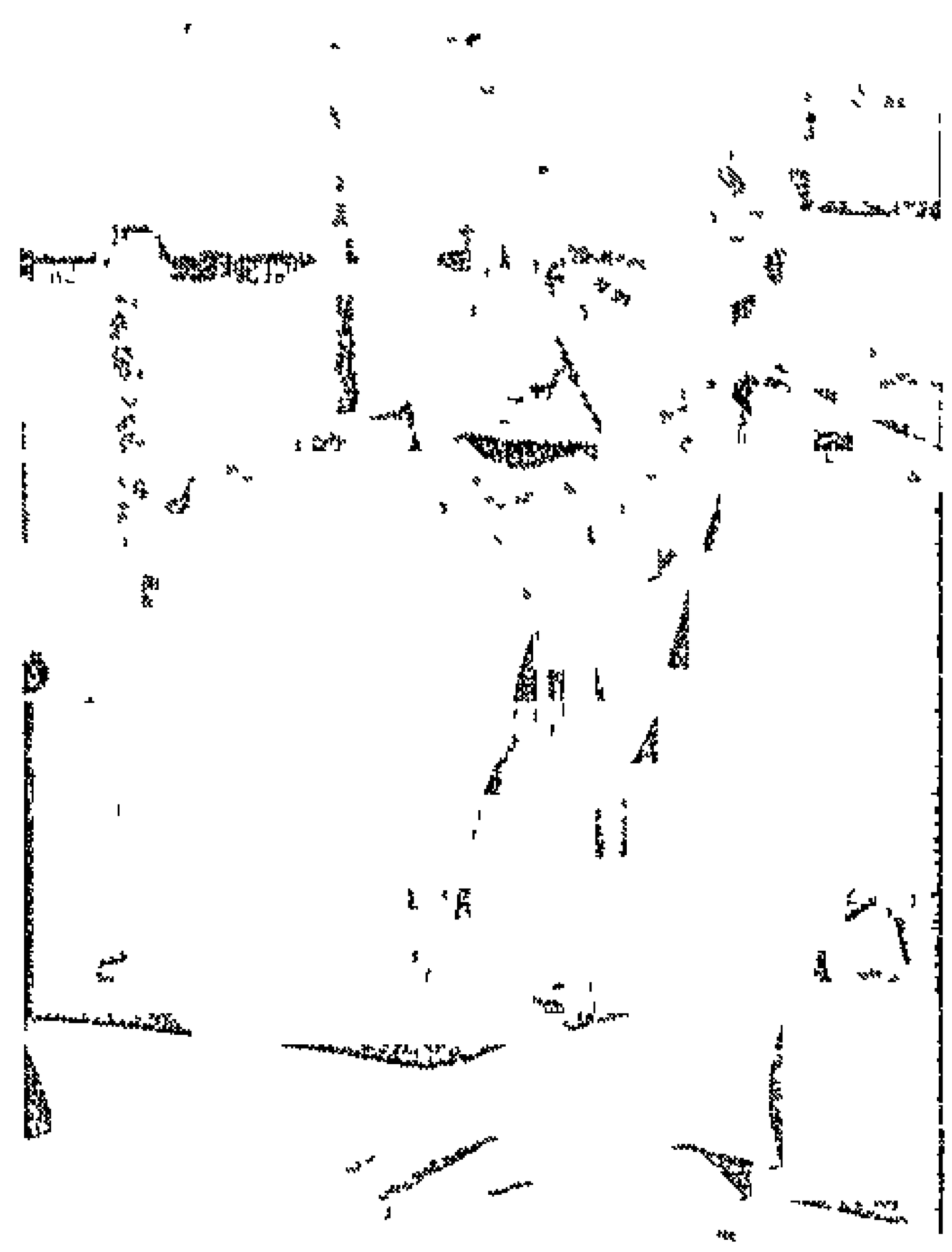
Says Jooste: "I hate carrying around empty money without any use. I must think of Perskor's future." So Perskor on the acquisition trail last month added the *Witbank News*, *Middelburg Observer* and *Vista* (of the OFS Goldfields) to its stable.

Total purchase price is not disclosed. But, says Jooste, "we didn't pay all that much." One market source mentions a price of R800 000 paid just for *Vista*. Perskor refuses to comment.

Also acquired was jobbing printer Galvin and Sales in Cape Town and Middelburg-based O H Frewin (Pty), printers of the *Witbank News* and *Middelburg Observer*. In the pipeline are plans for acquisitions and expansions into Natal and the Eastern Transvaal. Jooste chooses to stonewall on these expansionary plans for the moment.

Rationale for the regional papers acquisition is simple. National dailies are hard hit by the advertising drain-off into TV. Regional papers, however, concentrating on localised news and advertising, thrive.

Jooste regards the Free State gold



Jooste . . . we didn't pay all that much

fields, Kroonstad, the Vaal triangle as "the coming places for daily newspapers. I expect tremendous expansion of people, endeavour and money to be concentrated in these mining developments. Perskor has taken over most of the small newspapers in those areas."

He quotes the *Western Transvaal Record*, part of the Perskor group, as a classic example of a successful regional paper. Profits on the *Record* are expected to be in the region of R500 000 this year.

"Galvin and Sales in the heart of Cape Town could be a beautiful small industrial press. It can print newspapers, magazines, envelopes, school books. It's all there," says Jooste.

Certainly Perskor can afford its purchases. Financial year end results are due out end June. Talk is that profits have increased substantially over the interim results published at the end of December when pretax profits upped 45% to R4,5m. Jooste says "if the structure is looked at closely, dividend cover is likely to be at least six times and will further increase with future profits."

Basically the regional paper and jobbing press buying sortie is to further consolidate and strengthen Perskor's market share Future plans will, says Jooste, centre on "collaboration with black entrepreneurs in every respect We already have the most attractive black magazine, *Bona*, with its above 328 000 circulation That itself could lead to further expansions and publications "

He describes the black market as "huge " But, he says "black magazines aren't carrying sufficient advertising Advertisers aren't going full tilt yet because they haven't made a study of the black market " He expects black magazines ultimately to contribute "far in excess of 50% to overall profits, but that will take years "

Another area Jooste intends looking at increasingly, is knock and drops, especially for the black market "Perskor has a little money on a few of them We'll have more to say on that later One doesn't undertake that venture lightly It's a prosperous market, but you have to know all about it before you go into it "

Perskor's arch rival, Nasionale Koerante, maintains it initiated the move into regional papers It recently bought the biweekly *Vaal-Weekblad* which sells primarily in Vereeniging and Vanderbijlpark, the *Potchefstroom Herald*, the *Carletonville Herald* and the *Worcester Standard*

Says a NK spokesman "In terms of profits, the swing is definitely to regional publications which appear to have escaped the advertising erosion felt by national dailies '

Nasionale Pers is interested in the knock and drop market "However, at this stage we've only done sampling on a small scale "

960	S	ORTHOGRAPHY, EDUCATION
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of at least 6c a share

Siman's profit growth last year was around 50% to R480 000. So the R650 000 warranty means projected minimum growth this year of 35%. The company has been largely built up on retentions, with a modest debt equity ratio of about 60%.

A&F plans no immediate changes to the company, though with a possible capital injection it appears likely to be the base for further diversification out of the motor industry.

A&F itself has seen a "marked" earnings improvement. The six months to end-December produced earnings of 3.5c (0.3c) and a dividend of 1c. The first half reflected the motor industry boom for only three months and was stated after a R73 000 loss in a country dealership. Thus earnings of at least 12c-14c before accounting for the contribution of Siman are in prospect. From earnings of about 15c shareholders can probably expect minimum dividends of 5c for a 5,6% prospective yield on the 90c pre-suspension price.

Though the price is relatively high, the diversification out of the motor industry is likely to boost interest in the share. Abbott says the acquisition drive is not finished and this, once the motor boom has run its course, should stand the group in good stead. There has been speculation that A&F might be interested in Tollgate's Springbok Atlas Safaris.

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998	A	CRIPWELL, H.A.
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1001	P	NADA 6 : 51-3
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1005	A	DOKE, C.M.
1006	D	1929
1007	T	THE PROBLEM OF WORD-DIVISION IN BANTU WITH SPECI
1008		ES OF MASHONALAND.
1009	P	S. RHODESIA, DEPT. OF NATIVE DEVELOPMENT OCC. PA
1010	C	REVIEW BY G.P. LESTRADE IN BANTU STUDIES 4/1930
1011	L	SHONA
1012	S	PHONTEICS ORTHOGRAPHY
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1014	A	DOKE, C.M.
1015	D	1931
1016	T	A COMPARATIVE STUDY IN SHONA PHONETICS.
1017	C	REVIEW BY G.P. LESTRADE BS 6/1932 95-8 : CONTAIN
1018		ES IN BANTU: THE PHONESIS OF CENTRAL SHONA, EAST.
1019		; THE GENERAL PHONETIC PHENOMENA OF SHONA.

TOLLGATE 232 ~~338~~ 332

M&R shows its hand

Three week's after Tollgate's suspension, Murray & Roberts has confirmed that it is negotiating to acquire the Cape-based transport and finance/insurance group. However, it looks as if it will be some weeks still before final details are announced, apparently because no plans have yet been hammered out on what will

FM 13/6/80

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happen to some of the Tollgate divisions

Market talk suggests a price for the Tollgate group (excluding any deal that might be made on the Shield Insurance and Golden Arrow finance operations) of around 550c. This is based on a net worth of about 525c and the group's earnings potential. The fact that M&R has not been suspended indicates that it will be a paper or cash/paper deal. In the year to end-June 1979 Tollgate's R10,2m taxed profit would have added about 45c to M&R earnings which totalled 82,4c. In a cash-only deal that would be material enough to warrant suspension.

M&R is apparently interested in the Tollgate transport activities though there has been speculation that Alderson & Flitton might be involved in a side deal on Springbok Atlas Safaris, which was previously under the control of Johan van der Burgh, now one of the A&F controlling shareholders. There has also been talk that Shield might revert back to Tollgate's present controlling shareholders, though it is believed M&R has a basic agreement in principle for the acquisition of the company.

M&R's gains

Tollgate was capitalised at R65,8m at the 430c pre-suspension price, including the shares held by a subsidiary. The net price to M&R assuming a price of 550c would thus be R61,2m, though the family/directors' stake would cost over R20m.

The advantages to M&R centre around the group's efforts in recent years to diversify some of its assets out of the cyclical construction industry and Tollgate's cash generating capacity.

Tollgate's taxed profit for the six months to end-December was R5m (R4,9m) and, based on market estimates for the full year, earnings could be around R13m with a group cash flow of over R15m. The extent of the group's cash resources can be gauged by the interim statement that this year's R10,6m capex would be financed internally, despite payment of an unchanged 10c interim dividend.

If market estimates of the price are accurate, minorities might be encouraged to accept. An offer of around 550c would be a 28% premium on assets and an exit PE, based on earnings of about 110c-115c, of nearly five times.

PREMIER/GALLO FM 13/6/80 232

Record round-up

Recent high volumes and strength in Gallo shares seem set to culminate in a bid by Premier Milling for the controlling stake in the group. Though nothing definite is expected before next week, the market suggests an offer to minorities at about 255c and retention of the share's listing.

Gallo had been an active market after the sharp turnaround results announced by chief executive Gerald McGrath at the interim stage. Earnings were 30c after a 9,5c loss the previous year. The group declared a 10c (nil) interim dividend. With higher consumer spending, Gallo could earn about 60c for the year to end June and pay a 15c final.

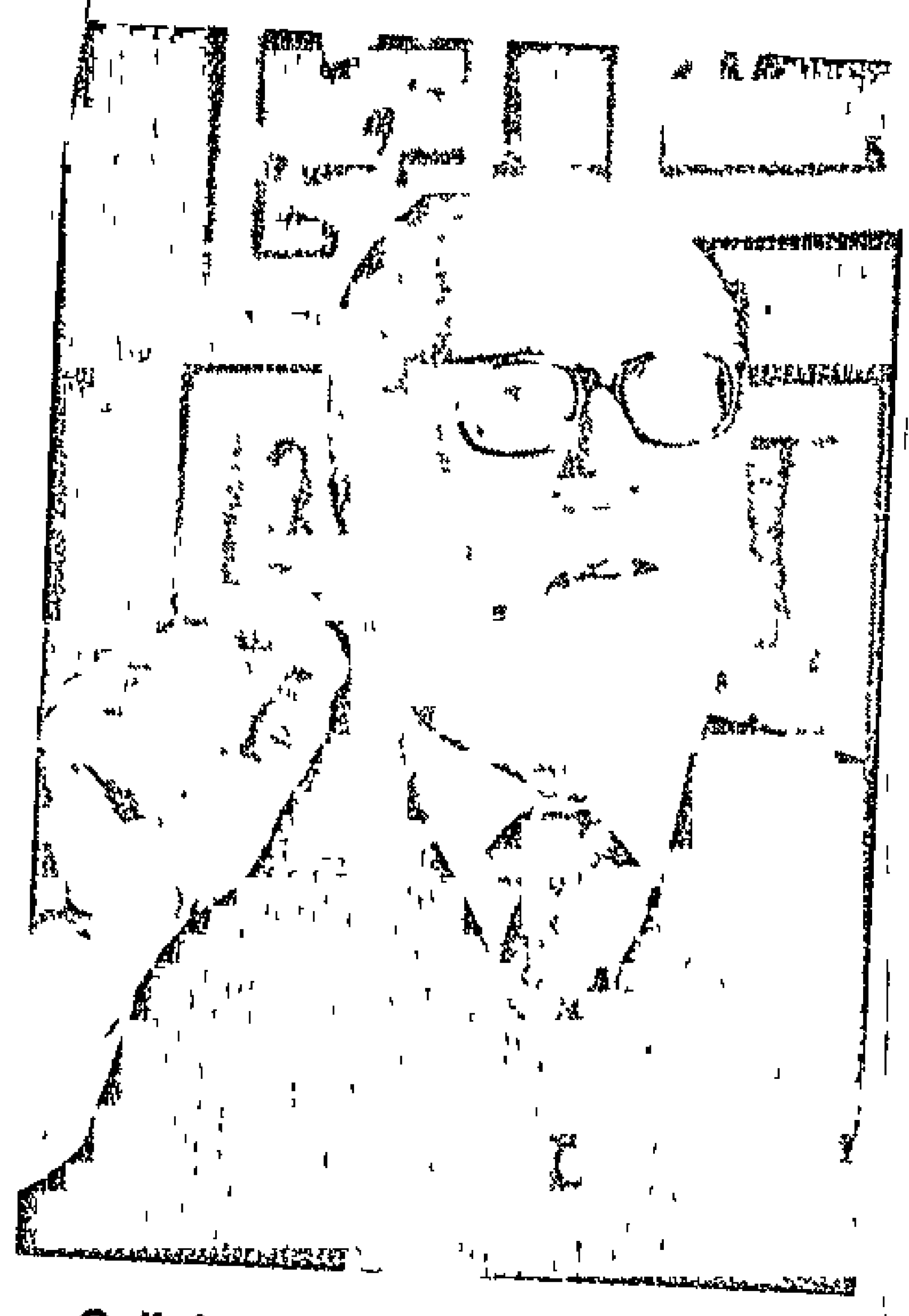
The rationale behind Premier's bid for control appears to be the decision to expand the group's non-food division. The most obvious first move would seem to be the injection into Gallo of the bookshop interests which, though a relatively small earnings contributor, are very profitable. The recent acquisition of Universitas Books, a Pretoria-based book and record selling company was further evidence of Premier's decision to remain in the retail consumer market. And by bidding for Gallo, the group would ensure a more solid diversification base. Premier's control, after the injection of the book interests, could rise well above 50%, allowing scope for paper-based expansion.

Other possibilities for Gallo could perhaps include Premier's other consumer interest, Hampo Trading, which handles among others the Pentax camera and Texas Instruments ranges.

Last year Premier's pharmaceutical and bookshop division turned over R61,8m (R38,7m) and reported a R5,6m (R4,4m) gross profit. Though Resale Price Maintenance is set to be abolished, the bookshop division has budgeted for at least maintained earnings.

Funding the purchase of Gallo should present no problems. The recent acceptance of Tongaat's bid for H Lewis and the cancellation of the participating rights on Premier's Kimet prefs netted R7,7m. Acquiring the controlling McGrath Gallo shareholding would cost some R6,2m, though it is a fair bet that McGrath would remain on the board, particularly in view of his success in turning the Gallo assets to profit.

For Gallo minorities such an arrangement is attractive, though some have expressed disappointment at the rumoured price, having expected around 300c. However, Gallo trades in a narrow retail market in which it is already dominant and while McGrath has been looking for acquisitions, none has so far been concluded. The net worth of a Gallo share must currently be around 140c, so if 255c is offered, it represents a 95% premium on assets, and an exit PE of 4,3 which appears reasonable at this stage. *Di Kilalea*



Gallo's McGrath . . . accepting a premier bid

Tongaat aims for 100c a share

Sugar
232
RDM 14/6/80.

By DAVID CARTE
Deputy Financial Editor

TONGAAT GROUP is aiming at earnings of 100c a share in the current year — a 25% improvement on the 80c earned in the year to March 31 — says Mr Chris Saunders in his chairman's report.

The report is generally optimistic for all branches of the group except electrical engineering and electronics

Mr Saunders says the group aims at growth in earnings a share of 25% a year until 1983 — the end of the current planning period.

On turnover of R308-million (R231-million) in the past financial year, Tongaat lifted taxed attributable profits 34% to R16 91 000 (R12 567 000) Earnings grew 32% to 80,1c, while the total dividend of 30c (23,5c) was a 29% improvement Profits are stated after additional depreciation of R3 662 000.

Reporting on the divisions, Mr Saunders said the sugar division performed highly commendably, contributing R7 084 000, or 31%, of group earnings. In 1979, sugar profits were R6 117 000 — 34% — of the total.

Because of drought, the industry will not be able to take advantage of current high world sugar prices and there will be a "material reduction" in sugar profits in the current year.

The building materials division, which last year contributed R6 500 000 or 28% of earnings (1979 R3 632 000 or 20%), is expected to achieve "even better results" in the year ahead Transvaal brick-making capacity is being stepped up by 200-million bricks a year.

Mr Saunders takes a bullish view of the textile division. Without any benefit of the Hebox acquisition, textiles last year brought in R4 271 000 or 19% of group taxed profit, compared with R3 991 000 or 22% in 1979 Mr Saunders is looking for "substantially increased profits" in the current year.

The purchase of Hebox Textiles will be of "immediate benefit" to the division and there is significant scope for rationalisation of the product range

Investment income of R3 543 000 (R2 590 000), representing mainly dividends from the 26,7% stake in Huletts, contributed an unchanged 15% of the total

The foods and feeds division contributed R1 916 000 — 8,4% — of earnings, compared to R1 109 000 or 6% in 1979 The purchase of H Lewis will have "a major effect on both turnover and profitability" Lewis will make the division more self-reliant in protein supplies.

Capital expensiture last year was R21 402 000, an increase of R9-million The acquisitions of Hebox, H Lewis and Isando Milling will cost R33 800 000. In addition the building materials division plans to spend R11 500 000, food and feeds R6 700 000 and textiles R6 500 000 Capex will be funded from reserves and the proceeds of the issue of preference shares and will not stretch a balance sheet in which debt is only 22% of capital employed.

Tongaat raised R3-million through privately placed prefs last year and plans to place a further R9 500 000 of these in the current financial year

Tollgate-oorname nog in weegskaal

(232)

BAIE water sal nog in die see moet loop voordat Murray and Roberts 'n ooreenkoms met Tollgate sal bereik oor 'n oorname deur Murray and Roberts.

Die sakewêreld is in die algemeen taamlik verbaas oor Murray and Roberts se voorneme om 'n hoofpyn soos Tollgate se passasiersvervoerdiens oor te neem.

Hoewel Tollgate probleme het weens boikotte teen sy busdiens en hofsake weens tariefverhogings, is die maatskappy taamlik winsgewend. Murray and Roberts sal die saak goed oorweeg, want hy is bekend as 'n maatskappy wat goeie oornames doen en 'n intensiewe diversifikasiebeleid volg.

Murray and Roberts behou gewoonlik die bestuurspan van 'n maatskappy wat hy oorneem, wat beteken dat Tollgate se bestuurspan steeds die vervoerprobleme van die maatskappy sal moet oplos.

Tollgate-vervoerdiens lewer sowat 64 persent van die maatskappy se belaste wins.

Die finansierings- en beleggingsbedrywighede se bydrae is 21,6 persent, die inkomste uit eiendomme lewer sowat 5 persent en die toerismebedrywighede lewer net 4 persent.

In die boekjaar tot einde junie verlede jaar het die groep se belaste wins van R8 850 000 tot R10 184 000 gestyg. Dit is 'n styging van 14,6 persent. In die ses maande tot einde Desember het die belaste wins egter met net 3,3 persent tot R5,01 miljoen verbeter.

Die direkteure van Tollgate verwag dat verlede jaar se wins in die lopende boekjaar gehandhaaf sal word.

Die jongste winsvertoning is dus nie 'n goeie aansporing vir Murray and Roberts nie, maar die verwagting is dat Tollgate in die toekoms goed sal groei.

In markkringe word daarop gewys dat Tollgate se huidige probleme met sy passasiersvervoerdiens slegs korttermynprobleme is.

Sodra die Regering groter subsidies vir busvervoer beskikbaar stel, behoort Tollgate se probleme in 'n groot mate opgelos te word.

As Murray and Roberts besluit om Tollgate oor te neem sal hy veral in laasgenoemde se eiendomme belang stel.

Hoewel Tollgate se eiendomme 'n klein bydrae tot die groep se wins lewer, is die waarde van eiendomsbates 'n aantreklike proposisie. Die totale waarde van Tollgate se vrypag- en huurpaggrond en geboue het verlede jaar R19,5 miljoen beloop.

Die verwagting is dat Tollgate se eiendomsbestuurspan behou sal word, maar dat die afdeling noue bande met Murray and Roberts se eiendomsafdeling sal hê.

Murray and Roberts se eiendomsbestuurspan het al groot projekte soos Kaapstad se Goue Akker bestuur. Met sulke projekte word die koördinasie van al die kontrakteurs, argitekte en bestekopnemers se bedrywighede deur Murray and Roberts se span behartig.

Sedert die resessie in die eiendomsmark ondervind is, is taamlik min nuwe winkelsentrums in Wes-Kaapland opgerig. As Murray and Roberts besluit om Tollgate oor te neem, sal dit beslis 'n aansporing vir eersgenoemde wees om nuwe winkelsentrums in die Skiereiland op te rig.

Sedert die begin van vanjaar het Murray and Roberts sowat R6 miljoen se oornames gedoen. In die algemeen is die maatskappye besonder winsgewend. Die winsgrense van die filiale is in die algemeen hoër as Murray and Roberts se boubedrywighede.

Elin Meyer

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15/6/80 . SUN TRIB. (FIN)

Tongaat's textile giant

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By TONY HUDSON
Finance Editor

THE Tongaat group has created a massive textile giant with a projected turnover of R100 million a year by merging all its textile interests into one division

And they expect R100 million turnover

The new group will be known as Tontex (Tongaat Textiles) and has been formed as a result of the acquisition of 100 percent of the equity of Hebox Textiles recently

Management of the group will now be centred in Tongaat headquarters and a single marketing and sales team has been formed.

Tontex will probably be the second largest textile group in the country, with the Frame organisation still at the top

Tontex chairman will be Des Scott, deputy chairman of Scotts Stores. Managing director will be Richard Payn who also is chairman and managing director of David Whitehead. Hebox MD Mike Toet stays in his present position.

Payn told **Tribune Finance** this week that product lines would be rationalised and that the three companies involved (Hebox, Prilla Mills and David Whitehead) would become brand names.

In the clothing field ladies' and girls' wear will carry the Whitehead label, while men's and boys' wear will carry the Hebox logo Whitehead will produce all lightweight materials and Hebox will drop this line and concentrate on heavyweight fabrics. Prilla will continue to produce yarns as in the past.

Payn said that in a full year's operation after the competition of the current expansion project in 1981, turnover of the new group is expected to reach R100 million.

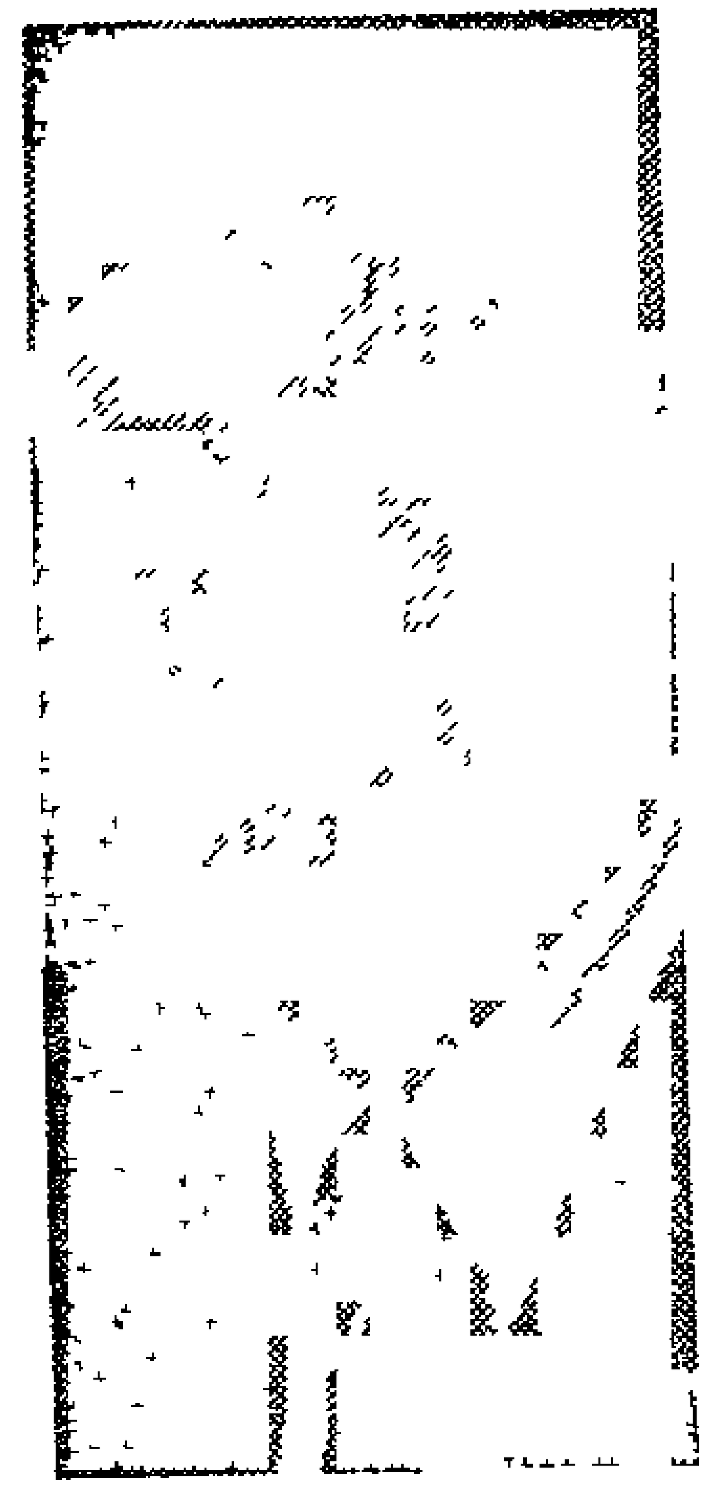
In the year to March 31, 1980 Tongaat textiles companies' contribution to turnover was R33,2 million Contribution to group profits was R4,2 million

With the textile industry in a heavy growth phase (see page three) the rationalisation programme, and the expansion operation at Whiteheads, contribution to profits from Tontex could be very significant once the operation has settled down

The Tongaat group is aiming to push earnings from last year's 80 cents a share to 100 cents in the current year, says chairman Chris Saunders in the group's annual report

And, says Saunders, planning to 1983 indicates a very strong growth period and says the group has a firm objective to increase earnings by 25 percent a year.

However, he says that if the target of 25 percent growth is achieved — the average of the last 10 years has been 18 percent — earnings should top 156 cents by 1983.



Tontex chairman
Des Scott

232

~~260~~

~~184~~

Row flares over Genmin gearbox bid

RDM 16/6/80.

By HOWARD PREECE

A MAJOR battle has flared between the motor manufacturers and General Mining over Genmin's R60-million bid to secure an effective monopoly in the production of truck gearboxes and heavy truck axles.

The outcome will have an important effect on truck prices

The National Association of Automobile Manufacturers claims that "the decision by the Department of Industries and Commerce to create a monopoly is totally opposed to the Government's stated intention to support and encourage a free market capitalistic system"

It is seeking an urgent meeting with Dr S W van der Merwe, the Minister of Industries and Commerce

Naamsa also claims that the move could harm the Atlantis Diesel Engine project — although the gearbox and axle plan is intended to slot in with Atlantis

The motor manufacturers are counting on powerful backing from Atlantis in their attempt to force a Government rethink, at least on timing

Atlantis is the State-sponsored plan to give a monopoly of diesel engine production to Mercedes and Perkins for strategic and local content reasons

According to some estimates, the combination of higher prices for diesel engines and for gearboxes and axles could add 50% to the cost of new trucks

The Genmin subsidiaries involved are AS Transmissions & Steering Boxes, which has asked for a 15% duty on trucks fitted with imported gearboxes rather than its ZF gearboxes, and SA Axles which reportedly wants a 20% duty on trucks fitted with imported axles

A statement by Mr Colin Adcock, managing director of Toyota and chairman of the Naamsa heavy vehicle subcommittee, says "Naamsa must record its total opposition to the granting of a monopoly in respect of the proposed manufacture of truck gearboxes and heavy-duty axles

"The decision was reached without any reference to the industry and, apparently, without any alternative sources of supply being investigated

"The industry has at no stage ever opposed a local content programme in medium and heavy trucks, but has only asked that this be planned in conjunction with it and in such a manner as to make it as economical as possible for both the manufacturer and the consumer"

Mr Adcock says the Genmin move could give some truck producers major advantages over competitors (Mercedes has been cited as a particular beneficiary in one report)

He says that "at the very worst, Naamsa believes that the manufacturing rights to gearboxes and axles should have been granted on a similar basis to that used for the granting of engine manufacture That is, the right to manufacture should have been advertised and prospective manufacturers should have been in a position to submit proposals which could have been discussed with the industry, thus ensuring an acceptable and broader choice of product"

Mr Adcock says Naamsa has "emphasised that the request that the transmissions and axles be localised concurrently with the launch of the Atlantis diesel programme was totally impractical and any attempt to do so would undoubtedly delay the launch of this project It is admitted that a limited number of manufacturers who currently use the engines which form the basis of the Atlantis project and the gearboxes and axles which it is proposed to manufacture in South Africa could meet this timing

"The management of the Atlantis Diesel Engine project confirmed that they could not accept any changes which might jeopardise the timing of their programme

"Naamsa is happy, therefore, to have the assurance that ADE will support it in avoiding any action which might be detrimental to the present programme in which all manufacturers have already invested considerable sums of money

"Finally, while Naamsa accepts the strategic need to build gearboxes and axles locally, it feels that if this new programme is designed to offset the cost of South Africa's strategic and independence, then there are better ways to achieve this"

~~58~~ 232

RDM 17/6/80.

It's all GO for Fedvolk

By ELIZABETH ROUSE

FEDERALE Volksbeleggings spurted ahead in the past year, both on the economic upswing and on expansions in the chemical, food and machinery sectors.

As predicted at the interim stage, Fedvolk's growth accelerated in the second half of the year and the group has done well for its shareholders by increasing their assets substantially

A final dividend of 14c has been declared, making a total of 22c against 21c paid for the previous 15 months, which amounted to an annualised 16,8c

Taxed profit for the year to last March is R16 050 000, up 74,7% on an annualised R9 1?8 000

The group planned its acquisitions well so as not to dilute shareholders' earnings noticeably and earnings are up 70,5% at 66c a share from an annualised 38,7c

Fedvolk has chalked up some records — group turnover has risen by 60,4% to R730-million, total assets have grown by 39% to R579-million and net asset value has increased by 44% to 811c a share

The group took full advantage of the general improvement in the economy, particularly in the second half of the year, and all operating companies achieved better profits

The marked improvement of group profitability and the significantly stronger financial structure is evident in higher returns for shareholders

Net profit attributable to ordinary shareholders as a percentage of the average shareholders' interest increased from 11,3% in 1979 to 14,5% Total shareholder's interest as a percentage of total assets improved from 41,1% to 46%

Historically, Fedvolk has never been shy to take the initiative to expand when others are hesitant about prospects.

Last year it strengthened its interests in the important chemical sector and in electronics, expanded its food interests, diversified its fishing interests and created a machinery-engineering group through Fedmech (formerly Masferg)

The financial ratio is 46% (41,1%), which leaves the group in a healthy position to make further acquisitions

Fedvolk's moves in the chemical sector over the past year have perhaps the biggest potential for earnings growth

Fedmis was taken over by Sentrachem while the Federal subsidiary, Federale Chemiese Beleggings, increased its shareholding in Sentrale Chemiese Beleggings, the controlling company of Sentrachem, to 50%

Fedfood acquired Table Top and Riviera but these companies' activities are still being rationalised and consolidated .

The acquisition of a 75,1% interest in Fedmech proved a move to extend interests in mechanical engineering, as the recent Fedmech acquisition of the mining supply company, Arban Engineering, testifies

The increase of Federale's investment in Telectra Corporation (which controls the Morkels group) from 50% to 100% should yield benefits both on the television and furniture side

Fedvolk's investments are now clearly defined into five sectors, which represent not only a well balanced portfolio with a sound income base, but also offer significant growth opportunities, say group directors

The main investment areas are the chemical sector, the food sector, the electronic, electrical and furniture sector, industries serving the broad consumer markets, and the services sector

The share enjoys blue chip status in the industrial holding sector on its potential Dividend yield is 5,3% on the current price of around 405c

QUESTION 2

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can do this c... ment expenditure

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a) By increases of expenditure the government would increase the aggregate demand ~~hopefully~~ predictably to the level AD$_2$. This would give the government a [illegible] year deficit but would remove the deflationary gap

b) By decreasing taxes the consumers would be given more buying power and aggregate demand would rise. However unless the whole amount of ~~[illegible]~~ new income was spent and nothing was saved the aggregate demand would not ~~rise~~ rise as much as an equivalent rise in government expenditure. We usually assume that some of the extra income is saved

c) A Balanced Budget multiplier would be used. Here we increase both

(332) CDM 17/6/80

Kaye bids for Gaydon

Deputy Financial Editor

ISAAC KAYE, the man who put SA Druggists and Greatermans into Federale Volksbeleggings, and a consortium, are the bidders for Gaydon, holding company of Quinton Hazell Superite Holdings.

This was established shortly after Gaydon and QHS were suspended yesterday

Mr Kaye and his consortium intend to convert Gaydon into a cash shell and to inject new assets into it

It seems clear they wish to retain the listing, so the tiny minority holding is unlikely to be offered as much as the market price of 68c obtaining before suspension

Merchant bankers say a listed cash shell is worth R150 000 more than net assets — the excess being the cost of a listing If this is true, considering that Kaye and consortium do not want the minority holding, it is likely their offer will be considerably less than 68c

Gaydon's net asset value, with QHS shares in at cost, was 53,6c at December 31 The current market value of these shares is R2 320 000 — R440 000 less than cost of R2 760 000, so real net asset value is currently more like 45,8c

Selling Gaydon will simplify the control picture for Burmah Oil holding company of Gaydon and QHS At present Burmah has 89% of Gaydon and 31,2% of QHS That is 80% directly and indirectly of QHS

Burmah would presumably sell for a small premium on net assets and that is probably what minorities will be offered

The name of Isaac Kaye will almost certainly be worth something on the market, just as those of Peter Gain, Natie Kirsh and others have been before, so the cash shell can be expected to trade at a premium to net assets and the offer to minorities immmediately it is relisted It might ever exceed pre-deal levels

An official announcement will be made later this week

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(232) CDM 17/6/80

Kaye bids for Gaydon

Deputy Financial Editor

ISAAC KAYE, the man who put SA Druggists and Greatermans into Federale Volksbeleggings, and a consortium, are the bidders for Gaydon, holding company of Quinton Hazell Superite Holdings.

This was established shortly after Gaydon and QHS were suspended yesterday

Mr Kaye and his consortium intend to convert Gaydon into a cash shell and to inject new assets into it

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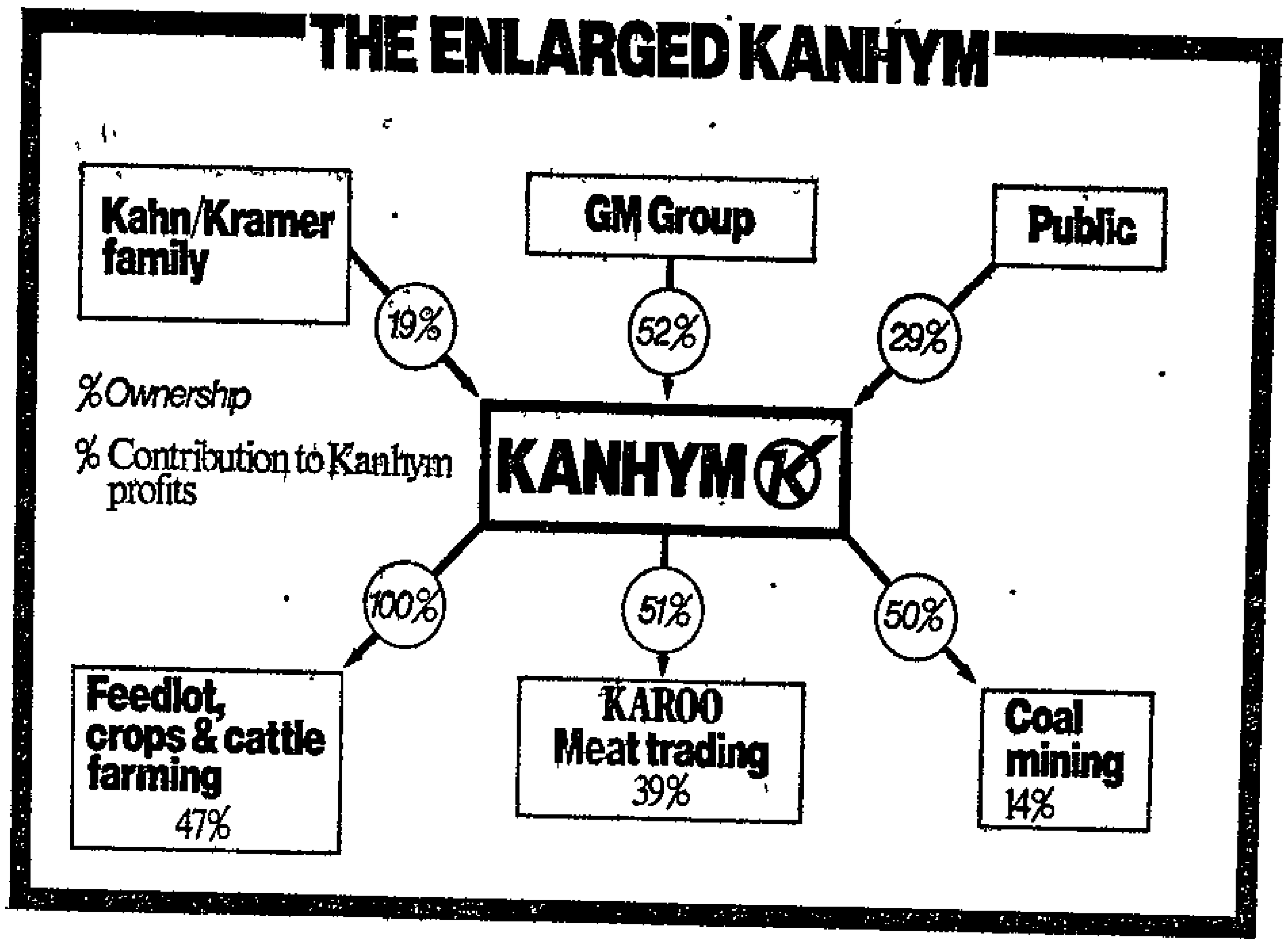


Kanhym buys Karoo in major meat reshuffle

STAR 18/6/80 (~~180~~) (232)

By Jean Moon

A major reshuffle involving General Mining's meat-producing company, Kanhym, and the Picardi meat producers will result in Kanhym emerging as the major beef producer in South Africa.

In order to fund the move, together with development of its coal reserves, Kanhym has announced a one-for-two rights issue at 700c a share which will raise R22,2m.

PAYMENT

Karoo Meat Exchange will become a 51 percent subsidiary of Kanhym, moving it out of the Picard stable of which it has been a member since 1967. At the same time, Asokor is to sell its meat-trading interests and assets to Karoo.

Kanhym retains its beef feedlot and general farming activities but will sell its wholesale and retail meat operations and produce agencies to Karoo.

Payment will be in the form of about 7,9m ordinary new shares in Karoo

Karoo's payment to Asokor will be made in the form of about 3m new Karoo shares.

Kanhym will then buy enough Karoo shares from Asokor to bring its stake in the new enlarged Karoo to 51 percent.

On the basis of 22c earnings and a 13c dividend for Karoo, the price will be 200c a share. At this level Kanhym will be paying R8,5m cash to Asokor. The price will increase, if Karoo's earnings top 22c.

Kanhym will extend a similar bid to minority shareholders.

LISTING

It is intended to retain Karoo's listing and to continue to develop it as a major meat trading company.

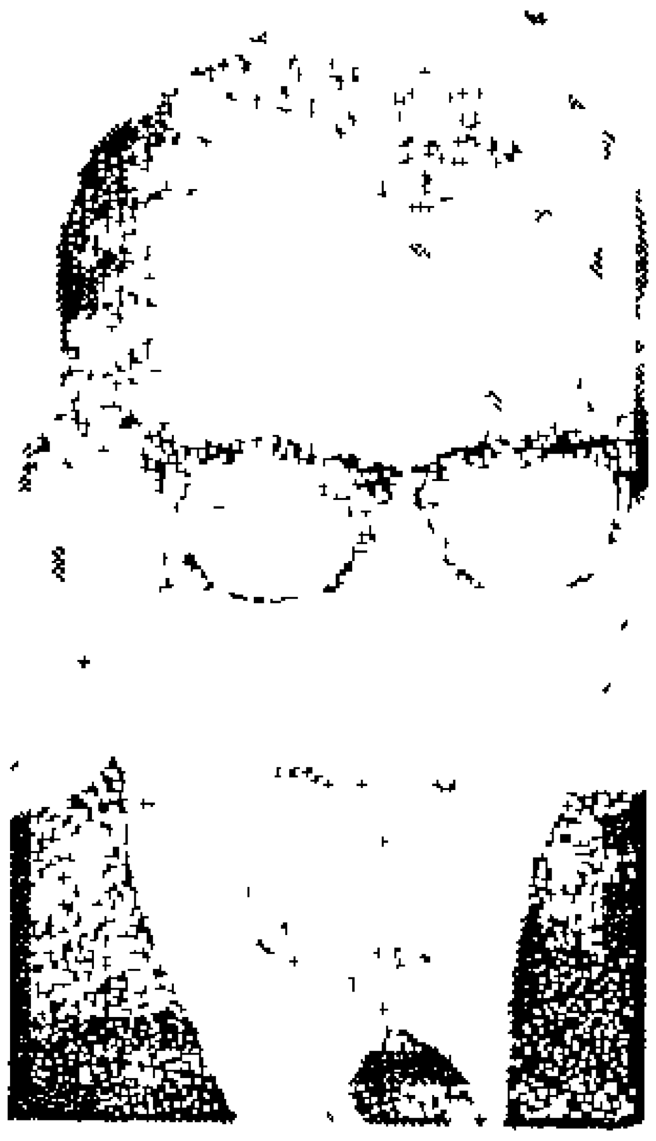
Dr Wim de Villiers will become chairman of both Kanhym and Karoo. Jack Kahn becomes joint deputy chairman along with Basil Landau.

Tjol Lategan will continue as managing director of Karoo assisted by Frans Pieterse. Jan Pickard will stay on the board of Karoo and his Asokor company will appoint one further director. Kanhym will appoint a further five nominees to the Karoo board.

Waicor, W&A pyramid, comes to market

232

RDM 18/6/80



Mr Richard Lurie has been re-elected president of the Johannesburg Stock Exchange.

Deputy Financial Editor

WAICOR, the newly constituted holding company of W&A Investments, will be listed on the Johannesburg Stock Exchange today in place of Twins Pharmaceutical, which leaves the lists after being used as its listing vehicle.

The transmuted listing document, published today, shows that W&A forecasts earnings of about 105c a share and a total dividend of 36c for the year to the end of June

This would translate into earnings of 39c a Waicor share.

Waicor intends to distribute its entire dividend income every year after payment of the pref dividend and costs The 36c dividend from W&A would translate into dividend income of 14c odd a Waicor share, but pref and other costs would reduce the actual payout.

The first dividend for which Waicor shareholders are eligible will be W&A's final of 21c, payable in September. This could translate into a maiden dividend from Waicor of 7c.

The new company will have as its only assets a 50% stake in W&A Investments and loan portion of tax of R37 000. In terms of JSE rules, it has undertaken to have at least 25% of its capital in other assets within a year.

Based on the current price of W&A of 545c, Waicor will have net assets of 200c

Because its W&A stake cost slightly more than the R14-million of cash remaining in the Twins shell after the Krok Brothers acquired Twins assets, Waicor has a commitment of R544 000 which it must pay to W&A within a year.

Mr Mannie Simchowitz, chairman of W&A, and other W&A executives have 70% of the equity of Waicor The remaining 30% is "widely spread"

Kanhym deal will boost Picardi group's liquidity

CAPE TIMES, 19/6/80

(232)

By PAUL DOLD
Financial Editor

THE Picard group will be substantially increasing liquidity and boosting net asset value through two deals. The first is the sale of Karoo to Kanhym — Assokor will retain 38 percent in the new Karoo which will be enlarged, and the second is the pending sale of 50 percent of Picfin's shareholding in Piccan to a financial institution.

Talks on the sale of the half share in Piccan for some R4,3 m are still in progress but if these negotiations are successful effective control of Piccan will remain vested in Picfin. The complicated deal with Kanhym will lead to an inflow of around R15 m.

On balance the deal is fair for both Kanhym and Asokor. Asokor is continuing to maintain a significant stake in a Karoo which should have an impressive growth pattern while overall liquidity is being increased. Kanhym in turn is set to achieve sharply higher earnings with Karoo consolidated and now within the General Mining orbit.

In the first part of the rationalization of meat interests, Karoo will buy Assokor's meat interests for some R6,3 m and in return Assokor will receive not less than 3,15 m shares in Karoo.

Step Two is for Karoo to buy Kanhym's meat interests, excluding the feed lots, for some R15,75 m and Kanhym will receive 7,875 m shares in Karoo.

Step three is for Asokor to sell sufficient Karoo shares to Kanhym to increase Kanhym's stake in Karoo to 51 percent. This should lead to a cash inflow into Assokor of some R8,5 m.

Kanhym will extend a similar offer to minority shareholders in terms of the JSE regulations. The price is likely to be around 200 c. But Kanhym says it intends retaining Karoo's listing.

Giving shareholders the reasons for the deal, Asokor's board says it was guided by the benefits which are certain to flow from the new enlarged Karoo organization and its General Mining — Union Corporation association to the extent that it believes its reduced interest will have a greater value than its existing controlling interest.

Asokor will also be receiving additional cash from the redemption of the 1,6 m Karoo prefs it holds and the repayment of certain loan accounts totalling some R5 m. This will make the total inflow around R15 m.

The price of the new Karoo shares to be issued to Asokor depends on Karoo earnings reaching 22c a share for this year, which will place a value of R2 on each share. Should Karoo's earnings be more than 22c the value will be raised.

Asokor's net asset value will rise from R2,13 to R5 after the deal. Overall Asokor will have cash and marketable securities (valued at R2 a share) of some R5 per Asokor share, totalling more than R28 m and limited financial commitments.

Clearly earnings outlook will hinge on how Asokor invests the cash but the board says that for the foreseeable future, earnings and dividends will at least be maintained at current levels.

The deal will lead to substantial liquidity and gearing benefits to Picfin and Picbel as the holding and top holding companies of Asokor. Net asset value will increase by R2,90 for Picfin and R1,60 in Picbel.

The deal will establish Kanhym as the major producer of beef in South Africa.

Kanhym which is 52 percent owned by the General Mining-Union Corporation group, will end up with 51 per cent of Karro.

Kanhym has announced a one-for-two rights issue at 700c a share to raise R22,2m. Kanhym says this money will be sufficient to fund the meat industry restructuring and its participation in the development of coal reserves that lie under some of its farms.

No further details about the intended coal project are available at this stage.

After completion of the deal and rights issue, Kanhym will control gross assets totalling R130 m and earnings per share will (on a weighted average, annualized basis) be up by 36 percent over the record 64,3 c earned last year.

Under stock exchange regulations Kanhym will extend a bid at the same price to minority shareholders. It is however, Kanhym's intention to retain Karoo's listing, and to continue to develop it as a major meat trading company operating throughout South Africa.

Karoo will further unscramble its involvement with Asokor by repaying over the next 12 months all its loans and by redeeming after five years its 1,6m pref shares, all of which are held by Asokor.

Karoo emerges as the R400m-a-year meat trading arm of Kanhym, owning manufacturing operations and 130 retail outlets, 90 of them in supermarkets. The deals boost both earnings and net asset value per share by 15 percent, after taking into account the increase in its issued share capital from 12,3m to 23,4m shares.

Flowing from all these transactions, the boards of Kanhym and Karoo are to be restructured. Dr Wim de Villiers, executive chairman of Genmin becomes chairman of both Kanhym and Karoo.

Mr Jack Kahn, chairman of Kanhym since the company's listing on 1969, becomes joint deputy chairman along with Mr Basil Landau, who is the executive director of Union Corp with responsibility for industrial investments.

At Karoo, Mr Tjol Lategan continues as managing director and will continue to be assisted by Mr Frans Pieterse.

Mr Jan Pickard stays on the board and his Asokor company will be able to appoint one further director, while Kanhym will appoint a further five nominees to the Karoo board.

Options open to Gaydon holders

232

RDM 19/6/80

By ELIZABETH ROUSE

THE TAKEOVER of Gaydon Southern Holdings, the holding company of the car parts group Quinton Hazell Superite, by a consortium headed by Mr Isaac Kaye and Mr Peter Goldberg presents minority shareholders with six options.

Basically, the offer depends on three options Gaydon minority shareholders can either accept an offer of 68 Quinton Hazell Superite (QHS) shares for every 100 Gaydon shares held at a price of 60c a QHS share, payable in cash, or accept an offer of 44,2c a Gaydon share, or reject the offers

Through the offer of QHS shares, Gaydon shareholders, who have invested in Gaydon so as to participate in QHS, maintain their proportionate share in QHS

This side of the deal is tied up with the disposal by Gaydon of its 56% interest in QHS

But the crux of the deal is the consortium's acquisition of Burmah Oil South Africa's 89% holding in Gaydon This holding has been acquired by the consortium at 44,2c a share and the consortium is making a similar offer to Gaydon minorities

They will also get an interim dividend of not less than 1c a share, to be declared on July 1

This offer price is in line with expectations as offers for cash shells are always pitched at net asset value prices It was predicted that the offer price would be well below Gaydon's pre-suspension market price of 68c.

After the takeover, Gaydon will have net assets of about R2 350 000 or 41,4c a share, represented by cash The listing will be retained and the consortium will "seek suitable investment opportunities for the company"

At this stage an earnings projection is impossible, but judging by Mr Kaye's record, a ride with Gaydon shares could be exciting

The two offers, the opportunity to buy QHS shares and the opportunity to sell Gaydon shares, are not dependent on each other

Gaydon minorities may retain their Gaydon shares, accept the offer of 44,2c a share or sell their Gaydon shares after relisting

The shares will be reinstated on the Johannesburg Stock Exchange today

Gallo offered 265c by Prem Mill

232

186

187

RDM 19/6/80.

Financial Reporter

PREMIER Milling has confirmed that it is the bidder for Gallo at 265c a share. The takeover will not, however, be 100%.

Premier is to acquire 55% of the shares of the controlling shareholders — Mr E G Gallo, Mr A G McGrath and Mr P A Gallo — and is extending the bid to 55% of the shares of minority holders

The present controlling shareholders have agreed to sell additional shares should any shortfall from minorities need topping up to make Premier's stake 55%

A statement issued by Barclays National Merchant Bank on behalf of Premier and Gallo says. "Gallo has, subject to shareholders' approval, agreed to acquire from Premier its bookshop division, the consideration for which will be the issue to Premier of approximately 1 683 000 new ordinary shares in Gallo.

"The bookshop division includes 15 retail outlets throughout the Republic, a specialist subscription agency for technical journals and publications, a wholesale distribution operation and printing and publishing.

"The directors of Gallo estimate that the earnings of the company for the year ended June 30 will be not less than 50c a share, before adjusting for any convertible preference shares converted into ordinary shares in terms of the company's executive share incentive scheme

"There will be no material effect on the net asset value of Premier, but the acquisition would have resulted in an increase in Premier's earnings for the year ended March 31 of approximately 3c a share"

COMMENT: Gallo makes and distributes records and tapes, consumer electonic products and audio-visual equipment.

Under the direction of Mr Gerald McGrath, the company last year returned a record-breaking profit after three miserable years before.

Premier Milling is, of course, a large and diversified food group which last year reported a solid profit rise after two previous disappointing years.

The cost of the 55% stake will be around R7-million.

R130m giant born of multiple meat marriage

(232) RDM 19/6/80.

By DAVID CARTE

Deputy Financial Editor

SOUTH AFRICA'S biggest integrated beef company, with assets of R130-million, and turnover of more than R400-million-a-year, was created yesterday with the marriage of Kanhym, Union Corporation's 52%-owned beef and coal interest, and Karoo, the meat trading company previously controlled by Mr Jan Pickard's Asokor.

Simultaneously, Kanhym has announced a 1-for-2 rights issue at 700c a share to raise R22 200 000 to fund both this restructuring of its meat interests and Kanhym's coal operation.

In terms of the complex deal, Kanhym will assume control of Karoo from Asokor, the holding company in the Pickard Group, at an effective price of 200c a share, a price that is conditional on Karoo's earning 22c and paying a dividend of 13c in the year to the end of June

The 200c, which is to be offered to minorities, is a 33% premium on the 150c obtaining before Karoo was suspended

The mechanics of the deal are Kanhym will obtain 51% of Karoo from Asokor, retaining its farming and feedlots, but selling its wholesale and retail meat operations to Karoo for 7 900 000 Karoo shares

At the same time, Asokor is selling its meat interests to Karoo for about 3 150 000 Karoo shares.

Kanhym will buy for cash enough Karoo shares from Asokor to bring its stake in the enlarged Karoo up to 51% At 200c, Kanhym will be paying about R8 500 000 cash to Asokor

A statement released by General Mining Union Corporation forecasts that on completion of the deal, Kanhym's earnings a share on a weighted average basis will be up 36% on the record 64,3c of last year

Karoo emerges from the deal as a R400-million-a-year meat trading arm of Kanhym It will have manufacturing operations and 130 outlets, 90 of them in supermarkets Earnings and net asset value are increased by 15% after taking into account the increase in share capital from 12 300 000 to 23 400 000 shares

The deal reduces Asokor's stake in Karoo from 78% to 39% Apart from its stake in Karoo, Asokor will have R15 100 000 in cash and loans after the deal

Kanhymn retains its beef feedlot operations, its general farming activities, its 50% holding in the coal-mining operation and gets 51% of the enlarged Karoo

Dr Wim de Villiers, chairman of General Mining Union Corporation, becomes chairman of both Kanhym and Karoo, and Mr Jack Kahn, chairman of Kanhym since 1969, becomes joint deputy chairman alongside Mr Basil Landau, who heads Union Corp's industrial interests At Karoo, Mr Tjol Lategan continues as managing director, assisted by Mr Frans Pieterse Mr Jan Pickard stays on the board

COMMENT: The deal appears favourable to all affected parties.

Union Corporation's interest in meat, previously trivial, is now more substantial.

Kanhym obtains a national spread of outlets and better utilisation of its feedlots — something it could never have obtained for the R25-million this deal has cost.

Karoo, previously heavily geared, gets the financial muscle of Union Corporation, not to mention access to Kanhym's cattle, management and markets. More important, the deal has unlocked the value that has been latent in Karoo for years — value that has been unrecognised by the JSE.

Together, Kanhym and Karoo emerge as much more serious contenders in the meat business alongside the previously much bigger ICS and Vleissentraal.

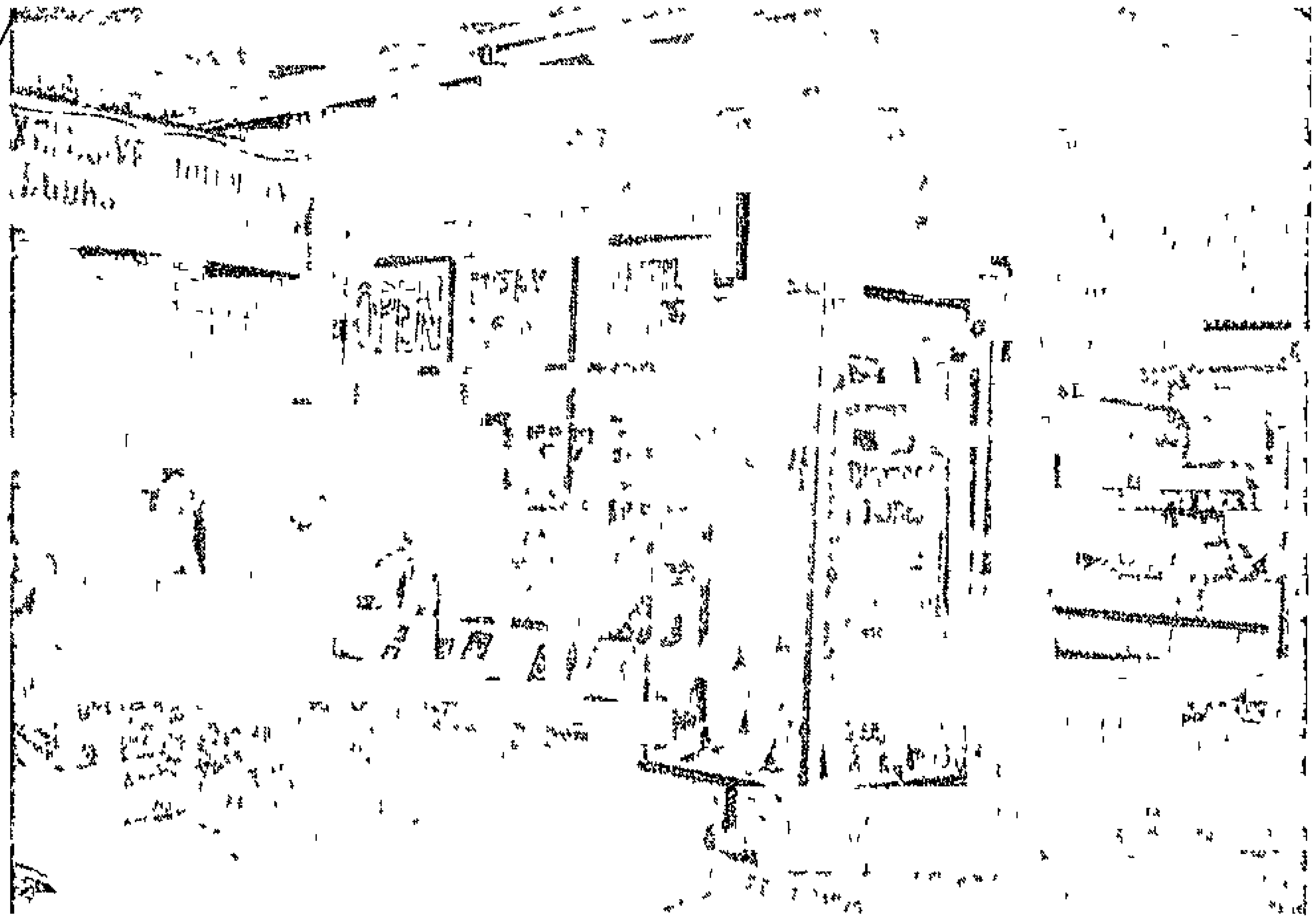
In a low margin business such as beef, the fixed cost savings from rationalisation and vertical integration, not to mention much bigger volumes, will be a major plus factor for Kanhym

Mr Jan Pickard, Pickard Beleggings and Asokor are probably the biggest beneficiaries of the deal All the suspended shares should rise on relisting and it will be surprising if many Karoo minorities accept the 200c being offered.

GALLO/PREMIER FM 20/6/80 (232)

Broader market

Though the 265c offer to Gallo minorities by Premier Milling is fair, it is unlikely to gain wide acceptance But this is what Premier wants, and minorities could have

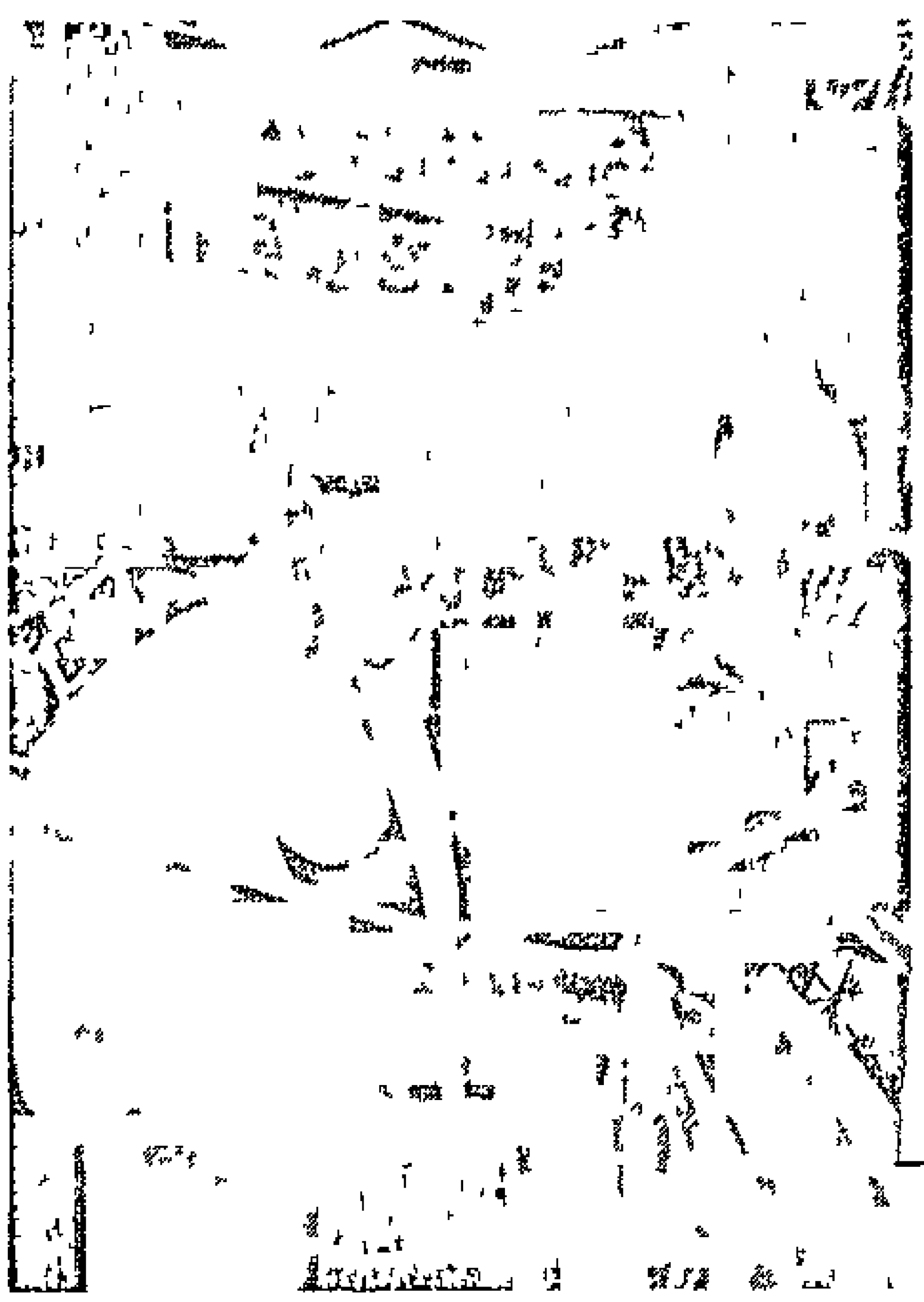


Books have been profitable for Premier . .

a good run in future years in view of the planned injection into Gallo of Premier's profitable bookshop division

Premier has acquired a 55% holding in Gallo from the Gallo family and MD Gerald McGrath at 265c a share This is effectively an exit price of 250c plus the 15c final dividend that would have been paid to Gallo shareholders for the year to end-June Gallo paid a 10c interim on earnings of 30c, and forecasts an annual figure of not less than 50c On this forecast total dividends for the year would have been 25c — the highest payout ever

In terms of the arrangement (*Fox* June 13) Premier's book retailing and supply division will be injected into Gallo for the issue to Premier of 1,7m Gallo ordinaries At a PE of around five times, this puts a



. . . but records will spin even more

value on the book division of around R4,3m The division includes 15 retail outlets and a wholesale division, as well as subscription agencies for technical journals

Had the bookshop division been included in Gallo for the year to end-March, there would have been no material effect on earnings or net assets This indicates that the division earned some R845 000 after tax in that period, which would approximate R1 4m pre-tax In addition, the division has an estimated annual turnover of between R12m and R14m For Premier, books have been profitable The book-pharmaceutical division contributed R5 6m (R4,4m) to trading profit last year — a 27% increase

Had Gallo been part of Premier in the year to end-March earnings would have increased 3c to 103c a share

Though there are bound to be some gripes about the relatively low price, it does offer an exit PE of five and represents a premium on assets of about 80% Staying aboard is probably the advisable course since Premier is bound to have expansion plans which will benefit Gallo shareholders, whose own company was limited in its current markets These plans could well be the injection into Gallo of another of Premier's non-food interests, such as Hampo Trading

Des Kilalea

(232) FM 20/6/80.

fox

KANHYM/KAROO

Fleshing out

Speculation that Kanhym was about to get out of farming and meat to concentrate on coal mining could not have been further from the mark The company is, in fact, increasing three-fold gross assets employed through absorption of meat trading interests of the Picardi group This will, furthermore, enhance earnings per share despite a planned rights issue

Because of the number of companies involved on the Picardi side, there is inevitably a lot to the deal The basic components are the purchase by Karoo of meat trading interests of both Asokor (its immediate holding company) and of Kanhym, and the purchase by Kanhym of a sufficient number of Karoo shares to raise its stake in the company to 51%

With the exception of the last leg, the deal is all paper Karoo is issuing a minimum of 3,15m shares to Asokor, and a maximum of 7,88m to Kanhym in exchange for their meat trading interests This will raise its issued capital to about 23,4m shares from 12,3m at present Then Kanhym will acquire over 4m Karoo shares from Asokor at about 200c apiece to raise its stake to 51%, leaving Asokor with an interest of around 38%

These terms have been based on an estimate that Karoo will earn 22c for the year ending June 30, and will be subject to adjustment should the company exceed this

The main attraction to Kanhym is a major expansion of its meat distribution facilities At present this activity is confined mainly to the Transvaal and Natal But with the Karoo network at its disposal, distribution will be nation-wide and Kanhym Beef as a trade-name will be actively promoted

A secondary benefit is that Karoo, which will continue to manufacture and market its traditional meat products, is expected to purchase an increased proportion of its raw meat requirements from its new parent, thus enhancing the whole cattle farming operation of Kanhym

To finance the purchase of the Karoo shares from Asokor, and also for the further development of its coal interests, Kanhym is to raise R22,2m through a 1-for-2 rights issue at 700c This is finely pitched in relation to the pre-suspension price of 710c, but with the earnings benefits from the acquisition of Karoo, it should prove viable The General Mining group and the Kahn and Kramer families, who together own more than 70% of the equity, have already indicated they will follow their rights, with the rest being underwritten by Genmin

Kanhym estimates earnings on the increased capital at about 87,5c on an annualised basis for the current 15-month accounting period Of this, about 4c will be attributable to the acquisition of Karoo The deal is thus enhancing earnings by some 5% If the normal dividend policy is followed, the annualised dividend total will probably be 40c, yielding a theoretical 5,7% at the issue price

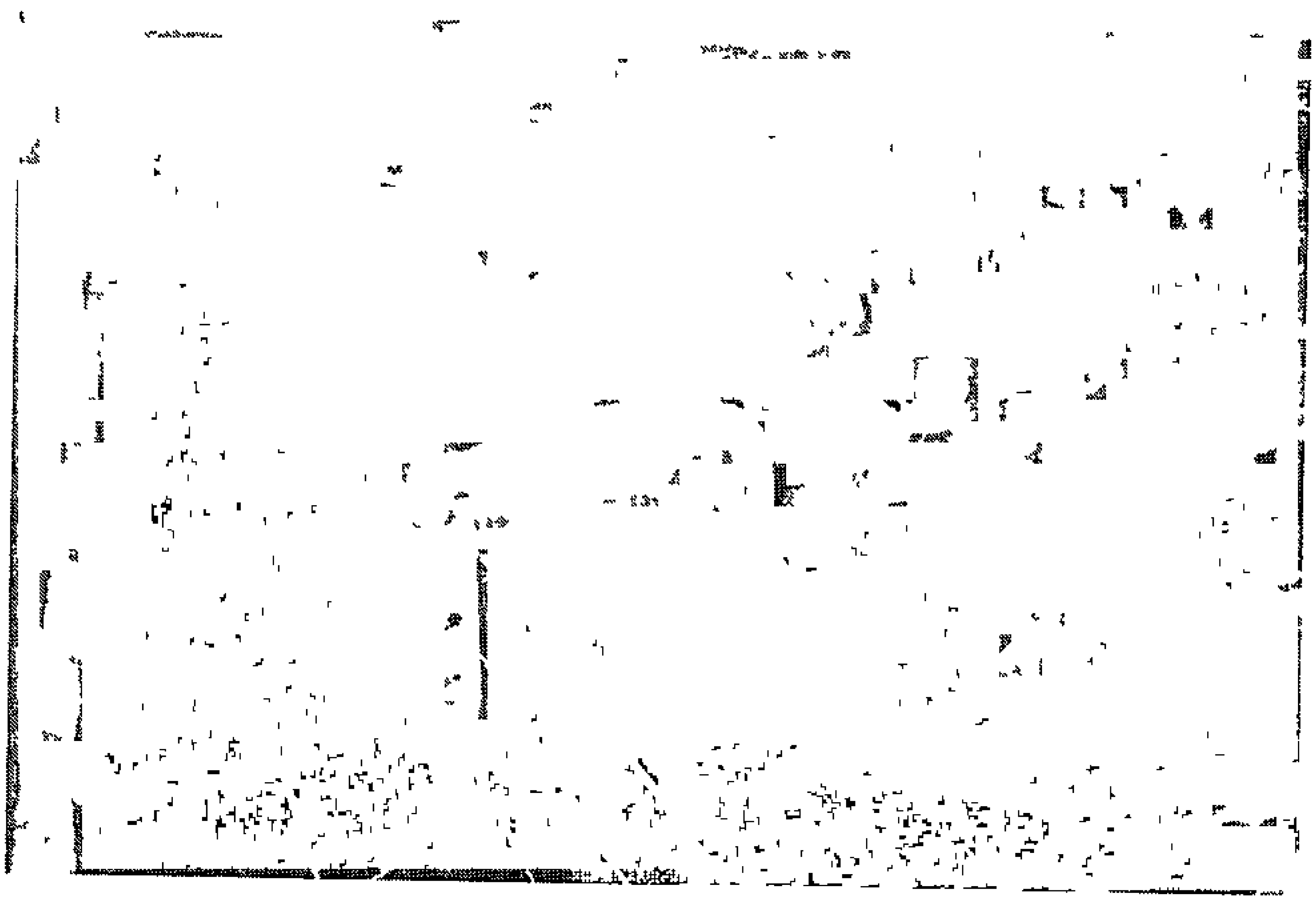
About R8,5m of the new funds will go to Asokor, and Kanhym may also have to help out with the repayment of Karoo loans from Asokor totalling R5m This would leave R8,7m for coal developments once the investigation into this venture has been completed

From Asokor's point of view, it will have, in addition to R13,5m cash, a 38% interest in Karoo and will receive a further cash inflow of R1,6m over the next five years as Karoo redeems its pref shares

Its profit outlook obviously depends on how these funds are reinvested But it is perhaps noteworthy that chairman Jan Pickard believes the 38% stake in the larger entity will be worth more than the present 82% interest in Karoo as it now stands This is reinforced by the fact that the net asset value of Asokor increases from 213c to 500c

Karoo minorities will have the option of either staying with the company or accepting an offer of about 200c a share from Kanhym They are unlikely to do so, however, as the company envisages its earnings increasing by about 15% as a result of the deal It has forecast a 13c dividend for the current year, based on the earnings estimate of 22c And if this rises proportionately after the deal, the prospective dividend yield would be about 7,5% at the offer price

Brian Thompson



Kanhym broadening the market's field

Retco turned down 90c bid

(232) 7/(5) RDM 20/6/80

By DAVID CARTE
Deputy Financial Editor

RETCO TURNED down an offer of 90c a share from a group of pension funds in unsuccessful negotiations in April, Mr Dick Goss, the chairman of Retco and managing director of SA Breweries, told a disaffected Retco founder-shareholder at the annual meeting in Johannesburg yesterday.

Questioned by Mr Geoff Leveson, SC, on behalf of Mr Bill Trollip, the holder of 110 000 shares and one of the founders of Retco, Mr Goss said the negotiations were terminated because they looked as if they would continue indefinitely and 17 000 shareholders were being inconvenienced by the share's suspension.

Retco was suspended at 75c and today stands on 62c It had net assets of 105c at the last balance sheet

In reply to another of Mr Trollip's questions, Mr Jimmy Ward, managing director of Retco, acknowledged that a merchant bank, Finansbank, had offered Retco the opportunity of bidding for control of OK Bazaars before SA Breweries acquired it

"I had certain casual discussions with the managing director of Finansbank and he was to-ing and fro-ing between OK and me When I realised that the controllers of OK were interested in selling their entire stake, I knew Retco did not have the resources for the acquisition We could not issue shares After speaking to Mr Goss, I suggested to Finansbank that SAB might be interested. And the respective parties took it from there"

Mr Goss told the meeting that 36 out of 44 buildings obtained from SA Breweries had subsequently been sold

"That's an indictment of something," said Mr Trollip.

Mr Goss disclosed that the eight remaining buildings, taken over from SAB at a book cost of R2 221 000, earned R154 000 last year — yielding less than 7% on cost

He said most the other properties had been sold at capital profits The Cecil Hotel in Bloemfontein, for instance, had been sold for R495 000, compared with a capital cost of R400 000

"That is a low return on cost over a 10-year period of high inflation" said Mr Leveson

Mr Goss said the hotels yielding an unsatisfactory return would be sold when possible Retco had plans to revamp several properties It intended building a 312-bay parking garage in Eloff Street. This would justify the renovation of several Retco buildings in the area

Questioned on the purchase of Arbitrage Properties, adjacent to the Johannesburg Stock Exchange, Mr Goss said that although it had been bought in 1973, because of the JSE's indecisiveness about the size of its development, there and problems in removing tenants on the site, transfer had been effected only in 1976

In 1976 Retco shareholders had been told that a R30-million building would be built there Economic events — a huge oversupply of office space in Johannesburg — had overtaken the company and in 1977 the plan was shelved indefinitely. To date capital, interest and holding costs amounted to R6 300 000

Retco would be prepared to sell the site or swop it for income-producing properties if it could, even at a loss, but there were few potential buyers who could afford it

Mr Trollip intends to write a circular to all Retco shareholders complaining about this property "bought at an incredible price that has not yielded a cent" He says he is amazed that Retco and the JSE could conclude a purchase and not ensure that tenants were off the site in reasonable time

Mr Trollip asked why Retco had never been granted one property development contract by SA Breweries or its subsidiaries, why in particular Retco had not been offered participation in developments by Southern Sun and OK Bazaars

Mr Goss said SAB and its subsidiaries could not prejudice their shareholders by granting special rights to Retco They had to deal with Retco on an arms-length basis, but Retco was free to compete with other property developers

Mr Trollip asked one of the directors of Retco, Mr G T MacRobert, how many shares in Retco he held, how many meetings of Retco he had attended, how much time he had spent on the affairs of the company and what his remuneration as a director had been

Mr MacRobert replied that he had 6 000 shares, he had attended all five or six meetings. He missed one while on leave His director's fee was R2 000

Mr Trollip alone opposed the reappointment of Mr MacRobert as a director One shareholder opposed the reappointment of Mr Jimmy Ward. All the other directors were reappointed unopposed

SA Brews to spend R170m

182 232 RDM 20/6/80

By DAVID CARTE
Deputy Financial Editor

AFTER PUSHING up turnover 30% to R1 766-million, taxed profit 34% to R100-million and earnings a share 31% to 33,6c and spending a gross R142-million on expansion in the past year, SA Breweries plans to spend another R170-million in the current financial year and is budgeting for better profits in all divisions.

These are some of the highlights in Dr Frans Cronje's chairman's report which is full of records, optimistic forecasts and figures resembling telephone numbers

The group last year spent a total of R142-million, mainly on extending SAB's northern breweries, funding expansion in Southern Sun Hotels and OK Bazaars, increasing Afcol's stake in Romatex and bolstering working capital by R55 900 000

It reduced assets by R60-million in the liquor industry reorganisation, with the result that group net assets increased R82 300 000 to R836 315 000

Another R120-million will be spent this year mainly on brewery expansion, completion of the Caledon maltings project, OK Bazaars expansion and Phase 2 of the Sun City complex In addition, working capital needs will increase another R50-million

Depreciation will provide R35-million of the R170-million required and the rest will be funded by retained earnings and borrowings SAB's total interest bearing debt to shareholders funds was only 50% at the yearend compared with its self-imposed restraint of 60% and interest cover increased to 6,5

The latest results mean that SAB has increased earnings a share at 15% a year compound during the past decade and return on equity has improved from 9,8% to 18,8%.

Beer sales rose 20% in volume terms to 6 600 000 hectolitres last year, while beer profits rose 30% to R28 300 000 in spite of one-off costs related to the industry reorganisation Capex in the beer division will amount to R80-million this year

Following the acquisition of Intercontinental Breweries and the reduced stake in wine and spirits through Cape Wine & Distillers, SAB must divest itself of all its bottle-store licences over the next 12 years.

SAB is budgeting for sharply reduced wine and spirit profits in the year ahead In 1979 Stellenbosch contributed R14 400 000 to group profit. This operated within the SAB group for the first half of the year

But only a third of its profits were brought to account in the second half after the reorganisation, with the result that wine and spirits last year contributed R11-million Next year their contribution is expected to fall to R8-million. Soft drinks, Appletiser and Coca-Cola, brought in R1 400 000 All told, beverages brought in R42 600 000 against R38 400 000 - about 43% of the total against 52% in 1979.

Retail and hotels contributed an attributable R41 300 000 — 41% of the group total — compared with 36% in 1979

OK brought in R19 100 000 against R14 700 000 — 19% of total attributable profit compared with 20% in 1979 — and Southern Sun weighed in with an attributable R13 700 000 (R8-million) This represented 14% of total profit against 11% in 1979

The industrial division contributed R14 700 000 compared with R8-million — 15% against 11% Of this, Afcol contributed R13 900 000 against R6 100 000.

OK, Southern Sun and Amrel are all budgeting for "satisfactory" earnings growth in the current year

Southern Sun is to spend R10-million extending Sun City — an "overwhelmingly successful" venture — which by the yearend had cost R32-million, and R30-million on a 350-bedroomed hotel in central Cape Town.

Building of the Cape Town hotel starts this year It will be completed by 1983. Southern Sun is looking for a "satisfactory" increase in earnings

While Afcol earnings "cannot be expected to increase at the same rate" as 1979, the stake in Romatex and a fair climate should ensure "good growth in earnings"

RDM 30/6/80 232 (4+) (14)

Courtaulds sells

COURTAULDS, the British textile giant, has sold FCW Knitwear (Pty) of Johannesburg to Pan Textile Group for about R2 400 000

Pan is a subsidiary of SA Nylon Spinners which is owned by AECI

The deal does not mean that Courtaulds is following the path of some other British companies and winding down its investment in South Africa

A statement says that "Courtaulds intends to concentrate and strengthen its other investment interests in South Africa"

In any case ICI of Britain is one AECI's two major shareholders The other is De Beers

Columbus deal off

RDM 20/6/80.

232 Financial Reporter

THE takeover deal by Columbus Holdings of Nuco (Pty) has fallen through

Columbus shares are, however, being relisted today — almost a year after their suspension

A statement says: "As the preconditions relating to the proposed acquisition of Nuco (Pty) have not been fulfilled the merger is not proceeding

"Columbus has ceded its claim against Nuco in respect of amounts advanced to Nuco to a third party and the assets of Columbus now comprise cash and secured funds repayable at call amounting approximately R510,000 (25,5c a share).

"The directors of Columbus will actively pursue investigation of other possible acquisitions for the company."

A consortium headed by Mr Peter Gain, Usat Trust, acquired control of Columbus — a cash shell — from Mr David Lewis and associates last year for 32c a share.

Nuco, Nigel Uranium Company, is involved in a mini-Ergo operation of recovering uranium from slimes dams acquired from the old Nigel Gold Mine

What was intended was a reverse takeover of Nuco by Columbus which would then have been listed on the Johannesburg Stock Exchange in the gold sector.

Now Mr Gain must look elsewhere. Minority holders will be made the same 32c a share offer that went to Mr Lewis and his group.

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Copying

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Guns for Access

RDM 21/6/80

Own Correspondent

DURBAN. — Marshall Guns, the Durban-based importer and distributor of guns and ammunition, has sold a 51% interest in the company to the JSE-listed Access Investments for R300 000 and 287 400 Access shares.

The company started business in Durban when Mr Dennis Monk and his associates bought the trading licence and stock from the Marshall Industrials group which went into liquidation

Access, which was carved out of the Gooderson hotel empire, has sold two Klerksdorp property-owning companies to Mr J G Terblanche for R381 000 Access will receive R181 000 in instalments after deduction of a R200 000 mortgage bond.

The properties have been leased to Century Hotels. The transaction dates from March 1 and will be concluded in March 1982 with the last payment.

In a notice to shareholders a director, Mr L Wolf, says that after writing off goodwill equal to 6c a share on the Marshalls Guns transaction it is not expected that the two deals will have any effect on the net asset value

It is expected that earnings for the year to August 31 will rise from 2,5c to 3c a share.

Morlite buys again

232 RDM 2/6/80

Deputy Financial Editor

IN A further diversification out of building materials, Mr Jimmy Haslam's Morlite Holdings has bought Boksburg Foundry for R1 775 000.

This is Morlite's third steel and engineering acquisition in recent months In May it bough Forge Engineering and Benoni Forge for 500 000 new Morlite shares and R290 000 in cash

Morlite will pay R1 355 000 cash and issue 350 000 new shares at 120c for Boksburg Foundry.

The acqusition will increase net assets by 5c a share to roughly 215c The acqusition comes into effect only after the end of June, so it will not affect earnings in the year to June But it is expected to add 4c to earnings in 1981

2327

Unisec may buy Unidev minorities

EDM 21/6/80

Deputy Financial Editor

THE LISTING of Unidev, the property company in the Unisec portfolio, was suspended on the JSE yesterday pending discussions which may lead to a take-out of minorities.

This is the third time in a year that Unidev has been suspended Negotiations with Sage and Sanlam fell through last year

Unisec has long been regarded as a willing seller of Unidev, but establishing an acceptable price seems to have been a problem

Now, with property recovering fast, Unisec seems to have changed its ideas about selling and appears to have decided to buy.

If it pays the 48% minority only 250c, the market price prevailing yesterday at suspension, the minority will cost a minimum of R13 500 000 This should present no problems to Unisec in the wake of the recent R20-million loan issue

The Unidev report last year said "group assets are irreplaceable at historic cost and the value of the properties is continually rising as rentals and income improve At present the group rent roll is running at R15-million " Net assets, with the buildings in at historic cost, at the time of the last report was 154c Sage was negotiating last year at around 250c.

This suggests that a healthy premium will be paid over the pre-suspension price — possibly 300c

The market appears to have pre-judged the deal in the interests of Unisec The Unisec share price rose 12c to 237c yesterday afternoon

Some minorities, among them the largest minor holder, Mr Norman Bank, are rumoured to have been disappointed when last year's negotiations fell through. Mr Bank is not commenting, but the current bid could be aimed at satisfying disappointed minorities

SUN TIMES 22/6/80

(232)

Mister Takeover does it again

By STEPHEN ORPEN

THE fifth takeover in almost as many months has been engineered by the chairman of Morlite, Jimmy Haslam.

The company's latest acquisition involves 100% of the Boksburg-based group Boksburg Foundry and Boksburg Sales.

The foundry companies specialise in manganese steel castings and cost Morlite some R2-million

Mr Haslam, who owns 40% of Morlite, was earlier responsible for engineering and real estate group Maccabee's sizzling rise in profits Under his direction, Maccabee's pre-tax figures climbed from a mere R14 000 to more than R2-million in some five years.

Jimmy Haslam

The new Morlite takeover becomes effective from July 1 Morlite will pay R1,355-million in cash and a balance of R420 000 in 350 000 new Morlite ordinary shares at an issue price of 120c

Morlite's assets and earnings will not be affected in the (virtually) past financial year to end-June. But M. Haslam expects earnings for 1980-81 to be lifted by 4c a share and net attributable assets to be boosted by 5c a share

The Boksburg foundries currently enjoy a turnover of some R8-million annually, with orders worth some R1-million now on the books

Until Haslam stepped in, Morlite was a beleaguered win-

To Back Page

Mr Takeover does it again

22/6/80

SUN TIM BT

(232)

• From Page 1

dow-frame manufacturer which had produced some spectacular losses

Following stringent re-organisation, cut-backs and changes in areas of operation, profits of R189 000 were garnered in the half year to end-December last.

The first of the recent acquisitions was Ace Engineering, a components manufacturer in Springs. This was followed by Forge Products and Benoni Forge and Engineering.

Both companies were acquired mainly with Morlite shares, the total outlay being 750 000, plus R290 000 over a period.

Still on the takeover trail, Mr Haslam says he will now be looking "at engineering companies with turnovers of not less than R2-million a year."

UNIVERSITY OF CAPE TOWN
EXAMINATION ANSWER BOOK

EVERY CANDIDATE MUST enter in column (1) the number of each question answered (in the order in which it has been answered), leave columns (2) and (3) blank

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Kanhym is now full of beef

STAR 23/6/80

232

Farming Correspondent

Farming circles regard the Kanhym Karoo merger as the final coming of age of the Kanhym interests

In 1979, the Kanhym meat trading activities already contributed 42 percent to group profits Still the expansion of its integrated operations was limited by the potential of its own outlets varied as they may be

Now the inclusion of Karoo means

- The addition of a team of well established agents,
- A strengthening of its retail arm,
- The extension of its operations to SWA Namibia where Karoo owns its own abattoir,
- The lowering of costs, and increase in profits that goes with fullest use of capacity

For Kanhym's farming side the merger means that over a period of three or four years it will be able to expand its feedlot business to some 200 000 cattle annually, or roughly half the total feedlot output in South Africa

Another salient marketing point will be its dominant position in the meat supply to supermarkets

COMPETITION

Kanhym may find that its new ambitions will require a massive strengthening of its cattle buying and farmer relations activities

In a period of stagnating overall meat supply, the merger must lead to fierce competition with Vleissentraal and Imperial Cold Storage, which may add substantially to rising meat prices

Karoo's competitive position may also become more dependent on the meat boards permit policy

With Kanhym now joining the big league Pick-aid Beleggings and Asokor have bowed out of meat graciously They get 3 150 000 Karoo shares worth 200c before the merger and will be sitting on some R15m in cash and loans after this deal

A golden handshake has effectively put Jan Pickard out in the paddock with the greenest grass in summer

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3 Names must be printed on each separate sheet (e g graph paper) where sheets additional to examination book(s) are used

4 Do not write in the left hand margin

... books, notes, pieces of paper or other mate- ... may be brought into the examination room ... ess candidates are so instructed

... ndidates are not to communicate with other ... ndidates or with any person except the invigilator

3 No part of an answer book is to be torn out

4 All answer books must be handed to the commissioner or to an invigilator before leaving the examination

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

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Nuco liquidity shock

RDM 23/6/80

By DAVID CARTE

Deputy Financial Editor

NUCO, the uranium extraction plant near Nigel, which was to have been listed through Mr Peter Gain's cash shell, Columbus Holdings, has been placed in provisional liquidation.

This was confirmed at the weekend by Dr A Rowe, the founder and manager of Nuco, a company for which Columbus agreed to pay R5-million in December "subject to certain conditions"

On Thursday last week, the intended takeover fell through as certain conditions were not met

Nuco has gone into provisional liquidation owing Columbus R510 000 - Columbus' entire cash holding But according to Mr Gain, the debt was taken over by an unnamed third party "without recourse"

Mr Gain says Columbus is not affected by the development and still has assets of R510 000 cash, equivalent to 25,5c a share, which it intends to deploy in other assets as soon as it can

Dr Rowe said he was not worried about the future of Nuco He stressed that the liquidation was only provisional He said a provisional liquidation gave him time to find alternative finance and "delicate negotiations" were in progress

He would not disclose the extent of Nuco's total debt or the names of any creditors He said that apart from Columbus, no other listed company was involved

Asked who had taken over Nuco's debt to Columbus, he said he thought it was the backers of Columbus personally This could not be confirmed

Columbus watchers in the market said the recent fall in uranium prices must have been the final nail in the coffin of the project as far as Columbus was concerned

Columbus was relisted on Friday after a long suspension on termination of the Nuco deal and the share price moved from 72c to 80c — more than three times the value of the underlying cash assets.

Columbus became a listed cash shell in May 1979 after Mr David Lewis bought its underlying assets of R501 000 Soon after Mr Peter Gain — who also launched several other listed cash shells, including Marlin, Skye, and Simmer & Jack — moved in, the share price moved to a substantial premium on assets and the 32c paid for Columbus by Mr Gain and associates

New look Skye could earn 11,8c a share

232 RDM 24/6/80.

Deputy Financial Editor

ONCE IT has been reconstituted into Egoli Consolidated Mines, Skye, Mr Peter Gain's cash shell, will earn 11,8c per share and pay not less than 7c a share on an average gold price of $400 per ounce

This projection is contained in the transmuted listing statement published today

Earnings are forecast to rise with the gold price as follows: on a gold price of $450 - earnings 13,7c, $500 - 15,6c, $550 - 17,5c, $600 - 19,4c No forecasts are given for earnings on a gold price lower than $400 per ounce

These projections are based on an assumed average grade of 1,31 grams per ton of sand processed and a production rate of 40 000t per month being attained

After the reverse takeover of Skye by Johannesburg Mineral Corporation, Southern Prospecting and others for the issue of 5 350 000 new shares, deferred shares and cash and the injection of various mining assets, Egoli Consolidated Mines will have just over 10-million shares in issue

Its major assets will be 5 853 000 tons of gold bearing sand dumps and slimes dams with an average grade of 1,14 grams of gold per ton and other mining assets

At the current 135c, the share yields a prospective 5% - assuming an average gold price of $400 per ounce

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Haggie, Iscor's wire giant

RDM 25/6/80

By DAVID CARTE
Deputy Financial Editor

SOUTH AFRICA'S largest wire-making company, with prospective turnover of R80-million a year, was formed yesterday with the merging of the mild wire interests of Haggie Limited and Iscor in a deal believed to be worth at least R30-million.

The new company is to be called Consolidated Wire Industries (CWI) and will be owned equally by Iscor and Haggie Limited, the listed wire and cable manufacturer, which is controlled 35% each by General Mining Union Corporation and Anglo American Corporation

The parties are not yet disclosing sales, profits or even the value of the new venture, but a rough idea of turnover can be gained from a statement that the new company will control "over half" the R140-million, 275 000-ton a year wire industry Industry estimates are that turnover will top R80-million

Wire Industries dividend to Haggie in the last six months of last year gives a vague suggestion of the value of the new company This was R475 000 and represented only half the dividend, which on an annual basis must have totalled around R1 500 000

Taking into account earnings retained and price-earnings ratios obtaining today, authoritative industry sources close to the deal say CWI must be worth at least R30-million

Before the merger, Haggie bought the 50% of Wire Industries it did not already own from Wispeco for an undisclosed sum, taking sole control Iscor obtained its 50% stake in CWI for all of its mild wire interests throughout South Africa

The new company will employ 1 700 people and make wire and welded mesh for agriculture, public authorities, industry and security, as well as such diverse products as electric cable armour and insulation, reinforcing, wire for bolts and screws and welding, rivets, staples, household utensils and even supermarket baskets and trolleys

Consolidated Wire Industries main manufacturing facilities will be the present extensive Wire Industries works at Vanderbijlpark and the huge wire plant within Iscor's Pretoria works The latter will run completely independently of Iscor in future

Haggie will manage the operation

The deal suits Iscor, which sees its main function as manufacturing basic bulk steel rather than a semi-tertiary private sector product such as wire It accords with Government's undertaking to withdraw as far as possible from the private sector

More important, Iscor, which has been short of high quality profit-motivated management in the past, now has access to some of the best private sector management available

The deal will also be immensely beneficial to Haggie.

"We are very excited," says Haggie chief executive, Mr Richard Savage, "especially taking a longer view"

Effectively, Haggie has paid a relatively full price for the joint venture, so, although there will no doubt be some immediate benefit for earnings and assets, these are unlikely to take off immediately as a direct result of the deal Otherwise the share would have been suspended

Haggie has never consolidated its 50% interest in Wire Industries, but in future it will be too important an asset to exclude and indications are that it will be consolidated in future This alone should benefit Haggie earnings"

But more important are the longer-term strategic considerations

The deal makes Haggie much less mining and export dependent Its dependence on mining has dented its earnings curve badly in the past The ever-strengthening rand has been a threat on the export side

The merger diversifies Haggie's product range out of wire ropes, into such new domestic growth markets as agriculture, homeland consolidation, security and industry. The rationalisation of people, plant, production and products will be another spin-off

Haggie and Consolidated Wire Industries will be Iscor's biggest single customer, using 300 000 tons of steel a year

But Haggie and Iscor stress that CWI, with just over half of the total mild wire market, will still have formidable competitors and will be far from a monopoly

Because it was a share and asset swopping exercise, the latest deal hardly cost Haggie a cent of its large cash holding and, with R13-million of cash and unused facilities as yet untapped, Mr Savage says Haggie remains "very much in the hunt for suitable industrial acquisitions"

So much so that Mr John Feek, formerly chief executive of Abercom and more recently of Eddels, South Africa's biggest shoe-making company, has joined Haggie as group manager, diversification and long-range planning

There seems little doubt that this deal will push the Haggie share price to levels as yet uncharted

Golden Dumps for Govt Areas

(232) RDM 26/6/80

Financial Editor

GOVERNMENT Areas is acquiring the Golden Dumps mining interests on the East Rand of Mr L C Pouroulis and changing its name to Consolidated Modderfontein Mining.

In a related deal Govt Areas is selling its holdings in Johannesburg Mineral Corporation (Pty) and Mantech (Pty) to Mr Peter Gain's Skye group

Govt Areas is listed on the Johannesburg Stock Exchange under property and is on the outside fringe of marginal gold-mining ventures.

It incurred a loss of over R1-million in 1979.

Mr Pouroulis is managing director of Govt Areas and the deal basically links the two interests even closer.

Dr Charles Ferreira of Mercabank, which has a minority stake, is the chairman of Govt Areas

The statement issued by Mercabank says Mr Pouroulis is selling his mining interests to Govt Areas for 4 300 000 shares valued at about R6-million.

That puts a 139c a share value on Govt Areas against yesterday's stock exchange price of 195c.

It says the JSE will be asked to approve the name change to Consolidated Modderfontein and to have the company listed under the gold-Witwatersrand sector.

Govt Areas will get 500 000 ordinary and 83 333 ordinary deferred shares in Skye and R131 111 cash for the assets listed above.

The statement says: "The acquisition of assets from L C Pouroulis will have a positive influence on the earnings a share of Govt Areas, but the extent thereof cannot be established at this stage.

"The acquisition of the Skye assets should have no material influence on earnings a share."

COMMENT: The gold boom has given new life to plenty of old or dying mines and it is possible that the enlarged Govt Areas might get firmly on its feet.

But the group has to be highly speculative from a shareholder view until much more detailed information is available.

GOVERNMENT AREAS 27/6/80 FM

Modder merger

(232)

There was little immediate market reaction to the news that Loucas Poroulis' Modderfontein 74 dump treatment operations are to be injected into Government Areas However, the merger could mean dividends are more forthcoming from GGMA which has been ploughing back earnings to fund its expansion programme

The move means Poroulis will receive 4,3m GGMA shares for "millions of tons of surface materials and certain underground rights granted or applied for." In addition, Modder 74 has its own retreatment plant, incorporating a carbon-in-pulp process, which will be used to augment a similar plant at GGMA

No details have yet been revealed on Modder 74's profitability, but the major benefit of the merger seems to be that its cash flow can be applied to fund GGMA's expansion In addition, there should be tax losses available to offset against Modder 74's profits

GGMA plans to start underground production in about a month, building up to an initial 12 000 t monthly mill throughput by early 1981 and 20 000 t or more by year's end Its own plant capacity is also being expanded to 12 000 t from the current 5 000 t, which will be augmented by the 10 000-12 000 t per month capacity available at Modder The plants are to be kept at full capacity by topping up underground material with dump material

GGMA has also sold its 10% holding in both Johannesburg Minerals Corp and its management company, Mantech, to Skye (see above) for 500 000 Skye ordinaries and 83 300 deferred ordinaries However, this holding is not expected to have a major impact on GGMA's results

GGMA's 1m 6% cum red prefs issued to creditors at the time of the liquidation of the mine under a previous management are to be converted into 700 000 ords Holders of the prefs have been asked to waive their rights to dividends of R180 000 as a result of this scheme After the deal Poroulis will hold some 42% of the enlarged GGMA, which will then be listed on the JSE as Consolidated Modderfontein

The market hardly reacted to the news, pushing the share 5c higher to 195c An announcement had been expected for some weeks which helped lift the share from its 165c low earlier this year While the deal is "expected to have a positive effect" on GGMA's earnings, little upside seems likely until further details are released on the effects of the merger

Des Kilalea

HAGGIE FM 22/1/80

Consolidating wire

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Haggie and Iscor have become partners with the merger of their mild wire interests The formation of the new company, Consolidated Wire Industries, is in line with government policy of diverting certain State-controlled activities to the private sector, but the effect on Haggie's earnings will probably not be significant until 1982 Nevertheless, with a prospective annual turnover in excess of R80m, CWI will be SA's largest wire-making company, and Haggie's MD Richard Savage, appointed chairman of the new company, is extremely hopeful about prospects in the medium term

Prior to the merger, Haggie purchased the 50% interest in Wire Industries held by Wispeco, thereby making WI a wholly-owned subsidiary The purchase price has not been revealed, but no suspension of Haggie shares was necessary as it amounted to less than 10% of shareholders' funds In line with the current value of Haggie's original investment in the company, however, a R6m ticket was probably involved

In return for its mild wire assets, Iscor has received half of the CWI's 4m ordinary shares Although its wire division is presently situated inside the Pretoria works, it will operate independently

Haggie's near-term advantage from the venture is not altogether clear It has obviously swopped its stake in the smaller Wire Industries with a turnover of R32m last year, for a 50% share in what could become the market leader in the R140m merchant wire products industry Haggie will be responsible for group management, although each partner will put forward four board members and the chairmanship will rotate every two years

But the effect on Haggie's earnings will be minimal in the current year Assuming it continues to report only dividend income from its holding in CWI the net increase from an amount double last year's R475 000 would be a mere 3c increase on 102 8c It seems possible, however that CWI's earnings could be consolidated from next year And the merger will eventually lessen Haggie's dependence on sales to the mining industry

Fiona Halse

'G LOOSE

fox

FM 27/6/80 232

BP/SELTRUST

What's in it for Anglo?

At first blush British Petroleum's proposed bid for London-based mining group Selection Trust has little to do with SA Seltrust has an exploration programme here and an equity stake in gold producer Unisel BP has its coal reserves Apart from that, the connection is relatively small

But though a bid might be the end of the story as far as BP and Seltrust are concerned, the spin-off in other directions could well have considerable impact on the structure of SA's mining industry

Seltrust's largest shareholder (27%) is Charter Consolidated And if, as London analysts believe, BP pitches a bid at just over £13 a Seltrust share, Charter's holding is worth more than £100m Though BP's hand was in part forced by leaks of its plans, it is a reasonable assumption that they were made following agreement with Charter If the price is right Charter is a seller

But what does Charter do with the cash — likely to be more than £80m after capital gains tax? The easy answer is that it will be used to extend the company's European and North American interests

That was the line put out at Tuesday's press conference in London to announce Charter's preliminary results As MD Neil Clarke put it, Charter proposes to follow its normal policy

Under normal circumstances that would be enough to be taken at face value For example, a bid could be put together for the Cape Asbestos minorities or a full bid made for Anderson Strathclyde As it is, circumstances are not normal Anglo's relations with 25%-held Cons Gold are apparently not good With a 25% interest, the Anglo group is surely entitled to Cons Gold board representation But Cons Gold's management is fighting tooth and nail to prevent the man they know as "Jaws" introducing his nominees And something has to be done soon if the row is not to become public, especially as Anglo seems to be out to gain effective control of GFSA

As some London cynics put it, Charter's "normal policy" is to follow instructions from 44 Main Street, and the cash from accepting the BP bid for the Seltrust holding will be earmarked for just that purpose

Again as London sees things, the Anglo group's restructuring is far from complete Permutations are enormous, but one option which keeps resurfacing is that a cash-flush Charter will make a cash and paper bid for the 38,8% of Minorco held by Anglo and the 41,2% held by minorities At current London market levels, that would mean a price tag of around £250m — not an impossible amount to put together particularly if there is backing from parent Anglo

Then, so the theory goes, Anglo would trade its eventual Charter stake or some of Charter's assets with Cons Gold for a greater direct holding in GFSA That would be accompanied by an undertaking that once this had been dealt with, Anglo would either wind down its holding in the group or at least refrain from seeking any management say at board level

Harry Oppenheimer . . . holding the key to GFSA

Taking over Minorco and then getting rid of it is not an altogether likely proposition given the Oppenheimer family's concern for Minorco's success But Charter could enlarge itself by buying some of Minorco's assets, including, perhaps, the 29% stake in Engelhard Minorco could easily deploy the cash elsewhere

The attractions for Anglo of a controlling stake in GFSA are obvious, though it would result in a lesser operational role outside SA But even that may not be too much to pay There have already been anti-trust rumblings in the USA over Anglo's indirect interests in precious metal traders Engelhard and its direct and indirect holdings in Johnson Matthey But are they really that important to Anglo? The group, directly and through side-kick JCI, has majority control of Rustenburg, and that is where the ultimate power lies in the platinum market

There could, of course, be several side deals, particularly if Anglo wants to hold on to parts of its overseas empire currently held through Minorco and Charter But they are to all intents and purposes irrelevant to the main goal which is effective control of GFSA And if, as seems to be common knowledge, Cons Gold's board would do almost anything to get Harry Oppenheimer out of its hair, any reasonable deal would be accepted In any event, Cons Gold's policy for several years has been to increase its non-SA exposure

All this is, of course, hypothesis at this stage But in any event, Anglo is unlikely to be happy until its direct or indirect control of GFSA is sewn up

Once that is complete, attention can be turned towards tidying up another part of the empire, JCI and Rustenburg That may not be far off especially if, as seems likely, the recent resignation of a JCI director presages an increased number of Anglo nominees on the group's board As it is, many of JCI's major development proposals have already to be agreed by Anglo

SA BREWERIES

Fm 27/6/80

Profitaholic

482 232

Activities: *Diversified liquor group with a monopoly of the SA beer industry and a 30% interest in Cape Wine & Distillers Subsidiaries include Afcol, Amrel, OK Bazaars, Southern Sun and Solly Kramer Main shareholders are JCI (19%) and Old Mutual (10%)*
Chairman: *Dr F J C Cronje, managing director R J Goss*
Capital structure: *222,4m ordinaries of 20c 1m 6,2% prefs of R2 12,6m 7% red prefs of R1, 2,5m 7% prefs of R1, 1,6m 8% red prefs of R1 Market capitalisation R734m*
Financial: *Year to March 31 1980 Borrowings long- and medium-term, R194m, net short-term, R76,4m Debt equity ratio 47,8% Current ratio 1,6 Group cash flow R125,7m Capital commitments R106,2m*
Share market: *Price 330c (1979-80 high, 342c low, 120c, trading volume last quarter, 3,2m shares) Yields 10,3% on earnings 5,0% on dividend Cover 2,1 PE ratio 9 7*

	77	'78	'79	80
Return on cap %	15 4	15 6	13 6	16 2
Turnover (Rm)	1 324	1 428	1 363	1 766
Pre tax profit (Rm)	86 0	96 7	84 4	118 2
Gross margin %	8 1	8 1	7 8	8 1
Earnings (c)	21 7	23 7	26 3	34 0
Dividends (c)	9 5	11	12	16 5
Net asset value (c)	135	153	165	188

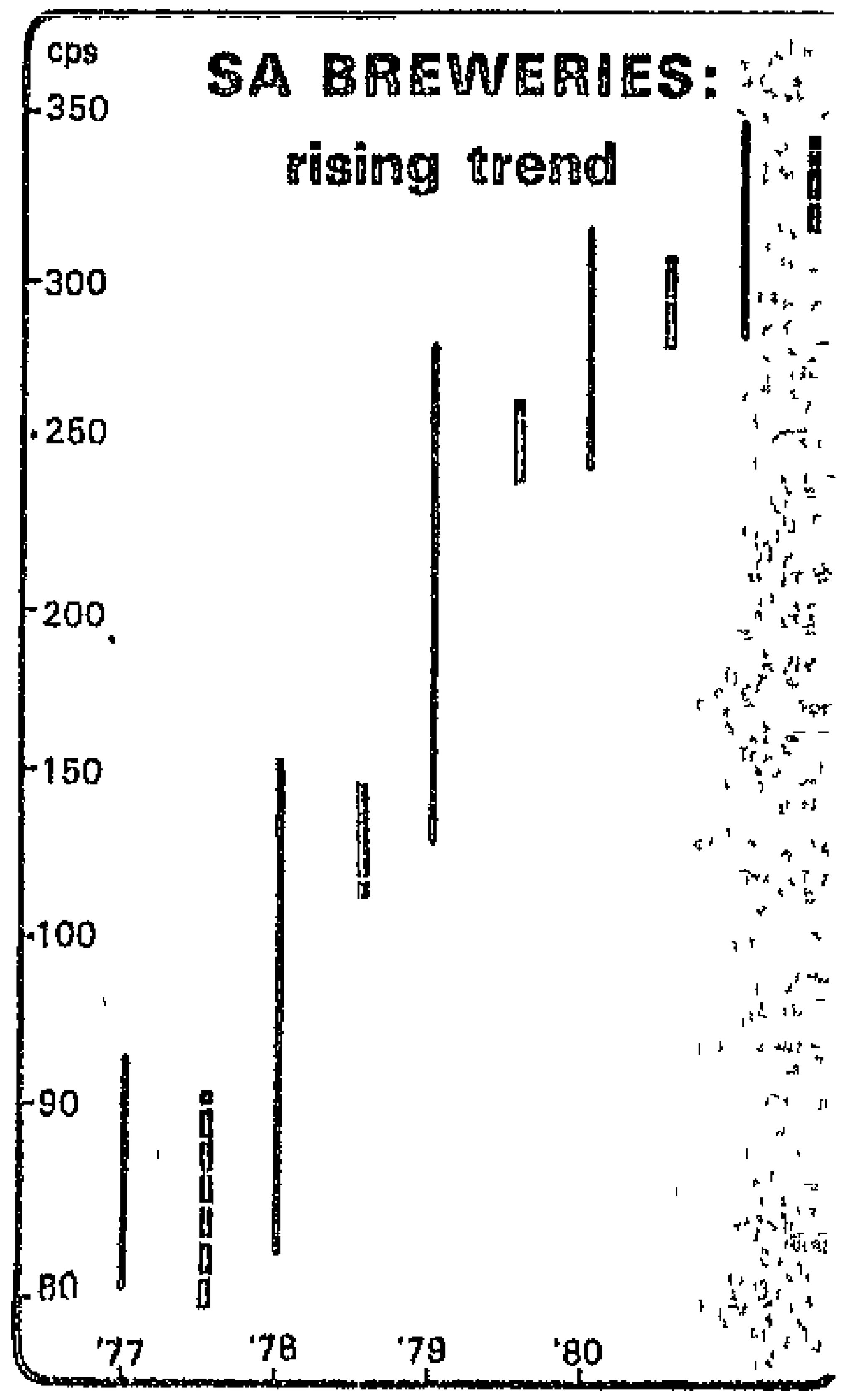
With consumer spending expected to remain buovant until well into 1981, indications are that the SA Breweries group should at least be able to maintain last year's 29% earnings growth rate, with a commensurate increase in dividends

But at the same time, it also seems that the basic profit pattern of the past two years will continue, with non-liquor interests providing the major growth areas It could even be that the beverage sector's contribution to net earnings will drop below 50% of the total for the first time, despite the fact that in most of the non-liquor activities there are large minority shareholdings

Last year, the non-liquor side accounted for about 57% of group taxed profits (see table), but after taking into account minority interests — which mostly relate to companies such as Afcol Amrel, OK Bazaars, and Southern Sun — the contribution to earnings was some R5 5m less than from beverages This year, however, if *FM* forecasts for the individual companies prove correct in aggregate, the position will be reversed with the non-liquor companies providing between 51% and 52% of net profits

This is not to say that the beverages sector will perform badly After negative growth relative to inflation over the past two years it looks as if the profits from this division could improve by about 20% this year This compares with 11% in fiscal 1980 and is four times the growth rate of 1979

Main reason for this is that the current year is the first in which SAB will feel the full benefits of last year's rationalisation of the beer industry and the re-establishment of its monopoly position And while it is true that the group has undertaken

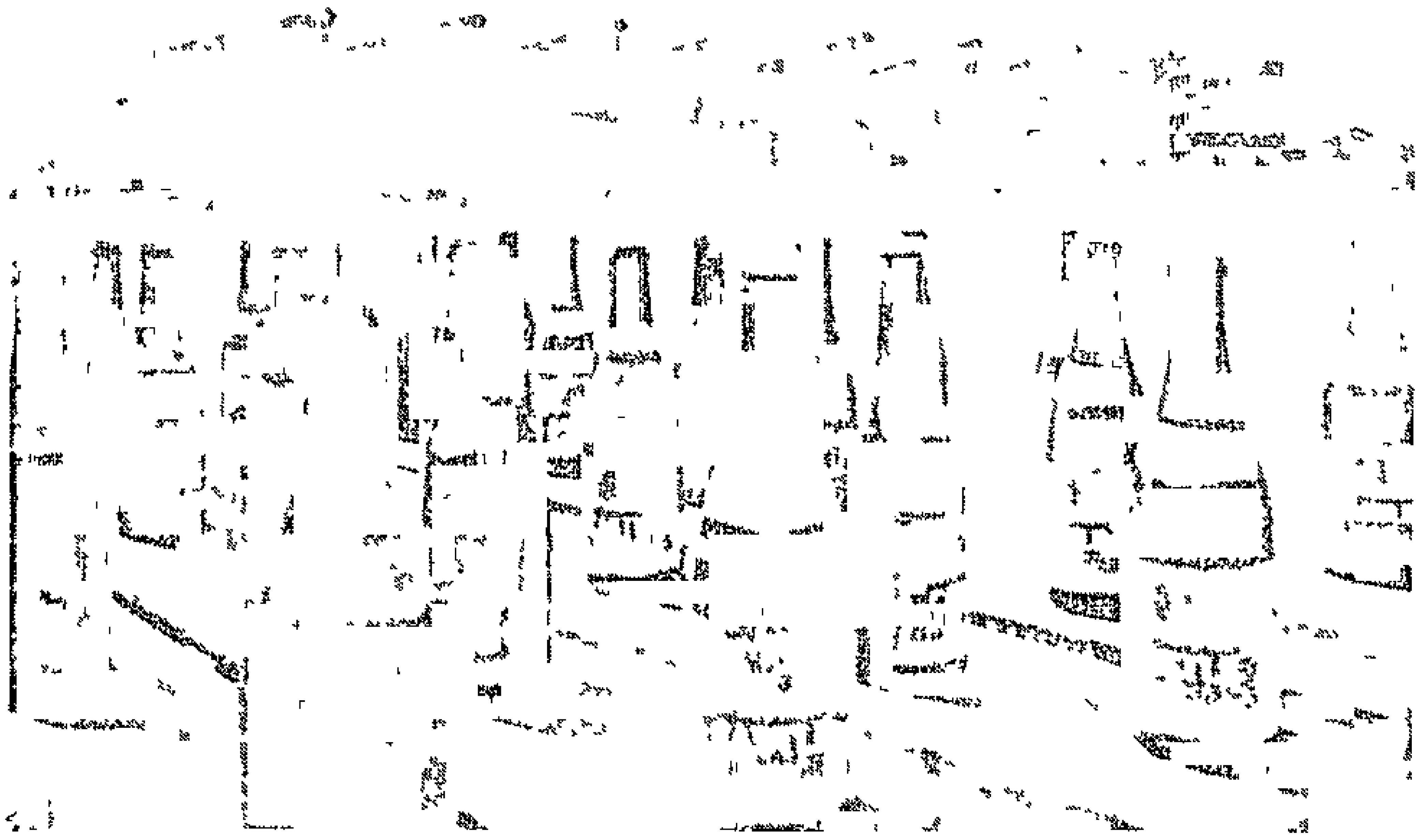


not to increase the wholesale list prices of beer until 1981, elimination of special discounts introduced at a time when it was necessary to protect market share will increase sales revenue This provides a measure of protection against rising production costs

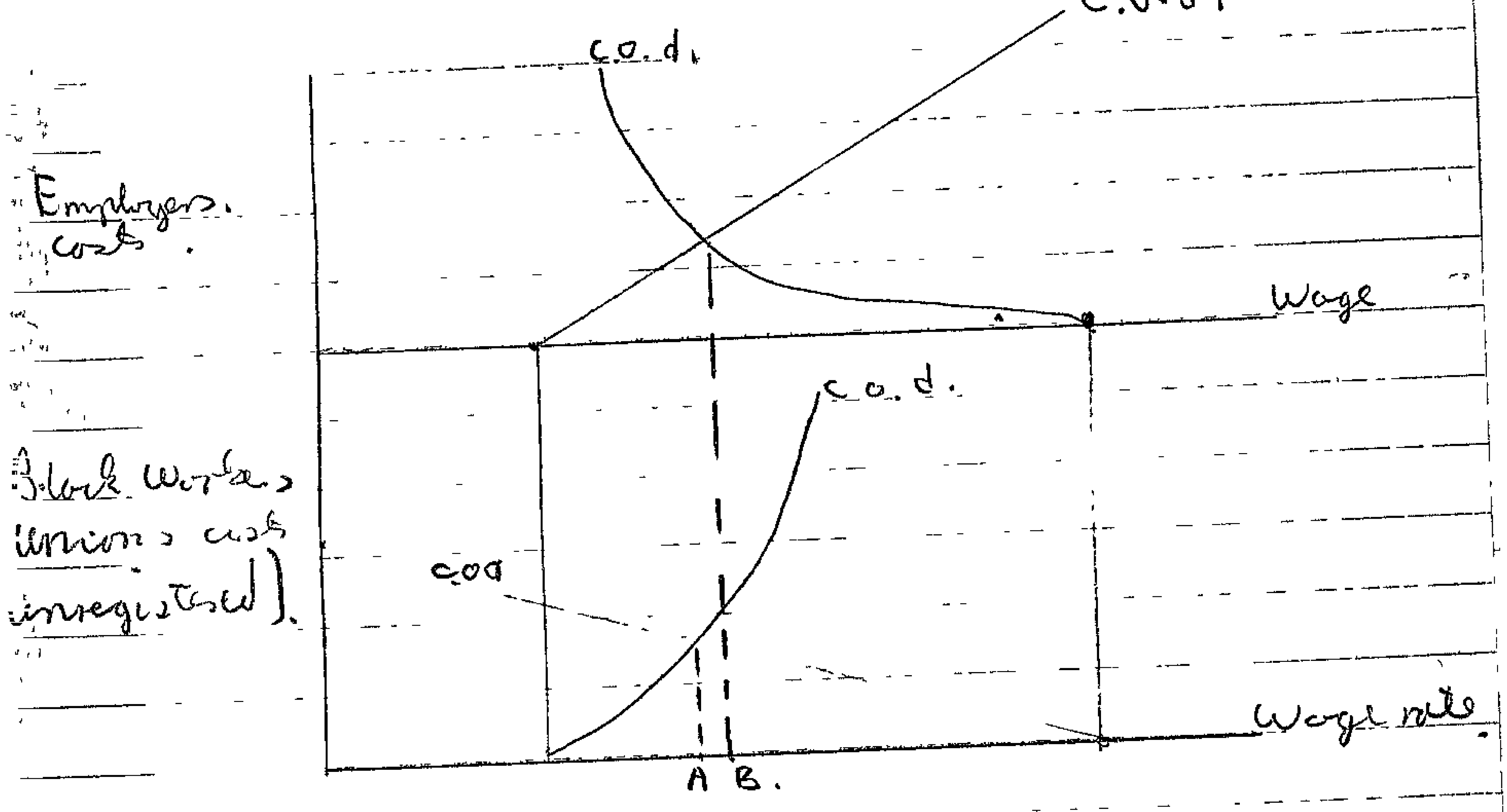
Chairman Dr Franz Cronje, says the group is looking to a somewhat higher rate of growth in beer sales this year than 1980's 20% volume increase He further expects that beer profits will continue to improve at a rate faster than the growth in sales volumes, which reflects the productivity benefits of a higher sales base

Working on a 25% increase in sale volume, beer profits could thus show improvement of around 35% to R38m after tax (R28 3m) — five percentage points better than last year's growth rate Against this however, other effects of the liquor industry rationalisation are less favourable in particular the 27% reduction expected in income from wine from R11m to R8m now that Stellenbosch is out of the group, after a 24% decline last year Then there will be a probable standstill position for Solly Kramer which will start to dispose of outlets in line with requirements that both SAB and Rembrandt divest themselves of their retail liquor interests

Overall, it is probable that there will be a net decline in beverage sector profits other than beer, hence the projection that



SAB . . . beer monopoly leading to further growth



In S.A. the cost curves are so situated so as to be quite low on the scale for Black Workers. Also because of legislation, the c.o.d. is very steep

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the sector as a whole will show an improvement of little more than half the gain expected from beer

Nevertheless adding to expected contributions from non-liquor interests, the total taxed profit of the group should be in the region of R128,5m this year, a 29% improvement on the 1980 figure. After allowing for additional depreciation on revalued assets, minority interests and preference dividends, some R98m would be left for

PROFIT PROFILE

Taxed profits before minority interests:

	Estimated 1981	Actual 1980	Actual 1979
	Rm	Rm	Rm
Beverages	50,0	42,6	38,4
Afcol	20,5	13,9	6,1
Amrel	11,5	8,5	4,0
OK Bazaars	25,0	19,1	14,7
Southern Sun	18,5	13,7	8,0
Other	3,0	2,1	2,7
Total	128,5	99,9	73,9

equity equivalent to 44c a share against 34c previously. In terms of the policy of distributing about half of earnings the 1981 payout should thus increase from 16,5c to about 22c

This puts the share at 330c on a prospective dividend yield of 6,7% — somewhat ahead of the industrial sector average. It will therefore remain attractive to long-term investors even though some of the subsidiaries offer better growth prospects for the current year

Brian Thompson

TONGAAT (232)

Diversified gains

27/6/80

Activities *The most diversified of the sugar companies, with interests in food and feeds, building materials, textiles and electronics. Holds 26% of Huletts through S & T Investments. Anglo American holds 17,4% of the equity.*

Chairman *C J Saunders, vice-chairman D W Strachan, managing director A D Hankinson.*

Capital structure *21,2m ordinaries of R1, 1,2m 6,5% red cum prefs of R1 and 3m 'A' red cum prefs of 10c issued at R1. Market capitalisation R150,5m.*

Financial: *Year to March 31 1980. Borrowings long- and medium-term, R53,5m, net short-term R10,3m. Debt equity ratio 27,6%. Current ratio 1,5. Group cash flow R31,2m. Capital commitments R45,4m.*

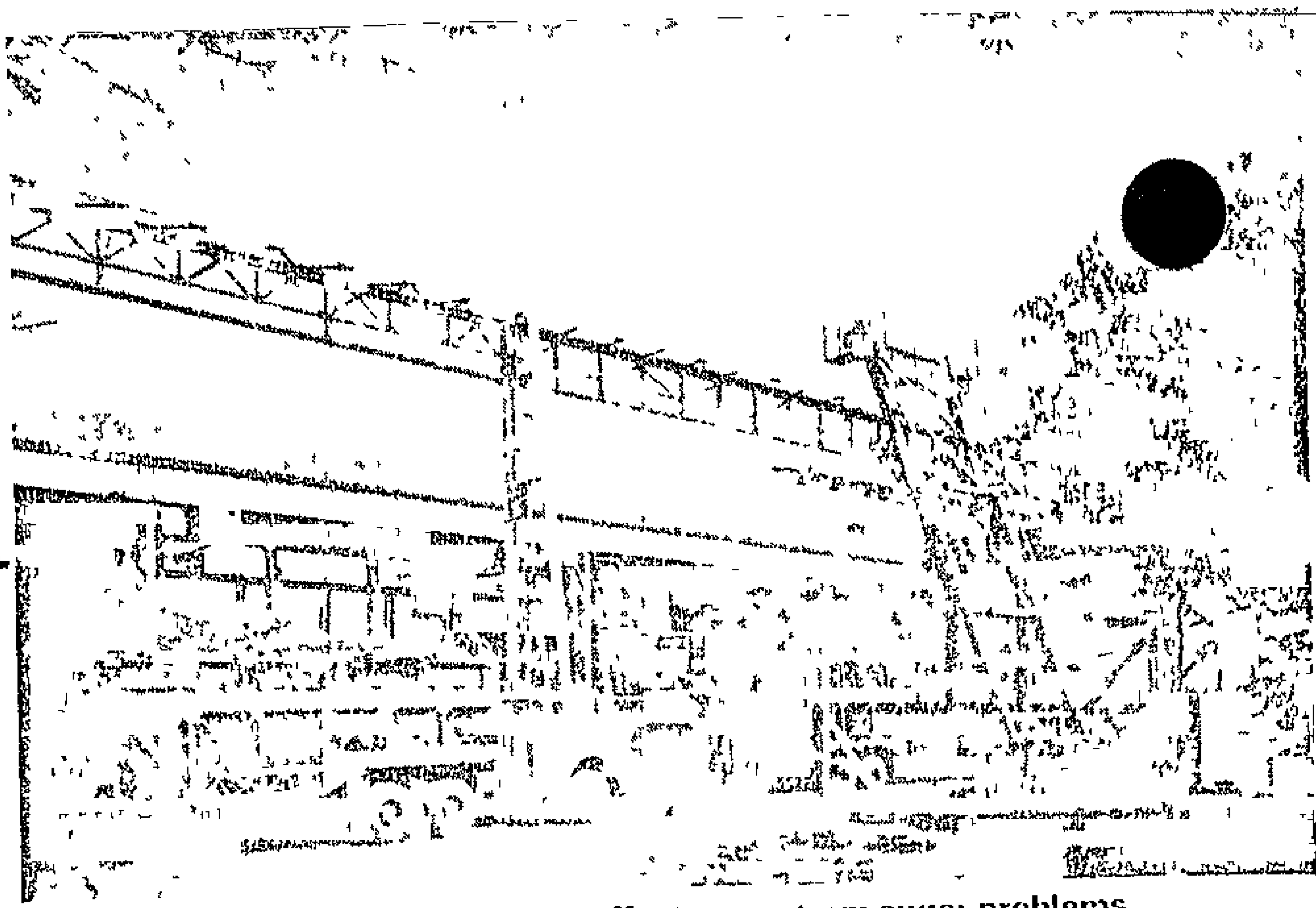
Share market. *Price 710c (1979-80 high 800c, low 240c, trading volume last quarter 253 000 shares). Yields 11,4% on earnings, 4,2% on dividend. Cover 2,7. PE ratio 8,8.*

	'77	'78	'79	'80
Return on cap %	10,7	10,3	10,7	10,9
Turnover (Rm)	145	161	231	308
Pre-tax profit (Rm)	12,4	13,3	26,8	28,0
Gross margin %	11,7	11,8	11,9	11,8
Earnings (c)	63,0	64,6	60,9	80,7
Dividends (c)	24	25	23,2	30
Net asset value (c)	695	748	657	983

After last year's record profit, Tongaat has given a clear indication that earnings will grow at least 25% to 100c (80,9c) this year. And because of the group's sound diversified base, chairman Chris Saunders says a 25% average annual earnings growth should be maintained over the period to 1983.

This forecast and the acquisition of H Lewis, Hebox and Isando Milling last year mark a watershed for Tongaat's expansion plans. It appears 1980-81 will see sugar replaced as the number one profit contributor by the building products division. Since end-1979 Tongaat has been particularly active on the acquisition front with offers for H Lewis, Hebox and Isando Milling totalling R31,1m of which up to R13,6m might be satisfied by an issue of shares.

Last year, group sugar production was a record, with Tongaat increasing market share to 10,4% (10,1%). The net profit

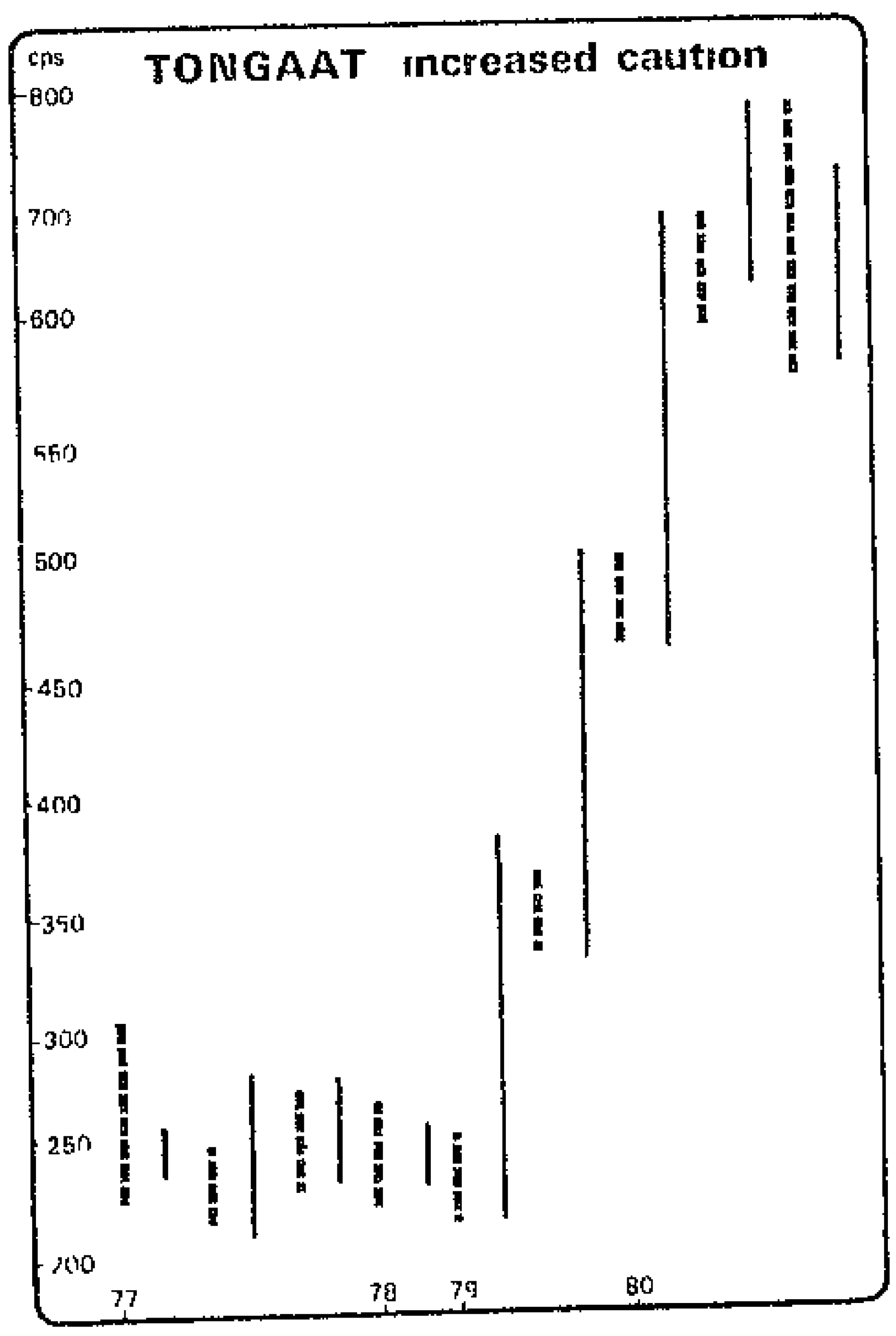


Tongaat ... diversification offsets near-term sugar problems

contribution from this division rose 15,8% to R7,1m (R6,1m) but the directors say there is no doubt profitability will fall in the current year.

In contrast, the building products division reported a 79% earnings improvement as demand for bricks rose sharply and shortages developed in the Transvaal and OFS. This year another marked improvement is expected which augurs well for this division topping the profit contribution list.

The textiles division could be a competitor for number two slot ahead of sugar — depending largely on the extent of the decline in the latter operation's profit. Last year textiles contributed 18,6% of total net profit, and with the coming on stream of the expansion at Whiteheads and the acquisition of Hebox a "considerable" earnings advance is on the cards. This takes into account product rationalisation and synergy benefits from the mergers.



Food and feeds will be boosted by the acquisition of H Lewis to the extent that these activities could well be the largest in turnover terms in the current year. Had Lewis been consolidated in the year to end-March the food and feeds division would have contributed up to 16% of net profit against the 8,4% actually recorded. The division is confidently budgeting for an increased profit.

Profits by years	1979	1980
	R 000	
Sugar	6 117	7 084
Building materials	3 632	6 501
Property, electrical etc	369	(346)
Food & feeds	1 109	1 916
Textiles	3 991	4 271
Investment income	2 590	3 543
	17 808	22 969

Last year Tongaat reported further improvements in its financial structure. Total borrowings fell to R68,1m (R78,5m) with an improvement in the interest leasing cover to 1,4 (3,0) times. The return on capital employed was little different, mostly reflecting the R49,5m revaluation of assets during the year. Had assets been accounted at book value, the directors say the return on capital employed would have been 13,8% (11,7%). Asset revaluation meant additional depreciation of R6,4m, after which dividends were twice covered.

Last year's acquisition moves towards Lewis and Hebox will cost R29m, hence the high R45,4m (R4,6m) capital commitments figure. These funds will come from the issue of shares, both prefs and ords, as well as retained earnings. Tongaat is considering the private placing of 7,5m prefs

P.T.O

to fund part of the acquisition prices

The forecast for the next three years points to earnings of more than 160c in 1983. The ability of the group to give such a firm forecast is based on diversification which allows poor seasonal performances in some divisions, like sugar, to be more than offset by others In addition, Tongaat is liquid and there are significant prospects for rationalisation The fact that the group tends to be conservative augurs well for earnings to exceed 100c this year, from which dividends of over 35c are in prospect

The market obviously takes a more bullish view having rated the share at 710c on a low 4,2% historic yield — a better rating than even Barlows which stands on a 4,4% yield

Des Kilalea

14,7% return for Boland shareholders

58
232
RDM 27/6/80

Deputy Financial Editor

BOLAND BANK, South Africa's fifth biggest bank, pushed up declared taxed profit 22% to R3 774 000 in the year to March 31 to earn a return of 14,7% on shareholders' funds of R25 699 000.

This is revealed in the annual report published today.

Because of an increase in the number of shares in issue, earnings a share rose only 12,6% to 61,5c. The dividend was raised 10% to a 2,8 times covered 22c (20c).

Total assets rose 12,6% to R439 616 000. Total advances put on 11% to R304 095 000, with debtors and loans rising 22% to R195 898 000, reflecting growth in hire-purchase and lease business. Loans against mortgage bonds declined 3% to R103 198 000, reflecting a drive to reduce property exposure.

Total liabilities to the public rose 7% to R383 917 000, with savings and fixed deposits up 6,4% to R353 273 000. Creditors and provisions gained 22% to R29 785 000.

The bank has a comfortable capital surplus and at the year-end was in a position to accept another R45-million in deposits. This should enable further growth without a rights issue in the year ahead.

Boland holds 36,4% of Mercabank and, before the merger with Guardian, owned 12% of Unsbic. It will not accept cash for its Unsbic holding, choosing to stick with Guardian Unsbic.

Because Boland pays for most its deposits, falling interest rates should benefit it, but this tendency is partially offset by the large fixed deposit component In an era of plunging interest rates this may well have impeded profit growth, although the declared profit is probably a substantial understatement

But at least Boland Bank's vulnerability to rising interest rates is diminished by the deposit make-up.

At 285c, the share yields 7,7% on the new dividend, which was probably on the stingy side to permit further growth without a rights issue. The share is solid, if a little unexciting and at the current yield looks reasonable value compared with other banks

Saficon going for 26% rise in earnings

232

RDM 27/6/80.

By DAVID CARTE

Deputy Financial Editor

SAFICON, the listed Mercedes-Benz and Volkswagen dealer and the biggest shareholder in Boumat, is looking for a 26% jump in earnings in the year ahead. And thanks to the benefit of preference share gearing, Safic, its pyramid, is looking for 37,6% earnings growth, says the annual report published today.

The chairman, Mr Sidney Borsook, projects earnings of 65,8c a share and a dividend of 19,5c for Saficon, which in the year to March 31 earned 48,1c and paid 14,25c

For Safic, he projects earnings of 72c a share and a dividend of 20,5c, compared to the 52,3c earned and 14,75c paid in 1980

Mr Borsook stresses these are projections and not forecasts They are based on assumptions of an 8% increase in unit sales, 12% price increases, unchanged margins, costs rising by not more than 15%, interest payments rising by 23% and increased earnings from Boumat

After a difficult first half, in which car sales and use were depressed by the oil supply and price scare of June 1979, Saficon surged ahead in the second half, largely on the strength of Volkswagen Golf and reviving Mercedes' sales.

Saficon's unit sales of cars rose 26% in a total market that expanded by 4,5% Its light commercial sales fell 25% in a market that grew 3%, and its heavy commercial sales rose 23% in a market that grew 12%. Saficon's share of the national car market rose from 4,6% to 5,4%.

Motor distribution contributed 67% of earnings, Boumat 19%, component manufacture 7%, holding company income 5% and property 2%.

Saficon's stake in Boumat rose from 593 000 to 797 000 shares during the year, representing 20% of the equity. Since the yearend, another 383 500 shares were acquired, bringing the current stake in Boumat to 1 181 000 shares — nearly 30%.

Boumat expects to increase earnings to 138,1c a share and the dividend to 32c this year promising an attributable R1 631 000 of earnings and dividend income of R378 000 for Saficon

Once again, the reports of Safic and Saficon are full of Joel Sternsian ratios, including return on average net assets of 15,56% against 11,76% in 1979 and a "sustainable growth rate" of 15,27%. This is obtained by multiplying return on equity by the retention ratio. All this highly esoteric number crunching is presumably done to promote understanding of the company.

How unfortunate then that the strike in the Volkswagen plant, which could conceivably throw these academic calculations out quite badly, is not even mentioned.

And no idea is given of the relative importance of income from car sales, the workshops and petrol sales

The annual report seems to have strengthened Saficon shares which moved up 15c to 215c yesterday. At the current prices, Saficon yields 6,6% and Safic, at 210c, 7%. The prospective yields, on Mr Borsook's projections, are 9% for Saficon and 9,8% for Safic.

As a rule, when yields are similar, the top company is preferable. After all, that is where control is. In this case, with its historical and prospective yields higher and pref gearing working for it, Safic looks the better bet

Propan twinned with Twins

RDM 28/6/80 232 183 186

Financial Reporter

PROPAN, a wholly owned subsidiary of Premier Milling had been merged with Twins Pharmaceutical Holdings, Premier Milling's chairman, Mr Tony Bloom told shareholders at the annual meeting in Johannesburg yesterday.

Premier holds 50,1% of the combined group and Krok Brothers Holdings (Pty) holds 49,9%. Mr S Krok and Mr A Krok will be responsible for management of the new group.

The price of the acquisition of the Twins assets was based on the identical price offered to the minorities by Krok Brothers Holdings in February.

Mr Bloom said the new group should be able to effect substantial rationalisation benefits and represent an impressive and aggressive force in the pharnaceutical industry.

Referring to Premier Milling, Mr Bloom said that trading conditions had been as buoyant as expected.

Twins minorities were offered 225c a share by the Krok brothers in February This placed a value of R14-milion on the assets originally in the quoted Twins group

Subsequently the Krok brothers bought the assets from Twins at this value and sold the shell to W & A Investment Corporation. The name of this company was changed to Waicor when it became the pyramid company of W & A.

The assets bought by the Krök brothers were put into one of their companies, which was renamed Twins Pharmaceutical Holdings.

Revamped Salect pays 2c

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RDM 28/6/80.

SA Selected Holdings, reporting for the first time since the company was restructured late in 1979, achieved an attributable profit of R1 200 000, annualised for the 12 months to last February.

As the contribution from the Intercontinental machine tool and engineering subsidiary covered 14 months, the figures omit turnover and profit of R1 500 000 and R64 000 respectively, being that portion derived from the first two months of Intercontinental activity

Based on the 12-million shares in issue, earnings a share translate to 10c, out of which a 2c dividend has been declared

Market expectations must have been more optimistic as the share rose to a high of 100c to close at 95c yesterday, which the dividend yield just over 2%.

Because of the restructuring and change of activities within the group, comparative figures would be meaningless

The chairman, Mr Robert Skok, says group order books are at record levels with a high volume of both domestic and overseas work in hand for at least the next year.

Salect is confident of being able to sell the 78% stake in Sinclair Holdings in the current year. Mr Skok says the Sinclair interests, which accounted for a loss of R231 000 for Salect in this past year, are not compatible with the group's other activities.

Moreover, the disposal of this investment will reduce the cost of short-term finance and allow for a more liberal future dividend policy

The group's move into its Heriotdale premises now virtually complete and the initial integration problems have been overcome

Overall, Mr Skok believes the outlook for the current year is positive — a minimum 50% improvement in turnover and a doubling of earnings is expected

The company's annual report will be published before the end of July and will contain a complete review of activities and a specific forecast of earnings for 1980-81.

(232) (144)

Malbak hopes to beat profit record

RDM 30/6/80

MALBAK is confident of achieving further earnings growth in the 1980-1981 year, says the group managing director, Mr Grant Thomas, in the annual report

"Stimulated by exceptional gold sales, abundant liquidity and a growth-encouraging Budget, the business climate in South Africa seems fortunately to be out of step with major Western economies and there appear to be adequate reasons to anticipate that favourable conditions will prevail throughout the forthcoming year All group divisions should benefit from a year of above-average growth"

Having produced record earnings of 50,4c a share in the year to March, the growth target for this year may well be substantially above the historical average of 17,2% compound rate achieved since the group was formed 12 years ago

If a 20% improvement can be achieved, earnings will rise to almost 61c a share and a total dividend of 22c would be possible without disturbing the near 2,8 times cover of last year

One of the past year's features was the 24 6% return on ordinary shareholders' funds This was a 39% improvement on the 17,7% return of the previous year

Although margins within certain group operations came under pressure, the 28,2% rise in turnover to R129-million was not the sole influencing factor in the pre-tax profit rise of 58,2%

Central to the improvement in the position this year was the part played by recent acquisitions, PCI and Maccabee

Other significant features of the accounts include the improvement in net asset value from 204c to 230c and the intact 48,3% ratio of shareholders' funds to total assets in spite of the year's cash-funded acquisitions

Of the five major divisions — all of which are autonomously managed and financed — Bakke remained the single largest source of profit, contributing 42% of the net total This packaging, plastic products and mining supplies division achieved the same profit as last year in spite of higher raw material costs and the greater than expected costs associated with rationalising its two injection moulding companies

There are signs that material costs in the current year will level out and there is little likelihood of supply problems

Maccabee, which became a wholly owned subsidiary and which is now the light-engineering division, accounted for 15% of the profit total The contribution — representing 7,5c a Malbak share — arises from earnings for only nine months, so the current year will be the first in which a full contribution is recorded

The motor retailing division, Malbak Motor Holdings, was influenced by a difficult trading climate, particularly in the first half of the year and thus contributed only 8% of the total profit

Stemming from higher petrol costs and speed restrictions, the structure of the division was reappraised, resulting in the absorption of certain one-off costs associated with the closing of several outlets

The slimmer operation, coupled with expected benefits to flow from the integration of the BMW franchise in the Free State last year, should result in more acceptable profit levels in the current year

Malcomess, the farm machinery division, showed a strong recovery from 1979's profit slump and made up 13% of the total 1980 profits

Certain administrative problems within the division remain to be overcome, but buoyant trading conditions are expected to continue throughout the current year

Group services, embracing the recently acquired process control instrumentation, contributed the 22% balance of total profits

PCI's profits surpassed budget and the company's advantageous position in the instrumentation industry should allow for further operational developments and profit growth

Malbak's pre-tax profit rose to a record R9 100 000 (R5 500 000) and net profit attributable to ordinary shareholders totalled nearly R5 300 000 (R3 500 000) Earnings a share were 50,4c (33,5c) and a total dividend of 18c (13,5c) was paid

Coal mine costs soar

232

RDM 30/6/80

By ELIZABETH ROUSE

ESCOM will take additional coal supplies from Amcoal's New Denmark coalfield and the increase in the colliery's capacity will add millions to group capital expenditure.

It is expected that the combined cost of Amcoal's two collieries, New Denmark and New Vaal, will be about R322-million in January 1979 money values, against the previous estimate of R210-million

Escom has exercised its option for additional coal from New Denmark to enable the generating capacity of the Tutuka power station to be increased from 1 800 MW to 3 600 MW, a move which was expected As a result designed capacity of the New Denmark Colliery will be increased to about 10-million tons of coal annually.

Detailed planning is in progress, says Amcoal Production is expected to start in 1984 in time to meet the commissioning of the first of the six planned generating sets at the power station in the first half of 1985 Full production should be reached by 1990

Capital estimates are being completed and agreed to with Escom As previously indicated, it is expected that about 60% of the cost of the two collieries to completion will be funded by Amcoal and Escom [illegible] arrange finance for the balance

The [illegible] contract with Escom provided for the supply of 460-million tons of steam coal over 40 years, worth about R4 000-million at current prices

New Vaal in the Cornelia coalfield will at full output supply about 6 500 000 tons to the Cornelia power station

Gold tops in grand year for Anglo

232

RDM 30/6/80

By DAVID CARTE

Deputy Financial Editor

ANGLO AMERICAN Corporation produced 36% of South Africa's gold, 35% of its coal and 41% of its uranium in pushing up taxed profit 52% or R104-million to R306 600 000 in the year to March, says the annual report.

Pre-tax profit rose 44% to R382 500 000, earnings a share 50% to 136,1c and the dividend 52% to 70c Had Anglo equity accounted, earnings would have been 260c a share

The market value of investments rose to R5 058-million (R3 071 400 000), while assets employed totalled nearly R8 000-million The total market capitalisation of companies administered by Anglo rose to R11 000-million

Anglo's own market capitalisation rose 73% to R2 929-million

Even though all divisions, except level-pegging diamonds, achieved vastly improved results, the gold division outstripped all others, contributing 52% of group income, compared to 37% in 1979

Diamonds were the second biggest profit contributor, weighing in with 19%, compared to 28% in 1979

Even though Amic pushed up earnings 62% to a record, industrial investments contribution fell to 13% from 17% Coal's contribution also dropped from 6% to 5% in spite of a 25% rise in Amcoal's earnings Finance contributed 4% (1979 7%), and platinum and other mining 2% (1%) each

A geographical breakdown of profits shows that South Africa's contribution rose from 74% to 81%, while the South West African contribution fell from 5% to 3% The rest of Africa contributed 5% (7%) and North America 4% (6%)

Gold production declined marginally to 260 019 kg, and uranium production rose 253t to 2 149t Working revenue of the gold mines rose 47% to R2 151 200 000 in spite of increased working costs, working profit rose 78,2% to R1 274 600 000 Dividends paid totalled R350 600 000 (R194 700 000)

During the year the South uranium plant at Vaal Reefs was commissioned and a R715-million additional shaft system and gold plant at Western Deep Levels was announced Both the Joint Metallurgical Scheme and Ergo were operating satisfactorily

While total mine output rose by 2-million carats to 13 900 000 carats, diamond sales by the Central Selling Organisation were about the same as in 1979 — $2 598-million This was a $46-million improvement in dollars, but a R27-million decline because of exchange rate movements

While De Beers diamond account income was R125-million lower because of lower stock profits and higher working costs, interest and dividend income compensated and equity earnings at R741 900 000 were almost the same as 1979's

In coal the most important development was the securing of contracts to supply two new 1 800 MW Escom power stations Sales rose 23% to 36 300 000t and pre-tax profit 25% to R104-million

Among industrial holdings, Highveld Steel, incorporating a full year's results of Rand Carbide for the first time, lifted earnings 30% to R27 300 000 Scaw Metals, Boart International and Mondi Paper all achieved record results, and Sigma became South Africa's biggest vehicle maker, selling nearly 59 000 units A 35% stake in Haggie Ltd was acquired

The report says mining and engineering studies of the possible exploitation of low-grade gold and uranium deposits in the Erfdeel-Dankbaarheid block, north of Free State Saaiplaas, are "far advanced", and other Free State prospects are encouraging.

Boreholes are being sunk south and south-west of Vaal Reefs with the aim of confirming reserves Exploration near Klerksdorp yielded mixed results, and further drilling south of Western Areas yielded similar gold values to those obtained previously But much more work is required to confirm the gold grades of a number of reefs at great depth

Coal reserves improved in the year, increasing by 995-million tons to 7 700-million run-of-mine tons Amcoal's target of reserves of 9 000-million tons is expected to be met by the end of 1982

Further encouraging results have been obtained from the copper, lead, zinc discovery in the Sperrgebiet in South West Africa and further drilling is planned this year

Anglo increased its stake in Amgold from 48% to 49%, in Amic from 44% to 49% and in Australian Anglo American from 37% to 41% Mainly as a result of the Charter Minorco restructuring, the holding in Anglo American of Canada fell to 22% from 39% and in Minorco to 32% from 40%

Apart from the acquisition of a 12,5% stake in Cons Gold, the most important additions to the investment portfolio were 7-million Rusplat, 1 200 000 Shangani Mining, 800 000 Anglos, 1-million Huletts, 3-million Sasol and 400 000 Tongaat Sales included 200 000 Deelkraal and 210 000 Loraine

Anglo is being for sued with 28 other uranium marketing companies in America by Westinghouse Corporation for allegedly violating anti-trust legislation Anglo has refused to take any notice of the suit as it argues that it is not subject to the jurisdiction of the US It is not perturbed at an injunction not to remove assets from the US, saying it has none there

The report does not mention it, but Mr Gavin Relly said at the time of the preliminary report these results were obtained on an average gold price of $306

The report also does not describe prospects This is the prerogative of the chairman, Mr Harry Oppenheimer, who reports in August But with gold still so high, prospects can only be brilliant

M & R fails in bid for Tollgate

232

RDM 1/7/80

Deputy Financial Editor

MURRAY & Roberts' attempt to take over the Cape bus operating conglomerate, Tollgate Holdings, has failed.

A terse joint statement released by the companies today says negotiations between the two companies "have not resulted in agreement being reached and have been terminated"

Both companies are tight lipped about the price negotiated, which of Tollgate's assets Murray and Roberts sought and the reason for the failure of negotiations

But observers close to the companies speculate that the Cape riots were a decisive factor Riots, they say, are all very well when they are just a contingency factor in a takeover plan When they are actually raging in the streets, they take on a different hue

Especially when the company under consideration is one as "political" in nature as a bus operator (Although Tollgate's buses are reportedly equipped with two-way radios and other anti-riot devices which have ensured minimal losses in the past)

Mr Des Baker, managing director of M & R, says the riots were "a short term consideration but they did cause us to look at the deal more carefully"

He says M & R is still very much in the hunt for diversified acquisitions

To bring its authorised and issued share capital more into line with the capital actually employed, Tollgate has announced a capitalisation issue

The authorised share capital of the company is to be increased to R25 000 000, divided into 25 000 000 shares of R1 each and the issued share capital to R24 452 504, divided into 24 452 504 shares of R1 each by means of the issue of 60 shares free of consideration for every 100 shares held

Tollgate shares will be relisted today and there is every prospect that after this reminder of the assets behind the share, it will move up sharply from 430c pre-suspension to more near net asset value of roughly 525c

After all, Tollgate watchers say there are other suitors in the wings

Takeover talks collapse

Cape Times 1/7/80

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By GORDON KLING

NEGOTIATIONS have collapsed for a possible takeover of Tollgate Holdings parent company of City Tramways, whose buses are being boycotted in the Peninsula

Shareholders, however, are in for a big bonus

The Cape Town-based transport and insurance group and the giant Murray and Roberts construction conglomerate disclosed negotiations on June 11 which could have led to M & R acquiring the total issued share capital of Tollgate

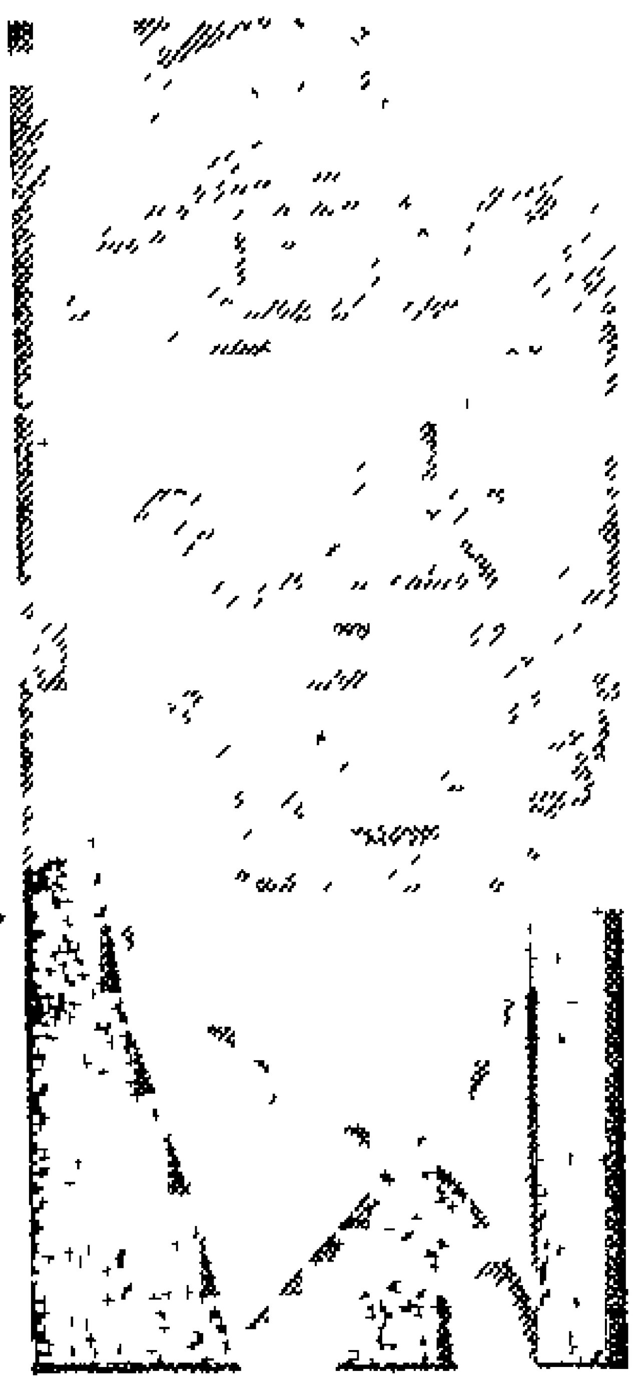
In a joint announcement yesterday, the companies said that the negotiations had not reached agreement and they had been terminated

Tollgate's listings on the Johannesburg and London Stock Exchanges suspended since May 22, are to be resumed from today

Tollgate said in another announcement that it was increasing its authorised and issued share capital to about R25 million (from about R16 m) by means of a capitalisation issue of 60 free shares for every 100 held by shareholders registered on August 15

The dividend of 20c a share was expected to be maintained on the increased share capital This means that shareholders can expect a bonus of more than R240 for every 100 shares they hold it the price holds up at around the pre-suspension level of R4 30

Executives of both groups last night declined further comment on the new developments



Mr Dick Kemp, new chairman of Toncoro.

Dick Kemp is new 'Mr Brick'

STAR 2/7/80

232

Own Correspondent

DURBAN — Dr Dick Kemp — Natal's "Mr Brick" — yesterday took over the chairmanship of the vast Toncoro brick group whose formation he had largely masterminded as managing director of Coronation Brick and Tile

He has been managing director and deputy chairman of the merged group since its formation two years ago

Mr Kemp (62), succeeds Mr Jack Robertson, who has retired from the chairmanship on reaching the age of 63 but stays on as a non-executive director

Mr Robertson has been in the chair for eight years after six earlier years as a director of Coronation and in that eight years company turnover grew from R16-m to R117m and assets from R32m to R144m

Mr Cedric Savage, who came to Toncoro from Tongaat Foods as joint managing director with Mr Kemp, takes over as sole managing director

TOLLGATE 232 ~~332~~

Capping the issue

FM 4/7/80

There is still no word on the reasons for the final breakdown in the acquisition talks between Murray & Roberts and mass transport operator Tollgate, and company spokesmen will not even confirm speculation that the riots in the Cape Peninsula were a factor

But Tollgate shareholders have been compensated for any apprehension caused by the talks — or the riots — by the 60-for-100 capitalisation issue announced as the discussions closed Indications are, at the same time, that the 20c total dividend paid for fiscal 1979 will be maintained on the increased capital

The company, it seems, can easily accommodate the increase in total payout, as earnings in fiscal 1979 amounted to 91,6c Though at the interim stage in the year just ended, earnings were only marginally firmer at 45,1c (43,6c) even a small hike in earnings would still leave the higher dividend bill — equivalent to a rise from 20c to 32c a share — covered about 3 times

Admittedly, the group is traditionally conservative in its dividend policy and has averaged well over four times cover for the past few years The directors claim that this high level of retentions is necessitated by the rising costs of replacing its relatively expensive assets, so the cash is being fully utilised in the business Nevertheless, cash and short-term deposits are still high and, in the 1979 period, rose from R1,5m to R2,3m

This is, incidentally, the third cap issue by the group in the past decade, the others being 30-for-100 in 1973, and a similar increase in 1978 The rationale behind all three issues, according to the board, was to bring the issued share capital more into the line with the capital actually being employed in the business

If the previous year's 20c dividend is maintained on the increased number of shares in issue, the share at its current 425c yields an effective 7,5% That is in line with the past

Scott Hawker

HULETTS ALUMINIUM SET TO EXPAND IN PIETERMARITZBURG

Sow Tms 6/7/80 232

HULETTS Aluminium Limited is to embark on a major expansion programme to their aluminium foil plant in Pietermaritzburg

The company is to spend R7,5 million on new equipment which will increase production of aluminium foil by 80 percent in order to meet the anticipated market demand to the end of the decade, according to managing director, Lou Sennet.

Cost of the project will be met from existing resources. The work is expected to be completed by early 1982.

The expansion programme involves the installation of a new foil rolling mill which will complement the company's two existing foil mills Work is expected to begin shortly.

The demand for foil products is increasing rapidly in South Africa as the food industry realises their potential for packaging of countless varieties of food products.

The aluminium foil market is growing at a rate faster than the economy. A new plant will place Huletts Aluminium in a good position to meet the increased demand.

A member of the Huletts Industries Limited group of companies, Hulamin has its main plant in Pietermaritzburg. As Alcan Aluminium of South Africa, the company started production of sheet and foil in 1949. Since then the company's history has been one of continual growth in both production and sales.

Huletts acquired a 60,8 percent interest in the company in 1974.

Huletts Aluminium annual sales now exceed R130 million, and its profit after tax last year was R5,3 million.

Anglo and Lonrho plan mine

(234) (227) (232) RDM

7/7/80

Financial Editor

THE ANGLO American Corporation is poised to start a new OFS gold and uranium mine. Lonrho is also involved

Top-secret discussions are going on between three major gold-mining companies and the two mining groups about the new mine (reported in the Rand Daily Mail, July 1) expected to be developed on two farms near Welkom.

To prevent speculation, applications were made over the weekend for the mining shares Welkom, Western Holdings, FS Saaiplaas and Duiker to be suspended from the stock exchanges in Johannesburg, London and Salisbury.

See page 10

Anglo poised for new mine

232

RDM 7/5/80.

Financial Editor

ANGLO American is poised to go ahead with a new gold and uranium mine in the Free State The decision was anticipated in last Tuesday's Business Mail by Adam Payne.

Over the weekend Anglo asked the London and Johannesburg stock exchanges to suspend the listings of Free State Saaiplaas, Welkom and Western Holdings Lonrho is also involved in the plan through Duiker Exploration

A new mine now looks certain to be developed on the farms Erfdeel and Dankbaarheid, about 10 km east of Welkom

It is adjoined by FS Saaiplaas and Welkom. Western Holdings would be involved on the milling side.

Anglo American Gold Corporation (Amgold) holds 60% of the Erfdeel-Dankbaarheid area and Duiker 40%

A statement said "The complexity and far-reaching effects of the scheme, which involves discussion between three major gold-mining companies and two mining groups, are such that any breach of security could result in speculation in the shares of the companies most directly involved and have the effect of jeopardising the scheme to the detriment of all shareholders

"An announcement will be made as soon as possible in regard to the outcome "

It will, however, be most surprising if a decision to go ahead with developing the mine is not taken

There are rarely instances when developments reach this point without all the fundamentals being fully known

In this case, however, there are some complicating factors to be resolved between the various parties

What is clear is the pace at which the new gold rush is going

○Business Mail reported last week that three famous old mines — Crown Mines, City Deep and CMR — have a chance of a new lease of life

○GFSA has been given a new lease formula for Doornfontein to boost development there

○Union Corporation has taken the decision to go ahead with the Beatrix mine in the Free State

○Anglo is sinking a new shaft at President Brand

○In the biggest development of all Anglo is to spend R715-million at Western Deep Levels for a new shaft and treatment plans

○GFSA is widely expected to announce soon construction of the new North Driefontein mine adjoining East Driefontein, and West Driefontein mines

○Randfontein, of Johnnies, is spending R200-million to open Cooke No 3 section

Barclays—Bowring planning to wed

RDM 8/7/80 232

By DAVID CARTE
Deputy Financial Editor

BARCLAYS INSURANCE Brokers and C T Bowring are negotiating a merger which, if successful, will vie with Price Forbes Federale Volkskas as the biggest insurance broking company in South Africa

The merger negotiations were confirmed yesterday by the managing director of Barclays National, Mr Bob Aldworth, after a fortnight of speculation in the industry that the country's second and third biggest insurance brokers were to get together

In an oversupplied broking market that has not grown much in recent years, size has become increasingly important, especially with so much business "tied" to the big holding companies — Sanlam, Volkskas Barclays and Anglo American

Industry sources say the merger makes excellent sense, since Anglo American is a big shareholder in both Barclays and C T Bowring

Not only will a merger simplify Anglo's task in farming out its insurance business, Barclays, they say, can use C T Bowring's international connections and its depth of management

C T Bowring, on the other hand, might find a connection with Barclays' banking clients, as well as its national spread, useful There will certainly be immense rationalisation benefits

According to Mr Aldworth, Bibsal contributed "about R2-million" to Barclays' pre-tax profit of R96 665 000 in the 15-months to end December, while the Anglo American annual report shows that C T Bowring earned R1 300 000 after tax Bibsal and C T Bowring are believed to employ about 500 people each

Price Forbes Federale is believed to employ about 1 000 and earn about R7-million pre-tax

The total short-term insurance market is estimated at R750-million a year, of which brokers control R450-million.

One competitor says PFFV writes about R130-million to R150-million annually — just less than a third of the available market

The combined Bibsal-CT Bowring operation is expected to take slightly less than this, so smaller brokers, already struggling in the wake of Government's mandatory commission cuts, could find the going even harder in months to come. Further mergers seem likely

9/7/80

ARGUS

232

ANGLO BID R82-m TO OUST LONRHO

— London report

Argus Financial Correspondent

LONDON. — Anglo American tried to buy Lonrho's 80 percent stake in Duiker Exploration for R82-million to keep Mr R W Rowland's group out of the Erfdeel gold prospect in the Free State, according to Press reports here.

But Mr Harry Oppenheimer, Anglo's chairman, has failed, in spite of a last-ditch offer," reports the London Evening Standard's City editor, Neil Collins.

Both the Evening Standard and the Daily Mail, in reports which suggest leaks from Lonrho, say Erfdeel will produce 500 000 ounces of gold a year.

The Daily Mail says costs will be 300 to 350 dollars an ounce. Lonrho's effective stake in Erfdeel is put at 25 percent

FOUR YEARS

It will take up to four years and R507-million to bring Erfdeel to production.

'Duiker's share will be £112-million (R203-million), compared with its market value of £31-million (R56-million). Lonrho will chip in £20-million (R36-million).

'Duiker should have no trouble raising the cash but in three years' time will have a lot of money to repay.'

UNPOPULAR

The Evening Standard says: 'The Lonrho chief (Mr Rowland) is unpopular among many white South Africans because of his close links with black African politicians.

'Although Lonrho has extensive interests in the Republic, the much-travelled Mr Rowland never goes there.

'The decision to suspend the shares (of Welkom, Western Holding, Free State Saaiplaas), including the Duiker quote, seems to mark the end of Mr Oppenheimer's efforts stretching over many months to persuade Mr Rowland to bow out of the Erfdeel project

PROFITABLE

'Lonrho's mining experts are keen to stay with what they expect will be a very profitable project, eventually yielding around 500 000 ounces of gold and 500 000 kg of uranium oxide a year as well as other metals, including silver, nickel and zinc

'They also believe the Anglo group has been holding back on development to give themselves more time to persuade Lonrho to sell out.

'But Mr Oppenheimer has now been forced to go ahead with the scheme because of the continuing buoyancy of the price of gold.'

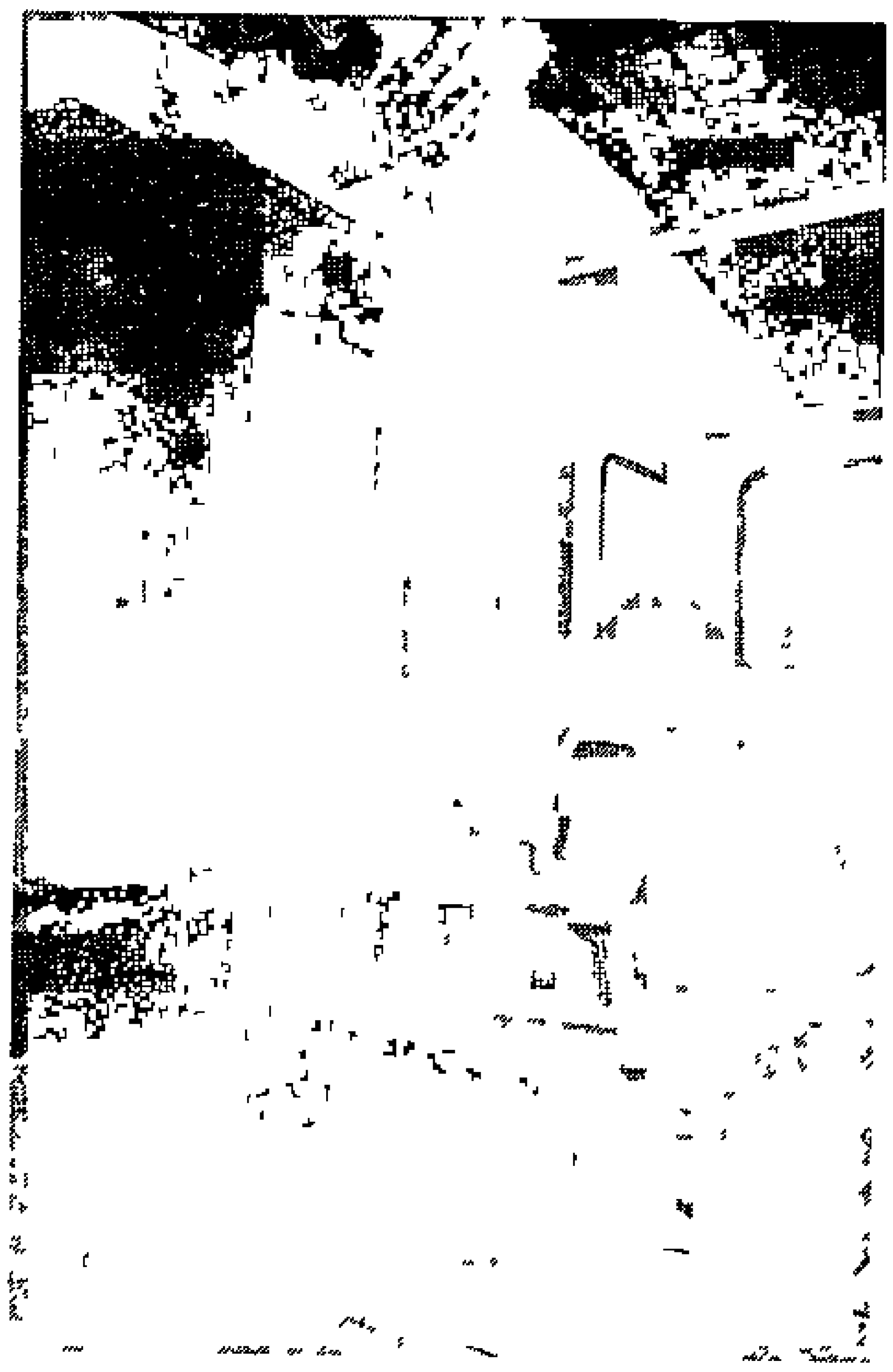
232 FM 11/7/80

TRUCK INDUSTRY

A spoke in the wheel

The Department of Industries could have a real battle on its hands as truck manufacturers set out to mobilise public support to stop a government-sanctioned monopoly for the manufacture of truck axles and gearboxes (powertrains)

Study groups in five different truck



Genmin gearbox plant . . . monopoly in the making?

companies are preparing estimates of how this monopoly and the IDC-backed Atlantis Diesel Engines (ADE) monopoly will affect truck costs From this they will calculate the effect of the resulting higher truck prices on building costs and the costs of staple foods such as bread and milk

The figures may be released to the press within a few weeks — before the industry again meets Industries and Commerce Minister Schalk van der Merwe to argue against his proposed scheme

Truck men are in broad agreement that the ADE engine project will add about 30% to the cost of most trucks and that the proposed powertrain manufacturing scheme by General Mining (Genmin) will add another 20%, making the total increase about 50%

They believe that some of the cheaper Japanese trucks could go up by as much as 70% This could boost construction and civil engineering costs where contractors use fleets of tip trucks which are bought for a contract and written off on its completion

If these rough estimates are correct, the purchase of heavy trucks will cost the country an extra R225m a year — given a market of 18 000 units costing an average of R25 000 each

Tempers are running high as interested parties trade accusations and criticisms Bill Crill, MD of Eaton International which is in danger of being pushed out of the SA powertrain market by the Genmin scheme, says that Genmin's R60m investment is "an overcapitalisation" And an Eaton spokesman says his company has just put up a similar plant in the UK for only R33m, and it has more than double the capacity of the Genmin plants

"I wish to God we had their guy designing our plants," retorts Genmin's George Clark who clearly takes this claim with a pinch of salt He adds that Genmin will be making a wide range of powertrains, unlike many specialised factories abroad and hints that a superior quality product demands greater capital investment

Genmin is also sceptical of Crill's claims that he will "go into local operations next week with a full range of gearboxes and axles '

One staffer, who has inside information, says "Before he can start he has to get approval from the Reserve Bank, the Department of Planning and Industries, and he has to get import permits I cannot see this happening as government has already told us that we will be manufacturing for the entire market "

Market shares presently held by the ZF gearboxes to be made by Genmin and Eaton's Fuller gearboxes are also in dispute Crill claims a 42% share while Genmin puts the Eaton figure at a bit more than a third of this

Truck manufacturers still insist that establishing local monopolies is not the best way to develop a self-sufficiency in truck manufacture Toyota's marketing director Bert Wessels says that manufacturers should be allowed to choose whatever components they consider best for their vehicles — and that the local capability in powertrain manufacture be supported by a subsidy of R20m a year, to be raised by imposing a levy of R1 111 on each heavy truck sold This would be cheaper to the industry than government's proposed scheme which places a premium of R5 000 on each vehicle, and it would maintain the benefits of free competition

Genmin officials are not impressed with the idea Says one "A subsidy is a no-go because it will encourage too many models We are the laughing stock of the world because we market so many different models in such a small market What we need is standardisation "

So far truck men have gained one small concession from Genmin it has agreed not to produce axles for vehicles of less than 12,5 t This means that although at least 15 000 trucks a year will have its gearboxes, only about 5 000 will have its axles

But this situation cannot last as Genmin must be itching to produce at full capacity Says an official "Even if we produce to full capacity, this investment is not as attractive as an investment in gold "

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Rothmans drag on Remgro

232

RDM 12/7/80

By DAVID CARTE
Deputy Financial Editor

NOTWITHSTANDING the recent strength of sterling and the rand, Rembrandt Group pushed up taxed attributable profit 27% to R118 670 000 in the year to March.

Earnings a share were 26% better at 227,3c compared to 179c in 1979, while the dividend was raised only 16% to a seven-times-covered 30c.

More than likely reflecting the fall in earnings of Rothmans International as a result of sterling's strength, the contribution of associate companies fell from R43 795 000 to R40 688 000. With Rothmans reportedly 20% down, it can only have been fine performances by other associates, including Fedmyn, Gencorp, FVB, Volkskas, Cape Wine and Gilbeys that prevented a worse decline in the associate contribution.

Profits excluding the associates were well ahead of those including associates. Excluding associates, earnings were 57% better at 149,4c (95,1c).

Another interesting item in the income statement is a R3 188 000 profit of subsidiaries sold during the year. This item last year reflected a R5 388 000 loss.

No explanation is given for the R8 500 000 turnaround, but market sources suggested the item might be connected with the Oudemeester-Cape Wine deal.

IL Back, the clothing manufacturer in the Rembrandt Group, achieved its third mobumental loss in Rembrandt's hands, declaring a R1 700 000 attributable loss in the year to end March. This brings Back's losses in Rembrandt's hands to more than R8-million.

On the latest dividend at 690c, Remgro yields a meagre 4%. But with this sort of cover, the dividend is as safe as a house. And with sterling expected to weaken in the year ahead and South African profits bound to rise, earnings — rather a nominal concept with Remgro — should grow fairly strongly.

Rembrandt Controlling, Tegkor and TIB, all derive their income from Remgro and all also yield 4%, so there is no cheap way in.

RDM 12/7/80

Mitcott acquisition

232

MITCHELL Cotts has acquired the total share capital of Lockload Safety Products (Pty) for R500 000 cash Lockload is a Vereeniging-based company specialising in the design, manufacture and distribution of safety products — Sapa.

R400m mine to rival Vaal Reefs

RDM 12/7/80

232

By HOWARD PREECE

THE proposed Anglo American/Lonrho gold and uranium mine in the Free State will effectively become physically part of an enlarged Western Holdings which will mean a complex rivalling Vaal Reefs as the largest in the world.

It is expected to cost around R400-million to bring the new mine — in the Erfdeel/Dankbaarheid area in the Free State — to production, probably in 1986

A statement last night said the mine would have an eventual production of 200 000 tons a month and that it had a low-grade gold and uranium deposit of 62-million mineable tons of ore at a recoverable gold grade of 4,5 g/t

It said "consideration will be given to treating the plant residues containing 0,2 kg of uranium per ton at a later stage"

A company is to be formed to finance the cost of Erfeel/Dankbaarheid

This company and Western Holdings will share gross revenue and gross working expenditure for Erfdeel on an 85%/15% basis

Shares in the new company will be held 44,5% by Anglo American and associates, 36% by Duiker (of Lonrho), 10% by Western Holdings and 9,5% by Amgold

Welkom and FS Saaiplaas are involved in the development and what is intended is that Welkom will absorb FS Saaiplaas

For its part, Welkom will simply be an investment company rather as Zandpan is to Harmony or Elsburg to Western Areas

There will be thus be the new company, Western Holdings, Welkom and Duiker in the new mine

What may surprise some observers is the extent of Lonrho's participation through Duiker

From its 36% stake in the key new company, Duiker will have a claim to 30% — 85% of 36% — of the profits of the super-mine

Duiker has 40% of the Erfdeel rights Lonrho will, of course, have to chip in its full share of the development costs, but is obviously confident (and why not?) of financing that.

Anglo said "It is announced that agreement in principle has been reached regarding proposals for the development of a mine of 200 000 tons a month in the Erfdeel/Dankbaarheid area as part of a larger complex that will result from the merging/rationalisation of operations in the areas currently being mined by FSS, Welkom, and Western Holdings and for the formation by the mineral right holders of the Erfdeel-/Dankbaarheid area of a new company to finance the cost of turning this area into account

"The operating lives of Welkom and Western Holdings, while dependent to some extent on the gold price, are nevertheless relatively limited and studies have shown that benefits would arise from an amalgamation of their mining leases which have a common boundary "

Although the statement makes no mention of tax, there are major advantages to putting all the developments into a single group

There are also, of course, normal rationalisation benefits

The statement said "This would result in greater flexibility in mining operations, particularly along the joint boundary, and would enable the most economical use to be made of their combined hoisting and treatment facilities

"The mineral rights of the Erfdeel/Dankbaarheid area are jointly held by African & European Investment (a subsidiary of Anglo American), Orange Free State Investment Trust (a subsidiary of Amgold) and Duiker Exploration

"This area is regarded as a low-grade area incapable of supporting an independent mine at foreseeable gold prices "

Hence the complex schemes involving the various interested groups to get the super-mine.

The shares of Duiker, FSS, Welkom and Western Holdings will be relisted on Monday

The fact that such a large low-grade development is going ahead shows, like Union Corporation's Beatrix development, how much faith the mining houses have in the gold price — or at least how far the price has soared to give huge safety margins

RDM 14/7/80 232

Gencor back with Fedmyn

GENERAL Mining Union Corporation has again become a subsidiary of Federale Mynbou, an investment company listed on the Johannesburg Stock Exchange, in a R82-million series of deals.

Until March, Fedmyn owned 63,38% of General Mining Then, when Genmin issued new shares to buy out the minority shareholders in its Union Corporation subsidiary, that stake fell to 44,38%

However, associates of Mynbou held a further 5,92% of General Mining Union Corporation

Most of these shares have now been bought by Mynbou, raising its direct holding in Gencor to 50,05%

In exchange for R26 900 000 of its non-Gencor investment portfolio Mynbou has acquired 1,88% of Gencor — equivalent to an average cost of 1 790c a Gencor share. A further 37,79% has been bought for R55 300 000 in cash at a cost of 1825c a Gencor share

These deals restored Mynbou's control over Genmin, but left it with a R22 600 000 cash shortfall.

This is to be funded through the placing with Nedbank of R25-million of special cumulative redeemable preference shares

These shares, which are to be redeemed no later than June 1987, will not be listed on any stock exchange They have a fluctuating coupon that starts at a floor level of 6,5% and has a ceiling of 12%.

Announcing the placing Mynbou said "The special preference shares will not have any significant effect on the expected future dividends of existing holders

"In addition, the directors expect that Mynbou will have adequate funds to redeem the special preference shares out of profits on or before the fixed redemption date"

(215) (232)

Duiker in coal venture

RDM 15/7/80

Financial Reporter

DUIKER Exploration, a subsidiary of Lonrho which is involved in the launching of the Erfdeel/Dankbaarheid gold mine in the Free State, has decided to go ahead with the establishment of facilities for the commercial production of anthracite at Mhlangapisi prospect in the Piet Retief district.

The Piet Retief Colliery, which will have an annual capacity of 600 000 tons, is scheduled to start production of anthracite in 1983

Capital spending is estimated at R19-million after making provision for inflation

The company has authorised capital spending totalling R6 672 000

Duiker's steam coal sales increased in the June quarter Anthracite sales were unchanged.

Mining income rose to R4 302 000 (R2 895 000) and after-tax profit to R2 170 000 (R1 354 000)

Earnings a share were 19,4c (12,1c)

Mitcotts buys Lockload

RDM 15/7/80 232 ~~154~~

Industrial Reporter

MITCHELL Cotts has bought the total share capital of Lockload Safety Products for R500 000.

Lockload is a Vereeniging-based company specialising in the design, manufacture and distribution of industrial safety products, and its products will complement items already being distributed by Mitchell Cotts Industrial Supplies.

Lockload will be merged with Cotts' Industrial Supplies, and will operate as a separate division.

South Roodepoort spells out new mine

~~214~~ 232

RDM 17/7/80

By ADAM PAYNE

SOUTH ROODEPOORT mine, whose shares have fluctuated strongly on the Johannesburg Stock Exchange, has announced its plans for opening its proposed mine north of the Saxon fault.

At the same time, I am told that Johnnies, which has rights to the lower Kimberley and deeper reefs south of the Saxon fault at South Roodepoort, is carrying out surface drilling to determine values for a feasibility study into opening a big mine south of the fault

If a mine is established, a shaft will be sunk and a reduction works will be built at heavy cost because the reefs are deep

Rights to these reefs are held about 17% by Randfontein, about 70% by Johnnies and 10% by other parties, with South Roodepoort company entitled to participate to the extent of 3%

As to the smaller mine north of the Saxon fault, South Roodepoort says over the past year about R1 500 000 has been spent on refurbishinbg plant and machinery and on the development of the Gauff Shaft and nearby areas These latter areas constitute the proposed mine

This spending has been funded from the company's resources

In the following six months an estimated R600 000 will be spent on further development work in the new mine area

It is expected that funds for this work will be generated from the company's resources

On the west side of the Gauff Shaft drilling indicates a grade of 4g/t About 60m of development is needed to reach the poisition of the first reef intersection

On the east side of the Gauff Shaft reef has been intersected with good results

Production in the Gauff Shaft area will start in September

Saxon Shaft will be dewatered by the end of July and production should start by the end of the year

South Roodepoort has issued a disappointing June quarterly report showing sa loss of R2 000 compared with a profit of R288 000 in Matrch

Working revenue declined to R1714 000 (R 2 013 000) and costs were up at R2 017 000 (R1 798 000)

Although tonnage milled was higher, yield was down at 1,79g/t (2,1g/t) Gold production was down and unit costs were lower at R33,06 (R35,49)

The year's figures to June 30 were more encouraging, reporting net profit at R684 000 and development and capital spending at R1 516 000

232 FM 18/7/80

ERFDEEL/DANKBAARHEID

Tax returns

When I was a boy, there was a theory that a silk purse could not be made from a sow's ear Now, with a bit of tax saving alchemy, that is what Anglo and its associates plan to do with Erfdeel/Dankbaarheid (ED)

Basically, with 62 Mt of ore from which about 4,5g/t of gold and 0,2g/t of uranium could be recovered, establishing a new mine on the property is uneconomic (or at least unattractive from the viewpoint of return on capital) if independent operations are set up and tax savings on capex are only available once profits are being earned

Though the deal whereby ED is to be mined in conjunction with Free State Saai while Western Holdings becomes the holding company of Welkom's and Free State Saai's assets is complicated, the underlying objective is establishment of a corporate entity to exploit tax offsets at the same time as expenditure is incurred at ED

Logistics of the deal are that ED's mining lease will be ceded to Free State Saai so that the two areas can be worked as one Then, in parallel agreements, Welkom and Free State Saai are to cede their mining assets to Western Holdings in exchange for 3,185m and 3,653m Western Holdings shares respectively To round things off, it is planned that Welkom will make a 50-for-100 bid for Free State Saai's shares

The upshot is Free State Saai will once again lose its JSE listing (and just ahead of a possible start to dividends), Western Holdings will own all the mineral rights and mining assets in the area, and Welkom will become a holding company with an effective 47,7% stake in the enlarged Western Holdings as its sole asset (see chart)

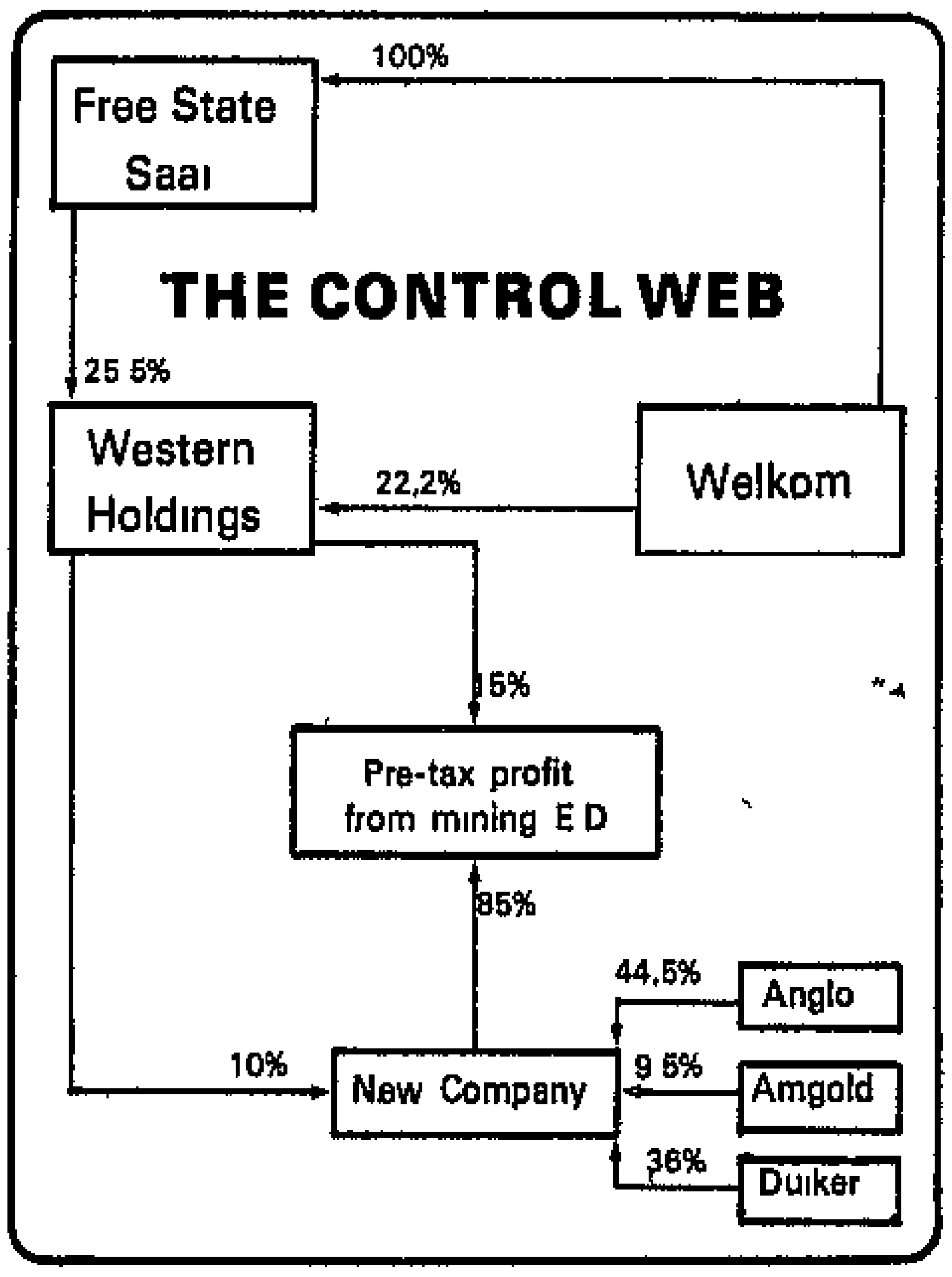
Then we come to the actual exploitation of ED The present mineral rights holders (effectively Anglo with 60% and Duiker with 40%) have agreed to establish a yet-to-be-named company which will be entitled to 85% of gross profit from the area's exploitation Western Holdings gets the remaining 15%

In addition, Western Holdings is to be offered a 10% participation in the new company leaving the remaining 90% split 44,5% Anglo, 36% Duiker and 9,5% Amgold Effectively, then, Western Holdings ends up with a 23,5% interest in ED at the pre-tax level

The plan is to exploit ED's ore at a monthly rate of 200 000 t starting in six years' time Initially the area will be worked only for gold — a decision on uranium production has yet to be taken

Anglo has yet to quantify the benefits expected to accrue from this complex of asset shuffling But it is clear that as Western Holdings will hold all the mining leases, it can immediately offset the whole of ED's capex against its own profits The question arising from that is how the after-tax capital cost is funded and by whom

Then there is a further tax advantage if ED's eventual revenue and profit are included with those from the combined Western Holdings and Welkom operation If they are, the method of calculating gold mining tax implies a lower overall tax rate, and, again, possible considerable tax savings Precisely what they are likely to be needs to be detailed before shareholders can decide on the deal's merits



There is also the matter of dividends to be paid by the enlarged Western Holdings The mine's present shareholders are well aware that remaining life will be relatively short and merry — maybe a further six years of high dividends

They are now being asked to agree to their company's conversion to a long-life but lower profit operation And that is apart from any immediate earnings dilution with a virtual doubling of Western Holdings' share capital

As I understand it, Anglo has yet to decide whether a new plant is to be established at ED or whether capacity will be made available at the existing Western Holdings and Welkom plants A decision on that is needed soon, particularly if mining operations are to be established within the project's six-year programme

And that means Western Holdings must soon decide whether it is to mine lower-grade Leader reef on its present property

Until complete documentation of the proposals is available, shareholders in each of the companies could be forgiven for wondering who, if anyone, will get the thin end of the stick Basically, if ED is uneconomic as an independent entity, someone has to give up something to swing the balance towards viability

If that someone is the Receiver of Revenue, all well and good But it is a matter which needs to be clearly explained to shareholders

For the present, best advice to shareholders is to sit tight At this stage there is no way of telling what benefits there will be Let's hope that they will not be obscured by the technicalities of corporate reshuffles once the authorities give the proposals their stamp of approval *Jim Jones*

FEDMYN Fm 18/7/80

Tightening up

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Given the Federale group's philosophy as regards the definition of "control," it is hardly surprising that Fedmyn has moved quickly to restore its shareholding in Gencor to above 50%

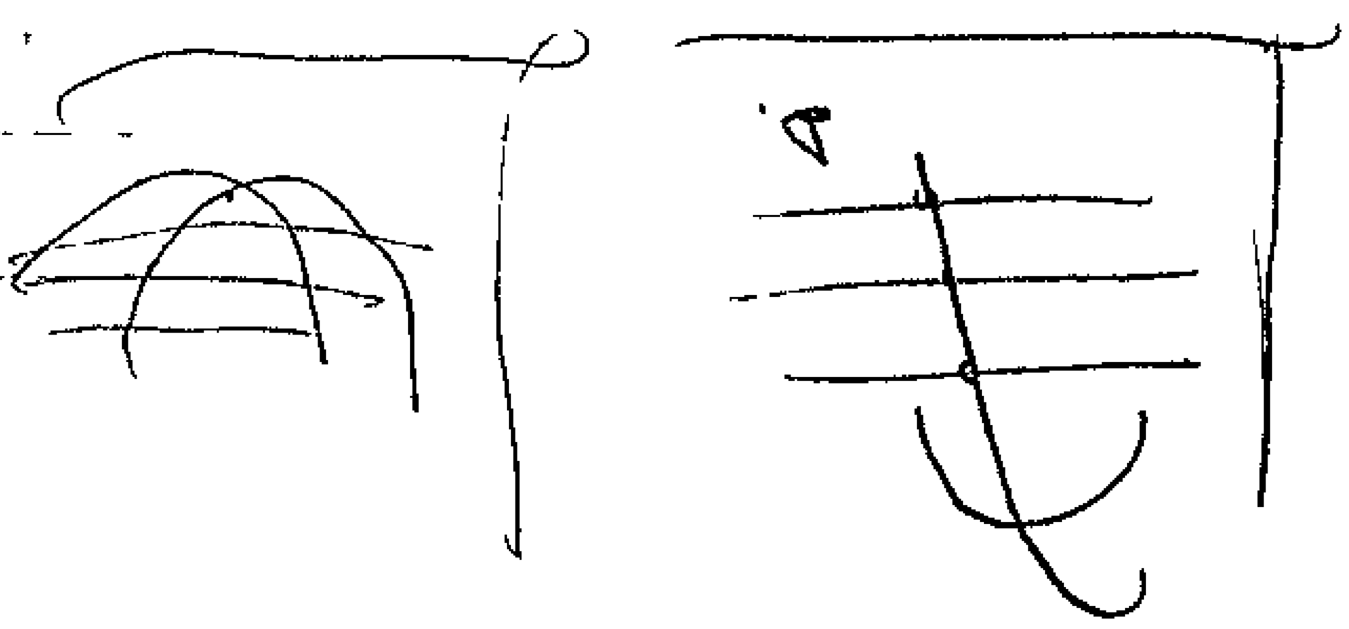
Whereas another group, such as Anglo, might have been prepared to accept a smaller stake as being effective control (provided, of course, it was the biggest single holding), Federale tends to prefer the more formal 50%-plus-one-share approach The dilution of its interest in Gencor from 63,4% to 44,4% with this year's take-out of the Union Corp minorities was, therefore, unacceptable even with an additional indirect holding, through associates, of almost 6%

However, with the purchase of a further 4,5m Gencor shares, at a total cost of over R82m, the direct holding has been restored to 50,05%, thereby re-establishing the line of control between Gencor and the Sanlam/Rembrandt interests which together own 71% of Fedmyn

Roughly R27m of the purchase consideration was satisfied by the exchange of other Fedmyn assets, which allies the company more closely than ever to Gencor The remaining non-Gencor assets are of little consequence The cash portion of R55m came partly from the recent R160m rights issue, while the balance is being raised through a R22,6m private placing of redeemable prefs

The whole deal will have little effect on the ordinary shares as the additional dividends from Gencor should come close to balancing the pref dividend plus the loss of income from assets relinquished

Brian Thompson



Plans

What is demand of consumers.
Supply by Prod & retailers - more and competition
Elasticities of the two
Interaction of SS and DD - market price. - sketch.
Adjustment of the two: SS and DD.
Surplus and shortages
Complementary goods.
Substitutes.
Conclusion.

FM 18/7/80 (232)

CAPE WINE

On target

Cape Wine & Distillers (CWD), product of the merger of the wine and spirit interests previously held by SAB, Remgro and KWV, has achieved its forecast for the six months to end-March The Rembrandt-managed company is further predicting that current demand for the company's products could leave earnings for the financial year to end-March 1981 higher than the R23,1m predicted in the company's prospectus And despite the 90% shareholding by SAB, Rembrandt and KWV there has been lively interest in the remaining 10% available to the public

Turnover figures for the six months remain undisclosed and the market share held by the company is also unavailable But CWD's recent acquisition of the Haig agency has increased its dominance in the whisky sector, a position it already holds in the markets for other spirits and wines

Pre-tax profits for the first six months to end-March (the first reporting period since CWD's establishment) were R27,1m, reduced to R20,7m by a R6,4m Lifo adjustment Due to capex allowances, the tax rate was 36% and resulted in earnings of R13,2m, marginally above the R13m prospectus forecast And in line with stated policy of paying out 50% of earnings, a dividend of R6 6m was declared, equivalent to 5,2c per share on 126m shares Since March 31, however the number of shares in issue has been increased to 140m following the issue to outside investors

The shares, which were offered to the public at 115c, came onto the JSE on April 30 at 135c Despite a 3,5m turnover during May and June, representing 25% of available shares, the price has moved up only 5c to 140c where it looks well-pitched until further performance yardsticks become available

Financial Mail July 18 1980

Although management is not specific about the degree to which this year's earnings will exceed the R23,1m forecast, the current consumer spending trend should continue to rise steadily At this stage it may be safest to assume that 8,25c will be paid, putting the share on a prospective yield of 5,9% compared to the 4 7% sector average

Lee Holse

(232) RDM 18/7/80.

Korsten wants diamond stake

By HAROLD FRIDJHON

CONTROL of Trans Hex Beleggings, a Cape-based company with considerable diamond interests, as well as investments in the motor trade, financial services and engineering, will shift to Mr Laurie Korsten if shareholders of Naskor Mynbou and Seeland Mynbou agree to two inter-related schemes of arrangement

Mr Korsten, who is managing director of Volkskas Merchant Bank, controls in his private capacity — and with the approval of the bank — a financial company, Corporate Credit Services (Pty)

CCS is making offers to the shareholders of Naskor and Seeland either to buy out their shareholding for cash or to buy out their holdings for cash plus Trans Hex shares with a view to getting control of Trans Hex Naskor owns 38,3% of Trans Hex and Seeland 25,7% of Transhex

From the Trans Hex accounts for the year to February 1980, the company appears to be a desirable property Taxed group profits amounted to R2 136 [illegible] (R2 031 480), equivalent to 53c a share It has a seven-year history of growth The net asset value a share is 229c

Most of the company's profits are derived from its diamond interests as well as from earthmoving operations Profits from other sources account for only 14% of income

Mr Korsten plans to rationalise Trans Hex's operations and in about 18 months, if the time in opportune, to apply to the JSE for a listing Obviously he would prefer it to be an all-diamond company

Such a move would appeal to the shareholders of Naskor and Seeland who have been locked into their companies for the past 15 years or more Most of them have indicated that they would prefer to take cash plus Trans Hex shares, and they have also indicated that they would like more Trans Hex shares if these become available

CCS is also making an offer to the 370 Trans Hex shareholders If they sell, Mr Kirsten will be in a position to provide more shares for the Naskor and Seeland shareholders

Mr Kirsten told me that he would be happy to hold only 51% of Trans Hex, not the 64% which would accrue to CCS after the scheme of arrangement was approved

His bid to the Naskor and Seeland shareholders is about R5-million

Star 23/7/80

FAIR DEAL

3(meat)

Butchers are scared of the 'Meat Mafia'

(232)

By Maud Motanyane and Diann Shoebotham

Butchers fear that a meat industry monopoly is likely to wipe out the small businessman.

In a survey of more than 50 independent and chain butcheries last week Fair Deal reporters were told of the battle butchers are having against rapidly rising meat prices and increasing consumer resistance.

AFRAID

The butchers made claims of corruption in the distribution and marketing of meat and of prices being manipulated by large groups who have an interest in the farming, marketing and wholesaling of meat.

Many butchers were afraid of having their names printed for fear of having their meat supplies cut off by the wholesalers

One said wholesalers were all-powerful in the meat industry and their prices to the retailer fluctuated from week to week, even from day to day.

He was charged a higher price at 5.30 on a Monday morning than at closing time on the previous Saturday. As abattoirs are not open on weekends he concluded that wholesalers set their prices at will.

A butcher, who referred to the large meat companies as the "fat cats," told Fair Deal that the meat industry had a lot of faults "but I won't dare talk openly because those guys can squeeze me right out of business

"They are like the Mafia — it would take them no time to wipe you out if they thought you were a troublemaker"

Many other butchers claimed they were not making any profits and were just managing to cover costs.

NO PROFIT

They reacted strongly to a statement by Mr L Selber, the chairman of the SA Federation of Meat Traders, that butchers should not subsidise the consumer but put up their prices to make a profit.

TOO MANY

"We are not subsidising the consumer but are subsidising the middle-man who is making a large profit," a butcher said.

Butchers also claimed that there were too many people "who were eating from one carcass"

They claimed that too many people handled meat before it got to the consumer, all of them taking their share.

It started with the farmer, who had to rail meat to the auctioneer, who had to place it in the abattoir, then went to the wholesaler, the retailer and finally to the consumer By this time everyone had taken some commission and the consumer had to pay.

Butchers suggested that every major town should have its own abattoir to eliminate unnecessary middle men.

Housewives were also to blame for unrealistic prices and butchers put this down to "consumer ignorance"

They were uneducated about being economical in buying and cooking meat, the butchers said

Anglo taking a look at Simmer's mine

(232) 24/6/80

By ELIZABETH ROUSE

AN ANGLO American prospecting company will be looking at Simmer & Jack Mines' Germiston property, according to an announcement by Simmer.

This confirms speculation dating back to the beginning of the year that Anglo was interested in the possibility of exploiting Simmers' Kimberley reefs and surface dumps

At this stage, the agreement reached between Simmer and Anglo American Prospecting Services (AAPS) involves merely a gold prospecting and exploration programme in property belonging to Simmer and its subsidiary, Simmer Extensions

Depending on what AAPS discovers in investigations in the Kimberley reefs, where a limited amount of diamond drilling was last carried out by Union Corporation in 1974 (when the gold price was around $197), further steps will be studying the feasibility of a treatment plant and, finally, assessing the possibility of a new mine

An Anglo spokesman stressed the investigatory aspect of its agreement with Simmer yesterday, while Simmer chairman Mr Peter Gain said "No comment"

The only concrete news so far is that an AAPS team has done a first intersection of the Kimberley Reef and that "results were not promising"

According to the Simmer announcement, the project — to exploit the underlying and surface material of Simmer's mining lease claims at the Kimberley reefs for their gold content — also includes a feasibility study for building of a plant to treat 150 000 tons of combined material a month

If it is decided to proceed with the Kimberley reefs and surface material exploitation, AAPS or its nominees will later carry out an additional prospecting and exploration programme in Simmers and its subsidiary's lease areas in Main Reef, Main Reef Leader and other reefs

According to a mining analyst, Simmer's dump reserves were reported to amount to 80-million tons including waste material and mostly low-value slimes grading up to 1 g/t

As to possible underground operations, Unicorp's drilling indicated 11-million tons of Kimberley reefs ore in the dry-pumped area above 1 200m from surface and another 10-million tons of ore in other reefs, in flooded areas, down to 2 400m

Should a new mine be established, the Anglo American group will finance the capital costs of a new mine Simmer & Jack will receive income in the form of royalty

Royalties are payable only after Anglo has recouped the capital cost of a new mine

Excited Simmers shareholders should hold their horses until AAPS reports to Simmer by August 31 whether it intends to establish a new mine Simmer will make a statement immediately afterwards

Senchem to spend another R35m

RDM 25/7/80

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By DAVID CARTE
Deputy Financial Editor

SENTRACHEM, South Africa's second biggest chemical group, yesterday announced plans to spend another R35-million on expansion and development, bringing its firmly planned capital expenditure to more than R300-million.

In announcing the R35-million expenditure, Mr Dave Marlow, managing director of Sentrachem, said that if the group decided to go ahead with an ammonia plant, its capital spending could rise further by "hundreds of millions".

These figures exclude Sentrachem's involvement in General Mining's prospective Springbok Flats oil-from-coal plant and any possible spending on ethanol plants

The eight projects on which the R35-million is to be spent include

- A R12-million granulation plant for nitrogen-phosphates-potash mixtures at Fedmis' Sasolburg factories This will increase capacity 30% and be completed by January 1982
- Doubling of Karbochem's xanthate capacity for R6-million Xanthates are used in the recovery of base metals and are in short supply worldwide
- A R6-million, 50% expansion of capacity at Aquachlor's HLH swimming-pool chemical plant
- A R4-million second production train for KOP's chlorinated paraffin plant
- A R3-million energy-saving evaporator at NCP's Umgeni plant in Durban
- Doubling of Karbochem's disulphide plant capacity at a cost of R3-million
- A third reactor at the Synthetic Latex Company at Sasolburg, which will increase capacity 50%.
- Expansion of capacity of Orchem's MBT plant costing R1-million

Most of these expansion plans were designed to replace imports, said Mr Marlow. Some would actually convert net import into net export situations

Most of Sentrachem's new technology was based on coal and as the coal-based chemical industry developed, more raw materials were needed and became available This should ensure growth in the chemical industry for some time to come, he said.

Mr Marlow gave no details on how these projects were to be financed He said the group financial plan "easily covers the funding of the new projects and substantial facilities are available for those projects which will not be financed from internal cash generation"

Rights issues would not be needed

Sentrachem was still investigating the economics of ethanol for fuel production and that although the Government's subsidy for ethanol as a petrol additive on its own was not an adequate incentive, some of the associated products, including single cell protein, had sustained the company's enthusiasm for the project

He would not comment on General Mining's oil-from-coal plans

Mr Marlow said a methanol unit might be built as part of Fedmis' ammonia project, when and if this was launched

Mr Marlow did not think the current steep drop in rubber prices in the United States affected the viability of Sentrachem's R150-million rubber-from-coal project

Rubber prices were dropping because of the US recession, which was devastating the vehicle industry, because of the switch to smaller vehicles and the switch to radials — things that were not applicable to or had happened in South Africa

Malbak up to scratch

(1601) 232

RDM 25/7/80.

Financial Reporter

MALBAK shareholders were told at the annual meeting yesterday that results for the quarter to the end of June were in line with budget and significantly up on the same period of last year

The annual report published last month forecast that the year to March 1981 would be one of "above average growth" — the average being the 17,2% rate at which earnings a share have grown since 1969

There has been a continuation of the strong improvement in the farm machinery division, which moved its contribution to group earnings up from 2% in 1979 to 13%

Motor retailing, which last year dipped to 8% of group earnings, is performing well, as is process control instrumentation which last year made its first full 12-month contribution

Malbak is paying R800 000 in cash for 100% of B & K Pumps The acquisition is not expected to have a material effect on either net asset value or earnings a share

In the year to March, Malbak earned R5 300 000 — 50,4 cents a share — on sales of R129-million and paid dividends of 18c a share

The report for the six months to September will be issued at the end of October, and that for the nine months to December (which will be published in February) will include the interim dividend declaration

(232) FM 27/7/79

ANGLO AMERICAN

Ready for reorganisation

Activities: *Mining finance house with major interests in gold, coal and diamonds as well as important insurance, finance and industrial interests. Directly managed investments total R4,3 billion, the total value of interests including associates and finance companies is about R6,7 billion.*

Chairman: *H F Oppenheimer.*

Capital structure: *224m ordinaries of 40c; 4,76m 6% cum prefs of R1; 40m red cum prefs of 2,5c. Market capitalisation: R1 792m*

Financial: *Year to March 31 1979. Borrowings: long and medium term, R755,7m. Net cash R536,3m. Debt: equity ratio; 21,2%. Current ratio: 4,5. Group cash flow. R253,6m*

Share market: *Price; 800c (1978-79 high, 875c; low, 462c; trading volume 15 793 000 shares) Yields. 11 % on earnings; 5,8% on dividend. Cover 2,0 PE ratio; 8,9.*

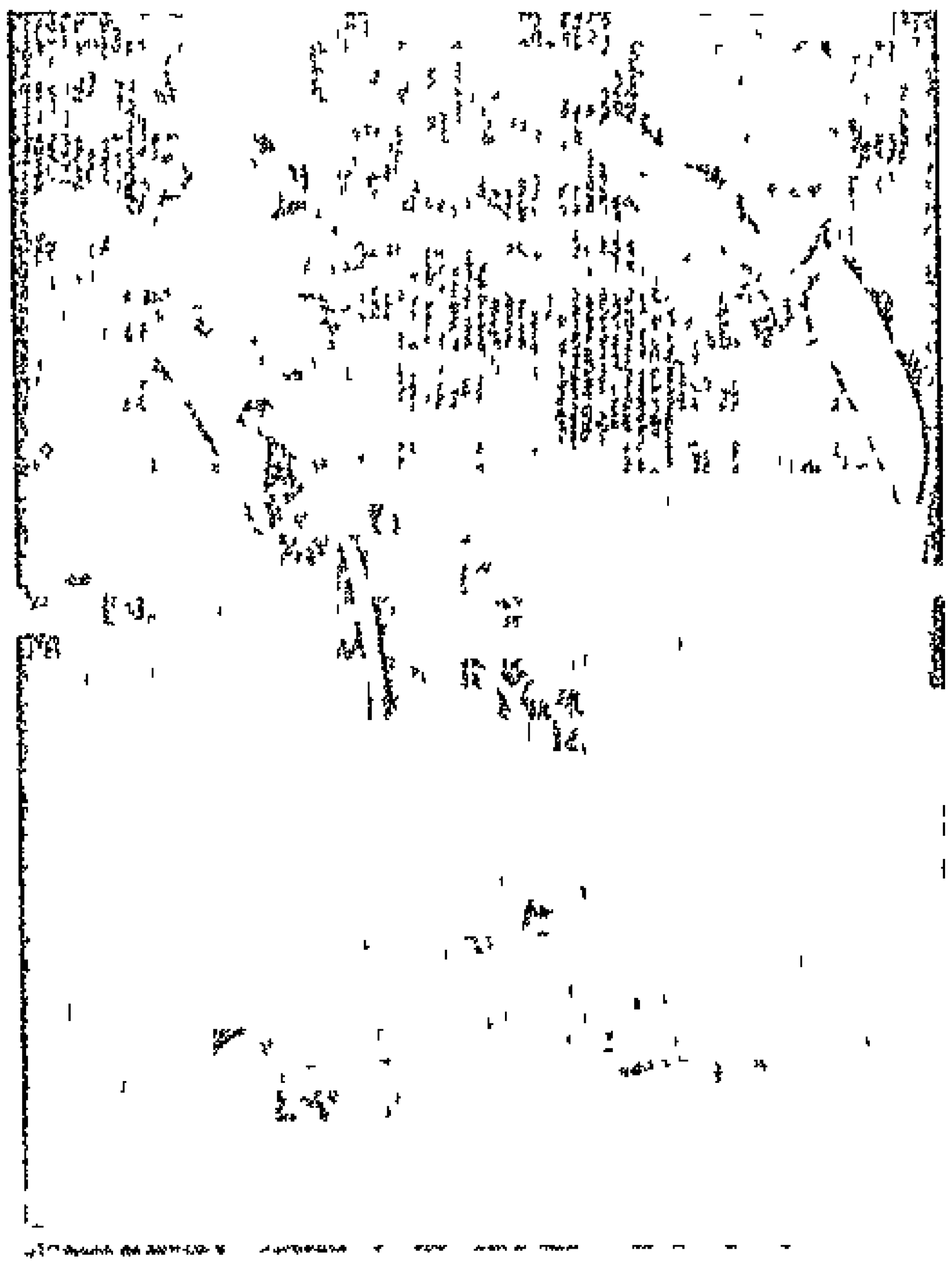
	'75	'77	'78	'79
Investments				
Book value (Rm)	519	526	836	879
Market value (Rm)	1 233	1 102	2 269	3 386
Investment income (Rm)	91,2	87,2	213 2	220,6
Earning (c)	64,1	65 2	87,6	90 1
Dividends (c)	33	38	45,25	46
Net asset value (c)	875	786	1 025	1 543

There are many investors in SA and overseas who feel that a major reorganisation of the greater Anglo group is close. In this climate, however, it may be reading too much between the lines to note that the group's control structure chart provided since 1975 has been greatly simplified this year.

Anglo has further consolidated its financial position with much of the dead wood either gone or still being chopped out. But with a major improvement in income from gold and, to a lesser extent, diamonds on the cards this year, deploying additional income will call for reorganisation of the overall group's structure and activities.

Last year, gold earnings were based on an average bullion price of $200, effectively the price base on which gold mining dividends flowed through to Anglo. On that basis, gold contributed 37% (1978, 30%) of group investment income — equivalent to R82m (R64m) — last year with only R3,7m of the increase flowing from Ergo's maiden dividend.

With gold averaging $254 thus far this year and with a sound prospect of remaining above $300, Anglo's earnings



Harry Oppenheimer and friend . . . golden smiles all round

this year from gold could easily hit the R100m mark.

Despite its failure to reach originally targeted gold production levels, Ergo alone should at least double its contribution, while bullion's advance points to an earlier than expected start to dividends from major non-dividend payer Elandsrand.

Interestingly, the group's stake in Ergo was reduced by 900 000 shares to 14,6m shares at end-March. Of these, 100 000 shares were sold from Anglo's own direct holding bringing the corporation's stake down to 2 4m shares.

On other fronts the picture may not be quite as rosy, but there appear to be few investments which will not either equal or better their contributions this year.

Last year, diamonds weighed in with 28% of investment income — equivalent to about R62m and compared with about R66m in the preceding fifteen-month period when three dividend payments equivalent to 75c per share were received from De Beers. This year, diamond sales patterns "indicate a return to normality". But that has resulted in disappointing first-half CSO sales figures. If this pers into the second half, De Beers may not pay more than 70c this year, worth R76,5m in Anglo's hands.

The relatively low-grade Middelplaats manganese mine is on stream, though at a time when manganese ore prices are under pressure world-wide.

In SA, the major thrust of developmen and exploration is in gold and uranium. A yet, uranium exploration in the Karoo has failed to locate any viable deposits and future of the project is highly depend on satisfactory results during the next months. But even if Karoo prospecting folded, there appear to be suffici alternative prospects capable of dev eloping into new mines at current gold and uranium prices.

Top of the list at this stage is the OFS. Heavy weather has been made of ermining the potential of mineral rights near Union Corp's developing Beisa mine. Drilling activity has been stepped up

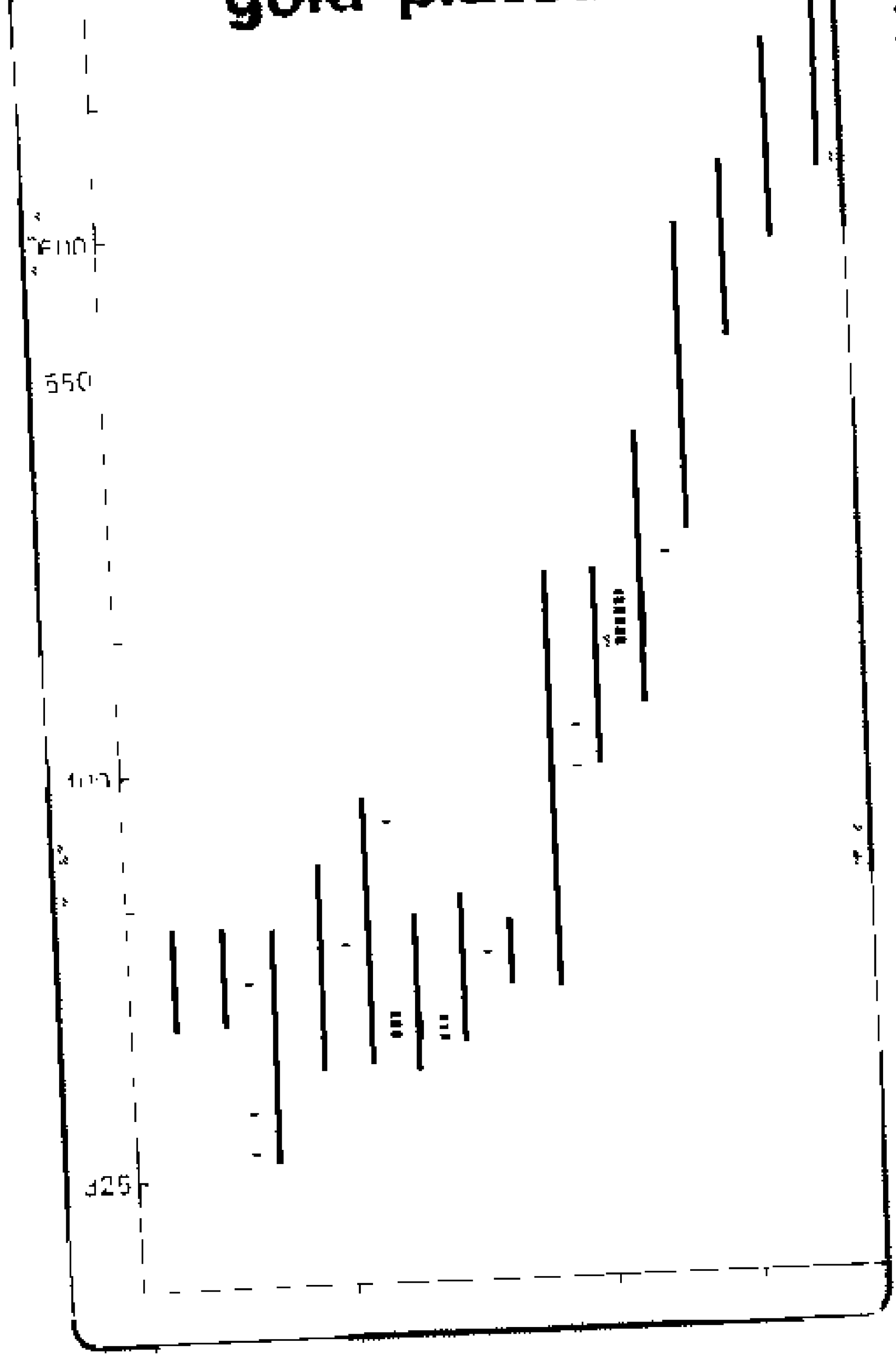
INVESTMENTS AND INCOME

	Value of investments %		Value of [illegible] %	
By prime source	**1978**	**1979**	**1978**	**1979**
Gold	43	40	30	37
Diamonds	19	18	31	[illegible]
Coal	6	9	8	[illegible]
Copper	1	1	1	[illegible]
Platinum	2	3	1	[illegible]
Other mining	3	2	1	[illegible]
Finance	7	7	8	[illegible]
Industrial	17	18	18	17
Oil and gas	1	1	1	[illegible]
Property	1	1	1	[illegible]
Total	100	100	100	[illegible]
Geographical				
SA	75	76	70	[illegible]
SWA/Namibia	4	4	6	5
Rest of Africa south of equator	6	6	8	7
North America	6	7	6	6
Elsewhere	9	7	10	8
Total	100	100	100	100

P.T.O.

72

ANGLO: gold plated



announcement of the group's plans for the area may not be too far off Nearby, drilling of the Erfdeel block north of Free State Saai indicated "substantial tonnage at a marginal average grade"

Drilling near the developing Afrikander Lease mine is being played down as "without significant developments at this stage" This is archly described by some Johannesburg analysts as a reflection of Anglo's usual caution They claim, rightly or wrongly, that the area in question is a major crescent to the north of Afrikander Lease with important uranium values being disclosed

In SWA/Namibia, exploration in progress for uranium near Swakopmund in conjunction with Aquitaine, Total/Pechiney and Union Corp is now at a stage of being targeted to delineate viable reserve tonnages.

Closer to exploitation may be the Goldridge project to the south of Western Areas. No details are given beyond the statement that further investigation is warranted of the upper Elsburg reefs They grade around 7g/t on the Western Areas.

In Southern Africa, exploration for other minerals appears to be meeting success only on the coal front. Coal reserves controlled by the group now total 6 600 Mt, with no change in the eventual 9 000 Mt target. Meantime, the Sperrgebiet copper/lead/zinc prospect in SWA/Namibia has been put on the back burner along with Gamsberg.

Elsewhere, the Fiji porphyry (large, low-grade) copper project is nearing the feasibility study stage The Fijian ore bodies are relatively low grade so their development may call for higher than normal amounts of equity funding. If so, Anglo's ability to go along with its partners in the venture could well only follow group re-organisation which will permit a transfer of funds from SA

Outside mining, the only major investment which may face a downturn this year is Sigma, with indicators pointing to lower volume motor vehicle sales nationwide On the other hand, despite the recent controlled steel price hike, domestic volume steel sales are not expected to decline, pointing to a further earnings improvements at Highveld and Scaw

For the foreseeable future, the group should have little difficulty funding new developments Though group loans rose to R609,4m (R419,1m) with an increase to R575,6m (R393,7m) in the top company, the balance sheet and cash flow are sufficiently strong to permit relatively heavy further borrowings if neccessary At the same time, the top company's increase in cash holdings to R518m (R296,5m) could indicate major restructuring and development plans

Whatever the group is planning, there should be no restraint on dividend growth this year, with a total payout of 50c the likely minimum At 800c, which discounts year-end net worth by 48,2%, the share yields a minimum prospective 6,3% Unless investors foresee a major crack in the gold price, there is probably little reason to defer purchases

Jim Jones

TABLE II

	16.3%							
Total Circulatory Diseases (390-458)	9752 100%							
Motor Vehicle Accidents (E810-E819)	750 38.0%							
Suicide (E950-E959, E979) *	485 24.6%	15.4%	12.6%	12.5%	54 3.9%	18 2.8%	76 4.1%	11 3.4%
Homicide (E960-E969)	59 3.0%	41 6.1%	41 12.3%	2 1.9%	680 31.3%	167 25.6%	806 43.1%	89 27.5%
Total Accidents, Poisoning and Violence (E800-E999)	1973 100%	677 100%	333 100%	104 100%	2175 100%	652 100%	1868 100%	324 100%

* E979 "Suicide and self inflicted poisoning by motor vehicle exhaust gas" is a code used in South Africa which does not appear in I.C.D. (8th revision). See Ref. 13.

Tongaat sees 100c earnings

RDM 26/7/80

232

THANKS to a combination of internal growth and contributions from its latest acquisitions, earnings of the Tongaat Group "will exceed our initial target of 100c a share" in the year to March 1981, the chairman, Mr Chris Saunders, told the company's annual meeting at Tongaat yesterday.

This forecast — which means earnings growth of more than 25% in the current year — was made after taking into account the expected major reduction in the contribution from the sugar division, which last year produced 30% of group profit.

Earnings of the 100c minimum would give Tongaat its 12th consecutive year of record profits, and raise the compound growth rate over this period to an average of 21% a year.

Mr Saunders he told the meeting "the sugar division, in keeping with the rest of the industry, is suffering a severe setback as a result of the prolonged drought which has devastated the cane crop.

"Total industrial production is now estimated at 1 667 000 tons of sugar, a decrease of approximately 20% on last year.

"The group's latest sugar production estimate reflects a decrease of 28% over last year, and our share of total industrial sugar production will therefore be slightly down on last year. This will mean a major reduction in the profit contribution from this division.

"The building materials division continues to benefit from the high level of construction activity in the Transvaal and Free State, and is proceeding with its plans to increase production facilities so as to alleviate delivery delays.

"Trading conditions in the Western Cape have improved and demand in Natal is increasing rapidly. Budgeted sales levels are accordingly being exceeded in all areas, and the division's contribution to overall group profits will reflect a satisfactory increase over last year.

"Acquisition of Hebox Textiles as a wholly owned subsidiary of the group has been concluded, with 58% of its former shareholders electing to receive cash amounting to approximately R8-million, and the remainder exchanging their shares for 832 000 Tongaat ordinary shares.

"The integration of Hebox into the group's textiles division is proceeding according to plan, and the division has been reorganised under a new divisional holding company known as Tongaat Textiles.

"Satisfactory trading conditions have been experienced in all areas of operation during the first quarter and this, together with the additional profits which will flow from the Hebox acquisition and the Whiteheads expansion programme as it comes on stream, will result in a significant increase in the division's contribution to overall group profits.

"Proposals for H. Lewis & Company to become a wholly owned subsidiary of the group are under consideration by Lewis shareholders representing approximately 75% of the equity of H. Lewis have indicated that they will support the proposals and the final outcome of our offer will be known early in August.

"This acquisition will have a favourable impact on the foods and feeds division, but the full benefit will only be felt in the years ahead.

"Other operations within that division are experiencing satisfactory trading conditions, so that together with the additional profits flowing from the Lewis acquisition, the division is expected to again increase its contribution towards overall group profits," he said.

UCI pointer to a higher final

RDM 30/7/80

232

By ADAM PAYNE

THE forecast by Mr Ted Pavitt, chairman of UCI, in February that the company's overall profit in 1980 should eclipse the record figure of 1979 by a substantial margin is being handsomely fulfilled — judging by the interim results to June 30

Profit after tax for the six months was more than the after-tax profit for the whole of 1979

It totalled R16 865 000 compared with R16 616 000 for 1979

Of this increased profit, R1 267 000 can be ascribed to a non-recurring change in accounting policy

The provision for tax was considerably lower at R376 000 compared with R661 000 in the same time last year because share-dealing profits were only a little more than half those in the first six months of 1979 UCI judged the market well in deciding against sales of shares on any scale

The key to the good results was income from investments at R16 489 000 compared with R14 679 000 for the whole of 1979

The company's main investments are in Winkelhaak and Kinross mines on the Evander goldfield and in Impala Platinum Holdings

At the end of 1979 the holding in Kinross Mines was 16,5% of the total investment value, Winkelhaak was 27,7%, and Impala Platinum Holdings 15,1%

The investment spread showed 63,51% in gold and 10 63% in mining finance

Income from investments in the first half this year grew with bigger dividends from the Evander mines and Impala The gold-mining dividends were declared in March when the average gold price was lower than it should be in the second half of the year, judging by present indications

With higher gold dividends in the second half of the year, a further improvement in earnings should be achieved and a rise in the UCI dividend above the 45c interim can be expected, especially as there is a tendency for companies to pay more in finals than in interims

The surplus market value of investments over book value was R312 901 000 at June 30, to which the addition of total net assets brought the net worth of the company to R371 826 000

This is equal to 1 906c a share compared with yesterday's share price of 1 600c

The company has a participation at par costing R1 500 000 in Beisa, the developing uranium-/gold producer south of the Free State Goldfields

A further R16-million will be needed to follow up this interest this year and next year

UCI will presumably obtain a participation in Beatrix Mines, the low- grade high-cost gold mine in the same area

The interim dividend declared is 45c from earnings of 86 5c, giving cover of 1,9

The participation in Beisa, and probably Beatrix, should not be a drag in future when the final dividend is considered because cash could be borrowed or realised on some of the non-strategic investments

Last year the final dividend was 43c compared with an interim of 17c If the gold price stays in its present area for the next two months the income from increased dividends declared in the September quarter could provide a useful lift in funds available for the final dividend

This could be at least 70c making a total of 115c to provide a yield of 7,19% on yesterday's share price of 1 600c which is well above the average for the mining holdings section of 5%

This is a sound and attractive investment with a bias toward gold and platinum and a good spread through Union Corporation companies and solid industrial interests

Mystery buyer in sugar farms bid

Own Correspondent

A big "mystery buver" has been taking up hard-cash options on sugar farms in the Umfolozi, Hluhluwe and Mtubatuba areas — leading to speculation on a new bid for control of Umfolozi Co-operative Sugar Planters

Huletts Corporation made an unsuccessful bid for the Umfolozi Co-operative — which has its mill at Mtubatuba — last year However, Huletts denies it is in the market again

Farmers in the area say they are being offered between R40 and R45 for options over each ton of their cane quotas At least nine farmers in Hluhluwe are said to have granted options, while another eight to 10 options have been granted in the other two areas

LONRHO

The option offers are being made through a nominee company which, farmers claim, is called Jerremy Timbers (Pty)

However, nobody seems to know which organisation controls it, nor what price it would put on their land if the options are exercised.

Most likely power behind the takeover bids is said to be Lonrho

A spokesman for Lonrho's Glendale Mill, however, said he had no knowledge of options being taken out over additional canelands "My portfolio is Glendale only," he said

Mr T A Wilkinson, financial manager of Lonrho South Africa, said from Johannesburg that sugar was the one commodity over which the local company did not exercise control and he, therefore, was unaware of any new developments in that direction

Despite these comments, it would be logical for Lonrho to attempt to gain control of Umfolozi, since it failed in an attempt to strengthen its hand in the sugar industry three years ago

The group planned to build a new mill near Melmoth at a then estimated cost of R20m but was said at the time to have been refused permission by the Government

Remgro in R100m energy, metals drive

(1981) (232) (2410) (1802) (3621) (2110)

RDM 2/8/80

By DAVID CARTE
Deputy Financial Editor

AS PART of a huge diversification drive, Rembrandt Group, in partnership with an unnamed European group, has established a R100-million off-shore commodities-based investment company

This is revealed by the annual report released today

The new company has spent R100-million on geographically spread and diversified portfolio investments in metals, minerals and energy Of this, R48 300 000 was spent after the year to March 31

The report does not say so, but Rembrandt watchers said the new company was established with the proceeds of the sale of Rothmans Canada last year

Remgro also invested R78 500 000 in South Africa last year

Its biggest SA investment was the R41-million it spent following its rights in the Federale Mynbou issue In March, Remgro acquired a 20% interest in Total SA for R16-million.

It spent R6 300 000 following its rights in the Volkskas issue and its 20% interest in Legal & General Volkskas cost R5 800 000

In February, the group entered a joint chemical manufacturing venture with Henkel KGA of West Germany. Its share of this 650-man, two-factory operation cost R9 400 000

Much of this domestic capital expenditure was financed by the net cash inflow of R79 500 000 arising from the reconstitution of the liquor industry

For the first time Remgro gives an asset and profit breakdown, which shows the extent of its diversification out of liquor and tobacco

At the yearend, 57% of capital employed was in tobacco and liquor, 12% in mining, 13,5% in liquid funds and 15,6% in other interests

The profit contribution from tobacco and liquor fell from 84,4% in 1979 to 72%. This happened even though liquor and tobacco profits were 8% better at R84 500 000

Mining's contribution rose from 10,5% to 13% and liquid funds' from 5% to 10% This trend away from tobacco and liquor towards mining and energy is expected to be even more marked next year

In the year to March, in spite of the strength of sterling and the rand, Remgro pushed up pre-tax profit 28% to R97 623 000. A slightly lower tax rate, enabled taxed profit to rise 31% to R76 891 000

Thanks presumably to the £18-million — or 18% — drop in profits of Rothmans International, which is not mentioned in the annual report, income from associates fell 7% to R40 688 000

Income of subsidiaries sold during the year was R3 188 000 compared with a loss of R5 388 000 in 1979

The upshot was that attributable earnings rose 27% to R118 670 000, while earnings rose in line from 179c to 227,3c a share Earnings excluding associates were 57% better at 149,4c (95,1c)

The stronger rand and pound had the effect of reducing total reserves by R30 300 000, whereas in 1979 it increased reserves by R19-million Exchange rate changes knocked R4 800 000 off pre-tax profits In 1979 they benefited profits to the tune of R1 700 000

Capital employed, excluding current liabilities, at the yearend was R835-million, of which R750-million, or 90%, was shareholders' funds.

Rembrandt Controlling, Technical Investment Corporation and Technical and Industrial Investments all depend entirely on Remgro for their income and their performance and prospects mirror those of the operating company

COMMENT: Remgro is fast changing its nature, switching from the increasingly frowned-upon and regulated "dying habits" of smoking and drinking for the "now" sectors, commodities and energy.

The super-secretive group is even becoming slightly more forthcoming with information.

All these things are positive for the rating. So is the likelihood that sterling will weaken in the year ahead.

The bad news could be recession overseas and a stronger rand. Whatever happens the well-covered dividend is guaranteed to grow respectably over the medium term, so all the Rembrandt shares are reasonable value in a rather expensive market.

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BL Sugar

RDM 5/8/80

Barlows sells its Huletts stake to Anglo for R97,6m

By DAVID CARTE
Deputy Financial Editor

IN A major sugar industry shake-up, Barlows has agreed to sell its joint control of Huletts Corporation to Anglo American Corporation for R97 600 000.

Joint control of Huletts will pass through the sale of 50% of S&T Investments to Anglo by Barlows subsidiaries, CG Smith and Co and CG Smith Investments

After the complicated deal, involving four large listed and one unlisted company, Anglo American will share control of Huletts, through S&T Investments, with Tongaat

The deal was consummated at the weekend and announced last night by Barlows, Anglo American, the three CG Smith companies and Standard Merchant Bank.

Another major implication of the deal is that all the CG Smith interests, apart from S&T Investments, are to be put together in a reconstituted CG Smith Sugar.

Following an offer to CG Smith Investments and CG Smith and Co minorities, this company will end up owning 100% of CG Smith Investments, 100% of CG Smith and Co, 55% of Nampak, 55% of Romatex, all of Hypack Products and Containem, R60-million in cash and all CG Smith sugar's other interests.

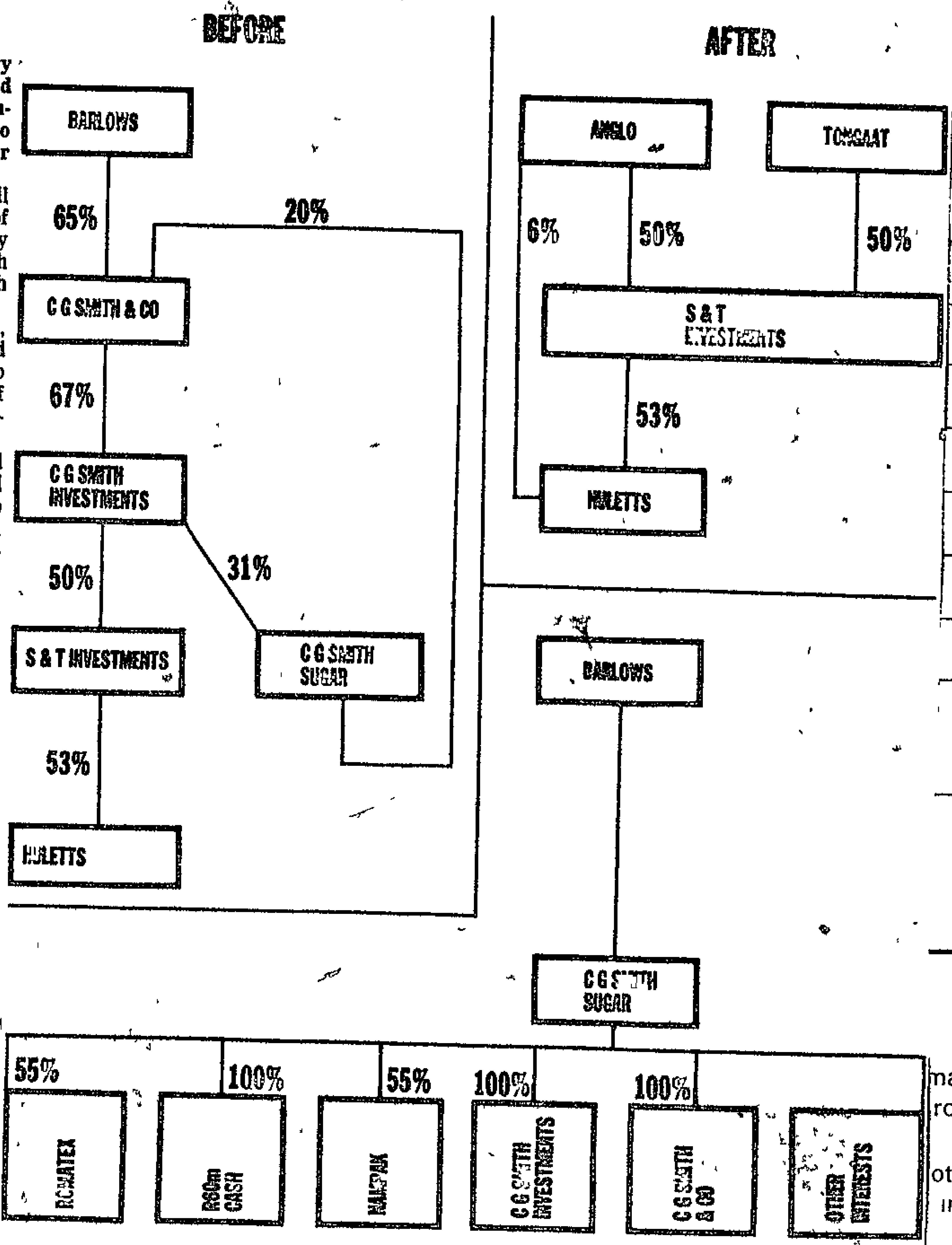
In addition, CG Smith Sugar has been given the right to acquire from Huletts sucrose equal to 50% of the quota of the Mount Edgecombe mill for a price still to be negotiated

Before the deal, Barlows held 65% of unlisted CG Smith and Co, which held 67% of CG Smith Investments CG Smith Investments, held, among other interests, 50% of S&T Investments, which shared control with Tongaat of Huletts.

This now goes to Anglo.

After buying 1-million Huletts shares last year, Anglo held just over 2-million Huletts shares at its last year end. This was equivalent to 6% of the equity but because S&T, with 53,5% of the equity, is the controller of Huletts, Anglo will have to share control with Tongaat even though it has the bigger total stake

Anglo owns 18% of Tongaat, so there is unlikely to be disagreement between Anglo and Tongaat on Huletts' future direction



CG Smith Investments minorities are to be offered 55 shares in the reconstituted CG Smith Sugar or 770c in cash. This is a 10% premium on the share price of 700c before suspension yesterday

Minorities in the unlisted CG Smith and Co, mainly individuals in Natal, are being offered R840 cash per share

The deal will increase earnings of all the CG Smith companies Reconstituted CG Smith Sugar's earnings will rise 30c per share to 166c Earnings of CG Smith Investments will rise 16c to 92c, while those of CG Smith and Co will rise R6 to R100 per share

Following reconstitution and asset revaluations, CG Sugar's asset value will decline 530c to 1 220c per share The net asset value of CG Smith Investments will rise 12c to 676c, while that of CG Smith and Co will decline by R26 per share

Huletts will sell its packaging interests Hypack and Containem to the Smith Group for R39-million and has given the reconstituted CG Smith Sugar company the option to acquire 35% of Huletts' interest in Triangle Ltd of Zimbabwe

Mr Warren Clewlow, a director of Barlow Rand and chief executive of the Smith Group, said Barlows had sold out of Huletts as it felt there was "not much point in joint control"

Barlows' policy was to control and manage its subsidiaries It was "not Barlows' style" to be batting on the same Huletts pitch as the other sugar majors

Even after the deal CG Smith retained 45% of the sugar industry, he said Mr Clewlow said CG Smith Sugar had not decided what to do with the R60-million of cash" it would have after the deal.

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BUSINESS

Barlows gets R58,6m cash injection

Now that Barlow Rand has restructured its sugar interests through the sale of its holdings in Huletts Corporation, can it be that long before Anglo American restructures its sugar interests held via Tongaat and Huletts?

By Colin Campbell, Deputy Financial Editor

The nub of one of the major financial deals for some time which was unveiled by Barlow Rand and Anglo American last night is

- Barlow Rand sells its 50 percent joint control of Huletts to Anglo for R97 6m cash
- Barlows via the Smith group, buys from Huletts its interests in Hypack Products (Pty) and Containem Manufacturing for R39m

The effect is to give Barlows a net cash injection of around R58,6m — money which the group will be able to use to invest in what it describes as "further profitable areas"

STAKE

Barlows, via Smiths, will still have a rough 40 percent stake in the SA sugar industry, Anglo via Huletts will have an estimated 30 percent stake in the SA sugar industry, which swells somewhat when Anglo's stake in Tongaat is taken into account.

The rationale for the reshuffle is that Barlow Rand was not fully in control of its sugar empire And as it is Barlow style to be able to control and manage its major interests the deal was born

One of the major plus factors for the Barlow Rand outside of the handsome cash injection is that the deal strengthens further its Nampak interests. With Hypack and Containem now under the Barlow umbrella, the competition between these interests and Nampak interests is eliminated

EARNINGS

The listed C G Smith Sugar is effectively buying out its holding company C G Smith & Co and C G Smith Investments, which is also listed The result is that C G Smith Investments will be delisted from the Stock Exchange

The quoted vehicle for the existing Smith interests will be C G Smith Limited formerly C G Smith Sugar — which will hold 55 percent of Romatex, 100 percent of group sugar interests, and 56 percent of Nampak

Its earnings are expected to increase by about 30c a share to 166c a share, while the net asset value will decrease by about 530c to 1 220c a share Because of the restructure the dividend paying capacity of C G Smith should be increased

IMPACT

The whole deal is effective October 1, so the financial impact will only be evident to Barlow Rand shareholders in the 1981 financial year

The end result to Barlow Rand is the elimination of cross holdings and the fact that it puts Barlow firmly in control of everything it owns The one exception is the gold mines — these are just managed, but this is a business situation with which Barlows has been content to live with since it inherited the gold mines with Rand Mines

The interesting question now is What will Barlows do with the net cash inflow of nearly R60m The group is hardly short of cash in its own right, so it is again in a very powerful position to move again

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Anglo gets major share of Huletts

NM 5/8/80

232

Financial Editor

IN A R136 million deal, Anglo American has bought a major shareholding in Huletts Corporation.

As part of the complicated deal, Barlows, which controls Smith Sugar and have a stake in Huletts, have sold their holding in Huletts to Anglo American for R97,6 million.

Huletts in turn will sell their packaging interests of Hypack and Containem to Smiths for R39 million.

Huletts are also to give Smiths an option to buy Triangle, the Zimbabwe sugar operation, by March 31. Smiths will be able to buy 35 percent interest.

Huletts will also sell by 1986 half of the sucrose quota of the Mt Edgecombe mill. No figure for this transaction or the sale of the interest in Triangle has been set.

Barlows have also announced a reorganisation of the C G Smith Group, which will see the delisting of C G Smith Investments on the Johannesburg Stock Exchange.

The deal means that Huletts will be able to find the cash for its R120 million plan to build a new sugar mill at Felixton and gives Anglo American a firm foothold in the sugar industry.

Anglo already has a sizeable shareholding in the Tongaat Group.

Barlows will be able to use the cash to finance the R43 million expansion plan for its five sugar mills in Natal.

The envisaged changes are not likely to change the control of the sugar industry in practical terms. The current men at the top of the growers' and millers' associations are the best men to run the industry.

What is likely to happen, apart from Anglo American interest in the group as an investment, is the availability of capital to embark on long-term expansion plans that could include the manufacture of ethanol.

The Smith Group, with several thousand employees and wide interests throughout Natal, is a complex web of three main interlocking companies with the unlisted C G Smith Company at the top.

Smithsugar is worth, in stock market terms, R185 million and Smiths Investments R221 million.

Smithcompany is probably worth at least

◆ TURN TO PAGE 2

Huletts sugar deal

NM 5/8/80 232

◆ FROM PAGE 1

R175 million, based on Barlows offer for a major stake earlier this year. Since then Nampack (now 55 percent owned) and Premier Paper have entered into the picture and pushed up the value.

Smithcompany holds two-thirds of Smiths Investments, which in turn holds a majority stake in Huletts (indirectly with Tongaat), Romatex (55 percent), Smithsugar (31 percent) and the McCarthy Group (3 percent).

There is a majority holding in Natal Cane By-products and an indirect stake in top exporter Smithchem.

But Smithsugar holds 42 percent of Smithcompany and a 14 percent stake in Crookes Brothers.

The sugar company has five sugar mills (Umzimkulu, Sezela, Illovo, Noodsberg, Gledhow and Pongola) in addition to extensive cane-lands. It is busy with a R43 million plan to expand the milling and refining capacities of these mills.

Five companies in major sugar industry shake-up

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5/8/80

By DAVID CARTE

JOHANNESBURG. — In a major sugar industry shake-up, Barlows has agreed to sell its joint control of Huletts Corporation to Anglo American Corporation for R97 600 000.

Joint control of Huletts will pass through the sale of 50 (percent) of S & T Investments to Anglo by Barlows subsidiaries, C G Smith and Co and C G Smith Investments.

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Another major implication of the deal is that all the C G Smith interests, apart from S & T Investments, are to be put together in a reconstituted C G Smith Sugar.

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Anglo to share control

After buying 1-million Huletts shares last year, Anglo held just over 2-million Huletts shares at its last year end. This was equivalent to 6 percent of the equity but because S & T, with 53,5 percent of the equity, is the controller of Huletts, Anglo will have to share control with Tongaat even though it has the bigger total stake.

Anglo owns 18 percent of Tongaat, so there is unlikely to be disagreement between Anglo and Tongaat on Huletts' future direction.

C G Smith Investments' minorities are to be offered 55 shares in the reconstituted C G Smith Sugar, or 770c in cash. This is a 10 percent premium on the share price of 700c before suspension yesterday.

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The deal will increase earnings of all the C G Smith companies.

Reconstituted C G Smith Sugar's earnings will rise 30c per share to 166c. Earnings of C G Smith Investments will rise 16c to 92c, while those of C G Smith and Co will rise R6 to R100 per share.

Following reconstitution and asset revaluations, C G Sugar's asset value will decline 530c to 1 220c per share. The net asset value of C G Smith Investments will rise 12c to 676C, while that of C G Smith and Co will decline by R26 per share.

Huletts sells packaging

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Barlows' policy was to control and manage its subsidiaries. It was "not Barlows style" to be batting on the same Huletts pitch as the other sugar majors.

Even after the deal, C G Smith retained 45 percent of the sugar industry, he said. Mr Clewlow said C G Smith Sugar had not decided what to do with the R60-million of cash it would have after the deal.

That's Progress

DURBAN — Progress Industries appears to be gathering the fruits of its rigourous pruning plan in which property and operating companies were sold. The company has recorded an operating profit of R433 800 for the half-year compared with R293 100 for the same period in 1979.

Turnover was up 19,4 percent with the managing director, Mr P D Jacobson, reporting that the 48 percent improvement in pre-tax profits reflects the improved trading conditions in the industry and he anticipates that this improved trend will continue for the rest of the year.

An interim dividend of four cents has been declared.

Everybody wins in the sugar shake-up

232

RDM 6/8/80

By DAVID CARTE
Deputy Financial Editor

THE SHARE prices of CG Smith Investments and CG Smith Sugar rose sharply yesterday on relisting after the sale of joint control of Huletts by Barlows to Anglo American Corporation for R97 600 000.

CG Smith Sugar gained 200c or 16% to 1 450c on its pre-suspension price, while CG Smith Investments put on 90c, or 13%, to 790c. Huletts, which, unlike the others, was not suspended, improved 80c to 680c yesterday

The CG Smith Investments price of 790c exceeds CG Sugar's offer price of 770c, so it is unlikely holders will take the cash

CG Smith Investment minorities also have the option of taking 55 CG Sugar shares for every 100 Investments shares they hold. The current CG Sugar price values the share offer at 797c, so it seems likely most minorities will take the shares, even though this is only a 14% premium on the pre-suspension price, which itself was speculative

If all minorities take shares, Barlows will end up holding 51% of the new CG Smith Sugar, which is to be renamed simply CG Smith Ltd

Stock market analysts said the reconstituted CG Smith Sugar which is to take over all of CG Smith Investments and CG Smith and Co and will hold 55% of Romatex, 55% of Nampak, Hypack and R60-million in cash, was a far preferable stock to the old CG Smith Sugar

CG Sugar was previously purely a sugar stock and was regarded as cyclical and high risk by institutional investors. Now it had diversified into attractive subsidiaries and was very liquid.

One source close to the deal said the earnings forecast of 166c was based on the assumption of a 5% return on the R60-million of cash This source pointed out that reconstituted CG Sugar's dividend income was worth 93c per share on last year's dividends.

The deal was hailed by many observers as a masterstroke by Barlows, which has made a monumental killing on its relatively recent investments in Natal Some observers speculated that Barlows had obtained 45% of the sugar industry for "effective peanuts"

But insofar as an already liquid Barlows ended up with cash rather than assets it was not a wholesale victory for Barlows.

Anglo American paid an effective price of 825c a Huletts share for joint control but will not make a similar offer to minorities, as control did not change hands, says Mr Chris Griffith, head of Anglo's industrial interests

The effective price paid by Anglo represents a 33% premium on the pre-suspension price of 620c. After the deal Anglo has 50% of the voting rights of S&T Investments, but receives two-thirds of its income. Dividend income on this stake was R5-million last year, so Anglo has bought its Huletts stake on a 5,1% historical dividend yield

But this ostensibly high price was partially offset by the generous R39-million paid by Barlows for Hypack and Containem

A major feature of the deal for Anglo is the acquisition of the Ngoye, Piet Retief, paper mills These will integrate well with Mondi When Mondi's No 4 and No 5 paper mills are both operating next year it will be bigger not only in terms of profits than Sappi and possibly in terms of tonnage SA Board Mills may also benefit by the paper acquisitions.

Why should the Tongaat share price benefit by the deal?

Only because of the revaluation of Huletts. Tongaat owns not only 50% of the votes and a third of the income of S&T Investments — which holds 53,5% of Huletts — but 10% of Huletts directly, so it receives about 27% of Huletts income.

DD 7/8/84 (232)

New bids for diamond group

CAPE TOWN — The battle for control of Trans Hex, the Cape Town based alluvial diamond group, took a new turn this week when two further bids were announced

Hill Samuel said it intended making an offer on behalf of the Octha diamond group and a company, Natal Makelaars, is making a bid as well

The new bids were formally revealed at the meetings in Cape Town on Tuesday morning to consider the offer by Mr Laurie Korsten's Corporate Credit Services

The meetings were postponed until October 16 to allow shareholders time to consider the latest turn of events

A third new bid could well emerge from the listed Theron Holdings which is keeping a close eye on proceedings

And Trans Hex chairman, Mr P Hofman, has appealed to shareholders not to deal in Trans Hex shares until they have received all relevant documents

At least two of the prospective bidders intend examining ways of bringing Trans Hex to the JSE lists — DDC

Dunlop UK seeks out share buyers

8/8/80 STAR

232

Colin Campbell

In the Market

Dunlop Holdings UK — which owns 70 percent of Dunlop South Africa — has called in Department of Trade inspectors to try to find out who has been buying its shares All the purchases have been made through nominee companies, cloaking the identity of the beneficial buyers who are believed to be based in Malaysia

Dunlop has tried to establish who is behind the nibbling, but replies to its inquiries have been "unsatisfactory." London's "Investors' Chronicle" says the key point is that Dunlop's two Malaysian subsidiaries are valuable and important to local Malaysian interests, and by acquiring a major stake in the holding company the purchasers might hope to influence Dunlop's own policies

CONCERN

Estimates of the Far Eastern holding in the group range from 20 to 40 percent. It is a measure of its concern — and that of the British authorities — that it has called in inspectors who will also try to determine if there have been breaches of the City Takeover Code

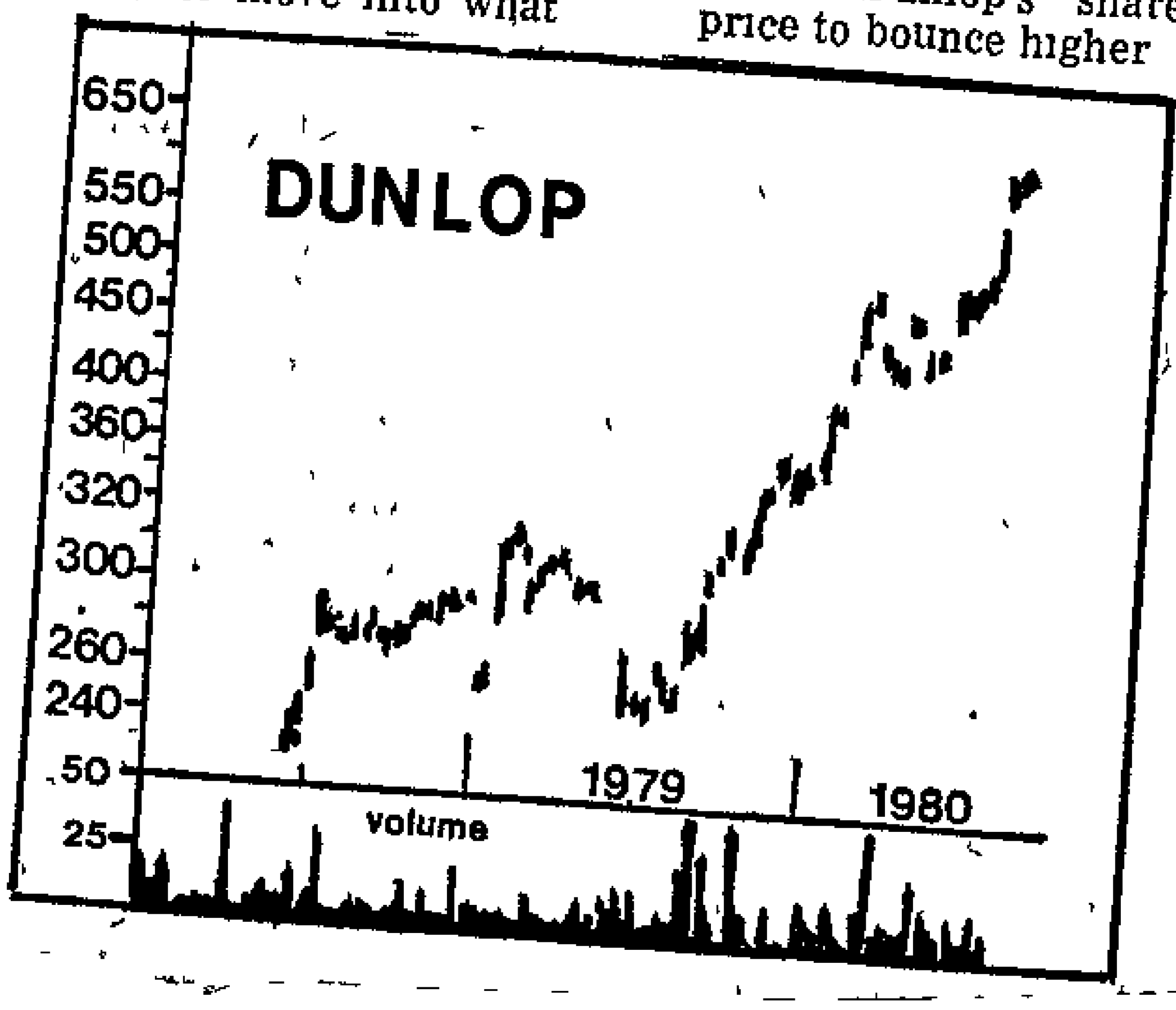
Where does all this put Dunlop South Africa? Obviously it has more than a passing interest in what is happening to its UK parent Dunlop SA is a local company and is managed by South Africans, but there are important business and technical knowhow links with the parent Given the cold relations between Malaysia and South Africa, an unfriendly step-father may just create headaches

RECORD

It is far from certain that there will be any change of control in London, but if there is it can't be ruled out that the local child might want to leave home

Because the 30 percent in local hands boils down to 4,5 m shares, a number of local institutions have not been able to take up any meaningful slice of Dunlop SA, and would therefore welcome the opportunity to move into what has been a progressive company

Dunlop SA's record has been good net earnings have risen from 11,7c in 1971 to 65c a share last year, while the dividend has moved up from 9c to 34c a share The outlook for 1980 remains good So there is more than one reason to expect Dunlop's share price to bounce higher



COMPETITION BOARD 232

Who can grow?

FM 8/8/80

Draft guidelines determining the non-statutory criteria upon which the Competition Board will base its critical assessment of future mergers and acquisitions are expected to be published next month

This follows several months of deliberations by the seven-man board on submissions made by a wide spread of business sectors.

Putting together the final consultative document is not going to be easy The replacement of the old Regulation of Monopolistic Conditions Act by a Promotion of Competition Act implies a policy switch from neutral to favourable

Yet the Act itself indicates that, henceforth, government will be more sceptical of acquisitions which reduce competition and do not contribute to the efficiency of management On the other hand, the belief that anything that restricts competition is evil has, unlike America and Germany, never caught on in SA — with its panoply of state-run or controlled monopolies and monopsonies

In a small market like SA, complicated by sharp differences in income distribution, the authorities may have permitted a measure of sacrifice of competition in the belief, quite correctly, that economic power concentration in certain sectors would not only facilitate price stablisation, but also enhance international competitiveness

But lately, there is another edge to that argument While large, powerful groups may contribute to price stabilisation at home and give domestic exports a competitive edge there are, in SA, equally powerful social and political forces at work which favour a wider regional spread of business activity by smaller undertakings

The overall approach of the board is, therefore, certain to remain highly flexible in cases where there is no apparent prejudice of the public interest, and that it will come down heavily on company groupings — horizontal, vertical and conglomerate — which pose a threat to competition or facilitate unfair trade practice

Salect back in black, sees 20c earnings

RDM 8/8/80. (232) (A8GP)

By SHAUN HOLLICK

SA SELECTED Holdings, which was saved from insolvency through the injection last year of the Inter-Continental and Robert Skok group of machine tool companies, is viable and set to earn at least 20c a share in the year to February 1981, says the annual report.

After the injection of the new companies, shareholders' funds are R691 000 compared with the R4 146 000 deficit last year

Sales in the first four months of the current year exceeded R15-million, says the annual report. Last year sales for the full year were R24 168 000 With the announcement of many new quasi-Government projects Salect sees a "very bright future" over the next two years and sales should beat last year's R24-million total by at least 50%

Salect remains an investment holding company, but is now geared to the supply of equipment to the engineering industry

From a loss of 21c a share in the year before acquiring the Inter-Continental/Skok interests, the group has swung to a profit of 9,9c a share in the 12 months lately ended says the chairman, Mr Robert Skok

But because the 14-month contribution of the Robert Skok group has been annualised in these results and the preference shares existed only in the last three months of the year, the figures are not comparable

Mr Skok says Salect is "on the way to becoming a soundly based company serving the needs of the market place and generating a steadily increasing flow of profits and dividends"

In line with a policy of further engineering acquisitions, the non-engineering investments — a 70% stake in Sinclair Holdings and 11% of Trumcor — are to sold Sinclair will be sold by the end of this financial year

Because of this policy, the Salect directors decided to capitalise R140 000 of interest relating to the Sinclair investment The directors say that the receipts from the sale of these investments "will be more than sufficient to offset Sinclair's increased book value"

On turnover of R24 100 000, pre-tax profit rose to R1 700 000 and taxed profit increased to R1 200 000 Last year a R720 000 loss was sustained

Total net borrowings appear to have risen from R7 862 000 to R20 102 000, of which more than R8-million looks to be short term, but because most debt is either to creditors or to Mercabank, the interest bill was only R424 000

COMMENT: The company may well be back on the tracks, but its debts are daunting, even if they are largely interest free. It's a share for brave souls at 120c.

Sanlam deal

(2-32) (FA) RDM 9/8/80

CAPE TOWN. — In a R12 400 000 transaction, Sanlam has acquired from National Acceptances land and a development agreement for the construction of a complex in Claremont, Cape Town, which includes a corporate headquarters and supermarket for Pick 'n Pay.

Sanlam takes over the complex from National Acceptances. On completion of the proposed development on the consolidated site of 13 000 sq metres, National Acceptances will act as project co-ordinators managing the construction by LTA and will also let space. The total project is to be completed by the end of March 1982.

The development is sited at the corner of Main and Camp Ground roads at the edge of Claremont's central business district, and will provide for a supermarket of 4 592 sq metres and for speciality shops covering a further 2 564 sq metres. — Sapa

10/8/80 SUN TRIB
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THE ANGLO TAKE-OVER

ANGLO American shook the Natal sugar industry with its R97 million takeover of C. G. Smith's interests in Huletts this week, but the action is far from finished. See Page 1, Finance.

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Jack Brickhill reports on this week's big Hulett's deal — and it looks as though Anglo sti[illegible] [illegible]aven't got overall control

16/8/80 SUN TRIB (FIN)

232

The big sugar shake-up

ANGLO American's incursion into the Natal sugar industry is far from over. The big R97 million stake in Huletts still leaves it without overall control. Industry sources expect the group to use some of its vast gold surpluses, if necessary, to consolidate its position.

For the present it's all sweetness and light in the sugar industry, or so it seems from the bubbling enthusiasm of the main figures involved in the "unshackling" of Huletts Corporation.

Warren Clewlow, who led the five-man C. G Smith/Barlows negotiating team, says the deal is good for C G Smith shareholders who can look forward to a period of expansion in a soundly-based company, good for Huletts which can lean on Anglo's resources, good for Anglo which gains a big stake in sugar, good for Barlows which likes full management control of its interests, and good for the sugar industry.

Chris Griffith, who led Anglo American's five-a-side team, says the deal is very good for Barlows and for Anglo. For Huletts the split control which has lasted for a decade is over and planning can now take place with more confidence.

Control of Huletts is through S and T Investments in which Anglo and Tongaat have an equal share and appoint the same number of directors This does not bother Griffith who says there is a long relationship and entente cordial between Anglo and Tongaat. The apparent split in control between Anglo and Tongaat is more in theory than in practice.

He says "We are on the same side" No decision has been made on the S and T board members or on the Huletts board, although obviously the C. G. Smith nominees will go. Griffith expects appointments will be made on a best man basis rather than a strict line-up of Anglo and Tongaat members.

Anglo, with a 23 percent interest, wields considerable influence at Tongaat This should help develop the one-boss theme for Huletts Dr Kees van der Pol, group managing director of Huletts says operations will continue as before at Huletts except the Anglo influence means there will now be "one boss" instead of two

There is a snag Anglo is the biggest shareholder in Tongaat but it definitely does not control the group The Saunders family has a smaller interest and the rest is held by investment groups such as pension and insurance funds. The chances are Griffith will no longer be a Tongaat nominee on the board, as he is at present, and that the Tongaat members will in fact be lined up against the Anglo men.

Market talk is there are rumblings in Anglo with some of the heirarchy dissatisfied with a deal which leaves them still without full management control. The joke is that the Anglo men are taking two lumps of sugar with their tea instead of one and they are so sugar-minded that some of them are positively diabetic

Certainly earlier raids this year which left Anglo with six percent of the Huletts equity achieved little. The steady build-up of the position in Tongaat has still left them short of even a 25 percent interest which gives power of veto in a company.

The options open to Anglo are to increase their interest in Tongaat, gain control, and then gain outright control of Huletts through the back door. A more likely move, in time, will be to take over Tongaat's interest in S and T, which holds 53 percent of Huletts.

A merger of Tongaat and Huletts is always a possibility although this is unlikely as the sugar giants don't like to become too big and attract too much attention. Also Huletts, with 33 percent of the sugar market, would swamp Tongaat with 10 percent.

However a sugar industry source says a merger could be on the cards if Huletts performs poorly this year.

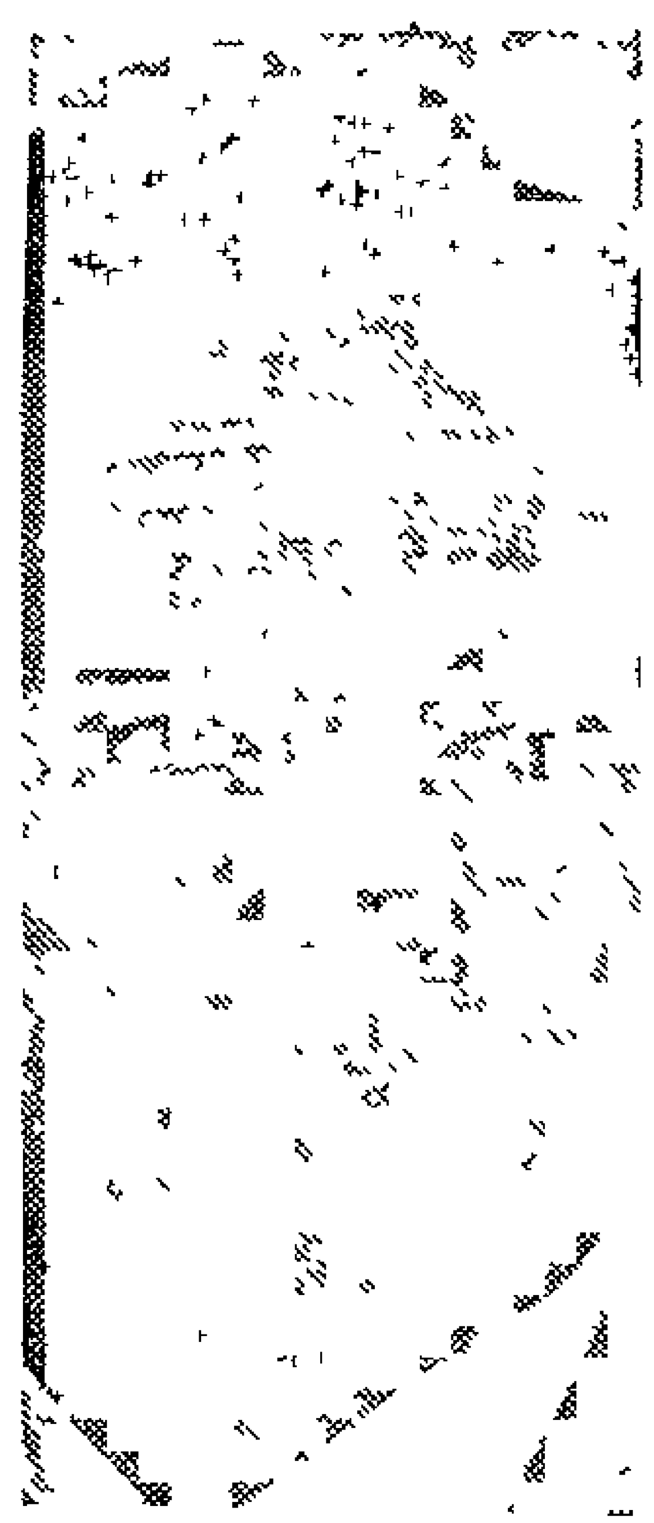
It has not been decided yet which Anglo company will hold the Huletts interest. It is possible that Amic might be the vehicle

The speed of the deal has left the C. G. Smith planners behind as well. Clewlow, chief executive of C. G. Smith, says there will be no changes in the C. G. Smith board which he says is a top team.

C. G. Smith will still control about 40 percent of the sugar industry and other interests but it now has a great deal of money to invest.

Auntie C. G Smith already had about R40 million in cash tucked away and now gains anoher R60 million from the deal after paying back R39 million to Huletts for the paper interests

Clewlow says there are no plans yet to spend the money but obviously it must be put to best use in the interests of shareholders While Natal's largest group will look for investments in the province it will have to spread its wings to other areas "C G. Smith will just have to join the Republic," says Clewlow



Chris Griffith . . . sweetening Anglo's sugar links

... and the Zimbabwe link

ONE of the more intriguing aspects of the big sugar shake-up is C. G Smith's option, expiring in March, to buy 35 percent of Triangle in Zimbabwe from Huletts.

It is known that Barlows chairman, Mike Rosholt, saw Robert Mugabe recently and this could explain C. G. Smith's interest in buying into Triangle. Certainly C. G. Smith needs some guarantee that the Zimbabwe Government will not nationalise the estates before it takes up the option.

A logical move in Zimbabwe is to merge the successful Triangle operation with Anglo American's Hippo Valley Estates which had more than its share of problems in the past. Hippo Valley will benefit from Anglo's new Huletts connection in Natal and it will also benefit, technically, from any connection with C. G. Smith.

TEAMS WORKED TOGETHER WELL PERSONALLY

THE fate of much of the R500 million-a-year sugar industry was sealed at a meeting lasting one hour on Monday last week in Barlow Park, Johannesburg, and at another meeting lasting two and a half hours on Tuesday morning in Durban.

As soon as agreement was reached between two five-man teams led by Warren Clewlow of C. G. Smith and Comrades Marathon veteran Chris Griffith of Anglo American, the chairman of Huletts Chris Saunders was informed.

The Huletts annual meeting was held on the same morning at the Huletts Country Club in Mount Edgecombe. At the lunch after the meeting, attended by just about everyone who matters in the industry, Saunders made the unusual announcement that the board members would reconvene, but the guests were welcome to continue enjoying Huletts hospitality.

At this meeting the Huletts board was informed of the deal. On Sunday in Johannesburg the C. G. Smith board approved the complicated deal at a meeting attended by 25 people including directors of Barlows and Anglo.

On Monday shares were suspended on the Stock Exchange and the agreement was made public. Secrecy was maintained successfully throughout. Griffith says it was obvious to everyone that the stalemate at Huletts had to be broken. The C. G. Smith/Barlows people were "very nice to negotiate with".

Clewlow says the teams worked well together personally: "We could never have done the deal without it."

There was some horsetrading but the final deal was good for everyone, he says.

Div of 10c declared by GF Props

(232)

(RDM)

12/8/80

By ADAM PAYNE

GOLD FIELDS Properties, in which substantial investment has taken place on hopes of good royalties from mining at Luipaardsvlei, has declared a dividend of 10c (6c) for the year to June 30 giving a yield of only 3,5% on yesterday's share price of 285c

The preliminary results for the year contain no royalties from Luipaardsvlei which, I am told, should start at the beginning of next year

In the year to June 30 last profit on property sales, with the improvement in the property market, almost doubled to R582 000 (R298 000) and income from investments trebled to R636 000 (R204 000) to bring pre-tax profit to R2 637 000 (R1 535 000)

In the year to June 1979 an extraordinary item — the sale of Luipaardsvlei mineral rights to West Rand Cons for R2 997 000 — brought after-tax profit to the high figure of R3 990 000 compared with this year's R1 945 000

As an extraordinary item is not included in earnings a share, the earnings last year were 9,7c compared with this year's 19c a share

The dividend cover this year is 1,9 compared with last year's 1,6

A large proportion of the R2 997 000 is reported to have been invested in gold shares and some in Sasol

The income from these investments is now flowing, as is shown by the big rise to R636 000

The net asset value of GF Props has risen 22% from 237c to 289c

COMMENT When GF Props sold the Luipaardsvlei mineral rights to West Rand Cons in February last year the main attention was given to the uranium side by West Rand Cons which was having difficulty in meeting contract commitments

The gold price at the time was $248 an oz and neither West Rand Cons nor GF Props looked hopefully to profits from the gold operation at Luipaardsvlei

I am told that West Rand Cons' uranium contracts were at prices lower than the ruling price at the time of about $40 a lb

Since February last year the picture has changed with spot uranium sales almost at a standstill and contract sales by West Rand Cons still at prices lower than the ruling present level

Even with the rise in the gold price, West Rand Cons is not likely to make big profits on the gold operation in the immediate future and the emphasis will still be on uranium production and sales to meet contracts

Unit costs on gold production will be reduced when the company increases milling to 90 000 tons a month at the gold plant, with 100 000 tons a month being treated at the uranium plant

The operation at Luipaardsvlei cannot be launched overnight and much development has still to be done from the Turk and Battery shafts.

Royalties will start on a small scale at the beginning of next year and should then build up.

The slump in the uranium market will not have improved immediate prospects for the Luipaardsvlei operation nor will the rise in the rand against the dollar which is reducing earnings in rand terms.

It is still early days to estimate earnings from Luipaardsvlei but investors in GF Props should be wary of expecting too much from that quarter.

Under the agreement with West Rand Cons GF Props will receive 25% of all profits arising from the sale of minerals mined from Luipaardsvlei

Seardel is looking for solid progress — Searll

(18??) 232

RDM 12/8/80

By DAVID CARTE
Deputy Financial Editor

AFTER hoisting earnings 145% in the year to end June, Seardel, with Sharp Electronics in the stable, is looking for more solid progress in the year ahead, says the chairman, Mr Aaron Searll.

With 24 of 25 operating companies reporting much improved trading, Seardel pushed up sales 19% to R115 125 000, pre-tax profit 91% to R8 740 000 and, thanks to a lower tax rate, attributable profit 146% to R5 037 000.

Earnings a share rose in line to 150c (1979.61,1c), while the final dividend was raised to 18c (10c), making 24c for the year, a 71% improvement.

Profits are stated on the conservative lifo method of stock valuation, so cover is even more substantial than the 6,3 times reflected in the stated results.

An important factor in the results was the write-back of an undisclosed overprovision for lifo at subsidiary, Western Tanneries in 1979, Mr Searll told me yesterday

According to the recent prospectus, new acquisition Sharp was expected to add 14c to earnings. With sales expected to top R30-million in the year ahead, Mr Searll is confident it will do better than this.

Mr Searll said the extremely high dividend cover was designed to enhance liquidity and to help finance the higher level of stocks and debtors required in the much improved trading climate

COMMENT: The results, released in Cape Town and published briefly in this newspaper on Friday, but advertised in Johannesburg only today, carried the share to a new high of 540c yesterday, before it closed on 520c.

The yield of 4,6% might look thin, considering the group has yet to establish itself as a blue chip. But considering growth prospects and that earnings are lifo-based, the earnings multiple of 3,5 makes the share look fair value.

Eddels in talks on takeover

By Financial Reporter

THE directors of Eddels Holdings said yesterday that the company had been informed by its controlling shareholder that it was involved in negotiations which could lead to the disposal of its controlling interest in Eddels.

If negotiations are successfully concluded, a similar offer would be made to all ordinary shareholders of Eddels

Shareholders are advised to exercise caution in dealing with their shares until such time as the result of the negotiations is known," state the directors

Eddels is a subsidiary of Edworks, a privately owned company whose head office is in Port Elizabeth, and which owned 50,8% of the issued ordinary shares at the date of the last accounts (June 30 1979) Subsequent reports are that Edworks has increased its stake to 66%

Last July, the directors reported that although profits for the half year to December 31 1979 were R352 000 and that based on forecasts the profits for the second six months were expected to be minimal, an auditor's report indicated that the financial year would probably end with a loss of R600 000

This meant that in the half year some R900 000 was lost The board was reconstructed with three members being dropped These included the chairman, Mr Monty Dodo, and Mr John Feek who joined the company in 1978

UAL clinches biggest SA property deal ever

232 RDM 14/8/80

By DAVID CARTE
Deputy Financial Editor

IN THE biggest single property deal ever clinched in South Africa, Union Acceptances Limited has sold its 50% stake in Eastgate to Liberty Life for R28 500 000.

UAL sold its half share in the country's biggest single shopping centre because it was not its policy to be invested in property, Mr Johan Nel, managing director of UAL, told Business Mail yesterday

The R28 500 000 price tag represents a substantial profit for UAL, which is now believed to have recouped nearly all the losses it sustained through the Summit-Sumcor property collapse

Mr Michael Rapp, managing director of Rapp and Maister, Liberty's property subsidiary, who concluded the purchase, said it was an "excellent investment" for Liberty

The yield on the R28 500 000 half stake just acquired, he said, was "about 8,5%", while that on Liberty's original investment in Eastgate was "about 11,5%" This meant Liberty had obtained all of the country's prime shopping centre on a yield of roughly 10%

Because rentals were linked to steeply rising turnovers at Eastgate, Liberty was "very satisfied" with the terms

The latest investment brought Liberty's property portfolio to R350-million, said Mr Rapp All its properties were prime shop and office space and fully let

Liberty's total investment portfolio at market valuation, Mr Rapp said, was about R1 200-million, so property represented nearly 30% of Liberty's total investments

Because it believed that a merchant bank should not be invested in property, UAL was a reluctant participant in the development of Eastgate from the outset

It was obliged to participate because, when it took over the land on which Eastgate stands from the insolvent Summit-Sumcor group, it inherited an obligation to develop Eastgate with Liberty

"We decided to develop Eastgate, get it going and then opt out and that is what we have done," said Mr Nel

Bandag tyres taken over

DD 14/8/80 232

EAST LONDON — The Queens Tyre group has acquired the Bandag franchise in East London.

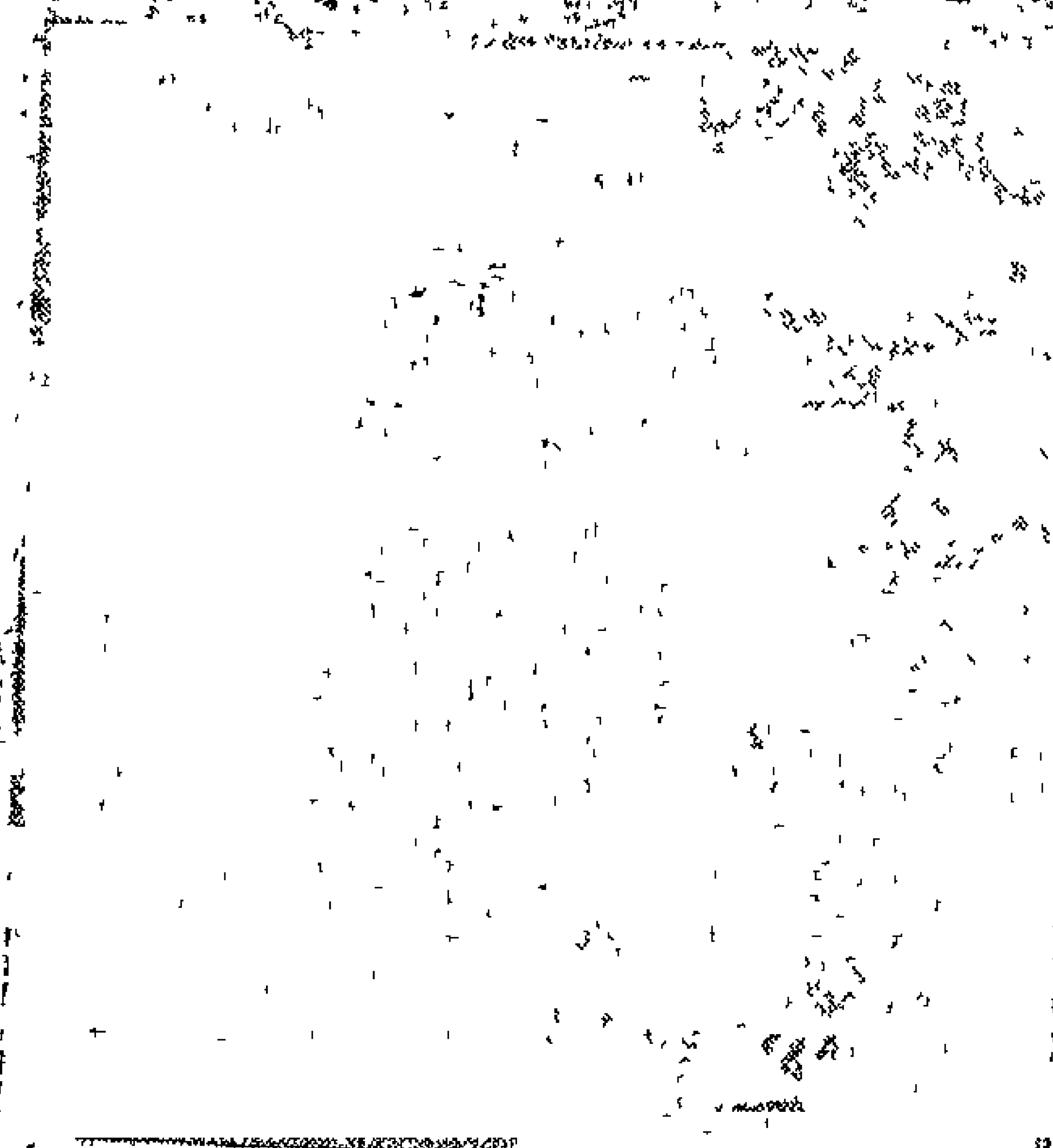
Queens Tyre signed a contract yesterday to buy the entire share capital of KEK (Pty), trading as Bandag Tyres in East London and Umtata. The Umtata branch is responsible for the distribution of Bandag tyres in Transkei.

Queens Tyre trades as Supertread Bandag in Queenstown and as Border Tyres in East London and is a subsidiary of Malbak Motor Holdings, parent company of Malcomess Toyota and Malcomess Sigma Peugeot.

Malbak Motor Holdings is a subsidiary of the quoted company, Malbak.

Announcing the takeover yesterday, Mr Tom Chalmers, managing director of Malbak Motor Holdings, said the company saw the new investment as a fulfilment of its commitment in the area.

"We believe we can carve ourselves a niche in this market and through this acquisition we will be in a strong position in the East London retread market," he added.



Signing the contract yesterday whereby Queens Tyre have acquired the Bandag franchise in East London is Mr Terry Chapman, newly-appointed group managing director of Queens Tyre. Watching him clinch the deal are Mr Errol Spring (left), managing director of Bandag Tyres in East London, and Mr Tom Chalmers, managing director of Malbak Motor Holdings.

The company had embarked on a considerable rationalisation programme recently, especially in the motor division, and the present expansion followed the Border area recording the highest Bandag growth — 72 per cent — in South Africa last year.

Mr Chalmers said he saw the Transkei and Ciskei as important market areas.

In the past the company supplied their retread market in the Border, Transkei and Ciskei from the Queenstown operation, but purchasing the Bandag factory in East London would boost the group's daily production capacity to 500 retreaded tyres, Mr Chalmers said.

The Queenstown factory was running at near full capacity and the new expansion would enable the company to look aggressively at the government and semi-government markets now.

The Queens Tyre group now control the Bandag franchise for the largest geographical area of any Bandag dealer in South Africa and are forecasting an annual turnover of R6 million.

Mr Chalmers also announced that Mr Terry Chapman, previously joint managing director of Queens Tyre in Queenstown with his brother, Roy, has been appointed group managing director for the enlarged Queens Tyre operation. Mr Roy Chapman will become MD of Supertread Bandag in Queenstown.

The marketing operation of Border Tyres and Bandag Tyres will now merge into one marketing team and trade as Border Bandag Tyres.

The head office of Queens Tyre will be transferred from Queenstown to East London. — DDR

Leyland neem Fiat (SA) oor

Xerox 232 Sakebeeld 13/8/80

DIE oorname van Fiat (SA) deur die Leyland-organisasie van Wes-Kaapland is nou byna beklink. Die amptelike aankondiging sal aanstaande maand gemaak word sodra die ooreenkoms tussen die twee groepe in Europa onderteken word.

Die feit dat Augustus die Noordelike-Halfrond se vakansiemaand is, het die afhandeling van die transaksie vertraag.

Fiat se Rosslyn-fabriek, waar sy passasiersmotors en ligte handelsvoertuie vervaardig word, is reeds aan die Messina-myngroep toegesê.

Datsun-Nissan (SA), 'n vol-filiaal van Messina, is naby die Fiat-aanleg in Rosslyn. In dié stadium is dit nie duidelik of Datsun-Nissan die Fiat-aanleg self gaan gebruik en of dit deur 'n ander Messina-filiaal ingespan sal word nie.

Ander motorvervaardigers wat in die Fiat-aanleg belang gestel het, is BMW (SA) en die Sigma-Motorkorporasie.

Die Fiat-aanleg is 'n uiters moderne eenheid met 'n vermoë van meer as honderd eenhede per dag. 'n Fabriekwoordvoerder van Fiat het gesê dat hulle nou tussen 70 en 80 eenhede per dag vervaardig, maar dit produksie tot 130 eenhede opgestoot kan word.

Swaar vragmotors en trekkers is nie in die gedrang nie, want hulle word deur Vetsak bemark.

Sodra die ooreenkoms finaal onderteken is, sal die montering van daardie Fiat-motors wat Leyland in sy stal gaan opneem, in die Blackheath-aanleg in Wes-Kaapland gedoen word. Die aanduidings is dat Leyland hoofsaaklik in die Fiat 131 belangstel, aangesien dit die enigste Fiat is wat redelik verkoop.

Leyland (SA) sal ook voortgaan om die Fiat 128-bakkie en -paneelwa te vervaardig, aangesien daar vir die bakkie geen mededinger in sy afdeling van die mark is nie.

Leyland produseer hoofsaaklik die Rover en die Mini, wat aan dié maatskappy geen groot aandeel in die Suid-Afrikaanse motormark gee nie.

Volgens die NAAMSA-syfers vir die eerste sesmaande van vanjaar het Leyland net 1,5 persent van die plaaslike mark vir passasiersmotors gehad. Sy totale verkope was 1 787 eenhede, waarvan 1 096 Rovers was en 208 Mini's. Die plaaslike montering van Jaguars is in dié tydperk gestaak, maar daar is nogtans 426 van dié motors verkoop.

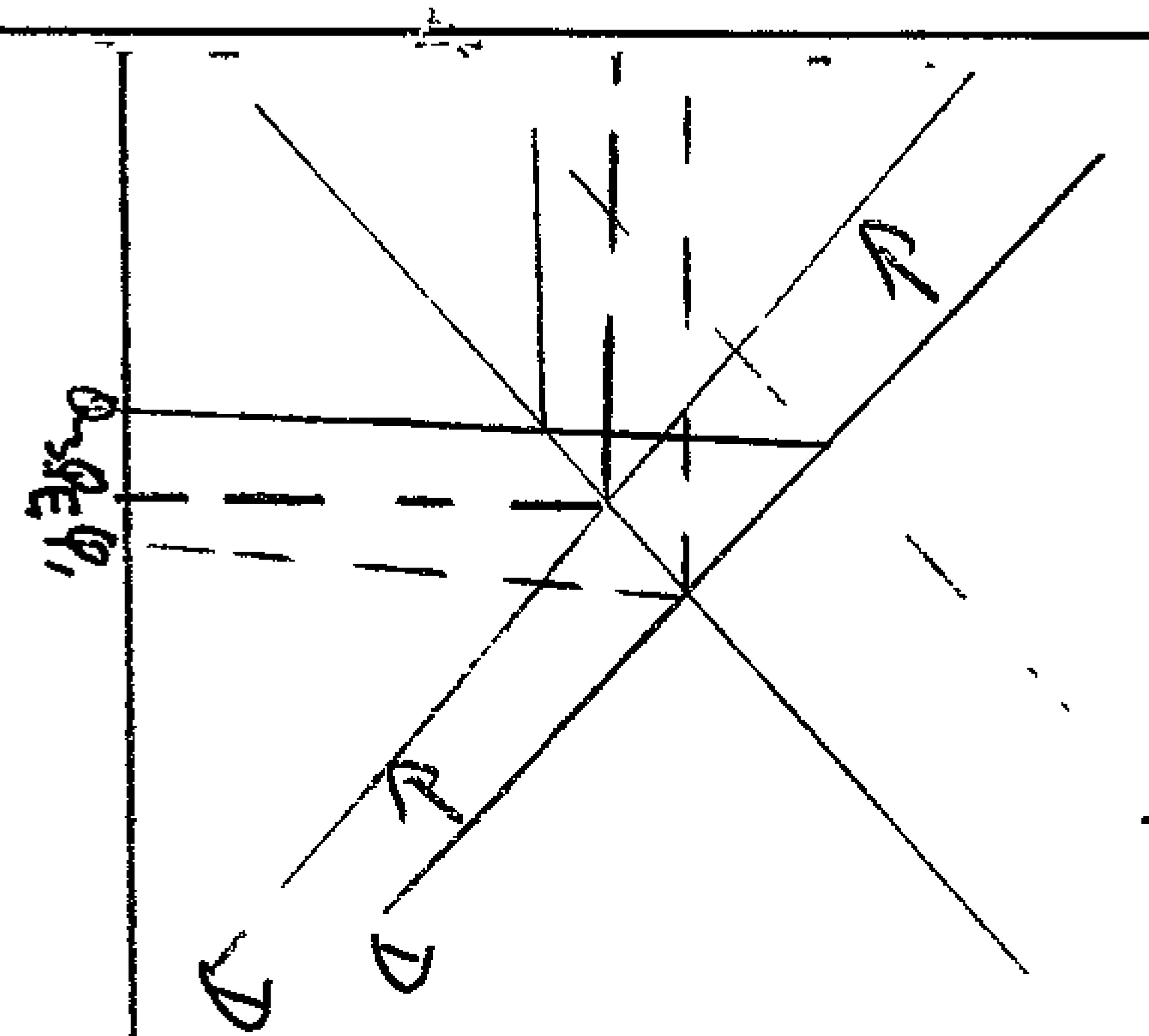
Fiat (SA) se markdeel in die eerste ses maande was 2,3 persent. In dié tydperk is 3 114 eenhede vervaardig, waarvan 1 680 Fiat 131's was. Die Fiat 132 Elita en 128 se bydrae was onderskeidelik 699 en 727 eenhede.

Op die gebied van handelsvoertuie sal die oorname van Fiat (SA) die Leyland-organisasie aansienlik versterk. Die 128-handelsvoertuie se markdeel was 1,2 persent en dié van Leyland se handelsvoertuie altesaam 3,3 persent vir die eerste sewe maande van 1980.

Die internasionale ooreenkoms sal daarvoor voorsiening maak dat Leyland (SA) Fiat-produkte in lisensie in die Republiek vervaardig.

Daarom kan aanvaar word dat die Mini waarskynlik binnekort deur die Fiat Ritmo of die Fiat Panda aangevul sal word, aangesien Leyland reeds geruime tyd in 'n nuwe ligte voertuig aan die onderkant van die mark belangstel.

DR. GIAN CARLO BARSOTTI besturende direkteur van Fiat SA



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Demand probably shift downwards in such a case as (wages) prices move up

Why?

VW won't acquire Fiat plant

Own Correspondent

PORT ELIZABETH — Volkswagen has bought another plant in Uitenhage and has abandoned plans to acquire the Fiat plant in Pretoria or to expand to the north in the immediate future

The company's managing director, Mr Peter Searle, confirmed that the former Mack truck plant had been bought and said that the Fiat plant did not suit Volkswagen's immediate needs

He would not disclose the price paid to Sigma Power Corporation for the plant which is near the Volkswagen factory The Mack site covers about seven hectares and also has an office block

Production of Mack trucks in Uitenhage was discontinued and the assembly line was moved a few years ago when Illings merged with Sigma The factory was used by Sigma as a depot for truck spares, but the company has now leased the old Citroen plant outside Port Elizabeth for this purpose

Anglo American not buying Umfolozi mill

2/8/80

NM

232

Financial Editor

ANGLO American was yesterday revealed as the mystery buyer behind the purchases of at least 27 farms in the Umfolozi area at a cost of R20 million.

But Anglo American is not talking with the Umfolozi mill board on buying the mill and a spokesman for the co-operative said that the question of appointing Anglo directors to the board would have to be decided by the members.

The Umfolozi Co-op's board is to meet with Anglo representatives 'in the near future'. There are about 144 white growers attached to the mill.

Umfolozi has appointed Finansbank as professional advisers and last Friday met with the unnamed 'party' which has expressed an interest in buying the mill.

Discussions

'Constructive discussions were held and these are continuing,' the co-op said. 'It has started talks with the relevant Government departments on the issue'

Finansbank said that Anglo American had confirmed to them that they were behind Jeremy Timbers, which has been 'actively' buying sugar farms in the Umfolozi area.

Anglo said it had no sinister motives, that it planned to continue with sugar farming and it wished to co-operate in a positive manner with Umfolozi and its members.

Tongaat?

Finansbank would not reveal the identity of the potential mill buyer but it is quite possible that Tongaat is acting in the deal.

Mr Chris Griffiths, an executive director of Anglo American, has been in Natal this week and returned to Johannesburg last night.

He is a director of Huletts and Tongaat and chairman of SA Forest Investments.

Speculation has been rife in the area for several months as rumours of large land sales swept the north coast from Hluhluwe down to Empangeni.

The mill was the subject of a R22,5m bid from Huletts last year, following reported dissatisfaction from farmer members of the co-op

ANGLO'S AID FOR BLACKS

S Tribune Finance 24/8/80

232

By TONY HUDSON

ANGLO American plans to use its newly acquired Umfolosi sugar lands as a base to supply aid to black cane growers in the region.

Anglo executive director in charge of sugar, Chris Griffith, told Tribune Finance that the group would encourage black growers and provide them with whatever technical assistance that might be needed

He said that a move in this direction was part and parcel of what made sense in the northern part of Natal.

He pointed out that while Umfolosi was a white growing area, black growers could operate close enough to the area to make aid a viable proposition.

The move fits in with Anglo's declared intention to help black business and industrial development by the creation of a number of company-sponsored small and medium sized projects.

Said Griffiths: "An organisation like Anglo could build up the area and do an enormous amount to develop the region. In total terms, we can make profits while providing aid for the people of the area" He went on to say that in addition to aiding growers, the group would also provide a large number of jobs for local blacks

The announcement that Anglo was behind the mystery purchases of Umfolosi farms came after two weeks of bemused and bewildered speculation on Anglo's expedition into the far north of Natal, which, as one expert put it "is hardly Anglo's style"

During the period Anglo has on several occasions denied involvement in the project However, on Friday, Finansbank, which was acting for the Umfolosi co-operative, said in a statement that Anglo American was the company behind the wheeling and dealing

Initially market speculation was that the move presaged the dismemberment of Huletts and a takeover of Tongaat. The rumour caused a major flurry in Huletts as buyers moved, in anticipation of a handsome offer to minority shareholders in Huletts

However, Huletts managing director, Dr Kees van der Pol, told me this week that he had been assured by Griffith and Chris Saunders, Huletts chairman, that Huletts would not be dismembered and would continue to operate in its present form and style

He said "I was told that Anglo is not a shuffler of paper, just to make things tidy If rationalisation is necessary for growth, this would be done for good economic reasons For the foreseeable future, Huletts will continue in its present form" Van der Pol said that the rumours had caused alarm among the company's employees

Griffith denied that Huletts were involved in its activities and said that, in fact, the Umfolosi scheme had been operational since May.

He said that at present Anglo now controlled between 37 and 42 percent of the Umfolosi mill's throughput, which totalled about 120 000 tons a year, about 6 per cent of South Africa's sugar crop.

Griffith said that Anglo had moved into the area because it felt that sugar was a good investment He denied that farmers had been bulldozed into selling and said that both sides had a good deal out of the operation

He went on to say: "We are now entrenched as important growers in the area and have become part of the Umfolosi growers"

He stated that anglo did not start the operation to gain 50 percent of the mill's throughput and thus control of the mill, although he would be happy if this did eventually come about

"We have told the farmers, that we will act for the good of the growers as we are on that side of the fence ourselves.

He said while no operation involving Huletts was planned, this could happen in the future if it was of benefit to all

Anglo in giant

sugar coup

24/8/80 SUN TIM (232) sugar

By G R NAIDOO

28 farms are snapped up in secret buying spree

THE Anglo American Corporation has spent more than R120-million in a spectacular move which effectively gives it control of a third of the output of the South African sugar industry.

Since April, the giant conglomerate has been involved in a series of manoeuvres which included the buying of 28 Umfolozi sugar farms for about R25-million

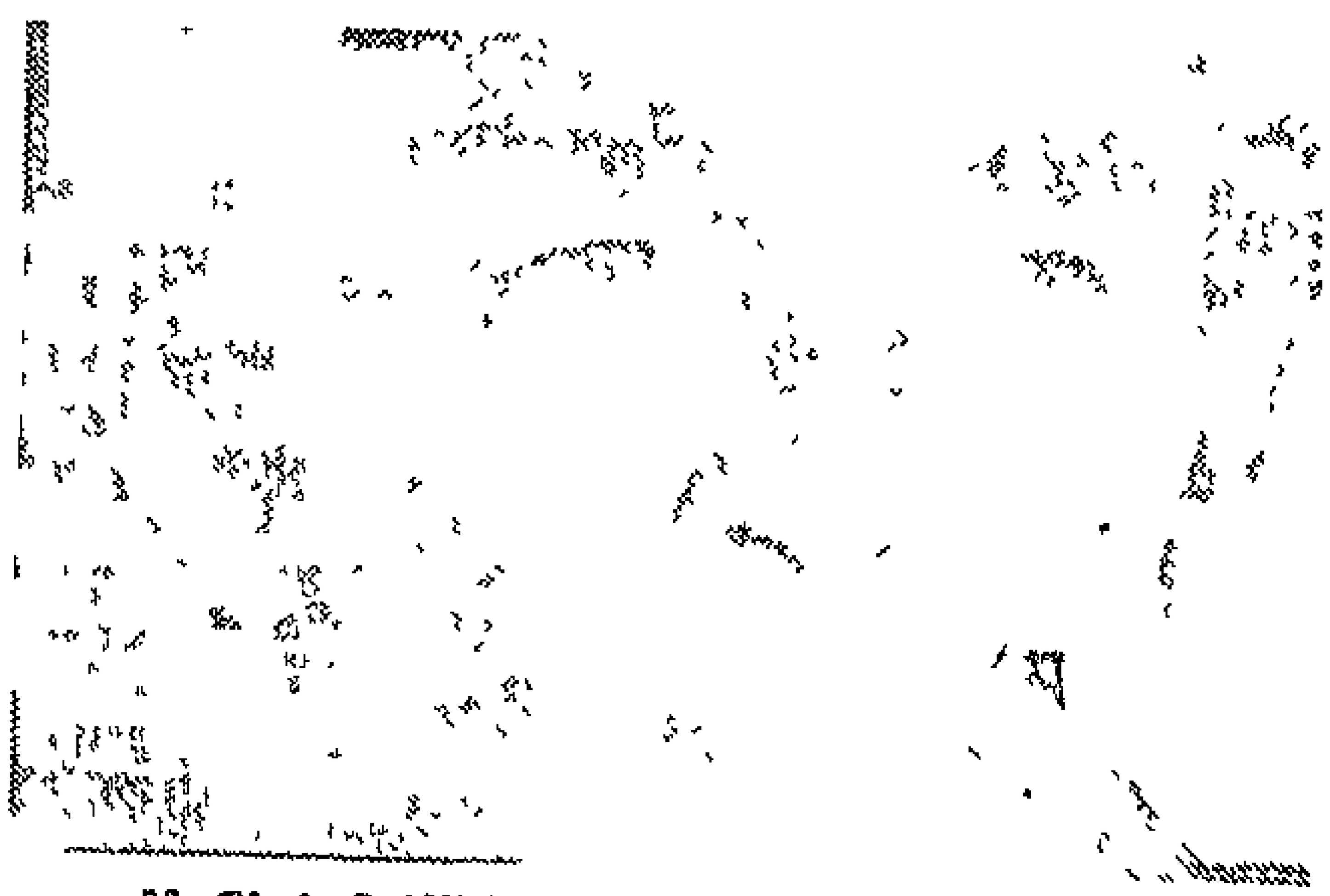
It has also bought control of one of Natal's most prominent sugar companies Huletts for R97,6-million and gained control of the Umfolozi Co-operative Sugar Mill through appointments to the board

Mr Chris Griffith, an executive director of Anglo American and mastermind behind Anglo's sugar investment programme confirmed yesterday that the company was the "mystery" buyer of the Umfolozi farms

Speaking in Johannesburg, shortly after he returned from a visit to Umfolozi, where he met several farmers, Mr Griffith said

"I feel that sugar is a good investment There was an opportunity to buy up some farms in Umfolozi, and we took it But we do not intend buying all the farms in the area It is certainly not our intention to bulldoze farmers into selling to us"

Mr Griffith's confirmation came after two weeks of speculation in which Anglo American at first denied and later would not comment on the Umfolozi deals



Mr Chris Griffith . . . "no threat to farmers".

The secret moves to buy the farms were well planned, and the first steps were taken even before Anglo gained control of Huletts

About a year ago, the conglomerate bought off a dormant company, Bruply Services (Pty), a subsidiary of Bruply, of Boksburg

It changed the name to Jeremy Timbers in April after an application was filed by the Sigma Motor Corporation, of Pretoria, a subsidiary of Anglo

Two of the three directors appointed to Jeremy Timbers, Mr Fred Butler and Mr Johan Meyer, are connected with Sigma, while the public relations officer, Mr John Porter, is also a Sigma employee The third director is a Pretoria attorney, Mr Walter H Edelstein

Using a Maritzburg company, Measured Farming, Jeremy Timbers then bought off the Umfolozi farms through an agent, Mr Jeremy Johnsson, who is closely connected with Mr Griffith in acquiring timber plantations for Anglo in the Natal Midlands

With the purchase of the Umfolozi farms well in hand, Anglo moved in to take control of Huletts through the purchase of the Barlow group's shareholdings It paid R97 6-million

Described as a major sugar industry shake-up the complicated deal involved four listed companies and one unlisted firm and with the Umfolozi acquisitions gave Anglo control over about a third of the total sugar output in South Africa

Hard on the heels of the buying spree at Umfolozi, Umfolozi Co-operative Sugar Planters, which owns the biggest and the last remaining independent sugar mill in Natal, issued a circular to members last week strongly advising them to exercise great care should they consider disposing of their farms when all relevant information was not yet available

The statement said the chairman was also approached on behalf of a party which expressed interest in buying the mill and that a meeting with that party had been arranged To be able to advise its members the board had appointed Finansbank as professional advisers to assist in its investigations

Anglo's role came to the fore on Friday when Finansbank issued a statement saying that discussions had been held with the board of Umfolozi aimed at the purchase of the mill by Anglo American, and that talks were continuing

Defunct

The statement added that representatives of Anglo were to be appointed to the board of the Umfolozi co-operative now that it had, through its purchase of farms, gained control of the mill

Commenting on the secrecy surrounding the deals, Mr Griffith said it was "not his way" to discuss intimate company business with the public

Asked about the R1 share capital of Jeremy Timbers, Mr Griffith said that in business there were dozens of dormant or defunct companies which were not operative

"Bruply services was one such company," he said "We bought it as we required a corporate entity to acquire farms.

"The name was then changed to Jeremy Timbers and we kept the identity of the company confidential, which is normal business practice"

STAR 27/8/80 (232)

Magazine changes hands

Pace, the glossy monthly magazine aimed mainly at the black market has been bought from Electrocol Ltd by Caxton Ltd, the Johannesburg publishing company in which Argus has a 30 percent share

Announcing the purchase today Mr Terry Moolman, joint managing director of Caxton said "We are excited about this development in the magazine field in association with the Argus Company Pace is a highly successful monthly magazine with a growing circulation and strong advertising support We plan to develop it into the leading publication in its field"

Pace gets new owner

28/8/80 Post

232

PACE, the glossy monthly magazine aimed mainly at the black market, has been bought from Electrocol Ltd by Caxton Ltd, the Johannesburg publishing company in which Argus has a 30 percent share.

Announcing the purchase yesterday, Mr Terry Moolman, joint managing director of Caxton said: "We are excited about this development in the magazine field in association with the Argus company. Pace is a highly successful monthly magazine with a growing circulation and strong advertising support.

We plan to develop it into the leading publication in its field."

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Anglo in Zululand coup

ANGLO American has pulled off another coup in Zululand, according to the Financial Mail

The Durban Supreme Court has sanctioned Anglo's offer of R1,2m for Meintjies Broers (Pty), which has been discharged from provisional liquidation

This means Anglo acquires 3 460 ha of farmland under cane, sisal and cotton, with a game farm to boot.

Meintjies Broers, which was placed in provisional liquidation in February, had made losses of nearly R1,4m between June 1973 and June 1979 ends

New move in battle for Trans Hex

30/8/80 (232) Bus Argus

By Mervyn Harris

TRANSVAAL banker Mr Laurie Korsten has made a 'materially different proposal' to the boards of Naskor Mynbou and Seeland in his bid to gain control of the Namaqualand diamond company, Trans Hex.

He put in this proposal as the battle for control of Trans Hex hotted up this week when one of the two other companies making counter-bids increased its offer.

He told Business Argus today 'I have put certain proposals to the boards which they have had since Tuesday. I am not suggesting I have increased my offer

'My previous proposal still stands but over and above that I have put in a different scheme.

'My proposal was for 100 percent of the shares of the companies, whereas one of the other offers was for 49,9 percent of the shares of Naskor and See-

Continued on Page 3

Bid for Trans Hex

(232) B Argus 30/8/80

From Page 1

land.' They did not say what they would do with the other shares.

'It is now for the boards of directors of the companies to decide what to do. If they turn down the proposal it is not necessary for anyone to know details of the new scheme'

POSTPONED DECISION

Shareholders of Naskor and Seeland last month postponed a decision on Mr Korsten's initial proposal, through his company, Corporate Credit Services, after the two counter-bids were received.

They were advised to keep their shares until advised by the boards of Naskor and Seeland — which control Trans Hex — what to do

Ochta, which has wide interests in the diamond industry, this week increased its offer for 49,9 percent of Naskor and Seeland shares and for 70 percent of Trans Hex shares held by minority shareholders.

It has now raised its offer from 292c to 320c for Naskor shares and from R2,70c to R2,95c for Seeland shares.

The offer for 70 percent of the minority holding of Trans Hex shares has been increased from R2,05 to R2,25.

The boards of Naskor and Seeland met on Tuesday this week to consider the offers. The meeting continued until Wednesday without reaching a decision. The boards will again meet on Tuesday.

The other offer is from Natal Makelaars, a Pretoria-based company which has interests in mining but not in diamond operations

Shareholders of Naskor and Seeland are due to meet on October 16 to consider the recommendations of the boards.

30/8/80 STAR

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Multi-directorships unjustified — prof

Should the Government control the number of boardroom directorships a person can hold?

In Barclays Business Brief, Professor D J J Botha (head of the department of economics, University of the Witwatersrand) says there is no economic rationale to one person serving on the boards of 50 companies.

It is a phenomenon which, if contained through legislation of one kind or another, would not harm the private enterprise system in any way, on the contrary it would support it."

Professor Botha also says that the Government should be bold in applying anti-monopolistic legislation.

Monopolies constitute an impediment to free competition in the South African economy. It is strange that so few eminent free market economists have been willing to point out, let alone denounce, the self-seeking practices of monopoly capitalism as one of the greatest single causes of the inexorable decline of the capitalist system in the world today," he writes.

Shock takeover bid for Natal company

30/8/80

SIME

232

Own Correspondent

DURBAN — Pinetown-based caravan and mobile home maker CI Industries will have one of the shortest JSE listings on record if a takeover bid announced this week succeeds.

According to a statement by Standard Merchant Bank, an unnamed bidder is in the market for the 51 percent control held by Caravans International in Britain If the negotiations are successful, a similar offer w'll be made to minorities in South Africa.

Local shareholders have therefore been warned to exercise caution in share dealing until the result of negotiations are known.

The takeover bid — and the UK company's reported interest in it — has come as a thunderbolt to local observers Despite a slightly bearish comment from the company regarding current year's trading, it is understood that CI profits to the end of August (the financial year-end) will be "astronomical"

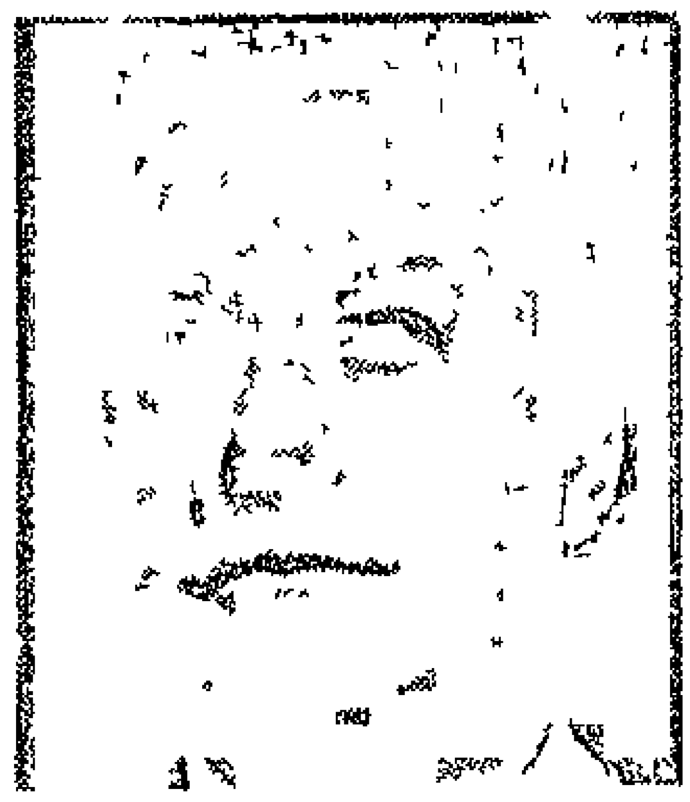
SA's PROFTIS

What is significant is the vital role the South African company plays in the international group's profitability According to the last Caravan International UK annual report, the South African operation provided more than half of the group's world profits.

With 18 production plants in six countries, Caravans International achieved 1979 before-tax profits of just £3-million (about R5,4-million). Of this, African countries (overwhelmingly South Africa) provided £1,84-million (R3,3-million), or about 60 percent.

With the South African company again poised to make a huge contribution to overall group profitability, the overriding question is why the controlling shareholder wants to get out. Sources close to the company confirm a deal is close to being signed.

"Surely the British company cannot be so trapped for cash that it cannot wait for the next South African profits payment," one staff member said



Chairman Desmond Baker

M&R all set to hit the takeover trail again

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BM

S.Times (Bus)

31/8/80

By ANDREW McNULTY

MURRAY & Roberts (M & R), the construction-based conglomerate, can be expected to take further big steps along the takeover trail in coming months

The base of the R704-million-a-year group will continue to broaden, so much so that it could increasingly be asked whether M & R should become known as a holding company with a strong contracting bent

Inroads have already been made into consumer markets via food and catering This trend will clearly continue

Most favoured areas by the group on current thinking are electronics and consumer-oriented companies

Also, the pace of diversification — more than 50% of total earnings are now derived from non-construction activities — will probably quicken as the integration between north and south operations becomes fully digested

This became clear after an interview this week with the chairman, Desmond Baker

"The general trend will be a diminishing contribution to profits from construction," he says

Teams in Johannesburg and Cape Town work continually on evaluating potential acquisitions

A large number of potential acquisitions were investigated during last year, resulting in the spending of R6-million

Spending the previous year on acquisitions was R29-million

The two biggest sources of acquisitions have been foreign-owned companies looking towards divestment, and family operations who see boom conditions as a good time to sell

Numerical criteria, which Mr Baker prefers to keep confidential, have been developed, but special attention is paid to return on assets, gearing and other liabilities at the time of purchase, plus activities of the company

He says there could well be further acquisitions totally unrelated to M & R's field of expertise, provided that they have a strong management team capable of fitting well into the group's decentralised structure

How aggressive would M & R be in cases of reluctant suitors?

"I don't think we've ever acquired any company which doesn't want to be acquired

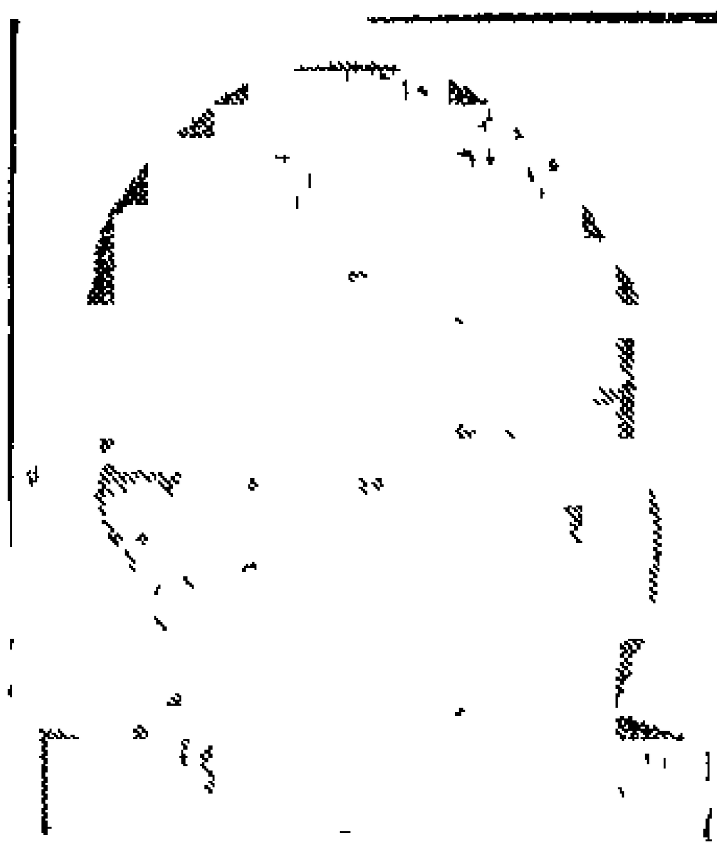
"With our philosophy of looking for management in the companies, it would be crazy to buy a group of people who don't want to be bought or controlled We would just have an unhappy relationship "

In the short-term, however, strongest growth is likely to be in construction as the sector harnesses the boom

There will be no shortage of cash

M & R's latest annual report says "The group, despite the increase in borrowings, from 38½% of equity on July 1, 1978 to 53% on June 30 1979, still has appreciable unutilised facilities

This is necessary to fund the increase in working capital which would be required for a recovery in the construction industry in the Republic and for further diversifications and for our international activities "



David Lewis buys into Esab Welding

232 S. Tms (bus) 31/8/80

DAVID Lewis, of Holiday Inns and Wit Industrials fame, has bought a controlling interest in Esab Welding Products, a company which supplies and services a wide range of welding equipment and electrodes

The equipment is manufactured by Esab of Sweden, a world leader in advanced welding equipment and technology

Mr Lewis tells Business Times that the Benoni-based Esab Welding Products has not operated profitably in the past, principally because the Swedes were unable to adapt their marketing strategy to South African conditions In addition, spares back-up left much to be desired

He believes that both these drawbacks can be effectively overcome, and the new Esab combination of Swedish technical know-how and South African expertise in the market place will go a long way towards ensuring the future profitability of his new acquisition

By JOHN SPIRA

"It is a formula which turned around the Electrolux operation which I bought three years ago," he adds Electrolux has gained 15% more market share under its South African ownership

Mr Lewis has tackled the spares back-up void by airfreighting R156 000 worth of spares to South Africa He has also placed an order in Sweden for more than R300 000 worth of welding machines

He expects Esab to gain a minimum 15% market share in the next three years

Esab will be demonstrating the latest in welding — the Robot Welder — at next month's Electra Mining Exhibition The Robot, developed in co-operation with Asea, highlights Esab's advanced technology worldwide The machine will sell for between R120 000 and R150 000

Esab SA has just been awarded a R200 000 welding machine contract by the SAR, while Esab Sweden recently secured a R32-million contract to erect and commission a complete plant to cater for the construction of a nuclear power plant in the USSR

Queues outside the cleanest laundry

S. Times (Bus) 31/8/80

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By ELIZABETH ROUSE

SUITORS are said to be queueing up for Amalgamated Laundries, which some brokers describe as "the cleanest cash shell" on the market

Possible candidates for the maiden's hand are Peter Gain, the cash asset company specialist, Bill Venter, of Allied Technologies, Stuart Pegg, Taki Xenopolous, of Fontana, Alderson & Flitton, and an unnamed trust company in Cape Town bidding on behalf of a client

Amalgamated Laundries currently consists of R1,5-million cash and properties with a book value of R950 000, over which there is a mortgage of R698 000 This makes net asset value 130c, cash accounting for 100c and properties for 30c

Speculation is that the controlling shareholders will take out the properties at 70c a share This means that Amalgamated Laundries will be left with R2,2-million cash, making net asset value just above 164c

Market talk is that chairman Max Florence has refused an offer of 205c a share

Current market price is around 255c — a level which looks right for a company being beseiged by offers

Trans Hex to decide on takeovers

S Times (Bus) 31/8/80

232

THE board of Trans Hex Beleggings meets on Tuesday to decide whether to accept takeover offers for its two holding companies, Seeland Mynbou and Naskor Mynbou

The bidders are Octo Diamonds and Corporate Credit Services The amount involved is about R10-million and moving up all the time

Theron Holdings, which operates the three undersea mining concessions held by Trans Hex, has dropped out of the bidding

Trans Hex holds four of the 12 undersea concessions in the area — off the Namaqualand coast — three of which are contracted to Dawn Diamond Company, in which Theron holds a controlling interest

All four of the concessions come up for renewal by the Department of Mineral Affairs in January 1981

Although Theron's position regarding Trans Hex is secure, some mining sources believe that the terms of the prospecting leases could be altered

Hugo Richter, Theron's chairman, tells Business Times that the only manner in which such terms can be altered is for the prospecting leases to be converted into mining leases

"I cannot see this happening," he adds, "but if the leases are converted, the result will be beneficial to Theron "

Francois Hoffman, managing director of Trans Hex, says "I have no doubt at all that since we have discharged all our prospecting lease obligations, they will be renewed in the same way they have been since 1971 when we acquired them "

Former Info paper sold

232 S.Times 3/8/80

By GEOFFREY ALLEN

THE successful black-oriented magazine Pace, launched in 1978 by former Department of Information front men Mr David Abramson and Mr Stuart Pegg, was sold this week for the second time in a year

The magazine has been bought for an undisclosed sum by Caxton, the publishers and printers in which the Argus newspaper group has a 30 per cent interest.

Pace was launched when the Department of Information scandal was at its height Nine staff members threatened to resign when they were told that the magazine was owned by Mr Abramson and Mr Pegg through their Government-supported Hortors group of companies

At the time, Mr Abramson assured the staff that there was no Government shareholding in Hortors

Deal

But the Erasmus Commission into alleged irregularties in the now defunct Department of Information subsequently revealed that the purchase of Hortors had been made possible through a complicated Government-backed financial deal with Mr Abramson and Mr Pegg

Late last year, Pace was sold to Mr David Lewis's Electrocol group of companies.

The Caxton group has announced it will launch a new white-oriented magazine, Style, on November 24 with Pace's managing editor, Mr Jack Shepherd-Smith, as editorial adviser

Now sugar mergers move into Zimbabwe

S10K (232) 4/9/80

Own Correspondent

SALISBURY — Hippo Valley's managing director, Mr Brian Bullett, assured shareholders at the annual meeting that until Barlow Rand decided on taking a 35 percent option in Triangle Sugar Corporation, nothing could be done about considering a merger of these two huge sugar companies.

It was reported last week that the Anglo-American Corporation had taken control of Triangle in early August in a R97,6m swoop on Huletts Corporation in South Africa which itself controlled Triangle and its subsidiaries through a Luxembourg-based company, Baisierres Holding SA Anglo also controls Hippo Valley

In the wake of this report the matter was raised at the meeting by Salisbury stockbroker Mr Bill Burdett-Coutts

Mr Bullett, according to an Anglo spokesman, also said that the group would have to be convinced there would be benefits in putting Triangle and Hippo Valley under one roof bearing in mind the amount of capital already employed and the thousands of staff involved

So Anglo's intentions at the moment remain unclear. The spokesman would only add "There are no firm plans at the moment"

Meanwhile this week the Secretary for Transport and Power, Mr Peter Lamport-Stokes, announced during his address to the International Economic Resources Conference on Zimbabwe, that a second and larger ethanol plant is to be built at Chsumbanje in the Lowveld.

The first ehtanol plant came on stream recently at Triangle

The second distillery is being planned by the Industrial Development Corporation and when it comes into operation the proportion of ethanol blend in petrol will increase from 15 to 20 percent Diesel will also contain 14 percent ethanol

While the scheme is still in the feasibility stage, informed sources said this week, finance will be provided by private enterprise, directly or indirectly through the IDC

A suggestion that Anglo American might take part was not ruled out as the company is already a shareholder in IDC.

OCHTA LEADS IN BATTLE FOR TRANS HEX

4/9/80 KRUUS

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OCHTA, a company with wide interests in the diamond industry, has emerged as the frontrunner in the R10-million takeover battle for control of the Namaqualand diamond company, Trans Hex.

Representatives of Ochta will today meet the boards of directors of Naskor Mynbou and Seeland Mynbou — which between them control 64 percent of Trans Hex — and the boards will announce tomorrow their recommendations on which offer shareholders should accept.

Major shareholders were hurriedly called to a meeting in Cape Town last night to be given information and will vote on October 13.

The latest developments came after board meetings of the controlling interests of Trans Hex yesterday and on Tuesday following two days of inconclusive meetings last week.

But on Monday Ochta increased its offer for the second time in two weeks. Its bid for 57 percent of Trans Hex is now worth about R5,8 million.

The initial proposal by Transvaal banker, Mr Laurie Korsten, for 64 percent of Trans Hex was worth about R5 million.

Mr Korsten, through his company, Corporate Credit Services, put in 'a materially different proposal,' last week after the first counter bids by Ochta and Natal Makelaars.

The latest offer increases Ochta's bid for 49,9 percent of Naskor and Seeland shares by about 10 percent to R3,55 a share and R3,30 a share respectively.

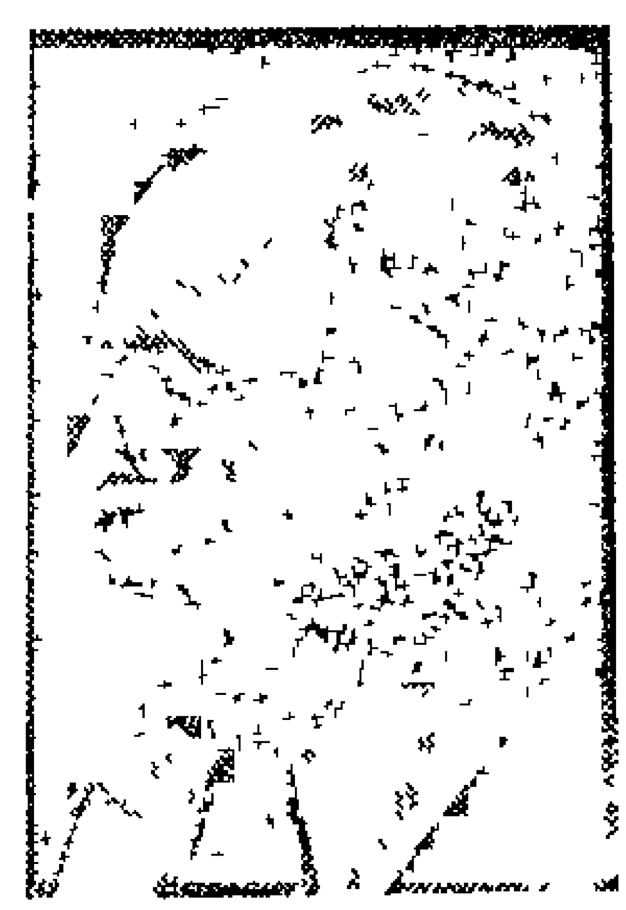
CONSORTIUM

Merchant banker Hill Samuel, acting for Ochta, has also arranged for a number of private individuals to form a consortium to buy shares over and above the 49,9 percent which Ochta is bidding for.

Mr J A de Villiers and his family trusts are the major shareholders in Ochta, which has associated companies involved in diamond cutting and polishing and has a diamond mine on the banks of the Orange River.

Shareholders of Trans Hex were urged after a meeting early last month to keep their shares until advised what to do by the boards of Naskor and Seeland.

Mervyn Harris



MR P HOFFMAN, chairman of Naskor Mynbou

Big Asea stake for Amic

By HOWARD PREECE

ANGLO American Industrial Corporation is to become "a large shareholder" — minimum 20% — in Asea, makers of transformers and high voltage equipment, in a deal costing about R10-million with the parent company, Asea AB of Sweden

Amic will also make a 505c a share offer to all other shareholders — but that might not look so attractive with the price yesterday bounding up to 620c on the Johannesburg Stock Exchange

The Asea share price rose 60c yesterday and 20c on Wednesday and a JSE inquiry seems called for.

A statement last night said that subject to all the relevent approvals, Amic would become a large shareholder in Asea with Asea AB retaining a 25% holding

Asea AB now holds about 45% of the South African company

The statement said Amic would acquire its shares from Asea AB at 505c and that a similar offer would be extended to all shareholders

A second interim dividend of 7c a share would be paid as part of the proposals

COMMENT: There are 11 500 000 issued ordinary shares in Asea and if all the outside holders, including the Industrial Development Corporation, were to accept Amic's offer that would cost Amic well over R40-million.

But with the offer well below the market price it would be surprising if more than a handful accepted

However, Swedish companies are under severe pressures within their own country over financial links with South Africa and it may well suit Asea AB to stay quiet and let Amic, with its passive co-operation, have de facto control of Asea South Africa

It is not clear whether Asea AB will be paid out through the financial rand market

If so it will have to take its cash at a hefty discount — 38% at yesterday's rate

That could be another reason against a complete sell-out at this stage

Asea South Africa managed a rise in taxed profit of only 10% to R2 760 000 for the half-year to June 30

The chairman, Mr D L Keys, said last month when announcing this profit that there had been "satisfactory increases in group turnover and orders received"

He added that "working capital requirment have increased further."

Ochta in lead for Trans Hex control

21/6/82 (232) STAR

Ochta, a company with interests in the mining and marketing of diamonds, has emerged as the frontrunner in the battle for control of the Namaqualand diamond company, Trans Hex

Johannesburg banker Mr Laurie Korsten has withdrawn from the bidding for the interests of Trans Hex

Representatives of Ochta yesterday met the boards of directors of Naskor Mynbou and Seeland Mynbou — which between them control 64 percent of Trans Hex — and their recommendations are expected today

OFFER

Ochta's bid for 57 percent of Trans Hex is now worth about R5,8m. The initial proposal by Mr Korsten was worth about R5m.

The latest Ochta offer is for

- R3,55 a Naskor share for up to 49,9 percent of shareholders' ordinary shares,
- R3,30 a Seeland share for up to 49 9 percent of shareholders' shares,
- R2,50 a Trans Hex share for up to 100 percent of the ordinary shares of the Trans Hex minorities

Hill Samuel acts on behalf of a number of individuals who are prepared to buy all shares in excess of the 49,9 percent interest which shareholders are allowed to sell to Ochta

These buyers offer the same price as Ochta for the Naskor and Seeland shares

Mr Johann de Villiers and his family trusts are the major shareholders in Ochta, which has associated companies involved in diamond cutting and polishing and has a diamond mine on the banks of the Orange River It is now also entering the field of manufacturing and wholesale trading in jewellery

Suid Rapport 7/9/80 (232) 1

Leyland en Fiat haaks

DIE verhoudinge tussen Fiat (SA) aan die een kant en Leyland en die Messina-groep aan die ander kant, is vinnig besig om te versuur.

In Messina se geval is 'n mondelinge ooreenkoms reeds tussen hom en Fiat gesluit om Fiat se motormonteeraanleg in Rosslyn te koop. Fiat draai egter nou om die ooreenkoms te onderteken.

Dit is bekend dat Fiat reeds sy produksie beëindig het en nou motors uit sy aansienlike voorraad verkoop. Die fabriek is egter in 'n swak toestand en dit sal Messina, wat Datsun beheer, waarskynlik 'n hele paar maande neem om opknappingswerk te doen.

Messina se plan was om die fabriek einde van jaar oor te neem.

Fiat se gesloer om die ooreenkoms te onderteken laat nou allerhande vrae ontstaan oor die redes daarvoor.

In Leyland se geval is die ontevredenheid nog groter. Hy het 'n finale aanbod aan Fiat gemaak vir sy hele 128-reeks en 'n deel van die 131-reeks se onderdele en gereedskap.

Fiat se naam lei egter aansienlike skade in die mark weens die onsekerheid oor presies wat die maatskappy gaan doen. Leyland se standpunt is waarskynlik dat hoe langer Fiat draai, hoe minder is daar om oor te neem, hoewel Fiat se bedingingsposisie natuurlik al hoe swakker word.

Dit is ook bekend dat Fiat met Alfa Romeo onderhandel oor die 128-bakkie. Alfa het geen handelsvoertuie nie en stel om dié rede in die 128-bakkie belang. Dit lyk egter of Alfa net die 128-bakkie sal vat as Fiat se onderhandelinge met Leyland deur die mat val.

Intussen is Fiat besig om sy bestaande voorraad te verkoop en sy personeel te verminder.

RAND Daily Mail
MONDAY
September 8, 1980

232

RDM 8/9/80

Price fixing at the back door

WE expressed disquiet last year when the liquor industry was carved up between South African Breweries and the Rembrandt Group, with beer falling under SAB and wine going to the R180-million conglomerate, Cape Wine Distillers

In business terms it all made sense the economy that comes with scale and the inexorable growth of well-managed, already large corporations, with money to spend on expansion.

But we wanted to know what protection there was for the consumer in all this? Our cynicism was almost immediately justified.

While the deal was being put together, SAB promised that beer prices would not be increased in the near future But this decision was soon rescinded and prices went up

On the wine side, the Government (which sanctioned the deal) included a clause in the agreement forcing wine producers and wholesalers to sell off their retail outlets over a pre-determined period

This, in some way, lessened the unhealthy situation where it was possible for one company to produce, distribute and sell wine against a background where the KWV controls prices, production and supplies anyway.

But within months of the giant CWD going into operation, the wholesalers (represented by Cape Wine and Spirits Institute) have agreed to set up a "non-discriminatory pricing" system to "ensure free and fair distribution of liquor products to retailers"

The wholesalers say they have done this at the request of the Federated Hotel Association of South Africa, representing retailers.

Whatever the wholesalers tend to label this new system, it is nothing more or less than price maintenance It means the public will no longer be able to benefit from cut-price competition between retailers and some wholesalers because discounts to retailers will be abolished

The issue goes beyond merely making liquor cheaper It cuts across one of the basic tenets of the free enterprise system — competing for prices.

And it is in essence a backdoor move which goes against the agreement sanctioned by the Government The credibility of those who drew up and signed the agreement is at stake and there is an onus on them to stop this latest action

10/9/80 Rdm (232)

Premier sells liquor interests

Financial Editor

PREMIER Milling is selling all its main liquor interests, apart from the 50,1% stake in Benny Goldberg's Liquor Supermarket, to Picardi Hotels.

The price tag has not been revealed but market sources suggest it will be in the R4-million to R5-million range

The deal is effective from October 31 It will have 'no material affect on the earnings and assets of Premier"

Picotel is a part of the Cape-based group controlled by Mr Jan Pickard who already has wide liquor interests

Premier is selling nine bottle stores in the Johannesburg/Reef area

These are Magnum Liquordrome, two Civil Service outlets, Birnam, President Wine, Mr Slashers and three Grey Smith stores

Premier does also have some small liquor interests through Mine Stores of Natal but these are comparatively of little consequence

COMMENT There have been reports for some time that Premier's liquor interests were generally not working out

The Benny Goldberg interest, with its self-contained management, was, however, excepted

In the annual report this year Mr Tony Bloom, Premier's chairman, said "Benny Goldberg's Liquor Supermarket . was able to report another successful year with turnover levels substantially above those of the previous year"

He said the retail bottle stores generally achieved "a satisfactory increase in profits due to increased turnover as well as higher profit margins"

But Mr Bloom made clear he was extremely unhappy with basic trends in the industry

He said "I must voice serious concern over recent developments

"It is difficult to conceive how a Government ostensibly devoted to free enterprise could — in a year in which the Competitions Board came into existence' — sanction the creation of two overwhelming monopolies and the grant of preferential treatment to one other participant in the industry"

Mr Bloom said "Much of the consumer-oriented marketing activity has already gone out of the industry with serious consequences for the aggressive, independent retailer

"Discounts have been removed and bulk buying advantages are now virtually non-existent. As a result the consumer pays more"

The position has tightened further since Mr Bloom said that in May

The sale of Premier's bottle stores to Picardi is not then surprising.

It is more likely that Premier will look to extension of interests in future within its existing areas of operation

12/9/80 STAR 232

Amic gets a bigger slice of Asea SA

Agreement has been reached between Amic and certain local shareholders in Asea that Amic will buy from them their entire shareholding in Asea which totals 13,1 percent. Amic will obtain from Asea SA (a Swedish company) 18,8 percent of their interest which will leave the Swedes with a 24,9 percent stake in the South African company.

Remaining shareholders in Asea SA will be given the opportunity to take part in the proposals on the same basis and will be offered:

- The redemption of their entire shareholding at 505c a share, or
- Receipt of a dividend of 170c a share followed by the redemption of 43 out of every 100 shares held by them at a price of 110c a share.
- Retaining their SA shares — Jean Moon

PREMIER/PICOTEL

A nice measure

FM 12/9/80

232

Both parties insist that Picardi Hotels' purchase of wine liquor retail outlets from Premier Milling was "a good and fair one" But Picotel director and Transvaal general manager of Uniewyn Eddy Magid finds it difficult to suppress his excitement "This is the greatest deal I've ever done in my life"

On the face of it, Magid's excitement is justified Jan Pickard's Union Wine and its 80%-owned Picotel are taking full advantage of the State's *carte blanche* to expand into the country's largest liquor retailing and wholesaling group Less than 10 months after the split of the liquor industry into the monopolistic beer and wine camps, Picotel is buying the bulk of Premier Milling's liquor interests

In a part cash, part pref share deal Picotel will acquire Premier's Magnum Liquordrome, the Civil Service, Birnam, President Wine, Mr Slashers and Grey Smith outlets as well as the President Wine wholesaling operation

Premier Milling's 50,1% stake in Benny Goldberg's is not included. Presumably the overriding reasons for this specific exclusion are personalities (the Goldberg family has a strong partnership with Premier's chairman Tony Bloom) and economics Benny Goldberg's have a sound liquor retailing concept with a higher than average return on capital

For R2,2m, and only half of this in cash, plus the value of stocks at October 31, Picotel expands its liquor store licences by nine Together with the purchase of the Victoria Hotel in Johannesburg three months ago and two bottle stores in Nelspruit, the group is still far short of the additional 75 licences it is entitled to acquire in terms of special dispensation granted It was the ceiling of a maximum of five outlets per group which in fact loosened Premier's hold over its own liquor outlets

Premier could have held on and steadily improved margins through efficiencies, but the group is apparently pessimistic over the future of liquor retailing profitability given the strength of the beer and wine monopolies.

Details of Picotel's pref issues are being prepared by Mercabank and should be available within a month This week's announcement from Pickard says, however, that the effect of the acquisition will be to increase Union Wine's 1981 group earnings by 6c per share and net tangible assets by 20c per share

This would be taking into account the "significant boost" in turnover Magid says the group is currently enjoying The Premier liquor outlets just acquired had an estimated R20m sales in the 12 months to March 31 but this has since been considerably inflated in real terms

Union Wine and Picotel look well set to improve not only return on investment but also market share in the near term Signalling the start of the recovery after unsatisfactory profit increases in the past four years, Union Wine increased earnings by 36% to 27,4c per share in the year to June 30 After allowing for a moderate rise in retentions to help fund expansions the dividend has been increased 27% to 7c a share Picotel has performed less spectacularly with a 22% increase in earnings to 16,4c a share As Union Wine holds 80% of Picotel, retentions are proportionately less and the 9c dividend (7,5c) is covered 1,8 times

The politics of the liquor industry are intriguing Investors can be assured that Jan Pickard's forecast of "a most promising future" is no idle boast

Ian Muil

FM 12/9/80

UNILEVER CLEANS UP

232

Unilever SA has entrenched itself as top dog in the soap market by the purchase of the market's third biggest producer, Natal Oil and Soaps (Pty) Ltd, from East Asiatic Co (Johannesburg)

The deal was concluded this week after long negotiation.

Officially the take-over is effective from September 30. But the *FM* has been told that hiring and firing at Natal Oil and Soaps has already begun.

The main components of the company are Quality Products, which manufactures soaps, Natal Oil Products, which manufacturers edible fats and oils, and Natal Warehousing Services, which is involved in the warehousing and distribution of the other two companies' products.

At the same time, says Unilever, it has been agreed to sell Natal Oil Products to the Tongaat Group

Best known of the Natal Oil and Soap products are Geisha soap, DO24 and Dawn skin lotion produced by Quality Products, and Helios cooking oil produced by Natal Oil Products

Although accurate market figures are not available, market position in the soap industry used to be Unilever, then Colgate Palmolive, and third, with a significant share, Natal Oil and Soaps. Although some market sources put the Unilever share at 80% now, others more conservatively claim figures of between 55% and 70% Unilever isn't commenting. Nor is it revealing what the deal cost

Hans Olesen, chief executive of East Asiatic, denies the Danish company is trying to leave SA. "We've been here 78 years," he says "we'll be here another 78, at least"

MINISTERS' ASSETS

232 FM 12/9/80

Disclosure now

Since his death, unveiled facts and rumours have steadily chipped away at Dr Nico Diederichs' once-glittering reputation So much so that a well-informed public figure felt free to tell the *FM* this week "He was a very bad little man "

Whatever the truth about Diederichs' bankrupt estate and his alleged links with a Swiss bank account, it is surely time for Cabinet Ministers to consider full disclosure of their assets and business interests

The Americans learnt long ago that men in certain positions must be above suspicion, and the British recently introduced a code of conduct calling for disclosure in certain instances Now is the time for SA to follow their example

The PFP's national chairman, Colin Eglin, supports disclosure — particularly in the South African context where "the executive is free to take arbitrary decisions that can vitally affect financial interests." Parliament, he adds, has surrendered so much power to the executive that there is now no effective check on its actions Disclosure could act as some control in cases of conflict of interest

In Diederichs' case, of course, only the lessons of history can be learnt Although the Erasmus Commission refrained from judging a dead man, the evidence it considered makes it plain that he was involved in the Information affair from the start, and must have known about *The Citizen's* government funding. But Diederichs also arranged government financing of the Information projects without having Parliamentary sanction to do so — and there are lawyers who are prepared to argue that this amounted to misappropriation of State funds.

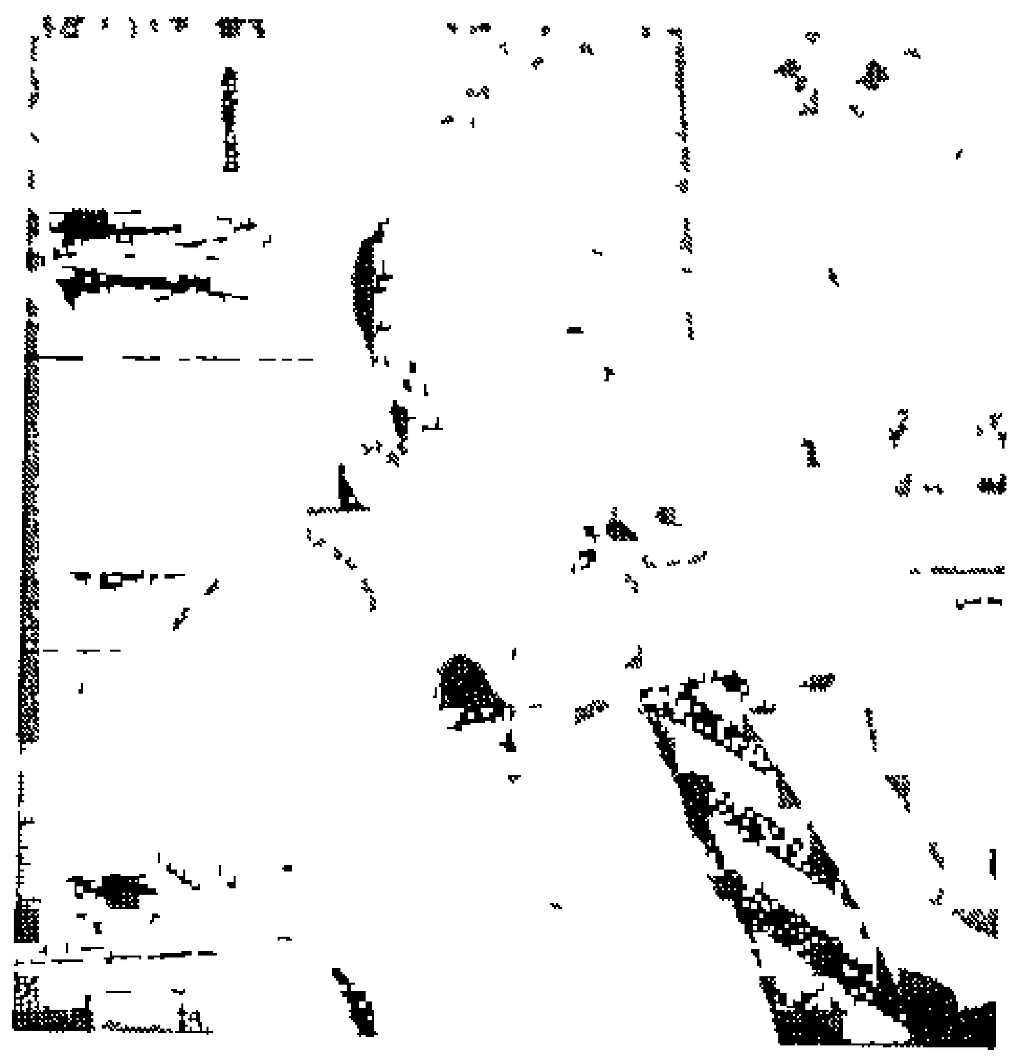
Allegations about his wartime activities, never denied, have also raised eyebrows In his book on the Broederbond, journalist Hennie Serfontein quotes wartime reports by the then Director of Military Intelligence, Dr E G Malherbe, to the effect that in 1939 Diederichs was trained in subversion at the SS Anti-Comintern School

Then there is the Swiss banker Bruno Saager, whose name recurs in allegations about the Swiss bank account

It was through Saager, then general manager of the Union Bank of Switzerland (UBS), that Diederichs arranged the international money channels for the Information projects The account now linked with his name could stem from this period when numerous numbered accounts were opened

One, codenamed the "Vakbond account," was used to channel bribe money to British and American trade unionists Another was opened at Credit Suisse, while a third, at a Kleinwort Benson branch in the Channel Islands, nominally belonged to Dr Denys Rhoodie and had something to do with a project involving British parliamentarians

This raises questions about the "secret account" currently making headlines The Information accounts were supposed to have been closed by General Hendrik van den Bergh when he was "investigating" the secret projects (He once boasted that he knew the press would follow him if he went to Switzerland to close the accounts, so he made the Swiss bankers come to him)



Eglin . . . no arbitrary decisions

In terms of Diederichs' arrangement with Saager, the UBS handled much of the Info money (although accounts were opened at other banks) and loans and disguised loans were channelled through a UBS subsidiary called Thesaurus Continental Securities

For a while, at the height of the Info projects, Thesaurus was a very busy subsidiary Among its activities were the following

- Handling the transfer of \$10m which John McGoff used to try to buy the *Washington Star* and did use to buy the *Sacremento Union*
- Handling the funds and loans David Abramson and Stuart Pegg used to try to take over Morgan Grampian in Britain and to take over Hortors in SA
- Lending R3,5m to the Information front-company Thor Communicators
- Writing a letter to Louis Luyt saying (falsely) it was lending R12m to found *The Citizen* (Luyt says the letter took him by surprise but he presumes it was written so he could show a source for his Info funds).
- Granting a bond to David Abramson to buy a house in London
- Granting loans to Dutch businessman Henry Merkx which he used to buy control of Empisal Ltd through Abramson and Pegg (The loan facility was originally granted to the Department of Information but Abramson arranged for it to be switched to Merkx's company — Royal Holdings of Panama)
- Writing a letter to Thor Communicators asking that earlier letters be burnt

Even if South African law required disclosure of assets and interests it is unlikely that any politician engaged in illegal activities would comply But a disclosure rule would increase his chances of being found out — and certainly increase his feelings of vulnerability

Perhaps then there would be less talk of politicians with overseas assets

Octha attacks again

14/9/80 SUN. TIM 232

By JOHN SPIRA

THE protracted struggle for control of Trans Hex has entered a new phase, with Octha Holdings now extending its offer to Trans Hex shareholders from September 28 to September 29

In its offer document, Octha Holdings asks the pertinent question Why did the Trans Hex board recommend acceptance of the CCS offer but reject the Octha bid which was 34% higher?

Octha believes that the reasons which the Trans Hex board have given for the rejection of of its higher offer are not justified

Octha is convinced that its bid is in the interests of Trans Hex shareholders and says that if its offer succeeds, it will be a worthwhile step towards the establishment of a diamond group controlled by Afrikaans interests

The document refutes all the Trans Hex objections to the original offer which alleged that the bid would water down shareholders' stakes in the group, that acceptance would lead to control passing to an individual, that there is no guarantee that shareholders would benefit from further rationalisation and that there was no certainty that Octha would apply for a JSE listing.

232

16/11/79

The Star

Towards a more public Putco

NOBODY should imagine that public transport for blacks can be self-sufficient Its customers are not rich and through no choice of their own, are forced to live at great distances from their jobs Without subsidies from the public exchequer fares would be impossibly high, and politically an even more explosive issue

Nobody should believe that private ownership of a public utility is necessarily a bad thing The opposite has been proved in countries overseas, with services ranging from electricity supply to telephones Private enterprise tends to cut down on bureaucracy to run more efficiently, if only because it needs to show its shareholders a fair return

These are considerations which apply to the giant Putco bus operation, which The Star has been investigating during the past few weeks Putco has done an efficient job in ferrying vast numbers of black passengers (presently about 1-million a day) on the Rand, in Pretoria and in Durban But there are other considerations As its traffic has grown, as its size has doubled and redoubled so have the Government subsidies To the point where this year alone the company is getting R40-million — some 40 percent of the State's total bus subsidies Along with this large investment Putco's value has increased dramatically for the family which bought a controlling interest for less than R500 000 eight years ago And there is the fact that the majority shareholder, Mr Gaetano Carleo, lives abroad

It seems reasonable enough in the circumstances that the State have some say in the enterprise What the Government has proposed to Putco is not nationalisation, but a broadening of the board of directors and of the shareholding It would like to see more experts among the directors, specialists in such fields as finance, computers and engineering It also urges that Putco should be broken up into four or more regionally based companies

Even a family business can grow unwieldy If these proposals result in a more effective Putco, both taxpayers and customers will be served Certainly the restructuring will open the way for one obvious move, not so far mentioned — to bring in blacks as directors and shareholders For a business like Putco, that would make sense from every point of view

Putco: 'Govt must intervene'

Y051 16/9/80 3132 '2232

THE Commuters Watchdog Association (Comswa) which lodged an objection against the bus fare increases, supports the idea of the Government involvement in the operations of Putco — if the burden of the increases will be offset by a subsidy.

A proposal that will force the Carleo family — owners of Putco — to relinquish its control, if it is implemented, has been forwarded to the Minister of Transport, Mr C Heunis, by the Director General of Transport, Mr A B Eksteen

The Department of Transport has already instructed Mr Albino Carleo, Managing Director of Putco, to expand his Board of Directors to include experts in the fields of computers, banking and engineering.

Mr Mohamed Dangor, who convened Comwasa, said as transport was "a social responsibility," the Government should nationalise it.

"I am happy that the Government is now thinking of intervening as commuters had been asked to bear the increases," he said.

When Putco first raised the fares, which were later reversed by the Rand Supreme Court, Mr Dangor had asked for an independent probe into the entire operation of Putco.

GOVERNMENT

Mr Isaac Mogasa the chairman of the Diepkloof Civic Association, which is also a member of Comwasa, said they had asked for Government involvement because Putco was "increasing fares at anytime."

Lawyers representing Comwasa said government involvement might offset the fare increases.

Putco, which carries more than one-million passengers a day, has received over R75-million from the Government to subsidise black and coloured fares in the last three financial years.

16/9/80

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Putco is umbrella for 23 firms

Staff Reporter

THERE are 23 companies in the Putco Group, many providing services relating to the running of buses

Putco is controlled by Carleo Investments (Pty) Ltd which holds 67% of the shares in Carleo Enterprises, which in turn holds 54% of the shares in Putco Ltd

Putco holds all the shares in five other bus companies: African Bus Service; CC Bus Service; Edenvale Bus Services, Evaton Passenger Service, and Rand Bus Lines.

The group includes companies which provide bus bodies, as well as engine, gearbox and differential reconditioning, to not only the group but other outside concerns.

Group companies also provide insurance, including riot reinsurance, to the group

Putco has a bus forward replacement reserve of R15 882 543 An amount of R3,6-million was put into the reserve in 1979 — nearly double the figure for 1978 Directors attribute this to the continued escalation of bus prices The reserve is claimed to be R7-million below requirements in terms of accounting practice

Apart from its bus replacement reserve, Putco has a reserve of R4,5-million for bus overhauls, which the directors claim is R6,7-million short of the target reserve.

The company has what it calls a "riot reserve" of R1,5-million

4.8 *Fission and Fusion*

In the stable nuclei the nuclear binding energy B_{Az} increases as the nucleon number A increases. To show the rate of increase we plot the ratio (B_{Az}/A) versus A in fig. 22. The ratio is approximately constant and reaches a maximum of ~8 MeV nucleon^{-1} for "medium" nuclei ($A \simeq$ 40-120). The lower values for light nuclei can be attributed to enhanced 'nuclear surface tension'. The lower values for heavy nuclei ($A \gtrsim$ 120) can be attributed to the enhanced Coulomb repulsion of the protons in these nuclei.

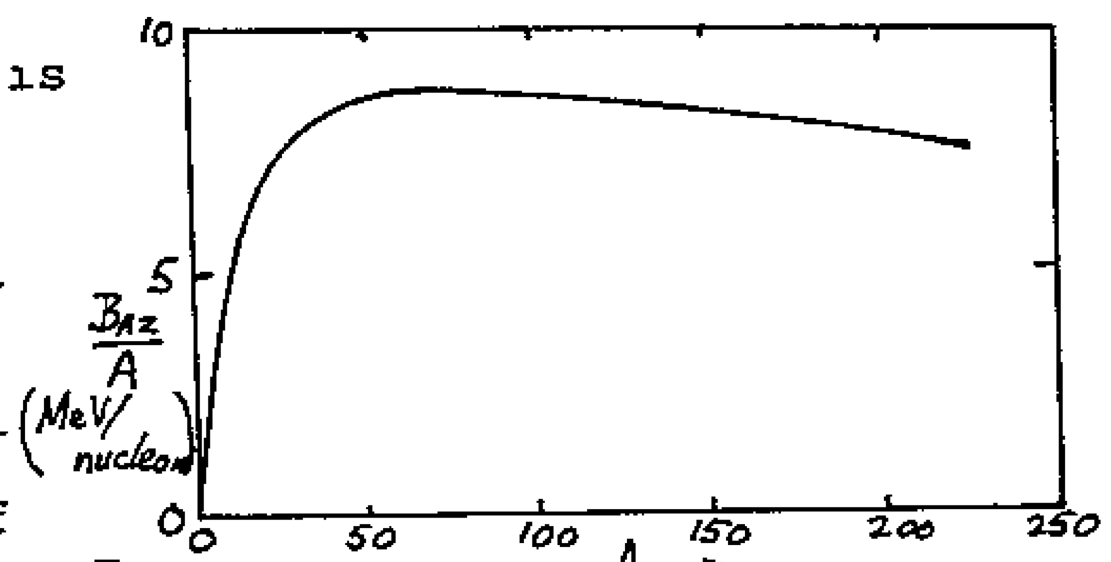

Fig.22

If we fuse light ($A \lesssim$ 10) nuclei into *medium* nuclei or if we split (fission) heavy ($A \gtrsim$ 200) nuclei into *medium* nuclei our final system will therefore be more tightly bound than the initial system (fig.22). In other words, there will be a furth[er release] of energy (like latent heat) which will be liberated as kinetic energy of the reaction products. In order to [...] fusion one or both of the initial nuclei must have suffi[...] energy to overcome their mutual Coulomb repulsion, so as [...] the nuclear separation to within the range of the nuclea[...] Fission occurs spontaneously in some very heavy nuclei a[...] a form of radioactivity in these cases. It may also be [...] a nuclear reaction, for example by bombarding a heavy nu[...] as ^{235}U with neutrons (fig. 23). The product nuclei (f[...] fragments) produced exhibit a range of A values, average [...] are initially highly excited and are usually unstable in [...] ground states and therefore radioactive. Two or three [...] are also released in the fission process and these are [...] in the production of self-sustaining fission chain react[...] Most of the energy released in each fission (~200 MeV) [...] as the kinetic energy of the fission fragments.

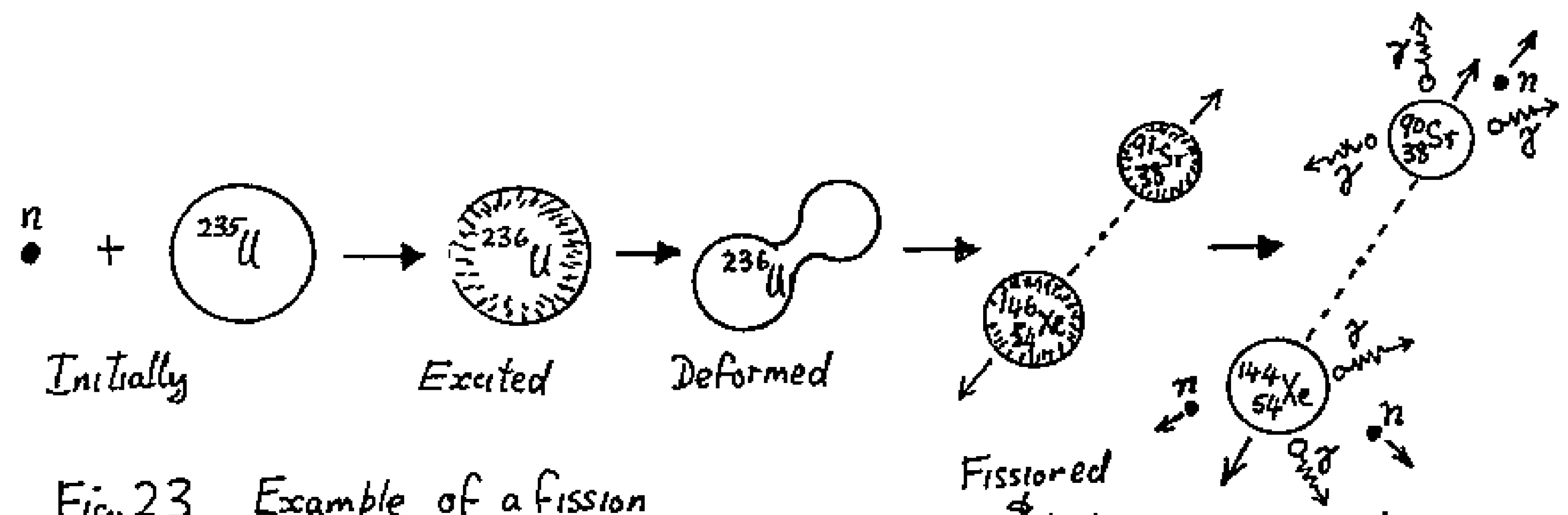

Fig.23 Example of a fission

5. *Interactions and Measurements of Nuclear Radiations*

We consider only radiations (particles) having kinetic energies in the energy range (between ~ 0.1 MeV and a few × 10 MeV) typical of nuclear physics. The interactions of these radiations with matter are basic to many phenomena and to many aspects of nuclear technology. Examples are the detection of nuclear radiation, the design of radiation shielding and the assessment of radiation dose.

5.1 *Interaction of radiation with matter*

As a representative group of particles (radiations) we will consider the electron, proton, alpha particle, neutron and gamma photon (e, p, α, n,γ). Within these the charged particles form a natural group or subset which it is convenient to consider together.

(a) Charged particles (e.g. e, p and α) interact predominantly with the atomic electrons in matter. Their interactions with nuclei are extremely rare, in comparison, at the energies [we are] considering. The interactions lead to the ionization

CAPE TIMES 16/9/80

State may have a say in Putco

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Own Correspondent

JOHANNESBURG — The government may intervene to take a share in the control of the country's biggest bus service Putco — which is now totally in the hands of an Italian family, the Secretary for Transport Mr A B Eksteen, said in Pretoria yesterday

Bus fares have been at the root of the unrest in major urban areas and Putco buses have been the targets of angry black workers protesting against increases

This year the government subsidy is R40 million, which is close to half of the company's total turnover

Mr Eksteen said yesterday "I think it is time that the government interfered and had some say in the management of the company"

He said he had submitted proposals to the Minister of Transport, Mr Heunis, aimed at expanding the shareholding, and fragmenting the existing company into four separate companies

The separate companies would have their own directors based in Putco's main areas of operation

"I shall discuss the issue with the managing director, Mr Albino Carleo, to see how far we can get in ensuring a say by government in the management of the company," he said

medium and the charge and the velocity of the particle. It is higher for a higher charge or a lower velocity. If we compare alphas and protons at the same energy, for example, the alphas have a higher charge and (owing to their larger mass) a lower velocity. Therefore, in a given medium, $(-dE/dx)$ is larger for alphas than for protons of the same energy and the alpha range is less than the proton range for the same incident energy (see tables below and fig.24(a)). Furthermore, for either particle, the velocity decreases, and hence $(-dE/dx)$

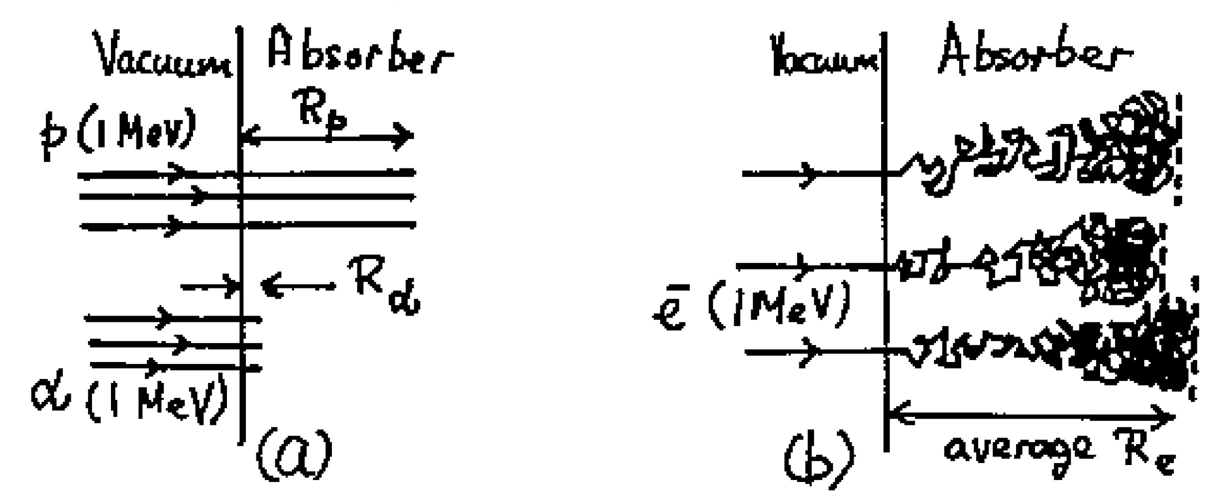

Fig. 24

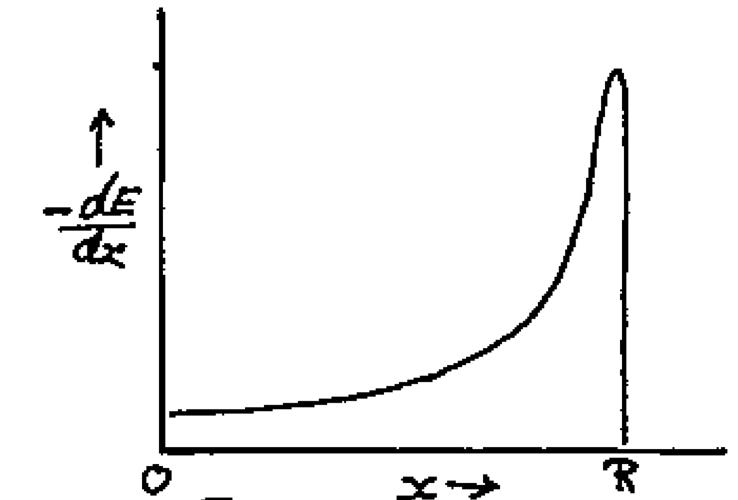

Fig 25

Nampak to get 3 more companies

STAR 19/9/80

232

By Jean Moon

Huletts Aluminium (Hulamin) is to sell another three large subsidiaries to Nampak

The Maritzburg-based companies, Alpak, Rotoflex and Aluminium and General, will pass to C G Smith Sugar, now the holding company of Nampak, on October 1.

Alpak and Aluminium and General produce, manufacture and distribute a variety of consumer foil and household packaging materials, while Rotoflex manufactures aluminium foil, plastic film and paper packaging products for the pharmaceutical, confectionery, dairy and tobacco industries

Nampak and Hulamin have not yet settled the price but Hulamin's earnings and net assets will not be materially affected by the sale.

19/9/80

Star

232

Premier Milling cuts back on liquor interests

By Jean Moon

Since Tony Bloom, chairman of Premier Milling, made his strong attack on the government for its handling of the liquor industry after the SA Breweries/Rembrandt reshuffle, it is not so surprising that Premier is to partially pull out from the industry.

An agreement has been reached with Picardi Hotels (Picotel), which will mean that Picotel will acquire the liquor interests of Premier. But Premier is to hang onto its 50,1 percent interest in Benny Goldberg's liquor supermarket.

At this stage, the only indication of the price tag has been market speculation which puts it in the R4m to R5m range.

Picotel will add nine bottle stores to its already extensive liquor interests in the Johannesburg/Reef area. These are the two Civil Service outlets, three Grey Smith stores, Magdom, Liquordrome, President Wine and Mr Slashers.

Hulamin, Nampak shuffle

com 19/9/80 232

Durban. — A further stage was reached in the reshuffle of Natal industry yesterday when Huletts Aluminium announced the sale to Nampak of three large subsidiaries — Alpak, Rotoflex and Aluminium & General Products.

The deals will see the Maritzburg-headquartered factories of the three subsidiaries pass to Nampak in a similar way as former Huletts firms Hypack Products and Containem Manufacturing will pass to CG Smith Sugar on October 1

CG Smith Sugar, now the holding company for the huge Nampak groups, has therefore gathered five Natal firms with packaging interest under its wing in the past two months

However, the five firms operate in widely differing fields Alpack and Aluminium & General Products manufacture and distribute consumer, foil and household packaging products. Rotoflex, formerly the flexible packaging division of Huletts Aluminium, makes a wide range of aluminium foil, plastic film and paper and packaging products

Hypack makes paper bags for the sugar industry. Containem produces corrugated containers for various uses.

Nampak and Huletts Aluminium are still negotiating a price for the latest deals which, however, are not likely to have a material impact on the earnings and net assets of Huletts Aluminium. — Sapa

RAND DAILY MAIL, Friday, September 19, 1980

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Alderson gets Nuco for R2m

RDM 19/9/80

By DAVID CARTE
Deputy Financial Editor

ALDERSON & Flitton has bought Nuco, the Nigel uranium extraction company that was to have gone public through reverse takeover by Columbus, for R2 100 000.

Alderson & Flitton's bid beat a R2-million offer by Messina and was accepted yesterday by the creditors of Nuco, which has been placed in final liquidation

Alderson & Flitton's offer is subject to the transferability of Nuco's assets and to the sanction of the Master of the Supreme Court

Nuco's assets include a uranium extraction plant, land and buildings, surface rights, permits to treat dumps on its property as well as a uranium supply contract

If Alderson & Flitton's bid goes through, creditors expect to receive between 57c and 65c in the rand A creditor said Nuco "might have" a right to shares in Egoli worth R800 000 at the current market price of Egoli, in which case the recovery for creditors would improve

Dr Alex Rowe, founder of Nuco, told me several weeks ago that Nuco needed R2 500 000 to become operational About R4-million had been spent on the plant at that stage. Its replacement cost, he said, was well over R10-million

The plant could treat a million tons of slimes a year and from this extract 60 tons of uranium

Nuco, he said, had 11-million tons of slimes of its own There were millions of tons on nearby properties and no other treatment plants, so reserves could be increased

Dr Rowe said Nuco could break even on a uranium price of $20 a lb, well under today's depressed prices.

This is Alderson & Flitton's second acquisition since Cape Town stockbroker, Mr David Abbott, Mr Johan van der Burgh and a consortium took effective control of the company in March. In June it acquired consumer electronics company Siman International.

Before this Alderson & Flitton was purely a Pretoria motor dealer and property company

Nuco's liquidators are Metrust and Western Trust

Tiger takes bigger bite as growth reaches 23%

232 RDM 21/9/80

By DAVID CARTE
Deputy Financial Editor

POOR fishing profits, the stable nature of the food business and Tiger Oats and National Milling's huge size and market penetration could not prevent earnings growth of 23% in the six months to end-June.

Today's interim report shows Tiger in a good position to beat the billion-rand sales figure this year, with half-time turnover 25% ahead at R522-million

Pre-tax profit in the period improved 22% at R35 878 000. Less than proportionate rises in taxation, minorities and the pref dividend saw taxed attributable profit 24% ahead at R17 317 000.

Earnings per share were 23% better at 154c (1979 125c)

Dividend cover was slightly reduced and the interim dividend received a 25% lift to 35c (28c) Cover at more than four times was still substantial.

Tiger points out that had associates such as 30%-owned Bibby of the UK, 30%-owned Metrocash, 17%-owned National Food Holdings of Zimbabwe and 17%-held ICS been equity-accounted, earnings would have been 186c (149c)

This means earnings of associates grew 33% from 24c to 32c

Chairman, Mr Rudi Frankel, told me he was highly satisfied with these results

"In good times people may not eat a lot more, so one does not get the astronomical profit growth in food that we have seen in other sectors

"But in food we don't get severe hills and valleys and are very happy with 23% growth"

Last year-end Tiger's annual compound earnings growth rate was 22% over the previous 10 years

The latest results show the group ahead of trend

The biggest contributor to these profits, said Mr Frankel, was wheat, maize, oats and barley milling which brought in 19% of taxed profit — the same as in 1979.

Edible oils and derivatives contributed 16,5% (14,5% last year-end) while animal feeds and agri-business such as poultry, eggs and mushrooms contributed 13% (10%)

Pharmaceuticals brought in 19,5% (18%) and distribution and trading 14% (12%). Fishing's constribution fell from 17% to less than 8%

So fishing did worse and animal feeds and agri-business best during the first half.

Mr Frankel said Tiger's exports were rendered less competitive on overseas markets by much higher raw material prices and a stronger rand.

Although higher raw material costs and increased sales volumes meant higher working capital needs, he said, Tiger's balance sheet was in good shape.

Tiger traditionally does more business in its second half and expects to better first-half profits in the second half.

Asked if past growth trends could be maintained, and improved in the future, Mr Frankel said he was confident they could, provided inflation and unemployment could be contained.

People had to eat, he said, and the South African population was growing at 2,8% a year

Also, Tiger was pioneering new markets such as it had in pet food.

It was currently excited about possibilities in vegetable proteins as meat replacements There was also room for further market penetration

Tiger was investing and re-investing R20-million a year and this continued to bear fruit

Tiger's holdings in Metro, Bibby and National Food are in the books at cost of less than R12-million, compared to present market value of R63-million and subsidiaries such as Adcock Ingram, Lamberts Bay and Seaswa are similarly understated in net assets.

COMMENT: There seems little doubt earnings and dividends will be about 25% ahead at the year end, suggesting total earnings of 327c and a dividend of 82,5c. With the share on 1 650c, this suggests a prospective yield of 5%.

Superficially, this may may look thin but hidden earnings and assets, the low earnings multiple and Tiger's superlative track record through thick and thin justify the low yield.

Especially if, as this interim dividend seems to indicate, purse strings in the future are to be looser.

Omnia in reverse takeover of Columbus

232 RDM 21/9/80.

By HAROLD FRIDJHON

OMNIA Holdings has done a reverse takeover of Columbus Holdings, a company controlled by Mr Peter Gain

Shareholders in German African Finance Corporation will be allotted 9 305 200 shares in Columbus German African with 35,2% of the capital is one of the major shareholders in the Omnia Group which is involed in the production and marketing of dry and liquid fertilisers

Among the conditions for the deal are

- Columbus consolidates its shares with one new for every two old shares, reducing the capital to one million new share from two million old
- Columbus will acquire sufficient shares in Omnia so that its holding will be not less than 50,1% but with the right to accept 52,6% Columbus will issue a further 3 947 000 shares — with a maximum of 4 623 876 shares, increasing the Columbus issued capital to between 13 252 600 and 13 929 076 shares

The board will be reconstituted without Mr Gain

The effective date of the transactions will be October 1 1980 and Columbus will participate in the final dividend to December 1980 This will result in Columbus shareholders receiving a dividend of not less than 2c a consolidated share

A transmuted listing statement is being prepared and shareholders should await that before taking any action

MAIL, Friday, August 22, 1980

VW 232

(301) RDM

buys

22/9/80.

Mack

(VW)

Truck site

Own Correspondent

PORT ELIZABETH — Volkswagen has bought the former Mack Truck plant in Uitenhage and has abandoned plans to acquire the Fiat plant in Pretoria, or to expand in the north in the immediate future.

This was confirmed by Volkswagen's managing director, Mr Peter Searle, who said on Wednesday that the Fiat plant did not suit the company's immediate needs

He declined to disclose the price paid to Sigma Power corporation for the Mack plant which is near the Volkswagen factory

The Mack site is about 7ha and houses an office block as well as the factory, previously used by Sigma Power as truck spares depot

Production of Mack trucks in Uitenhage was discontinued a few years ago when Illings merged with Sigma and the assembly line was moved

In an interview, Mr Searle said that the Mack plant had been bought to provide backup production facilities to catch up on the backlog caused by recent labour disputes and to meet the increasing demand for vehicles

"For the present we will be using it as a warehouse for contractual and export parts to provide more production space in the main plant The offices will be used by the company's training division "

He said that although the company had abandoned plans to acquire the Fiat plant, it would still have to look at the north when considering future expansions because of the disadvantages of the Uitenhage plant's location

Globe makes offer for Shipwrights

29/9/80 . KRAUS

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GLOBE ENGINEERING is bidding to buy the minority shares in Shipwrights and Engineers, of which it already owns 86,5 percent.

The offer is nine Globe shares (worth R33,75) for every 10 Shipwright shares (worth R27,50)

The deal will simplify the administration of the Globe group and lead to cost savings, say the directors

Globe's earnings, affected by tax refunds and losses by James Brown and Hamer, jumped 51 percent to R2,6-million for the half-year, while Shipwrights' rose 12,6 percent to R410 000

● GROUP profits of **Kaap-Kunene** will drop by 27 percent or more than R1-million this year, the directors estimate

But the company intends to maintain the 15c dividend paid last year.

Profit for the half-year fell 30 percent to R1,4 million from R2-million to give earnings of 9,6c (14c) a share

The drop in profits follows reduced income from fishing, which was partly offset by higher profits from the group's other divdersified interests

● **Suiderland Development Corporation** expects to raise its dividend above last year's 3,5c and forecasts earnings will rise by a third to R2,4-million

The half-year profit more than doubled to R720 000 and earnings from timber are usually higher in the second half, say the directors

Tom Hood

Globe wants all Shipwrights

RDM 24/11/80

Financial Reporter

GLOBE Engineering Works proposes a complete takeover of its subsidiary Shipwrights The two companies are in the Anglovaal group.

A scheme of arrangement is proposed by which Shipwrights shareholders will be offered nine Globe shares for every 10 Shipwrights

Globe closed at 375c on the Johannesburg Stock Exchange yesterday and Shipwrights at 295c

On that basis Shipwrights shareholders are being offered Globe shares worth 3 375c for every 10 Shipwrights shares valued at 2 950c

The directors of Globe — marine, electrical and general engineers — say that if approved, the deal will simplify the administration of the Globe group and lead to cost savings

Had such a scheme been effective on June 30 last, the earnings, dividend and net asset value of Globe shares would not have been affected

However, the directors say, for each Shipwrights share held, members of that company would have earned 12,7c more a share and received 1,5c more a share in dividend, and the net asset value would have been 15,4c a share higher

In the Globe report for the year ended June 30, the chairman, Mr R J Hamilton, says "It is difficult to predict results in the current year, particularly as the group operates in the international marine market where excess capacity exists

"As Western economies approach recessions of varying degrees this position is expected to worsen and competition, already keen, will inevitably intensify "On the positive side, however, the group has a reputation for maintaining excellent standards of workmanship and, notwithstanding inflationary trends, it is believed that it will continue to remain competitive in both the local and international markets '

Gigantic cartel controls SA meat

232

27/9/80

Consumer Mail

By VITA PALESTRANT AND PAT SIDLEY

A CONSUMER MAIL investigation has shown that the South African meat industry — worth R2 000-million and the largest in the country after gold — is controlled by a vast "monopoly" whose tentacles spread from ranching to supermarkets.

The investigation showed that:

- Three large organisations, whose interests are intertwined, control 75% of the industry,
- Their interests begin on the farms, and their network and influence spreads to the centre of the meat industry — the Meat Board,
- They own feedlots, agents, abattoirs, wholesalers, supermarket, meat counters, meat processing factories, hide and skin tanneries, and even have the greatest takings of offal,
- Their financial muscle and influence leaves little room for the diminishing independents who try to enter the industry

The Housewives League — the organisation behind the recent meat boycott — said the probe left no doubt that there was urgent need for an investigation of the industry

The League's president, Mrs Joy Hurwitz, said "It is important that the man in the street understands the meat industry We have been investigating it for seven years to find out what is going on"

The League's-vice-president, Mrs Yvonne Forshaw, said. "We are surprised that the Minister of Agriculture, Mr Hendrik Schoeman, has been reluctant to investigate the industry, when earlier this year he acted with alacrity against Nepco, the egg cartel

"Similarly, protests from grocery manufacturers were enough for the Government to institute an inquiry by the Competition Board into the monopolistic buying power of giant supermarkets

"Why is the Minister so reluctant to institute an investigation into the meat industry "

She said the meat marketing scheme had defeated its orignal purpose getting meat from producer to consumer at reasonable prices in the most efficient way

Meat needed to be within the grasp of all South Africans — not only the financially privileged, said Mrs Forshaw

The "Mail" probe showed that the major agencies, who would be expected to act in the sole interest of the farmer, often belonged to the same organisation as the wholesalers She asked in whose interests they were really acting

Her other questions were

- Why was there such a discrepancy between prices in the controlled areas — and in the decontrolled areas, where middlemen operated less?
- Was it in the interest of the farmer to have a marketing system whereby he had to compete in the market with the wholesalers to whom he was selling, and who were also supplying the market with cattle?
- Could the farmer always be sure of an allocation of permits when the wholesalers were represented on the Meat Board through producer interests?
- Could the farmer be sure of a fair price at the auctions in the controlled areas, when wholesalers could pay high prices for their own cattle?

Mr Schoeman was not available for comment

See Page 7

'Big three' buy half the meat sold on Rand

Staff Reporter

THE "big three" in the meat industry — Vleissentraal, Imperial Cold Storage, and Kanhym — buy 49% of the meat auctioned on Witwatersrand markets, according to a spokesman for the Meat Board

Smaller butchers buying independently at the auctions accounted for 36% of the sales, proving that "independents" were able to bypass wholesalers, the spokesman claimed

Other sources in the industry have said independent butchers have neither the time nor the resources to do their own buying

The spokesman said the balance of the meat at the auctions was bought for the mines

A total of 265 wholesalers and 5 948 retailers throughout South Africa were registered with the Meat Board. Retailers could "cut out the middleman" by buying direct from the abattoirs, he said

Mr Eddie Bielovich, chairman of the Master Butchers' Association, said consumers in South Africa had been "spoilt" and would have to adjust to eating the more economical cuts At present many consumers still ate expensive hindquarter cuts, leaving the cheaper forequarter cuts to the lower income group

"We must bear in mind that the ox is not made out of rump steak," he said

Mr Bielovich said butchers were battling to adjust to a drop in sales because of the meat-price increases — between 30% and 40% in two months

Rdm 2/9/80

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THE MEAT OCTOPUS

WHILE shocked consumers boggle at high beef prices its benefactors laugh all the way to the bank

But who are these benefactors?

They are three vast organisations Among them they are said to control 75% of the R2 000-million a year meat industry, and their powerful tentacles spread through the industry from the farm to the diningroom table

The meat industry is the second largest industry in the country next to gold

According to a recent university study, these benefactors automatically get half of what you pay — and the more you pay the more they make

Every inch of the way, the middle men benefit and their power reaches into the inner circles of politics and big business

The Big Three are Vleissentraal, a giant co-operative with lucrative commercial and manufacturing interests, Kanhym — whose controlling company is General Mining — and Imperial Cold Storage (ICS)

For decades arguments about shortages have been used to justify meat price increases with warnings that unless the consumer pays "farmers" a "realistic" price farmers will abandon their farms

During the past year the price of beef — which makes up the bulk of red meat — rose by nearly 40%, resulting in a consumer boycott and further allegations that the market was being manipulated to push up prices

Annual reports of the Big Three claim they are not making super profits at the expense of the consumer or the farmer, while boasting increased profits

"The meat merchant does not walk away with super profits at the expense of the consumer or the producer", says Karoo's annual report for 1979

During the slump, when beef prices were low and farmers forced off their land, Karoo made increasing profits in 1977 they made R1 400 000, in 1978 R1 700 000 and last year R2 500 000 ICS made R9 881 000 in 1978, R11 486 000 in 1979 and R15 197 000 in 1980, according the profit-after-tax figures in their annual reports

The Meat Board has in recent months hotly denied that there is any manipulation by the Big Three and produced figures to show that middle men don't get as much as 50%

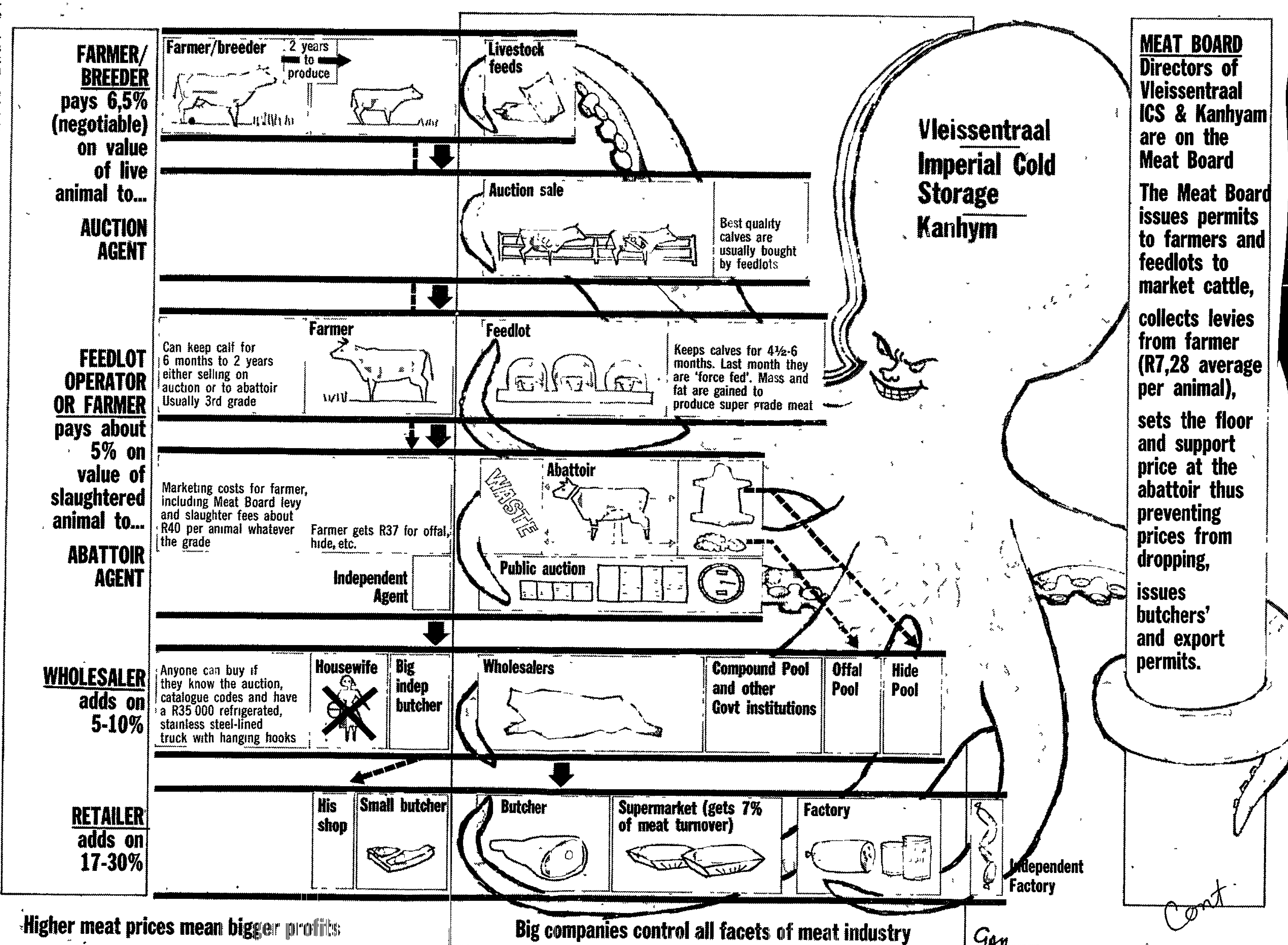
But the people with the most representation and clout on the board are undoubtedly the Big Three

It is also the Meat Board which sets the rules and regulations controlling the meat industry, from farmers' permits to the issuing of licences for butchers and meat factories

This powerful trio own, or partly own, most of the feedlots, livestock agents, auctioneers, a few abattoirs, wholesalers, meat-processing plants and canneries, hide and skin distributors, tanneries, retail and supermarket butcheries

They are also interlinked with shared business interests

These interlinking tentacles operate in shared abattoirs, meat processing factories and canneries and hide and skin



Cont

The inside story of the Big Three whose tentacles control SA's 2nd biggest industry

KDN 27/9/80

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Up and up goes the price of meat amid allegations that the industry and prices are being manipulated Is this true? Who controls the industry? How does the system work? Consumer Mail's VITA PALESTRANT and PAT SIDLEY report

. . . massive Bull Brand company, with an abattoir in Krugersorp and one of the largest meat canneries, is jointly owned by Vleissentraal and ICS

Even independent agents do not escape their tentacles, like livestock agents, W L Ochse, who are connected to ICS in hide and skin operations

Similarly livestock agents, Klopper and Gluckman, are connected with Vleissentraal in South West Africa

ICS, Kanhym and its recent acquisition, Karoo, are public companies forced to disclose their interests — unlike Vleissentraal which as a co-operative is not compelled to do so, and will not

This week Vleissentraal, which represents about a third of the entire industry, refused to give the "Mail" its annual report "because of the present climate"

The "Mail" was also told it was unlikely it would get access to Vleissentraal's operations Only the general manager of Vleissentraal could talk to the Press and he was unavailable

Calls for an investigation into the "monopolistic" conditions of the meat industry have regularly been countered by the claim that the three organisations compete fiercely with each other

But their shared business ventures make a mockery of this

Through their powerful wholesalers they buy up the major portion of offal and hides in the abattoir which are dispatched to institutions like the mines at discounted prices, and to their tanneries

Although the Three may jockey with each other for a larger share of the meat market, they rapidly close ranks when independent newcomers try to break into the circle

One farmer said the Big Three's activities in breeding and farming were minimal because of the enormous costs and risks involved — "they leave it to the suckers"

Their tentacles first begin on the farm where their agents or auctioneers market farmers' cattle, deriving a 6,5% commission on the sale

For some it begins even earlier with Vleissentraal, whose turnover is said to be R750-million, acting as a banker charging an annual 15% interest on its loans The Co-Op wins, even at this early stage having access to cheap Land Bank loans at exceptionally low interest rates

It also has the advantage of tax benefits — being a co-op

The good calves marketed are sold to feedlots owned predominantly by the Big Three to be fattened for six months into super and prime grades

At least half the meat on the City Deep Market, one of the country's largest abattoirs, is from these feedlots — which predominantly produce these grades

They are also the grades that fetch the highest price

According to a Meat Board publication the number of feedlot cattle in January this year was 467 720, increasing to 811 252 in May, — an increase of 343 532

It means it will be the feedlot owners who will benefit from the recent price spiral and not the farmers

Last year 78 000 head of cattle went through Kanhym's feedlots, producing 90% super beef and 10% prime

In the same year it made R3 824 000 — and 45% of its profits were derived through it feedlots, cattle farming and crops

The Meat Board says 25% to 30% of cattle marketed come from feedlots

The Housewives League is concerned about the increase of cattle being slaughtered from feedlots

"It has a two-fold effect of pushing consumer prices up because of the higher costs involved and squeezing the farmer, who is unable to get permits for the more profitable controlled areas, out of the market," says Mrs Yvonne Forshaw, vice-president of the league

At every stage, farmers are in the hands of the Big Three — because every time they enter the cattle auctions the self-same agents derive 6,5% commission

And every time they enter an abattoir they pay agents about 5% of their sales

Each of the Big Three has its own private abattoir For example the abattoir at Balfour is owned by Kanhym And in Krugersorp, ICS and Vleissentraal own the Bull Brand abattoir

Permits control the flow of the major portion of beef marketed in the nine controlled areas

According to the league, meat prices in the controlled areas are double that in the decontrolled areas

Topside in a decontrolled area last week cost R2,28 a kg while at Pick 'n Pay, Johannesburg, it cost R4,48 a kg.

"There is less middle man activity in the rural areas, which keeps prices down These descrepancies alone highlight the need for an inquiry," says Mrs Forshaw

Of the 12 major agents at the City Deep abattoir, half belong to Vleissentraal, two to ICS and one to Kanhym Of the three independent agents, two are involved in joint ventures with the Big Three

The activities of the Big Three at wholesale level leave scant room for those with less financial muscle

At the "public" auction the free movement of prices is hindered by two devices set by the Meat Board the floor price and the support price, both serving to maintain current high prices

The Meat Board sets the floor price which is a minimum price paid to the farmer and the starting point for retail prices Anything not sold at this minimum price is bought by the Meat Board

Actual auction prices, however, are also controlled by a device called the support system which was introduced at City Deep in March this year and in the other controlled areas in September when prices started to rocket

The support price serves to prevent prices dropping more than 6% a week

The higher these wholesalers bid "against" one another the more there is for their coffers

For instance, the two ICS wholesalers will bid against each other, with the resulting high price at which both bought going eventually to the one company

Although the auction is supposed to be open to the public, stringent hygiene requirements put the meat out of reach of the adventurous housewife, who would also be mystified by the coded sales catalogue Add to that the fact that single carcasses are seldom sold at auctions

And consumers in controlled areas who think they can nip across into the decontrolled areas for cheaper meat are going to be equally frustrated

In order to transport more than 21kg they need a permit from the Meat Board

With a R35 000 refrigerated truck, and financial guarantees, if not cash, the small butcher may just make it

The majority of butchers are therefore forced to buy from the wholesaling operations of the Big Three

The farmer who will gain approximately R37 for his animal's offal and hides and skins will find these gains wanting as his costs for transport, agents and slaughtering fees will have amounted to about R40

The wholesaler mark-up to the butcher is said to be 7% but it is alleged to be as high as 15% By the time it reaches the consumer it is been marked up by between 17% and 30% — a total of not less than 24%

Supermarkets, champions of the consumers, who never fail to criticise price hikes, are also caught up in the tentacles

Kanhym and ICS control meat counters in most supermarket chains They pay rent to the store which is linked to their turnover — said to be around 7% The higher the turnover, the bigger the cut to the supermarket

Pick 'n Pay, however, owns half a wholesale butchery, Blue Ribbon, together with ICS

But the difficulty of supermarkets to get butchers' licences — issued by the Meat Board — has contributed to their dealings with the Big Three

The wholesalers' tentacles also spread to meat manufacturers — the bulk of whom are tied up with the big three — like Renown, Enterprise, Eskort, Bull Brand, Supremacy and Franke

They will all get a proportionate share of the offal sales Hides and skins are also channeled to the wholesale agents through whom the stock is sent to the abattoirs These products were said to be worth R93-million last year

Vleissentraal gets a reported 95% of hides coming out of the Cato Ridge abattoir

Interestingly, Mr Fanie van Rensburg, chairman of the Hide and Skin Curers' Federation, is also general manager of Vleissentraal and vice-chairman of the Meat Board And the chairman of the Meat Board is Mr Flip du Toit — a board member of Vleissentraal

Calls for an investigation, by consumers and farmers alike, into the meat industry has met with threats from the Meat Board

Dr Jan Lombard, general manager of the board, who has repeatedly denied there are any "dark dealings" in the industry, has also threatened to take legal action against those whose allegations are not proved

Although the Minister of Agriculture, Mr Hendrik Schoeman, at first agreed to an investigation late last year, he later retracted that offer

In an interview with the "Mail" at the time, he stated there was enough competition in the industry — although he agreed that the Big Three controlled 75% of it and admitted that the majority of members on the Meat Board were from Vleissentraal

"I am a member of Vleissentraal and I wouldn't market my cattle through anyone else", he said

A 1978 Natonal Marketing Council report warned against the spread by the Big Three into most sectors of the industry as "a potential danger for the future"

It also recommended the scrapping of the support price and said the floor price was not suitable for reducing short term fluctuations — or for the encouragement of production

It recommended the allocation of export quotas be taken away from the Meat Board and given to the Department of Agriculture

It also said the Meat Board's argument for retaining restrictive measures for wholesale and retail butchers, meat processing factories and hide and skin curers and brokers "rested on the assumption" that fewer bodies with higher turnovers helped keep distribution costs lower

"On the contrary, judging by the extent to which protection has been granted to existing units and the extent to which the competative climate has deteriorated, it is more likley that the replacement of uneconomical units has been delayed by this process"

Nothing has come of these recommendations

Tongaat buys Natal Oil Products

(232)

RDM 3/10/80

THE Tongaat Group has bought 100% of Natal Oil Products (Pty) from Unilever South Africa, it was announced yesterday.

This R12-million purchase brings Tongaat's investments in newly-acquired foods and feeds companies to R35-million since the start of its current financial year in April

These deals, together with continued internal growth in existing operations and the R20-million purchase by its textile division this year of Hebox Textiles, mean that Tongaat is heading for turnover of more than R500-million this year, compared with last year's R308-million

Mr Chris Saunders, chairman, has announced a streamlining of the two divisions, foods and feeds, where sales are now running at more than R200-million a year, and textiles, whose turnover will top R100-million this year

Tongaat has forecast earnings a share of over 100c in the current financial year, which ends in March, against last year's 80,1c.

A revised forecast will be made in November in the interim report, but it is clear that the two expanded divisions will be making a material contribution to group results — Reuter

TONGAAT (IA)/TA

Sugar moves over

FM 10/10/80 (232)

While C G Smith ~~and Huletts~~ have been in the headlines over the recent Barlows-Anglo sugar interest reshuffle, the other major group in the industry, Tongaat, has been pushing ahead with its own vigorous diversification programme

Part of the need to diversify has been to achieve its objective of a 25% annual earnings increase But, with the recent droughts in Natal still taking their toll, it also seems a most opportune time to be lessening dependence on sugar

It is expected that for some years sugar will contribute only about 15%-20% of group profits (dependent on farming conditions) The emphasis has, therefore, shifted to strengthening the other operating divisions, in particular food & feeds and textiles Since the start of the present financial year in April, food & feeds have been boosted by no less than five acquisitions The most recent is the purchase from Unilever SA of Natal Oil Products for R10m, bringing total new investment in the division this year to R35m Other buys have included a Natal trout farm, an asparagus farm & cannery, the H Lewis milling and food processing group, and Isando Milling

Because of the rapid expansion of this division, chairman Chris Saunders has announced the formation of Tongaat Foods & Feeds as a holding company Tony Crosby, ex MD of Kohler will run TFF, but management of the individual foods and feeds companies will continue unchanged

Divisional turnover of R200m has been forecast for the current year, which will represent about 40% of group sales Its expected profit of R5m, however, represents only about 22% of group earnings This seems to be one reason why it is increasing product spread with a number of high-profit lines so as to improve return on sales

Another division on the acquisition trail is textiles, which took over the sole SA manufacturer of indigo denim cloth, Hebox, earlier this year The purchase took the group into the "male" sector of the textile industry, to complement the female orientation of Whitehead's This highly profitable division is expected to earn around R10m in the current year on sales of about R100m, contributing up to 45% of total group profit

So although it will take some time before investors think of Tongaat as anything other than a sugar producer, its profile is altering almost while they watch And there is no doubt that its growing strength in new markets will be good for the share price

Currently at 750c it yields a prospective 4,9%, which is about one percentage point less than the market average But in view of the rapid expansion of activities, there is no suggestion that this premium rating will not be maintained

Fiona Hulse

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Three firms plan merger

NM 10/10/80

CAPE TOWN—Interests of three companies — Naskor Mynbou (Pty), Seeland Mynbou (Pty) and the Trans Hex Beleggings (Pty) group — would be merged into a single company, subject to shareholders' approval.

Partnership in Mining, a member of the Rembrandt group, would hold marginally more than 50 percent in the new company.

It was also announced here yesterday that the parties would consider applying for a listing of the shares in the merged group on the Johannesburg Stock Exchange.

In terms of the proposals, Naskor shareholders will receive 195,00 cents per share in cash plus 50 shares in the merged group for every 100 Naskor shares held.

Seeland shareholders will receive 175,50 cents per share in cash plus 45 shares in the merged group for every 100 Seeland shares held.

Trans Hex

Trans Hex shareholders will receive 138,50 cents per share in cash plus 35 shares in the merged group for every 100 Trans Hex shares held.

The shareholders of the abovementioned companies will also receive an interim dividend before October 31, which, together with the above remuneration, results in a total value per share of Naskor R4,10 cents, Seeland R3,75 cents, Trans Hex R2,91 cents — (Sapa)

TOLLGATE (232)

Emergency exit?

FM 24/10/80

For a capital hungry operation like bus company Tollgate, running a financing company, no matter how successful, has always seemed a bit strange Periods of severe inflation exacerbate this and it was no surprise that the group started divesting itself of its financing operations last year Athlone Trust was sold in fiscal 1980 for R2,5m, giving a capital profit of R1,9m

Now the group seems to have struck an equally satisfactory bargain with Finansbank, though the benefits are obviously not all inclined towards Tollgate

Finansbank is to pay R9,8m cash for Tollgate's entire instalment credit division, Golden Arrow Finance, General Leasing and Macro Leasing International According to Tollgate's last annual report, the leasing and finance division has a high rate of repeat business This explains the small premium Finansbank has been prepared to pay

Tollgate's net asset value is to increase by 6,8c a share as a result of the sale meaning that goodwill of R750 000 was agreed on Tollgate says the transaction will have the effect, on an immediate basis, of reducing earnings by 9,5% or 6,5c per Tollgate share The operative word here is immediate, as no account is taken of interest, or earnings, on the cash to be received from Finansbank.

As the accounts do not break down employment of capital and divisional returns, it is not possible to analyse the possible earnings effect of the re-allocation of the R9,8m But the demands of the bus and transport division, in a climate of expectant higher interest rates, is such that the question is possibly an academic one Just to keep going, for instance, the replacement of buses and equipment was destined to cost the company R10,6m in June this year.

The reading of this development should not be confined to financial implications It now appears the group is more likely than ever to be approachable by serious buyers of Shield Insurance. Though there may be some benefits related to internal insuring for buses, it is unlikely that the margin is sufficiently wide to warrant maintaining the capital required in the insurance side The gross assets of the insurance operation now total close to R60m

It may well be a return-on-capital related exercise but Tollgate, through the pressures of ever-higher costs of transportation, is having to become more of a pure transport group than was obviously envisaged in the 1970s

A likely scenario now, the M & R bid notwithstanding, is that Tollgate will itself satisfy the diversification ambitions of some other company. Jan Pickard's group, in fact, has owned that it has plenty of cash and may look at Tollgate's net worth.

Ian Muil

Liberty gets Sun stake

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RDM

24/10/80

Financial Reporter

LIBERTY Life Association has acquired 5 875 000 shares in Sun Life Assurance Society of the UK through a wholly owned British subsidiary.

Liberty's stake in Sun Life represents 10,2% of the issued equity.

The acquisition is intended to be a long-term investment and was acquired for about £15-million.

Sun Life is listed on the London Stock Exchange. On December 31, 1979, Sun Life had assets of about £1 180-million and premium and investment income of £287-million for the 1979 financial year.

As a result of the acquisition, Liberty Life will be the largest single shareholder in Sun Life. Liberty does not intend participating in the direction or management of Sun Life.

Afcol leaps ahead of last year at halfway

RDM 28/10/80

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By DAVID CARTE
Deputy Financial Editor

AFCOL, the furniture and upholstery group in the SA Breweries stable, virtually trebled profits in the six months to the end of September. The group earned and paid more in its first half than all of last year

Turnover soared 50% to R100 837 000, pre-tax profit 179% to R15 615 000 and taxed attributable profit 172% to R13 893 000

Earnings a share were 170% better at 60,1c (1979·22,3c) and, with cover constant at 2, the interim dividend was raised in line to 30c (11c)

The full year's earnings last year were 57,6c and the dividend 29c

The furniture subsidiaries contributed 58,8% (63,1%) of taxed profit and equity accounted associates and non-furniture companies the balance of 41,2% (36,9%)

This means the non-furniture interests did even better than the furniture interests

The company ascribes the group's "dramatic achievement" to an exceptional performance by the non-furniture interests and improved productivity resulting from greater capacity utilisation

Increased demand in the furniture and building sectors from January 1981 aided capacity use Streamlining the product range added to capacity — and profits

On prospects, the joint managing directors, Mr A Berger and Mr J V Kirtley, say "It would be unrealistic to expect the same rate of improvement in earnings in the second half against a substantially higher base of comparison"

Mr Berger tells me Afcol still has unused capacity to put to profitable use

COMMENT: Perhaps second-half earnings will not be 170% better than the 35,3c earned last second half, but the consumer boom seems set to continue through the festive season

With this and further capacity utilisation running in the company's favour, there is little doubt Afcol will add more than 40c in the second half. This is to suggest an improvement of 14% — the inflation rate

This suggests minimal total earnings of 100c and a total dividend of 50c at the yearend — an improvement of 74% odd

These conservative figures would put the counter, at 690c, on a prospective PE of 6,8 and yield of 7,3% The price must go higher

Putco shares up 300 pc since break-up report

STAR 29/10/80 68 ~~332~~ 232

By Tony Duigan and Geoff Shuttleworth

Speculators have driven up the price of Putco shares on the Johannesburg Stock Exchange by nearly 300 percent over the past two months following a report in The Star that the Government was to step in and order the break-up of the transport conglomerate.

The shares now stand at 380c, compared with the range of 130/140c during July.

Reports on the breakup of the company into four regional companies — a proposal put to Mr Albino Carleo, managing director of Putco, by the director general of the Department of Transport, Mr A B Eksteen — appeared in The Star last month and led to speculation that the Government might take a direct stake in Putco.

The transport giant, which moves one million passengers a day, is controlled by the Carleo family, which holds 54 percent of the shares.

Putco's net asset value — the theoretical breakup price of the company — is much higher than the JSE share price. The value is 1 826,5c per share — an increase of more than 700 percent in five years.

The Government's move to break up Putco is a result of the substantial amount of money the Department of Transport sinks into the company each year in the form of subsidies — R40-million this year alone.

"The Government must protect the taxpayer's investment in Putco," Mr Eksteen said when he told The Star of his recommendation to the company that it break up.

Putco has yet to make a final decision on the proposals put by the Department of Transport.

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FM 7/11/80

ANGLOVAAL

Salient features from the Directors' Report

The Company earned a profit after taxation of R19 123 000, compared with R12 070 000 in the 1979 financial year, and its net earnings per share rose to 436 cents (1979 273 cents) of which 230 cents (1979 150 cents) were declared as dividends Consolidated profit attributable to members rose by R15 041 000 to R38 074 000 and earnings per share increased by 65% to 898 cents The growth in the earnings was attributable to higher dividend payments received from the Group's gold mining investments, significantly improved profits of our industrial companies and increased profits on investment transactions

A table showing the profit after taxation attributable to members earned from the principal spheres of interest in which the Company is interested is set out below

SOURCE OF EARNINGS (including the mining subsidiary not consolidated)

	1976		1977		1978		1979		1980	
	Rm	%	Rm	%	Rm	%	Rm	%	Rm	%
Gold mining	4 1	29	2 9	20	4 8	30	7 7	29	14,2	37
Other metals and minerals	3,1	22	4 7	32	2 9	18	7 4	28	6,9	18
Engineering	2,9	20	3 3	22	2,8	17	3 7	14	6,5	17
Food and packaging	3,3	23	3 2	22	4 2	26	6 3	24	8,9	23
Building and allied industries	0 4	3	0 3	2	0 4	3	0,5	2	0,4	1
Other	0,4	3	0 4	2	1 0	6	1 0	3	1,6	4
	14 2	100	14 8	100	16 1	100	26 6	100	38,5	100
Profit attributable to ordinary 'A ordinary and participating preference shareholders										
– per consolidated income statement	13,5		13,5		16 2		23 0		38,1	
– per report on subsidiaries not consolidated	0 7		1,3		(0,1)		3 6		0,4	
	14 2		14 8		16 1		26 6		38,5	

In the light of the current prices of copper and zinc, the board felt it prudent to write-down the Company's investment in Prieska Copper Mines (Proprietary) Limited and an amount of R1,5 million has been provided for in the accounts for this purpose

Mining Investments

MIDDLE WITWATERSRAND (WESTERN AREAS) LIMITED
Mining exploration, finance and investment company

From consolidated financial statements	Year ended 30 June 1980 R000	1979 R000
Profit after taxation	14 143	7 246
Earnings per share		
– including profit on realisation of investments	144,7 cents	73,7 cents
– excluding profit on realisation of investments	106,2 cents	56,3 cents
Dividend per share	65,0 cents	35,0 cents

Increased profit on realisation of investments and higher dividends from gold mining investments accounted for most of the increase in profits As at 4 September 1980 the market value of listed investments had risen to R205 million Exploratory expenditure for the year was R2,4 million and it is estimated that a similar amount will be spent in the current year

HARTESBEESTFONTEIN GOLD MINING COMPANY LIMITED
Gold, uranium and sulphuric acid producer

	Year ended 30 June 1980 R000	1979 R000
Turnover	416 283	203 912
Profit after taxation	135 192	64 626
Earnings per share	1 096 cents	425 cents
Dividend per share	1 025 cents	400 cents

The average price received during the year for gold sold increased by $273 to $503 per ounce and resulted in net earnings rising strongly from R48 million in 1979 to R123 million in 1980 As a result of the higher gold price, payability in the north-western area has improved and this area will supply a greater quantity of ore than had previously been expected Alternative methods of handling this ore are being considered, one of which involves an additional shaft from surface In 1981 it is planned to mill 2,9 million tons of ore at a recovery grade of about 11 g/t Capital expenditure will remain high and further escalation in costs is expected Profits will therefore depend on the gold price and the extent to which costs can be contained

ZANDPAN GOLD MINING COMPANY LIMITED
Investment company

	Year ended 30 June 1980 R000	1979 R000
Profit (no tax payable)	22 554	8 743
Earnings per share	173,2 cents	67,2 cents
Dividend per share	173,0 cents	67,0 cents

The company's main asset, its shareholding in Hartebeestfontein Gold Mining Company Limited remained unchanged Income from the investment in Hartebeestfontein was R22,5 million and dividend payments totalling 173 cents (1979 67 cents) per share were made to members

LORAINE GOLD MINES LIMITED
Gold producer

	9 months to 30 June 1980 (unaudited) R000	Year ended 30 September 1979 R000
Turnover	55 956	48 305
Profit (no tax payable)	12 677	4 000
Earnings per share	55 cents	9 cents

Underground development has been increased to create additional stopeface This has resulted in a lower tonnage to mill from underground and the reclamation of a surface dump to fill the balance of the reduction plant's capacity As the dump value is lower than that of underground ore, recovery grade has dropped from 5,3 g/t in the 1978/79 financial year to 3,3 g/t for the 9 months to June 1980 Capital expenditure remains at a high level and is being incurred mainly on shaft sinking programmes

EASTERN TRANSVAAL CONSOLIDATED MINES, LIMITED
Gold mining, farming and forestry

	Year ended 30 June 1980 R000	1979 R000
Turnover	29 561	14 938
Profit after taxation	10 032	4 013
Earnings per share	172 cents	63 cents
Dividend per share	150 cents	50 cents

Revenue increased from R15 million to R29,5 million due to the average gold price received rising from $237 per ounce in 1979 to $528 per ounce in 1980 Pre-tax profit, despite a sharp rise in working cost, increased by some R12 million to R19,5 million

VILLAGE MAIN REEF GOLD MINING COMPANY (1934) LIMITED
Gold producer

	Year ended 30 June 1980 R000	1979 R000
Turnover	4 355	3 531
Profit after taxation	1 478	998
Earnings per share	—	15,7 cents

The increased profit followed higher prices received for gold sold Calcine reclamation operations ceased during the last quarter of the year and the treatment of sands commenced Two tube mills require recommissioning to ensure a milling capacity of 60 000 tons per month when encountering pockets of coarse material in the dumps At the same

JWT 9714/L

subsidiary, Feralloys Limited, was R17,1 million (1978 R18,5 million) Capital expenditure amounting to R8 million (1978 R13,6 million) was incurred by the company in expanding manganese production and improving employee housing, while at Feralloys R1,7 million (1978 R800 000) was spent mainly on replacement items Capital expenditure during 1980 on the company's mines and at Feralloys is estimated at R9 million

CONSOLIDATED MURCHISON LIMITED
Producer of antimony concentrates

	6 months to 30 June 1980 (unaudited) R000	Year ended 31 December 1979 R000
Turnover	13 021	24 406
Profit after taxation	3 506	7 525
Earnings per share	40 cents	113 cents
Dividend per share	30 cents	100 cents

Demand for antimony concentrates was reasonably firm during 1979 and sales increased Sales of concentrates during the first half in 1980 were maintained at about the same level as those in 1979 There has, however, been a sudden and significant decrease in demand for antimony oxide from traditional customers and sales volumes in the third quarter of 1980 will be severely affected

ANGLO-TRANSVAAL COLLIERIES LIMITED
Investment company

	Year ended 30 June 1980 R000	1979 R000
Profit after taxation	2 533	1 238
Earnings per share	149 cents	71,9 cents
Dividend per ordinary share	148 cents	71,1 cents

The increase in profits was attributable to higher dividend income received from the company's investment in Witbank Colliery Limited

Industrial Investments

ANGLO-TRANSVAAL INDUSTRIES LIMITED
Industrial investment and finance company

From consolidated financial statements	Year ended 30 June 1980 R000	1979 R000
Turnover	653 467	494 743
Profit after taxation	43 258	30 791
Earnings per share	186 cents	125 cents
Dividend per share	34 cents	24 cents

The upswing in the economy which commenced in the 1979 financial year has escalated sharply during the past year and buoyant conditions were experienced in both the consumer and capital goods sectors There is still considerable buoyancy in the economy and the current year should show further increases in profits

SOUTH ATLANTIC CORPORATION LIMITED
Industrial holding company

From consolidated financial statements	Year ended 30 June 1980 R000	1979 R000
Turnover	321 511	265 203
Profit after taxation	13 908	11 885
Earnings per share	73 cents	60 cents
Dividend per share	25 cents	19 cents

All the companies in the group are expecting to improve their profits in the current year The activities of the group's subsidiaries, Irvin & Johnson Limited, T W Beckett and Company Limited, Cerebos Food Corporation Limited, Globe Engineering Works Limited and Concentra Limited are reviewed below

IRVIN & JOHNSON LIMITED
Food processor and distributor

From consolidated financial statements	Year ended 30 June 1980 R000	1979 R000
Turnover	199 534	168 940
Profit after taxation	6 459	5 841
Earnings per share	22 cents	20 cents
Dividend per share	11 cents	9 cents

Although total sales value showed a 22 per cent increase over 1979, costs rose at a greater rate and net earnings reflected an improvement of only 11 per cent in the year It is expected that the coming year will show a substantial profit improvement, provided that costs beyond the company's control are not excessive

T W BECKETT AND COMPANY LIMITED
Packer and distributor of tea and coffee

From consolidated financial statements	Year ended 30 June 1980 R000	1979 R000
Turnover	66 370	56 097
Profit after taxation	4 023	2 955
Earnings per ordinary share	67 cents	49 cents
Dividend per ordinary share	31 cents	23 cents

The company was able to take full advantage of the improved economic conditions in the country and enjoyed record sales in all the main sectors of its market In order to meet anticipated demand a substantial amount of capital expenditure is being undertaken at the company's Isando works and provided the adverse effects of inflation are contained, improvement in profits are expected during the current year

CEREBOS FOOD CORPORATION LIMITED
Manufacturer and distributor of foodstuffs
The business of Food Corporation (Pty) Limited, which was a wholly-owned subsidiary of South Atlantic Corporation Limited, was merged with that of Cerebos (Africa) Limited with effect from 1 December 1979 and South Atlantic now owns 55 per cent of the merged operations A taxed profit of R219 000 was earned for the 11-month period ended 30 June 1980 However, during the last quarter of the year, financial results were most encouraging and it is expected that the current year's profit will show that the decision to merge was justified

GLOBE ENGINEERING WORKS LIMITED
Marine, electrical and general engineer

From consolidated financial statements	Year ended 30 June 1980 R000	1979 R000
Profit after taxation	2 375	1 900
Earnings per ordinary share	71 cents	51 cents
Dividend per ordinary share	35 cents	27,5 cents

Results from marine-related activities showed a satisfactory improvement over those of the previous year These, however, were partially offset by the losses of JAMES BROWN & HAMER LIMITED, a position which was aggravated by the protracted negotiations for the sale of this subsidiary and the resultant uncertainty as to its future The sale was confirmed in September 1980 The profit of SHIPWRIGHTS AND ENGINEERS HOLDINGS, LIMITED improved slightly and although marine turnover increased, work from the mining and industrial sectors was lower

CONCENTRA LIMITED
Producer of white fishmeal
The effects of higher tonnages of raw material processed and better realisations from export sales are reflected in an improved profit after taxation of R373 000 (1979 R320 000) Although there has been a downward trend in available offal recently, the position is expected to recover in the summer months and a similar level of profit is projected for the current year

CONSOLIDATED GLASS WORKS LIMITED
Manufacturer of glass, plastic and corrugated board packaging, and of glass tableware, and a processor of industrial silica sands

From consolidated financial statements	Year ended 30 June 1980 R000	1979 R000
Turnover	114 300	86 900
Profit after taxation	12 415	8 555
Earnings per share	200 cents	138 cents
Dividend per share	75 cents	40 cents

Demand for the group's products was buoyant and sales volumes increased markedly The higher turnover, together with further productivity gains and ongoing cost containment, contributed to profit growth Prospects for further growth in the current year are favourable In order to meet projected demand for glass packaging, a new glass container plant is being erected at Olifantsfontein The initial phase is estimated to cost R35 million and the second phase, planned for 1983, will cost a further R16 million, all of which will be financed by the company

NATIONAL BOLTS LIMITED
Manufacturer of industrial fasteners

From consolidated financial statements	Year ended 30 June 1980 R000	1979 R000
Turnover	51 040	39 449
Profit after taxation	3 587	1 992
Earnings per ordinary share	73 cents	40 cents
Dividend per ordinary share	25 cents	16 cents

With an upturn in demand, turnover rose 29 per cent The greater throughput enabled plant utilisation and production efficiencies to increase and, with continued cost control, profit improved substantially The group has embarked on a major plant modernisation programme to improve its competitive position In present market conditions a further increase in turnover and profit is anticipated in the current year

STEELMETALS LIMITED
Engineering supplier and contractor

From consolidated financial statements	Year ended 30 June 1980 R000	1979 R000
Turnover	49 200	33 595
Profit after taxation	2 392	1 475
Earnings per share	113 cents	70 cents
Dividend per share	35 cents	27,5 cents

Demand for both capital and non-capital goods escalated markedly and a record turnover was attained Profit from marketing and contracting operations rose strongly but was somewhat offset by a loss on the group's new activities of hiring out plant Measures have been taken to rectify this and, with ongoing buoyant demand, a further improvement in results is expected in the current year

CLAUDE NEON LIGHTS (S A) LIMITED
Manufacturer and lessor of advertising signs

From consolidated financial statements	Year ended 30 June 1980 R000	1979 R000
Profit after taxation	1 799	1 210
Earnings per ordinary share	31 cents	21 cents
Dividend per ordinary share	12,5 cents	7,5 cents

The substantial increase in consumer spending led to a sharp escalation in advertising budgets and the company benefited from the resultant rapid improvement in demand for new signs Benefits were gained from improved efficiencies and unit cost savings stemming from fully loaded facilities In addition the company obtained a full year's benefit from the Valiant sign rental contracts acquired in the previous year and from the introduction of the Identilite outdoor sign concept Although demand has not slackened, profit growth in the current year is expected to return to more normal levels

DENVER METAL WORKS (PROPRIETARY) LIMITED
Producer of non-ferrous castings, extrusions and stampings
Demand for the company's products improved during the year and turnover increased appreciably This, together with the acquisition of the business of Protea Scrap Metals (Pty) Limited in November 1979, enhanced results and consolidated taxed profit increased from R1,1 million in 1979 to R1,7 million in 1980 Work has commenced on the erection of a new factory at Boksburg to which all operations will be transferred This move from the present cramped premises will enable the company's activities to be expanded

SOUTH AFRICAN FINE WORSTEDS (PROPRIETARY) LIMITED
Manufacturer of fine quality worsted cloth
The benefits of increased production and further market penetration in worsted cloth resulted in an increase in sales of 27 per cent, compared with the previous year, and a profit after taxation of R1,9 million (1979 R1,6 million) During the year the company acquired a 70 per cent interest in Universal Knitters and Weavers (Proprietary) Limited and the results of that subsidiary's operations have been satisfactory and encouraging Consolidated taxed profit for the year was R2,4 million Further progress both in the worsteds and curtaining markets is expected during the coming year

TRISTEL HOLDINGS (PROPRIETARY) LIMITED
Steel merchant
Trading conditions were buoyant but prices remained keen Domestic and export sales increased substantially and, together with economies of scale associated with the larger tonnages, resulted in taxed profit increasing to R3,6 million (1979 R2,1 million) A further profit improvement is expected in the current year

E. I. ROGOFF LIMITED
This company has now ceased trading preparatory to a voluntary winding-up Revenue was derived mainly from the collection of outstanding commissions and interest received on funds on deposit Taxed profit for the year, before extraordinary items, amounted to R138 000 (1979 R20 000 loss)

COMBINE CARGO INVESTMENTS LIMITED
Clearing, forwarding and ships agency
As part of the planned growth of the group's forwarding and clearing activities, operations were combined with those of Glens Forwarding Limited with effect from 1 July 1979 and the company now owns 51 per cent of the enlarged operations Profit after taxation for the year was substantially higher at R571 000 (1979 R116 000) and although further market penetration is expected in the current year, the impact of taxation will result in reduced after-tax profits for 1981

ANGLO-ALPHA LIMITED
Cement, lime, industrial minerals and stone aggregate producer

From consolidated financial statements	Six months ended 30 June 1980 (unaudited) R000	1979 R000
Turnover	85 192	63 684
Profit after taxation	6 619	3 152
Earnings per share	22,0 cents	10,5 cents
Dividend per share	11,5 cents	7,5 cents

Group taxed earnings for the first six months to 30 June 1980 have shown a 110 per cent improvement over the same period last year which was, however, a particularly low-activity period in the construction industry All main divisions in the group have reported improved profits, the cement division being the major contributor due to the strong upsurge in the building and construction sector Group earnings for the second half of 1980 are expected to reflect a further improvement on those achieved in the first half, but the percentage improvement for the year as a whole will not be as high

ANGLO-TRANSVAAL CONSOLIDATED INVESTMENT COMPANY, LIMITED

Registered Office
Anglovaal House,
56 Main Street,
Johannesburg

London Secretaries
Anglo-Transvaal Trustees Limited,
295 Regent Street,
London W1R 8ST

The Annual General Meeting of the Company will be held at 09h30 on 21 November 1980 at the registered office of the Company

(JWT) 9714/R

BUSINESS MAIL

Tavistock gets R7,5m for Keens

232

By JOHN MULCAHY

TAVISTOCK Collieries has sold its entire holding in wholly owned subsidiary Keens Electrical to Keens managing director, Mr Peter Lewis, for R7 544 000, and he in turn has sold 75% of the shares to Rennies Manufacturing Holdings at no profit.

Keens will form part of the expanding trading division of Rennies, providing the opportunity of developing further agency and distribution activities in South Africa through the exploitation of the strong connections held by Rennie's holding company, Jardine Matheson & Company.

Tavistock acquired 50% of Keens in 1964, and in 1972 acquired a further 25%, taking the remaining 25% of the electrical distribution company in 1975. At the time, the coal market's prospects were hardly encouraging, and Tavistock's management considered it desirable to diversify, and so shore up the embattled coal mine.

According to a Tavistock spokesman, the improved outlook for coal has allowed the company to take a closer look at its investment in Keens — its only non-coal trading operation. It is held that the capital tied up in the electrical subsidiary can be better employed in expanding the mining operation —although the funds have not yet been earmarked for any specific purpose within Tavistock.

Tavistock retains the properties on which the Keens outlets are situated — these are leased to the trading company, and no decision has been taken on the future of these holdings, but for the time being the lease agreements will remain.

The cost of Tavistock's investment in Keens amounts to R2 101 000 and for the year to June 30 its taxed profit was R1 308 000 on turnover of R45 180 000 The company's total taxed profit for the year was R15 344 000 on turnover of R78 848 000

This is an unusual diversification for Rennies, as its trading division encompasses the manufacture of footwear, sportswear and luggagewear, processing and distribution of liquor, wholesale merchandising through Makro and JW Jagger, and the Holiday Inn chain of hotels The Keens group will, however, operate largely as it has been, with Mr Lewis remaining as managing director for five years in terms of a service contract

Whether the move into electrical distribution represents a major move into a new sector by Rennies remains to be seen, but it seems likely that with the financial muscle of Rennies behind it, Keens will be in a position to take advantage of opportunities in allied fields.

The indication that Keens will use the Jardine connection to further its aims is a sign that the export-import side of the business will be developed. According to Rennies, the Keens acquisition will have no material effect on earnings for the current year or on net asset value a share

The Tavistock directors express similar sentiments concerning earnings and NAV, but the major consideration in this case is when, and in which areas, the mine intends using the proceeds of the sale It may well be used to finance current capital programmes, but is more likely to be put to use to earn returns at least equivalent to those provided by the Keens operation.

The consideration is payable by R7-million in cash immediately, and the balance on June 30, 1985, also in cash

CURRICULUM VITAE

Klaas van der Poel

Has a degree in Operations Research from Tilb
been with Shell International for 10 years an
as an international consultant in several con
His experience includes the design and develo
financial management, manufacturing control a

He has taught courses in Management Informati
Research at the Business Schools of the Univer
Stellenbosch.

He is recognised as a member of the consultant
Society of South Africa and specialises in red
design of industrial systems.

Egoli to raise R3,5m from rights

18/11/80 232 RDM

By JOHN MULCAHY

EGOLI Consolidated Mines has acquired Johannesburg Exploration & Mining Company and West Witwatersrand Mineral & Mining Corporation for an effective R3 500 000.

In addition to the acquisitions, Egoli is proposing a rights issue to raise R3 239 739 for building and operation of a gold recovery plant on the West Rand, facilitating the exploitation of the assets of West Wits

Egoli's directors project a final dividend for the eight months to February 28 and on the increased share capital of at least 7c In August the company declared an interim dividend of 7c The final dividend will be paid in May next year

In terms of the rights offer Egoli will issue six linked units, at a price a R4,50 a unit, for every 100 existing ordinary and deferred ordinary Egoli shares held. The linked units will comprise three new ordinary shares at R1,50 each, and two options at no cost, each entitling the holder to subscribe for one ordinary share on July 29, 1983, at R2,50 a share

West Wits' assets include an agreement with Randfontein Estates, to process 40 000 tons a month of gold-bearing material with an in situ grade of 1,13 grams a ton from certain of their dumps, until December 31, 1985; and the right to treat three dumps containing about 473 000 tons of material with an average grade of 0,77 grams/ton

Egoli gainsownership of freehold land of 29 hectares of the farm Waterval 174 IQ and adjoining Randfontein Estates, with an estimated value of R100 000

Johannesburg Exploration's assets include the right to retain possession of and to treat a dump situated on the farm Daggafontein No 125 IR, which contains more than 20-million tons of material with a gold content of around 0,49 grams/ton, and a uranium content of around 100 grams a ton

Neither the acquistion nor the rights issue is expected to affect Egoli's short-term earnings as projected previously, say the directors, as before the production of income from the West Rand plant, which should occur on the latter part of 1981, increased tax allowances will reduce the company's overall tax rate

● In a separate statement Randfontein Estates notes that the agreement with West Wits stipulates that the latter will be entitled to remove up to 40 000 tons a month from the dumps, and pay Randfontein a royalty for each ton treated, calculated according to a formula which takes account of the actual gold price received, and the cost of treatment.

The sand dumps and slimes dams forming the basis of the agreement are mainly surface accumulations from previous treatment plants, surplus to Randfontein's current requirements According to Randfontein's directors, the treatment of these accumulations will expedite the realisation of dormant company assets and at the same time clear real estate for industrial development

All residues resulting from the retreatment will belong to Randfontein Estates, and will be deposited on current slimes dams operated and owned by that company

(SE) 232 Com 26/11/80

Amaprop merges with Sorec

Financial Reporter

THE long-predicted merger between Amaprop and Sorec — the two big but battered property companies in the Anglo American empire — is to take place to create a R287-million new grouping.

It will mean an Amaprop take-over of Sorec

Amaprop, Anglo American Properties, is to consolidate its shares on a 1-for-4 basis

Sorec shareholders will then be offered one new Amaprop share for each Sorec share

On a market price basis this has attractions for Sorec holders since Sorec closed yesterday at 205c on the Johannesburg Stock Exchange and Amaprop at 68c

A 10c dividend for the enlarged Amaprop is forecast for the 1981-82 year

Sorec shareholders will get a 4c payment before the merger

Amaprop yesterday announced a profit of R26[illegible] 000 before extraordinary items for the six months to September 30 against a loss of R420 000 in the 1979 equivalent

Sorec announced a profit for the same half-year of R1 018 000, or earnings a share of 4,52c, (R545 000 and 2,4c), after making R1 293 000 in the previous full year

Neither company has declared an interim dividend

As part of the Anglo property shake-up Amaprop will acquire additional shares in Carlton Centre from the main Anglo American Corporation and thus get a total 51% stake in Carlton

Carlton has announced a rise in taxed attributable profit to R2 871 000 from R1 996 000 for the six months to September 30

No interim dividend has been declared

The directors say the profit improvement is mainly attributable to the increase in the contribution to profits by the Carlton Hotel, continued growth in rental and parking revenues and reduction in interest as loans are repaid'

A statement accompanying the Amaprop half-year figures says Profits for the full year should show a marked improvement over the March 1980 figure of R66 000 '

Sorec says 'The 88% improvement in profits is due to the receipt of additional revenue in an improved letting climate "

The announcement of the Amaprop take-over of Sorec says Amaprop is to merge with Sorec

Sorec shareholders will receive one Amaprop share for each Sorec share after the current Amaprop shares have been consolidated on a 1-for-4 basis

As part of the proposals Amaprop s share capital will be simplified with the present preference and deferred shares converted to ordinary shares

Barclays, Bowring merger

RDM 28/11/83 (232)

Deputy Financial Editor

SOUTH AFRICA'S two biggest insurance broking companies, Barclays Insurance Brokers (Bibsal) and CT Bowring & Associates, have concluded a merger that will create a broking giant with premium income of more than R150-million a year.

The company will be named Bowring Barclays & Associates Holdings (SA) and the shareholdings will be held equally between Anglo American, Barclays and CT Bowring of London

The chairman will be Mr D G Nicholson, the deputy chairman, Mr I G MacPherson and the managing director Mr K G Palmer Others on the board are Mr A R Aldworth, Mr J M P Desmidt, Mr E C Dunbar, Mr J C Inglis, Mr M W King and Mr J K Shipton

Mr E C Dunbar, present managing director of Bibsal, has been appointed deputy managing director of the operating company until his retirement to assist in implementing the merger

A statement by the parties says the merger will set up a unique group with worldwide connections through the international Bowring and Marsh and McLennan groups as well as the national spread of Barclays branches

Main benefits of the deal to Barclays are that it obtains management, an international spread and greater penetration in the short-term market Bowring gains access to Barclays branch network and its penetration on the life side

The deal also suits Anglo, which has held significant stakes in both Barclays and CT Bowring and is on a rationalisation drive

Barlows expects a further earnings growth

NM 29/11/80 232

Mercury Correspondent

JOHANNESBURG—Barlows expects further earnings growth in the current year. 'but certainly not at the 1980 rate', says the executive chairman, Mr Michael Rosholt, in his annual report.

Mr Rosholt says Barlows' order books are satisfactory and business continues to be 'very good'.

But he warns that the ferro-alloy and stainless steel division faces a difficult 1981 after an 'outstanding' 1980

Results this year, he adds, will also be standing comparison with very strong performances in 1979 and 1980, in which earnings doubled Results, he said would, to a large extent, mirror the national economy

He agreed with the widely-held view that recent growth rates could not be sustained but forecasts of a 5 percent real growth rate for the economy, he said, 'seem reasonable'

Barlows nevertheless had confidence in the longer-term future and planned to spend R818m in the next five years

Major items

The major items would be R115m at Middelburg Steel, R66m in the cement and lime division and R530m in the mining division.

Of the latter, R300m was to be spent on East Rand Proprietary Mines and R50m on the Rand Mines Properties sands project

This capital expenditure programme would be funded from loan facilities already arranged, retained earnings and the recent ERPM rights issue

The year under review saw the 'very significant' acquisition of a controlling interest in CG Smith and Co and its subsidiaries

Following on the sale of Barlows' stake in Huletts, Barlows ended up with 53 percent of the reconstituted CG Smith group

Packaging

'The effect of these transactions', says Mr Rosholt, 'was to lighten CG Smith's investment in sugar and to strengthen its stake in the packaging industry' The injection of R59m of cash, he adds, 'will considerably increase its investment capacity'

On sugar, the directors report 'Heavy spring rains have broken the drought and arrested further deterioration of the 1981/2 cane crop

'Given normal summer weather, there should be an increase in group and industrial production

'With the world sugar price currently in the region of £390 a ton and forecast to rise still further in 1981, the outlook is promising'

The biggest contributor to operating profit was the mining division, which brought in 18,3 percent, followed by packaging (12,7 percent), building materials and steel distribution (9,1 percent), cement and lime (11,1 percent) earthmoving equipment (7,6 percent) ferro-alloys and stainless steel (6 percent v 5,1 percent), electrical and general engineering (5,9 percent v 8,3 percent), household appliances (5,6 percent) and floor coverings and textiles (5,2 percent)

Why Duiker will stick to Eastern Gold

RDM 11-84

232

By JOHN MULCAHY
Mining Editor

SOURCES close to Lonrho have vigorously disputed the strong and persistent market speculation that Duiker Exploration might be on the verge of selling its interest in the Erfdeel-Dankbaarheid (Eastern Gold Holdings) project.

Arguments from both sides have their merits, although it is difficult to elicit any official comment from either Lonrho or Anglo American — the major partner through Western Holdings, Welkom and Free State Saaiplaas

On the one hand, it is said that Duiker has expressed its commitment to the project in the Free State in the most eloquent terms — by raising nearly R20-million from shareholders to finance its involvement

A further argument in favour of Duiker's continued involvement in Eastern Gold Holdings is that the mining holding company might wish to underwrite its interests in coal, asbestos, coal and anthracite with an interest in South African gold

The other side of the coin, which also has considerable merit, and which has prompted the market rumours, is that Duiker should stick to what it knows best, and this does not include gold mining in the Free State.

It is committed to expanding its asbestos and anthracite operations, and Duiker does not have an exactly powerful presence in the Free State Goldfields Furthermore, it is estimated that a gold price of around $700 an ounce would be required for Erfdeel-Dankbaarheid to stand on its own, and this is reduced only by the link with Western Holdings, Welkom and Free State Saaiplaas, all Anglo mines

It is estimated that the Eastern Gold Holdings project will cost R400- million, and Duiker's 36% interest puts its stake at around R150-million many times the amount raised from the recent rights issue

The official view is that the Erfdeel-Dankbaarheid area is not capable of supporting an independent mine at foreseeable gold prices Assuming a total issued share capital of 10-million shares, pre-production costs are estimated at R40 a share

In the estimates published at the time the project was announced, the total area of the mine was taken as 4 130 hectares with mineable reserves of 62-million tons, at a recoverable gold grade of 4,5 grams/ton and uranium of 0,2 kg/ton The lead time to production is expected to be six years, and the proposed milling rate is 200 000 tons a month

The investment return will obviously be considerably greater if pre-production expenditure can be offset for tax against current profits at Western Holdings

One market analyst, who not too long ago was a vehement supporter of the "Duiker will sell" school, is now convinced that there is no chance of this happening He says categorically (which is a lot more than representatives of the two parties will do), that Duiker is now far too deeply involved in the project to even consider withdrawing or selling out

He argues that Duiker shareholders would require some considerable explanation, not to mention approval, of any change in direction There is a requirement in the Companies Act which forces companies to seek sanction from shareholders when disposing of major assets

The Erfdeel-Dankbaarheid project must qualify as a major asset in Duiker's terms and after the raising of a considerable sum of money to finance the involvement management would be hard pressed to justify a withdrawal

Even taking a gold price of $700 an ounce the Eastern Gold operation is unlikely to pay a dividend before 1988 say the critics, and Duiker will require a return on any investment long before this time

What these detractors have not considered, though, is the immense muscle which the Lonrho organisation is capable of employing

The scheme does represent an avenue which Lonrho could use to infiltrate the hallowed Anglo pitch — gold mining in South Africa — and might certainly be more lucrative than some of Mr Tiny Rowlands' other Southern African ventures

DIAMOND COR... ELOFF & MARKET STREETS, JOHANNESBURG

PUTCO

Exclusive— The Star investigates

STAR • 1/12/80 (232) ~~232~~ ~~249~~

Hidden riches surprise by giant bus company

By Mike O'Sullivan
Marian Duncan and
Anthony Duigan

Government moves to break up Putco, the giant transport conglomerate, have been complicated by stock exchange speculation and the company's latest bonus share issue, which has effectively increased fourfold the market value of the company

In a dramatic move late last week, Putco issued 7,65-million bonus shares to its existing shareholders This followed very heavy trading in Putco shares and mounting speculation in financial circles on an imminent Government takeover

The speculation has persisted despite Putco's failure to date to give a clear answer to a strongly worded Government proposal that the company be broken up into four operating units, its directorate expanded and its shareholding increased

A recent study of Putco's accounting policies by a group of financial analysts concluded that there were several inconsistencies which had the effect of "considerably diminishing" the company's current profits

These accounting policies were also not acceptable to the Receiver of Revenue, according to the analysts The Receiver had disallowed several items charged against the profits by Putco

The company, which carries a million passengers a day, is facing a R213-million expansion programme to double its size by 1985, and it lacks the hard capital to do this

The latest share issue, while increasing the dividend payout to shareholders by about R500 000, does nothing to introduce new capital into the company.

This share issue could be seen as a preparation for the recommended Government break-up of Putco, although the company still has not given a clear indication of its intentions

The Department of Transport is, however, adamant that its break-up recommendation be implemented.

Putco is controlled by the Carleo family, who bought it eight years ago for less than R500 000. Today the asset value of the Charleo's share of Putco is worth more than R23-million.

If a confrontation deve

To Page 3, Col 10

Mr A Carleo, the man behind Putco.

Putco's odd book values noted

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From Page 1

lops between the Department of Transport and the company, the Government could act unilaterally and break up Putco.

The department's proposal to Putco is motivated by its concern over the amount of public money invested by the Government in the company — R40-million in subsidies this year alone.

IRREGULARITIES

Putco has been investigated by the Department of Transport twice in the last eight years In 1972 a departmental committee, found major irregularities in the management of both Putco and its subsidiaries

The parent company was accused of giving preferential treatment to subsidiary companies controlled by the Carleo family.

This year, an independent company of cost accountants investigated Putco management and finances on behalf of the Department of Transport

Both Putco and the department state that the irregularities pointed out in the 1972 inquiry have since been resolved

DISALLOWED

The recent independent analysis of Putco's business side found that it had a large amount of cash on hand — R10,5-million It also noted that the Receiver of Revenue had disallowed "several items charged against the profits by the company."

It was also noted that buses were being depreciated "fairly fast," but once fully depreciated, those buses still in use were depreciated again

In addition, overhauls were being treated "somewhat unusually" as extra expense items. This meant that "a considerable amount should be added back to the profits"

Another accounting oddity occurred in the usage of double entry book-keeping, where credits (corresponding to debit entries) were placed in the "Reserves" section under "Shareholders' equity"

The overall conclusion was that Putco "in some respects appears to be way out of line with another quoted company in the transportation sector"

Putco, the study noted, "could afford to borrow more"

INSURANCE BROKING

Incestuous marriage

FM 5/12/80

The much denied and long expected merger between Barclays Insurance Brokers (Bibsal) and Bowrings eventually came to fruition last week The new company will be called Bowring, Barclays & Associates But happy as shareholders might be, the event does underline a trend about which upholders of free competition might have misgivings

Bland press releases provide no real explanation for the merger They refer to the "international clout", of SA's first "megabroker" (although most brokers think Pricetorbes Federale Volkskas is larger in terms of size and premium income, estimated at R160m to the megabroker's R150m) and the "marketing opportunities of the country's biggest bank with acknowledged insurance broking skills".

The last of these reasons offers some inkling of the probable rationale behind the merger.

Bibsal is one of the most rapidly expanding insurance brokers in the country, a growth which, if most of those interviewed by the *FM* are to be believed, owes its impetus to Barclays Bank "encouraging" customers and underwriters to give Bibsal their business At any rate, Bibsal's net profits rose by 432% from R244 000 in 1977 to R1,3m in 1979

However, with only some 50% of its premium income derived from short-term business, Bibsal wants to develop its corporate insurance operations — doubts over the wisdom of mixing long- and short-term business notwithstanding As a low profile performer, but with a well developed mining and industrial clientele, Bowring must have recommended itself to Bibsal, which reckons it can benefit from Bowring's skill and expertise

The cherry on the cake is that Anglo American owns 50% of Bowrings (SA), 13% of Barclays Bank, which wholly owns Bibsal and, after last week's SA Eagle sale, 100% of underwriter African Eagle Life and Guarantee Life How pleasant it must be to have giant Anglo's business assured and, as a press release admits, "the marketing opportunities of the country's biggest bank"

Moreover, there is always the group advantage of handing much of the life business Bowring, Barclays & Associates gains to African Eagle or Guarantee Life

Three of the directors of the new broker, including chairman Guy Nicholson, are also Anglo directors (or alternates) and sit on the board of African Eagle Nicholson is also a director of Barclays

It is the potential and temptation for tied business which is frightening The broker's function of finding his client the most effective cover at the lowest cost could be prejudiced by the emergence of concentrations of interest such as this one It may be good for inter-group profits but it hardly augurs well for the future cheapness, flexibility or innovative flair of the insurance market Of course, it is not the only association of this nature, but it could have the most extensive market ramifications

But brokers spoken to by the *FM* are not too concerned They point out the merger reinforces existing associations Instead, brokers think competition could be improved as the enlarged Bowrings Barclays gives other big brokers like Pricetorbes a run for its money, or, as Robert Enthoven's David Way comments "The lucrative accounts handled by Bowrings Barclays could become more vulnerable to attacks from other brokers should size lead to a reduction in personal service"

And, as Alexander Howden's Dennis Gamsy believes, the merger "is a sign of the times" The market is plagued by overcapacity, low premium rates, high overheads and falling profitability Such mergers will occur with increasing regularity in the next five years to streamline costs, improve efficiency and reduce overcapacity

Gamsy also notes, however, that bigger, more powerful brokers may be able to push rates down to an extent that underwriters' solvency margins could be dangerously low

Diluted interest

Financial Institutions Registrar Wynand Louw says the new arrangement is more satisfactory to him as Barclays no longer wholly owns an insurance broker but now has just a one-third share — albeit in a broker twice the size of the old He notes the law was amended this year to outlaw conditional selling, where a buyer is coerced in some way to purchase insurance and that he now enjoys full investigatory powers to follow up complaints of conditional selling and refer transgressions to the Attorney-General for prosecution

But if the authorities believe that legal sanction will eradicate conditional selling, they are strangely ignorant of the subtlety of bank-customer relationships that there has been a relative shift away from women in agricultural employment. Also since petty trading is predominantly a female activity (included in Table 5 but not in Table 4) women have not made as much progress in commercial employment as comparison of the two tables would seem to suggest. Yet in every other sector (except electricity, where the discrepancy is within the bounds of sampling and reporting error) and services, where predominantly female domestic service may have either been overestimated in 1970, or have shrunk relatively to civil service employment - predominantly male - since that date), the proportion of women in total employment has risen slightly. But the absolute growth in male employment must have been considerably greater than that in female employment. The forces placing African women on the labour market, however, are unlikely to have abated during the 1970's even in the face of reduced capacity for their absorption into employment.

b) Sectors in which ... than a 5% shift in regional shares ... ween 1960 and 1970 are :

Mining - away fr... eas towards smaller towns;

Manufacturing - ... areas to homelands;

Electricity - awa... an areas to rural areas and homelands;

Construction - aw... eas to homelands;

Commerce, Transpo... away from metropolitan areas to homelands

Argus buys Natal newspapers

5/2/80

232

Argus Correspondent

DURBAN — The Argus Company and Caxtons have bought the Highway Mail, the free weekly newspaper which has been serving the Pinetown, Westville, New Germany, Queensburgh, Kloof, Gillitts and Hillcrest communities for 31 years.

The purchase includes the Berea News and Northglen News, newspapers delivered free to people living on Durban's Berea and in Durban North.

Distribution of these newspapers is 56 000 copies.

Mr George Oliver, editor and director of the Highway Mail, will retain a shareholding and will continue to edit the publication.

Putco paid 'too much' for firm

5/06/80

(232)

By Tony Duigan and Mike O'Sullivan

Putco, the country's biggest operator of black transport, has paid about R775 000 for the Ferndale Bus Company but sources close to the company feel this may have been too high a price

Ferndale, a company operating from Randburg and carrying almost 10 000 passengers a day, runs 34 buses which other operators have stated are all ageing and in need of attention

Estimates of the buses' values range between R10 000 and R12 000 each

Mr R Button, financial controller of Putco, refused to discuss the price paid for Ferndale

It is understood that Ferndale runs on a non-subsidised fare which has remained constant for the past three years

The profitability of operators of black bus services is an important consideration for the Department of Transport when it sets the subsidies each year payable to bus companies

● Increases of between 12 and 14 percent might come into effect on Putco's Pretoria bus services in the new year

This was confirmed today by Mr Button, who said that although approval for the increases had been obtained from the Department of Transport, the proposal had yet to be approved by other interested parties such as the Department of Co-Operation and Development

He said fare increases in Johannesburg in respect of the June 1979 fuel increases had been proposed to the National Transport Commission in August and Putco was still awaiting a reply.

These proposed increases have come up against the background of an investigation by The Star which revealed several "inconsistencies" in Putco's accounting policies

The Star also reported this week that an excess subsidy of R400 000 was being paid on two of Putco's Pretoria routes

Giant new brick company formed

232

7/12/80 S Times Bus [illegible]

By Elizabeth Rouse

A NEW force has emerged in the brick industry with the acquisition by the Pretoria Sabrix Group of the Cape Town-based Crammix brick company.

The R1,6 million purchase of Crammix results in a group with three factories and clay reserves for more than 20 years at present rates of production

Sources close to Sabrix say that the group is a likely candidate for a JSE listing once the expanded Sabrix-Crammix operations are fully operational

Sabrix technical director Tom van Bommel says that output is being expanded immediately Production will increase further after Sabrix has injected several million rands into the Cape and Pretoria plants for the installation of additional tunnel kilns and other facilities

This will probably make Sabrix the second largest brick manufacturer in South Africa (No one can touch the giant Corobrick's output, however)

Sabrix, controlled by the Rumble family, was formed 18 years ago to exploit two clay deposits west of Pretoria The company assumed prominence in the industry only in 1973, when it decided to install the largest automatic coal-fired kiln in South Africa

By going for capital-intensive automated equipment in an industry which traditionally has a high labour cost, Sabrix was able to attain unusually high levels of productivity — a factor which stood the company in good stead during the years of the building recession

At present the brick industry has a capacity of about 3 200-million bricks a year, and, on average, the delay in deliveries is six months

Employers must satisfy themselves that [illegible] potential employee

In prescribed areas, the conditions are more stringent.

bureau; this requirement [illegible] not apply to women.

men wanting employment must register at their nearest

every African within 14 days with the bureau. African

- register the employment (or termination thereof) of

all vacancies

- register with a district labour bureau and notify it of

In non-prescribed areas, employers have to :

territorial or district bureaux

bureaux for work while requisitions for labour enter via

and local labour bureaux. Workseekers apply at the local

In the homelands there is a system of territorial, district

ordination.

the regional labour bureaux are concerned with regional co-

The central labour bureau is concerned with policy while

in urban areas).

- a local labour bureau for every [illegible] area (townships

of labour to agriculture)

TABLE 13: CAPITAL-OUTPUT RATIOS, 1971, 1976 AND 1978

a) All Sectors: K,Y measured in millions of rand, 1970 prices)

	1 Agriculture	2 Mining	3 Manufacturing	4 Electricity	5 Construction	6 Commerce	7 Transport etc	8 Finance	9 Services	All
1971 K	2 403	1 885	3 174	2 182	178	1 702	4 726	6 479	7 545	30 274
Y	1 154	1 170	2 847	329	576	1 912	1 215	1 520	1 821	12 543
	2,08	1,61	1,11	6,63	0,31	0,89	3,89	4[illegible]	[illegible]	[illegible]
1978 K	2 848	2 825	5 046	3 615	231	2 468	7 613	8[illegible]	[illegible]	[illegible]
Y	1 351	1 257	3 342	507	591	2 420	1 801	1[illegible]	[illegible]	[illegible]
	2,11	2,25	1,51	7,13	0,39	1,02	4,23	4,[illegible]	[illegible]	[illegible]
% increase in K/Y	1,4	39,8	36,0	7,5	25,8	14,6	8,7	11,[illegible]	[illegible]	[illegible]

b) Manufacturing subsectors

	1976 K	Manufacturing Y	Census K/Y	Reserve K		
Food	717 679	849 507	0,84			
Chemicals	953 378	1 156 606	0,82			
Primary & fab.metals	2 292 580	2 116 716	1,08			
Machinery	379 266	1 041 443	0,36			
Transport, equipment	319 248	564 812	0,57			
Other	1 595 530	2 163 022	0,74			
TOTAL	6 257 681	7 892 106	0,79	4 643 000	3 393 000	1,37
	(1976 prices)			(1970 prices)		

RDM 8.10.80 (232)

Sage bid to take over Unisec

By HOWARD PREECE
Financial Editor

SAGE Holdings has made a R120-million bid for control of Unisec and opened up what could prove South Africa's biggest and bitterest take-over battle for some years

This follows the rejection by Unisec, the property and investment group, of a merger offer

The bid brings powerful business personalities into conflict, with Mr Louis Shill, the managing director of Sage, up against stockbroker Mr Max Borkum and prominent racing owners Mr Michael Javett and Mr Laurie Jaffee.

Whatever the outcome it means an early Christmas for Unisec shareholders

● See Page 12

Tollgate gets R11m for Shield arms

BY GAIL PEMBERTON

TOLLGATE has sold its insurance arm for R11 000 000. German-based Allianz Versicherungs AG has bought both Shield Insurance and Shield Life Insurance with affect from July 1, 1980.

In October, Tollgate — the R75-million Cape-based transport group — sold its credit arm Golden Arrow for R9 800 000. This was its second biggest profit contributor

For the year to June, the Shields made taxed profits of R760 000 So the sale will have no material effect on earnings The cash will initially be invested in short-term deposits, so may have a marginal effect Tollgate's net asset value will be increased by 34c to 377c a share

The net asset value of both insurance companies was R6 303 000, and they generated premium income of about R20 000 000

The insurance companies have not been consolidated into the group accounts, nor were any dividends received since they became wholly owned subsidiaries in 1976 This was due to the different nature of their business, say the directors

Allianz will, according to market sources, use financial rands for the purchase if Reserve Bank permission is granted

The purchase establishes Allianz as the first German direct insurer in SA. A spokesman for Allianz said the company saw "excellent long-term opportunities for development in the growth-orientated and dynamic South African markets"

Tollgate is not prepared to divulge how it intends to use the proceeds of this sale, those of Golden Arrow, and of some commercial properties. A small insurance interest in the UK, Tollgold Insurance, and certain insurance agencies have also been sold

This latest deal again fuels market rumours that Tollgate is to be split up and sold off separately, or will be subject to more bids.

Mr Jan Pickard, chairman of Picardi Investments, confirms that he is "still interested They have now done what we wanted them to do — sell the Shield Insurance arm and Golden Arrow. By selling these arms there is now cash available to offset against the risk of the bus operation But now that they have done that they may well decide not to sell out."

Mr Pickard is reputed to have built up a stake in Tollgate

COMMENT: It would be difficult to sell Tollgate by division because of the political sensitivity of the main profit generator, the transport side. But the group now must have a substantial cash holding.

The two sales alone have realised over R20-million, and there is reportedly a loan account worth about R18-million to Golden Arrow, which must also be considered as short-term cash, so it is possible that the group now holds nearly R40-million in cash This makes it a much more interesting takeover proposition.

However, the directors may well decide not to sell but to diversify. Either way Tollgate at 350c, — taking account only of the R20 800 000 received for Shield and Golden Arrow — has conservatively 136c in cash in the balance sheet.

Argus expansion move explained

11/12/80
232
STAR

Own Correspondent

DURBAN — The Argus group's acquisition of a major stake in a number of small local papers around Durban will broaden the Argus operating base and serve as a "profits sweetener."

This is the view of Mr Jolyon Nuttall, manager of the Daily News, Sunday Tribune, Ilanga and Post (Natal).

In an interview, Mr Nuttall spelled out reasons for the move by Argus, in partnership with Caxtons, into the small suburban newspaper market.

Argus expansion into this market has been accompanied by the Natal Mercury's launch of competing local publications. This has given rise to speculation that a loss of national advertisements has forced the big newspaper groups to acquire small local papers in an effort to increase income from retail advertising

Mr Nuttall emphasises, however, that at least as far as Argus is concerned, national advertising is showing a strong upward trend Acquisition of the smaller papers is, in fact, a logical and profitable step, he says.

The expansion is being undertaken from a position of strength, not weakness, and Argus is aiming at a 25 percent annual return on capital invested in the small papers. These now include the South Coast Sun, Highway Mail, Berea News and Northglen News The last three alone have a collective distribution of 56 000 copies.

According to Mr Nuttall, these small papers will complement the services provided by the group's other papers The major metropolitan dailies provide a mix of international, national and local news while the Sunday papers are aimed at more relaxed reading However, neither the major dailies nor weeklies cover the finer details of community activities — known as "parish pump news"

The latest acquisitions give Argus and Caxtons a ring of local papers from Amanzimtoti in the south to Durban North. These papers are free feeklies, with the exception of certain editions of the Highway Mail and the South Coast Sun (carrying a cover price of 10c)

In addition, Argus produces Capital News in Maritzburg

Amicable merger

By Jean Moon

The Reunert and Lenz-Barlow Rand link-up has been perhaps one of the most amicable, and mutually beneficial mergers for some time.

The Reunert shareholders approved the necessary resolutions to enable it to proceed with

- Constituting the Barlow Rand Limited sub-group of companies as subsidiaries of Reunert and Lenz,
- Issuing 3,75m Reunert ordinary shares to Barlows;
- Effecting the capital redemption of 167c to shareholders in Reunert

Shareholders will receive their capital redemption cheques just after Christmas The registration books will be closed from December 12 to 19 to determine which shareholders are eligible for the redemption.

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5 Star 11/12/80

THE HARRIS-TODARO HYPOTHESIS AND ITS RELEVANCE TO THE EXPLANATION OF SOUTH AFRICAN UNEMPLOYMENT

Harris and Todaro (1970) have developed a two sector model of rural-urban migration which assumes a minimum urban wage substantially higher than agricultural earnings. In the model 'migration proceeds in response to urban-rural differences in expected earnings with the urban employment rate acting as an equilibrating force on such migration' (Harris and Todaro, 1970:126).

The mechanism is this: the urban ... s of permanent urban dwellers plus rural migrants. Wh ... xceeds employment a process of periodic random job ... so that the expected urban wage becomes the fixed mini ... y the proportion of the urban labour force actually e ... proceeds and urban unemployment rises to the point w ... ban wage equals agricultural earnings. The system then ... (shown by Harris & Todaro, on certain assumptions, to ... every individual has made an economically ratio ... e system as a whole (because of unemployment) is ... state. Without redeveloping any of the Harris- ... one may imagine the mechanisms at work in an e ... han two sectors and in particular one with the fo ... een considering throughout this study. In all t ... t the one where earnings are the lowest (homelands) ... there to be unemployment, unemployment being l ... gsare highest (metropolitan areas). And ind ... omelands, unemployment is highest for both men a ... 9 shows.

Yet to explain Table 9 in ... to note two things:

ATI set to take over Bakers

STAR 17/7/80 (232)

Anglo Transvaal Industries has bought a controlling interest of 51 percent in the Durban-based baking group, Bakers, for R22,2 million which could rise to R43,6 million if all other shareholders accept the offer of 1 535c a share

The offer is 260c higher than yesterday's price of 1 275c for Bakers shares on the Johannesburg Stock Exchange and should enable ATI to gain total control of the company

ATI, the holding company for Anglovaal's industrial interests, bought the 51 percent of Bakers ordinary shares from members of the Baumann family and other company shareholders

It proposes to fund the acquisition for total control of the company by raising R30-million through the issue of variable rate preference shares whose dividend rate will be linked to a formula based on the prime overdraft rate

The dividend rate will initially be 6,25 percent and any additional sums needed for the purchase will be drawn from ATI's own resources

Mr L G Baumann will continue as chief executive director of Bakers for at least three years offer this course, given some re-alignment of his other teaching duties. On his retirement at the end of 1982, it may be best to arrange for an outside part-time lecturer to be appointed from the insurance industry. Financial provision for such an appointment would then have to be included in arrangements for funding the Actuarial Science courses which are at present under discussion between the Chairman of the Staffing Committee and the UCT Foundation.

Changes in the Marketing Special Field, including the introduction of the new course Marketing Research II, should not involve major additional teaching loads, largely because of the possibilities of rationalisation with Applied Business Statistics II.

Acceptance of Business Science students into the Computer Science Honours programme ma[...]uire further staffing assistance in that departmen[...]e 10 or so first year students did indicate an int[...]ng as their special field: this may mean four o[...]onours in 1983. If numbers grow significantly, [...]ously be need for extra staff in Computer Science.

J.D. Hampton

ATI set to take over Bakers

STAR 17/7/80

232

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Mr L G Baumann will continue as chief executive director of Bakers for at least three years

End to Quincor speculation

14/12/80 S Times B. (484) (232)

● From Page 1

the current market price, or 8% assuming three-times cover

The earnings yield would be comfortably above 20% on the current market price

The rights will involve a 2-for-1 offer of about 8,3-million Quincor ords and/or 10c dividend convertible cumulative prefs, both at an issue price of 105c a share

Central Merchant Bank and Mercabank will underwrite the rights and Quincor's controlling shareholders — Xactics Holdings, De Jager and Turner — who hold 50,1% of the issued ords, have undertaken to follow their rights

Net asset value per Quincor share will depend on how the mix of options in the cash-raising exercise pans out, but should be around 90c

Hendlers makes and distributes a wide variety of metalware products, office furniture, building panels and specialised containers The present family management has agreed to remain with the company

Under the agreement, the parties have warranted that the group will earn after-tax profits for the year to May 27 1981 of at least R4-million

Pending the outcome of the rights offer and the combination of ordinary and cumulative prefs issued to shareholders, the Quincor directors say the precise impact of the takeover on Quincor shares is "indeterminable"

Quincor shares will be reinstated on the stock market from tomorrow The company will be moved from the furniture to the industrial holding section of the market

Takeover rockets Quincor earnings

14/12/80 S Times Bus (484) (232)

By Stephen Orpen

A MOUTH-watering injection of earnings has ended weeks of speculation about the cash shell, Quincor.

The injection comes via the acquisition of the R18-million Hendlers metalware group by Quincor.

This at least justifies the price to which Quincor shares have been lifted this week, and probably still leaves scope for considerable further appreciation — provided overall JSE conditions allow.

Quincor managing director Geoff de Jager and financial director Charles Turner explained late on Friday that (as foreshadowed on Page 2 of this issue of BT) a deal had been settled with Hendlers to acquire all that company's capital with effect from May 25 1980.

The impact on earnings per Quincor share is complicated by the mixed nature of the purchasing package.

This includes the issue and allotment of 1,6-million Quincor 50c ordinaries and R16-million in cash — to be funded from Quincor's existing resources plus the private placing of 6-million variable-rate cumulative prefs of 10c each at an issue price of 100c and by a "mixed" rights offer to raise R8 7-million

However, assuming 50% of the rights issue is subscribed for half in ordinary shares and half in convertible prefs, and also that dividends on all classes of prefs are paid for a full financial year, then Quincor's EPS, which would have been only 1,6c before the deal, will total at least 31,7c based on profits warranted by the vendors up to May 27 1981.

Mr De Jager says dividend cover will be at "at least twice", which would give a dividend yield of about 12% on

● To Page 3

Sage throws down the gauntlet for Unisec

RDM 5/12/80

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HOWARD PREECE
Financial Editor

THE Sage R120-million takeover bid for Unisec is rapidly becoming one of the biggest rough and tumble financial fights on the Johannesburg Stock Exchange in recent years.

The position now is basically this:

- The Unisec board has announced that, on behalf of more 50% of the shareholding of Unisec, it has rejected the Sage bid.
- Sage has challenged the Unisec directors to prove that they have genuine control of their company
- Sage has made clear its willingness to slug it out by saying that its bid still stands, and that even if it fails to gain control of Unisec it will aim for a significant, strategic minority holding.

A major question hangs over the special purchase last week of over 1 220 000 Unisec shares at 315c against the Sage offer which incorporates a cash offer of 290c a share

Who bought the shares?

The deal was apparently put through by stockbrokers Davis, Borkum and that strongly suggests it was not Sage.

But the deal could not have been done by Unisec itself — it is illegal for companies to buy their own shares

Nor could it have been done by Unisec directors in private capacities — the Unisec announcement said the board had for some time been considering the payment of a bonus dividend

Anyone buying Unisec shares who was privy to that information would be guilty of insider trading.

Commenting on the Unisec board's rejection of its bid Sage says it "believes that 'shareholders holding more than 50%' referred to in Unisec's announcement include two beneficial shareholders described as 'associated companies' in Unisec's latest annual financial statements

"Sage's investigations, based on available information, have revealed that those two companies are the owners of a substantial block of ordinary shares in the capital of Unisec

"In its letter of December 11 Sage stated. 'It is possible that the two directors of Unisec (presumably Mr Michael Javett and Mr Laurie Jaffee) are relying for the contention that control exists on the holdings of Unisec shares by certain subsidiary and associated companies of Unisec, whereas in fact and in law the votes attributable to those Unisec shares may not be exercisable for the purpose of control.'

"The 'associated companies' to which we refer are Billhawk Investments (Pty) and Newstock (Pty)".

Sage is calling for full information on these companies and on the claim of the Unisec board to have rejected the Sage offer on behalf of more than 50% of the shareholding of Unisec.

Sage insists that it is proceeding with its takeover offer "not only in the belief that it is still possible for it to secure control of Unisec, but also because it is mindful of the fact that it may be in the Sage group's interest to decide to accept a meaningful strategic minority interest in the Unisec group, should it in fact not achieve control".

Quincor takeover of Hendler in air

232 189 15/12/80 STAR

Shareholders in Quincor (formerly Empisal and now a cash shell) will be asked to agree to the takeover of Hendler and Hendler Holdings, makers of pots, pans, galvanised products, stainless steel and office furniture, writes Jean Moon

Quincor currently has assets amounting to some R1,8m, and the deal will cost it R18m This will be financed by the issue and allotment of 1,6m Quincor ordinary shares of 50c each and a cash payment of R16m The cash will come from existing resources, the private placing of 6m variable rate cumulative redeemable preference shares and a rights offer which will raise R8,7m

In the rights offer ordinary shareholders will be offered 8,3m shares in the ratio of two for one or 10c dividend convertible cumulative preference shares of 50c each, or a combination of the two The rights offer is to be underwritten by Central Merchant Bank Controlling shareholders have undertaken to follow their rights

The deal is to be backdated to May 25, 1980 Quincor's after tax profits for the year to May 27, 1981, will be at least R4m, but until the outcome and mix of the rights offer is known, the net asset value and earnings a share are indeterminable

KDM 15/12/80

232

Quincor pays R18m for Hendlers

BY GAIL PEMBERTON

QUINCOR, with assets of R1 800 000, has bought Hendlers Metal Industries for R18-million.

Hendlers will become a wholly owned subsidiary of Quincor The deal has been backdated to May 25,1980

Formerly Empisal, the small cash shell Quincor, owned by Mr Hymie Meyerson, has finally made a major investment Quincor is expected to earn about R4-million for the year to May 1981, equivalent to 31,7c a share

Hendlers was listed on the Johannesburg Stock Exchange until March 1978 when the Hendler family bought out the 41% minority shareholding for 250c a share At that time there was an outcry Shareholders believed they were getting a rough deal as net asset value was more than double the offer price Nevertheless the deal went through, and Hendlers once again became a family-controlled private company

Hendlers makes pots and pans, galvanised products, enamelware, stainless steel and office furniture

Although Quincor's management could not be drawn on Hendlers profit record since delisting, it is apparently satisfactory, as shown by the expected profit projection for the top company Quincor

Hendlers management will continue to run the company

Consideration will be met by the issue of 1 600 000 Quincor shares, and R16-million in cash

Quincor will raise this by using its own cash resources of R1 800 000, and by a rights issue realising R8 700 000 Major shareholder Mr J Meyerson will take up his 50% entitlement The rights issue will be underwritten by merchant bank Senbank

The remainder of the consideration will be met by the issue of R6-million convertible redeemable preference shares

COMMENT. Now that Quincor has made its first major acquisition, it begins to look a more interesting proposition for shareholders On prospective earnings of 31,7c a share, Quincor yields 23,8% at the current price of 133c Management has not said what dividend cover will be, but shareholders should be able to expect some recompense for their patience

Quincor will be relisted on the JSE under industrial holdings, and the group will continue to look for attractive industrial interests

but it would be better typed. Then you must try to have it printed. The best way is through your school. If your language or history teacher is not interested, approach your History or Cultural Society or your Students Representative Council. If there is none of these bodies, try to start one. You could also start a writing club. The more people you have doing what you are doing, the more you will be able to get something done.

If you cannot get anyone at school to help you, approach the SRC of the University of the Western Cape, the University of Cape Town, or one of the training colleges. Big SRCs usually have what is called a media officer who would help you. Do not be afraid to ask for advice, either about writing or publishing. Don't get cross if someone says your work is not good enough. Maybe it really needs to be re-written. Or maybe that person doesn't know what 'good' is. So take it elsewhere.

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Stbk

US giant bids for share in Rhobank

232

17/11/80

The Star Bureau

LONDON — The world's largest commercial bank, the Bank of America, is negotiating to buy out Nedbank of South Africa's 61 percent stake in its Zimbabwe subsidiary, Rhobank, claims a report in the current issue of The Banker.

According to the influential magazine, Nedbank "is keen to sell." Its 61 percent slice of Rhobank, which, with 16 percent of deposits, is Zimbabwe's third biggest bank.

The Banker comments that as the Zimbabwe Government is no longer a potential buyer of the Nedbank interest — having linked instead with the Arab-controlled Bank of Credit and Commerce International — Bank of America is the likely candidate. "We understand discussions are very much under way," says the magazine.

FACULTY OF COMMERCE

DEAN'S CIRCULAR

Confidential to Members of the Board of the Faculty of Commerce

No. 188 — 27 November 1980

Section A

The Dean submits the content … of this Circular for the Board's consideration and ap… …mmendations in Section A to which no objection in wri… …er of the Board has been received by the Dean before … 1980 will then be acted upon as a resolution of the …

1. CONCESSIONS

The attached recommended con… …ilated for approval by the Board (for degree studen… …strative record (for CTA students).

(see page 4)

2. CONCESSION TO COMPLETE … FIELD THROUGH ANOTHER UNIVERSITY

Professor J.D. Hampton propo… …evenstein, who left UCT in 1978 with two senior cour… …or his degree, be permitted to complete the de… …e closest available equivalent to these courses …

The two outstanding courses … …ness Statistics and Operational Research, detai… …on pages 169 and 176 respectively of the current … …fessor Hampton's proposal as to which Unisa courses w… …e, is attached.

(see pages 5-9)

This concession is unusual … major courses is not usually granted. Mr Leven… completed Business Science IV, which is the re… the B.Bus.Sc. degree.

Rio Tinto goes into another big venture

STM 15/12/80 ~~216~~ 232

Following the successful bid for the public shareholding in Empress and Riotrust, Rio Tinto Mining will attempt to acquire the outstanding 2 percent.

The takeover leaves Rio Tinto with about 20,3m shares in issue, giving it a market capitalisation of over ZD60m

Rio Tinto will have a 100 percent control of Empress Nickel Mine, a copper/nickel refinery at Eiffel Flats; gold operations at Patchway, Brompton and Renco mines; Sandawana emerald mine, chrome mines and a pilot ferro-chrome plant

Rio Tinto is also to seek mining title for the Sengwa coalfield — Jean Moon

Monopoly fears in huge food take-over

26/12/80

C. Times

232

By HENRY HARINGTON

THE LANGEBERG Co-operative, which sells canned fruit and vegetables under the Koo label, will take over the assets of Picardi Canners (Piccan) early next year, giving the co-operative control of about 75 percent of the domestic canned fruit and vegetable market.

The chairman of Langeberg, Mr J J A van Wyk, announcing the take-over yesterday, said Langeberg would not have a monopoly, as it faced competition from frozen and fresh produce

However, the Progressive Federal Party spokesman on consumer affairs, Mr Harry Schwarz, said last night that he saw the take-over as "approaching a monopoly" and would ask the government to explain the situation at the next session of Parliament

The take-over has been approved unconditionally by the Competition Board

Overseas markets

The announcement follows the publication on Thursday of comments by the general manager of Langeberg, Dr Johan Mouton, about difficult marketing conditions abroad

Dr Mouton attributed these conditions to the strength of the rand and the weakening of the Republic's economies of the Republic's main trading partners, as well as over-production and a sustained rise in local production costs

Dr Mouton said yesterday "The advantages of gains overseas will outweigh any possible accusations of monopoly locally."

Mr Jan Pickard, chairman of Piccan, said "I have tried for five years to get a merger Farmers and the consumer can only benefit I see the take-over as necessary for the farmers in the Western Cape to survive "

Mr J J A van Wyk

Piccan has sold its assets, valued at about R7-million to Langeberg and the transaction is to be financed with loans from Piccan and Langeberg

The PFP consumer spokesman Mr Harry Schwarz, said last night "The PFP does not believe in monopolies especially in the food industry, because history has shown that the consumer has to pay in the long run "

He said control of 75 percent of the market could be used against people in the remaining 25 percent of the market

He was surprised that the take-over had gone through the Competition Board without any objections being raised He said the government would be asked to explain the situation at the next session of Parliament

A new company, All Gold Foods Limited, is to be established to take over the operations of Piccan, with the same management It will be a fully-owned subsidiary of Langeberg, but will compete with it

'Advantages'

Mr Van Wyk said yesterday that he envisaged rationalization resulting in certain items of production being done in fewer factories to eliminate duplication, but factories would not close

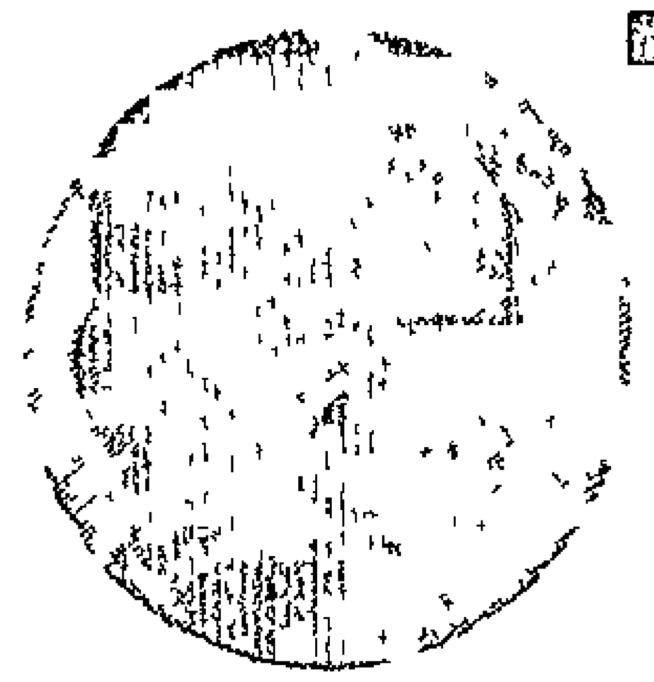
"The advantages of scale can be used to improve the buying of raw materials, transport, storage and to increase volumes We hope we will be able to lessen the rate of increases in costs," he said

"We hope to improve exports in a market where no one has been able to supply a total order We will be able to offer overseas customers a major package "

He said no unemployment would result from the take-over, adding that the reverse could apply with the new opportunities that would open in the food market

The two companies presently employ about 14 000 permanent and seasonal employees

Mr Van Wyk said he expected the take-over to result in lower price increases than in the past few years



MR J J A VAN WYK, chairman of Langeberg.

Canning takeover seen as boost

632

20/12/80 Argus

AFTER one of the worst of canning seasons and in face of stagnant exports, the Langeberg Co-operative is to take over Picardi (Piccan) Canners Limited to boost the industry.

It was announced at a Press conference yesterday that as a result of the weakening position of South African exports on overseas markets and the vital need to rationalise the local industry to remain internationally competitive, there would be an amalgamation of the two companies.

REASON

A reason the industry has found it difficult to maintain overseas markets is because it has had to cope with tariff barriers of up to more than 20 percent on certain markets.

On top of this South African products have to be transported over great distances.

The take-over of Piccan's assets will enable the canning industry to survive. It earns South Africa about R190-million a year in foreign exchange.

After January 31, the effective date of the takeover, Piccan's canning operations will be continued by a new company, All Gold Foods (Pty) Ltd a subsidiary of Langeberg, which will continue to compete with Langeberg as a separate and independent unit as far as production and local marketing is concerned.

PHH for Volkskas

RDM 22/12/80

(232)

VOLKSKAS Industrial Bank has acquired the entire share capital of PHH Services (Pty), a company which claimns to have introduced the concept of vehicle fleet management to South Africa.

PHH in the United States is said to be the largest in the vehicle fleet management business and its operations extend to Canada and Britain.

The now wholly South African-owned company will maintain close liaison with PHH of the US.

Schwarz hits at Langeberg deal

2/RDM 1/12/80

Own Correspondent

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The chairman of Langeberg, Mr J J A van Wyk, said Langeberg would not have a monopoly as it faced competition from frozen and fresh produce

However, the Progressive Federal Party spokesman on consumer affairs, Mr Harry Schwarz, said he saw the takeover as "approaching a monopoly" and would ask the Government to explain the situation at the next session of Parliament

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He said that no unemployment would result from the takeover, adding that the reverse could apply with new opportunities in the food market

The two companies employ about 14 000 permanent and seasonal employees

Mr Van Wyk said he expected the takeover to result in lower price increases than in the past few years

Piccan has sold its assets valued at around R7-million to Langeberg and the transaction is to be financed with loans from Piccan and Langeberg

Mr Schwarz said "The PFP does not believe in monopolies, especially in the food industry, because history has shown that the consumer has to pay in the long run"

He said control of 75% of the market could be used against people in the remaining 25% of the market.

He was surprised that the takeover had gone through the Competition Board without any objections being raised

Piccan becomes cash shell

Argus 23/12/80 (232)

PICARDI CANNERS will become a cash shell with R6,8-million for reinvestment on January 31 after the sale of its assets — five fruit and vegetable canning factories — to Langeberg Co-operative.

Losses of more than R6,5-million were piled up by Piccan over the past six years.

The disposal of the canning operations will substantially improve the profit trend of the holding company, Picardi Investments (Picbel), which owns 86 percent of Piccan, says the chairman, Mr Jan Pickard

A preliminary reinvestment of the proceeds of the sale is expected to earn R664 000 a year for Piccan, of which R437 000 will go to Picbel

This will increase Picbel's earnings from Piccan by R271 000 or 6,1c a share

The deal will also eliminate debts of R31,7-million from Picbel's balance sheet and improve its debt to equity ratio to 50·50 from 65·35, says Mr Pickard.

Picardi Finance's income from Piccan will jump by R353 000 to R569 000, up 10,3c a share

The debt of R31,7-million will also come off Picfin's balance sheet and the debt to equity ration will improve sharply to 42:58 from 64 36.

Net asset value of Picbel and Picfin will not be affected by the deal, says Mr Pickard

Tom Hood

Pickard still eyes Tollgate

RDM 23/12/80

232

Own Correspondent

CAPE TOWN. — Mr Jan Pickard remains interested in buying Tollgate, but including the existing cash holdings A Tollgate stripped of its cash has seemingly little lustre.

This emerged from Picbel annual meeting here

Questioned by a shareholder, Mr Issy Goldberg, he said that earlier his group had been close to bidding for a controlling stake, but his advisers had taken the view that it was wiser to wait for the disposal of Shield.

Although still maintaining his silence on how many Tollgate shares he hold, Mr Pickard has left his options open.

RDM 24/12/80 (232)

Sinclair Holdings Limited

("Sinclair")

(Incorporated in the Republic of South Africa)

Mercabank Limited is authorised to announce that:

a consortium represented by Mr Bazil Shlom has acquired sufficient shares in Sinclair through The Johannesburg Stock Exchange to effectively vest control of Sinclair in that consortium.

Mr Shlom is to be appointed with immediate effect as the managing director and chief executive of Sinclair.

It is Sinclair's intention to vigorously pursue its previously stated policy of seeking out investment opportunities.

December 1980
JOHANNESBURG

Mercabank LIMITED

(Registered merchant bank)

Mercabank

ATI swops bolts and lights for Grinaker

RDM 27/12/80

(232)

By DAVID CARTE
Deputy Financial Editor

GRINAKER Holdings, one of the country's Big Five construction groups, is to become a subsidiary of Anglo Transvaal Industries in exchange for control of ATI's National Bolts and Claude Neon Lights.

In the first of a series of deals worth about R24-million announced by the parties today, Globe Engineering Works, which is indirectly controlled by ATI, has acquired 730 100 shares or 14,8% of Grinaker at an average cost of 1 088c a share

This compares with Grinaker's closing price of 1 100c on Christmas Eve

Now ATI proposes to sell its 64% of National Bolts and 51,1% of Claude Neon Lights to Grinaker for the issue of 1 437 000 new Grinaker shares. At Wednesday's closing price these were worth R15 807 000, making the total effective price tag on the deal nearly R24-million

National Bolt closed on 350c This puts a market value of R10 907 000 on the 3 116 000 Natbolt shares Grinaker is to receive. Claude Neon closed on 145c, putting a market value of R4 190 000 on the 2 889 000 Claude Neon shares Grinaker is to acquire This means the market valued Grinaker's holdings in the two companies at R15 097 000

After this transaction, ATI, Globe and Mr Ola Grinaker and family, who hold 962 200 shares in Grinaker, will pool their holdings in an unlisted pyramid company in exchange for shares in the pyramid.

Globe intends to acquire sufficient additional Grinaker shares either in the market or, in terms of an agreement already concluded, from Grinaker directors to give singular control to the new holding company

After the deal there will be 6 373 568 Grinaker shares in issue, of which the new holding company will hold 3 130 140 For singular control it needs 3 186 785 shares, so on Monday ATI will be seeking another 56 645 shares in the market

The fact that these "controlling" shares will be bought in the market obviates the need to make an offer to minority shareholders and there will not be one

But the parties will have to advertise the deal today and on Monday to ensure that all shareholders get to know about ATI's presence in the market on Monday

At the end of the deal, ATI will hold 46% of the new company directly and 23% indirectly through Globe The Grinaker family will hold the remaining 31%

With this transaction Anglovaal becomes the third major mining house to acquire a large construction company Anglo controls LTA and Gencor Darling and Hodgson

Mr John Hodgson, chairman of Darling and Hodgson, which built up a strategic 20% to 25% holding in Grinaker, yesterday confessed he was "astounded" to hear of the deal

D&H, he said, sold its stake in Grinaker back to the Grinaker family on December 6 at the prevailing market price, then 1 050c

COMMENT: With this deal, Grinaker appears to have been running for cover The group has always valued its independence and ATI, which is not a very active manager of its subsidiaries, should not interfere with this in the way that D&H might have.

So the main attraction for Grinaker was probably that it secures the control situation and management's independence.

The second attraction might have been ATI's financial muscle, which will come in handy on the construction side, when this really gets moving in the next three to five years.

It is hard to see any synergy for Grinaker in the National Bolts and Claude Neon stakes. But ATI's 7% holding in Anglo Alpha, the country's second biggest cement maker, could conceivably hold attractions for Grinaker, which is big not only in construction but in precast concrete products such as railway sleepers.

Apart from its precast and reinforcing activities, Grinaker, an exceptional contractor, has no track record running industrial companies These, like Grinel, the electronics arm, will probably be allowed to set their own course.

It would not be surprising if management in these companies ends up with stakes in them, as in Grinel.

The Grinaker share price seems bound to spurt on Monday and it should maintain a higher level even after ATI has its additional 56 645 shares.

The deal suits hungry ATI — which recently also took over Bakers — as it acquires control of a top construction and electronics group, as well as expert engineering management, at no real premium to the market price.