THE RTZ CORPORATION PLC

Annual report and accounts 1991

RTZ

Bringing out the best in the world

RTZ based in Britain, is a major international natural resources group with assets and sales approaching £5 billion and employing 73,000 people. With its worldwide operations, RTZ has an unrivalled spread of metals and minerals interests. These, and its industrial products, provide a firm base for profitable growth well into the 21st century.

RTZ aims to act responsibly as a steward of the essential resources in its care so that they benefit both the countries in which they are found and the world at large which depends on them. At the same time RTZ seeks to create long-term wealth for its shareholders. It believes that these two objectives go hand in hand and that the one cannot be achieved without the other.

RTZ's strategy is to focus on those business areas where it has a proven track record and where it has a competitive commercial advantage – namely the development of a diversified spread of world class mineral resources. The lives of its large mines span decades and RTZ aims to ensure their consistently high productivity and low operating costs. In metals, RTZ's interests include copper, gold, iron ore, aluminium, lead, zinc and silver; in energy, coal and uranium; and in industrial minerals, borax, titanium dioxide feedstock, talc, diamonds and zircon. The diversity of these assets, in terms both of product spread and of geography, has limited RTZ's vulnerability to the volatility of individual metal prices and political upheaval. RTZ's assets are predominantly in North America and Australasia with the balance in Europe, Southern Africa and South America. Products are sold worldwide and a substantial proportion of Group sales are made in the high growth Pacific Rim.

RTZ takes the long view in all aspects of its work – in its strategic planning, in its investments and in the development of its resources. Its decentralised management style with short lines of communication gives considerable autonomy to local operations. RTZ aims to involve its local communities and to promote their well-being. In short, RTZ accepts the responsibilities which accompany leadership in natural resources.

THE RTZ CORPORATION PLC

	1991	1990
	£m	£m
Group turnover	4,885	5,078
Exceptional item before tax	(74)	
Group profit before taxation	562	879
Net attributable earnings		
before exceptional item	354	507
after exceptional item	308	507
Dividends to RTZ shareholders	196	193
Total assets employed	4,844	4,948
RTZ shareholders' funds	2,544	2,511
Return on shareholders' funds	12·2%	20·0%
Capital investment	359	408
Depreciation	219	221
Exploration and development expenditure	68	50
Earnings per ordinary share		
before exceptional item	35·7p	51·4p
after exceptional item	31·1p	51·4p
Dividends per ordinary share	19·5p	19·5p
Group employees (including associates)	73,495	77,866

Copper ore (chalcopyrite) from the Neves Corvo copper and tin mine in southern Portugal.

CONTENTS

12.06.92
B.46

JOINT LETTER FROM THE CHAIRMAN AND CHIEF EXECUTIVE

Sir Derek Birkin, Chairman

Dear Shareholder

RTZ's business activities were affected by the difficult economic conditions in 1991. Net attributable earnings, after an exceptional item of £46 million net of tax, were £308 million, 39 per cent less than in 1990. Earnings per share were down by 39 per cent to 31·1p. Before the exceptional item, net attributable earnings and earnings per share were £354 million and 35·7p respectively, both 30 per cent lower than 1990.

The exceptional item results from the decision to approve a $880 million new copper smelter and refinery expansion at Kennecott's Bingham Canyon operations in the United States. This will double the capacity of the current facility, which it replaces, and will substantially enhance Kennecott's profitability. Additional depreciation of the existing smelter therefore becomes necessary and the whole of this has been provided in 1991.

Operating cash flow, however, at £744 million remained strong and compared with 1990 was down only 7 per cent. Despite capital expenditure of £307 million, continuing high levels of cash generation ensured that the balance sheet remained healthy with gearing (net debt as a percentage of total equity) at 27 per cent.

Against this background your directors are recommending an unchanged final dividend of 13·5p, bringing the total for the year to 19·5p, the same as in 1990. This is covered 1·6 times by earnings or 1·8 times before the exceptional item.

1991 in perspective

A deteriorating trend in prices was the main problem for metals in 1991. The rate of growth of the western economies as a whole slowed down, and the United Kingdom and North America were in recession. Total demand for metals, though reasonably well maintained, did not increase. However, during the same period production rose. The increase in supplies from western sources was aggravated by the disintegration of Comecon and the precipitate decline in its component economies. All metal markets were affected to some degree by a reduction of imports into, or a surge of exports from, the former Comecon members, especially Russia. Worst hit were aluminium and uranium, the prices of which fell to their lowest ever levels in real terms, while gold continued to drift. Copper was partially shielded by continuing supply disruptions across the industry. Prices of non-ferrous metals were 17 per cent and 34 per cent lower on average than in 1990 and in 1989 respectively.

Robert Wilson, Chief Executive

In the industrial minerals businesses a severe reduction in demand posed the most serious challenge. These businesses are much more dependent than metals upon North American and European markets, and especially upon the construction industry. In several countries, that industry has been facing its deepest recession since the

Second World War, and our sales volumes have suffered accordingly. The same factors hit [illegible] earnings, since two-thirds of its business is construction- related, and virtually all based in North America and the United Kingdom.

Extraordinary provisions totalling £103 million net after tax have been made for potential losses on disposal and the impairment of asset values. These mainly comprise provisions relating to CRA, RTZ's 49 per cent owned Australian associate, by far the most significant being a full £67 million provision against RTZ's carrying value of Bougainville Copper.

However, there are several positive aspects to the year. Earnings and cash flow held up better than those of most competitors. Our principal mining properties were profitable and cash generative. New assets have been brought into production and throughout the Group the pace of efficiency improvement accelerated. One indication of this was the 12 per cent reduction in Group manning levels in the last two years excluding mine start-ups and acquisitions. These issues are discussed in more detail in the Review Section of the Report.

The challenge to management

In commodity businesses, especially where there are terminal markets such as the London Metal Exchange, excess capacity often results in prices falling to levels which make many producers periodically unprofitable and, for a variety of reasons, supply may be slow to respond.

In the face of these adverse market conditions RTZ will continue its policy of maintaining its operations at the forefront of technology, improving their efficiency and productivity, and avoiding short term measures as an immediate but ephemeral boost to earnings. We cannot state too often that mining is an unusu 'ly long term business and, therefore, policies require to be applied consistently through the cycle. The policies on which our strategy is based include:

- Predominant focus on large scale, high quality mining opportunities which are capable of producing at low cost.
- Willingness to invest continuously in ongoing operations.
- Geographical spread which provides some protection against single currency exposure and against regional political instability.
- Product diversity, which mitigates the pressures that can result from dependence on too small a range of commodities.
- Attention to the quality of projects, rather than attempting to select fashionable commodities.
- Operating practices which are geared to maximising long term economic value, not short term reported earnings.
- Selection and promotion of high calibre management committed to improve the quality of the operations continuously.
- Delegation of considerable authority to operating management leaving the centre to concentrate on strategic direction and act as the catalyst for the cross-fertilization of best practice in all aspects of the business.

Our financial horizons reflect the time scales of the mining industry. The goal is to achieve an attractive long term return for shareholders, irrespective of the inevitable short term fluctuations in the economic cycle. Since RTZ was formed in 1962, there have been four major economic downturns. During these 30 years the annual dividend has never been reduced and indeed it was increased 24 times. This is indicative of the progressive nature of our dividend policy. As to the total return to shareholders, i.e. growth in the RTZ share price and dividends paid, in the period 1986-1991 the annual compound rate was 17·3 per cent compared with the UK equity market average of 12·3 per cent.

Current developments

In exploration, the focus continues on building up a portfolio of worldclass mineral resources diversified both geographically and by product. Capital expenditure both on upgrading existing facilities and on new developments remained at high levels in 1991. In particular:

- The 4th Mill Line at Kennecott's Bingham Canyon copper mine was completed at a cost of $219 million. Start up commenced in January 1992. During its first five years it will add an average 32,000 tonnes of copper and 84,000 ounces of gold to annual production.
- Richards Bay Minerals in South Africa, in which we have a 50 per cent interest, is expanding its titanium dioxide feedstock mining, processing and smelting facilities by one third at a cost of $360 million. When the new facilities are fully commissioned they will increase capacity to one million tonnes a year and maintain our leading position in this market.
- Commercial production started at CRA's Kelian gold deposit in Indonesia. The deposit has cost $232 million to bring into production and will produce, on average, 260,000 ounces of gold annually over its ten year life.
- The Kaltim Prima open pit coal mine in Indonesia was commissioned last September at a cost of $550 million. This joint venture between CRA and BP will produce 7 million tonnes a year of high quality, low sulphur thermal coal.

Projects in the pipeline include:

- Kennecott's proposed new $880 million copper smelter and refinery expansion at its Utah Copper operations, for which planning permits are being sought. These are designed to process one million tonnes of concentrate per year. Not only will the new smelter be able to handle the total output of Bingham Canyon but, using the most up-to-date technology, it will significantly reduce operating and transportation costs whilst also achieving the highest environmental standards in the industry.
- The feasibility study for the Lihir gold project has recently been completed and was submitted in March 1992 to the Papua New Guinea Government with whom its contents will be discussed.
- An opportunity to increase output at the Escondida mine by 25 per cent with the expanded concentrate production being converted to copper cathode using new technology. Also in

Chile, Rio Algom is raising finance for the development at an estimated cost of $290 million of its Cerro Colorado copper deposit and engineering and the early stages of construction are under way. This mine should be commissioned in 1994 and is designed to produce 40,000 tonnes of high grade copper cathode a year over its 23 year life.

- The $375 million Marandoo iron ore project, which will form part of the Hamersley complex in Australia. Construction will begin once environmental clearances have been obtained.

As the decade unfolds, the closer integration into the world economic system of the former Comecon countries and Sub-Saharan Africa could create new opportunities for exploration and development activity. We are examining available opportunities but will move cautiously in view of the political, economic, environmental and legal problems.

A world citizen

RTZ is an international company with operations in 40 countries around the globe. We seek to establish close and friendly relations with governments in all the countries in which we operate; several of these are our partners. We recognise our responsibilities to the local communities and the impact that our operations can have on them. Honouring these responsibilities and playing an active role in the community are integral to success. Similarly, concern for the environment has for many years been a basic tenet of our corporate philosophy. We aim not just to comply with local environmental laws and regulations wherever we operate, but to follow best contemporary practice in all our operations. This concern and these aims are reflected in our management structure, built into all our activities on a day-by-day basis and provided for financially. Some indication of the scope of our continuing involvement can be seen on pages 28 to 30 of this report.

People

Mr Christopher Bull, aged 49, joined the Board as Finance Director in August 1991 having previously been Finance Director of BTR PLC.

Mr Andrew Buxton retired in January 1992 after 34 years with the Company. During his 17 years as a Director he served as Finance Director, Mining Director and as Industrial Minerals Director. We will miss the breadth of his knowledge and experience.

Sir David Orr, who joined the Board in 1981, retires at the Annual General Meeting. As a member of the Audit, Compensation, and Finance and General Purposes Committees he has made a notable contribution to our deliberations.

Mr Richard Giordano, KBE, (58), a US citizen, will be joining the Board as from 1 June 1992. Former Chairman of The BOC Group, he is currently Deputy Chairman of Grand Metropolitan, non-Executive Director of The BOC Group, National Power, Reuters Holdings and Georgia-Pacific Corporation in the United States. In addition to his UK and general international experience, his extensive past and on-going involvement in the top echelon of US business affairs will be of particular value.

The prosperity of the RTZ Group is dependent on the quality and loyalty of all our employees worldwide. This is more than ever true when times are hard and costs have to be reduced to remain competitive. The hard won improvements in efficiency, which have been achieved in the last few years, would not have been possible without the realism and openness to change of RTZ people at all levels and in all the countries where we operate. We thank them for the support they have given us during this difficult year and for their continuing commitment to ensuring the Group's future profitable growth.

The future

The prospects for 1992 are overshadowed by the continuing recession in North America and the United Kingdom and by clear signs of slower growth in the other main OECD economies. There are dangers of further political instability and economic decline before recovery is established in the countries of the former Soviet Union. Consequently, the risk of additional disruptive trade flows overhangs some of [illegible] mineral markets. Nevertheless we see nothing but gain in the long [illegible] from the spread of market-oriented philosophies and practices in many parts of the world [illegible] just in the old communist bloc but also in much of Latin America and Africa.

We believe that world economic and financial conditions are likely [illegible] restrain the development of new projects generally, which will assist in keeping supply and demand [illegible] balance. However, RTZ, with its strong balance sheet and excellent track record, should not be inhibited in its own investment plans.

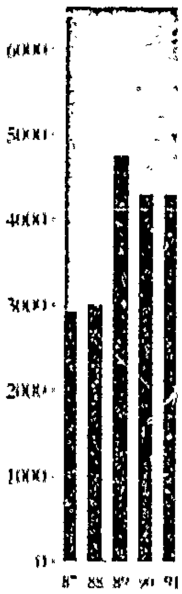
Looking further forward, we are optimistic about medium and longer term growth prospects for the world economy. This augurs well for mining. With our healthy financial position and exposure to a wide spread of potential new opportunities, this augurs particularly well for RTZ

Sir Derek Birkin, Chairman

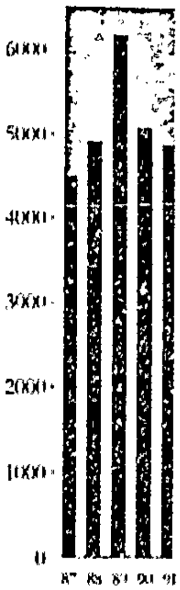
Robert Wilson, Chief Executive

FINANCIAL HIGHLIGHTS

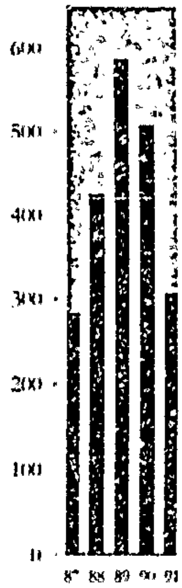
Assets employed £m



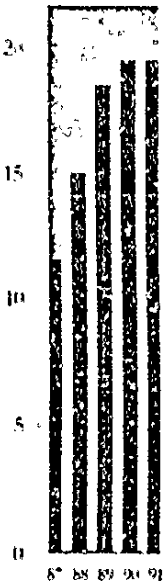
Group turnover £m



Net earnings attributable to RTZ shareholders £m



Dividends per ordinary share pence



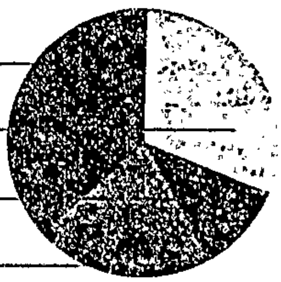
Sales by destination

Europe £1,790m

North America £1,520m

Japan £530m

Others £1,045m

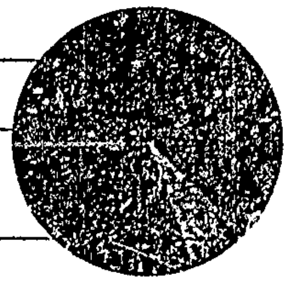


Analysis of earnings by sector before exceptional item, interest, exploration and corporate charges but after tax

Mining and Metals £308m

Industrial Minerals £140m

Industrial Products £35m



		1987	1988	1989	1990	1991 After exceptional item	1991 Before exceptional item
Trading margin	%	15·0	17·0	17·9	17·2	10·1	12·2
Return on assets	%	23·5	32·8	29·8	19·4	11·1	13·2
Tax charge	%	41·0	36·2	37·0	34·4	37·5	37·6
Return on equity	%	17·6	23·2	25·5	20·0	12·2	13·8
Interest cover	times	10·6	30·0	9·3	17·9	8·8	10·3
Dividend cover	times	3·1	3·6	3·4	2·6	1·6	1·8
Gearing	%	31·2	7·3	34·1	25·3	26·8	26·4
Earnings per share	p	36·0	53·4	63·1	51·4	31·1	35·7
Dividends per share	p	11·5	15·0	18·5	19·5	19·5	19·5

In the charts assets employed comprise total assets excluding cash, less current liabilities; associates are included at their carrying value. Group turnover and sales by destination include RTZ's share of associates. In the table, left, trading margins and return on assets exclude associates.
For definition of ratios see page 66.

SECRETARY

F S Wigley

C R H Bull

[illegible]

G C Beals

[illegible]

R P Wilson

[illegible]

NON-EXECUTIVE DIRECTORS

Notes

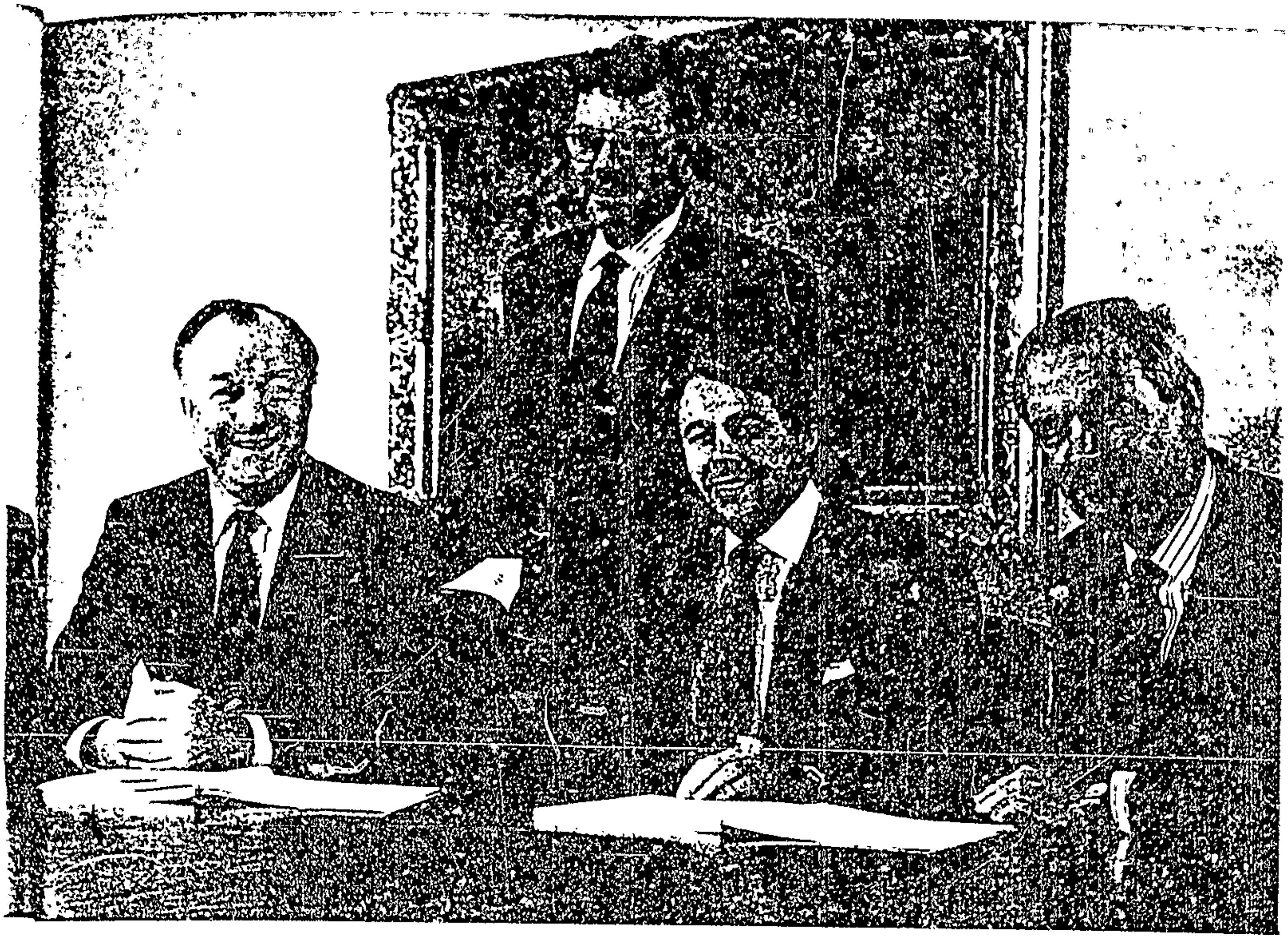
- [illegible]
- [illegible]
- [illegible]
- [illegible]

The Lord Alexander of Weedon QC

[illegible]

The Lord Armstrong of Ilminster GCB CVO

[illegible]



Sir Derek Birkin

L A Davis

I C Strachan

R Adams

Sir Alistair Frame

Sir David Orr MC

Sir Denys Henderson

Sir Martin Jacomb

RTZ's mining and metals activities contributed £308 million to 1991 net attributable earnings before exceptional item, exploration and corporate charges, 17 per cent down on 1990's £369 million. This represented 72 per cent of total earnings, (1990: 68 per cent). The impact of lower metals prices more than offset significant productivity improvements.

Economic recession not only persisted in North America and the UK but spread to other major OECD countries by year end. Even so, in sharp contrast to the last two recessions, overall demand held up reasonably well. However, supply generally ran ahead of demand. Not only did western production increase, but the collapse of domestic demand and the chronic need for hard currency in former Comecon countries caused a marked deterioration in the balance of metal trade with the West. These factors resulted in non-ferrous metals prices falling on average by 17 per cent year on year on The Economist Index.

Copper and Gold

Copper and gold, which are mined together at some major operations, contributed £190 million to RTZ's earnings in 1991, (1990: £232 million). They represented 44 per cent of total earnings compared with 43 per cent in the previous year.

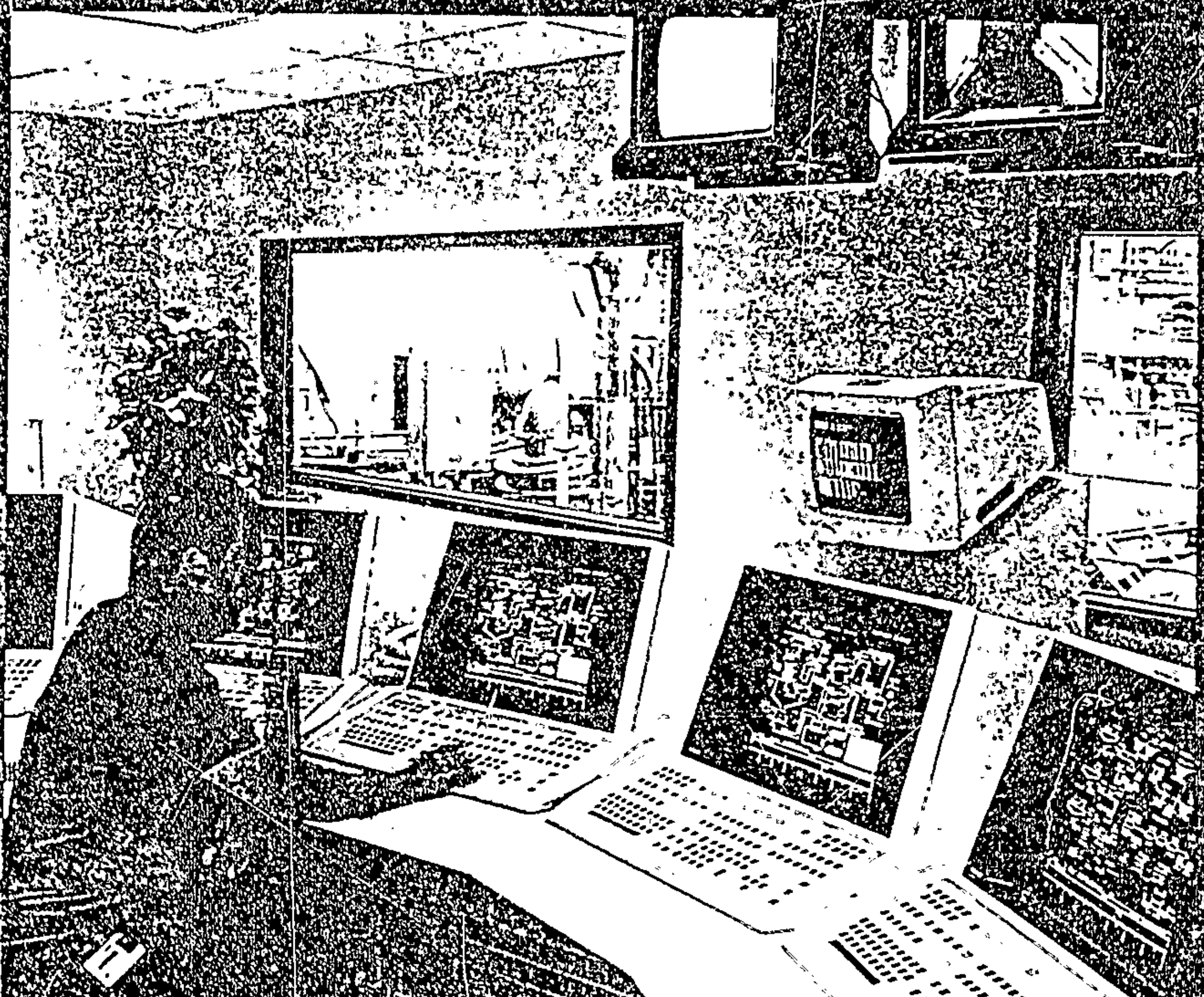
Mine production of copper in the western world increased by under 2 per cent and refined metal output was virtually flat, held back by smelter disruptions particularly in the second half of the year. Exports from Russia and Poland were higher than in 1990, but Chinese imports also increased.

Copper demand overall fell slightly with declines throughout the year in Europe and North America and signs of the strong growth in the Far East faltering by the year end. Stocks rose but remain well below their peak 1984 levels. The 1991 average copper price was 12 per cent lower at $1·06 per pound.

RTZ's copper production increased by 21 per cent, helped by the first year's contribution from the Escondida mine in Chile. In 1991, RTZ supplied almost 7 per cent of total western world output. The Bougainville mine in Papua New Guinea remained closed throughout the year as a result of political unrest. The situation remains volatile on Bougainville Island and a full provision against this investment of £67 million was made as an extraordinary item.

The Bingham Canyon mine in the US increased ore throughput by 3 per cent and its performance was also enhanced by cost reduction programmes resulting in savings on energy, maintenance and consumables. However, these benefits were more than offset by significantly lower metal prices and by reduced smelter output and therefore higher treatment charges for the concentrate volumes sold to third parties. The fourth concentrator line began operating in January, 1992 and its design capacity is expected to be achieved by mid-1992. Kennecott's entire production process at their Utah Copper operations will have been fully modernised on completion of the $880 million new smelter and refinery project.

. . . the focus continues on building up a portfolio of world class mineral resources diversified both geographically and by product. Capital expenditure both on upgrading existing facilities and on new developments remained at high levels in 1991.



MAJOR MINING AND METALS LOCATIONS (RTZ % INTEREST)

COPPER AND GOLD

1 *Barneys Canyon (100%)*
2 *Bingham Canyon (100%)*
3 *Escondida (30%)*
4 *Highland Valley (17%)*
5 *Kelian (44%)*
6 *Morro do Ouro (51%)*
7 *Neves Corvo (49%)*
8 *Palabora (39%)*
9 *Rawhide (51%)*
10 *Renco, Patchway, Brompton (56%)*
11 *Ridgeway (100%)*
12 *Southern Copper (29%)*

Exploration and development

13 *Cerro Colorado (52%)*
14 *Cortez (40%)*
15 *Far Southeast Gold (20%)*
16 *Flambeau (100%)*
17 *Lihir (80%)*
18 *Peak (49%)*

IRON ORE

19 *Channar (29%)*
19 *Mt Tom Price (49%)*
19 *Paraburdoo (49%)*

Exploration and development

19 *Brockman (49%)*
19 *Marandoo (49%)*

ALUMINIUM

20 *Anglesey Aluminium (51%)*
21 *Bell Bay (33%)*
22 *Boyne Island (10%)*
23 *Eurallumina (9%)*
22 *Queensland Alumina (10%)*
24 *Tiwai Point (26%)*
25 *Weipa (33%)*

LEAD, ZINC AND SILVER

26 *Broken Hill (20%)*
27 *Greens Creek (53%)*

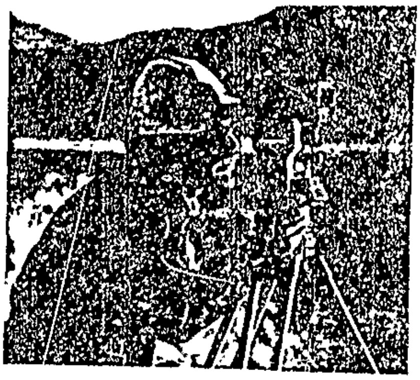
Exploration and development

28 *Century (49%)*

COAL AND URANIUM

29 *Blair Athol (28%)*
30 *Howick (29%)*
30 *Tahmoor (49%)*
30 *Vickery (49%)*
30 *West Cliff (49%)*
30 *Western Main (49%)*
31 *Kaltim Prima (24%)*
32 *Tarong (49%)*
33 *Stanleigh (52%)*
34 *Rossing (46%)*

In Chile, Escondida's performance surpassed best expectations. Few technical teething problems were experienced, resulting in better than planned mill throughput. Good metallurgical recoveries were also achieved. Copper concentrate was exported to long term customers in Japan, Germany and Finland as well as to other short and medium term customers elsewhere. Production in 1992 is expected to be above the mine's rated capacity of 320,000 tonnes of copper. Currently, Escondida is conducting a feasibility study for increasing production by 80,000 tonnes of copper a year in the form of high grade copper cathodes using an innovative concentrate non-polluting hydrometallurgical process for which patent applications have been filed. The process draws on the natural and competitive advantages of the Escondida resource.



Survey work at Escondida, Chile. Ore reserves are sufficient for a mine life of more than 50 years.

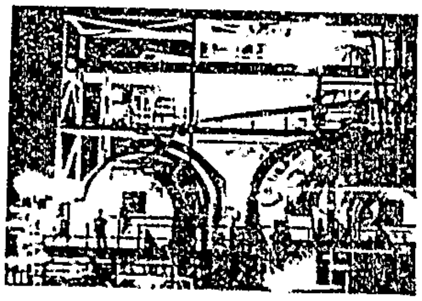
At Palabora in South Africa, there was a small increase in output of refined copper. A $23 million smelter upgrade project was put in hand to increase refined metal production by 5 per cent and decrease emissions on completion at the end of 1992. Underground exploration progressed satisfactorily and a preliminary underground mining feasibility study will be completed on schedule in mid-1992

Copper mined at Neves Corvo in Portugal was at a similar level to that in 1990 whilst there was a marked improvement in tin recovery. A $37 million project for deepening the mine in order to access lower sections of the orebody was approved in early 1992 and will be completed in 1994.

The Highland Valley mine in Canada achieved records for both average daily mill throughput and copper produced. However, some disruption to normal operations occurred during protracted negotiations for the new two year labour agreement concluded in November.

Long term sales contracts have been secured and financing is being arranged for the Cerro Colorado mine in Chile, development of which was approved in January 1992. The mine will use heap leaching, solvent extraction and electro-winning technology and is planned to come into production in 1994.

For gold, 1991 was a desultory year. The average price was $362 per ounce compared with $383 in 1990. Producers' hedge selling and the liquidation of former Soviet reserves dominated market prices. Demand for gold levelled out in the industrial countries but imports of high carat jewellery into the Far East were strong. Production in western countries increased only marginally, whilst it is now thought to be declining sharply in the Commonwealth of Independent States.



Processing plant at the Ridgeway gold mine. This modern mine is at the forefront of the resurgence of South Carolina's gold mining industry.

RTZ's gold production was some 4 per cent higher than in 1990. Output at most major mines benefited from increased ore throughput ensuring that RTZ remained among the leading gold producers outside South Africa.

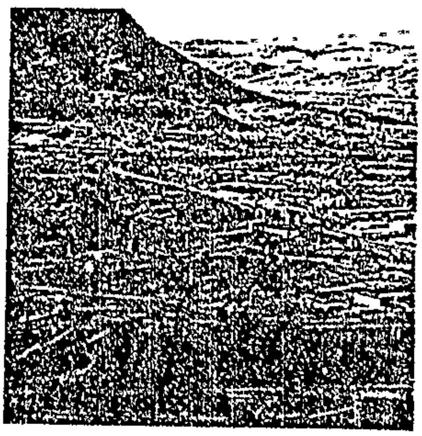
In the US, gold mined at Bingham Canyon was 9 per cent higher with improved throughput and higher ore grade. At the nearby Barneys Canyon mine and at the Ridgeway mine, where RTZ's interest was increased from 52 per cent to 100 per cent in January 1992, mine production declined by 12 per cent and 21 per cent respectively. This was mainly as a result of anticipated lower ore grades at both locations. The new Rawhide mine achieved expected levels of production in its first full year of operation.

The Morro do Ouro mine in Brazil achieved a 4 per cent increase in metal output and reduced costs mitigating the lower gold price. Plant modifications to sustain current production levels when mining of harder material starts in 1992 are proceeding within schedule and budget.

Production in Zimbabwe, at the Renco, Patchway and Brompton gold mines, was almost 15 per cent higher than in 1990.

Development of CRA's gold mines continued. Commissioning of the Kelian Gold mine in Indonesia began in October and it was brought into commercial production in January 1992. Progress at the Peak Gold mine in Australia remains within budget and commercial production is scheduled for early in the third quarter of 1992. It will produce approximately 100,000 ounces of gold and 25,000 tonnes of base metal concentrates each year during its nine year life. An underground development and drilling programme at the Far Southeast Gold project in the Philippines was initiated, in order to increase the tonnage and definition of the known reserves.

A feasibility study for the Lihir project was completed and submitted to the Papua New Guinea Government in March 1992 for discussion. The study is based on a treatment rate of 2·8 million tonnes of ore per year. Annual gold production over the first five years of operations would be in the order of 600,000 ounces.



In 1991 Hamersley Iron celebrated 25 years as one of the world's biggest iron ore producers. It was the first Australian producer to produce and ship over 50 million tonnes of iron ore in one year.

Iron ore

The contribution to RTZ's earnings from iron ore increased by 43 per cent to £97 million in 1991 from £68 million in 1990. RTZ's share of production represents some 4 per cent of the West's iron ore supplies.

Western steel output in 1991 fell by a further 1·6 per cent in response to continued deterioration in all major OECD markets. The US was the worst affected with a reduction of 11 per cent for the year as a whole. Japanese production remained strong until the third quarter.

Record production and shipment levels were set by Hamersley's mines in Western Australia to meet customer requirements, particularly in Japan, China, Taiwan and South Korea. Shipments to China included 5·4 million tonnes from the Channar mine which was commissioned in late 1989 and in which the China Metallurgical Import and Export Corporation has a 40 per cent joint venture interest. Improved work practices and safety performance, better industrial relations and the introduction of more productive mining equipment, all contributed to the year's results. However, an average price reduction of 5·5 per cent was agreed with Japanese customers in December for deliveries from April 1992 to March 1993 because of the weakened outlook for their steel production. The agreement came after price increases of more than 40 per cent over the last three years.

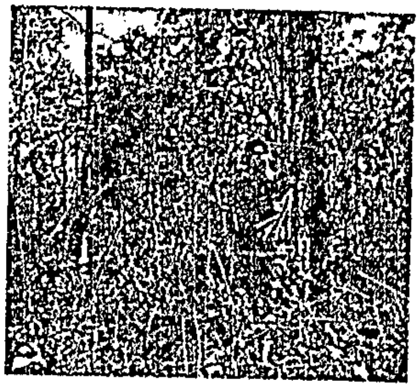
In December 1991, RTZ Mineracao acquired an interest in Mineracao Corumbaense Reunida, a Brazilian company producing small volumes of iron and manganese ores which may be capable of large scale development in the future.

Aluminium

RTZ's aluminium interests contributed £2 million to earnings in 1991, compared with the already depressed £36 million contribution in 1990. This represented 1 per cent of total earnings compared with 7 per cent the previous year.

Production of aluminium in the West rose by 3 per cent in 1991 and exceeded demand which was virtually unchanged from the 1990 level. Net exports of aluminium from former Comecon countries more than doubled and reported LME stocks reached a record 1 million tonnes. The aluminium price fell throughout the year and the December average spot price fell below 50 US cents per pound for the first time since late 1985. The average three month primary aluminium price for the year as a whole at 60 US cents per pound was 19 per cent down on 1990's 74 US cents per pound.

At Weipa in Australia, output of bauxite was slightly lower than in 1990 reflecting the decrease in worldwide demand in the aluminium industry. However, the alumina plants in Australia and Italy again achieved record production with further cost reductions and enhanced environmental performances.



Rehabilitated land at Weipa, one of the world's largest bauxite mines. RTZ's Australian associate company, CRA, has the major interest in the operator, Comalco.

Primary aluminium produced by the three Australasian smelters was slightly less than in1990. Production was curtailed at the Boyne Island plant by inability to reach agreement on the price of additional power. Productivity improvements at the Bell Bay smelter were diminished by some employees' continuing resistance to change. In contrast, at the Tiwai Point smelter in New Zealand significant improvements were achieved, with labour productivity rising by over 20 per cent.

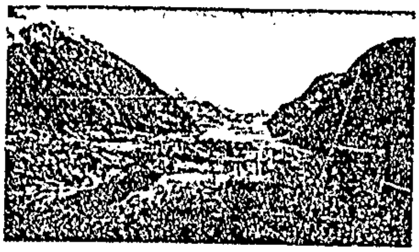
The Lewisport aluminium rolling mill in the US recorded increased productivity and market share through improved product quality and service, but margins were adversely affected by competitors' price cutting and pressure on rolled products prices to match falling primary aluminium prices.

In the UK, Anglesey Aluminium's operating costs were cut significantly, manning levels were reduced and production and energy efficiencies were at record levels.

Lead, Zinc and Silver

RTZ's lead, zinc and silver interests made a loss of £7 million in 1991, (1990: £12 million profit). The 1991 average prices for these metals were considerably lower than in 1990. That for lead was over 30 per cent down at 25 US cents per pound with production falling slightly and overall demand flat but falling in the US and European motor industries. Zinc consumption fell by 1 per cent whilst production rose by some 3 per cent. The surplus, together with modestly increased exports from China and North Korea and reduced imports by the Commonwealth of Independent States, forced up stocks. The zinc price averaged 51 US cents per pound, 26 per cent below that in 1990. The 1991 average silver price at $4·05 per ounce was down by over 16 per cent as industrial demand weakened whilst supplies were maintained.

At the Greens Creek mine in the US, ore throughput increased by 11 per cent. Production of zinc increased by 13 per cent but lower ore grades reduced production of silver, gold and lead. A successful exploration programme was completed in 1991. It increased ore reserves and extended the expected mine life to 30 years.



The Norzink electrolytic zinc smelter at Odda, Hardanger, produced in total 125,000 tonnes of zinc metal in 1991.

Mine production of zinc and lead in Australia was lower than in 1990, mainly due to downsizing at the Elura mine. However, the Australian and European smelters increased output of both metals, reflecting initial benefits from continuing improvement programmes.

Zinc production at Norzink's smelter in Norway was close to the record level achieved in 1990 and despite market conditions sales volumes were maintained. Norzink has embarked on a three year programme to increase productivity and strengthen future competitiveness.

Coal and Uranium

Coal and uranium contributed £28 million to RTZ's earnings in 1991, (1990: £33 million). Demand for steam coal strengthened during the year but, in a highly competitive market, prices weakened. Demand for metallurgical coal held up well in the important Asian markets although prices also fell back with the weakening of the Japanese steel market.

In Australia, CRA maintained overall coal production at a similar level to that in 1990. The Blair Athol and Tarong mines' production was broadly unchanged to meet overseas and domestic power generation requirements. A higher level of output from the West Cliff and Tahmoor metallurgical coal mines compensated for the closure of the Coal Cliff mine in March. Improved production efficiences at these mines were beginning to be reflected later in the year. Similar efforts at the Howick and Western Main steam coal mines also began to improve performance and they operated at about break-even compared with a loss in 1990.

The Kaltim Prima coal mine in Indonesia was completed on time in September. Almost 2 million tonnes were shipped in 1991. The mine is scheduled to come rapidly into full production with 6·5 million tonnes planned in 1992 and the 7 million tonne design capacity to be achieved the following year.

The uranium market was particulary affected by sales from the former Soviet Union in 1991. Uranium spot prices fell to new lows in real terms and were below $8 per pound by the autumn. A small and temporary recovery to almost $9 per pound by year end was prompted by the US International Trade Commission's preliminary report accepting the US producers' anti-dumping suit against Russian imports.

CRA's Blair Athol coal mine, Queensland. CRA is one of Australia's largest coal producers and in 1991 its mines produced almost 20 million tonnes of high quality coking and steaming coal.

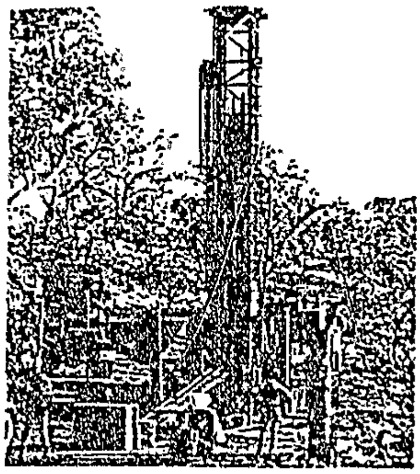
Although the production rate at the Rossing mine in Namibia was reduced in April to 3,250 short tons a year, a second cutback became inevitable in September in light of market conditions and a lack of new contracts. This necessitated the early retirement or redundancy of 750 employees. By year end, the number employed had been reduced by some 40 per cent. Rossing's production of 2,500 short tons a year is now in line with existing annual contracted sales tonnages.

Agreement was reached in June with Ontario Hydro to amend the supply contract for uranium produced at the Stanleigh Mine in Canada. It reflects market conditions and the low grade of the ore reserves. A total of 4,800 short tons of uranium is now scheduled for delivery from the mine in the period from January 1991 to the second half of 1996.

Exploration

RTZ's share of exploration costs was £55 million in 1991 compared with £40 million in 1990. Geographically, 60 per cent of the expenditure was in North America and Australasia, with the balance in Africa, Europe and South America. RTZ's objective is the cost effective discovery of world class orebodies which could be developed into major internationally competitive operations.

In 1991, exploration drilling continued on the Pipeline gold discovery at the Cortez joint venture property in the US in which Kennecott now holds a 40 per cent interest. Reserves are now estimated at more than 2·6 million ounces of gold. Several new exploration targets were identified by Kennecott in North and Central America. In Australia, detailed drilling at the Century zinc, lead and silver deposit defined more clearly the geological geometry of the indicated resource which now stands at 116 million tonnes averaging 10·3 per cent zinc, 1·5 per cent lead and 35 grammes per tonne of silver. It remains a major potential resource.



Drilling at the Century lead, zinc and silver deposit in Queensland.

In South America, potentially extensive heavy mineral sand deposits were identified on the northern coast of Brazil and a resource of up to 500 million tonnes of high grade iron ore and iron ore detrital potential was confirmed as part of the acquisition of the interest in Mineracao Corumbaense Reunida. Elsewhere new studies were initiated in, amongst others, Bolivia, Chile and Ecuador.

RTZ'S NET SHARE OF PRODUCTION

Mining and metals		1991 Mined	1991 Refined	1990 Mined	1990 Refined
Aluminium ('000 tonnes)					
Comalco*		3,355	128·4	3,608	130·3
Anglesey Aluminium		–	65·2		63·1
Copper ('000 tonnes)					
Bingham Canyon		236·5	133·4	236·1	151·3
Escondida		88·9	–	5·4	–
Neves Corvo		77·6	–	78·3	
Palabora		49·1	46·2	48·0	45·7
Highland Valley		29·7	–	28·3	–
Others		12·2	7·7	10·2	6·6
Gold ('000 troy ounces)					
Bingham Canyon		458	270	420	318
Barneys Canyon		122	–	138	–
Morro do Ouro		85	–	82	–
Ridgeway		71	–	90	–
Rio Tinto Zimbabwe		45	–	38	–
Rawhide		39	–	18	–
Others		70	–	68	–
Iron ore ('000 tonnes)					
Hamersley		21,854		19,963	
Channar		1,636		921	
Lead ('000 tonnes)					
Pasminco		38·7	58·3	44·0	57·0
Others		21·5	–	21·5	–
Molybdenum ('000 tonnes)					
Bingham Canyon		7·0		5·2	
Highland Valley		0·3		0·3	
Silver ('000 troy ounces)					
Greens Creek		4,041		4,069	
Bingham Canyon		3,614	2,272	3,379	2,382
Pasminco		1,571	1,321	1,794	1,409
Others		3,797	162	2,932	187
Tin ('000 tonnes)					
Various		3·9		2·9	
Uranium oxide (tonnes)					
Rossing		1,344		1,761	
Rio Algom		357		1,002	
Zinc ('000 tonnes)					
Pasminco		63·4	103·1	75·5	98·6
Greens Creek		20·2	–	17·9	–
Others		36·7	68·3	37·5	67·5
Coal ('000 tonnes)					
Pacific Coal:					
Blair Athol	steam coal	2,103		2,126	
Tarong	steam coal	2,505		2,414	
Kembla Coal & Coke:	coking coal	1,655		1,621	
	steam coal	68		155	
	coke	114		114	
Novacoal:	steam coal	946		922	
	coking coal	256		229	
Kaltim Prima:	steam coal	527		–	
Bullmoose:	coking coal	242		230	

Notes

1 These figures show RTZ's beneficial share of production based on its percentage interest.

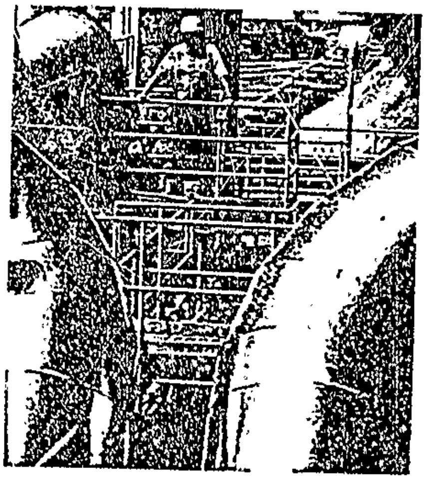
2 Unless otherwise stated, in both the text and the table mine production figures refer to the quantity of metal contained in concentrate produced except for bauxite* and iron ore. Smelter and refined figures refer to the weight of actual metal produced.

3 1000 Troy ounces = 31·1 kilograms.

RTZ's industrial minerals businesses contributed £140 million to net attributable earnings before exploration and corporate charges in 1991, 17 per cent less than 1990's £169 million. This represented 33 per cent of total earnings compared with 31 per cent the previous year. Demand for industrial minerals was further depressed, particularly in the North American and European markets of importance to RTZ.

Borax, silica sand and talc

RTZ's borax, silica sand and talc interests contributed £79 million to earnings in 1991, (1990 : £87 million), a reduction of 9 per cent.



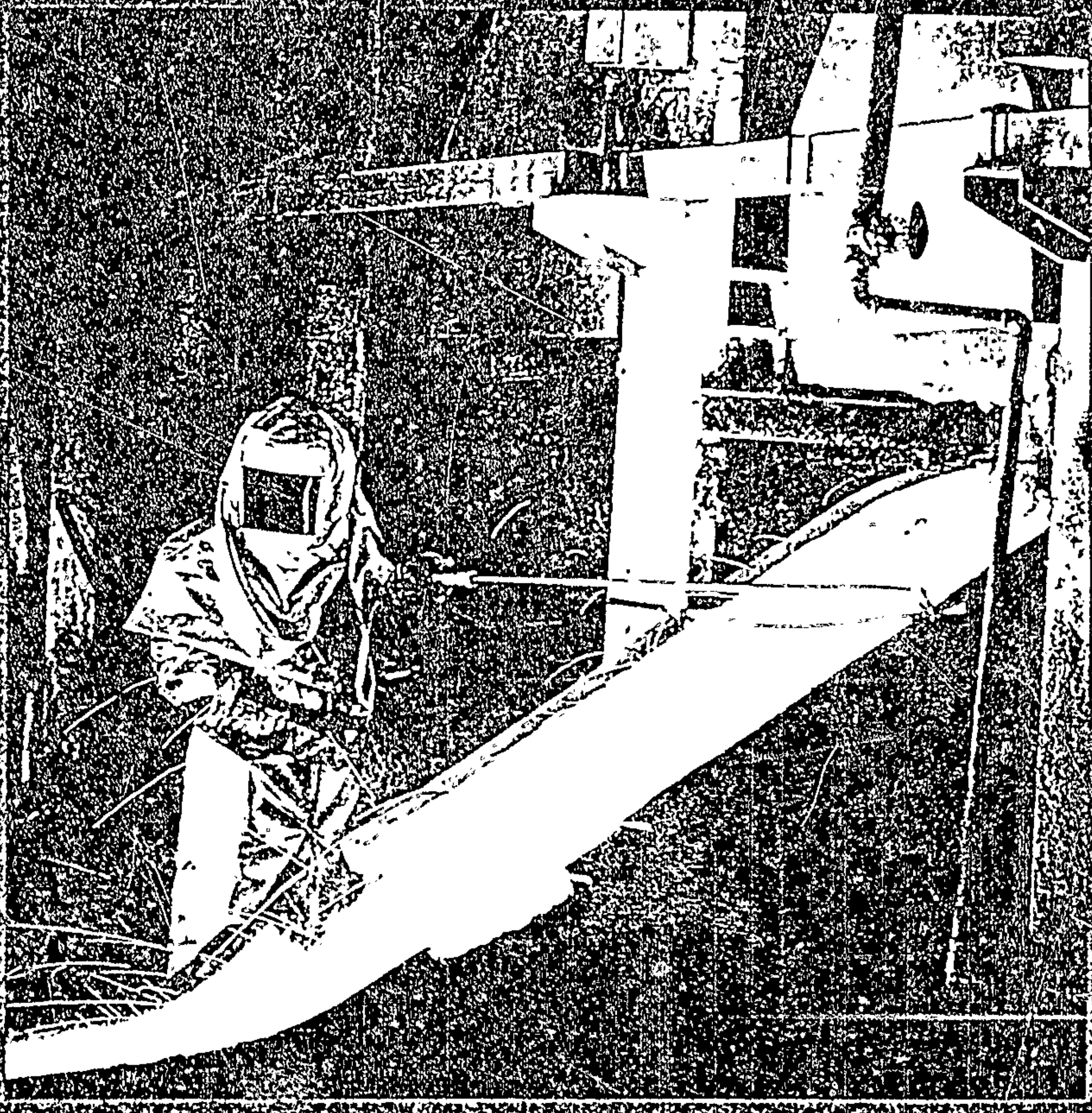
The boric acid plant at US Borax and Chemical Corporation's borate refinery in California's Mojave desert.

Borax sales revenue for the year was some 5 per cent below 1990 and showed a weakening trend as the year progressed, reflecting increasingly soft markets as the world's major economies slowed. In the US, the continuing recession held down demand, particularly in glass fibre markets. Indications of a slight improvement in the late summer were not sustained and total sales volumes for the year were 8 per cent below 1990. In Europe, after an encouraging start to the year, demand for borates weakened as activity slowed down in nearly all market sectors. Total European sales were 7 per cent below 1990, largely as a consequence of a weak second half performance. In other market areas, principally the Pacific Rim, general economic activity held up better and demand remained strong with total sales above those in 1990. Further progress was made with cost reductions but they proved insufficient to offset the adverse effect of the fall in revenue, and borax earnings were some 10 per cent below 1990.

Silica sand requirements in the US were also affected by the recession, especially in the automotive and housing sectors, and attapulgite clay sales were also lower. Total revenue from continuing operations was 5 per cent below last year. This decline, and the impact of wetland regulations in Florida on clay mining costs, adversely affected margins and earnings were reduced by around one third compared with those in 1990.

Following completion of structural changes in RTZ's talc business, significant cost improvements were achieved. Sales revenue increased and earnings were substantially higher. Most market areas in Europe held up well throughout the year, although the Canadian operation is still not profitable. A letter of intent has been signed with Cyprus Minerals Company for the purchase of its talc business, the largest in the US, which had sales in 1991 of approximately $87 million. The purchase is subject to due diligence investigations and a definitive purchase agreement.

Our principal mining properties were profitable and cash generative. New assets have been brought into production and throughout the Group the pace of efficiency improvement accelerated.



MAJOR INDUSTRIAL MINERALS LOCATIONS (RTZ % INTEREST)

BORAX AND TALC

35 *Boron (100%)*
36 *Coudekerque (100%)*
37 *Luzenac Inc (99%)*
38 *Talc de Luzenac (99%)*
39 *Timalaya (100%)*
40 *Val Chisone (100%)*

TITANIUM DIOXIDE FEEDSTOCK, ZIRCON, RUTILE, HIGH PURITY IRON AND STEEL

41 *Richards Bay Minerals (50%)*
42 *QIT Fer et Titane (100%)*

Exploration and development

41 *Kingia Tenan (50%)*
43 *QMM (49%)*

OTHER MINERALS

44 *Argyle Diamonds (29%)*
45 *Dampier (32%)*
46 *Sackatoon (52%)*
47 *Yarrex (52%)*
48 *US Silica HQ (100%)*
(mines and plants not shown)

Titanium dioxide feedstock, zircon, rutile and high purity iron and steel

The contribution to earnings from RTZ Iron and Titanium in 1991 was £41 million, some 33 per cent below 1990's £61 million.

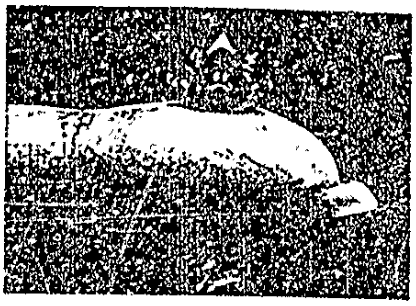
Titanium dioxide feedstock sales volume was approximately 6 per cent down on 1990's level with the expected weakness in demand persisting throughout the year. The European pigment producers were the most severely affected. These are mainly consumers of "sulphatable" feedstocks supplied principally from QIT's Canadian smelter where production was accordingly reduced by one third from 1990's high level. With the present economic outlook, little change is anticipated in 1992. Oversupply was also experienced in the market for "chlorinatable" feedstock, the principal outlet for Richards Bay Minerals in South Africa. However, RBM's smelter operated at close to capacity throughout the year as a result of the company's contractual position. RBM's fourth furnace came on stream as planned in mid-year and total production for the year was 20 per cent higher than in 1990.

Demand for iron, and in QIT's case also steel, co-products was inevitably affected by the recession, especially in the North American automobile industry. Prices for all ferrous co-products reflected the weak demand.

RBM's zircon sales volume was substantially higher in 1991, mainly as a result of an increase in market share. As anticipated, zircon prices were substantially lower than in 1990.

Work continued throughout 1991 to assess both the economic feasibility and the potential environmental impact of developing ilmenite reserves in southeastern Madagascar.

OTHER INDUSTRIAL MINERALS



An outstanding example of the special pink diamonds found at the Argyle mine.

Political and economic uncertainties during the year weakened the market for uncut diamonds. Recent investment in mine and plant capacity at the Argyle diamond mine in Western Australia helped to offset falling grades in the main orebody allowing production levels to be maintained. A new five year marketing agreement was concluded with the Central Selling Organisation which provides Argyle greater flexibility to examine and develop commercially attractive downstream processing opportunities.

Dampier Salt's sales were at similar levels to the previous year's record achievement. A slowdown in sales to the traditional chemical industry markets in the second half of the year was compensated for by increased sales to customers elsewhere.

Total potash production in 1991 from Rio Algom's two Canadian mines was 4 per cent below that in 1990, mainly as a result of lower than anticipated recoveries at the Saskatoon solution mine. Record output at the Sussex mine, however, exceeded design capacity.

RTZ's NET SHARE OF PRODUCTION

Industrial minerals:	1991	1990
Borates ('000 tonnes B_2O_3 content)		
Boron	467	494
Diamonds ('000 carats)		
Argyle	10,226	9,880
Potash ('000 tonnes)		
Sussex	345	329
Saskatoon	132	170
Silica sand ('000 tonnes)		
US Silica	4,505	5,144
Talc ('000 tonnes)		
Talc de Luzenac	634	564
Titanium dioxide slag ('000 tonnes)		
QIT	701	1,046
Richards Bay	404	336

INDUSTRIAL PRODUCTS

RTZ's industrial products businesses contributed £35 million to net attributable earnings before corporate costs, (1990 : £41 million), and represented 8 per cent of total earnings, (1990 : 8 per cent). These are concentrated in RTZ Pillar which suffered a reduction in profits mainly in its North American activities.

RTZ Pillar's principal markets experienced significantly lower volumes than in 1990. Housing starts were down marginally in the UK but down by 15 and 14 per cent respectively in the US and Canada. Output in the commercial construction market in the UK was down 18 per cent, (and 25 per cent in the second half), down 32 per cent in the US and 33 per cent in Canada compared with 1990. Taken together, these markets account for some two thirds of RTZ Pillar's sales. The automotive and engineering interests also suffered, with car production declining by 5 per cent in the UK and 9 per cent in North America.

RTZ Pillar continued the restructuring which began in 1989. Core businesses have been maintained and augmented with selective investments. Market shares were strengthened through new product development, marketing initiatives and enhanced manufacturing effectiveness, supported by continuous improvement programmes. The success of these measures was reflected in an improvement in RTZ Pillar's results as the year progressed, even though no sustained upturn occurred in any of its markets.

Volumes fell and margins came under pressure in Pillar Building Products as a result of over-capacity and intense competitive activity in its UK residential, commercial and industrial markets. A 14 per cent fall in sales was largely offset by cost savings so that profits were only slightly reduced.

Pillar Electrical's profits surpassed the previous year's level reflecting the significant proportion of its sales to the more robust refurbishment sector and benefits from cost savings and efficiency improvements. New product and technical developments continue.

Pillar Engineering's sales and profits were slightly lower than in 1990. The aviation support businesses showed resilience and sales to the automotive industry were maintained but at lower profit margins. Rationalisations in distribution businesses enabled profitability to be maintained despite falling demand.

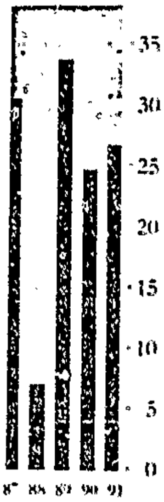
Plaster beading mesh is made at Catnic's Caerphilly, UK, plant.

Indal, in North America, suffered a further 10 per cent fall in sales and traded at a loss in 1991 mainly as a result of the particularly long and severe recession in the construction industry. The downturn was somewhat less sharp in the automotive sector where businesses serving it performed well, if somewhat below 1990 levels.

The hard won improvements in efficiency... would not have been possible without the realism and openness to change of RTZ people at all levels.

FINANCIAL REVIEW

Net gearing per cent



1991 overview

Despite the impact of recession, RTZ's balance sheet remained very strong in 1991. Cash flow from operations at £744 million was only £57 million less than in 1990, and gearing remained little changed at 27 per cent. Interest cover was again comfortable at 10 times before exceptional items (9 times after exceptional items).

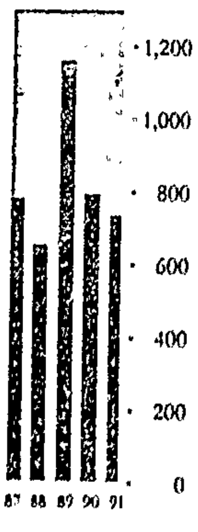
RTZ remained the only mining company with double-A long term credit ratings from Moody's and Standard & Poors. These ratings provide consistent access to the world's major capital markets at a time when the availability of finance for new projects may be less forthcoming than in the 1980s. RTZ also enjoys the highest available short term credit ratings and continues to obtain extremely competitive terms in its US$1·5 billion commercial paper programme, backed up by medium term committed bank facilities. During the year, this source of finance was augmented by a new Canadian commercial paper programme of up to C$300 million.

World interest rates generally fell during 1991. US dollar short term interest rates in particular fell to the lowest level for nearly 30 years. This was of benefit to RTZ, since the bulk of Group borrowings is denominated in US dollars.

Cash flow

Cash flow from operating activities remained strong at £744 million (1990: £801 million). Capital expenditure for 1991 was £307 million, some 13 per cent higher than in 1990, emphasising RTZ's commitment to long term investment for enhanced shareholder value in both existing operations and new projects. Net cash flow before changes in short term investments and financing was only slightly negative despite the effects of recession. Sound cash management, including a £55 million reduction in net working capital, helped to secure this successful out-turn and keep RTZ well positioned to undertake the substantial capital expenditure programme expected over the next few years.

Operating cash flow £m



Interest rate management

RTZ's normal interest rate management policy is to borrow at floating rates of interest rather than fixing rates for long periods. As the revenues of the Group are largely determined by short term market related pricing, so the cost of RTZ's debt is best determined likewise. Furthermore, short term interest rates are normally lower than long term rates, resulting in lower interest costs to the Group. 1991 saw the termination of $750 million of the fixed interest borrowing arrangements which were set up at the time of the BP Minerals acquisition. This, together with the termination of the remaining $750 million in the second half of 1992, will enable RTZ to gain the full benefit of low US dollar interest rates.

Currency exposure management

RTZ's currency exposure management continues to focus on reducing the possible adverse effect of long term currency changes on shareholder wealth, by diversifying this risk among a wide range of currencies, by decreasing exposure to key currencies to acceptable levels and by structuring the balance sheet to minimize these risks. This prudent long term management of economic exposure may sometimes involve accepting a certain degree of short term accounting exposure, particularly in respect of the US dollar parity against sterling. In 1991, on average, there was little change in the US$/£ relationship, and therefore little impact from this factor on the comparison with 1990 performance.

*Net interest cover**
times covered

**Before exceptional item*

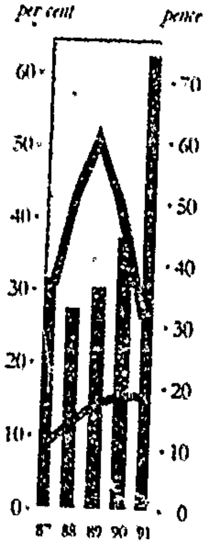
The economic impact of currency changes on shareholder wealth is limited and controlled in a number of ways. First, metal and mineral prices are determined in a basket of currencies, even when they are denominated in US dollars. Whenever the dollar declines, there is generally some partial offsetting increase in US dollar prices. Second, the broad geographical and commodity spread of RTZ's business diversifies its long term exposure amongst a wide range of currencies. Third, RTZ manages its portfolio of cash and debt to take account of the currencies in which its costs and revenues are incurred. In this respect, the US dollar is the most important net revenue exposure and this is offset by dollar debt. If, for example, the dollar weakens, not only does the sterling value of the revenues decrease but the sterling value of the dollar debt to be repaid will also decrease.

Given the volatility and unpredictability of currency movements and the protection provided by the above strategy, RTZ does not believe that an active short term currency hedging programme would provide any additional long term benefits to shareholders.

Dividends

RTZ has a progressive dividend policy such that dividends can normally be increased throughout the business cycle, or at least be maintained when earnings are reduced by recessionary conditions. In keeping with this policy, the recommended final dividend for 1991 is 13·5p per share and brings the total dividend for the year to 19·5p per share, giving a payout ratio of 64 per cent.

Earnings, dividends and payout**



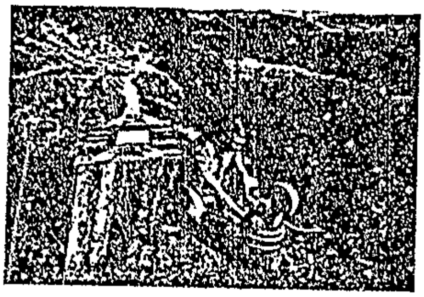
**After exceptional item*

In developing the world's natural resources for the long term benefit of its stakeholders, RTZ seeks to ensure a high standard of operational practice in environment, health and safety affairs and works in close co-operation with host communities on these and other aspects where its companies can provide assistance.

Environment, health and safety

RTZ's Environmental Committee, with a majority of non-executive directors, monitors the effectiveness of the company's environment, health and safety policy and considers how best it may be developed. RTZ's Technical Director has overall responsibility for these matters, and is supported by specialists in the head office. In keeping with RTZ's decentralised philosophy, which is a cornerstone of its environmental policy, operational responsibility for these important and integral aspects of day to day activities is devolved to local company management with full accountability.

Progress was maintained throughout the year in all aspects of the work involved. This varied from continued participation in discussions with authorities about the development of legislation and regulations to the introduction and implementation of appropriate processes and procedures to enhance performance, several of which are outlined in the review of operations.



Routine monitoring of water quality at the Neves Corvo copper and tin mine in southern Portugal.

Environmental studies were begun in 1991 on the WIM 150 minerals sands deposit in Australia and following completion of baseline studies, on a graphite deposit in Namibia where a pilot project has been established. Work was completed by independent experts on 23 specialist reports associated with Richards Bay Minerals' proposed dune mining operation in South Africa and provided to interested and affected parties for review prior to publication, public comment and review by a panel appointed by Government.

Construction of the Flambeau copper mine in the US was delayed by allegations that potential effects on certain Wisconsin endangered species were not adequately addressed in the Wisconsin Department of Natural Resources' original and extensive Environmental Impact Study. The Department is completing a supplemental study on the species involved and their report is expected shortly.

Completion of the £11 million pot room fume treatment plant at Anglesey Aluminium was completed, resulting in significantly lower emission levels. In this regard the smelter's performance is now worldclass. A £20 million project at QIT's plant was approved which will remove solids suspended in the water discharged to the St Lawrence River.

At the Weipa bauxite mine in Australia, new rehabilitation techniques were introduced following comprehensive field research and a detailed fauna management study was initiated. Revegetation of waste dumps at Palabora in South Africa using vermiculite waste proved successful.

Applications for decommissioning licences for the Quirke and Panel uranium facilities

We recognise our responsibilities to the local communities and the impact that our operations can have on them. Honouring these responsibilities and playing an active role in the community are integral to success.

At Richards Bay Minerals, [illegible] Paul [illegible] and rehabilitation supervisor [illegible] monitor rehabilitated forest. Only [illegible] years after [illegible], natural succession is taking place and [illegible] than 80 per cent of indigenous species [illegible] established.

were submitted to the Canadian Atomic Energy Board in the spring of 1991. The applications and closure plans were discussed in formal presentations and working meetings with the authorities and with the residents of Elliot Lake.

Improvements in industrial health and safety continued to be reflected both in significant reductions in injury rates and in national and international awards. At mining and metals operations managed by RTZ the lost time injury frequency rate (per 200,000 hours worked) improved by 32 per cent, from 2·8 in 1990 to 1·9 in 1991. The overall rate is now only about half the average rate for all metal and industrial mineral mines in the US. The improvement reflects continuing safety efforts at all operating sites and notably at Anglesey Aluminium, Morro do Ouro and the Kennecott operations. Kennecott's accident rate has been reduced by 60 per cent since acquisition and now represents only 28 per cent of the average rate for US metal mines.

The installation of new gates at Constable's Flatford Lock in Suffolk – one of many projects funded by the RTZ community affairs programme.

Community affairs

RTZ companies increased their community support during the year. £9·2 million was invested worldwide of which £2·5 million was within the UK, £400,000 above the 1990 level. Support continued across a wide spectrum of projects.

Group companies concentrate on those areas which relate to the needs of the communities in which they operate. In the United Kingdom funding is concentrated on education, the arts, the environment and the promotion of international understanding, with particular emphasis on 'youth and excellence'. Overall, the greatest contribution was once again to education with the funding of numerous projects ranging from academic posts at universities to support for small primary schools in southern Africa.

GROUP PROFIT AND LOSS ACCOUNT

Year ended 31 December 1991

	Note		1991 £m		1990 £m
Group turnover	1		4,885		5,078
Deduct: Share of associated companies			(1,333)		(1,211)
Turnover	1		3,552		3,867
Deduct: Operating costs	2		(3,118)		(3,200)
Operating profit before exceptional item			434		667
Exceptional item	3		(74)		–
Operating profit after exceptional item			360		667
Share of profits less losses of associated companies			245		252
Interest receivable and similar income	5		108		168
			713		1,087
Deduct: Interest payable	6		(151)		(208)
Profit before taxation after exceptional item			562		879
Deduct: Taxation	7		(211)		(302)
Profit after taxation			351		577
Deduct: Attributable to outside shareholders			(43)		(70)
Net profit attributable to RTZ shareholders			308		507
Earnings per ordinary share – before exceptional item		35·7p		51·4p	
– after exceptional item	8	31·1p		51·4p	
Extraordinary items	9		(103)		29
Net profit after extraordinary items			205		536
Dividends to RTZ shareholders	10		(196)		(193)
Retained profit for the year			9		343

MOVEMENTS IN RESERVES

	Note		1991 £m		1990 £m
At 1 January			1,443		1,496
Adjustment on currency translation			17		(331)
Retained profit for the year					
– RTZ Parent		(3)		60	
– Subsidiary companies		34		183	
– Associated companies		(22)		100	
			9		343
Other movements	26		(48)		(65)
At 31 December			1,421		1,443

GROUP BALANCE SHEET

At 31 December 1991

	Note		1991 £m		1990 £m
Fixed assets					
Intangible assets	11		68		50
Tangible assets	12		2,465		2,443
Investments	14		1,031		1,051
			3,564		3,544
Current assets					
Stocks/Inventories	15	677		781	
Debtors/Accounts receivable	16	735		698	
Investments	17	159		309	
Cash at bank and in hand		597		567	
		2,168		2,355	
Creditors due within one year					
Short term debt	19	194		216	
Creditors/Accounts payable	20	694		735	
		888		951	
Net current assets			1,280		1,404
Total assets less current liabilities			4,844		4,948
Creditors due after one year					
Medium and long term loans	21		1,321		1,379
Advance receipts against sales contracts	22		132		132
Provisions for liabilities and charges	23		564		592
Outside shareholders' interests			283		334
			2,544		2,511
Capital and reserves					
Called up share capital	25		112		110
Share premium account	25		1,011		958
Other reserves	26	140		107	
Profit and loss account	26	1,281		1,336	
			1,421		1,443
RTZ shareholders' funds			2,544		2,511

The accounts on pages 31 to 54 were approved by the board of directors on 18 March 1992 and were signed on its behalf by

Derek Birkin
R P Wilson
C R H Bull

GROUP CASH FLOW STATEMENT

Year ended 31 December 1991

	Note		1991 £m		1990 £m
Cash flow from operating activities			744		801
Returns on investments and servicing of finance					
Dividends from associated companies and investments		77		103	
Interest received		101		172	
Interest paid		(159)		(250)	
Dividends paid – to RTZ shareholders		(194)		(193)	
– to outside shareholders		(102)		(47)	
Cash flow from returns on investments and servicing of finance			(277)		(215)
Tax paid			(167)		(221)
Investing activities					
Purchase of property, plant and equipment		(307)		(272)	
Exploration and development expenditure		(68)		(50)	
Purchases of subsidiaries and associated companies	30	(52)		(136)	
Sales of property, plant and equipment		59		24	
Sales of subsidiaries and associated companies		9		48	
Cash flow from long term investing activities			(359)		(386)
Cash flow before changes in short term investments and financing			(59)		(21)
Realisation of short term investments			18		382
Net cash flow before financing			(41)		361
Financing					
Ordinary shares issued		49		12	
Loans received	21	190		832	
Loans repaid	21	(288)		(1,500)	
Cash flow from financing			(49)		(656)
Decrease in cash and cash equivalents	18		(90)		(295)

The reconciliation of operating profit to cash flow from operating activities was as follows:–

	Note	1991 £m	1990 £m
Operating profit		360	667
Depreciation and amortisation		219	221
Exceptional item		74	–
Provisions – against exploration		48	34
– other		22	17
Utilisation of provisions		(33)	(83)
Net change in working capital	30	55	(30)
Other items		(1)	(25)
Cash flow from operating activities		744	801

PRINCIPAL ACCOUNTING POLICIES

1 Basis of Group accounts

The accounts have been prepared in accordance with UK accounting standards (including Financial Reporting Standard No. 1) and consist of the consolidation of the accounts of all subsidiary undertakings (subsidiaries) prepared on the historical cost basis, which does not include the revaluation of fixed assets. The Group's share of post-acquisition earnings and reserves of related undertakings (associated companies), other than those arising on the revaluation of fixed assets, is included.

Details of the principal subsidiary and associated companies are given on pages 53 and 54.

2 Currency translation

Overseas companies' profit and loss accounts are translated into sterling at average rates of exchange. Overseas companies' balance sheets are translated into sterling at year end exchange rates. Certain non-US overseas companies whose functional currency is the US dollar account in that currency. Exchange differences on translation of the net assets of overseas companies less offsetting exchange differences on foreign currency loans financing those net assets are dealt with through reserves. All other exchange differences are dealt with in the profit and loss account.

3 Goodwill

Goodwill represents the difference between the cost of acquisition and the fair value of the net tangible assets acquired. Goodwill is normally written off to reserves in the year of acquisition.

4 Exploration and development

During the initial exploration stage of projects, full provision is made in respect of the costs thereof by charge against profits of the year. Property acquisition costs and entry premiums paid to gain access to areas of interest are carried forward at cost where considered recoverable from resale or development.

Expenditure on projects after they have reached a promising stage, including the costs of extended evaluation programmes to establish their commercial viability, is carried forward and transferred to mining properties if the project proceeds. If a project does not prove viable, all irrecoverable costs associated with the project are written off. Where expenditure is carried forward in respect of a project which will not proceed to commercial development for some time, provision is made against the possibility of non-development by charge against profits over periods of up to seven years. On development, any provisions made in previous years are reversed.

5 Mining properties and leases

Once mining projects have been established as commercially viable, expenditure other than that on buildings, plant and equipment is capitalised under mining properties together with any amounts transferred from exploration and development expenditure and expenditure incurred up to the start of commercial production is amortised against profits on the same basis as buildings, plant and equipment.

6 Capitalisation of interest

Net interest before tax payable on borrowings related to major construction or development projects is normally charged as part of the capital cost up to the start of commercial operations.

7 Depreciation

Depreciation of property, plant and equipment is calculated on a straight line basis with the exception of assets at certain mines which are depreciated on a depletion basis related to extraction. Generally, assets are fully depreciated over the shorter of the remaining economic life of the plant or mine, and twenty years. Depreciation rates for the principal assets of the Group vary between 5 per cent and 10 per cent per annum.

8 Close down and restoration costs

Close down and restoration costs are provided for over the life of mines on a unit of production basis.

9 Stocks

Stocks are valued at the lower of cost and net realisable value. Cost for raw materials and stores is purchase price and for partly processed and saleable products is generally the cost of production, including the appropriate proportion of depreciation and overheads.

10 Deferred tax

Deferred tax is provided using the liability method in respect of all timing differences to the extent that, in the opinion of the directors, they are expected to reverse in the foreseeable future. Material adjustments to amounts provided in earlier years arising from a fundamental change in the basis of taxation are dealt with as extraordinary items. Advance corporation tax is deducted in arriving at the net deferred tax provision to the maximum extent possible. Any remaining advance corporation tax is written off in the profit and loss account.

11 Pensions

The expected cost of pensions in respect of defined benefit pension schemes is charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the schemes. Variations from the regular cost are spread on a straight line basis over the expected average remaining service lives of current employees in the schemes. Pension cost is assessed in accordance with the advice of qualified actuaries.

NOTES TO THE 1991 ACCOUNTS

1 TURNOVER

This comprises sales to third parties at invoiced amounts which vary between ex works and c.i.f. price depending on contract terms. A large proportion of Group products is sold under medium to long term contracts and is included as sales as and when deliveries are made. Group turnover shown in the profit and loss account includes RTZ's share of the turnover of associated companies.

2 OPERATING COSTS

	1991	1990
	£m	£m
Raw materials and consumables	1,383	1,569
Other external charges	589	628
Staff costs (note 28)	748	782
Depreciation and amortisation (note 12)	219	221
Provisions (note 23)	22	17
Exploration and development (note 11)	48	34
Research	17	17
Royalties	5	5
Hire and lease – plant and equipment	14	14
– land and buildings	14	12
Auditor's remuneration £3,782,000 (1990 £3,666,000)	4	4
	3,063	3,303
Deduct:		
– Change in stocks of finished goods and work in progress	99	(50)
– Own work capitalised	(14)	(15)
– Other operating income	(30)	(38)
	3,118	3,200

3 EXCEPTIONAL ITEM

	1991	1990
	£m	£m
Additional depreciation on the Kennecott copper smelter (which for this purpose has been assumed to have a remaining life of four years), following the decision to build a new smelter.	74	–

4 DIRECTORS' EMOLUMENTS

	1991	1990
	£m	£m
Emoluments (including pension scheme contributions) of the directors of the parent company, before tax, were:		
Non executive directors' fees	0·1	0·1
Executive directors:		
Salary and bonus	1·9	1·8
Housing costs and benefits	0·3	0·2
Pension costs for directors and ex-directors	0·2	0·1
Total £2,473,000 (1990 £2,179,000)	2·5	2·2

In addition a termination payment of £0·1m was paid by a subsidiary to a former director.

The basis of remuneration and the levels of bonus are fixed by the Compensation Committee of the Board, made up solely of the non-executive directors of the Company. Executive directors remuneration represents salary for the year (1991) plus a bonus based on the profitability of RTZ and on personal performance in the previous year (1990) approved in 1991. The comparison with 1990 is distorted by costs reflecting the need to attract and house directors of overseas origin and a temporary increase in the number of executive directors pending the retirement of two directors.

The emoluments (excluding pension contributions) of the Chairmen and highest paid director were as follows:

	1991	1990
	£	£
The Chairmen:		
Sir Alistair Frame: non-executive Chairman until 31 May	45,100	207,970
Sir Derek Birkin: executive Chairman from 1 June	254,899	–
Highest paid director, Sir Derek Birkin for the full year (note: included in this figure is the £254,899 paid as Chairman)	461,562	454,837

4 DIRECTORS' EMOLUMENTS continued

The emoluments (excluding pension contributions) of all directors whose duties were wholly or mainly discharged in the UK were as follows:

Scale of emoluments £	1991 No. of directors	1990 No. of directors
5,001 – 10,000	2	–
10,001 – 15,000	–	1
15,001 – 20,000	1	4
20,001 – 25,000	4	2
70,001 – 75,000	1	–
75,001 – 80,000	1	–
100,001 – 105,000	1	
155,001 – 160,000	1	–
190,001 – 195,000	1	–
205,001 – 210,000	–	1
210,001 – 215,000	–	1
215,001 – 220,000	1	1
230,001 – 235,000	1	
260,001 – 265,000	–	1
285,001 – 290,000	–	1
290,001 – 295,000	–	1
330,001 – 335,000	1	
340,001 – 345,000	1	–
450,001 – 455,000	–	1
460,001 – 465,000	1	–

Emoluments of £151,900 from the Company and its subsidiaries and associated companies were waived by nine directors (1990 seven directors waived £115,515). All executive directors have agreed to waive any further fees receivable from the parent company and its subsidiaries and associated companies.

5 INTEREST RECEIVABLE AND SIMILAR INCOME

		1991 £m		1990 £m
Income from fixed asset investments				
– Listed	3		3	
– Non-listed, including interest from associated companies £4 million (1990 £3 million)	8		7	
		11		10
Other interest receivable		97		158
		108		168

Dividends receivable from associated companies, which in the Group profit and loss account are replaced by the Group's share of profits, were £80 million (1990 £67 million).

6 INTEREST PAYABLE

Interest payable by the Group on	1991 £m	1990 £m
Loans not wholly repayable within 5 years	14	38
Loans wholly repayable within 5 years	114	140
Other short term borrowings	30	31
	158	209
Deduct: Amounts capitalised relating to projects during construction	(7)	(1)
	151	208

7 TAXATION

		1991 £m		1990 £m
UK				
Corporation tax – including deferred tax charge £3 million (1990 charge £14 million)	115		116	
Deduct: Relief for overseas taxes	67		46	
		48		70
Advance corporation tax		15		–
		63		70
Overseas				
Overseas taxation – including deferred tax credit £28 million (1990 charge £48 million)		57		147
Associated companies		91		85
		211		302

Current and deferred UK corporation tax has been provided at 33¼ per cent and 33 per cent respectively (1990 35 per cent).

8 EARNINGS PER ORDINARY SHARE

The calculation of earnings per ordinary share is based on the net profit attributable to RTZ shareholders of £308 million (1990 £507 million). Preference dividends are deducted and net earnings are expressed in relation to the weighted average number of ordinary shares in issue during the year of 992 million (1990 986 million). The increase in the average number of shares is largely due to the exercise of warrants during the year.

9 EXTRAORDINARY ITEMS

	Gross £m	Tax £m	1991 Net £m	1990 Net £m
Extraordinary income				
Gain on disposal of businesses and investments	9	(3)	6	34
Extraordinary charges				
Provision for impairment of asset values and losses on closure and disposal:				
RTZ and subsidiaries	(44)	27	(17)	(5)
Share of associates	(92)	–	(92)	–
	(136)	27	(109)	(5)
Net extraordinary (charge)/income	(127)	24	(103)	29

The cash effect of extraordinary items in 1991 was an inflow of £9 million (1990 inflow £34 million).

10 DIVIDENDS TO RTZ SHAREHOLDERS

	Rate per share	1991 £m	Rate per share	1990 £m
Preference				
3·325% 'A' cumulative preference shares of £1 each		0·3		0·3
3·5% 'B' cumulative preference shares of £1 each		0·1		0·1
		0·4		0·4
Ordinary				
Interim dividend on 996 million ordinary shares (1990 – on 987 million shares)	6·00p	59·8	6·00p	59·2
Final dividend on 1,001 million ordinary shares (1990 – on 987 million shares)	13·50p	135·5	13·50p	133·3
		195·3		192·5
		195·7		192·9

The total ordinary dividend for 1991 is equivalent to a gross dividend of 26·0p per share (1990 – 26·0p per share) after including the imputed tax credit of 25 per cent available to UK resident shareholders.

11 EXPLORATION AND DEVELOPMENT

	1991 Total £m	1990 Total £m
At cost less amounts written off		
At 1 January	110	104
Adjustment on currency translation	2	(14)
Expenditure in the year	68	51
Charged against profit for the year	(42)	(31)
Transfers and other movements	(3)	
At 31 December	135	110
Provision/amortisation		
At 1 January	60	66
Adjustment on currency translation	1	(9)
Charge for the year	6	3
At 31 December	67	60
Net balance sheet amount	68	50

12 TANGIBLE ASSETS

	Mining properties and leases	Land and buildings	Plant and equipment	Capital works in progress	1991 Total £m	1990 Total £m
Cost						
At 1 January	572	566	2,521	75	3,734	4,097
Adjustment on currency translation	14	3	43	(4)	56	(616)
Additions	16	43	99	153	311	281
Disposals	(24)	(23)	(48)	–	(95)	(53)
Other subsidiaries acquired, less sold	1	6	15	–	22	34
Transfers and other movements	(20)	98	(37)	(48)	(7)	(9)
At 31 December	559	693	2,593	176	4,021	3,734
Depreciation						
At 1 January	142	210	939	–	1,291	1,265
Adjustment on currency translation	3	3	–	–	6	(186)
Depreciation for the year	21	23	175	–	219	221
Exceptional depreciation	–	–	74	–	74	–
Disposals	–	(5)	(35)	–	(40)	(34)
Other subsidiaries acquired, less sold	–	1	10	–	11	10
Transfers and other movements	(7)	5	(3)	–	(5)	15
At 31 December	159	237	1,160	–	1,556	1,291
Net balance sheet amount	400	456	1,433	176	2,465	2,443

The net balance sheet amount includes the following amounts for freehold and leasehold land (including buildings thereon)

	Land and buildings
Freehold land and buildings	426
Leasehold land and buildings – long lease	19
– short lease	11
	456

13 FIXED ASSET INVESTMENTS: PARENT COMPANY

Cost	Shares in group companies	Loans to group companies	1991 Total £m	1990 Total £m
At 1 January	272	1,266	1,538	1,063
Additions	100	–	100	
Advances/(repayments)	–	(92)	(92)	475
At 31 December	372	1,174	1,546	1,538

14 FIXED ASSET INVESTMENTS: GROUP

Share of net assets/cost less amounts written off	Investments in associated companies	Other investments	1991 Total £m	1990 Total £m
At 1 January	1,018	33	1,051	1,111
Adjustment on currency translation	10	(1)	9	(211)
Group's share of profits less losses retained in associated companies	(22)	–	(22)	100
Additions	5	3	8	74
Disposals and repayments of advances	–	–	–	(20)
Other movements	(14)	(1)	(15)	(3)
At 31 December	997	34	1,031	1,051

Group's share of net assets of associated companies

		1991	1990
Listed shares			
CRA Limited	289,418,420 ordinary shares of $A2 each	677	713
Non-listed shares			
Sociedade Minera de Neves-Corvo S.a.r.l.	7,178,500 shares of Esc 1,000 each	145	151
Minera Escondida Limitada	30 per cent interest	78	64
Richards Bay Minerals:		49	38
Richards Bay Iron and Titanium Limited	22,911,547 ordinary shares of R1 each		
Tisand Limited	7,353,675 ordinary shares of R1 each		
Miscellaneous		48	52
		997	1,018

The Group's investment in associated companies includes, where appropriate, entry premiums on acquisition plus interest capitalised by RTZ during the development period of the relevant mines. At 31 December 1991, this capitalised interest less accumulated amortisation amounted to £31 million (1990 £34 million).

Total ordinary share capital and net debt of associated companies

		Net debt at 31 December 1991
CRA Limited	590,816,151 ordinary shares of $A2 each	$A1,408m
Sociedade Minera de Neves-Corvo S.a.r.l.	14,650,000 shares of Esc 1,000 each	Esc29,333m
Minera Escondida Limitada		US$354m
Richards Bay Minerals:		R742m
Richards Bay Iron and Titanium Limited	45,322,844 ordinary shares of R1 each	
Tisand Limited	15,007,500 ordinary shares of R1 each	

Other investments	1991 At cost less amounts written off £m	1991 Market value of listed shares £m	1990 At cost less amounts written off £m	1990 Market value of listed shares £m
Shares listed on recognised stock exchanges	12	44	11	43
Other shares	22		22	
	34		33	

14 FIXED ASSET INVESTMENTS: GROUP continued

CRA

The consolidated profit and loss account of CRA Limited for the year ended 31 December 1991, stated in accordance with RTZ accounting policies, was as follows:

	1991 $A m	1991 £m	1990 $A m	1990 £m
Sales revenue	4,950		4,594	
Cost of sales	(4,102)		(3,585)	
Operating profit	848		1,009	
Share of profits less losses of associated companies	(62)		44	
Net interest	(70)		(59)	
Profit before tax	716		994	
Taxation	(334)		(371)	
Outside shareholders' interests	20		(58)	
Net profit on ordinary activities	402		565	
RTZ share		87		121

The consolidated balance sheet of CRA Limited at 31 December 1991, stated in accordance with RTZ accounting policies, was as follows:

	1991 $A m	1991 £m	1990 $A m	1990 £m
Intangible assets	214		146	
Tangible assets	4,164		3,961	
Investments	1,105		1,296	
Working capital	365		340	
Net cash less current debt	(85)		(220)	
	5,763		5,523	
Deduct: long term debt	(1,323)		(909)	
provisions	(587)		(492)	
outside shareholders' interests	(452)		(485)	
CRA shareholders' funds	3,401		3,637	
RTZ share		677		713

Adjustment is made to the reserves reported by CRA Limited to reflect RTZ accounting policies. A reconciliation is shown below:

	1991 $A m	1991 £m	1990 $A m	1990 £m
CRA shareholders' funds, as reported	4,005		4,223	
Elimination of unrealised asset revaluation reserves	(263)		(369)	
Goodwill arising on consolidation written off	(326)		(333)	
Other	(15)		116	
CRA shareholders' funds, as adjusted	3,401		3,637	

	1991 £m	1990 £m
15 STOCKS		
Raw materials and purchased components	142	149
Consumable stores	84	95
Work in progress	91	[illegible]
Finished goods and goods for resale	360	400
	677	781
16 DEBTORS		
Trade debtors	492	496
Amounts owed by associated companies	43	27
Other debtors	58	62
Pension prepayments	95	60
Prepayments and accrued income	47	53
	735	698
17 CURRENT ASSET INVESTMENTS		
Listed investments (market value £42 million, 1990 £64 million)	42	64
Other investments (including commercial paper of £28 million, 1990 £45 million)	117	245
	159	309
18 CASH AND CASH EQUIVALENTS		
At 1 January	280	606
Adjustment on currency translation	13	(31)
Outflow in year	(90)	(295)
At 31 December	203	280
Comprising:-		
Cash at bank and in hand	597	567
Deduct: Deposits with an original maturity of more than three months	(312)	(205)
	285	362
Investments	72	101
Bank overdrafts and notes	(154)	(183)
	203	280
19 SHORT TERM DEBT		
Debentures and other loans repayable within twelve months (note 21)	13	9
Bank loans repayable within twelve months (note 21)	27	24
	40	33
Bank overdrafts and notes – secured £33 million (1990 £28 million)	154	183
	194	216
20 CREDITORS DUE WITHIN ONE YEAR		
Trade creditors	189	203
Amounts owed to associated companies	1	4
Other creditors	49	55
Tax on profits	96	111
Other taxation and social security	30	28
Accruals and deferred income	175	183
Dividends payable to outside shareholders of subsidiaries	19	18
Dividend payable to RTZ shareholders	135	133
	694	735

21 MEDIUM AND LONG TERM LOANS

			1991		1990
			£m		£m
At 1 January			1,412		2,414
Adjustment on currency translation			40		(335)
Loans drawn down less repaid					
– Loans drawn down		190		832	
– Loan repayments		(288)		(1,500)	
Total loans drawn down less repaid			(98)		(668)
Subsidiaries acquired, less sold			7		1
At 31 December			1,361		1,412
Deduct: Short term (note 19)			(40)		(33)
			1,321		1,379

Loans at 31 December	Commercial paper	Bank loans	Debentures and other loans	1991 Total £m	1990 Total £m
RTZ Finance BV 11⅝% guaranteed bonds 1993	–	–	53	53	52
RTZ Finance BV 4⅛% guaranteed bonds 1986/97	–	–	52	52	51
US commercial paper (unsecured)	661	–	–	661	602
Canadian commercial paper (unsecured)	128	–	–	128	–
Syndicated bank loans (unsecured)	–	160	–	160	363
Other unsecured	–	109	46	155	195
Secured	–	94	58	152	149
Total indebtedness	789	363	209	1,361	1,412
Deduct: short term (note 19)	–	(27)	(13)	(40)	(33)
	789	336	196	1,321	1,379
Repayable as follows:					
1 – 2 years	–	134	59	193	57
2 – 3 years	579	112	3	694	184
3 – 4 years	210	18	25	253	924
4 – 5 years	–	42	29	71	30
After 5 years, repayable principally before 2001					
– by instalment	–	5	12	17	82
– other than by instalment	–	25	68	93	102
	789	336	196	1,321	1,379

Commercial paper outstanding at 31 December 1991 includes US$1,444 million of US dollar short-term borrowing raised in the commercial paper markets in the US and Canada. The commercial paper borrowings are classified as medium to long-term liabilities as they are backed by two committed standby facilities with groups of banks totalling US$1,593 million extending to 1 May 1994 (US$1,200m) and 13 December 1995 (US$393m). The commercial paper programmes are guaranteed by The RTZ Corporation PLC. The remaining syndicated bank loans of US$300 million are repayable as to $175 million in 1993 and $125 million in 1994.

Of total loans outstanding of £1,321 million at 31 December 1991, £1,256 million was subject to variable market rates of interest, and £65 million was on fixed interest terms at an average rate of 10·0 per cent. Additionally a US$1,500 million interest rate swap was undertaken in 1989 into a fixed interest rate average of 10·1 per cent. Half of this swap expired in 1991 and the remainder will expire in 1992. The RTZ Finance BV guaranteed bonds have been swapped into variable rate debt.

The Group's foreign currency borrowings finance a proportion of the Group's overseas assets, and accordingly adjustments on translation are offset through reserves against translation movements on those assets.

22 ADVANCE RECEIPTS AGAINST SALES CONTRACTS

These represent interest-free customer advances which are secured against project assets on a non-recourse basis.

23 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation	Other provisions	1991 Total £m	1990 Total £m
At 1 January	332	279	611	596
Adjustment on currency translation	3	7	10	(126)
BP Minerals acquired	–	–	–	49
Charged (released) to profit for the year	(20)	22	2	[illegible]
Charged (released) to extraordinary items	(21)	44	23	1
Utilised in year	–	(33)	(33)	(85)
Other subsidiaries acquired, less sold	–	–	–	2
Other movements	(7)	(11)	(18)	[illegible]
	287	308	595	611
Deduct: advance corporation tax recoverable	(31)	–	(31)	(19)
At 31 December	256	308	564	592

Other provisions

Other provisions comprise amounts set aside for future close down, environmental and restoration costs and other deferred cost. These are principally the proportion of estimated close down and restoration costs at Bingham Canyon attributable to past production, and costs of meeting existing environmental standards and orders agreed with the relevant authorities. Provision for the remainder of the costs of closure and restoration at Bingham Canyon will be by annual charge over the expected remaining life of this mine. Included in other provisions utilised in the year is £16 million (1990 £48 million) in respect of costs charged against provisions set up on acquisition.

Deferred taxation

The provision for deferred taxation and the amounts for which provision has not been made are as follows:

	UK tax	Overseas tax	1991 Total £m	1990 Total £m
Provided in accounts				
Accelerated capital allowances	17	282	299	261
Other timing differences	30	(42)	(12)	71
	47	240	287	332
Deduct: Advance corporation tax recoverable	(31)	–	(31)	(19)
	16	240	256	313
Amount unprovided				
Accelerated capital allowances	16	56	72	77
Other timing differences	1	4	5	10
	17	60	77	87
Deduct: Advance corporation tax recoverable	(13)	–	(13)	(15)
	4	60	64	72

24 POST EMPLOYMENT BENEFITS

The Group operates a number of pension schemes around the world. The major schemes are of the defined benefit type with assets held in separate trustee administered funds.

The Group's main UK schemes which cover the majority of UK employees were reviewed by independent qualified actuaries as at 31 March 1991 and 5 April 1991 using the projected unit method. The assumptions which have the most significant effect on the results of the valuation of these schemes are those relating to the rate of return on investments and the rates of increase on salaries and pensions. The rate of growth in dividend income from investments was assumed to be 4½ per cent (1990 4½ per cent). Over the long term the annual rate of return on investments was assumed to be 2 per cent (1990 2 per cent) higher than the annual increase in total pensionable remuneration and 4 per cent (1990 4 per cent) higher than the annual increase in present and future pensions in payment.

At the date of the latest actuarial valuation the market value of the assets of the schemes was £680 million (1990 £674 million), and the actuarial value of the assets was sufficient to cover 14[illegible] per cent (1990 132 per cent) of the benefits that had accrued to members after allowing for expected increases in earnings.

The overseas schemes were assessed at various dates between 28 February 1990 and 31 December 1991. The total market value of the assets at the valuation dates was £501 million (1990 £390 million). The actuarial value of the assets of these schemes was sufficient to cover 116 per cent (1990 122 per cent) of the benefits that had accrued to members after allowing for expected increases in earnings.

The expected remaining service life in the major schemes ranges from 10 to 18 years with an average of 13 years.

Calculations of post retirement health care obligations in accordance with US Financial Accounting Standards Board Statement No. 106 presently indicate that implementation of the standard will not have a material effect on RTZ's consolidated financial position or results of operations.

25 SHARE CAPITAL AND SHARE PREMIUM

	1991 £m	1990 £m
Issued and fully paid share capital		
3·325% 'A' cumulative preference shares of £1 each	8	8
3·5% 'B' cumulative preference shares of £1 each	3	3
Ordinary shares of 10p each	101	99
Total issued share capital	112	110
Unissued share capital		
Unclassified shares of 10p each	30	32
Total authorised share capital	142	142
Share premium		
At 1 January	958	947
Transfer from other reserves	5	–
Arising on exercise of warrants on SF165 million 4⅜% bonds 1986/97	35	–
Premium on other issues of ordinary shares	13	11
At 31 December	1,911	958

During the year the following share issues were made:

- 1,263,801 ordinary shares to holders of ordinary shares under the Scrip Dividend Scheme in respect of the 1990 final dividend and the 1991 interim dividend.

- 1,532,032 ordinary shares on exercise of options under employee share option schemes.

- 85,583 ordinary shares allotted to the trustees of the RTZ 1987 Profit Sharing Scheme.

- 10,636,502 ordinary shares following exercise of warrants for subscription in connection with the issue of SF 165 million 4⅜% bonds 1986/97 by RTZ Finance BV. All warrants were exercised by the end of the exercise period in December 1991.

At 31 December 1991:

- 1,006,805,930 ordinary shares were in issue.

- Share options over 3,689,358 ordinary shares were outstanding under the Executive Share Option Schemes and are exercisable at various dates between January 1992 and October 2001 at prices between 181p and 565p. Share options over 4,800,143 ordinary shares were outstanding under the Savings Related Share Option Schemes and are exercisable at various dates between January 1992 and June 1997 at prices between 109p and 464p.

26 RESERVES

The Group	Other reserves	Profit and loss account	1991 Total £m	1990 Total £m
At 1 January	107	1,336	1,443	[illegible]
Adjustment on currency translation	1	16	17	(33)
Retained profit for year	–	9	9	343
Other movements				
– goodwill written off	–	(31)	(31)	(72)
– transfers and other movements	32	(49)	(17)	–
	32	(80)	(48)	(65)
At 31 December	140	1,281	1,421	1,443
RTZ and subsidiaries	15	847	862	858
Associated companies	125	434	559	585
	140	1,281	1,421	1,443

A substantial proportion of Group reserves is in overseas subsidiaries and associated companies. If available overseas reserves were distributed, there would be a liability to overseas withholding taxes and UK corporation tax which would, however, be reduced by double taxation relief. No provision is made in these accounts for any such additional tax.

At 31 December 1991, cumulative goodwill written off amounted to £1,382 million (1990 £1,325 million). Cumulative goodwill less pro forma cumulative amortisation amounted to £1,224 million (1990 £1,209 million).

RTZ Parent company	Other reserves	Profit and loss account	1991 Total £m	1990 Total £m
At 1 January	7	656	663	603
Transfer to share premium	(5)	–	(5)	–
Retained profit for year	–	(3)	(3)	60
At 31 December	2	653	655	663

Profit for the year dealt with in the profit and loss account of the RTZ Parent company amounted to £193 million (1990 £253 million). As permitted by section 230 of the Companies Act 1985, no profit and loss account for the RTZ Parent company is shown.

27 COMMITMENTS AND CONTINGENCIES

	1991 RTZ Parent £m	1991 The Group £m	1990 RTZ Parent £m	1990 The Group £m
Capital expenditure authorised by the appropriate boards and outstanding at 31 December				
– contracted	nil	51	nil	77
– not contracted	nil	140	nil	137
Syndicated bank loan guarantee	160	nil	363	nil
Commercial paper guarantees	789	nil	602	nil
Other guarantees	144	79	243	156

No loss is expected in respect of the contingent liabilities included above, or on other guarantees and undertakings which cannot be quantified.

Group companies are involved in various legal actions throughout the world, which are not expected to result in material loss to the Group.

Although not a capital commitment at 31 December 1991, a decision to approve a US$880 million new copper smelter and refinery expansion at Kennecott's Utah copper operation in the US was announced on 12 March 1992.

28 EMPLOYEES

	1991 Number	1990 Number
The average number of Group employees, including those of associated companies, within each category was		
Mining and Metals	34,744	34,91[illegible]
Industrial Minerals	6,352	8,444
Industrial Products	24,930	26,46[illegible]
Administration including Group services, exploration and research	7,469	8,050
Total	73,495	77,866
The principal locations of employment were		
Subsidiaries:		
United Kingdom	13,178	14,417
United States of America	11,765	11,958
Africa	9,541	10,610
Canada	7,312	8,665
Mainland Europe	2,913	2,855
Other countries	2,847	2,071
	47,556	50,006
Associated companies:		
Australia and New Zealand	14,295	17,518
Mainland Europe	1,712	1,623
United States of America	1,256	1,275
United Kingdom	905	1,046
Other countries	7,771	6,398
	25,939	27,860
Total	73,495	77,866
Employment costs, which exclude those of associated companies, were		
Wages and salaries	677	720
Social security costs	75	69
Other pension costs	(4)	(7)
	748	782

Other pension costs include the effect of the amortisation of pension surpluses and deficits including a reduction in regular cost on UK schemes of £40 million (1990 £35 million).

29 NOTIFIABLE TRANSACTIONS

1. Mr D Edwards and Mr L A Davis (following his arrival from Australia) each occupied, without payment of rent, accommodation in central London under one year licence arrangements granted by a subsidiary company. The values, based on the estimated market rents were £17,333 and £25,243 respectively.

2. The interest in a UK subsidiary company was sold during the year to Mr R T Salter and Mr L J P Wallace, directors of the subsidiary, for a consideration of £20,000. An interest free loan to the subsidiary of £100,000 is repayable 5 years from the date of completion of the sale. The terms of the transaction were reported by the auditors to be fair and reasonable.

30 GROUP CASH FLOW STATEMENT

		Adjustment on currency translation	Subsidiaries sold less acquired	Cash flow	Total movement £m
Balance sheet movement in net current assets					
Stocks		10	8	(122)	(104)
Debtors		5	7	25	37
Creditors		(7)	(6)	54	41
		8	9	(43)	(26)
Current asset investments		4	–	(154)	(150)
Cash at bank and in hand		7	1	22	30
Short term debt		2	(6)	26	22
		13	(5)	(106)	(98)
Increase/(decrease) in net current assets	1991	21	4	(149)	(124)
Stocks		(113)	7	32	(74)
Debtors		(80)	10	(100)	(170)
Creditors		80	(5)	135	210
		(113)	12	67	(34)
Current asset investments		(18)	–	(62)	(80)
Cash at bank and in hand		(46)	3	(568)	(611)
Short term debt		29	(7)	18	40
		(35)	(4)	(612)	(651)
Increase/(decrease) in net current assets	1990	(148)	8	(545)	(685)

Cash flow from working capital comprises:

	1991 £m	1990 £m
(Increase)/decrease in stocks, debtors and creditors	43	(67)
Decrease in tax payable	14	45
Increase in dividends payable	(4)	–
(Increase)/decrease in non operating debtors and creditors	2	(8)
(Increase)/decrease in working capital	55	(30)

Acquisition expenditure on subsidiaries and associated companies was as follows:

	1991 £m	1990 £m
Fixed assets	11	24
Current assets		
Stocks	8	7
Debtors	7	10
Cash	1	3
	16	20
Creditors due within one year		
Short term debt	(6)	(7)
Creditors	(6)	(5)
	(12)	(12)
Net current assets	4	8
Total assets less current liabilities	15	32
Creditors due after one year		
Medium term loans	(7)	(1)
Provisions	–	(2)
Net assets of subsidiaries acquired	8	29
Goodwill	31	29
Cash consideration for acquisitions of subsidiaries	39	58
Cash at bank and in hand acquired	(1)	(3)
Short term debt acquired	6	7
Acquisition of associated companies	8	74
Cash outflow on purchase of subsidiaries and associates	52	136

31 CURRENCY ANALYSIS OF NET DEBT

	Wholly owned sub-sidiaries £m	Partly owned sub-sidiaries £m	1991 Total £m	1990 Total £m
Currency analysis of borrowings				
Total outstanding indebtedness is repayable in the following currencies:				
Sterling	80	33	113	131
United States dollar	964	170	1,134	1,174
Canadian dollar	40	79	119	119
French franc	65	–	65	74
South African rand	–	42	42	44
Other currencies	30	12	42	53
	1,179	336	1,515	1,595
Currency analysis of cash balances				
Current asset investments and cash balances are held in the following currencies:				
Sterling	506	4	510	545
United States dollar	105	25	130	117
Canadian dollar	6	53	59	165
French franc	3	–	3	3
South African rand	2	21	23	15
Other currencies	17	14	31	31
	639	117	756	876

PARENT COMPANY BALANCE SHEET

At 31 December 1991

	Note		1991 £m		1990 £m
Fixed assets					
Investments	13		1,546		1,538
Current assets					
Amounts owed by group companies		782		592	
Prepayments		18		8	
		800		600	
Creditors due within one year					
Amounts owed to group companies		370		212	
Redeemable unsecured floating rate loan notes		6		–	
Taxation		50		45	
Other creditors		2		3	
Dividend payable		135		133	
		563		393	
Net current assets			237		207
Total assets less current liabilities			1,783		1,745
Creditors due after one year					
Redeemable unsecured floating rate loan notes			–		[illegible]
Provision for deferred taxation			5		–
			1,778		1,731
Capital and reserves					
Called up share capital	25		112		110
Share premium account	25		1,011		958
Other reserves	26		2		7
Profit and loss account	26		653		656
			1,778		1,731

The accounts on pages 31 to 54 were approved by the board of directors on 18 March 1992 and were signed on its behalf by

Derek Birkin
R P Wilson
C R H Bull

Assets, turnover, profit before tax and net profit attributable to RTZ shareholders

	1991		1990		1991		1990	
	£m	%	£m	%	£m	%	£m	%
	Group operating assets				Group turnover			
Mining and Metals								
Copper and gold	1,787	36·7	1,692	35·1	886	18·1	929	18·3
Iron ore	253	5·2	231	4·8	301	6·2	217	4·3
Coal and uranium	595	12·2	585	12·1	376	7·7	387	7·6
Aluminium	297	6·1	316	6·6	438	9·0	465	9·2
Lead and zinc	95	2·0	105	2·2	209	4·3	236	4·6
Tin	–	–	3	[illegible]	11	0·2	10	0·2
	3,027	62·2	2,932	60·8	2,221	45·5	2,244	44·2
Industrial Minerals	1,135	23·3	1,112	23·1	938	19·2	954	18·8
	4,162	85·5	4,044	83·9	3,159	64·7	3,198	63·0
Industrial Products	706	14·5	776	16·1	1,726	35·3	1,880	37·0
Total	4,868		4,820		4,885		5,078	
	Profit before tax				Net profit attributable to RTZ shareholders			
Mining and Metals								
Copper and gold	337	45·9	401	42·6	190	44·4	232	43·0
Iron ore	163	22·2	111	11·8	97	22·6	68	12·6
Coal and uranium	75	10·2	110	11·7	28	6·5	33	6·1
Aluminium	10	1·4	58	6·2	2	0·5	36	6·6
Lead and zinc	(13)	(1·8)	21	2·2	(7)	(1·6)	12	2·2
Tin	(6)	(0·9)	(28)	(2·9)	(2)	(0·5)	(12)	(2·1)
	566	77·0	673	71·6	308	71·9	369	68·4
Industrial Minerals	203	27·6	261	27·7	140	32·7	169	31·4
	769	104·6	934	99·3	448	104·6	538	99·8
Exploration and development	(86)	(11·7)	(70)	(7·5)	(55)	(12·8)	(40)	(7·4)
	683	92·9	864	91·8	393	91·8	498	92·4
Industrial Products	52	7·1	77	8·2	35	8·2	41	7·6
	735		941		428		539	
Exceptional item	(74)		–		(46)		–	
Corporate costs	(12)		9		(21)		9	
Net finance charges	(87)		(71)		(53)		(41)	
Total	562		879		308		507	

GEOGRAPHICAL ANALYSIS

Assets, turnover, profit before tax and net profit attributable to RTZ shareholders

	1991 £m	1991 %	1990 £m	1990 %	1991 £m	1991 %	1990 £m	1990 %
	Group operating assets				Group turnover			
United States of America	1,376	28·3	1,396	29·0	1,218	24·9	1,317	25·9
Australia and New Zealand	793	16·3	766	15·9	966	19·8	910	17·9
Africa	473	9·7	489	10·1	455	9·3	447	8·8
Mainland Europe	451	9·3	387	8·0	318	6·5	360	7·1
Canada	1,022	21·0	1,065	22·1	726	14·9	854	16·8
United Kingdom	376	7·7	460	9·5	995	20·4	1,077	21·2
Other countries	377	7·7	257	5·4	207	4·2	113	2·3
	4,868		4,820		4,885		5,078	
	Profit before tax				Net profit attributable to RTZ shareholders			
United States of America	223	30·9	323	34·0	163	40·1	239	43·7
Australia and New Zealand	183	25·3	212	22·3	106	26·0	136	24·8
Africa	155	21·4	211	22·2	52	12·8	52	9·6
Mainland Europe	40	5·5	61	6·4	27	6·6	40	7·4
Canada	41	5·7	90	9·4	20	4·9	57	10·4
United Kingdom	20	2·8	40	4·3	(2)	(0·5)	18	3·2
Other countries	61	8·4	13	1·4	41	10·1	6	0·9
	723		950		407		548	
Exceptional Item	(74)		-		(46)		-	
Net finance charges	(87)		(71)		(53)		(41)	
	562		879		308		507	
	Analysis of sales by destination							
United States of America	1,160	23·7	1,347	26·5				
United Kingdom	999	20·5	1,082	21·3				
EC countries (other than UK)	719	14·7	777	15·3				
Japan	530	10·9	514	10·1				
Canada	360	7·4	387	7·6				
Australia and New Zealand	352	7·2	339	6·7				
Developing countries	313	6·4	282	5·6				
Western Europe (non EC)	72	1·5	61	1·2				
Other countries	380	7·7	289	5·7				
	4,885		5,078					

Notes

1 Turnover excludes all intra-group sales. 1990 amounts have been restated to this basis.

2 Group operating assets employed represents total operating assets, including the Group's share of operating assets of associated companies, less current liabilities. Excluded from the analyses of Group assets are net financial liabilities of £24 million (1990 net financial assets of £128 million).

3 All finance costs, including share of associated companies' finance costs are shown in net finance charges.

Segment results are therefore:
– profit before tax: operating profit of subsidiaries and RTZ's share of operating profit of associated companies
– net attributable earnings: RTZ's share of subsidiaries and associated companies' operating profit after tax.

PRODUCT AND GEOGRAPHICAL ANALYSES
ASSOCIATED COMPANIES

Share of associated companies' operating assets employed, turnover and profit before tax included in the product analysis on page 50

	1991 £m	1990 £m	1991 £m	1990 £m	1991 £m	1990 £m
	Operating assets		Turnover		Profit before tax	
Mining and Metals						
Copper and gold	486	422	150	118	69	31
Iron ore	244	231	301	217	163	111
Coal and uranium	176	136	170	146	24	14
Aluminium	223	229	298	314	15	52
Lead and zinc	82	86	202	225	(15)	21
Industrial Minerals	243	209	174	156	64	65
	1,454	1,313	1,295	1,176	320	294
Exploration and development					(38)	(36)
					282	258
Industrial Products	7	3	38	35	1	(6)
Corporate costs	–	–	–	–	4	27
Net finance charges	–	–	–	–	(42)	(27)
	1,461	1,316	1,333	1,211	245	252

Share of associated companies' operating assets employed, turnover and profit before tax included in the geographical analysis on page 51

	Operating assets		Turnover		Profit before tax	
United States of America	45	50	69	78	(8)	(2)
Australia and New Zealand	751	717	889	825	179	208
Africa	164	130	99	87	39	38
Mainland Europe	257	264	122	162	24	39
Other countries	244	155	154	59	53	(4)
Net finance charges	–	–	–	–	(42)	(27)
Total	1,461	1,316	1,333	1,211	245	252

Excluded from the analyses of operating assets is the Group's share of associates' net financial liabilities of £464 million (1990 net £298 million)

RTZ PRINCIPAL SUBSIDIARY COMPANIES

At 31 December 1991

Company and country of incorporation principal activities (see notes 1 and 2 on page 54)	Class of shares held	Proportion of class held %	RTZ interest %
United Kingdom			
Borax Consolidated Limited Holding and management company	Ordinary £1	100	100
Anglesey Aluminium Limited Production of primary aluminium	Ordinary £1	51·0	51·0
R.T.Z. Pillar Limited Holding and management company	Ordinary £1	100	100
Pillar Building Products Limited Aluminium, steel and other products for construction	Ordinary £1	100	100
Pillar Electrical PLC Electrical products and systems for buildings	Ordinary 25p	100	100
Pillar Engineering Limited Automotive and general engineering; distribution and aviation support	Ordinary 10p	100	100
RTZ Finance plc Holding of short term investments	Ordinary £1	100	100
United States of America			
Kennecott Corporation Copper and gold mining, exploration	Common US$·01	100	100
United States Borax & Chemical Corporation Mining, refining, marketing of borax, exploration and research	Common US$1	100	100
US Silica Sand for glass products and metal castings; specialty clays	Common	100	100
Canada			
Rio Algom Limited Mining of copper, coal, uranium and potash, exploration; metals distribution	Common	51·5	51·5
Indal Limited Building products, manufacturing and engineering	Common	100	100
QIT-Fer et Titane Inc Titanium dioxide feedstock, high purity iron and steel	Common Can$100 Class 'A' Preferred	100	100
Namibia			
Rössing Uranium Limited (note 3) Uranium mining	'B'R1 'C'10c	53·0 53·5	46·5
South Africa			
Palabora Mining Company Limited Copper mining, smelting and refining	R1	64·9	38·9
Zimbabwe			
Rio Tinto Zimbabwe Limited Gold and emerald mining	Ordinary Z$0c	56·04	56·04

RTZ PRINCIPAL ASSOCIATED COMPANIES

At 31 December 1991

Company and country of incorporation principal activities	Class of shares held	Proportion of class held %	RTZ interest %
Australia			
CRA Limited Holding, management and exploration company	Ordinary $A2	49·0	49·0
Subsidiaries and associated companies of CRA			
Pasminco Limited (40% owned by CRA) Lead, zinc and silver mining and smelting			19·6
Kembla Coal & Coke Pty Limited (100% owned by CRA) Coal mining and coke production			49·0
Comalco Limited (67% owned by CRA) Bauxite mining; alumina production; primary aluminium smelting; aluminium fabrication			32·8
Hamersley Holdings Limited (100% owned by CRA) Iron ore mining			49·0
New Zealand			
New Zealand Aluminium Smelters Limited (79·4% owned by Comalco Limited) Aluminium smelting			26·1
United States of America			
Commonwealth Aluminum Corporation (100% owned by Comalco Limited) Smelting and processing of aluminium			32·8
Chile			
Minera Escondida Limitada Copper mining			30·0
Portugal			
Sociedade Mineira de Neves-Corvo S.a.r.l. Copper and tin mining	Esc. 1,000	49·0	49·0
South Africa			
Richards Bay Minerals			50·0
Richards Bay Iron and Titanium Limited	R1	50·5	
Tisand Limited	R1	49·0	
Titanium dioxide feedstock, zircon and rutile			

Notes

1 The RTZ Group comprises a large number of companies and it is not practical to include all of them in this list. The list therefore only includes those companies which principally affect the profit or assets of the Group.

All companies operate mainly in the countries in which they are incorporated except where otherwise shown.

2 Apart from the subsidiaries of CRA, RTZ's interest in each of the companies shown is held by subsidiary companies of RTZ or their nominees.

3 The Group holding of shares in Rössing Uranium Limited carries 26·5 per cent of the total voting rights. Rössing is consolidated by virtue of Board control.

CONTRIBUTION TO NET PROFIT ATTRIBUTABLE TO RTZ SHAREHOLDERS

	RTZ interest %	1991 £m	1990 £m
Kennecott	100	110	165
RTZ Borax	100	76	83
RTZ Iron and Titanium	100	30	56
RTZ Pillar	100	31	37
RTZ Aluminium (including Anglesey Aluminium 51%)	100	(3)	3
CRA	49·0	87	121
Escondida	30·0	30	–
Palabora Mining Company	38·9	19	20
Rio Algom	51·5	11	19
Somincor	49·0	10	18
Rössing Uranium	46·5	–	9
Other operations less miscellaneous costs		(25)	(3)
Net interest		(22)	(21)
Exceptional item		(46)	–
TOTAL		308	507

Contributions of wholly-owned subsidiaries represent their operating profits after tax but before exceptional item and finance charges, which together with those of the RTZ Parent, are shown separately net of tax. Contributions of partly-owned companies are shown net of their finance charges and tax.

REPORT OF THE AUDITOR

To the members of
The RTZ Corporation PLC

We have audited the accounts set out on pages 31 to 54 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the Company and the Group at 31 December 1991 and of the profit and cash flows of the Group for the year ended on that date and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand Deloitte.

Coopers & Lybrand Deloitte
Chartered Accountants and Registered Auditor
London 18 March 1992

FINANCIAL SUMMARY 1982–1991

£ million	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
Turnover	2,423	2,822	3,368	3,376	3,337	3,626	3,924	4,832	3,867	3,552
Share of associated companies	723	908	1,234	1,271	1,008	899	1,004	1,324	1,211	1,333
Group turnover	3,146	3,730	4,602	4,647	4,345	4,527	4,928	6,156	5,078	4,885
Exceptional item	–	–	–	–	–	–	–	–	–	(74)
Operating profit	256	336	461	540	522	543	704	866	667	360
Profits less losses of associated companies	72	134	132	183	105	111	187	339	252	245
Net interest	(35)	(23)	(22)	(22)	(32)	(40)	(12)	(101)	(40)	(43)
Profit before tax	293	447	571	701	595	614	879	1,104	879	562
Tax	(125)	(199)	(283)	(318)	(271)	(252)	(321)	(418)	(302)	(211)
Outside interests	(40)	(49)	(58)	(97)	(80)	(78)	(133)	(98)	(70)	(43)
Net profit attributable to RTZ	128	199	230	286	244	284	425	588	507	308
Extraordinary items	(20)	(2)	(32)	(26)	(21)	2	354	241	29	(103)
Earnings per ordinary share										
Before exceptional item	18·7p	27·0p	29·3p	36·4p	31·0p	36·0p	53·4p	63·1p	51·4p	35·7p
After exceptional item	18·7p	27·0p	29·3p	36·4p	31·0p	36·0p	53·4p	63·1p	51·4p	31·1p
Dividends per ordinary share	6·40p	7·20p	8·00p	8·80p	9·40p	11·50p	15·00p	18·50p	19·50p	19·50p
Gross equivalent to UK shareholders	9·14p	10·28p	11·43p	12·45p	12·98p	15·45p	20·00p	24·67p	26·00p	26·00p
Assets employed										
Fixed assets	1,316	1,508	1,696	1,511	1,729	1,551	1,426	2,870	2,493	2,533
Investments	591	645	714	643	688	818	833	1,111	1,051	1,031
Working capital	677	555	727	583	770	579	739	778	744	718
Net cash less current debt	79	402	315	78	139	62	449	1,311	660	562
	2,663	3,110	3,452	2,815	3,326	3,010	3,447	6,070	4,948	4,844
Less: long term debt	560	633	712	581	849	669	622	2,306	1,379	1,321
Advance receipts	139	200	231	167	157	128	143	160	132	132
Provisions	361	323	379	270	332	266	299	683	592	564
Outside interests	322	356	388	316	371	342	331	369	334	283
RTZ shareholders' funds	1,281	1,598	1,742	1,481	1,617	1,605	2,052	2,552	2,511	2,544
Expenditure on exploration	46	44	42	36	23	17	13	56	50	68
Expenditure on fixed assets	221	280	264	312	266	234	254	345	272	307
Net acquisition expenditure	205	44	170	210	163	186	(392)	1,413	88	43

Notes

1 Changes in accounting policy: adjustments have been made to the reported figures for the years 1982-88 in respect of the change to average rate for profit and loss translation and for the years 1982 to 1984 in respect of goodwill.

2 Adjustment has also been made to the reported figures for the years 1982 to 1985 to state RTZ's investment in CRA on an equity accounting basis, following RTZ's reduction in interest to 49 per cent in October 1986, together with adjustments to exclude asset valuations previously incorporated.

3 Appropriate adjustments have been made to earnings per ordinary share as reported to allow for the effect of the rights issues made in 1983 and 1989.

4 Earnings per share and dividends per share have been adjusted for the sub-division and consolidation of ordinary shares in 1987.

FINANCIAL HIGHLIGHTS IN US DOLLARS

Financial highlights under UK GAAP	1991 $m	[illegible]
Group turnover	8,646	[illegible]
Net attributable earnings	545	[illegible]
Earnings per share	55·9c	92·4c
Net earnings after extraordinary items	363	959
Total assets less current liabilities	9,058	9,549
Net debt	1,419	1,390
RTZ shareholders' funds	4,757	4,846

RECONCILIATION WITH FINANCIAL STATEMENTS PREPARED UNDER US GAAP (See page 58)

US accounting principles
The following are the main US accounting principles which differ from those generally accepted in the United Kingdom.

Goodwill
Under UK GAAP, goodwill may be written off directly to reserves. Under US GAAP, goodwill is capitalised and amortised by charges against income over the period in which it is estimated it will be of benefit. Goodwill previously written off directly to reserves in the accounts has been reinstated and amortised over periods up to 40 years for the purpose of the reconciliation statement.

Deferred tax
Under UK GAAP provision is made for deferred tax under the liability method where in the opinion of the directors it is probable that a tax liability will become payable within the foreseeable future.

Under the US Statement of Financial Accounting Standard No. 96, Accounting for Income Taxes, which has been adopted for the purpose of the reconciliation statement, deferred tax is provided in full on the liability basis and excludes the recognition of certain deferred tax assets.

Extraordinary items
Under UK GAAP, the costs or credits relating to the cessation or disposal of business segments are classified as extraordinary items. Under US GAAP, the costs or credits on cessation or disposal of businesses are accounted for within discontinued operations

Ordinary dividends
Under UK GAAP, ordinary dividends are provided for in the financial year in respect of which they are recommended by the Board of Directors for approval by the shareholders. Under US GAAP, such dividends are not provided for until formally declared by the Board of Directors.

Retirement benefits
Statement of Financial Accounting Standard No. 87 requires a standardised method to be used for measuring net periodic pension costs, which differs in a number of respects from UK GAAP.

Stock option plans
Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, requires the cost, being the difference between the option price and the market value of the stock at the accounting date, of share options granted to employees to be charged to the profit and loss account over the period in which the employees perform the related services.

RECONCILIATION WITH FINANCIAL STATEMENTS PREPARED UNDER US GAAP continued

The application of accounting principles generally accepted in the United States would have had the following approximate effect on net earnings after extraordinary items, earnings per share and shareholders' funds:

	Years ended December 31			
	1991	1990	1991	1990
	£m	£m	$m	$m
Net earnings after extraordinary items as reported under UK GAAP	205	536	363	959
Increase (decrease), net of taxation where applicable, in respect of:				
Goodwill amortisation	(45)	(42)	(80)	(75)
Deferred taxation	14	21	25	37
Associated companies' deferred taxation	15	(19)	27	(34)
Pensions	(8)	(10)	(14)	(18)
Associated companies' pensions	(10)	(3)	(18)	(5)
Other	–	1	–	2
Approximate net income under US GAAP	171	484	303	866
Per ordinary share under US GAAP	17·1p	48·9p	30·3c	87·5c

	£m	£m	$m	$m
RTZ shareholders' funds as reported under UK GAAP	2,544	2,511	4,757	4,846
Increase (decrease), net of taxation where applicable, in respect of:				
Goodwill	1,262	1,247	2,360	2,406
Deferred taxation	(33)	(46)	(61)	(89)
Associated companies' deferred taxation	(8)	(24)	(15)	(46)
Proposed dividend	135	133	252	257
Pensions	(15)	(7)	(28)	(14)
Associated companies' pensions	15	24	28	46
Other	–	(3)	–	(6)
RTZ shareholders' equity under US GAAP	3,900	3,835	7,293	7,400

Income statement items have been translated into US dollars at the following average rates of exchange	1·77	1·79
Balance sheet items have been translated into US dollars at the following closing rates of exchange on 31 December	1·87	1·93

REPORT OF THE DIRECTORS

Year ended 31 December 1991

Activities and review of operations

The principal activities of Group companies are outlined in the Review of 1991 on pages 10 to 30.

Directorate of RTZ

The present directors of the company are shown on pages 8 and 9.

Lord Alexander of Weedon was appointed a director on 1 January 1991, Mr R Adams and Mr L A Davis were appointed directors on 1 June 1991 and Mr C R H Bull was appointed a director on 19 August 1991. In accordance with the articles of association Mr Adams and Mr Bull, who each have service contracts with a subsidiary company which are determinable by three years' notice by either party, retire and offer themselves for re-election. Mr Davis who does not have a service contract of more than one year's duration with the Company or any subsidiary company also retires and offers himself for re-election. Mr M Littman and Sir Anthony Tuke retired at the annual general meeting on 23 May 1991, Mr D Edwards retired on 1 September 1991 and Mr A E Buxton retired on 15 January 1992. Sir Alistair Frame retires by rotation and, being eligible, offers himself for re-election. Sir David Orr also retires by rotation but does not offer himself for re-election.

No director had a material interest in any contract of significance subsisting at the end of or during the year involving any Group company.

The interests in and options on shares and other securities of Group companies of directors and their families are shown on page 61.

Dividends

The directors recommend a final ordinary dividend of 13·50p per share (1990: 13·50p) payable on 1 July 1992 making, with the interim dividend of 6·00p per share paid in December 1991, a total of 19·50p per share (1990: 19·50p), equivalent to 26·00p gross (1990: 26·00p). This dividend will also be paid on or after 1 July 1992 to holders of share warrants to bearer representing ordinary shares after presentation of coupon 66.

The directors have declared a dividend of 1·6625p per share on the 3·325 per cent 'A' cumulative preference shares, and a dividend of 1·75p per share on the 3·5 per cent 'B' cumulative preference shares, both in respect of the half-year to 30 June 1992. This dividend will also be paid on or after 1 July 1992 to holders of share warrants to bearer representing 'B' cumulative preference shares after presentation of coupon 60.

Scrip dividend scheme

Over 32,000 shareholders elected to receive a total of nearly 1.3 million ordinary shares in lieu of cash in respect of the final dividend for 1990 and the interim dividend for 1991. Shareholders are being offered a similar choice in respect of the final dividend for 1991 and details can be found in the separate letter to shareholders enclosed with this report.

Employment policies

RTZ Group companies employ approximately 73,000 people world wide, with around 14,000 in the United Kingdom (note 28 to the accounts, page 46).

Reflecting its overall philosophy of decentralisation, RTZ does not impose a uniform policy on employee involvement. However it encourages each operating company to develop its own employee involvement policies and practices to suit individual circumstances. Group companies recognise their obligations to comply with health and safety legislation and by training and communication encourage employee awareness of the need to create and secure a safe and healthy working environment. Management development and succession planning are regularly reviewed.

RTZ promotes the RTZ Savings-Related Share Option Scheme ('the Scheme') which enables UK eligible employees to participate in the growth of the RTZ Group. During the year, shareholders approved an amendment to the rules of the Scheme to increase the monthly savings limit from £150 to £250, in accordance with the provisions of the Finance Act 1991. A subsequent offer made to eligible employees met with a most encouraging response. There are now nearly 4,000 UK employees in the Scheme and options outstanding cover more than 4·7 million shares. Details of the options granted and exercised under the Scheme, the Executive Share Option Scheme and shares appropriated under the RTZ Profit Sharing Scheme are set out in note 25 to the accounts (page 44).

Group companies in the UK employ disabled people accepting the need to maintain and develop careers for them. If an employee becomes disabled whilst in employment and, as a result, is unable to perform his or her duties every effort is made to offer suitable alternative employment and assist with retraining. Retirement pensions and benefits to dependants are provided by RTZ and its major subsidiaries in accordance with local conditions and good practice in the country concerned.

Copies of the annual report on employment practices in South Africa made to the Department of Trade and Industry for the year to 30 June 1991, in accordance with the EC Code of Conduct for companies with interests in South Africa, are available on request from the Secretary.

Donations

Reference is made on pages 28 to 30 to donations and community involvement throughout the Group. Donations in the UK made by Group companies during 1991 amounted to a total of £2,542,000 of which £987,000 was for charitable purposes as defined by the Companies Act 1985 and £1,555,000 for other community purposes. As in previous years no donations were made in the UK by Group companies during 1991 for political purposes as defined by the Companies Act 1985.

Insurance for directors and officers

The Company maintains directors' and officers' liability insurance which provides insurance cover for directors and other officers of Group companies against certain personal liabilities which they may incur by reason of their duties as directors and officers.

Share capital

Details of changes in the share capital during the year and the number of ordinary shares reserved for issue at the year end are shown in note 25 to the accounts (page 44).

Details of substantial interests in RTZ are given on page 61. Apart from these holdings, the directors have not been notified of any interest of 3 per cent or more of the issued voting capital of the Company.

REPORT OF THE DIRECTORS

Year ended 31 December 1991

Value of land

Group companies' interests in land consist mainly of leases and other rights which permit the working of such land and the erection of buildings and equipment thereon for the purpose of extracting and treating metals and minerals. Such land is mainly carried in the accounts at cost, and it is not possible to estimate the market value since this depends on product prices over the next twenty years or longer, which will vary with market conditions. Group companies also hold other land principally for industrial purposes; the difference, if any, between market and book values is not material in the context of Group companies' operations overall.

Exploration, research and development

Companies within the Group carry out exploration, research and development necessary to support their activities. Grants are also made to universities and other institutions which undertake research on subjects relevant to the activities of Group companies. A description of some aspects of the work currently being undertaken and expenditure involved is provided in the Review of 1991. Expenditure during the year excluding that of related companies was £68 million for exploration and £17 million for research.

Future developments

Apart from projects under construction and other developments which are described in the Chairman's and Chief Executive's Letter to Shareholders and the Review of 1991 on pages 2 to 5 and 10 to 30, developments in the RTZ Group will depend upon the outcome of exploration programmes currently being undertaken, the success in identifying and pursuing investment opportunities, and organic growth within RTZ Group companies

Events since the end of the year

Details of other important events affecting the Group since the end of the year are set out in the Chairman's and Chief Executive's Letter to Shareholders and the Review of 1991 on pages 2 to 6 and 10 to 30

Auditor

Coopers & Lybrand Deloitte have indicated their willingness to continue in office and a resolution will be proposed at the annual general meeting re-appointing them as auditor.

Annual General Meeting

The Notice of the 1992 Annual General Meeting is set out in the separate letter to shareholders enclosed with this report. This includes the following items of special business:

(i) renewal of certain authorities allowing directors to allot shares
(ii) renewal of scrip dividend scheme

Income and Corporation Taxes Act 1988

The close company provisions of the Income and Corporation Taxes Act 1988 do not apply to RTZ.

By order of the Board,
F S Wigley
Secretary
18 March 1992.

F Wigley

ANALYSIS OF ORDINARY SHAREHOLDINGS

as at 31 December 1991

Size of Holding	Holders	%	Shares	%
1 to 250 shares	10,692	10·49	1,224,919	0·12
251 to 1,250 shares	48,990	48·09	35,601,823	3·56
1,251 to 2,500 shares	23,543	23·11	41,680,319	4·17
2,501 to 5,000 shares	11,628	11·41	40,162,931	4·01
5,001 to 25,000 shares	5,440	5·34	49,863,740	4·98
25,001 to 125,000 shares	915	0·90	52,732,204	5·27
125,001 to 250,000 shares	261	0·26	46,462,794	4·64
250,001 to 1,250,000 shares	294	0·29	156,939,164	15.68
1,250,001 to 2,500,000 shares	51	0·05	87,346,183	8·73
2,500,001 and over	67	0·06	473,651,160	47·33
Australian Register			3,656,477	0·37
Bearer Warrants			8,136,000	0·81
ADRs			3,348,216	0·33
	101,881	100·00	1,000,605,930	100·00

DIRECTORS' INTERESTS IN RTZ AND ITS SUBSIDIARIES

At 31 December 1991

	RTZ ordinary shares December 1991	January 1991	RTZ options December 1991	Granted 1991	Exercised 1991	January 1991
Sir Derek Birkin	45,462	46,676	242,743	41,666	86,292	287,369
R P Wilson	6,994	5,855	183,243	81,166	77,409	179,486
I C Strachan	2,186	1,100	176,686	58,166	59,896	178,416
R Adams	5,258	–	126,839	40,166	–	–
The Lord Alexander	1,000	–	–	–	–	–
The Lord Armstrong	1,000	–	–	–	–	–
G C Beals	3,486	–	131,500	17,000	26,395	140,895
C R H Bull	–	–	142,000	142,000	–	–
A E Buxton	32,020	30,945	111,413	9,500	35,000	136,913
L A Davis	–	–	–	–	–	–
Sir Alistair Frame	8,500	8,408	–	–	86,799	86,799
Sir Denys Henderson	6,296	6,296	–	–	–	–
Sir Martin Jacomb	2,857	2,857	–	–	–	–
Sir David Orr	5,937	5,937	–	–	–	–

Notes

1 The interests shown are all beneficial interests. There were no changes up to 18 March 1992 in the interests of directors in the share capital of RTZ or its subsidiaries.

2 Mr L A Davis was appointed a director on 1 June 1991 and Mr C R H Bull on 19 August 1991. At their respective dates of appointment neither director had any interest in the share capital of RTZ or its subsidiaries.

3 Mr R Adams was appointed a director on 1 June 1991. At the date of his appointment he had an interest in 5,258 RTZ ordinary shares and 86,693 RTZ options. Prior to his appointment options over 18,000 ordinary shares of RTZ were granted in 1991 and have not been included under the heading "Granted 1991" in the table above.

Abbreviations

RTZ ordinary shares

Ordinary shares of 10p each of The RTZ Corporation PLC (RTZ).

RTZ options

Options on ordinary shares of 10p each of RTZ granted under The RTZ Executive Share Option Scheme 1985 and The RTZ Savings-Related Share Option Scheme 1983.

SUBSTANTIAL INTERESTS IN SHARE CAPITAL

Carrying full voting rights at 18 March 1992	Ordinary shares	%	'B' preference shares	%
Commercial Union Assurance Company Limited	–	–	784,000	24·94
Guardian Royal Exchange plc	–	–	276,575	8·80
Norwich Union Insurance Group	–	–	470,000	14·95
Provincial Insurance plc	–	–	573,125	18·23
Prudential Corporation PLC	44,144,137	4·41	196,626	6·25
Robert Fleming Holdings Ltd.	30,871,261	3·08	–	–
Sun Alliance and London Assurance Plc	–	–	625,000	19·88

The interests shown are as notified to RTZ under Section 198 of the Companies Act 1985. The entire class of 'B' preference shares accounts for less than 2 per cent of the aggregate number of votes attributable to the issued share capital of RTZ.

INFORMATION FOR SHAREHOLDERS

These pages contain general shareholder information and contact addresses

HOLDERS OF ORDINARY SHARES

Enquiries relating to your shares or shareholding (other than the ADR programme) should be made to the Company registrar:

Central Registration Limited
1 Redcliff Street
Bristol BS1 6NT
Telephone: (0272) 293296
Facsimile: (0272) 252187

In any contact with the registrar, please quote the full name in which your shares are held. Please notify the registrar promptly of any change of address.

Dividend mandates

If you wish dividends to be paid directly into a bank or building society account please contact Central Registration at the above address for a dividend mandate form.

Scrip dividend

Shareholders are normally offered the opportunity to take all or part of their dividends in the form of fully paid RTZ ordinary shares instead of cash. A letter will be sent to all shareholders following the announcement of annual and half-yearly results giving full details of the scrip dividend scheme. The Scheme is subject to approval at the Annual General Meeting each year. Any enquiries should be made to Central Registration at the above address.

Share Dealing Service

Managed by Hoare Govett Corporate Finance Limited, the RTZ Low Cost Share Dealing Service provides shareholders with a simple, low cost way of buying and selling RTZ ordinary shares. Further information is available from:

Hoare Govett Corporate Finance Limited
4 Broadgate
London EC2M 7LE
Telephone: (071) 601 0101

Personal Equity Plan (PEP)

The RTZ General and Single Company PEPs are managed by Bradford & Bingley (PEPs) Limited, a wholly owned subsidiary of Bradford & Bingley Building Society. The PEPs provide a tax efficient method by which investors in the UK can acquire shares in the Company by lump sum investments or by way of regular savings. Dividends arising on such ordinary shares are free of income tax and are reinvested in further shares of the Company or if requested can be paid to the investor.
Further information is available from:

Bradford & Bingley (PEPs) Limited
P.O. Box 50, Bingley,
West Yorkshire BD16 2LW
Telephone: (0274) 555677

Share Price Information

The latest share price information is available on Ceefax and ORACLE and also the Cityline service operated by the Financial Times telephone (0836) 433879 (calls charged at 36p per minute cheap rate and 48p per minute at all other times).

Ordinary shares of 10p each – middle market price ranges:

1991	High	Low
1st Quarter	568p	490p
2nd Quarter	572p	510p
3rd Quarter	603p	535p
4th Quarter	579p	453p

TAX

Reclaiming Income Tax on Dividends

Dividends are paid with income tax deducted at the basic rate. The amount is shown on the dividend tax voucher as "Tax Credit". If your total income is less than your tax allowance you can claim back all the tax from the Inland Revenue. For 1991-92 everyone has a tax allowance of at least £3,295. If your income is more than your allowance, only the amount in excess of the allowance is liable to tax. Those most likely to be entitled to a repayment of tax are: married women not in employment, pensioners and children. If you think you can make a claim, ask your local Tax Office for leaflet IR112. The address is in the telephone book under 'Inland Revenue'.

Scrip dividend scheme

During 1991 the Company offered the scrip dividend option in respect of the 1990 final dividend paid in July 1991 and the 1991 interim dividend paid in December 1991.

The cash equivalent value per share was as follows:

Final dividend 1990 (paid 1 July 1991)	564·7p
Interim dividend 1991 (paid 16 December 1991)	542·1p

Details of some of the tax consequenses of electing to take the scrip dividend are described in the letter sent to shareholders in May 1991 and October 1991 in respect of each offer under the scheme. Copies of the letter are available on request from Central Registration at the address shown above.

Capital gains tax

The market values of ordinary and preference shares on 31 March 1982 adjusted to take account of the rights issues in 1983 and 1989 and the sub-division mentioned below (but excluding capital gains tax indexation allowance) were:

10p ordinary shares (registered)	200·11p
10p ordinary shares (bearer)	200·71p
"A" £1 preference shares	31·50p
"B" £1 preference shares (registered and bearer)	32·50p

A share split and consolidation resulted in members holding 5 ordinary shares of 10p each in place of every 2 existing shares of 25p each on 22 October 1987.

INFORMATION FOR SHAREHOLDERS

HOLDERS OF US ADRs

RTZ ordinary shares are listed on the New York Stock Exchange (NYSE) in the form of American Depositary Receipts (ADRs) and traded under the symbol "RTZ". Each ADR represents four RTZ ordinary shares. The Bank of New York is the Authorised Depositary bank for RTZ's ADRs programme. All enquiries regarding ADR holders' accounts and payment of dividends should be directed to:

The Bank of New York
ADR Department
101 Barclay Street, 22nd Floor
New York, NY 10286
Telephone: (800) 524 4158

ADR market price ranges (US dollars)

1991	High	Low
1st Quarter	41½	31¼
2nd Quarter	41½	35¾
3rd Quarter	41	36¼
4th Quarter	41¼	33

Dividends to ADR holders

Payment of the 1991 final dividend to ADR holders will be made by The Bank of New York on 16 July 1992 to holders of record on 2 April 1992. The ADRs are expected to trade ex-dividend on the NYSE from 27 March 1992.

The current income tax convention between the UK and the US includes provisions which entitled qualifying US resident ADR holders (i.e. subject to certain exceptions as specified in the convention, all those resident in the US for tax purposes and who beneficially own the dividend payable) to a refund of the UK tax credit attaching to the dividend. Such holders will, however, be subject to a 15 per cent withholding tax on the total of the dividend and the related tax credit. This withholding tax will generally rank as a foreign tax credit against US federal income taxes. For qualifying US resident ADR holders, the recommended final dividend of 13·5p per ordinary share becomes 54p per ADR. This makes a total dividend for 1991 of 78p per ADR.

The actual rate of exchange used in determining the dollar payment to ADR holders will be the exchange rate on or about 1 July 1992.

Voting at the annual general meeting

The 1992 annual meeting of shareholders takes place in London on 6 May 1992. ADR holders may instruct The Bank of New York as to how the ordinary shares represented by their ADRs should be voted by completing and returning the voting card in accordance with the instructions printed thereon.

Reports to ADR holders

ADR holders of record will have the annual and interim reports issued by RTZ sent to them at their record address. Brokers or financial institutions who hold ADRs for shareholder clients are responsible for forwarding these reports to their clients.

RTZ is subject to the US Securities and Exchange Commission disclosure regulations for foreign companies. In compliance with these regulations, RTZ files an Annual Report on Form 20F, which corresponds to Form 10K filed by US public companies. Copies of the annual and interim reports and Form 20F can be obtained in the United States by contacting

Gavin Anderson Doremus & Co
11 West 42nd Street, 8th Floor
New York, NY 10036
Telephone: (212) 921 1060

RTZ usually announces its annual and interim results in March and September, respectively. All news of a material nature is disseminated to the media in the US in compliance with NYSE disclosure requirements.

OTHER OVERSEAS SHAREHOLDERS

Europe

In addition to its principal listing in London, RTZ's ordinary shares are also traded on stock exchanges in Belgium, France, Germany, The Netherlands and Switzerland. RTZ's agents in those countries are:

Belgium	Banque Bruxelles Lambert sa Corporate Finance Secretariat Avenue Marnix 24 B1000 Brussels
France	L'Européenne de Banque Service de titres domiciliés rue Laffitte 21 75428 Paris Cedex 09
Germany	Deutsche Bank AG Corporate Finance Börseneinführungen Postfach 10 06 01 D6000 Frankfurt-am-Main 1
The Netherlands	Pierson Heldring & Pierson N.V. Rokin 55 PO Box 243 1000AE Amsterdam
Switzerland	Credit Suisse Securities Operations Dept Xwv-7 Postfach 590 CH 8021 Zurich

Australia

RTZ's ordinary shares are not listed in Australia but branch register facilities are available including the payment of dividends in local currency. Any enquiries relating to the Australian register should be made to:

The Registrar
The RTZ Corporation PLC
c/o KPMG Peat Marwick
GPO Box 2975 EE
Melbourne
Victoria 3001
Australia

INFORMATION FOR SHAREHOLDERS

GENERAL ENQUIRIES

Further copies of this report and copies of the report filed with the US Securities and Exchange Commission (Form-20F) and also of the 1991 annual report and accounts for the following publicly quoted Group companies - Bougainville Copper Limited, Comalco Limited, CRA Limited, Palabora Mining Company Limited, Pasminco Limited, Rio Algom Limited and Rio Tinto Zimbabwe Limited are available.

RTZ Review, the Company's free quarterly magazine, reporting on various aspects of the RTZ Group and topics of relevance to it, is also available. If you wish to receive any of these or any other publications or require general information about the Group please apply to the address below.

Public and Investor Relations Department
The RTZ Corporation PLC
6 St James's Square
London SW1Y 4LD
Telephone (071) 930 2399
Facsimile (071) 930 3249

For enquiries on all matters not covered above please write to:

The Secretary
The RTZ Corporation PLC
6 St James's Square
London SW1Y 4LD

UNSOLICITED MAIL

RTZ is aware that some shareholders have had occasion to complain at the use by outside organisations for their own purposes of information obtained from the RTZ share register. RTZ, like other companies, cannot, by law, refuse to supply such information provided that the organisation concerned pays the appropriate statutory fee. If you are receiving unsolicited mail, you may like to write to:

The Mailing Preference Service
Freepost 22
London W1E 7EZ

who can help you to have your name removed from particular kinds of lists.

FINANCIAL CALENDAR

2 January 1992:	Payment date for half-yearly dividend in respect of "A" and "B" preference shares
12 March 1992	Preliminary announcement of results for 1991 and final dividend for 1991 proposed
23 March 1992:	Ordinary shares quoted "ex-dividend".
2 April 1992:	Record date for final dividend - ordinary shareholders and "A" and "B" preference shareholders registered on this date receive the dividend payable on 1 July.
10 April 1992:	RTZ annual report and accounts for 1991 posted to shareholders.
6 May 1992:	RTZ Annual General Meeting.
1 July 1992:	Payment date for final dividend and half-yearly dividend in respect of "A" and "B" preference shares.
September 1992:	Half-year results for 1992.
December 1992:	Payment date for interim dividend.

INDEX

INDEX

The definitions of the ratios on page 7 are as follows:

Trading margin = $\frac{\text{Operating profit}}{\text{Turnover}}$

Return on assets = $\frac{\text{Operating profit}}{\text{Average operating assets}}$

Return on equity = $\frac{\text{Net attributable profit after tax}}{\text{Average RTZ shareholders' funds}}$

Interest cover = $\frac{\text{Operating profit + dividends from associates}}{\text{Net interest charge + capitalised interest}}$

Gearing = $\frac{\text{Debt} - (\text{cash + current asset investments})}{\text{RTZ shareholders' funds + minority shareholders' funds}}$

© The RTZ Corporation PLC
6 St James's Square
London SW1Y 4LD
(Registered office)
Registered in England No 719885
Telephone (071) 930 2399

Designed by Tor Pettersen & Partners
Photography by Anthony Bannister,
Derek Cattani, Michael St Maur Sheil
and John Waterman
Printed in England by Westerham Press