

Report of the independent auditors

To the members of The South African Institute of Mining and Metallurgy

We have audited the annual financial statements set out on pages 251 to 257. These financial statements are the responsibility of the Institute's Council. Our responsibility is to report on these financial statements.

We have conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance that, in all material respects, fair presentation is achieved in the financial statements. The audit included an evaluation of the appropriateness of the accounting policies, an examination, on a test basis, of evidence that supports the amounts and disclosures included in the financial statements, an assessment of the reasonableness of significant estimates, and a consideration of the appropriateness of the overall financial statement presentation. We consider that our auditing procedures were appropriate in the circumstances to enable us to express our opinion presented here.

In our opinion these financial statements fairly present the financial position of the Institute at 30th June, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting practice.

KPMG Aiken & Peat

Auditors

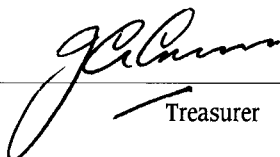
5th August 1998

Council's approval of the annual financial statements

The annual financial statements for the year ended 30 June 1998 set out on pages 251 to 257 were approved by the Council on 5 August 1998 and are signed on its behalf by:



President



Treasurer

Annual Financial Statements

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Balance sheet at 30 June 1998

	Note	1998		1997	
		R	R	R	R
Capital employed					
Funds	2		678 458		732 867
Retained income			524 148		548 778
			<u>1 202 606</u>		<u>1 281 645</u>
Employment of capital					
Fixed assets	3		68 154		548 142
Listed investments	4		1 145 657		752 792
Current assets					
Stock		8		7	
Advertisers in journal less provision		8 957		11 324	
Sundry debtors less provisions		570 191		360 356	
Deposits		550		550	
Cash and bank		-		104 090	
		<u>579 706</u>		<u>476 327</u>	
Current liabilities					
Accounts payable		569 589		483 847	
Subscriptions received in advance		-		11 769	
Bank overdraft		21 322		-	
		<u>590 911</u>		<u>495 616</u>	
Net current liabilities			<u>(11 205)</u>		<u>(19 289)</u>
			<u>1 202 606</u>		<u>1 281 645</u>

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Income and expenditure account for the year ended 30 June 1998

	<i>Note</i>	1998 R	1997 R
Income	5	1 784 072	1 374 282
Expenditure	6	1 796 911	1 300 506
Net income/(loss) for the year		(12 839)	73 776
Transfer from/(to) funds	2	(11 791)	252 250
Retained income/(loss)			
For the year		(24 630)	326 026
At beginning of year		548 778	222 752
At end of year		524 148	548 778

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Notes to the annual financial statements

for the year ended 30 June 1998

1. Accounting policies

The financial statements have been prepared in accordance with the historical cost convention and incorporate the following principal accounting bases and presentation which are the same as those adopted for the previous year and consistently applied –

1.1 Stock

The stock of publications is held and sold by the Institute for its own account and on behalf of its publishing partners who have underwritten some of the publications. The stock is reflected in the financial statements at nominal value.

1.2 Listed investments

Listed investments are held for the medium and long term, and are stated at the lower of cost or market value on an aggregate portfolio basis.

1.3 Fixed assets and depreciation

Investment properties are not depreciated. Furniture and equipment are depreciated over their estimated useful lives. Medals, plaques, dies, and banners are recorded at a nominal value.

1.4 Scrip dividends

Scrip dividends received are brought to account at the cash equivalent value of the dividend by charging the cost of the investment and crediting dividends received.

	1998 R	1997 R
2. Funds		
2.1 Book Publications Fund		
– balance at beginning of year	109 108	91 810
– donations received	–	17 298
	109 108	109 108
2.2 Brigadier Stokes Memorial Fund		
– balance at beginning of year	83 060	83 284
– awards and expenses	–	224
– transfers from retained income	17 000	–
	100 060	83 060
2.3 PWJ van Rensburg Fund		
– balance at beginning of year	153 778	158 778
– expenses	–	(5 000)
	153 778	153 778

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Notes to the annual financial statements for the year ended 30 June 1998 (continued)

	1998 R	1997 R	
2. Funds (continued)			
2.4 MacArthur Forrest Memorial Fund			
- balance at beginning of year	80 485	73 835	
- awards and expenses	(3 200)	(6 350)	
- transfer from retained income	3 000	13 000	
	80 285	80 485	
2.5 Safety in Coal Mining Award Fund			
- balance at beginning and end of year	38 205	38 205	
2.6 Infacon Bursary Fund			
- balance at beginning of year	268 231	308 277	
- donations received	-	57 204	
- expenses	(63 000)	(82 000)	
- transfers to/from retained income	(8 209)	(15 250)	
	197 022	268 231	
Total of funds at end of year	678 458	732 867	
3. Fixed assets	Cost less amounts written off R	Accumulated depreciation R	Net book value R
1998			
Furniture and equipment	423 903	355 749	68 154
1997			
Land and buildings	468 620	-	468 620
Furniture and equipment	394 829	315 308	79 521
Medals, plaques, dies, and banners	1	-	1
	863 450	315 308	548 142

Land and buildings comprises portion 1 of erf 304 Observatory Township, Gauteng, and the house erected thereon. The property was classified as an investment property by the council and was, therefore, not depreciated. Due to a decline in the market value of the property the Council wrote R150 000 off against the property during the previous year and sold it at a further loss of R175 980 during the current year.

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Notes to the annual financial statements for the year ended 30 June 1998 (continued)

	1998		1997	
	R	R	R	R
4. Listed investments				
Investments at cost			1 145 657	752 792
Investments at market value			2 381 052	2 582 339
	R	1998	R	1997
5. Income comprises				
Company affiliates subscriptions		164 473		144 737
Membership entrance fees and subscriptions		411 758		376 393
Colloquia		677 385		558 682
Schools		238 842		52 947
Surplus on sale of investments		391 019		154 507
Interest and dividends received		59 730		63 037
Sundry income		486		34 343
Special Publication series				
– Sales	50 956		48 738	
Less expenditure				
– Expenses net of postage recoveries	82 274		52 917	
– Cost of production	128 303		6 185	
	210 577		59 102	
		(159 621)		(10 364)
		1 784 072		1 374 282

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Notes to the annual financial statements for the year ended 30 June 1998 (continued)

	1998		1997	
	R	R	R	R
6. Expenditure comprises				
Secretarial fee		374 223		326 679
Institute Journal				
– Expenses	359 885		308 860	
– Secretarial fee	34 724		30 733	
	<u>394 609</u>		<u>339 593</u>	
Deduct				
– Advertising	32 588		61 223	
– Sales	19 484		44 875	
– Subvention – Bureau for Scientific Publications	–		5 000	
	<u>52 072</u>		<u>111 098</u>	
		342 537		228 495
Centenary		–		(2 092)
Administration expenditure		665 414		456 961
Audit fee		10 000		10 000
Contributions				
– Engineering Association	14 487		25 270	
– Environmental Planning Professions Inter-disciplinary Committee	4 500		4 500	
– South African National Committee of Tunnelling	750		1 075	
		<u>19 737</u>		<u>30 845</u>
Depreciation		40 439		36 792
Subscriptions written off		25 981		12 826
Loss on sale on property		175 980		–
Provision				
– devaluation of property		–		150 000
– debts over six months		142 600		50 000
		<u>1 796 911</u>		<u>1 300 506</u>

Green Topics

Mining and Environmental Management

A new management report from Financial Times Energy

As the worldwide mining sector continues to expand, the impact of new and existing developments on the environment has become a major factor in the strategic direction of the industry.

Mining and Environmental Management, published by Financial Times Energy, presents a detailed assessment of the status of environmental management in the mining industry. With examples from around the world, the report examines key environmental issues, providing valuable

guidelines and policy objectives for all mining operations.

The report is structured to provide a concise information resource for all those with a business interest in the mining and environmental management sectors. Supported with the latest market information, analysis of key industry developments and evaluation of current environmental performance, **Mining and Environmental Management** is essential preparation for developing an effective and sustainable environmental strategy.

For further information contact: Roberto Chiarotti, ♦
Tel: +44 (0) 171 896 2241, Fax: +44 (0) 171 896 2275.

ATTENTION—GOLF PLAYERS!

Changing face of titanium metal industry*

New report analyses supply and demand worldwide

The titanium metal industry has seen several key mergers and acquisitions in recent years, with new consolidations and cross-company links changing the face of the market. A new report from international market analyst Roskill says that the structure of supply of sponge, ingot and mill products has been radically altered, and the pattern of demand has also changed. There has been significant rationalization among producers and new uses, particularly titanium golf clubs, have gained importance.

Search for non-aerospace applications continues

During the last decade, demand for titanium has been closely linked with the fortunes of the commercial aerospace industry. Several companies have left the industry or been forced to rationalize as a result of the sharp fluctuations in demand. In an effort to break this relationship and stave off future slumps in demand, titanium companies have tried to provoke growth in demand from other industries such as leisure goods and

oil and gas drilling. Roskill says that some of these applications may help to level out the fluctuations in demand from the commercial aerospace sector, but it is quite as likely that these new uses will introduce sharp changes in demand levels. The report says that none of these new uses seems likely to replace aerospace as a major end-use for titanium.

The most significant new end-use is titanium heads for golf clubs. In 1996 golf clubs accounted for 18% of US titanium shipments, which marked the high point for demand from this sector. Composites and carbides are beginning to become more popular in the golf market and may eventually replace titanium. Markets are being developed which are less subject to the vagaries of fashion: the market which is forecast to grow fastest over the next few years is titanium armour. ♦

* For further information please contact Mark Seddon,
Tel: +44 171 582 5155, Fax: +44 171 793 0008,
Website: <http://www.roskill.co.uk>