

Simplified Financial Statements

Bougainville Copper Limited

Income: K297m.

Earnings Statement

Expenses K297M.

Sales and other income
K297m.

Depreciation
K43m.

Taxation
& royalties
K24m.

Cost of sales
K207m.

Net earnings
K23m

Funds employed: K760m.

Balance Sheet

Assets K760M.

Shareholders' funds
K587m.

Net investment
in property, plant &
equipment
K611m.

Borrowings
K103m.

Dividends
payable
K12m.

Amount owed
by debtors
K89m.

Amount owed to
creditors & for
income tax
K58m.

Stocks
& stores
K49m.

Cash at bank
K11m.

3. No circumstances have arisen which render adherence to the method of valuation of assets or liabilities misleading or inappropriate.

4. No contingent liabilities have arisen since the balance date of the group accounts, 31 December, 1981, and the date of this report, 9 February, 1982.

5. No contingent liabilities have become enforceable or are likely to become enforceable within twelve months from the date of this report which will materially affect the group in its ability to meet its obligations as and when they fall due.

Additional Information:

The directors also state that:

1. They took reasonable steps before the statements of earnings and balance sheets were made out to ascertain what action had been taken so far as debts owing to the holding company were concerned, in relation to the writing off of bad debts and the making of provisions for doubtful debts and are satisfied that there were no bad debts and that a provision for doubtful debts of K50 000 was adequate.

2. They are not aware of any circumstances which would render the amounts written off for bad debts or the amounts of the provision for doubtful debts inadequate to any substantial extent.

3. Since the end of the financial year, no charge on the assets of either of the companies in the group has arisen which secures the liability of any other person.

4. They are not aware of any circumstances not otherwise dealt with in this report or group accounts, which would render any amount stated in the group accounts misleading.

5. No item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report, which in the opinion of the directors of Bougainville Copper Limited, is likely to substantially affect the results of the operations of the group in 1982.

Signed this 9th day of February, 1982 in accordance with a resolution of the directors of Bougainville Copper Limited.



D. C. Vernon (Chairman)



P. W. Quodling (Director)

Balance Sheets

at 31 December, 1981

Bougainville Copper Limited

		Consolidated		Bougainville Copper Limited	
	Notes	1981 K'000	1980 K'000	1981 K'000	1980 K'000
Funds employed by the group:					
Shareholders' funds					
Paid up capital	5	401 063	401 063	401 063	401 063
Asset revaluation reserve		31 276	31 276	31 276	31 276
Retained earnings		<u>154 900</u>	<u>152 165</u>	<u>154 903</u>	<u>152 168</u>
		<u>587 239</u>	<u>584 504</u>	<u>587 242</u>	<u>584 507</u>
Exchange fluctuation					
	6	1 478	5 054	1 478	5 054
Long term liabilities					
Future income tax	4	3,502	—	3,502	—
Loans	7	72 525	22 421	72 525	22 421
Provision for long service leave		<u>4 050</u>	<u>3 300</u>	<u>4 050</u>	<u>3 300</u>
		<u>80 077</u>	<u>25 721</u>	<u>80 077</u>	<u>25 721</u>
Current liabilities					
Loans	7	28 591	7 893	28 591	7 893
Creditors	8	30 473	33 141	30 471	33 139
Income tax		20 153	54 829	20 153	54 829
Dividends payable		<u>12 032</u>	<u>48 128</u>	<u>12 032</u>	<u>48 128</u>
		<u>91 249</u>	<u>143 991</u>	<u>91 247</u>	<u>143 989</u>
Total funds		<u>760 043</u>	<u>759 270</u>	<u>760 044</u>	<u>759 271</u>
These funds are represented by:					
Fixed assets					
Property, plant and equipment	9	611 234	610 759	611 234	610 759
Investments	10	145	83	154	92
Current assets					
Bank balances and short term deposits		10 836	16 497	10 828	16 489
Debtors for sale of concentrate		85 968	73 738	85 968	73 738
Other debtors	11	3 242	2 430	3 242	2 430
Stocks and stores	12	<u>48 618</u>	<u>55 763</u>	<u>48 618</u>	<u>55 763</u>
		<u>148 664</u>	<u>148 428</u>	<u>148 656</u>	<u>148 420</u>
Total assets		<u>760 043</u>	<u>759 270</u>	<u>760 044</u>	<u>759 271</u>

All amounts are expressed in Papua New Guinea kina.
Rounding to the nearest thousand kina has been adopted.

The notes commencing on page 26 form part of these
accounts and are to be read in conjunction with them.

Declarations

Statement by Directors

In the opinion of the Directors of Bougainville Copper Limited the accompanying statements of earnings are drawn up so as to give a true and fair view of the results of the business of the Company and its subsidiary for the period covered by the statements and the accompanying balance sheets are drawn up so as to exhibit a true and fair view of the state of affairs of the Company and its subsidiary at the end of that period.

Signed at Panguna this 9th day of February, 1982.

On behalf of the Board

D. C. VERNON, P. W. QUODLING
Directors

Declaration by Secretary

I, Jillian Margaret Ferguson, Secretary of Bougainville Copper Limited, do solemnly and sincerely declare that the accompanying balance sheets and statements of earnings of the Company and its subsidiary are, to the best of my knowledge and belief, correct. And I make this solemn declaration by virtue of the Oaths, Affirmations and Statutory Declarations Act (Chapter 317), conscientiously believing the statements contained herein to be true in every particular.

Declared at Panguna this 9th day of February, 1982.

J. M. FERGUSON

Secretary

Before me:

L. G. SMITH

Commissioner for Oaths

Report of the Auditors to the Members

We report on the accompanying balance sheets and statements of earnings of the Company and its subsidiary set out on pages 24 to 29 which have been prepared under the cost convention described in note 1.

In our opinion these balance sheets and statements of earnings are properly drawn up in accordance with the provisions of the Companies Act (Chapter 146), and so as to give a true and fair view of the state of affairs of the Company and its subsidiary as at 31st December, 1981, and the results for the year ended on that date.

In our opinion the accounting and other records, including registers, examined by us have been properly kept in accordance with the provisions of the Act.

COOPERS & LYBRAND

by A Hilton

Registered under the Accountants Registration and Practice Act (Chapter 89).

Arawa. 10th February, 1982

Shareholdings

Distribution of shares

As at 9th February, 1982:

The issued shares of the Company were 401 062 500 fully paid one kina shares, each carrying one voting right;

The number of shareholders was 38 083;

The distribution of holdings of the issued shares was:

1- 1 000 shares	28 165
1 001- 5 000 shares	8 120
5 001-10 000 shares	1 056
10 001 shares and over	742
Total shareholders	38 083

84.37% of the total issued shares were held by the 20 largest shareholders;

The substantial shareholders were: CRA Limited and its wholly-owned subsidiary CRA Base Metals Pty. Limited — 214 887 966 shares (53.6%). The Rio Tinto-Zinc Corporation Limited has an interest in the same shares through its wholly-owned subsidiaries', (R.T.Z. Australian Holdings Limited and C.R.A. Holdings Pty. Limited), interests in CRA Limited and CRA Base Metals Pty. Limited.

The Independent State of Papua New Guinea, and The Investment Corporation of Papua New Guinea — 81 232 605 shares (20.3%).

Ten largest shareholders

The ten largest shareholders at 9th February, 1982, and the number of shares held by each were:

Name & Registered Address:	Shares
CRA Limited, Melbourne, Vic.	210 788 514
The Independent State of Papua New Guinea	76 430 809
ANZ Nominees Limited, Melbourne, Vic.	10 761 753
National Nominees Limited, Melbourne, Vic.	8 848 056
The National Mutual Life Association of Australasia Limited, Melbourne, Vic.	6 512 334
The Investment Corporation of Papua New Guinea, Port Moresby, P.N.G.	4 801 796
CRA Base Metals Pty. Limited, Melbourne, Vic.	4 099 452
Panguna Development Foundation Limited, Panguna, P.N.G.	3 600 000
Bank of New South Wales Nominees Pty. Ltd., Sydney, N.S.W.	2 538 329
The Colonial Mutual Life Assurance Society Limited, Melbourne, Vic.	2 055 886
	330 436 929

Directors' interests

Directors' interests in the share capital of the Company and its related companies as at the 21st January, 1982 were:

D. C. Vernon	No interests
N. R. Agonia	No interests
Sir Roderick Carnegie	9 000 BCL shares 1 000 MKU shares 42 000 CRA shares
Sir Frank Espie	750 BCL shares 533 CRA shares
R. H. Harding	6 709 CRA shares 504 BCL shares 1 000 MKU shares
P. W. Quodling	No interests
J. T. Ralph	171 BCL shares 587 CRA shares
J. L. Kekedo (Alt. Director)	180 BCL shares

Abbreviations:

BCL — Bougainville Copper Limited

CRA — CRA Limited

MKU — Mary Kathleen Uranium Limited

Current Cost Accounting

The information presented in Historical Cost Accounts (HCA) can be misleading since full recognition is not given to the impact of price changes on the funds needed to maintain the assets employed by the Company. The need to remedy the defects in the traditional HCA accounts has focused attention on various proposals, one of which, Current Cost Accounting (CCA), is gaining international acceptance. The Company's earnings on an HCA basis are overstated in times of rising prices because of the failure to recognise the increased cost of replacing stocks and other assets required to maintain the business as a going concern. Therefore, in CCA, adjustments are made to measure the effect of specific price changes on the cost of services derived by the Company from use of its assets. However, because these assets have been financed partly by borrowing, a gearing adjustment is also necessary to arrive at the earnings, adjusted for specific price changes, which are attributable to shareholders. CCA is still largely in the experimental phase and further testing is required before a definitive system is established. However, the subjectivity that enters into the preparation of the CCA accounts is compensated for by increased realism and relevance of information presented in these financial statements. Until such time as an Australian standard is issued, the Company will prepare CCA statements in accordance with the Statement of Standard Accounting Practice No. 16, Current Cost Accounting, issued by the Accounting Standards Committee of the United Kingdom in March 1980.

Current Cost Statement of Earnings

Bougainville Copper Limited and Subsidiary Company

	1981 K'000	1980 K'000
Income	296 368	338 662
Costs and expenses excluding interest	244 492	214 976
Historical cost earnings before interest	51 876	123 686
Less:		
Current cost operating adjustments (refer below)	17 811	7 841
Current cost earnings from operations	34 065	115 845
Less: Interest on net borrowing	9 597	3 546
	24 468	112 299
Add: Net exchange gains	1 069	2 573
Current cost earnings before taxation	25 537	114 872
Less: Income tax	20 560	51 179
Current cost earnings attributable to entity	4 977	63 693
Add: Gearing adjustment	5 476	1 854
Current cost earnings attributable to shareholders	10 453	65 547
Add:		
Current cost retained earnings brought forward	137 483	152 149
	147 936	217 696
Less:		
Dividends	20 053	80 213
Current cost retained earnings carried forward	127 883	137 483

Current cost operating adjustments:

Cost of sales	4 339	2 023
Monetary working capital	4 686	2 255
Working capital	9 025	4 278
Depreciation	8 327	2 704
Disposals of property, plant and equipment	459	859
Property, plant and equipment	8 786	3 563
	17 811	7 841

Current Cost Balance Sheet

Funds employed by the group:

Shareholders' funds

Paid up capital	401 063	401 063
Current cost reserve	217 423	134 999
Retained earnings	127 883	137 483
	746 369	673 545
Exchange fluctuation	1 478	5 054
Long term liabilities	80 077	25 721
Current liabilities	91 249	143 991
Total funds	919 173	848 311

These funds are represented by:

Fixed assets	767 025	694 603
Investments	145	83
Stocks and stores	51 957	60 960
Other current assets	100 046	92 665
Total assets	919 173	848 311

Statistical Summary

Financial

	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972*
Earnings (K million)										
Net sales revenue and other income	296.4	338.7	343.1	225.1	205.3	208.9	193.1	292.6	252.4	95.9
Operating and other expenses	210.8	174.8	144.1	125.0	126.8	117.5	107.2	92.5	81.8	53.3
Depreciation	43.3	43.8	40.7	40.4	36.2	31.1	29.6	28.5	24.8	14.5
Earnings before taxation and exchange gains	42.3	120.1	158.3	59.7	42.3	60.3	56.3	171.6	145.8	28.1
Exchange gains	1.1	2.6	3.5	10.3	(0.1)	1.3	2.3	9.5	12.9	(0.4)
Earnings before taxation	43.4	122.7	161.8	70.0	42.2	61.6	58.6	181.1	158.7	27.7
Taxation	20.6	51.2	77.9	22.0	13.7	20.3	12.4	66.5	0.3	—
Net earnings	22.8	71.5	83.9	48.0	28.5	41.3	46.2	114.6	158.4	27.7
Dividends	20.1	64.2	80.2	40.1	21.4	26.7	26.7	73.5	81.4	11.0
Earnings retained	2.7	7.3	3.7	7.9	7.1	14.6	19.5	41.1	77.0	16.7
Balance sheet (K million)										
Property, plant and equipment	611.2	610.8	325.4	340.1	352.2	350.4	346.0	352.2	371.7	378.7
Investments	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	—
Current assets	148.7	148.4	201.0	125.8	137.1	136.0	129.5	205.6	130.4	73.9
Total assets	760.0	759.3	526.5	466.0	489.4	486.5	475.6	557.9	502.2	452.6
Shareholders' funds	587.2	584.5	294.5	317.5	309.7	302.5	287.9	268.4	227.4	146.7
Exchange fluctuation	1.5	5.1	5.4	9.0	14.6	9.0	11.5	19.1	39.5	24.2
Long term liabilities	80.1	25.7	36.2	42.1	53.3	101.7	106.8	121.1	127.5	204.0
Current liabilities	91.2	144.0	190.4	97.4	111.8	73.3	69.4	149.3	107.8	77.7
Funds employed	760.0	759.3	526.5	466.0	489.4	486.5	475.6	557.9	502.2	452.6

Production/Sales

Mined										
Ore and waste removed (millions of tonnes)	77.56	79.76	75.97	79.05	70.79	58.54	56.40	56.00	56.65	46.75
Ore milled (millions of tonnes)	37.53	37.62	36.17	38.12	34.11	31.21	31.08	30.14	29.14	21.89
Ore grade										
Copper (per cent)	0.51	0.46	0.55	0.60	0.61	0.64	0.64	0.70	0.73	0.76
Gold (grams/tonne)	0.59	0.50	0.75	0.82	0.90	0.87	0.80	1.02	1.03	0.77
Silver (grams/tonne)	1.55	1.47	1.70	1.80	1.86	1.96	1.87	2.12	1.99	2.06
Produced										
Concentrate (thousands of dry tonnes)	576.4	510.4	584.7	658.6	615.6	596.8	595.5	640.8	650.2	438.1
Contained copper (thousands of dry tonnes)	165.4	146.8	170.8	198.6	182.3	176.5	172.5	184.1	182.9	124.0
Concentrate grade										
Copper (per cent)	28.7	28.8	29.2	30.2	29.6	29.6	28.9	28.7	28.1	28.3
Gold (grams/tonne)	29.2	27.5	33.7	35.5	36.3	33.9	30.5	32.0	31.6	27.3
Silver (grams/tonne)	73.5	72.2	76.3	79.8	77.1	76.1	71.0	72.0	69.0	69.3
Shipped										
Total concentrate (thousands of dry tonnes)	587.0	494.4	586.5	640.9	614.8	605.8	586.9	665.7	625.2	434.4
Shipped to:										
W. Germany	196.8	163.7	187.6	206.8	198.3	223.2	243.5	221.4	200.3	186.8
Japan	296.9	269.4	328.2	326.7	337.1	256.4	250.7	343.2	342.9	209.0
Spain	64.7	41.0	49.0	62.1	47.0	58.2	72.2	57.4	35.8	27.6
Other	28.6	20.3	21.7	45.3	32.4	68.0	20.6	43.8	46.2	11.0
Values										
Net concentrate sales value (K million) (after treatment and refining charges, freight, etc.)	295.0	334.5	338.9	222.9	200.6	205.3	184.8	279.8	249.0	95.7
Contribution by:										
Copper (per cent)	54	51	60	64	66	74	69	74	83	83
Gold (per cent)	44	46	37	34	32	24	29	25	16	16
Silver (per cent)	2	3	3	2	2	2	2	1	1	1

Other

Average metal prices										
L.M.E. copper (US\$/lb)	79.0	99.2	89.8	61.9	59.3	63.6	55.9	93.3	80.9	48.6
London gold market (US\$/oz.)	459.9	614.7	304.7	193.5	147.8	124.8	160.9	158.7	97.3	58.2
London silver market (US\$/oz.)	10.5	21.0	11.0	5.4	4.6	4.4	4.4	4.7	2.5	1.7
Return on shareholders' funds (%)	3.9	12.2	28.5	15.1	9.2	13.7	16.0	42.7	69.7	18.9
Earnings per share (toea)***	5.7	17.8	20.9	12.0	7.1	10.3	11.5	28.6	39.5	6.9
Dividends in toea per fully paid share*** (par value, one kina)	5.0	16.0	20.0	10.0	5.3	6.7	6.7	18.3	20.0	2.7
Bonus dividend in toea per fully paid share***	—	4.0	6.7	—	—	—	—	—	—	—
Number of shares issued at end of year (millions)	401	401	267	267	267	267	267	267	267	260*
Number of shareholders at end of year	38 027	38 326	38 750	40 935	43 820	50 082	54 129	55 558	45 353	46 726
Debt/equity ratio	0.17/1	0.05/1	0.15/1	0.19/1	0.37/1	0.40/1	0.44/1	0.52/1	0.72/1	1.62/1
Work force at end of year (P.N.G.)										
Overseas	801	877	851	855	853	858	942	980	929	971
National	3 377	3 416	3 314	3 243	3 063	2 989	3 094	3 242	2 915	2 594

Notes:

*Full year figures; but commercial production commenced 1 April, 1972

**1972 figure is for Bougainville Mining Limited

***1972 to 1979 figures are after adjustment for the 1980 capital reconstruction