

PATÍÑO, N.V.



1981 ANNUAL REPORT



**Directors**



Daniel Azéma  
Partner of the law firm  
de Chambrun  
Paris, France



Gilberte Beaux  
Director and  
General Manager  
Générale Occidentale  
Paris, France



Marco P. Bloemsma  
President of the Board  
C. Harten Holding B.V.  
The Hague,  
The Netherlands



Pierre M. Haas  
Chairman and  
Chief Executive  
Paribas International  
Paris, France



Jaime Ortiz-Patiño  
Chairman of the Board  
Patiño, N.V.  
Geneva, Switzerland

**Officers**

Jaime Ortiz-Patiño  
Chairman of the Board

Marco P. Bloemsma  
President and Chief Executive

John Mason, A. C. M. A.  
Secretary-Treasurer

**Head Office**

Catsheuvel 6, 12th Floor  
2517 JZ The Hague, The Netherlands  
Telephone (070) 554318  
Telex 32012 PATNV NL

**Bankers**

Bank Mees & Hope N.V.  
Bank of Montreal  
The Toronto-Dominion Bank

**Stock Exchanges**

Toronto and Montreal

**Transfer Agents and Registrars**

Patiño, N.V., The Hague  
National Trust Company, Limited,  
Toronto and Montreal

**Auditors**

Price Waterhouse Nederland

# financial highlights

(dollar figures in this report are expressed in United States currency unless otherwise stated)

For the year ended December 31	1981	1980
	(thousands)	(Note)
Income before extraordinary items	\$ 27,171	\$ 28,172
Extraordinary items	84,445	16,371
Net income	111,616	44,543
Dividends	155,245	1,980

## At the year end

Working capital	\$ 8,344	\$ 97,722
Investments and advances, net of provisions	90,562	44,884
Total assets	184,734	145,102
Shareholders' equity at book value	98,906	142,606

## Per share

* Net income	\$ 42.35	\$ 16.83
** Shareholders' equity at book value	37.53	54.07
Dividends	58.90	0.75

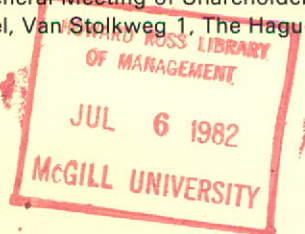
Note: The 1980 figures have been restated to reflect the retroactive deconsolidation of the subsidiaries sold during 1981.

\* Based on 2,635,695 shares (1980 - 2,646,779 shares) being the weighted average number of shares outstanding (excluding shares held by a wholly-owned subsidiary) during the year.

\*\* Based on 2,635,668 shares (1980 - 2,637,566 shares) being the number of shares outstanding (excluding shares held by a wholly-owned subsidiary) at the end of the year.

## Annual General Meeting of Shareholders

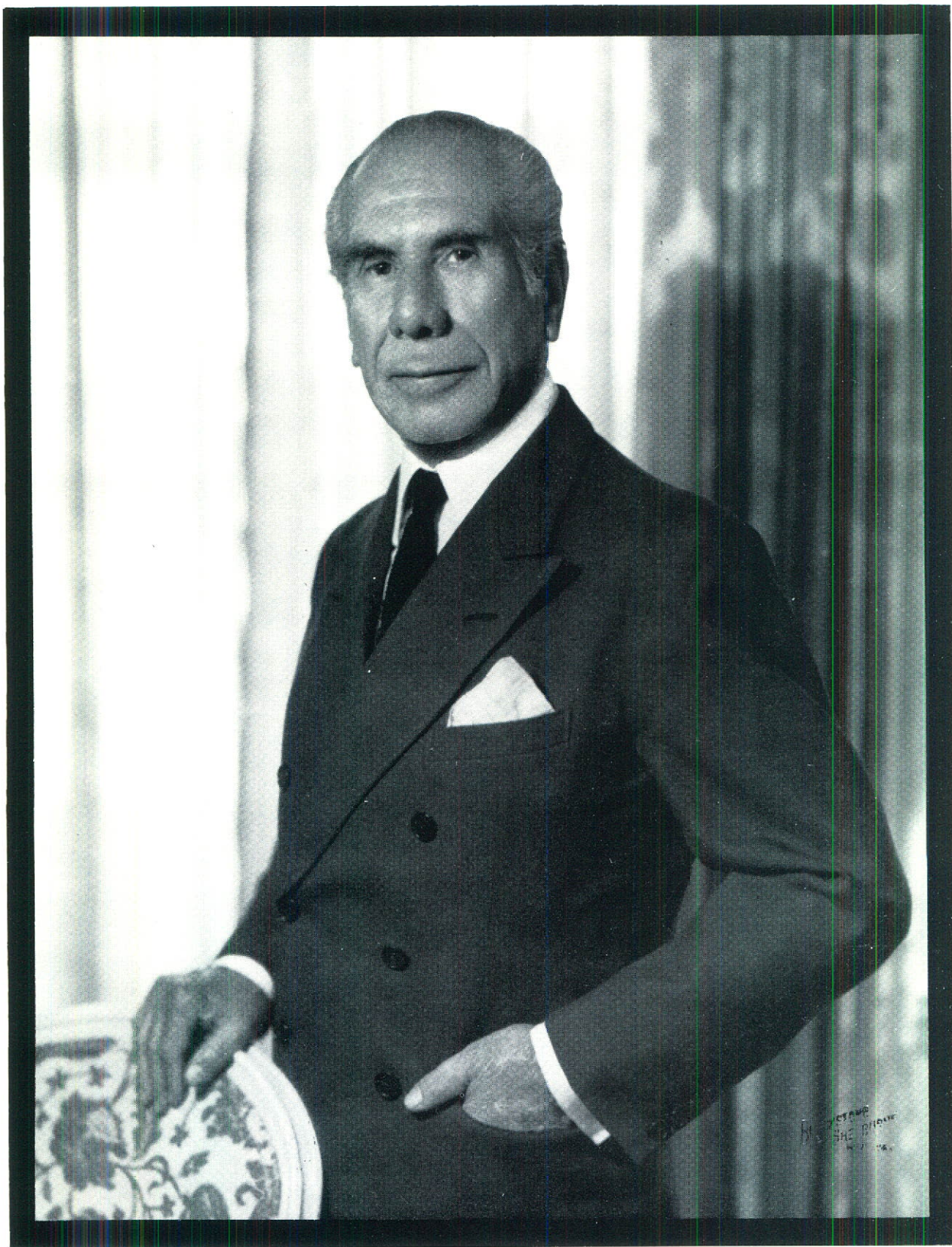
The 1982 Annual General Meeting of Shareholders will be held on June 14, 1982 in The Promenade Hotel, Van Stolkweg 1, The Hague, The Netherlands at 11.00 a.m.



## COVER

Well developed cassiterite  
(SnO<sub>2</sub>) crystals from  
Empresa Minera La Salvador,  
Uncia.





Antenor Patiño R.



## chairman's message

The year 1981 has been one of major changes in our company. The end of an era in the history of Patiño, N.V. came on February 2, 1982, when Mr. Antenor Patiño R., our Honorary Chairman, passed away, in New York, at the age of 87, after a short illness.

Mr. Patiño was elected in 1945 as one of the original Directors of our predecessor company Patican Ltd. and was subsequently our Chairman from 1953 until 1980, when he relinquished this position to me. Nevertheless, he continued as a Director and Honorary Chairman. Throughout these 37 years Mr. Patiño gave enlightened advice and support to the management and his contribution was fundamental in the success and development of our group. He will always be remembered with respect and affection by his fellow Directors and senior executives throughout the world.

The loss to the company is all the greater, since on September 17, 1981 Mr. Patiño acquired the holdings of the other two major shareholders – the management group and my own – in Patiño Mining, N.V., the major shareholder of your company. In so doing Mr. Patiño became the sole shareholder of Patiño Mining, N.V., subsequently 35% of the shares were sold to a wholly-owned subsidiary of Northgate Exploration Limited. Following the passing of my Uncle, I feel it appropriate to give a free hand to his heirs to nominate their representatives to the Board of Directors. In view of this, I will not stand for re-election at the coming Annual Meeting and will relinquish my position as Chairman of the company. It is with much regret that I take this step, as I have been very attached to the company since early 1960 and have served on the Board of Directors during most of the time since 1965.

Similarly, Daniel Azéma, who has been a personal adviser as well as legal counsellor to my Uncle for the last 35 years, and who has given both my Uncle and our company invaluable advice during recent years as a Director, has also decided not to stand for re-election. I would like to take this opportunity to place on record my deep appreciation for the contribution he has made towards the success of our company.

I should also like to express my personal appreciation to Patrick J. Keenan, former President and Chief Executive who was with your company for seventeen years, and to the other members of the management group, who following the sale of their shareholdings in Patiño Mining, N.V. also left the company, in September 1981. During the past seven years, I worked with your management to substantially increase the shareholders' equity, as evidenced by the accounts. In my opinion the credit for this

achievement must, to a great extent, go to Patrick Keenan and management.

As this will be my last opportunity to address the shareholders, I wish to record my appreciation to the members of the Board of Directors, the management and the company employees, with whom I have had the pleasure of working during these past years, for their continued support and collaboration.



Chairman of the Board  
The Hague, May 12, 1982.



# directors' report to the shareholders

## Financial

Income before extraordinary items for 1981 was \$27.2 million or \$10.31 per share and net income \$111.6 million or \$42.35 per share, compared with \$28.2 million or \$10.64 per share and \$44.5 million or \$16.83 per share in 1980.

On September 17, 1981 the company sold its Canadian mining interests and its 34% indirect interest in Edper Equities Limited (Edper) to Northgate Exploration Limited (Northgate) for \$123.6 million which resulted in an extraordinary gain of \$84,445,000. Under the September 17, 1981 agreement the company granted to Northgate an option to sell to the company, or one of its subsidiaries, all of the issued and outstanding shares of Patiño Canada Inc., which holds the 34% indirect interest in Edper. This option was exercised on October 19, 1981, and the transaction of purchase and sale closed on January 11, 1982, resulting in the reacquisition by the company of its 34% indirect interest in Edper for \$74,080,000. The Edper investment and the related liability to Northgate are shown in the December 31, 1981 balance sheet.

During the year interim dividends of \$3.90 per share were declared. These dividends, together with the interim dividend of \$55.00 per share approved by the shareholders on September 11, 1981, bring the total dividends declared for the year ended December 31, 1981 to \$58.90 per share. No further dividends are proposed for the year.

## Canadian Mines

The contribution to income from the Canadian Mines amounted to \$8.5 million for the eight months of 1981, compared with \$14.3 million for the year ended December 31, 1980. The forward sales program carried out in late 1979 and 1980 had an important positive impact on 1981's results, offsetting low metal prices and increased operating costs.

Ore production and mill throughput at Patiño Mines (Quebec) Limited for the eight months ended August 31, 1981 was 474,600 tons or 1,953 tons per calendar day compared with 678,000 and 1,852 tons respectively for 1980. During the eight months development of the lower levels of the Copper Rand mine continued, materially increasing ore reserves. In addition preparation of the Portage mine for mining was continued, adding to ore reserves. At August 31, 1981 operations of the Copper Rand and Portage mines were well controlled and the mines were positioned to take advantage of any upturn in metal prices.

During 1981 mining was continued at Lemoine Mines Limited and all actions possible were taken to assure the orderly and profitable mining of the remaining broken ore and pillars.

## Brascan Limited (Brascan) (reported in Canadian dollars)

On January 11, 1982 the company completed the reacquisition of its 34% indirect interest in Edper Equities Limited which holds an approximate 49% interest in Brascan.

Brascan's net income for the year was \$107.9 million (\$3.30 per share) including an extraordinary gain of \$9.2 million (\$0.35 per share) compared with \$86.0 million (\$3.17 per share) and \$8.7 million (\$0.33 per share), respectively, in 1980. The extraordinary gains in both years relate to the application of loss carry forwards to reduce taxes.

During 1981 Brascan made further investments in each of its three major areas of interest.

- **Natural resources**  
In August Brascade Resources Inc. (Brascade), 70% owned by Brascan, agreed with Noranda Mines (Noranda) to purchase 12.5 million common shares from the Noranda treasury and in October completed a public offer for 10 million convertible preferred shares. These transactions increased Brascade's interest in Noranda to 42%.
- **Consumer products**  
In March 1981 Brascan acquired 3.65 million treasury shares of Scott Paper Company which brought its interest to 20.5%. Brascan intends to increase its position in Scott Paper to 25%.
- **Financial services**  
Early in the year Brascan acquired a 14.6% interest in Royal Trustco Limited which has since been increased to 18%.

## Compagnie Française d'Entreprises Minières, Métallurgiques et d'Investissements (Cofremmi).

The investment in Cofremmi is represented by a 10% shareholding and royalty and profit participation aggregating \$18.9 million arising under an agreement dated March 29, 1976 and finalized May 12, 1976 with Bureau de Recherches Géologiques et Minières (BRGM). Following the agreement made between BRGM and Amax Inc. to develop the New Caledonia nickel properties held by Cofremmi, the company has given notice to BRGM that it wishes to exercise its option under the



March 29, 1976 agreement to require that its interests be acquired for cash. BRGM disputed the company's claim and on March 14, 1980, Patiño International, N.V. (PINV), a wholly-owned subsidiary of the company, instituted before the Tribunal de Commerce de Paris an action against the BRGM and against Amax as well as a wholly-owned subsidiary of the latter. This action alleges that BRGM had breached the March 29, 1976 contract by introducing a foreign shareholder into Cofremmi through Société Promotion des Mines, a holding company created especially for that purpose, and then by refusing to allow PINV to exercise its option under the March 29, 1976 contract to require that its investment and receivables be acquired for cash. The action seeks a judgment against all three defendants ordering them to pay the French francs equivalent of \$18.9 million as damages. The defendants moved for dismissal of this action essentially on the ground that the Tribunal de Commerce lacked jurisdiction. However, the Tribunal de Commerce declared, on March 2, 1981, that it had jurisdiction and that the action could proceed. This judgment was upheld on appeal on December 11, 1981, and trial of this matter before the Tribunal de Commerce has been set for June 18, 1982.

On February 13, 1981, the company and PINV instituted an action against the BRGM and against Amax before the United States District Court in the Southern District of New York. The action was made up of three claims under the United States antitrust laws and a fourth claim alleging the defendants' conspiracy resulted in Patiño, N.V. accepting the terms of the March 29, 1976 contract by which it agreed to sell to the BRGM 90% of the shares of Cofremmi. After several other procedural hurdles, that Court decided, on January 21, 1982, to dismiss the action for want of jurisdiction on the ground that it failed to allege a sufficient effect on United States commerce.

### Exploration

Exploration in Quebec was continued with examination of the extensive claim holdings in the Chibougamau area, deep drilling at Lemoine and drilling on the St. Bruno lead-silver occurrence near Temiskaming. In the Chibougamau area several geophysical anomalies located in a favourable geologic environment had reached the drilling stage. Deep drilling at Lemoine discovered a thickening of the rhyolite pile covered with a thin sheet of zinc-copper-silver mineralization. Drilling at St. Bruno confirmed the existence of a small, currently uneconomic mineral deposit.

During the period to August 31, 1981, drilling

conducted in the Shining Tree area, near Sudbury, Ontario, outlined an altered zone with anomalous gold values.

The main emphasis in the United States again was in Alaska, where the company discovered bedded high grade zinc mineralization, up to 2 feet thick of 50% zinc, on the Step Mountain project area. Geochemical surveys indicated good continuity in this newly discovered zone as well as in several others outlined in the summer's program. Extensive soil sampling at the Bonanza project area returned highly anomalous silver, wolfram and molybdenum assays over several thousand feet along the intrusive-metavolcanic contact. At Reef Ridge further mapping and sampling resulted in the discovery of several new zinc prospects.

Drilling on the Sithylenkat tin bearing alluvials indicated a potential of several million cubic meters of marginal tin grades.

At Ord Mountain, drilling early in the year confirmed the existence of a marginal grade copper-molybdenum deposit.

The above exploration properties were included in the mining interests sold to Northgate on September 17, 1981.

### Patiño Mining, N.V.

At December 31, 1981 Patiño Mining, N.V. owned 2,493,969 shares of the company, being 94.62% of the issued and outstanding shares (excluding 1,740,332 shares held by a wholly-owned subsidiary, which acquired 1,898 shares during 1981), as against 94.56% at the end of 1980.

On behalf of the Board of Directors.

*M. R. B. Wemmer*

President and Chief Executive  
The Hague, May 12, 1982

# patino, n.v. and subsidiaries

## **Consolidated Balance Sheet**

(expressed in thousands of United States dollars)

	December 31 1981	December 31 1980 (restated)
<b>Assets</b>		
Cash, short term deposits	\$ 91,945	\$ 97,799
Marketable securities	—	249
Accounts receivable	2,227	2,170
Investments in and advances to associated companies, net of provisions	90,562	44,884
	<u>\$ 184,734</u>	<u>\$ 145,102</u>
<b>Liabilities</b>		
Accounts payable and accruals	\$ 453	\$ 1,021
Due to Northgate Exploration Limited	74,080	—
Dividends payable	9,604	133
Taxes payable	1,691	1,342
	<u>85,828</u>	<u>2,496</u>
<b>Shareholders' equity</b>		
Share capital		
Authorized 16,000,000 shares, par value		
Dfl. 5 per share Dfl. 80,000,000		
Issued and fully paid: 4,376,000 shares	6,229	6,229
Premium on shares issued	30,544	30,544
Retained earnings after proposed profit appropriation	100,359	143,988
	<u>137,132</u>	<u>180,761</u>
Less: 1,740,332 company shares acquired at cost (1,738,434 in 1980)	38,226	38,155
	<u>98,906</u>	<u>142,606</u>
	<u>\$ 184,734</u>	<u>\$ 145,102</u>

*See accompanying notes*



# patño, n.v. and subsidiaries

## **Consolidated Statement of Income**

(expressed in thousands of United States dollars)

	Year ended December 31 1981	Year ended December 31 1980 (restated)
<b>Revenue</b>		
Equity income	\$ 10,675	\$ 21,435
Interest income	17,036	8,442
Other income	1,209	1,098
	<u>28,920</u>	<u>30,975</u>
<b>Costs and expenses</b>	<u>1,232</u>	<u>1,697</u>
<b>Income before taxes and extraordinary items</b>	27,688	29,278
Current taxes	517	1,106
<b>Income before extraordinary items</b>	27,171	28,172
Extraordinary items	84,445	16,371
<b>Net income</b>	<u>\$ 111,616</u>	<u>\$ 44,543</u>
 <b>Earnings per share</b>		
Before extraordinary items	\$ 10.31	\$ 10.64
After extraordinary items	\$ 42.35	\$ 16.83

## **Consolidated Statement of Retained Earnings**

(expressed in thousands of United States dollars)

Balance, beginning of year	\$ 143,988	\$ 101,425
Net income	111,616	44,543
Dividends	(155,245)	(1,980)
<b>Balance, end of year</b>	<u>\$ 100,359</u>	<u>\$ 143,988</u>

*See accompanying notes*



# patiño, n.v. and subsidiaries

## **Consolidated Statement of Changes in Financial Position** (expressed in thousands of United States dollars)

	Year ended December 31 1981	Year ended December 31 1980 (restated)
<b>Source of funds:</b>		
Interest and other income, net of costs	\$ 17,013	\$ 7,843
Decrease in marketable securities	249	253
Dividends from subsidiaries	—	1,670
Proceeds from disposal of investments	123,600	32,500
Increase in payables	—	34
Increase in dividends payable	9,471	133
Decrease in advances	—	1,245
Other	—	78
	<u>150,333</u>	<u>43,756</u>
<b>Use of funds:</b>		
Acquisition of investments	—	14
Increase in receivables	57	528
Decrease in payables	568	—
Dividends	155,245	1,980
Taxes paid	168	337
Company shares acquired	71	9,528
Increase in advances	63	—
Other	15	—
	<u>156,187</u>	<u>12,387</u>
<b>Cash, short term deposits:</b>		
Increase (decrease)	(5,854)	31,369
Beginning of year	97,799	66,430
End of year	<u>\$ 91,945</u>	<u>\$ 97,799</u>

*See accompanying notes*

Signed for approval of:

Consolidated Balance Sheet  
Consolidated Statement of Income  
Consolidated Statement of Retained Earnings  
Consolidated Statement of Changes in Financial Position  
Balance Sheet  
Statement of Income  
Notes to Corporate and Consolidated Financial Statements  
Five Year Consolidated Summary

D. Azéma  
G. Beaux  
M. P. Bloemsma  
P. M. Haas  
J. Ortiz-Patiño



# patiño, n.v.

## **Balance Sheet**

(expressed in thousands of United States dollars)

	December 31 1981	December 31 1980
<b>Assets</b>		
Cash	\$ 1,260	\$ –
Marketable securities	–	249
Accounts receivable	155	61
Investments in and advances to subsidiaries, net of provisions	107,739	143,121
	<u>\$ 109,154</u>	<u>\$ 143,431</u>
<b>Liabilities</b>		
Accounts payable and accruals	\$ 350	\$ 398
Dividends payable	9,604	133
Taxes payable	294	294
	<u>10,248</u>	<u>825</u>
<b>Shareholders' equity</b>		
Share capital		
Authorized 16,000,000 shares, par value		
Dfl. 5 per share <u>Dfl. 80,000,000</u>		
Issued and fully paid: 4,376,000 shares	6,229	6,229
Premium on shares issued	30,544	30,544
Retained earnings after proposed profit appropriation – parent company	60,332	94,110
– subsidiaries	40,027	49,878
	<u>137,132</u>	<u>180,761</u>
Less: 1,740,332 company shares held by a wholly- owned subsidiary, at cost (1,738,434 in 1980)	38,226	38,155
	<u>98,906</u>	<u>142,606</u>
	<u>\$ 109,154</u>	<u>\$ 143,431</u>

## **Statement of Income**

(expressed in thousands of United States dollars)

Net income for the year	<u>\$ 111,616</u>	<u>\$ 44,543</u>
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*See accompanying notes*



## Notes to Corporate and Consolidated Financial Statements

### 1. Accounting policies

The financial statements are prepared in accordance with generally accepted accounting principles in The Netherlands.

The principal accounting policies followed by Patiño, N.V. are:

#### Basis of consolidation

The financial statements include the consolidated financial statements of the company and its subsidiaries. The consolidated financial statements include the results of subsidiaries acquired during the year from the date of purchase. Subsidiaries sold during the year are deconsolidated and the company's share of the earnings, to the date of sale, is included in the statement of income as equity income.

#### Currency translation

The financial statements are expressed in United States dollars as the majority of assets and liabilities are denominated in dollars or valuation is based on dollars. Current assets and current liabilities in currencies other than United States dollars are translated at year-end rates of exchange. Other assets and liabilities not in United States dollars are translated at historic rates of exchange.

Transactions in currencies other than United States dollars are translated into United States dollars using rates of exchange prevailing during each period. Currency translation adjustments are taken to income.

#### Valuation of marketable securities

Marketable securities are carried at the lower of cost or market value.

#### Investments and advances

Investments in associated companies are carried at cost less provision for permanent impairment in value. Income is recognized when received.

Investments in subsidiaries are reported at acquisition cost increased with the company's share of the income since acquisition.

#### Taxation

Tax on earnings is computed based on the commercial profit adjusted for exempted sources of income and expenses and investment allowances at rates applicable in the countries of establishment of the companies included in the consolidated accounts.

Full provision is made for taxes which would arise on dividend distributions out of the company's share of the distributable earnings of subsidiary companies.

### Earnings per share

The calculation of earnings per share is based on the weighted average number of shares outstanding (excluding shares held by a wholly-owned subsidiary) during the year.

### General

Unless otherwise indicated, assets and liabilities are stated at face value.

### 2. Cash, short term deposits

Cash, short term deposits consists of cash held in current bank accounts and deposits for terms not exceeding twelve months. At December 31, 1981, \$74,080,000 was pledged as security for the liability to Northgate Exploration Limited.

### 3. Marketable securities

	1981	1980
	(thousands)	
Cost	\$ -	\$ 249
Market value	\$ -	\$ 1,382

### 4. Investments and advances

On September 17, 1981 the company sold its Canadian mining interests and its 34% indirect interest in Edper Equities Limited (Edper) to Northgate Exploration Limited (Northgate) for \$123.6 million which resulted in an extraordinary gain of \$84,445,000. The subsidiaries sold have been retroactively deconsolidated and the company's share of the earnings (\$10,675,000 for the eight months to August 31, 1981 and \$17,030,000 for the year ended December 31, 1980) has been included in the statement of income as equity income. Under the September 17, 1981 agreement the company granted to Northgate an option to sell to the company, or one of its subsidiaries, all of the issued and outstanding shares of Patiño Canada Inc., which holds the 34% indirect interest in Edper. This option was exercised on October 19, 1981, and the transaction of purchase and sale closed on January 11, 1982, resulting in the reacquisition by the company of its 34% indirect interest in Edper for \$74,080,000. Accordingly, the balance sheet reflects the investment as well as the related liability to Northgate.

Under an agreement dated June 21, 1979 the company, through a subsidiary, was granted an option, exercisable in the period February 2, 1982 through March 30, 1982, to sell its indirect interest in Edper at a formula price. The option period was



subsequently extended to May 31, 1982. The company has not yet decided whether to exercise this option and the indirect investment in Edper is carried at its reacquisition cost of \$74,080,000.

The investment in Compagnie Française d'Entreprises Minières, Métallurgiques et d'Investissements is represented by a 10% shareholding and royalty and profit participation aggregating \$18.9 million.

#### 5. Remuneration of Patiño, N.V. Directors

Twelve directors received a total remuneration of \$331,000 in 1981 (1980 – ten, \$403,000).

#### 6. Taxation

The company has filed tax returns for the years 1971 through 1980, on the basis of the Netherlands participation exemption provisions. Although no assessments have been received, the Netherlands tax authorities have raised several questions regarding the treatment of certain transactions. Management and the company's professional advisers are satisfied that the company has defensible answers to these questions.

#### 7. Extraordinary items

	1981	1980
	(thousands)	
Gain on disposal of investments	\$84,445	\$ 15,194
Equity in extraordinary items of subsidiaries	–	1,177
	<u>\$84,445</u>	<u>\$ 16,371</u>

Amounts are reported net of applicable taxation and minority interests.

#### 8. Appropriation of profit

During the year the Directors declared interim dividends of \$3.90 per share in accordance with Article 15 of the company's statutes. These dividends, together with the interim dividend of \$55.00 per share approved by the shareholders on September 11, 1981, bring the total dividends declared for the year ended December 31, 1981 to \$58.90 per share. The Directors do not propose any further dividend for the year ended December 31, 1981.

#### 9. Contingent liabilities

The company has been informed that Companhia Estanifera do Brasil S.A. (Cesbra), which was sold to

Brascan Limited (Brascan) effective September 30, 1980, has received tax assessments, relating to periods prior to the sale, amounting to \$6.2 million. Under the sale agreement with Brascan the company is liable for any such claims exceeding in total \$1.0 million. Cesbra is contesting these assessments and Brazilian counsel are of the opinion that Cesbra has good legal and factual arguments to support its case. Consequently no provision has been made in the accounts for this contingency.

#### 10. Litigation

As previously reported, legal actions were instituted against the Bureau de Recherches Géologiques et Minières and Amax Inc., before the Tribunal de Commerce de Paris and the United States District Court in New York.

On March 2, 1981, the Tribunal de Commerce declared that it had jurisdiction to hear this matter. This judgment was upheld on appeal on December 11, 1981, and trial of this matter before the Tribunal de Commerce has been set for June 18, 1982.

The action before the United States District Court was dismissed on January 21, 1982.

#### Auditors' Report

We have examined the financial statements set out on pages 6 to 12 inclusive of Patiño, N.V.

The final determination of the ultimate realisable values of the investments in associated companies described in note 4, the adequacy of the provision for Netherlands taxes (note 6) and any liability arising under the sale agreement disclosed in note 9 are each dependent on the outcome of future events which cannot be predicted with reasonable certainty.

Based on our examination, due to the matter set forth in the preceding paragraph, we are unable to, and do not, express an opinion on the financial statements at December 31, 1982 taken as a whole.

The Hague, May 12, 1982  
Price Waterhouse Nederland.

## five year consolidated summary

(expressed in thousands of United States dollars)

For the year	1981	1980 (restated)	1979 (restated)	1978 (restated)	1977 (restated)
<b>Revenue</b>					
Equity income	\$ 10,675	\$ 21,435	\$ 10,078	\$ 5,598	\$ 4,636
Interest and other income	18,245	9,540	7,411	3,911	2,783
	<u>\$ 28,920</u>	<u>\$ 30,975</u>	<u>\$ 17,489</u>	<u>\$ 9,509</u>	<u>\$ 7,419</u>
<b>Income before taxes and extraordinary items</b>					
Equity income	\$ 10,675	\$ 21,435	\$ 10,078	\$ 5,598	\$ 4,636
Interest and other income, net	17,013	7,843	5,762	1,818	894
	<u>27,688</u>	<u>29,278</u>	<u>15,840</u>	<u>7,416</u>	<u>5,530</u>
Taxes	517	1,106	283	34	(333)
<b>Income before extraordinary items</b>	<u>27,171</u>	<u>28,172</u>	<u>15,557</u>	<u>7,382</u>	<u>5,863</u>
Extraordinary items	84,445	16,371	(250)	1,269	(86)
<b>Net income</b>	<u>\$ 111,616</u>	<u>\$44,543</u>	<u>\$ 15,307</u>	<u>\$ 8,651</u>	<u>\$5,777</u>
* per share	<u>42.35</u>	<u>16.83</u>	<u>5.08</u>	<u>2.44</u>	<u>1.40</u>
Dividends	<u>155,245</u>	<u>1,980</u>	<u>—</u>	<u>—</u>	<u>—</u>
per share	<u>58.90</u>	<u>0.75</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>At the year end</b>					
Working capital	\$ 8,344	\$ 97,722	\$ 67,014	\$ 56,617	\$ 49,005
Investments and advances, net of provisions	90,562	44,884	42,557	37,647	59,991
<b>Shareholders' equity at book value</b>	<u>\$ 98,906</u>	<u>\$ 142,606</u>	<u>\$ 109,571</u>	<u>\$ 94,264</u>	<u>\$ 108,996</u>
** per share	<u>37.53</u>	<u>54.07</u>	<u>36.38</u>	<u>31.30</u>	<u>26.51</u>
Shares issued	<u>4,376,000</u>	<u>4,376,000</u>	<u>4,376,000</u>	<u>4,376,000</u>	<u>4,376,000</u>
Company shares acquired	<u>1,740,332</u>	<u>1,738,434</u>	<u>1,364,473</u>	<u>1,364,473</u>	<u>264,618</u>

\* Based on the weighted average number of shares outstanding (excluding shares held by a wholly-owned subsidiary) during the year.

\*\* Based on the number of shares outstanding (excluding shares held by a wholly-owned subsidiary) at the end of the year.



**PATÍÑO, N.V.**

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May 25, 1982

To: THE SHAREHOLDERS

Please note that the 1981 Annual Report, mailed to you on May 18, 1982, contains a typographical error.

As is obvious from the contents of the Auditors' Report printed on page 11 of said Annual Report, and in particular from the explicit reference therein to the financial statements set out on pages 6 to 12 inclusive of our Annual Report, said Auditors' Report refers to the financial statements at December 31, 1981 taken as a whole.

If you wish to receive a corrected copy of our Annual Report, please apply to the company's head office in The Hague.

J. Mason  
Secretary-Treasurer

patiño, n.v.