

The Board of Directors

A dossier of typed sheets entitled Excerpts from reports of the Board of Directors, which collects the accounts of Borsalino's financial years from 1945 to 1980, constitutes a concise but exhaustive source of data of the assessments and resolutions of the Board of Directors in this regard financial management and business strategies during the Presidency of Teresio Uselli. For the period in question, the elements that emerge allow us to broadly follow the company's progressive crisis, traced back according to its directors to some specific reasons:

- the loss of important foreign markets due to the protectionist policies of the importing countries
- the crisis of the hat as a garment
- the increase in labor costs due to the regulations deriving from the interconfederal agreements which had progressively introduced: the equalization of wages, the contingency allowance and its incorporation, the increase in family allowances, the revaluation of wages, the wage equalization between men and women.

It was probably the latter, the crux of the matter. In the post-war period, the paternalistic methods of conducting business in the golden age of Borsalino in which the philanthropist master could fire the entire "maestanza" as he wished (as happened after the 1897 strike) were no longer applicable. The context had drastically changed: in the republican system founded on a constitutional charter that made work the qualifying element of civil society, wage demands were brought forward by unions recognized as political interlocutors, among which, the most aggressive, the CGIL, it operated in close relationship with the PCI, a party that made the emancipation of the working class its primary objective. Unable to carry on her traditional low wage policy and unable to get out of the impasse of commissioned work that reduced the hours of full hours for employees to just the summer months, Borsalino was inexorably on the road to crisis. The obstinate defense of the quality hat in a commercial context in which this item of clothing was becoming increasingly obsolete, as well as the limited propensity to seek solutions for company conversion, which could have been practiced without major difficulties, contributed to this. international brand awareness.

It is interesting to note that until 1969, despite all the commercial difficulties from time to time exposed by the directors of Borsalino, operating profits remained constant. It is equally significant to note that, while in the meetings with the IC, the Management identified the structural cause of the company difficulties and the frequent periods of "lack of work" for the workers in the seasonal characteristics of the production, this question was never asked level of the Board of Directors. The most obvious answer in the face of such a contradiction could be that the only real strategy of the company was essentially to reduce production costs to a minimum, saving on wages and keeping obsolete plants in operation.

Exercise July 1945-June 1946

Hats exported: 53,087

At the end of the war, the company was able to dispose of machinery in conditions of relative efficiency, but it faced three types of obstacles: the shortage of raw materials, the destruction of the transport system and the closure of foreign markets, a vital element for the survival of the company.

Taking note of the instability of the purchasing power of the Italian currency and of the government's monetary policy, President Teresio Uselli called for an exchange rate adjustment "based on the parity of the US dollar at around 300

Italian lire". The overall evaluation of the sales trend of the year in question underlined the closure of the markets of central and eastern Europe, together with the eastern ones, and the difficulties of the commercial relations with Spain and France, factors which were responsible for the collapse of production from an average of 600,000 animals during the pre-war period to 155,000 (of which only 35,000 exported) of the present. The reasons for the sharp drop in sales were also to be found in the prohibitive price of hats, which already cost 1,100 lire to retailers making the product a kind of luxury completely inaccessible to almost all potential buyers.

Another important factor that limited corporate profits was the governmental provisions that provided for the hiring of partisans and the maintenance of the job for veterans from prison camps, without firing those who had been hired to replace those called to arms.

To compensate for the costs deriving from pensions, the `` Miscellaneous contingency fund '' was increased, which rose from 500,000 lire to one million.

The year ended with a profit of 1,458,933 lire, of which 15,000 were allocated to the extraordinary reserve.

Exercise July 1946-June 1947

Hats exported: 409,657

The overall results showed a marked recovery in production, despite the persistence of international protectionist measures which expressed themselves with the tightening of duties, both with the refusal and limitation of currencies. However, trade relations with Switzerland, Denmark, Sweden and Norway were resumed, albeit in a thousand difficulties.

In the summer, the company completed a company relocation operation, investing substantial capital in the Swiss hat factory "La Modern": the new factory was initially supposed to receive obsolete machinery, but subsequently it was decided to send new technology machines, capable of carrying out all operations in an almost completely automated way. At the same time he took control of the share package of the Vanzina di Pavia hat factory, which he destined for the production of relatively low-cost hats for the South American markets, in particular Paraguay where there were no such companies. The best markets turned out to be: USA (100,000), Holland (63000), Colombia (60,000) and Venezuela (32,000), while in Argentina the protectionist policy of Colonel Peron's government blocked imports of hats, while offering the company share ownership. to make hats with the Borsalino brand. The Alexandrian company refused, thus leaving the field free to the powerful US competitor Stetson

The company quadrupled its share capital from 21 to 84 million, probably galvanized by successful expansion operations and by the considerable operating profit (approximately 4 million). Finally, the liquidation fund for employees was adjusted, with a charge of L.11.678.04 which allowed the overall amount to be set at over 17 million lire.

Exercise July 1947-June 1948

Hats exported: 317.013

The minutes underline how "the resumption of the company's commercial activity did not have the developments that could legitimately be expected". As regards the domestic market, it was observed that "the impaired purchasing power of the Italian consumer, preferentially channeled towards basic necessities, makes the request for

hats less active." On the international level, however, he complained that all the countries of Eastern Europe and particularly those of the Balkan Peninsula, which were large consumers of the product, as well as the markets of Germany, Japan and Australia, which constituted outlets of considerable importance, continued to remain 'precluded'. With regard to the Americas, the end of US protectionism and the progressive loss of market shares in Latin America were stressed where contingencies had been put in place which limited or even canceled the possibilities of sale. Finally, in almost no bilateral trade agreement, the voice hats was taken into account.

Shortly before the end of the year, an extraordinary meeting was called (25 May 1948) to adapt the company to two legislative decrees (DL 14 February 1948 n.49 which amended the DL 7 May 1946 and the DL 13 September 1946). which concerned the revaluation of the plants and the transfer to capital of the active balances by increasing the nominal value of the shares. It was decided to increase the share capital to 126 million, by using:

- of the extraordinary reserve fund for ITL 35,416,183
- of the dividend 1946-47 not distributed for Lire 2,100,000
- part of the Fund for various charges to be paid for ITL 4.00.000
- part of the undivided profits of previous years for ITL 83,817

for a total of 42,000,000 lire which added to the previous capital of 84 million brought the share capital to 126. The operation was carried out by increasing the nominal value of the shares from 400 to 600 lire. "The issue of a bond loan of 84 million, to be amortized by the end of 1951

The operating profit was substantial (about 5 million): exports exceeded pre-war levels with 400,000 pieces shipped abroad out of a total production of 962,089 hats

Exercise July 1948-June 1949

Hats exported: 286,347

Borsalino lost the Uruguayan market following a commercial agreement between the main hat factory in Montevideo and the Argentine company Lagomarsino. This data testifies to us: in 1939 Borsalino had exported over 32,000 hats to the South American state, while between 1947 and 1949 sales had decreased to 120. Despite the blow, the company still managed to increase production, with over 300,000 hats more than the previous year, favored by two favorable circumstances:

- The progressive consolidation of the national treasurer to stop the inflationary process and the consequent maintained level of the purchasing power of the currency
- aid from the Marshall Plan, which had made it possible to maintain and in some cases reduce sales prices. Indeed, it was observed: "The large and generous aid received by our application of the Marshall plan in our country has made it possible to balance, at least in part, the deficit in our balance of payments."

Against the operating profit of approximately 5 million in the previous balance, a profit of 17 million was achieved, which would allow another increase in share capital, which was brought to 210 million by using the residual net revaluation balance of plants 1946 and part of the net revaluation balance 1948. At the same time, it was decided to issue a second bond loan under the same conditions as the previous one.

The workers dismissal indemnity fund was set up by withdrawing from the net plant revaluation fund

Exercise July 1949-June 1950

Hats exported: 331.069

The hours worked and the production remained substantially unchanged, as well as the volume of sales, confirming that the crisis was more commercial than productive, in the sense that the markets showed little interest in the Borsalino product, despite its international reputation.

Other difficulties were identified:

- the non-alignment of the lira with the devaluation of the pound, with the unfavorable consequence on exports due to the lower parities achievable on the markets of the sterling area and to the greater competition that, as a consequence of the more favorable exchange rate, British producers can make on the strong currency markets
- in the increasingly recurrent practice of limiting the use of headgear to winter only
- in the incorrect conception of considering the fur hat as a luxury item and by virtue of this fact to exclude it from commercial negotiations.

The company therefore decided to organize a working seminar in order to identify new sales strategies on international markets, at the conclusion of which the decision was made to launch some models at more affordable prices for the less wealthy classes, to strengthen the propaganda commitment with interventions at the tailors and through the exploitation of cinema advertising.

On the financial side, against a profit of over 18 million, other shares of the Vanzina hat factory were purchased and the share capital was doubled to 420 million.

Exercise July 1950-June 1951

Hats exported: 388.034

The technological update program alongside the commercial promotion program launched the previous year had a positive impact on sales, which increased by approximately 100,000 units. The fruits of the new business course also made themselves felt financially, with a profit of 26 million. However, the value of the share capital was lowered to 400 million, with the destruction of a corresponding number of shares.

This was the procedure:

- the board of directors purchased 10,000 shares for an amount of 22,955.00 lire
- After the approval of the Court of Alessandria on June 27, 1951, the shares were destroyed, causing the share capital to drop to 400 million
- the surplus 2,995,500 were reduced to the profits made for the 50-51 financial year

The ordinary shareholders' meeting (November 26), making a final balance for the year in question, however, did not hide the existence of problems that had a negative impact on profit, attributing them to two types of causes:

- international factors: increase in raw materials and fuels, protectionist measures in client countries
- internal factors:

- the credit policy and the high cost of money, which reduced or `` the elasticity of supplies by retailers, forced to limit stocks '',
- the growing incidence of social security contributions,
- the aggravation of municipal duties on hat retailers, to the extent of 5-10% of the invoice value.

The year ended with a profit of 26 million.

Exercise July 1951-June 1952

Hats exported: 404,062

The minutes show that the unfavorable economic situation at the international level had led to the general decrease in demand and the tightening by all nations in a policy of defense of their trade balance. It was found that the provision had not yet been finalized reimbursement of the IGE for the exported goods and it was underlined how new, huge burdens burdened the company following the adjustment of pensions and measures to limit unemployment. Finally, the levels of the tax burden were defined as `` intolerable ''.

Some observations were spent on union relations, distinguishing between individual relationships with the workers, as always good and cordial, and collective relationships in which there had originated some contrast in relation to the attempts of the internal commission to carry out company negotiations.

Exercise July 1952-June 1953

Hats exported: 411,628

"Positive elements have offset negative ones" - this is how the Board of Directors expresses itself, identifying among the favorable factors:

- "the refund of the IGE"
- the greater availability of means for the purchase of consumer goods

and among the unfavorable ones:

- the accentuation of international competition, favored by protectionism
- the tax burden,
- municipal duties, a fundamental error of principle
- Contributions that are too high for labor costs

The situation of trade union conflict was again highlighted, which had been tried to find a solution with `` welfare and social security initiatives ''.

A good result was obtained with the signing of a commercial treaty with Colombia, on the occasion of which the company urged the Ministry of Foreign Trade to protect Italian production from the expansionist policy of the Latin American country, a traditional customer of Italy in hat sector.

A profit of 46,702,077 lire was made.

Exercise July 1953-June 1954

Hats exported: 376,826

Despite the constraints on the import of hats imposed by many states, the company did not want to consider the possibility of lowering prices, focusing as always on the excellence of the Borsalino product. However the Board of Directors charged the

"slight regression" of sales to the "workers' unrest" and charged the CGIL "with a series of provincial protests linked to its hostile position to the agreements on the conglomeration" which led to "unrest for several weeks". The company resisted any pressure was verbalized with complacency.

However, the company's executives identified other concurrent causes, such as:

- The disproportion between the small and delayed reimbursement of the IGE and the protectionist policy implemented by the competing countries
- the presence of a little elastic regulation of exports in private compensation
- the breakdown of social security burdens which are exceptionally high on the cost of labor
- the "conspicuous provisions granted by various European countries to their producers ... of hats" And in this regard it should be noted that for the first time the production of Italian hats had been surpassed by the French one on all European markets and also on the US one.

The improvements introduced in the production process and in the company management were therefore highlighted thanks to the installation of a machine center.

The company tried to regain the Uruguayan market by asking to increase the quantities of importable hats, a request rejected by the local government as it was prejudicial to the country's economy. The illusion that Colombia reopened imports after four years of protectionism lasted only a few months, since the government imposed a minimum price of \$ 17 on imported hats, in addition to other various types of tax, while offering foreign states incentives to investments. In order not to be annihilated by the competition, Borsalino entered into an agreement with a local company, the Fabrica de Sombreros of Bogotá, according to which the Colombian company would have carried out the final stages of processing a hat that would still carry the Borsalino brand.

Net profit was Lire 44,003,879.

Exercise July 1954-June 1955

Hats exported: 402,209

The minutes state that with the end of the long dispute over the conglomeration - and here the accusations to the CGIL are renewed for having contrasted the agreement - the production had reached that of the exercises 51-52 and 52-53.

However, the production situation was not at all favorable, as an epidemic of leprosy had increased the cost of rabbit hair, further levitated by "speculative hoardings".

On the level of foreign markets, the situation in Europe could be considered satisfactory, following the increased currency availability of the markets, but decidedly negative was the one inherent in South America in which several markets were "absolutely closed", like those "d" beyond curtain. On the whole, however, there was a slight improvement over the previous year.

In the internal market, even though demand remained constant, the lower liquidity of the customers had to be recorded, which had made it necessary a greater delay in the terms of payment

The net profit was Lire 45,510,528.

Exercise July 1955-June 1956

Hats exported: 387,630

The assessments expressed by the minutes on the company situation in the year in question are substantially negative and identify the various weak points:

- the persistence of the lepronid epidemic which had further increased the price of rabbit hair, giving rise to speculative hoarding phenomena that had damaged the company.
- the increasing difficulties in terms of exports due to various factors:
 - duties,
 - competition between US producers which determined the situation of importers, already precarious due to the impact of the high customs duty "
- the 'abnormal state of the North African markets' as a consequence of the political situation
- "the custom of not wearing headgear especially in the summer season
- the cost of materials is constantly subject to market fluctuations
- the ever-increasing cost of labor together with welfare and social security charges continues to increase

Faced with the difficult contingency, the company had activated:

- to improve its production efficiency with the creation of a building destined for the preliminary stages of production, the Hair Cutting
- to improve their image both through advertising and by launching "new models of hats intended especially for young people".

Despite the problems mentioned above, the company managed to increase its profits albeit slightly, closing with a profit of around 48,300,000 lire.

Exercise July 1956-June 1957

Hats exported: 354.525

On the centenary anniversary of the company, the Board of Directors complained of the same problems that emerged the previous year, namely the increase in the cost of raw materials and the excess of direct tax and indirect charges. The direct charges had been determined by the increase in the contingency, while the indirect charges depended on the increase in social security contributions

Other contingent factors had further aggravated the situation, first of all the crisis of the Suez canal which had led to delays in deliveries and the monetary difficulties of France with the consequent limitations on the import of non-essential goods. On the government side there had also been a series of incorrect assessments regarding the negative influences on the production of tax and social charges - which should be compensated for on exportation - with adequate reimbursement percentages and a general myopia of views on the problems of the hat industry . There was therefore a decrease in sales of 5%

At government level, a survey was launched, precisely in the year under examination, aimed at ascertaining the level of automation of Italian companies: with regard to hat factories, the president of Borsalino (and Federcappello) Teresio Usuelli pointed out that "automation has not so far no application, even embryonic, has been found in the hat industry ", thus underlining the semi-artisan nature of the factory.

The company closed the balance sheet with assets of around 43,700,000 lire, around

5 million lower than the previous one.

Exercise July 1957-June 1958

Hats exported: 307,672

"The recession in the US has had a negative impact on the hat industry" - the Board of Directors' debates, also underlining that the entry into force of the MEC's commercial rules "will have positive repercussions for the company". The market losses due to the protectionist policy of Argentina, Brazil and Japan were partially offset by "progress with western Germany". The costs of production, having ceased the epidemic of rabbits which had caused the prices of raw materials to rise, were in any case growing due to the "progressive increase in the direct and indirect cost of labor". Finally, the Board of Directors noted with satisfaction that a change had been made on the IGE "thus at least partially eliminating the burden that ensued for the company".

The company tried to market its artifacts in the USSR: after acknowledging the limited availability of the Russian authorities, it nevertheless considered it appropriate and profitable to participate in "exhibitions of ... Italian clothing" set up in various Soviet cities.

Faced with the further contraction in sales, although not as significant as that recorded in the domestic market, the company expected much from the expansion of the market to 6 Community countries, trusting in the quality of its product, if obviously not `` restrictive measures '' had been activated

Profit was quantified at around 46 million, of which just over one million is destined for extraordinary resources.

Exercise July 1958-June 1959

Hats exported: 301,207

The company entered into a commercial agreement with a Canadian hat factory for the finishing of semi-finished products and the sale of hats bearing the Borsalino brand

The company minutes state that "the entry into operation of the MEC did not have appreciable effects in its initial phase", while acknowledging that the "liberalization of the currencies of the main European countries" made international trade easier.

With an extraordinary meeting (February 5, 1959), the share capital increase to one billion lire was resolved `` by partial use of the monetary revaluation fund '' : the operation was aimed at `` rebalancing the relationship between capital and reserves ''.

The net profit of the company was defined at around 54,500,000 lire, with the transfer of three million to the extraordinary reserve.

Exercise July 1959-June 1960

Hats exported: 280,608

The largest American hat manufacturer, Stetson, put forward the proposed purchase of Borsalino, which the Alexandrian company did not even take into consideration, preferring to aim for a commercial agreement with the American competitor, which however was not successful.

The minutes of the Board of Directors reveal a modest satisfaction for "the reactivation of long-dormant questions from the Eastern European markets", but complain that the renewal of the collective agreement had led to an "appreciable increase in the cost of the labor to which the variations of the contingency were added as well as other social measures "

The company profit however continued to grow, approaching 57 million.

Exercise July 1960-June 1961

Hats exported: 266,976

The stalemate in the commercial situation was acknowledged, attributing it to the unfavorable context of trade, determined by protectionist policies

Although "the failure to recover sales in the US and the currency provisions adopted by Venezuela" had "significantly reduced exports, the Board of Directors noted with satisfaction that the company had no" financial concerns ". The company's dramatic story , culminating with the occupation and the requisition of the factory, appears to be liquidated by a brief observation concerning the "workers' unrest" which "after six years of relative tranquility" gave rise to strikes from February to May "with significant repercussions on production and deliveries"

Profit for the year of approximately 52 million

Exercise July 1961-June 1962

Hats exported: 262,926

The minutes of the board of directors note that $\frac{1}{2}$ the hat industry has not been affected by the happy economic situation that has characterized the production activity of almost all sectors of the national economy $\frac{1}{2}$ and identify the causes in the economic policy directives in international trade based on "prohibitive exchange hedges and ultraprotection duties" charged by importing countries.

Profits also affected:

- the "serious repercussions on labor costs" due to the trade union conflict oriented "in a rapid race to increase wages",
- "the many tax contributions on production" determined by the "welfare and social security policy".
- the costs deriving from the zonal reorganization, from the renewal of the collective labor agreement, from the female equal pay, the revision of the contingency.

Net profit for the year was almost 54 million, called "modest place in relation to the size of the capital"

The minutes of the board reiterate the persistence of the sales crisis due to two factors:

- "prohibitive exchange hedges and ultra-protective duties" practiced by the importing countries
- "changing fashion trends"

Furthermore, the "serious repercussions on labor costs" due to the trade union conflict oriented "in a rapid race to increase wages", "the many contributions payable on production" determined by the "welfare and social security policy" were highlighted.

Net profit for the year was almost 54 million, called "modest place in relation to the size of the capital"

Exercise July 1962-June 1963

Hats exported: 272,536

The "slight" recovery in production was analyzed by the minutes of the Board of Directors as an increase in sales on the domestic market and as "modest opening of new outlets in countries in countries where there have long been prohibitive conditions for the introduction of the hat". Instead, the levitation of labor costs and the tightening of the tax burden were called "worrying".

In any case, the company profit continued to rise to 61,240,000 lire.

Exercise July 1963-June 1964

Hats exported: 295,828

The comment of the minutes of the board of directors is very concise: "The productive activity was conditioned by the economic situation of the country unfavorable for all sectors of Italian industry."

The favorable trend of the constant increase in corporate profits ended: profits dropped by about 7 million to around 55 million.

Exercise July 1964-June 1965

Hats exported: 262,710

The further drop in profits (from 55 to 53.5 million) was summarized by the Board of Directors with the observation that "the economic situation of the year has become heavier". The causes were identified in a concomitant set of unfavorable factors:

- "prices of all factors of production steadily increasing with little possibility of recourse on sales prices"
- staff wages that significantly affected the formation of the overall cost of the product
- the anti-cyclical measures prepared by the government which have not brought any concrete positive results to the partial rebalancing of costs and revenues
- "the increase in the contingency and the application of the tariffs of the last collective agreement" which had "canceled and exceeded the benefits of the taxation of social security contributions".

Faced with a drop in sales now historically consolidated, the company's executives had to ask themselves the question of whether to increase prices or keep them fixed trying to increase sales. The president of Borsalino, Teresio Usuelli, opted for the second hypothesis believing that "any increase in sales is certainly better than any increase in prices" Unfortunately the question seemed more theoretical than substantial, at the moment that sales were in a systematic decline from years and the prices of the hats were certainly not popular.

Exercise July 1965-June 1966

Hats exported: 236,675

According to the minutes of the Board of Directors "the internal market has shown slight signs of improvement. By contrast, exports have suffered from the situations dividing the countries belonging to the two customs systems of the MEC and EFTA". The difficulties with the Australian and African markets were also highlighted, "as well as with some important South American countries, where the impossibility of resuming trade relations continues". Consequently, the company had to take note of the impossibility of 'adjusting sales prices to costs', to avoid leaving other market shares to competition.

However, after two years of decline in profits, the year ended with a better asset, quantified at 55,424,478 lire.

Exercise July 1966-June 1967

Hats exported: 214,007

The Board of Directors highlighted:

- the increase in costs following the renewal of the collective labor agreement
- the tightening of taxes and surcharges
- continuing difficulties on international markets

Despite a significant loss of profits (profits dropped from 55 million to 46.68), the lack of "financial worries" was underlined.

Exercise July 1967-June 1968

Hats exported: 197,971

The favorable signs of economic recovery of the Italian industry, according to the minutes of the board of directors, were not reflected in the performance of the hat industry, of which "increasing export difficulties" were highlighted due to the monetary devaluation and the "total abolition of customs duties".

Although the minutes speak of "always solid financial situation", in 68 there occurred for the first time a fact destined to assume ever greater importance in the following years: the liability of the balance sheet, quantified as 21,548,000 lire which would have been covered only partially from residual profits and previous years. Against a profit of 44 million the previous year, the extent of the collapse appears dramatic.

Exercise July 1968-June 1969

Hats exported: 210.93

The serious liability situation that occurred the previous year seemed to be outweighed by a net profit of over 30 million, despite the fact that the international situation continued to be unfavorable. "The consumption of the hat shows no sign of increasing either on the domestic market or on the export market" - say the company minutes. And again: "The customs situation is always worrying towards the EFTA countries to which it is increasingly difficult to export".

Based on these considerations, the company decided to end the strategy set out by its president in 1965, which implicitly proposed to destroy competition (at least

the internal one) to come to a non-belligerence agreement with the Barbisio and Panizza hat factories that led to better results.

Exercise July 1969-June 1970

"Inflationary pressures, rising costs and prices, production decelerations, monetary and financial tensions and for our country significant increases in labor costs have made it even more difficult to maintain balance between costs and revenues". This is how the minutes of the BoD which underline the production stagnation and the ever increasing sales difficulties on foreign markets. The final balance sheet therefore had to register a liability of 3,128,730 lire.

Borsalino, after years of immobility in terms of corporate strategies, tried to take new paths:

- becoming an importer for Italy of the British hat brand Kangol
- by launching a prefabricated hat capable of being delivered within one month of ordering
- but above all attempting a propaganda operation in grand style through the financing of the film Borsalino, with internationally renowned actors (Delon and Belmondo) who for a short, ephemeral period raised the hat among the young

The minutes of the BoD speak of "weakening of our competitiveness on foreign markets due to the increasing pace of costs partially transferred to prices". It is also stressed that following the application of the new collective agreement, "the workers dismissal indemnity fund has undergone a significant increase and represents a significant and much greater load than that of previous years."

The usual analyzes on the historical decline in sales would seem if the data on the liabilities side of the balance sheet, which stood at over 112 million lire, were not extraordinary.

From this moment the company liabilities will no longer be remedied, on the contrary, it will progressively grow up to exceed 633 million in the 1979-80 financial year, the year in which the reports of the Excerpts from reports of the Board of Directors cease.