

FINANCE and ECONOMICS

SCOTIA DIVIDEND DISBURSEMENT.

Reveals Company's Strength—President Harris Gives the Monetary Times Some Details—Notes of Financial Position.

Monetary Times Office,
Montreal, December 2nd.

One of the biggest surprises of the year was furnished by the directors of the Nova Scotia Steel and Coal Company, in the announcement that they had decided to give the common stockholders of record of December 20th, a stock bonus of 20 per cent., and that in addition thereto they would pay a cash dividend of 1 per cent. to shareholders of record of December 31st, payment to be made on January 15th. Thus, both the old and the new shares will participate in the dividend. A brief reference to this matter appeared in last week's Monetary Times.

The announcement was naturally received by the shareholders with gratification. On the following morning, the

tickers were surrounded by a crowd, which was by no means unmixed in its admiration for the course of the directors. The disgruntled, it is only fair to say, were "shorts," and those who had abandoned their holdings owing to the general doubt occasioned by the somewhat erratic record of Scotia in the past. Many of those who had recently parted with their stock criticized the directors for not making an announcement regarding their proposed course, entirely forgetting that President Harris said months ago that as soon as the financial arrangements had been completed, the shareholders might look for something in the way of a reward for their long wait.

Old and New Capital.

Other criticisms were offered as to the absence of any statement concerning the possibility of dividends in the future. Some doubt is entertained regarding this phase. The general feeling is that the directors would not declare a dividend at all at this juncture, unless they proposed to continue it. In fact, judging from the directors' attitude in the matter, some look for a higher dividend, commenting on the fact that 5 per cent. on the increased capitalization would require exactly the same payment as the 6 per cent. which was formerly paid on the old capitalization. On the authorized capital, the situation would be:—

Old capital of \$5,000,000, at 6 per cent. \$300,000

New capital of \$6,000,000, at 5 per cent. \$300,000

Experienced financiers, knowing the difficulty of keeping secret any knowledge of the intentions of directors, were astonished at the success upon this occasion, no hint of any nature having gone abroad. That there was considerable purchasing for some time previously, was only to be expected. The market closed on the afternoon of Friday, after the final decision had been reached at the Windsor Hotel at 75 to 76, or 11 to 12 points under the high record of the following morning. This almost establishes a record for discretion on the part of directors.

What the Bonus Means.

At the conclusion of the meeting, President Harris commenting for the Monetary Times concerning the decision of the board said:—

"While I have had in mind for some time past, the plan decided upon at to-day's meeting, it was never completely formulated before. Hence the directors have been able to give the shareholders the full advantage of the announcement. We were actuated, in our decision, by the consideration that the funds which were earned by the company and might have been disbursed in dividends in the past, were required for the betterment of the company's property, so that the common stockholders have been compelled to go without dividends during certain periods in the past. The stock bonus is designed to take the place of the dividends which have been withheld, the amount of the bonus just about representing the amount of the dividends which were not paid during the past year and a half and a previous period."

With respect to the rumors of Scotia becoming a factor in the Steel-Coal merger, Mr. Thomas Cantley, general manager of Scotia, remarked:—"Nova Scotia Steel and Coal could derive little advantage from a participation in the merger. It is already in an unusually advantageous position, having its own iron ore and coal, and being in no way dependent upon any other concern. The company's output of coal was larger than ever this year, and the deposits both of coal and of iron ore at Wabana are practically inexhaustible. Everything in connection with our properties is encouraging, and with the improvement in finances, the company can go ahead and work out its own destiny to greater advantage than if it were in a merger."

Those at the meeting were, Mr. R. E. Harris, K.C., President; Hon. J. S. Pitt, C.M.G., Hon. L. M. Jones, Hon. Robt. Jaffray, Messrs. Robert Reford, Jas. C. McGregor, J. W. Allison, W. D. Ross, Geo. F. Mackay, Robt. E. Chambers, and Thos. Cantley.

Securities Sold in Canada.

The discussion of the directors showed that \$3,000,000 of the new 5 per cent. bonds and \$1,000,000 of the new debenture stock had been disposed of in Canada, the net price realized being 94 per cent. of par. This enabled the company to redeem its first mortgage and consolidated bonds and reduce its bank indebtedness, placing it in an easy financial position.

The profits for this year, it was expected, would exceed those of the previous year by at least \$100,000. The stock bonus was given in view of the fact that the profit and loss account at the end of 1908 showed a balance of \$1,219,221 of

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