

DOMINION STEEL REPORT

Financial Statement Shows a Better Position—President Plummer's Address Affords Room for Some Optimism

When the shareholders of the Dominion Steel Corporation met at Montreal last week they heard an unusually interesting address. Mr. J. H. Plummer, the president, detailed the operations of the company during the past year and spoke of the general position and outlook of the industry in Canada and expectations abroad. One of the most important statements made by him was that as far as can be judged, the export market will take all the steel products the company can ship for a long time to come. As to whether the business will be a permanent one is naturally of great significance. Mr. Plummer says that the opinion of their representatives and friends in England is that they will retain a good deal of the business. Mr. Plummer thinks that for some time after the end of the war a large amount of iron and steel will be needed from this side of the Atlantic. "Considering all factors, our prospects for a good export business," said the president, "look to me to be very hopeful."

The position in the Canadian trade in iron and steel is not as attractive. In certain lines it is dead. In some lines, covering chiefly the smaller finished materials, there is a slight improvement. But, said Mr. Plummer, "we do not look for any real improvement in the Canadian business as regards our main products, for a considerable time to come." This fact makes the export business of unusual importance.

The company's main trouble in its coal business has been the question of transportation. The presidential report, in connection with possible coal exports, says:—"There is some demand for coal for export to European countries, but in respect to such of these as would naturally come our way there are difficulties due to the position taken by the British government. We are sorry to lose this opportunity of increasing our business, but we must, of course, loyally accept their judgment as to what is best in the interest of the State. If they think it is unwise to have shipments of coal on the high seas subject to the danger of being captured and used to assist the enemy, we must, of course, cheerfully relinquish the chances of profit."

About the Preferred Dividend.

The position of the company's preferred dividend brought forth a question at the annual meeting, and certain daily papers have been inclined to give Mr. Plummer's statement on this matter a highly colored finish. What he actually said was this:—"I can fairly say that I feel very hopeful indeed, but there are a great many contingencies. We have met so many set-backs since a year ago, when I expressed myself equally hopefully, that I am afraid to make any sort of prophecy now. I do feel hopeful that we shall be able to resume the preferred dividend before very long."

The financial statement shows that the monetary position of the steel and coal companies has improved materially. The gross liabilities have been decreased during the year \$2,024,233, of which a decrease of \$1,688,247 is in the current liabilities. In an ordinary year the decrease would have shown about \$500,000 more, as the company were carrying cash on March 31st just about \$500,000 over the normal figure. This was largely due to the expediency of retaining for the moment a considerable amount at the company's credit in London paid in for shipments abroad. It is hoped that during the present year the replacement of most of the working capital which was absorbed in extensions of the plant not provided for by new capital issues, will be completed. Mr. Plummer, with the assistance of his co-directors, is proving again to be a capable pilot for the guiding of the big corporation's affairs during exceptional times.

Transportation Facilities Poor.

The earnings were disappointing, as up to the end of 1914, a better showing had been anticipated. Again, the war was largely responsible, as the most strenuous efforts of the company to deliver material in Europe, met with innumerable obstacles. On this point, Mr. Plummer said:—"We had secured all the ships which the sales made called for, but we met with most unexpected and prolonged delays in the completion of the voyages of these steamers. We made every effort to remedy this, but the congestion at the British and French ports was beyond anything one could conceive, and in

the result the carrying capacity of our vessels was cut in half, leaving a large quantity of material on our hands not delivered until this spring at—I am sorry to say—much higher freight rates." Most of these troubles have passed now, and the company having caught up in their orders, are shipping their steel products freely to Great Britain and France.

The company's policy always has been to keep all capital expenditures at a minimum. During the past year the total amount was \$128,600, of which the greater part was in connection with a benzol plant.

Some Important Extensions.

The company have had before them for some years past, plans for the erection of such a plant, but before the war the prices for benzol, toluol and similar products were low. Since the war the condition has greatly changed, and the erection of a plant was thought desirable. On February 20th the company entered into a contract with the war office for the supply of toluol, which was subsequently extended to trinitrotoluol, and at once began the erection of the plant at Sydney; a nitrating plant being simultaneously erected by the Canadian Explosives, Limited, to enable the steel company to carry out their contract. Both plants were erected in record time, about two months for each; and are now in operation. The benzol plant still needs some additional equipment for its full completion, but it is already doing excellent work.

The demand for pit-rails, for rail fastenings which are necessary in connection with export rail orders and for rolled sections somewhat larger than the bar mill produce, has caused the company to undertake the construction of another small rolling mill. This will be ready in ten to 12 weeks. It has been planned so that it can be readily extended as the market grows. If the demand for shell steel should continue this mill will enable the company to supply it.

The company's annual report and the president's address will amply repay perusal. They deal in a highly instructive way with one of our great basic industries and reveal some very interesting developments in connection with this industry during the past year.

HOME BANK OF CANADA

The directors of the Home Bank of Canada who met the shareholders on Tuesday at the annual meeting, have wisely decided to adopt a properly conservative policy in connection with the bank's affairs. This was indicated by an appropriation of \$296,276 from the amount available for distribution, for depreciation in securities, and for bad and doubtful debts. Every corporation is obliged to allow a substantial amount in these days for depreciation of securities, although with the advent of peace and with better conditions prevailing, a goodly portion of such an appropriation will probably be replaced. Senator Mason, the bank's president, in addressing the shareholders, said that this measure had been adopted in view of the prospect of another year's hostilities. While it is hoped that events will prevent the war lasting that long, it is obviously wise to prepare for such contingencies.

The net profits for the year total \$163,929, and the balance brought forward from last year was \$107,266. The profit and loss account shows that \$266,666 was taken from the reserve fund which, with the other items, gave a sum for distribution, of \$537,861. Naturally, it is not pleasing to see the reserve fund drawn upon, but it would have been impossible out of the profit and balance brought forward, to make the large appropriation for securities depreciation and doubtful debts, in addition to writing down bank premises by \$71,836.

Besides these amounts the government war tax on note circulation for five months claimed \$5,988. Patriotic subscriptions of \$1,800 were made and dividends at the rate of 7 per cent. accounted for \$136,129. The profits were equal to 8 per cent. compared with 10 per cent. in the previous year. The fiscal year of the Home Bank covers 10 months of war, a longer period than any other Canadian bank year by several months. The financial statement shows an increase in the bank's deposits. It is interesting to know that this is made up largely of savings of people who had not previously opened savings accounts.