

Interest on Montreal Seminary debentures	616
Interest on Island Pond debentures	2,700
Half-yearly instalment on Portland sinking fund	2,568
Contribution to Chicago Fire Fund	1,000
	15,388
Atlantic and St. Lawrence lease (in full)	29,502
Detroit line lease (in full)	11,250
Montreal and Champlain Railway Company	13,706
Buffalo and Lake Huron	27,500
	81,957
1st Equipment Bond interest	15,000
2nd " "	8,115
Balance carried forward	1,650
	£162,180

Comparing this half-year with the corresponding period of 1870, the gross receipts show an increase of £141,601, or 17.84 per cent. There was an increase in the receipts from passenger traffic of £15,997, or 5.18 per cent.; and from freight traffic of £125,462, or 25.93 per cent. The total number of passengers carried was 961,432 against 937,879, and the tonnage of freight was 789,231 against 691,301. The average receipt per passenger was 6s. 1d. against 5s. 11d., and per ton of freight 15s. 5d. against 14s.

The expenses for the half-year amounted, including renewals, to £712,724, or 76.18 per cent., as against £668,863, or 84.26 per cent. of the gross receipts for the corresponding six months of 1870. Excluding the renewals, the ordinary working expenses were 59.70 against 67.12; but in the accounts now presented the amounts paid to different Companies for the hire of rolling stock are not included in the ordinary working expenses, as was the case in 1870. Those amounts are now placed—as in the accounts for the June half-year of 1871—amongst the interest charges, because they may properly be considered, except the proportion chargeable for the maintenance and repairs of the adjustable gauge cars, to represent interest upon what would, if the Company had been in a position to incur the outlay, have been expended on capital account. The increased expenditure in the half-year, which amounted to £44,861, was at the rate of 6.57 per cent as against an increase of 17.84 per cent in the receipts. In other words, the additional revenue of £141,600 was earned at a cost (including £18,000 extra for renewals) of £43,860, or a little less than 31 per cent of the gross increase. This reduction in the cost of working was due to the improved condition of the road and rolling stock. The total train-miles run were 3,642,556, against 3,193,290, showing an increase of 449,266 miles; and the increase in the car-mileage was 7,288,865 miles. The cost per train-mile in the locomotive department was reduced from 26.71 cents for December, 1870, to 26.40 cents for the past half-year. This increased mileage was performed with a small addition to the engine stock; showing that each engine was doing a larger amount of work, and that the condition of the engine stock was generally improved. The number of miles of permanent way relaid during the half-year was 137½, of which 53 were laid with steel. The total length of steel rails laid up to the 31st December last was 109 miles. The number of sleepers inserted during the year 1871 was 673,703, against 520,670 in 1870; oak blocks were placed under the joints of the rails for 75 miles, and the ballasting of 96 additional miles was completed. The items charged to capital during the half-year are fully explained in the accounts. The total addition is £468,472; but there is, on the other hand, a credit of £16,438 received

from the Port Hope, Lindsay and Beaverton (now the Midland) Railway Company, on account of advances made to that Company in 1857. Of the balance, amounting to £452,034, the principal charge of £445,835 represents the capitalised interest for the past year on the 1st, 2nd, 3rd, and 4th Preference bonds and stocks; and the remainder includes amounts paid for new rolling stock. The receipts in American currency during the half-year amounted to \$2,387,000, against \$2,032,000; the increase having been due to the greater amount of "though traffic" carried; and \$956,599 were converted into sterling, against \$425,977 in the corresponding period of 1870. There was a loss on conversion of £18,183 in the half-year, against £8,284, partly in consequence of the larger amount converted for the purpose of sending money to England, and partly because the conversions were made at less favourable rates. These causes will not operate to the same extent in the present half-year, because it will not be necessary to transmit money to England, and because the currency receipts will be employed to a considerable extent in paying for rolling stock ordered in the United States.

It will be in the recollection of the proprietors that Captain Tyler proceeded to Canada last October, mainly for the purpose of advising in regard to the works of the International Bridge, the completion of which has been delayed in consequence of difficulties experienced in founding certain of the deep-water piers. Preparations have accordingly been made during the past winter for prosecuting the works in a mode by which these difficulties will, it is believed, be surmounted. The additional expense which will be incurred by the alterations required to be made in the original plans by the Government Engineers of the United States, and subsequently, and as finally settled during Captain Tyler's visit to America, will amount to £27,500; and for this extra sum the contractors have bound themselves to complete the bridge by the 1st of December next. Captain Tyler made a full report to his colleagues on his return on the condition of the work, the difficulties which had been encountered, and the means and appliances which were required to overcome them. As regards those portions of the work which had been constructed, he said: "I have examined the masonry of the piers and abutments completed, in the manner and to the extent above described, and the iron superstructure for three spans that has been placed upon them; and am satisfied as the results of observation and enquiry, that the work on these piers and abutments, and on the three spans in the main river has been performed in a satisfactory and efficient manner. The piers are constructed, not of 'dressed,' but of 'rock-faced ashlar' masonry, and with a sandstone which presents appearances of iron bands, flaws and seams, on the surface. This sandstone, from Georgetown, Ontario, has previously been extensively used on the Grand Trunk Railway; and I have no hesitation in saying that the masonry of these piers and abutments, though not constructed in a costly or highly finished manner, is sound, durable, and well adapted for the purposes for which it is required. I have had the opportunity of seeing the same description of stone in the Credit Viaduct, with piers 110 feet high, and in other structures; and of observing that while showing similar bands, seams and flaws, it exhibits in those structures no appearance of deterioration after being exposed to the influence of a Canadian climate for 17 years. I have made particular enquiry into the thickness and force of the ice which these piers will have to resist; and have visited numerous other structures exposed to the action of ice under various circumstances; and I have come to the conclusion that the cutwaters of the piers now erected are calculated when shod with iron, with the slope on which they are constructed—of ¼ to 1—to cut

through and to resist, without danger of failure, any ice which can come in contact with them." Captain Tyler also tested the iron work of one of the spans, 190 feet in the clear, with a load of 217 tons of old rails which happened to be at Fort Erie on their way to the iron works at Buffalo. These rails having been laid on the cross-girders, and equally distributed over the whole span, there was a deflection at the centre of 1½ inches, at 6 feet from the centre of 2 inches, and at 18 feet from each side of the centre, of 1½ inches. The various parts of the bridge did their duty well while the load was upon it, and the test was in every respect satisfactory. As regards the general condition of the permanent way, and works of the Grand Trunk Railway, Captain Tyler reported that he observed a great improvement as compared with what he saw at the period of his previous visit in 1867. The rolling stock had not only been increased but improved; 12 miles of sidings had been added; additional station accommodation for passengers and freight had been provided; and, altogether, the "system generally was in a far more efficient and healthy condition than when I inspected it in 1867." The condition and prospects of the undertaking have formed during the half-year a subject of anxious deliberation to the Directors. The Arrangements Act of 1862 expires, as the proprietors are aware, at the end of the present year. It was clearly to the interest alike of bondholders and of stockholders to avoid on the one hand the inconvenience attending the preparation and carrying out of a second Arrangement Act, and on the other hand the complication which might arise if the full interest of 6 per cent. were not paid on the 1st and 2nd preference bonds and stocks in 1873. Proceeding on careful calculations, the Board have taken measures for placing the whole concern in the best possible condition as regards means of conveyance, sidings, and station accommodation, with a view to the paramount object of increasing the net earnings to the required amount for the payment of interest on the preference bonds in 1873. The sale of the remainder of the second equipment mortgage bonds at par, and with the net revenue as estimated to the end of the year, all the funds required for these purposes, will, it is believed, be provided without trenching upon the other assets now in hand. The permanent way will, at the end of the present year, be in an improved and the rolling stock in a thoroughly good condition. The Grand Trunk Company will, on the completion of the International Bridge, be in a good position for carrying through traffic between New York and the West with advantage to the freighter and travelling public and profit to themselves. The prospects as to through rates are brighter, especially since the break-up of the Erie Ring in New York. Canada is growing in population and wealth. The opening of the Intercolonial Railway will tend to lessen the loss heretofore experienced at the eastern end of the line. Under these circumstances the Directors would ask the proprietors to exercise for another year the patience which is necessary to enable them to reap the first portion of the fruit of their past sacrifices. Certificates for the capitalised interest for the year 1871 on the preference bonds, and stocks will be issued shortly after the meeting. The Directors who retire by rotation are Messrs. Ferrier, Menzies, Potter and Swift, and the retiring auditor is Mr. Child. These gentlemen are eligible, and offer themselves for re-election.

By order,

RICHARD POTTER,
President.

—The town of Lindsay has voted the sum of \$60,000 in aid of the Lindsay, Fenelon Falls, and Ottawa Railway Company.