

6. A joint Committee has been appointed in London, England, composed of three Directors, nominated from each Company; and a joint London agency has been established, Messrs. Cutbill, Son and DeLungo, being named to that office.

7. The Staffs of the respective Companies were satisfactorily consolidated: the works necessary for a free interchange of traffic between all the lines were promptly executed; and the whole service of the combined undertakings has been working with smoothness and efficiency, whilst considerable administrative economies have resulted from the fusion, enabling the management to adopt some reductions in the Tariffs previously in force upon the respective lines.

8. As on and after the 1st July, the control of all receipts and expenditure, and of every detail of management, passed to the Joint Executive Committee, the Directors find it necessary to divide this report into two periods, viz:—For the six months ending the 30th of June, and for the six months ending the 31st December; and as the circumstances and methods of the two were quite dissimilar and disconnected, they have to be dealt with separately as periods of transition. The Accounts and Returns relating to the latter period are submitted as received from, and authorized by the Executive Committee, certified and passed by, their Auditors.

9. The gross earnings for the first half-year amounted to \$290,418.91, (£59,675 2s. 7d.) The working expenses to \$206,116.89, (£42,352 15s. 10d.,) giving a balance to net Revenue of \$84,302.02, (£17,322 6s. 9d. sterling) for the half-year, which was duly appropriated to account of interest dividends upon the Debenture debt. The period was one of great and universal depression, common to every commercial and industrial interest; but the Directors regarded it as quite exceptional and temporary, and they are now in a position to present a most satisfactory report for the half-year ending 31st December, 1879, showing a rapid and substantial recovery of traffic, and largely increased earning, which, with economies arising out of the combined working have secured the very sufficient and gratifying results to net Revenue summarized as follows:—

For details see Statement No. 1.

Gross Earnings of the combined system	\$603,331 37
Total working expenses being at the rate of 57.66 per. ct.	\$347,888 73

Net Revenue for the half-year.	\$255,442 64
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£52,488 4s. 5d. stg.

10. Against this sum is to be charged the special expenditure incident to the agreement for joint working, and to such works and supplies as were necessary to put the same in operation, and to provide for the efficient interchange and transfer of traffic between the two systems. These