

DOMINION IRON & STEEL CO.—Continued.

In moving the adoption of the report the president referred to the change in the date of the annual balance sheet to 31st May, and explained its advantages in the way of taking stock when supplies of all materials, ores, limestone, etc., are at the lowest point, and not as they usually are at 31st December, covered up with snow.

"It is a satisfaction to the officers, and to the directors, to be able to submit to the shareholders figures which they feel certain may be relied on, and I might add that, after three years' experience of the company's operations, and of Mr. Cameron's system in keeping the accounts, I have now great confidence in our stock sheets. The assets we show under the head of cash, accounts receivable, raw and manufactured materials and the like, would not in my opinion shrink materially if we were to shut down the plant and realize on them in some other way."

MR. MORRISON:—If you will permit me to interrupt you Mr. President, will you state how you estimate the value of the stock?

The President:—We take these assets at cost, making no allowance for increase in value, though we write down those which may have decreased in value. Our book accounts are very good and our losses by bad debts a mere bagatelle, but, of course, we may not always be so fortunate. It is easier to keep clear of bad debts when we are on a rising wave of prosperity than when things are going the other way. However, what I wish to assure the shareholders of at the present moment is that the \$1,780,000 shown under these heads is a good asset.

The report shows what we have done with the second mortgage bonds, and I cannot add to it. As to the rail mill, I must leave that subject to Mr. Fraser. Speaking for myself, not as an expert, I think we have an excellent rail mill, and, indeed, it may be said of the whole plant that there are many more worse plants on the continent than there are better. There are some shortcomings, but not such as to affect the affairs, and some parts are not yet properly balanced.

As to the earnings of the company, I told the shareholders a year ago that we were then near the turning of the corner, and although we were a little longer in passing it than I then expected we were clear round it by the end of the year. There is nothing in the statement to be proud of, far from it, but the change from a condition where we were going behind by the whole amount of our fixed charges, and something more, to one where we are showing a little to the good after paying these charges is a very important one, which the shareholders have every reason to be pleased with. I hoped to come to this meeting with better figures, but there they are, and in any case you have the facts as clearly and as truly as we can state them.

We did not start the rail mill until the middle of June, and although it has been run at a profit since the outset, this profit is necessarily not as large as it will be when everything is in good working order. We need not, however, be ashamed of the record of the mill. Some of our friends remarked that we would not make rails on a commercial basis for many months but we have completed a contract of 20,000 tons, and have turned them out at some profit. This record for a mill just four months in operation, I

think is extremely creditable to Mr. Fraser, and those he has had to assist him.

I need not detain you further about these matters. Mr. Graham Fraser will be glad, I know, to give any information on questions connected with the operation of the plant. But before sitting down I have one intimation to make, which I do with great regret, that is the resolution of my friend Mr. Nicholls to withdraw from the vice-presidency. He was elected to the board nearly three years ago, at a time of very great anxiety, and since then, although he is a very busy man, he has given a very great amount of time and attention to the affairs of the company. I can say for myself, that I could not have carried on the affairs of the company as its president in the earlier stages of our administration without his help. Our position is now changed, and when he presses his desire to be relieved, his colleagues, although very strongly desirous that he should retain office, can only respect his decision.

I must add, though it is getting on personal ground, that Mr. Nicholls has refused to accept any vote from the Board by way of remuneration for his services, and if you give him the vote of thanks which he so well deserves, that will be about all he will receive. He will in addition have the satisfaction of knowing that he was one of the main agents in keeping the company out of liquidation, for we may all frankly admit that we were as near that three years ago as any company well could be and get through.

I would like in addition to express my personal obligations to Mr. Nicholls. Many of you know that I had prolonged and serious illness last winter and spring, and Mr. Nicholls threw himself into the breach and relieved me of all burden and of all worry in a way that was of great importance to me personally as well as to the company.

A SHAREHOLDER:—Would Mr. Fraser explain why he is leaving the company?

The President:—I do not think he ought to be asked such a question, as it affects his private affairs. I wish to say about Mr. Fraser, however, that when Mr. Nicholls and I first went to Sydney in 1902, he had just retired from the Nova Scotia Steel Company to take a holiday, he felt with us, however, that the Dominion Iron & Steel Company was an enterprise that all Canadians should join to sustain, and, in the end, largely on the same grounds as those on which Mr. Nicholls and myself took up the burden of the company's affairs, namely, to save a great Canadian enterprise from threatened failure, he sacrificed his own comfort and accepted the office of director of works. Our understanding was that we would not expect him to stay longer than was necessary to finish the plant and get it into running order. That time has come, and Mr. Fraser now wishes to take the holiday that he has deferred for our benefit.

A SHAREHOLDER:—Is there any prospect for the payment of the arrears on the preferred stock?

Mr. Morrison:—I agree with the president as to the services of Mr. Nicholls and Mr. Fraser, but he has not told you how much we are indebted to himself. * * * I would ask Mr. President, how much we would have on hand if all our liabilities were paid.

The President:—You are practically asking my