trade, which is the source of the greatest revenue during the summer months, the Directors consider that the result which has been attained during the past year is highly satisfactory.

The expenditure on capital account to 30th June, 1873, was $1,566,112.41, and it will be seen by the Engineer's Report that a further expenditure of $33,887.59 for ballasting, workshops, &c., is still necessary, thus raising the capital account to $1,600,000, made up as follows:

Municipal bonuses	$375,072 59
Government bonus	104,860 00
Shares	197,100 00
Bonds	673,000 00
	$1,350,032 59

leaving a balance of $249,967.41 for which it is necessary to provide before any dividend can be paid to the stockholders.

To meet this liability the Directors would recommend that new shares be subscribed for by the present shareholders, *pro rata* according to the number of shares held by them, which will enable the Directors to issue additional bonds.

The total amount of bonds and stock necessary to cover the actual and estimated expenditure on capital account would stand at $1,120,100, the annual interest on which, at 8 per cent., is $89,608.

In submitting this proposal the Directors, after full consideration, desire to state that it appears to be the only feasible method that can be adopted to enable the stockholders at once to realize a return for their investment, as without the additional capital, the excess of profit each year, after paying the interest on the bonds, &c., will for many years to come have to be applied to the reduction of the floating debt.

The Directors have no hesitation in expressing their full conviction that the traffic of the present and subsequent years will realize sufficient profit to meet the above interest, and leave a considerable margin to provide for renewals; and for