ing capacity of 48,050 tons. The completion of the Daghild has been indefinitely postponed by the Admiralty requirements.

These losses interfere seriously with the delivery of coal by water, and while we have been able to secure a number of smaller steamers, chiefly from the upper lakes, the lost tonnage has not been fully replaced, and in any case the cost of transportation must be much increased over last year.

SYDNEY AND LOUISBURG RAILWAY. CUMBERLAND RAILWAY: I should perhaps include a few words on these important properties. In addition to the carriage of the Company's coal, which in itself constitutes a heavy traffic, these lines carried during the year 214,533 passengers, with passenger earnings of $64,901.25. The freight earnings, apart from amounts charged to the Dominion Coal Company, were $157,923.01. Their combined equipment at present consists of 33 locomotives, 13 passenger cars, 111 freight cars, and 1,968 cars for the carriage of coal.

Iron and Steel Business

For the first two or three months of the fiscal year the operations on the Steel Plant were fairly active, especially in the rail mill. Immediately after the outbreak of war all orders were suspended, and some material already made was left on our hands to be taken when conditions improve. The business was at a standstill from August to November; orders from Great Britain from that time forward enabled us to keep the plant in partial operation, but the prices obtainable, coupled with the high cost of transportation—due largely to excessive delays in British ports—left little margin of profit. Since the Spring set in this condition has greatly changed for the better, and unless we should meet with other unforeseen changes, the large export trade which we have secured should be fairly profitable.

PRODUCTION: The following shows the output of the year, with the figures of the previous year:—

	Year ending 31st March, 1915.	Year ending 31st March, 1914.
Pig Iron	187,262 tons.	333,919 tons.
Steel Ingots	243,313 "	331,256 "
Blooms and billets for sale	38,231 "	35,299 "
Rails	99,929 "	176,027 "
Wire Rods	39,762 "	30,764 "
Bars	14,319 "	16,738 "
Wire	27,175 "	24,788 "
Nails	10,912 "	14,089 "

Our exports of iron and steel during the year amounted in all to 109,151 tons, in addition to which there were over 20,000 tons on hand on 31st March, made on export orders. Notwithstanding the tonnage of materials on hand awaiting shipment under contracts already made, the inventories of the Steel Company were reduced to the extent of $719,435.51, as compared with 31st March, 1914, and we hope to continue the reduction.

The demand for iron and steel in Canada has fallen to a very low point. The depression began in the Fall of 1913, it was temporarily interrupted in the Spring of 1914, but with the war it became acute. In many departments there is no demand whatever. We have, however, made large contracts for the supply of steel for high explosive shells, on which we are now working.

This condition is not unnatural, if we look back at the extraordinary amount of expenditures in recent years on new railways, additions to existing railways, and railway equipment. A relapse at the close of this constructive period was to be looked for, but it came with a severity and suddenness that no one could have expected. There are, unfortunately, no indications yet of a change in the direction of normal conditions, yet business in the country is on the whole fairly active, our agricultural interests are extremely prosperous, and the natural demands of a population with fair spending power must lead to the revival of a demand for our ordinary products. For rails, however, we must look for our chief markets abroad. I am glad to say that the many railway lines we have served throughout the Empire seem pleased to return to us, and most willing to entrust us with their orders when circumstances permit.

So far as can be judged the demand for iron and steel for the British and foreign markets must be very large during the war, and for a certain period after its close. We are not without hope that the business we are now building up will to a considerable extent be permanent, but a great deal depends on the conditions in Europe when the war is over.

TRANSPORTATION: I should add that the difficulties of transportation have formed the chief obstacle to the building up of the export trade. The cost was greatly increased and at the same time the quantity we could move greatly diminished, by the extraordinary delays and wasted time from which we suffered. The congestion of traffic at British and French ports has in effect almost cut in two the amount of steel which our vessels were able to deliver on the other side.

PLANT AND EQUIPMENT: The only addition to the property in the year is the benzol plant hereafter referred to, but a great number of minor improvements have been effected, all tending to greater economy and efficiency. The effect of this is shown in the favorable costs we have reached this Spring, which are lower than for many years past.

BENZOL PLANT: We have had before us for some years past plans for the erection of a benzol plant, but before the war the prices for benzol, toluol and similar products were low. Since the war the condition has greatly changed, and we found the erection of a plant desirable. On the 20th February we 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 us to carry out our 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.

NEW MILL: The demand for pit rails, for rail fastenings which are necessary in connection with our export rail orders and for rolled sections somewhat larger than our bar mill will produce, has caused us to undertake the construction of another small rolling mill. This will be ready in ten to twelve 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 us to supply it.

CAPITAL EXPENDITURE: Our policy has been to keep all expenditures of this kind at a minimum. During the year the total amount was $128,600.29, of which the greater part was in connection with the Benzol Plant.

All of which is respectfully submitted,

J. H. PLUMMER,
President.

Montreal, 28th May, 1915.

DOMINION STEEL CORPORATION, LIMITED, AND CONSTITUENT COMPANIES.

Consolidated Profit and Loss Account for the Fiscal Year Ending March 31, 1915.

Net Earnings, after deducting all Manufacturing, Selling and Administrative Expenses, but before charging Provision for Sinking Funds and Depreciation and Interest		$3,571,058.98
Deduct—Provision for Sinking Funds, Exhaustion of Minerals, Depreciation and Permanent Improvements		920,093.18
		$2,650,965.80
Deduct also—Interest on Bonds and Loans	$1,651,522.56	
Proportion of Discount on Bonds and Notes sold	144,186.70	
		1,795,709.26
Net Earnings		$ 855,256.54
Add—Balance at April 1, 1914		796,907.07
		$1,652,163.61
Less—Dividends:		
On Preference Shares	$ 420,000.00	
On Preferred Stock of Dominion Coal Company, Limited	210,000.00	
		630,000.00
Balance, March 31, 1915		$1,022,163.61