

EXPLANATORY NOTES.

By section 3 of chapter 68 of the statutes of 1952-53 the Company has an authorized capital of 5,000,000 shares without nominal or par value. The Company has issued a total of 200,000 shares of its capital stock so that the proportion between issued and unissued stock at the present time is 2 to 48. In relation to possible future financing it is considered that this proportion is unsatisfactory and that for purposes of such financing a relationship of 1 to 49 is preferable. Accordingly, clause 1 of this Bill seeks to reduce the number of issued shares by 50%, that is, from 200,000 to 100,000 shares and then to restore the share capital of the Company to its original amount by the creation of an additional 100,000 shares. No return of capital is involved and the paid-up capital will remain as shown in the Company's most recent financial statement. Moreover, the shares held by each of the present shareholders of the Company are held in even numbers so that no question of fractional shares arises. After the foregoing arrangements have been effected the present shareholders will hold one share for every two now held. The result will then be the same as if 100,000 shares only had heretofore been issued for the present paid-up capital of the Company. The relative interests of the present shareholders in the Company, *inter se*, will remain unaltered.