

10. *Statement of Income*

A comparison of the 1958 and 1957 results indicates the following principal variations:

Increase in operating revenues (15%)		\$15,559,000
<i>Larger items:</i>		
Passenger	\$15,029,000 (17%)	
Mail	231,000 (2%)	
Increase in operating expenses including depreciation (14%)		14,541,000
<i>Larger items:</i>		
Salaries and wages	\$ 5,985,000 (13%)	
Fuel and oil	1,728,000 (12%)	
Landing fees, assessments and fuel handling	780,000 (20%)	
Insurance, employees' pension and welfare	1,138,000 (38%)	
Depreciation	3,092,000 (45%)	
Increase in income from operations.....		\$ 1,018,000
Decrease in non-operating income		70,000
Increase in interest on capital invested (48%)		805,000
Increase in net income		<u>\$ 143,000</u>

11. *General*

Notes evidencing indebtedness under the Pay Later Plan for both overseas and domestic transportation have been discounted with the bank. The relative contingent liability is shown as a footnote to the Balance Sheet. A reserve of \$28,500 for possible delinquent payments of these notes is included in accounts payable.

Where applicable, foreign currencies at December 31st, 1958 have been converted at the following rates:

United States dollars—at par.

Sterling—at \$2.80 to the pound.

A policy of continual review of operational and administrative functions has enabled the Corporation to effect such changes in techniques as are necessary to maintain a high level of efficiency during this period of continuing expansion.

We are most appreciative of the excellent co-operation and assistance we have received from the Corporation's officers and staff.

Yours faithfully,

George A. Touche & Co.

Mr. CHOWN: I move that the auditors' report for the year ending December 31, 1958 be passed.

Mr. CHEVRIER: I will second the motion.

Mr. DRYSDALE: I have a very brief question. I notice there is a new airport terminal—

The CHAIRMAN: Just a minute, gentlemen; we do not want to lose a quorum. We still have the capital budget to deal with.