

## INVESTMENTS AND THE MARKET

**Howard Smith Paper Increasing Capital—K. and S. Fire Stock Offering—British Interest in Dominion Steel—Canadian Car Co. Presents Satisfactory Report**

**Western Canada Flour Mills Co., Ltd.**—The announcement has been made of a 10 per cent. bonus in Victory bonds to shareholders in addition to the regular 8 per cent. dividend. The new bonus will be to shareholders of record of November 1st.

**Federal Zinc and Lead Co., Ltd.**—An offering is being made of an issue of \$500,000 treasury stock at \$4 per share, the par value being \$5 per share. The authorized capital of the company is \$3,000,000. The issue is for the purpose of completing the equipment of the company's property for mining, milling and smelting, and to provide transportation facilities between the company's mines and the nearest town with rail and water facilities for shipping its products. No portion of the proceeds will be used to defray the expenses of the development work to date, which is now advanced to the point where commercial production only awaits the equipment named above.

**Howard Smith Paper Mills, Ltd.**—Shareholders of the company are in receipt of circular stating that the directors of the company decided at a recent meeting to increase the common stock capitalization of the enterprise from the present total of \$1,162,500 to \$1,250,000. The additional \$87,500 par value of the stock is offered at par to shareholders of record of November 29th next in the proportion of one share of new for every 13 2-7 shares of old stock held. Fractional shares will not be issued, subscriptions for full shares only being accepted. The right to subscribe for the new shares will expire at the close of business on December 13th next, with payment in full a week later.

The Toronto Paper Co., recently acquired by the Howard Smith company, has a sulphite mill of 20 tons per day capacity. This is being increased by the new owners to 30 tons per day. The same interests, it is understood, have also acquired valuable timber limits, with sawmills, etc., containing over 500,000 cords of pulpwood, or sufficient to supply the company's needs for over twenty years. These valuable acquisitions make the company self-contained. The capacity of the combined companies is now 154,000 pounds per day of writing, book and ledger papers.

**K. and S. Tire and Rubber Goods, Ltd.**—An offering of \$500,000 7 per cent. cumulative participating preferred shares of the company is being made by a Toronto syndicate, comprising Richardson, Sheppard and Thorburn, Ltd., Reiner, Walsh and Co., Campbell, Thompson and Co. and the Federal Finance Corporation, Ltd., at par. With each 7 per cent. share the purchaser will receive a bonus of one share of common stock.

The gross sales of the company have shown a marked increase each year. In 1915 they amounted to \$160,000, and in 1918 to \$593,000, and for 1919 are estimated at \$1,000,000. For the first six months of 1919 the gross sales were \$586,000, and, it is estimated, will be over \$1,000,000 for the year. With the additional plant in operation it is estimated that the gross sales shall be in the neighborhood of \$1,600,000 for the year 1920, and over \$3,000,000 in 1921. The business offering for this company's products has been so great that they have not been able to fill the demand.

The net earnings of the company for the year ending December 31st, 1918, were \$85,245.91; for the first six months of 1919, \$75,080.57, and it is estimated for the year 1919 should exceed \$135,000. With the new additional plant in operation it is estimated that the net earnings of the new company for the year 1920 should be \$225,000, and for the year 1921 over \$400,000.

**Canadian Car and Foundry Co., Ltd.**—The report of the company which has just been mailed to shareholders shows profits of \$1,887,684, as compared with \$3,252,609 for the

previous year. The following is a comparative statement of the profit and loss:—

	1918-19.	1917-18.
Combined profits .....	\$2,993,471	\$4,617,391
Deduct .....	568,718	711,563
Profits before interest .....	2,414,752	3,905,827
Bond interest .....	493,910	507,305
Interest on bank loans .....	43,207	145,913
Year's profits subject to government tax .....	1,887,635	3,252,609
Dividends on preferred stock .....	656,250	262,500
Surplus after deductions shown .....	1,231,385	2,990,109
Previous surplus .....	5,830,172	2,840,063
Total surplus subject to government tax .....	7,061,556	5,830,172

The result of the year's business was to increase the working capital of the company from \$9,109,964 to \$10,363,976, representing an improvement of \$1,344,012.

In his report to shareholders, Mr. W. W. Butler said: "After charging earnings with the cost of maintenance of all plants as well as the customary depreciation, and after making due provision for contingencies of the nature of bad debts, rebuilding furnaces, etc., also writing down inventories held at war time prices, to present market basis, there remains a profit of \$1,887,634. Having regard especially to the fact that the year under review represents a transition period—from war to peace—your directors consider that the results are satisfactory.

"Reference was made in the last report to the adjustment of certain claims in connection with the Russian shell contracts. Since then, further adjustments have been made to the extent that settlement of this particular matter has been considerably advanced.

"So far as the orders situation is concerned, the company has orders on hand which will carry it into next year, but, as might be expected, the outlook is somewhat uncertain. Your directors, however, are hopeful of securing enough business to insure a reasonably full operation of the main plants over the next fiscal year.

"Your directors have to point out that payment of the dividends in question must be dictated entirely by the conditions confronting your undertakings from time to time. They are of the opinion that it is most necessary, especially in these times, to pursue a conservative policy, particularly having in mind that war taxes are as yet undetermined and unpaid, and that periods may have to be faced in which business may be more or less scanty, and during which the cash resources of the company may have to be drawn upon."

**Dominion Steel Corporation.**—Confirmation to the report last week that the Dominion Iron and Steel Co. will sell to a London syndicate composed of prominent British financial and business men 50,000 shares of the common stock of the Steel corporation was given by Col. Grant Morden in London, Eng., this week. The shares are to be new stock which the Iron and Steel Co. will acquire from the parent corporation, and will not affect in any manner the 50,000 shares which are held by the subsidiary company in its treasury. The price to be paid is \$70 per share.

Col. Morden is coming to Canada himself next month, bringing engineering experts with him to advise concerning reconstruction of the company. He stated that ten to fifteen million dollars is required to put the plant straight, and, with the financial backing now secured, the company has a bright future before it.

Names mentioned in connection with the deal are: Viccount Furness, Sir Wm. Beardmore, Sir Trevor Dawson, Sir H. McGowan, Benjamin Talbot and Henry Steel, chairman of the United Steel Companies, of Sheffield.

It is stated authoritatively that the purchase of the Dominion Steel Co. is merely the first operation in a series of widespread amalgamations in Canada involving companies with a total capitalization in the neighborhood of \$400,000,000. Coal, steel, shipbuilding and shipping companies are included, each feeding the business of the rest. Most of the new capital is provided by British financial men, who investigated the possibilities during the past six months, and who are now entering the project prepared to make the industry one of the biggest on the American continent.