Akin to this export business, and due to the same primary cause, is the business we are doing in the manufacture of shell steel. Many of you, no doubt, think we should long ago have been making shells, but that is out of our line. We can make excellent shell steel, and we have large orders for this, but its conversion into the finished shells is work for machine shops, of which there are plenty in the country. We have, of course, good machine shops, but when we are running the plant fully, as we now are, they are barely sufficient for the maintenance and repair and replacement of the thousand and one machanical parts which make up our very complex works. If we were to undertake the manufacture of shells it would necessitate the construction of entirely new shops, which would take a long time and much money. Of course, if it became necessary we must do our duty with the rest, but there are to my knowledge a great many shops now available, or in condition to be made available quickly, which have not yet received shell orders.

This is a fitting point to mention the somewhat kindred matter of the manufacture of high explosives. It was some time in January that we first brought up this question, and on February 22nd a contract was finally arranged. Since then we have lost no time. By the middle of April the benzol plant at Sydney was beginning operations, and by the end of May the nitrating plant of the Canadian Explosives Company was ready to convert for us our product into the finished explosive. There have been some disappointments in connection with the construction of the plant; that I suppose is inevitable, especially in a business like this where very few people on this side of the ocean are competent to advise. The difficulties are being overcome, and we are already recovering as much toluol as we counted on. The materials we are making are in these times very valuable, and we expect from them a substantial increase in our earnings.

When we considered in the past, as we have done at intervals in the last four or five years, the erection of a benzol plant, we were always deterred by the estimated cost of the equipment and the low price of the product, which together indicated that the capital could be more profitably expended in other directions. Whether when the war is over, and conditions become normal, these products will again become of low value is a question no one can determine. From the best information obtainable, from the very wide uses to which these particular products are now being put, which will continue even in times of peace, it looks to me as if we might reasonably expect a substantial income from the plant, even apart from war requirements, and its cost will be paid off during the war.

As regards our works generally, they are in very good shape, and we are getting results which show considerable improvement on past years. We are running now on a basis of about 29,000 tons of ingots per month, but early in June we expect to start up another blast furnace and to increase our monthly output of ingots to 35,000 tons.

About Canadian trade in iron and steel, I am sorry we are unable to say anything very hopeful. I would not say it is absolutely dead, but in certain lines it is. In some lines, covering the smaller finished materials, there is a slight improvement, but we do not look for any real improvement in the Canadian business as regards our main products for a considerable time to come.

So far as our coal business is concerned, we have had rather a difficult Fall and Winter, owing to the closing down of the steel plant and the consequent reduction in the amount of coal used, and especially in the temporary loss of the outlet for slack coal. That has passed away, and our main trouble in the coal business at the moment is the question of transportation. The report indicates all we have to say on this point. We are in hopes that one at least of the large steamers requisitioned by the Admiralty will be shortly released.

There is some demand for coal for export to European countries, but in respect to such of these as would naturally come our way there are difficulties due to the position taken by the British Government. We are sorry to lose this opportunity of increasing our business, but we must, of course, loyally accept their judgment as to what is best in the interests of the State. If they think it is unwise to have shipments of coal on the high seas subject to the danger of being captured and used to assist the enemy, we must, of course, cheerfully relinquish the chances of profit.

I would like to say a word with regard to our policy in providing for depreciation. We have thought it wise this year to write off much the same as in other years, $920,000, in addition to wiping off $144,000 for proportion of discount on bonds and notes sold. Ours is a fairly severe but salutary policy, and we have thought it wise, notwithstanding the shrinkage in our earnings, to maintain it.

I am glad to say that as the result of a very important inventory and revaluation of the properties of the Coal Company just completed, the provision made for depreciation has been proved sufficient. You will remember that the Coal Company acquired a large number of properties established originally by other mining companies, so that we have not got the records from the beginning of every colliery. Some years ago we started a new inventory of the Coal Company's properties from beginning to end, carefully compiled, and completed during the past Winter. In dealing with the capital value of a colliery one has first to keep it in good repair and available for mining operations, and secondly to write off enough yearly so that when the coal is exhausted and the equipment distributed the colliery stands at nothing in your books I am glad to say this revaluation, which has been laboriously carried on for three or four years and completed last Winter, has shown definitely that what we have done in the way of depreciation is sufficient and that we have full value to represent the amounts at which the various properties are carried in our books.

That is, I think, all I need to say. If any of the shareholders would like any further information I would be very glad to give it.

SIR WILLIAM C. VAN HORNE: I second the motion for the adoption of the Report.

MR. STRATHY: Mr. President, do you feel inclined to express an opinion with regard to the payment of the preferred dividend? I would like to ask you if you could express an opinion respecting the year's dividend which has been passed already, and the one due in October, if you could give us anything satisfactory about it, so that the investors will know whether they are going to get back this dividend within a reasonable time?

THE PRESIDENT: Mr. Strathy's question is a very difficult one for the President of the Company to answer. I can fairly say that I feel very hopeful indeed, but there are a great many contingencies. We have met so many set-backs since a year ago, when I expressed myself equally hopefully, that I am afraid to make any sort of prophecy now. I do feel hopeful that we shall be able to resume the preferred dividend before very long.

If any other shareholder has any question to ask, I should be glad to answer before I put the motion.

On the motion being put the Report was unanimously adopted.

THE PRESIDENT: The only other business is the election of the directors for the ensuing year. The Board proposes for re-election the existing Board as it now stands.

If it is your pleasure, the President will cast one ballot for the Board as now constituted.

Thereupon the President cast a ballot and the Scrutineers declared the following elected Directors of the Corporation:—

Sir H. Montagu Allan.	Frederic Nicholls, Esq.
Geo. Caverhill, Esq.	Col. Sir H. M. Pellatt, C.V.O.
Hon. R. Dandurand.	J. H. Plummer, Esq., D.C.L.
Hon. Robt. Mackay.	W. G. Ross, Esq.
Hon. David MacKeen.	Sir Wm. C. Van Horne.
Sir Wm. Mackenzie.	E. R. Wood, Esq.
Wm. McMaster, Esq.	Mark Workman, Esq.
Col. the Hon. James Mason.	

THE PRESIDENT: That concludes the business of the meeting of the Corporation.

The annual meetings of the Dominion Coal Company, Limited, and Dominion Iron and Steel Company, Limited, were held immediately after, and Boards of Directors were elected as follows:—

DOMINION COAL COMPANY, LIMITED

Sir H. Montagu Allan.	Col. Sir H. M. Pellatt, C.V.O.
Hon. R. Dandurand.	J. H. Plummer, Esq., D.C.L.
Hon. Robt. Mackay.	W. G. Ross, Esq.
Sir Wm. Mackenzie.	Sir Wm. C. Van Horne.
Wm. McMaster, Esq.	F. L. Wanklyn, Esq.
Col. the Hon. James Mason.	E. R. Wood, Esq.
W. D. Matthews, Esq.	Mark Workman, Esq.
Frederic Nicholls, Esq.	