

WEDNESDAY MORNING

COBALT---Mining Markets Settle Down to Steadier Business---COBALT

EIGHTH ANNUAL REPORT

The Sao Paulo Tramway
Light and Power
Co., Limited
OF SAO PAULO, BRAZIL

REPORT
OF THE
PRESIDENT AND DIRECTORS FOR
THE YEAR ENDING 31ST DECEMBER, 1908.

Submitted at the Eighth Annual Meeting of the Shareholders, Held on Tuesday, the 15th day of June, 1909.

Your directors take pleasure in submitting their Eighth Annual Report, with financial statements for the year ended 31st December, 1908. Notwithstanding the fact that business conditions throughout the year were depressed as a result of the decrease in value of coffee, owing to the over-production of that article, causing a period of tight money throughout the State and City of Sao Paulo, the increase in Gross and Net Earnings of the Company is most satisfactory.

The Gross Earnings, \$2,287,410.56, show an increase over the previous year of \$175,887.42, or 8.53 per cent, while the Net Earnings, \$1,504,359.78, show an increase of \$108,456.28, or 7.77 per cent.

Renewals.
The Company's plant has throughout been maintained in excellent condition, and in addition the sum of \$2,065.88, which has been charged to the contingent account referred to in our last year's report, was expended for renewals and replacements. To meet expenditures of this nature, and to provide for the reconstruction of tracks, which will become necessary in connection with the general plan of widening the city in the way of widening streets, reducing grades, etc., your Directors have thought it well to set aside \$300,000 from the earnings of the year, as a definite provision for renewals, and the same has been transferred to the Contingent account opened for this purpose; \$17,968.91 of the expenditures above mentioned have been already charged against this appropriation.

Tramway Department.
During the year track mileage has been increased 4.75 miles, forming several new lines and extensions to existing lines. The increase in residences of the better class during the past few years has necessitated the building and opening of additional lines, from which it is expected the revenue will be very materially increased within the next year or two.

The Santa Anna Railway, which was acquired last year, has been entirely replaced by an electric line, and was opened for traffic on the 8th day of October last.

Lighting Department.
A very gratifying feature in the number of lamps is shown in this department, the records showing an installation at the end of the year of 11,229 incandescents, as compared with 10,419 the previous year, being an increase of 7701; while the Arc Lamps have increased from 1251 to 1458. The Lighting customers have increased by 224, there now being on record a total of 4209, a number of which were supplied on a flat rate basis. This basis is now being changed so that the customers will be supplied by meter, which will doubtless prevent a great amount of waste and should prove very beneficial to the Company. There are at the present time 1334 houses in service. During the year 764 houses were wired for electric lighting, this being nearly fifty per cent. of the number of new houses constructed during that period.

Power Department.
The number of power customers continues to increase, there being on record at the end of this year 361, compared with 310 at the end of the previous year; while the connected load shows an increase of 5553 H. P. Contracts have been entered into whereby about 1350 H. P. will be installed during the early months of this year, and it is expected from present enquiries that contracts for over 1500 H. P. additional will shortly be secured.

During the year there were only three shut-downs at the Power House, aggregating seven minutes in all. The transmission line has hitherto been the greatest source of trouble, but the equipment of our line with the latest type of arresters, etc., has prevented interruption to the service from this cause.

A number of our passenger cars, purchased originally in the United States, were almost entirely rebuilt during the year, and in the reconstruction of the same, native wood was used. The Manager claims the car bodies built of native wood will have a much longer life than imported car bodies.

The Plant throughout was maintained in the highest state of efficiency.

Capital Expenditure.
The expenditure on Capital account during the year amounted to \$1,017,147.22. Improvements were made to the Hydraulic Plant at Parahyba, an extension being made to the power house, and the foundation for the seventh unit, now being installed, was completed.

The Tail Race was enlarged to meet the future requirements of the plant. The Dam was increased in height about twenty-four inches, resulting in a marked increase in the storage capacity of the reservoir.

On the Transmission Line a number of steel poles were erected in place of the old wooden poles, which leave only about one-quarter of the poles still to be changed. When these changes have been completed our transmission line can be classed as one of the best steel power transmission lines in operation.

The Rolling stock was increased by twenty-five passenger cars, and a number of passenger and freight trailers were constructed, all of which were built in the shops of the Company.

Additions were made to the Sub-station in the City of Sao Paulo

and subsidiary transformer stations were erected and equipped. The Light and Power feeders, as well as the underground work of the system, were increased to meet the demands upon the service, and expenditure was also made on various other branches of the Company's property.

To meet the above Capital Expenditure, your Directors during the year disposed of \$1,200,000.00 of the Capital Stock of the Company. The premium on these shares, after deducting exchange charges, etc., amounted to \$161,562.77, which has been transferred to the credit of Reserve Fund.

Local Conditions.
Many improvements have been carried out by the Municipality, especially where new sections of property have been opened up. There were constructed over 1600 new buildings, many of which are large and attractive private residences, and in the business section of the city many of the old land marks have been removed and substantial business blocks erected in their places.

All vouchers and accounts for the year have been audited and the Balance sheet duly verified by Messrs. Clarkson & Cross, Chartered Accountants.

Respectfully submitted,
WM. MACKENZIE, President.

Toronto, June 15th, 1909.

COMPARATIVE STATEMENT.
(Earnings and Expenses converted into Canadian Currency at average rate of remittance each year.)

| | 1908 | 1907 | Increase |
|--------------------------------|----------------|----------------|--------------|
| Gross Earnings | \$2,287,410.56 | \$2,111,523.14 | \$175,887.42 |
| Operating Expenses | 785,050.78 | 715,649.64 | 69,401.14 |
| Depreciation and Maintenance | 31.2 | 33.9 | -2.7 |
| Net Earnings | \$1,504,359.78 | \$1,395,873.50 | \$108,486.28 |
| Net Income per cent of Capital | 12.5 | 12.4 | .1 |
| No. Lamps | 12,778 | 11,670 | 1,108 |
| No. Light Customers | 4,209 | 3,983 | 226 |
| No. Power Customers | 361 | 310 | 51 |
| No. Motors | 601 | 506 | 95 |
| No. H.P. Installed | 9,555 | 6,002 | 3,553 |

INCOME ACCOUNT.

| | |
|--------------------|----------------|
| Gross Earnings | \$2,287,410.56 |
| Operating Expenses | 785,050.78 |
| Interest on Bonds | 305,467.56 |
| Taxes, etc. | 1,148,518.73 |

Surplus Earnings \$1,138,891.53

PROFIT AND LOSS ACCOUNT.

| | |
|---|----------------|
| Balance from last year | \$66,888.62 |
| Surplus earnings after payment of all expenses, interest, taxes, etc. | 1,138,891.53 |
| Dividends paid, three of 2 1/2 per cent, one of 2 1/2 per cent, and one of 2 1/2 per cent | \$36,538.46 |
| Transferred to Contingent Account for Renewals | 300,000.00 |
| Balance carried forward | \$1,795,320.45 |

GENERAL BALANCE SHEET.

| | |
|--|--|
| Assets | Liabilities |
| Hydraulic Plant, Transmission Lines, Light and Power Systems, Real Estate, Buildings, etc. | Capital Stock Authorized \$10,000,000.00 |
| Surplus Earnings \$1,795,320.45 | Issued and Fully Paid \$7,000,000.00 |
| Accounts Receivable \$106,630.66 | First Mortgage \$ p.c. Bonds, 6,000,000.00 |
| Cash in hand \$134,448.78 | Accounts and Wages Payable \$151,068.18 |
| | Interest 25,000.00 |
| | Charges 3,498.06 |
| | Unredeemed Tickets 24,497.50 |
| | Dividend No. 7 24,497.50 |
| | Reserves and Provisions: General Reserve Fund \$1,161,562.77 |
| | Provision for Insurance 550,000.00 |
| | Less expended to date 277,968.91 |
| | Insurance Fund for Injuries and Damages 19,092.27 |
| | Account 255,532.66 |
| | Profit and Loss 659,251.99 |
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RECOVERY FOLLOWS DEBACLE MINING STOCKS STRONGER

Trading Less Active, But Improvement in Prices Occurs in Most Mining Issues.

World Office.
Tuesday Evening, June 15.
A general recovery in the whole market was the feature of the local mining exchanges to-day. Almost throughout the entire list the issues, which were caught in the recent bear movement and showed declines from day to day, were somewhat stronger and the belief of traders that the turn in the market was coming and that the upward trend in prices will continue until the market is once more on a firm basis.

Much of the speculation of the last few days has undoubtedly come from traders, whose interest it was to drive prices lower in order to cover their short sales, and it is believed that there are still many who are short of the active stocks.

On account of the attention given to Temiskaming for some time past, public interest was concentrated in that issue to-day. The stock opened at 25 cents and sold as high as 25 1/2 cents during the day, a clear advance of 17 points from yesterday's low. It is thought that the drive against this issue has been exhausted itself, and unless much more actual stock continues to come into the market, better prices for the shares are inevitable.

The share was firmer to-day, selling up to 23 1/2 at the morning session. Earnings shares were in good demand throughout the day, but little stock was in the market and trading was much smaller than has been the case for some time past.

In the other lower priced stocks, Peterson Lake and Nova Scotia were both dealt in to a fair extent, and showed slight advances from yesterday.

La Ronge made another new high record to-day with a closing bid at 27 1/4. The speculation and manipulation of traders during the past few weeks has undoubtedly upset the market, and has now exhausted itself, and many conservative brokers are deprecating the manipulation of the stocks and with the restoration of public confidence, more reasonable and steady conditions may be looked for.

Market Settles Down.
Wallace & Eastwood in their letter say:

A quiet tone pervaded the whole of the market to-day. Fluctuations were not nearly so wide and a better tone was manifest throughout the entire list. La Ronge was again very strong, registering a new high record and closing at 27 1/4 bid, some 13 points higher than yesterday. The closing was on the firm side. The market has the appearance of having settled down to steady business again.

Standard Stock --- Mining Exchange.

| | | |
|----------------------|--------|--------|
| Amalgamated | 12 | 9 |
| Beaver Consolidated | 20 | 17 |
| Big Six | 20 | 17 |
| Buffalo | 20 | 17 |
| Chambers - Perland | 55 | 52 1/2 |
| City of Cobalt | 40 | 37 1/2 |
| Cobalt Central | 28 | 25 |
| Cobalt Lake | 12 1/2 | 12 |
| Consolidated | 6 | 5 |
| Crown Reserve | 3 | 2 1/2 |
| Foster | 19 1/2 | 19 |
| Gifford | 20 | 19 1/2 |
| Green - Meahan | 20 | 19 1/2 |
| Great Northern | 20 | 19 1/2 |
| Hudson Bay | 20 | 19 1/2 |
| Kerr Lake | 20 | 19 1/2 |
| La Ronge | 27 1/4 | 27 1/4 |
| Little Niagara | 20 | 19 1/2 |
| McKinley Dar, Savage | 94 | 91 |
| Nancy Helen | 10 | 9 |
| Nipissing | 10 | 9 |
| Nova Scotia | 42 1/2 | 42 |
| Ontario | 20 | 19 1/2 |
| Peter Lake | 25 | 24 1/2 |
| Right-of-Way | 15 | 14 |
| Rochester | 20 | 19 1/2 |
| Silver Leaf | 11 1/2 | 11 |
| Silver Bar | 25 | 24 1/2 |
| Silver Queen | 25 | 24 1/2 |
| Temiskaming | 25 | 24 1/2 |
| Tretheway | 1 1/2 | 1 |
| Watts | 20 | 19 1/2 |

COBALT DIVIDEND NOTICES.

The Board of Directors of this Company, at a meeting held this day, declared a dividend of 5 per cent. on its outstanding capital stock, payable on July 15, 1909, to stockholders of record at close of business on June 15, 1909. While Time Transfer Books will be closed, the same to be re-opened on July 15, 1909.

McKinley - Darragh - Savage Mines of Cobalt, Limited.
W. L. THOMPSON, Treasurer.
Rochester, N.Y., June 3, 1909.

FLEMING & MARVIN
Members Standard Stock and Mining Exchange.
Cobalt and New York Stocks
Private wire to New York.
18 Victoria St., Home Life Building, Toronto. Phone Main 4025, edit 7

BAXTER'S HOTEL
The largest and most up-to-date Hotel in Gowanda. Will accommodate 200 guests.
WM. M. BAXTER, Proprietor

We are in daily communication with our representative at Cobalt, and will be pleased to give information regarding mining stocks and properties.

FORD, WILSON & CO.
Members Standard Stock and Mining Exchange.
No. 43 Victoria St. Tel. Main 1735
TORONTO edit 7

Wallace & Eastwood
STOCK BROKERS
Members of Standard Stock Exchange.
Stocks bought and sold.
Direct private wires to Cobalt and New York.
Phone Main 3445-3443.
42 KING ST. WEST edit 7

THE SLUMP
Acting on our advice in the past, our clients have saved money. Months ago we said SELL Silver Queen, SELL Temiskaming, SELL City of Cobalt.

Compare today's prices for these shares with the time when we advised their sales through our advertisements in The Toronto World. Temiskaming was \$1.60 when we said sell it. Silver Queen was \$1.20 and City of Cobalt 80c. We aim to keep our clients posted as to the various mining issues, and we do nothing but a commission business for the public.

The market has had a good shake out and is entitled to a recovery. Any of the active stocks can now be bought for profits, but we would say take them when they occur.