

"Embarrassed by an impaired credit, a diminished business, and a heavy amount of outstanding liabilities, as well as by the withdrawal of such Stockholders as by the resolution of the Special General Meeting were permitted to retire, the efforts of your Directors to regain the confidence of the public, have been necessarily much retarded.

"The larger portion of the income of an Insurance Company consists of the premiums for the Renewal of Policies from year to year, and these, from the causes before mentioned, had ceased almost altogether; so that the result of their exertions can only be estimated by the amount of new business obtained, and not so much by that amount as compared with former years, as by its gradual but steady increase.

"It is principally from this latter circumstance that your Directors consider there is a well-grounded hope of future success, and from this—as well as from the generally improved aspect of your affairs—the lessened expenditure and diminished liabilities, as shewn in the Statements now submitted, they trust that the result of their labours during the past year will not be considered unsatisfactory.

"In anticipation of the call before alluded to, the first payment on which did not fall due until the 1st October last, and in order to effect the immediate settlement of outstanding claims, your Directors obtained a loan of \$48,666.70 in twenty Debentures of £500 sterling each, re-payable at the end of three years, but with the privilege of previously redeeming all or any number of them at any time, on payment of three month's interest in advance on the portion redeemed. It is purposed that certain sums from time to time should be set apart as a fund to accumulate for the re-payment of this loan, and a small portion has already been set apart and invested at interest in deposit in the Bank of Toronto.

"In the Disbursements for the year many heavy expenses have been included which may not be expected again to occur, and although the Income, from the serious drawbacks before referred to, has been materially effected, still the Shareholders will be pleased to observe that it exceeds the Expenditure by \$7,152.59.