

It is satisfactory to be able to report, that the consolidation of the original Bonds of the Company of all classes into that of new second preference Bonds is in active progress—£197,000 sterling, of a total amount of £235,000 sterling, having already been consolidated to this date.

The claims to be satisfied (under the recent act) by a part of the new issue of First Preference Bonds, and representing the floating liability of the Company, have already been adjusted to the amount of \$214,099.87, leaving a balance of \$37,800.76 now in satisfactory process for liquidation.

A preliminary and conditional contract has been entered into for the full restoration of the line between Toronto and Collingwood, comprising the re-erection of all structures in stone and iron, to the same standard as that adopted in the construction of the Grand Trunk Railway; and so soon as the schedule of works shall have been determined and approved in detail, the contract will be completed with a view to the vigorous prosecution of the works during the ensuing season.

The practical operations of the road during the past year have been conducted with eminent success, the regularity and safety in the running of trains, the dispatch of freight, the maintenance of way, and the care of stock, having been highly satisfactory; whilst the expenditure has been considerably diminished, and the whole service (especially in view of the previous condition of the works) conducted with an economy most creditable to the judgment and vigilance of the Company's Superintendent.

This will be apparent on an examination of the several statements attached, which show that although the tonnage of freight of all classes as compared with the year 1858, has increased by 12,824 tons, the mileage of trains has been diminished 9,982 miles, whilst the total cost of operating and management has been decreased to the amount of \$58,777.56. To this and other measures of economy in management (throughout the departments of the Company's service) is to be attributed the result that, although the total earnings of the year 1859 was, in consequence of the temporary depression in trade, less than that of the year previous, the net revenue has been augmented by the sum of \$58,859.93.

The receipts of the Company from all sources during the year