

Half-year ended 30th June, 1896.

THE EASTERN EXTENSION AUSTRALASIA AND CHINA TELEGRAPH COMPANY (LIMITED).

Directors.—The Most Hon. the Marquis of Tweeddale (Chairman), Francis Augustus Bevan, Esq., Sir Albert J. Leppoc Cappel, K.C.I.E., Charles William Earle, Esq., George Garden Nicol, Esq., John Denison Pender, Esq.

Manager and Secretary.—F. E. Hesse, Esq.

Offices.—Winchester House, 50, Old Broad Street, London, E.C.

REPORT and ACCOUNTS of the DIRECTORS for the Half-year ended 30th June, 1896, to be submitted to the Forty-sixth Half-yearly Ordinary General Meeting, to be held at Winchester House, 50, Old Broad Street, London, on Wednesday, the 28th October, 1896, at 2.30 o'clock.

1. THE usual statements of account for the half-year ended 30th June, 1896, are submitted herewith.

2. The gross receipts, including Government subsidies, have amounted during that period to £313,914 18s. 11d., against £264,138 10s. 5d. for the corresponding half-year of 1895.

3. The working-expenses, including £19,916 13s. 8d. for cost of repairs to cables and expenses of ships, absorb £87,256 3s. 9d., against £95,254 14s. for the corresponding period of 1895, leaving a balance of £226,658 15s. 2d. From this is deducted £4,028 8s. 6d. for income-tax, £20,000 transferred to the Fire Insurance Fund, £31,895 for interest on debentures, debenture stock, and contribution to sinking fund, leaving £170,735 6s. 8d. as the net profit for the half-year.

4. Two quarterly interim dividends of $1\frac{1}{4}$ per cent. each, amounting to £62,500, have been paid for the half-year, leaving £108,235 6s. 8d., of which £75,000 has been transferred to the General Reserve Fund, and the balance of £33,235 6s. 8d. is carried forward.

5. The working of the Australasian tariff arrangement for the fifth year of guarantee, ended the 30th April last, resulted in the guaranteed figure being again exceeded. This was due to the heavy gold-mining traffic with Western Australia during the past year.

6. In addition to the revision of the local rates referred to in the last report, and which took effect on the 1st July last, your directors have decided to make substantial reductions of tariff between India and China, Japan, &c., to come into force on the 1st January, 1897.

Reductions in most of the company's through rates were also agreed upon at the International Telegraph Conference recently held at Budapesth, several of which will come into force on the 1st January next, and the remainder on the 1st July, 1897. The immediate effect will undoubtedly be a falling-off of revenue, but it is hoped that in time the loss will be diminished by increase of business.

7. Your directors have the pleasure to report that the long-pending negotiations between the company, its partners in the China traffic—the Great Northern Telegraph Company—and the Chinese Telegraph Administration, for a friendly working arrangement, have at last been brought to a satisfactory conclusion. The arrangement not only restores amicable relations between the administration and the companies, but settles the troublesome question of exchange, from which the company has so severely suffered in the past, by enabling it to collect in Chinese currency a fair equivalent for its sterling charges. The agreement was ratified by all the interested Governments on the 31st July last, and brought into operation on the following day.

8. Your directors have to record with deep regret the death, on the 7th July last, of their esteemed colleague and chairman, Sir John Pender, G.C.M.G., who had presided over the affairs of the company since its inception. The satisfactory position which the company has attained is largely due to his untiring energy and devotion to its interests.

9. Your directors have appointed the acting chairman, the Most Hon. the Marquis of Tweeddale, chairman of the company. They have also appointed Mr. F. E. Hesse manager as well as secretary of the company.

TWEEDDALE, Chairman.

F. E. HESSE, Manager and Secretary.

Winchester House, 50, Old Broad Street, London, E.C.,
19th October, 1896.