

MARSMAN POINTS TO EXPANSION IN EARNINGS IN REVIEW OF FIRM'S GROWTH

Summing up the growth of Marsman Investments Limited during the past fiscal year, J. H. Marsman, chairman of the organization, points to the expansion in the earning power of the company and to the consequent payment of a sizable dividend as a result of these increased earnings. He incidentally reports in this connection that the company's directors have recommended a final dividend of 7½ per cent, or a total distribution of 15 per cent for the past fiscal year, with the earnings of the company having justified the payment of this additional amount.

Speaking on the effects of the war on the mines, he said that, while there is a feeling here of immunity, the close bond which ties the Islands with the United States having minimized the danger from the war, "we did not close our eyes to this eventuality..." He states that all the mines under the management of Marsman & Company have augmented their supplies so as to provide for nine months continuous operation, a precaution taken by the company before the outbreak of the war against any adverse international situation that might arise.

Mr. Marsman's speech was read at the fourth ordinary general meeting of Marsman Investments Limited, over which Benj. S. Ohnick, first vice president of Marsman & Company, presided. Pertinent portions of Mr. Marsman's speech follow:

"At the last Annual General Meeting, I had to report a deficit of ₱5,905.9.11 in our Profit and Loss Account for the year. During the past fiscal year, we have made a net profit of ₱93,434.10.3. During the year we paid an interim dividend of 7½% and have carried forward to surplus the sum of ₱58,234.17.-7d. The earnings of your Company have been such as to justify the payment of an additional dividend to shareholders and your Directors now have recommended a final dividend of 7½%, making a total distribution of 15% for the year.

"If you will refer to the surplus accounts of Marsman & Company, Inc.

and Marsman Trading Corporation, its subsidiary, you will see that these companies have added very materially to their surpluses, the former to the extent of ₱1,968,918.17 for the fiscal year, and the latter to the extent of ₱212,303.14 for the sixteen months' period ending April 30, 1939. By referring to these accounts, you will see that the combined surplus of these companies amounts to ₱4,819,773.79.

"As you know, the principal income of your Company is derived through the business and industrial operations and enterprises of its subsidiary, Marsman & Company, Inc. Since the conclusion of the fiscal year, there have been substantial improvements in the producing mines in which your company is interested, and except for Coco Grove which is a placer operation, the ore reserves not only have been maintained but, in some instances, notably Itogon, the ore reserves have materially increased. In the case of Coco Grove, other proven and promising properties are being investigated and if interest be acquired we hopefully expect the operating life of this Company will be prolonged and its earnings correspondingly increased. Present ore reserves of Itogon Mining Company now have an estimated value in excess of seven million pesos, or double the amount stated in the report before you. Careful planning and sound management have placed the producing mines in splendid operating condition. Total production now well exceeds ₱150,000 monthly, and unless disturbed by unforeseen events, we confidently expect the continuance of this satisfactory revenue for many years.

"While we in the Philippines had a feeling of immunity from war and the ill effects of war upon business here, nevertheless, we did not close our eyes to this eventuality, even though danger therefrom be minimized due to our close bond with the United States of America. Now that war round about us is an actuality, I pause to explain that ordinarily and as a matter somewhat of general practice, mines in the

islands have been carrying operating supplies more or less for a quarter year period. Mindful of adverse international situations which might develop, I must tell you that all the producing mines of which Marsman and Company, Inc. are managers, already have augmented their supplies so as to provide for nine months continuous operation. In other words, they are maintaining reserve supplies for six months in addition to the usual provisioning for three months. This necessarily has entailed the tying up of considerable funds, but I am sure you now will compliment the directors of these various mining Companies in the adoption of that protective policy which was recommended by Marsman and Company."

Regarding the organization's investment in other countries, he says: "Owing to the hostilities in China it has been impossible to date to proceed with the original plans for which the Marsman Hongkong China, Ltd. was formed, namely, to participate in mining and engineering projects in that country. Consequently, the results to date have been negative. I am informed, however, that arrangements are now being made to acquire on advantageous terms interest in a fully tested and promising placer mining property in favorably situated British territory likely to be much less in-

fluenced than ordinary by general war disturbances. While at the moment nothing in the way of trade, commerce or industry in the world is predictable with precision, and vision cannot be projected too far in the future, nevertheless, entry into this new field is looked upon with considerable enthusiasm. Also this company in its metals trading department, with considerable stocks of antimony and its producing wolfram mine, though small, stands, I should say, in a splendid position having as it does excellent established connections and facilities for marketing including arranged control of Metals Trading Company of London which is actively engaged in the metals market.

"The milling plant at Mangani with a capacity of 200 tons daily is nearing completion and it is expected that production will commence by December. Latest reports from the mine show that developments there continue to be very satisfactory.

"In addition to the Mangani mine, other properties have been acquired in the Dutch East Indies and are being developed. It is confidently expected that at least one or two of these properties can soon be put into profitable operation, which will add considerably to the earnings of 'the Marsman Algemeene Exploratie Maatschappij.'"

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