

MARSMAN INVESTMENTS LIMITED

Third Ordinary General Meeting Held in Manila on the 17th August 1938 at 4:00 P. M.

Chairman's Speech

Ladies and Gentlemen:

You have received the Annual Report of the Directors and Statement of Accounts and I presume you will take them as read.

Before moving to the adoption of the Report and Accounts, I shall briefly analyse the Balance Sheet submitted and then pass on to other matters of particular interest.

I should like to draw your attention to the fact that we have altered the financial year of Marsman & Company, Inc. to the 30th April, so that it ends concurrently with the year of Marsman Investments Ltd., and I feel that you will agree that this is a step which makes the presentation of the Directors' Report and Accounts of your Company much clearer for you to follow.

Turning first of all to the Accounts of your Company, you will see that the main alteration in the assets is the increase in the item "Investments at Cost" from £349,571 last year to £485,501 this year, and a reduction in the item "advance to Marsman & Company, Inc." from £204,512 last year to £16,345 this year.

As shown in the Accounts before you, the Profit & Loss Account shows a small deficit of £5,906 for the year. This is due to the fact that no dividend was paid during the year by the subsidiary company, Marsman & Company, Inc. After deducting this loss from the amount carried forward last year, there is a credit balance of £2,300 to be carried forward to next year's Accounts.

Owing to the full employment of its cash resources, Marsman & Company, Inc. were not able to declare a dividend, but that Company earned for the 16 months ended 30th April, 1938, a profit of ₱1,664,052.00 (£166,405), which I am sure you will agree is very satisfactory indeed. As this is the

main source of your Company's income I will refer briefly, if you will allow me, to the Accounts of that Company—a copy of which is embodied in the Report before you.

Comparison of the Accounts of Marsman & Company, Inc. with these for the previous period shows a considerable increase in Investments, and also a very large reduction in the current liabilities of the Company. You will see that the Company does not now hold stocks of merchandise and machinery, as the Marsman Trading Corporation was formed during the year to take over this activity. The Marsman Trading Corporation is a wholly owned subsidiary of Marsman & Company, Inc.

You will note that the net worth of Marsman & Company, Inc. stands this year at ₱4,881,477.00 (£488,147) or an increase of ₱1,428,977 (£142,897).

Turning to matters of general interest, I think you will agree that the Report of your subsidiary Company Marsman & Company, Inc., gives a very comprehensive and clear outline of the activities of the Affiliated Companies under its management.

As I informed you last year, the policy of substantially increasing milling capacity, recommended by Marsman & Company, Inc. and adopted by our Affiliated Companies, was continued with the utmost vigor, and the burden of the expense in carrying out this program was, in the main, borne by Marsman & Company, Inc. Capital Expenditure at Itogon, United Paracale, San Mauricio and Coco Grove alone amounted to ₱5,168,117.90. It was anticipated that the full benefits accruing from the completion of this program would have been evident during the period under review.

Uncontrollable factors, however, due to labour and shipping strikes in the United States, caused certain delays in

the programme. These delays have been reflected in the cash position of the Company at 30th April. From a dividend point of view the position was largely governed by the ability of the affiliated and managed Companies to liquidate their loans. Under these circumstances the full benefits from increased production from these Companies have come later than anticipated.

From a comparison of the production figures of 1938 with those of 1937, the full effect of the expansion programme is to be noted. The total production from affiliated Companies for the first six months of 1937 was ₱4,128,846.00, whereas the total production for the first six months of 1938 was ₱7,266,141.29, and it is anticipated that the second half of this year will result in a further increase in production.

Included in these totals, however, is the gold production from the Coco Grove property, which commenced in January this year, and the total production from this property to 30th June amounted to ₱1,494,858.03.

I think you will agree that the reputation for progressiveness which this Company has built up is fully merited.

Turning to the individual Companies, I will first deal with the position of

ITOGON MINING COMPANY, INC.

This Company suffered during the period by delayed delivery of Compressed Air Plant ordered from the United States, which retarded the development programme on the richer portions of the Mine, and further—as you will see from the Report—there is a diminution of ore reserves. This is due to the fact that many of the blocks estimated for reserves proved on further development to carry a considerably lower average value than had been anticipated from the results of sampling.

The effect of this was not only to reduce the quantity of reserves but also to lower the average value in view

of the necessity of drawing unduly on the richer portions of the ore body in order to keep up the average charge to the required value. In spite of these difficulties the Mine succeeded in supplying the tonnage required for the increased size of Plant and has not failed to do so since. Development has since proceeded vigorously and the Mill Heads are now showing steady improvement.

SUYOC CONSOLIDATED MINING COMPANY.

Development work has been very satisfactory and has substantially increased the ore reserves both in quantity and value.

Material benefits from the connection of the Palidan Suyoc Drain Tunnel to the main workings are becoming more evident. Pumping charges have been recently eliminated and work is progressing towards known vein structures, which has hitherto been impossible due to water troubles.

The returns have shown higher and steadier production. A dividend of 10% was paid in January and a further dividend of 10% has been declared for July.

Altogether the outlook for Suyoc is most encouraging.

THE PALIDAN SUYOC DEEP LEVEL TUNNEL CO.

has completed the 9,000 ft. tunnel to the Suyoc main workings. This 11' x 11' arched back tunnel was driven 8,250 feet in seven months, which represents an average advance of about 1,180 ft. per month. A record breaking achievement.

THE UNITED PARACALE MINING CO.

has shown steady progress. The Mill was consolidated to an all-sulphide plant with ore from the Mine replacing the low grade oxide ore from the Hali-guing Bato talus deposits.

A feature of importance is the excellent development on the Longos sec-

tion, where a substantial body of rich ore is being mined and developed.

SAN MAURICIO MINING COMPANY.

A new main shaft on the main San Mauricio vein system was sunk and connected to the 500 Level workings. This shaft is equipped with a steel headframe and modern type of electric hoist, for skip haulage.

The old shaft gave considerable trouble due to ground movement, and hoisting and development was retarded during the latter half of 1937. This shaft is now used as a service shaft for the Mine.

Development results during the first half of 1938 have been satisfactory. Driving northwards on the main San Mauricio vein has resulted in cutting a series of splits as the vein approaches the contact of an intrusion of metamorphics. This has resulted in a series of four distinct veins all of good width and carrying high values. This section of splits has been named the Tacoma section.

A crosscut from the 400 Level in the Tacoma vicinity has cut the first of these splits with good width and grade, and development is being pushed as rapidly as possible. This additional high grade tonnage is of great importance. Additionally, developments on the Santa Ana vein system have proved very satisfactory and should result in a further tonnage of good grade ore being developed. The shaft is being continued to the 400 Level and development work generally speeded up.

In fact, the developments during the first half of 1938 will result in a substantial increase of the ore reserves, both as regards tonnage and values, and I confidentially look forward to a very bright future for this Mine.

Capital expenditure has practically ceased and working costs have shown a steady decline.

COCO GROVE INC.

The total yardage so far tested has been estimated at 26,000,000 cubic

yards averaging 57.7 centavos a yard for a total value of ₱15,000,000.00

During the year, 361 test holes amounting to 15,181 linear feet of drilling have been made on the property. The former testing was done in 200 ft. squares; the further testing has brought this down to 100 ft. This closer testing has confirmed our former estimate. Strikes in the steel plants in the United States caused considerable delay in the delivery of the two dredges ordered from the Bucyrus-Erie Company.

Parts of the first dredge arrived in Manila in early June, 1937. Concentrated effort resulted in its assembly and launching on 2nd September. It was towed to Paracale and arrived on 13th September.

The second dredge arrived in Paracale on 23d October.

Construction work on the first dredge at Paracale was completed by the 7th January. The dredge was towed to its paddock by the 9th and started trial operations on the 10th and went into gold production on 16th January.

The second dredge was completed and after trials went into operations on 14th February.

The production for the first six months of 1938 of ₱1,494,858.03 from 1,799,632 cubic yards dredged should be considered as most satisfactory. These figures represent an average recovery of 83 centavos per cubic yard.

The Directors' Report covers all the other managed mining Companies very thoroughly and sufficiently indicates the progress made.

MARSMAN TRADING CORPORATION.

Operations have been satisfactory and activities are being broadened in import lines and the development of an export business.

The Corporation operates branches at Baguio and Paracale and maintains general and cold stores in five mining camps. It also works in close contact with the Hongkong and Dutch East Indies Companies.

**MARSMAN INVE
BALANCE
AS AT 30TH**

LIABILITIES

CAPITAL	£	s. d.	£	s. d.
<i>Authorised and issued:—</i>				
1,000,000 Shares of 10/- each fully paid			500,000-	0- 0
SUNDRY CREDITORS				
Accounts Payable and Unclaimed Dividends.....			848-	11- 0
PROFIT AND LOSS ACCOUNT				
Balance brought forward as at 1st May, 1937.....	58,205-	17- 3		
<i>Less—Dividend of 10%, paid 19th July, 1937.....</i>	50,000-	0- 0		
			8,205-	17- 3
<i>Less—Excess of Expenditure over Income for the year per Account below</i>	5,905-	9-11	2,300-	7- 4
			£503,148-	18- 4
CONTINGENT LIABILITY				
Bank Guarantee for Marsman Trading Corporation, £41,009.				

AUDITORS'
To the members of MARSMAN

We have examined the above Balance Sheet, dated 30th April, 1938, with the books of the London Office, and have obtained all the information and explanations we have required.

In our opinion such Balance Sheet is properly drawn up so as to exhibit a true and correct picture of the position of the Company at the date to which the accounts are made up, and as shown by the books of the Company.

MANILA, P. I., 8th June, 1938.

**PROFIT AND
FOR THE YEAR FROM 1ST**

	£	s. d.
Manila Office Expenses	3,436-	11-10
Travel and Transportation	2,680-	2- 9
Directors' Fees	1,752-	1- 8
Licences and Fees	1,069-	18- 4
Legal and Notarial Expenses	752-	18- 9
Advertising	747-	4- 0
Rentals	564-	11- 3
Telephone, Cables, etc.	400-	5- 3
Miscellaneous Expenses (including £512 applicable to 1936/37)	1,627-	19- 5
	£13,031-	13- 3

STATEMENT PURSUANT TO SECTION

The Subsidiary Company, Marsman & Company, Inc., made a profit for the period coinciding

J. H. MARSMAN
GEORGE C. DANKWERTH } *Directors*

A condensed Balance Sheet is submitted in the Directors' Report, and I would draw your attention to the fact that the net profit for the four months from 1st September, 1937, the date when this Company took over the activities of this Department, to 31st December, 1937, amounted to P83,543.00. (£8,354).

Total sales of merchandise for the year 1937 were P4,512,073.00 (£451,207) compared with P2,904,634.00 (£290,463) for the year 1936, and for the four months ended 30th April, 1938, the sales aggregated P1,359,788.00 (£135,978).

PHILIPPINE SMELTING COMPANY.

After the difficulties experienced during the starting of the operation of an entirely new project to the Philippines, involving the training of crews etc., had been overcome, smelting operations have been continued successfully with operating costs showing a steady downward trend.

More details of this Company's activities are given in the Report.

MARSMAN BUILDING CORPORATION

was organized during the year.

The Corporation is tendering for Government and private construction contracts and works in conjunction with the Hongkong Company who manage the Vibro Piling Company in China.

I am sure you will be interested to know that the Corporation has secured the contract for the erection of the American High Commissioner's new building and headquarters in Manila.

MARSMAN DEVELOPMENT COMPANY

was organized during the year.

The Company's sawmills are located at Mercedes in Camarines Norte Province and have a present output of 400,000 board feet a month.

The timber concessions contain enough timber to supply the sawmills for over 40 years at present production rates. Most of the output sup-

plies the mines in the Paracale District, which assures a profitable market for the output. We are now exporting a certain footage to the Pacific Coast of America.

MARSMAN HONGKONG CHINA LTD.

Your interest in this Company is represented by the "A" shares which have the right to appoint three Directors. Organization of the various departments to enter into civil engineering and mining business in the British Colony and China has been completed.

Direct contacts were made with the various Provincial Governments, who in some cases have enlisted our cooperation in all phases of mining and civil engineering schemes and projects. The disturbance of normal conditions caused by hostilities has necessitated the postponement, with the exception of one or two important schemes in process of negotiation, of the majority of these projects until more peaceful conditions return to China.

MARSMAN ALGEMEENE EXPLORATIE MAATSCHAPPIJ.

Further prospecting has been carried out in the N. E. I., Sumatra and Borneo.

This work has resulted in the finding of what we believe may prove a valuable mine at Mangani in Sumatra, for which arrangements have been completed to finance an immediate development programme and mill and treatment equipment.

Attention is also being given to an attractive lower grade deposit which has the potentialities of a very large tonnage.

BASE METALS.

Due to the extraordinary fall in prices of base metals and ores, our programmes have been seriously handicapped. Despite certain drawbacks, however, we have continued to expand, and given normal conditions I think the results should show up satisfactorily.

We have been seriously affected during the past year in this direction by the set-back in American trade and by exchange difficulties with Japan, as the present natural market for our output is in these countries, owing to the advantage in freight rates as compared with those to Europe. However, our London Office has organised a Metal and Ore Sales Department which is exploring the possibilities of marketing Philippine mineral products in the European market. Shipping freights have recently been lowered and if we could secure the full co-operation of the shipping companies in reducing freights still further for these heavy cargoes, we feel we could make progress in this field.

An active business is also being carried out by our London Office for our Associated Company, Marsman Hongkong China Ltd., in Antimony Regulus, Antimony Crude, Wolfram Ore and other products of China.

LEGISLATION

In my capacity as President of the Chamber of Mines of the Philippine Islands, I am naturally in close and constant touch with legislation applicable to the mining industry. I am gratified to think that President Que-

zon and the Government continue to evidence the greatest interest and sympathy in Mining generally. Legislation already enacted will do a great deal towards building up confidence in the future of the mining industry in the Islands.

DIVIDENDS.

As shown in the Report of the Directors, Marsman & Company Inc., had satisfactory profits which were reinvested in the expansion programme which has already been described. Repayment of these advances is proceeding satisfactorily, but your Directors are inclined to follow a conservative policy at this particular time of unsettled world economic conditions. It will be readily seen that during the present period of unrest it is advisable to conserve the Company's cash resources so as to withstand any untoward circumstances which might affect your Company or any of its affiliates.

I now beg to move

"That the Report and Accounts for the period ended 30th April, 1938, as presented and circulated among the Shareholders, be and they are hereby received, approved and adopted."

The motion of the Chairman, Mr. J. H. Marsman, was seconded and un-animously passed. Directors Adolphus Beckerleg and H. P. L. Jollye retired and being eligible, were reelected. Messrs. White, Page, & Co. were re-appointed auditors.

<p>COMPLETE LINES OF STAPLE & FANCY GROCERIES • LIQUORS & WINES STATES FRESH FRUITS & VEGETABLES</p> <p>DIRECT IMPORTERS</p> <p>AMERICAN GROCERY</p> <p>217-19 Echague Tels. 2-16-14—2-16-15</p>
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