

COCO GROVE ANNUAL MEETING

Coco Grove, Inc. is in the best operating and financial condition that it has enjoyed since development work was first started in 1933, stockholders were informed at the annual meeting held March 6, 1939.

As of January 1, 1939, ore reserves were 20,785,128 cubic yards with an estimated contained value of ₱11,611,119.17. In addition to this there are some 25,000,000 cubic yards of gravel on which test drilling has not been completed. This is expected to add considerably to the reserve.

J. B. Stapler, manager of the southern division of Marsman & Company, operators of Coco Grove, told the stockholders that the anticipated production for 1939 was ₱2,400,000. He explained further that the production would vary from month to month, depending upon the character of the ground through which the dredges must operate. This variation is common in dredging, and

it is anticipated in the schedule of operations and in the budgets, prepared at the start of every year. Operations in 1938 were carried out according to schedule.

In 1939 the dredges will work on foreshore dredging, and later on in the year one dredge will move to the Malaguit area. To aid in this work, the suction dredger Rotterdam has been acquired, and additional units such as a powerful tug and supplementary equipment will be obtained.

The following directors were elected by the shareholders: H. P. L. Jollye, Major A. Beckerleg, S. J. Wilson, Geo. W. Kerr, and T. M. Jordan. A vote of thanks to Marsman & Co., managers of the property, for the excellent results attained in 1939 (as a result of which the first dividend of 20 per cent was paid in December) was passed unanimously by the stockholders.

COCO GROVE, INC.

OPERATING ACCOUNT

FOR THE YEAR ENDED 31st DECEMBER, 1938

To Operating Costs:

Dredge No. 1—Operating	₱195,826.24	
Dredge No. 2—Operating	168,098.72	
Supplementary Operation	38,941.91	
General Operating Expenses	82,710.37	₱ 485,577.24

To Bullion Marketing Expenses—See Schedule	22,208.57	
To Other General Expenses—See Schedule	60,808.99	
To Depreciation	211,683.45	
To Operating Profit	1,451,935.32	
		₱2,232,213.57

By Bullion Produced	₱2,214,349.46	
By Other Income:		
Interest Received	₱ 8,455.44	
Rents Received	562.94	
Profit on Exchange	4,318.18	
Miscellaneous	4,527.55	17,864.11
		₱2,232,213.57

COCO GROVE, INC.

BALANCE SHEET

AS AT 31st DECEMBER, 1938

ASSETS

FIXED ASSETS:

Mine & Mining Properties	P 1.00	
Capital Development	1,746,696.34	P1,746,697.34
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Camp Buildings	P 65,204.41	
Floating Equipment	7,377.76	
Furniture & Fixtures	14,073.46	
Slipways Constructions	4,463.58	
Light & Power Installations	207,061.34	
Miscellaneous Equipment	104,640.06	
Roads, Trails & Bridges	11,614.69	
Tools & Engineering Equipment	640.00	
Water Supply Installation	11,040.15	
Blacksmith Shop Building	9,863.68	
Blacksmith Shop Machinery & Equipment	24,672.97	
Wharf Construction	2,457.88	
Hospital Building	13,315.75	
Hospital Equipment	6,712.49	
Schoolhouse Building	2,050.75	
Sea Wall	12,926.76	
Lighthouse Breakwater	3,920.08	
Dredge No. 1	797,711.08	
Dredge No. 2	804,009.95	
Dredge Rotterdam	219,760.96	
Tugboat	75,902.29	
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	P2,399,420.09	
Less—Reserve for Depreciation	173,649.05	2,225,771.04
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CURRENT ASSETS:

Cash on Hand & In Bank	P 30,674.66	
Accounts Receivable	11,061.99	
Accounts Receivable—Special Consignment Account	19,276.70	
Bullion on Hand	67,563.88	
Bullion in Transit	156,238.89	
Machinery Parts & Supplies on Hand and In Hongkong	145,884.05	
Production Pending Outturn	530.76	431,230.93
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DEFERRED CHARGES 9,494.05

P4,413,193.36

COCO GROVE, INC.

LIABILITIES

CURRENT LIABILITIES:

Advances—Marsman & Co., Inc.	P 33,860.78
Marsman Trading Corporation	4,663.40
Accounts Payable	23,809.33
Uncollected Dividends	12,500.46
Notes Payable	225,719.40
Bills Against Bullion Shipments	123,284.52
Chapa Deposits	764.00
Accrued Taxes	4,909.67
Accrued Payrolls	7,256.60
Accrued Expenses	1,868.99
Unclaimed Wages	754.09
	P 439,391.24

RESERVE:

Income Tax	60,237.78
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NET WORTH:

Capital—

Authorized & Issued—

15,000,000 Shares of 10¢ each	P1,500,000.00
Stock Premium	2,250,000.00
Donated Surplus	1.00

Surplus—

Profit for Year to 31st

December, 1938	P1,003,963.00
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Less—Deficit

Balance at 1st January, 1938	P661,383.77
Adjustment 1938 for total Reserve for Depreciation to 31st December, 1937 written back	120,984.11
	540,399.66

Less—Dividend No. 1	P 463,563.34	300,000.00	163,563.34	3,913,564.54
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There are contingent liabilities for:

Machinery parts & supplies ordered under Irrevocable Letter of Credit	P30,040.00
Dredge Replacement	

Parts—

Bucyrus Erie Co.	P50,276.27
Manila Machinery & Supply Co. ..	602.40
	50,878.67

P80,918.67

P4,413,193.36

Manila, P. I., 6th February, 1939.

We have examined the books and accounts of the Coco Grove, Inc., for the year ended 31st December, 1938 and have compared them with the Mine Manager's Certified Returns, which have not been audited by us. No provision has been made for ore depletion. Subject to the foregoing in our opinion the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs as at 31st December, 1938, according to the best of our information and the explanations given us and as shown by the books.

FLEMING & WILLIAMSON,
Accountants.

COCO GROVE, INC.

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31st DECEMBER, 1938

To Administration Expenses	P	50,450.00	
To General Overhead:			
Audit Fees	P	1,800.00	
Bonuses		2,666.66	
Documentary Stamps		297.56	
Fees & Licenses		1,598.36	
Income Tax		60,237.78	
Insurance		28,472.13	
Interest		6,255.58	
Leave Salaries		175.50	
Legal & Notary Fees		6,000.00	
Miscellaneous		2,809.35	
Postage		359.09	
Stationery & Supplies		578.51	
Subscriptions & Contributions		7,045.51	
Telephone, Radios & Telegrams		1,088.29	119,384.32
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To Profit Participation as per Agreement with Original Claim Owners		278,138.00	
To Net Profit for the Year		1,003,963.00	
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			P1,451,935.32
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By Operating Profit	P	1,451,935.32	
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			P1,451,935.32
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MARSMAN & COMPANY TO CHANGE CAPITAL STRUCTURE

A plan to change the capital structure of Marsman & Company, Inc. will be put to a vote at a special meeting of its shareholders called for Monday, March 27, 1939.

It is proposed to change the capitalization from 300,000 shares of no par value, to 4,000,000 shares of par value of one peso per share. In this new

share arrangement, one half of the issue will be common stock, and the other half preferred stock, with cumulative dividends to be decided by the board of directors.

This action will amount to a stock dividend of more than 100% to the present stockholders of Marsman & Company, Inc.