ence between the lending rate of the Corporation ($4\frac{1}{8}$ per cent.) and the rehabilitation rate of 3 per cent. reducible to 2 per cent. in the first year. It should be remembered that this is an annual contribution, and something in the vicinity of this amount will be required for the next thirty to forty years, but decreasing over the later part of the loan terms. Interest payable has also increased following the raising of further loan-moneys, but the over-all effect is an increase in gross profit of £94,083 to bring the total to £664,876. Total management expenses at £411,148 show an increase of only £15,095 on the previous year and may be considered very reasonable, particularly as provision to the extent of £16,906 was made in the accounts to meet the year's portion of the general increase in salaries dating back to 1st July, 1948.

As in previous years, no charge has been made against any Government fund for the costs of administering rehabilitation advances made on business, furniture, and tools of trade, the cost involved this year being £90,090.

It is interesting to note the total cost to the Corporation of the mortgagee's contribution of one-half of the premium for earthquake insurance, the amount for this year being £12,423. The saving to the individual mortgagor is very small—possibly averaging 5s. per year but with the large investment portfolio of the Corporation the aggregate amount is substantial.

After making provision for taxation and reserves on a similar basis to last year the profit available for Treasury is £40,035, an increase of £24,101 on last year, and representing a return of 4 per cent. on the authorized capital of £1,000,000 provided by Government.

A. D. PARK, Chairman of Directors.

T. N. SMALLWOOD, Deputy Chairman of Directors.

B. C. ASHWIN
D. BARNES
R. G. MACMORRAN
Directors.