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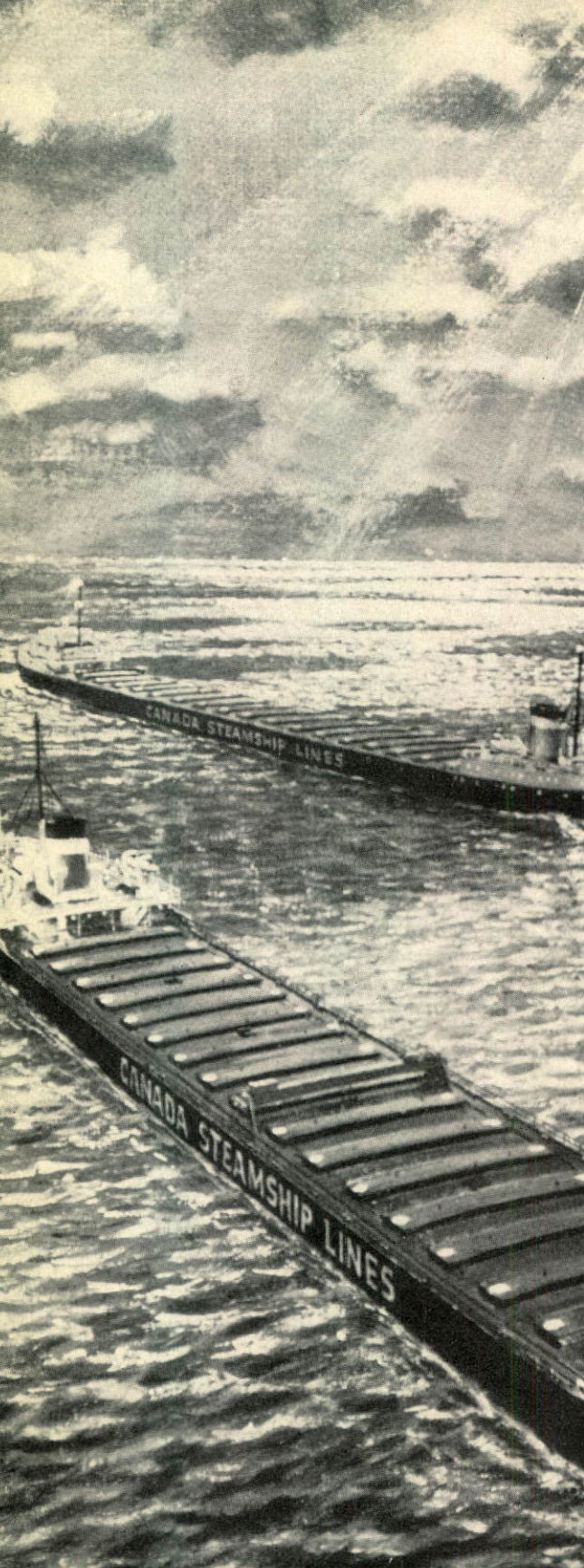
ANNUAL REPORT **1957**

Canada Steamship Lines,
LIMITED



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STORAKT



SHIPS THAT PASS IN THE NIGHT . . .

Low cost water transportation is an economic asset to Canada and for over a century the C.S.L. fleet has operated day and night to meet the ever increasing demand. The modern fleet, operating in conjunction with shore installations, provides important services to Canadian industry.

C.S.L. vessels are specially designed and built for their specific jobs. 17 huge upper lakers transport millions of tons of coal and iron ore and millions of bushels of grain each season . . . 21 package freighters provide a fast scheduled package freight service from tide-water to the head of the Great Lakes . . . 16 lower canal size bulk freighters handle grain, coal, iron ore and miscellaneous cargoes . . . 4 self-unloading carriers equipped to deliver coal and stone ashore and 3 passenger vessels provide luxury pleasure cruises on the St. Lawrence and Saguenay Rivers.

In every phase of the complex C.S.L. operation, highly skilled personnel play a proud and vital role in the economic welfare of Canada. Thus, Canada Steamship Lines, a completely Canadian organization, contributes to and serves a prosperous Canada.



*Modern machines and experienced men
handle freight swiftly and efficiently.*

C.S.L. Package Freight Service

C.S.L.'s efficient, economical package freight service is geared to meet the anticipated increased demands of Canadian shippers when the St. Lawrence Seaway is completed.

The S.S. Fort York, recently launched, will join the C.S.L. fleet of 21 fast package freighters. These ships maintain a quick, inexpensive package freight service between ports located along the waterways of Eastern Canada; also water and rail service to Western Canada.

*S.S. Fort Henry
at Toronto Terminal*

Whether the shipment is large or small, experienced personnel in modern C.S.L. terminals, using the latest equipment, assure its safe, speedy delivery.



Kingsway Transports Limited

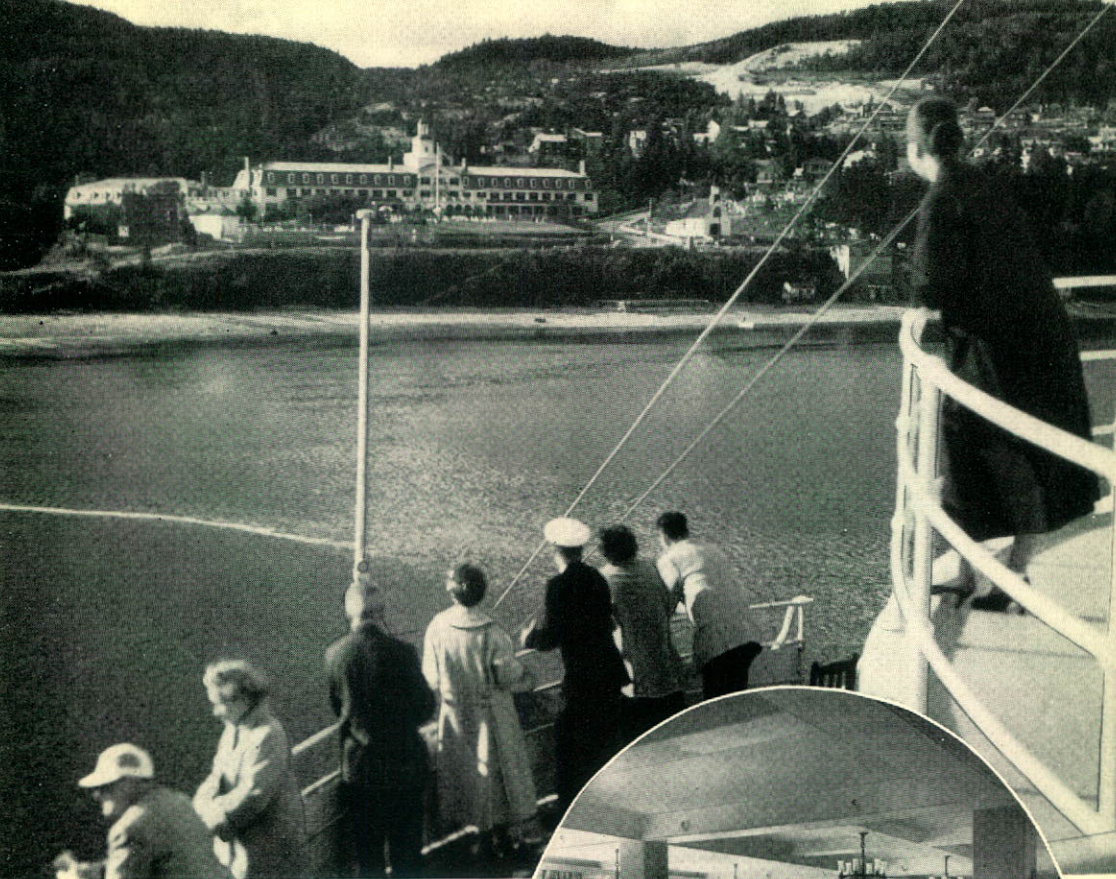
A major event in the progress of Kingsway took place in December, 1957, when the company occupied its new layout on Cote de Liesse Road bordering on Montreal Airport at Dorval, P.Q. Considered the finest highway transport terminal in North America, it incorporates forward thinking in design and freight handling. The freight terminal provides 24 loading doors on opposite sides of the building and towveyer system is installed to facilitate goods handling. The layout, which also includes head office, occupies 15 acres of land.

Earlier in the year, Kingsway acquired a terminal at Detroit, U.S.A. This expansion puts the company in a more favourable position to increase its international freight traffic in that area and connect with continuing carriers.

At year's end, Kingsway completed another important route expansion when it acquired Gossett & Sons Transport Limited, of Calgary, extending its highway operations westward into the Province of Alberta.



A Mack diesel tractor drawing volume van, one of the large units added to the Kingsway fleet during 1957. The range of fleet units also includes heated and refrigerated vans and semi-trailers.



The Hotel Tadoussac in its picturesque setting.

*A corner of the spacious
Main Lobby of the Hotel.*

Hotel Tadoussac

Tadoussac, Quebec



Situated at the junction of the Saguenay and St. Lawrence Rivers in a setting of natural beauty, the Hotel Tadoussac has long been a favourite holiday haven with vacationers of all ages. Its scenic grandeur, temperate climate and diverse activities, appeal to the widest range of interests. A beautiful 9-hole golf course, a modern fully equipped fishing lodge, a heated swimming pool and well-kept tennis courts are included among the unparalleled sports facilities enjoyed at the Hotel Tadoussac.

Manoir Richelieu Murray Bay, Quebec

The luxurious Manoir Richelieu, magnificent and beautifully regal, overlooks the mighty St. Lawrence from the spectacular scenic setting of the Laurentian Mountains. Its varied sports facilities include a picturesque championship 18-hole golf course and heated salt water swimming pool. The well-maintained grounds and accommodations combined with superb cuisine assure gracious holiday living at its very best.

The Manoir's attractive Dining Room.

*The view from the terrace
of the Manoir Richelieu.*





Canada Steamship Lines, LIMITED

DIRECTORS

D. W. AMBRIDGE, C.B.E.	SIR PHILIP DUNN, Bart.
G. C. BATEMAN, C.M.G., O.B.E.	J. A. ECCLES
L. E. BLACKWELL, Q.C.	DAVID S. HOLBROOK
G. I. COLE	W. H. HOWARD, Q.C.
HON. T. A. CRERAR, P.C.	J. ARTHUR MATHEWSON, Q.C.
H. A. CRESSWELL	T. R. McLAGAN, O.B.E.
JOHN H. DAVEY	GORDON McMILLAN, Q.C.
A. O. DUFRESNE	A. C. PICARD

EXECUTIVE OFFICERS

T. R. McLAGAN, O.B.E. <i>President and General Manager</i>
H. A. CRESSWELL <i>Vice-President</i>
R. LOWERY <i>Vice-President</i>
J. G. WYLLIE <i>Vice-President and Comptroller</i>
H. R. BAXTER <i>Vice-President</i>
P. S. JAEGER <i>Vice-President</i>
G. H. PAGE <i>Vice-President</i>
N. W. VAN WYCK <i>Vice-President</i>
G. I. COLE <i>Secretary-Treasurer</i>



Canada

TO THE SHAREOWNERS:

Your Directors herewith submit with pleasure the forty-fourth Consolidated Annual Report of Canada Steamship Lines, Limited and its Subsidiary Companies. For comparative purposes the results for 1956 are included.

The net profit realized in 1957 was \$5,575,826 or \$4.17 per common share. The net profit in 1956 was \$4,508,845 or \$3.28 per common share. Thus it will be seen that your company has increased its net profit by almost 24 percent.

This improvement in earnings was obtained despite a substantial reduction in grain shipments and a decline in general cargo tonnage, the latter being evidence of a decline in general business activity in Canada. There was also a small reduction in the shipment of bulk commodities. Reductions in earnings resulting from this slackening of business in your water transport business were offset by substantial improvements in earnings from your company's subsidiary organizations.

Charges for depreciation amounted to \$4,677,852 which compares with \$5,145,855 in 1956.

After paying the regular dividend on the preference shares and one dollar per share on the common shares, a sum of \$3,802,701 was transferred to surplus. Your Directors, however, increased the half year dividend due on April 15, 1958 to seventy cents per share from fifty cents.

During 1957 the remainder of the 3½ percent First Mortgage Bonds in the amount of \$3,610,000 became due and were paid off. Also, \$200,000 of the 4 percent First Mortgage Bonds were redeemed. In addition, some \$333,000 of 2¾ percent First Mortgage Bonds of a subsidiary company were paid off. In total, therefore, the Funded Debt of your company was reduced by \$4,143,000 during the year. These payments, however, together with capital expenditures have resulted in some reduction in the working capital of your company which stands at \$15,421,213 and compares with \$17,277,581 at the end of 1956.

Your Directors are continuing the policy of diversifying the activities of your company not only in water transport activities but also in the activities of your subsidiary companies. A substantial number of shipbuilding orders have been obtained and encouraging results have been achieved from orders for heavy

Steamship Lines,

LIMITED

industrial products in the shipyards. Kingsway Transports continues to expand its sphere of activity but is, at present, feeling the effect of declining business.

During the year no new ships were added to your company's fleet but it is expected that a new modern package freighter, the S.S. "Fort York", will be ready for service this year. Several other vessels of the fleet are being converted to other uses in line with the policy of diversification.

A modern new terminal was opened in Montreal in November by Kingsway Transports Limited. Substantial additions and alterations to the Davie shipyard were also completed. In total, some \$9,996,380 of new physical assets and facilities were acquired during the year but in 1958 additions to fixed capital are expected to be substantially reduced.

In August 1957 the Directors adopted a Restricted Stock Option Plan for selected key employees of the Company and its subsidiaries and reserved 100,000 unissued common shares of the Company for future issue under the Plan. Options terminating in October 1967 were granted by the Directors in November 1957 in respect of 86,300 of such shares at \$24.00 per share. No such options can be exercised before October 1958 and accordingly no shares were purchased or issued under the Plan in 1957.

The outlook for the immediate future in 1958 is most uncertain. It is evident that the demand for water transport tonnage will be reduced. Strenuous attempts are being made to economize and to seek other means of earning profits.

At the conclusion of this successful and strenuous year, your Directors wish to record their sincere appreciation of the splendid efforts of your company's officers and employees. Team work, throughout the Group, has been responsible for the results obtained and your Directors face the future with renewed confidence.

On behalf of the Board,



President.

Montreal, Que.,
March 10, 1958.

Canada Steamships

AND SUBSIDIARIES

ASSETS	<u>1957</u>	<u>1956</u>
Current Assets:		
Cash in banks and on hand	\$ 1,503,339	\$ 2,360,356
Short term investments	6,635,246	15,499,167
Canadian Government bonds at cost (market value \$5,298,000)	5,264,675	2,603,375
Accounts receivable, less allowance for doubtful accounts	8,724,809	7,257,390
Insurance and other claims, estimated amount recoverable	789,047	396,843
Inventories of stores and supplies at the lower of cost or market value and shipyard work in progress at not exceeding cost	44,065,959	26,172,458
Prepaid expenses	597,532	520,733
	<u>67,580,607</u>	<u>54,810,322</u>
Deduct progress payments and billings on uncompleted shipyard work	43,587,633	25,374,591
	<u>23,992,974</u>	<u>29,435,731</u>
Investments at not exceeding cost	<u>1,257,340</u>	<u>1,111,105</u>
Fixed Assets:		
Vessels, real estate, buildings, docks and wharves, plant, highway equipment and miscellaneous assets, at not exceeding cost	103,081,783	93,085,403
Less allowance for depreciation	71,375,957	67,143,858
	<u>31,705,826</u>	<u>25,941,545</u>

NOTE: At December 31, 1957 capital commitments in respect of vessels and other properties under construction amounted to approximately \$4,000,000.

SIGNED ON BEHALF OF THE BOARD:

T. R. McLAGAN }
J. A. ECCLES } DIRECTORS.

\$56,956,140 \$56,488,381

AUDITORS' REPORT TO

We have examined the consolidated balance sheet of Canada Steamship Lines, Limited and subsidiaries for the year ended on that date and have obtained all the information and explanations we have required and other supporting evidence as we considered necessary in the circumstances.

In our opinion the above consolidated balance sheet and related consolidated statements of profit and loss of the companies on a consolidated basis at December 31, 1957 and the results of their operations for the year shown by the books of the companies.

Montreal, P.Q., March 3, 1958.

Ship Lines, LIMITED

SUBSIDIARY COMPANIES



CONSOLIDATED BALANCE SHEET, DECEMBER 31, 1957

LIABILITIES	<u>1957</u>	<u>1956</u>
Current Liabilities:		
Accounts payable and accrued charges	\$ 6,031,293	\$ 5,564,220
Estimated taxes on income	2,540,468	2,983,930
First Mortgage 12 year Bonds 3½% Series "A" due March 15, 1957	—	3,610,000
	<u>8,571,761</u>	<u>12,158,150</u>
Funded Debt:		
First Mortgage Bonds 4% 1948 Series payable \$200,000 per annum, balance December 15, 1966	1,680,000	1,880,000
First Mortgage Bonds 2¾% Series "A" of a subsidiary company due December 1, 1958 and 1959.	665,000	998,000
	<u>2,345,000</u>	<u>2,878,000</u>
Reserves for:		
Freight claims	35,000	35,000
Insurance losses and repairs	325,000	325,000
Shipbuilding contracts	30,000	242,217
Extra compensation	455,000	365,000
Contingencies	45,000	135,000
Future income taxes	1,794,000	1,295,000
	<u>2,684,000</u>	<u>2,397,217</u>
Capital Stock:		
Authorized:		
917,000 5% Cumulative Preference shares of \$12.50 each . . .		
2,000,000 Common shares of no par value		
Issued and fully paid:		
917,000 5% Cumulative Preference shares of \$12.50 each . . .	11,462,500	11,462,500
1,200,000 Common shares of no par value	3,391,500	3,391,500
	<u>14,854,000</u>	<u>14,854,000</u>
Surplus:		
Earned surplus	20,960,923	17,158,222
Surplus realized on capital asset transactions	6,113,788	5,406,541
Capital surplus arising through acquisition of subsidiary companies .	1,426,668	1,636,251
	<u>28,501,379</u>	<u>24,201,014</u>
	<u>\$56,956,140</u>	<u>\$56,488,381</u>

TO THE SHAREHOLDERS

of the subsidiary companies as of December 31, 1957 and the consolidated statements of profit and loss and surplus. Our examination included a general review of the accounting procedures and such tests of accounting records

as to whether the profit and loss and surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company for the year ended on that date, according to the best of our information and the explanations given to us and as

PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants.

Canada Steamship Lines, LIMITED

AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF PROFIT AND LOSS YEAR ENDED DECEMBER 31, 1957

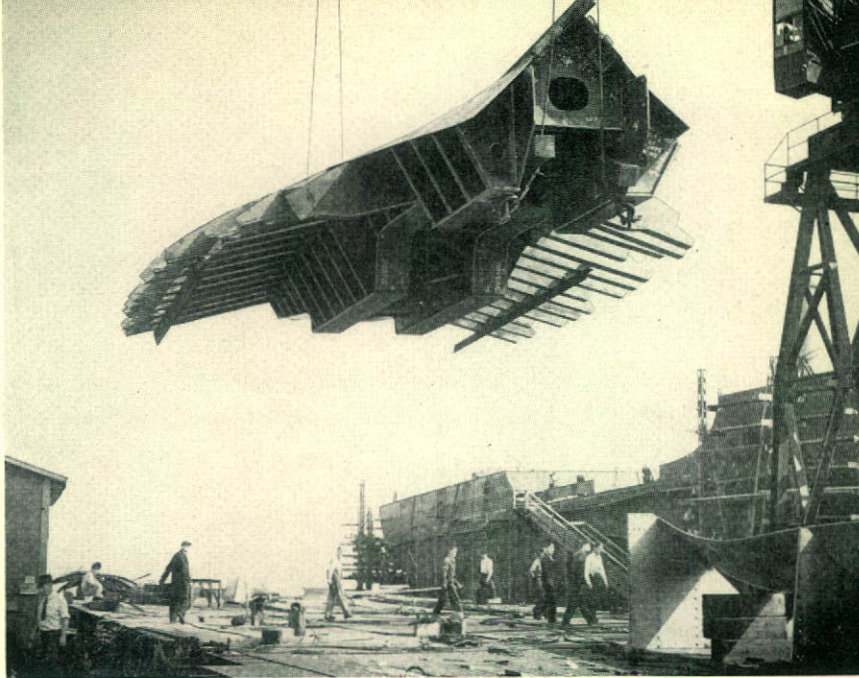
	<u>1957</u>	<u>1956</u>
Earnings from operations before taking into account the undernoted items:	\$15,323,733	\$13,785,878
Remuneration of executive officers	187,940	183,030
Directors' fees	37,700	30,284
Legal fees	57,098	46,437
	282,738	259,751
Income from investments.	15,040,995	13,526,127
	360,482	385,977
	15,401,477	13,912,104
Interest on funded debt	127,799	265,404
Provision for depreciation	4,677,852	5,145,855
	4,805,651	5,411,259
	10,595,826	8,500,845
Income tax provision estimated:		
Provision for current year	4,521,000	3,912,000
Reduction of income tax for current year applicable to future years (Note A)	499,000	80,000
	5,020,000	3,992,000
Net profit for year	\$ 5,575,826	\$ 4,508,845

NOTE A: The current year's tax reduction of \$499,000 is the amount by which income taxes otherwise payable in respect of the year will be reduced by claiming for tax purposes capital cost allowances in excess of the depreciation recorded in the accounts. This amount is set aside to provide for additional taxes if in the future capital cost allowances are less than the depreciation recorded in the accounts.

CONSOLIDATED STATEMENT OF SURPLUS

Earned surplus at December 31, 1956		\$17,158,222
Net profit for year ended December 31, 1957		5,575,826
		22,734,048
Dividends paid to:		
Preference shareholders	\$ 573,125	
Common shareholders	1,200,000	1,773,125
		20,960,923
Surplus realized on capital asset transactions:		
Amount at December 31, 1956	5,406,541	
Capital gains realized during the year	707,247	6,113,788
		6,113,788
Capital surplus arising through acquisition of subsidiary companies:		
Amount at December 31, 1956	1,636,251	
Excess of cost over book value of subsidiary company purchased in 1957	209,583	1,426,668
		1,426,668
Amount at December 31, 1957		\$28,501,379

Prefabricated bottom section of new ship being placed in position.



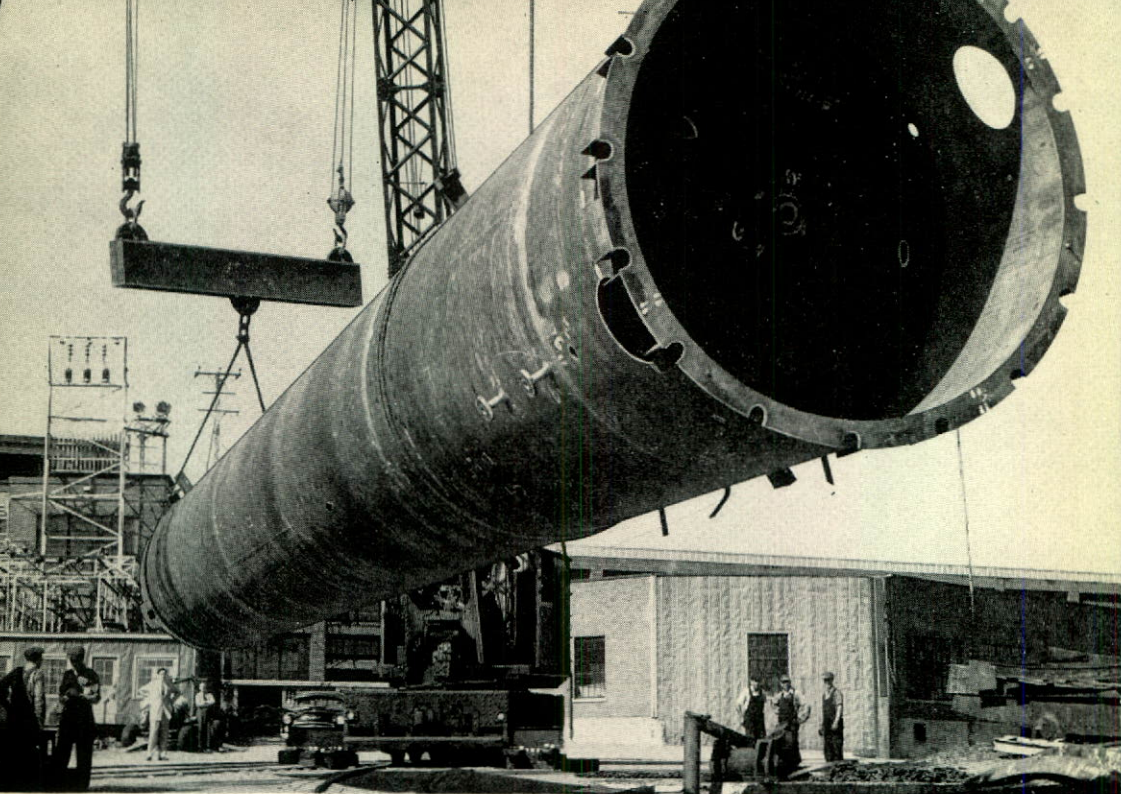
Davie Shipbuilding Limited

The Davie plant at Lauzon, Quebec, is one of the most up-to-date of its kind in the world. Its staff of highly skilled and experienced craftsmen, using modern equipment produce a wide range of custom design steel fabrication and industrial equipment as well as ships of world renown.

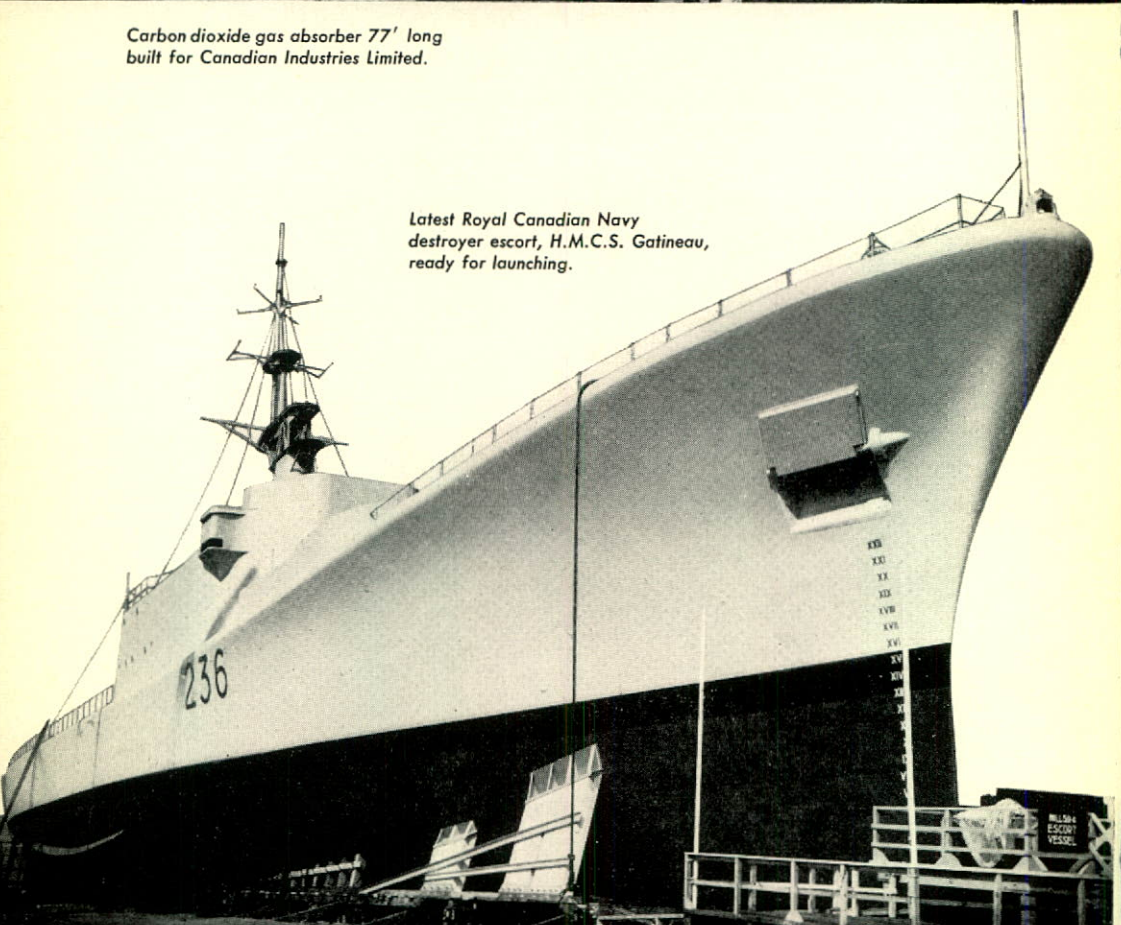
Davie Shipbuilding's leading position in the shipbuilding industry is assured by their genius for engineering and by continued application of the very highest standards of workmanship in all their endeavours.

Ships for commerce, for safety of navigation and for national defence all ready for launching on the same day.

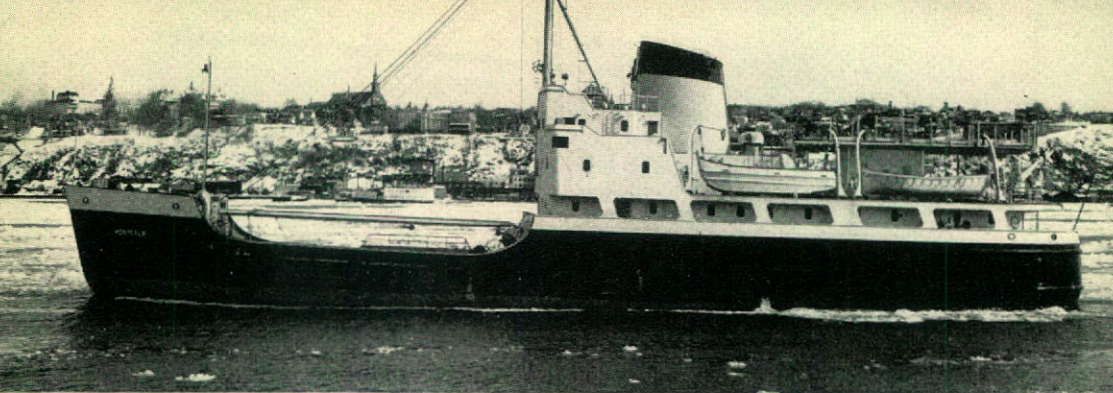




*Carbon dioxide gas absorber 77' long
built for Canadian Industries Limited.*



*Latest Royal Canadian Navy
destroyer escort, H.M.C.S. Gatineau,
ready for launching.*

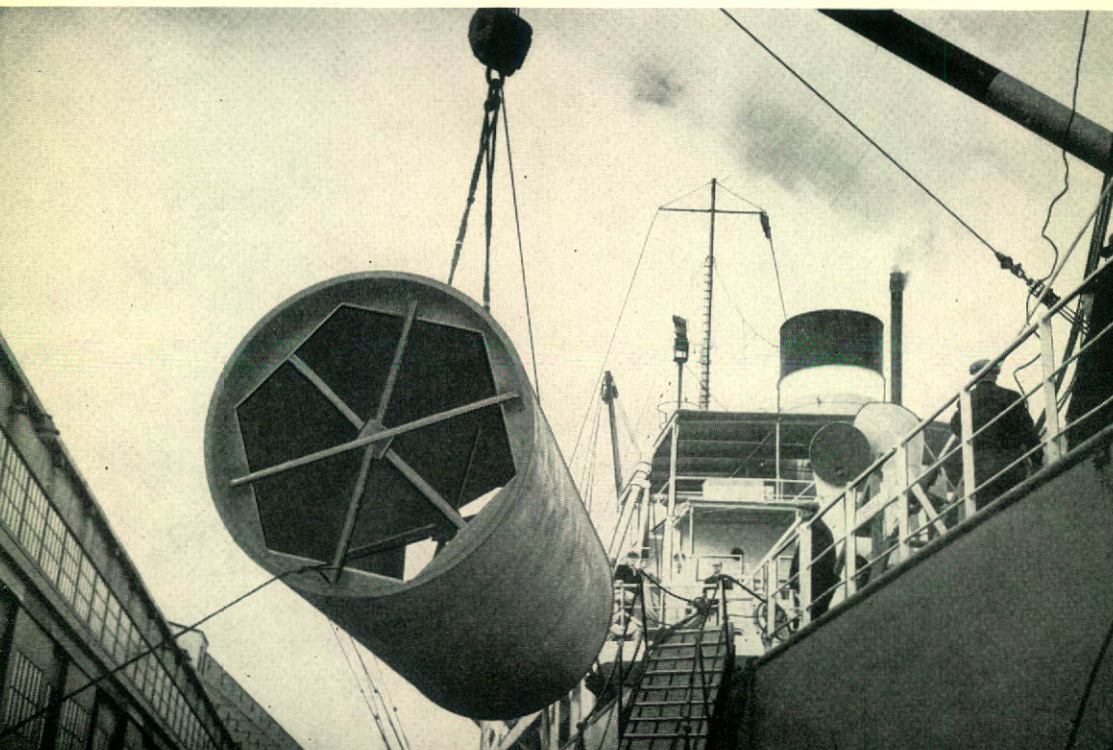


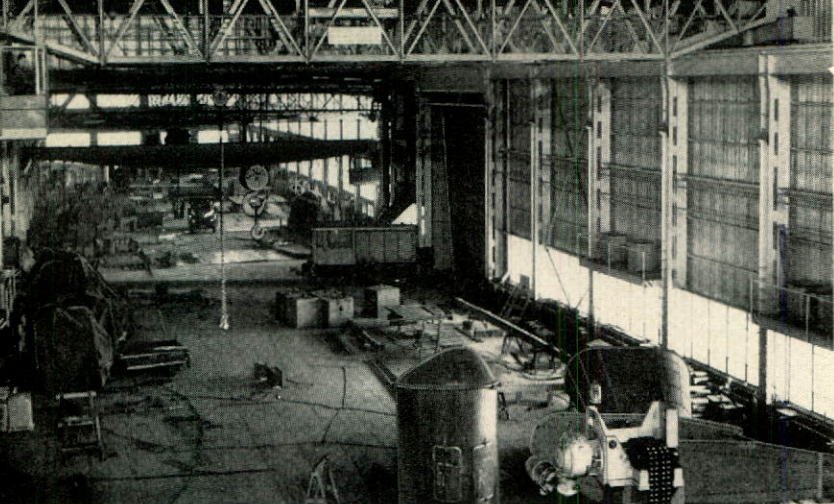
Twin screw icebreaker, C.G.S. Montcalm, built in 1957 for the Department of Transport.



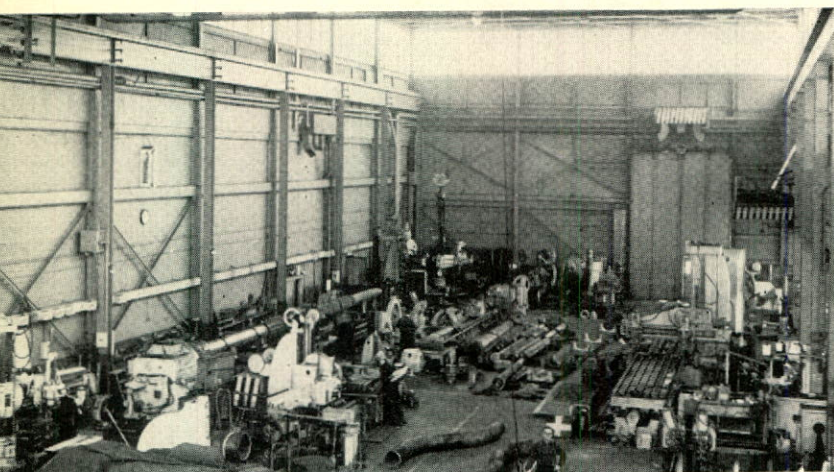
▲ *Lighthouse and Buoy Tender, C.G.S. Montmorency, built in 1957 for the Department of Transport.*

▼ *Section of 6 mile long Hydro Electric Penstock being loaded for Madras, India.*

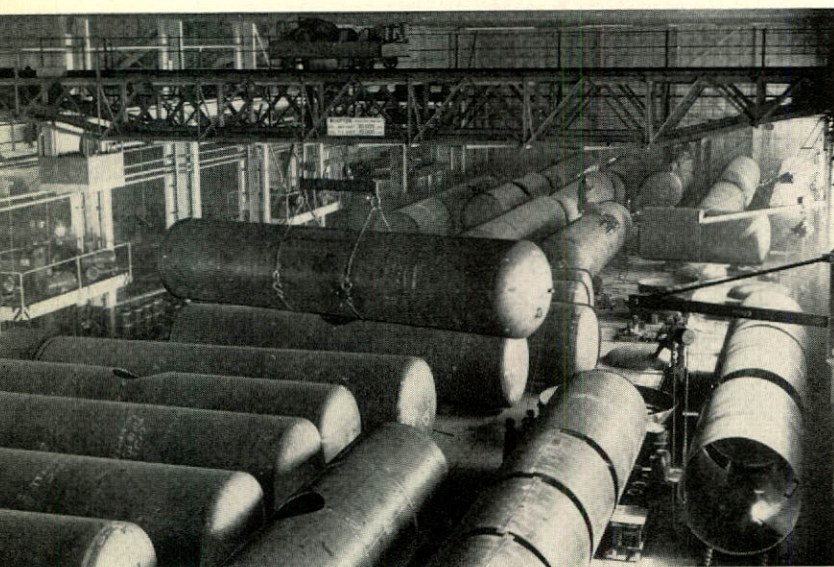




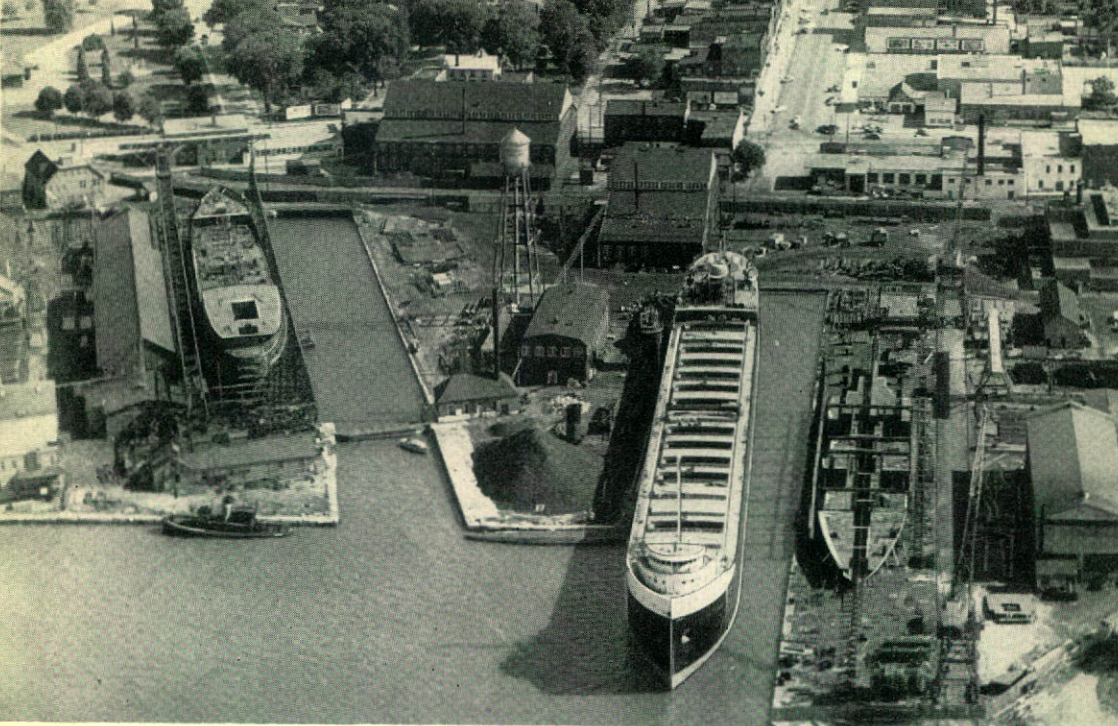
Davie's new fabrication shop, view of east bay.



Machine shop . . . heavy bay.



Tank car tanks in process of construction.

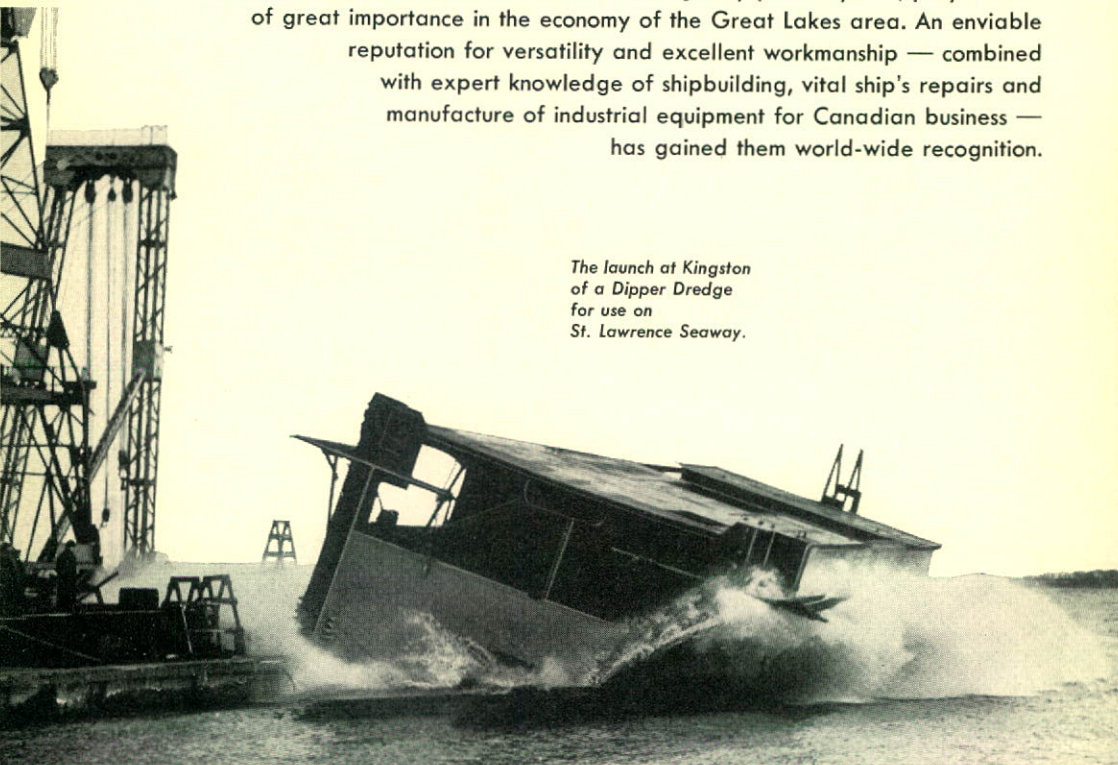


An aerial view of building berths Collingwood Shipyards.

Canadian Shipbuilding and Engineering Limited

with yards at PORT ARTHUR, COLLINGWOOD, KINGSTON, MIDLAND

This organization, with its strategically placed yards, plays a role of great importance in the economy of the Great Lakes area. An enviable reputation for versatility and excellent workmanship — combined with expert knowledge of shipbuilding, vital ship's repairs and manufacture of industrial equipment for Canadian business — has gained them world-wide recognition.



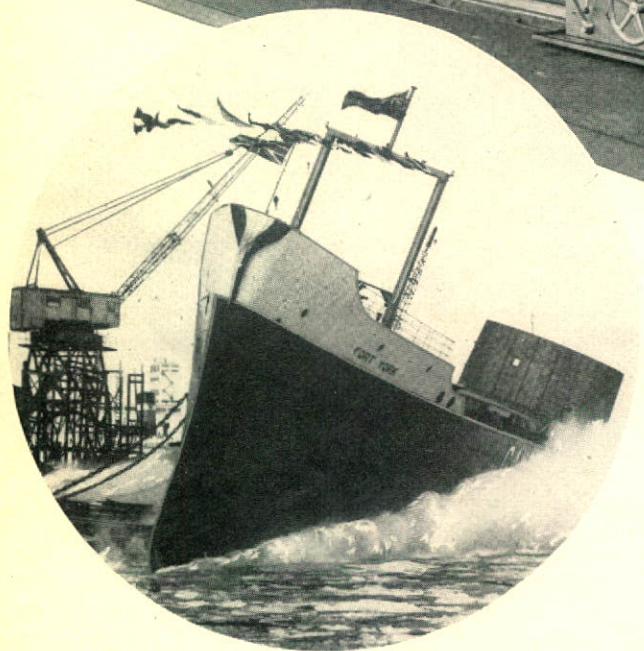
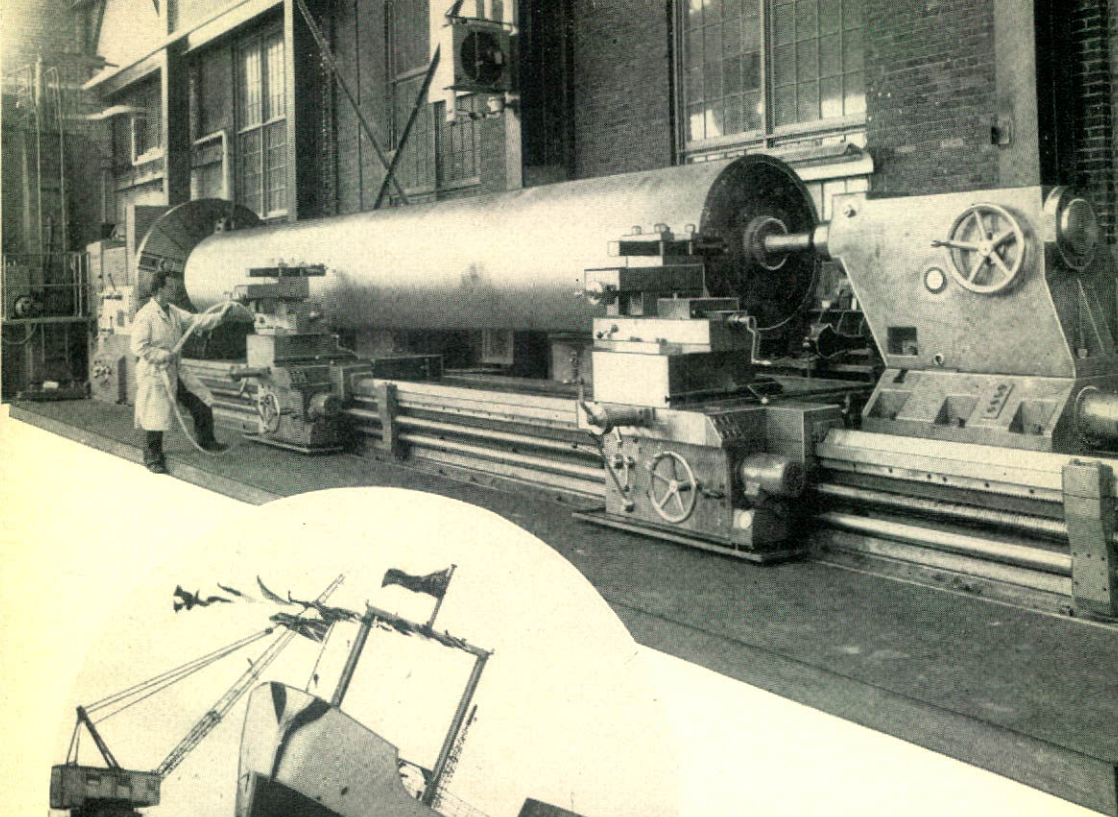
*The launch at Kingston
of a Dipper Dredge
for use on
St. Lawrence Seaway.*



Anti-magnetic minesweeper H.M.C.S. Thunder built by Port Arthur Shipbuilding in 1957.



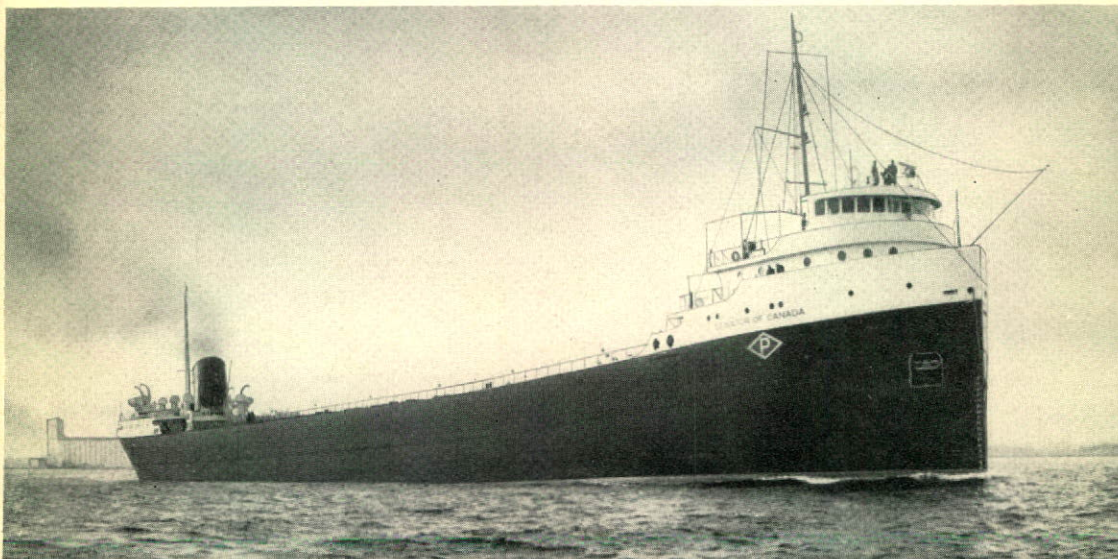
Giant draft tube and turbine casing produced at Collingwood.



30' long Neucer Lathe
typical of Port Arthur
equipment.

Launching of the new
C.S.L. package freighter
S.S. Fort York at Collingwood.

Huge upper laker, Senator of Canada,
built in 1957 at Collingwood
for N. M. Paterson & Sons Ltd.



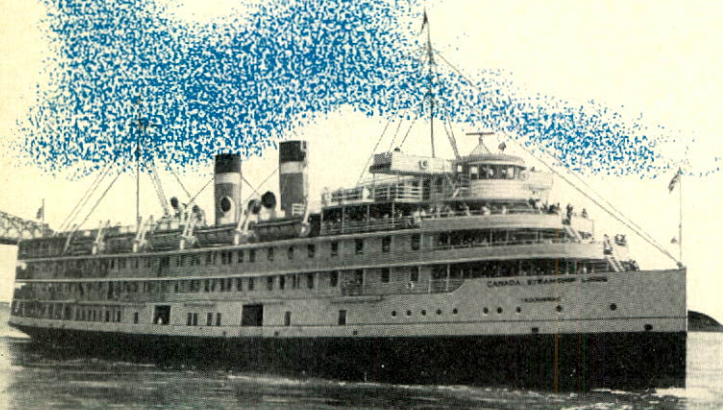


Passengers enjoy the scenic grandeur in the setting sun.

Renowned **Saguenay Cruise**

Every year, thousands of tourists enjoy a happy holiday trip aboard the C.S.L. luxury passenger steamers Tadoussac, St. Lawrence and Richelieu.

The lure, of course, is the exciting and fascinating Saguenay-St. Lawrence River cruise and the wealth of scenic wonders on every side to captivate the discriminating eye. Add to this legendary beauty of land, the carefree atmosphere of shipboard life, comfortable accommodations, excellent cuisine and carefully planned itineraries . . . the result is sure to be a vacation long-remembered with pleasure.



*The S.S. Tadoussac
cruising on
the St. Lawrence.*