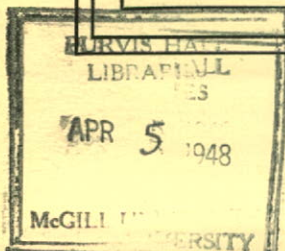


CANADA
STEAMSHIP
LINES
LIMITED

ANNUAL REPORT
1947





Integral part of Canadian progress

Freight and passenger vessels operated by Canada Steamship Lines on the Great Lakes and the River and Gulf of St. Lawrence form an integral part of Canada's transportation system—freighters providing a fast, economical means of transporting both bulk and package freight, while the passenger vessels—especially designed for comfort—are popular for business and holiday travel.

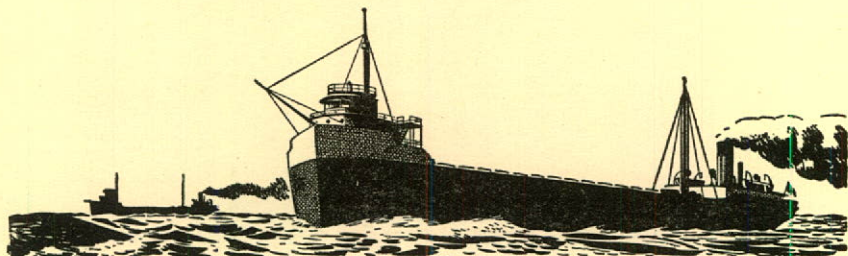
The large fleet is complemented by famous hotels, specialty shops ashore and afloat, grain elevators, coal docks, warehouse terminals and shipyards strategically located on the Great Lakes Waterway System.

*For rates, reservations and schedules apply
to company offices in principal cities.*

CANADA STEAMSHIP LINES

715 Victoria Square

Montreal



CANADA STEAMSHIP LINES LIMITED

DIRECTORS

D. W. AMBRIDGE, ESQ.

C. GORDON COCKSHUTT, ESQ.

W. H. COVERDALE, ESQ.

ARTHUR CROSS, ESQ.

KENNETH T. DAWES, ESQ.

SIR JAMES DUNN, BART.

FRANK J. HUMPHREY, ESQ.

COL. K. R. MARSHALL

GEORGE H. MONTGOMERY, ESQ., K.C.

WM. A. MURPHY, ESQ.

A. C. PICARD, ESQ.

JOSEPH M. PIGOTT, ESQ.

PAUL F. SISE, ESQ.



EXECUTIVE OFFICERS

W. H. COVERDALE

President

GEORGE H. MONTGOMERY, K.C.

Vice-President

R. B. THOMSON

Secretary

H. A. CRESSWELL

Treasurer

CANADA STEAMSHIP LINES LIMITED

To the Stockholders:

Your Directors submit the Company's Thirty-fourth Annual Report and Statement of Accounts.

GROSS REVENUE

The gross revenue for 1947 amounted to \$19,244,582.57, an increase of \$3,547,678.97 over the previous year. This increase reflects continuous operation and moderate increases in rates on bulk commodities such as grain, coal and iron ore. Package freight rates continued on an inadequate basis, the adjustment of which awaits the decision of the Board of Transport Commissioners.

OPERATING EXPENSES

Operating expenses amounted to \$16,042,850.30, an increase of \$2,219,294.07, leaving net earnings available for interest and depreciation of \$3,201,732.27.

Expenses continued to rise, mainly due to increased wages and food costs.

DEDUCTIONS

Interest charges amounted to \$315,488.39, an increase of \$25,187.34 from the previous year. Provision was made for depreciation in amount of \$1,694,553.88, an increase of \$201,488.14 due to the acquisition of additional assets.

NET INCOME

Net earnings for the year, after all charges, amounted to \$1,191,690.00 and, after providing \$482,892.72 for Dominion and Provincial income taxes, the net income for the year amounted to \$708,797.18, an increase over the previous year of \$305,012.08.

SURPLUS

Surplus arising from realization of assets increased by \$585,808.06 to \$3,597,619.24; capital surplus by \$67,232.00 to \$1,636,086.95; after payment of regular dividends of 5% on the Preference stock and \$1.00 per share on the Common stock, the earned surplus decreased in amount of \$164,327.82 to \$2,658,893.74. After deducting minority shareholders' interest of \$1,617.28, the consolidated surplus of \$7,890,982.65, an increase of \$488,439.49, has been carried forward to 1948.

PROPERTY

The Company's property has been maintained in sound physical condition. Two passenger steamers were reconditioned during the year and quarters were provided throughout the fleet for additional crew required by the three-watch system; additional freight handling equipment was purchased, and wartime shipyard buildings and equipment were purchased from the Government agency, the net increase in the book value of the fixed assets being \$2,108,865.22.

Your Directors regret to record the loss of the S.S. "EMPEROR" on Lake Superior with her master and eleven members of the crew.

The fleet now consists of 56 steamers, of which 47 are freight vessels and 9 are passenger.

FUNDED DEBT

During the year Serial Bonds in amount of \$400,000 matured and were paid, leaving outstanding fixed debt of \$7,700,000.

NET CURRENT ASSETS

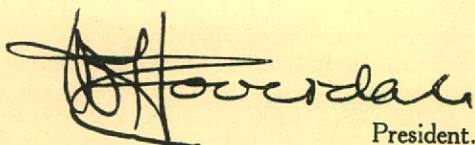
The excess of current assets over current liabilities at December 31, 1947, amounted to \$5,439,665.99, a reduction of \$693,115.31 from the previous year. Included in the current assets were cash and government securities amounting to \$2,314,247.07.

NEW CONSTRUCTION

Shortages of steel and other material continued to delay the construction of new vessels which are badly needed. In order to care for its increasing bulk traffic, the Company has purchased two upper lake vessels since the close of the period under review.

The Company has recently been adjudged responsible for claims arising out of the Point Edward disaster in 1945 involving the S.S. "HAMONIC". It is impossible to state at this time the extent to which the Company's liability on these claims is recoverable from underwriters.

Your Directors desire to record their appreciation of the loyal and efficient services of the Company's officers and employees.



A handwritten signature in black ink, appearing to read "H. Overdal", is written over a horizontal line. The signature is stylized and cursive.

President.

Montreal, Que.,
March 17, 1948.

CANADA STEAMSHIP LINES, LIMITED

CONSOLIDATED BALANCE SHEET

ASSETS

Current Assets:

Cash in banks and on hand.....	\$ 1,419,247.07
Dominion of Canada Bonds at cost.....	895,000.00
Accounts receivable, less reserve.....	1,750,727.35
Adjusted losses due by underwriters.....	117,153.62
Insurance and other claims, estimated amounts recoverable.....	215,093.37
Interest receivable accrued.....	15,862.87
Refundable portion of Excess Profits Tax—estimated.....	325,000.00
Inventories of stores and supplies at the lower of cost or market (as determined and certified to by responsible officials) and shipyard work in progress at not exceeding cost.....	14,909,722.30

19,647,806.58

Deduct progress payments received on uncompleted shipyard work..... 10,123,800.95

9,524,005.63

Prepaid Expenses..... 364,620.59

Refundable portion of Excess Profits Tax after deducting amount included in Current Assets above—estimated..... 517,000.00

Investments at not exceeding cost..... 219,666.32

Cash and Dominion of Canada Bonds held by Trustee for replacement of assets lost and sold..... 1,989,998.68

Fixed Assets:

Vessels, real estate, buildings, docks and wharves, plant and equipment and miscellaneous assets on the basis of the reduced valuation made by the management as of December 31, 1936, and approved by the Board of Directors, with subsequent additions based on cost..... \$50,656,983.09

Less reserve for depreciation..... 28,515,191.23

22,141,791.86

Signed on behalf of the Board:

W. H. COVERDALE
GEO. H. MONTGOMERY } Directors.

\$34,757,083.08

AUDITORS' REPORT TO

We have examined the accounts of Canada Steamship Lines, Limited and its subsidiary companies for the year ended December 31, 1947, and we have to report that we have obtained all the information and explanations we have required and, in our opinion, a correct view of the state of the companies' affairs on a consolidated basis, as of December 31, 1947, according to the books and vouchers produced to us.

Montreal, March 13, 1948.

AND ITS SUBSIDIARY COMPANIES

AS OF DECEMBER 31, 1947

LIABILITIES

Current Liabilities:		
Accounts payable.....		\$ 3,124,500.89
Bond interest accrued.....		78,604.13
Other accrued charges.....		206,295.57
Reserve for taxes—estimated.....		274,939.05
First Mortgage Serial Bonds 3½% Series "A" due March 15, 1948.....		400,000.00
		<u>4,084,339.64</u>
5% Mortgage (payable in quarterly instalments of \$7,500.00 on account of principal and interest, balance due January 1, 1949)...		208,338.89
Funded Debt:		
First Mortgage Serial Bonds 3½% Series "A" due March 15, 1949-1955.....	\$ 2,800,000.00	
First Mortgage 12 Year Bonds 3½% Series "A" due March 15, 1957.....	4,500,000.00	7,300,000.00
		<u>7,300,000.00</u>
Reserves:		
For freight claims.....	52,000.00	
“ insurance losses and repairs.....	325,000.00	
“ shipbuilding contract.....	40,000.00	417,000.00
		<u>417,000.00</u>
Minority shareholders' interest in capital stock and surplus of subsidiary company.....		2,421.90
Capital Stock:		
Authorized and outstanding:		
229,250 shares 5% Cumulative Preference stock of \$50.00 each.....	11,462,500.00	
300,000 shares Common Stock of no par value..	3,391,500.00	14,854,000.00
		<u>14,854,000.00</u>
Surplus:		
Earned Surplus.....	2,658,893.74	
Surplus arising from realization of capital assets... ..	3,597,619.24	
Capital Surplus arising through acquisition of a subsidiary company.....	1,636,086.95	
	<u>7,892,599.93</u>	
Less: Minority shareholders' interest in surplus of a subsidiary company.....	1,617.28	7,890,982.65
		<u>7,890,982.65</u>
Contingent Liability:		
In respect of claims arising out of a disaster in 1945, the Company's liability for which has yet to be determined.....		<u>\$34,757,083.08</u>

THE SHAREHOLDERS

year ended December 31, 1947, and, in accordance with the provisions of the Companies Act (Dominion), we the above Consolidated Balance Sheet as of December 31, 1947 is properly drawn up so as to exhibit a true and the best of our information and the explanations given to us, and as shown by the books of the companies.

PEAT, MARWICK, MITCHELL & CO.,

Auditors.

CANADA STEAMSHIP LINES, LIMITED

AND ITS SUBSIDIARY COMPANIES

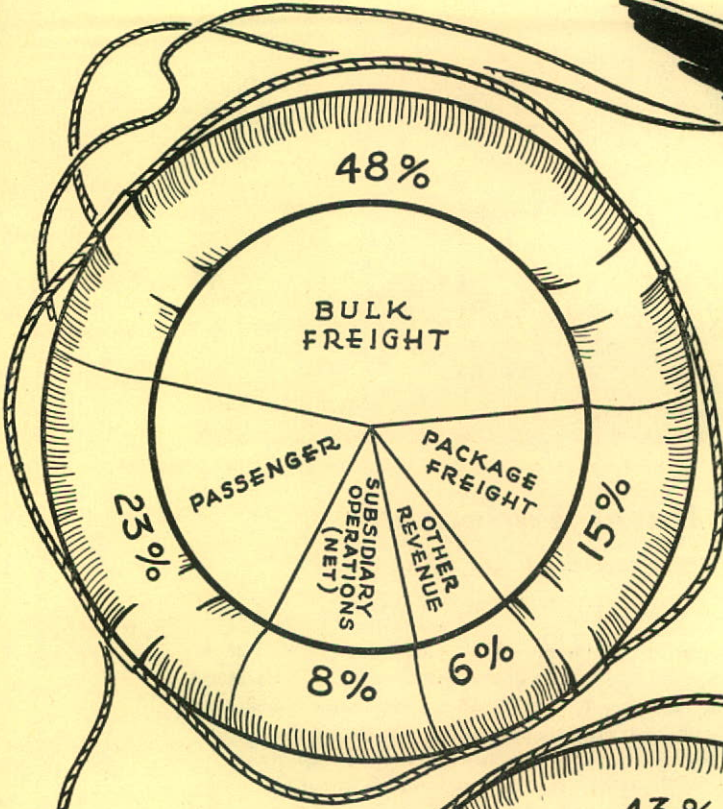
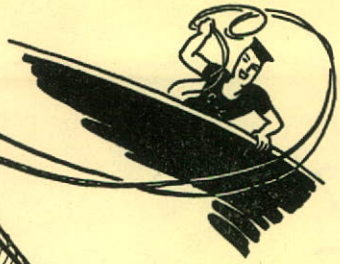
STATEMENT OF PROFIT AND LOSS

For the Year ended December 31, 1947

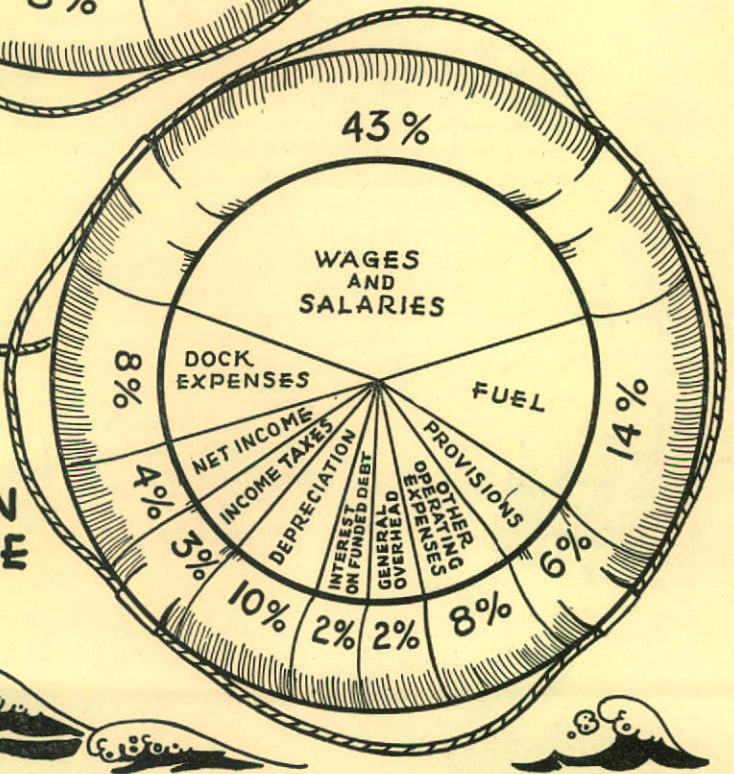
Operating Revenue:	
Vessels	\$17,092,133.24
Docks and wharves	723,173.15
Miscellaneous operating revenue—net	1,257,378.73
	19,072,685.12
Other Revenue (including income from investments \$78,003.82)	171,897.45
	19,244,582.57
Expenses (including salaries of executive officers \$78,000.00, directors' fees \$13,186.66 and legal fees \$15,057.01)	16,042,850.30
	3,201,732.27
From which deduct:	
Interest on funded debt	\$ 272,416.63
Other interest	43,071.76
Provision for depreciation	1,694,553.88
	2,010,042.27
	1,191,690.00
Provision for taxes on income—estimated	482,892.82
Net Income for Year	\$ 708,797.18

STATEMENT OF SURPLUS

Earned surplus at December 31, 1946	\$ 2,823,221.56
Add:	
Net income for year ended December 31, 1947	708,797.18
	3,532,018.74
Deduct dividends paid:	
To preference shareholders	\$ 573,125.00
To common shareholders	300,000.00
	873,125.00
	2,658,893.74
Surplus arising from realization of capital assets:	
Amount at December 31, 1946	3,011,811.18
Add profits realized from insurance recovery and sale of vessels	585,808.06
	3,597,619.24
Capital Surplus arising through acquisition of a subsidiary company:	
Amount at December 31, 1946	1,568,854.95
Add adjustment affecting period prior to acquisition	67,232.00
	1,636,086.95
	7,892,599.93
Less: Minority shareholders' interest in surplus of a subsidiary company	1,617.28
Amount at December 31, 1947	\$ 7,890,982.65

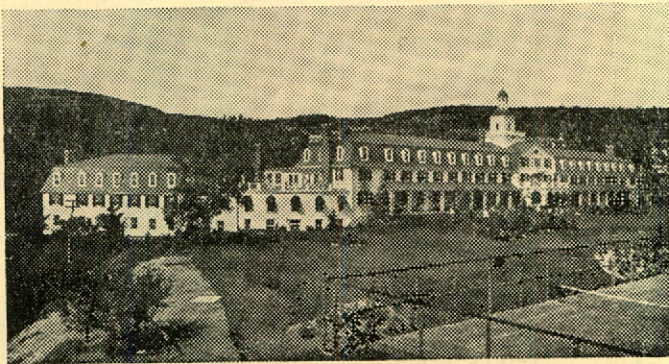


REVENUE
AFTER DEDUCTING
HANDLING
EXPENSES



DISPOSITION
of **REVENUE**





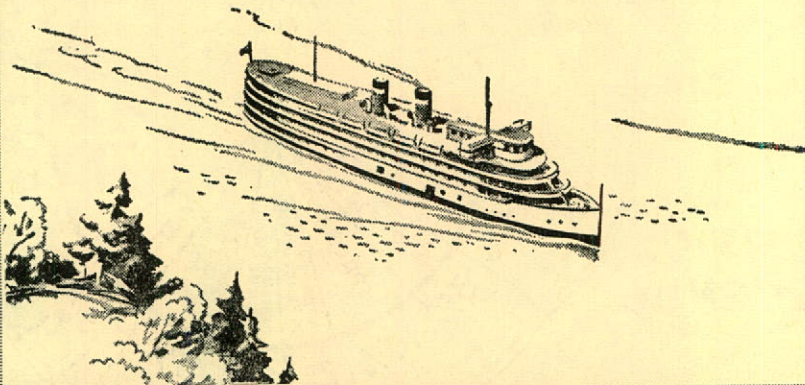
Hotel Tadoussac

Tadoussac, P.Q., Canada

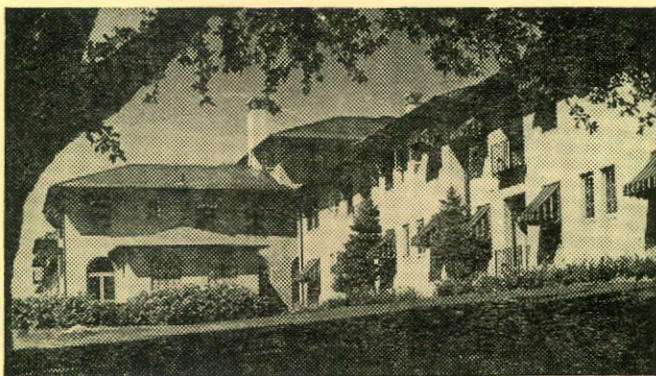
SEASON, JUNE TO SEPTEMBER

The picturesque site of this fine hotel, where the Saguenay flows into the St. Lawrence, offers unrivalled scenic beauty for vacationers. Sandy beach, fresh and salt water bathing, interesting 9-hole golf course, fishing camp and private lakes in the hills—annually stocked with speckled trout—provide complete enjoyment for all ages.

Daily service by luxury river steamers from Montreal and intermediate ports. For information and reservations, apply to any Canada Steamship Lines office, or write the Manager, Hotel Tadoussac, 715 Victoria Square, Montreal.



A DIVISION OF CANADA STEAMSHIP LINES

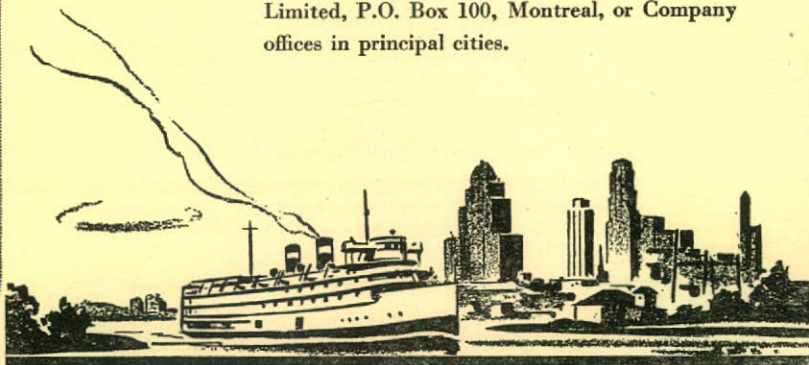


Thousand Islands Club

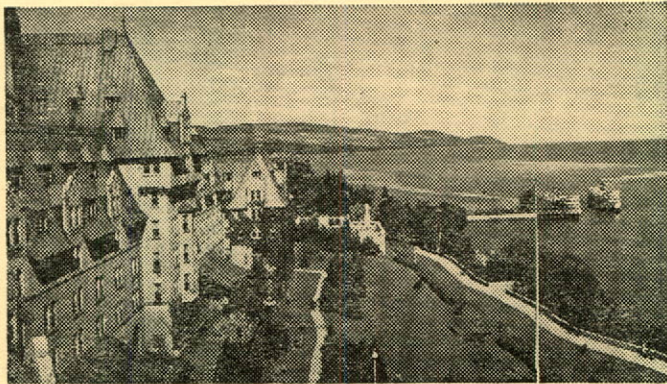
ALEXANDRIA BAY, N.Y.

Located on beautiful Wellesley Island, in the heart of the Thousand Islands, the club retains the privacy of an exclusive country estate, tucked away from the outside world. A summer retreat, famed for gracious hospitality, attentive service and numerous recreational facilities, the Thousand Islands Club is easily accessible by steamer, rail or automobile.

Full information from the Manager, Thousand Islands Club, Inc., Alexandria Bay, N.Y. during the summer season. Between seasons, from Canada Steamship Lines Limited, P.O. Box 100, Montreal, or Company offices in principal cities.



A DIVISION OF CANADA STEAMSHIP LINES



Manoir Richelieu

Murray Bay, P.Q., Canada

SEASON, JUNE TO SEPTEMBER

Set high on the bank of the St. Lawrence overlooking Murray Bay, this world-famous resort is designed to please the most fastidious. The magnificent hotel and grounds, celebrated golf course, tennis courts, salt water pool, archery butts, and stable of fine riding horses are a constant source of pleasure. Excellent accommodation, courteous service and choice cuisine add to the Manoir's distinction.

Daily service by luxury river steamers from Montreal and intermediate ports. For information and reservations, apply to any Canada Steamship Lines office or write the Manager, Manoir Richelieu, 715 Victoria Square, Montreal.



A DIVISION OF CANADA STEAMSHIP LINES