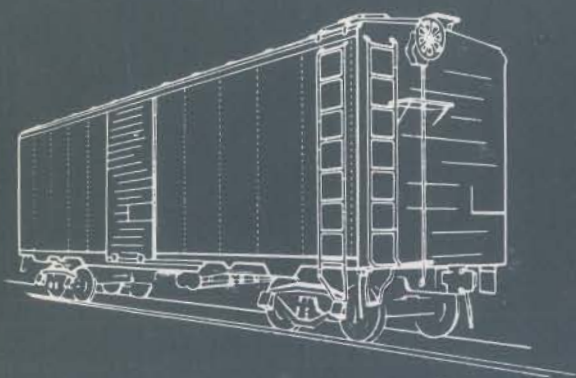


# 30<sup>th</sup> ANNUAL REPORT

# 30<sup>th</sup> ANNUAL REPORT

**NATIONAL STEEL CAR CORPORATION LIMITED**

**HAMILTON, CANADA**





# NATIONAL STEEL CAR CORPORATION, LIMITED

## BOARD OF DIRECTORS

H. N. BAIRD    P. A. BEIQUE    PETER KILBURN    H. J. LANG  
L. S. MAGOR    B. B. OSLER, Q.C.    A. P. SHEARWOOD  
F. H. SHERMAN    N. A. TIMMINS, JR.    A. VAN HASSEL

## OFFICERS

A. P. SHEARWOOD, Chairman and Chief Executive Officer  
H. J. LANG, President and General Manager  
J. PEARSON, Vice-President — Operations  
O. D. SOUTHWICK, Vice-President — Purchasing  
S. S. HERRING, Vice-President — Engineering  
J. N. BAIRD, Vice-President — Sales  
J. PLUMPTON, Secretary-Treasurer and Comptroller  
R. W. STEED, Assistant Secretary-Treasurer  
L. G. WREN, Assistant Comptroller

## HEAD OFFICE

HAMILTON, ONTARIO, CANADA

## SALES OFFICE

620 ST. JAMES STREET WEST  
MONTREAL, QUEBEC

## BANKERS

THE CANADIAN BANK OF COMMERCE  
BANK OF MONTREAL

## TRANSFER AGENTS

NATIONAL TRUST COMPANY, LIMITED  
BANKERS TRUST COMPANY, NEW YORK

## AUDITORS

PRICE WATERHOUSE & CO.

## SOLICITORS

BLAKE, CASSELS & GRAYDON, TORONTO



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# To the Shareholders of National Steel Car Corporation, Limited

The Thirty-eighth Annual Report of National Steel Car Corporation, Limited, is presented with the approval of the Board of Directors. The Report covers the fiscal year which ended March 31, 1958, but information on developments since that date is also included.

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## OPERATIONS

The average rate of production of railway cars and equipment was at a moderate level throughout the fiscal year ended March 31st, 1958. Taking into account the reduced output, higher fixed manufacturing expenses and general business conditions, the financial results of the company's operations compared favourably with recent years.

Unfilled orders at March 31, 1958 were sufficient to maintain the same rate of production throughout the first quarter of the current fiscal period. It is likely, however, that the demand for railroad equipment during the balance of the year will be limited to small volume orders, unless there is a considerable change in the present estimated requirements of the Canadian railways. Due to relatively higher costs of labour and materials and currency restrictions, the prospect for export business continues to be unfavourable.

The search for new products in the railway car business and other industries continued to receive the active attention of your management.

## EARNINGS

Net income after taxes for the twelve months ended March 31, 1958 amounted to \$1,873,871 compared with \$2,242,152 for the previous year — a reduction of \$368,281. Improved operating efficiency and a reduction in controllable expenses were more than offset by the increases in wage and material costs.

The profits of the subsidiary company, Canadian Trailmobile Limited, have not been consolidated with the operating results of National Steel Car Corporation, Limited. Dividends paid by the subsidiary are shown as a contribution to the investment income of the parent company.

Earnings per share for the parent company were \$2.67, compared with \$3.19 a year earlier. The average for the last five fiscal periods, 1953 to 1957 inclusive, is \$2.14 per share.

## DIVIDENDS

Dividends totalling \$1,281,150, equivalent to \$1.82½ per share, were declared during the year. Of this amount \$1,201,764 or approximately 94% was paid to owners of shares registered in Canada. In the previous year, as noted above, earnings were higher and dividends distributed totalled \$1,404,000, being equal to \$2.00 per share.

## FINANCIAL POSITION

Both Current Assets and Current Liabilities decreased as inventories were reduced in line with the decline in backlog of orders and lower rate of production at year end. The bank advances were liquidated from the proceeds of the sale of short term Government of Canada Bonds.

Working Capital at March 31, 1958 was \$7,606,258, an increase of \$639,008 for the year. The ratio of Current Assets to Current Liabilities increased from 1.75 to 1, to 2.62 to 1.

Capital expenditures for the modernization and addition of equipment and other plant facilities amounted to approximately \$358,000 during the year. Depreciation for the year totalled \$375,476. The maximum amount of depreciation allowable under current income tax regulations was provided. Carefully planned repair and replacement programs have maintained the manufacturing facilities in excellent condition.

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## CANADIAN TRAILMOBILE LIMITED

The first full fiscal period of Canadian Trailmobile Limited operating as a subsidiary of National Steel Car Corporation, Limited ended December 31, 1957. A modest profit resulted after taking the full amount of depreciation allowed for tax purposes and absorbing the non-recurring first year reorganizational expenses.

Unusually severe competition in new trailer sales, combined with a proportionately high volume of trade-ins at inflated values, resulted in a marked trend to lower profits throughout the industry.

In anticipation of the growing requirements, additional manufacturing space and fabricating equipment were provided at the Scarborough Plant. New Sales and Service facilities were opened in Winnipeg and Vancouver and additional branch facilities are under consideration. Expanded and improved service, repair and sales outlets are now available across Canada.

The backlog of orders at December 31, 1957 was approximately the same as the previous year end. A gradual improvement in the outlook is expected for the future in keeping with the growth of the highway transport industry and the development and expanded use of trailers and containers for the rail and water transportation systems.

## DIRECTORS

The Board expresses its deep regret at the passing on September 16, 1957 of Russell D. Bell who made valuable contributions as a Director to the over-all policy decisions of the company for thirty years. Mr. Peter Kilburn, President of Greenshields & Co Inc was elected to the Board of National Steel Car Corporation, Limited on December 13, 1957.

## EMPLOYEES

It is a pleasure to report the efficient performance of duties by all members of the organization and to express appreciation for their splendid cooperation.

  
Chairman.

  
President.

Hamilton, Canada,  
May 22, 1958.





NATIONAL STEEL CAR

## BALANCE SHEET

### ASSETS

#### CURRENT ASSETS

Cash .....	\$ 928,501	
Marketable securities at cost and accrued interest (quoted market value \$1,723,873) .....	1,736,486	
Accounts receivable .....	5,121,515	
Inventories of raw materials and supplies, work-in-process and finished stock, valued at the lower of cost or market .....	4,390,365	
Prepaid expenses .....	116,701	
	<hr/>	\$12,293,568
EMPLOYEES' PENSION PLAN—past service cost, less amount amortized .....		477,750
INVESTMENT IN SUBSIDIARY COMPANY at cost .....		4,050,000
PROPERTY, PLANT AND EQUIPMENT at cost .....	11,724,608	
Less—Accumulated depreciation .....	9,182,944	
	<hr/>	2,541,664
		<hr/>
		\$19,362,982
		<hr/>



MARCH 31 1958

## LIABILITIES

### CURRENT LIABILITIES

Accounts payable and accruals .....	\$ 2,887,472	
Income and other taxes payable and accrued .....	1,519,038	
Dividend payable April 15 1958 .....	280,800	
	<hr/>	\$ 4,687,310

### SHAREHOLDERS' EQUITY

Capital Stock		
Authorized		
1,000,000 shares without nominal or par value		
Issued and outstanding		
702,000 shares .....	5,092,500	
Retained earnings .....	9,583,172	
	<hr/>	14,675,672
		<hr/>
		\$19,362,982

Approved on Behalf of the Board:

A. VAN HASSEL, Director.

H. J. LANG, Director.

# NATIONAL STEEL CAR CORPORATION, LIMITED

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## Statement of Income and Retained Earnings

FOR THE YEAR ENDED MARCH 31 1958

Operating profit after deducting the undernoted items .....		\$ 3,603,619
<i>Provision for depreciation</i> .....	\$375,476	
<i>Employees' pension cost</i> .....	322,649	
<i>Remuneration of executive officers and legal fees</i> .....	96,647	
<i>Directors' fees</i> .....	15,750	
Income from investments .....		95,252
Income for the year before providing for income taxes .....		\$ 3,698,871
Provision for income taxes .....		1,825,000
NET INCOME FOR THE YEAR .....		\$ 1,873,871
Retained earnings as at March 31 1957 .....		8,990,451
		<u>\$10,864,322</u>
Deduct		
Regular dividends declared during the year—total \$1.57½ per share .....	\$ 1,105,650	
Special dividend paid on October 15 1957—25¢ per share .....	175,500	
		<u>1,281,150</u>
RETAINED EARNINGS—as at March 31 1958 .....		<u>\$ 9,583,172</u>



PRICE WATERHOUSE & CO.

PIGOTT BUILDING  
HAMILTON

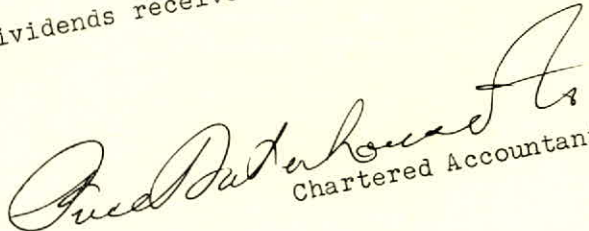
May 22, 1958.

To the Shareholders of  
NATIONAL STEEL CAR CORPORATION, LIMITED:

We have examined the balance sheet of National Steel Car Corporation, Limited as at March 31, 1958 and the related statement of income and retained earnings for the year then ended and have obtained all the information and explanations which we required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and related statement of income and retained earnings are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at March 31, 1958 and the result of operations for the year then ended according to the best of our information and the explanations given to us and as shown by the books of the company.

In accordance with the requirements of Section 118 of The Companies Act, we report that the profits of the subsidiary company have been included in the statement of income and retained earnings only to the extent of dividends received.

  
Chartered Accountants.





