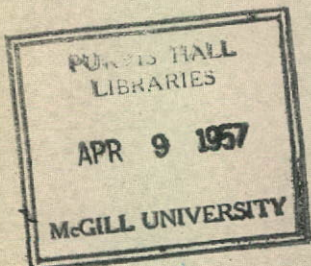




THE FOUNDATION COMPANY
OF CANADA
LIMITED

Annual Report • 1956





FOUNDATION

Our Distinguished Clientele

A partial list of clients for whom we carried out larger projects in 1956.

Abitibi Power & Paper Company, Limited
Algoma Steel Corporation, Limited
Anglo-Canadian Wire Rope Company Limited
Atomic Energy of Canada Limited
Bell Telephone Company of Canada, The
British Columbia Toll Highways and
Bridges Authority
Burns & Co. Limited
Calgary Public School Board
Canada Cement Company Limited
Canada Steamship Lines Limited
Canadair Limited
Canadawide Investments Limited
Canadian Broadcasting Corporation
Canadian Copper Refiners Limited
Canadian General Electric Company Limited
Canadian Industries (1954) Limited
Canadian International Paper Company
Canadian Johns-Manville Co., Limited
Canadian Kodak Company Limited
Canadian National Railways
Canadian Pacific Railway Company
Canadian Tube and Steel Products Limited
Carbide Chemicals Company
Colonial Coach Lines Limited
Consolidated Paper Corporation Limited
Continental Paper Products Ltd., The
Davie Shipbuilding Limited
Defence Construction (1951) Limited
Department of Highways of British Columbia
Department of Highways of Ontario
Department of Public Works, Canada
Department of Public Works, Ontario
Emco Limited
Falconbridge Nickel Mines Limited
Federal Electric Corporation
Fraser Companies Limited
General Foods Limited
Gillette Safety Razor Company of Canada, Limited
Hilton Mines, The
Hinde and Dauch Paper Company of Canada, Limited
Howard Smith Paper Mills Limited
Hydro-Electric Power Commission of Ontario, The
Hygrade Containers Limited
Imperial Oil Limited
Imperial Tobacco Company of Canada Limited
International Harvester Company of Canada, Limited
International Nickel Company of Canada Limited, The
Irving Oil Company Limited
Kingsway Transports Limited
Labatt's Brewery Limited
Link-Belt Limited
Loblaw Groceries Company Limited
London Board of Education
Maclean-Hunter Publishing Company, Limited
Madsen Red Lake Gold Mines Limited
Mannesmann Tube Company, Ltd., The
Maritimes Mining Corporation Limited
McColl-Frontenac Oil Company Limited
Medicine Hat Municipal Hospital District No. 69
Molson's Brewery Limited
National Harbours Board
New Brunswick Electric Power Commission, The
Nickel District Collegiate Institute Board, The
Noranda Mines Limited
Northern Electric Company Limited
Ontario Cancer Institute
Pepsi-Cola Company of Canada Limited
Provincial Transport Co.
Quebec Iron and Titanium Corporation
Quebec North Shore Paper Company
Rio Tinto Management Services Limited
Ste. Anne Paper Company, Limited
St. Lawrence Cement Company
St. Lawrence Seaway Authority, The
St. Mary's Memorial Hospital
Simpsons-Sears Limited
Somerville Limited
Stair Buildings Limited
Steep Rock Iron Mines Limited
Stratford Shakespearean Festival Foundation of
Canada
Thurso Pulp and Paper Company
Toronto, Municipality of Metropolitan, The
Triad Realities Limited
Western Electric Company Incorporated



White Island Reef lighthouse
in the St. Lawrence River
for Department of Transport,
Canada.

THE FOUNDATION COMPANY
OF CANADA
LIMITED



FOUNDATION

Financial Highlights

	1956	1955	1954	1953	1952
PROFIT					
—before depreciation and taxes	\$4,723,644	\$3,058,154	\$2,472,463	\$2,224,018	\$1,805,710
DEPRECIATION	1,179,975	907,244	678,111	649,605	639,260
TAXES—on income	1,862,000	995,000	820,000	666,567	684,012
NET PROFIT					
—after depreciation and taxes	1,681,669	1,155,910	974,352	907,846	482,438
DIVIDENDS PAID	414,773	363,666	314,277	255,970	249,488
DIVIDENDS PAID per share	.90	.80	.72½	.60	.60
REINVESTED IN BUSINESS	1,266,896	792,244	660,075	651,876	232,950
WORKING CAPITAL	9,353,124	5,321,767	4,642,559	4,339,200	3,800,100

THE FOUNDATION COMPANY
OF CANADA
LIMITED

Annual Report

T O T H E S H A R E H O L D E R S :

Your Directors submit herewith the Annual Report of your Company for the year ending December 31, 1956, including the Consolidated Balance Sheet and the Consolidated Statement of Profit and Loss and Retained Earnings. The accounts have been audited by Price Waterhouse & Co. and their report is appended hereto.

The profit for the year 1956, before depreciation and income taxes, was \$4,723,644, compared with \$3,058,154 for 1955. Net profit, after depreciation and income taxes, was the highest in the history of your Company, being \$1,681,669, compared with \$1,155,910 in 1955.

Depreciation has been written off the capital assets of your Company at the maximum rate allowed under Government of Canada income tax regulations.

It has been the policy of your Company over the years to take up profits on lump-sum and unit-price contracts only at the completion of the work. A ruling of the Department of National Revenue has recently been made that profits on long-term lump-sum contracts must be taken up proportionately at the end of the second year's operation and at the end of each subsequent year until completion. The financial statement has been made up on this basis.

The net additions to the capital assets of the Company made during the year amounted to \$1,751,058 and consisted of \$507,882 chargeable to real estate, \$802,668 chargeable to construction equipment, \$370,373 chargeable to marine equipment and \$70,135 chargeable to office equipment, furniture and fixtures.

With the accelerated growth of Canada, your Directors have considered it expedient that your Company should expand in keeping with the resulting demands and increase accordingly its holdings of real estate and equipment. Five and one-half acres of land have been purchased at Calgary and ten acres at Burnaby on the outskirts of Vancouver at a total cost of \$111,523. At each site there will be erected an office, warehouse and repair shop for the wholly-owned subsidiary, Construction Equipment Co. Limited.

Purchases of construction equipment were greater than in previous years and the inventory of merchandise, tools and supplies now stands at \$4,766,593. The increase is due to the expansion throughout the

Company and the enlarging of its facilities at various locations, especially in Western Canada. The addition to marine equipment made during the year included a 1280 H.P. harbour tug, as well as various steel deck scows for use on construction operations.

During the year dividends amounting to \$414,773 were paid to the holders of the 460,926 outstanding shares of the Company. Approximately 97½ per cent of your Company's stock is held in Canada.

In the construction industry a great deal of money is required to finance payrolls and material and equipment purchases and to provide for the contract holdback of from ten to fifteen per cent on lump-sum or unit-price contracts. Construction equipment is continually being increased in capacity and in cost and the ownership of adequate equipment is absolutely necessary in order for your Company to meet competition and reduce construction costs. During the year interest rates on bank loans were increased by one per cent. The high cost and scarcity of money are tending to limit your Company's activities. The sale by your Company, early in the year, of \$4,000,000 of 4½% sinking fund debentures has proved to be a timely action.

CONSTRUCTION OPERATIONS

Your Company had an excellent volume of business during the year and the total amounted to an all-time high. All the district offices were actively engaged. Your Company's work stretched from the Province of British Columbia to the Province of Newfoundland and from well within the Arctic Circle to the southern Canadian border.

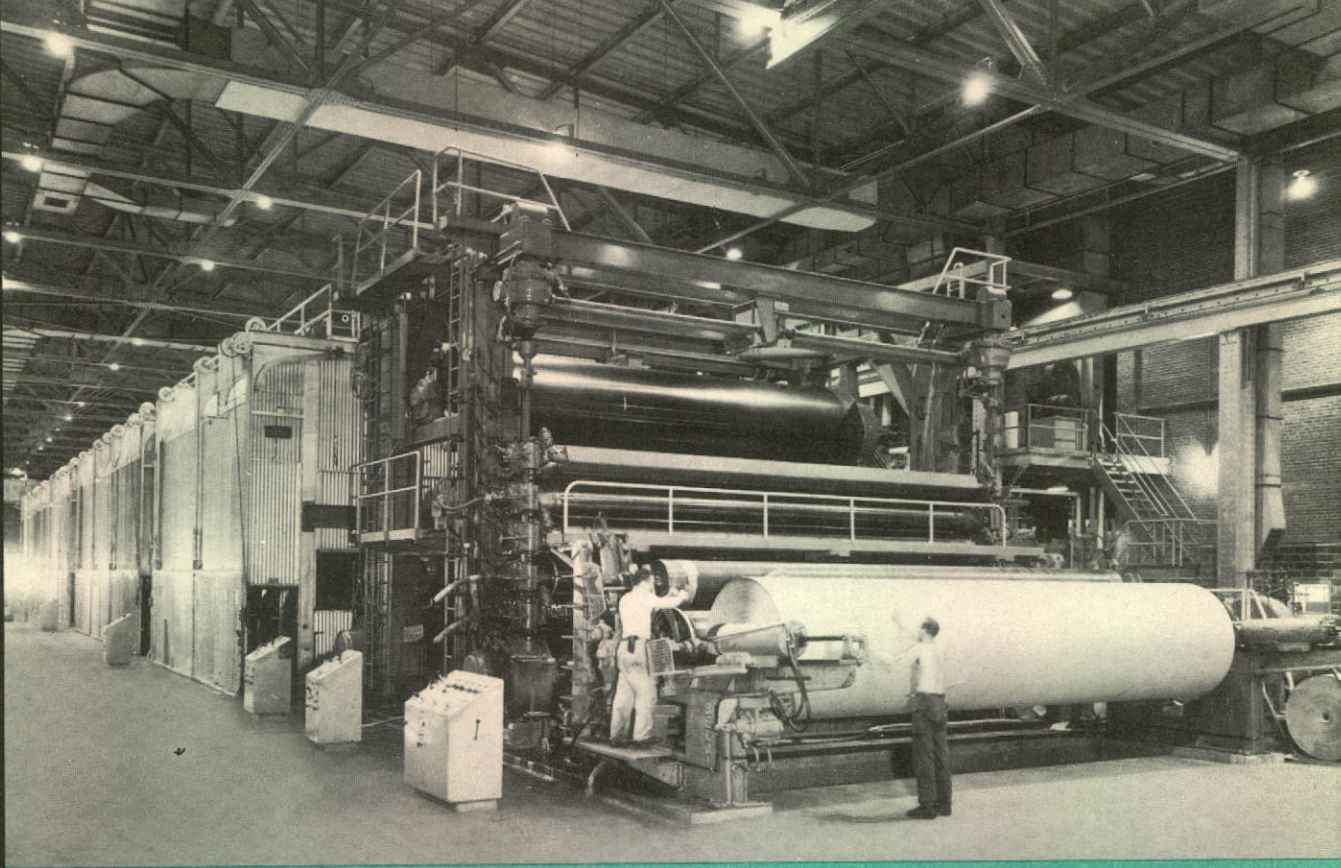
Building construction contracts obtained during the year consisted of ornamental and commercial buildings, manufacturing plants, shipbuilding, transport and terminal warehousing facilities and pulp and paper, mining, metallurgy, cement, steel and tube expansion projects; also plants for the meat-packing, food-processing and beverage industries. Construction of a building to house the famous Stratford Shakespearean Festival at Stratford, Ontario, was commenced during the year.

Heavy engineering construction projects carried out included wharves, bridges, hydro-electric developments and a water filtration plant. The work on the Distant Early Warning Line (DEW Line) in the Arctic was continued in the face of severe weather and geographical obstacles.

Your Company's activity in the new field of atomic energy presently sees it undertaking the construction of, and the installation of equipment in, two large nuclear reactors, one in Canada and one in Bombay, India, as part of our country's contribution under the Colombo Plan. In addition, your Company has a contract for the construction of buildings to house Canada's first nuclear power reactor for the generation of electricity.

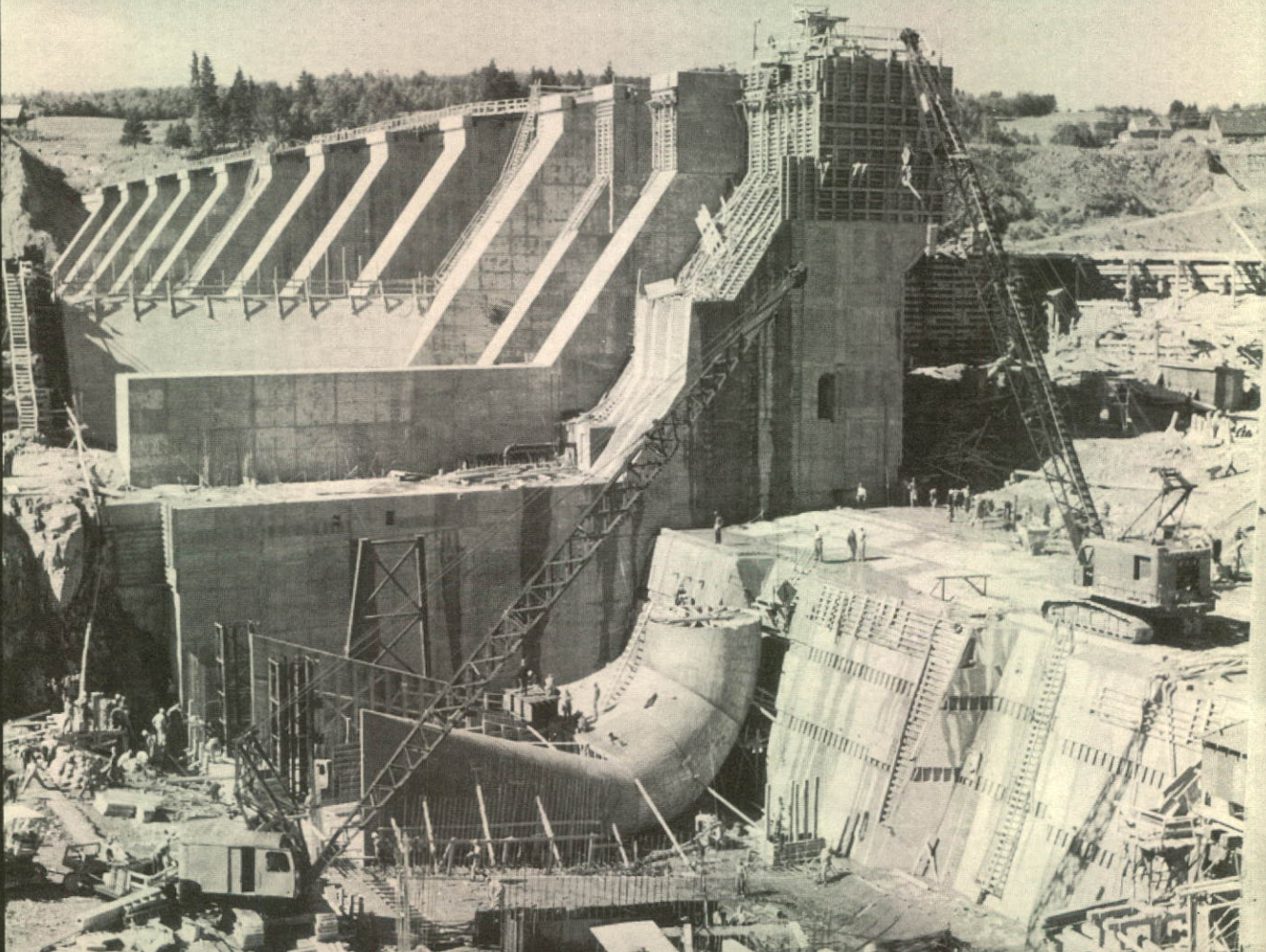
The mechanical installation department carried out an increasing amount of installation work in the fields of pulp and paper, mining and metallurgy, steel and tube fabrication, electrical manufacturing and atomic energy.

Your Company is sponsoring and constructing for Iroquois Constructors Limited two big developments on the St. Lawrence River at Iroquois, Ontario, one for The Hydro-Electric Power Commission of Ontario and the other for The St. Lawrence Seaway Authority. In addition, Iroquois Constructors Limited is building the



*Completed installation of 276 in. paper machine for Canadian International Paper Company, La Tuque, Quebec.
Owners' Chief Engineer: W. T. Bennett. Designing Engineers: FENCO.*

*Below: Placing draft tube forms in powerhouse substructure, Beechwood Hydro-Electric Development for The New Brunswick
Electric Power Commission. Consulting Engineers: Shawinigan Engineering Company Limited.*



Canadian half of the Barnhart Island power house on the St. Lawrence River near Cornwall, Ontario. Iroquois Constructors Limited also has an interest in a joint-venture contract for pipe-line suspension over large rivers in British Columbia and in a contract to supply crushed rock and sand to The Hydro-Electric Power Commission of Ontario. Iroquois Constructors Limited is a joint-venture corporation, in which your Company is a substantial shareholder.

Your Company also has a substantial share-interest in United Waterways Constructors Ltd., which company has secured a large contract from The St. Lawrence Seaway Authority for the construction of the Upper Beauharnois lock and approaches in the Province of Quebec.

Your Company has recently been entrusted with an exceedingly large construction programme in Northern Manitoba and in the Sudbury area for the mining and smelting of nickel.

ENGINEERING SERVICES

Your Company's subsidiary, Foundation of Canada Engineering Corporation Limited (FENCO), had a record year in all respects. This unit of the Foundation group furnishes by its staff of some two hundred and seventy-five graduate engineers and technicians a comprehensive service as designing engineers specializing, among other things, in certain classes of industrial and manufacturing buildings and in works pertaining to the development of Canada's forest and mineral resources and of its transportation system. Included in its scope are works for the pulp and paper industry and the mining industry and for Canada's railways, highways and marine transportation facilities.

During the year under review, work in hand has included projects dealing with the processing of iron, copper, nickel and titanium. In its Forest Products Division, FENCO has completed an addition to an existing paper mill involving the installation of what is said to be the world's largest paper machine and is currently engaged in the design of a complete new bleached-sulphite pulp mill designed to use large quantities of waste hardwood.

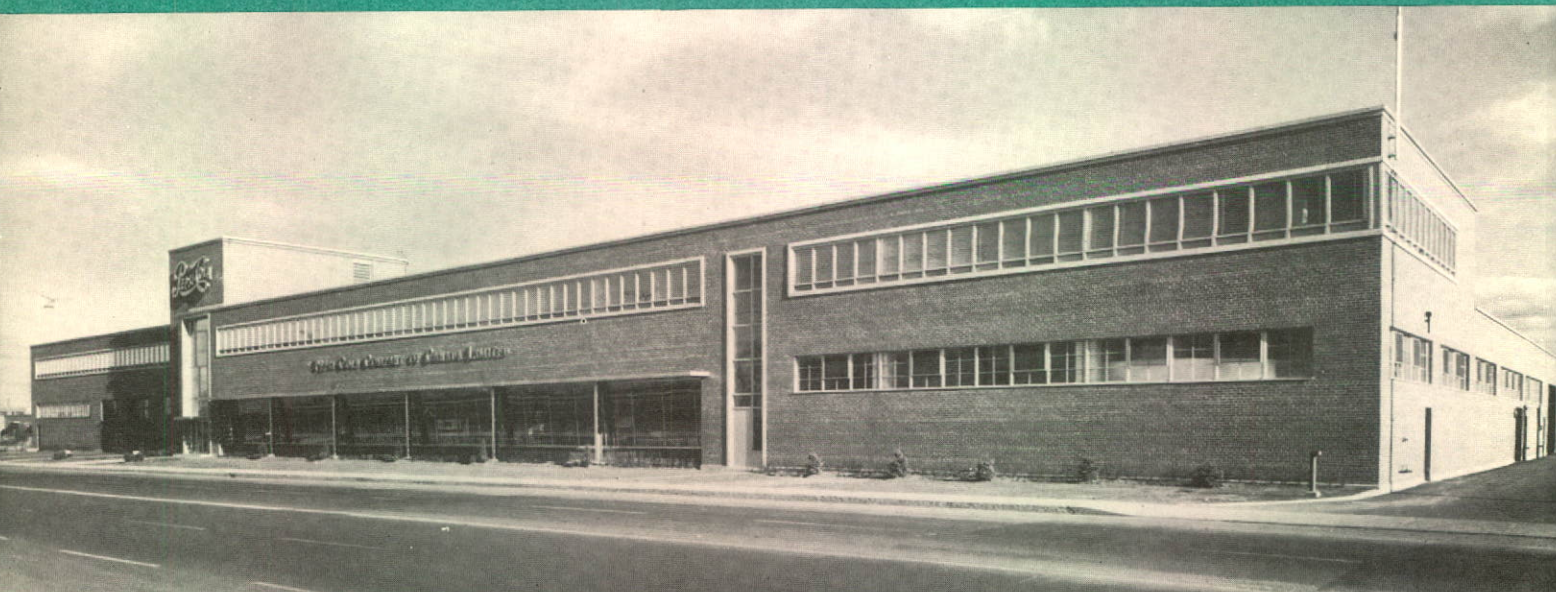
In its Transportation Division, FENCO, in association with the Canadian subsidiary of Frederic R. Harris Inc. of New York, and operating under the name FENCO-HARRIS, is continuing with the preparation of working drawings for the Don Valley Parkway for The Municipality of Metropolitan Toronto, a ten-mile, six-lane limited-access highway connecting the new lakeshore expressway with the cut-off highways to the north of the City. In British Columbia, FENCO is preparing design and working drawings for the calling for tenders for the reconstruction and the conversion to four lanes of the Lougheed Highway between Vancouver and Port Mann.

In its Bridge Division, FENCO has during the year worked on, either in the report stage or the design stage, or has had under construction, a total of forty-seven bridges involving almost every commonly-used type: simple trusses, continuous trusses, simple and continuous girders, cantilever and suspension, in steel, reinforced concrete and prestressed concrete. Territorially this work, involving the crossing of some of Canada's largest rivers, has extended virtually from the Atlantic to the Pacific with two bridges crossing the



Approach wall of the Iroquois Lock, Iroquois, Ontario, for The St. Lawrence Seaway Authority. A joint venture project by Iroquois Constructors Limited sponsored by FOUNDATION. Chief Engineer: G. A. Murphy. Deputy Chief Engineer: L. H. Burpee.

Below: Bottling plant for Pepsi-Cola Company of Canada Limited, Montreal. Architect: G. Bennett Pope. Designing Engineers: FENCO.



St. John River in New Brunswick and bridges crossing the Fraser and the Columbia Rivers in British Columbia.

In its Marine Structures Division, FENCO'S most important project is a four-lane highway tunnel crossing under the Fraser River to the south of Vancouver, destined to form an important link between that City and the United States. This work is being handled in association with Christiani & Nielsen of Copenhagen and is being carried out under the name FENCO-CHRISTIANI.

Other projects in hand during the year, either in the report stage, design stage or under construction, are some twelve wharves, mostly for the handling of specialized cargoes including paper, cement, steel and titanium and iron and copper ores.

DESIGN AND BUILD

Your Companies have had outstanding success because of the ability to provide an owner with a structure that is designed, built and the machinery and equipment installed and ready to run. In the field of pulp and paper, mining, metallurgy, chemistry, certain industrial plants, bridges, wharves and subaqueous and subsoil structures, your Companies are prepared to undertake the complete engineering, construction and mechanical installation programme. Many large and small completed projects throughout Canada attest to the technical proficiency of this service to industry.

MARINE SERVICES

The ports of Halifax, Seven Islands, P.Q., and Port Alfred, P.Q., have continued to be serviced by your Company's harbour tugs. Earnings at Port Alfred were seriously affected by a prolonged strike of dock workers at that port. One 40,000-ton ore carrier was docked at Seven Islands which illustrates the trend in the size of ship that will be coming into the Gulf of St. Lawrence.

In November the new 1280 H.P. diesel tug, *Foundation Victor*, was launched and is now in service in Halifax Harbour. This tug will later proceed to Seven Islands to be stationed at that port during the navigation season in the Gulf of St. Lawrence and will serve Halifax Harbour in the winter months. This tug is the first replacement to increase the power of your fleet at the various ports which your Company serves.

During the year your Company acquired two steel oil barges and one steel deck scow found necessary for marine work. The derrick boat, *Foundation Mersey*, was lost in a storm on Lake Ontario, which loss is covered by insurance.

Fire destroyed several buildings on the Halifax property, this loss also being covered by insurance.

During the year your Company's salvage fleet, consisting of *Foundation Josephine II* and *Foundation Frances*, handled twenty-eight casualties resulting from groundings and machinery breakdowns. These included vessels of British, Panamanian, American, Swedish, Greek, Liberian and German registry, grossing 96,130 tons. In addition, the tugs of the fleet handled fourteen miscellaneous vessels on river, coastal and deep-sea towing operations, which duties took them from the Belle Isle Straits to Bermuda and United States Atlantic ports.

*Canadian Broadcasting Corporation Television Studios, Halifax.
Architect: D. G. McKinstry, Chief Architect,
Canadian Broadcasting Corporation.*



*Nuclear reactor and auxiliary equipment installation for Atomic
Energy of Canada Limited, Chalk River, Ontario.
Consulting Engineers: C. D. Howe Company Limited.
Associate Architect: P. Dobush.*



Your Company is studying the possibility of acquiring a replacement for one of its salvage tugs which has been in service for a number of years and is reaching the end of her economic life. The east coast of Canada requires a year-round service of not less than one powerful sea-going salvage tug for rescue work. To have such a vessel built in Canada at present-day costs and to operate this vessel on a 24-hour-day basis the year round would be too costly. It is uneconomic to operate such a vessel in competition with foreign-built, foreign-operated and foreign-subsidized deep-sea rescue tugs. The class of vessel Canada should have on her east coast requires some form of assistance to make her operation economically feasible for a commercial company. Without such a tug, much repair work for Canadian ship repair yards will be lost. Marine salvage is an export of services and earnings derived from the merchant fleets of the world and can be a revenue-producer for Canada. Your Company enjoys an international reputation for marine rescue and salvage services and hopes to be able to maintain and enlarge these services to shipping.

EQUIPMENT SALES AND SERVICES

The wholly-owned subsidiary, Construction Equipment Co. Limited, now operates from twelve offices and plants located across Canada from Halifax to Vancouver. It has offices and warehouses in Halifax and Liverpool, N.S., Dorval, P.Q., Morrisburg, Toronto, London and Sudbury, Ont., Regina, Sask., Calgary and Edmonton, Alta., and Vancouver, B.C., and has machine shops and repair depots at Halifax, Dorval, Toronto, London, Regina, Edmonton and Calgary.

The new properties at Edmonton are now in operation. The present rented properties at both Calgary and Vancouver are most inadequate for the requirements of the increased activities in these areas. Plans have been completed and the erection of an office, warehouse and repair shop will be started early in the year at Calgary. Like facilities at Vancouver are now being designed and it is hoped to start building operations by late spring.

This company supplies plant and equipment to the parent company and sells, rents and repairs equipment and sells supplies to industry, contractors and governments. During the year they enjoyed a gratifying increase in volume of business and profit.

During the year a new subsidiary was incorporated. This new concern, National Materials Handling Ltd., was formed to give better service to the industrial sphere of the equipment business and is now operating from existing company property in Edmonton and Toronto.

UNITED STATES SUBSIDIARY COMPANY

Atlantic Tug & Equipment Company Inc., a wholly-owned subsidiary, has its principal office and shops in company-owned property at Syracuse, N.Y. From leased properties in Utica and Albany and from company-owned property in Massena, it sells, rents and repairs equipment and furnishes supplies to contractors, industry and governments in Northern New York State. The company secured a satisfactory volume of business with corresponding profit.

GENERAL SERVICES

Geocon Ltd, a wholly-owned subsidiary, had a very good year and showed increased sales and increased profits.

The Guniting and Pressure Grouting Division, the original undertaking of the company, was most active in its field and especially in the restoration of concrete dams and bridge foundations.

The Soil Engineering Division broadened its scope of activity through new techniques and enjoyed a most active year. Foundation investigations were conducted for wharves, dams, causeways, industrial plants and buildings.

The Butler pre-engineered steel building has been accepted by all classes of industry. This Division, with offices in Montreal, Quebec and London, had a busy year and an additional sales territory in South-western Ontario was acquired.

A Refractory Division was added to the activities of this subsidiary. A considerable volume of refractory products was sold and contracts procured for installation.

OUTLOOK

The total value of construction completed in Canada during 1956 reached a record volume of well over six billion dollars. In the same period construction costs increased slightly more than three per cent which accounts for a portion of the increase in volume. It would appear that the year 1957 will bring a still greater activity in construction.

Your Company has a large carryover from the previous year, has secured a good volume of work in the new year and looks forward to the future with a great deal of confidence. The demand for your Company's services in its several fields is most gratifying.

In order to accept the challenge that the expansion and progress of Canada have placed upon your Company, a programme to increase its capacity is being constantly pursued.

UNDERGRADUATE SCHOLARSHIPS IN ENGINEERING

The scarcity of technical personnel is prevalent throughout the world and Canada is no exception. While your Company has a large number of engineers and technical personnel, there is still a definite shortage in this regard.

To give real assistance in this problem your Company has instigated a scholarship plan to aid engineering students in the four Maritime Provinces, a section of Canada where there are relatively fewer industries available to offer help to students. The scholarships are open each year to five students from the seven universities in those provinces who enter their final two years in Engineering at either the Nova Scotia Technical College in Halifax or the University of New Brunswick at Fredericton. The amount of each scholarship is \$1,000 a year to each student. The scholarships are awarded by a committee consisting of The Honourable Hugh John Flemming, Premier of New Brunswick; The Honourable Henry D. Hicks, Leader of the Oppo-

sition, Province of Nova Scotia; Dr. Colin B. Mackay, President, University of New Brunswick; Dr. Alan E. Cameron, President, Nova Scotia Technical College, and Mr. Ralph P. Bell, Mahone Bay, N.S.

It is hoped that this specific financial aid to the young potential engineers from the Maritime Provinces will be a stimulus towards increasing the number of technically-trained personnel in Canada.

STAFF

It is with deep regret that your Company reports the death, in February 1956, of Mr. Selby A. MacLeod, Assistant Secretary-Treasurer, and a valued officer of the Company for many years.

MANAGEMENT CHANGES

In April 1956, Mr. Ralph P. Bell, of Mahone Bay, N.S., was elected President of Foundation Maritime Limited. Mr. Bell has been a director of the Company since 1951 and is President of The Halifax Insurance Company of Halifax, N.S.

During the past year The Foundation Company of Canada Limited appointed three vice-presidents. Mr. H. C. Link, Treasurer, was appointed Vice-President and Secretary-Treasurer. Mr. Link joined the Company in the field in 1916 and has had forty-one years' service.

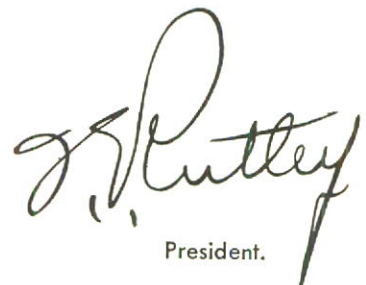
Mr. J. R. Mills, P.Eng., Secretary, was appointed Vice-President. Mr. Mills joined the Company in Halifax as a junior engineer in 1941. He is also President of Geocon Ltd, a wholly-owned subsidiary company.

Mr. J. F. Masterson, Manager of Special Projects Division, was appointed Vice-President. Mr. Masterson joined the Company in 1926 in the field and has had thirty-one years' experience in the heavy engineering and pulp and paper field.

PERSONNEL

Your Company's reputation has been earned over forty-seven years of operating throughout Canada by a group of people possessing various skills, all working together to create and expand an organization, of which all ranks are justly proud. The team effort and the Company's ability to call upon the technical knowledge and experience of the staff in the various divisions and subsidiaries have constantly added to the Company's importance and prestige. The imposing list of clientele and the repeat business awarded to your Company by them, year after year, amply testify to this fact. Your Directors are confident that the reputation of your Company is in good hands — the many employees of The Foundation Companies.

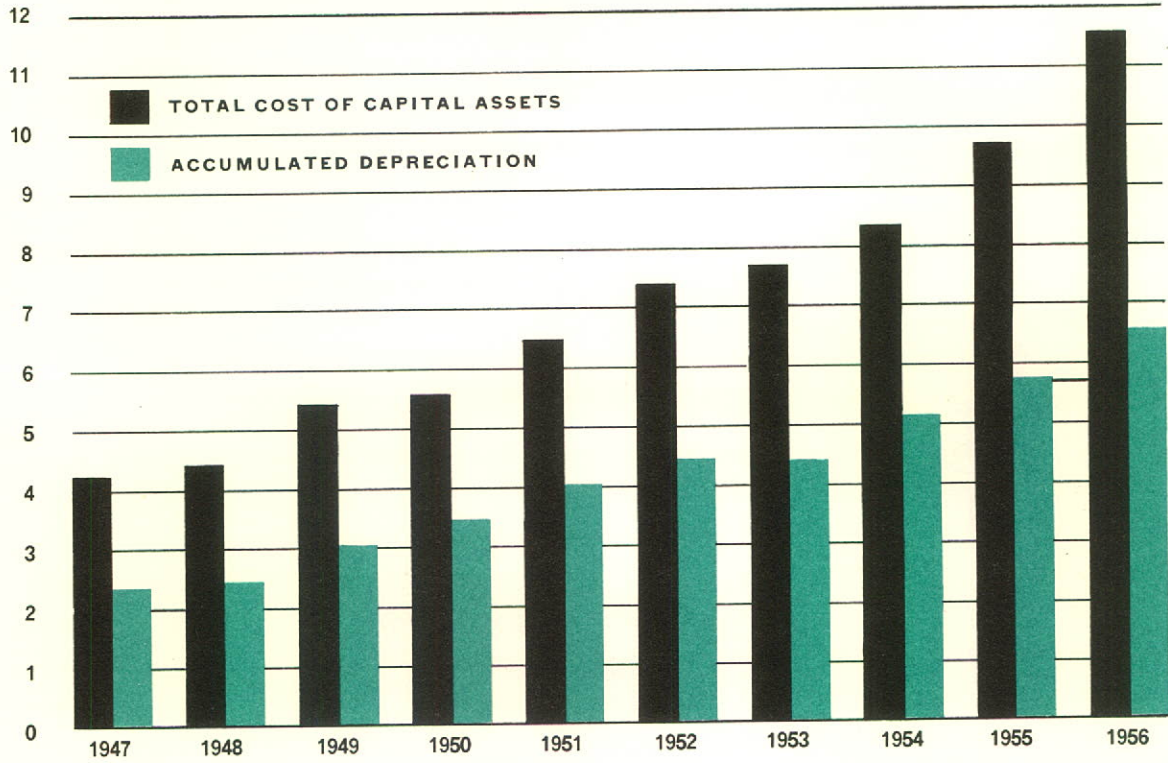
Montreal, February 21, 1957.



President.

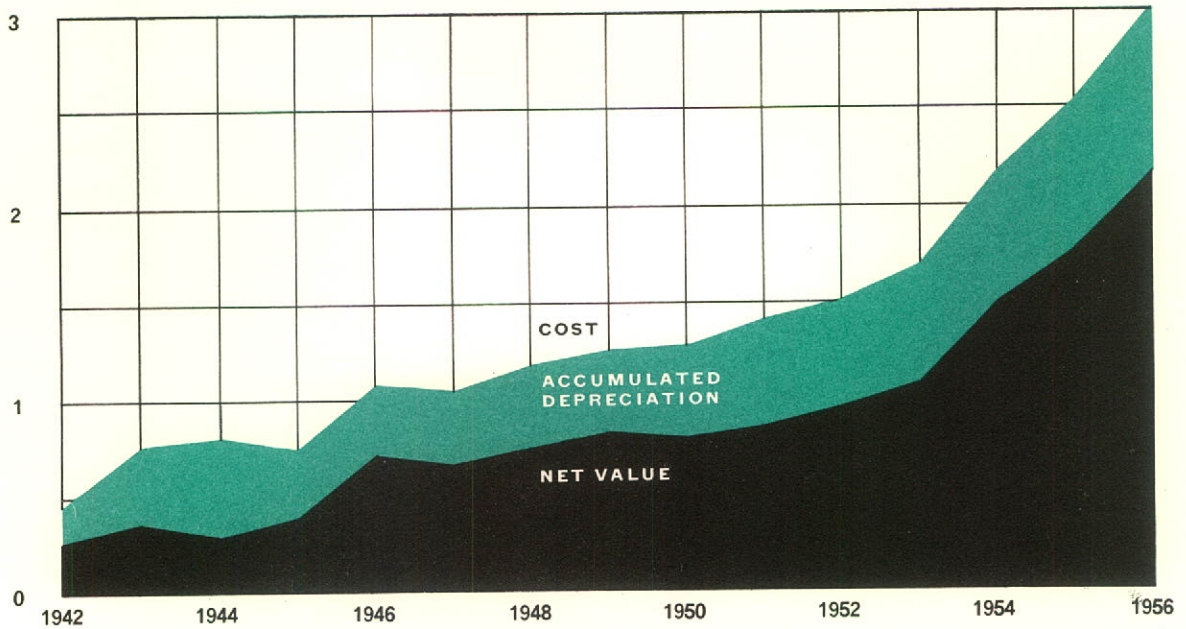
Investment in Capital Assets (Including Land and Buildings)

IN MILLIONS OF DOLLARS



Investment in Land and Buildings

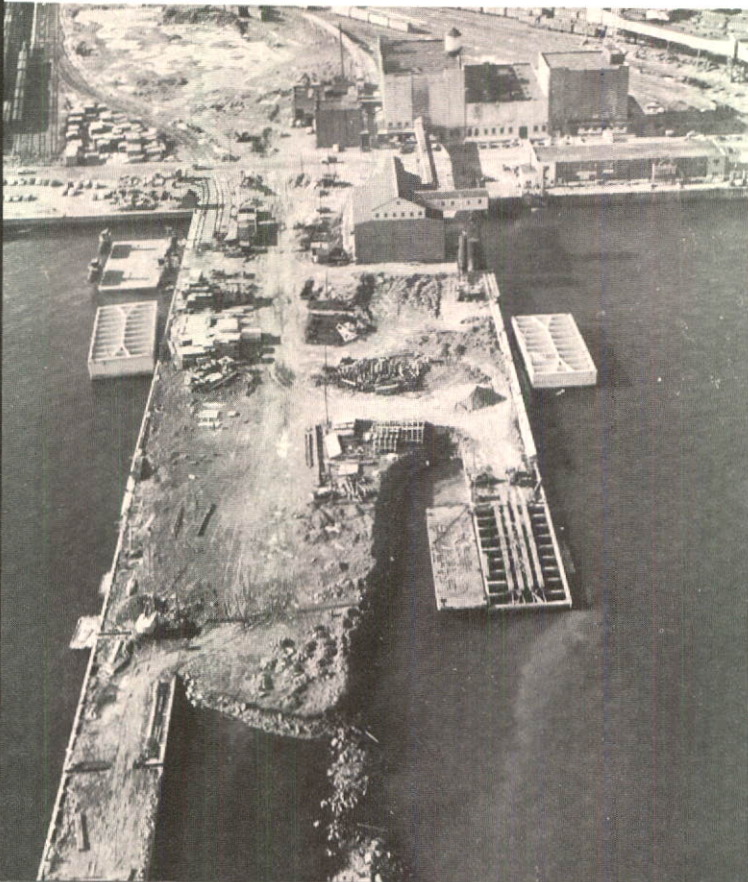
IN MILLIONS OF DOLLARS



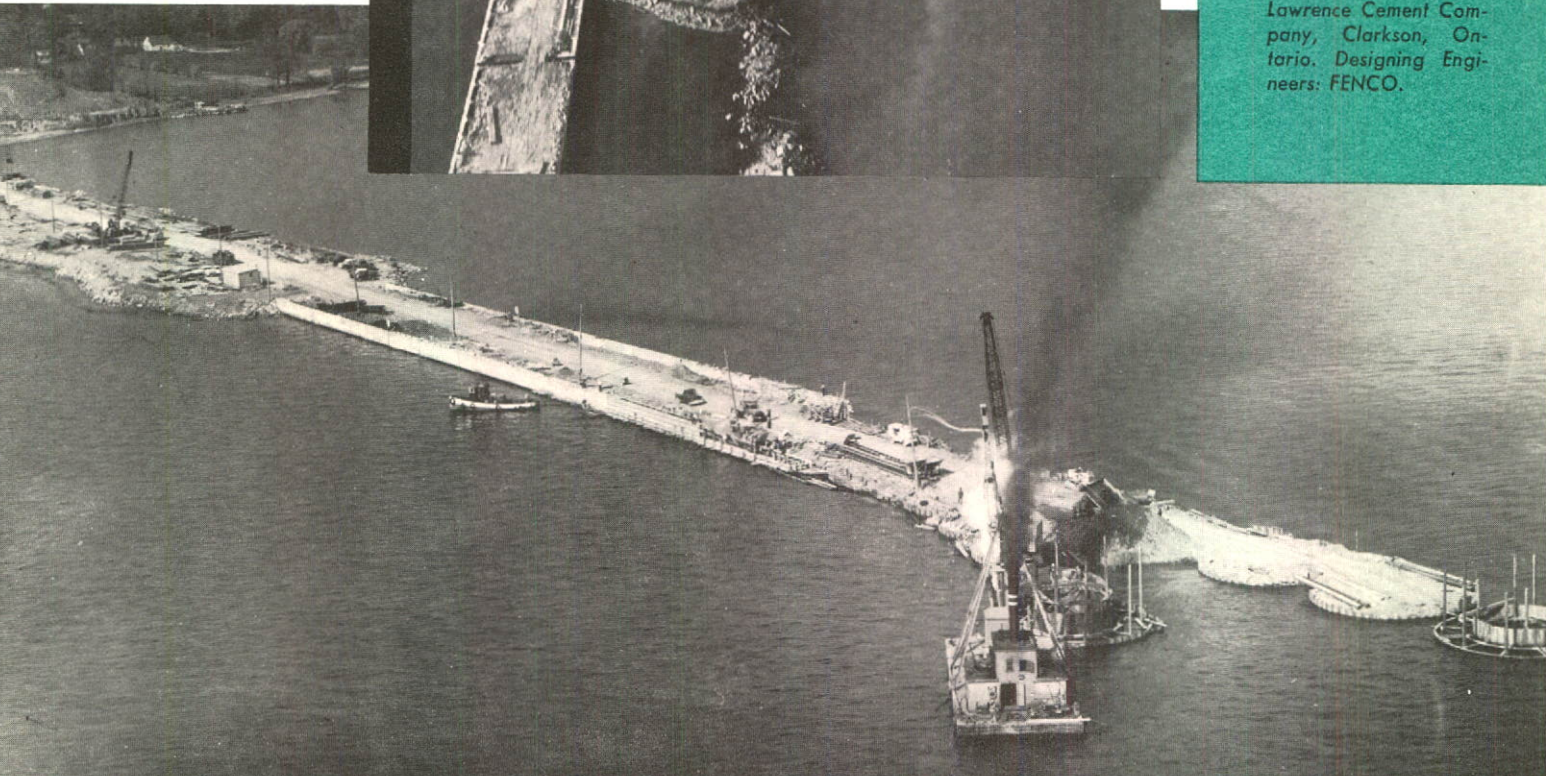
*General Post Office building
in Winnipeg for
Department of Public Works, Canada.
Architects: Green, Blankstein, Russell
& Associates.*



*Aerial View
of Pier A-1, Halifax,
for National Harbours Board.
Chief Engineer: L. R. Stratton.*

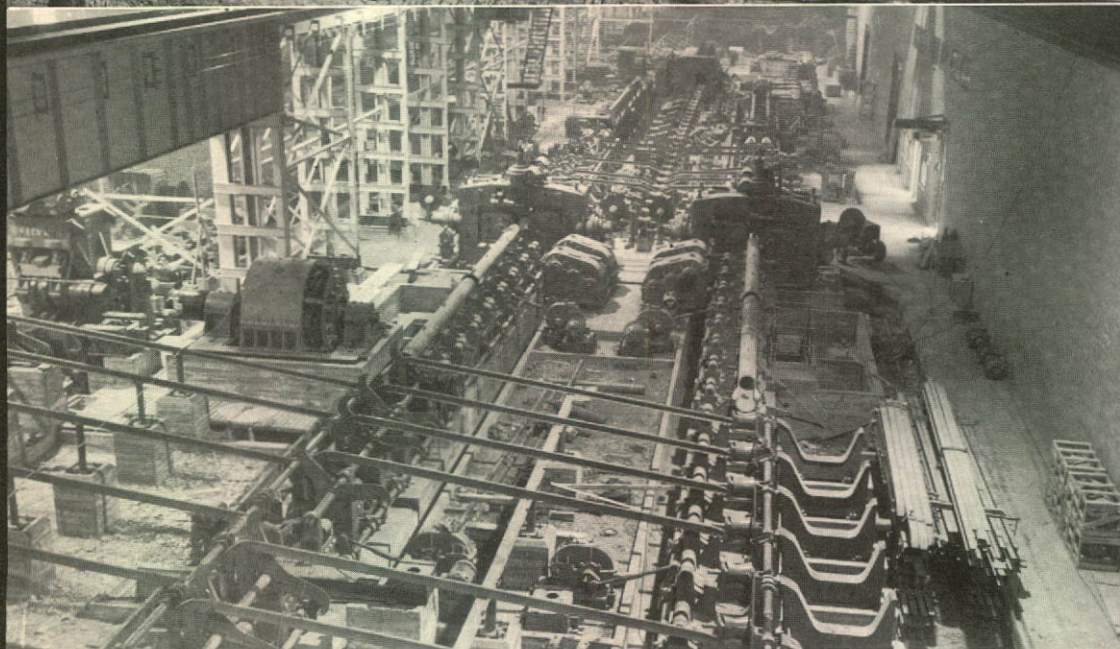


*Below: Aerial view showing
construction of
2,600 ft. wharf for St.
Lawrence Cement Com-
pany, Clarkson, On-
tario. Designing Engi-
neers: FENCO.*

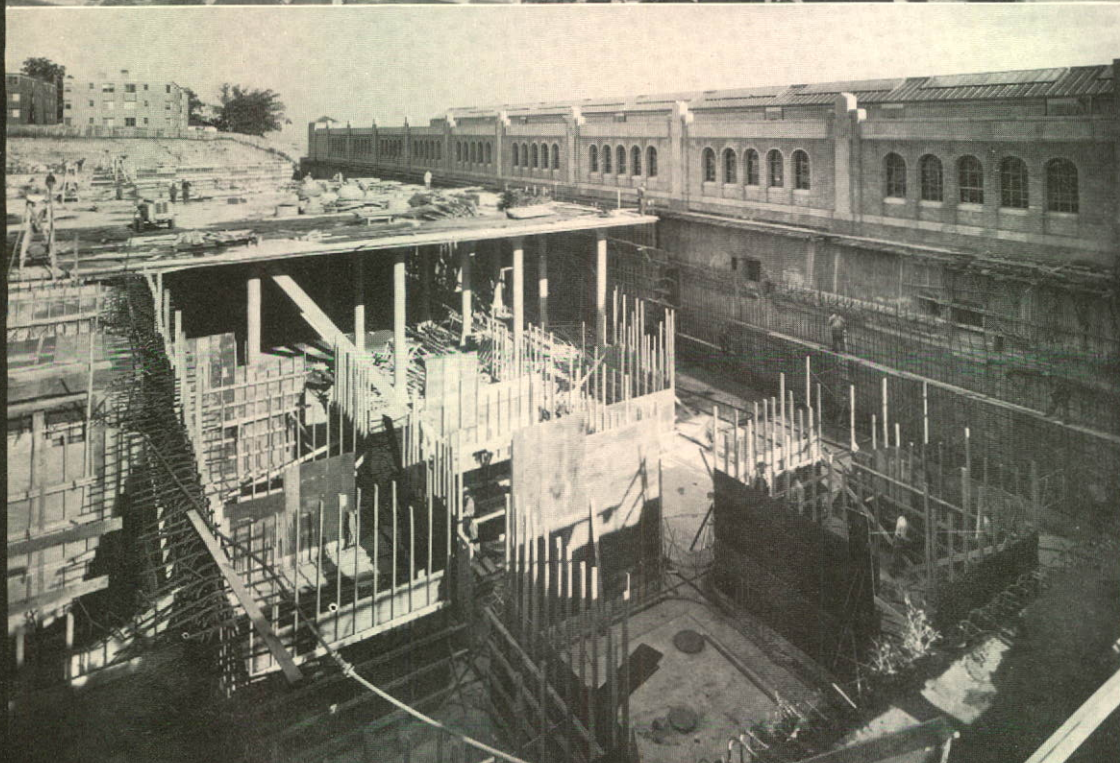




Concrete crib wharf
and reinforced
concrete sewer outfall in
Montreal for National
Harbours Board.
Chief Engineer:
L. R. Stratton.



Equipment installation
for Mannesmann
Tube Company Ltd.,
Sault Ste. Marie,
Ontario.
Designing Engineers:
FENCO.



Extension to
R. C. Harris water
purification plant for
The Municipality of
Metropolitan Toronto.
Consulting Engineers:
Gore & Storrie Ltd.



THE FOUNDATION COMPANY OF CANADA LIMITED

AND SUBSIDIARY COMPANIES

FOUNDATION

ASSETS

CURRENT ASSETS:

Cash	\$ 2,133,022	
Deposits on contracts	358,091	
Government of Canada bonds at cost (quoted value \$691,507) deposited as guarantee of Government contracts	725,010	
Accounts receivable, less allowance for doubtful accounts \$211,414	16,826,686	
Contract costs, less progress billings	865,661	
Merchandise, tools and supplies, valued at the lower of cost or market . .	4,766,593	
Prepaid expenses	108,687	
	<hr/>	\$25,783,750

CAPITAL ASSETS, at cost:

Land, buildings and wharves	\$ 3,040,178	
Construction equipment	6,433,996	
Marine equipment	1,605,284	
Furniture and fixtures	416,662	
	<hr/>	\$11,496,120
Accumulated depreciation	6,551,063	
	<hr/>	4,945,057

INVESTMENTS IN SHARES WITHOUT QUOTED VALUE, at cost 420,549

UNAMORTIZED DEBENTURE DISCOUNT 76,667

\$31,226,023

Signed on behalf of the Board:

R. E. CHADWICK }
L. J. McGOWAN } Directors.

AUDITORS' REPORT TO THE SHAREHOLDERS, THE FOUNDATION COMPANY OF CANADA LIMITED:

We have examined the consolidated balance sheet of The Foundation Company of Canada Limited and its subsidiary companies as at December 31, 1956 and the related consolidated statement of profit and loss 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 above consolidated balance sheet and related consolidated statement of profit and loss and retained earnings are properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of the companies as at December 31, 1956 and the results of their 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 companies.

PRICE WATERHOUSE & CO.,
Chartered Accountants.

MONTREAL, March 8, 1957.

Consolidated Balance Sheet

December 31, 1956

LIABILITIES

CURRENT LIABILITIES:

Bank loans	\$ 4,384,581	
Accounts payable and accrued liabilities	10,659,826	
Dividend payable January 18, 1957	92,185	
Estimated income taxes payable	1,085,534	
Portion of long-term obligations due in 1957	208,500	
		\$16,430,626

PROGRESS BILLINGS ON CONTRACTS, less costs		1,290,897
--	--	-----------

LONG-TERM OBLIGATIONS:

4½% Sinking fund debentures, Series "A", due in 1976, with annual sinking fund instalments of \$200,000	\$ 3,800,000	
4½% Mortgage due 1958 to 1964	78,250	
		3,878,250

RESERVE FOR CONTINGENCIES		910,000
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CAPITAL STOCK AND RETAINED EARNINGS:

Capital stock (Note 1)—		
Authorized—600,000 common shares of no par value.		
Issued —460,926 shares	\$ 2,043,376	
Retained earnings, per statement attached	6,672,874	
		8,716,250

COMMITMENTS AND CONTINGENT LIABILITIES (Note 3)

\$31,226,023

NOTES TO FINANCIAL STATEMENTS — DECEMBER 31, 1956

NOTE 1—Under the company's Employees' Stock Option Plan, 50,000 of its unissued shares were set aside to satisfy purchase-options, expiring in 1959, granted to selected officers and employees. Up to December 31, 1956 32,526 of these shares have been issued, including 4,700 shares issued during 1956 for \$62,275.

NOTE 2—Profits on cost plus fee work are recorded on the basis of the fee billing terms of the contracts. The completed-contract method of accounting is used for other contracts.

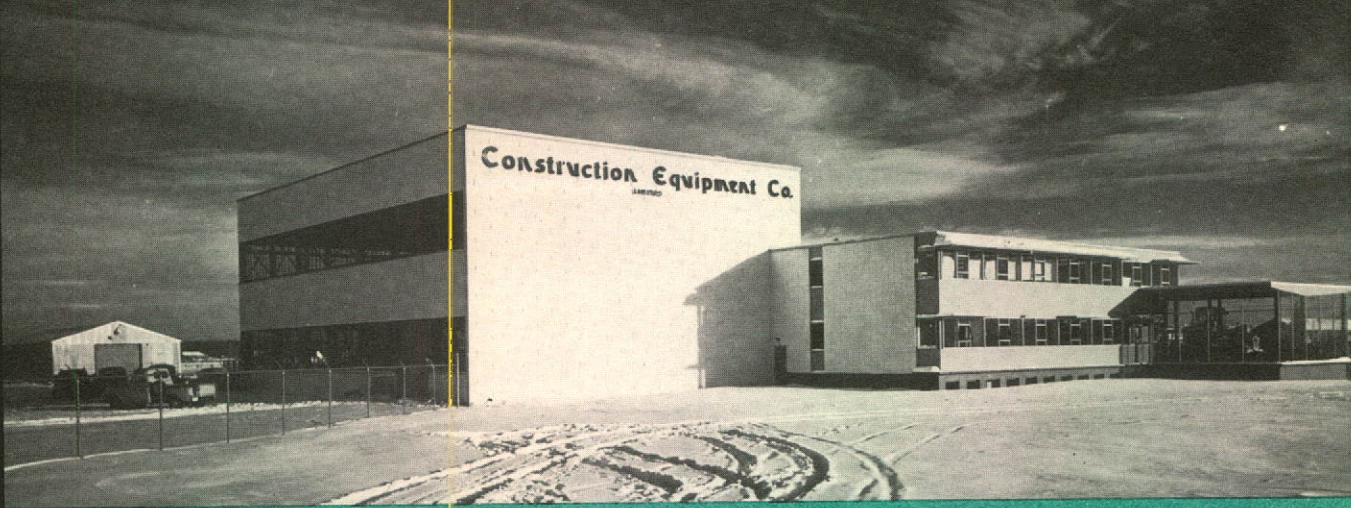
NOTE 3—Contingent liabilities at December 31, 1956 were as follows:

- (a) Guarantee of balances owing by customers on conditional sales agreements and other instalment sales—\$2,931,284.
- (b) Guarantee of loans of associated companies—\$2,947,443.
- (c) The usual liability, undeterminable in amount, as contractors in respect of construction contracts and the possible liability as a co-guarantor under an associated company's performance bond.

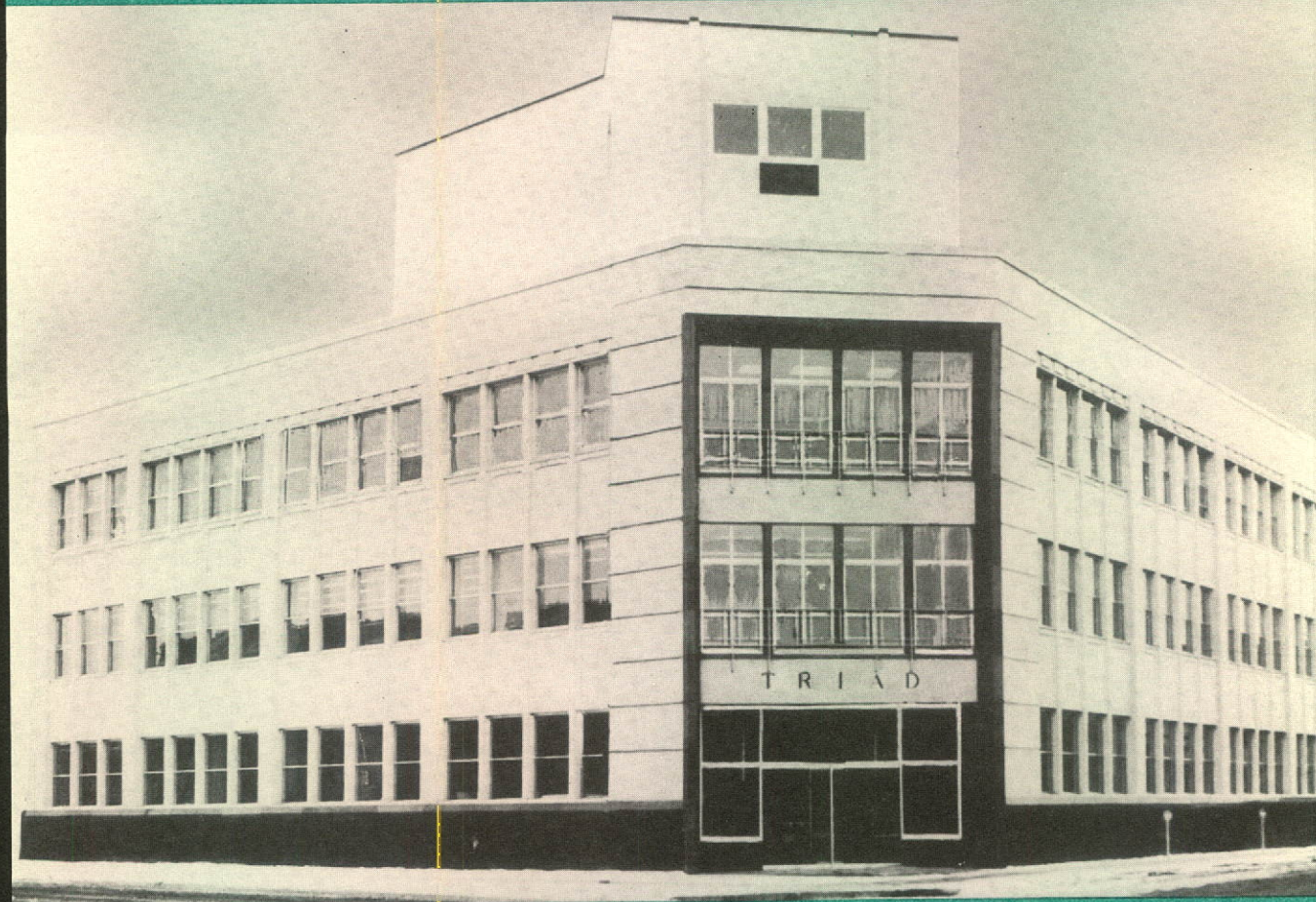
Consolidated Statement of Profit and Loss and Retained Earnings

FOR THE YEAR ENDED DECEMBER 31, 1956

Operating profit for the year after providing \$500,000 for contingencies, but before taking into account the items shown below	\$5,025,206	
Net gain on disposals of capital assets	231,577	
Income from investments	21,186	
	21,186	\$5,277,969
 DEDUCT:		
Remuneration of directors and executive officers	\$ 282,362	
Directors' fees	10,935	
Legal expenses	10,957	
Company's contribution to pension plan	87,768	
Allowance for depreciation	1,179,975	
Interest and discount on long-term obligations	162,303	
	1,734,300	1,734,300
Profit before providing for income taxes		\$3,543,669
Provision for income taxes		1,862,000
Profit for the year		\$1,681,669
Retained earnings at December 31, 1955		5,405,978
		\$7,087,647
Dividends aggregating 90 cents per share		414,773
Retained earnings at December 31, 1956		\$6,672,874

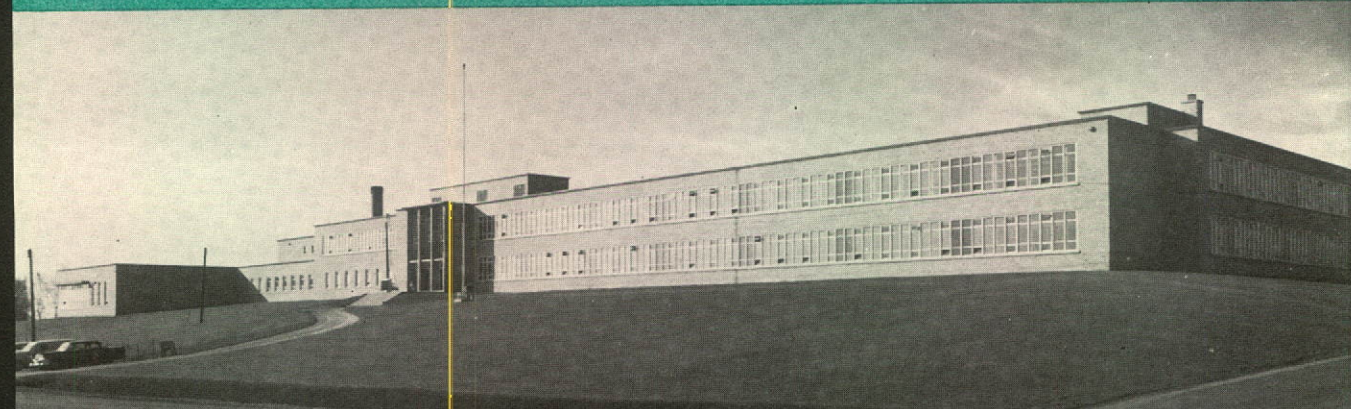


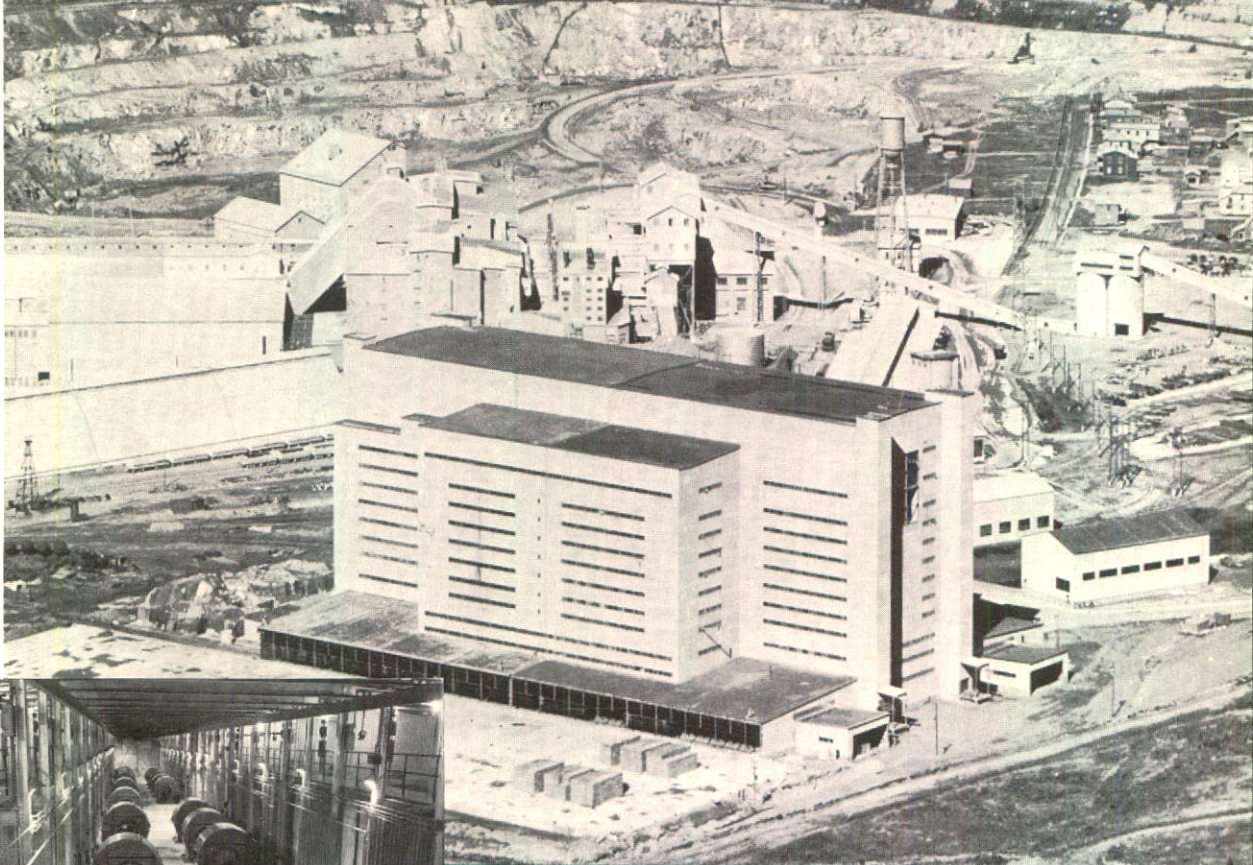
*New headquarters for the Western District of Construction Equipment Co., Limited, Edmonton, Alberta.
Architect: K. C. Stanley and Company.*



Office building for Triad Realties Limited, Calgary, Alberta. Architects: Rule, Wynn & Rule.

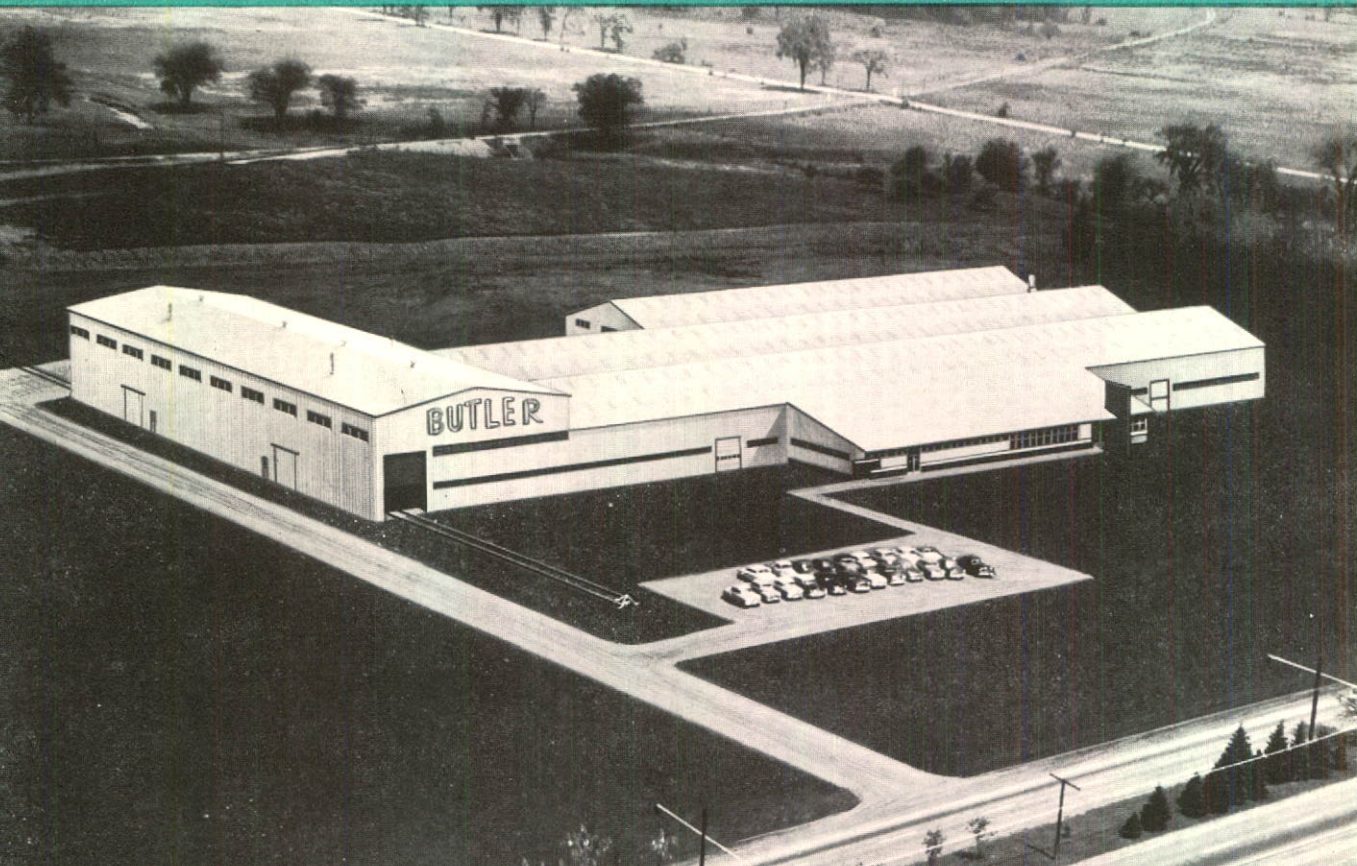
*Below: The Nickel District Collegiate, Sudbury, Ontario, for The Nickel District Collegiate Institute Board.
Architects: Allward & Gouinlock.*

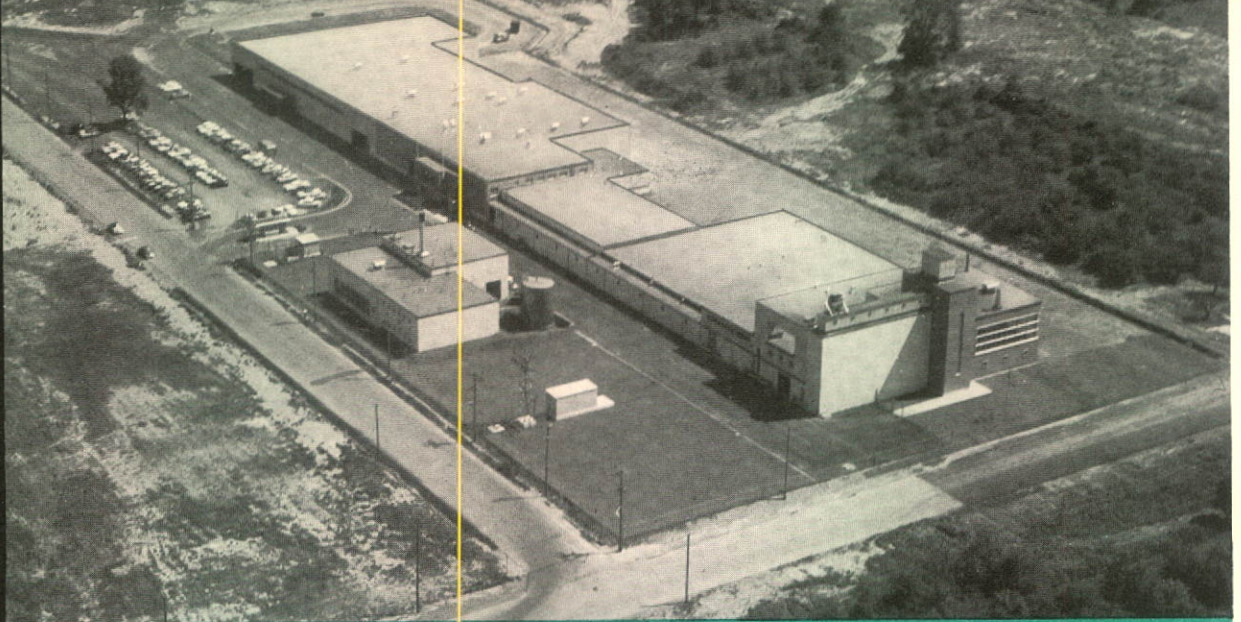




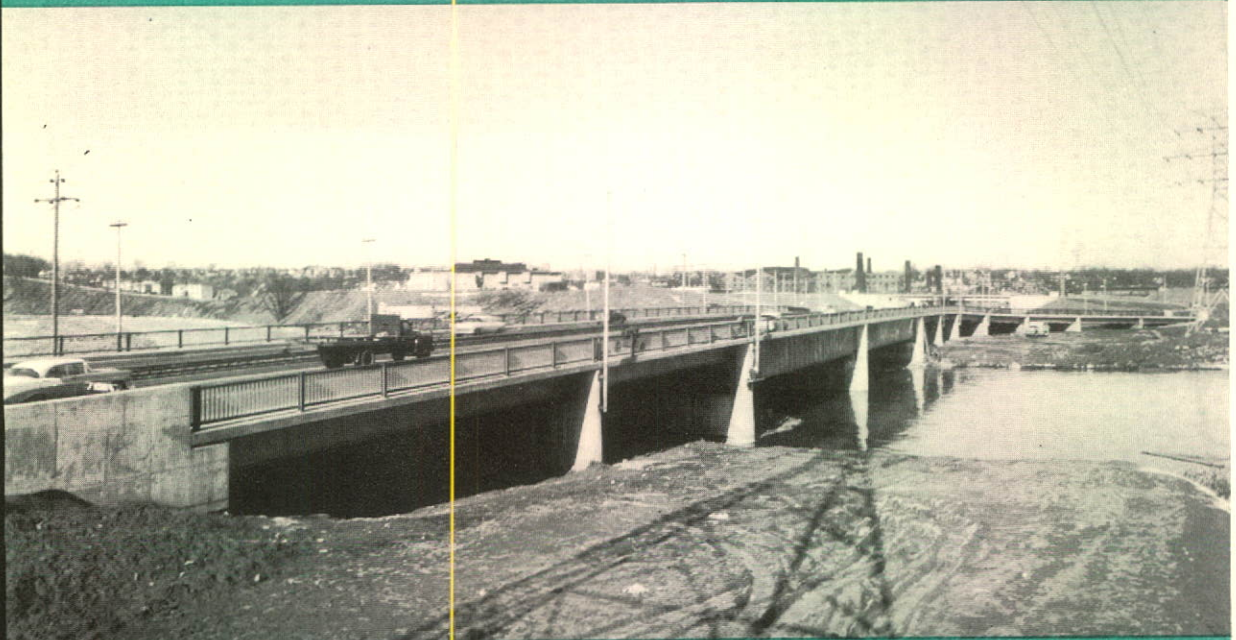
Mechanical installation of 12-storey mill building for Canadian Johns-Manville Co., Limited, Asbestos, Quebec. Owners' Project Engineer: H. C. Jessen.
Inset: Fan room.

Below: Manufacturing plant, Butler Manufacturing Company (Canada) Ltd., Burlington, Ontario. Substructure installed by FOUNDATION. Geocon Ltd are agents for Butler products.



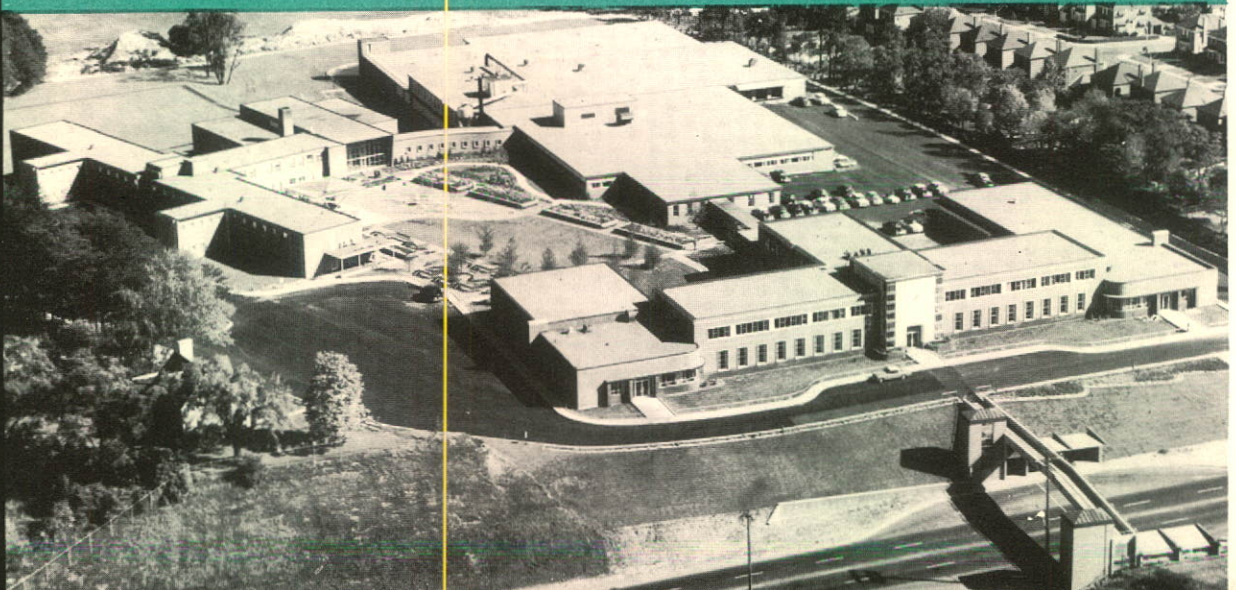


Plant for Labatt's Brewery Limited, Ville LaSalle, Quebec. Consulting Engineers: T. Pringle & Son Ltd.



Bridge over the Humber River for The Municipality of Metropolitan Toronto. Lakeshore Expressway Consultants: A. D. Margison and Associates Limited, Consulting Professional Engineers and De Leuw Cather & Company of Canada Limited, Consulting Engineers.

Below: Centre for Canadian National Institute for the Blind, Toronto. Architects: Stanford & Wilson.





Plant for General Foods Limited, Cobourg, Ontario. Owners' Chief Project Engineer: A. W. Huges.



Small Motors Plant for Canadian Westinghouse Limited, Stratford, Ontario. Architects: Prack & Prack.

*Below: Two plants in Montreal.
Gillette Safety Razor Company of Canada Limited. Architects: Ross, Patterson, Townsend & Fish.
Noe Bourassa Limitée. Architects: A. Campbell Wood and Hugh W. Blachford.*

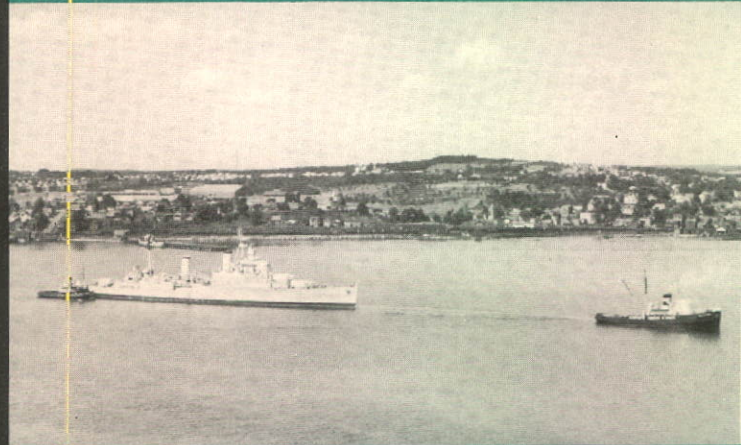




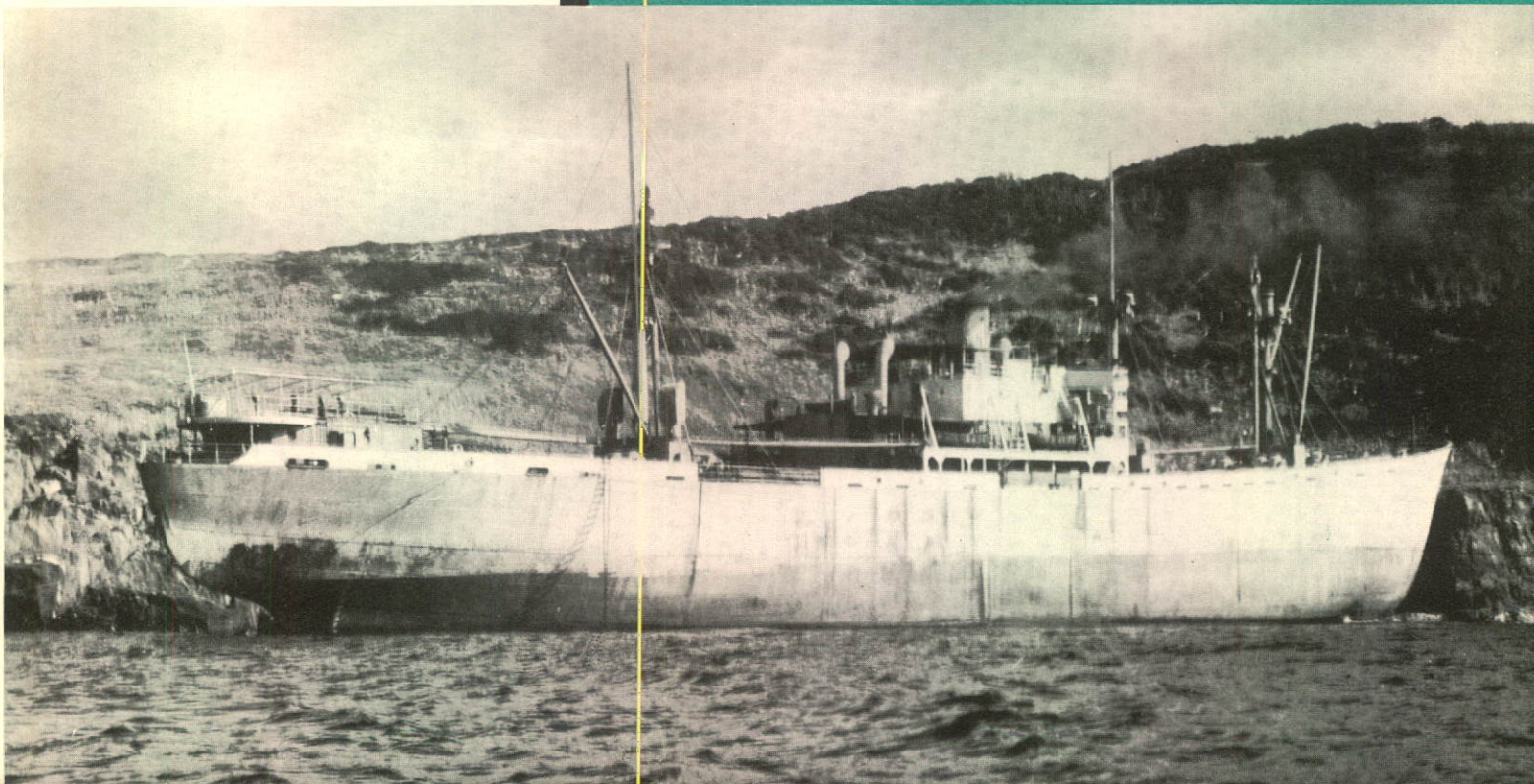
*Newest addition to Foundation
Maritime Limited's fleet,
Foundation Victor, a 1,280 H.P.
diesel harbour coastal tug.*

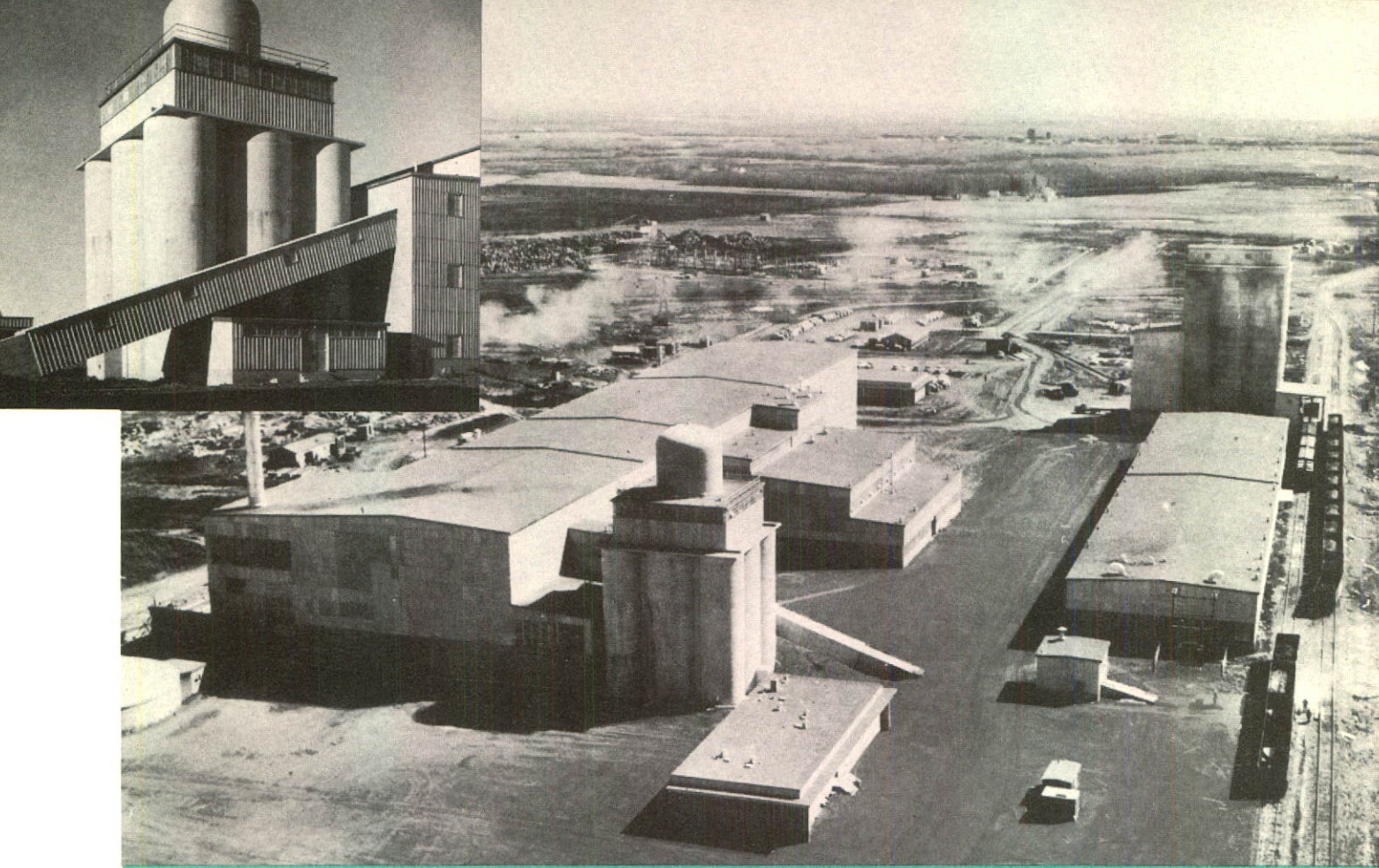


*Foundation Frances
commencing a tow from Halifax.*



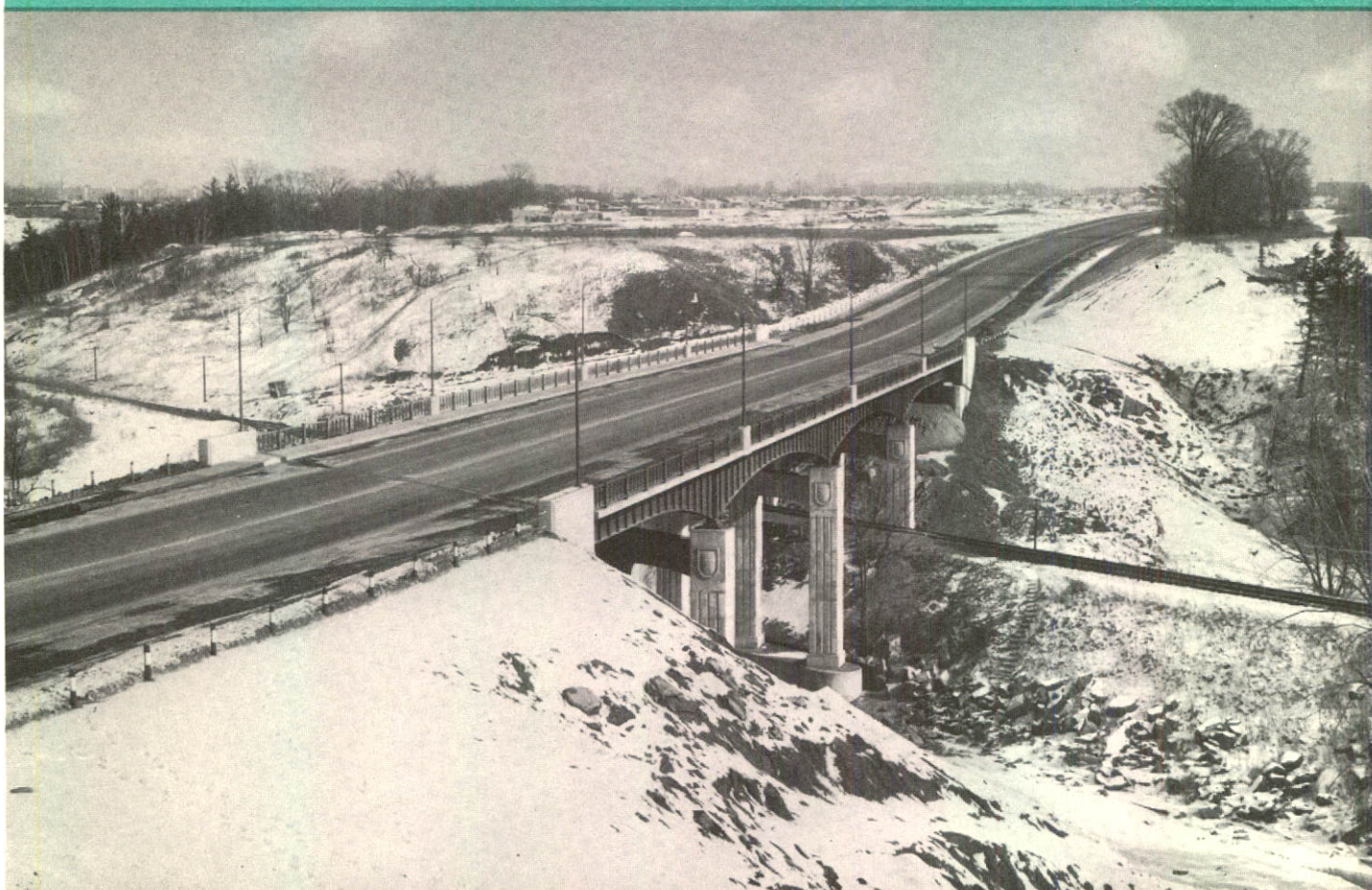
*Below: A casualty hard aground
on St. Paul Island,
Gulf of St. Lawrence,
subsequently refloated by
Foundation Josephine II.*



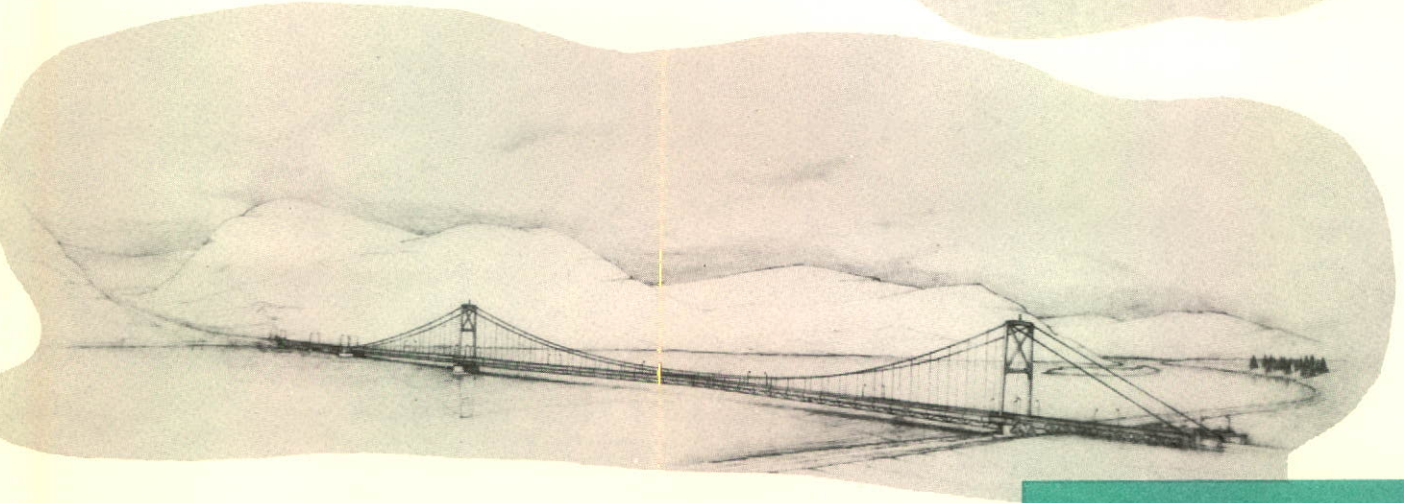
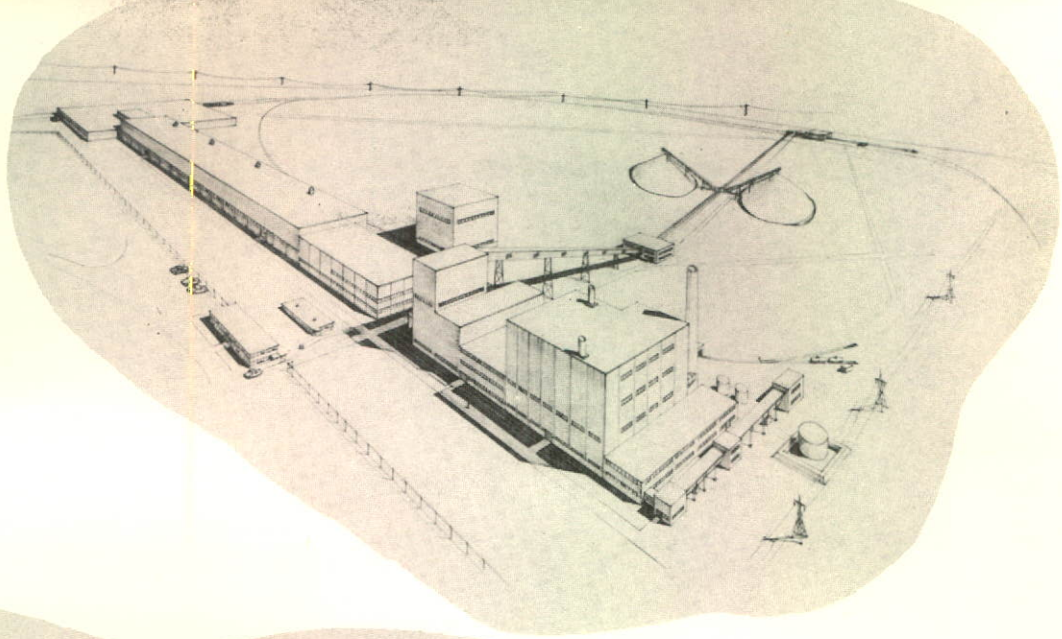


*Cement plant in Edmonton, Alberta, designed by FENCO for Inland Cement Company Limited.
Architects: Durnford, Bolton, Chadwick & Ellwood and their associates K. C. Stanley and Company.
Associate Engineers: R. M. Hardy & Associates Ltd.*

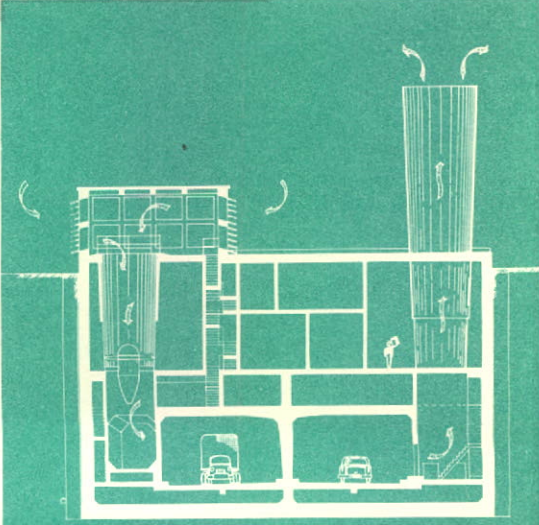
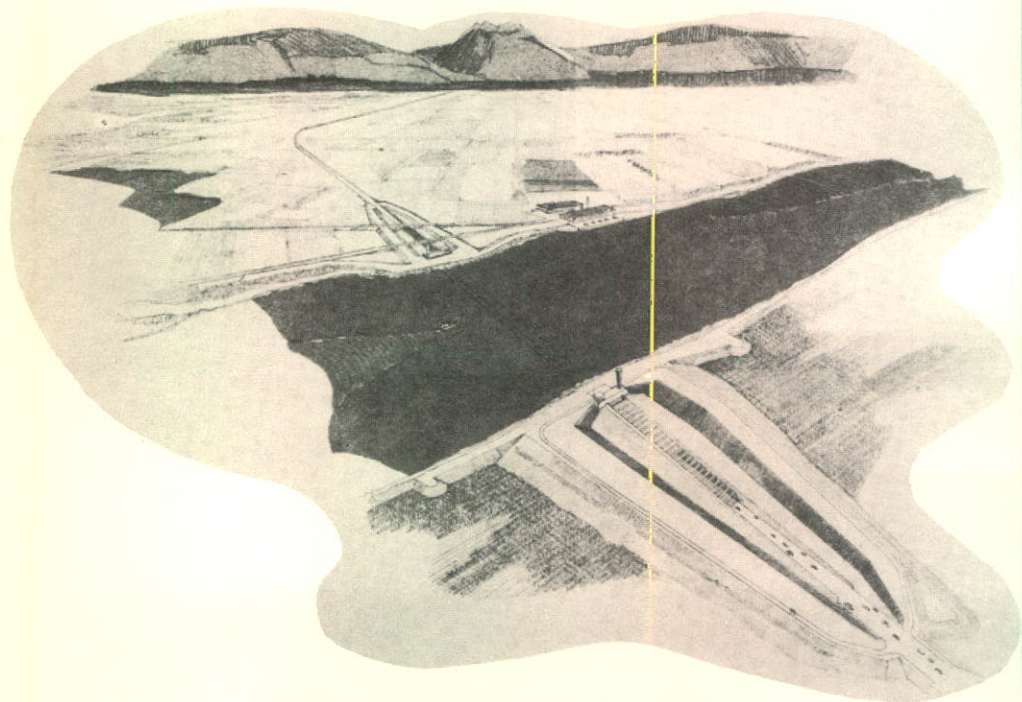
Below: Eglinton Avenue Bridge crossing the Don Valley, designed by FENCO for The Municipality of Metropolitan Toronto.



Preliminary sketch of paper mill for
 Thurso Pulp and Paper Company,
 Thurso, Quebec.
 Designed by FENCO and under
 construction by FOUNDATION.
 Consulting Engineer: E. A. Charlton.
 Architects: Durnford, Bolton,
 Chadwick & Ellwood.



Bridge crossing the Columbia River
 at Revelstoke designed by FENCO
 for Department of Highways
 of British Columbia.



Left: Aerial perspective of the Deas Island tunnel
 under the Fraser River, designed by FENCO and
 Christiani & Nielsen for the British Columbia Toll
 Highways and Bridges Authority. A cross section
 through the ventilation building is shown above.

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166 Douglas St.
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Regina, Sask.

5220 No. 1A Street S.E.
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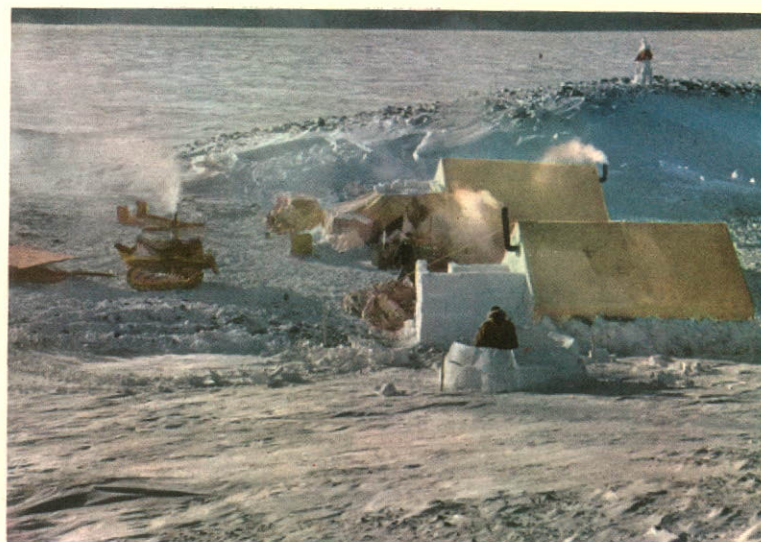
**DEW
LINE
OPERATIONS**



An aerial view of Baffin Island. The rocky coast is typical of Canada's Eastern Arctic.



Construction plant being unloaded from landing craft.



Setting up preliminary camp.

Below: Construction materials arrive at sites in ski-equipped DC-3 Transports.



Below: Three Foundation supervisors relax in the Arctic spring sun.



COVER:
*A supply ship
on the
DEW Line
heads north
to the sites.*

BACK COVER:
*Concrete headframe
for Madsen Red Lake
Gold Mines Limited,
Madsen, Ontario.
Designing Engineers: FENCO.*

