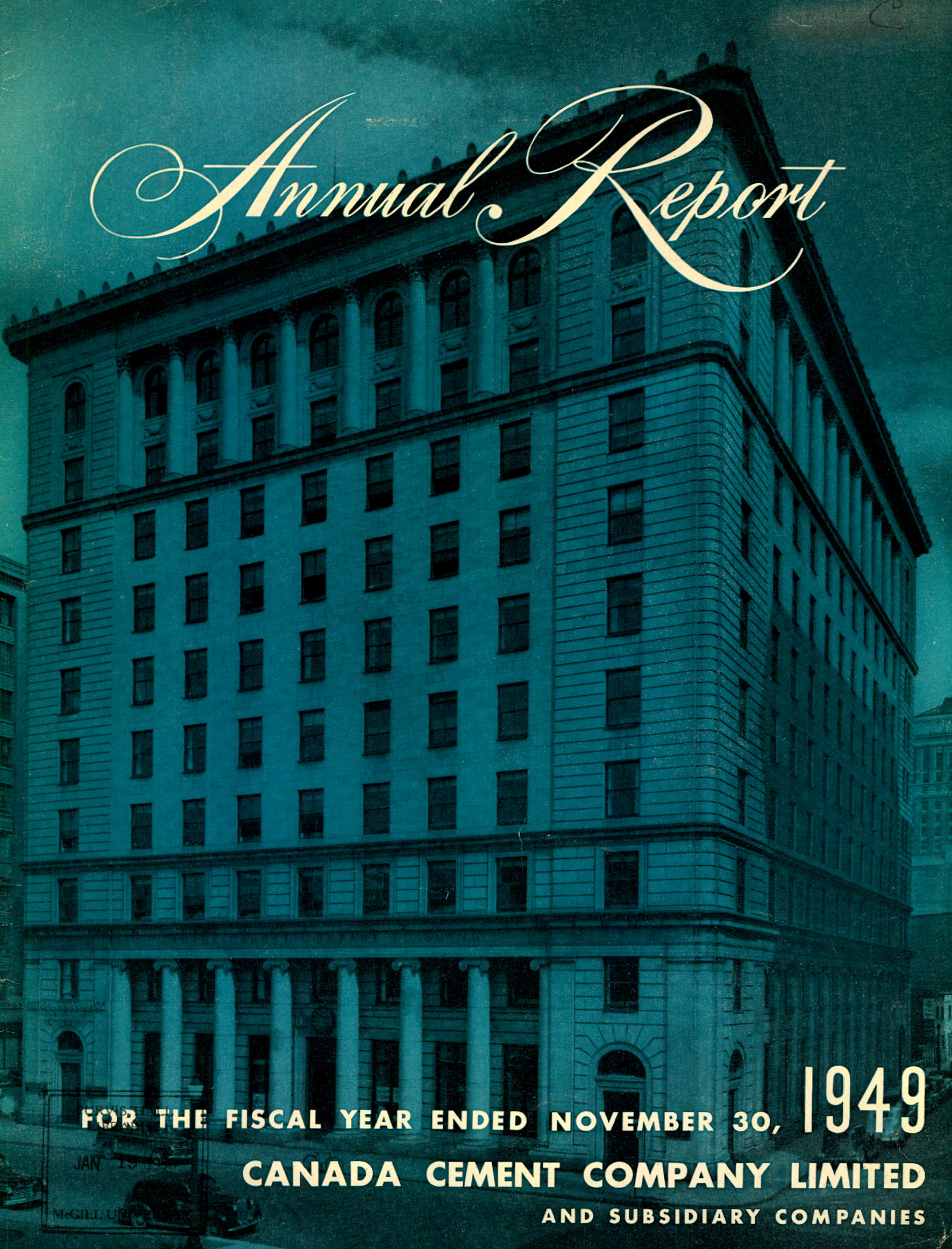


Annual Report

FOR THE FISCAL YEAR ENDED NOVEMBER 30, 1949

CANADA CEMENT COMPANY LIMITED

AND SUBSIDIARY COMPANIES

CANADA CEMENT COMPANY LIMITED

Head Office: Canada Cement Building, Montreal, Quebec

DIRECTORS

G. H. Aikins, K.C.	J. C. H. Dussault, K.C.	J. D. Johnson
Hon. C. C. Ballantyne	H. J. Fuller	H. R. Milner, K.C.
W. O. Bovard	J. H. Gundy	Hon. Donat Raymond
J. M. Breen	W. H. Howard, K.C.	G. A. Russell
J. S. Duncan		J. McG. Stewart, K.C.

OFFICERS

J. D. Johnson, Chairman of the Board

J. M. Breen, President and General Manager

G. A. Russell, Vice-President and Secretary-Treasurer

W. O. Bovard, Vice-President and Director of Sales

J. Narsted, Vice-President in charge of Production

R. S. Aiken, Comptroller

TRANSFER AGENTS

Montreal Trust Company

Stock transferable at Montreal, Que., Toronto, Ont., Halifax, N.S., Winnipeg, Man., Calgary, Alta., and Vancouver, B.C.

REGISTRARS

The Royal Trust Company

AUDITORS

Price, Waterhouse & Co.

PRODUCING PLANTS

Montreal, Que.	Belleville, Ont.	Exshaw, Alta.
Hull, Que.	Port Colborne, Ont.	Fort Whyte, Man.

DISTRIBUTING PLANTS

Halifax, N.S. — Chatham, N.B. — Quebec, Que. — Toronto, Ont. — Windsor, Ont.

SALES OFFICES

Montreal, Que. — Toronto, Ont. — Winnipeg, Man. — Calgary, Alta.

ANNUAL REPORT OF THE DIRECTORS

TO THE SHAREHOLDERS:

Your Directors beg to present herewith the statement of the affairs and the financial position of your Company for the fiscal year ended November 30th, 1949.

After providing for depreciation and taxes, the net profit for the year amounted to $4,820,196.23, equal to $4.80 per share on the Preference Shares as compared with $3.71 per share for the previous year. Dividends have been paid on these shares at the regular rate of $1.30 per share. A final amount of $812,000.00 was appropriated for the Preference Dividend Maintenance Fund. The serial Bonds were reduced by $700,000.00, leaving $1,400,000.00 outstanding.

The year 1949 established a new peak in the volume of construction in Canada. In consequence, the demand for cement was exceptionally heavy throughout the year and your Company's shipments were the highest on record. It should be recorded, however, that a significant part of this large volume of sales was for work of an exceptional nature. This refers, of course, to the huge power development works undertaken, in Ontario and Quebec particularly, and which now are approaching completion. The urgency of these projects, completion of which was so essential for the industrial expansion of the country as a whole, resulted in a temporary shortage of cement during the Summer and even into late Fall. By the end of the year your Company was able to fill all orders without difficulty and is now in a position to furnish all the cement required in the territory served by its plants.

Towards this desirable end, your Company has continued its steady programme of enlargement and modernization of its plants. Your Belleville Plant extension came into full operation as scheduled on May 1st, 1949, and this, with further improvements at your other plants, resulted in an increase in production of 13.3% over 1948 (This represents an increase of 35.8% over 1947). There remains to be done a considerable amount of necessary work at your various plants—work which had to be deferred in order to maintain production at the highest possible level throughout the year. Some of this work is now under way and with the resulting improvement in operating efficiency, a still further increase in productive capacity is being provided.

The volume of sales in 1949 was 12.8% above 1948. Present indications are that construction volume will remain at a satisfactory level for the coming year, though some falling off from the 1949 peak is to be expected. In consequence, the sales volume for 1950, while possibly lower than in 1949, should be reasonably good. In this connection the point might well be stressed that any decrease in sales volume will result in a much greater proportional decrease in earnings. Naturally, therefore, satisfactory earnings over the years ahead will depend on the ability of your Company to keep its plants operating on a high production basis.

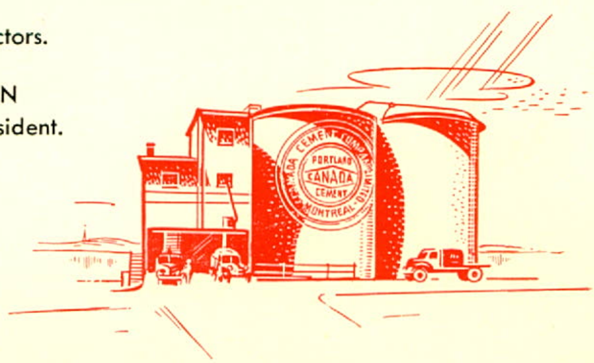
Your Directors authorized the installation during 1949 of dust-collecting systems in your Montreal East and your Port Colborne Plants. The latter is already in operation and the former will be functioning in a very short time. An additional unit is planned for your Hull Plant during 1950. The elimination of stack dust at these three points has become imperative due to residential and industrial expansion in the areas adjacent to these plants. Unfortunately, dust-collecting equipment is not only complicated but expensive and adds one more item to our steadily-mounting production costs. It is only fair to add that in each case the local authorities have reacted most favourably to our efforts to improve conditions.

Your Company sustained a severe loss in the death of Mr. F. B. Kilbourn, former President, on May 20th, 1949. Your Directors wish to record their sincere appreciation of his great service to your Company during the many years of his active interest in its affairs.

At a time when much is heard of unsettled labour relations in many industries, it is gratifying to your Directors to report that during the past year your Company has benefited from the loyal co-operation of all employees.

Respectfully submitted on behalf of the Board of Directors.

J. M. BREEN
President.



CANADA CEMENT

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CONSOLIDATED BALANCE

ASSETS

Current Assets:			
Inventories of cement, finished and in process, coal, materials, supplies and repair parts, at cost or under, which is below market, as determined and certified by officers of the Company, less reserve of $568,100		$ 4,765,789.14	
Prepaid expenses		120,498.62	
Accounts receivable (less bad debts reserve)—			
Customers	$2,094,945.20		
Other	132,982.48	2,227,927.68	
Cash in banks and on hand		1,135,508.37	$ 8,249,723.81
Refundable Portion of Excess Profits Tax			180,163.17
Preference Dividend Maintenance Fund:			
Government bonds (market value $1,802,700)		$ 1,800,000.00	
Cash in banks (invested since November 30 in Government bonds)		812,000.00	2,612,000.00
Unlisted Securities, at cost			396,900.00
Property Account:			
Land, buildings, plant and equipment at November 30 1946, $31,197,220.29 (as appraised by the Canadian Appraisal Company Limited on the basis of 1942 replacement cost less depreciation, with the exception of ships owned by Canada Cement Transport Limited which are included at cost less depreciation provided by that Company); with subsequent additions at cost, less disposals		$42,166,754.60	
Less: Reserve for depreciation and depletion		9,528,764.38	32,637,990.22
			$44,076,777.20

Approved on Behalf of the Board:

J. M. BREEN, Director.
G. A. RUSSELL, Director.

NOTES TO CONSOLIDATED BALANCE SHEET

(1) The Preference Shares may be called for redemption at $30 per share but the Company shall not be entitled to redeem upon call any of the Preference Shares prior to October 1 1951, and thereafter shall not be entitled to redeem, either upon call or by purchase, any of the Preference Shares to such extent that the aggregate par value of the outstanding Preference Shares shall thereby be reduced to less than $15,000,000 prior to October 1 1956, nor to less than $10,000,000 prior to October 1 1961.

(2) In accordance with Supplementary Letters Patent dated September 23 1946, no dividends shall be paid on the Common Shares when the Preference Dividend Maintenance Fund, which has been provided out of surplus derived from profits earned after November 30 1945, amounts to less than $2.60 per Preference Share outstanding; nor shall $1,205,271 of the Earned Surplus accumulated prior to that date be used for the payment of any such Common dividends so long as any Preference Shares are outstanding.

COMPANY LIMITED

y Companies

HEET — NOVEMBER 30 1949

LIABILITIES

Current Liabilities:		
Accounts payable and accrued liabilities	$ 996,260.36	
Preference dividend payable December 20 1949	326,402.52	
Dominion, Provincial and other taxes	2,168,346.68	$ 3,491,009.56
First Mortgage Bonds:		
2⅛% serial bonds 1946 series due $700,000 annually to 1951—		
Issued	$ 3,500,000.00	
Less: Redeemed	2,100,000.00	1,400,000.00
Reserves:		
Fire insurance	$ 500,000.00	
Extraordinary repairs and renewals	350,000.00	850,000.00
Capital Stock:		
Cumulative Redeemable Preference Shares of $20 par value each, carrying annual dividends at the rate of $1.30 per share (Note 1)—		
Authorized—1,204,345 shares	$24,086,900.00	
Issued —1,004,345 shares	$20,086,900.00	
Common Shares—		
600,000 shares of no par value out of an authorized issue of 750,000 shares	6,403,904.75	26,490,804.75
Surplus: (Note 2)		
Earned Surplus, per statement attached	$ 9,232,962.89	
Appropriated for Preference Dividend Maintenance Fund	2,612,000.00	11,844,962.89
		$44,076,777.20

To the Shareholders of
Canada Cement Company Limited:

We have examined the consolidated balance sheet of Canada Cement Company Limited and subsidiary companies as at November 30 1949 and the related consolidated statement of profit and loss and earned surplus for the year then ended, and have obtained all the information and explanations which we required. Our examination included such tests of the accounting records and other supporting evidence and such other procedures as we considered appropriate.

In our opinion, the above consolidated balance sheet supplemented by the notes appended thereto, is properly drawn up so as to exhibit a true and correct view of the combined state of affairs of Canada Cement Company Limited and subsidiary companies as at November 30 1949 and the related consolidated statement of profit and loss and earned surplus presents fairly the results of the combined operations of the companies 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.,
Auditors.

Montreal, January 3 1950.

CANADA CEMENT COMPANY LIMITED

and Subsidiary Companies

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS

For the Year Ended November 30 1949

Profit from operations after providing $3,770,948.43 for depreciation and depletion, but before taking into account the undernoted items		$ 8,797,684.75
Executive remuneration	$ 143,072.94	
Directors' fees	10,680.00	
Legal expenses	5,169.20	158,922.14
		$ 8,638,762.61
Add: Income from investments		39,791.17
		$ 8,678,553.78
Deduct: Bond interest	$ 43,443.16	
Contribution to Pension Fund	200,000.00	
Provision for Dominion and Provincial taxes on income	3,565,000.00	
Net loss on disposition of capital assets	49,914.39	3,858,357.55
Net profit for year		$ 4,820,196.23
Deduct: Final appropriation to Preference Dividend Maintenance Fund		812,000.00
Balance of profits		$ 4,008,196.23
Earned Surplus, November 30 1948		6,530,415.15
		$10,538,611.38
Dividends on Preference Shares		1,305,648.49
Earned Surplus, November 30 1949		$ 9,232,962.89

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Funds provided from:		
Net profit for year	$4,820,196.23	
Depreciation and depletion of properties	3,770,948.43	$ 8,591,144.66
Funds expended on:		
Preference dividends	$1,305,648.49	
Preference Dividend Maintenance Fund	812,000.00	
Redemption of bonds	700,000.00	
Property additions (net)	4,036,577.05	6,854,225.54
Increase in working capital as shown below		$ 1,736,919.12
Increase in inventories	$ 237,857.25	
Increase in accounts receivable	351,617.31	
Increase in cash	970,531.39	
Decrease in accounts payable	592,334.79	$ 2,152,340.74
Less: Increase in taxes payable	$ 408,279.64	
Miscellaneous	7,141.98	415,421.62
		$ 1,736,919.12

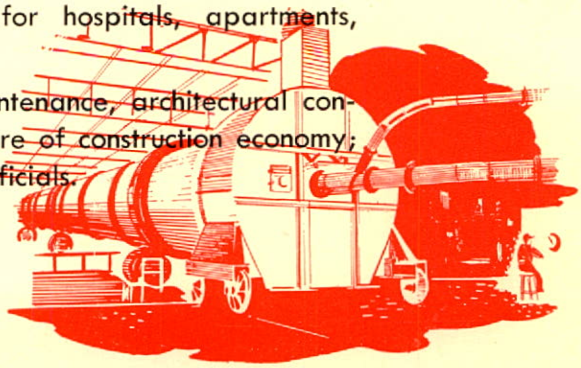
ARCHITECTURAL Concrete

OWNERS: Town of Port Elgin, N.B.
ARCHITECTS: C. A. Fowler & Co., Halifax, N.S.
CONTRACTORS: Kenney Construction Co. Ltd., Truro, N.S.

ARCHITECTURAL concrete fulfills every important construction need for modern building. Firesafety, sanitary cleanliness, permanence, economy of upkeep are "built-in" features of this Memorial School at Port Elgin, N.B. Attractively designed and built of reinforced concrete, it will serve the local community for generations to come.

Architectural concrete is equally adaptable for hospitals, apartments, factories, offices and commercial buildings.

Having long life and requiring little or no maintenance, architectural concrete renders low-annual-cost service, the true measure of construction economy; which is important to owners, investors and public officials.



CANADA CEMENT COMPANY LIMITED

PORTLAND

CANADA

CEMENT

MONTREAL

DESIGNED AND PRODUCED
IN CANADA BY
SOUTHAM PRESS MONTREAL

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