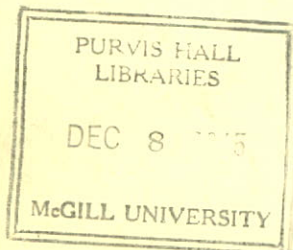


ANNUAL REPORT
OF THE
BOARD OF DIRECTORS



FOR THE FISCAL YEAR ENDING
NOVEMBER 30, 1944



CANADA CEMENT COMPANY LIMITED

Annual Report of the Board of Directors

TO THE SHAREHOLDERS:

Your Directors beg to present herewith the Seventeenth Annual Statement of the affairs and financial position of your Company as at November 30, 1944.

Net Earnings, after providing for depreciation and income taxes, amounted to \$828,115.66 as compared with \$949,072.04 in the preceding year. Earnings amounted to \$4.12 per share on the Preference Shares. Dividends of \$5.00 per share were paid during the year at the rate of \$1.25 per quarter. The difference between the amount earned and the amount paid was made up from surplus account.

The volume of business during the year was on the whole slightly better than was anticipated due to certain easing of building restrictions during the summer months. However, total shipments represented only about 65% of plant capacity.

Production costs continue to increase. Since 1939 the cost of coal, which is one of the main items in the cost of producing cement, has increased by 47%; labour costs have increased very substantially, and other items of cost have tended to rise. On the other hand, the price of cement is low, selling on a price basis established during the depression period, and of course is under price ceiling regulation. The combination of these two factors makes profitable operations very difficult.

Repairs and renewals to plants have been made during the year only where absolutely necessary. There has accumulated a very large amount of deferred maintenance but funds are in reserve to undertake a rehabilitation programme as soon as the war ends and materials and labour become available.

The distribution of the product of your Company was less complicated during the year as we were able to operate our bulk-carrying steamer to east coast ports on a somewhat restricted scale but with considerable advantage to the Company.

Prospects for the coming year are very clouded due to the uncertainty as to when post-war building activity may be commenced. It is therefore difficult to make any prediction as to what business will materialize during 1945. The present trend of sales is downward and it is anticipated that this trend will continue at least to the end of the war in Europe.

Respectfully submitted on behalf of the Board of Directors.

J. D. JOHNSON,
President.

CANADA CEMENT COMPANY LIMITED

AND SUBSIDIARY COMPANIES

Consolidated Balance Sheet, November 30, 1944

ASSETS

CURRENT ASSETS:

Inventories of Cement, Materials and Supplies as determined and certified by the Management and valued at or below cost, which is below market.....	\$ 2,622,450.86	
Accounts Receivable (less Bad Debts Reserve)—		
Customers' Accounts.....	\$ 742,136.51	
Other Accounts.....	34,784.35	776,920.86
Government Bonds (Market Value \$3,767,712.50).....		3,714,247.85
Cash.....		1,534,356.18
		<u>\$ 8,647,975.75</u>

INVESTMENT IN COMPANY'S OWN BONDS, at par.....	108,000.00
REFUNDABLE PORTION OF EXCESS PROFITS TAX.....	157,000.00
UNEXPIRED INSURANCE, PREPAID TAXES AND OTHER PREPAID EXPENSES.....	68,259.55
BOND REFUNDING EXPENSE (less amounts written off).....	770,000.00

PROPERTY ACCOUNT:

Land, Buildings, Plant and Equipment, etc. (as appraised by Messrs. Ford, Bacon & Davis, Inc. on the basis of commercial value at September 30, 1927, \$38,267,500.00) and the Canada Cement Building at cost; with subsequent additions at cost and after deducting Depreciation Reserves of \$25,009,702.81.....	32,636,425.82
	<u>\$42,387,661.12</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable.....	\$ 591,384.13	
Bond Interest Accrued.....	31,875.00	
Preference Dividend declared of \$1.25 per share, payable December 20, 1944.....	251,086.25	
Government and other Taxes.....	448,331.02	\$ 1,322,676.40

FIRST MORTGAGE BONDS:

Authorized.....	\$20,000,000.00	
Issued Series "A".....	\$16,500,000.00	
Outstanding—		
4¼% Sinking Fund Bonds due 1951.....	\$10,500,000.00	
Less: Redeemed during year.....	1,500,000.00	9,000,000.00

MORTGAGE ON CANADA CEMENT BUILDING:

Repayable in semi-annual instalments and balance due in 1948.....	395,000.00
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RESERVES:

Fire Insurance.....	\$ 750,000.00	
Extraordinary Repairs and Renewals.....	350,000.00	
Industrial Accidents.....	57,000.00	
Contingent Reserve.....	400,000.00	1,557,000.00

PREFERENCE SHARES REDEMPTION RESERVE.....	55,900.00
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PREFERENCE SHARES—6½% SINKING FUND CUMULATIVE SHARES OF \$100.00 EACH, REDEEMABLE ON SIXTY DAYS' NOTICE:

Authorized (of which \$21,000,000.00 has been issued).....	\$25,000,000.00	
Outstanding.....		20,086,900.00
NOTE—Dividends are in arrears \$38.75 per share.		

COMMON SHARES:

600,000 Shares of No Par Value out of an authorized issue of 750,000 Shares.....	6,403,904.75
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EARNED SURPLUS:

As per statement attached.....	\$ 3,409,279.97
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DEFERRED SURPLUS:

Refundable portion of Excess Profits Tax.....	157,000.00	3,566,279.97
		<u>\$42,387,661.12</u>

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have made an examination of the books and accounts of Canada Cement Company Limited and its Subsidiary Companies for the year ending November 30, 1944, and have obtained all the information and explanations which we have required, and we report that, in our opinion, the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the affairs of Canada Cement Company Limited and its Subsidiary Companies at November 30, 1944, and that the Statement of Profit and Loss correctly sets forth the result of their combined operations, according to the best of our information and the explanations given to us and as shown by the books of the Companies.

APPROVED ON BEHALF OF THE BOARD:

J. D. JOHNSON, Director.
F. B. KILBOURN, Director.

PRICE, WATERHOUSE & CO.,
Auditors.

MONTREAL, January 3, 1945.

CANADA CEMENT COMPANY LIMITED
AND SUBSIDIARY COMPANIES

Consolidated Statement of Profit and Loss and Earned Surplus
for the year ending November 30, 1944

Profit from Operations after providing \$1,625,000.00 for Depreciation, but before deducting the undernoted items.....		\$ 2,191,678.26
Executive Remuneration.....	\$ 91,616.00	
Directors' Fees.....	10,800.00	
Legal Expenses.....	1,174.85	103,590.85
		\$ 2,088,087.41
Add: Income from Investments.....		69,297.95
		\$ 2,157,385.36
Deduct:		
Bond Interest (net).....	\$ 405,254.80	
Mortgage Interest.....	17,300.00	
Contribution to Pension Fund.....	100,000.00	
Proportion of Bond Refunding Expense.....	110,000.00	
Premium and Expenses on Bonds redeemed during year.....	33,714.90	
Provision for Income and Excess Profits Taxes.....	663,000.00	1,329,269.70
		\$ 828,115.66
Earned Surplus, November 30, 1943.....		3,585,509.31
		\$ 4,413,624.97
Deduct: Dividends on Preference Shares at \$5.00 per share.....		1,004,345.00
		\$ 3,409,279.97
		\$ 3,409,279.97