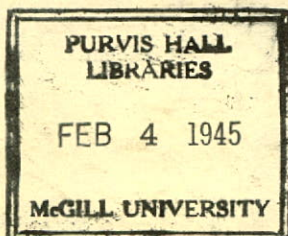


ANNUAL REPORT
OF THE
BOARD OF DIRECTORS



FOR THE FISCAL YEAR ENDING
NOVEMBER 30, 1945



CANADA CEMENT COMPANY LIMITED

Annual Report of the Board of Directors

TO THE SHAREHOLDERS:

Your Directors beg to present herewith the eighteenth Annual Statement of the affairs and financial position of your Company as at November 30, 1945.

Net Earnings, after providing for depreciation and income and excess profits taxes, amounted to \$1,080,146.11 as compared with \$828,115.66 in the preceding year. Earnings amounted to \$5.37 per share on the 6½% Preference Stock. (If the rate of excess profits tax as adopted in the recent Budget had been in effect during the year under review, the 6½% Preference dividend would have been earned by a small margin.) Preference dividends were paid during the year at the rate of \$5.00 per share.

Volume of business on the whole was quite substantial. While there was no large construction work under way, there was a great deal of building repairs, house building, etc., which kept up a steady demand for cement throughout the building season. The volume was 15½% higher than in the previous year.

The financial position of your Company remains satisfactory. The inventory of finished material was reduced quite materially during the year with a consequent increase in cash which shows a larger total than usual. This situation, however, will be reversed during the winter months; the cash will be required to again build up our stocks of cement.

During the war years your manufacturing plants have not had the usual maintenance on account of lack of materials and scarcity of labour. There has been, therefore, a large volume of delayed maintenance built up. Your Directors have authorized for the coming year a programme of replacements, repairs and renewals to plant and equipment amounting to \$3,300,000.00. The fulfillment of this programme in 1946 depends very largely on your Company's ability to get the materials needed for such a programme.

Production costs continue to be high with very little hope of any reduction. The situation in regard to the supply of coal for the manufacture of cement remains difficult and this may prove to be quite a serious factor for some time to come in connection with plant operations.

The prospects for building activity in the coming season are very good and it is not too much to expect that the demand for cement will equal 1945 and perhaps be something in excess of the year just closed.

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, 1945

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.....	\$ 2,139,993.82	
Accounts Receivable (less Bad Debts Reserve)—		
Customers' Accounts.....	\$ 777,646.61	
Other Accounts.....	56,348.71	833,995.32
Government Bonds (Market Value \$4,278,668.75).....	4,199,802.85	
Cash.....	2,063,522.94	\$ 9,237,314.93

INVESTMENT IN COMPANY'S OWN BONDS, at par.....	108,500.00
REFUNDABLE PORTION OF EXCESS PROFITS TAX.....	330,271.10
UNEXPIRED INSURANCE, PREPAID TAXES AND OTHER PREPAID EXPENSES.....	69,650.49
BOND REFUNDING EXPENSE (less amounts written off).....	660,000.00
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 \$26,624,702.81.....	31,387,229.52
	<u>\$41,792,966.04</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable.....	\$ 556,063.37	
Bond Interest Accrued.....	30,104.20	
Preference Dividend declared of \$1.25 per share, payable December 20, 1945.....	251,086.25	
Government and other Taxes.....	191,855.29	\$ 1,029,109.11

FIRST MORTGAGE BONDS:

Authorized.....	<u>\$20,000,000.00</u>	
Issued Series "A".....	<u>\$16,500,000.00</u>	
Outstanding—		
4¼% Sinking Fund Bonds due 1951.....	\$10,500,000.00	
LESS: Redeemed to date (of which \$500,000.00 were redeemed during year).....	2,000,000.00	8,500,000.00

MORTGAGE ON CANADA CEMENT BUILDING:

Repayable in semi-annual instalments and balance due in 1948.....	345,000.00
---	------------

RESERVES:

Fire Insurance.....	\$ 750,000.00	
Extraordinary Repairs and Renewals.....	350,000.00	
Industrial Accidents.....	56,800.00	
Contingent.....	400,000.00	1,556,800.00

PREFERENCE SHARES REDEMPTION RESERVE.....

PREFERENCE SHARES—6¼% SINKING FUND CUMULATIVE SHARES OF \$100.00 EACH, REDEEMABLE ON SIXTY DAYS' NOTICE:

Authorized (of which \$21,000,000.00 have been issued).....	<u>\$25,000,000.00</u>	
Outstanding.....		20,086,900.00

NOTE: Dividends are in arrears \$40.25 per share.

COMMON SHARES:

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

EARNED SURPLUS:

As per statement attached.....	\$ 3,485,081.08
--------------------------------	-----------------

DEFERRED SURPLUS:

Refundable portion of Excess Profits Tax.....	330,271.10	3,815,352.18
		<u>\$41,792,966.04</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, 1945, 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, 1945, 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.

PRICE, WATERHOUSE & CO.,
Auditors.

APPROVED ON BEHALF OF THE BOARD:

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

MONTREAL, December 20, 1945.

CANADA CEMENT COMPANY LIMITED
AND SUBSIDIARY COMPANIES

**Consolidated Statement of Profit and Loss and Earned Surplus
for the year ending November 30, 1945**

Profit from Operations after providing \$1,615,000.00 for Depreciation, but before deducting the undernoted items.....		\$ 3,403,301.60
Executive Remuneration.....	\$ 92,466.65	
Directors' Fees.....	10,680.00	
Legal Expenses.....	405.00	103,551.65
		\$ 3,299,749.95
Add: Income from Investments.....		72,473.35
		\$ 3,372,223.30
Deduct:		
Bond Interest (net).....	\$ 372,740.35	
Mortgage Interest.....	15,300.00	
Contribution to Pension Fund.....	100,000.00	
Proportion of Bond Refunding Expense.....	110,000.00	
Premium and Expenses on Bonds redeemed during year.....	9,036.84	
Provision for Income and Excess Profits Taxes (of which the Refundable Portion of Excess Profits Tax is \$171,000.00).....	1,685,000.00	2,292,077.19
		\$ 1,080,146.11
Net Profit, after Income and Excess Profits Taxes.....		3,409,279.97
Earned Surplus, November 30, 1944.....		\$ 4,489,426.08
		1,004,345.00
Deduct: Dividends on Preference Shares at \$5.00 per share.....		
		\$ 3,485,081.08
Earned Surplus, November 30, 1945.....		