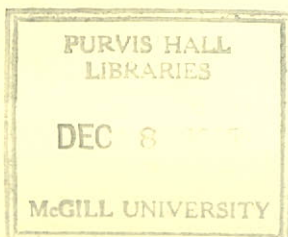


ANNUAL REPORT
OF THE
BOARD OF DIRECTORS



FOR THE FISCAL YEAR ENDING
NOVEMBER 30, 1943



CANADA CEMENT COMPANY LIMITED

Annual Report of the Board of Directors

TO THE SHAREHOLDERS:

Your Directors beg to present herewith the sixteenth Annual Statement of the affairs and financial position of your Company as at November 30th, 1943.

Net earnings after providing for depreciation and income taxes amounted to \$949,072.04 compared with \$1,412,726.62 in the preceding year. After adding back to net earnings of 1942 the refundable portion of Excess Profits Tax, the decrease is \$610,654.58.

Dividends paid during the year amounted to \$5.00 per share at the rate of \$1.25 per quarter on the 6½% Preference shares. Earnings on the Preference shares amounted to \$4.72 per share. The difference was made up from surplus.

The volume of business during the year was on the whole somewhat better than was anticipated due to certain developments in Alberta and British Columbia in connection with war contracts. In Ontario, Quebec and the Maritimes, where the bulk of our business is usually done, the volume dropped 29.4% from the previous year. Total business including export was down 21.5%.

Cost of production continued to increase, particularly in those items over which the Company has no control, such as coal, gypsum and repair materials.

At the beginning of the year, inventory of cement on hand was very low. As production of cement during the year just closed was very much higher than the volume shipped, cement inventory has now been brought back to normal.

The liquid position of the Company remains good but it should be pointed out that during the war years quite a large amount of capital expenditures and extraordinary repairs has been deferred. As soon as labour and materials are available the work in connection with these delayed items will need to be undertaken, and it may be necessary to draw on the liquid assets to finance them.

Distribution of your product was somewhat less complicated than during the previous year, although the Company still suffered from its inability to operate its boats in the usual channels, and from the fact that a considerable percentage of the business in Western Canada was out of the normal territory served by its plants.

The demand for your product is still downward and it is not anticipated that any material change in this trend will take place during the period of hostilities unless the present building restrictions should be lifted. The Company's estimates show that less cement will be consumed in Canada in 1944 than in 1943.

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, 1943

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.....	\$ 2,222,911.93	
Accounts Receivable (less Bad Debts Reserve)—		
Customers' Accounts.....	\$ 677,923.74	
Other Accounts.....	35,189.98	713,113.72
Government Bonds (Market Value \$4,463,137.50).....		4,434,573.90
Cash.....		1,498,744.27
		\$ 8,869,343.82

INVESTMENT IN COMPANY'S OWN BONDS, at par.....	93,500.00
REFUNDABLE PORTION OF EXCESS PROFITS TAX.....	157,000.00
UNEXPIRED INSURANCE, PREPAID TAXES AND OTHER PREPAID EXPENSES	62,440.60
BOND REFUNDING EXPENSE (less amounts written off).....	880,000.00

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 \$23,384,702.81.....	33,886,489.77
	<u>\$43,948,774.19</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable.....	\$ 485,775.02	
Bond Interest Accrued.....	37,187.50	
Preference Dividend declared of \$1.25 per share, payable December 20, 1943.....	251,086.25	
Government and other taxes.....	383,411.36	\$ 1,157,460.13

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

MORTGAGE ON CANADA CEMENT BUILDING:

Repayable in semi-annual instalments and balance due in 1948.....	445,000.00
---	------------

RESERVES:

Fire Insurance.....	\$ 750,000.00	
Extraordinary Repairs and Renewals.....	350,000.00	
Industrial Accidents.....	57,100.00	
Contingent Reserve.....	400,000.00	1,557,100.00

PREFERENCE SHARES REDEMPTION RESERVE.....	55,900.00
---	-----------

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).....	<u>\$25,000,000.00</u>	
Outstanding.....		20,086,900.00

NOTE—Dividends are in arrears \$37.25 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.....	\$ 3,585,509.31
--------------------------------	-----------------

DEFERRED SURPLUS:

Refundable portion of Excess Profits Tax.....	157,000.00	3,742,509.31
		<u>\$43,948,774.19</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, 1943, 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, 1943, 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, 1944.

CANADA CEMENT COMPANY LIMITED
AND SUBSIDIARY COMPANIES

Consolidated Statement of Profit and Loss and Earned Surplus
for the year ending November 30, 1943

Profit from Operations after providing \$1,750,000.00 for Depreciation, but before deducting the undernoted items.....		\$ 2,358,403.82
Executive Remuneration.....	\$ 91,110.00	
Directors' Fees.....	10,720.00	
Legal Expenses.....	2,323.14	104,153.14
		\$ 2,254,250.68
Add: Income from Investments.....		71,405.01
		\$ 2,325,655.69
Deduct:		
Bond Interest (net).....	\$ 442,283.65	
Mortgage Interest.....	19,300.00	
Contribution to Pension Fund.....	100,000.00	
Proportion of Bond Refunding Expense.....	110,000.00	
Provision for Income and Excess Profits Taxes.....	705,000.00	1,376,583.65
		\$ 949,072.04
Earned Surplus, November 30, 1942.....		3,640,782.27
		\$ 4,589,854.31
Deduct: Dividends on Preference Shares at \$5.00 per share.....		1,004,345.00
		\$ 3,585,509.31
		\$ 3,585,509.31