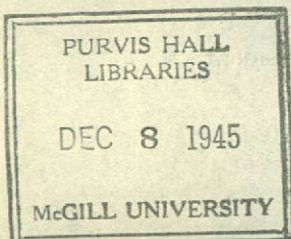


ANNUAL REPORT
OF THE
BOARD OF DIRECTORS



FOR THE FISCAL YEAR ENDING
NOVEMBER 30, 1934



CANADA CEMENT COMPANY LIMITED

Annual Report of the Board of Directors

TO THE SHAREHOLDERS:

Your Directors beg to present herewith statement of the affairs and the financial position of your Company for the fiscal year ending November 30th, 1934.

In Canada the year 1934 has been one of steady progress toward better business conditions. A marked improvement in many lines of business has taken place, and of particular gratification has been the development in the export trade of the country. Notwithstanding many unsolved problems, very substantial progress has been made from the depths of the depression, all of which is encouraging.

Referring more particularly to the building industry, in which you are vitally interested, some progress has been made, but less progress than in the majority of other lines of business. In no other important country is this industry at so low a point relatively as in Canada. It will be recalled, however, that the building industry in Canada was one of the industries that was late in feeling the effects of the depression and it is, therefore, probably natural that its revival should lag. The improvement which took place during the year is indicated by the building permits which increased 34% over 1933, a substantial improvement as expressed in percentage, but bearing in mind the extremely low volume of 1933, the volume increase is not of great proportions. It should be said the Public Works programme of the Federal Government will not be reflected in demand for materials in substantial quantities until 1935.

Your Company's business showed an increase in volume of sales during the year in line with the somewhat better conditions prevailing in the building industry. We might state that the total consumption of cement in Canada was on a very restricted scale. While improvement was made over the 1933 volume, the total sales were disappointing when compared with normal years.

The Balance Sheet presented herewith reveals the improvement that took place in the business of your Company in the period under review, showing, as it does, somewhat better earnings than during the previous year. After providing for bond interest, an amount of \$1,000,000.00 has been set aside for depreciation, and \$105,699.76 has been carried forward to surplus account. The liquid position of your Company has been still further improved showing a better ratio of current assets to current liabilities. Earnings were not sufficient during the year to justify any payment on the Preferred Stock. Preferred dividends, therefore, accrued during the year.

Miscellaneous income, which includes interest on investments, held up remarkably well, and accounts for a considerable proportion of your Company's earnings. The foreign exchange situation has been a great deal more favorable than in the years immediately preceding, so that the premium on foreign currency to cover bond interest payments was practically eliminated. Idle plant expense continues to be a heavy burden on account of the very low percentage of operation. No capital expenditures of any consequence were carried out during the year but your operating plants were maintained in their usual good condition.

It is difficult to make a forecast for the coming year, but, from information gained from various sources at your Company's command, we are inclined to believe that improvement in the building industry will be slow for the immediate future. Nevertheless, the year should show some improvement over that of 1934.

The results of the year's operations as shown in the Balance Sheet we trust will, under the circumstances, be considered satisfactory.

Respectfully submitted on behalf of the Board of Directors,

J. D. JOHNSON,
President.

CANADA CEMENT COMPANY LIMITED

Balance Sheet, November 30, 1934

ASSETS

CURRENT ASSETS:

Inventories as determined and certified to by the Management and valued at or below cost which is below market.....	\$ 1,408,457.45	
Accounts Receivable (less Bad Debt Reserve):		
Customers' Accounts.....	\$ 284,598.32	
Other Accounts.....	56,564.79	341,163.11
Loans to Employees for purpose of purchase of Company's Shares.....		16,008.20
Deposits on Tenders.....		5,797.86
Securities Deposited with Workmen's Compensation Commission.....		5,000.00
Government Bonds (Market Value, \$1,263,767.50).....		1,228,015.63
Cash.....		1,600,547.81
		<u>\$ 4,604,990.06</u>

INVESTMENTS IN AND ADVANCES TO SUBSIDIARY COMPANIES:

Shares and Bonds, less amounts written off.....	\$ 2,615,679.67	
Advances.....	873,264.59	3,488,944.26

OTHER INVESTMENTS:

Company's Own Bonds (at par).....	\$ 526,000.00	
Miscellaneous Investments at book value, less amounts written off.....	85,783.50	611,783.50

UNEXPIRED INSURANCE, PREPAID TAXES AND OTHER PREPAID EXPENSES.....

64,970.20

PROPERTY ACCOUNT:

Land, Buildings, Plant, Equipment, etc., as appraised by Messrs. Ford, Bacon & Davis, Inc., on the basis of commercial value at September 30, 1927, \$38,267,500.00, with the cost of subsequent additions, less Depreciation written off.....		38,382,005.93
		<u>\$47,152,693.95</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable.....	\$ 322,010.11	
Bond Interest accrued and Unpresented Coupons.....	113,611.88	
Provision for Dominion, Provincial and Other Taxes.....	71,772.38	\$ 507,394.37

RESERVES:

Fire Insurance.....	\$ 750,000.00	
Extraordinary Repairs and Renewals.....	175,000.00	
Cloth Sacks Outstanding.....	150,000.00	
Industrial Accidents.....	60,800.00	
Contingent Reserve.....	250,000.00	1,385,800.00

FIRST MORTGAGE SINKING FUND GOLD BONDS 5½% SERIES "A" DUE 1947:

Authorized.....	\$30,000,000.00	
Issued.....	\$20,000,000.00	
Less: Redeemed through Sinking Fund.....	2,232,500.00	17,767,500.00

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).....	\$25,000,000.00	
Outstanding.....		20,086,900.00

NOTE: No dividend has been paid since May 31, 1932.

PREFERENCE SHARES REDEMPTION RESERVE.....

55,900.00

COMMON SHARES:

600,000 Shares of No Par Value, out of an authorized issue of 750,000 shares, issued at the incorporation of the Company in 1927.....		6,403,904.75
---	--	--------------

EARNED SURPLUS:

Profit and Loss Account for the year ending November 30, 1934:		
Profits from Operations.....	\$ 1,886,275.74	
Interest, including Interest on the Company's holdings in its own Bonds.....	207,837.85	
	\$ 2,094,113.59	
Deduct: Bond Interest.....	1,002,193.96	
	\$ 1,091,919.63	
Deduct:		
Depreciation written off Property Account.....	\$ 1,000,000.00	
Reserve for Extraordinary Repairs and Renewals.....	25,000.00	
Directors' Fees.....	11,755.00	1,036,755.00
	\$ 55,164.63	
Adjustments in respect of prior years.....	50,535.13	
	\$ 105,699.76	
Balance of Surplus, November 30, 1933.....	839,595.07	945,294.83
		<u>\$47,152,693.95</u>

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have made an examination of the books and accounts of the Canada Cement Company Limited for the year ending November 30, 1934, and have obtained all the information and explanations which we have required; and we report that, in our opinion, the Balance Sheet at November 30, 1934, is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs, before making full provision against the year's operations for Depreciation of Plant and Equipment, according to the best of our information and the explanations given to us and as shown by the books of the Company.

The Assets and Liabilities of the National Cement Company and of the St. Lawrence Land Company are not included in the above statement and in accordance with Section 114 of the Companies' Act, 1934, we report that the aggregate net losses of these subsidiary companies for the current year (in the case of the National Cement Company before making provision for Depreciation and after crediting adjustments in respect of prior years) have been provided for in the Profit and Loss Account of the Canada Cement Company Limited; and that the Balance Sheet of the National Cement Company contains a qualification by the Auditors that no provision has been made to write down the value of Plant and Equipment.

APPROVED ON BEHALF OF THE BOARD:

J. D. JOHNSON, Director.
H. L. DOBLE, Director.

PRICE, WATERHOUSE & CO.,
Auditors.

Montreal, December 18, 1934.

