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**CANADIAN
CAR & FOUNDRY
COMPANY
LIMITED**

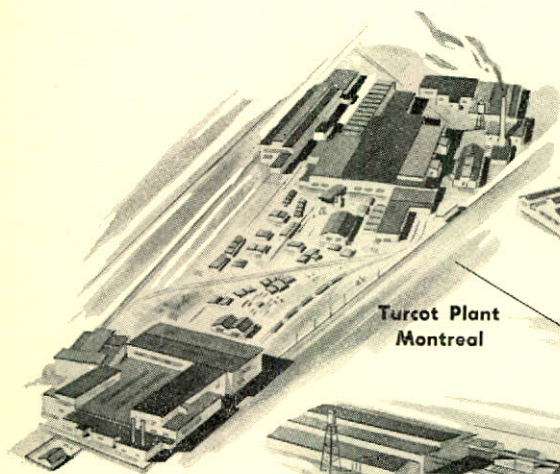
**THIRTY-SEVENTH
ANNUAL
REPORT
1946**

MONTREAL - CANADA

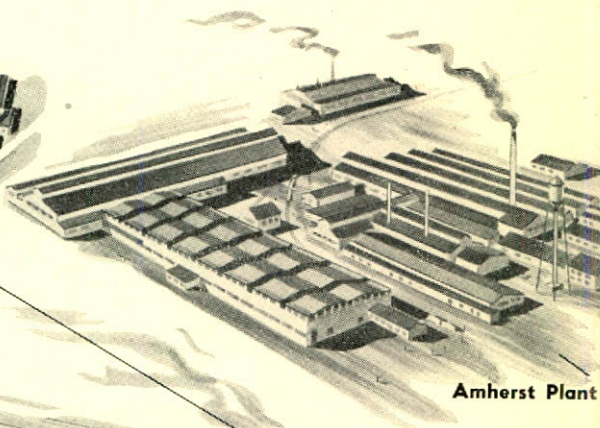
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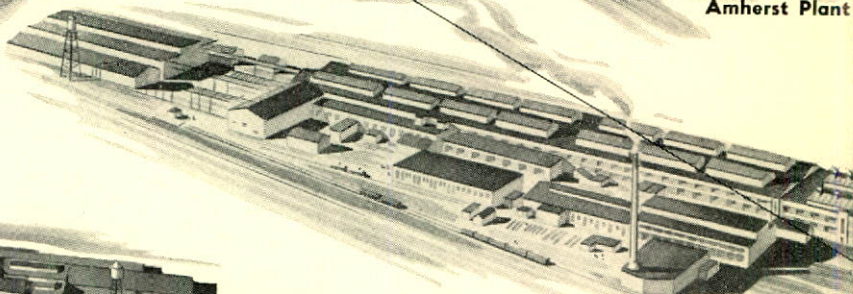
McGILL UNIVERSITY



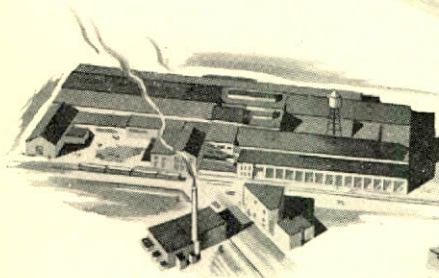
**Turcot Plant
Montreal**



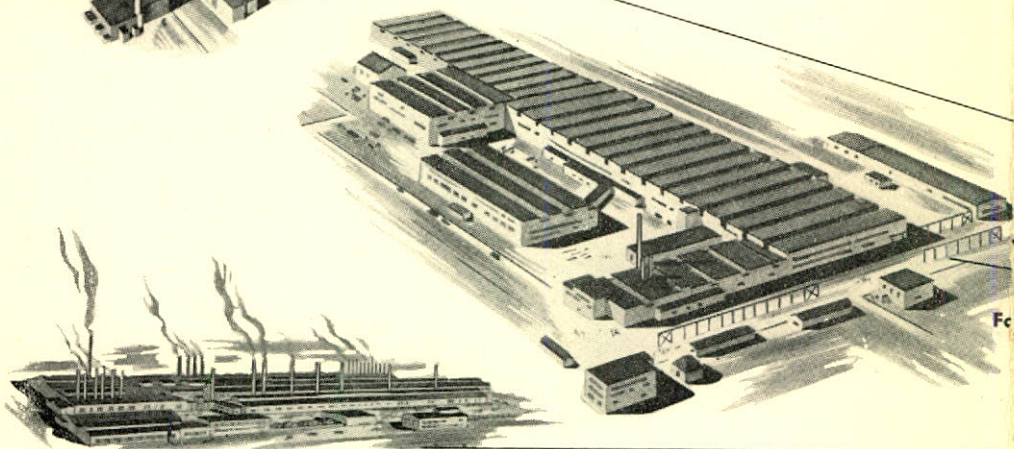
Amherst Plant



**Dominion Plant
Montreal**



**Pointe St. Charles Plant
Montreal**



Brantford Plant

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CANADIAN CAR & FOUNDRY COMPANY, LIMITED



BOARD OF DIRECTORS

W. F. ANGUS	W. A. EDEN
HON. C. P. BEAUBIEN, K.C.	G. BLAIR GORDON
W. H. COVERDALE	WILLIAM HARTY
V. M. DRURY	J. C. NEWMAN
COLIN W. WEBSTER	

OFFICERS

V. M. DRURY, *President*

WILLIAM HARTY	- - -	<i>Executive Vice-President</i>
W. F. ANGUS	- - -	<i>Vice-President</i>
LYLE MCCOY	- - -	<i>Vice-President and General Manager</i>
DONALD H. FORSYTH	- - -	<i>Secretary</i>
A. HODGKINSON	- - -	<i>Comptroller and Treasurer</i>

SOLICITORS

WAINWRIGHT, ELDER & LAIDLEY, MONTREAL



AUDITORS

PRICE, WATERHOUSE & Co.



BANKERS

BANK OF MONTREAL
THE ROYAL BANK OF CANADA



GENERAL OFFICES

621 CRAIG STREET WEST, MONTREAL

THIRTY-SEVENTH ANNUAL REPORT

Year Ending September 30th, 1946



TO THE SHAREHOLDERS:

Your Directors submit herewith the thirty-seventh annual report of your Company and its wholly owned subsidiary Companies covering combined operations for the year ending September 30th, 1946.

The net profit for the year amounts to \$1,215,538.48 after providing for depreciation and Income Tax, which compares with a profit of \$1,217,491.52 in the previous year.

The net working capital is \$6,374,747.09, being a decrease of \$1,276,873.06 from that of 1945.

This decrease is mainly accounted for by the re-organization of the Company's Capital Stock which took place during the fiscal year, when all the outstanding Preference Shares were called at the redemption price of \$35.00 per share, which included a premium of \$10.00 per share.

In order to carry out such redemption of the Preference Stock the Company's Capital Stock was re-organized and an issue of 500,000 shares of Convertible Non-Callable Class "A" Shares (\$20. par value) was authorized by the Shareholders on February 19th, 1946. These shares carry a non-cumulative preferential dividend of \$1.00 per share per annum, when declared by the Directors. 400,000 shares of this issue were sold on a satisfactory basis.

The Government has completed the renegotiation of all the Company's wartime business up to September 30th, 1946, and the results are reflected in the accounts.

During the year the balance of the capital expenditure authorized in the year 1945, amounting to \$1,425,000.00, was expended and the projects on which these expenditures were made are now completed and in operation.

All the operations of the Company were interfered with and considerably restricted during the past year by the shortage of materials caused by strikes in companies supplying us with such materials. None of your plants were closed as the result of strikes within the organization. All plants of the Company have been properly maintained and are in good operating condition. The new capital expenditures provided improvements and extensions which will enable the plants to be operated more efficiently.

Orders on hand will occupy the bulk of the Company's facilities for the first few months of 1947 and prospects for both domestic and export work for the remainder of the year are good.

The prototype aircraft CBY-3, henceforth to be known as the "Loadmaster", has completed all test flights necessary for certification by the Department of Transport, Civil Aviation Branch, in Ottawa, and the issuance of a Type Certificate is expected shortly.

During the year the Company purchased all the shares of Noorduyn Norseman Aircraft, Limited, which carried world rights to the Noorduyn Norseman design. Since then production has been proceeding on this type of aircraft.

The demand for the Company's new buses has been gratifying and up to the end of September, 1946, 238 buses have been delivered with substantial orders still on the books for delivery during 1947.

The Agency of Canadian Car & Foundry Company, Limited has not received any further payments on the sum of approximately \$9,000,000.00 and interest, due under the Mixed Claims Commission award of 1939, but every effort is being made to obtain payment of this claim.

Your partly owned subsidiary Company, Canadian General Transit Company, Limited has had another successful year.

Your Directors extend a warm welcome to the many employees who have returned from service in the Armed Forces and take this opportunity to say how much they appreciate having them back. Shareholders will be interested to know that all who have applied for and who were entitled to re-instatement have been re-employed.

Your Directors also wish to thank all officers and employees for their efficient and loyal support to the Company during the past year.

For the Directors,

V. M. DRURY,
President.

MONTREAL, December 12th, 1946.

CANADIAN CAR & FOUN

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ASSETS

CURRENT ASSETS:

Cash on hand and with bankers.....	\$	176,909.53	
Investment in Government Bonds (Market Value \$194,210.63).....		191,000.00	
Accounts Receivable (Less Reserve \$50,000.00) ..		4,938,660.30	
Stock of manufactured and partly manufactured products, materials and supplies, certified by responsible officials of the Company, valued at cost or market prices, whichever were lower (Less Reserve \$230,000.00).....		12,447,751.60	\$17,754,321.43

DEFERRED CHARGES..... 165,442.81

INVESTMENT IN AND ADVANCES TO PARTLY OWNED SUBSIDIARY COMPANY:

Investment at Cost.....	\$	470,625.00	
Current Account.....		36,580.59	507,205.59

INVESTMENT IN CENTRAL AIRCRAFT COR-
PORATION, AT COST..... 75,000.00

CAPITAL ASSETS:

Land, Buildings, Machinery and Equipment at depreciated reproductive values as appraised in 1930 by the Canadian Appraisal Company, Limited, plus the cost of subsequent additions (net)			
Land.....	\$	1,851,116.57	
Buildings, Machinery and Equip- ment.....		\$19,552,694.98	
Less: Reserve for depreciation provided since above date.....		5,001,055.44	14,551,639.54

NOTE: The net property value subject to
future depreciation for Income Tax pur-
poses is approximately \$8,300,000.00.

Expenditure re War Contracts sub- ject to Special Depreciation.....	\$	6,012,701.38	
Less: Special Depreciation thereon		6,012,701.38	—
			16,402,756.11

DEFERRED ACCOUNT RECEIVABLE:

Refundable Portion of Excess Profits Taxes.....	\$	968,639.92	
Less: Adjustment arising out of renegotiation of war business to September 30, 1946.....		268,881.91	699,758.01
			<u>\$35,604,483.95</u>

Approved on behalf of the Board:

V. M. DRURY, Director

W. F. ANGUS, Director

DRY COMPANY, LIMITED

SUBSIDIARY COMPANIES

BALANCE SHEET

September 30, 1946

(CANADIAN DOLLARS)

LIABILITIES

CURRENT LIABILITIES:

Bank Loans (Secured under Section 88 of the Bank Act).....	\$ 6,098,000.00	
Accounts Payable and Accrued Liabilities.....	4,586,475.81	
Provision for Income and other Taxes.....	683,276.73	
Amount due re exchange of Preference Shares under Arrangement dated December 1, 1942.....	11,821.80	\$11,379,574.34

OPERATING AND MISCELLANEOUS RESERVES

301,000.00

CAPITAL STOCK:

Convertible Non-callable Class "A":

Authorized 500,000 Shares of \$20.00 each..... \$10,000,000.00

Issued 400,000 Shares of \$20.00 each..... \$ 8,000,000.00

NOTE: The 269,992 Cumulative Participating (Redeemable) Preference Shares outstanding at September 30, 1945, were called for redemption on February 18, 1946, as confirmed by Supplementary Letters Patent dated February 20, 1946. Of these shares 10,999 have not yet been presented for payment and funds are held by the Company's bankers in trust therefor.

Ordinary:

Authorized 1,200,000 Shares of no par value
Issued 365,800 Shares of no par value.... 9,145,000.00 17,145,000.00

SURPLUS ACCOUNTS:

Capital Surplus—Properties

Balance at September 30, 1945.. \$ 706,647.87
Less: Proportion of Net Loss in respect of Properties Sold and Equipment Scrapped during the year..... 15,104.96 \$ 691,542.91

Earned Surplus—Per attached statement..... 5,387,608.69

Refundable Portion of Excess Profits Taxes (Per Contra)..... 699,758.01 6,778,909.61

CONTINGENT LIABILITY—A suit was entered in the year 1944 against the Agency of Canadian Car and Foundry Company, Limited, by the Estate of W. W. Butler, a former President of that Company, for additional compensation in the amount of \$1,168,000.00. The Company does not admit liability in respect of such claim and on the advice of counsel it is being contested.

\$35,604,483.95

A. HODGKINSON,
Comptroller and Treasurer

Submitted with our Report to Shareholders
of December 17, 1946.

PRICE, WATERHOUSE & CO.,
Auditors.

CANADIAN CAR & FOUNDRY COMPANY, LIMITED

AND WHOLLY OWNED SUBSIDIARY COMPANIES



CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS FOR THE YEAR ENDING SEPTEMBER 30, 1946

Combined net operating profit for the fiscal year ending September 30, 1946, before taking into account the items shown below..		\$2,980,225.22
ADD:		
Dividend received from Partly Owned Subsidiary Company.....	\$ 188,250.00	
Income from Investments.....	11,289.49	199,539.49
Total Revenue.....		\$3,179,764.71
DEDUCT:		
Fees of Directors and Executive Committee..	\$ 10,160.00	
Compensation of Officers.....	123,728.00	
Legal Expenses.....	20,553.22	154,441.22
Profit for the fiscal year before providing for Depreciation and Income Tax.....		\$3,025,323.49
DEDUCT: Provision for Depreciation:		
Loss arising through disposal of Capital Assets	\$ 115,466.54	
Normal Depreciation.....	722,322.00	
Special Depreciation.....	120,996.47	958,785.01
		\$2,066,538.48
DEDUCT:		
Provision for Income Tax.....		851,000.00
Net Profit for the Year.....		\$1,215,538.48
SURPLUS AT SEPTEMBER 30, 1945.....		\$7,201,483.44
Add: Amount transferred from Capital Surplus Preference Stock Redemption.....	250,200.00	7,451,683.44
		\$8,667,221.92
DEDUCT:		
Premium paid on redemption of Preference Shares and Expenses of Capital Re-organization.....	\$2,741,775.37	
Less: Premium received on the issue of 400,000 Convertible Non-callable Class "A" Shares	400,000.00	
	\$2,341,775.37	
Adjustment arising out of renegotiation of War Business to September 30, 1946.....	264,233.70	2,606,009.07
		\$6,061,212.85
DEDUCT:		
Dividends paid on—		
Old Preference Shares.....	\$ 213,886.16	
Convertible Non-callable Class "A" Shares.	200,000.00	
Ordinary Shares.....	259,718.00	673,604.16
BALANCE OF SURPLUS AT SEPTEMBER 30, 1946.....		\$5,387,608.69

AUDITORS' REPORT TO THE SHAREHOLDERS OF
CANADIAN CAR & FOUNDRY COMPANY, LIMITED

We have examined the consolidated balance sheet of the Canadian Car & Foundry Company, Limited, and its wholly owned subsidiary companies as at September 30, 1946, and the relative consolidated statement of profit and loss and earned surplus. In connection therewith we have examined or tested the accounting records of these companies and other supporting evidence and have received all the information and explanations we have required but we did not make a detailed audit of all the transactions.

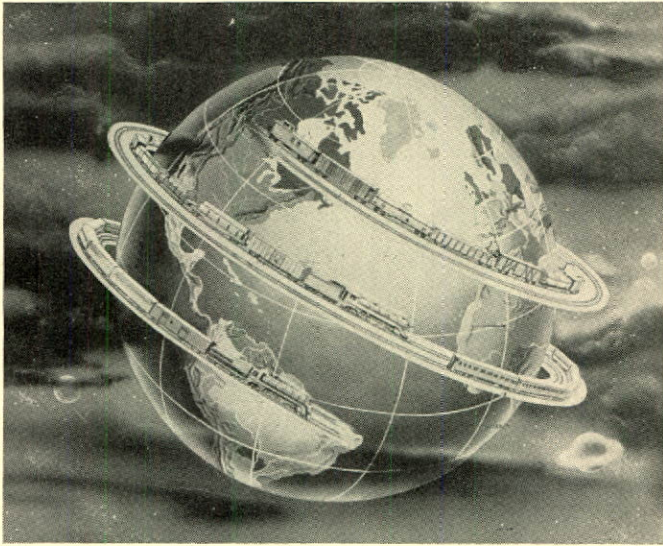
The liability for Dominion Income and Excess Profits Taxes for the years subsequent to 1942, for which the Management has made provision deemed adequate, is subject to final determination by the taxation authorities. Provision for depreciation for the year has been made in the amount of \$843,318.47 which is the amount allowed for income tax purposes.

On the above basis we report that the attached consolidated balance sheet is, in our opinion, properly drawn up so as to exhibit a true and correct view of the combined state of affairs of the Canadian Car & Foundry Company, Limited, and its wholly owned subsidiary companies as at September 30, 1946, according to the best of our information and the explanations given to us and as shown by the books of the companies; and that the relative consolidated statement of profit and loss and earned surplus fairly presents the results of the combined operations of the companies.

In accordance with the provisions of Section 114 of the Companies Act 1934, we also report that the dividend received from the partly owned subsidiary and included in the attached accounts represents, in part, the earnings of the subsidiary for the year and, in part, a distribution from its accumulated profits of prior years.

PRICE, WATERHOUSE & Co.,
Auditors.

MONTREAL, December 17, 1946.

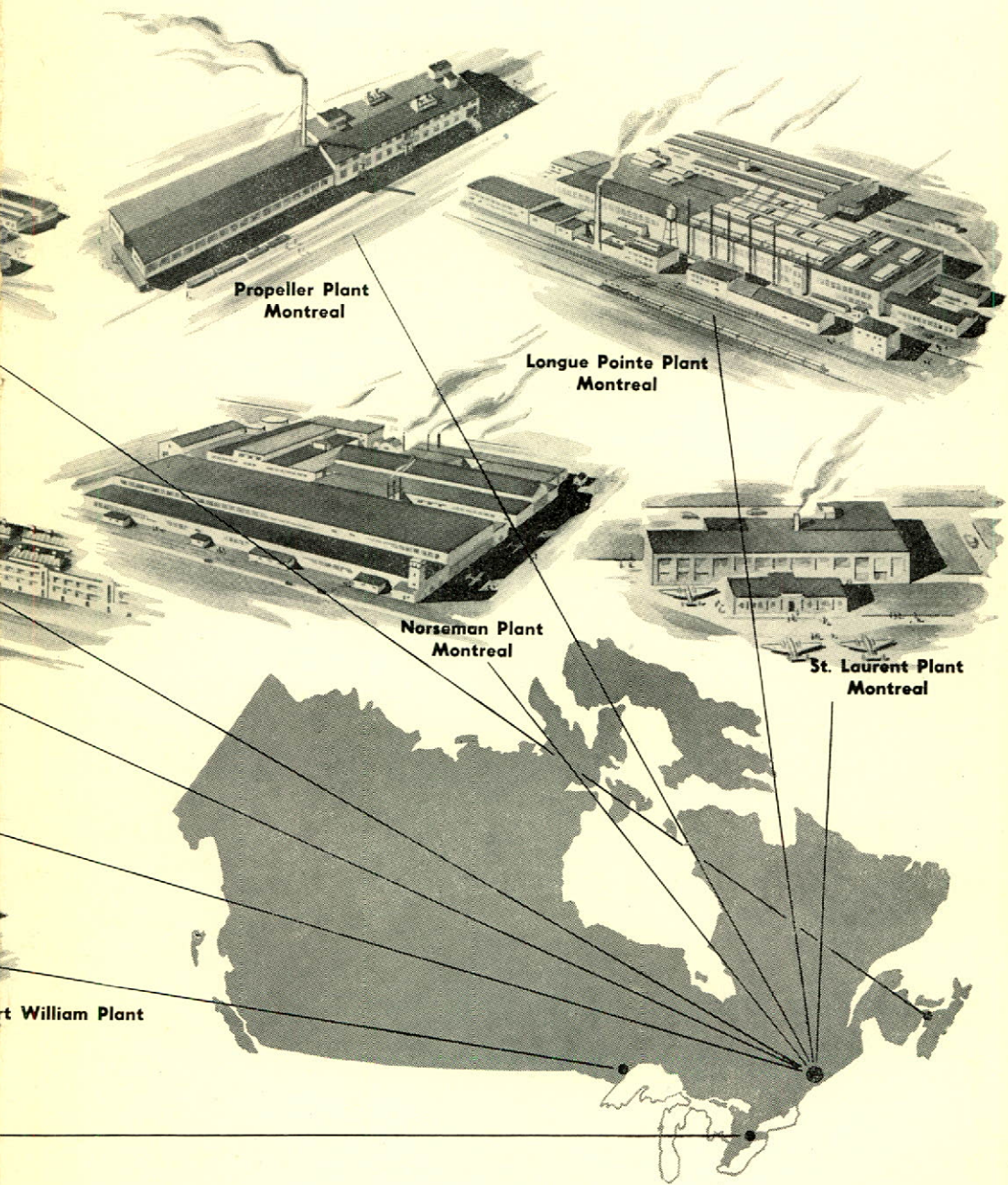


AROUND THE WORLD WITH CANADIAN CAR

In view of the importance to Canada of foreign markets it is of interest to record that orders for export have always played an important part in our production picture. Many thousands of railway cars both passenger and freight of every type have been produced over the years for the export market, plus mine cars and other equipment.

Countries which are represented in our export operations include: Great Britain, the U.S.A., Russia, India, South Africa, Rhodesia, Nigeria, Belgian Congo, Newfoundland, Belgium, West Indies, British Guiana, Brazil, France, Tunisia, French Morocco, Central America, Portuguese East Africa, China, Mexico and Egypt.

Through representative agents, located at key global points, we are able to maintain constant contacts throughout the world. The value of export business is fully realized and every effort is being made to expand our operations in foreign fields.



**Propeller Plant
Montreal**

**Longue Pointe Plant
Montreal**

**Norseman Plant
Montreal**

**St. Laurent Plant
Montreal**

Port William Plant

