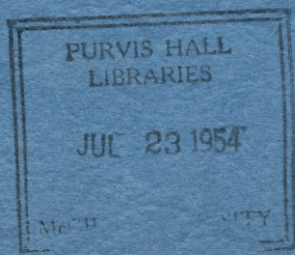


Steel

CANADA
IRON FOUNDRIES
LIMITED



ANNUAL
REPORT
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CANADA IRON FOUNDRIES
LIMITED



Directors

J. A. KILPATRICK	- - - - -	Montreal, P.Q.
C. L. JOBB	- - - - -	Montreal, P.Q.
T. McC. HUTCHISON	- - - - -	Montreal, P.Q.
D. W. FRASER	- - - - -	New York, N.Y.
W. J. LANGSTON	- - - - -	Montreal, P.Q.
A. CROSS	- - - - -	Montreal, P.Q.
A. McCALL	- - - - -	Montreal, P.Q.

Officers

J. A. KILPATRICK
Chairman of the Board

C. L. JOBB
President

W. J. LANGSTON
*Vice-President
and General Manager*

M. S. GROGAN
Secretary-Treasurer

General Offices

921 SUN LIFE BUILDING
MONTREAL, P.Q.

TWENTY-FIFTH ANNUAL REPORT
OF THE DIRECTORS OF
CANADA IRON FOUNDRIES, LIMITED

YEAR ENDED DECEMBER 31st, 1940

*Submitted to the Shareholders at the Annual General Meeting
of the Company at Montreal, April 30th, 1941*

Herewith your Board of Directors submit Report of the Company's operations for the year ended December 31st, 1940, with Profit and Loss Account and Balance Sheet as certified to by your Auditors.

Profit on operations of \$674,261.06, after deducting selling and administration expenses, compares with a profit of \$399,694.28 for the previous year, being an increase of \$274,566.78 for the period under review.

During the year your Company has furnished a considerable volume of rolling mill equipment and heavy machinery to the War Supply Board as well as to Steel Mills and other heavy industries engaged in war work. This has resulted in a large increase in tonnage of grey iron castings sold and an increased output from Machine Shops, as compared with 1939, the increase in earnings being very largely from these two departments.

Your subsidiary Foundry Plants have furnished a large tonnage of grey iron castings to Machine Tool builders and other industries, also having an increased output from their Machine Shops and a small increase in the tonnage of car wheels and cast iron pipe sold as compared with 1939, the increase in earnings being reflected in dividends received from these subsidiaries of \$302,700.00 as compared with \$115,270.00 for 1939.

Expenditures on Capital Account during the year amounted to \$125,000.00. The greater part of these expenditures was made at the Three Rivers Plant on enlarging the Machine Shop and installation of additional Machine Tools. A small portion was expended at the St. Thomas and Hamilton Plants, increasing grey iron Foundry facilities.

Estimated liability of your Company and subsidiaries for Federal and Provincial Taxes for 1940 amounts to \$644,339.50, this being equivalent to \$11.76 per share on the total outstanding Capital of your Company as compared with \$2.53 per share in 1939.

A dividend of 6% on both the Preference and Common Shares has been declared. 3% on the Preference and 1½% on the Common Shares was paid on November 1st, 1940, the balance on both classes of Shares being payable on April 15th to Shareholders of record March 31st, 1941.

The total earnings of the year of \$988,171.38, when added to the balance of \$1,106,870.82 brought forward, amount to \$2,095,042.20, which after providing for all charges, also dividends on the Preference and Common Shares, leaves a balance to be carried forward to Earned Surplus Account of \$1,294,944.78.

All Plants of your Company have been kept in a good state of repair.

Your Directors desire to record here their appreciation of loyal and faithful service rendered by all employees and members of the Staff during the year under review.

Submitted on behalf of the Board. •

March 24th, 1941.

C. L. JOBB,
President.

CANADA IRON FOUNDRIES, LIMITED

BALANCE SHEET, 31st DECEMBER, 1940

ASSETS

CAPITAL ASSETS:

Real Estate, Buildings, Machinery, etc., and Goodwill (acquired 1st October, 1915) at Cost, Plus Additions, less Realizations to date.....	\$6,525,583.06	
Less: Reserve for Depreciation.....	3,303,647.62	
		\$3,221,935.44

SHARES IN AND AMOUNTS OWING BY SUBSIDIARY COMPANIES:

Shares—At Cost or under.....	\$2,955,647.25	
Amounts owing.....	85,000.00	
		3,040,647.25

CURRENT ASSETS:

Inventories—as determined and certified by responsible officials of the Company and valued as follows:		
Raw Materials and Supplies, at the lower of Cost or Market, Work in Progress and Manufactured Product, at Manufacturing Cost.....	908,237.66	
Accounts Receivable, less Reserve for Doubtful Debts.....	963,155.04	
Government Bonds and other Marketable Securities, at Cost less Reserve..... (Market Value \$150,663.00)	155,885.78	
Other Securities, at Cost.....	26,724.64	
Cash in Banks and on Hand.....	333,681.89	
		2,387,685.01

DEFERRED CHARGES TO FUTURE OPERATIONS:

Insurance, Taxes, etc., unexpired.....	1,460.58	
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\$8,651,728.28

LIABILITIES

CAPITAL STOCK:

Authorized:

45,000—6% Non-Cumulative Preference Shares of \$100.00 each.....	\$4,500,000.00	
18,000—Common Shares of \$100.00 each.....	1,800,000.00	
		\$6,300,000.00

Issued:

38,778—6% Non-Cumulative Preference Shares of \$100.00 each.....	\$3,877,800.00	
15,989 Common Shares of \$100.00 each.....	1,598,900.00	
		\$5,476,700.00

(Note: The Preference Shares are subject to redemption by tender, at prices not exceeding \$100.00 per share).

CURRENT LIABILITIES:

Accounts Payable, Pay Rolls, etc.....	\$ 389,846.74	
Provision for Income and Excess Profits Taxes....	335,345.40	
Dividend of 3% on Preference Shares payable 15th April, 1941.....	116,334.00	
Dividend of 4½% on Common Shares payable 15th April, 1941.....	71,950.50	
Unclaimed Dividends.....	19,475.12	
		932,951.76

UNCLAIMED WAGES AND OTHER UNADJUSTED CLAIMS 11,131.74

GENERAL RESERVE..... 936,000.00

EARNED SURPLUS:

Balance as per Statement herewith.....	1,294,944.78	
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Approved on behalf of the Board:

(Signed), CHAS. L. JOBB D. W. FRASER	} Directors.	\$8,651,728.28
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To the Shareholders:

CANADA IRON FOUNDRIES LIMITED—

We have examined the books and accounts of Canada Iron Foundries Limited for the year ended 31st December, 1940 and have obtained all the information and explanations we have required. In our opinion, the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs, according to the best of our information and the explanations given to us and as shown by the books of the Company.

Pursuant to Section 114 of the Dominion Companies' Act we report that all Subsidiary Companies made Profits during the year and the Profits of Canada Iron Foundries, Limited for the year ended 31st December, 1940, include such Profits to the extent of the Dividends received from two Subsidiary Companies. Profits earned during the year by the remaining Subsidiary Companies have not been included in the above accounts.

In our opinion the dividends received from the two Subsidiary Companies included in the Profit and Loss Account exceed the Company's proportion of Profits for the year, as shown by the Accounts of Subsidiary Companies, by \$19,406.21.

Montreal, 11th March, 1941.

(Sgd.) STEVENSON, WALKER, KNOWLES & CO.,
Auditors.

CANADA IRON FOUNDRIES, LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER, 1940

Dr.		Cr.
To Provision for Income and Excess Profits Taxes.....	\$ 332,000.00	
" Executive Remuneration paid to Salaried Directors.....	73,124.99	
" Depreciation on Plant and Machinery.....	59,038.99	
" Provision for Bad and Doubtful Debts.....	5,000.00	
" Legal Fees.....	589.94	
" Net Profit for the Year carried to Statement of Earned Surplus..	518,417.46	
	<u>\$ 988,171.38</u>	
		By Profit on Operations after deducting Selling and Administrative Expenses.....
		\$ 674,261.06
		" Dividends—Subsidiary Companies.....
		302,700.00
		" Interest on Government Bonds and other Securities.....
		11,210.32
		<u>\$ 988,171.38</u>

Statement Pursuant to Section 113 (1) Dominion Companies Act:

The total remuneration received by Directors of the Company (excluding Salaried Directors) including amounts paid by Subsidiary Companies amounted to \$4,000.00.

STATEMENT OF EARNED SURPLUS

FOR THE YEAR ENDED 31ST DECEMBER, 1940

To Dividend of 6% on Preference Shares.....	\$ 232,668.00	By Balance as at 31st December, 1939.....	\$1,106,870.82
" Dividend of 6% on Common Shares.....	95,934.00	" Net Profit for the Year as per Profit and Loss Account.....	518,417.46
" Loss on Sale of Securities.....	1,741.50		
" Balance as per Balance Sheet.....	1,294,944.78		
	<u>\$1,625,288.28</u>		<u>\$1,625,288.28</u>

Audited and Verified.

STEVENSON, WALKER, KNOWLES & CO.,

Auditors.

MONTREAL, 11TH MARCH, 1941.



