

Canadian Marconi Company

*Directors for the year ending
December 31, 1938*

J. A. BOYD, ESQ.
D. C. COLEMAN, ESQ.
A. E. DYMENT, ESQ.
A. H. GINMAN, ESQ.
DR. MILTON L. HERSEY
GORDON W. MACDOUGALL, ESQ., K.C.
H. J. SYMINGTON, ESQ., K.C.

President:

A. H. GINMAN, ESQ.

Vice-Presidents:

DR. MILTON L. HERSEY
J. A. BOYD, ESQ.

Secretary:

JAMES FERGUS, ESQ., F.C.I.S.

Registrars:

MONTREAL TRUST COMPANY

Transfer Agents:

CHARTERED TRUST & EXECUTOR CO.

Auditors:

PRICE, WATERHOUSE & CO.

Canadian Marconi Company

ANNUAL REPORT
for the year ending
December 31, 1938

*Notice of Annual General
Meeting of Shareholders.*

The Annual General Meeting of the Shareholders of Canadian Marconi Company will be held at the Head Office of the Company, Marconi Building, 211 St. Sacramento Street, Montreal, on Friday the twenty-eighth day of April, 1939, at 11.30 o'clock in the forenoon, to receive the report of the Directors and Auditors; to elect Directors for the ensuing year; to appoint Auditors; and for the transaction of such other business as may properly come before the Meeting.

By order of the Board.

JAMES FERGUS,
Secretary.

Montreal, March 30, 1939.
211 St. Sacramento Street.

CANADIAN MARCONI COMPANY
(LIMITED LIABILITY)

THIRTY-SIXTH ANNUAL REPORT



MARCONI BUILDING
MONTREAL

CANADIAN MARCONI COMPANY

(LIMITED LIABILITY)

HEAD OFFICE: MARCONI BUILDING
MONTREAL

General Manager:

R. M. BROPHY

Deputy General Manager:

S. M. FINLAYSON

Secretary:

JAMES FERGUS, F.C.I.S.

Comptroller:

A. UNDERWOOD

Chief Engineer:

L. S. PAYNE

Chief Accountant:

W. HOPKINS

General Sales Manager:

M. M. ELLIOTT

Marine and Inland Services:

W. J. GRAY, *Manager*

Traffic Manager:

P. J. MURPHY

Factory Manager:

J. A. BECKINGHAM

Publicity Department:

H. S. PUTNAM

Patent Department:

H. E. DUNN

DIVISIONAL OFFICES

British Columbia:

L. S. HAWKINS, *Manager*,
500 Beatty Street,
Vancouver, B.C.

Mid-Western:

W. F. SOUCH, *Manager*,
356 Main Street,
Winnipeg, Man.

Ontario:

G. F. EATON, *Manager*,
92 Adelaide St. West,
Toronto, Ont.

Maritimes:

F. T. WINTER, *Manager*,
47 Argyle Street,
Halifax, N.S.

Newfoundland:

J. J. COLLINS, *Manager*,
New Gower and Adelaide Sts.,
St. John's.

CANADIAN MARCONI COMPANY

(LIMITED)

BALANCE SHEET — DECEMBER 31, 1938

ASSETS

Property, Plant and Equipment: At revised values placed thereon by the Directors as at December 31, 1924, with the cost of subsequent additions..... Less: Depreciation Reserve.....	\$2,736,145.39 1,245,397.81 \$1,490,747.58
Patents and Patent Rights: At revised values placed thereon by the Directors as at December 31, 1924, with the cost of subsequent additions, less amounts written off..... Investments in Associated Companies..... Deferred Accounts Receivable.....	1,937,500.00 106,250.00 37,805.36
Current Assets: Inventories of manufactured stock, work in process, materials and supplies, at the lower of cost or market value, as determined and certified by responsible officials, less reserves..... Accounts Receivable (less reserve)..... Dominion Government and Canadian Railway Bonds at cost..... Cash in Banks and on Hand.....	\$ 675,069.52 670,953.43 437,762.50 136,557.65
Unexpired Insurances, Taxes and Other Prepaid Expenses.....	1,920,343.10 15,458.45 \$5,508,104.49

Approved on Behalf of the Board:
 A. H. GINMAN, Director.
 MILTON L. HERSEY, Director.

\$5,508,104.49

LIABILITIES

Capital Stock: Authorized—7,500,000 shares of \$1.00 each..... Subscribed and Issued—4,554,682 shares of \$1.00 each.....	\$7,500,000.00 188,214.69
Current Liabilities: Accounts Payable and Accrued Liabilities..... Provision for Dominion, Provincial and Other Taxes..... General Reserve.....	\$ 112,627.59 75,587.10 125,000.00
Earned Surplus: As per statement attached.....	640,207.80

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDING DECEMBER 31, 1938

Profit from operations for the year ending December 31, 1938, before tax..... Add: Income from Investments.....	\$490,607.33 80,308.01 \$570,915.34
Deduct: Provision for Depreciation of Properties..... Directors' Fees..... Executive Remuneration..... Legal Expenses..... Special Inventory Reserve.....	\$169,828.10 6,250.00 40,225.00 3,697.32 15,000.00
Net Profit for the Year..... Deduct: Provision for Income Taxes.....	\$335,914.92 50,000.00 \$285,914.92
Balance.....	\$765,207.80 125,000.00 \$640,207.80

EARNED SURPLUS DECEMBER 31, 1938

Balance at December 31, 1937..... Net Profit for the year, balance as above..... Appropriated for General Reserve.....	\$479,292.88 285,914.92 \$765,207.80 125,000.00 \$640,207.80
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AUDITORS' REPORT TO THE SHAREHOLDERS:

We have made an examination of the books and accounts of the Canadian Marconi Company (Limited) for the year ending December 31, 1938, and have obtained all the information and explanations which we have required; and we report that, in our opinion, the above Balance Sheet at December 31, 1938, is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs (before making any provision from the operations of the year for writing down of Patents), according to the best of our information and the explanations given to us and as shown by the books of the Company.

Montreal, March 29, 1939.

PRICE, WATERHOUSE & CO.,
Auditors.

TO THE SHAREHOLDERS:

Gentlemen:

Your Directors beg to submit the Balance Sheet and Profit and Loss Account of the Company for the year ending December 31, 1938.

It will be observed that the Net Profit for the year, before deduction of Income Tax Reserve, amounts to \$335,914.92, as compared with \$268,376.96 for the previous year, which, in the submission of your Directors, is gratifying, having regard to general business conditions which prevailed after the first quarter of the period under review.

After providing \$50,000.00 for Income Tax, a profit of \$285,914.92 is shown, compared with \$228,376.96 for the year 1937. Your Directors have given careful consideration to the prospect of recommending the payment of an initial dividend, but reached the conclusion that, in view of the continued expansion of your Company's activities requiring increasing capital expenditures, the course of prudence dictates the desirability of conserving your Company's financial resources.

Pursuant to this decision, a General Reserve of \$125,000.00 has been established and Earned Surplus is increased by \$160,914.92.

Your Company's property and equipment continue to be maintained at the same high standard of previous years, with two objectives always in mind—improved service and reduced costs.

The Great Lakes radio-telephone service, to which reference was made in last year's report, has developed beyond the expectations of your Directors and many unsolicited expressions of appreciation of the facilities made available have been received from shipowners and officers.

In April, 1938, your Company, in association with Cable and Wireless Limited and

its other Imperial overseas connections, inaugurated an Empire flat rate service which has been compared with the Imperial Penny Postage Scheme of Rowland Hill established in 1840. It is now possible to send telegrams from Canada destined to any other point, however remote, in the British Empire, for as little as ten cents per word. Rates which were lower than the new maximum of thirty cents per word remain unchanged, but drastic reductions were made upon inauguration of the service—in some instances as much as 66%.

The enterprise of your Company and its Associates is being acknowledged by the Canadian business public and the community generally, as evidenced by the fact that the volume of traffic handled has materially increased, although, as was expected, at some sacrifice to gross revenue. Your Directors are satisfied, however, that as the public become more telegraph-minded as a result of the lower rates, the trend of improving revenue will continue.

Another important development in your Company's activities is the change-over, on February 1, 1939, from Canadian National to Canadian Pacific as your Company's pick-up and delivery agent throughout the Dominion. Your Company now has direct contact with its patrons in the City of Montreal, maintaining its own uniform messenger service, and has established a special telephone switchboard, with trained operators, for the local acceptance and delivery of overseas telegrams when so desired by clients.

Under the new traffic agreement with Canadian Pacific, our telegraph forms and advertising matter are displayed at its offices and your Company is now entitled to a proportion of outbound traffic not specifically routed by the sender. Neither of these advantages accrued to your Company under its agreement with Canadian National. Your Directors feel confident, therefore, that the new conditions will soon react to your Company's benefit.

During 1938, an agreement was entered into with the Newfoundland Government, which conveys to your Company the exclusive right, for a period of twenty-five years, to provide Newfoundland with external telephone service. A radio-telephone station was erected in St. John's, Newfoundland, operated by agreement with the Avalon Telephone Company and communicating with your Company's stations at Drummondville and Yamachiche connecting with the Bell Telephone Company of Canada.

This service was inaugurated on January 10th last by His Excellency the Governor General and His Excellency Sir Humphrey Walwyn, Governor of Newfoundland, and the ceremony included a connection with your Company's transatlantic radio-telephone circuit over which Sir Walter Wolmersley, Assistant Postmaster-General in Great Britain addressed the broadcast audience of Newfoundland and Canada.

Your Directors are pleased to report that the new service, which provides Newfoundland with telephone connection with all parts of the world, is measuring up to their expectation of potential profit and has already been extended to embrace the Burin Peninsula. Additional radio-telephone links are now being provided to connect Corner Brook and Grand Falls with St. John's, the equipment being leased from your Company by the Avalon Telephone Company.

Your Company was the successful bidder, against keen competition, in tendering upon a 10,000-watt broadcast transmitter for the Newfoundland Government, and the inauguration of this service, on February 13th last, included the exchange of programmes between Newfoundland, Canada and England, over your Company's radio-telephone services. It is expected that these facilities will be extensively utilized in the normal operation of the new Broadcasting Station in Newfoundland.

In his speech at the opening ceremony of the new Station, G. R. Williams, Esq.,

M.B.E., Chairman of the Broadcasting Corporation of Newfoundland, paid a gracious tribute to your Company and staff in the following words:

"The Corporation feels convinced that the apparatus and equipment which is being handed over to them by the Government are modern and efficient for the purpose for which they are designed. The powerful ten kilowatt transmitter at Mount Pearl has been supplied by the Canadian Marconi Company, whose directorate and staff have shown themselves to be not only reliable experts in this class of apparatus but also willing and helpful collaborators in our problems. To them and to the Engineers, workmen and others who have taken part in the establishment of this service, we offer our sincere congratulations and thanks."

Your Directors regret to record the death, on March 7, 1939, of Sir Joseph Flavelle, Bart., who, as President and Chairman of the Board of your Company during a trying period in its history, gave generously of his valuable time and wise counsel; also the loss of Mr. J. H. Thompson, who died on October 29, 1938, after serving your Company faithfully and well for sixteen years, as Chief Engineer.

Your Board wishes to record its appreciation of the excellent work of your General Management and every member of their Staff, between whom complete confidence and co-operation prevail—a happy combination which finds reflection in the results now submitted.

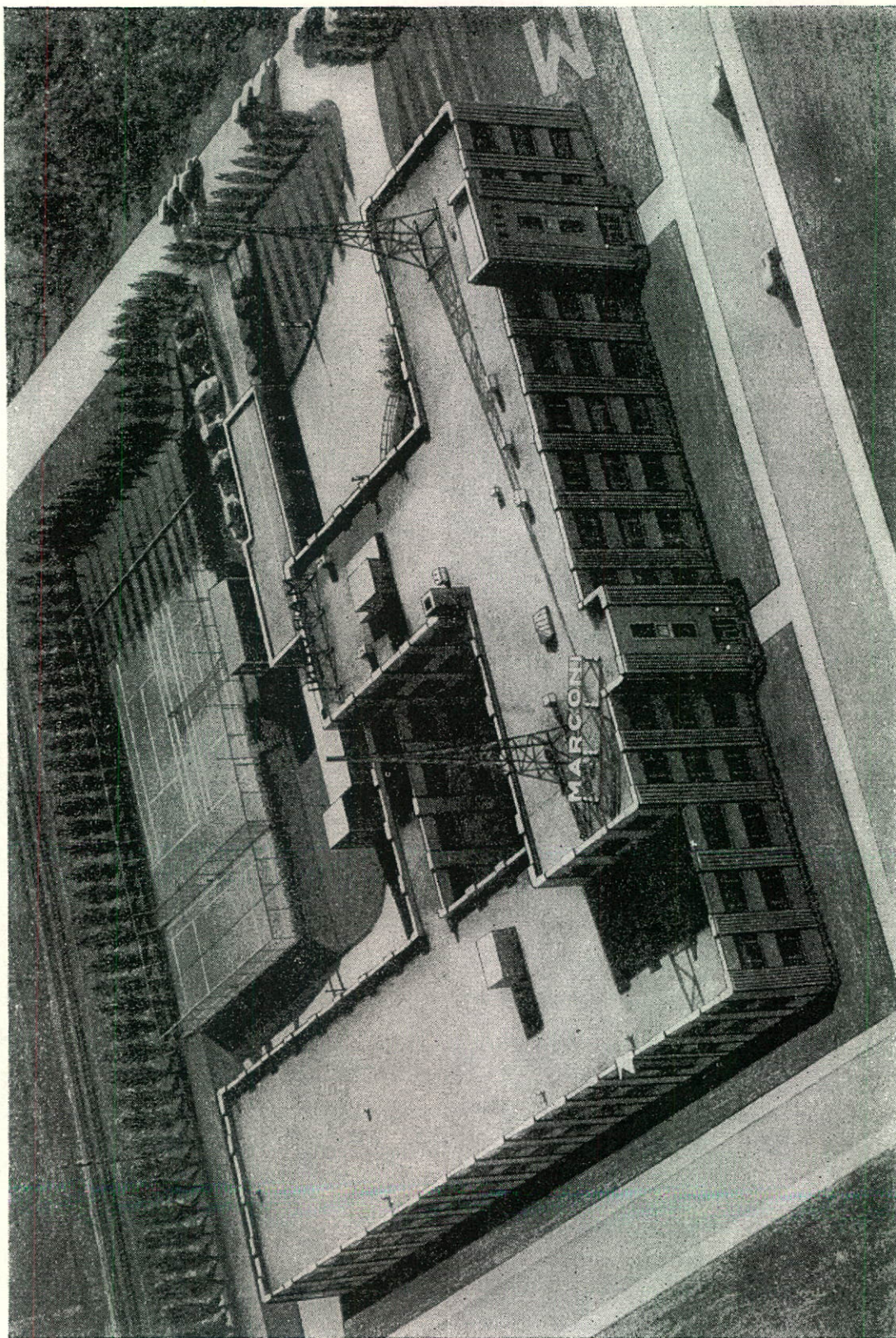
Your Directors venture to hope that Canadian Shareholders—of whom there are 2,400—will augment the efforts of your General Management and Staff in promoting the sale of your Company's products and the patronage of its various services. With that support and encouragement, we can look forward to another year of progress.

Respectfully submitted,

A. H. GINMAN,
President.

Montreal, March 30, 1939.

CANADIAN MARCONI COMPANY
(LIMITED LIABILITY)



FACTORY:
TRENTON ROAD — MONTREAL

