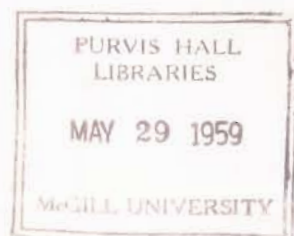


# 39<sup>th</sup> ANNUAL REPORT

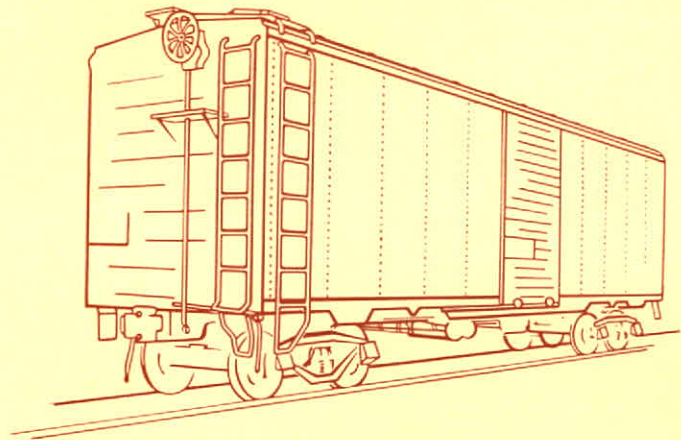
***NATIONAL STEEL CAR CORPORATION, LIMITED***

***HAMILTON, CANADA***

**MARCH 31, 1959**



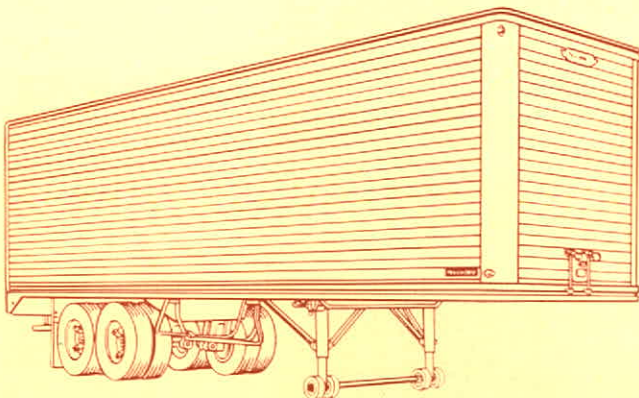




# **NATIONAL STEEL CAR CORPORATION LIMITED**

and its subsidiary

## **CANADIAN TRAILMOBILE LIMITED**



### **LEADING PRODUCERS**

of

railway rolling stock and highway semi trailers,

serving Canadian transportation

through research and development.





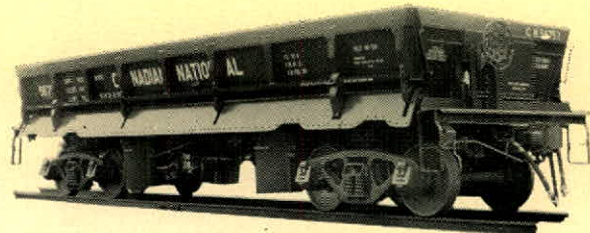
**Triple Hopper**



**Box Car**



**Longitudinal Hopper**



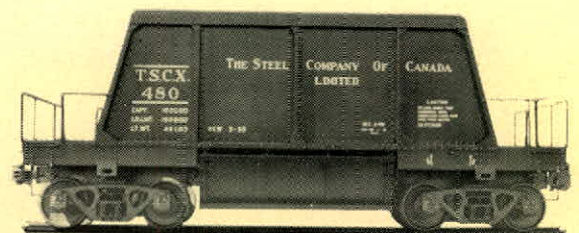
**Air Dump**



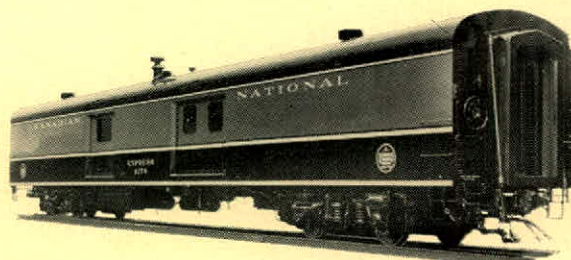
A REPRESENTATIVE GROUP OF  
PROD  
**NATIONAL STEEL CAR**  
**CANADIAN TRAI**



**Refrigerated Car**



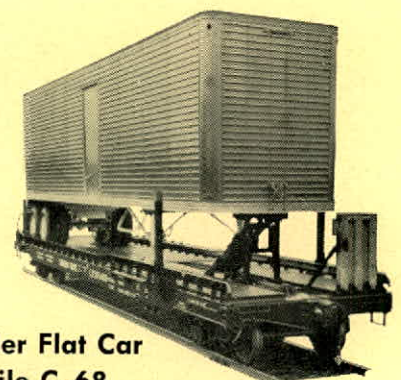
**Gable bottom Ore Car**



**Baggage Car**

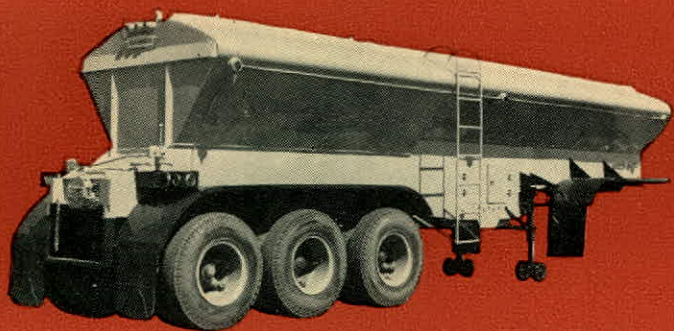


**Gondola**

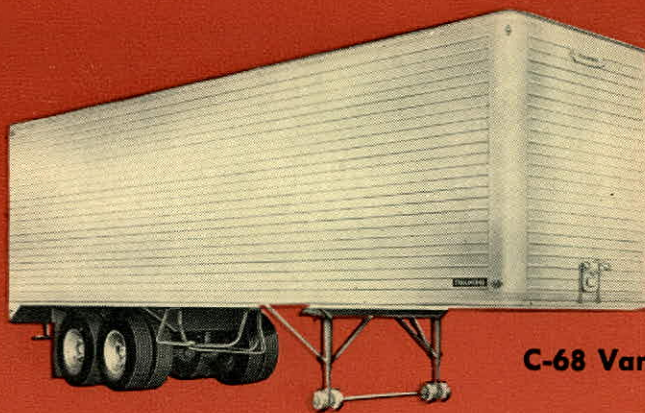


**Highway Trailer Flat Car with Trailmobile C-68**

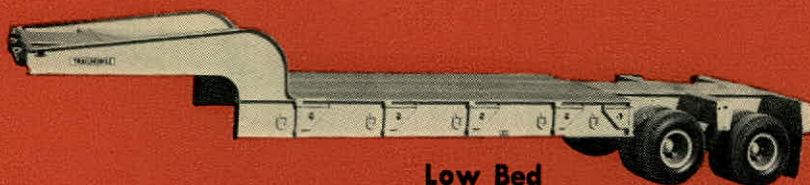




**Cement Tanker**



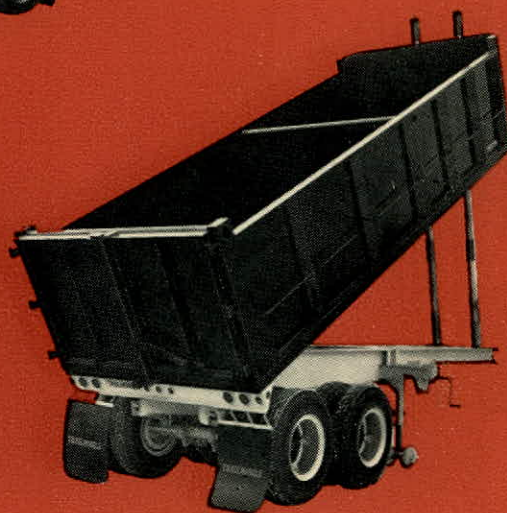
**C-68 Van**



**Low Bed**



TRANSPORTATION EQUIPMENT  
PRODUCED BY  
**CORPORATION LIMITED**  
AND  
**MOBILE LIMITED**

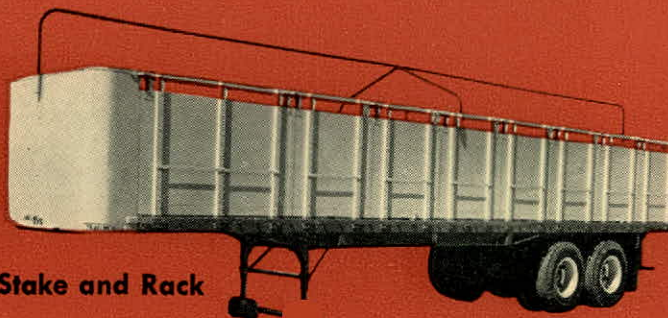


**Dump**



**Cattle Van**

**COMPLETE SERVICE FACILITIES  
FOR THE REPAIR AND MAINTENANCE  
OF SEMI TRAILERS**



**W-1 Stake and Rack**



## **NATIONAL STEEL CAR CORPORATION LIMITED**

**KENILWORTH AVENUE NORTH, HAMILTON, ONTARIO, CANADA**

*Sales Office: MONTREAL, QUEBEC*

- 1 Railway Cars—all types of passenger and freight.
- 2 Railway Car Parts including:  
Roofs in steel and aluminum, Ends, Doors, Centre Plates, Wedges, Journal Box Lids, Floor Stringers, Brake Hangers, Truck Assemblies, Wear Plates, Miscellaneous Pressings and Forgings.
- 3 Railway Car overhaul and repairs.
- 4 Tank Car overhaul and repairs.
- 5 Forgings—steel.
- 6 Fabricating—steel and aluminum.
- 7 Containers—steel and aluminum.
- 8 Welding—steel and aluminum.
- 9 Annealing Furnaces.
- 10 Blades for Road Graders and Plows.
- 11 Steel Curbing, Angles and Anchor Bolts for concrete construction.
- 12 Railway Chassis for diesel power units.
- 13 Truck Trailer components.
- 14 Patterns and Dies.
- 15 Kiln drying, re-sawing of lumber and woodworking.
- 16 Pickling and oiling, grit blasting and painting.
- 17 Galvanizing.

### **PRODUCT LINES**

## **CANADIAN TRAILMOBILE LIMITED**

**807 PHARMACY AVENUE, SCARBOROUGH, ONTARIO, CANADA**

*Sales and Service Branches:*

**MONCTON • MONTREAL • TORONTO • HAMILTON • WINDSOR  
WINNIPEG • REGINA • CALGARY • EDMONTON • VANCOUVER**

- 1 Semi Trailers:  
Dry Freight Vans, Refrigerated Vans, Stake and Rack Trailers, Furniture Vans, Dump Trailers, Low Beds, Tank Trailers, Oil Field Floats, Livestock Trailers, Truck Bodies.
- 2 Semi Trailer Parts:  
Fifth Wheels, Dollies, Tandems (Standard, Spread, Shiftable, Air Suspensions).
- 3 Branches located across Canada for the complete servicing of trailer equipment. This includes fabricating, welding, and painting.

### **PRODUCT LINES**

# NATIONAL STEEL CAR CORPORATION, LIMITED

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## BOARD OF DIRECTORS

H. N. BAIRD    P. A. BEIQUE    PETER KILBURN    H. J. LANG  
L. S. MAGOR    B. B. OSLER, Q.C.    A. P. SHEARWOOD  
F. H. SHERMAN    N. A. TIMMINS, JR.    A. VAN HASSEL

## OFFICERS

A. P. SHEARWOOD, Chairman and Chief Executive Officer  
H. J. LANG, President and General Manager  
J. PEARSON, Vice-President—Operations  
O. D. SOUTHWICK, Vice-President—Purchasing  
S. S. HERRING, Vice-President—Engineering  
J. N. BAIRD, Vice-President—Sales  
J. PLUMPTON, Secretary-Treasurer and Comptroller  
R. W. STEED, Assistant Secretary-Treasurer  
R. W. COOKE, Assistant Comptroller

## HEAD OFFICE

HAMILTON, ONTARIO, CANADA

## SALES OFFICE

620 ST. JAMES STREET WEST  
MONTREAL, QUEBEC

## BANKERS

THE CANADIAN BANK OF COMMERCE  
BANK OF MONTREAL

## TRANSFER AGENTS

NATIONAL TRUST COMPANY, LIMITED  
BANKERS TRUST COMPANY, NEW YORK

## AUDITORS

PRICE WATERHOUSE & CO.

## SOLICITORS

BLAKE, CASSELS & GRAYDON, TORONTO



# To the Shareholders of National Steel Car Corporation, Limited

The Thirty-ninth Annual Report of National Steel Car Corporation, Limited, is presented with the approval of the Board of Directors. The Report covers the fiscal year which ended March 31, 1959, but information on developments since that date is also included.

## RESULTS OF OPERATIONS

Due to fluctuations in the purchases of railway transportation equipment, the operating results of companies engaged in the manufacture of railway freight and passenger cars have been subject to wide variations for many years. Orders for railway cars received by the whole industry in Canada during the last ten years have run between a high of nearly thirteen thousand in 1950 and a low of less than one thousand in 1958. Even though our company's share of the market in 1958 was at least equal to previous years, the small volume of business available resulted in our car production lines being at a relatively low level during the first half of the fiscal year and virtually at a standstill from mid-October, 1958, until early April, 1959.

Earnings for the year just completed were considerably lower than the average of the last ten years. Because of diversified work, along with a very satisfactory degree of operating efficiency, the company was able to end the year with a profit.

In the first few months of 1959, purchases of railway freight cars by the two major railways have been below average and orders on hand will be completed by August. This condition could change rapidly as the need for replacements and additional specialized types of railway cars is well recognized by the transportation industry.

## EARNINGS AND DIVIDENDS

The record of earnings and dividends declared for the fiscal periods 1954 through 1959 have been as follows:

Fiscal period Ended	NET EARNINGS—AFTER TAXES		DIVIDENDS DECLARED	
	Amount	Per Share	Amount	Per Share
June 30, 1954	\$2,402,143	\$ 3.42	\$1,404,000	\$ 2.00
June 30, 1955	281,284	.40	1,404,000	2.00
*March 31, 1956	495,742	.71	1,140,750	1.62½
March 31, 1957	2,242,152	3.19	1,404,000	2.00
March 31, 1958	1,873,871	2.67	1,281,150	1.82½
March 31, 1959	355,263	.51	561,600	.80
	<u>\$7,650,455</u>	<u>\$10.90</u>	<u>\$7,195,500</u>	<u>\$10.25</u>

\* Note: In 1956 the fiscal period covered only 9 months as a result of a change in the date of the year end.

Your company has been in a very strong financial position for a number of years and during the period covered in the above table, a distribution of 94% of the earnings was made to the shareholders. Only 6% was retained for use in the business to provide for increases in the replacement cost of materials and equipment, and additional facilities for new products.

The shareholders were notified on December 17, 1958, that as a profitable level of production could not be maintained for the balance of the fiscal year and, as working capital should not be reduced by a disbursement of cash dividends at that time, a dividend would not be declared for payment in January, 1959. For similar reasons, the dividend ordinarily payable in April was also omitted. Dividend payments will be resumed when conditions in this industry improve sufficiently to restore earnings to a satisfactory level.



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## FINANCIAL RESULTS

As a result of the low volume of production in the last half of the year, there was a large reduction in work in process inventories and accounts receivable. Funds which became available were invested in short-term, high-grade, marketable securities. When business volume returns to normal, these funds will be required for raw materials and supplies. Current liabilities decreased in relation to the fall-off in sales. The ratio of current assets to current liabilities was abnormally high at 5.05 to 1, compared with 2.62 to 1 on the same date a year earlier. As the year's earnings were not sufficient to cover dividends paid, the deficiency of \$206,337 was made up out of earnings of previous years which had been retained for use in the business.

The company's investment in Canadian Trailmobile Limited is carried as a separate asset on the Balance Sheet. The assets and liabilities and operating results of this subsidiary have not been consolidated with those of National Steel Car Corporation, Limited.

## EXPENDITURES FOR PLANT FACILITIES

Funds used for modernization and improvement of capital facilities amounted to \$227,252. An additional \$153,000 was authorized for specific projects to be completed in 1959. The maximum amount of depreciation permitted under current income tax regulations was provided. The plant facilities have been maintained in excellent condition and equipment acquired as needed for efficient operations.

## CANADIAN TRAILMOBILE LIMITED

The financial results of Canadian Trailmobile Limited for the twelve months ended December 31, 1958, were adversely affected by unduly severe competitive pressures. The volume of sales showed little change from recent years. However, production capacity which has been added within the industry in anticipation of market growth, proved to be more than adequate for the immediate demand.

As a result of substantial improvements that were achieved in operating performance, the company continued to make progress and it was possible to check the deterioration in final income results and attain a slight margin of profit.

A considerable increase in net earnings and sales volume can be reported for the first four and a half months of the current calendar year. The long-term outlook for earnings appears to be very satisfactory.

## EMPLOYEES

The unavoidable reduction in the number of employees because of work shortage during the last half of the year was most distressing. The Board of Directors takes this opportunity to thank all members of the organization for their splendid co-operation and efficient performance of duties.



Chairman.



President.

Hamilton, Canada,  
May 15, 1959.



NATIONAL STEEL CAR

## BALANCE SHEET

WITH COMPARATIVE FIGURES

### ASSETS

CURRENT ASSETS	1959	1958
Cash .....	\$ 190,814	\$ 928,501
Marketable securities at cost and accrued interest (quoted market value March 31, 1959, \$6,955,492) .....	7,002,582	1,736,486
Accounts receivable .....	204,147	5,121,515
Inventories of raw materials and supplies, work-in-process and finished stock, valued at the lower of cost or market .....	2,137,915	4,390,365
Prepaid expenses .....	192,806	116,701
	<hr/>	<hr/>
	9,728,264	12,293,568
EMPLOYEES' PENSION PLAN—past service cost not amortized, less applicable income taxes .....	168,683	477,750
INVESTMENT IN SUBSIDIARY COMPANY at cost .....	4,050,000	4,050,000
	<hr/>	<hr/>
	4,218,683	4,527,750
PROPERTY, PLANT AND EQUIPMENT at cost .....	11,914,241	11,724,608
Less — Accumulated depreciation .....	9,464,972	9,182,944
	<hr/>	<hr/>
	2,449,269	2,541,664
	<hr/>	<hr/>
	\$16,396,216	\$19,362,982
	<hr/>	<hr/>





MARCH 31, 1959

RES AT MARCH 31, 1958

## LIABILITIES

CURRENT LIABILITIES	1959	1958
Accounts payable and accruals .....	\$ 1,642,648	\$ 2,887,472
Income and other taxes payable .....	284,233	1,519,038
Dividend payable .....	.....	280,800
	<hr/>	<hr/>
	1,926,881	4,687,310

## SHAREHOLDERS' EQUITY

Capital stock		
Authorized		
1,000,000 shares without nominal or par value		
Issued and outstanding		
702,000 shares .....	5,092,500	5,092,500
Retained earnings .....	9,376,835	9,583,172
	<hr/>	<hr/>
	14,469,335	14,675,672
	<hr/>	<hr/>
	\$16,396,216	\$19,362,982

Approved on behalf of the Board:

A. VAN HASSEL, Director.

H. J. LANG, Director.

# NATIONAL STEEL CAR CORPORATION, LIMITED

## Statement of Income and Retained Earnings

**FOR THE YEAR ENDED MARCH 31, 1959**

with comparative figures for the year ended March 31, 1958

	1959	1958
Operating profit for the year (see note below) .....	\$ 494,384	\$ 3,603,619
Income from investments .....	185,879	95,252
	<hr/>	<hr/>
Income for the year before providing for income taxes .....	680,263	3,698,871
Provision for income taxes .....	325,000	1,825,000
	<hr/>	<hr/>
<b>NET INCOME FOR THE YEAR</b> .....	<b>355,263</b>	<b>1,873,871</b>
Retained earnings at beginning of year .....	9,583,172	8,990,451
	<hr/>	<hr/>
	9,938,435	10,864,322
Deduct		
Dividends declared		
Regular .....	561,600	1,105,650
Special .....	.....	175,500
	<hr/>	<hr/>
<b>RETAINED EARNINGS AT END OF YEAR</b> .....	<b>\$ 9,376,835</b>	<b>\$ 9,583,172</b>
	<hr/>	<hr/>

Note: The following expenses have been deducted in arriving at the operating profit for the year ended March 31, 1959—

<i>Provision for depreciation</i> .....	<i>\$306,458</i>
<i>Employees' pension cost</i> .....	<i>268,837</i>
<i>Remuneration of executive officers and legal fees</i> .....	<i>97,145</i>
<i>Directors' fees</i> .....	<i>17,100</i>



PRICE WATERHOUSE & CO.

PIGOTT BUILDING  
HAMILTON

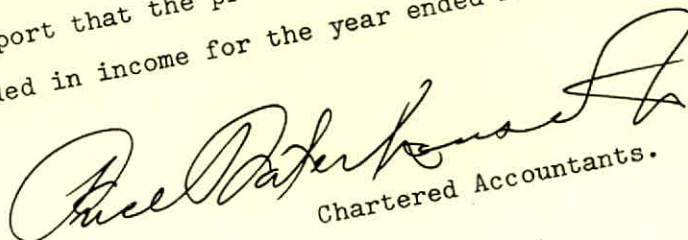
May 15, 1959.

Auditors' Report to the Shareholders of  
NATIONAL STEEL CAR CORPORATION, LIMITED:

We have examined the balance sheet of National Steel Car Corporation, Limited as at March 31, 1959 and the related statement of income and retained earnings for the year then ended and have obtained all the information and explanations which we required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and related statement of income and retained earnings are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at March 31, 1959 and the result of operations for the year then ended according to the best of our information and the explanations given to us and as shown by the books of the company.

In accordance with the requirements of Section 118 of The Companies Act, we report that the profits of the subsidiary company have not been included in income for the year ended March 31, 1959.

  
Chartered Accountants.







