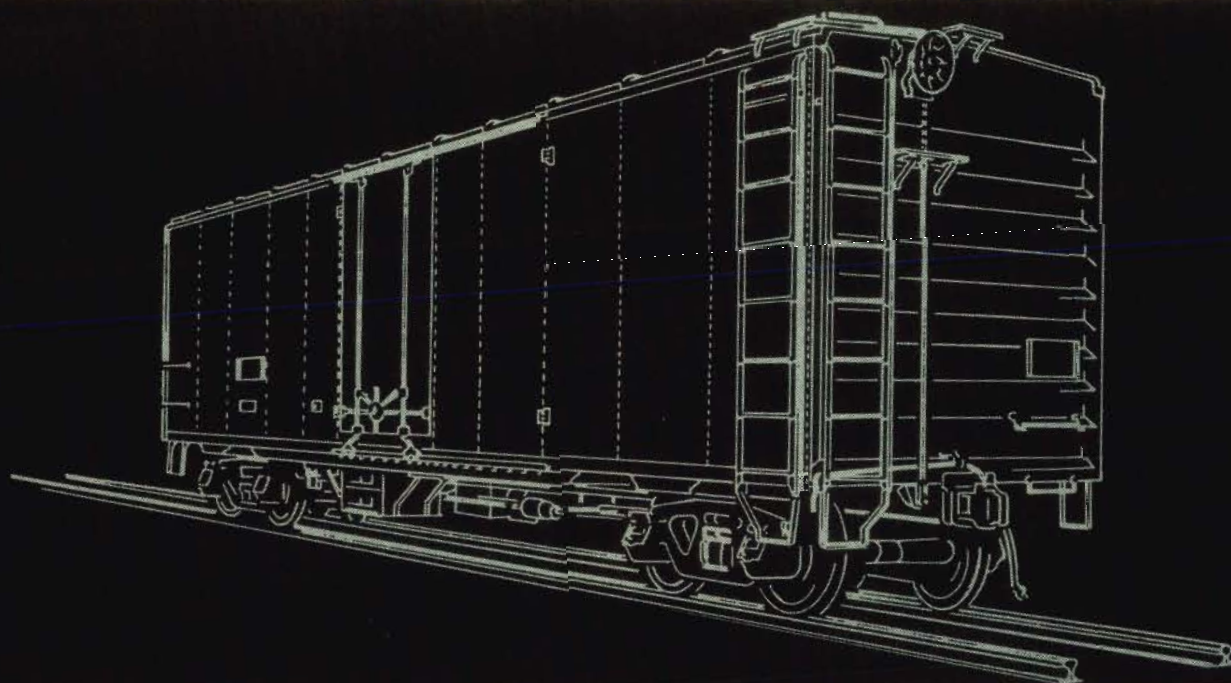


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# 40<sup>th</sup> ANNUAL REPORT



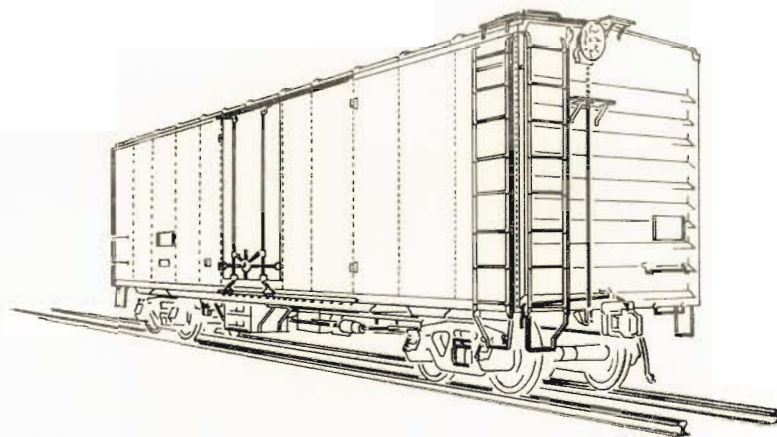
MARCH 31, 1960

**NATIONAL STEEL CAR CORPORATION LIMITED**

HAMILTON, CANADA







**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, Vice-President—Finance and Secretary-Treasurer  
R. W. COOKE, Comptroller  
R. W. STEED, Assistant Secretary-Treasurer

**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





# NATIONAL STEEL CAR CORPORATION, LIMITED

## TO THE SHAREHOLDERS OF NATIONAL STEEL CAR CORPORATION, LIMITED

The Fortieth 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, 1960 and developments which have occurred since that date.

## REVIEW OF OPERATIONS

The number of freight and passenger cars ordered by the railroads in 1959 was at an abnormally low level for the second consecutive year. The majority of the purchases was for small quantities of a more specialised type of equipment rather than for replacement or to increase the usual kind of rolling stock. Our company participated in a satisfactory share of the total business placed with the industry.

Orders for railway cars and car parts on hand at the beginning of 1960 and additional business received since that time, can be completed in the first seven months of the calendar year. During the last two years, the railway car building industry has experienced the longest period of low volume sales since the years 1932 to 1935. The outlook for an early return to large quantity buying appears most indefinite at this time. For many years preceding 1958, with the exception of the slack period in the early thirties, a fall-off in production of railway transportation equipment was followed within one or two years by a sharp increase in activity. This has resulted in a very erratic pattern of earnings, but over a number of years a satisfactory average was attained.

An assessment of the future indicates a trend to changing requirements of the railways for freight and passenger equipment. Stabilization of earnings by our company will require the assistance of a substantial contribution from profitable manufacture of other products in addition to the sales of railway cars.

During the year just completed there was a considerable increase over previous years in the use of the company's facilities for new and diversified products. This had the favourable effect of spreading fixed expenses and certain other overhead costs over a larger volume of sales. The outlook for a continuation of this trend is optimistic.

## EARNINGS AND DIVIDENDS

The net income of \$600,292 after providing \$550,000 for income taxes was equivalent to 85½¢ per share. This compared with net earnings of 51¢ per share for the year ended March 31, 1959. Dividends of 80¢ per share, totalling \$561,600 were declared in each of these fiscal periods.

The 70% increase in operating profit over the previous year reflected the valuable contribution to the earnings of the company from the growth in non-railway business. Operating costs and expenses were reduced to a minimum commensurate with the maintenance of an up-to-date and efficient plant.

As the amount of funds normally employed to carry large inventories of raw materials decreased in relation to the manufacturing activities, the money which became available was promptly invested in short term securities. Income from investments increased to \$314,642 over the previous year's total of \$185,879, due to higher interest yields along with the receipt of a dividend of \$42,000 from the company's subsidiary, Canadian Trailmobile Limited.

## EXPENDITURES FOR PLANT FACILITIES

Capital expenditures for new machinery and equipment totalled \$202,437. Full depreciation permitted under income tax regulations amounting to \$293,114 was charged to the current year's operation. The plant, machinery and equipment were maintained in excellent repair and satisfactory operating condition for immediate requirements.

## CANADIAN TRAILMOBILE LIMITED

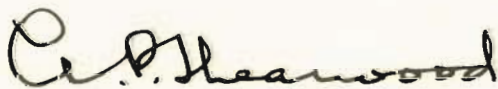
There was an improvement in the financial results of Canadian Trailmobile Limited this year over the twelve months ended December 31, 1958. A portion of the net earnings was declared as dividends and received on a tax free basis in the hands of the parent company. The industry as a whole continued to suffer the adverse effects which have developed from a surplus of production capacity in relation to the current requirements for its products. Increased efficiency in manufacturing procedures and an expansion of service facilities increased the company's net earnings over the previous two years. There is no doubt that the demand for trailers will improve during the next few years in keeping with both the projected growth in the road transportation industry and rapid advancements in the integration of railway and trucking services. As sales increase, the profitability of this company is expected to rise proportionately over a period of time.

## STANTON PIPES (CANADA) LIMITED

Since March 31, 1960, National Steel Car Corporation, Limited has acquired a substantial minority interest in Stanton Pipes (Canada) Limited, which was formerly a wholly-owned subsidiary of The Stanton Ironworks Company Limited of England. Commencing early in 1961, the company will manufacture spun cast iron pressure pipe which is widely used for water distribution. The necessary funds required for this investment were obtained from the sale to the jointly held company of available property and buildings at the Hamilton plant. It is reasonable to expect a few years may elapse before this new venture will produce sizeable earnings, but there will be an immediate relief from overhead charges and expenses which formerly were a direct element of cost to our company. It is anticipated the long term results from this investment in Stanton Pipes (Canada) Limited will add a measure of stability to the earnings of the company.

## EMPLOYEES

The duties and responsibilities of all members of the organization have been ably and conscientiously discharged. The Board of Directors are pleased to acknowledge the splendid cooperation of all employees throughout the year.



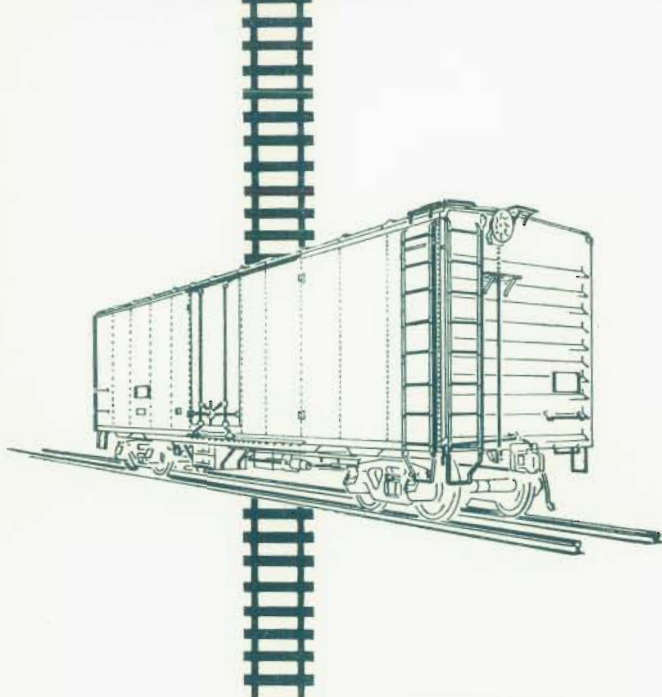
Chairman



President

Hamilton, Canada.  
May 12, 1960.





# NATIONAL STEEL CAR

## BALANCE SHEET

### ASSETS

#### CURRENT ASSETS

	1960	1959
Cash .....	\$ 804,957.	\$ 190,814.
Marketable securities at cost and accrued interest (quoted market value March 31, 1960 — \$5,904,093; 1959 — \$6,955,492) .....	5,917,406.	7,002,582.
Accounts receivable .....	648,251.	204,147.
Inventories of raw materials and supplies, work-in-process and finished stock, valued at the lower of cost or market .....	2,131,475.	2,137,915.
Prepaid expenses .....	225,456.	192,806.
	<hr/>	<hr/>
	9,727,545.	9,728,264.

#### EMPLOYEES' PENSION PLAN—portion of past service cost not amortized, less applicable income taxes .....

82,430. 168,683.

#### INVESTMENT IN SUBSIDIARY COMPANY at cost .....

4,050,000. 4,050,000.

#### PROPERTY, PLANT AND EQUIPMENT at cost .....

12,085,356. 11,914,241.

#### Less—Accumulated depreciation .....

9,710,056. 9,464,972.

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2,375,300. 2,449,269.

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\$16,235,275. \$16,396,216.

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# CORPORATION, LIMITED

## MARCH 31, 1960

### LIABILITIES

#### CURRENT LIABILITIES

	1960	1959
Accounts payable and accruals .....	\$ 1,027,379.	\$ 1,642,648.
Income and other taxes payable .....	559,469.	284,233.
Dividend payable .....	140,400.	—
	<hr/>	<hr/>
	1,727,248.	1,926,881.

#### 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 .....	9,415,527.	9,376,835.
	<hr/>	<hr/>
	14,508,027.	14,469,335.
	<hr/>	<hr/>
	\$16,235,275.	\$16,396,216.

Approved on behalf of the Board:

H. J. LANG, Director.

A. VAN HASSEL, Director.

# NATIONAL STEEL CAR CORPORATION, LIMITED

## STATEMENT OF INCOME AND RETAINED EARNINGS

	Year ended March 31,	
	1960	1959
Operating profit for the year (see note below) .....	\$ 835,650.	\$ 494,384.
Income from investments .....	314,642.	185,879.
Income for the year before providing for income taxes .....	\$1,150,292.	680,263.
Provision for income taxes .....	550,000.	325,000.
NET INCOME FOR THE YEAR .....	600,292.	355,263.
Retained earnings at beginning of year .....	9,376,835.	9,583,172.
	9,977,127.	9,938,435.
Deduct		
Dividends declared .....	561,600.	561,600.
RETAINED EARNINGS AT END OF YEAR .....	\$ 9,415,527.	\$ 9,376,835.

**NOTE:** The following expenses have been deducted in arriving at the operating profit for the year ended March 31, 1960.—

<i>Provision for depreciation</i> .....	\$ 293,114.
<i>Employees' pension cost</i> .....	281,105.
<i>Remuneration of executive officers and legal fees</i> .....	115,322.
<i>Directors' fees</i> .....	17,150.



PRICE WATERHOUSE & CO.

PIGOTT BUILDING  
HAMILTON, ONT.

May 12, 1960.

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

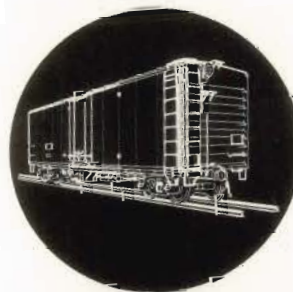
We have examined the balance sheet of National Steel Car Corporation, Limited as at March 31, 1960 and the related statement of income and retained earnings for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, 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, 1960 and the results of its operations for the year ended on that date in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

In accordance with the requirements of Section 118 of The Companies Act, we report that the profits of the subsidiary company have been included in the statement of income and retained earnings only to the extent of dividends received.

PRICE WATERHOUSE & CO.  
Chartered Accountants.





**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.





# NATIONAL STEEL CAR CORPORATION, LIMITED



BOX CAR



GABLE BOTTOM ORE CAR



TRIPLE HOPPER



BAGGAGE CAR



REFRIGERATOR CAR



GONDOLA



LONGITUDINAL HOPPER



AIR DUMP

National Steel Car Company Limited was established in 1912, in Hamilton, Canada and incorporated under its present name in 1919.

The company produces all types of railway freight cars. The term "freight cars" includes box cars, flat cars, automatic air dump cars, hopper cars, refrigerator cars, ore cars, cabooses and snow plows. In addition to the freight car facilities, the company also is equipped to manufacture passenger cars. The plant has up to date and efficient machinery, steel fabricating and assembly shops, a cabinet shop, Dry Kilns, and an extensive wood working operation.

National Steel Car Corporation, Limited is located on eighty-five acres of land, having 800,000 square feet of floor space. When in full production, the plant employs 1,500 to 2,000 employees and has capacity to produce thirty-two railway cars and two passenger cars per day.





## CANADIAN TRAILMOBILE LIMITED



DUMP TRAILER



LOW BED



J-RAIL STAKE AND RACK



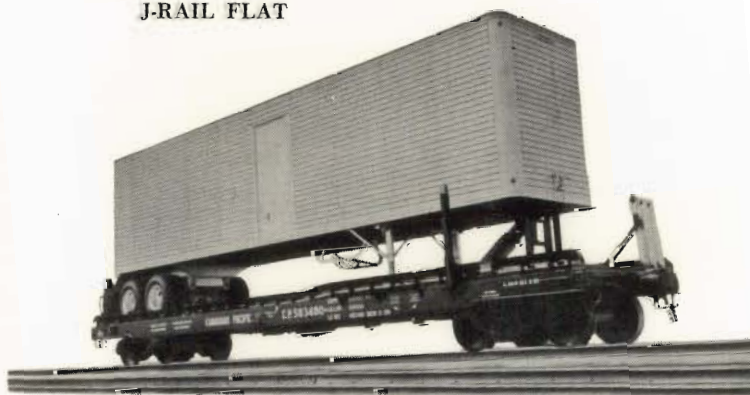
FURNITURE VAN



J-RAIL FLAT



C-68 VAN



NATIONAL STEEL CAR HIGHWAY TRAILER  
FLAT CAR AND TRAILMOBILE C-68 VAN

In 1957, National Steel Car Corporation, Limited purchased a controlling interest of Trailmobile Canada Limited, a wholly owned subsidiary of Trailmobile Inc., of Cincinnati, and the company's name was changed to Canadian Trailmobile Limited.

Prior to this acquisition, Canadian Trailmobile's manufacturing was largely an assembly operation, however, fabrication equipment has been installed and at present over 87% of the trailer components is manufactured at the company's plant or by National Steel Car Corporation, Limited. Production line techniques have been introduced, resulting in an increased daily out-put of trailers with greater efficiency.



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

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

**Sales Office: MONTREAL, QUEBEC**

- Railway Cars—all types of passenger and freight.
- 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.
- Railway Car overhaul and repairs.
- Tank Car overhaul and repairs.
- Forgings—steel.
- Fabricating—steel and aluminum.
- Containers—steel and aluminum.
- Welding—steel and aluminum.
- Annealing Furnaces.
- Blades for Road Graders and Plows.
- Steel Curbing, Angles and Anchor Bolts for concrete construction.
- Railway Chassis for diesel power units.
- Truck Trailer components.
- Patterns and Dies.
- Kiln drying, re-sawing of lumber and woodworking.
- Pickling and oiling, grit blasting and painting.
- Galvanizing.

## **CANADIAN TRAILMOBILE LIMITED**

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

**Sales and Service Branches:**

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

- 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.
- Semi Trailer Parts:
  - Fifth Wheels, Dollies, Tandems (Standard, Spread, Shiftable, Air Suspensions).
- Branches located across Canada for the complete servicing of trailer equipment. This includes fabricating, welding, and painting.





