REPORT and STATEMENT

DOMINION BRIDGE COMPANY LIMITED

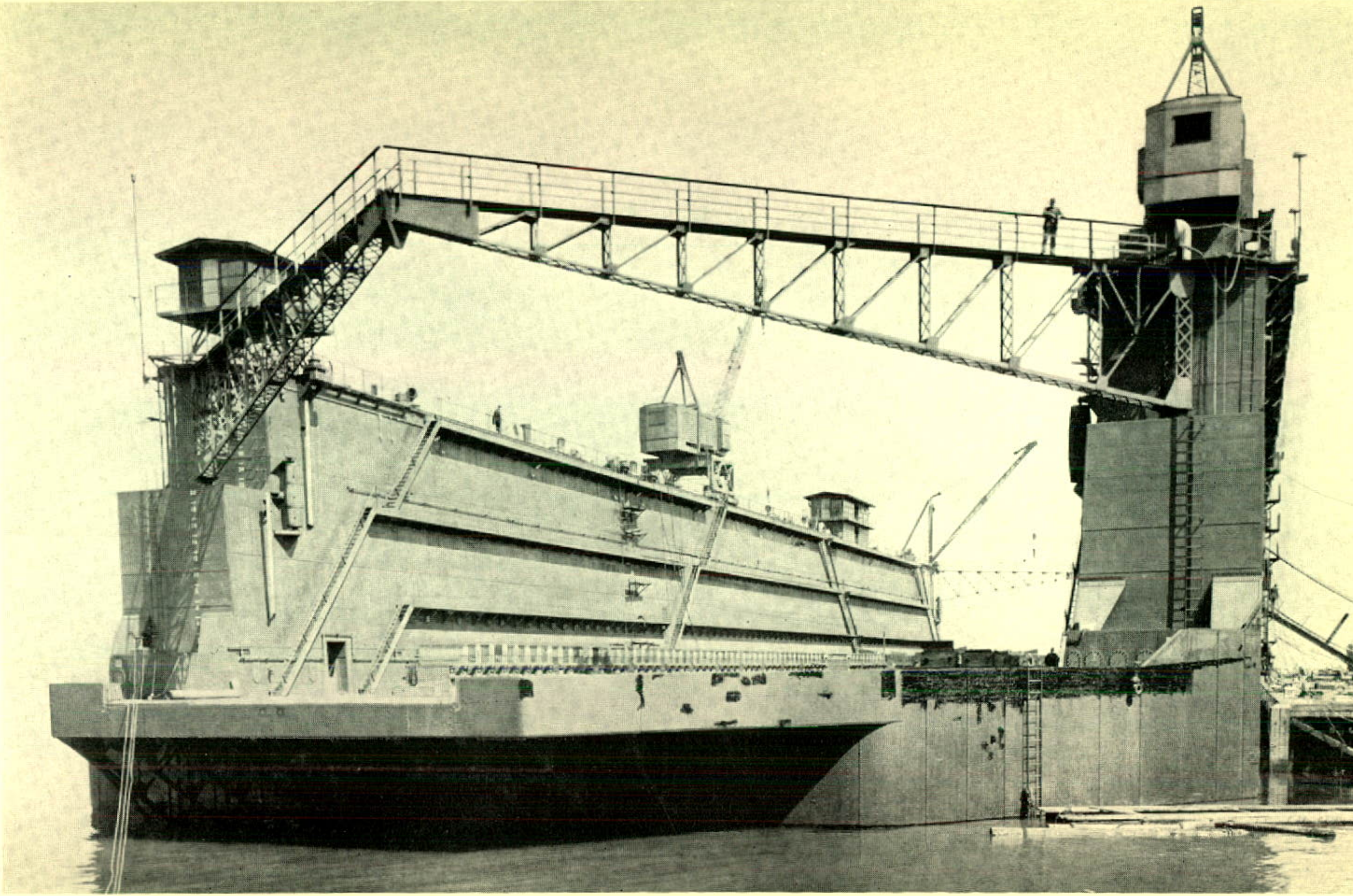
FOR YEAR ENDED
31st OCTOBER

1942

ANNUAL REPORT

For the Fiscal Year Ended 31st October

1942



FLOATING DRY DOCK (*Capable of handling Vessels up to 25,000 tons*)

First of its kind to be built in Canada and completed in the record time of a little over one year.

DOMINION BRIDGE COMPANY
LIMITED

DIRECTORS

G. H. DUGGAN..................Chairman of the Board
W. F. ANGUS..................President and Managing Director
W. TAYLOR-BAILEY..................Vice-President and General Manager

L. J. BELNAP	Montreal	G. H. MONTGOMERY, K.C.	Montreal
JOHN BURNS	Calgary	HOWARD MURRAY	Montreal
C. H. CARLISLE	Toronto	W. G. MURRIN	Vancouver
NORMAN J. DAWES	Montreal	PAUL F. SISE	Montreal
T. R. DEACON	Winnipeg	H. G. WELSFORD	Montreal
A. A. HODGSON	Montreal	JAMES WILSON	Montreal
ROSS H. McMASTER	Montreal	MORRIS W. WILSON	Montreal

HEAD OFFICE - LACHINE, P.Q.
F. W. EVENS—Secretary-Treasurer

EXECUTIVE OFFICERS

W. F. ANGUS	President and Managing Director
W. TAYLOR-BAILEY	Vice-President and General Manager
S. W. CAMPBELL	Vice-President and Manager Western Division
F. P. SHEARWOOD	Consulting Engineer
F. NEWELL	Chief Engineer
J. L. HEALD	Comptroller
F. W. EVENS	Secretary-Treasurer

MANUFACTURING DIVISIONS AND OFFICES

Eastern Division	A. H. COWIE	Manager, Lachine, P.Q.
Ontario Division	G. P. WILBUR	Manager, Toronto, Ont.
Western Division	S. W. CAMPBELL	Vice-President, Winnipeg, Man.
Pacific Division	A. S. GENTLES	Manager, Vancouver, B.C.

BRANCH PLANTS

AMHERST, N.S.	J. F. F. MacKENZIE	Local Manager
OTTAWA, ONT.	W. A. MATTICE	Local Manager
CALGARY, ALTA.	J. P. CARROLL	Local Manager

AGENCIES

MONTREAL, P.Q.	C. S. KANE, Divisional Sales Manager	Lachine, P.Q.
EDMONTON, ALTA.	D. J. CARTER, Agent	106th and 121st Street
REGINA, SASK.	H. CRABTREE, Agent	1769 Hamilton Street

19th January, 1943.

To the Shareholders of

DOMINION BRIDGE COMPANY, LIMITED

Your Directors submit the Annual Report of the Company together with Balance Sheet as at 31st October, 1942, and Profit and Loss Account for the year ended that date.

The result of the year's operations show a net profit of $1,023,300.73 after making provision for depreciation to the extent of $1,015,359.67 and providing for income and excess profits tax payable, for which there has been reserved the sum of $5,510,750.02 of which $371,013.46 is refundable.

Working Capital as of 31st October, 1942, stands at $9,309,000.00, in round figures, as compared with $8,953,000.00 at the end of the previous year, an increase of $356,000.00.

Expenditure on Capital Account during the year amounted to $969,000.00. Much of this expenditure has been made on account of war work on which special depreciation rates are allowed by the Government.

Stocks of raw materials and manufacturing supplies are well assorted and saleable, and inventories have been taken at conservative prices.

During the past year all of your Company's plants have been fully occupied, turning out a great variety of war material, and the total output of your different plants has again been very large, exceeding in value last year's shipments by about 64%.

At the last Annual Meeting it was announced that the Government had arranged with your Company to construct a shipyard and build a number of 10,000-ton Cargo Vessels. We were fortunate in securing as partners in this venture the well known firm of Fraser Brace, Limited, who are experienced shipbuilders. A separate Company, United Shipyards, Limited, was organized to carry out this work, your Company and Fraser Brace, Limited, having equal stock ownership in that Company. Work was started on the construction of this yard on 7th January, 1942, and the first ship was launched on 15th October. Since then four other hulls have been launched; unfortunately, a sixth hull, which was ready, could not be launched owing to unprecedented high water conditions. Two ships have been completed and delivered. A considerably expanded programme is planned for 1943.

Your Directors regret to record the death of two members of your Board during the past year: Mr. E. F. Haffner of Winnipeg who died on 7th February, 1942, and Mr. H. H. Vaughan of Montreal, who died on 11th December, 1942. Both these gentlemen were deeply interested in the success of the Company and their sound judgment and business ability, which were ever at the Company's service, will be greatly missed in the conduct of its affairs.

Mr. M. W. Wilson, President of the Royal Bank of Canada, has been elected a Director to fill the vacancy caused by the death of Mr. Haffner.

Your Directors have declared quarterly dividends of 30c per share, a total of $1.20 for the year.

Your Directors wish to record their appreciation of the loyalty and efficiency of the staff and the employees throughout the Company's entire organization.

Meetings of your Board of Directors have been held monthly, the books of your Company have been regularly audited and the certificate of your Auditors appears on the Financial Statement herewith submitted.

By Order of the Board of Directors,

W. F. ANGUS,
President.

DOMINION BRIDGE

AND ENTIRELY OWNED

CONSOLIDATED BALANCE SH

ASSETS

Fixed Assets			
Real Estate, Plant, Machinery and Equipment	$18,376,819.78		
Less: Depreciation Reserve	10,355,295.02	*$8,021,524.76	
*Cost less amounts written off.			
Investments in Partly Owned Subsidiaries at Book Value		2,082,336.01	
Investments in Other Companies at Book Value—less Reserve		96,637.29	
			$10,200,498.06
Current Assets:			
Cash on Hand and in Bank		2,909,477.75	
Government and Other Bonds and Securities (Approximate Market Value $2,426,869.30)		2,224,056.37	
Deposits on Tenders		82,942.00	
Expenditure on Uncompleted Contracts at Standard Cost, less Reserve	$25,109,885.10		
Less: Amounts received on Account	18,248,150.68		
		6,861,734.42	
Accounts and Bills Receivable less Reserve for Doubtful Accounts		3,458,952.87	
Stock of Steel, Supplies and Small Tools at Cost, which is less than market value—less Reserve		3,691,788.17	
			19,228,951.58
2,649 Fully Paid No Par Value Shares held by Trust Companies for sale to employees of Dominion Bridge Company, Limited			40,084.10
Suspended Assets:			
Unexpired Insurance Premiums, Taxes and Deferred Charges		227,016.71	
Refundable portion of Excess Profits Tax		371,013.46	
			598,030.17
			$30,067,563.91

G. H. DUGGAN, *Director.*

W. F. ANGUS, *Director.*

COMPANY LIMITED

UBSIDIARY COMPANIES

ET AS AT 31st OCTOBER, 1942

LIABILITIES

Capital Stock:		
Authorized: 600,000 Shares of No Par Value.		
Issued: 513,951 Shares of No Par Value..........		$15,921,366.00
Reserve Accounts:		
For Plant Extensions and Betterments...............	$ 1,000,000.00	
For Accidents in Erection.........................	181,358.36	
		1,181,358.36
Refundable Portion of Excess Profits Tax............		371,013.46
Earned Surplus Account:		
Balance as per Profit and Loss Account..............		2,674,240.20
Current Liabilities:		
Dividend payable 15th November, 1942..............	$ 154,185.30	
Bank Loan (Secured)............................	125,000.00	
Bank Loan for Tender Deposits....................	5,385.00	
Reserve for Taxes...............................	5,783,799.01	
Sundry Accounts Payable.........................	3,851,216.58	
		9,919,585.89
		$30,067,563.91

Montreal, 14th January, 1943.

Submitted in accordance with our Report of even date on the Consolidated Balance Sheet of Dominion Bridge Company, Limited and Wholly Owned Subsidiary Companies.

(*Signed*) RIDDELL, STEAD, GRAHAM & HUTCHISON,
Chartered Accountants,
Auditors.

DOMINION BRIDGE COMPANY LIMITED

AND

ENTIRELY OWNED SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST OCTOBER, 1942

Profits from Contracts, Interest and Exchange and Miscellaneous Income		$ 7,521,341.96
Revenue from Investments		114,571.60
Profit on sale of Equipment and Bonds (net)		24,679.15
		$ 7,660,592.71
Deduct:		
Directors' Fees	$ 23,836.66	
Executive Salaries	85,000.00	
Legal Fees	2,345.63	
Reserve for Taxes (including refundable portion of Excess Profits Tax)	5,510,750.02	
Depreciation on Plant, Machinery, etc	1,015,359.67	
		6,637,291.98
		$ 1,023,300.73
Add:		
Balance at Credit 1st November, 1941		2,267,680.67
		$ 3,290,981.40
Deduct:		
Dividend for year		616,741.20
Balance as at 31st October, 1942, as per Balance Sheet		$ 2,674,240.20

RIDDELL, STEAD, GRAHAM & HUTCHISON

CHARTERED ACCOUNTANTS

460 ST. FRANCOIS XAVIER STREET, MONTREAL

14th January, 1943.

To the Shareholders,

DOMINION BRIDGE COMPANY, LIMITED

We have examined and audited the Books and Accounts of Dominion Bridge Company, Limited and its entirely owned Subsidiary Companies for the year ended 31st October, 1942, and report thereon as follows:

The Inventories of Stock on Hand, as certified by responsible officials of the various companies, have been valued on a conservative basis.

The Investments in which your Company is interested have been verified by actual inspection of the Securities or by certificate from the Depositaries in the cases where the Securities are deposited for safe custody or as security.

In accordance with Section 114 of the Dominion Companies' Act we report that no portion of the profits of partly owned subsidiaries, (with the exception of dividends actually declared by one of these) is included in these accounts. The aggregate profits pertaining to this company are in excess of the dividends received.

We report that we have obtained all the information and explanations we have required and that, in our opinion, the accompanying Balance Sheet as at 31st October, 1942, is properly drawn up so as to exhibit a true and correct view of the state of the combined companies' affairs, according to the best of our information and the explanations given to us and as shown by the Books of the Companies.

RIDDELL, STEAD, GRAHAM & HUTCHISON,

CHARTERED ACCOUNTANTS,

Auditors,

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