

STATEMENT OF INCOME

	1958	1957
Operating Revenues		
Passenger	\$101,553,258	\$ 86,523,981
Mail	9,893,622	9,662,585
Air Express and Freight	6,536,017	6,392,156
Excess Baggage	977,494	893,968
Charter	490,594	280,155
Incidental Services—Net	1,103,784	1,242,862
Total	<u>\$120,554,769</u>	<u>\$104,995,707</u>
Operating Expenses		
Flying Operations	\$ 26,143,144	\$ 23,837,126
Maintenance	30,500,636	28,721,065
Passenger Service	7,982,693	6,452,870
Aircraft and Traffic Servicing	22,438,282	19,090,650
Sales and Promotion	16,887,670	15,036,818
General and Administrative	4,177,309	3,541,824
Total	<u>\$108,129,734</u>	<u>\$ 96,680,353</u>
Income from Operations	\$ 12,425,035	\$ 8,315,354
Provision for Depreciation	9,911,049	6,819,160
Non-Operating Income—Net	\$ 2,513,986	\$ 1,496,194
	529,029	599,299
Income Before Interest Expense	\$ 3,043,015	\$ 2,095,493
Interest on Capital Invested	2,495,586	1,690,819
Net Income	<u>\$ 547,429</u>	<u>\$ 404,674</u>

NOTE:—Consistent with the provisions of the Income Tax Act, the Airline intends to claim capital cost allowance (depreciation) sufficient to offset the taxable income.

AUDITORS' REPORT

To The Honourable The Minister of Transport,
Ottawa, Canada.

We have examined the books and accounts of Trans-Canada Air Lines for the year ended December 31st, 1958. Our examination included a general review of the accounting procedures and such tests of the 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 are properly drawn up so as to give a true and fair view of the state of the Corporation's affairs at December 31st, 1958, and of the results of its 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 Corporation. In our opinion the statements are prepared on a basis consistent with that of the preceding year.

We further report that in our opinion proper books of account have been kept by the Corporation, and the transactions of the Corporation that have come to our notice have been within the powers of the Corporation.

We are also submitting a supplementary explanatory report.

George A. Touche & Co.
Chartered Accountants.

February 13th, 1959.