

The comparative operating results are as follows:

	1941	1940	Increase	Per cent
Operating revenues.....	\$6,756,463 57	\$5,750,341 42	\$1,006,122 15	17.50
Operating expenses.....	5,029,106 60	4,545,306 51	483,800 09	10.64
Operating profits.....	\$1,727,356 97	\$1,205,034 91	\$ 522,322 06	

Details of operating revenues and operating expenses are given in the accounting statements accompanying this report.

The cash surplus for the year, i.e., the amount by which operating revenues exceeded operating expenses and bond interest, was \$1,205,656.97, which will be paid to the government as interest on advances (current and arrears). The corresponding figure in 1940 was \$666,101.57.

The *Lady Somers*, which was requisitioned for war service on October 3, 1940, was lost during the year as a result of enemy action while serving as an auxiliary cruiser. The *Lady Hawkins* (Commander H. O. Giffin, R.C.N.R.) also was lost as a result of enemy action while south-bound on January 19, 1942. The Directors very much regret the loss of these two fine ships. They also take this opportunity of expressing their sympathy with the relatives of the passengers, officers and crew of the *Lady Hawkins* who lost their lives in the tragedy. Pending settlement for the value of the *Lady Somers* the asset has been retained in the accounts at the original cost of the vessel, less depreciation accrued in the accounts to the date of requisitioning.

Two vessels, the *Dalwarnic* and *Canatco*, owned by the Canada Atlantic Transit Company, a subsidiary of Canadian National Railways, have been chartered for West Indies trade, replacing vessels of the company assigned for service to the Far East.

On July 24th, Mr. R. C. Vaughan became a Director and President of the company in succession to Mr. S. J. Hungerford who resigned from the said offices.

The Directors again express their appreciation of the loyal service rendered by the company's officers and employees under the stress of wartime conditions.

The CHAIRMAN: Any discussion?

Mr. HAZEN: Mr. Chairman, in connection with the loss of the *Lady Hawkins* on January 19, 1942, I wonder if Mr. Vaughan could tell us if that ship were armed before she sailed?

Mr. VAUGHAN: Yes, she was.

Mr. HAZEN: Could you tell us if Captain Giffin, the master of the ship, wrote the company complaining of lack of proper armament?

Mr. VAUGHAN: I could not say that. I did not hear of that, but in any event, those vessels sail entirely under the direction of officers of the navy and it is the navy which decides whether they should have a convoy or not.

Mr. HAZEN: If he did write such a letter would it come to your attention?

Mr. VAUGHAN: Well, it probably would. I have never seen such a letter. I have not heard that he wrote such a letter.

Mr. HAZEN: Is it possible such a letter would go to someone else?

Mr. VAUGHAN: It may be possible that such a letter was written.

Mr. HAZEN: If it was written and you did not receive it whom might it have been received by?

Mr. VAUGHAN: It would probably go to Mr. Teakle, General Manager of the Canadian National Steamships Limited, Montreal.