

CANADA CEMENT CO., LIMITED

Annual Report of the Board of Directors

TO THE SHAREHOLDERS:

Your Directors beg to present herewith the annual statement of the affairs and financial position of the Canada Cement Company, Limited, as of the 31st December, 1910.

In presenting the Balance Sheet, we call attention to the Company's strong financial position as disclosed by the large amount of cash on hand, and other quick assets, and the comparatively small amount of current liabilities. After providing for interest on our Bonds and Dividends on our Preferred Stock for the year, we have been able to set up reserves for depreciation, extraordinary repairs and renewals, bad debts, etc., and carry forward a substantial balance to Surplus Account.

The consumption of cement during the past year was not as large as anticipated. Our business also suffered on account of the Railways not being able to meet our full requirements for cars during the heavy shipping season; consequently, we carry over from last year 781,116 barrels of cement.

Early in 1910 the price of our product was fixed at a lower price than cement had ever been sold for in Canada, excepting for a short period in 1909, but your Directors are pleased to state that the anticipated savings in manufacturing and distributing our products were such that they were able to still further reduce this price.

We trust, when you consider the above mentioned conditions, and also the fact that during 1910 our plants were only operated to 57.6 per cent. of their capacity, the profits shown will be satisfactory to the Shareholders.

During the current year, we look for a larger natural demand, which demand will be stimulated by continuing to manufacture a strictly high grade article, and by selling it at the lowest possible price. This anticipated increase will enable us to operate our plants to better advantage than in the past, but we do not expect that the demand will be sufficient to enable us to put into operation either of the two plants which have been idle since the organization of this Company. However, it is confidently expected that the increased demand, and increased output, will result in further savings in the cost of manufacture and distribution, and it is the policy of your Directors to give your customers the benefit of these reductions.

The Shareholders' profits will depend on the increased volume of the Company's business, the policy of the Company being the maintenance of such a stable position as will insure regular and uniform payments of interest on its bonds and dividends on its Preferred stock, and at the same time be in a position to withstand any unforeseen emergency that may arise consequent on business depression or otherwise, which condition naturally necessitates the accumulation of, and the maintenance of, a large cash reserve.

It is also the policy of the Company to equalize the price of cement throughout Canada in so far as the physical conditions make such possible, and in furtherance of this policy, your Directors have arranged to purchase a site near Winnipeg, on which they will erect, this year, a mill to grind clinker, which clinker will be shipped from one of our Eastern mills. The buildings, machinery, etc., will be planned so that, should it at any time in the future be advisable, a Burning Department can be added, and the clinker produced on the property.

And further, an agreement has been entered into whereby this Company expects to acquire, in the near future, a property at Exshaw, which, added to our Calgary plant, and the projected plant at Winnipeg, will put us in the position of anticipating any extraordinary growth in the consumption of cement in the Great West.

With the view of educating the public, and popularizing the use of cement, in addition to the ordinary advertising, the Company has published a small book illustrating some of the many uses to which cement may be put, for which book there has been a great demand, 25,000 applications for same having been received during the past six months.

For the purpose of stimulating interest in the Company on behalf of the Employees, both in efficiency and cheapening production, as well as creating a feeling of mutual goodwill, your Directors deem it expedient to introduce a system, already adopted by several large industrial corporations with beneficial results, viz., to enable employees to become the possessors of Preferred and Common Stock at prices which will be attractive to them, the employees paying a fixed amount per share per month out of their earnings, and the Company carrying the stock for them, charging a rate of 5% interest. If the plan is put into effect, all dividends will be credited to the employees applying for the stock. Said stock will be held in trust for the employee for a term of five years, excepting in exceptional cases, such as death, when his heirs will receive what benefit a deceased employee has derived from subscribing to the stock.

Your Directors feel that the policy, as herein outlined, will, as nearly as possible, make the interests of the consumers, the employees, and the shareholders identical, and will inure to the most enduring and beneficial results for all concerned.

All of which is respectfully submitted.

On behalf of the Board of Directors,

WILLIAM C. EDWARDS,

President.



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