CANADA

The report for the American Brakeblok Division of Lindsay, Ontario will be contained in the annual report of the Dominion Brake Shoe Company, Limited. However, some brief remarks concerning our Canadian activities may be of interest in this report.

The plant operated with reduced forces during the year because our production schedules for Canada were insufficient to utilize plant capacity. In addition to our Canadian replacement business, orders were received for original equipment and service materials for Ford Motor and Studebaker of Canada. Prices were increased approximately 10% on brake lining with the exception of thick blocks, for which prices were increased and then reduced to the former level.

The Canadian operation due to lack of sales volume has continued to show a loss throughout the year. The expenditure for the installation of equipment at Lindsay for the manufacture of Heat and Pressure materials was approved by the Board of Directors, and the equipment has been ordered.

Hourly rated employees were granted two wage increases of 5 cents an hour each and six paid holidays. The average hourly rate is now 81.4¢. Plant and office working hours were reduced from 44 to 40 hours per week.

FRANCE

FADIL had the largest sales in 1948 of its history. Sales in France and French Colonies through Ducellier increased 74% over 1947 in French Francs. The contract with Ducellier has until 1950 to run. FADIL'S export sales increased 93% over 1947 in French Francs. The facilities of FADIL were used by the Export Division to reach those countries that were impossible to reach from either the U. S. or Canada. In 1948 this amounted to 31,850,642 Frs. ($134,500), or 39% of total net sales in Francs.

FADIL'S net sales increased from 45,534,407 Frs. in 1947 to 82,363,086 Frs. in 1948, which is 80.9%. The rate of exchange for French Francs has gone from 120 Frs./Dollar in 1947 to 263.5 Frs./ Dollar at the end of 1948 with the result that net sales expressed in U. S. Dollars actually show a decrease. The cubic inch shipments for brake linings increased 8.9%, and the weight of clutch facings shipped increased 118.4%. The 80.9% net sales increase in Francs was largely due to inflationary price increases. The gross profit on sales of brake lining and clutch facings for the year was 32,731,077 Frs. ($125,000), or 40% of total net sales. Net profit after taxes, royalties, and administration expenses for the year was 10,858,196 Frs. ($41,500), or 13% of net sales. Royalties payable to the American Brake Shoe Company amounted to 7,345,941 Frs. ($28,000) for the year. At December 31st total assets amounted to 87,699,530.95 Frs. ($333,000).