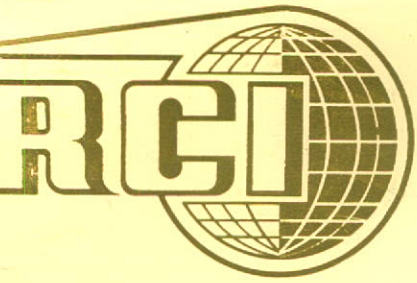


Management

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**Reichhold
Chemicals
Limited**

**Annual Report
1973
Rapport Annuel**



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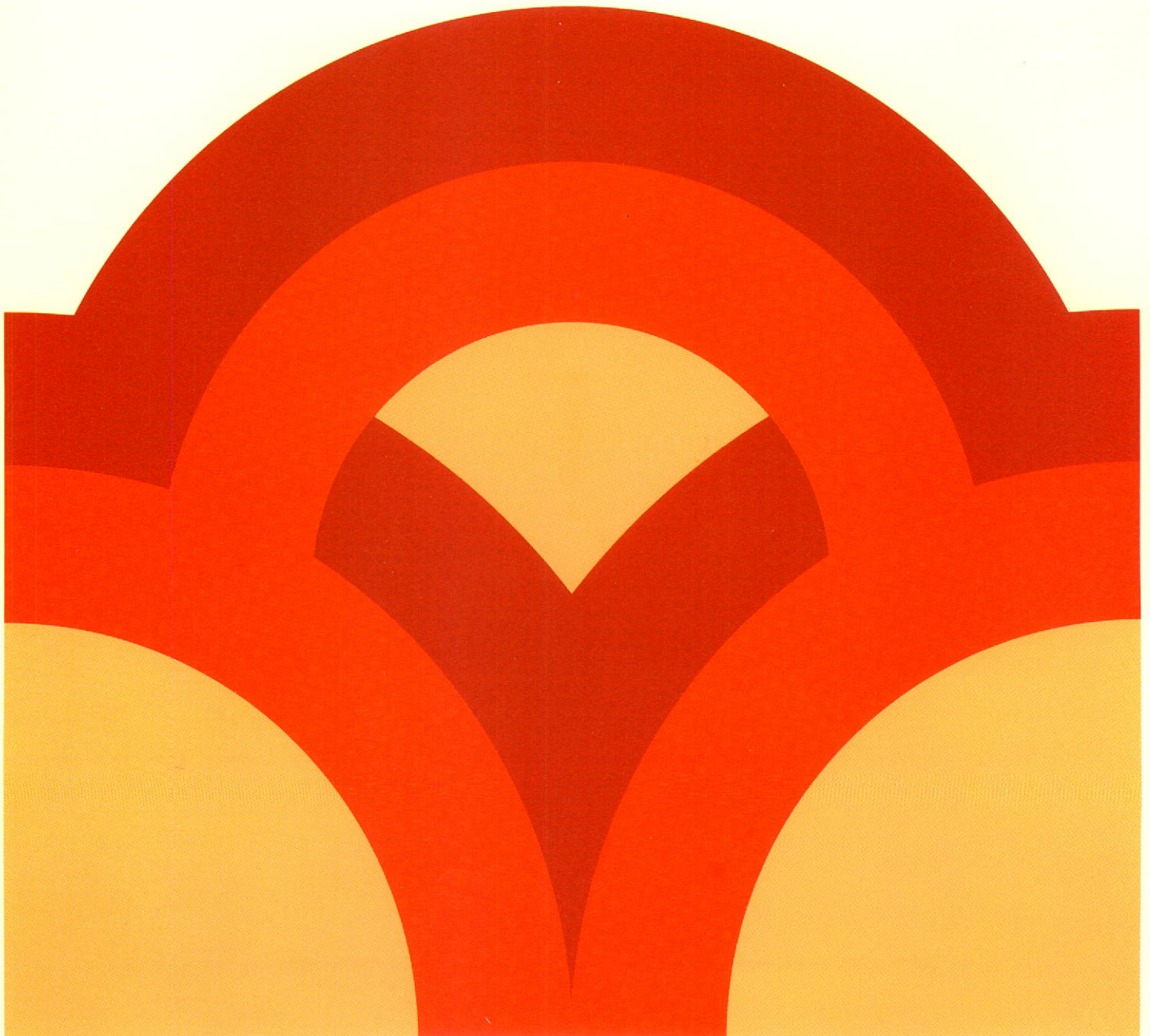
Portfolio

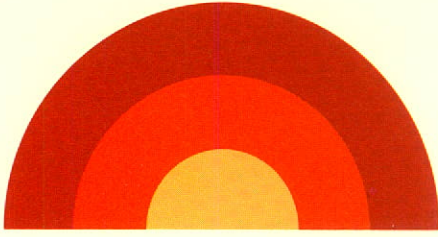
This portfolio was lithographed on a
28"x40" Heidelberg RVO 4-colour,
using printing inks manufactured by
The Canada Printing Ink Co. Ltd.



**Reichhold
Chemicals
Limited**

**Financial Report
1973
Rapport Financier**





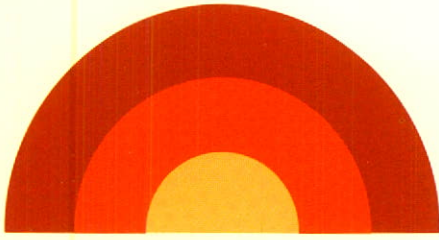
Our year at a glance

| | 1973 | 1972 |
|-----------------------------|--------------|--------------|
| Net sales | \$36,971,689 | \$27,252,252 |
| Net earnings | 1,632,019 | 980,969 |
| Earnings per common share | 3.38 | 2.04 |
| Book value per common share | 16.74 | 11.95 |

See note at foot of 10 year financial review on page 10

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To Our Shareholders



The year 1973 was one of solid growth, with the company again setting new records for sales and earnings. It was an exciting and eventful year. A major acquisition, expansion in all divisions, improved efficiency, new laboratory developments and a new direction for the Canadian Chemical Industry all contributed to make 1973 the most dramatic year in our history. Net earnings for the year were \$1,632,019, or \$3.38 per share, an increase of 65.7% over 1972. Sales were \$36,971,689, up 35.7% over last year.

The balance sheet is consolidated and includes the newest acquisition. However, reported sales and earnings do not include those of the Sears group of companies. Sears, the foremost distributor of printing equipment and supplies in Canada, was acquired in late December 1973 for \$7,156,250 cash and 50,000 treasury shares. The cash outlay was only slightly more than the net current assets plus marketable notes of Sears, so that the liquid position of the company was maintained.

Reichhold's working capital increased during the year by almost \$600,000 even after giving effect to the acquisition of Sears, and after spending over \$2.3 million on capital equipment.

Canada Printing Ink, acquired in 1968, and Sears will continue to operate as separate companies but will work together to provide the best possible service to the Canadian Graphic Arts Industry. Each company has a proven record of success. Together they will reap increased benefits from a coordinated national marketing program, more efficient methods of distribution, and an overall broadening of product lines. Other benefits will accrue from the many opportunities and efficiencies afforded by a broader base and a natural compatibility. Our chemical divisions had an exceptional year with earnings up substantially because of higher volume and more efficient use of equipment. This offset lower gross profit margins on products caused by the high cost of raw materials. New alkyd facilities, which came on stream in early 1973, ran close to full capacity throughout the year. The resurgence of the Forest Products Industry created a high demand for our phenol and urea formaldehyde resins. Phenolic molding compounds reached a new high in popularity for specialized high performance industrial uses. Resins for insulation foams and binders increased in importance for energy conservation. Polyester sales for reinforced plastic made good gains in 1973.

As forecast, we encountered difficulties in obtaining increased amounts of some raw materials. Careful planning and practical laboratory work minimized these problems. The company's technical and sales personnel provided our customers with excellent service to help them make the most efficient use of the materials available. Most of the uncertainties are gone, and now we can plan effectively for the future.

We continued our long term capital expansion program directed toward lowering cost and increasing production. The emphasis in 1973 was on alkyd and polyester expansion in Weston and on major expansion of our printing ink producing capacity across the country. Government income tax reductions and fast write-off incentives allowed us to expand faster than otherwise would have been possible. We budgeted a further \$2 million for expansion in 1974. This includes a major expansion at the North Bay plant. This will help maintain our strong position in the Forest Products Industry for years to come. Our research and development laboratories made significant contributions in 1973. These promise an even brighter future for both resins and printing inks.

Canadian Industry, and the Chemical Industry in particular, is faced with an unparalleled opportunity. We are presently the only Western industrial nation in an advantageous energy and feedstock position. Careful use of our resources could result in major expansion of the Chemical Industry at all levels. Reichhold Chemicals Limited is prepared and anxious to participate fully in this opportunity. Our growth has been planned and orderly and we expect it to continue. Sales and earnings should increase very substantially. This is a result of the addition of Sears and the excellent gains expected in selected chemical groups, printing ink and supplies. Our continued success is due to our dedicated employees. My thanks go to all of them.

GEORGE L. HAGEN,
President and
Chief Executive Officer

L'exercice 1973 fut témoin d'un progrès marqué et la compagnie a encore établi de nouveaux records de ventes et de bénéfices. Cet exercice fut très intéressant par suite d'activités remarquables. Une acquisition importante, l'agrandissement de toutes les divisions, une plus grande efficacité, de nouveaux aménagements de laboratoires et une nouvelle orientation pour l'industrie canadienne de produits chimiques, ont contribué ensemble pour faire de 1973 l'année la plus remarquable de notre histoire. Les bénéfices nets pour l'exercice se sont élevés à \$1,632,019 ou à \$3.38 par action, soit une augmentation de 65.7% sur 1972. Les ventes ont atteint le chiffre de \$36,971,689, soit 35.7% de plus que l'an dernier.

Le bilan est consolidé et comprend la plus récente acquisition. Cependant, les ventes et les bénéfices rapportés ne comprennent pas ceux du groupe des compagnies Sears. Sears, le distributeur le plus renommé dans l'équipement et les fournitures d'imprimerie au Canada, est une entreprise acquise vers la fin de décembre 1973 pour \$7,156,250 au comptant et 50,000 actions du trésor. Le déboursé au comptant a été légèrement supérieur au capital d'exploitation plus des notes négociables de Sears, de sorte que la liquidité de la compagnie a été maintenue. Le fonds de roulement de Reichhold augmenta au cours de l'exercice de presque \$600,000 même après avoir tenu compte de l'acquisition de Sears, et après une dépense de plus de \$2.3 millions en immobilisations.

Canada Printing Ink, une entreprise acquise en 1968, et Sears continueront de fonctionner comme compagnies séparées mais travailleront ensemble pour fournir le meilleur service possible à l'industrie canadienne des arts graphiques. Chaque compagnie a un record prouvé de succès. Ensemble, elles réussiront des bénéfices accrus provenant d'un programme coordonné de commercialisation au niveau

national, des méthodes plus efficaces de distribution et une distribution générale plus étendue des assortiments de produits. D'autres avantages proviendront des nombreuses opportunités et des nombreuses méthodes d'efficacité que permettent une base plus étendue et une compatibilité naturelle.

Nos divisions de produits chimiques ont réussi une année exceptionnelle avec des bénéfices substantiellement accrus à cause du volume plus élevé et de l'emploi plus efficace de l'équipement. Cependant, ceci compense pour des profits bruts moindres sur les produits à cause du coût plus élevé des matières premières.

Les nouveaux aménagements d'alkyd qui ont commencé au début de 1973 ont fonctionné à presque complète capacité au cours de toute l'année. Le nouvel élan de l'industrie des produits forestiers a créé une grande demande pour notre phénol et nos résines urée et formaldéhyde. Les composés de moulage phénoliques ont atteint un nouveau sommet de popularité pour les emplois industriels de haut rendement spécialisé. Les résines pour les mousses isolantes et les agglomérés augmentèrent en importance pour la conservation d'énergie. Les ventes de polyester pour le plastique renforcé ont fait des gains appréciables en 1973.

Comme prévu, nous avons éprouvé des difficultés à obtenir des quantités plus grandes de certaines matières premières. Une planification judicieuse et un travail de laboratoire pratique a réduit au minimum ces problèmes. Le personnel des ventes et le personnel technique de la compagnie ont fourni à nos clients un excellent service pour les aider à employer le plus efficacement possible les matériaux disponibles.

Nous avons continué notre programme de dépenses de capitaux à long terme, orienté afin de diminuer les frais et augmenter la production. L'importance en 1973 a porté sur l'agrandissement des opérations d'alkyd et de polyester

à Weston et sur l'agrandissement important de notre capacité de fabrication d'encre d'imprimerie à travers le pays. La diminution d'impôts sur le revenu du gouvernement et l'encouragement de déductions nous ont permis d'augmenter plus vite qu'il n'aurait été possible de le faire autrement.

Nous avons établi un budget de \$2 millions de plus pour l'agrandissement en 1974. Ce développement comprend l'agrandissement considérable de l'usine de North Bay. Ceci aidera à maintenir notre position solide dans l'industrie des produits forestiers pendant des années à venir.

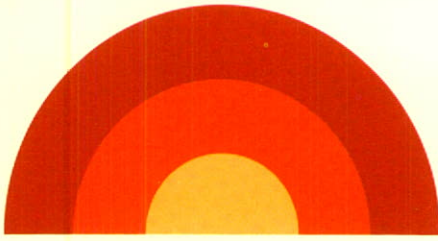
Ces réalisations promettent un avenir encore plus brillant pour les encres d'imprimerie et les résines. L'industrie canadienne et l'industrie des produits chimiques en particulier, envisagent une opportunité sans parallèle.

L'emploi judicieux de nos ressources pourrait contribuer à une expansion importante de l'industrie des produits chimiques à tous les niveaux. Reichhold Chemicals Limited est prête et désireuse de participer pleinement à cette opportunité.

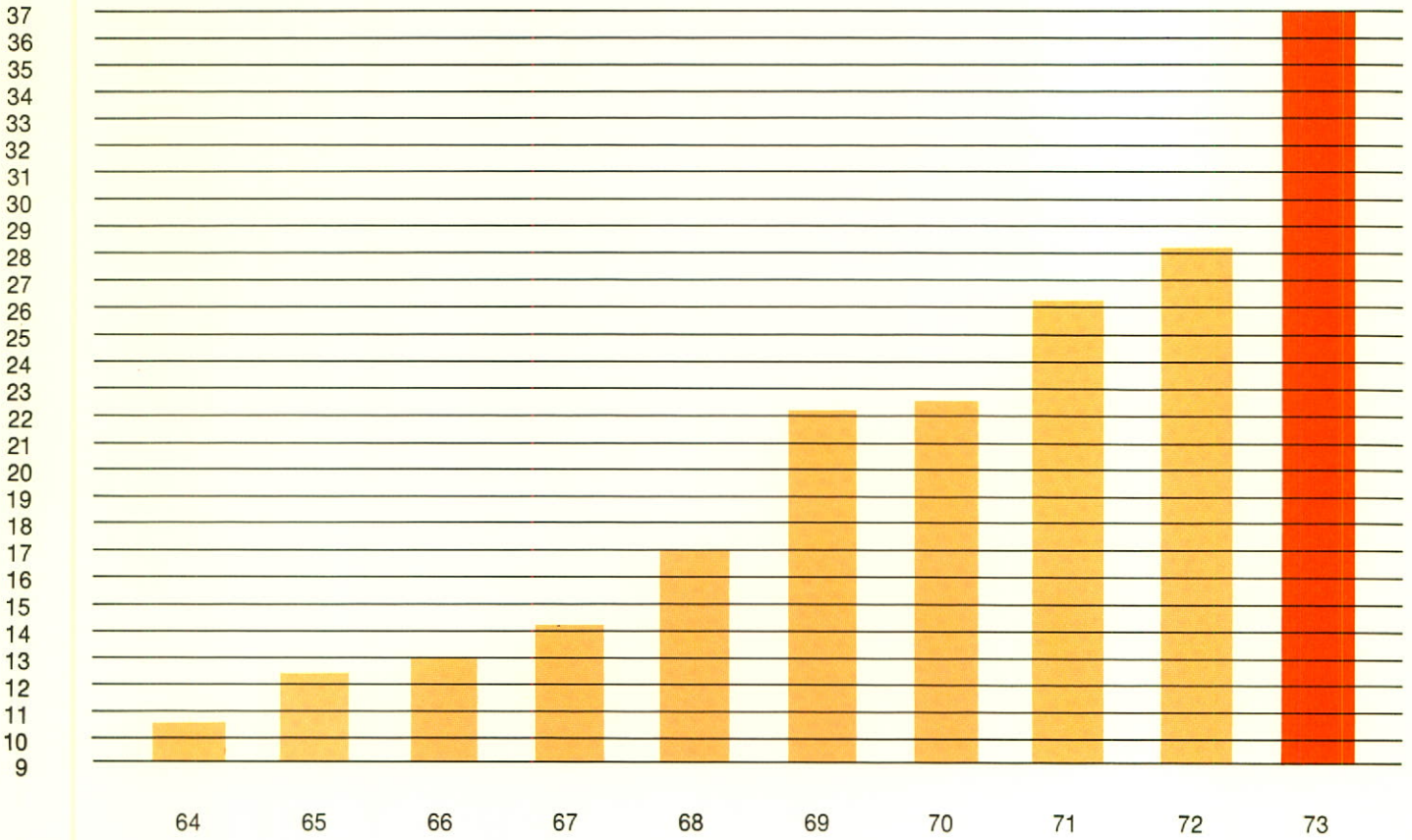
Notre développement a été planifié et ordonné et nous prévoyons qu'il se continuera ainsi. Les ventes et les bénéfices devraient augmenter très substantiellement. Ce fait est attribuable à l'addition de Sears et aux excellents gains prévus dans un groupe choisi de produits chimiques, l'encre d'imprimerie et les fournitures. Notre succès continu est attribuable aux dévoués employés. Je leur adresse donc mes remerciements sincères.



GEORGE L. HAGEN,
Président et
directeur administratif en chef



10 Years of Sales Growth
(millions of dollars)

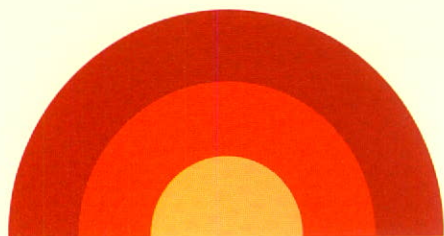


Distribution of sales dollars
(dollars per \$1,000 sales)

| | 1973 | 1972 |
|---|----------------|----------------|
| Materials & Container Costs | \$ 620 | \$ 598 |
| Payroll Costs | 143 | 155 |
| Services & Other Expenses | 98 | 120 |
| Freight | 36 | 39 |
| Depreciation | 19 | 21 |
| Federal & Provincial Income Taxes | 35 | 31 |
| Net Income Retained | 44 | 31 |
| Cash Dividends Paid | 5 | 5 |
| | \$1,000 | \$1,000 |

Dollar sales product mix

| 32% | 31% | 18% | 19% |
|--|--|--|--|
| Decorative Overlays, Specialty Industrial Resins, Adhesives, Chemicals, Oils, Printing Inks, and Supplies. | Resins for Paint, Floorwax Surface Coatings. | Plastics and Molding Compounds for Electrical Appliances, Trans- portation, Recreation, Industrial, Decorative Applications. | Resins for Forest Products Plywood, Particle Board, Paper. |



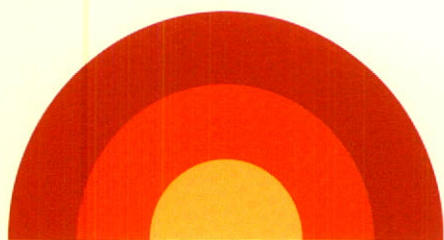
Consolidated Statement of Earnings and Retained Earnings

Year ended December 31, 1973 with comparative figures for 1972

| | 1973 | 1972 |
|---|---------------------|---------------------|
| Net sales | \$36,971,689 | \$27,252,252 |
| Cost of sales | 27,627,375 | 19,997,182 |
| | <u>9,344,314</u> | <u>7,255,070</u> |
| Gross profit | | |
| Selling, general and administrative expenses | 5,978,303 | 5,040,649 |
| | <u>3,366,011</u> | <u>2,214,421</u> |
| Net operating profit | | |
| Other expenses: | | |
| Interest on long term debt | 340,000 | 340,000 |
| Other interest | 96,351 | 48,333 |
| | <u>436,351</u> | <u>388,333</u> |
| Earnings before income taxes | 2,929,660 | 1,826,088 |
| Income taxes: | | |
| Current | 942,631 | 780,015 |
| Deferred | 355,010 | 65,104 |
| | <u>1,297,641</u> | <u>845,119</u> |
| Net earnings* | 1,632,019 | 980,969 |
| Retained earnings, beginning of year | 3,995,677 | 3,159,076 |
| | <u>5,627,696</u> | <u>4,140,045</u> |
| Deduct dividends | 202,131 | 144,368 |
| Retained earnings, end of year (note 3) | <u>\$ 5,425,565</u> | <u>\$ 3,995,677</u> |
| Earnings per share (note 4) | <u>\$ 3.38</u> | <u>\$ 2.04</u> |
| (Fully diluted earnings per share for 1973 \$2.90; 1972 — \$1.77) | | |
| The above statement of earnings includes the following charges: | | |
| Depreciation | \$ 711,830 | \$ 580,998 |
| Amortization of deferred charges | 34,310 | 37,164 |
| Amortization of goodwill (note 1) | 16,476 | 16,476 |
| Directors' and senior officers' remuneration | 209,919 | 168,400 |

See accompanying notes to consolidated financial statements.

*The statement of earnings for 1973 does not include any operations of the Sears group (see note 1)

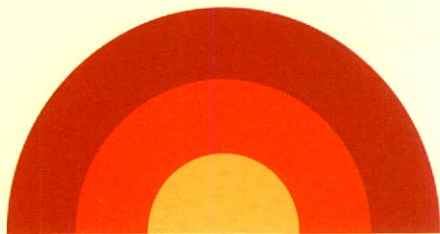


Consolidated Balance Sheet

December 31, 1973 with comparative figures for 1972 (note 2)

| Assets | 1973 | 1972 |
|---|----------------------------|----------------------------|
| Current assets: | | |
| Cash | \$ 415,716 | \$ 157,134 |
| Short term notes receivable | — | 600,000 |
| Receivables, less allowance for doubtful accounts \$271,146 (1972 — \$241,534) | 8,803,807 | 4,298,189 |
| Current portion of lien notes receivable (note 5) | 1,428,058 | — |
| Inventories, at the lower of cost and net realizable value: | | |
| Raw materials | 2,141,294 | 1,301,423 |
| Finished goods | 5,252,086 | 2,700,716 |
| Total inventories | <u>7,393,380</u> | <u>4,002,139</u> |
| Prepaid expenses and deposits | 538,903 | 141,952 |
| Total current assets | <u>18,579,864</u> | <u>9,199,414</u> |
| Lien notes receivable (note 5) | 2,711,242 | — |
| Fixed assets: | | |
| Buildings and equipment, at cost | 14,403,660 | 11,200,342 |
| Less accumulated depreciation | 7,269,679 | 6,322,475 |
| Net fixed assets | <u>7,133,981</u> | <u>4,877,867</u> |
| Land, at cost | 335,252 | 136,393 |
| Net fixed assets | <u>7,469,233</u> | <u>5,014,260</u> |
| Other assets, at cost less amortization: | | |
| Goodwill, less accumulated amortization \$45,309 (1972 — \$28,833) (note 1) | 789,915 | 135,948 |
| Deferred charges | 216,899 | 237,397 |
| | <u>1,006,814</u> | <u>373,345</u> |
| | <u><u>\$29,767,153</u></u> | <u><u>\$14,587,019</u></u> |

See accompanying notes to consolidated financial statements.



Liabilities and Shareholders' Equity

| | 1973 | 1972 |
|---|---------------------|---------------------|
| Current liabilities: | | |
| Bank advances and acceptances, secured (note 6) | \$ 4,900,530 | \$ 813,000 |
| Accounts payable and accrued expenses | 5,781,036 | 2,856,833 |
| Income taxes payable | 903,988 | 341,385 |
| Current portion of 12% note payable (note 7) | 1,214,013 | — |
| Total current liabilities | <u>12,799,567</u> | <u>4,011,218</u> |
| 12% note payable (note 7) | 3,285,987 | — |
| 8½% sinking fund debentures, Series A (note 3) | 4,000,000 | 4,000,000 |
| Deferred income taxes | 1,598,614 | 823,304 |
| Shareholders' equity: | | |
| Capital stock (note 8): | | |
| Common shares without nominal or par value. | | |
| Authorized 2,287,500 shares; issued 531,299 shares | | |
| (1972 - 481,249 shares) | 1,221,716 | 321,116 |
| Contributed surplus | 1,435,704 | 1,435,704 |
| Retained earnings (note 3) | 5,425,565 | 3,995,677 |
| Total shareholders' equity | <u>8,082,985</u> | <u>5,752,497</u> |
| Commitments (note 9) | | |
| | <u>\$29,767,153</u> | <u>\$14,587,019</u> |

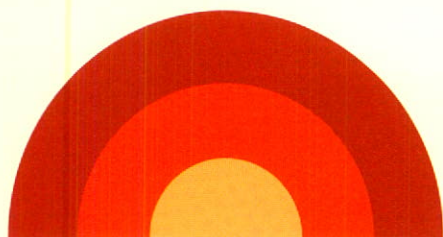
On behalf of the Board: D. G. McNabb, Director, G. L. Hagen, Director.

Auditors' Report to the shareholders

We have examined the consolidated balance sheet of Reichhold Chemicals Limited (formerly Reichhold Chemicals (Canada) Limited) and subsidiaries as of December 31, 1973 and the consolidated statements of earnings and retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as of December 31, 1973 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants,
Toronto, Ontario, February 25, 1974

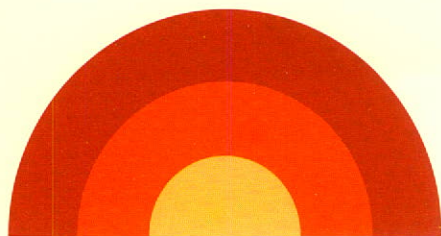


Consolidated Statement of Changes in Financial Position

Year ended December 31, 1973 with comparative figures for 1972 (note 2)

| | 1973 | 1972 |
|---|---------------------|---------------------|
| Additions to working capital: | | |
| Net earnings | \$ 1,632,019 | \$ 980,969 |
| Depreciation and amortization | 762,617 | 634,638 |
| Deferred income taxes | 355,010 | 65,104 |
| Additions to working capital from operations | <u>2,749,646</u> | <u>1,680,711</u> |
| 12% note payable (note 7) | 3,285,987 | — |
| Shares issued (note 8) | 900,600 | 300 |
| Total additions to working capital | <u>6,936,233</u> | <u>1,681,011</u> |
| Deductions from working capital: | | |
| Purchase of subsidiary company for \$8,056,250 less its working capital at acquisition of \$4,243,588 (note 2) | 3,812,662 | — |
| Net additions to fixed assets | 2,315,543 | 1,070,913 |
| Additions to deferred charges | 13,796 | 600 |
| Dividends | 202,131 | 144,368 |
| Reduction in minority shareholders' interest in subsidiary company | — | 31,140 |
| Total deductions from working capital | <u>6,344,132</u> | <u>1,247,021</u> |
| Increase in working capital | 592,101 | 433,990 |
| Working capital, beginning of year | 5,188,196 | 4,754,206 |
| Working capital, end of year | <u>\$ 5,780,297</u> | <u>\$ 5,188,196</u> |

See accompanying notes to consolidated financial statements.



Notes to Consolidated Financial Statements

December 31, 1973

1. Basis of Consolidation

The consolidated financial statements include the accounts of all subsidiaries following the purchase method of accounting, except the consolidated statement of earnings does not include any operations of the Sears group because from date of acquisition December 20, 1973, such operations were immaterial. All material inter-company items and transactions have been eliminated.

Goodwill, being the excess of the cost of shares of subsidiaries over the value of their underlying net tangible assets at the time of acquisition, is being amortized to earnings with respect to amounts at December 31, 1972, over a ten year period and over a twenty year period for the acquisition referred to in note 2. Such amortization in 1973 amounted to \$16,476 (1972 — \$16,476).

2. Acquisition of Sears Holdings Limited

On December 20, 1973, the company acquired all of the outstanding shares of Sears Holdings Limited, a company engaged in the graphic arts industry through its wholly owned subsidiaries, Sears Services Limited, Sears Sales Limited and Sears Limited.

Net assets acquired were as follows:

| | |
|--|---------------------|
| Current assets | \$ 7,078,208 |
| Lien notes receivable | 2,711,242 |
| Other non-current assets at estimated fair values | 851,277 |
| Total tangible assets | \$10,640,727 |
| Goodwill | 670,443 |
| Total assets acquired | 11,311,170 |
| Deduct: | |
| Current liabilities | 2,834,620 |
| Deferred income taxes | 420,300 |
| | 3,254,920 |
| Net assets acquired | \$ 8,056,250 |

The purchase price was satisfied by cash of \$7,156,250 and the issue of 50,000 common shares for \$900,000.

The excess of cost of net assets acquired over their book value, amounting to \$933,990, was allocated \$263,547 to land and building and \$670,443 to goodwill.

3. 8½ % Sinking Fund Debentures, Series A due November 1, 1989

The debentures are secured by a charge on all the assets of the company and certain of its subsidiaries except for the receivables and inventories assigned to secure the bank advances. The debentures may be prepaid at the holders' option on November 1, 1979. The company is

required to establish a sinking fund sufficient to retire in each of the years 1975 to 1979 inclusive, \$220,000 of the debentures and thereafter is to make equal annual payments reducing the principal amount outstanding to \$800,000 by November 1, 1988. The debentures will be redeemable at the option of the company, after November 1, 1974, at a premium of 6.25% reducing to par in the year of maturity. The trust deed securing the debentures contains certain provisions restricting the payment of dividends. At December 31, 1973, \$2,730,750 of consolidated retained earnings was free of such restrictions.

4. Earnings per Share

Earnings per share are calculated using the weighted monthly average number of common shares outstanding during the respective years.

5. Lien notes receivable (carried in the Sears group)

Lien notes receivable consist of the following:

| | |
|--------------------------------|---------------------|
| Gross amounts receivable | \$ 5,599,757 |
| Less unearned interest | 1,460,457 |
| | 4,139,300 |
| Less current portion | 1,428,058 |
| | \$ 2,711,242 |

6. Bank advances and acceptances

Bank advances and acceptances are secured by a general assignment of receivables and by a pledge of inventories.

7. 12% note payable

The note is secured by an assignment of the lien notes receivable and a charge on all the other assets of a subsidiary company and is payable in monthly instalments to April 30, 1980 out of collections from the lien notes receivable but may be retired in full after January 1977.

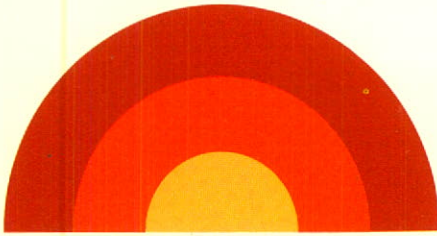
8. Capital Stock

During 1973, 50 common shares were issued for cash on the exercise of warrants as described below and 50,000 common shares were issued in part payment for the shares of Sears Holdings Limited as described in note 2. As of December 31, 1973, 99,925 common shares were reserved for share purchase warrants exercisable to November 1, 1979 entitling each holder to purchase one common share for \$12.61 cash being the new price determined under the trust indenture governing the share purchase warrants upon the issue of the 50,000 shares referred to above.

9. Commitments

A subsidiary leases certain properties for annual rentals aggregating \$69,000 under long term leases extending to various dates from 1976 to 1979.

At December 31, 1973, contracts for plant and equipment additions amounted to approximately \$300,000.



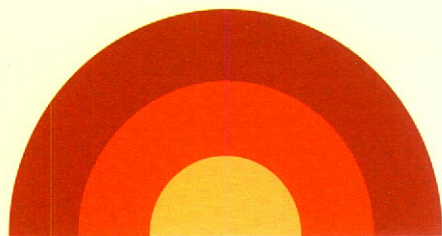
10 Year Financial Review

(in \$'000 except per share items)

| | 1973 | 1972 | 1971 | 1970 | 1969 | 1968 | 1967 | 1966 | 1965 | 1964 |
|--|-----------------|----------|----------|----------|----------|----------|----------|----------|----------|---------|
| Net sales | \$36,972 | \$27,252 | \$24,203 | \$21,762 | \$21,202 | \$16,108 | \$13,286 | \$12,000 | \$11,231 | \$9,713 |
| Profit before income taxes and special items | 2,930 | 1,826 | 1,046 | 327 | 319 | 631 | 886 | 677 | 908 | 895 |
| Special profit (loss) items | — | — | — | — | — | — | — | — | (25) | — |
| Net profit after income taxes | 1,632 | 981 | 512 | 145 | 217 | 322 | 451 | 368 | 425 | 444 |
| Expenditures on fixed assets | 2,316 | 1,074 | 677 | 742 | 979 | 392 | 658 | 1,217 | 868 | 675 |
| Provision for depreciation and amortization | 763 | 635 | 579 | 525 | 632 | 603 | 586 | 479 | 418 | 329 |
| Fixed assets at net book value | 7,469 | 5,014 | 4,524 | 4,401 | 4,175 | 3,824 | 3,909 | 3,842 | 3,114 | 2,664 |
| Net earnings per common share* | \$ 3.38 | \$ 2.04 | \$ 1.06 | \$.30 | \$.45 | \$.67 | \$.99 | \$.80 | \$.93 | \$.97 |
| Dividends paid per common share* | \$.42 | \$.30 | \$.24 | \$.24 | \$.24 | \$.21 | \$.20 | \$.192 | \$.167 | \$.15 |
| Book value per common share* | \$ 16.74 | \$ 11.95 | \$ 10.21 | \$ 9.38 | \$ 9.31 | \$ 8.85 | \$ 8.25 | \$ 7.48 | \$ 6.87 | \$ 6.18 |

*Note .

Calculation of net earnings per common share is based on the weighted monthly average number of shares outstanding during the respective periods. Book value per common share is based on the number of shares outstanding at the end of the respective periods. The number of common shares and per share calculations have been adjusted where applicable to reflect the stock split in December 1968 whereby two additional shares were issued for each share held prior to the split.



Directors and Officers

Directors

ROBERT J. ADAMS
Vice-President, Eastern Division,
Reichhold Chemicals Limited

CHARLES B. BREEDLOVE
Vice-President, Midwest Division,
Reichhold Chemicals Incorporated

PETER J. FASS
Executive Vice-President,
Reichhold Chemicals Incorporated

BRIAN GALLAGHER
Vice-President, Finance,
Reichhold Chemicals Limited

GEORGE L. HAGEN
President and Chief Executive Officer,
Reichhold Chemicals Limited

DONALD G. McNABB
Executive Vice-President,
Reichhold Chemicals Limited

WILLIAM H. MUNDEN
Vice-President & General Manager,
The Canada Printing Ink
Company Limited

HENRY H. REICHHOLD
President and Chief Executive Officer,
Reichhold Chemicals Incorporated

BRIAN W. SHIELDS, Q.C.
Partner, Law firm of Tory, Tory,
Deslauriers & Binnington

Officers

H. H. REICHHOLD
Chairman of the Board

G. L. HAGEN
President and Chief Executive Officer

D. G. McNABB
Executive Vice-President

R. J. ADAMS
Vice-President, Eastern Division

W. L. ANDERSON
Vice-President, Business Development

A. B. DAVIE
Vice-President, Western Division

B. GALLAGHER
Vice-President, Finance

D. J. McLEOD
Vice-President, Central Division

R. T. O'SHAUGHNESSY
Vice-President, Administration

L. ROY
Vice-President, Sales, Eastern Division

B. W. SHIELDS
Secretary

Plants and sales offices

Weston, Ontario (Head Office)
Ste. Therese de Blainville, Quebec
Lindsay, Ontario
North Bay, Ontario
Kamloops, British Columbia
Port Moody, British Columbia

Principal subsidiaries

**The Canada Printing Ink
Company Limited**
Toronto, Ontario
Montreal, Quebec
Edmonton, Alberta
Moncton, New Brunswick
Ottawa, Ontario
Vancouver, British Columbia
Winnipeg, Manitoba

Sears Limited
Toronto, Ontario
Montreal, Quebec
Calgary, Alberta
Edmonton, Alberta
Vancouver, British Columbia
Winnipeg, Manitoba

Registrar and Transfer Agent

Common Stock:
National Trust Co. Ltd.
Toronto, Montreal, Vancouver,
Calgary, Winnipeg

Auditors:
Peat, Marwick, Mitchell & Co.
Commerce Court West,
Toronto

Annual Report

This report was lithographed on a 28"x40" Heidelberg RZO 4-colour, using printing inks manufactured by The Canada Printing Ink Co. Ltd.



**Reichhold
Chemicals
Limited**

**Product
Lines**







Reichhold Chemicals Limited manufactures a wide range of chemicals and resins which are used in the production and processing of other products.

The Company serves many industries, but is probably best known for its contribution to the Forest Products, Paint, Adhesive and Plastics Industries. Through its subsidiary companies — Canada Printing Ink and Sears Limited — Reichhold Chemicals has also become a leader in the Graphic Arts Industry.

Reichhold resin products include: alkyds, polyesters, phenol and urea formaldehyde, urethanes, melamines, vinyl acetate and acrylics. Some of the uses of these substances in the end products of various industries are as follows:

Construction Products for Residential, Commercial and Industrial Markets (including Utilities):

Paints and coatings; particleboard; plywood; waferboard; wood preservatives; insulating foams; glass wool and rock wool insulation; roofing panels; fiberglass panels; decorative overlays and stone-faced decorative cladding panels.

Industrial/Fabricated Products:

Printing inks; packaging adhesives; electrical insulation and wire enamels; molding compounds; bonded and coated abrasives; castings; electrical encapsulating compounds; can coatings; hard hats; machine housings; storage tanks and effluent pipe.

Consumer, Home Furnishing and Leisure Products:

Golfcart and snowmobile bodies and parts; shoes; commercial and pleasure boats; fishing rods; furniture glues and adhesives; refrigerator parts; furniture parts; decorative plaques; molded parts for radios, TV's and appliances; simulated marble; bathtubs and shower stalls.

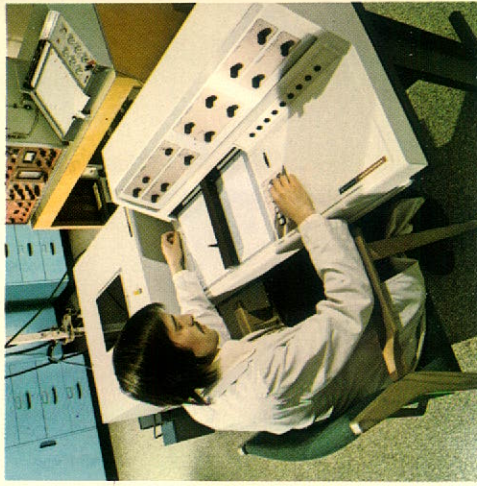
Automotive:

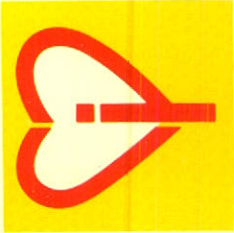
Body and interior paints; tires; brake linings; electrical wiring and moldings; fiberglass reinforced plastics for body parts; heaters and conditioners and battery separators.

Reichhold's manufacturing and laboratory facilities are strategically located close to the industries served and all production schedules are closely coordinated with each customer's individual requirements. Fast, reliable deliveries are assured by the company's fleet of trucks.

The Company's research and development laboratories maintain a good balance between solving customers' immediate problems and the innovative development of new chemical concepts and products to assist customers in their growth. In addition to its own substantial research and development, the Company has access to technology from Reichhold Chemicals Inc., U.S.A. and from the world-wide group of Reichhold affiliates. RCI maintains a large, very modern research centre in Sterling Forest, New York.

The keys to our Company's success have been its flexibility and ability to adapt quickly to new situations and opportunities. Planned growth has ensured that these key elements will not be lost.





The Canada Printing Ink Company has been supplying and servicing the Graphic Arts Industry with quality products since 1880.

The Graphic Arts Industry — now Canada's third largest — is experiencing a technological revolution. Presses are printing four and five colours on two sides simultaneously at unbelievably high speeds. Research and development have made it possible to print on almost any surface in a vast range of brilliant colours. Printing presses are larger and faster; the development of more sophisticated electronic controls has aligned today's printing presses more accurately with today's needs.

The challenge created by special papers, foils and plastics developed by the Paper and Allied Industries has been successfully met by our wide range of versatile products. Canada Printing Ink has pioneered research across the whole spectrum of graphic technology and is committed to serving the industry with increasingly wider ranges of inks, equipment and supplies.

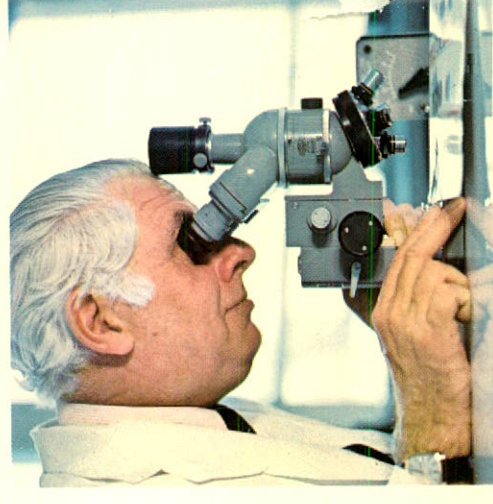
Canada Printing Ink is the Country's only manufacturer of fast-dry ultraviolet and catalytic inks. These solvent-free inks not only allow faster printing, but also eliminate pollution problems caused by the evaporation of solvents. These inks were created jointly through research and development by Canada Printing Ink and Reichhold Chemicals Ltd.

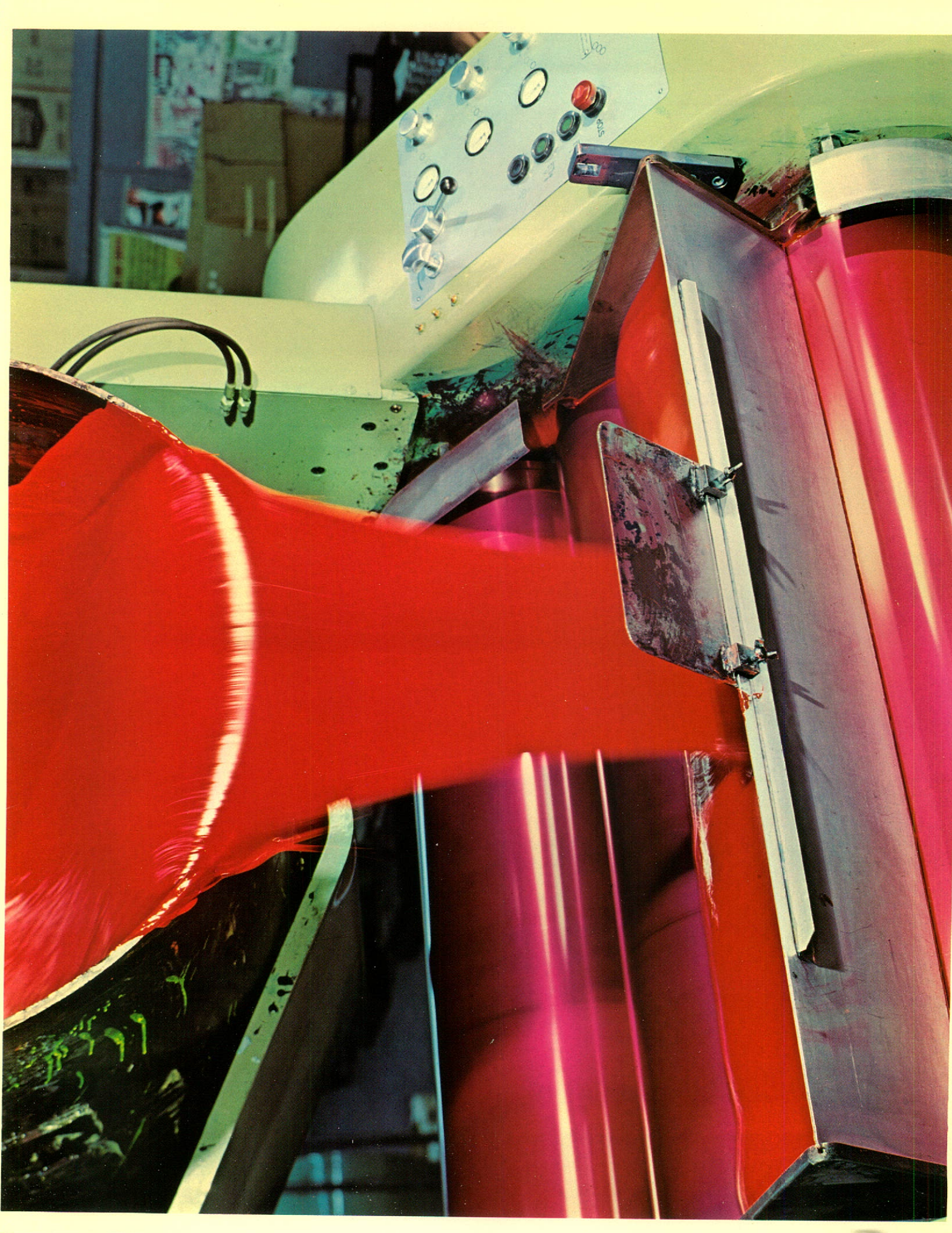
Canada Printing Ink's skilled team of researchers and technologists at the company's Toronto laboratory continually examine, test and develop new concepts and applications of ink technology.

Canada Printing Ink manufactures ink in seven locations across Canada: Toronto, Ottawa, Montreal, Moncton, Winnipeg, Edmonton and Vancouver. The Company makes ink for all printing applications. Extensive modernization and expansion programs have increased capacity and efficiency at all plants. The Toronto plant has become a showpiece. The new ink mills are the largest in Canada and produce an extremely high quality ink quickly and efficiently.

Canada Printing Ink is an important distributor of graphic art supplies to the Industry. Prepress processing equipment, supplies and chemicals have undergone numerous changes and now fill an increasingly important role in the Graphic Arts Industry. The product line is designed to give the printers and art departments rapid, efficient and accurate prepress processing and a selection of supplies include: film, plates, blankets and solvents.

Reichhold's resin technology, coupled with Canada Printing Ink's experience of almost 100 years, have produced a solidly-based partnership of growth since the 1968 acquisition. The addition of Sears Limited in late 1973 now provides the Graphic Arts Industry with unparalleled service.





Product Information Sheet

This product sheet was lithographed on a 28"x40" Heidelberg RVO 4-colour, folded on a 36"x48" Baumfolder, using printing inks manufactured by The Canada Printing Ink Co. Ltd.





Since 1925 the name Sears Limited has been prominent in the Graphic Arts Industry of Canada as a distributor of equipment and supplies. A business philosophy of top-quality products, widely distributed and thoroughly serviced has produced annual sales in excess of \$15 millions and has established Sears as the leading suppliers to the Canadian Graphic Arts Industry.

With exclusive Canadian sales agencies for Baumfolder, Heidelberg, Bobst, Mueller-Martini, Polar and Vandercook, Sears offers the finest equipment to the graphic arts industry. No other graphic arts distributor can offer as many leading products to its customers.

In addition to the above, Sears offers a large comprehensive selection of other equipment and supplies, plus a factory-trained team of service personnel to back up every product sale.

Heidelberg is the largest-selling line of printing presses in the world. In November, 1973 the 250,000th Heidelberg rolled off the Wiesloch assembly line in West Germany: the full significance of this statistic is evidenced by the fact that there are only 130,000 print shops in the entire world.

Heidelberg's high standard of quality is evident in even their smallest machines. The **GTO** single colour offset press is equipped with imprinting, numbering, slitting and perforating accessories which allow the printer to combine several separate functions into one pass through the machine.

This type of inventiveness together with the time-honoured tradition of craftsmanship in construction is a contributing factor in the impressive sales record enjoyed by Heidelberg and Sears Limited.

Sears — the exclusive sales agent for Heidelberg, have supplied over 4,000 machines to the Canadian Graphic Arts Industry.

The Baumfolder Division of **Bell & Howell** is one of the six major equipment manufacturers for which Sears Limited is the exclusive Canadian distributor. The Baumfolder main manufacturing plant is located in Sidney, Ohio,

The latest development by **Vandercook** is the R0429 4-colour offset proof press, which is capable of producing 23x29" 4-colour sheets for proofing purposes. This press makes it possible for separation and plate houses to match conditions experienced by their customers — namely, 4-colour wet printing. In the past, proofing machines would not duplicate production press conditions and the printer could not be certain of the colour fidelity of the finished product prior to actually running the job. The new Vandercook R0429 eliminates virtually all of the guesswork and makes bonafide press proofs a reality.

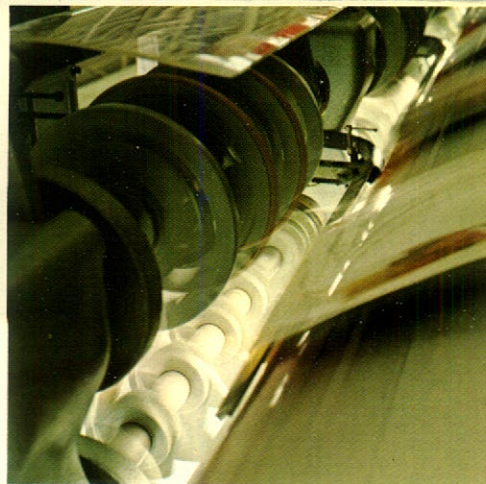
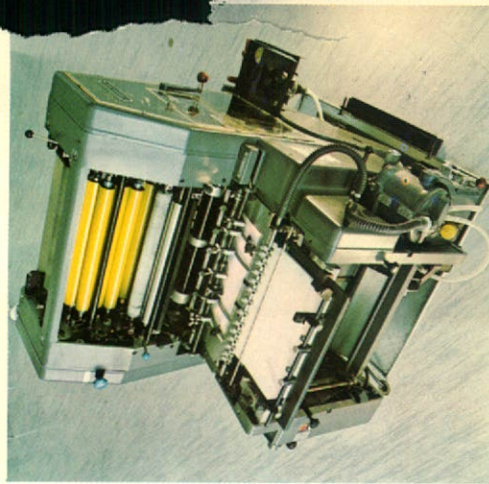
Sears Limited is the exclusive Canadian sales agent for **Polar Paper Cutting Machines**. In the past few years, sales of these exceptional machines have outstripped all competitive products in this country many times over.

Located in Hofheim, West Germany, the Polar factory is the world's largest manufacturing facility dedicated solely to production of paper handling and cutting machines. The Polar factory delivers over 3,000 machines per year to 130 countries, and is unique in the industry in that everything from machine castings to solid state circuit boards is fabricated within its own buildings.

The demands of the Canadian Graphic Arts Industry for more efficient and sophisticated paper cutting equipment ensures the continuing lead for the Sears-Polar combination in the future.

The supply division of Sears Limited has always been one of the consistently-strong aspects of the corporation's total sales efforts. In addition to our \$500,000.00-plus parts inventory for major equipment, a full line of consumable graphic arts supplies are maintained and sold coast to coast.

Sears Limited relies greatly on its Service Division as a selling tool. The printing industry in Canada is extremely competitive, consequently a strong, well-staffed service operation is essential for customer confidence. Over 40 Sears service personnel across Canada are continually working to maintain that



popular paper-folding machine in North America.

The photograph illustrates the ease with which settings can be made. This system utilizes the revolutionary "Torsional Roll Bearings" featured on the new line of Baum Autoseal folders.

The Swiss-made **Mueller-Martini** binding and inserting equipment is another Sears exclusive line in Canada.

Many of the Mueller-Martini machines are designed on the building block principle and can be added to as the need for automation increases. The extensive range of equipment offered by Mueller-Martini has afforded Sears Limited the opportunity to enter many new markets.

Bobst Die Cutting Presses (or "Autoplatens") are the largest pieces of equipment sold by Sears Limited. These precision made die-cutting and creasing machines for the folding box and carton industry are manufactured in Lausanne, Switzerland. As the premier manufacturer in their field, J. Bobst & Fils export 95% of their total production to all parts of the world.

Sears Limited holds as leader in the Canadian Graphic Arts Industry. The people at Sears Limited feel that the acquisition of their company and the earlier acquisition of Canada Printing Ink by Reichhold Chemicals Limited is a step which will strengthen all three companies and broaden the scope of their collective opportunities in the future. This combination now provides the largest sales force in the Canadian Graphic Arts Industry.

