



REDPATH INDUSTRIES
LIMITED

Annual Report

(for the year ended September 30)

1973

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OF MANAGEMENT

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MCGILL UNIVERSITY

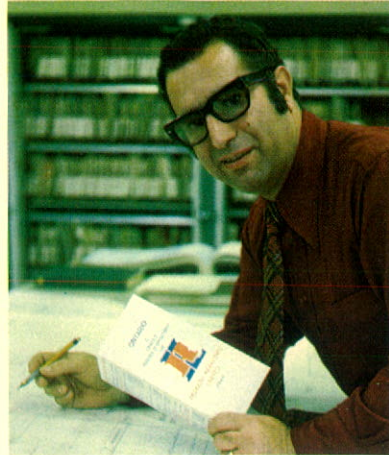
Shareholders' Annual Meeting

The annual meeting of the shareholders will be held in Toronto at the Royal York Hotel on Tuesday, February 5, 1974 at 11:30 a.m. local time. Following the meeting, a buffet luncheon will be served.

On peut se procurer l'édition française de ce rapport, en écrivant au secrétaire des Industries Redpath Limitée, C.P. 490, Montréal, Québec H3K 1A1.



**REDPATH INDUSTRIES LIMITED
AND ITS SUBSIDIARIES**



I. ANTONAROS

This is the first Annual Report of Redpath Industries Limited to incorporate the new "RIL" symbol of the Company, adopted with the change in corporate name at the Annual Meeting in January 1973. It was designed by I. Antonaros who is employed as a draftsman in the Toronto Refinery of Redpath Sugars Limited.

1973 Highlights

Sales	\$128,150,000
Net Income	\$ 5,244,000
Per Share	\$3.38
Dividends	\$ 2,790,000
Per Share	\$1.80

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REDPATH INDUSTRIES LIMITED

Head Office
Chatham, Ontario

Executive Offices
1720 Canal Street
Montreal, Quebec
H3K 1A1

Directors

Hon. Louis P. Beaubien
Montreal, Quebec
Member, Senate of Canada

James M. Ferguson
San Francisco, California
President, Pacific Molasses Company

C. F. Harrington
Montreal, Quebec
Chairman of the Board
and the Executive Committee,
The Royal Trust Company

R. L. Henry
Montreal, Quebec
President, Wire Rope Industries
Limited

Colin Lyle
London, England
Director, Tate & Lyle, Limited

Charles S. MacNaughton
Toronto, Ontario
Chairman, Fry Mills Spence Limited

J. H. Magee
Montreal, Quebec
President, Redpath Sugars Limited

M. D. Oliphant
London, England
Director, Tate & Lyle, Limited

W. H. Punchard
Chatham, Ontario
Company Director

N. M. Shaw
Montreal, Quebec
President and Chief Executive Officer,
Redpath Industries Limited

David A. Tate
London, England
Director, Tate & Lyle, Limited

H. S. Tate
London, England
Director, Tate & Lyle, Limited



N. M. SHAW
President

C. F. HARRINGTON
Chairman of the board

R. G. BROWNRIDGE, C.A.
Vice-President and Treasurer

Corporate Officers

C. F. Harrington
Chairman

N. M. Shaw
President and Chief Executive Officer,

R. G. Brownridge, C.A.
Vice-President and Treasurer

J. E. Wood
Secretary

M. W. Davidson
Vice-President

J. H. Magee
Vice-President

R. R. Porteous
Vice-President



**REDPATH INDUSTRIES LIMITED
AND ITS SUBSIDIARIES**



M. W. DAVIDSON
Vice-President



J. H. MAGEE
Vice-President



R. R. PORTEOUS
Vice-President



J. E. WOOD
Secretary

Subsidiaries, Divisions and Affiliates

Agricultural Consulting Services
Albion Company Limited
CB Packaging Limited
Certain-teed/Daymond Co.
Crystal Estates
Daymond Limited
Daycando Corp.
Gienow Limited
London Plastics Machinery Limited
Multi Fittings Limited
Multi Fittings (U.S.A.) Limited
Redpath Consulting Services
Redpath Holdings Limited
Redpath Home Improvements Limited
Redpath Sugars Limited
Spraycool Systems Limited
Trenchless Pipe Systems

Chatham, Ontario
Hamilton, Bermuda
Toronto, Ontario
Ann Arbor, Michigan
Chatham, Ontario
Rexdale, Ontario
Wilmington, Delaware
Calgary, Alberta
London, Ontario
London, Ontario
Waco, Texas
Montreal, Quebec
Toronto, Ontario
Toronto, Ontario
Montreal, Quebec
Atlanta, Georgia
Chatham, Ontario



Report of the Board of Directors

Financial

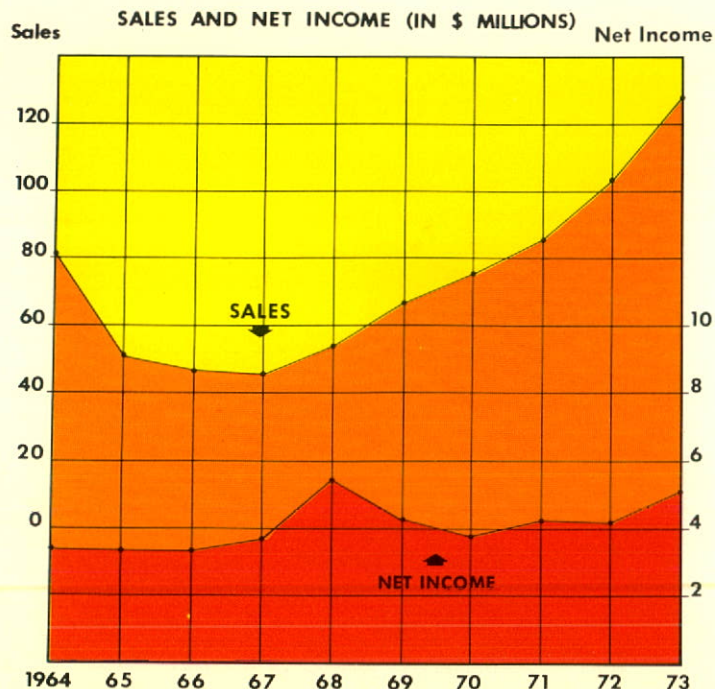
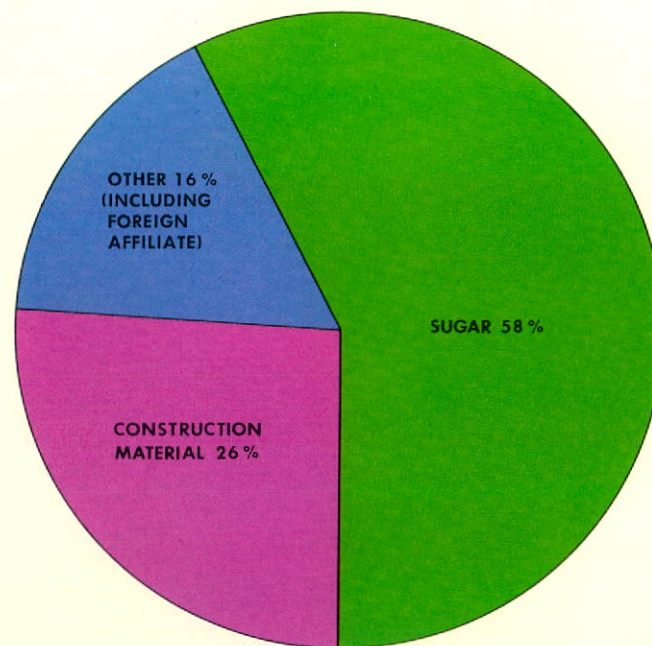
Net income for the year ended September 30, 1973, amounted to \$5,244,000 or \$3.38 per share. Compared with restated 1972 net income of \$4,300,000 or \$2.77 per share, this represents an increase of \$0.61 per share or 22 per cent.

Sales for the year, amounting to \$128,150,000, exceeded 1972 by \$25,000,000 and established a new record. Total sales dollars reflect the continued high cost of raw sugar and, to a lesser extent, the increasing sales of construction materials.

Warm summer weather contributed to a favourable fourth quarter for the sugar division, although difficulties continued in hedging operations due to currency fluctuations and Article 30 of the International Sugar Agreement. Demand for construction materials was strong and, for some products, exceeded the Company's capability to supply. Shortage of most raw materials, other than sugar, was felt in the last few months of the year.

During the year, the Company continued dividend payments at the quarterly rate of 45 cents per share.

SOURCES OF NET INCOME



Earnings of Albion Company Limited, an affiliate, as stated in Note 2 to the financial statements, are now accounted for on an "equity" basis. These earnings in 1973 totalled \$1,126,000 or \$0.73 per Redpath Industries' share, compared to \$870,000 or \$0.56 per share in 1972. Higher return from investments and profits on foreign exchange account for this improvement. Albion usually generates substantial profits from its raw sugar trading. However, market conditions in 1973 were such that it was unable to do better than break even on these operations.

The increase of \$3,500,000 in accounts receivable, compared to last year, is a result of the higher sales volumes, and higher current prices.

Inventories at September 30, 1973, are approximately \$8,500,000 less than in 1972. All of this decrease relates to the physical quantity of raw sugar on hand. Stocks on hand in 1973 are lower than usual, due to delayed arrival of raw sugar cargoes.

Additions to property, plant and equipment totalled \$4,634,000, of which \$1,158,000 relates to sugar refining, \$3,241,000 to construction materials, and \$235,000 to other products. Two new plants were completed during the year, one in Chatham, Ontario, and one in Baie d'Urfé, Quebec.

In 1974, three more new plants will be completed, one of which will be Daymond's



REDPATH INDUSTRIES LIMITED AND ITS SUBSIDIARIES

new plant and head office on a 14-acre site in Clarkson, Ontario. The other two, one in London, Ontario, and one in Waco, Texas, are closely related to the operations of Multi Fittings. Total estimated capital expenditures in 1974 are \$5,300,000, of which approximately \$1,800,000 had been committed at September 30, 1973.

Property, plant and equipment, with a book value of \$2,020,000, was disposed of during the year. Most of it was idle equipment, which became redundant on the closing of the Chatham sugar beet plant.

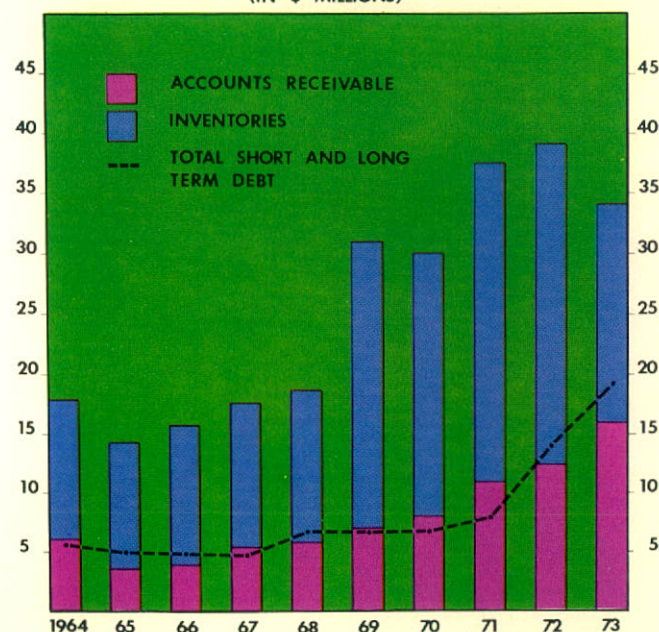
The Company continues to be keenly interested in the formation or acquisition of other companies which are closely related to either food products, or construction materials, and which have a high expectation for profit contribution. To link the Redpath name to a quality product, Redpath Home Improvements Limited was formed to retail and install vinyl siding, produced by Daymond.

SUGAR OPERATIONS — Redpath Sugars Limited

During most of the year, Article 30 of the International Sugar Agreement was operative. Under the Agreement, exporting members gave a commitment they would supply historical quantities of raw cane sugar to importing members, like Canada, at a firm maximum price.

While there was no contractual obligation in the Agreement, two upward adjustments of this maximum price were made to maintain parity, after devaluations of the United States dollar. The second increase was opposed by the Canadian Government to no avail. This increase came in February, 1973, just three months before a new Agreement was to be negotiated, and immediately following the Canadian Finance Minister's budget re-

ACCOUNTS RECEIVABLE, INVENTORIES AND TOTAL DEBT
(IN \$ MILLIONS)

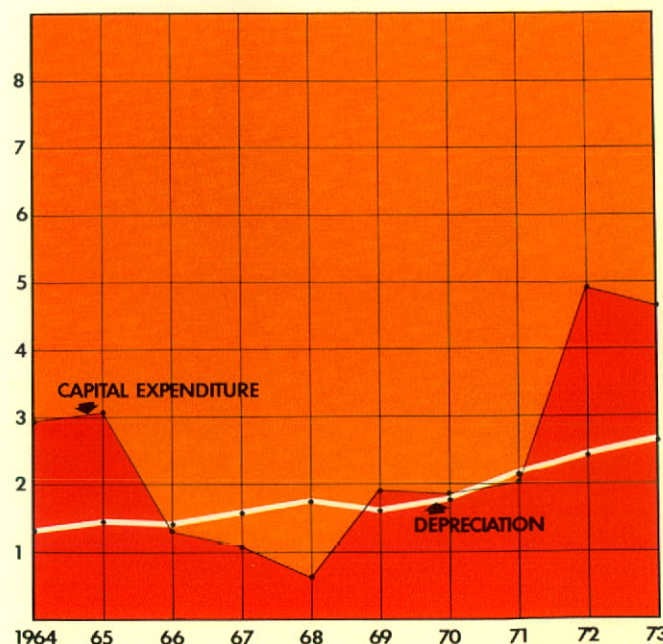


ductions in import duties to help moderate rising food costs. The tariff reduction was more than offset by the unexpected amendment of the Supply Commitment Price in the International Sugar Agreement.

Most raw sugar suppliers fulfilled their obligations to Canada in 1973, ensuring Canadian refiners of supplies during a difficult period. Global demand for raw sugar continued to outstrip supply.

Negotiations in Geneva for a new International Sugar Agreement broke down in mid-October. When the availability of Supply Commitment raw sugar ran out in late November, Redpath refined sugar prices once more were influenced by the daily price for raw sugar on the London

CAPITAL EXPENDITURE AND DEPRECIATION
(IN \$ MILLIONS)





REDPATH INDUSTRIES LIMITED AND ITS SUBSIDIARIES

and New York sugar exchanges. At the date this report was written, it was anticipated that for a period, prices to Canadian consumers would be higher. On the other hand, they would not be artificially constrained, and it is believed the period of higher prices will be temporary.

Ship charters continued to be in short supply, and raw sugar freight rates doubled during the year. Redpath's raw sugar department also had to contend with severe fluctuations in foreign currency exchange markets.

Nevertheless, last year proved to be a good year for Redpath Sugars, free of labour stoppages and yielding record sales in volume and in dollars. The value of a refinery in Toronto was demonstrated during the rail strike of last summer, when it was the sole supplier in the Province of Ontario.

Redpath signed an agreement with the provincially-owned La Raffinerie de Sucre du Québec, to purchase the St. Hilaire plant's total output of raw sugar for refining and distribution. The close relationship established between the company and Quebec Government will be mutually advantageous. Quebec sugar beet growers will continue to have a market for their cash crop, the Province will limit capital expenditures required to renew their plant's equipment, and Montreal Redpath will utilize its capacity and personnel more fully. Financial results for the Government sugar corporation also should be materially improved.

Redpath technologists were employed by a United States engineering company during the year, to design, engineer and start up a sugar refinery in Mauritania (Africa).

Other miscellaneous contracts were ob-



Unloading raw sugar is a common sight at the Toronto refinery dock. Loading refined Redpath sugar for export is not. Here a shipment is put aboard the M.V.S. Jadra, bound for Greece.

tained in various countries for management and engineering services. Plant design was provided for other Redpath Industries' divisions.

The Company, along with other Canadian refiners, has been charged with violations under the Combines Act. The case will be vigorously contested.

CONSTRUCTION AND BUILDING OPERATIONS

Daymond Limited

Sales and profits for the year were higher than in 1972.

Resins are the raw materials from which Daymond makes plastic extrusion products. A number of basic resins were in short supply toward the end of the year, due to the growing scarcity of oil and petrochemicals. Although the demand for petrochemicals represents a small proportion of crude oil requirements, there are many competing customers. Supply of resins therefore is considered a problem facing Daymond for the next two years, until new facilities that produce the raw material are on stream.

Daymond's output of Flexdrain at Centralia, Baie d'Urfé, Chatham and Calgary was in brisk demand, and sales were up substantially in 1973. The present shortage of polyethylene resin, required for Flexdrain, can be seen extending into 1977.

Cost of aluminum billet also increased, due to a short supply situation. During the last fiscal year, Daymond's aluminum division earned higher selling prices and Daymond increased the value added in its products and this trend will be continued in 1974. The new aluminum press at Chatham increased Daymond's production efficiency and output.

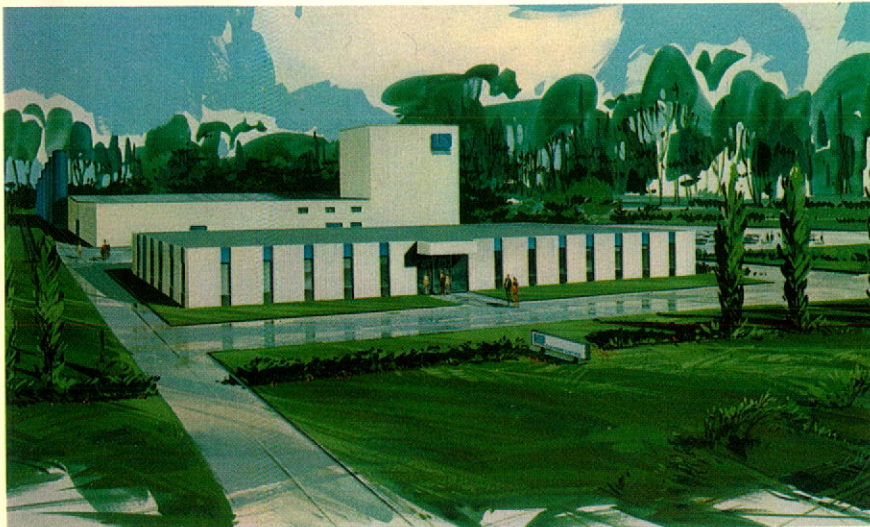


REDPATH INDUSTRIES LIMITED AND ITS SUBSIDIARIES

Daymond is in a favourable position to take advantage of the demand for the many building products required for the housing and renovation industries. Increasing food requirements will result in a continuing high demand for Daymond agricultural drainage pipe. The principal moderating factor will be the availability of raw materials.

Multi Fittings Limited

Multi Fittings in London, Ontario, had another good year, despite a raw material shortage which limited volume growth. The company retained its leading position in Canada as a supplier of fittings for plumbing, sewer and drain applications. It continued to develop its line of PVC solvent weld sewer main fittings, most of which were exported. A new line of gasketed sewer main fittings was introduced



An architect's drawing of the new Daymond Limited Head Office, plant and warehouse being built at Clarkson, Ontario.



The unique features of Daymond Flexdrain has resulted in a rapidly rising sales trend. This exhibit took the story to the International Plowing Match at Hensall, Ontario in the fall.

in mid-year. The company is a leader in North America in these latter two lines.

Multi Fittings now has two subsidiaries, London Plastics Machinery Company Limited and Multi Fittings (U.S.A.) Limited.

During the year, Multi Fittings acquired control of Wanco Machine & Tool in London, a supplier of moulds, and merged it with London Plastics Machinery. The former owner of Wanco, Mr. W. Antoni, is now general manager of the merged company. The combined operation moved into a new building in London in 1973.

In October, 1973, contracts were signed for the construction of a fittings plant in



REDPATH INDUSTRIES LIMITED AND ITS SUBSIDIARIES

Waco, Texas. The company hopes to have the plant operating profitably by the end of fiscal year 1974. The United States operation should be in a position to expand with the market, and to make significant contributions to earnings in the year ending 1975.

Other Subsidiaries

Other smaller subsidiary companies continued to show progress. In most cases, these operations are in a stage of expansion which should result in a meaningful contribution to profits in future years.

THE FOREIGN INVESTMENT REVIEW ACT

In November as this report was being written, the House of Commons passed the Foreign Investment Review Act, which will make it mandatory for a Canadian company with more than twenty-five per cent of its ownership held outside this country to obtain approval for proposed acquisitions, whether or not these are related to the company's existing business.

Redpath Industries Limited in the eyes of its Board of Directors and Management is a Canadian company. The Board has a majority of Canadians. The management is totally Canadian. Research and capital investment decisions are made in Canada.

We are not limited in our attempts to export our products nor to establish new subsidiaries in foreign countries. We are not a wholly owned branch plant operation. Our 2900 Canadian shareholders participate in the growth of our Company.

We sincerely hope that this new legislation will not curtail our objectives to grow in Canada and to provide more jobs for

Canadians through additional investment in Canada.

APPOINTMENTS

In accordance with the expressed desire of the Hon. G. B. Foster, Q.C., to retire from active business affairs, his resignation as a member of the Board of Directors was regretfully accepted in August. Mr. Foster served the Company as a director, for forty-two years, as well as holding the office of president and then chairman in more recent years. During that period, he made a prominent contribution to the progress of the Company. His advice and leadership will be greatly missed.

Mr. C. F. Harrington, a director of the Company since 1970, was appointed chairman of the Board in January. Mr. Harrington is chairman of the Board and of the Executive Committee of The Royal Trust Company, as well as a director of a number of other Canadian companies.

Mr. Charles S. MacNaughton joined the Board of Directors in August. Mr. MacNaughton was a senior member of the cabinet in the Government of Ontario for twelve years. He is a director of several Canadian companies, as well as chairman of the Board of Fry Mills Spence Limited.

Mr. R. G. Brownridge, C.A., treasurer of Redpath Industries Limited was appointed a vice-president of the Company.

APPRECIATION

Sincere thanks is expressed by the Directors to all employees for the substantial contribution they have made through their loyal and effective services during the year to the continuing success of the Company.

On behalf of the Board

C. F. Harrington
Chairman

N. M. Shaw
President and Chief Executive Officer,

November 30, 1973



Consolidated Statements of Income and Retained Earnings

Year ended September 30, 1973

		1973	1972
Income	Sales and other income:		
	Sales (note 6)	\$128,150,000	\$103,247,000
	Investment income	67,000	44,000
		<u>128,217,000</u>	<u>103,291,000</u>
	Deduct:		
	Cost of sales	106,426,000	84,454,000
	Selling, distribution and administrative expenses	13,286,000	11,416,000
	Interest — long-term debt	171,000	192,000
	— other	1,075,000	499,000
		<u>120,958,000</u>	<u>96,561,000</u>
		7,259,000	6,730,000
		<u>3,141,000</u>	<u>3,300,000</u>
	Income taxes		
	Net income before equity in earnings of affiliated company	4,118,000	3,430,000
Retained earnings	Equity in earnings of affiliated company (note 2)	1,126,000	870,000
	Net income	<u>\$ 5,244,000</u>	<u>\$ 4,300,000</u>
	Earnings per share (note 5)*	<u>\$3.38</u>	<u>\$2.77</u>
	*On the basis of 1,550,000 shares (being the number of shares outstanding before the issue of 16,250 shares under date of September 26, 1973).		
	Balance beginning of year as previously reported	\$ 27,137,000	\$ 25,972,000
	Adjustment for equity method of accounting for investment in affiliated company (note 2)	107,000	(238,000)
	As restated	<u>27,244,000</u>	<u>25,734,000</u>
	Net income	5,244,000	4,300,000
		<u>32,488,000</u>	<u>30,034,000</u>
	Dividends paid	2,790,000	2,790,000
	Balance end of year	<u>\$ 29,698,000</u>	<u>\$ 27,244,000</u>



REDPATH INDUSTRIES LIMITED
AND ITS SUBSIDIARIES

Consolidated Balance Sheet

September 30, 1973

1973

1972

Assets

Current:

Cash	\$ 1,514,000	\$ 464,000
Accounts receivable (note 6)	15,942,000	12,370,000
Inventories (note 1)	18,280,000	26,702,000
Deferred income taxes	316,000	1,218,000
Income taxes recoverable	1,780,000	
Prepaid expenses	983,000	647,000
Total current assets	38,815,000	41,401,000
Investments (note 2)	15,570,000	13,497,000
Property, plant and equipment (note 3)	34,754,000	34,705,000
Premium paid on acquisition of businesses	440,000	327,000

\$89,579,000

\$89,930,000

On behalf of the Board:
C. F. Harrington, Director
N. M. Shaw, Director



**REDPATH INDUSTRIES LIMITED
AND ITS SUBSIDIARIES**

	1973	1972
<hr/>		
Liabilities		
Current:		
Short-term notes	\$16,035,000	\$10,211,000
Accounts payable and accrued charges (note 6)	11,901,000	19,811,000
Income taxes payable		435,000
Total current liabilities	27,936,000	30,457,000
Long-term debt (note 4)	2,926,000	3,337,000
Deferred income taxes	6,596,000	6,860,000
<hr/>		
Shareholders' equity		
Capital stock:		
Authorized —		
3,000,000 shares of no par value		
Issued —		
1,566,250 shares (note 5)	15,191,000	14,800,000
Appraisal increment (note 3)	6,232,000	6,232,000
Contributed surplus	1,000,000	1,000,000
Retained earnings	29,698,000	27,244,000
	52,121,000	49,276,000
	\$89,579,000	\$89,930,000
<hr/>		



Consolidated Statement of Source and Use of Funds

Year ended September 30, 1973

1973

1972

Source of Funds

Operations:

Net income for the year	\$ 5,244,000	\$ 4,300,000
Depreciation and amortization	2,660,000	2,439,000
Deferred income taxes	(264,000)	310,000
Funds provided by operations	7,640,000	7,049,000
Issue of shares	391,000	
Disposal of property, plant and equipment	2,020,000	696,000
	<u>10,051,000</u>	<u>7,745,000</u>

Use of Funds

Investment in:

Subsidiaries, net of working capital acquired	208,000	
Other	957,000	395,000
Increase in equity value of investment in affiliated company	1,116,000	870,000
Additions to property, plant and equipment	4,634,000	4,927,000
Payment of dividends	2,790,000	2,790,000
Retirement of long-term debt	411,000	393,000
	<u>10,116,000</u>	<u>9,375,000</u>

Working Capital

Decrease	65,000	1,630,000
Balance beginning of year	10,944,000	12,574,000
Balance end of year	<u>\$10,879,000</u>	<u>\$10,944,000</u>



Notes to Consolidated Financial Statements

September 30, 1973

1. Inventories:

	1973	1972
Raw materials, work in process and finished goods —		
Sugar	\$12,017,000	\$21,477,000
Construction materials	4,333,000	3,548,000
Other products	192,000	197,000
	<u>16,542,000</u>	<u>25,222,000</u>
Manufacturing and maintenance supplies	1,738,000	1,480,000
	<u>\$18,280,000</u>	<u>\$26,702,000</u>

A fixed quantity of 50,000 long tons of raw sugar equivalent has been valued each year at a basic price of \$78 per ton, which is less than the market value. The balance of the sugar inventory and the other categories are valued at the lower of cost and market.

2. Investments:

	1973	1972
Affiliated company, at equity value	\$13,842,000	\$12,726,000
Other, at the lower of cost and estimated realizable value	1,728,000	771,000
	<u>\$15,570,000</u>	<u>\$13,497,000</u>

During the year, the company adopted the equity method of accounting for investment in affiliated company in accordance with the recent pronouncement of the Canadian Institute of Chartered Accountants. The comparative results of prior years have been restated to reflect this change retroactively.

Under the equity method, all of the company's equity in the earnings of the affiliated company is accounted for in the year earned regardless of the amount of dividends received, which results in an increase in net income over the cost basis previously used in the amount of \$526,000 (\$0.34 per share) for 1973 and \$345,000 (\$0.22 per share) in 1972.

3. Property, plant and equipment:

	1973		1972	
	Investment	Accumulated depreciation and amortization	Net investment	Net investment
Property	\$ 3,521,000		\$ 3,521,000	\$ 3,504,000
Plant	20,205,000	\$ 8,195,000	12,010,000	11,992,000
Equipment	40,215,000	20,992,000	19,223,000	19,209,000
	<u>\$63,941,000</u>	<u>\$29,187,000</u>	<u>\$34,754,000</u>	<u>\$34,705,000</u>

Property, plant and equipment is stated at appraised replacement cost at October 1, 1961, with subsequent additions at cost, except for assets not in use which are carried at their estimated realizable value. The net investment at year end in plant and equipment includes approximately \$4,000,000 which will not be an allowable deduction for tax purposes.

4. Long-term debt:

The long-term debt, consisting primarily of 5% sinking fund debentures, is repayable as follows: 1974 — \$144,000; 1975 — \$140,000; 1976 — \$10,000; 1977 — \$10,000; 1978 — \$2,726,000 and subsequently \$40,000.



REDPATH INDUSTRIES LIMITED AND ITS SUBSIDIARIES

5. Stock options:

Under a stock option plan for directors, officers and key employees, created during the year, 46,500 shares were reserved for issue at prices which cannot be less than 90% of the fair market value at date of grant. During the year, options representing 35,500 shares were granted and 16,250 of these options were exercised at a price of \$24.075 per share.

	Granted during the year	Outstanding at September 30, 1973	Option price	Expiry date
Options to employees who are officers or directors	14,500	7,250	\$24.075	February 26, 1978
Options to other key employees	18,000	9,000	\$24.075	February 26, 1978
	3,000	3,000	\$25.000	December 31, 1982

There would be no material dilution of earnings per share if all stock options were exercised.

6. Additional information:

(a) Accounts receivable include \$238,000 (1972 — nil) due from affiliated companies. Accounts payable and accrued charges include \$1,425,000 (1972 — \$4,487,000) due to affiliated companies.

(b) Sales by class of business were as follows:

	1973		1972	
	Amount	%	Amount	%
Sugar refining	\$100,275,000	78.2	\$ 81,930,000	79.4
Construction materials	26,136,000	20.4	19,789,000	19.2
Other products	1,739,000	1.4	1,528,000	1.4
	<u>\$128,150,000</u>	<u>100.0</u>	<u>\$103,247,000</u>	<u>100.0</u>

(c) The aggregate remuneration of the company's twelve directors and seven officers, in those capacities, was \$23,000 and \$300,000 respectively. Three officers served on the Board of Directors during the year.

(d) Commitments for the acquisition of property, plant and equipment aggregate approximately \$1,800,000.

Auditors' Report

To the Shareholders of
Redpath Industries Limited:

We have examined the consolidated balance sheet of Redpath Industries Limited (formerly Canada and Dominion Sugar Company Limited) and its subsidiaries as at September 30, 1973 and the consolidated statements of income and retained earnings and source and use of funds 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 at September 30, 1973 and the results of their operations and the source and use of their funds for the year then ended, in accordance with gen-

erally accepted accounting principles applied on a basis consistent with that of the preceding year, after giving retroactive effect to the change in accounting practice explained in note 2.

Clarkson, Gordon & Co.
Chartered Accountants

Montreal, Canada,
November 12, 1973



**REDPATH INDUSTRIES LIMITED
AND ITS SUBSIDIARIES**

Ten Year Review

(thousands of dollars except for amounts per share)

	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964
Sales	\$128,150	\$103,247	\$85,018	\$74,746	\$64,300	\$54,614	\$45,631	\$46,948	\$51,429	\$80,957
Income taxes	3,141	3,300	3,725	3,250	3,600	3,650	3,050	3,600	3,550	3,600
Net income (excluding extraordinary items)	5,244	4,300	4,392	3,836	4,243	5,380	3,894	3,356	3,420	3,434
Dividends	2,790	2,790	2,790	2,635	2,635	2,170	2,170	1,860	1,860	1,860
Net income as % of sales	4.09%	4.16%	5.17%	5.13%	6.60%	9.85%	8.53%	7.15%	6.65%	4.24%
Net income as % of shareholders' equity	10.06	8.73	9.19	8.32	9.52	12.52	9.33	8.38	8.88	9.29
Earnings per share	\$3.38	\$2.77	\$2.83	\$2.47	\$2.74	\$3.47	\$2.51	\$2.17	\$2.21	\$2.22
Dividends per share	1.80	1.80	1.80	1.70	1.70	1.40	1.40	1.20	1.20	1.20
Cash flow per share	4.93	4.55	3.98	3.33	2.87	4.75	3.20	3.93	4.00	5.43
Book value per share	33.63	31.79	30.82	29.75	28.77	27.73	26.94	25.82	24.86	23.85
Working capital	\$ 10,879	\$ 10,944	\$12,574	\$13,669	\$15,356	\$16,273	\$16,904	\$21,222	\$18,432	\$17,539
Temporary investments	—	—	—	278	3,667	4,858	6,895	11,025	12,483	6,221
Short-term notes	16,035	10,211	3,830	2,474	910	743	—	—	—	—
Long-term debt	2,926	3,337	3,730	4,061	5,520	5,645	4,700	4,741	4,916	5,585
Shareholders' equity	52,121	49,276	47,766	46,113	44,586	42,978	41,750	40,026	38,530	36,970
Capital expenditures	\$ 4,634	\$ 4,927	\$ 2,020	\$ 1,803	\$ 1,926	\$ 617	\$ 1,126	\$ 1,373	\$ 3,012	\$ 2,992
Depreciation	2,660	2,439	2,101	1,754	1,611	1,726	1,571	1,482	1,429	1,376
Number of employees	1,657	1,582	1,487	1,268	1,182	1,170	964	990	1,034	984
Number of shareholders	2,904	2,799	2,958	3,133	3,250	3,327	3,263	3,080	3,016	3,172

The figures for prior years have been adjusted retroactively to reflect the change to the equity method of accounting for profits of affiliated company, adopted in 1973.



REDPATH INDUSTRIES LIMITED AND ITS SUBSIDIARIES

Your Company in 1973

When shareholders, in January 1973, approved the new name "Redpath Industries Limited" ("Les Industries Redpath Limitée"), formal recognition was given the Company's diversified operations.

The Company is no longer just a sugar refiner, operating in Quebec and Ontario. Its activities today are international in scope, and include the production of building products, agricultural drainage products, packaging and, of course, refined sugar.



S. STACHENKO
Executive Vice-President
Redpath Sugars Limited

Diversification took place in two stages: the acquisition of businesses involved in these fields; then the development of new products, services and facilities, while building a management team to ensure continuing growth.

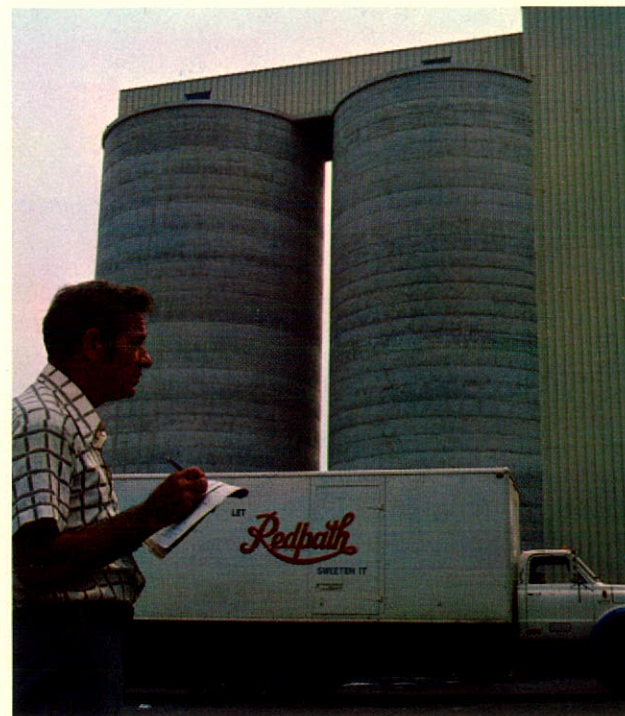
During the fiscal year just completed, major progress was made in completing the second phase as is outlined in this section of the Annual Report.

Redpath Sugars Limited

Demands by food manufacturers for sugar are increasing as the trend towards convenience foods continues. Redpath Sugars, during 1973, constructed a new liquid sugar plant in Chatham, to accommodate large food processors in South-western Ontario. The 20,000-square-foot building was officially opened in September. Offices and warehousing facilities were designed to expedite distribution of liquid sugar and other Redpath sugar products, in that area.

Last June, Redpath Sugars completed an agreement with La Raffinerie de Sucre du Québec, St-Hilaire, Quebec, to refine raw beet sugar. The St-Hilaire plant, owned by the Province of Quebec, has provided local growers with a market for sugar beets. This agreement enables the Government of Quebec to pursue its agricultural objectives, without incurring large capital expenditures for processing equipment. The refinery capacity of Redpath is more fully utilized in Montreal, and Redpath's production and agricultural expertise is available to St-Hilaire.

In response to requests, Redpath Sugars has provided consulting services to many sugar refiners outside Canada. As a consequence, a new division — Redpath Consulting Services — was formed during the year to co-ordinate these activities.



Sugar silos at new Chatham, Ontario liquid sugar plant.



REDPATH INDUSTRIES LIMITED AND ITS SUBSIDIARIES



J. A. SWAN
President
Daymond Limited

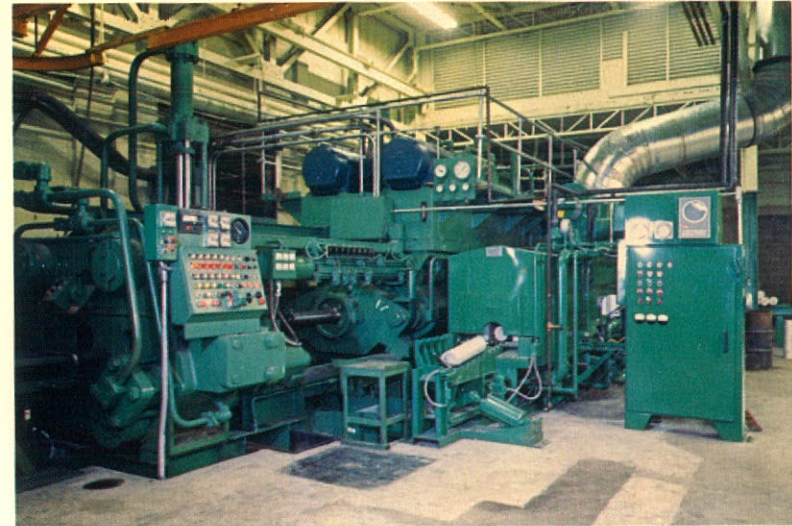
In recent months, it has been engaged to design and supervise construction of a sugar refinery in Mauritania (Northwest Africa).

Daymond Limited

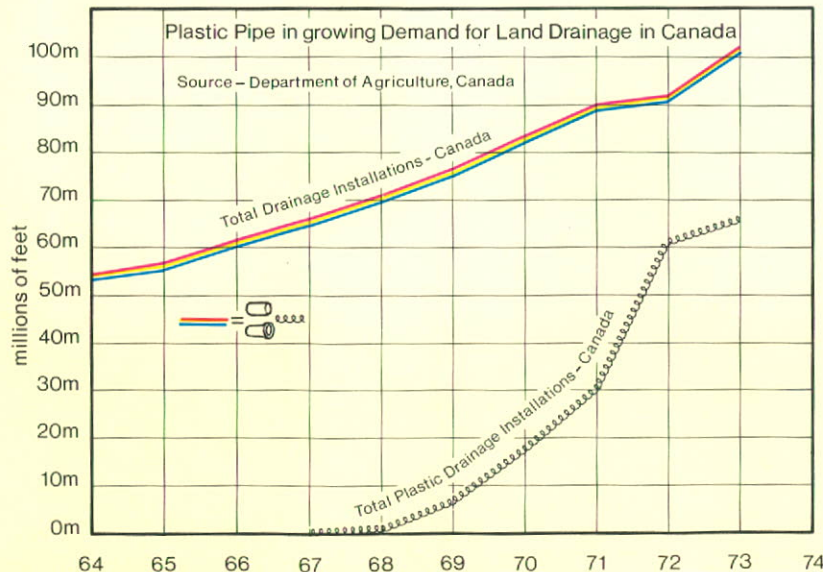
Comprehensive improvements took place in the various production areas of Daymond.

Largest single expansion, commenced during the year, was construction of a new plant in the Metropolitan Toronto area to provide improved services in the largest Canadian market for building products and construction materials. The new building and equipment, located at Clarkson, will be in full operation by April 1974. Total cost is expected to be around \$2 million.

Aluminum Products — At a cost in excess of \$650,000, Daymond completed a major expansion of the Chatham aluminum plant. A 1,650-ton aluminum extrusion



New 1,650-ton aluminum extrusion press brought into production at Chatham, Ontario plant during 1973.



press was brought into production in 1973; the size of the anodizing department was doubled; the finishing department was enlarged; and production control and general office facilities were modernized.

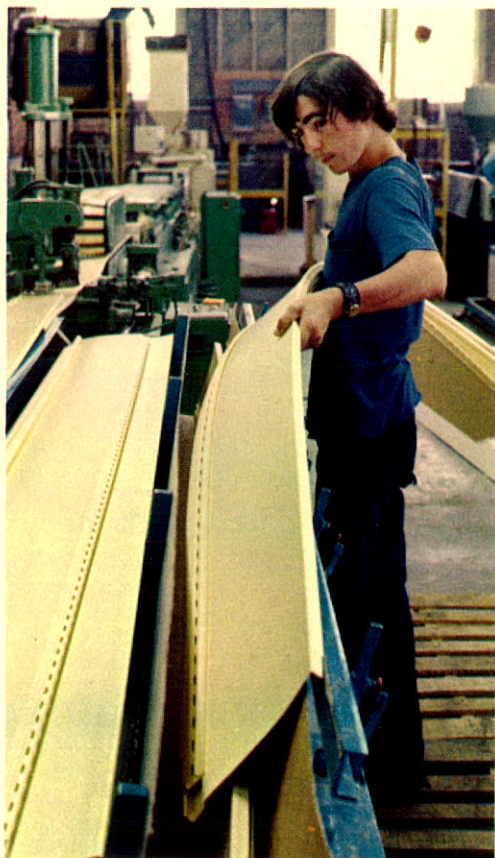
Plastic Products — With the growing acceptance of plastic products by the construction and building industries, Daymond has increased its activities in these fields. New products have contributed substantially to a steadily rising sales trend. This applies particularly in the area of plastic agricultural drainage pipe. Daymond is the largest Canadian producer of this product.

Nowhere has the growth of land drainage been more pronounced than in the Province of Quebec. Daymond was the first company to manufacture plastic drainage pipe in the Province. To keep pace with market requirements in Quebec and the Atlantic Provinces, a 20,000-square-foot plant, representing an investment of more than three quarters of a million dollars, was opened at Baie d'Urfé on Montreal Island last spring.

Baie d'Urfé is also producing other Daymond lines and is the distribution centre for all building products for Eastern Canada.



**REDPATH INDUSTRIES LIMITED
AND ITS SUBSIDIARIES**



Vinyl siding being produced at Centralia, Ontario plant of Daymond Limited.



A combination of Daymond vinyl siding and the installation operations of Redpath Home Improvements create a new image in housing. On the left is a house before vinyl was installed; on the right, after.

During 1973, a new corrugated drainage pipe plant was completed in Chatham. Additional production equipment for drainage pipe was added to the Centralia plant, as well as to the Calgary operation.

Vinyl Siding — Continuing product research and development programs led Daymond into vinyl siding, production of which commenced early in 1973. Its unique properties... never needs paint... fire resistant... won't conduct electricity... never rusts, rots, corrodes or flakes... and termites won't touch it... make it widely appealing to homeowners. Daymond currently is manufacturing in five colors. This product provided the impetus for Daymond to enter the field of home improvements.

Redpath Home Improvements Limited

Steadily growing investment of Redpath Industries in the building products field, convinced the Company in 1973 that consideration be given to a more direct relationship with the consumer at the retail level.

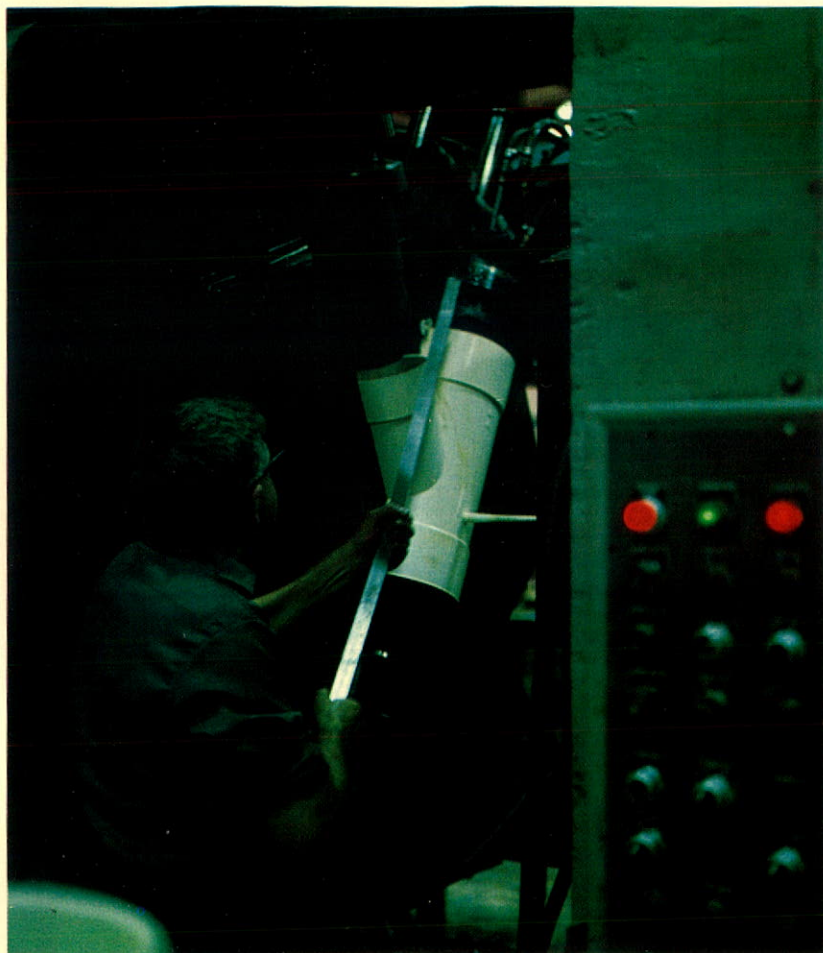
Studies revealed a growing demand for home improvements, and few firms were in this field on more than a local basis. Considering all of the factors involved, it was concluded there was a substantial market potential, using the Redpath name to guarantee quality of product and professional installation.

A new subsidiary — Redpath Home Improvements Limited — was formed in the spring of 1973. This was the first company launched in the home improvement business with the backing of a major multi-business organization.

Initially, Redpath Home Improvements is concentrating on the sale and installation of Daymond Dura-vinyl siding, but plans



**REDPATH INDUSTRIES LIMITED
AND ITS SUBSIDIARIES**



Massive injection moulding machine at Multi Fittings turns out large plastic fitting.

are underway for an expansion into all phases of home improvements. Branches have been opened in 11 key Ontario centres and additional branches are scheduled in 1974.

Multi Fittings Limited

Multi Fittings has grown from a small operation into one of the larger manufacturers of specialized plastic fittings in North America.

Plant and warehousing facilities, completed in London early in 1973, did not, however, provide capacity required by the company to maintain and expand its sales in the United States. As a result, plans were made for the construction of a new production facility in Waco, Texas, early in 1975.

An important key to the success of Multi Fittings has been its technical skills in the area of design and building equipment for injection moulding. These operations, conducted by London Plastics Machinery Ltd., were expanded in May 1973, through the merger of London Plastics Machinery with Wanco Machine & Tool Company Ltd., also of London, Ontario. A new plant for the combined operations of these businesses was opened late in 1973.

CB Packaging Limited

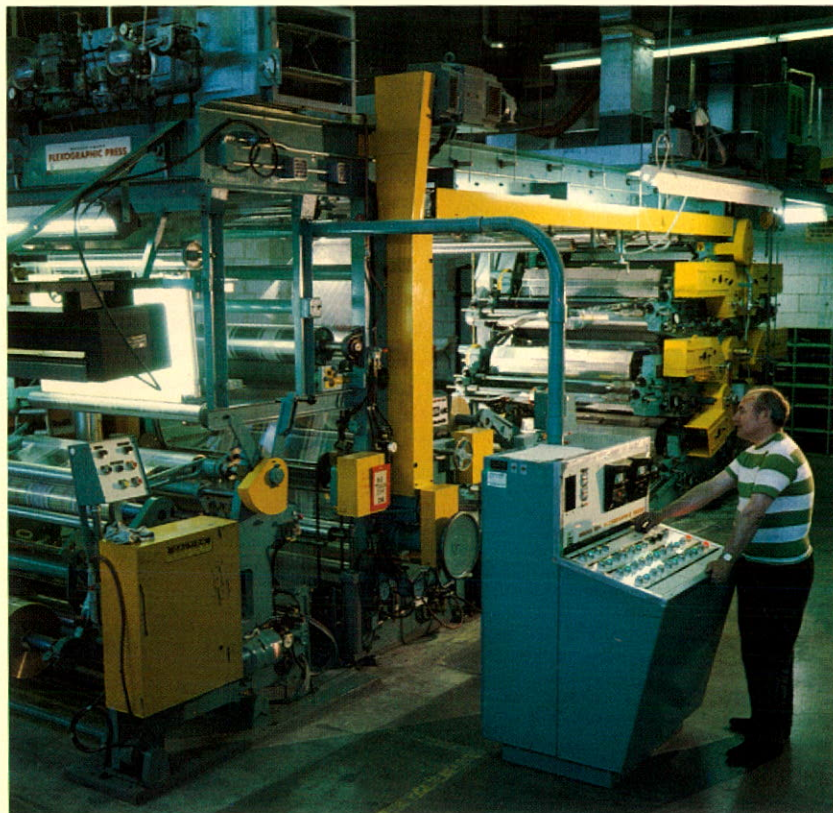
Experience in the extrusion of plastics, together with the packaging requirements of its various divisions, attracted Redpath Industries to packaging. Production of this division was expanded to provide a full line of products.



JAMES E. McEWEN
President
Multi Fittings Limited



**REDPATH INDUSTRIES LIMITED
AND ITS SUBSIDIARIES**



Six color, high-speed press is major addition to CB Packaging equipment at Toronto plant.

This program involved a change in company name to CB Packaging (formerly Cello Bags Limited) to reflect this new role. Installation of additional extruders and other equipment, including a new high-speed six-color press, was completed during 1973.

Gienow Limited

High mortgage rates over the short term may suppress the growth of housing starts but they are a catalyst for sales of mobile homes. Gienow is a major supplier of aluminum doors, windows and other components, not only to the residential and industrial construction industries, but to the manufacturers of mobile homes.

Gienow sales in the last fiscal year were increased by 29 per cent over 1972. Three mobile home manufacturers to whom Gienow sells had already placed their 1974 production orders when this was written. On the basis of present commitments, Gienow anticipates an increase of 11 per cent in sales in 1974.

Redpath Industries Today

Thus, by the end of fiscal 1973, Redpath Industries Limited has emerged as a multi-industry organization. Its roots have been extended into many areas of the building products industry, the field of agricultural drainage and into packaging. These endeavours are in addition to Redpath's traditional business of refining and marketing sugar.

Most importantly, however, Redpath Industries has built a Canadian management team which has the skills and capacity to continue the record of progress the Company has achieved since 1854.



P. R. BAKER
President
CB Packaging Limited

