



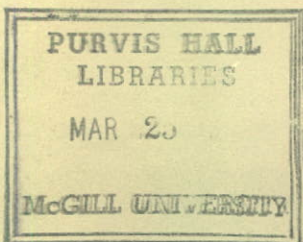
CANADA

# DU PONT OF CANADA

*C stack*

A N N U A L R E P O R T

1962





## BOARD OF DIRECTORS

GEORGE W. HUGGETT

HERBERT H. LANK

LAMMOT DU P. COPELAND

HUGH H. LAWSON

JOSEPH M. BREEN

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W. SAMUEL CARPENTER, III

ROBERT L. HERSHEY

ROBERT G. BECK

R. RUSSELL PIPPIN

# 1962 Annual Report

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D U P O N T O F C A N A D A L I M I T E D

INCORPORATED IN 1910 UNDER THE COMPANIES ACT OF CANADA

## OFFICERS

GEORGE W. HUGGETT  
*Chairman of the Board*

HERBERT H. LANK  
*President*

ROBERT G. BECK  
*Executive Vice-President*

FRANK S. CAPON  
*Vice-President*

HERMAN F. HOERIG  
*Vice-President*

FRANK G. RAYMANT  
*Vice-President*

K. M. PLACE  
*Treasurer*

H. J. HEMENS, Q.C.  
*Secretary*

C. A. HARVIE  
*Assistant Treasurer*

R. A. C. HENRY  
*Assistant Secretary*

TRANSFER AGENT, REGISTRAR AND  
DIVIDEND DISBURSING AGENT

MONTREAL TRUST COMPANY  
Montreal, Toronto and Vancouver

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## The year in brief

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### SALES

At \$126,589,000, sales for 1962 were 13% above the level of the previous year, reflecting the general improvement of business conditions in Canada.

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### INCOME

Net income reached \$11,809,000, the gain of 33% over 1961 being influenced by greater volume and an improved showing by the newer plants.

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### EARNINGS

After paying regular preferred dividends, earnings were \$1.60 a common share in 1962 as against \$1.20 the previous year.

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### DIVIDENDS

Dividends on the common stock totalled 80 cents a share as compared with 60 cents for 1961.

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### CONSTRUCTION

Expenditures on plant expansion amounted to \$11,299,000 in 1962, as against \$3,585,000 in the previous year.

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# 1962 Annual Report

## TO THE SHAREHOLDERS

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With generally favourable business conditions prevailing in Canada, Du Pont of Canada operated at high levels of output at all locations in 1962. The lower external value of the Canadian dollar, together with the tariff surcharges and other government measures designed to meet the financial emergency of mid-year, caused Canadian products to become more competitive. An improved return was realized on the substantial investment of recent years in new plant facilities, some of which had not previously been operating at profitable levels. The higher earnings and return on operating investment are not yet adequate, however, in an industry where risk of product and process obsolescence is always high.

The year saw the beginning of another cycle of growth and diversification with construction expenditures up sharply from the 1961 total. The bigger projects were for expansion of nylon intermediates capacity and facilities for the manufacture of such new products as nylon carpet yarns and "Lycra" spandex fibre. It was a year of solid progress in the management of resources at the Company's command. Looking to the future, corporate results will be increasingly dependent upon national and international policies and developments.

## FINANCIAL REVIEW

### EARNINGS AND DIVIDENDS

Net income for the year 1962, at \$11,809,000, was 33% higher than in the previous year. The sharp increase in earnings was influenced by the following factors, all of which had a favourable effect in the year under review.

(a) *VOLUME*

With greater demand for the Company's products, output rose substantially at nearly all plants. With continuing emphasis on improving efficiencies and reducing material costs, the higher volume resulted in lower unit manufacturing costs for all products.

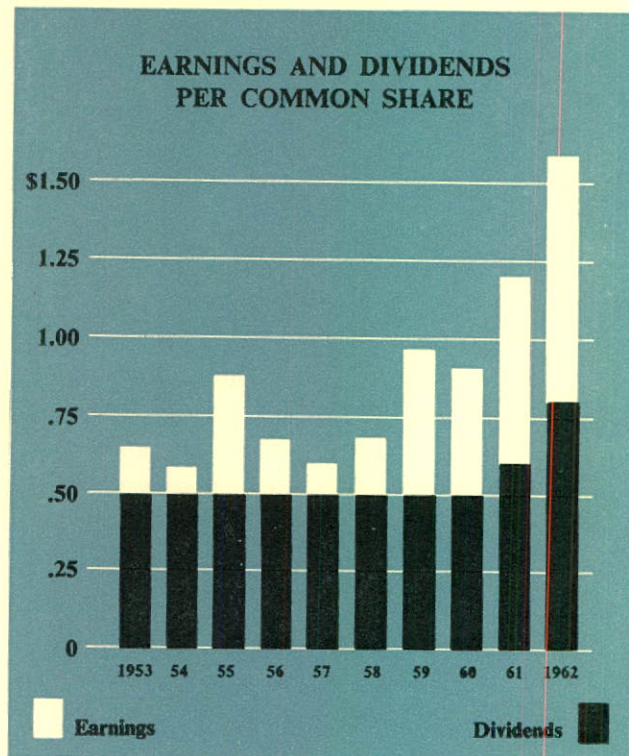
(b) *SELLING PRICES*

Selling prices were relatively stable throughout the year. As a result, and in contrast with previous years, the effect of greater volume of sales was directly reflected in earnings.

(c) *RESULTS OF DIVERSIFICATION*

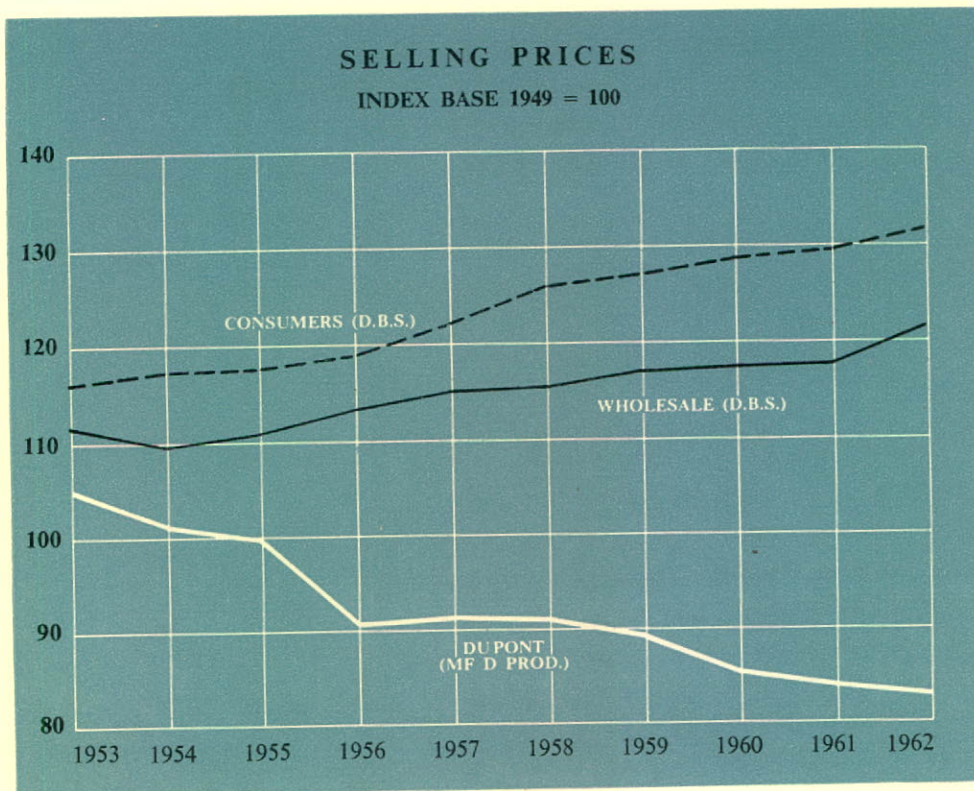
The costs and expenses which are inevitable in the early operating periods of new plants had adversely affected results during the recent years of rapid expansion and diversification. The improved showing of the newer units in 1962 contributed to the better results.

After paying regular preferred dividends, earnings were equivalent to \$1.60 a common share as against \$1.20 in 1961. Dividends on the common stock comprised three interim payments of 15 cents a share and a final distribution of 35 cents a share in respect of 1962 earnings, for a total of 80 cents a share as compared with 60 cents for 1961.



## SALES AND SELLING PRICES

The general improvement in business conditions in Canada was reflected in increased demand for Company products with sales for 1962 reaching \$126,589,000, 13% above the record of \$112,065,000 set in the previous year. With the competitive position of the Company's customers improving as a result of the exchange and legislative measures designed to reduce Canada's balance of payments deficit on current account, advances were realized in all product groups, the largest being in textile fibres where strong demand and the addition of newer types of nylon yarns for specialized uses were major factors. Extensive product development work in the polyethylene resins field resulted in a considerable broadening of that market.

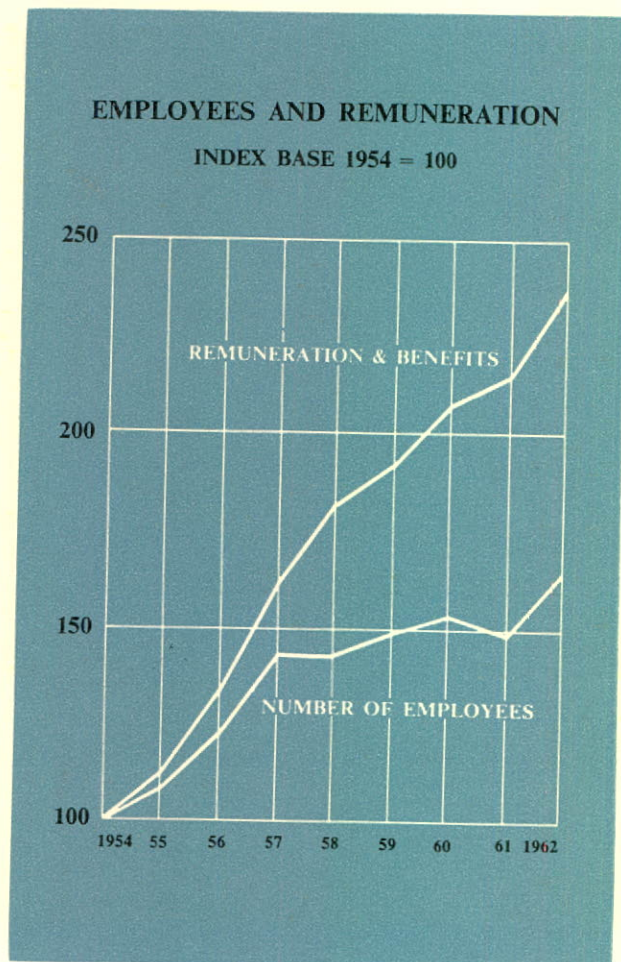


The index of selling prices of the Company's manufactured products declined slightly from 84.0 in 1961 to 83.5 in 1962 (1949 = 100), although the Canadian wholesale price index rose by 2.9 percentage points during the year. With intensified competition and continued technological improvements, a resumption of the downward trend in the Company's selling prices may be seen in 1963.

## COSTS

Purchases of goods and services, including raw materials, constitute a major portion of the Company's expenditures and are an important area for cost control. Efforts to develop the most economic sources of supply are continuing to yield savings, with emphasis given to the importance of purchasing Canadian made products wherever practicable. The first shipments of Canadian cyclohexane were received by the Maitland plant in the latter part of the year resulting in Du Pont of Canada nylon, first produced in Canada in 1942 from imported polymer, becoming a completely Canadian product. As in this example, the Company strives to purchase "Made in Canada" materials and supplies required in all its diversified operations. In negotiating day to day purchases as well as long-term contracts, a studied attempt is made to place orders with suppliers offering a high — if not total — Canadian content. In numerous instances, such insistence has led to the manufacture in Canada of products previously imported in whole or in part. Substantial savings for the Company have already been realized, and Canada's economy has been stimulated by the resulting reduction in imports, conservation of exchange and the growth of employment and income.

Total employee remuneration and related costs again rose reflecting higher salary and wage rates, increased costs of employee benefits and a larger number of employees. Process and equipment modifications together with the automation and mechanization of production and clerical procedures wherever possible have improved manpower utilization.

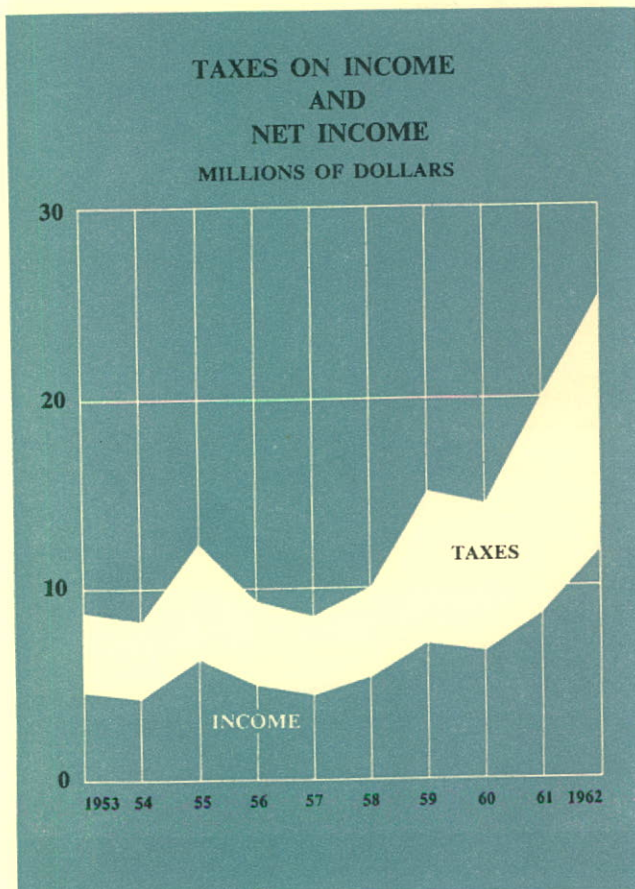




## FINANCIAL CHARGES

The Company charges relatively high rates of depreciation on plants during their early periods of operation when the risk is greatest. The total provided annually for depreciation thus tends to decline as the assets become older, unless a relatively large amount of new construction is carried out each year. Following relatively low construction outlays in 1961, the provision for depreciation in 1962 at \$6,704,000 dropped by approximately \$200,000 from that of the preceding year, but will rise again in 1963.

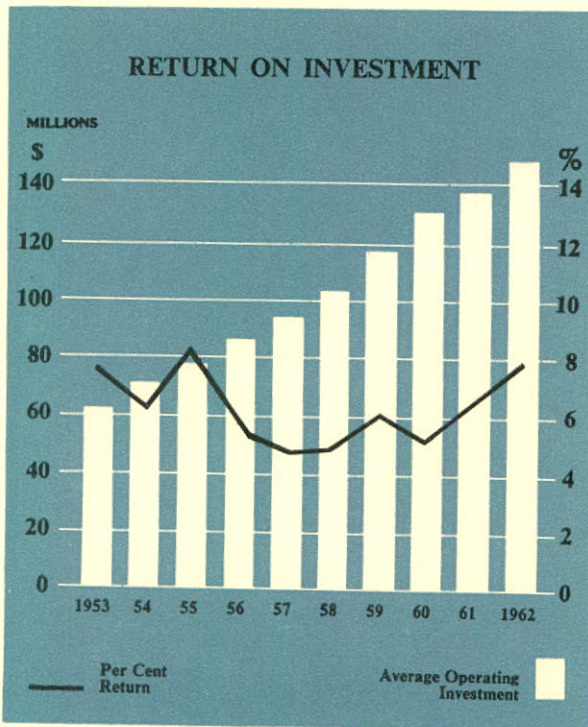
Federal and provincial taxes on income for 1962 amounted to \$13,025,000, equivalent to \$1.79 a common share, an increase of 27 per cent over the previous year, and \$1,200,000 more than the net income remaining for shareholders. The total burden of taxation on Canadian corporations continues to hamper their ability to compete with foreign producers in both the domestic and export markets. It is gratifying to note the growing recognition of the impact of taxation on the



nation's competitive ability and economic growth and to see that the recent income tax measures take this into account. These measures, enacted in 1962, provide an improved treatment for expenditures on scientific research and a tax credit on increased sales designed to increase domestic production. The Company is taking full advantage of these incentives although their impact in 1962 amounted to only 2% of total taxes. The Company welcomes the establishment of a Royal Commission on Taxation but urges further incentive legislation in the period prior to the submission of the Commission's report.

## OPERATING INVESTMENT AND RETURN

The operating investment of the Company increased by \$17,000,000 to \$160,000,000, primarily due to construction expenditures which amounted to \$11,299,000. In addition, the higher level of sales and the bringing into operation of new plants resulted in an increase of \$3,200,000 in inventories. Accounts receivable rose by \$700,000, reflecting higher sales and also the changes in banking regulations affecting customers which were instituted during the year.



In recent years the return on the average operating investment has been well below that achieved prior to 1956 following which the immediate effects of the first cycle of expansion and diversification resulted in a lower rate of return. With the favourable combination of factors already noted in 1962, income increased in greater proportion than operating investment and as a result the return rose to 7.9% from 6.4% the previous year, though still below the level reached in the early post-war years. Recognizing the

high rates of obsolescence in the chemical industry, the growing dependence upon factors beyond the control of the Company and the distortion caused by the effects of the inflation of past years (particularly during the early post-war period) which is not reflected in these figures, it will be important to improve this return if the industry is to continue to grow.

Published financial information must be based on generally accepted accounting practices which do not recognize the impact of inflation on the value of the operating investment. As indicated in previous Annual Reports, this results in inadequate provision for depreciation, overstatement of income, overpayment of taxes and erosion of capital. If this provision were based on current rather than original costs and the operating investment were to be stated at current construction costs, the return on investment in 1962 would be 5%.

## OPERATIONS REVIEW

### BUSINESS CONDITIONS

Strong stimulation was provided to the Canadian economy in the course of 1962 by further devaluation of the dollar, tariff surcharges and the reduction in duty exemptions on foreign purchases by returning Canadian tourists, all of which were adopted to deal with the exchange crisis of early summer. These measures were not only effective in stemming the outflow of capital and restoring exchange reserves but exerted a marked expansionary effect on the domestic economy. As had been predicted by those in industry and elsewhere who, for some years, had called for direct incentive measures as the best method of reinvigorating the domestic economy, the competitive position of Canadian producers in both domestic and foreign markets was thereby strengthened, national output of goods and services rose to a new record level, showing a real growth of over 6%, and income per capita registered its first appreciable increase in seven years, with a healthy advance of over 4% after allowing for changes in prices. A significant increase in the rate of business capital formation was a noteworthy feature of the general advance, illustrating the responsiveness of this important element of the economy to well-directed incentives.

### PRODUCTS

With improving conditions in the Canadian textile industry, the Company's sales of nylon textile yarns and staple fibre showed marked increases in volume over 1961, this being particularly evident in business for knitted fabrics, hosiery, and textured yarn applications. In addition the growing diversification of nylon fibre is evidenced by its increased acceptance in many non-apparel end uses. Demand for the special bulked continuous multifilament carpet yarn is expanding rapidly. Sales of nylon tire yarn for use in the manufacture of tires of all types were much higher reflecting increased penetration of the market and greater tire production. Automobile safety seat belts also provided a rapidly growing market for nylon. Lower selling prices for "Orlon" acrylic fibre and the decision of sweater makers to increase stylings in wool adversely affected sales revenues, although these factors were offset to a considerable extent by its greater use in carpets and pile fabrics. Development of the Canadian market for "Lycra" spandex fibre continued during 1962 with yarn being imported pending completion of the new plant at Maitland, Ontario. "Lycra", an elastic yarn first introduced in late 1961, is enjoying an excellent reception.

Sales of "Cellophane" cellulose film, aided by the continued upgrading of strength, clarity and coverage and the introduction of new grades tailored to the requirements of specific end uses, again increased in the domestic market. Export sales of cellulose film continued to expand, particularly to countries of the Commonwealth. Nevertheless, newer and more specialized packaging films are now gaining a greater share of the total market. Polyethylene film sales again showed substantial growth. A wider range of polyethylene films was marketed during the year and led to a greater use of this product, particularly for packaging produce and bread.

Acceptance of "Sclair" polyethylene resins continued to broaden as the number of resins formulated for specific applications has grown. The process used at the St. Clair River Works permits the production of a wide range of resins with excellent processing properties and physical characteristics. A substantial growth in sales is resulting from their use in film, high strength specification pipe, bottles and other moulded articles.

The sales volume of "Freon" fluorinated hydrocarbons both as refrigerants and as aerosol propellents has grown. New applications appear promising such as a blowing agent in urethane foams and the use in recently introduced coin operated dry cleaning equipment. Hydrogen peroxide business increased significantly in volume over the previous year. The volume of resale chemicals distributed by the Company was greater than in 1961, reflecting in part the higher level of business activity. In most cases, these are highly specialized products where the Canadian market is not yet large enough to justify domestic production.

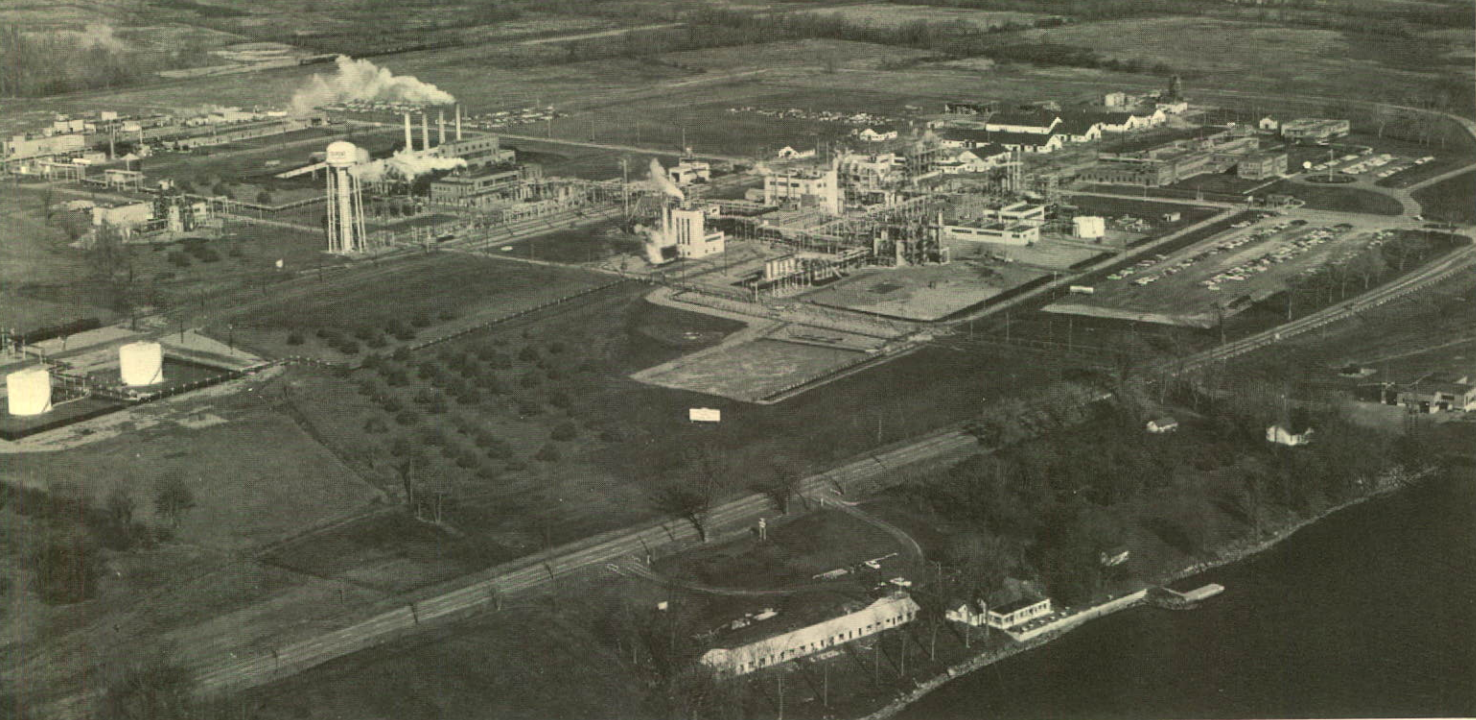
The total consumption of explosives in Canada expanded during the year although, continuing the recent trend, a larger proportion of the market has been taken up by ammonium nitrate type blasting agents at the expense of the various conventional dynamites. To meet this radical change in the market since the North Bay plant was built, production facilities and output have continually been adjusted to the new pattern of demand.

Sales volume of finishes continued to expand in the automobile refinishing market and, in addition, sales of special finishes were made for specific applications in the industrial field.

## **PLANT CONSTRUCTION**

The plant at Maitland to produce "Lycra" spandex fibre was completed at the end of the year with commercial operations commencing early in the new year.

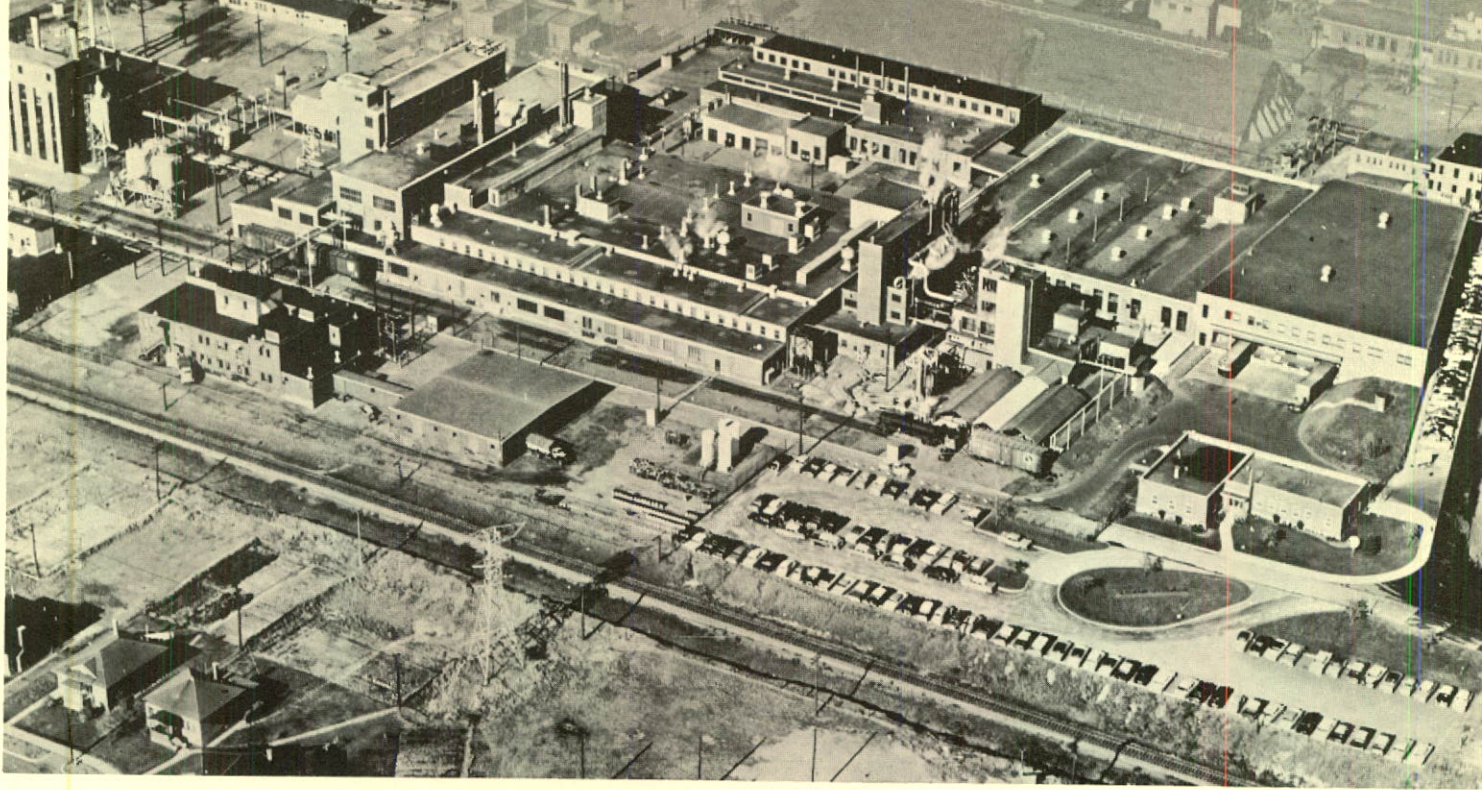
Continuing heavy demand necessitated the further expansion of nylon intermediates capacity at Maitland Works, one stage of which was finished before the end of the year.



Largest of the Company's industrial complexes, Maitland Works embraces five different manufacturing units, all completed within the last ten years: nylon intermediates, "Albone" hydrogen peroxide, "Freon" fluorinated hydrocarbon propellents and refrigerants, "Orlon" acrylic fibre, and "Lycra" spandex fibre, the latter being the second plant in the world for production of this new fibre.

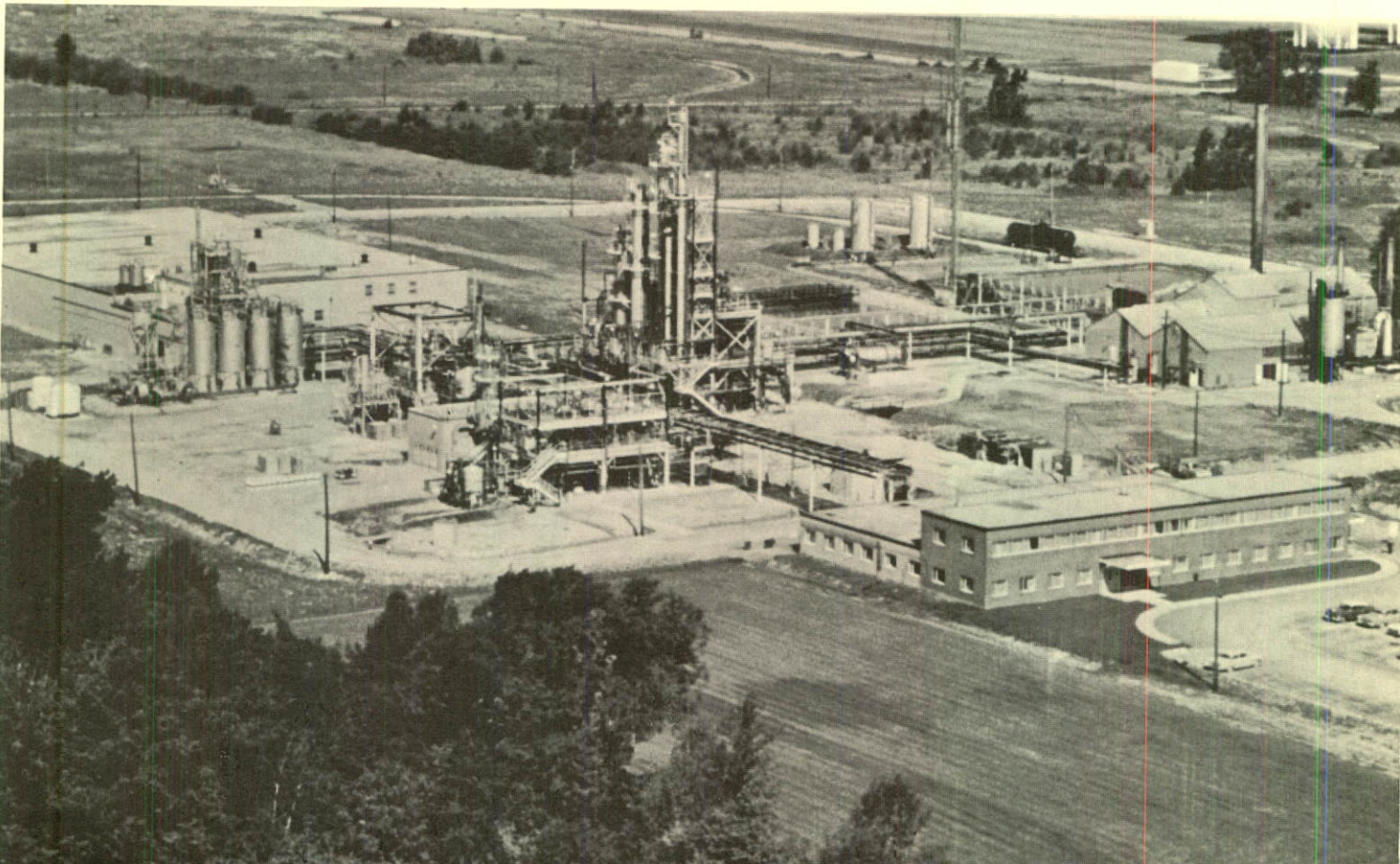
Since it was opened in 1942, Kingston Works, which produces nylon yarns, staple fibre, "Tynex" monofilament, and "Zytel" resins, has grown to about 10 times its original size as new types of nylon were developed and new uses found for the man-made fibre.

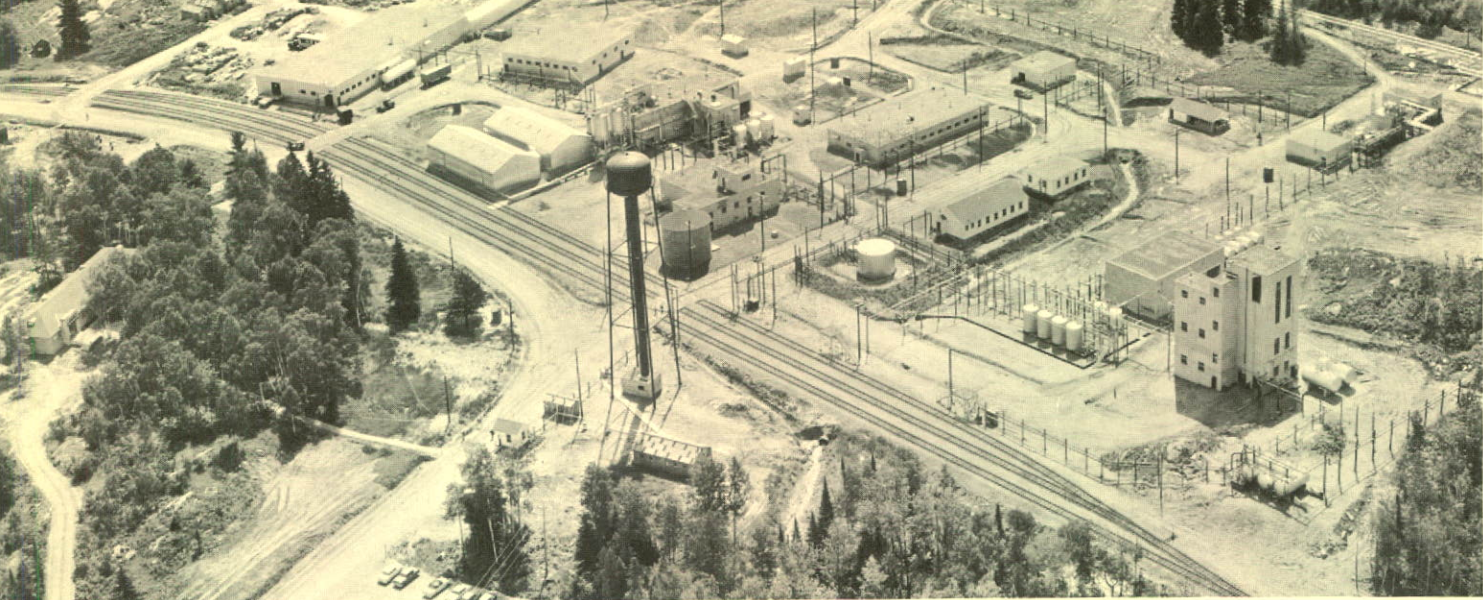




Senior of the Company's plants, Shawinigan Works, now in its 31st year, produces "Cellophane" cellulose film, the material that helped pioneer the packaging revolution which in turn led to today's bright, efficient supermarkets.

Because it produces fully synthesized "Sclair" polyethylene resins over a complete range of densities, St. Clair River Works at Corunna, Ontario, is a plant that is unique in the world.

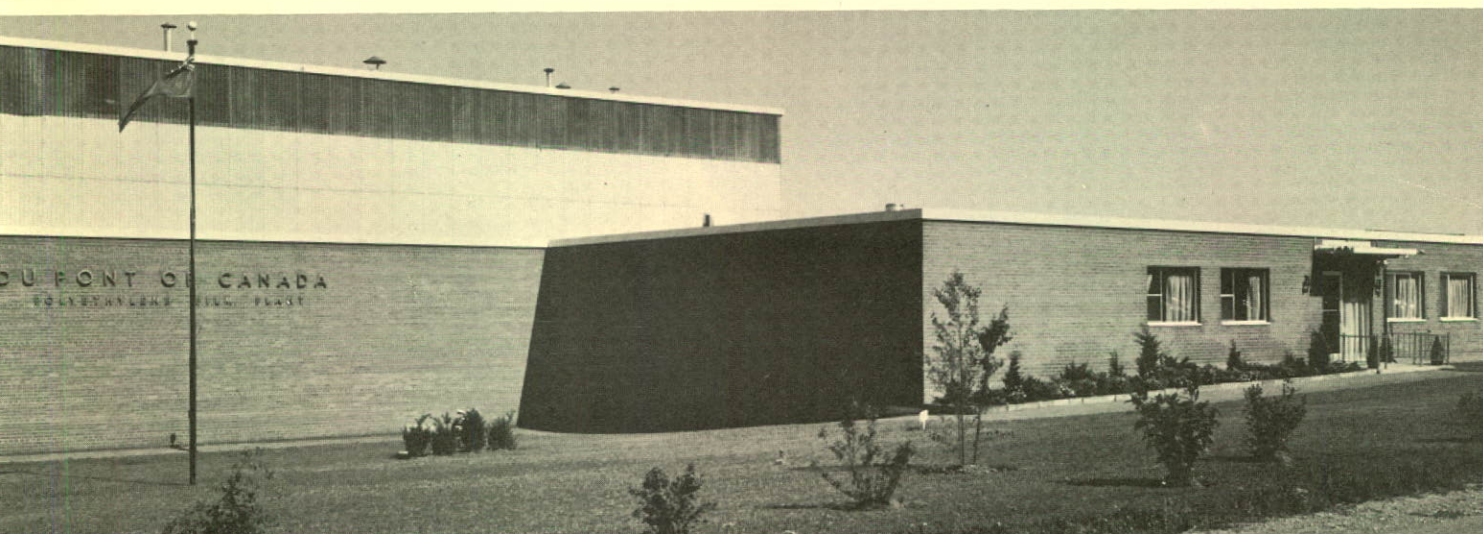
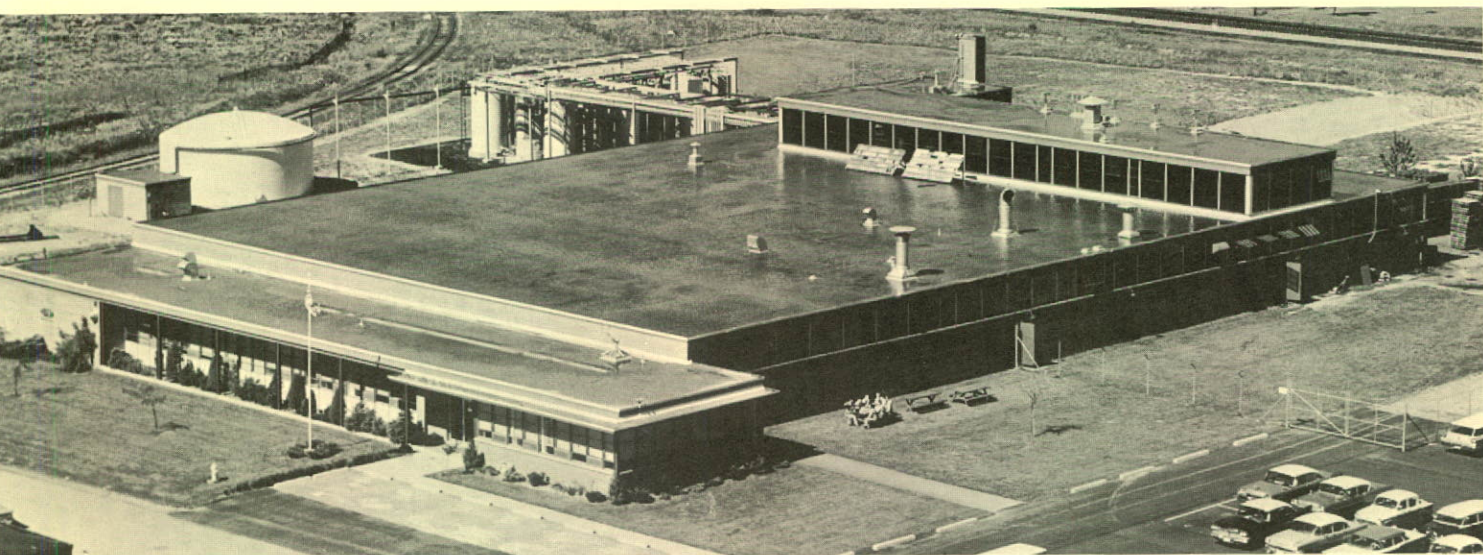




*Top:* One of the most modern plants of its kind on the continent and strategically located near North Bay, Ontario, hub of a network of rail lines and highways, Nipissing Works produces a complete range of commercial explosives for the mining, quarrying and construction industries of Canada.

*Centre:* Twenty-five miles east of Toronto is Ajax Works where "Dulux" enamels and "Duco" lacquers are made for the automobile industry together with undercoats, thinners, appliance finishes and other industrial enamels and primers.

*Bottom:* One of the newest of the Company's products, "Sclairfilm" polyolefin film, is made at the Whitby, Ontario plant, in addition to a variety of standard commercial polyethylene films in sheet and tubing form and "Vexar" plastic netting.



Work at the Research Centre at Kingston, Ontario is based on long-range commercial objectives pertaining both to future diversification and to basic support of present manufacturing facilities. As the birthplace of new products and new processes, the Centre contributes to the growth and development of the entire Canadian economy as well as that of the Company itself.





Textile and tire yarn capacities were increased and a new plant for the production of a special nylon carpet yarn was completed and brought into operation at Kingston.

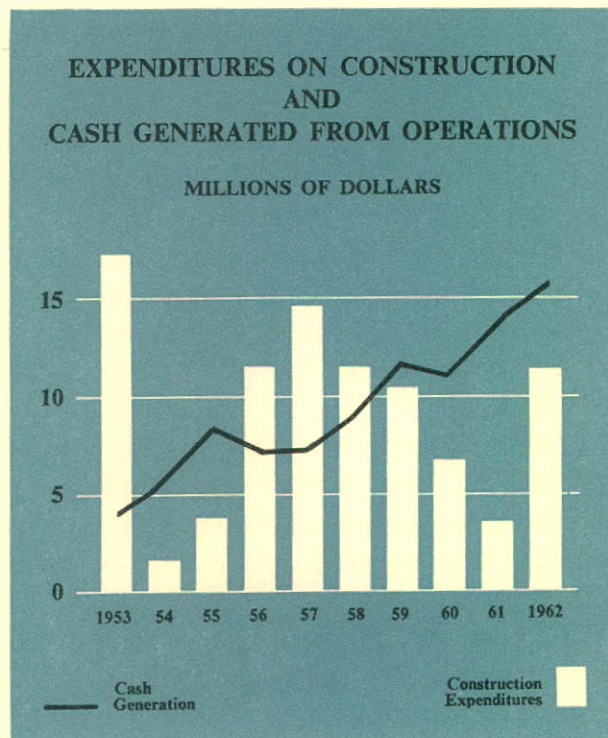
Capacity of the polyethylene resins plant near Sarnia was expanded by the installation of additional equipment; and facilities to produce a wider range of polyethylene films and "Vexar" plastic netting were installed at Whitby in the early part of the year.

Expenditures on construction, the bulk of which had been authorized during 1961, amounted to \$11,299,000 during 1962.

To keep adequately ahead of the growing demand for the many different types of nylon, approval was given late in the year for a major program of expansion and modernization of Kingston Works. An extension to the present plant will house machinery of new design capable of producing nylon yarns to advanced standards of quality and new nylon products now in various stages of development. This project, the

largest since Kingston Works began production 20 years ago, incorporates the results of further research and entirely new technology.

Reflecting the approval of this and other projects an amount of \$20,300,000 remained unexpended on authorized appropriations at the end of the year.



## RESEARCH

Since June 1954, the Company has pursued a vigorous program of expansion and diversification. The product line has been greatly expanded and processes are con-

tinually being improved. Canadian sources of supply have been developed for almost all basic raw materials. The Company's nylon operations, as one example, have evolved progressively since 1942 from a basic spinning operation at Kingston, to a fully integrated processing operation. All of this has demanded a strong and continuing emphasis on research and development.

Two concepts are fundamental to the Company's research effort: each project must have a clearly defined objective and, secondly, the objective will be approached by the most appropriate means available. This includes the selective and judicious use of all sources of existing knowledge. The polyethylene resins plant is a good example of this blending of knowledge from all sources. The experience of E. I. du Pont de Nemours and Company (which manufactures some resins by the older, high pressure method and others by a newer, low pressure method) and such published results from other sources as were available, were the starting point for four years of intensive work at the Research Centre at Kingston. The objective was clear — to devise a single process capable of producing a broad range of materials. The results were striking, culminating in the unique St. Clair River Works near Sarnia which now produces, by the low pressure method alone, a range of materials which formerly required the use of both high pressure and low pressure facilities.

By contrast, the Company in 1962 built a plant for the manufacture of "Lycra" spandex fibre, based entirely on the results of research by E. I. du Pont de Nemours and Company. Economically, either in money or manpower terms, the Company could not have supported simultaneous, original research on both products. Both plants, regardless of the source of technology, will make significant contributions to the Company and the economy.

Research is essential, not only for the Company's growth but for the growth and development of the entire Canadian economy, and the recent tax incentives for increased research expenditures are welcome. Government fiscal, monetary, trade and tariff policies must be such as to create an economic environment which will warrant long-term research and development expenditures. Substantial research expenditures can be justified only when there is a reasonable expectation of sustained return, and this requires some assurance of an expanding market, accessible to domestic producers. Canada's long-term development depends on the speed and the extent to which it can direct its resources away from relatively low-productivity uses to the development of high productivity, secondary industry. Until a deliberate and co-ordinated national policy designed to produce this result is implemented, there exists little real incentive for major increases in the type of research activities which will produce meaningful new products and industries.

## EMPLOYEES

The Board wishes to record its appreciation of the contribution made by employees at all levels towards the accomplishments of 1962. It is the efforts of employees which activate the physical and financial assets of any commercial enterprise and the Company strives continuously to cultivate a working environment which will inspire employees to superior levels of performance.

In addition to a sound remuneration policy, the Company endeavours to provide a reasonable level of basic economic security through appropriate benefit plans and policies. During 1962, the level of Company contributions towards hospital and health insurance was increased, greater coverage was made available under the Contributory Group Life Insurance Plan and the benefits under the Pension Plan were extended.

The irrevocable trust fund from which pension payments are made under the Company's non-contributory Pension Plan amounted to \$14,061,000 at the end of the year. This sum, which is held by an outside corporate trustee, represents contributions made by the Company and income earned on assets of the fund. Employees have the opportunity of supplementing the non-contributory pension by making voluntary contributions to a separate fund and these contributions are deductible from personal income for tax purposes.

Of continuing concern to the Company is the safety of its employees, both on and off the job. The number of lost-time injuries suffered by Company employees while at work is consistently below industry averages, and while the accident frequency rate in 1962 was higher than in 1961, the average number of days lost as a result of each accident was lower, reflecting a gratifying decrease in severity. By contrast, lost-time injuries sustained in off work hours in 1962 were almost seven times more numerous than those sustained at work and the Company continues its efforts to make employees increasingly safety-conscious during their off work hours.

The number of employees increased by 469 to 4,786 during the year, reflecting the expanded level of construction and operations.

## BONUS PLAN

The Bonus Plan provides a means of granting special recognition to those employees who have shown outstanding ability, efficiency, and initiative and who have thereby contributed in an unusual way to the Company's success.

Each year, the Board of Directors may credit to the bonus fund a portion of net income above 6% earned on the average amount of issued capital stock, surplus and interest-bearing indebtedness. A committee of Directors, chosen from among

those members of the Board who are not eligible to participate in the Plan, is appointed annually to determine the individual awards which are delivered in four equal annual installments.

Awards for the year 1962 were made to 187 employees, including those executive officers who are also Directors. As in recent years, amounts delivered during the year were in the form of common stock, after withholding sufficient cash to meet income tax deductions.

## OUTLOOK

Immediate business prospects for 1963 are encouraging, but at no time in the past has there been a greater need in Canada for strong government leadership than there is today. Gains in the past year resulted from a more realistic world value for our currency and from specific measures to strengthen the competitive position of business in Canada. These gains, however, were not nearly large enough to solve Canada's fundamental economic problems, which continue to be evidenced by the substantial deficit in the balance of international payments on current account.

Canada is not alone in facing the entirely new economic conditions which have been developing in recent years. The economic groupings taking place in Europe, the new international trade legislation in the U.S.A. and the movement towards free trade blocks in South America reflect national reactions to world economic movements which promise future conditions very different from those of the past. With her small population and vast resources, Canada is more dependent on international trade than are many countries, and thus the broad world changes now taking place are of great importance to her future welfare. In such a period, government strength and wisdom are essential for the Country's economic health and prosperity.



*Chairman of the Board*



*President*

18th March 1963  
Montreal, Canada

1953

54,615

43,315

2,641

—

3,995

4,664

\$0.63

\$0.50

60,900

7.5%

11,972

5,438

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6,534

56,791

2,339

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65,664

20,162

45,502

## FINANCIAL RECORD

(in dollars except where otherwise noted)

	1956	1955	1954	1953
57				
740	67,060	65,748	55,742	54,615
876	53,577	48,554	43,117	43,315
324	4,298	4,493	4,298	2,641
55	—	—	—	—
994	4,216	6,207	3,986	3,995
491	4,969	6,494	4,341	4,664
0.60	\$0.67	\$0.88	\$0.58	\$0.63
0.50	\$0.50	\$0.50	\$0.50	\$0.50
200	86,200	78,700	70,500	60,900
8%	5.8%	8.3%	6.2%	7.5%
31	17,678	22,895	15,893	11,972
04	7,920	8,174	5,642	5,438
	<u>9,758</u>	<u>14,721</u>	<u>10,251</u>	<u>6,534</u>
827	9,758	14,721	10,251	6,534
536	71,375	61,012	57,411	56,791
568	1,487	1,259	1,962	2,339
	<u>82,620</u>	<u>76,992</u>	<u>69,624</u>	<u>65,664</u>
931	82,620	76,992	69,624	65,664
890	33,587	29,448	24,869	20,162
041	49,033	47,544	44,755	45,502

ny's annual statements exclusive of good-  
at the beginning of each calendar month.

## A TEN YEAR COMPARISON

## OPERATING AND FINANCIAL RESULTS

(Approximate amounts in thousands of dollars)

	1962	1961	1960	1959	1958	1957
<b>OPERATING RESULTS</b>						
Sales and Other Income . . . . .	126,784	112,279	99,906	90,992	81,753	72,400
Costs and Expenses (excluding depreciation, interest and taxes) . .	95,246	86,048	78,930	69,562	65,916	59,100
Depreciation . . . . .	6,704	6,928	6,325	5,917	5,358	4,800
Interest on Borrowed Money . . . . .	—	204	449	416	394	300
Taxes on Income . . . . .	13,025	10,232	7,367	7,928	4,850	3,800
Net Income . . . . .	11,809	8,867	6,835	7,169	5,235	4,600
Earnings a Common Share . . . . .	\$1.60	\$1.20	\$0.92	\$0.97	\$0.70	\$0.60
Dividends a Common Share . . . . .	\$0.80	\$0.60	\$0.50	\$0.50	\$0.50	\$0.50
<b>OPERATING INVESTMENT</b>						
Average Operating Investment* . . . . .	149,900	138,900	131,400	118,900	106,700	93,000
Return on Average Operating Investment . . .	7.9%	6.4%	5.2%	6.0%	4.9%	4.8%
<b>FINANCIAL POSITION</b>						
Total Current Assets . . . . .	33,313	26,294	21,315	18,387	16,599	15,700
Total Current Liabilities . . . . .	19,165	15,161	18,539	19,151	18,108	13,900
Net Working Capital . . . . .	14,148	11,133	2,776	(764)	(1,509)	1,800
Plants and Properties . . . . .	124,988	114,561	111,723	105,777	96,000	85,000
Other Assets Less Other Liabilities . . . . .	979	1,486	1,723	1,484	1,817	1,800
	140,115	127,180	116,222	106,497	96,308	88,000
Deduct: Accumulated Provisions for Future Income Taxes and Depreciation	70,505	63,783	57,465	51,058	44,533	38,000
Shareholder's Equity . . . . .	69,610	63,397	58,757	55,439	51,775	50,000

\*Operating Investment comprises total assets as shown in the Company's balance sheet, less accumulated provisions for income taxes, patents and processes; the average is based on the investment at the beginning and end of the year.

# TOUCHE, ROSS, BAILEY & SMART

SAINT JOHN  
CAP DE LA MADELEINE  
OTTAWA  
HAMILTON  
WINNIPEG  
SASKATOON  
CALGARY  
VANCOUVER

QUEBEC  
MONTREAL  
TORONTO  
LONDON  
REGINA  
NORTH BATTLEFORD  
EDMONTON  
VICTORIA

CHARTERED ACCOUNTANTS

ROYAL BANK BUILDING  
PLACE VILLE MARIE  
MONTREAL 2, CANADA  
CABLE ADDRESS "TROBAS"

UNITED STATES OF AMERICA  
GREAT BRITAIN  
AND OTHER COUNTRIES  
THROUGHOUT THE WORLD

## AUDITORS' REPORT TO THE SHAREHOLDERS

Du Pont of Canada Limited,  
Montreal, Canada.

We have examined the consolidated balance sheet of Du Pont of Canada Limited and its wholly owned subsidiary as at 31st December 1962 and the related statements of consolidated income and earned surplus for the year ended on that date and have obtained all the information and explanations we have required. 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, and according to the best of our information and the explanations given to us and as shown by the books of the companies, the accompanying consolidated balance sheet and related statements of consolidated income and earned surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company and its wholly owned subsidiary as at 31st December 1962 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Touche, Ross, Bailey & Smart.*

Chartered Accountants.

Montreal, Canada.  
15th February 1963.



## STATEMENT OF CONSOLIDATED INCOME

	1962	1961
NET SALES . . . . .	\$126,589,396	\$112,065,760
OTHER INCOME . . . . .	194,746	213,630
	<u>\$126,784,142</u>	<u>\$112,279,390</u>
 LESS:		
Cost of goods sold and other charges except depreciation, interest and incometaxes (1) . . . . .	\$ 95,246,526	\$ 86,048,337
Provision for depreciation . . . . .	6,704,190	6,927,978
Interest on borrowed money . . . . .	—	204,572
Federal and provincial taxes on current income:		
Payable by 30th June following year . . . . .	12,224,519	10,201,992
Estimated to be payable in future years (2) . . . . .	800,000	30,000
	<u>\$114,975,235</u>	<u>\$103,412,879</u>
NET INCOME FOR THE YEAR . . . . .	<u>\$ 11,808,907</u>	<u>\$ 8,866,511</u>

NOTES:

- (1) Included in the charges against income are the following:
- |  |           |           |
|--|-----------|-----------|
| Remuneration of executive officers, including bonus awards and directors' fees . . . . . | \$935,850 | \$892,500 |
| Other directors' fees . . . . .  | 25,000    | 25,000    |
| Legal fees . . . . .   | 20,535    | 57,098    |
- (2) Capital cost allowances in excess of the provision for depreciation charged against income in the accounts have been claimed for tax purposes. The amount by which tax payments have thereby been reduced has been set aside as a provision for taxes which may be payable in future years.

## STATEMENT OF CONSOLIDATED EARNED SURPLUS

	1962	1961
BALANCE AT 1st JANUARY . . . . .	\$ 50,552,966	\$ 46,224,441
ADD: Net income for the year . . . . .	11,808,907	8,866,511
	<u>\$ 62,361,873</u>	<u>\$ 55,090,952</u>
DEDUCT: Dividends declared on—		
Preferred 7½% cumulative stock . . . . .	\$ 174,375	\$ 174,375
Common stock (80 cents a share in 1962, 60 cents in 1961) . . . . .	5,833,551	4,363,611
	<u>\$ 6,007,926</u>	<u>\$ 4,537,986</u>
BALANCE AT 31st DECEMBER . . . . .	<u>\$ 56,353,947</u>	<u>\$ 50,552,966</u>

# DU PONT OF CANADA LIMITED

And its wholly owned subsidiary

## CONSOLIDATED

### Assets

CURRENT ASSETS	31st December	
	1962	1961
Cash . . . . .	\$ 2,922,300	\$ 2,776,053
Marketable securities (market value \$2,993,500) . . . . .	2,964,800	—
Accounts receivable . . . . .	14,055,280	13,337,674
Inventories, valued at the lower of cost or market. . . . .	13,370,986	10,179,926
	<u>\$ 33,313,366</u>	<u>\$ 26,293,653</u>
DEFERRED CHARGES . . . . .	1,016,683	974,538
INVESTMENT SECURITIES AT COST. . . . .	350,000	400,000
PLANTS AND PROPERTIES AT COST . . . . .	124,988,179	114,561,400
GOODWILL, PATENTS AND PROCESSES . . . . .	1,688,576	1,688,576
	<u>\$161,356,804</u>	<u>\$143,918,167</u>

Signed on behalf of the Board,

G. W. HUGGETT }  
HUGH H. LAWSON } Directors.

# BALANCE SHEET

## Liabilities

	31st December	
	1962	1961
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities . . . . .	\$ 9,659,482	\$ 6,177,285
Federal, provincial and municipal taxes . . . . .	6,909,345	6,757,926
Dividends declared . . . . .	2,595,773	2,225,399
	<u>\$ 19,164,600</u>	<u>\$ 15,160,610</u>
<b>LIABILITIES NOT PAYABLE WITHIN ONE YEAR . . . . .</b>	2,077,437	1,578,285
<b>ACCUMULATED PROVISION FOR FUTURE INCOME TAXES . . . . .</b>	6,350,000	5,550,000
<b>ACCUMULATED PROVISION FOR DEPRECIATION OF PLANTS AND PROPERTIES</b>	64,154,545	58,232,735
<b>CAPITAL STOCK:</b>		
Authorized	Shares	
Preferred 7½% cumulative stock (par value \$50)	46,500	
Common stock (no par value) . . . . .	<u>13,500,000</u>	
Issued and fully paid		
Preferred . . . . .	46,500	\$ 2,325,000
Common . . . . .	7,291,939	10,931,275
(Issued during the year to employees under the Bonus Plan, 19,254 shares of common stock — \$412,704).		
<b>EARNED SURPLUS . . . . .</b>	<u>56,353,947</u>	
	<u>69,610,222</u>	<u>63,396,537</u>
	<u>\$161,356,804</u>	<u>\$143,918,167</u>

## STATEMENT OF FUNDS

*For the Year Ended 31st December 1962*

**SOURCES:**

Sales and other income less operating costs and expenses* . . . . .	\$20,534,000	
Issue of 19,254 common shares in accordance with the terms of the Company's Bonus Plan . . . . .	413,000	
Disposal of fixed assets . . . . .	89,000	
	89,000	\$21,036,000

**USES:**

Payment of dividends . . . . .	\$ 5,638,000	
Additions and alterations to plants and properties. . . . .	11,299,000	
Net increase in working capital excluding cash and marketable securities . . . . .	988,000	
	988,000	17,925,000

NET INCREASE IN FUNDS DURING THE YEAR . . . . . \$ 3,111,000

CASH AT 1st JANUARY 1962 . . . . . 2,776,000

CASH AND MARKETABLE SECURITIES AT 31st DECEMBER 1962 . . . . . \$ 5,887,000

\*Operating costs and expenses are the amounts expended for the purchase of materials, supplies and services, the payment of salaries and wages, and the payment of selling, advertising, administrative and other operating expenses as included in the income statement. Provisions for depreciation (\$6,704,000), liabilities not payable within one year (\$1,221,000), and future income taxes (\$800,000) while charged against operations in arriving at net income, have not been deducted in this statement as they do not involve a current outlay of funds.

# DIRECTORY — DU PONT OF CANADA LIMITED

DEPARTMENTS	PROVIDING THESE PRODUCTS	SERVING THESE MARKETS	THROUGH SALES OFFICES
-------------	--------------------------	-----------------------	-----------------------

**CHEMICALS**

**MANUFACTURED:**  
 "Freon" fluorinated hydrocarbon refrigerants, aerosol propellents and solvents  
 Adipic, hydrochloric and nitric acids  
 Hydrogen peroxide

**RESALE:**  
 X-ray and graphic arts, including reproduction and motion picture, films  
 Synthetic rubbers and rubber chemicals  
 White and coloured pigments  
 Food supplements  
 Seed-treating and weed-killing chemicals  
 Dyes and auxiliary chemicals  
 Gasoline anti-knock compounds and petroleum chemicals  
 Industrial chemicals

Manufacturers and users of refrigerating equipment  
 Electrical industry  
 Packaging industry  
 Petroleum, rubber, steel, and metal fabricating industries  
 Chemical industry  
 Paint manufacturers  
 Food processing industry  
 Pulp and paper manufacturers  
 Tanning industry  
 Textile manufacturers  
 Graphic arts industry  
 Institutions and utilities  
 Pesticides manufacturers and farmers

Halifax, N.S.  
 Seven Islands, Que.  
 Montreal, Que.  
 Toronto, Ont.  
 London, Ont.  
 Winnipeg, Man.  
 Calgary, Alta.  
 Vancouver, B.C.

**SALES REPRESENTATIVES ALSO LOCATED AT**

Saint John's, Nfld.  
 Truro, N.S.  
 Halifax, N.S.  
 Fredericton, N.B.  
 Saint John, N.B.  
 Quebec, Que.  
 Val d'Or, Que.  
 Thetford Mines, Que.  
 Ottawa, Ont.  
 Kingston, Ont.  
 Kirkland Lake, Ont.  
 Timmins, Ont.  
 Elliot Lake, Ont.  
 Port Arthur, Ont.

**EXPLOSIVES**

**MANUFACTURED:**  
 Commercial explosives  
 Dynamites  
 Blasting agents  
 Blasting supplies

**RESALE:**  
 Blasting supplies and accessories  
 Ammonium nitrate

Mining  
 Quarrying  
 General Construction

**FILMS**

**MANUFACTURED:**  
 "Cellophane" cellulose film  
 "Sclairfilm" polyolefin film  
 Packaging and industrial polyethylene films  
 "Vexar" plastic netting

**RESALE:**  
 \*"Mylar" polyester film  
 \*"Tedlar" polyvinyl fluoride film  
 \*"Teflon" fluorinated ethylene propylene film  
 \*E. I. du Pont de Nemours & Company trade-mark

Packaging uses including:  
 food products, paper, tobacco, textiles, fertilizer, asbestos, toys, hardware and chemicals  
 Agricultural and electrical industries  
 Construction and building products industries  
 Consumer goods industries

**FINISHES**

**MANUFACTURED:**  
 "Duco" lacquer  
 "Dulux" enamel  
 Automotive finishes  
 Industrial finishes  
 Refinish materials

**RESALE:**  
 Cellulose sponge and yarn

Automotive refinish trade  
 Industrial users

**PLASTICS**

**MANUFACTURED:**  
 "Sclair" polyethylene resins  
 "Zytel" nylon resins

**RESALE:**  
 Plastic moulding and extrusion resins

Packaging, pipe, industrial and automotive components, wire and cable industries

**TEXTILE FIBRES**

**MANUFACTURED:**  
 Nylon continuous filament yarns, tire yarn and staple  
 "Tynex" nylon monofilament  
 "Orlon" acrylic staple and tow  
 "Lycra" spandex fibre

Manufacturers of hosiery and of textiles for apparel and industrial use  
 Manufacturers of automotive and truck tires  
 Manufacturers of brushes and sporting goods  
 Manufacturers of elastic fabrics and garments



**Address inquiries to:**  
**DU PONT OF CANADA LIMITED**  
**P.O. Box 660, Montreal 3**



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... THROUGH CHEMISTRY