

**DU PONT OF CANADA LIMITED**



**ANNUAL REPORT 1970**

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**BOARD OF DIRECTORS**

Robert G. Beck	Executive
Edgar H. Bleckwell	President and Chief Executive Officer, Du Pont of Canada Limited
Ralph B. Cole	Treasurer, E.I. du Pont de Nemours & Company
A. Jean de Grandpré, Q.C.	Executive Vice-President, Eastern Region, Bell Canada
Henry J. Hemens, Q.C.	Vice-President and Secretary, Du Pont of Canada Limited
David S. Holbrook	Chairman and President, The Algoma Steel Corporation, Limited
Herbert H. Lank	Executive
Benjamin F. Schlimme	General Manager, International Department, E.I. du Pont de Nemours & Company
Roy L. Schuyler	General Manager, Plastics Department, E.I. du Pont de Nemours & Company
Lester S. Sinness	Vice-President and Director, E.I. du Pont de Nemours & Company

**OFFICERS**

Edgar H. Bleckwell	President and Chief Executive Officer
Henry J. Hemens, Q.C.	Vice-President and Secretary
Herman F. Hoerig	Vice-President, Research and Development
Franklin S. McCarthy	Vice-President, Operations
Kenneth M. Place	Vice-President and Treasurer
Colin C. Young	Vice-President, Employee and Public Relations
Thomas S. Morse	Assistant Treasurer
Kenneth H. Scott	Assistant Treasurer

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Transfer Agent, Registrar and  
Dividend Disbursing Agent Montreal Trust Company, Montreal, Toronto, Calgary and Vancouver

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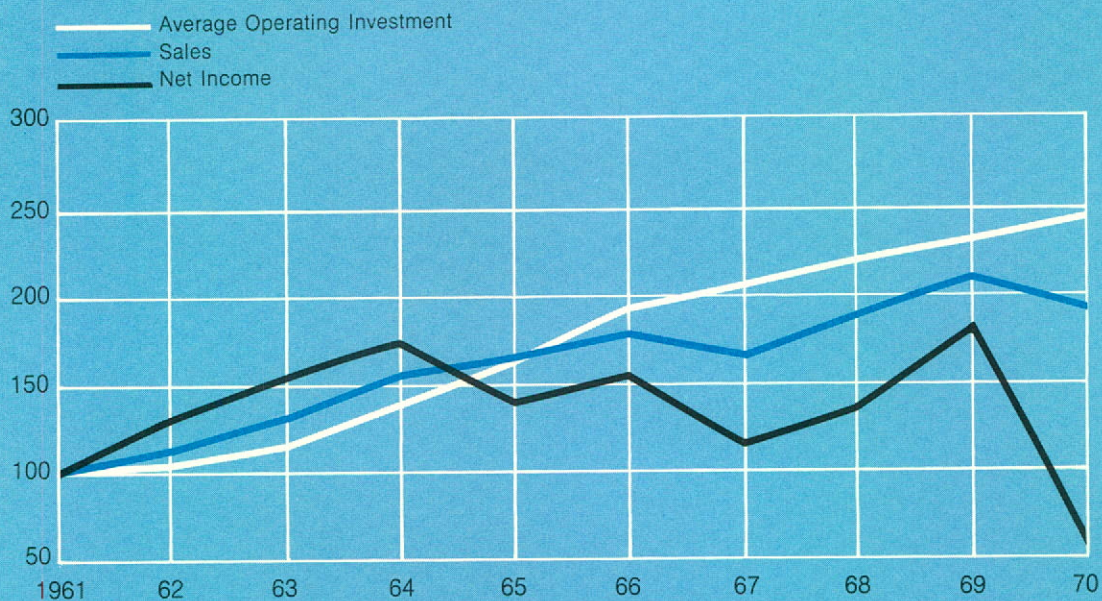
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## Financial Results in Brief

### Index of Average Operating Investment, Sales and Net Income

(Index Base 1961 = 100)



	1970	1969
<i>Results a common share:</i>		
Earnings before extraordinary item	\$0.68	\$1.70
Total earnings	0.68	2.05
Dividends	0.75	1.00

	(Dollars in Thousands)		% Change
Sales	\$210,964	\$228,282	— 8
Provision for depreciation and amortization	15,357	15,636	— 2
Taxes on income	3,213	13,044	— 75
Income before extraordinary item	5,511	13,538	— 59
Net income	5,511	16,323	— 66
Construction expenditures	12,867	16,216	— 21
Average operating investment	340,970	321,279	+ 6
Return on average operating investment	2.0%	5.3%	



## To the Shareholders of Du Pont of Canada

Company performance during 1970 was seriously affected by the general slowdown in domestic economic activity combined with the adverse effect of sharp increases in competitive imports. Reduced tariffs and changes in Canada's anti-dumping laws stemming from the Kennedy Round, together with the appreciated value of the Canadian dollar, contributed to the import problem. Particularly hard hit was our fibres business, as the volume of domestic shipments of man-made fibres and fabrics in Canada declined 16% (compared with an increase of 10% in 1969) while the volume of imports rose by 20%. As a result of these conditions, prices for our fibres dropped sharply and unit manufacturing costs increased as production levels fell. To a lesser degree, similar trends affected other product areas: the growth in Canadian chemical consumption was negligible while imports increased over 10%, and the prolonged strike at General Motors seriously affected shipments of a wide range of Company products.

### Sales and Earnings

The Company's sales revenue declined 8% from the previous year and earnings a common share from normal operations at \$0.68 declined 60%. Dividends for the third and fourth quarters were reduced to 12½ cents per common share, compared with 25 cents in earlier quarters.

To improve earnings, a broad range of programs is underway to reduce costs and develop new and more profitable approaches to our fibres and other businesses. The initial stages have included major reductions of personnel in line with reduced output, combining functions and streamlining procedures. These programs will continue through 1971 and include the evaluation and realignment of product lines to lengthen production runs, simplify operations, and reduce administrative and service costs.

### Diversification

In a joint venture with Lacanex Mining Company Limited, the Company has entered the mineral resources field through the formation of Ducanex Resources Limited. Ducanex is active in mineral exploration and development in Canada and its current program, which is managed by Lacanex, cost \$600,000 in 1970. It is expected to increase in scope in subsequent years.

The Company has agreed, through the agency of Ducanex and subject to approval of regulatory

bodies, to take a minority equity position in Pure Silver Mines Limited and Tormex Mining Developers Limited, which companies are developing mining properties in Mexico and need capital to bring them into production.

These ventures provide a means for the Company to diversify into a new area of business wherein exploration and research applied to mineral resources is expected to uncover profit opportunities.

### Du Pont People

The Company's employees have contributed greatly to cost reduction by initiating improvements in work methods and by continuing their high level of performance despite the uncertainties encountered during this past year. I am sincerely grateful for their co-operation and dedication.

Four directors retired during the year: Joseph M. Breen, having reached the mandatory retirement age for directors, William C. Kay and R. Russell Pippin, both of whom retired from E.I. du Pont de Nemours & Company, and Frank S. Capon, an employee since 1938 and a director since 1957, who also retired as a Vice-President of Du Pont of Canada.

These vacancies were filled by the elections of A. Jean de Grandpré, Q.C., Executive Vice-President, Eastern Region, Bell Canada, Roy L. Schuyler and Ralph B. Cole, respectively General Manager of the Plastics Department and Treasurer of E.I. du Pont de Nemours & Co. and Henry J. Hemens, Q.C., Vice-President and Secretary, Du Pont of Canada Limited.

### Outlook

Government policies have a direct bearing on many of the difficulties faced by the Company and secondary manufacturing in general. The federal government continues to pursue open economy policies designed to assure consumers of access to "lowest cost products" regardless of the effect of such policies on the domestic economy as a whole.

Faced now with unacceptably high rates of unemployment, largely in the industrial sector, the government promises to institute make-work programs which at best are short term and will require increased burdens of personal and corporate taxation.

It is important that the people of Canada understand that Canadian industry can provide much higher levels of employment by fully participating in their



own domestic markets and that this can be achieved by establishing reasonable control of imports which are now flooding the country from low-wage areas off-shore. Savings in the cost of government through reductions in welfare and make-work programs could enable reductions in rates of taxation that would be more significant to the overall economy than consumer savings from the purchase of "low cost" off-shore merchandise.

In this environment Canadian secondary industry is generally hampered by high cost of labour, lack of ability to achieve economies of large scale production due to low or ineffective tariffs in an already small domestic market and an excessively high tax burden following upon escalating costs of social and welfare programs. Additionally, large industrial groups have been adversely affected by the revaluation of the Canadian dollar, the uncertainty relating to pending changes from the government white paper on taxation, and the disquieting effect on the economy of social and political unrest.

Recognizing the worsening position of the textile and chemical industries, the Canadian government has undertaken major studies of both to assist industry segments to improve their world competitive position. The implementing legislation for a Textile and Clothing Board, announced last May and established in November, was introduced in January 1971; the Board will investigate problems in the textile industry and recommend actions to the government. The Joint Chemical Committee, composed of representatives from government and industry, is studying recommendations involving access for Canadian chemical products to larger markets, means for achieving competitive world prices for raw materials and specialization of production to achieve economies of scale. Implementation of effective new policies is urgently required to enable these basic and highly productive Canadian industries to prosper.

Until the direction of the government's program and the nature of its policies are known, the Company cannot consider undertaking capital expenditures for construction of major new manufacturing plants and the proposed polyester plant at Morrisburg, Ontario, was cancelled. For this reason, capital expenditures were reduced from \$16,216,000 in 1969 to \$12,867,000 in 1970.

Until some of these conditions improve, selling prices are expected to continue to decline in the immediate future, particularly for our fibre products. However, some improvement in sales revenue can be expected in 1971 as significant volume gains for a number of products, notably carpet yarns, FREON fluorocarbons and polyethylene resins, should more than offset the expected reduction in average selling prices. As the full effect of our present economy program materializes and higher production levels lead to lower unit manufacturing costs, earnings should improve at a faster rate than sales revenue.



E. H. BLECKWELL  
*President*

24th March 1971



## Operating Review

### MARKET HIGHLIGHTS

Demand for all Company fibres was seriously impaired by many factors, primarily the general business slow-down and excess world capacity for nylon and acrylics. The latter development aided by the appreciated Canadian dollar, reduced tariffs, inadequate quotas and less effective anti-dumping regulations, resulted in increased imports of fibres, yarns, fabrics and finished products — many of which sold at very low prices. A soft consumer market limited demand for nylon and ORLON fibres for textile use, and, in the case of nylon, demand was further reduced by the penetration of polyester fabrics in the large knitwear market, particularly in the women's sportswear and children's segments. Sales of carpet yarns declined because of lower levels of commercial and housing construction and retail sales, as well as increased imports resulting from over supply in the U.S.A. Consumption of our industrial nylon for seat belts was adversely affected by lower production of automobiles and the strike at General Motors. The generally reduced level of economic activity lowered requirements for truck tires and depressed sales of automobile replacement tires resulting in lower sales of nylon tire yarn. Shipments of LYCRA spandex fibre increased moderately during the year principally as a result of its adoption by the hosiery industry for the elastic top of panty-hose.

In addition to their effect on sales of fibres, the lengthy strike at General Motors and weak automobile sales reduced shipments of a wide range of Company products, most notably automotive finishes.

Improved sales volumes were achieved in chemicals, plastics and films. Petroleum chemical sales increased due to the expanding demand for gasolines and greater use of additives to maintain clean engines and thus reduce air pollution. Demand for FREON fluorocarbons improved over last year, and as continued growth is forecast, production facilities were expanded.

The Company's explosives business continued to grow, particularly in Western Canada where the second year of operation produced further market penetration. The major growth has been in water-gel explosives and ammonium nitrate/fuel oil mixtures due to improved efficiencies available to the mining

industry from the bulk delivery system. An explosion at the Company's explosives manufacturing plant at North Bay, Ontario in October had a negligible effect on sales but adversely affected profits. Fortunately, no injuries resulted from the incident.

Sales of FABRENE oriented polyolefin material increased significantly, particularly for industrial packaging uses. Other end uses involving protective wrappings and coverings have also increased steadily, and the prospects are for continued growth.

SCLAIR polyolefin film has now gained wide acceptance in milk packaging and encouraging results have been obtained in adapting this film for packaging anti-freeze and other liquids.

Total export sales of \$14 million declined 30% from 1969, largely because of lower sales of nylon polymer and nylon textile fibres. Export shipments of polyethylene resin and cellulose film continued to grow.

### RESEARCH AND DEVELOPMENT

Research and development activities continue as essential endeavours for diversification and growth.

Nevertheless, basic reassessment of these activities is an integral part of the current review of the Company's competitive position in fibres and other manufactured products. It is clear that major retrenchment in process technical and research programs is required. As a result, the Central Research Laboratory facility at Maitland will be shut down when current cost reduction programs at this plant are completed. Research support for Maitland will then be carried out at the Kingston Central Research Laboratory.

Planned simplification of the product lines produced at Kingston Works will greatly simplify operations there, thus permitting curtailment of new process research and elimination of the Fibres Technical Laboratory as a separate facility.

Development effort in the Company will continue to be directed toward finding new uses for existing products and diversification into areas outside our existing businesses. The objective is to find business ventures that will meet the Company's profit and growth requirements and which are not affected to any great extent by those factors which have had a depressing effect on existing operations. The venture into the minerals business was defined, approved,



and implemented during the year and intensive study in several important additional areas will continue in 1971.

**EMPLOYEES**

The general economic slow-down and the particular problems of the textile fibres business have had a significant effect on the number of people required to service the Company's operations. At year end, 5,607 men and women were employed; 1,128 fewer than at the end of the previous year. Employment was lower at most plant and office locations, with virtually all job categories involved.

The Company has endeavoured to show its continuing concern for those affected by lower employment requirements. It was possible to reassign some to other positions in the Company, and special efforts have been made to assist released employees in finding jobs with other employers. Advance notice of employment termination was given in all cases and appropriate severance allowances have been paid.

Safety performance during the past year resulted in a frequency rate of 0.33 injuries per million man-hours,

second only to last year's record achievement, and compares well with the North American rate of 4.02 for the chemical industry. Several Company plants continue to be in the forefront of all Canadian industry in the number of continuous man-hours worked without a lost-time injury. Kingston Works received recognition from the Industrial Accident Prevention Association as the "safest plant in Canada" and went on from that award to establish a new company record of 8,600,000 injury-free man-hours before recording a lost-time injury in November.

Under the terms of the Company's Bonus Plan, the low level of net income for 1970 did not permit the establishment of a Bonus Fund for the year and consequently no awards have been made.

At the end of the year, an independent trustee held \$39,643,000 to pay future pensions under that part of the Pension Plan financed entirely by the Company.

**ENVIRONMENTAL CONTROL**

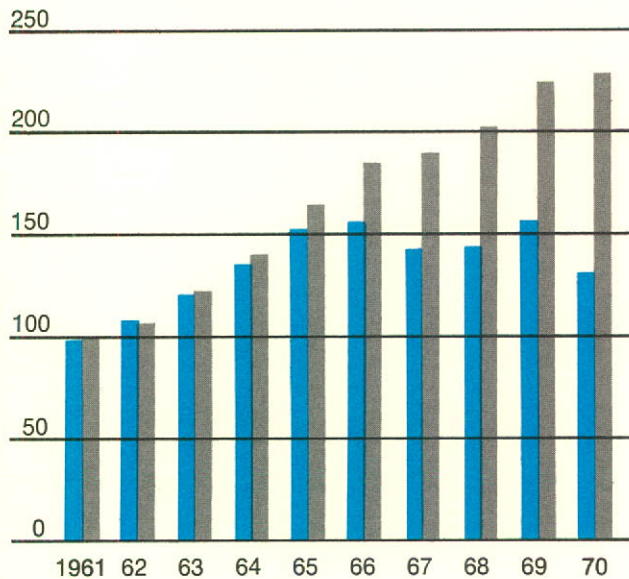
Prior attention to the control of pollution from manufacturing operations has given the Company an advanced position from which to progress in meeting increasingly rigorous environmental standards. The Company's Environmental Control Committee annually conducts an extensive audit at each Works, identifying all streams discharged to water or soil or emitted to air. Such audits provide a sound basis for the Company to work closely with government authorities on the environmental objectives of tomorrow.

As a member of the Canadian Chemical Producers' Association, the Company participates intensively in industry programs to improve environmental quality. The industry's leadership in taking collective action in pollution abatement is exemplified in its new Transportation Emergency Assistance Plan, the first of its kind in North America, which provides continuous standby technical assistance for civic authorities in the event of transportation emergencies involving chemical materials.

**Employees and Remuneration**

(Index Base 1961 = 100)

- Number of Employees
- Remuneration and Benefits



## Financial Review

### SALES

Net sales of \$210,964,000 were 8% lower than the record \$228,282,000 realized in 1969. 71% of the total decline was attributable to a decrease in the physical volume of sales, and the remainder to lower average selling prices and changes in the product mix sold. The appreciation in the value of the Canadian dollar adversely affected sales, and therefore profits, by increasing the cost of the Company's products to the export market and by reducing the relative cost of imports.

Rapid import growth and substantial market contraction had a severe impact on both volume and prices in our fibres business, which accounted for approximately 40% of sales in 1970. Sales of many Company products were adversely affected by the strike at General Motors, while lower selling prices limited the growth of sales revenue of polyolefin resins. However, sales of petroleum chemicals, FREON fluorocarbons, explosives and

FABRENE oriented polyolefin material showed good growth.

### COSTS AND EXPENSES

Cost of goods sold at \$200,039,000 was equivalent to 95% of sales, up from the previous year's level of 91% partly reflecting the drop in the Selling Price Index. Although significant improvements in production yields and fixed costs were achieved, unit costs increased over 1969 due to lower production volumes combined with higher wage and salary expenses, including termination costs and severance payments. The provision for depreciation at \$15,154,000 was \$249,000 lower than in 1969.

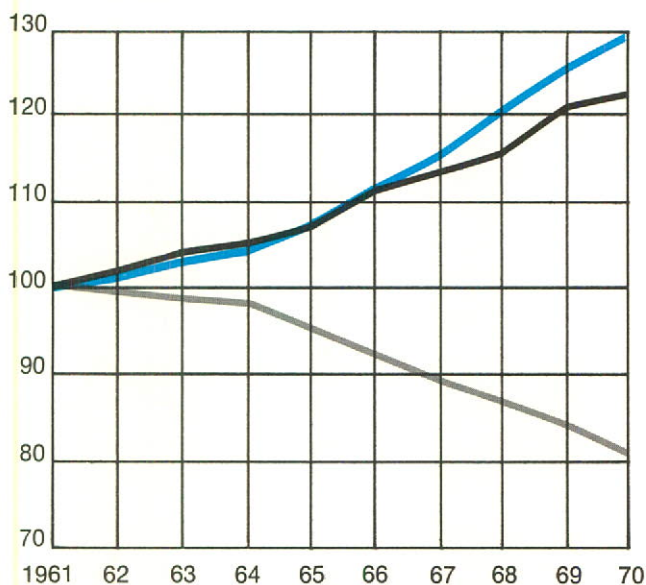
Interest on short term indebtedness during 1970 at \$2,635,000 was approximately double last year's level primarily due to higher average Company borrowings.

The practice of providing for taxes on income on

### Selling Prices

(Index Base 1961 = 100)

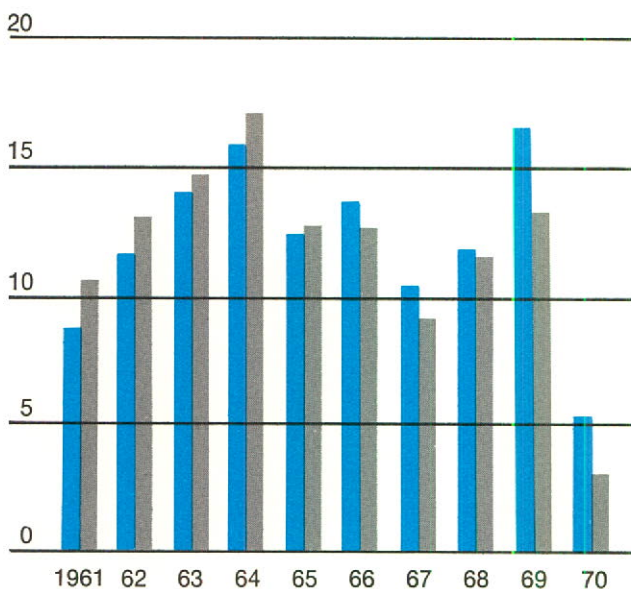
- Consumer (DBS)
- Wholesale (DBS)
- Du Pont (Mfd. Products)



### Earnings and Income Taxes

- Earnings
- Income Taxes

Millions of \$





the basis of income recorded in the accounts was continued. The provision for taxes on income was lower than the amount of taxes payable for the year, and the difference of \$4,000 has been made up from the Deferred Income Taxes account.

### EARNINGS AND DIVIDENDS

Net income at \$5,511,000 was down 59% from the comparable figure for 1969 and was equivalent to 68 cents a common share compared with \$1.70 from operations in 1969.

Dividends declared on the common stock totalled 75 cents per share, compared with \$1.00 in 1969. Dividends of 25 cents a common share were paid for the first two quarters and 12½ cents for the third and fourth quarters. Common dividends of 25 cents per share had been paid each quarter since the beginning of 1965.

Including the four quarterly dividends of 1⅞% paid on the 7½% preferred stock, dividends declared

for the year totalled \$6,089,000, or 110% of 1970 net income.

### WORKING CAPITAL

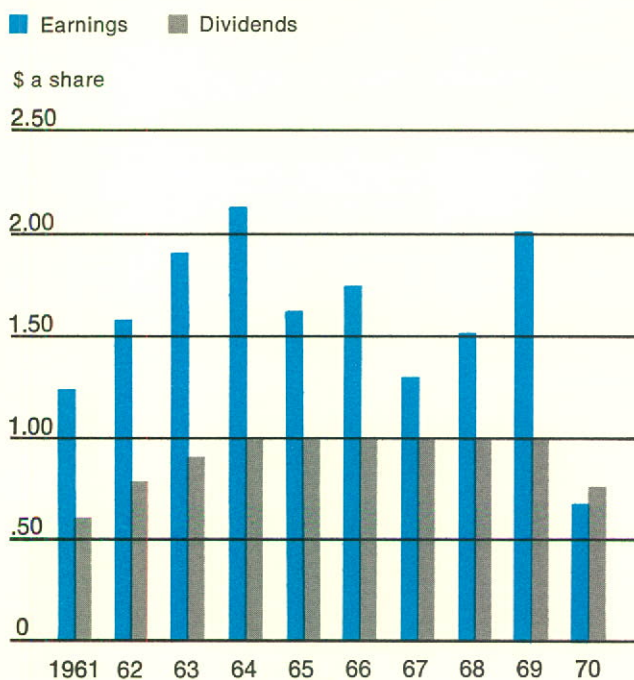
Net working capital requirements increased by \$609,000 from the end of 1969 to \$28,728,000 at 31st December 1970. Year-end inventories for the two years valued at the lower of cost and net realizable value were as follows:

	1970	1969
Finished goods and work in process	\$23,298,000	\$24,964,000
Raw material and supplies	8,905,000	9,590,000
	<u>\$32,203,000</u>	<u>\$34,554,000</u>

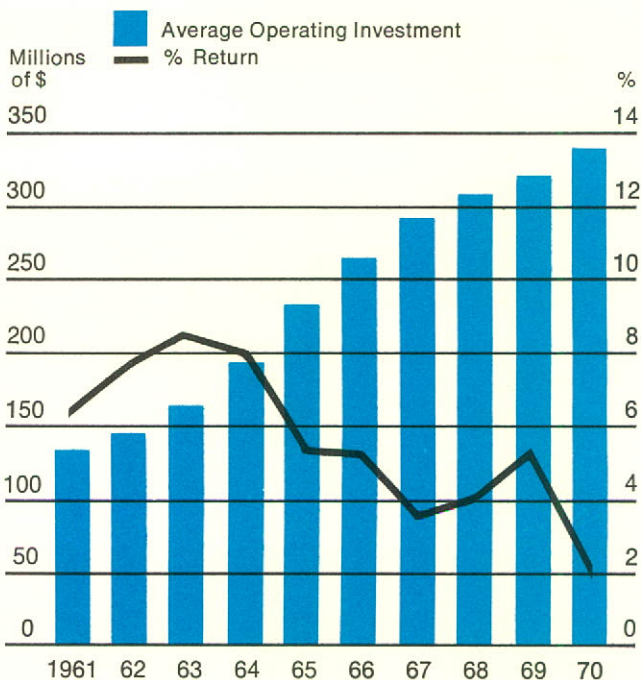
### PLANTS, PROPERTY AND EQUIPMENT

1970 expenditures on plants, property and equipment of \$12,867,000 were 21% lower than in 1969, reflecting the slowdown in growth of market opportunities for many existing product lines.

### Earnings and Dividends a Common Share



### Investment and Return





## Financial Review — continued

Initial engineering costs of approximately \$900,000 were charged to operations as a result of cancelling certain capital expenditure projects, including the proposed \$20,000,000 polyester plant at Morrisburg, Ontario.

Average operating investment grew from \$321,279,000 in 1969 to \$340,970,000 in 1970, an increase of 6.1%. Net earnings from operations amounted to only 2.0% of average operating investment, compared with 5.3% in 1969.

### FINANCING

The Company through guaranteed lines of credit continues to utilize bank and money market accommodations to meet its borrowing requirements. Total short term indebtedness at 31st December 1970 of \$31,250,000 was \$6,827,000 higher than at the same time last year. A summary of the sources and uses of funds for the year follows.

Sources	MILLIONS
Net income	\$ 5.5
Provision for depreciation and amortization	<u>15.4</u>
	<u>20.9</u>
Uses	
Dividends	6.1
Construction expenditures	12.9
Other — net	1.3
Increase in net working capital excluding short-term indebtedness	<u>7.4</u>
	<u>27.7</u>
Increase in short-term indebtedness	<u>\$ 6.8</u>

### Construction Expenditures

Millions of \$

50

40

30

20

10

0

1961 62 63 64 65 66 67 68 69 70

8

### Cash Requirements and Cash Generation

■ Requirements for Capital Expenditures and Working Capital

— Internal Cash Generation

Millions of \$

60

50

40

30

20

10

0

1961 62 63 64 65 66 67 68 69 70

8



## Financial Statements 1970

### CONSOLIDATED STATEMENT OF INCOME

	Year ended 31st December	
	1970	1969
NET SALES	\$210,964,000	\$228,282,000
Other income	434,000	250,000
	<u>211,398,000</u>	<u>228,532,000</u>
LESS:		
Cost of goods sold and other charges except for depreciation and amortization, interest and taxes on income	184,682,000	184,999,000
Provision for depreciation and amortization	15,357,000	15,636,000
Interest on borrowed money:		
Current obligations	2,635,000	1,224,000
Notes maturing more than one year after issue	—	91,000
Taxes on income	3,213,000	13,044,000
	<u>205,887,000</u>	<u>214,994,000</u>
Income before extraordinary item	5,511,000	13,538,000
Extraordinary item (Note 1)	—	2,785,000
NET INCOME	<u>\$ 5,511,000</u>	<u>\$ 16,323,000</u>
Earnings a common share:		
Before extraordinary item	\$0.68	\$1.70
Total	0.68	2.05

### CONSOLIDATED STATEMENT OF RETAINED EARNINGS

	1970	1969
BALANCE AT 1st JANUARY	\$ 96,608,000	\$ 88,345,000
Add: Net income	5,511,000	16,323,000
	<u>102,119,000</u>	<u>104,668,000</u>
Deduct:		
Dividends declared on —		
Preferred 7½% cumulative stock	174,000	174,000
Common stock (\$0.75 a share in 1970 and \$1.00 a share in 1969)	5,915,000	7,886,000
	<u>6,089,000</u>	<u>8,060,000</u>
BALANCE AT 31st DECEMBER	<u>\$ 96,030,000</u>	<u>\$ 96,608,000</u>



## Consolidated Balance Sheet

### ASSETS

	31st December	
	1970	1969
CURRENT ASSETS		
Cash	\$ 5,155,000	\$ 2,919,000
Accounts receivable	33,854,000	29,580,000
Inventories, valued at the lower of cost and net realizable value	32,203,000	34,554,000
Prepaid expenses	2,902,000	3,717,000
	<u>74,114,000</u>	<u>70,770,000</u>
PLANTS AND PROPERTIES AT COST		
	272,313,000	262,347,000
LESS: ACCUMULATED DEPRECIATION	<u>146,389,000</u>	<u>133,936,000</u>
	<u>125,924,000</u>	<u>128,411,000</u>
OTHER ASSETS		
Goodwill, patents and processes at cost less amounts amortized	4,685,000	4,660,000
Investment in and advances to joint mining venture at cost (Note 2)	426,000	—
Shares held by trustee (Note 3)	781,000	1,390,000
Other investments at cost	191,000	197,000
	<u>6,083,000</u>	<u>6,247,000</u>
	<u>\$206,121,000</u>	<u>\$205,428,000</u>

Signed on behalf of the Board:

E. H. Bleckwell }  
D. S. Holbrook } *Directors*

## LIABILITIES

	31st December	
	1970	1969
<b>CURRENT LIABILITIES</b>		
Bank indebtedness	\$ 31,250,000	\$ 24,423,000
Accounts payable and accrued liabilities	9,513,000	9,413,000
Accounts payable to E.I. du Pont de Nemours & Company	3,011,000	3,033,000
Taxes payable	583,000	3,767,000
Dividends payable	1,029,000	2,015,000
	<u>45,386,000</u>	<u>42,651,000</u>
PROVISION FOR BONUS AWARDS TO EMPLOYEES PAYABLE UP TO 2ND JANUARY 1973	1,048,000	2,508,000
DEFERRED INCOME TAXES	21,301,000	21,305,000
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock:		
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	7,886,298	40,031,000
Retained earnings	<u>96,030,000</u>	<u>138,386,000</u>
	<u>\$206,121,000</u>	<u>\$205,428,000</u>



## CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS

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	1970	1969
SOURCE OF FUNDS:		
From operations		
Net income	\$ 5,511,000	\$ 16,323,000
Add (deduct) items not requiring a current outlay of funds		
Provision for depreciation and amortization	15,357,000	15,636,000
Deferred income taxes	(4,000)	(1,201,000)
	<u>20,864,000</u>	<u>30,758,000</u>
Disposal of fixed assets	199,000	209,000
	<u>21,063,000</u>	<u>30,967,000</u>
USE OF FUNDS:		
Additions to fixed assets	12,867,000	16,216,000
Purchase of goodwill, patents and processes	227,000	888,000
Dividends	6,089,000	8,060,000
Investments and advances	420,000	(99,000)
Other — net	851,000	(611,000)
	<u>20,454,000</u>	<u>24,454,000</u>
Increase in working capital for the year	609,000	6,513,000
Working capital at beginning of year	28,119,000	21,606,000
Working capital at end of year	<u>\$ 28,728,000</u>	<u>\$ 28,119,000</u>

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## Notes to Consolidated Financial Statements

1. The extraordinary item for 1969 represents a gain on sale of assets of a subsidiary company net of income taxes and other corporate charges.

2. Under existing agreements, some of which will not become effective until after approval by regulatory authorities, a total of approximately \$4 million in 1971 may be advanced to or invested in, directly or indirectly, Ducanex Resources Limited, Lacanex Mining Company Limited, Pure Silver Mines Limited and Tormex Mining Developers Limited and a further amount of up to \$4 million may be loaned to, or a guarantee extended on a loan to, one or more of these companies.

3. In accordance with the Company policy to acquire common shares for sale to employees under the terms of the Bonus Plan, the Company has entered into an agreement with a trustee under which funds are provided for this purpose. At 31st December 1970 there were 31,921 common shares so held at an average value of \$24 with a market price at that date of \$16 a share.

4. During 1970, there were 13 directors whose aggregate remuneration was \$32,000 and nine officers whose aggregate remuneration was \$440,000. Two of these officers were also directors. Four directors, one of whom was also an officer, retired during the year.

5. As at 31st December 1970, there were outstanding scrip-units issued to employees under the Bonus

Plan in respect of bonus instalments due on dates shown entitling them to purchase common shares of Du Pont of Canada Limited as follows:

Bonus instalments due	Total scrip-units outstanding	Scrip-units held by officers and directors	Purchase price per share
4th January 1971	2,476	801	\$22.00
4th January 1971	2,543	828	35.00
4th January 1971	8,055	1,978	22.50
3rd January 1972	2,543	828	35.00
3rd January 1972	8,055	1,978	22.50
2nd January 1973	8,055	1,978	22.50

If any scrip-units are not exercised, the Salary and Bonus Committee establishes an alternative method of delivery for the corresponding bonus instalment. In 1970, deliveries equivalent to the value of scrip-units not exercised were made partly in cash and partly in shares.

6. Accounts receivable and accounts payable in foreign currencies have been converted at the rates of exchange prevailing at 31st December 1970.

7. At 31st December 1970, there remained \$6,732,000 to be expended on authorized appropriations for plant construction.

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## Auditors' Report

The Shareholders,  
Du Pont of Canada Limited.

We have examined the consolidated balance sheet of Du Pont of Canada Limited and its wholly owned subsidiaries as at 31st December 1970 and the consolidated statements of income, 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 31st December 1970 and the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Touche Ross & Co.*

Chartered Accountants.

Montreal, Que.  
15th February 1971.



## A Ten-Year Comparison

	1970	1969	1968
<b>OPERATING RESULTS</b>			
Results a common share (1)			
Total earnings	\$0.68	\$2.05	\$1.51
Cash flow from operations	\$2.62	\$3.88	\$3.37
Dividends	\$0.75	\$1.00	\$1.00
Sales and other income	211,398	228,532	207,923
Costs and expenses before depreciation and amortization, interest and taxes on income	184,682	184,999	167,270
Provision for depreciation and amortization	15,357	15,636	15,335
Interest on borrowed money	2,635	1,315	1,163
Taxes on income	3,213	13,044	11,602
Extraordinary items	—	(2,785)	491
Net income	5,511	16,323	12,062
<b>OPERATING INVESTMENT</b>			
Average operating investment (2)	340,970	321,279	307,869
Return on average operating investment (3)	2.0%	5.3%	4.1%
<b>CONSTRUCTION EXPENDITURES</b>	<b>12,867</b>	<b>16,216</b>	<b>11,967</b>
<b>FINANCIAL POSITION</b>			
Total current assets	74,114	70,770	63,587
Total current liabilities	45,386	42,651	41,981
Net working capital	28,728	28,119	21,606
Plants and properties at cost	272,313	262,347	248,956
Accumulated depreciation	146,389	133,936	121,148
Plants and properties — net	125,924	128,411	127,808
Other assets less other liabilities	5,035	3,739	3,794
Deferred income taxes	21,301	21,305	22,506
<b>SHAREHOLDERS' EQUITY</b>	<b>138,386</b>	<b>138,964</b>	<b>130,702</b>

(1) Based on number of shares outstanding at the end of each year.

(2) Operating investment comprises total assets exclusive of shares held by trustee, goodwill, patents and processes, and before deducting accumulated depreciation; the average is based on the investment at the beginning of each calendar month.

(3) Based on net income before interest expense.

(Amounts in thousands of dollars except where otherwise noted)

1967	1966	1965	1964	1963	1962	1961
\$1.30	\$1.73	\$1.57	\$2.11	\$1.89	\$1.60	\$1.20
\$3.72	\$4.08	\$3.30	\$3.59	\$3.23	\$2.62	\$2.15
\$1.00	\$1.00	\$1.00	\$1.00	\$0.90	\$0.80	\$0.60
183,185	196,705	188,620	172,048	146,162	126,784	112,279
147,645	155,341	151,812	130,692	110,366	95,246	86,048
14,562	13,529	10,922	8,339	7,373	6,704	6,928
1,504	1,372	511	283	—	—	204
9,049	12,665	12,837	17,085	14,395	13,025	10,232
—	—	—	—	—	—	—
10,425	13,798	12,538	15,649	14,028	11,809	8,867
290,922	269,100	233,500	194,000	165,000	149,900	138,900
3.8%	5.4%	5.5%	8.1%	8.5%	7.9%	6.5%
15,790	22,565	39,650	28,300	21,095	11,299	3,585
52,779	51,991	45,483	40,403	31,624	34,330	27,269
37,190	42,542	26,322	37,151	19,515	19,165	15,161
15,589	9,449	19,161	3,252	12,109	15,165	12,108
241,922	229,800	209,820	172,218	145,030	124,988	114,561
109,465	98,428	87,492	77,779	70,524	64,155	58,233
132,457	131,372	122,328	94,439	74,506	60,833	56,328
2,307	2,615	(8,783)	(135)	(412)	(38)	511
23,653	19,100	14,108	11,338	8,783	6,350	5,550
126,700	124,336	118,598	86,218	77,420	69,610	63,397



## Product Directory

### FIBRES GROUP

#### MANUFACTURED:

Continuous filament nylon yarns and ANTRON nylon; bulked continuous filament nylon carpet yarns and ANTRON nylon; nylon carpet, industrial and textile

staple and tow; nylon tire and industrial yarns; ORLON acrylic fibre, staple and tow; LYCRA spandex fibre.

#### RESALE:

\*NOMEX high temperature

resistant nylon fibre; \*TYPAR sunbonded polypropylene carpet backing; \*TEFLON fluorocarbon fibre and paper; \*CORDURA yarn; \*DACRON polyester yarn and fibre.

### CHEMICALS GROUP

#### MANUFACTURED:

Hexamethylene diamine, adipic and hydrochloric acids; nylon polymer; FREON fluorocarbon refrigerants, aerosol propellants, solvents and blowing agents; ALBONE hydrogen peroxide; antiknock compounds and other petroleum additives;

DULUX enamel; DUCO lacquer; LUCITE acrylic lacquer; TEFLON non-stick finishes; DULITE fluoropolymer enamels; automotive lacquers and enamels; protective coatings for industrial uses; undercoats, primers, thinners and putties;

dynamites; water-gel explosives; blasting agents, primers and DRILINERS; industrial acids.

#### RESALE:

EXPRILLS ammonium nitrate prills; blasting supplies and accessories; flexible ventilation tubing.

### PLASTICS AND FILMS GROUP

#### MANUFACTURED:

CELLOPHANE cellulose film; SCLAIRFILM polyolefin film; industrial polyethylene films; ionomer film from \*SURLYN A resin; PERFIL fibrillated polyolefin tape; DARTEK nylon film; FABRENE oriented polyolefin material; VEXAR plastic netting; nylon monofilament; DURA-FLEX coined hinge binders; SCLAIR polyolefin resins; ZYTEL nylon resins; \*ALDYL A polyethylene pipe for gas; SCLAIRPIPE polyolefin pipe.

cellulose acetate film; \*CLYSAR oriented polyethylene and polypropylene film; \*KAPTAN polyimide film; liquid packaging machines; DYMETROL nylon strapping; STREN nylon monofilament; ALATHON polyethylene resins; ALATHON ethylene/vinyl acetate copolymer resins; \*ALDYL A and B polyethylene pipe fittings; \*BUTACITE polyvinyl butyral sheet; \*CROFON light guides; \*DELTRIN acetal resins; \*LUCITE acrylic resins and acrylic monomers; \*SURLYN A ionomer resins; \*TEFLON fluorocarbon resins, film and heat shrinkable tubing; Neoprene; \*NORDEL, \*HYPALON, \*ADIPRENE

and \*VITON elastomers; \*HYLENE organic isocyanates; rubber chemicals; white and coloured pigments; precious metal preparations; \*ELVAX vinyl resins; \*ELVANOL polyvinyl alcohols; industrial chemicals; dyes and auxiliary chemicals; \*ZEPEL rain and stain repeller; seed treating and weed killing chemicals; insecticides and fungicides; nitrogen fertilizers; X-ray film; printing plates and photographic film for the printing industry; engineering reproduction film; \*RISTON photopolymer resist film; \*CORFAM poromeric products; \*REEMAY spunbonded polyester; \*TYVEK spunbonded olefin; Du Pont heat exchangers.

\*Trade mark of E.I. du Pont de Nemours & Company

## **Sales Offices**

**AJAX, ONT.,**  
408 Fairall Street  
(416) 942-5500

**CALGARY, ALTA.,**  
Royal Bank Bldg.  
335 - 8th Ave. S.W.  
(403) 265-9060

**DON MILLS, ONT.,**  
789 Don Mills Road  
(416) 362-5621

**FREDERICTON, N.B.,**  
Prospect Street, P.O. Box 245  
(506) 454-3813

**MONTREAL, QUE.,**  
555 Dorchester Blvd. W.  
(514) 861-3861

**SUDBURY, ONT.,**  
18 Durham St. South  
(705) 674-0754

**TORONTO, ONT.,**  
Toronto-Dominion Centre  
(416) 362-5621

**VANCOUVER, B.C.,**  
1111 West Georgia St.  
(604) 684-9264

## **Plants**

**AJAX, ONT.**

**SARNIA, ONT.**

**KINGSTON, ONT.**

**MAITLAND, ONT.**

**NORTH BAY, ONT.**

**SAINT JOHN, N.B.**

**SHAWINIGAN, QUE.**

**WHITBY, ONT.**



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Please address inquiries to:  
The Vice-President and Secretary,  
Du Pont of Canada Limited,  
P.O. Box 660,  
Montreal 101, Quebec.





**DU PONT**  
CANADA