C

DU PONT CANADA

# DU PONT OF CANADA LIMITED

*Annual Report*
*1971*

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*Nous serons heureux de vous envoyer, sur demande, l'édition française de ce rapport.*

# 61st ANNUAL REPORT 1971

DU PONT
CANADA

## HIGHLIGHTS

| | 1971 | 1970 | % change |
|---|---|---|---|
| **Sales**<br>rose eight per cent while Canadian markets for Company products advanced three per cent | $227,891,000 | $210,964,000 | 8 |
| **Net Income**<br>more than doubled as programs to improve depressed profit margins succeeded | $ 11,262,000 | $ 5,511,000 | 104 |
| **Selling Price Index of Company Products** (1962 = 100)<br>fell 4.8 per cent as prices were lowered to meet continued strong foreign competition | 77.5 | 81.4 | (4.8) |
| **Capital Expenditures**<br>were at a ten year low | $ 7,504,000 | $ 12,867,000 | (42) |
| **Earnings a Common Share** | | | |
| By Quarter First | $0.07 | $0.18 | |
| Second | 0.34 | 0.34 | |
| Third | 0.48 | 0.15 | |
| Fourth | 0.52 | 0.01 | |
| Total for the Year | $1.41 | $0.68 | 107 |
| **Dividends a Common Share** | $0.625 | $0.75 | (17) |

# DIRECTORS

**Robert G. Beck**
Company Director and former President
Du Pont of Canada Limited
Elected April 21, 1949

**Edgar H. Bleckwell**
Company Director and former President
Du Pont of Canada Limited
Elected December 16, 1966

**Ralph B. Cole**
Vice-President and Treasurer
E. I. du Pont de Nemours & Company
Elected October 23, 1970

**Joseph A. Dallas**
Senior Vice-President and Director
E. I. du Pont de Nemours & Company
Elected June 25, 1971

**A. Jean de Grandpré, Q.C.**
Executive Vice-President
Eastern Region, Bell Canada
Elected April 17, 1970

**Henry J. Hemens, Q.C.**
Vice-President and Secretary
Du Pont of Canada Limited
Elected February 26, 1971

**David S. Holbrook**
Chairman and President
The Algoma Steel Corporation Limited
Elected December 16, 1966

**Herbert H. Lank**
Company Director and former
Chairman and President
Du Pont of Canada Limited
Elected April 21, 1949

**Robert J. Richardson**
President and Chief Executive Officer
Du Pont of Canada Limited
Elected June 25, 1971

**Benjamin F. Schlimme**
Vice-President and General Manager
International Department
E. I. du Pont de Nemours & Company
Elected August 25, 1967

**Roy L. Schuyler**
Vice-President and General Manager
Plastics Department
E. I. du Pont de Nemours & Company
Elected April 17, 1970

**Lester S. Sinness**
Senior Vice-President and Director
E. I. du Pont de Nemours & Company
Elected April 19, 1963

# OFFICERS

**Robert J. Richardson**
President and Chief Executive Officer

**Franklin S. McCarthy**
Senior Vice-President

**Henry J. Hemens, Q.C.**
Vice-President and Secretary

**Herman F. Hoerig**
Vice-President,
Research and Development

**Kenneth M. Place**
Vice-President and Treasurer

**Ian D. Ritchie**
Vice-President, Operations

**Colin C. Young**
Vice-President,
Employee and Public Relations

**Thomas S. Morse**
Assistant Treasurer

**Kenneth H. Scott**
Assistant Treasurer

EDGAR H. BLECKWELL retired as President and Chief Executive Officer 31st December 1971 and was succeeded by ROBERT J. RICHARDSON.

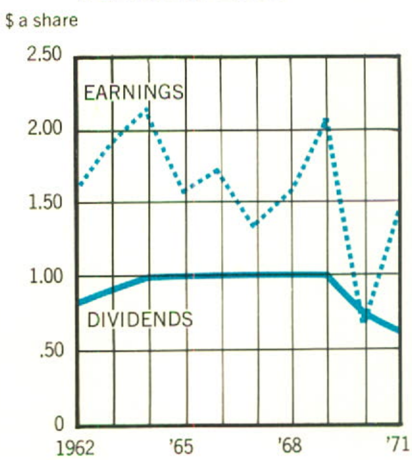
Effective 1st January 1972, FRANKLIN S. MCCARTHY was appointed Senior Vice-President and IAN D. RITCHIE, Vice-President, Operations.

# REPORT OF THE DIRECTORS

## 1971 was a year of recovery

EARNINGS OF YOUR COMPANY were seriously depressed in the last half of 1970 and early 1971 as adverse conditions affected most sectors of the Canadian economy, particularly manufacturing. But programs we started in 1970 to develop new and more profitable approaches to our businesses began to pay off by mid-year. Sales volumes increased. Profit showed growing improvement in spite of lower selling prices. In general 1971 proved to be a year of recovery for Du Pont of Canada.

Earnings and Dividends a Common Share




Faced with continuing pressure on prices, our people worked strenuously to improve depressed profit margins. Product lines were changed to lengthen production runs. Plants were operated more efficiently with fewer people. Basic responsibilities were met by a smaller sales and head office staff. Clerical, promotional and information services were cut back. Many functions, including research and technical activity, were reorganized and consolidated. Savings grew as these programs were implemented. Concerted efforts to boost sales began to succeed, and earnings improved rapidly.

Net income of $11,262,000, equivalent to $1.41 a common share, was more than double 1970 earnings of 68 cents a common share. About five cents a common share was added to 1971 earnings by reductions in corporate tax rates. The 12½ cents quarterly dividend rate on common stock instituted in mid-1970 was continued. With the improvement in earnings the final payment for 1971 included an extra 12½ cents for a total distribution of 62½ cents a share.

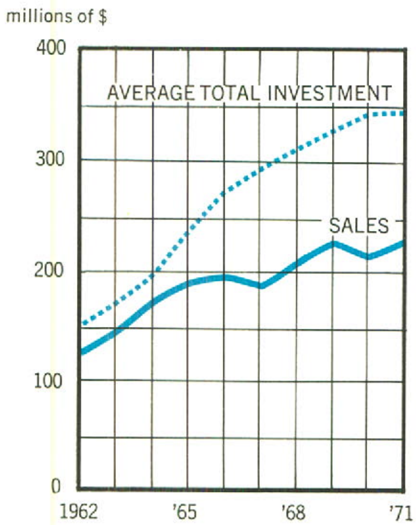
## Sales increased faster than markets

NET SALES TOTALLED $227,891,000 for 1971. The eight per cent increase over 1970 compares with a three per cent growth in total Canadian markets for chemicals and man-made fibres. Volume of Company shipments was 15% higher than in 1970, but prices were down for most products. With lower costs we were able to compete more effectively, particularly in major sectors of the fibres business. Our sales volume also gained from improved conditions in several key customer industries — notably automotive and carpet manufacturing.

The 10% U.S. import surcharge imposed in August had less impact on the Company than on the economy in general. Our customers in the automotive and mining industries were exempt and many of our fibres customers were excluded at an early stage.

Sales are reported this year in three categories: (1) Fibres, including chemicals used to manufacture nylon; (2) Plastics and Films; and, (3) Chemicals and Other, including mainly industrial chemicals, finishes, explosives and resale products of E. I. du Pont de Nemours & Company.

Sales and
Average Total Investment




## Comparison of Sales 1971 and 1970

| | 1971 | | 1970 | | Increase |
|---|---|---|---|---|---|
| | (dollars in millions) | | | | |
| | $ | % | $ | % | % |
| Fibres | 89.5 | 39 | 83.3 | 40 | 7 |
| Plastics and Films | 60.5 | 27 | 55.4 | 26 | 9 |
| Chemicals and Other | 77.9 | 34 | 72.3 | 34 | 8 |
| Total | 227.9 | 100 | 211.0 | 100 | 8 |

## Fibres

A LONG RANGE STUDY of our fibres businesses was completed in 1971. Decisions arising from its findings are being implemented. The immediate impact has been to eliminate marginally profitable products, to extend production runs for those in greatest demand and to cut costs significantly. Some sales support programs were curtailed. Research and technical activities in support of fibres products were redirected. These steps were essential to put the Company in a sound position to participate selectively in future market growth opportunities.

Sales of our fibres for apparel recovered moderately in volume from the low levels of 1970, but price reductions to meet competition from abroad resulted in a revenue decline. Canadian consumption of textured nylon yarns, particularly for hosiery, has grown in recent years, but has been supplied mainly by imported material. A new process developed at our Kingston research facilities to texturize nylon hosiery yarns went into production late in 1971. Applied to a wider range of products, this new technique will be a major factor in developing a strong position against imports of textured nylon.

A year ago the Company decided against proceeding with a major investment in facilities to manufacture "Dacron" polyester yarns. However, some idle nylon spinning equipment has been converted to making "Dacron" polyester yarn to supply the growing market for this product.

Carpet fibres is one of the most rapidly growing markets in which the Company participates. Sales increased sharply over 1970, although average prices were considerably lower. Some surplus industrial nylon spinning facilities are being converted to meet growing demand for nylon carpet staple.

Canadian markets for nylon tire and industrial yarns were steady during the year but average prices declined slightly. Increased export sales of these products, although at low prices, maintained production at high levels and improved costs and profits.

## Plastics and Films

PLASTICS CONTINUED TO FILL a growing range of industrial and consumer needs, but here too, competition forced prices down during 1971. The federal government's mid-year 2½% increase in the most-favoured nation tariff on polyethylene provided modest, but welcome, additional incentive to Canadian producers. "Sclair" polyolefin resins had strong growth both at home and abroad. Our polyolefin pipe business, while still a relatively small operation, grew by about 30%.

"Fabrene" woven polyolefin material won still more friends for its qualities in industrial bag and protective coverings markets. Vigorous efforts are being made to extend its use as carpet backing. Additional plant capacity costing $4,300,000 is being installed to meet increasing demand.

"Sclairfilm" polyolefin film gained further acceptance, particularly in quality applications such as pouch packaging for milk and anti-freeze. Shawinigan Works operated at full capacity producing "Cellophane" cellulose film but pressure on prices in Canada and abroad continued to reduce profit margins.

"Dartek" nylon film, a versatile material used for packaging and cooking meats, moved from the research stage and was added to our product line. Manufacturing facilities to meet rapidly growing demand in both domestic and export markets are being installed at Whitby at a cost of $1,150,000.

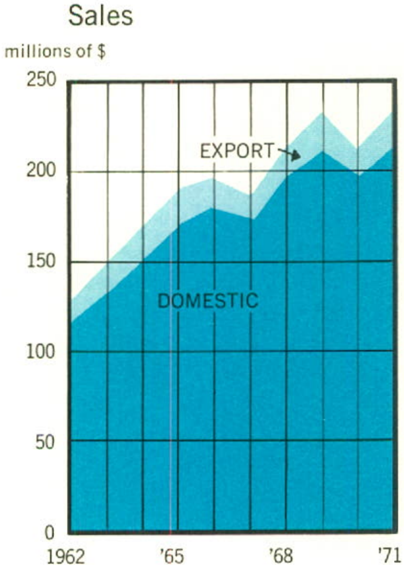
## Chemicals and Other

THE TOTAL VALUE OF INDUSTRIAL CHEMICALS consumption in Canada advanced about seven per cent for the year. Our sales were up by eight per cent.

"Freon" fluorocarbon products continued to meet growing demand in all markets. Sales of hydrogen peroxide suffered from reduced activity in the pulp and paper industry, and from declining prices as new high-volume, low-cost, foreign plants came into production. During the year the hydrogen peroxide synthesis unit at Maitland was shut down because it was no longer competitive. Our customers are now being supplied with imported resale product. Prices of gasoline antiknock compounds remained steady, but sales volume declined.

Sales of finishes increased as automotive markets recovered from 1970's economic and labour problems. Our explosives found expanding markets in construction and quarrying and sales increased significantly. Products imported from E. I. du Pont de Nemours & Company had good sales growth and included "Lannate"® biodegradable insecticide which helped save the rapeseed crop in the prairie provinces.

Sales




## Exports accounted for 8% of sales

EXPORTS EXPANDED TO MEET the growing needs of foreign customers in 53 countries, particularly for "Cellophane" cellulose film, "Sclair" polyolefin resins, nylon and "Lycra" spandex fibre. Sales in 1971 were some 39% higher than 1970 and represented about eight per cent of total revenue. Added volume from such business permits longer production runs, greater efficiency and lower unit costs. In the case of cellulose film, exports are vital to keep Shawinigan Works operating at capacity.

When the Canadian dollar was floated in 1970 its attendant increase in value reduced returns on exports. Last year's revaluing of Japanese, German and other world currencies helped our competitive position.

Since 1967 a wholly-owned subsidiary, Cedarcrest Company Limited, Hamilton, Bermuda, has acted as agent for Du Pont of Canada in most foreign markets. This arrangement has allowed us to compete more effectively and our export business has increased as a direct result. Recent Canadian measures to tax the earnings of non-resident subsidiaries and the United States' Domestic International Sales Corporation (DISC) legislation to encourage U.S. exports pose a double threat to Canadian manufacturers. These actions could seriously depress the Company's exports, result in the shut down of some of our manufacturing operations and reduce investment opportunities.

## Corporate growth programs are advancing

ALTHOUGH RESEARCH AND TECHNICAL ACTIVITIES for existing businesses were reduced and redirected during the year, major resources are being devoted to prospects for future growth.

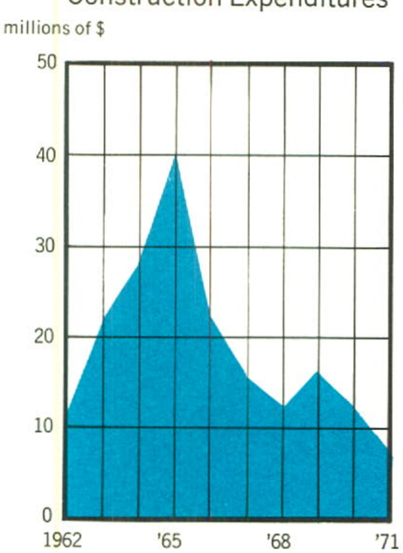
The opportunities available from application of our research skills to the Canadian mining industry are being investigated. Through Ducanex Resources Limited, which is jointly owned with Lacanex Mining Company Limited, we are searching for new mineral deposits in Canada. In addition, $3,900,000 has been provided to enable Ducanex to invest in Pure Silver Mines Limited and Tormex Mining Developers Limited. These funds will be used mainly to bring certain Mexican silver and lead properties into production.

The feasibility of a world scale plant for the production of petrochemical intermediates is being studied in cooperation with other interested companies. Such a plant would involve a very large investment and have capacity for one billion pounds a year of ethylene, plus capacity for other olefins and aromatics such as propylene, benzene and toluene. Ethylene is the principal ingredient in the production of "Sclair" polyolefin resins. The assurance of growing supplies at world competitive prices is important to the long-term health of our plastics businesses.

## Short-term debt was retired

NEW CAPITAL EXPENDITURES totalled $7,504,000 in 1971, the lowest in ten years. Cash generated from operations and reductions in working capital items was sufficient to finance all capital expenditures and to completely retire the short-term debt of $31,250,000 outstanding at the first of the year.

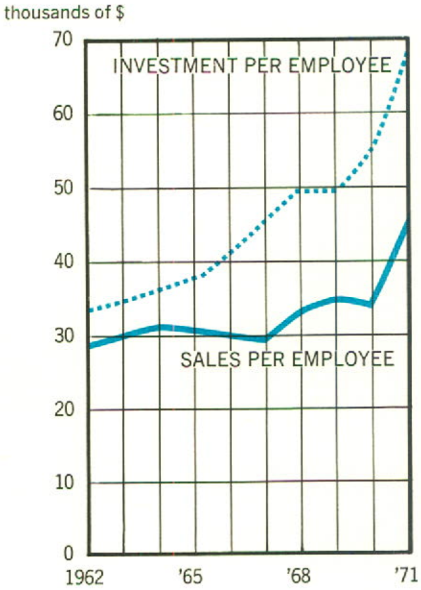
Construction Expenditures



Expenditures on plant and equipment in 1972 will increase as facilities to manufacture new products are completed and capacity for existing products is expanded. Bank lines of credit are being maintained to provide flexibility to invest in expanded facilities and new opportunities when justified.

The Company places major emphasis on protection of the environment. During the year $350,000 was spent on pollution control facilities. Total invested to-date for this purpose is $9,300,000. Technical programs provide assurance that we will continue to meet or exceed objectives set by government environmental agencies.

Sales and Investment per Employee




## Our employees' efforts were outstanding

THE RESULTS ACHIEVED in 1971 reflect the excellent work of our people. Measured by sales per employee, productivity has shown substantial improvement. Total investment per employee continued to increase.

In human terms the year was difficult for employees at all levels. Everyone felt the effects of the economic problems carried over from 1970. On the average, total employment was some 1,150 less than in the previous year. Special assistance was given to those affected by work force reductions. Efforts were increased to make the best use of the large resources of talent and loyalty the Company is fortunate to have in its employees.

Improvements were made to the Pension Plan and pensions previously granted were increased. Under the part of the Pension Plan financed solely by the Company, an independent trustee held $44,134,000 at year's end to pay future pensions. The Company's Bonus Plan was terminated.

Our safety performance in 1971 was not up to the standard of previous years. Nine lost-time injuries occurred. By national standards, however, our performance continues to be good. Shawinigan Works marked 7,000,000 man-hours without a lost-time injury. Nipissing Works continued the longest accident-free period in its history. St. Clair River Works has had no lost-time injuries since start-up in 1959.

With particular regret we note the tragic events of October 7, 1971, when three Films Sales Division employees were shot and killed at Head Office. A former employee of the Division has been charged with murder.

## We are in a good position to advance with strengthening markets

YOUR COMPANY IS MAKING EVERY EFFORT to meet the challenge of operating effectively in Canada's relatively open economy with its small domestic market. We have reduced costs, dropped marginally profitable products, concentrated on volume production wherever possible and streamlined our operations for maximum efficiency. Our selling efforts have been strengthened and directed to meeting customers' needs in the many industries we supply.

Our employees are skilled, well-trained and experienced. We are in a good position to take full advantage of strengthening markets.

The recovery in business activity which began in 1971 is expected to continue. We anticipate a five to six per cent increase in the volume of Canadian chemical consumption during 1972 with above average advances in industrial chemicals, plastics and man-made fibres. Downward pressures on prices will likely continue, however, reducing our gains from higher volumes and lower costs. As a result our earnings in 1972 are expected to be similar to those of 1971.

For the longer range, much depends on government policies — employment, taxation, competition, trade, foreign ownership and on any new industrial policy. These influence the climate within which the chemical industry and all manufacturing must operate. Impediments to growth can be overcome by concentrated efforts of government and industry working together towards the full development of Canada as an advanced industrial nation.

Edgar H. Bleckwell retired as president and chief executive officer of the Company at the end of 1971. Mr. Bleckwell made an outstanding contribution to the development of the Company during a period of drastic change in the business climate that unfavourably affected secondary manufacturing throughout Canada. His valuable counsel is retained through his continuing membership on the Board.

On behalf of the Directors

R. J. Richardson

PRESIDENT

28th March 1972

# FINANCIAL STATEMENTS 1971

DU PONT OF CANADA LIMITED AND ITS WHOLLY OWNED SUBSIDIARIES

## Consolidated Statement of Income

| | YEAR ENDED 31ST DECEMBER 1971 | 1970 |
|---|---|---|
| NET SALES (Note 2) | $227,891,000 | $210,964,000 |
| Other income | 442,000 | 434,000 |
| | 228,333,000 | 211,398,000 |
| LESS: | | |
| Cost of goods sold and other charges except for depreciation and amortization, interest and taxes on income | 190,810,000 | 184,682,000 |
| Provision for depreciation and amortization | 15,673,000 | 15,357,000 |
| Interest on borrowed money — current obligations | 1,058,000 | 2,635,000 |
| Taxes on income | 9,530,000 | 3,213,000 |
| | 217,071,000 | 205,887,000 |
| NET INCOME | $ 11,262,000 | $ 5,511,000 |
| Earnings a common share | $1.41 | $0.68 |

## Consolidated Statement of Retained Earnings

| | 1971 | 1970 |
|---|---|---|
| BALANCE AT 1st JANUARY | $ 96,030,000 | $ 96,608,000 |
| *Add:* Net income | 11,262,000 | 5,511,000 |
| | 107,292,000 | 102,119,000 |
| *Deduct:* Dividends declared on — | | |
| Preferred 7½% cumulative stock | 174,000 | 174,000 |
| Common stock ($0.625 a share in 1971 and $0.75 a share in 1970) | 4,929,000 | 5,915,000 |
| | 5,103,000 | 6,089,000 |
| BALANCE AT 31st DECEMBER | $102,189,000 | $ 96,030,000 |

# Consolidated Balance Sheet

| | 31ST DECEMBER 1971 | 1970 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS | | |
| Cash | $ 6,123,000 | $ 5,155,000 |
| Accounts receivable | 34,225,000 | 33,854,000 |
| Inventories, valued at the lower of cost and net realizable value: | | |
| Finished goods and work in process | 18,484,000 | 23,298,000 |
| Raw materials and supplies | 8,503,000 | 8,905,000 |
| Prepaid expenses | 1,248,000 | 2,902,000 |
| | 68,583,000 | 74,114,000 |
| PLANTS AND PROPERTIES AT COST | 275,532,000 | 272,313,000 |
| *Less:* ACCUMULATED DEPRECIATION | 158,000,000 | 146,389,000 |
| | 117,532,000 | 125,924,000 |
| OTHER ASSETS | | |
| Goodwill, patents and processes at cost less amounts amortized | 4,491,000 | 4,685,000 |
| Investment in and advances to mining companies at cost (Note 4) | 4,760,000 | 426,000 |
| Shares held by trustee (Note 5) | 781,000 | 781,000 |
| Other investments at cost | 170,000 | 191,000 |
| | 10,202,000 | 6,083,000 |
| | $196,317,000 | $206,121,000 |

Signed on behalf of the Board:

D. S. Holbrook } *Directors*
R. J. Richardson }

| | | | 31ST DECEMBER 1971 | 1970 |
|---|---|---|---|---|
| **LIABILITIES** | | | | |
| CURRENT LIABILITIES | | | | |
| Bank indebtedness | | | $ — | $ 31,250,000 |
| Accounts payable and accrued liabilities: | | | | |
| E. I. du Pont de Nemours & Company | | | 4,834,000 | 3,011,000 |
| Mining companies (Note 4) | | | 3,856,000 | 75,000 |
| Other | | | 11,436,000 | 9,438,000 |
| Taxes payable | | | 8,780,000 | 583,000 |
| Dividends payable | | | 2,015,000 | 1,029,000 |
| | | | 30,921,000 | 45,386,000 |
| PROVISION FOR BONUS AWARDS TO EMPLOYEES PAYABLE 2ND JANUARY 1973 (Note 5) | | | 380,000 | 1,048,000 |
| DEFERRED INCOME TAXES | | | 20,471,000 | 21,301,000 |
| SHAREHOLDERS' EQUITY | | | | |
| Capital stock: | | | | |
| *Authorized* | SHARES | | | |
| Preferred 7½% cumulative stock (par value $50) | 46,500 | | | |
| Common stock (no par value) | 13,500,000 | | | |
| *Issued and fully paid* | | | | |
| Preferred | 46,500 | $ 2,325,000 | | |
| Common | 7,886,298 | 40,031,000 | | |
| Retained earnings | | 102,189,000 | 144,545,000 | 138,386,000 |
| | | | $196,317,000 | $206,121,000 |

## Consolidated Statement of Source and Use of Funds

| | 1971 | 1970 |
|---|---|---|
| SOURCE OF FUNDS | | |
| From operations | | |
| Net income | $ 11,262,000 | $ 5,511,000 |
| *Add (deduct) items not requiring a current outlay of funds:* | | |
| Provision for depreciation and amortization | 15,673,000 | 15,357,000 |
| Deferred income taxes | (830,000) | (4,000) |
| | 26,105,000 | 20,864,000 |
| Disposal of fixed assets | 397,000 | 199,000 |
| | 26,502,000 | 21,063,000 |
| USE OF FUNDS | | |
| Additions to fixed assets | 7,504,000 | 12,867,000 |
| Purchase (sale) of goodwill, patents and processes | (20,000) | 227,000 |
| Dividends | 5,103,000 | 6,089,000 |
| Investments and advances | 4,313,000 | 420,000 |
| Other — net | 668,000 | 851,000 |
| | 17,568,000 | 20,454,000 |
| Increase in working capital for the year | 8,934,000 | 609,000 |
| Working capital at beginning of year | 28,728,000 | 28,119,000 |
| Working capital at end of year | $ 37,662,000 | $ 28,728,000 |

## Notes to Consolidated Financial Statements

**1.** Du Pont of Canada Limited was incorporated under the laws of Canada and the consolidated financial statements have been drawn up in conformity with the provisions of the Canada Corporations Act.

Accounts receivable and accounts payable in foreign currencies have been converted at the rates of exchange prevailing at 31st December 1971.

**2.** The composition of net sales is as follows:

| | 1971 | 1970 |
|---|---|---|
| Fibres | $ 89,507,000 | $ 83,312,000 |
| Plastics and Films | 60,521,000 | 55,334,000 |
| Chemicals and Other | 77,863,000 | 72,318,000 |
| | $227,891,000 | $210,964,000 |

**3.** During 1971, the remuneration paid to the twelve directors aggregated $35,000 and paid to the ten officers (including one past officer) aggregated $492,000. Three of these officers were also directors.

**4.** In accordance with financing and other agreements, which became effective 29th December 1971, the Company acquired in January 1972 a 35% interest in Lacanex Mining Company Limited (which may be increased to a controlling interest on exercise of irrevocable options). These companies through Ducanex Resources Limited, a jointly owned subsidiary company, have acquired a 27.5% interest in each of Pure Silver Mines Limited and Tormex Mining Developers Limited. Pure Silver Mines Limited has also acquired a 27.5% interest in Tormex Mining Developers Limited; both companies are engaged in bringing mineral properties in Mexico into production.

The Company has a commitment until 31st December 1978 to loan or guarantee a loan of up to $4,000,000 to Pure Silver Mines Limited.

**5.** Under the terms of the Bonus Plan it had been Company policy to acquire common shares for sale to employees and funds were provided for this purpose under an agreement with a trustee. At 31st December 1971 there remained 31,921 common shares held by the trustee at an average value of $24 with a market price at that date of $20 a share.

At 31st December 1971, 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 |
|---|---|---|---|
| 3rd January 1972 | 2,543 | 804 | $35.00 |
| 3rd January 1972 | 8,043 | 1,928 | 22.50 |
| 2nd January 1973 | 7,556 | 1,441 | 22.50 |

In 1971 scrip-units were not exercised and the delivery of the corresponding bonus instalments were made in cash.

## Auditors' Report

TOUCHE ROSS & CO.

ROYAL BANK BUILDING
PLACE VILLE MARIE
MONTREAL 113, QUEBEC
(514) 861-8531

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 1971 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 1971 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.*
*14th February 1972*

# A TEN-YEAR COMPARISON

| | 1971 | 1970 |
|---|---|---|
| **Operating Results** | | |
| *Results a common share* (1) | | |
| Total earnings | **$1.41** | $0.68 |
| Cash flow from operations | **$3.29** | $2.62 |
| Dividends | **$0.625** | $0.75 |
| Sales and other income | **228,333** | 211,398 |
| Costs and expenses before depreciation and amortization, interest and taxes on income | **190,810** | 184,682 |
| Provision for depreciation and amortization | **15,673** | 15,357 |
| Interest on borrowed money | **1,058** | 2,635 |
| Taxes on income | **9,530** | 3,213 |
| Extraordinary items | **—** | — |
| Net income | **11,262** | 5,511 |
| *Per cent return on:* | | |
| Average total investment (2) | **3.4** | 2.0 |
| Average shareholders' equity | **8.0** | 4.0 |
| **Financial Position** | | |
| Total current assets | **68,583** | 74,114 |
| Total current liabilities | **30,921** | 45,386 |
| Net working capital | **37,662** | 28,728 |
| Plants and properties at cost | **275,532** | 272,313 |
| Accumulated depreciation | **158,000** | 146,389 |
| Plants and properties — net | **117,532** | 125,924 |
| Other assets less other liabilities | **9,822** | 5,035 |
| Deferred income taxes | **20,471** | 21,301 |
| Shareholders' equity | **144,545** | 138,386 |
| **General** | | |
| Company selling price index — manufactured products (1962 = 100) | **77.5** | 81.4 |
| Construction expenditures | **7,504** | 12,867 |
| Average total investment (3) | **347,829** | 344,881 |
| Common shares outstanding at year-end | **7,886,298** | 7,886,298 |
| Shareholders' equity per common share | **$18.03** | $17.25 |
| Average number of employees | **5,158** | 6,311 |
| Average total investment per employee | **67.4** | 54.6 |

(1) Based on number of shares outstanding at the end of each year.
(2) Based on net income before interest expense.
(3) Total investment comprises total assets exclusive of shares held by trustee, and before deducting accumulated depreciation; the average is based on the investment of each calendar month.

(Amounts in thousands of dollars except where otherwise noted)

| 1969 | 1968 | 1967 | 1966 | 1965 | 1964 | 1963 | 1962 |
|---|---|---|---|---|---|---|---|
| $2.05 | $1.51 | $1.30 | $1.73 | $1.57 | $2.11 | $1.89 | $1.60 |
| $3.88 | $3.37 | $3.72 | $4.08 | $3.30 | $3.59 | $3.23 | $2.62 |
| $1.00 | $1.00 | $1.00 | $1.00 | $1.00 | $1.00 | $0.90 | $0.80 |
| 228,532 | 207,923 | 183,185 | 196,705 | 188,620 | 172,048 | 146,162 | 126,784 |
| 184,999 | 167,270 | 147,645 | 155,341 | 151,812 | 130,692 | 110,366 | 95,246 |
| 15,636 | 15,335 | 14,562 | 13,529 | 10,922 | 8,339 | 7,373 | 6,704 |
| 1,315 | 1,163 | 1,504 | 1,372 | 511 | 283 | — | — |
| 13,044 | 11,602 | 9,049 | 12,665 | 12,837 | 17,085 | 14,395 | 13,025 |
| (2,785) | 491 | — | — | — | — | — | — |
| 16,323 | 12,062 | 10,425 | 13,798 | 12,538 | 15,649 | 14,028 | 11,809 |
| 5.2 | 4.0 | 3.8 | 5.3 | 5.4 | 8.1 | 8.4 | 7.8 |
| 12.0 | 9.4 | 8.3 | 11.3 | 11.4 | 18.8 | 19.0 | 17.5 |
| 70,770 | 63,587 | 52,779 | 51,991 | 45,483 | 40,403 | 31,624 | 34,330 |
| 42,651 | 41,981 | 37,190 | 42,542 | 26,322 | 37,151 | 19,515 | 19,165 |
| 28,119 | 21,606 | 15,589 | 9,449 | 19,161 | 3,252 | 12,109 | 15,165 |
| 262,347 | 248,956 | 241,922 | 229,800 | 209,820 | 172,218 | 145,030 | 124,988 |
| 133,936 | 121,148 | 109,465 | 98,428 | 87,492 | 77,779 | 70,524 | 64,155 |
| 128,411 | 127,808 | 132,457 | 131,372 | 122,328 | 94,439 | 74,506 | 60,833 |
| 3,739 | 3,794 | 2,307 | 2,615 | (8,783) | (135) | (412) | (38) |
| 21,305 | 22,506 | 23,653 | 19,100 | 14,108 | 11,338 | 8,783 | 6,350 |
| 138,964 | 130,702 | 126,700 | 124,336 | 118,598 | 86,218 | 77,420 | 69,610 |
| 84.7 | 87.2 | 89.8 | 92.8 | 95.6 | 98.6 | 98.9 | 100.0 |
| 16,216 | 11,967 | 15,790 | 22,565 | 39,650 | 28,300 | 21,095 | 11,299 |
| 324,723 | 311,469 | 292,633 | 270,820 | 235,204 | 195,143 | 166,276 | 151,226 |
| ,886,298 | 7,886,298 | 7,886,298 | 7,886,298 | 7,886,298 | 7,335,000 | 7,313,408 | 7,291,939 |
| $17.33 | $16.28 | $15.77 | $15.47 | $14.74 | $11.44 | $10.27 | $9.23 |
| 6,562 | 6,303 | 6,491 | 6,696 | 6,213 | 5,489 | 4,876 | 4,479 |
| 49.5 | 49.4 | 45.1 | 40.4 | 37.9 | 35.6 | 34.1 | 33.8 |

# PRODUCTS

## Fibres

MANUFACTURED:

Nylon continuous filament yarns, staple, tow and bulked continuous filament yarns

ANTRON nylon for textiles and carpets

ORLON acrylic fibre, staple and tow

LYCRA spandex fibre

DACRON polyester filament yarn

Hexamethylene diamine, adipic acid, and nylon polymer

RESALE:

*NOMEX high temperature resistent nylon

*TYPAR spunbonded polypropylene carpet backing

*TEFLON fluorocarbon fibre

## Plastics and Films

MANUFACTURED:

CELLOPHANE cellulose film

SCLAIRFILM polyolefin films

DARTEK nylon film

FABRENE woven oriented polyolefin material

PERFIL fibrillated polyolefin tape

VEXAR plastic netting

Nylon monofilament

DURA-FLEX coined hinge binders

SCLAIR polyolefin resins

ZYTEL nylon resins

SCLAIRPIPE polyolefin pipe

ALDYL A polyethylene pipe

RESALE:

*MYLAR polyester film

*KAPTON polyimide film

Liquid packaging machines

DYMETROL nylon strapping

ALATHON polyolefin resins

*DELRIN acetal resins

*LUCITE acrylic resins

*BUTACITE polyvinyl butyral sheet

## Chemicals and Other

MANUFACTURED:

FREON fluorocarbon refrigerants, aerosol propellants, industrial solvents and blowing agents

VALCLENE dry-cleaning fluid

ALBONE hydrogen peroxide

Lead antiknock compounds and other petroleum additives

Protective and decorative finishes for automotive and industrial uses including:

DULUX enamels

DUCO lacquer

LUCITE acrylic lacquer

TEFLON non-stick finishes

Commercial explosives including dynamites, water-gels, blasting agents, and primers

Hydrochloric and nitric acids

RESALE:

Ammonium nitrate prills and blasting accessories

X-Ray, graphic arts, and engineering reproduction and drafting films

*DYCRIL and *LYDEL photo polymer printing plates and equipment

Neoprene, *NORDEL, *HYPALON, *ADIPRENE and *VITON synthetic rubbers

*ELVAX vinyl resins

Precious metal preparations

Weed killers, plant fungicides, insecticides, and nitrogen fertilizer ingredients

Pigments

Dyes and organic chemicals

*ZEPEL rain and stain repeller

Spunbonded products of *REEMAY polyester and *TYVEK olefin

Industrial chemicals

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

## PLANTS

**AJAX, Ontario**
**KINGSTON, Ontario**
**MAITLAND, Ontario**
**NORTH BAY, Ontario**
**SAINT JOHN, New Brunswick**
**SARNIA, Ontario**
**SHAWINIGAN, Quebec**
**WHITBY, Ontario**

### Stock Listings

COMMON STOCK
Montreal Stock Exchange
Toronto Stock Exchange

PREFERRED STOCK
Montreal Stock Exchange

### Stock Transfer Agent and Registrar

MONTREAL TRUST COMPANY
Montreal, Toronto, Calgary and Vancouver

## SALES OFFICES

### Canada

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

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

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

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

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

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

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

**VANCOUVER, British Columbia**
1111 West Georgia St.
(604) 684-9264

### Export Sales Agent

**Cedarcrest Company Limited**
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