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SUPERTEST
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TRADE MARK
PETROLEUM CORPORATION LIMITED

DIRECTORS'
REPORT
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MCGILL UNIVERSITY

FOR THE YEAR ENDING DECEMBER 31st, 1939

BALANCE SHEET as at 31 DECEMBER, 1939

ASSETS

CURRENT		\$1,482,305.94
Cash on hand and in bank	\$ 724,255.01	
Accounts Receivable after providing for losses	460,833.83	
Inventory - Merchandise	271,926.61	
Supplies and prepaid expenses	5,021.45	
Life Insurance - Cash Surrender Value.....	20,269.04	
	\$1,482,305.94	
FIXED		3,095,857.80
Real Estate, Buildings and Equipment, Less Reserve for Depreciation	\$2,575,551.61	
Book Value of Loans and Investments, including advances to trustee for the purchase of stock to be held for the benefit of employees.....	58,280.03	
Mortgages Receivable after providing for losses	57,612.25	
Investment in Subsidiaries	404,413.91	
	\$3,095,857.80	
GOODWILL, COPYRIGHTS, TRADEMARKS		1.00

LIABILITIES

CURRENT		\$1,152,040.11
Accounts Payable	\$ 856,730.01	
Accrued charges including provision for Government Taxes.....	295,310.10	
	\$1,152,040.11	

RESERVES

SPECIFIC		82,210.71
Reserve to provide for commissions and contingencies	\$ 82,210.71	

CAPITAL

AUTHORIZED		
Class "B" Preferred Stock - 8,000 shares of \$25.00 par value.		
Common Stock - 25,000 shares of no par value.		
Ordinary Stock - 275,000 shares of no par value.		
ISSUED AND OUTSTANDING		3,343,913.92
Class "B" Preferred Stock - 8,000 shares.....	\$ 200,000.00	
Common Stock - 25,000 shares.....	25,000.00	
Ordinary Stock - 275,000 shares	878,814.50	
	\$1,103,814.50	
Surplus	2,240,099.42	
	\$3,343,913.92	\$4,578,164.74
		\$4,578,164.74

We have completed an audit of the books and accounts of Subterest Petroleum Corporation Limited for the year ended 31 December, 1939, and certify that the above Balance Sheet is properly drawn up so as to exhibit in a true and correct view the position of the Company as at that date, according to the best of our knowledge and the information given us, and as shown by the books.

WM. C. BENSON & CO. (Chartered Accountants)

SURPLUS AND PROFIT AND LOSS ACCOUNT - YEAR ENDED 31 DECEMBER, 1939

Balance 31 December, 1938.....		\$2,084,413.59
Profit from operations	405,167.08	
		\$2,489,580.67
Less Dividends Paid.....	\$ 149,481.25	
Less Written off Real Estate	100,000.00	
	249,481.25	
Balance 31 December, 1939.....		\$2,240,099.42

SUPERTEST PETROLEUM CORPORATION LIMITED

To the Shareholders :-

Herewith is submitted the Balance Sheet, Surplus and Profit and Loss Accounts for the year ending December 31, 1939 by which it will be noted that the position of your Company has continued to improve. During the year the facilities of your Company were extended and additional outlets established.

We are pleased to say that sales again increased and during 1939 were the largest in any year since the inception of the Company.

Operating costs were approximately the same as in recent years but the competition from cut-rate operators, as referred to in report for the previous year, continued on an increasing scale, and it became essential that your Company make available a cheaper grade of gasoline. This product which is in addition to the Company's regular brands (Supertest Wonder and Supertest Ethyl) is sold at prices competitive with the cheaper grades usually associated with the price cutter. The action taken in this respect naturally resulted in a somewhat lower profit for the year at \$405,000.00.

In the last annual report we referred to the Pension Plan which had been put into effect during the previous year. Much interest was aroused through the introduction of the plan, and we have had many appreciative and congratulatory letters supporting this action.

For the year 1940 a combined Sales and Profit Sharing Plan has been adopted whereby it is proposed to distribute as a profit sharing measure the sum of \$25,000.00 to the employees during the current year.

The Petroleum Industry is again in a period of transition, in that new refining processes have made it possible to improve the quality of products, and your Company is in the forefront in this respect, and as in the past Supertest products are to-day leaders in quality. To this we attribute, in no small measure, the substantial increase in sales which thus far in the current year has been enjoyed over the same period of the past year.

It is recognized of course, that we are operating in a war-time economy, and only the future will reveal to what extent the normal channels of trade are to be interrupted during the period of conflict.

On behalf of the Board,

J. G. THOMPSON,

March, 1940

President.

