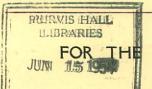


DIRECTORS' REPORT





YEAR ENDING DECEMBER 31st, 1937

BALANCE SHEET as at 31 DECEMBER, 1937

ASSETS

ASSET	S
ACTIVE	\$1.088.546.96
Cash on Hand and in Bank	. \$498,392.62 . 383,482.43 . 179,045.94 . 11.092.89
	\$1,088,546.96
CAPITAL	
Real Estate, Buildings and Equipment, Less Reserve for Depreciation Book Value of Loans and Investments including advances to Trustees for the purchase of stock to be held for the benefit of employees	.\$2,739,019.97
Mortgages Receivable after providing for Losses Investments in Subsidiaries	. 72.198.75
	\$3,084,180.16
GOODWILL, COPYRIGHTS, TRADEMARKS	
LIABILITIES	
CURRENT	
Accounts Payable	.\$ 783,029.61
for Government Taxes	
	\$ 962,490.39
FIXED	6.000.00
Mortgages Payable	.\$ 6,000.00
RESERVES	
SPECIFIC	210,988.15
Reserves to provide for commissions payable, pensions and contingencies	.\$ 210,988.15
CAPITA	AL.
AUTHORIZED	
Class B Preferred Stock - 8000 shares of \$25.00 par Common Stock - 25,000 shares of no par value. Ordinary Stock - 275,000 shares of no par value.	
Class B Preferred Stock - 8,000 shares	2,993,249.58
Common Stock - 25,000 shares. Ordinary Stock - 85,000 shares.	. 25.000.00
Surplus	\$1,103,814.50 . 1,889,435.08
	\$2,993,249.58 \$4,172,728.12 \$4,172,7 2 8.12
We have completed an audit of the books and accounts of Supertest Petroleum Corporation Limited for the year ended 31 December 1937, and certify that the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of 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. We have obtained all the information and explanations required.	
	OSCAR HUDSON AND COMPANY (Chartered Accountants)
SURPLUS AND PROFIT AND LOSS ACCOUNT	- YEAR ENDED 31 DECEMBER, 1937
Balance 31 December, 1936 \$1,697,468.59 Profit from Operations - year ended 31 December, 1937 441,447.74	

 Less Dividends Paid
 \$ 149,481.25

 Less Written off Real Estate
 100,000.00

\$2,138,916.33

249,481.25 \$1,889,435.08

SUPERTEST PETROLEUM CORPORATION LIMITED

To the Shareholders:

Your Directors are pleased to report herewith further progress in the operation of your Company.

The Balance Sheet and Consolidated Surplus and Profit and Loss Accounts as at December 31, 1937, which appear as part of this report, reveal a satisfactory improvement in the position of your Company, and while Current Assets have been increased, there has been a decrease in Current Liabilities and an addition has been made to the Surplus Account.

It will be noted that a special item in the sum of \$100,000 has been deducted from the Surplus Account. This is brought about by the fact that a number of your Company's properties were purchased in the pre-depression years at prices which, through changed conditions in the marketing of petroleum products, do not justify the figures at which they are carried in the books. Accordingly, it is the intention to adjust such items to an equable basis.

Among the conditions which favored your company during the past year were the exceedingly favorable winter of 1937 which, during the early months, found the roads free from snow and ice, thus permitting a very good movement of motor traffic and the fact that the threat of broadside price cutting, which was present in the early part of the year did not develop to proportions which might have been expected.

Although there was some slowing up in business toward the year end, taking the year as a whole the sale of petroleum products throughout the territory in which your Company operates showed a gratifying increase of which your Company received its full share.

Net Profit from operations, after providing for depreciation and income tax, increased from \$381,410,00 in the previous year to the sum of \$441,447.74.

Weather conditions during the current winter have retarded the sale of petroleum products and figures so far obtainable in 1938 do not make a favorable comparison with those of the previous year but with a cessation of the business recession through which we are now passing and assuming somewhat normal marketing conditions during the current year, there is no reason to feel that your Company should not record another successful year.

On behalf of the Board,

J. G. THOMPSON.

March, 1938.

President.

