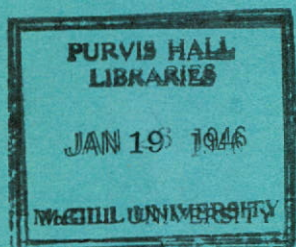


DOMINION
TAR & CHEMICAL COMPANY
LIMITED
AND SUBSIDIARY COMPANIES



ANNUAL
REPORT
1-9-3-3



DOMINION TAR & CHEMICAL COMPANY LIMITED

ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the Shareholders:

Your Directors submit herewith a Consolidated Statement of the affairs of your Company and its Subsidiaries for the fiscal year ended 31st December, 1933.

The expectation expressed in last year's Report that the volume of business in the year under review would be less than in 1932 was realized and the dollar value of the gross turnover was down by about 10%. The percentage of operating profit upon this reduced turnover was maintained. The considerable savings in administration, operating and selling expenses, to which reference has been made in previous Reports, have contributed in large measure to making possible the earnings shown on the Balance Sheet in another year of declining turnover.

It may be of interest to give a few comparisons of the business over the past four years. Taking 1930 at 100%, business in '31-2-3 declined to 81.7%, 54.7% and 49.4% respectively. Basing sales upon unit of production, however, the decline has not been so severe but serious price declines have added to the reduction in gross sales revenue with the result that gross and net trading profits have fallen to a more marked degree. Although the volume of business has been so curtailed, the actual plant operating costs per unit of production have been reduced considerably.

Your attention is drawn to the fact that notwithstanding the great reductions in operating, administration and selling costs, the item of Municipal and Provincial Taxes, which has always formed a good percentage of our costs, increased in amount from 1930 to 1933 by 20%, thus going against the trend and making the burden heavier elsewhere. Indirect taxation of the Dominion Government (Sales Tax, for example) continues to bulk largely in costs of production. A form of indirect taxation, which apparently benefits

nobody, is in connection with the multifarious forms and returns and registrations (accompanied by fees) that have to be completed in order to do business in practically any part of the country.

The interest upon the Company's issued and outstanding Debentures was met in full during the year and \$123,200.00, forming part of the item for depreciation, represents the amount contributed to the Sinking Fund. The premium upon coupons cashed in Sterling or U.S. Currencies, though not as large as in previous years, amounted to \$24,802.39. It is earnestly to be hoped that this charge upon the Company's earnings may soon be removed.

In 1932, a year of small earnings, the amount reserved for depreciation was made to equal the contribution to the Sinking Fund. This year the amount reserved for depreciation is a figure arrived at in accordance with the requirements of recent Rulings of the Income Tax Department.

In the previous Report reference was made to forward sales in the export market and the shipments during the year on this account are reflected in the reduced inventories shown at the end of 1933. These inventories were not replaced as this market is not at the moment a profitable outlet.

The reduction in the net Working Capital of the Company is reflected in reduced liabilities, principally to minority interests in Subsidiary Companies. The amount of the present Working Capital of the Company is proving quite sufficient for our present needs.

Your Company depends to a large extent on the business received from the Railroads and in view of the uncertainty of this situation at present the prospects for increased business for 1934 are naturally problematical, but the steady improvement in conditions generally will, it is hoped, if continued throughout the year, have a favourable effect on the Company's other activities.

All the Plants and properties of your Companies have again been in operation during the year, though several on a reduced schedule, and have been fully maintained.

Your Directors desire to record their appreciation of the continued excellent work of officers and employees of the Company.

On behalf of the Board.

LIONEL O. P. WALSH,
President.

DOMINION TAR & CHEMICAL AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

ASSETS

CURRENT AND WORKING ASSETS:

	Dec. 31, 1932	Dec. 31, 1933
Finished Products, Raw Materials and Supplies	\$ 1,785,644.25	\$ 1,466,309.07
Accounts and Bills Receivable, less Reserves	639,454.86	666,900.87
Cash on Hand and in Banks	—	251,042.55
Unexpired Insurance, etc.	35,739.98	23,852.88
Cash Surrender Value of Life Insurance Policies	—	30,663.20
	\$ 2,460,839.09	\$ 2,438,768.57

INVESTMENT IN COMPANY'S OWN DEBENTURES

—at cost	34,878.75	1,120.00
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CASH IN HANDS OF TRUSTEE FOR SINKING FUND

	1,239.37	1,649.31
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COST OF PROPERTIES:

Land, Buildings, Plant, Machinery and Equipment, Contracts, Leases, etc., less Reserve for Depreciation	10,714,438.82	10,233,301.08
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AUDITORS' REPORT TO THE SHAREHOLDERS

We have made an examination of the books and accounts of the Dominion Tar & Chemical Company Limited and of its Subsidiary Companies for the year ending December 31, 1933, and have received all the information and explanations which we have required; and we report that, in our opinion, the above Consolidated Balance Sheet has been properly drawn up so as to show the true financial position of the Dominion Tar & Chemical Company Limited and its Subsidiary Companies at December 31, 1933, after making provision of \$424,064.75 from the operations of the current year towards depreciation of properties, according to the best of our information and the explanations given to us and as shown by the books of the Companies.

Montreal, February 12, 1934.

PRICE, WATERHOUSE & CO.,
Auditors.

APPROVED ON BEHALF OF THE BOARD:

H. S. HOLT, Director.
E. G. JACKSON, Director.

\$13,211,396.03	\$12,674,838.96
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CAL COMPANY LIMITED

Y COMPANIES

SHEET, DECEMBER 31, 1933

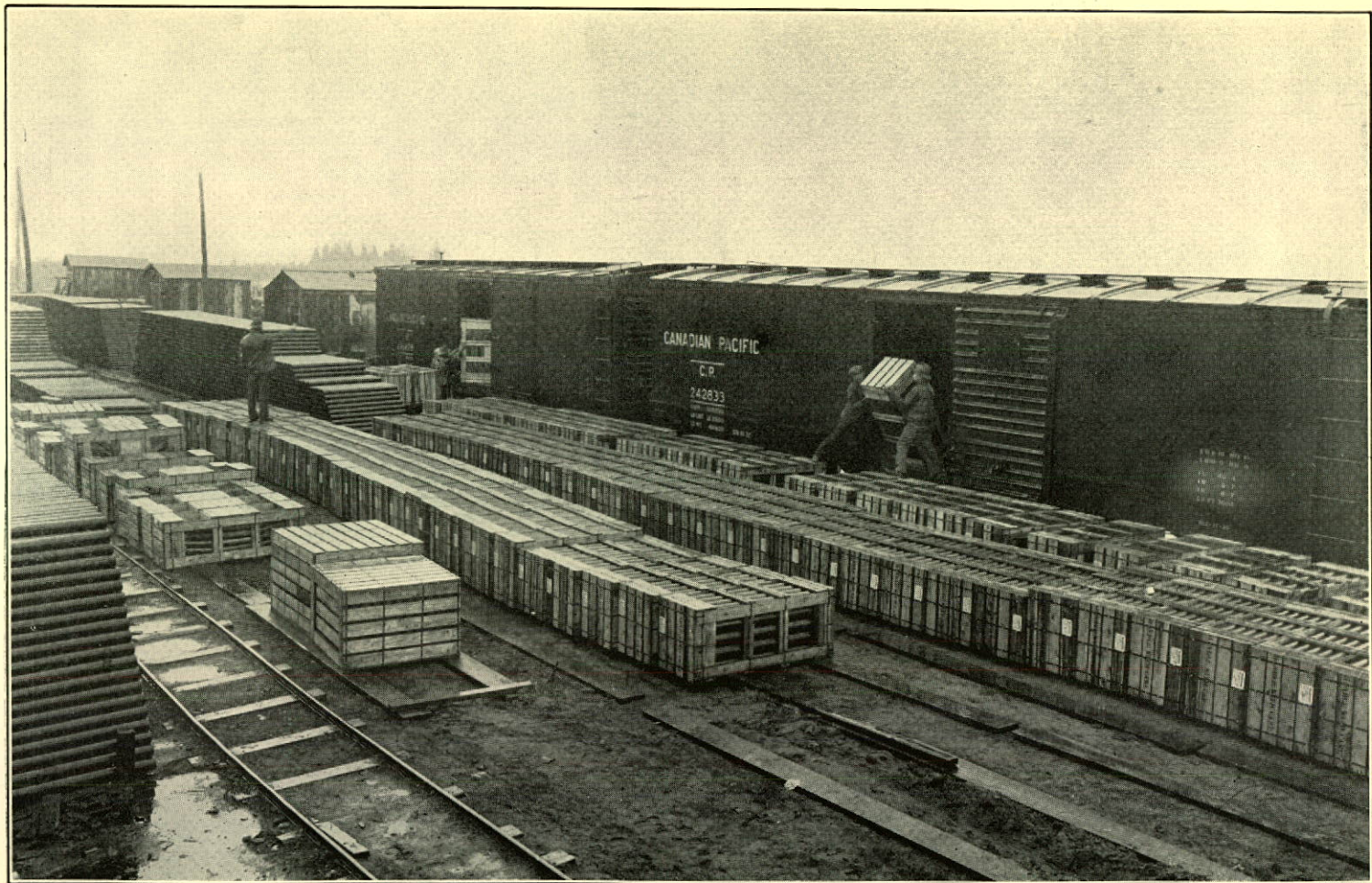
LIABILITIES

	Dec. 31, 1932	Dec. 31, 1933
CURRENT LIABILITIES:		
Accounts Payable, including Dividends of Subsidiary Company payable to Minority Interests.....	\$ 289,017.60	\$ 309,915.62
Bank Overdrafts, less Cash on Hand and in Banks.....	351.06	—
Debenture Interest Accrued and Exchange thereon.....	176,552.05	166,481.95
Dividend declared on Preferred Stock of Alberta Wood Preserving Co. Limited.....	5,862.50	5,740.00
SINKING FUND GOLD DEBENTURES:		
Total Authorized Issue.....	\$ 471,783.21	\$ 482,137.57
Series "A" 6% due 1949.....	3,840,000.00	3,752,000.00
Series "B" 6% due 1949.....	1,440,000.00	1,407,000.00
MINORITY INTEREST IN SUBSIDIARY COMPANIES		
PREFERRED STOCK SINKING FUND RESERVE SUBSIDIARY COMPANIES.....	389,406.12	290,746.42
GENERAL AND CONTINGENT RESERVE.....	51,980.26	55,256.26
	53,604.97	53,604.97
PREFERRED STOCK:		
Dominion Tar & Chemical Co. Ltd.		
6½% Cumulative Preference Stock:		
Authorized—75,000 Shares of \$100.00 each.....	\$ 7,500,000.00	
Issued and Outstanding.....	5,035,000.00	5,035,000.00
(Redeemable upon sixty days' notice at 110% and accrued dividends.)		
Dividends in arrear from April 30, 1932.		
Alberta Wood Preserving Co. Ltd.		
7% Cumulative Redeemable Preference Stock:		
Authorized—4,500 Shares of \$100.00 each.....	\$ 450,000.00	
Issued and Outstanding.....	335,000.00	328,000.00
(Redeemable upon sixty days' notice at 105% and accrued dividends.)		
COMMON STOCK:		
Represented by Shares without Nominal or Par Value, the total authorized issue being 300,000 Shares:		
Issued and Outstanding.....	273,184 shs.	686,078.00
Less: Held by Trustees for Debenture Holders.....	684 "	4,172.40
		686,078.00
SURPLUS ACCOUNT:	272,500 "	\$ 681,905.60
Balance as per statement attached:		\$ 681,905.60
Arising from Operations.....		888,578.37
Arising from redemption of Company's Debentures, less Bond Issue expense.....		24,137.50
Note: 25,795 Common Shares are reserved as of December 31, 1933, for Debenture Holders' option expiring January 2, 1935.		1,594,621.47
		1,271,093.74
		<u>\$13,211,396.03</u>
		<u>\$12,674,838.96</u>

DOMINION
TAR & CHEMICAL COMPANY
LIMITED
AND SUBSIDIARY COMPANIES

*Consolidated Statement of Profit and Loss and Surplus
for the Year Ending December 31, 1933*

Combined earnings from operations for the year ending December 31, 1933, after deducting operating management and selling expenses, exclusive of the earnings applicable to Minority share interests, and before providing for depreciation of Plant and Equipment and Income Tax.....	\$ 475,057.24
Discount on Debentures redeemed during year.....	45,183.34
Surplus—Balance December 31, 1932 (of which \$24,137.50 arose from redemption of Company's Debentures).....	912,715.87
<i>Deduct:</i>	\$1,432,956.45
Provision for Depreciation of Properties.....	\$424,064.75
Debenture Interest paid and accrued.....	313,189.90
Provision for Exchange and premium paid on Debenture Coupons.....	24,802.39
Dividend on Preferred Shares—Alberta Wood Preserving Co. Ltd.....	22,960.00
Transferred to Preferred Stock Sinking Fund Reserve—Alberta Wood Preserving Co. Ltd.....	3,276.00
Income Taxes paid and provided for Balance of Bond Issue Expense written off.....	50,000.00
	843,768.31
Balance, December 31, 1933.....	\$ 589,188.14
Represented by:	
Surplus from Operations.....	\$569,867.30
Surplus arising from redemption of Company's Debentures, less Bond Issue Expense written off.....	19,320.84
As above.....	\$589,188.14



Loading the first consignment for export (to England) of CORNWALL FIBRE CONDUIT in April, 1933. This product, first manufactured in Canada in 1930, is now finding a market in many parts of the world.

MURRAY ROOFS

Protect Canada's Dominant Buildings

Throughout the Dominion the finest and most impressive buildings are Murray Roofed. Where Quality is essential and where Proven Performance dictates the selection Murray Roofing is the logical choice.

Alexander **MURRAY** & Company
LIMITED

(DOMINION TAR & CHEMICAL COMPANY LIMITED)

MONTREAL TORONTO HALIFAX
SAINT JOHN WINNIPEG VANCOUVER

ROYAL BANK
BUILDING
VANCOUVER

PRICE BROS.
BUILDING
QUEBEC

SUN LIFE
BUILDING
MONTREAL

ROYAL YORK
HOTEL
TORONTO

CANADA LIFE
BUILDING
TORONTO



BONDED ROOFS

A surety Bond, definitely guarantees trouble-free and expense-free service over a period of 10, 15 or 20 years, according to the specifications selected. Only authorized roofers are permitted to apply Murray-Made Bonded Roofs, the entire construction being under the direct supervision of Murray Engineers.

