

DOMINION
TAR & CHEMICAL COMPANY
LIMITED
AND SUBSIDIARY COMPANIES

2

ANNUAL
REPORT
1-9-3-5



DOMINION TAR & CHEMICAL COMPANY LIMITED

CANADA CREOSOTING COMPANY, LIMITED
ALEXANDER MURRAY & COMPANY, LIMITED
VANCOUVER CREOSOTING COMPANY, LIMITED
CANADA ROOF PRODUCTS, LIMITED
FIBRE CONDUITS CANADA, LIMITED
AMERICAN TAR & CHEMICAL COMPANY
ALBERTA WOOD PRESERVING COMPANY, LIMITED
CALDERS (CANADA) LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31st DECEMBER, 1935

Directors

SIR HERBERT S. HOLT	-	-	-	-	-	Montreal
J. H. GUNDY	-	-	-	-	-	Toronto
RUSSELL D. BELL	-	-	-	-	-	Montreal
LIONEL O. P. WALSH	-	-	-	-	-	Montreal
ALBERT E. WHITMORE	-	-	-	-	-	Regina
ANDREW HOLT	-	-	-	-	-	London, Eng.
J. A. KILPATRICK	-	-	-	-	-	Toronto
H. R. MacMILLAN	-	-	-	-	-	Vancouver

Officers

<i>President</i>	-	-	-	-	-	LIONEL O. P. WALSH
<i>Secretary and Treasurer</i>	-	-	-	-	-	D. S. THOMAS

General Offices of the Company

Fourth Floor, Canada Cement Company Building,
Montreal, Que.

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, 1935.

Your Company has participated in the slow but steady improvement in business throughout the country and the increased earnings as shown by the Profit and Loss Statement may be looked upon with a certain amount of satisfaction, particularly in comparison with the results of the last three years—1933 being the extreme low.

The Creosoting Companies have enjoyed a slightly higher volume of railroad business, but with lower average prices prevailing. Commercial business, such as creosoted material for highway bridges, culverts, wharves, etc., has shown distinct improvement. Active sales-engineering efforts have resulted in a wider and increased interest being taken in the value of these products and their economic uses. Of special interest is the shipment of creosoted and fabricated wooden bridges to China and an order for creosoted ties for railways in Palestine.

Coal Tar Products have been in better demand and, with somewhat higher prices prevailing abroad, considerable export shipments have been made at favourable prices. Unfortunately, profits to some extent were adversely affected by the demoralization of the European Pitch Market due to heavy competition from American sources.

The Building Trade, although showing improvement, leaves much to be desired. Notwithstanding this, the Alexander Murray & Company has maintained its earnings and is in an excellent position to benefit from any improvement, which is long overdue.

The interest upon the Company's issued and outstanding Debentures continues to decline as these Debentures are redeemed. The amount paid into the Sinking Fund was \$196,500.00 and \$192,000.00 par value of Debentures were purchased and cancelled.

The annual depreciation at \$350,213.99 is considered adequate in view of the fact that the reserve stands at over 33% of the book value of the properties and that the plants have been maintained in good repair and high efficiency and brought up to date.

After providing for the additional income taxes payable, the net profit, after all charges, amounts to \$243,562.91, to which must be added the discount on debentures purchased and redeemed during the year of \$3,376.28, making a total of \$246,939.19 added to Earned Surplus.

No capital expenditures of importance were necessary during the year, all of your plants being of adequate capacity to take care of business offering for some time to come, consequently, these expenditures were restricted to the sum of \$21,407.66.

The progress toward more favourable conditions made in Canada during 1935 is encouraging for 1936 and a certain amount of quiet optimism may be considered justified in anticipation of the coming year's business.

Your Directors desire to record their appreciation of the loyalty and excellent work of the officers and staff.

On behalf of the Board.

LIONEL O. P. WALSH,
President.

DOMINION TAR & CHEMICAL AND SUBSIDIARIES CONSOLIDATED

ASSETS

CURRENT AND WORKING ASSETS:	As at 31st Dec. 1934	As at 31st Dec. 1935
Inventories of Finished Products, Raw Materials and Supplies, at or below cost as determined from the companies' records and as certified to by responsible officials	\$ 1,666,583.97	\$ 1,747,018.57
Accounts and Bills Receivable, less Reserves	699,546.82	755,271.87
Cash on Hand and in Banks	46,386.51	113,073.33
Unexpired Insurance and Deferred Charges	28,427.09	26,777.43
Cash Surrender Values of Life Insurance Policies	44,350.35	58,912.40
	\$ 2,485,294.74	\$ 2,701,053.60
INVESTMENTS:		
Company's own Debentures—at Cost	18,650.00	75,687.35
Sundry Investments and Advances	64,625.00	67,325.00
CASH IN HANDS OF TRUSTEE FOR DEBENTURE HOLDERS:	737.94	2,377.08
FIXED ASSETS:		
(1) Properties acquired upon the formation of the company. Valued at estimated reproduction cost less depreciation, as appraised by Ford, Bacon & Davis Inc., as of 31st December, 1927; with subsequent additions at cost.		
Land	581,916.78	581,916.78
Buildings, Plant, Machinery and Equipment	6,059,836.76	6,080,129.37
(2) Properties acquired since the formation of the company. Valued at cost, less depreciation provided for at the date of acquisition—		
Land	261,166.36	261,166.36
Buildings, Plant, Machinery and Equipment	1,496,306.80	1,497,421.85
	\$ 8,399,226.70	\$ 8,420,634.36
<i>Less: Reserves for Depreciation set aside since the acquisition of the above properties</i>	2,165,741.47	2,515,901.96
GOODWILL:	\$ 6,233,485.23	\$ 5,904,732.40
Represented by the amount paid for shares of subsidiary companies in excess of the book value of the net tangible assets applicable thereto	3,694,927.28	3,692,679.46

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 ended 31st December, 1935, and we have obtained all the information and explanations which we have required.

We report that, in our opinion, the above Consolidated Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the combined companies' affairs, according to the best of our information and the explanations given to us and as shown by the books of the Companies.

(Signed) McDONALD, CURRIE & CO.,
Chartered Accountants.

Montreal, 19th February, 1936.

APPROVED ON BEHALF OF THE BOARD:

J. H. GUNDY,
J. A. KILPATRICK, } *Directors.*

\$12,497,720.19	\$12,443,854.89
-----------------	-----------------

CAL COMPANY LIMITED

Y COMPANIES

BALANCE SHEET

LIABILITIES

	As at 31st Dec. 1934	As at 31st Dec. 1935
CURRENT LIABILITIES:		
Accounts Payable, including dividends of a subsidiary company payable to minority interests.....	\$ 488,941.79	\$ 364,171.34
Accrued Interest on debentures.....	151,612.20	142,553.75
Taxes Payable, including provision for Income Taxes...	5,752.66	74,851.91
Dividend declared on Preference Stock of Alberta Wood Preserving Co. Ltd.....	5,230.75	4,798.50
	<u>\$ 651,537.40</u>	<u>\$ 586,375.50</u>
6% SINKING FUND GOLD DEBENTURES, DUE 1949:		
Total Authorized issue.....	\$7,500,000.00	
Issued and Outstanding—Series "A".....	3,618,000.00	3,478,000.00
Series "B".....	1,357,000.00	1,305,000.00
MINORITY INTEREST IN SUBSIDIARY COMPANIES.....	229,970.96	227,111.84
PREFERENCE STOCK SINKING FUND RESERVES OF SUBSIDIARY COMPANIES.....	53,703.04	61,246.32
GENERAL AND CONTINGENT RESERVES.....	53,604.97	53,604.97
CAPITAL AND SURPLUS:		
<i>Preference Stock—</i>		
Dominion Tar & Chemical Co. Ltd.		
6½% Cumulative Preference Stock:		
Authorized—75,000 shares of \$100.00 each.....	\$7,500,000.00	
Issued and outstanding—50,350 shares.....	5,035,000.00	5,035,000.00
(Redeemable upon sixty days' notice at 110% and accrued dividends. Dividends are in arrears from 30th April, 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.....	298,900.00	274,200.00
(Redeemable upon sixty days' notice at 105% and accrued dividends.)		
<i>Common Stock—</i>		
Authorized—300,000 shares of no nominal or par value:		
Issued and outstanding—273,184 shs..	\$686,078.00	
Less: Held by Trustee for Debenture Holders... 684 "	4,172.40	
	<u>272,500 "</u>	
	681,905.60	681,905.60
<i>Earned Surplus:</i>		
Balance at Credit of Profit and Loss Account.....	518,098.22	741,410.66
TOTAL CAPITAL AND SURPLUS.....	\$ 6,533,903.82	\$ 6,732,516.26
	<u>\$12,497,720.19</u>	<u>\$12,443,854.89</u>

DOMINION
TAR & CHEMICAL COMPANY
LIMITED
AND SUBSIDIARY COMPANIES

Consolidated General Statement of Income and Expenditure

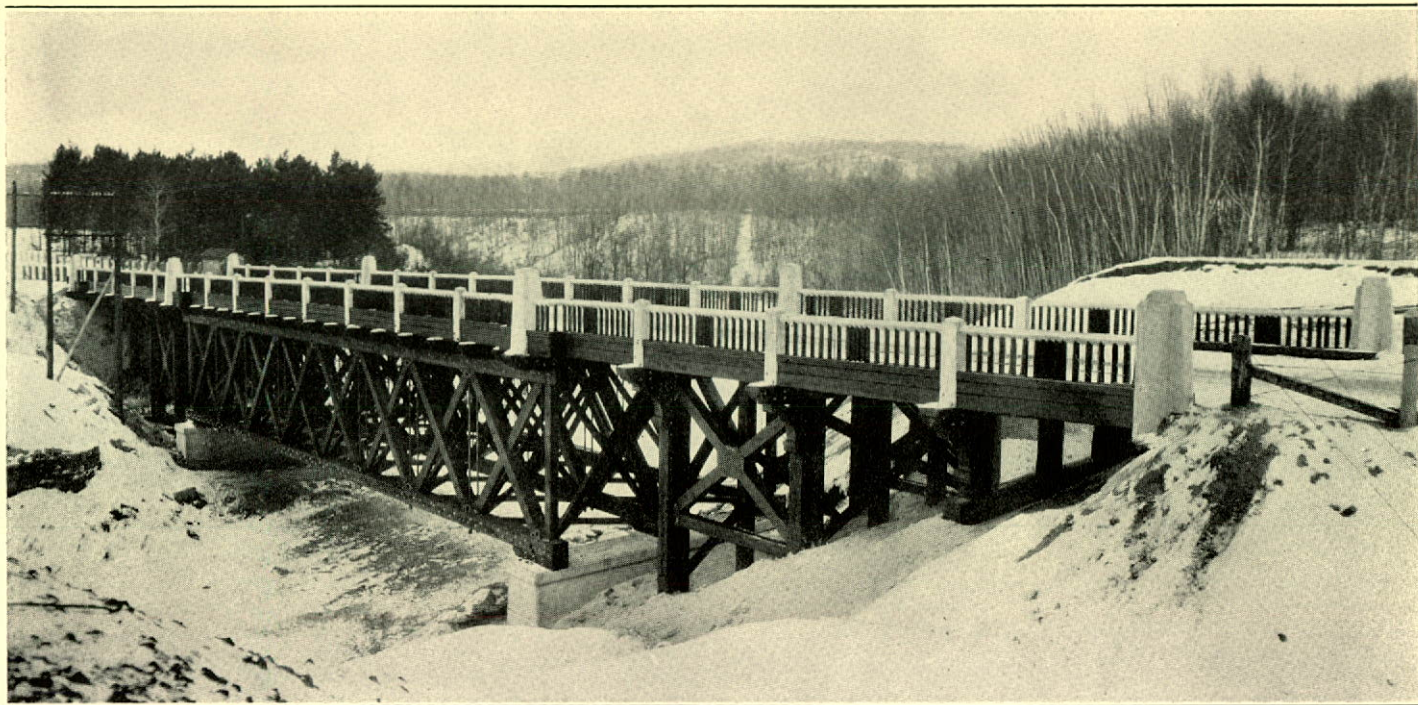
	For the year ended 31st Dec.	
	1934	1935
<i>Net Operating Profit</i> , after deducting Operating, Management and Selling Expenses, exclusive of the earnings applicable to minority interests.....	\$ 553,629.68	\$ 966,011.87
<i>Deduct:</i>		
Interest on Debentures.....	304,050.25	292,771.55
Premium paid on coupons.....	3,118.22	3,192.73
Provision for Depreciation.....	301,801.80	350,213.99
Income Taxes Paid and Accrued.....	5,221.83	72,630.69
Directors' Fees.....	3,460.00	3,640.00
	\$ 617,652.10	\$ 722,448.96
<i>Net Profit for the year</i>		243,562.91
<i>Net Loss for the year</i>	64,022.42	
	\$ 553,629.68	\$ 966,011.87

Note—There has been deducted from the Net Operating Profit for the year ended 31st December, 1935—

Salaries of Executive Officers.....	53,188.86
Salaries and Commissions of employees who are directors of subsidiary companies.....	34,714.43
Legal Fees.....	6,296.46

EARNED SURPLUS

<i>Balance at Credit of Profit and Loss Account as at 31st December, 1934</i>		518,098.22
<i>Add</i> —Net Profit for the year.....	243,562.91	
Discount on Debentures redeemed in 1935..	3,376.28	246,939.19
		\$ 765,037.41
<i>Deduct</i> —Alberta Wood Preserving Co. Ltd.—		
Dividend on Preference Shares.....	19,692.75	
Preference Stock Sinking Fund Reserve....	3,934.00	23,626.75
<i>Balance at Credit of Profit and Loss Account as at 31st December, 1935</i>		\$ 741,410.66



DUCHESNAY CREEK BRIDGE—1 Mile West of North Bay, on the North Bay-Sudbury Road. One 105-ft. Truss Span, Nine 15-ft. Approach Spans, 30-ft. Roadway, 20-Ton Loading. Of Prefabricated Creosoted Timber Construction.

—Erected by the Ontario Department of Northern Development.

*The following is a list of the chief products
manufactured and sold by*

DOMINION TAR & CHEMICAL COMPANY, LIMITED

AND

SUBSIDIARY COMPANIES



Roofing Materials of all kinds including Built Up Roofings and specialty products, such as paints, that are used in connection with building and maintenance.

Bituminous *Paving Materials*.

Insulation Materials, including the well-known *Donnacona* range of boards and mouldings.

Special *Oils* for the *Paint Trade*.

Disinfectants.

Underground Conduit.

Underfloor Conduit.

Coal Tar Products of all kinds as used in the Briquetting, Electrical and Metallurgical Industries.

Pitch Coke, also widely used in the Electrical, Metallurgical and Abrasive Industries.

Creosote Oil of all grades for timber preservation, both by pressure and non-pressure methods.

Specially refined Coal Tars for various uses.

Cresylic Creosote, refined Tar Acid Oils chiefly for export.

Dry Crude Naphthalene: domestic and export.

Flotation Oils for the mining industries.

Coal Tar Solvents.

Phenol (Carbolic Acid)—Used extensively in the Synthetic Resin and Pharmaceutical Trades.

Cresylic Acids—used in the soap and resin trades.

Creosoted Cross Ties, Switch Ties, Bridge Timbers, Platform Lumber, Sheep Runs, Roundhouse Roofs, etc.

Creosoted Telephone and Telegraph Poles, Cross Arms and Anchor Logs.

Creosoted ready-made bridges, culverts and combined culverts and bridges.

Creosoted dock timbers and piling.

Creosoted structural timbers.

Creosoted sidewalk planking and deck planking.

Creosoted timbers for the manufacture of scows and other marine craft.

Creosoted timbers for export.

PRINTED IN CANADA