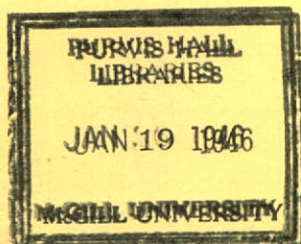


DOMINION  
TAR & CHEMICAL COMPANY  
LIMITED  
AND SUBSIDIARY COMPANIES

~\*~

ANNUAL  
REPORT  
1-9-3-6





# 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

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ANNUAL REPORT  
FOR THE YEAR ENDED 31st DECEMBER, 1936

## *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

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ANNUAL REPORT OF THE BOARD OF DIRECTORS

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*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, 1936.

The general improvement in business throughout Canada and the United Kingdom has been shared by your Company during the year under review. The increase in business has been fairly general to all your industries. Business in the Prairie Provinces remains unsatisfactory. The increase in earnings as shown by the Profit and Loss Statement may be considered satisfactory.

In November your Company successfully carried through a refunding of the Company's funded debt—the 6% Sinking Fund Gold Debentures, due 1949, were redeemed and a new issue was made of 3½% Serial Debentures and 15-Year 4½% Debentures for a total amount in all of \$5,000,000.00. A small part of the saving from lower interest charges is already reflected in the Statement of Income and Expenditure and in future years the item of premium paid on coupons will disappear entirely. The premium and exchange on the redemption of the 6% Debentures has been charged to Earned Surplus. The discount on the new Debentures is carried as a deferred charge.

Canada Creosoting Company, Limited, is now a wholly-owned Subsidiary. During the year your Company acquired the holdings of the minority shareholders of that Company, partly for cash and partly on deferred terms. The item of Serial Notes payable, due 1937-1939, appearing in the Balance Sheet has reference to this transaction. The few Common Shares of Alberta Wood Preserving Company, Limited, that were outstanding in the hands of the public and a further number of Common Shares of Fibre Conduits Canada,

Limited, have also been acquired. These acquisitions are reflected in the large reduction of the minority interest in Subsidiary Companies and contribute also to the increased operating profit.

The provision for Income Taxes has been increased to meet the ever-growing demands of Federal and Provincial Governments, and after all charges the nett profit amounts to \$384,166.66, which has been added to Earned Surplus.

The Earned Surplus has been increased by proceeds of Life Insurance Policies received during the year. The charge to Earned Surplus for dividend on the Preference Stock of Alberta Wood Preserving Company, Limited, has been further reduced through the purchase in the market of \$29,000.00 par value of these shares.

The value of the land and properties has been increased by nearly \$50,000.00, which amount was spent almost entirely on the modernization and enlargement of a roofing plant in Vancouver. Such expenditure was made necessary on account of the increased business in British Columbia. This Province showed the largest increase in sales and earnings.

The Depreciation Reserve, at nearly 38% of the book value of the properties, is considered satisfactory. The properties have been maintained as usual in a state of high efficiency.

The Working Capital of the Company has increased to \$2,421,722.98.

The outlook for Canadian business is favourable and it is hoped that the building and construction trades, which have so far lagged behind, will shortly respond to the general improvement.

Once again your Directors desire to record their appreciation of the continued 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

	As at 31st Dec., 1935	As at 31st Dec., 1936
<b>CURRENT AND WORKING ASSETS:</b>		
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	\$ 1,747,018.57	\$ 1,478,680.94
Accounts and Bills Receivable, less Reserves	755,271.87	1,013,631.84
Cash on Hand and in Banks	113,073.33	421,401.11
Unexpired Insurance and Deferred Charges	26,777.43	21,698.52
Cash Surrender Value of Life Insurance Policies	58,912.40	52,430.00
	\$ 2,701,053.60	\$ 2,987,842.41
<b>INVESTMENTS:</b>		
Company's own Debentures—at Cost	75,687.35	.....
Sundry Investments and Advances	67,325.00	67,065.40
<b>CASH IN HANDS OF TRUSTEE FOR DEBENTURE HOLDERS:</b>		
	2,377.08	.....
<b>FIXED ASSETS:</b>		
(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	590,096.75
Buildings, Plant, Machinery and Equipment	6,080,129.37	6,123,912.24
(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	1,497,421.85	1,494,970.55
	\$ 8,420,634.36	\$ 8,470,145.90
Less: Reserves for Depreciation set aside since the acquisition of the above properties	2,515,901.96	2,867,157.55
<b>GOODWILL:</b>	\$ 5,904,732.40	\$ 5,602,988.35
Represented by the amount paid for shares of subsidiary companies in excess of the book value of the net tangible assets applicable thereto	3,692,679.46	3,823,282.85
<b>DISCOUNT ON DEBENTURES:</b>	.....	162,500.00

### 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, 1936, 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, 18th February, 1937.

APPROVED ON BEHALF OF THE BOARD:

J. H. GUNDY }  
R. D. BELL } *Directors.*

\$12,443,854.89	\$12,643,679.01
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DOMINION  
TAR & CHEMICAL COMPANY  
LIMITED  
AND SUBSIDIARY COMPANIES

*Consolidated General Statement of Income and Expenditure*

	For the year ended 31st Dec.	
	1935	1936
<i>Net Operating Profit</i> , after deducting Operating, Management and Selling expenses, exclusive of the earnings applicable to minority interests.....	\$966,011.87	\$1,155,763.71
<i>Deduct:</i>		
Interest on Debentures.....	\$292,771.55	\$ 277,176.91
Premium paid on coupons.....	3,192.73	10,009.98
Provision for Depreciation.....	350,213.99	352,418.73
Income Taxes paid and accrued.....	72,630.69	129,281.43
Directors' Fees.....	3,640.00	2,710.00
	\$722,448.96	\$ 771,597.05
<i>Net Profit</i> for the year.....	243,562.91	384,166.66
	\$966,011.87	\$1,155,763.71
<i>Note</i> —There has been deducted from the Net Operating Profit for the year:		
Executive Salaries, including Subsidiary Companies'.....	\$ 87,903.29	\$ 82,968.87
Legal Fees.....	6,296.46	16,054.05

EARNED SURPLUS

<i>Balance at Credit</i> of Profit and Loss Account as at 31st December, 1935.....		\$ 741,410.66
<i>Add</i> —Net Profit for the year.....		384,166.66
Balance of proceeds of Life Insurance Policies of a subsidiary company, after deducting minority interest therein.....	\$ 68,505.50	
Less—Amount transferred to Preference Stock Sinking Fund Reserve.....	35,000.00	33,505.50
		\$1,159,082.82
<i>Deduct</i> —Alberta Wood Preserving Co. Ltd.—		
Dividends on Preference Stock.....	\$ 18,116.00	
Preference Stock Sinking Fund Reserve.....	3,934.00	22,050.00
		\$1,137,032.82
<i>Deduct</i> —Premium and Exchange on redemption of 6% Debentures.....		275,193.53
<i>Balance at Credit</i> of Profit and Loss Account as at 31st December, 1936.....		\$ 861,839.29

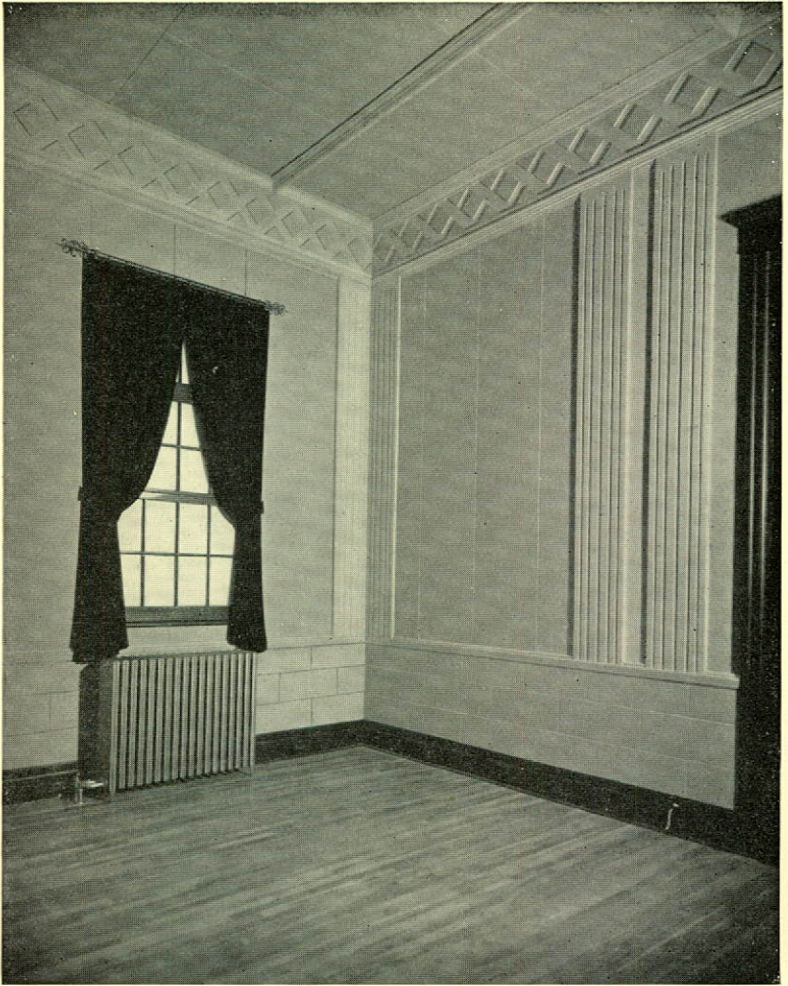


General Hall (Société  
Coopérative des Frais  
Funéraires) Montreal  
Walls and Ceilings of  
Decorative Donna-  
cona Specialties

●

*Other Products*

Roofing Materials  
Tarred Felts  
Asphalt Felts  
Dry & Tarred Sheath-  
ings  
Prepared Roofings  
Slate Surfaced  
Roofings  
Slate Surfaced  
Shingles  
Asphalt Brick Sidings  
Insulated Sidings  
Roof Coatings  
Roofing Cements  
Disinfectants  
Creosote Oils & Stains  
Coal Tar & Pitches  
Plastic Cements

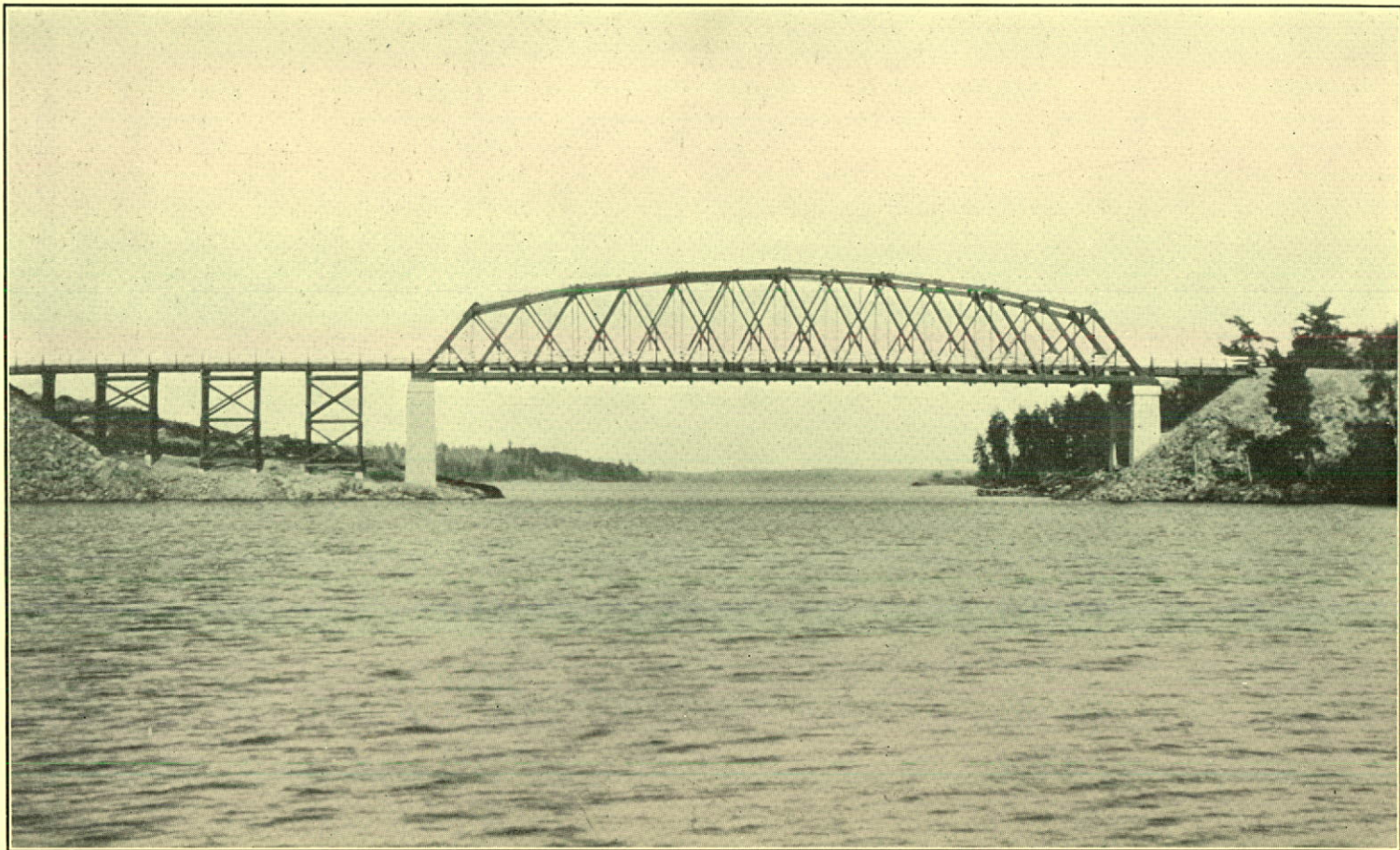


THE wide range of textures and patterns combined with the ease of application have made Decorative Donnacona Products the accepted standard for all types of interior decoration, where quiet, restful and well-insulated rooms are desired.

▼ ▼ ▼  
**DONNACONA**  
**INSULATING PRODUCTS**

Alexander MURRAY & Company  
LIMITED

MONTREAL • TORONTO • HALIFAX • SAINT JOHN • WINNIPEG • VANCOUVER



CREOSOTED TIMBER BRIDGE AT SIOUX NARROWS, ONTARIO—210-ft. Truss Span, Eight 15-ft. Approach Spans, 24-ft. Roadway, 20-Ton Loading.  
Of Prefabricated Creosoted Timber Construction.

—Erected by the Ontario Department of Northern Development.



