

DOMINION  
TAR & CHEMICAL COMPANY  
LIMITED

AND SUBSIDIARY COMPANIES

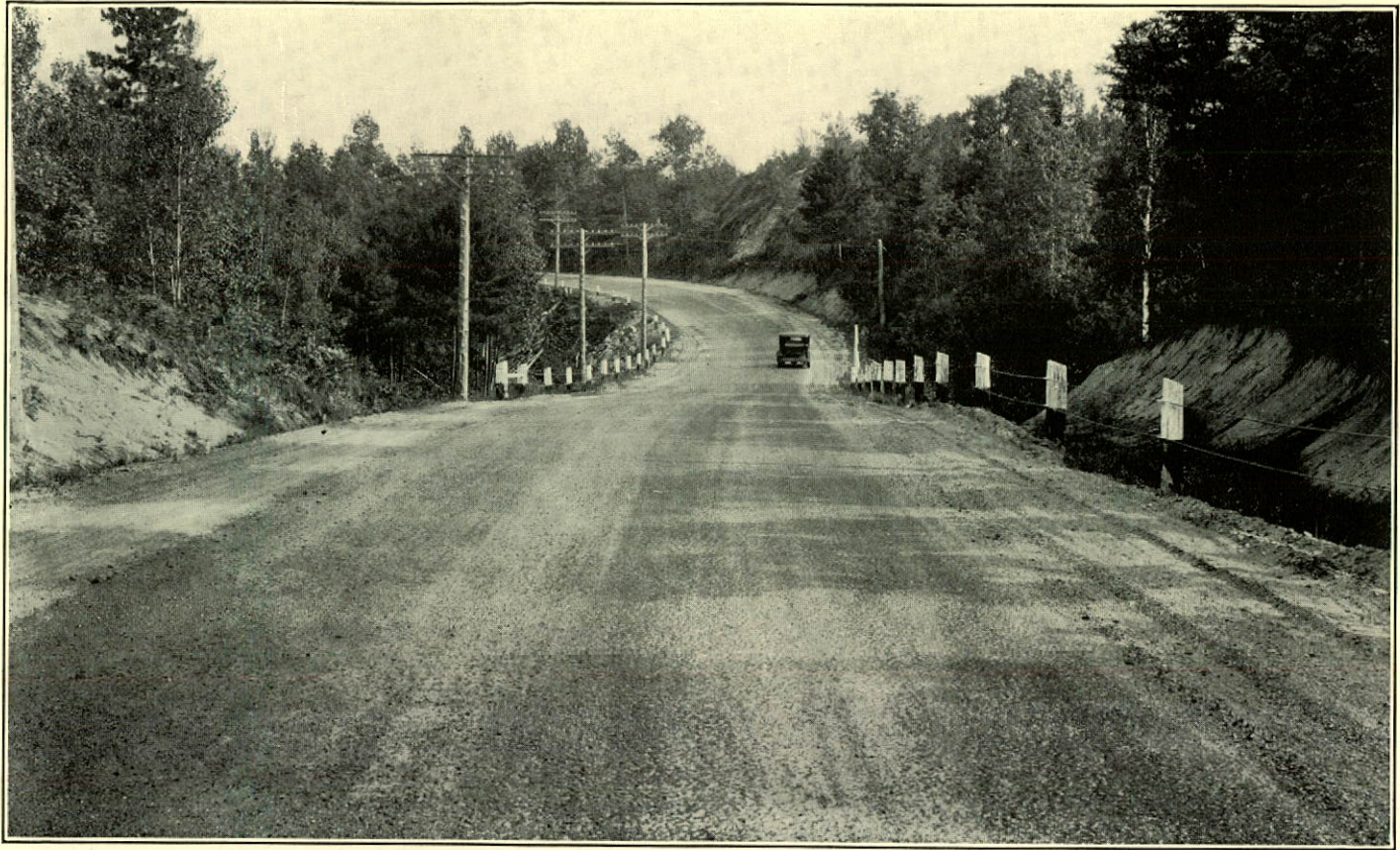
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ANNUAL  
REPORT  
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ROTAR RETREAD PAVEMENT, FERGUSON HIGHWAY, PROVINCE OF ONTARIO.

# 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, 1937

### *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	-	-	-	-	Montreal
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 the 31st of December, 1937.

Throughout the year there was a satisfactory increase in business; all branches of your Company participated in this increase. Sales and Services were higher than in any year since 1930. The net profit was increased by the saving of interest and premium on exchange which has resulted from the refunding of the Company's funded debt in the previous year. This saving has been offset to a considerable extent by a larger provision for Income Taxes. Dominion and Provincial Government taxes are a heavy charge on the earnings of your Company.

During the year under review, an arrangement was made to eliminate the arrears of dividend on the Preference Stock of the Company. This arrangement finds reflection in the Balance Sheet, firstly, in a reduction of the dividend rate on the Preference Stock from 6½% to 5½%, and, secondly, in the issue and allotment of 100,700 Common Shares, making 373,884 shares now outstanding.

The Balance Sheet has been strengthened by the redemption of \$200,000.00 Serial Debentures, the payment of \$42,600.00 Serial Notes, the purchase of \$12,700.00 par value of the Preference Stock of Alberta Wood Preserving Company, Limited, and an increase in the Sinking Fund Reserves of Subsidiary Companies. The balance of Earned Surplus, after paying a full year's dividend on the new 5½% Preference Stock and after deducting the underwriting expense and the declared value of the Common Shares allotted in satisfaction of arrears of dividend on the old 6½% Preference Stock, exceeds one million dollars.

Working Capital has increased by \$334,899.20 to \$2,756,622.18.

The appropriation of \$346,905.74 made to depreciation reserve is considered ample, bringing this reserve to \$3,213,969.79. The properties have, as usual, been well maintained.

The construction and building industries continue below normal, but the improvement over 1936 was both welcome and encouraging and your Company benefited accordingly.

Business in the Prairie Provinces remains unsatisfactory.

The confused business conditions existing at the present time make it difficult to forecast the immediate future with any certainty, but your Management feels reasonably confident that the volume of business will be maintained during 1938.

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 & CHEMICALS AND SUBSIDIARIES CONSOLIDATED

## ASSETS

	<u>As at 31st Dec., 1936</u>	<u>As at 31st Dec., 1937</u>
<b>CURRENT AND WORKING ASSETS:</b>		
Inventory of Finished Products, Raw Materials and Supplies, at or below cost as determined from the companies' records and as certified to by responsible officials	\$ 1,478,680.94	\$ 1,490,112.23
Accounts and Bills Receivable—less Reserves	1,013,631.84	1,033,867.71
Cash on Hand and in Banks	421,401.11	778,009.89
Unexpired Insurance and Deferred Charges	21,698.52	12,365.85
Marketable Securities—at market value	—	35,181.77
Cash Surrender Value of Life Insurance Policies	52,430.00	39,370.00
	<b>\$ 2,987,842.41</b>	<b>\$ 3,388,907.45</b>
<b>INVESTMENTS:</b>		
Secured Loans and Shares of other companies—at book values	67,065.40	152,343.75
<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	590,096.75	589,496.75
Buildings, Plant, Machinery & Equipment	6,123,912.24	6,127,906.32
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	267,166.36
Buildings, Plant, Machinery & Equipment	1,494,970.55	1,494,560.55
	<b>\$ 8,470,145.90</b>	<b>\$ 8,479,129.98</b>
<i>Less: Reserve for Depreciation set aside since the acquisition of the above properties</i>	2,867,157.55	3,213,969.79
	<b>\$ 5,602,988.35</b>	<b>\$ 5,265,160.19</b>
<b>GOODWILL:</b>		
Represented by the amount paid for shares of subsidiary companies in excess of the book value of the net tangible assets applicable thereto	3,823,282.85	3,823,282.85
<b>DISCOUNT ON DEBENTURES</b>	162,500.00	—

### AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the books and accounts of Dominion Tar and Chemical Company Limited and of its subsidiary companies, for the year ended 31st December, 1937, 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.,

Montreal, 16th February, 1938.

*Chartered Accountants.*

APPROVED ON BEHALF OF THE BOARD:

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

\$12,643,679.01	\$12,629,694.24
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# CHEMICAL COMPANY LIMITED

## AND SUBSIDIARY COMPANIES

### BALANCE SHEET

### LIABILITIES

	As at 31st Dec., 1936	As at 31st Dec., 1937
<b>CURRENT LIABILITIES:</b>		
Accounts Payable.....	\$ 402,839.90	\$ 309,296.58
Accrued Interest on Debentures.....	26,125.00	25,025.00
Taxes Payable, including provision for Income Taxes....	132,863.53	224,663.69
Dividends declared on Preference Stocks—		
Alberta Wood Preserving Company Limited.....	4,291.00	4,068.75
Dominion Tar and Chemical Company Limited.....	—	69,231.25
	\$ 566,119.43	\$ 632,285.27
SERIAL NOTES PAYABLE—(Due 13th Oct., 1938-39).	127,800.00	85,200.00
<b>DEBENTURES:</b>		
Total Authorized Issue.....	\$7,500,000.00	
Serial Debentures 3½% Series "A" due 15th November, 1938 to 1944.....	1,600,000.00	1,400,000.00
15 Year Debentures 4½% Series "A" due 15th Novem- ber 1951.....	3,360,000.00	3,360,000.00
MINORITY INTEREST IN SUBSIDIARY COMPANY, PREFERENCE STOCK SINKING FUND RESERVES OF SUBSIDIARY COMPANIES.....	7,857.00	11,193.62
GENERAL AND CONTINGENT RESERVES.....	100,180.32	108,203.31
	53,604.97	53,604.97
<b>CAPITAL AND SURPLUS:</b>		
<i>Preference Stocks:</i>		
Dominion Tar and Chemical Co. Ltd.—		
Authorized—75,000 shares of \$100.00 each.....	\$7,500,000.00	
Issued—		
6½% Cumulative Preference Stock 50,350 shares ...	5,035,000.00	—
5½% Cumulative Preference Stock 50,350 shares ...	—	5,035,000.00
(Redeemable upon sixty days' notice at 110% and accrued dividends.)		
Alberta Wood Preserving Company Limited—		
7% Cumulative Redeemable Preference Stock:		
Authorized — 4,500 shares of \$100.00 each.....	\$450,000.00	
Issued and Outstanding.....	245,200.00	232,500.00
(Redeemable upon sixty days' notice at 105% and accrued dividends.)		
<i>Common Stock—without nominal or par value.</i>		
Authorized—		
300,000 shares as at 31st Dec., 1936.		
450,000 shares as at 31st Dec., 1937.		
Issued and Outstanding—		
273,184 shares.....	686,078.00	
100,700 shares issued for \$25,175.00 in accordance with the Compromise or Arrangement con- firmed by Supplementary Letters Patent.		
373,884 shares.....		711,253.00
<i>Earned Surplus—</i>		
As per attached statement.....	861,839.29	1,000,454.07
TOTAL CAPITAL AND SURPLUS.....	\$ 6,828,117.29	\$ 6,979,207.07
	\$12,643,679.01	\$12,629,694.24

DOMINION  
TAR & CHEMICAL COMPANY  
LIMITED  
AND SUBSIDIARY COMPANIES

*Consolidated General Statement of Income and Expenditure*

	For the year ended 31st Dec.	
	1936	1937
<i>Net Operating Profit</i> , after deducting Operating, Management and Selling Expenses, exclusive of the earnings applicable to the minority interest.....	\$1,155,763.71	\$1,380,588.74
<i>Deduct:</i>		
Interest on Debentures.....	\$ 277,176.91	\$ 206,325.00
Premium on Coupons.....	10,009.98	—
Provision for Depreciation.....	352,418.73	346,905.74
Income Taxes paid and accrued.....	129,281.43	196,610.73
Directors' Fees.....	2,710.00	2,650.00
	\$ 771,597.05	\$ 752,491.47
<i>Net profit</i> for the year.....	384,166.66	628,097.27
	\$1,155,763.71	\$1,380,588.74

*Note*—There has been deducted from the Net Operating Profit for the year 1937: Executive Salaries \$54,422.91, Legal Fees \$4,233.42 and Investment Reserve of \$32,000.00.

CONSOLIDATED STATEMENT OF EARNED SURPLUS

<i>Balance at Credit</i> of Profit and Loss Account as at 31st December, 1936.....		\$ 861,839.29
<i>Add</i> —Net Profit for the year.....		628,097.27
		\$1,489,936.56
<i>Deduct</i> —Amounts transferred to Preference Stock Sinking Fund Reserves.....	\$ 8,022.99	
Dividends on Preference Stocks—		
Alberta Wood Preserving Company Ltd..	16,859.50	
Dominion Tar and Chemical Company Limited.....	276,925.00	301,807.49
		\$1,188,129.07
<i>Deduct</i> —Amount transferred to Capital Account upon the issue of 100,700 Common shares in accordance with the Compromise or Arrangement with the holders of the 6½% Cumulative Preference shares in satisfaction of dividends accumulated to 1st February, 1937, and in consideration of the reduction in the dividend rate from 6½% to 5½% as from 1st February, 1937..	\$ 25,175.00	
Discount on Debentures.....	162,500.00	187,675.00
<i>Balance at Credit</i> of Profit and Loss Account as at 31st December, 1937.....		\$1,000,454.07



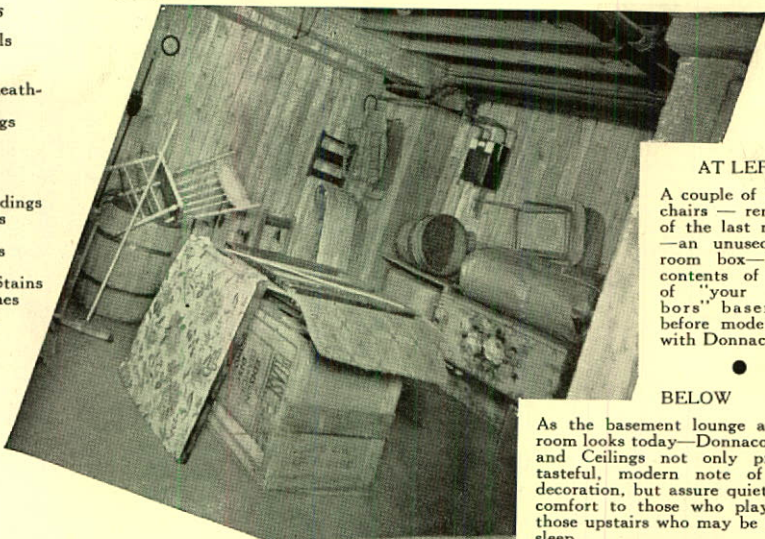


OVERHEAD CROSSING—OVER C.P.R. MAIN LINE AT HAIG, B.C.

This modern pressure creosoted timber bridge has a composite deck in which the concrete wearing surface is effectively bonded with the timber deck.

## Other Products

Roofing Materials  
Tarred Felts  
Asphalt Felts  
Dry & Tarred Sheathings  
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



### AT LEFT

A couple of broken chairs — remnants of the last moving — an unused bedroom box — typical contents of many of "your neighbors" basements before modernizing with Donnacona.

### BELOW

As the basement lounge and playroom looks today—Donnacona Walls and Ceilings not only provide a tasteful, modern note of interior decoration, but assure quietness and comfort to those who play and to those upstairs who may be trying to sleep.

● Why not transform part of the basement in *your* house into a well-insulated lounge or playroom where you can make as much noise as you like without disturbing the rest of the house—or perhaps you have an attic that could be fixed up as a quiet, attractive den? Enjoy the comfort and convenience which result from such easily financed modernization projects—they can be carried out quickly and inexpensively with Donnacona Board.



# DONNACONA

## INSULATING PRODUCTS

Alexander MURRAY & Company  
LIMITED

Affiliated with Dominion Tar & Chemical Company Limited  
Canada Creosoting Company Limited Fibre Conduits Canada Company Limited

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



