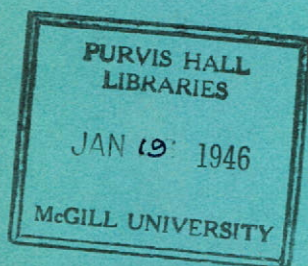


DOMINION
TAR & CHEMICAL COMPANY
LIMITED
AND SUBSIDIARY COMPANIES

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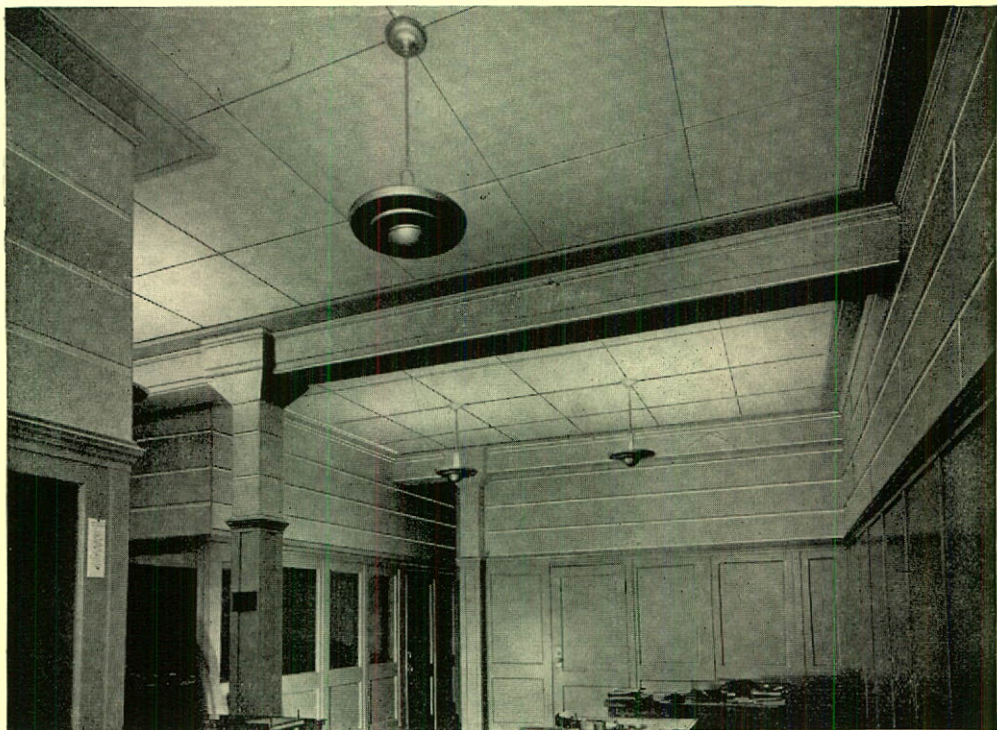
ANNUAL
REPORT
1-9-3-8



DOMINION
TAR & CHEMICAL COMPANY
LIMITED
AND SUBSIDIARY COMPANIES



ANNUAL
REPORT
1-9-3-8



The Office of the B. Greening Wire Company, Limited, Montreal

DIGNITY and BEAUTY FOR OFFICE INTERIORS

Designers and Builders of Commercial Interiors are often faced with the problem of choosing a material which possesses beauty and dignity—flexibility and speed of erection—which, at the same time, is moderate in cost. DONNACONA Insulating Board and its specialties provide these qualities—plus extraordinary sound absorption which makes them particularly desirable for general or private offices.

DONNACONA **INSULATING PRODUCTS**

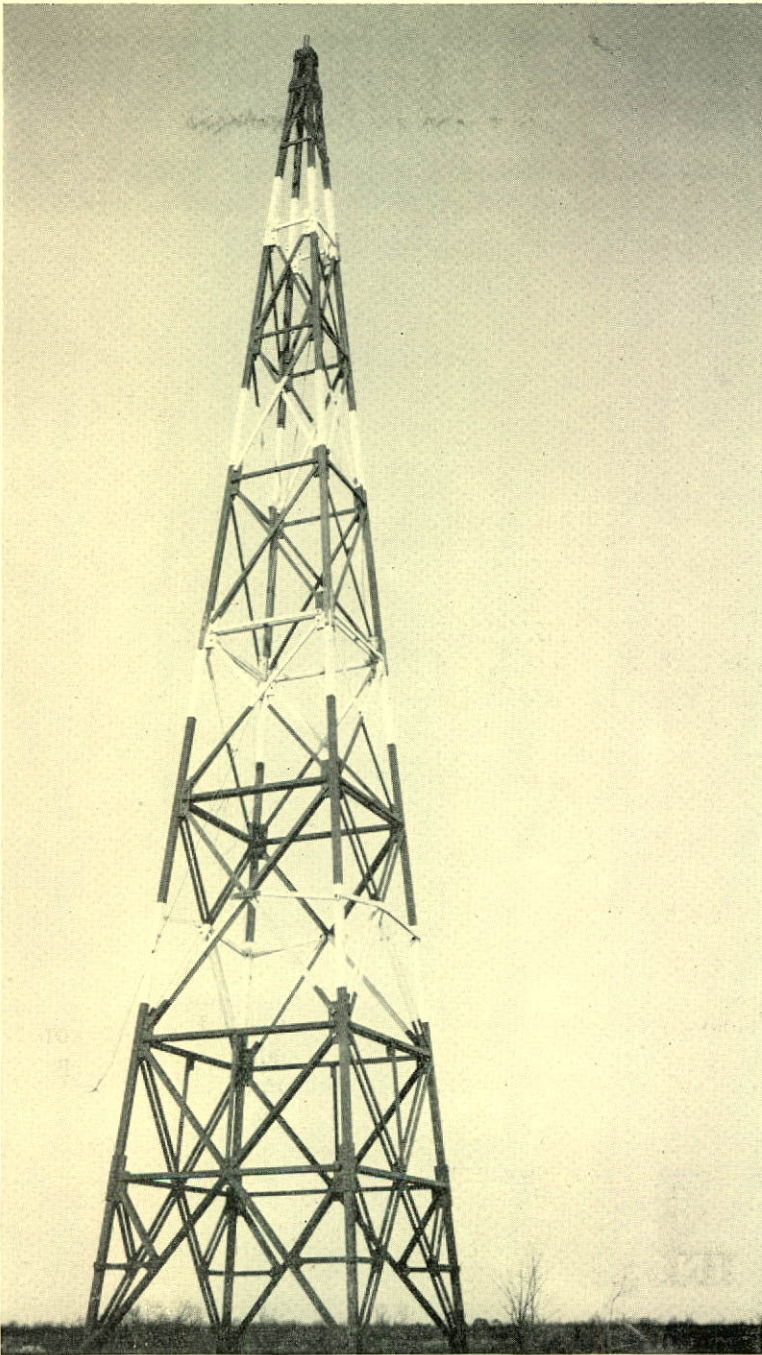
Alexander MURRAY & Company
LIMITED

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

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

OTHER PRODUCTS

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



100 FOOT PRESSURE TREATED RING-CONNECTED TIMBER RADIO TOWER

One of six designed, fabricated and erected by the
CANADA CREOSOTING COMPANY LIMITED, for St. Hubert Airport, Montreal.
Two similarly constructed Towers 150' in height have been erected at Carmi and Slocan, B.C.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the Shareholders:

Your Directors submit herewith a Consolidated Statement, duly audited, of the affairs of your Company and its Subsidiaries for the fiscal year ended the 31st of December, 1938.

The net profit for the year at \$503,695.97 compares with \$628,097.27 for the previous year. A full year's dividend on the 5½% Preference Shares has been paid or set aside. During the first half of the year the volume of sales and services fell considerably and notwithstanding much improvement in the latter part of the year the total volume remained somewhat under that of the former year. Sales increased in the construction and building lines but exports and business from the Railroads declined.

In 1937 a minority interest was purchased in Industrial Minerals Limited and in 1938 control was acquired under a scheme of reorganization, and accordingly its Balance Sheet is incorporated in this Consolidated Balance Sheet. Your Company owns or controls all the Common Shares and a large number of the First and Second Preference Shares. Industrial Minerals Limited recovers salt from a deposit at Fort McMurray, Alberta. Plans are under consideration for improving the existing plant and to fully satisfy the market with all grades of salt.

During the year \$200,000.00 Serial Debentures and \$42,600.00 Serial Notes were paid off and \$10,000.00 par value of the Preference Stock of Alberta Wood Preserving Company, Limited, was purchased or redeemed, and the minority interest in Fibre Conduits Canada, Limited, was purchased.

The Working Capital has increased by \$199,166.15 to \$2,955,788.33.

Expenditures on Capital account were comparatively small, amounting to \$62,825.60, and were expended on improvements to plants resulting in more economical operations and the properties have, as usual, been well maintained.

Apart from unsettled international affairs and their effects on economical conditions, the prospects for this year's business are encouraging.

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 COMPANY AND SUBSIDIARIES

CONSOLIDATED

ASSETS

	<u>As at 31st Dec., 1937</u>	<u>As at 31st Dec., 1938</u>
CURRENT AND WORKING ASSETS:		
Inventory of Finished Products, Raw Materials and Supplies, as determined from the Company's records, valued at or below cost and as certified to by officials of the Companies	\$1,490,112.23	\$1,607,590.52
Accounts and Bills Receivable—less Reserves	1,033,867.71	1,145,338.26
Cash	778,009.89	695,087.48
Unexpired Insurance	12,365.85	20,498.79
Marketable Securities—at market value	35,181.77	57,004.27
Cash Surrender Value of Life Insurance Policies	39,370.00	47,430.00
	<u>\$3,388,907.45</u>	<u>\$3,572,949.32</u>
INVESTMENTS:		
Secured Loans, shares of other companies and advances to employees—at book value	152,343.75	46,215.07
FIXED ASSETS:		
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	589,496.75	591,973.22
Buildings, Plant, Machinery & Equipment	6,127,906.32	6,171,072.51
Properties acquired since the formation of the Company. Valued at cost less depreciation provided for at the date of acquisition.		
Land	267,166.36	253,226.32
Buildings, Plant, Machinery, Equipment and Mineral Lease	1,494,560.55	1,759,113.67
	<u>\$8,479,129.98</u>	<u>\$8,775,385.72</u>
Less: Reserve for Depreciation set aside since the acquisition of the above properties	3,213,969.79	3,563,719.14
	<u>\$5,265,160.19</u>	<u>\$5,211,666.58</u>
GOODWILL:		
Represented by the amount paid for shares of subsidiary companies in excess of the book value of the net tangible assets applicable thereto, less amount written off	3,823,282.85	3,696,087.34

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the books and accounts of Dominion Tar & Chemical Company Limited and Subsidiary Companies, for the year ended 31st December, 1938, 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, 13th February, 1939.

Chartered Accountants.

APPROVED ON BEHALF OF THE BOARD:

J. A. KILPATRICK }
LIONEL O. P. WALSH } *Directors*

<u>\$12,629,694.24</u>	<u>\$12,526,918.31</u>
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CAL COMPANY LIMITED

Y COMPANIES

BALANCE SHEET

LIABILITIES

	As at 31st Dec., 1937	As at 31st Dec., 1938
CURRENT LIABILITIES:		
Accounts Payable and Accrued Liabilities.....	\$ 309,296.58	\$ 316,721.95
Accrued Interest on Debentures.....	25,025.00	24,150.00
Provision for Income and Other Taxes.....	224,663.69	203,164.04
Dividends declared on Preference Stocks—		
Alberta Wood Preserving Company Limited.....	4,068.75	3,893.75
Dominion Tar & Chemical Company Limited.....	69,231.25	69,231.25
	<u>\$ 632,285.27</u>	<u>\$ 617,160.99</u>
SERIAL NOTES PAYABLE (Due 13th October, 1939) ..	85,200.00	42,600.00
DEBENTURES:		
Total Authorized Issue.....	\$7,500,000.00	
Serial Debentures 3½% Series "A" due 15th November, 1939 to 1944.....	1,400,000.00	1,200,000.00
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.....	11,193.62	—
	108,203.31	113,846.16
GENERAL AND CONTINGENT RESERVES.....	53,604.97	53,604.97
CAPITAL AND SURPLUS:		
<i>Preference Stocks:</i>		
Dominion Tar & Chemical Company Limited—		
5½% Cumulative Preference Stock:		
Authorized—		
75,000 shares of \$100.00 each... ..	\$7,500,000.00	
Issued and Fully Paid—		
50,350 shares.....	5,035,000.00	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 and Issued—		
4,500 shares of \$100.00 each... ..	\$450,000.00	
(645 shares have been redeemed and cancelled to 31st December, 1938)		
Outstanding in the hands of the Public.....	232,500.00	222,500.00
(Redeemable upon sixty days' notice at 105% and accrued dividends.)		
Industrial Minerals Limited—		
Authorized and Issued—		
11,039 5% First Preference Non- Cumulative Shares of \$10.00... ..	\$110,390.00	
122,892 4% Second Preference Non-Cumulative Shares of \$1.00 each.....	\$122,892.00	
Outstanding in the hands of the Public—		
5,608 First Preference Shares.....		56,080.00
59,137 Second Preference Shares.....		59,137.00
<i>Common Stock</i> —without nominal or par value.		
Authorized—450,000 shares		
Issued and Fully Paid—373,884 shares.....	711,253.00	711,253.00
<i>Earned Surplus</i> —		
As per attached statement.....	1,000,454.07	1,055,736.19
TOTAL CAPITAL AND SURPLUS.....	<u>\$ 6,979,207.07</u>	<u>\$ 7,139,706.19</u>
	<u>\$12,629,694.24</u>	<u>\$12,526,918.31</u>

DOMINION TAR & CHEMICAL COMPANY LIMITED

AND SUBSIDIARY COMPANIES

*Consolidated General Statement of Income and Expenditure
For the Year ended 31st December, 1938*

<i>Net Operating Profit</i> —before making the following deductions	\$1,300,571.01
Legal Expenses	\$ 7,295.68
Salaries and Fees paid to Executive Officers	57,202.92
Fees paid to other Directors	4,350.00
Interest on Debentures	199,325.00
Provision for Depreciation	350,269.85
Income Taxes paid and provided for	178,431.59
	796,875.04
<i>Net profit for the year</i>	\$503,695.97

*Consolidated Statement of Earned Surplus
For the Year Ended 31st December, 1938*

<i>Balance at Credit of Profit and Loss Account as at 31st December, 1937</i>	\$1,000,454.07
<i>Add: Net Profit for the year</i>	503,695.97
	\$1,504,150.04
<i>Deduct: Amounts transferred to Preference Stock Sinking Fund Reserves</i>	\$ 5,738.85
Dividends on Preference Stocks—	
Alberta Wood Preserving Company Limited	15,750.00
Dominion Tar & Chemical Company Limited	276,925.00
	298,413.85
	\$1,205,736.19
<i>Deduct: Amount written off Goodwill Account</i>	150,000.00
<i>Balance at Credit of Profit and Loss Account as at 31st December, 1938</i>	\$1,055,736.19



CREOSOTED LAMINATED TIMBER CULVERT INSTALLED IN NEW BRUNSWICK.

During 1938 more than 5,000,000 FBM. of timber for culvert construction was treated by the CANADA CREOSOTING COMPANY LIMITED at their Eastern Canada plants.

Fibre Conduit is used extensively throughout the British Empire for Power Distribution, Telephone and Telegraph systems, Fire, Police Alarm and Traffic Signals, Railroad Signals, Bridge and Subway Lighting, Street Lighting, Airport Lighting, etc.



1937



1938

Once again Cornwall Fibre Conduit, the standard cable duct way, is installed in the Underground Electrical Conduit System of the City of Montreal in the progressive programme to eliminate all overhead wires from the City Streets.

FIBRE CONDUITS CANADA

LIMITED

CORNWALL ONTARIO



Courtaulds (CANADA) LIMITED Chose Murray Roofs



Among other satisfied users of Murray Built-up Pitch and Gravel Roofs are:

Campbell Soup Co. Ltd., Toronto
Canada Life Assce. Co., Toronto
The T. Eaton Company, Toronto
Canadian Pacific Railway
Federal Government
Bank of Montreal
Bank of Nova Scotia
H. J. Heinz Co.
Canadian Bank of Commerce
Bell Telephone Co. of Canada
Sun Life Assce. Co. of Canada
Harbour Commissioners of
Halifax
Harbour Commissioners of
Saint John

10 TIMES in 7 YEARS

Alexander **MURRAY** *& Company*
LIMITED

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

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OTHER PRODUCTS

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Slate Surfaced Shingles
Asphalt Brick Sidings
Insulated Sidings
Roof Coatings
Roofing Cements
Disinfectants
Creosote Oils and Stains
Coal Tar and Pitchers
Plastic Cements

