

cop

DOMINION
TAR & CHEMICAL COMPANY
LIMITED

AND SUBSIDIARY COMPANIES



ANNUAL
REPORT
1-9-4-5

PURVIS HALL
LIBRARIES
MAR 11 1946
McGILL UNIVERSITY

DOMINION TAR & CHEMICAL COMPANY LIMITED

CANADA CREOSOTING COMPANY, LIMITED
ALEXANDER MURRAY & COMPANY, LIMITED
CANADA ROOF PRODUCTS, LIMITED
AMERICAN TAR & CHEMICAL COMPANY
INDUSTRIAL MINERALS, LIMITED
THE DOMINION SALT COMPANY, LIMITED

ANNUAL REPORT
FOR THE YEAR ENDED 31st DECEMBER, 1945

Directors

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
A. O. PONDER	-	-	-	-	-	Montreal
L. L. BROWN	-	-	-	-	-	Montreal
HAROLD CRABTREE	-	-	-	-	-	Montreal

Officers

<i>President</i>	-	-	-	-	LIONEL O. P. WALSH
<i>Vice-President</i>	-	-	-	-	A. O. PONDER
<i>Vice-President</i>	-	-	-	-	L. L. BROWN
<i>Secretary and Treasurer</i>	-	-	-	-	D. S. THOMAS

General Offices of the Company

Twenty-second Floor, Sun Life 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 the 31st of December, 1945. The Auditors' Report to the Shareholders is also submitted herewith.

The net operating profit before charging bond interest, and before providing for depreciation and income and excess profits taxes, amounts to \$2,765,149.57 and compares with \$2,458,237.39 for 1944.

The program of reconversion has been practically completed and the business is now on a peacetime basis. Domestic sales have been generally most satisfactory and advantage has been taken of favourable export markets for some products. The dollar value of all sales in 1945 was the largest in our history, except for 1942, when the peak of war production was reached. The prospects of maintaining this record for 1946 as seen at this time are encouraging.

After charging interest on the serial bonds, and after providing for depreciation and taxes, the net profit for the year amounts to \$706,832.36 compared with \$671,511.85 for 1944. The year's dividend on the Preference shares was paid or provided for, leaving \$429,907.36 as earnings on the Common shares, excluding any credit for the refundable portion of the excess profits tax which, it is estimated, will amount to \$176,695.00.

Agreement was reached with the Department of Munitions and Supply upon a renegotiation of war business up to the end of 1944. The Earned Surplus account shows the adjustment of the refundable portion of excess profits taxes resulting therefrom. The cash payment to the Department has been charged to a tax-paid reserve available for the purpose.

At the end of the year your Directors initiated dividends on the Common shares by declaring a quarterly dividend of 25c.

Expenditures on additions to fixed assets amounting to \$301,621.95 were not as large as expected owing to serious shortages of materials and labour. The program of capital outlays for 1946 will include those deferred from 1945. The new large additions to the Fibre Conduit Plant at Cornwall will, it is expected, be ready by the early summer.

The annual instalment of \$250,000.00 of serial bonds was paid off on the 1st of August. Working capital at the end of the year amounted to \$3,450,759.95, an increase of \$255,076.44.

Since the Company refunded its debt in 1944 at a lower rate of interest, consideration has been given to a similar operation in regard to the 5½% Cumulative Preference stock. The issued and outstanding 5½% Cumulative Preference shares will be redeemed on the 1st of April next and, subject to completion of the requisite corporate actions, will be replaced by a new issue of Preference shares carrying a dividend which at par yields the holder approximately 4¼%, and part of the balance of the cost has been provided for by a sale of Common shares from the Treasury. As a result of this refinancing, the net reduction in dividend requirements will be \$58,809.00.

Your Directors wish to record their appreciation of the excellent work done in a fine spirit of co-operation by all officers and employees during the year.

On behalf of the Board,

LIONEL O. P. WALSH,
President

DOMINION TAR & CHEMICAL COMPANY AND SUBSIDIARIES

CONSOLIDATED

ASSETS

	As at 31st Dec., 1944	As at 31st Dec., 1945
CURRENT AND WORKING ASSETS:		
Cash.....	\$ 865,874.16	\$ 1,188,675.57
Accounts receivable—less reserves.....	1,558,202.77	1,660,341.08
Inventory of finished products, raw materials and supplies, as determined from the companies' records, valued at cost—less reserve.....	1,110,696.24	1,019,810.83
Unexpired insurance.....	13,580.55	145,780.88
Dominion of Canada bonds and U.S. Treasury certificates—par value.....	1,520,000.00	2,000,000.00
	<u>\$ 5,068,353.72</u>	<u>\$ 6,014,608.36</u>
INVESTMENTS:		
Shares of other companies at cost and advances to employees.....	24,979.80	24,728.80
REFUNDABLE PORTION OF EXCESS PROFITS TAX—estimated.....		
	315,742.37	436,925.80
FIXED ASSETS:		
Valued at cost, except in the case of properties acquired from subsidiary companies which are valued on the basis of appraisals by Canadian Appraisal Company Limited in 1940, 1941 and 1943.		
Land.....	991,958.01	993,558.01
Buildings, plant, machinery, equipment and mineral lease.....	9,090,369.74	9,390,391.69
	<u>\$10,082,327.75</u>	<u>\$10,383,949.70</u>
Less: Reserves for depreciation and depletion.....	3,688,564.53	4,158,575.56
	<u>\$ 6,393,763.22</u>	<u>\$ 6,225,374.14</u>
	<u>\$11,802,839.11</u>	<u>\$12,701,637.10</u>

Approved on behalf of the Board:

LIONEL O. P. WALSH }
ARTHUR O. PONDER } *Directors.*

AUDITORS' REPORT

We have examined the books and accounts of Dominion Tar & Chemical Company Limited for the year ended 31st December, 1945, and the books and accounts of subsidiary companies, with the exception of three subsidiaries whose accounts, which have been examined and reported upon by other chartered accountants, are also included in the above Consolidated Balance Sheet. We have obtained all the information and explanations which we have required.

Montreal, 25th February, 1946.

ICAL COMPANY LIMITED

Y COMPANIES

BALANCE SHEET

LIABILITIES

CURRENT LIABILITIES:	As at 31st Dec., 1944	As at 31st Dec., 1945
Accounts payable and accrued liabilities.....	\$ 756,886.97	\$ 1,137,134.01
Accrued interest on bonds.....	47,369.86	43,726.04
Taxes payable other than income taxes.....	7,574.76	7,469.30
Reserve for income and excess profits taxes.....	991,607.37	1,212,816.81
Dividend declared on preference shares.....	69,231.25	69,231.25
Dividend declared on common shares.....	—	93,471.00
	<hr/>	<hr/>
FIRST MORTGAGE BONDS:	\$ 1,872,670.21	\$ 2,563,848.41
Total authorized issue.....	<u>\$6,000,000.00</u>	
3½% First mortgage serial bonds Series A—due 1st August, 1946-1957.....	3,250,000.00	3,000,000.00
 CAPITAL STOCK AND SURPLUS:		
Capital Stock		
5½% Cumulative preference stock		
Authorized		
75,000 shares of \$100.00 each.....	<u>\$7,500,000.00</u>	
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)		
Common stock		
Authorized		
450,000 shares without nominal or par value		
Issued and fully paid—373,884 shares.....	711,253.00	711,253.00
Earned Surplus—including refundable portion of excess profits tax—as per attached statement.....		
	933,915.90	1,391,535.69
	<hr/>	<hr/>
	\$ 6,680,168.90	\$ 7,137,788.69
	<hr/>	<hr/>
	\$11,802,839.11	\$12,701,637.10

THE SHAREHOLDERS

In our opinion, the above Consolidated Balance Sheet and attached General Statement of Income and Expenditure and Statement of Earned Surplus are properly drawn up so as to exhibit a true and correct view of the state of the combined companies' affairs, and the results of the operations for the year, according to the best of our information and the explanations given to us and as shown by the books of the companies.

McDONALD, CURRIE & CO.,

Chartered Accountants.

DOMINION TAR & CHEMICAL COMPANY LIMITED

AND SUBSIDIARY COMPANIES

Consolidated General Statement of Income and Expenditure For the Year ended 31st December, 1945

Net Operating Profit—before making the following deductions.....		\$2,765,149.57
Interest on bonds.....	\$ 110,106.18	
Provision for depreciation and depletion..	470,011.03	
Provision for income and excess profits taxes.....	1,478,200.00	
		2,058,317.21
Net Profit for the year		\$ 706,832.36

Note: There has been deducted from the Net Operating Profit for the year 1945: Salaries and fees paid to executive officers—\$101,847.08; fees paid to other directors—\$4,610.00; legal fees—\$2,602.51; and there has been included profit on investments—\$890.30, and net investment income of \$27,329.62.

Consolidated Statement of Earned Surplus For the Year ended 31st December, 1945

Balance as at 31st December, 1944.....		933,915.90
Add: Net Profit for the year.....		706,832.36
		\$1,640,748.26
Deduct: Dividends on preference shares ...	276,925.00	
Dividend on common shares.....	93,471.00	
		370,396.00
Add: Increase in refundable portion of excess profits tax—		\$1,270,352.26
Estimate for 1945.....	176,695.00	
Adjustment for prior years.....	358.83	
		\$ 177,053.83
Reduction applicable to prior years resulting from re-negotiation of war contracts.....	55,870.40	
		121,183.43
Balance as at 31st December, 1945.....		\$1,391,535.69

TAR AND CHEMICAL DIVISION

Crude Tar	Phenol	Phthalic Anhydride
Refined Tar	Cresol	Dibutyl Phthalate
Special Tars	Orthocresol	Roofing Pitch
Road Building Tars	Meta Para Cresol	Paving Pitch
Wood Preserving Oils	Xylenols	Briquetting Pitch
Flotation Oils	Cresylic Acid	Electrode Pitch
Disinfectant Oils	High Coefficient Acids	Pitch Coke
Coal Tar Acids	Crude Naphthalene	

SALT DIVISION

Fine and Coarse Salt for all domestic, animal and industrial purposes, in bulk and containers.

SIFTO FREE RUNNING SALT—Plain and Iodized

McMURRAY FREE RUNNING SALT—Plain and Iodized

PURITY SALT—Plain and Iodized

ALEXANDER MURRAY DIVISION

Murray Registered Pitch and Gravel Roofs

Asphalt Roofing Products

Donnacona Insulation

Donnacousti

Donnacona Hardboard

Modernite (Pre-finished Hardboard)

Insulated Brick Siding

Dry and Saturated Sheathings and Felts

Rotar (for Better Roads)

FIBRE CONDUIT DIVISION

CORNWALL Fibre Conduit for UNDERFLOOR electrical distribution

CORNWALL STANDARD Fibre Conduit and NOCRETE Conduit for UNDERGROUND electrical distribution

NO-CO-RODE Fibre Pipe for Drainage and Sewage Disposal

THE ACE-TEX LINE

Asphalt Shingles . . . Roll Roofings . . . Slate Roofings

Roof Coatings . . . Roof Paints . . . Asphalts . . . Pitch . . . Coal Tar

Insulation Lumber . . . Floor Tiles . . . Building Paper

Sheathings . . . Felt

CREOSOTING DIVISION

CREOSOTED POLES—Telephone—Telegraph and Power Line

CREOSOTED PILING—Marine and Landwork

CREOSOTED STRUCTURAL TIMBERS

CREOSOTED CULVERTS—Round and Square

CREOSOTED TIMBER BRIDGES

CREOSOTED CROSS AND SWITCH TIES

CREOSOTED WOOD FLOORING BLOCKS

ZINC CHLORIDE LUMBER

PREFABRICATED TRUSSES AND BUILDING FRAMES

HEAD OFFICE

Twenty-second Floor
Sun Life Building
Montreal, Quebec
Research Laboratory, Ville LaSalle, P.Q.

NOVA SCOTIA

Tar Distilling Plant at Sydney
Creosoting Plant at Truro
Murray Products—Warehouse and Sales Office at Halifax

NEW BRUNSWICK

Creosoting Plant at Newcastle
Murray Products—Warehouse and Sales Office at Saint John

QUEBEC

Tar Distilling Plant at Ville LaSalle, Montreal
Creosoting Plant at Delson, near Montreal
Murray Products—Warehouse and Sales Office at Montreal
Storage Tanks and Wharf at Racine Pier, Montreal

ONTARIO

Tar Distilling Plant at Sault Ste. Marie
Tar Distilling Plant at Toronto
Tar Acid Plant at Toronto
Phthalic Anhydride Plant at Toronto
Dibutyl Phthalate Plant at Toronto
Fibre Conduit Manufacturing Plant at Cornwall
Creosoting Plant at Trenton
Creosoting Plant at Sudbury
Creosoting Plant at Sioux Lookout
Creosoting Plant at Fort William
Creosoting—Sales Office at Toronto
Salt Refinery at Sarnia
Salt—Sales Office at Toronto
Murray Products—Warehouse and Sales Office at Toronto

MANITOBA

Tar Distilling Plant at St. Boniface
Creosoting Plant at North Transcona
Murray Products—Warehouse and Sales Office at St. Boniface
Creosoting—Sales Office at Winnipeg

SASKATCHEWAN

Creosoting Plant at Prince Albert

ALBERTA

Salt Refinery at Waterways
Salt—Sales Office at Calgary
Creosoting Plant at Edmonton
Creosoting Plant at Calgary
Western Regional Office at Calgary

BRITISH COLUMBIA

Creosoting Plant at New Westminster
Creosoting Plant at North Vancouver
Creosoting—Sales Office at North Vancouver
Storage Tanks and Wharf at New Liverpool
Murray Products—Warehouse and Sales Office at Vancouver
Tar Distilling and Ace-Tex Products Manufacturing Plant at Vancouver

U.S.A.

Tar Distilling Plant at Duluth, Minn.
Warehouse and Sales Office at Minneapolis, Minn.

DEPENDABLE PRODUCTS

Donnacona Insulating Board

Insulating Lath and Roof Board

Donnacona Decorative Specialties

Donnacona Hardboard ("Tempered" and "Untempered")

Donnacona Modernite

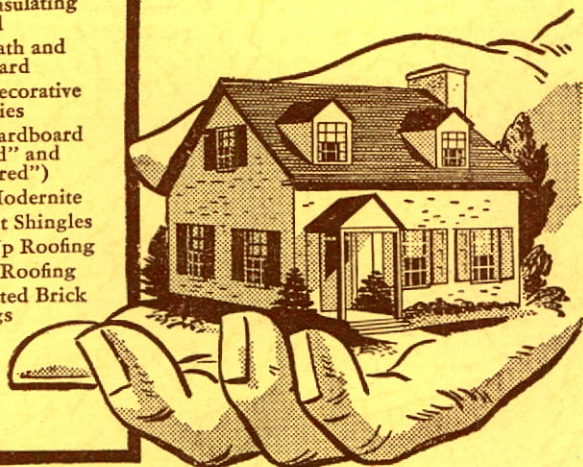
Murray Asphalt Shingles

Murray Built-Up Roofing

Murray Roll Roofing

Murray Insulated Brick Sidings

Fibreen
(The Better Building Paper)



A HELPING HAND... *for sound construction use* MURRAY BUILDING MATERIALS

When you build or renovate, choose Alexander Murray's materials —they will help provide you with freedom from repair bills, a lessening of depreciation, and the knowledge of future security.

Before you build or renovate, let us tell you about Alexander Murray's Products.

Alexander **MURRAY** & Company
LIMITED

MONTREAL TORONTO HALIFAX SAINT JOHN WINNIPEG VANCOUVER

Division of Dominion Tar & Chemical Company, Limited

