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ANNUAL REPORT 1947



CANADIAN INDUSTRIES LIMITED

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CANADIAN INDUSTRIES LIMITED

MONTREAL

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Transfer Agent, Registrar and Dividend Disbursing Agent
NATIONAL TRUST COMPANY, LIMITED, MONTREAL

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HIGHLIGHTS OF 1947

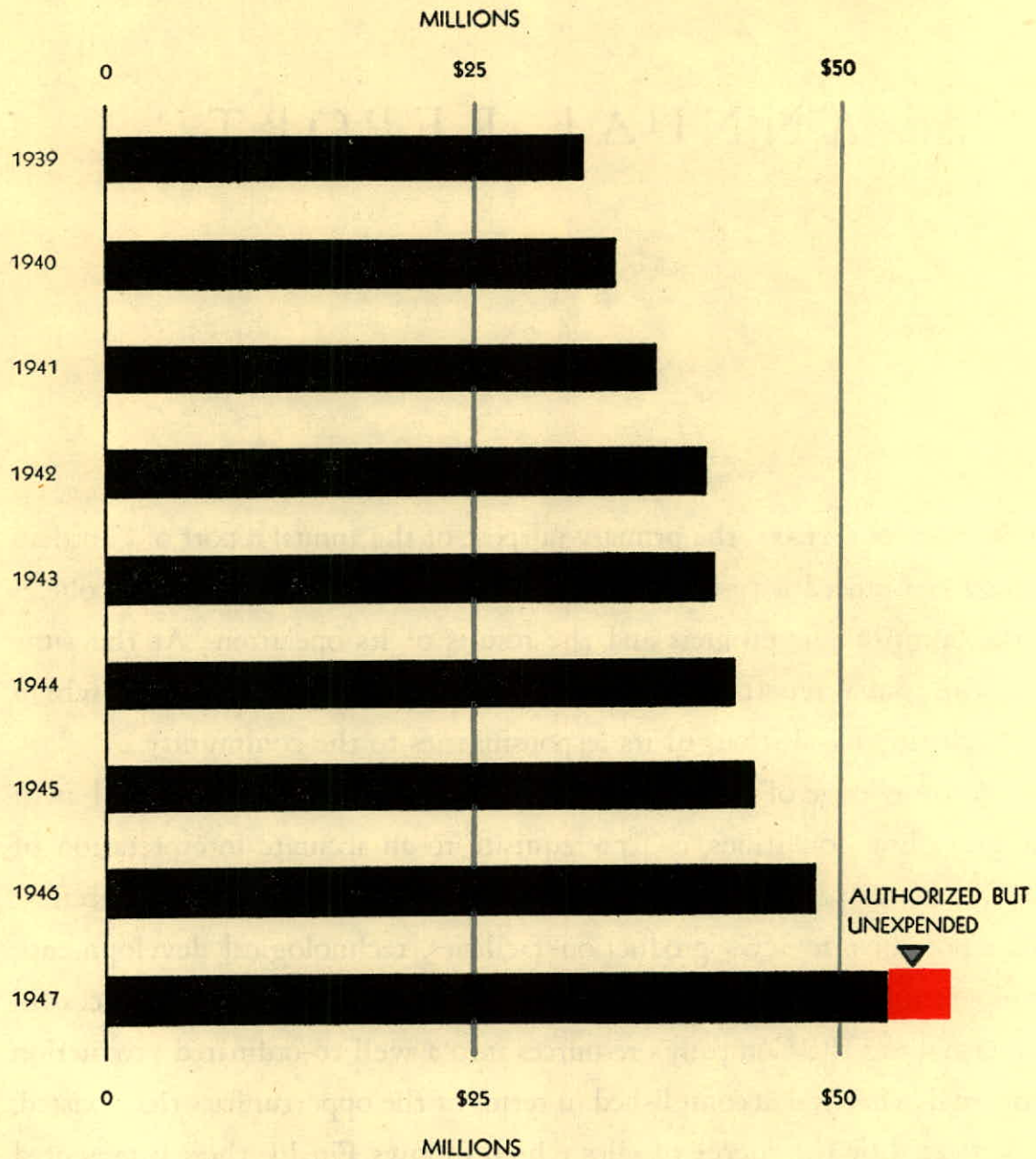
Sales	Increased 19% over 1946. Of this increase about one-third resulted from higher selling prices and the balance from greater volume of business.
Selling Prices	In 1947 average selling prices of C-I-L manufactured products advanced 7% as against an increase of 19% in Canadian general wholesale prices. Corresponding increases since 1939 were 11% and 71% respectively.
Profits	Net income was 15% higher than in 1946. The increase resulted largely from non-recurring investment income.
Common Share Earnings	Increased to 98 cents a share as compared with 84 cents a share in 1946.
Dividends	Payment of 75 cents a share on the common stock was 5 cents higher than in 1946. Regular dividends were paid on the preferred stock.
New Production Facilities	Expenditures totalled \$5,400,000 in 1947. Unexpended balances against projects authorized amounted to \$4,000,000.

ANNUAL REPORT

AS IN PREVIOUS YEARS the primary purpose of the annual report of Canadian Industries Limited is to keep shareholders informed concerning the policies of the Company, its progress and the results of its operations. At the same time, the annual reports provide a means of appraising the manner in which the Company has discharged its responsibilities to the community.

A knowledge of the resources available to management, as well as of the prevailing conditions, is a prerequisite to an accurate interpretation of the Company's progress. Before proceeding to an analysis of results, therefore, this report first reviews production facilities, technological developments, employment and markets. The extent to which management was successful in marshalling the Company's resources into a well co-ordinated production effort, and what was accomplished in terms of the opportunities that existed, are indicated by the survey of sales which follows. Finally, there is presented a summary of the financial results of operations.

PLANTS, BUILDINGS AND EQUIPMENT



The black bars represent the gross amount shown on the balance sheet for plants, buildings and equipment in each of the respective years.

The extension of the bar in 1947 shows the unexpended balance of authorized construction expenditures.

PRODUCTION FACILITIES

IN LESS THAN THIRTY YEARS, the facilities of the Company have grown from a nucleus of explosives factories to twenty-eight plants which produce large quantities of industrial chemicals and a wide range of related products. Plants owned by the Company are situated in six of the nine provinces, at locations determined according to principal markets or raw material sources.

The opportunities brought about by growing markets and chemical research were particularly marked during the past two decades and expansion in the production facilities of Canadian Industries Limited was almost continuous during the entire period. Despite the unsettling effects of a world-wide recession, the investment in plants, buildings and equipment increased by 87% between 1929 and 1939 and, except for a short interruption during the war years, the growth has been accelerated since that time.

This expansion program is the outcome of the Company's policy of undertaking manufacture as soon as it can be done economically in this country. Many such undertakings were aimed at the replacement by domestic production of materials formerly imported; but other construction projects arose out of new and broader markets for chemicals and related products already being manufactured by the Company. Large outlays have been required for the commercial development of new research findings. Additional expenditures have been made for renovation and modernization, and for changes in processes to promote maximum efficiency, to improve the quality of products and to utilize by-products. A sharp advance in construction costs has recently exerted a restraining influence, and the amount appropriated for new capital projects was curtailed during the latter part of 1947.

TECHNOLOGICAL DEVELOPMENTS AND RESEARCH

IN THE FIELD of research lies, in part, the solution to the problems of obtaining the maximum productive efficiency and the most effective utilization of Canada's resources. Research by the Company was again concentrated upon such objectives when the emphasis on wartime activities was terminated in 1945.

Broadly speaking, the long-term objectives of research activities are: first, to meet the expanding opportunities related to the fields in which the Company is at present engaged; second, to develop the utilization of Canadian raw materials; and third, to assist in solving production problems of Canadian industry by the use of chemicals. Although the benefits resulting from scientific work are usually of long-term rather than short-term significance, some of the results achieved in the Company's laboratories during the year were of immediate practical application.

In addition to the extensive research activities of its own organization, the Company has direct access on a reciprocal basis to the inventions and scientific knowledge of Imperial Chemical Industries Limited and E. I. du Pont de Nemours and Company.

EMPLOYEES

BECAUSE MANAGERIAL TALENT, technical knowledge and operating skill determine in large measure the rate of progress of an industrial enterprise, the men and women employed by the Company constitute one of its most important resources.

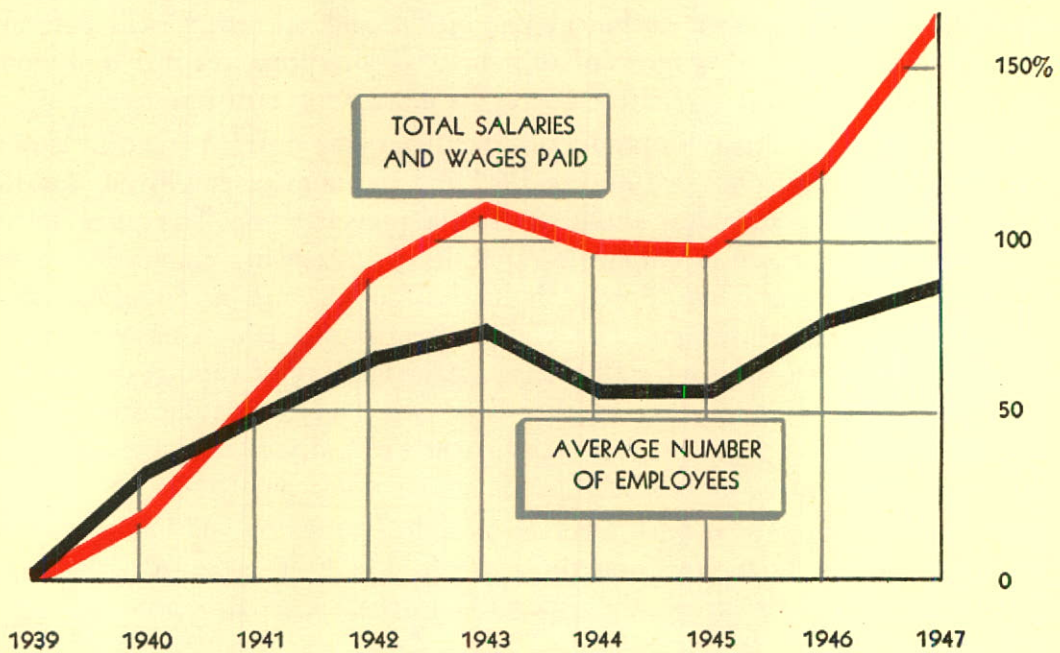
In line with the increase in production facilities, the upward trend in employment by the Company continued during 1947 and the number employed, totalling 7,300 at the end of the year, was about double the prewar level. To ensure that the most effective use is made of employee capabilities, increasing emphasis has been placed on employee training. Special induction courses are being given to aid younger employees entering industrial life, and continuing efforts have been made to give all levels of supervisory staff a clear understanding of their responsibilities and of their obligations in carrying them out effectively. Regular staff training courses are designed to help in the co-ordination of individual tasks with broad Company policies and objectives.

The closeness of the relationship between productive efforts and living standards is generally admitted, although sometimes overlooked by those vitally concerned. Yet recognition of this relationship, especially in these difficult times, is essential

NUMBER OF EMPLOYEES AND SALARIES AND WAGES

PERCENTAGE INCREASE SINCE 1939

█ TOTAL SALARIES AND WAGES PAID
█ AVERAGE NUMBER OF EMPLOYEES



if potential ability in any occupation is to become fully effective. Attainment of maximum efficiency in production has always been an objective sought by the Company through all the means at its command. In the field of employee relations it has constantly striven to maintain the highest possible standards of fair treatment, good working conditions, and payment commensurate with accomplishments. To such essentials of mutually satisfactory employee relations, have been added various industrial relations plans which help to increase employee effectiveness. Achievement of maximum efficiency in production, however, must always depend to a considerable extent upon the will to work displayed by employees.

An excellent example of the degree of success which can be reached through management leadership in conjunction with individual effort, is to be found in the record achieved in 1947 in the promotion of accident prevention and safety measures. The rates of accident frequency and severity for the year were the lowest in the Company's history and during the 13 million man-hours worked in operations, there occurred only 35 injuries involving any loss of time, and for the majority of these the period of absence was brief.

For a number of years the Company has provided entirely at its own expense paid vacations, allowances equivalent to regular wages for periods up to thirteen weeks in cases of temporary disability, and pensions to employees substantially incapable of continuing to perform normal duties. In addition it has sponsored a contributory plan to reduce the financial risks of illness and hospitalization. The annual co-operative savings plan was not renewed for the year 1948.

The change of greatest importance in industrial relations plans in 1947 was the revision of the Pension Plan which has been in effect since 1919. The revised Plan, which introduces the principle of a fixed retirement age and minimum pensions, continues to be operated entirely at the Company's expense and has been renamed the Retirement and Disability Pension Plan.

In referring to the men and women employed by the Company as constituting one of its most important resources, it is not forgotten that the results achieved collectively are the sum total of individual performance. From its knowledge of the Company's organization the Board is able to assure shareholders that employees have discharged their duties with such efficiency and ability as to inspire confidence in the continued progress of the Company. To the extent that words can add to the Company's recognition of employees' efforts, the directors consider it a privilege to record, on behalf of the shareholders, their appreciation of the measure to which the men and women employed by the Company were responsible for its accomplishments in 1947.

PRODUCTS AND MARKETS

THE CLOSE INTER-RELATIONSHIPS of a great majority of its products provide the Company with a sound basis for growth and development. Many of the chemicals manufactured, despite their diversified uses, are related to one another through either common raw materials or similar production processes. The trend towards more varied types of products has been stimulated by the opportunities presented for utilization of by-products and the possibilities of creating new materials from different combinations of basic chemicals.

The activities of the Company are still closely related to conditions in Canada's primary and manufacturing industries. Nevertheless, considerable progress has resulted from the entry into new markets, in line with the Company's policy of concentrating on the development of new products. One of the major underlying trends can be traced to the impetus derived from the growing demand for chemicals as essential raw materials for the consumer goods industries. Another contributory factor in the diversification of sales has been the development of opportunities for the use of chemicals to increase the productive efficiency of other industries. In addition to the large portion of the Company's manufactured goods which serve as essential raw materials for Canada's export industries, such as pulp and paper, mining and agriculture, recent years have witnessed a marked growth in direct export by the Company. This volume of business was further expanded during 1947 as increased supplies became available and the large foreign demand continued.

The relative importance of many of the Company's products has undergone a noticeable alteration since prewar years. The greatest forward strides have occurred in sales to the textile industry following the manufacture by the Company of nylon

yarn. The growth in the sales of other products such as paints, lacquers and varnishes and coated fabrics, which also serve the consumer goods industries, has been exceedingly marked. Sales of agricultural chemicals have been advanced by the large demand for farm products. In the field of industrial chemicals the rate of expansion has been more moderate although output has kept pace with the increase in the nation's production facilities. The change in relative importance has been largely at the expense of sales of commercial explosives, the growth of which has been impeded by the curtailment in gold mining. The net result of the changes in recent years, however, has been a greater diversification of output with a lessening of the dependence on any one particular market.

SALES

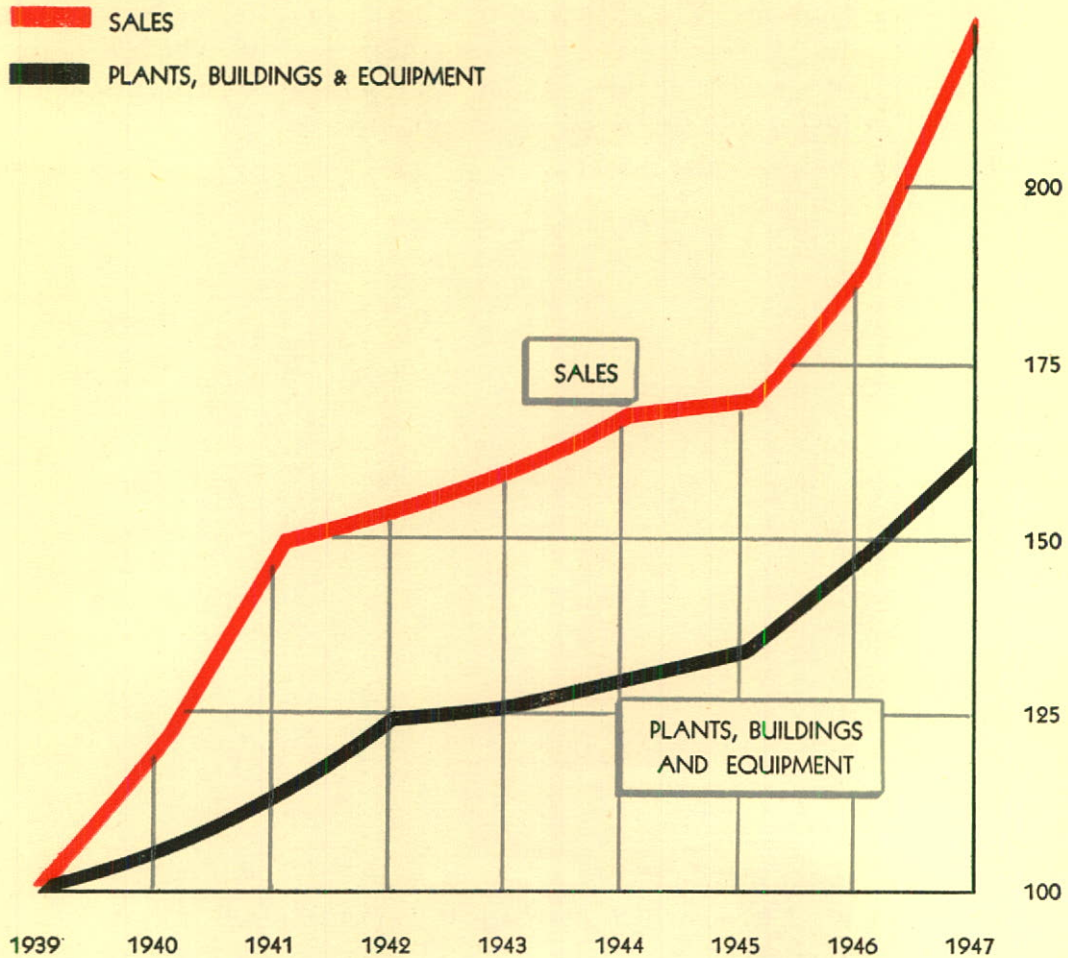
CONTINUING THE upward trend which has been in evidence in all but one of the past fifteen years, total sales of Canadian Industries Limited for 1947 were 19% higher than in 1946. The considerable improvement in the actual volume of goods sold was made possible by extensive additions to manufacturing facilities, greater availability of manpower and better supplies of raw materials. About one-third of the advance in sales was caused by increased selling prices.

The largest increase over the preceding year occurred in sales of nylon yarn because there was a ready market for output from the enlarged plant after satisfying the greater part of the deferred demand for hosiery. Additional productive capacity made possible an increase in sales of "Cellophane" cellulose film; but some requirements cannot be met until the current plant expansion program is completed.

GROWTH OF THE COMPANY SINCE 1939

INDEX BASE 1939 = 100

INDEX



IN THE YEARS FOLLOWING 1941 AN INCREASE IN SALES WAS LARGELY DEPENDENT ON A PROPORTIONATE EXPANSION IN MANUFACTURING FACILITIES

SALES: The dollar value of sales expressed in index form.

PLANTS, BUILDINGS AND EQUIPMENT: The gross amount shown on the balance sheet for plants, buildings and equipment expressed in index form.

The demand for agricultural chemicals continued at a high level despite adverse crop conditions, but the volume of shipments was retarded by raw material shortages and transportation difficulties. Owing to uninterrupted production, sales of salt were sharply higher than in the preceding year.

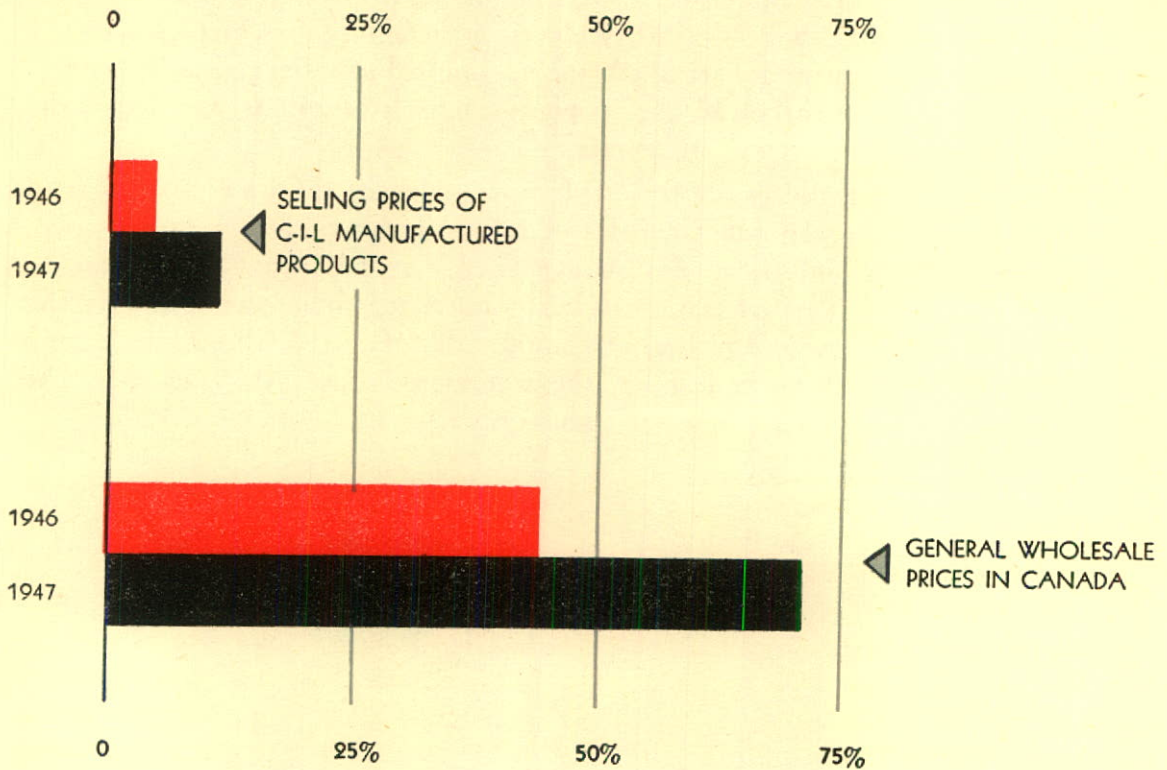
Continuing the improvement experienced in 1946, sales of commercial explosives underwent a marked expansion in response to the demand brought about by greater activity in base metal mining and new construction. Capacity operations are not likely to be regained, however, until the present difficulties of the gold mining industry are overcome. Sales of ammunition, aided by improved raw material supplies, continued to expand and reflected not only more general use by farmers and hunters, but also resumption of activities by organized gun clubs and the revived interest in the practice of target shooting.

The high rate of activity in base metal mining, pulp and paper, and other basic industries more than sustained the consumption of industrial chemicals. Sales of caustic soda, chlorine and sulphuric acid were maintained at high levels, throughout the year, while certain other chemical products, manufacture of which was undertaken in recent years, showed marked advances. Limited supplies retarded business in dyestuffs, but sales of carbon black, pigments, and refrigerants were aided by the gradual recovery of peacetime industries.

That consumer demand is not insatiable was evidenced by the decline in sales in 1947 of certain plastic products. Sales of paints, lacquers, and varnishes were higher than in 1946, and there was an expanded demand from the automotive industry. Shortages of various raw materials necessitated some curtailment in the production of certain types of finishes. Although sales of coated fabrics for wearing apparel and furniture coverings declined, the decrease was more than offset by the larger requirements of the automotive industry.

SELLING PRICES

THE ADVANCE IN THE SELLING PRICES OF C-I-L MANUFACTURED PRODUCTS SINCE 1939 IS COMPARED WITH THE INCREASE IN GENERAL WHOLESALE PRICES.



The index of SELLING PRICES OF C-I-L MANUFACTURED PRODUCTS is based on a weighted yearly average of the prices of a large number of representative manufactured products.

The index of GENERAL WHOLESALE PRICES IN CANADA is based on the annual average of the monthly indexes of wholesale prices compiled by the Dominion Bureau of Statistics.

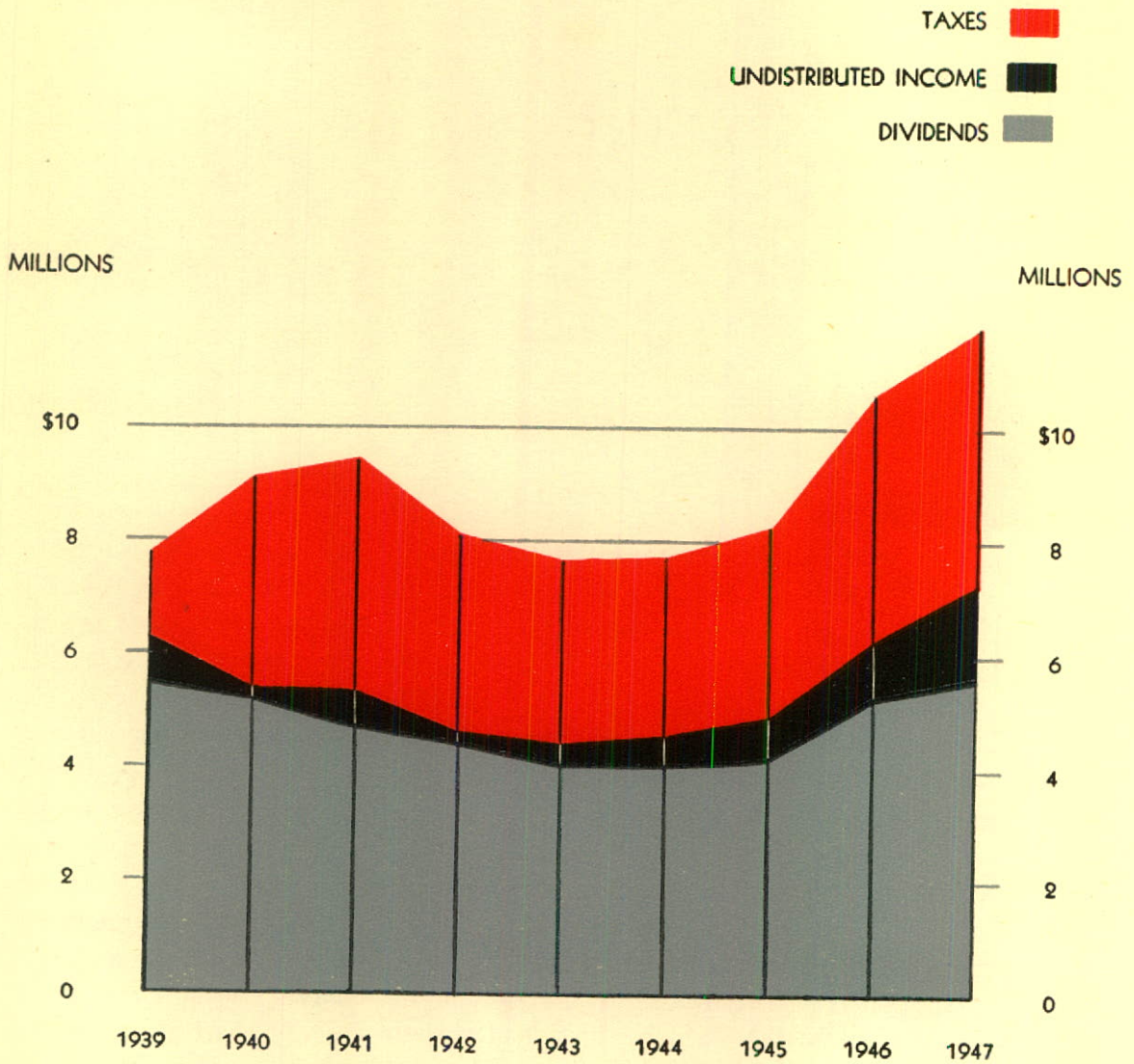
SELLING PRICES

IT HAS ALWAYS been a policy of Canadian Industries Limited to strive for price reductions, but in 1947 the Company was obliged to increase the selling prices of a number of products. Nevertheless, the selling price index of the Company's manufactured products for 1947 was less than 7% above the level of the previous year as against a comparable rise of 19% in the Canadian index of general wholesale prices. The advances in selling prices were less than the amounts necessary to compensate for higher costs and were not based on the present temporary supply-demand position.

The weighted average hourly rate for wage earners in comparable jobs in the Company's plants for the full year 1947 was 68% higher than in 1939, and over the same period an increase of approximately 52% took place in average costs of raw materials. Yet, for 1947, the selling price index of the Company's manufactured products was only 11% higher than in the last prewar year. This relatively small percentage increase in the selling price index of the Company's products compared with a rise of approximately 71% in the Canadian index of general wholesale prices during the same period. Selling price revisions were on a selective basis as the prices of some products were reduced and others remained unchanged.

TAXES, DIVIDENDS AND UNDISTRIBUTED INCOME

FOR THE YEARS 1939 TO 1947



TAXES include federal income and excess profit taxes and provincial income taxes.

UNDISTRIBUTED INCOME is that part of the current year's income not paid out in dividends.

DIVIDENDS include the amounts declared on preferred and common shares.

FINANCIAL RESULTS

Earnings

NET INCOME FOR 1947, comprising profits from operations and income from investments, exceeded the preceding year by 15% and common share earnings advanced from 84 cents to 98 cents a share.

The large additions in recent years to the Company's manufacturing investment and the resulting increase in volume of sales were reflected in higher profits in 1947, but the greater part of the increase in earnings over the preceding year resulted from non-recurring investment income.

The advance in net income from operations was not in proportion to the additions made to plants, buildings and equipment because of the continuing efforts by the Company to resist advancing selling prices in the face of rising costs. These factors are illustrated in the following table:

OPERATING AND FINANCIAL INDICES

1939 = 100

	Sales	C-I-L Selling Prices	Canadian Wholesale Prices*	Operating Investment** (Gross)	Net Operating Income*** (After Taxes)
1936	75	103	99	82	71
1937	93	101	112	90	88
1939	100	100	100	100	100
1946	187	104	144	145	89
1947	222	111	171	166	95

*Yearly Averages of D.B.S. Monthly Index.

**Includes Working Capital.

***Excludes Investment Income.

As selling price increases have been kept to the minimum, the relationships between costs, prices and profits are becoming increasingly distorted. Profits may, therefore, be vulnerable to any marked reduction in the volume of sales. The Company has, however, followed a policy of emphasizing the commercial development of new products with a view to stimulating growth and achieving a greater diversification in its operations.

The major contribution to increased 1947 earnings made by higher investment income was the result of substantial non-recurring dividends from subsidiary companies out of the surplus of prior years. As stated in previous reports, Defence Industries Limited suspended dividend payments for several years preceding the establishment of its standard profit by the Board of Referees in 1946. The balance of that company's accumulated earnings, after taxation, was distributed in 1947 as its operations had ended. A non-recurring dividend was also received from McArthur Chemical Co. Limited. Higher dividends were paid by General Motors Corporation, but the dividend from Dunlop Tire and Rubber Goods Company Limited remained unchanged.

Provision for income and excess profits taxes on the profits of Canadian Industries Limited for 1947, amounted to \$4,591,000 and was \$306,000 higher than in the preceding year. Effective 1st January 1947, reductions were made in the basic Dominion corporation income tax rate and in the excess profits tax rate applicable to profits above standard. Provincial corporation taxes, however, were reimposed, so that combined tax rates remained above 50% on top income.

Dividends

Having regard to the heavy long-term capital needs of the Company, it was considered desirable to reduce somewhat the proportion of earnings paid out in dividends, and the amount of \$1,600,000 added to earned surplus in 1947 compared with \$1,000,000 in 1946. Dividends amounting to 75 cents a share declared on the common stock were 5 cents a share higher than in 1946. Payments of 17½ cents a share in each of the first three quarters of the year were followed by a final distribution of 22½ cents a share, in respect of 1947 profits, payable in January 1948. Regular dividends were paid on the cumulative 7% preferred stock.

Balance Sheet

The necessity for a more active employment of funds in inventories and customers' accounts, together with expenditures for new construction, contributed to the reduction of over \$4,000,000 in cash and marketable securities from the end of 1946. Higher raw material prices and production costs were a major factor

in the increased value of inventories, but the greater availability of some goods previously in short supply permitted the maintenance of a more adequate stock position. Although goods on hand were kept at minimum levels consistent with operating requirements, it was considered prudent to provide a reserve as a limited safeguard against a possible drop in inventory values.

Expenditures on plants, buildings and equipment amounted to \$5,374,000 in 1947. New projects authorized during the year totalled almost \$3,000,000 and were considerably less than in 1946, as rising costs and construction difficulties generally made it desirable to limit further expansion pending more favourable conditions. A total of \$3,981,000 remained at 31st December 1947 to be spent to complete projects authorized.

Final charges against the war contingencies reserve were made in 1947 to write off the undepreciated portion of facilities which were constructed for war purposes and which had become obsolete. The balance in the Employees' Benefit Plan reserve was no longer required following the return of all employees from active war service. The remaining balances in these two reserves, amounting together to over \$1,000,000, were therefore transferred to the reserve for the Retirement and Disability Pension Plan.

Bonus Plan

For the past twenty-four years the Bonus Plan has made it possible to reward those employees who have contributed most to the Company's progress by their ability, efficiency and initiative. In accordance with the provisions of the Plan, the Board of Directors establishes each year, when earnings are adequate, a fund of not more than 15% of the amount by which the net income of the Company, after all charges, exceeds 6% of the issued capital stock and earned and capital surplus; the investment in shares of General Motors Corporation and the income therefrom are excluded in calculating the amount of the fund. A committee of directors who are not salaried officers of the Company and who do not participate in the fund is appointed annually by the Board of Directors to decide on the individual awards.

For the year 1947 awards were made to 254 employees including the President and Managing Director, and the First Vice-President who is also a director of the Company. Under the terms of the Plan the awards are delivered to employees in four equal annual instalments and, as experience has shown that interest in the progress of the Company is encouraged by stock ownership, the form of delivery of the first quarter of the 1947 award will be partly in common stock to be issued by the Company and partly in cash. The Bonus Committee is empowered to decide the extent to which the remaining instalments, as they become due, will be delivered in the form of cash or shares or both.

SUBSIDIARY AND OTHER MANAGED COMPANIES

OPERATIONS OF Defence Industries Limited were concluded in 1947 with the transfer to Canadian Industries Limited of the subsidiary company's responsibilities under the contract to complete construction of the atomic energy plant at Chalk River for the Government. Accordingly, a repayment of capital of over \$1,600,000 was made. The balance of the investment will be returned as the refundable portion of excess profits tax is collected. During 1947 the Company's total holding of shares in McArthur Chemical Co. Limited was sold.

Sales and profits of the three subsidiary companies, Alchem Limited (formerly Aluminate Chemicals Limited), Canadian Hanson and Van Winkle Company Limited and Canadian Safety Fuse Company Limited, showed advances over 1946, as the greater availability of materials made possible increases in output of a variety of products. Some new capital was invested to provide for plant expansion programs of these companies; the cost of the total investment at 31st December 1947 was less than 2% of the total assets of Canadian Industries Limited.

In the other managed companies, Cornwall Chemicals Limited and Dunlop Tire and Rubber Goods Company Limited, sales again increased as expanded facilities and improved availability of raw materials made greater output possible. Negotiations under way at the end of the year recently culminated in the sale by Canadian Industries Limited of its total holding of shares in Dunlop Tire and Rubber Goods Company Limited. The shares represented only a minority interest.

DIRECTORS

AT THE BEGINNING of the year, J. Thompson Brown retired from the Board after having been a director of the Company for almost twenty-seven years. His resignation was accepted with much regret and the Board extended to him the sincere thanks of the Company for his untiring devotion to its interests. In February 1947 Walter J. Beadle was appointed to fill the vacancy.

After the close of the year the sad news of the death of George W. Spinney, C.M.G., was received. Mr. Spinney had served as a director since April 1943. In their tribute to his memory, the members of the Board expressed their sorrow at the untimely loss of one who was held in such high esteem for his able counsel and was so warmly regarded by his associates.

CONCLUSION

THROUGHOUT THE YEAR 1947 the volume of demand in Canada was much in excess of the nation's productive resources. From industry was expected a recognition not only of the importance of maximum productive effort and efficiency, but also of the need of its support in tackling other problems facing the country as a whole. In such circumstances, some of management's efforts had to be expended on matters beyond the field of production and distribution, but the Board believes that in endeavouring to develop and follow policies and practices which further the best national interests, the Company serves also the best interests of customers, employees and shareholders.

On behalf of the Board of Directors,

G. W. HUGGETT,
President and Managing Director.

25th March, 1948,
MONTREAL, CANADA.

AUDITORS' REPORT TO THE SHAREHOLDERS

Canadian Industries Limited,
Montreal.

We have audited the books of account and financial records of Canadian Industries Limited for the year ended 31st December, 1947, and have obtained all the information and explanations we have required.

The inventories shown on the attached Balance Sheet have been determined and certified by the management of the Company.

In accordance with Section 114 of the Dominion Companies Act, we report that dividends received from subsidiary companies during the year 1947 and included in the attached accounts exceed by \$1,151,594 the Company's share of the aggregate profits of the subsidiary companies for the year and to that extent have been paid from earnings of prior years.

We certify that, in our opinion, the attached Balance Sheet and relative Statements of Income and Surplus are properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs as at 31st December, 1947, and the result from operations for the year ended that date, according to the best of our information and the explanations given to us and as shown by the books of the Company.

P. S. ROSS & SONS,
Chartered Accountants.

Montreal, 26th February, 1948.

CANADIAN INDUSTRIES LIMITED

STATEMENT OF INCOME AND EARNED SURPLUS

FOR THE YEAR ENDED 31ST DECEMBER, 1947

Income from operations after charging all expenses including depreciation and providing a reserve against future losses in inventory values		\$ 9,696,616
Income from investments	\$ 2,040,002	
Profit on sale of marketable securities	<u>17,250</u>	<u>2,057,252</u>
		\$11,753,868
Reserve for income and excess profits taxes		<u>4,591,100</u>
NET INCOME FOR THE YEAR		\$ 7,162,768
Dividends:		
Preferred 7% cumulative stock	\$ 325,500	
Common stock (75 cents per share)	<u>5,251,058</u>	<u>5,576,558</u>
		\$ 1,586,210
Earned surplus at 1st January, 1947		<u>8,129,895</u>
EARNED SURPLUS AT 31ST DECEMBER, 1947		<u><u>\$ 9,716,105</u></u>

NOTE: Included in the expenses charged against income from operations are the following items: depreciation \$2,599,875, remuneration of executive officers including bonus awards \$354,430, directors' fees \$19,682 and legal expenses \$13,331.

STATEMENT OF CAPITAL SURPLUS

FOR THE YEAR ENDED 31ST DECEMBER, 1947

Capital surplus at 1st January, 1947	\$15,576,140
Net gain on realization of assets in 1947	<u>94,098</u>
Capital surplus at 31st December, 1947	<u><u>\$15,670,238</u></u>

CANADIAN INDU

BALANCE SHEET AT

ASSETS		
CURRENT ASSETS		
Cash	\$ 4,646,079	
Dominion Government securities (Market value \$4,227,000)	4,199,889	
Accounts receivable, less reserve for doubtful accounts	7,143,086	
Customers	\$ 6,604,281	
Subsidiary companies	99,911	
Other accounts	438,894	
Inventories, valued at the lower of cost or market price, less reserve against future loss in inven- tory values.	<u>13,593,181</u>	\$29,582,235
DEFERRED CHARGES TO OPERATIONS		379,183
PORTION OF 1942 TAXES REFUNDABLE NOT LATER THAN 31ST MARCH, 1948		60,700
FIXED ASSETS		
Plants, buildings and equipment, based on the appraisals of the National Appraisal Company (1927 to 1929) adjusted by the Company's own engineers, with subsequent additions at cost	\$52,997,277	
Land, at cost	2,280,543	
Goodwill, patents and processes	<u>3,377,151</u>	58,654,971
Investments in subsidiary companies	\$ 1,267,133	
Shares in other companies (Including marketable shares, book value \$2,500,000, market value \$7,281,000)	<u>3,787,800</u>	<u>5,054,933</u>
		<u><u>\$93,732,022</u></u>

Approved on behalf of the Board,

G. W. HUGGETT
C. C. BALLANTYNE } Directors.

STRIES LIMITED

31st DECEMBER, 1947

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 4,225,672	
Subsidiary companies	684	
Dominion, provincial and municipal taxes	2,317,320	
Dividends declared	<u>1,656,692</u>	\$ 8,200,368

DEFERRED LIABILITIES		313,876
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RESERVES

Depreciation of plants, buildings and equipment	\$32,822,958	
Depreciation of securities	1,200,000	
Property self-insurance	1,537,805	
Retirement and disability pensions	<u>3,721,065</u>	39,281,828
(In addition \$3,107,770 is held in an irrevocable pension trust fund)		

CAPITAL STOCK

Authorized	Shares	
Preferred 7% cumulative stock (par value \$100)	75,000	
Common stock (no par value)	<u>13,500,000</u>	
Issued and fully paid		
Preferred stock	46,500	\$ 4,650,000
Common stock	7,001,410	15,899,607

CAPITAL SURPLUS		15,670,238
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EARNED SURPLUS (Including \$60,700 for the portion of 1942 taxes refundable not later than 31st March, 1948)	<u>9,716,105</u>	<u>45,935,950</u>
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\$93,732,022

NOTE: The balances of \$631,000 in the War Contingencies reserve and of \$377,435 in the Employees' Benefit Plan reserve were transferred to the reserve for pensions.

This is the Balance Sheet referred to in our attached report of even date.

P. S. ROSS & SONS, Chartered Accountants.

Montreal, 26th February, 1948.

CANADIAN INDUSTRIES LIMITED

PRODUCTS

AGRICULTURAL CHEMICALS AND SALT GROUP

Agricultural chemicals including compound fertilizer, superphosphate, insecticides, fungicides, seed disinfectants, weed killers, mineral and vitamin feeding supplements for livestock.

Salt in all grades for household, agricultural and industrial uses.

Halifax, N.S.; Beloeil and Montreal, Que.; Chatham and Hamilton, Ont.; New Westminster, B.C.
Windsor, Ont.; Neepawa, Man.

"CELLOPHANE" AND NYLON GROUP

Plain transparent and moistureproof "Cellophane" cellulose film.

Nylon yarns and nylon staple fibre for the textile industry.

Shawinigan Falls, Que.
Kingston, Ont.

CHEMICAL GROUP

Organic and inorganic chemicals including: acids, commercial and C.P.; ammonia and other refrigerant gases; bleaching powder; caustic soda; chlorinated solvents; chlorine; chloroform; colours and pigments; dyestuffs and intermediates; fluxes; hydrogen peroxide; mining, petroleum and rubber chemicals; neoprene; silicates; sulphites and hyposulphite; zinc and ammonium chlorides; etc.

Shawinigan Falls, Que.; Copper Cliff, Cornwall, Hamilton, Toronto and Windsor, Ont.

EXPLOSIVES AND AMMUNITION GROUP

Small arms ammunition; loaded and empty shot shells and metallic cartridges; railway fuseses and track signals; motorists' flares; cartridge and shot shell components; primers and detonators. Resale products—explosive rivets.

Commercial explosives and blasting accessories.

Brownsburg, Que.

Beloeil, Que.; Nobel, Ont.; Brainerd, Man.; James Island, B.C.

FABRICS, PAINTS AND PLASTICS GROUP

Pyroxylin, natural and synthetic rubber and synthetic resin coated fabrics, and synthetic resin films for all purposes.

Paints, enamels, varnishes and lacquers for the aircraft, automotive, industrial, maintenance, marine, railway and retail trades; household cement and other specialties.

Nylon monofilament for brushes and fishing lines; tooth brushes, combs and specialties.

Resale products—thermoplastic and thermosetting plastics for moulders, fabricators and laminators; X-ray film and other photo products.

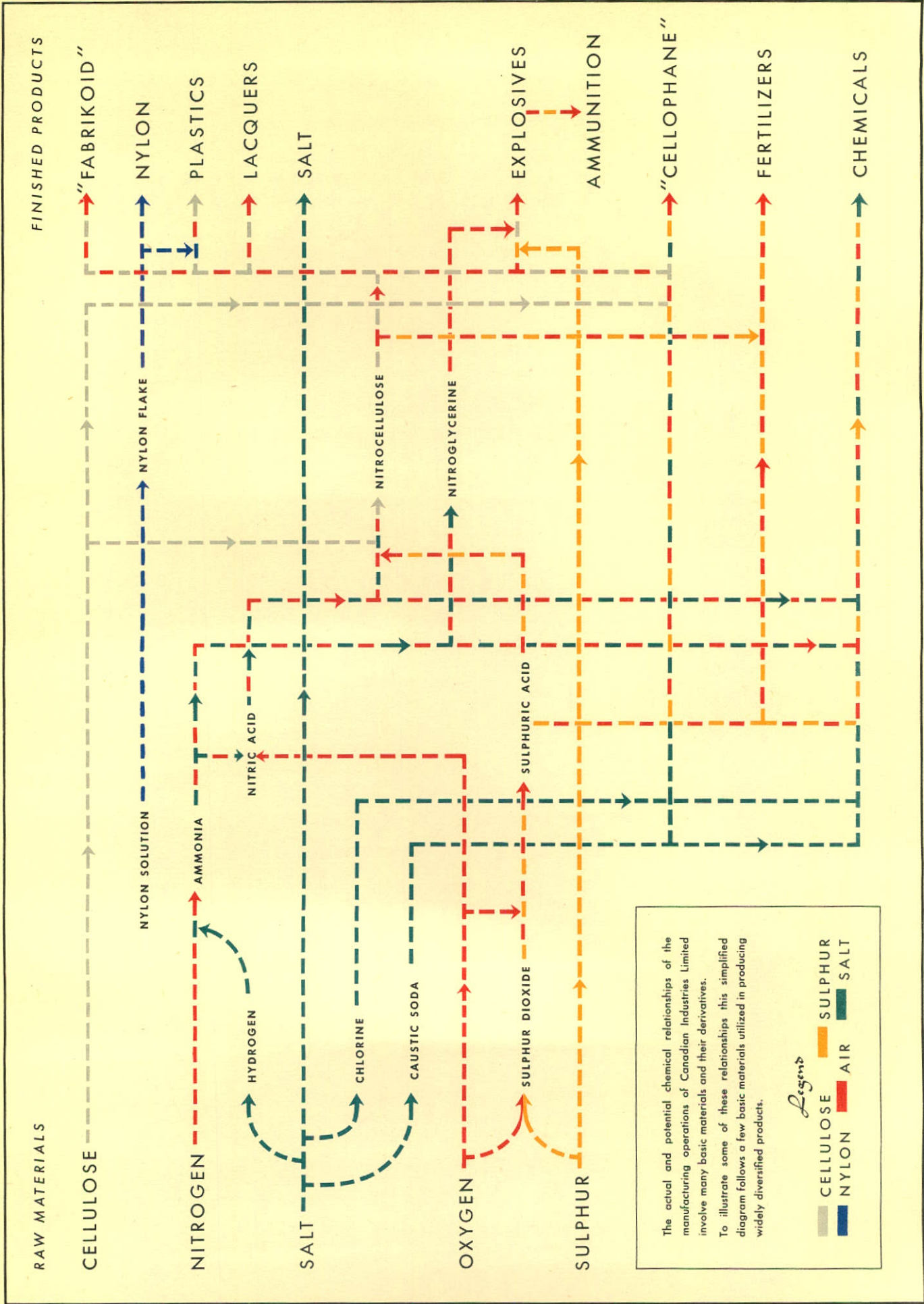
New Toronto, Ont.

Montreal, Que.; Toronto, Ont.; Regina, Sask.

Brownsburg, Que.

WORKS

SOME RAW MATERIALS AND FINISHED PRODUCTS OF C-I-L



SERVING CANADIANS



THROUGH CHEMISTRY

