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BUILDING PRODUCTS LIMITED

**38th
annual
report**

1962

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ANNUAL REPORT

TO THE SHAREHOLDERS OF

BUILDING PRODUCTS LIMITED

FOR THE FISCAL YEAR ENDED

DECEMBER 31 1962





BUILDING PRODUCTS LIMITED

BOARD OF DIRECTORS

JOSEPH HARRIS

JOHN E. MITCHAM

GEORGE W. HUGGETT

WILLIAM R. MCNEIL

JOHN D. JOHNSON

LUCIEN G. ROLLAND

LEONARD F. LONG

JOHN M. WELLS

R. BRUCE WEST

OFFICERS OF THE COMPANY

<i>Chairman of the Board</i>	WILLIAM R. MCNEIL
<i>President</i>	LEONARD F. LONG
<i>Executive Vice-President</i>	JOHN E. MITCHAM
<i>Vice-President — Manufacturing</i>	LESLIE J. NEWTON
<i>Vice-President — Sales</i>	ARTHUR B. WYNNE
<i>Vice-President</i>	ROY C. HALLER
<i>Secretary-Treasurer</i>	ROBERT W. JONES

AGENTS AND REGISTRARS

<i>Transfer Agent</i>	MONTREAL TRUST COMPANY, Montreal, Que. — Toronto, Ont.
<i>Registrar</i>	NATIONAL TRUST CO. LIMITED, Montreal, Que. — Toronto, Ont.
<i>Transfer Agent and Registrar</i>	BANK OF MONTREAL TRUST CO., New York, N.Y.
<i>Transfer Agent and Registrar</i>	MONTREAL TRUST COMPANY, Vancouver, B.C.

BUILDING PRODUCTS LIMITED

and subsidiary companies

Year at a Glance

	1962 (Note 1)	1961	1960	1959	1958
Net Sales Index (1957 equals 100).....	131.9	117.5	106.0	111.0	104.2
Net Income.....	\$ 534,315	\$ 501,126	\$1,314,321	\$1,590,028	\$1,345,135
Provision for Income Taxes	283,988	368,071	1,201,439	1,441,503	1,109,725
Depreciation.....	1,280,973	1,156,858	965,132	962,336	803,638
Dividends Paid.....	544,707	870,451	870,091	870,091	870,091
Net Additions to Fixed Assets.....	\$ 783,738	\$1,788,521	\$2,829,175	\$2,350,120	\$ 782,541
Wages, Salaries and Employee Benefits.....	7,986,258	6,831,741	6,739,423	6,882,869	6,808,860
Working Capital.....	5,476,312	4,808,477	6,272,028	6,806,855	7,547,438
Working Capital Ratio.....	1.86 to 1	1.85 to 1	2.39 to 1	3.87 to 1	5.95 to 1
Number of Shares (N.P.V.) Outstanding.....	484,184	484,184	483,384	483,384	483,384
Earnings per Share.....	\$ 1.10	\$ 1.03	\$ 2.72	\$ 3.29	\$ 2.78
Dividends per Share.....	1.125	1.80	1.80	1.80	1.80
Shareholders' Equity (Net Worth) per Share..	30.76	31.13	30.86	27.76	26.51
Average Number of Shareholders.....	2,981	3,154	2,978	2,948	2,807
Average Number of Employees.....	1,527	1,465	1,518	1,553	1,541

BUILDING PRODUCTS LIMITED

and subsidiary companies

Annual Report of the Directors to the Shareholders

The 38th Annual Report of the company for the year ended December 31, 1962 is presented herewith. This is a consolidated report of Building Products Limited and all of its subsidiaries.

Sales for 1962 exceeded the previous year by 12%. Earnings were \$1.10 per share compared to \$.92 per share which would have been shown by a fully consolidated report for 1961. The 1961 Report did not consolidate Bermico Products Limited as there was still a minority outside interest during part of that year.

As noted in my letter to Shareholders of June 14th, 1962, recovery from the adverse conditions that affected 1961 was not as rapid as we had expected. These adverse conditions included low price levels, continuation of starting up troubles in some of our new operations and the aftermath of the crippling strike at the Pont Rouge Board Mill which occurred in 1961. As a result, the directors felt it advisable to reduce the dividend and this was done as of the second quarter of 1962.

Sales and profits in January 1963 were better than those for January 1962. We anticipate that we will continue to show improvement through 1963. The extent of profit improvement will be dependent upon the success of our efforts in lowering costs, increasing sales and improving the price levels which prevail in some groups of products.

As of December 1, 1962, we acquired the assets and selling organization of the Carlon Division of Beardmore & Company Limited which had acted as the sales outlet for plastic pipe products manufactured by our Micro Plastics Division. Sales of these products have now been combined with those of our Bermico line into a Pipe and Conduit Sales Division. Sales of Bermico products were very satisfactory in 1962 and the combined line of plastic and bituminized fibre pipe and conduit products is getting a very favourable reception from distributors and users of these products.

Net additions to fixed assets for the year amounted to \$783,738. Principal items included in this total were completion of the new flooring plant at Hamilton, further additions to the

board mill at Pont Rouge, fixed assets acquired and new construction incidental to the acquisition of the Carlon Division and expansion of the Micro Plastics Division Plant at Acton, Ontario. Unexpended balance on approved projects at December 31, 1962 amounted to \$494,000.

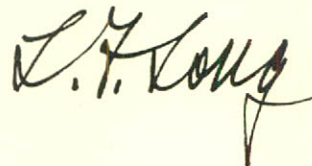
The general outlook seems to be for a continuation of a reasonably active rate of building, probably a small improvement over 1962. Institutional building in particular should continue at a good rate, resulting in good sales volume of ceiling and floor tile, as well as Built-Up-Roofing materials.

We report with deep regret the death of Mr. Philip R. Allen, which occurred in May 1962. Mr. Allen was very active in the formation of Building Products Limited and had served as its first President and later as Chairman of the Board of Directors. At the time of his death he was Honorary Chairman of the Board.

During the year, Mr. L. J. Newton was appointed Vice-President, Manufacturing, replacing Mr. Charles E. Turner, who retired.

The Directors wish to express their thanks and sincere appreciation for the co-operation and loyal effort of the employees during the year under review.

On behalf of the Board of Directors,

A handwritten signature in dark ink, appearing to read 'L. F. Long', with a stylized flourish at the end.

L. F. Long,
President.

February 14, 1963.

BUILDING PRODUCTS LIMITED

and subsidiary companies

Statement of Consolidated Income and Retained Earnings

For the year ended December 31 1962

	1962 (Note 1)	1961
Income from operations before taking into account the items shown below.....	\$ 2,334,557	\$ 2,185,202
Profit on sale of fixed assets.....	—	38,606
	\$ 2,334,557	\$ 2,223,808
Deduct:		
Allowance for depreciation.....	\$ 1,280,973	\$ 1,156,858
Contribution to employees' retirement income plan.....	235,281	197,753
	\$ 1,516,254	\$ 1,354,611
Income before income taxes.....	\$ 818,303	\$ 869,197
Provision for current income taxes (Note 4).....	\$ 219,067	\$ 291,056
Deferred income taxes (Note 2).....	64,921	77,015
	\$ 283,988	\$ 368,071
Net income.....	\$ 534,315	\$ 501,126
Retained earnings at beginning of year.....	13,065,528	13,434,853
Income taxes recovered in respect of prior years.....	31,107	—
	\$13,630,950	\$13,935,979
Deduct:		
Intangible assets acquired during year and written off.....	\$ 90,000	\$ —
Applicable portion of deficit at December 31 1961 of subsidiary not previously consolidated (Note 1).....	113,113	—
Dividends.....	544,707	870,451
	\$ 747,820	\$ 870,451
Retained earnings at end of year.....	\$12,883,130	\$13,065,528

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CONSOLIDATED BALANCE

ASSETS

	1962 (Note 1)	1961
CURRENT ASSETS:		
Cash.....	\$ 765,187	\$ 694,633
Accounts receivable, less allowance for doubtful accounts \$200,000.....	5,556,628	4,491,720
Income taxes recoverable.....	—	179,671
Raw materials, supplies and finished merchandise, valued at the lower of cost or market.....	5,404,431	4,927,527
Unexpired insurance, prepaid taxes, etc.....	98,248	136,862
Total current assets.....	\$11,824,494	\$10,430,413
 INVESTMENT IN SUBSIDIARY COMPANY		
(consolidated in 1962 — Note 1).....	\$ —	\$ 1,007,832
 FIXED ASSETS:		
Land, buildings, equipment, franchises, etc. — at cost.....	\$21,740,604	\$20,247,484
Less: Accumulated allowance for depreciation.....	11,253,072	9,968,245
	\$10,487,532	\$10,279,239
 SIGNED ON BEHALF OF THE BOARD:		
W. R. McNeil, Director		
J. D. Johnson, Director		
	\$22,312,026	\$21,717,484

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SHEET - DECEMBER 31 1962

LIABILITIES

	1962 (Note 1)	1961
CURRENT LIABILITIES:		
Short-term and demand notes payable.....	\$ 3,650,000	\$ 3,500,000
Accounts payable and accrued liabilities.....	2,601,194	2,111,368
Income and other taxes payable.....	96,988	10,568
Total current liabilities.....	<u>\$ 6,348,182</u>	<u>\$ 5,621,936</u>
PROVISION FOR PRODUCT GUARANTEES.....	<u>\$ 273,608</u>	<u>\$ 287,835</u>
DEFERRED INCOME TAXES (Note 2).....	<u>\$ 797,996</u>	<u>\$ 733,075</u>
SHAREHOLDERS' EQUITY:		
Capital stock (Note 3) —		
Authorized —		
650,000 shares without nominal or par value		
Issued —		
484,184 shares.....	\$ 1,509,110	\$ 1,509,110
Reserve for contingencies.....	500,000	500,000
Retained earnings.....	12,883,130	13,065,528
Total shareholders' equity.....	<u>\$14,892,240</u>	<u>\$15,074,638</u>
	<u>\$22,312,026</u>	<u>\$21,717,484</u>

BUILDING PRODUCTS LIMITED

and subsidiary companies

Notes to Consolidated Financial Statements — December 31 1962

1. The accounts of Bermico Products Limited, which became a wholly owned subsidiary during 1961, have been included in the consolidated accounts for the first time in 1962. The cost of the shares of this company exceeded the equity in net assets at the date of acquisition by \$142,083, which has been attributed to fixed assets in the consolidated accounts.
2. Maximum capital cost allowances, which exceed straight-line depreciation recorded in the accounts, have been claimed for income tax purposes. The resulting reduction of \$64,921 in current income taxes has been set aside as deferred income taxes which may become payable in those periods in which capital cost allowances will be less than the depreciation recorded in the accounts.
3. Options to purchase 11,550 unissued shares of the company were granted to officers and employees in 1962 out of a total of 21,400 shares available for options under the provisions of a plan adopted in 1962 which fixed the option price at 90% of the market price ruling on the business day next preceding that on which the options were granted. None of these options had been exercised at December 31 1962.
Under a previous option plan, options for 1,800 shares remained outstanding at December 31 1962.
4. The provision for current income taxes has been reduced by approximately \$91,000 by reason of the deduction of prior years' losses of a subsidiary company from its taxable income for 1962.
5. *Statutory information:* Remuneration of executive officers for the year 1962 was \$139,500, legal fees \$6,455, and directors' fees \$14,060.

AUDITORS' REPORT TO SHAREHOLDERS

We have examined the consolidated balance sheet of Building Products Limited and subsidiary companies as at December 31 1962 and the statement of consolidated income and retained earnings for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the companies, the accompanying consolidated balance sheet and statement of consolidated income and retained earnings are properly drawn up so as to exhibit a true and correct view of the state of the affairs of Building Products Limited and subsidiary companies as at December 31 1962 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Montreal January 31 1963.

PRICE WATERHOUSE & CO.
Chartered Accountants.

BUILDING PRODUCTS LIMITED

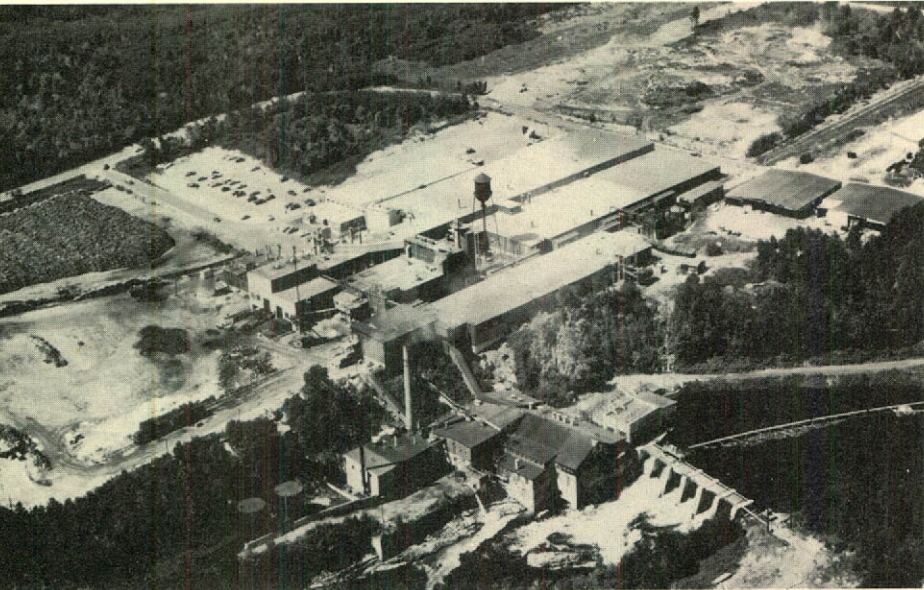
and subsidiary companies

Statement of Changes in Consolidated Working Capital

For the year ended December 31 1962

	1962 (Note 1)	1961
Working capital at beginning of year.....	\$ 4,808,477	\$ 6,272,028
Working capital of subsidiary, included in the consolidated accounts as at January 1 1962	189,191	—
	\$ 4,997,668	\$ 6,272,028
Working capital was provided from:		
Operations —		
Net income for the year.....	\$ 534,315	\$ 501,126
Add:		
Allowance for depreciation.....	1,280,973	1,156,858
Deferred income taxes.....	64,921	77,015
	\$ 1,880,209	\$ 1,734,999
Capital stock issued.....	—	26,000
Income taxes recovered in respect of prior years.....	31,107	—
	\$ 1,911,316	\$ 1,760,999
	\$ 6,908,984	\$ 8,033,027
Working capital was expended on:		
Dividends.....	\$ 544,707	\$ 870,451
Additions to fixed assets etc. (net).....	783,738	1,788,521
Acquisition of intangible assets.....	90,000	—
Investment in non-consolidated subsidiary.....	—	555,909
Other.....	14,227	9,669
	\$ 1,432,672	\$ 3,224,550
Working capital at end of year.....	\$ 5,476,312	\$ 4,808,477
Increase (decrease) in working capital.....	\$ 667,835	(\$ 1,463,551)

NEW AERIAL VIEWS OF PLANT LOCATIONS

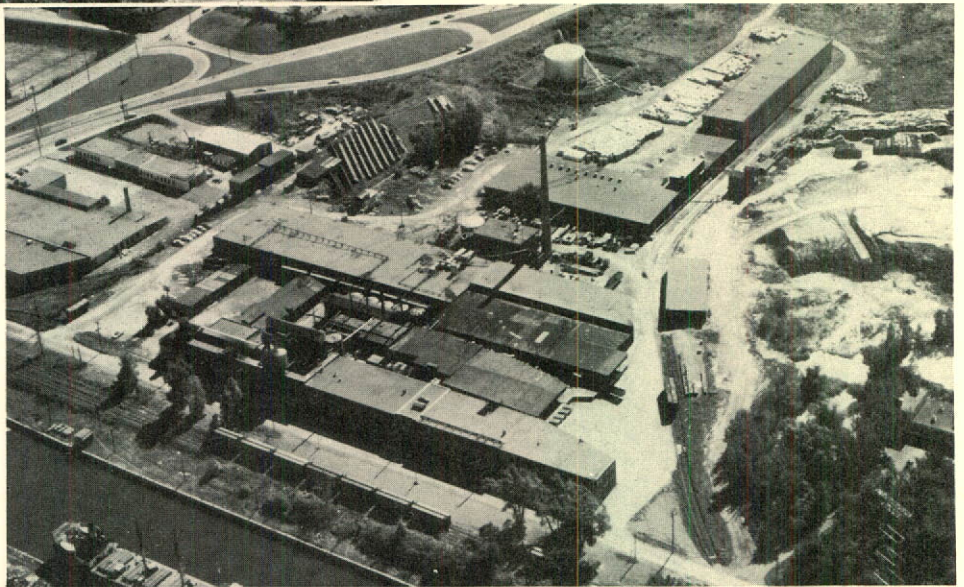


PONT ROUGE, QUE.

These two mills are located approximately 30 miles from Quebec City. One plant produces laminated Insul-Board in the form of rigid insulating panels or sheathing and as insulation in built-up roofing. The other plant manufactures Excel-Board homogeneous insulating products used for the above applications but suitable also for fabricating into decorative wall panels, wall plank and ceiling tiles as well as an attractive group of acoustical products.

MONTREAL, QUE.

This plant manufactures asphalt shingles, roll roofing, saturated felts, sheathing papers, indented felt, insulated sidings and paper for corrugated cartons. This is a stocking warehouse point for these products as well as for Bermico bituminized fibre pipe, Carlon plastic pipe and fittings, BP Flortile and Fiberglass home insulation. This warehouse ensures speedy delivery to customers throughout the Province of Quebec.



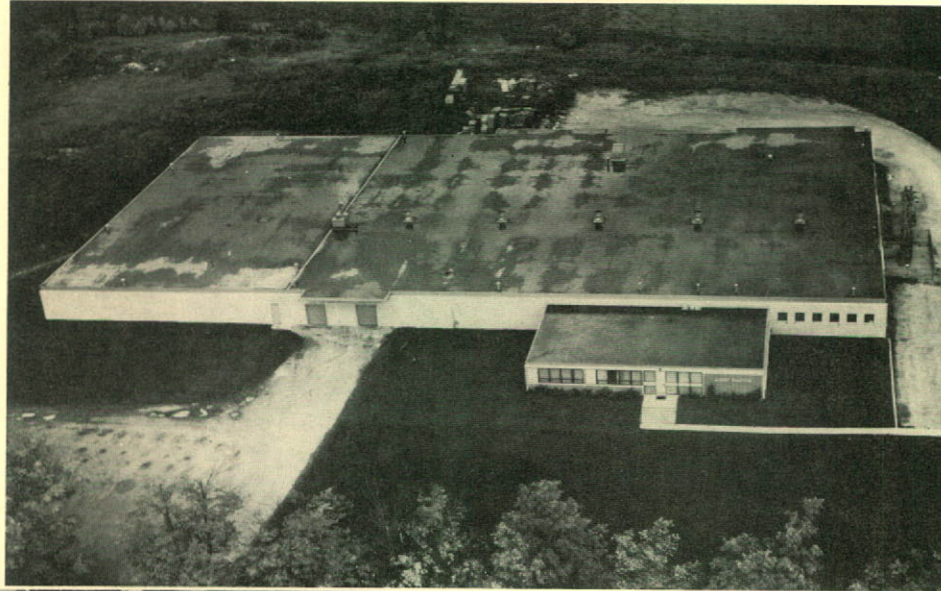
HAMILTON, ONT.

There are three mills located here, one producing asphalt shingles and roofing materials similar to those produced at Montreal. There is a modern flooring plant turning out acres of asphalt, vinyl-asbestos, rubber and solid vinyl floor tile as well as a pressed vinyl cove base. The third plant makes bituminized fibre sewer pipe and electrical conduit used in underground installations.

EXPANSION OF MANUFACTURING AND WAREHOUSING FACILITIES

ACTON, ONT.

This recently enlarged plant manufactures custom extrusions from most types of plastic resins in a wide variety of shapes as well as in plain and embossed sheets. A nearby plant is exclusively employed in the production of Carlon plastic pipe in an extensive range of sizes and lengths. The demand for plastic materials by the construction industry is increasing greatly each year.

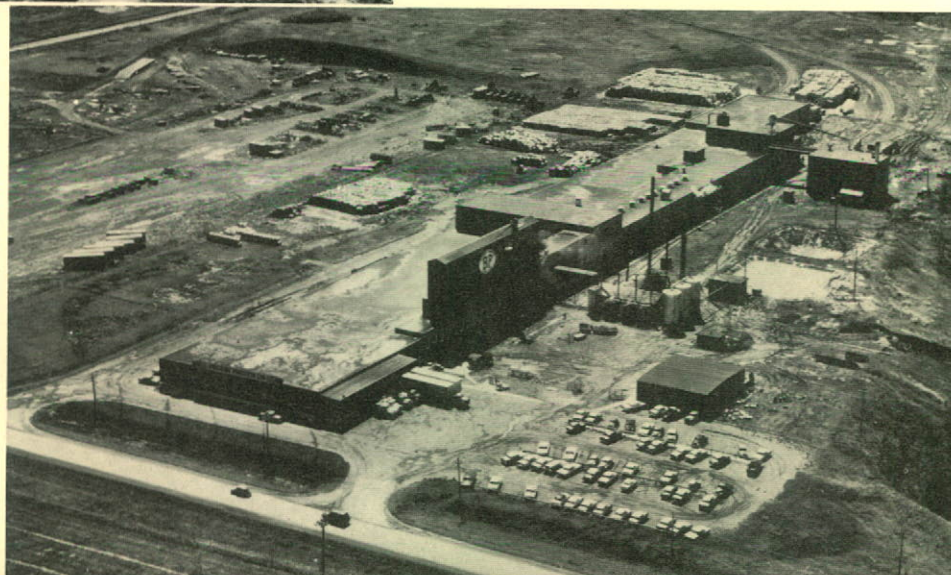


WINNIPEG, MAN.

Here we produce roofing materials similar to our Montreal production but in addition manufacture a wide range of paper board products, bituminous paints and cements as well as asphalt used in the application of built-up roofing. A separate mill is located at East Kildonan, a suburb of Winnipeg, where homogeneous wood fibre insulating board is made for use as exterior wall and roofing insulation.

EDMONTON, ALTA.

This large modern plant also manufactures asphalt shingles and other roofing materials, for the Western market. In this area we have another wood fibre insulating board plant located at Wabamun about 45 miles from Edmonton. Both plants have extensive warehousing facilities to provide overnight delivery to our customers.





WAREHOUSE SERVICING AT SALES LOCATIONS

Continuing expansion into more varied lines of building materials has necessitated the construction of additional space at warehouse points from Saint John, N.B. to Vancouver, B.C.

All plants, shown on preceding pages, carry large stocks of the products produced at these points but each district sales office maintains an inventory in their warehouse adequate to service the immediate requirements of the construction and building materials trades.

These Sales Offices, illustrated at left and reading from top to bottom, are located at:

- Vancouver, B.C.
- Edmonton, Alta.
- Winnipeg, Man.
- Toronto, Ont.
- Montreal, Que.
- Saint John, N.B.



A DIVERSIFIED GROUP OF BUILDING MATERIALS

Illustrated at the right, from top to bottom, are some of the many products we produce for the construction and industrial trades.

Decorative and acoustical ceiling tile which is available in a wide range of perforated and patterned effects.

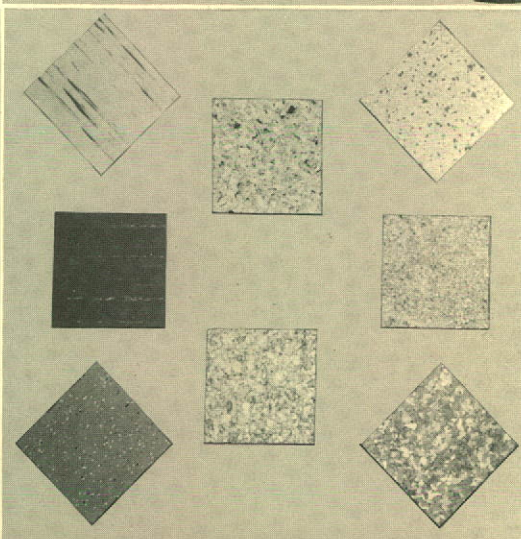
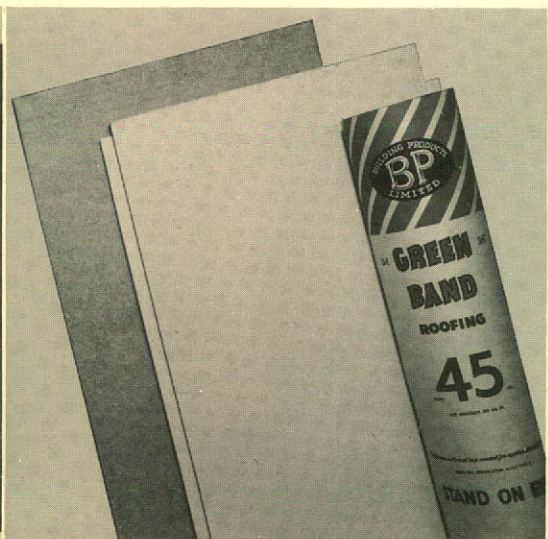
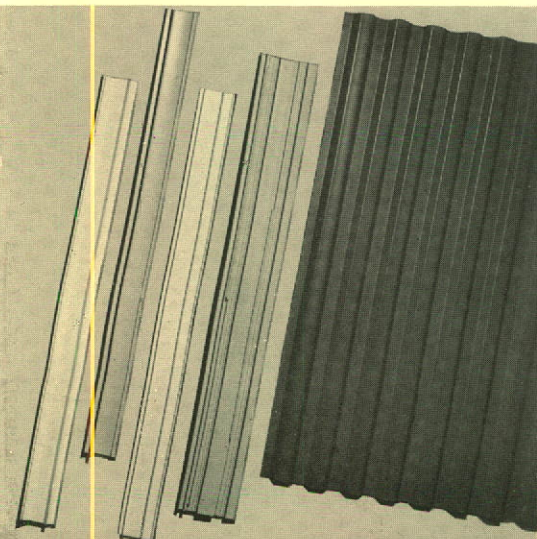
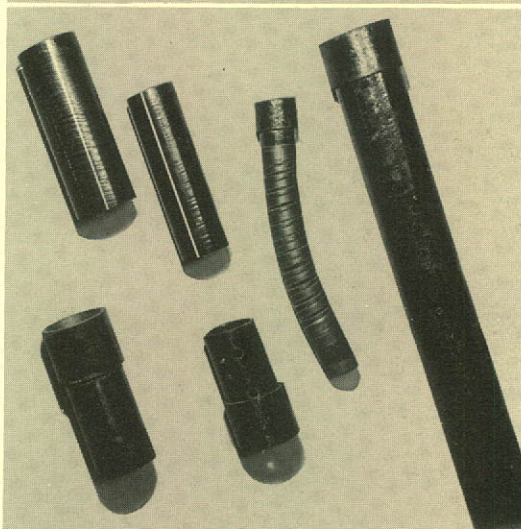
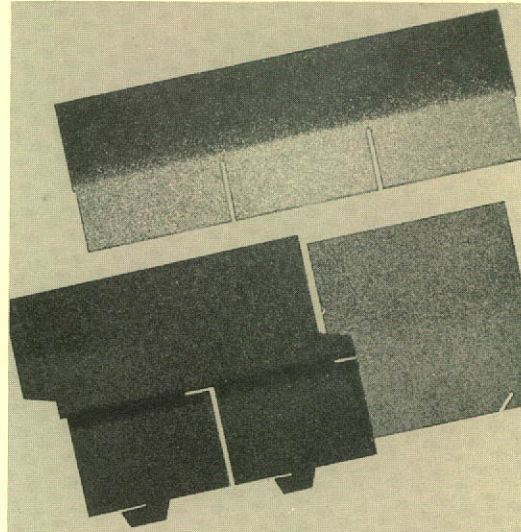
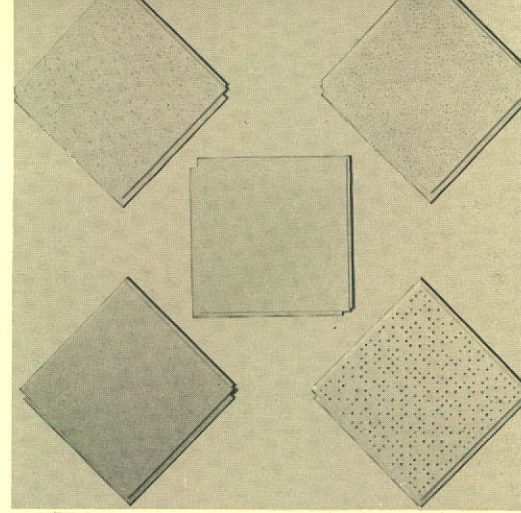
Asphalt shingles in six distinctive styles and scores of attractive solid and blended tones.

Strong, rigid bituminized fibre pipe and flexible plastic pipe for long-lasting underground installations.

Solid vinyl, rubber, vinyl-asbestos and synthetic elastomer floor tile in many patterns and over a hundred colours.

Insulating fibre board and building papers for flat deck roofing and exterior sheathing.

Extruded plastic panels and shapes used in the fabrication of many products for industrial and consumer use.





BUILDING PRODUCTS LIMITED



Robbins



TOWER



Micro
PLASTICS



BERMICO



fibreboard
MANUFACTURING LTD



CARLTON

CANADA'S LARGEST PRODUCER OF ASPHALT
ROOFINGS AND INSULATING BOARD PRODUCTS

Manufacturers of:—

BP ASPHALT SHINGLES
BP INSULATED SIDINGS
BP INSUL-BOARD PRODUCTS
BP INSUL-SHEATHING
BP EXCEL-BOARD DECORATIVE PRODUCTS
BP EXCEL-BOARD ACOUSTICAL TILE
BP EXCEL-SHEATHING
BP VINYL-ASBESTOS FLORTILE
BP ASPHALT FLORTILE
ROBBINS RUBBER AND VINYL FLOOR TILE
TOWER RUBBER AND VINYL FLOOR TILE
BP BUILT-UP ROOFING MATERIALS
BP ROLL ROOFINGS
BP BUILDING PAPERS
BP SATURATED & DRY SHEATHINGS
BP ROOF COATINGS, CEMENTS & PAINTS
BP CONTAINER BOARDS
BP GYPSUM PAPERS
BP PLASTIC SHEETS & EXTRUDED SHAPES
CARLON POLYETHYLENE PIPE
AQUAPIPE
BERMICO BITUMINIZED FIBRE PIPE & CONDUIT

Distributors of:—

FIBERGLAS BUILDING INSULATION
ESLON PVC PIPE & COUPLINGS
DURAPIPE FITTINGS
VULCATHENE FITTINGS

With Sales Offices At:

SAINT JOHN, N.B. MONTREAL, QUE. TORONTO, ONT. ACTON, ONT.
HAMILTON, ONT. WINNIPEG, MAN. EDMONTON, ALTA. VANCOUVER, B.C.

