

C

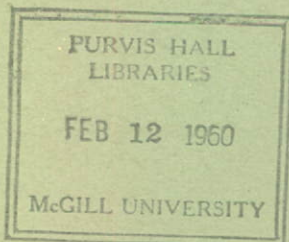
Stack

35th

Annual Report
1959



BUILDING PRODUCTS LIMITED



Annual Report

TO THE SHAREHOLDERS
BUILDING PRODUCTS LIMITED
FOR THE
FISCAL YEAR ENDING
DECEMBER 31st 1959



Year at a glance

	1959	1958
Net Sales Index (1957 equals 100)	111.0	104.2
Net Income	\$ 1,590,028	\$ 1,345,135
Provision for Income Taxes	1,441,503	1,109,725
Depreciation	962,336	803,638
Dividends Paid	870,091	870,091
Net Additions to Fixed Assets	\$ 2,350,120	\$ 782,541
Wages, Salaries and Employee Benefits	6,882,869	6,808,860
Working Capital	6,806,855	7,547,438
Working Capital Ratio	3.87 to 1	5.95 to 1
Number of Shares (N.P.V.) Outstanding	483,384	483,384
Earnings per Share	\$ 3.29	\$ 2.78
Dividends per Share	1.80	1.80
Shareholders Equity (Net Worth) per Share	27.76	26.51
Average Number of Shareholders	2,948	2,807
Average Number of Employees	1,553	1,541



BOARD OF DIRECTORS

PHILIP R. ALLEN

JAMES A. ECCLES, LL.D.

JOSEPH HARRIS, LL.D.

GEORGE W. HUGGETT

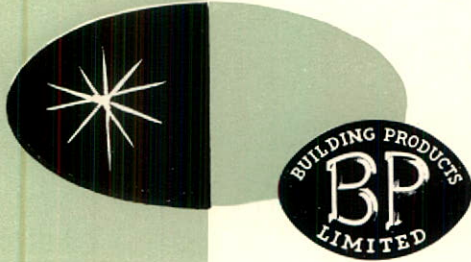
JOHN D. JOHNSON, LL.D.

LEONARD F. LONG

WILLIAM R. McNEIL

LESLIE S. ODELL

HILTON R. TUDHOPE, O.B.E.



OFFICERS

<i>Chairman of the Board</i>	WILLIAM R. McNEIL
<i>Vice-Chairman of the Board</i>	LESLIE S. ODELL
<i>President and Managing Director</i>	LEONARD F. LONG
<i>Executive Vice-President</i>	JOHN E. MITCHAM
<i>Vice-President — Manufacturing</i>	CHARLES E. TURNER
<i>Vice-President — Sales</i>	HARRY N. WALKER
<i>Treasurer and Comptroller</i>	ROBERT W. JONES
<i>Secretary</i>	REGINALD L. SEWELL

AGENTS AND REGISTRARS

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

AUDITORS' REPORT

PRICE WATERHOUSE & Co.

CANADA CEMENT BUILDING
PHILLIPS SQUARE,
MONTREAL 2

February 2 1960

AUDITORS' REPORT

TO THE SHAREHOLDERS OF
BUILDING PRODUCTS LIMITED:

We have examined the consolidated balance sheet of Building Products Limited and wholly-owned subsidiary company as at December 31 1959 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 combined state of the affairs of Building Products Limited and wholly-owned subsidiary company as at December 31 1959 and the results of their combined 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.

Price Waterhouse & Co.

Chartered Accountants.

Annual Report 1959

OF THE DIRECTORS



The Thirty-fifth Annual Report of the Company, together with financial statements and your Auditors' report for the year ending December 31, 1959 are presented herewith. The accounts of our totally owned subsidiary, Fibreboard Manufacturing Ltd., are consolidated in this report.

Sales for the year 1959 established a new record for the Company and exceeded 1958 by 6.5%. Net income for the year was \$1,590,028 equivalent to \$3.29 per share, as compared with \$1,345,135 and \$2.78 respectively for 1958. The results were gratifying in view of certain adverse conditions which prevailed. Volume of roofing sales was lower than the previous year in line with the lower rate of housing starts. Prices of these products in Eastern Canada averaged less than the low levels of 1958. Prices of insulation board products also softened somewhat during the year. There was an increase from 47% to 50% in the corporation income and social security taxes. Fortunately, there were some offsetting factors. We were relatively free of start-up expense for new plants. Close attention to costs produced some worthwhile savings. Investments of the last few years for expansion and diversification and for labor and material cost reduction contributed substantially to profit. Fibreboard Manufacturing Ltd. which was acquired as of January 31, 1959 made a profit for the year although, in view of the cost of completing and starting up the Wabamun plant, it had only been expected to break even.

Net additions to fixed assets during the year amounted to \$2,350,120. Principal projects included acquisition and improvement of the plants of Fibreboard Manufacturing Ltd., conversion of Winnipeg paper machine to a multi-cylinder operation and expansion of facilities for production of solid board (Excel-Board) at Pont Rouge.

The conversion of the Winnipeg paper machine will cost between \$800,000 and \$1,000,000, and will be ready for operation about the end of the first quarter. We will then be in a position to supply to the Winnipeg area the same type of miscellaneous papers that we are supplying at Edmonton, but in greater variety.

It was apparent during the year that we would have to undertake expansion of the Excel-Board plant at Pont Rouge, and appropriation for nearly \$500,000 was approved by the Board of Directors in May. This project is still under way and it

TO THE SHAREHOLDERS

has been necessary to increase the percentage of expansion to keep up with the trend of sales. The increased capacity should be realized in stages between March and July, 1960.

During the year agreement was reached with the Brown Company of Berlin, New Hampshire, to establish a jointly owned subsidiary in Canada (Bermico Products Limited) to produce and market bituminized fiber pipe and electrical conduit under the trade mark "Bermico" which has been used and publicized by Brown Company on this type of product for many years. Plant is being erected at Hamilton, adjacent to B.P.'s existing plant, but has been delayed by a protracted carpenters' strike.

As of January 1, 1960 approximately \$1,250,000 remains to be spent on projects already approved, including our contribution to the cost of financing Bermico Products Limited. Since that time the authorization of additional expenditure in connection with Pont Rouge expansion and other routine projects has increased this to approximately \$1,600,000.

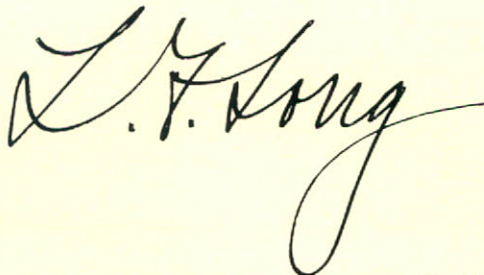
Present outlook is that 1960 will be a year of good activity in industrial, commercial, institutional and utility construction. However, house building will undoubtedly encounter another set back due to limitation on funds available for mortgages. Volume of our old established lines of products may therefore be somewhat lower than 1959, but this should be more than offset by new products and the output from new facilities. It is hoped that prices for roofing and board products will reflect a more nearly normal profit in 1960.

There is as yet no decision forthcoming from the Exchequer Court on the action which we took to protect our rights to the B.P. trade mark. It is now well over two years since this case was heard.

During the year Mr. J. E. Mitcham, who was formerly Vice-President and Treasurer, was appointed Executive Vice-President. Mr. R. W. Jones, who had been Comptroller, was appointed Treasurer and Comptroller.

Excellent co-operation and teamwork were displayed by all departments of the business during 1959. The Directors wish to express their sincere appreciation to all employees as well as to our customers and other friends.

On behalf of the Board of Directors,

A handwritten signature in black ink, appearing to read "L. F. Long". The signature is fluid and cursive, with a large loop at the end of the last name.

L. F. LONG,
President.

February 4, 1960.

Consolidated

BALANCE SHEET

ASSETS

	December 31	
	1959	1958
CURRENT ASSETS:		
Cash	\$ 447,233	\$ 322,187
Short-term investments — at cost	986,290	1,943,131
Accounts receivable, less allowance for doubtful accounts \$200,000	3,690,791	2,887,781
Raw materials, supplies and finished merchandise, valued at the lower of cost or market	3,939,966	3,773,498
Unexpired insurance, prepaid taxes, etc.	117,129	144,061
	<hr/>	<hr/>
Total current assets	\$ 9,181,409	\$ 9,070,658
	<hr/>	<hr/>
INVESTMENT IN SHARES OF NON-CONSOLIDATED PARTLY-OWNED SUBSIDIARY COMPANY — AT COST (Note 2)	\$ 33,000	\$ —
	<hr/>	<hr/>
FIXED ASSETS (Notes 1 and 2):		
Land, buildings and equipment — at cost	\$16,454,375	\$13,921,469
LESS: Accumulated allowance for depreciation	8,670,842	7,525,720
	<hr/>	<hr/>
	\$ 7,783,533	\$ 6,395,749
	<hr/>	<hr/>
SIGNED ON BEHALF OF THE BOARD:		
L. F. Long, Director		
G. W. Huggett, Director		
	<hr/>	<hr/>
	\$16,997,942	\$15,466,407
	<hr/>	<hr/>

NOTES:—1. The purchase price of the wholly-owned subsidiary company acquired during the date of acquisition; this amount has been attributed to fixed assets which has been charged to retained earnings.

2. Additional investment in the partly-owned subsidiary company (which investment to fixed assets are expected to amount to approximately \$1,250,000 during the year ending December 31, 1959).

3. Under special by-law "J" options have been granted to purchase 13,100 shares of common stock. None of the options had been exercised at December 31, 1959.



BUILDING PRODUCTS LIMITED
and wholly-owned subsidiary Company (note 1)

	December 31	
	1959	1958
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 1,602,207	\$ 1,173,518
Income and other taxes payable (estimated)	772,347	349,702
	<hr/>	<hr/>
Total current liabilities	\$ 2,374,554	\$ 1,523,220
	<hr/>	<hr/>
RESERVES:		
General contingency and replacement reserve	\$ 800,000	\$ 800,000
Reserve for future income taxes	404,708	328,444
	<hr/>	<hr/>
	\$ 1,204,708	\$ 1,128,444
	<hr/>	<hr/>
CAPITAL AND RETAINED EARNINGS:		
Capital stock (Note 3) —		
Authorized—650,000 shares without nominal or par value		
Issued—483,384 shares	\$ 1,483,110	\$ 1,483,110
Retained earnings	11,935,570	11,331,633
	<hr/>	<hr/>
Total capital and retained earnings	\$13,418,680	\$12,814,743
	<hr/>	<hr/>
	\$16,997,942	\$15,466,407
	<hr/> <hr/>	<hr/> <hr/>



ing the year exceeded by \$354,235 the net asset value shown by that company's accounts at the exception of \$116,000 representing the estimated value of intangibles acquired which has not yet started operations) and the cost of completion of presently approved additions 1960. issued shares (maximum under by-law 24,000 shares) at the market prices at the dates of

STATEMENT
OF
CONSOLIDATED
INCOME
AND
RETAINED
EARNINGS



	Year ended December 31	
	1959	1958
Income from operations before taking into account the items shown below	\$ 4,328,019	\$ 3,586,833
Interest on investments	20,311	29,021
Profit on sale of fixed assets	14,830	15,916
	<u>\$ 4,363,160</u>	<u>\$ 3,631,770</u>
DEDUCT:		
Allowance for depreciation	\$ 962,336	\$ 803,638
Company's contribution to employees' retirement income plan	200,081	218,301
Directors' fees	12,980	13,000
Legal fees	7,835	5,144
Remuneration of executive officers	148,397	136,827
	<u>\$ 1,331,629</u>	<u>\$ 1,176,910</u>
Income before income taxes	\$ 3,031,531	\$ 2,454,860
Provision for current income taxes	\$ 1,365,239	\$ 1,066,000
Reserve for future income taxes (see note)	76,264	43,725
	<u>\$ 1,441,503</u>	<u>\$ 1,109,725</u>
Net income for the year	\$ 1,590,028	\$ 1,345,135
Retained earnings at beginning of the year	11,331,633	10,856,589
	<u>\$12,921,661</u>	<u>\$12,201,724</u>
Intangible assets of wholly-owned subsidiary acquired during year and written off	116,000	—
Dividends	870,091	870,091
Retained earnings at end of the year	<u>\$11,935,570</u>	<u>\$11,331,633</u>

NOTE:—Maximum capital cost allowances, which exceed straight-line depreciation recorded in the accounts by \$156,770 (\$96,380 in 1958), have been claimed for Federal and Ontario income tax purposes. The resulting reduction of \$76,264 (\$43,620 in 1958) in current taxes has accordingly been reserved for future income taxes which may become payable in those periods in which capital cost allowances will be less than the depreciation recorded in the accounts.

STATEMENT OF CHANGES IN CONSOLIDATED WORKING CAPITAL

	Year ended December 31	
	1959	1958
Working capital at beginning of year	\$ 7,547,438	\$ 7,007,572
Working capital was provided from:		
Operations —		
Net income for the year	\$ 1,590,028	\$ 1,345,135
Add:		
Allowance for depreciation	962,336	803,638
Reserve for future income taxes	76,264	43,725
	<u>\$ 2,628,628</u>	<u>\$ 2,192,498</u>
	<u>\$10,176,066</u>	<u>\$ 9,200,070</u>
Working capital was expended on:		
Dividends (\$1.80 per share)	\$ 870,091	\$ 870,091
Additions to fixed assets (net)	2,350,120	782,541
Acquisition of intangible assets	116,000	—
Investment in non-consolidated subsidiary	33,000	—
	<u>\$ 3,369,211</u>	<u>\$ 1,652,632</u>
Working capital at end of year	<u>\$ 6,806,855</u>	<u>\$ 7,547,438</u>
Increase (decrease) in working capital during the year	<u>(\$ 740,583)</u>	<u>\$ 539,866</u>
The 1959 decrease in working capital is reflected in the following increases (decreases) in current assets and current liabilities:		
Cash	\$125,046	
Short-term investments	(956,841)	
Accounts receivable	803,010	
Inventories	166,468	
Unexpired insurance, etc.	(26,932)	
Net increase in current assets	<u>\$110,751</u>	
Accounts payable and accrued liabilities	\$428,689	
Income and other taxes payable (estimated)	422,645	
Net increase in current liabilities	<u>\$851,334</u>	
(Decrease) in working capital during 1959	<u>(\$740,583)</u>	

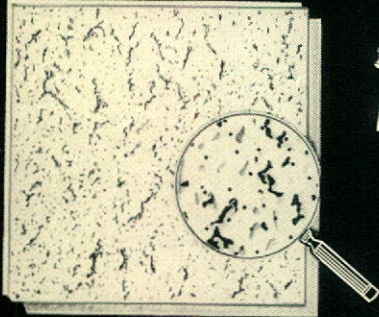


PRODUCTS OF THE YEAR

A progressive programme of developing and introducing new and better products has contributed in great measure towards the enviable reputation the company enjoys today as one of the leading Canadian manufacturers of quality building materials.

In 1959 three new decorative materials for new construction as well as renovation use were added to the ever-expanding product line — FISSUR-PERF Acoustical Tile, TERRAZZO STYLE Vinyl-Asbestos Flortile and GOLDTONE Vinyl-Asbestos Flortile. The introductions of these products met with immediate acceptance from consumers and trade buyers alike.

We built a better noise trap... lovelier too!



BP

EXCEL-BOARD

FISSUR-PERF
ACOUSTICAL TILE

HUNDREDS OF MICROSCOPIC PERFORATIONS
MELLOW UNWANTED SOUND BUT BEING PRACTICALLY
INVISIBLE, THEY DO NOT MAR THE INCOMPARABLE
BEAUTY OF THE FISSURSTONE DESIGN.
AVAILABLE IN BEIGE AND GREY.

ANOTHER EXCLUSIVE



PRODUCT

**B P EXCEL-BOARD FISSUR-PERF
ACOUSTICAL TILE**

Fissur-Perf, like its companion product Fissurstone which was introduced in 1958, simulates the appearance of classic fissured marble but hidden by this attractive pattern are hundreds of needlepoint perforations that soak up and mellow unwanted sound in playrooms, dens, family rooms and offices.

The new show stopper!

**BP VINYL
ASBESTOS
FLORTILE**

**Terrazzo
Style**

BUILDING PRODUCTS LIMITED
FIRST IN CANADA WITH ASPHALT & VINYL-ASBESTOS TILING

*The
Modern
Touch*

BP

Vinyl-Asbestos
Flortile

GOLDTONE

BP BUILDING PRODUCTS LIMITED

**B P VINYL-ASBESTOS
GOLDTONE FLORTILE**

The latest B P Flortile — Goldtones — featuring a gold splash in a terrazzo design — was announced late in the year. Particularly suited for kitchen and bathroom installations in both new homes and old, Goldtones can be used together or in combination with other types of B P Vinyl-Asbestos Flortile.

**B P VINYL-ASBESTOS
TERRAZZO STYLE FLORTILE**

As the name implies, this new floorcovering product provides the appearance of a terrazzo finish at a fraction of the cost. Designed for residential use, Terrazzo Style Flortile quickly became so popular that the range of colours was necessarily expanded before the year ended.

Manufacturers of:—

BP ASPHALT SHINGLES

BP INSULATED SIDINGS

**BP INSUL-BOARD
PRODUCTS**

BP INSUL-SHEATHINGS

**BP EXCEL-BOARD
PRODUCTS**

**BP VINYL-ASBESTOS
FLORTILE**

BP ASPHALT FLORTILE

**BP BUILT-UP ROOFING
MATERIALS**

BP ROLL ROOFINGS

BP BUILDING PAPERS

**BP SATURATED & DRY
SHEATHINGS**

**BP ROOF COATINGS,
CEMENTS & PAINTS**

BP TRAP ROCK PRODUCTS

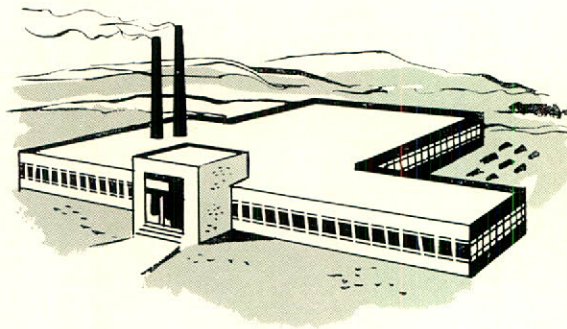
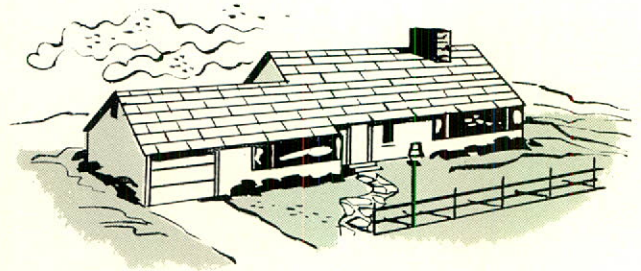
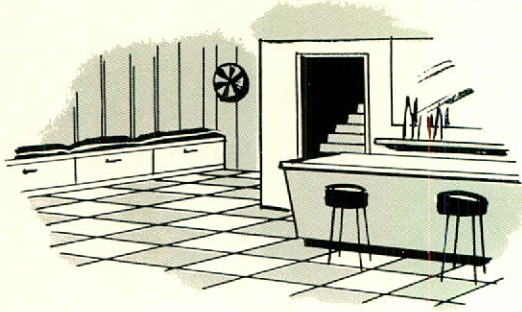
BP ROOFING GRANULES

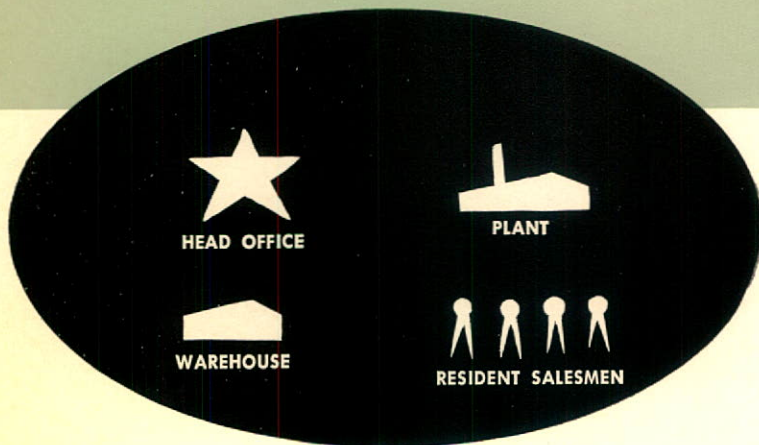
**BP PAPERBOARD
PRODUCTS**

**BUFFALO BOARD
PRODUCTS**

Distributors of:—

**BP FIBERGLAS BUILDING
INSULATION**

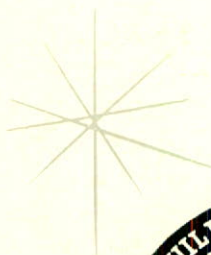
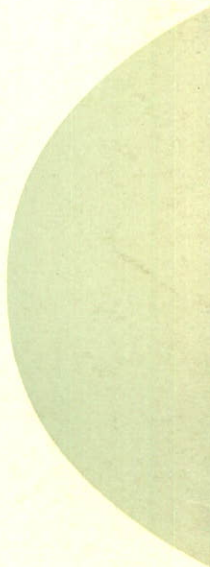




LOCATIONS OF OFFICES, PLANTS, WAREHOUSES AND SALES PERSONNEL

To serve the requirements of its customers promptly, from coast to coast, your Company operates plants, warehouses and sales offices in six of the ten Canadian Provinces and maintains a field sales force numbering close to one hundred.

- Vancouver, B.C. — Sales Office and Warehouse.
- Wabamun, Alta. — Board Mill.
- Edmonton, Alta. — General Offices, Roofing and Paper Mills.
- Winnipeg, Man. — General Offices, Roofing, Paper, Siding and Board Mills.
Headquarters — Western Operations.
- East Kildonan, Man. — Board Mill.
- Hamilton, Ont. — General Offices, Roofing and Tile Flooring Mills.
- Toronto, Ont. — Sales Office and Warehouse.
Sales Headquarters, Ontario Division.
- Havelock, Ont. — Quarry, Rock Crushing and Granule Colouring Mills.
- Montreal, Que. — Head Office. Roofing, Siding and Paper Mills.
Sales Headquarters, Quebec Division.
- Pont Rouge, Que. — Two Board Mills.
- Saint John, N.B. — Sales Office and Warehouse.
Sales Headquarters, Maritime Division.



BUILDING PRODUCTS LIMITED

Canada's Largest Manufacturer of Asphalt Shingles and Insulated Sidings.