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stock

Annual Report

1952



INTERNATIONAL METAL INDUSTRIES, LIMITED
and its subsidiaries
JOHN WOOD COMPANY • JOHN WOOD COMPANY LIMITED





● JOHN WOOD COMPANY

★ JOHN WOOD COMPANY LIMITED

INTERNATIONAL METAL INDUSTRIES, LIMITED

Annual Report

for the Year Ended December 31

1952

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CORPORATE HIGHLIGHTS

	1952	1951
Net Sales.....	\$27,779,475	\$33,717,131
Income before taxes.....	\$ 1,909,505	\$ 3,099,902
Income taxes.....	\$ 857,000	\$ 1,625,000
Net income.....	\$ 1,052,505	\$ 1,474,902
Earnings per share on the preferred stock.....	\$ 35.31	\$ 49.48
Earnings per share on the Class "A" and "B" common stocks after allowing for preferred dividends.....	\$ 3.85	\$ 5.62
Total dividends paid.....	\$ 634,597	\$ 755,574
Preferred stock.....	\$ 134,140	\$ 135,963
Class "A" common stock.....	\$ 395,457	\$ 489,611
Class "B" common stock.....	\$ 105,000	\$ 130,000
Number of stockholders.....	2,574	2,548
Earnings for year retained in the business.....	\$ 417,908	\$ 719,328
Retained Earnings (accumulated).....	\$ 8,977,346	\$ 7,359,438
Preferred shares redeemed during the year.....	—0—	2,037
Cost of preferred shares redeemed during the year.....	—0—	\$ 210,919
Current assets.....	\$14,610,774	\$15,196,944
Current liabilities.....	\$ 3,606,533	\$ 4,552,933
Working capital.....	\$11,004,241	\$10,644,011
Wages, salaries, and pension plan payments.....	\$ 7,725,392	\$ 8,431,065
Number of employees.....	1,973	2,350

REPORT TO STOCKHOLDERS

TO OUR STOCKHOLDERS:

On behalf of the Board of Directors, I submit herewith the annual report on the operations of the Company and its subsidiaries, John Wood Company in the United States and John Wood Company Limited in Canada, for the year ended December 31, 1952.

Production during the past year was considerably curtailed by continuing shortages of steel which were aggravated by defense demands and the prolonged steel strike in the United States.

While a vigorously enforced cost reduction program resulted in substantial savings in 1952, operating margins were affected by higher costs of both material and labor and by the purchase of considerable tonnage of steel at premium prices all of which could not be recovered by increases in the selling prices of our products due to competitive market conditions and price ceiling regulations in the United States. Profits were also reduced by unexpected delays encountered in the preparation of facilities for the manufacture of defense supplies and the low margins which have prevailed on Government contracts.

The corporate highlights on page 3, the consolidated income and retained earnings statements on page 7, and the consolidated balance sheets on pages 8 and 9 show a comparison of operations for the years 1952 and 1951.

Sales for 1952 aggregated \$27,700,000 as compared with \$33,700,000 for 1951, and income before taxes amounted to \$1,909,500 in contrast with \$3,099,900 for the previous year.

The 1952 provision for income taxes, after deducting a credit of \$43,500 from 1951 for excess profits taxes in the United States, aggregated \$857,000 or

45% of income before taxes, and is the equivalent of \$3.19 per share for all classes of stock outstanding.

Net income for 1952 amounted to \$1,052,500 as compared with \$1,474,900 in 1951. The ratio of net income to sales for 1952 was 3.8%, while 4.4% was reported in the previous year. This income reflects earnings for 1952 of \$35.31 per share on the preferred stock and, after allowing for preferred dividends, earnings of \$3.85 per share on the combined Class A and Class B common stocks.

Retained earnings as of December 31, 1952 amounted to \$8,977,300, an increase of \$1,617,900 during the year. The increased balance in this account is represented by earnings, after dividend payments, of \$417,900 and by other additions amounting to \$1,200,000. These additions resulted from a reduction of \$200,000 in the Reserve for Taxes for prior years through 1950 and from the discontinuance of the Reserve for Contingencies in the amount of \$1,000,000 and heretofore shown on the balance sheet but no longer required.

Regular quarterly dividends were paid during the year on the 4½% preferred stock and dividends aggregating \$2.10 per share were paid on both classes of common stock. The dividends on the common stocks for each of the first two quarters of 1952 were at the rate of 65c. per share. However, this rate was reduced to 40c. per share for each of the third and fourth quarters. This reduction in the quarterly dividend rate was dictated by the desirability of maintaining strong cash and working capital positions in view of generally adverse operating conditions, and the many future uncertainties confronting management.

Current assets amounted to \$14,610,800 and

REPORT TO STOCKHOLDERS

current liabilities to \$3,606,500, a ratio of more than 4 to 1.

Current assets include cash of \$3,581,000, U.S. Treasury Notes of \$1,990,000, accounts and notes receivable, before deducting allowances, of \$3,425,400 and inventories of \$5,879,000. During the year, inventories were reduced by 28%, or \$2,377,000.

Net working capital, amounting to \$11,004,241, represents an increase of \$360,230 which is accounted for as follows:

FUNDS MADE AVAILABLE—

From operations

Consolidated net profit for the year.....	\$1,052,505	
Depreciation charges not requiring a cash outlay.....	279,270	
Prior years' tax provision no longer required.....	200,000	
	\$1,531,775	

FUNDS APPLIED—

Expenditures on fixed assets less depreciated book value of assets disposed of.....	274,961	
Dividends—		
On first preferred stock	\$134,140	
On Common—		
Class A stock.....	395,457	
Class B stock.....	105,000	
	634,597	
Increase in other assets.....	136,987	
3½% Note Payable (\$125,000 — payment due October 1, 1953)...	125,000	1,171,545

EXCESS OF FUNDS MADE AVAILABLE OVER FUNDS APPLIED

—representing increase in working capital. \$ 360,230

The balance in the sinking fund for the redemption of preferred stock remained unchanged during the

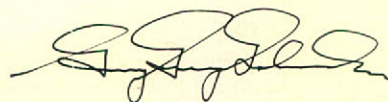
year at \$8,336 as the amounts appropriated to the sinking fund in previous years were in excess of requirements. No further appropriation was necessary with respect to 1952 earnings.

Operations will be dealt with in further detail at the Annual Meeting to be held on April 28, 1953.

During the year, Mr. R. S. Owens was appointed as Secretary and Treasurer and Mr. H. J. Wesley as Controller. Recently Mr. G. C. Berry was appointed as Assistant Secretary.

The volume of both sales and income for the first quarter of 1953 is comparable to the like period of 1952, notwithstanding the current acute shortages of steel. The Chicago and Conshohocken plants are engaged in the manufacture of cartridge cases and mine cases under U.S. Army and Navy contracts. Although material and labor costs continue to rise, further economies are being effected in controllable operating expenses. The recent removal of price and other Governmental controls in the United States, the additional production of defense supplies and the likely availability later this year of steel and other materials to meet the demand for the Company's products should all reflect favorably on our operations for the year 1953.

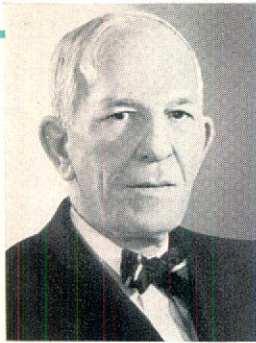
The Directors take this opportunity of expressing their appreciation of the loyalty and cooperation of the officers and employees of the organization.



April 7, 1953

President.

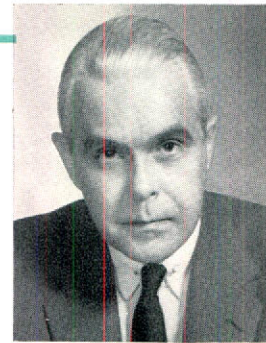
OFFICERS AND DIRECTORS



Victor Mauck
CHAIRMAN OF THE BOARD



Guy George Gabrielson
PRESIDENT



J. B. Balmer
VICE-PRESIDENT
AND CHAIRMAN OF THE
EXECUTIVE COMMITTEE

INTERNATIONAL METAL INDUSTRIES, LIMITED

Officers

Victor Mauck	<i>Chairman of the Board</i>
J. B. Balmer	<i>Vice-President and General Manager</i>
H. J. Wesley	<i>Controller</i>
R. S. Owens	<i>Secretary and Treasurer</i>
G. C. Berry	<i>Assistant Secretary</i>

Guy George Gabrielson, *President*

Board of Directors

J. B. Balmer	T. F. Rahilly
Guy George Gabrielson	H. R. Tudhope
H. W. Knight	C. J. Younger

Victor Mauck, *Chairman*

Executive Committee

J. B. Balmer, <i>Chairman</i>	Victor Mauck
Guy George Gabrielson	

JOHN WOOD COMPANY • JOHN WOOD COMPANY LIMITED

Board of Directors

J. B. Balmer, <i>President</i>	Victor Mauck
Guy George Gabrielson	

Management Committee

J. B. Balmer, <i>Chairman</i>	M. N. McIlwain
A. M. Aikman	R. S. Owens
V. G. Barnes	R. W. Simpson
C. F. T. Hooper	J. N. Welscher
A. F. Jordan	H. J. Wesley
S. K. Makemson	

CONSOLIDATED INCOME AND RETAINED EARNINGS

CONSOLIDATED INCOME

	<i>Years ended December 31</i>	
	1952	1951
Net Sales	\$27,779,475	\$33,717,131
Cost of sales, selling, general and administrative expenses and charges (less miscellaneous income)	\$25,557,982	\$30,360,036
Depreciation charges	279,270	282,068
Interest on long-term debt	82,031	86,406
	<u>\$25,919,283</u>	<u>\$30,728,510</u>
Investment income and exchange profits	\$ 1,860,192	\$ 2,988,621
Profit on disposal of fixed assets	28,494	55,812
	<u>20,819</u>	<u>55,469</u>
Income before taxes	\$ 1,909,505	\$ 3,099,902
Provision for taxes on income (reduced \$43,500 in 1952 by refund of 1951 excess profits tax)	857,000	1,625,000
Net income	<u>\$ 1,052,505</u>	<u>\$ 1,474,902</u>

NOTE: Payments by the company or its subsidiaries during the year ended December 31, 1952 include fees of \$36,000 paid to directors and members of the executive committee and remuneration of \$105,350 to executive officers and solicitors of the parent company.

RETAINED EARNINGS

Balance at beginning of year	\$ 7,359,438	\$ 6,640,110
Net income from income statement	1,052,505	1,474,902
Prior years' tax provision no longer required	200,000	
Reserve for contingencies provided in prior years restored to retained earnings	1,000,000	
	<u>\$ 9,611,943</u>	<u>\$ 8,115,012</u>
Dividends:		
On first preferred stock—		
1952 and 1951—\$4.50 per share	\$ 134,140	\$ 135,963
On class "A" common stock—		
1952—\$2.10 per share; 1951—\$2.60 per share	395,457	489,611
On class "B" common stock—		
1952—\$2.10 per share; 1951—\$2.60 per share	105,000	130,000
	<u>\$ 634,597</u>	<u>\$ 755,574</u>
Balance at end of year	<u>\$ 8,977,346</u>	<u>\$ 7,359,438</u>

CONSOLIDATED BALANCE SHEET

ASSETS

	<i>December 31</i>	
	1952	1951
CURRENT:		
Cash on hand and in banks.....	\$ 3,581,366	\$ 3,385,311
U.S. Government securities, at cost.....	1,990,000	500,000
Accounts and notes receivable (less allowance of \$265,000).....	3,160,443	3,055,846
Inventories as determined and certified by company officials, and valued at the lower of cost or market value.....	5,878,965	8,255,787
	<u>\$14,610,774</u>	<u>\$15,196,944</u>
 SINKING FUND:		
Cash held for redemption of first preferred shares.....	\$ 8,336	\$ 8,336
	<u>\$ 8,336</u>	<u>\$ 8,336</u>
 FIXED:		
Land, buildings and equipment as written down to less than cost at January 1, 1933, with subsequent additions at cost.....	\$ 6,803,295	\$ 6,645,990
Less accumulated depreciation.....	3,379,965	3,218,351
	<u>\$ 3,423,330</u>	<u>\$ 3,427,639</u>
 PATENTS, rights and licenses.....	<u>\$ 1</u>	<u>\$ 1</u>
 OTHER ASSETS:		
Prepaid expenses and deferred charges.....	\$ 332,708	\$ 180,590
Sundry receivables, etc.....	29,566	44,697
	<u>\$ 362,274</u>	<u>\$ 225,287</u>
	<u>\$18,404,715</u>	<u>\$18,858,207</u>

See financial notes on page 10.

CONSOLIDATED BALANCE SHEET

LIABILITIES

	<i>December 31</i>	
	1952	1951
CURRENT:		
Accounts payable and accrued charges.....	\$ 2,343,883	\$ 2,405,425
Taxes payable (estimated).....	1,008,790	1,834,071
Dividends payable.....	128,860	188,437
Current instalment of U.S. subsidiary's 3½% notes.....	125,000	125,000
	<u>\$ 3,606,533</u>	<u>\$ 4,552,933</u>
DEFERRED:		
3½% notes of United States subsidiary, due \$125,000 annually 1953-1962, balance 1963 (payable in U.S. dollars).....	\$ 2,250,000	\$ 2,375,000
Less instalment maturing within one year included under current liabilities.....	125,000	125,000
	<u>\$ 2,125,000</u>	<u>\$ 2,250,000</u>
RESERVE FOR CONTINGENCIES.....		<u>\$ 1,000,000</u>
CAPITAL:		
Authorized—		
50,000 shares preferred stock, par value \$100 each		
less 10,191 shares redeemed		
300,000 shares class "A" common stock of no par value		
50,000 shares class "B" common stock of no par value		
Outstanding—		
29,809 shares 4½% cumulative redeemable sinking fund first preferred stock, par value \$100 each—redeemable at \$103.....	\$ 2,980,900	\$ 2,980,900
188,312 shares class "A" common stock of no par value }	714,936	714,936
50,000 shares class "B" common stock of no par value }		
	<u>\$ 3,695,836</u>	<u>\$ 3,695,836</u>
RETAINED EARNINGS.....	<u>8,977,346</u>	<u>7,359,438</u>
	<u>\$12,673,182</u>	<u>\$11,055,274</u>
	<u>\$18,404,715</u>	<u>\$18,858,207</u>

Approved on behalf of the Board

GUY GEORGE GABRIELSON, Director

H. R. TUDHOPE, Director

FINANCIAL NOTES AND AUDITORS' REPORT

FINANCIAL NOTES

(1) The assets, liabilities and earnings of the United States subsidiary are included in the above consolidated balance sheet and the related statement of consolidated income on the basis of U.S. \$1 = Can. \$1. At December 31, 1952 the U.S. dollar was at a discount of 2-7/8% in terms of the Canadian dollar while on December 31, 1951 it was at a premium of 7/8%. The net current assets of the United States subsidiary amounted to U.S. \$8,200,000 at December 31, 1952 and U.S. \$7,800,000 at December 31, 1951.

(2) Under a stock option plan adopted in 1950, stock options have been granted to certain executive employees of the company and its subsidiaries to purchase 11,200 shares of Class "A" common stock at a price of \$35 per share, exercisable at any time up to December 9, 1953.

AUDITORS' REPORT

TO THE SHAREHOLDERS OF
INTERNATIONAL METAL INDUSTRIES, LIMITED:

We have examined the consolidated balance sheet of International Metal Industries, Limited and its subsidiaries as at December 31, 1952 and the related statements of consolidated income and retained earnings for the year then ended, and have obtained all the information and explanations we have required. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statements 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 International Metal Industries, Limited and its subsidiaries at December 31, 1952 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, according to the best of our information and the explanations given to us, and as shown by the books of the companies.

ARTHUR YOUNG, CLARKSON, GORDON & Co.
Chartered Accountants.

March 23, 1953.

SUBSIDIARIES AND OPERATING DIVISIONS

JOHN WOOD COMPANY

Est. 1867

Executive Office

70 Pine Street, New York

Heater and Tank Division

Plants:

Conshohocken, Pennsylvania
Chicago, Illinois

Principal Warehouses:

New York, N.Y., Boston, Mass.
Washington, D.C., St. Louis, Mo.

Bennett Pump Division

Plant:

Muskegon, Michigan

Principal Warehouses:

New York, N.Y., Atlanta, Ga.
Dallas, Texas, Los Angeles, Calif.

Superior Metalware Division

Plant:

St. Paul, Minnesota

JOHN WOOD COMPANY

LIMITED

Executive Office

101 Hanson Street, Toronto

Heater and Tank Division

Plants:

Toronto, Ont., Montreal, Que.
Winnipeg, Man., Vancouver, B.C.

Warehouse:

Calgary, Alberta

Bennett Pump Division

Plant:

Toronto, Ontario

Warehouses:

Montreal, Que., Winnipeg, Man.
Calgary, Alta., Vancouver, B.C.

Fess Burner Division

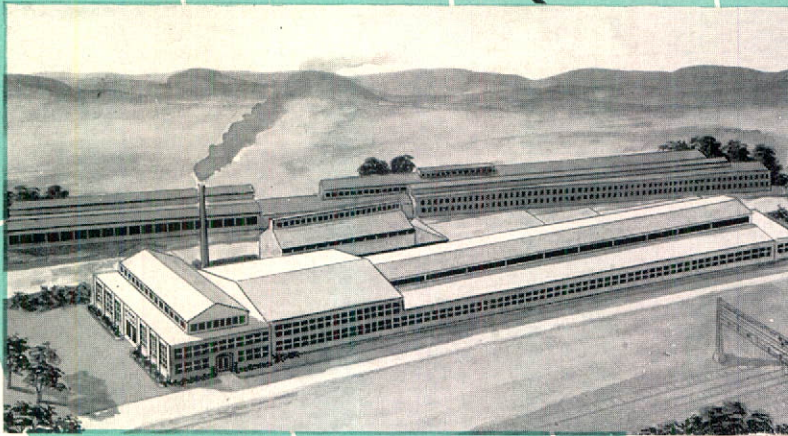
Plant:

Toronto, Ontario

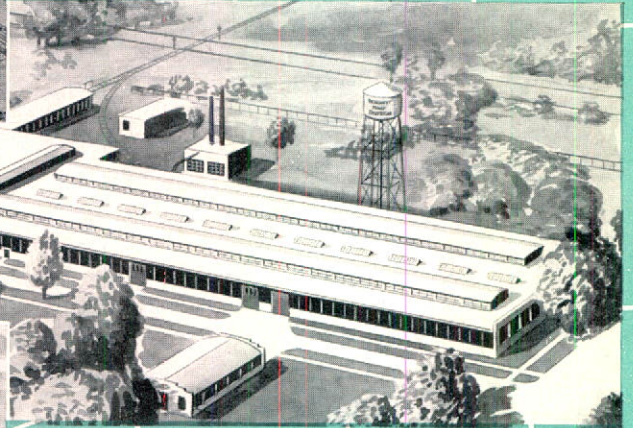
Warehouses:

Montreal, Que., Winnipeg, Man.
Calgary, Alta., Vancouver, B.C.

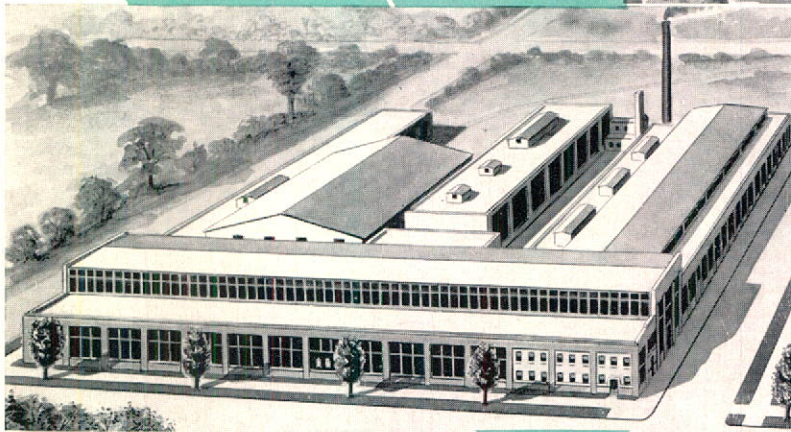
JOHN WOOD COMPANY



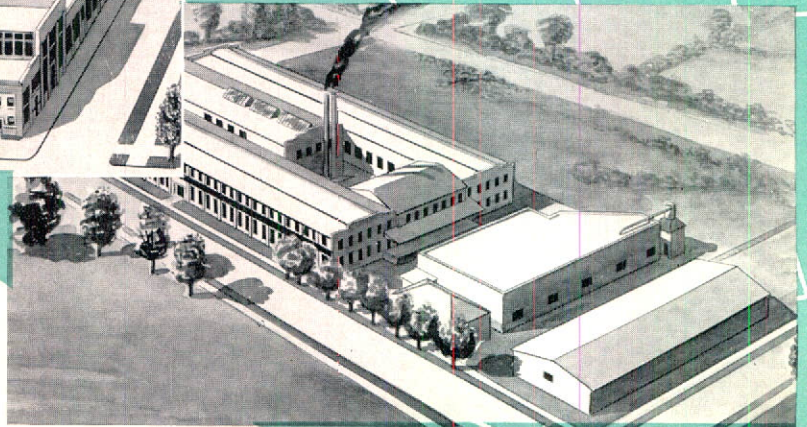
JOHN WOOD COMPANY
Heater and Tank Division
Conshohocken, Pennsylvania



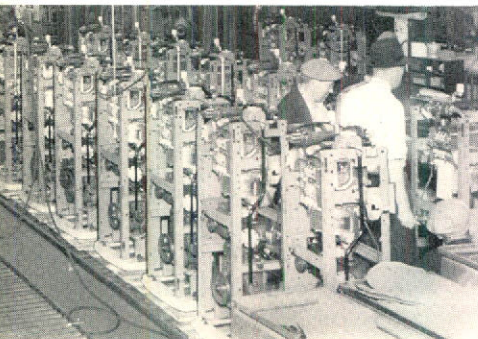
JOHN WOOD COMPANY
Bennett Pump Division
Muskegon, Michigan



JOHN WOOD COMPANY
Heater and Tank Division
Chicago, Illinois



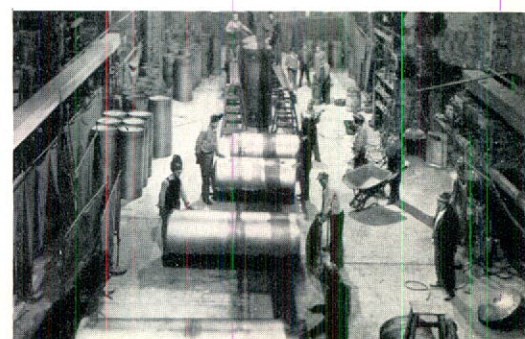
JOHN WOOD COMPANY
Superior Metalware Division
St. Paul, Minnesota



Gasoline Pump Chassis Assembly

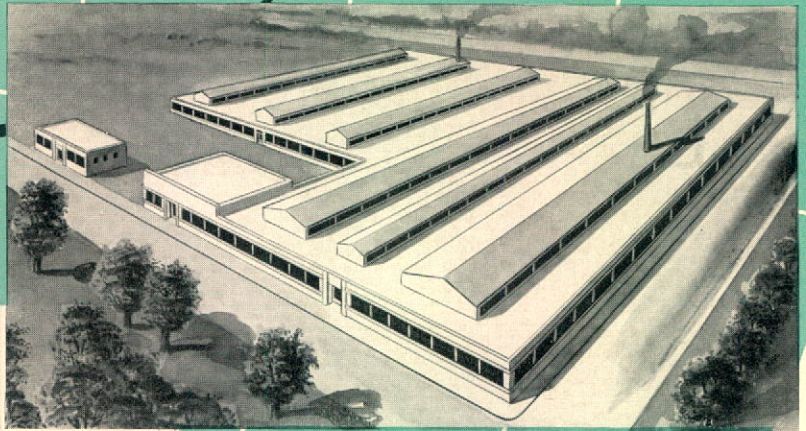


Gasoline Pump Final Assembly Line

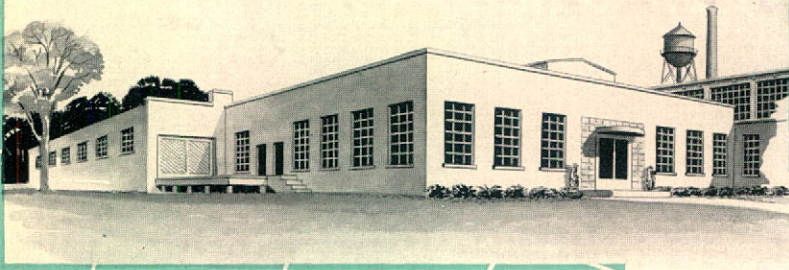


Large Tank Shop

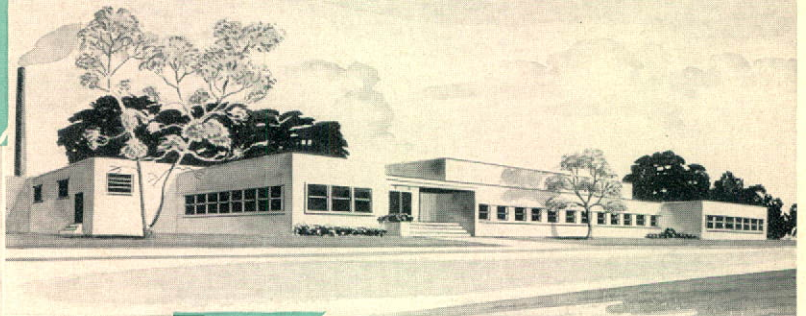
87 Years of Progress



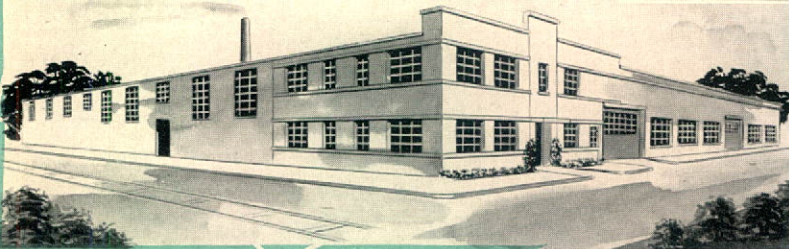
JOHN WOOD COMPANY LIMITED
Heater and Tank Division
Bennett Pump Division
Fess Burner Division
Toronto, Ontario



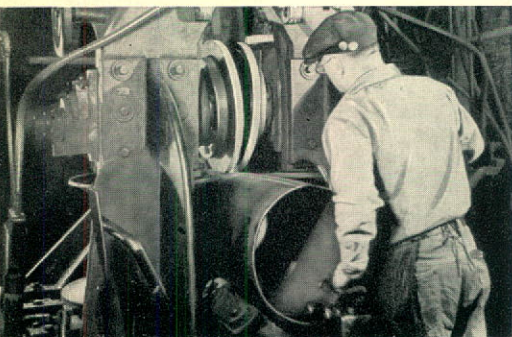
JOHN WOOD COMPANY LIMITED
Heater and Tank Division
Montreal, Quebec



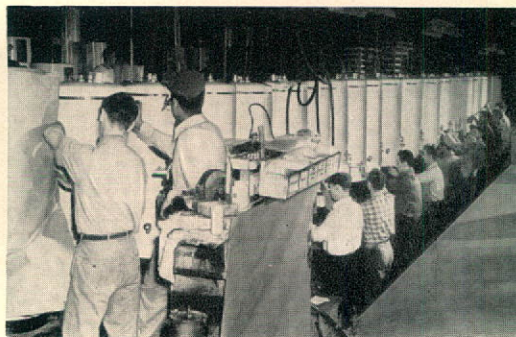
JOHN WOOD COMPANY LIMITED
Heater and Tank Division
Winnipeg, Manitoba



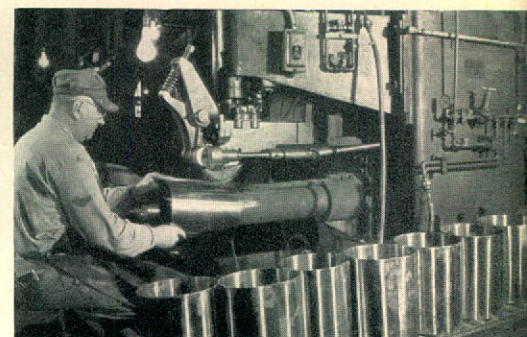
JOHN WOOD COMPANY LIMITED
Heater and Tank Division
Vancouver, British Columbia



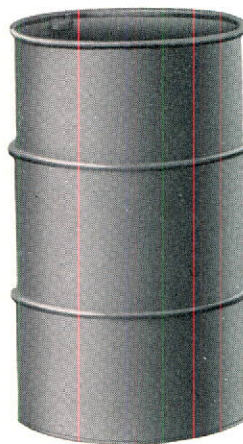
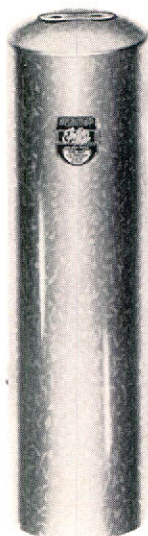
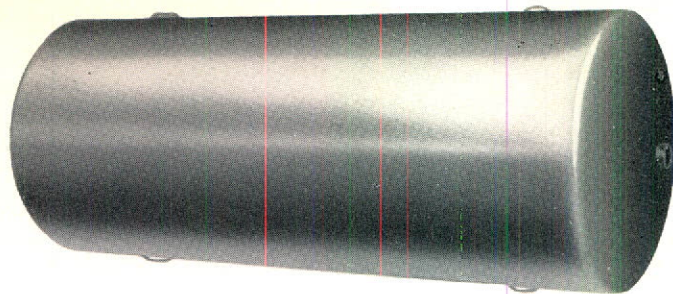
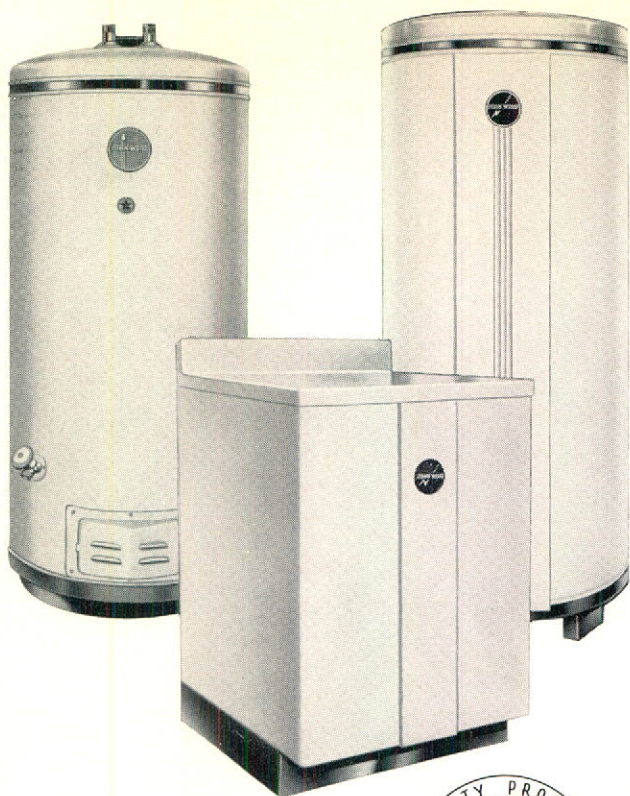
Automatic Induction Welding



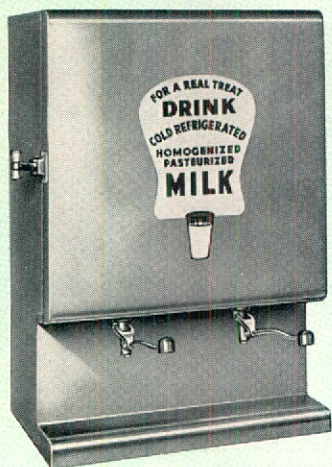
Automatic Water Heater Assembly Line



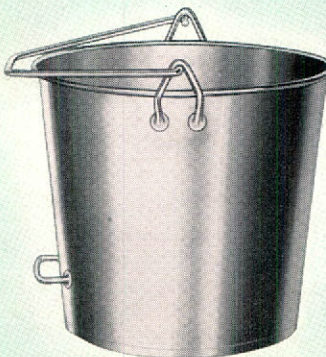
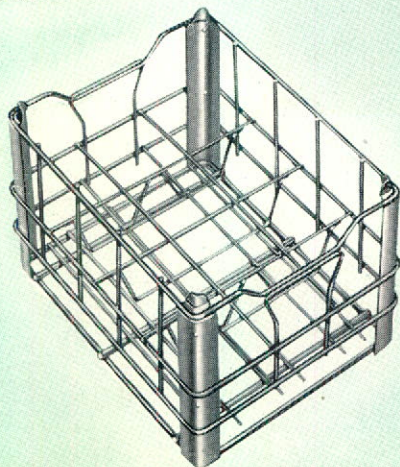
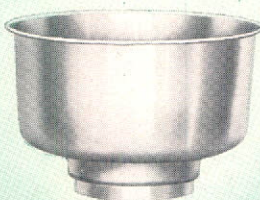
Resistance Welding Milk Can Seams

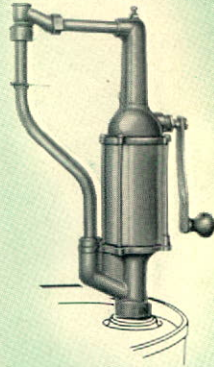
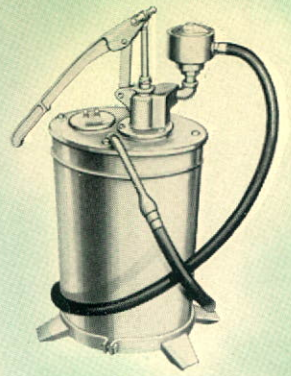
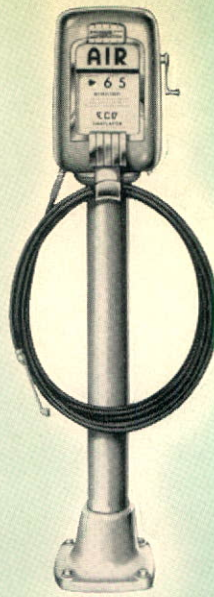
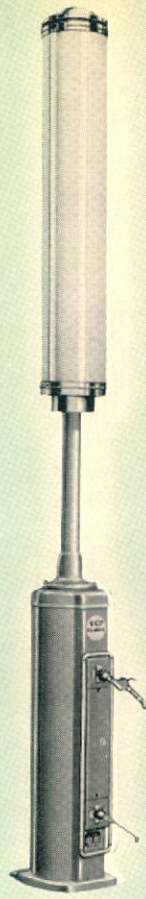
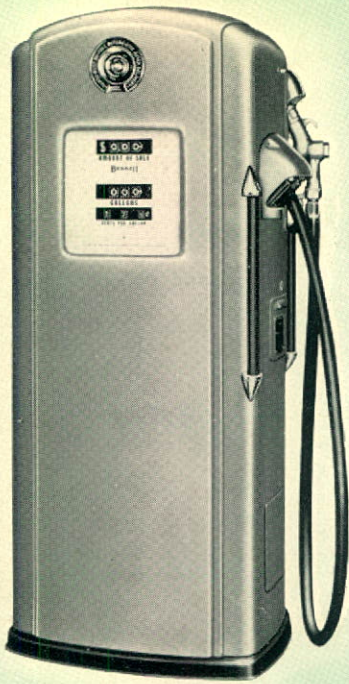


WATER HEATERS AND TANKS



DAIRY INDUSTRY METALWARE





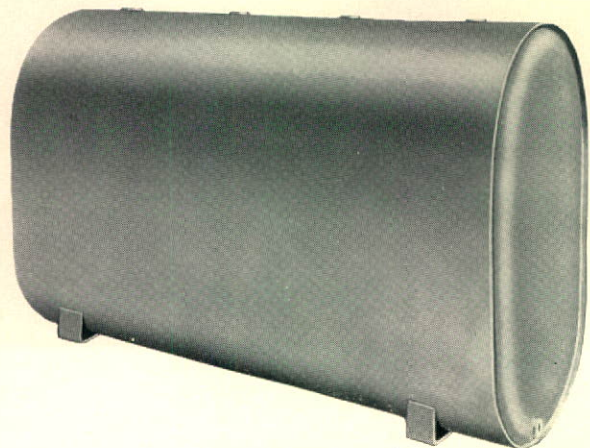
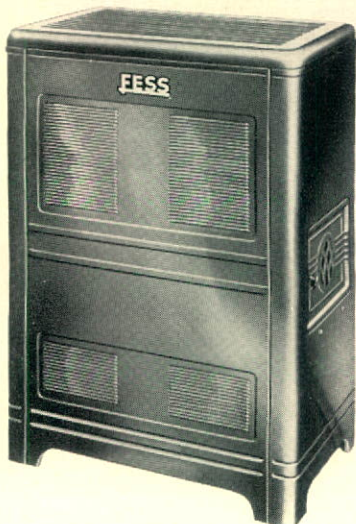
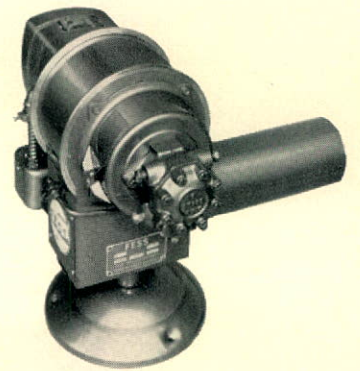
QUALITY BUILT
Bennett
TRADE MARK REG. BY PAT. OFFICE

Precision Made
ECO
Automotive
Servicing Equipment

OIL TRADE EQUIPMENT

HOME HEATING PRODUCTS

FESS



FOREIGN MARKETING SUBSIDIARIES

JOHN WOOD INTERNATIONAL CORPORATION

Executive Office

70 Pine Street, New York

John Wood International Corporation distributes through its sales agents in principal foreign countries the products of its parent, John Wood Company. The marketing activities of this subsidiary during the past few years have been generally restricted to the Latin American Republics in the Western Hemisphere due to adverse exchange conditions in other parts of the world.

Mexico	Mexico City Guadalajara Monterrey
Costa Rica	San Jose
Guatemala	Guatemala City
Panama	Panama City
Cuba	Havana
Dominican Republic	Ciudad Trujillo
Puerto Rico	San Juan
Argentina	Buenos Aires
Chile	Santiago
Columbia	Bogota Barranquilla
Ecuador	Quito Guayaquil
Peru	Lima
Uruguay	Montevideo
Venezuela	Caracas Maracaibo

BENNETT DO BRASIL LIMITADA

Executive Office

70 Pine Street, New York

Bennett Do Brasil Limitada, an operating subsidiary of John Wood Company, with branch office and warehouse in Rio de Janeiro, distributes directly and through its sales agents in the Republic of Brazil the products of the Bennett Pump Division, Muskegon, Michigan, and a wide range of oil trade equipment of other manufacture.

Rio de Janeiro
Sao Paulo
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