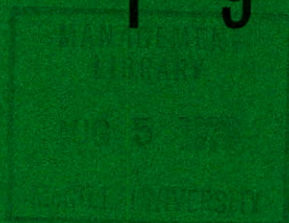




ENAMEL & HEATING PRODUCTS LIMITED

ANNUAL REPORT

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Board of Directors

M. BOURGET
A. R. FRENCH
R. B. FULLERTON
N. A. HESLER
R. J. HESLER
J. E. MURPHY
F. B. C. TICE
J-P WARREN
P. WARREN
W. J. WIENAND, JR.
C. N. WILSON

Officers

N. A. HESLER
Chairman of the Board

W. J. WIENAND, JR.
President

P. WARREN
Vice-President

R. B. FULLERTON
Vice President and General Manager

A. R. FRENCH
Vice President, Finance, Secretary-Treasurer

S. R. DONALDSON
Vice President — Aircraft

R. J. HESLER
Vice President — Marketing

J-P WARREN
Executive Asst. to the President

D. F. WILEY
Comptroller

L. A. WILSON
Manager — Eastern Sales Division

G. PLANTE
Manager — Central Sales Division

K. DINHAM
Manager — Western Sales Division

Auditors

Touche, Ross, Bailey & Smart

Advertising Agency

Cusack Advertising Associates Ltd.

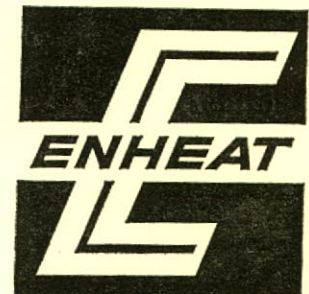
Transfer Agents

Montreal Trust Company, Montreal, Que.
The Central Trust Co. of Canada,
Moncton, N.B., Amherst, N.S.

Registrars

Canadian Trust Company, Montreal, Que.
The Central Trust Co. of Canada,
Moncton, N.B., Amherst, N.S.

ANNUAL REPORT 1967



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ENAMEL & HEATING PRODUCTS LIMITED

ENAMEL & HEATING PRODUCTS LIMITED

and subsidiary companies

Directors' Report

To the Shareholders:

Your Directors are pleased to present the Company's consolidated financial statements for the year ended December 31, 1967, together with the Auditors' Report thereon.

SALES AND PROFIT:

Sales for the fiscal year 1967 were down approximately 10% on a consolidated basis. This reduction results from a 20% decrease in reinforcing steel sales which was partially offset by an increase in regular sales. In order to penetrate the highly competitive steel market new machinery and equipment was installed in the Rolling Mill which necessitated a two month shutdown. Loss of production during the two months, together with competition from foreign imports, which put pressure on our selling prices, were major factors in the year's operating loss. Increased Bank interest rates also contributed to the operating loss.

Expenditures on Capital Assets amounted to \$256,000.00 due principally to the modernization in the Rolling Mill Division. Highly competitive market conditions in the stove and furnace division prompted your directors to consolidate the Amherst Furnace Division with the Sackville Stove Division. This should reflect substantial savings in production costs for 1968 and the future.

OUTLOOK FOR 1968:

The Aircraft Division is undergoing modernization with the installation of a metal bonding facility and the latest metal forming machinery. This will attract sub-contracts from major prime Aircraft manufacturers. We are now working with these companies and after the installation is completed we are assured of sub-contracts which should increase the sales of this division.

The Steel division is dependent on construction and we are putting forth every effort to obtain our share of the market. At present there are many construction projects in the planning stage.

The Stove and Furnace Division is forecasting increased sales and is aggressively pursuing this market.

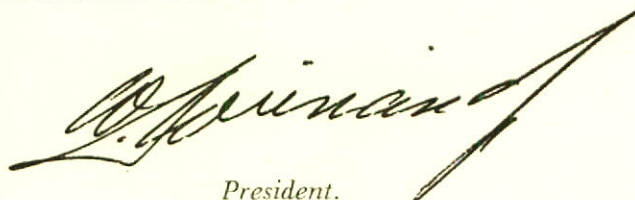
We are pleased to report that the results of the operations for the year of our Subsidiary Company, Airco Products Limited, Vancouver, B.C. were very satisfactory. We forecast equally good results for 1968.

Your Directors consider the year 1967 has been one of re-alignment and adjustment which will result in a profitable 1968.

OFFICERS AND EMPLOYEES:

Your Directors wish to record their appreciation to the officers and employees of the Company for their efforts and co-operation during the past year.

Respectfully submitted on behalf of the Board.



President.

SACKVILLE, N. B.
March 18, 1968.

Auditor's Report

To the Shareholders,
Enamel & Heating Products, Limited.

We have examined the consolidated balance sheet of Enamel & Heating Products, Limited and subsidiary companies as at December 31, 1967 and the statements of consolidated earnings, retained earnings and source and application of funds for the year then ended. 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 these financial statements present fairly the financial position of the company and its subsidiaries and the results of their operations and the source and application of funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

TOUCHE, ROSS, BAILEY & SMART
Chartered Accountants.

Saint John, N. B.
March 15, 1968.

ENAMEL & HEATING AND SUBSIDIARIES

Consolidated Balance Sheet

ASSETS

CURRENT	<u>1967</u>	<u>1966</u>
Cash	\$ 205,472	\$ 122,361
Accounts receivable	2,527,832	3,058,881
Income taxes recoverable	16,770	—
Inventories — valued at the lower of cost and market	2,773,009	3,512,527
Prepaid expenses	21,827	45,842
	5,544,910	6,739,611
Investments — at cost	18,704	20,471
	18,704	20,471
FIXED		
Land	102,718	102,718
Buildings	2,709,074	2,715,963
Machinery and equipment	2,922,495	2,686,866
Motor vehicles	134,766	151,504
	5,869,053	5,657,051
Less accumulated depreciation	2,072,279	1,988,142
	3,796,774	3,668,909
	3,796,774	3,668,909
As appraised by Canadian Appraisal Company Limited under date of August 27, 1955, of fixed assets as of December 31, 1954 on basis of depreciated replacement value plus subsequent additions at cost, less disposals.		
Deferred charges	44,742	64,146
	44,742	64,146
	\$9,405,130	\$10,493,137

On behalf of the Board:
W. J. WIENAND JR., *Director*.
PIERRE WARREN, *Director*.

PRODUCTS LIMITED

Y COMPANIES

as at December 31, 1967

LIABILITIES

CURRENT	1967	1966
Bank loan — secured	\$1,797,000	\$ 2,436,746
Accounts payable	951,137	766,335
Accrued liabilities	100,759	120,911
Accrued debenture interest	36,569	38,046
Taxes on income	7,586	39,752
Dividend on capital stock payable January 31, 1968	22,125	22,125
Long-term debt due within one year	99,500	100,000
	<u>3,014,676</u>	<u>3,523,915</u>
LONG TERM DEBT		
4¾% Sinking fund debentures, Series A due April 1, 1976		
Authorized and issued	1,250,000	1,250,000
Less debentures purchased under Sinking Fund provisions and cancelled	596,500	550,000
	<u>653,500</u>	<u>700,000</u>
5½% Serial debentures, Series B due 1968-1971		
Authorized and issued	250,000	250,000
Less: Debentures redeemed and cancelled	50,000	—
	<u>200,000</u>	<u>250,000</u>
6% Sinking fund debentures, Series B due 1984		
Authorized and issued	1,250,000	1,250,000
	<u>2,103,500</u>	<u>2,200,000</u>
Less due within one year	99,500	100,000
	<u>2,004,000</u>	<u>2,100,000</u>
Reserve for future income taxes (Note)	158,871	353,533
SHAREHOLDER'S EQUITY		
CAPITAL STOCK		
Shares of no par value		
Class A — Authorized 250,000 shares		
— Issued 177,000 shares	809,885	809,885
Class B — Authorized 250,000 shares		
— Issued 118,000 shares	219,884	219,884
	<u>1,029,769</u>	<u>1,029,769</u>
Earnings retained in the business	1,034,187	1,322,293
Increase in value of fixed assets over depreciated cost in accordance with appraisal	2,163,627	2,163,627
	<u>4,227,583</u>	<u>4,515,689</u>
	<u>\$9,405,130</u>	<u>\$10,493,137</u>

NOTE: As a result of the loss incurred for the year ended December 31, 1967, the reserve for future income taxes has been reduced by \$194,662.

ENAMEL & HEATING PRODUCTS LIMITED
AND SUBSIDIARY COMPANIES

STATEMENT OF CONSOLIDATED EARNINGS

For the Year Ended December 31, 1967

	<u>1967</u>	<u>1966</u>
Sales	\$9,616,527	\$10,650,486
Loss (income) from operations before deducting the following	(\$ 51,487)	\$ 580,782
Depreciation	115,596	120,778
Executive salaries	118,249	100,000
Directors' fees and expenses	1,924	1,641
Debenture interest	121,103	123,856
	356,872	346,275
	(408,359)	234,507
Non-operating income	5,874	10,381
	(402,485)	244,888
Taxes on income — Note	—	121,028
Recovery of income taxes		
Amounts to be recovered	10,264	—
Charge to reserve for future income taxes — Note	194,662	—
	204,926	121,028
(Loss) profit for the year	(\$ 197,559)	\$ 123,860

ENAMEL & HEATING PRODUCTS LIMITED
AND SUBSIDIARY COMPANIES

STATEMENT OF CONSOLIDATED RETAINER EARNINGS

For the Year Ended December 31, 1967

	<u>1967</u>	<u>1966</u>
Balance at beginning of year	\$1,322,293	\$ 1,331,848
<i>Add:</i> Net earnings for the year	—	123,860
Net gain on realization of fixed assets	—	824
Gain on debentures redeemed	3,420	2,750
	1,325,713	1,459,282
<i>Deduct:</i> Dividends on Class "A" shares	88,500	88,500
Adjustment of prior years' earnings	—	48,489
Loss on disposal of assets	5,467	—
Loss for the year	197,559	—
	291,526	136,989
Balance at end of year	\$1,034,187	\$ 1,322,293

The note to the financial statements is an integral part thereof.

ENAMEL & HEATING PRODUCTS LIMITED
AND SUBSIDIARY COMPANIES

STATEMENT OF CONSOLIDATED SOURCE AND APPLICATION OF FUNDS

For the Year Ended December 31, 1967

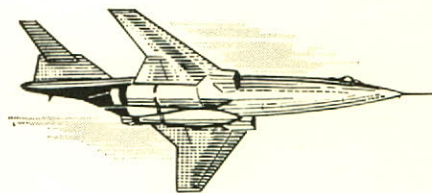
	<u>1967</u>	<u>1966</u>
<i>Source of Funds</i>		
From operations		
Net earnings for the year	—	\$123,860
Amounts charged against income but not requiring outlay of funds		
Depreciation	\$115,596	120,778
Income taxes deferred	—	78,823
	<hr/>	<hr/>
	115,596	323,461
Gain on debentures redeemed	3,420	2,750
Proceeds on sale of fixed assets	17,660	13,138
Refund of refundable tax	5,123	—
Decrease in deferred charges	19,414	—
From working capital	685,462	116,761
	<hr/>	<hr/>
	<u>\$846,675</u>	<u>\$456,110</u>
 <i>Application of Funds</i>		
Loss for the year	\$197,559	—
Investment in refundable tax	3,356	\$ 12,977
Acquisition of plant and equipment	266,598	212,493
Increase in deferred charges	—	43,651
Dividends	88,500	88,500
Debentures redeemed	96,000	50,000
Prior years' taxes on income	—	48,489
Decrease in reserve for future income taxes — Note	194,662	—
	<hr/>	<hr/>
	<u>\$846,675</u>	<u>\$456,110</u>

The note to the financial statements is an integral part thereof.

PRODUCTS OF YOUR COMPANY

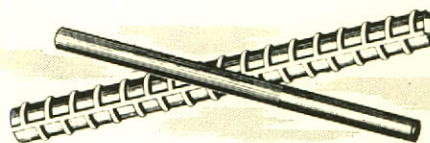
AIRCRAFT

Advanced facilities for the manufacture of components and the maintenance of aircraft for National Defence.



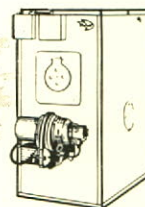
CONSTRUCTION

The fabrication of concrete reinforcing steel, to custom specifications, for immediate delivery.



HEATING UNITS

Oil, gas, electric and solid fuel furnaces and heaters for home and business, engineered for top efficiency with utmost economy.



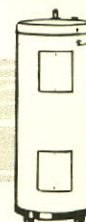
COOKING APPLIANCES

Electric, gas, oil and solid fuel ranges . . . known and preferred by generations of Canadian women.



WATER HEATERS

Electric or oil-fired glass lined water heaters provide a constant supply of crystal-clear hot water.



ENAMEL & HEATING PRODUCTS LIMITED . . . growing with Canada . . .
anticipating the needs and desires of the people . . . establishing the standards of quality
. . . serving the homes and industries of the Nation for more than a century.

ENAMEL & HEATING PRODUCTS LIMITED

