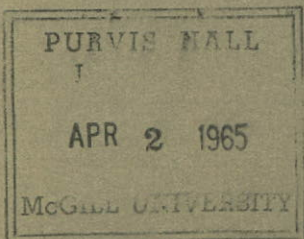


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ENAMEL & HEATING PRODUCTS LIMITED

**ANNUAL
REPORT
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Board of Directors

N. A. HESLER
N. T. AVARD
S. R. DONALDSON
A. R. FRENCH
R. B. FULLERTON
H. GOLDSTEIN
R. J. HESLER
F. R. RAND
F. B. C. TICE
W. J. WIENAND, JR.
C. N. WILSON

Officers

N. A. HESLER
President

W. J. WIENAND, JR.
Vice President

R. B. FULLERTON
Vice President and General Manager

A. R. FRENCH
*Vice President, Finance, Secretary-Treasurer
and Comptroller*

S. R. DONALDSON
Vice President — Manufacturing

R. J. HESLER
Vice President — Marketing and Advertising

L. A. WILSON
Sales Manager — Atlantic Division

K. DINHAM
Sales Manager — Western Division

D. F. WILEY
Assistant Secretary-Treasurer

Auditors

Touche, Ross Bailey & Smart

Advertising Agency

F. H. Hayhurst Co. Ltd., Montreal, Que.

Transfer Agents

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

Registrars

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

ANNUAL REPORT
FOR THE YEAR
1964



ENAMEL & HEATING PRODUCTS LIMITED

**ENAMEL & HEATING
PRODUCTS LIMITED**

and subsidiary companies

R E P O R T

To the Shareholders :

Your Directors have pleasure in presenting herewith the consolidated financial statements of your Company, and its subsidiaries, for the year ended December 31, 1964, together with the Auditors' Report thereon.

I N V E S T M E N T :

In May of 1964 your Company acquired all of the outstanding capital stock of Mitchell Manufacturing Limited, a holding company for Airco Products Limited of Vancouver. Airco Products Limited manufactures warm air furnaces and allied products and, together with its wholly-owned subsidiary Airco Products of Alberta Limited, distributes their products throughout Western Canada. Through the joint operations of both companies and the amalgamation of their respective sales forces, savings can be realized in development and approval costs, and economies effected in sales expenses and reductions in administrative and warehousing costs.

S A L E S A N D P R O F I T S :

Sales for the fiscal year 1964 were 20% higher than for the preceding year. The combined sales of the Company and its subsidiaries reflect an increase of 42.6% over the preceding year.

Profits from the Aircraft Division were considerably less during 1964 as a result of a decrease in contracts with the Department of Defence Production. However, the Rolling Mill Division experienced an unprecedented demand for reinforcing steel which created a material increase in operating profits of that division. The Appliance Industry continues to be highly competitive but as a result of improved manufacturing techniques your Company anticipates much improved operating results during 1965.

Consolidated net earnings of your Company after providing for normal depreciation, in accordance with Canadian Income Tax Regulations, and provision for income taxes, amounted to \$247,014.00. The income tax payable

OF DIRECTORS

for 1964 has been reduced by \$120,739.00, resulting from special corporate tax allowances for increased investment in new buildings, machinery and equipment.

FIXED ASSETS :

During the year under review your Company expended \$545,364.00 on the acquisition of capital assets including the construction and outfitting of an ingot mill with an electric melting furnace. Your Company expects to complete its capital expenditure program during 1965.

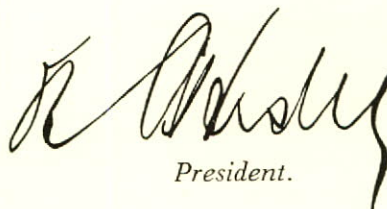
During 1964 a Series B Debenture Issue was sold, in the amount of \$1,500,000.00, to finance the capital expansion program, which was commenced in 1963 with the erection of a fabricating plant.

In June of 1964 a fire partially destroyed the Rolling Mill building which necessitated the construction of new facilities. However the fire insurance coverage and business interruption insurance was adequate to cover any loss incurred.

OFFICERS AND EMPLOYEES :

Your Directors wish to take this opportunity to record their appreciation to the officers and employees throughout the organization for their efforts during the past year.

Respectfully submitted on behalf of the Board.



President.

SACKVILLE, N.B.
February 22, 1965

ENAMEL & HEATING
AND SUBSIDIARIES

Consolidated Balance Sheet

A S S E T S

CURRENT

Cash	\$ 118,570	
Accounts receivable	3,265,026	
Inventories — valued at the lower of cost or market	3,059,165	\$6,442,761
Investments — at cost		1,500

FIXED

Land	96,700	
Buildings	2,631,541	
Machinery and equipment	2,436,774	
Motor vehicle	141,654	
	5,306,669	
Less : Accumulated depreciation	1,859,269	3,447,400

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

Prepaid insurance	19,709	
Other	19,090	38,799

\$9,930,460

Approved on behalf of the Board

N. A. HESLER, *Director.*

N. T. AVARD, *Director.*

PRODUCTS LIMITED

RY COMPANIES

as at December 31, 1964

LIABILITIES

CURRENT

Bank loan and advances — secured	\$1,275,000	
Bills and accounts payable	1,536,685	
Accrued liabilities	116,031	
Accrued debenture interest	39,242	
Provision for taxes on income	67,288	
Dividend on capital stock payable		
January 31, 1965	22,125	\$3,056,371

FUNDED DEBT

4 $\frac{3}{4}$ % Sinking fund debentures, Series "A", due		
April 1, 1976		
Authorized and issued	1,250,000	
Less: Debentures purchased under Sinking Fund		
provisions and cancelled	450,000	
	<u>800,000</u>	
5 $\frac{1}{2}$ % Serial debentures, Series "B", due 1967-1971		
Authorized and issued	250,000	
6% Sinking fund debentures, Series "B", due 1984		
Authorized and issued	1,250,000	2,300,000
Reserve for future income taxes (Note 1)		120,739

SHAREHOLDERS' EQUITY

CAPITAL STOCK

Shares of no par value		
Class "A" — Authorized 250,000 shares		
— Issued 177,000 shares	809,885	
Class "B" — Authorized 250,000 shares		
— Issued 118,000 shares	219,884	
	<u>1,029,769</u>	
Earnings retained in the business	1,221,124	
Increase in value of fixed assets over depreciated		
cost in accordance with appraisal	2,202,457	4,453,350
	<u>4,453,350</u>	
		<u>\$9,930,460</u>

ENAMEL & HEATING PRODUCTS LIMITED AND SUBSIDIARY COMPANIES

STATEMENT OF CONSOLIDATED EARNINGS

For the Year Ended December 31, 1964

Income from operations before deducting the following		\$ 687,802
Depreciation	\$ 106,066	
Executive salaries	85,506	
Directors' fees and expenses	1,883	
Legal charges	6,037	
Debenture interest	64,085	263,577
		424,225
Non-operating income		16,211
		440,436
Provision for taxes on income	72,683	
Reduction in current period income taxes applicable to future years (Note 1)	120,739	193,422
Net earnings for the year		\$ 247,014

NOTES:

- (1) Accelerated capital cost allowances deducted for income tax purposes exceeded by \$241,478 the corresponding charge against income as recorded in the accounts. The tax reduction in respect of such excess amounted to \$120,739 and has been credited to reserve for future income taxes.
- (2) The company acquired three subsidiary companies on May 1, 1964. The net earnings of such subsidiaries for the eight months ended December 31, 1964 are included in the above statement of consolidated earnings.

STATEMENT OF CONSOLIDATED RETAINED EARNINGS

Balance — January 1, 1964		\$1,234,163
<i>Add:</i> Net earnings for the year	\$ 247,014	
Profit on debentures redeemed	3,500	250,514
		1,484,677
<i>Deduct:</i> Dividends on Class "A" shares	88,500	
Loss on disposal of assets	1,143	
Bond issue expense	54,833	
Goodwill on consolidation	119,077	263,553
Balance — December 31, 1964		\$1,221,124

Auditors' Report

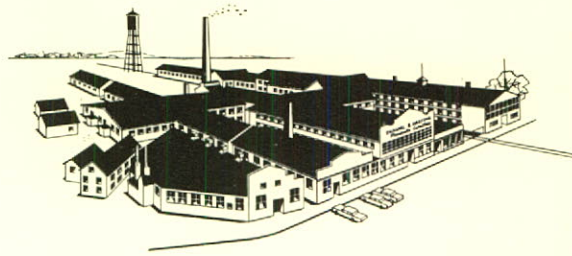
To the Shareholders,
Enamel & Heating Products, Limited,
Sackville, N.B.

We have examined the consolidated balance sheet of Enamel & Heating Products, Limited and subsidiary companies as at December 31, 1964 and the related consolidated statements of earnings 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 the case of the subsidiary companies the accounts of which were not examined by us, we were furnished with reports of other auditors.

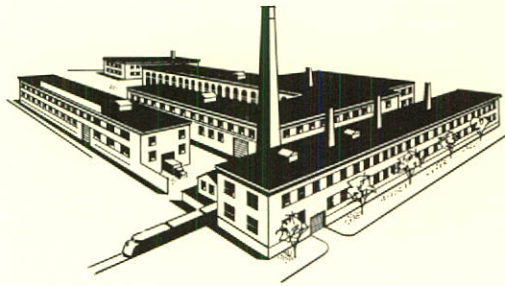
Based on our examination and the aforementioned reports of other auditors, we report that, in our opinion and according to the best of our information and the explanations given to us and as shown by the books of the companies, the accompanying consolidated balance sheet and related consolidated statements of earnings and retained earnings are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies as at December 31, 1964 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.

TOUCHE, ROSS, BAILEY & SMART
Chartered Accountants.

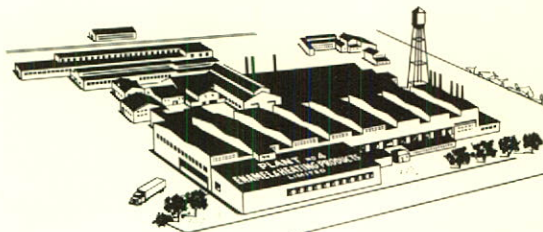
Saint John, N.B.
February 19, 1965.



Plant No. 1 - SACKVILLE, N.B.



Plant No. 2 - AMHERST, N.S.



Plant No. 4 - AMHERST, N.S.

Since
1852

AIRCO PRODUCTS LIMITED

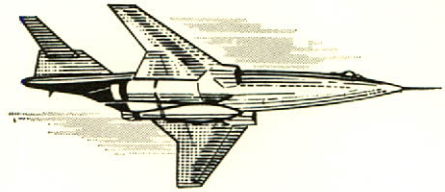
205 WEST 5th AVENUE · VANCOUVER, B.C.

*Western Canada's Largest
Furnace Manufacturers*

PRODUCTS OF YOUR COMPANY

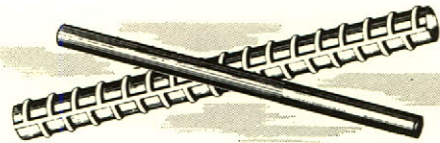
AIRCRAFT

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



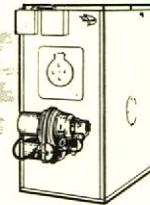
CONSTRUCTION

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



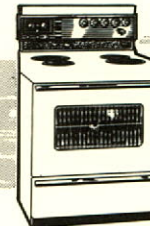
HEATING UNITS

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



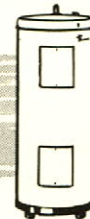
COOKING APPLIANCES

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

