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# 1959 Annual Report

**ASBESTOS CORPORATION LIMITED**

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## **DIRECTORS**

W. A. ARBUCKLE

PAUL BIENVENU

A. M. CAMPBELL

K. T. DAWES

J. E. L. DUQUET, Q.C.

G. F. JENKINS

J. A. D. MARCOTTE

A. L. PENHALE

LT. COL. J. G. ROSS

EDWARD C. WOOD

# **ASBESTOS CORPORATION**

**HEAD OFFICE: ROOM 522, CANADA CEMENT BUILDING, 610 CATHCART STREET,**

## **OFFICERS OF THE CORPORATION**

A. L. PENHALE

*President and Managing Director*

KENNETH T. DAWES

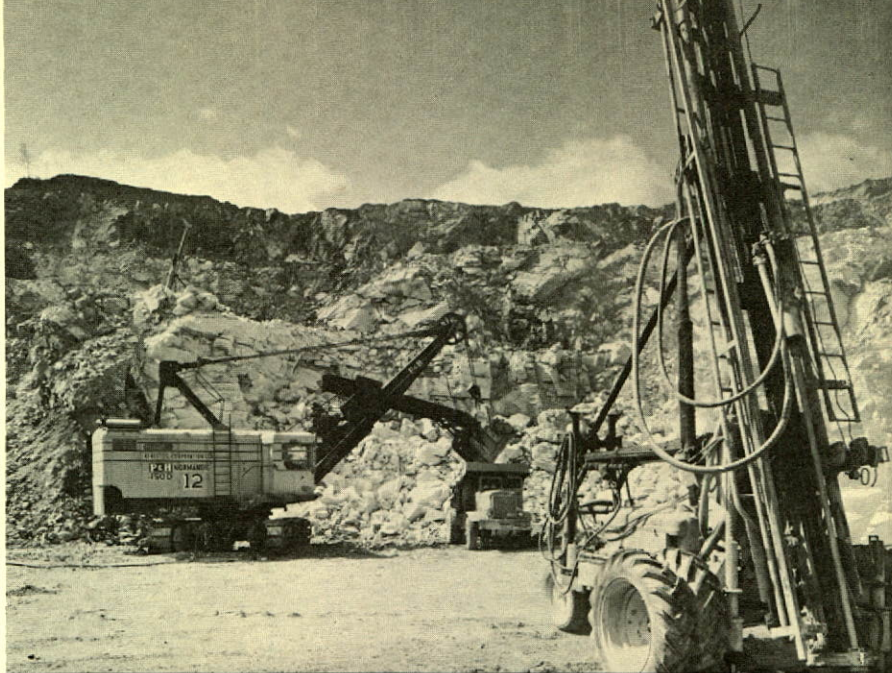
*Vice-President*

G. F. JENKINS

*General Manager*

I. C. CAMPBELL

*Secretary-Treasurer*

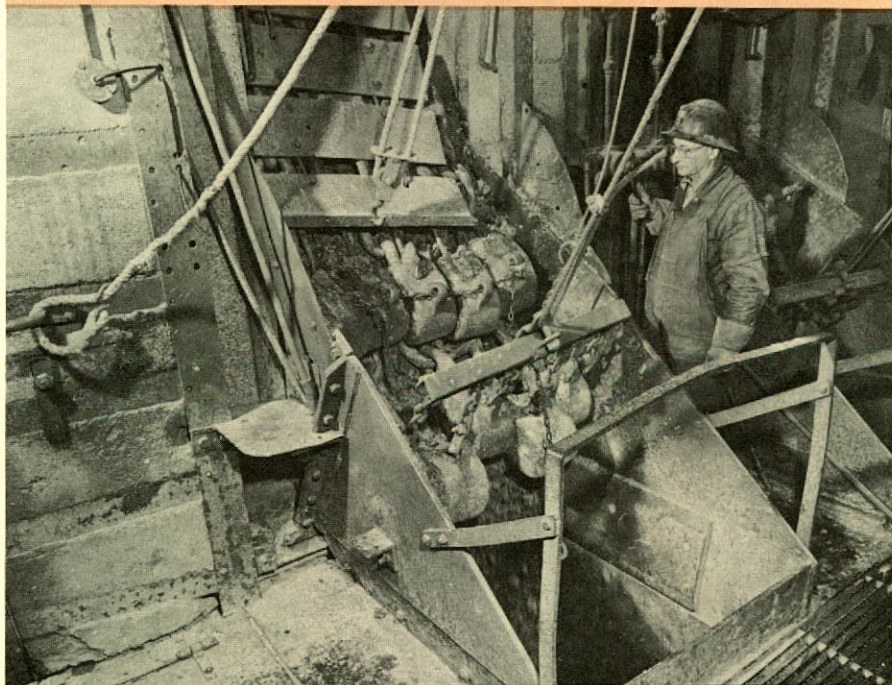


Normandie Mine Pit

# ANNUAL REPORT

and statement of accounts for the  
year ended December 31, 1959

**LIMITED**  
MONTREAL, QUEBEC



Loading skip underground at King Mine



## THE YEAR AT A GLANCE

	1959	1958
INCOME BEFORE TAXES .....	\$4,676,379	\$4,743,769
FEDERAL, PROVINCIAL & MUNICIPAL TAXES .....	1,883,704	894,900
EARNINGS PER SHARE .....	1.69	2.29
DIVIDENDS PAID:		
(a) Total amount .....	2,520,000	3,150,000
(b) Per share .....	1.40	1.75
PAID TO EMPLOYEES DURING THE YEAR .....	8,411,898	9,085,916
RE-INVESTED IN THE BUSINESS .....	537,379	1,070,110
DEPRECIATION .....	1,600,000	2,000,000
NUMBER OF EMPLOYEES .....	1,796	1,995
NUMBER OF SHAREHOLDERS .....	6,573	5,959

## REPORT OF THE DIRECTORS to the shareholders

Montreal, February 26, 1960.

Your directors submit the thirty-fourth annual report of the Company with Balance Sheet and Statement of Income and Earned Surplus for the year ended December 31, 1959 as reported on by your auditors, Messrs. Price Waterhouse & Co.

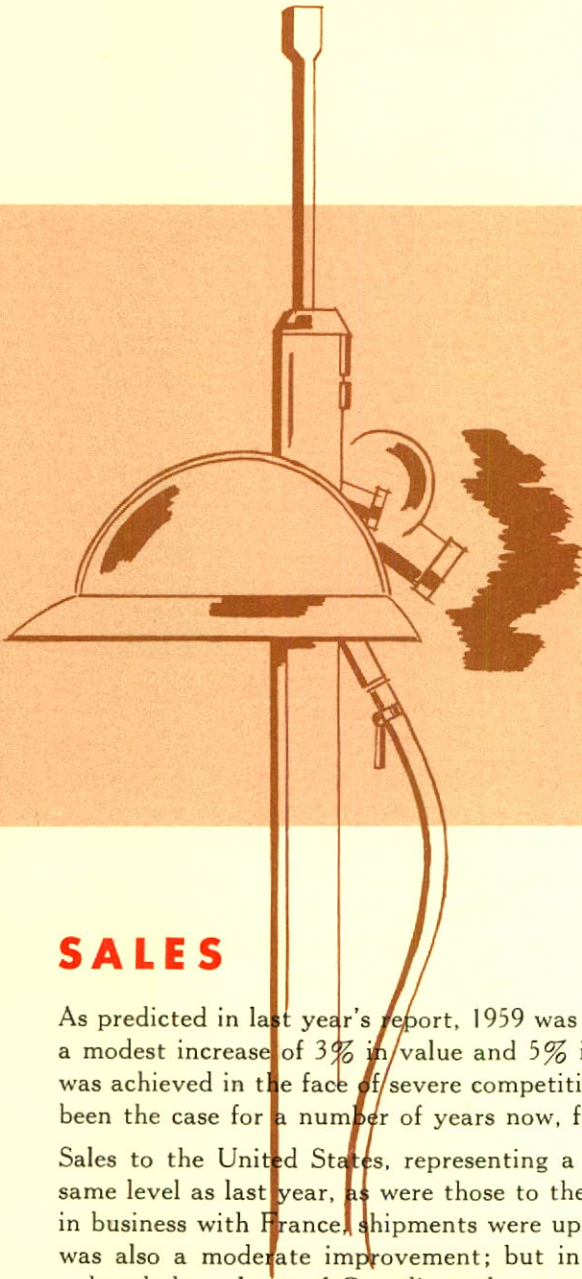
Income for the year, after all expenses, but before providing for depreciation or taxes on income, amounted to \$6,276,379, compared with \$6,743,769 for 1958. Provision for depreciation was \$1,600,000 compared with \$2,000,000 in 1958, while the provision for taxes, reflecting the first full year of taxation at the Normandie Mine, was much greater at \$1,619,000 compared with only \$609,000 in the previous year. Net income totalled \$3,057,379 or \$1.69 per share, compared with the previous year's figures of \$4,134,769 and \$2.29 per share.

Working capital increased by \$1,922,829 during the year and stood at \$8,491,871 at December 31st. There were additions to fixed assets amounting to \$730,015 during the year, but the gross value of fixed assets as shown on the Balance Sheet was substantially reduced. This came about as a result of a physical survey of plant and equipment which had been in progress during the last two years. This survey was completed during 1959 soon after the consolidation of some of the facilities at the King and Beaver properties which resulted in the dismantling and abandonment of the King Mill No. 3, which had been built in 1923. The survey also confirmed that certain other items of plant, machinery and equipment at properties of the Corporation which had not been operated for many years were obsolete or abandoned.

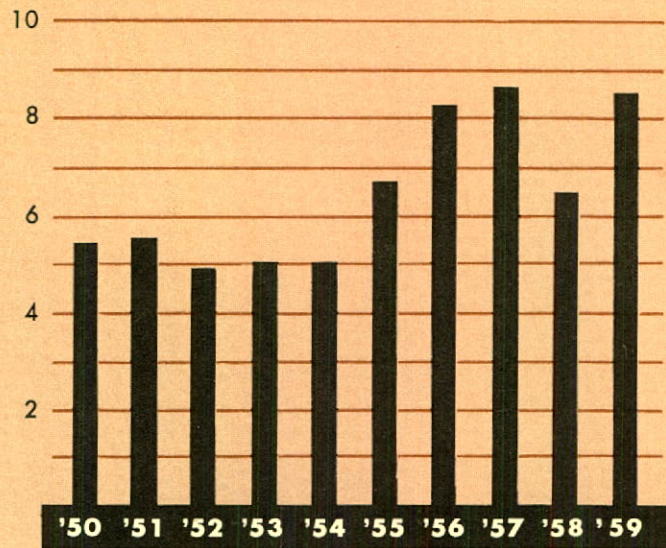
As these assets had been fully depreciated it was decided to eliminate them from the records of the Company; accordingly an amount of \$4,134,115 was deleted from the gross book value of buildings, plant and equipment and charged against accumulated depreciation as at December 31, 1959. No change in the net book value of Capital assets resulted from this transaction.



General view of Normandie Mine Pit



**WORKING CAPITAL**  
(in millions of dollars at year end)



## SALES

As predicted in last year's report, 1959 was in many ways a difficult year, but in spite of this there was a modest increase of 3% in value and 5% in the volume of sales over 1958. This minor improvement was achieved in the face of severe competition from within the Canadian industry itself and also, as has been the case for a number of years now, from foreign fibre.

Sales to the United States, representing a third of your Company's sales volume, were at about the same level as last year, as were those to the United Kingdom. In Western Europe, despite a falling-off in business with France, shipments were up slightly over 1958. In the Far East and in Australia, there was also a moderate improvement; but in Latin America, chronic foreign exchange shortage further reduced the volume of Canadian asbestos exports to that area.

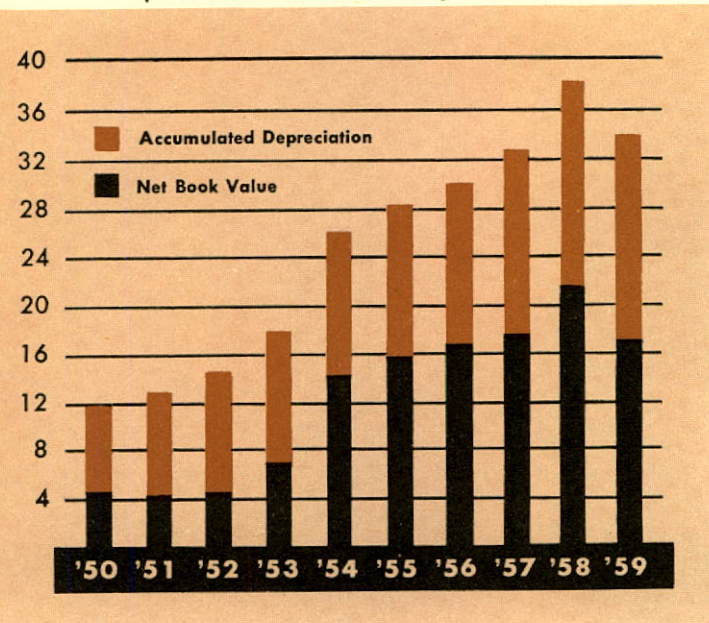
In major product markets, the asbestos textile trade was still a weak spot and it was in the asbestos cement fibres that the greatest increase was shown. The growing and world-wide acceptance of asbestos cement materials for construction, particularly in the Far East, augurs well for this market for some years to come. Production and sale of the less profitable short fibres, relatively a smaller and less important part of your Company's business, remained at about the same level as in the previous year.

During recent months, the sales organization has been strengthened. Concurrently, sales efforts were increased throughout the world and by the year end, prospects for the coming year appeared more promising and sales should be somewhat better than in 1959. The longer term outlook remains favourable and there should be a gradual improvement in the years to come.

## OPERATIONS

As forecast in last year's report, there was some curtailment of production at your Company's mining properties. The Normandie Mine operated at full capacity throughout the year but on the other hand the British-Canadian Mine was shut down for two months and the King-Beaver worked at only 68% of its capacity.

## PLANT and EQUIPMENT (in millions of dollars at year end)



The following tabulation shows the volume of materials handled at all mines for the past two years:

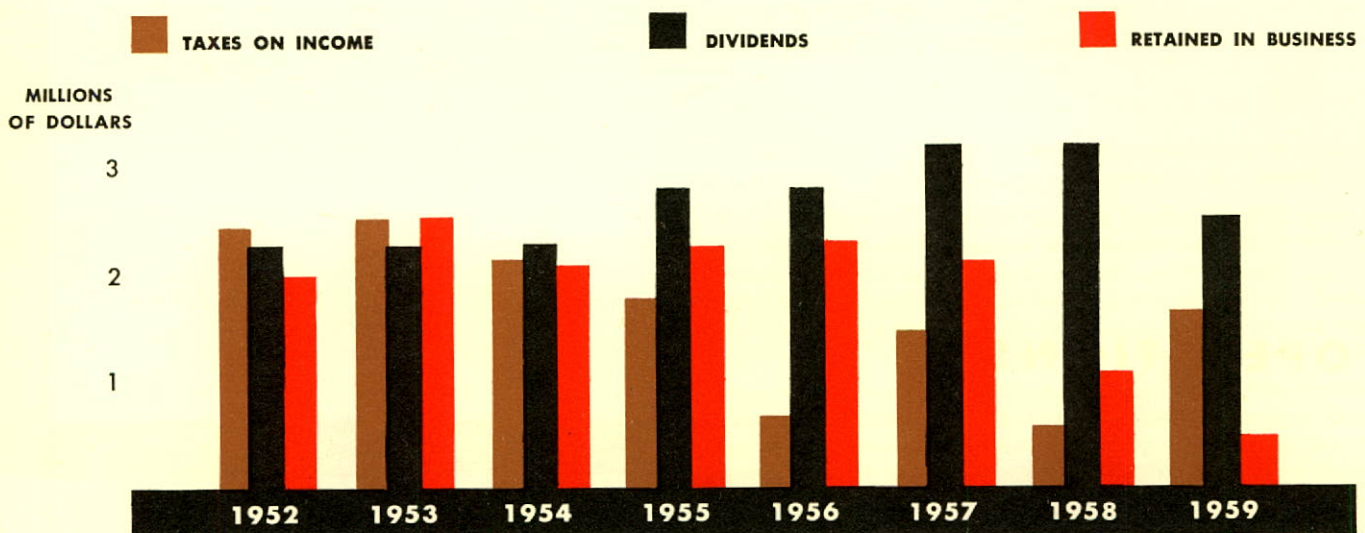
	1959	1958
Stripping	392,398 cu.yds.	771,914 cu.yds.
Barren Rock Mined	8,676,833 tons	6,776,317 tons
Ore Milled	3,332,955 tons	3,207,103 tons
Average Daily Tonnage of Rock Mined	53,329 tons	42,802 tons
Average Daily Tonnage of Ore Milled	13,612 tons	13,064 tons

The greater volume of barren rock mined in the past year is indicative of a continuing trend in our open-pit operations, where it has been found necessary to increase both barren rock removal and sorting of waste.

There were no additions to ore reserves which were reduced by the amount mined during the year. At the Normandie Mine there was an additional reduction as a result of a more detailed study of the boundaries of the ore body. Total ore reserves at the end of the year were as follows:

	1959	1958
King-Beaver Mine	11,470,000	12,490,000
British-Canadian Mine	52,965,000	54,090,000
Normandie Mine	25,436,000	30,765,000
Other Properties	14,000,000	14,000,000
	<u>103,871,000</u>	<u>111,345,000</u>

## DISTRIBUTION OF NET EARNINGS



# ASBESTOS CORPORATION

DECEMBER 31 1959

(basis for comparison)

LIABILITIES	1959	1958
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued liabilities . . . . .	\$ 1,321,246	\$ 841,768
Income and other taxes . . . . .	1,083,038	465,401
	<u>\$ 2,404,284</u>	<u>\$ 1,307,169</u>
<b>DEFERRED CREDIT</b> —tax applicable to future years . . . . .	\$ 3,938,000	\$ 3,519,000
	<u>\$ 5,512,714</u>	<u>\$ 5,512,714</u>
<b>CAPITAL STOCK:</b>		
Represented by 1,800,000 shares of no par value out of a total authorized issue of 3,600,000 shares . . . . .	\$ 5,512,714	\$ 5,512,714
	<u>\$14,000,000</u>	<u>\$14,000,000</u>
<b>GENERAL RESERVE</b> . . . . .		
	<u>\$14,000,000</u>	<u>\$14,000,000</u>
<b>SURPLUS:</b>		
Distributable surplus . . . . .	\$ 1,000,000	\$ 1,000,000
Earned surplus, per statement attached . . . . .	9,432,147	8,894,768
	<u>\$10,432,147</u>	<u>\$ 9,894,768</u>

SIGNED ON BEHALF OF THE BOARD:

A. L. PENHALE, Director  
KENNETH T. DAWES, Director

\$36,287,145

\$34,233,651

**AUDITORS' REPORT TO THE SHAREHOLDERS OF  
ASBESTOS CORPORATION LIMITED:**

We have examined the balance sheet of Asbestos Corporation Limited as at December 31 1959 and the statement of income and earned surplus 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 company, the accompanying balance sheet and statement of income and earned surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at December 31 1959 and the results of its 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

MONTREAL, January 26 1960



# BALANCE SHEET —

(with 1958 figures shown as a)

ASSETS	1959	1958
<b>CURRENT ASSETS:</b>		
Cash . . . . .	\$ 375,482	\$ 786,283
Government of Canada securities . . . . . (Market value \$4,712,000)	4,750,000	1,600,000
Accounts and bills receivable, less allowance for doubtful accounts . . . . .	1,379,980	1,284,644
Inventories of stocks on hand— Asbestos, valued at the lower of cost or market . . . . .	2,843,626	2,640,748
Materials and supplies, at laid down cost . . . . .	1,324,337	1,427,812
Prepaid taxes, insurance, etc. . . . .	222,730	136,724
	<u>\$10,896,155</u>	<u>\$ 7,876,211</u>
<b>SPECIAL FUNDS:</b>		
Cash, trust certificates, government securities and other investments set aside for special corporate purposes . . . . .	\$ 4,871,812	\$ 4,978,639
Employees' mortgages . . . . .	366,321	355,959
	<u>\$ 5,238,133</u>	<u>\$ 5,334,598</u>
<b>PROPERTIES, at cost:</b>		
Land and mineral areas . . . . .	\$ 2,108,584	\$ 2,113,234
Less: Accumulated depletion . . . . .	1,917,847	1,917,847
	<u>\$ 190,737</u>	<u>\$ 195,387</u>
Buildings, plant and equipment . . . . .	\$34,718,043	\$38,201,349
Less: Accumulated depreciation . . . . .	14,755,923	17,373,894
	<u>\$19,962,120</u>	<u>\$20,827,455</u>
	<u>\$20,152,857</u>	<u>\$21,022,842</u>
	<u>\$36,287,145</u>	<u>\$34,233,651</u>

Capital expenditures during the year were kept to a minimum at all mines. At the Normandie Mine fibre packing machinery was augmented and modifications made to the short fibre circuits. At the British-Canadian, changes were made in the pit lay-out to reduce both the grade and the length of the haulageways, and further bagging facilities installed. The new tailings conveyor system completed in 1958 came into full use in June. At the King-Beaver Mine, the King Mill, the dust shed and certain other buildings were dismantled. Work was almost completed on the construction of a new fibre storage shed. Two large capacity bottom dump trucks were purchased for the transportation of dry ore from the rock storage bin to the new King-Beaver Mill.

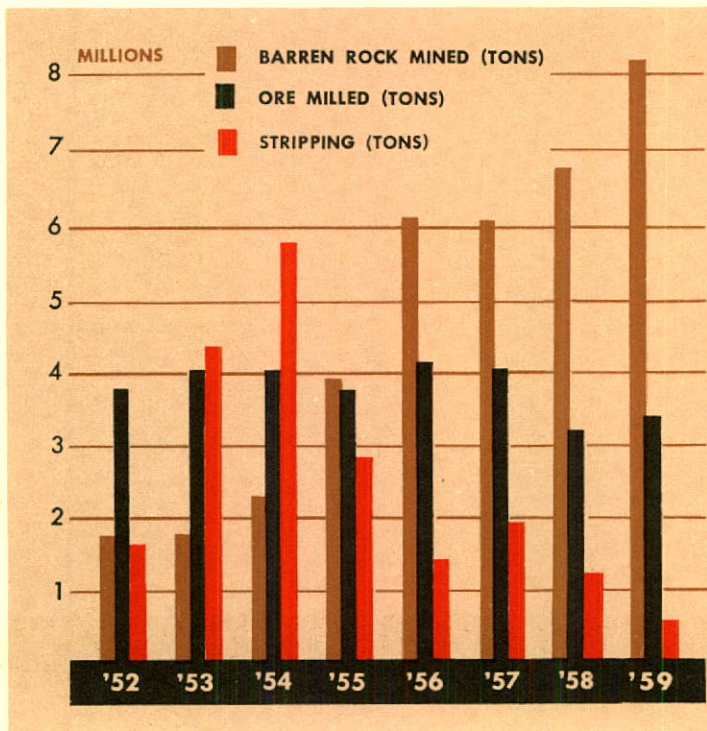
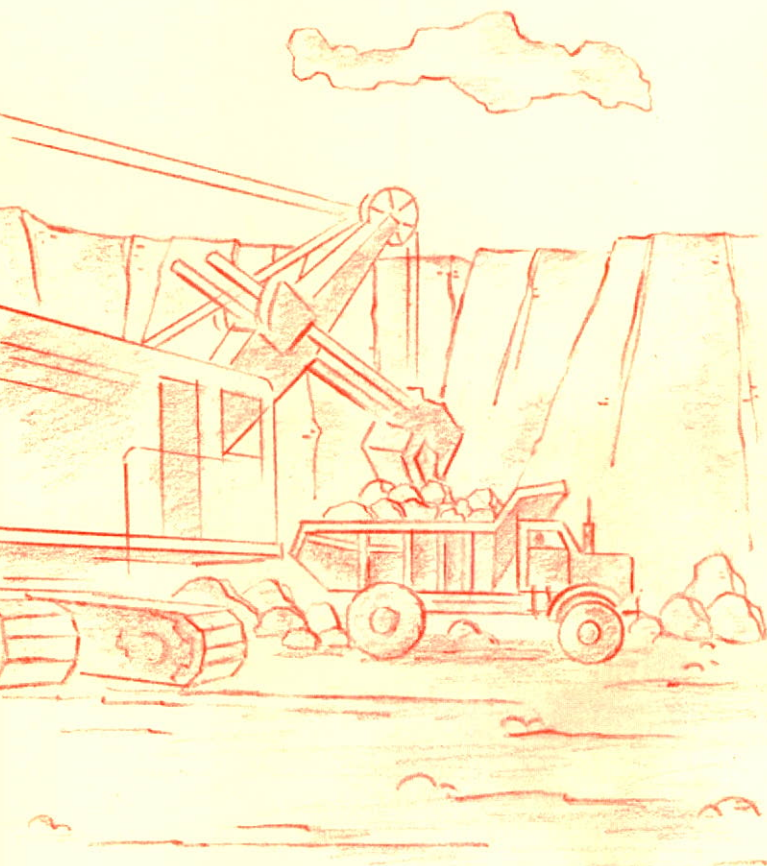
Underground development at the King-Beaver totalled 3,735 feet comprised of 2,037 feet of drifting and 1,698 feet of raising, slightly more than in the previous year. Present plans envisage a somewhat larger programme for 1960. In the process of developing further open-pit ore for the King-Beaver a project involving the re-location of a street and other urban facilities was completed during the year and stripping operations were under way in this area at the time of writing.

Diamond drilling on your Company's principal properties was maintained at comparable levels to previous years, as can be seen from the following tabulation:

	1959	1958
King-Beaver Mine.....	13,318 feet	169 feet
British-Canadian Mine.....	—	25,623 feet
Normandie Mine.....	12,780 feet	—
Other Properties.....	1,117 feet	1,553 feet
	27,215 feet	27,345 feet

## EXPLORATION

Your Company's exploration staff was active during the year. In addition to local investigations, outside exploration was undertaken, principally in the Yukon Territory, on several mineral occurrences of interest although nothing of importance was revealed. The joint exploration venture with British Newfoundland Explorations Limited in Labrador was continued. Further afield, an asbestos prospect in the Solomon Islands was examined but proved to be uneconomic. Investigations of other properties elsewhere in the world are currently under way.



## GENERAL

The work of the Quality Control Department was further expanded and additional facilities were provided for this important phase of your Company's operations. Considerable work was undertaken in the field of dust control at all mines and this programme will be accelerated in the coming year.

At the time of writing negotiations were under way for new labour contracts for both hourly paid and salaried employees. Currently, average hourly earnings stand at \$2.05 per hour, the highest in your Company's history. Nor does this figure include the cost of fringe benefits which, when added, bring such earnings to \$2.33 an hour. Your Company is most concerned with the demands for increased wages, additional vacation privileges and many other costly benefits which the Union is making. Facing, as it does, serious competition from foreign countries, where labour costs are far lower than here in Canada, the Canadian asbestos industry can no longer afford to incur still higher costs without compensating increases in productivity. Our people enjoy one of the highest standards of living in the world. Nothing places this standard in greater jeopardy than the continuing trend to higher costs, which, if unchecked, can only put our products in a position where they can no longer compete with the products of countries where the standards are perhaps not so high as ours, but where the costs are far lower.

For reasons of health, Mr. H. P. Thornhill and Mr. F. E. Notebaert resigned from the Board during the year. Mr. Thornhill had been a director since 1932 and Mr. Notebaert since 1944. Their colleagues on the Board and the Officers of the Company owe them a debt of gratitude for their long and useful service to the Company and to its shareholders.

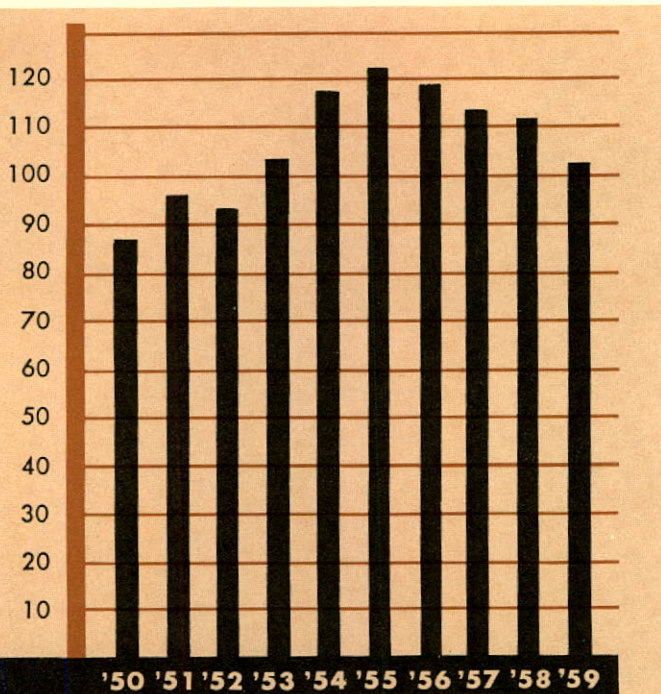
Mr. A. M. Campbell, Executive Vice-President of the Sun Life Assurance Company of Canada, and Mr. Edward C. Wood, President of the Imperial Tobacco Company of Canada Limited, were appointed to the Board to fill these vacancies.

In closing your Directors would be remiss were they to fail to record their gratitude for the loyal support and the industry and efficiency of the officers, staff and employees of the Company throughout the past year.

On behalf of the Board of Directors,

A. L. PENHALE  
President.

### ORE RESERVES (in millions of tons)



# STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED DECEMBER 31 1959

## Provided from operations—

Net income for the year . . . . .	\$3,057,379	
Depreciation for the year, not representing cash outlay . . . . .	1,600,000	
Tax credits applicable to future years . . . . .	<u>419,000</u>	\$5,076,379

Transferred from funds set aside for special corporate purposes . . . . . 96,465

Total to be accounted for . . . . . \$5,172,844

## Expended as follows—

Additions to fixed assets (net) . . . . .	\$ 730,015	
Dividends paid . . . . .	<u>2,520,000</u>	\$3,250,015

Increase in working capital . . . . . 1,922,829

Total accounted for . . . . . \$5,172,844

# ORATION LIMITED

## STATEMENT OF INCOME AND EARNED SURPLUS

YEAR ENDED DECEMBER 31 1959 (with 1958 figures shown as a basis for comparison)

	1959		1958	
Income from operations before taking into account the items undernoted . . . .		\$ 6,161,081		\$ 6,845,637
Interest on investments . . . . .		202,582		212,888
Miscellaneous revenue . . . . .		154,409		187,225
		<u>\$ 6,518,072</u>		<u>\$ 7,245,750</u>
Executive salaries . . . . .	\$ 120,600		\$ 119,960	
Legal fees . . . . .	18,166		23,931	
Directors' fees . . . . .	8,333		8,700	
Exploration and prospecting expenses . . . . .	94,594		349,390	
Provision for depreciation . . . . .	1,600,000	1,841,693	2,000,000	2,501,981
		<u>\$ 4,676,379</u>		<u>\$ 4,743,769</u>
Provision for taxes on income (Note 1) . . . . .	\$ 1,200,000		\$ 204,000	
Tax applicable to future years . . . . .	419,000	1,619,000	405,000	609,000
Net income . . . . .		<u>\$ 3,057,379</u>		<u>\$ 4,134,769</u>
Earned surplus, January 1 . . . . .		8,894,768		7,824,658
Adjustment of Workmen's Compensation credits affecting prior years . . . . .		—		85,341
		<u>\$11,952,147</u>		<u>\$12,044,768</u>
Dividends—				
Regular . . . . .	\$ 2,160,000		\$ 1,890,000	
Extra . . . . .	360,000	2,520,000	1,260,000	3,150,000
Earned surplus, December 31 . . . . .		<u>\$ 9,432,147</u>		<u>\$ 8,894,768</u>

Note 1: (a) In computing 1959 income for tax purposes, capital cost allowances of \$1,268,000 in excess of depreciation recorded in the accounts have been claimed. The tax saving of \$419,000 has been deferred.

(b) In accordance with the terms of the related income tax acts, profits of the Normandie Mine, previously exempt for three years, are taxable from November 1 1958.

## INCOME DOLLAR

As in previous years the cost of wages and salaries remains the largest single item of income expenditure and accounted for 37 cents of every dollar taken in during the year, somewhat less than the figure for 1958 which stood at 41 cents.

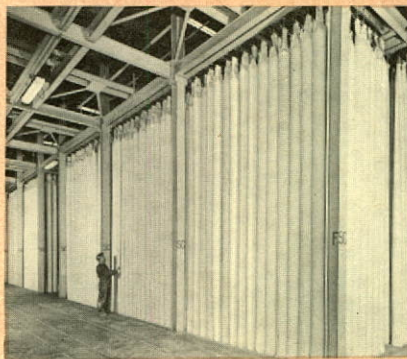
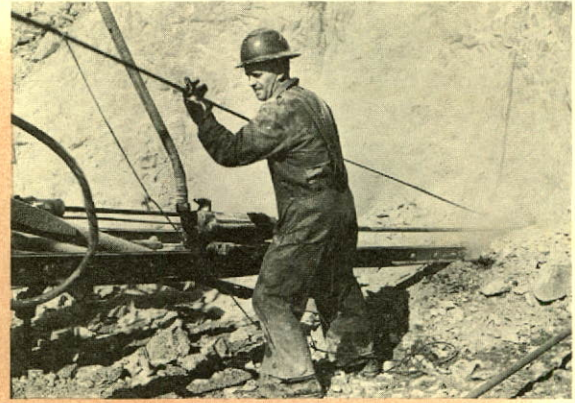
The higher taxes on profits, and the lower net income this year, are reflected in the figures shown in the chart where only 2.4 cents out of every dollar taken in were re-invested in the Company, the smallest amount in many years, and in dividends which came to 11 cents this year instead of 14 cents in 1958.

The proportionate distribution of income to other major items of expense remained virtually unchanged from previous years.

WAGES & SALARIES	37.1
MATERIALS & SUPPLIES	15.8
FUEL & POWER	5.4
TAXES & INSURANCE	9.2
DIVIDENDS	11.1
RE-INVESTED IN THE BUSINESS	2.4
DEPRECIATION	7.1
OTHER REQUIREMENTS	11.9
TOTAL	100%

## A five-year summary

	1959	1958	1957	1956	1955
NET INCOME BEFORE TAXES	\$4,676,379	\$4,743,769	\$6,616,191	\$5,758,121	\$6,756,169
FEDERAL, PROVINCIAL & MUNICIPAL TAXES	1,883,704	894,900	1,629,873	928,495	2,241,707
PAID TO EMPLOYEES DURING THE YEAR	8,411,898	9,085,916	8,577,024	8,662,268	8,437,911
PAID TO SHARE-HOLDERS AS DIVIDENDS	2,520,000	3,150,000	3,150,000	2,880,000	2,880,000
RE-INVESTED IN THE BUSINESS	537,379	1,070,110	2,165,933	2,292,439	2,260,288
EARNINGS PER SHARE	1.69	2.29	2.90	2.81	2.79



## MEN AT WORK...

Although your company is a mining company only about 25% of the employees could be considered as being employed in mining and of those only 30% work underground. In open pit mining at all your company's properties there are more truck drivers than there are drillers.

The highly mechanized mode of operation in the asbestos mining industry means that more men are employed in the maintenance of equipment than in its actual operation. The complexity of machinery used in ore preparation, milling and packaging requires constant supervised maintenance and it is therefore not surprising to find a large proportion of skilled tradesmen on the payroll; millwrights, machinists, blacksmiths, welders, mechanics, carpenters, tin-smiths and electricians make up almost 23% of all employees.

There must also be draftsmen, timekeepers, storekeepers, clerks and typists as well as engineers and foremen to ensure that each mine operates efficiently.

On this page are depicted some of these men—men who have worked for your company on the average of 10 or more years. Men who have, over these years, helped your company produce better asbestos fibre for world markets.

PHOTOS BY MARCEL COGNAC AND B & I PHOTOGRAPHY



# CANADIAN ASBESTOS... *its place*

## CONSUMPTION OF CANADIAN ASBESTOS IN MAJOR

(Source D.B.S.)





*in the sun*

## GEOGRAPHICAL AREAS OF THE WORLD FOR 1959

SHORT TONS	DOLLARS
629,231	\$ 54,638,177
179,795	27,066,987
69,234	9,128,713
66,428	8,661,598
39,568	6,299,644
25,537	3,958,068
4,129	678,105
1,013,922	\$110,431,292

Between 50 and 55% of the world's requirements of chrysotile asbestos comes from Canada, and of Canadian shipments, more than 95% are exported to the markets of the world.

The figures on this page are the total for all Canadian asbestos exports and the pattern of distribution is somewhat different in the case of your company's foreign sales as can be seen from the tabulation below:

### Percentage of Distribution of Exports in Tons

	Industry	Asbestos Corporation
U.S.A.....	62.1%	33.2%
Europe.....	17.7	31.4
United Kingdom.....	6.8	6.4
Asia.....	6.6	15.3
Australasia.....	2.5	5.8
Latin America.....	3.9	5.9
Africa.....	0.4	2.0
	100.0%	100.0%

Irrigation pipe-lines in Egypt, low cost housing in Chile, roofing shingles in Denmark, in all these products you will find Canadian asbestos. Floor tiles in Germany, theatre curtains in New York, fire-fighting suits in Arabian oil fields will probably contain Canadian fibre.

Should you want to travel to any of these places to see such products you will be borne in aeroplanes, ships, trains or automobiles which will likely have incorporated in them somewhere, some product made of Canadian asbestos.

Somewhere in Norway during the month of February this year, a torch was kindled from the hearth in the home of a former Olympic skiing champion; this symbolic flame was to be relayed by hand to Squaw Valley in California to signal the opening of the 1960 Winter Olympics in the traditional manner. When it came to the transoceanic part of the journey, on board the airliner the legendary fire was safely housed in an asbestos container—in all probability made of Canadian fibre.



**BANKERS**

The Royal Bank of Canada

**TRANSFER AGENTS**

The Royal Trust Company, Montreal, Toronto

**REGISTRAR**


Crown Trust Company, Montreal, Toronto

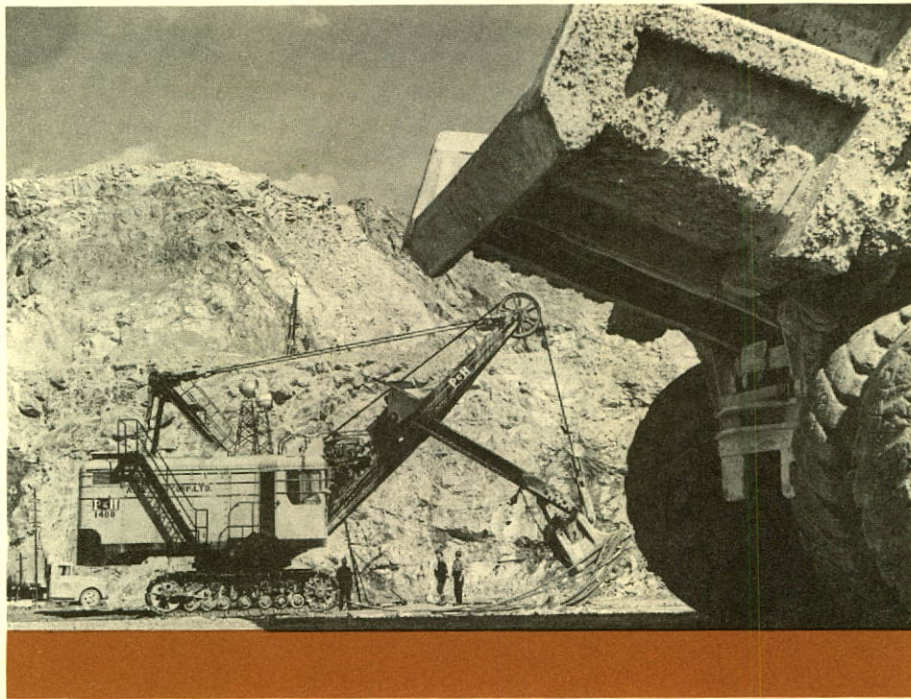
**GENERAL COUNSEL**

Duquet, MacKay, Weldon & Tetrault, Montreal

**AUDITORS**

Price Waterhouse & Co. Montreal





**ASBESTOS**