

Stock

ASBESTOS CORPORATION LIMITED

(INCORPORATED 1925)

DIRECTORS:

R. W. STEELE, *President and Managing Director*
C. W. COLBY, M.A., PH.D., *Vice-President* KENNETH T. DAWES, *Vice-President*
G. R. COTTRELLE A. H. PARADIS
HON. J. L. RALSTON, K.C. J. C. H. DUSSAULT, K.C.
H. P. THORNHILL W. A. ARBUCKLE

THIRTEENTH ANNUAL REPORT
For the Period of Twelve Months
Ending 31st December, 1938

MONTREAL, February 16th, 1939.

To the Shareholders of
ASBESTOS CORPORATION LIMITED:

Your Directors submit the Thirteenth Annual Report of the Company with Balance Sheet and Profit and Loss Account as at December 31st, 1938, as certified by your auditors.

The profit for the year after charging all expenses including bond interest and provision for taxes of \$303,000 but before depreciation and depletion amounted to \$1,942,133.68. From this amount there has been deducted \$403,377.82 for depreciation and depletion and the sum of \$350,000 was transferred into a General Reserve Account. After making these deductions there remained a balance of \$1,188,755.86. During the year your Directors declared regular and extra dividends in the aggregate amount of \$747,900. The reserve for betterments and replacements of \$200,000 and the reserve for contingencies of \$100,000 shown in the Annual Statement of December 31st, 1937, have been transferred to the General Reserve Account of the Company. These amounts together with the \$350,000 transferred from the profits of the year just ended makes a total of \$650,000 in the General Reserve Account.

Four mines operated continuously throughout the year. The sales of fibre during the year 1938 in tonnage amounted to 81.1% of the sales of 1937. Owing, however, to the fact that the volume was greater in the higher priced fibres, the value of the year's sales was 103.7% of those of the previous year. The production required to fill orders in the longer and more profitable grades caused an over production in the shorter grades. The total increase of asbestos in the inventory amounts to \$430,738.63. The various grades have been recorded in the inventory at the same standard costs as in former years.

The amount of bonds outstanding was reduced during the year to \$500,000 through the payment of the 1938 maturity, the repurchase and cancellation of the 1939 maturity and the calling of \$250,000 of the 1942 maturity.

The 700 shares of unsold capital stock mentioned in the last annual report were disposed of during the year at \$111.00 per share, thus completing the capital reorganization authorized in 1937.

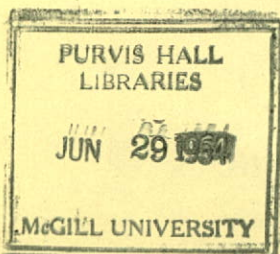
During the year a Trust Fund was established to supplement the staff pension contract to cover cases which for various reasons could not be or were inadequately taken care of by that contract. A sum of \$50,000 was transferred to that account in 1938.

The development programme at the King Mine, mentioned in the last annual report is now approaching completion and the cost is reflected in the Balance Sheet in the increased property account covering the cost of buildings and equipment and in mine development account covering the cost of the shaft. The latter is being written off over a five year period.

At a time when world conditions are so unsettled it is obviously impossible to make an accurate forecast of what business will be throughout the year. A considerable part of our product for 1938 was sold overseas. What the ratio of these sales to our total for this year will be must depend largely on facts and forces not yet revealed.

The Directors wish to record their appreciation of the loyal and efficient support rendered by the officers, staff and employees of the Corporation throughout the year.

R. W. STEELE,
President.



ASBESTOS CORP

BALANCE SHEET, D

ASSETS

CURRENT ASSETS:

Dominion of Canada Bonds \$500,000.00 par value (Quoted Value \$515,625.00).....	\$	500,000.00
Dominion of Canada Treasury Bills \$600,000.00 at market.....		599,815.93
Inventories of Stocks on hand, as determined by responsible officials of the Company, valued as to Asbestos at standard rates, which are lower than market price, and as to Materials and Supplies at laid down cost—		
Asbestos.....	\$923,354.50	
Materials and Supplies.....	200,635.31	1,123,989.81
Accounts and Bills Receivable.....	\$411,832.10	
LESS: Reserve for Bad and Doubtful Accounts.....	36,949.72	374,882.38
Cash on hand and in banks.....		126,925.58
		\$2,725,613.70

TRUSTEES FOR HOLDERS OF FIRST MORTGAGE BONDS:

Cash in hands of Trustees.....		1,067.95
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DEFERRED CHARGES TO OPERATIONS:

Prepaid Taxes and Insurance.....	\$	45,746.36
Mine Development Work.....	\$224,302.96	
LESS: Amount written off.....	44,860.59	179,442.37
		225,188.73

PROPERTIES:

Mineral Areas and Development, Real Estate, Plant and Equipment stated at the written down value as determined by the management on the reorganization of the Company in 1932, plus subsequent additions at cost.....	\$7,540,470.25	
LESS: Reserves for Depreciation and Depletion.....	4,026,297.22	3,514,173.03
		\$6,466,043.41

APPROVED ON BEHALF OF THE BOARD:

R. W. STEELE, Director
C. W. COLBY, Director

STATEMENT OF PROFIT & LOSS AND EARNED SURPLUS FOR THE YEAR ENDING DECEMBER 31, 1938

Profit from Operations for the year ending December 31, 1938, before providing for the items undernoted.....		\$2,346,927.85
Interest on Investments.....		10,711.87
Miscellaneous Revenue.....		27,118.79
		\$2,384,758.51
Executive Salaries.....	\$57,000.00	
Legal Fees.....	873.60	
Directors' Fees.....	3,740.00	
Provision for Depreciation and Depletion.....	403,377.82	
Contribution to Pension Fund.....	50,000.00	514,991.42
		\$1,869,767.09
Provision for Dominion and Provincial Taxes.....		303,000.00
		\$1,566,767.09
Interest on First Mortgage Bonds.....		28,011.23
Profit for the year ending December 31, 1938.....		\$1,538,755.86
Transferred to General Reserve.....		350,000.00
		\$1,188,755.86
Dividends paid during the year—		
Quarterly dividends of 50c per share, aggregating \$2.00 per share.....	\$298,950.00	
Extra dividends aggregating \$3.00 per share.....	448,950.00	747,900.00
Balance of Profits for the year.....		\$440,855.86
ADD: Earned Surplus, December 31, 1937.....		2,885.32
		\$443,741.18

ASBESTOS CORPORATION LIMITED

DECEMBER 31st, 1938

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable.....	\$ 646,847.97	
Accrued Liabilities.....	3,580.78	
Provision for Dominion, Provincial and Other Taxes.....	312,731.48	\$963,160.23

FIRST MORTGAGE BONDS:

Series "C" due July 2, 1942.....		500,000.00
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GENERAL RESERVE:

650,000.00

CAPITAL STOCK:

Represented by 150,000 Shares of No Par Value issued out of a total authorized issue of 300,000 shares—

Balance December 31, 1937.....	149,300 shares	\$2,831,708.00	
Issued for Cash during the year under authority of a certificate of the Secretary of State.....	700 "	77,434.00	
	<u>150,000 shares</u>		2,909,142.00

SURPLUS:

Distributable Surplus.....	\$1,000,000.00	
Earned Surplus, per statement attached.....	443,741.18	1,443,741.18
		<u>\$6,466,043.41</u>

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have made an examination of the books and accounts of Asbestos Corporation Limited for the year ending December 31, 1938, and have obtained all the information and explanations which we have required; and we report that, in our opinion, the above Balance Sheet at December 31, 1938, is properly drawn up so as to exhibit a true and correct view of the state of the Corporation's affairs, according to the best of our information and the explanations given to us and as shown by the books of the Corporation.

PRICE, WATERHOUSE & Co.
Auditors.

MONTREAL, January 28, 1939.

February 6th, 1939.

To the President and Directors,
Asbestos Corporation Limited.

I submit the following summary report of operations on the properties of your Company in 1938.

OPERATING TIME

The mills at the King, Beaver, Vimy and British Canadian Mines were operated at capacity throughout the year.

The tonnage of rock milled showed an increase of 6.4% over 1937.

MINING—

King

The sinking of a vertical shaft 13 ft. x 18 ft. in cross-section, which was begun in 1937 was completed to a depth of 1153 ft.

Beaver

The Bennett-Martin pit was dewatered and mining operations started as an additional source of ore for the Beaver Mill.

Diamond Drilling:

At King, Beaver, British Canadian and Vimy a total of 20,879 feet of diamond drilling was done, indicating additional ore in reserve at each property.

NEW PLANT—

King

Work on the Head Frame, Hoist House, Crusher Building, Dryer Building, Coal Storage and Conveyors was started on September 13th, 1938. Approximately 65% is completed. The new plant is scheduled to be in operation by June 1st, 1939.

The support of the staff and employees throughout the year is to be commended.

Respectfully submitted,

(Signed) J. G. ROSS,
Manager.

ASBESTOS CORPORATION LIMITED

THIRTEENTH ANNUAL REPORT

AND

STATEMENT OF ACCOUNTS

FOR THE PERIOD OF TWELVE MONTHS ENDING

31st DECEMBER, 1938

DIRECTORS:

R. W. STEELE, *President and Managing Director*

C. W. COLBY, M.A., PH.D., *Vice-President*

KENNETH T. DAWES, *Vice-President*

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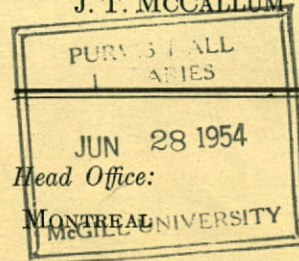
W. A. ARBUCKLE

H. P. THORNHILL

J. C. H. DUSSAULT, K.C.

JAS. G. ROSS - - *Manager*

J. T. MCCALLUM - *Secretary-Treasurer*



Head Office:

MONTREAL UNIVERSITY
McGILL UNIVERSITY

Mines Office:

THETFORD MINES, P.Q.