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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*
W. A. ARBUCKLE A. H. PARADIS
G. R. COTTRELL LIEUT.-COL. J. G. ROSS
J. C. H. DUSSAULT, K.C. H. P. THORNHILL

FIFTEENTH ANNUAL REPORT
For the Period of Twelve Months
Ending 31st December, 1940

MONTREAL, January 28th, 1941

To the Shareholders of
ASBESTOS CORPORATION LIMITED:

Your Directors submit the Fifteenth Annual Report of the Company with Balance Sheet and Profit and Loss Account for the year ending December 31st, 1940, as certified by your auditors, Messrs. Price, Waterhouse and Company.

The profit for the year after charging all expenses including provision for taxes of \$235,000 but before depreciation and depletion amounted to \$1,053,745.66. From this amount \$328,891.82 was set aside in the reserve for depreciation and depletion, leaving a balance of \$724,853.84 from which dividends of \$720,000 were paid and the balance of \$4,853.84 was added to surplus account.

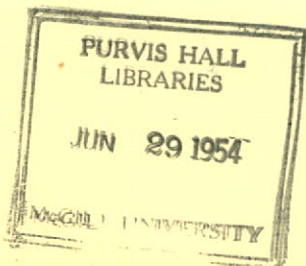
In the profit and loss account a deduction has been made of \$281,186.95. This amount represents all accounts in France and Belgium, the collection of which has become doubtful with regard to both time and amount, and also asbestos shipped to those countries but seized at sea by the British Admiralty for which no return has yet been received but in respect of which a conservative estimate of recovery has been credited. While at least some of this amount will doubtless be recovered eventually it seemed wiser to include the amount collected only at the time of collection.

The market for asbestos has naturally been seriously upset as the war has developed, and tonnage shipped in 1940 was materially less than in 1939. At the present time shipments are debarred from the continent of Europe, except Spain and Portugal which are not large consumers at any time. Exports to Australia have ceased because of the endeavours of the Australian Government to trade only in the sterling bloc. Shipments to the Orient have also been curtailed. While, on the contrary, consumption in the United Kingdom has shown an increase it has not been of sufficient amount to offset the above mentioned losses and it became necessary to close the British Canadian Mine on September 28th. The King's, Beaver and Vimy Ridge Mills are still operating on full time and present indications lead us to hope that these operations may continue during 1941.

Operating costs and asbestos recovery from the ore continue to be satisfactory. The determining factor in profitable operation is one of sales and shipments and the international situation naturally renders prospects unpredictable.

Once again your 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 \$850,000.00 par value (Quoted value \$857,437.50).....	\$ 850,000.00	
Dominion of Canada Treasury Bills \$500,000.00 at market.....	499,848.70	
Province of Quebec Bonds \$50,000.00 par value at cost (Quoted value \$49,625.00).....	49,625.00	
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.....	\$ 828,825.79	
Materials and Supplies.....	312,169.51	1,140,995.30
Accounts and Bills Receivable.....	\$ 237,728.14	
LESS: Reserve for Bad and Doubtful Accounts.....	35,140.07	202,588.07
Cash on hand and in Banks.....		127,508.40
		\$2,870,565.47

DEFERRED CHARGES TO OPERATIONS:

Prepaid Taxes and Insurance, etc.....	\$ 44,220.12	
Mine Development Work.....	\$ 241,936.36	
LESS: Amount written off.....	145,161.81	96,774.55
		140,994.67

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.....	\$7,683,969.28	
LESS: Reserves for Depreciation and Depletion.....	4,774,996.60	2,908,972.68
		\$5,920,532.82

APPROVED ON BEHALF OF THE BOARD:

Director R. W. STEELE,
Director KENNETH T. DAWES.

STATEMENT OF PROFIT & LOSS AND EARNED SURPLUS FOR THE YEAR ENDING DECEMBER 31, 1940

Profit from Operations for the year ending December 31, 1940 before providing for the items undernoted.....	\$1,591,473.45	
Interest on Investments.....	\$ 19,446.25	
Miscellaneous Revenue.....	28,312.60	47,758.85
		\$1,639,232.30
Executive Salaries.....	\$ 59,666.61	
Legal Fees.....	1,133.08	
Directors' Fees.....	8,500.00	
Provision for Depreciation and Depletion.....	328,891.82	398,191.51
		\$1,241,040.79
Accounts and notes receivable from shipments to customers in territory occupied by the enemy less anticipated recoveries, written off.....		281,186.95
		\$ 959,853.84
Provision for Dominion and Provincial Taxes.....		235,000.00
		\$ 724,853.84
Profit for the year ending December 31, 1940.....		\$ 724,853.84
Quarterly Dividends equivalent to 60c per share.....	\$ 360,000.00	
Extra Dividends equivalent to 60c per share.....	360,000.00	720,000.00
		\$ 4,853.84
ADD: Surplus, December 31, 1939.....		563,550.12
		\$ 568,403.96

ASBESTOS CORPORATION LIMITED

DECEMBER 31st, 1940

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable and Accrued Liabilities.....	\$ 199,165.69	
Provision for Dominion, Provincial and Other Taxes.....	243,821.17	
		\$ 442,986.86

GENERAL RESERVE:..... 1,000,000.00

CAPITAL STOCK:

Represented by 600,000 Shares of no par value issued out of a total authorized issue of 1,200,000 shares..... 2,909,142.00

SURPLUS:

Distributable Surplus.....	\$1,000,000.00	
Earned Surplus per statement attached.....	568,403.96	1,568,403.96

\$5,920,532.82

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, 1940, 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, 1940 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.

MONTREAL, January 22, 1941.

Auditors.

January 9th, 1941.

To the President and Directors,
Asbestos Corporation Limited.

The following summary report of operations on the properties of your Company for the year 1940 is submitted.

OPERATING TIME

Mills at the King, Beaver, and Vimy Ridge Mines were operated at capacity throughout the year. The mill at the British-Canadian Mine was run at capacity up to September 28th, at which time it was closed due to the market situation.

MINING—

King

Development on the 900 foot level was commenced with the driving of main haulage drifts, and the sinking of a winze from the 500 foot level was completed. A hoist was installed in the winze.

A new change house for miners was built.

Beaver

A third glory-hole was opened on the Bennett-Martin section of the property.

British-Canadian

Sufficient stripping was done to uncover a supply of ore for two years' mill operation.

Vimy Ridge

Contract operations for crude recovery were discontinued in July owing to market conditions.

I wish to commend to you the support of the Staff and Employees throughout the year.

Respectfully submitted,

J. G. ROSS,
Manager and Director.

ASBESTOS CORPORATION LIMITED

FIFTEENTH ANNUAL REPORT
AND
STATEMENT OF ACCOUNTS
FOR THE PERIOD OF TWELVE MONTHS ENDING
31st DECEMBER, 1940

DIRECTORS:

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

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

KENNETH T. DAWES, *Vice-President*

W. A. ARBUCKLE

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LIEUT.-COL. J. G. ROSS

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

H. P. THORNHILL

LIEUT.-COL. J. G. ROSS - *Manager*

J. T. MCCALLUM - *Secretary-Treasurer*

Head Office:
MONTREAL

Mines Office:
THETFORD MINES, P.Q.

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