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ASBESTOS CORPORATION LIMITED

HEAD OFFICE, ROOM 522, CANADA CEMENT BUILDING,
610 CATHCART STREET, MONTREAL, QUE.

MONTREAL, January 25, 1946.

To the Shareholders of
ASBESTOS CORPORATION LIMITED:

Your Directors submit the Twentieth Annual Report of the Company with Balance Sheet and Profit and Loss Account for the year ending December 31st, 1945, as certified by your Auditors, Messrs. Price, Waterhouse & Company.

The profit for the year after charging all expenses including taxes, but before Depreciation, amounted to \$1,398,072.80. From this amount a sum of \$311,555.22 was set aside for Depreciation leaving a balance of \$1,086,517.58. Dividends of \$840,000.00 were paid and \$246,517.58 was added to surplus account.

The market for asbestos was very active throughout 1945 and sales of fibre were greater than in any previous year in the Company's history. In order to produce the spinning fibre necessary for war purposes a large surplus of shingle grades had accumulated during the war period. With the return of peace and the consequent reopening of the Western European market, these shingle grades came into immediate demand, accentuated by a practically complete lack of stocks in the liberated countries. The result was a volume of sales considerably larger than the volume of current production. Your Directors feel that they should point out to the Shareholders that this large volume of sales cannot be continued as it was only made possible by the heavy inventories which are now reduced to what might be considered a normal basis. The demand, however, continues to be strong.

The trend of higher costs as compared with selling prices, which has been drawn to your attention in the last four annual reports continues to be a disturbing factor in viewing the earning power of the Company in the immediate future. This condition is not the less disturbing because it is not confined to this particular business but is applicable to a wide section of Canadian Industry and constitutes a very real threat to the efforts of our price control authorities to avoid inflation.

The King, Beaver, British Canadian and Vimy Mines were operated at capacity throughout the year. There were no major changes in the Mines and Mills and the rate of production was substantially the same as for the previous year.

At the King Mine development work during the year consisted of 8,462 feet of drifts and raises, and construction was continued on the new Dry Rock Storage Bin, and the new Dust Filter Installation both of which should be in operation early in 1946.

At the Beaver Mine the stripping programme was continued and 137,698 cubic yards of rock and overburden were removed.

At the British Canadian Mine stripping consisted of removing 64,430 cubic yards of overburden and a programme of diamond drilling commenced, seven holes having been bored totalling 2,423 feet.

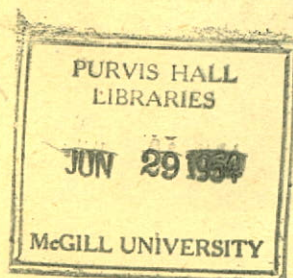
At the Vimy Mine 4,365 cubic yards were stripped and twenty exploratory diamond drill holes were bored totalling 4,703 feet.

The employees are to be commended on the splendid showing in subscriptions to the Ninth Victory Loan which exceeded any previous record.

Your Directors would also commend the loyal and efficient support of the officers, staff and employees throughout the year.

On behalf of the Board of Directors,

R. W. STEELE,
President.



ASBESTOS CORPO

BALANCE SHEET, DI

ASSETS

CURRENT ASSETS:

Canadian Government Securities	\$3,200,000.00	
(Market Value \$3,234,000)		
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	\$354,821.82	
Materials and Supplies	618,976.13	973,797.95
Accounts and Bills Receivable	\$940,719.22	
LESS: Reserve for Bad and Doubtful Accounts	34,420.84	906,298.38
Cash on hand and in banks	202,636.68	\$5,282,733.01

DEFERRED CHARGES TO OPERATIONS:

Prepaid Taxes and Insurance		92,629.43
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PROPERTIES:

At the values determined by the Management and approved by Special Meeting of Shareholders on January 18, 1944, plus the cost of subsequent Additions, net:

Land and Mineral Areas	\$2,016,347.44		
LESS: Reserve for Depletion	1,917,847.44	\$ 98,500.00	
Buildings, Plant and Equipment	\$8,679,467.17		
LESS: Reserve for Depreciation	4,605,150.28	4,074,316.89	4,172,816.89
			<u>\$9,548,179.33</u>

STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS FOR THE YEAR ENDING DECEMBER 31, 1945

Profit from Operations for the year ending December 31, 1945, before providing for the items undernoted		\$2,027,890.02	
Interest on Investments	\$ 61,236.52		
Miscellaneous Revenue	46,189.97	107,426.49	
		\$2,135,316.51	
Executive Salaries	\$ 47,749.04		
Legal Fees	6,274.67		
Directors' Fees	8,220.00		
Provision for Depreciation	311,555.22		
Contribution to Pension Fund	75,000.00	448,798.93	
		\$1,686,517.58	
Provision for Dominion and Provincial Taxes		600,000.00	
		\$1,086,517.58	
Quarterly Dividends equivalent to 80¢ per share	\$480,000.00		
Extra Dividends equivalent to 60¢ per share	360,000.00	840,000.00	
		\$ 246,517.58	
Earned Surplus, December 31, 1944		829,340.00	
Earned Surplus, December 31, 1945		\$1,075,857.58	

ASBESTOS CORPORATION LIMITED

DECEMBER 31st, 1945

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable and Accrued Liabilities.....	\$ 647,310.35	
Dominion, Provincial and Other Taxes.....	162,297.58	\$ 809,607.93

GENERAL RESERVE:..... 1,150,000.00

CAPITAL STOCK:

Represented by 600,000 shares of No Par Value issued out of a total authorized issue of 1,200,000 shares—Balance December 31, 1944.....		5,512,713.82
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SURPLUS:

Distributable Surplus.....	\$1,000,000.00	
Earned Surplus, per statement attached.....	1,075,857.58	2,075,857.58

\$9,548,179.33

APPROVED ON BEHALF OF THE BOARD:

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

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, 1945, 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, 1945 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 29, 1946.

Auditors.

ASBESTOS CORPORATION LIMITED

TWENTIETH ANNUAL REPORT

AND

STATEMENT OF ACCOUNTS

FOR THE PERIOD OF TWELVE MONTHS ENDING

31st DECEMBER, 1945

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

J. C. H. DUSSAULT, K.C. LIEUT.-COL. J. G. ROSS

F. E. NOTEBAERT

H. P. THORNHILL

A. L. PENHALE,
Secretary

WM. COOLING,
Treasurer

Head Office:

MONTREAL

JUN 28 1954

McGILL UNIVERSITY

Mines Office:

THETFORD MINES, P.Q.