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ANNUAL REPORT 1959 PENMANS LIMITED

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DIRECTORS

J. F. BAILLIE
HON. GEORGE B. FOSTER, Q. C.
G. BLAIR GORDON
GEO. W. GRIER
B. K. GUNN
L. P. ROBERTON

OFFICERS

GEO. W. GRIER, President
L. P. ROBERTON, Vice-President and
Secretary-Treasurer
B. X. C. BAILY, General Manager

HEAD OFFICE

PARIS, Ontario

STOCK TRANSFER AGENT

THE ROYAL TRUST CO.
Montreal and Toronto

ANNUAL MEETING

APRIL 27, 1960

OPERATING MILLS AT

PARIS, Ont.
BRANTFORD, Ont.
LONDON, Ont.
WATERFORD, Ont.
COATICOOK, Que.
ST. HYACINTHE, Que.

THE
DIRECTORS'

REPORT

TO THE
SHAREHOLDERS

Your Directors submit herewith the fifty-fourth annual report of your Company together with the consolidated balance sheet and the statements of consolidated profit and loss and earnings retained for use in the business for the year ended December 31, 1959 and the report of your Auditors.

The net profit for the year was \$702,069. as compared to \$687,283. for the previous year, equal to \$3.29 per share as against \$3.22 in 1958 after providing regular quarterly dividends totalling \$6.00 per share on the preferred shares. Quarterly dividends of 45¢ were paid on the common shares, making a total of \$1.80 per share which is the same as for the previous fiscal year. Depreciation was taken at the maximum rate allowed under the regulations of the Income Tax Act.

Our sales followed a normal pattern showing some increase over 1958 and were assisted by seasonal weather throughout the year.

The price of wool, the most expensive fibre used in large quantities entering into our products, advanced in the month of April by about 20% and remained fairly steady at that level thereafter to the end of the year.

The net working capital stands at \$7,826,233. an increase for the year of \$190,614.



MONTREAL, March 15, 1960.

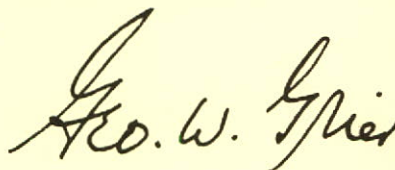
Capital expenditures, mostly for new machinery, during the year amounted to \$146,890. and all necessary repairs were effected and the cost charged to expense.

The report by the Tariff Board for the Finance Minister respecting hosiery and knitted goods has been made. Apart from a minor revision in the wording to tariff item 568, the recommendation was a reduction in the most favoured nation tariff which is disappointing from our point of view. The Finance Minister has indicated that any action on the Tariff Board Recommendations is unlikely to occur until the budget of 1961.

As previously announced through the press, at the end of the year Mr. B. K. Gunn retired as General Manager of the Company, a position he had held for over thirteen years. He also relinquished his position as Vice-President of the Company, but remains a Director where his intimate knowledge of our business and the textile industry in general will be most helpful to our Board. Mr. Gunn was a highly successful General Manager and this was due in no small measure to the ability, time, energy and tenacity of purpose with which he had applied himself to the interests of the Company. Mr. B. X. C. Baily, formerly Assistant General Manager, was appointed to succeed him.

Your Directors wish to pay tribute to all employees for their sustained efforts on behalf of the Company throughout the past year.

Respectfully submitted on behalf of the Board of Directors.

A handwritten signature in dark ink, reading "G. W. Grier". The signature is written in a cursive style with a large initial "G".

President.





CONSOLIDATED

December
With comparative

ASSETS

Current assets :	1959	1958
Cash	\$ 288,027	216,355
Accounts receivable	1,752,887	1,826,473
Marketable securities, at cost less reserve (approximate market value at December 31, 1959 \$4,286,000).....	3,715,813	3,699,417
Inventories of raw materials, work in process and finished goods, at the lower of cost or market value, less reserve.....	3,600,167	2,966,780
Prepaid expenses	2,342	25,086
Total current assets	9,359,236	8,734,111
Other assets :		
Cash on deposit with trustee and investments in company's bonds, at cost (held for redemption of First Mortgage Bonds).....	212,839	115,466
Fixed assets :		
Buildings and equipment, at cost.....	8,370,910	8,275,268
Less accumulated depreciation.....	7,193,388	7,053,931
	1,177,522	1,221,337
Land, at cost	102,233	102,233
	1,279,755	1,323,570
	\$10,851,830	10,173,147

BALANCE SHEET

31, 1959
figures for 1958

LIABILITIES

Current liabilities :

	1959	1958
Accounts payable and accrued charges.....	\$ 616,180	544,579
Income and other taxes payable.....	813,599	450,689
Dividends payable	103,224	103,224
	<hr/>	<hr/>
Total current liabilities	1,533,003	1,098,492

Funded debt :

3¼% First Mortgage Bonds, Series "A", due October 1, 1966.....	1,500,000	1,500,000
Less redeemed and cancelled through sinking fund.....	581,000	536,000
	<hr/>	<hr/>
	919,000	964,000

Shareholders' equity :

Capital stock :		
6% cumulative preferred shares, par value \$100.		
Authorized 15,000 shares; issued 10,750 shares.....	1,075,000	1,075,000
Common shares of no par value.		
Authorized 225,000 shares; issued 193,554 shares.....	2,150,600	2,150,600
General reserve	1,000,000	1,000,000
Earnings retained for use in the business.....	4,174,227	3,885,055
	<hr/>	<hr/>
	8,399,827	8,110,655
	<hr/>	<hr/>
	\$10,851,830	10,173,147

Approved on behalf of the Board :
GEO. W. GRIER, Director.
L. P. ROBERTON, Director.



STATEMENT OF CONSOLIDATED PROFIT AND LOSS

Year ended December 31, 1959
With comparative figures for 1958

	1959	1958
Operating profit for the year before depreciation.....	\$ 1,553,295	1,620,033
Depreciation	192,736	197,966
	<u>1,360,559</u>	<u>1,422,067</u>
Income from investments	139,101	120,993
	<u>1,499,660</u>	<u>1,543,060</u>
Bond interest	25,159	28,500
	<u>1,474,501</u>	<u>1,514,560</u>
Net profit before provision for income taxes.....	1,474,501	1,514,560
Provision for income taxes	772,432	827,277
	<u>702,069</u>	<u>687,283</u>
Net profit for the year	\$ 702,069	687,283

The above statement includes charges for remuneration of executive directors and officers \$54,750, directors' fees \$4,500 and legal fees \$810, in respect of 1959.

STATEMENT OF CONSOLIDATED EARNINGS RETAINED FOR USE IN THE BUSINESS

Year ended December 31, 1959
With comparative figures for 1958

Earnings retained for use in the business at beginning of year.....	\$ 3,885,055	3,499,726
Add :		
Net profit for the year	702,069	687,283
Adjustment of inventory at December 31, 1957, less relative income taxes.....	—	110,943
	<u>4,587,124</u>	<u>4,297,952</u>
Deduct :		
Dividends :		
Preferred shares	64,500	64,500
Common shares	348,397	348,397
	<u>412,897</u>	<u>412,897</u>
Earnings retained for use in the business at end of year.....	\$ 4,174,227	3,885,055



AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Penmans Limited and Subsidiary as of December 31, 1959 and the related statements of profit and loss and earnings retained for use in the business 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 consolidated balance sheet and related statements of profit and loss and earnings retained for use in the business are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company 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.

Peat, Marwick, Mitchell & Co.

Chartered Accountants

Hamilton, Ontario,
March 15, 1960.

Penman's
PRODUCTS

SUMMER AND WINTER
UNDERWEAR FOR MEN,
WOMEN, BOYS, GIRLS,
INFANTS

HOSIERY AND SPORT SOX
FOR MEN, WOMEN, BOYS,
GIRLS, TEEN-AGERS,
INFANTS

WORK SOCKS AND MITTS
FOR MEN, BOYS;
WINTERWEIGHT HOSE
FOR WOMEN

SWEATERS FOR MEN, BOYS

T-SHIRTS FOR MEN AND
BOYS, MISSES, GIRLS
AND CHILDREN

PULP AND PAPER-MAKERS
FELTS

Watson's
PRODUCTS

TAILORED UNDERWEAR
FOR MEN, WOMEN, BOYS,
GIRLS, INFANTS

BRIEFS AND JERSEYS
FOR MEN AND BOYS

BRIEFS, PANTIES,
STRETCHIES, SNUGGIES
FOR WOMEN AND GIRLS

T-SHIRTS AND POLO
PAJAMAS FOR MEN
AND BOYS



Penmans
LIGHTWEIGHT UNDERWEAR

Protects your expensive outer clothing from perspiration — helps you stay cool and comfortable. Available in all popular styles.

Penmans
BRIEFS — JERSEYS — T-SHIRTS FOR MEN

Sleeveless athletic jerseys, with elastic-waist briefs.



T-Shirts have reinforced nylon collar. Excellent underwear top for elastic-waist drawers.

Penmans
WOMEN'S AND GIRLS' UNDERWEAR

Vests and panties for 2-4 and 6-year-old girls. White cotton rib knit vests and panties for 8-to-16-year-old girls. Ladies' Vests and bloomers, in fine white knitted cotton—small, medium, and large.



Penmans T-SHIRTS



Penmans WORK SOCKS



Penmans
BRIEFS AND JERSEYS FOR BOYS

Penmans have the quality that stands the rugged wear mothers want for their boys.



Penmans
INFANTS' UNDERWEAR

—tie-side, wrap-around style, and button-front vests in fine cotton. Sizes 3-6-9 months —1 and 2 years.





Penmans
DRESS AND SPORT SOCKS

OTHER **Penmans** PRODUCTS: Merino "95" Underwear; Merino "71" Underwear; Fleece-Lined Underwear; Penmans Golf Hose; Penmans Mitts; Penmans Sweaters.

Watson's TAILORED UNDERWEAR FOR THE WHOLE FAMILY



(A) WATSON'S "372" Athletic S'Port Shorts—shorts and support all in one. Sized for perfect comfort. Soft combed cotton.

(B) WATSON'S "396" French-Style Shorts with Double Front Fly. Long-wearing. Laundered well. Checks perspiration odors.

(C) WATSON'S "555" Criss-Cross Front. Patented self-closing front. Reinforced elastic leg opening.

(D) WATSON'S Tailored Underwear Briefs and Jerseys — specially sized for Boys.

Whatever their ages . . . whatever their needs . . . wise mothers know they get longer wear and actually save money when they insist on WATSON'S quality Tailored Underwear for the whole family . . .

(E) (F) (G) (H) WATSON'S Tailored Infants' Underwear — choice of four styles. Exclusive diaper tabs. Canadian combed cotton—super-soft—super-absorbent—dries quickly. (E) Tie Side; (F) Button-Front; (G) Nu-Shoulder; (H) Bond Style.

(I) (J) WATSON'S Tailored Panties and Briefs for Women as illustrated — in quality viscose, cotton or mixtures.

(K) (L) (M) WATSON'S Tailored "Hi-Steppers" —100% stretchy nylon. (K) Brief with garter tabs; (L) Straight-leg Pantie with garter tabs; (M) Brief (without garter tabs).

(N) WATSON'S Tailored Underwear for Girls. Panties and Briefs that combine wearing comfort with style and economy.



(J) (K) (L) (M) (N)



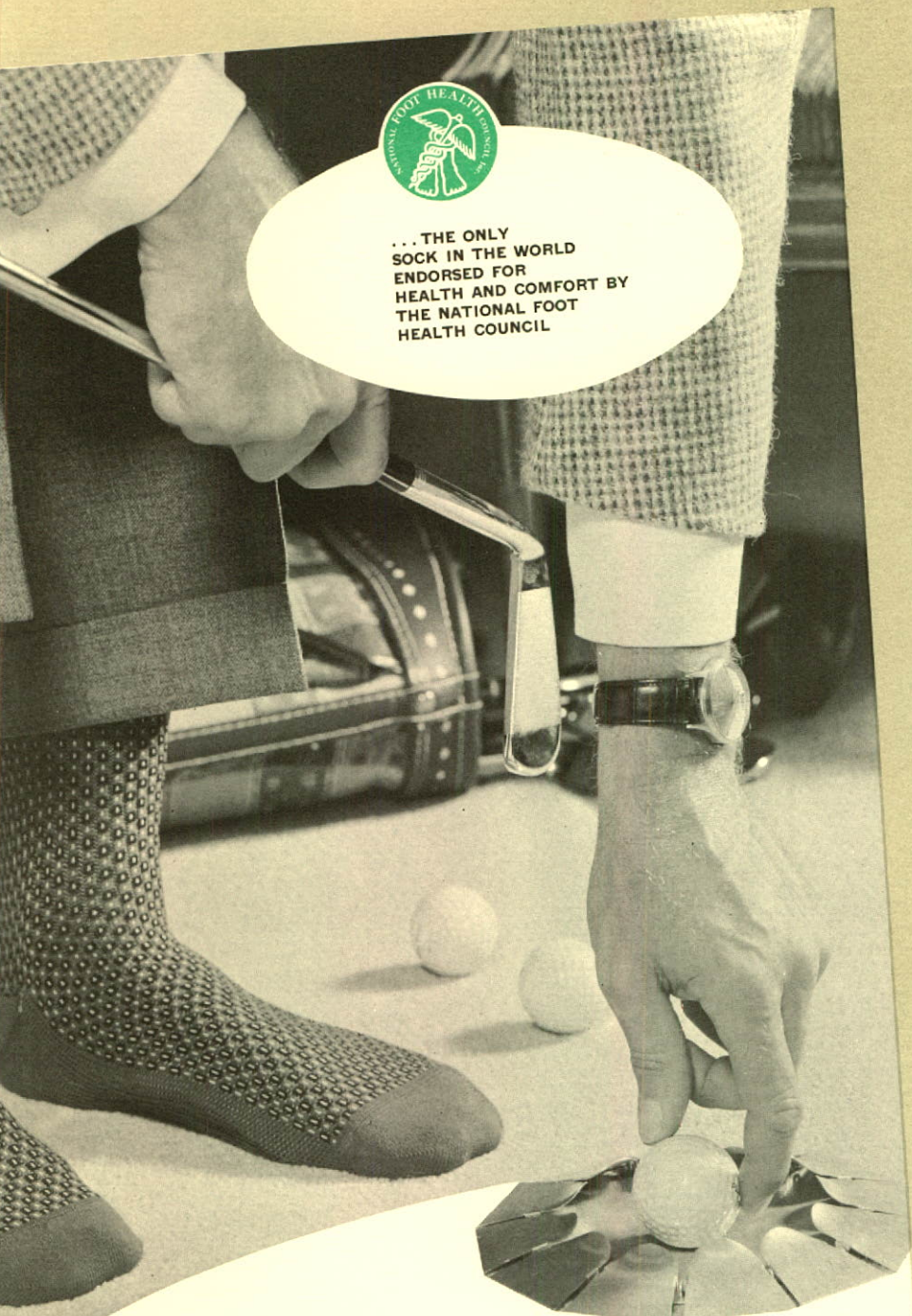
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... THE ONLY
SOCK IN THE WORLD
ENDORSED FOR
HEALTH AND COMFORT BY
THE NATIONAL FOOT
HEALTH COUNCIL



Penman's

PATENTED

2-SOLE SOCKS

Extra Health and comfort knit in two separate layers
so only the smooth side of the knit touches the sole of the foot.

APPROVED BY

illust.
next page
3529
all nylon
stretch—
2 sizes
\$1.75 pair



"WEAR-TESTED" FOR
HEALTH AND COMFORT
A
GROWING
MARKET...
AND ROCKETING
SALES...

Unique Feature combined with New Range of Patterns and Spring-Toned Colours.


PENMANS 2-SOLE SOCK—the only hosiery product in the world endorsed by the National Foot Health Council—offers superior qualities of cushioning, absorbency and temperature control. And this unique foot-soothing comfort feature gets FASHION-support from PENMANS' new range of handsome patterns in colours widely-promoted for Spring. Thousands of customers who have "wear-tested" the 2-Sole Sock are ready to add to their original purchase. Because of new markets—because of repeat sales—it will pay you to

STOCK... DISPLAY... PROMOTE


Penmans
PATENTED
2-SOLE SOCKS

Nationally Advertised, Coast to Coast PENMANS LIMITED, Paris, Ontario


*Suggested Retail Price




3488—Wool and Nylon
Stretch. 2 Sizes: \$1.50 pair.*




3526—Wool & Nylon. Sizes
10 to 12. \$1.50* pair.



3525—Lamb's Wool and Nylon.
Sizes 10 to 12. \$1.50* pair.



3501—All-Nylon Stretch.
2 Sizes. \$1.50* pair.



3521—All-Nylon Stretch.
2 Sizes. \$1.50* pair.

