

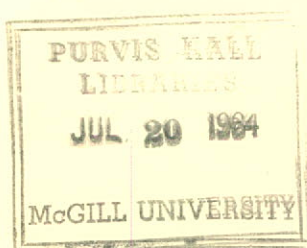
to be taken over by
Imperial Oil in July 1964

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BUILDING PRODUCTS LIMITED

*interim
financial report
May 31 1964*



BUILDING PRODUCTS LIMITED
and Subsidiary Companies

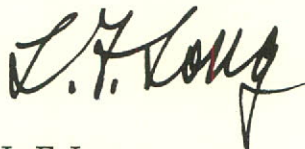
To BP shareholders

When we mailed our letter of June 30th which was accompanied by notice of the Special General Meeting of Shareholders to be held on July 28th, the audited Consolidated Balance Sheet as at May 31st, 1964 and the Consolidated Statement of Income for the first five months were not yet available. These have since been received and as they are of interest in connection with the matters which will be acted upon at the Special General Meeting, we are enclosing copies. Unfortunately, audited figures prepared on a similar basis for the same period of 1963 are not available for purposes of comparison.

In announcing that we had a 61% increase in sales for the first quarter of this year versus the same period of 1963, we pointed out that the increase was largely the result of Government incentives for winter construction and buying in anticipation of the increase in sales tax on building materials which went into effect on April 1st. This conclusion has now been confirmed by the second quarter's operations, at the end of which this improvement had been reduced to 16%. Sales are still being somewhat retarded by inventories of unsold houses as well as the limited amount of NHA mortgage money available to builders. However, we expect that the year as a whole will show a favourable comparison with 1963.

The Directors wish to express their appreciation to the large number of shareholders who have sent in their proxies to management. As there are important matters to be decided at the Special General Meeting, it is desirable that as many shareholders as possible be represented in person or by proxy. For those who may have overlooked action or who have misplaced the Instrument of Proxy we are enclosing an extra copy with this letter. The proxy can, of course, be withdrawn if you decide to appear in person and vote your shares at the meeting.

On behalf of the Board of Directors,



L. F. Long
Chairman of the Board



J. E. Mitcham
President

July 17, 1964

BUILDING PRODUCTS LIMITED
and Subsidiary Companies

statement of consolidated income and retained earnings

For the 5 months ended May 31 1964

Net sales		\$14,200,914
Costs excluding expenses shown below		<u>11,384,410</u>
		\$ 2,816,504
Selling, general and administrative expenses	\$1,748,772	
Depreciation	538,913	
Interest on borrowed money	<u>80,473</u>	<u>2,368,158</u>
Income before income taxes		\$ 448,346
Provision for income taxes (Note 2)		<u>221,492</u>
Net income		\$ 226,854
Retained earnings at beginning of period		<u>13,364,477</u>
		\$13,591,331
Deduct :		
Dividend	\$ 121,046	
Additional provision for income taxes of prior years	<u>19,550</u>	<u>140,596</u>
Retained earnings at end of period		<u><u>\$13,450,735</u></u>

Consolidated Balance

ASSETS

CURRENT ASSETS:

Cash	\$ 550,961	
Accounts receivable, less allowance for doubtful accounts \$240,000	6,832,802	
Raw materials, supplies and finished products, valued at the lower of cost or market	6,907,884	
Unexpired insurance, prepaid taxes, etc.	<u>128,294</u>	\$14,419,941

FIXED ASSETS:

Land, buildings, equipment, franchises, etc. at cost	\$22,944,470	
Less: Accumulated depreciation	<u>13,029,746</u>	9,914,724

DEFERRED CHARGES:

Expenses relating to the proposed sale of assets (Note 1)		14,673
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SIGNED ON BEHALF OF THE BOARD:

L. F. Long, *Director*

J. E. Mitcham, *Director*

\$24,349,338

Sheet—May 31 1964

LIABILITIES

CURRENT LIABILITIES:

Short-term and demand notes payable	\$ 4,950,000	
Accounts payable and accrued liabilities	2,335,273	
Income and other taxes payable	<u>462,202</u>	\$ 7,747,475

PROVISION FOR SALES REBATES AND

SALESMEN'S COMMISSIONS, less income taxes of \$120,000 relating thereto (Note 2)		120,186
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PROVISION FOR PRODUCT GUARANTEES		232,857
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DEFERRED INCOME TAXES (Note 3)		788,975
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SHAREHOLDERS' EQUITY:

Capital stock (Note 4) —		
Authorized — 650,000 shares without nominal or par value		
Issued — 484,184 shares	\$ 1,509,110	
Reserve for contingencies, unchanged during period	500,000	
Retained earnings	<u>13,450,735</u>	15,459,845

COMMITMENTS (Note 5)

\$24,349,338

notes to consolidated financial statements *May 31 1964*

1. The company has entered into an agreement for the sale as of June 1 1964 of its entire undertaking and assets for a cash consideration of \$19,000,000 and the assumption of its liabilities (other than for taxes on income and certain other items), subject to adjustment as provided in the agreement. The proposed sale is subject to the approval of the agreement by the shareholders.
2. Sales rebates and salesmen's commissions are paid at varying rates on the volumes of purchases made by customers and sales achieved by salesmen in a calendar year. The provision of \$240,186, less reduction in provision for income taxes of \$120,000, represents the expense which is considered to be applicable to the sales recorded in the five months ended May 31 1964 after deducting payments on account.
3. Maximum capital cost allowances, which differ from depreciation recorded in the accounts, are claimed for income tax purposes. Reductions in current income taxes obtained in those years in which capital cost allowances exceed depreciation recorded in the accounts are set aside as deferred income taxes. In those years in which capital cost allowances are less than the depreciation recorded in the accounts, income taxes applicable to the difference are transferred out of deferred income taxes.
4. Options to purchase 12,950 unissued shares of the company have been granted to officers and employees out of a total of 23,200 shares available for options under the provisions of a plan adopted in 1962 which fixed the option price at 90% of the market price ruling on the business day next preceding that on which the options were granted. None of these options had been exercised at May 31 1964; in June 1964, options for 3,400 shares were exercised at \$28.24 per share and for 1,400 shares at \$24.30 per share.
5. The amount necessary to complete projects authorized at May 31 1964 is estimated to be \$860,000, of which \$235,000 represents firm commitments.

BUILDING PRODUCTS LIMITED

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NOTICE OF SPECIAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that a special general meeting of the shareholders of Building Products Limited will be held in the Ball Room of the Ritz-Carlton Hotel, Sherbrooke Street West, Montreal, Quebec, Canada, on Tuesday, the 28th day of July, 1964, at the hour of 2 o'clock of the afternoon (Eastern daylight saving time) to consider and, if thought fit:—

1. To approve of the execution and delivery of an agreement made as of May 16, 1964, between this Company and Imperial Oil Limited for the sale to Imperial Oil Limited of the undertaking, property and assets of this Company for the considerations (consisting of approximately \$19,000,000 cash, subject to adjustment, and assumption of liabilities specified in the agreement) and upon and subject to the terms and conditions set forth therein, a copy of which agreement accompanies this notice; to approve of the carrying out the said sale and the other transactions contemplated by the said agreement; and to ratify and confirm the action of the directors of the Company in authorizing the execution of said agreement.
2. To sanction and confirm Special By-law "L", changing the corporate name of the Company to "Probuild Proceeds Limited", a change of name being required by the conditions of the said agreement.
3. To sanction and confirm Special By-law "N", authorizing the winding up of the affairs of the Company, the distribution of its assets (being the cash proceeds of the said sale and any other assets accruing to the Company) rateably amongst its shareholders, the surrender of the charter of the Company and the dissolution of the Company, subject to and following the said sale.

Shareholders who are unable to be present in person at the meeting are requested to sign and return as soon as possible to the Secretary-Treasurer of the Company at Post Office Box 6063, Montreal, Quebec, Canada, the enclosed form of instrument of proxy for use at the meeting.

Shareholders are requested to read carefully the "Important Instructions" appended to the form of instrument of proxy before signing it.

The transfer registers of the Company will be closed to transfers from and including July 21, 1964 until after the meeting and any adjournments thereof have been held.

Post Office Box 6063,
Montreal, Quebec, Canada.

June 30, 1964.

By order of the Board of Directors,

R. W. JONES,
Secretary-Treasurer.

auditors' report to the directors

We have examined the consolidated balance sheet of Building Products Limited and subsidiary companies as at May 31 1964 and the statement of consolidated income and retained earnings for the five months 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 companies, the accompanying consolidated balance sheet and statement of consolidated income and retained earnings are properly drawn up so as to exhibit a true and correct view of the state of the affairs of Building Products Limited and subsidiary companies as at May 31 1964 and the results of their operations for the five months 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 June 29 1964



BUILDING PRODUCTS LIMITED