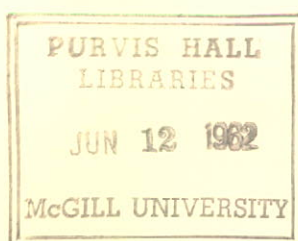




UNITED ASBESTOS

C O R P O R A T I O N L I M I T E D

N O P E R S O N A L L I A B I L I T Y

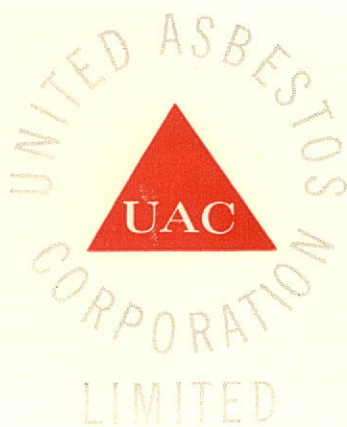


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Report to the Shareholders

UNITED ASBESTOS CORPORATION LIMITED

(No Personal Liability)



UNITED ASBESTOS CORPORATION LIMITED

(No Personal Liability)

Directors

A. B. DAVIDSON, *Toronto, Ont.*
P. M. MALOUF, *Montreal, P.Q.*
R. F. DOOLEY, *Chicago, Ill.*
ORVILLE TAYLOR, *Chicago, Ill.*
THE HONOURABLE GASPARD FAUTEUX
P.C., LL.D., D.D.S., L.D.S., *Montreal, P.Q.*
BARTLETT PINKHAM, *New York, N.Y.*
JOHN T. PENNACHETTI, *St. Catharines, Ont.*

Officers

A. B. DAVIDSON, *President*
P. M. MALOUF, *Vice-President*
W. R. SALTER, Q.C., *Secretary*
C. R. SCHULTZ, *Treasurer*

Head Office

132 St. James Street West, Montreal, P.Q.

Executive Office

320 Bay Street, Toronto, Ont.

Transfer Agents & Registrars

GUARANTY TRUST CO. OF CANADA,
Toronto and Montreal
THE BANK OF NEW YORK, *New York, N.Y.*

Consulting Engineer

PHILIP M. MALOUF, P.ENG., *Montreal, P.Q.*

UNITED ASBESTOS CORPORATION LIMITED

(No Personal Liability)

April 5th, 1962.

TO THE SHAREHOLDERS:

Your Directors present herewith the Consolidated Balance Sheet of your Company and its wholly-owned subsidiary, Detinu Holdings Limited, for the year ended December 31, 1961, with comparative figures for 1960.

The results of operations at your Company's mine at Black Lake, Quebec, have shown further improvement in all respects during the year. Graphs forming a part of this report illustrate an increase in the tonnage of ore milled, tons of fibre produced, tons of fibre shipped, as well as fibre recovery. Very heavy stripping and waste rock removal costs will continue until the ore bodies are more fully opened, at which time there will be the double benefit of reduced stripping and waste rock removal costs plus higher grade ore which will be more in line with the average grade of the ore bodies. In spite of these still very high costs the audited statements show that the Black Lake asbestos enterprise earned \$3,830,689 during the year ended December 31, 1961. Under United's agreement with Lake Asbestos of Quebec, Ltd., United benefits to the extent of a minimum of 50% and a maximum of 60% of the earnings, dependent on the net proceeds per ton of ore milled. On a 50% basis, United's share of the earning power of the mine in 1961 was \$1,915,345, equal to 41¢ per share of United Asbestos stock outstanding after payment of the 5% stock dividend in November. This compares with \$1,465,863 in the year 1960. However, in order to reach production, very substantial cash advances were made to the Black Lake mining enterprise by way of preproduction expenses and these were effected under favourable arrangements whereby the monies so advanced are non-interest bearing but require 75% of the earnings to be used to retire such advances (in effect a sinking fund against indebtedness). During the year 1959, the preproduction and other financial advances to the Company by Asarco reached a high of about \$40,160,000. It should be noted from the graph that by the end of last year the total financial advances by Asarco had been reduced to

\$31,415,000, representing preproduction expenses of \$30,118,000 and other advances of \$1,297,000.

Your Company is fortunate in that the bulk of its output of fibre is in the asbestos cement groups or lengths and in these fibres supply and demand became more in balance toward the end of 1961. This was an improving condition which has not yet spread to the long spinning grades nor the very short fibres where there is still an over supply and prices remain soft.

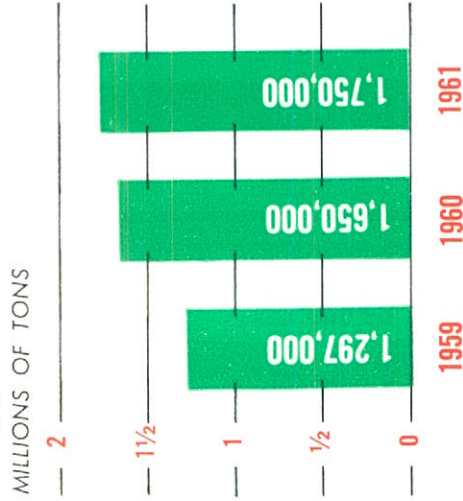
Europe, Australia and certain other fibre consuming areas were industrially active and markets during the year were satisfactory. The consumption on the North American Continent did not improve, but the outlook for increased construction in the United States and Canada during 1962 indicates a possible improving market for our fibre in this hemisphere during the year we have now entered.

Your Directors believe that the outlook for 1962 is for still further improvement provided the world tempo of industrial production is maintained.

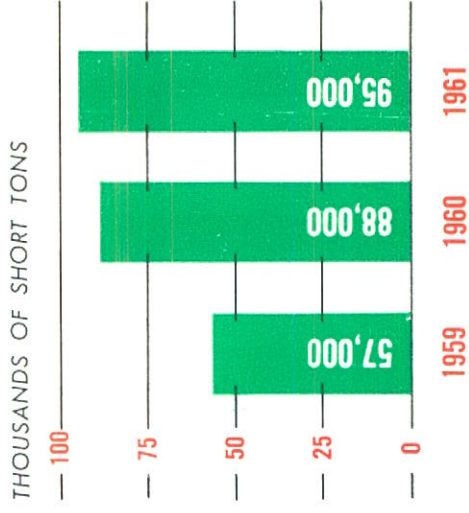
INVESTMENTS

Your Directors are pleased with the investment progress made by the management since the late summer of 1959 when a program of investment to diversify the Company's assets was undertaken. At that time, the Company had approximately \$3,000,000 in cash, whereas, at the end of February 1962, following the merger referred to below, United and its wholly-owned subsidiary, Detinu, had cash, notes, mortgages and preferred shares with a face value of better than \$3,000,000. The original funds that were available for investment are now, therefore, more than covered by this preferred category of security and, in addition, your Company has substantial common shareholdings in the several affiliate companies as shown on the chart in this report. Since the common or equity shares of these companies are privately held, there is no quoted

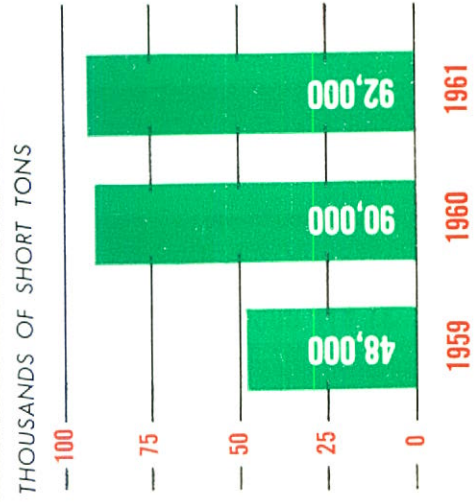
TONS OF ORE MILLED



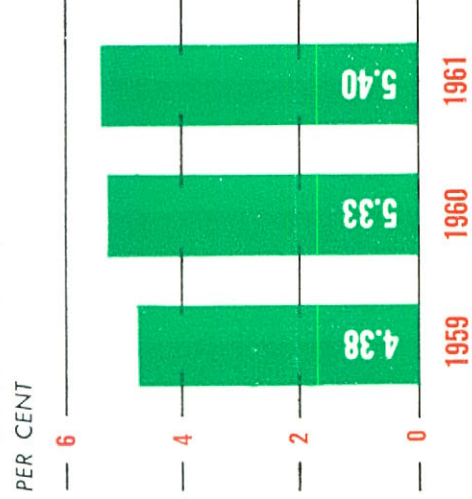
TONS OF FIBRE PRODUCED



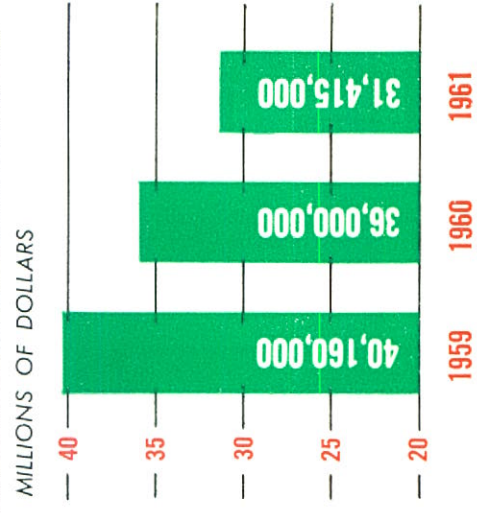
TONS OF FIBRE SHIPPED



PER CENT FIBRE RECOVERY



CAPITAL ADVANCES (ASARCO)



UAC
UNITED ARIZONA
COPPER

UNITED ASBESTOS CORPORATION LIMITED

(No Personal Liability)

price for the stocks, but the dollar value of United's ownership of equities must be regarded as substantial.

CONCRETE PRODUCTS INDUSTRY—1961

During 1961 there was a moderate increase in the general level of construction activity in Canada and sales of your affiliate companies were substantially better but, as a result of excess productive capacity in the industry, severe competition prevailed. In spite of lower profit margins, due to the highly competitive situation in certain of the areas in which the companies operate, your companies, through aggressive marketing and careful cost control, have maintained overall net profits at a very satisfactory level.

MERGER

The outstanding development of 1961 and 1962 to date in the concrete products industry of southern Ontario was the merger of five of the major companies in the Metropolitan Toronto area under the leadership of Thorold Concrete Products Limited. The decision to attempt the merger of these businesses was made by Thorold management after study of the possible advantages to be gained and it is believed that the company formed to take over these businesses, namely, General Concrete Limited, will be in a much better competitive position than any of the five individual companies going into the merger. The merger should result in economies in transportation, sales, administration, production and financial costs, the benefit of which will become more fully realized in the latter part of the current year when the operations of the five plants have

been integrated. The companies forming a part of the merged enterprise are:

Cooper Block Limited

Gormley Block Co. Limited

The Maple Block & Tile Limited

Thorold Concrete Products Limited

York Building Supply

Just at the time of writing of this letter we are able to report that General Concrete Limited has concluded arrangements for the acquisition of Gormley Ready-Mixed Concrete Limited, a ready mixed concrete firm in the Metropolitan Toronto area, and Thornhill Transport Limited, a trucking company operating ready mixed concrete delivery trucks. These acquisitions will assist General Concrete in broadening its operations.

Additionally, during the year, Thorold Concrete Products Limited acquired all of the issued capital of Fledco Concrete Pipe Limited. Fledco is an established company involved in the manufacture and distribution of concrete sewer and drain pipe and related products in the southern Ontario market. This company is continuing to operate under the direction of the senior personnel which has managed it successfully in the past.

Also, in 1961, Transit Mixed Concrete bought 100% of the issued shares of Best-Mix Concrete Limited, thus expanding their activities in the ready mixed concrete business in the Niagara Peninsula.

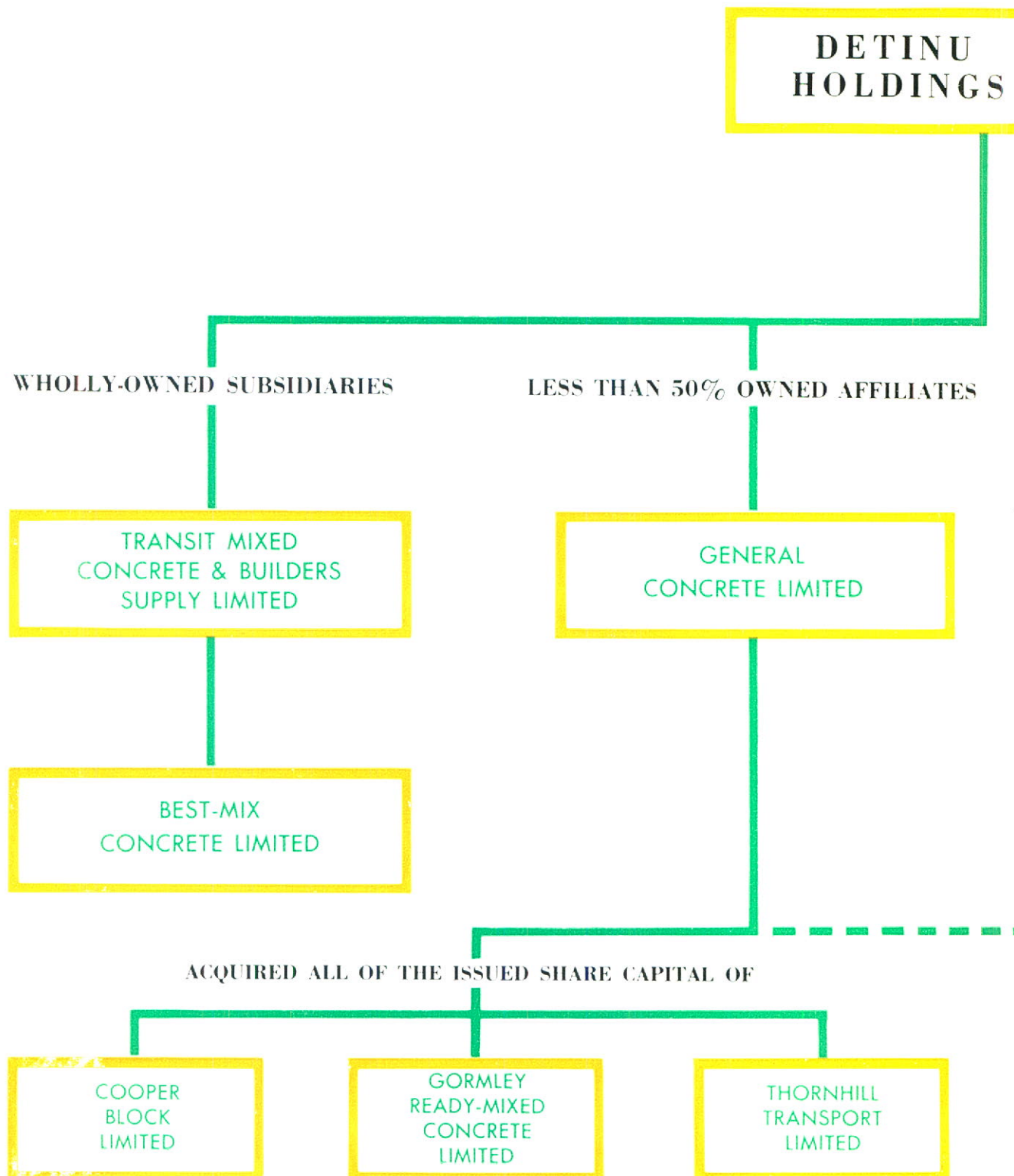
It is believed that the build-up of investment assets by United has been rather substantial and that the results of this build-up and diversification should be recognized as making an increasingly important contribution to the asset value of your Company.

Respectfully submitted,

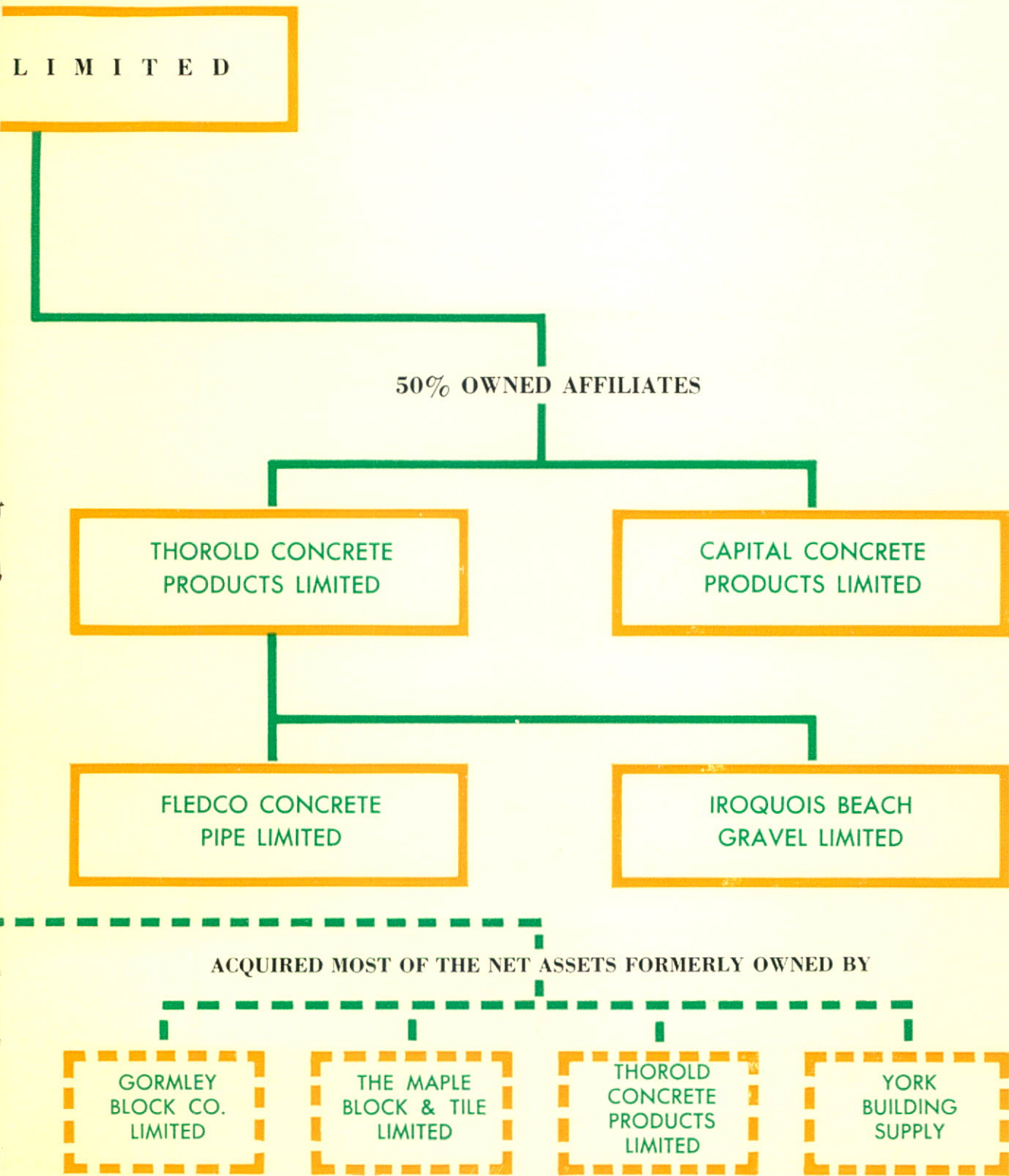
On behalf of the Board,

A. B. DAVIDSON,
President.

DETINU HOLDINGS LIMITED



and its subsidiary and affiliated companies as at APRIL 1, 1962



UNITED ASBESTOS CO

(No Personal Liability)

Incorporated under the Quebec Companies Act

AND ITS WHOLLY OWNED SUBSIDIARY

DETINU HOLDINGS LTD.

Consolidated Balance Sheet

DECEMBER 31, 1961

(With comparative figures for 1960)

ASSETS

CURRENT ASSETS:	1961	1960
Cash	457,110	38,695
Accounts receivable	286,755	6,600
Accrued interest receivable	18,156	14,514
Funds on fixed short-term deposit	315,634	1,590,896
Marketable securities, at cost (market value, \$1,400)	1,605	
	<u>1,079,260</u>	<u>1,650,705</u>
DEFERRED ACCOUNTS RECEIVABLE:		
Lake Asbestos of Quebec, Ltd.	202,584	193,300
Returnable deposits	1,425	1,425
	<u>204,009</u>	<u>194,725</u>
INVESTMENTS IN OTHER COMPANIES (notes 2 and 3)	<u>2,134,111</u>	<u>1,604,000</u>
FIXED ASSETS:		
Interest in land, at cost	22,500	22,500
Office equipment, at cost less allowance for depreciation	3,634	4,038
	<u>26,134</u>	<u>26,538</u>
PREPRODUCTION AND OTHER EXPENDITURES RECOVERABLE FROM LAKE ASBESTOS OF QUEBEC, LTD. out of net proceeds of production (note 1)	2,056,729	2,108,200
Less Amount written off during year	168,791	51,471
	<u>1,887,938</u>	<u>2,056,729</u>
OTHER EXPENDITURES:		
Mining claims	<u>20,000</u>	<u>20,000</u>
Deferred charges to operations:		
Preproduction expenses, exploration and development	245,025	245,025
Administration	621,919	621,919
	<u>866,944</u>	<u>866,944</u>
Less Amount written off during year	86,694	
	<u>780,250</u>	<u>866,944</u>
	<u>800,250</u>	<u>886,944</u>
	<u>\$6,131,702</u>	<u>\$6,419,641</u>

The accompanying notes are a part of this financial statement.

Approved on behalf of the Board of Directors

A. B. DAVIDSON, Director.

To the Shareholders of

United Asbestos Corporation Limited (No Personal Liability):

We have examined the consolidated balance sheet of United Asbestos Corporation Limited (No Personal Liability) and its wholly owned subsidiary company as at December 31, 1961 and the consolidated statements of income, retained earnings and contributed surplus 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.

Toronto, Canada,
March 19, 1962

AUDITORS'

CORPORATION LIMITED

(No Personal Liability)

Quebec Mining Companies Act

AND SUBSIDIARY COMPANY

MININGS LIMITED

Balance Sheet

AS AT DECEMBER 31, 1961

(As at December 31, 1960)

LIABILITIES

CURRENT LIABILITIES:

	1961	1960
Accounts payable and accrued expenses	17,797	11,462
Instalment due within one year on long-term debt	20,000	40,000
	<u>37,797</u>	<u>51,462</u>

LONG-TERM DEBT:

Deferred account payable	20,000	60,000
Less Instalment due within one year included under current liabilities	<u>20,000</u>	<u>40,000</u>
	<u>—</u>	<u>20,000</u>

SHAREHOLDERS' EQUITY:

Capital stock:		
Authorized, 5,000,000 shares of \$1.00 par value		
Issued, 4,713,450 shares (4,489,000 shares in 1960)	4,713,450	4,489,000
Contributed surplus	<u>1,380,455</u>	<u>2,049,723</u>
	6,093,905	6,538,723
Less Deficit		<u>190,544</u>
	<u>6,093,905</u>	<u>6,348,179</u>

<u>\$6,131,702</u>	<u>\$6,419,641</u>
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an integral part of this statement.

half of the Board.

P. M. MALOUF, Director.

REPORT

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 related consolidated statements of income, retained earnings and contributed surplus, supplemented by the notes thereto, are properly drawn up so as to exhibit a true and correct view of the combined state of the affairs of United Asbestos Corporation Limited (No Personal Liability) and its wholly owned subsidiary company as at December 31, 1961 and the results of their combined 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.

THORNE, MULHOLLAND, HOWSON & McPHERSON,
Chartered Accountants.

UNITED ASBESTOS CORPORATION LIMITED

(No Personal Liability)

And Its Wholly Owned Subsidiary Company

DETINU HOLDINGS LIMITED

Notes to Consolidated Financial Statement

YEAR ENDED DECEMBER 31, 1961

1. Under an agreement dated September 17, 1952 and the supplemental agreements thereto between United Asbestos Corporation Limited and Lake Asbestos of Quebec, Ltd., referred to therein as Asarco, to which American Smelting & Refining Company is also a party, Asarco undertook to equip and operate the company's property at Black Lake, Quebec, and the agreement sets out the basis for the distribution of net proceeds of operations as defined therein. In general, until such time as the respective companies shall have received a share of the net proceeds equal to their respective preproduction and other expenditures referred to in the agreement, 75% of the net proceeds is to be distributed between them in the proportion that their respective preproduction and other expenditures bear to the total of such expenditures of both companies. The remaining 25% of net proceeds of operations is distributed on a different formula which also applies to the distribution of 100% of the net proceeds of operations after the respective companies have received a portion of net proceeds equal to their total preproduction and other expenditures as referred to above. Under this latter formula United is to receive 60% of the net proceeds if the net proceeds per ton of ore milled in any fiscal year exceed \$5.00 and a lesser proportion if the net proceeds per ton of ore milled are less than \$5.00 but in no case is United to receive less than 50% of the net proceeds.

The preproduction and other expenditures incurred by Lake Asbestos of Quebec, Ltd., as referred to above, are reported by that company to amount to \$30,117,960 as at December 31, 1961, after deducting amounts recovered, according to the terms of the agreement, to that date.

During 1961 the net proceeds per ton of ore milled were such that United's proportion of net proceeds was 50% before providing for reimbursement to Lake Asbestos of its proportion of preproduction and other expenditures.

2. Investments in other companies consist of the following:

Thorold Concrete Products Limited:

5% note receivable	175,000	
22,404 common shares, at cost, being 50% of the issued common shares of that company	<u>1,000,000</u>	1,175,000

Capital Concrete Products Limited:

6% demand note receivable	100,000	
6% mortgage receivable	75,166	
750 preference shares, at cost	<u>75,000</u>	
50,000 common shares, at cost	<u>77,334</u>	327,500

(The shares held represent 50% of the issued capital stock of that company)

Transit Mixed Concrete & Builders Supply Limited, a wholly owned subsidiary of Detinu Holdings Limited:

5¾% demand notes receivable	311,283	
1,350 preference shares, at cost	<u>135,000</u>	
50,000 common shares, at cost	<u>1,500</u>	447,783

Ridgetop Holdings Limited:

9% first mortgage receivable	72,828	
14% second mortgage receivable	<u>111,000</u>	183,828
		<u>\$2,134,111</u>

United's share of the net income relating to its investment in the shares of the above companies is not reflected in the accompanying statements.

3. The subsidiary company, Detinu Holdings Limited, has guaranteed the payment by Transit Mixed Concrete & Builders Supply Limited of all interest and principal on a 7% debenture whose principal amount outstanding as at December 31, 1961 is \$297,500, and which is payable \$17,500 semi-annually. This guarantee is to cease when a further \$122,500 principal amount has been duly redeemed.

4. No provision for taxes on income is required, as the company's mineral income is exempt from tax up to December 31, 1961, and it intends to claim other available allowances for tax purposes to apply against its non-mineral income.

UNITED ASBESTOS CORPORATION LIMITED

(No Personal Liability)

And Its Wholly Owned Subsidiary Company
DETINU HOLDINGS LIMITED

Consolidated Statement of Income

YEAR ENDED DECEMBER 31, 1961

(With comparative figures for 1960)

	1961	1960
NET PROFIT of joint venture, operation of Black Lake property	3,830,689	2,931,727
LESS Share accruing to Lake Asbestos of Quebec, Ltd., per agreement:		
50% of net profit	1,915,344	1,465,863
Additional share to bring participation to basis providing for repayment of preproduction expenses	1,267,718	972,243
	3,183,062	2,438,106
Net proceeds to United Asbestos from operations of joint venture	647,627	493,621
Interest earned	78,512	86,196
Gain on foreign exchange	34,558	82,645
	760,697	662,462
Development and other property expenses	31,343	20,337
Administration	279,243	219,414
	310,586	239,751
Income for year before undernoted items	450,111	422,711
Preproduction expenses written off	168,791	51,471
Deferred charges written off	86,694	
	255,485	51,471
NET INCOME FOR YEAR	194,626	371,240
DEDUCT Proportion of 1959 operational deficit, Black Lake Property, absorbed in 1960 per agreement		293,806
NET INCOME FOR YEAR APPLIED TO DEFICIT	\$ 194,626	\$ 77,434

Consolidated Statement of Retained Earnings

YEAR ENDED DECEMBER 31, 1961

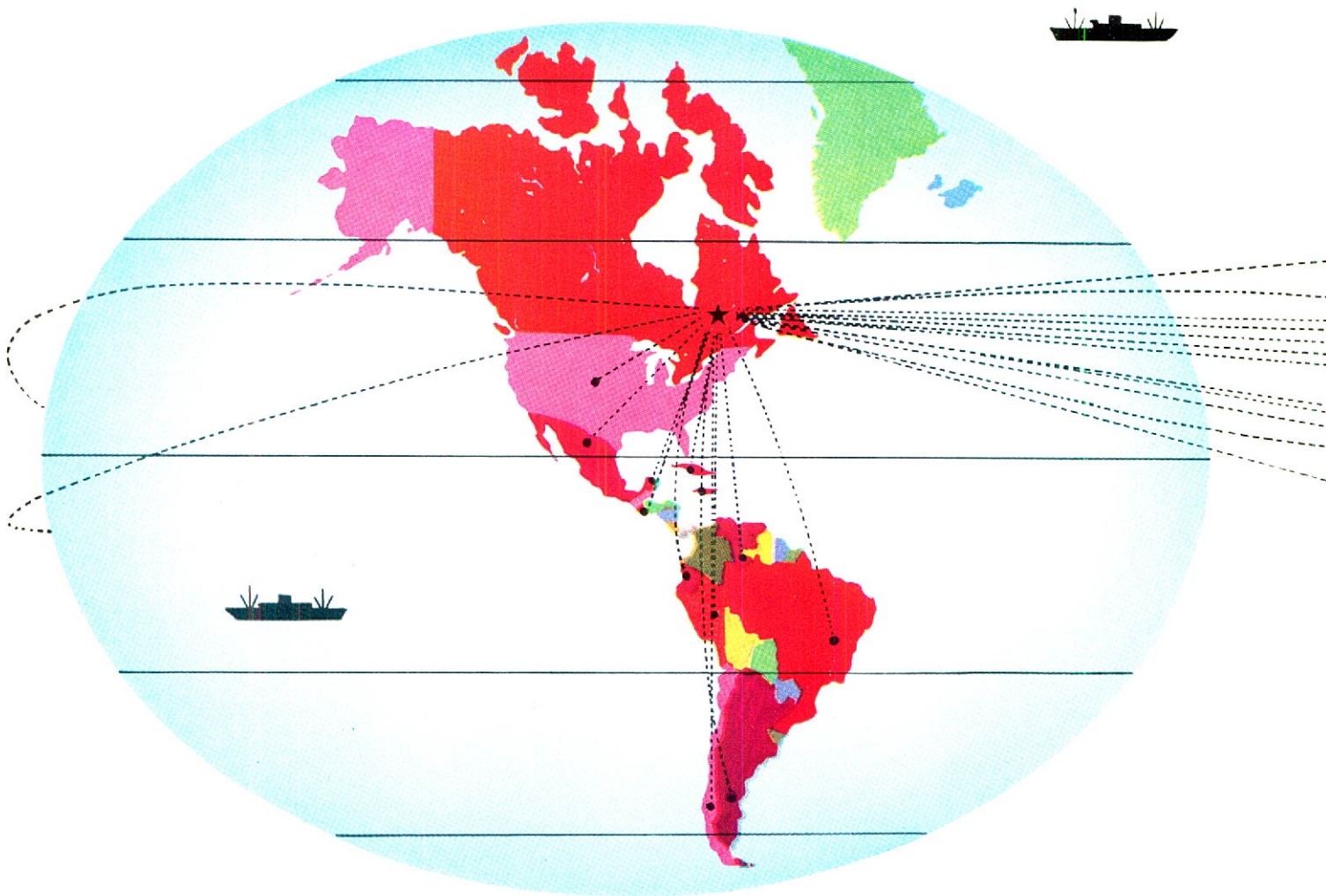
Net income for year	194,626
DEDUCT Deficit at beginning of year	190,544
Retained earnings before undernoted dividend	4,082
Cash dividend paid, 10¢ per share	448,900
LESS Portion thereof applied against contributed surplus	444,818
RETAINED EARNINGS AT END OF YEAR	—

Consolidated Statement of Contributed Surplus

YEAR ENDED DECEMBER 31, 1961

Contributed surplus at beginning of year	2,049,723
DEDUCT:	
Stock dividend paid, 224,450 shares	224,450
Portion of cash dividend paid, per statement of retained earnings	444,818
CONTRIBUTED SURPLUS AT END OF YEAR	\$1,380,455

“ASA” ASBESTO SOLD THROUGHOUT



UNITED STATES

JAPAN

EGYPT

MEXICO

GUATEMALA

ISRAEL

CANADA

BURMA

CUBA

KENYA

ARGENTINA

MALAYA

DOMINICAN REPUBLIC

POLAND

PHILIPPINES

EL SALVADOR

BRAZIL

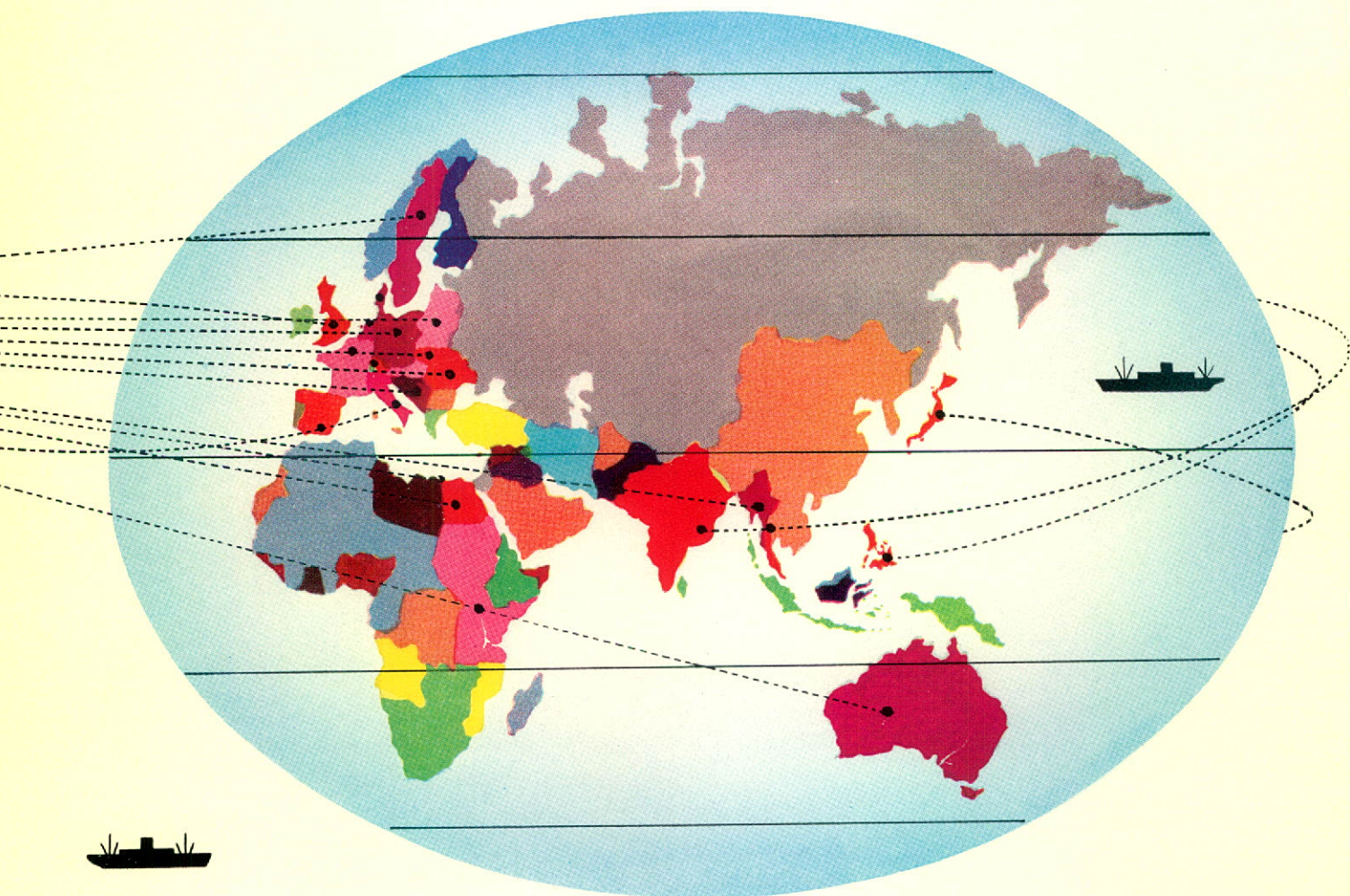
HUNGARY

CZECHOSLOVAKIA

RCO''

S FIBRE

UT THE WORLD



WEST GERMANY

CHILE

SWITZERLAND

AUSTRIA

NETHERLANDS

PERU

AUSTRALIA

ECUADOR

BELGIUM

ITALY

VENEZUELA

DENMARK

INDIA

UNITED KINGDOM

SPAIN

SWEDEN

FRANCE

YUGOSLAVIA



