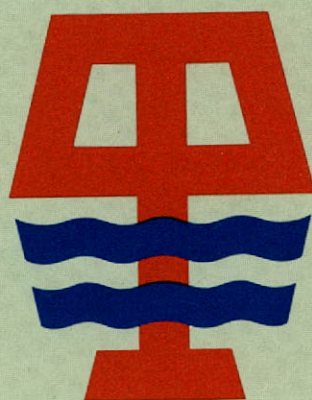


LAKE ONTARIO CEMENT LIMITED

and subsidiary companies

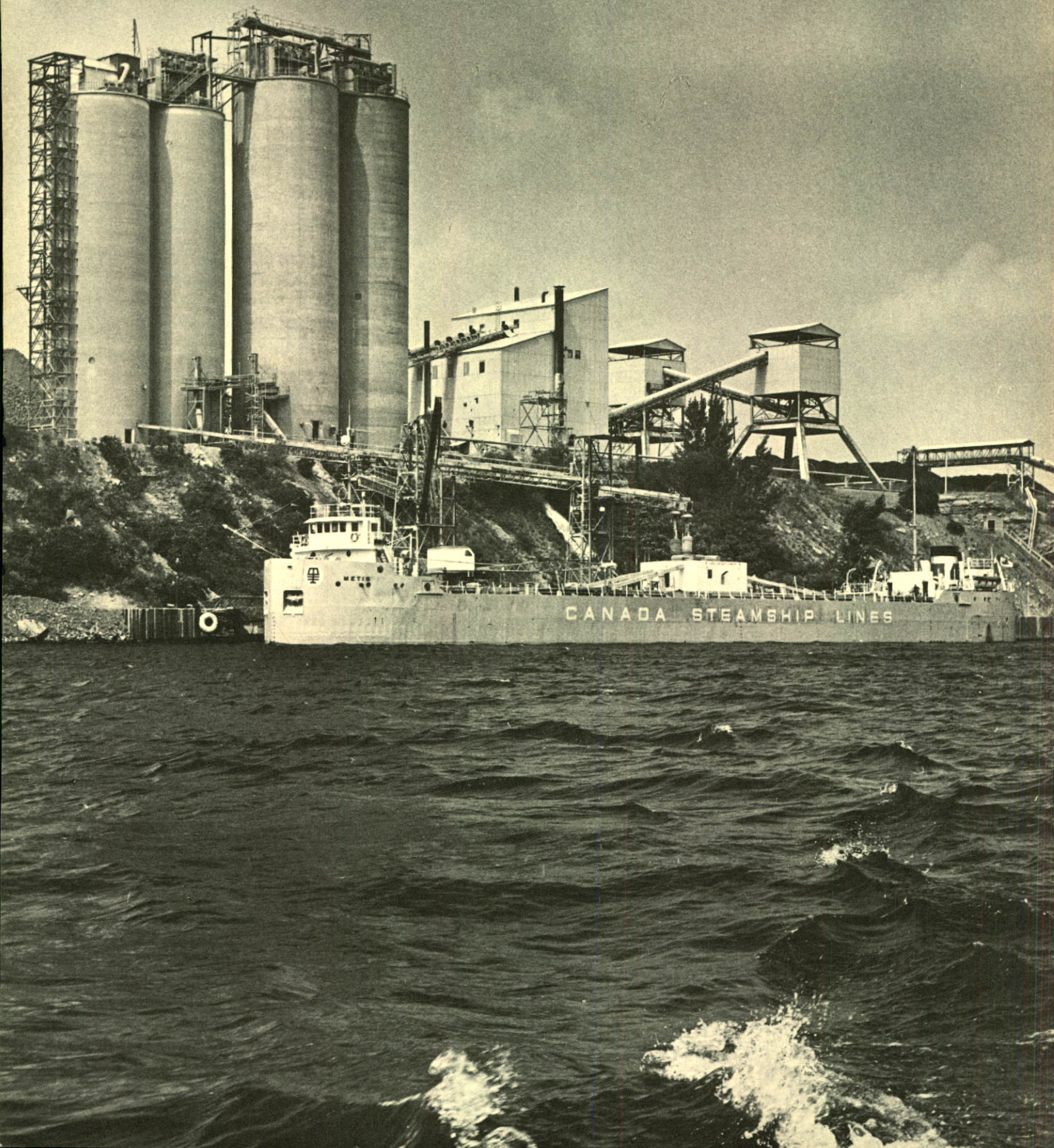
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LAKE ONTARIO CEMENT LIMITED

FINANCIAL HIGHLIGHTS

	Year ended December 31,	
	1970	1969
Billings to customers, less discounts and taxes.....	\$22,617,173	\$21,735,902
Depreciation and depletion.....	\$ 1,990,799	\$ 1,901,130
Interest on long-term debt.....	\$ 462,965	\$ 464,379
Interest on bank loan.....	\$ 581,681	\$ 670,080
Earnings before provision for deferred income taxes.....	\$ 1,089,518	\$ 1,833,354
Net earnings for the year.....	\$ 534,518	\$ 1,028,354
Earnings per common share..... (after provision for deferred income taxes)	12.7¢	24.3¢
Funds generated from operations.....	\$ 3,128,897	\$ 3,687,395
Capital expenditures.....	\$ 1,254,852	\$ 2,207,570
Working capital.....	\$ (377,217)	\$ (2,885,437)
Long-term debt (including amounts due within one year).....	\$ 7,148,432	\$ 7,427,209
Shareholders' equity.....	\$18,295,758	\$17,761,240
Common shares outstanding.....	4,223,461	4,223,461

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Officers and executives.....	3
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The M. V. Metis loads six thousand tons of cement at the Picton Plant dock facilities for shipment to company distribution depots located on the Great Lakes.



LAKE ONTARIO

including subsidiary

directors

Peter Barry.....	Rochester, New York
President, The Monroe Savings Bank, former Mayor of Rochester	
Charles F. W. Burns.....	Toronto, Ontario
Chairman, Burns Bros. and Denton Limited	
The Honourable George A. Drew, P.C., C.C., C.D., Q.C., LL.D.....	Toronto, Ontario
Former High Commissioner for Canada in the United Kingdom, former Prime Minister of Ontario	
W. H. Evans.....	Toronto, Ontario
Retired, former Chairman of the Board of Honeywell Controls Limited	
W. H. Jagels.....	Rochester, New York
President, Rochester Portland Cement Corp.	
R. D. MacLean.....	Toronto, Ontario
President and General Manager	
E. B. McConkey.....	Toronto, Ontario
Vice-President Finance and Treasurer, Denison Mines Limited	
Harvey J. McFarland.....	Picton, Ontario
President, H. J. McFarland Construction Company Limited	
John A. Mullin, Q.C.....	Toronto, Ontario
Partner, Fraser & Beatty	
James G. Pickard.....	Toronto, Ontario
Retired, former Vice-Chairman of the Board	

head office

2 Carlton Street, Toronto 2, Ontario

manufacturing plant

Highway 49, Picton, Ontario

subsidiaries

Rochester Portland Cement Corp., Rochester, New York
Ryan Builders Supplies (Windsor) Limited, Windsor, Ontario

transfer agent and registrar (Canada)

Guaranty Trust Company of Canada, Toronto, Ontario

transfer agent (U.S.A.)

First National City Bank, New York, New York

registrar (U.S.A.)

Marine Midland Grace Trust Company of New York, New York

auditors

Eddis & Associates, Toronto, Ontario

solicitors

Davies, Ward & Beck, Toronto, Ontario

CEMENT LIMITED

and associated companies



officers and executives

R. D. MacLean.....*President and General Manager*
D. R. T. White.....*Vice-President Administration and Finance and Secretary*
J. D. Fowler.....*Vice-President—Marketing*
B. T. Price.....*Vice-President—Operations*
C. A. Gibbs.....*Assistant Treasurer*
R. P. Sutherland.....*Assistant Secretary and Corporate Controller*
W. F. Behan.....*General Credit Manager*
R. M. Mitchell.....*Cement Division Sales Manager*

operating divisions

PREMIER CONCRETE PRODUCTS

132 Toro Road, Downsview, Ontario

R. T. Cosburn.....*General Manager*
C. B. Rowntree.....*Operations Manager*
A. S. Frayne.....*Sales Manager*

RYANCRETE-STERLING PRODUCTS

5115 E. C. Row Avenue, Windsor 19, Ontario

H. P. Oldham.....*Division Manager*
J. A. Newstead.....*Operations Manager*
R. D. Glashan.....*Sales Manager*

wholly-owned subsidiary

ROCHESTER PORTLAND CEMENT CORP.

361 Boxart Street, Rochester 12, New York

Divisions

Mohawk Valley Cement Company

Cayuga Cement Company

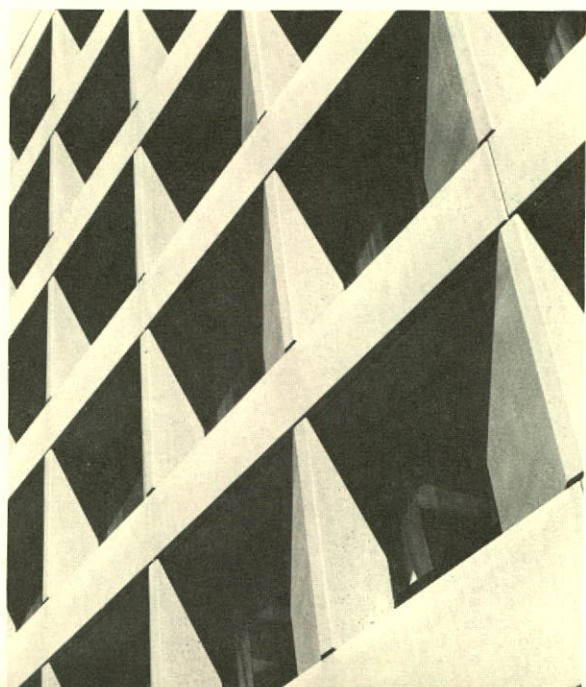
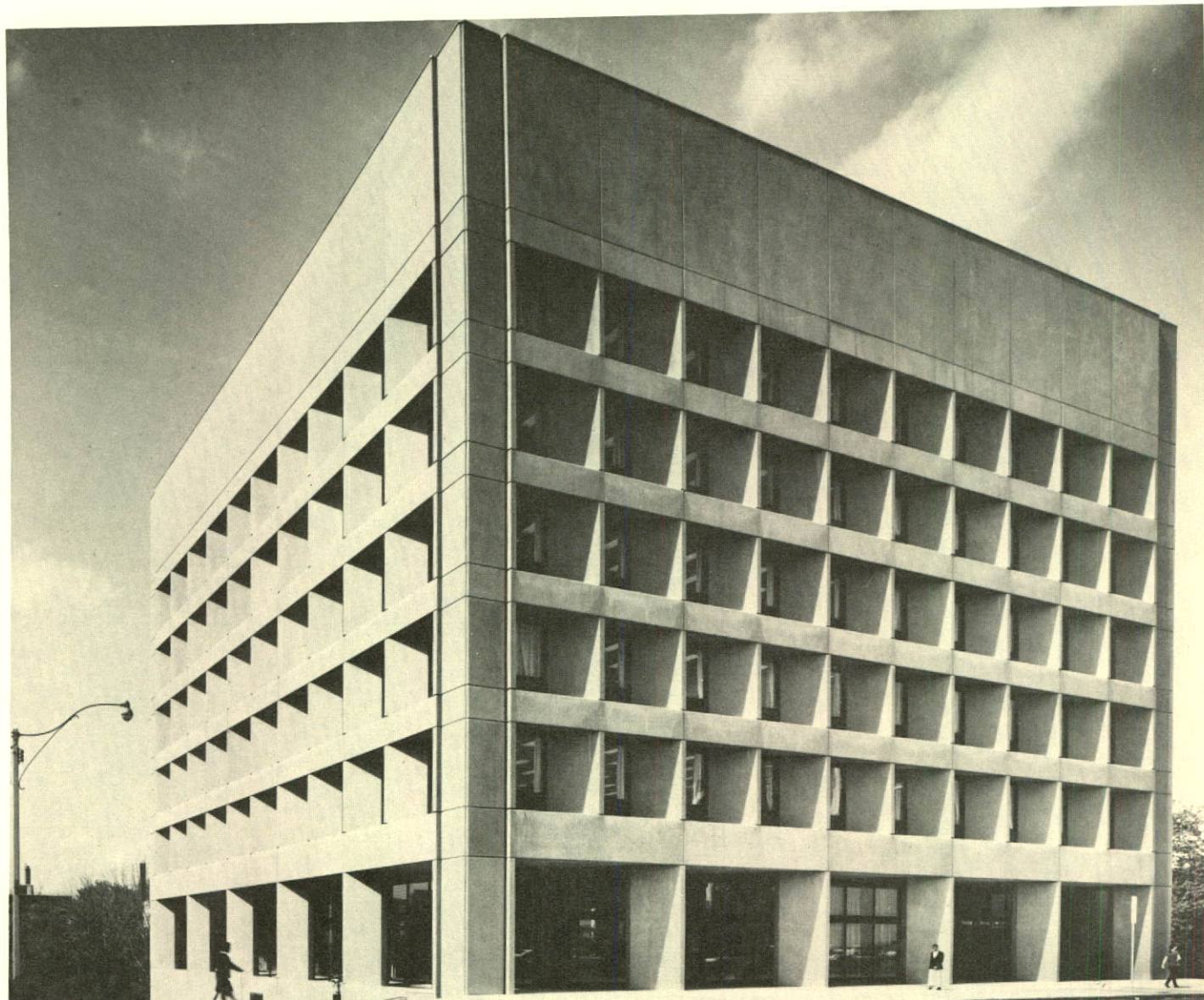
R. D. MacLean.....*Chairman of the Board*
W. H. Jagels.....*President*
R. L. Forde.....*Vice-President and General Manager*
D. R. T. White.....*Vice-President Finance and Secretary-Treasurer*

associated company

PRIMEAU ARGO BLOCK CO. LIMITED

Brockport Road at Belfield, Rexdale, Ontario

A. J. Primeau.....*President*
R. H. Grimm.....*Executive Vice-President and General Manager*
W. A. Primeau.....*Vice-President and Operations Manager*
W. C. Coupland.....*Secretary-Treasurer*



Winner of a Prestressed Concrete Institute Award, the Shaw and Begg Office Building in Toronto is an outstanding example of precast concrete construction using Lake Ontario Cement.

*Designed by:
Parkin Architects, Engineers and Planners.*

*General Contractor:
Ellis-Don Limited.*

*Precast Contractor:
Wilson Concrete Products Limited.*

The close-up detail shows the light sandblasted concrete finish of the precast components.

REPORT TO THE SHAREHOLDERS



With few exceptions, the cement producers in both Canada and the United States experienced profit declines in the year 1970 resulting from decreased cement consumption and rapidly increasing costs for both fuel and labour. Lake Ontario Cement Limited was able to reach a record level of sales in 1970 of \$22,617,173 compared to \$21,735,902 for 1969, but earnings of \$534,518 were 48% below those of 1969.

The profit decline resulted substantially from three adverse factors: a price war in the Toronto ready-mix industry; the energy crisis which has resulted in an escalation in the cost of all fossil fuels, representing in our case a 40% increase in the purchase price of coal for our Picton plant; and, to a lesser degree, the freeing of the Canadian dollar which affected the income from our American business. In addition, the effective income tax rate increased as the benefit of losses brought forward for tax purposes ended for one of our subsidiaries.

In spite of the difficult year experienced in terms of profit, the Company strengthened its position in the ready-mix and concrete block markets by the acquisition of the assets of Sterling Building Materials Limited and Sterling Construction Company Limited in Windsor. In addition, continuing improvements in cement manufacturing efficiency were made at our Picton plant.

Cement Sales

Company sales of cement in Canada and the United States reached an all-time high in spite of a recession in some sectors of the building industry in Ontario and a lengthy construction strike in Rochester. This achievement reflects our well-established position in these two market areas.

A cement price increase in Ontario was instituted in June 1970. The Prices and Incomes Commission confirmed that this price increase fell within the Government guidelines under which price increases were to be clearly less than cost increases.

Cement Manufacturing

Capital expenditures made at the Picton cement plant were largely directed toward improving the fuel efficiency of the kilns and continuing with the long-range air management program. For more than a year we have been working closely with engineers of the Air Management Branch of the Ontario Department of Energy and Resources. As

a result of the studies that have been made and the implementation of the resulting program, we are pleased to report that your Company has made substantial progress in meeting the standards set by the Department.

The energy crisis occupied the attention of management because of the alarming increase in the costs of fossil fuels which occurred in 1970. The need to establish a long-term supply of competitively priced fuel for our Picton plant, relatively free from foreign economic and political forces, became of paramount importance. Accordingly, a contract has been entered into with Northern and Central Gas Corporation Limited, such contract being subject to approval by the Ontario Energy Board. By the spring of 1971 we expect to be in a position to accept natural gas from a new pipeline which will link our plant with existing pipeline facilities. While our Picton plant will operate primarily on natural gas, it will continue to use coal as its alternative fuel in order to provide maximum flexibility.

Concrete Products

In July 1970 our Windsor division purchased the assets of Sterling Building Materials Limited and Sterling Construction Company Limited, forming a new entity Ryancrrete-Sterling Products. The merged operations, consisting of three strategically located ready-mixed concrete plants and a modern low-cost concrete block plant, place the Company in an excellent position to serve the entire Windsor area construction market.

The results of Premier Concrete Products operations were adversely affected by the severe price war in the Toronto ready-mixed concrete industry, which began in the spring of 1970. This price war has been most destructive, with prices of ready-mixed concrete dropping to levels experienced in 1967, even though labour and material costs continued to increase. The seriousness of this situation was illustrated by the recent bankruptcy of one of the larger independent Toronto ready-mixed concrete companies.

While every effort has been made to minimize the losses at Premier, we expect the problems in this industry to continue into 1971. Continuing attention is being given at Premier to the improvement of its operating results but it is apparent that prices of ready-mixed concrete must be improved for the industry to survive effectively in the Toronto market.

Primeau Argo Block Co. Limited

Primeau Argo Block Co. Limited continued its successful and profitable operation as one of the largest and most effective concrete block manufacturers in Ontario. This company had a profit for the year 1970 which was lower than in 1969 because of reduced sales volume and a seven-week strike at its Markham plant. Plans have been made to overhaul the Pickering plant early in 1971 as part of the continuing program of modernization of company facilities.

The financial results of Primeau Argo Block Co. Limited are not included in this report and the value of the investment appearing in the Lake Ontario Cement Limited balance sheet continues to appreciate significantly above its cost.

Labour

During 1970 the Company signed a two-year agreement with the United Cement, Lime and Gypsum Workers' International Union at Picton and completed successful negotiations with the teamsters at the Toronto and Windsor concrete products operations. All new union agreements were signed without work stoppages.

In recent years, your Company's earnings have been adversely affected more by long and costly labour disputes in the construction industry than by labour difficulties within the Company itself. After many years of study and with encouragement from many sectors of the economy, the Ontario government has now initiated amendments to the Labour Relations Act, which when enacted are expected to improve the frequently disruptive labour-management relations of the past. It remains to be seen what effect these changes will have when the contracts of many of the trades expire in the spring of 1971 in most of the major cities in Ontario.

Debt and Financing

At the end of 1970, the Company retired the final \$800,000 due on the First Mortgage Bonds. With this retirement the Company's only significant long term debt outstanding is the 5½% Debentures due June 30, 1971 which total \$6,395,400.

Management is proceeding with the action necessary to arrange appropriate financing for the redemption of these debentures.

Projection 1971

It is our belief, based on the projections of informed economists, that very substantial growth in the consumption of Portland cement will take place during the 1970s. Our planning studies indicate that with our distribution system in Ontario and

New York State, together with the deep-water facilities of our Picton plant, your Company is in a strong position to participate in this growth. Specific long-range plans are being developed by your management to take advantage of the opportunities available.

Directors

Grateful acknowledgement is made of the excellent contribution of Messrs. Joseph P. Crothers and Arthur M. R. Hughes, who retired as Directors during 1970 after many years of valuable service.

Special tribute is made to the Hon. George A. Drew who is retiring from our Board after serving for a number of years as Chairman of the Board of Directors and, more recently, as a Director. This distinguished Canadian, who in the past has held some of the Nation's top positions in public life—notably as Prime Minister of Ontario and High Commissioner for Canada in the United Kingdom—is still very active in dedicated service to his country.

Organization and Personnel

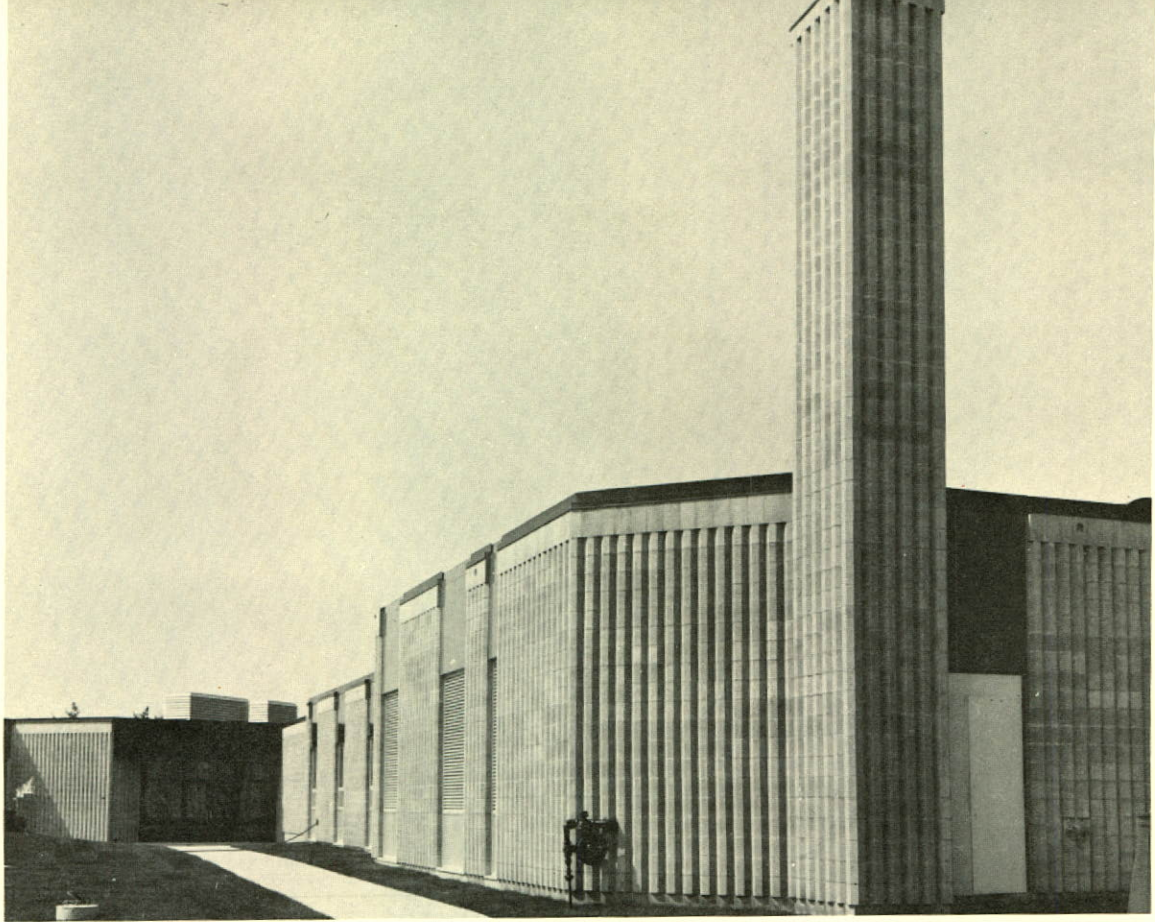
A number of senior organizational changes were made during 1970. Mr. D. R. T. White joined the Company in March as Vice-President Administration and Finance and Secretary. Mr. B. T. Price, who has been Manager of our Picton plant since 1967, was appointed Vice-President—Operations and Mr. R. L. Forde was appointed Vice-President and General Manager of Rochester Portland Cement Corp. At the end of December, Mr. W. H. Jagels retired as President of Rochester Portland Cement Corp. Mr. Jagels has had an outstanding career with your Company, having been associated with it since its inception and was largely responsible for undertaking the formation and management of Rochester Portland Cement Corp.

The Board of Directors expresses its sincere appreciation to all the employees of the Company for their dedicated efforts during the past year. Appreciation too, is extended to the shareholders, many of whom have gone out of their way to acknowledge their support of the Company.

On behalf of the Board of Directors.

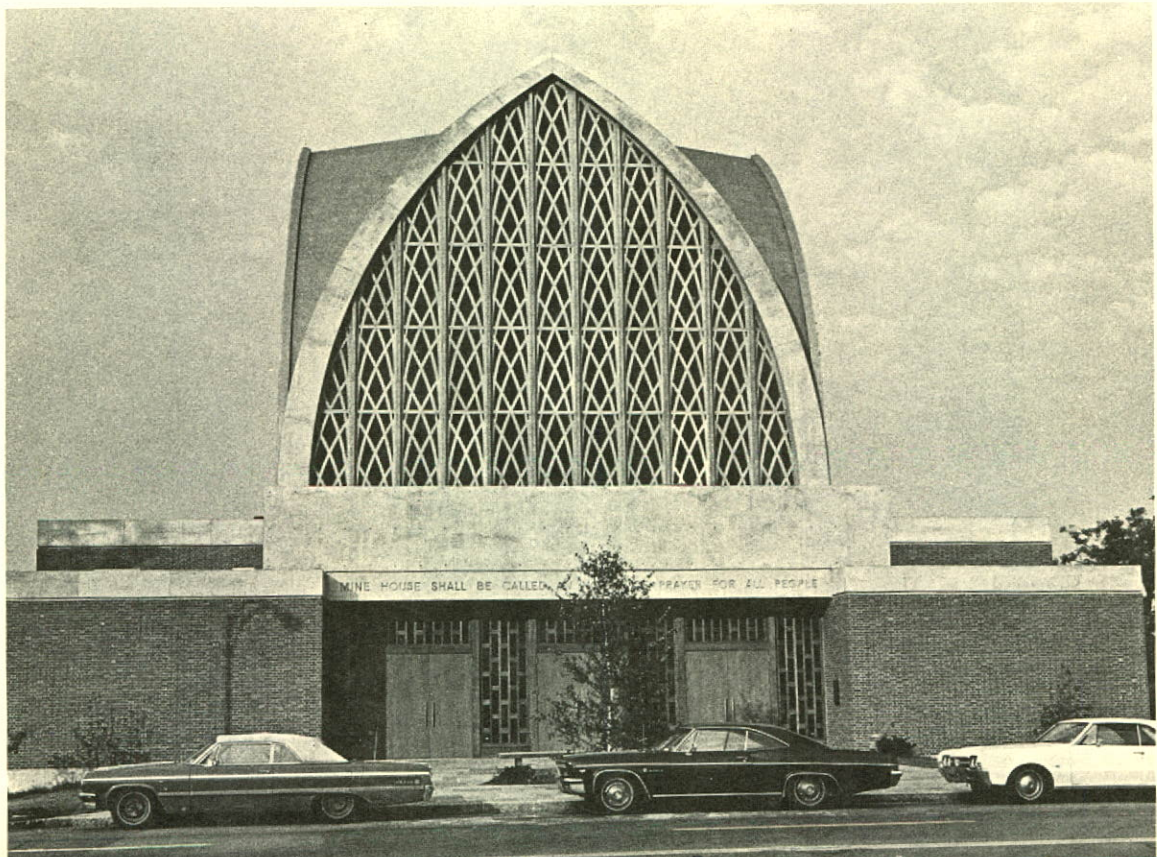


R. D. MACLEAN
President



▲
The new Military Trail School in the Borough of Scarborough designed by Architects Robbie, Vaughan and Williams features a new Octo masonry unit from Primeau Argo Block Co. Limited. General Contractor: Aykroyd Construction (1965) Limited. Masonry Contractor: G & A Masonry Limited.

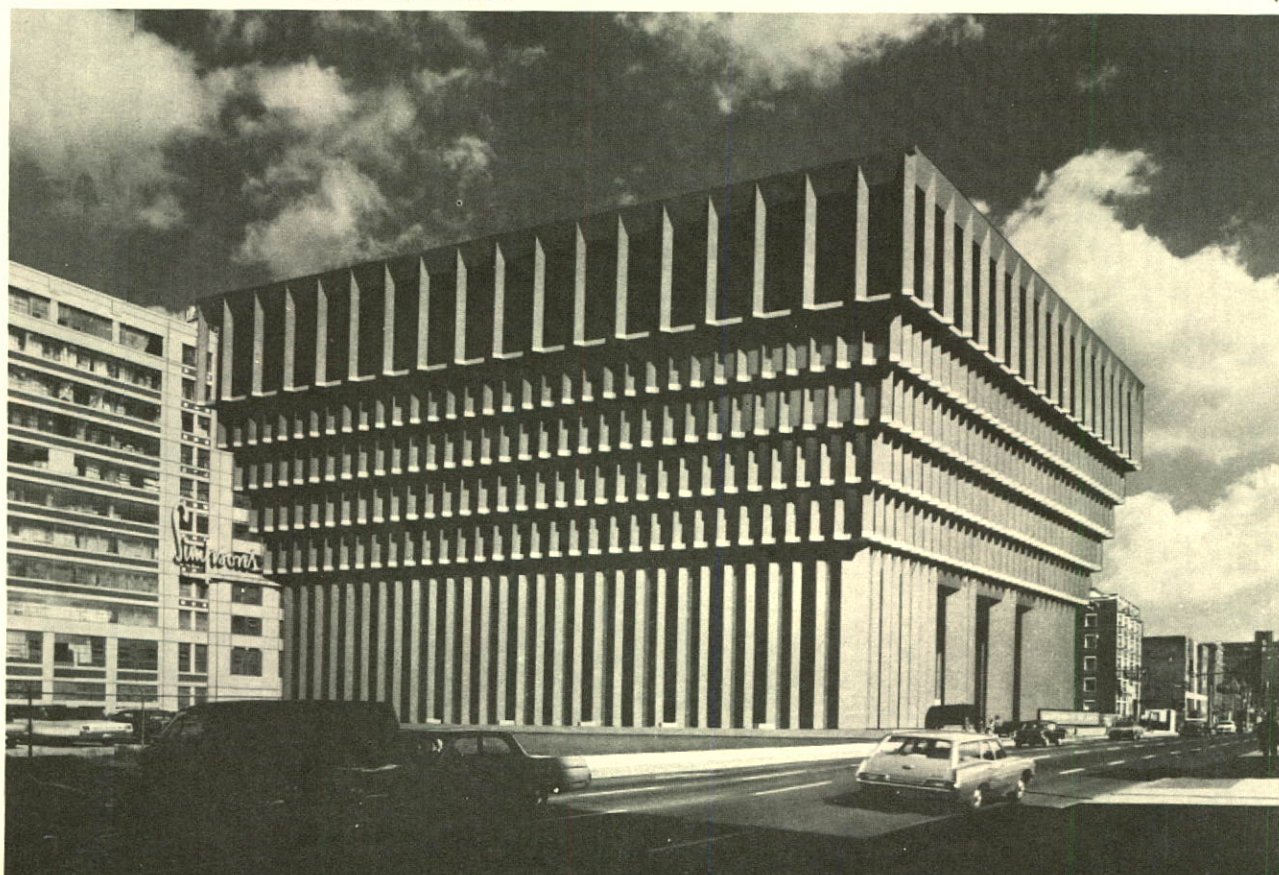
The Inter Faith Chapel at the University of Rochester used Rochester Portland cement in the construction of a cast-in-place roof and precast concrete filagree framing for the window panels. General Contractor: Robert F. Hyland and Sons, Inc. Precast Concrete Contractor: Goodstone Manufacturing Co., Inc. Ready Mix Concrete Supplier: H. L. Baughman Transit-Mix Corporation. ▼





Premier Concrete Products is supplying eighteen thousand cubic yards of concrete to the Canada Centre for Inland Waters. This modern exposed concrete structure financed by the Federal Government will research ecological studies of the Great Lakes system. Consulting Engineers: Reid, Crowther and Partners Limited. General Contractors: Bramalea General Contracting (Peel) Limited. ▲

The unique design of the new Headquarters Building of Simpsons-Sears Limited, Toronto features a brick veneer exterior constructed with Lake Ontario Masonry Cement. Architect: Maxwell Miller, Chief Architect for Owners. General Contractor: Foundation-Janin (Joint Venture). Masonry Contractor: Abe Dick Masonry Limited. ▼





COURTESY OF ENGINEERING AND CONTRACT RECORD.

The Federal Department of Transport[▲] extended the main runways of Toronto International Airport to nearly two miles in length. Armstrong Bros. Construction Company of Brampton, Ontario placed the 15 inch thick concrete pavement with modern slip-forming methods using nearly thirty thousand tons of Lake Ontario Cement.

The main plant location of the new Ryancrete-Sterling Products operation in Windsor includes ready-mixed concrete and block manufacturing with a large storage area in the foreground. ▼





LAKE ONTARIO

and subsidiaries

consolidated

AS AT DECEMBER 31, 1970

(with corresponding figures for 1969)

assets

	1970	1969
CURRENT ASSETS		
Cash	\$ 325,164	\$ 388,362
Accounts receivable	3,469,996	3,464,352
Inventories, at cost		
Finished and semi-processed products	1,331,241	1,349,062
Raw materials and supplies	1,640,332	1,377,524
Prepaid expenses	94,896	84,777
	<u>\$ 6,861,629</u>	<u>\$ 6,664,077</u>
NON CURRENT ACCOUNTS RECEIVABLE AND OTHER ITEMS	<u>\$ 282,201</u>	<u>\$ 344,391</u>
INVESTMENTS		
Primeau Argo Block Co. Limited, at cost	<u>\$ 242,000</u>	<u>\$ 242,000</u>
FIXED ASSETS		
Property, plant and equipment, at cost	\$41,968,389	\$40,890,779
Less—Accumulated depreciation and depletion	14,583,533	12,712,301
(depletion 1970, \$333,794; 1969, \$289,090)		
	<u>\$27,384,856</u>	<u>\$28,178,478</u>
DEFERRED CHARGES		
Unamortized debenture discount and expense	\$ 19,824	\$ 59,472
APPROVED ON BEHALF OF THE BOARD		
R. D. MacLean, <i>Director</i>		
James G. Pickard, <i>Director</i>		
	<u><u>\$34,790,510</u></u>	<u><u>\$35,488,418</u></u>

CEMENT LIMITED

ry companies



balance sheet

MBER 31, 1970

g figures for 1969)

liabilities

	1970	1969
CURRENT LIABILITIES		
Bank loan—secured	\$ 5,070,000	\$ 6,840,000
Accounts payable and accrued liabilities	2,075,320	1,809,969
Long-term debt due within one year	93,526	899,545
	<u>\$ 7,238,846</u>	<u>\$ 9,549,514</u>
LONG-TERM DEBT (Note 2)		
5½% redeemable sinking fund Debentures due June 30, 1971	\$ 6,395,400	\$ 6,395,400
6% secured note repayable quarterly to November 9, 1971	—	51,750
5½% mortgage repayable quarterly to September 5, 1972	34,506	80,514
8% notes repayable annually to January 31, 1976	625,000	—
	<u>\$ 7,054,906</u>	<u>\$ 6,527,664</u>
DEFERRED INCOME TAXES (Note 5)	<u>\$ 2,201,000</u>	<u>\$ 1,650,000</u>
CAPITAL STOCK		
Common shares, par value \$1 each (Notes 3 and 4) —		
Authorized—5,000,000 shares		
Issued and outstanding—4,223,461 shares	\$ 4,223,461	\$ 4,223,461
CONTRIBUTED SURPLUS	<u>4,737,161</u>	<u>4,737,161</u>
RETAINED EARNINGS (Note 5)	<u>9,335,136</u>	<u>8,800,618</u>
	<u>\$18,295,758</u>	<u>\$17,761,240</u>
	<u><u>\$34,790,510</u></u>	<u><u>\$35,488,418</u></u>

shareholders' equity

LAKE ONTARIO CEMENT LIMITED

and subsidiary companies



consolidated statement of earnings

FOR THE YEAR ENDED DECEMBER 31

	1970	1969
Billings to customers, less discounts and taxes	\$22,617,173	\$21,735,902
Cost of sales	18,245,589	16,650,988
Gross profit on sales	\$ 4,371,584	\$ 5,084,914
Selling, general and administrative expenses	\$ 2,197,772	\$ 2,164,190
Interest on long-term debt	462,965	464,379
Interest on bank loan	581,681	670,080
Amortization of debenture discount and expense	39,648	39,648
	\$ 3,282,066	\$ 3,338,297
Operating profit	\$ 1,089,518	\$ 1,746,617
Gain on disposal of fixed assets (net)	—	86,737
Earnings before provision for deferred income taxes	\$ 1,089,518	\$ 1,833,354
Provision for deferred income taxes (Note 5)	555,000	805,000
Net earnings for the year	\$ 534,518	\$ 1,028,354

	1970	1969
Depreciation included above	\$1,946,095	\$1,839,095
Depletion included above	44,704	62,035
Total	\$1,990,799	\$1,901,130

LAKE ONTARIO CEMENT LIMITED

and subsidiary companies



consolidated statement of retained earnings

FOR THE YEAR ENDED DECEMBER 31

	1970	1969
Retained earnings at beginning of year (Note 5).....	\$ 8,800,618	\$ 7,772,264
Net earnings for the year	534,518	1,028,354
Retained earnings at end of year.....	<u>\$ 9,335,136</u>	<u>\$ 8,800,618</u>

consolidated statement of source and application of funds

FOR THE YEAR ENDED DECEMBER 31

	1970	1969
SOURCE OF FUNDS		
Funds derived from current operations.....	\$ 3,128,897	\$ 3,687,395
Sale of fixed assets	48,743	251,169
Issue of 8% notes.....	625,000	—
Non current accounts receivable and other items.....	58,190	35,767
	<u>\$ 3,860,830</u>	<u>\$ 3,974,331</u>
APPLICATION OF FUNDS		
Purchase of fixed assets.....	\$ 1,254,852	\$ 2,207,570
Reduction in long-term debt	97,758	97,758
	<u>\$ 1,352,610</u>	<u>\$ 2,305,328</u>
Increase in working capital.....	<u>\$ 2,508,220</u>	<u>\$ 1,669,003</u>

notes to consolidated financial statements

DECEMBER 31, 1970



1. PRINCIPLES OF PREPARATION

The consolidated financial statements include the accounts of Lake Ontario Cement Limited and its wholly-owned subsidiary companies.

Accounts maintained in United States funds have been converted to Canadian funds at appropriate rates of exchange.

2. LONG-TERM DEBT

The 5½% Debentures in the amount of \$6,395,400 become due on June 30, 1971. Plans are presently being formulated to give effect to the Company's intention to obtain new long-term financing for an amount at least sufficient to fully redeem the existing Debentures when they become due.

During the year the Company purchased the physical assets of Sterling Building Materials Limited and Sterling Construction Company Limited. As part of the purchase price 8% notes were issued for \$625,000, which are partially secured by a first mortgage of \$420,000. The notes are payable on January 31 of each year as follows: 1972—\$170,000, 1973—\$200,000, 1974-5-6—\$85,000 each year.

3. CAPITAL STOCK

At December 31, 1970, 32,000 common shares were reserved in connection with the options referred to in Note 4.

4. OPTIONS TO PURCHASE COMMON SHARES

During the year no options were either granted or exercised.

INCENTIVE STOCK OPTION PLAN

Under the terms of the incentive stock option plan, there were outstanding as at December 31, 1970

options to purchase 3,500 shares at \$3.00 per share and 11,500 shares at \$5.00 per share. In all cases, the option price was not less than the approximate fair market value at date of grant. Of these outstanding options 3,000 shares at \$3.00 per share and 3,000 shares at \$5.00 per share were granted to officers of the Company. These options which expire ten years after date of grant become exercisable as to 40% of the shares involved after one year and a further 20% per year after each of the three succeeding years. Options covering 3,500 shares at \$3.00 per share and 9,500 shares at \$5.00 per share were exercisable at December 31, 1970. No further options may be granted under the plan.

OTHER OPTIONS

An option was granted to an officer and director of the Company in 1965 for the purchase of 8,000 common shares at \$5.00 per share. All of the shares were exercisable at December 31, 1970. This option expires on December 31, 1975.

Options were granted to employees in 1969, who are not directors of the Company, to purchase 9,000 shares at \$5.00 per share. Of these outstanding options 4,000 shares at \$5.00 per share were granted to an officer of the Company. These options which expire on January 29, 1979, are exercisable as to 40% of the shares involved after one year and a further 20% per year after each of the three succeeding years. Options covering 3,600 shares were exercisable at December 31, 1970.

5. INCOME TAXES

No Canadian income taxes are payable for 1970 since it is the Company's intention to claim capital cost allowances in excess of depreciation charged in the accounts.



The total deferred income taxes to December 31, 1970 are \$6,323,000 of which \$4,122,000 are not recorded in the accounts. Until December 31, 1967 deferred income taxes were reported by note to the financial statements. On January 1, 1968, the Company changed its method and recorded subsequent deferred income taxes in the accounts. The accumulated deferred income taxes from January 1, 1968 are \$2,201,000, which amount appears on the consolidated balance sheet.

6. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

For the year ended December 31, 1970, aggregate direct remuneration of the directors and senior

officers of the Company amounted to \$162,025, of which \$87,670 was received by directors.

7. LEASE AGREEMENTS

The Company has existing agreements to lease land, buildings, equipment and shipping facilities the minimum annual aggregate rentals for which total approximately \$660,000.

8. PENSION PLANS

The unfunded past service liabilities which are required to be funded over the next nineteen years amount to \$439,465.

Minimum future annual payments with respect to these liabilities amount to \$34,223 including interest.

auditors' report to the shareholders of LAKE ONTARIO CEMENT LIMITED

We have examined the consolidated balance sheet of Lake Ontario Cement Limited and its subsidiary companies as at December 31, 1970 and the consolidated statements of earnings, retained earnings and source and application of funds for the year ended on that date. 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, these consolidated financial statements present fairly the financial position of Lake Ontario Cement Limited and its subsidiary companies as at December 31, 1970, and the results of their operations and the source and application of their funds 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.

Toronto, Ontario,
January 11, 1971.

EDDIS & ASSOCIATES
Chartered Accountants.

LAKE ONTARIO CEMENT LIMITED

and subsidiary companies

ten year financial summary

	Year ended November 30, 1961	13 mos. ended December 31, 1962	1963
Billings to customers, less discounts and taxes.....	\$8,608,601	\$9,764,142	\$11,426,615
Cost of sales.....	6,324,579	7,615,697	8,528,020
	<u>\$2,284,022</u>	<u>\$2,148,445</u>	<u>\$ 2,898,595</u>
Selling, general and administrative expenses.....	\$ 627,364	\$ 856,160	\$ 1,104,675
Interest on borrowed funds.....	703,909	745,497	765,179
Amortization of debenture discount and expense.....	40,281	43,638	40,281
	<u>\$1,371,554</u>	<u>\$1,645,295</u>	<u>\$ 1,910,135</u>
Operating profit.....	\$ 912,468	\$ 503,150	\$ 988,460
Extraordinary gain/(loss) on disposal of fixed assets (net).....			
Earnings before provision for deferred income taxes.....	\$ 912,468	\$ 503,150	\$ 988,460
Provision for deferred income taxes.....	482,000	322,000	374,000
Net earnings for the period.....	<u>\$ 430,468</u>	<u>\$ 181,150</u>	<u>\$ 614,460</u>
Number of common shares outstanding.....	2,510,610	2,779,526	3,248,286
Earnings per common share.....	13.4¢	2.9¢	16.0¢
Equity per common share (after full provision for deferred taxes) ..	\$ 1.43	\$ 1.60	\$ 1.86
Source of funds			
Earnings before provision for deferred income taxes.....	\$ 912,468	\$ 503,150	\$ 988,460
Depreciation and other non-cash outlay charges.....	755,380	897,494	1,080,818
	<u>\$1,667,848</u>	<u>\$1,400,644</u>	<u>\$ 2,069,278</u>
Issue of common shares.....	990,377	661,762	1,171,900
Proceeds from long-term debt.....	517,500		1,000,000
	<u>\$3,175,725</u>	<u>\$2,062,406</u>	<u>\$ 4,241,178</u>
Application of funds			
Reduction in long-term debt.....	\$ 851,750	\$ 851,750	(\$ 678,250)
Additions to property, plant and equipment (net).....	1,462,938	1,519,985	755,794
Acquisition of Premier Building Materials Limited.....			2,998,933
Investment in Primeau Argo Block Co. Limited.....			132,000
Non current accounts receivable and other items.....			
Dividends paid on preferred shares.....			164,440
Redemption of preferred shares.....			
	<u>\$2,314,688</u>	<u>\$2,371,735</u>	<u>\$ 3,372,917</u>
Increase/(Decrease) in working capital.....	<u>\$ 861,037</u>	<u>(\$ 309,329)</u>	<u>\$ 868,261</u>
Working capital.....	<u>\$2,035,625</u>	<u>\$1,726,296</u>	<u>\$ 2,594,557</u>



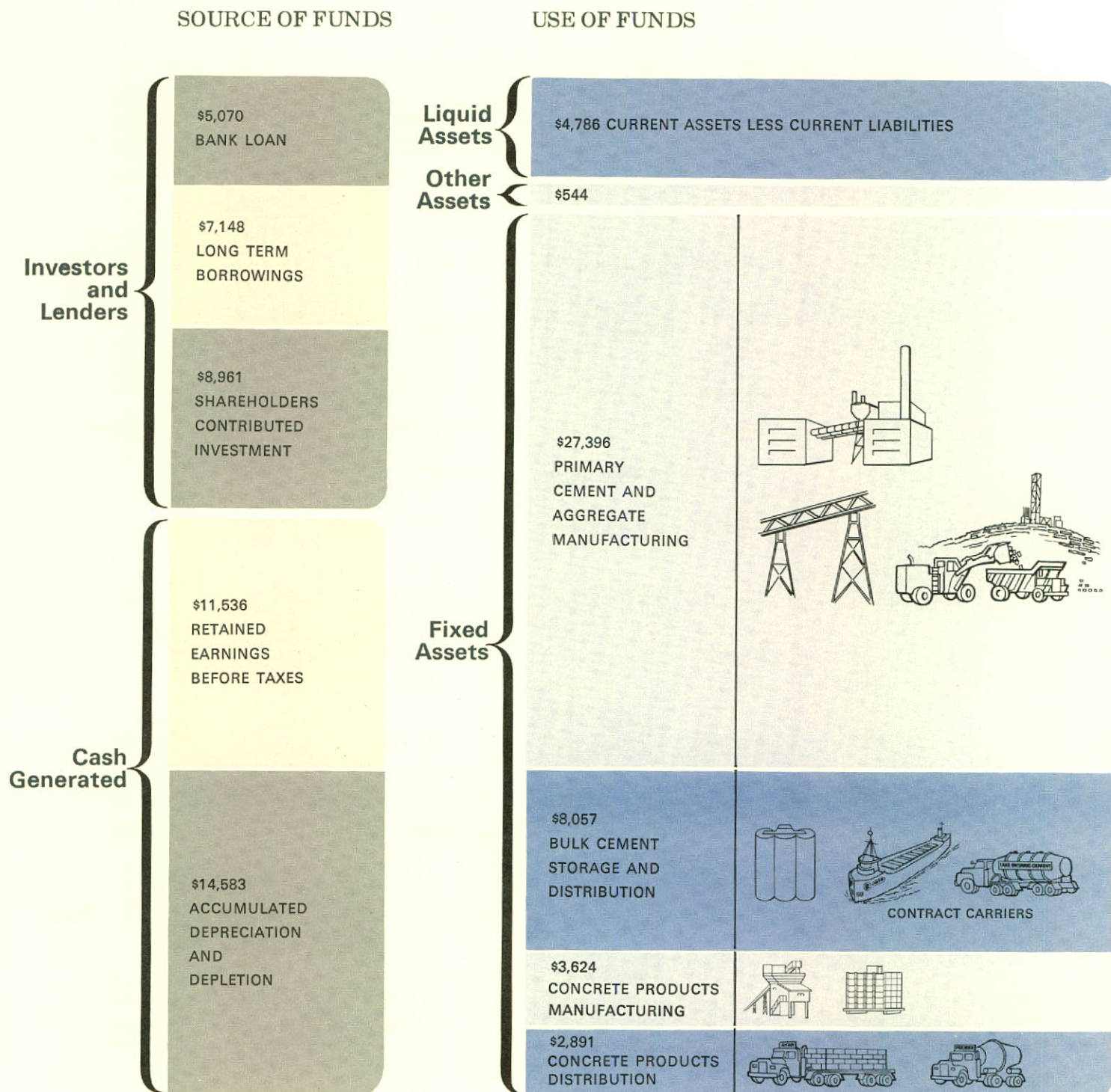
Years ended December 31

1964	1965	1966	1967	1968	1969	1970
\$14,782,773	\$18,844,289	\$20,839,095	\$19,541,937	\$20,930,550	\$21,735,902	\$22,617,173
10,935,943	14,265,624	16,825,367	15,297,670	15,674,045	16,650,988	18,245,589
\$ 3,846,830	\$ 4,578,665	\$ 4,013,728	\$ 4,244,267	\$ 5,256,505	\$ 5,084,914	\$ 4,371,584
\$ 1,342,056	\$ 1,707,400	\$ 1,819,103	\$ 1,981,361	\$ 2,071,337	\$ 2,164,190	\$ 2,197,772
738,914	727,710	714,261	1,108,762	1,168,999	1,134,459	1,044,646
44,084	39,960	39,648	39,648	39,648	39,648	39,648
\$ 2,125,054	\$ 2,475,070	\$ 2,573,012	\$ 3,129,771	\$ 3,279,984	\$ 3,338,297	\$ 3,282,066
\$ 1,721,776	\$ 2,103,595	\$ 1,440,716	\$ 1,114,496	\$ 1,976,521	\$ 1,746,617	\$ 1,089,518
				(216,784)	86,737	
\$ 1,721,776	\$ 2,103,595	\$ 1,440,716	\$ 1,114,496	\$ 1,759,737	\$ 1,833,354	\$ 1,089,518
987,000	1,074,000	988,000	621,000	845,000	805,000	555,000
\$ 734,776	\$ 1,029,595	\$ 452,716	\$ 493,496	\$ 914,737	\$ 1,028,354	\$ 534,518
3,248,636	4,154,243	4,192,061	4,213,061	4,223,461	4,223,461	4,223,461
19.7¢	24.8¢	10.8¢	11.7¢	21.7¢	24.3¢	12.7¢
\$ 2.00	\$ 2.52	\$ 2.65	\$ 2.77	\$ 2.99	\$ 3.23	\$ 3.36
\$ 1,721,776	\$ 2,103,595	\$ 1,440,716	\$ 1,114,496	\$ 1,759,737	\$ 1,833,354	\$ 1,089,518
1,054,159	1,082,642	1,406,160	1,773,047	2,123,683	1,854,041	2,039,379
\$ 2,775,935	\$ 3,186,237	\$ 2,846,876	\$ 2,887,543	\$ 3,883,420	\$ 3,687,395	\$ 3,128,897
1,225	1,119,087	167,931	63,750	31,200		
			230,040			625,000
\$ 2,777,160	\$ 4,305,324	\$ 3,014,807	\$ 3,181,333	\$ 3,914,620	\$ 3,687,395	\$ 3,753,897
\$ 279,990	\$ 1,051,750	\$ 1,651,750	\$ 1,909,260	\$ 1,897,758	\$ 97,758	\$ 97,758
4,059,605	4,894,735	4,265,008	2,179,551	1,330,048	1,956,401	1,206,109
110,000		74,400	(30,226)	335,984	(35,767)	(58,190)
281,896	4,612					
	46,120					
\$ 4,731,491	\$ 5,997,217	\$ 5,991,158	\$ 4,058,585	\$ 3,563,790	\$ 2,018,392	\$ 1,245,677
(\$ 1,954,331)	(\$ 1,691,893)	(\$ 2,976,351)	(\$ 877,252)	\$ 350,830	\$ 1,669,003	\$ 2,508,220
\$ 640,226	(\$ 1,051,667)	(\$ 4,028,018)	(\$ 4,905,270)	(\$ 4,554,440)	(\$ 2,885,437)	(\$ 377,217)

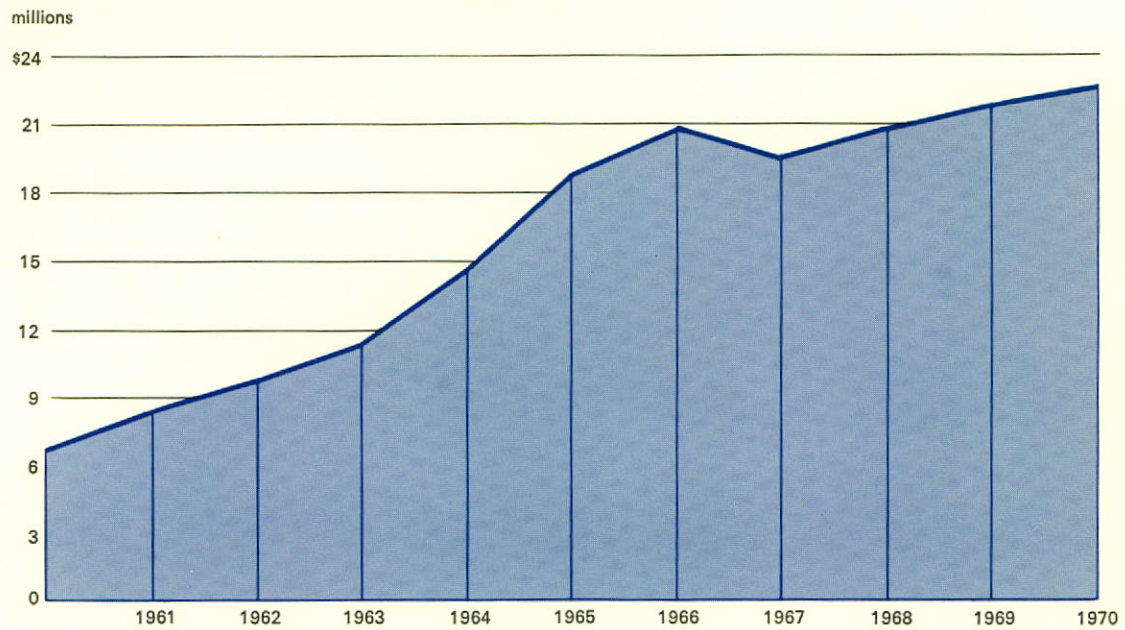
LAKE ONTARIO CEMENT LIMITED

EMPLOYMENT OF FUNDS AS AT DECEMBER 31, 1970

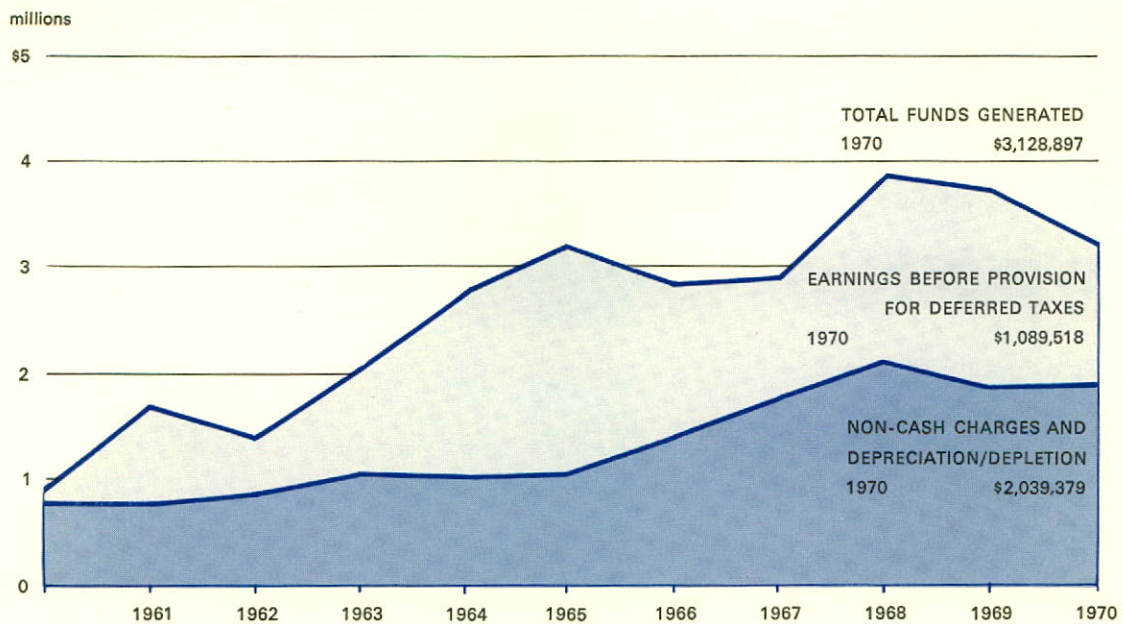
(DOLLARS EXPRESSED IN THOUSANDS)

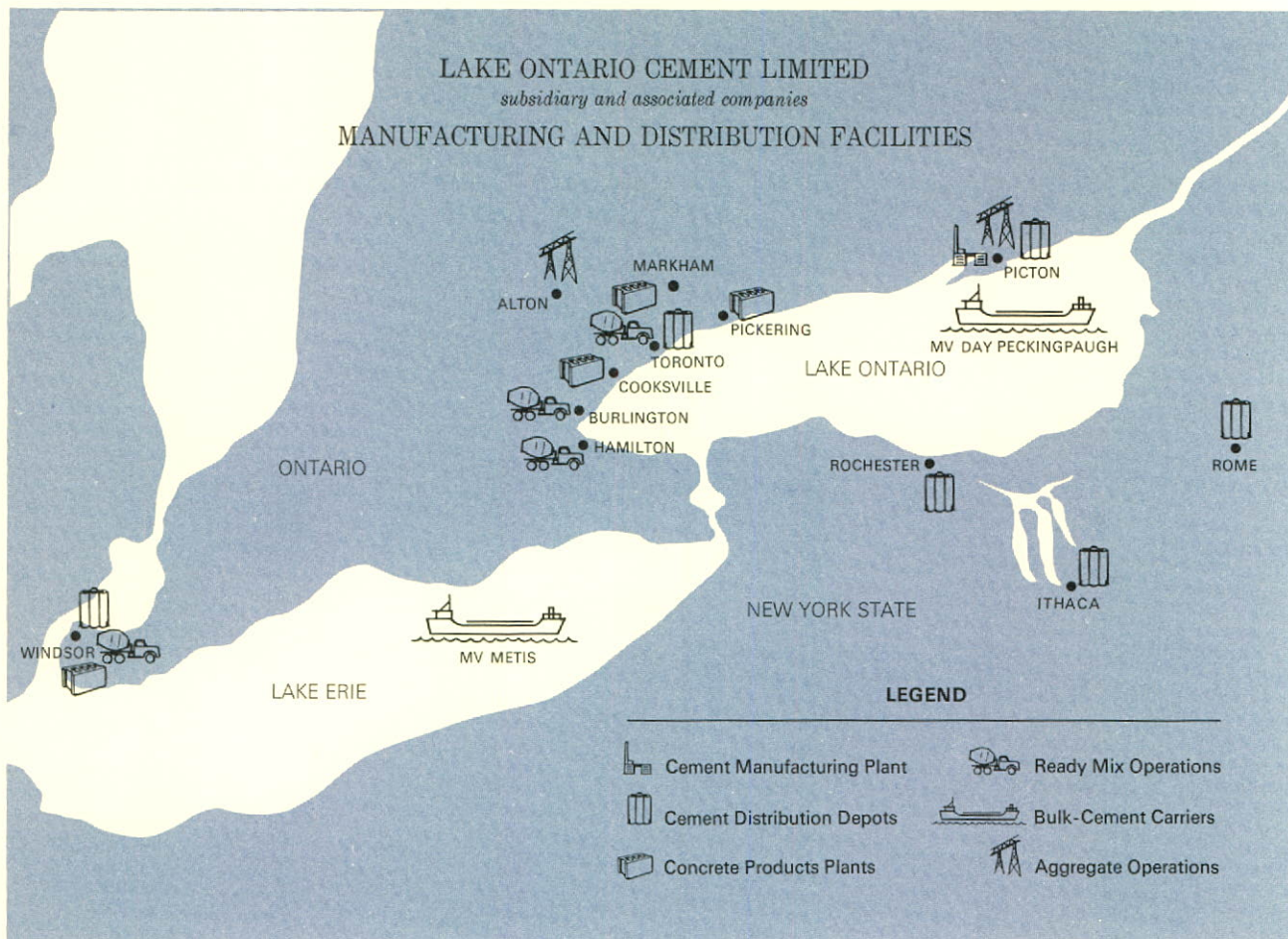


BILLINGS TO CUSTOMERS LESS DISCOUNTS AND TAXES



FUNDS GENERATED FROM OPERATIONS





CANADA



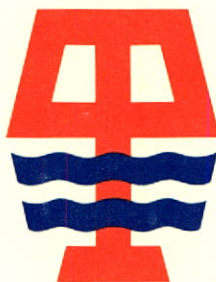
PREMIER CONCRETE
PRODUCTS



RYANCRETE-STERLING
PRODUCTS



PRIMEAU ARGO BLOCK



LAKE ONTARIO CEMENT

UNITED STATES



ROCHESTER PORTLAND
CEMENT

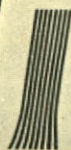
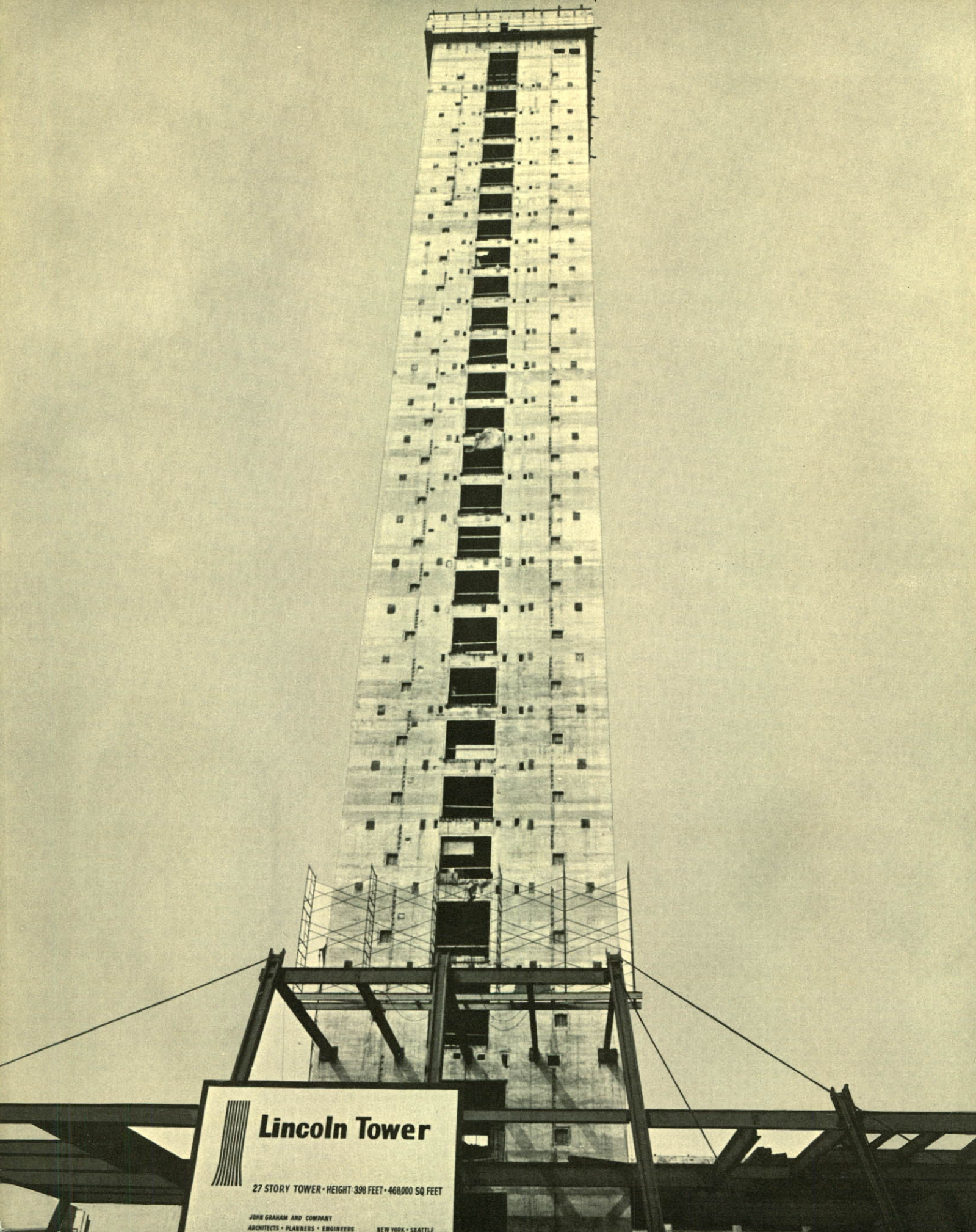


MOHAWK VALLEY CEMENT



CAYUGA CEMENT

Cement supplied by Rochester Portland Cement Corporation was used in the slip-formed concrete core which highlights the design of the twenty-seven storey high Lincoln Tower in Rochester, N.Y. Designed by: John Graham and Co., Architects, Planners and Engineers. General Contractor: John W. Cowper Co., Inc.; Concrete Supplier: Manitou Construction Co., Inc.



Lincoln Tower

27 STORY TOWER • HEIGHT 398 FEET • 468,000 SQ FEET

JOHN GRAHAM AND COMPANY
ARCHITECTS • PLANNERS • ENGINEERS

NEW YORK • SEATTLE

