



American Bilrite Inc.



2012 Annual
Report

Financial Highlights

(dollars in thousands, except per share amounts)

Years ended December 31,	2012	2011	2010
Net sales	\$213,659	\$208,733	\$201,628
Income (loss) from operations	184	(1,131)	4,041
Net (loss) income from continuing operations	(301)	(1,654)	4,231
Net (loss) income per share from continuing operations, adjusted for reverse stock split			
Basic	(8.76)	(48.11)	122.94
Diluted	(8.76)	(48.11)	122.78

Company Profile

The **TAPE/IDEAL** division of American Biltrite provides a global customer base with a wide variety of specialized pressure sensitive tapes, films, and protective sheeting. It manufactures these by coating various substrates (paper, film, foil, nylon, polyester films, glass cloth, and others) using adhesive systems formulated with water and solvent-based materials. These products are manufactured in Moorestown, New Jersey and Lowell, Massachusetts, and marketed worldwide with divisional converting facilities in Belgium, Italy and Singapore and sales offices in China and South Korea. Served markets include automotive and transportation; construction (HVAC, Insulation, Electrical); shoe/footwear; graphic arts, print and signage; and various other industrial and consumer applications. The division's products are sold by a dedicated sales organization, distributors, as well as select manufacturers' representatives in North America, Europe, and Asia.

AMERICAN BILTRITE (CANADA) LTD. manufactures and distributes commercial and residential flooring as well as Performance Sheet Rubber throughout North America. The commercial flooring business primarily serves the healthcare, educational and institutional sectors, offering resilient products with high aesthetics, great durability, low maintenance and excellent environmental qualities. The Performance Sheet Rubber business supplies companies with materials for a host of industrial applications, in a broad range of elastomers, widths, sizes and gauges. The division has strong capabilities in R&D, technical expertise and product innovation, with an extensive network of distribution centers across North America.

K&M ASSOCIATES L.P. is one of the United States' largest suppliers of costume jewelry. Its main office and distribution center are located in Providence, Rhode Island. K&M also has showrooms and offices in New York City and offices in two locations in China for logistics, quality control and product development support. K&M successfully serves all levels of retail trade in the U.S. and Canada from mass market to upper tier department stores. K&M's industry leading department store fashion brands are Guess® and T Tahari®. K&M's recognized marketplace strengths are its quality product and logistical capabilities supported by partnerships with its customers in technology, product development, analysis, and merchandising services.

American Bilrite Inc. and Subsidiaries

Consolidated Statements of Operations

(In thousands of dollars, except share and per share amounts)

	Years Ended December 31	
	2012	2011
Net sales	\$213,659	\$208,733
Cost of products sold	162,232	159,991
Selling, general & administrative expenses	51,243	49,873
Income (loss) from operations	184	(1,131)
Other income (expense)		
Interest expense	(758)	(835)
Other income	646	499
	(112)	(336)
Income (loss) before income taxes and other items	72	(1,467)
Provision for income taxes	372	186
Net loss	(300)	(1,653)
Noncontrolling interests	(1)	(1)
Net loss attributable to controlling interest	\$ (301)	\$ (1,654)
Net loss attributable to controlling interest per common share:		
Basic and diluted	\$ (8.76)	\$ (48.11)
Weighted average shares outstanding:		
Basic and diluted	34,377	34,377

American Bilrite Inc. and Subsidiaries

Consolidated Balance Sheets – Assets
(In thousands of dollars)

	December 31	
	2012	2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,604	\$ 979
Short-term investments	2,500	2,400
Accounts receivable, less allowances for doubtful accounts and discounts of \$2,141 in 2012 and \$1,842 in 2011	19,771	20,087
Inventories	35,539	39,460
Income taxes	1,209	217
Prepaid expense & other current assets	3,485	2,310
	<hr/>	<hr/>
Total current assets	64,108	65,453
Property, plant & equipment, net	28,005	28,502
Other assets:		
Insurance receivable for asbestos-related liabilities	31,921	17,646
Other assets	7,833	9,393
	<hr/>	<hr/>
	39,754	27,039
	<hr/>	<hr/>
Total assets	\$131,867	\$120,994

American Bilrite Inc. and Subsidiaries

Consolidated Balance Sheets – Liabilities and Stockholders' Equity
(In thousands of dollars)

	December 31	
	2012	2011
Liabilities		
Current liabilities:		
Accounts payable	\$ 10,135	\$ 9,154
Accrued expenses	15,466	14,330
Notes payable	4,778	8,995
Current portion of long-term debt	1,472	1,458
Total current liabilities	31,851	33,937
Long-term debt, less current portion	2,880	4,299
Asbestos-related liabilities	31,990	17,700
Other liabilities	21,848	21,151
Total liabilities	88,569	77,087
Stockholders' equity		
Common stock and additional paid in capital (common stock par value \$.01, authorized 150,000 shares, issued 45,985 shares, and 34,377 shares outstanding at December 31, 2012 and 2011)	20,282	20,162
Less cost of common stock in treasury (11,608 shares at December 31, 2012 and 2011)	(14,959)	(14,958)
Retained earnings	44,814	45,115
Accumulated other comprehensive loss	(7,783)	(7,355)
Total stockholders' equity of controlling interests	42,354	42,964
Noncontrolling interests	944	943
Total stockholders' equity	43,298	43,907
Total liabilities and stockholders' equity	\$131,867	\$120,994

American Bilrite Inc. and Subsidiaries

Consolidated Statements of Cash Flows
(In thousands of dollars)

	Years Ended December 31	
	2012	2011
Operating activities		
Net loss	\$ (300)	\$ (1,653)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Depreciation and amortization	3,885	4,343
Provision for doubtful accounts and discounts	3,113	2,447
Stock compensation expense	164	164
Deferred taxes	257	643
Change in operating assets and liabilities:		
Accounts and notes receivable	(2,630)	(917)
Inventories	4,334	(1,352)
Prepaid expenses and other assets	(1,161)	181
Accounts payable and accrued expenses	1,779	(1,300)
Income taxes	(51)	(1,095)
Other	652	(1,998)
Net cash provided (used) by operating activities	10,042	(537)
Investing activities		
Investments in property, plant and equipment	(2,606)	(2,569)
Purchase of short-term investments	(2,500)	(4,800)
Proceeds from sale of short-term investments	2,400	4,800
Net cash used in investing activities	(2,706)	(2,569)
Financing activities		
Net short-term (payments) borrowings	(4,255)	4,402
Payments on long-term debt	(1,412)	(1,581)
Proceeds from exercise of stock options	-	2
Purchase of stock	(45)	-
Net cash (used) provided in financing activities	(5,712)	2,823
Effect of foreign exchange rate changes on cash	(999)	395
Net increase in cash	625	112
Cash and cash equivalents at beginning of year	979	867
Cash and cash equivalents at end of year	\$ 1,604	\$ 979

Board of Directors

Leo R. Breitman
Former Chairman and
Chief Executive Officer
Fleet Bank—Massachusetts

John C. Garrels III
Former Director, Global Banking
The First National Bank of Boston

Mark N. Kaplan
Of Counsel
Skadden, Arps, Slate, Meagher & Flom LLP

Richard G. Marcus
President and Chief Operating Officer

Roger S. Marcus
Chairman of the Board and
Chief Executive Officer

William M. Marcus
Executive Vice President and Treasurer

Mark S. Newman
Former Chairman of the Board,
President and Chief Executive Officer
DRS Technologies, Inc.

Kenneth I. Watchmaker
Former Executive Vice President and
Chief Financial Officer
Reebok International Ltd.

Corporate Officers

Roger S. Marcus
Chairman of the Board and
Chief Executive Officer

Richard G. Marcus
President and Chief Operating Officer

William M. Marcus
Executive Vice President and Treasurer

Howard N. Feist III
Vice President—Finance and
Chief Financial Officer

Roch Leblanc
Vice President and General Manager
American Biltrite (Canada) Ltd.

Michael J. Merx
Vice President and General Manager
Tape Division

Diana Lew
Controller

Adele Muller
Assistant Treasurer

Corporate Information

TRANSFER AGENT AND REGISTRAR

Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016-3572
(800) 368-5948

COUNSEL

Skadden, Arps, Slate, Meagher & Flom LLP
Boston, Massachusetts

AUDITORS

Ernst & Young LLP
Boston, Massachusetts

STOCK MARKET LISTING

OTC Pink Market
Symbol—ABLT.PK



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