



American Bilrite Inc.



2013 Company
Information

Financial Highlights

(dollars in thousands, except per share amounts)

Years ended December 31,	2013	2012	2011
Net sales	\$209,293	\$213,659	\$208,733
Income (loss) from operations	4,386	(8,401)	(1,131)
Net income (loss)	3,356	(8,886)	(1,654)
Net income (loss) per share, adjusted for reverse stock split			
Basic	102.40	(258.49)	(48.11)
Diluted	102.25	(258.49)	(48.11)

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	
	2013	2012
		<i>Restated</i>
Net sales	\$209,293	\$213,659
Cost of products sold	154,808	162,232
Selling, general & administrative expenses (as restated)	50,099	59,828
Income (loss) from operations	4,386	(8,401)
Other income (expense)		
Interest expense	(641)	(758)
Other income	371	646
	(270)	(112)
Income (loss) before income taxes and other items	4,116	(8,513)
Provision for income taxes	760	372
Net income (loss)	3,356	(8,885)
Noncontrolling interests	-	(1)
Net income (loss) attributable to controlling interest	\$ 3,356	\$ (8,886)
Net income (loss) attributable to controlling interest per common share:		
Basic	\$ 102.40	\$ (258.49)
Diluted	102.25	(258.49)
Weighted average shares outstanding:		
Basic	32,774	34,377
Diluted	32,823	34,377

American Bilrite Inc. and Subsidiaries

Consolidated Balance Sheets – Assets
(In thousands of dollars)

	December 31	
	2013	2012
		<i>Restated</i>
Assets		
Current assets:		
Cash and cash equivalents	\$ 905	\$ 1,604
Short-term investments	2,499	2,500
Accounts receivable, less allowances for doubtful accounts and discounts of \$2,139 in 2013 and \$2,141 in 2012	18,875	19,771
Inventories	39,212	35,539
Income taxes	1,162	1,209
Prepaid expense & other current assets	1,744	3,071
Insurance receivable for asbestos & environmental liabilities (as restated)	4,772	5,328
Total current assets	69,169	69,022
Property, plant & equipment, net	26,670	28,005
Other assets:		
Insurance receivable for asbestos and environmental liabilities (as restated)	20,428	19,975
Other assets	3,608	4,313
	24,036	24,288
Total assets	\$119,875	\$121,315

American Bilrite Inc. and Subsidiaries

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

	December 31	
	2013	2012
		<i>Restated</i>
Liabilities		
Current liabilities:		
Accounts payable	\$ 8,898	\$ 10,135
Accrued expenses	13,997	14,165
Asbestos & environmental liabilities (as restated)	5,969	6,611
Notes payable	1,488	4,778
Current portion of long-term debt	1,432	1,472
Total current liabilities	31,784	37,161
Long-term debt, less current portion	7,577	2,880
Asbestos and environmental liabilities (as restated)	35,809	35,774
Other liabilities	8,141	14,310
Total liabilities	83,311	90,125
Stockholders' equity		
Common stock and additional paid in capital (common stock par value \$.01, authorized 150,000 shares, issued 45,985 shares, and 32,477 shares and 34,377 shares outstanding at December 31, 2013 and 2012, respectively)	20,324	20,282
Less cost of common stock in treasury (13,508 and 11,608 shares at December 31, 2013 and 2012, respectively)	(15,721)	(14,959)
Retained earnings (as restated)	32,700	29,344
Accumulated other comprehensive loss	(1,683)	(4,421)
Total stockholders' equity of controlling interests	35,620	30,246
Noncontrolling interests	944	944
Total stockholders' equity	36,564	31,190
Total liabilities and stockholders' equity	\$119,875	\$121,315

American Bilrite Inc. and Subsidiaries

Consolidated Statements of Cash Flows
(In thousands of dollars)

	Years Ended December 31	
	2013	2012
		<i>Restated</i>
Operating activities		
Net income (loss)	\$ 3,356	\$(8,885)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	3,328	3,885
Provision for doubtful accounts and discounts	2,545	3,113
Stock compensation expense	42	164
Deferred taxes	400	257
Change in operating assets and liabilities:		
Accounts and notes receivable	(1,679)	(2,630)
Inventories	(4,312)	4,334
Prepaid expenses and other assets (as restated)	1,332	(747)
Accounts payable and accrued expenses	(1,174)	478
Asbestos & environmental liabilities	(504)	9,097
Income taxes	(869)	(51)
Other	(468)	1,027
Net cash provided by operating activities	1,997	10,042
Investing activities		
Investments in property, plant and equipment	(2,484)	(2,606)
Purchase of short-term investments	(2,499)	(2,500)
Proceeds from sale of short-term investments	2,500	2,400
Net cash used in investing activities	(2,483)	(2,706)
Financing activities		
Net short-term loan payments	(4,426)	(3,980)
Payments on long-term debt	(3,493)	(1,412)
Proceeds from refinancing and Belgium loan	9,371	–
Refinancing fee	(240)	(275)
Purchase of stock	(762)	(45)
Net cash provided (used) in financing activities	450	(5,712)
Effect of foreign exchange rate changes on cash	(663)	(999)
Net (decrease) increase in cash	(699)	625
Cash and cash equivalents at beginning of year	1,604	979
Cash and cash equivalents at end of year	\$ 905	\$ 1,604

Restatement of Previously Issued Financial Statements

The Company has restated its consolidated financial statements for the year ended December 31, 2012 to correct errors in those statements. The errors affected results for 2012 as well as years prior to 2012. The corrections consisted of various non-cash adjustments in the accounting for liabilities and assets related to asbestos and environmental matters as well as insurance and other indemnification available for such liabilities and deferred pension losses recorded in accumulated other comprehensive loss that should have been recorded in the statements of operations in prior periods. In addition, immaterial errors related to supplemental employee retirement plans and income taxes that would otherwise have been adjusted as part of 2013 results were corrected as part of the restatement.

Board of Directors

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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
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Vice President and General Manager
Tape Division

Jean-Pierre Benoit
Vice President and General Manager
American Biltrite (Canada) Ltd.

Diana Lew
Controller

Adele Muller
Assistant Treasurer

Corporate Information

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COUNSEL

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AUDITORS

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Boston, Massachusetts

STOCK MARKET LISTING

OTC Market
Symbol—ABLT



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