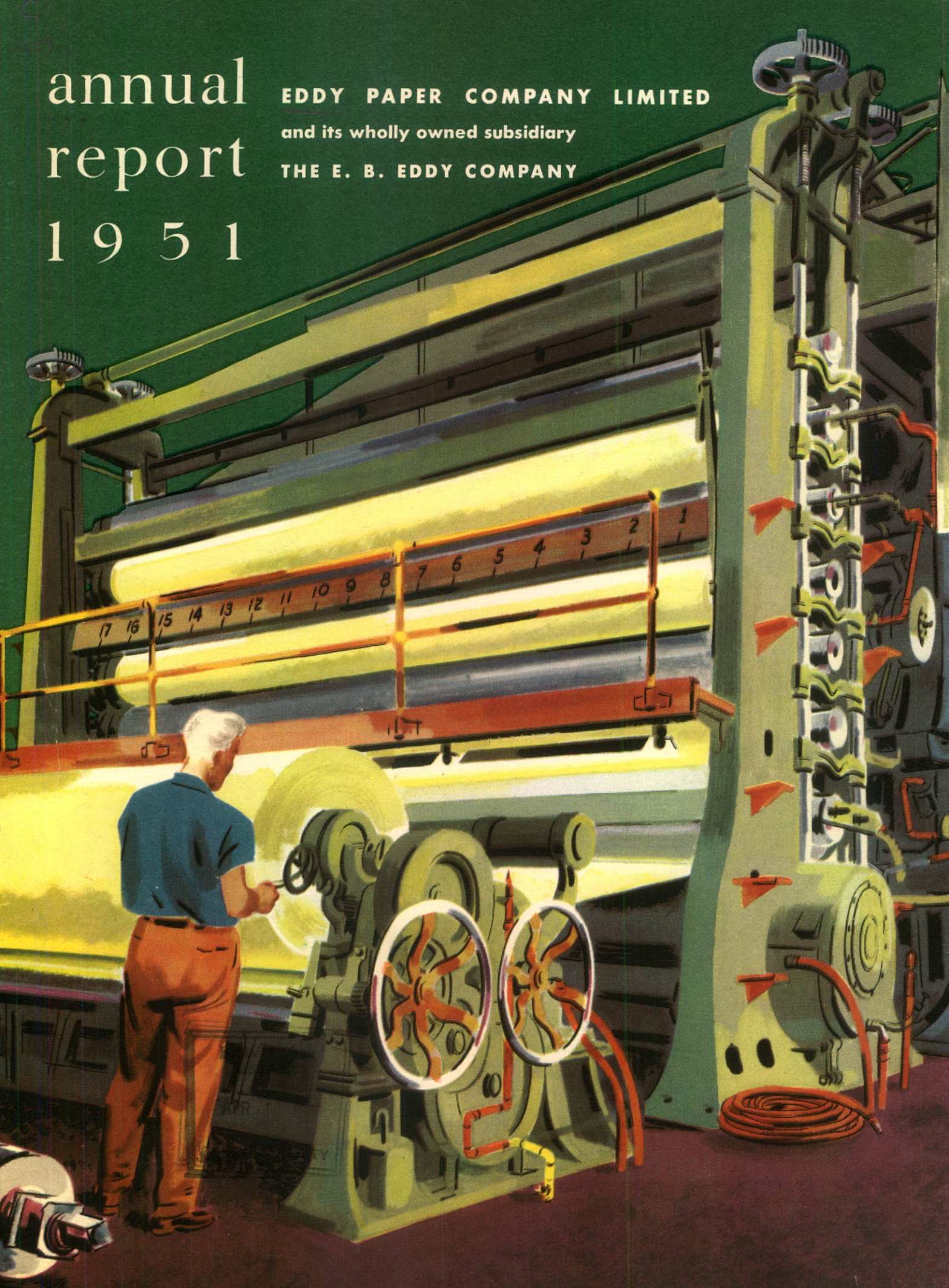
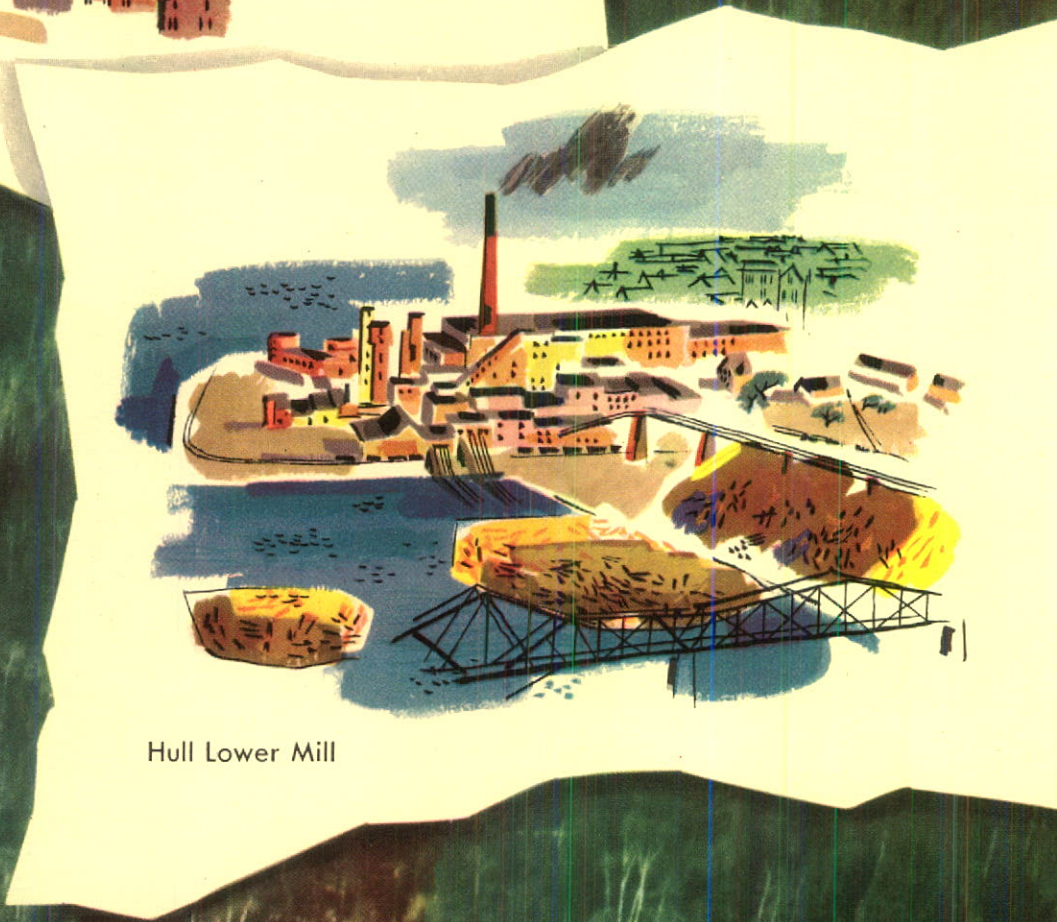


annual report 1951

EDDY PAPER COMPANY LIMITED
and its wholly owned subsidiary
THE E. B. EDDY COMPANY






Hull Lower Mill

Hull Upper Mill



Ottawa Mill



Eddy Paper COMPANY
LIMITED

DIRECTORS

H. J. Coon
J. A. Craig
C. L. Gundy
W. S. Kidd
H. W. Lofft
R. A. Robertson
A. Welch
W. Garfield Weston

OFFICERS

W. Garfield Weston, *Chairman of the Board*
W. S. Kidd, *President*
A. Welch, *Vice-President and General Manager*
John F. Taylor, *Vice-President*
R. F. Caldwell, *Secretary and Treasurer*
B. W. Power, *Assistant Treasurer*
E. L. Milks, *Assistant Secretary*

TRANSFER AGENTS:

Montreal Trust Company
Halifax, Montreal, Toronto, Winnipeg and Vancouver
The Maritime Trust Company
Saint John

REGISTRARS:

The Toronto General Trusts Corporation
Montreal, Toronto, Winnipeg and Vancouver
and its agents at Halifax and Saint John

THE PRESIDENT'S

Report

Submitted herewith is the Consolidated Balance Sheet of your Company and its wholly owned subsidiary, The E. B. Eddy Company, at December 31, 1951; also included is the Consolidated Statement of Income and of Income Retained and Used in the Business for the year 1951.

The net profit for the year was \$1,406,694, an increase of \$159,364 over 1950. From these earnings regular dividends on the Class "A" Shares, amounting to \$200,000, were paid and \$1,206,694 was retained for reinvestment in the business.

The provision for depreciation and depletion is \$1,238,121 vs \$1,035,334 in the previous year.

In order that the balance sheet may reflect more closely the actual value of the Company's investment in plant and equipment, it has been considered advisable to show those assets in the balance sheet on the basis of recent appraisals.

Provision for taxes on income is \$1,843,000 as compared with \$858,000 in the previous year. The burden of these taxes becomes apparent when it is realized that to retain \$1.00 of earnings in the business it has been necessary to earn \$2.11 (the difference, \$1.11, being required for taxes). In 1950 it was necessary to earn \$1.71 to retain \$1.00 of earnings in the business.

This increasingly heavy tax drain on your Company's earnings presents a serious problem; the manufacture of paper requires a large investment and substantial sums must be spent on plant and equipment each year in order to maintain efficiency of operations and quality of products. A good part of the funds required for this purpose should be available from earnings but existing levels of taxation make it extremely difficult to provide the amounts required.

The demand for the paper and paper products of The E. B. Eddy Company was strong throughout the year, with the result that all departments operated at or near capacity and established new production records.

The total sales of all grades were 131,165 tons compared with 123,887 tons in 1950. Newsprint, included in the above figures, amounted to 47,960 tons in 1951 and 46,051 tons in 1950. Improvements in the export market resulted in export sales of 3,166 tons compared with 713 tons in the previous year. This was exclusive of newsprint and practically all was shipped to Commonwealth countries. During the year steady progress was made in replacing coarse and less profitable grades with the finer papers.

Capital improvements, restricted somewhat by shortages of materials, totalled \$2,236,561 for the year. Steadily increasing costs of building construction and equipment, will confine expenditures in 1952 to those projects which are most essential. The estimated cost of work in this class, proposed to be undertaken in 1952, is \$3,196,000.

Bonded debt, which stood at \$6,241,000 at the end of 1950, has been reduced to \$5,775,000 through redemptions aggregating \$466,000. Provision for the sinking fund payment of \$584,000, which will be due next June, has been made in the accounts. To provide for capital expenditures already made and those in prospect, the Directors of The E. B. Eddy Company propose in the near future to offer through underwriters an additional issue of \$4,800,000 first mortgage bonds.

The Sidney Roofing & Paper Company Limited, a controlled subsidiary, had a satisfactory year in 1951. After allowing for depreciation of \$429,713, the profit before income taxes was \$489,871. Income taxes were \$254,709 leaving a net profit of \$235,162. The new plant at Lloydminster was brought into production late in the year and will enable the Company to extend its sales to the Head of the Lakes and to serve the Prairie market with greater efficiency.

Demand for the principal products of The E. B. Eddy Company has shown some softening in the opening months of 1952 but this is judged to be the effect of the healthy inventory adjustment on the part of the trade now that paper products are in somewhat freer supply. Looking ahead, it is expected that business, although more competitive, will be good in 1952 and that our sales volume will equal the levels established in 1951. On the other hand, costs all along the line, from raw materials to the delivery of our finished product, continue to increase and continue to be our grave concern.

The Board of Directors acknowledge with gratitude the splendid contribution of all members of the organization to a most satisfactory year. The constant effort and loyalty of all employees, important factors in the growth of your Company, is greatly appreciated.

Submitted on behalf of the Board.



President.

Eddy Paper Company Limited

AND ITS WHOLLY OWNED SUBSIDIARY
The E. B. Eddy Company

CONSOLIDATED BALANCE

Assets

CURRENT ASSETS:

Cash	\$	320,235	
Trade and other accounts receivable (less reserve \$95,971)		2,757,612	
Finished stocks, goods in process at standard cost not in excess of actual cost, and raw materials, supplies and pulpwood at average cost		5,353,407	
Expenditure on logging operations in progress		3,458,977	
Prepaid expenses		164,923	\$12,055,154

INVESTMENT IN SHARES OF PARTLY OWNED SUBSIDIARY COMPANY, at cost			2,648,732
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PROPERTIES:

Land, water power and rights, at cost	\$	1,471,120	
Buildings, machinery and equipment (including those on lands not owned in fee simple) at replacement values on the basis of appraisals by Dominion Appraisal Company Limited in 1947 and 1948, plus subsequent net additions at cost	\$	36,538,698	
Less: Reserve for depreciation based on appraisals plus subsequent provisions	16,481,392	20,057,306	21,528,426

TIMBER LEASES AND LICENSES, at book value as reinstated at December 31, 1944, plus subsequent acquisitions at cost, less depletion			2,494,560
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GOODWILL, TRADEMARKS, ETC.			1
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Signed on behalf of the Board:

W. S. KIDD, Director.

A. WELCH, Director.

\$38,726,873

Auditors' Report

To the Shareholders of
Eddy Paper Company Limited:

We have examined the consolidated balance sheet of Eddy Paper Company Limited and statement of income and income retained and used in the business for the year ended on included a general review of the accounting procedures and such tests of accounting records as we considered necessary. In our opinion, the above consolidated balance sheet and the attached statement of income give a correct view of the state of the combined affairs of Eddy Paper Company Limited and its subsidiaries at that date, according to the best of our information and the explanations given to us and in accordance with the provisions of Section 114 of the Companies Act 1934, we also report on the attached accounts only to the extent of dividends received.

Ottawa, April 7, 1952.

Liabilities

CURRENT LIABILITIES:

Bank loan	\$ 1,525,000	
Accounts payable, accrued liabilities and outstanding cheques	3,446,164	
Income and other taxes	1,382,314	
Sinking fund payment due June 15, 1952	584,000	\$ 6,937,478

FIRST MORTGAGE SINKING FUND BONDS OF THE
E. B. EDDY COMPANY:

Authorized		\$10,000,000	
3½% Bonds, Series A due June 15, 1966 :			
Issued	\$ 4,000,000		
Redeemed	706,000	\$ 3,294,000	
4% Bonds, Series B due June 15, 1966 :			
Issued	\$ 3,000,000		
Redeemed or called for redemption	519,000	2,481,000	
Less:		\$ 5,775,000	
Funds in hands of Trustee for the bondholders	\$ 570		
Sinking fund payment included with current liabilities	584,000	584,570	5,190,430

RESERVE FOR POSSIBLE FUTURE DECLINE IN INVENTORY VALUES		921,000
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SHAREHOLDERS' INTEREST, represented by :

Cumulative Convertible Non-Callable Class "A" shares—			
Authorized—400,000 shares at \$20.00 per share			
Issued —200,000 shares	\$ 4,000,000		
Common shares without nominal or par value—			
Authorized—600,000 shares			
Issued —200,000 shares at \$20.00 per share	4,000,000		
Excess of net book value of assets of The E. B. Eddy Company at date of acquisition of shares of that Company over cost thereof, plus subsequent net adjustments	1,676,754		
Excess of appraised values over depreciated cost of buildings, machinery and equipment	12,073,334		
Income retained and used in the business	3,927,877	25,677,965	
			<u>\$38,726,873</u>

its wholly owned subsidiary, The E. B. Eddy Company, as at December 31, 1951 and the consolidated
at date and have obtained all the information and explanations we have required. Our examination
and other supporting evidence as we considered necessary in the circumstances.
ome and income retained and used in the business are properly drawn up so as to exhibit a true and
wholly owned subsidiary as at December 31, 1951 and the result of operations for the year ended on
as shown by the books of the companies.
eport that the company's proportion of the income of its partly owned subsidiary has been taken up in

Eddy Paper Company Limited

AND ITS WHOLLY OWNED SUBSIDIARY

The E. B. Eddy Company

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 1951

Operating profit of The E. B. Eddy Company after deducting \$212,528 added to inventory reserve and before taking into account the items shown below		\$5,086,324
Income from investments		8,651
		<u>\$5,094,975</u>
<i>Deduct:</i>		
Bond interest	\$ 217,694	
Contributions to employees' retirement income plan.	374,473	
Provision for depletion	85,425	
Provision for depreciation	1,152,696	1,830,288
		<u>\$3,264,687</u>
Provision for taxes on income		1,843,000
		<u>\$1,421,687</u>
NET INCOME OF THE E. B. EDDY COMPANY		\$1,421,687
<i>Deduct:</i> Transfer agents' fees and other expenses of Eddy Paper Company Limited, less interest earned		14,993
		<u>\$1,406,694</u>
NET INCOME FOR THE YEAR		<u>\$1,406,694</u>

RETAINED AND USED IN THE BUSINESS FOR THE YEAR ENDED DECEMBER 31, 1951

Balance at beginning of year	\$2,721,183
Add: Net income for the year	1,406,694
	<u>\$4,127,877</u>
<i>Deduct:</i> Dividends aggregating \$1.00 per share on Class "A" shares	200,000
	<u>\$3,927,877</u>

Note: Directors' fees amounted to \$2,700 and executive salaries and legal fees to \$120,010 for the year.

THE E. B. EDDY COMPANY

HEAD OFFICE:

Hull, P.Q.

MILLS AT

Hull, P.Q.

Ottawa, Ont.

SALES OFFICES:

Halifax, N.S.

Saint John, N.B.

Quebec, P.Q.

Montreal, P.Q.

Toronto, Ont.

Hamilton, Ont.

London, Ont.

Ottawa, Ont.

AGENCIES:

St. John's, Nfld.

Fort William, Ont.

Winnipeg, Man.

Regina, Sask.

Saskatoon, Sask.

Calgary, Alta.

Edmonton, Alta.

Vancouver, B.C.

In Eastern Canada The E. B. Eddy Company maintains sales offices. In Western Canada Tees & Perse Ltd. act as sales representatives.

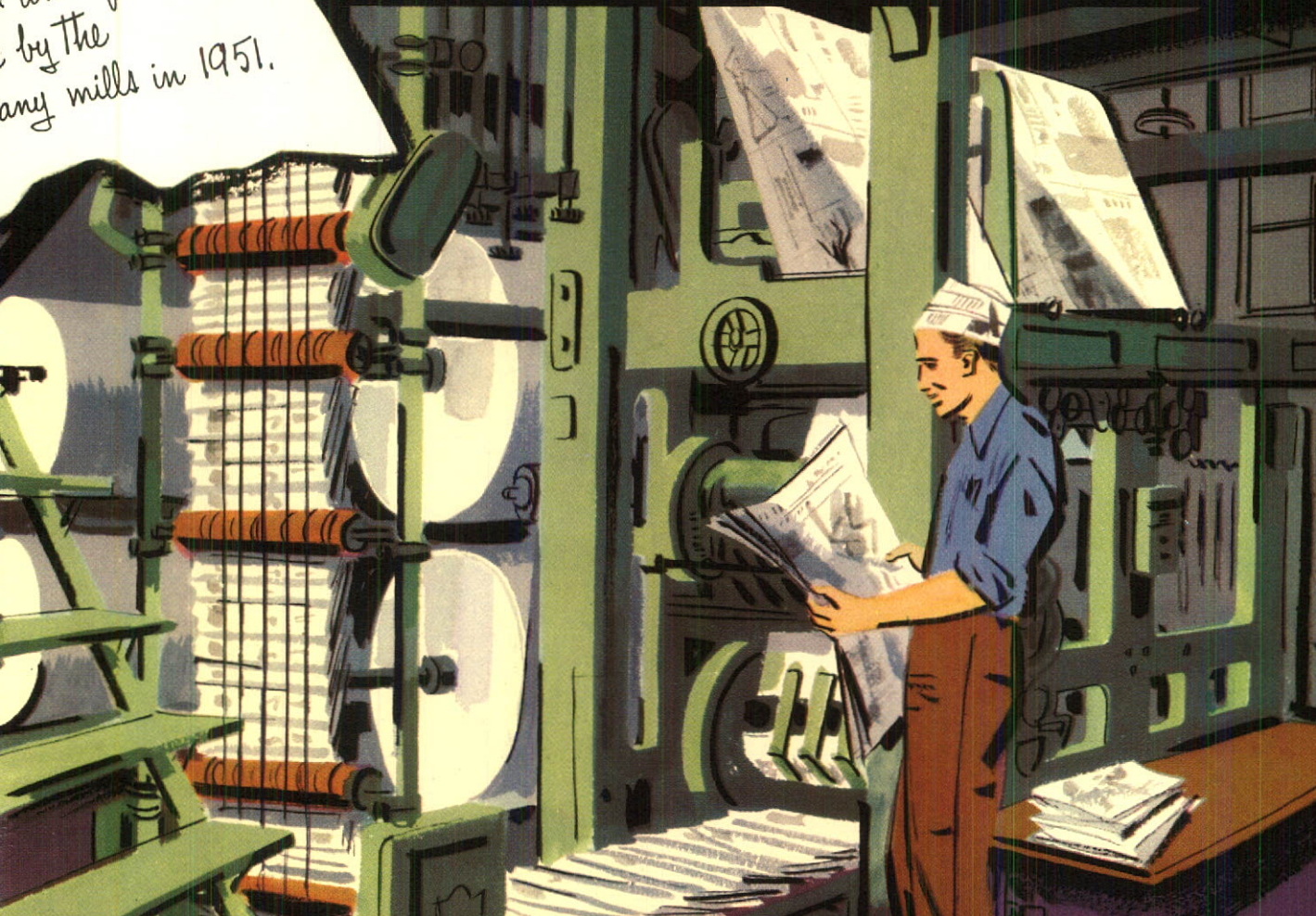
Export sales throughout the world are made through agents and brokers.

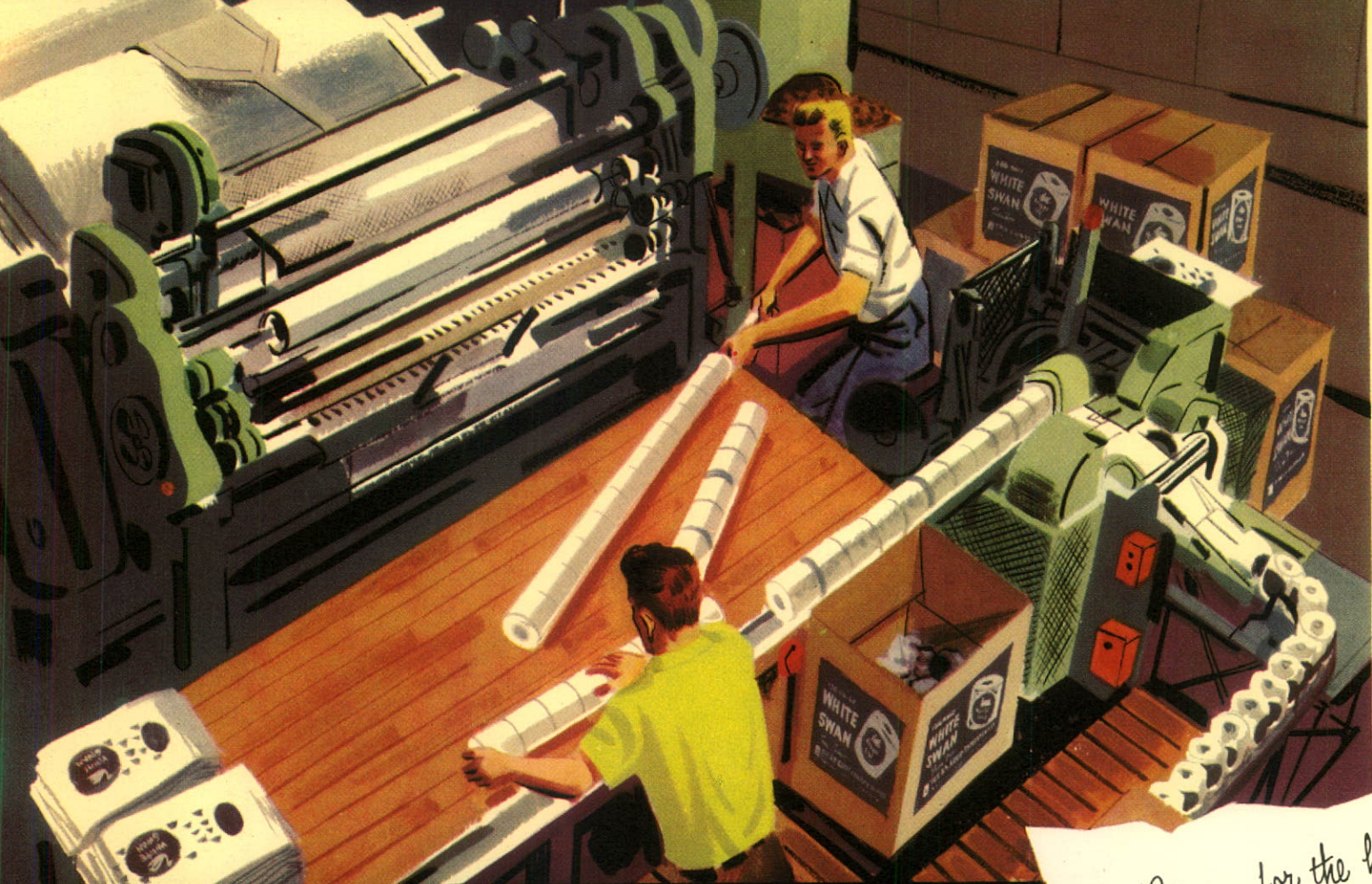


...for business
...industry...
...hundred and
...tons of it...
...by the
...any mills in 1951.

Fine papers for printers are made in many finishes and weights, some in a wide color range.

Newsprint, vital to public information, serves metropolitan dailies and country weeklies alike.





One of the most popular items in our range of consumer products reaches the wrapping stage.

Basic papers and paperboards are made for conversion into hundreds of everyday products.

Paper... for the home
and for industry
more than one
thirty thousand
was made
E. B. Eddy Company



