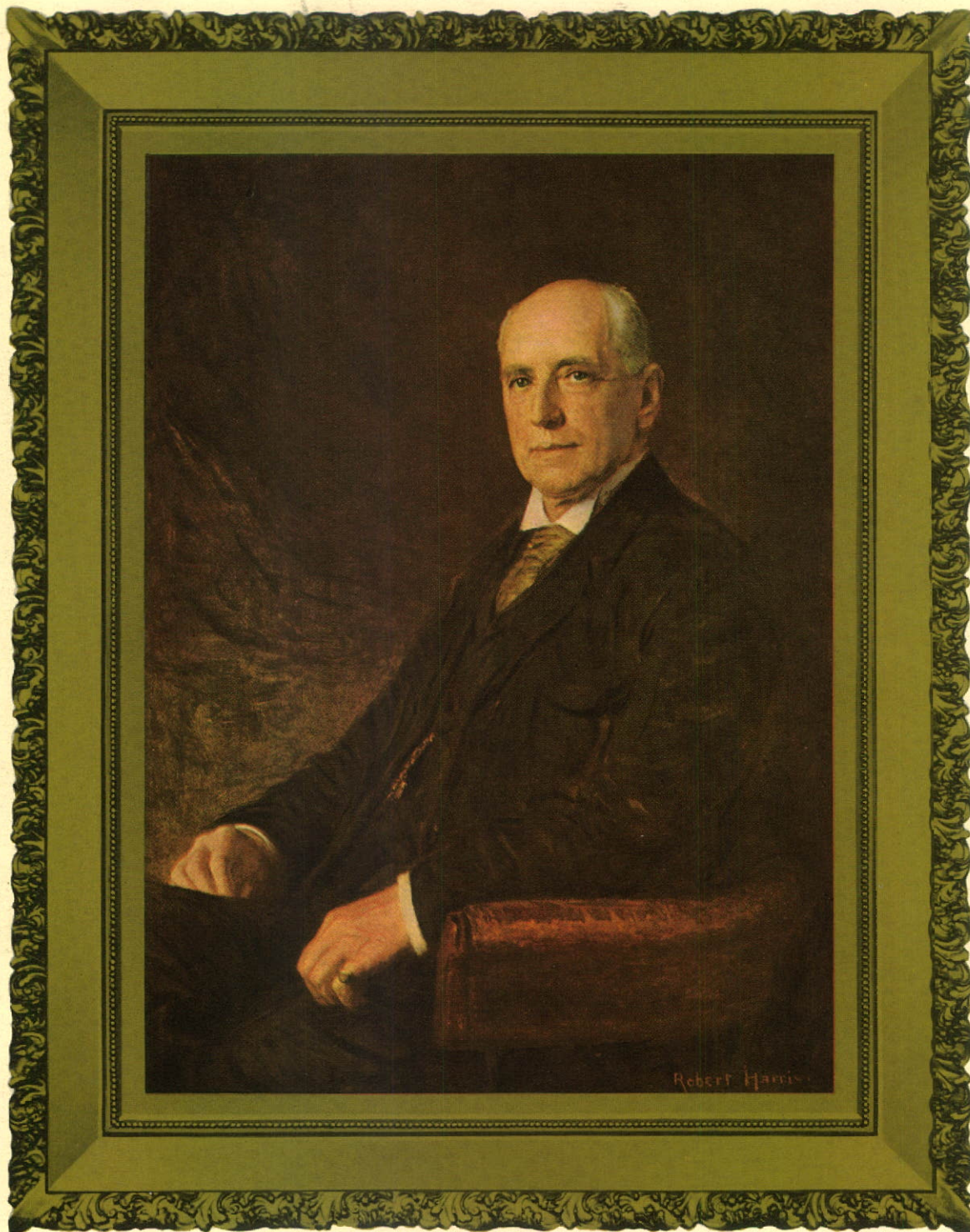


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EDDY PAPER COMPANY LIMITED

AND ITS WHOLLY OWNED SUBSIDIARY

THE E. B. EDDY COMPANY

Annual Report 1950

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EDDY PAPER COMPANY LIMITED

Directors

H. J. COON
G. GORDON GALE
C. L. GUNDY
W. S. KIDD
H. W. LOFFT
R. A. ROBERTSON
A. WELCH
W. GARFIELD WESTON

Officers

Chairman of the Board: W. GARFIELD WESTON
Vice-Chairman of the Board: G. GORDON GALE
President: W. S. KIDD
Vice-President: JOHN F. TAYLOR
General Manager: A. WELCH
Secretary and Treasurer: R. F. CALDWELL
Assistant Secretary: E. L. MILKS

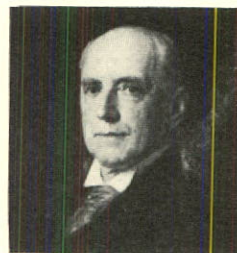
Transfer Agents

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.*

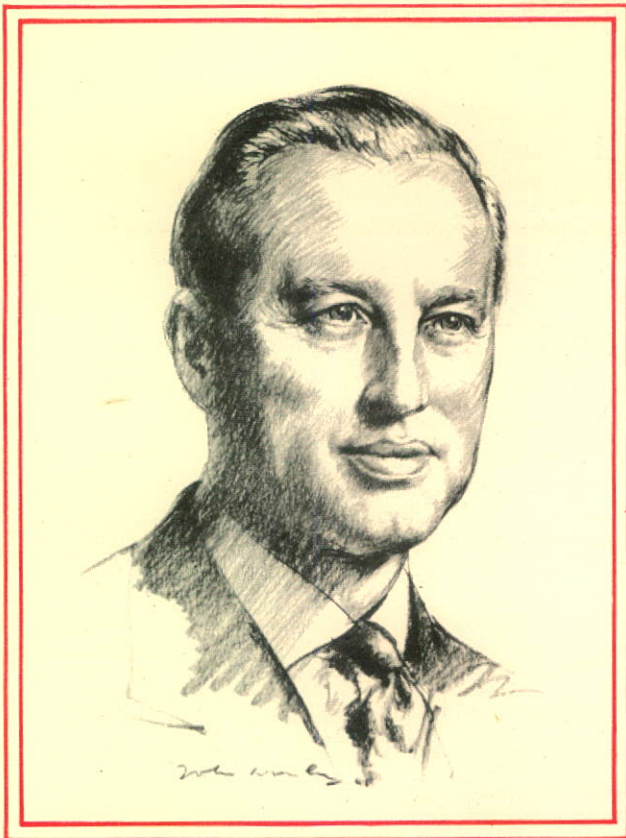


Ezra Butler Eddy

1827-1906

Ezra Butler Eddy, founder of The E. B. Eddy Company, was born at Bristol, Vermont, and was laid to rest near the same little town. His lifetime, with tireless energy, was devoted to the founding and building of this Canadian company which today bears his name; truly a pioneer in what has since become Canada's greatest industry; the making of pulp and paper.

Pres:- Principal's Office, Sunday 8th, 1951



A Message

FROM THE
CHAIRMAN OF THE BOARD

ONE century ago, in 1851, when Canada was not yet a Dominion, Ezra Butler Eddy, a hardy pioneer, laid the foundations of The E. B. Eddy Company. A man of great vision and determination, inspired by a sincere desire to create and produce, he lived to see the Company take its place among the substantial business institutions of Canada.

What was then the small village of Hull, in which Mr. Eddy first established his business, has in the same century grown into a modern city of thousands many of whom are a part, directly or indirectly, in the Company's daily life.

The growth and development of this business is a tribute not only to its founder but as well to all those — in the forest, on the rivers, and in the mills — who have served it so faithfully throughout the years, and to its legion of loyal customers without whose support this progress would not have been possible.

I am proud of the past record of the business and look forward to the future with great confidence that this old established Company will continue its healthy growth and maintain its prominent position in the industrial life of Canada.

Joseph Weston

The President's Report

THE Consolidated Balance Sheet of your Company and its wholly owned subsidiary, The E. B. Eddy Company, as at December 31, 1950, and the Consolidated Statements of Income and of Income Retained and Used in the Business for the year 1950, are submitted herewith.

The net profit for the year was \$1,247,330 compared with \$962,948 in 1949. After payment of \$200,000 in regular quarterly dividends on the Class "A" Shares, \$1,047,330 was retained for use in the business.

During the year, The E. B. Eddy Company provided \$958,445 for depreciation and \$76,889 for depletion, a total of \$1,035,334. In comparison, an amount of \$987,729 was provided for these two items in 1949.

Series "A" and Series "B" First Mortgage Bonds of The E. B. Eddy Company, amounting to \$406,000, were redeemed and cancelled or called for redemption during the year, thereby reducing the balance outstanding at the year end to \$6,241,000. The funds to cover the Bonds called for redemption were deposited with the Company's bankers on December 15, 1950. Provision for the Sinking fund payment of \$473,000, which will be due next June, has been made in the Company's accounts. In addition, the Sinking Fund has cash on hand of \$776.

The total tons of all grades sold were 123,887 compared with 125,964 in 1949. This reduction in tonnage is accounted for by a continuation of the policy of replacing coarser papers by the finer grades, and also by the necessity of taking machines out of operation for major improvements. Export sales, exclusive of newsprint, experienced a further drop this year and only 713 tons were shipped compared with 3,064 tons last year.

During the year an amount of \$947,625 was spent to make necessary replacements of capital assets and to improve the economy and efficiency of operations.

It is estimated that an amount of \$839,000 will be required in 1951 to complete Capital Jobs which were in progress at the end of 1950, and it is proposed to supplement this amount with approximately \$1,800,000 to be spent on new projects in 1951.

Total provision by The E. B. Eddy Company for the Retirement Income Plan for its employees was \$322,045 of which \$150,000 was for past service.

Last year it was reported that with a view to broadening its field of operations and adding to the diversity of its products, The E. B. Eddy Company had acquired a majority interest in Sidney Roofing & Paper Company Limited, Victoria, B.C. During the year the remainder of the Class "B" (voting) shares of this Company were purchased.

It is yet too early to estimate the effect of world unrest and the defence preparedness programme on the operations of your Company in 1951. It is, however, some satisfaction to know that in World War II most grades of paper were recognized as essential, with the result that the productive capacity of The E. B. Eddy Company was strained to the limit. The effect of the defence economy is already apparent in increased demand for practically all our products and from this viewpoint 1951 promises to be a year of high activity. To what extent the demand can be met will largely depend on the availability of men and materials.

As The E. B. Eddy Company is celebrating the 100th Anniversary of its founding this year, this is an appropriate time to pay tribute to all its employees, past and present, whose efforts have made possible its growth and progress.

The Board of Directors acknowledge with gratitude and appreciation the able, conscientious and loyal performance of all members of the organization during the year.

Submitted on behalf of the Board.



President.

Consolidated Statement of Income

FOR THE YEAR ENDING DECEMBER 31 1950

Operating profit of The E. B. Eddy Company before taking into account the items shown below		\$3,639,157
<i>Deduct:</i>		
Bond interest	\$ 239,230	
Contributions to employees' retirement income plan	322,045	
Provision for depletion	76,889	
Provision for depreciation	958,445	1,596,609
		\$2,042,548
<i>Add:</i>		
Income from investments	\$ 1,530	
Profit on disposal of fixed assets	69,541	71,071
		\$2,113,619
Provision for taxes on income		858,000
		\$1,255,619
NET INCOME OF THE E. B. EDDY COMPANY		
<i>Deduct:</i> Transfer agents' fees and other expenses of Eddy Paper Company Limited, less interest earned		8,289
		\$1,247,330

RETAINED AND USED IN THE BUSINESS FOR THE YEAR ENDING DECEMBER 31 1950

Balance at beginning of year		\$1,673,853
<i>Add:</i> Net income for the year		1,247,330
		\$2,921,183
<i>Deduct:</i> Dividends of \$1.00 per share on Class "A" shares		200,000
		\$2,721,183

Note: Directors' fees amounted to \$3,000 and executive salaries and legal fees to \$105,808 for the year.

*Consolidated Balance Sheet**Assets*

CURRENT ASSETS:

Cash on hand and with bankers	\$	256,703	
Trade and other accounts receivable (less reserve \$95,971)		2,480,153	
Finished stocks, goods in process at standard cost not in excess of actual cost, and raw materials, supplies and pulpwood at average cost		4,476,567	
Expenditure on logging operations in progress		1,352,177	
Prepaid expenses		126,008	\$ 8,691,608

INVESTMENT IN SHARES OF PARTLY OWNED SUBSIDIARY

COMPANY, AT COST			\$ 2,328,232
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PROPERTIES, AT COST:

Water power and rights	\$	895,691	
Land		574,429	
Buildings, machinery and equipment (including those on lands not owned in fee simple)	\$19,379,659		
Less: Reserve for depreciation	12,475,208	6,904,451	8,374,571

TIMBER LEASES AND LICENSES, at book value as reinstated
at December 31 1944 plus subsequent acquisitions at
cost, less depletion

2,673,743

GOODWILL, TRADEMARKS, ETC.

1

SIGNED ON BEHALF OF THE BOARD:

\$22,068,155G. GORDON GALE, *Director.*A. WELCH, *Director.**Auditors*TO THE SHAREHOLDERS OF
EDDY PAPER COMPANY LIMITED:

We have examined the consolidated balance sheet of Eddy Paper Company Limited and its wholly owned subsidiary, The E. B. Eddy Company, as at December 31 1950 and the consolidated statements of income and income retained and used in the business for the year ending on that date and have obtained all the information and explanations which we required. Our examination included such tests of the accounting records and other supporting evidence and such other auditing procedures as we considered necessary in the circumstances.

We report that, in our opinion, the above consolidated balance sheet and the related consolidated statements of income and income retained and used in the business are properly drawn up

Report - December 31 1950

Liabilities

CURRENT LIABILITIES:			
Accounts payable, accrued liabilities and outstanding cheques	\$ 2,093,851		
Income and other taxes	627,671		
Sinking fund payment due June 15 1951	473,000	\$ 3,194,522	
FIRST MORTGAGE SINKING FUND BONDS OF THE E. B. EDDY COMPANY DUE JUNE 15 1966:			
3½% Bonds, Series A —			
Issued	\$ 4,000,000		
Redeemed	439,000	\$ 3,561,000	
4% Bonds, Series B —			
Issued	\$ 3,000,000		
Redeemed or called for redemption	320,000	2,680,000	
		\$ 6,241,000	
<i>Less:</i>			
Funds in hands of Trustee	\$ 776		
Sinking fund payment included with current liabilities	473,000	473,776	5,767,224
RESERVE FOR POSSIBLE FUTURE DECLINE IN INVENTORY VALUES			708,472
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	
		\$ 8,000,000	
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	
Income retained and used in the business			2,721,183
			12,397,937
			<u>\$22,068,155</u>

Report

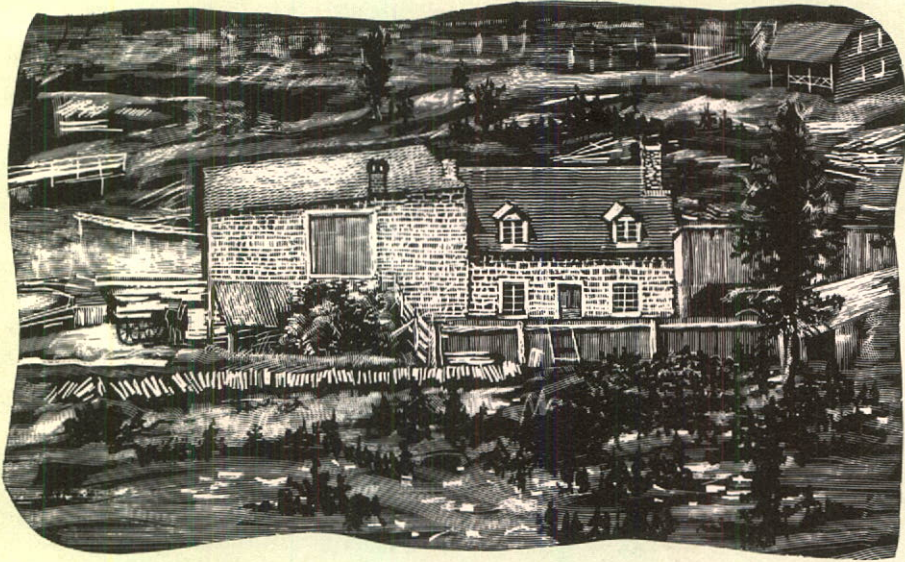
so as to exhibit a true and correct view of the state of the combined affairs of Eddy Paper Company Limited and its wholly owned subsidiary as at December 31 1950 and the results of operations for the year ending on that date, according to the best of our information and the explanations given to us and as shown by the books of the companies.

In accordance with the provisions of Section 114 of The Companies Act 1934, we also report that The E. B. Eddy Company's proportion of the income of its partly owned subsidiary has been taken up in the attached accounts only to the extent of dividends received.

GEO. A. WELCH & COMPANY,
PRICE WATERHOUSE & CO.,

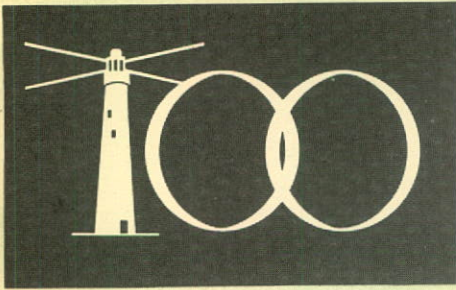
Auditors.

1851



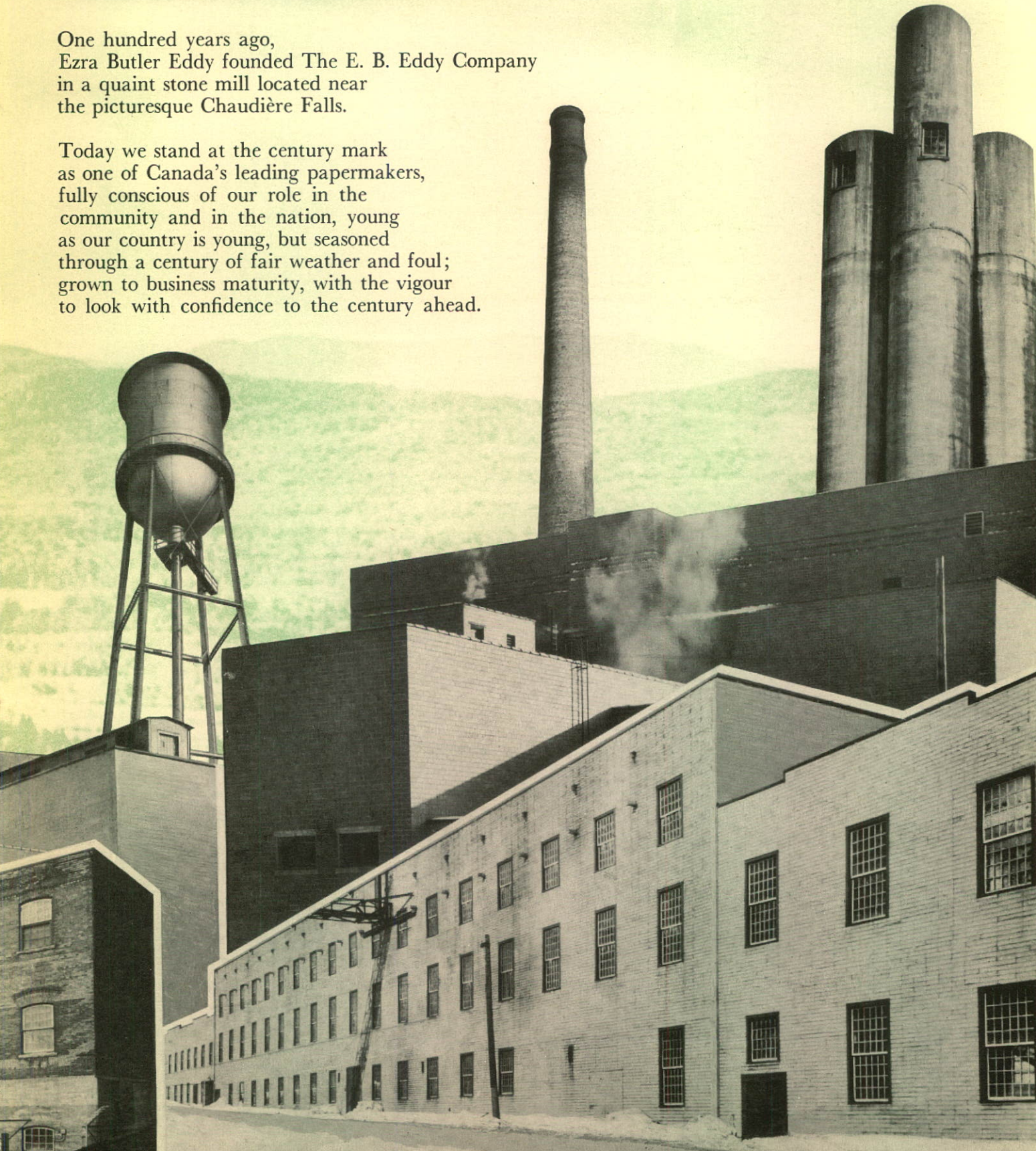
1951





One hundred years ago,
Ezra Butler Eddy founded The E. B. Eddy Company
in a quaint stone mill located near
the picturesque Chaudière Falls.

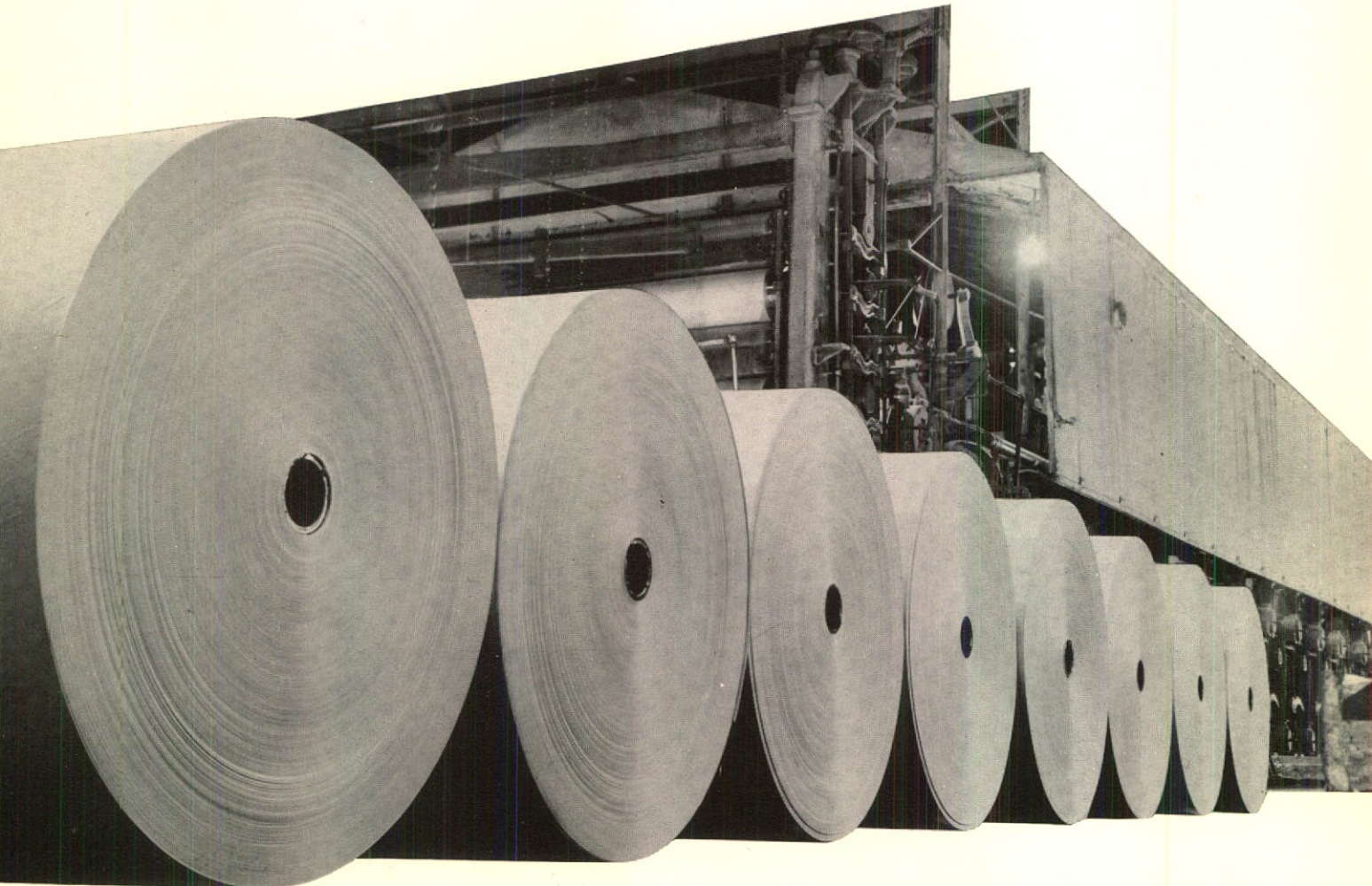
Today we stand at the century mark
as one of Canada's leading papermakers,
fully conscious of our role in the
community and in the nation, young
as our country is young, but seasoned
through a century of fair weather and foul;
grown to business maturity, with the vigour
to look with confidence to the century ahead.



Paper for Converting Purposes

Amongst the many grades of papers which roll from our huge machines are a large number which are produced for paper convertors, and which therefore do not meet the public eye until they emerge from various plants in the form of many familiar products.

These products include boxes (for food packaging and other uses), cable and ticker tape, cash register and accounting machine rolls, Christmas seals, cigarette tubes, counter check books, display signs, drinking and cake cups, envelopes, file folders, grocery bags, gift wrappings, gummed tape, paper cores, tubes, and lamp bulb wrappers, paper doilies and place mats, plastic and clay coated papers, postage and revenue stamps, soda straws, tickets for milk, bread, theatres, etc., tobacco wrappers, wall paper, waxed paper, wrapping for explosives, writing pads.



Head Office:

HULL, P.Q.

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* maintain sales offices.

In western Canada

Tees & Persse Ltd. act as

sales representatives. Export

sales throughout the world

are made through agents and brokers.

Consumer Products



Our Consumer Products Division is the one which brings us into direct contact with the Canadian public. The same scientific care, the same skilled experience, which have made our Fine and Specialty papers so sought after, have also made our tissues, towels and serviettes the favorites of Canadian housewives.

Fine and Specialty Papers

Our Fine and Specialty Papers Division produces many popular favourites for the printing trade. These papers are carefully inspected and sorted, as shown here, before leaving our mill.

The range of Fine and Specialty Papers includes Cheneaux Bond, for stationery and business forms; Ancaster Book, for catalogues, calendars, books, etc.; Wellington Offset, for letterpress printing or offset lithography; Tecumseh Bristol, for display cards, tickets, etc.; Post Card Bristol, specially made for postcards in a colour and writing surface approved by postal authorities; Guardian Index Bristol, for file and index cards, etc.; Mohawk Bristol, a versatile bristol used for tags, tickets, display material, booklet covers, etc.; Multiscrip Duplicating, for office duplicating machines; Multicopy Wove Duplicating, a duplicating paper which can also be used for Offset and Letterpress printing.

