Rolland

Annual Report 1983

Rolland inc.

MANUFACTURER AND
DISTRIBUTOR OF FINE PAPERS

Table of Contents

Highlights

	1983	1982
Net sales	**$229,662,000**	$168,504,000
Net earnings (loss)	**8,333,000**	(913,000)
Net earnings (loss) per share		
Per class "A" share	**4.51**	(0.52)
Per class "B" share	**4.46**	(0.57)
Dividends on class "A" and "B" shares	**791,000**	114,000
Per class "A" share	**0.4425**	0.075
Per class "B" share	**0.3925**	0.025
Funds provided by operations	**12,750,000**	1,054,000
Per class "A" share	**6.91**	0.55
Per class "B" share	**6.86**	0.50
Book value per class "A" and "B" shares	**20.00**	15.93
Working capital	**30,236,000**	25,508,000
Long-term debt	**12,747,000**	17,150,000
Capital expenditures	**6,035,000**	1,208,000

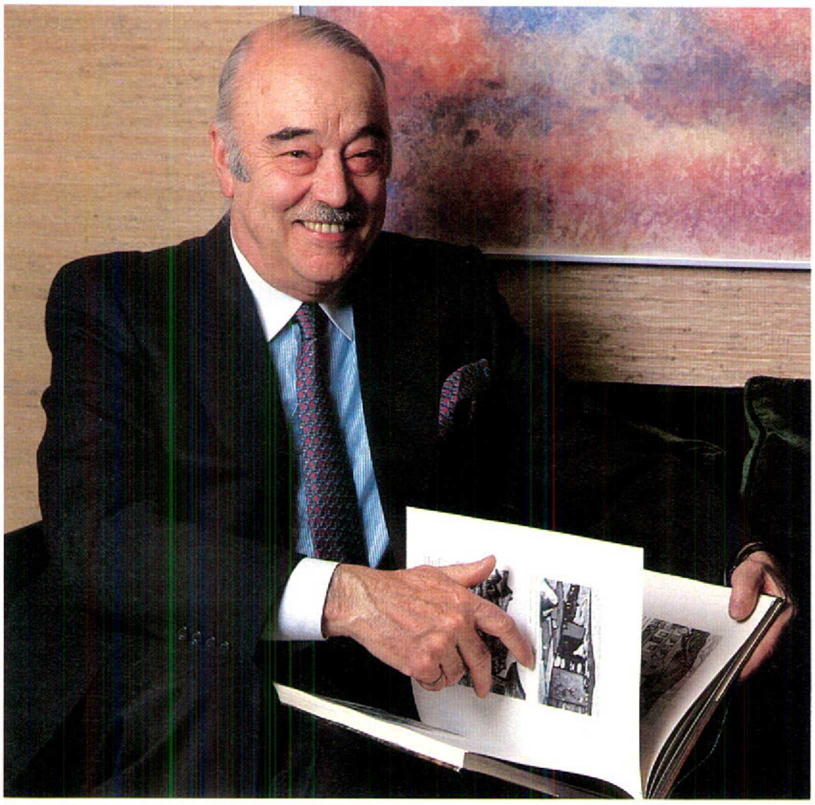
Sales by quarter
Millions of dollars

Quarter	1983	1982
First	**$ 52.3**	$ 42.4
Second	**56.2**	40.8
Third	**58.2**	39.1
Fourth	**63.0**	46.2
Total	**$229.7**	$168.5

Net earnings (loss) by quarter
Thousands of dollars

Quarter	1983	1982
First	**$1,683**	$(329)
Second	**1,537**	(773)
Third	**2,160**	(442)
Fourth	**2,953**	631
Total	**$8,333**	$(913)

Directors' Report to Shareholders



Lucien G. Rolland
President and Chief Executive Officer

Sales and earnings reached record levels in 1983. These results were particularly gratifying and reflect the measures taken by management and the efforts made by all employees to redress the loss situation experienced during the two previous years as well as an improved trading environment. Thus, your Corporation has entered into its second century on a very positive note indeed.

Operating Results

Net earnings for the year amounted to $8,333,000, or $4.51 per class "A" share and $4.46 per class "B" share, compared to a net loss of $913,000, or $0.52 per class "A" share and $0.57 per class "B" share, in 1982. The 1983 profit exceeds the previous high reached in 1979 when earnings before extraordinary items were $6,165,000 and net earnings $6,578,000. Net sales for 1983 totalled $229.7 million, an increase of 36% over the previous year's sales of $168.5 million.

As the Canadian and U.S economies recovered from a sharp recession, the fine paper industry rebounded from the depressed levels of 1981 and 1982. The U.S. fine paper manufacturers led the recovery as their shipments increased by 11% over 1982. Domestic shipments by Canadian manufacturers also increased by 11% and total shipments, including exports, increased by 16%. However, the gains achieved represent mainly a recovery of the tonnage lost in recent years since domestic shipments in 1983 were only 2% higher than in 1979.

The operating rate for the industry which had averaged 82% during 1982 increased progressively during 1983 and averaged 94% of capacity. Imports remain an important factor and accounted for approximately 21% of Canadian consumption in 1983, 19% in 1982 and 15% in 1979. This trend is a reminder that Canadian mills must put continued emphasis on productivity and cost reduction in order to protect their market and improve their international competitiveness.

For our Corporation, a turnaround in the Fine Papers Division and a satisfactory performance in the Distribution Division produced significant gains in our results.

Dividends, Financial Position

As earnings continued to improve during the year, quarterly dividends were gradually increased from 1¼¢ per class "A" share to 18¢ by the fourth quarter. Quarterly dividends on class "B" shares were reinstated in the second quarter and further increases were made in line with those of the class "A" shares. Dividends on class "A" and "B" shares are now at the rate paid during the 1979 to 1981 period.

The conservative dividend action has contributed to improve substantially the financial strength of your Corporation and it is well positioned to contemplate new investment opportunities.

Planning

Renewed emphasis was put on strategic planning. Our industry may be considered cyclical and results over the past few years may have tended to reinforce this perception.

One of the primary objectives of our planning effort is therefore to achieve stability in earnings performance.

In the last several years, a number of steps have been taken in this direction. First, the Distribution Division was created and has attained through growth and acquisitions a volume representing a significant proportion of our total business. It produces a worthwhile and steady contribution to earnings. Then, the capacity of our manufacturing operations has been increased and its cost competitiveness improved. Because we are now operating at full capacity, we have the opportunity to upgrade our product mix and to maximize profitability by concentrating on the grades that suit our facilities best. In planning future investments, we will seek to strengthen current operations and to find opportunities to complement them.

We are also reassessing our position in relation to pulp. As a large consumer, we feel that involvement in a pulp operation may be a desirable objective in terms of our long-term supply and profitability goals. However, such involvement will only be entertained if it provides a good fit with our requirements and does not present undue financial risks in relation to our size. Suitable opportunities will be sought and assessed within these guidelines.

Capital expenditures, which had been severely curtailed last year, remained relatively low in 1983. The pace of capital investments will pick up from 1984 on as several projects are being considered.

Human Resources and Industrial Relations

Employee relations have been at the forefront of our efforts to improve our performance. The appointment of Mr. Hubert Lamarche as Director of Human Resources last April strengthens the personnel management function and stresses the importance which is being given to communications within the organization.

Quarterly meetings with non-unionized employees and union representatives, initiated in 1982 and originally intended as information sessions, have gradually evolved into a useful forum where positive and valuable discussions take place. Specific cost reduction and productivity improvement programs have been carried out with the participation of all employees involved and, as a result, have met with a high degree of success. The Rolland Bulletin has been initiated and is published quarterly. Training programs help employees towards self-improvement in the Corporation's quest for excellence. More emphasis is also being placed on the improvement of employee welfare and accident prevention in our organization.

Negotiations with all unionized groups will take place during 1984. The labour contract with warehouse employees at Les papiers graphiques, Montréal terminated on December 31, 1983 while agreements covering hourly-paid and salaried employees at the Saint-Jérôme, Mont-Rolland and Scarborough mills expire on April 30, 1984. This happens at a time when jobs in our mills may be threatened by the additional production capacity being brought on stream in Canada and the United States and by the increased competition resulting from tariff reductions and increasing imports into Canada. It is imperative therefore that Rolland and the Canadian fine paper industry employees protect their competitive position. We are confident that realism will prevail and that negotiations will be concluded successfully without eroding our competitiveness and damaging our markets.

Board of Directors

Mr. Paul Chapdelaine, a member of the Board of Directors since 1970, has announced his intention to retire as a director effective at the forthcoming Annual General Meeting of Shareholders. Mr. Chapdelaine has also been a member of the Audit Committee since its formation in 1972, and his contribution and good business experience will be missed by his colleagues.

To replace Mr. Chapdelaine on the Board of Directors, the election of Mr. Nicolas Rolland, President of Enveloppe Laurentide Inc., will be proposed to Shareholders.

Outlook

The economic recovery appears to have taken hold and economic activity should provide a reasonably favorable context in 1984 with growth in the 4% to 5% range. Following the sharp rise in 1983, demand for fine papers is expected to stabilize in 1984 in line with the economy.

New capacity being added in the fine paper industry during 1984 will contribute to keep market conditions competitive. The operating rate of Canadian mills should be in the 95% range.

Trading conditions helped to improve the earnings performance in 1983. Since the second quarter of 1983, however, the pulp market has gradually been firming up and the pace has accelerated in early 1984. Our efforts will be directed at protecting the margins reached in 1983. We expect earnings to remain at a satisfactory level and continued emphasis will be put on productivity, cost reduction and product mix improvement.

The Rolland team is well prepared to face the challenges of the coming years and is heading into 1984 with enthusiasm and confidence.

Acknowledgments

The outstanding results achieved reflect the efforts of all employees throughout the organization. Your Directors wish to thank them all as their interest and dedication have contributed so much to make 1983 the best year in the Corporation's history. They also wish to express their appreciation to customers and suppliers for their continued support.

On behalf of the Board,

Lucien G. Rolland

Lucien G. Rolland
President and Chief Executive Officer

Montréal, February 22, 1984

Fine Papers Division

Members of the General Management Committee of the Fine Papers Division. From left to right, seated: **Gordon Relf,** *Interim Mill Manager, Scarborough;* **Jean L. Chollet,** *Executive Vice-President;* **Duncan I. MacCalman,** *Director of Sales and Marketing; standing:* **Claude M. Rolland,** *Marketing Manager, Technical Papers;* **Michel Charbonneau,** *Controller, and* **Yvan Duchesne,** *Director of Operations, Saint-Jérôme and Mont-Rolland mills.*

The Fine Papers Division posted a record year. A strong sales performance, improved mill operations and lower labour and raw material costs were the key factors in the turnaround.

Market conditions for fine papers improved throughout the year as overall consumption in Canada and in the United States increased by 11%. The Division took full advantage of the upsurge in demand to achieve a record level of shipments, an increase of 35% over 1982, and to improve its position in most market segments. The size and proximity of the northeastern United States market offer an opportunity to make full use of the Division's production facilities and an effort in this direction permitted export shipments to increase threefold over the 1982 level.

The reduction in pulp prices in 1982 and 1983 led to some erosion of paper selling prices, particularly during the first half of 1983. Although pulp prices resumed a gradual upward trend in the second quarter, improvement of product mix and increases in paper selling prices in the fourth quarter enabled the Division to maintain profit margins.

As demand firmed for uncoated fine papers, the operating rate of the Saint-Jérôme and Mont-Rolland mills improved. No. 6 paper machine in Saint-Jérôme, shut down for approximately one year, resumed operations in June and both mills operated at near capacity during the last half of the year. Measures taken in 1982 to improve efficiency continued to reduce unit costs during 1983. Further productivity improvement and cost reduction programs were instituted in the areas of finishing and energy conservation. Product quality was maintained throughout the year and this contributed to the success of our sales efforts.

Strong competition from European imports put downward pressure on the selling price of coated papers and affected sales volume. In spite of this difficult environment, sales increased and operating results showed some improvement. Again, a high-quality product and improved operations at our Scarborough mill were key factors in achieving better results.

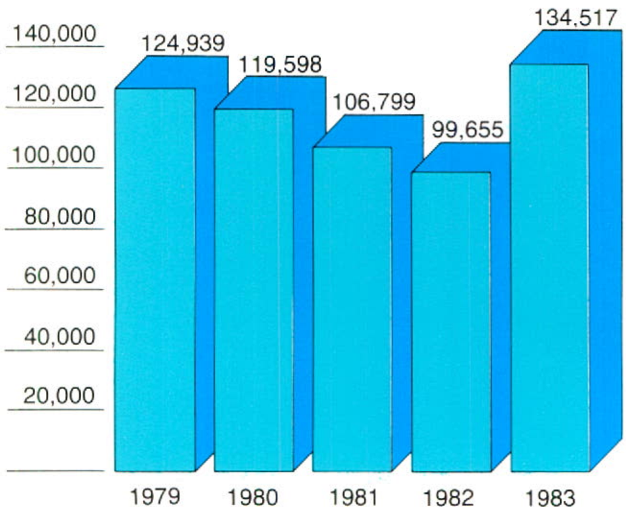
The recovery of the construction sector resulted in buoyant conditions for the decorative laminate industry and a stronger demand for our saturating base papers produced at Mont-Rolland. Despite an increase in sales volume, results for this product group, although improved, were not satisfactory due to high operating costs. An investment program of approximately $2,000,000 aimed at improving cost competitiveness and product development was initiated during 1983. Rolland is now solidly established in this market and such investments will tend to improve our market position and profitability.

Capital expenditures remained relatively low during 1983 and emphasis was put primarily on cost reduction projects. Following an agreement with Hydro-Québec for the supply of surplus power, electric steam generators were installed at the Saint-Jérôme and Mont-Rolland mills and will bring about energy cost reductions as well as a positive environmental impact. The purchase of equipment to handle slurried clay also produced savings in raw material costs. Projects aimed at increasing capacity and reaching new markets are under consideration and capital investments are expected to increase in 1984.

The turnaround in results reflects the strengthening of the Division's management team and underlines the progress made in this area during 1983. In July, Mr. Marcel Boucher joined the Division as Director, Human Resources for the Saint-Jérôme and Mont-Rolland mills while Mr. Maurice Mathieu was appointed Mill Manager at Mont-Rolland in October. The regular meetings held with staff employees and union representatives helped to maintain a positive atmosphere and contributed to the success of the various programs initiated during the year.

Shipments — Fine Papers Division

Short tons



Distribution Division

Fine paper distributors in Ontario and Québec benefited from the improved economic environment in 1983. Sales increased by an estimated 12% over 1982 as actual volume grew by 10%, and prices by 2%. This, for the most part, was a recovery of the tonnage lost in 1982. Supplier prices remained relatively stable until some increases were implemented, mainly in the last quarter. Supply was abundant in the early part of the year but tightened up rapidly, particularly in the areas of coated sheet and web products, as demand firmed up and mill operating rates increased.

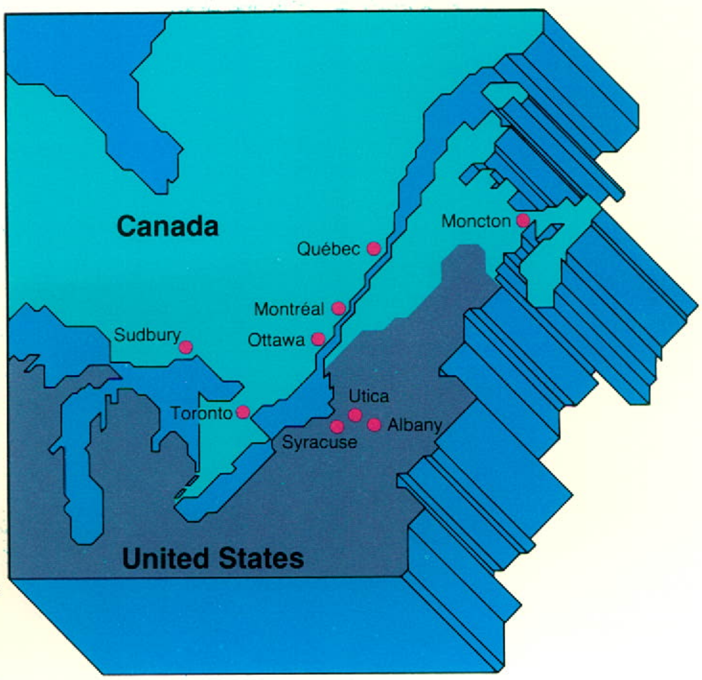
The Distribution Division recorded healthy gains in sales and earnings in 1983. At the beginning of the year, the Division introduced new selling conditions with the object of increasing productivity and reducing expenses but had to remain at a competitive disadvantage for several months as a consequence. However, with the tight market conditions prevailing towards the latter part of the year the Division succeeded in improving its overall market share. This factor, coupled with an increase in profit margins and continued control over operating expenses, contributed to the higher earnings.

During its first year as part of the Rolland organization, W.H. Smith Paper Corporation achieved satisfactory results. It has a solid market position in upper New York State and, as conditions continue to improve, further gains in sales and earnings are expected.

In November, the Division expanded its operations into the Maritimes setting up a distribution centre in Moncton, New Brunswick. Mr. Neville Hicks, previously Sales Manager at Wilson-Munroe, Toronto, was appointed Branch Manager. This new operation will complement our existing distribution network and broaden the earnings base of the Division.

The Distribution Division is constantly seeking new fine paper products and diversification into new areas in order to build upon its market position and optimize the productivity of its current operations. Organizational changes made in 1983 were aimed primarily in this direction while at the same time providing more management depth. In February, Mr. Mario Gauthier rejoined the Division assuming the newly-created position of Director of Operations with responsibility for the Ottawa, Sudbury, Québec City and Moncton branches. In October, Mr. Nigel Raincock was appointed Manager, Diversified Sales. In this position, he will be primarily responsible for expanding the Division's range of products and activities. Concurrently, Mr. Ray Franks, previously General Manager, Graphic Papers, Toronto, moved to Wilson-Munroe as General Manager. These changes have strengthened the Division's management team and will permit future expansion and diversification.

The Distribution Division is heading into 1984 with very good momentum and, given the relatively favorable business outlook, should continue to improve its performance.



The Distribution Division reaches fine paper markets in Ontario, Québec, the Maritimes, Massachusetts, Vermont, Connecticut and upstate New York.

Profile of the Distribution Division

Perhaps because of its fascinating and distinguished history, as well as its strong presence in the Canadian fine paper industry, the Fine Papers Division of Rolland inc. has occupied until now the centre stage in perception of the Corporation by the public and shareholders. Indeed, few are even aware that in recent years half of the firm's sales have been generated by its Distribution Division. A separate business unit within Rolland inc., the Distribution Division is one of Canada's principal distributors of fine papers to the graphic arts industry.

With seven sales offices and warehouses situated in strategic centres, from Sudbury in northern Ontario to Moncton, in New Brunswick, the Distribution Division reaches 78% of Canada's fine paper market. It also has three sales offices and warehouses acquired in late 1982 in the United States expanding its market coverage to parts of Massachusetts, Vermont, Connecticut and upstate New York. Each of the ten branches operates as an independent profit centre.

The Fine Papers Division and the Distribution Division of Rolland inc. both sell fine papers. The Fine Papers Division is the manufacturing arm of the Corporation. It produces and sells business and printing papers through distributors in Canada and the United States and also sells converting papers directly to business form and envelope manufacturers. The Distribution Division's main function is to serve the graphic arts industry as well as all types of business enterprises by offering a great variety of fine paper grades and by providing counsel on paper and its many uses. Like most manufacturing enterprises, the Fine Papers Division is capital intensive, periodically drawing on the Corporation's resources for major financial injections. By contrast, the Distribution Division's main assets are its inventory and its receivables, plus, of course, a highly trained team of people and loyal suppliers. The Distribution Division's association with the Rolland name is an asset, particularly in the Québec market where the Corporation enjoys a prestigious reputation.

Rolland entered the distribution field in 1969 following a decision to diversify the Corporation's source of revenue.

Its initial acquisition was Fine Papers, Limited of Toronto and Sudbury, founded in 1931. A year later, the Corporation purchased The Wilson-Munroe Company Limited which had sales offices and warehouses in both Montréal and Toronto. Wilson-Munroe had served the Eastern Canadian fine paper market since 1907 and, by coincidence, it had been the first distributor of Rolland's rag papers.

To further enhance the growth of this new distribution business, Rolland inc. acquired the fine paper wholesale distribution division of Kruger Pulp and Paper Limited in 1975. Kruger's fine paper merchant activities date back to 1904, preceding by more than fifty years its entry into newsprint manufacturing. The Kruger purchase provided Rolland's Distribution Division with a much greater market scope with branches in Toronto, Ottawa, Montréal and Québec City.

The distribution firms acquired by Rolland continued to operate under their original names until 1977. Then, the Division consolidated Fine Papers, Limited, Toronto, and Kruger Fine Paper Wholesale, Toronto, under a new marketing identity, Graphic Papers. At the same time, it also changed the name of Fine Papers, Sudbury to Graphic Papers. In Montréal, the Wilson-Munroe and Kruger identities were replaced by Les papiers graphiques in 1980 when these two branches were joined to strengthen the Division's base in this area. In Toronto, because of the size and scope of this market, the Corporation felt it needed to retain two distribution arms. Therefore, it continues to serve the southern Ontario region with two competing merchants, the newly-formed Graphic Papers and the well-established Wilson-Munroe. Each operates its own sales office and warehouse in Toronto.

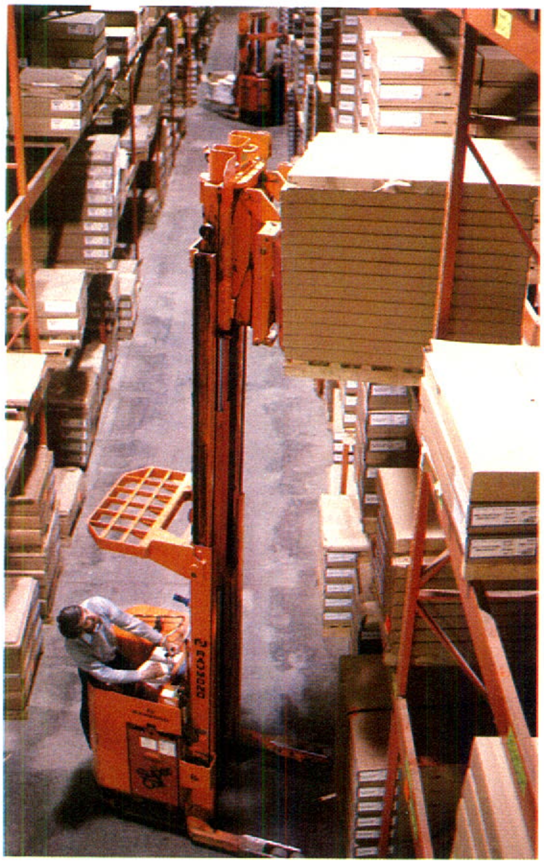
Also in 1981, Rolland's Distribution Division undertook to improve the presence of Les papiers graphiques in the Québec market; $1.9 million were invested to construct a 52,000 square foot custom-built warehouse and office facility located in Ville d'Anjou, a Montréal suburb located strategically at the junction of two major highways. It is one of the largest fine paper distribution warehouses in Québec.

The Division has recently invested in the United States market to expand its distribution base. In December 1982, it acquired W.H. Smith Paper Corporation, a fine paper distributor with Head Office in Albany, New York. A major market force since it was founded in 1919, Smith Paper has warehouses in Albany, Utica and Syracuse. Smith continues to operate under its original name and with the same employees, benefiting from a well-established reputation, yet profiting from the experience and depth of Rolland's Distribution Division.

In December 1983, the Division embarked on a further market expansion and a sales office and warehouse were opened in Moncton, New Brunswick. The Ontario and Eastern Canadian markets which represent nearly 80% of Canada's fine paper consumption, are now efficiently served by seven warehouses and a company-owned fleet of 32 trucks.

The Distribution Division shares its market with other Canadian merchants, some of which are owned by pulp and paper producers, while others are independently owned. With prices, selling conditions and products of a relatively similar nature, firms compete on the basis of service, availability of stock and marketing expertise.

Les papiers graphiques offer an excellent service to their customers in the Montréal area from their custom-built warehouse located in Ville d'Anjou.



The inventory is the heart of the distribution business. It comprises a wide range of colours, sizes and weights of fine papers.

Distributors are obliged to finance a large, wide-ranging inventory, and bear the cost of same-day service to the customer. Products are constantly changing as fine paper mills innovate, rationalize and improve their product range. Inventory turnover is of prime importance and the objective is to "buy today, sell tomorrow".

Aside from offering an extensive inventory, fine paper distributors play a vital role in the graphic arts industry as suppliers of credit. Fifty to eighty per cent of the cost of any printing order is directly attributable to the cost of paper. The distributor provides the printer with a form of unsecured credit by advancing the paper. Credit limits and risks must be monitored daily. "Cash-and-Carry" facilities are provided for smaller printers and customers who wish to deal in small quantities.

Rolland's Distribution Division contends with these problems with a youthful, aggressive management team and a divisional structure designed to stimulate and motivate individual initiative. The Division is headed by Executive Vice-President Terry L. Pitchford, employs 275 people and its senior management group represents a dynamic synergy of experts with graphic arts, sales, marketing, distribution and paper manufacturing backgrounds. The group's average age is one of the lowest in the field, yet each manager possesses a rich experience in the business.

Some divisional marketing, accounting, and personnel functions are performed from the Division's Executive Office on Ronson Drive in Rexdale. Overall responsibility for the Division's marketing strategy for fine papers rests with Mr. Russ Turnbull, Division Marketing Manager. In practice, marketing and sales are carried out by autonomous branches, each under the leadership of a General Manager.

Inventory is the heart of the distribution business. At any given time, the Distribution Division's ten warehouses will carry a full and impressive collection of 8,000 tons of paper, valued at $10 million. These comprise an array of bond, offset and coated papers to exotic text and cover stock and specialties, as well as an assortment of graphic art supplies: 8,000 distinct items in all. Only a portion of the Distribution Division's large inventory is made up of Rolland products.

Good relations with suppliers are vital to the Division's success. The Distribution Division buys paper from major Canadian, American and European fine paper manufacturers.

Printers, as a rule, only order paper as required. They depend on the distributor to provide what is, in effect, their own inventory. A single printer may place orders with a salesman or through the inside sales department as often as four or five times a day which results in order sizes that are small and expensive to service. Naturally, an assurance of same-day delivery goes hand-in-hand with such an approach. The Distribution Division's capability of drawing on inventory anywhere in its ten warehouses virtually guarantees the printer that he will be supplied with the product he desires within twenty-four hours.

This approach provides each of the Division's branches with both the accessibility and immediacy of an independent distributor, yet with the strength and efficiency of a major international marketing organization. It facilitates a degree of service which constitutes a priceless asset in such a competitive environment.

Finally, the paper distributor is a counsellor to the graphic arts industry, keeping printers informed of changes and trends in paper. Such advice is highly valued by printers and publishers, many of whom rely on the distributor to keep abreast of new developments.

From the distributor's vantage point, it is important that print and advertising medias use the most appropriate paper to sell their message. The Distribution Division provides promotional services for all of its products as well as tools to facilitate the printer's choice of paper. It also has a divisional marketing research department which ensures an effective marketing intelligence and research capability.

Fine papers from the Distribution Division find their way into a multitude of applications, from letterhead to annual reports, and in short, anywhere ink is printed on paper. Clients range from commercial printers, publishers and greeting card firms to stationers and consumer accounts such as governments and insurance companies. The Distribution Division divides the fine paper market into two segments: commercial printing, including web printing, and copy duplicating. Each market segment requires a different strategy. The fastest growing one has been duplicating where tough competition is being provided by original equipment manufacturers (OEMs) who attempt to supply the paper to be used with the photocopy machines they put on the market.

W.H. Smith Paper Corporation at Albany, New York, has the largest warehouse in the Division, with 114,000 square feet.

Efficient warehousing and service are vital for the distribution of fine papers.

Compared with Rolland inc.'s fine paper manufacturing operations, which celebrated their 100th anniversary in 1982, the Distribution Division is a youthful fifteen years. Yet, its place within the industry and its role within the Corporation are already clearly established. It has served Rolland's shareholders by diversifying and stabilizing earnings. Within the industry, it has served consumers — principally commercial printers — by supplying a broad, unequalled inventory of quality fine papers, efficient service, and, above all, loyal and responsible counsel.

The Distribution Division's value to Rolland inc. is measured by its return on investment, and all strategies and efforts are devoted to achieve this objective. Currently, the Distribution Division accounts for approximately half of the Corporation's outside sales. Revenues from the Division have consistently increased since Rolland first entered the distribution business in 1969. And, perhaps most important, the earnings of the Distribution Division have helped attain the original goal of diversification that initially motivated Rolland's acquisition of distribution outlets.

Members of the General Management Committee of the Distribution Division: **Russ Turnbull,** *Marketing Manager;* **Mario Gauthier,** *Director of Operations, Graphic Papers, Ottawa, Sudbury, Québec and Moncton;* **Nigel Raincock,** *Manager, Diversified Sales;* **Terry L. Pitchford,** *Executive Vice-President;* **Paul Butler,** *Controller;* **Ray Franks,** *General Manager, The Wilson-Munroe Company, and* **Benoît Courchesne,** *General Manager, Les papiers graphiques, Montréal. Absent:* **Jack Selig,** *General Manager, W.H. Smith Paper Corporation.*

Financial Section

Financial Review

Operating Results

For the first time, the consolidated statement of earnings includes the operating results of W.H. Smith Paper Corporation acquired at the end of 1982.

Net sales increased by 36.3% to a record level of $229.7 million. A 35% increase in shipments by the Fine Papers Division and, with the addition of Smith Paper, a similar growth in the sales volume of the Distribution Division account for most of the improvement over 1982. Selling prices were relatively stable as increases occurred mainly in the last quarter and represent only a small proportion of the growth in sales.

Net earnings reached $8,333,000, also setting a new high for the Corporation. This compares to a net loss of $913,000 in 1982. Gross profit almost doubled to $38.1 million or 16.6% of net sales as against 10.9% in the previous year. Reductions in the cost of raw materials and higher efficiency in manufacturing operations were primarily responsible for this improvement. Good control was maintained over selling and administrative expenses which declined from 9.7% to 9.3% of net sales. The increase in depreciation and interest expense is due mainly to the addition of Smith Paper.

Operating profit amounted to $12,072,000 compared to a loss of $2,036,000 in 1982.

Improved earnings permitted higher short-term investments thereby increasing total investment income from $79,000 to $588,000.

The provision for taxes on income totalled $4,327,000 of which $3,503,000 were booked as current taxes and the balance of $824,000 as deferred taxes. The effective tax rate was 34.1% as the Corporation benefited from investment tax credits, most of which were carried forward from prior years.

Returns on average capital employed and on average common shareholders' equity were 17% and 25% respectively.

Financial Position

Working capital increased by $4,728,000 to reach $30,236,000 at December 31, 1983 while the ratio of current assets to current liabilities declined from 2.4:1 to 2.0:1. The Corporation improved its net cash position by $4,988,000 in 1983 and was in a surplus funds situation throughout the year. The increase in sales volume required a higher investment in accounts receivable and inventories but this was offset by an increase in current liabilities.

Funds generated by operations increased from $1,054,000, or $0.55 per class "A" share last year, to $12,750,000, or $6.91 per class "A" share.

Dividends were increased gradually during the year and, for the year as a whole, totalled $850,000 compared to $173,000 in 1982.

Capital expenditures, net of grants, amounted to $2,807,000. Grants of $3,228,000 relating to the installation of electric steam generators and transformer stations at the Saint-Jérôme and Mont-Rolland mills were received and recorded as a reduction of fixed assets.

Long-term debt decreased from $17,150,000 to $12,747,000 at December 31, 1983. An amount of $3,089,000 representing the balance of the 5¾% sinking fund debentures due July 2, 1984 was transferred to current liabilities. In addition, 11¾% debentures in the amount of $930,000 were purchased and cancelled for sinking fund purposes during the year. New obligations of $102,000 under capital leases were added to the long-term debt. The ratio of long-term debt to shareholders' equity was 25/75 at the end of 1983 compared to 36/64 at December 31, 1982.

Shareholders' equity increased by $7,483,000 to reach $38,255,000 at December 31, 1983. Book value per class "A" and "B" shares, which stood at $15.93 at the end of 1982, moved to $20.00 at December 31, 1983.

The market price for the Corporation's shares on Canadian stock exchanges rose gradually during the year, fluctuating between $5.00 and $14.50 for class "A" shares and between $4.95 and $13.00 for class "B" shares. Closing price at the end of the year was $13.88 for class "A" shares and $12.75 for class "B" shares.

Consolidated Statement of Earnings
Year ended December 31, 1983

	1983	1982
	(thousands of dollars)	
Net sales	**$229,662**	$168,504
Cost of goods sold	**191,542**	150,178
Gross profit	**38,120**	18,326
Expenses (income)		
Selling and administrative	**21,247**	16,276
Depreciation and amortization	**3,593**	3,011
Interest on long-term debt	**1,726**	1,392
Other interest	**469**	608
Other income	**(987)**	(925)
	26,048	20,362
Operating profit (loss)	**12,072**	(2,036)
Investment income	**588**	79
Earnings (loss) before income taxes	**12,660**	(1,957)
Income taxes (Note 3)	**4,327**	(1,044)
Net earnings (loss) for the year	**$ 8,333**	$ (913)
Net earnings (loss) per share		
Class "A" shares	**$4.51**	$(0.52)
Class "B" shares	**4.46**	(0.57)

Consolidated Statement of Retained Earnings
Year ended December 31, 1983

	1983	1982
	(thousands of dollars)	
Retained earnings at beginning of year	**$22,210**	$23,296
Net earnings (loss) for the year	**8,333**	(913)
	30,543	22,383
Dividends		
Preferred shares	**59**	59
Class "A" shares	**602**	102
Class "B" shares	**189**	12
	850	173
Retained earnings at end of year	**$29,693**	$22,210

Consolidated Balance Sheet

As at December 31, 1983

Assets	1983	1982
	(thousands of dollars)	
Current assets		
Cash and short-term investments	**$ 7,456**	$ 2,798
Accounts receivable	**24,635**	19,049
Grants receivable	**1,774**	124
Inventories (Note 4)	**25,792**	21,719
Prepaid expenses	**707**	674
	60,364	44,364
Grants receivable	**72**	108
Fixed assets (Note 5)	**26,422**	26,763
Intangible assets		
Excess of cost over value of assets acquired	**362**	725
Unamortized debenture issue expense	**85**	169
	$87,305	$72,129

On behalf of the Board:

Lucien G. Rolland, Director

Roger H. Charbonneau, Director

Liabilities	**1983**	1982
	(thousands of dollars)	
Current liabilities		
Bank indebtedness	**$ 1,244**	$ 1,574
Accounts payable and accrued liabilities	**22,102**	16,813
Income taxes payable	**3,163**	63
Current portion of long-term debt	**3,619**	406
	30,128	18,856
Long-term debt (Note 6)	**12,747**	17,150
Deferred income taxes	**6,175**	5,351

Shareholders' equity		
Capital stock (Note 7)	**8,562**	8,562
Retained earnings	**29,693**	22,210
	38,255	30,772
	$87,305	$72,129

Consolidated Statement of Changes in Financial Position

Year ended December 31, 1983

	1983	1982
	(thousands of dollars)	
Source of working capital		
Operations		
Net earnings (loss) for the year	**$ 8,333**	$ (913)
Items not affecting working capital		
Depreciation and amortization	**3,593**	3,011
Deferred income taxes	**824**	(1,044)
	12,750	1,054
Increase of long-term debt	**102**	1,785
Grants related to capital expenditures	**3,264**	291
Proceeds from disposal of fixed assets less gain included in earnings	**2**	19
Working capital of acquired subsidiary	**—**	2,687
	16,118	5,836
Application of working capital		
Additions to fixed assets	**6,035**	1,208
Reduction of long-term debt	**4,505**	910
Dividends	**850**	173
Investment in a subsidiary	**—**	2,562
	11,390	4,853
Increase in working capital	**4,728**	983
Cash provided by changes in working capital components	**260**	5,000
Increase in net cash position	**4,988**	5,983
Net cash position at beginning of year	**1,224**	(4,759)
Net cash position at end of year	**$ 6,212**	$1,224

Changes in Working Capital Components

Year ended December 31, 1983

	1983	1982
	(thousands of dollars)	
Changes in working capital components		
Decreases (increases)		
Accounts receivable	**$ (5,586)**	$ (135)
Grants receivable	**(1,650)**	945
Inventories	**(4,073)**	(859)
Prepaid expenses	**(33)**	(410)
	(11,342)	(459)
Increases		
Accounts payable and accrued liabilities	**5,289**	5,374
Income taxes payable	**3,100**	63
Current portion of long-term debt	**3,213**	22
	11,602	5,459
Cash provided by changes in working capital components	**$ 260**	$5,000

Notes to Consolidated Financial Statements

December 31, 1983

1. Summary of significant accounting policies

Principles of consolidation

The accompanying financial statements include the accounts of the Corporation and its subsidiary companies. Earnings of subsidiaries are included in the consolidated financial statements from the date of acquisition.

Foreign exchange

a. Translation of foreign subsidiaries' operations

Assets and liabilities of foreign subsidiaries are translated at exchange rates prevailing at balance sheet dates and earnings items are translated at the weighted average exchange rate for the year. Exchange gains or losses on translation of foreign subsidiaries' operations are deferred.

b. Foreign currency transactions

Assets and liabilities of foreign currency monetary items are translated at exchange rates prevailing at balance sheet dates and transactions made in foreign currency are translated at the weighted average exchange rate for the year. Gains or losses arising on settlement of foreign currency monetary items are included in current year earnings.

Inventories

Inventories of raw materials, operating supplies, repair parts and maintenance materials are carried at the lower of cost, first-in, first-out method, and replacement value. Inventories of finished paper and paper in process are carried at the lower of cost, first-in, first-out method, and net realizable value. Adequate provision is made for slow-moving and obsolete inventories.

Fixed assets and depreciation

Fixed assets are recorded at cost which, in cases of major projects, includes interest during construction. Government grants related to capital expenditures are deducted from the cost of the respective fixed assets. Assets acquired under capital lease agreements are included in fixed assets.

At the time of sale or retirement, the cost of the assets and the related accumulated depreciation are removed from the accounts and any gain or loss is included in earnings.

Depreciation is calculated on the estimated economic lives of the assets, generally on the straight-line method at the following rates:

Buildings	2½%-4%
Machinery and equipment	5%-10%
Automotive and computer equipment	20%
Leasehold improvements	Term of lease

Intangible assets

Excess of cost over value of assets acquired represents the excess of the purchase price over the value of the net tangible assets of the Wholesale Distribution Division of Kruger Pulp and Paper Limited at date of acquisition.

The unamortized balance of the intangible assets as at December 31, 1982 is being amortized over a two-year period.

Income taxes

Deferred income taxes result from differences between deductions claimed for tax purposes and amounts charged in the accounts. The investment tax credits relating to capital expenditures are accounted for in the year they are realized as a reduction of current income taxes. Since the investment tax credits claimed reduce the value of depreciable assets for tax purposes, a portion of these credits is set aside as deferred income taxes.

Net earnings per share

The net earnings per share are calculated after taking into account the dividends paid on preferred shares and the differential in the dividends paid during the year on class "A" and class "B" shares.

2. Results of subsidiaries

The acquisition of W.H. Smith Paper Corporation and its subsidiary having taken place towards the end of 1982, operating results of these subsidiaries are included in the 1983 consolidated statement of earnings only.

3. Income taxes

	1983	1982
	(thousands of dollars)	
Current	**$ 3,503**	$ —
Deferred	**824**	(1,044)
	$ 4,327	$(1,044)

The Corporation's effective income tax rate is made up as follows:

	1983	1982
Combined basic income tax rate	**45.2%**	(46.5)%
Increase (decrease) in rate resulting from		
Manufacturing and processing profit deduction	**(5.7)**	5.8
Inventory allowance	**(1.6)**	(11.6)
Investment tax credits	**(4.4)**	—
Other	**0.6**	(1.3)
Effective income tax rate	**34.1%**	(53.6)%

4. Inventories

	1983	1982
	(thousands of dollars)	
Raw materials and operating supplies	**$ 4,653**	$ 4,063
Repair parts and maintenance materials	**1,735**	1,689
Finished paper and paper in process	**19,404**	15,967
	$25,792	$21,719

5. Fixed assets

	1983			1982
	Cost	**Accumulated depreciation**	**Net**	Net
	(thousands of dollars)			
Land	**$ 964**	**$ —**	**$ 964**	$ 905
Buildings	**13,828**	**5,757**	**8,071**	7,664
Leasehold improvements	**595**	**507**	**88**	100
Machinery and equipment	**49,980**	**32,925**	**17,055**	17,792
Assets under capital leases	**1,057**	**813**	**244**	302
	$66,424	**$40,002**	**$26,422**	$26,763

6. Long-term debt

		1983	1982
		(thousands of dollars)	
Rolland inc.			
Sinking fund debentures, series A, 5¾%, due July 2, 1984	**$ 7,500**		
Deduct debentures redeemed and cancelled including $11,000 in anticipation of future sinking fund requirements	**4,411**		
		$ 3,089	$ 3,089
Sinking fund debentures, series B, 11¾%, due July 2, 1995	**12,000**		
Deduct debentures redeemed and cancelled including $953,000 in anticipation of future sinking fund requirements	**3,378**		
		8,622	9,552
Obligations under capital leases		**432**	504
		12,143	13,145
Rolland Paper Corporation			
Note, 9%, repayable by quarterly instalments of $108,300 (US $87,000) including principal and interest, until January 1, 1988 (US $1,219,000)		**1,516**	1,708
W.H. Smith Paper Corporation			
Industrial Development Revenue Bonds, 9%, repayable by quarterly instalments of $68,400 (US $55,000) including principal and interest, until January 1, 2008 (US $2,175,000)		**2,707**	2,703
		16,366	17,556
Less current portion		**3,619**	406
		$12,747	$17,150

Principal repayments for the next five years

	1984	1985	1986	1987	1988
			(thousands of dollars)		
5¾% sinking fund debentures	$3,089	$ —	$ —	$ —	$ —
11¾% sinking fund debentures	—	22	650	650	650
Obligations under capital leases	190	131	35	40	18
Note, 9%	307	336	367	401	106
Industrial Development Revenue Bonds, 9%	33	36	39	43	47
	$3,619	$525	$1,091	$1,134	$821

7. Capital stock

			1983	1982
			(thousands of dollars)	
Authorized				
	21,995	preferred shares without nominal or par value issuable in series		
	2,400,000	class "A" shares without nominal or par value		
	800,000	class "B" shares without nominal or par value		
Issued				
	13,995	$4.25 cumulative redeemable preferred shares	**$1,399**	$1,399
	1,360,016 480,008	class "A" and class "B" shares	**7,163**	7,163
			$8,562	$8,562

The preferred shares issued are redeemable at $104 per share and are non-voting unless four quarterly dividends are in arrears. Class "A" shares are non-voting unless the Corporation shall fail, for a period of two consecutive years, to pay any dividend on such shares.

Class "A" shares are entitled to a non-cumulative dividend at the rate of 10 cents per share per annum before payment of any dividend on class "B" shares. If in any fiscal year dividends at the rate of 5 cents per share per annum are paid on class "B" shares, any further distribution in respect of that fiscal year shall be made equally, share for share, upon all outstanding class "A" and class "B" shares.

8. Pension plans

The Corporation has contributory trusteed pension plans. A subsidiary has a non-contributory trusteed pension plan. The cost of the current service portion is charged to earnings as incurred. According to the latest actuarial valuations as of December 31, 1981, there are no unfunded liabilities.

9. Commitments

The Corporation's commitments under lease agreements of various terms for premises and equipment (excluding capital leases) aggregate $2,539,000 at December 31, 1983. The annual rentals in 1984 under these leases will be $1,272,000.

10. Industry segment and sales outside Canada

The Corporation is engaged entirely in the manufacturing and distribution of fine papers. Sales outside Canada are mainly in the United States and totalled $39,691,000 in 1983 and $7,565,000 in 1982.

11. Comparative figures

Certain 1982 figures in the statement of changes in financial position have been reclassified to conform to the current year presentation.

Auditors' Report

The Shareholders,
Rolland inc.

We have examined the consolidated balance sheet of Rolland inc. as at December 31, 1983 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation as at December 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Touche Ross
Chartered Accountants

Montréal, Québec,
February 22, 1984.

Accounting for the Effects of Inflation (unaudited)

In December 1982, the Canadian Institute of Chartered Accountants issued new standards on how businesses should report the effects of changing prices. These new standards are applicable to Rolland inc. and became effective with the 1983 fiscal year. The data is presented as supplementary information to the historical cost financial statement and shows the effect of taking into consideration the current cost of certain assets (current cost accounting) as well as the impact of general inflation.

The purpose of current cost accounting is to give recognition to the effects of changing prices on the financial position and operating results of business enterprises. In periods of rising prices such as have been experienced in recent years, conventional financial statements based on historical cost do not give full recognition to the higher cost of financing inventories and replacing fixed assets. Current cost accounting, through identification of specific changes in prices of goods and services purchased, produced and used in an enterprise, focuses on a maintenance of the operating capability of the enterprise. A second objective of inflation accounting relates to the maintenance of the general purchasing power of the shareholders' capital as measured against general inflation.

Publication of current cost information should not be interpreted as an indication that the costs presented necessarily represent the costs that would be incurred if the assets were replaced or their net realizable value should they be sold.

Current Cost Accounting

A consolidated statement of earnings prepared on a current cost basis is shown on the next page together with the related historical figures. Two specific asset elements and the related costs and expenses have been considered in arriving at the earnings of the Corporation on a current cost basis.

Inventories:
Given the fast rate of turnover of inventories and the relative stability of production costs during the period under review, the difference between historical cost and current cost is not considered significant. Historical cost figures have therefore been used to report inventories and cost of goods sold on a current cost basis.

Fixed assets:
Fixed assets on a current cost basis have been valued at the lower of current reproduction cost and recoverable amount. Current reproduction cost is based on appraisals updated with the appropriate indices. Recoverable amount represents the present value of future net cash flows expected to result from their use and has been used for most of the manufacturing facilities. Depreciation on a current cost basis has been calculated using the same rates and useful life as depreciation on an historical cost basis.

Under the above guidelines, value of fixed assets on a current cost basis has been estimated at $99,027,000 at December 31, 1983 compared to $66,424,000 on the historical cost basis. Depreciation expense on a current cost basis reflects the higher value of the assets and amounts to $4,488,000 compared to $3,593,000 on the historical cost basis.

Net earnings of the Corporation, after taking into account the higher depreciation expense, amount to $7,438,000 on a current cost basis, a decrease of $895,000 from the net earnings of $8,333,000 reported in the historical cost statements. The current cost earnings may be considered as earnings distributable after providing for the replenishment of capital consumed in the operations thus ensuring that the enterprise maintains its operating capability.

Financing adjustment:
Part of the cost of assets is financed by debt, and a financing adjustment must be taken into consideration to determine the earnings attributable to common shareholders. The financing adjustment represents the portion of the changes in the current cost of assets which is financed by debt. Recognition of this adjustment increases by $487,000 the 1983 current cost income attributable to common shareholders. Thus, net earnings on a current cost basis attributable to class "A" and "B" shareholders, after deducting dividends on preferred shares of $59,000, have been calculated at $7,866,000.

General Inflation Information

In addition to information on specific changes in the current cost of assets which enable us to present the statement of earnings on a current cost basis, supplementary information on the effects of general inflation is provided. This data can be used to assess whether the enterprise has maintained the general purchasing power of its capital.

General inflation compared to specific price changes:
A first element shown is a comparison of the effects of general inflation on the current cost of fixed assets against the increase in the current cost of these assets as measured by specific indices. In 1983, the specific increase experienced by the Corporation for its fixed assets exceeded the increase attributable to the effects of general inflation by $586,000.

Monetary items:
In addition, monetary liabilities exceeded monetary assets during 1983. As a result of holding net monetary liabilities during a period of rising prices, the Corporation experienced a general purchasing power gain of $539,000.

Thus, the erosion in the general purchasing power of shareholders caused by general inflation has been more than offset by an increase in the current cost of fixed assets and the gain in purchasing power from holding net monetary liabilities.

Accounting for the Effects of Inflation (unaudited)

Consolidated Statement of Earnings

	Current cost (average 1983 $)		Historical cost (as reported)	
	1983	1982	**1983**	1982
	(thousands of dollars)			
Net sales	**$229,662**	$179,799	**$229,662**	$168,504
Cost of goods sold	**191,542**	160,245	**191,542**	150,178
Depreciation and amortization	**4,488**	4,112	**3,593**	3,011
Selling and administrative expenses	**21,247**	17,367	**21,247**	16,276
Interest expense	**2,195**	2,134	**2,195**	2,000
Other income	**(1,575)**	(1,071)	**(1,575)**	(1,004)
	217,897	182,787	**217,002**	170,461
Earnings (loss) before income taxes	**11,765**	(2,988)	**12,660**	(1,957)
Income taxes — current	**3,503**	—	**3,503**	—
— deferred	**824**	(1,114)	**824**	(1,044)
Net earnings (loss)	**7,438**	(1,874)	**$ 8,333**	$ (913)
Dividends on preferred shares	**(59)**	(63)		
Financing adjustment	**487**	509		
Net earnings (loss) attributable to class "A" and "B" shareholders	**$ 7,866**	$ (1,428)		

Consolidated Assets

	Current cost (year end 1983 $)		Historical cost (as reported)	
	1983	1982	**1983**	1982
		(thousands of dollars)		
Inventories	**$25,792**	$22,706	**$25,792**	$21,719
Fixed assets — net	**38,665**	38,840	**26,422**	26,763
Net assets (class "A" and "B" shareholders' equity)	**$49,099**	$42,437	**$36,856**	$29,373

Supplementary Information

	1983	1982
	(average 1983 $)	
	(thousands of dollars)	
Increase in the current cost of fixed assets based on:		
Specific prices	**$2,281**	$ 2,096
General inflation	**1,695**	3,283
Difference	**$ 586**	$(1,187)
Gain in general purchasing power from having net monetary liabilities	**$ 539**	$ 1,148

Ten-Year Comparative Statistics

		1983
Earnings (thousands of dollars)	Net sales	**$229,662**
	Depreciation and amortization	**3,593**
	Interest expense	**2,195**
	Operating profit (loss)	**12,072**
	Investment income	**588**
	Income taxes	**4,327**
	Earnings (loss) before extraordinary items	**8,333**
	Extraordinary items	**—**
	Net earnings (loss)	**8,333**
	Percentage of operating profit (loss) to net sales	**5.3%**
	*Return on average capital employed	**17.0%**
	Return on average class "A" and "B" shareholders' equity	**25.0%**
Distribution of earnings (thousands of dollars)	Dividends on preferred shares	**59**
	Dividends on class "A" and "B" shares	**791**
	Retained in the business (deficiency)	**7,483**
Financial position (thousands of dollars)	Capital employed:	
	Working capital	**30,236**
	Investment in securities	**—**
	Fixed assets, net	**26,422**
	Other assets	**519**
		57,177
	Financed by:	
	Long-term debt	**12,747**
	Deferred income taxes	**6,175**
	Minority shareholders' interest	**—**
	Preferred shareholders' equity	**1,399**
	Class "A" and "B" shareholders' equity	**36,856**
	Total capitalization	**57,177**
	Ratio of current assets to current liabilities	**2.0:1**
	Ratio of long-term debt to shareholders' equity	**25/75**
	Funds provided by operations	**12,750**
	Capital expenditures	**6,035**
Statistics	Per share:	
	**Per class "A" share	
	Earnings (loss) before extraordinary items	**4.51**
	Extraordinary items	**—**
	Net earnings (loss)	**4.51**
	Dividend	**0.4425**
	Funds provided by operations	**6.91**
	Book value per class "A" and "B" shares	**20.00**
	Price range for class "A" shares — high	**14.50**
	— low	**5.00**
	Other:	
	Number of shareholders at end of year	**1,544**
	Average number of employees	**1,361**

*Return on average capital employed = Earnings (loss) before extraordinary items + interest on long-term debt after tax divided by average capital employed.

**Per share figures for class "B" shares are 5 cents less than per class "A" share except in 1977 when the differential is 2½ cents, and in 1976 when there is no differential.

1982	1981	1980	1979	1978	1977	1976	1975	1974
$168,504	$177,752	$166,978	$159,998	$129,351	$108,785	$106,591	$99,763	$83,228
3,011	3,013	2,454	2,238	2,351	1,926	2,005	1,844	1,588
2,000	2,318	1,430	1,650	1,869	2,184	1,751	932	354
(2,036)	(1,431)	3,322	9,611	7,086	400	(4,435)	(785)	8,123
79	608	590	786	459	423	516	594	947
(1,044)	(681)	1,292	4,232	2,786	276	(1,482)	(373)	3,782
(913)	(142)	2,620	6,165	4,759	547	(2,437)	182	5,288
—	—	3,311	413	—	(2,467)	—	—	—
(913)	(142)	5,931	6,578	4,759	(1,920)	(2,437)	182	5,288
(1.2)%	(0.8)%	2.0%	6.0%	5.5%	0.4%	(4.2)%	(0.8)%	9.8%
(0.2)%	1.3%	6.7%	14.8%	13.2%	3.7%	(3.2)%	1.8%	16.3%
(3.3)%	(0.6)%	19.8%	26.3%	23.2%	(10.3)%	(11.6)%	0.5%	24.1%
59	59	59	59	59	59	59	59	59
114	1,301	1,301	1,301	804	34	—	1,080	1,099
(1,086)	(1,502)	4,571	5,218	3,896	(2,013)	(2,496)	(957)	4,130
25,508	24,525	28,563	25,138	20,151	12,836	11,050	17,297	14,445
—	—	—	3,396	3,396	3,396	5,863	5,863	5,863
26,763	25,972	24,907	18,635	19,240	20,697	22,070	19,993	15,434
1,002	1,351	1,755	2,424	3,104	3,448	3,808	3,863	199
53,273	51,848	55,225	49,593	45,891	40,377	42,791	47,016	35,941
17,150	13,595	15,048	14,959	16,141	16,597	17,308	17,490	6,645
5,351	6,395	6,817	5,845	6,179	4,105	3,795	5,185	4,155
—	—	—	—	—	—	—	157	—
1,399	1,399	1,399	1,399	1,399	1,399	1,399	1,399	1,399
29,373	30,459	31,961	27,390	22,172	18,276	20,289	22,785	23,742
53,273	51,848	55,225	49,593	45,891	40,377	42,791	47,016	35,941
2.4:1	2.2:1	2.9:1	2.5:1	2.4:1	1.7:1	1.7:1	2.1:1	2.8:1
36/64	30/70	31/69	34/66	41/59	46/54	44/56	42/58	21/79
1,036	2,273	5,815	8,941	9,710	3,183	(1,979)	3,044	7,259
1,208	4,386	10,474	2,899	1,233	783	4,099	7,720	3,300
(0.52)	(0.10)	1.40	3.33	2.57	0.27	(1.36)	0.08	2.85
—	—	1.80	0.22	—	(1.34)	—	—	—
(0.52)	(0.10)	3.20	3.55	2.57	(1.07)	(1.36)	0.08	2.85
0.075	0.72	0.72	0.72	0.45	0.025	—	0.60	0.61
0.54	1.22	3.14	4.84	5.26	1.70	(1.11)	1.64	3.93
15.93	16.52	17.34	14.86	12.02	9.90	11.00	12.35	12.87
6.25	10.88	9.38	11.75	9.75	5.38	7.88	8.25	10.00
3.60	5.50	7.50	8.00	4.50	3.55	3.60	5.25	7.00
1,565	1,637	1,622	1,621	1,689	1,760	1,862	1,933	1,991
1,240	1,368	1,380	1,400	1,387	1,383	1,497	1,454	1,404

Note:
Results of Kruger Fine Paper Wholesale are included from April 1, 1975 and results of W.H. Smith Paper Corporation from January 1, 1983.

Directors

****Douglas A. Berlis, Q.C.**
A Senior Partner in the law firm
Aird & Berlis, Barristers and
Solicitors — Toronto

***G. Drummond Birks**
President
Henry Birks and Sons Limited
Montréal

****Paul Chapdelaine**
A Company Director
Sainte-Adèle

****Roger H. Charbonneau**
President
Laboratoires Anglo-French Limitée
Montréal

***E. Jacques Courtois, Q.C.**
A Partner in the law firm
Stikeman, Elliott
Barristers and Solicitors
Montréal

Richard A. Irwin
A Company Director
London, Ontario

Roger Lachapelle
President and Chief Executive Officer
Corby Distilleries Limited
Montréal

***Gérard Plourde, O.C.**
Chairman of the Board, UAP Inc.
Montréal

***Albert Rolland**
Vice-President and Marketing
Consultant
Rolland inc.
Laval

***Lucien G. Rolland**
President and Chief Executive Officer
Rolland inc.
Montréal

Marc Rolland
Retired Executive
Piedmont

Pierre A. Salbaing
Vice-président
Air Liquide, Paris (France)

Officers

Lucien G. Rolland
President and Chief Executive Officer

Albert Rolland
Vice-President and Marketing
Consultant

Jean-Louis Chollet
Executive Vice-President,
Fine Papers Division

Adrien Desautels
Vice-President, Finance

Jean R. Dubé
Vice-President, Human Resources and
Industrial Relations

Terry L. Pitchford
Executive Vice-President,
Distribution Division

Alphonse St-Jacques
Vice-President, Special Projects

Marc Léonard
Secretary

Guy Duplessis
Treasurer

Luc O. Désy
Assistant Secretary
and Legal Counsel

*Member of the Executive Committee
**Member of the Audit Committee

Offices, Plants and Products

Fine Papers Division

Sales Offices:

395 Ste-Croix Boulevard
Suite 202
Saint-Laurent, Qué. H4N 2V1

120 Eglinton Avenue East
Toronto, Ont. M4P 1E2

Paper Mills:

455 Rolland Avenue
Saint-Jérôme, Qué. J7Z 5V6

Mont-Rolland, Qué. J0R 1G0

Coating Mill:

2131 Lawrence Avenue East
Scarborough, Ont. M1R 3A2

Products:

High-quality coated and uncoated fine papers from all-rag to sulphite grades, for commercial printing, business papers, business forms, envelopes and specialty papers.

Base papers for decorative laminates used in wall coverings, furniture and kitchen counters.

Distribution Division

Executive Office:

200 Ronson Drive
Suite 314
Rexdale, Ont. M9W 5Z9

Sales Offices and Warehouses:

The Wilson-Munroe Company
200 Queen's Quay East
Toronto, Ont. M5A 1B5

Graphic Papers
60 Coronet Road
Toronto, Ont. M8Z 2M1

Graphic Papers
1228 Innes Road
Ottawa, Ont. K1B 3V3

Graphic Papers
169 Patie Street
Sudbury, Ont. P3A 1N3

Les papiers graphiques
10000 Ray Lawson Boulevard
Ville d'Anjou, Qué. H1J 1L8

Les papiers graphiques
2800 Dalton Street
Ste-Foy, Qué. G1P 3S4

Graphic Papers
80 Driscoll Crescent
Moncton, N.B. E1E 3R8

W.H. Smith Paper Corporation
15 Industrial Park Road
Albany, N.Y. 12206

Products:

An extensive range of fine papers and related products for all segments of the graphic arts industry.

Shareholders' Information

Head Office:
800 Victoria Square, Suite 3620
Montréal, Québec H4Z 1H3
Telephone (514) 866-2953

Transfer Agents
Montreal Trust Company
The Royal Trust Company

Registrars
The Canadian Trust Company
The Bankers' Trust Company

Stock Listings
Montreal Stock Exchange
Toronto Stock Exchange

Auditors
Touche Ross & Co.

Valuation Day Prices
Prices on December 22, 1971, for the purpose of Canadian income tax on capital gains, were as follows:

Shares:	
Class "A" shares	\$ 3.10
Class "B" shares	\$ 2.75
Preferred shares \$4.25	\$50.00
Debentures:	
5¾%, due July 2, 1984	\$89.50

Annual Meeting
An Annual and Special General Meeting of Shareholders of Rolland inc. will be held at the Salon Mackenzie of the Queen Elizabeth Hotel in Montréal, Québec, on April 26, 1984 at 3:00 p.m. The Shareholders of Rolland inc. are invited to attend.

Si vous préférez recevoir votre rapport annuel en français, veuillez écrire au Secrétaire, Rolland inc., C.P. 306, Succursale postale Tour de la Bourse, Montréal (Québec) H4Z 1H3.

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