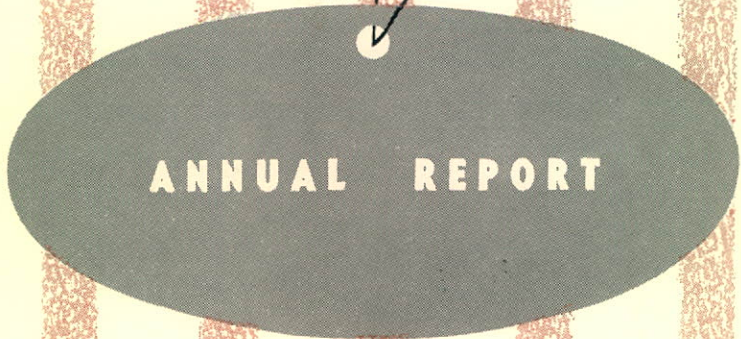
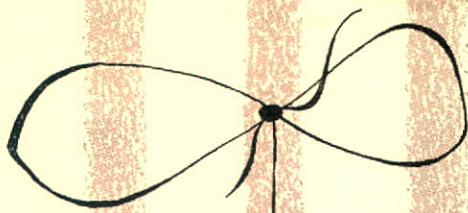


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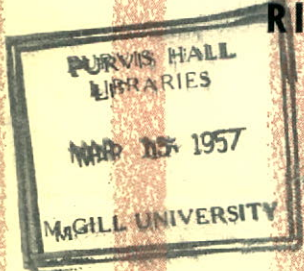
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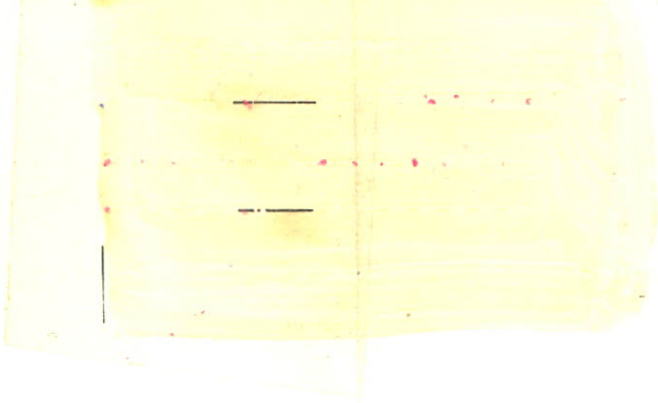


FOR THE YEAR ENDING DECEMBER 31st, 1956

RIVERSIDE SILK MILLS, LIMITED

GALT • ONTARIO • CANADA





these
are
samples
of
Riverside



AUTOGRAPH TRICOTS

that helped us get

record Fabric Sales in 1956

R I V E R S I D E S I L K M I L L S , L I M I T E D

DIRECTORS

K. D. Bailey

R. J. Baker, C.A.

D. M. Deacon

J. S. Deacon

R. B. Law, Q.C.

OFFICERS

K. D. Bailey, President

R. B. Law, Q.C., Vice-President

H. P. Wright, C.P.A., Secretary

R. J. Baker, C.A., Treasurer

PLANT

**Galt,
Ontario**

SALES OFFICES

**Toronto, Ontario
Montreal, Quebec**

BANKERS

Royal Bank of Canada

TRANSFER AGENTS

National Trust Company, Toronto

REGISTRARS

**Canada Permanent Trust Company
Toronto**

SOLICITORS

**Raymond, Spencer, Law & MacInnes,
Welland**

AUDITORS

**Thorne, Mulholland, Howson & McPherson
Chartered Accountants
Toronto**

RIVERSIDE SILK MILLS, LIMITED

REPORT OF THE DIRECTORS

To the Shareholders:

Your Directors submit herewith the Company's annual report for the year ended December 31st, 1956, together with financial statements and the report of the Auditors.

The slight improvement in business conditions for the Canadian Textile Trade which started in 1955, was continued in 1956 to the extent that most surviving companies were able to show an increase in sales, although price reductions throughout the year prevented any material improvement in the profit position.

The Company's sales at \$1,287,976 for 1956 represent an increase of approximately 30% over 1955, despite price reductions which in some instances ran as high as 24%. In terms of physical goods, the Fabric Division increased sales by 105%, while Yarn shipments were up by 5%.

The net profit in 1956 before making provision for depreciation was \$64,550, compared with \$61,970 in 1955. In view of taxation allowances, it was found beneficial to write full depreciation of \$107,800 in 1956 and report a net loss for the year of \$43,250.

In recognition of the need for the most modern production facilities, the Company made expenditures of \$68,833 for capital equipment in 1955. In 1956, a further \$111,700 was invested in machines which were vitally needed to achieve the high quality and low cost of production essential in this most competitive industry. Most of the new equipment was installed in the first nine months of the year, during which time new processes were established and employees trained in the use of the new machines. It is encouraging to note that in the last quarter of 1956, when most of the new machines were in operation, the Company earned a modest profit after making full provision for depreciation. This indicates that facilities have been restored to the point where a profit can be produced if present conditions continue. The coming year will be one of consolidation, with emphasis on greater efficiency and diversion of capacity to more profitable markets.

R I V E R S I D E S I L K M I L L S , L I M I T E D

Mindful of the welfare of the Employees and of the importance of turning out the best possible work at all times, your Directors in consultation with the Employees instituted a profit sharing plan in 1956.

During the year it became possible to predict a much larger market than had been forecast for tricot knitted fabrics. Until 1956 tricot was considered to be essentially a lingerie cloth. However, with "Terylene" and "Arnel" now available in addition to nylon, with the new surface effects now only starting on the market in VOCAMA, with the many new resin finishes recently introduced, and with the important comfort and crease resistance advantages of tricot over woven fabrics, tricot has become firmly established as a most desirable fabric for blouses, shirts, and dresses. In 1957 we look for an important expansion in these new outlets. It is gratifying that "Riverside" has led the way in much of the new market development work; for there is safety in a diversified market of this sort, as well as an improved profit potential in the production of new fabrics.

The Yarns Division has also experienced a broadening of markets during the past year. Capacity for the production of stretch yarn has trebled. Ban-Lon has secured its position in the hosiery field and is now making rapid headway in sweaters, underwear, and foundation garments. In addition, the need for preshrunk yarns for the rapidly growing circular hosiery industry has restored much of the traditional hosiery market. In the last quarter the poundage of yarn shipments was up 55% over the same period of 1955. Business in 1957 has been substantially better than in the corresponding period of 1956.

In view of the improvement in the efficiency of our operations and the possibility of wider markets already referred to, your Directors look forward to an improvement in earnings and in the financial position of the Company.

Signed on behalf of the Board

K. D. BAILEY

President

RIVERSIDE SILK

(Incorporated under

Statement of Financial Position as

BALANCE

ASSETS

<u>1955</u>		<u>1956</u>
	CURRENT ASSETS:	
324	Cash	24
121,985	Accounts receivable, less allowance for doubtful accounts	197,595
	Inventory of merchandise and supplies, as determined by the management and certified to be valued at the lower of cost or market	299,821
284,291	Inventory of bobbins	37,207
35,127	Employees' balances re bond subscriptions (secured)	9,004
6,081	Prepaid expenses	3,614
4,132		<u>547,265</u>
<u>451,940</u>		
	FIXED ASSETS at replacement value as of April 10th, 1928, as per appraisal of Dominion Appraisal Co., Limited, plus subse- quent additions at cost, less disposals:	
6,600	Land	6,600
296,208	Buildings	296,592
966,676	Machinery and equipment	1,054,553
<u>1,269,484</u>		<u>1,357,745</u>
744,056	LESS Accumulated allowance for depreciation	828,618
<u>525,428</u>		<u>529,127</u>
	 Investment in Great West Felt Company, Limited	 1
<u>1</u>		<u>1</u>
<u>\$977,369</u>		<u>\$1,076,393</u>

APPROVED ON BEHALF

K. D. BAILEY, Director.

AUDITORS

To the Shareholders of
Riverside Silk Mills, Limited.

We have examined the balance sheet of Riverside Silk Mills, Limited as at December 31st, 1956 and the statements of income and earned surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

MILLS, LIMITED
 (Incorporated under the laws of Ontario)
 Balance Sheet as at December 31st, 1955 and 1956
 SHEET

<u>1955</u>	LIABILITIES	<u>1956</u>
CURRENT LIABILITIES:		
207,765	Bank loan and overdraft (secured)	288,684
97,858	Accounts payable and accrued expenses	156,289
6,081	Bank loan re employees' bonds (secured)	9,004
<u>311,704</u>		<u>453,977</u>

CAPITAL STOCK AND SURPLUS:		
Capital stock authorized and issued:		
300,000	30,000 Class A \$2.00 cumulative participating shares and 20,000 Class B shares, all of no par value	300,000
365,665	Earned surplus	322,416
<u>665,665</u>		<u>622,416</u>

NOTES:

Dividends on the Class A shares have been paid to April 1st, 1953 and are in arrears \$7.50 per share.

The bank holds, as security for advances made, a first floating charge debenture in the amount of \$200,000 against the company's undertaking and assets.

\$977,369

\$1,076,393

OF THE BOARD.

J. S. DEACON, Director.

REPORT

In our opinion, the above balance sheet, supplemented by the notes thereto, and accompanying statements of income and earned surplus present fairly the financial position of the company as at December 31st, 1956 and the results of its operations for the year ended on that date.

Toronto, Canada,
February 7th, 1957.

THORNE, MULHOLLAND, HOWSON & McPHERSON
Chartered Accountants

RIVERSIDE SILK MILLS, LIMITED

COMPARATIVE STATEMENT OF RETAINED EARNINGS

(Earned Surplus)

For the Years ended December 31st, 1955 and 1956

<u>1955</u>		<u>1956</u>
218,916	Earned surplus, January 1st	365,665
61,970	Net income or (loss) for year (without allowance for depreciation of fixed assets in 1955)	(43,249)
72,269	1953 Depreciation provision reversed	
18,460	Inventory value of bobbins purchased prior to 1955	
12,000	Capitalization of equipment purchase rental paid in 1953 and 1954	
<u>383,615</u>		<u>322,416</u>
LESS:		
10,149	Write-down of investment in Great West Felt Company, Limited to \$1	
595	Patent rights written off	
7,206	Adjustment re fixed asset disposals	
<u>17,950</u>		
<u>\$365,665</u>	EARNED SURPLUS, DECEMBER 31st	<u>\$322,416</u>

RIVERSIDE SILK MILLS, LIMITED

COMPARATIVE STATEMENT OF PROFIT AND LOSS

Years ended December 31st, 1955 and 1956

<u>1955</u>		<u>1956</u>
<u>143,989</u>	Gross profit	<u>169,293</u>
78,519	Selling and administrative expenses	100,044
<u>3,500</u>	Directors' fees	<u>4,700</u>
<u>82,019</u>		<u>104,744</u>
61,970	Income for year before allowance for depreciation	64,549
NIL	Allowance for depreciation	107,798
<u><u>61,970</u></u>	NET INCOME OR (LOSS) FOR YEAR	<u><u>(43,249)</u></u>

NOTE:

In 1956 full depreciation amounting to \$107,798 was charged in the accounts, whereas in 1955 no depreciation was charged, although the maximum depreciation which could have been claimed in that year under the Income Tax regulations was \$85,520.

RIVERSIDE SILK MILLS, LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED

DECEMBER 31st, 1956

Net loss for year	(43,249)
Net proceeds from disposal of Fixed Assets	200
Depreciation	107,798
	<u>64,749</u>

LESS:

Expenditures on Fixed Assets	<u>111,696</u>
Decrease in Working Capital	<u>46,947</u>



Working Capital December 31st, 1956	93,288
Working Capital December 31st, 1955	<u>140,235</u>
Decrease in Working Capital	<u>46,947</u>

*This is "VOCAMA"
a napped and
sheared tricot of
"ARNEL" and NYLON*

•

*Look for "VOCAMA"
in the Fall
in dresses, skirts,
sweater blouses and
sport shirts*

•

*This will be one of our
Fabric promotions
in 1957*



A Word About Our Products

In the past year, a growing pride has developed in our yarns and fabrics. Every day, Riverside products are finding their way into new uses and winning new friends.

FABRICS

The most notable fabric progress in 1956 was in "Terylene" tricot. The Cluett-Peabody Company, under their famous "Arrow" label, are using this fabric for what is considered to be the outstanding synthetic shirt on the market today. Other companies are following suit. This fabric is also established in the blouse field, and in 1957 the LaRoth Dress Company is introducing a wide range of printed and permanently pleated dresses.

The "Terylene" striped fabrics have scored a signal success for shirts, blouses and dresses where the bright colours and attractive designs have excited new interests.

In all these uses, the remarkable wrinkle-resistance of "Terylene," plus the comfort and easy laundering of tricot, have made a most happy combination.

In 1956, "Arnel" tricot was added to our fabric range. Cloth from this new yarn has found a place in the lingerie field and will be introduced into many new applications in the form of "Vocama" in 1957

YARNS

Ban-lon, produced at Riverside from nylon, is now being used for sweaters for both men and women, foundation garments, and "T" shirts as well as in the traditional hosiery field.

Stretch yarn from Riverside are finding new markets such as in "Catalina" bathing suits and Lennard's panties. More than half the dyed stretch yarns for men's and boys' diamond hose are made by Riverside.



We hope our shareholders will look for these products in the stores and enjoy the fine appearance and the easy living that these modern Riverside fabrics can provide.