

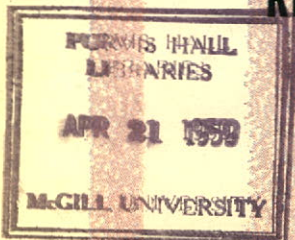
Riverside

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31st, 1958

RIVERSIDE SILK MILLS, LIMITED

GALT • ONTARIO • CANADA



Dreams come true...

in *L'Anice* sweaters
of **tycora** yarn

The feeling is great in Tycora™, the truly magical yarn. So soft to the touch -- it resists pilling and fading and won't shrink, stretch or sag even after hundreds of washings. In the most enchanting colours, L'Anice™ sweaters of Tycora™ yarn are fashioned to perfection and never, never need blocking. A sweater dream come true.

Left: Cardigan Blouse, beautiful in Bristol Blue, White and Spiced Apricot \$15.95 (center); Long-sleeved Cardigan in three green, White, Periwinkle, Creams, Gold Dust and Black \$7.95. Its companion classic pullover is available also in Crystal Blue, Coral, Buttercup Yellow, Flame Red, Honey Beige, Sea Anise, Chestnut Brown, Leaf Green, Navy and Spiced Apricot \$5.95. Right: New-look Dressmaker Pullover in stunning Hazy Teal, Creams, Bristol Blue and Spiced Apricot \$8.95.

Available in the finest stores throughout Canada.

Riverside SILK MILLS, LTD., GALT, ONTARIO

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Left: Cardigan Blouse, beautiful in White, Bristol Blue and Black \$15.95 (center); Full-fashioned Long-sleeved Pullover in including Gold Dust, White, Blue, Crystal Blue, Coral, Periwinkle, Buttercup Yellow, Flame Red, Honey Beige, Sea Anise, Chestnut Brown, Leaf Green, Navy and Spiced Apricot \$5.95. Right: New-look Dressmaker Pullover in stunning Hazy Teal, Creams, Bristol Blue and Spiced Apricot \$8.95.

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Ads like these appeared in Chatelaine and Mayfair to promote L'Anice Sweaters of Tycora yarn. The four items shown here are part of the 31-page presentation entered in the "Judy Awards" Contest.

PROMOTION
ADVERTISING
DISPLAY
PUBLICITY

tycora
the "dream-story" of the year! >

This Merchandising Kit presold retailers on forthcoming advertising and enlisted their support during the program.

Knitgoods and Sportswear 41

Plenty of protection!
Of course, it's **tycora**!

tycora
THE FEELING IS GREAT

Riverside SILK MILLS LTD. GALT, ONTARIO

Dealer interest was stimulated through trade ads featuring Riverside's two-headed talking camel.

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

D. M. Deacon

J. S. Deacon

R. B. Law, Q.C.

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

OFFICERS

R. B. Law, Q.C., *Chairman of the Board*

K. D. Bailey, *President*

J. S. Deacon, *Vice-President*

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

L. R. Dobbin, B. Com., *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, 1958, together with Financial Statements and the Report of the Auditors.

Sales and Earnings

The Company's Sales at \$2,178,500 for 1958 represent an increase of approximately 16% over 1957 and 70% over 1956, and are the highest since 1940. In terms of physical volume, the Fabrics Division showed an increase of 11% over 1957, while in the Yarns Division there was an increase of 13%.

The net profit in 1958 was \$13,241 after deducting \$2,738 for Profit Sharing, \$2,274 for Provincial Taxes and making provision for depreciation in the amount of \$90,770. This compares with a profit of \$12,274 in 1957 on a comparable basis.

Organization

To compete with foreign low cost producers, the Company is continuing its endeavours to attain new standards of efficiency and quality. Late in 1958, the industrial engineering and cost departments were strengthened and production supervisors were trained in the use of statistical quality control methods. Beneficial results from these changes which enable management to keep inventories and costs at a minimum while improving the quality of the Company's products, should be visible in 1959.

Development Activities

The Company has continued its program of developing new and distinctive yarns and fabrics.

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

The cost of this work is high and new products are frequently slow to reach the market. In 1958 technical problems connected with new products in both the Yarns and Fabrics Divisions seriously affected sales and were the principal cause of the unsatisfactory result of the fourth quarter operations. By withholding the introduction of new products, unless development has been completed well in advance of the season, it is hoped that a recurrence of these problems will be eliminated.

Export Markets

One result of previous development work has been that "Rivolene",* our 'Terylene' tricot fabric, is the only fabric granted the "No Ironing Required" rating by the United States Testing Company. This much sought award has made it possible to enter markets beyond the Canadian borders and sales of "Rivolene" are now being actively promoted in the United States.

Tycora Yarns

Products made of "Tycora"* yarns, after a small beginning in 1957, were merchandised vigorously in 1958. Ladies' sweaters of "Tycora" yarn have gained recognition for top quality and styling and are now being joined by other new products for men, women and children.

In addition, the United States manufacturers of "Tycora" yarns have gained front rank for their product in the upholstery and carpeting fields. These markets are now being developed in Canada by "Tycora" yarns from Riverside and are expected to form the next major expansion area for the Company.

Summary

Progress has been made in the development of new yarns and fabrics which promise to bring added prestige to Riverside products. Increased control, efficiency and quality have been added to operations.

A modest improvement is foreseen for 1959, the degree of which is largely dependent on our success in the export market.

Your directors are aware of and take this opportunity of acknowledging the important contribution of all employees to the operations of the company during 1958.

On behalf of the Board.

K. D. BAILEY,
President.

*Riverside Silk Mills Ltd., registered trademarks.

RIVERSIDE SILK

Incorporated under

BALANCE

December

(With comparative figures)

ASSETS

Current Assets:

	1958	1957
Cash	\$ 1,075	\$ 25
Accounts receivable, less allowance for doubtful accounts	245,558	257,884
Inventory of merchandise and supplies, valued at the lower of cost or market	550,346	425,998
Employees' balances re bond subscriptions (secured)	4,586	5,536
Prepaid expenses	13,420	9,362
	<hr/>	<hr/>
	\$ 814,985	\$ 698,805

Fixed Assets at replacement values as of April 10, 1928 as per appraisal of Dominion Appraisal Co., Limited, with subsequent additions at cost.

Land	\$ 6,600	\$ 6,600
Buildings	301,283	298,313
Machinery and equipment	1,096,087	1,091,640
	<hr/>	<hr/>
	\$ 1,403,970	\$ 1,396,553
Less Accumulated depreciation	934,543	882,494
	<hr/>	<hr/>
	\$ 469,427	\$ 514,059

Investment in Great West Felt Company, Limited.....

	\$ 1	\$ 1
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Patents

	\$ 381	
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Deferred charges to operations

	\$ 110,068	\$ 57,042
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	\$ 1,394,862	\$ 1,269,907

APPROVED ON BEH

K. D. BAILEY, Director

TO THE SHAREHOLDERS OF
RIVERSIDE SILK MILLS, LIMITED.

AUDITOR

We have examined the balance sheet of Riverside Silk Mills, Limited as at December 31st, 1958 included a general review of the accounting procedures and such tests of accounting records and other

In our opinion, the above balance sheet, supplemented by the notes thereto, and accompanying December 31st, 1958 and the results of its operations for the year ended on that date.

TORONTO, Canada,
March 18th, 1959.

MILLS, LIMITED

the laws of Ontario

SHEET

31st, 1958

as at December 31st, 1957)

LIABILITIES

	1958	1957
Current Liabilities:		
Bank loan and overdraft (secured)	\$ 326,120	\$ 281,735
Accounts payable and accrued expenses	228,893	147,946
Bank loan re employees' bonds (secured)	4,586	5,536
Income taxes payable	2,332	
	<u>\$ 561,931</u>	<u>\$ 435,217</u>
Funded Debt:		
6½% First mortgage sinking fund bonds, Series A, due September 15, 1972 (see Note 2)	\$ 200,000	\$ 200,000
	<u> </u>	<u> </u>
Shareholders' Equity:		
Capital Stock:		
Authorized:		
30,000 Class A \$2.00 cumulative participating shares without par value		
100,000 Common shares without par value		
Issued:		
30,000 Class A shares)		
20,000 Common shares)	\$ 300,000	\$ 300,000
Retained earnings	332,931	334,690
	<u>\$ 632,931</u>	<u>\$ 634,690</u>
NOTES:		
1. Dividends on the Class A shares have been paid to July 1, 1953 and are in arrears \$11.00 per share.		
2. The first mortgage sinking fund bonds, Series A, carry warrants for the purchase of common shares at \$5 per share up to December 31, 1961, on the basis of 50 shares for each \$1,000 principal amount of bonds. The company is required to redeem \$10,000 of bonds in each of the years 1959 to 1972.		
	<u>\$ 1,394,862</u>	<u>\$ 1,269,907</u>

ALF OF THE BOARD

J. S. DEACON, Director

S' REPORT

and the statements of Income and Retained Earnings for the year ended on that date. Our examination
supporting evidence as we considered necessary in the circumstances.

statements of Income and Retained Earnings present fairly the financial position of the company as at

THORNE, MULHOLLAND, HOWSON & McPHERSON

Chartered Accountants

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

COMPARATIVE STATEMENT OF INCOME

for the years ended December 31st, 1958 and 1957

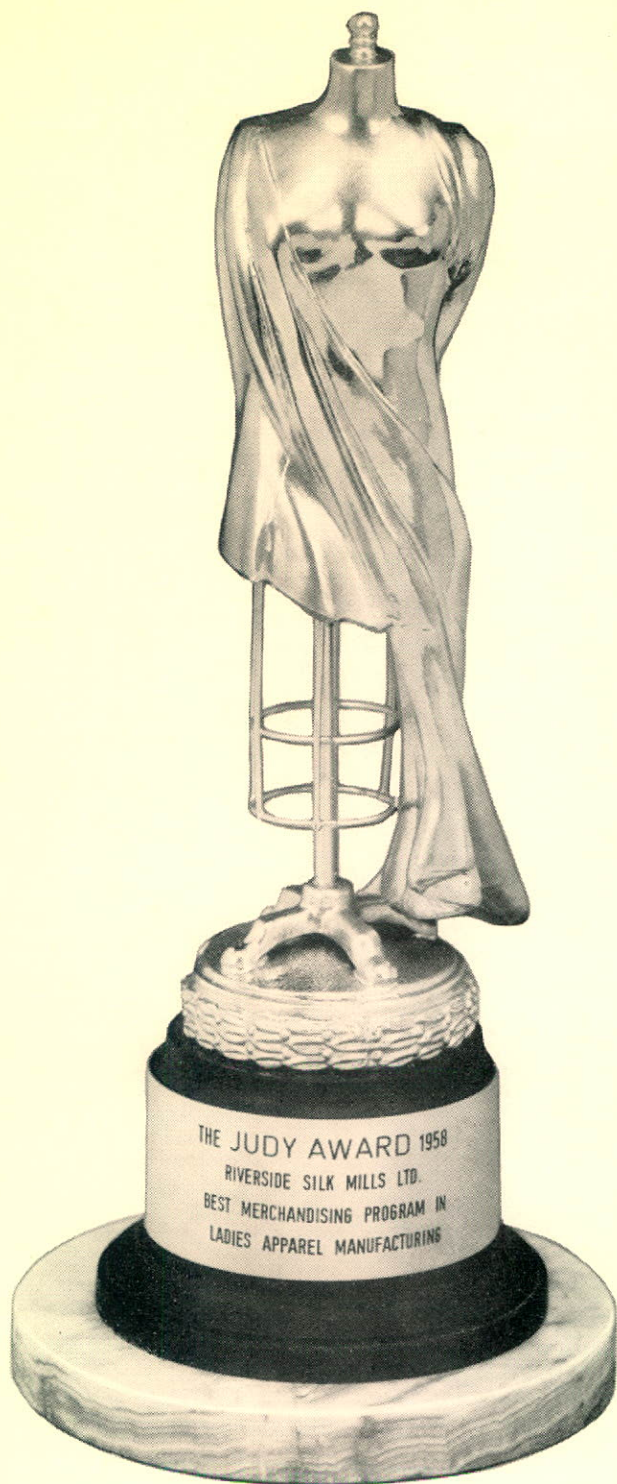
	1958	1957
Gross income	\$ 320,102	\$ 291,377
Selling and administrative expenses	\$ 193,626	\$ 166,972
Directors' fees	3,100	4,400
Bond interest	13,000	3,257
Re-financing expenses amortized	1,353	419
	<u>\$ 211,079</u>	<u>\$ 175,048</u>
Income before undernoted items	\$ 109,023	\$ 116,329
Depreciation	90,770	101,889
	<u>\$ 18,253</u>	<u>\$ 14,440</u>
Employees' Share of income under profit-sharing plan	2,738	2,166
	<u>\$ 15,515</u>	<u>\$ 12,274</u>
Taxes on income	\$ 2,274	
	<u> </u>	<u> </u>
Net income for year	<u><u>\$ 13,241</u></u>	<u><u>\$ 12,274</u></u>

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

COMPARATIVE STATEMENT OF RETAINED EARNINGS

for the years ended December 31st, 1958 and 1957

	1958	1957
Retained earnings at beginning of year	\$ 334,690	\$ 322,416
Net income for year	13,241	12,274
	<u>\$ 347,931</u>	<u>\$ 334,690</u>
Dividends paid on Class A shares	15,000	_____
	<u>_____</u>	<u>_____</u>
Retained earnings at end of year	<u><u>\$ 332,931</u></u>	<u><u>\$ 334,690</u></u>



Riverside wins "JUDY" Award!

In the fall of 1958, the Garment Salesmen of Ontario sponsored a contest to encourage merchandising at the retail level. Our presentation for L'Anice Sweaters of TYCORA yarn was awarded first prize in the manufacturer-mill classification.

This handsome statuette is designed along the lines of a dressmaker's Judy used extensively in the fashion industry. The Judy was presented to Riverside at a dinner attended by 700 Ontario retailers.



PROOF OF RIVOLENE'S SUPERIORITY

Rivolene is the first fabric ever to be awarded this "Wash and Wear with NO IRONING" seal. One of America's largest and most respected laboratories, the United States Testing Co., Inc., has checked literally thousands of fabrics for machine and hand washing, automatic and drip drying and wrinkle recovery. Many fabrics have received the seal specifying "Wash and Wear with Minimum Care", but until our Rivolene was tested, no company, American or Canadian, had been granted the "No Iron" seal.

Riverside and its customers are using this seal in their advertising and sales promotion.