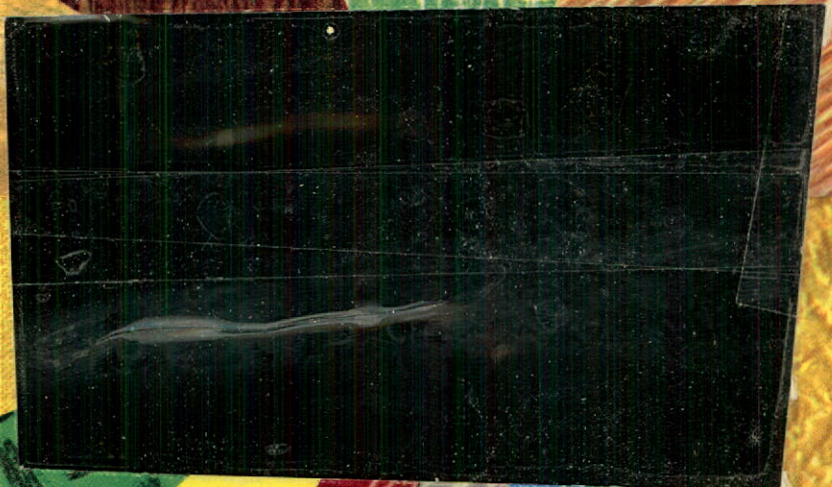


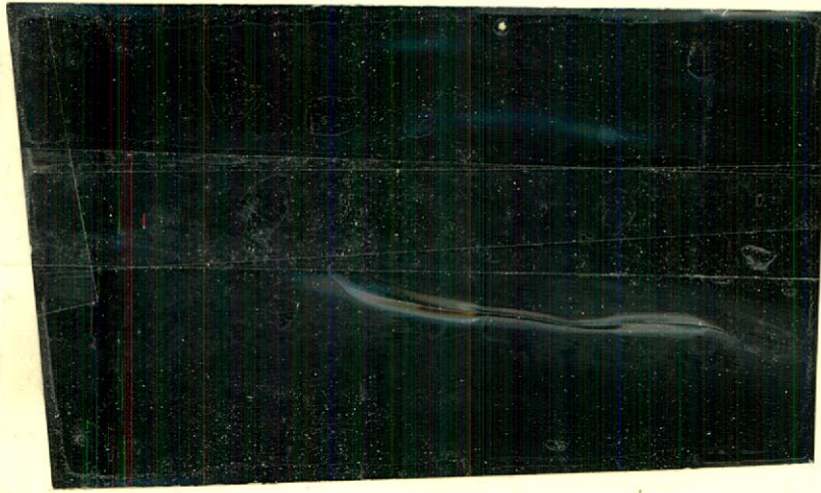
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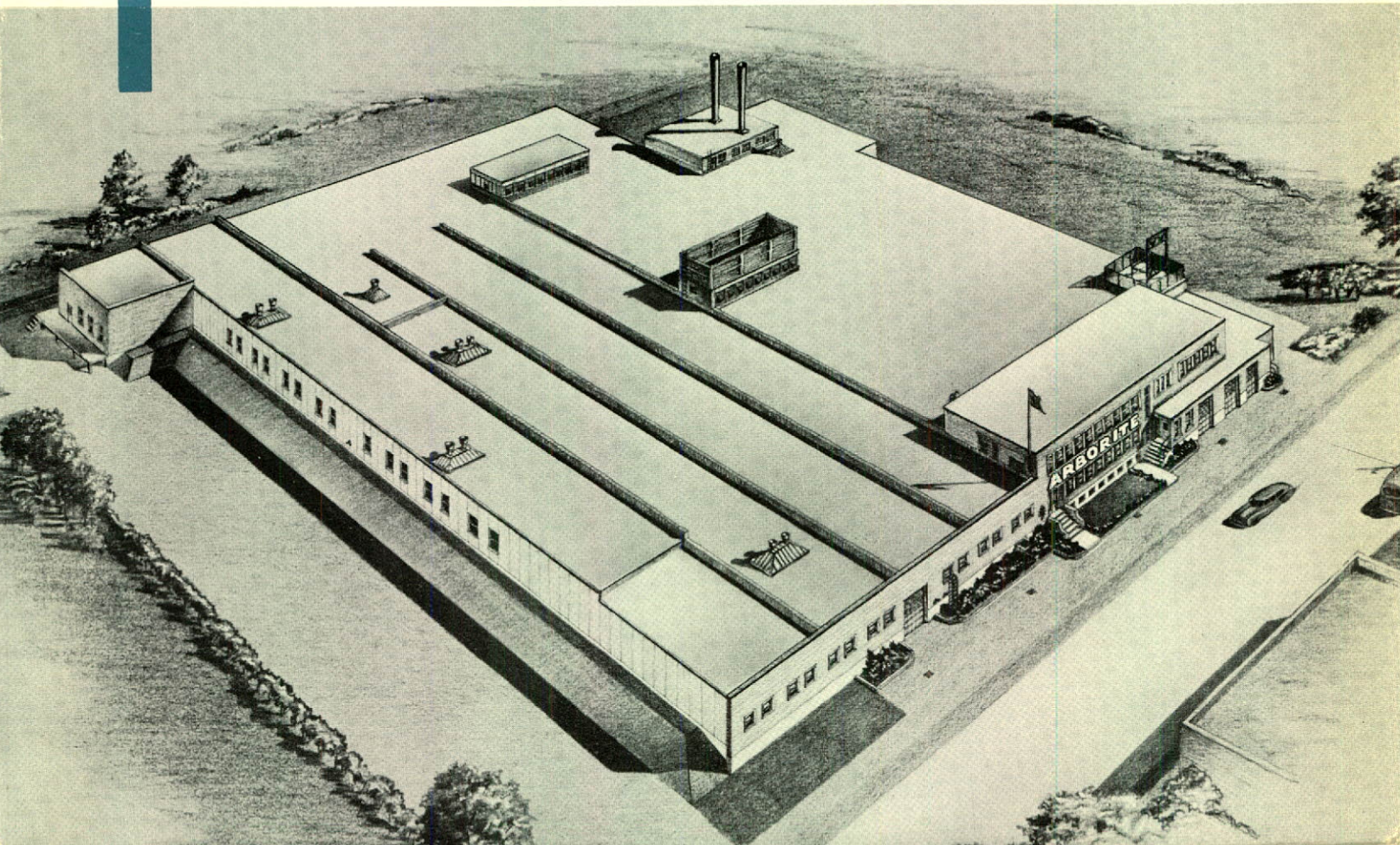
A mosaic of popular Arborite patterns.



**ARBORITE**

Architects' sketch of the Arborite Company Limited plant at Ville Lasalle, Montreal. It has excellent rail and truck transportation facilities, was designed for line-flow operation, and owns sufficient adjacent land for any possible expansion.

BAROTT, MARSHALL, MONTGOMERY & MERRETT, ARCHITECTS



*Annual*  
*report* 1952  
**Howard Smith**  
PAPER MILLS LIMITED  
AND SUBSIDIARY COMPANIES

Harold Crabtree, C.B.E., *Chairman of the Board*  
E. Howard Smith, *President*  
E. K. Robinson, *Executive Vice-President*  
Geo. H. Tomlinson, *Vice-President*  
Kenneth G. Pendock, *Secretary and Treasurer*  
J. R. Leslie, M.B.E., *Controller*

**OFFICERS**

W. A. Arbuckle  
De Gaspé Beaubien, C.B.E.  
\*George W. Bourke  
Chas. L. Burton, C.B.E.  
Harold Crabtree, C.B.E.  
H. Roy Crabtree  
A. E. H. Fair  
Col. R. D. Harkness, D.S.O., M.C.  
W. H. Howard, Q.C., C.B.E.  
J. D. Johnson  
Howard Murray, O.B.E.  
E. K. Robinson  
E. Howard Smith  
Geo. H. Tomlinson  
\*Elected February 26, 1953

**DIRECTORS**

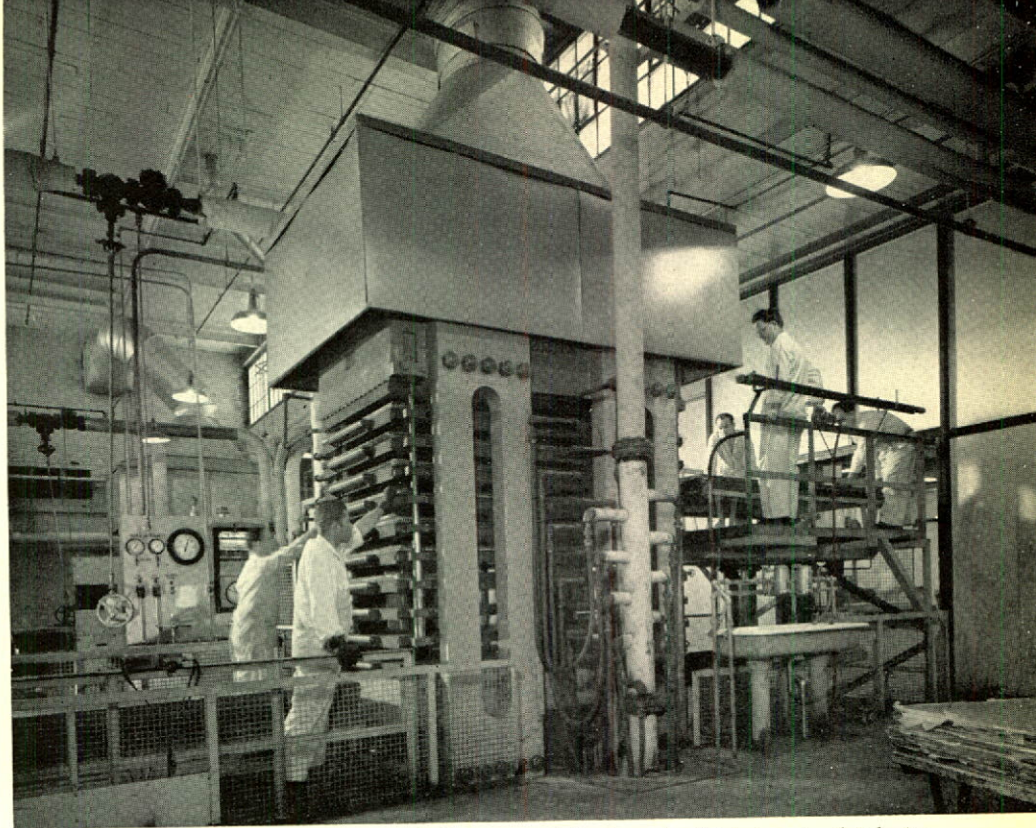
Messrs. P. S. Ross & Sons

**AUDITORS**

The Shares of the Company  
are dealt in on the following  
exchanges

MONTREAL STOCK EXCHANGE  
TORONTO STOCK EXCHANGE  
AMERICAN STOCK EXCHANGE

the  
**Arborite**  
company



*The large press which forms the finished sheets of Arborite*

A WHOLLY OWNED SUBSIDIARY OF *Howard Smith Paper Mills Limited*

The Arborite Company Limited was incorporated in the Fall of 1947, the share capital being wholly subscribed to by Howard Smith Paper Mills Limited. This important addition to the Company's properties acquired the assets and facilities of what had previously been known as the Plastics Division. At the time of incorporation a new plant was in course of construction at Ville LaSalle, Montreal. From the commencement of operations, the plant has given a good account of itself, showing each succeeding year a satisfactory growth in both manufacturing facilities and the expansion of markets for its products, which have brought new convenience and beauty to Canadian homes and institutions.

Unlike some other Divisions of the Company, whose histories span much of the last hundred years, the beginnings of Arborite are recent. Its story, therefore, is not one of pioneer towns and settlements, but of modern research, development

and their practical application in the birth of a new product, and though the Arborite of today is a far cry from the original laboratory productions, its basic elements remain much the same. In technical language, it belongs in the class of Paper Base Plastic Laminates which consist essentially of layers of resin-impregnated papers fused together under heat and pressure into a relatively homogeneous and solid mass. Since most of its constituents are derived from wood, it was given the name Arborite, based on the Latin word for tree—*arbor*.

The first chapter in the development of Arborite began during World War II, when material shortages spurred the search for substitutes. At that time, there had been an increasing use of laminates for many types of equipment and construction. These were universally made from paper impregnated with a phenolic resin, but the phenols (carbolic acids) were in short supply, and their production could not readily be increased. In the

search for a substitute for the scarce phenolics, attention became focused on one of the constituents of wood, known as Lignin. This is the natural resin which Nature uses to bind the individual fibres of wood to one another, and impart its solidity and strength.

The obvious source of Lignin was the chemical pulp industry. In this process wood chips are subjected to the action of chemicals which dissolve the Lignin, thus freeing the fibres. The Lignin, together with other non-fibrous materials is drained from the fibres, and is either sewerred or burnt in a chemical recovery furnace. Potentially vast quantities of Lignin were available, but although much work had been done by others in prior years, no process existed for the separation of the Lignin from the spent pulp-making liquor which, in its final form, could be employed in the manufacture of a plastic laminate. The need for such a product was urgent and we were encouraged and assisted in this development by agencies of the Governments of both the United States and Canada.

From these research efforts has eventually developed a process which gave a Lignin with a sufficiently low melting point to enable its use in a laminate. To perfect and test the new process and its product, the United States Government contributed the services of the Forest Product Laboratories at Madison, Wisconsin. The results were so promising that it was decided to erect a large-scale pilot plant at the Cornwall Division of Howard Smith Paper Mills, consisting of a lignin extraction plant, and a full size laminating press. Before these could be brought into operation, however, the War happily came to a close. The new product, therefore, saw no war service.

The second chapter covers the immediate post war modifications and developments. The product, at that time, was in the form of a hard board with good water resistance, and considerable structural

strength. It was dark walnut in colour, and had a relatively smooth but mottled surface. Except for a few structural uses, its market possibilities seemed limited. However, it had certain advantages in that Lignin could be produced much cheaper than phenolic resin, and could be introduced into the pulp prior to paper making, thus eliminating the costly after-treatment of impregnation and drying.

The market demand for this type of hard board was limited and it became evident that a new class and kind of product would have to be produced to make the project a success. To this end an extensive programme of market research was carried out, with a careful examination of decorative laminates both in the United States and Canada, and it early became evident that a new and sizable market could be developed in the manufacture of a decorative wallboard slightly under  $\frac{1}{8}$ " in thickness, the surface of which would of necessity be required to carry pleasing and attractive patterns. The precedent for this lay in the widespread use of the thin  $\frac{1}{16}$ " table top decorative laminate which was enjoying increasing use as a veneer glued to plywood and consisting of a wide variety of table topping, mainly for restaurants. The vision of Arborite was that this decorative wallboard could be made to sell at a cost which would make it a popular item with the home owner. Inasmuch as the wallboard was much stronger and stiffer than the brittle  $\frac{1}{16}$ ", it could also be handled by the non-professional, and did not require special gluing processes to apply it to the supporting base.

Thus the decorative wallboard came into being at first surfaced with a glossy black phenolic cover sheet, although its widespread acceptance was not realized until other light, fresh and attractive pattern cover sheets were added. These surface sheets were impregnated with melamine-formaldehyde resin which, when cured in the hydraulic

press, produced an extremely hard wearing surface and, being colourless, provided a perfect reflection for the attractive patterns which were imprinted on the cover sheet. To enhance the surface hardness, a transparent sheet of specially prepared paper, also impregnated with melamine, was moulded as an outer layer directly over the decorative cover. This protected the pattern and provided the desired surface hardness properties similar to the decorative laminates universally accepted in the table top trade. Arborite decorative wallboard, slightly over 1/10" in thickness, was an early favourite, and in a very short time, vertical surfaces were being designed to incorporate this new and attractive material in kitchens and bathrooms, and for institutional work.

Because of the low cost of the lignin core, heavier thicknesses of laminate were developed and an early popular item was the 3/4" self-supporting table top which was manufactured to order in specified sizes, with edges and corners finished and ready for application on the job.

The demand for the new decorative product soon outgrew the capacity of the Cornwall plant, and in view of the potential possibilities of the product, it was decided to incorporate the Arborite Company Limited, a wholly-owned subsidiary of Howard Smith Paper Mills to develop and carry on the business, and for this purpose it was decided to build a new plant in the Montreal area of Ville LaSalle. This plant began manufacturing operations in August, 1948, while at the same time the Cornwall Plastic Division was closed down.

The new manufacturing plant was specifically designed for low cost, straight-line production of Arborite in its various grades and thicknesses. It consisted of a single-storey manufacturing area, although across the front a two-storey, with basement section housed the office area and employee service units, the total being approxi-

mately 60,000 square feet. Manufacturing facilities included hydraulic presses and impregnators, with the necessary ancillary equipment for fabricating to commercial sizes and finishes. Although provision was made for expansion, so rapid was the growth of customer acceptance that additions were soon planned, and in 1950 some 37,000 square feet were added to provide impregnating and storage facilities. Again in 1951-52 another 45,500 square feet were included, mainly for additional impregnating and laminating capacity.

While the table top and decorative wallboards constituted the major portion of the business, the equipment was capable of producing other specialized laminates for industrial purposes. Cotton duck or glass cloth, in addition to paper, can be impregnated with a series of resins to achieve industrial laminates with a wide range of properties. Because these industrial grades are for more or less technical uses, Arborite has made arrangements with the Diamond State Fibre Company to handle their distribution. This company has long been a leader in Canada in the fabricating and distribution of this type of material, and its skill and know-how are valuable assets in the development and distribution of industrial laminates.

Out of hectic wartime research, the Arborite Company has provided Canadians with a new product and a new industry. Many thousands of housewives and businesses or institutions have been provided with a superior surfacing material of attractive appearance and easy-to-maintain character. Soon now, it is expected that the fine furniture industry will utilize the rugged qualities of Arborite in preference to the delicate wood veneer finishes. A wholly new concept of wall and horizontal surfacing is in process of being developed. The fragility and cleaning drudgery of old surfaces are on their way out, and the products of the Arborite Company will have contributed in no small measure to that most desirable end.

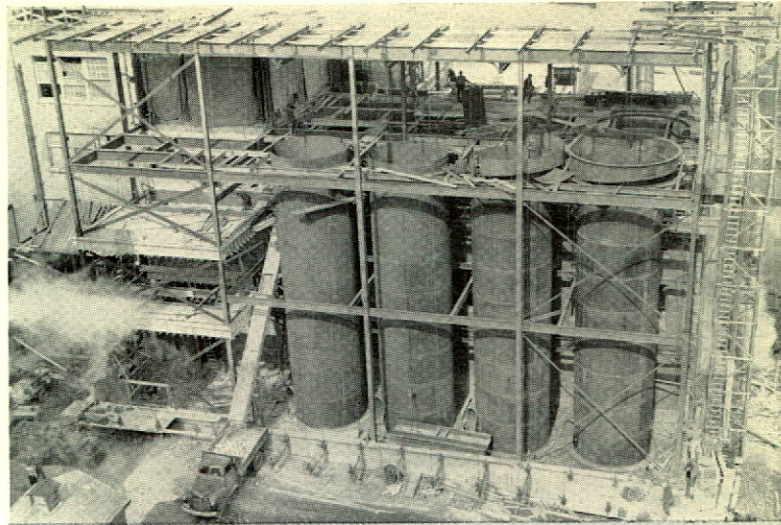
# Modernization and Expansion

With certain notable exceptions, the emphasis in 1952 has been on Modernization rather than Expansion. In the main, these consisted of additions or modifications to existing plants or processes to improve efficiency and quality. In some cases, work on these projects was started some time ago, and was completed or almost completed during the year. The following is a partial record of the more important items.

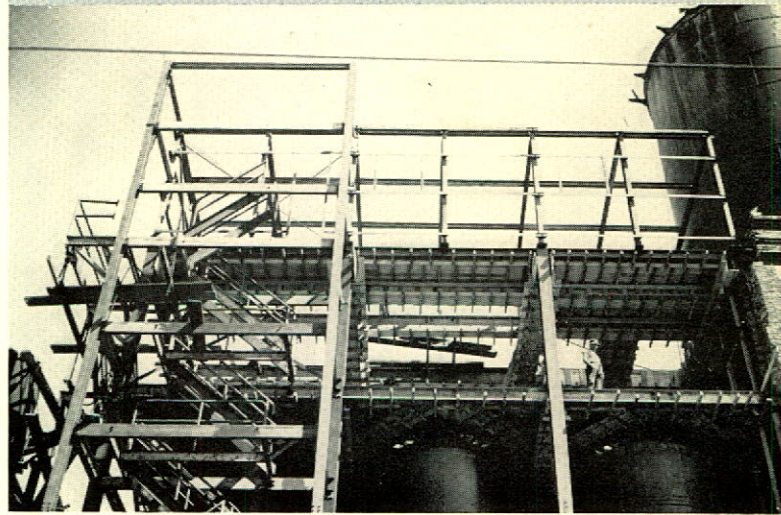
## HOWARD SMITH PAPER MILLS LIMITED

The main project in the company's programme of extensions and improvements carried on during 1952 was the Soda Pulp Mill at Cornwall, which provides for the complete modernization of the plant and the increasing of its capacity by about 100 tons per day. This project presented many difficult problems because during the time the work was under way production of pulp had to be maintained, which meant that practically all the older and more or less obsolete equipment had to be replaced piecemeal. Some of the buildings had to be replaced and enlarged and new additions built. The project, which has been under way for the past two years, is now nearing completion.

Also completed during the year was a new paper mill Shipping Building which became necessary to provide for the increase in paper production capacity brought about by the addition of No. 1 Paper Machine which came into operation at the end of 1951.



*Installing four new bleaching towers at the Soda Pulp Mill, Cornwall Division*



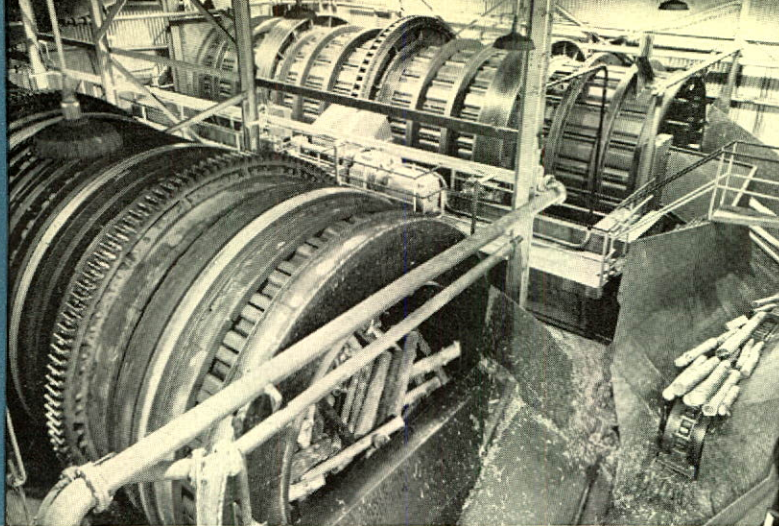
*Installing the three new digesters, Soda Pulp Mill, Cornwall Division*

## CANADA PAPER COMPANY

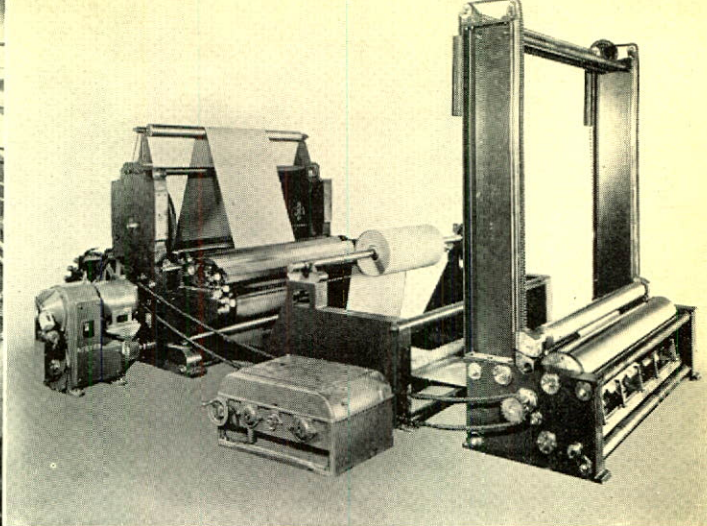
Increased barking requirements have been relieved by the installation of No. 4 Drum Barker and has resulted in cleaner and more efficient barking. Other items in the Pulp Mill included a new Electrostatic Precipitator to improve chemical recovery, a new Knot Handling system, an extension to the Lime Tank, and a Blow Steam Condenser.

In the Converted Products Division, a new Wolverine Printer and Beck Roll Sheet Cutter have been added to improve and widen the scope of printed bag production.

On the human side, the employees' Curling Rink was completed and additional parking space provided.



No. 3 and 4 Barking Drums, Canada Paper Company, Windsor Mills



New Wolverine Printer, Canada Paper Company, Windsor Mills

## ALLIANCE PAPER MILLS LIMITED

### Lybster Mill

The new No. 3 Paper Machine began operations in the Spring of 1952. This machine was specially designed for the manufacture of high grade lightweight papers such as Onionskin, Carbonizing and other specialties for which there is a growing demand.

### Lincoln Mill

The extension to the main Steam Plant was completed during the year. This project consisted of doubling the size of the boiler house itself and the installation of a high pressure 125,000# per hour boiler. This plant now has a capacity in excess of 200,000# per hour and serves all three plants, a tower steam line now connecting the steam plant with the Lybster Mill.

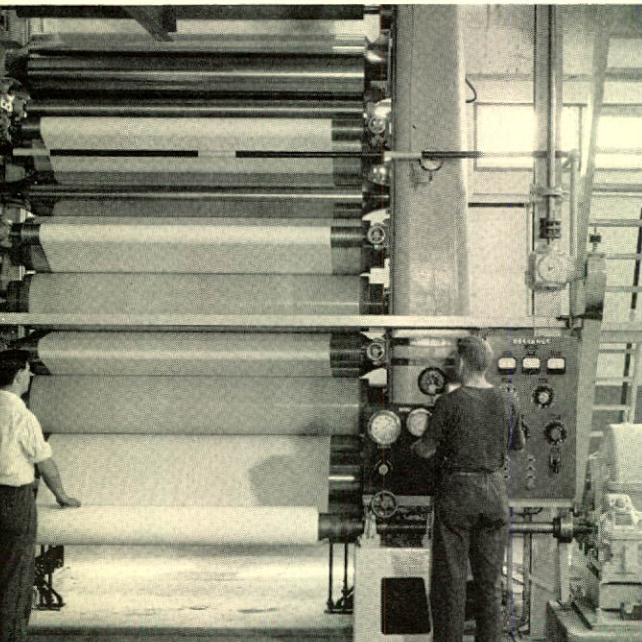
### Georgetown Division

A new 90" modern calender stack was installed to facilitate finishing operations, while new equipment designed to produce high gloss coated papers will shortly come into operation.

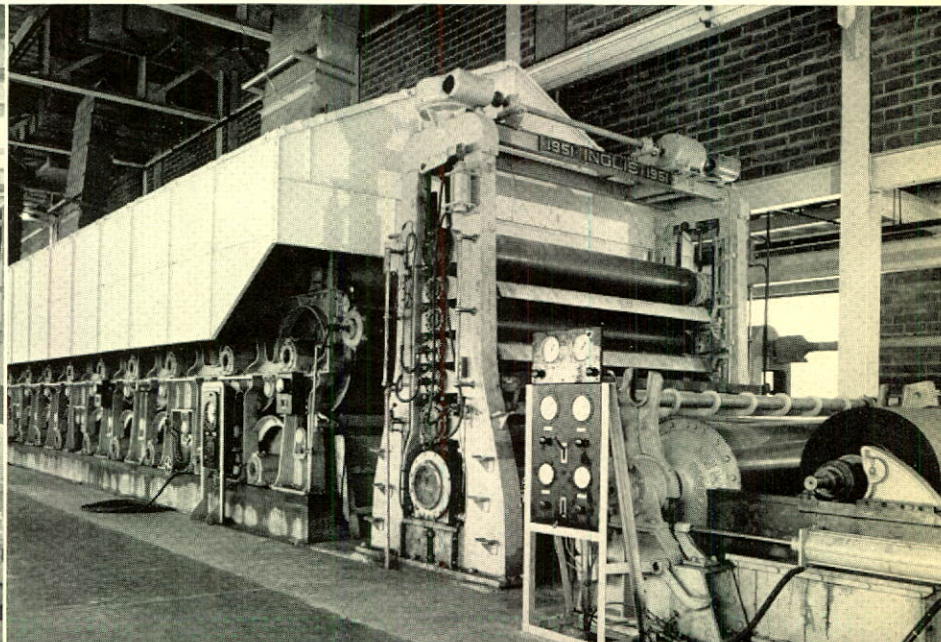
## THE ARBORITE COMPANY LIMITED

At the close of 1952, the long range expansion programme initiated in 1950 was virtually completed with most of the new production equipment in operation. Resulting improvements in the general handling of raw materials together with added economies in production cost have been very satisfactory. For the first time in its history, Arborite is now in a position to handle the increasing demands for its many products.

New 90" supercalender, Alliance Paper Mills, Georgetown Division



Dry end of No. 3 Paper Machine, Alliance Paper Mills, Merritton, Ontario

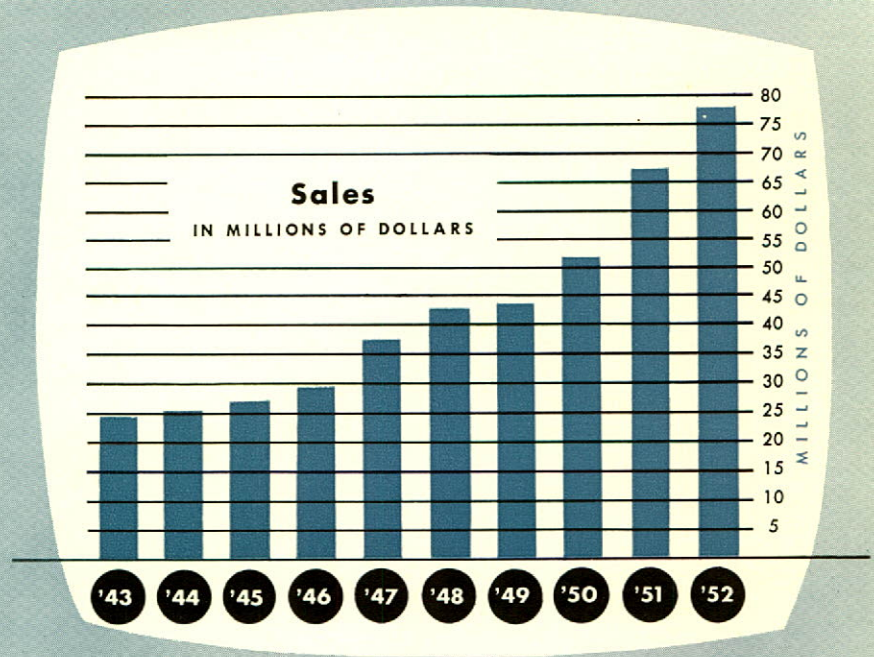




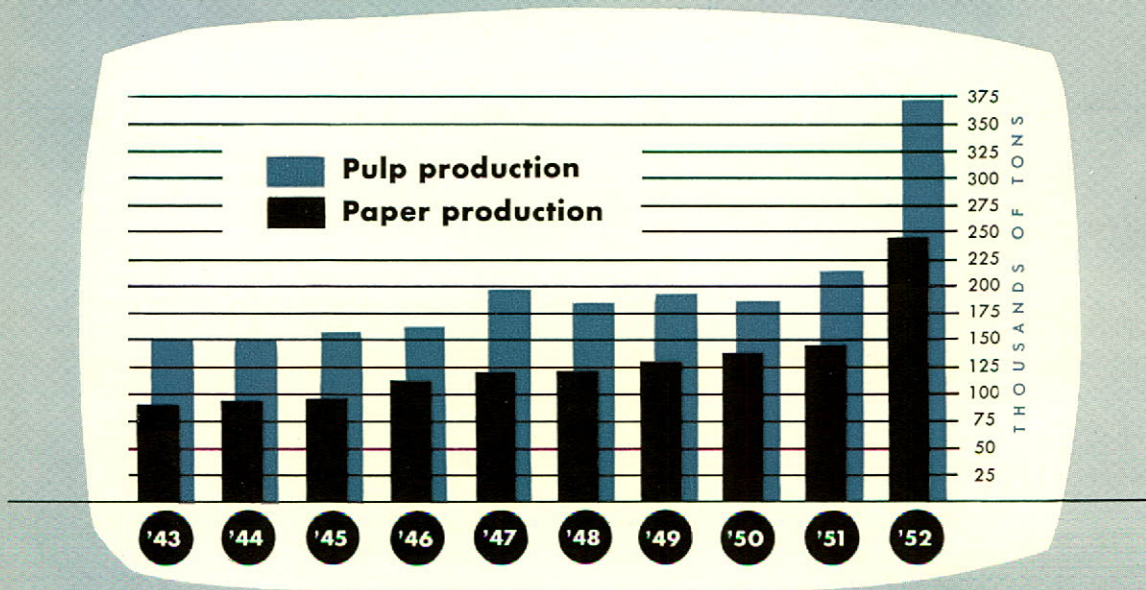
# Howard Smith

PAPER MILLS LIMITED  
AND SUBSIDIARY COMPANIES

The 1952 columns of the charts on this page include Donnacona figures for the first time. It will be noted that production totals have increased at a greater rate than dollar sales. This is in part due to the relatively lower per ton price of Donnacona products.

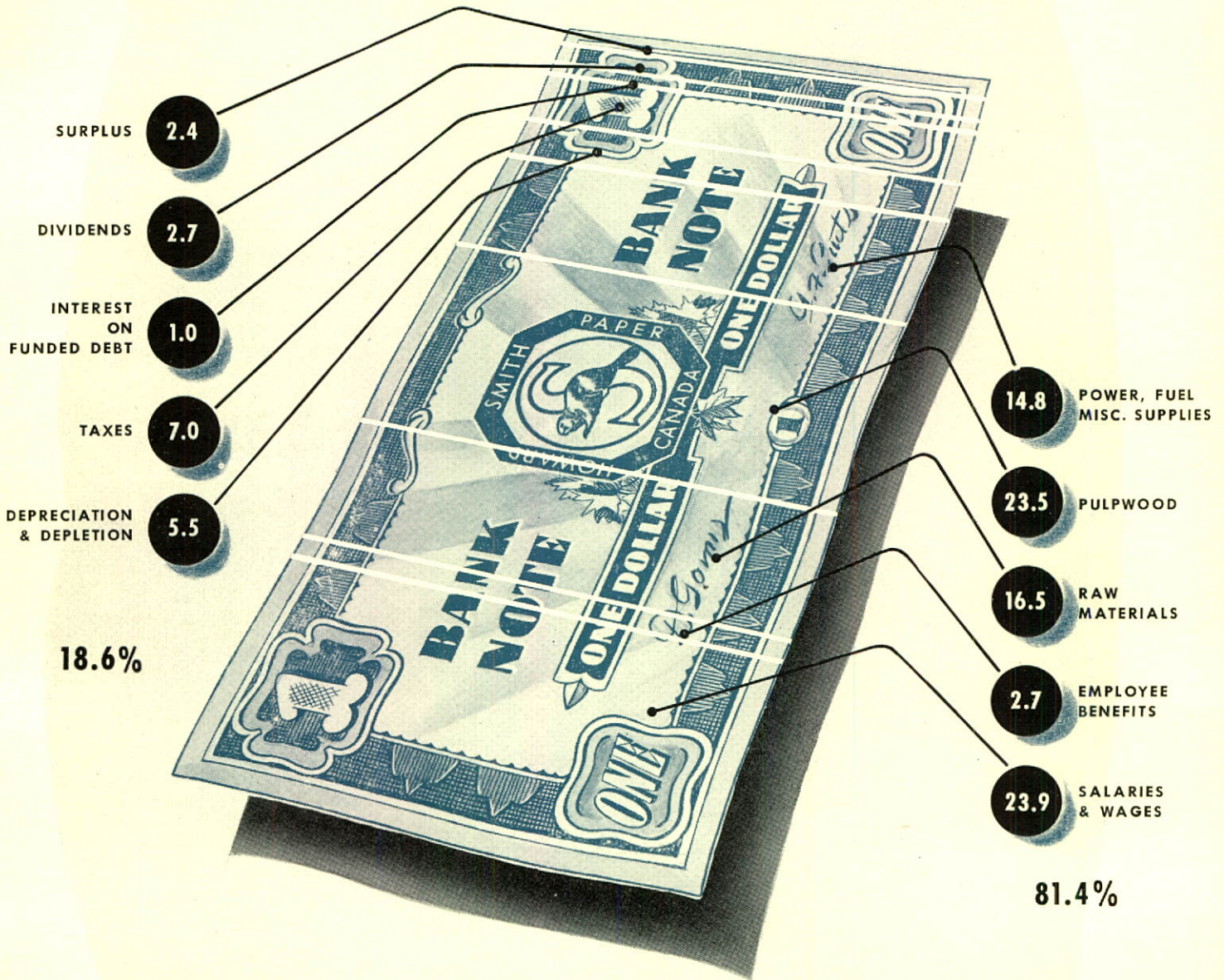


## Production and Sales



In respect to both dollar sales and production, the year was disappointing with a soft pulp market, particularly in the U.S.A., and restricted sale of paper in the domestic market. The last quarter of 1952 showed some improvement and to the date of this report that improvement has continued.

# Distributing the income dollar



In 1952 the proportion of our income dollar which was consumed by direct operating expenses increased from 76.7c. to 81.4c. This left only 18.6c. for the other sections of the business out of which a number of items had to be paid. This shrinking of the residual amount after direct operating expenses, is of some concern because of its adverse effects on profits and funds for re-investment in the business. The detailed figures show that Salaries, Wages, and Employee benefits account for 26.6c. out of each dollar of income received. Pulpwood took 23.5c., Raw Materials 16.5c., and Power, Fuel and Miscellaneous Supplies and Expenses 14.8c., for a total of 81.4c. Other disbursements included 5.5c. for Depreciation and Depletion, 7.0c. for Taxes to governments, 1c. interest on Funded Debt, leaving 5.1c. profit of which 2.7c. was paid out in Dividends and 2.4c. transferred to Surplus.

CONSOLIDATED  
*ANNUAL REPORT*

DECEMBER THIRTY-FIRST

1952



*Howard Smith*  
PAPER MILLS LIMITED  
AND SUBSIDIARY COMPANIES

# *The twenty-fifth Annual Report*

of the Directors of

## HOWARD SMITH PAPER MILLS, LIMITED

### TO THE SHAREHOLDERS:

On August 18th last, your Company made an offer of exchange to the holders, except residents of the United States, of shares of Donnacona Paper Company Limited for Common shares of Howard Smith Paper Mills Limited, on the basis of one share of Donnacona for one and one-quarter shares of this Company.

That the offer has been well received is evidenced by the fact that, at the close of business on December 31st, 1952, 91,820 Donnacona shares had been exchanged which, added to your Company's previous holdings, brought the total to 344,145 shares, equal to approximately 90.7% of Donnacona's issued and outstanding shares.

To effect this exchange your Company issued and allotted, as fully paid, 114,602 of its Common shares of no par value and fractional warrants for an additional 173 shares.

Of the remaining 9.3% of Donnacona shares in the hands of the public on December 31st, about one-half is held by residents of the United States, to whom this offer of exchange has not been made.

Since December 31st, 1952, 5,927 additional Donnacona shares have been exchanged.

Your Directors point out that, in view of your Company's major interest in Donnacona, the 1952 accounts of that Company have, for the first time, been incorporated in the annual report of your Company and its subsidiaries.

This report comprises consolidated statements of Assets and Liabilities as at December 31st, 1952 and of Profit and Loss for the year, together with statements of Capital and Earned Surplus as at December 31st, 1952 and the report of your Auditors.

Earnings from all sources, after providing for the charges set forth in the Profit and Loss Account, including allowable amounts for regular Depreciation and Depletion of \$4,241,107, were \$9,811,721.

Net Profits for the year amounted to \$3,826,882 after all charges, including a provision of \$4,950,000 for Income Taxes and of an amount of \$186,129 for Dividends paid by Donnacona to its minority shareholders and for the equity of those shareholders in the undistributed profits for the year of that Company.

Regular quarterly dividends of 50c. per share on the Preferred shares, and 25c. per share on the Common shares, were declared and total dividends for the year on both classes amounted to \$1,953,789.

Arising mainly from the consolidation of the accounts of Donnacona and supplemented by amounts transferred during the year from "Other Assets," Working Capital on December 31st, 1952 amounted to \$21,841,945, an increase of \$8,362,901.

Your attention is drawn to the manner in which the Fixed Assets are shown on the Balance Sheet. In previous years they were shown at their gross cost with the Reserve for Depreciation on the liability side, whereas this year the reserve is deducted from such assets and the net value extended.

Capital expenditures for plant improvement and expansion amounting to \$6,654,830 were made during the year. The main projects that were carried out were:

### CORNWALL DIVISION

- (a) The modernization and expansion of the soda pulp mill.

This project which has been under way for the past two years is now nearing completion.

It has presented many difficulties, occasioned by the necessity for maintaining pulp production while the work was under way.

- (b) A new paper mill shipping building was completed.

#### *CANADA PAPER COMPANY*

- (a) The installation of a new drum barker.
- (b) The installation of a new electrostatic precipitator to improve chemical recovery.

#### *ALLIANCE PAPER MILLS LIMITED*

Completion of a new paper machine (No. 3) and the extension of the steam plant.

#### *THE ARBORITE COMPANY LIMITED*

The extension to this plant continued throughout the year and, with the installation of a new hydraulic press yet to be delivered, the current programme will be virtually completed.

#### *DONNACONA PAPER COMPANY LIMITED*

The new pulp drying machine came into operation about mid-year, while the plans for re-vamping two of the paper machines are still under way.

In view of the unsettled state of the pulp market, the construction of the proposed sulphate pulp mill at the Crabtree Division, which was referred to in the last Annual Report, has been deferred. The changes to the lightweight paper machine at that Division which are to be carried out in two stages, are under way, and it is expected that the first stage will be completed by about July, 1953.

The market for your Company's products throughout the year under review, when compared to that of the previous year, was weak and spotty. Due, however, to the heavy backlog of orders at the start of the year, all paper machines were able to run full in the first quarter. During the balance of the year, however, the paper machines, except those at Donnacona, were shut down at times due to lack of orders.

Notwithstanding the increased productive capacity available over 1951, the total tonnage of paper produced, due to a decrease in demand, was down about 2.6 percent from the previous year.

The demand for all grades of woodpulp fell off drastically during the second and third quarters, followed by a moderate improvement in the fourth quarter.

The big reversal in the pulp market, from a position of shortage to one of excess production, brought about a substantial drop in the prices of all grades of pulp and this, combined with the strength of the Canadian dollar, resulted in a material reduction in your Company's net returns on its pulp sales.

At the date of this report, all paper machines are operating from five to six days per week, while the pulp mills are averaging about 80 percent of capacity.

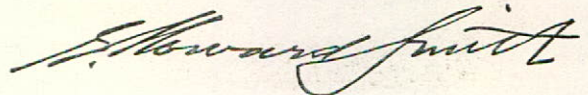
On October 23rd, 1952, the Combines Commissioner reported to the Minister of Justice on an investigation he had made of the Fine Paper Industry in Canada. This report is to the effect that, in the opinion of the Commissioner, a combine exists within the meaning of the Combines Investigation Act. What action, if any, will be taken on the basis of this report is not known, and discussion of it at this time is inexpedient.

It is with sincere regret that your Directors record the death on June 14th, 1952 of Mr. A. B. Wood, Chairman of the Board, Sun Life Assurance Company of Canada. Mr. Wood had been a Director of this Company since April 1942, and his wise guidance and counsel will be greatly missed.

Mr. George W. Bourke, President of Sun Life Assurance Company of Canada, was elected to fill the vacancy created by the death of Mr. Wood.

Your Directors record their appreciation of the loyal services rendered by the employees of the Company during the year.

Submitted on behalf of the Board,



*President.*

Montreal, March 5th, 1953.

# HOWARD SMITH PA

AND SUBSIDIA

## Consolidated Balance Sheet

### ASSETS

#### Current Assets:

Cash in Banks and on Hand.....	\$ 2,112,040	
Accounts Receivable, less Reserve for Doubtful Accounts.....	8,113,863	
Inventories of Finished Products, Work in Process, Raw Materials and Operating Supplies valued at lower of cost or market, and Advances on Woods Operations — less reserve .....	18,852,176	
		<u>\$29,078,079</u>

#### Other Assets:

Amounts set aside for Capital Expenditures and other Corporate Purposes —			
Government of Canada Bonds (par value \$4,500,000.)....	\$4,463,750		
Cash on Deposit.....	500,000		
		<u>4,963,750</u>	
Cash Surrender Value of Life Insurance Policies.....		106,049	
Investment Securities.....		490,593	
Deferred Account Receivable and Guarantee Deposits.....		167,031	
			<u>5,727,423</u>
Deferred Charges.....			297,478
Patent and Research Expenditures — less amounts written off.....			48,174

#### Fixed Assets at or below cost:

Land, Buildings, Plant, Equipment, Timber Limits and Water Powers....	81,684,993		
Deduct: Reserves for Depreciation and Depletion.....	43,257,054		
		<u>38,427,939</u>	

\$73,579,093

Signed on behalf of the Board:

HAROLD CRABTREE, Director.

E. HOWARD SMITH, Director.

# PAPER MILLS, LIMITED

RY COMPANIES

as at 31st December 1952

## LIABILITIES

### Current Liabilities:

Accounts Payable and Accrued Liabilities .....	\$ 3,114,239	
Dividends Payable .....	517,498	
First Mortgage Bonds maturing within one year .....	795,000	
Provision for Income and Other Taxes .....	2,809,397	
		<u>\$ 7,236,134</u>

### Funded Debt not maturing within one year:

Howard Smith Paper Mills, Limited —		
First Mortgage Bonds, 1950 Series		
2¾% Bonds due 1st December 1954-1960 .....	\$ 4,200,000	
3% Bonds due 1st December 1961-1970 .....	6,000,000	
		<u>10,200,000</u>
4½% Debentures — Series "A" due 1st June 1961 .....	6,500,000	
Less: Held by Subsidiary Company .....	650,000	
		<u>5,850,000</u>
Donnacona Paper Company, Limited —		
First Mortgage Bonds Series "B" and "C" 3½% Bonds maturing 1st July 1962 (\$4,510,000 payable in U.S. Funds) .....	5,330,000	
		<u>21,380,000</u>

### Reserves:

Inventories .....	1,500,000	
Contingencies .....	473,300	
		<u>1,973,300</u>
Minority Interest in Donnacona Paper Company, Limited .....		921,095

### Capital:

\$2 Cumulative Preferred Stock (redeemable on thirty days' notice at \$52.50 plus accrued dividends) —		
Authorized — 200,000 shares of \$50 each		
Issued — 160,000 shares .....		8,000,000

#### Common Stock —

Authorized — 2,500,000 shares of no par value		
Issued as at 31st December 1951 — 1,600,000 shares	\$6,923,891	
Issued in 1952 in exchange for 91,820 common shares of Donnacona Paper Company, Limited .....	114,602	2,245,053
		<u>\$9,168,944</u>

Warrants for fractional shares, aggregating 173 common shares, exchangeable on or before 31st December 1953 in connection with above exchange .....	3,389	
		<u>9,172,333</u>

Capital Surplus .....		17,172,333
Earned Surplus .....		738,584
		<u>24,157,647</u>
		<u>\$73,579,093</u>

This is the Balance Sheet referred to in our report of even date.

P. S. ROSS & SONS, Chartered Accountants.

Montreal, 3rd March 1953.

# HOWARD SMITH PAPER MILLS, LIMITED

## AND SUBSIDIARY COMPANIES



### CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT

*For the Year ended 31st December 1952*

Profit from operations for the year ended 31st December, 1952 after deducting Depreciation and Depletion \$4,241,107, Salaries of Executive Officers \$177,080, Payments under Contributory Pension Plan \$692,135, Legal Fees \$19,712 and Directors' Fees \$10,050 . . . . .		\$ 9,585,530
Income from Investments . . . . .		115,313
Royalties . . . . .		110,878
		9,811,721
<b>DEDUCT:</b>		
Interest on Funded Debt . . . . .	\$ 787,089	
Amount written off Patent and Research Expenditures . . . . .	61,621	
Provision for Income Taxes . . . . .	4,950,000	
		5,798,710
Net Profit . . . . .		4,013,011
<b>DEDUCT</b> in respect of Minority Shareholders of Donnacona Paper Company, Limited:		
Dividends . . . . .	131,200	
Equity in 1952 undistributed profits . . . . .	54,929	
		186,129
Balance for the year ended 31st December, 1952 transferred to Earned Surplus . . . . .		\$ 3,826,882

### CONSOLIDATED STATEMENT OF EARNED SURPLUS ACCOUNT

*For the Year ended 31st December 1952*

Earned Surplus, being income retained in the business as at 31st December, 1951 excluding Donnacona Paper Company, Limited . . . . .		\$20,000,687
Equity in Earned Surplus of Donnacona Paper Company, Limited at 31st December, 1951 pertaining to Common Shares thereof acquired in the years 1948 to 1951 . . . . .		2,283,867
Balance as at 31st December, 1951 including Donnacona Paper Company, Limited . . . . .		22,284,554
Balance from Profit and Loss Account for the year ended 31st December, 1952 . . . . .		3,826,882
		26,111,436
<b>DEDUCT:</b>		
Dividends on —		
Preferred Shares . . . . .	\$ 320,000	
Common Shares . . . . .	1,633,789	
		1,953,789
Earned Surplus, being income retained in the business as at 31st December, 1952 . . . . .		\$24,157,647



# HOWARD SMITH PAPER MILLS, LIMITED

## AND SUBSIDIARY COMPANIES



### CONSOLIDATED STATEMENT OF CAPITAL SURPLUS ACCOUNT

*For the Year ended 31st December 1952*

Balance as at 31st December, 1951, before adjustment arising from consolidation of Donnacona Paper Company, Limited.....		\$ 2,405,640
<b>DEDUCT:</b>		
Adjustment arising from consolidation of Donnacona Paper Company, Limited.....	\$1,736,700	
Expenses in connection with acquisition of shares of Donnacona Paper Company, Limited.....	12,252	
	1,748,952	
		656,688
<b>ADD:</b>		
Net Profit from sales of Investment Securities and Fixed Assets.....		46,876
Amount received from Life Insurance Policy in excess of premiums paid.....		35,020
Balance as at 31st December, 1952.....		\$ 738,584

### AUDITORS' REPORT TO THE SHAREHOLDERS

*Montreal 1, Que., 3rd March 1953.*

*HOWARD SMITH PAPER MILLS, LIMITED,  
Montreal.*

We have examined the consolidated balance sheet of Howard Smith Paper Mills, Limited and its Subsidiaries as at 31st December, 1952 and the related statements of profit and loss and surpluses for the year ended on that date and have obtained all the information and explanations we have required. In connection therewith we have examined or tested accounting records and other supporting evidence of Howard Smith Paper Mills, Limited and two of its subsidiary companies but we did not make a detailed audit. We have been furnished with audited financial statements as of the same date, certified by other accountants, for all other subsidiaries whose records were not examined by us.

The surplus of Donnacona Paper Company, Limited, a subsidiary included in the consolidation, is subject as to distribution to the restriction imposed by the trust deed as amended securing the first mortgage bonds issued by that subsidiary.

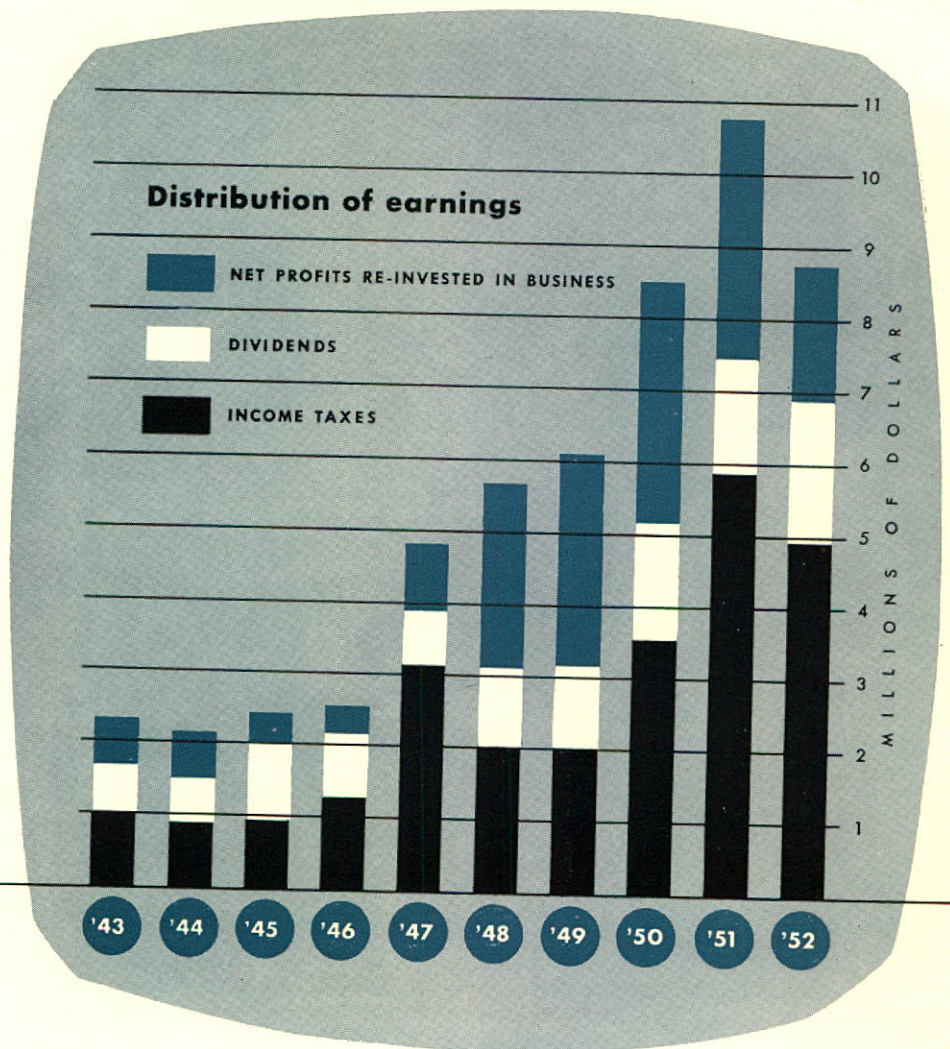
On the above basis we report that the accompanying consolidated balance sheet and related statements of profit and loss and surpluses are, in our opinion, properly drawn up so as to exhibit a true and correct view of the combined state of affairs of Howard Smith Paper Mills, Limited and its Subsidiaries as at 31st December, 1952 and the results of their operations for the year ended 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 examined by us and the financial statements furnished to us.

P. S. ROSS & SONS,  
*Chartered Accountants.*

## COMPARISONS—1952

	H.S.P.M.LTD. and Subsidiaries except Donnacona Paper Co., Limited	H.S.P.M.LTD. and all Subsidiaries including Donnacona Paper Co., Limited
<b>As At 31st December, 1952</b>		
Working Capital.....	\$15,392,694	\$21,841,945
Funded Debt.....	\$17,300,000	\$22,175,000
Fixed Assets before deducting Depreciation and Depletion Reserves.....	\$59,802,638	\$81,684,993
Depreciation and Depletion Reserves.....	\$31,383,174	\$43,257,054
 <b>For the Year 1952</b>		
Provision for Taxes on Income.....	\$ 3,654,081	\$ 4,950,000
Profits after Taxes.....	\$ 3,292,446	\$ 3,826,882
Sales.....	\$60,134,478	\$77,241,203
Capital Expenditure.....	\$ 5,161,057	\$ 6,654,830
 <b>Production of Principal Products</b>		
Paper.....	140,855 tons	245,159 tons
Pulp.....	222,179 tons	373,669 tons
Building Board, excluding Arborite Products.....		26,681 tons

## 10 year Distribution of Earnings



The earnings of a business are naturally of great importance to it. In some years these are relatively high and in others low, depending on the general level of business and the efficiency of the company's operations. Of almost equal importance though is what a company does with its earnings. First there are income taxes which must be met and over which the company has little control. In 1952 these amounted to some 55% of our earnings. This left us with 45% for distribution by the directors to the best advantage of all. If the major

part is paid out in dividends, the shareholders may benefit immediately, but they forsake the future returns that re-invested capital brings. Without the constant flowing back of earnings into the business, it is virtually impossible to maintain its operating units at peak efficiency and keep pace with business expansion. That is why we have always apportioned a goodly share of our earnings for re-investment in the business to the end that we maintain efficient operating plants which can compete successfully in our ever growing market.



Aerial view Donnacona Paper Company Limited, Donnacona, Quebec

PHOTO BY SPARTON AIR SERVICES



# The Donnacona Paper Company Limited

This is the newest member of the Howard Smith family. The mill is located on the St. Lawrence River at the juncture of the Jacques Cartier, some 28 miles west of Quebec City. Its main products are Newsprint, the three machines making 105,000 tons annually; Insulating Board with current yearly production at the rate of 90,000,000 square feet; and Unbleached Sulphite Pulp of which approximately 35,000 tons are available for sale.

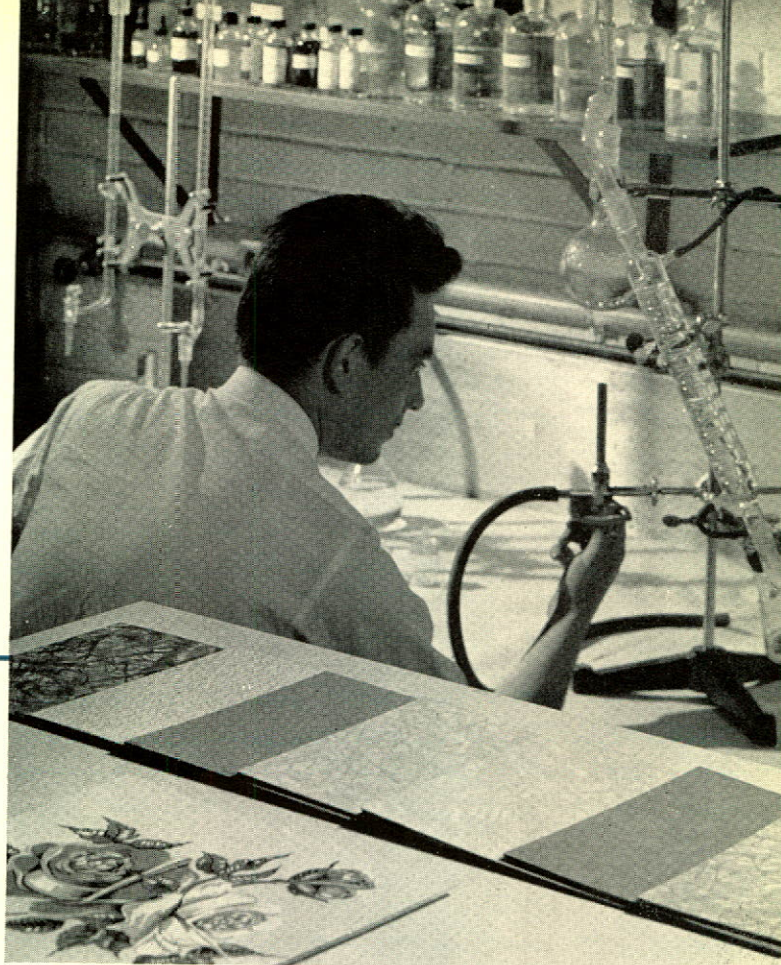
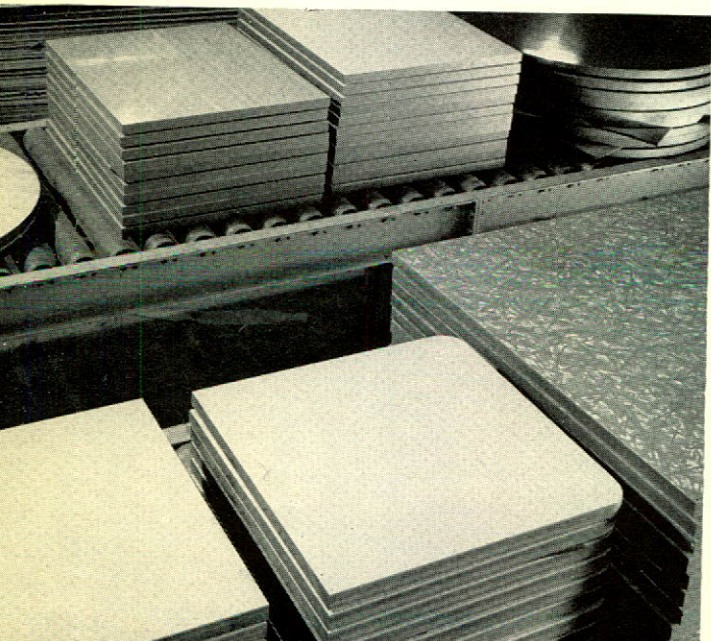
The Company was established in 1914 and owns or leases 1650 square miles of timber limits. It has its own fleet of vessels for carrying pulpwood and six transporting newsprint to New York via the Richelieu River and Lake Champlain. Exclusive of those cutting wood, its employees number about 1000.

The acquisition of Donnacona adds to the variety of products made by Howard Smith and its subsidiaries.

# Arborite in action

Since its introduction to the Canadian market, a few short years ago, Arborite's galaxy of colours, patterns and wood grains have found many different applications from coast to coast in homes, institutions, stores, hotels, restaurants and beverage dispensing industries. It provided new ideas for horizontal and vertical surfacing which were soon hailed as major advances in the search for a decorative material of great permanence, beauty and ease in cleaning and up-keep. At long last the housewives and business owners were offered a surface which never needed painting, resisted chipping and cracking and retained its beauty and utility for many years as it was unaffected by alcohol, fruit juices, mild alkalies and acids, and moderate heats.

*3/4" Arborite table top cut to size and shaped*



*One of the many tests for quality control in the Arborite plant*

## **Three Forms of Arborite**

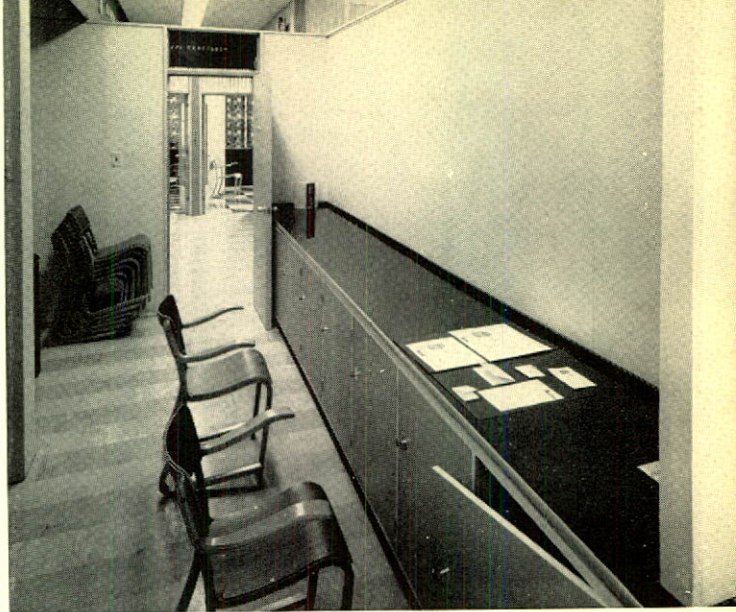
Arborite is marketed in three forms, each of which has a number of applications in its field. The four by eight foot Decorative Wallboard grade is approximately  $\frac{1}{8}$  inch thick and is specially designed for on-the-job construction. This enables the carpenter or house craftsman to apply it with simple tools, adhesives and mouldings to horizontal surfaces such as counters and tables, and vertical wall surfaces. The Table Top grade is  $\frac{1}{16}$  inch and is usually laminated to a plywood or other wood core. Because of the techniques and pressures involved, this grade is used almost exclusively by the professional furniture and store fixture manufacturers. The third form of Arborite is the Solid  $\frac{3}{4}$  inch Table Top grade which is entirely self-supporting. It is cut to size and shape to order and is usually mounted later on metal legs or pedestals for restaurants and industrial cafeterias.

### **Arborite in the Home**

The home owner can find many uses for Arborite in either new construction or re-modelling. In the kitchen, Arborite is unsurpassed for counters and splashbacks, tables, and for stove and refrigerator stalls where grease and dust are likely to gather. Bathrooms too need the water-resisting and cleaning ease of Arborite. Some installations consist of a simple four or three foot dado with shower stall full-surfaced. In others, Arborite is used to cover all wall and ceiling areas.

In the laundry, the walls, tables, and rinse tubs are often surfaced with Arborite because the heat and moisture condensing on conventional walls often leads to serious paint and plaster troubles. Rumpus rooms and children's nurseries are subject to some abuse and soil marks. Here the ease with which Arborite can be cleaned is a welcome aid to housekeeping.

*Arborite in the kitchen is ideal for the table top, counter top, splashbacks and walls*



*Arborite in the modern office — even the chair backs and seats are Arborite*

### **Commercial Uses of Arborite**

The commercial uses of Arborite are many and varied. Restaurants, bars, taverns, and soda fountains use it for table and counter top, for counter facings and for walls and stalls. Retail and chain stores use large quantities for counters and walls where its tough surface withstands the abuse of heavy traffic. Public buildings are turning to Arborite as a means of obtaining permanent surfaces for hallways, lavatories and offices. Hotels use it for the tops of built-in furniture where its resistance to ring-marking and cigarette burns keep room decoration costs to a minimum. Hospitals use the  $\frac{3}{4}$  inch Table Top Grade for over-the-bed tables and trays, because its solid and non-absorbable surface reduces the risk of spreading disease. It is this same feature that is causing more and more food handlers or processing plants to install easy-to-clean Arborite.

*Arborite makes the bathroom colourful, easy-to-clean and absolutely waterproof*





*Arborite used throughout to achieve a modern, deluxe spic and span appearance*



*A transition piece from chrome furniture to fine furniture*

### **Arborite for Furniture**

The first large-scale use of Arborite in Canada in the furniture field was in the so-called chrome dinette sets. Here the bright colours and patterns, plus the tubular chrome supports, combined to achieve a modern and colourful effect. Soon the fabric manufacturers matched the colours and patterns enabling matching or contrasting sets of dinette tables and chairs. The use of Arborite was by no means restricted to this type of furniture and a considerable volume found its way into many different kinds of specialties and custom-built articles.

During the last two years, there has been a steady development of the wood grains. These have now reached the stage of perfection where they are the equal in appearance to natural wood surfaces. Add to this the superior resistance to liquids, heat, abrasion, and shock, and it is no wonder that manufacturers of fine furniture are exploring the possibility of replacing their wood veneers with Arborite. In spite of improved varnishes and lacquers, natural wood finishes are easily scratched, they are marked by wet glasses or cigarettes, and the surface often "crazes" with heat. When once scarred, they are difficult to renew and consequently the usual practice is to protect them with fabric covers, glass tops or individual doilies and coasters.

Perhaps the most abused article of fine furniture is the coffee or occasional table. Currently, many

thousands of these are being surfaced with Arborite which has proven its superiority over wood. Prototypes of other types of furniture such as smoking tables, bedroom and even dining room sets are being designed and built. As furniture manufacturers gain more experience with the techniques of using Arborite, we can look forward confidently to a large volume in this field. There is hardly a doubt that the fine furniture of the future will be surfaced with Arborite.

In every field, the market for Arborite is expanding. It has proven itself as a superior surfacing material in a wide variety of products and locations. The outlook for the future is favourable and potentials at least seem almost unlimited. From a laboratory miracle of a few years ago, Arborite has become almost a household word across Canada and wherever you go you will see Arborite in Action.

*This bedside hospital equipment is made from popular Arborite 3/4" table top*



# Arborite advertising and sales promotion helps



Arborite trade paper advertising, displays and sales promotion helps, are designed to increase the sales efforts of the dealers and to acquaint them with new developments as they occur.



**Le Samedi**  
LE MAGAZINE MENSUEL DE CANADIENS

**Chatelaine**  
1 WOMAN'S GUIDE BY CHILDREN IN A SMALL TOWN

**Moderne**  
La Revue

**MAGLEAN'S**  
WHAT'S BEHIND THE DEFENSE SCANDAL?

**Home Journal**  
CANADIAN

**Populaire**  
LA REVUE

**Beauty in the Bathroom**  
with **Arborite**

**Look! a Kitchen fit for a...**  
thanks to **Arborite**  
The Superb, Decorative Permanent Beauty To...  
"When a beautiful kitchen is rugged but beautiful Arborite wallboard material will give you Arborite in abundance as much as it wipes clean with a moist cloth or is affected by grease, oil, or media painting or painting. For walls, counter tops, getting complete satisfaction in your home."  
See your local...  
**THE ARBORITE COMPANY LIMITED**  
285 Cedar St. Montreal

**Arborite** At Home in Living and Dining Room, Kitchen or Bathroom  
MEET THE FURNITURE SURFACE *With a Future!*  
YES, you'll be seeing more and more furniture surfaced with Arborite... furniture you'll be proud to own. All the well-known, enduring properties of Arborite will be at your service to make its living beauty last... and last. There is too economy in adding the luxury touch of Arborite surface of furniture to your home.  
You too can take advantage of the many qualities that furniture and fixture manufacturers see in Arborite. Use Arborite wallboard right in your own home... for kitchen and bathroom walls, counter tops and splashbacks... because it is cigarette-proof, won't stain or discolour, scuff or chip and is available in a wide range of attractive colours and patterns.  
See your local...  
**THE ARBORITE COMPANY LIMITED**  
MONTREAL 33, QUE.  
Ontario Sales Office - 139 Bay Street, Toronto

**Arborite** for a Kitchen?  
Imagine one like this!...  
See your local...  
**THE ARBORITE COMPANY LIMITED**  
MONTREAL 33, QUE.  
139 Bay St., Toronto

Class consumer magazines with large feminine readership carry the Arborite story direct to the housewife.

# Main Offices and Properties

**Howard Smith**  
PAPER MILLS LIMITED  
AND SUBSIDIARY COMPANIES

## Administration and Sales Offices

### MONTREAL, Quebec

Alliance Paper Mills Limited  
Sales Office  
The Arborite Company Limited  
Head Office  
Canada Paper Company  
Head Office  
Don Valley Paper Co. Limited  
Sales Office  
Donnacona Paper Company Limited  
Export Board Sales Office  
Howard Smith Paper Mills Limited  
Head Office

### QUEBEC CITY, Quebec

Donnacona Paper Company Limited  
Head Office

### TORONTO, Ontario

Alliance Paper Mills Limited  
Sales Office  
The Arborite Company Limited  
Sales Office  
Canada Paper Company  
Sales Office  
Don Valley Paper Co. Limited  
Head Office  
Howard Smith Paper Mills Limited  
Sales Office

### MERRITTON, Ontario

Alliance Paper Mills Limited  
Head Office

### WINNIPEG, Manitoba

Alliance Paper Mills Limited  
Sales Office  
Canada Paper Company  
Sales Office  
Don Valley Paper Co. Limited  
Sales Office  
Howard Smith Paper Mills Limited  
Sales Office

## Pulp and Paper Mills; Converting Plants

### HOWARD SMITH

Beauharnois, Quebec  
Cornwall, Ontario  
Crabtree Mills, Quebec  
Winnipeg Flax Division

### CANADA PAPER COMPANY

Windsor Mills, Quebec

### ALLIANCE PAPER MILLS

Georgetown, Ontario  
Merritton, Ontario

### DON VALLEY PAPER COMPANY

Toronto, Ontario

### DONNACONA PAPER COMPANY

Donnacona, Quebec

### ARBORITE COMPANY

Ville LaSalle, Montreal, Quebec

## Wholesale Trading Branches

### BUNTIN, GILLIES & CO. LIMITED

Hamilton and Ottawa

### CANADA PAPER "WHOLESALE" LIMITED

Toronto and Montreal

### FEDERAL PAPER COMPANY LIMITED

Montreal and Ottawa

### THE FRED W. HALLS PAPER CO., LIMITED

Toronto and London

### KILGOUR'S LIMITED

Toronto, Montreal, Ottawa  
Hamilton, London, Winnipeg

### SCHOFIELD PAPER CO., LIMITED

Halifax and Saint John

## Woodlands Offices and Timber Limits

### PROVINCE OF QUEBEC

Amos, Cedar Rapids, Gaspé,  
Jacques Cartier River, Lyster, New  
Carlisle, Oskelaneo, Papinachois,  
Sault au Mouton, Windsor Mills

### PROVINCE OF ONTARIO

Cochrane, Mattawa, North Bay,  
Sudbury

**Cover** Lithographed from 4-colour process plates, and 2 extra colours, on Glosskote Cover, White, 20 x 26 — 130(M).  
Types used for outside back, and inside front and back covers are 20th Century Bold and Medium, Garamond Bold and Deepdene.

**Inside pages** Printed letterpress in 2 colours on Alliance Luxafold Enamel, White, 25 x 38 — 160 (M).  
Types used are Deepdene No. 315, 12 pt. leaded 2 points with Garamond Bold for headings.  
Sub-headings in 20th Century Extra Bold with Garamond Bold for occasional paragraph side headings. 20th Century Bold and Medium on Charts.

Howard Smith

PAPER MILLS LIMITED

AND SUBSIDIARY COMPANIES

## Main Products

### *Alliance and Don Valley*

Glassine; Greaseproof; Onionskin; Waxing, Carbonizing; Coated Book; Coated Litho; Coated Bristol; Tag; Cover; Blotting; Bristol; Flour Sack; Potato and Flour Bags; Bleached Sulphite Pulp; Specialties.

### *Arborite Company*

Decorative Paperbase Laminates for Decorative Wallboard and Table or Countertop Application. Complete range of Paper and Cloth Laminates for electrical and other industrial uses.

### *Canada Paper Company*

Wrapping and Converting Krafts, Manilla Envelope; Rotogravure and Catalogue Papers; Tag; Wrapping and Toilet Tissues; Paper Towels; Krinkled and Infused Kraft; Grocery, Multiwall and Specialty Bags; Bleached and Unbleached Sulphate Pulp; Groundwood Pulp.

### *Donnacona*

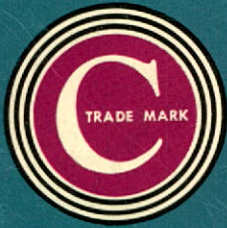
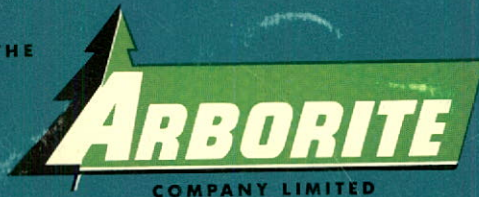
Newsprint; Insulating Board; Sheathing Board; Acoustical Board; Plaster Base; Unbleached Sulphite Pulp and Specialties.

### *Howard Smith*

Rag and Sulphite Bond and Ledger, Papeterie, Writing, Duplicating, Envelope, Exercise, Book, Litho, Offset, Text, Cover, Blotting, Drawing, Tissue, and Cigarette Paper; Base stock for Blue Print and Black Line Papers; Index and Printing Bristols, Boxboard, Blanks and other Specialties; Bleached Sulphite and Soda Pulps; Groundwood Pulp; Vanillin and Lignin.



THE



THE CANADA PAPER  
COMPANY LIMITED



DON VALLEY  
PAPER COMPANY LIMITED



THE DONNACONA  
PAPER COMPANY LIMITED



ALLIANCE  
PAPER MILLS LIMITED