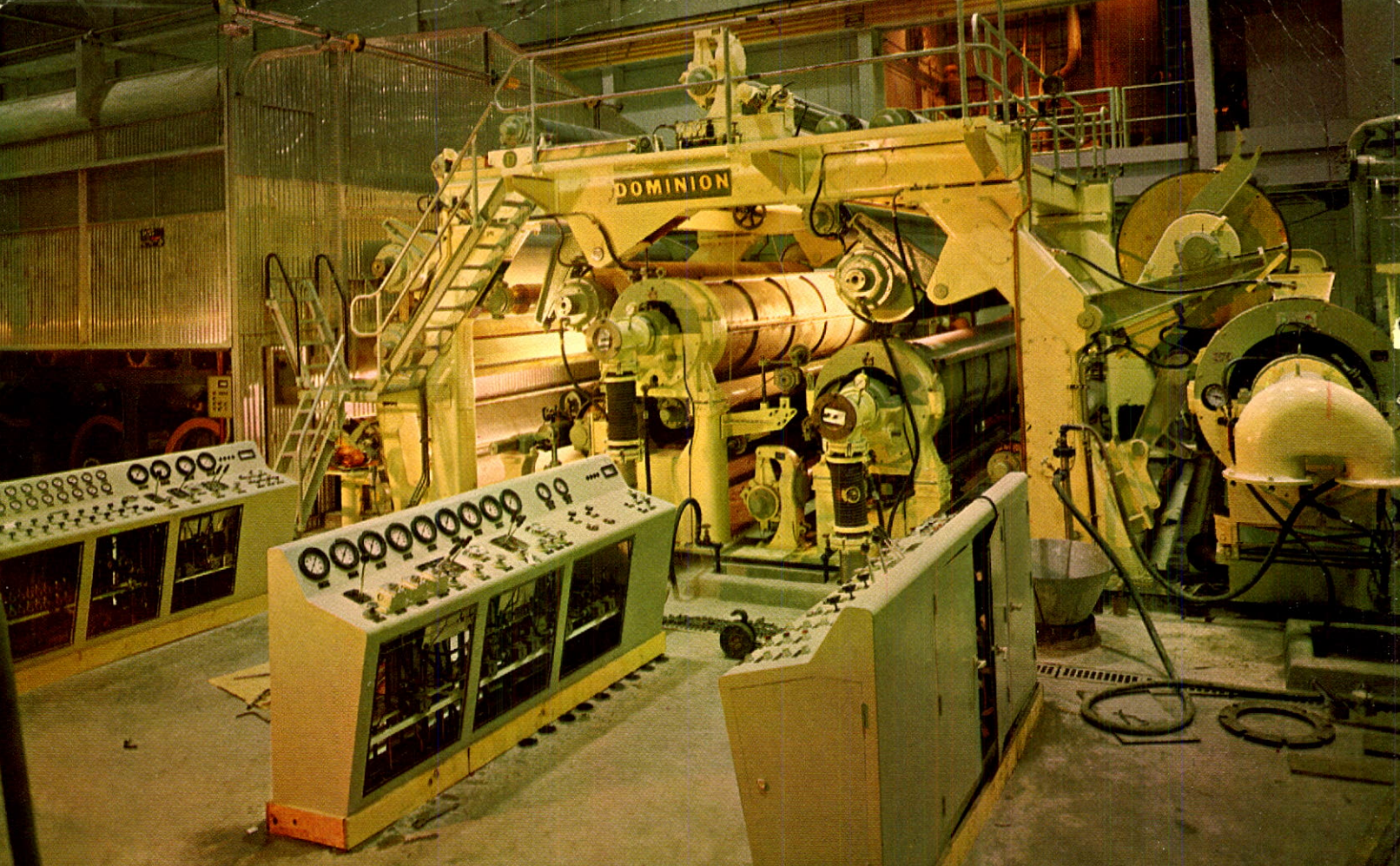


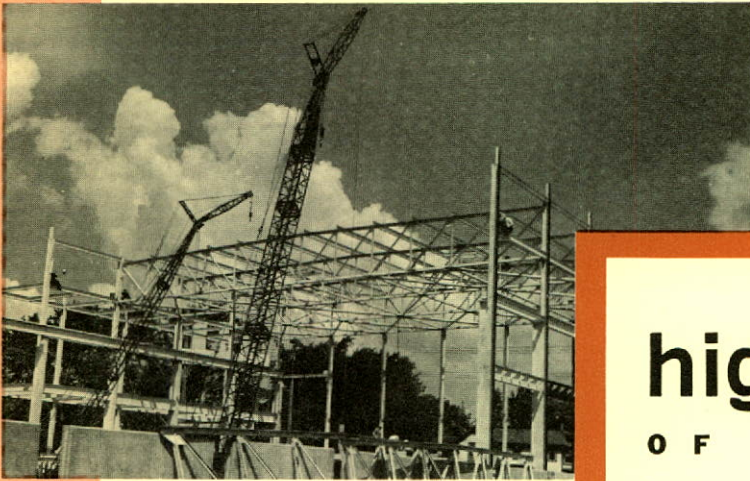
annual report

Howard Smith PAPER MILLS LIMITED
1959
AND SUBSIDIARY COMPANIES



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highlights

O F T H E Y E A R

	1959	1958
Total pulp production — tons	364,684	374,569
Total paper production — tons	289,612	281,253
Net Sales	\$109,063,968	\$105,124,199
Net Earnings	\$6,109,190	\$6,068,527
Common shares outstanding at year end	1,857,910	1,857,910
Net earnings per common share	\$3.12	\$3.09
Dividends per share —		
Preferred stock	\$2.00	\$2.00
Common stock	\$1.20	\$1.20
Expenditures for plant additions and improvements	\$16,057,432	\$7,012,358
Working Capital	\$26,518,006	\$35,491,808
Common Shareholders' equity — per share	\$35.71	\$33.79
Number of employees	7,419	7,695

COVER PHOTOGRAPHS: *Our front cover illustration was photographed as No. 6 Paper Machine, Cornwall Division, neared completion. It shows the Wet End with the Fourdrinier Section moved to one side. The photographs on the opposite page show (top) the Press Section and (bottom) a view from the Dry End showing the two Calenders and part of the Dryers*



OFFICERS

H. ROY CRABTREE, *Chairman of the Board*
D. S. ABBOTT, *President*
H. E. MASON, *Executive Vice-President*
J. M. THOMPSON, *Vice-President*
W. H. AIRD, *Vice-President*
W. F. MCCOLM, *Vice-President*
WATSON GILLEAN, *Secretary*
KENNETH G. PENDOCK, *Treasurer*
A. G. LASCHINGER, *Controller*

DIRECTORS

*D. S. ABBOTT
*W. A. ARBUCKLE
DEGASPE BEAUBIEN, C.B.E.
GEORGE W. BOURKE
*H. ROY CRABTREE
HON. GEO. B. FOSTER, Q.C.
*W. N. HALL
R. D. HARKNESS
W. H. HOWARD, C.B.E., Q.C.
H. E. MASON
*M. WALLACE McCUTCHEON, C.B.E., Q.C.
*JOHN A. McDOUGALD
HOWARD MURRAY, O.B.E. (*deceased*)
*W. E. PHILLIPS
J. EDOUARD SIMARD
E. HOWARD SMITH
*E. P. TAYLOR
*COLIN W. WEBSTER

**Member Executive Committee*

Auditors

MESSRS. ROSS, TOUCHE AND CO.

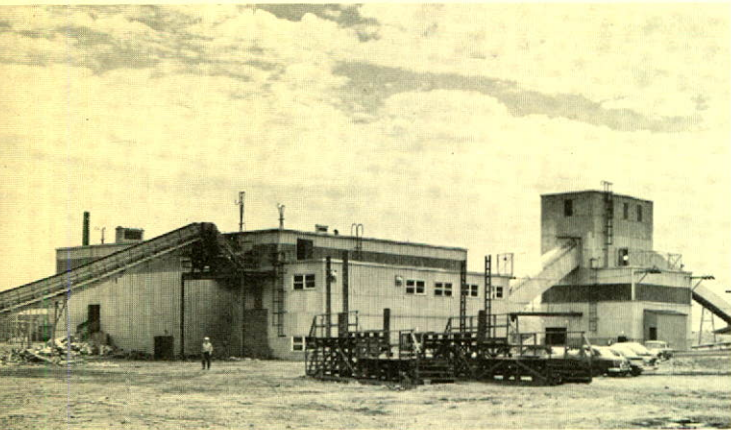
*The Shares of the Company are dealt in
on the following exchanges:*

MONTREAL STOCK EXCHANGE
TORONTO STOCK EXCHANGE
AMERICAN STOCK EXCHANGE

Howard Smith

PAPER MILLS LIMITED &
SUBSIDIARY COMPANIES

Executive Offices:
2300 SUN LIFE BUILDING
MONTREAL 2



32nd annual report

OF THE DIRECTORS OF
HOWARD SMITH PAPER MILLS LIMITED

FOR THE YEAR ENDING DECEMBER 31, 1959

TO THE SHAREHOLDERS

The year under review saw a marked improvement in demand for practically all types of paper products including newsprint, kraft, fine and specialty papers.

SALES AND EARNINGS

Net Consolidated Sales for 1959 were \$109,063,968 — this compares with \$105,124,199 in the previous year.

Net Profits for the year, after making allowances for all charges including depreciation, depletion and income taxes, were \$6,109,190 — slightly more than the profits for 1958 of \$6,068,527. These profits amounted to \$3.12 per common share for 1959 as compared with \$3.09 for 1958, after providing for preferred dividends and minority shareholders' interests.

This increase was after providing for —

- i An increase in the provision for depreciation and depletion from \$4,869,924 in 1958 to \$5,460,378.
- ii Increased wage and freight costs which could not be offset by adequate increases in the price of our products.
- iii Higher income tax rates.
- iv Additional costs incurred as an incident of the installation of new major facilities at the Cornwall and Georgetown Mills.
- v The higher average discount rate prevailing on U.S. funds in 1959 over 1958.

DIVIDENDS

Dividends totalling \$2,549,492 were declared during the year at an annual rate of \$2.00 per share on the preference stock and \$1.20 per share on the common stock. These were at the same rate as paid in 1958.

FUNDED DEBT

During the year serial bonds were redeemed and sinking fund requirements met totalling \$1,537,000 as required by the Trust Deeds covering the bonds and debentures of your Company and Donnacona Paper Company Limited. Consolidated funded debt outstanding at the end of the year amounted to \$12,743,500 principal amount.

CAPITAL EXPENDITURES

Capital Expenditures of \$16,057,432 covered the completion of the major capital programme initiated in 1957 the total cost of which has been met largely from the sale of Crabtree Mills together with working capital obtained from operations since its commencement. The most important project in that programme was the installation of a new paper machine and related services at Cornwall for the production of fine and specialty papers. This machine has a capacity of 40,000 tons per year and commenced operation in January, 1960.

These new facilities at Cornwall give your Company the necessary production capacity to meet the growth requirements in the fine paper field and to take over the production of those grades of fine paper which Westminster Paper Company has been making for us since the sale of our Crabtree Mill in 1957.

With a view to increased integration, facilities were also installed at Cornwall for production of high grade kraft pulps.

To enable us to participate fully in the growing market for Coated Papers, new production equipment for the manufacture of these grades has been installed at the Georgetown Plant of Alliance Paper Mills. A new air knife coater approximately doubles our coating capacity while eliminating the need for several obsolete brush coaters. Storage facilities have also been enlarged and a new steam boiler installed to provide supporting services for the new coater.

In pursuance of your Company's policy of keeping all its mills in efficient and sound operating condition, normal expenditures for maintenance and repairs and some capital expenditures have been made on our other plants and equipment.

LABOUR RELATIONS

Labour agreements covering operations of the Mills of Alliance Paper Mills Limited, Don Valley Paper Company Limited, Canada Paper Company and your Company were negotiated in 1958 for a term of two years and will be open for re-negotiation in 1960.

After extended negotiations and arbitration, an agreement was reached with the employees of Donnacona Paper Company Limited early in 1959 on a basis consistent with the 1958 pattern of settlement for other newsprint manufacturers. This agreement will extend to April 30, 1961.

The Collective Labour Agreements of The Arborite Company Limited and Huron Forest Products Co. Limited opened for negotiations during 1959 and in both cases these negotiations were protracted. Nevertheless settlements were reached on a mutually satisfactory basis with the new agreement for Arborite extending to January 31, 1962 and for Huron Forest Products to November 30, 1960.

BOARD OF DIRECTORS

Mr. Howard Murray, O.B.E., a Director of your Company for thirty-eight years, died on July 12, 1959. We deeply regret his loss and will greatly miss his experience and wise counsel.

OUTLOOK

Prospects of the paper industry are more encouraging than they have been for some time. The strong demand for practically all types of paper products which became evident in the last quarter of 1959 shows indications of being sustained throughout 1960. Your Company is in an excellent position to take advantage of this improved demand, due to its new productive facilities. During the construction of these facilities, additional costs were necessarily incurred without offsetting benefits from additional production to support them. That state of affairs no longer exists.

Your Directors take this opportunity to express sincere thanks to our many employees for their loyalty and cooperation. Although the new year will bring its problems, we are entering it in the knowledge that we have staff and worker competence with which to meet those problems.

Submitted on behalf of the Board:

H. ROY CRABTREE
Chairman

D. S. ABBOTT
President

Montreal, February 12th, 1960.

HOWARD SMITH PAPER MILLS, LIM

CONSOLIDATED BALANCE SHEET

ASSETS

	<i>31st December</i> <u>1959</u>	<i>31st December</i> <u>1958</u>
<i>Current Assets:</i>		
Cash	\$ 1,179,225	\$ 1,234,068
Guaranteed trust deposits and short term securities	2,638,600	7,384,033
Accounts receivable, less allowance for doubtful accounts	13,905,102	13,306,476
Inventories of finished products, work in process, raw materials and supplies, at lower of cost or market	19,016,089	20,134,850
Advances on woods operations	2,483,894	3,707,995
	<u>39,222,910</u>	<u>45,767,422</u>
 <i>Investments in and advances to other companies, at cost</i>	 <u>1,589,580</u>	 <u>1,593,580</u>
 <i>Fixed Assets:</i>		
Land and water power, at cost	2,042,916	2,044,616
Buildings, machinery, equipment and timber limits, at cost	131,892,414	116,511,540
	<u>133,935,330</u>	<u>118,556,156</u>
Deduct: Accumulated depreciation and depletion	75,489,443	70,728,022
	<u>58,445,887</u>	<u>47,828,134</u>
 <i>Prepaid expenses, guarantee deposits and other assets</i>	 <u>1,183,162</u>	 <u>792,396</u>
 <i>Signed on behalf of the Board of Directors:</i>		
D. S. ABBOTT, <i>Director.</i>	<u>\$100,441,539</u>	<u>\$ 95,981,532</u>
H. ROY CRABTREE, <i>Director.</i>		

AUDITORS' REPORT TO THE SHAREHOLDERS

HOWARD SMITH PAPER MILLS, LIMITED,
Montreal, Que.

We have examined the consolidated balance sheet of Howard Smith Paper Mills, Limited and subsidiary companies as at 31st December 1959 and the related consolidated statements of income and expenditure and earned surplus for the year ended on that date and have obtained all the information and explanations we have required. Except for one subsidiary company not examined by us, our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances. Other chartered accountants have certified the financial statements of the subsidiary company whose accounts were not examined by us.

In our opinion the accompanying consolidated balance sheet and related consolidated statements of income and expenditure and earned surplus are properly drawn up, in accordance with generally accepted accounting principles applied on a basis consistent with the preceding year, so as to exhibit a true and correct view of the state of the affairs of the company and its subsidiaries as at 31st December 1959 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 audited statements of the subsidiary company whose accounts we did not examine.

ROSS, TOUCHE & CO.,
Chartered Accountants.
Montreal, Que.,
20th January 1960.

LIMITED AND SUBSIDIARY COMPANIES
AS AT 31st DECEMBER, 1959

LIABILITIES

	<i>31st December</i> <i>1959</i>	<i>31st December</i> <i>1958</i>
	<hr/>	<hr/>
Current Liabilities:		
Accounts payable and accrued liabilities.....	\$ 9,013,593	\$ 6,361,520
Provision for income and other taxes.....	3,052,593	3,275,344
Dividends payable.....	638,718	638,750
	<hr/>	<hr/>
	12,704,904	10,275,614
	<hr/>	<hr/>
Funded Debt: (see footnote)		
Howard Smith Paper Mills, Limited —		
First Mortgage Bonds, 1950 Series		
2¾% due 1st December 1960.....	600,000	1,200,000
3% due 1st December 1961-1970.....	6,000,000	6,000,000
Debentures, Series "A"		
4½% due 1st June 1961.....	2,121,000	2,893,000
Donnacona Paper Company, Limited —		
First Mortgage 3½% Bonds maturing 1st July 1962		
Series "B" (U.S. funds).....	3,520,000	3,685,000
Series "C".....	502,500	502,500
	<hr/>	<hr/>
	12,743,500	14,280,500
	<hr/>	<hr/>
Minority Interest in Donnacona Paper Company, Limited.....	249,339	241,320
	<hr/>	<hr/>
Capital:		
Capital Stock —		
\$2 Cumulative redeemable preferred shares, par value \$50 each		
Authorized — 200,000 shares		
Issued — 160,000 shares.....	8,000,000	8,000,000
Common shares without nominal or par value		
Authorized — 2,500,000 shares		
Issued — 1,857,910 shares.....	13,526,564	13,526,564
Earned Surplus.....	53,217,232	49,657,534
	<hr/>	<hr/>
	74,743,796	71,184,098
	<hr/>	<hr/>
	\$100,441,539	\$ 95,981,532
	<hr/>	<hr/>
Funded debt maturing within one year —		
Howard Smith Paper Mills, Limited		
2¾% Bonds.....	\$ 600,000	\$ 600,000
4½% Debentures.....	171,000	293,000
Donnacona Paper Company, Limited		
3½% Series "B" Bonds (U.S. funds).....	165,000	165,000
	<hr/>	<hr/>
	\$ 936,000	\$ 1,058,000
	<hr/>	<hr/>

**CONSOLIDATED STATEMENT OF
INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31st DECEMBER 1959**

	<i>1959</i>	<i>1958</i>
Sales.....	\$110,094,537	\$105,905,725
Deduct: Discount on foreign exchange.....	1,030,569	781,526
Net sales.....	<u>109,063,968</u>	<u>105,124,199</u>
Cost of products sold and operating, sales and administrative expenses.....	91,961,285	88,465,769
	<u>17,102,683</u>	<u>16,658,430</u>
Investment and sundry income.....	655,990	623,562
	<u>17,758,673</u>	<u>17,281,992</u>
 <i>Deduct:</i>		
Depreciation and depletion.....	5,460,378	4,869,924
Interest on funded debt.....	469,069	521,718
Executive officers' remuneration.....	261,433	238,533
Directors' fees.....	20,000	15,359
Legal fees.....	31,542	60,505
	<u>6,242,422</u>	<u>5,706,039</u>
Net profit before provision for income taxes.....	11,516,251	11,575,953
Provision for income taxes.....	5,388,658	5,488,322
Net profit for the year.....	<u>6,127,593</u>	<u>6,087,631</u>
Deduct amount applicable to minority shareholders of Donnacona Paper Company, Limited.....	18,403	19,104
Balance transferred to earned surplus.....	<u>\$ 6,109,190</u>	<u>\$ 6,068,527</u>

**CONSOLIDATED STATEMENT OF
EARNED SURPLUS
FOR THE YEAR ENDED 31st DECEMBER 1959**

	<i>1959</i>	<i>1958</i>
Earned surplus at beginning of year.....	\$49,657,534	\$46,034,855
Balance from statement of income and expenditure.....	6,109,190	6,068,527
	<u>55,766,724</u>	<u>52,103,382</u>
 Deduct dividends on:		
Preferred shares.....	320,000	320,000
Common shares.....	2,229,492	2,125,848
	<u>2,549,492</u>	<u>2,445,848</u>
Earned surplus at end of year.....	<u>\$53,217,232</u>	<u>\$49,657,534</u>

Howard Smith Paper Mills Limited

AND SUBSIDIARY COMPANIES

TEN YEAR EARNINGS SUMMARY

IN THOUSANDS OF DOLLARS

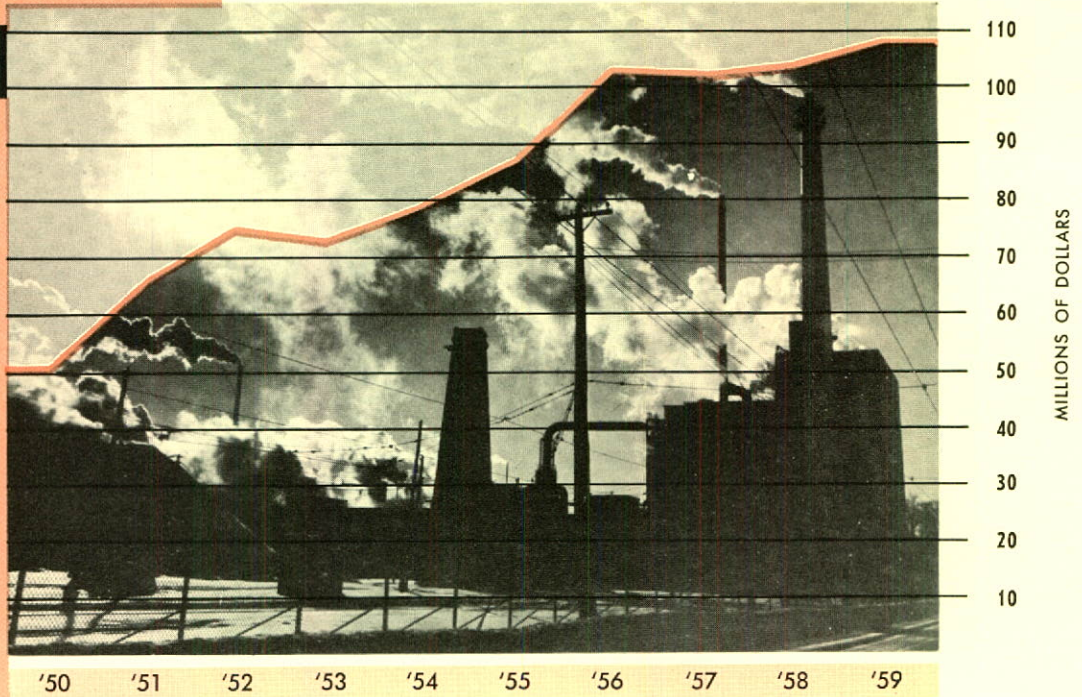
	1959	1958	1957	1956	1955	1954	1953	1952	Donnacona Paper Company, Limited not consolidated in these years	
									1951	1950
Net Sales.....	\$109,064	\$105,124	\$103,013	\$104,438	\$89,163	\$80,369	\$75,146	\$77,241	\$65,899	\$51,657
Less:										
Cost of products sold and operating, sales and administrative expenses.....	92,274	88,780	86,299	84,478	71,374	65,140	61,410	63,414	51,219	40,075
Earnings before the undernoted.....	16,790	16,344	16,714	19,960	17,789	15,229	13,736	13,827	14,680	11,582
Investment and sundry income.....	656	624	430	435	312	342	471	226	502	585
	17,446	16,968	17,144	20,395	18,101	15,571	14,207	14,053	15,182	12,167
Deduct:										
Depreciation and depletion.....	5,461	4,870	4,818	5,273	5,370	4,697	4,271	4,303	3,754	3,675
Interest on funded debt.....	469	522	566	625	682	706	759	787	463	236
Transferred to Inventory Reserve.....	—	—	—	500	—	—	—	—	—	—
	5,930	5,392	5,384	6,398	6,052	5,403	5,030	5,090	4,217	3,911
Net Profit before provision for income taxes.....	11,516	11,576	11,760	13,997	12,049	10,168	9,177	8,963	10,965	8,256
Provision for income taxes.....	5,388	5,488	5,660	6,850	5,850	5,110	4,431	4,950	6,050	3,710
Net Profit for the year.....	6,128	6,088	6,100	7,147	6,199	5,058	4,746	4,013	4,915	4,546
Profit on sale of fixed assets.....	—	—	624	—	—	—	—	—	—	—
Net Earnings for the year.....	6,128	6,088	6,724	7,147	6,199	5,058	4,746	4,013	4,915	4,546
Deduct amount applicable to minority shareholders of Donnacona Paper Company, Ltd.	19	19	34	58	52	38	43	186	—	—
Balance transferred to earned surplus.....	6,109	6,069	6,690	7,089	6,147	5,020	4,703	3,827	4,915	4,546
Net Earnings — per common share*.....	\$3.12	\$3.09	\$3.66***	\$3.88	\$3.34	\$2.70	\$2.51	\$2.05	\$2.87	\$3.17
Dividends declared per common share*.....	\$1.20	\$1.20	\$1.20	\$1.50	\$1.45**	\$1.00	\$1.00	\$1.00	.81¼	.75

*1950 and 1951 adjusted for 4 for 1 stock split on September 21st, 1951

**An extra dividend of 20c per share for the year 1954 was declared and paid in 1955

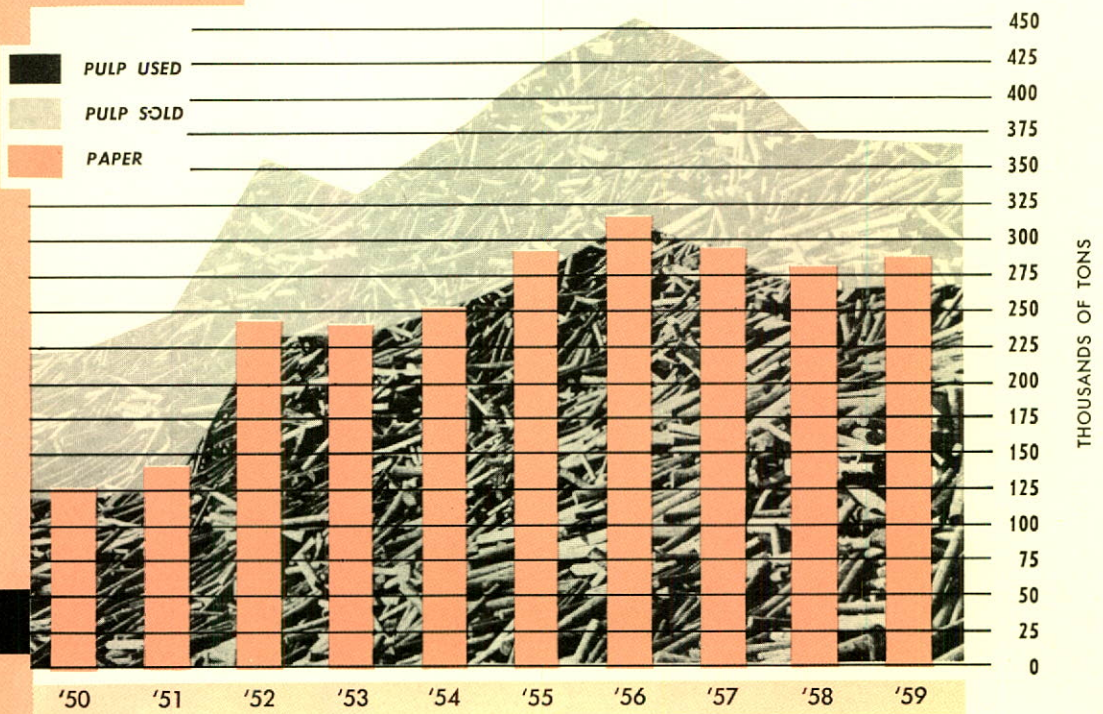
***Includes capital profit on sale of Crabtree Mills of 36c per share

SALES



PRODUCTION AND SALES

Total net sales of pulp, paper, chemicals, laminates and lumber increased from \$105,124,199 in 1958 to \$109,063,968. Although production of paper was up slightly, market pulp sales declined by almost 11%.



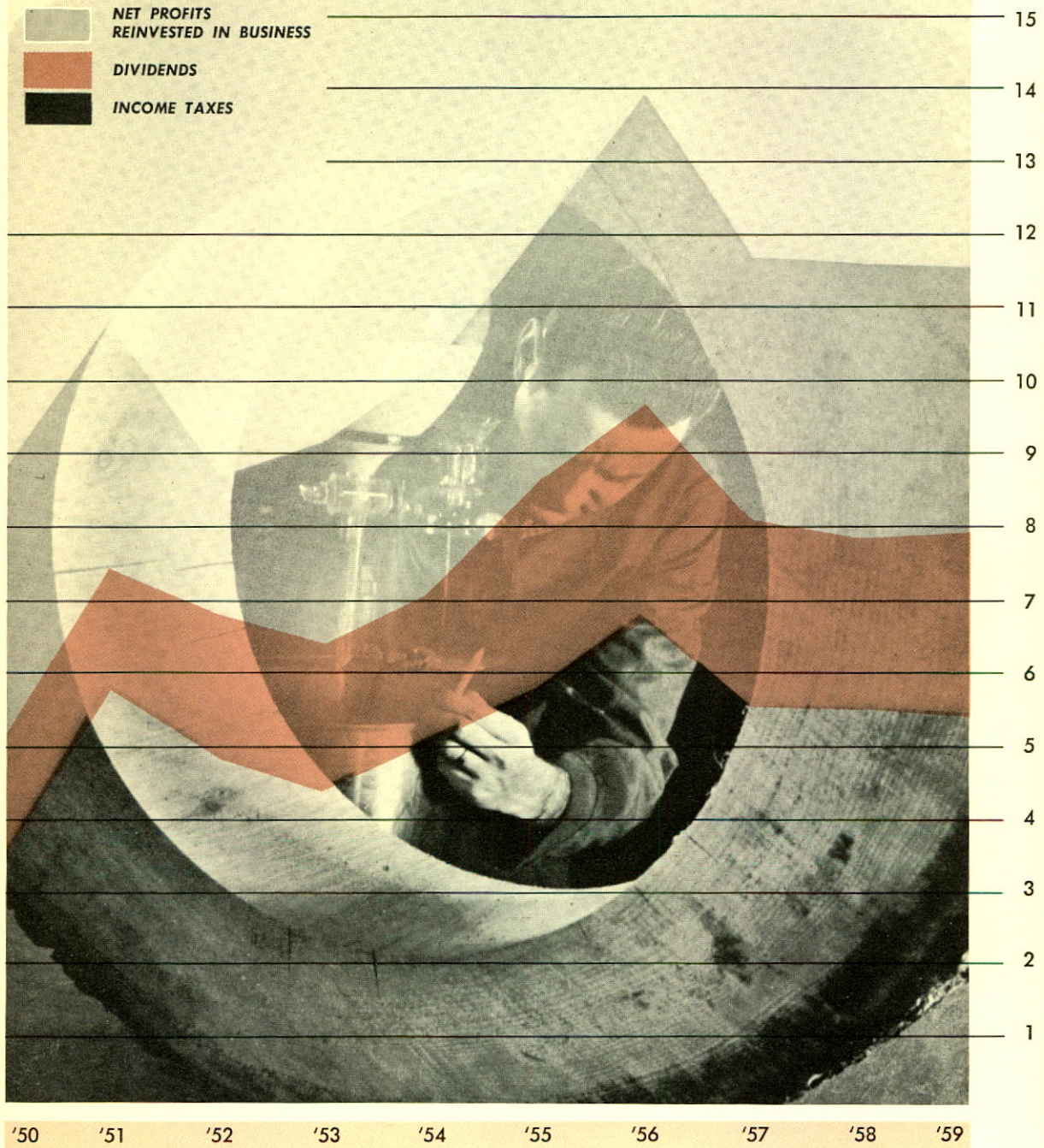
PRODUCTION

MILLIONS OF DOLLARS

NET PROFITS
REINVESTED IN BUSINESS

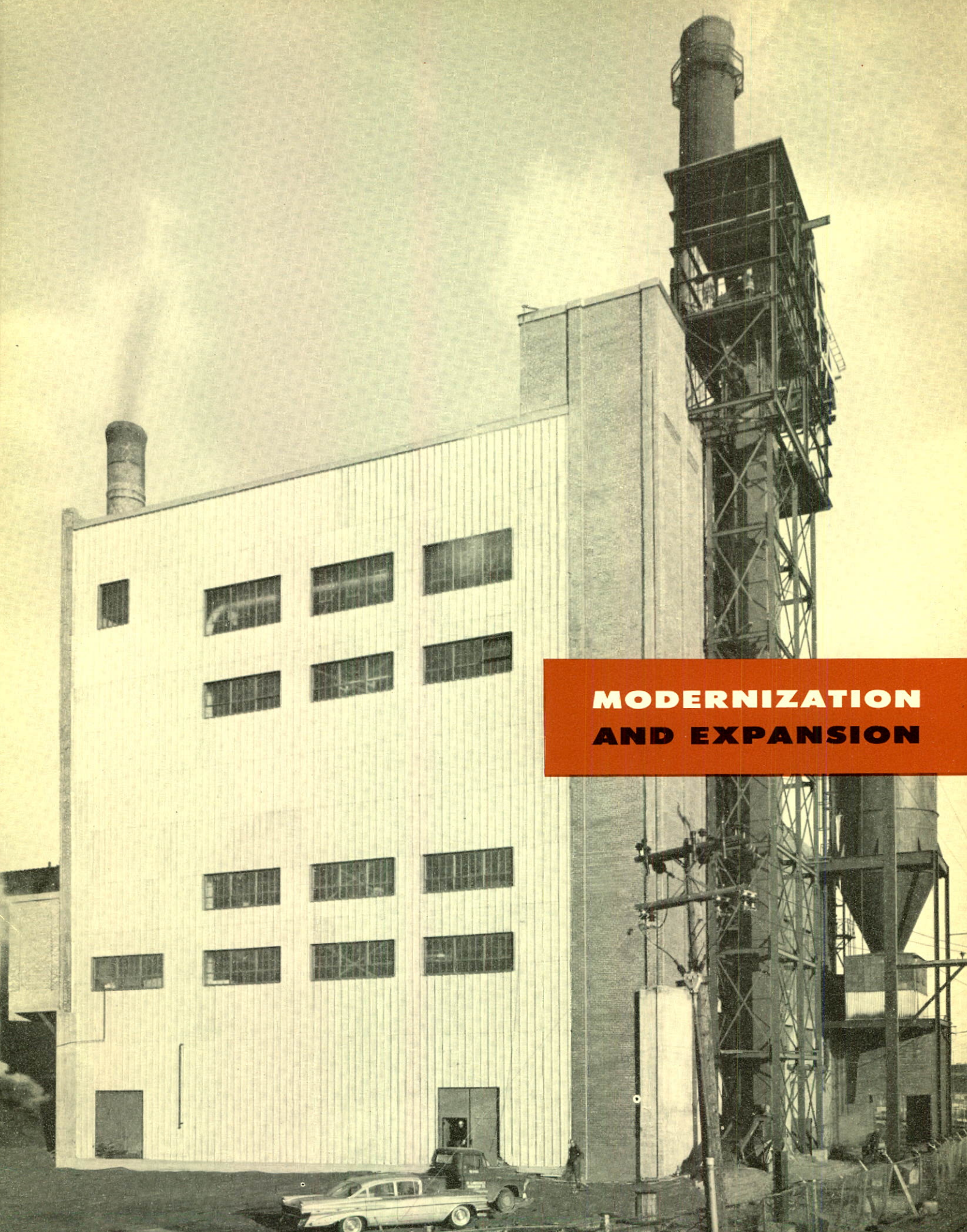
DIVIDENDS

INCOME TAXES

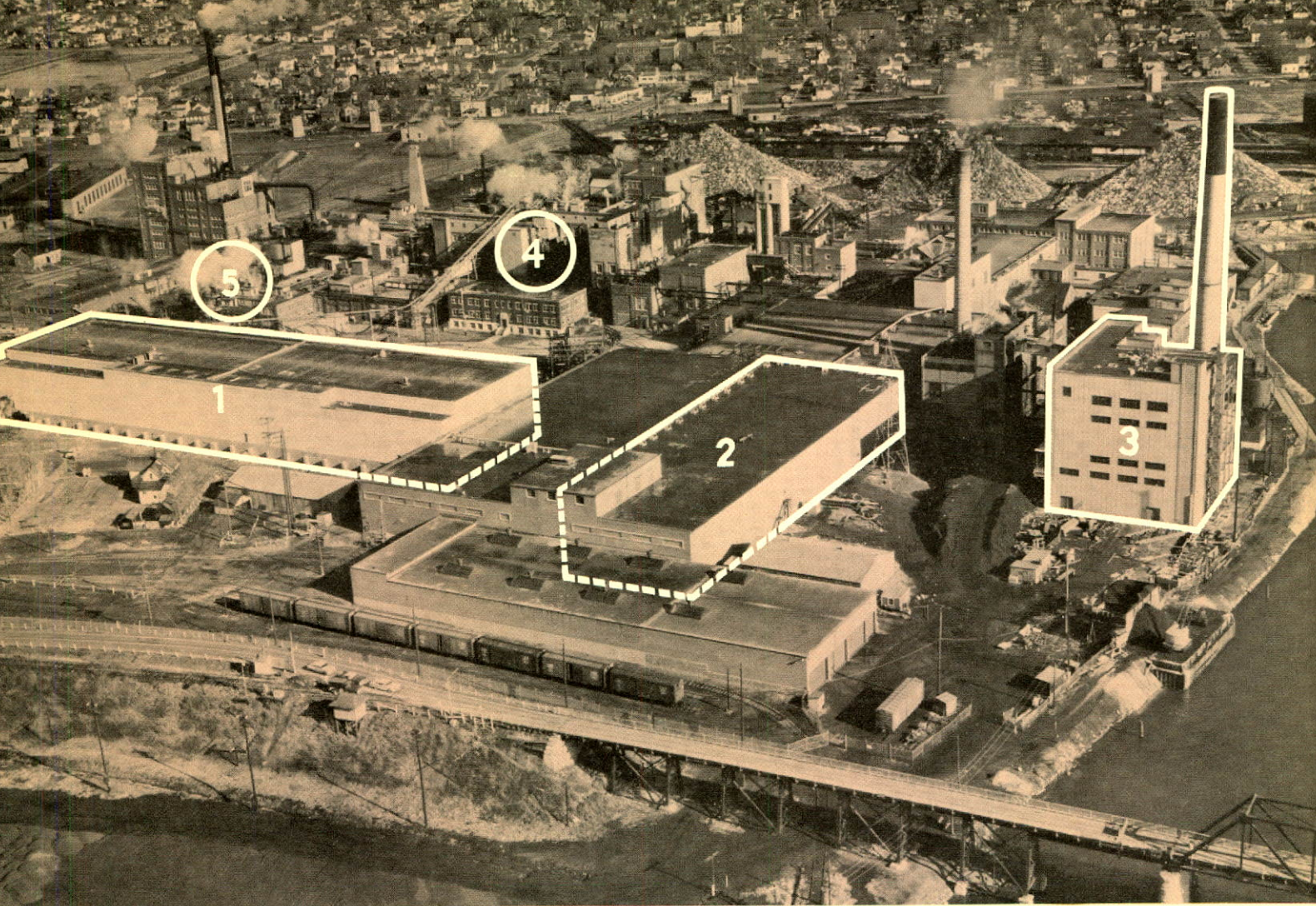


DISTRIBUTION of EARNINGS

Earnings before income taxes were slightly lower than those of 1958. Income taxes took \$5,388,658, dividends totalled \$2,549,492 and \$3,559,698 were reinvested in the business.



**MODERNIZATION
AND EXPANSION**



Aerial view of Cornwall Division showing 1959 construction outlined in white

- 1 No. 6 Paper Machine
- 2 Extension to Finishing Room
- 3 New 350,000 lbs. per hour Steam Generating Unit
- 4 High colour Kraft Pulp Unit
- 5 Extension to Vanillin Plant

During 1959 almost fifteen and a half million dollars was invested in projects designed to increase your Company's capacities, improve qualities and achieve higher efficiencies. The following are among the more important individual elements of the programme.

HOWARD SMITH PAPER MILLS
LIMITED

Cornwall Division — No. 6 Paper Machine

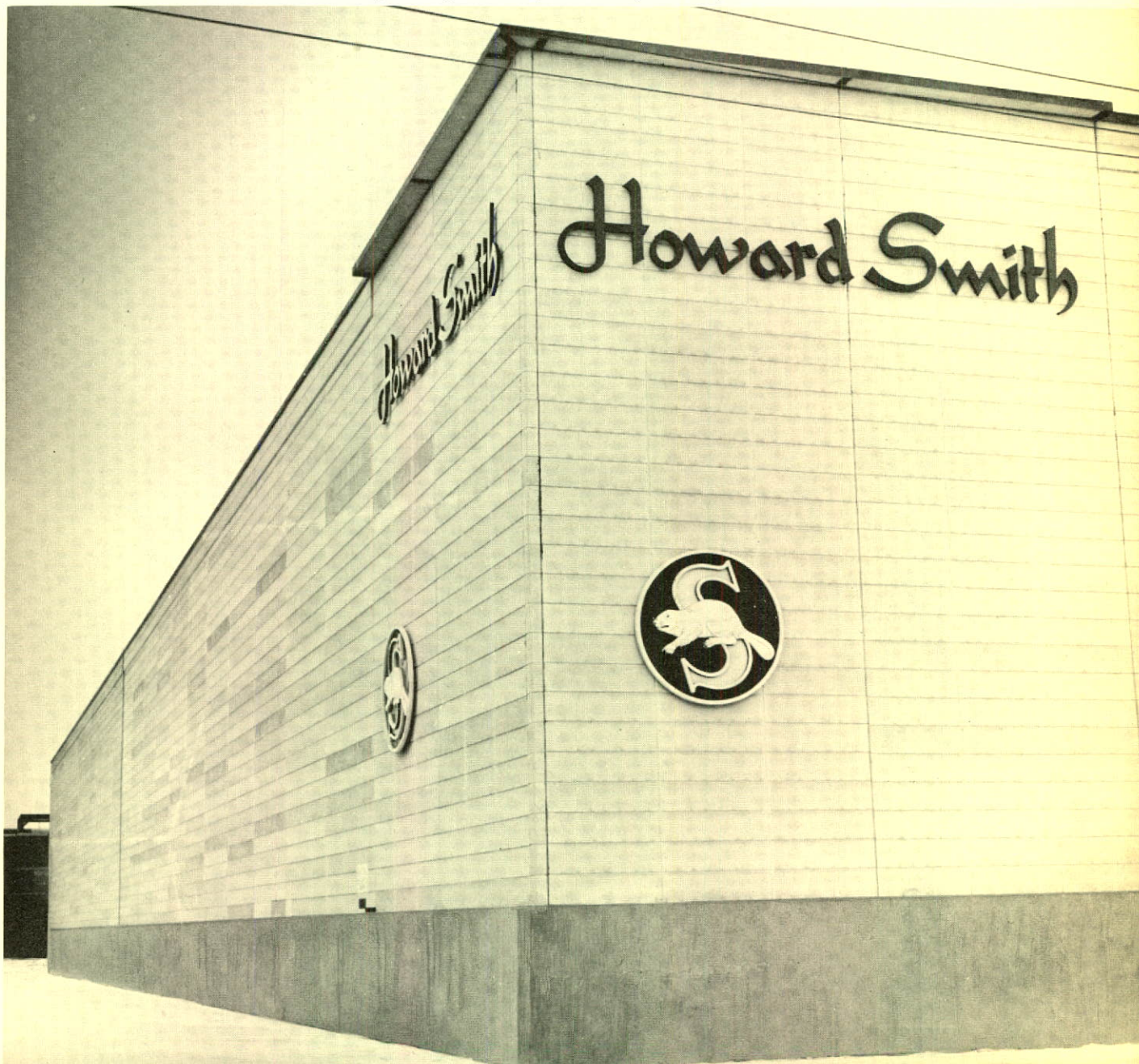
The major project of this division was the installation of a new fine paper machine which is now being tuned up for steady production runs.

No. 6 Paper Machine — “Big Six” — with a designed capacity of some 40,000 tons is the largest fine paper machine in Canada. By way of illustration, No. 6 Machine, in a six-day week, running at an average of 1,000 feet per minute, can produce sufficient paper

to cover a 15 foot highway from Cornwall to Regina.

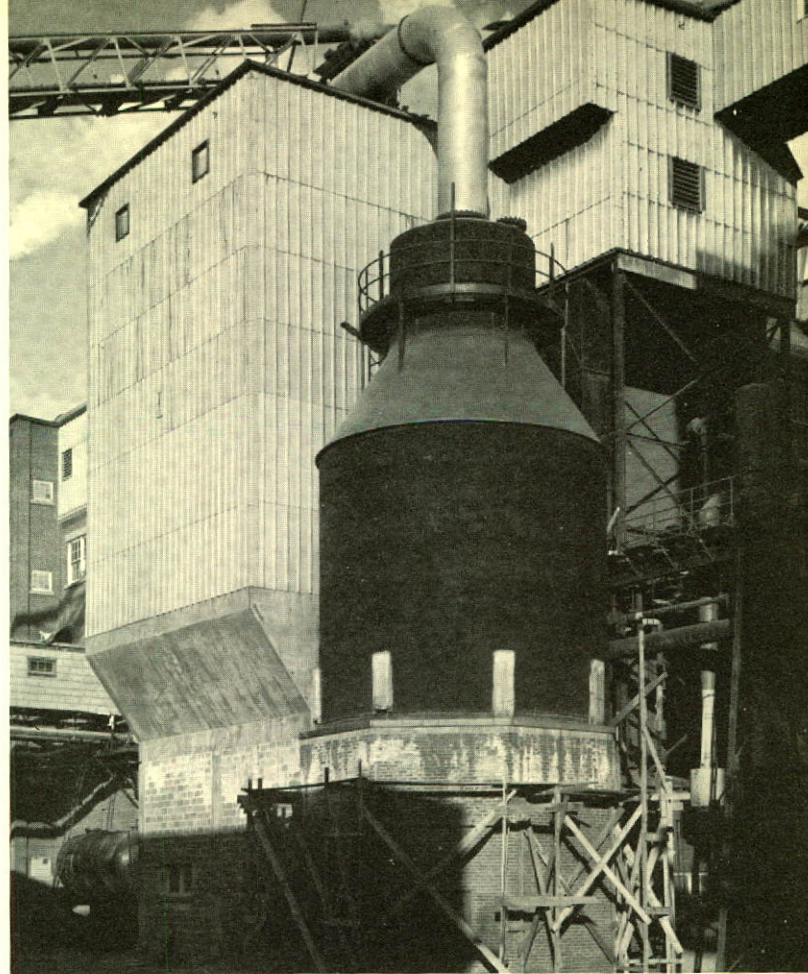
The Machine Room housing “Big 6” is 452 feet long by 114 feet wide and provides sufficient space for an additional unit. The construction features structural steel framework, with roof deck and side walls of Siporex. The building is windowless but has been provided with advanced ventilation and a high level, mercury-vapour, glareless lighting system. A 30 ton crane running on elevated rails the length of the building enables the lifting and positioning of heavy machine parts as desired.

New Building Housing No. 6 Paper Machine, Cornwall, Ont.



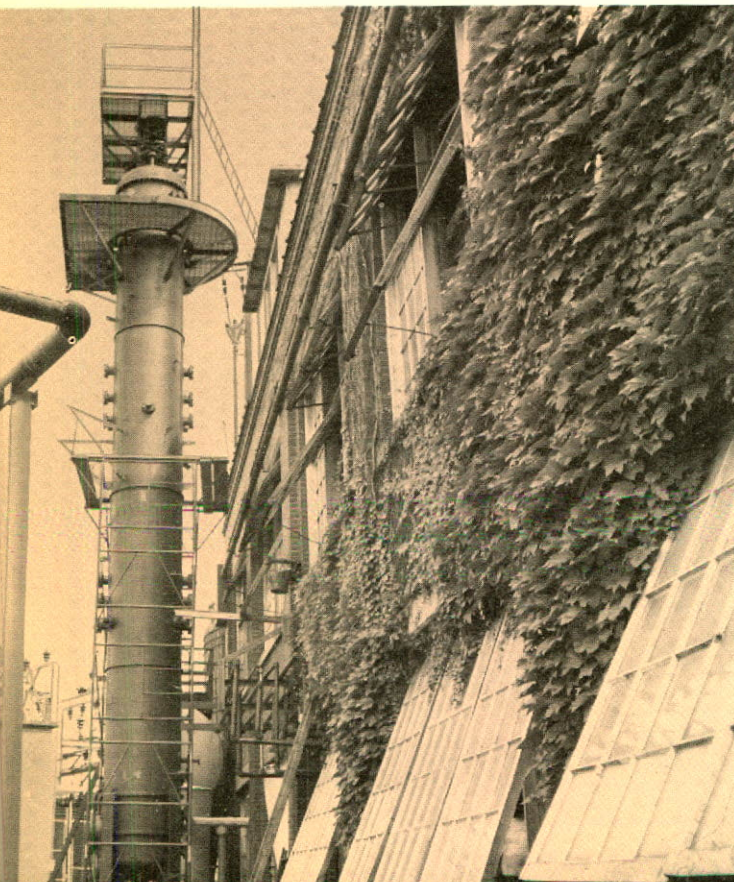
The new machine will make paper in a variety of grades and thicknesses, and for this reason both its speed range and stock flow system have been designed for maximum flexibility. Utilizing the many recent advances in electronic and hydraulic controls, No. 6 Machine has been designed to incorporate a high degree of automation in its operation. For instance, remote control consoles and panels enable the operating crew to make necessary running adjustments from one or two positions. Also, instead of the conventional "batch" method of pulp mixing, a Trimbey stock metering system has been installed which automatically provides a continuous flow of properly proportioned pulp. This enables rapid stock and colour adjustment with a consequent saving in machine time.

At the wet end a Pressure Head Box regulates the flow of stock to the wire. This head box is far more flexible and positive in its action than those previously used. The Fourdrinier Section is removable and includes a Presser Roll of advanced design which increases the amount of water extracted before the paper



New Kraft Pulp Unit, Howard Smith Paper Mills, Cornwall Division

New R.D.C. Column, Vanillin Plant, Howard Smith Paper Mills, Cornwall Division, increases production



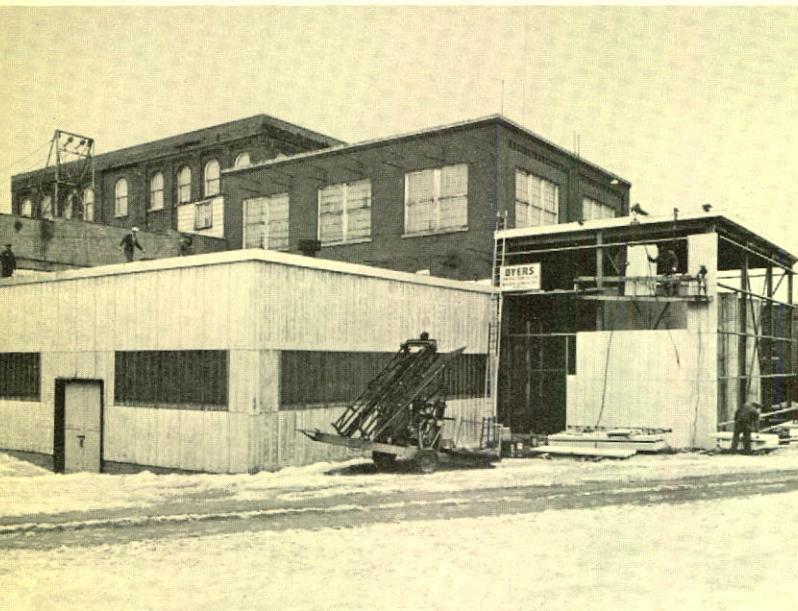
passes into the steam heated Drying Roll System. Finally, two Calenders at the dry end can apply almost any desired degree of surface finish.

It is hoped that the many new features of this paper machine will aid greatly in providing your Company's markets with more uniform and higher quality paper.

Other Projects

Facilities for the production of Kraft Pulp were also provided to meet the trend towards the use of increasing quantities of this fibre in specialty papers and to further integrate our pulp operations with paper manufacturing.

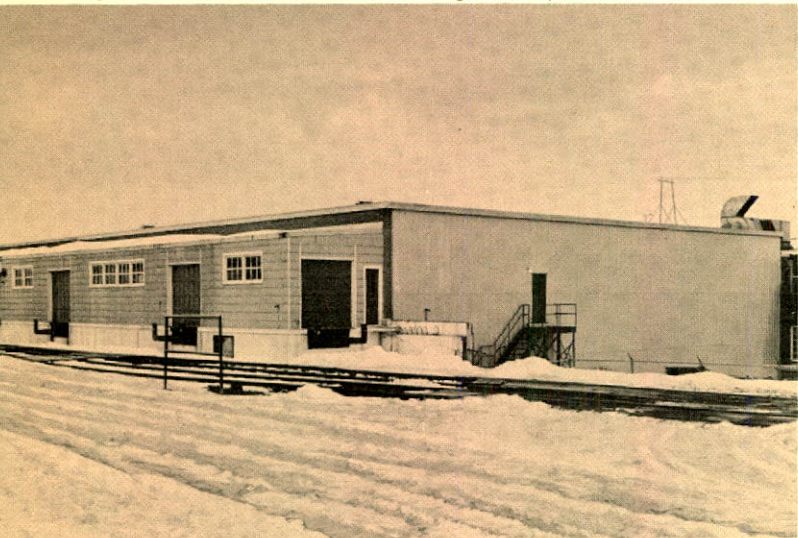
As the production of fine paper at Cornwall will eventually be increased by some 50% due to the output of No. 6 Machine, it was necessary to provide additional Finishing Room capacity. This had been foreseen in 1956 and the 1955-7 addition to the finish-



Flax Pulp Plant Extension, Howard Smith Paper Mills, Beauharnois Division

ing room was so designed that a further extension could be readily added. The present addition provides some 42,000 square feet for each of two floors. Each original floor when combined with the new addition becomes a single expanse measuring approximately 240 by 340 feet. The lighting level is designed to meet the

Finishing Room Extension, Howard Smith Paper Mills, Beauharnois Division



rigid requirements of inspection and sorting and an elaborate ventilating system maintains the air at desirable humidity levels.

To provide the extra steam required by the new machine and also to replace six existing obsolete stokers, a 350,000 lbs. per hour Steam Generating Unit was installed. It is housed in a building 60 feet by 90 feet and is almost 100 feet high. The coal conveying and other equipment is almost completely automatic.

Other projects at the Cornwall Division included an extension to the Vanillin Plant capacity, and the installation of a special Paper Testing Laboratory in the Research Department.

Beauharnois Division

An extension to the Flax Pulp Plant has been virtually completed. It will provide additional facilities for the processing of the flax straw, as well as rags and hemp, which are sources of the special fibres used in specialty grades made at this division.

Both the Beater Room and Chest Rooms have been extended to handle the increased volume of pulp and a large Finishing Room extension was completed last Spring.

ALLIANCE PAPER MILLS LIMITED

Georgetown Division

This division manufactures a complete line of coated book, litho and specialty papers used extensively for the production of high quality labels, catalogues, folders and other printed material. Sales of this type of paper have outgrown producing capacity and new facilities have been installed to approximately double our coated paper output. These include a large high-speed Coater, with appropriate Rewinder and Super-calender.

A 21,600 square foot extension was made to the existing building. It houses the new Supercalender and the new Boiler as well as providing additional receiving and storage areas.

THE ARBORITE COMPANY LIMITED

The business of this division has expanded at an extremely rapid rate. In the past 10 years it has undergone four major expansions as well as several minor ones. The present programme was in various stages of completion at the turn of the year. Eventually the new area will be larger than the original plant which was constructed in 1948.

To meet the growing demand for large size panels a new 5 foot by 12 foot Press is being installed.

A 20,000 square foot Treater Room extension and Chemical Storage area is being added to house a new high capacity Impregnator.

Another 33,000 square feet is provided to contain the new Press and new Boiler as well as adding to the Finishing and Shipping areas. This section has been designed with a temporary wall to facilitate future additions.

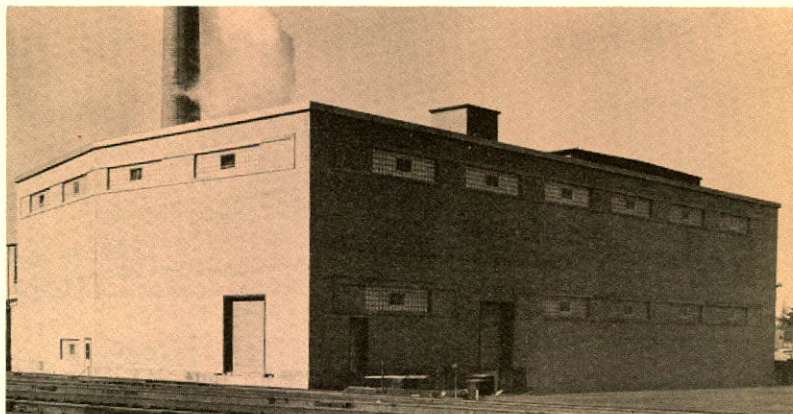
Product development and colour and pattern development are important in the rapidly expanding and changing markets of the company and new space has been added to house service departments which have of necessity been expanded due to increased activity.

CANADA PAPER COMPANY

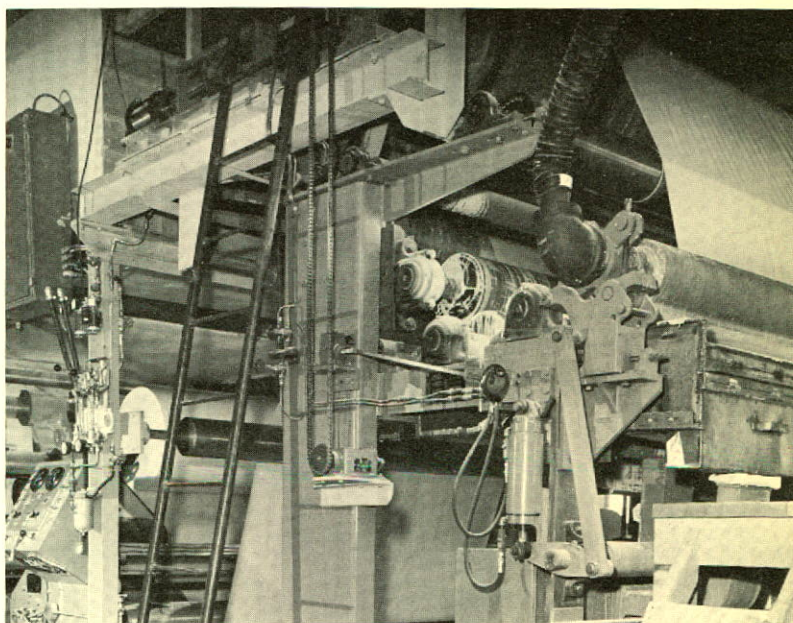
Much of the output of this division eventually is used for packaging in the form of bags, liners and wrappers. Recently a new development made possible the manufacture of paper with a built-in stretch. This gives it a high resistance to impact or burst and as such is valuable to the paper bag industry. Late in 1959 No. 5 Paper Machine at Windsor Mills was equipped with a unit to produce extensible paper marketed under the name Clupak.

A modern Krinkling and Creping Machine was installed in the Converted Products Plant. This not only provides additional capacity, but also widens the range of grades which can be processed.

Other projects included the installation of an additional Kraft Pulp Digester and a Size Press on No. 6 Paper Machine to increase its usefulness.



Extension to Alliance Paper Mills, Georgetown Division, houses new Calender, Boiler and provides additional receiving and storage areas

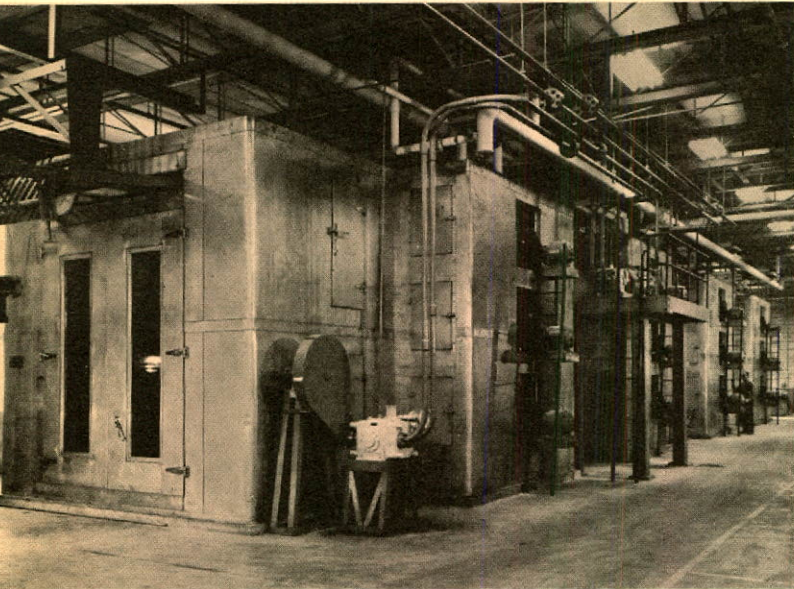


Wet End of new High Speed Coater, Alliance Paper Mills, Georgetown Division

A section of the Extension to the plant of The Arborite Company Limited, LaSalle, Quebec



annual report



Krinkling Machine Drying Tunnel, Canada Paper Company, Windsor Mills

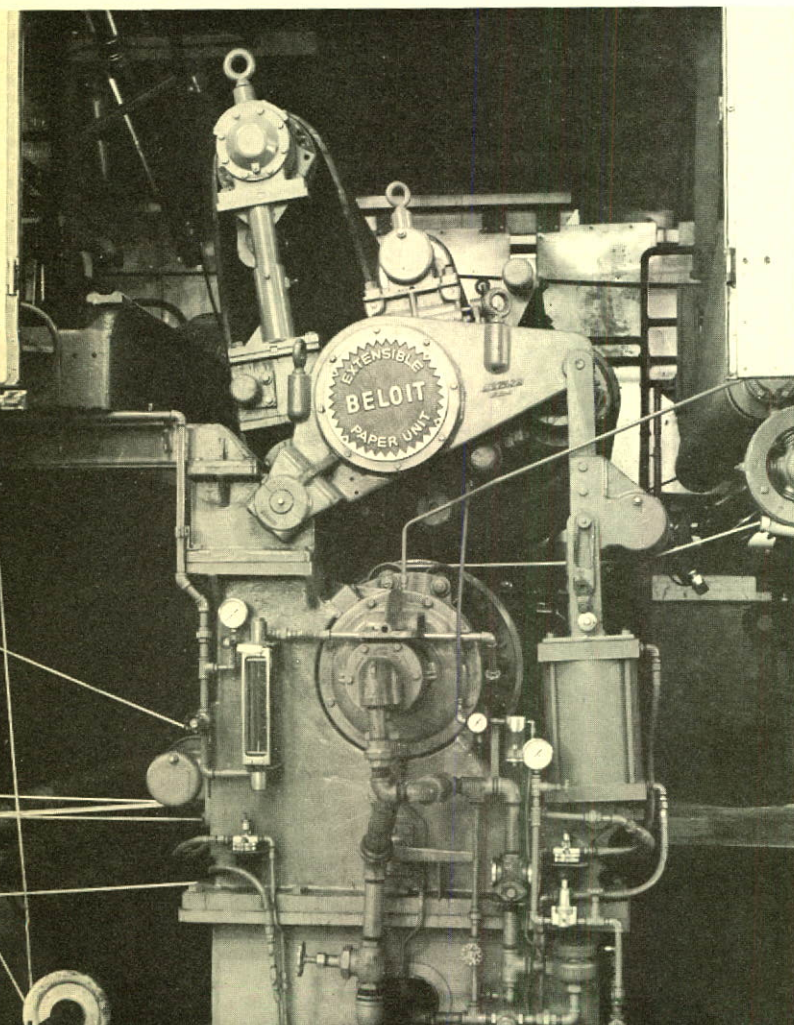
DONNACONA PAPER COMPANY LIMITED

A number of relatively small projects were carried out at this division. A new semi-automatic Log Stacker takes the pulpwood out of the main log flume and apportions it as required between the Mill and the Log Pile. One man at a control console can direct its operations.

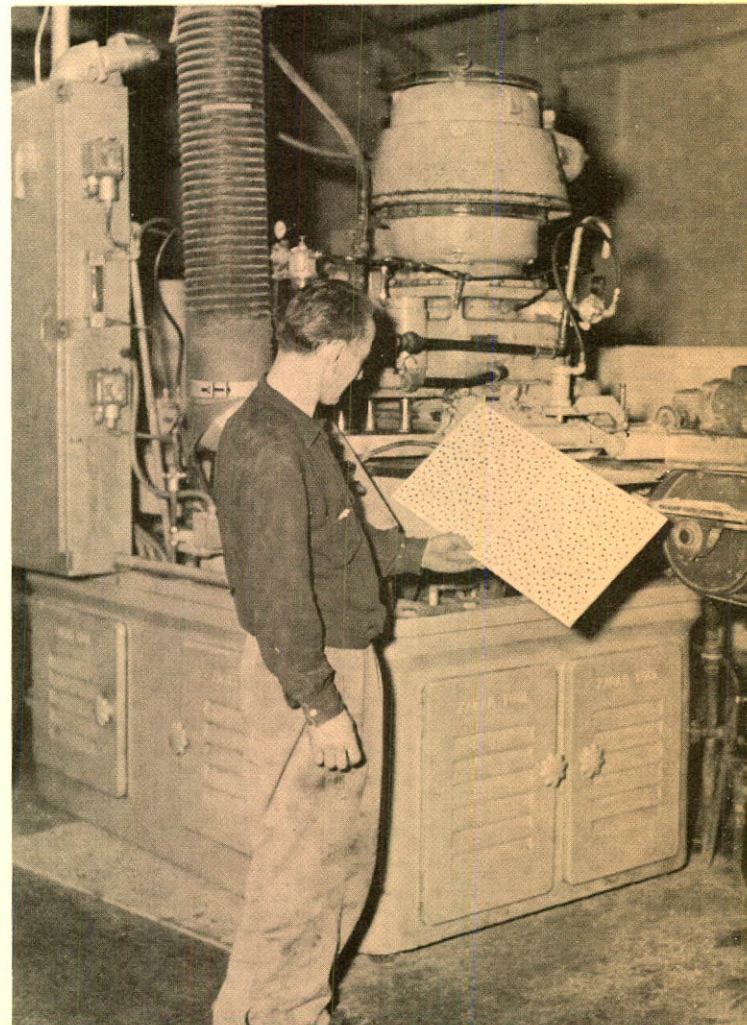
A large new tank was installed to store slush Groundwood Pulp. This enables the Grinders to be operated at a steady rate in the face of intermittent calls for pulp by the production units. By eliminating sudden peak loads on the grinders, considerable savings in manpower and electricity have been achieved.

In the Board Mill a number of new and improved machines have been installed to improve the quality of acoustical tiles, strips and mouldings.

Extensible Paper Unit, Canada Paper Company, Windsor Mills, makes paper with a built-in stretch. It is marketed under the name Clupak



Acoustic Tile Drill, Donnacona Board Mill, produces 60 Random Drilled tiles per minute



DON VALLEY PAPER COMPANY LIMITED

The site of the old office building was required for highway purposes, making a relocation necessary. In consequence a 2,300 square foot office extension was added to the Mill. It is of brick construction with Siporex roof deck and is fully air-conditioned.

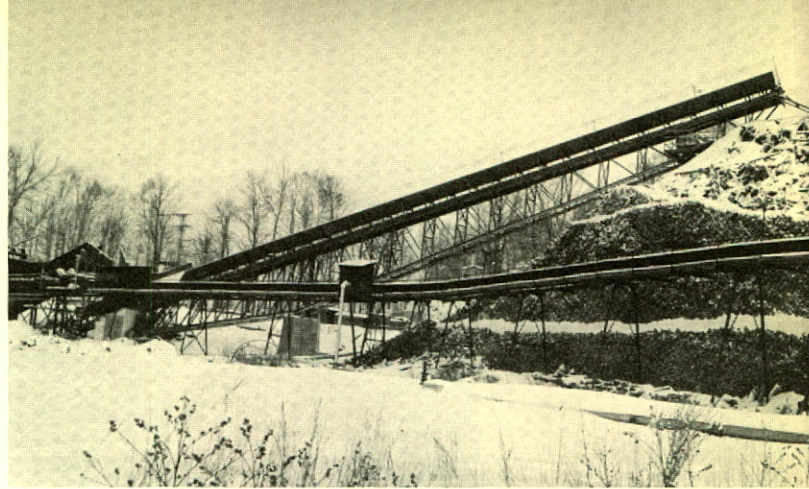
KILGOUR'S LIMITED

The Ottawa Office and Warehouse of this company, which were located in rented quarters, became obsolete and inadequate. A new building was erected in a more convenient location served by good rail and truck shipping facilities. It provides an area of some 25,000 square feet and is jointly occupied by Kilgour's Limited and the Ottawa branches of Buntin, Gillies & Company Limited and Federal Paper Company Limited, all of which are sales subsidiaries of your Company.

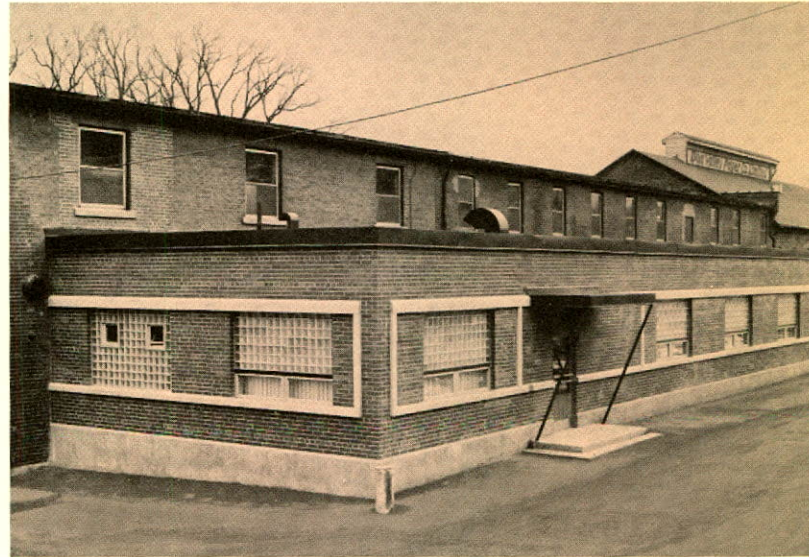
SCHOFIELD PAPER COMPANY LIMITED

The Saint John, New Brunswick, headquarters of this subsidiary were moved to a new building early in 1959. This all-Siporex warehouse is a modern one-storey structure provided with excellent rail and truck receiving and shipping facilities. The area is 27,000 square feet and is jointly occupied with the Saint John branch of The MacGregor Paper & Bag Company Inc.

New offices and Warehouse, Ottawa, occupied by Kilgour's Ltd., Buntin, Gillies and Co. Ltd. and Federal Paper Company Ltd.



Automatic Log Stacker at Donnacona Paper Company apportions flumed logs to mill and log pile



New offices, Don Valley Paper Company, Toronto, Ont.

New offices and Warehouse, Saint John, New Brunswick, occupied jointly by Schofield Paper Company Ltd. and The MacGregor Paper & Bag Co. Inc.



Howard Smith

PAPER MILLS LIMITED & SUBSIDIARY COMPANIES

ALLIANCE PAPER MILLS LIMITED

HEAD OFFICE Merritton, Ont.
PLANTS Merritton, Ont., Georgetown, Ont.
SALES OFFICES Vancouver, Winnipeg, Toronto,
Montreal.

THE ARBORITE COMPANY LIMITED

HEAD OFFICE LaSalle, Que.
PLANT LaSalle, Que.
SALES OFFICES Vancouver, Winnipeg, Toronto,
Montreal.

CANADA PAPER COMPANY

HEAD OFFICE Montreal, Que.
PLANTS Windsor Mills, Que.
SALES OFFICES Vancouver, Winnipeg, Toronto,
Montreal.

TRADING BRANCHES

Kilgour's Limited, Toronto, Ont.

OFFICES AND WAREHOUSES—Regina, Sask.,
Saskatoon, Sask., Winnipeg, Fort
William, Ont., London, Ont.,
Hamilton, Toronto, Ottawa, Montreal.

MAIN PRODUCTS—Distributors of Wrapping Papers;
Bags; Towels and Converted Paper
Products.

The MacGregor Paper & Bag Company,
Incorporated, Montreal, Que.

OFFICES AND WAREHOUSES—Toronto, Montreal,
Quebec City, Saint John, N.B.,
Halifax, Sydney, N.S.

MAIN PRODUCTS—Distributors of Bags, Wrapping
Papers, Towels and Converted Paper
Products.

Schofield Paper Company Limited, Saint John, N.B.

OFFICES AND WAREHOUSES—Saint John, N.B.,
Halifax.

MAIN PRODUCTS—Distributors of Fine Papers,
Wrapping Papers and Paper Specialties.

DONNACONA PAPER COMPANY, LIMITED

HEAD OFFICE Quebec City, Que.
PLANTS Donnacona, Que.

DON VALLEY PAPER CO., LIMITED

HEAD OFFICE Township of East York, Ont.
PLANT Township of East York, Ont.
SALES OFFICES Vancouver, Winnipeg, Toronto,
Montreal.

HOWARD SMITH PAPER MILLS, LIMITED

HEAD OFFICE Montreal, Que.
PLANTS Cornwall, Ont., Beauharnois, Que.
SALES OFFICES Vancouver, Winnipeg, Toronto,
Montreal.

TRADING BRANCHES

Federal Paper Company, Limited, Montreal and
Ottawa.

The Fred W. Halls Paper Company, Limited, Toronto
and London, Ont.

Buntin, Gillies & Company Limited, Hamilton and
Ottawa.

Canada Paper "Wholesale" Limited, Toronto and
Montreal.

Distributors of Fine Printing and Stationery Papers.

HURON FOREST PRODUCTS CO. LIMITED

HEAD OFFICE Toronto, Ont.
PLANTS Blind River, Ont., and Sultan, Ont.
SALES OFFICE Toronto, Ont.

TIMBER LIMITS AND WOODLANDS OFFICES

Province of Quebec—Bersimis, Cedar Rapids, Gaspé,
Jacques Cartier River, Madeleine River,
New Carlisle, Oskelaneo, Quebec City,
Sault-au-Mouton, Waswanipi,
Windsor Mills, North River.

Province of Ontario—Blind River, Cochrane, Cornwall,
Madoc, Mattawa, North Bay, Sudbury,
Sultan.

U.S.A. Plattsburgh.

COVER

Lithographed, both sides, in four-colour process with two extra colours, on Glosskote Bristol, 22½ x 28½ — .012. Types used for outside and inside covers are Lining Gothic No. 66 with Times Roman Bold and 8 pt. Times New Roman.

INSIDE PAGES

Type, black and white halftones and charts printed offset in two colours, on Luxagloss, 25 x 38 — 200M. Types used are 11 pt. Times New Roman leaded, 10 pt. Times New Roman leaded 4 pts. with 8 pt. Italic for captions. Subheadings are set in Times Roman Bold. Lining Gothic No. 66 is used for display headings. Tabular matter on page 9 is set in Condensed News Gothic No. 204.



View of extended Finishing Room, Cornwall Division, Howard Smith Paper Mills

THESE TRADE MARKS

are well known to those who buy our various products



Alliance and Don Valley Products

Glassine and Greaseproof Papers; Carbonizing Tissues; Tabulating Card Stock; Patent Coated Board, Coated Book, Litho and Coated Specialties; Cover Papers; Blotting Papers; Tag Papers; Bleached Sulphite Pulp.



Donnacona Paper Products

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



Arborite Products

Decorative Paperbase Laminates for Decorative Wallboard and Table or Countertop Application; Twin-Trim Arborite-faced Aluminum Extrusions; complete range of Paper and Cloth Laminates including Convolute Tubes and Rods for electrical and other industrial uses.



Howard Smith Products

Fine Bond, Duplicating and Stationery Papers; Envelope, Book, Litho, Offset and Cover Papers; Bristols; Food Container and Milk Bottle Stock; Patent Coated Boards; Lignin and Vanillin; Bleached Soda, Sulphite and Kraft Pulps.



Canada Paper Products

Wrapping and Converting Kraft Papers; Paper Towels; Bags; Building Papers; Converted Paper Specialties; Unbleached Sulphate Pulp.



Huron Forest Products

White and Red Pine lumber, air and kiln dried. "Bonded Pine" panels, mouldings and dressed lumber.

