

# FRASER COMPANIES, LIMITED

## FRASER PAPER, LIMITED, AND RESTIGOUCHE COMPANY, LIMITED

### *Twentieth Annual Report and Statement*

YEAR ENDED 31ST DECEMBER, 1936

TO THE SHAREHOLDERS,  
FRASER COMPANIES, LIMITED.

The Consolidated Balance Sheet of Fraser Companies, Limited, Fraser Paper, Limited, and Restigouche Company, Limited, at 31st December, 1936, and the Consolidated Profit and Loss and Surplus Accounts of these Companies for the year ended 31st December, 1936, are submitted herewith and the comments made in this report apply to these statements.

Earnings for the year before interest charges, depletion, depreciation and provision for Dominion Income Tax, amounted to \$2,100,920.26. These earnings are \$273,296.72 greater than obtained during the previous year. The profit, after all charges for the year, as shown in the Profit and Loss Account and which has been credited to Surplus amounts to \$94,974.00, an improvement of \$179,262.06 over the preceding year. In this connection it should be noted that the provision for depreciation is \$280,812.42 greater than was provided during the previous year.

During the year a Plan for the disposal of deferred interest liabilities of Fraser Companies, Limited, was completed, and 186,853½ Common Shares of Fraser Companies, Limited, represented by Voting Trust Certificates, were issued in accordance with the provisions of the Plan. Fraser Companies, Limited, resumed payment of interest on its Bonds and on its Special Bank Loan on July 1st, 1936, covering interest accruing from January 1st, 1936.

After taking into Current Account interest charges in connection with the Bond issues and the Special Bank Loan amounting to \$1,046,609.83, purchasing \$200,000.00 principal amount of Restigouche Company, Limited, Bonds, and \$196,000.00 principal amount Fraser Companies, Limited, Bonds, and making capital expenditures to the amount of \$314,434.00, the year's transactions resulted in a net improvement to current position of \$161,883.94.

The Restigouche Pulp Mill continued to operate at full capacity during the year. A steady improvement in business has been obtained for the pulp and paper mills at Edmundston, New Brunswick, and Madawaska, Maine, and for the lumber mills. Price levels strengthened during the year, but on an average represented only a minor improvement over those obtained during 1935.

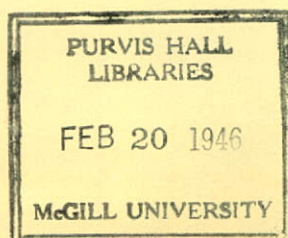
We also attach for your information Consolidated Financial Statements of Fraser Companies, Limited, and Fraser Paper, Limited, for the year ended 31st December, 1936, and the Financial Statements of Restigouche Company, Limited, for the same year.

The continued efforts of the operating, sales, and administrative staffs to obtain improved results through economical operation and more efficient service is greatly appreciated.

Submitted on behalf of the Board.

K. S. MACLACHLAN,  
President.

MONTREAL, P.Q.,  
FEBRUARY 18TH, 1937.



CONSOLIDATED BALANCE SHEET  
**FRASER COMPANIES, LIMITED**  
 FRASER PAPER, LIMITED, AND RESTIGOUCHE COMPANY, LIMITED  
*At 31st December, 1936*

ASSETS	
<b>CURRENT:</b>	
Cash in Banks and on Hand .....	\$ 663,127.25
Accounts and Bills Receivable—Trade—less Reserve.....	1,139,591.48
Accounts Receivable—Other—less Reserve .....	18,590.63
Inventories of Raw Materials, Goods in Process and Finished Products at or below cost but not in excess of Market Values, and Expenditures on Logging and Pulpwood Operations, Season 1936-1937, as certified by responsible Officials of the Companies.....	2,923,618.87
	\$ 4,744,928.23
DEFERRED CHARGES TO OPERATIONS.....	19,185.83
INVESTMENTS.....	11,350.75
<b>FIXED:</b>	
Freehold and Leasehold Timber Limits, Buildings, Mills, Equipment, etc., as valued at 31st December, 1932 (such valuation being considerably less than cost or appraisal of the Canadian Appraisal Company at 31st December, 1928) with subsequent Additions and Deductions at cost	\$26,192,831.84
<i>Less: Reserves:</i>	
Depletion .....	\$3,018,250.92
Depreciation.....	4,995,620.29
	8,013,871.21
	18,178,960.63
<b>APPROVED ON BEHALF OF THE BOARD:</b>	
K. S. MACLACHLAN, <i>Director.</i>	
H. CRABTREE, <i>Director.</i>	
	\$22,954,425.44

**TO THE SHAREHOLDERS OF  
 FRASER COMPANIES, LIMITED:**

We have examined the books and accounts of Fraser Companies, Limited, Fraser Paper, Limited, and Restigouche Company, Limited, for the year ended 31st December, 1936, and in accordance with the Companies Act (Dominion), we report that we have obtained all the information and explanations we have required.

We further report that, in our opinion, the above Consolidated Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of Fraser Companies, Limited, Fraser Paper, Limited, and Restigouche Company, Limited, at 31st December, 1936, according to the best of our information and the explanations given to us, and as shown by the books of the Companies as at that date.

GEORGE A. TOUCHE & CO.,  
 Chartered Accountants.

DATED AT MONTREAL,  
 17TH FEBRUARY, 1937.

BALANCE SHEET OF  
**FRASER COMPANIES, LIMITED**  
 RESTIGOUCHE COMPANY, LIMITED  
 December, 1936

LIABILITIES AND CAPITAL

CURRENT:

Accounts Payable—Trade.....	\$ 1,008,670.68	
Payrolls and Other Charges Accrued.....	346,359.35	
Special Loan Interest Accrued.....	72,753.70	
Bond Interest Accrued.....	348,305.00	
Instalment of Deferred Interest on Bonds payable 1st August, 1937, and Accrued Interest thereon.....	140,563.68	
Provision for Taxes Payable.....	52,754.10	
Reserve for Lumber Shipments and Pulpwood.....	47,412.37	
Reserve—General.....	91,567.33	
	<hr/>	\$ 2,108,386.21

SPECIAL LOAN:

(Secured by \$2,542,000.00 6% First Mortgage Bonds).....		2,301,792.00
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FRASER COMPANIES, LIMITED, FIRST MORTGAGE BONDS:

Authorized.....		\$15,000,000.00
Less: To be taken into account for Sinking Fund but not issuable.....	\$ 798,000.00	
Unissuable portion of \$2,800,000.00 originally re- served for issue as security for Special Loan.....	28,000.00	
Redeemed and Cancelled.....	397,500.00	
	<hr/>	1,223,500.00

Outstanding:

Six Per Cent First Mortgage Bonds, Series of 1936 due 1st January, 1950.....		\$13,776,500.00
Less: Held by Bank as security for Special Loan.....	\$2,542,000.00	\$10,576,500.00
Held by Trustee.....	196,000.00	
	<hr/>	2,738,000.00

RESTIGOUCHE COMPANY, LIMITED, BONDS:

Prior Lien Ten Year 6% Bonds due 1st July, 1942:			7,838,500.00
Authorized.....		\$ 500,000.00	
Six Per Cent Sinking Fund Mortgage Bonds due 1st February, 1948:			
Authorized and Issued:.....	\$4,846,000.00		
Less: Held by Trustee.....	\$ 65,000.00		
Redeemed and Cancelled through the Sinking Fund established by the Trust Deeds.....	255,000.00	320,000.00	
	<hr/>	<hr/>	\$ 4,526,000.00
Add: Deferred Interest to date.....	\$ 543,120.00		
Accrued Interest on Deferred Interest to date...	129,907.53		
	<hr/>	<hr/>	\$ 673,027.53
Less: Included in Current Liabilities.....	140,563.68	532,463.85	
	<hr/>	<hr/>	5,058,463.85

CAPITAL AND SURPLUS:

Represented by 355,016 Shares of No Par Value out of a Total Authorized Issue of 500,000 Shares:			
Amount attributed to Capital.....	\$ 3,279,857.40		
Surplus per Schedule A.....	2,367,425.98		
	<hr/>	<hr/>	5,647,283.38
Note: Contingent Liability in respect of Bills under Discount.....	\$74,156.14		
	<hr/>	<hr/>	\$22,954,425.44

# FRASER COMPANIES, LIMITED

FRASER PAPER, LIMITED, AND RESTIGOUCHE COMPANY, LIMITED

## CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

*For the year ended 31st December, 1936*

*Earnings for twelve months ended 31st December, 1936, after Operating Expenses, Taxes, etc., but before providing for the undernoted items.....		\$2,100,920.26
<i>Deduct:</i>		
Bank and Other Interest.....	\$ 32,764.60	
Special Loan Interest.....	156,178.60	
Bond Interest.....	749,867.55	
Deferred Bond Interest—Restigouche Company, Limited.....	38,095.89	
	<hr/>	976,906.64
		<hr/>
		\$1,124,013.62
<i>Deduct:</i>		
Provision for Depletion.....	\$105,989.62	
Provision for Depreciation.....	903,000.00	
	<hr/>	1,008,989.62
		<hr/>
		\$ 115,024.00
<i>Deduct:</i>		
Provision for Dominion Income Tax.....		20,050.00
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NET INCOME FOR YEAR TO DATE.....		\$ 94,974.00
		<hr/> <hr/>
*Executive Officers' Salaries and Legal Fees of \$75,251.34, and Directors' Remuneration of \$4,700.00 are included in Operating Expenses.		

### SCHEDULE "A"

## CONSOLIDATED SURPLUS ACCOUNT

*At 31st December, 1936*

Balance at 31st December, 1935.....		\$3,507,710.70
<i>Add:</i>		
Surplus on redemption of Bonds, being the difference between the purchase price and the Par Value of \$54,000.00 of the Company's own Bonds Redeemed and Cancelled .....		8,413.98
		<hr/>
		\$3,516,124.68
<i>Deduct:</i>		
Expenditures incurred incidental to issue of Capital Stock in lieu of Accrued Bond Interest, etc., to 31st December, 1935, and revision of Agreements re security, etc., for Special Loan.....	\$130,071.95	
Compensation for Cancellation of Timber Land contracts originally entered into in 1925, 1927 and 1928.....	173,602.10	
	<hr/>	303,674.05
		<hr/>
		\$3,212,450.63

## CONSOLIDATED INCOME DEFICIT ACCOUNT

*At 31st December, 1936*

Balance at 31st December, 1935.....		\$999,651.45
<i>Deduct:</i>		
Net Adjustment affecting prior years including Inventory Surplus ascertained in 1936.....	\$35,718.85	
Deferred Interest and Accrued Interest cancelled to 31st December, 1935, on Bonds Purchased.....	23,933.95	59,652.80
	<hr/>	\$939,998.65
<i>Deduct:</i>		
Net Income for year ended 31st December, 1936.....		94,974.00
		<hr/>
		845,024.65
		<hr/> <hr/>
		\$2,367,425.98