

# FRASER COMPANIES, LIMITED

FRASER PAPER, LIMITED, FRASER REALTIES, LIMITED  
AND RESTIGOUCHE COMPANY, LIMITED

## *Twenty-Third Annual Report and Statement*

YEAR ENDED 31ST DECEMBER, 1939

TO THE SHAREHOLDERS,

FRASER COMPANIES, LIMITED:

The Consolidated Balance Sheet of Fraser Companies, Limited, and its wholly owned subsidiaries at 31st December, 1939, and the Consolidated Profit and Loss and Surplus Accounts of these Companies for the year ended 31st December, 1939, are submitted herewith.

Earnings for the year before interest charges, depletion and depreciation amounted to \$1,768,528.76, resulting in a loss after all charges of \$208,637.86 which has been debited to Surplus. This compares with a loss for the previous year of \$18,352.33.

The year's transactions resulted in a net improvement to current position amounting to \$188,402.43 after applying \$213,886.09 on improvements to plant and properties and reducing fixed liabilities by the sum of \$451,025.00. The reduction of fixed liabilities was accounted for by a payment amounting to \$200,000.00 in reduction of the Special Loan of Fraser Companies, Limited, and \$69,525.00 of the Special Bank Loan of Fraser Realities, Limited, and by the purchase of \$133,000.00 principal amount of Fraser Companies, Limited, Bonds, and by the purchase of \$48,500.00 principal amount of Restigouche Company, Limited, Bonds.

The Pulp and Paper Mills at Edmundston, New Brunswick, and Madawaska, Maine, operated at a somewhat higher percentage of capacity than during the previous year. The earnings while showing an improvement were, however, affected by reduced prices. The demand for Sulphite Pulp produced by the Restigouche Company was weak during the first three-quarters of the year. A heavy demand has been experienced since that time and the Mill is now running to capacity. Lumber Sales for the year were slightly ahead of those for the previous year with prices holding at about the same levels.

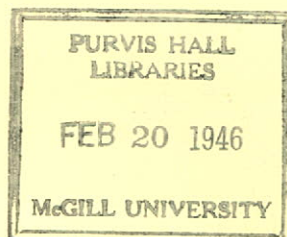
The Officers and Directors wish to give public expression of their appreciation of the enthusiastic and co-operative work of the entire organization. The continued loyal support accorded the Management in every department of the Company through the disturbed conditions of the past year is very gratifying.

Submitted on behalf of the Board,

K. S. MACLACHLAN,  
President.

MONTREAL, P.Q.,

FEBRUARY 22ND, 1940.



# FRASER COMPANIES

FRASER PAPER, LIMITED, FRASER REALTIES, LIMITED

At 31st December 1939

## ASSETS

### CURRENT:

Cash in Banks and on Hand.....	\$ 1,202,619.61	
Accounts and Bills Receivable—Trade—less Reserve.....	1,386,297.93	
Accounts Receivable—Other—less Reserve.....	11,936.64	
Inventories, valued at or below cost but not in excess of Market Values, comprising Raw Materials, Goods in Process and Finished Products, and Logging and Pulpwood Advances Season 1939-1940, as certified by responsible officials of the Companies.....	3,750,807.36	
	\$ 6,351,661.54	

DEFERRED CHARGES TO OPERATIONS.....	33,035.28
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INVESTMENTS.....	11,007.00
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### FIXED:

Fraser Companies, Limited, Fraser Paper, Limited, and Restigouche Company, Limited, 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; and Fraser Realities, Limited, Freehold and Leasehold Timber Limits, Buildings, Equipment, etc., at Cost.....

\$28,576,863.13

*Less:*

Reserves:		
Depletion.....	\$3,778,571.44	
Depreciation.....	7,803,464.50	
	11,582,035.94	
		16,994,827.19

### APPROVED ON BEHALF OF THE BOARD:

K. S. MACLACHLAN, *Director.*

H. CRABTREE, *Director.*

\$23,390,531.01

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

We have examined the books and accounts of Fraser Companies, Limited, Fraser Paper, Limited, Fraser Realities, Limited, and Restigouche Company, Limited, for the year ended 31st December, 1939, and in accordance with the Companies Act 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, Fraser Realities, Limited, and Restigouche Company, Limited, at 31st December, 1939, 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,  
19TH FEBRUARY, 1940.

# FRASER COMPANIES, LIMITED

FRASER COMPANIES, LIMITED, AND RESTIGOUCHE COMPANY, LIMITED

December, 1939

## LIABILITIES AND CAPITAL

### CURRENT:

Accounts Payable—Trade	\$ 1,475,310.47
Payrolls and Other Charges Accrued	406,237.95
Special Loan Interest Accrued	40,556.73
Bond Interest Accrued and Exchange thereon	368,696.35
Provision for Taxes Payable	30,000.00
Reserve for Contingencies	190,000.00

\$ 2,510,801.50  
369,900.00

SPECIAL BANK LOAN—FRASER REALTIES, LIMITED.  
(Secured by \$548,000.00 6% Fraser Realities, Limited, First Mortgage Bonds due 1st February, 1940, being the Authorized and Outstanding Bonds of this Issue).

SPECIAL LOAN.  
(Secured by \$1,882,000.00 6% Fraser Companies, Limited, First Mortgage Bonds)

1,701,957.00

### 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 reserved for issue as security for Special Loan	28,000.00
Redeemed and Cancelled	363,500.00
	1,189,500.00
	<u>\$13,810,500.00</u>

### Outstanding:

Six Per Cent First Mortgage Bonds, Series of 1936, due 1st January, 1950	\$10,610,500.00
Less: Held by Bank as Security for Special Loan	\$1,882,000.00
Held by Trustee	390,000.00
Redeemed and Cancelled	763,500.00
	3,035,500.00

7,575,000.00

### RESTIGOUCHE COMPANY, LIMITED, BONDS:

Prior Lien Ten Year 6% Bonds due 1st July, 1942:	
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	\$ 256,500.00
Redeemed and Cancelled through the Sinking Fund	346,500.00
	603,000.00

4,243,000.00

### CAPITAL AND SURPLUS:

Represented by 371,016 Shares of No Par Value out of a Total Authorized Issue of 500,000 Shares:	
Amount Attributed to Capital	\$ 3,984,458.91
Surplus per Schedule "A"	3,005,413.60

6,989,872.51

\$23,390,531.01

- NOTES: 1. In consolidating the Balance Sheet of Fraser Paper, Limited, which operates in the United States of America, American Dollars are expressed as an equal number of Canadian Dollars.  
2. Pending determination of the compensation receivable, no adjustment has been made in the above Balance Sheet in respect of part of the Seignior Forest Lands, which are the subject of expropriation proceedings instituted by the Government of the Province of Quebec.

# FRASER COMPANIES, LIMITED

FRASER PAPER, LIMITED, FRASER REALTIES, LIMITED  
AND RESTIGOUCHE COMPANY, LIMITED

## CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

*For the year ended 31st December, 1939*

Earnings for twelve months ended 31st December, 1939, after Operating Expenses (including Executive Officers' Salaries and Legal Fees of \$115,473.34 and Directors' Remuneration of \$5,399.84), Taxes, etc., but before providing for the undernoted items:—		\$ 1,768,528.76
<i>Deduct:</i>		
Bank and Other Interest—Net.....	\$ 56,429.78	
Special Loan Interest.....	82,999.03	
Bond Interest and Exchange thereon.....	755,393.40	
		<u>894,822.21</u>
		\$ 873,706.55
<i>Deduct:</i>		
Provision for Depletion.....	\$ 175,344.41	
Provision for Depreciation.....	907,000.00	
		<u>1,082,344.41</u>
NET LOSS FOR YEAR TO DATE.....		<u>\$ 208,637.86</u>

### SCHEDULE "A"

#### CONSOLIDATED SURPLUS ACCOUNT

*At 31st December, 1939*

Balance at 31st December, 1938.....	\$3,212,450.63
<i>Add:</i>	
Discount on Companies' Own Bonds purchased.....	13,118.75
	<u>\$3,225,569.38</u>

#### CONSOLIDATED INCOME DEFICIT ACCOUNT

*At 31st December, 1939*

Balance at 31st December, 1938.....	\$ 11,517.92
<i>Add:</i>	
Net Loss for Year ended 31st December, 1939.....	208,637.86
	<u>220,155.78</u>
	<u>\$3,005,413.60</u>