

Corporation
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THIRTY-FIRST ANNUAL REPORT AND STATEMENT

Year Ended 31st December, 1947



FRASER COMPANIES, LIMITED,
FRASER PAPER, LIMITED
AND RESTIGOUCHE COMPANY, LIMITED

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FRASER COMPANIES, LIMITED

FRASER PAPER, LIMITED
AND RESTIGOUCHE COMPANY, LIMITED

TO THE SHAREHOLDERS,
FRASER COMPANIES, LIMITED:

The Consolidated Balance Sheet of Fraser Companies, Limited and its wholly-owned subsidiaries as at 31st December, 1947, and the Consolidated Income and Expenditure and Surplus Statements of these companies for the year ended 31st December, 1947, are submitted herewith.

Earnings for the year, before interest charges and provisions for depletion, depreciation and Income and Excess Profits Taxes, amounted to \$9,045,000.

The net profit for the year, after all charges including a provision for Income and Excess Profits Taxes of \$3,235,000, amounted to \$3,981,000.

Your attention is directed to the following: Payment of \$350,000 on retirement of 2½% Serial Bonds, expenditure of \$4,479,000 on new plants, additions and improvements to existing plants and properties being part of the programme of improvement and modernization of your companies' mills and the purchase of 103.5 square miles of New Brunswick Crown Timber Limits, provision of \$3,235,000 for Income and Excess Profits Taxes and Common Dividends of \$1,298,000.

As a result of the foregoing, the consolidated net working capital stands at \$6,272,000.

The construction of a mill at Newcastle, New Brunswick, to manufacture 120 tons of unbleached sulphate pulp daily and a plant to bleach this product at Edmundston, referred to in last year's report, was commenced and, although construction materials and equipment were difficult to obtain, considerable progress has been made. It is expected that these units will be in production some time in 1949.

Four regular quarterly dividends of \$0.50 per share were paid during the year. In addition, extra dividends of \$1.00 per share applicable to the earnings for 1946 and \$0.50 per share applicable to the earnings for the first six months of 1947, were also paid.

Demand for the products of your companies' mills was in excess of producing capacities, notwithstanding the establishment of new production records which were made possible by greater operating efficiencies as a result of the continued programme of modernization and improvement.

Your Directors and Officers wish to extend their thanks and sincere appreciation for the continued co-operation and excellent service rendered by all employees during the year.

Submitted on behalf of the Board of Directors.

AUBREY CRABTREE,

President.

EDMUNDSTON, NEW BRUNSWICK,
FEBRUARY 20TH, 1948.

FRASER COMPANIES, LIMITED

FRASER PAPER, LIMITED AND RESTIGOUCHE COMPANY, LIMITED

As at 31st December 1947

ASSETS

CURRENT:

Cash in Banks and on Hand.....	\$ 1,136,455.21	
Dominion Government and United States Treasury Bonds.....	2,471,000.00	
Accounts Receivable—less Reserve.....	2,183,745.73	
Inventories, valued at or below cost comprising Raw Materials and Supplies, Goods in Process and Finished Products; and Logging and Pulpwood Advances Season 1947-1948, less Reserve, as certified by responsible officials of the Companies.....	6,334,708.80	
		\$12,125,909.74

DEFERRED CHARGES TO OPERATIONS.....		86,597.54
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REFUNDABLE PORTION OF EXCESS PROFITS TAXES—ESTIMATED.....		485,000.00
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OTHER INVESTMENTS.....		15,506.00
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FIXED:

Freehold and Leasehold Timber Limits, Buildings, Mills, Equipment, etc., as valued at 31st December, 1932 (such valuation being less than cost) with subsequent Additions at Cost less Deductions for Equipment and Property Sold.....		\$39,703,053.52
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Less:

Reserves:

Depletion.....	\$ 6,668,946.30	
Depreciation.....	16,915,453.28	
	23,584,399.58	16,118,653.94

\$28,831,667.22

APPROVED ON BEHALF OF THE BOARD:

AUBREY CRABTREE, *Director.*
L. M. SHERWOOD, *Director.*

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, 1947 and have obtained all the information and explanations we have required.

In our opinion, the above Consolidated Balance Sheet as supplemented by the explanatory notes (a) and (b) appended thereto 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 as at 31st December, 1947 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,
16TH FEBRUARY, 1948.

BALANCE SHEET OF

FRASER COMPANIES, LIMITED

RESTIGOUCHE COMPANY, LIMITED

December, 1947

LIABILITIES AND CAPITAL

CURRENT:

Accounts Payable.....	\$ 1,918,861.68	
Payrolls and Other Charges Accrued.....	709,388.99	
Dividend—Payable 24th January, 1948.....	185,508.00	
Provision for Income and Excess Profits Taxes—less Instalments Paid	<u>3,040,422.70</u>	\$5,854,181.37
RESERVE FOR REPLACEMENT OF PULPWOOD AND LOG INVENTORIES.....		984,000.00
RESERVE FOR CONTINGENCIES.....		570,000.00
REFUNDABLE PORTION OF EXCESS PROFITS TAXES—PER CONTRA.....		485,000.00
FIRST MORTGAGE AND COLLATERAL TRUST BONDS:		
Authorized.....	<u>\$12,000,000.00</u>	
Issued:		
2½% Serial Bonds due 1948-1957.....	\$3,500,000.00	
Less: Retired.....	<u>350,000.00</u>	
3% Series due 1st January, 1967.....	<u>3,150,000.00</u>	
		<u>6,650,000.00</u>
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.....	<u>10,304,026.94</u>	
		<u>14,288,485.85</u>
		<u>\$28,831,667.22</u>

NOTES: (a) Fraser Companies, Limited and Restigouche Company, Limited have claimed reserves against future depreciation in inventory values under the Excess Profits Tax Act. Provision has been made in the above Balance Sheet for tax on these reserves.

(b) 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.

FRASER COMPANIES, LIMITED

FRASER PAPER, LIMITED AND RESTIGOUCHE COMPANY, LIMITED

STATEMENT OF CONSOLIDATED INCOME AND EXPENDITURE

For the year ended 31st December, 1947.

Earnings for twelve months ended 31st December, 1947 (including \$61,140.70 Investment Income), after Operating Expenses (including Executive Officers' Salaries and Legal Fees of \$111,810.58 and Directors' Remuneration of \$1,750.00), Taxes, etc., but before providing for the undernoted items:.....		\$9,045,247.68
<i>Deduct:</i>		
Bond Interest.....		192,500.00
		<u>\$8,852,747.68</u>
<i>Deduct:</i>		
Provision for Depletion.....	\$ 382,878.39	
Provision for Depreciation.....	1,253,513.48	
		<u>1,636,391.87</u>
PROFIT, BEFORE PROVISION FOR INCOME AND EXCESS PROFITS TAXES.....		\$7,216,355.81
<i>Deduct:</i>		
Provision for Income and Excess Profits Taxes.....		3,235,000.00
NET PROFIT FOR YEAR.....		<u><u>\$3,981,355.81</u></u>

SCHEDULE "A"

STATEMENT OF CONSOLIDATED SURPLUS

At 31st December, 1947

Balance at 31st December, 1946.....	\$1,618,123.43
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STATEMENT OF CONSOLIDATED INCOME SURPLUS

At 31st December, 1947

Balance at 31st December, 1946.....	\$6,003,103.70	
<i>Add:</i>		
Net Profit for year.....	3,981,355.81	
	<u>\$9,984,459.51</u>	
<i>Deduct:</i>		
Dividends.....	1,298,556.00	
	<u>8,685,903.51</u>	
		<u><u>\$10,304,026.94</u></u>

FRASER COMPANIES, LIMITED

EDMUNDSTON, NEW BRUNSWICK

OFFICERS

Chairman of the Board

HAROLD CRABTREE, C.B.E.

President and General Manager

AUBREY CRABTREE

Treasurer

H. H. HENDERSON

Vice-President and Controller

L. M. SHERWOOD

Secretary

G. G. GILLIES

EXECUTIVE COMMITTEE

Chairman

HAROLD CRABTREE, C.B.E.

AUBREY CRABTREE

S. F. DUNCAN

A. M. IRVINE

L. M. SHERWOOD

DIRECTORS

HON. F. PHILIPPE BRAIS, O.B.E., K.C.

A. W. BREBNER

ARTHUR H. CAMPBELL

AUBREY CRABTREE

HAROLD CRABTREE, C.B.E.

S. F. DUNCAN

HON. R. B. HANSON, P.C., K.C.

A. M. IRVINE

L. M. SHERWOOD

H. P. THORNHILL

AUDITORS

MESSRS. GEORGE A. TOUCHE & Co.

The shares of the Capital Stock of the Company are listed for trading on the Montreal Curb Market and Toronto Stock Exchange.

Books for the registration and transfer of shares are maintained at Montreal, Toronto and Edmundston.

