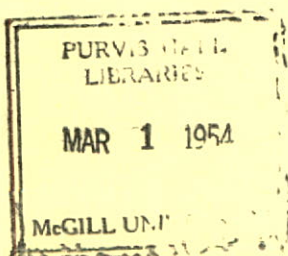




FRASER COMPANIES, LIMITED

AND SUBSIDIARY COMPANIES

ANNUAL REPORT
"
YEAR ENDED 31st DECEMBER, 1953





Typical of many such roads, built for the development and management of timber lands and limits, is this view of the Pemouet Forest Road on Green River Drainage.

FRASER COMPANIES, LIMITED

DIRECTORS

G. E. BARBOUR	S. F. DUNCAN
HON. F. PHILIPPE BRAIS, C.B.E., Q.C.	HON. D. L. MACLAREN, P.C.
ARTHUR H. CAMPBELL	C. M. MATHESON
AUBREY CRABTREE, LL.D.	L. M. SHERWOOD
HAROLD CRABTREE, C.B.E.	H. P. THORNHILL

EXECUTIVE COMMITTEE*

AUBREY CRABTREE, LL.D.
HAROLD CRABTREE, C.B.E.
S. F. DUNCAN
L. M. SHERWOOD
H. P. THORNHILL

OFFICERS

HAROLD CRABTREE, C.B.E.	- - - - -	<i>Chairman of the Board</i>
AUBREY CRABTREE, LL.D.	- - - - -	<i>President and General Manager</i>
L. M. SHERWOOD	- - - - -	<i>Vice-President and Controller</i>
H. H. HENDERSON, M.C.	- - - - -	<i>Treasurer</i>
G. G. GILLIES, F.C.I.S.	- - - - -	<i>Secretary</i>

*The Boards of Directors of the subsidiary Companies, Fraser Paper, Limited and Restigouche Company, Limited, are comprised of the members of the Executive Committee and Mr. C. M. Matheson.



FRASER COMPANIES, LIMITED AND SUBSIDIARY COMPANIES

TO THE SHAREHOLDERS,
FRASER COMPANIES, LIMITED:

The Consolidated Balance Sheet at 31st December, 1953, and the Consolidated Statements of Income and Expenditure, Earned Surplus, and Capital Surplus for the year ended 31st December, 1953, of Fraser Companies, Limited and its wholly-owned subsidiaries, Fraser Paper, Limited and Restigouche Company, Limited, are submitted herewith.

Earnings for the year, before interest charges, provisions for depletion, depreciation and Income and Excess Profits Taxes, amounted to \$11,007,574.

The profit for the year after all charges, including provisions for depletion and depreciation of \$3,065,834 and a provision of \$4,994,000 for Income and Excess Profits Taxes, amounted to \$2,973,740.

During the year \$350,000 principal amount of 2½% Serial Bonds were retired, which reduced the outstanding First Mortgage and Collateral Trust Bonds to \$4,550,000.

Expenditures for additions and improvements to plants and properties during the year amounted to \$2,641,330.

The Consolidated Net Working Capital at the end of the year amounted to \$10,941,924.

During the year dividends totalling \$4.75 per share were paid in quarterly instalments to Preferred Shareholders. Common Shareholders were paid four regular quarterly dividends of 25c per share.

The mills manufacturing pulp for the market commenced the year operating on a curtailed basis but by February kraft pulp sales picked up and permitted normal operations for the balance of the year. Bleached sulphite pulp production at Atholville, however, was below capacity for practically the entire year although improvement was shown at the year end. Further reductions in prices for some grades of pulp took place during the year.

The volume of business for paper and paperboard permitted nearly normal operations throughout the year. The backlog of orders at the end of the year was approximately the same as the backlog at the first of the year.

Shipments of pulp, paper and paperboard for 1953 amounted to 243,192 tons, an increase of 15,413 tons over 1952.

Because the greater portion of the total sales from Canadian mills is to the United States market, revenue continued to be adversely affected by the United States dollar being at a discount to the Canadian dollar.

New labour agreements covering employees in all the mills were negotiated during the year. Agreements were reached on wage and other adjustments to bring them in conformity with the pattern set by the industry in the region. One of the features of the adjustments for the Edmundston, Atholville and Newcastle mills was the establishment of a forty-hour normal workweek effective January 3rd, 1954.

ANNUAL REPORT

The spraying with insecticides of portions of the older and more heavily infested forest areas in northern New Brunswick for the purpose of combatting the spruce budworm epidemic was carried out by Forest Protection Limited, a non-profit organization incorporated for the purpose by the Province of New Brunswick and members of the pulp and paper industry in the Province, with financial and technical assistance from the Government of Canada. Approximately one and three-quarters million acres of these infested timber lands were sprayed from six airfields constructed for the purpose and the results have been deemed very beneficial.

Plans are proposed for Forest Protection Limited to continue spraying operations in 1954 over an area of approximately one million acres. As the budworm epidemic appears to be moving south easterly in New Brunswick, it is expected that the spraying will be from two of the present airfields and two additional ones being constructed on the Miramichi River drainage.

In addition to the above, the Company has joined with other companies and the Government of the Province of Quebec to spray an area of approximately one-quarter of a million acres of forest land in Quebec which is northerly from and in close proximity to one of the areas in New Brunswick which was sprayed in 1953.

The program of improvement and modernization of plant and properties has continued throughout the year. Three important items completed in 1953 at Madawaska were the installation of a new drive, headbox and slice on one of the paper machines, the installation of a new hood and modern ventilation system on another paper machine and bringing into operation of a new 10,000 kw steam turbine.

A major installation scheduled for 1954 is the replacement in the present machine room of one of the paper machines at Madawaska with a new unit designed to fit into our special requirements. This new machine will increase the productive capacity of this mill by approximately 10,000 tons of paper per annum. The unit which it replaces was installed in 1928 and was originally designed for the manufacture of tissue paper but as this Company has never manufactured this grade, the machine was used for the manufacture of other grades and did not effectively fit into our paper manufacturing program. A contract has been entered into for the sale of this machine for delivery on receipt of the new machine. Another major undertaking scheduled to commence in 1954 is the construction of an addition to the steam plant at Atholville in order that a new steam generator may be in operation there before the end of 1955.

All members of the Newcastle mill organization are to be highly commended for operating throughout 1953 without a lost-time accident. In public recognition of this achievement, this mill was awarded a shield by the Pulp and Paper Magazine of Canada as the winner, in its class, of the "Safest Mill in Canada" contest for pulp and paper mills. This mill was also leading its group at the end of the eleventh month of 1953 in the National Safety Council's competition for pulp and paper mills in Canada and United States.

We wish to extend our thanks and sincere appreciation to all employees for their sustained effort, co-operation and support throughout the year.

Submitted on behalf of the Board of Directors.



President

FRASER COMPANIES, LIMITED

CONSOLIDATED BALANCE SHEET

ASSETS

CURRENT:

Cash in Banks and on Hand.....	\$ 7,619,604.40	
United States Treasury Notes.....	1,200,000.00	
Accounts Receivable—less Reserve.....	2,970,200.24	
Inventories, valued at the lower of Cost or Market, less reserve, comprising Raw Materials and Supplies, Goods in Process and Finished Products, and Logging and Pulpwood Advances Season 1953-1954, as certified by responsible officials of the Companies.....	8,501,794.99	
		<u>\$20,291,599.63</u>

DEFERRED CHARGES TO OPERATIONS..... 266,522.32

INVESTMENTS..... 66,396.97

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..... \$63,525,678.22

Less:

Accumulated Depletion.....	\$ 8,731,605.73	
Accumulated Depreciation.....	31,003,043.25	
	<u>39,734,648.98</u>	
		<u>23,791,029.24</u>

APPROVED ON BEHALF OF THE BOARD:

AUBREY CRABTREE, *Director.*

L. M. SHERWOOD, *Director.*

\$44,415,548.16

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, 1953, and have obtained all the information and explanations we have required.

In our opinion, the above Consolidated Balance Sheet as supplemented by the note 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, at 31st December, 1953, 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,
10TH FEBRUARY, 1954.

AND SUBSIDIARY COMPANIES

AT 31ST DECEMBER, 1953

LIABILITIES AND CAPITAL

CURRENT:

Accounts Payable.....	\$ 3,168,225.73	
Payrolls and Other Charges Accrued.....	1,202,655.21	
Common Dividend—Payable 25th January, 1954.....	556,525.50	
Income and Excess Profits Taxes—Estimated.....	4,422,269.04	
		\$ 9,349,675.48

RESERVE FOR CONTINGENCIES.....		1,388,000.00
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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.....	2,450,000.00		
		\$ 1,050,000.00	
3% Series due 1st January, 1967.....		3,500,000.00	
			4,550,000.00

CAPITAL AND SURPLUS:

4¾% Cumulative Redeemable Sinking Fund Preferred Shares:

Authorized:

14,241 Shares of \$100.00 each.....	\$ 1,424,100.00	
Issued and Fully Paid:		
14,241 Shares.....		1,424,100.00

Common Shares without Nominal or Par Value:

Authorized—3,000,000 Shares		
Issued —2,226,102 Shares.....	\$ 3,984,482.91	
Capital Surplus.....	1,259,768.34	
Earned Surplus.....	22,459,521.43	
		27,703,772.68
		<u>\$44,415,548.16</u>

NOTE: 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 AND SUBSIDIARY COMPANIES

STATEMENT OF CONSOLIDATED INCOME AND EXPENDITURE

For the year ended 31st December, 1953

Earnings for twelve months ended 31st December, 1953 (including \$7,916.00 Investment Income), after Operating Expenses, etc., (including Executive Officers' Salaries and Legal Fees of \$157,473.84 and Directors' Remuneration of \$2,600.00), but before providing for the undernoted items:		\$11,007,574.30
<i>Deduct:</i>		
Bond Interest		140,000.00
		<u>\$10,867,574.30</u>
<i>Deduct:</i>		
Provision for Depletion	\$ 303,032.12	
Provision for Depreciation	2,762,802.57	
		<u>3,065,834.69</u>
		\$ 7,801,739.61
<i>Deduct:</i>		
Provision for Income and Excess Profits Taxes		4,994,000.00
		<u>\$ 2,807,739.61</u>
<i>Add:</i>		
Transfer from Reserve for Contingencies		166,000.00
AMOUNT TRANSFERRED TO CONSOLIDATED EARNED SURPLUS		<u><u>\$ 2,973,739.61</u></u>

STATEMENT OF CONSOLIDATED EARNED SURPLUS

Amount transferred from Statement of Consolidated Income and Expenditure for the year ended 31st December, 1953		\$ 2,973,739.61
<i>Deduct:</i>		
Dividends—Preferred	\$ 67,644.75	
—Common	2,226,102.00	
		<u>2,293,746.75</u>
		\$ 679,992.86
<i>Add:</i>		
Balance at 31st December, 1952		<u>21,779,528.57</u>
BALANCE AT 31ST DECEMBER, 1953		<u><u>\$22,459,521.43</u></u>

STATEMENT OF CONSOLIDATED CAPITAL SURPLUS

BALANCE AT 31ST DECEMBER, 1952		<u><u>\$ 1,259,768.34</u></u>
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ANNUAL REPORT

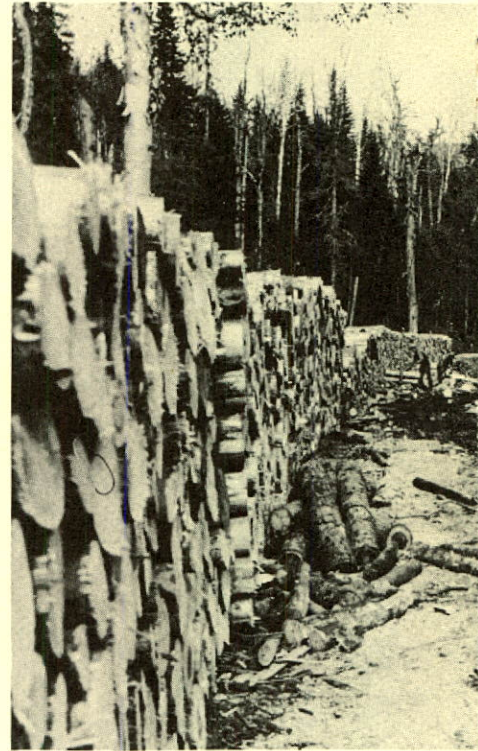
C O M P A R I S O N S

	<u>1953</u>	<u>1952</u>
QUANTITIES SOLD:		
PULP AND PAPER (tons).....	243,192	227,779
LUMBER (M f.b.m.).....	23,866	29,284
NET SALES.....	\$47,970,668	\$47,188,123
PROVISION FOR TAXES ON INCOME.....	4,994,000	5,199,000
TAXES PER SHARE OF COMMON STOCK.....	2.24	2.34
PROFIT.....	2,973,740	3,455,575
EARNED ON COMMON (per Share).....	1.30	1.52
DIVIDENDS PAID—CASH (per Share):		
PREFERRED.....	4.75	4.75
COMMON.....	1.00	1.00
RETAINED IN BUSINESS (per Common Share).....	.30	.52
ADDITIONS TO PLANTS AND PROPERTIES.....	2,641,330	3,019,528
END OF YEAR		
WORKING CAPITAL.....	\$10,941,924	\$10,378,321
BONDED DEBT.....	4,550,000	4,900,000
PREFERRED SHARES.....	1,424,100	1,424,100
COMMON SHAREHOLDERS' EQUITY.....	27,703,773	27,023,780
SHARES OUTSTANDING:		
PREFERRED.....	14,241	14,241
COMMON.....	2,226,102	2,226,102

ILLUSTRATING COMPANY OPERATIONS .



TYPICAL SPRUCE AND FIR PULPWOOD FOREST.



PULPWOOD READY FOR T

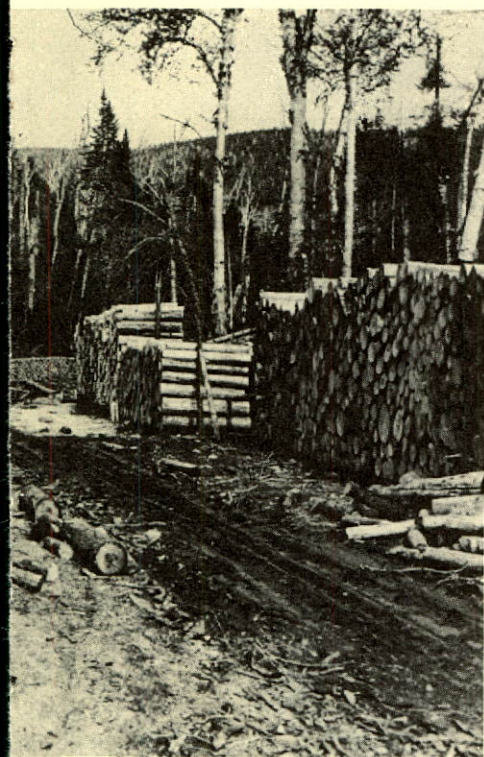


START OF PULPWOOD DRIVE ON SMALL BROOK.



PULPWOOD IN MADAWASK

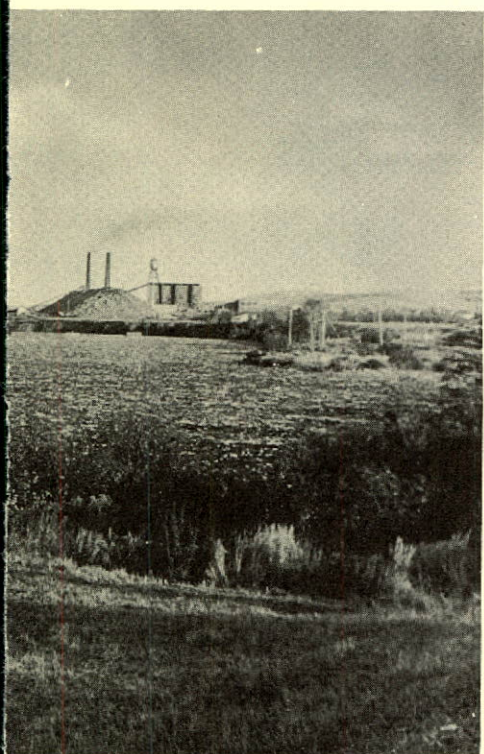
FROM THE FOREST



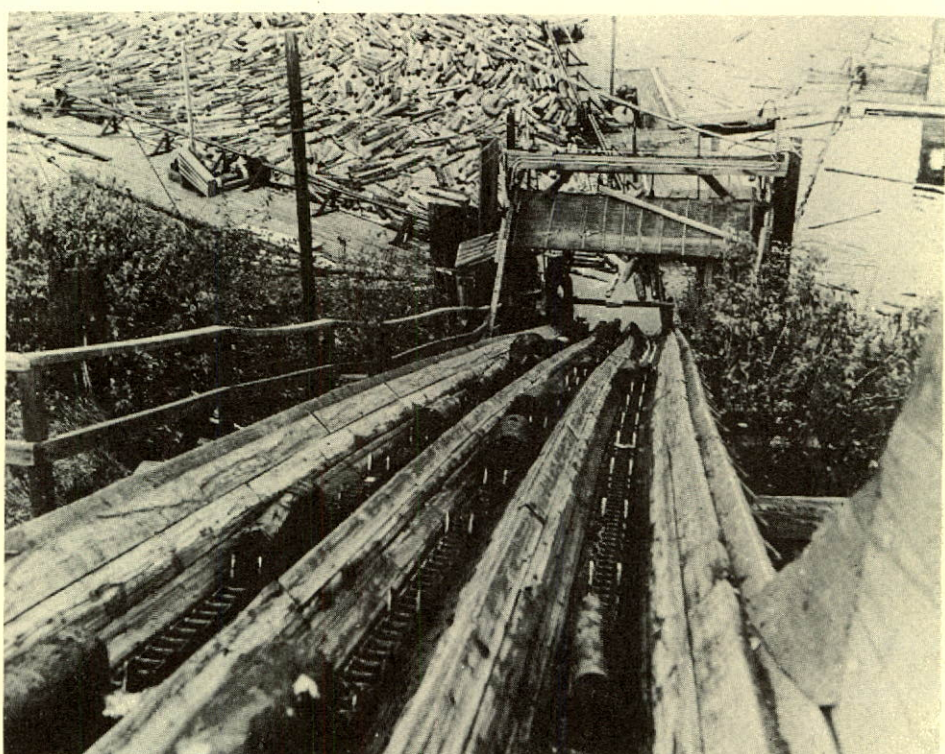
BUCKING ON WOODS ROAD.



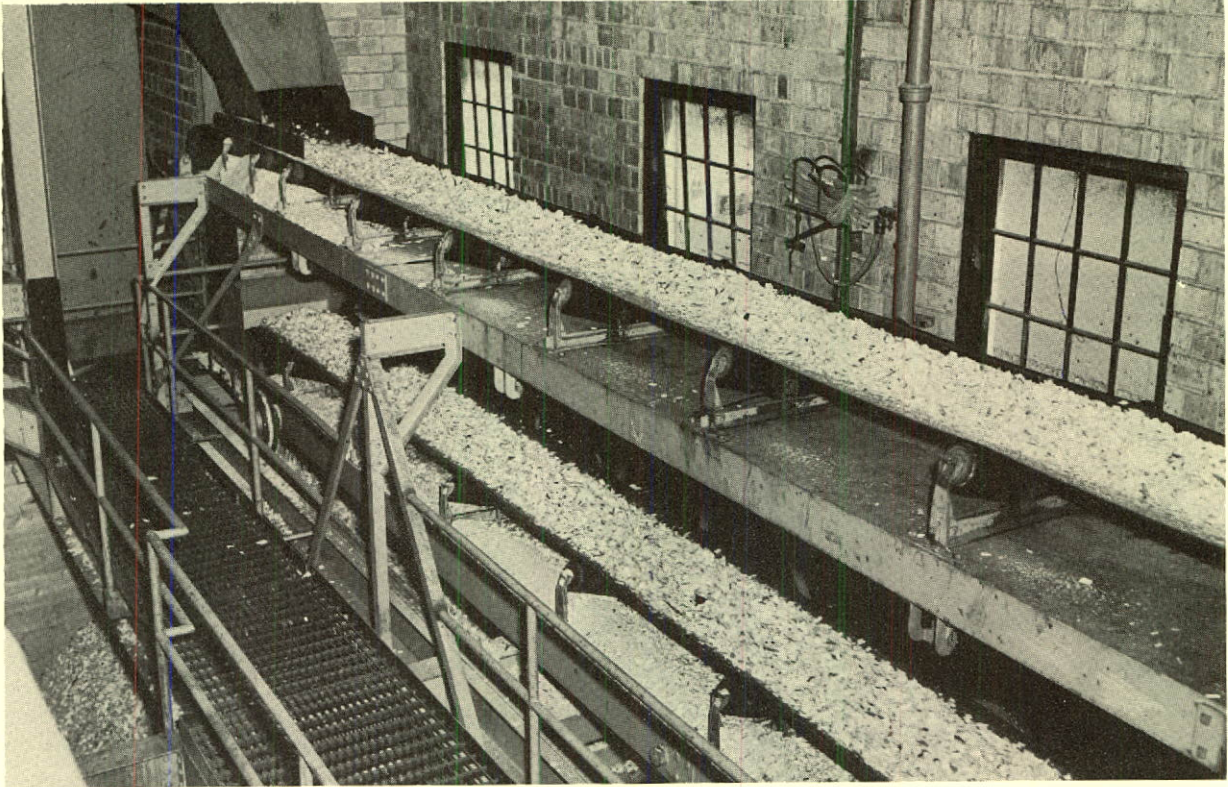
PULPWOOD LANDED ON BANK OF SMALL STREAM.



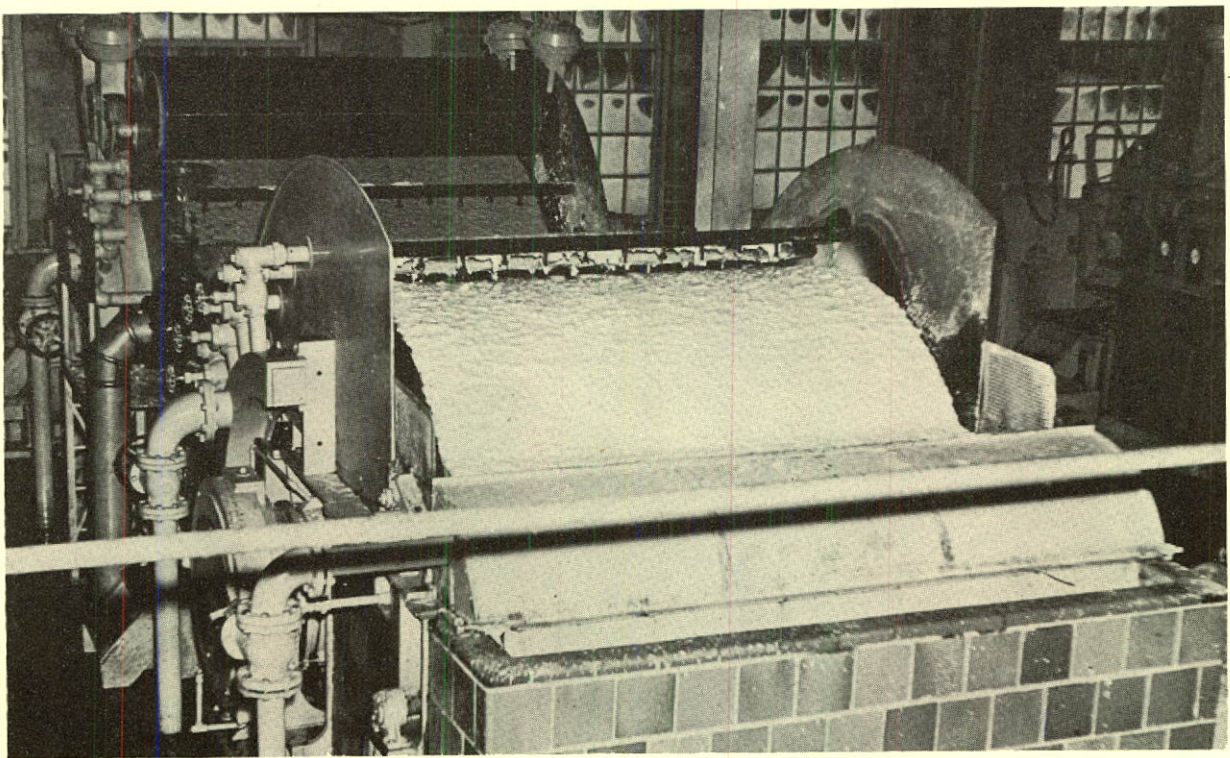
KA RIVER — EDMUNDSTON.



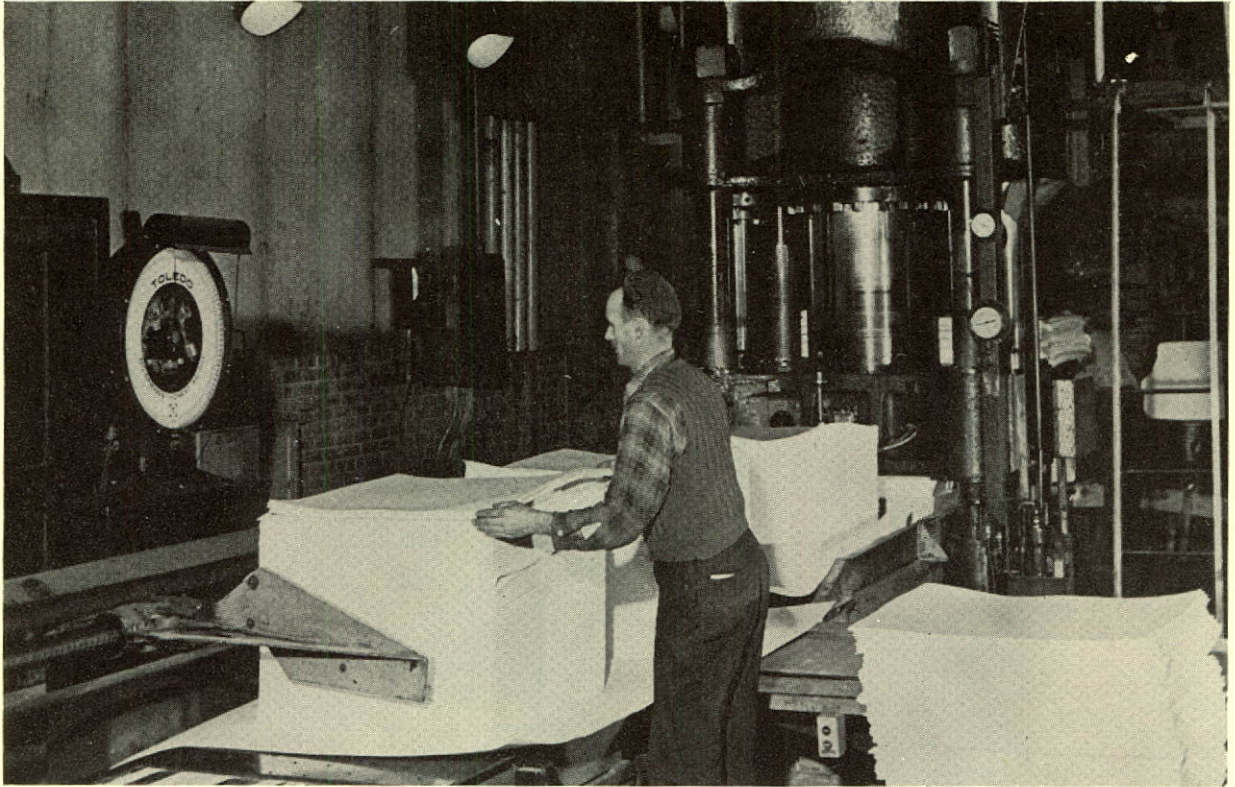
PULPWOOD ON WAY TO BARKING PLANT — EDMUNDSTON.



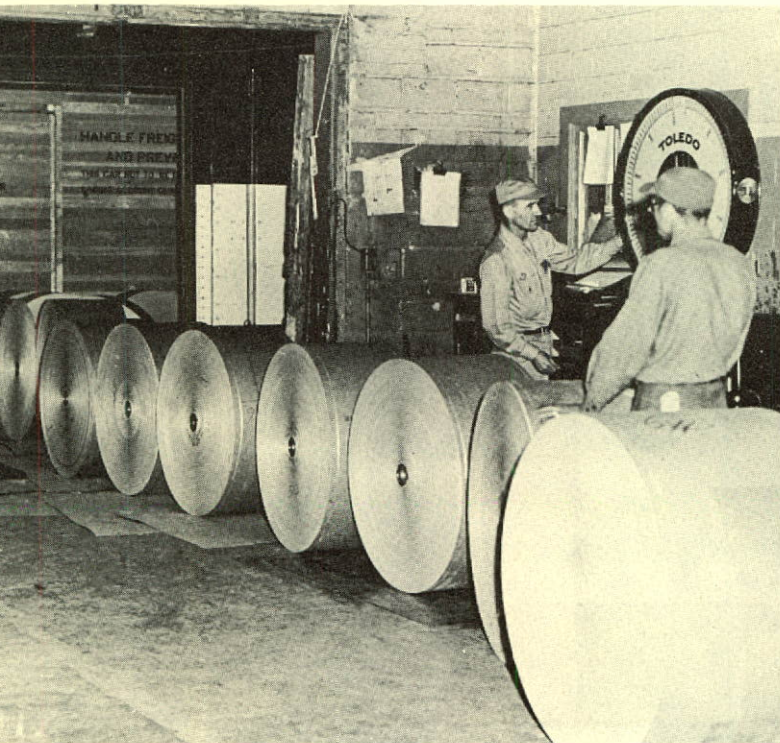
CHIP CONVEYOR IN THE NEWCASTLE KRAFT MILL.



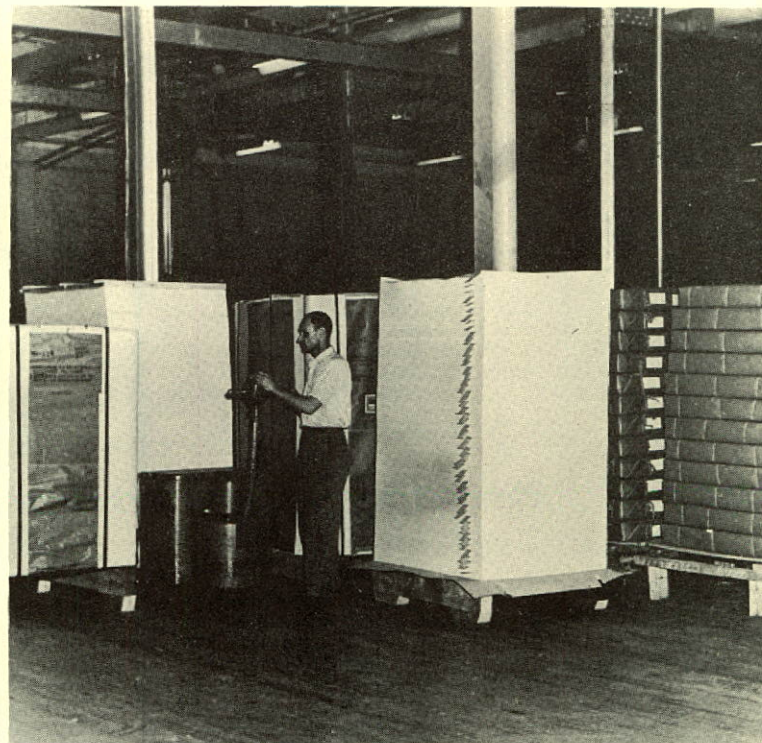
PULP WASHER THICKENER IN THE EDMUNDSTON BLEACHERY.



HYDRAULIC PULP PRESS IN THE ATHOL PULPMILL.



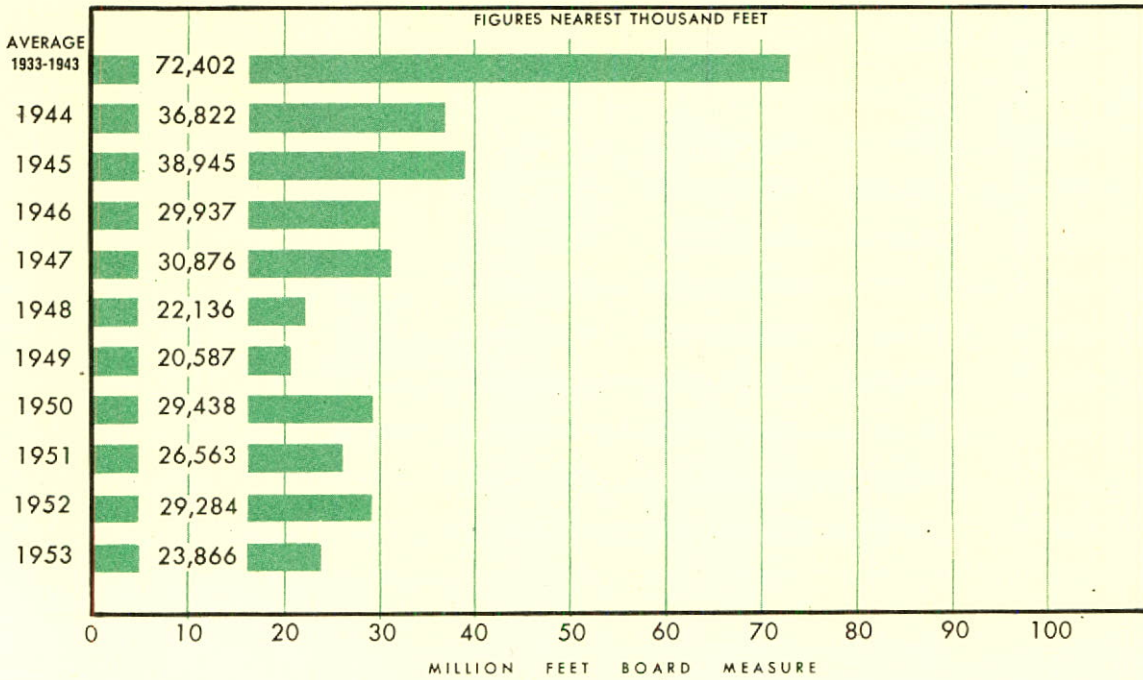
ROLLS READY FOR SHIPMENT,
MADAWASKA PAPER MILLS.



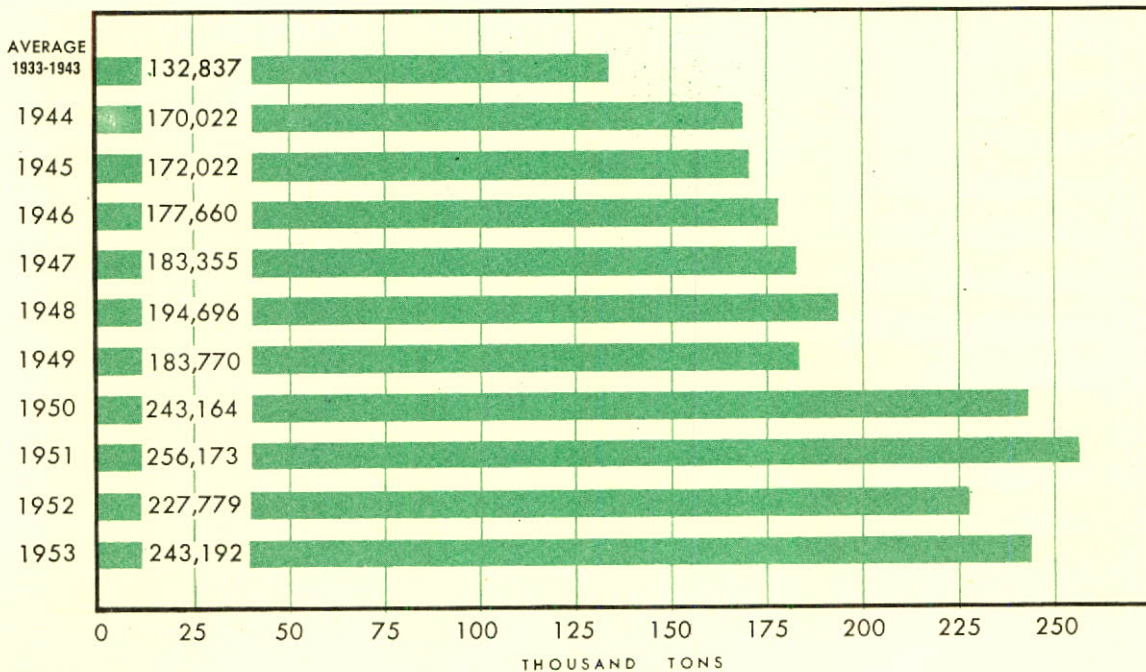
SHEETS PACKAGED FOR SHIPMENT,
MADAWASKA PAPER MILLS.

FRASER COMPANIES, LIMITED AND SUBSIDIARY COMPANIES

SALES - LUMBER PRODUCTS - F. B. M.

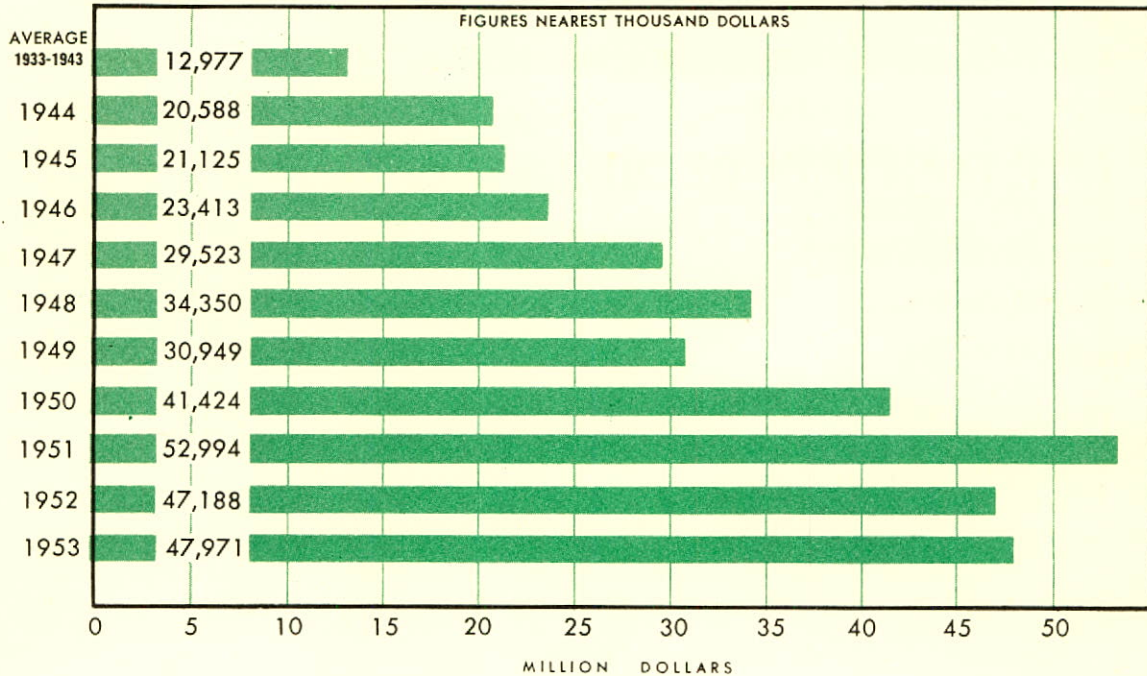


SALES - PULP & PAPER PRODUCTS - TONS

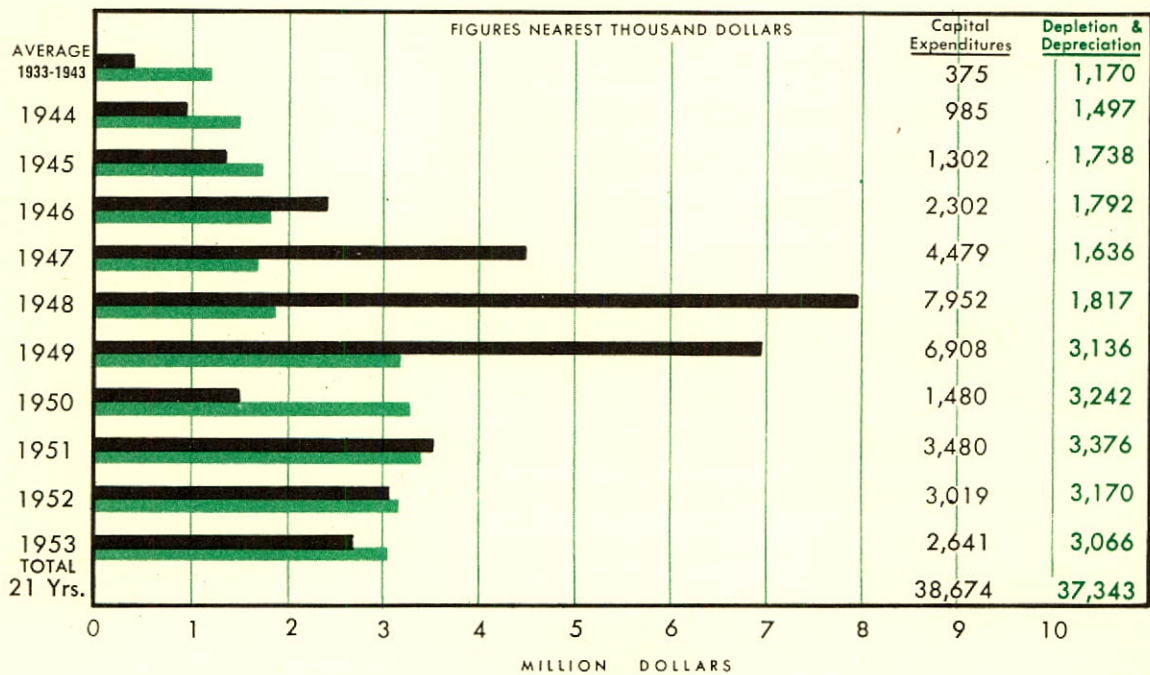


ANNUAL REPORT

NET SALES — DOLLARS



PROPERTIES





FRASER QUALITY PRODUCTS

MANUFACTURED IN CANADA

FRASER PULPS

Bleached and Unbleached Kraft
for
Specialty Papers

FRASER PAPERBOARDS

Solid Bleached - Patent Coated - Pulpboard - Bleached Manilla Lined -
Vat Lined - Screenings - Pie Plate - Egg Case Filler

RESTIGOUCHE DISSOLVING PULPS

for
Rayon Filament - Staple Fibre - Cellophane

RESTIGOUCHE PAPER PULPS

for
Bond - Book - Offset and Business Forms -
Sanitary and Cleansing Tissues - Patent Coated Paperboard

FRASER LUMBER

Eastern Canadian Spruce

MANUFACTURED IN U.S.A.

FRASER BUSINESS PAPERS

for
Manifold Forms - Letterheads - Multicopy Forms

FRASER CONVERTING PAPERS

(Including Fracote, a coated paper)
for

Carton Wraps - Bread Wraps - Drinking Cups - Drinking Straws -
Treated Food Wraps - Gift Wraps - Greeting Cards - Tablets - Envelopes
and other specialty paper products

FRASER PRINTING PAPERS

Snowland Bond - Snowland Mimeograph - Snowland Ledger -
Snowland Duplicator - Offset - Fra-opaque

FRASER GROUNDWOOD PAPERS

Catalogue - Directory - Specialties - Rotogravure and Letterpress Finishes

FRASER COMPANIES, LIMITED AND SUBSIDIARY COMPANIES

AUDITORS

Messrs. GEORGE A. TOUCHE & Co.

STOCK TRANSFER AGENTS AND REGISTRARS

Preferred — MONTREAL TRUST COMPANY,
Montreal, Toronto, Halifax, Winnipeg and Vancouver

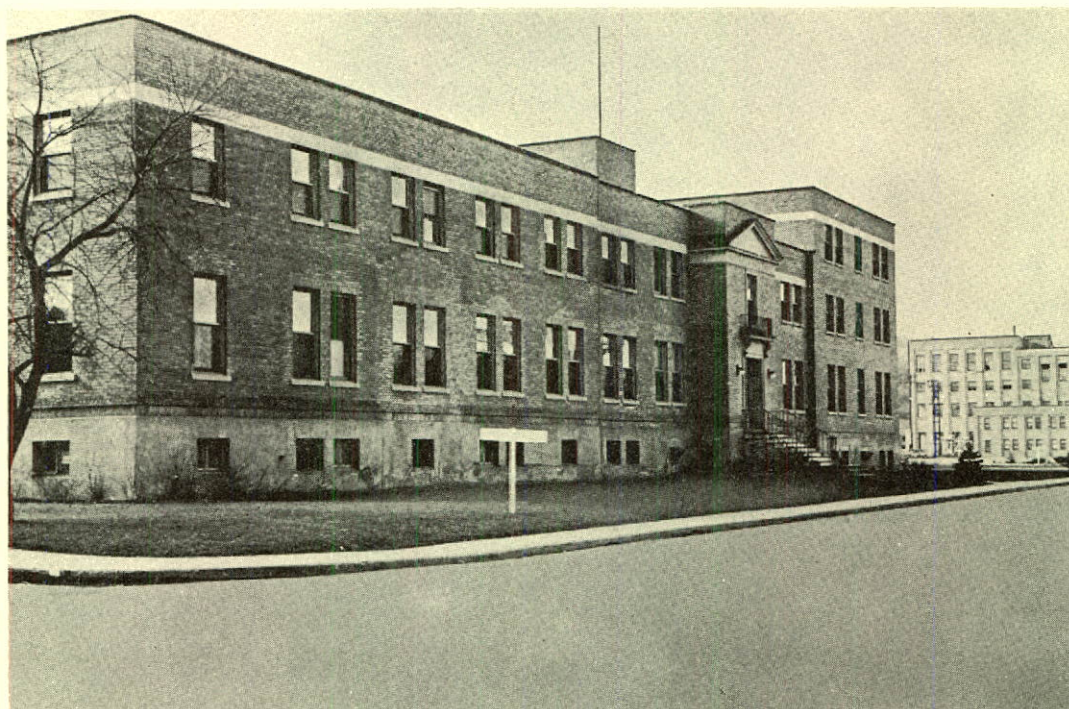
Common — MONTREAL TRUST COMPANY,
Montreal and Toronto.

Books for the transfer of both Preferred and Common Shares are also maintained at the General Office of the Company, at Edmundston, New Brunswick where The Royal Bank of Canada act as Registrars.

STOCK EXCHANGES

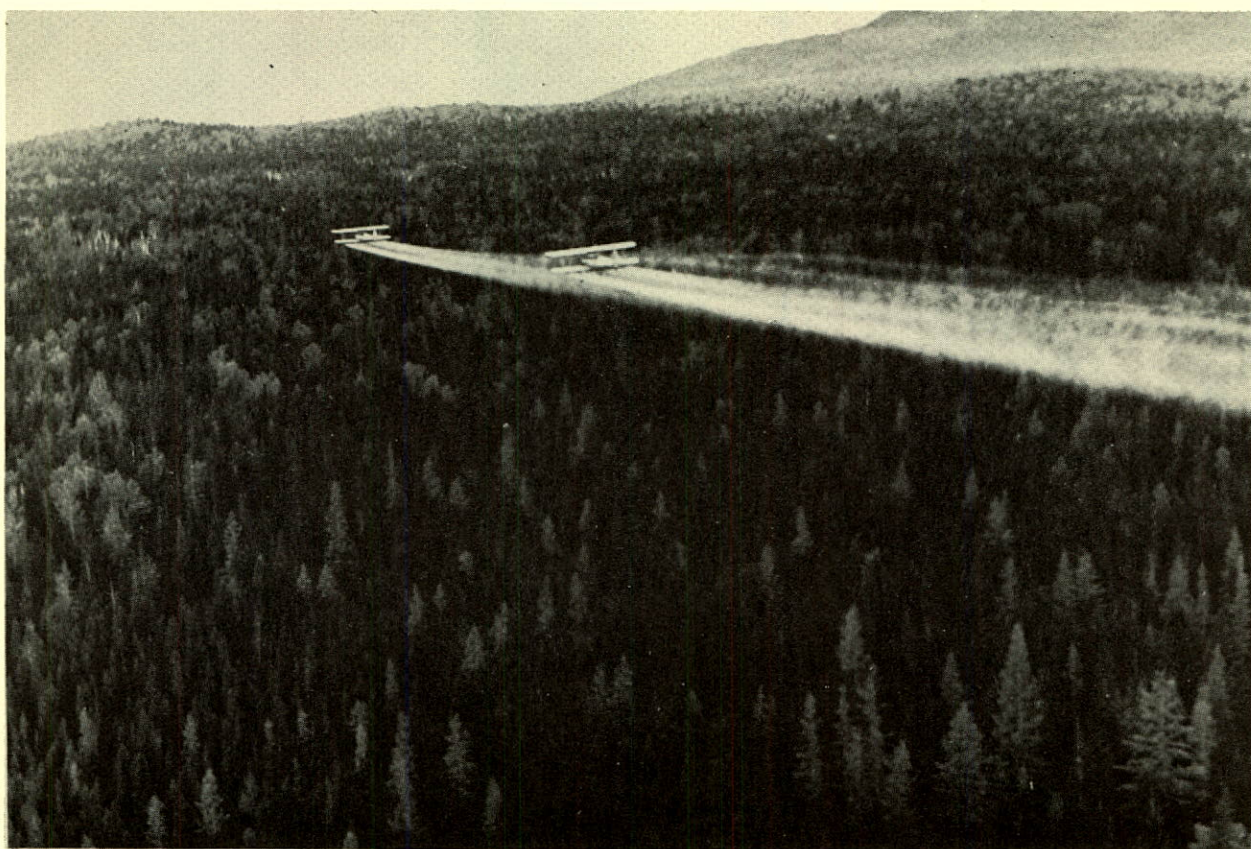
**Preferred and
Common Stock** —

MONTREAL STOCK EXCHANGE
TORONTO STOCK EXCHANGE



GENERAL AND EXECUTIVE OFFICE — EDMUNDSTON
(MILL IN BACKGROUND)

ANNUAL REPORT



SPRAYING OPERATIONS DIRECTED AT DESTRUCTIVE SPRUCE BUDWORM

Pictured above are two aircraft spraying the forest out of the Nictau airstrip located on the Tobique Watershed.

In the years 1916-1922, the spruce budworm destroyed an estimated 20 million cords of spruce and balsam in Northern New Brunswick. In 1948, evidence again indicated an invasion of this insect in epidemic proportions in many areas of the northern part of the Province. In late 1952, surveys indicated an area of over 3,000,000 acres in danger of serious mortality from the ravages of this insect.

In September 1952, through the cooperation of the New Brunswick Government, together with four pulp and paper companies, including this Company, Forest Protection Limited — a non-profit corporation — was formed to combat this forest menace, with financial and technical assistance from the Government of Canada. The operations proposed to be carried out by this organization involved the aerial spraying of the area which had been most seriously infested for the longest time, in an effort to eliminate, or at least, diminish, the possible loss of an extensive area of spruce and balsam forest.

In 1953, a 77-plane fleet was used in the spraying of more than 1,750,000 acres of forest land. The results indicated a remarkable drop in budworm population and experts feel that any possible forest mortality in the sprayed areas has been postponed until 1955 at least. It is hoped that by that time the budworm infestation will have declined naturally and any serious damage or mortality will have been averted.



*This report, excepting the cover, is printed on Fra-opaque, a product of Fraser Paper, Limited,
Madawaska, Maine*

