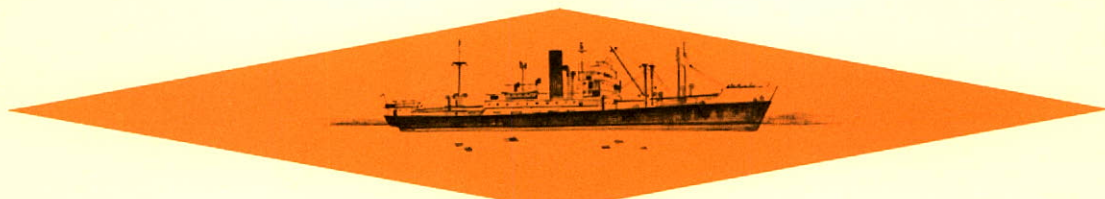
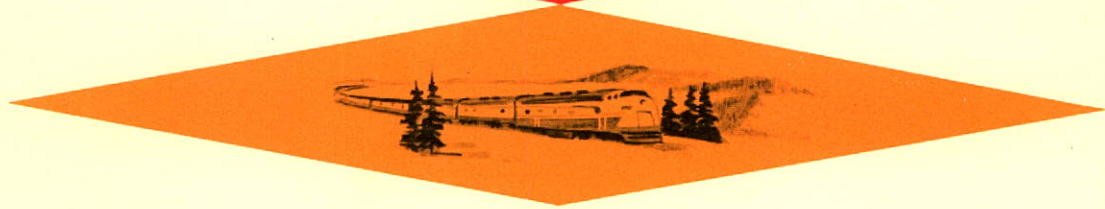


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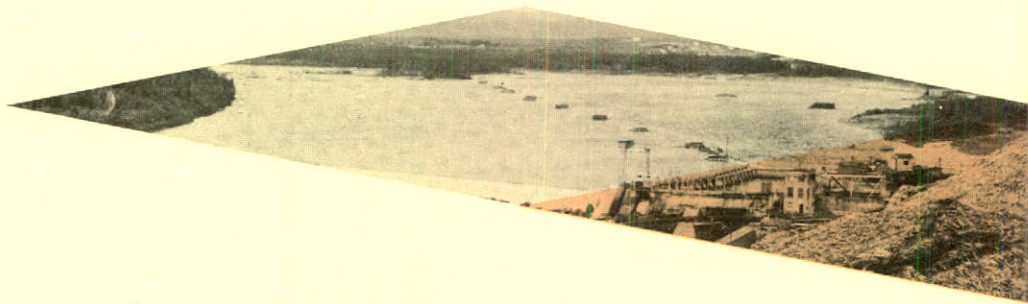
ANNUAL REPORT



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ANGLO-NEWFOUNDLAND DEVELOPMENT COMPANY, LIMITED

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ANGLO-NEWFOUNDLAND DEVELOPMENT COMPANY, LIMITED

ANGLO-NEWFOUNDLAND DEVELOPMENT COMPANY,  
LIMITED

NOTICE IS HEREBY GIVEN that the Ordinary General Meeting of ANGLO-NEWFOUNDLAND DEVELOPMENT COMPANY, LIMITED will be held at the Offices of the Company, Grand Falls, Province of Newfoundland, on Wednesday, the Twentieth day of May, 1959, at ten o'clock in the forenoon, for the following purposes, namely:—

1. To receive the Directors' and Auditors' Reports, the Balance Sheet and Profit and Loss Account to 31st December, 1958.
2. To elect Directors in the place of those retiring and to vote the remuneration of Directors for the year ending 31st December, 1959.
3. To appoint Auditors.
4. To transact any other ordinary business of the Company.

By Order of the Board,

J. S. GOODYEAR,  
*Secretary.*

Dated this 16th day of April, 1959.

Grand Falls,  
Province of Newfoundland,  
Canada.



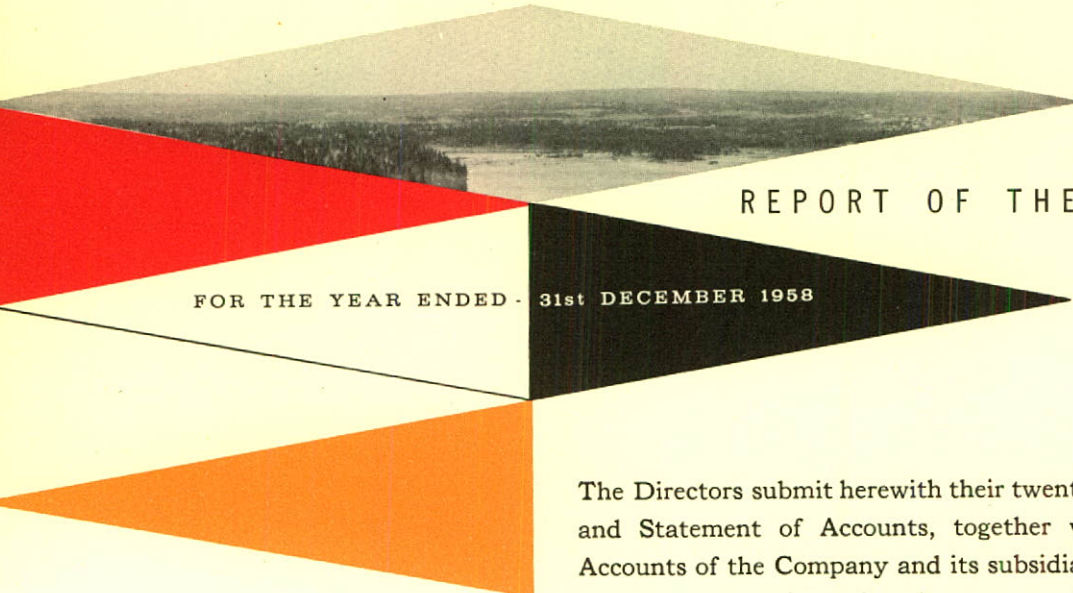


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ANNUAL REPORT







## REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31st DECEMBER 1958

The Directors submit herewith their twenty-sixth Annual Report and Statement of Accounts, together with the Consolidated Accounts of the Company and its subsidiaries. The Consolidated Profit, after providing for all expenses, depletion, depreciation and Canadian Income Tax, amounted to \$2,808,497 compared with \$2,281,032 for the year 1957. These amounts were derived from the following Companies and operations:

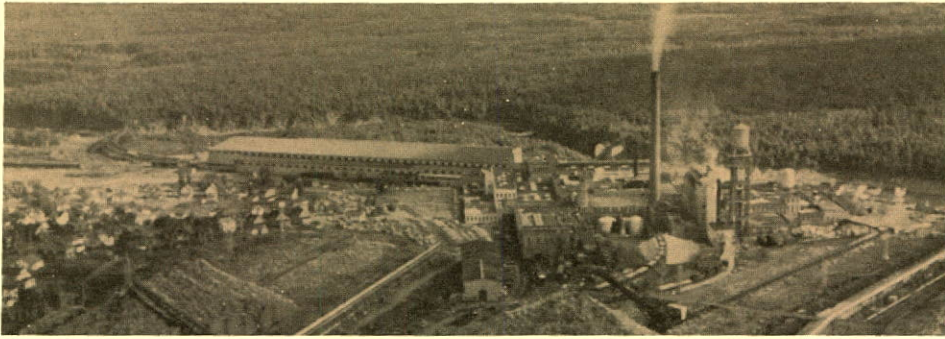
	1958	1957
Parent Company from newsprint and ancillary operations (including steamship and railway operations conducted by subsidiary companies) and from sundry investments	2,435,931	1,741,162
Gaspesia Sulphite Company, Ltd. from sulphite pulp operations . . .	113,674	1,176
Terra Nova Properties, Limited from mining interests . . . . .	258,892	538,694
	<u>\$2,808,497</u>	<u>\$2,281,032</u>

The Consolidated Surplus brought forward from last year was \$16,270,462. To this was added the net profit for the year, making a total of \$19,078,959. Four interim dividends of 5¢ each were declared in respect of the year and these absorbed \$1,099,683, leaving a surplus carried forward of \$17,979,276.

*By Order of the Board,*

J. S. GOODYEAR,  
*Secretary.*

16th April, 1959.



## STATEMENT BY THE PRESIDENT MR. T. R. MOORE

A moderate increase in the consolidated earnings of the Company was achieved in 1958.

Due to the uncertainty which existed in the pulp and paper industry and the low level of base metal prices, a reduction in the quarterly dividend from  $7\frac{1}{2}\text{¢}$  to  $5\text{¢}$  per stock unit was made on 8th May last. This action was considered expedient to maintain the Company's very strong financial position.

### ANGLO-NEWFOUNDLAND DEVELOPMENT COMPANY, LIMITED

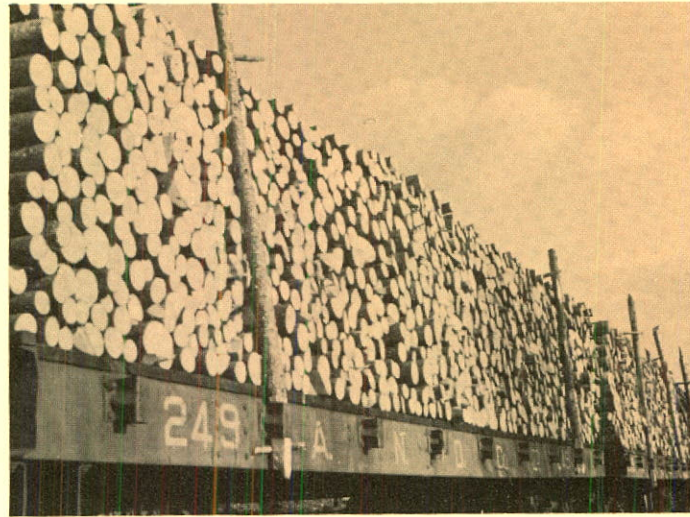
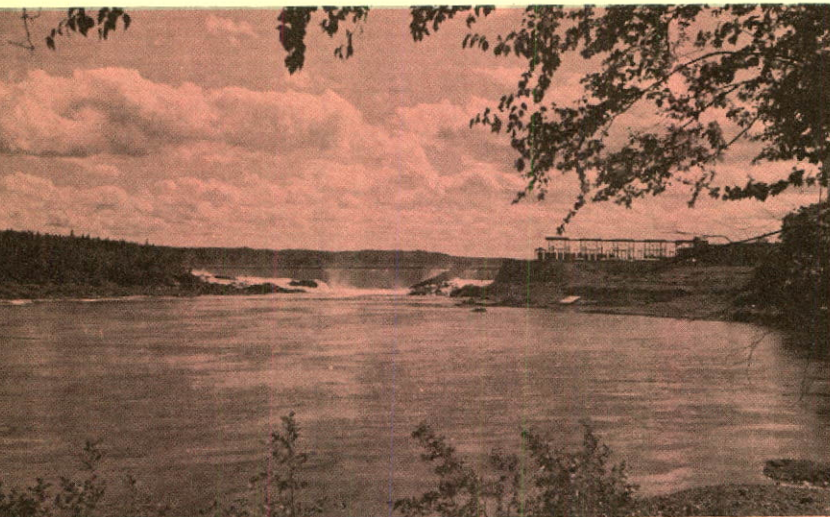
Newsprint output for the year, at 231,753 tons, was the same as in 1957. Mill wage rates were increased during the year and although certain improvements in production efficiency were effected, an advance in unit manufacturing costs could not be prevented. However, efforts to direct a larger tonnage to the more profitable markets of the world met with considerable success. Reduced losses on foreign exchange and lower shipping costs as a result of better winter navigating conditions also contributed to the improved earnings.

\$1,540,559 was expended on capital additions during the year including \$499,519 for three 70-ton diesel-electric locomotives and \$186,357 under the continuing programme to increase the running speed of the paper machines.

Reductions in orders from customers have resulted in a less favourable order position at the end of 1958 and it is expected there will be a somewhat weaker market for the Company's newsprint in 1959. However, this condition will improve if the current recovery in the U.S. economy is sustained.

Despite the present excess of newsprint manufacturing capacity over world market requirements, it seems that the continued long-term population increase will cause a reversal in this situation beyond 1960. In anticipation of this reversal and to improve its competitive position, steps are being taken by the Company





to modernize its paper-making equipment and to develop new ways of increasing newsprint output.

Near the close of 1958, it became evident that protracted negotiations with the woods labour union had been of no avail and, as 1959 began, a strike was called against the Company by that union. As the Company already pays the highest woods wage rates in Eastern Canada and charges the lowest per diem board rate of any logging operation in Canada, it is not possible to meet the demands of the union. The newsprint industry in Newfoundland is faced with many handicaps by virtue of location, climate and terrain. If the security of the industry is imperilled by yielding to unrealistic and irresponsible demands, the effect on the economy of the Province will be disastrous.

### SIoux LOOKOUT

As described in its Annual Report for the year 1956, the Company holds a licence on timber lands in the vicinity of Sioux Lookout, Ontario. This was granted on condition that the construction of a pulp or a pulp and paper mill, with an initial capacity to consume at least 150,000 cords of pulpwood per annum, would be commenced by 1st May, 1959. The Company has on deposit with the Treasurer of Ontario, \$250,000 principal amount of Bonds of the Government of Canada as security for the fulfillment of that condition.

An extension to 1st May, 1962 of the delay for fulfilling that condition has been granted by the Government of Ontario, subject to the Company assuming the obligation of expending, in the interim, \$150,000 for road construction into the timber lands covered by its licence.

### GASPESIA SULPHITE COMPANY, LTD.

As a result of the depressed condition of the world sulphite market which, at present, shows no sign of improvement, this Company's operating volume was down approximately one-fifth from the 1957 level. 56,787 tons of sulphite pulp were produced of which 53,195 tons were bleached and 3,592 tons unbleached.

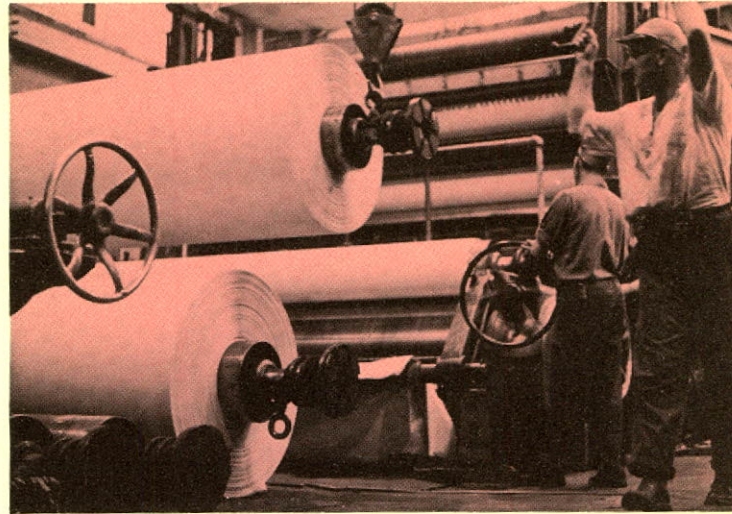
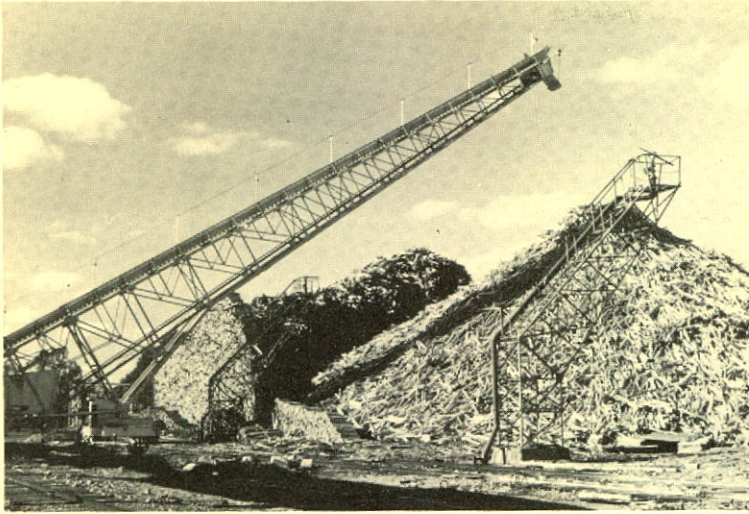
Due mainly to the improved market price which prevailed throughout the year and to reduced costs, particularly of pulpwood, the profit margin per ton of pulp was better despite increased depreciation and shut-down expenses.

The high pressure boiler mentioned in the 1956 Annual Report was installed on schedule and greater steam plant efficiency has been obtained since the latter part of August, 1958.

### TERRA NOVA PROPERTIES, LIMITED

Depressed conditions in world base metal markets continued throughout 1958 and average prices for the year again declined significantly. The total





quantity of ore mined and milled at Buchans, Newfoundland during 1958 was 389,000 short tons, an increase of 18,000 tons over 1957. The production of concentrates declined slightly, however, reflecting a drop in the grade of ore encountered. The estimated reserves of assured ore as at 31st December, 1958 totalled 5,126,000 tons.

Present indications are that 1959 ore production will be of a slightly improved grade and will amount to approximately 380,000 tons.

The MacLean Shaft was advanced 1,870 feet to a depth of 2,146 feet and total mine development carried out in the year amounted to 6,687 feet.

The concession agreement with the Province of Newfoundland covering mineral rights on certain Crown Lands expired in 1958 and application has been made to the Provincial Government for an extension of that agreement to cover an area of 1,000 square miles for an additional five years. Exploration and geological reconnaissance work was conducted on the Crown Lands concession throughout the 1958 season but no mineral deposits of economic importance were located.

### CONSOLIDATED POSITION

Consolidated Profit, after depreciation and taxes, of \$2,808,497 is equivalent to 51¢ per stock unit, compared with \$2,281,032 or 41¢ per stock unit for the previous year. Consolidated Working

Capital amounted at the end of the year to \$27,180,131 as compared with \$25,182,022 as at 31st December, 1957.

On 2nd December last, your Directors accepted with regret the resignation of the Earl of Cromer from the Board of Directors of the Company upon his appointment as British Economic Minister in Washington. I record the sincere thanks of the Directors to the Earl of Cromer for his valuable contribution to the guidance of the Company's affairs.

My sincere thanks are given to the loyal and faithful officers and employees of the Company and its subsidiaries for their commendable services throughout the year.

*President.*

16th April, 1959.



BALANCE SHEETS

31st DECEMBER, 1958

PARENT COMPANY

31st December, 1957	31st December, 1958
41,539,986	42,852,417
23,402,699	24,998,219
<u>18,137,287</u>	<u>17,854,198</u>
1,937,658	1,937,658
26,536	25,525
<u>1,964,194</u>	<u>1,963,183</u>
2,023,052	2,028,052
<u>2,023,052</u>	<u>2,028,052</u>
234,688	234,688
8,751,160	9,167,768
671,554	460,325
3,372,771	3,488,437
4,412,719	4,841,914
2,239,383	—
4,510,180	3,539,000
<u>23,957,767</u>	<u>4,226,279</u>
1,402,200	1,281,114
9,883	16,931
861,279	1,368,344
318,137	340,230
412,381	274,921
412,381	274,921
<u>3,416,261</u>	<u>3,556,461</u>
<u>20,541,506</u>	<u>22,167,262</u>
<u>\$42,900,727</u>	<u>\$44,247,383</u>
\$30,000,000	\$30,000,000
<u>27,492,075</u>	<u>27,492,075</u>
2,071,831	2,077,681
419,463	419,463
12,917,358	14,258,164
<u>15,408,652</u>	<u>16,755,308</u>
<u>\$42,900,727</u>	<u>\$44,247,383</u>

ANGLO-NEWFOUN

<b>FIXED ASSETS (Note 1)</b>
At Cost . . . . .
Less: Depletion and Depreciation . . . . .
<b>SUBSIDIARY COMPANIES</b>
Shares at Cost . . . . .
Current Account . . . . .
<b>INVESTMENTS</b>
Trade Investments at Cost . . . . .
Other Investments (not quoted) at . . . . .
<b>GOVERNMENT OF CANADA BONDS</b>
(Market Value \$238,125).
<b>CURRENT ASSETS</b>
Pulpwood and Logging Supplies, and
Deferred Logging Expenditure . . . . .
Stocks of Paper and Pulp, Mill and
Debtors and Prepaid Expenses . . . . .
Government of Canada Bonds . . . . .
Deposits with Trust Companies . . . . .
Cash at Banks and on Deposit and
<i>Deduct:</i>
<b>CURRENT LIABILITIES</b>
Trade and Other Creditors . . . . .
Subsidiary Company Current Acco
Income Tax — estimated . . . . .
Provisions . . . . .
Dividend declared payable 6th Jan
Dividend declared payable 3rd Apr
<b>WORKING CAPITAL . . . . .</b>
<b>TOTAL NET ASSETS . . . . .</b>
<b>CAPITAL</b>
Authorized 6,000,000 Ordinary Sha
Issued and Converted into Stock (
<b>RESERVES AND SURPLUS</b>
Capital Reserve (Note 5) . . . . .
Revenue Reserve (Note 5) . . . . .
Profit and Loss Surplus . . . . .

On behalf of

# DLAND DEVELOPMENT COMPANY, LIMITED

AND SUBSIDIARY COMPANIES

## CONSOLIDATED

	<u>31st December, 1958</u>		<u>31st December, 1957</u>
.....	53,096,133		51,298,032
.....	30,697,314		28,649,954
	<u>                    </u>	22,398,819	<u>                    </u>
			22,648,078
.....	—		—
.....	—		—
.....			
.....	2,030,552		2,025,552
.....	24,467		55,742
.....	<u>                    </u>	2,055,019	<u>                    </u>
.....			2,081,294
.....		234,688	
.....			234,688
.....			
.....	11,071,283		10,549,959
.....	534,305		734,739
.....	5,269,178		5,039,843
.....	6,417,441		5,842,139
.....	—		2,239,383
.....	3,939,000		—
.....	5,294,890		5,722,862
.....	<u>                    </u>		<u>                    </u>
.....	32,526,097		30,128,925
.....			
.....	2,569,136		2,617,902
.....	—		—
.....	1,786,758		1,086,102
.....	440,230		418,137
.....	274,921		412,381
.....	274,921		412,381
.....	<u>                    </u>		<u>                    </u>
.....	5,345,966		4,946,903
.....		27,180,131	
.....			25,182,022
.....		<u>                    </u>	<u>                    </u>
.....		\$51,868,657	\$50,146,082
.....			
.....	\$30,000,000		\$30,000,000
.....		27,492,075	
.....			27,492,075
.....			
.....	5,977,843		5,964,082
.....	419,463		419,463
.....	17,979,276		16,270,462
.....	<u>                    </u>	24,376,582	<u>                    </u>
.....		<u>                    </u>	22,654,007
.....		\$51,868,657	\$50,146,082

Board: T. R. MOORE } Directors  
 J. S. GOODYEAR }





## AUDITORS' REPORT

*To the Members of*

ANGLO-NEWFOUNDLAND DEVELOPMENT COMPANY, LIMITED:

We have audited the books and accounts of the Company for the year to 31st December, 1958, and report that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for that purpose. In our opinion proper books of account have been kept by the Company so far as appears from our examination of those books. We have examined the accompanying Balance Sheet and the related Profit and Loss Account of the Company which are in agreement with the books of account. In our opinion and to the best of our information and according to the explanations given to us, the said accounts with the notes annexed thereto give a true and fair view, in the case of the Balance Sheet, of the state of the Company's affairs at 31st December, 1958, and, in the case of the Profit and Loss Account, of the profit of the year to that date.

We have also examined the accompanying Consolidated Balance Sheet and related Consolidated Profit and Loss Account of the Company and its Subsidiaries with the audited accounts of those Companies. In our opinion such Consolidated Balance Sheet and Consolidated Profit and Loss Account have been properly prepared so as to give, with the notes annexed thereto, a true and fair view respectively of the state of affairs and of the profits of the Company and its Subsidiaries so far as concerns the members of the Company.

LEVER, HONEYMAN & CO., } *Auditors.*  
*Chartered Accountants* }

9, Basinghall Street,  
London, E.C. 2,  
16th April, 1959.

# ANGLO-NEWFOUNDLAND DEVELOPMENT COMPANY, LIMITED

AND SUBSIDIARY COMPANIES

## PROFIT AND LOSS AND SURPLUS ACCOUNTS

Year ended 31st December, 1958

PARENT COMPANY			CONSOLIDATED	
1957	1958		1958	1957
4,510,933	5,301,772	TRADING INCOME.....	6,910,749	6,194,641
		OTHER INCOME		
76,522	54,131	Bond Interest.....	54,131	76,522
130,232	140,632	Trade Investments.....	140,632	130,232
—	—	Other Investments.....	11,107	4,494
—	50,089	Interest on Deposits with Trust Companies.....	60,844	—
—	113,859	Profit on Sale of Government of Canada Bonds.....	113,859	—
<u>4,717,687</u>	<u>5,660,483</u>		<u>7,291,322</u>	<u>6,405,889</u>
1,818,583	1,759,994	DEPLETION AND DEPRECIATION.....	2,226,825	2,314,857
<u>2,899,104</u>	<u>3,900,489</u>		<u>5,064,497</u>	<u>4,091,032</u>
1,400,000	1,760,000	INCOME TAX — estimated.....	2,256,000	1,810,000
<u>1,499,104</u>	<u>2,140,489</u>	NET PROFIT before inter-company dividends.....	<u>2,808,497</u>	<u>2,281,032</u>
2,550,000	300,000	Dividends from Subsidiary Company....	—	—
<u>4,049,104</u>	<u>2,440,489</u>		<u>2,808,497</u>	<u>2,281,032</u>
10,930,160	12,917,358	BALANCE FROM LAST ACCOUNT.....	16,270,462	16,051,336
<u>14,979,264</u>	<u>15,357,847</u>		<u>19,078,959</u>	<u>18,332,368</u>
		DIVIDENDS		
		Four interim dividends of 5¢ per stock unit paid or payable in respect of the year 1958.....	1,099,683	2,061,906
<u>2,061,906</u>	<u>1,099,683</u>		<u>1,099,683</u>	<u>2,061,906</u>
<u>\$12,917,358</u>	<u>\$14,258,164</u>	BALANCE CARRIED FORWARD.....	<u>\$17,979,276</u>	<u>\$16,270,462</u>



EXPLANATORY NOTES ON ACCOUNTS

**NOTE 1. FIXED ASSETS**

*The Fixed Asset figures on the Balance Sheets are arrived at as follows:—*

31st DECEMBER, 1957			31st DECEMBER, 1958			
<u>Cost</u>	<u>Depletion and Depreciation</u>	<u>Balance</u>		<u>Cost</u>	<u>Depletion and Depreciation</u>	<u>Balance</u>
<b>CONSOLIDATED</b>						
4,352,291	2,680,390	1,671,901	Timber Limits, Water Powers and Freehold Land.....	4,371,569	2,818,801	1,552,768
41,162,345	22,340,537	18,821,808	Mills, Buildings, Plant, Machinery, etc..	42,410,259	24,100,691	18,309,568
2,471,930	1,393,355	1,078,575	Town Properties and Utilities.....	2,515,261	1,467,229	1,048,032
3,024,493	2,235,672	788,821	Railways and Equipment, Wharves and Storage Facilities.....	3,494,543	2,310,593	1,183,950
286,973	—	286,973	Mining Rights and Mining Developments	304,501	—	304,501
<u>\$51,298,032</u>	<u>\$28,649,954</u>	<u>\$22,648,078</u>		<u>\$53,096,133</u>	<u>\$30,697,314</u>	<u>\$22,398,819</u>
<b>PARENT COMPANY</b>						
3,708,194	2,324,582	1,383,612	Timber Limits, Water Powers and Freehold Land.....	3,708,194	2,437,814	1,270,380
32,769,355	17,708,180	15,061,175	Mill, Buildings, Plant, Machinery, etc..	33,578,861	19,062,633	14,516,228
2,037,944	1,134,265	903,679	Town Properties and Utilities.....	2,070,819	1,187,179	883,640
3,024,493	2,235,672	788,821	Railways and Equipment, Wharves and Storage Facilities.....	3,494,543	2,310,593	1,183,950
<u>\$41,539,986</u>	<u>\$23,402,699</u>	<u>\$18,137,287</u>		<u>\$42,852,417</u>	<u>\$24,998,219</u>	<u>\$17,854,198</u>

The costs shown above include the cost of assets acquired from the Predecessor Company as at 1st January, 1933 at their then Net Book Values. The Depreciation provided by the Predecessor Company to that date on assets which are still in use amounts to \$4,369,839 so that the original cost of existing Fixed Assets of the Parent Company is \$47,222,256.



# ANGLO-NEWFOUNDLAND DEVELOPMENT COMPANY, LIMITED

AND SUBSIDIARY COMPANIES

## NOTE 2. OTHER INVESTMENTS (Not Quoted)

	31st December, 1957	31st December, 1958
Investments at Cost.....	126,027	96,973
Deduct:		
Provision for Depletion.....	70,285	72,506
Per Consolidated Balance Sheet.....	<u>\$ 55,742</u>	<u>\$ 24,467</u>

## NOTE 3.

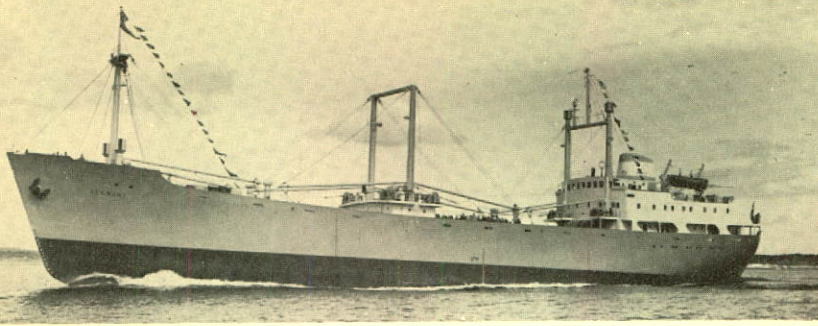
The Company has been granted a timber licence by the Government of Ontario on condition that the construction of a mill will be commenced by 1st May 1962 and as security for the due performance of that condition has deposited with the Treasurer of Ontario, Government of Canada Bonds of the par value of \$250,000 which will be forfeited by the Company if it does not fulfil that condition.

## NOTE 4. CAPITAL COMMITMENTS at 31st December, 1958 were as follows:—

	PARENT COMPANY	CONSOLIDATED
Estimated amount required to complete Capital Construction in Progress	\$1,966,318	\$2,171,318
Estimated Cost of Other Construction Work approved by the Directors but not commenced by 31st December, 1958.....	\$ 425,000	\$ 425,000

## NOTE 5. RESERVES — Movements during year were as follows:—

PARENT COMPANY			CONSOLIDATED	
Capital Reserves	Revenue Reserves		Capital Reserves	Revenue Reserves
2,071,831	419,463	Balance at 31st December, 1957.....	5,964,082	419,463
63,651	—	Surplus on Disposals of Property and Equipment.....	71,562	—
2,135,482	419,463		6,035,644	419,463
57,801	—	Residual balances of Fixed Assets scrapped or obsolete.....	57,801	—
<u>\$2,077,681</u>	<u>\$ 419,463</u>	Balance at 31st December, 1958.....	<u>\$5,977,843</u>	<u>\$ 419,463</u>



(Incorporated in Newfoundland)

## ANGLO-NEWFOUNDLAND DEVELOPMENT COMPANY, LIMITED

### DIRECTORS

ELLIOTT M. LITTLE . . . . . *Chairman of the Board*  
T. R. MOORE . . . . . *President and General Manager*  
J. S. GOODYEAR . . . . . *Vice-President*  
THE VISCOUNT ROTHERMERE . . . . . A. S. FULLER  
E. A. SURSHAM . . . . . P. GRUCHY, C.B.E.  
W. H. HOWARD, C.B.E., Q.C. . . . . G. BECKETT  
B. C. GARDNER, M.C. . . . . W. E. SOLES

R. E. MORROW

### BANKERS

BANK OF MONTREAL

### SOLICITORS

COMMON, HOWARD, CATE, OGILVY, BISHOP, COPE, PORTEOUS & HANSARD  
The Royal Bank Building  
Montreal, P.Q.

### AUDITORS

LEVER, HONEYMAN & Co., 9, Basinghall Street  
London, E.C.2, England

### SECRETARY-TREASURER AND REGISTERED OFFICE

J. S. GOODYEAR, F.C.I.S., Grand Falls, Newfoundland

### BRANCH TRANSFER OFFICES

LEVER, HONEYMAN & Co., 9, Basinghall Street, London, E.C. 2, England  
MONTREAL TRUST COMPANY, 511 Place d'Armes, Montreal, P.Q.  
MONTREAL TRUST COMPANY, 15 King Street West, Toronto, Ontario





