

28TH

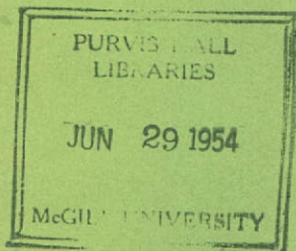
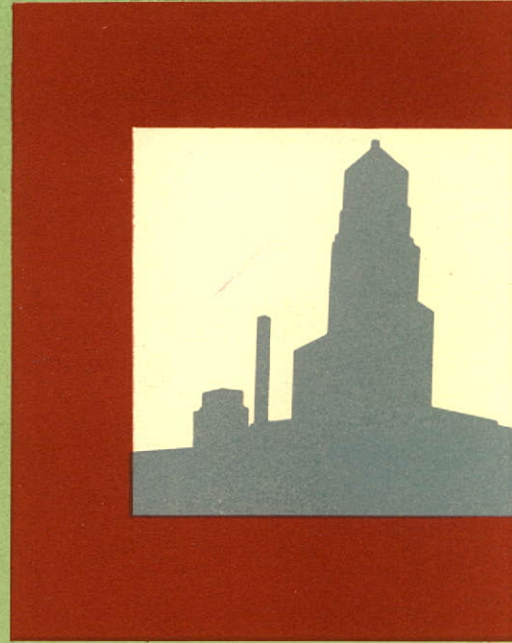
Annual
///
Report

1953

ANGLO-CANADIAN

PULP AND PAPER MILLS,

LIMITED



T H E
L O N G
L O O K
A H E A D . . .



The pulp and paper industry today offers challenging opportunities for expansion.

Wood cellulose is constantly being adapted to new and widespread uses. For instance, in the familiar packaging field, practically everything we buy is now in pre-packaged form, and bulk items have almost disappeared from the grocery shelves.

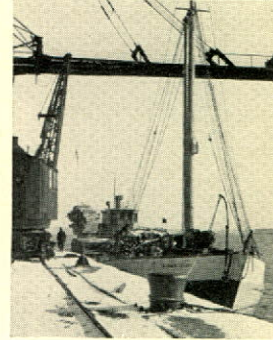
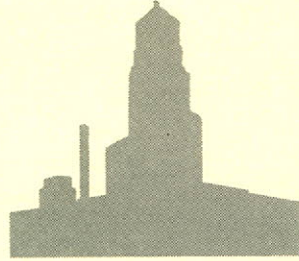
Production of newsprint and book paper should automatically increase as the population grows. Incidentally, modern media of communication, the television and radio, seem to stimulate public interest in printed news and in reading material generally.

Also demand for other pulp and paper products normally tends to increase along with rising standards of living.

Higher production of pulp and paper requires more raw materials from the forests. Fortunately, the potentialities of our forest resources are continually expanding through improved methods of conservation and utilization of more and more species of trees.

Looking ahead, I cannot but feel that the long range future is rich with promise for the pulp and paper industry and for our company.

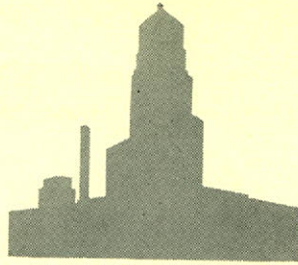
P R E S I D E N T



28TH

Annual Report

FOR THE
YEAR ENDED
DECEMBER 31st
1953



ANGLO-CANADIAN PULP AND PAPER MILLS, LIMITED

HEAD OFFICE: QUEBEC, P.Q., CANADA

DIRECTORS

| | |
|----------------------------------|----------------------------|
| G. H. BRIDGE, F.C.I.S., A.S.A.A. | W. H. HOWARD, C.B.E., Q.C. |
| W. J. CLARKE | C. H. KING |
| JAMES COOKE | E. M. LITTLE |
| J. F. E. COOPE | R. C. McMICHAEL, Q.C. |
| A. S. FULLER | THE VISCOUNT ROTHERMERE |
| E. L. GOODALL | W. E. SOLES |

PHILIP G. WALKER, F.C.A.

OFFICERS

CHAIRMAN OF THE BOARD: R. C. McMICHAEL, Q.C.
PRESIDENT: E. M. LITTLE
VICE-PRESIDENT: W. J. CLARKE
TREASURER: G. H. BRIDGE, F.C.I.S., A.S.A.A.
SECRETARY: H. D. RUTHMAN
ASSISTANT TREASURER: C. H. SMITH, F.C.I.S.
ASSISTANT SECRETARY: W. P. CREAGH

SUBSIDIARY AND ASSOCIATED COMPANIES

| | |
|--|--|
| St. Charles Transportation Company Limited | Forestville Realities Limited |
| La Compagnie Le Parc St. Charles Limitée | Northeastern Paper Products Limited |
| Lignosol Chemicals Limited | The Bersimis Mining Company (<i>No Personal Liability</i>) |
| Dryden Paper Company, Limited, Dryden, Ontario | |

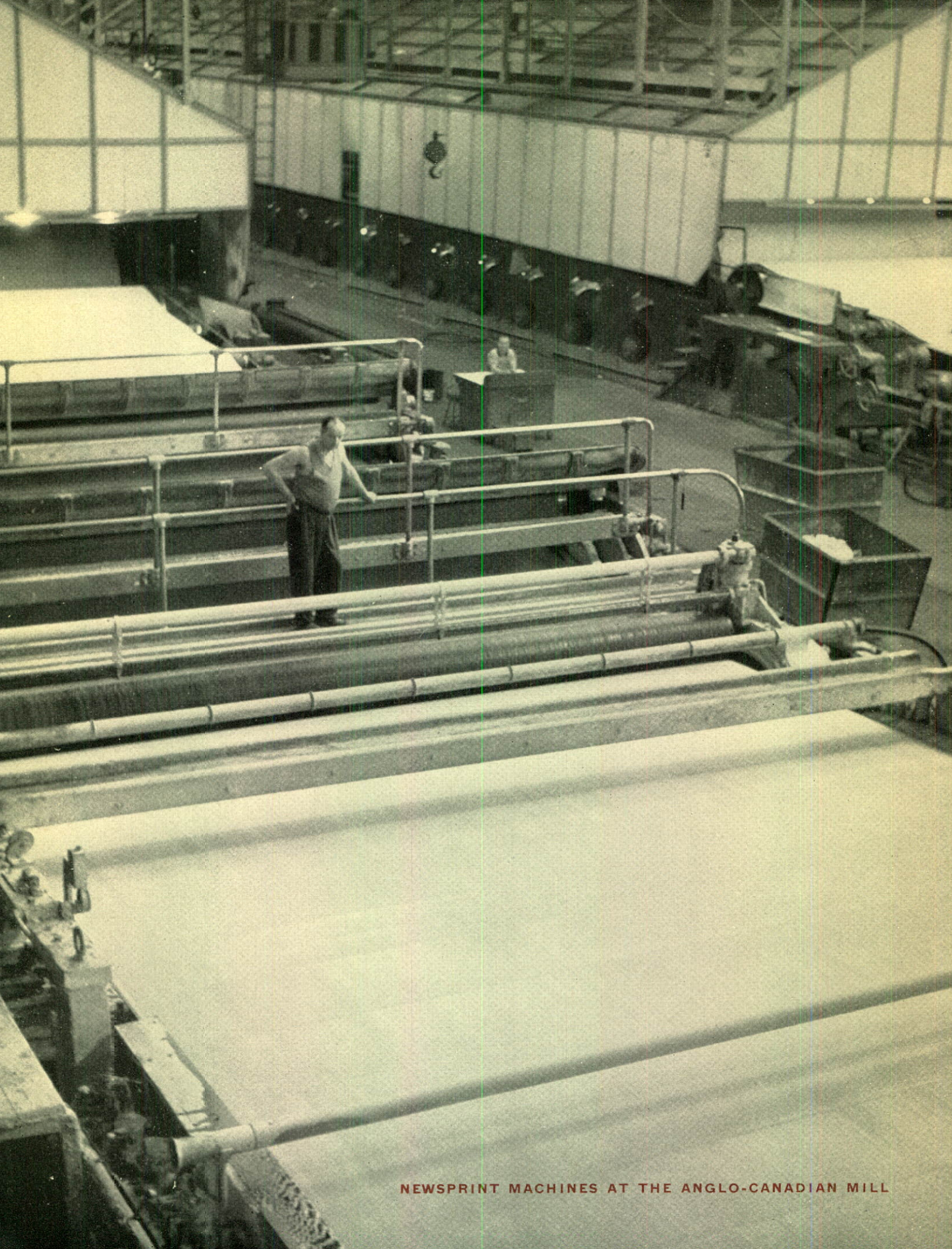
REGISTRARS AND TRANSFER AGENTS

For Common Shares
Montreal Trust Company, Montreal

For Preferred Shares
Montreal Trust Company
Montreal, Toronto, Winnipeg, Vancouver and Halifax

AUDITORS

Lever, Honeyman, Leetham & Co., Montreal.



NEWSPRINT MACHINES AT THE ANGLO-CANADIAN MILL

R E P O R T O F T H E D I R E C T O R S

T O O U R S H A R E H O L D E R S :

The Directors submit herewith their report and audited statement of consolidated accounts of the Company and its wholly-owned subsidiaries, covering the fiscal year ended December 31st, 1953.

The year 1953 was an eventful one for the Company. It was a good year, and one of notable growth. Production reached a new high, sales and net earnings approached past records and a major step in expansion and diversification was taken through the purchase of a controlling share interest in Dryden Paper Company, Limited.

PRODUCTION AND SALES

Production at the Quebec mill, of newsprint, pulp and paperboard remained at capacity level during the year, and reached a combined total of 299,330 tons.

Of this, newsprint accounted for 226,760 tons, saleable pulp, 53,387 tons, and paperboard, 19,183 tons.

Total sales amounted to \$32,550,414.

CAPITAL STOCK

Important changes in this respect occurred during the year.

212,858 Common Shares were issued to shareholders of Dryden Paper Company, Limited in part payment for the Dryden shares they sold to us.

In addition, a new issue of 160,000 \$2.80 Cumulative Redeemable Sinking Fund Preferred shares of \$50 par value, was made. Proceeds were used to pay, and to reimburse the Company for, substantially all the cash paid for the shares of Dryden Paper Company, Limited, that were acquired.

The Preferred issue has been very widely distributed. As a consequence of this and the above-mentioned issue of our Common Shares, we have about 2,500 new shareholders.

PROFITS

Net profits, second highest in the Company's history, amounted to \$3,396,761, an increase of 57.8%, compared with \$2,152,554 in 1952.

DIVIDENDS

As in 1952, four dividends of \$0.50 a share were paid in respect of the year, on the outstanding Common Shares of the Company, these dividends amounting to \$2,206,122. There was also declared the first quarterly dividend of \$0.70 a share on the outstanding Preferred Shares.

PLANT ADDITIONS AND IMPROVEMENTS

Capital expenditures during the year for additions and improvements to our properties, plant and other installations amounted to \$2,866,666. Of this, \$797,080 was spent on the conversion of our steam plant from

coal to oil from which greater efficiency, convenience in operation and substantial savings are anticipated. To further improve the efficiency and speed of the wood handling facilities at our mill, to which most of our wood supply is delivered by water, \$123,139 was spent on the construction of a new breakwater.

A 1000 KW hydro-electric plant was installed at Forestville, at a cost of \$193,149. The capacity of the new plant is sufficient to serve the present and future needs of this community where the headquarters of our logging operations are located.

RESEARCH

The technical staffs continued to seek for and apply improvements in equipment and methods, while our research and control laboratories concentrated their efforts upon the maintenance and improvement of the quality of our products.

FORESTS AND WOOD SUPPLY

The woodlands department supplied a total of about 353,500 cords of wood to the mill during the year. Of this, approximately 134,800 cords were received from operations on our own limits, while the rest was purchased.

DRYDEN PAPER COMPANY, LIMITED

During the last few weeks of 1953 we acquired, at a price per share of \$35 cash and one Common Share of this Company, a total of 212,858 shares of the capital stock of

Dryden Paper Company, Limited, whose mill is at Dryden, Ontario. This represents 99 percent of the total of 215,000 Dryden shares outstanding.

Dryden produces kraft paper products such as wrapping papers, corrugating medium and liner board, multi-wall bag paper, envelope and gummed papers, waxing and waxed papers, car liners, and sheathing paper, and some unbleached kraft pulp. Most of this diversified production is sold in Canada, the pulp being exported.

Present capacity of the Dryden plant is about 72,000 tons a year, and its production facilities are backed by well-located Crown timber holdings in Ontario of approximately 2,821 square miles.

LIGNOSOL CHEMICALS LIMITED

Lignosol Chemicals Limited, a manufacturer of lignin-based specialties whose outstanding shares are held to the extent of 50% by your Company, is making progress but not yet operating at a net profit. Its sales in 1953 were 31 percent in dollar value greater than in 1952. This Company is directing its research to the development of new products and to the improvement of its present ones.

ST. CHARLES TRANSPORTATION COMPANY, LIMITED

This wholly-owned subsidiary company owns and operates four converted "L.S.T." ships which are used to carry our pulpwood and other supplies. During the year, \$120,585 was spent on the conversion of its latest acquisition, the M.V. *Frank J. Humphrey*.

THE BERSIMIS MINING COMPANY (No Personal Liability)

Preliminary exploration indicates the interesting occurrence of different minerals in and around the Company's timber limits. This wholly-owned subsidiary was organized in 1953 to deal with the Company's interests in this respect.

THE OUTLOOK

The year 1954 has started well, with demand holding at approximately the levels which prevailed in 1953. Indications, for the immediate future at least, are favourable.

DIRECTORS

On December 2, Mr. E. Lorne Goodall was appointed a member of the Board. Mr. Goodall is President and General Manager of the Dryden Paper Company, Limited.

Mr. Frank J. Humphrey, who served as a Director of the Company from the time of its formation in 1926 until April 1952, died during the year. The Company owes much to the guidance, wise counsel and sound judgment of Mr. Humphrey, and his passing is recorded with sincere regret.

EMPLOYEE RELATIONS

The relations between the Company and its employees are satisfactory. At the end of the

year there were 1,242 persons employed regularly at the Quebec mill.

The number of employees engaged temporarily in woods and shipping operations reached a peak during the year of 3,202.

New collective labour agreements were concluded, following negotiations with unions representing workers in the Quebec mill and offices and members of certain trades at Forestville. The new agreement with the mill workers provided for the introduction, as soon as possible in 1954, of a 40-hour week and a concurrent increase of 5 percent in wage rates, both of which are now in effect.

The Company is fortunate in the quality of the men and women who work for it. The enterprise and loyalty of our employees have been important factors in the continued success of the Company. The results of the past year again reflect the energy which they have applied to their tasks. To all our employees, in mills, offices and woodlands, the Directors extend their appreciation and thanks for excellent work done during 1953.

On behalf of the Board,

E. M. LITTLE,
PRESIDENT

Quebec, P.Q.,
March 19th, 1954.



ANGLO-CANADIAN

PULP AND PAPER MILLS, LIMITED

AND WHOLLY-OWNED SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

ASSETS

CURRENT ASSETS:

| | | 1952 COMPARATIVE FIGURES |
|---|---------------------|--------------------------------|
| Cash at Bank and in Hand | \$ 444,685 | \$ 104,980 |
| Government of Canada Bonds, at Cost (Quoted Market Value \$1,430,000.) | 1,524,350 | 1,524,350 |
| Accounts Receivable | 5,413,576 | 3,779,995 |
| Dividend Receivable — Dryden Paper Company, Limited | 84,898 | — |
| Inventories—as determined and certified to by officials of the Company and valued at cost or lower, but not exceeding market value | | |
| Finished Products: Mill Supplies, etc. | \$2,044,671 | 2,473,363 |
| Pulpwood and Logging Supplies including expendi- tures on Logging Operations in progress | 6,320,665 | 6,797,312 |
| | <u>8,365,336</u> | <u>\$ 9,270,675</u> |
| | | \$15,832,845 |
| | | <u>\$14,680,000</u> |
| PREPAID AND DEFERRED EXPENDITURES | | 455,842 |
| | | <u>\$ 467,526</u> |
| INVESTMENT IN PARTLY OWNED SUBSIDIARY not Consolidated | | |
| Shares in Dryden Paper Company, Limited | | 12,728,761 |
| | | — |
| INVESTMENTS IN, AND LOANS TO, ASSOCIATED COMPANIES | | |
| Shares at Cost | \$ 637,501 | \$ 637,500 |
| Loan and Notes Receivable | 307,102 | 121,133 |
| | | <u>944,603</u> |
| | | <u>\$ 758,633</u> |
| FIXED ASSETS: | | |
| Timber Limits and Land, at Cost. | \$ 4,127,862 | \$ 4,112,658 |
| Less: Depletion. | 797,628 | 703,351 |
| | <u>\$ 3,330,234</u> | <u>\$ 3,409,307</u> |
| Mill Site, Buildings, Plant and Equipment, Ships, Logging Townsite, etc. at Cost | \$34,863,158 | \$32,918,329 |
| Less: Depreciation | 20,758,253 | 18,943,110 |
| | <u>\$14,104,905</u> | <u>\$13,975,219</u> |
| Logging Equipment and Improvements at Cost. | \$ 3,586,193 | \$ 4,200,571 |
| Less: Depreciation | 2,452,686 | 3,244,124 |
| | <u>\$ 1,133,507</u> | <u>\$ 956,447</u> |
| | | 18,568,646 |
| | | <u>\$18,340,973</u> |
| NOTE: | | |
| Commitments under contracts for capital expenditures at December 31, 1953, not included in the above Balance Sheet amounted to \$96,000. | | <u>\$48,530,697</u> |
| | | <u>\$34,247,132</u> |

On behalf of the Board:

R. C. McMICHAEL, *Director.*
E. M. LITTLE, *Director.*

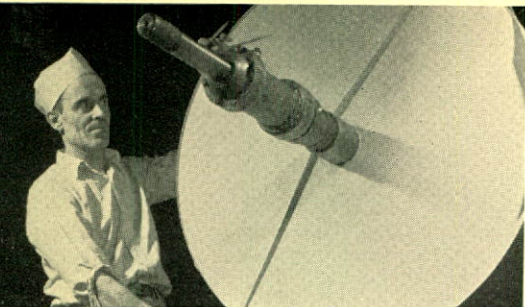
A S A T D E C E M B E R 3 1 S T , 1 9 5 3

L I A B I L I T I E S

| | | 1952 COMPARATIVE FIGURES |
|---|----------------------------|--|
| CURRENT LIABILITIES: | | |
| Bank Overdraft (secured) | — | \$ 250,861 |
| Accounts Payable and Accrued Liabilities | \$ 2,376,550 | 2,748,783 |
| Dividends Payable: | | |
| On Preferred Shares January 20, 1954 | 112,000 | — |
| On Common Shares January 7, 1954 | 631,122 | 525,000 |
| Provision for Income Taxes | 2,373,937 | 1,522,458 |
| | <u>\$ 5,493,609</u> | <u>\$ 5,047,102</u> |
| DEFERRED LIABILITIES: | | |
| Secured Loans | \$ 382,723 | \$ 727,266 |
| Other Loan | 600,000 | — |
| Cost of Past Service Credits under Employees Retirement Plan — balance payable in instalments over next three years | 470,072 | 626,764 |
| | <u>1,452,795</u> | <u>\$ 1,354,030</u> |
| RESERVE FOR CONTINGENCIES | | <u>1,000,000</u> <u>\$ 1,000,000</u> |
| CAPITAL AND SURPLUS: | | |
| \$2.80 CUMULATIVE REDEEMABLE SINKING FUND PREFERRED SHARES of the par value of \$50 each (redeemable on thirty days' notice at \$51.50 plus accrued dividends). Authorized, Issued and Fully Paid — 160,000 Shares | \$ 8,000,000 | — |
| COMMON SHARES: | | |
| Authorized — 1,500,000 Shares without nominal or par value. | | |
| | Shares | |
| Issued as at December 31, 1952 | 1,050,000 | \$19,950,000 |
| Issued on or after November 13, 1953, in part exchange for 212,858 shares of Dryden Paper Company, Limited | 212,858 | 5,321,450 |
| Total Common Shares Issued | <u>1,262,858</u> | <u>25,271,450</u> |
| | <u>\$33,271,450</u> | <u>\$19,950,000</u> <u>\$19,950,000</u> |
| CAPITAL SURPLUS | 758,206 | 1,420,002 |
| EARNED SURPLUS: Since January 1, 1940 | <u>6,554,637</u> | <u>5,475,998</u> |
| | <u>40,584,293</u> | <u>\$26,846,000</u> |
| | <u><u>\$48,530,697</u></u> | <u><u>\$34,247,132</u></u> |

This is the Consolidated Balance Sheet of Anglo-Canadian Pulp and Paper Mills, Limited and wholly-owned subsidiaries referred to in our Report dated March 16th, 1954.

LEVER, HONEYMAN, LEETHAM & Co.,
Chartered Accountants, Auditors.



ANGLO-CANADIAN
PULP AND PAPER MILLS, LIMITED
AND WHOLLY-OWNED SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT AND LOSS
AND EARNED SURPLUS FOR THE YEAR ENDED DECEMBER 31ST, 1953

| | | 1952 COMPARATIVE FIGURES |
|---|-------------|--------------------------------|
| Profit on Trading and Other Income, before providing for Depreciation and Depletion | | \$8,877,449 |
| Net Surplus on Disposals of Fixed Assets | | 173,817 |
| Income from Government of Canada Bonds | | 43,750 |
| Dividend receivable from Dryden Paper Company, Limited | \$ 84,898 | 43,750 |
| Less: Proportion applicable to earnings prior to date of acquisition credited to cost of shares | 42,719 | |
| Interest on Notes Receivable | | 42,179 |
| | | 8,203 |
| | | \$9,145,398 |
| <i>Deduct:</i> | | \$6,813,119 |
| Interest on Loans Payable | | 17,021 |
| | | 20,943 |
| | | \$9,128,377 |
| <i>Deduct:</i> | | \$6,792,176 |
| Provision for Depreciation | \$2,381,846 | 2,215,366 |
| Provision for Depletion | 94,276 | 79,692 |
| | | 2,476,122 |
| | | \$2,295,058 |
| Profit before providing for Income Taxes | | \$6,652,255 |
| Provision for Income Taxes | | 3,255,494 |
| | | \$4,497,118 |
| Net Profit | | 2,344,564 |
| <i>Add:</i> | | \$3,396,761 |
| Earned Surplus at beginning of Year | | \$2,152,554 |
| | | 5,475,998 |
| | | 6,218,444 |
| | | \$8,872,759 |
| <i>Deduct:</i> | | \$8,370,998 |
| Dividends paid or payable: | | |
| On Preferred Shares — quarterly dividend payable January 20, 1954 | \$ 112,000 | — |
| On Common Shares — Paid in year | 1,575,000 | 1,575,000 |
| Payable January 7, 1954 | 631,122 | 525,000 |
| | \$2,318,122 | 2,100,000 |
| Provision for Additional Depreciation in respect of year 1951 | — | 795,000 |
| | | 2,318,122 |
| | | \$2,895,000 |
| Earned Surplus at the end of the year | | \$6,554,637 |
| | | \$5,475,998 |

STATEMENT OF CAPITAL SURPLUS
FOR THE YEAR ENDED DECEMBER 31ST, 1953

| | | 1952 COMPARATIVE FIGURES |
|--|------------|--------------------------------|
| Capital Surplus at beginning of the Year | | \$1,420,002 |
| <i>Deduct:</i> | | \$1,420,002 |
| Commission and Expenses in connection with the issue of 160,000 \$2.80 Cumulative Redeemable Sinking Fund Preferred Shares of the par value of \$50 each | 661,796 | — |
| Capital Surplus at end of Year | \$ 758,206 | \$1,420,002 |

AUDITORS' REPORT
TO THE SHAREHOLDERS OF
ANGLO-CANADIAN PULP AND PAPER MILLS,
LIMITED

We have examined the consolidated balance sheet of Anglo-Canadian Pulp and Paper Mills, Limited and wholly-owned subsidiary companies as at December 31st, 1953 and the related consolidated statements of profit and loss and earned surplus and capital surplus for the year then ended and have obtained all the information and explanations which we required. Our examination included such tests of the accounting records and other supporting evidence and such other procedures as we considered appropriate in the circumstances.

We have also examined the consolidated balance sheet of Anglo-Canadian Pulp and Paper Mills, Limited and subsidiary companies, including Dryden Paper Company, Limited, as at December 31st, 1953, with the accounts of Anglo-Canadian Pulp and Paper Mills, Limited and of its wholly-owned subsidiaries which have been examined by us. We have been furnished an audited balance sheet as at December 31st, 1953 and statement of profit and loss and earned surplus for the three months ended on that date of Dryden Paper Company, Limited whose records were not examined by us.

In our opinion, the attached consolidated balance sheets and related consolidated statements of profit and loss and earned surplus and capital surplus are properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of the companies as at December 31st, 1953 and the results of their operations for the periods then ended according to the best of our information and the explanations given to us and as shown by the books of the companies examined by us and the financial statements furnished to us.

LEVER, HONEYMAN, LEETHAM & Co.,
Chartered Accountants.

Montreal, March 16th, 1954.

NOTE

Having regard to the fact that 99% of the outstanding shares of Dryden Paper Company, Limited were acquired during the last few weeks of 1953, accounts in future will be issued in a form which will include in the consolidation, the accounts of that Company. For the information of Shareholders, there is shown below and on the following page consolidated accounts for the year ended December 31st, 1953, prepared in this way.

ANGLO-CANADIAN

PULP AND PAPER MILLS, LIMITED

AND SUBSIDIARY COMPANIES

INCLUDING DRYDEN PAPER COMPANY, LIMITED

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1953

ASSETS

CURRENT ASSETS:

| | |
|---|-------------------|
| Cash at Banks, with Trust Companies and on Hand | \$ 2,001,608 |
| Government of Canada and Provincial Guaranteed Bonds, at Cost (Quoted Market Value \$2,680,000.) | 2,789,300 |
| Accounts and Bills Receivable | 6,451,125 |
| Dryden Paper Company, Limited Bonds, purchased in anticipation of sinking fund payments | 243,000 |
| Inventories — Valued at cost or lower but not exceeding market value. | |
| Finished Products, Mill Supplies, etc. | \$2,891,268 |
| Pulpwood and Logging Supplies — including expenditures on Logging Operations in progress | 7,930,358 |
| | <u>10,821,626</u> |

\$22,306,659
568,188

PREPAID AND DEFERRED EXPENDITURE

INVESTMENTS:

| | |
|--|------------------|
| Associated Companies: | |
| Shares at Cost | \$ 725,970 |
| Loans and Notes | 307,102 |
| Other Shares at Cost, less amounts written off | 2,100 |
| | <u>1,035,172</u> |

FIXED ASSETS:

| | |
|--|---------------------|
| Timber Limits and Land: | |
| At Cost | \$ 4,214,941 |
| At Values placed thereon in 1920 | 2,233,120 |
| | <u>\$ 6,448,061</u> |
| Less: Depletion | 1,553,321 |
| | <u>\$ 4,894,740</u> |

| | |
|---|---------------------|
| Mill Site, Buildings, Plant and Equipment, Ships, Logging Townsite, Water Power Development, etc. | |
| At Cost | \$44,348,226 |
| At depreciated replacement values as at September 30, 1940, per appraisal of Canadian Appraisal Company Limited | 3,167,962 |
| | <u>\$47,516,188</u> |
| Less: Depreciation | 25,782,293 |
| | <u>\$21,733,895</u> |

| | |
|--|---------------------|
| Logging Equipment and Improvements at Cost | \$ 3,586,193 |
| Less: Depreciation | 2,452,686 |
| | <u>\$ 1,133,507</u> |

27,762,142

EXCESS OF COST OF SHARES OF DRYDEN PAPER COMPANY, LIMITED over the book value of the net assets of that Company attributable thereto as at the dates of acquisition of the shares

3,299,198

NOTE:

The following have not been included in the above Balance Sheet:

1. Commitments under contracts for Capital Expenditure amounting to approximately \$546,000.
2. Balance of Past Service Contributions under Dryden Paper Company, Limited's Employees' Retirement Plan, \$232,543.

\$54,971,359

On behalf of the Board:

R. C. McMICHAEL, *Director.*
E. M. LITTLE, *Director.*

BER 31ST, 1953

LIABILITIES

CURRENT LIABILITIES:

| | | |
|--|--------------|--------------|
| Accounts Payable and Accrued Liabilities | \$ 3,229,450 | |
| Interest Accrued on Funded Debt | 23,094 | |
| Dividends Payable: | | |
| On Preferred Shares, January 20, 1954 | 112,000 | |
| On Common Shares, January 7, 1954 | \$631,122 | |
| Less: On Shares held by Subsidiary | 400 | |
| | 630,722 | |
| To Minority Shareholders of Dryden Paper Company, Limited February 1, 1954 | 1,102 | |
| Provision for Income Taxes | 2,954,009 | |
| Sinking Fund Instalments due within one year | 323,000 | |
| | | \$ 7,273,377 |

DEFERRED LIABILITIES:

| | | |
|--|------------|-----------|
| Secured Loans | \$ 382,723 | |
| Other Loan | 600,000 | |
| Cost of Past Service Credits under Parent Company's Employees' Retirement Plan — balance payable in instalments over next three years | 470,072 | |
| | | 1,452,795 |

FUNDED DEBT OF DRYDEN PAPER COMPANY LIMITED:

| | Authorized and Issued | Outstanding | |
|--|--------------------------|--------------|-----------|
| 4% First Mortgage Sinking Fund Bonds: | | | |
| Series "A" maturing June 1, 1961 | \$1,500,000 | \$ 1,125,000 | |
| Series "B" maturing May 1, 1965 | 1,500,000 | 1,425,000 | |
| 5¼% Sinking Fund Debentures maturing December 1, 1966 | 2,250,000 | 2,250,000 | |
| | | \$ 4,800,000 | |
| Deduct: Sinking Fund Instalments included in Current Liabilities | | 323,000 | |
| | | | 4,477,000 |

RESERVE FOR CONTINGENCIES 1,000,000

MINORITY INTEREST in Dryden Paper Company, Limited 95,932

CAPITAL AND SURPLUS:

\$2.80 CUMULATIVE REDEEMABLE SINKING FUND PREFERRED SHARES of the par value of \$50 each (redeemable on thirty days' notice at \$51.50 plus accrued dividends). Authorized issued and fully paid 160,000 Shares \$ 8,000,000

COMMON SHARES:

Authorized 1,500,000 Shares without nominal or par value.

| | Shares | |
|--|-----------|--------------|
| Issued as at December 31, 1952 | 1,050,000 | \$19,950,000 |
| Issued on or after November 13, 1953, in part exchange for 212,858 shares of Dryden Paper Company, Limited | 212,858 | 5,321,450 |
| Total Shares issued | 1,262,858 | \$25,271,450 |
| Deduct: Held by Subsidiary Company (Dryden Paper Company, Limited) | 800 | 16,000 |

1,262,058 25,255,450

\$33,255,450

CAPITAL SURPLUS 758,206

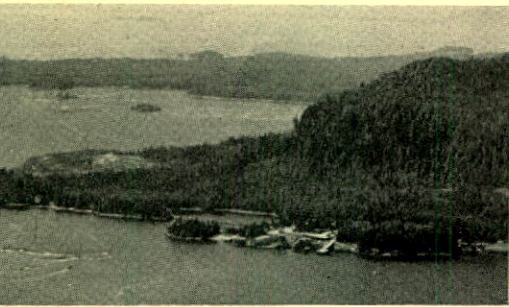
EARNED SURPLUS: since January 1, 1940 6,658,599

40,672,255

\$54,971,359

This is the Consolidated Balance Sheet of Anglo-Canadian Pulp and Paper Mills, Limited and Subsidiaries, including Dryden Paper Company, Limited, referred to in our report dated March 16th, 1954.

LEVER, HONEYMAN, LEETHAM & Co.,
Chartered Accountants, Auditors.



ANGLO-CANADIAN

PULP AND PAPER MILLS, LIMITED

AND SUBSIDIARY COMPANIES

INCLUDING DRYDEN PAPER COMPANY, LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND

Profit on Trading and Other Income, before providing for Depreciation and Depletion
Net Surplus on Disposals of Fixed Assets
Income from Government of Canada and Provincial Guaranteed Bonds
Dividends on Shares in Associated Company
Interest on Notes Receivable

Deduct:

Interest on Funded Debt of Dryden Paper Company, Limited
Less: Interest on Bonds and Debentures held for Sinking Funds

Interest on Loans Payable

Deduct:

Provision for Depreciation
Provision for Depletion

Profit before providing for Income Taxes
Provision for Income Taxes

Net Profit

Deduct:

Proportion applicable to Minority Shareholders of Dryden Paper Company, Limited

Deduct:

Proportion applicable to shares held by Anglo-Canadian Pulp and Paper Mills, Limited earned prior to acquisition

Net Profit Attributable to Shareholders of Anglo-Canadian Pulp and Paper Mills, Limited

Earned Surplus at December 31, 1952

Dividends paid or payable by Anglo-Canadian Pulp and Paper Mills, Limited:

On Preferred Shares—quarterly dividend payable January 20, 1954
On Common Shares—Paid in year
Payable January 7, 1954

Less: Receivable by Subsidiary Company

Earned Surplus at December 31, 1953

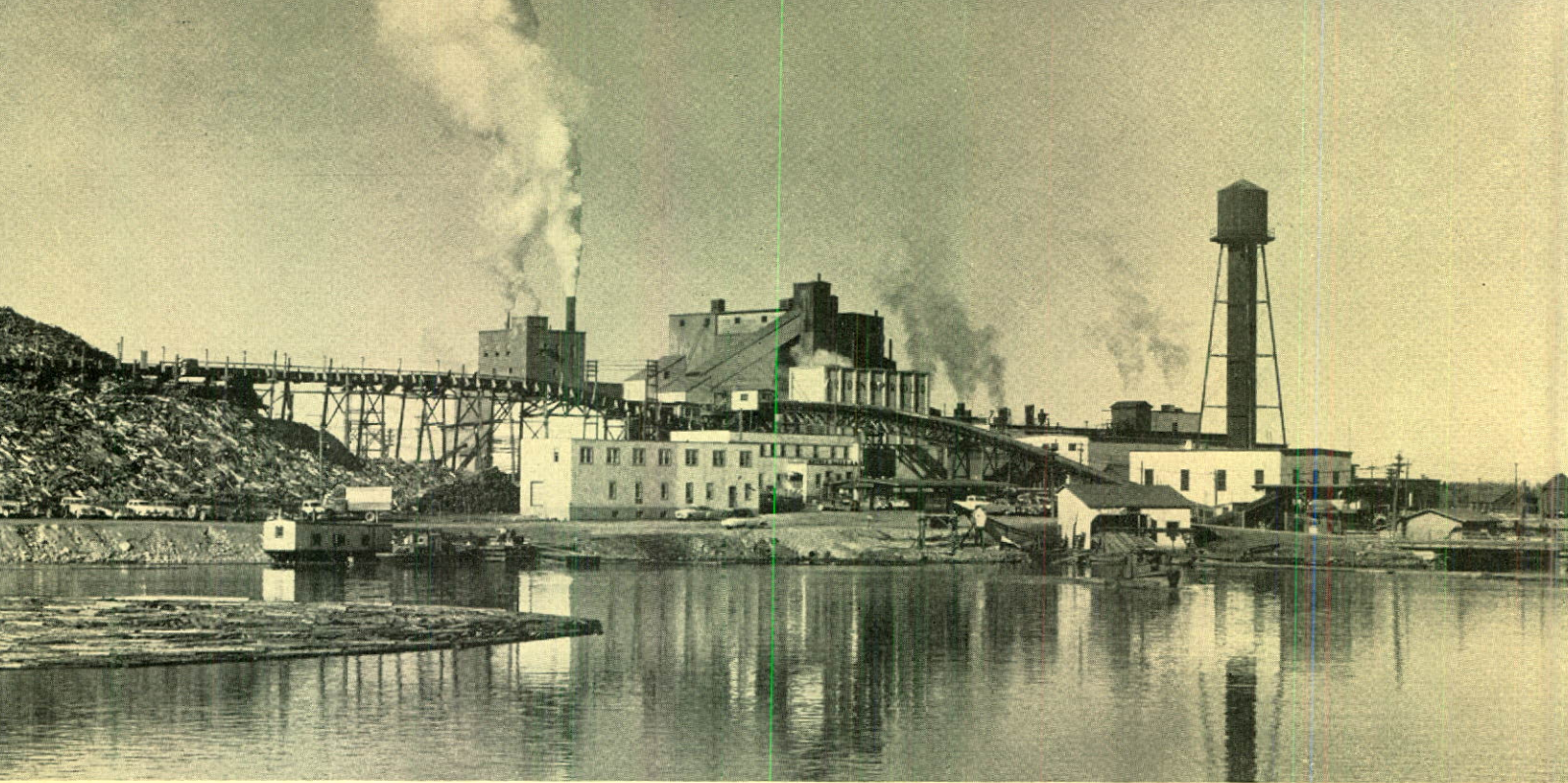
EARNED SURPLUS FOR THE YEAR ENDED DECEMBER 31ST, 1953

ANGLO-CANADIAN PULP AND
PAPER MILLS, LIMITED AND
WHOLLY-OWNED SUBSIDIARIES,
YEAR ENDED DECEMBER
31ST, 1953

DRYDEN PAPER
COMPANY, LIMITED
THREE MONTHS TO
DECEMBER 31ST, 1953

COMBINED TOTALS
FOR PERIODS TO
DECEMBER 31ST, 1953

| | | | |
|---------------|-------------|------------------|--------------------|
| | \$8,877,449 | \$ 804,304 | \$9,681,753 |
| | 173,817 | | 173,817 |
| \$ 43,750 | | \$ 9,669 | \$ 53,419 |
| | | 39,994 | 39,994 |
| 8,203 | | | 8,203 |
| <u>8,203</u> | 51,953 | <u>49,663</u> | <u>101,616</u> |
| | \$9,103,219 | \$ 853,967 | \$9,957,186 |
| | | \$ 55,031 | \$ 55,031 |
| | | 2,369 | 2,369 |
| \$ 17,021 | | \$ 52,662 | \$ 52,662 |
| <u>17,021</u> | 17,021 | <u>52,662</u> | <u>17,021</u> |
| | \$9,086,198 | \$ 801,305 | \$9,887,503 |
| \$2,381,846 | | \$ 211,148 | \$2,592,994 |
| 94,276 | | 28,000 | 122,276 |
| <u>94,276</u> | 2,476,122 | <u>239,148</u> | <u>2,715,270</u> |
| | \$6,610,076 | \$ 562,157 | \$7,172,233 |
| | 3,255,494 | 265,000 | 3,520,494 |
| | \$3,354,582 | \$ 297,157 | \$3,651,739 |
| | — | 3,206 | 3,206 |
| | \$3,354,582 | \$ 293,951 | \$3,648,533 |
| | — | 148,210 | 148,210 |
| | \$3,354,582 | \$ 145,741 | \$3,500,323 |
| | | | 5,475,998 |
| | | | \$8,976,321 |
| | | \$ 112,000 | |
| | | \$1,575,000 | |
| | | 631,122 | |
| | | \$2,206,122 | |
| | | 400 | |
| | | <u>2,205,722</u> | |
| | | | 2,317,722 |
| | | | <u>\$6,658,599</u> |

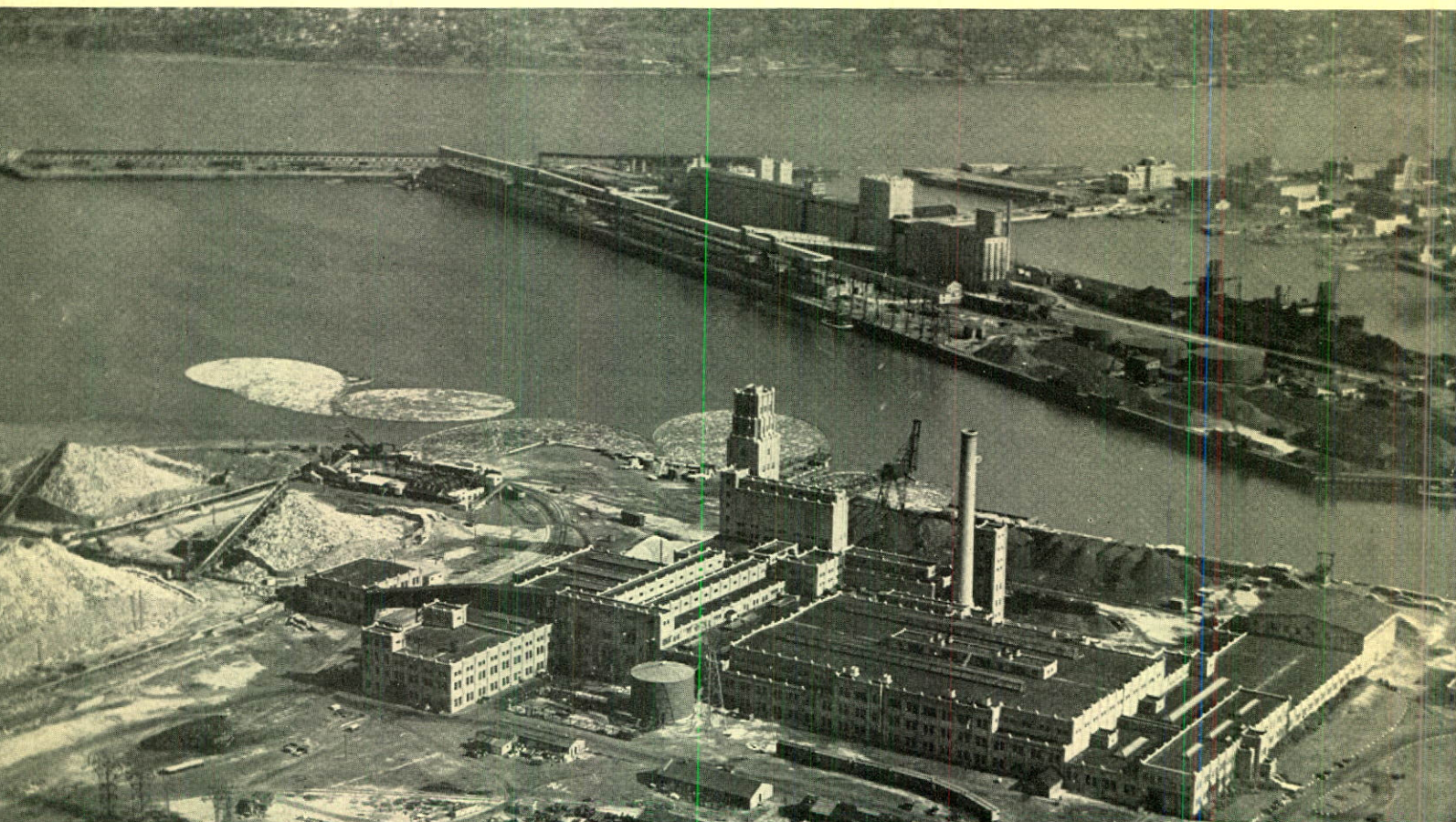


THE DRYDEN PAPER COMPANY, LIMITED, MILL AT DRYDEN, ONTARIO

The highly modern equipment of the Dryden mill includes three paper machines and one cylinder pulp machine, supplemented by converting equipment for the production of sheets, counter rolls, gummed kraft and waxed kraft. The mill is some 225 miles west of Port Arthur, and is situated in the approximate centre of the Crown timber limits from which it draws its wood supply.

THE MILL OF ANGLO-CANADIAN PULP AND PAPER MILLS, LIMITED, AT QUEBEC CITY

The Anglo-Canadian plant comprises three mills producing groundwood pulp, sulphite pulp, paper board, and newsprint paper. The newsprint machines, of which there are four, are among the widest and fastest in operation. The Anglo mill is situated within the limits of Quebec City, at the confluence of the St. Lawrence and St. Charles rivers.





Forestville, headquarters of the woods operations of Anglo-Canadian Pulp and Paper Mills, Limited, is a planned community. Photograph above shows typical houses provided by the Company for its employees at Forestville.



