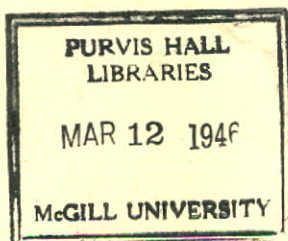


1944
ANNUAL REPORT
TO
SHAREHOLDERS



POWELL RIVER COMPANY LIMITED

MANUFACTURERS OF PULP AND PAPER

OFFICES: VANCOUVER, B. C. • MILLS: POWELL RIVER, B. C.

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**CONSOLIDATED PAPER CORPORATION LIMITED
AND SUBSIDIARY COMPANIES**

COMPARATIVE INCOME STATEMENT

(Unaudited: June 1952 estimated; Subject to year-end adjustments)

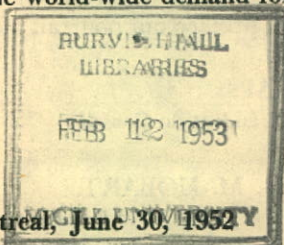
	Six months ended	
	June 30, 1952	June 30, 1951
Profit from operations after deducting Administration and General Expense	\$14,823,411.49	\$15,354,022.02
Income from Investments	121,053.87	161,308.86
	\$14,944,465.36	\$15,515,330.88
 Deduct:		
Bond Interest	234,666.18	329,488.33
Provision for Depreciation and Depletion	2,414,996.80	2,295,000.00
Provision for Income Taxes	6,878,330.11	9,589,243.52
	9,527,993.09	6,964,755.19
	\$ 5,416,472.27	\$ 5,926,087.36
 Add:		
Profit from Sales of Investment Securities	600.00	—
Balance net profit	\$ 5,417,072.27	\$ 5,926,087.36

From the cash obtained by way of net profit and depreciation and depletion for the six months periods, payment has been or must be made of the following:

Half-yearly Dividend payable July 17, 1952	\$ 1,924,600.50	\$ 1,924,548.00
Sinking Fund requirements for six months	1,957,867.27	2,055,271.84
Expenditures on Capital Improvements to June 30, 1952	1,375,000.00	2,400,000.00

The current demand for newsprint continues to be strong.

The world-wide demand for pulp has declined and the price has weakened — which may affect income.



L. J. BELNAP,
Chairman

G. M. HOBART,
President

Montreal, June 30, 1952

**CONSOLIDATED PAPER CORPORATION LIMITED
ET SES FILIALES**

COMPARAISON DES COMPTES DE REVENU

(Non vérifié et estimé pour juin 1952; sujet aux ajustements de fin d'année)

	<u>Période de six mois</u>	
	<u>30 juin 1952</u>	<u>30 juin 1951</u>
Bénéfices d'exploitation après déduction des frais d'administration et de dépenses générales	\$14,823,411.49	\$15,354,022.02
Revenu provenant de placements	121,053.87	161,308.86
	<u>\$14,944,465.36</u>	<u>\$15,515,330.88</u>
 <u>A déduire</u>		
Intérêt sur obligations	234,666.18	329,488.33
Provision pour dépréciation et épuisement	2,414,996.80	2,295,000.00
Provision pour impôts sur le revenu	6,878,330.11	9,589,243.52
	<u>9,527,993.09</u>	<u>6,964,755.19</u>
	<u>\$ 5,416,472.27</u>	<u>\$ 5,926,087.36</u>
 <u>A ajouter</u>		
Bénéfice provenant de la vente de placements	600.00	—
Bénéfice net	<u>\$ 5,417,072.27</u>	<u>\$ 5,926,087.36</u>

A même l'argent résultant du bénéfice net, de la dépréciation et épuisement pour la période de six mois, les paiements suivants ont été ou devront être effectués:

Dividende semi-annuel payable le 17 juillet 1952	\$ 1,924,600.50	\$ 1,924,548.00
Fonds d'amortissement pour six mois	1,957,867.27	2,055,271.84
Dépenses d'ordre capital pour améliorations au 30 juin 1952	1,375,000.00	2,400,000.00

La présente demande pour le papier à journal continue à être élevée.

La demande mondiale pour la pâte à papier est à la baisse, de même que son prix, ce qui pourrait affecter le revenu.

L. J. BELNAP,
Président du Conseil

G. M. HOBART,
Président

Montréal, le 30 juin 1952.

(English on Other Side)

POWELL RIVER COMPANY LIMITED

Board of Directors

S. D. BROOKS, <i>Chairman</i>	HELEN SCANLON SAMPLE
HAROLD S. FOLEY	R. BELL-IRVING
EDWARD BROOKS	G. F. LAING
R. H. SCANLON	D. A. EVANS
J. H. LAWSON	J. M. HOLLERN

Officers

S. D. BROOKS	<i>Chairman of the Board</i>
HAROLD S. FOLEY	<i>President</i>
R. BELL-IRVING	<i>1st Vice-President</i>
G. F. LAING	<i>Vice-President</i>
G. W. O'BRIEN	<i>Vice-President</i>
J. H. LAWSON	<i>Secretary</i>
D. A. EVANS	<i>Resident Manager</i>
J. N. TURVEY	<i>Comptroller</i>
J. C. HILL	<i>Assistant Secretary</i>

Executive Offices

STANDARD BANK BUILDING
Vancouver, B. C.

Transfer Agent

THE ROYAL TRUST COMPANY
Vancouver, Toronto, Montreal

Registrar

BANKERS' TRUST COMPANY
Vancouver, Toronto, Montreal

Wholly Owned Subsidiaries of the Company

The Company has complete control of its production from the standing tree to the finished product. Operations of the Company's subsidiaries include logging, timber holding, lumber manufacture and transportation by water. The Company's wholly owned subsidiaries include the following:

KELLEY LOGGING CO. LTD.—A logging company operating in the Queen Charlotte Islands with a capacity of 60,000,000 bd. ft. per year, which is the Company's principal source of spruce logs.

O'BRIEN LOGGING CO. LTD.—A logging company operating in the lower coast area of British Columbia with a capacity of 40,000,000 bd. ft. per year. It is a large producer of hemlock and balsam.

ALICE LAKE LOGGING CO. LTD.—A logging company operating in the middle coast area of British Columbia with a capacity of 35,000,000 bd. ft. per year. It is a large producer of hemlock and balsam.

KELLEY SPRUCE CO. LTD.—A lumber manufacturer operating at Powell River, with a capacity of 24,000,000 bd. ft. per year.

PACIFIC COAST SPRUCE (CAN.) LTD.—Lumber brokers with offices at Vancouver, handling substantial quantities of spruce and hemlock lumber.

QUEEN CHARLOTTE TOWING CO. LTD.—A log towing operation, with one boat of 230 indicated h.p.

KINGCOME NAVIGATION CO. LTD.—A transportation and log towing operation engaged along the coast of British Columbia. It operates three tugboats with a total of 2340 indicated h.p., six covered barges of carrying capacity of 400 tons each and three open barges of carrying capacity of 300 tons each. This company maintains a regular freight and mail service between Powell River and Vancouver.

POWELL STORES LIMITED—Owns and operates a newly built, modern department store at Powell River.

BROUGHTON STRAIT TIMBER CO. LTD.—A timber holding company with limits containing approximately 325,000,000 bd. ft.

POWELL RIVER COMPANY LIMITED

Vancouver and Powell River, B. C., Canada

Vancouver, B. C.,
April 2nd, 1945.

To the Shareholders:

The thirty-fourth annual report of your company, for the fiscal period ended December 31st, 1944, is submitted herewith.

Net earnings for the year, excluding refundable portion of Excess Profits Taxes, amounted to \$2,106,838 or \$1.56 per share. The refundable portion of Excess Profits Taxes for the period is estimated at \$209,400 or 15c per share.

Results for the year, compared with the previous year are summarized as follows:

	1944	1943
Consolidated earnings before undernoted items.....	\$6,493,362	\$5,721,750
Provision for depreciation and depletion.....	1,966,691	1,355,276
Profit before Taxes.....	\$4,526,671	\$4,366,474
Provision for Income and Excess Profits Taxes (including post-war Refund)	2,419,833	2,569,218
Consolidated Net Profit.....	\$2,106,838	\$1,797,256
Ratio of Taxes on Income to Profit before deduction of such taxes..	53.46%	58.83%

Dividends paid in 1944, at the rate of one dollar per share on the new share basis, amounted to \$1,344,695.00 which permitted retention of profits in the business to the extent of \$762,143.00. Dividends in 1943 amounted to \$1,705,485.00 resulting in \$91,771.00 profit being retained in the business.

Production:

Notwithstanding that labor and material continued to be in short supply, production was generally improved over the previous year's results. The only decrease in comparison with last year occurred in lumber production and this resulted from shortage of high grade logs.

Production Results are summarized below:

	PRODUCTION		
	1944	1943	Increase
Pulp and Paper		Tons	
Newsprint	163,171	140,419	22,752
Wrapper	3,704	2,797	907
Corrugating Board	7,753	5,962	1,791
Laminated Products	1,409	858	551
Pulp	38,580	36,560	2,020
		Bd. Ft.	
Lumber	12,756,000	16,743,000	3,987,000
		Ft.	
Logs	87,846,000	74,763,000	13,083,000

Sales of the parent company amounted to 191,074 tons of newsprint of which 162,027 tons were produced at Powell River and 29,047 tons were secured from other producing units in Canada through the operation of the Canadian Newsprint Pool. Sales of sulphite pulp amounted to 42,515 tons. The total estimated newsprint production is purchased by ultimate consumers under 162 firm contracts. 107 of these contracts are of a continuing nature subject to cancellation only on two full calendar years' notice. The other 55 contracts expire at various times between December 31st, 1945, and December 31st, 1952.

Maintenance work that normally would have been carried on in prior years but had been deferred because of war conditions was undertaken during the year. The plant as of the close of the year was generally in a satisfactory condition from a maintenance point of view.

The working capital of the company increased by \$1,809,070.00 to \$5,376,963.00 during the year. The following comparison shows the details of changes that have occurred.

Current Assets:

	1944	1943	Improvement
Cash on hand and in banks.....	\$ 595,096	\$ 375,993	\$ 219,103
Dominion of Canada Bonds at cost.....	2,440,829	2,093,687	347,142
Accounts Receivable Less Reserve.....	2,537,113	2,146,075	391,038
Inventories	2,186,427	2,082,842	103,585
	<u>\$7,759,465</u>	<u>\$6,698,597</u>	<u>\$1,060,868</u>

Current Liabilities:

	1944	1943	Improvement
Accounts Payable	\$1,079,513	\$1,354,055	\$ 274,542
Reserve for Taxes.....	1,302,989	1,676,649	373,660
Reserve for Contingencies.....		100,000	100,000
	<u>\$2,382,502</u>	<u>\$3,130,704</u>	\$ 748,202
Working Capital	<u>\$5,376,963</u>	<u>\$3,567,893</u>	<u>\$1,809,070</u>

At December 31st, 1944, total current assets were 3.26 times total current liabilities, which compares with a ratio of 2.14 at December 31st, 1943.

Total funds received during the year and their disposition are shown in the following statement:

FUNDS PROVIDED FROM FOLLOWING SOURCES:

Consolidated Profit for year as per Profit and Loss Account.....	\$ 2,106,838.34
Add—	
<i>Charges to Profit and Loss not involving current expenditures:</i>	
Depreciation and Depletion.....	\$ 1,966,691.54
Net Book value of Fixed Assets disposed of.....	181,228.63
Decrease in Deferred Charges and sundry items	27,666.39
	<u>\$ 2,175,586.56</u>
Refundable portion of Excess Profits Tax included in Tax provision charged to Profit and Loss.....	209,400.00
	<u>2,384,986.56</u>
Total Funds Provided.....	<u>\$ 4,491,824.90</u>

Total Funds Provided (Forward).....\$ 4,491,824.90

DISTRIBUTION OF FUNDS PROVIDED:

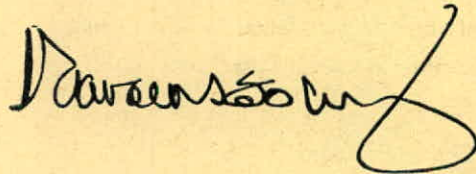
Additions to fixed assets:

Paper mill, hydro-electric development and townsite.....	\$284,648.84	
Tugs and Scows.....	4,316.16	
Logging equipment and development.....	162,309.63	
Timber holdings	168,158.88	
		—————\$ 619,433.51
Net increase in investments and long term receivables.....	259,226.48	
Estimated refundable portion of Excess Profits Tax in respect of 1944 operations	209,400.00	
Acquisition of interest of minority shareholders in capital and surplus of subsidiary.....	250,000.00	
Dividends paid	1,344,695.00	
Total Funds disposed of.....		————— 2,682,754.99
Increase in Working Capital.....		————— \$ 1,809,069.91

The diversification and expansion plans of the company have been carried forward during the year at a pace dictated by the best interests of the war effort and of the rehabilitation plans of the government for the post-war period. The main work in this regard has consisted of steps preliminary to the installation of the hydraulic barker and a more efficient arrangement of our log handling facilities. Every effort is being made to maintain low cost operation throughout the plant and the program initiated during the past year has this objective.

A pension plan providing for retirement of men employees at age 65 and women employees at age 60 was introduced last year. The plan written with the Dominion Government Annuities Branch, provides for 3% contributions from both employees and the Company on salaries not exceeding \$4,000.00 per annum. The Company has also made provision to provide approximately \$100,000.00 per annum for the next ten years to assist older employees in obtaining adequate pensions at retirement.

The loyal and efficient co-operation of the entire staff is gratefully acknowledged.



President.

POWELL RIVER COMPANY LIMITED

(Incorporated under the Companies Act of British Columbia)

AND ITS SUBSIDIARIES

Consolidated Profit and Loss and Earned Surplus Account for the year ended 31st December, 1944

Operating profit before depreciation, depletion and taxes on income.....	\$ 6,262,899.82
<i>Deduct—</i>	
Depreciation and depletion.....	\$ 1,966,691.54
Provision for Dominion Income and Excess Profits Taxes (including estimated post-war refund of excess profits tax \$209,400.00	2,419,833.19
	<hr/> 4,386,524.73
Operating Profit	\$ 1,876,375.09
<i>Add—</i>	
Profit on disposals of timber holdings and other fixed assets.....	230,463.25
Consolidated Profit for year.....	<hr/> \$ 2,106,838.34
<i>Deduct—</i>	
Dividends paid	1,344,695.00
	<hr/> \$ 762,143.34
<i>Add—</i>	
Consolidated earned surplus at 31st December, 1943.....	7,192,308.55
Consolidated earned surplus at 31st December, 1944 as per Consolidated Balance Sheet	<hr/> <hr/> \$ 7,954,451.89

POWELL RIVER C
(Incorporated under the Comp
 AND ITS SU

Consolidated Balance Sheet

After giving effect to changes in the share capital authorized by resolutions of shareholders dated ordinary shares without par value outstanding at December 31, 1944 were converted into 1,344,695

A S S E T S

CURRENT:

Cash on hand and in banks.....	\$ 595,096.16	
Dominion of Canada Bonds at cost (par value \$2,440,750.00).....	2,440,829.05	
Accounts receivable, less reserve.....	2,537,113.34	
Inventories of paper, lumber, logs and supplies, as determined and certified by officials of the companies and valued at the lower cost or market value, less reserve.....	2,186,426.47	
		\$ 7,759,465.02

FIXED:

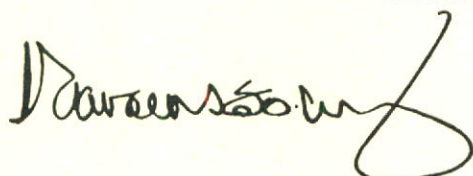
Paper mill, hydro electric development and townsite at cost.....	\$ 27,657,339.96	
Tugs and scows at cost.....	497,933.89	
Logging equipment and logging development at cost.....	1,162,092.28	
	\$ 29,317,366.13	
Timber holdings at cost less depletion.....	2,285,236.52	
		31,602,602.65

OTHER:

Estimated post-war refund under the Excess Profits Tax Act.....	\$ 597,700.00	
Deferred charges and prepaid expenses.....	120,935.78	
Sundry investments and long term receivables.....	455,973.75	
		1,174,609.53
		<u>\$ 40,536,677.20</u>



Director.



Director.

OMPANY LIMITED

(Companies Act of British Columbia)

SUBSIDIARIES

Balance Sheet at 31st December, 1944

February 5, 1945 under which 37,475 7% cumulative preference shares of \$100 each, and 360,790 ordinary shares without par value on the basis of 7 for 1 and 3 for 1 respectively.

LIABILITIES

CURRENT:

Accounts payable	\$ 1,079,512.84
Reserve for income and excess profits taxes.....	1,302,989.53
	\$ 2,382,502.37

RESERVE FOR DEPRECIATION OF FIXED ASSETS..... 22,148,398.22

INSURANCE FUND 96,903.29

CAPITAL AND SURPLUS:

Capital—

Authorized—

1,612,325 ordinary shares without par value.

Issued—

1,344,695 ordinary shares without par value..... \$ 7,396,025.00

Earned Surplus 7,954,451.89

Deferred surplus (estimated post-war refunds) under the Excess

Profits Tax Act)..... 558,396.43

15,908,873.32

\$ 40,536,677.20

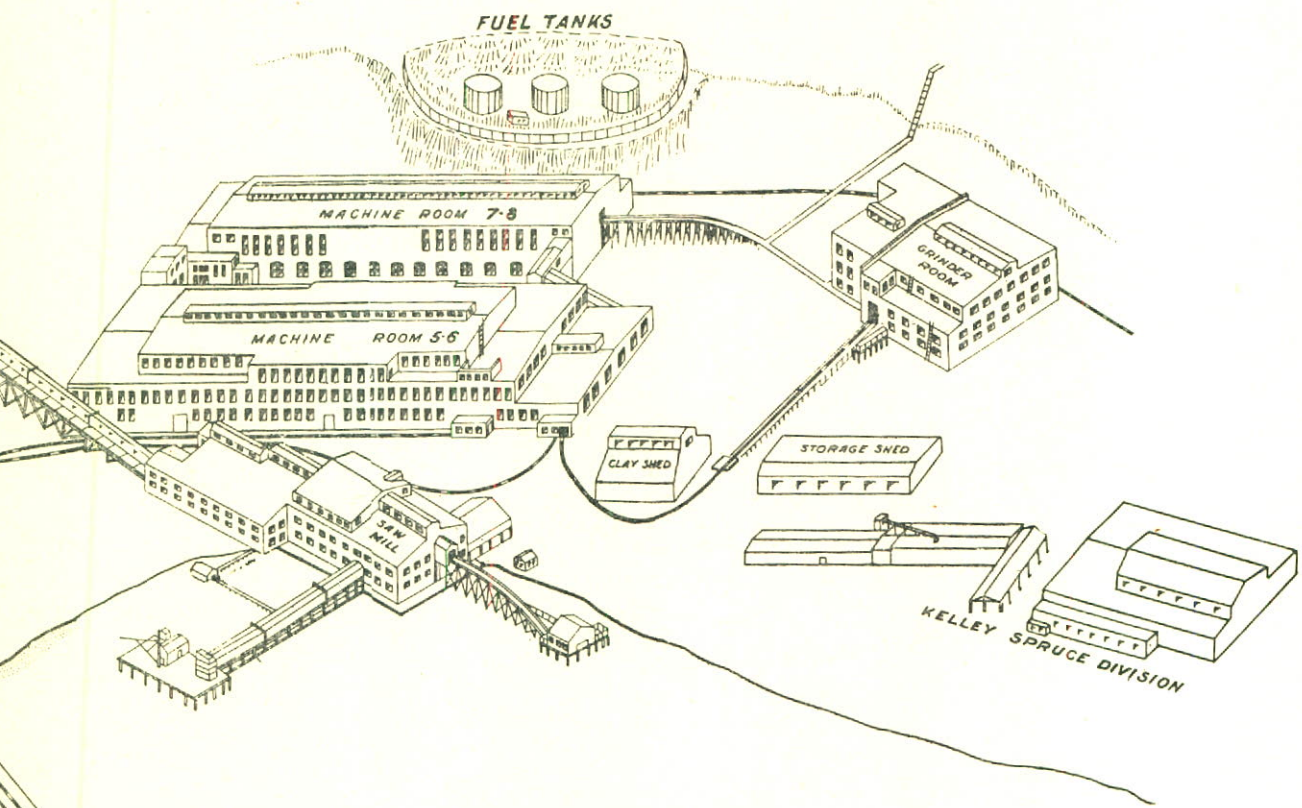
We have audited the books of Powell River Company Limited and its subsidiary companies as at December 31, 1944 with the exception of Knight Inlet Logging Company Limited and Broughton Logging Company Limited and O'Brien Logging Company Limited which is a subsidiary of these two aforementioned companies.

From the balance sheets prepared from the books of the companies audited by ourselves and from the balance sheets signed by the auditors of the other three companies mentioned, we have prepared the above consolidated balance sheet as at December 31, 1944. In our opinion, based on such examination, the balance sheet is properly drawn up so as to exhibit a true and correct consolidated view of the state of the affairs of Powell River Company Limited and all its subsidiaries as at December 31, 1944 after giving effect to the proposed transaction set out above according to the best of our information and the explanations given to us.

VANCOUVER, B. C.
March 9, 1945.

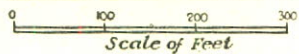
HELLIWELL MACLACHLAN & CO.,
Chartered Accountants.

ISOMETRIC VIEW
OF
THE COMPANY'S PLANT
AT
POWELL RIVER

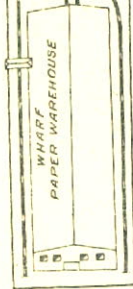


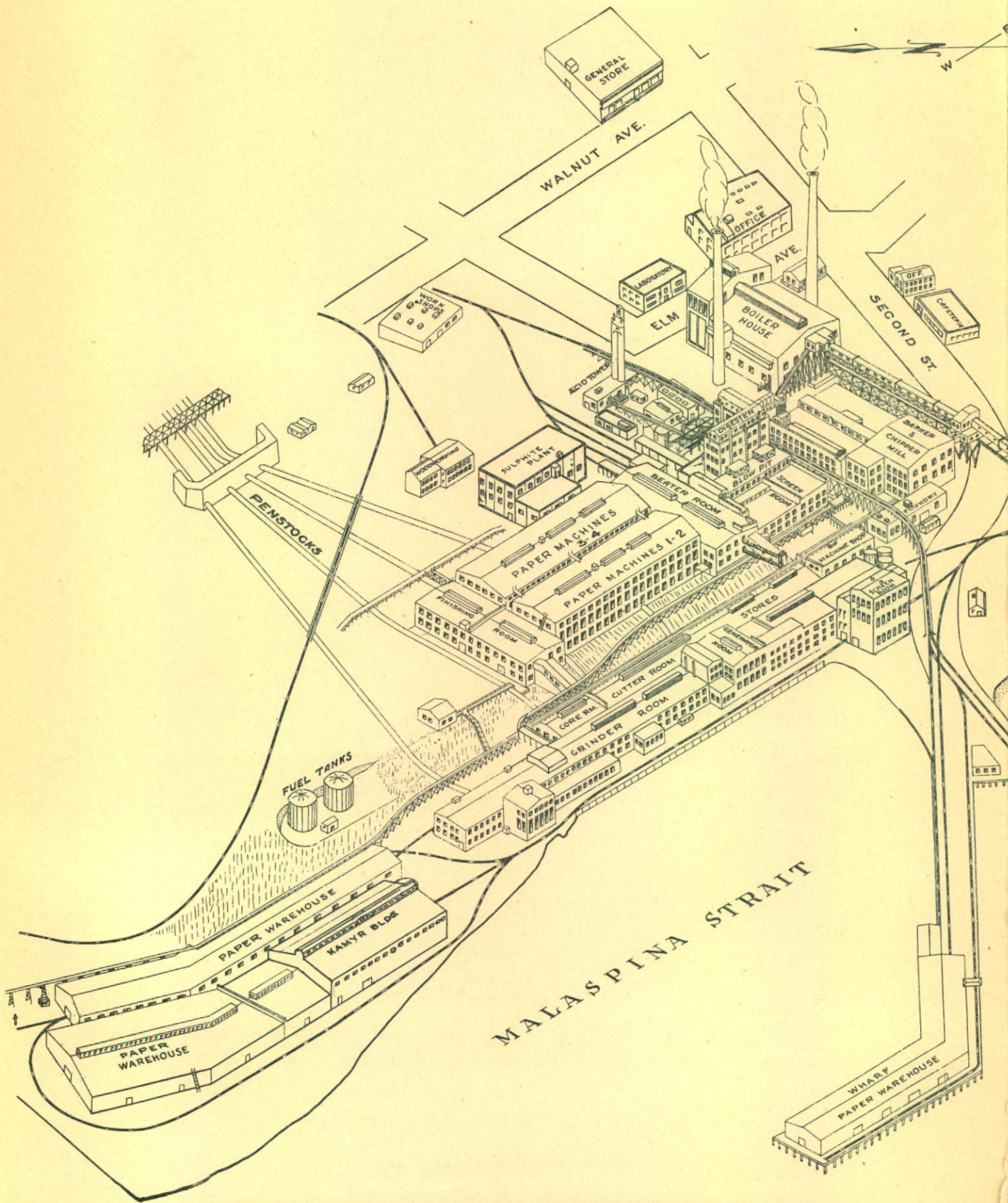
POWELL RIVER CO. LTD

ISOMETRIC VIEW FROM WEST



Drawn By L.M. Clement
BRITISH COLUMBIA UNDERWRITERS ASSOCIATION





AERIAL VIEW OF POWELL RIVER

