

PRICE BROTHERS & COMPANY, LIMITED

REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in submitting the following report of the operations of the Company and its Subsidiary Companies for the year ended 31st December 1944, together with the Consolidated Balance Sheet as at that date.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

The Profit for the Year amounted to	\$6,665,769.81
From this has been deducted:	
Bond and Debenture Interest	\$ 572,433.96
Provision for Employees' Pensions	500,000.00
Allowance for depreciation of the Company's properties and depletion of timber limits	<u>1,720,000.00</u> <u>2,792,433.96</u>
Net Profit for the Year before Income and Excess Profits Taxes	3,873,335.85
Provision for Dominion Income and Excess Profits Taxes - Net	<u>2,455,000.00</u>
Net Profit for the Year Ended 31st December 1944	<u>1,418,335.85</u>

On 1st March 1944 the Second Mortgage 4% 1957 Convertible Debentures were redeemed in full.

A provision of \$500,000.00 towards a pension scheme, to be submitted to you, has been charged to profits for the year.

During the year the regular dividends of 5½% on the Preferred Shares were paid and on 1st May 1944 a dividend of \$1.50 was paid on the outstanding Common Shares.

The Board of Referees has now determined the Company's Standard Profits; provision for Excess Profits Tax already made for the years 1940-1943 has been revised in accordance therewith. The assessments for those years have not yet been received and further adjustment may be required later.

The auditors, Messrs. Creak, Cushing & Hodgson, C.A., have examined the books of the Company and their report on the Consolidated Financial Statements for the year is submitted herewith.

Your Directors desire to record their appreciation of the loyal and efficient services rendered by the employees during the year.

By Order of the Board,

C. H. L. JONES,
President.

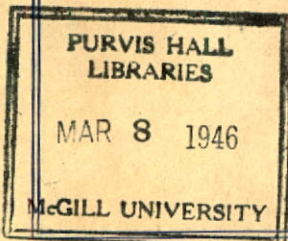
Quebec, P. Q.,
9th March, 1945

OFFICERS

H. J. Symington, K. C.	Chairman of the Board
C. H. L. Jones	President
A. A. Aitken	Vice-President
J. H. Price	Vice-President
Edward Flynn	Vice-President
M. R. Kane	Vice-President
P. W. Sims	Treasurer and Comptroller
Hector Cimon	Secretary

DIRECTORS

A. A. Aitken	A. C. Picard
W. A. Arbuckle	Sir Keith Price
J. D. Johnson	Paul F. Sise
C. H. L. Jones	H. J. Symington, K. C.
Alfred Marois	A. C. M. Thomson, K. C.
J. C. Newman	



PRICE BROTHERS &

AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

ASSETS		
CURRENT ASSETS:		
Cash on Hand and in Banks.....	\$3,312,550.34	
Accounts and Bills Receivable, less Reserve.....	3,014,593.38	
Inventories at not more than cost:		
Finished Products, Raw Materials and Expenditure on Logging Operations, and Operating Supplies as determined from book and physical inventories and certified by officers of the Company.....	8,718,592.62	\$15,045,736.34
INVESTMENTS:		
Government Bonds and Shares in other Companies at quoted values.....	3,445,821.50	
Company's Bonds (par value \$618,500.00) at cost.....	612,190.00	
Other Investments at book values.....	1,073,748.11	5,131,759.61
OTHER ASSETS:		
Mortgages Receivable.....	26,833.94	
Notes Receivable - The Hearst Corporation.....	439,194.43	
- Sale of Timber Limits.....	61,785.87	
Refundable Portion of Excess Profits Tax.....	669,000.00	1,196,814.24
PREPAID AND DEFERRED CHARGES		411,478.99
FIXED ASSETS:		
Timber Lands (freehold and leasehold), developed and undeveloped Water Power Sites, Newsprint, Lumber, Cardboard and Paper Specialty Mills, Logging and other Operating Equipment, etc. at book values.....	68,867,388.72	
Deduct: Reserves for Depreciation and Depletion.....	31,843,075.18	37,024,313.54
		\$58,810,102.72

Approved on behalf of the Board:

H. J. Symington, }
C. H. L. Jones, } Directors

U. S. Dollar accounts are included at par and

AUDITORS:

To the Shareholders,
Price Brothers & Company, Limited,
Quebec, Que.

We have examined the Consolidated Balance Sheet of Price Brothers & Company, Limited and for the year ended the same date. In connection therewith we examined or tested accounting records of the Company and we also made a general review of the accounting methods and of the operating and income accounts for the year.

In our opinion, based on such examination, the above Consolidated Balance Sheet and related financial position of the Company and its Subsidiary Companies at 31st December 1944 and the results from the operations for the year are as shown by the books of the Companies.

Montreal, 7th March, 1945.

COMPANY, LIMITED

Y COMPANIES

HEET AT 31st DECEMBER 1944

CURRENT LIABILITIES:	LIABILITIES	
Accounts Payable and Accrued Liabilities.....	\$1,913,733.25	
Dividend on Preferred Shares payable 1st January 1945.....	77,584.37	
Interest accrued on net Funded Debt.....	184,691.67	
Provision for Income and Excess Profits Taxes subject to assessment for the fiscal years 1940-1944 inclusive.....	2,606,961.10	\$4,782,970.39
FUNDED DEBT:		
First Mortgage Bonds		
5% Series due 1957.....	13,665,000.00	
Deduct: Bonds cancelled through Sinking Fund.....	342,000.00	
	<u>13,323,000.00</u>	
Deduct: Held in Treasury.....	1,623,000.00	11,700,000.00
RESERVE FOR - Employees' Pensions.....		
	500,000.00	
- Contingencies.....	750,000.00	1,250,000.00
CAPITAL AND SURPLUS:		
5½% Cumulative Redeemable Preferred Shares		
Authorized and Issued - 62,843 shares each of \$100.00 par value	\$6,284,300.00	
Deduct:		
Held for Redemption - 6,506 shares.....	650,600.00	
<u>56,337 shares</u>	<u>5,633,700.00</u>	
Common Shares		
Authorized - 679,084 shares without nominal or par value		
Issued - 547,857 shares.....	21,803,780.00	
Capital Surplus.....	8,237,553.93	
Earned Surplus, including \$669,000.00 Refundable Portion of Excess Profits Tax	5,402,098.40	41,077,132.33
		<u><u>\$58,810,102.72</u></u>

Sterling accounts at \$4.43 to the £ Sterling

REPORT

osidiary Companies at 31st December 1944 and the related Consolidated Profit and Loss and Surplus Accounts
Companies and other supporting evidence and obtained all the information and explanations required;
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Profit and Loss and Surplus Accounts are properly drawn up so as to exhibit a true and correct view of the
r operations for the year ended that date, according to the best of our information, the explanations given to

Creak, Cushing & Hodgson,
Chartered Accountants.

PRICE BROTHERS & COMPANY, LIMITED

AND SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS AND SURPLUS ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 1944

PROFIT AND LOSS AND EARNED SURPLUS ACCOUNT

Operating Profits before providing for Depreciation and Depletion		\$6,376,691.96
Add:		
Revenue from Investments.....	\$ 224,470.82	
Miscellaneous Interest.....	39,711.46	
Sundry Revenue.....	24,895.57	289,077.85
		6,665,769.81
Deduct:		
Net Interest on Funded Debt		
Bonds.....	\$ 554,116.94	
Debentures.....	18,317.02	572,433.96
Provision for		
Employees' Pensions.....	500,000.00	
Depreciation.....	1,375,000.00	
Depletion.....	345,000.00	2,220,000.00
		2,792,433.96
Net Profit for the year before providing for Income and Excess Profits Taxes.....		3,873,335.85
Provision for Income and Excess Profits Taxes.....	2,800,000.00	
Less: Refundable Portion of Excess Profits Tax.....	345,000.00	2,455,000.00
		1,418,335.85
Net Profit for the year.....		312,716.25
Deduct: Preferred Dividends - 5½% - Net.....		1,105,619.60
Add: Earned Surplus at 31st December 1943.....	5,165,264.30	
Deduct:		
Adjustment for Excess Profits Tax for the years 1940-1943, subject to assessment, based on award of Standard Profits, less adjustment of refundable portion \$218,000.00.....	548,961.10	
Less: Amount already provided.....	501,961.10	47,000.00
		5,118,264.30
Common Dividend of \$1.50 per share paid 1st May 1944.....	821,785.50	4,296,478.80
Earned Surplus at 31st December 1944		\$5,402,098.40

CAPITAL SURPLUS ACCOUNT

Balance at 31st December 1943.....		\$7,940,457.61
Add:		
Adjustment of Investments to quoted values at 31st December 1944.....	\$ 296,927.00	
Adjustment to par value of Company's Preferred Shares acquired in 1944 and Company's Bonds used for Sinking Fund purposes.....	1,731.82	
		298,658.82
Less:		
Loss on Sale of Investments.....	1,562.50	297,096.32
Balance at 31st December 1944.....		\$8,237,553.93