

S I X T Y - F I R S T

# ANNUAL REPORT

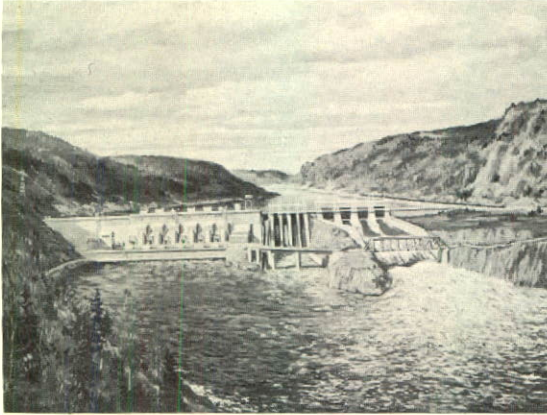
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*The Shawinigan Water and Power Company*

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MCGILL UNIVERSITY



*THE COVER PICTURE is a reproduction of a painting by H. Leslie Smith, of the new power development at Rapide Beaumont on the St. Maurice River. Ceremonies were held at the development on September 24, 1958 to mark officially the*



*commencement of operations of the power plant. Above to the right, is a painting, also by Mr. Smith, of the site before construction work had been started.*

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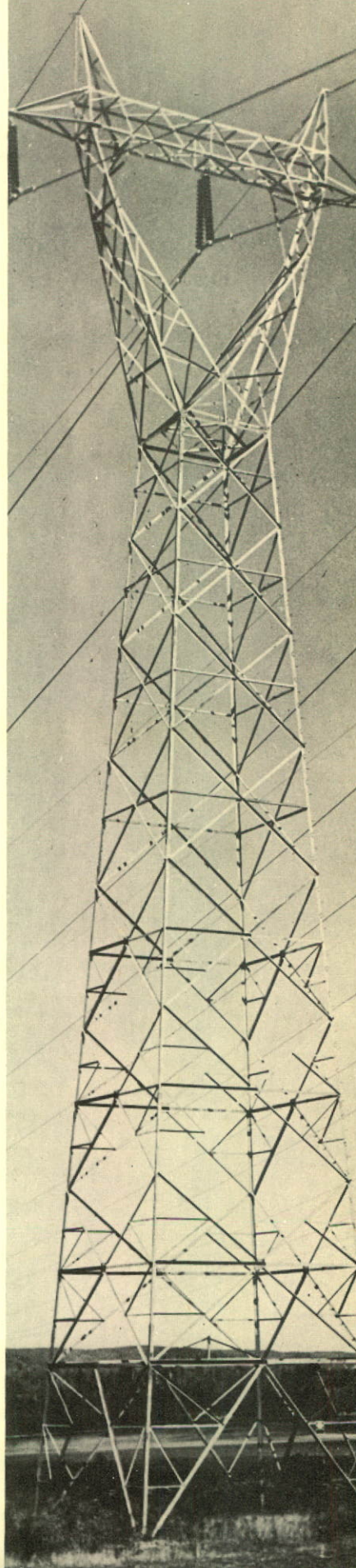
Si vous préférez, nous nous ferons un plaisir de vous envoyer la version française de ce rapport sur demande:

*Service des Relations extérieures et de la Publicité  
The Shawinigan Water and Power Company  
600 ouest, rue Dorchester, Montreal, P.Q.*

## HIGHLIGHTS

	1958	1957	Increase
● Total kilowatthours sold . . . . .	10,973,479,600	10,309,790,900	6.4%
● Primary power peak load in kilowatts. . . . .	1,740,000	1,707,800	1.9%
● Revenue from sales of electricity	\$69,866,481	\$66,036,118	5.8%
● Earnings per Common Share . . .	\$1.62	\$1.56	3.8%
● Dividends paid per Common Share . . . . .	68 cents	65½ cents	—
● Common Shares outstanding, December 31 . . . . .	7,419,773	7,288,241	—
● Capital expenditures. . . . .	\$34,999,610	\$40,069,521	—
● Customers served December 31 . .	337,747	326,349	11,398
● New Beaumont power development in full production.			

The above figures reflect the consolidation of the accounts and operating statistics of The Shawinigan Water and Power Company, St. Maurice Power Corporation, and Southern Canada Power Company, Limited.





# THE PRESIDENT'S LETTER

## Revenue and earnings

Shawinigan has completed another successful year, both in terms of earnings and growth. Total revenue, operating profit and earnings per Common Share for 1958 were all higher than in the preceding year. The Company's new power development at Rapide Beaumont was brought into full production toward the end of 1958, increasing Shawinigan's total generating capacity by 18.3 per cent.

These favourable results are particularly gratifying because they were achieved despite the business recession, which measurably affected some of the operations of the Company and its subsidiaries.

Although revenue from primary power sales to major industries decreased, this was more than offset by the continued growth of about 10 per cent in sales to residential, farm, commercial and small industrial consumers. Also, because of above-average volume of water in storage at the beginning of the year and abundant rainfall during the year, large quantities of secondary energy were sold for the production of steam in electric boilers.

Operating expenses were carefully controlled with the result that operating profit after depreciation and taxes on income showed an increase of 8 per cent.

## Interest charged to construction

Included in non-operating income is an amount of \$1,971,612, representing interest charged to construction, which arises mainly from capital expenditures on the Beaumont Development. With the completion of this development, income from this source will be greatly reduced in 1959.

**Dividends from  
wholly-owned  
subsidiaries**

Dividends from Shawinigan Chemicals Limited were substantially lower than in the previous year because of reduced earnings and the advisability of conserving cash resources. Shawinigan Chemicals' sales and earnings for the last quarter improved considerably and the outlook for 1959 is encouraging. Dividends from The Shawinigan Engineering Company, Limited were the same as in the previous year.

**Financing**

The financing carried out by sale of \$20,000,000 convertible debentures in October 1957, and of \$5,000,000 short-term notes in September 1958, together with funds internally generated during the year, provided sufficient cash to meet our 1958 capital expenditures. At a meeting of bondholders on December 10, certain amendments to the First Mortgage Trust Deed were approved, the major change being the removal of the restriction limiting to \$200,000,000 the maximum amount of bonds which could be issued.

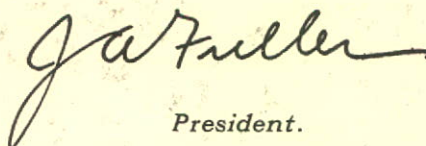
**Future  
prospects**

The projected establishment of several large iron and steel industries along the south shore of the St. Lawrence River between Sorel and Verchères, together with normal growth in industrial load should result in a continuing rise in demand for power. These developments and others throughout the territory we serve, as well as growth in the requirements of residential, farm, commercial and small industrial customers served by Shawinigan and its subsidiary companies, indicate that prospects are good for future sustained increases in revenue.

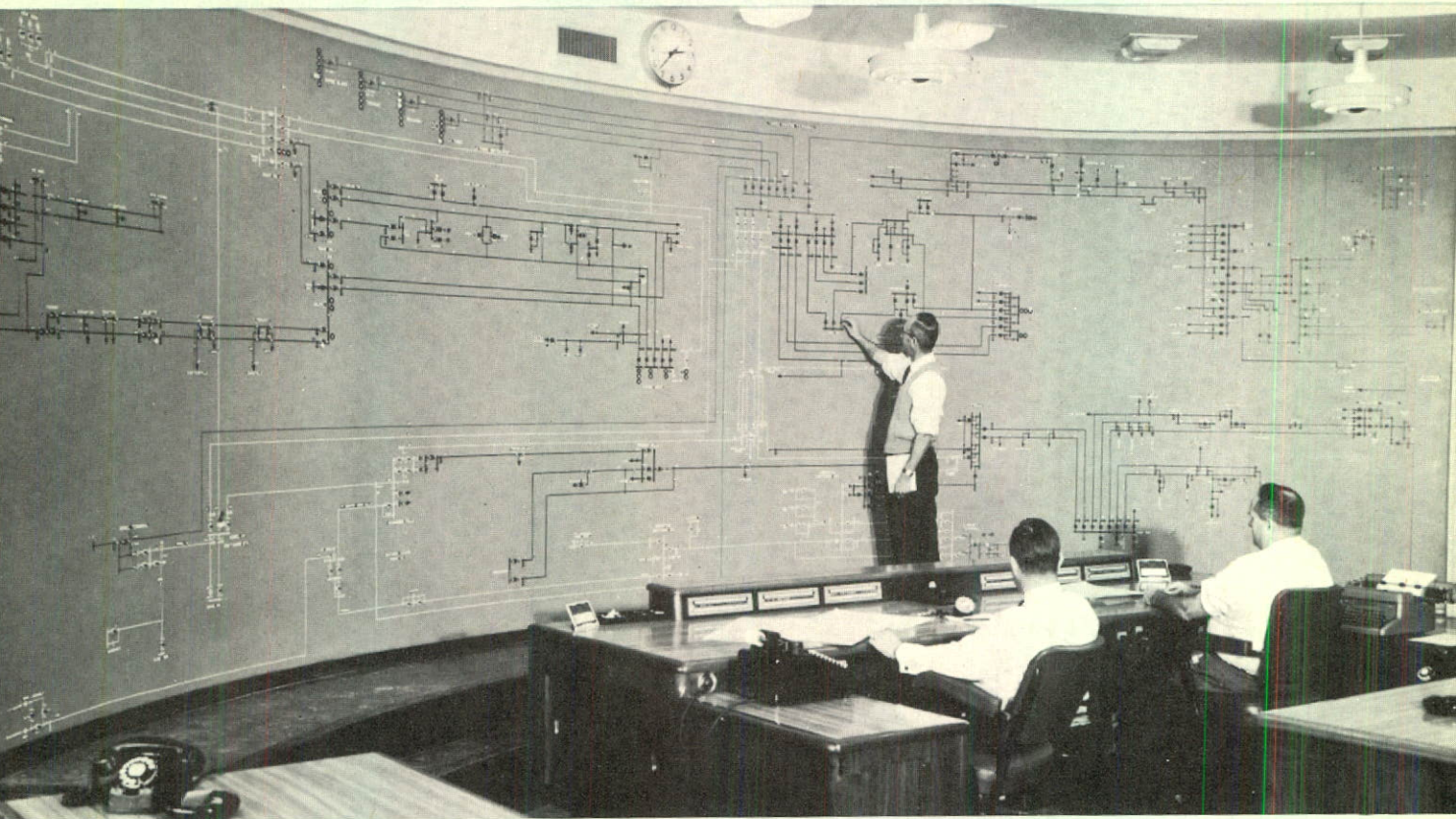
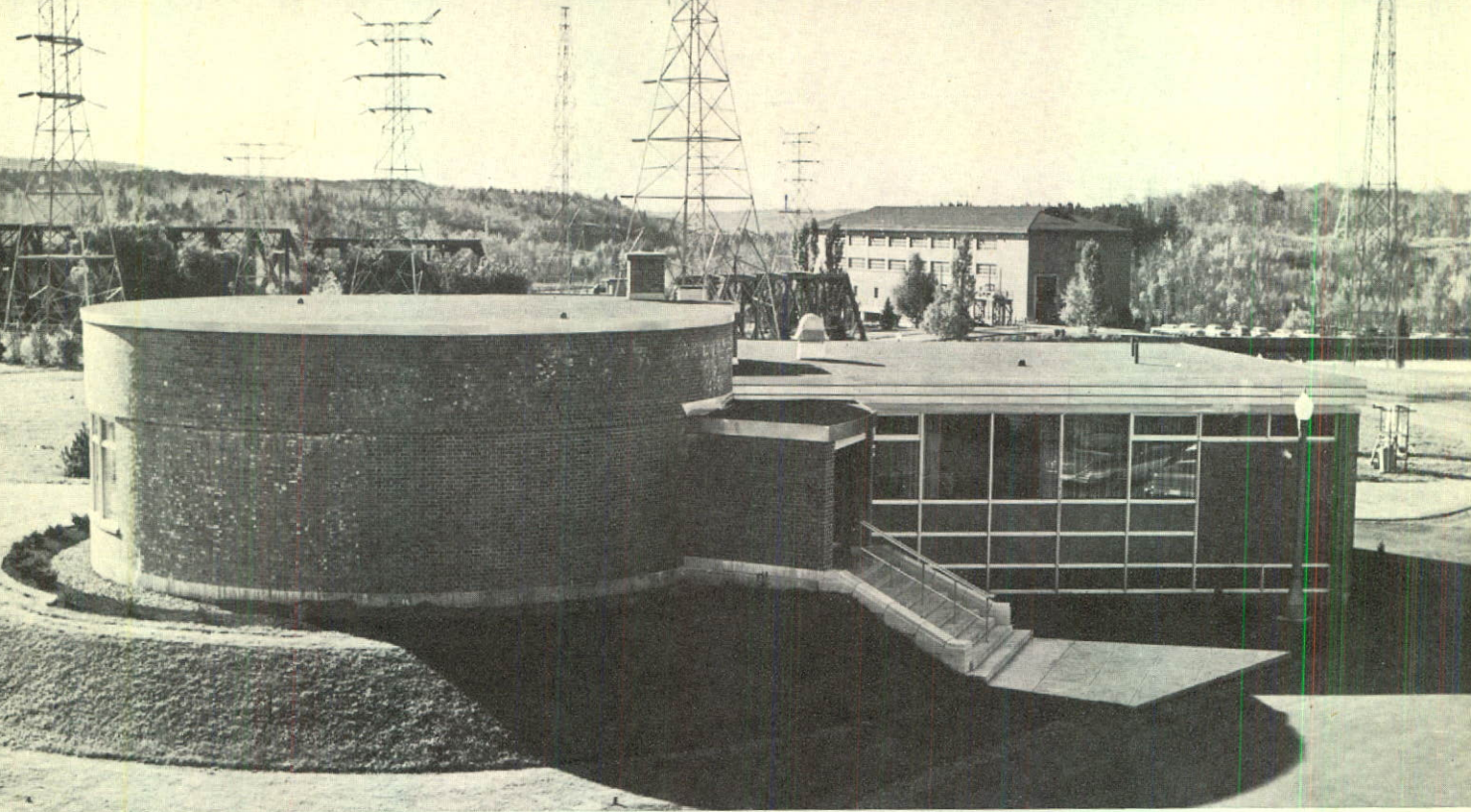
**Employees**

Finally, just a word about our employees. I believe that they are imbued with a spirit of loyalty to the Company, that they have confidence in it, and that they put forth their best efforts on its behalf. For this I thank each and every one, for to them goes much of the credit for the Company's progress and good reputation in the communities it is privileged to serve.

---



*President.*



*TOP — The System Operating Office at Shawinigan. Centralized control over the operations of all Shawinigan's generating stations and high-voltage transmission system is maintained here. BOTTOM — The control-room of the System Operating Office is circular. This provides the operators with a full and close view of the wall-diagram of Shawinigan's transmission system.*

## THE SHAWINIGAN WATER AND POWER COMPANY

# 61<sup>ST</sup> Annual Report

of the board of directors for the year ended December 31, 1958

To the Shareholders:

In this report, the 1958 statements and comparative 1957 figures of The Shawinigan Water and Power Company and its subsidiaries, St. Maurice Power Corporation and Southern Canada Power Company, Limited are consolidated.

A separate report on our wholly-owned subsidiary, Shawinigan Chemicals Limited and its subsidiary and associated companies appears on pages 23 to 27.

### EARNINGS AND DIVIDENDS

Consolidated earnings in 1958, after providing for dividends on Shawinigan's Preferred and Class 'A' Common Shares, were \$12,029,669, against \$11,379,778 in 1957.

Earnings per Common Share on the 7,419,773 shares outstanding on December 31, 1958 were \$1.62. In 1957 earnings were \$1.56 per Common Share on the 7,288,241 shares outstanding at the end of that year.

In 1958, the Company paid out total dividends of 68 cents per Common Share,

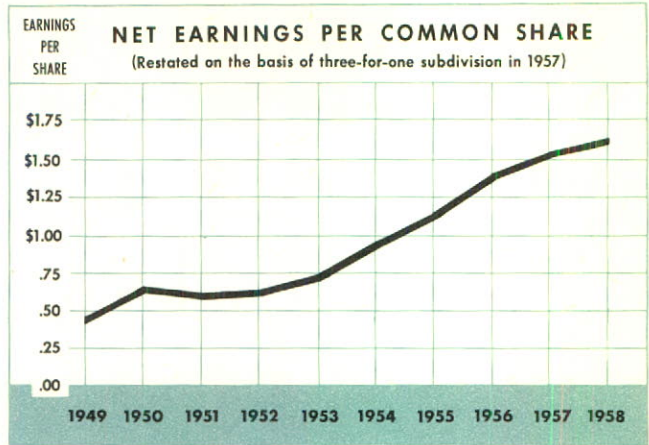
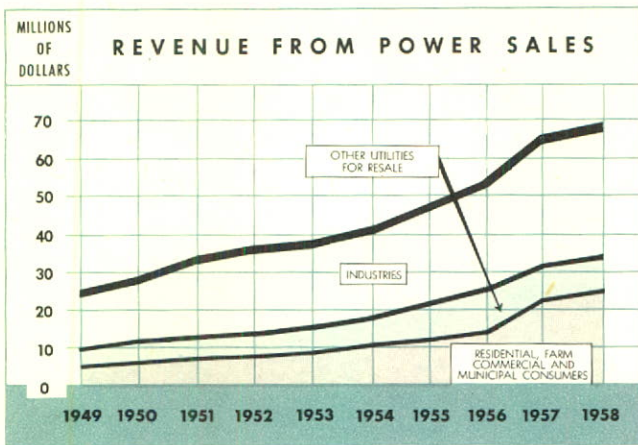
compared with 65 $\frac{1}{3}$  cents in the previous year.

### REVENUE AND EXPENSES

Total operating revenue in 1958 of \$70,909,087, was up 5.4 per cent. This revenue came mainly from sales of electricity, which were \$69,866,481, up 5.8 per cent over 1957.

Total operating expenses increased by 4.6 per cent to \$53,717,592. This was due to higher provision for depreciation and taxes on income, and increased payments for power purchased, and for higher wages and salaries.

Dividend payments from subsidiary and other companies were off 33.2 per cent at \$1,204,624. Dividend payments to the Company by The Shawinigan Engineering Company, Limited of \$400,000 were unchanged from 1957; payments by Quebec Power Company of \$561,975 were slightly higher. Dividends of \$229,331 received from



Shawinigan Chemicals Limited were \$614,494 less than in the previous year. This reduction was due to lower earnings and the desirability of retaining funds for capital expenditures, in particular the new caustic soda and chlorine plant at Shawinigan.

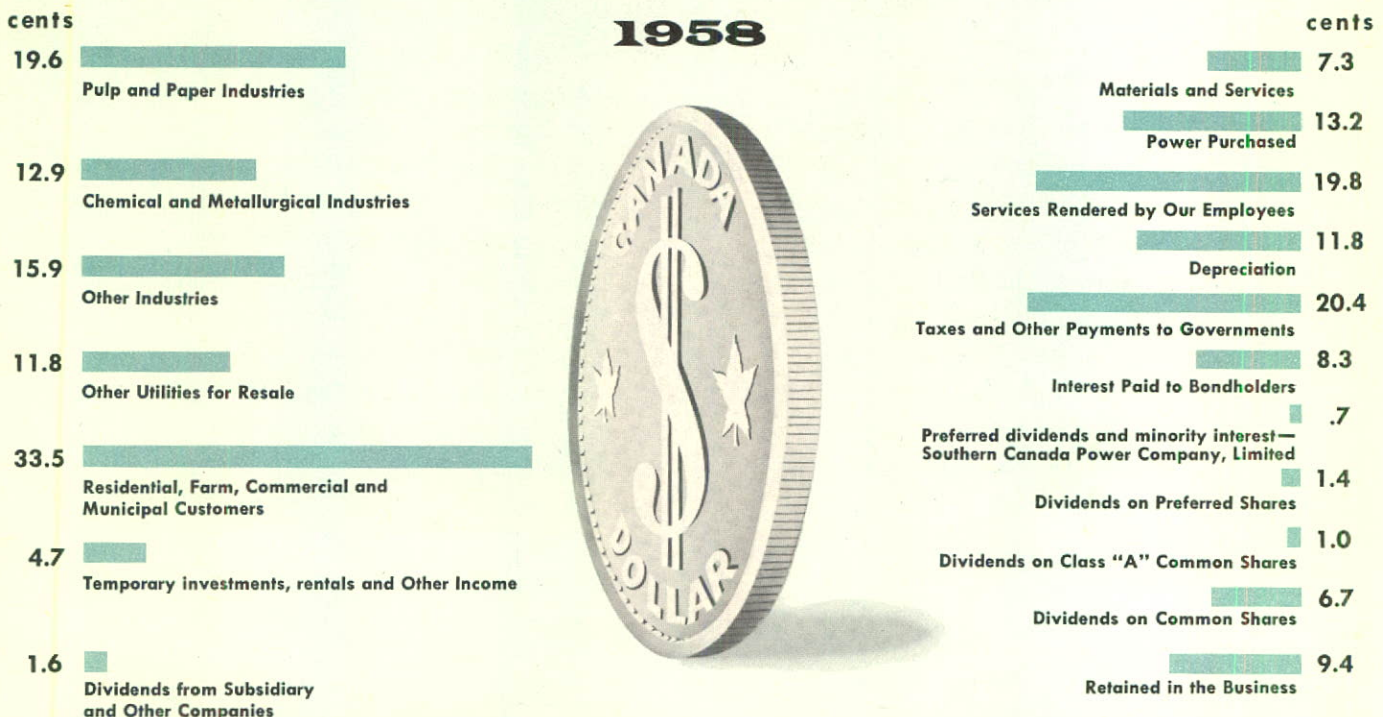
Interest charged to construction calculated at rates approved by the Provincial Electricity Board amounted to \$1,971,612 in 1958 compared to \$1,002,646 in 1957, the main factor in both years being the capital expenditures incurred for the Beaumont

Development. No income tax is paid on this credit to income; accordingly, no depreciation is claimed for tax purposes on the offsetting charge to fixed assets. Income from this source will be considerably reduced in 1959 with the completion of the Beaumont development.

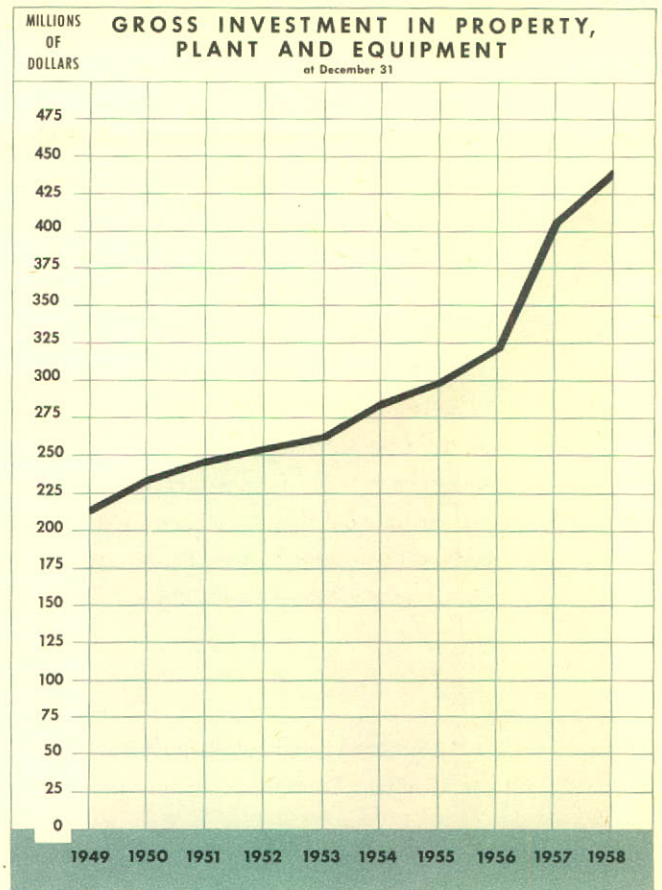
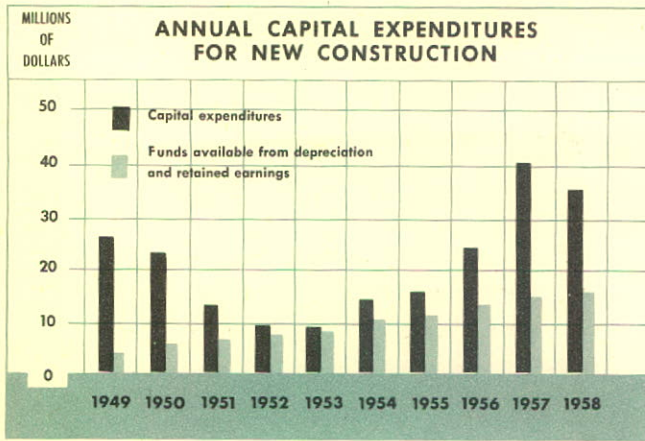
#### OPERATIONS

On November 1, 1957 purchases of firm power from Quebec Hydro Electric Commission's Bersimis development increased from 60,000 to 120,000 kilowatts and in

## The Revenue Dollar...its Disposition







November 1958 there was a further increase of 60,000 kilowatts. In accordance with our contract with the Commission, which came into effect November 1, 1956, there remain two additional blocks of 60,000 kilowatts to be taken until the full contract amount of 300,000 kilowatts is reached in November 1960.

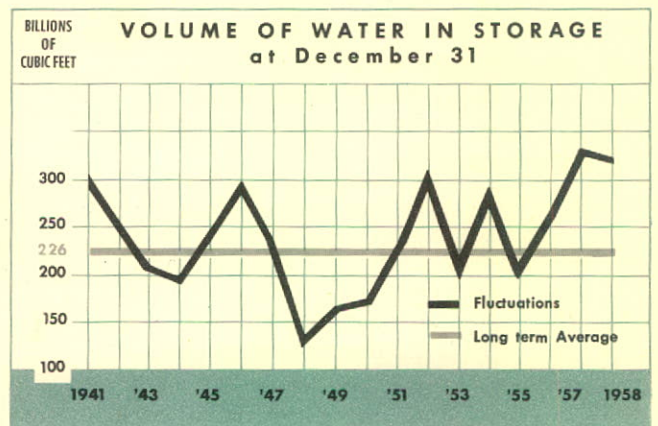
A number of large industrial customers reduced their kilowatthour purchases of primary power in 1958, the most pronounced reductions occurring in the electro-metallurgical and pulp and paper industries. Kilowatthour sales to residential, farm, commercial, and small industrial customers continued their rate of growth of recent years, with an increase of 9.9 per cent over 1957. Residential customers, our largest group, increased their total purchases of kilowatthours in 1958 by 14.5 per cent, and farm customers by 16.6 per cent.

Shawinigan and Southern Canada Power were serving 337,747 customers at the year end. In addition, our subsidiary, Quebec Power Company was serving 121,507 customers. During 1958, Shawinigan and Southern Canada Power added 11,398 new customers and Quebec Power, 3,995.

**WATER CONDITIONS**

At the beginning of 1958, the amount of water in storage in St. Maurice River reservoirs was well above average. Precipitation

*In the four preceding charts, figures for 1957 and 1958 reflect the consolidation of accounts with Southern Canada Power Company, Limited.*



during the year was exceptionally heavy, with the result that the amount of water in storage was 41.2 per cent above the long-term average at the year end.

Because of these favourable water conditions, available energy was in excess of total requirements for firm power. Consequently, we were able to sell large quantities of secondary energy for the production of steam in electric boilers.

#### CAPITAL AND MAINTENANCE EXPENDITURES

The largest capital expenditure in 1958 was for the Beaumont power development

and the new transmission line from Beaumont generating station to Trois-Rivières. Expenditures on these projects accounted for \$18,880,854 of total capital expenditures of \$34,999,610.

Other major projects included the new 230,000-volt transmission line between Trois-Rivières and Kingsey; completion of a terminal station and service building at Thetford Mines, a terminal station at Ste. Rose, a service building at Beauharnois, and general additions to our distribution system.

Expenditures on the maintenance of plants and properties at \$5,664,676 was

### STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended December 31, 1958

#### SOURCE OF FUNDS:

Net earnings for the year.....	\$13,812,825
Add — Charges to earnings not requiring cash outlay:	
Depreciation (\$8,818,800) and amortization (\$78,343)...	8,897,143
Tax applicable to future years.....	2,037,000
	<hr/>
	24,746,968
Issue of Common Shares.....	1,300,233
Repayment of advances — subsidiary companies.....	53,000
Disposal of fixed assets, and miscellaneous items.....	415,320
	<hr/>
	26,515,521
Reduction of working capital.....	17,493,966
	<hr/>
	<u>\$44,009,487</u>

#### APPLICATION OF FUNDS:

Capital expenditures.....	\$34,999,610
Redemption of funded debt.....	2,198,000
Dividends to shareholders.....	6,811,877
	<hr/>
	<u>\$44,009,487</u>

\$706,621 less than in 1957. Among the larger items were overhaul and repair of two generating units at La Gabelle and one unit at Rapide Blanc, and repairs to three of the main dam sluice piers at the Grand'-Mère power plant.

### FINANCIAL POSITION

Expenditure for the Beaumont power development was mainly responsible for the reduction in working capital. Short-term notes totalling \$5,000,000 were sold on advantageous terms in September.

During the year, 131,532 additional Common Shares were issued, of which 37,773 were delivered to employees under the 1956 Employee Stock Purchase Plan, and 18,759 were issued as a result of the conversion of \$507,000 of the 5½ per cent Convertible Sinking Fund Debentures. The remaining 75,000 shares were issued in March to Heyden Newport Chemical Corporation, New York, in payment for their half interest in St. Maurice Chemicals Limited. This interest was sold in turn to Shawinigan Chemicals Limited for 73,500 of its Common Shares, thereby increasing the Company's investment in Shawinigan Chemicals by \$1,837,500.

### ENGINEERING AND CONSTRUCTION

On September 24, the 246,200-kilowatt Beaumont power development was officially placed in service. At that time two generating units were in production. By December 6, the remaining four units had been

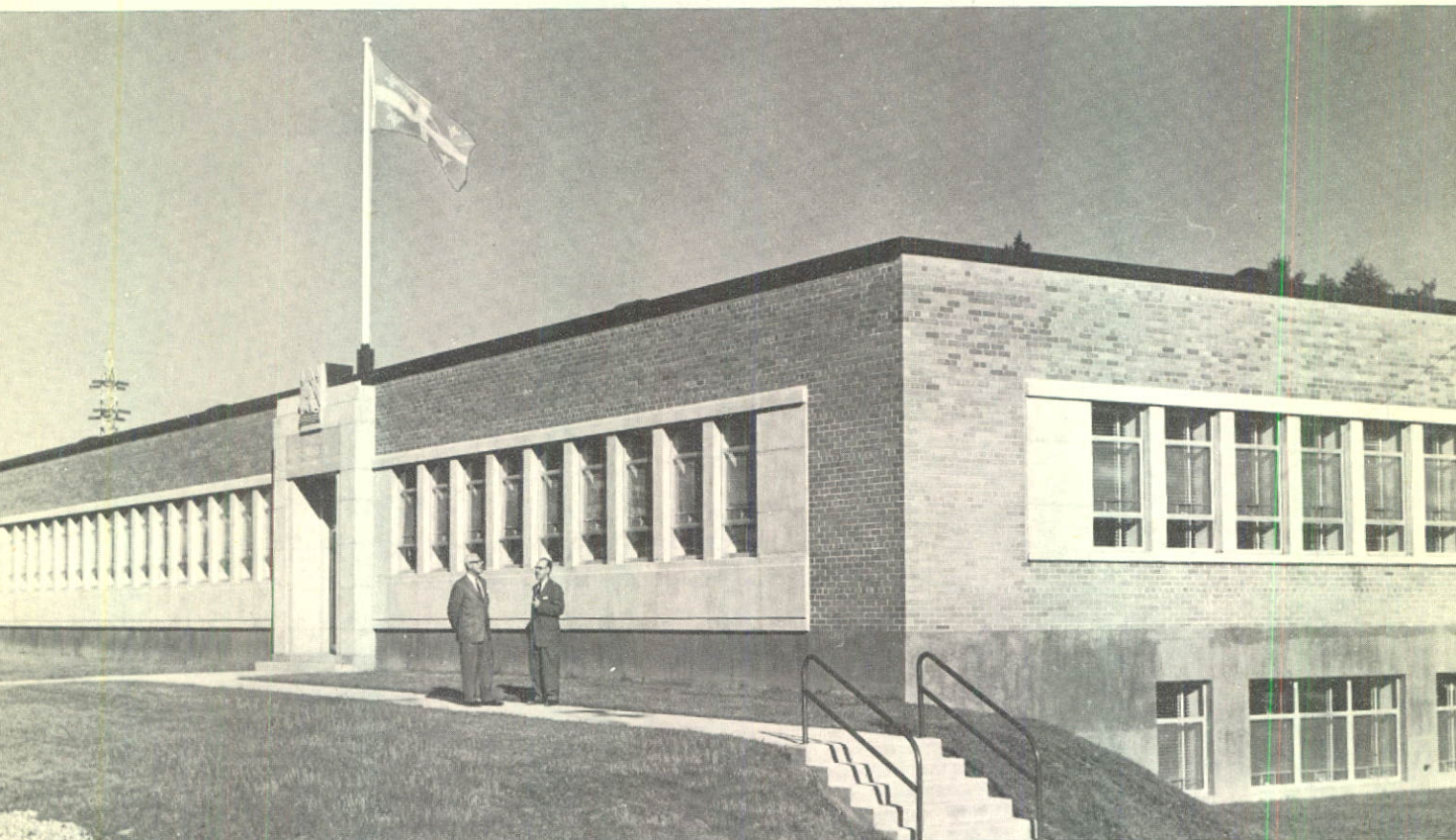
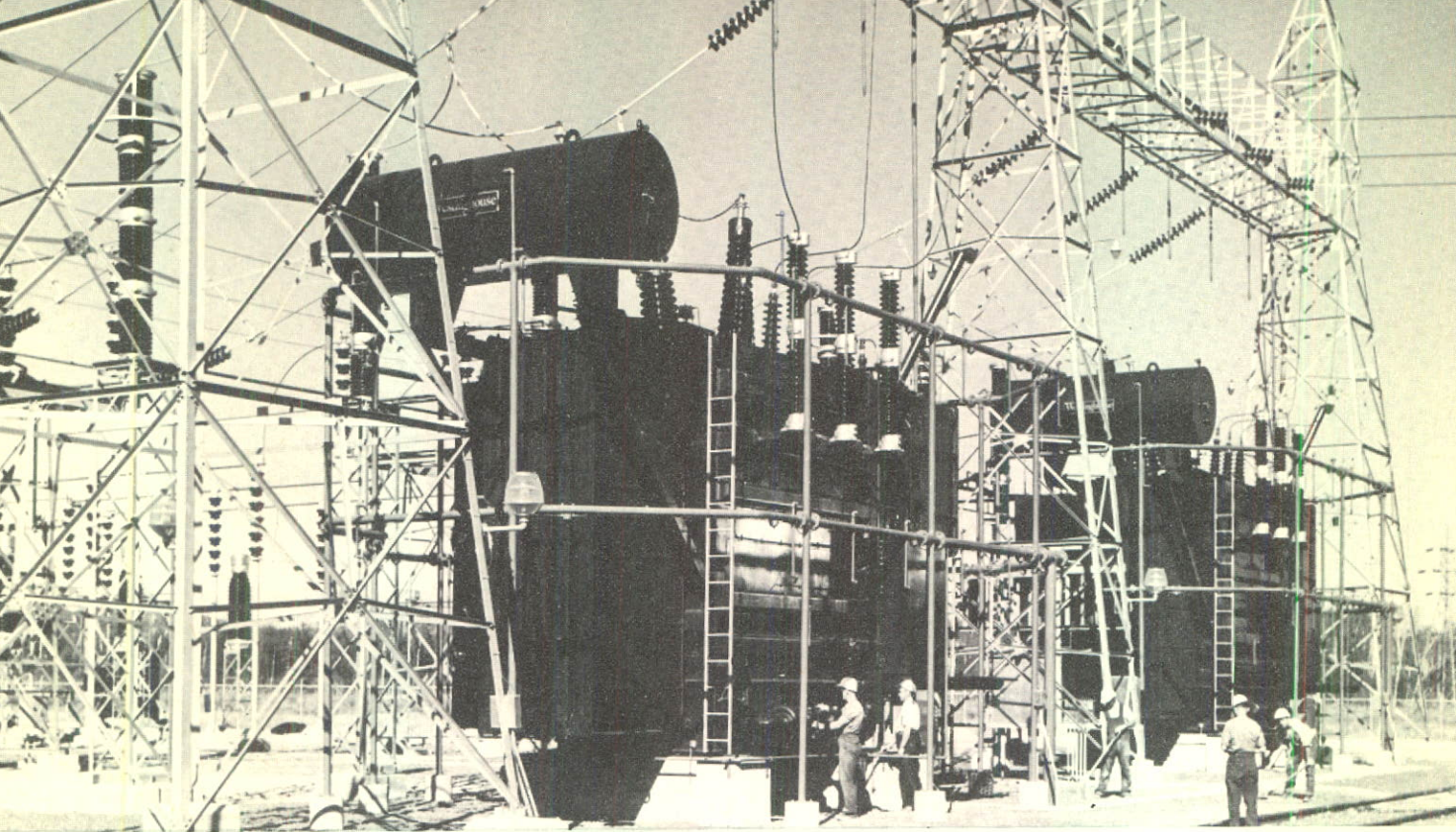
installed and connected to the Shawinigan system, six months ahead of schedule.

The only major work still under way at the Beaumont development is the deepening of the river channel for two miles below the dam to increase the gross operating head by about 15 feet. A 650-ton dragline commenced this work in February 1958, and when the operation is concluded in 1959, nearly three million tons of sand, gravel and boulders will have been removed from the riverbed.

The Beaumont development was designed and constructed by our wholly-owned subsidiary, The Shawinigan Engineering Company, Limited which is also carrying out the deepening of the river channel.

During 1958, Shawinigan Engineering completed the 230,000-volt transmission line from Beaumont to the Trois-Rivières Terminal Station. A new 230,000-volt transmission line from Trois-Rivières to Kingsey Terminal Station, a distance of 48 miles including a crossing of the St. Lawrence River, will be placed in operation early in 1959. Two large terminal stations were built at Ste. Rose and Thetford Mines. Work was begun on major repairs to the St. Raphael powerhouse dam of Quebec Power Company.

In its work for outside organizations, Shawinigan Engineering has completed its investigations and studies of the Hamilton Falls, and other power sites in Labrador for the British Newfoundland Corporation Limited. Design of the Beechwood power development on the St. John River for the



*TOP- Completed in 1958 near Thetford Mines, this terminal station receives power at 230,000 volts and transforms it for distribution at 69,000 and 12,000 volts. BOTTOM- The new service building at Thetford Mines provides office space for the Company's operating staffs in the district.*

New Brunswick Electric Power Commission, and design and construction of the Corner Brook, Newfoundland, development for The Bowater Company Limited have been completed. Construction of the Dufferin Falls development on the Lièvre River for The James Maclaren Company Limited is progressing favourably, with installation of two generating units nearing completion. This power plant was designed by Shawinigan Engineering, which is also supervising its construction.

Construction of the atomic reactor near Bombay, India for the Indian Government, under Shawinigan Engineering's supervision, is proceeding. This installation, supplied by the Canadian Government under the Colombo Plan, was designed by Shawinigan Engineering in collaboration with Atomic Energy of Canada Limited.

## EMPLOYEES

There were 2,482 regular employees on the staff of The Shawinigan Water and Power Company at the year end, and 4,684 employees of subsidiary and associated companies in Canada.

A number of benefit plans, which are reviewed and improved periodically to meet changing conditions, are available to regular employees. The companies pay a substantial portion of the cost of these plans, which include, among others, medical protection, group life insurance and pensions.

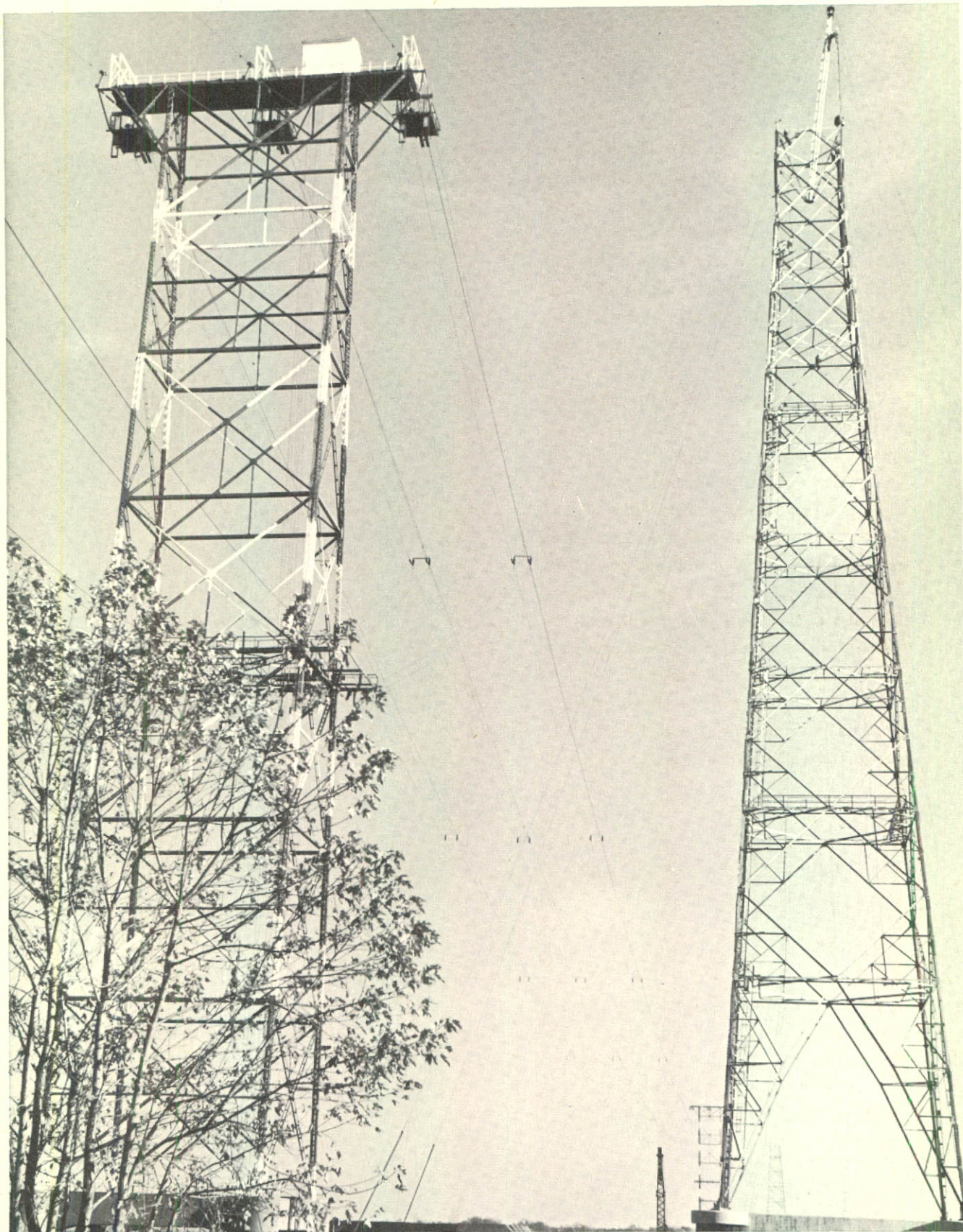
## RESIDENTIAL AND FARM CONSUMPTION

During the past ten years, the average annual consumption of kilowatthours by residential and farm customers has risen steadily. There is every indication that this trend will continue as these customers acquire more and more electrical equipment. In many instances, however, the wiring in residential and farm premises is not adequate to carry increased load. The Company is much concerned with this problem and is making every effort to solve it. A continuing campaign through newspaper advertising and personal contact is carried out to explain the necessity for adequate house wiring. The Company also finances the cost of rewiring customers' premises, with repayment by small monthly instalments.

## INDUSTRIAL DEVELOPMENT

The Shawinigan Water and Power Company and its subsidiary power companies, because of their location in the industrial heart of Quebec, have measurably shared in and contributed to the dynamic growth of the economy of the Province. Through their Industrial Development Departments the Shawinigan companies have been for many years successful in encouraging new industries to locate in the territory they serve.

In the past ten years, industries ranging from small plants employing less than 50 people to large electro-metallurgical plants



*Erected in 1958, the tower to the right supports a 4,800-foot span over the St. Lawrence River of the new Trois-Rivières-Kingsey high-voltage transmission line. This is the Company's sixth overhead transmission line crossing the St. Lawrence. The tower to the left, erected in 1916, carries two 115,000-volt transmission circuits.*

have located in the territory served by the Shawinigan companies; already established businesses have expanded their operations; population has increased markedly; and many new families have settled in our service area. In this 10-year period the total number of Shawinigan and Southern Canada Power customers rose by 48.3 per cent to 337,747.

To provide electric power for this rapid economic development, Shawinigan has increased its generating capacity in the 10-year period — 1949 to 1958 — by 119.4 per cent to 1,532,300 kilowatts. Capital expenditures for new construction in that period exceeded \$200,000,000, and include completion of new power plants at Shawinigan, Trenche, and Rapide Beaumont, and important additions to the Company's transmission and distribution systems.

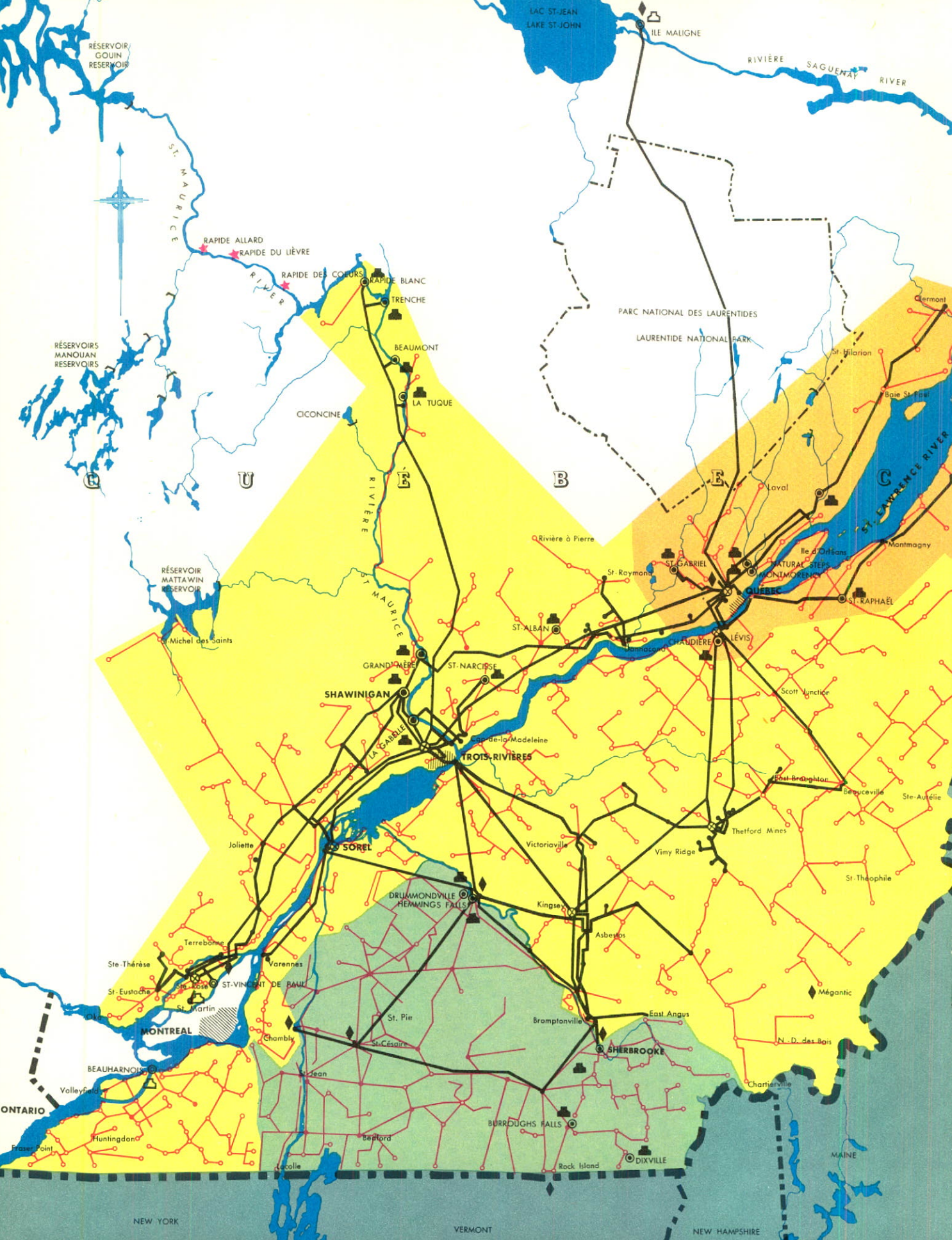
The St. Lawrence River flows through the middle of Shawinigan territory. The world-famous Seaway, which will be opened

in 1959, should eventually bring significant economic benefits to the territory we serve.

#### **CHANGES OF DIRECTORS AND OFFICERS**

It is with deep regret that we record the death, in December 1958, of Dr. R. S. Jane. He had been associated with the Company and its subsidiaries since 1927. In 1956 he was appointed president of Shawinigan Chemicals Limited, and in March of 1957 he was elected a director of The Shawinigan Water and Power Company. Dr. Jane contributed greatly, particularly in the research field, to the progress of Shawinigan Chemicals and to Canada's chemical industry generally. Dr. Jane's achievements were recognized by an honorary degree of Doctor of Science awarded to him by McGill University in May, 1958.

In April 1958, H. M. Finlayson, manager of the Company's Hydraulic Resources Department, was appointed an assistant vice-president of the Company.



RÉSERVOIR GOUIN  
RESERVOIR

LAC ST-JEAN  
LAKE ST-JOHN

RIVIÈRE SAGUENAY  
RIVER

ST MAURICE

RAPIDE ALLARD  
RAPIDE DU LIÈVRE

RAPIDE DES COULEURS  
RAPIDE BLANC

BEAUMONT  
LA TUQUE

CICONCINE

RIVIÈRE  
ST MAURICE

RÉSERVOIR MATTAWIN  
RESERVOIR

Michel des saints

SHAWINIGAN

TROIS-RIVIÈRES

SOREL

DRUMMONDVILLE  
HEMMINGS FALLS

MONTREAL

SHERBROOKE

NEW YORK

VERMONT

NEW HAMPSHIRE

PARC NATIONAL DES LAURENTIDES  
LAURENTIDE NATIONAL PARK

RÉSERVOIRS  
MANOUAN  
RESERVOIRS



U

E

B

E

C

Clermont

St-Hilarion

Boie St-Jean

Laval

Montmagny

St-RAPHAËL

St-GABRIEL

St-RAYMOND

St-ALBAN

St-NARCISSE

St-THÉOPHILE

St-Aurèle

St-Theophile

Mégantic

N. D. des Bois

Charterville

MAINE

DIXVILLE

Rock Island

BURROUGHS FALLS

Bromptonville

East Angus

St-Pie

St-Césaire

Jean

Chambly

St-Vincent de Paul

St-Eustache

St-Thérèse

Terrebonne

Joliette

Victoriaville

Kingsey

Asbestos

Vimy Ridge

Theftord Mines

St-Basile

St-Jovite

St-Jacques

St-Georges

St-André

St-Émile

St-Étienne

St-Éloi

St-Éphrem

St-Étienne-de-la-Croix

St-Étienne-de-Beauharnois

St-Étienne-de-Fleurbaey

St-Étienne-de-Grâce

St-Étienne-de-Beauharnois

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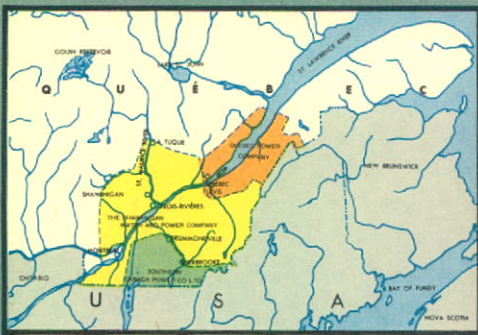




### TRANSMISSION AND DISTRIBUTION SYSTEMS

*This map shows the transmission and distribution systems of The Shawinigan Water and Power Company, and its subsidiaries Quebec Power Company and Southern Canada Power Company, Limited, and the areas which they serve. Also indicated on the map are the generating stations supplying power to the systems.*

*To supply their 459,000 customers, spread over an area of 31,000 square miles, the three power companies now operate a total of 20,594 miles of transmission and distribution lines. Included in this total are 2,590 miles of transmission lines of 66,000 volts and over.*



#### LEGEND

- TERRITORY SERVED
- THE SHAWINIGAN WATER AND POWER COMPANY
  - SOUTHERN CANADA POWER COMPANY, LIMITED
  - QUEBEC POWER COMPANY
- High-voltage transmission lines 66,000 volts and over.
  - Transmission and distribution lines below 66,000 volts.
  - Hydro-electric generating stations owned by the above three companies.
  - Other hydro-electric generating stations serving the systems.
  - Main receiving stations.
  - Principal substations.
  - Cities, towns and villages served.
  - Sites of proposed power stations.
  - Points of interconnection with other systems.

# THE SHAWINIGAN WATER

ST. MAURICE POWER CORPORATION AND SO

## CONSOLIDATED BALANCE SHEET

(with comparative figures)

### ASSETS

	1958	1957
<b>Current assets</b>		
Cash in banks and on hand.....	\$1,785,323	\$1,950,047
Temporary investments — at cost, less reserve..... (Market value \$4,009,537)	3,716,053	15,264,523
Accounts receivable, less provision for doubtful accounts...	8,228,167	7,694,358
Materials and supplies at cost.....	3,318,408	3,654,690
Prepaid charges.....	1,464,899	1,609,298
	\$ 18,512,850	30,172,916
<b>Investments in and advances to subsidiary and other companies</b>		
Investments in subsidiary companies at cost, less net adjustments.....	16,667,287	14,829,787
Advances to subsidiary companies.....	1,609,000	1,662,000
Investments in other companies at cost, less net adjustments	341,914	351,914
	18,618,201	16,843,701
<b>Fixed assets</b>		
Property, plant and equipment at cost of construction or acquisition (including \$7,806,145 being excess of carrying value of investment in subsidiary companies consolidated over book value of their net assets).....	437,017,945	404,130,103
Less: Accumulated depreciation.....	106,224,461	99,027,881
	330,793,484	305,102,222
<b>Mattawin River and other storage dams at cost</b> .....	4,070,376	4,070,376
Less: Amortization to date.....	1,585,750	1,521,657
	2,484,626	2,548,719
<b>Unamortized premium, discount and expense of funded debt</b> ...	3,281,831	3,582,651
	\$373,690,992	\$358,250,209

Approved on behalf of the Directors,

JAS. B. WOODYATT, *Director.*

R. J. BEAUMONT, *Director.*

# R AND POWER COMPANY,

SOUTHERN CANADA POWER COMPANY, LIMITED

STATEMENTS AS AT DECEMBER 31, 1958

(Consolidated as at December 31, 1957)

## LIABILITIES

	1958	1957
<b>Current liabilities</b>		
Accounts payable (including provision for taxes on income).....	\$10,630,991	\$9,793,557
Accrued interest on funded debt.....	1,503,136	1,529,031
Dividends payable.....	1,480,187	1,457,826
Notes payable.....	5,000,000	—
	<u>\$18,614,314</u>	<u>12,780,414</u>
<b>Deferred liabilities</b>		
(Advances received on account of cost of transmission lines, less instalments repaid)	2,470,848	2,623,086
<b>Funded debt (Note 1)</b> .....	169,422,500	171,620,500
<b>Deferred credit (Note 4)</b> .....	10,373,200	8,298,800
(Accumulated tax reductions applicable to future years)		
<b>Reserves</b>		
Water storage equalization.....	1,492,000	1,492,000
Contingent and other reserves.....	671,586	1,165,586
	<u>2,163,586</u>	<u>2,657,586</u>
<b>Preferred shares of subsidiary owned by public, and minority interest</b>		
Southern Canada Power Company, Limited, 6% cumulative participating preferred stock		
Issued — 70,889 shares of \$100 each.....	7,088,900	7,088,900
Minority interest in common stock and retained earnings.....	349,495	344,189
	<u>7,438,395</u>	<u>7,433,089</u>
	<u>\$210,482,843</u>	<u>\$205,413,475</u>

## CAPITAL AND RETAINED EARNINGS

### Cumulative redeemable preferred shares

Authorized — 1,000,000 shares of \$50 par value \$50,000,000		
Issued — series "A" 4% 400,000 shares.....	20,000,000	20,000,000
— series "B" 4½% 100,000 shares.....	5,000,000	5,000,000

### Class "A" common shares (Note 2)

Authorized — 592,500 shares without nominal or par value		
Issued — 568,617 shares.....	15,163,120	15,163,120

### Common shares (Note 2)

Authorized — 9,600,000 shares without nominal or par value		
Issued — 7,419,773 shares (1957 — 7,288,241).....	81,836,905	78,699,172

<b>Earnings retained and invested in the business (Note 3)</b> .....	41,208,124	33,974,442
	<u>163,208,149</u>	<u>152,836,734</u>
	<u>\$373,690,992</u>	<u>\$358,250,209</u>

# THE SHAWINIGAN WATER AND POWER COMPANY,

ST. MAURICE POWER CORPORATION AND SOUTHERN CANADA POWER COMPANY, LIMITED

## CONSOLIDATED STATEMENT OF EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1958

(with comparative figures for the year ended December 31, 1957)

	1958	1957
Revenue from power sales .....	\$69,866,481	\$66,036,118
Other operating revenue .....	1,042,606	1,213,101
Total operating revenues .....	<u>70,909,087</u>	<u>67,249,219</u>
Operation, maintenance and general expenses .....	20,089,085	19,964,772
Power purchased .....	9,826,141	9,144,434
Water storage rentals .....	1,575,272	1,482,648
Provision for depreciation .....	8,818,800	8,277,500
Taxes, other than taxes on income .....	4,163,577	3,836,548
Taxes on income (Note 4)		
Provision for income and profits taxes .....	\$7,207,717	6,863,000
Tax applicable to future years .....	<u>2,037,000</u>	<u>1,763,100</u>
Total operating expenses .....	<u>9,244,717</u>	<u>8,626,100</u>
Total operating expenses .....	<u>53,717,592</u>	<u>51,332,002</u>
Operating profit .....	17,191,495	15,917,217
Dividends from subsidiary and other companies .....	1,204,624	1,803,899
Revenue from temporary investments and other income, less income taxes thereon of \$204,983 (1957 - \$304,900) .....	281,185	364,372
Interest charged to construction .....	1,971,612	1,002,646
Total non-operating income .....	<u>3,457,421</u>	<u>3,170,917</u>
Total non-operating income .....	<u>20,648,916</u>	<u>19,088,134</u>
Interest on funded debt .....	6,190,209	5,392,844
Other interest .....	111,518	70,262
Total interest .....	<u>6,301,727</u>	<u>5,463,106</u>
Total interest .....	<u>14,347,189</u>	<u>13,625,028</u>
Dividends to preferred shareholders of Southern Canada Power Company, Limited .....	496,223	513,945
Minority interest of common shareholders of Southern Canada Power Company, Limited .....	38,141	48,613
Total interest .....	<u>534,364</u>	<u>562,558</u>
Total interest .....	<u>\$13,812,825</u>	<u>\$13,062,470</u>
Net earnings for the year .....	<u>\$13,812,825</u>	<u>\$13,062,470</u>

## CONSOLIDATED STATEMENT OF RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1958

(with comparative figures for the year ended December 31, 1957)

	1958	1957
Balance at beginning of year .....	\$33,974,442	\$27,581,168
Add:		
Net earnings for the year .....	13,812,825	13,062,470
Transferred from contingent reserve .....	500,000	—
Profits arising from sale of property and from other transactions .....	—	356,434
Total additions .....	<u>48,287,267</u>	<u>41,000,072</u>
Deduct:		
Amortization of premium, discount and expense of funded debt .....	267,266	284,269
Capital stock expenses .....	—	151,467
Dividends on preferred shares .....	1,025,000	1,025,000
Dividends on class "A" common shares .....	758,156	657,692
Dividends on common shares .....	5,028,721	4,907,202
Total deductions .....	<u>7,079,143</u>	<u>7,025,630</u>
Balance at end of year .....	<u>\$41,208,124</u>	<u>\$33,974,442</u>

# NOTES TO FINANCIAL STATEMENTS

## 1. Funded debt

The Shawinigan Water and Power Company	1958	1957
<u>First mortgage sinking fund bonds:</u>		
Series "H" 3½% maturing January 1, 1970.....	\$14,772,500	\$15,193,500
Series "J" 3½% maturing February 1, 1970.....	7,711,500	7,966,500
Series "L" 3% maturing March 1, 1961.....	11,211,000	11,437,000
Series "M" 3% maturing April 15, 1971.....	25,000,000	25,000,000
Series "N" 3% maturing May 15, 1971.....	6,645,000	6,673,000
Series "O" 3¼% maturing April 1, 1972.....	12,358,500	12,405,000
Series "P" 3½% maturing October 1, 1973.....	21,427,500	21,633,500
Series "Q" 3% maturing March 1, 1975.....	15,000,000	15,000,000
Series "R" 4¾% maturing October 1, 1976.....	14,480,000	14,597,000
	128,606,000	129,905,500
<u>Convertible sinking fund debentures:</u>		
1957 Series 5½% maturing October 15, 1972.....	19,442,000	20,000,000
	148,048,000	149,905,500
<u>St. Maurice Power Corporation</u>		
<u>First mortgage sinking fund bonds:</u>		
Series "A" 3¼% maturing April 1, 1970.....	10,374,500	10,715,000
<u>Southern Canada Power Company, Limited</u>		
<u>First mortgage bonds:</u>		
Series "B" 3½% maturing July 2, 1976.....	6,000,000	6,000,000
Series "C" 3½% maturing July 2, 1976.....	2,500,000	2,500,000
Series "D" 3⅜% maturing January 2, 1981.....	2,500,000	2,500,000
	11,000,000	11,000,000
Principal and interest payable in lawful money of Canada with the exception of The Shawinigan Water and Power Company Series "M" and "Q" payable in lawful money of the United States of America.	\$169,422,500	\$171,620,500

## 2. Common shares — The Shawinigan Water and Power Company

- (a) The class "A" common shares rank equally and pari passu, share for share, with the common shares except that up to and including February 14, 1964, the class "A" common shares are entitled to preferential cumulative cash dividends at the rate of \$1.33⅓ per share per annum.
- (b) The following authorized but unissued common shares have been reserved:
  1. 63,078 Shares under the Employee Stock Purchase Plan — 1956 for issue on completion of instalment payments.
  2. 719,354 Shares being the number required as of December 31, 1958 in accordance with the provisions of the Trust Indenture to effect the conversion of the \$19,442,000 5½% convertible sinking fund debentures, 1957 Series.

## 3. Earnings retained and invested in the business

An amount of \$2,949,890 of the Retained Earnings of Southern Canada Power Company, Limited is deemed to be Designated Surplus under Section 28(2) of the Income Tax Act, and therefore would be subject to income tax if and when received by the parent company.

## 4. Taxes on income

The estimated reduction of \$2,037,000 in income tax payable for the current year results from claiming capital cost allowance in excess of the depreciation charged in the accounts. The accumulated amount by which income taxes have been so reduced in this and previous years is \$10,373,200 and is shown on the Balance Sheet as a deferred credit. These accumulated tax reductions will be used in future periods if capital cost allowances deductible for tax purposes are less than the depreciation recorded in the accounts.

### AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the Consolidated Balance Sheet of The Shawinigan Water and Power Company, St. Maurice Power Corporation and Southern Canada Power Company, Limited as at December 31, 1958, and the Consolidated Statements of Earnings and Earnings Retained and Invested in the Business for the year ended that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. In the case of one Subsidiary Company, whose records were not examined by us, we have been furnished with Financial Statements certified by other accountants.

In our opinion, the accompanying Consolidated Balance Sheet and related Consolidated Statements of Earnings and Earnings Retained and Invested in the Business, supplemented by the notes thereto, 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 31, 1958, and the results of their operations for the year ended that date, according to the best of our information and the explanations given to us and as shown by the books of the Companies.

(Signed) SHARP, MILNE & CO.,

Chartered Accountants.

Montreal, February 2, 1959.

# THE SHAWINIGAN WATER AND POWER COMPANY,

## ST. MAURICE POWER CORPORATION AND SOUTHERN CANADA POWER COMPANY, LIMITED

### CONSOLIDATED STATEMENT OF EARNINGS FOR THE YEARS ENDED DECEMBER 31, 1949-1958

(In Thousands of Dollars)

	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949
Revenue from power sales.....	\$69,866	\$66,036	\$54,166	\$47,899	\$42,413	\$38,801	\$37,557	\$34,651	\$29,270	\$25,880
Other operating revenue.....	1,043	1,213	877	848	761	785	337	266	239	236
<b>Total operating revenues.....</b>	<b>70,909</b>	<b>67,249</b>	<b>55,043</b>	<b>48,747</b>	<b>43,174</b>	<b>39,586</b>	<b>37,894</b>	<b>34,917</b>	<b>29,509</b>	<b>26,116</b>
<b>Deduct:</b>										
Operation, maintenance and general expenses.....	20,089	19,965	15,047	14,068	12,960	12,363	11,791	10,310	8,885	8,501
Power purchased.....	9,826	9,144	7,291	5,447	4,256	5,088	4,653	5,173	5,015	4,512
Water storage rentals.....	1,575	1,482	1,427	1,343	1,234	1,012	1,012	978	672	655
Provision for depreciation.....	8,819	8,278	7,066	6,765	7,096	6,590	6,142	5,600	4,300	3,600
Taxes, other than taxes on income.....	4,163	3,837	3,459	3,166	3,030	2,679	2,580	2,204	1,876	1,811
Taxes on income:										
Provision for income and profits taxes.....	7,208	6,863	6,137	5,055	3,645	2,566	2,717	3,889	2,472	1,631
Tax applicable to future years.....	2,037	1,763	1,332	1,205	1,117	1,037	1,217	—	—	—
<b>Total operating expenses.....</b>	<b>53,717</b>	<b>51,332</b>	<b>41,759</b>	<b>37,049</b>	<b>33,338</b>	<b>31,376</b>	<b>30,112</b>	<b>28,154</b>	<b>23,220</b>	<b>20,710</b>
<b>Operating profit.....</b>	<b>17,192</b>	<b>15,917</b>	<b>13,284</b>	<b>11,698</b>	<b>9,836</b>	<b>8,210</b>	<b>7,782</b>	<b>6,763</b>	<b>6,289</b>	<b>5,406</b>
<b>Add:</b>										
Dividends from subsidiary and other companies.....	1,204	1,804	1,744	1,866	1,756	1,745	1,665	1,921	1,956	1,384
Revenue from temporary investments and other income — less income taxes thereon.....	281	364	295	207	199	213	164	182	273	325
Interest charged to construction.....	1,972	1,003	332	197	139	53	45	247	806	503
<b>Total non-operating income.....</b>	<b>3,457</b>	<b>3,171</b>	<b>2,371</b>	<b>2,270</b>	<b>2,094</b>	<b>2,011</b>	<b>1,874</b>	<b>2,350</b>	<b>3,035</b>	<b>2,212</b>
<b>Total non-operating income.....</b>	<b>20,649</b>	<b>19,088</b>	<b>15,655</b>	<b>13,968</b>	<b>11,930</b>	<b>10,221</b>	<b>9,656</b>	<b>9,113</b>	<b>9,324</b>	<b>7,618</b>
<b>Deduct:</b>										
Interest on funded debt.....	6,190	5,393	4,300	4,206	4,222	3,904	3,938	4,067	4,016	3,695
Other interest.....	112	70	—	—	—	—	—	—	—	—
<b>Total interest.....</b>	<b>6,302</b>	<b>5,463</b>	<b>4,300</b>	<b>4,206</b>	<b>4,222</b>	<b>3,904</b>	<b>3,938</b>	<b>4,067</b>	<b>4,016</b>	<b>3,695</b>
<b>Provision for water storage equalization reserve, less income taxes applicable.....</b>	<b>14,347</b>	<b>13,625</b>	<b>11,355</b>	<b>9,762</b>	<b>7,708</b>	<b>6,317</b>	<b>5,718</b>	<b>5,046</b>	<b>5,308</b>	<b>3,923</b>
<b>Dividends to preferred shareholders of Southern Canada Power Company, Limited.....</b>	<b>496</b>	<b>514</b>	<b>—</b>	<b>310</b>	<b>294</b>	<b>364</b>	<b>524</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Minority interest of common shareholders of Southern Canada Power Company, Limited.....</b>	<b>38</b>	<b>49</b>	<b>—</b>	<b>9,452</b>	<b>7,414</b>	<b>5,953</b>	<b>5,194</b>	<b>5,046</b>	<b>5,308</b>	<b>3,923</b>
<b>Net earnings for the year.....</b>	<b>\$13,813</b>	<b>\$13,062</b>	<b>\$11,355</b>	<b>\$9,452</b>	<b>\$7,414</b>	<b>\$5,953</b>	<b>\$5,194</b>	<b>\$5,046</b>	<b>\$5,308</b>	<b>\$3,923</b>
<b>Earnings and dividends:</b>										
<b>Preferred shares \$50 par value:</b>										
Earned per share.....	\$27.62	\$26.12	\$22.71	\$18.90	\$14.82	\$11.90	\$10.38	\$10.09	\$10.61	\$ 9.80
Dividends per share.....	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Series "A" 4% (400,000 shares).....	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	1.87 <sup>1/2</sup> †	—
Series "B" 4 1/2% (100,000 shares).....	22.48	21.16	—	—	—	—	—	—	—	—
Class "A" common shares without nominal or par value:	1.33 <sup>1/2</sup>	1.16 <sup>2/3</sup> †	—	—	—	—	—	—	—	—
Earned per share.....	1.62	1.56	1.42	1.16	.97	.75	.64	.62	.66	.48
Dividends declared per share.....	.68	.67 <sup>1/3</sup>	.60	.53 <sup>1/3</sup>	.48 <sup>1/3</sup>	.48 <sup>1/3</sup>	.48 <sup>1/3</sup>	.48 <sup>1/3</sup>	.48 <sup>1/3</sup>	.40

\*Earnings and dividends per share restated on the basis of the three for one subdivision in October 1957.

†For ten months only.

‡From February 15.

# THE SHAWINIGAN WATER AND POWER COMPANY,

ST. MAURICE POWER CORPORATION AND SOUTHERN CANADA POWER COMPANY, LIMITED

## OPERATING STATISTICS FOR THE YEARS 1949-1958

	1958	1957	1956**	1955**	1954**	1953*	1952*	1951*	1950*	1949*
Installed generator capacity— <i>kilowatts</i> .....	1,575,724	1,332,724	1,289,300	1,175,000	995,000	995,000	995,000	995,000	854,400	798,450
Primary power available through purchase under contract— <i>kilowatts</i> .....	453,556	385,288	322,300	207,000	216,700	208,000	208,000	198,400	190,100	188,600
Total.....	2,029,280	1,718,012	1,611,600	1,382,000	1,211,700	1,203,000	1,203,000	1,193,400	1,044,500	987,050
Primary power peak load— <i>kilowatts</i> .....	1,740,000	1,707,800	1,600,800	1,500,000	1,319,100	1,249,700†	1,249,000†	1,253,700†	1,147,300†	1,011,500†
<i>Kilowatt-hours sold:</i>										
Primary (thousands).....	9,367,779	9,775,056	9,616,810	8,489,091	7,356,269	7,021,238	7,277,090	7,233,098	6,243,449	5,714,786
Secondary (thousands).....	1,605,701	534,735	281,611	745,579	1,056,528	832,131	880,833	305,323	323,090	249,434
Total.....	10,973,480	10,309,791	9,898,421	9,234,670	8,412,797	7,853,369	8,157,923	7,538,421	6,566,539	5,964,220
Water in storage at year end— <i>billions of cubic feet</i> .....	320	330	264	207	291	211	310	229	172	166
Percentage of total capacity†.....	82%	90%	72%	56%	79%	58%	87%	64%	48%	46%
<i>Number of customers served:</i>										
Residential.....	244,355	234,334	162,305	154,156	146,791	139,293	130,818	124,204	116,796	110,601
Farm.....	55,598	55,061	42,433	42,480	42,235	41,359	41,188	40,329	38,578	37,376
Commercial, including municipal services.....	33,032	32,381	23,467	22,708	22,188	20,905	19,678	18,484	17,528	16,513
Industrial.....	4,735	4,546	3,542	3,460	3,415	3,390	3,288	3,223	3,196	3,194
Other utilities for resale.....	27	27	12	13	13	14	15	15	14	15
Total.....	337,747	326,349	231,759	222,817	214,642	204,961	194,987	186,255	176,112	167,699
Number of municipalities served.....	824	823	612	612	612	591	591	590	580	567
Average annual consumption per residential customer— <i>kilowatt-hours</i> .....	3,448	3,139	2,685	2,380	2,163	1,900	1,721	1,558	1,453	1,352
Average annual consumption per farm customer— <i>kilowatt-hours</i> .....	2,648	2,292	1,631	1,453	1,301	1,126	989	858	770	693
Total wages and salaries paid, including benefits \$16,724,071	\$15,871,859	\$11,934,570	\$11,011,372	\$10,201,675	\$10,044,318	\$9,607,899	\$8,300,340	\$7,452,674	\$7,506,154	

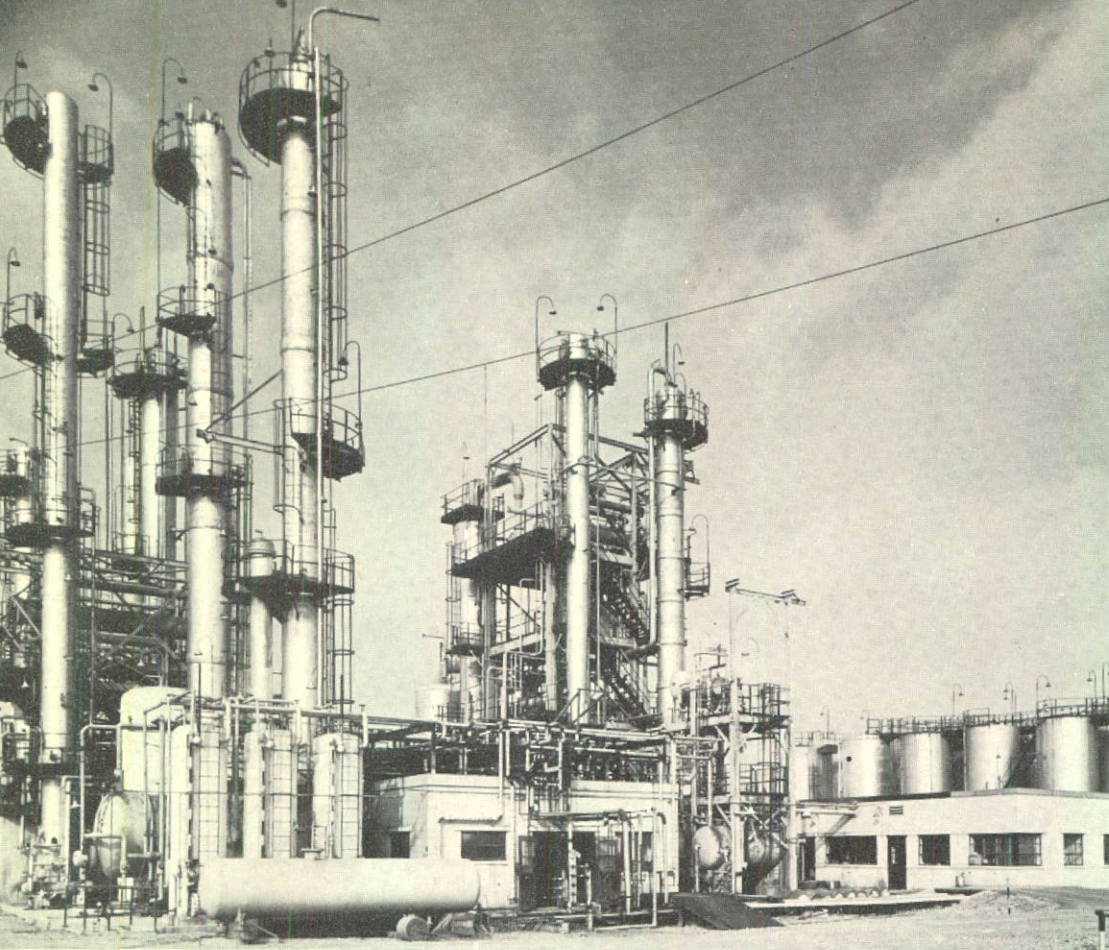
\*Not consolidated. \*\*Consolidated figures for The Shawinigan Water and Power Company and St. Maurice Power Corporation only.

†The excess of the firm power peak load over the sum of generator capacity and firm power purchased under contract is accounted for by varying amounts of power purchased as available and as required.

‡Storage capacity increased in 1953, 1954 and 1958.

## Regular Employees of Shawinigan and its Subsidiary and Associated Companies in Canada

The Shawinigan Water and Power Company.....	2,482	2,464	2,419	2,337	2,284	2,297	2,260	2,260	2,190	2,314
Shawinigan Chemicals Limited.....	1,649	1,756	1,667	1,431	1,445	1,529	1,532	1,235	1,226	1,266
The Shawinigan Engineering Company, Limited.....	431	462	446	283	254	251	272	255	241	258
Southern Canada Power Company, Limited.....	708	670	571	547	470	446	397	387	334	305
Canadian Resins and Chemicals Limited.....	539	540	739	693	693	676	673	716	686	700
Quebec Power Company.....	718	722	495	512	510	508	492	508	740	763
Quebec-Autobus Limitée.....	432	457	293	297	233	194	135	110	102	199
Miscellaneous companies.....	207	273	293	297	233	194	135	110	102	199
Total.....	7,166	7,344	6,630	6,125	5,889	5,901	5,761	5,441	5,549	5,805



*The still-towers of B.A.-Shawinigan Limited at Montreal. This company, owned jointly by Shawinigan Chemicals Limited and The British American Oil Company Limited, came into production in 1953.*

*BELOW- The plants of Shawinigan Chemicals Limited and Canadian Resins and Chemicals Limited at Shawinigan, Quebec. Here Bedford limestone is processed into calcium carbide and a wide range of other industrial chemicals, and plastics.*







## SHAWINIGAN CHEMICALS LIMITED

The statements of Shawinigan Chemicals Limited and its wholly-owned subsidiaries, Shawinigan Products Corporation, New York City; Shawinigan, Limited, London; and The McArthur Chemical Co. (1958) Ltd. are consolidated in this report.

Earnings of associated companies have been included only to the extent of dividends received from them during the year.

### GENERAL

Conditions in the chemical industry in Canada were unsettled throughout 1958. Although the recession, which had already started in 1957, continued for the greater part of the year, there was a substantial improvement in Shawinigan Chemicals' operations in the last quarter.

Highlight of the year was the increase in Shawinigan Chemicals' total plant capacity. The assets and plant of St. Maurice Chemicals Limited, previously a separate company owned jointly by Shawinigan Chemicals and Heyden Newport Chemical

Corporation, were acquired in 1958, and its manufacturing facilities at Varennes, Québec were integrated into the operations of Shawinigan Chemicals. At mid-year, the new caustic soda and chlorine plant at Shawinigan was completed.

Because of these additional plant facilities Shawinigan Chemicals' depreciation charges increased in 1958. Unit costs were also higher as a result of lower sales during the early part of 1958. These increased costs, coupled with start-up charges of the new caustic soda and chlorine plant, sharply reduced operating profits.

### EARNINGS AND DIVIDENDS

Consolidated earnings, before making provision for taxes on income, amounted to \$1,080,062, of which \$616,724 was derived from the operations of Shawinigan Chemicals and its wholly-owned subsidiaries, and \$463,338 from royalties, dividends from associated companies, and other sources.

Consolidated net earnings for the year,

after provision for taxes on income, totalled \$865,205 against \$1,061,320 in 1957.

Shawinigan Chemicals' share of undistributed earnings of its associated companies for 1958 amounted to approximately \$255,000, compared with \$380,000 in 1957.

#### CAPITAL EXPENDITURES

Capital expenditures for the year amounted to \$1,324,000, compared with \$3,791,000 in 1957, and included an outlay of \$1,015,000 for the completion of the new chlorine and caustic soda manufacturing plant at Shawinigan.

#### FINANCIAL POSITION

The number of outstanding Common Shares of Shawinigan Chemicals, all of which are held by The Shawinigan Water and Power Company, was increased by 73,500 during 1958. These were issued to the Power Company in payment for the half interest in St. Maurice Chemicals Limited which the Power Company had purchased from Heyden Newport Chemical Corporation, as referred to previously. Upon acquiring this half interest, Shawinigan Chemicals became sole owner of St. Maurice Chemicals.

A new company, The McArthur Chemical Co. (1958) Ltd. was formed, to which the assets of The McArthur Division of St. Maurice Chemicals Limited were transferred. This company is now operated as a wholly-owned subsidiary of Shawinigan Chemicals.

Shawinigan Chemicals' share of the net worth of its associated companies exceeded the book value of its investment in these companies at December 31, 1958 by approximately \$5,204,000 compared with \$4,828,000 at the end of 1957.

#### OPERATIONS

Manufacturing plants of Shawinigan Chemicals are located at Shawinigan, Varennes, and Bedford, in which plants are produced calcium carbide, a wide range of industrial organic chemicals and resins derived from carbide, formaldehyde, pentaerythritol, sulphuric acid, chlorine, caustic soda, lime, a variety of limestone products, and stainless steel castings.

Shawinigan Chemicals also has subsidiary and associated companies in Canada, the United States, and the United Kingdom. Reports on these companies follow.

#### WHOLLY-OWNED SUBSIDIARIES

*Shawinigan Products Corporation, New York* — Dividends received by Shawinigan Chemicals from this company totalled \$179,000 U.S. funds, compared with \$289,000 U.S. funds in 1957. A reduced volume of sales resulted in lower earnings.

This company acts as sales agent in the United States for products of Shawinigan Chemicals Limited and of its own associated company Midwest Carbide Corporation which has carbide manufacturing plants at Keokuk, Iowa, and Pryor, Oklahoma.

*Shawinigan, Limited, London, England* — Dividends received by Shawinigan Chemicals from this company during 1958 totalled \$60,954 compared with \$60,584 received in 1957. This company acts as sales agent for Shawinigan Chemicals in the United Kingdom and European markets.

*The McArthur Chemical Co. (1958) Ltd., Montreal* — McArthur Chemical acts as sales agent for the Company's St. Maurice Chemicals Division and other chemical manufacturers, and in addition carries on a general business in industrial chemicals.

Its business for the year 1958 was profitable, with an improving trend during the latter part of the year.

## ASSOCIATED COMPANIES

### IN CANADA

*Canadian Resins and Chemicals Limited* — Although sales for the year were lower, some improvement occurred in the latter part of the year. A dividend of \$86,240 was paid to Shawinigan Chemicals, the same as in 1957.

This company which operates plants at Shawinigan and Ste. Thérèse, Québec, is jointly owned with Union Carbide Canada Limited. It manufactures Vinyl resins, compounds, chemicals, and plasticizers; "Vinylite" film, sheeting, and coated fabrics; plastic mono-filaments, and polyethylene film and flat tubing.

*B.A.-Shawinigan Limited* — B.A.-Shawinigan produces phenol, acetone and isopropyl alcohol. It is jointly owned with The British American Oil Company Limited, from whose Montreal East refinery the raw materials for its operation are obtained by pipeline.

Sales of this company increased during 1958 and manufacturing facilities were added to bring productive capacity to over 30 million pounds of phenol per year.

In view of the improved business, the company paid an initial dividend of \$58,752 to Shawinigan Chemicals in 1958.

### IN THE UNITED STATES

*Shawinigan Resins Corporation, Springfield, Massachusetts* — One of the principal products of this company is Butvar resin which is used in the manufacture of safety glass for automobiles, and other purposes. Sales of this material early in 1958 were sharply

below 1957. In September, however, business began improving and sales in October were the largest for any month in the company's history.

Dividends paid by Shawinigan Resins to Shawinigan Chemicals Limited in 1958 totalled \$78,150 U.S. funds. In 1957, dividends totalled \$312,600.

This company is jointly owned with Monsanto Chemical Company, and, in addition to Butvar, manufactures polyvinyl alcohol, polyvinyl acetate and polyvinyl acetal resins in its plants at Springfield, Massachusetts, Trenton, Michigan, and Anaheim, California.

### IN THE UNITED KINGDOM

*Hedon Chemicals Limited* — This company manufactures vinyl acetate in a plant near Hull, England. It is owned jointly with The Distillers Company Limited, Edinburgh, Scotland.

The company only commenced operations in the middle of 1956, and as yet no dividends have been paid. Operations, however, became profitable in the fiscal year ended September 30, 1958.

### DIRECTORS AND OFFICERS

In December 1958, Dr. H. S. Sutherland was elected president of Shawinigan Chemicals Limited, succeeding Dr. R. S. Jane who died in December. Dr. Sutherland joined Shawinigan Chemicals in 1931. He became Vice-President, Sales in 1947 and Executive Vice-President and General Manager in 1956.

On August 1, 1958 Mr. J. S. Whyte, Vice-President, Engineering, and a director, retired. During more than 42 years of devoted service Mr. Whyte made many valuable contributions to the development of the Company.

**CONSOLIDATED BALANCE SHEET  
AS AT DECEMBER 31, 1958**

(with comparative figures as at December 31, 1957)

<u>Current assets</u>	<b>ASSETS</b>	
	1958	1957
Cash in banks and on hand .....	\$1,627,437	\$2,694,979
Temporary investments at market value .....	1,738,165	—
Accounts receivable, less provision for doubtful accounts .....	4,642,085	3,692,354
Finished goods, raw materials and supplies as certified by company officials and valued at lower of cost or market .....	5,323,187	4,422,582
Prepaid and deferred charges .....	398,960	279,667
	13,729,834	11,089,582
<u>Investments</u> —at cost		
Shares in and advances to associated companies .....	8,385,369	11,378,756
<u>Property, plant and equipment</u> — at cost .....	37,068,021	31,766,869
Less accumulated depreciation .....	21,615,628	19,079,404
	15,452,393	12,687,465
	\$37,567,596	\$35,155,803
	<b>LIABILITIES</b>	
<u>Current liabilities</u>	1958	1957
Accounts payable and accrued charges .....	\$2,247,689	\$2,131,849
Accrued interest on debentures .....	50,103	50,103
Provision for taxes on income .....	156,981	517,518
Sinking fund instalment .....	250,000	—
	2,704,773	2,699,470
<u>4¾% Sinking fund debentures</u>		
Maturing October 15, 1971 .....	5,000,000	5,000,000
Less amount payable within one year .....	250,000	—
	4,750,000	5,000,000
<u>Shareholders' equity</u>		
<u>Capital Stock</u> —		
Authorized—400,000 common shares of \$25.00 each \$10,000,000		
Issued —354,775 common shares (1957 – 281,275 shares) .....	8,869,375	7,031,875
General reserve .....	—	1,201,942
Capital surplus .....	3,251,917	2,987,504
Retained earnings (Note 1) .....	17,991,531	16,235,012
	30,112,823	27,456,333
<u>Contingent liability</u> (Note 2)		
	\$37,567,596	\$35,155,803

Approved on behalf of the Directors.

C. K. LOCKWOOD, *Director*.

P. W. WRIGHT, *Director*.

**AUDITORS' REPORT**

We have examined the foregoing Consolidated Balance Sheet of Shawinigan Chemicals Limited and its Subsidiary Companies as at December 31, 1958, and the related Consolidated Statements of Earnings, Retained Earnings and Capital Surplus for the year ended that date, and have obtained all the information and explanations we have required. We were furnished with financial statements of the United Kingdom subsidiary, together with report thereon of independent chartered accountants. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the foregoing Consolidated Balance Sheet and the related Consolidated Statements of Earnings, Retained Earnings and Capital Surplus, with the accompanying notes thereto, are properly drawn up so as to exhibit a true and correct view of the combined state of affairs of Shawinigan Chemicals Limited and its subsidiary companies as at December 31, 1958, according to the best of our information, the explanations given to us and as shown by the books of the Companies examined by us, and the financial statements furnished to us.

(Signed) SHARP, MILNE & CO.,  
Chartered Accountants.

Montreal, February 9, 1959.

# CHEMICALS LIMITED

## FINANCIAL SUBSIDIARIES

### CONSOLIDATED STATEMENT OF EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1958

(with comparative figures for the year ended December 31, 1957)

	1958	1957
Net sales .....	\$33,006,788	\$32,387,217
Cost of goods sold .....	29,325,760	28,483,179
<b>GROSS PROFIT</b> .....	<b>3,681,028</b>	<b>3,904,038</b>
Administrative and selling expenses .....	2,093,590	1,674,976
Research expense .....	733,214	798,745
Interest on debentures .....	237,500	224,877
	<u>3,064,304</u>	<u>2,698,598</u>
<b>PROFIT ON OPERATIONS</b> .....	<b>616,724</b>	<b>1,205,440</b>
Income from investments .....	279,095	461,930
Income from royalties .....	118,653	35,777
Income from other sources .....	65,590	61,311
	<u>463,338</u>	<u>559,018</u>
	<u>1,080,062</u>	<u>1,764,458</u>
Provision for taxes on income (Note 3) .....	214,857	703,138
<b>NET EARNINGS FOR YEAR</b> .....	<b>\$865,205</b>	<b>\$1,061,320</b>

NOTE: The statement above reflects the inclusion of nine months in 1958 of the business of St. Maurice Chemicals and McArthur Chemical, not consolidated in 1957.

### CONSOLIDATED STATEMENT OF RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1958

(with comparative figures for the year ended December 31, 1957)

	1958	1957
Balance at beginning of year .....	\$16,235,012	\$15,929,590
Transfers from general and other reserves .....	1,141,271	64,493
Net earnings for year .....	865,205	1,061,320
	<u>18,241,488</u>	<u>17,055,403</u>
Sundry adjustments applicable to prior years .....	20,626	Cr. (23,434)
Dividends paid during year .....	229,331	843,825
	<u>249,957</u>	<u>820,391</u>
<b>BALANCE AT END OF YEAR</b> .....	<b>\$17,991,531</b>	<b>\$16,235,012</b>

### CONSOLIDATED STATEMENT OF CAPITAL SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1958

(with comparative figures for the year ended December 31, 1957)

	1958	1957
Balance at beginning of year .....	\$2,987,504	\$2,987,504
Transfers from General Reserve .....	46,491	—
Net credit arising from acquisition of net assets of St. Maurice Chemicals Limited and The McArthur Chemical Co. Ltd. ....	217,922	—
<b>BALANCE AT END OF YEAR</b> .....	<b>\$3,251,917</b>	<b>\$2,987,504</b>

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- The Debenture Trust Agreement restricts the payment of cash dividends and reductions of paid-up capital stock to the total of consolidated net earnings subsequent to December 31, 1955 and \$3,000,000.
- Contingent Liability — One of the subsidiary companies whose accounts are consolidated herein is jointly and severally liable as co-guarantor of \$1,500,000, 4¾% Sinking Fund Debentures of an associated company, maturing July 1, 1964.
- A reduction of \$195,630 in the provision for taxes on income has resulted from claiming for tax purposes an amount of \$498,736 for depreciation in excess of that recorded in the accounts.
- The following amounts have been charged against earnings in 1958: depreciation \$1,710,896, executive salaries \$320,888, directors' fees \$9,484, legal expenses \$15,503.



# THE SHAWINIGAN WATER AND POWER COMPANY

## DIRECTORS

LT.-COL. L. J. A. AMYOT	RAYMOND DUPUIS, Q.C.	W. F. MAINGUY
*R. J. BEAUMONT	*J. A. ECCLES	ARTHUR SURVEYER
N. J. DAWES	*J. A. FULLER	W. R. WAY
AUGUSTE DESILETS, Q.C.	R. E. HEARTZ	*H. G. WELSFORD
*S. G. DOBSON	*W. F. MACKLAIER, Q.C.	J. B. WOODYATT

\*Members of Executive Committee

## OFFICERS

R. J. BEAUMONT, *Chairman of the Board*  
 J. A. FULLER, *President and Chairman of the Executive Committee*  
 W. F. MAINGUY, *Executive Vice-President*

A. C. ABBOTT, <i>Vice-President, Distribution</i>	L. E. BOISSONNAULT, <i>Vice-President, Finance</i>
H. B. ABBOTT-SMITH, <i>Vice-President, Power Sales</i>	E. D. GRAY-DONALD, <i>Vice-President, Administrative Services</i>

W. R. WAY, *Vice-President and Chief Engineer*

A. C. JONCAS, <i>Treasurer</i>	R. R. MERIFIELD, <i>Secretary</i>
A. TIMON, <i>Comptroller</i>	

### Assistant Vice-Presidents

T. P. DALTON	GORDON D. HULME
H. M. FINLAYSON	L. MCGILLIS
FRANCOIS ROY	

HEAD OFFICE: Montreal, Canada

### Transfer Agents:

#### Preferred Shares

Montreal Trust Company  
 Montreal, Toronto, Halifax,  
 Winnipeg, Edmonton, Vancouver

#### Class 'A' Common Shares

Montreal Trust Company  
 Montreal, Toronto

#### Common Shares

The Royal Trust Company  
 Montreal, Toronto, Vancouver

Bank of Montreal Trust Company  
 New York City

### Bankers:

The Royal Bank of Canada  
 Banque Canadienne Nationale

### Registrars:

#### Preferred Shares

The Royal Trust Company  
 Montreal, Toronto, Halifax,  
 Winnipeg, Edmonton, Vancouver

#### Class 'A' Common Shares

The Royal Trust Company  
 Montreal, Toronto

#### Common Shares

National Trust Company, Limited  
 Montreal, Toronto, Vancouver

Bankers Trust Company  
 New York City

### Auditors:

Sharp, Milne & Co.,  
 Chartered Accountants, Montreal

*The Company's Preferred, Class 'A' Common and Common Shares are listed or traded on the Exchanges shown below:*

*Preferred Shares:*—Montreal Stock Exchange; Toronto Stock Exchange.

*Class 'A' Common Shares:*—Montreal Stock Exchange; Toronto Stock Exchange.

*Common Shares:*—Montreal Stock Exchange; Toronto Stock Exchange; Vancouver Stock Exchange; American Stock Exchange, New York City; London Stock Exchange; Paris Bourse; Amsterdam Stock Exchange; Brussels Bourse.

# SHAWINIGAN CHEMICALS LIMITED



## DIRECTORS

P. W. BLAYLOCK	C. K. LOCKWOOD	A. W. SCOTT
J. A. FULLER	W. F. MAINGUY	H. S. SUTHERLAND
J. H. GIBBS	H. D. ROSS	P. W. WRIGHT
	C. M. SCHWAB	

## OFFICERS

J. A. FULLER, *Chairman of the Board*

H. S. SUTHERLAND, *President and General Manager*

P. W. BLAYLOCK, <i>Vice-President, Research and Development</i>	C. K. LOCKWOOD, <i>Vice-President, Sales</i>
J. H. GIBBS, <i>Vice-President, Industrial Relations</i>	H. D. ROSS, <i>Vice-President and Assistant General Manager</i>
—	
A. H. ANDERSEN, <i>Assistant Vice-President</i>	G. BENSON, <i>Assistant Vice-President</i>
G. A. DONALD, <i>Treasurer</i>	P. W. WRIGHT, <i>Secretary</i>
—	

HEAD OFFICE: Montreal, Canada

WORKS: Shawinigan, Varennes, Bedford, P.Q.

## SHAWINIGAN, LIMITED, London, England

F. G. PENTECOST, *Chairman of the Board*

A. W. SCOTT, *Managing Director*      V. P. BROOKS, *Director*

## SHAWINIGAN PRODUCTS CORPORATION, New York City, N.Y.

C. M. SCHWAB, *President*

WALTER BENDER, *Vice-President*      F. X. LEE, *Secretary-Treasurer*

# THE SHAWINIGAN ENGINEERING COMPANY, LIMITED



## OFFICERS

R. E. HEARTZ, *President*

E. V. LEIPOLDT, *Vice-President and Consulting Engineer*      G. R. RINFRET, *Vice-President, Engineering*

J. A. BURKE, *Vice-President, Construction*

L. E. BOISSONNAULT, *Treasurer*      R. R. MERIFIELD, *Secretary*

HEAD OFFICE: Montreal, Canada

