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THE SHAWINIGAN WATER AND POWER COMPANY

Annual Report 1960

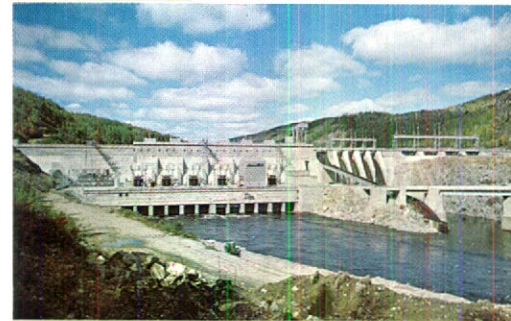


The Shawinigan Water and Power Company

Head Office Building
600 Dorchester Blvd., W.
Montreal, Quebec



Beaumont power development—
capacity 246,200 kilowatts



Shawinigan Chemicals Limited

Tank farm at Weston, Ontario



FRONT COVER—Rapide des Coeurs will be the site of the Company's eighth power development on the St. Maurice river. This new generating station will have an initial capacity of 125,000 kilowatts.

*On obtiendra la version française de ce rapport sur demande.
Service des Relations extérieures et de la Publicité
The Shawinigan Water and Power Company
600 boulevard Dorchester Ouest, Montréal, Canada*

Sixty-third

Annual Report

THE SHAWINIGAN WATER AND POWER COMPANY

Head Office: MONTREAL, CANADA



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HIGHLIGHTS

	1960	1959	Increase
Total kilowatthours sold—millions . . .	13,227	12,028	10.0%
Primary power peak load—kilowatts . . .	2,015,900	1,939,500	3.9%
Revenue from sales of electricity	\$81,542,566	\$75,897,901	7.4%
Earnings per common share	\$1.55	\$1.45	10 cents
Dividends declared per common share . . .	80 cents	80 cents	—
Common shares outstanding, December 31	7,827,793	7,825,763	2,030
Book value per share—common and class “A” common	\$19.40	\$18.63	4.1%
Capital expenditures	\$17,702,658	\$17,451,643	\$251,015
Customers served December 31	362,296	350,949	11,347

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.

President's Letter

Revenue and Earnings

Shawinigan's long-term growth continued in 1960. Revenue from sales of electricity of \$81,542,566 and the number of customers served, 362,296 at the year end, were at record highs.

The 7.4 per cent gain in revenue from sales of electricity in 1960 was slightly below the increase of the previous year. This was due to a lower rate of growth in revenue from electricity sales to homes, farms, commercial establishments, and small power customers which was 7.9 per cent in 1960 compared with a 10.9 per cent gain in 1959 over 1958.

Net earnings for the year rose 6.1 per cent to \$13,985,067. Fourth quarter earnings from power operations, however, were not up to the comparable period of 1959. The earnings trend in the last quarter of 1960 was adversely affected by higher expenditures for energy purchases. Below average rainfall necessitated a curtailment of secondary energy generation, and purchases from other suppliers were increased to maintain sales of energy to customers producing steam from electric boilers. In the final quarter of the previous year there was ample water to generate all the secondary energy sold.

Earnings of \$1.55 per common share on the number of shares outstanding at the end of 1960 were moderately higher.

Operations and Expansion

Total kilowatthour sales of electricity, including secondary energy, increased 10.0 per cent in 1960 compared with 9.6 per cent in the previous year. Kilowatthour sales of electricity to large industries showed a satisfactory gain, but the rate of growth of residential sales was lower, one factor being the pronounced decline in new housing construction.

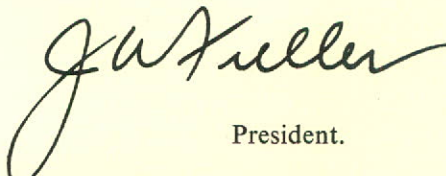
The Company continued to expand its facilities. Construction of two service buildings was started, the capacity of the Sorel terminal station was increased, and an extension to Quebec terminal station was commenced. Capital expenditures were slightly higher in 1960 than in 1959.

Wholly-owned Subsidiaries

Shawinigan Chemicals brought two new plants into operation in 1960, one for the manufacture of sodium cyanide, and the other for the grinding and separating of limestone dust. The sodium cyanide is made by means of a new process developed by Shawinigan Chemicals after extensive original research. It is expected that this process will be adaptable to the manufacture of other chemicals.

The Shawinigan Engineering Company, Limited was actively engaged in a number of important engineering and construction projects for other organizations, including a nuclear research establishment in Manitoba for Atomic Energy of Canada Limited, and a hydro-electric development in Labrador for Twin Falls Power Corporation Limited.

Throughout the Company's sixty-three years of operation, one of our main objectives has been to provide a high standard of service. On behalf of the Directors, I express sincere appreciation to all employees, who during 1960 continued our long tradition of efficient service.



President.



THE SHAWINIGAN WATER AND POWER COMPANY



Annual Report

of the Board of Directors for the year ended December 31, 1960

Shawinigan's net earnings in 1960 increased 6.1 per cent to \$13,985,067, the highest on record. Earnings per common share on the 7,827,793 shares outstanding December 31, 1960 were \$1.55. In 1959, earnings per share were \$1.45 on the 7,825,763 shares outstanding at the end of that year.

Dividends declared on the common stock for the four quarters of 1960 totalled 80 cents per share, unchanged from the previous year.

REVENUE AND EXPENSES

Total operating revenues rose 7.4 per cent to \$82,741,871. Sales of electricity were \$81,542,566, up 7.4 per cent over 1959.

Total operating expenses increased 9.1 per cent to \$64,465,780 leaving an operating income of \$18,276,091. Operation, maintenance and general expenses were \$21,103,312, an increase of 6.1 per cent over 1959. Other operating expenses were higher mainly as a result of sub-

stantially larger power purchases, and increased provision for depreciation and for income taxes.

Non-operating income rose \$152,146 to \$2,013,017. Dividends received from subsidiary and other companies were up 9.0 per cent at \$1,780,140. This improvement resulted from a \$150,000 dividend payment by The Shawinigan Engineering Company, Limited. In 1959, the Engineering Company paid no dividend.

OPERATIONS

Total energy generated in 1960 was 2.7 per cent above that in the preceding year. Generation during the last quarter, however, was 18.2 per cent less than in the same period of 1959 because of below average hydraulic conditions.

Purchases of firm power from the Bersimis development of The Quebec Hydro-Electric Commission were increased by 60,000 kilowatts on November 1, 1960. Under the Bersimis contract, which came into effect November 1,

In this report, the 1960 financial statements and comparative 1959 figures of The Shawinigan Water and Power Company, and its subsidiaries, St. Maurice Power Corporation and Southern Canada Power Company, Limited are consolidated. Throughout the report the term "Shawinigan" refers to all three companies, while the term "the Company"

refers to The Shawinigan Water and Power Company.

A report on Shawinigan Chemicals Limited and its subsidiary and associated companies is presented on pages 27 to 31. The separate report is desirable because the operations of the chemicals companies differ from those of the power companies.



1956, the Company's initial purchase of 60,000 kilowatts has been increased annually by this amount up to the present maximum of 300,000 kilowatts, which is the full amount of the contract.

Although the long-term upward trend in demand for electricity continued in 1960, the rate of increase in kilowatthour sales of electricity to homes, farms, commercial establishments and small power customers was not as pronounced as in the last few years. This lower rate of increase was offset by gains in power sales to large industries and secondary energy sales.

Total energy sold, 13,227 million kilowatthours, was the largest in the Company's history. The 1960 firm power peak load also reached a record high of 2,015,900 kilowatts, up 3.9 per cent from the previous year's peak.

Kilowatthour sales of primary power to major industries increased 8.6 per cent. A marked improvement occurred in sales of power to Quebec Iron and Titanium Corporation, an important customer in the South Shore area. Sales to other metallurgical and chemical industries and to the pulp and paper industry were moderately higher.

Sales of secondary energy in 1960 were ahead of the previous year. This resulted from the unusually favourable hydraulic conditions during the first half of 1960 and the purchase of substantial amounts of secondary energy from other suppliers during the latter part of the year.

Kilowatthours sold to small industries and commercial customers, and for municipal services rose 9.6 per cent. Consumption by urban and suburban residential customers increased 13.2 per cent and by rural residential customers including farm, 4.8 per cent.

A lineman undertakes maintenance work. The Company has over 13,700 miles of transmission and distribution lines.

At the end of 1960, Shawinigan was serving 362,296 customers, an increase of 3.2 per cent over the previous year. Of this total there were 179,834 urban and suburban residential customers, 142,158 rural residential customers, including farm, and 40,304 industrial, commercial, municipal, and utility customers.

Average consumption of electricity per residential customer continued to increase. Urban and suburban residential customers used an average of 4,632 kilowatthours in 1960, an increase of 164 per cent in the past ten years. Rural residential customers, including farm, used an average of 3,025 kilowatthours, up 210 per cent since 1950.

WATER IN STORAGE

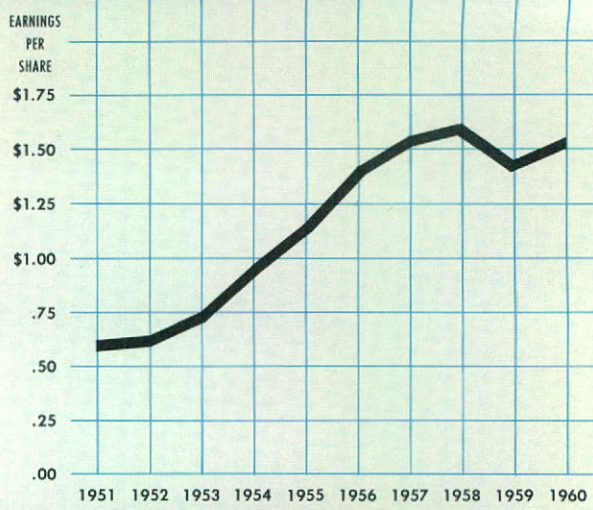
In the first seven months of 1960 precipitation over the St. Maurice watershed was good, and at the end of July the amount of water stored in the Gouin reservoir reached a record level. During the remainder of the year precipitation was below average, and the use of water from storage for generating secondary energy was curtailed. Sales of secondary energy were maintained, however, as already explained, by the purchase of additional secondary energy from other suppliers. At the year-end, the total amount of water in storage was 21 per cent above the long-term average for that date.

CAPITAL AND MAINTENANCE EXPENDITURES

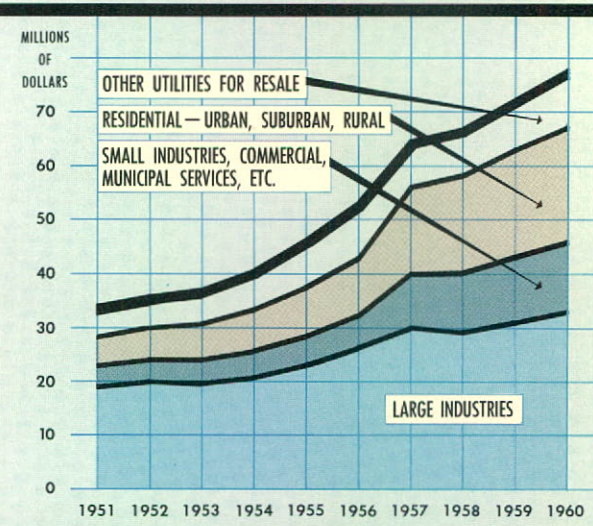
Capital expenditures of \$17,702,658 were slightly higher in 1960 than in 1959. The largest expenditure was for an extension of facilities at Quebec terminal station. This extension is being undertaken to meet the steadily increasing demand for electricity in the area; and,

(Continued on page 10)

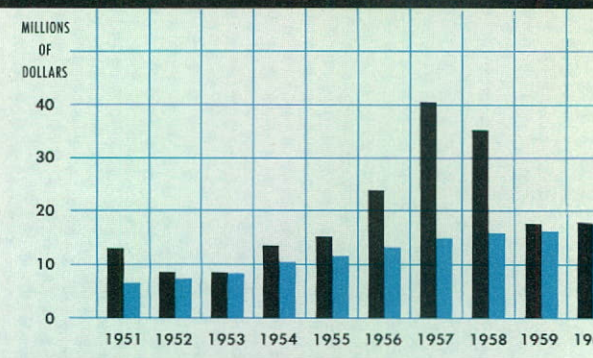
NET EARNINGS PER COMMON SHARE OUTSTANDING AT END OF EACH YEAR



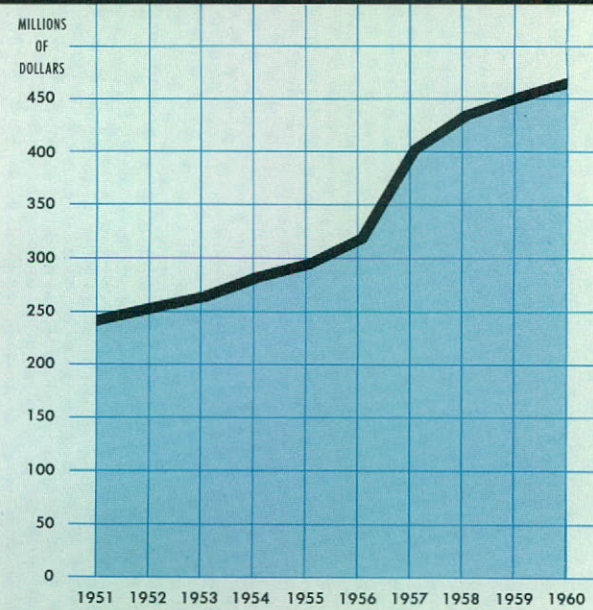
REVENUE FROM PRIMARY ELECTRICITY SALES

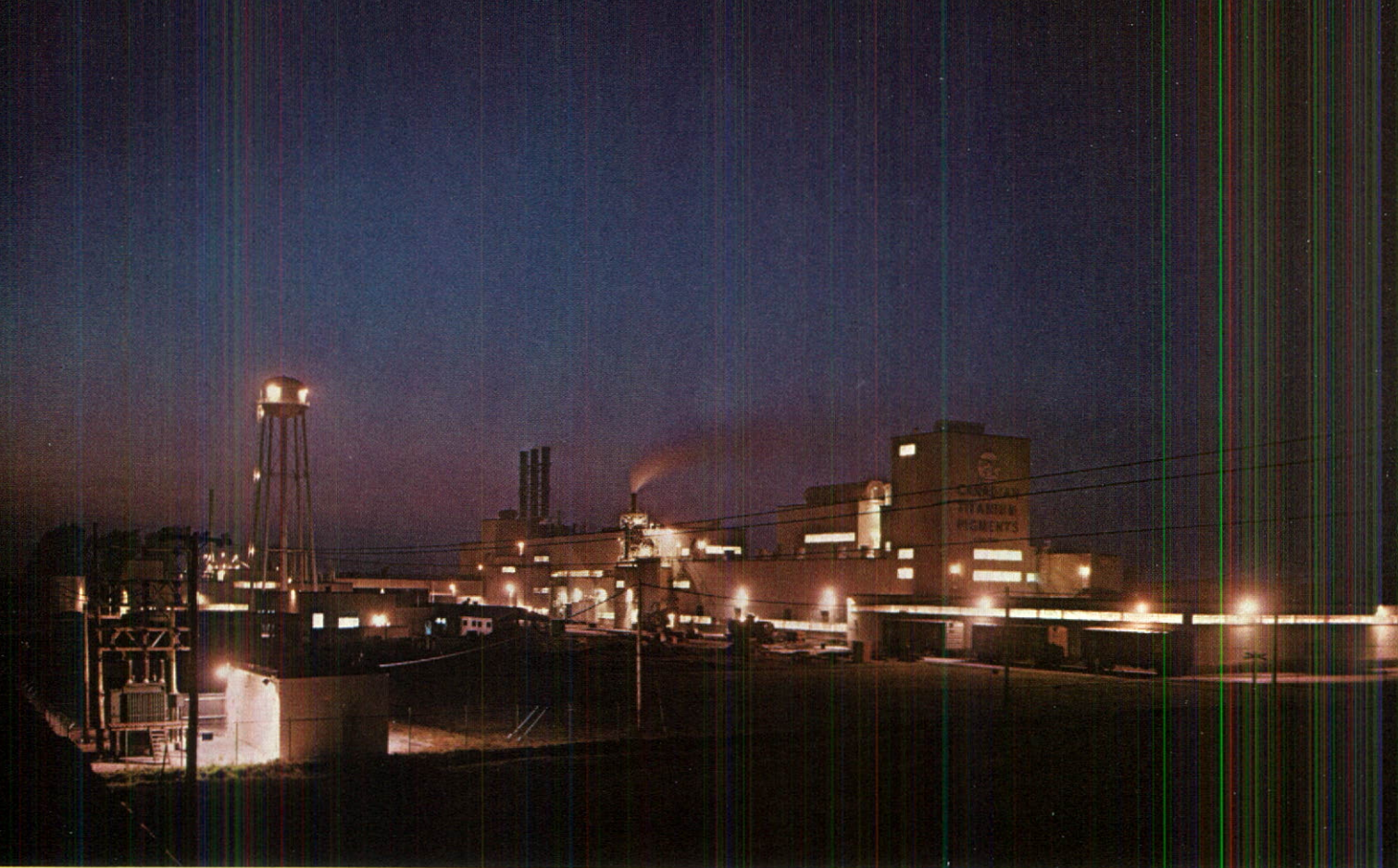


ANNUAL CAPITAL EXPENDITURES FOR NEW CONSTRUCTION
CAPITAL EXPENDITURES
FUNDS AVAILABLE FROM DEPRECIATION AND RETAINED EARNINGS



GROSS INVESTMENT IN PROPERTY, PLANT AND EQUIPMENT AT DECEMBER 31





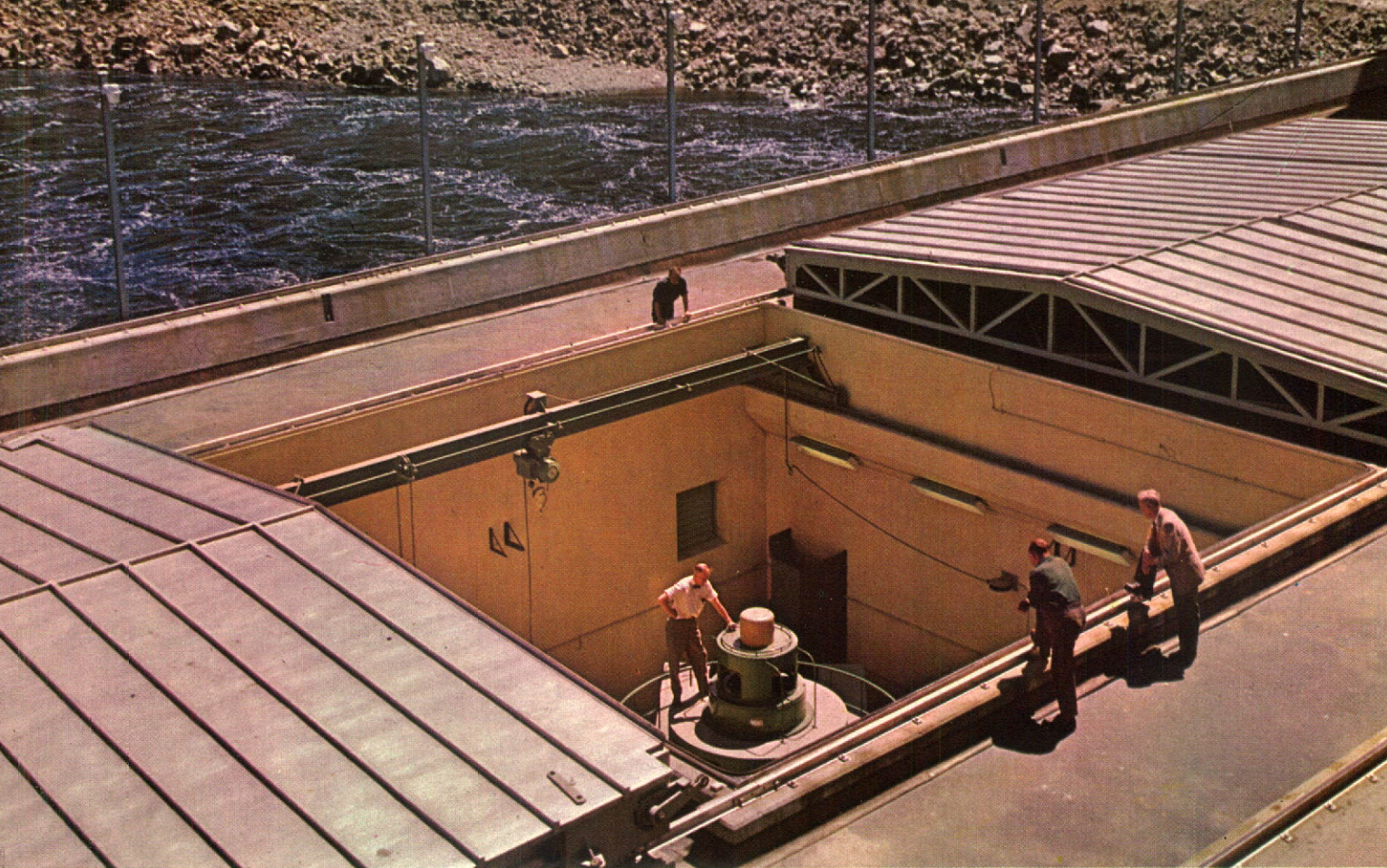
Canadian Titanium Pigments Limited is one of the Company's power customers on the South Shore.

SOURCE AND DISTRIBUTION OF 1960 REVENUES

*Percent
of gross
revenues*

Source:		
96.1	Sales of electricity.....	\$81,542,566
1.8	Other income.....	1,518,882
2.1	Dividends from subsidiary and other companies.....	1,780,140
<u>100.0</u>		<u>\$84,841,588</u>

Distribution:		
18.4	Services of employees.....	\$15,593,666
16.8	Power purchased.....	14,299,010
13.3	Depreciation and amortization.....	11,267,006
6.3	Materials and services purchased.....	5,322,730
21.4	Taxes and other payments to governments.....	18,157,316
6.7	Interest paid to bondholders.....	5,684,155
9.5	Dividends to shareholders.....	8,044,829
.6	Preferred dividends and minority interest — Southern Canada Power Company, Limited.....	532,638
7.0	Retained for use in the business.....	5,940,238
<u>100.0</u>		<u>\$84,841,588</u>



The hatch above one of the six generating units of the Beaumont plant is opened to facilitate maintenance work on the unit.

SOURCE AND APPLICATION OF FUNDS — Year ended December 31, 1960

Source of Funds:

Net earnings.....	\$13,985,067
Add—Charges to earnings not requiring cash outlay:	
Depreciation and amortization.....	11,267,007
Tax applicable to future years.....	1,463,000
	<u>26,715,074</u>
Miscellaneous items.....	983,075
	<u>27,698,149</u>

Application of Funds:

Capital expenditures.....	17,702,658
Redemption of funded debt.....	1,699,000
Cash advances to subsidiary companies (net).....	970,000
Dividends to shareholders.....	8,044,829
	<u>28,416,487</u>

Decrease in Working Capital	<u><u>\$718,338</u></u>
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to provide terminal facilities for a 345,000-volt transmission line now under construction from the Lake St. John district. This line will be used to transmit power which the Company has arranged to purchase from Aluminum Company of Canada, Limited, commencing November 1, 1962.

Other major capital outlays were for an extension to the Sorel terminal station, new service buildings at Valleyfield and Sorel, and new distribution substations at Repentigny and Ste. Thérèse.

Expenditures for maintenance amounted to \$7,265,012. In addition to general maintenance of the transmission and distribution systems, a number of generating units were overhauled, and repairs to concrete structures at various generating stations were made.

FINANCIAL POSITION

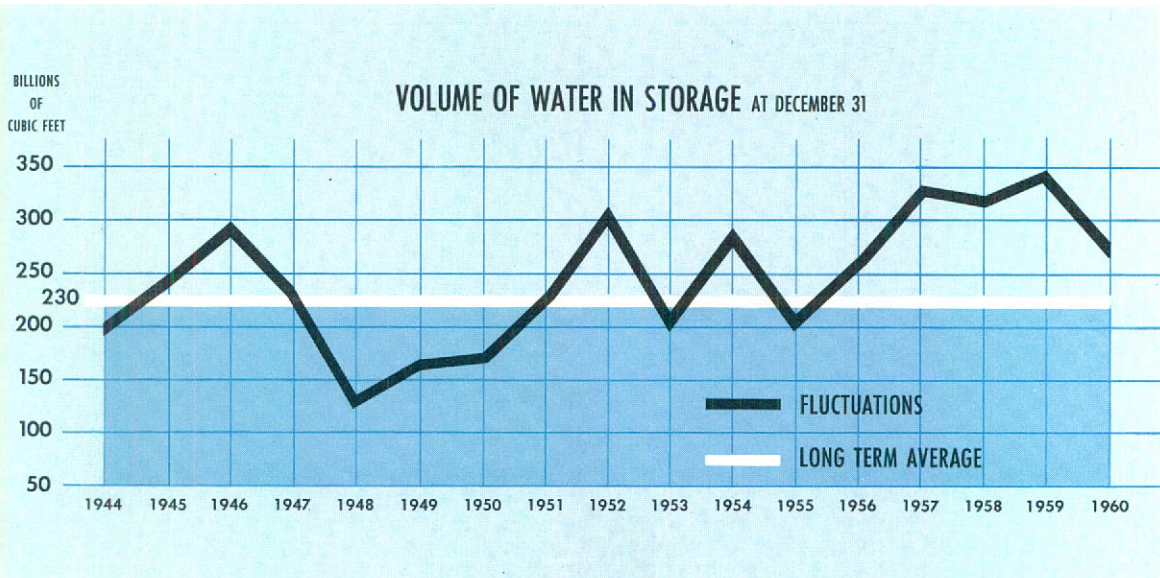
No new financing was undertaken in 1960. Internally generated funds amount-

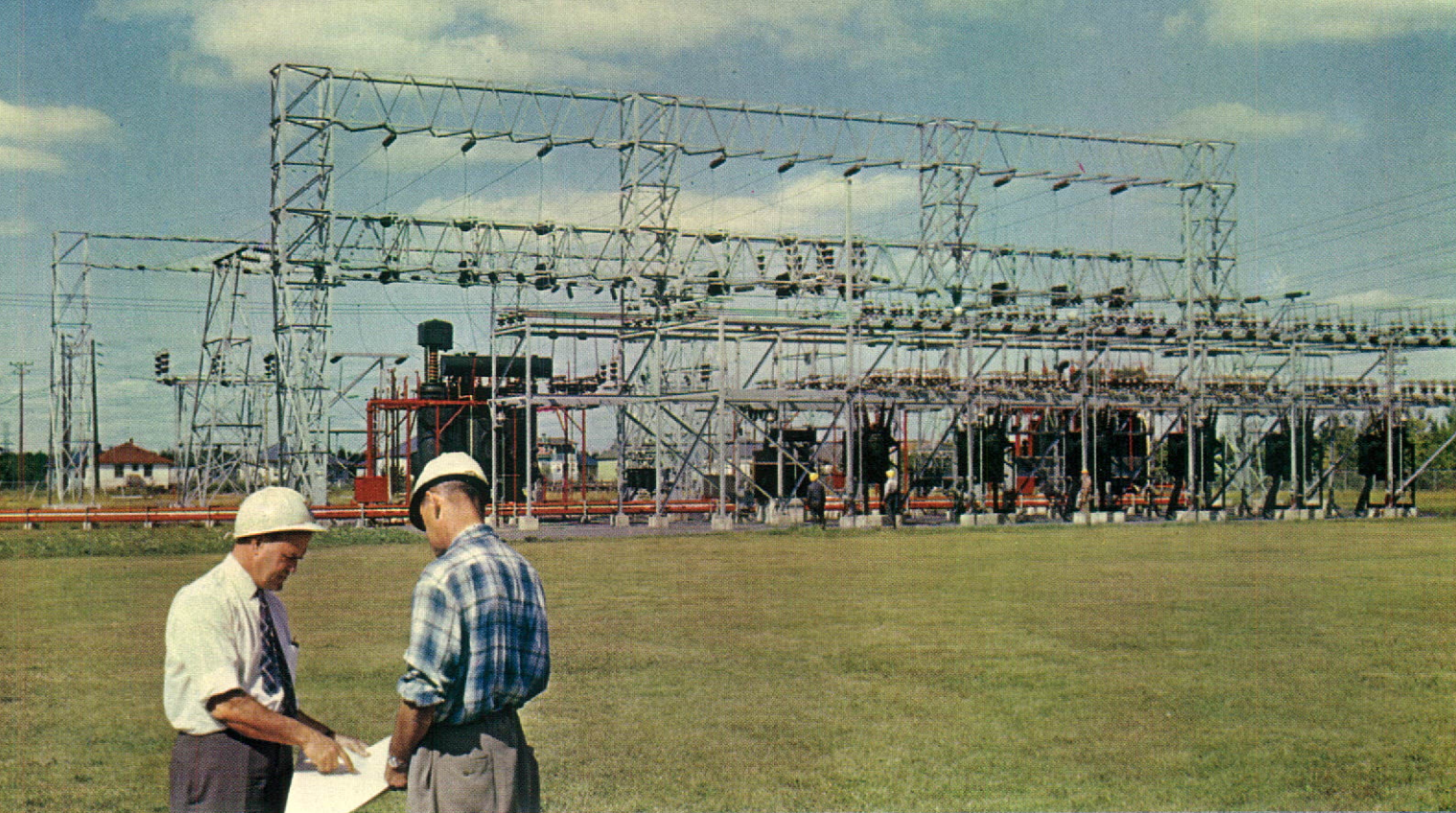
ed to \$26,715,074, which together with miscellaneous items, produced total funds of \$27,698,149 as shown by the Statement of Source and Application of Funds. Outlay of funds for capital expenditures, redemption of funded debt, and dividends to shareholders, were \$718,338 greater than funds generated, with the result that net working capital decreased by this amount.

Funded debt in 1960 was reduced to \$160,012,000 through the retirement of \$1,699,000 first mortgage bonds under sinking fund provisions.

THE SHAWINIGAN ENGINEERING COMPANY, LIMITED

The Canada-India atomic reactor near Bombay, India was completed and began operation. The Shawinigan Engineering Company, Limited, in collaboration with Atomic Energy of Canada Limited, designed, arranged procurement for all equipment supplied by the Canadian





The capacity of the Sorel terminal station was increased in 1960. The station supplies power to a large area on the South Shore.

Government, and supervised construction of the project.

Shawinigan Engineering was appointed by Atomic Energy of Canada Limited as overall engineering consultant for the Whiteshell Nuclear Research Establishment in Manitoba. In 1959, Shawinigan Engineering undertook a preliminary investigation of the site, and started preparatory work on the research centre late in 1960.

Construction of a power development for Twin Falls Power Corporation Limited at Twin Falls, Labrador was started in the spring of 1960. Shawinigan Engineering has been engaged to carry out the engineering design and construction management for the project. Completion of the first stage of the development, which will have an initial installed capacity of 90,000 kilowatts, is planned for 1962.

Construction work for The Shawinigan Water and Power Company included the

extension of terminal station facilities at Quebec and Sorel, and preparatory work for the erection of the 345,000-volt transmission line from Isle Maligne to Quebec. Erection of a sodium cyanide plant at Shawinigan and limestone grinding facilities at Bedford were completed for Shawinigan Chemicals Limited, and the plants put in operation in mid 1960.

INDUSTRIAL DEVELOPMENT

Industrial development in the past ten years has been particularly vigorous in the Company's Laval Division including Ste. Thérèse and most of Isle Jésus; and, in the South Shore area between Varennes and Sorel. Kilowatt-hour sales to all customers in the Laval Division and the South Shore area have more than doubled in the past five years compared with a doubling every ten years for the Company's total service area. Recently completed and proposed bridges and major highways linking these areas with Mont-



The Company's 268,000 customers are billed from a central office at Trois-Rivières. Over 7,500 bills are mailed out daily.

real, and the Trans-Canada Highway, will be important factors in stimulating future development.

The Company's Industrial Development Department has been instrumental in locating many new industries in Shawinigan's service area. Recently, the Department undertook a program of "area development" to help communities prepare for greater industrial growth. The program has been well received and should prove helpful in interesting new industries to locate in the Company's service area.

SALES PROMOTION

As in past years, the Company carried on an intensive sales promotion program in co-operation with electric appliance manufacturers and dealers. The program was an important factor in the 10.8 per cent increase in sales of major electric appliances in the territory served by the Company, which contrast-

ed with a lower sales trend in Canada as a whole.

In 1960, there was an increase in the number of homes rewired to a better standard. The number of customers taking advantage of the Company's financing program for rewiring was also higher. The Company participated with other utilities in the widely publicized *Housepower* program promoting better home wiring.

SHAREHOLDERS

The Company's 8,396,410 shares of common stock, including Class "A" common, are held by 13,912 shareholders, of whom 12,430 or 89 per cent are residents of Canada and 7,597 or 54 per cent reside in the Province of Quebec. Of 6,731 individual shareholders in the Province, 4,851 or 72 per cent hold 100 shares or less each, and 5,785 or 85 per cent hold 200 shares or less. A total of 909 employees of the Company and

wholly-owned subsidiaries own 67,535 common shares. A table showing the geographic distribution of common shares and shareholders is presented on page 18.

EMPLOYEES

At the end of 1960, the Company had 2,481 regular employees of whom 44 per cent had 15 years or more service.

The Company's accident prevention program has become increasingly effective. Intensive instruction is given on safe working practices and close supervision is maintained to enforce these procedures during all job operations. Recently the Company achieved the distinction of having the lowest accident rate among all Canadian electric utilities.

Substantial improvements were effected during 1960 in the Retirement Income Plan. The revisions to the Plan result in benefits to all employees, especially those now nearing retirement age. All costs of the increased benefits are being borne by the Company.

In 1960, the Julian C. Smith Memorial Fund Corporation awarded 64 scholarships to children of employees of the Company and of subsidiary and associated companies. This brings to 499 the total number of scholarships granted during the Fund's 20 years of operation. The Fund, initially established by donations from employees, is now financed mainly from contributions by the Company and subsidiary and associated companies. The Company and its subsidiaries also grant scholarships to deserving students at several universities.

Shawinigan is particularly proud of its many employees who are active in community work, including chambers of commerce, health and welfare organiza-

tions, youth groups and other worthwhile projects. These activities are in keeping with Shawinigan's long tradition of working for the improvement of the communities it serves.

CHANGES OF DIRECTORS AND OFFICERS

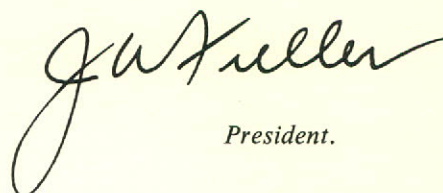
It is with deep regret that we record the death in March 1960 of Mr. James Eccles. During the 20 years Mr. Eccles was a Director of The Shawinigan Water and Power Company his services were of great value and his loss will be keenly felt.

Mr. H. Greville Smith, C.B.E., Chairman of the Board of British Newfoundland Corporation Limited, was elected a Director of the Company in March 1960 to succeed the late Mr. Eccles.

In December 1960, Joslyn A. Smith, formerly Assistant Vice-President, was appointed Vice-President, Production and Power Operations; Jules Bouchard, formerly Assistant Vice-President, was appointed Vice-President, Distribution; and, Donald King, formerly Assistant Manager, Power Operations and Engineering Department, was appointed Vice-President, System Planning and Engineering.

David E. Ellis, formerly Manager, Personnel Department, was appointed an Assistant Vice-President in July 1960 with specific responsibility for the Personnel, Industrial Relations, and Medical Departments.

On behalf of the Board of Directors,



President.

*The Canada-India Atomic Reactor with
the Arabian Sea in the background.*



Canada-India Reactor

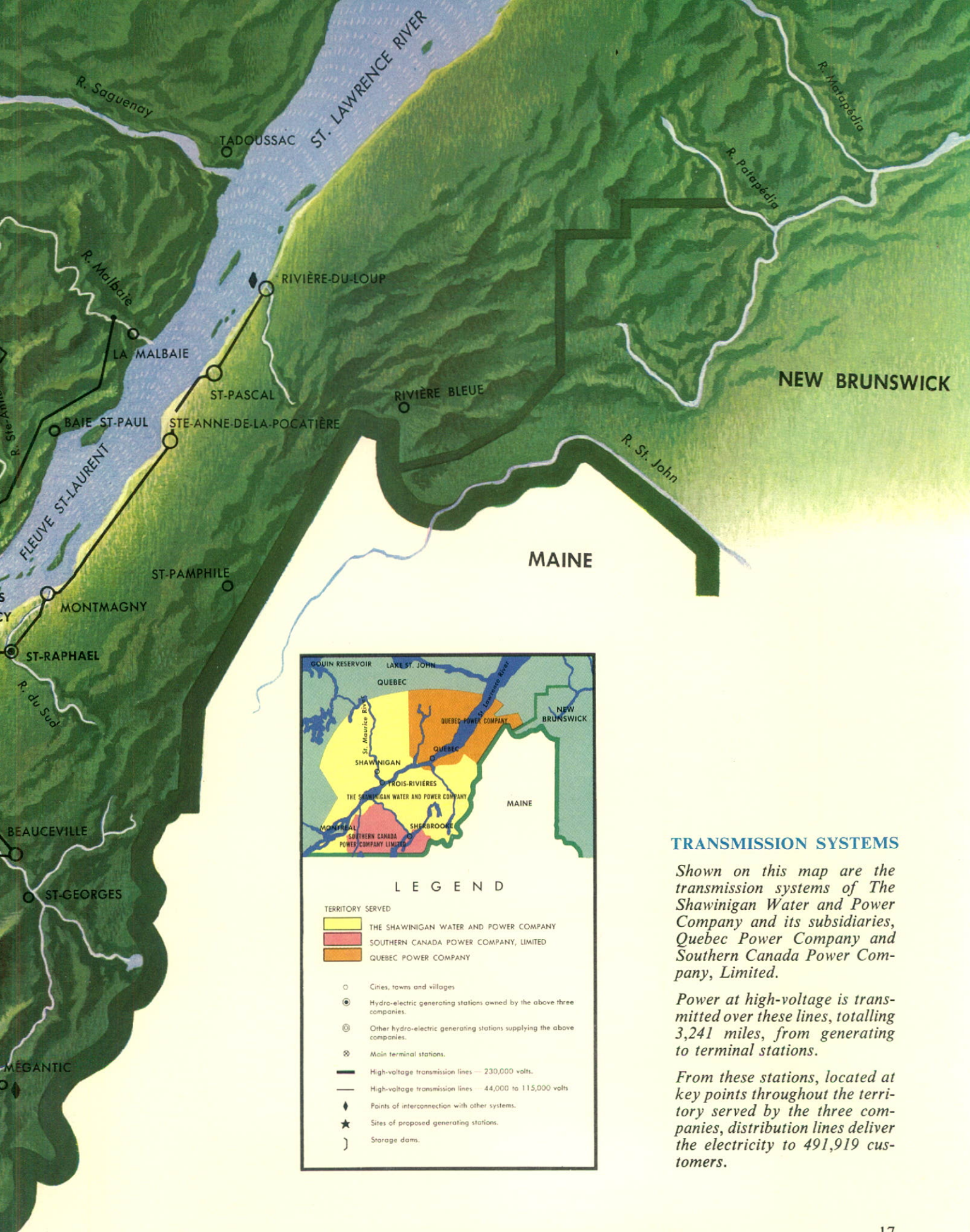
A 40,000-kilowatt (thermal) atomic reactor, supplied by Canada to the Government of India under the Colombo Plan, was officially opened at Bombay, India, on January 16, 1961. The reactor reached first criticality in July 1960.

The Shawinigan Engineering Company, Limited, in collaboration with Atomic Energy of Canada Limited, provided complete designs and specifications, arranged procurement of all equipment supplied by the Canadian Government, and provided a team of site engineers to supervise construction of the Canada-India Reactor.

Because of the eventual widespread use of atomic energy, experience in this field will be of immeasurable value to Shawinigan Engineering in its operations in Canada and other countries. This is evidenced by the recent appointment of the Company to act as overall engineering consultant for Atomic Energy of Canada Limited for its Whiteshell Nuclear Research Establishment in Manitoba.

Shawinigan Engineering is proud to have been associated with the Canada-India Reactor project, an important venture in international co-operation.



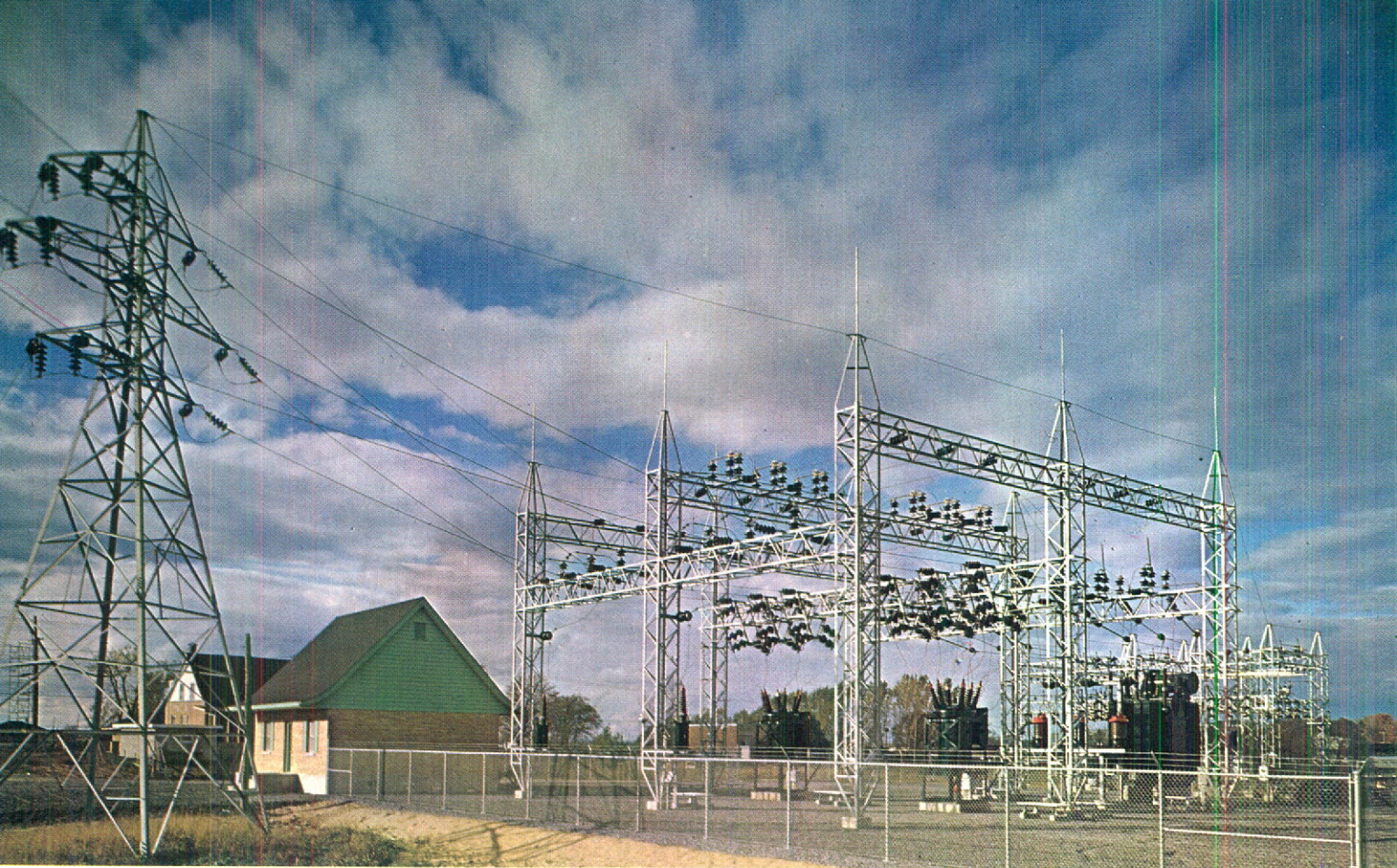


TRANSMISSION SYSTEMS

Shown on this map are the transmission systems of The Shawinigan Water and Power Company and its subsidiaries, Quebec Power Company and Southern Canada Power Company, Limited.

Power at high-voltage is transmitted over these lines, totalling 3,241 miles, from generating to terminal stations.

From these stations, located at key points throughout the territory served by the three companies, distribution lines deliver the electricity to 491,919 customers.



The new substation at Repentigny, a rapidly developing residential district. The design of the building containing the station's control equipment blends with local architecture.

*Geographic Distribution of
The Shawinigan Water and Power Company
Common and Class 'A' Common Shareholders and Shares*

	SHAREHOLDERS		SHARES	
	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>
Province of Quebec	7,597	54.6	4,076,563	48.6
Elsewhere in Canada	4,833	34.8	1,924,083	22.9
Canada	12,430	89.4	6,000,646	71.5
United Kingdom	408	2.9	721,502	8.6
United States	783	5.6	572,896	6.8
Other Countries	291	2.1	1,101,366	13.1
TOTAL	13,912	100.0	8,396,410*	100.0

*Of this total, 568,617 shares are class "A" common.

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, 1960 AND 1959

	1960	1959
Sales of electricity	\$81,542,566	\$75,897,901
Other operating revenues	1,199,305	1,173,698
Total operating revenues	<u>82,741,871</u>	<u>77,071,599</u>
Operation, maintenance and general expenses	21,103,312	19,888,936
Power purchased	14,299,010	11,621,984
Water storage rentals	1,785,050	1,694,458
Provision for depreciation	10,914,500	10,463,300
Taxes, other than taxes on income	4,584,708	4,254,956
Taxes on income (Note 4)		
Provision for income and profits taxes	10,316,200	9,513,500
Tax applicable to future years	1,463,000	1,647,300
	<u>11,779,200</u>	<u>11,160,800</u>
Total operating expenses	<u>64,465,780</u>	<u>59,084,434</u>
OPERATING INCOME	<u>18,276,091</u>	<u>17,987,165</u>
Dividends from subsidiary and other companies	1,780,140	1,632,298
Miscellaneous income, less income taxes thereon	178,849	147,654
Interest charged to construction	54,028	80,919
Total non-operating income	<u>2,013,017</u>	<u>1,860,871</u>
	<u>20,289,108</u>	<u>19,848,036</u>
Interest on funded debt	5,684,155	5,957,539
Other interest and miscellaneous charges	87,248	179,214
	<u>5,771,403</u>	<u>6,136,753</u>
	<u>14,517,705</u>	<u>13,711,283</u>
Dividends of \$496,223 to preferred shareholders of Southern Canada Power Company, Limited and minority interest of common shareholders in the net earnings of that Company .	532,638	535,811
NET EARNINGS	<u>\$13,985,067</u>	<u>\$13,175,472</u>

The accompanying notes are an integral part of the financial statements.

Consolidated Balance Sheet

AS AT DECEMBER 31, 1960 AND 1959

ASSETS

	1960	1959
<u>Current assets</u>		
Cash	\$ 614,629	\$ 898,177
Temporary investments — at cost, less reserve <small>(Market value \$2,312,128)</small>	2,037,502	1,009,233
Accounts receivable, less provision for doubtful accounts	9,556,899	9,120,445
Materials and supplies at cost	3,073,446	3,576,120
Prepaid charges	1,973,117	1,550,399
	17,255,593	16,154,374
<u>Investments in and advances to subsidiary and other companies</u>		
Investments in subsidiary companies at cost, less net adjustments	19,994,012	19,994,012
Advances to subsidiary companies	2,020,000	1,050,000
Investments in other companies at cost	270,914	270,914
	22,284,926	21,314,926
<u>Fixed assets</u>		
Property, plant and equipment at cost of construction or acquisition (including \$7,866,458 being excess of carrying value of investment in subsidiary companies consolidated over book value of their net assets)	469,229,936	453,922,740
Less: Accumulated depreciation	125,652,230	116,586,738
	343,577,706	337,336,002
<u>Mattawin River and other storage dams at cost</u>	4,070,376	4,070,376
Less: Amortization to date	1,713,935	1,649,842
	2,356,441	2,420,534
<u>Unamortized premium, discount and expense of funded debt</u>	2,488,207	2,853,921
	\$387,962,873	\$380,079,757

Approved on behalf of the Directors,
 RAYMOND DUPUIS, *Director*.
 J. A. FULLER, *Director*.



THE SHAWINIGAN WATER AND POWER COMPANY
ST. MAURICE POWER CORPORATION
and SOUTHERN CANADA POWER COMPANY, LIMITED

LIABILITIES

	1960	1959
Current liabilities		
Accounts payable (including provision for taxes on income)...	\$13,666,384	\$11,842,785
Accrued interest on funded debt.....	1,412,256	1,416,704
Dividends payable.....	1,784,384	1,783,978
	<u>16,863,024</u>	<u>15,043,467</u>
Deferred liabilities	2,289,717	2,519,982
(Advances received on account of cost of transmission lines, less instalments repaid)		
Funded debt (Note 1).....	160,012,000	161,711,000
(Of which \$9,942,000 matures on March 1, 1961)		
Deferred credit (Note 4).....	13,483,500	12,020,500
(Accumulated tax reductions applicable to future years)		
Reserves		
Water storage equalization.....	1,492,000	1,492,000
Contingent and other reserves.....	683,586	677,586
	<u>2,175,586</u>	<u>2,169,586</u>
Preferred shares of subsidiary owned by public, and minority interest		
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...	310,769	327,614
	<u>7,399,669</u>	<u>7,416,514</u>
	<u>202,223,496</u>	<u>200,881,049</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 —7,827,793 shares (1959 — 7,825,763).....	92,886,847	92,842,187
Earnings retained and invested in the business (Note 3).....	52,689,410	46,193,401
	<u>185,739,377</u>	<u>179,198,708</u>
	<u>\$387,962,873</u>	<u>\$380,079,757</u>

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

FOR THE YEARS ENDED DECEMBER 31, 1960 and 1959

	1960	1959
Balance at beginning of year	\$46,193,401	\$41,208,124
<i>Add:</i>		
Net earnings for the year	13,985,067	13,175,472
Profits arising from sale of property and from other transactions	735,310	—
	60,913,778	54,383,596
<i>Deduct:</i>		
Amortization of premium, discount and expense of funded debt, net.	179,539	253,752
Dividends on preferred shares	1,025,000	1,025,000
Dividends on class "A" common shares	758,156	758,156
Dividends on common shares	6,261,673	6,153,287
	8,224,368	8,190,195
Balance at end of year	\$52,689,410	\$46,193,401

The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

1. Funded debt

The Shawinigan Water and Power Company

First mortgage sinking fund bonds:

	1960	1959
Series "H" 3½% maturing January 1, 1970	\$ 14,470,500	\$ 14,572,500
Series "J" 3½% maturing February 1, 1970	7,484,000	7,565,000
Series "L" 3% maturing March 1, 1961	9,942,000	10,759,000
Series "M" 3% maturing April 15, 1971	25,000,000	25,000,000
Series "N" 3% maturing May 15, 1971	6,416,000	6,557,500
Series "O" 3¼% maturing April 1, 1972	12,330,500	12,343,500
Series "P" 3½% maturing October 1, 1973	21,000,000	21,080,500
Series "Q" 3% maturing March 1, 1975	15,000,000	15,000,000
Series "R" 4¾% maturing October 1, 1976	14,364,500	14,429,000
	126,007,500	127,307,000

Convertible sinking fund debentures:

1957 Series 5½% maturing October 15, 1972	13,389,000	13,389,000
	139,396,500	140,696,000

St. Maurice Power Corporation

First mortgage sinking fund bonds:

Series "A" 3¼% maturing April 1, 1970	9,615,500	10,015,000
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Southern Canada Power Company, Limited

First mortgage bonds:

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" 3¾% maturing January 2, 1981	2,500,000	2,500,000

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.

	11,000,000	11,000,000
	\$160,012,000	\$161,711,000

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 \$1.33 $\frac{1}{3}$ per share per annum.
- (b) The following authorized but unissued common shares have been reserved:
 - 1. 111,198 shares under the Employee Stock Purchase Plan — 1959 for issue on completion of instalment payments.
 - 2. 441,837 shares being the number required as of December 31, 1960 in accordance with the provisions of the Trust Indenture to effect the conversion of the \$13,389,000 5 $\frac{1}{2}$ % 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 \$1,463,000 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 \$13,483,500 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, 1960, and the Consolidated Statements of Earnings and Earnings Retained and Invested in the Business for the year ended on 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 and according to the best of our information and the explanations given to us, and as shown by the books of the Companies, the accompanying Consolidated Balance Sheet and related Consolidated Statements of Earnings and Earnings Retained and Invested in the Business 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, 1960 and the results of their operations for the year ended on that date, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Montreal, January 30, 1961.

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

CONSOLIDATED STATEMENT OF EARNINGS

FOR THE YEARS ENDED DECEMBER 31, 1951 - 1960

Earnings of subsidiary companies have been consolidated in the following statement only from the year of acquisition of control, namely: St. Maurice Power Corporation from the year 1954 and Southern Canada Power Company, Limited from the year 1957.

(In Thousands of Dollars)

	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951
Sales of electricity:										
Primary.....	\$78,096	\$72,882	\$67,064	\$64,914	\$53,534	\$46,630	\$40,871	\$37,451	\$36,134	\$34,137
Secondary.....	3,447	3,016	2,802	1,122	632	1,269	1,542	1,350	1,423	514
<i>Total</i>	81,543	75,898	69,866	66,036	54,166	47,899	42,413	38,801	37,557	34,651
Other operating revenues.....	1,199	1,173	1,043	1,213	877	848	761	785	337	266
<i>Total operating revenues</i>	82,742	77,071	70,909	67,249	55,043	48,747	43,174	39,586	37,894	34,917
Operation, maintenance and general expenses....	21,103	19,889	20,089	19,965	15,047	14,068	12,960	12,363	11,791	10,310
Power purchased.....	14,299	11,622	9,826	9,144	7,291	5,447	4,256	5,088	4,653	5,173
Water storage rentals.....	1,785	1,694	1,575	1,482	1,427	1,343	1,234	1,053	1,012	978
Provision for depreciation.....	10,915	10,463	8,819	8,278	7,066	6,765	7,096	6,590	6,142	5,600
Taxes, other than taxes on income.....	4,585	4,255	4,163	3,837	3,459	3,166	3,030	2,679	2,580	2,204
Taxes on income:										
Provision for income and profits taxes.....	10,311	9,514	7,208	6,863	6,137	5,055	3,645	2,566	2,717	3,889
Tax applicable to future years.....	1,468	1,647	2,037	1,763	1,332	1,205	1,117	1,037	1,217	—
<i>Total operating expenses</i>	11,779	11,161	9,245	8,626	7,469	6,260	4,762	3,603	3,934	3,889
<i>Total operating expenses</i>	64,466	59,084	53,717	51,332	41,759	37,049	33,338	31,376	30,112	28,154
Operating income	18,276	17,987	17,192	15,917	13,284	11,698	9,836	8,210	7,782	6,763
Dividends from subsidiary and other companies..	1,780	1,632	1,204	1,804	1,744	1,866	1,756	1,745	1,665	1,921
Miscellaneous income, less income taxes thereon.	179	148	281	364	295	207	199	213	164	182
Interest charged to construction.....	54	81	1,972	1,003	332	197	139	53	45	247
<i>Total non-operating income</i>	2,013	1,861	3,457	3,171	2,371	2,270	2,094	2,011	1,874	2,350
<i>Total non-operating income</i>	20,289	19,848	20,649	19,088	15,655	13,968	11,930	10,221	9,656	9,113
Interest on funded debt.....	5,684	5,958	6,190	5,393	4,300	4,206	4,222	3,904	3,938	4,067
Other interest and miscellaneous charges.....	87	179	112	70	—	—	—	—	—	—
<i>Total interest and charges</i>	5,771	6,137	6,302	5,463	4,300	4,206	4,222	3,904	3,938	4,067
<i>Total interest and charges</i>	14,518	13,711	14,347	13,625	11,355	9,762	7,708	6,317	5,718	5,046
Provision for water storage equalization reserve, less income taxes applicable.....	—	—	—	—	—	310	294	364	524	—
<i>Total interest and charges</i>	14,518	13,711	14,347	13,625	11,355	9,452	7,414	5,953	5,194	5,046
Dividends to preferred shareholders of Southern Canada Power Company, Limited and minority interest of common shareholders in net earnings of that Company.....	533	536	534	563	—	—	—	—	—	—
Net earnings	\$13,985	\$13,175	\$13,813	\$13,062	\$11,355	\$9,452	\$7,414	\$5,953	\$5,194	\$5,046
<i>Earnings and dividends:</i>										
<i>Preferred shares \$50 par value:</i>										
Earnings per share.....	\$27.97	\$26.35	\$27.62	\$26.12	\$22.71	\$18.90	\$14.82	\$11.90	\$10.38	\$10.09
Dividends per share:										
Series "A" 4% (400,000 shares).....	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Series "B" 4½% (100,000 shares).....	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
<i>Class "A" common shares without nominal or par value:</i>										
Earnings per share*.....	22.79	21.36	22.48	21.16	—	—	—	—	—	—
Dividends declared per share*.....	1.33⅓	1.33⅓	1.33⅓	1.16⅔†	—	—	—	—	—	—
<i>Common shares without nominal or par value:</i>										
Earnings per share*.....	1.55	1.45	1.62	1.56	1.42	1.16	.97	.75	.64	.62
Dividends declared per share*.....	.80	.80	.68	.67⅓	.60	.53⅓	.48⅓	.48⅓	.48⅓	.48⅓
<i>Common and class "A" common:</i>										
Book value per share*.....	\$19.40	\$18.63	\$17.57	\$16.61	\$14.84	\$14.05	\$13.29	\$12.24	\$12.06	\$12.09

*Earnings, dividends, and book value per share restated on the basis of the three for one subdivision in October 1957 and based on the number of shares outstanding at each year end.

†From February 15.

THE SHAWINIGAN WATER AND POWER COMPANY

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

CONSOLIDATED OPERATING STATISTICS

FOR THE YEARS 1951 - 1960

Subsidiary company figures have been consolidated on the same basis as have those in the 10-year earnings statement on the opposite page.

	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951
Installed turbine capacity										
—kilowatts.....	1,573,500	1,573,500	1,573,500	1,327,300	1,284,000	1,284,000	1,165,900	999,900	999,900	999,900
Primary power purchased under contract—kilowatts.....	578,600	517,800	453,600	385,300	322,300	259,200	207,000	216,700	208,000	198,400
Total.....	2,152,100	2,091,300	2,027,100	1,712,600	1,606,300	1,543,200	1,372,900	1,216,600	1,207,900	1,198,300
Primary power peak load										
—kilowatts.....	2,015,900	1,939,500	1,740,000	1,707,800	1,600,800	1,500,000	1,319,100	1,249,700†	1,249,000†	1,253,700†
Energy sold										
—millions of kilowatthours....	13,227	12,028	10,973	10,310	9,898	9,235	8,413	7,853	8,158	7,538
Miles of transmission and distribution lines:										
44,000 volts and over.....	2,877	2,824	2,827	2,596	1,900	1,827	1,754	1,649	1,570	1,571
Under 44,000 volts.....	15,265	15,208	14,762	14,518	11,009	10,682	10,470	10,216	9,984	9,573
Total.....	18,142	18,032	17,589	17,114	12,909	12,509	12,224	11,865	11,554	11,144
Water in storage at end of year										
—billions of cubic feet.....	277	345	320	330	264	207	291	211	310	229
Percentage of total capacity‡	69	88	82	90	72	56	79	58	87	64
Percentage derivation of revenue from primary electricity sales:										
Large industries.....	43	43	44	47	50	50	51	53	56	57
Small industries, commercial, municipal services...	17	16	16	15	12	12	12	12	12	11
Residential:										
urban and suburban.....	16	16	15	14	10	10	9	8	7	7
rural (including farm)....	11	12	12	11	9	10	11	10	9	9
Other utilities for resale....	13	13	13	13	19	18	17	17	16	16
Number of municipalities served	840	835	824	823	612	612	612	591	591	590
Number of customers served....	362,296	350,949	337,747	326,349	231,759	222,817	214,642	204,961	194,987	186,255
Average consumption per residential customer—kilowatthours:										
Urban and suburban.....	4,632	4,332	4,018	3,648	3,137	2,814	2,494	2,396	2,165	1,956
Rural (including farm)....	3,025	2,892	2,492	2,256	1,817	1,628	1,532	1,267	1,136	1,013
Total wages and salaries paid, including benefits										
—thousands of dollars.....	18,364	17,247	16,724	15,872	11,935	11,011	10,202	10,044	9,608	8,300
Number of regular employees...	3,202	3,204	3,190	3,134	2,419	2,337	2,284	2,297	2,260	2,260

†The excess of the primary power peak load over the sum of turbine capacity and primary 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.





SHAWINIGAN CHEMICALS LIMITED

Although consolidated sales of Shawinigan Chemicals Limited and its wholly-owned subsidiaries improved in 1960, net earnings of \$1,845,896 were 4.8 per cent below the previous year.

A strike in the early part of the year and expenses connected with the commissioning of new plant contributed to higher costs. This was followed by a sharp reduction in selling prices, particularly in the plastics field, during the last quarter of the year with the result that profit on operations was reduced 23 per cent compared with 1959. This was partially offset by a 11.6 per cent increase in income from royalties, dividends from associated companies and other sources.

Highlight of the year's activities was the completion of two plants for the manufacture of new products. As a result of some years of original research work in the Chemicals Company's laboratories at Shawinigan followed by pilot plant development, a new plant for the manufacture of sodium cyanide was brought into operation in August 1960.

The financial statements of Shawinigan Chemicals Limited and its wholly-owned subsidiaries, Shawinigan Products Corporation, New York City; Shawinigan, Limited, London, England; and The McArthur Chemical Company Limited are consolidated in this report.

Earnings of associated companies are included only to the extent of dividends received from them during the year. Throughout the report the term "Chemicals Company" refers to Shawinigan Chemicals Limited.

Much interest has been shown in this new manufacturing process which utilizes a modified fluid bed technique and is registered under the trade name "Fluomic". The process is expected to be adaptable to the manufacture of a variety of other chemicals.

At Bedford, Quebec, a limestone fine-grinding and separating plant was put in operation in August 1960. This plant will supply powdered limestone for the manufacture of many products including brick, glass, tile, roofing, and road macadam.

At Weston, Ontario, The McArthur Chemical Company Limited, a wholly-owned subsidiary, completed construction of an office building, warehouse, and tank farm. The project enabled the Chemicals Company to consolidate its various divisional sales offices located in the Toronto area.

CAPITAL EXPENDITURES

Capital expenditures during 1960 amounted to \$2,492,179. Expenditures were principally for the recently completed plants at Shawinigan East and Bedford, and the new facilities at Weston, Ontario.

EARNINGS

After provision of \$721,513 for taxes on income, consolidated net earnings in 1960 totalled \$1,845,896 compared with \$1,938,122 in the previous year.

Earnings, before provision for interest on funded debt and taxes on in-

come amounted to \$2,790,394 of which \$1,770,005 was derived from manufacturing operations, and \$1,020,389 from royalties, dividends from associated companies, and other sources.

The Chemicals Company's share of undistributed earnings of its associated companies for 1960 totalled approximately \$338,000 against \$248,000 in the previous year.

FINANCIAL POSITION

At the end of 1960, net working capital amounted to \$17,227,005 up \$908,659 compared with the previous year-end.

The Chemicals Company's share of the net worth of its associated companies exceeded the book value of its investment in these companies at December 31, 1960 by approximately \$4,742,000 compared with \$4,083,000 at the end of 1959.

The Chemicals Company's subsidiary and associated companies in Canada, the United States and the United Kingdom are reported on below.

WHOLLY-OWNED SUBSIDIARIES

Shawinigan Products Corporation, New York — Volume of sales and earnings in 1960 were slightly lower. Dividends received by the Chemicals Company totalled \$179,000 U.S. funds, unchanged from 1959.

Shawinigan Products Corporation acts as a sales agent in the United States for

the Chemicals Company as well as for Shawinigan Products' associated company, Midwest Carbide Corporation, which has carbide manufacturing plants at Keokuk, Iowa, and Pryor, Oklahoma.

Shawinigan, Limited, London, England — Earnings were higher. Dividends received from Shawinigan, Limited amounted to \$92,583 against \$59,993 in the previous year.

This company acts as sales agent in the United Kingdom and European markets for the Chemicals Company and associated companies.

The McArthur Chemical Company Limited, Montreal — Earnings of this company were lower in 1960 and no dividend was paid, compared with \$50,000 paid in the previous year.

This company acts as sales agent for the St. Maurice Chemicals Division of the Chemicals Company and for other chemical manufacturers, and in addition carries on a general sales business in industrial chemicals. McArthur increased its line of products, particularly of fine and reagent chemicals used in the pharmaceutical, cosmetic, and food industries.

ASSOCIATED COMPANIES IN CANADA

B.A.-Shawinigan Limited, Montreal — Operations of this company were very

PRODUCTS OF SHAWINIGAN CHEMICALS LIMITED

The Chemicals Company's manufacturing plants in the Province of Quebec at Shawinigan, Varennes, Ste. Thérèse and Bedford, and one plant in Ontario, at Merritton, produce lime, calcium carbide, a wide range of industrial organic chemicals and resins derived from carbide, formaldehyde, pentaerythritol, sulphuric acid, chlorine, caustic soda, sodium cyanide, converted vinyl products, and stainless steel castings.

SHAWINIGAN CHEMICALS LIMITED

satisfactory and earnings slightly higher. Dividends received from B.A.-Shawinigan amounted to \$235,006, unchanged from 1959.

The Company is jointly owned with the British American Oil Company Limited, from whose Montreal East refinery the raw materials for its operations are obtained. A third increase in plant capacity for the company's major products, acetone and phenol, was completed in 1960, and a fourth is in progress. The company also produces bisphenol "A" which is sold for the manufacture of epoxy resins. The bisphenol "A" plant was commissioned late in 1959.

IN THE UNITED STATES

Shawinigan Resins Corporation, Springfield, Massachusetts — Earnings improved in 1960. Dividends paid to the Chemicals Company totalled \$390,750

U.S. funds compared with \$312,600 in 1959.

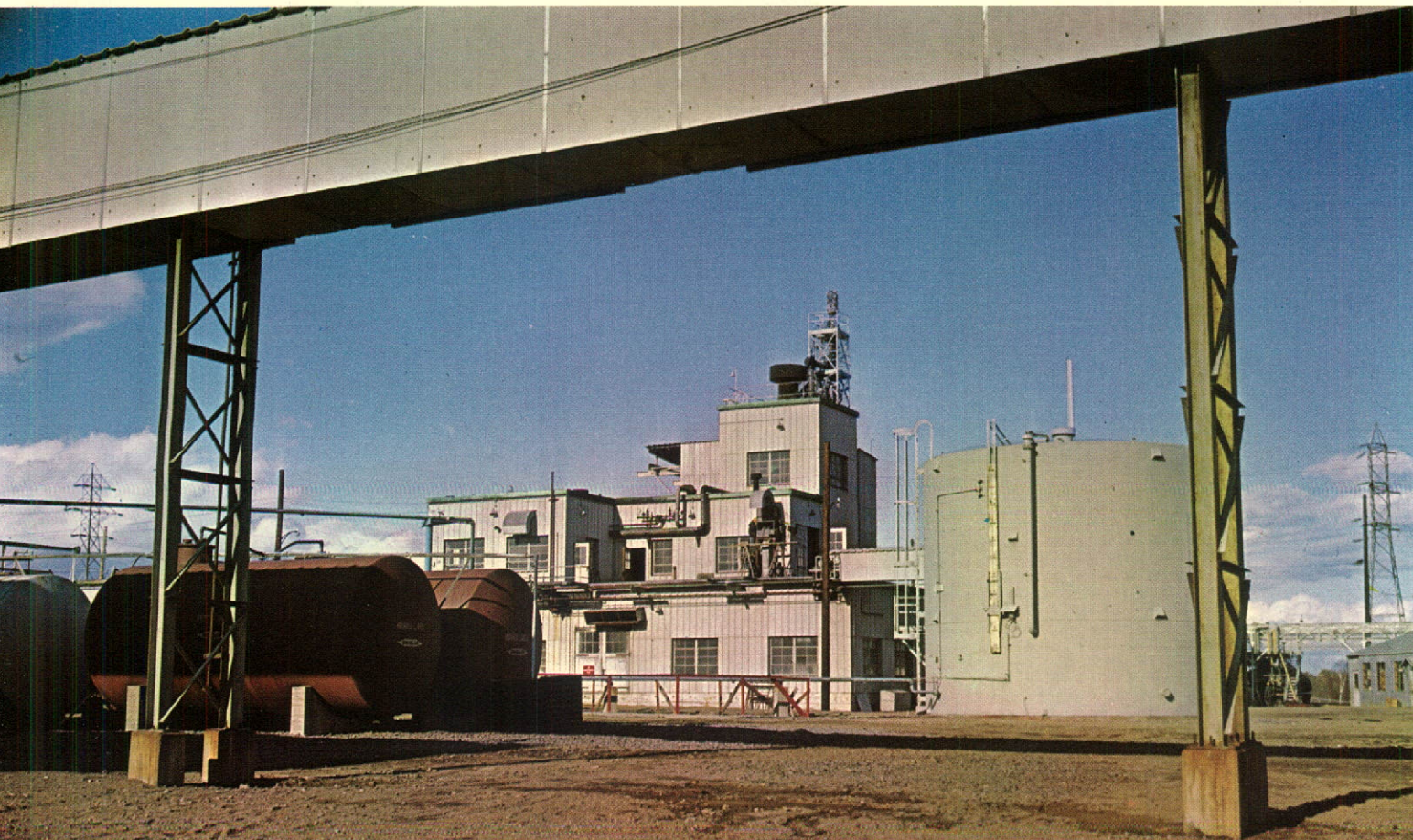
Shawinigan Resins Corporation, jointly owned with Monsanto Chemical Company, manufactures Butvar, Formvar, polyvinyl alcohol, polyvinyl acetate and polyvinyl acetate resins at its plants in Springfield, Massachusetts, and Trenton, Michigan.

IN THE UNITED KINGDOM

Hedon Chemicals Limited — Sales and earnings were markedly higher. Dividends paid by Hedon Chemicals were unchanged from the previous year. An expansion program is under way which will increase Hedon's capacity 50 per cent by the spring of 1961.

This company, jointly owned with The Distillers Company Limited, Edinburgh, manufactures vinyl acetate in a plant near Hull, England.

The sodium cyanide plant put in operation by Shawinigan Chemicals Limited in August 1960.





CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1960 and 1959

ASSETS

Current assets

	1960	1959
Cash.....	\$ 985,781	\$ 1,891,148
Short-term investments at approximate market value	4,089,564	5,173,730
Accounts receivable, less provision for doubtful accounts.....	6,186,810	6,229,506
Finished goods, raw materials and supplies, valued at lower of cost or market.....	9,047,395	6,955,828
Prepaid expenses.....	630,652	672,862
	<u>20,940,202</u>	<u>20,923,074</u>

Investments — at cost

Shares in and loans to associated and other companies	5,701,657	5,797,284
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Property, plant and equipment — at cost.....

Less accumulated depreciation.....	52,924,883	50,742,079
	34,901,904	32,483,848
	<u>18,022,979</u>	<u>18,258,231</u>
	<u>\$44,664,838</u>	<u>\$44,978,589</u>

LIABILITIES

Current liabilities

Accounts payable and accrued charges.....	\$ 3,094,706	\$ 3,361,345
Accrued interest on debentures.....	45,154	47,629
Provision for taxes on income.....	323,337	945,754
Sinking fund instalment payable October 15, 1961..	250,000	250,000
	<u>3,713,197</u>	<u>4,604,728</u>

4¾% Sinking fund debentures

Maturing October 15, 1971.....	4,500,000	4,750,000
Less amount payable October 15, 1961.....	250,000	250,000
	<u>4,250,000</u>	<u>4,500,000</u>

Shareholders' equity

Capital Stock —

Authorized—600,000 common shares
of \$25.00 each..... \$15,000,000

Issued —499,844 common shares.....	12,496,100	12,496,100
Capital surplus.....	3,234,085	3,234,085
Retained earnings (Notes 1 and 2).....	20,971,456	20,143,676
	<u>36,701,641</u>	<u>35,873,861</u>
	<u>\$44,664,838</u>	<u>\$44,978,589</u>

Approved on behalf of the Directors,

H. D. ROSS, *Director*,
P. W. BLAYLOCK, *Director*.

AUDITORS' REPORT

We have examined the Consolidated Balance Sheet of Shawinigan Chemicals Limited and its Subsidiary Companies as at December 31, 1960, and the related Consolidated Statements of Earnings and Retained Earnings for the year ended on 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 and 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, the accompanying Consolidated Balance Sheet and the related Consolidated Statements of Earnings and Retained Earnings, 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, 1960, and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

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

Montreal, February 9, 1961.

CONSOLIDATED STATEMENT OF EARNINGS

FOR THE YEARS ENDED DECEMBER 31, 1960 AND 1959

	1960	1959
Net sales.....	\$45,938,379	\$44,646,758
Cost of goods sold.....	39,958,779	38,467,719
GROSS PROFIT.....	5,979,600	6,179,039
Administrative and selling expenses.....	3,567,706	3,214,405
Research expense.....	641,889	665,735
	<u>4,209,595</u>	<u>3,880,140</u>
PROFIT ON OPERATIONS.....	1,770,005	2,298,899
Income from investments.....	923,867	770,750
Income from royalties.....	68,841	13,531
Income from other sources.....	27,681	130,275
	<u>1,020,389</u>	<u>914,556</u>
	2,790,394	3,213,455
Interest on debentures.....	222,985	235,026
	<u>2,567,409</u>	<u>2,978,429</u>
Provision for taxes on income (Note 4).....	721,513	1,040,307
Net Earnings.....	\$ 1,845,896	\$ 1,938,122

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

FOR THE YEARS ENDED DECEMBER 31, 1960 AND 1959

	1960	1959
Balance at beginning of year.....	\$20,143,676	\$19,271,026
Net earnings for year.....	1,845,896	1,938,122
	<u>21,989,572</u>	<u>21,209,148</u>
Sundry adjustments applicable to prior years.....	18,116	65,472
Dividends paid during year.....	1,000,000	1,000,000
	<u>1,018,116</u>	<u>1,065,472</u>
BALANCE AT END OF YEAR.....	\$20,971,456	\$20,143,676

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. 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.
2. An amount of \$1,141,785 of the retained earnings of Canadian Resins and Chemicals Limited is deemed to be Designated Surplus and subject to income tax if and when distributed to the parent company as at present provided under Section 28(2) of the Income Tax Act.
3. Contingent Liability — One of the subsidiary companies whose accounts are consolidated herein is jointly and severally liable as co-guarantor of \$1,000,000, 4¾% Sinking Fund Debentures of an associated company, maturing July 1, 1964.
4. A reduction of \$159,306 (1959 - \$171,132) in the provision for taxes on income has resulted from claiming for tax purposes an amount of \$376,416 (1959 - \$393,799) for depreciation in excess of that recorded in the accounts. The accumulated reduction in taxes to date amounts to \$526,068.
5. The following amounts have been charged against earnings in 1960: depreciation \$2,297,056, executive salaries \$332,588, directors' fees \$9,508, legal expenses \$1,500.



THE SHAWINIGAN WATER AND POWER COMPANY

DIRECTORS

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

**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</i>	W. R. WAY, <i>Vice-President</i>
H. B. ABBOTT-SMITH, <i>Vice-President, Power Sales</i>	E. D. GRAY-DONALD, <i>Vice-President, Administrative Services</i>
L. E. BOISSONNAULT, <i>Vice-President, Finance</i>	DONALD KING, <i>Vice-President, System Planning and Engineering</i>
JULES BOUCHARD, <i>Vice-President, Distribution</i>	JOSLYN A. SMITH, <i>Vice-President, Production and Power Operations</i>
A. C. JONCAS, <i>Treasurer</i>	R. R. MERIFIELD, <i>Secretary</i>

A. TIMON, *Comptroller*

Assistant Vice-Presidents

D. E. ELLIS	GORDON D. HULME	L. MCGILLIS
H. M. FINLAYSON		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

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

BANKERS:

The Royal Bank of Canada
Banque Canadienne Nationale

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*

P. W. BLAYLOCK, *Vice-President, Research and Development* C. K. LOCKWOOD, *Vice-President and Manager, Industrial Chemicals Division*

J. H. GIBBS, *Vice-President, Industrial Relations* P. W. WRIGHT, *Vice-President and Secretary*
H. D. ROSS, *Vice-President and General Manager*

A. H. ANDERSEN, *Assistant Vice-President* G. BENSON, *Assistant Vice-President*
G. A. DONALD, *Treasurer*

HEAD OFFICE: MONTREAL, CANADA

WORKS: SHAWINIGAN, STE. THERESE, VARENNES, BEDFORD, P.Q. AND MERRITTON, ONT.

SHAWINIGAN, LIMITED, LONDON, ENGLAND

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

A. W. SCOTT, *Managing Director* V. P. BROOKS, *Director*
R. G. WALLER, *Secretary*

SHAWINIGAN PRODUCTS CORPORATION, NEW YORK, N.Y.

C. M. SCHWAB, *President*

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



THE SHAWINIGAN ENGINEERING COMPANY, LIMITED

DIRECTORS

R. J. BEAUMONT	E. D. GRAY-DONALD	W. F. MAINGUY
J. A. BURKE	R. E. GROUT	G. R. RINFRET
J. A. FULLER	R. E. HEARTZ	W. R. WAY

OFFICERS

R. E. HEARTZ, *President*

G. R. RINFRET, *Vice-President, Engineering* J. A. BURKE, *Vice-President, Construction*
R. E. GROUT, *Vice-President*

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

HEAD OFFICE: MONTREAL, CANADA

