

1933

CANADIAN POWER AND PAPER INVESTMENTS, LIMITED

355 ST JAMES STREET WEST
MONTREAL
CANADA

March 6th, 1934.

To the Shareholders:

Your Directors present herewith report covering operations of your Company for the year ended December 31st, 1933.

Revenues for the fiscal year amounted to \$156,853.24 as compared to \$209,548.70 in the year 1932. This reduction in revenue has been due primarily to the non-payment of interest and to the passing of dividends on securities held by your Company.

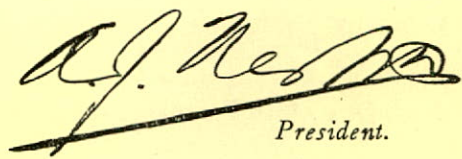
The sale of some of your Company's securities during the year resulted in a loss of \$57,145.28 and this loss has been charged to Surplus Account. During the year under review loans were reduced by \$350,582.00 and operating expenses were further reduced from \$7,928.35 in 1932 to \$5,503.89 in 1933. The further reduction in revenues necessitated default in the payment of interest due August 1st, 1933, and February 1st, 1934, on the 5% Debentures of your Company. A Committee of Debenture Holders, after studying the position of the Company, has recommended a plan of reorganization — a copy of which plan is herewith enclosed and to which your attention is drawn. Your Directors have agreed to co-operate with this Committee.

Your attention is directed to the communication of the Montreal Trust Company referred to in the Auditors' Certificate to the Company's Balance Sheet.

For the purpose of carrying out this plan, it will be necessary to have Special Meetings of both Preferred and Common Shareholders under the provisions of Section 144 of the Companies' Act, notice of which meetings will be sent you in the near future.

The books and accounts of your Company have been audited by Messrs. P. S. Ross & Sons, Chartered Accountants, whose certificate is attached.

Respectfully submitted on behalf of the Board,


President.

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CANADIAN POWER AND PAPER INVESTMENTS, LIMITED

Profit and Loss and Surplus Account

as at December 31st, 1933

Balance at Credit 1st January 1933.....		\$220,183.68
DEDUCT: Prior year adjustments.....		314.32
		<hr/>
		219,869.36
Gross Revenue for the twelve months ended 31st December 1933....	\$156,853.24	
DEDUCT: Expenses.....	5,503.89	
	<hr/>	
		151,349.35
		<hr/>
		371,218.71
DEDUCT:		
Loss on Sale of Investments.....	\$57,145.28	
Interest on:		
Loans.....	68,759.96	
Debentures.....	120,000.00	
Exchange on Debenture Interest paid 1st February 1933.....	9,909.31	
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		255,814.55
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Balance at Credit 31st December 1933.....		<u>\$115,404.16</u>

Auditors' Certificate

CANADIAN POWER AND PAPER INVESTMENTS, LIMITED,
Montreal.

We have audited the accounts of Canadian Power and Paper Investments, Limited, for the twelve months ended 31st December 1933 and have obtained all the information and explanations we have required.

The Montreal Trust Company, as Trustee under the Trust Agreement creating the Five Per Cent Thirty Year Debentures, have advised us as follows:

“.....we understand that the Company was also in default on the 31st December last, in respect of the Covenant contained in paragraph 6 of Article IV of the Trust Agreement, in that the borrowings from bankers and others added to the par value of the Debentures outstanding was, we believe in excess of 50% of the market value of the net assets of the Company.”

We certify that, in our opinion, the attached Balance Sheet is drawn up so as to set forth a true and correct view of the financial position of the Company at 31st December 1933 and that the Surplus Account reflects the results from operations for the twelve months ended the same date, according to the best of our information, the explanations given to us, and as shown by the books of the Company.

(Signed) P. S. ROSS & SONS,
Chartered Accountants.

MONTREAL, QUE., 13th February, 1934.

CANADIAN POWER AND PAPER INVESTMENTS, LIMITED

Balance Sheet

as at December 31st, 1933

ASSETS

Cash in Bank		\$ 7,633.60
Investments:		
Bonds	\$ 415,056.05	
Preferred Stocks	2,411,290.93	
Common Stocks	4,050,491.35	
		<u>6,876,838.33</u>
<p>The aggregate value of these Investments based on available market quotations, or in the absence thereof, estimated fair values at 31st December 1933, was \$1,747,824.87.</p>		
Accrued Revenue on Investments (including dividends declared and payable in the immediate future)		33,894.53
Prepaid Charges		916.66
		<u><u>\$6,919,283.12</u></u>

LIABILITIES

Call Loans		\$ 843,208.00
<p>Securities having an aggregate value of \$924,776.25, based on available market quotations or in the absence thereof estimated fair values at 31st December 1933, have been hypothecated as collateral to these loans. In addition thereto, securities, lodged in safekeeping and having a value determined as aforesaid of \$776,831.02, are considered by the depositary as additional collateral to its loan under the terms of the hypothecation agreement given in respect to the said loan.</p>		
Accounts Payable		670.96
Interest on Debentures (payable in Canadian or U.S. Dollars and Sterling):		
Due 1st August 1933 and unpaid	\$ 60,000.00	
Accrued	50,000.00	
		<u>110,000.00</u>
Five Per Cent Thirty Year Debentures, Series "A", due 1st February, 1958, outstanding		2,400,000.00
xFive Per Cent Cumulative Convertible Preferred Stock:		
Authorized—100,000 shares of \$50.00 each	5,000,000.00	
Issued — 50,000 shares of \$50.00 each		2,500,000.00
(Dividends in arrears since 1st November 1931)		
xRedeemable in whole or in part, at any time after 1st January 1934, on 60 days' notice at \$52.50 per share plus accrued and unpaid dividends to date of redemption.		
Common Stock:		
Authorized—250,000 shares of no par value.		
Issued — 100,000 shares of no par value		950,000.00
Surplus		115,404.16
		<u><u>\$6,919,283.12</u></u>

Approved on behalf of the Board:

A. J. NESBITT }
M. A. THOMSON } Directors.

CANADIAN POWER AND PAPER
INVESTMENTS, LIMITED

Annual Report

For the Year ending December 31st, 1933

OFFICERS AND DIRECTORS

President A. J. NESBITT

Vice-President P. A. THOMSON

J. S. AIRD

M. A. THOMSON

Secretary L. C. HASKELL

Treasurer CHAS. JOHNSTONE

Assistant Secretary V. J. NIXON

Assistant Treasurer F. D. LAMONT

Auditors

P. S. ROSS & SONS

Head Office:

355 ST. JAMES STREET WEST
MONTREAL
CANADA