

Wayagamack Pulp & Paper Co. Limited

FIRST ANNUAL REPORT, 1913

Report of the Directors to the Shareholders.

As this is the first meeting of the Shareholders of the Company, we will briefly review the progress of construction and organization since the Company's inception.

In January, 1911, the well-known Baptist properties were secured, consisting of eleven hundred and twenty-one (1,121) square miles of timber limits on the St. Maurice River and its main tributaries, together with depôts, logging, booming and other river equipment, and extensive properties in the city of Three Rivers.

Your Directors secured the advice and services of a Canadian engineering firm, together with the advice of English and Swedish consulting engineers of the highest standing, for the planning and construction of the various portions of the plant; contracts being let and work begun in the spring of 1911. The construction of buildings and installation of machinery and plant, so far as completed, occupied about sixteen months, which, in view of the size and extent of the work, was a remarkably short time.

The plant is located on what was previously known as "Baptist Island," which is situated on the deep-water ship channel at the confluence of the St. Lawrence and St. Maurice Rivers. This island, previous to 1911, was the site of two old saw-mills, a lumber yard and a number of old dwellings. Before the beginning of actual construction, it was necessary first that these be cleared away; a railroad swing-bridge constructed across the channel, and sidings built on the island; a steel horse-bridge erected, roads laid out, operatives' houses built, extensive drainage system—in places twenty-three feet deep—put down; pumping and filtration plant, for manufacturing purposes, installed, with a daily capacity of three million five hundred thousand (3,500,000) gallons, and a network of fire protection laid down for the entire island.

Plant construction consisted in building and installing machine and carpenter shops, slasher house and log conveyors, chipping and storage systems, complete pulp mill and recovery furnaces; paper mill, consisting of beater, machine and finishing rooms; steam plant, electrical sub-station to handle power from Shawinigan, as well as a saw-mill of the latest design, equipped with double-acting band-saws, operated by an independent steam power plant, using sawdust fuel.

The plans comprised the construction of the plant with an initial capacity of fifty tons of pulp and fifty tons of finished paper, but so designed as to permit of its gradual extension to reach ultimately a capacity of two hundred tons of paper.

This policy necessitated the installation of considerable portions of the plant on a scale much larger than would have been required to deal with the present output. By having incurred these additional expenditures at the present stage, your Company will be enabled to effect the extension without disturbing the continued operation of the first units.

The pulp-wood plant was completed in sufficient time to operate during the summer of 1912, thereby furnishing the necessary supply of raw material for the operation of the paper plant when completed and started during the following winter. During the next four months the various parts of the pulp and paper mills were gradually put into operation, machinery tested, and samples of the product delivered to the trade for the purpose of securing the market.

The entire period of construction, installation and testing thus covered two years from the date of the purchase of the property, and your Directors can confidently state that your Company possesses the most up-to-date and efficient plant for the manufacture of sulphate pulp and "Kraft" paper now in operation.

Permanent running of the pulp and paper plant on the standard product was begun on the first day of January, 1913.

A paper master, from Sweden, of wide reputation, was secured as technical manager, and the quality of the paper produced has caused it to be most favorably received, not only in the domestic market, but in the markets of New Zealand, Australia, South Africa and the United States.

The profit and loss statement submitted covers one year's lumbering and the operation of the pulp and paper mills for six months. The net earnings, as appears from the statement, were \$256,773.99.

We believe that the Shareholders will be gratified to learn that the Company has established its earnings at such a level for this initial period, particularly as every operating factor is such as to indicate that the ultimate earning power will be far in excess of these figures.

A third paper machine is being erected and should be running by the beginning of September. The output of this

machine will be readily sold in conjunction with the present product and will complete the line of "Kraft" papers.

The Company derives great benefit from the operation of its saw-mill in conjunction with its pulp and paper mills. All timber cut is used either in the manufacture of pulp and paper or in the manufacture of lumber. In addition, all the waste material from the saw-mill is used either for the manufacture of paper, or in the production of steam to operate the plant.

Under the Company's policy of conserving their timber limits by the most modern and scientific methods, the supply of wood is practically inexhaustible. The value of these limits in standing timber, as well as in pulp-wood, is very great and is destined, of course, to grow more so each year.

We have to thank the staff for their very efficient service.

Submitted on behalf of the Directors.

J. N. GREENSHIELDS,

President.

Assets.

Cash and Accounts Receivable	\$ 145,787.35	
Inventory:—		
Pulp Wood	\$145,951.95	
Lumber in Yard	61,566.51	
Logs in Boom and River	285,708.91	
Stores:—		
At Mill	\$42,940.33	
Flamand Depôt ..	3,848.22	
Rat River Depôt ..	6,278.39	
	53,066.94	
Stock of Paper on Hand	54,990.00	
		601,284.31
Buildings, Plant and Machinery		2,077,784.34
Property, Limits, Real Estate, Etc.		6,560,807.35
		<u>\$9,385,663.35</u>

Liabilities.

Accounts Payable	\$190,371.69	
Bills Payable	118,207.05	
Loans	128,381.70	
Accrued Interest on Bonds, as at June 30th, due August 1st	87,500.00	
		\$ 524,460.44
Operation Charges Accrued	41,162.21	
Reserve Against Lumbering Operations and Contingencies	168,266.71	
		209,428.92
40-Year 6% 1st Mortgage Gold Bonds	\$3,500,000.00	
Common Stock	5,000,000.00	
		8,500,000.00
Profit and Loss		151,773.99
		<u>\$9,385,663.35</u>

Verified:—Three Rivers, P.Q., July 5th, 1913.

A. CINQ-MARS,

Chartered Accountant, C.A., F.C.A., (Can.),

Auditor.

Profit and Loss Account, June 30th, 1913.

Net Earnings, after providing for all charges, including expense of ad- ministration	\$256,773.99
Less Bond Interest	105,000.00
Net Profits	<u>\$151,773.99</u>

"Duluth Building," Montreal, July 7th, 1913.

J. N. Greenshields, K.C., Esq.,

President, Wayagamack Pulp and Paper

Company, Limited, Montreal.

Dear Sir,—I have at regular periods examined and audited the books and vouchers of the Wayagamack Pulp and Paper Company, Limited, at the Company's office, Three Rivers, Que., from the date of its organization to July 1st, 1913, and beg to report that I found the books to be correct and the vouchers complete and properly classified.

I have verified the Cash Balance as on June 30th, 1913, at the close of business.

I have also verified the Statements of Assets and Liabilities and Profit and Loss Account, dated June 30th, 1913.

Yours truly,

A. CINQ-MARS,

Chartered Accountant,

C.A., F.C.A., (Can.), Auditor.