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ANNUAL REPORT
OF **PACIFIC**
SUPERIOR PORTLAND CEMENT, INC.

1952



ANNUAL REPORT

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SUPERIOR PORTLAND CEMENT, INC. PROPERTIES



SUPERIOR PLANT

Cement Plant, limerock and clay quarries, located at Concrete, Washington.

Annual standard cement production capacity 1,800,000 barrels.



DIAMOND PLANT

Cement Plant and clay quarry, located at tidewater in the metropolitan business area of Seattle, Washington.

Limerock Quarry, located on Dall Island, Alaska.

Annual standard cement production capacity 900,000 barrels.



ALASKA FACILITIES

At Seward, Superior has machinery, buildings, dock and railroad spur on the city's deep-water, all year around port. These facilities receive bulk cement from ocean going scows and transfer it direct to railroad cars, or to a 30,000 barrel storage.

At Anchorage, Superior has machinery and a nominal storage transfer plant. This facility receives bulk cement from railroad cars and reloads it into bulk trucks for final delivery.

The real estate and building facilities in Alaska are leased properties. Operations there are carried out for Superior by established and responsible Alaskan firms. It will be possible in 1953 to serve Alaska customers with cement in bulk or packed in paper bags at Seward.

OFFICERS

C. N. REITZE
President

N. H. NELSON
Vice President
and General Manager

J. H. MCGOLDRICK
Secretary

H. E. THOMPSON
Treasurer
Assistant Secretary

P. R. BARRETT
Assistant Secretary

F. W. BAILEY
Assistant Treasurer

BOARD OF DIRECTORS

LAWRENCE M. ARNOLD HAROLD A. MILLER

THOMAS BALMER N. H. NELSON

J. H. MCGOLDRICK J. A. SWALWELL

C. N. REITZE

STOCK TRANSFER AGENT

OFFICE OF THE COMPANY, Seattle 1

STOCK REGISTRAR

SEATTLE-FIRST NATIONAL BANK, Seattle 14

BOND TRUSTEE

SEATTLE-FIRST NATIONAL BANK, Seattle 14

REPORT OF THE PRESIDENT

TO THE STOCKHOLDERS OF
SUPERIOR PORTLAND CEMENT, INC.

Presented herewith is the Annual Report of the Company for the year 1952. This concludes the forty-fourth year of operation of the Company.

EARNINGS

Net operating profit for 1952, after provision for Federal Income Taxes, was \$552,092 or \$4.06 per share on the 135,854 shares of outstanding Common Stock. This result compared with 1951 net operating profit of \$557,959 or \$4.11 per share. The estimated Federal Taxes on 1952 operations are \$781,946, as compared with 1951 Federal Taxes of \$869,888. The Federal Taxes per share of outstanding Common Stock in 1952 were \$5.76, as compared with \$6.40 in 1951.

Dividends were paid in 1952 at the rate of \$1.25 per share, totaling \$169,818, which was the same amount as paid in 1951.

During the year 1952, your Company purchased Superior 5% Debenture Bonds, due December 31, 1969, in the market, in amount of \$85,500, and issued a call for partial redemption of these bonds on December 31, 1952, in amount of \$300,000, or a total purchase for the year of \$385,500. This leaves a balance of Debenture Bonds outstanding as of December 31, 1952, \$2,505,700.

The outstanding \$2,505,700 Debenture Bonds are owned by 953 individuals and corporations with an average holding of \$2632.

The ownership is divided as follows: Men 368, owning \$943,000; Women 512, owning \$1,055,050; and others 73, owning \$507,650.

The ownership of the Bonds is largely held by our Common Stockholders. Of the 953 separate owners of these bonds, 534 names appear on our Common Stockholders' List.

The 135,854 shares of Common Stock outstanding are owned by 1220 individuals and corporations as of December 31, 1952, with an average holding of 111 shares per stockholder. The ownership is divided as follows: Men 548, owning 78,542 shares; Women 529, owning 35,120 shares; and others 143, owning 22,192 shares.

OPERATIONS

Both the Concrete and Seattle Plants were operated at near capacity in 1952.

The shut-down period at each plant was occasioned by necessary repairs being made.

Many changes and additions to continue our Plant modernization were made at both the Concrete and Seattle Plants to improve efficiency of operations.

Few changes were made to the Company's Distributing and Storage Facilities at Seward and Anchorage, Alaska.

The demand for cement from the Concrete, Seattle and Seward, Alaska, Plants remained strong throughout most of the year 1952.

A large part of our 1952 sales were in areas not normally served by our Company.

The extreme shortage of cement supply in our neighboring areas made it possible for Superior to supply substantial quantities at

profitable prices. Our sales of cement in 1952 exceeded those of 1951.

Our costs of manufacturing and selling cement in 1952 were satisfactory, in view of the continually rising costs of labor, supplies and transportation in and out of the plants. We received no price changes in 1952, as our cement prices have been frozen by the Government since September, 1950. All the added costs in 1952 had to be absorbed by your Company. We are hopeful that in the coming year we may get some relief from the Government price freeze to partly compensate for the continuing rising costs of labor, supplies and transportation.

Our labor relations have been very satisfactory and the turn-over in personnel has been at a minimum.

Group Life Insurance and Accident and Health Insurance was continued on all employees during the year 1952.

We have not operated the Alaska Quarry at Dall Island since we took possession September 1, 1949, although the property is available and ready as a source of raw material for the Seattle Plant. Cement rock has been supplied from our regularly operated Concrete Quarry to the Seattle Plant by rail. This source of limerock has been supplemented by our purchasing suitable limerock from local quarries.

The only important litigation in which this Company is now involved is the anti-trust suit instituted by the United States Department of Justice on June 28, 1945. The overwhelming majority of the cement companies in the United States are parties to this suit which raises substantially similar issues to those involved in the Federal Trade Commission anti-trust action in which a cease and desist

order was upheld by the Supreme Court of the United States. There has been very little action on the part of the Government during the last 12 months and it is not certain when, if ever, this suit will come to trial.

With the exception of 5 shares of Superior Portland Cement, Inc., Class "A" Stock, all preferred stock has been converted into Debenture Bonds and Common Stock, as provided for in the Plan of Recapitalization, approved in 1945. Also, 46 shares of Class B Common Stock remain outstanding that have not been exchanged for the new Common Stock.

Interest on Debenture Bonds, in amount \$141,650 was paid during the year 1952 and the Sinking Fund requirements for 1953 in amount \$109,720 are more than provided for by the purchase of bonds in the amount of \$385,500, which amount is greatly in excess of that required under the terms of the Bond Indenture. There is at present in the Sinking Fund \$209,550 worth of Bonds.

On October 2, 1952, Superior lost by death, our Director Charles W. Stimson, who had capably and loyally served this Corporation as a Director since January, 1946. His broad experience and his wise counsel was most helpful to the Officers, Directors and Stockholders.

PROSPECTS FOR 1953

Under the general conditions that exist, it is exceedingly difficult to predict the amount of cement business that may be offered to your Company in 1953.

Should present building restrictions and Government Controlled Materials Plan regulations continue to become tighter, a surplus of

cement could develop almost over night, even though the cement industry capacity has been greatly increased in the years just ended.

Present and future Government controls will have much effect on the quantity of new business that will be offered. Barring harsh controls, it is reasonable to expect that your Company will enjoy approximately as much business in 1953 as it had in 1952.

We are entering the year 1953 with substantial inventories and substantial cement barrelage under contract, and both of our Plants are in excellent state of repair.

The able counsel of your Board of Directors given your management throughout the year has been of great value and is acknowledged with gratitude.

The continued loyal support of our customers, stockholders, directors, officials and employees of the Company have materially contributed to the achievements of the Company during the past year, and this is deeply appreciated by the management.

Respectfully submitted,

C. N. Reitz
President

Seattle, Washington

January 19, 1953

PEAT, MARWICK, MITCHELL & CO.

CERTIFIED PUBLIC ACCOUNTANTS

(INCORPORATING BARROW, WADE, GUTHRIE & Co.)

STUART BUILDING

SEATTLE 1, WASHINGTON

NEW YORK
ATLANTA
BALTIMORE
BILLINGS
BOSTON
BUFFALO
CHARLOTTE
CHICAGO
CINCINNATI
CLEVELAND
DALLAS
DENVER
DETROIT
GREENSBORO
HOUSTON
INDIANAPOLIS
KANSAS CITY
LINCOLN
LOS ANGELES
MEMPHIS
MILWAUKEE
MINNEAPOLIS
NEWARK
NEW ORLEANS
OKLAHOMA CITY
OMAHA
PHILADELPHIA
PITTSBURGH
PORTLAND
ST. LOUIS
SALT LAKE CITY
SAN FRANCISCO
SAN JOSE
SEATTLE
SHREVEPORT
TERRE HAUTE
TULSA
WASHINGTON
WATERBURY

AFRICA
AUSTRALIA
CANADA
CONTINENTAL EUROPE
CUBA
GREAT BRITAIN
HONG KONG
INDIA
JAPAN
MEXICO
SOUTH AMERICA

ACCOUNTANTS' REPORT

The Board of Directors,

Superior Portland Cement, Inc.,

Seattle, Washington

We have examined the consolidated balance sheet of Superior Portland Cement, Inc. and its subsidiary as of December 31, 1952 and the related statements of consolidated income and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated income and surplus present fairly the financial position of Superior Portland Cement, Inc. and its subsidiary at December 31, 1952 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat Marwick Mitchell & Co.

Seattle, Washington

January 15, 1953

AS OF DECEMBER 31, 1952 AND DECEMBER 31, 1951

<u>ASSETS</u>				<u>LIABILITIES</u>	
	December 31 1952	December 31 1951		December 31 1952	December 31 1951
CURRENT ASSETS:			CURRENT LIABILITIES:		
Cash	\$ 937,511	871,201	Accounts payable	\$ 195,392	107,241
U. S. Government securities—at cost	820,459	615,228	Accrued expenses	172,578	113,334
Customers' accounts receivable, less reserve of \$13,478 for 1952 and \$9,747 for 1951	365,647	294,646	Provision for Federal taxes on income	813,041	902,321
Prepaid expenses	82,505	78,579	TOTAL CURRENT LIABILITIES	1,181,011	1,122,896
Inventories, at cost, not in excess of replacement market:			5% Debenture Bonds (subordinated)—due December 31, 1969 (sinking fund requirements in 1953, \$109,720, in 1952, \$111,048)	2,715,250	3,126,550
Cement—finished and in process	488,634	767,445	Less in treasury	209,550	235,350
Raw materials	508,020	398,242		<u>2,505,700</u>	<u>2,891,200</u>
Manufacturing supplies	850,034	833,019	Capital Stock and Surplus:		
	<u>1,846,688</u>	<u>1,998,706</u>	Class "A" \$.25 Preferred stock, par value \$50.00 per share:		
TOTAL CURRENT ASSETS	4,052,810	3,858,360	Outstanding 5 shares	250	250
Investments in sundry stocks	35,278	25,278	Common Stock, no par value:		
Fixed Assets:			Authorized—136,000 shares		
Lime rock quarries at values as determined by management in 1935, plus subsequent additions at cost, less allowance for depletion	1,368,782	1,435,634	Outstanding—135,854 shares	891,981	891,981
Real estate and properties	218,720	218,720	Paid-in surplus	154,816	154,816
Plant and equipment, at cost:			Earned surplus	<u>4,186,470</u>	<u>3,804,196</u>
Buildings and structures	1,602,109	1,587,403		<u>5,233,517</u>	<u>4,851,243</u>
Machinery and equipment	2,909,484	2,877,820			
	<u>4,511,593</u>	<u>4,465,223</u>			
Less Allowance for Depreciation	2,531,958	2,406,108			
	<u>1,979,635</u>	<u>2,059,115</u>			
Total Fixed Assets (net)	3,567,137	3,713,469			
Potential water rights and franchise—as valued by Board of Directors in 1926	1,210,000	1,210,000			
Deferred charges—debenture expense, less amortization	55,003	58,232			
	<u>\$8,920,228</u>	<u>8,865,339</u>		<u>\$8,920,228</u>	<u>8,865,339</u>

SUPERIOR PORTLAND CEMENT, INC. AND SUBSIDIARY

COMPARATIVE STATEMENT OF CONSOLIDATED INCOME

For the Years Ended December 31, 1952 and December 31, 1951

	1952	1951
Net Sales	\$6,709,476	6,372,637
Cost of Sales, selling, administrative and general expenses	5,047,877	4,618,821
Depreciation and depletion	208,779	196,001
	<u>5,256,656</u>	<u>4,814,822</u>
Operating profit	1,452,820	1,557,815
Other income including interest, rents, etc.	29,899	23,186
	<u>1,482,719</u>	<u>1,581,001</u>
Income deductions:		
Interest on 5% debentures	141,650	149,925
Debenture expense amortized and premiums	7,031	3,229
	<u>148,681</u>	<u>153,154</u>
Income before Federal taxes on income	\$1,334,038	1,427,847
Provision for Federal taxes on income (including excess profits taxes of \$112,480 for 1952 and \$153,469 for 1951)	781,946	869,888
Net income	<u>\$ 552,092</u>	<u>557,959</u>

SUPERIOR PORTLAND CEMENT, INC. AND SUBSIDIARY

COMPARATIVE STATEMENT OF CONSOLIDATED EARNED SURPLUS

For the Years Ended December 31, 1952 and December 31, 1951

	<u>1952</u>	<u>1951</u>
Balance at beginning of year	\$3,804,196	3,416,055
Consolidated net income for the year	<u>552,092</u>	<u>557,959</u>
	4,356,288	3,974,014
Deduct—dividends paid (\$1.25 per share for 1952 and 1951)	<u>169,818</u>	<u>169,818</u>
Balance at end of year	<u><u>4,186,470</u></u>	<u><u>3,804,196</u></u>

PAID-IN SURPLUS

Balance at December 31, 1952 and 1951	<u><u>\$ 154,816</u></u>	<u><u>154,816</u></u>
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The entire annual report, including financial statements, is presented for the information of stockholders and nothing herein contained is submitted or shall be taken as an inducement to buy, hold or sell any shares or other securities of the Company.

