

FOREIGN POWER SECURITIES CORPORATION LIMITED

355 St. James Street West

MONTREAL

February 5th, 1957

To the Shareholders:—

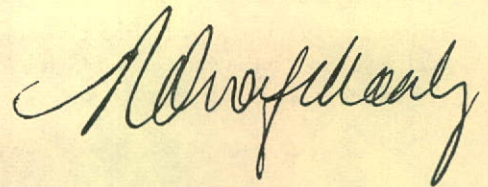
Your Directors submit herewith the Annual Report for the fiscal year ended October 31st, 1956.

The seventh and final annual indemnity instalment for the nationalized French public utility securities of your Corporation became due and was paid in Paris, in French francs, in June 1956. The proceeds of this payment, together with the proceeds of the sale of the balance of our security holdings in France, were repatriated to Canada and invested in Canadian enterprises.

You will be asked to sanction Special By-law "H" of the By-laws of the Company enacted by the Directors on the 24th day of January, 1957, providing for the increase in the capital stock of the Company from 55,000 common shares without nominal or par value to 750,000 common shares without nominal or par value, by the creation of 695,000 additional common shares without nominal or par value ranking *pari passu* in all respects with the existing common shares, and Special By-law "I" of the By-laws of the Company enacted by the Directors on the 24th day of January, 1957, providing that, for the amount of any dividend which the Directors may lawfully declare payable in money, they may issue common shares of the Company as fully paid, the whole as set forth in the Notice of the Special General and Annual General Meeting of Shareholders to be held on the 21st day of February, 1957.

Your Directors propose that, if the said Special By-laws are sanctioned at the Shareholders' Meeting and if Supplementary Letters Patent are obtained from the Secretary of State of Canada confirming Special By-law "H", they will capitalize an amount of \$2,000,000.00 out of the capital surplus realized on the sale of the French securities and credit such amount on 495,000 of the additional common shares and thereupon pay to the Shareholders pro rata a stock dividend in fully paid up common shares.

Respectfully submitted on behalf of the Board,



President.

FOREIGN POWER SECURITIES CORPORATION LIMITED

(Incorporated under the Dominion of Canada Companies Act)

BALANCE SHEET — OCTOBER 31 1956

ASSETS

INVESTMENTS AND ADVANCES:

Subsidiary companies, at cost —		
Shares	\$1,201,533.60	
Bonds	148,623.50	\$1,350,157.10
Other —		
Quoted securities, at cost (market value approximately \$1,605,000)	\$1,915,418.53	
Unquoted securities, at cost	230,725.00	
Advances	25,000.00	2,171,143.53
		\$3,521,300.63
Less: Reserve		207,316.80
		\$3,313,983.83
ACCRUED INTEREST ON INVESTMENTS		7,004.33
		\$3,320,988.16
CASH		2,541.17
PREPAID ACCOUNTS		612.58
		\$3,324,141.91

LIABILITIES

ACCRUED LIABILITIES	\$ 1,810.00	
ESTIMATED INCOME TAXES	1,483.58	\$ 3,293.58
CAPITAL STOCK AND SURPLUS:		
Capital stock, authorized and issued —		
55,000 common shares without nominal or par value		\$ 875,000.00
(The paid-up capital of the company has been reduced by the repayment to the shareholders on January 27 1956 of \$1,100,000 of capital which was in excess of the wants of the company, in accordance with By-law "G" sanctioned at a special general meeting of shareholders on November 24 1955 and confirmed by Supplementary Letters Patent dated January 30 1956).		
Capital surplus —		
Balance as at October 31 1955	\$ 668,534.04	
Profit on sale of investment in France	1,484,670.05	
Excess of final indemnity received in respect of investments in companies whose shares were nationalized by the French Government over the estimated amount receivable at October 31 1955	185,088.74	2,338,292.83
Earned surplus —		
Balance as at October 31 1955	\$ 64,653.96	
Net revenue for the year ended October 31 1956	42,633.64	
Adjustment of 1953 income taxes	267.90	107,555.50
		\$3,320,848.33
		\$3,324,141.91

Signed on behalf of the Board:

R. DE WOLFE MACKAY, Director

W. HOWARD WERT, Director

FOREIGN POWER SECURITIES CORPORATION LIMITED

STATEMENT OF REVENUE AND EXPENSES FOR THE YEAR ENDED OCTOBER 31 1956

REVENUE:

Net dividends and interest on investments in France (Fcs. 8,997,620)	\$ 25,185.01
Dividends and interest on investments in Canada	58,975.87
	\$ 84,160.88

EXPENSES:

Expenses in France	\$ 16,125.23	
Directors' fees	2,703.35	
Legal expenses	545.00	
Repayment of capital	3,447.15	
Other expenses	12,206.51	35,027.24
		\$ 49,133.64
Provision for Canadian taxes on income		6,500.00
		\$ 42,633.64
		\$ 42,633.64

AUDITORS' REPORT

To the Shareholders,

Montreal, November 19 1956

Foreign Power Securities Corporation Limited:

We have examined the balance sheet of Foreign Power Securities Corporation Limited as at October 31 1956 and the statement of revenue and expenses 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 our opinion, the accompanying balance sheet and statement of revenue and expenses are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Corporation as at October 31 1956 and the result of its operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the Corporation.

The aggregate profits less losses of subsidiary companies have not been included in the accounts of the Corporation. No dividends were received from subsidiary companies during the year ended October 31 1956.

PRICE WATERHOUSE & CO.
Chartered Accountants.

C
Stack

**FOREIGN POWER SECURITIES
CORPORATION LIMITED**

~

Annual Report

For the Year ended October 31st, 1956

~

DIRECTORS

- F. BONNIER DE LA CHAPELLE
- P. P. DAIGLE
- T. IRVING
- R. DE WOLFE MACKAY, Q.C.
- P. N. THOMSON
- W. HOWARD WERT, C.A.
- A. J. WISHART

OFFICERS

President

R. DE WOLFE MACKAY, Q.C.

Vice-President

W. HOWARD WERT, C.A.

Secretary

V. J. NIXON

Treasurer

T. IRVING

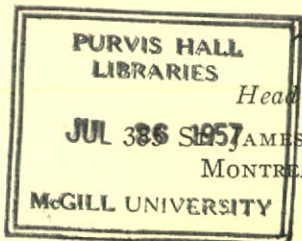
Assistant Secretary

J. W. CUNNINGHAM, C.A.

Assistant Treasurer

E. L. JOWETT, C.A.

Auditors PRICE WATERHOUSE & Co.
Transfer Agents MONTREAL TRUST COMPANY
Registrar ROYAL TRUST COMPANY



Head Office

115 JAMES STREET WEST
MONTREAL, QUE.