

FOREIGN POWER SECURITIES CORPORATION, LIMITED

355 ST. JAMES STREET WEST
MONTREAL

January 10th, 1934.

To the Shareholders:

A general survey of the electrical power industry throughout the Republic of France covering the fiscal year ended October 31st, 1933, reflects little change over conditions prevailing in 1932. Agricultural and domestic demands improved steadily; but in the larger centres, in the metallurgical, coal and electro-chemical industries especially, requirements for electrical energy are still sub-normal.

The total consumption of power in France is slightly better than 1932, and was produced in the ratio of 55% hydro and 45% steam. Development of new power sites was very limited, and only three developments, amounting to 10,000 k.w. in total, were approved during the year.

L'Energie Industrielle and its associated companies continue to consolidate their position and now supply the City of Lyon exclusively with light, power and gas. Other companies, whose securities are held, have not extended their activities to any great extent.

During the year your Company purchased and cancelled \$193,500 of its Debentures, thus reducing the issue outstanding to \$4,172,000. It is also pointed out that discount on bonds, shown in the Balance Sheet, has been reduced from \$149,481.40 to \$62,473.25.

The market value of the securities held by your Company as at October 31st, 1933, was \$5,337,268.40, against a book value of \$10,481,483.70. These market values as at present prevailing are not considered as reflecting the real value of these securities, and are due in most part to the fact that the French Republic is only now passing through the low stages of the economic depression which had not been felt as acutely as in other countries. The conservation of cash resources and absence of private capital in such periods has had marked influence in depreciating stock and bond security issues throughout France.

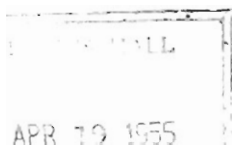
During the year your Company liquidated some securities in France, on account of favourable exchange rates, which resulted in a net profit on the transactions of \$332,400.51, which profit was transferred directly to an Investment Reserve.

In view of conditions as outlined above and the fact that revenues from securities held have not yet increased to an appreciable extent, your Directors have had to continue deferment of quarterly dividends on the Preferred Stock, which dividends are cumulative.

Your Directors have every confidence in the future of the hydro-electric industry in France, and as economic conditions improve throughout the French Republic, believe that continued expansion of the electric industry, with resultant increase in earnings, should take place.

Respectfully submitted on behalf of the Board.


President.



FOREIGN POWER SECURITIES CORPORATION, LIMITED

Revenue Account

For the year ending October 31st, 1933

Dividends and Interest on Investments		\$275,163.27
Interest on Bonds (including U.S. Premium of \$36,879.03)	\$ 293,068.42	
Expenses.....	21,126.89	
Balance		39,032.04
	<u>\$314,195.31</u>	<u>\$314,195.31</u>

Surplus Account

For the year ending October 31st, 1933

Balance at Credit, October 31, 1932		\$908,626.03
Deficit in Revenue Account for the year ending October 31, 1933... ..	\$ 39,032.04	
Balance at Credit, October 31, 1933	869,593.99	
	<u>\$908,626.03</u>	<u>\$908,626.03</u>

Auditors' Report to the Shareholders

We have made an examination of the books and accounts of Foreign Power Securities Corporation, Limited, for the year ending October 31, 1933, and have received all the information and explanations which we have required. We have verified the securities by inspection or by certificate from the depositaries, and we report that the Balance Sheet at October 31, 1933, in our opinion, shows the true financial position of Foreign Power Securities Corporation, Limited, at that date, according to the best of our information and the explanations given to us, and as shown by the books of the Corporation.

(Signed) PRICE, WATERHOUSE & CO.,

Auditors.

MONTREAL, December 11th, 1933.

FOREIGN POWER SECURITIES CORPORATION, LIMITED

Balance Sheet as at October 31st, 1933

ASSETS

	1933	1932
Investments at Book Value*.....	\$10,481,483.70	\$11,395,588.95
Cash and Call Loans.....	379,765.07	371,589.04
Accounts Receivable—since collected.....	1,028,160.80	
Accrued Interest and Dividends declared.....	34,056.51	31,250.57
Prepaid Accounts.....	892.67	852.36
Discount on Bonds.....	62,473.25	149,481.40

*Based on quoted market prices (and including \$364,798.50 cost value of unquoted foreign securities) investments at October 31, 1933, had, in Canadian Currency at exchange rates of that date, a value of \$5,337,268.40.

	\$11,986,832.00	\$11,948,762.32
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LIABILITIES

To THE PUBLIC:

	1933	1932
First Collateral Trust 6% Convertible Bonds, Series "A", 1949, Authorized \$50,000,000.00*.....	\$4,172,000.00	\$4,365,500.00
Bond Interest Accrued*.....	104,300.00	109,137.50
Accounts Payable and Accrued Liabilities.....	8,537.50	8,498.79
Reserve for Income Tax.....		57,000.00

	\$4,284,837.50	\$4,540,136.29
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Investment Reserve—being Profit on Sale of Securities (net)..... 332,400.51

To THE SHAREHOLDERS:

6% Cumulative Participating Preferred Stock**		
Authorized—50,000 shares of \$100.00 each		
Issued —50,000 shares of \$100.00 each.....	5,000,000.00	5,000,000.00

NOTE:—Dividends on 6% Preferred Stock are in arrears for 18 months ending October 31, 1933.

Common Stock (of No Par Value):

Authorized..... 250,000 shares

Held for Conversion of Bonds... 90,000 shares

Unissued..... 35,000 shares

125,000 shares

Outstanding..... 125,000 shares \$2,660,000.00
of which there has been attributed to Surplus 1,160,000.00

Surplus Balance..... \$1,500,000.00
869,593.99

	2,369,593.99	2,408,626.03
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	\$11,986,832.00	\$11,948,762.32
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Contingent Liability: Drafts endorsed and sold by the Company 3,934,800 fcs.

*Payable in Canada, London or New York at holder's option.

** (Redeemable at the option of the Company in whole or in part at \$105 per share on any dividend date after 30 days' notice.)

Approved on behalf of the Board:

A. J. NESBITT }
JAS. B. WOODYATT } Directors.

FOREIGN POWER SECURITIES
CORPORATION, LIMITED

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Annual Report

For the Year ending October 31st, 1933

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OFFICERS

President

A. J. NESBITT, Montreal

Vice-President

JAS. B. WOODYATT, Montreal

Directors

A. J. NESBITT.....Montreal
L. C. HASKELL.....Montreal
E. R. PARKINS, K.C.....Montreal
P. A. THOMSON.....Montreal
GUY M. TODD.....Montreal
JAS. B. WOODYATT.....Montreal

Secretary

L. C. HASKELL

Treasurer

CHAS. JOHNSTONE

Assistant-Secretary

V. J. NIXON

Assistant-Treasurer

T. IRVING

Fiscal Agents

NESBITT, THOMSON & COMPANY, LIMITED

Auditors

PRICE, WATERHOUSE & COMPANY

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Head Office

355 ST. JAMES STREET WEST
MONTREAL
CANADA