

FOREIGN POWER SECURITIES CORPORATION, LIMITED

355 ST. JAMES STREET WEST
MONTREAL

January 5th, 1937

To the Shareholders:

Your Directors submit herewith the Annual Report for the year ended October 31st, 1936.

Economic conditions in France showed little change during the year. A slight increase in hydro-electric output of about 4% over the previous year was recorded.

The security values of your Company's holdings reflect the unsettled conditions in France, and based on Canadian currency with exchange rates as of October 31st were valued at \$2,995,009.21 against a book value of \$10,397,765.46. Since the close of the fiscal year, however, the market value has increased over \$250,000.

During the year your Company purchased in the open market \$34,500 of its bonds, which were cancelled, thus reducing the issue outstanding to \$2,362,000.00. Discount on bonds purchased for redemption during the year, amounting to \$9,325.00, together with net operating earnings of \$10,049.43 was carried forward to Earned Surplus Account.

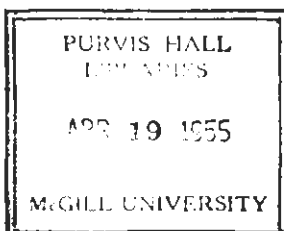
Prevailing conditions have necessitated the continued deferment of quarterly dividends on the Preferred Stock, which dividends are cumulative.

The outlook for the coming year is dependent upon improvement in business conditions in France and increased power consumption. If this occurs it should be reflected in the appreciation of security prices on the French Bourse, which at the present time are very low and not in line with real values.

Now that the franc has been devalued, it is hoped that business conditions will improve in France during the coming year.

Respectfully submitted on behalf of the Board.


President



FOREIGN POWER SECURITIES CORPORATION, LIMITED

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Statement of Revenue and Expenses and Earned Surplus

For the year ending October 31st, 1936

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Dividends and Interest on Investments (including \$49,738.75 premium earned on exchange of French francs).....		\$175,074.36
DEDUCT:		
Interest on Bonds (including premium on exchange of \$2,475.10)	\$144,293.70	
Directors' Fees.....	1,380.00	
Executive Salaries.....	3,600.00	
Legal Fees.....	1,020.00	
Expenses.....	14,731.23	165,024.93
Net Earnings for the year ending October 31, 1936.....		\$ 10,049.43
Discount on Company's Bonds (purchased for redemption)....		9,325.00
Earned Surplus, Balance at October 31, 1935.....	\$619,146.13	
LESS: Adjustments affecting prior years.....	781.66	618,364.47
Earned Surplus, Balance at October 31, 1936.....		<u>\$637,738.90</u>

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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, 1936, and have received all the information and explanations which we have required. We have verified the securities by inspection or by certificates from the depositaries, and we report that the Balance Sheet at October 31, 1936, 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 4th, 1936.

FOREIGN POWER SECURITIES CORPORATION, LIMITED

(Incorporated under the Dominion of Canada Companies' Act)

Balance Sheet as at October 31st, 1936

ASSETS

	1936	1935
Investments at Book Value	\$10,397,765.46	\$10,581,074.68
NOTE:—Based on quoted market prices (and including \$369,699.50 cost value of unquoted foreign securities) Investments at October 31, 1936, had, in Canadian currency at exchange rates of that date, a value of \$2,995,009.21.		
Cash and Call Loans	183,714.50	23,546.21
Accrued Bond Interest and Dividends declared	25,570.95	27,242.38
Prepaid Accounts	2,264.86	666.88
	<u>\$10,609,315.77</u>	<u>\$10,632,530.15</u>

LIABILITIES

TO THE PUBLIC:	1936	1935
First Collateral Trust 6% Convertible Bonds, Series "A", due 1949—		
Authorized \$50,000,000.00 of which \$5,000,000.00 have been issued	\$ 2,362,000.00	\$ 2,396,500.00
Bond Interest Accrued**	59,050.00	59,912.50
Accounts Payable and Accrued Liabilities	3,794.53	3,800.56
Reserve for Dominion and Provincial Income Taxes	25.00	557.77
Investment Reserve—being profit on sale of securities (net)	415,891.51	421,797.36
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: Dividend in arrear \$27.00 per share.		
Common Stock (of no par value)		
Authorized—250,000 Shares of which 125,000 Shares are issued and outstanding at a stated value of	1,500,000.00	1,500,000.00
Distributable Surplus:		
being balance of an amount of \$1,160,000.00 set aside at October 18, 1931, from the proceeds of Common Shares	630,815.83	630,815.83
Earned Surplus:		
Balance as per statement attached	637,738.90	619,146.13
**Payable in Canada, London or New York at holders' option.		
*Redeemable at the option of the Company on any dividend date, after thirty days notice, in whole or in part, at \$105.00 per share plus accrued dividends.		
	<u>\$10,609,315.77</u>	<u>\$10,632,530.15</u>

Approved on behalf of the Board:

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

FOREIGN POWER SECURITIES
CORPORATION, LIMITED



Annual Report
For the year ending October 31st, 1936



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
ROBERT DESPRES.....Paris, France

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



Head Office

355 ST. JAMES STREET WEST
MONTREAL
CANADA