

FOREIGN POWER SECURITIES CORPORATION, LIMITED

355 ST. JAMES STREET WEST

MONTREAL

January 5th, 1938.

To the Shareholders:

Your Directors submit herewith the Annual Report for the year ended October 31st, 1937.

Economic conditions in France showed little change during the year. A slight increase in both steam and hyro-electric power output over the previous year was recorded.

During the year there has been a decided change in the value of the franc, the price falling from over 5¢ to the present rate of 3.40¢; consequently, this has had the effect of reducing the value of your Company's securities as transferred into Canadian dollars, and also the revenue of your Company in changing the money from francs to Canadian currency.

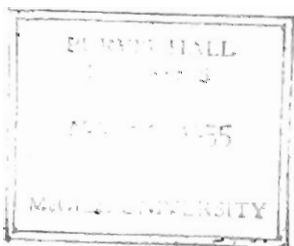
The security values of your Company's holdings reflect the unsettled conditions in France, and based on Canadian currency, with exchange rates as of October 31st, were valued at \$2,613,730 (as compared with \$2,995,009 a year ago) against a book value of \$9,722,420.

During the year your Company purchased \$226,500 of its Bonds, which were cancelled, thus reducing the issue outstanding to \$2,135,500. Discount on Bonds purchased for redemption during the year, amounting to \$67,743.75, together with net operating earnings of \$3,268.64, was carried forward to Earned Surplus Account.

The outlook for the coming year is largely dependent upon any improvement in conditions in France, and this to some extent depends on world conditions. Your Directors hope for improved conditions, in which event there should be increased revenue from some of the companies which have deferred their dividends.

Respectfully submitted on behalf of the Board.


President.



FOREIGN POWER SECURITIES CORPORATION, LIMITED

Statement of Revenue and Expense and Earned Surplus

For the year ending October 31st, 1937

Dividends and Interest on Investments (including \$16,112.38 premium earned on exchange of French francs).....		\$165,291.22
DEDUCT:		
Interest on Bonds (including premium on exchange of \$766.52)	\$139,975.65	
Directors' Fees.....	1,340.00	
Executive Salaries.....	3,600.00	
Legal Fees.....	130.00	
Expenses.....	16,976.93	162,022.58
Net earnings for the year ending October 31, 1937.....		\$ 3,268.64
Discount on Company's Bonds (purchased for redemption).....		67,743.75
Earned Surplus, Balance at October 31, 1936.....		637,738.90
Earned Surplus, Balance at October 31, 1937.....		<u>\$708,751.29</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, 1937, 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, 1937, 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 9th, 1937.

FOREIGN POWER SECURITIES CORPORATION, LIMITED

(Incorporated under the Dominion of Canada Companies' Act)

Balance Sheet as at October 31st, 1937

ASSETS		
	1937	1936
Investments at Book Value.....	\$9,722,419.51	\$10,397,765.46
NOTE:—Based on quoted market prices (and including \$390,034.50 cost value of unquoted foreign securities) Investments at October 31, 1937, had, in Canadian Currency at exchange rates of that date, a value of \$2,613,730.06.		
Cash and Call Loans	210,071.38	183,714.50
Accrued Dividends and other Accounts Receivable	31,862.81	25,570.95
Prepaid Accounts	2,066.59	2,264.86
	<u>\$9,966,420.29</u>	<u>\$10,609,315.77</u>
LIABILITIES		
	1937	1936
TO THE PUBLIC:		
First Collateral Trust 6% Bonds, Series "A", due 1949—		
Authorized \$50,000,000.00 of which \$5,000,000.00 have been issued	\$2,135,500.00	\$2,362,000.00
Bond Interest Accrued*	53,387.50	59,050.00
Accounts Payable and Accrued Liabilities	3,346.97	3,794.53
Reserve for Dominion and Provincial Income Taxes	4,026.77	25.00
Investment Reserve—being Profit on Sale of Securities (net)	415,891.51	415,891.51
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 in arrear \$33.00 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 the balance of \$1,160,000.00 set aside at October 18, 1931, from the proceeds of Common Shares after deducting losses of \$485,299.58 on investments realized during year	145,516.25	630,815.83
Earned Surplus:		
Balance as per statement attached	708,751.29	637,738.90
	<u>\$9,966,420.29</u>	<u>\$10,609,315.77</u>

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

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

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, 1937

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