AUX ACTIONNAIRES DE UNITED AMUSEMENT CORPORATION LIMITED

Nous avons l'honneur de soumettre avec les présentes le bilan consolidé au 30 décembre 1967 ainsi que les états des pertes et profits, du surplus gagné et des mouvements de trésorerie qui seront présentés aux actionnaires à l'assemblée annuelle qui se tiendra à Montréal le 23 avril 1968.

Les profits d'exploitation y compris les dividendes de toutes provenances pour l'année financière, après provision pour tous les frais d'exploitation, dépréciation et impôts fédéral et provincial sur le revenu, se sont élevés à $483,472., soit approximativement $1.66 par action, en se basant sur le nombre d'actions émises moins les actions détenues par les filiales, en comparaison avec des profits de $513,601., soit approximativement $1.75 par action pour l'année financière 1966. Les profits sur la vente de l'actif immobilisé et des valeurs se sont élevés à $17,467., soit approximativement $0.06 par action en comparaison avec $8,381., soit approximativement $0.03 par action, pour l'année précédente.

Les dividendes versés pendant l'année financière se sont élevés à $1.30 par action, soit le même montant que pour l'année précédente.

Soumis au nom du Conseil d'administration,
R.W. Bolstad, Président.

TO THE SHAREHOLDERS OF UNITED AMUSEMENT CORPORATION LIMITED

Submitted herewith are the consolidated balance sheet as at December 30, 1967, and the related statements of earnings, retained earnings and source and disposition of funds as they will be presented to the shareholders at the Annual Meeting, to be held in Montreal on April 23, 1968.

Earnings from operations including dividends from all sources for the fiscal year after providing for all operating costs, full depreciation and Federal and Provincial income taxes amounted to $483,472, approximately $1.66 per share based on the shares outstanding less subsidiary holdings, as compared with earnings of $513,601, approximately $1.75 per share in the 1966 fiscal year. Profits on the sale of fixed assets and securities amounted to $17,467, approximately $0.06 per share as compared with $8,381, approximately $0.03 per share for the preceding year.

Dividends paid during the fiscal year amounted in total to $1.30 per share, the same amount as for the preceding year.

Submitted on behalf of the Board,
R.W. Bolstad, President.

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CONSOLIDATED BALANCE SHEET — DECEMBER 30, 1967

ASSETS

		1967	*1966*
CURRENT ASSETS:			
Cash		$ 21,200	*$ 19,975*
Marketable securities, at cost (including an investment in an affiliated company of $131,162) (total market value December 30, 1967 $1,162,331)		1,188,094	*1,188,094*
Receivable from director		11,271	*20,370*
Receivable from affiliated companies		26,924	*24,710*
Other receivables		76,231	*82,994*
Inventories of supplies at the lower of cost or market		51,877	*86,387*
Prepaid expenses		133,178	*168,207*
		1,508,775	*1,590,737*
INVESTMENTS, AT COST:			
Investment in shares of affiliated companies		1,169,930	*1,169,930*
Advances to affiliated companies		909,000	*853,000*
Shares and advances — 50% owned companies		49,501	*101,701*
Other investments		14,801	*84,000*
		2,143,232	*2,208,631*
FIXED ASSETS, AT COST:			
Land		1,050,327	*1,050,940*
Buildings and equipment		9,377,165	*8,540,115*
Leaseholds		75,268	*79,658*
		10,502,760	*9,670,713*
Less: Accumulated depreciation		5,783,235	*5,492,959*
		4,719,525	*4,177,754*
OTHER ASSETS:			
Special refundable tax		20,057	*18,061*
Deposit on prior years' income tax		—	*48,902*
		20,057	*66,963*
DEFERRED INCOME TAXES		8,000	*(27,475)*
GOODWILL AND FRANCHISE		1	*1*
		$8,399,590	*$8,016,611*

LIABILITIES

		1967	*1966*
CURRENT LIABILITIES:			
Bank indebtedness		$ 997,776	*$ 625,000*
Accounts payable and accrued expenses		253,702	*248,472*
Income taxes		90,374	*172,557*
Mortgage payable due within one year		36,250	*36,250*
		1,378,102	*1,082,279*
MORTGAGE PAYABLE:			
Due in equal instalments from 1968 to 1976 at 6% interest, less amount due within one year included above		290,000	*326,250*
MINORITY INTERESTS		14,694	*13,294*
SHAREHOLDERS' EQUITY:			
Capital stock —			
Authorized —			
300,000 Class "A" shares of no par value			
100,000 Class "B" non-voting shares of no par value			
Issued —			
Class "A"	270,832	1,596,700	*1,596,700*
Less: Subsidiary holdings	28,189	215,965	*215,965*
	242,643	1,380,735	*1,380,735*
Class "B"	52,484	253,025	*253,025*
Less: Subsidiary holdings	3,640	29,871	*29,871*
	48,844	223,154	*223,154*
RETAINED EARNINGS		5,112,905	*4,990,899*
		6,716,794	*6,594,788*
		$8,399,590	*$8,016,611*

APPROVED ON BEHALF OF THE BOARD:
R. W. BOLSTAD, *Director*
G. R. ARNOTT, *Director*

Note 1: The company is contingently liable with respect to the guarantee of a bank loan of an affiliated company in the amount of $150,000 at December 30, 1967.

Note 2: Rentals payable under leases expiring more than three years from December 30, 1967 aggregate approximately $87,000 per annum.

Note 3: An option was granted to a director of the company in 1966 to purchase 5,000 Class "A" shares of the capital stock of the company at $20. each. The option expires in 1969 and to date no part of the option has been exercised.

Note 4: Remuneration of directors, as directors and officers, amounted to $53,502 in 1967 and $72,900 in 1966.

Note 5: Certain of the 1966 accounts have been reclassified for comparative purposes.

ORPORATION LIMITED

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CONSOLIDATED STATEMENT OF EARNINGS
for the fiscal year ended December 30, 1967

	1967	1966
Theatre admissions (excluding amusement taxes), confection revenue and other income	$5,946,027	$5,913,744
Theatre operating and administration expenses	5,325,757	4,891,709
	620,270	1,022,035
Dividends received —		
Affiliated companies	24,768	36,480
Other	274,639	122,535
Interest earned	50,420	37,682
	970,097	1,218,732
Deduct:		
Depreciation	291,563	292,919
Share of profits to minority interests	1,864	5,651
	293,427	298,570
Earnings from operations before income taxes	676,670	920,162
Income taxes	193,198	406,561
Earnings from operations	483,472	513,601
Profit on sale of fixed assets and securities	17,467	8,381
Net earnings for the year	500,939	521,982

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
for the fiscal year ended December 30, 1967

Balance at beginning of year	$4,990,899	$4,847,282
Insurance reserve	—	568
Net earnings for the year	500,939	521,982
	5,491,838	5,369,832
Deduct:		
Dividends paid	420,311	420,311
Less: Received by subsidiary	41,378	41,378
	378,933	378,933
Balance at end of year	$5,112,905	$4,990,899

CONSOLIDATED STATEMENT OF SOURCE AND DISPOSITION OF FUNDS
for the fiscal year ended December 30, 1967

SOURCE OF FUNDS:		
Net earnings for the year	$ 500,939	$ 521,982
Depreciation	291,563	292,919
Funds provided from operations	792,502	814,901
Decrease in advances to 50% owned companies	52,200	—
Mortgage payable	—	362,500
Decrease in other investments	69,199	12,000
Deposit on prior years' taxes refunded	48,902	(48,902)
	962,803	1,140,499
DISPOSITION OF FUNDS:		
Additions to fixed assets (net)	833,334	783,254
Advances to affiliated companies	56,000	260,063
Long-term debt, mortgage	36,250	—
Dividends paid	378,933	378,933
Other items (net)	36,071	(207)
	1,340,588	1,422,043
DECREASE IN WORKING CAPITAL	$ 377,785	$ 281,544

AUDITORS' REPORT

To the Shareholders of

United Amusement Corporation Limited:

We have examined the consolidated financial statements of United Amusement Corporation Limited and subsidiary companies as at December 30, 1967 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 and according to the best of our information and the explanations given to us and as shown by the books of the companies, these financial statements are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies as at December 30, 1967 and the results of their operations and the source and disposition of their funds for the fiscal year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PRICE WATERHOUSE & CO.
Chartered Accountants.

Montreal, March 7, 1968

UNITED AMUSEMENT CORPORATION LIMITED

5887 Monkland Avenue, Montreal, Que.

BOARD OF DIRECTORS

W. G. Lester   G. Destounis   A. MacCunn   R. W. Bolstad
W. H. Giles   J. L. Pilon   W. N. Murray   C. S. Doidge
S. Godin   G. R. Arnott

EXECUTIVE OFFICERS

R. W. Bolstad — *President and Managing Director*
G. R. Arnott — *Executive Vice-President*
W. H. Giles — *Vice-President*
W. H. Mannard — *Secretary-Treasurer*

BANKERS

The Royal Bank of Canada

REGISTRARS

The Canadian Trust Company

TRANSFER AGENTS

The Montreal Trust Company

AUDITORS

Price Waterhouse & Co. — *Chartered Accountants*