AVIS AUX ACTIONNAIRES DE UNITED AMUSEMENT CORPORATION LIMITED

Nous avons l'honneur de soumettre par la présente, le bilan consolidé au 28 décembre 1968, ainsi que les états des revenus et dépenses, des profits non-distribués et des mouvements de trésorerie qui seront présentés aux actionnaires à l'assemblée annuelle, qui se tiendra à Montréal, le 30 avril 1969.

Les profits nets pour l'année, y compris les gains provenant de la vente d'immobilisations et de titres, s'élevaient à $275,601, ou $0.94 par action, comparé aux profits de $500,939, ou $1.72 par action durant l'année budgétaire 1967. Ces derniers résultats incluaient un profit de $150,000, ou $0.51 par action, provenant de l'exploitation d'un système de transport à Expo 67, alors qu'en 1968 cette activité n'existait pas.

Nous sommes heureux de rapporter que les résultats du premier trimestre de 1969 indiqueront une amélioration substantielle sur le premier trimestre de 1968.

Les dividendes versés pendant l'année budgétaire se sont élevés à $0.75 par action, comparé à $1.30 par action pour l'année précédente.

Soumis au nom du Conseil d'administration,
G. P. Destounis, Président.

TO THE SHAREHOLDERS OF UNITED AMUSEMENT CORPORATION LIMITED

Submitted herewith are the consolidated balance sheet as at December 28, 1968 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 30, 1969.

Net earnings for the year, including profits on the sale of fixed assets and securities, amounted to $275,601, or $0.94 per share, as compared with earnings of $500,939, or $1.72 per share in the 1967 fiscal year. The 1967 results reflected $150,000 profit, or $0.51 per share, arising from the operations of trackless trains at Expo 67, whereas in 1968 no operations of this nature were carried on.

We are pleased to report that the results for the first quarter of 1969 will show a substantial improvement over the first quarter of 1968.

Dividends paid during the fiscal year amounted to $0.75 per share, as compared with $1.30 per share for the preceding year.

Submitted on behalf of the Board,
G. P. Destounis, President.

UNITED AMUSEMENT

AND SUBSIDIA

CONSOLIDATED BALANCE SHEET — DECEMBER 28, 1968

ASSETS

		1968	1967
CURRENT ASSETS:			
Cash		$ 71,932	*$ 21,200*
Marketable securities, at cost (including an investment in an affiliated company of $96,186) (total market value December 28, 1968 — $1,093,326)		819,635	*1,188,094*
Receivable from director		—	*11,271*
Receivable from affiliated companies		—	*26,924*
Other receivables		36,106	*76,231*
Inventories of supplies at the lower of cost and net realizable value		42,708	*51,877*
Prepaid expenses		157,575	*133,178*
Mortgage receivable due within one year		26,250	—
		1,154,206	*1,508,775*
INVESTMENTS, at cost:			
Investment in shares of affiliated companies		1,169,930	*1,169,930*
Advances to affiliated companies		890,456	*909,000*
Shares and advances — 50% owned companies		49,501	*49,501*
Other investments		—	*14,801*
		2,109,887	*2,143,232*
MORTGAGES RECEIVABLE, less amounts due within one year included in current assets		302,500	—
FIXED ASSETS, at cost:			
Land		936,252	*1,050,327*
Buildings and equipment		8,885,480	*9,377,165*
Leaseholds		87,530	*75,268*
		9,909,262	*10,502,760*
Less: Accumulated depreciation		5,726,496	*5,783,235*
		4,182,766	*4,719,525*
SPECIAL REFUNDABLE TAX		19,661	*20,057*
DEFERRED INCOME TAXES		4,300	*8,000*
GOODWILL AND FRANCHISE		1	*1*
		$7,773,321	*$8,399,590*

LIABILITIES

		1968	1967
CURRENT LIABILITIES:			
Bank indebtedness		$ 525,000	*$ 997,776*
Accounts payable and accrued expenses		150,216	*253,702*
Income taxes		29,284	*90,374*
Mortgage payable due within one year		36,250	*36,250*
		740,750	*1,378,102*
MORTGAGE PAYABLE:			
Due in equal instalments from 1969 to 1976 at 6% interest, less amount due within one year included above		253,750	*290,000*
MINORITY INTERESTS		5,040	*14,694*
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" shares	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" shares	52,484	253,025	*253,025*
Less: Subsidiary holdings	3,640	29,871	*29,871*
	48,844	223,154	*223,154*
Retained Earnings		5,169,892	*5,112,905*
		6,773,781	*6,716,794*
		$7,773,321	*$8,399,590*

APPROVED ON BEHALF OF THE BOARD:
G. P. DESTOUNIS, *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 28, 1968.

Note 2: Rentals payable under leases expiring more than three years from December 28, 1968 aggregate approximately $118,000 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 was exercised subsequent to the year-end on December 30, 1968.

Note 4: Remuneration of directors, as directors and officers, amounted to $50,275 in 1968 and $53,502 in 1967.

CONSOLIDATED STATEMENT OF EARNINGS
for the fiscal year ended December 28, 1968

	1968	*1967*
Theatre admissions (excluding amusement taxes), confection sales and other income	$5,864,414	*$5,946,027*
Theatre operating and administration expenses	5,443,951	*5,325,757*
	420,463	*620,270*
Dividends received —		
Affiliated companies	19,518	*24,768*
Other	106,714	*274,639*
Interest earned	48,587	*50,420*
	595,282	*970,097*
Deduct:		
Depreciation	312,639	*291,563*
Share of profits to minority interests	1,594	*1,864*
	314,233	*293,427*
Earnings from operations before income taxes	281,049	*676,670*
Income taxes	88,239	*193,198*
Earnings from operations	192,810	*483,472*
Profit on sale of fixed assets and securities (less applicable income taxes of $17,500)	82,791	*17,467*
Net earnings for the year	$ 275,601	*$ 500,939*

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
for the fiscal year ended December 28, 1968

Balance at beginning of year	$5,112,905	*$4,990,899*
Net earnings for the year	275,601	*500,939*
	5,388,506	*5,491,838*
Deduct:		
Dividends paid	242,487	*420,311*
Less: Received by subsidiary	23,873	*41,378*
	218,614	*378,933*
Balance at end of year	$5,169,892	*$5,112,905*

CONSOLIDATED STATEMENT OF SOURCE AND DISPOSITION OF FUNDS
for the fiscal year ended December 28, 1968

SOURCE OF FUNDS:		
Net earnings for the year	$ 275,601	*$ 500,939*
Depreciation	312,639	*291,563*
Funds provided from operations	588,240	*792,502*
Decrease in advances to 50% owned companies	—	*52,200*
Decrease in advances to affiliated companies	18,544	—
Decrease in other investments	14,801	*69,199*
Deposit on prior years' taxes refunded	—	*48,902*
Disposals of fixed assets (net)	224,120	—
Deferred income tax provision	3,700	—
	849,405	*962,803*
DISPOSITION OF FUNDS:		
Additions to fixed assets (net)	—	*833,334*
Mortgages acquired during the year	302,500	—
Advances to affiliated companies	—	*56,000*
Long-term debt, mortgage	36,250	*36,250*
Dividends paid	218,614	*378,933*
Other items (net)	9,258	*36,071*
	566,622	*1,340,588*
INCREASE IN WORKING CAPITAL	$ 282,783	*($ 377,785)*

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 28, 1968 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 28, 1968 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 10, 1969

UNITED AMUSEMENT CORPORATION LIMITED

5887 Monkland Avenue, Montreal, Que.

BOARD OF DIRECTORS

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

EXECUTIVE OFFICERS

G. P. Destounis — *President and Managing Director*
G. R. Arnott — *Executive Vice-President*
L. E. Mitchell — *General Manager*
W. H. Mannard — *Secretary-Treasurer*
H. Green — *Assistant Secretary*
J. M. Gariépy — *Assistant Treasurer*

BANKERS

The Royal Bank of Canada

REGISTRAR
The Canadian Trust Company

TRANSFER AGENT
The Montreal Trust Company

AUDITORS

Price Waterhouse & Co. — *Chartered Accountants*