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AVIS AUX ACTIONNAIRES DE UNITED AMUSEMENT CORPORATION LIMITED

Nous avons l'honneur de soumettre par la présente, le bilan consolidé au 3 janvier 1970, ainsi que les états des revenus et dépenses, des profits non-distrbués et des mouvements de trésorerie qui seront présentés aux actionnaires à l'assemblée annuelle, qui se tiendra à Montrèal, le 29 avril 1970.

Les profits nets pour l'année, y compris les gains provenant de la vente d'immobilisations et de titres, s'élevaient à $481,500, ou $1.62 par action, comparé aux profits de $275,601, ou $0.94 par action durant l'année budgétaire 1968. Les profits provenant de la vente d'immobilisations et de titres s'élevaient à $219,195, ou $0.74 par action, comparé à $82,791, ou $0.28 par action pour l'année précédente.

Les dividendes versés pendant l'année budgétaire se sont élevés à $0.90 par action, comparé à $0.75 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 sheets as at January 3, 1970 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 29, 1970.

Net earnings for the year, including profits on the sale of fixed assets and securities, amounted to $481,500 or $1.62 per share, as compared with earnings of $275,601 or 94 cents per share in the 1968 fiscal year. Profit on sale of fixed assets and securities amounted to $219,195 or 74 cents per share as compared with $82,791 or 28 cents per share for the preceding year.

Dividends paid during the fiscal year amounted to 90 cents per share as compared with 75 cents per share for the preceding year.

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

UNITED AMUSEMENT
AND SUBSIDI

CONSOLIDATED BALANCE SHEET

ASSETS

		January 3 1970	December 28 1968
CURRENT ASSETS:			
Cash		$ 58,736	$ 71,932
Short term investment		100,000	–
Marketable securities, at cost (market value January 3, 1970 – $566,995)		502,877	819,635
Receivable from affiliated companies		342,980	–
Other receivables		52,377	36,106
Inventories of supplies at the lower of cost and net realizable value		34,280	42,708
Prepaid expenses		150,057	157,575
Mortgage receivable due within one year		21,250	26,250
		1,262,557	1,154,206
INVESTMENTS, at cost:			
Investment in shares of affiliated companies		1,169,930	1,169,930
Advances to affiliated companies		839,000	890,456
Shares and advances – 50 percent owned companies		49,501	49,501
		2,058,431	2,109,887
MORTGAGES RECEIVABLE, less amounts due within one year included in current assets		243,750	302,500
FIXED ASSETS, at cost:			
Land		936,252	936,252
Buildings and equipment		9,001,874	8,885,480
Leaseholds		88,780	87,530
		10,026,906	9,909,262
Less – Accumulated depreciation		5,998,324	5,726,496
		4,028,582	4,182,766
SPECIAL REFUNDABLE TAX		4,799	19,661
DEFERRED INCOME TAXES		13,300	4,300
GOODWILL AND FRANCHISE		1	1
		$7,611,420	$7,773,321

LIABILITIES

		January 3 1970	December 28 1968
CURRENT LIABILITIES:			
Bank indebtedness		$ –	$ 525,000
Accounts payable and accrued expenses		123,169	150,216
Income taxes		141,018	29,284
Mortgage instalments due within one year		36,250	36,250
		300,437	740,750
MORTGAGES PAYABLE:			
Due in equal instalments from 1970 to 1976 at 6 percent interest, less amount due within one year included above		217,500	253,750
MINORITY INTERESTS		5,040	5,040
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 (Note 2)	275,832	1,696,700	1,596,700
Less – Subsidiary holdings	28,189	215,965	215,965
	247,643	1,480,735	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		5,384,554	5,169,892
		7,088,443	6,773,781
		$7,611,420	$7,773,321

APPROVED ON BEHALF OF THE BOARD:
G. P. DESTOUNIS, *Director*
G. R. ARNOTT, *Director*

Note 1: Rentals payable under leases expiring more than three years from January 3, 1970 aggregate approximately $119,000 per annum.

Note 2: An option 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, was exercised during the year ended January 3, 1970.

Note 3: Remuneration of directors, as directors and officers, amounted to $31,750 in 1969 and $50,275 in 1968.

CONSOLIDATED STATEMENT OF EARNINGS

	January 3 1970	December 28 1968
Theatre admissions (excluding amusement taxes), confection sales and other income	$6,211,172	$5,864,414
Theatre operating and administration expenses	5,614,832	5,443,951
Operating profit before the undernoted items	596,340	420,463
Dividends received:		
Affiliated companies	11,269	19,518
Other	39,663	106,714
Interest earned	93,777	48,587
	741,049	595,282
Deduct:		
Depreciation	275,027	312,639
Share of profits to minority interests	504	1,594
	275,531	314,233
Earnings from operations before income taxes	465,518	281,049
Income taxes	203,213	88,239
Earnings from operations	262,305	192,810
Profit on sale of fixed assets and securities	219,195	82,791
Net earnings for the year	$ 481,500	$ 275,601

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

	January 3 1970	December 28 1968
Balance at beginning of year	$5,169,892	$5,112,905
Net earnings for the year	481,500	275,601
	5,651,392	5,388,506
Deduct:		
Dividends paid	295,484	242,487
Less– Received by subsidiary	28,646	23,873
	266,838	218,614
Balance at end of year	$5,384,554	$5,169,892

CONSOLIDATED STATEMENT OF SOURCE AND DISPOSITION OF FUNDS

	January 3 1970	December 28 1968
Source of funds:		
Net earnings for the year	$481,500	$275,601
Depreciation	275,027	312,639
Deferred income taxes	–	3,700
Funds provided from operations	756,527	591,940
Decrease in advances to affiliated companies	51,456	18,544
Decrease in other investments	–	14,801
Special refundable tax received	14,862	–
Mortgage instalments received	58,750	
Disposal of fixed assets (net)	–	224,120
Proceeds from issue of capital stock (Note 2)	100,000	–
	981,595	849,405
Disposition of funds:		
Additions to fixed assets (net)	120,843	–
Mortgages acquired during the year	–	302,500
Mortgage instalments paid	36,250	36,250
Dividends paid	266,838	218,614
Other items (net)	9,000	9,258
	432,931	566,622
Increase in working capital	$548,664	$282,783

AUDITORS' REPORT

To the Shareholders of
United Amusement Corporation Limited:

We have examined the consolidated balance sheet of United Amusement Corporation Limited and subsidiary companies as at January 3, 1970 and the consolidated statements of earnings, retained earnings and source and disposition of funds for the fiscal year (fifty-three weeks) then ended, 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 January 3, 1970 and the results of their operations and the source and disposition of their funds for the fiscal year (fifty-three weeks) then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, March 31, 1970.

PRICE WATERHOUSE & CO
Chartered Accountants.

United Amusement Corporation
LIMITED

5887 Monkland Avenue, Montreal, Que.

BOARD OF DIRECTORS

G. P. Destounis W. H. Giles J. L. Pilon
W. N. Murray C. S. Doidge G. R. Arnott

EXECUTIVE OFFICERS

G. P Destounis – President and Managing Director
G. R. Arnott – Executive Vice-President
M. Phaneuf – General Manager
W. H. Mannard – Secretary-Treasurer
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