

FOREIGN POWER SECURITIES
CORPORATION, LIMITED

Annual Report
For the Year ending October 31st, 1934

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

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

FOREIGN POWER SECURITIES CORPORATION, LIMITED

Balance Sheet *as at October 31st, 1934*

ASSETS		
	1934	1933
Investments at Book Value*.....	\$11,082,744.83	\$10,481,483.70
Cash and Call Loans.....	393,273.64	379,765.07
Accounts Receivable.....		1,028,160.80
Accrued Bond Interest and Dividends declared.....	32,186.15	34,056.51
Prepaid Accounts.....	829.14	892.67
Discount on Bonds.....		62,473.25
*Based on quoted market prices (and including \$364,798.50 cost value of unquoted foreign securities). Investments at October 31, 1934, had, in Canadian Currency at exchange rates of that date, a value of \$4,841,740.69.		
	<u>\$11,509,033.76</u>	<u>\$11,986,832.00</u>
LIABILITIES		
TO THE PUBLIC:		
	1934	1933
First Collateral Trust 6% Convertible Bonds, Series "A", 1949, Authorized \$50,000,000.00	\$3,526,000.00	\$4,172,000.00
Bond Interest Accrued**.....	88,150.00	104,300.00
Accounts Payable and Accrued Liabilities.....	4,099.23	8,537.50
Reserve for Dominion and Provincial Income Taxes.....	3,400.32	
	<u>\$3,621,649.55</u>	<u>\$4,284,837.50</u>
Investment Reserve—being Profit on Sale of Securities (net).....	374,456.34	332,400.51
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 arrears \$15.00 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 amount of \$1,160,000.00 set aside at October 8, 1931, from the proceeds of Common Shares.....	630,815.83	630,815.83
Earned Surplus:		
Balance as per statement attached.....	382,112.04	238,778.16
**Payable in Canada, London or New York at holders' option.		
†(Redeemable at the option of the Company in whole or in part at \$105 per share on any dividend date after 30 days' notice.)		
	<u>\$11,509,033.76</u>	<u>\$11,986,832.00</u>

Approved on behalf of the Board:

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

FOREIGN POWER SECURITIES CORPORATION, LIMITED

Statement of Revenue and Expenses and Earned Surplus

For the year ending October 31st, 1934

Dividends and Interest on Investments (including \$58,245.00 premium on exchange on French francs)		\$280,130.81
DEDUCT:		
Interest on Bonds (including premium on exchange of \$15,341.13)	\$243,242.69	
Directors' Fees.....	1,400.00	
Provision for Dominion and Provincial Income Taxes.....	337.82	
Expenses.....	21,461.93	266,442.44
Net earnings for the year ending October 31, 1934.....		\$ 13,688.37
Discount on Company's Bonds purchased for redemption.....		138,941.63
Earned Surplus, Balance at October 31, 1933.....	\$238,778.16	
LESS: Adjustments affecting prior years (net).....	9,296.12	229,482.04
Earned Surplus, Balance at October 31, 1934.....		<u>\$382,112.04</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, 1934, and have received all the information and explanations which we have required. We have verified the securities by inspection or by certificate from the depositaries, and we report that the Balance Sheet at October 31, 1934, 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 24th, 1934.

FOREIGN POWER SECURITIES CORPORATION, LIMITED

355 ST. JAMES STREET WEST

MONTREAL

January 9th, 1935.

To the Shareholders:

Your Directors herewith submit the Annual Report for the year ended October 31st, 1934.

The light and power industry in the Republic of France has during the past year continued to consolidate its position by interconnections and distribution networks. Various power interests have concluded agreements for interconnections and in a number of cases mergers of affiliated or subsidiary companies have taken place.

The total consumption of electrical energy throughout France increased about 7% over 1933. Special attention and study is being given to electrical merchandising, and attractive rates offered to stimulate the use of electricity for domestic and agricultural purposes; the demand for power continues to show a steady improvement. Development of additional power sites was restricted owing to high interest rates for funds and the extension of present transmission and distribution systems by existing companies.

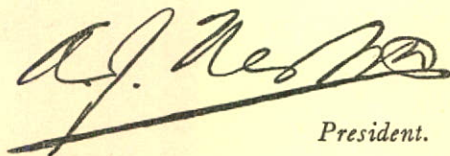
Economic conditions in France have not improved during the year, with the result that security values continue to decline and have reached abnormally low prices. The market value of the securities held by your Company as at October 31st, 1934, based on Canadian currency with exchange rates of that date, was \$4,841,740 against a book value of \$11,082,745. It is hoped that economic conditions during the coming year may show some improvement, but any improvement is linked up with world conditions in view of the fact that France is still on the Gold Standard. Raw material index prices as shown between the French Republic and world prices are gradually coming more in line.

During the year your Company purchased in the open market \$646,000 of its Debentures, which were cancelled, thus reducing the issue outstanding to \$3,526,000. Discount on Debentures amounting to \$62,473.25 was written off during the year. By virtue of the provisions contained in the new Companies' Act (1934), surplus account is now shown as "Distributable Surplus" and "Earned Surplus"; the Distributable Surplus standing at \$630,815.83 and Earned Surplus at \$382,112.04 as shown on the Balance Sheet.

In view of prevailing conditions, your Directors regret that it is necessary to continue deferment of quarterly dividends on the Preferred Stock, which dividends are cumulative.

The future of the electric power industry in France is looked upon with reasonable optimism in view of the possibility of increasing and extending the market for the sale of light and power, as the per capita consumption of electricity in France is low.

Respectfully submitted on behalf of the Board.



President.