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INVESTMENT CORPORATION LIMITED

Annual Report 1989

Corporate Policy

MPG
INVESTMENT
CORPORATION
LIMITED

MPG Investment Corporation Limited is an investment corporation which invests its assets in the common shares of Canadian companies listed on the recognized stock exchanges; to a lesser extent (approximately 10% of its total portfolio) MPG also invests in the shares of foreign companies and, from time to time, it will hold reserve funds in bonds, certificates of deposit or cash.

MPG's Investment Objective has been and remains one of providing shareholders with long-term growth of assets.

MPG's Dividend Policy is to pay dividends on Common shares, if earnings permit, equal to the greater of:

— the amount necessary to continue to qualify the Company as a closed-end investment corporation under the Income Tax Act; in practical terms, this means total annual distributions on the Common shares of about three quarters of the net income available to common shareholders;

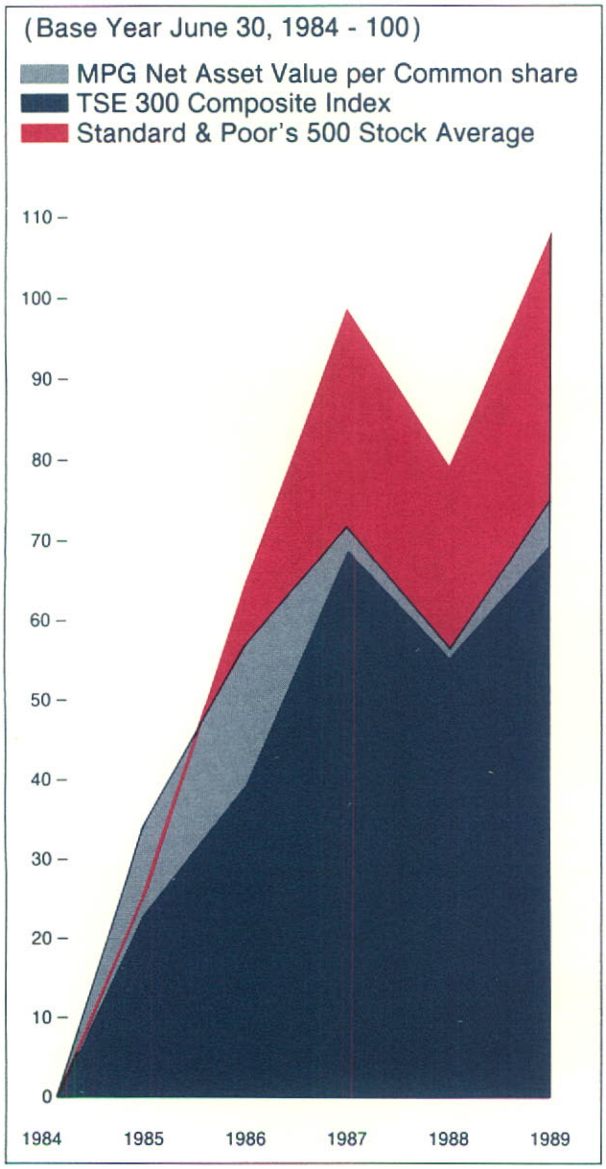
— the amount necessary to enable financial institutions to purchase the Common shares as eligible investments; that is, a total distribution of at least 4% of the paid-up capital on the Common shares.

Index

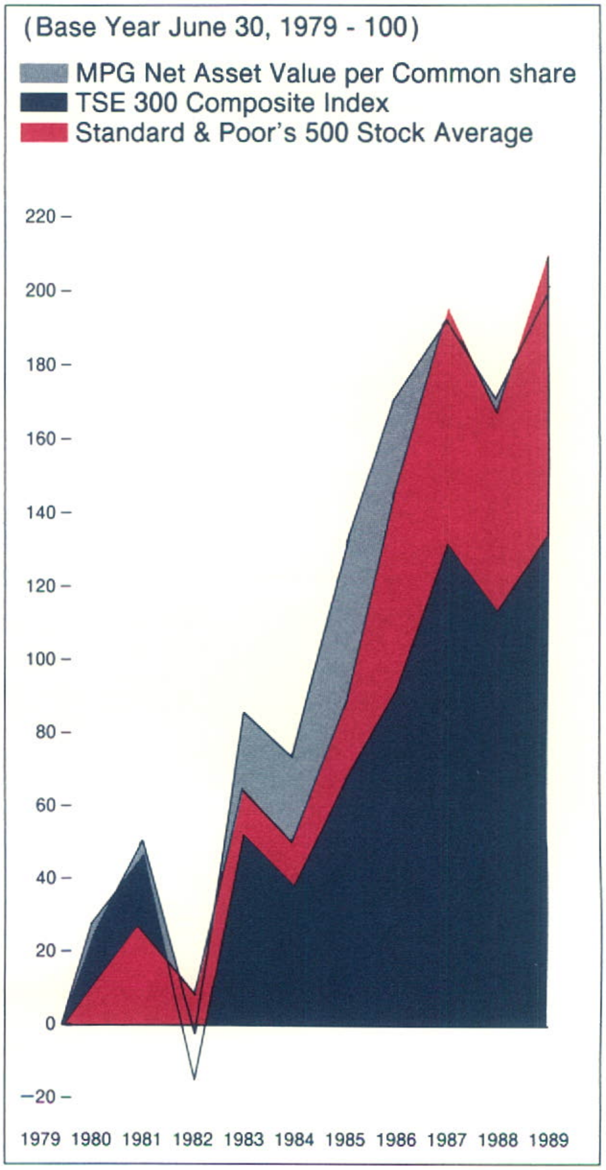
Financial Highlights

	June 30, 1989	June 30, 1988	Change
NAV per Common share	$12.62	$11.30	+11.7%
TSE 300	3,760.91	3,441.48	+9.3%
S&P 500	317.98	273.50	+16.3%
Gross Assets	$52.8M	$47.7M	+10.7%

Five Year Performance



Ten Year Performance



To Our Shareholders

MPG INVESTMENT CORPORATION LIMITED

The Board of Directors presents the sixty-first Annual Report of your Company for the year ended June 30, 1989.

Review of Operations

The Company's investment portfolio made a steady recovery from the decline suffered in the previous year and some encouraging progress was achieved, as follows:

- The net asset value per Common share ("NAV") increased by 11.7% to $12.62 at June 30, 1989 from $11.30 a year ago. This increase may be compared with increases of 9.3% and 16.3% in the Toronto Stock Exchange 300 Index and Standard & Poor's 500 Stock Average respectively.

  Graphs showing the performance of the Company's NAV for the five and ten-year periods are shown on page 1, and the following table helps to focus on the results:

	5 years to June 30, 1989	10 years
NAV	+74.1%	+199.4%
TSE 300	+69.3%	+132.4%
S&P 500	+107.6%	+209.0%

The S&P 500 Stock Average, a yardstick of performance for United States equities, is not one which a predominantly Canadian equity portfolio, such as your Company's, can easily match. Certainly this has been so for the five-year period, but the relatively small lag in the NAV over the ten-year period may be noted.

- Consolidated net income after taxes amounted to $1,710,837 and was 19.3% above the figure for the previous year. Dividends on the Preferred and Class B shares absorbed $736,978 (1988 — $733,588) to leave earnings available for the Common shares of $973,859 (1988 — $699,882). Net income per Common share advanced by 39.4% to 30.4 cents (1988 — 21.8 cents).
- Gross revenues increased by 18% to $2,375,945 (1988 — $2,013,943); $180,000 of the increase was due to an exceptional extra dividend received on the Company's holding of Inco Limited. Costs remained under tight control and showed a 3.7% increase to $534,184 (1988 — $514,904).
- The quarterly dividend rate was increased to 4 cents per Common share with the September 30, 1988 distribution and an extra dividend of 13 cents paid on June 30, 1989 brought the total distribution for the year to 29 cents (1988 — 26 cents).

Management Contract

The Management Contract, whereby Eglistan Management Limited provides management, administrative and accounting services to the Company, was amended as of July 1, 1989 in order to reflect the increasing costs which Elgistan had experienced in providing its services. It may be noted that the previous scale of fees had been in effect for 8½ years.
The following table compares the new scale with the old one:

New Scale	Old Scale
Basic Annual Fee $125,000	Basic Annual Fee $25,000
Plus ⅛% payable quarterly on the net assets of the Company	Plus ⅛% payable quarterly on the net assets of the Company

The Directors consider the new arrangement to be reasonable having regard to comparable fees paid by investment corporations and mutual funds.

Investment Review

The superior performance of the Company's NAV compared with the TSE 300 can be attributed to the emphasis accorded to holdings of Canadian bank, communications and media, merchandising and utility stocks. Cyclical issues received small weightings and by year end investments in the chemical, metal and mining and forest product sectors amounted to only 6.8% of the portfolio's total.

As noted above the Canadian equity market lagged behind its U.S. counterpart in the year under review notwithstanding a somewhat higher growth in Canada's Gross National Product in 1988 which now appears to be falling back to the level of the United States. The Bank of Canada's monetary policy has played a part in slowing Canada's rate of economic growth as the Governor has expressed on many occasions his determination that inflation must not be allowed to rise unchecked. While his objective is laudable, the relatively high interest rate structure in Canada placed Canadian equities at a disadvantage to interest-bearing instruments. In these circumstances the performance of your Company's portfolio has been gratifying. It may be noted that the NAV at June 30, 1989 was less than 2% below its all-time monthly high reached on July 31, 1987.

Last year, profiles of several companies were featured in order to provide shareholders with a concise description of the activities of such companies and their financial statistics. As we received many positive comments from shareholders and other readers, this section in the Annual Report has been repeated and can be found on pages 16 and 17. Only a sample of the holdings in the portfolio can be provided and the omission of a particular company should not imply that it does not merit our confidence.

Outlook

It is evident that economic growth in the United States is moderating, with obvious weakness in automobile sales and housing starts. The question, which economists now address, is the possible extent of the decline in economic activity — will there be a "hard" or "soft landing" or will the United States enter the nineties without a recession at all? The selection which appears to receive fewest votes is the "hard landing" and yet this possibility should not be discounted entirely. U.S. consumer debt as a percentage of disposable income exceeds 18% and the Canadian figure is moving rapidly towards that level. Almost any slowdown in economic activity would impinge on the consumer's ability to service existing debt and leave little money for increased spending. It would seem to us that national debt problems allow the U.S. and Canadian governments little scope for increased spending to ward off a recession. In Canada we face a particularly serious problem as the Federal Government's debt has risen to a level where approximately 35 cents of every tax dollar is used to pay interest on a debt of $320 billion.

We think it is unlikely that the U.S. economy will escape a recession and Canada could not avoid the consequences. Recent stock market strength appears to be based on the premise that interest rates will come down, inflation will remain under control and earnings will not be hurt in a no-recession or "soft landing" environment. We think this assessment may be too optimistic, which is why your Company's portfolio has emphasized stocks with defensive qualities; some of these may also be categorized as growth companies and we look to a combination to preserve the shareholders' equity should a market downturn occur.

The Company's investment policy has always been directed to the long term growth of capital values, but there are times when short term factors intervene and we have to cope with these as they arise. We wish to assure shareholders, however, that the long term policy remains intact.

Submitted on behalf
of the Board

Iveagh

Chairman

President

August 29, 1989

Consolidated Balance Sheet

June 30, 1989

MPG INVESTMENT CORPORATION LIMITED

	1989	1988
ASSETS		
Cash	**$ 148,031**	$ 54,218
Interest-bearing demand deposits	**1,429,933**	1,156,457
Accrued interest and accounts receivable	**316,701**	235,393
Investments at market value (note 3 and schedule)	**50,702,532**	45,710,682
Deferred charges	**165,763**	246,327
Loans to officers (note 2)	**43,419**	56,186
Income taxes recoverable	**—**	278,560
	$52,806,379	$47,737,823
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	**$ 98,094**	$ 95,400
Dividends payable	**57,601**	26,000
Deferred income taxes	**74,782**	114,920
Income taxes payable	**433,766**	—
	664,243	236,320
Shareholders' equity:		
Share capital issued (notes 5 and 6) —		
80,000 1964 Series Preferred shares	**2,000,000**	2,000,000
150,000 1980 Series Class B shares (1988 — 162,500)	**1,500,000**	1,625,000
240,000 1985 Series Class B shares	**5,760,000**	5,760,000
3,207,382 Common shares	**19,971,248**	19,971,248
399,884 1984 Common share warrants	**—**	—
240,000 1985 Common share warrants	**240,000**	240,000
Retained earnings	**980,060**	936,341
Realized gains on disposals of investments	**11,018,200**	9,193,399
Unrealized appreciation of investments	**10,672,628**	7,775,515
	52,142,136	47,501,503
	$52,806,379	$47,737,823

On behalf of the Board:

Ivee3h, Director

D. Marchuzzi, Director

See accompanying notes

Consolidated Statement of Income and Expenses

Year Ended June 30, 1989

	1989	1988
Income:		
Dividends from taxable Canadian corporations	**$1,518,578**	$1,291,603
Interest on investments	**579,760**	510,124
Dividends from United States corporations	**133,412**	137,551
Miscellaneous interest earned	**144,195**	74,665
	2,375,945	2,013,943
Expenses:		
Management fees	**278,804**	267,219
Trust company fees and charges	**51,766**	50,424
Legal, audit and professional fees	**29,533**	41,052
Directors' fees	**29,300**	28,700
Capital tax	**18,330**	12,738
Amortization of deferred charges	**80,564**	80,564
Printing and stationery	**13,866**	7,701
General	**32,021**	26,506
	534,184	514,904
Income before income taxes	**1,841,761**	1,499,039
Income taxes (note 4):		
Current	**171,061**	105,706
Deferred	**(40,137)**	(40,137)
	130,924	65,569
Net income for the year	**$1,710,837**	$1,433,470
Earnings per Common share (note 1g)	**30.4¢**	21.8¢

See accompanying notes

Auditors' Report

To the Shareholders of
MPG Investment Corporation Limited:

We have examined the consolidated balance sheet of MPG Investment Corporation Limited as at June 30, 1989 and the consolidated statements of income and expenses, retained earnings, realized gains on disposals of investments, unrealized appreciation of investments and changes in net assets for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation as at June 30, 1989 and the results of its operations and the changes in its net assets for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Montréal, Canada
July 21, 1989.

Clarkson Gordon
Chartered Accountants

Consolidated Statement of Retained Earnings

Year Ended June 30, 1989

MPG INVESTMENT CORPORATION LIMITED

	1989	1988
Retained earnings, beginning of year	**$ 936,341**	$ 1,070,197
Net income for the year	**1,710,837**	1,433,470
	2,647,178	2,503,667
Dividends paid or accrued:		
1964 Series Preferred shares ($1.30 per share)	**104,000**	104,000
1980 Series Class B shares ($0.7884 per share; 1988 — $0.7096 per share)	**122,978**	119,588
1985 Series Class B shares ($2.125 per share)	**510,000**	510,000
Common shares ($0.29 per share; 1988 — $0.26 per share)	**930,140**	833,738
	1,667,118	1,567,326
Retained earnings, end of year	**$ 980,060**	$ 936,341

Consolidated Statement of Realized Gains on Disposals of Investments

Year Ended June 30, 1989

	1989	1988
Balance, beginning of year	**$ 9,193,399**	$ 8,233,022
Realized profit on sale of investments	**2,563,018**	1,308,249
Refundable capital gains tax (note 4)	**(738,217)**	(347,872)
Balance, end of year	**$11,018,200**	$ 9,193,399

Consolidated Statement of Unrealized Appreciation of Investments

Year Ended June 30, 1989

	1989	1988
Balance, beginning of year	**$ 7,775,515**	$13,634,034
Increase (decrease) during the year	**2,897,113**	(5,858,519)
Balance, end of year	**$10,672,628**	$ 7,775,515

See accompanying notes

Consolidated Statement of Changes in Net Assets

Year Ended June 30, 1989

	1989	1988
Net assets, beginning of year	**$ 47,501,503**	$ 52,639,001
Add (deduct) changes during the year —		
Net income for the year	**1,710,837**	1,433,470
Realized profit on sale of investments (note)	**2,563,018**	1,308,249
Refundable capital gains tax	**(738,217)**	(347,872)
Proceeds of Common share issue	**—**	19,500
Appreciation (depreciation) in value of investments	**2,897,113**	(5,858,519)
Redemption of 1980 Series Class B shares (note 5)	**(125,000)**	(125,000)
Dividends paid out of investment income	**(1,667,118)**	(1,567,326)
Net assets, end of year	**52,142,136**	47,501,503
Redemption value of 1964 Series Preferred shares	**(2,100,000)**	(2,100,000)
Redemption value of 1980 Series Class B shares	**(1,530,000)**	(1,669,688)
Redemption value of 1985 Series Class B shares	**(6,240,000)**	(6,240,000)
Deferred charges, less applicable taxes	**(90,981)**	(131,407)
Refundable capital gains tax on hand	**2,354,765**	1,616,548
Proceeds assuming all 1984 Common share warrants are exercised	**5,163,302**	5,163,302
Proceeds assuming all 1985 Common share warrants are exercised	**3,682,560**	3,682,560
Net assets, applicable to Common shares	**$ 53,381,782**	$ 47,822,818
Net asset value per Common share (note 7)	**$ 12.62**	$ 11.30

Note — realized profit on sale of investments

	1989	1988
Proceeds from sales include $11,871,190 from short-term investments (1988 — $15,241,518)	**$ 32,403,504**	$ 36,843,676
Cost of investments, beginning of year	**37,935,167**	36,714,156
Cost of investments purchased	**31,935,223**	36,756,438
Cost of investments, end of year	**(40,029,904)**	(37,935,167)
Cost of investments sold	**29,840,486**	35,535,427
Realized profit on sales	**$ 2,563,018**	$ 1,308,249

See accompanying notes

1. Accounting policies

(a) Consolidation —

The consolidated financial statements include the accounts of MPG Investment Corporation Limited and the accounts of its wholly-owned subsidiary, MPGM Holdings Ltd.

(b) Basis of accounting —

The financial statements are prepared in accordance with accounting principles generally accepted in Canada and conform in all material respects with International Accounting Standards.

(c) Recognition of revenue —

Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis.

(d) Investment transactions —

Investment transactions are accounted for on the trade date. Realized gains and losses from investment transactions and unrealized appreciation or depreciation of investments are calculated on an average-cost basis.

(e) Foreign exchange —

Investment transactions in United States currency are translated at the exchange rate in effect on the trade date. United States investments and cash balances are translated at the year-end exchange rate. The gains or losses on exchange are included in the profit or loss on sale of investments or in the unrealized appreciation of investments as applicable.

(f) Deferred charges —

Deferred charges represent the costs associated with the issue of Class B shares. The costs of issuing the 1980 Series Class B shares are amortized to income proportionately over the life of the series. The costs of issuing the 1985 Series Class B shares are amortized to income proportionately to the retraction date of the 1985 Series Class B shares on November 30, 1990.

(g) Earnings per Common share —

Earnings per Common share are calculated using the weighted monthly average number of Common shares outstanding during the year. The earnings available to the Common shares are calculated after deducting the 1964 Series Preferred share and the Class B share dividends.

Fully diluted earnings per share have not been presented since the exercise of the Warrants would not dilute the earnings per Common share.

2. Loans to officers

The outstanding loans to officers under the Executive Share Purchase Plan have been reduced from $56,186 at June 30, 1988 to $43,419 at June 30, 1989.

3. Investments

Investments consist of:

	1989		1988	
	Cost	**Market Value**	Cost	Market Value
Canadian Stocks	**$31,682,183**	**$42,367,418**	$27,592,667	$35,500,430
United States stocks	**2,789,900**	**3,128,761**	4,306,172	4,497,064
	34,472,083	**45,496,179**	31,898,839	39,997,494
Canadian bonds	**2,161,701**	**1,810,233**	2,642,203	2,319,063
Government treasury bills	**2,846,120**	**2,846,120**	2,444,125	2,444,125
Short-term deposits	**550,000**	**550,000**	950,000	950,000
	$40,029,904	**$50,702,532**	$37,935,167	$45,710,682

4. Income taxes

During the year the Corporation met the requirements of Section 130 of the Income Tax Act (Canada) and thus continued to qualify as an investment corporation. An investment corporation is not taxed on dividends received from taxable Canadian corporations while other investment income is taxed at reduced rates. Interest income earned by MPGM Holdings Ltd. is taxed at full corporate rates.

Taxes on capital gains are refundable to the Corporation if such gains are distributed to shareholders by way of capital gains dividends. The amount of refundable taxes available to the Corporation at June 30, 1989 is $2,354,765.

If the Corporation incurs net capital losses, these may be carried back three years and any balance may then be carried forward indefinitely, against taxable capital gains.

If the investments had been sold at their market value, approximately $7,120,000 (being the taxable portion of the capital gains thereby realized) would have been subject to tax, refundable as described above.

5. Share capital

The authorized share capital of the Corporation consists of the following:

(a) 80,000 — 1964 Series Preferred non-voting shares, having $1.30 cumulative dividend rights, redeemable at $26.25 per share;

(b) Unlimited number of Class B non-voting shares, ranking junior to the 1964 Series Preferred shares, issuable in series, redeemable as set out below;

(c) Unlimited number of Common shares;

(d) 399,884 — 1984 Warrants entitling the holder to purchase 1.6 Common shares of the Corporation at a price of $8.07 per share prior to December 5, 1989. No Warrants were exercised during the year;

(e) 240,000 — 1985 Warrants entitling the holder to purchase 1.6 Common shares of the Corporation at a price of $9.59 per share prior to November 30, 1990. No Warrants were exercised during the year.

1980 Series Class B shares —

The 1980 Series Class B shares have cumulative dividend rights of one-half the average prime rate plus 2.25%. The Corporation is required to redeem 12,500 shares annually for ten years at the stated value of $125,000. The eighth redemption requirement took place on December 31, 1988. On December 31, 1990, the Corporation will redeem at the holder's option any of the remaining shares at their stated value. On December 31, 2000, the Corporation is obliged to redeem all the remaining shares then outstanding at their stated value.

In addition to the above redemption requirements, the Corporation may, at its option, redeem at least 10,000 additional shares per annum, at 102.00% of the stated value with the premium declining in each subsequent calendar year until December 31, 1991 at which time the redemption price will be the stated value. Accordingly, the redemption value of the 1980 Series Class B shares presented in the statement of changes in net assets includes a premium of $30,000 representing 2.00% of the stated value of the outstanding 1980 Series Class B shares.

1985 Series Class B shares —

The 1985 Series Class B shares have cumulative dividend rights of $2.125 per share, redeemable after November 30, 1988. On and after December 1, 1988, the shares will be redeemable at the option of the Corporation at $26.00 per share declining annually by 50 cents to $25.00 per share for redemption effected on or after December 1, 1990. The shares are retractable at the option of the holder on November 30, 1990 at a price of $25.00 per share.

During each three-month period commencing January 1, 1991, the Corporation will make all reasonable efforts to purchase at a price not exceeding $25.00 per share plus accrued and unpaid dividends and costs of purchase, 1% (4% per annum) of the number of 1985 Series Class B shares outstanding at the close of business on November 30, 1990.

6. Common shares

The issued Common shares of the Corporation (which are traded on major Canadian stock exchanges) are eligible investments for Registered Retirement Savings Plans and similar plans.

7. **Net asset value per Common share**

The net asset value per Common share as at June 30, 1989 and as at the four preceding years are as follows:

1989	$12.62
1988	$11.30
1987	$12.40
1986	$11.35
1985	$ 9.70

Net asset value per Common share at June 30, 1989 is based on 4,231,196 shares; (1988 — 4,231,196), being the shares outstanding plus those to be issued assuming that all 1984 Warrants and 1985 Warrants outstanding would be exercised at $8.07 and $9.59 per share respectively.

8. **Comparative figures**

Certain of the comparative figures have been reclassified to conform to the presentation adopted for the current year.

Consolidated Portfolio of Investments

June 30, 1989

MPG INVESTMENT CORPORATION LIMITED

Number of shares or face value of bonds, guaranteed investment receipts or treasury bills		Market Value	Percentage of total portfolio
EQUITY STOCKS			
Chemicals			
150,000	NOVA Corporation of Alberta	$ 1,575,000	3.1
Communications & Media			
135,100	Maclean Hunter Limited, Class Y	1,722,525	
13,000	Rogers Communications Inc., Class B	1,475,500	
100,000	Shaw Cablesystems Ltd., Class B	1,350,000	
*8,000	McGraw-Hill Inc.	667,453	
		5,215,478	10.3
Consumer Products			
40,000	Canada Malting Co. Limited	1,140,000	2.2
Financial Services			
80,000	The Toronto-Dominion Bank	3,340,000	
75,000	The Royal Bank of Canada	3,290,625	
80,000	Canadian Imperial Bank of Commerce	2,420,000	
100,000	The Bank of Nova Scotia	1,750,000	
50,000	Hees International Bancorp Inc.	1,518,750	
80,000	Royal Trustco Limited	1,420,000	
		13,739,375	27.1
Gold			
93,400	Glamis Gold Ltd.	114,882	0.2
Holding Companies			
29,000	Henlys Group Limited	319,000	0.6
Industrial Products			
90,000	Bombardier Inc., Class B	1,271,250	
70,000	CAE Industries Ltd.	936,250	
*12,000	Crane Co.	382,857	
*6,000	The Boeing Company	345,110	
		2,935,467	5.8
Merchandising			
35,000	George Weston Limited	1,553,125	
100,000	The Jean Coutu Group (PJC) Inc., Class A	1,237,500	
50,000	Canadian Tire Corporation, Limited, Class A	1,118,750	
*10,000	The May Department Stores Company	500,290	
		4,409,665	8.7
Metals & Mining			
30,000	Inco Limited	982,500	
10,000	Noranda Inc.	232,500	
		1,215,000	2.4
Oil & Gas			
20,000	Shell Canada Limited, Class A	875,000	
10,100	Imperial Oil Limited, Class A	569,388	
		1,444,388	2.8
Paper & Forest Products			
60,000	Repap Enterprises Corporation Inc.	645,000	1.3

Number of shares or face value of bonds, guaranteed investment receipts or treasury bills		Market Value	Percentage of total portfolio
Pharmaceuticals			
25,000	Connaught BioSciences Inc.	665,625	
*8,000	Schering-Plough Corp.	638,694	
		1,304,319	2.5
Real Estate			
33,000	Cambridge Shopping Centres Limited	1,155,000	2.3
Transportation			
30,000	Laidlaw Transportation Limited, Class A	532,500	1.1
Utilities			
61,205	BCE Inc.	2,425,248	
100,000	British Columbia Telephone Company	1,662,500	
70,000	Inland Natural Gas Co. Ltd.	1,032,500	
*8,000	Contel Corporation	594,357	
		5,714,605	11.3
Preferred stocks (convertible)			
55,000	The Loewen Group Inc., 7.75% 1st Pfd., A	1,045,000	
40,000	Laidlaw Transportation Limited, 5.00% Redeemable Pfd., Series G	920,000	
35,000	Hudson's Bay Company 7.50%, Cumulative, Redeemable Pfd., H	835,625	
23,000	Noranda Inc., Pfd., Series C	658,375	
20,000	Bow Valley Industries Ltd., $2.025 Pfd., D, Series 3	577,500	
		4,036,500	8.0
Total stocks		45,496,179	89.7
BONDS AND DEBENTURES			
$ 700,000	Government of Canada, 8.75%, December 15, 1991	683,340	
400,000	Le Groupe Videotron Ltée, 7.50%, March 31, 2002	398,000	
400,000	(U.S. $) Kinburn Technology Corporation, 9.00% Cv. Sub. Deb., May 15, 2007	251,643	
250,000	Government of Canada, 8.25%, March 1, 1994	238,750	
300,000	Clarus Corporation, 9.00% Cv. Sub. Deb., January 31, 1997	238,500	
Total bonds and debentures		1,810,233	3.6
GUARANTEED INVESTMENT RECEIPTS AND TREASURY BILLS			
$2,500,000	Canada Treasury Bill, 12.11%, August 11, 1989	2,368,000	
550,000	Royal Trust GIC, 11.65%, July 7, 1989	550,000	
500,000	Canada Treasury Bill, 11.93%, July 14, 1989	478,120	
Total guaranteed investment receipts and treasury bills		3,396,120	6.7
Total portfolio		$50,702,532	100.0

*United States securities are translated into Canadian dollars at $1.1983, the rate of exchange prevailing at June 30, 1989.

•Interest-bearing demand deposits on hand of $1,429,933 are not included in the Portfolio of Investments.

See accompanying notes

Changes in Investment Portfolio
Year to June 30, 1989

MPG
INVESTMENT
CORPORATION
LIMITED

	Number of Shares or Face Value of Bonds	
	Additions	Deletions
EQUITY STOCKS		
Business Equipment		
*International Business Machines Corp.	500	4,000
Business Forms		
Moore Corporation Limited		20,000
Chemicals		
*E. I. Du Pont De Nemours & Co.		5,000
NOVA Corporation of Alberta		50,000
Communications & Media		
*Affiliated Publications, Inc.	4,500(1)	9,000
Maclean Hunter Limited, Class Y		4,900
*McGraw-Hill Inc.	8,000	
Rogers Communications Inc., Class B	8,000	5,000
Shaw Cablesystems Ltd., Class B		20,000
Southam Inc.		30,000
Torstar Corporation, Class B		30,000
Consumer Products		
Canada Malting Co. Limited	40,000	
Financial Services		
The Bank of Nova Scotia		30,000
Canadian Imperial Bank of Commerce	40,000	10,000
Hees International Bancorp Inc.	50,000	
Montreal Trustco Inc.		60,000
*J. P. Morgan & Co. Incorporated		9,000
The Royal Bank of Canada	25,000	10,000
The Toronto-Dominion Bank	10,000	10,000
Golds		
Placer Dome Inc.		10,000
Holding Companies		
Henlys Group Limited		1,000
Industrial Products		
*Allied-Signal Inc.		8,000
*The Boeing Company	4,000 2,000(1)	
Bombardier Inc., Class B	50,000	10,000
*Medusa Corp.	5,416(1)	5,416
St. Lawrence Cement Inc., Class A		50,000
Management Companies		
CAE Industries Ltd.	70,000	
Merchandising		
Canadian Tire Corporation Limited, Class A	50,000	
The Jean Coutu Group (PJC) Inc., Class A	100,000	
Metals and Mining		
Alcan Aluminium Limited		25,000
Inco Limited	30,000	
Noranda Inc.	10,000	
Sheritt Gordon Limited	25,000	25,000

	Number of Shares or Face Value of Bonds	
	Additions	Deletions
Oil and Gas		
*Amoco Corporation		4,200
Imperial Oil Limited, Class A	100(1)	10,000
Shell Canada Ltd., Class A	20,000	
Paper and Forest Products		
Canadian Pacific Forest Products Ltd.	4,000	24,000
Consolidated Bathurst, Class A		20,000
Repap Enterprises Corporation Inc.	20,000	
Pharmaceuticals		
*Bristol-Myers Co.		11,000
Connaught BioSciences Inc.	5,000	10,000
*Schering-Plough Corp.	8,000	
Real Estate		
Cambridge Shopping Centres Limited	33,333(1)	333
Transportation		
Air Canada	6,000	6,000
Laidlaw Transportation Limited, Class A		30,000
Utilities		
BCE Inc.	61,205	
British Columbia Telephone Company	50,000(1)	25,000
Consumers Gas Company Limited		40,000
*Contel Corporation		5,000
Inland Natural Gas Co. Ltd.	70,000	
Convertible Preferred Shares		
Cambridge Shopping Centres Limited, $1.625 Pfd., Series 1		50,000
Hudson's Bay Company, 7.50% Cv. Redeemable Pfd., H	35,000	
Inter-City Gas Corporation, $2.125 3rd Pfd., Series 85		40,000
Laidlaw Transportation Limited, 5.00% Redeemable Pfd., Series G		10,000
The Loewen Group Inc., 7.75%, 1st Pfd., A	55,000	
Noranda Inc., Pfd., Series C	10,000	
BONDS		
Le Groupe Videotron Ltée., 7.50%, March 31, 2002	$400,000	
Pacific Western Airlines Corporation, 7.625%, Cv. Deb., December 30, 1996		$800,000

(1) The above transactions include shares received through stock splits, stock dividends, exchanges of rights issued or conversions. Changes in short-term deposits are excluded.

* United States securities.

Bombardier Inc.

Bombardier's worldwide activities concentrate on aerospace, transportation equipment, defence and motorized consumer products. Each of these groups contributed to earnings reported for the year ended January 31, 1989 — which have increased from 14 cents per share in 1983 to the current $1.03. Eighty percent of all sales are made outside Canada and the company continues to increase its investments in foreign operations to obtain international market share and exposure. Of benefit to the investor is the increase in dividends paid from nil in 1984 to the current Class A — 24 cents and Class B — 26½ cents. We see this as an indication of management's interest in their shareholders. Although earnings were virtually unchanged in fiscal 1989, the company has positioned itself well for future growth.

Financial Information
Year to January 31, 1989

	1989	1988	% Change
	(Millions except per share data and percentages)		
Revenue	$1,396	$1,389	+1
Net Income	68	67	+1
Earnings per Common Share	1.03	1.00	+3
Dividends per Common Share			
Class A	.22	.15	+47
Class B	.245	.175	+40
Common Shares Outstanding	63	63	—
Return on average Common Equity	19.4%	21.5%	−10

Cambridge Shopping Centres Limited

Cambridge Shopping Centres is one of Canada's leading retail-driven real estate companies with 26 regional and 11 downtown shopping centres across Canada. The strong earnings increases and consistently improving cash flow have led to a solid balance sheet with relatively low levels of floating rate debt. One of the company's strengths has been its strong financial position achieved through a policy of minimizing risk by controlling financial exposure. The company's two main objectives for the 1990's are to increase the return to shareholders which includes the appreciation of the current value per share and dividend received, and increase the operating cash flow per share. These policies should bring benefits to the long-term investor in Cambridge's shares.

Financial Information
Year to March 31, 1989

	1989	1988	% Change
	(Millions except per share data and percentages)		
Revenue	$ 225	$ 197	+14
Net Income	23	19	+21
Earnings per Common Share	.84	.61	+38
Dividends per Common Share	.56	.56	—
Common Shares Outstanding	21	17	+24
Return on average Common Equity	7.3%	7.4%	−1

Canadian Tire Corporation, Limited

Canadian Tire's operations consist of merchandising, distribution, real estate, petroleum and financial services through its 408 associated stores and 145 gas bars across Canada. The company has a strong balance sheet and a good working capital position. Net earnings provide an excellent return on shareholders' equity. Through analysis of future merchandising trends, the company estimates that by the mid-1990's there is a potential to double current retail sales.

Financial Information
Year to December 31, 1988

	1988	1987	% Change
	(Millions except per share data and percentages)		
Revenue	$2,641	$2,458	+7
Net Income	126	99	+27
Earnings per Share	1.38	1.10	+26
Dividends per Share	.24	.20	+20
Common Shares Outstanding, Class A and Common	91	90	+1
Return on average Common Equity	16.3%	14.9%	+9

Maclean Hunter Limited

The Company is a diversified communications corporation operating in Canada, the United States and Europe with 37% of profits earned from operations outside Canada — mainly the U.S.. Revenues are earned from publishing of periodicals and newpapers; broadcasting both radio and television; operating cable television with 777,000 basic subscribers; and communication services. Total revenues and earnings per share have shown consistent annual increases for more than ten years. The recent acquisition of Selkirk Communications Limited and its key properties in broadcasting and cable television should help the company to maintain steady growth.

Financial Information
Year to December 31, 1988

	1988	1987	% Change
	(Millions except per share data and percentages)		
Revenue	$1,302	$1,125	+16
Net Income before extraordinary items	96	85	+13
Earnings per Common Share before extraordinary items	.62	.54	+15
Dividends per Common Share			
Class X	.21	.175	+20
Class Y	.2275	.1875	+21
Common Shares Outstanding			
Class X	157	152	+3
Class Y	27	27	—
Return on average Common Equity	18.5%	19.4%	−5

Rogers Communications Inc.

Rogers is a national communications company with three main operating groups in cable television, broadcasting and telecommunications. In the past four years total revenues have increased 112% and cash flow per share has increased 693%. Rogers Cablesystems Inc. operated in both Canada and the U.S., contributing 78% to total revenues in fiscal 1988; however, in a major divestiture in fiscal 1989, the company sold its cable systems in the United States for C$1.6 billion. Rogers Broadcasting Limited operates radio and television stations as well as broadcasting television channels of YTV and Canadian Home Shopping Network. Cantel Inc. operates a national cellular telephone network in six provinces and the market valuation of this subsidiary has contributed greatly to the significant increase in the market value of the common shares of Rogers. Cable and cellular have a bright future and their potential for expansion is far from being exhausted.

Financial Information
Year to August 31, 1988

	1988	1987	% Change
	(Millions except per share data and percentages)		
Revenue	$ 358	$ 274	+31
Net Income including extraordinary items	85	(25)	—
Earnings per Common Share including extraordinary items (fully diluted)	3.18	(1.50)	—
Dividends per Common Share	NIL	NIL	—
Common Shares outstanding			
Class A	5	5	—
Class B (Reflects 14.1 million shares held by subsidiary)	9	22	−59
Return on average Common Equity	No true comparison can be made		

Banks

The banks which were included in last year's Report are again featured due to their expected continued strong performance. In the past twelve months the TSE Bank Index has increased 27% due to overall strengthened balance sheets, improved earnings and lower Third World exposure as a percentage of common equity. Higher interests rates or a major recession may hinder further growth but the banks are financially sound and with projected increasing earnings and increasing dividends, we believe they will offer a good total return.

The information provided in these profiles is based on sources we consider reliable, but is not guaranteed as to accuracy and does not purport to be complete. For the most part our sources were the Annual Reports issued by the companies which have been featured.

Corporate Information

MPG INVESTMENT CORPORATION LIMITED

For comparative purposes all information expressed either as a market price or as a value per Common share and relating to the periods prior to the payment of the capital gains stock dividend on November 10, 1986 have been restated to provide for the increase in the number of shares issued.

Comparative Financial Summary

(for years ended June 30)

	1989	1988	1987	1986	1985
Gross Investment Income	**$ 2,375,945**	$ 2,013,943	$ 1,726,140	$ 1,751,627	$ 1,334,493
Net income, after taxes	**$ 1,710,837**	$ 1,433,470	$ 1,229,135	$ 1,314,041	$ 1,007,728
Expenses as a percentage of average net assets	**1.09%**	1.10%	1.05%	1.03%	.97%
Earnings per Common share (1)	**30.4¢**	21.8¢	15.1¢	23.6¢	22.8¢
Dividends per Common share	**29.0¢**	26.0¢	21.5¢	18.8¢	18.1¢
Gross Assets	**$52,806,379**	$47,737,823	$52,915,558	$48,098,962	$35,241,699
Net Asset Value per Common share (2)	**$ 12.62**	$ 11.30	$ 12.40	$ 11.35	$ 9.70

(1) Earnings per Common share are based on the weighted average number of shares outstanding.

(2) Net Asset Value per Common share figures have been calculated as follows:

— the figure for June 30, 1985 is based on the assumption that all 1984 Warrants outstanding were exercised at $8.07, per Common share;

— the figures for June 30, 1986, 1987, 1988, and 1989 are based on the assumption that all 1984 and 1985 Warrants outstanding were exercised at $8.07 and $9.59 per Common share respectively.

Valuation Day — (December 22, 1971 share prices)

Common	$ 1.31 (reflects capital gains stock dividends paid on October 14, 1981 and November 10, 1986)
1964 Series Preferred	$15.00

Price Range of Common Stock on the Toronto Stock Exchange

1988/1989	High	Low	Close
First Quarter	$ 7¾	$ 6⅞	$ 7¼
Second Quarter	7⅞	6⅞	7½
Third Quarter	8⅜	7⅜	8
Fourth Quarter	8⅜	7¾	8½
Year	8⅜	6⅞	8½
1987/1988	$ 9¼	$ 6⅞	$ 7½

Common shares, 1984 Warrants, 1985 Warrants, 1964 Series Preferred shares and 1985 Series Class B shares are listed for trading on the Toronto, Montreal and Vancouver Stock Exchanges.

Stock symbols	— Common shares	— MPG
	— 1984 Warrants	— MPG.WT
	— 1985 Warrants	— MPG.WT.A
	— 1964 Series Preferred shares	— MPG.PR.A
	— 1985 Series Class B shares	— MPG.PR.B

Net Asset Value per Common Share

In order to provide shareholders and investors with a regular flow of corporate information, the Company issues press releases disclosing the month-end NAV figures to the stock exchanges and newspapers. If shareholders or other interested parties wish to know the latest NAV figures, they are invited to telephone our Executive Office at (613) 932-0183.

Additional Information

Head Office

220-42nd Avenue S.E.
Calgary, Alberta
T2G 1Y4

Bankers

The Bank of Nova Scotia

Executive Office

215 Sydney Street
Cornwall, Ontario
K6H 3H3

Counsel

Blake, Cassels & Graydon

Transfer Agents & Registrar

The Royal Trust Company
Calgary, Montreal, Toronto, Vancouver

Annual Meeting

of Shareholders will be held at the Company's Executive Office, 215 Sydney Street, Cornwall, Ontario on Monday, October 30, 1989 at 11:00 o'clock a.m.

MPG
INVESTMENT
CORPORATION
LIMITED

Directors

The Earl of Iveagh
Chairman and Director since 1961. Director, Guinness PLC (Brewers, Distillers). He is also a Director of The Bank of Nova Scotia.

D. C. Cameron
Director since 1972. Retired Chairman of Jones Heward & Company Ltd. He is a Director of Jones Heward Fund Ltd.

J. R. Collins
Director since 1983. Partner of Blake, Cassels & Graydon (Lawyers). He is also a Director of Turbo Resources Limited

T. A. Foss
Director since 1983. President of Jones Heward Investment Management Inc. and a Director of Burns Fry Limited.

J. A. M. Hutchinson
Director since 1988. Joint Managing Director, The Iveagh Trustees Limited. He is also a Director of Endurance Fund Management Limited.

J. D. H. Mackenzie, C.A.
President since 1971 and Director since 1966. President of Elgistan Management Limited. He is also a Director of Jones Heward Fund Ltd. and a Trustee of Bullock American Fund.

R. J. Shirley
Director since 1972. Business Executive. His directorships include Bonar Inc. (Packaging) and other Canadian corporations.

R. D. Spooner, C.A.
Director since 1970. President of Duke Seabridge Limited and a Director of Guardian Trustco Inc.

Officers

The Earl of Iveagh
Chairman of the Board

J. D. H. Mackenzie, C.A.
President

J. K. McBride
Treasurer, Chief Financial Officer

J. V. Holt
Secretary

Mrs. D. C. Acheson
Assistant-Treasurer

J. R. Collins
Assistant-Secretary

Mrs. S. A. Duncan
Assistant-Secretary

N. L. Scott, C.A.
Assistant-Secretary