MPG

INVESTMENT
CORPORATION
LIMITED

HOWARD ROSS LIBRARY
OF MANAGEMENT
SEP 19 199
McGILL UNIVERSITY

Annual Report

1991

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.

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M P G Investment Corporation Limited

Notice to Shareholders

Annual General and Special Meeting

NOTICE IS HEREBY GIVEN that the Annual General and Special Meeting of the Shareholders of MPG Investment Corporation Limited will be held in the offices of the Company, 215 Sydney Street, Cornwall, Ontario, on Monday, October 28, 1991 at 11:00 a.m. (local time) for the following purposes:

(a) to receive the Consolidated Financial Statements of the Company for the fiscal year ended June 30, 1991 and the Report of the directors and auditors thereon;

(b) to consider and, if thought advisable, to pass a special resolution in the form attached as Schedule A to the accompanying Management Proxy Circular, reducing the number of directors to be elected at annual meetings of the shareholders;

(c) to elect directors;

(d) to appoint auditors and authorize the directors to fix their remuneration;

(e) to consider, if presented at the meeting, a shareholder proposal which is opposed by the directors of the Company;

(f) to transact such other business as may properly come before the meeting.

By Order of the Board

J. K. McBRIDE
Treasurer

September 13, 1991

Management Proxy Circular

As of August 28, 1991

Solicitation of Proxies

This solicitation of proxies is made by the management of MPG Investment Corporation Limited (the "Company") for use at the Annual General and Special Meeting of Shareholders to be held on Monday, October 28, 1991, and at all adjournments thereof, for the purposes set forth in the accompanying Notice of Meeting. It is expected that the solicitation will be made primarily by mail, but proxies may also be solicited by directors and officers of the Company by telephone and other means of communication. The cost of the solicitation will be borne by the Company.

Appointment and Revocability of Proxies

The persons named in the enclosed form of proxy are directors and officers of the Company. **A shareholder has the right to appoint a person to represent him at the meeting other than the persons designated in the enclosed form of proxy** and may do so either by inserting such person's name in the blank space provided in such form and deleting the names of the designated persons or by completing another proper form of proxy and, in either case, mailing it to The Royal Trust Company, Corporate Trust Services, P.O. Box 475, Adelaide Street Postal Station, Toronto, Ontario M5C 2J5, or depositing it at the offices of The Royal Trust Company, 74 Victoria Street, 4th Floor, Toronto, Ontario on or before October 25, 1991 or with the Secretary or Chairman of the meeting on the day of the meeting or any adjournment thereof. A person appointed as a proxy need not be a shareholder of the Company.

A shareholder who has given a proxy may revoke it at any time before it is exercised. A proxy may be revoked by instrument in writing executed by the shareholder or by his attorney authorized in writing or, if the shareholder is a corporation, by an officer or attorney thereof duly authorized, and mailed to or deposited at The Royal Trust Company at the addresses set out above, or deposited with the Secretary or Chairman of the meeting on the day of the meeting or any adjournment thereof.

Exercise of Discretion by Proxy Holders

The shares represented by any proxy in the accompanying form and appointing the persons designated in the form of proxy or any of them to represent the shareholder at the meeting will be voted or withheld from voting as specified by the shareholder with respect to the matters identified in the Notice of Meeting. **In the absence of instructions, such shares will be voted FOR the following: (i) the special resolution reducing the number of directors; (ii) the election of directors; and (iii) the appointment of auditors, and will be voted AGAINST the shareholder proposal, as stated under those headings in this Information Circular.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting or other matters that may properly come before the meeting. At the date of this Information Circular, the management of the Company knows of no such amendments, variations or other matters.

Voting Rights

The shares of the Company entitled to vote at the meeting are its Common shares without par value. As of August 28, 1991 there were 3,847,190 Common shares outstanding. Each such share entitles the holder to one vote on all matters to come before the meeting. The directors have set a record date of the close of business on September 10, 1991 with respect to determining shareholders who are entitled to receive notice of and vote at the meeting, except to the extent that: (A) the holder has transferred ownership of any of those shares after that date; and (B) the transferee of those shares produces properly endorsed share certificates, or otherwise establishes that the transferee owns the shares, and demands not later than ten days before the meeting that the transferee's name be included to vote the transferred shares at the meeting, in which case the transferee is entitled to vote the shares at the meeting.

As of August 28, 1991 there were outstanding 80,000 1964 Series Preferred shares. Since dividends on these shares are not in arrears, the holders of these shares are neither entitled to vote nor to attend the meeting.

The directors and officers do not know of any person or company beneficially owning, directly or indirectly, or exercising control or direction over Common shares of the Company carrying more than 10% of the voting rights attached to all shares of the Company.

Election of Directors

Prior to August 28, 1991 the number of directors to be elected was nine. At its meeting on August 28, 1991 the board passed a resolution fixing the number of directors to be elected at eight. This resolution is subject to approval of the shareholder resolution to the same effect described below under "Decrease in Size of Board of Directors". If the shareholder resolution is not approved, then the number of directors to be elected will remain at nine. Unless otherwise specified by the shareholder, the persons named in the enclosed proxy intend to vote for the election of the proposed eight nominees. Each director elected will hold office until the next Annual Meeting unless his office is earlier vacated in accordance with the by-laws. All of these nominees are now directors and have been since the dates indicated below.

Management has no reason to believe that the persons nominated will not be available, but, in the event that a vacancy among the original nominees occurs for any reason prior to the meeting, the proxies will be voted for a substitute nominee recommended by management and for the remaining nominees. Information is given below with respect to each nominee for election as a director, including the approximate number of each class of shares of the Company which he has advised that he and his associates beneficially own, directly, or over which he or they exercise control or direction.

Nominee	Principal occupation or employment position or office with the Company	Date first became Director	Common Shares
The Earl of Iveagh	Director, Guinness PLC — Brewers, Distillers; Chairman of the Board of the Company	January 30, 1961	221,634
*D. C. Cameron	Retired Chairman of the Board, Jones Heward & Company Ltd. — Investment Advisors	September 28, 1972	7,680
*J. R. Collins	Executive Vice President, Morgan Financial Corporation — Financial Services Holding Company	November 9, 1983	384
T. A. Foss	Vice Chairman and Director, Jones Heward Investment Management Inc.	November 9, 1983	15,600
J. A. M. Hutchinson	Joint Managing Director, The Iveagh Trustees Limited — Management Company	October 24, 1988	nil
*J. D. H. Mackenzie, C.A...	President, Elgistan Management Limited — Management Company; President of the Company	November 17, 1966	50,000
R. P. Mather	Managing Director, ScotiaMcLeod Inc.	October 30, 1989	62,360

Nominee	Principal occupation or employment position or office with the Company	Date first became Director	Common Shares
J. K. McBride	Vice President and Secretary, Elgistan Management Limited — Management Company; Treasurer and Chief Financial Officer of the Company	October 31, 1990	6,360

*Member of the Audit Committee

Decrease in Size of Board of Directors

Shareholders are being asked to vote on a special resolution (the "Special Resolution") reducing the number of directors to be elected at annual meetings of the shareholders.

The Articles of the Company provide that the minimum number of directors shall be three and the maximum number shall be fifteen. By special resolution passed at an annual general and special meeting of the shareholders on October 30, 1989 the shareholders fixed the number of directors to be elected at nine, until otherwise determined by special resolution. At its meeting on August 28, 1991, the board passed a resolution fixing the number of directors to be elected at eight. This resolution is subject to approval of a special resolution of the shareholders to the same effect.

The board considers it advisable and recommends to the shareholders that the number of directors to be elected at annual meetings of the shareholders be reduced to eight, until otherwise determined by the directors. The board is making this recommendation due to the retirement from the board of one of the current directors, Mr. R. J. Shirley. The delegation to the board of the power to change the number of directors to be elected at annual meetings of the shareholders is consistent with the terms of Section 4.03 of By-law No. A-1 of the Company.

The Special Resolution must be passed by a majority of not less than two-thirds of the votes cast by holders of Common shares present in person or represented by proxy at the meeting. **The board of directors recommends that shareholders vote in favour of the Special Resolution.**

Unless otherwise specified by the shareholder, the persons named in the enclosed form of proxy intend to vote in favour of the Special Resolution.

Remuneration of Management and Others

The following information is furnished as to the remuneration of directors and officers:

	Directors' fees (1) $	Salaries $	Non-Accountable expense allowances $	Other (notes) $	Total $
Remuneration of Directors					
Number of directors: Nine	44,200	—	—	—	44,200
Remuneration of Officers					
Number of officers: Eight (2)	—	—	—	—	—
Totals	44,200	—	—	—	44,200

(1) Directors are paid an annual fee of $3,000 and $400 for each board or committee meeting attended.

(2) Two (2) of these officers are executive officers as defined in the regulations to the Securities Act (Ontario) who received an aggregate of $10,000 out of Directors' fees listed above.

The aggregate direct remuneration payable by the Company during its last complete financial year to directors and senior officers as such was $44,200. The Company does not have a pension plan for its officers.

Executive Share Purchase Plan

The Company established an Executive Share Purchase Plan in 1982, with shareholder approval, to assist designated officers and employees to purchase up to 160,000 Common shares of the Company. Under the Plan, the Company advances to the trustee an interest-free loan for the account of the designated officer or employee to be used by the trustee to purchase shares from the Company on behalf of that officer or employee. The shares are issued at a price equal to the market price at the time of purchase. All dividends paid in respect of the Common shares are credited to the repayment of the loan and the shares in respect of which the loan remains outstanding are pledged in favour of the trustee to secure repayment of the loan. To date, an aggregate of 37,560 Common shares have been issued to Mr. J. D. H. Mackenzie and Mr. J. K. McBride, both directors and officers of the Company and to a former officer of the Company. The original loans made to such persons aggregated $179,700 of which $15,030 is currently outstanding. The largest aggregate amounts outstanding on account of the loans made to J. D. H. Mackenzie and J. K. McBride for the year ended June 30, 1991 were $9,813 and $16,537 respectively. There is no balance owing by Mr. J. D. H. Mackenzie and Mr. J. K. McBride currently owes a balance of $15,030.

Loan to Officer

The Company previously approved an interest-free loan to Mr. J. K. McBride, a director and officer of the Company, to purchase Common shares of the Company upon exercise of 1984 Common Share Purchase Warrants held by him. The largest amount outstanding on account of the loan during the year ended June 30, 1991 was $24,864, of which $23,199 is currently outstanding.

Appointment of Auditors

Unless otherwise specified by the shareholder, the shares represented by any proxy in the accompanying form will be voted in favour of Ernst & Young as auditors of the Company and to authorize the directors to fix the remuneration of the auditors so appointed. Ernst & Young have been auditors of the Company for more than five years.

Shareholder Proposal

A shareholder of the Company, Douglas Resources Ltd., Bow Valley Square IV, 250-Sixth Avenue S.W., Calgary, Alberta T2P 3H7, has submitted a proposal, pursuant to the Canada Business Corporations Act, to have the Company restructured from a closed-end investment corporation into an open-end mutual fund.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE AGAINST THIS PROPOSAL.

The reasons for the board's recommendation are summarized as follows:

The Board of Directors does not believe that it would be in the best interests of the Company and its shareholders to convert the Company into an open-end mutual fund. Accordingly, they are unable to support the proposal submitted by Douglas Resources Ltd. and, in respect of their own shares, intend to vote against it.

The Company's long term record in asset growth and dividend distributions has been excellent. During the ten-year period ended June 30, 1991 the Company's net asset value per Common share increased by 98% compared with an increase of 47% in the Toronto Stock Exchange 300 Composite Index; dividend distributions in the 1981 fiscal year were 14.06 cents per Common share (adjusted for stock dividends) and increased to 31 cents per Common share in the year ended June 30, 1991 (an increase of 120%).

Conversion to a mutual fund would carry considerable disadvantages, including

- the cost of establishing and maintaining a marketing organization
- the possibility that the Company would shrink in size by virtue of redemptions

- additional expense in operations
- the constraints on portfolio management arising from the requirement to maintain high liquidity to provide for the contingency of redemptions.

In addition, conversion to a mutual fund would give rise to income tax disadvantages to many shareholders.

The Board of Directors is continuing to actively pursue means to improve the liquidity of, and reduce the discount on, the Common shares. The present intention, however, is to continue to function as a closed-end investment corporation for long term investment in equities.

The shareholder proposal is as follows:

"Douglas Resources Ltd., a shareholder of MPG Investment Corporation Limited ("MPG"), proposes that MPG be restructured from a closed end investment corporation into an open end mutual fund in order to increase both the market value and the liquidity of MPG common shares."

The Company has also received the following statement in support of the proposal from the proponent:

"Historically, the common shares of MPG have traded on the Toronto Stock Exchange ("TSE") at a significant discount to their net asset value ("NAV"). During the last two years this discount has averaged about 35%.

In addition to the significantly discounted value, MPG common shares suffer from a serious shortage in demand for such shares on the TSE. As a result, any shareholder wishing to sell a significant volume of shares will face an extended time period for such sale and/or a greater than average discount.

If this proposal to restructure MPG from a closed end investment corporation into an open end mutual fund is accepted, the holders of MPG common shares will benefit as follows:

1. A market for any volume of MPG common shares will always be available, since MPG will be required to redeem such shares at their full NAV.
2. The NAV received by sellers of MPG common shares will be about 54% greater than the value received under the existing closed end investment company structure (assuming a 35% discount)."

The affirmative vote of a majority of not less than one-half of the votes cast by holders of Common shares present in person or represented by proxy at the meeting will be required for approval of the shareholder proposal. **The board of directors recommends that shareholders vote against the shareholder proposal.**

If the shareholder proposal is approved, it will be necessary to amend the Articles of the Company in order to implement the proposed restructuring. Such amendment will require the approval of a majority of not less than two-thirds of the votes cast by the holders of each class of shares of the Company, voting separately as a class, and duly called special meetings of holders of shares of each such class.

Unless otherwise specified by the shareholder, the persons named in the enclosed form of proxy intend to vote against the proposal.

Directors' and Officers' Liability Insurance

The Company maintains, on behalf of the directors and officers of the Company, a directors' and officers' liability insurance policy. The policy has a coverage limit of $5,000,000. The annual premium cost to the Company for the policy year ending October 15, 1991 is $23,000. No allocation of premium has been made in respect of the directors as a group or the officers as a group. The policy requires the Company to absorb a deductible amount of $250,000 per occurrence.

Management Contract

Elgistan Management Limited, having an office at 215 Sydney Street, Cornwall, Ontario, and which is a wholly-owned subsidiary of Duke Seabridge Limited, 220-42nd Avenue S.E., Calgary, Alberta, provides management services to the Company under a contract dated December 31, 1980, as amended.

The names and addresses of the directors and officers of Elgistan Management Limited are:

Name and Address	Position Held
The Earl of Iveagh Farmleigh, Castleknock, County Dublin, Republic of Ireland	Director
Mrs. D. C. Acheson 215 Sydney Street, Cornwall, Ontario K6H 3H3	Assistant-Treasurer
Mrs. S. A. Duncan 215 Sydney Street, Cornwall, Ontario K6H 3H3	Assistant-Secretary
M. J. Gallagher Suite 505, Kapilano 100, 100 Park Royal, West Vancouver, British Columbia V7T 1A2	Assistant-Secretary
J. V. Holt 215 Sydney Street, Cornwall, Ontario K6H 3H3	Treasurer
J. A. M. Hutchinson Iveagh House, 41 Harrington Gardens, London, SW7 4JU, England	Director
A. Laoun Suite 505, Kapilano 100, 100 Park Royal, West Vancouver, British Columbia V7T 1A2	Director and Vice President
J. D. H. Mackenzie, C.A. 215 Sydney Street, Cornwall, Ontario K6H 3H3	Director and President
J. K. McBride 215 Sydney Street, Cornwall, Ontario K6H 3H3	Director and Vice President, Secretary
N. L. Scott, C.A. 220 - 42nd Avenue S.E., Calgary, Alberta T2G 1Y4	Assistant-Secretary
C. M. Sherwood Iveagh House, 41 Harrington Gardens, London, SW7 4JU, England	Director
D. M. White Suite 505, Kapilano 100, 100 Park Royal, West Vancouver, British Columbia V7T 1A2	Assistant-Secretary

During the fiscal year ended June 30, 1991 the Company paid $388,261 to Elgistan Management Limited for management services.

Approval

The contents and the sending of this Circular have been approved by the board of directors.

J. K. McBRIDE
Treasurer

August 28, 1991

SCHEDULE A

SPECIAL RESOLUTION OF THE SHAREHOLDERS

OF

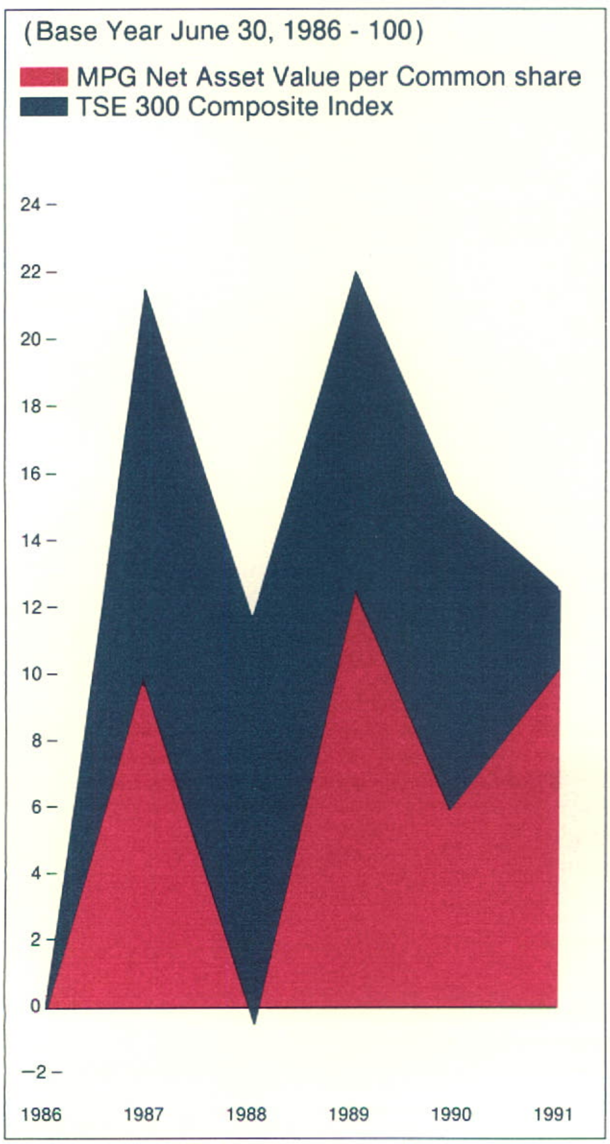
MPG INVESTMENT CORPORATION LIMITED

RESOLVED AS A SPECIAL RESOLUTION THAT, until otherwise determined by the directors, the number of directors of the Company shall be eight.

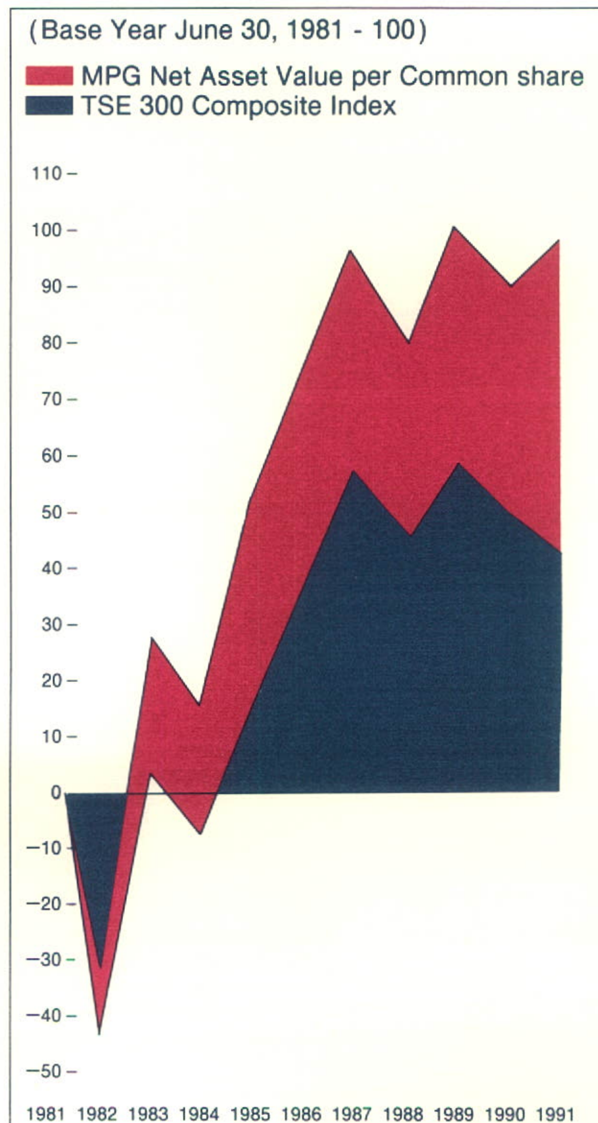
Financial Highlights

	June 30, 1991	June 30, 1990	Change
NAV per Common share	$12.43	$12.00	+3.6%
TSE 300	3,465.82	3,543.93	−2.2%
Gross Assets	$46.7M	$54.1M	−13.7%

Five Year Performance



Ten Year Performance



MPG INVESTMENT CORPORATION LIMITED

To Our Shareholders

The Board of Directors presents the sixty-third Annual Report of your Company for the year ended June 30, 1991. This year there is a statutory requirement to furnish "Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A)" which is to be found on page 3. Because this covers the results of the year under review in some detail and also refers to the changes in the Company's net worth, capitalization changes and other matters concerning the financial condition, this Report will offer only brief references to the operations for the year under review.

Despite recessions in Canada and the United States, the conflict in the Persian Gulf, and the redemptions of the two Series of Class B shares, the Company reported:

- An increase of 3.6% in the net asset value per Common share to $12.43 (the TSE 300 Composite Index fell by 2.2% during the year).
- Earnings per Common share of 30.2 cents (1990 — 42.3 cents).
- Total dividend distribution of 31 cents (1990 — 35 cents).

The special factors which account for the decline in income are covered in the MD&A.

Investment Review

Canada's equity markets reflected the recessionary environment and it was difficult for equity investors to make much headway. The Directors' policy was directed towards the preservation of values and, to this end, investments were held in Canada's strongest corporations with a preference towards those with significant operations outside Canada.

At year end equities and convertible preferreds represented 90.6% and reserves 9.4% of the total portfolio (1990 — equities and preferreds 87.4% and reserves 12.6%). This modest additional commitment to equities reflects our more positive view towards the Canadian and U.S. economies.

Outlook

Although the recoveries of the Canadian and U.S. economies are expected to be weaker than those of previous postwar periods, that they will improve slowly over the ensuing months does not appear to be a matter for doubt. However, this will not necessarily provide a particularly good environment for corporate profits.

The euphoria in the U.S. equity market, which followed the success of Operation Desert Storm, raised equities to a level which appears to discount the economic recovery and left little room for earnings disappointments emanating from weak first and second quarters. In contrast, Canada's equity markets did not share to the same extent the strong upward move in U.S. equities, and, accordingly, there does not appear to be the same risk of overvaluation.

There is no shortage of problems of concern to investors and there are many disquieting financial situations. Savings and loans companies, banks, insurance companies, cities and even states in the United States have experienced numerous bankruptcies, hover on the brink of bankruptcy or have had to seek relief from their creditors.

In such an environment the shares of well-financed and well-managed companies become doubly attractive for money looking for safe havens. Nobody can deny the inherent risk of equity investments but these look compellingly attractive compared to mortgages and commercial paper issued by less than creditworthy borrowers.

Directors

Jack Shirley, who has been a director of the Company for nineteen years, is not standing for re-election this year. The board would like to thank Mr. Shirley for his valuable contributions to the Company over this period.

Submitted on behalf
of the Board of Directors

Iveagh

Chairman

President

August 28, 1991

Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

The Company derives its revenues from dividends and interest earned on its portfolio of investments. During the year ended June 30, 1991, consolidated gross income was $2,450,047 which represented a decline of 23.1% from the previous year. The decline was due to two factors: (1) in the preceding year special dividends amounting to $606,000 were received from Sechura Inc., Scotts Hospitality and Cambridge Shopping Centres, whereas there were no special dividends in the year just ended and (2) retractions and redemptions of the Class B shares, as will be more fully explained in the Capital Resources and Liquidity Section, reduced the size of the portfolio.

Expenses were 2.8% lower at $750,147. Management fees reflected a decrease in the value of the portfolio due to Class B share repayments, but there was little change in the other items of expense. Income taxes were 3.1% higher at $147,656. Net income for the year was $1,552,244 or 31.7% less than the previous year. Dividends paid on the Company's 1964 Series Preferred shares amounted to $104,000 in both years, but the dividends paid on the 1980 and 1985 Series Class B shares fell to $287,484 in the year under review, from $639,651 for the previous year.

After the payment of the preferred dividends, there remained $1,160,760 available for the Common shares or 30.2 cents per Common share based on the weighted average number of Common shares outstanding during the period (3,847,190). These numbers may be compared with net income of $1,529,450, earnings per share of 42.3 cents and average outstanding shares of 3,617,308 for the year ended June 30, 1990.

The total expenses expressed as a percentage of the quarterly average of net assets was 1.61% compared with 1.40%. The rise is attributable to the reduction in the size of the Company's portfolio compared to a relatively fixed level of expenses.

Dividends paid on the Common shares during the year under review amounted to 31 cents (quarterly rate of 6 cents plus a 7 cent extra). The dividends paid in fiscal 1990 were 35 cents (quarterly rate of 5 cents plus a 15 cent extra).

The lack of special dividends and reduced size of the portfolio hid an encouraging trend in dividends received on the Company's investments. Despite a recessionary environment, eleven companies (the shares of which were held in the portfolio at year end) increased their regular dividend rates, there were no reductions and there was one omission.

The Company's net asset value per Common share ended the year at $12.43 having advanced by 3.6% during the year; in the same period the Toronto Stock Exchange 300 Index was down 2.2%.

The Company's total assets stood at $46.7 million at June 30, 1991, compared with $54.1 million at June 30, 1990.

Capital Resources and Liquidity

On November 30, 1990, the Company paid $5,742,500 to holders of 229,700 1985 Series Class B shares on their request for retraction; the Company took the necessary actions to redeem the balance of this issue (10,300 shares at a cost of $257,500) on January 31, 1991.

On January 10, 1991, the Board of Directors authorized the redemption of 125,000 1980 Series Class B shares at their stated value of $1,250,000.

These preferred share repayments, amounting in total to $7,250,000, were met by the sale of investments and the use of cash reserves with little disruption to the Company's portfolio activities.

Although reduced in size by the preferred retractions and redemptions noted above, the Company maintains a strong financial position; indeed, it has improved over a year ago as the only senior capital which remains is the $2,000,000 stated value of 1964 Series Preferred Shares; at June 30, 1990 the senior capital amounted to $9,375,000. Quite clearly, the dividend servicing requirements have been materially reduced.

Consolidated Balance Sheets

As at June 30

MPG INVESTMENT CORPORATION LIMITED

(Incorporated under the Canada Business Corporations Act)	1991	1990
ASSETS		
Cash	**$ 185,308**	$ 207,072
Interest-bearing demand deposits	**987,865**	1,499,120
Accrued interest and accounts receivable	**353,337**	491,437
Income taxes recoverable	—	252,722
Investments at market value (note 3 and schedule)	**45,143,418**	51,550,217
Deferred charges	—	85,199
Loans to officers (note 2)	**38,229**	51,214
	$46,708,157	$54,136,981
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	**$ 142,952**	$ 126,420
Dividends payable	**26,000**	57,196
Deferred income taxes	—	34,646
Income taxes payable	**83,269**	—
	252,221	218,262
Shareholders' equity:		
Share capital issued (notes 5 and 6) —		
80,000 1964 Series Preferred shares	**2,000,000**	2,000,000
Ø 1980 Series Class B shares (1990 — 137,500)	—	1,375,000
Ø 1985 Series Class B shares (1990 — 240,000)	—	5,760,000
3,847,190 Common shares	**25,134,499**	25,134,499
Ø 1985 Common share warrants (1990 — 240,000)	—	240,000
Retained earnings	**1,163,418**	1,195,286
Realized gains on disposals of investments	**13,353,188**	12,328,352
Unrealized appreciation of investments	**4,804,831**	5,885,582
	46,455,936	53,918,719
	$46,708,157	$54,136,981

On behalf of the Board:

Iveagh, Director

M. Marchuzzi, Director

See accompanying notes

Consolidated Statements of Income and Expenses

Years Ended June 30

	1991	1990
Income:		
Dividends from taxable Canadian corporations	**$1,515,197**	$2,228,151
Interest on investments	**713,115**	733,085
Dividends from United States corporations	**129,878**	109,103
Miscellaneous interest earned	**91,857**	117,421
	2,450,047	3,187,760
Expenses:		
Management fees	**388,261**	413,589
Trust company fees and charges	**67,008**	65,550
Legal, audit and professional fees	**67,122**	77,631
Directors' fees	**44,200**	38,700
Capital tax	**5,550**	9,162
Amortization of deferred charges	**85,199**	80,564
Printing and stationery	**12,120**	14,463
General	**80,687**	71,747
	750,147	771,406
Income before income taxes	**1,699,900**	2,416,354
Income taxes (note 4):		
Current	**182,302**	183,389
Deferred	**(34,646)**	(40,136)
	147,656	143,253
Net income for the year	**$1,552,244**	$2,273,101
Earnings per Common share (note 1g)	**30.2¢**	42.3¢

See accompanying notes

Auditors' Report

To the Shareholders of
MPG Investment Corporation Limited

We have audited the consolidated balance sheets of MPG Investment Corporation Limited as at June 30, 1991 and 1990 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 years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at June 30, 1991 and 1990 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.

Montreal, Canada
July 19, 1991.

Ernst & Young
Chartered Accountants

Consolidated Statements of Retained Earnings

Years Ended June 30

MPG INVESTMENT CORPORATION LIMITED

	1991	1990
Retained earnings, beginning of year	$ 1,195,286	$ 980,060
Appropriation of contributed surplus arising from expiry of unexercised 1985 Warrants (note 5)	240,000	—
Excess of redemption value over stated capital value of 1985 Class B Preferred Shares (note 5)	(240,000)	—
Net income for the year	1,552,244	2,273,101
	2,747,530	3,253,161
Dividends paid or accrued:		
1964 Series Preferred shares ($1.30 per share)	104,000	104,000
1980 Series Class B shares ($0.5216 per share; 1990 — $0.9018 per share)	71,717	129,651
1985 Series Class B shares ($0.9411 per share; 1990 — $2.125 per share)	215,767	510,000
Common shares ($0.31 per share; 1990 — $0.35 per share)	1,192,628	1,314,224
	1,584,112	2,057,875
Retained earnings, end of year	$ 1,163,418	$ 1,195,286

Consolidated Statements of Realized Gains on Disposals of Investments

Years Ended June 30

	1991	1990
Balance, beginning of year	$12,328,352	$11,018,200
Realized profit on sale of investments	1,627,620	1,801,947
Refundable capital gains tax (note 4)	(602,784)	(491,795)
Balance, end of year	$13,353,188	$12,328,352

Consolidated Statements of Unrealized Appreciation of Investments

Years Ended June 30

	1991	1990
Balance, beginning of year	$ 5,885,582	$10,672,628
Decrease during the year	(1,080,751)	(4,787,046)
Balance, end of year	$ 4,804,831	$ 5,885,582

See accompanying notes

Consolidated Statements of Changes in Net Assets

Years Ended June 30

	1991	1990
Net assets, beginning of year	**$ 53,918,719**	$ 52,142,136
Add (deduct) changes during the year —		
Net income for the year	**1,552,244**	2,273,101
Realized profit on sale of investments (note below)	**1,627,620**	1,801,947
Refundable capital gains tax	**(602,784)**	(491,795)
Proceeds of Common share issue	—	5,163,251
Depreciation in value of investments	**(1,080,751)**	(4,787,046)
Redemption of 1980 Series Class B shares (note 5)	**(1,375,000)**	(125,000)
Redemption of 1985 Series Class B shares (note 5)	**(5,760,000)**	—
Excess of redemption value over stated capital value of the 1985 Class B Preferred Shares (note 5)	**(240,000)**	—
Dividends paid out of investment income	**(1,584,112)**	(2,057,875)
Net assets, end of year	**46,455,936**	53,918,719
Redemption value of 1964 Series Preferred shares	**(2,100,000)**	(2,100,000)
Redemption value of 1980 Series Class B shares	—	(1,392,188)
Redemption value of 1985 Series Class B shares	—	(6,120,000)
Deferred charges, less applicable taxes	—	(50,553)
Refundable capital gains tax on hand (note 4)	**3,450,524**	2,843,804
Proceeds assuming all 1985 Common share warrants were exercised	—	3,682,560
Net assets, applicable to Common shares	**$ 47,806,460**	$ 50,782,342
Net asset value per Common share (note 7)	**$ 12.43**	$ 12.00

Note — realized profit on sale of investments

	1991	1990
Proceeds from sales include $23,016,741 from short-term investments (1990 — $12,938,291)	**$ 43,625,068**	$ 32,195,237
Cost of investments, beginning of year	**45,664,635**	40,029,904
Cost of investments purchased	**36,671,400**	36,028,021
Cost of investments, end of year	**(40,338,587)**	(45,664,635)
Cost of investments sold	**41,997,448**	30,393,290
Realized profit on sales	**$ 1,627,620**	$ 1,801,947

See accompanying notes

1. Accounting policies

(a) Consolidation —

The consolidated financial statements include the accounts of MPG Investment Corporation Limited and 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 settlement 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 have been amortized to income proportionately over the life of the series. The costs of issuing the 1985 Series Class B shares were amortized to income proportionately to the redemption of the 1985 Series Class B shares.

(g) Earnings per Common share —

Earnings per Common share are calculated using the weighted monthly average number of Common shares outstanding during the period: 1991 — 3,847,190 (1990 — 3,617,308). The earnings available to the Common shares are calculated after deducting the 1964 Series Preferred share and the Class B share dividends.

2. Loans to officers

The outstanding loans to officers under the Executive Share Purchase Plan have been reduced from $26,350 as at June 30, 1990 to $15,030 as at June 30, 1991. A personal loan to an officer of the Corporation to purchase Common shares of the Company has been reduced from $24,864 as at June 30, 1990 to $23,199 at June 30, 1991.

3. Investments

Investments consist of:

	1991		1990	
	Cost	**Market Value**	Cost	Market Value
Canadian stocks	**$31,567,243**	**$35,774,750**	$35,255,239	$40,185,281
United States stocks	**4,480,103**	**5,124,727**	3,787,523	4,862,638
	36,047,346	**40,899,477**	39,042,762	45,047,919
Canadian bonds	**938,250**	**890,950**	1,326,263	1,206,688
Government treasury bills	**3,352,991**	**3,352,991**	4,745,610	4,745,610
Short-term deposits	**—**	**—**	550,000	550,000
	$40,338,587	**$45,143,418**	$45,664,635	$51,550,217

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; 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, 1991 is $3,450,524 (1990 — $2,843,804).

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 $3,600,000 (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.

The changes in the outstanding share capital since June 30, 1990 are as follows:

	1964 Series Preferred	1980 Series Class B	1985 Series Class B	Common Shares	1985 Warrants
Number					
Outstanding as at June 30, 1990	80,000	137,500	240,000	3,847,190	240,000
1980 Series Class B shares redeemed		(137,500)			
1985 Series Class B shares redeemed			(240,000)		
Expiration of 1985 Warrants					(240,000)
Outstanding as at June 30, 1991	80,000	—	—	3,847,190	—
Stated Value					
Outstanding as at June 30, 1990	$2,000,000	$1,375,000	$5,760,000	$25,134,499	$240,000
1980 Series Class B shares redeemed		(1,375,000)			
1985 Series Class B shares redeemed			(5,760,000)		
Expiration of 1985 Warrants					(240,000)
Outstanding as at June 30, 1991	$2,000,000	$ —	$ —	$25,134,499	$ —

In the year ended June 30, 1990, 12,500 1980 Series Class B shares were redeemed at their stated value of $125,000 and 639,808 Common shares were issued with a stated value of $5,163,251 as a result of the exercise of 399,884 1984 Warrants.

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 was required to redeem 12,500 shares annually for ten years at the stated value of $125,000. The tenth redemption requirement took place on December 31, 1990. On January 10, 1991, the balance of the shares outstanding were redeemed at par value.

1985 Series Class B shares —

The 1985 Series Class B shares had cumulative dividend rights of $2.125 per share and were redeemable at $25.00 per share for redemptions effected on or after December 1, 1990. The shares were retractable at the option of the holder on November 30, 1990 at a price of $25.00 per share and 229,700 shares were retracted. The 10,300 shares outstanding were called for redemption on December 21, 1990 at a price of $25.00 per share payable on January 31, 1991. The excess of the redemption value over the carrying value in the capital accounts of $5,760,000 in the amount of $240,000 has been charged to Retained Earnings.

1985 Common Share Purchase Warrants —

The 1985 Warrants entitled the holders 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 life of the Warrants. The carrying value of the Warrants of $240,000 has been recognized as contributed surplus and appropriated to Retained Earnings.

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, 1991 and the four preceding years is as follows:

1991	$12.43
1990	$12.00
1989	$12.62
1988	$11.30
1987	$12.40

Net asset value per Common share at June 30, 1991 is based on 3,847,190 shares. The 1990 figure is based on 4,231,190 shares, being the shares outstanding plus those to be issued assuming that all 1985 Warrants outstanding would have been exercised at $9.59.

Consolidated Portfolio of Investments
June 30, 1991

MPG INVESTMENT CORPORATION LIMITED

Number of shares or face value of bonds or treasury bills		Book Cost	Market Value	Percentage of total portfolio at market
EQUITY STOCKS				
Business Equipment				
*8,000	Honeywell Inc.	$ 357,196	$ 553,870	1.2
Communications & Media				
35,000	BCE Mobile Communications Inc.	953,599	879,375	
20,000	Torstar Corp. — Class B	529,165	505,000	
		1,482,764	1,384,375	3.1
Consumer Products				
20,000	The Seagram Company Ltd.	1,872,147	2,385,000	
25,000	The Molson Companies Limited — Class A	944,015	1,106,250	
50,000	Canada Malting Co. Limited	579,778	837,500	
20,000	John Labatt Limited	502,001	470,000	
*10,000	American Greetings Corporation — Class A	399,804	366,868	
		4,297,745	5,165,618	11.4
Entertainment				
*3,000	The Walt Disney Company	434,759	381,998	0.8
Financial Services				
100,000	Bank of Montreal	2,782,770	3,437,500	
120,000	Royal Bank of Canada	2,063,674	2,850,000	
70,000	Canadian Imperial Bank of Commerce	1,731,942	2,091,250	
		6,578,386	8,378,750	18.6
Gold				
120,000	Glamis Gold Ltd.	350,337	414,000	0.9
Industrial Products				
70,000	Bombardier Inc. — Class B	774,423	1,583,750	
20,000	Northern Telecom Limited	647,989	830,000	
100,000	NOVA Corporation of Alberta	916,548	775,000	
20,000	Du Pont Canada Inc. — Class A	662,904	650,000	
*10,000	Ingersoll-Rand Company	552,697	576,711	
30,000	The SNC Group Inc. — Class A	411,238	450,000	
*6,000	Corning Incorporated	285,140	425,681	
100,000	Autostock Inc.	497,890	335,000	
		4,748,829	5,626,142	12.5
Merchandising				
50,000	Loblaw Companies Limited	731,878	1,018,750	
70,000	The Loewen Group Inc.	422,487	962,500	
150,000	Woodward's Limited — Class A	457,696	532,500	
*10,000	Rite Aid Corp.	505,734	486,778	
*8,000	The May Department Stores Company	344,892	486,492	
11,000	George Weston Limited	461,140	482,625	
*5,000	American Stores Company	471,000	471,075	
		3,394,827	4,440,720	9.8
Metals & Mining				
35,000	Inco Limited	1,363,967	1,426,250	3.2

Number of shares or face value of bonds or treasury bills		Book Cost	Market Value	Percentage of total portfolio at market
Oil & Gas				
25,000	Imperial Oil Limited — Class A	1,323,796	1,334,375	
100,000	CS Resources Limited	566,107	410,000	
15,000	Renaissance Energy Ltd.	239,896	228,750	
		2,129,799	1,973,125	4.4
Paper & Forest Products				
120,000	Repap Enterprises Inc.	1,361,200	900,000	2.0
Pharmaceutical				
*12,000	Schering-Plough Corporation	420,602	681,774	
*4,000	Bristol-Myers Squibb Company	364,635	355,162	
		785,237	1,036,936	2.3
Pipelines				
100,000	TransCanada PipeLines Limited — Instalment Receipts	825,000	925,000	
30,000	TransCanada PipeLines Limited	501,450	525,000	
		1,326,450	1,450,000	3.2
Real Estate				
30,000	Cambridge Shopping Centres Limited	834,129	795,000	1.8
Utilities				
50,000	BCE Inc.	1,755,243	2,093,750	
75,000	British Columbia Telephone Company	1,005,619	1,434,375	
70,000	B.C. Gas Inc.	929,898	1,058,750	
*10,000	GTE Corporation	343,642	338,318	
		4,034,402	4,925,193	10.9
Preferred stocks (convertible)				
30,000	Noranda Inc., 7.75% Pfd., Series C	897,821	720,000	
20,000	Bow Valley Industries Ltd., $2.025 Pfd., D, Series 3	529,513	555,000	
30,000	Corona Corporation, 1st Pfd., Series C	745,926	442,500	
15,000	Ranchmen's Resources Ltd., $2.45 1st Pfd., A	394,059	330,000	
		2,567,319	2,047,500	4.5
Total stocks		36,047,346	40,899,477	90.6
BONDS AND DEBENTURES				
$ 500,000	Province Saskatchewan Potash Exc., 11.50% December 1, 1992	556,250	560,450	
400,000	Le Groupe Vidéotron Ltée, 7.50%, March 31, 2002	382,000	330,500	
Total bonds and debentures		938,250	890,950	2.0
TREASURY BILLS				
$1,900,000	Canada Treasury Bill, 10.80%, July 5, 1991	1,805,437	1,805,437	
1,000,000	Canada Treasury Bill, 9.93%, July 12, 1991	958,790	958,790	
620,000	Canada Treasury Bill, 10.64%, July 19, 1991	588,764	588,764	
Total treasury bills		3,352,991	3,352,991	7.4
Total portfolio		$40,338,587	$45,143,418	100.0

*United States securities are translated into Canadian dollars at $1.14200, the rate of exchange prevailing at June 30, 1991.

•Interest-bearing demand deposits on hand of $987,865 are not included in the Portfolio of Investments.

See accompanying notes

Changes in Investment Portfolio

Year to June 30, 1991

MPG INVESTMENT CORPORATION LIMITED

	Number of Shares or Face Value of Bonds Additions	Deletions
EQUITY STOCKS		
Business Equipment		
*Honeywell Inc.	4,000(1)	4,000
*International Business Machines Corporation	2,500	2,500
Communications & Media		
BCE Mobile Communications Inc.	15,000	
Rogers Communications Inc., Class B		70,000
Shaw Cablesystems Ltd., Class B		70,000
Torstar Corp., Class B	20,000	
Consumer Products		
*American Greetings Corporation, Class A	10,000	
B.C. Sugar Refinery Limited, Class A		30,000
Campbell Soup Company Ltd.	25,000	25,000
Canada Malting Co. Limited		30,000
John Labatt Limited	20,000	
The Seagram Company Ltd.	5,000	
Financial Services		
*American Express Company		10,000
Bank of Montreal	40,000	
Canadian Imperial Bank of Commerce		10,000
Royal Bank of Canada		20,000
Royal Trustco Limited		80,000
Standard Trustco Limited		20,600
The Toronto-Dominion Bank		100,000
Trilon Financial Corporation, Class A		42,000
Industrial Products		
*Alliant Techsystems Inc.	1,000(1)	1,000
*The Boeing Company		9,000
Bombardier Inc., Class B		30,000
*Corning Incorporated	6,000	
Du Pont Canada Inc.	20,000	
*Ingersoll-Rand Company	4,000	
*Motorola Inc.		3,000
NOVA Corporation of Alberta	100,000	
SNC Group Inc., Class A	30,000	
Merchandising		
*American Stores Company	5,000	
Canadian Tire Corporation Limited, Class A		70,000
Loblaw Companies Limited		15,000
The Loewen Group Inc.	35,000(1)	5,000
*Rite Aid Corporation	10,000	
Scott's Hospitality Inc.		40,000
George Weston Limited	11,000	10,000
*Venture Stores Inc.	1,040(1)	1,040
Woodward's Limited, Class A	150,000	
Metals and Mining		
Alcan Aluminium Limited		30,000
Inco Limited	20,000	

	Number of Shares or Face Value of Bonds	
	Additions	Deletions
Oil and Gas		
CS Resources Limited	100,000	
*Chevron Corporation		5,000
Imperial Oil Limited, Class A	12,000	
Renaissance Energy Ltd.	15,000	
Paper and Forest Products		
Repap Enterprises Inc.	20,000	
Pharmaceuticals		
*Bristol-Myers Squibb Company	4,000	
*Schering-Plough Corporation		4,000
Pipelines		
TransCanada PipeLines Limited		30,000
TransCanada PipeLines Limited — Instalment Receipts	100,000	
TransCanada PipeLines Limited — Warrants	100,000	100,000
Real Estate		
Cambridge Shopping Centres Limited	10,000	
Transportation		
Laidlaw Inc., Class A		25,000
Socanav Inc., Class A		75,000
Utilities		
BCE Inc.		10,000
British Columbia Telephone Company		25,000
*Contel Corporation		16,000
*GTE Corp.	10,000	
*Southwestern Bell Corp.	6,000	6,000
Convertible Preferred Shares		
Laidlaw Inc., 5.00% Redeemable Pfd., Series G		50,000
Ranchmen's Resources Ltd., $2.45 Pfd. A		10,000
Westcoast Energy Inc., 8.25%, 2nd Pfd., Series A		22,000
BONDS		
Prov. Saskatchewan Potash Exc., 11.50%, December 1, 1992	$500,000	
Government of Canada, 8.75%, December 15, 1991		$700,000
Government of Canada, 8.25%, March 1, 1994		$250,000

(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.

Featured Holdings

Corning Incorporated

This is Corning's 140th year of operation and it is now focused in four main business segments: communications, specialty materials, laboratory services, and consumer products. In 1990 each division generated about 25% of total revenues and Corning posted its sixth consecutive year of record earnings. Corning expects continued growth through joint ventures, acquisitions, investment in technology, global expansion, and maintaining quality as a competitive edge. We believe that Corning's strengths will enable it to capitalize on the opportunities of the nineties, which will include health care and health protection, environmental safety, and the creative use of materials.

Financial Information (US$)
Year to December 31, 1990

	1990	1989	% Change
	(Millions except per share data and percentages)		
Revenue	$3,050	$2,576	+18
Net Income	292	261	+12
Earnings per Common Share	3.10	2.80	+11
Dividends per Common Share	.93	.83*	+12
Common Shares Outstanding	92	94	−2
Return on average Common Equity	16.3%	15.9%	+3

*excludes extra of .225¢

Inco Limited

Inco is the world's leading producer of nickel, supplying about one-third of the non-communist world demand. Inco also earns approximately 16% of revenues from the sale of other metals including copper, cobalt and precious metals. In 1990 total sales declined 21% versus a 27% fall in the average sales price of nickel. Management cannot control nickel prices, but they strive to control costs and, with this objective, the Company has invested heavily in equipment modernization to ensure that Inco is a low-cost producer. Inco shareholders may expect to see improving cash flows and profits, and we quote from their 1991 Annual Report: "Relatively little new capacity is scheduled to come on stream for the foreseeable future, with the result that the industry could be facing long periods of balanced supply and demand or even tight supply conditions. In our view, the decade of the 1990s holds great promise for Inco."

Financial Information (US$)
Year to December 31, 1990

	1990	1989	% Change
	(Millions except per share data and percentages)		
Revenue	$3,108	$3,948	−21
Net Income	436	748	−42
Earnings per Common Share	4.18	7.11	−41
Dividends per Common Share	1.00	.85	+18
Common Shares Outstanding	104	105	−1
Return on Common Equity	27%	58%	−53

Woodward's Limited

Woodward's has been one of the leading retailers in Western Canada since 1892 and now operates 77 department stores, junior department stores and travel agencies in British Columbia and Alberta. In fiscal 1990, Woodward's turned its first profit in five years through cost reduction, and working capital increased by 95%. Management has well-defined goals to restore profitability and for the deployment of positive cash flows to diversify geographically and/or expand into new retail concepts. We believe that management's return to fundamentals will prove successful and the shares offer investors good potential for growth.

Financial Information
Year to January 26, 1991

	1991	1990	% Change
	(Millions except per share data and percentages)		
Revenue	$ 691	$ 723	−4
Net Income	1	(59)	—
Earnings per Common Share	.03	(2.98)	—
Dividends per Common Share*	.05	.10	−50
Common Shares Outstanding	51	19	+168
Return on average Common Equity	1%	(65)%	—

*stock dividend

Northern Telecom Limited

Report on Business survey of the top 1000 Canadian companies ranked Northern Telecom 8th by profits in 1990. NTL is the world's leading supplier of fully digital telecommunications switching equipment. Revenues were earned from central office switching equipment (55% of total revenues), business communications systems and terminals (23%), transmission (11%), and cable and outside plant (7%). The Company recently completed the purchase of the U.K. company STC PLC, which significantly expands future European market opportunities. Total revenues and common shareholders' equity have both increased annually for over 10 years and management has rewarded shareholders by raising dividends each year since 1984. NTL has established an excellent growth record and its Management expressed confidence as NTL entered 1991.

Financial Information (US$)
Year to December 31, 1990

	1990	1989	% Change
	(Millions except per share data and percentages)		
Revenue	$6,769	$6,106	+11
Net Income	436	354	+23
Earnings per Common Share	1.80	1.47	+22
Dividends per Common Share	.30	.28	+7
Common Shares Outstanding	244	242	+1
Return on average Common Equity	14.7%	13.8%	+7

Du Pont Canada Inc.

E.I. du Pont de Nemours & Company owns approximately 75% of the common shares of Du Pont Canada. The Canadian Company's manufacturing operations consist of three main categories: fibre and intermediate chemicals, specialty chemicals and materials, specialty plastics and films. 1990 proved to be a tough year due to the deteriorating economic conditions in both domestic and export markets, as confirmed by the depressed financial results. The Company has benefited from the Free Trade Agreement by focusing business in the North American market, resulting in a 56% increase in exports to the U.S. Despite the lower results, Du Pont maintained the common share dividend and the balance sheet remains strong. The Company has an excellent dividend record — dividends increased by 229% during the 1980's.

Financial Information
Year to December 31, 1990

	1990	1989	% Change
	(Millions except per share data and percentages)		
Revenue	$1,439	$1,435	0
Net Income	62	87	−29
Earnings per Common Share	2.02	2.78	−27
Dividends per Common Share	.70	.68	+3
Common Shares Outstanding	31	31	0
Return on average Common Equity	10.8%	16.1%	−33

Our Ten Largest Holdings

	Cost	Value	% Yield	% of Total Portfolio
Bank of Montreal	$2,782,770	$3,437,500	6.2	8.2
Royal Bank of Canada	2,063,674	2,850,000	4.9	6.8
The Seagram Company Ltd.	1,872,147	2,385,000	1.7	5.7
BCE Inc.	1,755,243	2,093,750	6.1	5.0
Canadian Imperial Bank of Commerce	1,731,942	2,091,250	4.4	5.0
Bombardier Inc., Class B	774,423	1,583,750	1.5	3.8
British Columbia Telephone Company	1,005,619	1,434,375	5.9	3.4
Inco Limited	1,363,967	1,426,250	2.5	3.4
Imperial Oil Limited, Class A	1,323,796	1,334,375	3.4	3.2
The Molson Companies Limited, Class A	944,015	1,106,250	2.4	2.6

Comparative Financial Summary

(for years ended June 30)

	1991	1990	1989	1988	1987
Gross Investment Income	**$ 2,450,047**	$ 3,187,760	$ 2,375,945	$ 2,013,943	$ 1,726,140
Net income, after taxes	**$ 1,552,244**	$ 2,273,101	$ 1,710,837	$ 1,433,470	$ 1,229,135
Expenses as a percentage of average net assets	**1.61%**	1.40%	1.09%	1.10%	1.05%
Earnings per Common share (1)	**30.2¢**	42.3¢	30.4¢	21.8¢	15.1¢
Dividends per Common share	**31.0¢**	35.0¢	29.0¢	26.0¢	21.5¢
Gross Assets	**$46,708,157**	$54,136,981	$52,806,379	$47,737,823	$52,915,558
Net Asset Value per Common share (2)	**$ 12.43**	$ 12.00	$ 12.62	$ 11.30	$ 12.40

(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 figures for June 30, 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;
- the figure for June 30, 1990 is based on the assumption that all 1985 warrants outstanding were exercised at $9.59 per Common share.

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

1990/1991	High	Low	Close
First Quarter	$ 8⅜	$ 6⅞	$ 6⅞
Second Quarter	8	6½	7¼
Third Quarter	8¼	6⅞	8
Fourth Quarter	8½	7⅜	8
Year	8½	6½	8
1989/1990	$ 9½	$ 7½	$ 8

Common shares and 1964 Series Preferred shares are listed for trading on the Toronto, Montreal and Vancouver Stock Exchanges.

Stock symbols	— Common shares	— MPG
	— 1964 Series Preferred shares	— MPG.PR.A

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

Executive Office

215 Sydney Street
Cornwall, Ontario
K6H 3H3

Transfer Agent & Registrar

The Royal Trust Company
Calgary, Montreal,
Toronto, Vancouver

Bankers

The Bank of Nova Scotia

Counsel

Blake, Cassels & Graydon

Annual Meeting

of Shareholders will be held at the Company's Executive Office, 215 Sydney Street, Cornwall, Ontario on Monday, October 28, 1991 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. Executive Vice-President of Morgan Financial Corp.

T. A. Foss
Director since 1983. Vice-Chairman and Director 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. P. Mather
Director since 1989. Managing Director, ScotiaMcLeod Inc., as well as Chairman of ScotiaMcLeod (USA) Inc.

J. K. McBride
Director since 1990 and Treasurer and Chief Financial Officer since 1986. Vice-President and Secretary of Elgistan Management Limited.

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

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