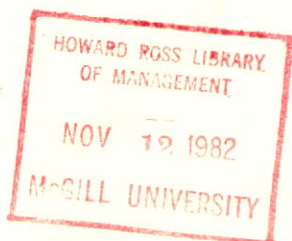


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DOMINION-SCOTTISH INVESTMENTS LIMITED



Fifty-Fourth
ANNUAL REPORT
30th September, 1982



DOMINION-SCOTTISH INVESTMENTS LIMITED

(Incorporated under the Canada Business Corporations Act)

DIRECTORS

Douglas T. Bourke
*Business Executive,
Westmount, Quebec*

John Clark
*Director,
Ivory & Sime (Management) Limited
Edinburgh, Scotland*

Donald E. Dunn, C.A.
*Vice President - Finance,
Henry Birks & Sons Limited,
Montreal, Quebec*

George A. Fierheller
*President and Chief Executive Officer,
Premier Cablesystems Ltd.
Vancouver, British Columbia*

R. Alexander Hammond-Chambers
*Director,
Ivory & Sime (Management) Limited
Edinburgh, Scotland*

Neil B. Ivory
*President,
Pembroke Management Ltd.
Montreal, Quebec*

John S. Lane, C.F.A.
*Vice-President and Assistant General
Manager for Canada,
Sun Life Assurance
Company of Canada
Toronto, Ontario*

Clifford L. Larock, F.C.I.S.
*Chairman and Chief Executive Officer,
Pembroke Management Ltd.
Montreal, Quebec*

David T. M. Ross, F.C.C.A.
*Director,
Ivory & Sime (Management) Limited
Edinburgh, Scotland*

Hugh R. Snyder
*President and Chief Executive Officer,
Brinco Limited
Toronto, Ontario*

OFFICERS

Clifford L. Larock, F.C.I.S.
President and Chief Executive Officer

Neil B. Ivory
Vice-President

Richard Haller
Secretary-Treasurer

Cyril F. Reid
Assistant Secretary-Treasurer

MANAGERS AND LOCATION OF EXECUTIVE OFFICES

Pembroke Management Ltd.
1018 Sun Life Building,
1155 Metcalfe Street,
Montreal, Quebec
H3B 2W8

PREFERENCE SHARES LISTED

Toronto Stock Exchange

AUDITORS

Touche Ross & Co.,
Chartered Accountants,
1 Place Ville Marie,
Montreal, Quebec
H3B 2A2

TRANSFER AGENT AND REGISTRAR

The Royal Trust Company,
Toronto-Dominion Centre,
Toronto, Ontario
M5W 1P9

REGISTERED OFFICE

First Canadian Place, 12th Floor,
100 King Street West,
Toronto, Ontario
M5X 1B3

ANNUAL MEETING

Friday, 3rd December, 1982,
2:15 p.m. at 1018 Sun Life
Building, Montreal, Quebec

DOMINION-SCOTTISH INVESTMENTS LIMITED

(Incorporated under the Canada Business Corporations Act)

TO THE SHAREHOLDERS:

NET ASSET VALUE

At 30th September, 1982, net assets amounted to \$55.8 million. Net asset value per common share declined to \$73.75 at 30th September, 1982, from \$83.78 a year ago, a decrease of 12%. During the same period the Standard & Poor 500 Composite Stock Index rose 3.6% and The Toronto Stock Exchange 300 Composite Stock Index fell 14.9%.

INCOME AND DIVIDENDS

For the year ended 30th September, 1982, net income available for payment of dividends on the 60,000 preference shares outstanding amounted to \$1,170,699 which was 7.8 times the preference dividend requirement of \$150,000.

Net income available for the common shares was equivalent to \$1.43 per share. An interim dividend of \$0.75 was paid on 27th May, 1982, and a further dividend of \$0.75 per common share was declared payable on 24th November, 1982, to shareholders of record at the close of business on 12th November, 1982.

OUTLOOK FOR 1983

While there is no sign yet of an economic upturn in either the U.S. or Canada, North American stock markets have been bolstered strongly by the sharp drop in inflation and interest rates during the past several months. It is our belief that a gradual consumer led economic recovery will develop in 1983 and that this environment will prove favourable for equities.

It is the Corporation's present policy to maintain its heavy exposure to U.S. equities and to concentrate on growth companies in the consumer, financial, health care and high technology fields. Fiscal 1983 is off to a good start and the year is expected to be a good one for your Corporation.

DIRECTORATE

Mr. C. L. Larock, the President and Chief Executive Officer of the Corporation, having reached the age of retirement prescribed in the By-Laws of the Corporation will not stand for re-election to the Board of Directors at the forthcoming Annual Meeting.

Mr. Neil B. Ivory, the Vice-President of the Corporation, will be nominated to succeed Mr. Larock as President and Chief Executive Officer.

ANNUAL MEETING

The Annual Meeting of the shareholders of the Corporation has been called for Friday, 3rd December, 1982.

On behalf of the board,

Clifford L. Larock,
President and Chief Executive Officer

Montreal, Quebec,
1st November, 1982.

DOMINION-SCOTTISH INVESTMENTS LIMITED

STATEMENT OF FINANCIAL POSITION

as at 30th September, 1982

	<u>1982</u>	<u>1981</u>
INVESTMENTS (Note 2)	<u>\$54,009,675</u>	<u>\$63,151,633</u>
CURRENT ASSETS		
Cash and term deposits.....	1,318,667	602,288
Due from brokers.....	—	488,679
Accrued income on investments	73,375	127,170
Income taxes recoverable	<u>887,600</u>	—
	<u>2,279,642</u>	<u>1,218,137</u>
CURRENT LIABILITIES		
Due to brokers	452,878	543,467
Accrued expenses	72,038	81,042
Income taxes payable	—	831,490
	<u>524,916</u>	<u>1,455,999</u>
NET CURRENT ASSETS (LIABILITIES)	<u>1,754,726</u>	<u>(237,862)</u>
NET ASSETS (Note 4)	<u>\$55,764,401</u>	<u>\$62,913,771</u>
REPRESENTED BY		
CAPITAL STOCK		
5% cumulative redeemable (at \$52.50) preference shares of no par value		
Authorized — 76,730 shares		
Issued — 60,000 shares	\$ 3,000,000	\$ 3,000,000
Common shares of no par value		
Authorized — 1,200,000 shares		
Issued — 713,224 shares.....	<u>2,979,493</u>	2,979,493
	<u>5,979,493</u>	5,979,493
RETAINED EARNINGS	1,071,259	1,120,396
SURPLUS ON CHANGES IN INVESTMENTS (Note 3)	32,644,800	31,121,826
UNREALIZED APPRECIATION OF INVESTMENTS (Note 2) .	<u>16,068,849</u>	<u>24,692,056</u>
	<u>\$55,764,401</u>	<u>\$62,913,771</u>

On behalf of the Board

C. L. LAROCK, Director
NEIL B. IVORY, Director

DOMINION-SCOTTISH INVESTMENTS LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

for the year ended
30th September, 1982

	<u>1982</u>	<u>1981</u>
INCOME FROM INVESTMENTS	<u>\$1,898,889</u>	<u>\$1,935,676</u>
Management expenses	<u>326,069</u>	405,358
Other expenses	<u>61,992</u>	<u>52,573</u>
	<u>388,061</u>	<u>457,931</u>
	<u>1,510,828</u>	1,477,745
Income and withholding taxes	<u>340,129</u>	<u>232,835</u>
NET INCOME	<u>1,170,699</u>	1,244,910
Retained earnings at beginning of year	<u>1,120,396</u>	<u>1,344,950</u>
	<u>2,291,095</u>	<u>2,589,860</u>
Dividends		
5% preference shares	<u>150,000</u>	150,000
Common shares	<u>1,069,836</u>	<u>1,319,464</u>
	<u>1,219,836</u>	<u>1,469,464</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$1,071,259</u>	<u>\$1,120,396</u>
Net income per common share	<u>\$1.43</u>	<u>\$1.54</u>

AUDITORS' REPORT

The Shareholders,
Dominion-Scottish
Investments Limited.

We have examined the statement of financial position of Dominion-Scottish Investments Limited (a subsidiary of GBC Capital Ltd.) as at 30th September, 1982 and the statement of income and retained earnings 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 financial statements present fairly the financial position of the Corporation as at 30th September, 1982 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Montreal, Quebec,
1st November, 1982.

Touche Ross & Co.
Chartered Accountants

DOMINION-SCOTTISH INVESTMENTS LIMITED

NOTES TO FINANCIAL STATEMENTS 30th September, 1982

1. Accounting policies and presentation

a. General

The Corporation follows generally accepted accounting principles in the preparation of its financial statements and their application is consistent with that of the preceding year.

b. Foreign currencies

Transactions in foreign currencies during the year were recorded at the relative rates of exchange applicable on the dates of such transactions. Amounts in foreign currencies included in assets and liabilities are shown in Canadian funds, converted at rates of exchange applicable at the year end, any adjustment thereon being credited or charged, as the case may be, to "Surplus on changes in investments".

c. Statement of changes in financial position

A statement of changes in financial position has been omitted since it is deemed inappropriate for an investment corporation. A statement of changes in net assets (Note 4) has been substituted therefor.

2. Investments

	<u>1982</u>	<u>1981</u>
At market value	<u>\$53,684,675</u>	\$62,651,633
At directors' valuation	<u>325,000</u>	500,000
	<u>54,009,675</u>	63,151,633
At average cost	<u>37,940,826</u>	38,459,577
Unrealized appreciation of investments.....	<u>\$16,068,849</u>	<u>\$24,692,056</u>

3. Surplus on changes in investments

	<u>1982</u>	<u>1981</u>
Balance at beginning of year.....	<u>\$31,121,826</u>	<u>\$24,845,236</u>
Gain on changes in investments including gain on exchange of \$40,079 (1981 — loss \$271)	<u>2,048,174</u>	8,447,012
Income taxes on changes in investments.....	<u>525,200</u>	2,170,422
	<u>1,522,974</u>	6,276,590
Balance at end of year.....	<u>\$32,644,800</u>	<u>\$31,121,826</u>

DOMINION-SCOTTISH INVESTMENTS LIMITED

**NOTES TO
FINANCIAL STATEMENTS**
30th September, 1982
(Continued)

	<u>1982</u>	<u>1981</u>
4. Changes in net assets		
Net assets at beginning of year	<u>\$62,913,771</u>	<u>\$71,670,614</u>
Add (deduct)		
Net income for the year	1,170,699	1,244,910
Gain on changes in investments:		
Securities at average cost		
at beginning of year	38,459,577	33,117,152
Purchases	<u>7,381,495</u>	<u>12,270,377</u>
	<u>45,841,072</u>	45,387,529
Securities at average cost		
at end of year	<u>37,940,826</u>	<u>38,459,577</u>
Cost of securities sold	7,900,246	6,927,952
Proceeds from securities sold	<u>9,908,341</u>	<u>15,375,235</u>
	<u>2,008,095</u>	8,447,283
Gain (loss) on exchange	<u>40,079</u>	(271)
	<u>3,218,873</u>	<u>9,691,922</u>
Deduct		
Income taxes on changes in investments	525,200	2,170,422
Dividends:		
5% preference shares	150,000	150,000
Common shares	<u>1,069,836</u>	<u>1,319,464</u>
Decrease in unrealized appreciation		
of investments	<u>8,623,207</u>	<u>14,808,879</u>
	<u>10,368,243</u>	<u>18,448,765</u>
Net decrease for the year	<u>(7,149,370)</u>	<u>(8,756,843)</u>
Net assets at end of year	<u>\$55,764,401</u>	<u>\$62,913,771</u>
Net asset value per common share	<u>\$73.75</u>	<u>\$83.78</u>

5. Directors' and officers' remuneration

Aggregate remuneration paid during the year to the Corporation's directors amounted to \$38,886 (1981 — \$28,822). The Corporation has four officers, two of whom are also directors. The officers of the Corporation as such received no remuneration.

DOMINION-SCOTTISH INVESTMENTS LIMITED

INVESTMENT PORTFOLIO

as at 30th September, 1982

	Number of Shares	Market Value
BANKS & FINANCE		
Canadian Imperial Bank of Commerce.....	30,000	\$ 648,900
*Jackson National Life Insurance.....	38,500	1,386,517
*PHH Group, Inc.....	60,000	1,734,282
*Sun Banks of Florida.....	40,000	933,653
*Texas Commerce Bancshares.....	24,000	964,314
*Valley National Corp. of Arizona.....	37,500	794,168
		<u>\$ 6,461,834</u>
CONSUMER PRODUCTS		
Scott's Hospitality Inc.....	100,000	\$ 700,000
Scott's Hospitality Inc., Class C.....	100,000	688,000
		<u>\$ 1,388,000</u>
DATA PROCESSING		
*National Data Corporation.....	150,000	\$ 3,315,757
DISTRIBUTION & SERVICE		
Emco Limited.....	75,000	\$ 816,000
Nowco Well Service Ltd.....	50,000	656,500
Wajax Limited, convertible preferred A.....	60,000	1,260,000
Wajax Limited, Class A.....	160,000	1,440,000
		<u>\$ 4,172,500</u>
ENERGY		
†Chilco Partnership No. 4, units of \$50,000 each.....	10	\$ 325,000
Czar Resources Ltd.....	200,000	486,000
*Dorchester Gas Corporation.....	60,000	871,592
*Dorchester Hugoton, Units.....	6,000	39,908
Interprovincial Pipe Line Limited.....	50,000	994,000
*Moran Energy Inc.....	100,000	1,159,649
*Noble Affiliates, Inc.....	77,200	954,424
Numac Oil & Gas Ltd.....	35,000	560,000
Ocelot Industries Ltd., Class B.....	30,000	446,400
*Petrolane Incorporated.....	60,000	871,592
*Petroleum Equipment Tools Co.....	70,000	660,308
*Summit Energy, Inc., convertible preferred.....	30,000	491,429
*Summit Energy, Inc.....	10,000	85,057
		<u>\$ 7,945,359</u>

DOMINION-SCOTTISH INVESTMENTS LIMITED

INVESTMENT PORTFOLIO

as at 30th September, 1982
(Continued)

	Number of Shares	Market Value
HEALTH CARE		
*Medtronic, Inc.	20,000	\$ 995,221
*National Medical Care, Inc.	100,000	958,133
		<u>\$ 1,953,354</u>
MANUFACTURING		
Harris Steel Group Inc., Class A	440,000	\$ 1,782,000
Harris Steel Group Inc., Class B	220,000	908,600
Ivaco Industries Limited, Class A	6,000	63,000
Ivaco Industries Limited, Class B	60,000	615,000
*Teledyne Inc.	22,500	2,496,553
		<u>\$ 5,865,153</u>
METALS AND MINING		
Lornex Mining Corporation Ltd.	58,700	\$ 2,670,850
*Phelps Dodge Corporation	25,000	687,691
Pine Point Mines Limited	15,000	397,500
		<u>\$ 3,756,041</u>
REAL ESTATE		
Carma Ltd., Class A	184,873	\$ 390,082
*Cousins Properties Incorporated	179,687	2,194,813
*Lennar Corporation	50,000	927,225
*The Rouse Company	80,000	2,139,294
*U.S. Home Corporation	50,000	997,076
		<u>\$ 6,648,490</u>
RETAILING		
*Cole National Corporation	187,500	\$ 7,505,885
Grafton Group Limited	12,000	138,000
Grafton Group Limited, Class A	48,000	612,000
*Scotty's Inc.	50,000	1,251,754
*Toys-R-Us, Inc.	15,000	579,516
*H. J. Wilson Co., Inc.	36,300	981,924
		<u>\$11,069,079</u>
TRANSPORTATION		
*The Harper Group	40,000	\$ 1,434,108
		<u>\$1,434,108</u>
TOTAL VALUE OF INVESTMENT PORTFOLIO		<u><u>\$54,009,675</u></u>

*U.S. Securities
at Directors' valuation

DOMINION-SCOTTISH INVESTMENTS LIMITED

TEN-YEAR FINANCIAL SUMMARY

Fiscal Year	Gross Income \$	Expenses \$	Taxes on Income (1) \$	Net Income \$	Net gain on changes in investments (2) \$	Total Net Assets \$	Per Common Share		
							Net Asset Value (3) \$	Net Income \$	Dividends \$
1973	421,730	141,282	10,004	290,452	634,846	18,873,333	22.05	0.20	0.15
1974	538,789	85,388	52,935	400,466	(586,146)	13,460,048	14.46	0.35	0.25
1975	598,661	99,014	103,309	396,338	431,084	17,637,031	20.31	0.35	0.25
1976	697,316	118,412	100,000	478,904	1,283,604	20,986,869	25.01	0.46	0.40
1977(4)	481,256	112,595	90,294	278,367	1,062,150	24,373,421	29.76	0.23	—
1978	926,348	198,019	164,013	564,316	4,141,575	36,213,174	46.36	0.58	0.23
1979	1,290,733	261,621	229,104	800,008	5,102,995	49,276,792	64.67	0.91	0.58
1980	1,576,053	365,304	227,968	982,781	3,148,889	71,670,614	96.07	1.17	0.91
1981	1,935,676	457,931	232,835	1,244,910	6,276,590	62,913,771	83.78	1.54	1.85
1982	1,898,889	388,061	340,129	1,170,699	1,522,974	55,764,401	73.75	1.43	1.50

(1) Excludes taxes paid on gain on changes in investments.

(2) After deducting taxes relating to gain on changes in investments.

(3) After deducting preference shares at the redemption price of \$52.50 per share.

(4) Nine month period ended September 30, 1977.

