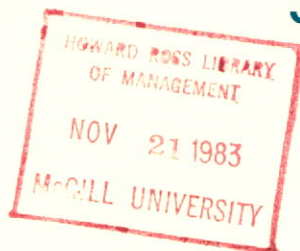


**DOMINION-SCOTTISH INVESTMENTS
LIMITED**



Fifty-Fifth
ANNUAL REPORT
30th September, 1983



DOMINION-SCOTTISH INVESTMENTS LIMITED

(Incorporated under the Canada Business Corporations Act)

DIRECTORS

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

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
*Deputy-Chairman,
Ivory & Sime plc,
Edinburgh, Scotland*

Neil B. Ivory
*President and Chief Executive Officer,
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*

David T. M. Ross, F.C.C.A.
*Director,
Ivory & Sime plc,
Edinburgh, Scotland*

Hugh R. Snyder
*President and Chief Executive Officer,
Brinco Limited,
Vancouver, British Columbia*

ANNUAL MEETING

Friday, 9th December, 1983,
10:00 a.m. at 1018 Sun Life
Building, Montreal, Quebec

OFFICERS

Neil B. Ivory
President and Chief Executive Officer

Ian A. Soutar, C.F.A.
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

DOMINION-SCOTTISH INVESTMENTS LIMITED

(Incorporated under the Canada Business Corporations Act)

TO THE SHAREHOLDERS:

NET ASSET VALUE

At 30th September, 1983, net assets amounted to \$78.5 million. Net asset value per common share rose to \$105.59 at 30th September, 1983, from \$73.75 a year ago, an increase of 43.2%. During the same period The Toronto Stock Exchange 300 Composite Stock Index rose 56% and the Standard & Poor 500 Composite Stock Index increased by 37.9%.

INCOME AND DIVIDENDS

For the year ended 30th September, 1983, net income available for payment of dividends on the 60,000 preference shares outstanding amounted to \$973,257 which was 6.5 times the preference dividend requirement of \$150,000.

Net income available for the common shares was equivalent to \$1.15 per share. An interim dividend of \$0.65 was paid on 30th May, 1983, and a further dividend of \$0.50 per common share was declared payable on 24th November, 1983, to shareholders of record at the close of business on 14th November, 1983.

OUTLOOK FOR 1984

Prospects for continued economic growth throughout the balance of 1983 and 1984 appear to be good. Recent

favourable wage settlements and the continued weakness in most commodities suggest that inflation will not accelerate sharply in the near term.

The problem, however, is that much of the good economic news has already been reflected in the buoyant stock market of the past twelve months. Stock market gains will thus be much more difficult to achieve over the next year and some caution is advised. It is not our policy to maintain large cash reserves but a gradual shift to less volatile issues is planned.

ANNUAL MEETING

The Annual Meeting of the shareholders of the Corporation has been called for Friday, 9th December, 1983.

On behalf of the board,

Neil B. Ivory,
President and Chief Executive Officer

Montreal, Quebec,
1st November, 1983.

DOMINION-SCOTTISH INVESTMENTS LIMITED

STATEMENT OF FINANCIAL POSITION

as at 30th September, 1983

	<u>1983</u>	<u>1982</u>
INVESTMENTS (Note 2)	<u>\$79,624,332</u>	<u>\$54,009,675</u>
CURRENT ASSETS		
Cash and term deposits	103,596	1,318,667
Accrued income on investments	127,609	73,375
Income taxes recoverable	—	887,600
	<u>231,205</u>	<u>2,279,642</u>
CURRENT LIABILITIES		
Due to brokers	—	452,878
Accrued expenses	100,390	72,038
Income taxes payable	1,283,200	—
	<u>1,383,590</u>	<u>524,916</u>
NET CURRENT ASSETS (LIABILITIES)	<u>(1,152,385)</u>	<u>1,754,726</u>
NET ASSETS (Note 4)	<u>\$78,471,947</u>	<u>\$55,764,401</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>	<u>2,979,493</u>
	<u>5,979,493</u>	<u>5,979,493</u>
RETAINED EARNINGS	896,002	1,071,259
SURPLUS ON CHANGES IN INVESTMENTS (Note 3)	37,710,389	32,644,800
UNREALIZED APPRECIATION OF INVESTMENTS (Note 2) ..	<u>33,886,063</u>	<u>16,068,849</u>
	<u>\$78,471,947</u>	<u>\$55,764,401</u>

On behalf of the Board

Neil B. Way, Director

J. S. Lane, Director

DOMINION-SCOTTISH INVESTMENTS LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

for the year ended
30th September, 1983

	<u>1983</u>	<u>1982</u>
INCOME FROM INVESTMENTS.....	\$1,747,164	\$1,898,889
Management expenses	409,466	326,069
Other expenses.....	84,635	61,992
	<u>494,101</u>	<u>388,061</u>
	1,253,063	1,510,828
Income and withholding taxes.....	279,806	340,129
NET INCOME.....	973,257	1,170,699
Retained earnings at beginning of year	1,071,259	1,120,396
	<u>2,044,516</u>	<u>2,291,095</u>
Dividends		
5% preference shares.....	150,000	150,000
Common shares.....	998,514	1,069,836
	<u>1,148,514</u>	<u>1,219,836</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$ 896,002</u>	<u>\$1,071,259</u>
Net income per common share.....	<u>\$1.15</u>	<u>\$1.43</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, 1983 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, 1983 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, 1983.

Touche Ross & Co.
Chartered Accountants

DOMINION-SCOTTISH INVESTMENTS LIMITED

**NOTES TO
FINANCIAL STATEMENTS**
30th September, 1983

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>1983</u>	<u>1982</u>
At market value	\$78,035,832	\$53,684,675
At directors' valuation	1,588,500	325,000
	<u>79,624,332</u>	<u>54,009,675</u>
At average cost	45,738,269	37,940,826
Unrealized appreciation of investments	<u>\$33,886,063</u>	<u>\$16,068,849</u>

3. Surplus on changes in investments

	<u>1983</u>	<u>1982</u>
Balance at beginning of year	\$32,644,800	\$31,121,826
Gain on changes in investments including loss on exchange of \$18,033 (1982 — gain \$40,079)	6,787,889	2,048,174
Income taxes on changes in investments	1,722,300	525,200
	<u>5,065,589</u>	<u>1,522,974</u>
Balance at end of year	<u>\$37,710,389</u>	<u>\$32,644,800</u>

DOMINION-SCOTTISH INVESTMENTS LIMITED

**NOTES TO
FINANCIAL STATEMENTS**
30th September, 1983
(Continued)

	<u>1983</u>	<u>1982</u>
4. Changes in net assets		
Net assets at beginning of year	\$55,764,401	\$62,913,771
Add (deduct)		
Net income for the year	973,257	1,170,699
Gain on changes in investments:		
Securities at average cost		
at beginning of year	37,940,826	38,459,577
Purchases	19,985,982	7,381,495
	<u>57,926,808</u>	<u>45,841,072</u>
Securities at average cost		
at end of year	45,738,269	37,940,826
Cost of securities sold	12,188,539	7,900,246
Proceeds from securities sold	18,994,461	9,908,341
	6,805,922	2,008,095
(Loss) gain on exchange	(18,033)	40,079
Increase in unrealized appreciation of investments ...	17,817,214	—
	<u>25,578,360</u>	<u>3,218,873</u>
Deduct		
Income taxes on changes in investments	1,722,300	525,200
Dividends:		
5% preference shares	150,000	150,000
Common shares	998,514	1,069,836
Decrease in unrealized appreciation		
of investments	—	8,623,207
	<u>2,870,814</u>	<u>10,368,243</u>
Net increase (decrease) for the year	<u>22,707,546</u>	<u>(7,149,370)</u>
Net assets at end of year	<u>\$78,471,947</u>	<u>\$55,764,401</u>
Net asset value per common share	<u>\$105.61</u>	<u>\$73.75</u>

5. Directors' and officers' remuneration

Aggregate remuneration paid during the year to the Corporation's directors amounted to \$35,350 (1982 — \$38,886). The Corporation has four officers, one of whom is also a director. The officers of the Corporation as such received no remuneration.

DOMINION-SCOTTISH INVESTMENTS LIMITED

INVESTMENT PORTFOLIO

as at 30th September, 1983

	Par Value or Number of Shares	Market Value
BANKS & FINANCE		
Canadian Imperial Bank of Commerce	30,000	\$ 986,400
*First Executive Corporation	40,000	973,517
*Jackson National Life Insurance	70,000	2,695,656
*PHH Group Inc.	60,000	2,486,165
*Sun Banks Inc.	40,000	1,386,584
*Texas Commerce Bancshares	30,000	1,552,698
		<u>\$10,081,020</u>
 CONSUMER PRODUCTS		
Scott's Hospitality Inc.	100,000	\$ 1,325,000
Scott's Hospitality Inc., Class C	100,000	1,313,000
		<u>\$ 2,638,000</u>
 DISTRIBUTION & SERVICE		
*Pandick Press Inc.	37,500	\$ 1,548,077
Newsco Well Service Ltd.	50,000	987,500
Wajax Limited, convertible preferred A	60,000	1,920,000
Wajax Limited, Class A	125,000	1,812,500
		<u>\$ 6,268,077</u>
 ENERGY		
Czar Resources Ltd.	200,000	\$ 340,000
Interprovincial Pipe Line Limited	75,000	2,250,000
*Moran Energy Inc.	100,000	2,033,295
*Noble Affiliates, Inc.	77,200	1,807,538
Numac Oil & Gas Ltd.	35,000	918,750
*Petroleum Equipment Tools Co.	70,000	658,171
Precambrian Shield Resources	50,000	387,500
†Precambrian Shield Resources, 9%, cv., debts. due 1991	\$550,000	588,500
†Renaissance Energy Ltd., convertible 2nd preferred	40,000	1,000,000
*Rowan Companies	100,000	1,601,990
*Summit Energy, Inc., convertible preferred	30,000	624,037
TransCanada PipeLines Limited	100,000	2,788,000
		<u>\$14,997,781</u>

DOMINION-SCOTTISH INVESTMENTS LIMITED

INVESTMENT PORTFOLIO

as at 30th September, 1983
(Continued)

	Number of Shares	Market Value
MANUFACTURING		
*Acco World Corporation	50,000	\$ 1,563,789
Harris Steel Group Inc., Class A	440,000	3,740,000
Harris Steel Group Inc., Class B	220,000	1,870,000
*Lockheed Corporation	45,000	2,301,320
*Nucor Corporation	40,000	1,873,096
*Teledyne Inc.	10,000	1,991,766
		<u>\$13,339,971</u>
 METALS AND MINING		
Dickenson Mines Ltd., Class A	100,000	\$ 525,000
Dickenson Mines Ltd., Class B	50,000	256,500
Kiena Gold Mines Ltd.	30,000	630,000
Lornex Mining Corporation Ltd.	58,700	3,052,400
*Phelps Dodge Corporation	25,000	747,082
		<u>\$ 5,210,982</u>
 REAL ESTATE		
Carma Ltd., Class A	250,000	\$ 200,000
*Cousins Properties Incorporated	224,608	3,149,807
*Lennar Corporation	50,000	1,224,906
*The Rouse Company	80,000	3,203,980
*U.S. Home Corporation	100,000	1,756,028
		<u>\$ 9,534,721</u>
 RETAILING		
Canadian Tire Corporation, Class A	30,000	\$ 1,830,000
*Cole National Corporation	225,000	9,496,412
Grafton Group Limited	12,000	213,000
Grafton Group Limited, Class A	48,000	888,000
*H. J. Wilson Co., Inc.	50,000	1,417,145
		<u>\$13,844,557</u>
 MISCELLANEOUS		
*Comdisco Inc.	50,000	\$ 2,279,755
*The Harper Group	40,000	1,429,468
		<u>\$ 3,709,223</u>
 TOTAL VALUE OF INVESTMENT PORTFOLIO		 <u><u>\$79,624,332</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 \$
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
1983	1,747,164	494,101	279,806	973,257	5,065,589	78,471,947	105.59	1.15	1.40

(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.

