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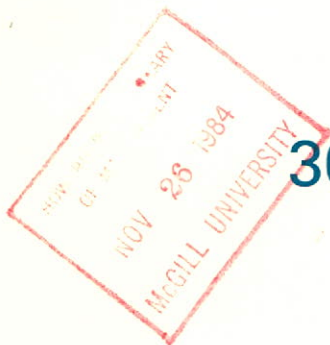
DOMINION-SCOTTISH INVESTMENTS LIMITED



Fifty-Sixth

ANNUAL REPORT

30th September, 1984



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, CFA
*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

Wednesday, 12th December, 1984,
10:00 a.m. at 1018 Sun Life
Building, Montreal, Quebec

OFFICERS

Neil B. Ivory
President and Chief Executive Officer

Ian A. Soutar, CFA
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, 1984, net assets amounted to \$79.6 million. Net asset value per common share rose to \$107.25 at 30th September, 1984, from \$105.61 a year ago, an increase of 1.6%. During the same period The Toronto Stock Exchange 300 Composite Stock Index fell 4.3% while the Standard & Poor 500 Composite Stock Index was unchanged.

INCOME AND DIVIDENDS

For the year ended 30th September, 1984, net income available for payment of dividends on the 60,000 preference shares outstanding amounted to \$1,289,867 which was 8.6 times the preference dividend requirement of \$150,000.

Net income available for the common shares was equivalent to \$1.60 per share. An interim dividend of \$0.70 was paid on 30th May, 1984, and a further dividend of \$0.70 per common share was declared, payable on 28th November, 1984, to shareholders of record at the close of business on 21st November, 1984.

OUTLOOK FOR 1985

The rate of economic expansion is moderating in the U.S. but it is our view that a recession is unlikely before 1986.

The key to prosperous financial markets appears to be some resolution of the budget deficit problem in the U.S. which awaits new initiatives from the Administration and an accommodating Congress in 1985. We believe that concern over the large U.S. deficit will be sufficient to force a deficit reducing political compromise next year which will result in a much better environment for equities.

ANNUAL MEETING

The Annual Meeting of the shareholders of the Corporation has been called for Wednesday, 12th December, 1984.

On behalf of the board,

Neil B. Ivory,
President and Chief Executive Officer

Montreal, Quebec,
12th November, 1984.

DOMINION-SCOTTISH INVESTMENTS LIMITED

STATEMENT OF FINANCIAL POSITION

as at 30th September, 1984

	<u>1984</u>	<u>1983</u>
INVESTMENTS (Note 2)	<u>\$78,540,215</u>	<u>\$79,624,332</u>
CURRENT ASSETS		
Cash and term deposits	417,843	103,596
Accrued income on investments	191,747	127,609
Income taxes recoverable	594,200	—
	<u>1,203,790</u>	<u>231,205</u>
CURRENT LIABILITIES		
Accrued expenses	102,052	100,390
Income taxes payable	—	1,283,200
	<u>102,052</u>	<u>1,383,590</u>
 NET CURRENT ASSETS (LIABILITIES)	 <u>1,101,738</u>	 <u>(1,152,385)</u>
NET ASSETS (Note 4)	<u>\$79,641,953</u>	<u>\$78,471,947</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	2,979,493	2,979,493
	<u>5,979,493</u>	<u>5,979,493</u>
RETAINED EARNINGS	1,180,000	896,002
SURPLUS ON CHANGES IN INVESTMENTS (Note 3)	40,973,862	37,710,389
UNREALIZED APPRECIATION OF INVESTMENTS (Note 2) ..	<u>31,508,598</u>	<u>33,886,063</u>
	<u>\$79,641,953</u>	<u>\$78,471,947</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, 1984

	<u>1984</u>	<u>1983</u>
INCOME FROM INVESTMENTS.....	<u>\$1,976,177</u>	<u>\$1,747,164</u>
Management expenses	<u>411,800</u>	409,466
Other expenses.....	<u>52,067</u>	84,635
	<u>463,867</u>	494,101
	<u>1,512,310</u>	1,253,063
Income and withholding taxes.....	<u>222,443</u>	279,806
NET INCOME.....	<u>1,289,867</u>	973,257
Retained earnings at beginning of year	<u>896,002</u>	1,071,259
	<u>2,185,869</u>	2,044,516
Dividends		
5% preference shares.....	<u>150,000</u>	150,000
Common shares.....	<u>855,869</u>	998,514
	<u>1,005,869</u>	1,148,514
RETAINED EARNINGS AT END OF YEAR	<u>\$1,180,000</u>	<u>\$ 896,002</u>
Net income per common share.....	<u>\$1.60</u>	<u>\$1.15</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, 1984 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, 1984 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,
12th November, 1984.

Touche Ross Co
Chartered Accountants

DOMINION-SCOTTISH INVESTMENTS LIMITED

**NOTES TO
FINANCIAL STATEMENTS**
30th September, 1984

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>1984</u>	<u>1983</u>
At market value	\$76,861,714	\$78,035,832
At directors' valuation	1,678,501	1,588,500
	78,540,215	79,624,332
At average cost	47,031,617	45,738,269
Unrealized appreciation of investments	<u>\$31,508,598</u>	<u>\$33,886,063</u>

3. Surplus on changes in investments

	<u>1984</u>	<u>1983</u>
Balance at beginning of year	\$37,710,389	\$32,644,800
Gain on changes in investments including gain on exchange of \$33,428 (1983 — loss \$18,033)	4,357,973	6,787,889
Income taxes on changes in investments	1,094,500	1,722,300
	3,263,473	5,065,589
Balance at end of year	<u>\$40,973,862</u>	<u>\$37,710,389</u>

DOMINION-SCOTTISH INVESTMENTS LIMITED

**NOTES TO
FINANCIAL STATEMENTS**
30th September, 1984
(Continued)

4. Changes in net assets	1984	1983
Net assets at beginning of year	<u>\$78,471,947</u>	<u>\$55,764,401</u>
Add (deduct)		
Gain on changes in investments:		
Securities at average cost		
at beginning of year	45,738,269	37,940,826
Purchases	<u>15,259,128</u>	<u>19,985,982</u>
	<u>60,997,397</u>	57,926,808
Securities at average cost		
at end of year	<u>47,031,617</u>	<u>45,738,269</u>
Cost of securities sold	<u>13,965,780</u>	12,188,539
Proceeds from securities sold	<u>18,290,325</u>	<u>18,994,461</u>
	4,324,545	6,805,922
Gain (loss) on exchange	33,428	(18,033)
Net income for the year	<u>1,289,867</u>	973,257
Increase in unrealized appreciation of investments ...	<u>—</u>	<u>17,817,214</u>
	<u>5,647,840</u>	<u>25,578,360</u>
Deduct		
Income taxes on changes in investments	1,094,500	1,722,300
Dividends:		
5% preference shares	150,000	150,000
Common shares	<u>855,869</u>	<u>998,514</u>
Decrease in unrealized appreciation		
of investments	<u>2,377,465</u>	<u>—</u>
	<u>4,477,834</u>	<u>2,870,814</u>
Net increase for the year	<u>1,170,006</u>	<u>22,707,546</u>
Net assets at end of year	<u>\$79,641,953</u>	<u>\$78,471,947</u>
Net asset value per common share	<u>\$107.25</u>	<u>\$105.61</u>

5. Directors' and officers' remuneration

Aggregate remuneration paid during the year to the Corporation's directors amounted to \$34,500 (1983 — \$35,350). 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, 1984

	Par Value or Number of Shares	Market Value
BANKS & FINANCE		
Canadian Imperial Bank of Commerce, preferred A	13,000	\$ 1,290,250
*Cincinnati Financial Corporation	10,000	924,248
*PHH Group Inc.	60,000	1,858,380
*Sun Banks Inc.	40,000	1,436,620
*Texas Commerce Bancshares	30,000	1,833,667
		<u>\$ 7,343,165</u>
 CONSUMER PRODUCTS		
Scott's Hospitality Inc.	100,000	\$ 1,637,500
Scott's Hospitality Inc., Class C	100,000	1,662,500
		<u>\$ 3,300,000</u>
 DISTRIBUTION & SERVICE		
Laidlaw Transportation Limited.	150,000	\$ 2,493,750
*Pandick Inc.	56,250	1,112,062
Nowco Well Service Ltd.	109,700	2,523,100
Wajax Limited, convertible preferred A	60,000	1,500,000
Wajax Limited, Class A	125,000	1,546,875
		<u>\$ 9,175,787</u>
 ENERGY		
Corrida Oils Ltd.	1,076,000	\$ 317,421
*Noble Affiliates, Inc.	77,200	1,717,025
Numac Oil & Gas Ltd.	100,000	1,600,000
Precambrian Shield Resources	50,000	300,000
†Precambrian Shield Resources, 9%, cv., debs. due 1991	\$550,000	478,500
†Renaissance Energy Ltd., convertible 2nd preferred	40,000	1,200,000
*Rowan Companies	100,000	1,565,125
		<u>\$ 7,178,071</u>

DOMINION-SCOTTISH INVESTMENTS LIMITED

INVESTMENT PORTFOLIO

as at 30th September, 1984
(Continued)

	Number of Shares	Market Value
MANUFACTURING		
*Acco World Corporation	50,000	\$ 2,141,750
Harris Steel Group Inc., Class A	440,000	2,805,000
Harris Steel Group Inc., Class B	220,000	1,347,500
*Lockheed Corporation	45,000	2,668,950
*Nucor Corporation	40,000	1,673,860
*Teledyne Inc.	10,000	3,754,652
		<u>\$14,391,712</u>
 METALS AND MINING		
Dickenson Mines Ltd., Class A	150,000	\$ 682,500
Dickenson Mines Ltd., Class B	125,000	562,500
Inco Ltd., com. ind., pfd. C	80,000	2,030,000
Kiena Gold Mines Ltd.	30,000	652,500
Lornex Mining Corporation Ltd.	58,700	1,995,800
		<u>\$ 5,923,300</u>
 REAL ESTATE		
Carma Ltd., Class A	2,000,000	\$ 740,000
*Cousins Properties Incorporated	306,822	5,762,578
*The Rouse Company	80,000	3,756,300
		<u>\$10,258,878</u>
 RETAILING		
Canadian Tire Corporation, Class A	150,000	\$ 1,537,500
*Cole National Corporation	100,000	5,107,250
Grafton Group Limited	12,000	312,000
Grafton Group Limited, Class A	48,000	1,260,000
*Pic 'N' Save Corporation	50,000	1,416,850
*Revco, D.S., Inc.	50,000	1,985,237
*Service Merchandise Co.	60,000	1,176,315
		<u>\$12,795,152</u>
 UTILITIES		
Interprovincial Pipe Line Limited	75,000	\$ 2,381,250
TransCanada PipeLines Limited	200,000	3,750,000
		<u>\$ 6,131,250</u>
 MISCELLANEOUS		
*The Harper Group	50,000	\$ 2,042,900
		<u>\$ 2,042,900</u>
 TOTAL VALUE OF INVESTMENT PORTFOLIO		 <u><u>\$78,540,215</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 \$
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	83.79	1.54	1.85
1982	1,898,889	388,061	340,129	1,170,699	1,522,974	55,764,401	73.77	1.43	1.50
1983	1,747,164	494,101	279,806	973,257	5,065,589	78,471,947	105.61	1.15	1.40
1984	1,976,177	463,867	222,443	1,289,867	3,263,473	79,641,953	107.25	1.60	1.20

(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.

