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DOMINION AND ANGLO INVESTMENT CORPORATION
LIMITED

BOARD OF DIRECTORS:

J. CHRISTOPHER BARRON
WILLIAM J. CORCORAN
HENRY N. R. JACKMAN

HENRY E. LANGFORD, Q.C.
MALCOLM D. RICHARDSON
WILLIAM H. SOMERVILLE

OFFICERS:

HENRY N. R. JACKMAN,
President

L. R. ROONEY,
Secretary-Treasurer

Bankers:
THE BANK OF NOVA SCOTIA

Auditors:
PRICE WATERHOUSE, TORONTO

Transfer Agent and Registrar:
HEAD OFFICE OF THE COMPANY, TORONTO

REPORT OF THE DIRECTORS

TO THE SHAREHOLDERS

Your Directors submit herewith their fifty-sixth Annual Report together with Audited Accounts for the year ended December 31, 1983.

Your Directors report that the net liquidating value of the Company's assets based on market quotations as of December 31, 1983 was equivalent to \$166.64 per Common share compared with \$109.44 as of December 31, 1982. The net liquidating value of \$166.64 as of December 31, 1983 is after making full provision for taxes on unrealized net capital gains.

Regular quarterly dividends of \$1.25 were paid on the Company's 5% preferred stock. On September 15, 1983 the Company paid a dividend of \$21.47 per share, \$5.47 in cash and \$16.00 in Junior Preferred shares 1983 Series, on 392,630 Common shares and \$21.47 per share, \$5.47 in cash and \$16.00 in Junior Preferred shares - Special 1983 Series on 122,370 Special Common shares. The dividends paid on the Special Common shares are capital dividends as provided for under Section 83(2) of the Income Tax Act.

A comparative summary of the Company's progress since its inception appears on Pages 7 and 8.

During the year Mr. R. M. MacIntosh retired from the Company's Board of Directors. His contribution will be sorely missed. We are pleased to welcome Mr. W. H. Somerville, President and Chief Executive Officer of Victoria and Grey Trust Company, to the Board of Directors.

Respectfully submitted by the Board

May 29, 1984
10th Floor
165 University Avenue,
Toronto, Ontario
M5H 3B8



H. N. R. JACKMAN,
President

**DOMINION AND ANGLO INVESTMENT CORPORATION
LIMITED**

STATEMENT OF ASSETS AND LIABILITIES

	December 31	
	1983	1982
ASSETS		
Investments, at indicated market value (cost – 1983 – \$45,304,694; 1982 – \$44,824,834) (Note 1)	\$111,724,084	\$ 64,024,545
Cash, including deposit receipts of \$1,495,000 in 1982	16,810	1,549,987
Accounts receivable	7,404	11,240
Receivable from an affiliated company	182,000	—
Income taxes recoverable	470,280	—
	<u>112,400,578</u>	<u>65,585,772</u>
LIABILITIES		
Bank loan	1,200,000	—
Sundry liabilities	17,444	28,977
Income taxes payable	—	1,757,064
Provision for taxes on unrealized net capital gains (Note 2)	12,823,156	3,140,330
	<u>14,040,600</u>	<u>4,926,371</u>
Net assets at indicated market value	<u>\$ 98,359,978</u>	<u>\$ 60,659,401</u>
SHAREHOLDERS' EQUITY		
Capital stock (Note 3)	\$ 38,510,000	\$ 30,270,000
Distributable surplus (unchanged since 1935)	219,301	219,301
Realized gain on investments	6,626,120	5,608,234
Unrealized appreciation of investments (Note 2)	53,607,377	16,070,523
Earned surplus (deficit)	(602,820)	8,491,343
Total shareholders' equity	<u>\$ 98,359,978</u>	<u>\$ 60,659,401</u>

APPROVED BY THE BOARD:

H. N. R. JACKMAN, Director

W. J. CORCORAN, Director

AUDITORS' REPORT

To the Shareholders of
DOMINION AND ANGLO INVESTMENT CORPORATION LIMITED:

We have examined the statement of assets and liabilities of Dominion and Anglo Investment Corporation Limited as at December 31, 1983 and the statements of income and expenses, earned surplus, realized gain on investments and changes in net assets for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company as at December 31, 1983 and the results of its operations and the changes in its net assets for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
March 2, 1984.

PRICE WATERHOUSE
Chartered Accountants

STATEMENT OF INCOME AND EXPENSES

	Year ended December 31	
	1983	1982
Income from investments:		
Dividends	\$ 2,133,622	\$ 1,594,103
Interest	43,686	205,287
	2,177,308	1,799,390
Expenses (income):		
General and administrative	76,224	70,039
Interest, including \$38,730 paid to affiliated companies in 1983	55,948	382
Income taxes (recoverable)	(28,580)	70,042
	103,592	140,463
<i>Net income for the year</i>	\$ 2,073,716	\$ 1,658,927
<i>Net income per common and special common share</i>	\$ 3.29	\$ 3.12

STATEMENT OF EARNED SURPLUS

(accumulated net income from investments less dividends paid and amount capitalized)

	Year ended December 31	
	1983	1982
Earned surplus at beginning of year	\$ 8,491,343	\$ 7,443,373
<i>Add:</i>		
Net income for the year	2,073,716	1,658,927
Refundable taxes recovered	2,202,442	76,875
	12,767,501	9,179,175
<i>Deduct:</i>		
Dividends paid (Note 3)	11,437,050	307,500
Provision for refundable taxes	1,933,271	380,332
	13,370,321	687,832
<i>Earned surplus (deficit) at end of year</i>	\$ (602,820)	\$ 8,491,343

STATEMENT OF REALIZED GAIN ON INVESTMENTS

(principally accumulated net gains on realization of investments less amounts capitalized)

	Year ended December 31	
	1983	1982
<i>Balance at beginning of year</i>	\$ 5,608,234	\$ 4,686,814
Realized gains on investments during the year (Note 4)	1,017,886	921,420
<i>Balance at end of year</i>	\$ 6,626,120	\$ 5,608,234

STATEMENT OF CHANGES IN NET ASSETS

	Year ended December 31	
	1983	1982
Appreciation of investments:		
Realized (Note 4)	\$ 1,017,886	\$ 921,420
Unrealized	37,536,854	3,173,261
	38,554,740	4,094,681
Net income for the year	2,073,716	1,658,927
Issue of capital stock	—	3,300,000
Cash dividends (Note 3)	(3,197,050)	(307,500)
Net (increase) decrease in refundable dividend tax on hand	269,171	(303,457)
<i>Increase in net assets</i>	37,700,577	8,442,651
Net assets at beginning of year	60,659,401	52,216,750
<i>Net assets at end of year</i>	\$98,359,978	\$60,659,401
<i>Net asset value attributable to each common and special common share</i>	\$166.64	\$109.44

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1983

1. Carrying value of investments:

The indicated market values of stocks listed on stock exchanges are based on closing market quotations. The indicated market values of investments not listed on stock exchanges have been determined by the directors based on the underlying market values of the net assets represented by such securities. The indicated market values, determined on the basis of closing market quotations do not necessarily represent the realizable value of the total holding of any security which may be more or less than that indicated by market quotations.

2. Taxation:

The Company is a "private corporation" under the Income Tax Act (Canada), and is subject to tax at normal corporate rates on one-half of its realized net taxable capital gains and investment income other than taxable dividends received from corporations resident in Canada. The Company is also subject to a special tax of up to 25% on taxable dividends received from corporations resident in Canada. This special tax is refundable on payment of taxable dividends to shareholders at the rate of \$1.00 for each \$4.00 of such dividends paid. The amount eligible for refund at December 31, 1983, all of which is included in the statement of earned surplus amounted to \$Nil (1982 - \$303,457).

The Company accounts for taxes on differences between accounting income and taxable income on the tax allocation basis and thus provides for the taxes which would be exigible on unrealized net capital gains if such unrealized net capital gains were realized. Deferred income taxes have been provided in prior years' statements of income and expenses in respect of dividends received prior to December 31, 1978 out of 1971 tax surpluses of the payor corporation, based on normal corporate rates applied to one-half of the resulting reductions in the adjusted cost base of the investment in that corporation. Before reflecting such reductions in the adjusted cost base, unrealized net capital gains at December 31, 1983 amounted to approximately \$51,300,000 (1982 - \$12,517,000).

The details of unrealized appreciation of investments are as follows:

	December 31	
	1983	1982
Investments at market value	\$111,724,084	\$ 64,024,545
Investments at cost	45,304,694	44,824,834
Unrealized appreciation of investments before provision for deferred income taxes	66,419,390	19,199,711
Deferred income taxes	12,812,013	3,129,188
Unrealized appreciation of investments	\$53,607,377	\$16,070,523

The capital dividend account at December 31, 1983 amounted to \$112,797.

3. Capital Stock and dividends:

The articles of the Company were amended on August 26, 1983 to create an unlimited number of the following classes of shares:

- special common shares
- junior preferred shares (issuable in series)

The first two series of the junior preferred shares authorized during the year were 10,000,000 junior preferred shares, 1983 series (first series) and 10,000,000 junior preferred shares, special 1983 series (second series).

The classes of share capital at December 31, 1983 are as follows:

- 100,000 voting cumulative redeemable preferred shares
- 10,000,000 non-voting non-cumulative redeemable junior preferred shares, 1983 series (first series)
- 10,000,000 non-voting non-cumulative redeemable junior preferred shares, special 1983 series (second series)
- Unlimited common shares
- Unlimited special common shares

The preferred shares are redeemable at \$110 per share and are entitled to dividends at the rate of \$5.00 per share per annum.

The 1983 series and special 1983 series of the junior preferred shares are convertible on a share-for-share basis into each other and rank equally in all respects. The directors may provide that dividends on the junior preferred shares, special 1983 series be capital dividends as provided for in subsection 83(2) of the Income Tax Act (Canada). The 1983 series and special 1983 series of the junior preferred shares are redeemable at any time at a price not to exceed \$1.00 per share and are entitled to dividends at the rate of 4¢ per share per annum.

The common shares and special common shares are convertible on a share-for-share basis into each other and rank equally in all respects. The directors may provide that dividends on the special common shares be capital dividends as provided for in subsection 83(2) of the Income Tax Act (Canada).

The following stock and cash dividends were paid during the year ended December 31, 1983:

	Dividends	
	Cash	Stock
— on 76,000 preference shares		
\$5.00 cash dividend	\$ 380,000	\$ —
— on 392,630 common shares		
\$ 5.47 cash dividend	2,147,686	—
\$16.00 stock dividend (6,282,080 junior preferred shares, 1983 series)	—	6,282,080
<u>\$21.47</u>		
— on 122,370 special common shares		
\$ 5.47 cash dividend	669,364	—
\$16.00 stock dividend (1,957,920 junior preferred shares, special 1983 series)	—	1,957,920
<u>\$21.47</u>	\$ 3,197,050	8,240,000
		3,197,050
		\$11,437,050

The Company elected that the dividends on the special common shares be capital dividends for income tax purposes.

The changes in capital stock are as follows:

	Junior preferred shares, 1983 series	
	Number of shares	Amount
Balance at beginning of year	—	\$ —
Stock dividend as noted above	6,282,080	6,282,080
Balance at end of year	6,282,080	\$ 6,282,080

		Junior preferred shares, special 1983 series	
		Number of shares	Amount
Balance at beginning of year		—	\$ —
Stock dividend as noted above		1,957,920	1,957,920
Balance at end of year		1,957,920	\$ 1,957,920
Common shares			
		Number of shares	Amount
Balance at beginning of year		515,000	\$25,970,000
Conversion to special common shares		122,370	6,170,775
Balance at end of year		392,630	\$19,799,225
Special common shares			
		Number of shares	Amount
Balance at beginning of year		—	\$ —
Conversion from common shares		122,370	6,170,775
Balance at end of year		122,370	\$ 6,170,775

The capital stock account of the Company is as follows:

		December 31	
		1983	1982
Preferred shares:			
Issued—			
76,000 shares		\$ 4,300,000	\$ 4,300,000
Junior preferred shares, 1983 series:			
Issued—			
6,282,080 shares		6,282,080	—
Junior preferred shares, special 1983 series:			
Issued—			
1,957,920 shares		1,957,920	—
Common shares:			
Issued—			
392,630 (1982 – 515,000) shares		19,799,225	25,970,000
Special common shares:			
Issued—			
122,370 shares		6,170,775	—
		<u>\$38,510,000</u>	<u>\$30,270,000</u>

4. Realized gains on investments:

The following are the details of the realized gains on investments during the years indicated:

	1983	1982
Proceeds on sale of investments	\$ 737,092	\$ 10,030
Cost of investments at beginning of year	44,824,834	39,041,679
Cost of investments acquired during year	1,066,883	5,784,298
	45,891,717	44,825,977
Cost of investments at end of year	45,304,694	44,824,834
Cost of investments sold during year	587,023	1,143
Realized gains on investments sold before taxes	150,069	8,887
Taxes on realized net capital gains (Note 2)	10,040	1,720
	140,029	7,167
Cash portion of capital gain dividends, net of income taxes of \$185,110 (1982 – \$319,500)	877,857	914,253
Realized gains on investments	<u>\$ 1,017,886</u>	<u>\$ 921,420</u>

SCHEDULE OF INVESTMENTS

December 31, 1983

	Cost	Indicated market value
		(Note 1)
Investments listed on stock exchanges:		
Preferred shares-		
181,953 E-L Financial Corporation Limited, series 'A' convertible	\$ 2,341,699	\$ 4,344,128
65,091 Fulcrum Investment Company Limited, 6%	584,375	748,547
	2,926,074	5,092,675
Common shares-		
164,008 Algoma Central Railway	2,135,263	3,362,164
1,167,520 E-L Financial Corporation Limited	13,667,715	26,852,960
290,897 Economic Investment Trust Limited	4,388,232	9,599,601
114,794 Fulcrum Investment Company Limited	669,903	2,181,086
96,000 National Trust Company, Limited	2,190,000	4,032,000
146,579 United Corporations Limited,	1,577,763	3,847,699
697,074 VGM Trustco Limited	2,515,848	10,020,439
	27,144,724	59,895,949
	30,070,798	64,988,624
Investments not listed on stock exchanges:		
Preferred shares-		
15,000 Canadian and Foreign Securities Company Limited	281,250	750,000
1,391,600 Cimonoco Corporation	1,340,581	1,391,600
2,870,624 Cirederf Investments Limited	2,609,571	2,870,624
66,000 Debenture and Securities Corporation of Canada	3,300,000	3,300,000
1,320 Dondale Investments Limited	132,000	132,000
2,870,624 Drawde Investments Limited	2,609,571	2,870,624
12,971 Overdown Holdings Limited	1,235,354	1,297,125
	11,508,327	12,611,973
Common shares-		
154,624 Canadian & Foreign Securities Company Limited	1,916,361	17,557,091
49 (including 48 special non-voting, participating) Cimonoco Corporation	49	837,273
2,700 (including 2,699 non-voting, participating) Cirederf Investments Limited	2,700	1,141,673
500 Dondale Investments Limited	125,500	780,430
2,050 Dondale Investments Limited Class 'B'	514,550	3,199,763
2,700 (including 2,699 non-voting, participating) Drawde Investments Limited	2,700	1,141,767
10,592 Ecando Investments Limited	1,118,709	1,755,730
450 Overdown Holdings Limited (including 71 special common)	45,000	7,709,760
	3,725,569	34,123,487
	15,233,896	46,735,460
	\$45,304,694	\$111,724,084

DOMINION AND ANGLO INVESTMENT CORPORATION
LIMITED

SUMMARY OF FINANCIAL PROGRESS

Year Ending April 30	Total Assets at Market Values	Principal Amount of Funded Debt Outstanding	Preferred Shares Outstanding	Net Equity Behind Common Stock	Net Income	Net Equity per Common Share†
1929	\$ 2,585,000	\$ —	1,500,000	\$ 1,085,000	\$ 114,288	\$ 2.17
1930	2,365,740	—	1,500,000	865,740	124,346	1.73
1931	1,686,057	—	1,500,000	186,057	123,868	.37
1932	972,435	—	1,500,000	(527,565)	86,321	(1.05)
1933	1,029,668	—	1,500,000	(470,332)	62,977	(.94)
1934	1,487,525	—	1,400,000	87,525	49,881	.18
1935	1,398,218	—	1,350,000	48,218	41,101	.10
1936	1,888,862	—	1,350,000	538,862	51,011	1.08
1937	2,682,253	—	1,350,000	1,332,253	69,220	2.66
1938	1,793,438	—	1,350,000	443,438	98,736	.89
1939	1,773,445	—	1,295,000	478,445	88,692	.96
1940	2,201,893	—	1,295,000	906,893	84,389	1.81
1941	1,741,647	—	1,295,000	446,647	101,474	.89
1942	1,596,751	—	1,272,000	324,751	112,517	.65
1943	2,120,817	—	1,272,000	848,817	106,320	1.69
1944	2,250,325	—	1,249,500	1,000,825	112,641	2.00
1945	2,770,017	—	1,249,500	1,520,517	122,876	3.04
1946	3,594,074	—	1,130,300	2,463,774	118,595	4.92
1947	3,018,345	—	1,081,700	1,936,645	129,949	3.87
1948	3,152,265	—	1,068,800	2,083,465	140,208	4.16
1949	3,063,059	—	1,056,300	2,006,759	174,912	4.01
1950	3,780,826	—	1,045,400	2,735,426	171,409	5.46
1951	5,141,918	—	1,045,400	4,096,518	206,674	8.19
1952	5,224,268	—	1,000,000	4,224,268	217,249	8.45
1953	5,199,736	—	1,000,000	4,199,736	199,533	8.39
1954	5,934,359	—	1,000,000	4,934,359	203,317	9.87
1955	11,121,731	3,000,000	1,000,000	7,121,731	200,832	14.24
1956	13,390,900	3,000,000	1,000,000	9,390,900	245,611	18.78
1957	13,982,291	2,980,000	1,000,000	10,002,291	252,718	19.42
1958	11,559,872	2,970,000	1,000,000	7,589,872	224,911	14.73
1959	13,642,440	2,963,500	1,000,000	9,678,940	256,261	18.79
1960	12,047,752	2,937,500	1,000,000	8,110,252	264,487	15.75
1961	14,513,111	2,927,500	1,000,000	10,585,611	306,552	20.55
1962	15,161,937	2,904,500	1,000,000	11,257,437	283,096	21.86
1963	15,704,882	2,871,000	1,000,000	11,833,882	257,079	22.98
1964	17,562,056	2,863,000	1,000,000	13,699,056	250,324	26.60
1965*	20,602,094	2,783,000	1,000,000	16,819,094	292,235	32.66*
1966	18,624,956	2,571,000	1,000,000	15,053,956	275,275	29.23
1967	17,678,422	2,435,500	1,000,000	14,242,922	294,063	27.65
1968	18,519,800	2,368,500	1,000,000	15,151,300	324,315	29.42
1969	28,047,671	1,923,500	1,000,000	25,124,171	359,429	48.78
1970	20,027,638	—	1,000,000	19,027,638	420,112	36.95
1971	22,137,797	—	1,000,000	21,137,797	429,748	41.04

*During 1965, a special distribution of \$3,605,000 or \$7.00 per common share was made to shareholders out of profits realized on the sale of securities.

<u>Year Ending December 31</u>	<u>Total Assets at Market Values</u>	<u>Principal Amount of Funded Debt Outstanding</u>	<u>Preferred Shares Outstanding</u>	<u>Net Equity Behind Common Stock</u>	<u>Net Income</u>	<u>Net Equity per Common Share†</u>
1971	26,039,300	—	1,000,000	25,039,300	335,109 +	48.62
1972	38,095,937	—	1,000,000	37,095,937	529,203	72.02
1973	31,747,266	—	1,000,000	30,747,266	600,493	59.70
1974	20,303,414	—	1,000,000	19,303,414	784,143	37.48
1975	26,079,386	—	1,000,000	25,079,386	848,977	48.70
1976	30,281,180	—	1,000,000	29,281,180	929,476	56.86
1977	38,360,934	—	1,000,000	37,360,934	995,065	72.55
1978	48,615,692	—	1,000,000	47,615,692	1,330,292	92.46
1979	51,261,007	—	1,000,000	50,261,007	1,906,963	97.59
1980	60,311,072	—	1,000,000	59,311,072	2,174,892	115.17
1981	52,216,750	—	1,000,000	51,216,750	1,442,915	99.45
1982	60,659,401	—	4,300,000	56,359,401	1,658,927	109.44
1983	98,359,978	—	12,540,000**	85,819,978	2,073,716	166.64

†Adjusted for 50 for 1 stock split in 1960.

+ For eight month period ending December 31, 1971.

**During 1983 each common shareholder received 16 Junior Preferred shares for each common share held by way of stock dividends.