



Prenor Group Ltd.

Annual Report 1979





JOHN
LITTLE

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Un exemplaire en français de ce rapport peut être obtenu sur demande au service des relations publiques de la compagnie.
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Prenor Group Ltd.

Highlights

(in thousands of dollars)	1979	1978
Consolidated total assets	\$453,583	\$413,511
Common shareholders' equity	27,586	19,140
Consolidated gross income (including investment income)	192,243	160,206
Earnings by division		
general insurance	955	2,202
life insurance	1,041	1,317
financial services*	973	532
general corporate expenses	(354)	(497)
Consolidated net income	\$ 2,615	\$ 3,554
Earnings per common share (on a weighted average basis)	\$ 1.32	\$ 2.19

*Trust services, investments and investment fund management, real estate brokerage, etc. . . .



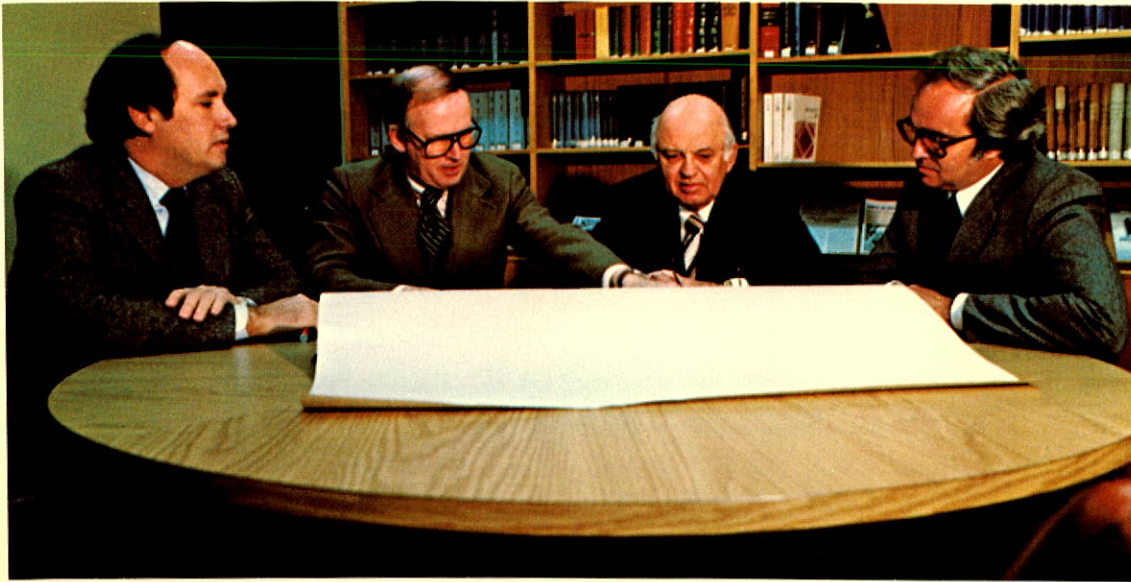
(Cover) Kemp Kieffer
Reverse detail of painting shown above.

Summer Pond
Oil on canvas
36" x 36"

(Inside front cover)
John Little, A.R.C.A.
Une autre patinoire, La Belle Province en hiver, 1970
Oil on canvas
12" x 16"

(Inside back cover)
John Little, A.R.C.A.
Saint Patrick's Day, Pointe St. Charles, 1970
Oil on canvas
12" x 16"

Management Report



Studying proposals for the new head office building are, from left to right, Serge Rocheleau, Lorne C. Webster, Marcellin Tremblay and Arthur S. Labatt.

The year ended December 31, 1979 contained some disappointments, but many accomplishments for the Prenor Group. A decline in earnings, the first in many years, was caused primarily by poor underwriting results in our general insurance companies, in common with the industry. However, it is of some comfort to note that other companies within the Group were able to take up at least some of the slack. The wisdom of Prenor's programme, begun several years ago, of broadening its asset and earnings base was thus demonstrated in 1979. Both gross income and total assets were at record high levels. This augurs well for future earnings performance once general insurance industry conditions return to normal levels. Prenor accelerated its expansion programme during 1979 both geographically (western Canada) and by line of business (reinsurance and trust operations). In order to finance these moves and to have funds available to capitalize on future opportunities, the Company during the year raised over \$4 million via a rights offering to shareholders. We are pleased that the offering was fully subscribed and are sure that the confidence in the Company so expressed by the shareholders will be more than justified in the years ahead.

General insurance

Poor underwriting performance in this field was fairly general in Canada this year, as well as in the United States, Great Britain, France and most of the industrialized world. During 1979, revenue growth was restrained by competition and the continuing price-freeze set by the Anti-Inflation Board. These factors prevented even the few price increases that the industry environment would have allowed, while operating costs continued to increase.

While we have established new premium schedules as of March 1, 1980, it will take several months before a significant percentage of policies are in force at the new rates.

On a positive note, we are pleased to report the founding by Prenor of two new companies in the general insurance field. Paragon Insurance Company of Canada, in Vancouver, B.C., underwrites a full line of commercial risks; Professional Reinsurance Consultants Inc. in Toronto, Ontario accepts and places reinsurance business. The activities of these two companies are more fully described in the operations reports.

Life insurance

Our life insurance companies, Canadian Provident and Northern Life, showed excellent sales growth in 1979. Total business in force of these two companies has now surpassed \$4 billion. Both companies have also made significant improvement in the quality of their operations which will be mentioned in the operations reports. Net after-tax profit

was down somewhat, due partly to the cost of putting so much new business on the books this year. There were continuing high claim rates for group life and health insurance at Northern Life and an increase in the mortality rate at Canadian Provident.

Financial services

This is the bright side of Prenor's picture this year with after-tax contributions to Prenor's earnings increasing more than 80% to just under \$1 million. In spite of difficult industry conditions, North America Trust had an increase in assets of over 20% to surpass \$60 million, while earnings climbed over 200% to reach \$350,000. The Trust Company's subsidiary, Armand Des Rosiers, showed a profit for the first time since becoming part of the Prenor Group. Bolton Tremblay had an excellent year with net after-tax profits increasing 90% to \$432,000.

New head office building

For some time, we have been studying the physical space requirements of Prenor Group and its subsidiary companies. To meet future needs, the former ICAO building at the corner of University Street and Dorchester Boulevard in Montreal was purchased by Canaprev Inc., a company jointly owned by Canadian National Railways and Prenor Group Ltd. Renovations that will include the addition of two storeys and replacement of the exterior walls will result in a modern office building in a prime location. The total cost will be somewhat less than the construction of a completely new building. The CNR and our Group will occupy less than half of the space in the building at the outset. Negotiations are in process with prospective tenants to lease most of the balance of the space.

We are confident that this new head office building in its prime location will allow our member companies to become better integrated.

Trust Général du Canada

The Canadian Provident Group has had a significant holding of the common stock of Trust Général du Canada for a number of years. Additional shares were purchased in 1979 and early 1980, culminating in our share purchase offer dated March 19, 1980 for 720,000 common shares, representing approximately 30% of the outstanding common shares. This offer remains open until April 10, 1980 but we are presently able to confirm that we now hold in excess of 50% of the common stock. This Company (with its recently acquired subsidiary, Sterling Trust Corporation) has corporate assets of approximately \$1.1 billion. In addition, Trust Général has more than \$2.5 billion of assets under fiduciary administration. This is a very significant addition

to the Prenor Group, making us one of the largest financial service organizations in Canada.

Directors

During the year, the resignations of Richard M. Ivey and Ian H. McLeod from the Board of Prenor Group Ltd. were accepted with regret. We would like to thank these gentlemen for their valuable contribution to the success of the Company during their terms of office. Also during 1979, we welcomed to the Prenor Board, Nicholas Clive Worms of Paris and Jean R. Perrette of New York, representing Comindus S.A., a holding company of Paris, France and a major shareholder of our group. In addition, Donald R. Getty of Edmonton, Alberta and William M. Sobey of Stellarton, Nova Scotia joined the Boards of The Northern Life Assurance Company and The Personal Insurance Company; Jacques J. Giasson and Joan Crossen, both of Montreal, were elected directors of the Canadian Provident group; and D. Harry Bell-Irving, James D. Helmcken and Peter W. Webster, all of Vancouver, joined the Board of Paragon Insurance Company. A very sad note was the sudden death November 8, 1979 of Lavery Sirois of Quebec City. Mr. Sirois had been a director of the Canadian Provident group since 1955 and had served on its executive committee since 1969. His sage advice and encyclopedic knowledge of the business life of his community will be sorely missed.

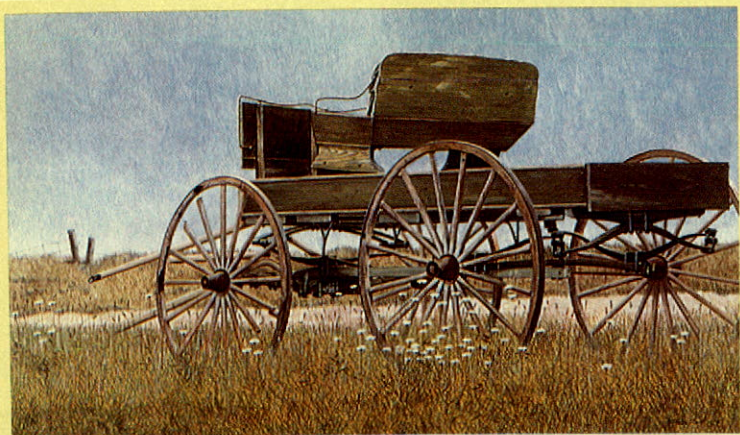
Outlook

The negative factors which affected the general insurance and trust industries in 1979 are still in evidence in 1980. This, along with a generally cloudy outlook for the Canadian economy, indicates that 1980 will be another challenging year for the Prenor Group. However, the Company has the resources to meet this challenge. Our financial position is strong, but most important are our human resources. We wish to acknowledge the critical role that management and staff have played in guiding Prenor through a difficult year in 1979. In spite of the many political and economic uncertainties still facing us, we know that the continuing efforts of these highly professional people will enable the Company to face 1980 with confidence and report continued growth in future years.

Lorne C. Webster
President

Serge Rocheleau
Executive Vice-President

March 31, 1980



(Above) Willem Hart
Ontario Democrat with daisies,
1979
Acrylic on board
13" x 23"

(Above right) Rolfe Pryne
Mennonites, 1978
Watercolour on board

(Right) Médard Bourgault
Woodcarving
23" high



Operations Reports

GENERAL INSURANCE

In 1979, general insurance companies in Canada experienced substantial underwriting losses. In order to comply with standards set by the Anti-Inflation Board, a large number of Canadian companies either had to freeze certain rates or give their policyholders refunds in 1979. This held industrywide increases in premium income to only 6% to 7%. Over the same period the inflation rate stayed around 10% and the economic situation remained very difficult. Premiums have been readjusted, so that the situation can be corrected somewhat in 1980 and to a greater extent in 1981-82.

The Quebec market has become increasingly unstable as a result of the takeover of approximately 30% of the automobile insurance business by the provincial government in March 1978. Since that time there has been fierce, even senseless competition leading to substantial rate cuts as companies have tried to recover part of their lost premiums.

The Canadian Provident — General Insurance

In spite of these conditions, The Canadian Provident — General Insurance achieved a 29% growth in written premium volume. Its assets exceeded \$112 million. This represents an exceptional performance in the industry. These excellent results were made possible not only by the quality of the products offered by the Company, but also as a result of its decentralization policy aimed at providing the sales force with better service. Another branch was opened in 1979 in Longueuil. Chicoutimi will open its doors next summer and Laval will commence operations in late 1980 or early 1981.

However, for the Canadian Provident — General Insurance as for the overall industry, underwriting results were unfavourable in 1979. The claim/premium ratio of the Company went from 59% in 1978 to 73% in 1979. The number of claims, both for automobile insurance and for the other lines, rose 30%. Furthermore, in the space of three years, the average claim cost increased more than 50%.

Nevertheless, thanks to its investment income and its share in the profits of subsidiaries, the Canadian Provident — General Insurance ended 1979 with a net profit of over \$1.5 million. In addition, and for the first time, shareholders' equity reached the \$30 million level.

Substantial rate increases in 1980 should ease the pressure on underwriting profitability, although competition may limit their effectiveness. However, the implementation of an entirely new automobile insurance rate schedule should certainly lead to improved results in that sector.

The Personal Insurance Company of Canada

The Personal expanded rapidly throughout all regions of Canada in 1979. In order to adapt its organization to the immediate needs of its major national clients the Company increased the number of its branches to ten, thus establishing its presence in almost all the Canadian provinces.

As a result of this expansion 1979 revenues increased 35%. Considering the extremely difficult industry environment, this attests to The Personal's stature in the group general insurance market. The Company has successfully built a reputation as a leader in this field and the addition of major national group customers is helping to enhance its prestige in the market.

The Personal, however, was not immune to problems in rate structures, competition and other unfavourable factors which affected the general insurance industry in 1979. These difficulties, coupled with the considerable costs involved in establishing the company at the national level, resulted in an operations deficit of \$433,000.

The year 1980 promises to be another challenging year for The Personal. A substantial industry-wide rate increase, the progress made in the data processing field with the start of operations of two major administration systems, FMS and PMS, and the financial support of the parent companies should enable the Company to continue expanding while achieving better bottom line results.

Paragon Insurance Company of Canada

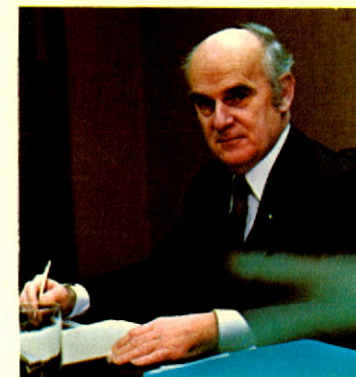
At the end of October 1979, the Canadian Provident — General Insurance incorporated a new subsidiary, Paragon Insurance Company of Canada, with its head office located in Vancouver. The corporate objective of this federally-chartered company is to specialize in the region of Western Canada by developing policies and coverages that are particularly able to fill the needs of customers in this part of the country.

Company operations have been under way since last January. In spite of difficult market conditions the company has already met more than one third of its initial underwriting objectives, reaching a total of \$600,000 in premiums. Paragon currently has fourteen employees with more due to be hired shortly. The Company is planning to open a branch soon in Victoria followed by two other branches in Calgary and Edmonton by the end of 1980. The strength of the economy in Western Canada, the capability of accepting sizeable risks, the work of a dynamic and competent team and the excellent results achieved up to now bode well for the future of this new company.

Professional Reinsurance Consultants Inc.

In order to enlarge the scope of its activities and to respond to

(Below, top to bottom)
Raymond Viger
Hans P. Johne
Simon R. Farrow





(Above) René Richard, R.C.A.
Vieille maison Canadienne
Oil on canvas
24" x 30"

(Above right) John Little, A.R.C.A.
St. Olivier, Quebec
Oil on canvas
24" x 30"



(Right) Kananginak
Omingmungjuag
(The big male muskox)
Stonecut, 16/200, Dorset 1977



reinsurance needs among the companies of the Prenor Group, The Canadian Provident — General Insurance established Professional Reinsurance Consultants Inc. in July 1979. Its location in Toronto, at the centre of the reinsurance industry in Canada, will permit valuable diversification of the portfolios of the other Group companies.

One of the roles of this new company is to set up a portfolio for accepted reinsurance, in general insurance, at the Prenor Group level. The Company is analyzing the Group companies' current programs in the area of ceded reinsurance. It should shortly be entering the facultative reinsurance market accepting inward reinsurance.

After six months in operation, Professional Reinsurance Consultants Inc. has already achieved very favourable results. New agreements have been negotiated, resulting in increased coverage, broadened warranties and lower costs.

LIFE INSURANCE

Individual and group life insurance is a concept that is well accepted by Canadians. They rank among the first in the world as far as individual life insurance coverage is concerned. In this field, Canadian companies have been able to maintain a good share of the market, issuing 78% of the amounts of life insurance held by Canadians.

Following the Canadian market, the life insurance companies of the Prenor Group continued their expansion in 1979 with operations that were especially profitable. Overall premium income for both our companies amounted to more than \$57 million and life insurance in force rose above \$4 billion.

The Northern Life Assurance Company of Canada

Northern Life enjoyed excellent results in 1979. Sales were up 19% over 1978 and life insurance in force reached the \$2.2 billion mark. New product development and some rate structure changes promoted this growth in business. On the other hand, underwriting results were down, mostly because of high claim rates for group life and health insurance.

Over the course of the year the Company made major data processing improvements, particularly in group insurance policy administration. These new systems should lead to increased efficiency and productivity. Northern Life thus made considerable progress in 1979, both in volume of business and in the variety of products offered.

The Canadian Provident (life insurance)

In 1979, The Canadian Provident (life insurance) enjoyed a growth in volume of 26%, with premiums written totalling more than \$30 million. It is most encouraging to note that the growth of new business,

insurance in force and assets is higher than the objectives set by the company's five-year marketing plan.

In 1979, individual life insurance and pension premiums experienced strong growth although mortality experience worsened. Group insurance also moved up substantially and experienced a slight improvement in underwriting results.

Over the year, the Company continued implementation of Life-70, a computerized system for administering individual policies. In spite of its high cost, this system will give the company greater flexibility in dealing with future change.

Even though net income was down compared to last year, it should be emphasized that shareholders' and policyholders' equity registered an appreciable increase, reaching the \$15 million milestone. This is due to changes in accounting procedures which are clearly explained in the notes accompanying the financial statements.

FINANCIAL SERVICES

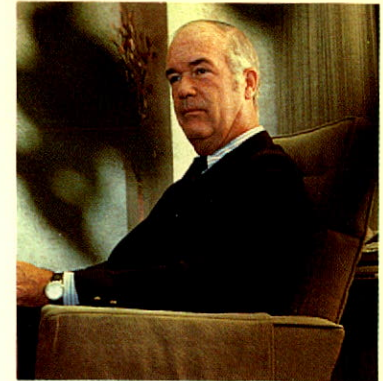
In 1979 there were a number of crosscurrents in the Canadian economic scene which directly affected this sector of Prenor's operations. To name just a few: rapidly rising interest rates produced a squeeze on North America Trust's operating margins in its financial intermediary business; a recovery in the Montreal real estate market aided Armand Des Rosiers in its return to profitable operations; a strong stock market meant increases in Bolton, Tremblay's assets under administration beyond those generated by incoming new business. On balance the environment was favourable. As a result Financial Services' income in 1979 was 82% above its 1978 level and represented almost one third of Prenor's 1979 operating income.

North America Trust

During 1979, the trust industry in Canada was subjected to severe pressures on operating margins as the cost of funds increased at a faster rate than the returns available on mortgage investments. North America Trust's operations were no exception to this situation. The Company's average spread on its guaranteed funds was 1.47% during 1979, down from 1.53% in 1978. At year end, however, the spread was close to 1.25%.

North America Trust was able to overcome these difficult industry conditions in two ways: by increasing the volume of mortgage business and by promoting fiduciary service income as opposed to intermediary "spread" business. The Company's own mortgage portfolio increased by 31% during 1979, but more importantly total mortgage loans under administration (including mortgages administered for others for a fee) reached \$93 million, an increase of about 40% over the year end 1978

(Below, top to bottom)
George L. Bowie
Roger Décaré
Poul B. Andersen





(Top left) Eric Riordon, A.R.C.A.
Gelandesprung in Rockies
Oil on panel
15" x 20"

(Left) William Winter, R.C.A.
Young boys
Oil on canvas foundation board
18" x 24"

(Right) Henry J. Simpkins, R.C.A.
La patinoire ronde, St. Sauveur
Watercolour
20-1/2" x 29"



level. In 1979 North America Trust entered the field of property administration. It now has over 3,000 apartments under administration, all situated in Greater Montreal. This operation has been profitable from the beginning. The stable and growing fees from mortgage and property administration are enabling the Company to compensate for reduced spreads in guaranteed funds.

Overall, the year 1979 saw a very gratifying improvement in profits from trust operations which, coupled with a return to profitability in the Des Rosiers subsidiary, resulted in a greater than threefold increase in consolidated profits. The outlook for trust operations in 1980 will depend greatly upon the level of interest rates. Beyond that, pending legislation will have an important bearing upon the Company's future direction. These uncertainties are discomfiting, but the Company in 1979 demonstrated its ability to adapt to unusual change, so it should be equal to similar challenges in the future.

Armand Des Rosiers

The real estate industry in Quebec actually benefited to some extent from last year's political and monetary uncertainties. The stability inherent in real estate typically makes this type of investment extremely attractive in times of socio-economic turmoil. The rapid rise in interest rates has not, contrary to what one would expect, hurt the residential real estate market. Buyers seem to prefer an immediate purchase at a high mortgage rate to the possibility of lower interest rates, but higher prices. Also, the severe slowdown in new construction activity has resulted in an active secondary real estate market.

In 1979, Des Rosiers had an excellent year in all sectors of its business. The investment real estate sector registered an excellent gain. Both the industrial and commercial sectors enjoyed strong demand with a shortage of space becoming apparent. In the residential area, the opening of three new branches strengthened Des Rosiers' position in the Montreal region and should allow the Company to increase its share of the market. In addition, Des Rosiers has become a leader in the condominium market in Montreal.

Bolton, Tremblay Inc.

A revised fee schedule in effect for the entire year; the dynamic increase in Canadian equity markets, and a steadily increasing amount of new business resulted in record levels of revenue and earnings for Bolton, Tremblay in 1979. All offices are now well integrated and operating on a profitable basis. Investment research, portfolio management service and new business development are benefiting from the Company's position as a leading national firm.

In its second full year under Bolton, Tremblay management the Planned Investments Division continued to display an excellent growth

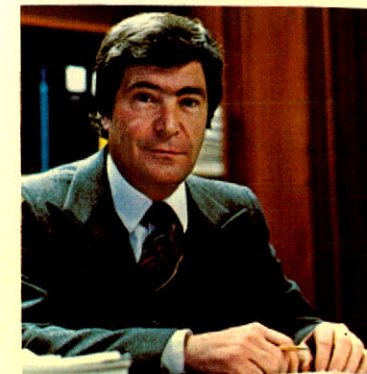
pattern. Its sponsored equity funds (Bolton, Tremblay International Fund, Canada Cumulative Fund, Planned Resources Fund Ltd. and Taurus Fund Limited) achieved above average investment performances. A new fixed income fund (Bolton, Tremblay Income Fund, which invests primarily in mortgages) was added to the group in 1979. The total assets of investment funds under management increased during the year from \$26.4 to \$45.5 million. Contrasting with the overall situation in the fund industry, where sales and redemptions were almost equal, Planned Investments' fund sales exceeded redemptions by a margin of two to one. In terms of investment performance, asset growth, public image and presence in the marketplace, Planned Investments Division has placed the Bolton, Tremblay investment fund group in a significant position in its industry.

Investment Outlook

To a disturbing degree current strength in the North American economy appears to be largely based on the frail structure of a consumer spending pattern supported, not by rising real incomes, but by ever-increasing inflationary expectations. Unless this situation is corrected before personal debt burdens reach unsupportable levels, serious economic hardship could result. It is important, therefore, that not only must domestic fiscal and monetary policy become more restrained, but every effort must be made to encourage the growth of personal savings and discourage excessive personal consumption. While there are some early signs that the U.S. authorities may be moving in this direction, initial comments by those responsible for Canadian economic policy are not encouraging. There has been in recent months a flight of money into assets, particularly into resource rich countries such as Canada. Not only do these trends tend to be overdone, but the inflow of investment funds may create a sense of well-being in the recipient country and make the implementation of unpopular, but necessary, government programmes more difficult.

Earlier optimism about the outlook for Canadian equities is becoming increasingly clouded by the disarray in the long-term bond market. While earnings and dividends should continue to increase in 1980, the yield spread between debt and equity securities has widened substantially, and justifies a degree of caution. Moreover, there remains a significant risk that the much forecast and long awaited recession will in fact develop in North America later this year. Bolton, Tremblay believes that investors should fare considerably better in the common stocks of those U.S. companies able to show earnings growth during a weak economy than the more cyclically prone Canadian stocks. Until the Liberal Government has given a clearer indication of its fiscal policies, fixed income investments are being concentrated in the short to medium-term maturities.

(Below, top to bottom)
Jean-Louis Hamel
G. Mitchell Bourke
Richard P. Lebeau



Prenor Group Ltd. & Subsidiaries

PRENOR GROUP LTD.

Board of Directors

- George H. Garneau
- Hugh G. Hallward
- * Arthur S. Labatt
- * Jean-Michel Paris
- Jean R. Perrette
- * Serge Rocheleau
- H. Arnold Steinberg
- Lloyd F. Stevens
- * Jacques Tétrault
- Marcellin Tremblay
- * Lorne C. Webster
- Nicholas Clive Worms

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President
Serge Rocheleau
Executive Vice-President
Arthur S. Labatt
Vice-President
Achille Desmarais
Secretary-Treasurer

Head Office

801 Sherbrooke Street East
Montreal, Quebec H2L 1K8
(514) 527-9583

Registrar and Transfer Agent

North America Trust
Montreal
Toronto

- * Executive Committee
- ° Policyholder Director
- Audit Committee

THE CANADIAN PROVIDENT- GENERAL INSURANCE

Board of Directors

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- Lorenzo Brisson
- Roger Brisson
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- Bernard Couvrette
- Mrs Joan Crossen
- Arthur S. Labatt
- Guillaume Legrand
- Maurice Riel
- * Serge Rocheleau
- * Marcellin Tremblay
- * Raymond Viger

Management

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Raymond Viger
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and General Manager*
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Claude Beauvais
Secretary and Legal Counsel
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Assistant to the President
Jean-Marie Bernier
*Assistant General Manager/
Production*
Gilles Carbonneau
*Assistant General Manager/
Treasurer and Comptroller*
Léo Dubreuil
*Assistant General Manager/
Internal Consultant*
Jean-Claude Mademba-Sy
*Assistant General Manager/
Data Processing*
Gérard McCann
*Assistant General Manager/
Claims*



(Above) Tom Mathews
The Village Road, Caledon Hills
Acrylic on masonite
17" x 23"

(Left) Francesco Iacurto, R.C.A.
Bassin Louise, P.Q. 1978
Oil on canvas
20" x 24"



Head Office

801 Sherbrooke Street East
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THE PERSONAL INSURANCE COMPANY OF CANADA**Board of Directors**

- *Lorne C. Webster
Chairman
- *George L. Bowie
Vice-Chairman
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- *Hans P. Johnne
- Frederick W. P. Jones
- *Arthur S. Labatt
- Richard C. Meech
- Serge Rocheleau
- William M. Sobey
- *Marcellin Tremblay
- Donald C. Webster

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Executive Vice-President and General Manager
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Vice-President
J. Terrence Kelaher
Deputy General Manager
Jean-Pierre Bastien
Assistant General Manager/ Quebec
Brian F. Bennett
Assistant General Manager/ Finance and Treasurer
Paul N. Castellani
Assistant General Manager/ Information Services
May Kerr
Assistant General Manager/ Counsellor Services

Warren F. Lynch
Assistant General Manager/ Claims and Corporate Secretary
Olda J. Spilar
Assistant General Manager/ Insurance Operations
Elsie Woods
Assistant General Manager/ Western Region

Head Office

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PARAGON INSURANCE COMPANY OF CANADA**Board of Directors**

- *Lorne C. Webster
Chairman
- D. Harry Bell-Irving
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- Donald R. Getty
- *James D. Helmcken
- *Arthur S. Labatt
- *Serge Rocheleau
- *Marcellin Tremblay
- Raymond Viger
- Peter W. Webster

Management

Marcellin Tremblay
President
Simon R. Farrow
Executive Vice-President
Timothy M. Bale
Secretary-treasurer

Head Office

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V6B 4N9
(604) 669-4247

PROFESSIONAL REINSURANCE CONSULTANTS INC.**Board of Directors**

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Chairman
*Poul B. Andersen
Brian F. Bennett
•Hans P. Johnne
•Arthur S. Labatt
Warren F. Lynch
•Serge Rocheleau
*Raymond Viger
Lorne C. Webster

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Executive Vice-President
Thomas Morrison
Vice-President
Brian F. Bennett
Treasurer
Warren F. Lynch
Secretary

Head Office

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- Donald R. Getty

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•Frederick W. P. Jones
*Arthur S. Labatt
•Donald D. C. McGeachy
William A. McKenzie
°Robert W. Mitchell
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•Lloyd F. Stevens
°O. Harold Warwick

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Vice-President
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Vice-President
Allan K. Archer
Vice-President and Secretary
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Vice-President/Marketing
C. Douglas Holland
Vice-President/ Group Operations
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Vice-President/Insurance Operations and Actuary
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Vice-President/ Finance and Treasurer
James W. Hutton
Director/Financial Analysis

Head Office

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London, Ontario N6A 4G3
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Lorenzo Brisson
- Jean-Marie Chabot
- °Bernard Couvrette
- °Mrs Joan Crossen
- §Roger Décary
- °Jacques J. Giasson
Arthur S. Labatt
Jacques Lefèvre
- Maurice Riel
- *Serge Rocheleau
- *Marcellin Tremblay

Management

Marcellin Tremblay, *President*
Roger Décary
Executive Vice-President and General Manager
Serge Rocheleau, *Vice-President*
Claude Beauvais
Secretary and Legal Counsel
Jean Bard
Assistant to the President
Jacques Beauchemin
Assistant General Manager/ Treasurer and Comptroller
Clément Beaulieu
Vice-President/Marketing
Michel Desjardins
Assistant General Manager/ Group Insurance
Bernard Dussault
Assistant General Manager/ Actuary
André Fortin, *Assistant General Manager/ Data Processing*

Head Office

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NORTH AMERICA TRUST**Board of Directors**

Arthur S. Labatt
Chairman

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- John B. Ellis
- Jean-Louis Hamel
- Pierre Laniel
- Claude Michaud
- Susan Riddell
- Serge Rocheleau
- Frank M. Rolph

Management

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President

Jean-Louis Hamel
*Executive Vice-President
and General Manager*

Hugo Valente
Treasurer and Comptroller

Madeleine Amyot
Secretary

Roger Roberge
Mortgage Manager

Michel Beauparlant
*Manager/
Property Administration*

Lise Dufort
Manager/Trust Services

Head Office

85 Ste-Catherine Street West
Montreal, Quebec H2X 3P4
(514) 281-1818

ARMAND DES ROSIERS INC.**Board of Directors**

- * Serge Rocheleau
*Chairmand and Chief
Executive Officer*
- Denis Allard
- * Marc Bruneau
- Claude Ducharme
- * Jean-Louis Hamel
- Arthur S. Labatt
- * Richard P. Lebeau
- Claude Michaud

Management

Richard P. Lebeau
*President
and General Manager*

Françoise Armstrong
Vice-President/Sales

Roger Raymond
Vice-President/Sales

Raymond Des Groseilliers
*Vice-President/Mortgage
Loans & Condominium Sales*

Gratien Faucher
*Vice-President/
I.C.&I. Montréal*

Guy Richard
*Vice-President/
Finance and Administration*

Jean-Louis Hamel
Vice-President

Madeleine Amyot
Secretary

Head Office

85 Ste-Catherine Street West
Montreal, Quebec H2X 3P4
(514) 281-1515

BOLTON, TREMBLAY INC.**Board of Directors**

- * G. Mitchell Bourke
Chairman
- Claire C. Chartrand
- Lionel T. Colman
- Thadeus F. Graff
- Robert C. Krembil
- * Arthur S. Labatt
- André Marsan
- * Serge Rocheleau
- * Ian T. Scott

Management

Arthur S. Labatt
President

Robert C. Krembil
Vice-President

André Marsan
Vice-President

Michael A. Riddell
Vice-President

Ian T. Scott
Vice-President

Michael J. Axford
*Vice-President/ Planned
Investments Division*

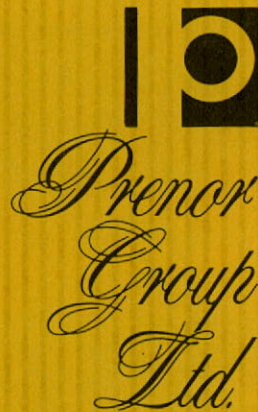
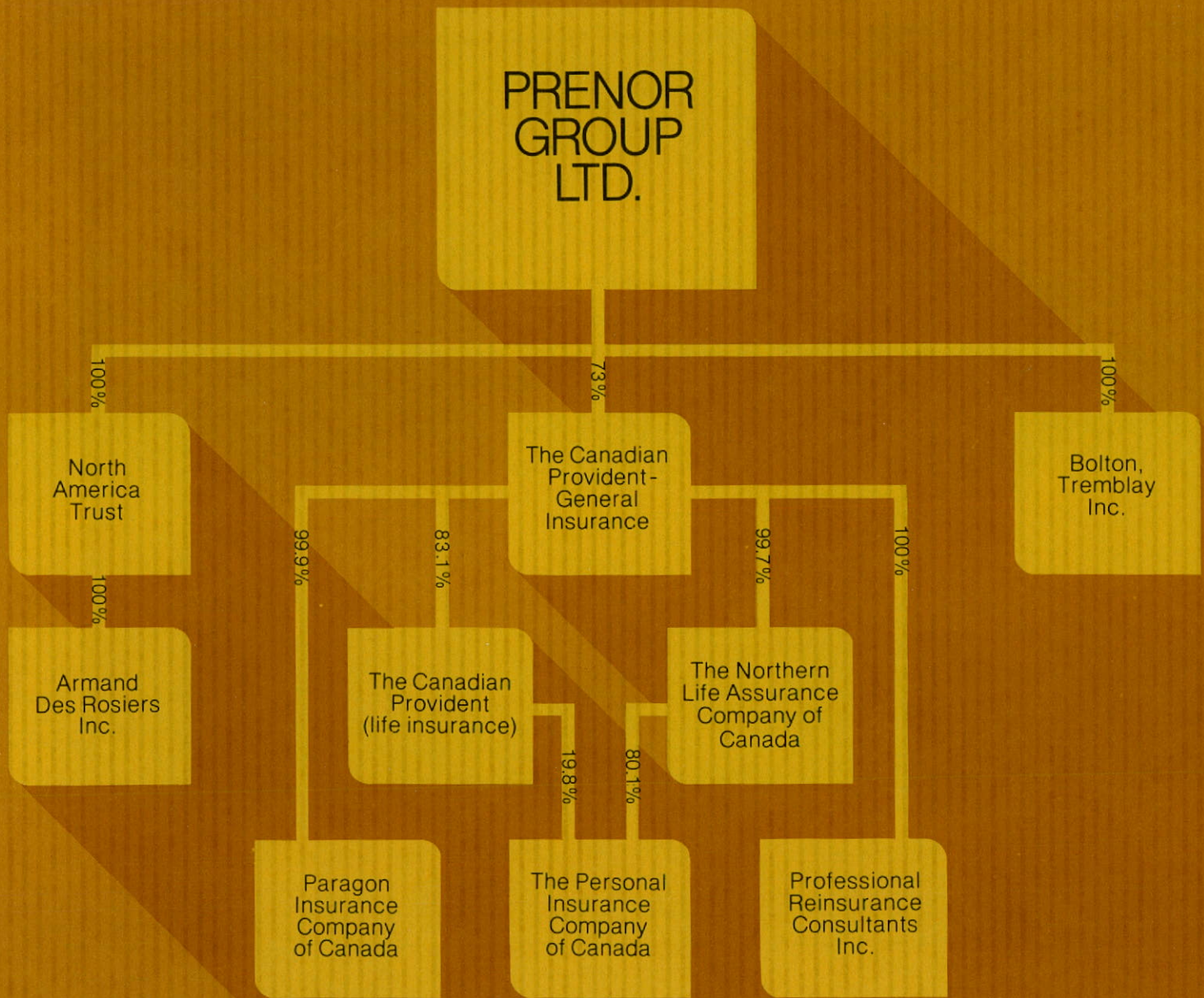
Lionel T. Colman
Treasurer

Claire C. Chartrand
Secretary

Russell J. Morrison
Investment Adviser

Head Office

1245 Sherbrooke Street West
Montreal, Quebec H3G 1H1
(514) 849-4591



Financial statements

The chart at left represents Prenor Group Ltd. on February 29, 1980.

Prenor Group Ltd.

Consolidated Balance sheet December 31, 1979 (in thousands of dollars)		Consolidated	
		1979	1978
	Assets		
	Cash and deposit receipts	\$ 14,098	\$ 15,104
	Accounts receivable	23,277	19,644
	Marketable securities (note 3)	199,961	193,518
	Mortgages and secured loans	188,219	165,185
	Real estate investments	6,018	4,796
	Fixed assets — net	3,967	2,968
	Development property	315	—
	Deferred expenses	7,479	6,281
	Income taxes recoverable	3,232	—
	Other assets	194	107
	Segregated funds	5,565	4,082
		452,325	411,685
	Excess of cost of investments in subsidiaries over acquired equity in net assets	1,258	1,826
		\$453,583	\$413,511
	Liabilities		
	Bank indebtedness	\$ 396	\$ 5,995
	Accounts payable	9,350	12,432
	Income taxes payable	539	1,251
	Unearned revenues	41,264	34,883
	Actuarial reserves (note 4)	212,874	198,385
	Provision for claims	46,679	49,110
	Dividends, unsettled claims and other amounts due to policy holders and beneficiaries	18,282	16,422
	Deposits and investment certificates	49,195	39,705
	Long-term debt (note 5)	929	1,153
	Employees' pension funds	7,631	6,985
	Deferred income taxes	2,595	2,946
	Segregated funds	5,565	4,082
		395,299	373,349
	Minority interest (note 1(b))	11,351	9,152
	Participating policies' surplus (note 1(b))	13,347	11,870
	Shareholders' equity		
	Capital stock (note 6)	19,506	9,454
	Retained earnings	14,080	9,686
		\$453,583	\$413,511

On behalf of the Board
Lorne C. Webster, Director
Serge Rocheleau, Director

Auditors' Report

General insurance		Life insurance		Financial services	
1979	1978	1979	1978	1979	1978
\$ 3,173	\$ 7,923	\$ 4,882	\$ 2,027	\$ 6,908	\$ 8,046
15,580	12,896	6,617	5,287	1,197	1,532
64,394	69,982	135,798	121,666	3,081	2,421
5,093	4,453	133,697	123,753	49,429	37,036
651	129	3,983	2,929	1,384	1,738
2,410	2,097	880	379	676	492
—	—	—	—	315	—
7,202	5,989	272	292	5	—
3,232	—	—	—	—	—
—	—	—	—	194	107
—	—	5,565	4,082	—	—
\$101,735	\$103,469	\$ 291,694	\$ 260,415	\$ 63,189	\$ 51,372

\$ 206	\$ —	\$ —	\$ —	\$ 190	\$ 5,995
4,278	7,958	3,047	2,902	2,142	1,706
352	994	—	125	187	132
41,045	34,710	—	—	219	173
—	—	212,874	198,385	—	—
40,616	44,135	6,063	4,975	—	—
—	—	18,282	16,422	—	—
—	—	—	—	50,060	43,142
—	—	770	809	159	344
—	—	7,631	6,985	—	—
2,591	3,053	—	—	4	(107)
—	—	5,565	4,082	—	—
\$ 89,088	\$ 90,850	\$254,232	\$234,685	\$52,961	\$51,385

To the shareholders of Prenor Group Ltd.

We have examined the consolidated balance sheet of Prenor Group Ltd. as at December 31, 1979 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended and have obtained all the information and explanations we have required. 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. The actuarial reserves have been certified by the companies' actuaries.

In our opinion, based on our examination and on the certificates of the companies' actuaries and according to the best of our information and the explanations given to us, and as shown by the books of the company, these consolidated financial statements are drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at December 31, 1979 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles set out in note 1, applied on a basis consistent with that of the preceding year, except for the changes described in note 1 (b).

Clarkson Gordon

Chartered Accountants

Montreal, Canada,
January 31, 1980.

Prenor Group Ltd.

		1979	1978
Consolidated statement of retained earnings for the year ended December 31, 1979 (in thousands of dollars)	Retained earnings, beginning of year	\$ 9,686	\$ 6,262
	Adjustments resulting from changes in basis of accounting (note 1(b))	2,383	—
	Net income for the year	2,615	3,554
		14,684	9,816
	Dividends on common shares	194	130
	Dividends on preferred shares	410	—
		604	130
	Retained earnings, end of year	\$14,080	\$ 9,686
Consolidated statement of changes in financial position for the year ended December 31, 1979 (in thousands of dollars)	Source of funds:		
	Net income	\$ 2,615	\$ 3,554
	Adjustments to convert net income to a cash basis:		
	Changes in —		
	Unearned revenues	6,381	89
	Actuarial reserves	20,685	17,842
	Provision for claims	(2,431)	340
	Amounts due to policy holders	1,860	1,680
	Accounts payable, deferred income taxes and others	(4,141)	2,081
	Accounts receivable	(3,633)	857
	Income taxes recoverable	(3,232)	—
	Minority interest and participating policies' surplus	540	2,272
		18,644	28,715
	Other sources of funds:		
	Deposit and investment certificates	9,490	15,994
	Increase in employees' pension funds	646	897
	Long-term debt and others	—	367
	Segregated funds	1,483	770
	Issuance of capital stock	10,052	—
		\$40,315	\$46,743
	Application of funds:		
Investments —			
Marketable securities	\$ 6,443	\$17,938	
Mortgages and secured loans	23,034	27,098	
Real estate	1,222	118	
Acquisition of shares of subsidiaries from minority interest	637	2,017	
Fixed assets and others	2,075	410	
Segregated funds	1,483	770	
Reduction of long-term debt and others	224	—	
	35,118	48,351	
Dividends to shareholders of the company	604	130	
Increase (decrease) in cash and deposit receipts, net of bank indebtedness	4,593	(1,738)	
	\$40,315	\$46,743	

Prenor Group Ltd.

	1979		1978		
Consolidated statement of income for the year ended December 31, 1979 (in thousands of dollars)	General insurance				
	Net premiums earned	\$86,974		\$71,480	
	Investment income	7,183		6,517	
		94,157		77,997	
	Claims and adjustment expenses	64,366		43,112	
	Operating expenses	28,023		28,162	
	Income taxes	374		3,117	
	Minority interest	439		1,404	
		93,202	\$ 955	75,795	\$2,202
	Life insurance				
	Premium income	57,152		47,803	
	Investment income	23,848		20,978	
		81,000		68,781	
	Amounts paid or set aside for policy holders	57,540		47,537	
	Operating expenses	21,643		17,801	
	Income taxes	(180)		665	
	Allocation to participating policies' surplus	359		262	
	Minority interest	597		1,199	
		79,959	1,041	67,464	1,317
	Financial services				
	Real estate commissions	7,458		6,609	
	Fees and service charges	3,988		2,420	
	Investment income	5,640		4,399	
		17,086		13,428	
	Interest	4,463		3,369	
	Operating expenses	11,340		9,432	
	Income taxes	310		95	
	16,113	973	12,896	532	
		2,969		4,051	
General corporate expenses					
Interest	33		293		
Other	321	354	204	497	
Net income for the year		\$2,615		\$3,554	
Earnings per common share		\$1.32		\$2.19	

Prenor Group Ltd.

Notes to consolidated financial statements December 31, 1979

1. Summary of significant accounting policies and practices

a) Basis of consolidation

The consolidated financial statements of the company have been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

The consolidated financial statements include the accounts of Prenor Group Ltd. and all of its subsidiaries. The investment in a joint venture is accounted for using the proportionate consolidation method of accounting. Intercompany balances, mainly deposit receipts and deposit liabilities, have been eliminated in arriving at the total shown on the consolidated balance sheet.

Financial information has been presented separately for each principal class of business as well as on a consolidated basis. There are some restrictions on the interchangeability of the assets and liabilities of the subsidiaries.

b) Accounting practices for insurance companies

Substantial changes were made during the year in the Quebec insurance companies act and related regulations which resulted in The Canadian Provident (Life Insurance) changing some of its accounting policies. The accounting policies followed by the life insurance companies are now substantially the same as generally accepted accounting principles except that income taxes are provided for on the taxes payable basis rather than on the tax allocation basis.

The accounting changes, which were made at the end of the year, are reflected on the balance sheet only and therefore the determination of the net income for the year has been computed on a consistent basis.

The effect of these changes is summarized below:

Net book value of assets previously unadmitted	\$ 524,000
Decrease in actuarial reserves	6,196,000
	<u>\$6,720,000</u>
Allocated to:	
Participating policies' surplus	\$1,654,000
Minority interest	2,683,000
Retained earnings	2,383,000
	<u>\$6,720,000</u>

c) Excess of cost of investment in subsidiaries over acquired equity in net assets

The portion of this excess acquired prior to 1974 is not amortized; the elements comprising the portion acquired subsequently are amortized over periods not exceeding 40 years.

d) Marketable securities

Except for bonds and debentures in the insurance companies which are carried at amortized cost, marketable securities are carried mainly at cost.

Marketable securities are written down in the event there is deemed to be a permanent decline in value.

e) Earnings per common share

Earnings per common share are calculated by dividing the weighted average number of common shares outstanding during the year into net income for the year after allowing for dividends on the preferred shares.

2. Acquisitions

During the year, the company acquired an additional 4.4% interest in the common shares of The Canadian Provident — General Insurance, for a total cash cost of \$637,000, increasing its holdings to 72.6%. This acquisition has been accounted for on a purchase basis and the resulting increased participation in the operations have been accounted for from the date of acquisition.

		1979	1978
3. Marketable securities	The market values are as follows:		
	General insurance	\$ 59,694,000	\$ 67,823,000
	Life insurance	122,272,000	116,151,000
	Financial services	4,097,000	3,062,000
		\$186,063,000	\$187,036,000
4. Actuarial reserves	Actuarial reserves represent the amount required, together with future premiums and interest, to provide for future benefits determined on insurance and annuity contracts.		
5. Long-term debt	This consists of mortgages payable on income producing properties included in real estate investments. These mortgages bear interest at an average rate of 8.50% and are repayable in various amounts each year until 1998.		
6. Capital stock	Authorized — 130,000 preferred shares of the par value of \$25 each issuable in series of which 5,000 are designated as preferred shares, series 1 and 40,000 are designated as preferred shares, series 2. 3,000,000 common shares without par value.		
	Issued and outstanding —		
	5,000 preferred shares, series 1, at their redemption price of \$1,000 each	\$ 5,000,000	\$ —
	40,000 preferred shares, series 2	1,000,000	—
	1,944,930 common shares (1,620,775 in 1978)	13,506,000	9,454,000
		\$19,506,000	\$ 9,454,000
	The preferred shares, series 1 were issued for a cash consideration of \$5,000,000, bear cumulative variable-rate dividends based on the prime rate and are redeemable at the option of the company at any time at \$1,000 per share. The company is required to offer to purchase all the preferred shares, series 1 on May 3, 1990 at \$1,000 per share. The effective dividend rate in 1979 was 8.8%.		
	The preferred shares, series 2 were issued for a cash consideration of \$1,000,000, bear cumulative dividends at a rate of \$2.00 per share and are convertible into common shares on the basis of 2 common shares for each preferred share, series 2. At December 31, 1979, the company has reserved 80,000 common shares for issue upon the exercise of the conversion rights attached to the preferred shares, series 2.		
	Following a rights offer made by the company to the holders of its common shares, 324,155 additional common shares were issued for a cash consideration of \$4,052,000 in October 1979.		
7. Subsequent event	Subsequent to the year-end, following a cash offer to the Canadian resident holders of common shares of The Canadian Provident (Life Insurance), The Canadian Provident — General Insurance acquired a 17.7% additional interest in this company for \$774,000, increasing its holdings to 78.7%.		
	On February 13, 1980, The Canadian Provident — General Insurance announced its intention to make a cash offer for the acquisition of a number of common and preferred shares of Trust Général du Canada — General Trust of Canada representing (assuming full conversion of the preferred shares acquired) the equivalent of 720,000 common shares. If this offer is successful Prenor, through its subsidiaries, will own more than 50% of the issued capital stock of Trust Général du Canada — General Trust of Canada.		
8. Long-term leases	The net rentals payable over the next five years for premises under long-term leases extending to 1999 are approximately as follows: 1980 — \$4,399,000; 1981 — \$3,904,000; 1982 — \$3,410,000; 1983 — \$2,673,000; 1984 — \$2,411,000.		
9. Remuneration of directors and officers	The aggregate direct remuneration paid by the company and its subsidiaries to the directors and officers of the company amounted to \$528,000 in 1979 and \$360,000 in 1978.		

Financial Review

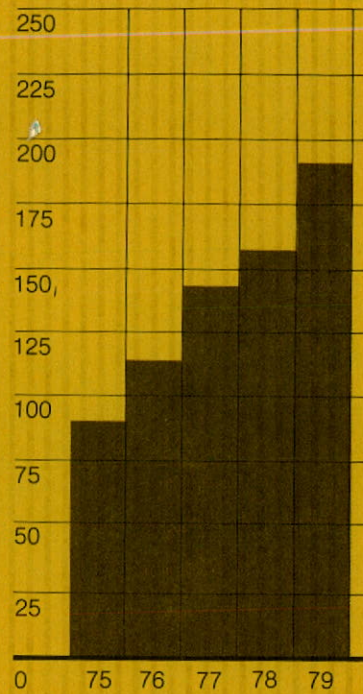
	1975	1976	1977	1978	1979
Five Year Review					
(In thousands of dollars except where noted)					
Operating results					
Consolidated Gross Income	\$ 91,036	\$114,704	\$143,834	\$160,206	\$192,243
Earnings by division					
— general insurance	760	1,142	1,840	2,202	955
— life insurance	320	372	1,038	1,317	1,041
— financial services	231	413	418	532	973
— general corporate expenses	(214)	(263)	(393)	(497)	(354)
Consolidated net income	1,097	1,664	2,903	3,554	2,615
Earnings available for common shares	1,044	1,629	2,903	3,554	2,205
Earnings per common share (on a weighted average basis)	\$0.68	\$1.00	\$1.79	\$2.19	\$1.32
Balance sheet summary					
Investments*	232,718	269,798	313,667	358,703	388,180
Other assets	28,735	34,480	54,765	54,808	65,403
Total assets	261,453	304,278	368,432	413,511	453,583
Liabilities	236,727	276,409	331,759	373,349	395,299
Participating policies' surplus	6,662	7,408	11,472	11,870	13,347
Minority interests	6,318	7,533	9,485	9,152	11,351
Shareholders' equity	11,746	12,928	15,716	19,140	33,586
— preferred	500	—	—	—	6,000
— common	11,246	12,928	15,716	19,140	27,586
Common equity capital raised	1,220	—	—	—	4,052
Equity per common share	\$6.94	\$7.98	\$9.70	\$11.81	\$14.18

* Marketable securities plus mortgages and secured loans

Note: 1977-1979 results reflect accounting changes in the insurance companies.



Consolidated total assets
(millions of dollars)



Consolidated gross income
Including investment income
(millions of dollars)



Common shareholders' equity
(millions of dollars)

Consolidated total assets

Total assets continued their steady growth pattern during 1979. At the end of 1975, the contribution of each division was as follows: general insurance 17%, life insurance 76% and financial services 7%. At the end of 1979, the corresponding percentages were: 22%, 64% and 14%.

Consolidated gross income

Gross income resumed its historic growth pattern in 1979 following a below average increase (due to the loss of an important part of the car insurance market in Quebec) in 1978.

Common shareholders' equity

The substantial increase in common equity in 1979 was due to the successful rights offering which took place in October and to accounting changes in The Canadian Provident (life insurance), (see note 1,b to Prenor financial statements).

The Canadian Provident - General Insurance

Summary of the financial statements submitted to the Superintendent of Insurance of Quebec

Condensed financial statements

	1979	1978 (restated)
Revenue and expenditures year ended December 31		
Gross premiums written	\$ 90,637,936	\$ 68,953,880
Ceded premiums	8,414,289	8,992,621
Net premiums written	82,223,647	59,961,259
Change in the provision for unearned premiums	(8,405,122)	2,404,832
Net premiums earned	73,818,525	62,366,091
Claims and adjusting expenses	54,060,651	36,846,846
General administrative expenses	25,522,554	22,024,911
	79,583,205	58,871,757
Underwriting income (loss)	(5,764,680)	3,494,334
Net investment income	6,216,865	5,784,069
Net income from operations	452,185	9,278,403
Share of net income of subsidiary companies	1,067,895	2,241,343
Income before income taxes	1,520,080	11,519,746
Income taxes — current	(183,000)	4,161,800
— deferred	166,000	81,000
Net income for the year	\$ 1,537,080	\$ 7,276,946

Balance Sheet as at December 31

Assets		
Bonds	\$ 47,699,804	\$ 55,449,711
Shares	5,293,284	5,125,298
Other investments	6,129,306	6,965,009
Investment in subsidiary companies (note)	24,581,739	17,547,190
Accounts receivable	17,098,729	11,616,903
Deferred acquisition expenses	6,346,032	5,164,414
Fixed assets — net	2,062,518	1,931,111
Other assets	3,416,668	6,542,035
	\$112,628,080	\$110,341,671
Liabilities		
Provision for outstanding claims	\$ 35,959,635	\$ 39,995,799
Provision for unearned premiums	39,161,308	30,756,186
Accounts payable and other liabilities	4,259,695	9,792,512
	79,380,638	80,544,497
Deferred income taxes	2,588,743	2,422,743
Shareholders' equity		
Capital stock	5,000,000	5,000,000
Reserves required by the Department of Insurance	2,372,742	2,396,176
Retained earnings	23,285,957	19,978,255
	\$112,628,080	\$110,341,671

The Personal Insurance Company of Canada

Condensed financial statements

		1979	1978
Revenue and expenditures year ended December 31	Gross premiums written	\$14,018,688	\$11,281,931
	Ceded premiums	1,204,782	913,700
	Net premiums written	12,813,906	10,368,231
	Change in unearned premiums	344,211	(647,099)
	Net premiums earned	13,158,117	9,721,132
	Claims and adjusting expenses	10,301,705	6,737,216
	Commissions, taxes and administrative expenses	4,654,621	3,144,601
		14,956,326	9,881,817
	Underwriting loss	(1,798,209)	(160,685)
	Net investment income	892,284	732,805
	Income (loss) before income taxes	(905,925)	572,120
	Income taxes — current	(149,000)	152,800
	— deferred	(324,000)	103,200
		(473,000)	256,000
Net income (loss) for the year	\$ (432,925)	\$ 316,120	
Balance Sheet as at December 31	Assets		
	Bonds	\$ 7,600,431	\$ 7,743,138
	Equities, short-term notes, mortgages	1,467,018	2,322,064
	Cash	—	68,668
	Accrued investment income	169,447	167,993
	Accounts receivable	709,165	585,351
	Deferred expenses	842,176	456,375
	Fixed assets — net	314,487	209,532
		\$11,102,724	\$11,553,121
	Liabilities		
	Outstanding and unreported claims	\$ 4,652,212	\$ 4,138,986
	Unearned premiums	1,696,102	2,040,313
	Accounts payable and other liabilities	820,437	599,496
	Payable to an affiliated company	154,325	64,403
		7,323,076	6,843,198
	Deferred income taxes	1,800	325,800
	Shareholders' equity		
	Capital stock	1,250,500	1,250,000
	Contributed surplus	1,665,416	1,664,196
	Reserves required by the Department of Insurance	812,692	431,988
	Retained earnings	49,240	1,037,939
	\$11,102,724	\$11,553,121	

The Northern Life Assurance Company of Canada

Condensed financial statements

		1979	1978
Revenue and expenditures year ended December 31	Premiums	\$ 26,240,643	\$ 23,297,892
	Investment income — net	12,742,330	11,783,454
		38,982,973	35,081,346
	Benefits paid and accrued	17,212,692	14,870,347
	Increase in policy reserves	6,878,753	5,886,161
	Operating expenses	10,067,814	8,825,065
	Dividends to policyholders	2,684,127	2,403,589
	Income and premium taxes	354,657	900,832
		37,198,043	32,885,994
	Net income from operations	1,784,930	2,195,352
	Share of net income (loss) of subsidiary company	(288,618)	210,748
	Net income for the year	\$ 1,496,312	\$ 2,406,100
	Analysis of net income		
	— participating account	\$ 533,914	\$ 870,200
	— shareholders	962,398	1,535,900
		\$ 1,496,312	\$ 2,406,100
Balance Sheet as at December 31	Assets		
	Investments	\$155,426,644	\$147,120,797
	Investment in subsidiary	1,975,690	2,634,780
	Segregated funds	2,356,919	2,161,309
	Other assets	6,088,802	4,566,846
		\$165,848,055	\$156,483,732
	Liabilities		
	Actuarial reserves, benefits and deposits	\$129,215,172	\$120,890,040
	Dividends to policyholders	2,686,879	2,421,463
	Segregated funds	2,356,919	2,161,309
	Deposit administration and agents' pension funds	5,507,251	5,105,424
	Other liabilities	752,788	1,468,958
		140,519,009	132,047,194
	Policyholders' and shareholders' equity		
	Capital stock	1,000,000	1,000,000
	Retained earnings		
	— appropriated	2,451,867	2,356,149
	— unappropriated	21,877,179	21,080,389
		\$165,848,055	\$156,483,732

The Canadian Provident

Condensed financial statements

	1979	1978
Revenue and expenditures year ended December 31		
Premiums	\$30,911,357	\$24,504,765
Investment income — net	10,539,149	9,026,889
Contributions — employees' pension fund	423,285	293,852
	41,873,791	33,825,506
Indemnity payments	15,314,525	11,153,563
Appropriations — actuarial reserve	13,805,674	11,910,035
— employees' pension fund	243,573	264,575
Head office and agency expenses	10,921,912	8,215,918
Dividends to policyholders and group experience refund	1,644,495	1,267,045
Income taxes	(125,000)	125,000
	41,805,179	32,936,136
Net income for the year	68,612	889,370
Analysis of net income		
— Participating account	(321,526)	(202,894)
— shareholders	390,138	1,092,264
	68,612	889,370
Balance sheet as at December 31		
Assets		
Investments	118,358,591	100,479,760
Investment in an affiliated company	982,653	1,310,243
Segregated fund	3,207,773	1,920,231
Other assets	5,527,209	3,400,068
	128,076,226	107,110,302
Liabilities		
Actuarial reserve, benefits and deposits	103,838,318	95,310,053
Dividends to policyholders and group experience refund	1,460,314	1,142,130
Employees' pension fund	2,123,443	1,879,870
Segregated fund	3,207,773	1,920,231
Other liabilities	2,354,448	1,617,981
	112,984,296	101,870,265
Policyholders' and shareholders' equity		
Capital stock	350,000	350,000
Shareholders' account	174,583	158,578
Retained earnings — appropriated	3,311,863	—
— unappropriated	11,255,484	4,731,459
	128,076,226	107,110,302

North America Trust

Condensed consolidated financial statements

		1979	1978
Consolidated statement of income year ended December 31	Investment income	\$ 5,482,900	\$ 4,252,800
	Commissions and fees	8,017,500	6,869,900
	Income from building management	174,200	—
		13,674,600	11,122,700
	Interest	4,472,500	3,367,500
	Salaries, commissions and fringe benefits	6,115,600	5,407,800
	Other operating expenses	2,364,100	2,157,300
	Net loss on sale of real estate	14,600	—
		12,966,800	10,932,600
	Income before income taxes	707,800	190,100
	Provision for income taxes	357,800	102,900
	Income before interest of minority shareholders	350,000	87,200
	Minority interest in the loss of a subsidiary	—	23,700
Net income for the year	\$ 350,000	\$ 110,900	
Consolidated balance sheet as at December 31	Assets		
	Cash and term deposits	\$ 6,737,300	\$ 7,401,063
	Securities (Market value 1979 — \$1,556,900 1978 — \$1,077,971)	1,629,800	1,135,463
	Mortgage loans	48,492,700	36,918,004
	Real estate properties	84,100	487,693
	Accounts receivable	922,500	1,283,400
	Other assets	2,453,600	2,047,977
		\$60,320,000	\$49,273,600
	Liabilities		
	Guaranteed trust funds held for investment	53,308,700	43,142,200
	Accounts payable and accrued charges	1,571,200	1,397,300
	Other liabilities	1,989,700	2,133,700
		\$56,869,600	\$46,673,200
	Shareholders' equity		
	Capital stock	1,800,000	1,550,000
	Contributed surplus	525,000	275,000
	Retained earnings	1,125,400	775,400
	\$60,320,000	\$49,273,600	

Bolton, Tremblay Inc.

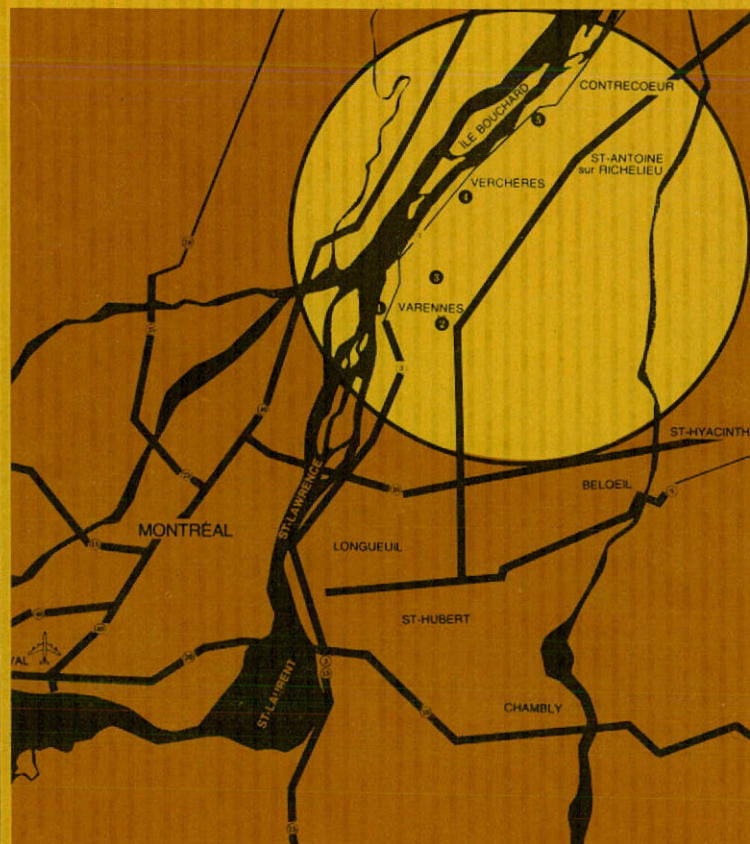
*Representing and including the consolidated financial statements of Boltrem Inc., the parent company of Bolton, Tremblay Inc.

Condensed consolidated financial statements

	1979	1978	
Consolidated statement of income year ended December 31	Investment counsel fees — clients	\$ 1,863,304	\$ 1,448,858
	Management fees — investment funds	604,775	486,182
	Distribution fees	778,920	241,494
	Interest and dividends	77,710	70,678
		3,324,709	2,247,212
	Personnel	1,963,776	1,216,337
	Premises	194,518	196,151
	New business development	176,770	119,078
	Administration	303,156	273,178
	Other operating expenses	302,240	218,459
	2,940,460	2,023,203	
Operating income	384,249	224,009	
Income taxes	183,108	111,800	
Net operating income	201,141	112,209	
Extraordinary item: being the utilization of prior year's tax losses carried forward from subsidiary company	231,088	115,500	
Net income for the year	\$ 432,229	\$ 227,709	
Consolidated balance sheet as at December 31	Assets		
	Cash and marketable securities	\$ 821,522	\$ 577,542
	Accounts receivable and other	263,535	188,753
	Total current assets	1,085,057	766,295
	Other assets	72,144	32,015
	Fixed assets, net	215,190	187,011
	Goodwill on acquisition of subsidiaries	168,527	150,443
		\$ 1,540,918	\$ 1,135,764
	Liabilities		
	Accounts payable and accrued charges	\$ 317,107	\$ 190,441
	Unearned revenue	219,423	173,100
	Total current liabilities	536,530	363,541
	Shareholders' equity		
	Capital stock	12,504	12,504
	Contributed surplus	68,353	68,353
Retained earnings	923,531	691,366	
	\$ 1,540,918	\$ 1,135,764	



Prenor Group Ltd.



Prenor began as a land development company in 1961 and still holds 1,267 acres of land along the south shore of the St. Lawrence River near Montreal:

*Varennes 712 acres
Verchères 287 acres
Contrecoeur 268 acres.*

These properties are to be sold as opportunities arise.

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