

FINANCIAL HIGHLIGHTS

1

Prenor Group Ltd.
Annual Report
1983

For the year	1983	1982
Revenue	14,922,000	9,750,000
Net income for the year	4,891,000	1,489,000
Income per common share	1.69	0.40

At December 31	1983	1982
Consolidated assets	69,000,000	65,000,000
Assets under administration	2,082,000,000	1,606,000,000
Total assets under administration	2,151,000,000	1,671,000,000

Common shareholders' equity	31,120,000	26,846,000
Per common share	11.75	10.13

At March 31, 1984

MANAGEMENT

Lorne C. Webster
Chairman and Chief
Executive Officer

Serge Rocheleau
President and Chief
Operating Officer

Guy Richard
Secretary-Treasurer

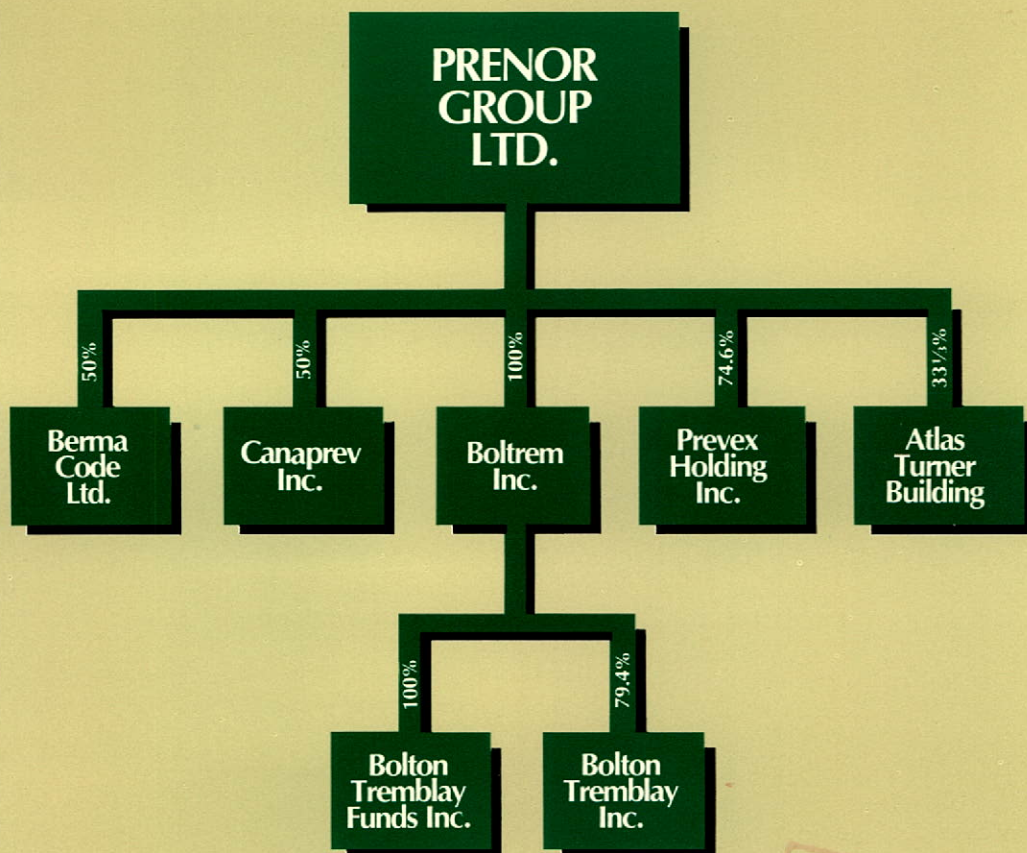
HEAD OFFICE

1100 University Street
Montreal, Québec
H3B 3A4
(514) 871-7120

REGISTRAR & TRANSFER AGENT

General Trust of Canada,
Montreal
Sterling Trust Corporation,
Toronto

Un exemplaire en français
de ce rapport peut être
obtenu sur demande en
écrivant à: Le Secrétaire,
Groupe Prenor Ltée
1100 rue Université,
Montréal, Québec H3B 3A4



HOWARD ROSS LIBRARY
OF MANAGEMENT
JUN 19 1984
MCGILL UNIVERSITY

HOWARD ROSS LIBRARY
OF MANAGEMENT
JUN 27 1984
MCGILL UNIVERSITY

BOARD OF DIRECTORS

Thomas M. Birks
*Vice-President, Merchandizing
Henry Birks & Sons Ltd.
Montreal, Quebec*

Edward L. Bronstien, Jr.
*President,
Spencer Boat Co. Inc.
West Palm Beach, Florida*

George H. Garneau
*Vice-President
& Investment Executive
Paine Webber Jackson & Curtis
Tequesta, Florida*

Claude Genest
*President,
St. Lawrence
Reassurance Company
Montreal, Quebec*

†‡ Hugh G. Hallward
*President
Argo Construction Ltd.
Montreal, Quebec*

† Guy Joron
*President,
Société de la
Place des Arts de Montréal
Montreal, Quebec*

† Jean R. Perrette
*President
Permal International Inc.
New York, N.Y.*

† Serge Rocheleau
*President and
Chief Operating Officer
Prenor Group Ltd.
Montreal, Quebec*

William M. Sobey
*Chairman
Sobeys Stores Limited
Stellarton, Nova Scotia*

H. Arnold Steinberg
*Executive Vice-President
Steinberg Inc.
Montreal, Quebec*

‡ Lloyd F. Stevens
*Chairman
Dale-Ross Holdings Ltd.
London, Ontario*

‡ Jacques Tétrault
*Partner
Clarkson, Tétrault
Montreal, Quebec*

† Lorne C. Webster
*Chairman and
Chief Executive Officer
Prenor Group Ltd.
Montreal, Quebec*

Nicholas Clive Worms
*President and General Manager,
Comindus
Paris, France*

AFFILIATED COMPANIES

BERMA CODE LTD.

Michel Bergeron
President
Jacques Beauchemin
Vice-President, Finance
Pierre Bolduc
*Vice-President and
Secretary-Treasurer*

Head Office

16 Eiffel
Place Bonaventure
Montreal, Quebec H5A 1B4
(514) 871-8150

CANAPREV INC.

Lorne C. Webster
Chairman of the Board
Erhard Buccholz
President and General Manager
Serge Rocheleau
Vice-President
Paul A. Quesnel
Secretary
Michel Martineau
Assistant Secretary
Gerry C. Church
Treasurer
Gordon H. Vineberg
Controler

Head Office

700 Dorchester Blvd. West
Montreal, Quebec H3B 1X8
(514) 877-5330

BOLTON TREMBLAY INC.

G. Mitchell Bourke
Chairman of the Board
Ian T. Scott
President
Pierre Boucher
Vice-President
Kenneth Done
Vice-President
Pierre Forget
Vice-President
Brian Gallen
Vice-President
Jean-Luc Landry
Vice-President
Michael A. Riddell
Vice-President
Robert Tattersall
Vice-President
Raoul Taskok
Vice-President
Hugo Valente
*Vice-président, Finance
and Administration*
Claire C. Chartrand
Secretary

Head Office

1100 University Street
Suite 800
Montreal, Quebec H3B 4K5
(514) 875-7150

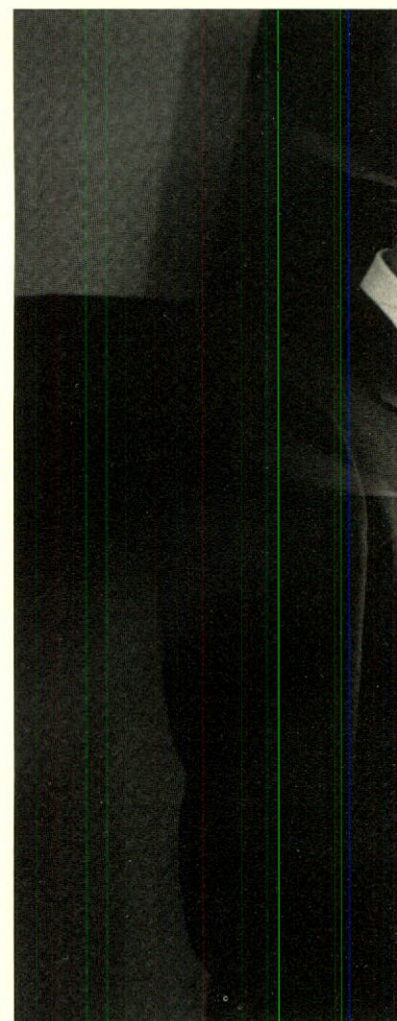
BOLTON TREMBLAY FUNDS INC.

Lorne C. Webster
Chairman of the Board
Terence Stone
President and Secretary
Hugo Valente
Treasurer
Lucienne Le Blanc
Assistant Treasurer
Sharon Gignac
Assistant Secretary

Head Office

1 First Canadian Place
Suite 2555
Toronto, Ontario M5X 1B1
(416) 864-1040

†Executive Committee
‡Audit Committee



3

Prenor Group Ltd.
Annual Report
1983

1983 was another year of change – changes in overall economic conditions and also in the results of most companies in Canada. The gross national product increased by 3.0% compared to a decrease of 4.4% in 1982. At the same time inflation fell to a manageable level of 4.6%.

So far, however, this recovery has not appeared to be strong and well-sustained. With some exceptions companies are reluctant to make large capital expenditures and consequently the level of unemployment remains economically and socially unacceptable. Government deficits continue at intolerable levels and interest rates appear to be subject to an upward spiral. In addition we are still exposed to the spectre of increasing inflation.

Prenor

As a result of a concerted effort by all those involved, together with an improved economy, Prenor Group is pleased to report strong results for the year 1983. Net



Shown is the Prenor Group management team. From left to right, Guy Richard, Secretary-Treasurer, Lorne C. Webster, Chairman and Chief Executive Officer and Serge Rocheleau, President and Chief Operating Officer

earnings were \$4,891,000 or \$1.69 per share compared to \$1,489,000 or \$0.40 per share in 1982. Gross revenues reached \$14,922,000, an increase of 53% over the 1982 figures of \$9,730,000. It should be mentioned that the investment in General Trust of Canada, consolidated in 1982, is now accounted for by the equity method. The comparative figures for 1982 shown in this report have been adjusted accordingly.

Trust Company Operations

All segments of trust company operations, i.e., fiduciary, financial and real estate services, showed excellent results. General Trust of Canada, including subsidiaries,

recorded a net profit of \$13,806,000 which was an increase of \$7,400,000 over the preceding year. At the same time, assets increased from \$1,800,000,000 to \$2,200,000,000, an increase of 22%.

Investment Management

Bolton Tremblay Inc. also showed excellent performance. Bolton Tremblay provides portfolio management and investment counselling services to individuals, estates, corporations, insurance companies, and pension, endowment and investment funds across Canada. During the year, the total assets under administration grew 28% to \$1,904,000,000. This increase is attributable to successful marketing techniques, favourable economic conditions and the well-deserved reputation of its professional staff.

Mutual Funds

Bolton Tremblay Funds Inc. administers mutual funds with assets of \$178,000,000 an increase of 56% over 1982. This result reflects satisfactory investment performance by the group's six funds, as well as increased cash flow from sale of fund shares. Assets administered are distributed among the following funds: Bolton Tremblay Money Fund, Bolton Tremblay International Fund, Canada Cumulative Fund, Planned Resources Fund Ltd., Taurus Fund Limited and Bolton Tremblay Income Fund.

Real Estate Investments

Either directly or indirectly, Prenor is co-owner of three buildings in the Montreal area: the "General Trust Building" owned by Canaprev Inc., the "Marché Village", 50% owned by Berma Code Ltd., and the "Atlas Turner Building" co-owned with two other partners. The company also holds approximately 1,200 acres of land in the municipalities of Varennes, Verchères and Contrecoeur on the south shore of the St-Lawrence river, 30 kilometres east of Montreal.

New Developments

In January 1984, the company sold, at a price of \$22.00 per share, 1,800,000 common shares of General Trust of Canada which it held directly or through its subsidiary, Prevox Holding Inc. Subsequently, an agreement has been concluded as a result of which Prenor will buy the Comindus participation in Prevox Holding Inc. and Comindus will acquire, 345,000 shares of General Trust of Canada held by Prevox Holding Inc.

Prenor Today

The current corporate structure of the Prenor Group is shown on page 1. From a financial point of view, the company is in an excellent situation with working capital of \$32,204,000. On the opposite page we have reproduced, in a short form, an unconsolidated Pro Forma balance sheet giving effect to the sale of the shares of General Trust of Canada and to the closing of the agreement between Prenor and Comindus, concerning Prevox Holding Inc.

Our Future

We have always concentrated most of our investments in the financial services industry and real estate. This does not guarantee overnight results. However, we feel that over the long term it produces an increase in the value of our assets and plays a role in the overall development of the community.

We do not, therefore, intend to change our principal objective which is the consolidation of our assets and present activities as well as continuing to acquire majority or important minority interest in companies that are already profitable and have good growth potential.

PRO FORMA BALANCE SHEET

(in thousands of dollars)

Assets

Current assets:	
Cash and marketable securities	29,852
Receivable on sale of investment in insurance companies	3,500
Other receivables	36
Total current assets	33,388
Land for resale	1,599
Loans to affiliated companies	1,052
Investments at cost in affiliated companies (1)	2,385
Other assets	900
	39,324

Liabilities and shareholders' equity

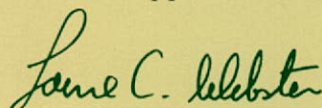
Current liabilities:	
Accounts payable and accrued charges	218
Income taxes payable	966
Total current liabilities	1,184
Shareholders' equity	
Preferred shares	5,000
Common shares	17,049
Retained earnings	16,091
Total shareholders' equity	38,140
	39,324

(1) – Represents the investment at cost in the following affiliates: Bolton Tremblay Inc. – Bolton Tremblay Funds Inc. – Canaprev Inc. – Berma Code Ltd. – Atlas Turner Building.

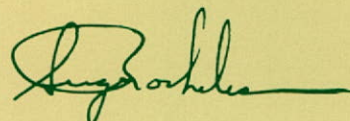
Conclusion

1984 emerged as a new era in the history of your company. We realize that opportunities and challenges are there. Our past experience, coupled with a strong financial structure, makes us confident that Prenor will continue to expand and diversify, both in terms of geography and services, for the benefit of its shareholders as well as the community as a whole.

We would like to take this opportunity to thank management and all employees for their support and encouragement during the last few years.



Lorne C. Webster
Chairman of the board



Serge Rocheleau
President

Montreal, March 31, 1984

CONSOLIDATED BALANCE SHEET

6

Prenor Group Ltd.
Annual Report
1983

December 31, 1983	(in thousands of dollars)	
	1983	1982
Assets		
Current assets:		
Cash and deposit certificates	21	614
Marketable securities, at cost (market value 1983 - 1,768)	1,745	34
Dividends receivable	634	211
Accounts receivable and other receivables	1,121	1,040
Subordinated note of General Trust of Canada	-	500
Total current assets	3,521	2,399
Amount receivable on sale of investment in insurance companies (note 3)	7,000	10,500
Investments:		
Investments in affiliated companies accounted for by the equity method:		
General Trust of Canada	43,642	39,417
Berma Code Ltd.	310	350
Rental properties (note 4)	11,706	9,311
Land for resale, at cost	1,427	1,416
Mortgage loans and other investments, at cost	68	173
	57,153	50,667
Other assets:		
Furniture and leasehold improvements	709	836
Goodwill	576	583
Deferred income taxes	220	-
	1,505	1,419
	69,179	64,985
Liabilities and shareholders' equity		
Current liabilities:		
Bank indebtedness	6,913	6,668
Accounts payable and accrued charges	1,593	1,784
Income and other taxes payable	602	162
Current portion of long-term debt	179	83
Total current liabilities	9,287	8,697
Long-term debt (note 5)	8,756	6,954
Amount payable for common shares of General Trust of Canada (note 3)	7,000	10,500
Minority interest	8,016	6,988
Shareholders' equity:		
Capital stock (note 6)		
Issued and outstanding:		
5,000 preferred shares, Series 1, at their redemption price of \$1,000 each	5,000	5,000
2,649,364 common shares	17,049	17,049
Retained earnings	14,071	9,797
Total shareholders' equity	36,120	31,846
	69,179	64,985

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

CONSOLIDATED STATEMENT OF INCOME

7

Prenor Group Ltd.
Annual Report
1983

For the year ended December 31, 1983	(in thousands of dollars)	
	1983	1982
Revenue		
Fees	6,242	4,470
Rental income (note 9)	2,904	2,754
Equity in earnings of affiliated companies:		
General Trust of Canada	6,019	2,366
Berma Code Ltd.	(438)	(155)
Investment income	195	315
	14,922	9,750
Expenses		
Salaries and other operating expenses	5,599	4,853
Expenses related to real estate	1,502	1,392
Interest	1,515	2,084
	8,616	8,329
Income before income taxes and minority interest	6,306	1,421
Income taxes:		
-current	604	72
-deferred	(220)	(557)
	384	(485)
Income before minority interest	5,922	1,906
Minority interest	1,031	417
Net income for the year	4,891	1,489
Income per common share	1.69	0.40

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

8

Prenor Group Ltd.
Annual Report-
1983

For the year ended December 31, 1983	(in thousands of dollars)	
	1983	1982
Source of funds:		
Net income for the year	4,891	1,489
Items not requiring outlay of funds:		
Depreciation of rental properties	235	223
Other depreciation and amortization	145	131
Equity in earnings of affiliated companies:		
General Trust of Canada	(6,019)	(2,366)
Berma Code Ltd.	438	155
Deferred income taxes	(220)	(538)
Minority interest	1,031	417
Dividends received from General Trust of Canada	1,796	1,055
Funds from operations	2,297	566
Reimbursement of mortgage loans	105	-
Disposal of fixed assets	24	-
Increase in long-term debt	1,980	750
Increase in minority interest	-	19
Issue of common shares	-	3,498
	4,406	4,833
Application of funds:		
Purchase of General Trust of Canada shares	2	2,781
Advance to Berma Code Ltd.	86	-
Acquisition of a rental property	2,942	835
Increase in mortgage loans, land and other investments	11	79
Additions to fixed assets	35	319
Repayment of long-term debt	178	120
Dividends paid to minority interest	3	-
Redemption of preferred shares	-	1,000
Dividends paid	617	721
Share issuance expenses	-	63
	3,874	5,918
Increase (decrease) in working capital	532	(1,085)
Working capital (deficiency) – beginning of year	(6,298)	(5,213)
Working capital (deficiency) – end of year	(5,766)	(6,298)

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

9

Prenor Group Ltd.
Annual Report
1983

For the year ended December 31, 1983	(in thousands of dollars)	
	1983	1982
Retained earnings, beginning of year	9,797	9,092
Net income for the year	4,891	1,489
	14,688	10,581
Deduct		
Dividends on common shares	212	117
Dividends on preferred shares	405	604
Share issuance expenses	—	63
	617	784
	14,071	9,797

A U D I T O R S ' R E P O R T

To the Shareholders of Prenor Group Ltd.:

We have examined the consolidated balance sheet of Prenor Group Ltd. as at December 31, 1983 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.

In our opinion, 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, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change explained in note 1(a)(ii), on a basis consistent with that of the preceding year.

Clarkson Gordon

Chartered Accountants
Montreal, Canada,
February 24, 1983.

December 31, 1983

1. Summary of accounting policies

The consolidated financial statements of the Company have been prepared by management within the limits of materiality and within the framework of the accounting policies summarized below:

(a) Basis of financial statements presentation

- i) The consolidated financial statements include the accounts of the Company and its subsidiaries.
- ii) The investment in General Trust of Canada, consolidated in 1982, is now accounted for by the equity method. The comparative figures for 1982 have been adjusted accordingly.
- iii) The investment in Berma Code Ltd., a 50% owned company, is also accounted for by the equity method.
- iv) The investment in Canaprev Inc., is accounted for by the proportionate consolidation method. This joint venture (50%) owns and manages "The General Trust of Canada building".

(b) Furniture and leasehold improvements

Furniture and leasehold improvements are stated at cost less accumulated depreciation and are amortized over their estimated useful life.

(c) Income taxes

The Company provides for income taxes on the tax allocation method. Deferred income tax debits represent the tax benefit resulting from the carry forward of 1983 losses for tax purposes to subsequent years. The Company has also \$1,507,000 of losses carried forward to subsequent years for which the tax benefit is not accounted for in the financial statements.

The maturity dates of the losses are as follows:

Maturity dates	Losses carried forward
December 31, 1986	\$1,308,000
December 31, 1987	199,000
	\$1,507,000

(d) Goodwill

The excess of the cost of investments in subsidiaries over the acquired interest in net assets is amortized over a period of 40 years. In addition, the excess of the cost of investment in General Trust of Canada over the acquired interest in net assets is amortized over a period of 40 years.

(e) Earnings per share

Earnings per common share are calculated after deducting dividends on preferred shares and using the weighted average number of common shares outstanding during the year: 2,649,364 shares (2,198,203 shares in 1982).

2. Subsequent event

In January 1984, the Company sold 1,800,000 of the 2,112,720 common shares of General Trust of Canada that it held directly and indirectly through a 74.6% subsidiary, Prevex Holding Inc., at a price of \$22.00 per share.

This transaction will result in a gain in 1984 of approximately \$1,130,000 for the Company after accounting for income taxes and minority interests. The gain was calculated on the basis of the equity value of the investment in General Trust of Canada.

3. Amount receivable on the sale of investment in insurance companies and amount payable for common shares of General Trust of Canada.

These amounts are repayable by instalments of \$3,500,000 in January 1984 and 1985.

4. Rental properties

This item represents:

- (a) A 50% ownership of "The General Trust of Canada building". The cost is amortized over the term of the fifty-year lease for the land on which the building is erected.
- (b) A 33 $\frac{1}{3}$ % ownership of "The Atlas Turner building" acquired from Berma Code Ltd. during the year. This building is amortized on a straight-line basis over a period of twenty years.

5. Long-term debt

This item represents the Company's share of the debts served by the rental properties and consists of:

	(in thousands of dollars)	
	1983	1982
"The General Trust of Canada Building": Series A and B first mortgage bonds issued by Canaprev Inc., bearing interest at 10 $\frac{3}{4}$ % and 11%, maturing in 1990	6,955	7,037
"The Atlas Turner Building": Balance of sale price bearing interest at the prime rate of a bank, repayable in monthly instalments of \$2,222 and maturing in 1997	373	-
Bank loan bearing interest at the prime rate plus 1%, maturing in 1984 and in the process of being refinanced on a long-term basis.	1,607	-
	<u>1,980</u>	<u>-</u>
	8,935	7,037
Less instalments included in current liabilities	179	83
	<u>8,756</u>	<u>6,954</u>

The Company's share of long-term debt payments for the next five years, including sinking fund requirements of Series A and Series B bonds, is as follows: 1984-\$179,000; 1985-\$189,000; 1986-\$201,000; 1987-\$214,000 and 1988-\$228,000.

6. Capital stock

During the year, the Company was continued under Part 1A of the Québec Companies Act. Its capital stock now consists of:

- an unlimited number of preferred shares without par value, issuable in series, of which 5,000 are designated as preferred shares, Series 1.
- an unlimited number of common shares without par value.

The preferred shares, Series 1, bear cumulative, variable-rate dividends based on the prime rate and are redeemable at any time at the option of the Company at \$1,000 per share. The Company is required to offer to redeem all preferred shares, Series 1, on May 3, 1990, at \$1,000 per share. The effective dividend rate in 1983 was 8.1% (1982 – 10.5%).

7. Commitments

The net rentals payable over the next five years for land and premises under long-term leases are approximately as follows: 1984 – \$517,000; 1985 – \$577,000; 1986 – \$477,000; 1987 – \$238,000 and 1988 – \$224,000.

8. Remuneration of directors and officers

The aggregate direct remuneration paid by the Company, its subsidiaries and affiliates to the directors and officers of the Company amounted to \$406,000 in 1983 and \$374,000 in 1982.

9. Transactions with related companies

Rental revenues include an amount of \$2,097,000 (\$1,916,000 in 1982) received from General Trust of Canada.

Prenor Group Ltd.
1100 University Street
Montreal, Quebec H3B 3A4