

**CED**

**1981**

**NINETEENTH  
ANNUAL  
REPORT**

**Canadian Enterprise Development Corporation Limited**

# CFED

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Montréal, Québec, H3B 2W6  
(514) 878-2764

199 Bay Street, Suite 1103  
Toronto, Ontario M5J 1L4  
(416) 366-7607

1100 Melville Street, Suite 880  
Vancouver, British Columbia V6E 4A6  
(604) 684-3271

106 Schneider Road  
Kanata, Ontario K2K 1Y2  
(613) 592-5261

## **Officers and Staff**

**EDWARD H. CRAWFORD**  
Chairman of the Board

**WALTER J. McCARTHY**  
Vice Chairman of the Board

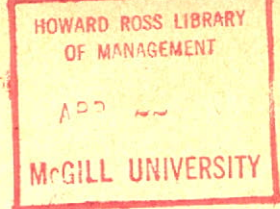
**GERALD D. SUTTON**  
President

**DEREK H. MATHER**  
Executive Vice President and  
Secretary-Treasurer

**RICHARD BURKE**  
Vice President

**DANIEL NIXON**  
Assistant Vice President

**BARBARA ATCHIE**  
Assistant Treasurer



## What is CED?

Canadian Enterprise Development Corporation Limited is a venture capital company. This broad definition covers a wide range of investments in different forms, in companies at different stages of development and in different industries.

The summary of our investment activity in 1981 on page 10 together with the brief descriptions of the companies with which we are associated illustrate the range of our investment activity. More specifically, we are prepared to consider investing either alone or with others:

to help start new companies. Historically, a third of our investments have been of this nature.

in an exciting company that needs additional risk capital.

to assist management to acquire a company whose owners wish to sell.

jointly with any other company to develop an idea or product that has emerged from their own research.

It is not our policy to control or manage the companies with which we are associated. Our preference is to invest on a minority basis and through Board representation to assist people to achieve their goals, not to direct them.

Our staff, though active, is small in number and we must therefore be selective in our investment decisions. We do not promise to invest in every situation that comes our way. We do promise time and attention to any serious-minded entrepreneur who would like to discuss his ideas with us. No introductions are necessary for these proposals; a call or letter to any of our offices in Montreal, Ottawa, Toronto and Vancouver is all that is required.





The Sylvania "Superscreen" was introduced at the Consumer Electronics show in Chicago in June of 1981. It features the screen manufactured by Freen Screen Limited.



# The President's Message

CED made six new investments in 1981 amounting to \$1.9 million. Additional investments in existing portfolio companies totalled \$1.8 million, as detailed on page 10. Proceeds from the realization of the investments amounted to \$2.4 million which produced a realized gain of \$1.0 million.

## The new investments were:

**Freen Screen Limited**—Freen Screen is a Vancouver-based company which has recently established a plant in Ontario to manufacture high-resolution screens for large-sized rear-projection television sets. The screen gives high resolution even in full ambient light and from any angle. The company is controlled by Ventures West Capital Limited of Vancouver and the Federal Business Development Bank is also a significant shareholder.

**Image Resource Corporation**—Image Resource is located in Westlake Village, California. The company has developed equipment for making hard-copy photographs of displays depicted on colour graphic terminals. CED participated with American Research and Development Corporation, Brentwood Associates Inc. and Continental Capital Inc. in third stage financing shortly after manufacturing commenced.

**Orcatech Inc.**—Orcatech is a new company established in Ottawa this year based on technology developed in Bell-Northern Research Inc. In consequence, Northern Telecom has a carried interest in the company and the financing was provided by the six venture capital groups: CED, Bytech Holdings Ltd., Helix Investments Ltd., Sylvan Holdings, Toronto-Dominion Venture Capital and Ventures West. The company is developing and will shortly market sophisticated computer-assisted design equipment.

**Taurus Computer Products Inc.**—Taurus is a new company located in Ottawa which is developing a general purpose computer for industrial control applications. The financing was provided by individuals and two venture capital companies, CED and the Palmer Group of Boston.

**Trilog, Inc.**—Trilog is a California-based manufacturer of colour printers for the computer industry. CED participated in a \$2.5 million financing program, the other venture capital companies being First Interstate North American Venture Fund and Whitehead Associates Inc.. The company is developing a double-headed printer which it is expected will be marketed in 1982.

**Blackfoot-Cherokee Energy Joint Venture**—This is a joint venture with Canadian Foremost Limited and Cherokee Petroleums Limited to establish the feasibility of utilizing the Canadian Foremost HEP Pump to produce heavy oil at a location in California. Initial financing is modest and is designed to identify, and obtain agreement from, holders of mineral rights on the property.

CED's net asset value at December 31, 1981 was \$17.29 per share compared with \$20.18 per share a year earlier reflecting the decline in the stock market that occurred in the second half of the year. The companies themselves collectively maintained their earnings which in 1981 were \$30 million on sales of \$530 million compared with \$32 million on sales of \$461 million in 1980. CED's operating profit of \$586,000 was down slightly from \$719,000 the previous year but realized gains on the disposal of investments were up substantially to \$1,002,000 from \$364,000. Dividends declared out of 1981 earnings amounted to \$215,000 (20¢ per share) compared with \$188,237 (17½¢ per share) in 1980.

At the Annual Meeting held in Montreal on April 15th, the Chairman of the Board, Mr. Alistair M. Campbell, announced that he could not stand for re-election because of the age limitation provision. The President, on behalf of the Directors, Shareholders and Staff expressed his appreciation to Mr. Campbell for his support and counsel from the very inception of the company as a Director, Vice Chairman of the Board and, since 1978, Chairman of the Board of Directors. Subsequently, at a meeting of the Board of



Directors immediately following the Annual Meeting, Mr. Campbell was elected an Honorary Director and we are pleased that he will continue to be associated with CED in this capacity.

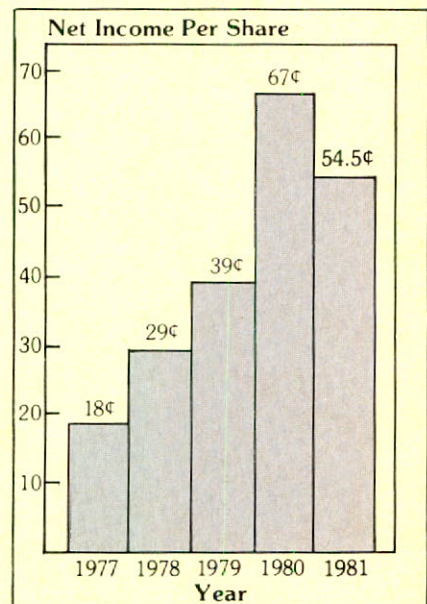
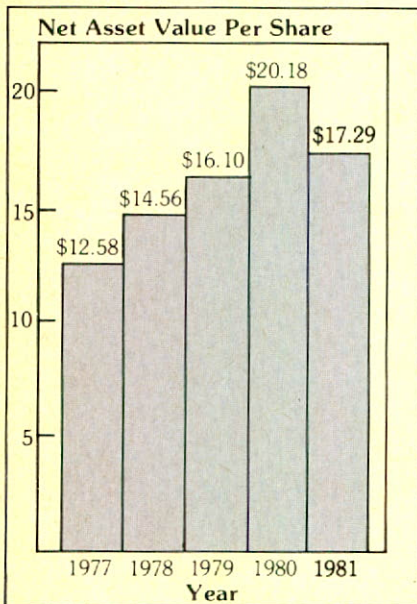
Mr. Alexander Lester, also subject to the age limitation clause, and Mr. John T. Johnson did not stand for re-election. Mr. Lester had been a director since November 1969 and a member of the Executive Committee, while Mr. Johnson joined the Board of Directors in August 1977.

Mr. Edward H. Crawford was elected Chairman of the Board of Directors and Mr. Walter J. McCarthy, Vice Chairman.

At a reception following the Annual Meeting the final award was made to the winner of the Canada Enterprise Awards Contest. A cheque for \$15,000 together with a commemorative plaque was presented to Mr. Gerry Mihailoff, President of Kobra Equipment Limited, for his business plan to manufacture and market his newly designed road marker. As mentioned in last year's Annual Report, it has been decided to terminate the Canada Enterprise Awards Contest and participate in the newly formed Ernest C. Manning Awards Foundation, which will be making awards of \$75,000 to outstanding innovators. I would like to take this opportunity to express our appreciation to the Financial Post which has co-sponsored the Canada Enterprise Awards Contest with us. The majority of the entries in the contest came as a result of their advertising and publicity. I would also like to thank the other two judges, Mr. Roger Charbonneau and Mr. B. "Bud" Johnson, for giving up their weekends over the years in order to assist in the selection of the winning entries.

Commencing on page 11 of this report brief reviews are given of the activities of our portfolio companies during 1981. We invite you to read them. They are brief and do not adequately convey the hard work, the accomplishments and in some cases the frustrations that were experienced. They do, however, illustrate the variety and range of our investment activity regionally, industrially and in terms of stage of maturity.

Gerald D. Sutton  
President  
CED





## Board of Directors of CED



Seated from left to right: Walter J. McCarthy, Vice Chairman, Edward H. Crawford, Chairman, Gerald D. Sutton, President, Alistair M. Campbell, former Chairman.  
Standing: Franklin S. McCarthy, Michael M. Koerner, Derek H. Mather, Executive Vice President and Secretary-Treasurer of CED, Joseph Jeffery, C. Douglas Reekie, Gordon E. Inns, Dr. Claude Bertrand.  
Absent: Ronald D. Dooley

# Canadian Enterprise Development Corporation Limited

(Continued under the Canada Business Corporations Act)

## CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1981 (\$000's)

	1981	1980
<b>ASSETS</b>		
Current		
Cash	\$ 89	\$ 117
Short-term investments at cost (which approximates market)	1,553	2,762
Accrued interest and consulting fees	256	159
Miscellaneous receivables	17	26
	<u>1,915</u>	<u>3,064</u>
Investments (Note 2)	16,786	18,880
Furniture and equipment, at cost, less accumulated depreciation	53	26
	<u>\$18,754</u>	<u>\$21,970</u>
 <b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities	\$ 47	\$ 152
Dividends payable	108	108
	<u>155</u>	<u>260</u>
 <b>SHAREHOLDERS' EQUITY</b>		
Stated capital (Note 3)		
Issued and outstanding 1,075,541 shares (1980 — 1,075,641 shares)	10,797	10,798
Retained earnings	5,067	3,695
Unrealized appreciation of investments (Note 1)	2,735	7,217
	<u>18,599</u>	<u>21,710</u>
	<u>\$18,754</u>	<u>\$21,970</u>

*On behalf of the Board*

*E.H. CRAWFORD, Director*  
*G.D. SUTTON, Director*



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**CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED DECEMBER 31, 1981 (\$000's)**

	1981	1980
Revenue		
Revenue from short-term investments	\$ 347	\$ 362
Revenue from long-term investments, including consulting fees	<u>958</u>	<u>1,040</u>
	<u>1,305</u>	<u>1,402</u>
Expenses		
Employee remuneration	312	370
Other expenses	<u>407</u>	<u>313</u>
	<u>719</u>	<u>683</u>
Net income	586	719
Net gains on disposal of investments	<u>1,002</u>	<u>364</u>
Net income and gains for the year	1,588	1,083
Retained earnings at the beginning of the year	<u>3,695</u>	<u>2,879</u>
	5,283	3,962
Dividends	(215)	(188)
Capital stock redeemed (Note 3)	<u>(1)</u>	<u>(79)</u>
Retained earnings at the end of the year	<u>\$5,067</u>	<u>\$3,695</u>

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**AUDITORS' REPORT**

The Shareholders,  
Canadian Enterprise Development Corporation Limited

We have examined the consolidated balance sheet of Canadian Enterprise Development Corporation Limited as at December 31, 1981 and the consolidated statement of income and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation as at December 31, 1981 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

TOUCHE ROSS & CO.  
Chartered Accountants.

Toronto, Ontario,  
January 28, 1982.

# Canadian Enterprise Development Corporation Limited

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 1981

### 1. Summary of significant accounting policies

#### **Consolidation**

The consolidated financial statements include the accounts of Canendev Investments Ltd., a wholly-owned subsidiary corporation.

#### **Investments**

##### *Unrealized appreciation of investments*

The long-term investments are valued in the accounts as follows: quoted securities are recorded at market, other long-term investments are valued at the Board of Directors determination of estimated fair market values.

The excess of market or fair value over cost is shown as unrealized appreciation of investments.

The potential income tax liability applicable to the net unrealized appreciation of investments is calculated on the assumption that all investments are disposed of at their recorded values at balance sheet date. For financial statement purposes such net potential liability is deducted from both investments and unrealized appreciation of investments.

The unrealized appreciation of investments and the related potential income tax liability are excluded from the determination of earnings.

##### *Realized gains and losses*

Gains and losses and applicable income taxes resulting from disposals of investments are recorded in earnings when realized.

#### **Foreign exchange**

Unrealized foreign exchange gains or losses, arising from the translation of investments in American companies at the year-end exchange rate, are also included under unrealized appreciation of investments.

Revenues are translated at rates prevailing at the respective transaction dates.

#### **Pension plan**

The Corporation has a pension plan for its employees which is non-contributory and trusteed. Related costs are charged to earnings as paid. The fund is actuarially examined every three years, the last review being on July 1, 1980, at which time it was fully funded.



## 2. Investments

The investments comprise the following:

	1981		1980	
	Cost	Market or fair value	Cost	Market or fair value
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Quoted shares	\$ 5,936	\$10,436	\$ 5,697	\$14,818
Non-quoted shares	3,027	2,689	2,674	2,539
Loans and advances	5,088	4,262	3,292	3,327
	<u>14,051</u>	<u>17,387</u>	<u>11,663</u>	<u>20,684</u>
Net provision for income taxes on unrealized appreciation	—	(601)	—	(1,804)
	<u>\$14,051</u>	<u>\$16,786</u>	<u>\$11,663</u>	<u>\$18,880</u>

## 3. Stated capital

The Corporation has one class of shares without nominal or par value. The maximum number of shares that the Corporation is authorized to issue is 2,000,000 and there is no limit to the consideration to be received by it upon issue of such shares.

During the year ended December 31, 1981, the Corporation redeemed 100 shares for \$2,018 of which \$1,014 is shown as a reduction of retained earnings.

## 4. Income taxes

The net provision for income taxes reflects the fact that net income is reduced by tax-free intercorporate dividends and prior years' loss carry forwards as shown in Note 2.

## 5. Statement of changes in financial position

Such a statement has not been included because it would not provide significant information.

## 6. Commitments

The Corporation has contractual commitments under long-term leases totalling \$253,420. The payments required under the long-term leases for the next five years are as follows: 1982 — \$41,295; 1983 — \$33,681; 1984 — \$33,681; 1985 — \$33,681 and 1986 — \$33,681.

## 7. Related party transactions

As the Corporation is a venture capital company, it invests in companies at different stages of development, over which it has various degrees of influence.

Revenues from long-term investments were as follows:

	1981	1980
	(\$000's)	(\$000's)
Dividends	\$488	\$ 528
Interest and consulting fees	470	512
	<u>\$958</u>	<u>\$1,040</u>

# Principal portfolio changes during 1981

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## PURCHASES

Bay Mills Ltd.	\$ 89,589	shares
Blackfoot-Cherokee Energy Inc.	\$ 10,064	joint venture
Digitech Ltd.	\$1,500,000	convertible debentures
Freen Screen Ltd.	\$ 550,000	shares & warrants
Image Resource Corporation	\$ 355,802	convertible debentures
Orcatech Inc.	\$ 117,852	debentures & shares
Taurus Computer Products Inc.	\$ 300,300	notes & shares
Trilog, Inc.	\$ 600,500	shares
Westmills Carpets Ltd.	\$ 204,950	convertible debentures & shares
	<u>\$3,729,057</u>	

## RECEIPTS

Digitech Ltd.	\$ 90,000	Repayment of note
	\$ 480,000	Sale of shares
International Venture Corporation Ltd.	\$ 50,936	Sale of shares
Logetronics Inc.	\$ 63,016	Sale of shares
MICC Investments Ltd.	\$ 328,741	Sale of shares
Teleprompter Inc.	\$1,300,498	Sale of shares
Seaglobe, Inc.	\$ 100,000	Sale of notes & shares
	<u>\$2,413,191</u>	



# Portfolio companies

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## AMNET INC.

101 Morse Street  
Watertown, Massachusetts  
U.S.A. 02172  
(617) 923-1850

Amnet (formerly ASI Teleprocessing) specializes in solid state audio response systems and multi-node packet switching networks. The company operated profitably on a doubling of sales volume in 1981 after a belt-tightening exercise and reorganization in 1980. Work is continuing on the \$1.75 million contract with the Swedish Defence Department for delivery in late 1982 and early 1983.

## ATTIC RECORDS LIMITED

98 Queen Street East  
Suite 3  
Toronto, Ontario  
M5C 1S6  
(416) 862-0352

In 1981, despite the recession in the record business world wide, Attic's income increased by 48% but due to increased costs, particularly in promotion and recording, profits remained at 1980 levels. For the first time an Attic act (Triumph) cracked the top 30 of the American L.P. Hit Parade. "The Irish Rovers" were successfully rejuvenated as "The Rovers" and Record World, an important U.S. trade publication, named them "top new country group in the U.S. in 1981". In 1982 Attic will continue to strengthen its position in Canada and will expand its overseas business with distribution of Canadian records in France, Benelux and certain other territories.

## BAY MILLS LIMITED

365 Evans Avenue  
Toronto, Ontario  
M8Z 1K2  
(416) 252-5711

Bay Mills Limited manufactures synthetic fabrics which are used in many industrial applications. Net sales in fiscal 1981 were \$39.3 million versus \$30.6 million the previous year with net profit of \$1.6 million versus \$1.3 million. In the first quarter of the current fiscal year sales were \$11 million compared with \$8.6 million a year earlier and net profit was \$433,000 as compared with \$56,000.

Sales of some products were adversely affected by the downturn in the housing industry but demand for industrial fabric products was strong and new markets were opened in outdoor furniture and aerospace reinforcement fabrics made of graphite and aramid fibres. The 50% owned Nicolon Corporation plant, which opened in April, 1980 in Cornelia, Georgia became profitable in 1981.





A Canadian Foremost track vehicle — the Nodwell 110C — transporting fuel tank for a geophysical exploration crew operating on Banks Island in the Canadian Arctic.



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## CANADIAN FOREMOST LTD.

2915 10th Avenue N.E.  
Calgary, Alberta  
T2A 5L4  
(403) 248-3322

Canadian Foremost Ltd. designs and builds heavy-duty track and wheel vehicles for use in off-highway applications with a capacity of up to 70 tons. The company has also developed a hydraulic, electronic and pneumatic pumping unit (HEP Pump) for pumping oil wells. In 1981 the company took a 49% interest in a newly established oil and gas exploration company—Macedon Resources Ltd.

In the first nine months of 1981 total sales were \$18.9 million versus \$13.8 million a year earlier and net profit of \$1.1 million was achieved compared with \$.5 million a year earlier. Most of the increased sales occurred in the heavy equipment division, where strong markets were encountered in South America, Alaska and the U.S.S.R.. The order backlog going into 1982 is strong. On the other hand, the oil field pumping unit market in Canada was depressed and sales of the HEP Pumps did not develop as well as expected. Strong interest in the pump has however been expressed by firms not only in Canada but also in the United States and South America.

## CASSIDY'S LTD.

2555, boul. Matte  
C.P. 30  
Brossard, Québec  
J4Z 3M1  
(514) 866-4531

Through 21 subsidiaries, divisions or branches, coast to coast Cassidy's distributes china, glassware, cutlery, housewares etc. to the institutional and retail trade, hard and soft floor coverings and stainless steel kitchens. For the first nine months of 1981 sales were \$66.5 million versus \$57.4 million a year earlier but net profit was somewhat lower at \$.5 million versus \$.6 million because of increased interest charges.

## CENTRAL DYNAMICS LTD.

147, boul. Hymus  
Pointe Claire, Québec  
H9R 1G1  
(514) 697-0810

Central Dynamics manufactures a range of advanced electronic equipment for television studios and sells its products to most parts of the world. In April 1981, the company acquired the North American television manufacturing and distribution assets of Philips Broadcast Equipment Corporation. In the first six months of the fiscal year ending March 31, 1982, sales rose to \$11.8 million from \$4.0 million a year earlier but, because of the expenses incurred in consolidating the two operations, plus the low margin on the order backlog acquired from Philips, net operating profit was \$140,000 compared to \$83,000 of last year—an increase of only \$57,000.

Working capital at September 30, 1981, was \$3.6 million compared to \$1.2 million last year.

Shareholders' equity increased from \$373,000 at September 30, 1980, to \$2,018,000 at September 30, 1981.



# CED

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## CONVENTURES LIMITED

*Suite 402, The Bradie Bldg.  
630 — 6th Avenue, S.W.  
Calgary, Alberta  
T2P 0S8  
(403) 269-3157*

Conventures is a petroleum exploration and development company based in Calgary which had another very active year in 1981 investing nearly \$11.5 million in land, drilling and production equipment, of which \$4.55 million was spent in Canada and \$6.97 (Cdn \$) million in the United States. The budget for 1982 calls for expenditures in excess of \$5 million.

At the end of 1981, the company had interests in 5,088,507 gross acres and 504,830 net acres in Canada and the United States and gross royalty interest in over 826,111 acres. It participated in drilling 138 wells in 1981, of which 36 were gas, 73 were oil and 29 dry. In addition to its direct oil and gas interests, the company has 20.95% ownership of Alberta Natural Gas Company Ltd. and a portfolio of investments in oil and gas companies valued at \$90,362,141 at year end.

## COROD MANUFACTURING LTD.

*P.O. Box 76  
Nisku, Alberta  
T0C 2G0  
(403) 955-2591*

Corod is a private company manufacturing, installing and servicing continuous sucker rods used to pump oil wells. Whereas conventional sucker rods are produced in twenty-five foot lengths threaded at each end for field assembly, Corod's product is manufactured in one piece for the total depth of the well. The slowdown in the petroleum industry in 1981 adversely affected the operations

of Corod. However, further penetration has occurred in the United States market, equipment was shipped to Russia for testing and evaluation under operational conditions and negotiations were commenced for a similar evaluation in Venezuela.

## DIGITECH LTD.

*15th Floor, Bradie Bldg.  
630 — 6th Avenue, S.W.  
Calgary, Alberta  
T2P 0S8  
(403) 265-3484*

Digitech, the largest Canadian-owned commercial earth science computer processing company, was also adversely affected by the slowdown in the Canadian oil industry. In the year ended June 30th, while sales increased to \$47 million from \$23 million the previous year largely as a result of acquisitions, net earnings declined to \$786,000 from \$1.4 million. For the first quarter of the current fiscal year revenue was \$15 million versus \$9 million a year earlier but a loss of \$658,000 was recorded.

In addition to seismic processing, the company, through subsidiaries, gathers seismic data, provides oil well cementing and fracturing services and manufactures industrial cleaning equipment. In fiscal 1982 it is estimated that 40% of revenues will come from the United States and Australia.



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## **EVANGELINE SAVINGS & MORTGAGE COMPANY**

535 Albert Street  
Windsor, Nova Scotia  
B0N 2T0  
(902) 798-8326

As a savings and loan company in the Maritime provinces, Evangeline makes mortgage loans, accepts savings deposits and issues term debentures. At the end of 1981 the company's assets totalled \$27 million and profit for the year was \$124,703 compared with \$108,268 in 1980. Earnings per share were \$1.19 compared with \$1.03 and a dividend of 65¢ was declared.

## **EXALLOY METALS INC.**

2736 Slough Street  
Mississauga, Ontario  
L4T 1G3  
(416) 677-4895

Exalloy was established in 1976 to process scrap aluminum into powder for use in industrial explosives and metallurgical applications. Markets were depressed in 1981 because of conditions in the mining industry but the company managed to maintain its sales and earnings and entered 1982 with a good backlog.

## **FINLAY NAVIGATION LTD.**

P.O. Box 6035  
Station "C"  
Victoria, British Columbia  
V8P 5L4  
(604) 477-9941

Finlay Navigation Ltd. carries on a marine towing, booming and barging operation on Williston Lake in north central British Columbia where substantial mining, logging and power developments are underway. Despite the strike in the forest products industry in British Columbia in 1981 the company managed to end the year profitably.

## **FREEN SCREEN LTD.**

1827 West 5th Avenue  
Vancouver, British Columbia  
V6J 1P5  
(604) 734-2535

Freen Screen, a new investment for CED in 1981, has established a plant in Ontario to manufacture a unique acrylic screen specifically designed for use in rear-projection television sets. The screen consists of precision venticular lenses which control the screen "gain" and the horizontal and vertical distribution of light to ensure even screen brightness throughout the viewing area. The company began to supply the product in the fourth quarter of 1981 and expects to be a major supplier of rear-projection screens for the North American, Japanese and European markets in 1982.



# CED

## IMAGE RESOURCE CORPORATION

2260 Townsgate Road  
Westlake Village, California  
U.S.A. 91361  
(805) 496-3317

A new investment for CED, Image Resource has developed microprocessor-based equipment that produces high-quality, full-colour photographic copies of anything that can be displayed on a computer screen or T.V. monitor. The primary markets for the company's pro-

ducts are the computer-graphics, video and broadcast industries. The company has been awarded broad patent rights on its method of using one monochrome laser to capture real-time video images in full colour. Significant work has been done in the area of "gamma correction" to provide high resolutional detail in photographic output. The user can choose his own video print format; 35mm. slides, colour transparencies, colour prints or Polaroid SX-70 instant prints and can easily change from one format to another. The company's sales for 1981 were \$1.7 million.

A convenient desk-top unit designed and built by Image Resource Corporation for low to medium resolution personal computers, graphics or video systems. Shown is a photograph of the image on the screen.





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## LOGISTEC CORPORATION

360, rue St-Jacques ouest  
15e Etage  
Montréal, Québec  
H2Y 1P5  
(514) 844-9381

Logistec is a transportation company with subsidiaries involved in stevedoring operations from the Lakehead to the Maritime provinces, shipping in Eastern Canadian and Arctic coastal waters and ship agency activities throughout Canada and in the United States. During 1981 the company purchased a 10% interest in Lavino, a stevedoring company which serves Philadelphia, Norfolk, Chicago, Baltimore and Wilmington.

For the first nine months of 1981 gross revenues of \$38 million were the same as a year earlier but net profit was \$1.4 million versus \$.7 million in the same period of 1980 when the company was incurring losses on its Menav participation, a partnership that was wound up last year. A special dividend of 80¢ per share was paid on October 1st. The regular dividend was increased to 10¢ quarterly.

## MICC INVESTMENTS LIMITED

Suite 1200, P.O. Box 14  
401 Bay Street  
Toronto, Ontario  
M5H 2Y4  
(416) 366-6231

MICC Investments Limited, through its major wholly-owned subsidiary, The Mortgage Insurance Company of Canada, provides insurance on residential, commercial and industrial mortgages, insures the timely payment of rent under commercial leases, provides the insurance protection offered by the Ontario and Quebec New Home Warranty Programmes and provides a variety of surety ser-

vices for the construction industry. Operating through MICC Appraisals & Inspections Limited, professional appraisal and inspection services are provided to lender clients and others throughout Canada.

On November 4, 1981 MICC Investments issued 3.1 million common shares (bringing total common shares outstanding to about 10.6 million) and preferred shares with a par value of \$28.5 million to acquire all the outstanding common and preferred shares of Insmor Holdings. Insmor Holdings was a holding company privately owned by 13 major Canadian financial institutions, and primarily involved through its subsidiary company, Insmor Mortgage Insurance Company, in providing insurance on residential mortgages.

Financial results for MICC Investments for 1981 reflect the consolidation of fourth quarter results of Insmor Holdings. (Comparative 1980 figures do not include Insmor.) Net premiums written in 1981 were \$22.3 million compared to \$27.6 million in 1980, reflecting the continuing unsettled market conditions affecting the mortgage lending and housing industries. Losses on claims incurred were \$47 million compared to \$42.5 million the previous year. Net profit available to common shareholders, after payment of preferred dividends, was \$6.5 million compared to \$7.1 million and earnings per common share were 78¢ compared to 97¢. At December 31st, 1981, the company's assets were \$386 million compared to \$332 million at the end of 1980.



# CEI

## M.I.L. INDUSTRIES LTD.

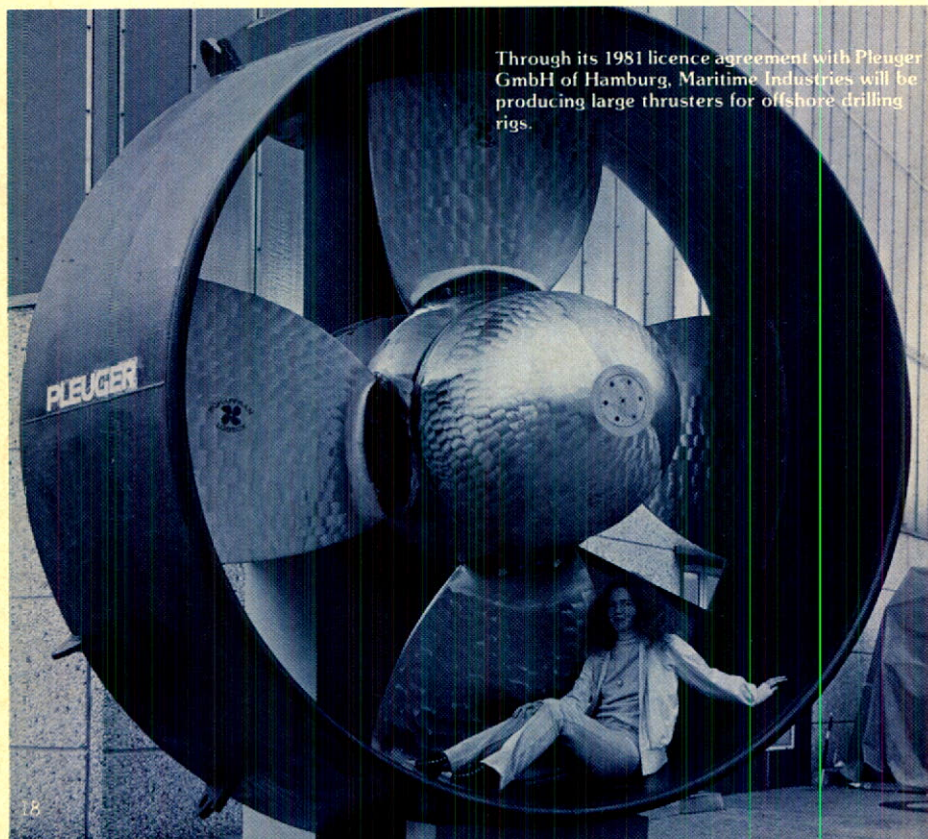
6307 Laurel Street  
Burnaby, British Columbia  
V5B 3B3  
(604) 299-7591

M.I.L. Industries has two subsidiaries: Maritime Industries, which designs and manufactures a specialized, steerable propeller marine propulsion unit known as a Z-drive; and Headhunters Diesel which repairs and "remanufactures" major components of large diesel engines in Western Canada such as cylinder heads, blocks and crankshafts.

Maritime's sales and profits in 1981 were at new highs. Among the accomplishments during the year were: the delivery of large new 1600 h.p. units for the first of a new type of shipberthing tug (a reverse tractor tug) in Portland, Oregon;

successful trials of sophisticated light-weight propulsion units for Grumman Aerospace's new Mark II Flagstaff hydrofoil patrol vessel; completion of a major Australian Navy contract in which the equipment was manufactured in Australia; and the signing of a licence agreement with Pleuger GmbH of Germany to produce units up to 6,000 h.p. for Canadian offshore drilling semi-submersibles. A first order for two 3,000 h.p. units was received from Bow Valley Resources.

Headhunters had increased sales in 1981 despite the general slowdown in business in Alberta due to the National Energy Policy and the poor state of the British Columbia forestry industry. Profits, however, were at a reduced level owing to pressure on margins and high start-up costs for a new location for the Calgary branch.



Through its 1981 licence agreement with Pleuger GmbH of Hamburg, Maritime Industries will be producing large thrusters for offshore drilling rigs.



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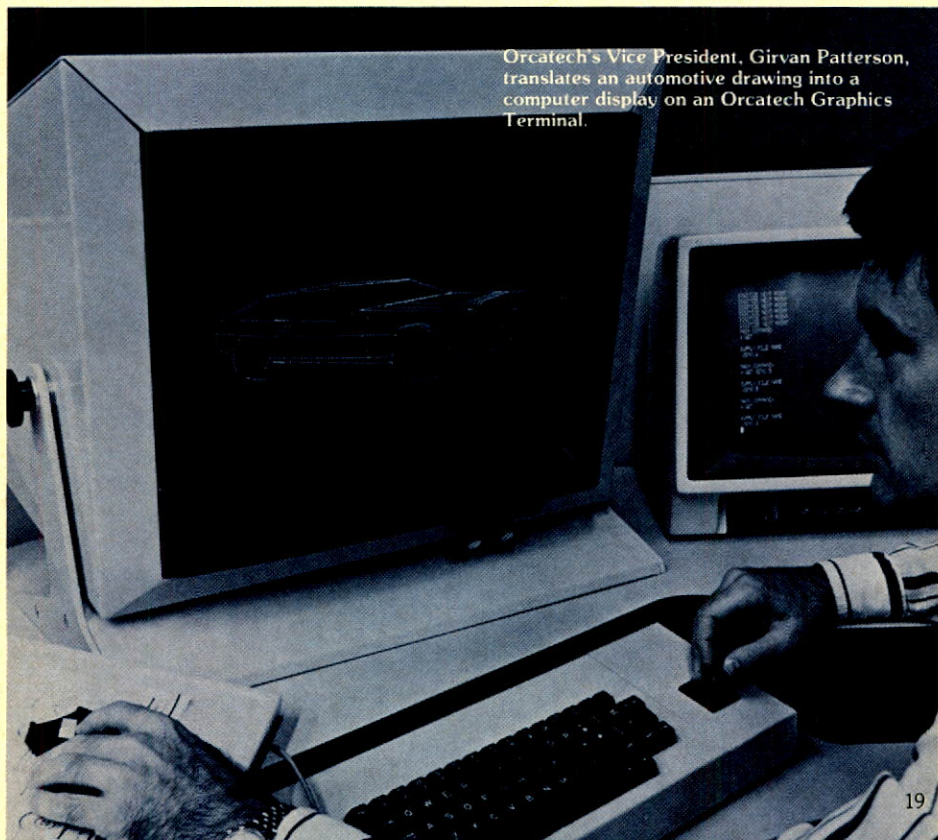
## ORCATECH INC.

2680 Queensview Drive  
Ottawa, Ontario  
K2B 8H6  
(613) 820-9602

Orcatech was a new investment for CED in 1981, our participation being in conjunction with similar investments by five other venture capital companies. It is a new company established to manufacture high-quality graphics computers aimed primarily at the computer aided design market. These systems combine very fast, high-resolution raster graphics with an integrated hardware and soft-

ware computing system designed specifically for the engineering user.

The product had originally been designed over the past three years for in-house use for Bell-Northern Research and Northern Telecom. However, the market potential of the product led to the spin off of a new company with Northern Telecom taking an equity share in exchange for the technology. Development and manufacture is taking place in a 10,000 square foot facility in Ottawa and a sales office has been opened in Los Angeles. The first customer for Orcatech is Northern Telecom which awarded a \$500,000 two year contract for the supply of graphics systems.



Orcatech's Vice President, Girvan Patterson, translates an automotive drawing into a computer display on an Orcatech Graphics Terminal.



# CED

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## **SLOCAN FOREST PRODUCTS LTD.**

*Airport Executive Park  
240 — 10451 Shellbridge Way  
Richmond, British Columbia  
V6X 2W8  
(604) 278-7311*

Slocan operates sawmills at Slocan and Quesnel, British Columbia with a combined capacity of approximately 200 million FBM of lumber per annum. The past year was a bad one for Slocan and all other companies in the lumber industry. The weak housing market in North America brought about declines in both price and volume in the lumber market while the strike in the B.C. forest products industry halted operations during the summer months. In this environment it is creditable that the company's sales declined only 13% in the first ten months of the year over the same period in 1980. However a loss was incurred and operations had to be curtailed as the outlook for the lumber markets continued to be unpromising at year-end.

## **TANGRAM RESOURCES LTD.**

*200 1010 — 8th Avenue, S.W.  
Calgary, Alberta  
T2P 1J2  
(403) 266-0794*

Tangram Resources Ltd., a private Canadian-controlled oil and gas company was formed in June 1980 and had an active year. To the end of 1981, the company participated in 17 wells in Canada of which 7 found gas, 2 oil, 1 gas and oil and 7 were dry. In the United States it participated in 34 wells of which 9 found gas, 10 oil and 12 were dry. Three wells were drilling at year end. The company has acquired 115,000 gross acres (20,000 net), three quarters of which are in the United States.

## **TAURUS COMPUTER PRODUCTS INC.**

*1755 Woodward Drive  
Ottawa, Ontario  
K2C 0P9  
(613) 226-5361*

Taurus is a new company formed in October 1981 financed by CED, the Palmer Organization of Boston, a group of Canadian businessmen and the principals themselves. The last are three engineers who had been employed by a large Ottawa-based computer manufacturer. The company was created to design, manufacture and market a family of industrial-quality, microprocessor-controlled analogue and digital interface modules for use in scientific and industrial control environments. The company expects to be in production by the summer of 1982.

## **THOUSAND TRAILS INC.**

*4800 South 188th Way  
Seattle, Washington  
U.S.A. 98188  
(206) 246-5406*

Thousand Trails, with headquarters in Seattle, operates a chain of 15 recreational preserves in British Columbia, Washington, Oregon and California. It was recently announced that four additional preserves would be acquired in 1982, three of which are in Texas. These facilities are open only to members who purchase a membership and pay an annual maintenance fee. The wilderness resorts are well equipped with recreational facilities and have a security staff on hand 24 hours a day. The number of members at the end of 1981 was over 27,000 compared with a little over 20,000 at the end of 1980. Gross revenue rose to \$40 million from \$34 million and net profit was \$3.6 million compared to \$4 million in 1980.





The lodge at Mount Vernon, one of the preserves operated by Thousand Trails. The site comprises 260 acres and will contain 275 campsites with complete amenities.



# CED

## TRILOG, INC.

17391 Murphy Avenue  
Irvine, California  
U.S.A. 92714  
(714) 549-4079

Trilog was a new investment for CED in 1981. The company manufactures a line of dot matrix printer/plotters. In 1979 Trilog introduced and patented the first

multi-colour printer/plotter, the COLORPLOT,<sup>™</sup> that uses plain computer paper. The COLORPLOT is used in such applications as CAD/CAM, medical, landsat and colour-graphic terminal hardcopy. Trilog will introduce a new family of low-cost line printers in 1982. Gross revenues for the year ended September 25, 1981 were \$2.4 million compared to \$1.7 million in fiscal 1980 and a small profit was achieved compared with a small loss the previous year.



The Trilog COLORPLOT 100 printing on ordinary paper a design shown on the graphics terminal.



## UNICAN SECURITY SYSTEMS LTD.

5795 De Gaspé Avenue  
Montréal, Québec  
H2S 2X3  
(514) 273-0451

Unican manufactures security and furniture hardware at plants located in Montreal, Rocky Mount, North Carolina and Hartford, Connecticut. In the year ended June 30, 1981 sales were \$44 million compared with \$38 million in 1980 but, because

of increased provision for income taxes, net profit was \$1.6 million compared with \$2.2 million. The company showed improved results for the first quarter of fiscal 1982 but as 1981 drew to a close market conditions became much more competitive, especially in the furniture hardware division, and operations were reduced in the Montreal plant. Demand for the push button locks continues to grow. A number of steps were taken in 1981 to establish new export markets and the first shipments were received of padlocks from China.



A Kee Plus unit in a shopping mall in Montreal. The unit offers key duplicating, engraving and merchandising of specialty items, and is owned and operated by handicapped individuals. Unican Security Systems Ltd. have developed this concept with support from federal and provincial governments.



# CED

## WESTMILLS CARPETS LIMITED

2423, 2nd Avenue, S.E.  
Calgary, Alberta  
T2E 6K1  
(403) 273-6000

Westmills manufactures carpet in its plant in Calgary, Alberta (the only carpet

mill west of Ontario) and a wholly-owned subsidiary spins carpet yarn at Meaford, Ontario. Sales in the year ended August 31st were \$38 million compared with \$22 million the previous year and a net profit of \$2 million was achieved in contrast to a small loss in fiscal 1980. For the first quarter of the 1982 fiscal year a profit of \$456,000 was reported compared with \$266,000 a year earlier.



Newly-installed Superba continuous heat set equipment in the yarn division of Westmills Carpets.



# CED

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