

CANADIAN INVESTMENT IN PEOPLE AND IDEAS



6TH ANNUAL REPORT
1968

CANADIAN
ENTERPRISE DEVELOPMENT
CORPORATION LIMITED



“Seek out creative men with the vision of things to be done. Help breathe life into new ideas and processes and products with money — and with more than money — with sensitive appreciation for creative drive; with support in management and manpower, with loyalty to the idea and to its initiator, the creative man.”

**CANADIAN ENTERPRISE
~~DEVELOPMENT~~ CORPORATION
LIMITED**

Head Office:
966 Sun Life Building,
Montreal, Canada
Telephone: 868-2764

Western Office:
914-1111 West Hastings Street,
Vancouver, Canada
Telephone: 684-3271



BOARD OF DIRECTORS

Chairman and President,
HERBERT H. LANK,
Chairman of the Board, Du Pont of Canada Limited.
Chairman of the Executive Committee,
ALISTAIR M. CAMPBELL, F.I.A., F.S.A.,
President, Sun Life Assurance Company of Canada.
GEORGES F. DORIOT, C.B.E., D.S.M., C.L.H.,
President, American Research
and Development Corporation.
DONALD GORDON, C.C., C.M.G., LL.D.,
D.C.L., D.Sc.Com.
President and Chief Executive Officer,
British Newfoundland Corporation Limited.
ROBERT M. FOWLER,
President, Canadian Pulp and Paper Association.
G. H. D. HOBBS,
Chairman, Western Canada Steel Limited.
JOSEPH JEFFERY, O.B.E., Q.C.
Chairman of the Board, London Life
Insurance Company.
DOUGLAS N. KENDALL, O.B.E., F.R.G.S.,
President, Kenting Limited.
BERNARD LECHARTIER,
Director, Bank of Montreal.
A. BRUCE MATTHEWS, C.B.E., D.S.O.,
Chairman of the Board, The Excelsior
Life Insurance Company.
ALFRED T. SEEDHOUSE,
President, The Manufacturers Life Insurance Company.
GERALD D. SUTTON,
Vice President and General Manager,
Canadian Enterprise Development Corporation Limited.



OFFICERS

HERBERT H. LANK,
Chairman of the Board and President.
GERALD D. SUTTON,
Vice President and General Manager.
DEREK H. MATHER,
Vice President and Secretary-Treasurer.
BURKE C. CORBET,
Western Associate.



WHAT IS CED?

CED — the initials are registered as the official abbreviation of the full name, Canadian Enterprise Development Corporation Limited — was formed in 1962 with a little over \$5 million of share capital by a group of foresighted institutional investors. A list of our institutional shareholders is given on page 5.

Our purpose is to help creative individuals build companies of stature. We were not founded to buy “blue chips” but to assist in developing “blue chips” of the future.



WHAT DOES CED DO?

CED is not a bank and it does not normally lend money on the security of fixed assets. What it does do is provide unsecured capital in the form of notes, preferred stock or common stock, with an opportunity to share in the growth of the enterprise. If senior capital is also needed, CED can sometimes help to obtain this.

Since its inception CED has invested approximately \$5.5 million in 27 companies.



HOW MUCH WILL CED INVEST?

Normally any amount up to \$500,000 may be considered. However, if it is thought that more than this is needed, CED can obtain additional capital through partners and has in fact arranged investments in excess of \$1 million.



DOES CED SEEK CONTROL?

No, not usually. The percentage of ownership is determined by the relative amount of capital subscribed and the degree of risk involved. The majority of investments made have been on a minority basis.



WHAT OTHER ASSISTANCE CAN CED PROVIDE?

CED does not aim to manage companies, but its staff works very actively with management on a continuous basis in return for an appropriate fee agreeable to all parties concerned. Companies in which CED invests also have access to its board of directors and to its shareholders and friends in Canada, the United States and overseas.



INTERNATIONAL RELATIONSHIPS?

CED is modelled on American Research and Development Corporation of Boston, one of our founding shareholders (see page 6).

Both ARD and CED are shareholders of European Enterprises Development Company, S.A. (see page 8).

C.D.F.C. Holdings Limited, the Canadian subsidiary of Commonwealth Development Finance Company Limited, is a shareholder of CED. Formed in London in 1953 by leading institutions in the United Kingdom and Commonwealth countries, C.D.F.C. has helped to finance 90 projects and companies.

Technical Development Capital Limited of London, England, is another shareholder of CED. Organized in 1962 to perform the same functions in the United Kingdom as CED in Canada, it is a subsidiary of the Industrial and Commercial Finance Corporation Limited. Through these international relationships, CED can be of considerable help to companies wishing to expand their operations abroad.



WHAT DOES CED LOOK FOR IN AN INVESTMENT?

This can be summed up in one sentence: the company concerned must have potential for substantial growth, and the principals must have the desire and capability of achieving it. It does not matter how old the company is — CED has actually helped start companies and, at the other extreme, it has invested in a company which was already listed on the Toronto Stock Exchange.

People are of the utmost importance. Do they really know their business? Are they people of integrity and outstanding ability with whom CED can work in partnership? Are they resourceful and are they prepared to work hard to build a company? Second is the nature of the product. Is it such that, if all goes well, it could enable the company to achieve substantial growth? In this respect, there is a preference for technological products, or products and services based on new ideas, or even on old ideas with a new approach.



HOW SHOULD A PROJECT BE SUBMITTED?

The easiest way is simply to write or call CED at one of its offices giving a brief description of the proposal. CED will state quickly whether or not it is interested. If it is, a meeting can then be arranged with the principals.



INSTITUTIONAL SHAREHOLDERS OF CED

Alliance Mutual Life Insurance Company
American Research and Development Corporation
Bank of Montreal
The Canada Life Assurance Company
Canadian Pacific Railway Company
CDFC Holdings Limited
Confederation Life Association
Crédit Foncier Franco-Canadien
Du Pont of Canada Limited Pension Trust Fund
The Excelsior Life Insurance Company
The Great-West Life Assurance Company
Harris & Partners Limited
The Imperial Life Assurance Company of Canada
Industrial Acceptance Corporation Limited
Industrial Life Insurance Company
The London Life Insurance Company
The Manufacturers Life Insurance Company
The Monarch Life Assurance Company
The Mutual Life Assurance Company of Canada
Nesbitt, Thomson and Company Limited
The Royal Trust Company
Strength Finance & Development Co. of Canada Ltd.
Succession Honorable J. Marcelin Wilson
Sun Life Assurance Company of Canada
Technical Development Capital Limited
The Toronto-Dominion Bank



AMERICAN RESEARCH AND DEVELOPMENT CORPORATION

ARD was formed in 1946 with an initial capital of \$3.4 million and has since participated in the development of approximately 100 companies. At the end of 1968 it had investments in 48 companies valued at \$360 million, covering a variety of industries including electronics, pharmaceuticals, publishing, industrial control systems, optics and chemicals. The four largest holdings at the end of 1968 were in Digital Equipment Corporation, Optical Scanning Corporation, Teledyne Incorporated and Ionics Incorporated. In 1961 ARD became the first company of its kind to have its shares listed on the New York Stock Exchange.



BOARD OF DIRECTORS OF ARD

GEORGE P. BAKER,
Dean, Harvard University Graduate School
of Business Administration.

GENE K. BEARE,
President, Sylvania Electric Products Inc.

ALISTAIR M. CAMPBELL,
President, Sun Life Assurance Company of Canada.

GEORGES F. DORIOT,
President, American Research and Development
Corporation.

BYRON K. ELLIOTT,
Chairman, John Hancock Mutual Life Insurance
Company.

LONGSTREET HINTON,
Chairman, Committee on Trust Matters and Director,
Morgan Guaranty Trust Company of New York.

M. C. KAPLAN,
President, Starwood Corporation.

DAVID L. LUKE,
Director, West Virginia Pulp and Paper Company.

JOHN A. LUNN,
Director, The Kendall Company.

KENNETH H. OLSEN,
President, Digital Equipment Corporation.

DWIGHT P. ROBINSON, JR.,
Member of Advisory Board, Massachusetts
Investors Trust.

ROBERT E. SLATER,
President, John Hancock Mutual Life Insurance Company.

RUPERT C. THOMPSON, JR.,
Chairman, Textron Inc.

WILLIAM H. WENDEL,
President, The Carborundum Company.



OFFICERS AND STAFF

GEORGES F. DORIOT, President.

HENRY W. HOAGLAND, Senior Vice President.

WILLIAM H. CONGLETON, Senior Vice President.

DOROTHY E. ROWE, Vice President and Treasurer.

JOHN A. SHANE, Vice President.

JAMES F. MORGAN, Vice President.

OSCAR W. HAUSSERMANN, Secretary.

SAMUEL W. BODMAN, III, Technical Director.

PATRICIA A. CLARK, Assistant Secretary.

Southwestern Correspondent,

GROVER ELLIS, JR., 233 Bryn Mawr Circle,
Houston, Texas 77024.

California Correspondent,

ROBERT E. RHODES, 691 South Orange Grove,
Pasadena, California 91105.

EUROPEAN ENTERPRISES DEVELOPMENT COMPANY, EED, S.A.

66, avenue Kléber, Paris 16, France
553.60.86
37, rue Notre Dame, Luxembourg

EED was organized in 1963 with objectives and policies similar to those of ARD and CED. At October 31, 1968 EED had total assets of \$4,900,000 and had invested in fifteen companies located in six countries and engaged in the manufacture of electro-medical equipment, hydraulic shears, building materials, compact computers, auto-copying paper, electron beam welding machines, as well as in a magazine (Nucleus) and a consulting firm. EED'S main office is in Paris, but through its shareholder institutions it has representatives throughout Europe.

INSTITUTIONAL STOCKHOLDERS

AB Duba, Stockholm
AB Hindus, Stockholm
AB Nordiska Föreningsbanken, Helsinki
AB Trustee, Stockholm
AB Vectura, Stockholm
American Research and Development Corporation, Boston
Amsterdam-Rotterdam Bank N.V., Rotterdam
Andresens Bank AS, Oslo
Banca Commerciale Italiana, Milan
Banco Espanol de Credito, Madrid
Banco Exterior de Espana, S.A., Madrid
Banco Fonsecas & Burnay, Lisbon
Banco Guipuzcoano, San Sebastian
Bankhaus I.D. Herstatt K.G.a.A., Cologne
Banque Nationale de Grèce, Athens
Banque Nationale de Paris, Paris
Banque Worms & Cie., Paris
Bergens Privatbank, Bergen
Canadian Enterprise Development Corporation Limited, Montreal
Charterhouse Japhet Securities LTD, London
Commerzbank AG, Dusseldorf
Compagnie Bancaire S.A., Paris
Continental International Finance Corporation, Chicago
Crédit Lyonnais, Lyons
Crédit du Nord, Lille
Crédit Suisse, Zurich
Den Danske Landmandsbank AS, Copenhagen
Den norske Creditbank, Oslo
Desclée Frères & Cie, Tournay
Dresdner Bank AG, Frankfurt
Fidelity International Corporation, Philadelphia
Glyn, Mills & Co., London
Istituto Mobiliare Italiano, Rome
Investeringsmaatschappij voor Onafhankelijke Ondernemingen.
INVESTCO S.A., Antwerp
Kredietbank S.A. Luxembourgeoise, Luxembourg
Kuhn, Loeb & Co., New York
Lehman Brothers, New York
Lombard, Odier & Cie., Geneva
Mees & Hope, Rotterdam
METALCHIM, S.A., Luxembourg
Midland Bank Ltd., London
Morgan Guaranty International Finance Corporation, New York
N.V. Levensverzekering My "Utrecht" Lid van de AMEV groep, Utrecht
Samuel Montagu & Co. Ltd., London
Shawmut International Corporation, Boston
Società d'Affari Mobiliari, SAMO S.A., Lugano
Société Générale, Paris
Tresor Finans, AB, Göteborg
Union Financière d'Anvers, BUFA, S.A., Antwerp

DIRECTORS

LOUIS ARMAND,
Membre de l'Académie Française, Paris
Honorary President, Société Nationale des
Chemins de Fer Français and Euratom.

THIERRY BARBEY,
Partner, Lombard, Odier & Cie, Geneva.

CARLO BOMBIERI,
Managing Director, Banca Commerciale
Italiana, Milan.

GUY BROCARD,
Vice President, Banque Worms & Cie, Paris.

FERNAND COLLIN,
Chairman, Kredietbank S.A., Brussels.

GEORGES F. DORiot,
President, American Research and
Development Corporation, Boston.

HEINRICH JAKOPP,
Konsul, Dr. Ing. e.h., Cologne.

CHRISTIAN F. KARSTEN,
Managing Director, Amsterdam-Rotterdam Bank N.V.,
Rotterdam.

FREDERICK E. NOLTING, JR.,
Vice President, European Offices, Morgan
Guaranty Trust Company, Paris.

MAURICE SCHLOGEL,
General Manager, Crédit Lyonnais, Paris.

ARNAUD F. de VITRY,
Chairman, Technical Studies, Inc., New York.

OFFICERS AND STAFF

GEORGES F. DORiot,
President.

ARNAUD F. de VITRY,
Vice President.

JEAN GUÉROULT,
General Manager.

BRUNO ROUX de BÉZIEUX,
Manager.

PHILIPPE de VENDEUVRE,
Marketing Manager.

ALAIN M. RONDEST,
Staff Associate.

LISTER VICKERY,
Staff Associate.

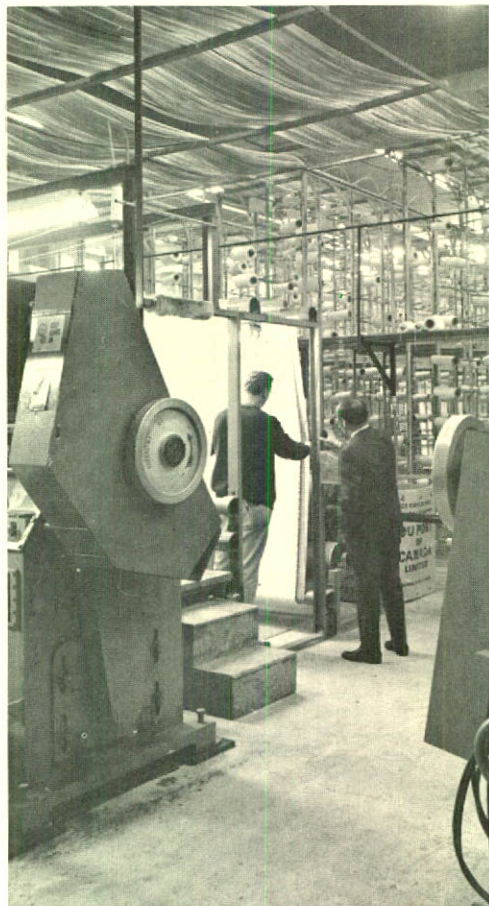
PIERRE CASIMIR-LAMBERT,
Technical Advisor.



1



2

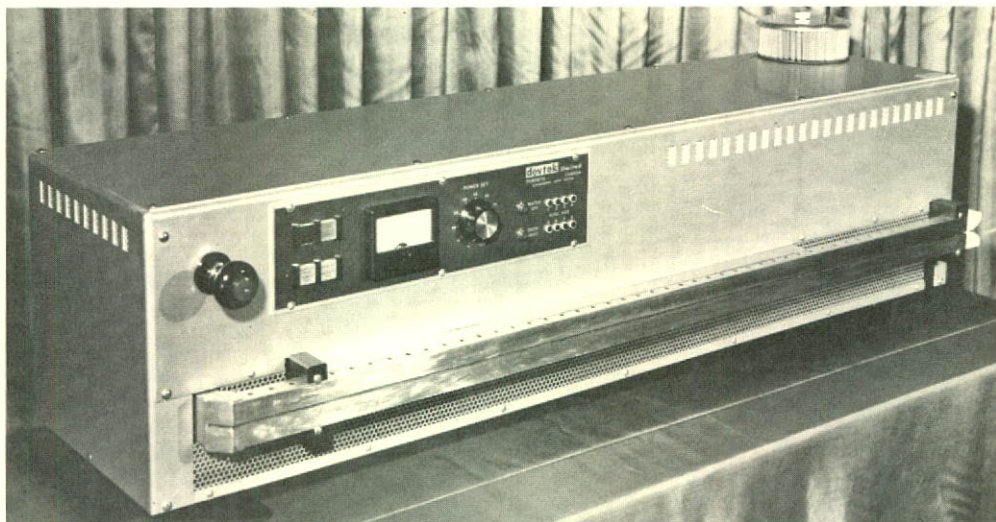


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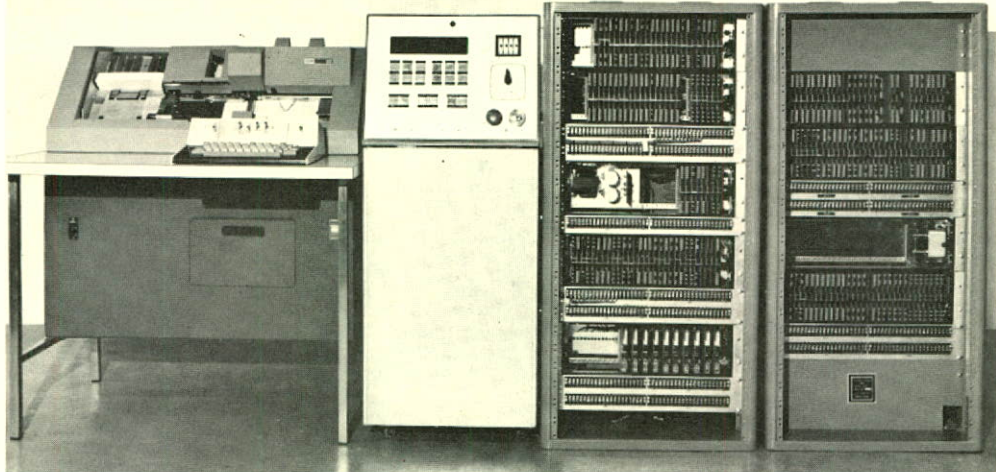
1. *Television switching equipment manufactured by Central Dynamics Ltd. in use at the International Broadcasting Centre, Expo 67.*

2. *A Great Northern Airway's F27 in flight over the Canadian Rockies.*

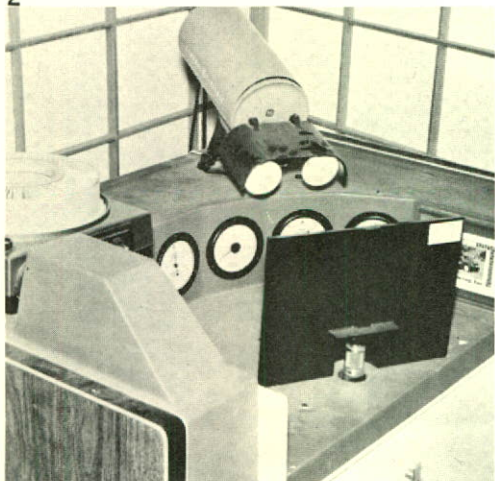
3. *Tufted carpet being inspected at Westmills Carpets Limited.*



1



2



3

1. *Mark II Microwave Edge Dryer* manufactured by Devtek Limited. This machine dries the glue holding multiple business forms together at speeds of up to 600 feet per minute, using microwave energy. It incorporates new principles developed by the National Research Council and is manufactured under license from Canadian Patents and Development Limited.
2. *Ten-axis positioning and logging system* for Theratron 80, Cobalt 60 teletherapy unit designed and manufactured by E S E Limited for Atomic Energy of Canada Limited, Commercial Products. These units are used around the world for the treatment of cancer.
3. *Weather information equipment* of Crystal Cablevision. The camera focuses on a mirror which revolves to reflect the various items of interest to viewers on Crystal's weather information channel.



SIXTH ANNUAL REPORT OF THE PRESIDENT TO OUR SHAREHOLDERS

During 1968 CED invested \$1,258,097 and received \$875,806 from the sale of investments. Five new companies were added to our portfolio as described in the General Manager's Report. I would, however, draw your attention in particular to one of these, Crystal Cablevision Inc., not because of its inherent worth, for it is a new company and has yet to show a profit, but because of what it represents.

Crystal Cablevision is the second investment that we have made jointly with American Research and Development, the first being that in European Enterprises Development. CED, ARD and EED are three venture capital companies, each independent of the others but closely related with common policies and objectives, whose activities cover North America and Western Europe. Either directly or through their own shareholders they have relationships that extend into all parts of the free world. It is often said that technology and ideas have no national boundaries. Nor, I might add, does experience. We feel that Canada has much to learn from and has much to contribute to other nations. This transfer of knowledge can be helped by international capital and we look forward to additional joint investments with our partners not only in our respective countries but elsewhere should the opportunities arise.

The past year has been an active one for CED. The accompanying balance sheet shows that at the end of the year we had a net realized gain of \$45,262 compared with a net realized loss of \$82,424 the previous year, and net unrealized appreciation of \$1,942,973 compared with \$840,869. Most of the unrealized appreciation is represented by the value of investments with a market quotation. In point of fact only three of our companies do have a publicly quoted market. The others are still without a public market for their shares and their valuation has been determined by the CED directors. It should be recognized that because of the nature of CED's investments their valuation is a matter of judgement and should not be construed as an indication of what would be realized in the event of sale or disposition.

Few companies are blessed with fortune from the outset. Most have to struggle through early years of slower than anticipated penetration of markets, higher than forecast costs, greater than expected competition and unforeseen problems in personnel. To cope with such adversities calls for dedication and resourcefulness of an unusually high order. Given qualities such as these, and with the kind of support that is evidenced by the additional investments CED made in its portfolio companies in 1968, success should come. In this context, success relates to the company itself — its growth in sales and profitability and the establishment of a soundly based managerial and organizational structure — not to the price at which its shares may be trading. At the Annual Meeting on April 16, shareholders will have an opportunity to judge for themselves the extent to which our portfolio companies have progressed, as most will have exhibits at which senior officers of the respective companies will be on hand to explain their operations.

Turning to CED itself, our net working capital at the end of 1968 stood at \$1,285,132, which is adequate to meet our present commitments. Nevertheless, your directors deem it prudent to obtain authorization from the shareholders to increase the capital and accordingly you will be asked at the Annual Meeting to approve a resolution designed to subdivide the present shares on a basis of 20 to 1 and increase the authorized capital to 2,000,000 shares.

At a meeting of the Board of Directors held on December 12, 1968, Mr. G. H. D. Hobbs was elected a director of the company. Mr. Hobbs is a resident of Vancouver and is a director of a number of companies both in the West and the East. His business judgement and established relationships will, we feel, be of considerable value to CED.

Unfortunately, shortly after the turn of the year, we lost the services of one of our most distinguished colleagues. The Honourable M. Wallace McCutcheon died unexpectedly in January 1969. His was a penetrating mind and his encouragement and wise counsel made a substantial contribution to the affairs of CED.

Our staff continues to be small in number but active. In the course of the year a pension program was instituted, the cost being shared equally by CED and the employees. Derek Mather, who has been with CED from its inception, was appointed a Vice President of the company effective October 28, 1968. I would like to pay tribute to all of the staff for the work they have performed during the past year. Our objective is to help men of talent build companies. This does not readily result in quick or easy profits. The rewards take time to mature and disappointments are bound to be encountered. Nevertheless I am pleased to say that the efforts of the past six years in seeking out investment opportunities and nurturing them through their difficult early years are beginning to show encouraging results.



REPORT OF THE GENERAL MANAGER

Our new investment activity in 1968 amounted to \$1,258,097 of which \$306,777 represented additional investments in portfolio companies. Five new companies were added to the portfolio.

Bay Mills Limited, in Midland, Ontario, is a fabricator of fibreglass products that enter into a wide range of industrial and consumer applications and the company is diversifying into non-woven materials.

Crystal Cablevision, Inc. installed its system in the Capitol Hill district of Seattle in 1968 and towards the end of the year connected its first customers.

ESE Limited is an electronics company in Toronto specializing in peripheral equipment for data communications. It also manufactures specialized equipment involving its own design competence, such as the automatic controls for the Theratron cancer therapy units manufactured by Atomic Energy of Canada Limited.

Engineered Plastics Limited of Edmonton manufactures flexible polyvinyl chloride pipe for gas distribution and other forms of plastic pipe for particular uses. It is currently broadening its range of products based in part on its own proprietary techniques.

Magadyne Research and Development is a company associated with Engineered Plastics but engaged in research and development in certain aspects of the chemical industry. It performs R&D work for clients as well as for its own account.

The investments in these companies are summarized in the accompanying table.

A list of our portfolio companies as at December 31, 1968 is included on page 16 together with brief descriptions of their activities. Most of them are now profitable and most of them can report significant progress in 1968. Success, as defined by the President in his remarks, still lies in the future and until then hopes must be recognized as hopes and plans as plans. Nevertheless, I would like to say how encouraged we are by the calibre of executives in our portfolio companies with whom it is our privilege to work. They are dedicated and courageous men, their goals are ambitious ones and they work long hours to attain them. We do what we can to help and believe we make a contribution. In the last analysis CED is and will be the result of what they have created and built.

It is our continuing task to seek out men of this calibre and help them to achieve their goals.

New Portfolio Investments

Bay Mills Limited	\$ 250,000	Note with warrants
Crystal Cablevision, Inc.	\$ 54,269	Note
		219,551 in common shares
E.S.E. Limited	\$ 150,000	in common shares
Engineered Plastics, Limited	\$ 200,000	Note with warrants
		50,000 in common shares
Magadyne Research and Development Limited	\$ 27,500	in common shares
	<u>\$ 951,320</u>	

Additional Investments in Existing Portfolio Companies

Devtek Limited	\$ 96,077	in common shares
European Enterprises Development Co.	\$ 54,700	in common shares
Stedfast Screw Company Ltd.	\$ 56,000	Notes
Westmills Carpets Limited	\$ 100,000	in common shares
	<u>\$ 306,777</u>	
Total investments made in 1968	<u>\$1,258,097</u>	

Proceeds From Sale of Investments

Facemaster International Limited	\$ 67,364
Pinnacle Petroleums Limited	\$ 747,728
Steel Brothers Canada Limited	\$ 60,714
Total proceeds from sale of investments in 1968	<u>\$ 875,806</u>



PORTFOLIO COMPANIES

BAY MILLS LIMITED, Midland, Ontario.
Fabricator of fibreglass products and non-woven materials.

CENTRAL DYNAMICS LTD., Pointe Claire, Quebec.
Manufacturers of electro-mechanical components and electronic equipment, with promising new products in video switching apparatus and digital control systems.

CRYSTAL CABLEVISION, INC., Seattle, U.S.A.
New company to establish a community antenna cable T.V. system in central Seattle.

DEVTEK LIMITED, Toronto, Ontario. (Formerly Houston Schmidt Limited)
Manufacturer of microwave drying equipment for industrial processes and "Levitron" air rolls for the support and transport of thin film materials.

ESE LIMITED, Toronto, Ontario.
Manufacturer of electronic communications equipment and automatic control devices.

ENGINEERED PLASTICS LIMITED,
Edmonton, Alberta.
Manufacturer of polyvinyl chloride flexible pipe and other plastic products.

EUROPEAN ENTERPRISES DEVELOPMENT COMPANY, Luxembourg and Paris, France.
European venture capital company with objectives and policies similar to those of CED.

EVANGELINE SAVINGS AND MORTGAGE COMPANY, Windsor, Nova Scotia.
New savings and loan company to serve the Maritime Provinces.

FACEMASTER INTERNATIONAL LIMITED,
Vancouver, B.C.
(Formerly Taylor-Smith Manufacturing Co. Ltd.)
Company formed to develop new automatic machine to produce concrete building blocks with impregnated facings of stone, quartz, shells or other desired materials.

GLASROCK PRODUCTS OF CANADA, LTD.,
Burlington, Ontario.
Distributor of refractory materials and products including fused silica products for use in the continuous casting of steel and in the glass, metal forming and aero space industries.

GREAT NORTHERN AIRWAYS LIMITED,
Calgary, Alberta.
Operates scheduled air service in the Yukon Territory and extending up into the Arctic Islands. In addition provides charter services from Calgary and a number of points in the Yukon.

MAGADYNE RESEARCH AND DEVELOPMENT LIMITED, Edmonton, Alberta.

New company established to conduct research in chemicals and plastics.

THE MORTGAGE INSURANCE COMPANY OF CANADA, Toronto, Ontario.

New company established by Act of Parliament to provide partial insurance coverage on conventional residential mortgages.

QUEBEC TERMINALS LIMITED, Quebec City, Quebec.

Transportation company engaged in container handling, stevedoring, shipping agency business and the bulk trucking of commodities.

STEDFAST SCREW COMPANY LTD., Montreal, Quebec.

New company established to manufacture specialty fasteners for electronic, furniture and other industries.

TRANS-PACIFIC LEASING SERVICES LTD., Vancouver, B.C.

Company specializing in financial lease and purchase arrangements on equipment.

WESTMILLS CARPETS LIMITED, Kelowna, B.C.

New company to manufacture tufted carpets for the western Canadian market.

**CANADIAN ENTERPRISE DEVELOPMENT CORPORATION
LIMITED —**

**SOCIÉTÉ CANADIENNE DE DÉVELOPPEMENT
DES ENTREPRISES LIMITÉE**

(Incorporated under the Canada Corporations Act)

BALANCE SHEET AS AT DECEMBER 31, 1968

ASSETS

Current:

	1968	1967
Cash	\$ 46,182	\$ 4,882
Short-term investments, at cost which approximates market	1,157,073	1,585,479
Accrued revenue and miscellaneous receivables	92,150	111,706
	<u>1,295,405</u>	<u>1,702,067</u>
Investments at market value or fair value as determined by the directors (note 1)	6,336,027	4,703,170
Furniture and equipment at cost, less accumulated depreciation	8,220	8,387
	<u>\$7,639,652</u>	<u>\$6,413,624</u>

LIABILITIES

Current:

Accounts payable and accrued expenses	\$ 10,273	\$ 15,123
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SHAREHOLDERS' EQUITY

Common stock (note 4)

Authorized — 50,000 shares of no par value		
Issued — 27,750 shares (including 51 shares issued for cash in 1968)	5,551,282	5,541,082
Retained earnings	89,862	98,974
Accumulated realized net gains (losses) on investments	45,262	(82,424)
Unrealized appreciation of investments	1,942,973	840,869
	<u>7,629,379</u>	<u>6,398,501</u>
	<u>\$7,639,652</u>	<u>\$6,413,624</u>

On behalf of the Board:

Herbert H. Lank, Director

Gerald D. Sutton, Director

**CANADIAN ENTERPRISE DEVELOPMENT CORPORATION
LIMITED —**

**SOCIÉTÉ CANADIENNE DE DÉVELOPPEMENT
DES ENTREPRISES LIMITÉE**

(Incorporated under the Canada Corporations Act)

**STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 1968**

	1968	1967
Income:		
Income from short-term investments	\$ 84,988	\$126,844
Income from long-term investments, including consulting fees	150,019	96,679
	<u>235,007</u>	<u>223,523</u>
Expenses: (note 2)		
Salaries	113,677	118,514
Other expenses	130,442	117,810
	<u>244,119</u>	<u>236,324</u>
	(9,112)	(12,801)
Loss on sale of short-term investments	—	13,250
Net loss for the year	<u>(\$ 9,112)</u>	<u>(\$ 26,051)</u>

**STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1968**

Retained earnings at beginning of year	\$ 98,974	\$125,025
Net loss for the year	9,112	26,051
Retained earnings at end of year	<u>\$ 89,862</u>	<u>\$ 98,974</u>

**STATEMENT OF GAINS AND LOSSES
FOR THE YEAR ENDED DECEMBER 31, 1968**

Accumulated realized net losses at beginning of year	\$ 82,424	\$536,490
Realized losses for the year	485,242	—
	<u>567,666</u>	<u>536,490</u>
Realized gains for the year	612,928	454,066
Accumulated realized net gains (losses) at end of year	<u>\$ 45,262</u>	<u>(\$ 82,424)</u>

**CANADIAN ENTERPRISE DEVELOPMENT CORPORATION
LIMITED —**

**SOCIÉTÉ CANADIENNE DE DÉVELOPPEMENT
DES ENTREPRISES LIMITÉE**

(Incorporated under the Canada Corporations Act)

NOTES TO FINANCIAL STATEMENTS AS AT DECEMBER 31, 1968

1. The investments comprise the following:

	1968		1967	
	Cost	Market Value or Fair Value	Cost	Market Value or Fair Value
Investments				
Quoted shares	\$ 334,533	\$2,031,300	\$ 229,050	\$1,403,250
Unquoted shares	2,388,518	2,800,222	1,926,540	2,087,034
Loans and advances	1,670,003	1,504,505	1,706,711	1,212,886
	<u>\$4,393,054</u>	<u>\$6,336,027</u>	<u>\$3,862,301</u>	<u>\$4,703,170</u>

The investments include an investment in a company in which Canadian Enterprise Development Corporation Limited owns more than 50% of the shares (cost \$228,578). The reason why the accounts of this company are not consolidated with the financial statements of Canadian Enterprise Development Corporation Limited is that the company is an operating company whereas Canadian Development Corporation Limited is an investment company.

2. The expenses include:

	1968	1967
Directors' remuneration, including salary to a director who is also a company officer	\$37,350	\$34,600
Depreciation	2,055	2,097

3. The company is contingently liable as guarantor of loans totalling \$125,000 (1967 — \$208,900).

4. Options have been granted to certain employees to purchase a total of 450 common shares of the company at a price of \$200.87 each and options on 200 of such shares have been exercised.

AUDITORS' REPORT

The Shareholders,
Canadian Enterprise Development Corporation Limited —
Société Canadienne de Développement des Entreprises Limitée.

We have examined the balance sheet of Canadian Enterprise Development Corporation Limited — Société Canadienne de Développement des Entreprises Limitée at at December 31, 1968 and the statements of income, retained earnings, and gains and losses for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. It was not practicable for us to substantiate the values, determined by the Board of Directors of the Company, for certain investments for which market quotations are not available.

In our opinion, subject to the determination of the values referred to above, these financial statements present fairly the financial position of the company as at December 31, 1968 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, BAILEY & SMART,
Chartered Accountants,
Montreal, Que.
February 27, 1969.

