

LONDON CANADIAN INVESTMENT CORPORATION

(Incorporated under the Province of Quebec Companies Act)

DIRECTORS

THE HON. JAMES MONCREIFF BALFOUR, O.B.E.
THE HON. ARTHUR OWEN CRICHTON
ARTHUR D. EMORY
NEY K. GORDON

CHARLES L. GUNDY
WILBERT H. HOWARD, C.B.E., Q.C.
ALEXANDER FITZJAMES GRAHAM-WATSON

OFFICERS

ARTHUR D. EMORY, *Chairman of the Board*
NEY K. GORDON, *President* ISABEL WATERHOUSE, *Secretary and Treasurer*

Head Office, The Royal Bank Building, 360 St. James Street West, Montreal, P.Q., Canada.

REPORT OF THE DIRECTORS

To be submitted at the TWENTY-SIXTH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Your Directors submit the Balance Sheet and Revenue Accounts of your Corporation for its twenty-sixth accounting period, the twelve months ended December 31, 1954. These statements have been certified by your auditors.

Valuation of assets of the Corporation at December 31, 1954, was \$8,752,989. During 1954, the Corporation retired \$2,000,000 principal amount of its 3% Bonds at their maturity on June 1 and issued \$2,000,000 4% Bonds due June 1, 1959. The expenses and discount on the new issue of Bonds, totalling \$29,526, were charged against Investment Reserve. The Corporation also purchased and cancelled \$30,800 principal amount of its 3% Notes and 1,873 shares of its 3% Cumulative Redeemable Preferred Shares.

The Revenue of your Corporation for 1954, after deduction of exchange discount and of United Kingdom, United States and other withholding taxes, was \$348,522. Expenses for the year were \$39,807. Deduction of these expenses, together with payment and accrual of \$83,741 Bond and Note Interest, left an amount of \$224,974, from which was deducted \$120 for Provincial Income Tax, leaving Net Revenue for the year of \$224,854. After bringing forward Balance of Revenue at December 31, 1953, of \$1,025,827 and deducting dividends paid of \$195,681, being \$3 per share on the Preferred Shares, \$3 per share on the Class A Shares and 18¢ per share on those Common Shares which carry the right to cash dividends, there remained a balance in Revenue Surplus of \$1,055,000 as of December 31, 1954.

Distribution of the valuation of assets of your Corporation at December 31, 1954, was as follows:

	%
Canadian Gov't. Bonds.....	4.24
Canadian Corporation Bonds and Debentures.....	10.66
Canadian and U.S. Corporation Convertible Bonds and Debentures and Notes.....	6.88
Foreign Bonds.....	1.82
Preferred and Class A Shares.....	3.63
Common Shares.....	71.88
Cash, etc.....	0.89
	<u>100.00</u>

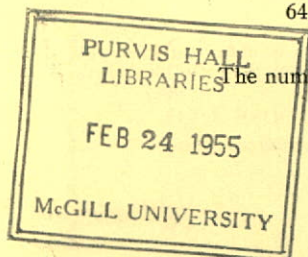
Geographical distribution of these assets was:

CANADA	UNITED STATES	BRITISH EMPIRE (excluding Canada)	FOREIGN (excluding U.S.A.)
64.14%	28.50%	3.58%	3.78%

The number of securities in your Corporation's portfolio totalled 181.

Respectfully submitted on behalf of the Directors,

NEY K. GORDON,
President.



REVENUE ACCOUNT
For the Year Ending December 31, 1954

Dividends received and interest received and accrued (less \$3,173 exchange discount).....	\$357,043	
Stock dividends received and sold.....	9,615	
	\$366,658	
LESS: United Kingdom, United States and other withholding taxes.....	18,136	\$348,522
Management expenses.....	\$21,733	
Directors' fees.....	6,250	
Fees and expenses of trustee, registrar and transfer agents.....	6,865	
Miscellaneous expenses.....	1,926	
Taxes, other than income taxes.....	1,710	
Staff Pension Plan, current premium.....	1,323	39,807
	\$308,715	
DEDUCT:		
Interest on Bonds.....	\$71,667	
Interest on Notes.....	12,074	83,741
	\$224,974	
Provincial income tax.....		120
		\$224,854
		\$224,854

REVENUE SURPLUS
As at December 31, 1954

Balance, December 31, 1953.....	\$1,025,827	
Net Revenue for the year ending December 31, 1954.....	224,854	
	\$1,250,681	
DIVIDENDS PAID:		
on \$3 Cumulative Redeemable Preferred Shares.....	\$67,786	
on Class A Redeemable Shares.....	72,075	
on Common Shares.....	55,820	195,681
	\$1,055,000	
Revenue Surplus, December 31, 1954.....		\$1,055,000

AUDITORS' REPORT TO THE SHAREHOLDERS

To the Shareholders of

LONDON CANADIAN INVESTMENT CORPORATION:

We have made an examination of the books and accounts of London Canadian Investment Corporation for the year ending December 31, 1954, and have received all the information and explanations which we required. We confirmed the Corporation's investments either by inspection of securities or by certificates from the custodian, Montreal Trust Company; the cash on deposit was confirmed to us by the depositaries.

We report that, in our opinion, the attached balance sheet as at December 31, 1954, is properly drawn up so as to exhibit a true and correct view of the state of the Corporation's affairs, according to the best of our information and the explanations given to us and as shown by the books of the Corporation.

PRICE WATERHOUSE & CO.
Chartered Accountants.

MONTREAL, February 8, 1955

LONDON CANADIAN INVESTMENT CORPORATION

(Incorporated under the Province of Quebec Companies Act)

BALANCE SHEET — DECEMBER 31, 1954

ASSETS		LIABILITIES	
<p>INVESTMENTS AT COST, less investment reserve of \$1,348,307.....</p> <p style="margin-left: 20px;">On the basis of market quotations, the value of the securities owned by the Corporation at December 31, 1954, was \$8,675,474 of which \$2,505,677 represented U.S.A. securities and \$436,215 (£162,162) represented sterling securities. U.S.A. and sterling securities have been converted to Canadian funds at the rates of exchange quoted on December 31, 1954.</p> <p>CASH ON DEPOSIT.....</p> <p>ACCRUED INTEREST ON INVESTMENTS.....</p> <p>PREPAID INSURANCE AND TAXES.....</p>	<p>\$5,681,855</p> <p>52,835</p> <p>23,832</p> <p>848</p>	<p>SUNDRY LIABILITIES:</p> <p>Account payable.....</p> <p>Federal and Provincial taxes.....</p> <p>Interest accrued on 4% Bonds....</p> <p>4% BONDS:</p> <p> Authorized and issued.....</p> <p> Outstanding — due June 1, 1959.....</p> <p>3% NOTES, UNSECURED (CLOSED ISSUE) DUE JANUARY 1, 1961....</p> <p>CAPITAL STOCK:</p> <p> \$3 Cumulative Redeemable Preferred Shares, \$25 par value, redeemable at \$60 plus unpaid accrued dividends—</p> <p> Authorized and issued—</p> <p> 24,646 shares</p> <p> LESS: Purchased and cancelled (including 1,873 shares in 1954)</p> <p> 2,519 shares</p> <p> Outstanding</p> <p> 22,127 shares</p> <p> Class A Shares, Voting, \$5 par value, redeemable at \$45 plus unpaid cumulative dividends. Entitled in the aggregate to dividends equal to, and cumulative to the extent of, the lesser, in respect of each year, of a rate of \$3 per share per annum or the net revenue of the Corporation after provision for cumulative dividends on the \$3 Cumulative Redeemable Preferred Shares—</p> <p> Authorized and issued—</p> <p> 24,646 shares</p> <p> LESS: Purchased and cancelled</p> <p> 621 shares</p> <p> Outstanding—</p> <p> 24,025 shares</p> <p> Common Shares of \$1 par value—</p> <p> Authorized and issued—</p> <p> 359,403 shares</p> <p> (Includes 49,292 Common Shares held by Montreal Trust Company, which shares, while so held, are non-voting and carry no rights to cash dividends. 46,152 of these shares are held in trust for the holders of Warrants attached to certificates for the \$3 Cumulative Redeemable Preferred Shares and for the Class A Shares and, as a result of the cancellation of Warrants, 3,140 are held exclusively for ultimate cancellation.)</p> <p>SURPLUS:</p> <p> Capital Surplus—</p> <p> Balance, December 31, 1953....</p> <p> DEDUCT:</p> <p> Net premium on Capital Stock and 3% Notes purchased and cancelled during 1954</p> <p> Federal tax on premium</p> <p>REVENUE SURPLUS—</p> <p> Per statement attached.....</p>	<p>\$ 1,500</p> <p>7,612</p> <p>6,667</p> <p>\$ 15,779</p> <p>\$2,000,000</p> <p>2,000,000</p> <p>391,560</p> <p>\$ 553,175</p> <p>120,125</p> <p>359,403</p> <p>1,032,703</p> <p>\$1,304,269</p> <p>\$32,449</p> <p>7,492</p> <p>39,941</p> <p>\$1,264,328</p> <p>1,055,000</p> <p>2,319,328</p>
<p>SIGNED ON BEHALF OF THE BOARD:</p> <p style="margin-left: 40px;">NEY K. GORDON, <i>Director</i></p> <p style="margin-left: 40px;">ARTHUR D. EMORY, <i>Director</i></p>	<p><u>\$5,759,370</u></p>	<p><u>\$5,759,370</u></p>	

LONDON CANADIAN INVESTMENT CORPORATION

(Incorporated under the Province of Quebec Companies Act)

R E P O R T

*For Year Ended
December 31, 1954*

ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Sixth Annual General Meeting of the Shareholders of London Canadian Investment Corporation will be held at the Offices of the Corporation, Room 506, 360 St. James Street West, Montreal, P.Q., Canada, on Thursday the 24th day of March, 1955, at the hour of 2.30 o'clock in the afternoon for the following purposes:—

- (a) To receive and consider and, if deemed advisable, approve and adopt the Annual Report of the Directors, Balance Sheet, Statement of Revenue and Expenditure, Statement of Revenue Surplus and Report of the Auditors, for the financial year of the Corporation ended December 31, 1954;
- (b) To elect Directors for the ensuing year;
- (c) To appoint and fix the remuneration of the Auditors for the ensuing year;
- (d) To transact such other business as may properly come before the Meeting.

By Order of the Board,

I. WATERHOUSE
Secretary.

THE ROYAL BANK BUILDING,
MONTREAL, P.Q.
February 23, 1955.

Note: In the event that you will be unable to be present at this Meeting, please sign and return the enclosed instrument of proxy.

