



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-FIFTH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Your Directors submit the Balance Sheet and Revenue Accounts of your Corporation for its twenty-fifth accounting period, the twelve months ended December 31, 1953. These statements have been certified by your auditors.

Valuation of assets of the Corporation at December 31, 1953, was \$6,763,862. During 1953 the Corporation retired \$300,000 principal amount of its 3% Serial Bonds which matured June 1 and redeemed by purchase and retired \$30,840 principal amount of its 3% Notes.

The Revenue of your Corporation for 1953, after deduction of United Kingdom, United States and other withholding taxes and U.S. exchange, was \$328,256. Expenses for the year were \$40,530. These expenses, together with payment and accrual of \$77,225 Bond and Note Interest, left an amount of \$210,501, from which was deducted \$111 for Provincial Income Tax, leaving Net Revenue for the year of \$210,390. After bringing forward Balance of Revenue at December 31, 1952, of \$1,006,028 and deducting dividends paid of \$190,591, being \$3 per share on the Preferred Shares, \$3 per share on the Class A Shares and 15¢ per share on those Common Shares which carry the right to cash dividends, there remained a balance in Revenue Surplus of \$1,025,827 as of December 31, 1953.

Distribution of the valuation of assets of your Corporation at December 31, 1953, was as follows:

Canadian Gov't. Bonds.....	10.02%
U.S. Gov't. Bonds.....	2.85%
Canadian Corporation Bonds and Debentures.....	11.67%
Canadian Corporation Convertible Bonds and Debentures.....	8.41%
Foreign Bonds.....	2.32%
Preferred and Class A Shares.....	5.35%
Common Shares.....	58.72%
Cash, etc.....	.66%
	<u>100.00%</u>

Geographical distribution of these assets was:

CANADA	UNITED STATES	BRITISH EMPIRE (excluding Canada)	FOREIGN (excluding U.S.A.)
70.75%	22.56%	2.74%	3.95%

The number of securities in your Corporation's portfolio totalled 175.

On the last page of this Report is a Notice, to which your attention is specially directed, of a Special General Meeting of the Shareholders of your Corporation for the purpose of considering and, if deemed fit, confirming and approving three By-laws enacted by your Board.

As you will see in this Notice, the first of these By-laws amends certain provisions of the general By-laws of your Corporation in respect of the duties of the Chairman of the Board and President respectively; the second concerns supplementary pension provision for employees and former employees; and the third, Special By-law "F", which differs from the others in that it becomes effective only when duly approved at this Special General Meeting, is designed to repeal By-law XVI of the Corporation, copy of which is enclosed, and to enact another By-law XVI, copy of which is also enclosed, in its place and, at the same time, to make a change which will then be appropriate in By-law II.

The new By-law which Special By-law "F" will, if approved, enact in place of the present By-law XVI, will, subject to one restriction in respect of investments imposing unlimited liability, vest in your Directors those powers which are normally vested in Directors of Canadian corporations. The restrictions on their powers which will thus be removed, in respect of borrowing and management expenses, are for various reasons undesirable and, so far as concerns the restriction in present By-law XVI, in respect of the amount which may be invested at any time in any one security, Section 69 of the Income Tax Act of Canada contains in its Section 2 (c) a similar, but not identical, restriction to which your Directors must conform in order to preserve the Corporation's tax exempt status.

In the judgment of your Directors, it is expedient, in the interests of your Corporation, that the three By-laws referred to in the Notice of the Special General Meeting be confirmed and approved by the Shareholders at that Meeting.

You will observe that, immediately following the Special General Meeting, the Twenty-fifth Annual General Meeting of the Shareholders will be held.

John E. Ardron has relinquished his offices as Secretary and Treasurer. Mr. Ardron entered the employ of the Corporation upon its formation, and throughout his long association with it rendered most conscientious and efficient service, of which your Directors take this opportunity of expressing their sincere appreciation.

Respectfully submitted on behalf of the Directors,
 NEY K. GORDON,
President.

REVENUE ACCOUNT
For the Year Ending December 31, 1953

Dividends received and interest received and accrued (less \$1,582 U.S. exchange discount).....	\$340,836	
Stock dividends received and sold.....	2,457	
	<u>\$343,293</u>	
LESS: United Kingdom, United States and other withholding taxes.....	15,037	\$328,256
Management expenses.....	\$ 18,916	
Directors' fees.....	8,750	
Fees and expenses of trustee, registrar and transfer agents.....	7,293	
Miscellaneous expenses.....	2,358	
Taxes, other than income taxes.....	1,686	
Staff Pension Plan, current premium.....	1,527	40,530
		<u>\$287,726</u>
DEDUCT:		
Interest on 3% Bonds.....	\$ 63,750	
Interest on 3% Notes.....	13,475	77,225
		<u>\$210,501</u>
Provincial income tax.....		111
Net Revenue for the year ending December 31, 1953.....		<u>\$210,390</u>

REVENUE SURPLUS
As at December 31, 1953

Balance, December 31, 1952.....	\$1,006,028
Net Revenue for the year ending December 31, 1953.....	210,390
	<u>\$1,216,418</u>
DIVIDENDS PAID:	
on \$3 Cumulative Redeemable Preferred Shares.....	\$72,000
on Class A Redeemable Shares.....	72,075
on Common Shares.....	46,516
	<u>190,591</u>
Revenue Surplus, December 31, 1953.....	<u>\$1,025,827</u>

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, 1953, and have received all the information and explanations which we required. We verified the Corporation's investments either by inspection of securities or by certificates from the custodian, Montreal Trust Company; the cash on deposit was verified by confirmations received from the depositaries.

We report that, in our opinion, the attached balance sheet as at December 31, 1953, 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.

MONTREAL, January 26, 1954

PRICE WATERHOUSE & CO.,
Chartered Accountants

LONDON CANADIAN INVESTMENT CORPORATION

Copy of the present BY-LAW XVI SPECIAL POWERS OF DIRECTORS

The Directors of the Corporation may from time to time purchase, lease or otherwise acquire, alienate, sell, exchange, and otherwise dispose of stocks, shares, bonds, debentures and other securities, lands, buildings and other property, moveable or immovable, real or personal, or any interest therein, for such consideration and upon such terms and conditions as they may deem advisable, subject only to the limitation that the amount which may be invested by the Corporation in any one security (with the exception of the securities or obligations of, or guaranteed by, the British Government or any of the Dominion, Colonial, Provincial or State governments within the British Empire) shall not exceed ten per centum (10%) of the total aggregate share and debenture capital of the Corporation for the time being outstanding. No investment imposing unlimited liability of the Corporation shall be made.

Subject to the provisions of the By-laws of the Corporation, the Directors may administer the affairs of the Corporation in all things and may make or cause to be made for the Corporation any description of contract which the Corporation may by law enter into and generally may exercise all or any of the rights or powers which the Corporation itself may exercise under its charter and the laws governing it;

Provided, however, that

(a) Unless otherwise determined by the shareholders of the Corporation in general meeting, the amount owing in respect of moneys borrowed or raised by the Corporation shall not exceed at any time one hundred and twenty-five per centum (125%) of the sum of the paid-up Preferred Share capital of the Corporation then outstanding, and the amount, if any, of the Corporation's reserves and surplus as appearing in the last preceding audited balance sheet; except that the Directors from time to time may borrow additional amounts for temporary purposes, provided that the aggregate of liabilities so created shall not exceed at any one time an amount equal to twenty per centum (20%) of the sum of the then outstanding paid-up share capital and the reserves and surplus of the Corporation; and

(b) For meeting the management expenses of the Corporation during each financial year, unless otherwise determined by the shareholders at a general meeting, the Directors may set aside out of the income of the Corporation for such year a sum equal to not more than one-half per cent ($\frac{1}{2}\%$) of the first \$5,000,000 of paid-up capital, reserves, surplus and borrowed money as appearing in the balance sheet at the end of such year, and a sum equal to not more than one-quarter per cent ($\frac{1}{4}\%$) of amounts in excess of \$5,000,000 of paid-up capital, reserves, surplus and borrowed money, and so in proportion for any period other than a complete year for which the Corporation's accounts are made up; and no management expenses in excess of such sums shall be incurred by the Directors without the authority or sanction of the shareholders of the Corporation in general meeting.

Of the sum so set aside in each financial year or period the Directors shall meet and discharge all the management expenses of the Corporation during such year or period, including the remuneration of the Directors who shall be entitled to receive (in such proportions and manner as they may agree, and failing agreement equally) as their remuneration for their services during such year or period any balance of the sum so set aside remaining after payment of all the other management expenses. The shareholders of the Corporation in general meeting may at any time vote the Directors further remuneration for their services.

In addition to their remuneration the Directors shall be repaid their travelling, hotel, and other expenses, properly incurred in attending and returning from board and general meetings or otherwise in connection with the business of the Corporation.

For the purposes of these provisions, the expression "management expenses" shall mean and include rent of offices, rates and other ordinary office expenses, salaries or remuneration of the secretaries, managers, clerks and other employees, directors' ordinary remuneration and generally all ordinary management and administrative expenses of the Corporation, but shall not include directors' travelling expenses, managing director's remuneration, auditors' fees, legal expenses, commission or brokerage payable on purchases, sales or changes of securities and investments, cables, income or other taxes, or expenses of, or in connection with, any issue of the Corporation's shares or securities.

The foregoing provisions of this By-law XVI shall at all times be construed to derogate from the generality of borrowing or other powers now or hereafter conferred upon the Directors and this By-law No. XVI is declared and enacted to be susceptible of repeal, amendment or re-enactment (notwithstanding the provisions of sub-section 3 of Section 80 of the "Quebec Companies Act, 1925") only by By-law of the Corporation duly approved by the shareholders then qualified to vote and no By-law of the Corporation shall at any time be deemed to repeal, amend or alter any of the foregoing provisions of this By-law No. XVI unless it contains a declaration in express term that such is its purpose and effect.

Copy of BY-LAW XVI, as to be enacted under Special By-law "F"

POWERS OF DIRECTORS

The Directors may, subject as hereinafter provided, manage and administer the affairs of the Corporation in all things, and make or cause to be made for it, in its name, any kind of contract which it may lawfully enter into and, generally, may exercise all such powers and do all such acts and things as they are or the Company is from time to time by law authorized to exercise and do;

Provided that no investment imposing unlimited liability on the Corporation shall be made.

LONDON CANADIAN INVESTMENT CORPORATION

(Incorporated under the Province of Quebec Companies Act)

BALANCE SHEET — DECEMBER 31, 1953

ASSETS		LIABILITIES	
<p>INVESTMENTS AT COST, less investment reserve of \$1,187,413.....</p> <p>On the basis of market quotations, the value of the securities owned by the Corporation at December 31, 1953, was \$6,719,402 of which \$1,531,456 represented U.S.A. securities and \$285,551 (£104,311) represented sterling securities. U.S.A. and sterling securities have been converted to Canadian funds at the rates of exchange quoted on December 31, 1953.</p> <p>CASH ON DEPOSIT.....</p> <p>ACCOUNT RECEIVABLE.....</p> <p>ACCRUED INTEREST ON BONDS.....</p> <p>PREPAID TAXES ETC.....</p>	<p>\$5,794,492</p> <p>18,352</p> <p>93</p> <p>25,663</p> <p>352</p>	<p>SUNDRY LIABILITIES:</p> <p>Account payable.....</p> <p>Provincial income tax.....</p> <p>Interest accrued on 3% Bonds....</p> <p>3% BONDS:</p> <p>Authorized and issued.....</p> <p>Outstanding— due June 1, 1954.....</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 \$ 616,150</p> <p>LESS: Purchased and cancelled during 1952—</p> <p>646 shares 16,150</p> <p>Outstanding 24,000 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 \$ 123,230</p> <p>LESS: Purchased and cancelled during 1952—</p> <p>621 shares 3,105</p> <p>Outstanding— 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. 48,025 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, 1,267 are held exclusively for ultimate cancellation.)</p> <p>SURPLUS:</p> <p>Capital Surplus, arising from Reorganization—</p> <p>Balance, December 31, 1952.....</p> <p>ADD:</p> <p>Discount on cancellation of \$34,280 3% Notes (including \$3,440 in 1951) \$ 6,850</p> <p>LESS:</p> <p>Reorganization expenses 38.....</p> <p>REVENUE SURPLUS—</p> <p>Per statement attached.....</p>	<p>\$ 1,857</p> <p>111</p> <p>5,000 \$ 6,968</p> <p>\$3,000,000</p> <p>2,000,000</p> <p>422,360</p> <p>\$ 600,000</p> <p>120,125</p> <p>359,403 1,079,528</p> <p>\$1,297,457</p> <p>6,850</p> <p>6,812</p> <p>\$1,304,269</p> <p>1,025,827 2,330,096</p> <p>\$5,838,952</p>
<p>SIGNED ON BEHALF OF THE BOARD:</p> <p style="text-align: center;">NEY K. GORDON, <i>Director</i></p> <p style="text-align: center;">ARTHUR D. EMORY, <i>Director</i></p>	<p>\$5,838,952</p>		<p>\$5,838,952</p>

179.26
176.69
2.57

London Canadian Investment Corporation

(Incorporated under the Province of Quebec Companies Act)

REPORT — For Year Ended December 31, 1953

SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a Special General Meeting of the Shareholders of LONDON CANADIAN INVESTMENT CORPORATION will be held at the Head Office of the Corporation, Room 506, 360 St. James Street West, Montreal, P.Q., Canada, on Thursday the 25th day of March, 1954, at the hour of 2.30 o'clock in the afternoon for the following purposes, namely:

- (a) To consider and, if deemed fit, to confirm and approve the following By-laws, enacted by the Directors, namely:—
 - (i) BY-LAW XXVI, amending By-laws X, XA and XI of the Corporation, to change the duties of the President and Chairman of the Board respectively; and
 - (ii) SPECIAL BY-LAW "E", amplifying the powers conferred by Special By-Law "B" of the Corporation to such effect that supplementary payments by way of pension may be made to employees or former employees receiving pensions under the Pension Plan of the Corporation, United Corporations Limited and Investment Bond & Share Corporation and that contracts may be made by this Corporation, either alone or jointly or jointly and severally with said other two Companies or either of them, committing this Corporation to make such supplementary pension payments to any such employees or former employees for a limited time or throughout their lifetimes; and
 - (iii) SPECIAL BY-LAW "F" (which, by its terms, becomes effective only when approved by the Shareholders at this Meeting) (i) repealing By-law XVI of the Corporation, copy of which is enclosed, and (ii) enacting in its place a By-law, to be designated XVI, copy of which is also enclosed, and (iii) making what will then be an appropriate amendment of By-law II; and
- (b) To transact such other business, if any, as may properly come before the meeting.

ANNUAL GENERAL MEETING

NOTICE IS HEREBY FURTHER GIVEN that the Twenty-fifth 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, immediately following the above-mentioned Special General Meeting, 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 ending December 31, 1953;
- (b) To elect Directors for the ensuing year;
- (c) To appoint and fix the remuneration of the Auditors for the ensuing year; and
- (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 17, 1954.

Note: In the event that you will be unable to be present at these Meetings, please sign and return the enclosed instruments of proxy.

