



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

JAMES H. GUNDY, C.B.E.
WILBERT H. HOWARD, C.B.E., K.C.
ALFRED J. MITCHELL
ALEXANDER FITZJAMES GRAHAM-WATSON

OFFICERS

ARTHUR D. EMORY, *Chairman of the Board*
NEY K. GORDON, *President*
JAMES H. GUNDY, *Vice-President*

JOHN E. ARDRON, *Secretary and Treasurer*
ISABEL WATERHOUSE, *Asst. Sec. and Asst. Treas.*

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

REPORT OF THE DIRECTORS

To be submitted to the Shareholders at the EIGHTEENTH ANNUAL GENERAL MEETING OF SHAREHOLDERS, to be held at the Offices of the Corporation, The Royal Bank Building, Montreal, on Wednesday, the Second day of April, 1947, at 3.30 p.m.

Your Directors submit the Balance Sheet and Revenue Account of your Corporation for its eighteenth accounting period, the twelve months ended December 31st, 1946. These statements have been certified by your Auditors.

Valuation of the assets of your Corporation at December 31st, 1946, was \$8,571,774.73. The Corporation's call loan which, at December 31st, 1945, amounted to \$445,000 payable in New York funds, was paid off during the year.

The Income of your Corporation from investments, including United States exchange but excluding profits or losses on the sale of investments, was \$323,726.62 after deductions of British, Canadian, United States and other withholding taxes. Expenses for the year, including interest on loan and U.S. exchange thereon (\$5,342.11), management expenses (\$21,842.09), Directors' fees (\$10,000.00), etc., were \$41,936.20. To the latter amount there must be added Debenture interest (\$164,130.00) and U.S. exchange thereon (\$8,828.67) and Dominion Income and Excess Profits taxes paid and provided for (\$12,600.00), making a total expenditure of \$227,494.87, leaving a balance of \$96,231.75 to be transferred to the credit of Revenue Surplus.

During the year, the Standard Profits under the Dominion of Canada Excess Profits Tax Act were established for the Corporation, with the result that a credit of \$52,207.71, representing Dominion of Canada Income and Excess Profits Taxes over-provided, was credited to Revenue Surplus as was also the reserve of \$46,725.00 for exchange on the call loan. After deduction of \$77,229.50, or \$2.75 per share, paid on account of dividends in arrears on the 5% Cumulative Preferred Shares, the balance at the credit of Revenue Surplus Account was \$1,146,533.49 at December 31st, 1946.

The Corporation's Income and Excess Profits Taxes have been confirmed by assessments up to and including the year 1943.

The Corporation during the year purchased \$2,000 of its Debentures and 3,646 of its 5% Cumulative Preferred Shares. These Debentures and Shares were cancelled, thereby reducing the principal amount of the Debentures to \$3,645,500 and the Preferred Shares to 25,950 outstanding at December 31st, 1946. Inasmuch as free stock warrants attached to cancelled Debentures and Preferred Shares were concurrently cancelled, 37,595 fully paid Common Shares, which were held by Montreal Trust Company in trust for the holders of these free stock warrants, are now held by Montreal Trust Company available for cancellation or for such other disposition as the Directors may decide is in the best interest of the Corporation.

Distribution of the valuation of the assets held by your Corporation at December 31st, 1946, was as follows:—

Bonds.....	23.58%
Preferred Stocks.....	13.75%
Common Stocks.....	60.63%
Cash, etc.....	2.04%
Total.....	100.00%

Geographical distribution of these investments was:

CANADA	UNITED STATES	BRITISH EMPIRE (excluding Canada)	FOREIGN (excluding U.S.A.)
49.34%	30.61%	12.99%	7.06%

The number of securities in your Corporation's portfolio totalled 203.

Respectfully submitted on behalf of the Directors,

ARTHUR D. EMORY,
Chairman of the Board.

REVENUE ACCOUNT
For the Year Ending December 31st, 1946

Revenue from Investments:—		
Dividends received and interest received and accrued (including \$3,586.92 in respect of arrears on Bonds and Preferred Shares)	\$348,284.47	
Stock dividends received and sold	841.73	
	\$349,126.20	
DEDUCT: British, Canadian and U.S. Withholding Taxes	31,290.95	
		\$317,835.25
ADD: U.S. Exchange on Investment Income		5,891.37
		\$323,726.62
DEDUCT:		
Interest on loan	4,870.29	
U.S. Exchange on loan interest	471.82	
Management expenses	21,842.09	
Directors' fees	10,000.00	
Miscellaneous expenses	3,477.58	
Trustee, Registrar and Transfer Agents' fees and expenses	1,125.13	
Taxes other than Income and Profits Taxes	149.29	
	41,936.20	
		\$281,790.42
Interest on 4½% Debentures	\$164,130.00	
U.S. Exchange on Corporation's Debenture Interest	8,828.67	
	172,958.67	
Revenue for the year before Income and Excess Profits Taxes		\$108,831.75
DEDUCT: Income and Excess Profits Taxes paid and provided for		12,600.00
Net Revenue for the year ending December 31st, 1946		\$ 96,231.75

REVENUE SURPLUS
As at December 31st, 1946

Balance, December 31st, 1945	\$1,028,598.53	
ADD: Net Revenue for the year ending December 31st, 1946 as per statement above	96,231.75	
	\$1,124,830.28	
ADD: Adjustment of prior years Dominion Income and Excess Profits Taxes	\$52,207.71	
Reserve for Exchange on U.S. loan no longer required	46,725.00	
	98,932.71	
		\$1,223,762.99
DEDUCT: Dividends on Preferred Shares		77,229.50
Revenue Surplus, December 31st, 1946		\$1,146,533.49

LONDON CANADIAN INVESTMENT CORPORATION

(Incorporated under the Province of Quebec Companies Act)

BALANCE SHEET AS AT DECEMBER 31st, 1946

ASSETS	LIABILITIES
BONDS AND STOCKS AT COST, less Investment Reserve of \$1,110,587.56.....	AMOUNTS PAYABLE IN RESPECT OF SECURITIES PURCHASED.....
\$8,338,437.81	\$54,110.34
On the basis of market quotations in the case of quoted securities and prices considered fair by the Directors in the case of securities not currently quoted, the value of the securities owned by the Corporation at December 31st, 1946, was \$8,404,398.08 of which \$1,229,800.08 (£305,920.84) represents sterling securities.	INTEREST ACCRUED ON 4½% DEBENTURES.....
	13,670.63
CASH WITH BANKS.....	ACCRUED LIABILITY.....
88,721.43	1,000.00
ACCRUED INTEREST ON BONDS.....	GOLD DEBENTURES:
17,735.63	Authorized.....
AMOUNTS RECEIVABLE IN RESPECT OF SECURITIES SOLD.....	\$15,000,000.00
55,564.48	Issued—Series A, 4½%, 1948. \$ 6,000,000.00
DOMINION OF CANADA INCOME AND EXCESS PROFITS TAXES RECOVERABLE.....	Less: Redeemed and cancelled 2,354,500.00
4,607.71	3,645,500.00
PREPAID CHARGES.....	Principal and Interest payable in U.S. Funds, Sterling or Canadian Currency, at holder's option.
747.40	
	RESERVE FOR CONTINGENCIES.....
	50,000.00
	FIVE PER CENT CUMULATIVE PREFERRED SHARES OF \$100 PAR VALUE:
	Authorized—100,000 shares... \$10,000,000.00
	Issued— 40,000 shares... \$ 4,000,000.00
	Less: 14,050 shares purchased and cancelled..... 1,405,000.00
	25,950 shares outstanding at December 31st, 1946..... 2,595,000.00
	Redeemable at any quarterly dividend date at \$105. Dividends cumulated and unpaid from September 1st, 1931, \$1,918,137.50.
	COMMON SHARES:
	Without nominal or par value—
	Authorized—400,000 shares
	Issued —350,000 shares... 1,000,000.00
	(Includes 37,595 shares now held by Montreal Trust Company for disposition by the Corporation consequent upon the cancellation of free stock warrants covering such shares)
	REVENUE SURPLUS:
	Balance as per statement attached..... 1,146,533.49
<u>\$8,505,814.46</u>	<u>\$8,505,814.46</u>

APPROVED ON BEHALF OF THE BOARD:

J. H. GUNDY, *Director.*

N. K. GORDON, *Director.*

AUDITORS' REPORT TO THE SHAREHOLDERS

We have made an examination of the books and accounts of London Canadian Investment Corporation for the year ending December 31st, 1946. We have verified the securities and cash at December 31st, 1946, and have received all the information and explanations which we have required. We report that, in our opinion, the above Balance Sheet at December 31st, 1946 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 30th, 1947.*

PRICE, WATERHOUSE & CO.,
Auditors.

LONDON CANADIAN INVESTMENT CORPORATION

(Incorporated under the Province of Quebec Companies Act)

REPORT

*For year ending
December 31st, 1946*

NOTICE IS HEREBY GIVEN that the Eighteenth Annual General Meeting of the Shareholders of London Canadian Investment Corporation will be held at the Offices of the Corporation, The Royal Bank Building, 360 St. James Street West, Montreal, P.Q., Canada, on Wednesday, the Second day of April, 1947, at 3.30 p.m. 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, Revenue Surplus and Report of the Auditors for the financial year of the Corporation ending December 31st, 1946.
- (b) To elect Directors for the ensuing year;
- (c) To appoint and fix the remuneration of Auditors for the ensuing year; and
- (d) To transact such other business as may properly come before the Meeting.

By Order of the Board,

J. E. ARDRON,
Secretary.

THE ROYAL BANK BUILDING,
MONTREAL, P.Q.

February 18th, 1947.

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

