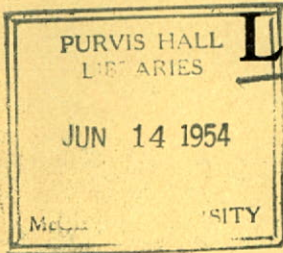
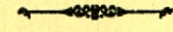


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LONDON CANADIAN INVESTMENT CORPORATION

(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
WILBERT H. HOWARD, K.C.
ALFRED J. MITCHELL
ALEXANDER FITZJAMES GRAHAM-WATSON

OFFICERS

ARTHUR D. EMORY, *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 SEVENTEENTH ANNUAL GENERAL MEETING OF SHAREHOLDERS, to be held at the Offices of the Corporation, The Royal Bank Building, Montreal, on Friday, the Twenty-sixth day of April, 1946, at Twelve noon.

Your Directors submit the Balance Sheet and Revenue Account of your Corporation for its seventeenth accounting period, the twelve months ended December 31st, 1945. These statements have been certified by your Auditors.

Valuation of the assets of your Corporation at December 31st, 1945, was \$9,806,795.03.

The Income of your Corporation from investments, including United States exchange but excluding profits or losses on the sale of investments, was \$309,188.94 after deductions of British, Canadian, United States and other withholding taxes. Expenses for the year, including interest on loan and U.S. exchange thereon (\$10,004.83), management expenses (\$21,246.12), Directors' fees (\$8,750.00), etc., were \$43,716.95. To the latter amount there must be added Debenture interest (\$164,137.50) and U.S. exchange thereon (\$17,582.46) and Dominion Income and Excess Profits taxes paid and/or provided for (\$32,000.00), making a total expenditure of \$257,436.91, leaving a balance of \$51,752.03 to be transferred to the credit of Revenue Surplus. Revenue Surplus was credited with \$1,154.66 claim for United States withholding taxes refunded and debited with \$2,225.00 increase in reserve for exchange on U.S. loan, bringing the balance to the credit of Revenue Surplus Account to \$1,028,598.53 at December 31st, 1945. The Corporation's method of computing its liability for Excess Profits Taxes for years subsequent to 1940 has not yet been confirmed by assessments.

Distribution of the valuation (\$9,806,795.03) of the assets held by your Corporation at December 31st, 1945, was as follows:—

Bonds.....	31.89%
Preferred Stocks.....	12.77%
Common Stocks.....	53.76%
Cash, etc.....	1.58%
Total.....	100.00%

Geographical distribution of these investments was:

CANADA	UNITED STATES	BRITISH EMPIRE (excluding Canada)	FOREIGN (excluding U.S.A.)
44.11%	38.31%	10.64%	6.94%

The number of securities in your Corporation's portfolio totalled 202.

Respectfully submitted on behalf of the Directors,

ARTHUR D. EMORY,
President.

REVENUE ACCOUNT
For the Year Ending December 31st, 1945

Revenue from Investments:—		
Dividends received (including \$17,551.75 in respect of arrears on Preferred Shares) and interest received and accrued	\$330,173.06	
DEDUCT: British, Canadian and U.S. Withholding Taxes	30,727.97	
	<hr/>	\$299,445.09
ADD: U.S. Exchange on Investment Revenue		9,743.85
		<hr/>
		\$309,188.94
DEDUCT:		
Interest on loan	\$ 9,023.63	
U.S. Exchange on loan interest	981.20	
Management expenses	21,246.12	
Directors' fees	8,750.00	
Miscellaneous expenses	2,609.84	
Trustee, Registrar and Transfer Agents' fees and expenses	956.87	
Taxes other than Income and Profits Taxes	149.29	
	<hr/>	43,716.95
		<hr/>
		\$265,471.99
Interest on 4½% Debentures	\$164,137.50	
U.S. Exchange on Corporation's Debenture Interest	17,582.46	
	<hr/>	181,719.96
Revenue for the year before Income and Excess Profits Taxes		\$ 83,752.03
DEDUCT: Income and Excess Profits Taxes paid and/or provided for		32,000.00
		<hr/>
Net Revenue for the year ending December 31st, 1945		\$ 51,752.03
REVENUE SURPLUS:		
Balance, December 31st, 1944	\$977,916.84	
ADD: U.S. Tax refund in respect of prior years	1,154.66	
	<hr/>	
	\$979,071.50	
DEDUCT: Adjustment of Reserve for Exchange on U.S. loan	2,225.00	
	<hr/>	976,846.50
		<hr/>
Revenue Surplus, December 31st, 1945		<u>\$1,028,598.53</u>

LONDON CANADIAN INVESTMENT CORPORATION

(Incorporated under the Province of Quebec Companies Act)

BALANCE SHEET AS AT DECEMBER 31st, 1945

ASSETS	LIABILITIES
<p>BONDS AND STOCKS AT COST, less Investment Reserve of \$933,616.75..... \$9,076,944.93</p> <p>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, 1945, was \$9,652,045.39 of which \$1,226,174.02 (£276,788.14.5) represents sterling securities.</p> <p>CASH WITH BANKS..... 123,541.53</p> <p>ACCRUED INTEREST ON BONDS..... 26,615.20</p> <p>REFUNDABLE PORTION OF EXCESS PROFITS TAX 4,592.91</p>	<p>INTEREST ACCRUED ON 4½% DEBENTURES..... \$ 13,678.13</p> <p>ACCRUED LIABILITIES..... 1,000.00</p> <p>PROVISION FOR INCOME AND EXCESS PROFITS TAXES..... 35,000.00</p> <p>DEMAND LOAN (SECURED): Payable in U.S. Funds..... \$ 445,000.00 Reserve for exchange premium thereon..... 46,725.00 <u>491,725.00</u></p> <p>GOLD DEBENTURES: Authorized..... \$15,000,000.00</p> <p>Issued—Series A, 4½%, 1948. \$ 6,000,000.00 Less: Redeemed and cancelled 2,352,500.00 <u>3,647,500.00</u></p> <p>Principal and Interest payable in U.S. Funds, Sterling or Canadian Currency, at holder's option.</p> <p>RESERVE FOR CONTINGENCIES..... 50,000.00</p> <p>FIVE PER CENT CUMULATIVE PREFERRED SHARES OF \$100 PAR VALUE: Authorized—100,000 shares... \$10,000,000.00</p> <p>Issued— 40,000 shares... \$ 4,000,000.00 Less: 10,404 shares purchased and cancelled..... 1,040,400.00 <u>29,596 shares outstanding</u> December 31st, 1945..... 2,959,600.00</p> <p>Redeemable at any quarterly dividend date at \$105. Dividends cumulated and unpaid from September 1st, 1931, \$2,121,046.66.</p> <p>COMMON SHARES: Without nominal or par value— Authorized—400,000 shares</p> <p>Issued —350,000 shares... \$ 1,000,000.00 (Includes 33,929 shares now held by Montreal Trust Company for disposition by the Corporation consequent upon the cancellation of free stock warrants covering such shares)</p> <p>DEFERRED SURPLUS: Refundable Portion of Excess Profits Tax..... 4,592.91</p> <p>REVENUE SURPLUS: Balance as per statement attached..... 1,028,598.53 <u>1,033,191.44</u></p>
\$9,231,694.57	\$9,231,694.57

APPROVED ON BEHALF OF THE BOARD:

ARTHUR D. EMORY, *Director.*

J. H. GUNDY, *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, 1945. We have verified the securities and cash at December 31st, 1945, 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, 1945, 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, February 14th, 1946.

PRICE, WATERHOUSE & CO.,
Auditors.

LONDON CANADIAN INVESTMENT CORPORATION

(Incorporated under the Province of Quebec Companies Act)

REPORT

*For year ending
December 31st, 1945*

NOTICE IS HEREBY GIVEN that the Seventeenth 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 Friday, the Twenty-sixth day of April, 1946, at Twelve noon 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, 1945.
- (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.

March 14th, 1946.

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

