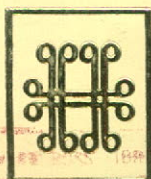
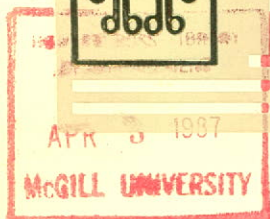




THE NEW HARDING GROUP INC.  
Annual Report  
October 31, 1986



HARDING





## HIGHLIGHTS

Year ended October 31, 1986  
(with comparative figures  
for 1985)

	1986	1985
	(Thousands except for information on shares, shareholders and employees.)	
Sales	\$120,733	\$118,182
Income before Extraordinary Items	\$ 3,588	\$ 2,089
EXTRAORDINARY ITEMS	\$ 1,500	\$ 1,000
Net Income for the Year	\$ 5,088	\$ 3,089
Earnings per share before extraordinary items	\$ 0.26	\$ 0.15
Earnings per share after extraordinary items	\$ 0.37	\$ 0.23
Earnings per share after giving effect to the consolidation of outstanding shares on a one-for-four basis (Note 12(c)):		
Before extraordinary items	\$ 1.05	\$ 0.62
After extraordinary items	\$ 1.50	\$ 0.91
As a percentage of sales	4.2%	2.6%
As a percentage of capital employed <sup>1</sup>	17.9%	12.0%
As a percentage of shareholders' equity <sup>2</sup>	21.0%	14.7%
Capital Expenditures	\$ 1,817	\$ 2,459
Working Capital	\$ 23,726	\$ 23,444
Ratio of current assets to current liabilities	1.9 to 1	1.8 to 1
Number of shareholders, 97% Canadian (1985 - 97%)	1,599	1,900
Number of employees (average)	942	1,010

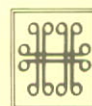
<sup>1</sup>Net income as related to capital employed represents earnings adjusted for the net cost of interest on long-term debt and is calculated on total assets less current liabilities at the beginning of each year.

<sup>2</sup>Shareholders' equity at the beginning of each year.

## THE COMPANY

Harding Carpets, one of Canada's largest and most experienced carpet manufacturers, produces quality carpeting for the Canadian and Export markets and has done so continuously since 1927. Its products are marketed under the Harding brand name to retailers and commercial carpet contractors through distribution centres strategically located across the country. Private brand name carpets are also manufactured for independent distributors.

The Company produces a full range of carpet yarns for its own consumption and for sale to others. Its state of the art tufting, dyeing and colouring equipment enable it to produce high quality, fashionably styled carpets for both residential and commercial use.



**HARDING**  
Fashions Quality Carpet

## REPORT TO SHAREHOLDERS

As Harding enters its 60th year in business, we look back on 1986 as the most successful year in the company's history, and we look ahead to new opportunities as The New Harding Group Inc.

Net income was a company record of \$5,088,000 in the year ended October 31, 1986, compared to \$3,089,000 in 1985. On a per share basis, income was 37 cents, compared to 23 cents in the previous year, or, after giving effect to the consolidation of outstanding shares on a one-for-four basis, earnings per share in 1986 were \$1.50 compared to 91 cents in the previous year.

Total sales for the year were also a record high, reaching over \$120 million.

Harding's strong performance reflected a number of factors:

- Increased production and sales of superior quality, highly styled fashion carpets – as opposed to lower priced commodity products. Profit margins are far more attractive in the quality carpet segment.
- Effective marketing programs and advertising, positioning Harding as the fashion leader in Canada.
- Innovative styling and new product development, enabling us to meet the changing demands of the marketplace.
- Continued cost reduction and cost control.
- A continued high level of commitment and effort on the part of our employees, who achieved goals for improved productivity while helping to reduce costs.

We expect the benefits from these improvements will continue in 1987 and beyond.

We are continuing our plant modernization program. When completed, this will provide Harding with advanced yarn making, heat setting, tufting and colouring technology,

On peut obtenir un exemplaire en français de la lettre que le Président du Conseil et le Président ont adressée aux actionnaires en écrivant au Secrétaire de la Compagnie.

permitting styling advantages, superior quality and lower unit costs. We are also planning to reduce costs and improve service by further streamlining of our distribution system.

Through these programs, and our ongoing commitment to quality, management aims to build on Harding's leadership position in the carpet industry.

### New Directions

Harding made its first major move outside the carpet business in 1986 with the purchase of a controlling interest in Continuous Colour Coat Limited. Colour Coat is a solid, stable and successful company which applies protective and decorative coatings to metal coils for a wide range of industrial customers. Annual sales exceeded \$70 million last year.

This diversification move was designed to help insulate Harding from the cyclical nature of the carpet business while providing a new source of future earnings in a growth industry.

To reflect this development, shareholders have approved a name change for Harding. We are now The New Harding Group Inc.. Under this new name, we expect to build on the achievements of our first sixty years.

On behalf of the Board,



J.H. Laing  
President and Chief Executive Officer



M.H. Cochrane  
Chairman

## QUARTERLY REVIEW

(thousands, except per share, quarterly data unaudited)

Quarter	Sales		Net Income		Per Share	
	1986	1985	1986	1985	1986	1985
1	\$ 29,174	\$ 23,244	\$1,257	\$ 35	\$0.09	\$0.00
2	29,499	28,885	1,488	110	0.11	0.01
3	30,239	32,327	1,005	1,181	0.08	0.09
4	31,821	33,726	1,338	1,763	0.09	0.13
Total	\$120,733	\$118,182	\$5,088	\$3,089	\$0.37	\$0.23

Earnings per share after giving effect to the consolidation of outstanding shares on a one-for-four basis (Note 12(c)):

After extraordinary items \$1.50      \$0.91

**BALANCE SHEET**

October 31, 1986  
(with comparative figures  
at October 31, 1985)

(Incorporated under the laws of Ontario)

	1986	1985
	(thousands of dollars)	
<b>ASSETS</b>		
<b>Current:</b>		
Accounts receivable	\$23,826	\$25,788
Inventories (note 2)	23,806	25,545
Prepaid expenses	3,037	3,231
	50,669	54,564
<b>Fixed (note 3):</b>		
Land, buildings and equipment	38,450	37,425
Less accumulated depreciation	24,824	24,338
	13,626	13,087
<b>Other (note 4)</b>	566	721
	\$64,861	\$68,372
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current:</b>		
Bank advances (note 5)	\$ 7,320	\$ 8,457
Accounts payable and accrued liabilities	18,430	19,289
Instalments on long-term debt due within one year	1,193	3,374
	26,943	31,120
<b>Long-term debt (note 6)</b>	6,682	13,060
<b>Deferred income taxes</b>	1,956	
<b>Shareholders' equity:</b>		
Capital stock (note 7)	21,696	21,696
Retained earnings	7,584	2,496
	29,280	24,192
	\$64,861	\$68,372

(See accompanying notes to financial statements)

On behalf of the Board:



Director



Director

## STATEMENT OF INCOME AND RETAINED EARNINGS

Year ended October 31, 1986

(with comparative figures  
for 1985)

	1986	1985
	(thousands of dollars except per share amounts)	
Sales	\$120,733	\$118,182
Cost of sales	90,223	90,511
Gross profit	30,510	27,671
Deduct the following items:		
Selling, administrative and distribution expenses	20,202	20,440
Interest on long-term debt	1,582	1,551
Other interest	1,682	1,949
	23,466	23,940
Income before income taxes and extraordinary items	7,044	3,731
Income taxes (note 9)	3,456	1,642
Income before extraordinary items	3,588	2,089
Extraordinary items (note 10)	1,500	1,000
Net income for the year	5,088	3,089
Retained earnings (deficit) beginning of year	2,496	(593)
Retained earnings end of year	\$ 7,584	\$ 2,496
Earnings per share:		
Before extraordinary items	\$0.26	\$0.15
After extraordinary items	\$0.37	\$0.23
Earnings per share after giving effect to the consolidation of outstanding shares on a one-for-four basis (Note 12(c)):		
Before extraordinary items	\$1.05	\$0.62
After extraordinary items	\$1.50	\$0.91

(See accompanying notes to financial statements)

## STATEMENT OF CASH FLOWS

Year ended October 31, 1986  
(with comparative figures  
for 1985)

	1986	1985
	(thousands of dollars)	
<b>Cash provided by (used in) operations:</b>		
Income before extraordinary items	\$ 3,588	\$2,089
Add (deduct) items not affecting cash:		
Depreciation and amortization	1,411	1,542
Loss (gain) on disposal of fixed assets	19	(2)
Deferred income taxes	3,456	1,642
	8,474	5,271
Net change in non-cash working capital balances related to operations	3,036	(99)
Cash provided by operations	11,510	5,172
<b>Cash provided by (used in) financing activities:</b>		
Reduction of long -term debt	(15,859)	(3,775)
Bank term loan	7,300	
Shares issued for cash		60
Cash used in financing activities	(8,559)	(3,715)
<b>Cash provided by (used in) capital investment activities:</b>		
Purchase of fixed assets	(1,817)	(2,459)
Proceeds on disposal of fixed assets	3	2,204
Investment in affiliates		94
Cash used in capital investment activities	(1,814)	(161)
Reduction in bank advances	1,137	1,296
Bank advances, beginning of year	8,457	9,753
Bank advances, end of year	\$ 7,320	\$8,457

(See accompanying notes to financial statements)

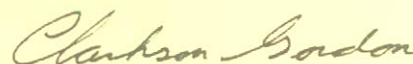
## Auditors' Report

To the Shareholders of The New Harding Group Inc. (formerly Harding Carpets Limited – Note 12(a)):

We have examined the balance sheet of The New Harding Group Inc. (formerly Harding Carpets Limited) as at October 31, 1986 and the statements of income and retained earnings and cash flows for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

Toronto, Canada,  
December 19, 1986.

In our opinion, these financial statements present fairly the financial position of the Company as at October 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Chartered Accountants

NOTES TO FINANCIAL STATEMENTS October 31, 1986

■ (1) ACCOUNTING POLICIES

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles consistently applied. The more significant of the Company's accounting policies are summarized below:

- (a) **Inventories** – Inventories of raw materials and goods in process are valued at the lower of average cost and replacement cost, and inventories of finished goods at the lower of average cost and net realizable value.
- (b) **Fixed assets and capital leases** – Fixed assets are stated at cost after deducting related government grants. Leases which transfer substantially all the benefits and risks of ownership of the leased assets are capitalized.
- (c) **Depreciation and amortization** – Charges are made against income for depreciation of investment in plant, equipment and capital leases, based on the estimated remaining useful lives of the assets using the straight-line method.
- (d) **Samples** – The cost of samples which is included in prepaid expenses is charged against income over the estimated product life, which is 24 months.
- (e) **Income taxes** – The Company follows the tax allocation method of accounting. Under this method, timing differences between the amount of income reported for tax purposes and the amount of accounting income (which arise principally as a result of claiming depreciation at amounts differing from those recorded in the accounts) result in provisions for deferred income taxes. Investment tax credits are deducted from expenditures to which they relate.
- (f) **Pensions** – Pension benefit costs are determined by independent actuaries. Experience surplus or deficits identified as a result of actuarial valuations have been amortized to income over a period of three years.  
Beginning in 1987 the Company will adopt a revised accounting policy with respect to future estimated pension liabilities or surplus amounts. This policy, which will reflect the recommendations of The Canadian Institute of Chartered Accountants, will require estimated surplus amounts or unfunded liabilities to be amortized over the estimated service life of the employee group.
- (g) **Earnings per share** – Earnings per share are calculated by dividing net income by the weighted monthly average of the number of Class A and B non-voting shares, Class C and D voting shares and common shares outstanding during the year.

■ (2) INVENTORIES

	1986	1985
	(thousands of dollars)	
Raw materials	\$ 1,183	\$ 1,415
Goods in process	9,747	9,997
Finished goods	12,876	14,133
	\$23,806	\$25,545

■ (3) FIXED ASSETS

	1986			1985	
	Term of depreciation	Cost	Accumulated depreciation	Net book value	Net book value
				(thousands of dollars)	
Land		\$ 122		\$ 122	\$ 122
Buildings	40 years	9,731	3,790	5,941	5,463
Machinery and equipment	7-17 years	27,847	21,001	6,846	6,679
Equipment under capital leases	17 years	750	33	717	823
		\$38,450	\$24,824	\$13,626	\$13,087

In 1986 fixed asset additions amounted to \$1,817,000 (\$2,459,000 in 1985) after deducting \$576,000 of Federal Government assistance under the Canadian Industrial Renewal Board program (\$287,000 in 1985).

■ (4) OTHER ASSETS

This represents the balance of an investment in Westmills Canada Inc., which management believes will benefit the Company's future operations and as such it is being amortized to operating expenses on a straight-line basis to 1990.

■ (5) BANK ADVANCES

On October 31, 1986 the Company arranged for new credit facilities with a Canadian chartered bank consisting of the following:

- (i) a \$20,000,000 demand operating line bearing interest at prime plus 1% per annum on the balance outstanding from time to time;
- (ii) a \$7,300,000 non-revolving term loan (see note 6);
- (iii) a \$7,000,000 non-revolving term credit bearing interest at prime plus 1¼% per annum, due December 31, 1987. The Company has agreed to repay this loan out of proceeds of the proposed public offering of convertible subordinated debentures referred to in note 12 (d).

As collateral for the foregoing, the Company has provided the bank with an assignment of accounts receivable, a charge on inventories and a \$50,000,000 demand debenture which contains a fixed charge on the Company's real property and equipment in Brantford and Collingwood, Ontario and a floating charge over all its other assets. As additional security for the \$7,000,000 term credit drawn down at the time of the acquisition of Continuous Colour Coat Limited (see note 12 (b)), the Company pledged its interest in Continuous Colour Coat Limited.

As a condition of these advances the Company has agreed to certain financial covenants and not to encumber further any of its material assets, incur further direct debt or contingent obligations (other than regular trade credit), undertake any form of merger, acquisition or other corporate investment or reorganization or make any intercompany or shareholder advances, without the bank's prior written consent.

■ (6) LONG-TERM DEBT

	1986	1985
	(thousands of dollars)	
Term bank loan (see note 5)	\$7,300	
Non-revolving term credit bearing interest monthly at prime plus 1¼% per annum with the principal thereof repayable in 14 equal semi-annual instalments commencing December 31, 1986 with the last instalment due June 30, 1993		
Obligations under capital leases	575	\$ 851
Debentures (see below):		
Series B, 6¾% maturing 1987		436
Series C, 8¾% maturing 1992		1,060
Series D, 10¼% maturing 1994		2,308
Series E, 11¾% maturing 1994		2,318
Income debenture (see below)		8,000
Loan from Ontario Development Corporation (see below)		1,461
Total long-term debt	7,875	16,434
Less instalments due within one year	1,193	3,374
	\$6,682	\$13,060

On October 31, 1986 the Company prepaid the entire principal amount of its series debentures together with all interest accrued thereon. The redemption premium incurred by the Company in connection with the prepayment was \$201,000. As a result, the series debentures were discharged and the security given therefor released.

On the same date the Company prepaid the entire principal amounts owing on the income debenture as well as the loan from the Ontario Development Corporation.

Repayments of long-term debt are scheduled as follows: 1987 – \$1,193,000; 1988 – \$1,193,000; 1989 – \$1,193,000; 1990 – \$1,168,000; 1991 – \$1,043,000; 1992 and subsequent – \$2,085,000.



### ■ (7) CAPITAL STOCK

(reference is made to note 12 (c) for restructuring of the share capital)

	Shares			
Authorized capital:				
Class A and Class B non-voting shares, without par value (interconvertible)			20,000,000	
Class C and Class D voting shares, without par value (interconvertible)			9,999,000	
Common shares, without par value			1,000	
			30,000,000	
Preference shares issuable in series			520,000	
Issued:	1986		1985	
	Shares	Amount	Shares	Amount
		(thousands of dollars)		(thousands of dollars)
Class A and Class B	3,810,870	\$ 6,835	3,810,870	\$ 6,835
Class C and Class D	9,792,615	14,860	9,792,615	14,860
Common	1,000	1	1,000	1
	13,604,485	\$21,696	13,604,485	\$21,696

During 1985, an option was granted to an executive officer for 100,000 Class C voting shares at a price of \$1.13 per share, expiring April 23, 1988 or earlier if the employee ceases to be employed by the Company.

### ■ (8) PENSIONS

An actuarial valuation of the Employees' Pension Plan as at June 1, 1983, was completed in 1984 and indicated that the plan was fully funded and had a surplus of \$3,147,000. This surplus has been fully allocated either to improvements in plan benefits or as credits to income in the three fiscal periods ended October 31, 1986 (including \$493,000 allocated to both 1985 and 1986).

Amounts charged to income by the Company for all pension plans including government plans in 1986 were \$644,000 (1985 - \$661,000).

### ■ (9) INCOME TAXES

The Company's income tax expense differs from that which would be computed using combined Federal and Provincial statutory tax rates. The reasons for these differences and their related tax effects are as follows:

	1986	1985
	(thousands of dollars)	
Normal Federal and Ontario tax rate for manufacturing companies	46.0%	45.5%
Normal tax expense	\$3,241	\$1,697
Non-deductible interest expense on the income debenture	251	330
3% inventory allowance	(92)	(332)
Other	56	(53)
Total - deferred	\$3,456	\$1,642

While for accounting purposes all of the prior years' non-capital loss carry-forwards have been reflected in the accounts, for income tax purposes at October 31, 1986 the Company has \$1,900,000 of non-capital losses available for carry-forward. These losses expire as follows: 1987 - \$1,600,000; 1990 - \$300,000.

The Company also has net capital losses available for carry-forward to future years without expiry of \$800,000. These will be reflected in the accounts when utilized.

### ■ (10) EXTRAORDINARY ITEMS

	1986	1985
	(thousands of dollars)	
Recovery of income taxes due to loss carry-forwards	\$1,500	\$1,642
Write-down of investment in Westmills Canada Inc.		(819)
Gain on sale of property, Drummondville, Quebec*		177
	\$1,500	\$1,000

\*No income tax was payable on this gain due to application of prior years' losses.

### ■ (11) COMMITMENTS

The Company has commitments under various operating leases for the rental of buildings, equipment, trucks and automobiles. Such leases range in term from 1 to 12 years. Minimum payments under these leases over the next five years are: 1987 - \$884,000; 1988 - \$759,000; 1989 - \$668,000; 1990 - \$428,000; 1991 - \$261,000; 1992 and thereafter - \$548,000.

### ■ (12) SUBSEQUENT EVENTS

#### (a) Change of name:

At a special meeting of shareholders on December 19, 1986 the Company changed its name from Harding Carpets Limited to The New Harding Group Inc.

#### (b) Acquisition of Continuous Colour Coat Limited:

Effective November 1, 1986, the Company acquired a 57% indirect interest in the issued and outstanding shares of Continuous Colour Coat Limited. The Company's interest in Continuous Colour Coat Limited was acquired through a series of transactions and the effective cost to the Company of the interest was \$12,540,000. As part of these transactions, the Company incurred \$12,540,000 of debt which it has agreed to repay out of the proceeds of the issue referred to in (d) below. Prior to these transactions, the 57% interest in Continuous Colour Coat Limited was owned by Canadian Investors Corporation, a corporation which indirectly owns more than 50% of the voting shares of the Company and which is indirectly owned by Messrs. M. H. Cochrane and G. H. Collins, directors of the Company. A summary of the purchase equation is as follows:

	(thousands of dollars)
Working capital	\$ 2,832
Fixed assets	21,497
Goodwill and other intangibles	4,874
	29,203
Less non-current liabilities assumed	16,663
Purchase price	\$12,540

#### (c) Share capital restructuring:

The following amendments to the share capital were approved at a special meeting of shareholders on December 19, 1986 and it was resolved that:

(i) The Class A and Class B non-voting shares be reclassified as Subordinate Voting Shares, the Class C and Class D voting shares and common shares be reclassified as Multiple Voting Shares and all of the outstanding shares be consolidated on a one-for-four basis.

(ii) The authorized capital be increased by authorizing an unlimited number of Subordinate Voting Shares and an unlimited number of Preference Shares, issuable in series.

The Subordinate Voting Shares which will be entitled to one vote per share will rank equally with the Multiple Voting Shares with respect to dividends and have a limited priority upon distribution of assets in the event of liquidation, dissolution or winding-up. The Multiple Voting Shares will be entitled to 10 votes per share and will be convertible into Subordinate Voting Shares on a one-for-one basis.

Holders of Subordinate Voting Shares will be entitled, under certain limited circumstances, to convert on a one-for-one basis into Multiple Voting Shares if the holders of the Multiple Voting Shares receive an Offer, as defined in the Articles of the Company, which is not made on identical terms simultaneously to all holders of the Subordinate Voting Shares.

#### (d) Convertible subordinated debentures:

On November 26, 1986 the Company filed a preliminary prospectus for an offer to the public of convertible subordinated debentures. The total principal amount, rate of interest and maturity date will be established at a future date prior to issue.

The debentures which are to be convertible at the holder's option into Subordinate Voting Shares of the Company will be direct unsecured obligations and will be subordinated to all other senior indebtedness.

Of the net proceeds to the Company from the debenture issue, approximately \$12,540,000 will be used to repay indebtedness incurred by the Company to enable it to acquire the 57% indirect interest in Continuous Colour Coat Limited. A further as yet unspecified amount will be used to advance loans to certain members of management of the Company to enable them to purchase Multiple Voting Shares from an existing shareholder. The balance of the proceeds will be used to reduce bank advances.

## TEN YEAR FINANCIAL SUMMARY

(thousands except per share data)

Years ended October 31

	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977
<b>Operating Results</b>										
Sales	\$120,733	\$118,182	\$96,287	\$95,635	\$ 83,414	\$100,878	\$87,932	\$76,456	\$73,710	\$73,034
Depreciation	1,411	1,542	1,560	2,562	2,094	2,544	2,523	2,560	2,480	2,583
Interest	3,264	3,500	4,516	4,191	3,354	3,380	2,409	2,088	2,968	2,963
Income before taxes	7,044	3,731	540	374	(13,991)	1,903	(797)	(501)	(3,079)	48
Income taxes	3,456	1,642	80	—	(2,186)	444	(540)	(448)	(1,659)	(212)
Preference Dividends	—	—	—	—	(1,165)	(1,254)	(1,031)	(713)	—	—
Extraordinary Income	1,500	1,000	80	1,475	—	845	69	(58)	505	—
<b>Net Income (Loss)</b>	<b>\$ 5,088</b>	<b>\$ 3,089</b>	<b>\$ 540</b>	<b>\$ 1,849</b>	<b>\$(12,970)</b>	<b>\$ 1,050</b>	<b>\$(1,219)</b>	<b>\$ (824)</b>	<b>\$ (915)</b>	<b>\$ 260</b>
Per share <sup>(1)</sup>	\$1.50	\$0.91	\$0.19	\$1.02	\$(8.64)	\$0.81	\$(0.95)	\$(0.64)	\$(0.72)	\$0.20
As a percentage of sales	4.2%	2.6%	0.6%	1.9%	(15.5)%	1.0%	(1.4)%	(1.1)%	(1.2)%	0.4%
As a percentage of capital employed	17.9%	12.0%	7.5%	13.7%	(26.9)%	4.4%	(1.6)%	(1.7)%	(0.4)%	2.7%
As a percentage of shareholders' equity	21.0%	14.7%	3.4%	18.4%	(67.1)%	5.8%	(6.3)%	(4.1)%	(4.3)%	1.2%
<b>Dividends Paid on Class A, B, C and D Shares</b>										
	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 204	\$ 1,109
Per Share	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$0.04	\$0.22
<b>Other Financial Data</b>										
Capital expenditures	\$ 1,817	\$ 2,459	\$ 1,281	\$ 794	\$ 1,565	\$ 990	\$ 1,238	\$ 1,585	\$ 1,694	\$ 3,092
Working capital	23,726	23,444	22,922	11,470	2,762	26,112	24,273	23,347	12,634	14,933
Ratio of current assets to current liabilities	1.9 to 1	1.8 to 1	1.9 to 1	1.3 to 1	1.1 to 1	2.1 to 1	2.1 to 1	2.5 to 1	1.5 to 1	1.7 to 1
Inventories	\$ 23,806	\$ 25,545	\$24,361	\$26,589	\$ 21,737	\$ 25,036	\$20,823	\$18,595	\$15,237	\$18,251
Fixed assets (net)	13,626	13,087	13,999	14,467	18,175	19,172	21,349	24,388	26,429	27,824
Long-term debt	6,682	13,060	17,708	10,210	10,345	11,215	12,825	13,715	15,525	16,440
<b>Shareholders' Equity</b>	<b>\$ 29,280</b>	<b>\$ 24,192</b>	<b>\$21,043</b>	<b>\$15,937</b>	<b>\$ 10,031</b>	<b>\$ 19,330</b>	<b>\$18,239</b>	<b>\$19,439</b>	<b>\$20,179</b>	<b>\$21,272</b>
Shareholders' equity per share <sup>(1)</sup>	\$8.61	\$7.11	\$6.22	\$6.54	\$6.46	\$14.92	\$14.13	\$15.08	\$15.76	\$16.65

<sup>(1)</sup>After giving effect to the consolidation of outstanding shares on a one-for-four basis which was effective December 31, 1986.

---

**DIRECTORS**

**Michael H. Cochrane**  
Chairman  
Canadian Investors Corporation

**Gerard H. Collins**  
President  
Canadian Investors Corporation

**W. John Dixon**  
President & Chief Operating Officer  
Columbus Mills, Inc.

**James H. Laing**  
President and Chief Executive Officer  
The New Harding Group Inc.

**Charles R. Pike**  
Vice-President, Prairie Region,  
CP Rail

**OFFICERS**

**Michael H. Cochrane**  
Chairman of the Board

**James H. Laing**  
President and Chief Executive Officer

**W. Grant Ballantyne**  
Senior Vice-President and  
Chief Financial Officer

**Geoffrey P. Charnley**  
Vice-President and Secretary-Treasurer

**Colin K. Thompson**  
Vice-President, Human Resources

**CORPORATE HEAD OFFICE  
AND EXECUTIVE OFFICES**

85 Morrell Street  
Brantford, Ontario N3T 4J6

**DISTRIBUTION CENTRES**

**Calgary**  
1008 55th Avenue N.E.  
Calgary, Alberta T2E 6Y4

**Edmonton**  
11414-119th Street N.W.  
Edmonton, Alberta T5G 2X6

**Toronto**  
1330 Eglinton Avenue East  
Mississauga, Ontario L4W 2L4

**Brantford**  
85 Morrell Street  
Brantford, Ontario N3T 4J6

**Montreal**  
7850 Trans Canada Highway  
St. Laurent, Quebec H4T 1A5

**Moncton**  
1220 St. George Blvd.  
Moncton, N.B. E1C 8R9

**MANUFACTURING LOCATIONS**

**Brantford**  
85 Morrell Street  
P.O. Box 580  
Brantford, Ontario N3T 5R3

**Collingwood**  
20 High Street  
Collingwood, Ontario L9Y 3J6

**STOCK EXCHANGE LISTING**

The Toronto Stock Exchange

**Symbols:**  
NHD. A (Subordinate Voting)  
NHD. B (Multiple Voting)

**TRANSFER AGENT AND REGISTRAR**

Montreal Trust Company of Canada  
Toronto, Montreal, Regina,  
Calgary and Vancouver

**BANKER**

The Bank of Nova Scotia

**SHAREHOLDERS' AUDITORS**

Clarkson Gordon

60 YEARS

---

THE NEW HARDING GROUP INC.  
85 Morrell Street  
Brantford, Ontario  
N3T 4J6