



WHONNOCK INDUSTRIES LIMITED
1979 ANNUAL REPORT



Financial Highlights: 1979 at a Glance

	1979	1978	% Increase
Sales (\$000)	190,845	121,429	57%
Net Income (\$000)	22,877	7,612	200%
Earnings per Share			
—Before split			
Nov 30, 1979	\$ 7.82	2.60	200%
—After Split			
Dec 1, 1979	\$ 3.91	1.30	200%
Return on Capital Employed	33.6%	14.9%	125%
Return on Equity	44.5%	25.5%	75%



Whonnock Industries Limited

Whonnock Industries is a Canadian owned forest products company with sawmills and logging operations on the Coast and in the Interior of British Columbia. Incorporated in 1963 to operate a lumber mill in Whonnock, B.C., the company has expanded rapidly to become one of the larger sawmill operators and lumber exporters in British Columbia.

HEAD OFFICE
REGISTERED OFFICE
3063 - 595 Burrard Street,
Vancouver, B.C. V7X 1H7

OFFICERS
W.L. Sauder
Chairman
C.A. Johnson
President and Chief Executive Officer

M.H. MacKenzie
Senior Vice-President
E.D. Hildebrand
Executive Vice-President

H.L. Henri
Vice-President

H. Kneteman
Vice-President and Secretary

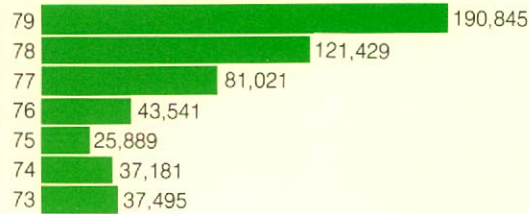
R.M. Sitter
Vice-President, Forestry and Logging

DIRECTORS
H.L. Henri, Chase, B.C.
E.D. Hildebrand, Vancouver, B.C.
A. Holding, Chase, B.C.
C.A. Johnson, Vancouver, B.C.
H. Kneteman, Vancouver, B.C.
T.E. Loughheed, Penticton, B.C.
M.H. MacKenzie, Vancouver, B.C.
R.A.C. McColl, Portland, Oregon
J.A. Milroy, Vancouver, B.C.
W.L. Sauder, Vancouver, B.C.

AUDITORS
Thorne Riddell & Co., Vancouver, B.C.

TRANSFER AGENT
The Montreal Trust Company, Vancouver, B.C.

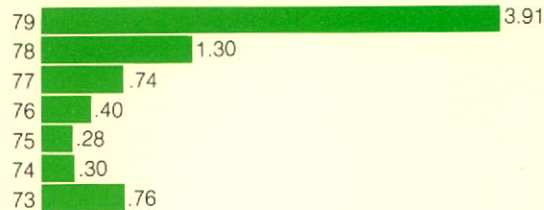
Net Sales (\$000)



Net Earnings (\$000)



Earnings per Share \$



Earnings per share are calculated to reflect the number of shares outstanding for the amalgamated company on December 1, 1979.



Annual Meeting

The annual meeting of the company will be held on March 21, 1980, at 10:00 AM in the Oak Room of the Four Seasons Hotel, 791 West Georgia Street, Vancouver, B.C.

Cover photograph:

The Ministry of Forests photograph depicts an interesting aspect of intensive forest management. The young fir tree has been root pruned and stressed to promote flowering which will result in seed for reforestation.

President's Report

Our company's outstanding financial performance continued through 1979 as we achieved record earnings for the third successive year.

Net earnings were \$22.9 million, up 200 per cent from 1978 earnings of \$7.6 million. Sales increased to \$190.8 million in 1979, 57 per cent above the 1978 level of \$121.4 million. Earnings per share were \$7.82, compared with \$2.60 the previous year.

Several factors were responsible for our success during 1979. The demand for lumber was strong in all markets, and particularly strong in the United States during the first nine months of the year. We maintained high levels of efficiency and increased production in our mills and logging operations, enabling us to take full advantage of the market situation and, at the same time, to achieve a very satisfying profit margin. The devalued Canadian dollar was another significant factor in our earnings picture.

EXPANSION

During 1979, we continued to expand our resource base by the acquisition of two logging companies and additional timber lands.

The continuing expansion of our logging capacity has meant a better tailoring of log supply to each mill's timber requirements, thus ensuring them of an adequate supply of the size and species they require. During 1979 we continued to upgrade and improve our mills, allocating some of our returns on the Canadian dollar exchange rate for this purpose.

A significant statistic in our Seven Year Review shows that since 1973 the company has reinvested in manufacturing and logging assets, an average of 99% of the working capital generated from operations.

In 1979 we sold Weldco, a heavy equipment manufacturer with plants in Edmonton, Vancouver and Washington State. Although Weldco was a profitable venture for our company during the eight years we owned it, the Board of Directors, in their long range plans for the company, prefer to concentrate assets and expertise on strengthening our position in the forest industry.

As we enter the 1980s, the company is in a strong position which will continue to improve through the decade: We have the human resources, the natural resources, the equipment and the facilities to become a leader in the industry in this province.

One of our major goals for the decade is to continue to improve our timber base. We are planning a strong initiative in intensive forest management to improve the quality and volume of our harvest in the future. We will also actively pursue our policy of acquiring additional timber holdings as they become available. Our mill improvement program will be given even greater emphasis in the 1980s.



MARKETS

In terms of markets, there is some uncertainty ahead in 1980, but we expect our earnings will remain at a satisfactory level.

Our markets are diverse, with approximately 50 per cent of total production going overseas, 35 per cent going to the U.S. and 15 per cent sold domestically. The number of species and specialty grades we can produce in our five sawmills gives us the versatility to match our production to existing market requirements.

We have become one of the largest members of Seaboard, a consortium of B.C. forest products manufacturers which sells and ships these products to offshore markets. Currently, Whonnock accounts for about one-fifth of Seaboard's total lumber sales, making us one of their largest lumber exporters.

During 1979, when we determined that the U.S. lumber market had peaked, we began to move more heavily into export markets where demand remained stable and prices, strong. By the end of our 1979 fiscal year, we had sold half our total production for the first six months of 1980 in offshore markets at good prices. We will continue our aggressive sales program in these markets, and we expect that our expanded overseas activity will mitigate the effects of the downturn in prices in the U.S.

In 1980, both demand and prices will continue to be weak in the U.S. through the first half of the year with a gradual strengthening expected in the second half. We plan to structure our trading to take maximum advantage of the fluctuating supply and demand situation.

In the long term, the outlook for lumber is good. The current downturn in the U.S. is the result of economic conditions, not lack of demand. Elsewhere in the world, markets are stable. At Whonnock, we have enough diversity in our markets to weather a slump in any single market, and our mills give us the versatility to meet the demands of all markets.

On behalf of the Board of Directors.

C. A. Johnson
President and Chief Executive Officer.



- ▲ LOGGING CAMPS
- MILLS



Manufacturing

In 1979 our mills produced a total of 445 million board feet of lumber, up 29 per cent from the previous year's total of 343 million board feet. The addition of Bay Forest Products for the full year was responsible for most of the increase. Holding Lumber produced more than 91 million board feet, exceeding its design capacity for the third successive year.

The Whonnock shake and shingle mill produced 190,000 squares, up from 1978's 180,000 squares.

In 1979, the company invested nearly \$3 million in sawmill improvements aimed at improving cost efficiency and lumber recovery. These improvements included the installation of a log debarker and a high speed planer at our Whonnock mill; the installation of a new trimming grading line and a new kiln stacker at McDonald Cedar; and a door casing blank plant at Pacific Pine. Improvements to the debarking plant at Holding begun in 1979 will be completed in the spring of 1980.

The new installation at Pacific Pine, utilizing material formerly converted into chips, is part of a company program to find new methods to increase the value of byproducts from our manufacturing process.

We also continued to realize significant revenue from byproducts such as chips, sawdust and shavings which are sold to the pulp and paper industry. Wood chip production in 1979 reached a record 294,000 units up 39% from 1978. Chip prices increased by over 40% during the year reflecting a strong demand for the product.

We have also been successful in finding markets for a good portion of the bark, sawdust and shavings not suitable for further processing. As energy prices continue to rise, wood waste is used to fuel boilers at pulp and paper mills.

For 1980, lumber production is budgeted to continue at 1979 levels. The mills are efficient and competitive, and lumber recovery is good. During 1980 and into the future we will continue to upgrade and modernize. We are presently assessing the operating efficiency of all our mills and preparing a master plan for their development over the next five to ten years. *It is our objective to ensure that all our facilities are structured to take maximum advantage of the raw materials and markets available to the company.*



Whonnock operates 5 diversified mills in the Lower Mainland of British Columbia:

WHONNOCK LUMBER DIVISION

A producer of Hemlock and Fir lumber, in specialty sizes, mainly for the overseas market.

PACIFIC PINE DIVISION

a producer of Hemlock, Fir and Spruce lumber, in specialty sizes, mainly for the overseas market.

BAY FOREST PRODUCTS DIVISION

a producer of Hemlock and Fir lumber for the North American cargo and overseas market.

MCDONALD CEDAR DIVISION

a producer of Cedar lumber and siding specialties mainly for the North American rail market.

WHONNOCK SHAKE & SHINGLE DIVISION

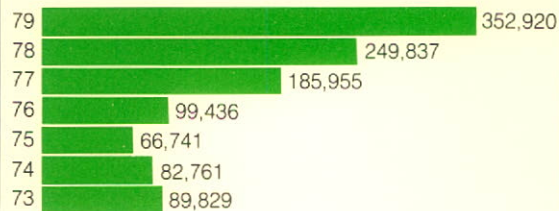
a producer of shakes and shingles for the North American market.

We also operate a mill in the interior of British Columbia:

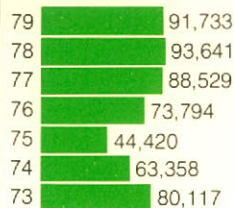
HOLDING LUMBER COMPANY LIMITED

a producer of Spruce, Fir and Cedar for the Canadian and U.S. rail market.

Coastal Lumber Production (MFBM)



Interior Lumber Production (MFBM)



Logging



In 1979 Whonnock harvested 800,000 cunits of logs from logging operations on the British Columbia Coast and Interior. This was an increase of almost 50 per cent over 1978's harvest of 545,000 cunits. The increase resulted largely from the inclusion of Bay Forest Products for its first full year as a Whonnock operation.

The reorganization of the company's coastal logging activity under one management late in 1978 has resulted in greater efficiency and cost effectiveness. Although we have retained a high degree of autonomy in the operations themselves, the consolidation of management has brought significant improvements in staff functions such as planning, coordination, and allocation of our timber resources. It has also allowed us to introduce special services to improve equipment maintenance, cost accounting, forest management and safety programs.

In 1979, five Whonnock camps accounted for 30 per cent of our total Coastal production. The remainder came from 15 logging contractors. In the Interior, we have seven logging operations of which six are contractor-run.

The logging divisions are in a very strong position for the 1980s. Over the past several years, we have been upgrading our logging equipment fleet, and by the end of 1979, had virtually re-equipped ourselves with modern equipment.

Helicopter logging continues to play an important role in our coastal operations, and Whonnock continues to make important contributions to the development of helilogging techniques.

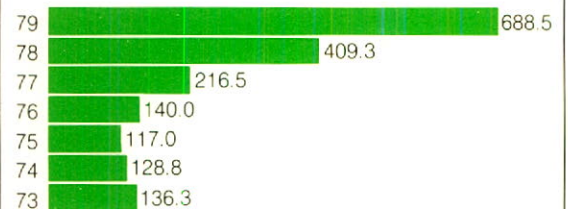
During 1979, helicopter logging accounted for about 9 per cent of the year's Coastal log production and enabled us to harvest trees from locations which would have been economically inaccessible with conventional logging methods.

Helicopters also allow us to log with minimum risk of damage to environmentally sensitive areas. Because no road building is necessary, logging activity does not disturb streams or terrain, particularly shorelines, in the areas logged. With conventional logging, building roads is one of our primary environmental concerns, and we take great care in areas such as erosion control and stream crossings.

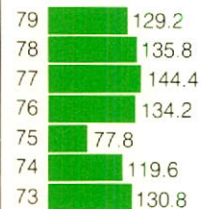
The construction of roads, camps and other elements of the conventional logging infrastructure is so costly that large blocks must be logged to make an operation economically viable. With helicopters we can log smaller areas that are less visible and therefore more aesthetically pleasing.

Ensuring an adequate timber supply for our mills is a continuing concern, and in the 1980s, we will make a major thrust to increase our timber base. The yield of existing holdings will be increased by intensive forest management. All opportunities that become available to acquire more forest lands will be aggressively pursued. We are optimistic about the possibility of increasing our holdings when the provincial government completes its timberland assessment.

Coastal Log Production (MCUNITS)



Interior Log Production (MCUNITS)



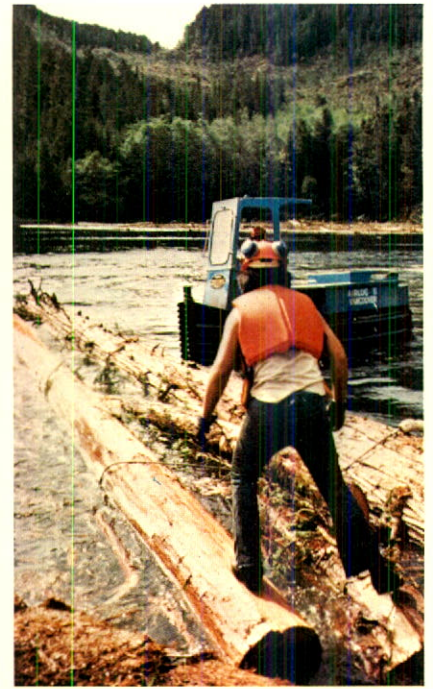


During 1979, helicopter logging accounted for about 9 per cent of the year's Coastal log production and enabled us to harvest trees from locations which would have been economically inaccessible with conventional logging methods.

The Boeing Vertol 107 helicopter is used to carry logs from the hillside to a "waterdrop" landing area for further processing before booming. Precise timing and direct communication are necessary to co-ordinate the activities of the helicopter and the ground crew.



A grapple yarder is used to move the logs from the hillside to a loading area. The logs are hauled on company built roads to tidewater for further handling. Watered logs are boomed and may be sorted before being towed to major sorting and storage grounds in the Lower Mainland.





Living conditions have seen a marked improvement in recent years. For single employees, facilities include private rooms and comfortable dining areas. For married employees, family accommodations are provided where possible. More frequent use of aircraft has improved transportation and communications so that logging camps seem to be less remote now than in the past.



Helicopter logging continues to play an important role in our coastal operations, and Whonnock continues to make important contributions to the development of helilogging techniques.



Preparing for the Future

The future of our company, and of the entire industry in British Columbia, rests with the ability to improve the yield from our forests. Already much of the easily accessible timber is gone, and we are having to build more roads higher into the mountains to get to mature trees.

In a province where virtually every community relies to some degree on the forest industry, there is a real danger that the industry's need for wood could eventually outstrip our forests' ability to provide it. However, both the forest industry and the provincial government have recognized that possibility, and there is today a concentrated thrust to ensure the renewal of our forest not only for our own needs, but for those of future generations. Our challenge is the proper restocking of the easily accessible logged areas and the use of new technology and equipment such as helicopters to harvest trees that are inaccessible by other means. We are confident that this challenge will be met.

B.C.'s new Forest Act, with its emphasis on forest management, has provided additional incentives for the industry to increase its efforts in this area.

For Whonnock, the 1980s will be a decade of intensive forest management to increase the quantity of the trees we harvest from our forests. By 1985, we expect our budget for forest management will be more than 10 times the amount spent in 1979. This past year was spent in strengthening professional staffing to accomplish our forest management objectives in the coming decade.

Our predecessor companies — Bay Forest, McDonald Cedar, Pacific Pine and Whonnock Lumber — have traditionally been active in reforestation, planting a total of about 700,000 seedlings a year on their forest tenures. Under an expanded program of intensive forest management, we will not only increase reforestation, but will also work to improve the quality of the trees grown and shorten the time it takes for them to reach maturity. In a natural state trees in our B.C. forests take over 80 years to reach harvesting age. With intensive forest management, we believe we can reduce growing time to 60 years or less.

Intensive forest management is basically forest farming, and the procedures are the same as those used in tending any crop: planting, protecting, fertilizing and thinning. It also involves reclaiming suitable land from brush and deciduous forests. In forest genetics, another very important part of intensive forest management, seeds are taken from superior trees. A logged over area is then planted with seedlings from these superior or "plus trees".

Intensive forest management is the key to the future of our forests and our industry, and Whonnock intends to utilize it to the fullest.



Whonnock Industries Limited

(Incorporated under the laws of British Columbia)

Consolidated Balance Sheet

AS AT NOVEMBER 30, 1979

(Thousands of dollars)

	1979	1978
ASSETS		
CURRENT ASSETS		
Term deposits	\$ 4,000	—
Trade and other accounts receivable	10,833	\$11,711
Inventories (note 2)	44,593	31,514
Prepaid expenses	346	724
	<u>59,772</u>	<u>43,949</u>
INVESTMENTS AND OTHER ASSETS		
Investments and advances, at cost	2,433	1,327
Timber sale deposits	505	381
	<u>2,938</u>	<u>1,708</u>
FIXED ASSETS (note 3)		
Property, plant and equipment, at cost	51,909	42,651
Less accumulated depreciation	13,621	10,838
	<u>38,288</u>	<u>31,813</u>
Timber, at cost less accumulated depletion	2,117	632
Logging roads, at amortized cost	8,096	6,285
	<u>48,501</u>	<u>38,730</u>
UNALLOCATED PURCHASE PRICE OF SHARES OF SUBSIDIARY		
	3,103	3,202
	<u>\$114,314</u>	<u>\$87,589</u>
LIABILITIES		
CURRENT LIABILITIES		
Bank indebtedness (note 4)	\$ 635	\$12,091
Accounts payable and accrued liabilities	27,382	14,671
Income taxes payable	15,919	4,632
Current portion of long-term debt (note 4)	100	100
	<u>44,036</u>	<u>31,494</u>
LONG-TERM DEBT (note 4)	12,300	21,163
DEFERRED INCOME TAXES	6,584	5,157
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (note 5)		
Authorized		
7,700,000 Class A common shares without par value		
2,300,000 Class B exchangeable common shares without par value		
Issued and fully paid	7,806	7,806
2,597,991 Class A shares		
326,624 Class B shares		
RETAINED EARNINGS	43,588	21,969
	<u>51,394</u>	<u>29,775</u>
	<u>\$114,314</u>	<u>\$87,589</u>

Approved by the Board
C.A. Johnson, Director
W.L. Sauder, Director

Whonnock Industries Limited

Consolidated Statement of Income

YEAR ENDED NOVEMBER 30, 1979

(Thousands of dollars)

	<u>1979</u>	<u>1978</u>
Sales	\$190,845	\$121,429
Costs and expenses		
Production	129,503	91,871
Selling and administration	10,042	7,900
Depreciation	3,970	2,896
Depletion and road amortization	5,625	2,554
Amortization of unallocated purchase price of shares in subsidiary company	99	99
Interest on long-term debt	1,331	1,334
Other interest	343	1,030
	<u>150,913</u>	<u>107,684</u>
Operating income	39,932	13,745
Other income		
Investment income	374	240
Income from business disposed of during year	353	—
Gain on disposal of fixed assets and investments	226	138
Income before income taxes	<u>40,885</u>	<u>14,123</u>
Income taxes		
Current	16,340	5,086
Deferred	1,668	1,425
	<u>18,008</u>	<u>6,511</u>
NET INCOME FOR THE YEAR	<u>\$ 22,877</u>	<u>\$ 7,612</u>
Earnings per share	<u>\$7.82</u>	<u>\$2.60</u>
Note		
Earnings per share calculated to reflect the number of shares outstanding after the amalgamation on December 1, 1979 (note 7)	<u>\$3.91</u>	<u>\$1.30</u>

Consolidated Statement of Retained Earnings

YEAR ENDED NOVEMBER 30, 1979

(Thousands of dollars)

	<u>1979</u>	<u>1978</u>
Balance at beginning of year	\$21,969	\$15,381
Net income for the year	<u>22,877</u>	<u>7,612</u>
	<u>44,846</u>	<u>22,993</u>
Less		
Class A common share dividends	1,195	987
Class B common share dividends	63	37
	<u>1,258</u>	<u>1,024</u>
BALANCE AT END OF YEAR	<u>\$43,588</u>	<u>\$21,969</u>

Whonnock Industries Limited

Consolidated Statement of Changes in Financial Position

YEAR ENDED NOVEMBER 30, 1979

(Thousands of dollars)

	<u>1979</u>	<u>1978</u>
WORKING CAPITAL DERIVED FROM		
Operations	\$33,913	\$14,362
Disposal of property, plant and equipment	787	336
Disposal of business	1,629	—
Disposal of investments and other assets	281	353
Increase in long-term debt	—	12,301
	<u>36,610</u>	<u>27,352</u>
WORKING CAPITAL APPLIED TO		
Business acquisitions	—	9,973
Property, plant and equipment	14,302	6,278
Timber	1,654	125
Logging roads	7,079	2,265
Investments and other assets	1,533	260
Reduction in long-term debt	7,503	142
Dividends on class A and B common shares	1,258	1,024
Redemption of common shares	—	1
	<u>33,329</u>	<u>20,068</u>
INCREASE IN WORKING CAPITAL	3,281	7,284
WORKING CAPITAL AT BEGINNING OF YEAR	<u>12,455</u>	<u>5,171</u>
WORKING CAPITAL AT END OF YEAR	<u>\$15,736</u>	<u>\$12,455</u>

Auditors' Report

To the Shareholders of
Whonnock Industries Limited

We have examined the consolidated balance sheet of Whonnock Industries Limited as at November 30, 1979 and the consolidated statements of income, retained earnings and changes in financial position 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.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at November 30, 1979 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.

Vancouver, Canada
January 21, 1980

Thorne Riddell & Co.
Chartered Accountants

Notes to Consolidated Financial Statements

Year Ended November 30, 1979

1. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The financial statements include the accounts of all subsidiaries, each of which is wholly-owned:

Whonnock Forest Products Limited
Holding Lumber Company Limited

On December 1, 1978, a statutory amalgamation reduced the number of subsidiary companies to two. The amalgamation had no effect on the financial reporting of the company.

Where appropriate the total excess cost of shares in subsidiaries over their net book values at dates of acquisition has been allocated to the cost of property, plant and equipment and is being depreciated in accordance with the company's regular depreciation policy. The unallocated portion is being amortized on a straight-line basis over a period not exceeding forty years, resulting in a charge against income of approximately \$99,000 a year.

Inventories

Inventories have been valued at the lower of cost and net realizable value.

Depreciation, amortization and depletion

Depreciation and amortization of plant and equipment is provided on a straight-line basis at rates (ranging from 5% to 20%) based on the estimated remaining useful lives of the fixed assets. Depletion and road amortization is computed on the basis of timber cut. Previously, logging roads were generally amortized over a four year period. The effect of this change was immaterial.

Deferred income taxes

The company follows the policy of charging current earnings with the income taxes deferred by claiming capital cost allowance for tax purposes in excess of depreciation and amortization recorded in the accounts.

2. INVENTORIES (Thousands of dollars)

	1979	1978
Logs	\$36,969	\$23,045
Lumber	7,343	5,408
Other	281	3,061
	<u>\$44,593</u>	<u>\$31,514</u>

3. FIXED ASSETS (Thousands of dollars)

	1979			1978
	Cost	Accumulated depreciation	Net	Net
Land	\$ 4,945	—	\$ 4,945	\$ 5,297
Buildings	9,108	2,286	6,822	6,812
Machinery and equipment	30,715	8,465	22,250	16,040
Automotive equipment	4,158	2,052	2,106	1,465
Other	2,983	818	2,165	2,199
	<u>\$51,909</u>	<u>\$13,621</u>	<u>\$38,288</u>	<u>\$31,813</u>

4. LONG-TERM DEBT (Thousands of dollars)

	1979	1978
Bank term loan, with interest at bank prime plus 1¼%, with no repayment required until 1986	\$ 4,000	\$19,429
Short-term obligations, to be refinanced	8,000	—
U.S. dollar bank loan (U.S. — \$1,000,000)	—	1,138
Purchase agreement, repayable in annual instalments of \$100,000 with interest at 8%	400	500
Other, principally non-interest bearing with no specific terms of repayment	—	196
	<u>12,400</u>	<u>21,263</u>
Less current portion included in current liabilities	100	100
	<u>\$12,300</u>	<u>\$21,163</u>

The company has classified short-term obligations related to the acquisition of fixed assets as long-term debt since it intends to utilize its bank term loan to refinance these obligations.

Bank indebtedness and term bank loans are secured by a general assignment of accounts receivable and pledging of inventories. As a condition of the bank loans, the loan agreement requires the company to maintain working capital of not less than \$6,000,000 and consolidated net worth of not less than \$20,000,000 and the ratio of consolidated term bank loans to consolidated net worth is not to exceed a ratio of 3:2.

Principal payments due within the next four years amount to \$100,000 per year.

Notes to Consolidated Financial Statements (continued)

Year Ended November 30, 1979

5. CAPITAL STOCK

The class A common shares are entitled to a preferential non-cumulative dividend of 26 $\frac{3}{4}$ % per share per annum, before the class B common shares are entitled to any dividend. Any additional dividends shall be declared in equal amounts on all common shares.

The class B common shares (carrying ten votes per share) are exchangeable into class A common shares (carrying one vote per share) at any time at the option of the holder, on the basis of one class A common share for one class B common share. 326,624 class A common shares are reserved for the conversion of class B common shares.

6. STATUTORY INFORMATION

Remuneration of directors and senior officers of the company amounted to \$741,686 (1978 —\$772,925).

7. SUBSEQUENT EVENT

On December 1, 1979 the company and its major operating subsidiary, Whonnock Forest Products Limited amalgamated resulting in two shares of the amalgamated company being issued for each share outstanding at November 30, 1979.

Whonnock Industries Limited

Seven Year Review

		1979	1978	1977	1976	1975	1974	1973
PRODUCTION STATISTICS								
Lumber (MFBM)		445	343	274	173	111	146	170
Logs (M cunits)		818	545	361	274	195	248	267
EMPLOYEE STATISTICS								
Wages, salaries & benefits	(\$000)	34,855	28,953	18,441	11,427	7,117	7,633	7,743
Number of employees		1,610	1,617	1,040	668	534	582	728
FINANCIAL STATISTICS								
Sales	(\$000)	190,845	121,429	81,021	43,541	25,889	37,181	37,495
Stumpage	(\$000)	19,057	5,990	2,727	1,515	943	2,608	4,192
Income taxes	(\$000)	18,008	6,511	3,781	2,162	1,190	1,698	3,723
Net income	(\$000)	22,877	7,612	4,306	2,260	1,524	1,668	4,278
Earnings per share (1)	\$	3.91	1.30	.74	.40	.28	.30	.76
RATIO & INVESTMENT INFORMATION								
Current ratio		1.4:1	1.4:1	1.2:1	1.2:1	2.8:1	3.0:1	2.0:1
Return on closing equity		44.5%	25.5%	18.6%	12.9%	9.6%	11.0%	30.2%
Return on capital employed		33.6%	14.9%	12.9%	9.2%	8.2%	9.5%	24.7%
Equity per common share (1)	\$	8.79	5.09	3.96	3.43	3.17	3.02	2.86
Share price range — high (1)	\$	11.50	4.94	3.50	2.83	2.25	2.83	3.92
— low (1)	\$	4.00	2.79	2.50	1.75	1.13	1.17	2.41
Price/Earnings ratio (2)		2.9	3.8	4.7	7.1	8.0	9.4	5.2
RE-INVESTMENT								
Working capital generated from operations	(\$000)	34,130	14,362	7,496	4,500	2,510	3,239	66,237
Plant, equipment & roads	(\$000)	23,035	17,902	10,741	10,562	1,721	1,779	65,740
Working capital retained	(\$000)	11,095	(3,540)	(3,245)	(6,062)	789	1,460	497

Note: (1) Information is expressed in terms of the number of shares outstanding on December 1, 1979, the date of the effective stock split.

(2) The Price/Earnings ratio is calculated on the high share price for the year.



