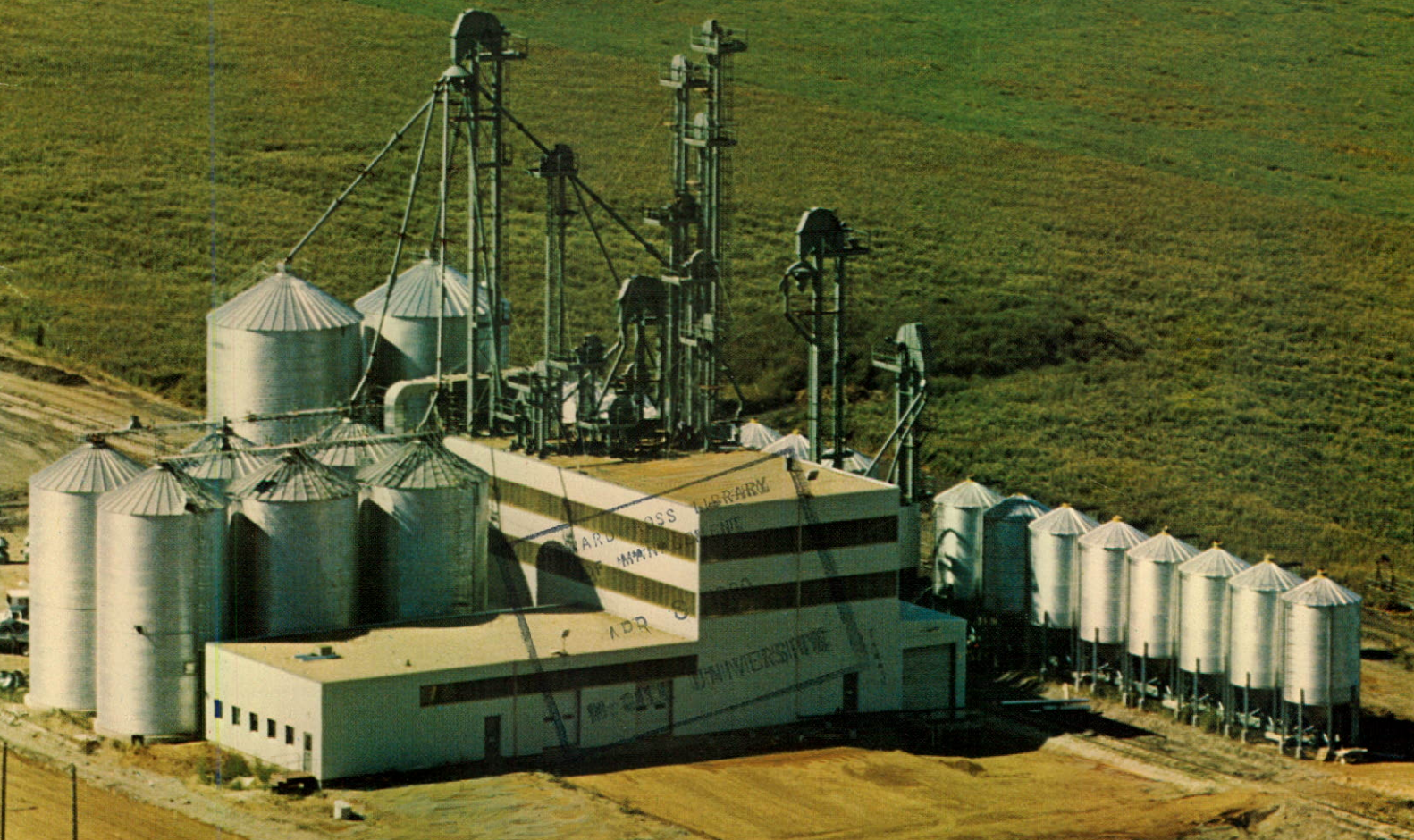


**ANNUAL REPORT TO
SHAREHOLDERS
1979**



FINANCIAL HIGHLIGHTS OF THE YEAR 1979

	1979	1978
SALES	\$ 211,453,000	\$ 177,962,000
EARNINGS FROM OPERATIONS	11,010,000	6,458,000
per share*	5.68	3.33
EXTRAORDINARY GAIN	—	36,000
per share	—	.02
EARNINGS	11,010,000	6,494,000
per share	5.68	3.35
DIVIDENDS PAID DURING THE YEAR	2,131,000	2,131,000
per share	1.10	1.10
CAPITAL EXPENDITURES	2,953,000	1,923,000
DEPRECIATION	2,206,000	2,004,000
WORKING CAPITAL	38,482,000	29,823,000
AVERAGE NUMBER OF EMPLOYEES	2,141	2,119

* per share data in both years based on 1,938,416 common shares.

COMPANY PROFILE

Westeel-Rosco Limited is the largest manufacturer and distributor of a wide range of fabricated metal products in Canada. These products are used in industrial, commercial, institutional, and highway construction and in the agricultural industry. The Company also manufactures pre-engineered buildings and residential products in addition to providing custom metal processing services to manufacturers and contractors. Operations are conducted from a network of manufacturing plants, warehouses, and sales outlets stretching across Canada and into the United States, which service both domestic and international markets.

Westeel-Rosco Limited is the result of an amalgamation of a number of companies dating back to 1852. In 1978, Jannock Limited of Toronto acquired a majority interest in the ownership of the Company.

ANNUAL MEETING

The Annual Meeting of Shareholders will be held at the Royal York Hotel in Toronto, Ontario on April 25, 1980.

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FRONT COVER: Seed Cleaning Plant of Inter-Continental Grain Co. Ltd. at Carman, Manitoba. Westeel-Rosco supplied and installed the 16 hopper bottom bins and 8 large bins. Westeel-Rosco was also responsible for supplying and installing all of the roof deck and floor deck as well as both interior and exterior wall cladding for the main building.

BOARD OF DIRECTORS

H. G. MacNeill †	Toronto
Chairman of the Board, Westeel-Rosco Limited President and Chief Executive Officer, Jannock Limited	
R. M. Calhoun ★	Toronto
Vice-Chairman, Westeel-Rosco Limited	
E. C. Bovey ★	Toronto
Chairman of the Board, Norcen Energy Resources Limited	
W. M. Hatch ★	Toronto
President, Hatchwill Investments Limited	
C. W. Leonardi †	Toronto
Executive Vice-President, Finance, Jannock Limited	
G. E. Mara †	Toronto
Chairman of the Board, Jannock Limited	
L. R. Wright †	Toronto
President and Chief Executive Officer, Westeel-Rosco Limited	

★ Member of Audit Committee

† Member of Executive Committee

OFFICERS

H. G. MacNeill	Chairman of the Board
R. M. Calhoun	Vice-Chairman
L. R. Wright	President and Chief Executive Officer
G. Grodecki	Executive Vice-President
S. D. Elder	Vice-President Finance & Secretary
O. R. Pettersson	Vice-President Marketing
W. D. Dertell	Vice-President and Executive Assistant to the President
H. Dutton	Vice-President
A. H. Mack	Vice-President
W. P. Drysdale	Treasurer & Assistant Secretary

REPORT TO SHAREHOLDERS

Sales and earnings for the year 1979 were at record levels for your Company.

Earnings for the year were \$11,010,000, equivalent to \$5.68 per share, an increase of 70% over 1978's earnings of \$6,458,000 or \$3.33 per share (before an extraordinary gain in 1978 of \$36,000, equivalent to \$0.02 per share).

Total sales increased by 19% to \$211,453,000 in 1979 from \$177,962,000 in 1978.

Each of the Company's major product groups recorded sales increases, particularly our Building, Industrial and Warehouse Product lines. Sales of our Agricultural Product lines also experienced some further growth over 1978's very high level, although demand for our principal agricultural product, grain storage bins, softened considerably in the latter half of the year.

The increase in 1979 earnings was attributable to both the higher sales level and to an improvement in profitability in each of the Company's product groups.

The improved profitability in 1979 was partly due to the effect of a reasonably tight steel supply situation in Canada during the year which enabled your Company to direct its market activity towards business offering realistic profit margins. The higher earnings also reflect continued improvements to our marketing, procurement, manufacturing and Building Products installation operations which enabled your Company to better its overall competitive position.

Capital spending for the year amounted to \$3.0 million and included a number of items at our various facilities coast to coast, including the purchase of new equipment together with modification and upgrading of our physical facilities. At December 31st, 1979 we had a carryover of \$4.3 million of capital expenditures which had been approved but not completed in 1979. This carryover amount includes a significant expansion of our office facilities in Edmonton, the construction of a new helical culvert pipe plant in Burlington, Ontario, improved manufacturing equipment at our Stran-Steel Division, together with the purchase of several recorugators for our various helical pipe mills. Also, the construction of an additional 32,000 square feet of manufacturing and warehousing space at our main Rexdale plant, together with an additional 10,000 square feet of office facilities at that plant was approved in 1979 for completion during 1980.

During 1979, nine collective agreements covering 53% of our hourly-paid plant employees were negotiated. Three of the agreements, for employees at the Company's Vancouver, Montreal and Richmond Hill (Stran-Steel) operations were settled after work stoppages which negatively impacted our 1979 results.

On July 2nd, 1979, Mr. O. R. Petterson was appointed to the new position of Vice-President-Marketing. Mr. Petterson is responsible for overall corporate marketing and sales functions, including responsibility for all Regional sales operations and the Cubic Storage Systems Division. Coincidental with Mr. Petterson's appointment, the former Prairie Region was divided into three new independent Regions which reflect the increasing importance of Western Canada as a market for our product lines. The creation of the position of Vice-President - Marketing is an indication of your Company's intent to place increasingly greater emphasis on the sales and marketing of your Company's products.

On April 25, 1979, at the Company's Annual Meeting of Shareholders, the shareholders approved new By-laws of the Company, completing the requirements for continuance under

the Canada Business Corporations Act. At the same meeting a special resolution was also approved which authorized Articles of Amendment changing the number of Directors from the fixed number of twelve to a minimum number of five and a maximum of twelve.

The shareholders appointed a Board comprised of seven Directors, including the re-appointments of Messrs. E. C. Bovey, R. M. Calhoun, H. G. MacNeill, G. E. Mara and L. R. Wright. Newly elected to the Board of Directors were Mr. W. M. Hatch, President of Hatchwill Investments Limited, and Mr. C. W. Leonardi, Executive Vice-President-Finance, of Jannock Limited.

On June 1st, 1979, Westeel-Rosco Limited and its wholly-owned subsidiary, Northern Culverts and Metal Products Limited, were amalgamated. The amalgamation was undertaken primarily to simplify accounting and administration functions. The former subsidiary continues to be identified by the Northern Culverts and Metal Products name, but as a Division of Westeel-Rosco Limited.

The Company's year-end order backlog amounted to \$46.7 million, an increase of 32% over the order book position as of December 31st, 1978. This increase is attributable to a heavy carryover into 1980 of sales bookings for the Company's Building Products line.

Because of unsettled international conditions as well as uncertainties concerning the North American economic outlook, it is extremely difficult to intelligently look too far ahead into 1980. At the present time, we anticipate an increase in Canada's gross national product of approximately 1% during 1980, and an easing in the availability of steel supplies from the Canadian basic steel producers by the second quarter of the year. Accordingly, we expect a somewhat sluggish economy with resultant strong competition for available business and a lowering of our overall profit margins. We are forecasting that our 1980 sales volume will approximate that of 1979.

Although our projections for 1980 are not encouraging, we remain optimistic that capital goods spending will pick up substantially sometime during 1981, resulting in a strong demand for many of your Company's products. With the Company's financial resources and available production capacity, we consider the long-range outlook for your Company is sound and can be viewed with confidence.

Our employees are the true strength of your Company and we wish to express our appreciation to them for their efforts during the past record year.

Submitted on behalf of the Board,

H. G. MacNeill,
Chairman of the Board.

L. R. Wright,
President and
Chief Executive Officer.

REVIEW OF 1979 OPERATIONS

AGRICULTURAL PRODUCTS



Agricultural Product sales, at \$79.5 million, grew 13% over the previous record level of \$70.2 million recorded in 1978.

During the first half of 1979, demand for the Company's major agricultural line, grain storage and drying bins, was extremely strong and the Company was able to capture a significant portion of this market through a concentrated marketing, manufacturing, and distribution program.

Demand for grain bins slackened considerably in the second half of the year, and order bookings at year end for 1980 delivery were well down from the order position of a year ago.

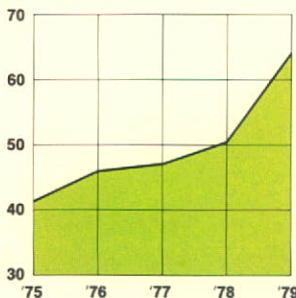
Sales of other agricultural products, including bulk feed tanks, fertilizer equipment, farm storage tanks, and farm roofing and siding remained strong.

The Company offers a complete range of grain handling, conditioning and storage products, including grain storage and drying bins in sizes ranging from 1,350 to 500,000 bushels, drying and aeration equipment, augers, and truck boxes for grain transport. The Company also markets a broad line of other agricultural products, such as multi-coloured steel roofing and siding for farm buildings, fertilizer equipment, farm storage tanks and bulk feed tanks sold to livestock producers.

In 1979 the Company introduced a new product to its agricultural line - prefabricated, all steel storage elevators assembled out of self-locking panels. The "Panelizer" elevators are easily and quickly erected, and also have potential for non-agricultural storage. The first installation of a "Panelizer" elevator, integrated with Westeel-Rosco storage bins, was completed in 1979 at Kyle, Saskatchewan.

Westeel-Rosco Limited has been a leading name in grain storage and related agricultural product lines for many years and the Company continues to research and implement design improvements to our extensive product lines.

BUILDING PRODUCTS



Sales of Building Products totalled \$64.4 million in 1979, 27% higher than 1978's sales of \$50.7 million, with much of the increase occurring in the latter half of the year. The sales growth is primarily due to a significant increase in non-residential construction in Canada during 1979, following three years of depressed activity in the construction market.

The strong sales performance was general through each of the major lines, including floor and roof decking, wall cladding, toilet partitions, and built-up roofing.

Our Stran-Steel Division also encountered high demand for its pre-engineered buildings, and was able to approximately equal 1978's sales volume, in spite of a 10 week work stoppage at the Stran manufacturing facility.

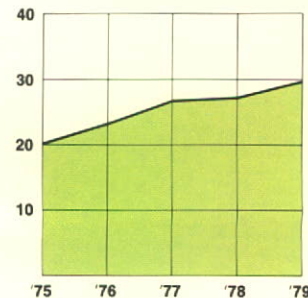
Our P. Graham Bell Associates Limited subsidiary was able to record very good sales in the latter part of the year, because of the active construction market.

Building Products include steel roof and floor decking, metal wall cladding, toilet partitions and built-up roofing, used in the construction of commercial, industrial, and institutional buildings. The Company's products are available both on a supply only and a supply and install basis.

The Stran-Steel Division, included in this group, manufactures a wide range of pre-engineered steel buildings marketed through a growing network of builder - dealers located across Canada. P. Graham Bell Associates Limited produces porcelain enamelled architectural panelling principally marketed to the construction industry.

Westeel-Rosco Limited is entering 1980 with a substantial backlog of Building Products orders. However, the general slowness of the economy expected during 1980 can be anticipated to overtake the construction business as the year progresses, contracting the market in the latter part of the year.

HIGHWAY AND DRAINAGE PRODUCTS



Sales of our Highway and Drainage Products were \$29.8 million in 1979, an increase of 9% over 1978's sales of \$27.2 million. This increase allowed us to retain our share of the market, which continues to suffer from intense competition and productive overcapacity.

In 1979, to meet market demand, the Company expanded its capability to produce its line of recorrugated helical pipe, first introduced in 1978. This product, marketed as "Recor" pipe, has specially recorrugated ends which result in strong and easily connected joints, giving "Recor" an advantage in conventional markets and allowing it to compete more effectively in the storm sewer market.

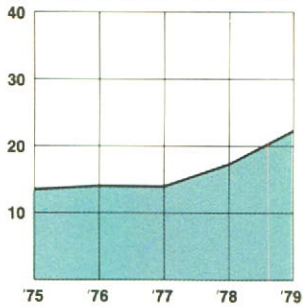
Acceptance of our "Enviro-wall" visual barrier, used to block the noise and irritation of high speed traffic in residential areas, continued to grow. "Enviro-wall" is available in both horizontal and vertical designs with an

attractive precoated finish which is highly resistant to road salt.

The Highway and Drainage Product group includes corrugated steel culvert pipe, tunnel liner, cribwall, bridge decking, guiderail, and structural plate for bridges and underpasses. These products are marketed to municipal and provincial governments, road building contractors, and the natural resource industry.

Competition should remain severe during 1980, but the accelerating development of Canada's natural resources, and the need for expanded sewer and road facilities will promote the long term growth of our Highway and Drainage products.

WAREHOUSE/RESIDENTIAL PRODUCTS



Sales of our Warehouse and Residential Products amounted to \$22.3 million, and were 29% higher than 1978's sales of \$17.3 million.

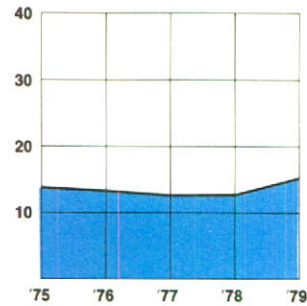
Sales of Warehouse Products were substantially higher in 1979, because of a generally active market for steel products and because of marketing programs emphasizing customer service.

Sales of "Leisure-Time" residential steel fencing exhibited further growth during the year, but the other major residential line - eavestroughing, experienced poor

sales again during 1979, because of strong competition from plastic eavestrough and a lower rate of housing construction.

The Company's main steel service centre in Toronto offers a wide range of basic metal products and custom processing services and selected metal product services are also available in key branch locations, enabling the Company to meet the needs of a variety of industrial users of metal products. Residential products include the snap-together "Leisure-Time" residential fence, eavestrough and other building components.

INDUSTRIAL PRODUCTS

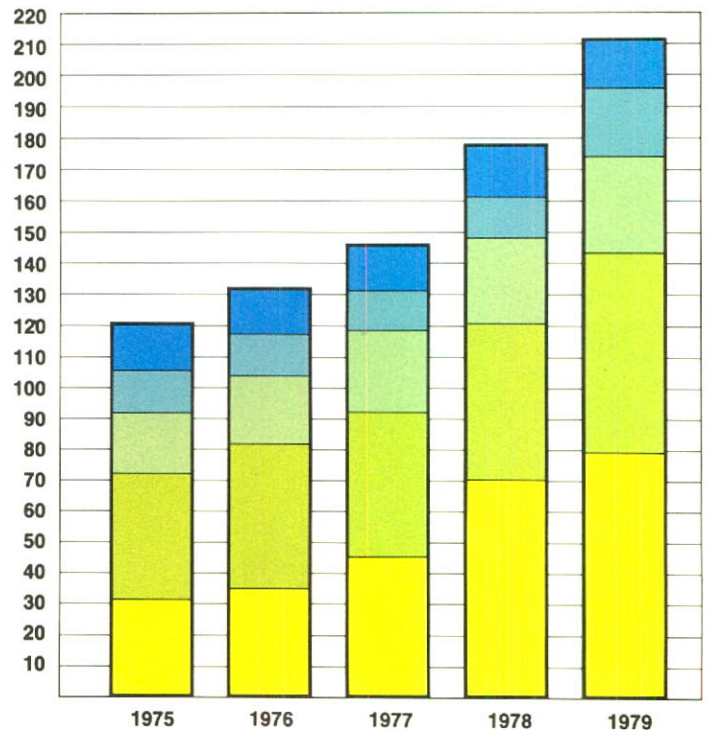
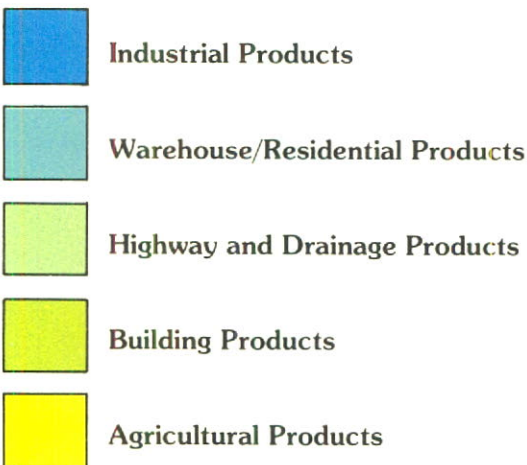


Industrial Product sales during 1979 were \$15.5 million, compared to 1978 sales of \$12.6 million, an increase of 23%.

The sales growth is primarily due to the strong market in the non-residential construction and capital goods sectors of the economy. Increased volumes were recorded for each of the major product categories within this group.

Industrial Products include fuel and chemical storage tanks, containers for electrical transformers, custom fabricated metal products for a wide variety of end users, and material handling and racking systems manufactured by our Cubic Storage Systems Division.

**SALES BY PRODUCT GROUPS
IN MILLIONS OF DOLLARS**



1979 FINANCIAL REVIEW

The record earnings of \$11.0 million achieved in 1979 equate to a return on the January 1, 1979 shareholders equity of 23.7%, compared to the 15.3% return on equity, before an extraordinary gain, reported for 1978.

During 1979, the Company paid out a total of \$2,131,000 in dividends to its shareholders, equivalent to \$1.10 per share, unchanged from 1978's dividend level.

After the addition of 1979's earnings and after payment of dividends, total shareholders' equity increased by \$8.9 million to \$55.3 million, equivalent to a book value per share of \$28.55, 19.1% higher than the December 31, 1978 book value per share of \$23.97.

During the year, the Company generated \$13.8 million in funds from operations, receipts from mortgages receivable and from the disposal of fixed assets.

These funds were applied to acquire \$3.0 million in additional equipment and facilities, to return \$2.1 million in dividends to our shareholders, and to meet the repayment requirements of our mortgage. The balance of the total funds generated in the year, \$8.7 million, was reinvested in the working capital of our business, resulting in a total year end working capital of \$38.5 million, and a working capital ratio of 1.58, the same ratio as in 1978.

The Company's strong balance sheet position provides the resources to support continued expansion and investment in our business.

Accounts receivable increased \$4.2 million to \$39.7 million as of December 31, reflecting active sales in the fourth quarter of 1979.

The Company carried \$64.4 million in inventory as of December 31, 1979, \$19.3 million higher than the inventory held at the 1978 year end.

This inventory level will enable the Company to meet the sales commitments carried into 1980 by our strong year end order position, and will permit the Company to react quickly to market demand.

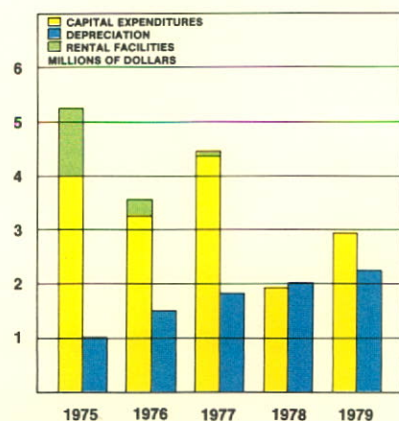
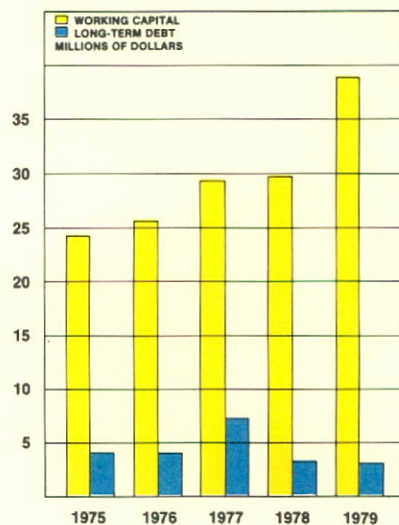
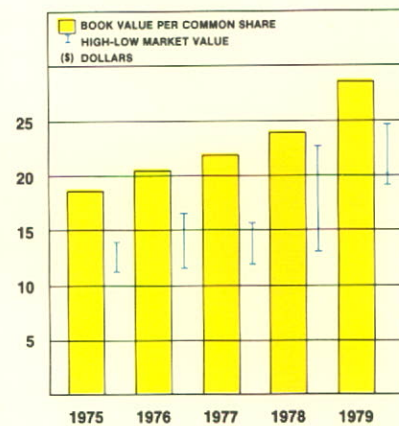
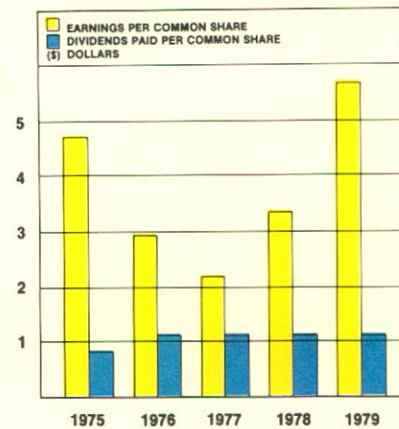
In 1979, certain tax installment payments were deferred and accordingly, taxes payable as of December 31, 1979, were \$7.4 million compared to \$3.0 million at the previous year end.

Bank indebtedness at year end was \$38.2 million, 37.4% higher than 1978's comparable figure. The increase in bank indebtedness provided funds for investment, principally in inventories and receivables.

Total interest expense in 1979 was \$4.5 million, compared to \$2.9 million in 1978. This 52% increase is due to higher interest rates during 1979, as well as to higher borrowing levels. During 1979, the prime interest rate charged by the Company's bankers increased six times, taking borrowing cost from 11½% at the beginning of the year to an extreme 15% by year end.

The effective tax rate for the 1979 year was 44.5%, only marginally higher than 1978's rate of 44.3%.

During 1979, the Company expanded the capability of remote locations to access the central computer for both the input and retrieval of information, leading to improved administration of our systems and to more timely availability of data.



**WESTEEL-ROSCO LIMITED
AND SUBSIDIARIES**
(Under the Canada Business Corporations Act)

Consolidated Balance Sheet
As at December 31, 1979
(with prior year's figures for comparison)

ASSETS

	1979	1978
Current:		
Accounts receivable	\$ 39,694,000	\$ 35,520,000
Inventories (Note 1)	64,357,000	45,054,000
Prepaid expenses	458,000	386,000
Total current assets	<u>104,509,000</u>	<u>80,960,000</u>
Mortgages receivable	<u>450,000</u>	<u>710,000</u>
Fixed assets (Note 2):		
Land	3,040,000	3,249,000
Buildings	18,090,000	17,179,000
Machinery and equipment	22,662,000	21,076,000
Total	<u>43,792,000</u>	<u>41,504,000</u>
Less accumulated depreciation	<u>21,452,000</u>	<u>19,316,000</u>
Net fixed assets	<u>22,340,000</u>	<u>22,188,000</u>
Total	<u>\$127,299,000</u>	<u>\$103,858,000</u>

The accompanying statement of accounting policies and notes are an integral part of the financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY

	1979	1978
Current:		
Bank indebtedness	\$ 38,242,000	\$ 27,836,000
Accounts payable and accrued charges	19,476,000	18,595,000
Taxes payable	7,360,000	3,040,000
Deferred income taxes	949,000	1,666,000
	<u>66,027,000</u>	<u>51,137,000</u>
Long-term debt (Note 3)	3,197,000	3,236,000
Deferred income taxes	<u>2,735,000</u>	<u>3,024,000</u>
Shareholders' equity:		
Share capital (Note 4)	1,573,000	1,573,000
Contributed surplus	500,000	500,000
Retained earnings	53,267,000	44,388,000
	<u>55,340,000</u>	<u>46,461,000</u>
Total	<u><u>\$127,299,000</u></u>	<u><u>\$103,858,000</u></u>

Approved by the Board: H. G. MacNeill, Director

L. R. Wright, Director

**WESTEEL-ROSCO LIMITED
AND SUBSIDIARIES**

Consolidated Statement of Earnings
Year Ended December 31, 1979
(with prior year's figures for comparison)

	1979	1978
Sales	\$211,453,000	\$177,962,000
Cost of sales, selling and administrative expenses before the following	<u>184,932,000</u>	<u>161,442,000</u>
Depreciation	2,206,000	2,004,000
Interest expense (including, 1979 - \$335,749 1978 - \$735,272 on long-term debt)	<u>4,465,000</u>	<u>2,932,000</u>
	<u>191,603,000</u>	<u>166,378,000</u>
Earnings before income taxes and extraordinary gain	<u>19,850,000</u>	<u>11,584,000</u>
Income taxes:		
Current	9,129,000	5,211,000
Deferred - non current	<u>(289,000)</u>	<u>(85,000)</u>
	<u>8,840,000</u>	<u>5,126,000</u>
Earnings before extraordinary gain	<u>11,010,000</u>	<u>6,458,000</u>
Extraordinary gain	—	<u>36,000</u>
Earnings for the year	<u>\$ 11,010,000</u>	<u>\$ 6,494,000</u>
Earnings per share, before extraordinary gain	<u>\$ 5.68</u>	<u>\$ 3.33</u>
Earnings per share, after extraordinary gain	<u>\$ 5.68</u>	<u>\$ 3.35</u>

Consolidated Statement of Retained Earnings
Year Ended December 31, 1979
(with prior year's figures for comparison)

	1979	1978
Retained Earnings at beginning of the year	\$ 44,388,000	\$ 40,025,000
Earnings for the year	<u>11,010,000</u>	<u>6,494,000</u>
	55,398,000	46,519,000
Dividends	<u>2,131,000</u>	<u>2,131,000</u>
Retained Earnings at end of the year	<u>\$ 53,267,000</u>	<u>\$ 44,388,000</u>

The accompanying statement of accounting policies and notes are an integral part of the financial statements.

**WESTEEL-ROSCO LIMITED
AND SUBSIDIARIES**

Consolidated Statement of Changes in Financial Position
Year Ended December 31, 1979
(with prior year's figures for comparison)

	1979	1978
WORKING CAPITAL PROVIDED:		
Earnings before extraordinary gain	\$ 11,010,000	\$ 6,458,000
Items not affecting working capital:		
Depreciation	2,206,000	2,004,000
Deferred income taxes — non current	(289,000)	(85,000)
Gain on disposal of fixed assets	(10,000)	(22,000)
Provided from operations	<u>12,917,000</u>	<u>8,355,000</u>
Proceeds from disposal of fixed assets	605,000	127,000
Decrease in mortgages receivable	260,000	83,000
Total	<u>13,782,000</u>	<u>8,565,000</u>
WORKING CAPITAL APPLIED:		
Purchase of fixed assets	2,953,000	1,923,000
Decrease in long-term debt	39,000	4,050,000
Dividends	2,131,000	2,131,000
Total	<u>5,123,000</u>	<u>8,104,000</u>
Increase in working capital for the year	<u>\$ 8,659,000</u>	<u>\$ 461,000</u>
The accompanying statement of accounting policies and notes are an integral part of the financial statements.		

AUDITORS' REPORT

To the Shareholders of
Westeel-Rosco Limited:

We have examined the consolidated balance sheet of Westeel-Rosco Limited as at December 31, 1979 and the consolidated statements of earnings, 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 December 31, 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.

DELOITTE HASKINS & SELLS
Chartered Accountants

February 8, 1980.
Toronto, Ontario

Westeel-Rosco Limited

Statement of Accounting Policies

For the Year Ended December 31, 1979

Principles of Consolidation

The consolidated financial statements include the accounts of all subsidiaries. Intercompany transactions and the year end account balances have been eliminated on consolidation.

The operating subsidiaries are Northern Culverts and Metal Products Ltd. (until May 31, 1979 - note 4), P. Graham Bell Associates Limited, WRL Properties Ltd. and Westeel Incorporated.

Inventories

Finished goods and work in process are stated at the lower of standard cost and net realizable value. Raw materials and supplies are stated at the lower of cost and replacement cost.

Fixed Assets

Fixed assets are carried at cost. Depreciation of fixed assets, which is based on management's estimate of the useful life, is generally calculated on a straight-line basis.

Deferred Income Taxes

Deferred income taxes are provided for all differences between the income and expenses reflected in the statements and the amounts included in the computation of income for tax purposes for the current year provided that such differences will be included in the com-

putation of income for tax purposes in future years. These timing differences are primarily comprised of:

- the excess of capital cost allowance for income tax purposes over depreciation expense.
- accounts receivable holdbacks and profit on uncompleted contracts which are not yet subject to income taxes.

Translation of Foreign Currencies

Foreign currency amounts have been translated to Canadian dollars as follows. Assets and liabilities carried at current prices are translated at the approximate exchange rate at year end. Assets, liabilities and transactions stated at past prices are translated at applicable historical rates.

Translation gains or losses related to non-current monetary assets and liabilities with fixed or ascertainable terms, are deferred and amortized over the term of the instrument. Other translation gains and losses are included in income as they arise.

Contract Revenues

Revenues from construction supply-and-install contracts are recognized on the percentage of completion basis.

Notes to Consolidated Financial Statements

For the Year Ended December 31, 1979

1. Inventories	1979	1978
	\$	\$
Raw materials and supplies	22,890,000	12,561,000
Work in process	3,026,000	5,938,000
Finished goods	38,441,000	26,555,000
	64,357,000	45,054,000

2. Fixed Assets

	1979 (\$000)		Depre- ciation rates %	1978 (\$000)	
	Cost \$	Net \$		Cost \$	Net \$
Land	2,715	2,715	—	3,024	3,024
Buildings	15,193	8,844	2½	14,338	8,561
Rental Buildings**	2,653	2,532	5	2,653	2,559
Plant Equipment	18,235	5,923	10	17,591	6,410
Mobile Equipment	1,665	476	25	1,479	423
Furniture and Fixtures	1,779	644	10	1,649	613
Leasehold Improvements	359	174	20	324	159
Construction in progress	1,193	1,032	—	446	439
	43,792	22,340		41,504	22,188

** Rental Buildings - Depreciation is computed on 5% forty-year Sinking Fund basis.

Insured value on the basis of replacement costs as at December 31, 1979 was \$78,607.

3. Long-Term Debt

	1979	1978
Long-term debt consists of the following:		
Non-interest bearing Note	\$ —	\$ 5,000
10½% mortgage secured on West Row Industrial Mall, due 1992	3,234,000	3,265,000
	3,234,000	3,270,000
Less current portion included in accounts pay- able and accrued charges	37,000	34,000
Long-term debt	\$ 3,197,000	\$ 3,236,000

Payments of principal and interest required during the next five years to meet long-term debt instalments:

	Principal \$	Interest \$
1980	37,000	331,000
1981	41,000	327,000
1982	45,000	323,000
1983	50,000	318,000
1984	56,000	312,000
1985	62,000	306,000

4. Share Capital

	1979	1978
Common shares without par value		
Issued and fully paid	1,938,416	1,938,416

Under the Canada Business Corporations Act, the Company is authorized to issue an unlimited number of common shares.

On June 1, 1979, the Company entered into a statutory amalgamation with its wholly owned subsidiary, Northern Culverts and Metal Products Ltd.

5. Pension Plans

The Company and its subsidiaries have a number of pension plans for employees. Based on actuarial estimates as of December 31, 1977, the Company's pension plans were fully funded.

6. Commitments

Lease Commitments are as follows:

1980	\$ 102,869
1981	23,156
1982	18,000
1983	6,000
	\$ 150,025

7. Remuneration of Directors and Officers

Information relative to directors and officers, as required by the Ontario Securities Act, is as follows:

	1979	1978
Remuneration of Directors, as Directors	\$ 38,600	\$ 59,600
Remuneration of Officers, as Officers	\$ 610,600	\$ 473,957
Number of Directors (7 as at December 31, 1979)	14	12
Number of Officers*	11	10
Number of Officers who are Directors	3	6

* Officers include the five highest paid employees of the Company.

8. British Columbia Companies Act

The consolidated financial statements of the Company have been prepared in accordance with the Canada Business Corporations Act and do not comply with every provision of the British Columbia Companies Act.

9. Committed and Approved Capital Expenditures

Capital expenditures committed at December 31, 1979 amounted to \$2,253,000. In addition, the board of Directors has approved a further \$2,060,000 of capital expenditures.

TEN YEAR COMPARISON

(In Thousands of Dollars — Except Sales and Per Share Statistics)

(Bracketed Numbers Indicate a Negative)

OPERATIONS	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970
Sales (\$ Millions)	\$ 211.5	\$ 178.0	\$ 146.0	\$ 132.5	\$ 121.0	\$ 115.0	\$ 92.2	\$ 69.7	\$ 69.8	\$ 70.0
Earnings Before Taxes	\$ 19,850	\$ 11,584	\$ 7,111	\$ 10,234	\$ 16,329	\$ 15,681	\$ 7,947	\$ 3,462	\$ 3,524	\$ (83)
Return on Sales	9.4%	6.5%	4.9%	7.7%	13.5%	13.6%	8.6%	5.0%	5.1%	(.1%)
Income Taxes	\$ 8,840	\$ 5,126	\$ 2,919	\$ 4,566	\$ 7,230	\$ 7,300	\$ 3,558	\$ 1,485	\$ 1,741	\$ (47)
Net Earnings - After Tax	\$ 11,010	\$ 6,458	\$ 4,192	\$ 5,668	\$ 9,099	\$ 8,381	\$ 4,389	\$ 1,977	\$ 1,783	\$ (36)
Per Share	5.68	3.33	2.16	2.92	4.69	4.32	2.26	1.02	.92	(.02)
Return on Sales	5.2%	3.6%	2.9%	4.3%	7.5%	7.3%	4.8%	2.8%	2.7%	(.1%)
Return on January 1 Shareholders' Equity	23.7%	15.3%	10.6%	15.7%	32.0%	39.9%	25.6%	12.8%	12.9%	(0.3%)
Dividends	\$ 2,131	\$ 2,131	\$ 2,131	\$ 2,131	\$ 1,551	\$ 969	\$ 485	\$ 349	\$ 290	\$ 290
Per Share	1.10	1.10	1.10	1.10	.80	.50	.25	.18	.15	.15
Cash Flow From Operations	\$ 12,917	\$ 8,355	\$ 6,372	\$ 7,745	\$ 11,289	\$ 9,590	\$ 5,254	\$ 2,733	\$ 2,299	\$ 677
Per Share	6.66	4.31	3.29	4.00	5.82	4.95	2.71	1.41	1.19	.35
CAPITAL EXPENDITURES	\$ 2,953	\$ 1,923	\$ 4,479	\$ 4,345	\$ 5,249	\$ 5,970	\$ 2,112	\$ 776	\$ 323	\$ 702
FINANCIAL POSITION-YEAR-END										
Working Capital	\$ 38,482	\$ 29,823	\$ 29,362	\$ 25,664	\$ 24,236	\$ 19,394	\$ 16,541	\$ 14,092	\$ 12,360	\$ 10,324
Working Capital Ratio	1.58	1.58	1.82	1.80	1.78	1.62	1.72	1.74	1.75	1.48
Fixed Assets	\$ 22,340	\$ 22,188	\$ 22,308	\$ 19,801	\$ 16,947	\$ 12,842	\$ 7,895	\$ 6,748	\$ 6,749	\$ 7,468
Long-term Debt	\$ 3,197	\$ 3,236	\$ 7,286	\$ 4,012	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,333	\$ 4,500	\$ 4,698
Shareholders' Equity	\$ 55,340	\$ 46,461	\$ 42,098	\$ 39,723	\$ 36,186	\$ 28,434	\$ 21,020	\$ 17,115	\$ 15,487	\$ 13,854
Per Share	28.55	23.97	21.72	20.49	18.67	14.67	10.84	8.83	7.99	7.15
Ratio of Equity to Long-term Debt	17.3	14.4	5.78	9.90	9.05	7.11	5.26	3.95	3.44	2.95
COMMON SHARES OUTSTANDING	1971	—	1979	1,938,416						
			1970	1,936,816						

Per share data and shares outstanding have been adjusted to reflect a two for one stock split effective May 7, 1973 and March 19, 1975.

Earnings and related data exclude extraordinary items.

Valuation day value of shares at December 22, 1971 for purposes of calculating capital gain taxes \$3.47.

WESTEEL-ROSCO PRODUCTS ARE USED THROUGHOUT THE LAND

FOR ROAD CONSTRUCTION & DRAINAGE: Corrugated Steel Drainage Pipe—in full range of sizes, shapes and coating finishes • Steel Decking for Bridges—for permanent stay-in-place concrete forms • Earth Retaining Structures—steel crib type systems to control erosion of earth embankments; interlocking panel type, for trench and retaining walls • Highway Guiderail—safety barrier protects property and motorists • Highway Fencing—provides privacy and noise abatement for adjacent residents • Traffic Control Signs and Sign Posts • Liner Plates for Tunnel and Shaft Excavations • Large Span, Field-Assembled Steel Pipes and Arches—for road and railway underpasses, river crossings and tunnel construction.

FOR BUILDING CONSTRUCTION: Steel Decking for Roofs—plain & acoustic • Steel Decking for Floors—of designs for use with concrete and to accommodate utility services and electrical wiring • Surface Panels for Walls—pre-painted steel or aluminum, insulated or non-insulated • Toilet Partitions • Steel Framing for Doors • Steel Doors • Pre-Engineered Steel Buildings—for commercial, recreational & industrial use • Porcelain Enamel Products—column covers, panels for under roof eaves, chalkboards.

FOR THE FARM: Circular Steel Grain Storage Bins • Grain Handling, Testing, Drying & Aeration Equipment • Circular Steel Vertical Tanks for Storage of Bulk Feed • Steel or Aluminum Sheets for Farm Building Roofing and Siding—plain or prepainted • Watering Troughs for Livestock • Steel Farm Gates • Grain or Equipment Storage Buildings • Pipe Framing for Water Well Openings • Boxes & Lifting Hoists for Trucks—for haulage of grain and livestock • Fuel Storage Tanks & Elevated Stands • Portable Water Tanks • Liquid and Gas Fertilizer Injection Tanks • Liquid Fertilizer Storage Tanks • Portable Fuel Tanks.

FOR INDUSTRY: Propane Tanks • Fuel Pumps • Underground Fuel Storage Tanks • Air Receiver Tanks—for industrial compressors • Tanks for Mineral & Brine Storage • Special Tanks for Various Applications • Industrial Shelving & Storage Racking • Clothes Lockers • Security Enclosure Partitions • Flooring for Mezzanine Areas • Complete Custom Sheetmetal & Plate Fabrication • Complete Metal Service—shearing, slitting, etc. • Complete Metal Supply—in coil and/or sheet form.

FOR THE HOME: Prepainted Residential Fencing • Eavestrough, Rain Pipes & Fittings—galvanized or prepainted • Fuel Oil Tanks • Hot Water Storage Tanks • Earth Retainers for Below Ground Windows.



BANKERS

The Toronto-Dominion Bank

AUDITORS

Deloitte Haskins & Sells

INCORPORATION

Westeel-Rosco Limited was established with the issuance, under the laws of Canada, of letters patent of amalgamation dated December 31, 1965, amalgamating Westeel Products Limited with its wholly owned subsidiary, Rosco Metal Products Ltd. On September 25, 1978 the Company was continued under the Canada Business Corporation Act, and on June 1, 1979, the Company underwent a statutory amalgamation with Northern Culverts and Metal Products Ltd., a wholly owned subsidiary. The amalgamated company retains the Westeel-Rosco Limited name.

EXECUTIVE OFFICES

1 Atlantic Avenue, Toronto, Ontario. M6K 1X7

SUBSIDIARIES

P. Graham Bell Associates Limited
W R L Properties Ltd.
Westeel Incorporated
Island Culverts Limited (non operating)
Northern Culverts and Metal Products Ltd. (non operating)
Stran-Steel (Canada) Limited (non operating)
Yukon Culverts & Metal Products Limited (non operating)

STOCK EXCHANGE LISTINGS

Montreal Winnipeg Toronto

TRANSFER AGENTS AND REGISTRAR

National Trust Company
Montreal, Toronto, Winnipeg, Calgary, Vancouver and its agent Canada Permanent Trust Company, Regina.

BRANCHES AND DIVISIONS

MARITIME PROVINCES

Halifax-Dartmouth

QUEBEC

Quebec City
Montréal

ONTARIO

Ottawa
Toronto
London
Sudbury
Thunder Bay
Stoney Creek

PRAIRIE PROVINCES

Winnipeg
Saskatoon
Regina
Edmonton
Calgary

UNITED STATES

Fargo, North Dakota

BRITISH COLUMBIA

Vancouver
Nanaimo
Prince George
Terrace

YUKON TERRITORY

Whitehorse

CUBIC STORAGE SYSTEMS DIVISION

Toronto, Ontario Montreal, P.Q.

P. GRAHAM BELL ASSOCIATES LIMITED

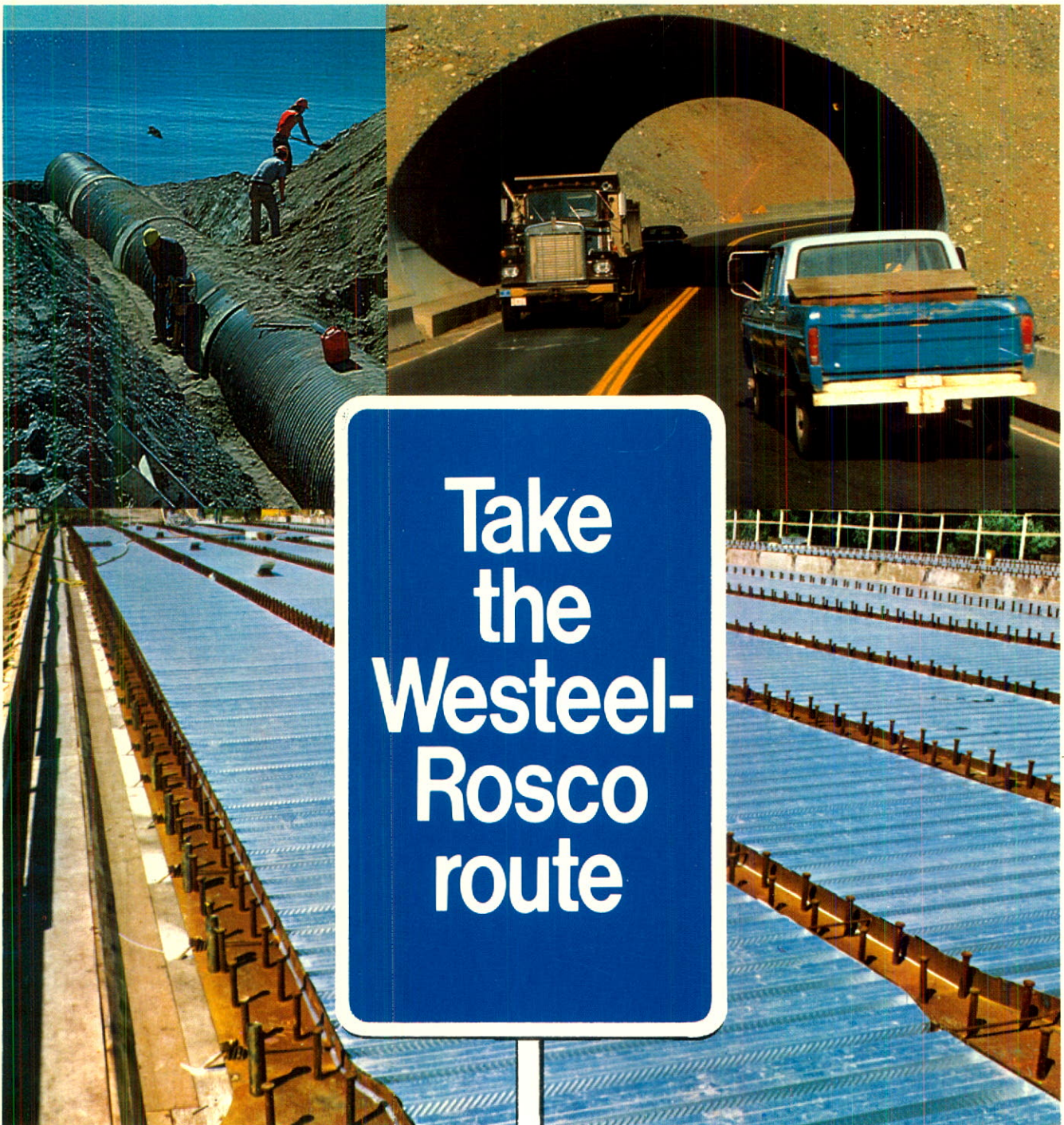
Georgetown, Ontario

STRAN-STEEL BUILDING SYSTEMS DIVISION

Richmond Hill, Ontario

NORTHERN CULVERTS AND METAL PRODUCTS DIVISION

Prince George, B.C. Terrace, B.C.



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Guiderail
K-D Plate Pipe
King-Size Soil-Steel
Structures
Nestable Culvert
Water Control Gates
CSP Manholes, Fittings

Sign Posts
Regulatory Signs
Tunnel Liner
Visual Barriers
Pole Cribbing
Arctic Utilidors
Conveyor
Enclosures
Ditch Liner
Underpasses

Highway and Drainage Division



WESTEEL-ROSCO LIMITED

An All Canadian Company