

**WESTBURNE  
INTERNATIONAL  
INDUSTRIES  
LTD.**

**1982  
ANNUAL  
REPORT**



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# HIGHLIGHTS OF FISCAL 1982

## Operating Revenues up 11%

Westburne's revenues once again reached a new peak. Sales were \$1.29 billion, up from last year's \$1.17 billion.

## Non-recurring Algerian Loss

Our 4-rig drilling contract with Algeria expired in February, 1982. We estimated that the expenses of winding up our activities in that country will be approximately \$14.7 million and we established a non-recurring provision for loss of that amount in the last quarter of fiscal 1982.

## Net Earnings, before Non-recurring Loss, down 20.2%

Net earnings before the provision for loss involved in the termination of our contract with Algeria, were \$26.4 million, down 20.2% from last year's \$33.0 million. After the \$14.7 million write-off, net earnings were \$11.7 million.

## Earnings per Share Lower

Per share earnings were \$2.52 versus \$3.39 last year. The non-recurring write-off reduced them to \$1.12. Per share results were based on an average of 10.5 million shares, an increase of 7% over last year's 9.8 million shares.

## Cash Flow

Cash flow, before the non-recurring write-off, was \$57.4 million, down from \$62.8 million the year before. After the write-off cash flow was reduced to \$42.7 million.

## Working Capital

Working capital was \$79.9 million, down from the record \$102 million at the end of fiscal 1981.

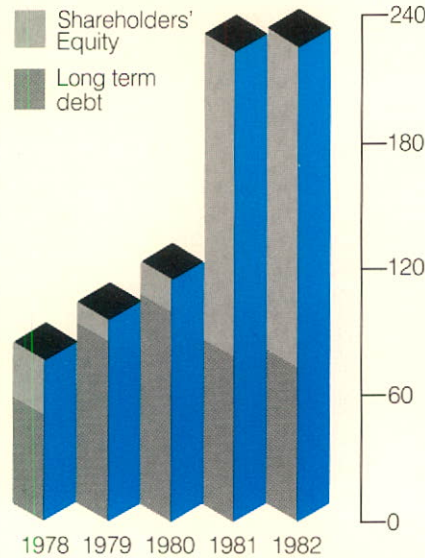
## Debt-to-Equity Ratio Improved

Long-term debt as a ratio to shareholders' equity declined to .32 to 1 from last year's .35 to 1.

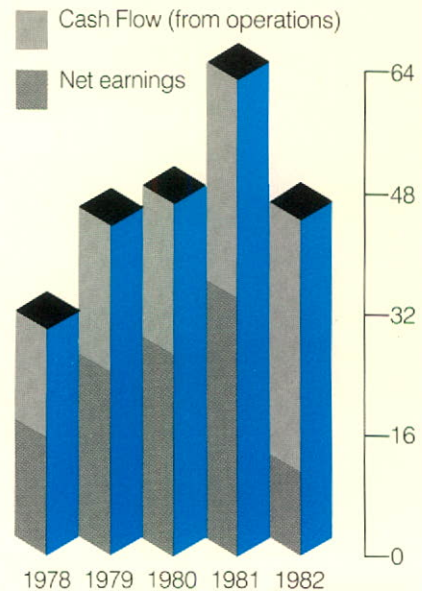
## Equity per Share

Equity per share increased to \$21.80 from last year's \$21.39, even after taking the Algerian write-off into consideration.

Long Term Debt/  
Shareholders Equity  
(Millions of Dollars)



Net Earnings/Cash Flow  
(Millions of Dollars)



Thousands of Canadian Dollars  
except per share data

	1982	1981
Operating Revenues.....	\$1,292,881	\$1,168,608
Net Earnings applicable to Common Shares.....	11,675	33,044
Earnings per Common Share .....	1.12	3.39
Cash Flow.....	42,672	62,801
Long Term Debt.....	72,658	79,898
Shareholders' Equity.....	227,794	223,695
Equity per Common Share .....	21.80	21.39







## TO OUR SHAREHOLDERS

Westburne's earnings in fiscal 1982 were below those of the previous year for the first time since 1977. All three of our divisions had lower results; even so, our earnings would have been only 20% below the record results of 1981 were it not for the \$14.7 million non-recurring write-off due to the termination of our operations in Algeria.

The loss in Algeria was the final result of a contract entered into by us soon after the Arab oil boycott back in 1974 when it appeared to open up a good opportunity to break into contract drilling in Africa and the Middle East. While our operations in that area proved to be costly we still feel that drilling in various parts of the world is, and will continue to be, good business. Our experience has been valuable and our reputation as a world-wide driller is now well established and we hope to be able to select countries and working conditions that are friendly and cooperative. We hope to redeploy our Algerian rigs profitably in the not too distant future. There are no areas in which we expect to experience any other non-recurring loss similar to that in Algeria.

The Westburne Board of Directors, at a meeting on June 8th, voted to reduce quarterly dividends to 10 cents per share from the previous 17½ cents. One reason for doing so is that the \$14.7 million loss suffered in Algeria will cost us a lot of cash without any compensating tax benefit. In any event, the reduction in payout is not an indication of severe problems but rather an act of caution in a difficult time and perhaps, an attempt to be ready for new opportunities.

There are serious differences between the Petroleum Industry and the Federal Government of Canada over the National Energy Program. Westburne's Canadian operations have suffered as have all others in the petroleum service and supply industry.

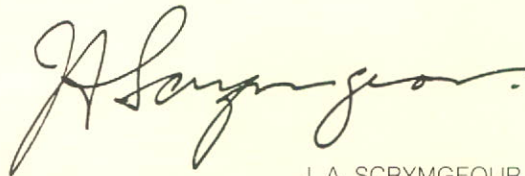
In spite of the difficult year we have been through, your management feels that the future should be bright for companies with the plans and resources to cope with the present world-wide economic recession, a very temporary over-supply of crude oil and are ready for the return to increased exploration activity.

As your management looks forward to the coming year it sees several favorable potentials:

1) The four Algerian rigs, even before termination of our contract, were not generating earnings. We should be able to increase our operating earnings when we redeploy them. Although demand for drilling services is somewhat slack at this date, we anticipate a turnaround later in 1982.

- 2) The construction equipment and supplies division has been able to increase its volume of business. This strong showing is due to the fact that the electrical and telecommunications portion of our business has been quite recession-resistant and also to the fact that the division is increasing its share of the available market. Even the modest improvement that is anticipated for construction activity should enable us to mark up further increases in both sales and earnings.
- 3) Canadian oil companies have been the subject of a lot of negative talk and increased government taxation. However natural gas and oil prices are rising slowly on an agreed formula. The cash flow from our oil and gas operations equalled the \$9.9 million reached last year and should increase in fiscal 1983.
- 4) Our asset value as represented by our book value, increased slightly last year to \$21.80. A valuation which would reflect the fair market value of our oil and gas reserves and of our drilling rigs would show a substantially higher figure. We expect the contract drilling industry will soon recover and our assets will again exert their earning power.

Westburne's future outlook depends to some extent on factors beyond its control. The National Energy Program continues to have a depressing effect on drilling activity in Canada. Oil and natural gas prices are subject not only to world-wide supply and demand but also to political decisions by OPEC nations, the United States and Canada. Also, high interest rates and the general state of the economy have had a negative effect on the Company. However, governments of all the industrialized nations are adopting policies and programs which are designed to control inflation and at the same time reduce high interest rates and stimulate economic recovery. We at Westburne believe that these efforts will be successful in the near term and that our principal lines of business, service and supply to the petroleum industry and to the construction industry — commercial, industrial and residential — will benefit greatly from any economic upturn.



J. A. SCRIMGEOUR  
Chairman of the Board

July 2, 1982







## OIL AND GAS EXPLORATION AND PRODUCTION

While the level of exploration activity in Canada declined sharply last year because of economic and government factors and in the United States because of the recession some small benefits are possible to Westburne's exploration division in the form of increased and better quality 'farm-outs' and lower prices for exploration lands.

Westburne expects to continue an active program of exploration and development on which we plan to spend some \$13 million during fiscal 1983.

The United States will continue to be the focal point of much of our activity. To further that aim, we have established an exploration office in Denver, Colorado staffed with qualified geologists who will oversee a 60 well drilling program in various areas.

We are somewhat benefited by the recent moves of the provincial and federal governments to stimulate an increase in exploration in Canada. We urge these governments to make even more effort to regain Canada's initiative towards energy self-sufficiency.

We have excellent prospects for discovering oil and gas on lands in Canada on which we will be drilling approximately 20 wells this year in cooperation with Tele-Metropole Inc.

For the year ended on March 31, 1982 our oil and gas division had a loss of \$579,000 after deducting an \$11 million provision for depletion and depreciation. Cash flow from oil and gas amounted to \$9.9 million approximately 23% of Westburne's total cash flow.

During the year Westburne participated in the drilling of 55 wells, resulting in 22 oil wells, 14 gas wells and one well which was completed as an oil well after the year end.

### Reserves and Acreage

As of March 31, 1982, our proven and probable reserves, as estimated by independent consultants were:

	Crude Oil and Natural Gas Liquids
	(Thousands of Barrels)
Canada . . . . .	8,042
United States . . . . .	<u>328</u>
	<u>8,370</u>

	Natural Gas
	(Millions of Cubic Feet)
Canada . . . . .	47,391
United States . . . . .	<u>3,420</u>
	<u>50,811</u>

These reserves were calculated to produce a future net revenue of \$525.5 million (1981 \$469.5 million) having a present worth net value discounted at 15% of \$130 million (1981 \$118 million). Average daily production in 1982 was 2,287 barrels of oil and 9.7 MMCF of natural gas.

As of March 31, 1982 Westburne owned interest in the following acreage:

	Developed Acreage	
	Gross Acres	Net Acres
Canada . . . . .	206,644	58,899
United States . . . . .	<u>34,764</u>	<u>8,777</u>
Total . . . . .	<u>241,408</u>	<u>67,676</u>

	Undeveloped Acreage	
	Gross Acres	Net Acres
Canada . . . . .	754,023	149,613
United States . . . . .	384,256	130,317
Other . . . . .	15,655,454	2,418,994
Total . . . . .	<u>16,793,733</u>	<u>2,698,924</u>







## PETROLEUM INDUSTRY SERVICES AND SUPPLIES

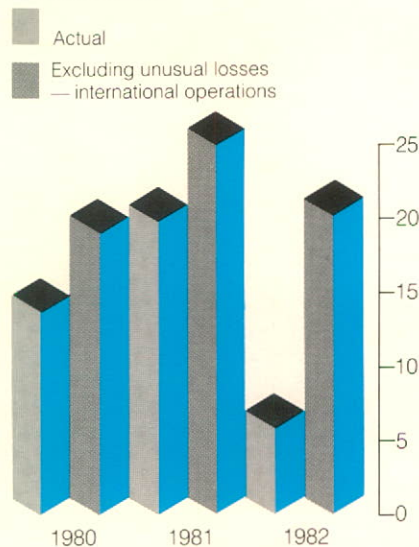
### Contract drilling

From an operating point of view, fiscal 1982 was a rather good year in spite of the decline in drilling activity in Canada during the entire year and in the United States during the last quarter. Fortunately, we had moved some of the larger, more profitable rigs out of Canada and as a result, contract drilling in the United States and other parts of the world was able to offset the slow-down in rig utilization in Canada even with the decline that occurred late in our fiscal year. Contract drilling revenues were \$162.2 million compared with \$164.9 million in fiscal 1981. However, in the fourth quarter of fiscal 1982 we wrote off \$14.7 million because of non-recurring expenses involved in winding up our operations in Algeria which reduced pre-tax earnings from \$17.9 million to \$5.5 million for the year as a whole.

We are in the process of shipping our four rigs out of Algeria and will redeploy them in other parts of the world. When that has been done, they should begin to generate earnings, in contrast to last year when they operated at a loss.

While it is difficult to forecast drilling activity in the near future, the following graph shows what our pre-tax earnings in the contract drilling division would have been without the unusual losses in our international operations in Iran, Iraq and Algeria.

Earnings — pre-income tax  
(Millions of Dollars)



At March 31, 1982 our rigs were deployed as follows:

Canada .....	24
United States .....	20
International operations .....	18

Westburne owns 56 of the above 62 rigs, has a 50% interest in two rigs through an Australian joint venture company, Westbridge Drilling Pty. Limited and leases the remaining four rigs. The cost and depreciated book values of our investment in drilling rigs and string were \$114.8 million and \$73.3 million respectively at March 31, 1982.

The two rigs which were operating in Guyana and Dominican Republic have now completed their contracts and are being returned to the United States.

In addition to rig operations Westburne has labour/management contracts in the North Sea-United Kingdom sector, Indonesia and the Philippines.

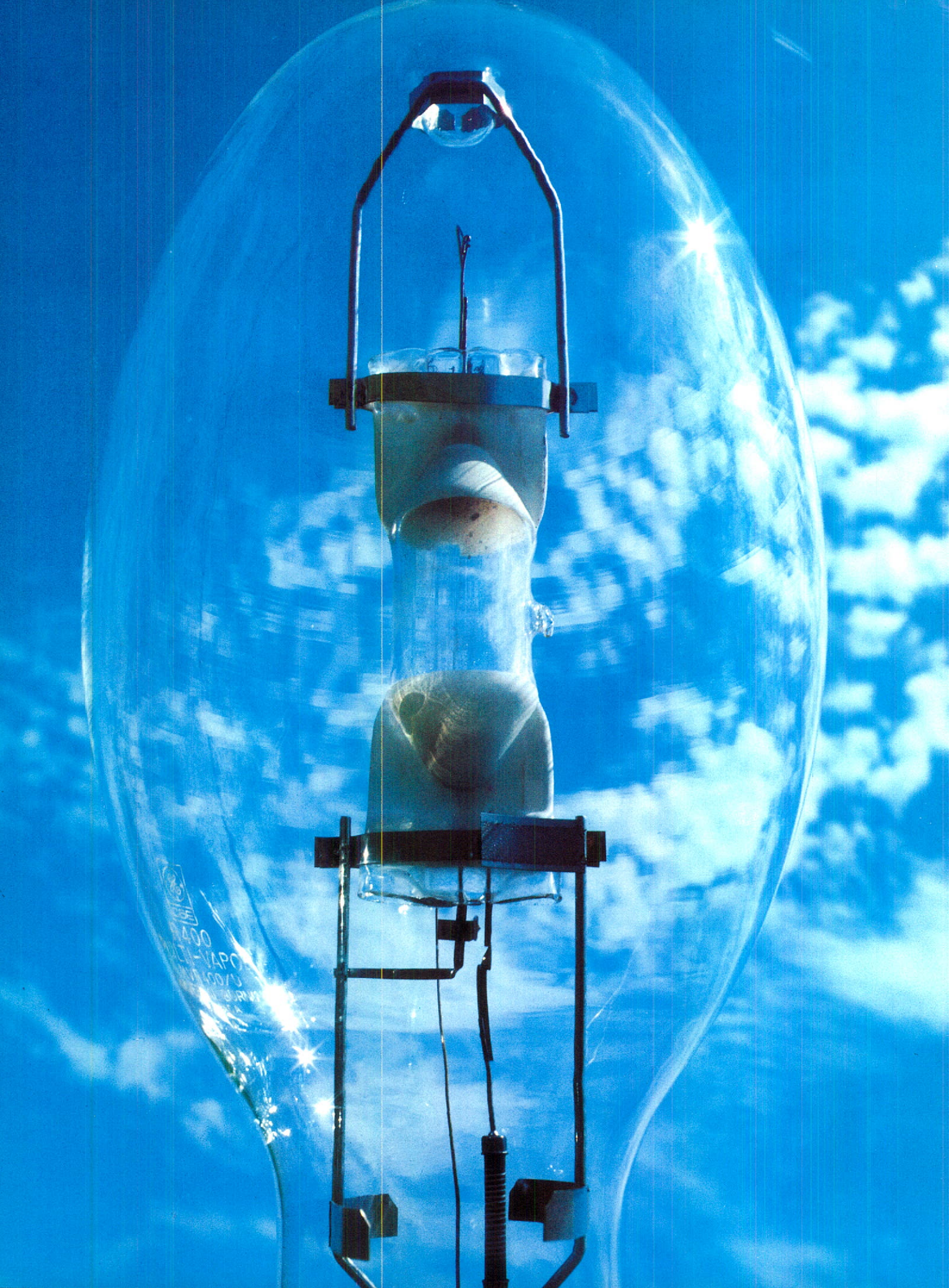
Although the present outlook for contract drilling is for competitive conditions to exist for the near term, Westburne believes the long term future is bright. World prices for crude oil are stabilizing as the temporary oil glut disappears and although the highly industrialized nations are controlling consumption of petroleum products higher demand from the emerging Third World nations is occurring. The search for new and secure supplies of oil and natural gas must continue. Westburne has the equipment and the personnel to operate profitably as the demand for drilling services again strengthens.

### Oilfield equipment and supplies

As our main area of operations in this segment of our business is in Canada, the downturn in activity in the Canadian petroleum industry resulted in a decline in revenues and earnings from this source. However, as a result of effective controls on margins and expenses, pre-tax earnings as a percentage of revenues increased marginally. For fiscal 1982 revenues of \$80.6 million generated pre-tax earnings of \$4.4 million which compares with fiscal 1981 revenues of \$103.1 million and pre-tax earnings of \$5.5 million. As this segment sells a broad range of oilfield products to most sectors of the petroleum industry we expect that it will continue to operate profitably in spite of the present economic problems in Canada.

A new branch was opened in the fiscal year in Williston, North Dakota; operations are now being carried on from seven outlets in Canada and two in the United States.







## CONSTRUCTION EQUIPMENT AND SUPPLIES DIVISION

Overall, revenues in this division continued to do well in spite of the recession with gross revenues exceeding the billion dollar mark, at \$1.041 billion, up from \$895 million last year. However, our earnings did not fare as well. Net earnings declined from \$19,671,000 to \$14,854,000 as the weak economy and higher interest rates cut into our profit margins.

- 1) In the United States, the construction industry was especially hard-hit resulting in an operating loss. We have taken measures to reduce our expenses by closing five marginal branches.
- 2) Competition in the plumbing and heating sector in some areas of Canada, made it difficult for us to maintain our margins.
- 3) Interest charges rose. Although we have a high turnover in inventories and accounts receivable, both became somewhat more sluggish towards the end of our fiscal year. In addition, the level of interest rates rose by about 4% during the year.

Although those three factors dampened our results there were also some encouraging trends. Some of our operations remained strong with electrical and telecommunication sales particularly good. We expect continued growth in a number of our business lines and geographical sectors.

We have taken measures to cut operating costs, to reinforce our inventory control and the collection of receivables which should allow an improvement in our operating earnings.

It is difficult to predict just when the depression in general construction activity, capital expansion by industry and in housing starts will be over and how strong the recovery will be. However, we have managed to remain profitable even when the various industries we serve were suffering badly. Meanwhile there is a pent up demand for housing and many industries are poised to undertake much needed capital expansion as soon as the various economic indicators herald the end of the recession. When this turnaround comes we are well situated to improve our revenues and earnings.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Results of Operations

Net earnings decreased to \$11.7 million in 1982 down 65% from the earnings of \$33 million in 1981 which was in turn an increase of 28% over 1980. Cash flow from operations decreased to \$42.7 million from \$62.8 million in 1981.

The decline in earnings in 1982 was attributable to several factors including:

- (1) A \$14.7 million loss on termination of a four rig drilling contract in Algeria (see Note 15 of the Notes to Consolidated Financial Statements). The Company had also incurred operating losses in Algeria during the year and for this reason had accelerated the date of termination. These losses are not deductible for income tax purposes.
- (2) Higher interest expenses in the equipment and supplies division due to higher rates and increased borrowings to finance accounts receivable and inventories.
- (3) Decreased earnings in the Canadian segments of the petroleum industry services and supplies division as a result of a sharp decline in expenditures by the oil and gas industry on exploration and development.

Revenues for 1982 were \$1.29 billion, an increase of 11% over 1981, compared with an increase in 1981 of 23% over 1980. The increase in both years was primarily in the construction equipment and supplies division and was the result of both increased volumes and general price increases during the periods. Revenues in the petroleum services and supplies division decreased by \$25.2 million in 1982 from 1981 compared with an increase of \$67.5 million in 1981 over 1980. In 1982 Canadian revenues of this division declined by \$65.4 million from 1981 due to the depressed state of the oil and gas industry. Westburne's drilling activity in Canada in 1982 expressed as a percentage of available rig capacity decreased to 31% from 65% in 1981 and 68% in 1980. The decreased activity overall in 1982 resulted in a very competitive market which caused lower footage and day rates. Increased revenues in the United States and international drilling operations partly offset the decline in Canada.

The Canadian market still suffers from uncertainties as a result of the introduction of the National Energy Program in October 1980 and increased taxes on the oil and gas industry at a time of a surplus of natural gas and the lack of export permits.

In recent months both the Alberta Provincial and the Federal governments have announced various forms of grants and incentive payments for the petroleum industry which were designed to increase oil and gas exploration and development, hopefully restoring the Canadian contract drilling and oilfield supply industry to higher levels of activity; to the date of this report no appreciable effect has been noted in the activity in the drilling industry.

Cost of sales increased 12% in 1982 compared with a 23% increase in 1981. The increase in both years occurred primarily in the high

volume construction equipment and supplies division. In 1981, it was attributable to an increase in revenues; however the increase in costs was slightly higher in 1982 than the increase in revenues, resulting in slightly lower gross margins in that division for the year. In the other two divisions the percentage increase in cost of sales was nearly equalled by revenues and did not materially affect gross margins.

Administrative and general expenses rose 14% in 1982 over those of 1981. The increase in 1982 is the result of higher costs in the construction equipment and supplies division and was proportionate to the increase in revenues in the division. In 1981 administrative and general expenses increased in all divisions and were also proportionate to the increase in gross revenues for the year.

Depreciation is provided on an activity basis and depletion on a unit of production method based on full cost amortized on estimated proved recoverable oil and gas reserves. In 1982 the 17% increase is the result of increased depreciation and depletion in the oil and gas division due to slightly higher production for the year, increased capital expenditures and a reduction in estimated proved recoverable oil and gas reserves. In 1981 depreciation and depletion was 70% higher than in 1980 primarily by reason of higher activity in drilling operations, and higher depreciable values of drilling and oil and gas assets due to capital expenditures in 1981 and 1980 including the acquisition of Peyto Oils Ltd.



### **Liquidity and Sources of Capital**

The Company's construction equipment and supplies division requires short term financing for inventories and accounts receivable. Its other two divisions, being capital intensive, require longer term financing.

Working capital for fiscal 1982 declined to \$79.9 million from \$102 million in 1981. The Company had a working capital ratio of 1.2 to 1 at March 31, 1982 compared to 1.3 to 1 in 1981 and 1.2 to 1 in 1980. The long term debt to equity ratio improved slightly at March 31, 1982, .32 to 1 compared to .35 to 1 in 1981 and .88 to 1 in 1980. The Company is of the opinion that with its positive working capital position, favorable debt to equity ratio and unused lines of bank borrowings it has the financial capability to maintain its current operations and be in a position to take advantage of opportunities which may present themselves.

At March 31, 1982 fixed assets net of depreciation and depletion were \$228.5 million which is 3.1 times the long term debt of \$72.7 million.

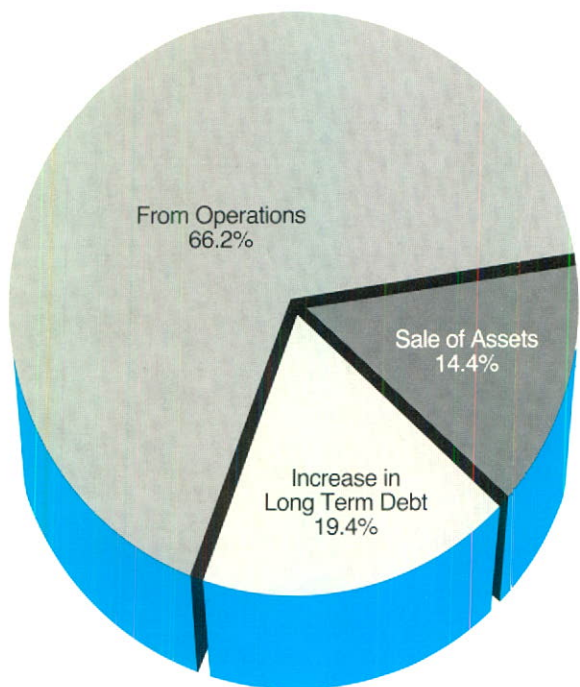
The Company has budgeted for capital expenditures of \$35 million for fiscal 1983. It is anticipated that the cash flow generated from operations will cover these expenditures so that working capital and debt to equity ratios should be maintained.

Inflation is a significant factor in the economy and the Company is continually seeking ways to cope with its impact. In general, to the extent permitted by competition, the Company passes increased costs on by gradually increasing sales prices. However the Company has not prepared a detailed analysis of the effect of inflation on operations and is, therefore, not in a position to quantify the impact of inflation. Virtually all of the revenues and costs of the Company are affected by inflation; of course general market conditions also have a significant impact. The current value of oil and gas reserves in place increases as a result of inflation and the real value of the funds borrowed to acquire or develop these reserves declines on a relative basis during inflationary periods.

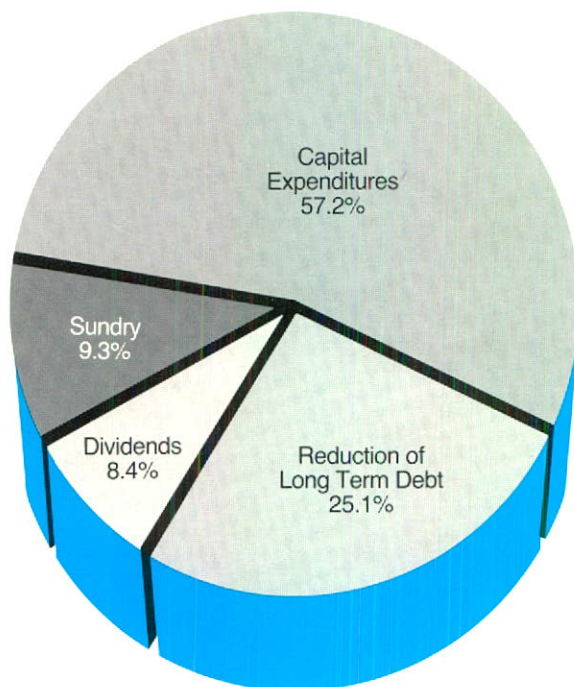


Changes in Financial Position  
(as a percentage)

Source of Funds

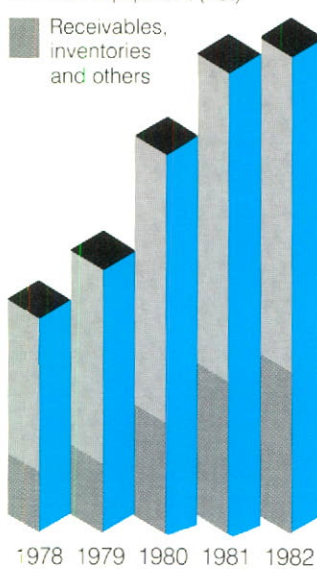


Application of Funds

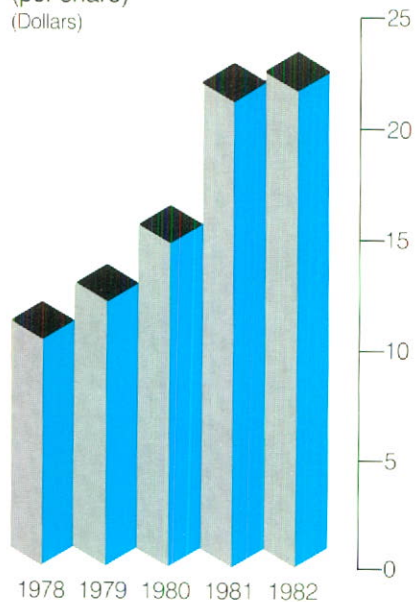


Total Assets (Millions of Dollars)

- Fixed Assets — property and equipment (net)
- Receivables, inventories and others



Common Shareholders' Equity (per share) (Dollars)





## CONSOLIDATED STATEMENT OF EARNINGS

(Thousands of Canadian Dollars)

	Year ended March 31		
	1982	1981	1980
Operating revenues			
Construction equipment and supplies .....	\$ 1,040,808	\$ 895,408	\$ 752,784
Petroleum industry services and supplies .....	231,620	254,897	189,295
Oil and gas production .....	20,453	18,303	8,588
	<u>1,292,881</u>	<u>1,168,608</u>	<u>950,667</u>
Costs and expenses			
Cost of sales			
Construction equipment and supplies .....	850,058	723,588	609,660
Petroleum industry services and supplies .....	183,340	203,154	143,951
Oil and gas exploration and production .....	6,352	5,379	3,176
Depreciation and depletion .....	25,756	21,959	12,895
Selling, general and administrative .....	147,010	128,978	106,215
	<u>1,212,516</u>	<u>1,083,058</u>	<u>875,897</u>
Provision for loss on termination of drilling contracts in Algeria (1980 — Iran) (Note 15) .....	14,683	—	5,263
	<u>1,227,199</u>	<u>1,083,058</u>	<u>881,160</u>
Earnings from operations .....	65,682	85,550	69,507
Other expenses and revenues (Note 11) .....	32,048	22,873	14,016
Earnings before income taxes and minority interest .....	<u>33,634</u>	<u>62,677</u>	<u>55,491</u>
Income taxes (Note 12)			
Current .....	18,661	23,509	24,695
Deferred .....	1,880	4,196	2,887
	<u>20,541</u>	<u>27,705</u>	<u>27,582</u>
Earnings before minority interest .....	13,093	34,972	27,909
Minority interest .....	1,418	1,928	2,108
Net earnings for the year .....	<u>\$ 11,675</u>	<u>\$ 33,044</u>	<u>\$ 25,801</u>
Earnings per common share .....	<u>\$1.12</u>	<u>\$3.39</u>	<u>\$3.32</u>
Weighted average number of common shares outstanding .....	<u>10,457,218</u>	<u>9,759,646</u>	<u>7,772,440</u>



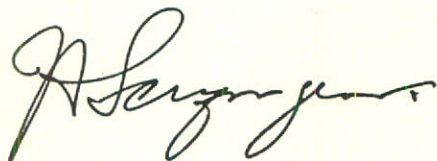
## CONSOLIDATED BALANCE SHEET

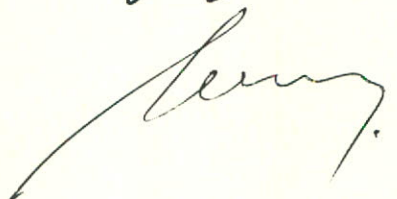
(Thousands of Canadian Dollars)

### Assets

	March 31	
	1982	1981
Current assets		
Cash and short-term deposits .....	\$ 12,337	\$ 26,309
Accounts receivable .....	215,063	215,864
Inventories (Note 1d) .....	187,428	174,537
Prepaid expenses and consumable supplies .....	13,822	13,342
Total current assets .....	<u>428,650</u>	<u>430,052</u>
Investments and advances, at cost		
Shares and advances .....	5,535	4,871
Notes and mortgages receivable .....	5,416	1,063
Notes receivable — directors and employees (Note 2) .....	397	292
	<u>11,348</u>	<u>6,226</u>
Fixed assets, at cost (Note 3) .....	336,506	298,904
Less accumulated depreciation and depletion .....	108,024	84,877
	<u>228,482</u>	<u>214,027</u>
Other		
Deferred contract costs, less amount amortized .....	704	1,048
Financial expenses, less amount amortized .....	526	591
Excess of cost of investments in shares of subsidiaries over net assets at date of acquisition (Note 4) .....	3,834	3,849
	<u>5,064</u>	<u>5,488</u>
Total assets .....	<u>\$673,544</u>	<u>\$655,793</u>

Signed on behalf of the Board

 , Director

 , Director



## Liabilities

March 31

	1982	1981
Current liabilities		
Bank loans, secured (Notes 5 and 6) .....	\$186,642	\$148,141
Accounts payable .....	154,986	168,263
Income taxes payable .....	(4,242)	2,586
Dividends payable .....	2,047	2,047
Long-term debt due within one year .....	8,249	6,241
Deferred income taxes .....	1,084	763
<b>Total current liabilities</b> .....	<b><u>348,766</u></b>	<b><u>328,041</u></b>
Long-term debt, less amount due within one year (Notes 5 and 7) .....	72,658	79,898
Deferred income taxes .....	24,884	23,324
Minority interest (Note 8) .....	9,591	9,231
Unrealized currency translation loss (Note 1c) .....	(10,329)	(8,396)
<b>Total liabilities</b> .....	<b><u>445,570</u></b>	<b><u>432,098</u></b>
<b>Shareholders' Equity</b>		
Common shares (Note 9) .....	90,589	90,635
Contributed surplus .....	5,326	5,326
Retained earnings (Note 10) .....	132,059	127,734
<b>Total shareholders' equity</b> .....	<b><u>227,974</u></b>	<b><u>223,695</u></b>
<b>Total liabilities and shareholders' equity</b> .....	<b><u>\$673,544</u></b>	<b><u>\$655,793</u></b>



## CONSOLIDATED STATEMENT OF RETAINED EARNINGS

(Thousands of Canadian Dollars)

	Year ended March 31		
	1982	1981	1980
Balance at beginning of year .....	\$127,734	\$104,503	\$ 84,138
Add (deduct)			
Net earnings for the year .....	11,675	33,044	25,801
Change of minority interest in subsidiary companies .....	(26)	(67)	5
Dividends			
Common shares .....	(7,324)	(7,000)	(5,441)
Financial expenses on issue of common shares (net of deferred income taxes of \$2,435,000) .....	—	(2,746)	—
Balance at end of year .....	<u>\$132,059</u>	<u>\$127,734</u>	<u>\$104,503</u>

## AUDITORS' REPORT

The Shareholders  
Westburne International Industries Ltd.

We have examined the consolidated balance sheet of Westburne International Industries Ltd. as at March 31, 1982 and 1981 and the consolidated statements of earnings, retained earnings and changes in financial position for each of the three years in the period ended March 31, 1982. Our examinations were 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 March 31, 1982 and 1981 and the results of its operations and the changes in its financial position for each of the three years in the period ended March 31, 1982 in accordance with generally accepted accounting principles applied on a consistent basis.

Calgary, Alberta  
June 7, 1982

Touche Ross & Co.  
Chartered Accountants



# CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

(Thousands of Canadian Dollars)

	Year ended March 31		
	1982	1981	1980
<b>Source of funds</b>			
Net earnings before minority interest .....	\$ 13,093	\$ 34,972	\$ 27,909
Depreciation and depletion .....	25,756	21,959	12,895
Deferred income taxes .....	1,880	4,196	2,887
Other .....	1,943	1,674	2,027
Funds from operations .....	42,672	62,801	45,718
Long-term debt .....	12,566	7,496	23,346
Sale of fixed assets and changes in investments .....	9,268	5,726	9,588
Issue of share capital (Note 9) .....	(46)	85,005	—
	<u>64,460</u>	<u>161,028</u>	<u>78,652</u>
<b>Application of funds</b>			
Capital expenditures .....	49,542	49,813	36,312
Reduction in long-term debt (adjusted for foreign currency translation) .....	21,739	30,126	11,448
Acquisition of Peyto Oils Ltd. (net of working capital) .....	—	34,726	34,786
Deferred contract costs .....	1,519	889	1,804
Dividends — common shares .....	7,324	7,000	5,441
Investment in affiliated company .....	5,059	—	—
Financial expense .....	—	4,463	718
Other .....	1,404	1,861	743
	<u>86,587</u>	<u>128,878</u>	<u>91,252</u>
Increase (decrease) in working capital .....	(22,127)	32,150	(12,600)
Working capital at beginning of year .....	102,011	69,861	82,461
Working capital at end of year .....	<u>\$ 79,884</u>	<u>\$102,011</u>	<u>\$ 69,861</u>
<b>Changes in working capital</b>			
Increase (decrease) in:			
Cash and short-term deposits .....	\$ (13,972)	\$ 6,144	\$ (3,795)
Accounts receivable .....	(801)	23,691	59,995
Inventories .....	12,891	15,488	47,526
Prepaid expenses and consumable supplies .....	480	2,680	561
(Increase) decrease in:			
Bank loans .....	(38,501)	(1,918)	(66,146)
Other payables .....	19,784	(16,441)	(55,742)
Long-term debt due within one year .....	(2,008)	2,506	5,001
Increase (decrease) in working capital .....	<u>\$ (22,127)</u>	<u>\$ 32,150</u>	<u>\$ (12,600)</u>



## CONSOLIDATED STATEMENT OF BUSINESS SEGMENTS

(Thousands of Canadian Dollars)

### Revenue Contribution

	Year ended March 31				
	1982	1981	1980	1979	1978
Construction equipment and supplies					
Canada .....	\$ 897,026	\$ 767,400	\$689,334	\$426,118	\$341,222
United States .....	143,782	128,008	63,450	—	—
Petroleum industry services and supplies					
Contract drilling					
Canada .....	31,659	74,589	73,149	61,780	42,959
United States .....	54,557	28,003	20,788	20,421	17,029
International .....	75,981	62,309	32,991	52,466	46,513
Oilfield supplies .....	80,563	103,071	72,492	58,267	38,748
Oil and gas exploration and production .....	20,453	18,303	8,588	6,689	6,099
Intersegment items .....	(11,140)	(13,075)	(10,125)	(9,794)	(9,904)
	<u>\$1,292,881</u>	<u>\$1,168,608</u>	<u>\$950,667</u>	<u>\$615,947</u>	<u>\$482,666</u>

### Earnings Contribution

(Before income taxes and minority interest)\*

	Year ended March 31				
	1982	1981	1980	1979	1978
Construction equipment and supplies					
Canada .....	\$ 28,558	\$ 37,965	\$ 33,872	\$ 16,662	\$ 8,170
United States .....	(4,402)	(2,510)	1,113	—	—
Petroleum industry services and supplies					
Contract drilling					
Canada .....	3,264	15,205	17,693	15,697	9,696
United States .....	14,602	7,042	4,417	6,059	3,802
International .....	(12,356)	(2,466)	(8,411)	741	1,602
Oilfield supplies .....	4,401	5,489	5,865	3,832	2,581
Oil and gas exploration and production .....	(579)	1,712	1,332	1,684	2,155
Intersegment items .....	146	240	(390)	271	(182)
	<u>\$ 33,634</u>	<u>\$ 62,677</u>	<u>\$ 55,491</u>	<u>\$ 44,946</u>	<u>\$ 27,824</u>

\*Westburne has allocated interest and corporate general and administrative expenses to industry segments because it believes that this allocation best reflects the decentralized and autonomous management of Westburne.



# CONSOLIDATED STATEMENT OF BUSINESS SEGMENTS

(Thousands of Canadian Dollars)

## Assets Employed

	Year ended March 31				
	1982	1981	1980	1979	1978
Construction equipment and supplies					
Canada .....	\$321,086	\$298,267	\$286,155	\$232,959	\$153,800
United States .....	52,874	51,963	38,940	—	—
Petroleum industry services and supplies					
Contract drilling					
Canada .....	44,978	56,129	36,289	41,441	25,201
United States .....	36,195	26,122	13,453	10,178	8,965
International .....	73,120	78,283	77,301	63,241	67,060
Oilfield supplies .....	20,761	26,912	24,718	16,471	13,297
Oil and gas exploration and production .....	120,226	112,849	76,879	24,772	19,946
Intersegment and corporate items .....	4,304	5,268	4,410	4,274	2,703
	<u>\$673,544</u>	<u>\$655,793</u>	<u>\$558,145</u>	<u>\$393,336</u>	<u>\$290,972</u>

## Capital Expenditures

	Year ended March 31				
	1982	1981	1980	1979	1978
Construction equipment and supplies					
Canada .....	\$ 6,655	\$ 7,460	\$ 8,098	\$ 4,202	\$ 3,841
United States .....	1,483	910	775	—	—
Petroleum industry services and supplies					
Contract drilling					
Canada .....	4,359	15,248	11,592	6,292	5,271
United States .....	17,056	4,973	1,248	996	1,107
International .....	4,629	2,618	7,401	2,112	1,424
Oilfield supplies .....	436	129	141	390	101
Oil and gas exploration and production .....	14,858	18,329	7,023	6,811	2,105
Intersegment and corporate items .....	66	146	34	393	714
	<u>\$ 49,542</u>	<u>\$ 49,813</u>	<u>\$ 36,312</u>	<u>\$ 21,196</u>	<u>\$ 14,563</u>

## Depreciation and Depletion

	Year ended March 31				
	1982	1981	1980	1979	1978
Construction equipment and supplies					
Canada .....	\$ 3,590	\$ 3,038	\$ 2,882	\$ 2,293	\$ 1,718
United States .....	248	133	35	—	—
Petroleum industry services and supplies					
Contract drilling					
Canada .....	1,584	4,412	3,748	2,386	1,808
United States .....	3,108	1,193	925	849	688
International .....	5,969	4,731	2,382	4,627	4,895
Oilfield supplies .....	162	104	91	74	45
Oil and gas exploration and production .....	10,990	8,226	2,719	1,921	1,277
Intersegment and corporate items .....	105	122	113	115	100
	<u>\$ 25,756</u>	<u>\$ 21,959</u>	<u>\$ 12,895</u>	<u>\$ 12,265</u>	<u>\$ 10,531</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 1982 and 1981

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (a) The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The statements include the accounts of Westburne International Industries Ltd. ("Westburne") and all subsidiary companies (collectively called for the purposes of these notes, the "Company"). Eliminated on consolidation are 1,237,960 Common Shares of Westburne owned by subsidiaries and carried at a cost of \$2,274,000. All material intercompany transactions have also been eliminated.
- (b) The Board of Directors has determined that the Company's operations can be divided into three business segments. The three classes of operations as determined and recorded in the minutes of a meeting of the Board on June 8, 1978 are as follows:
- (i) Wholesale distribution of construction equipment and supplies (plumbing, heating and electrical products);
  - (ii) Petroleum industry services and supplies (contract drilling and oilfield supplies);
  - (iii) Oil and gas exploration and production.

For details see consolidated statement of business segments, which is an integral part of these financial statements.

- (c) Assets and liabilities and income and expenses of the Company which are in currencies other than Canadian dollars are converted into Canadian funds on the following basis:
- (i) Current assets, current liabilities and long-term debt are converted at exchange rates in effect at the end of the year;
  - (ii) All non-current assets and other liabilities are converted at the rates prevailing when acquired or incurred;
  - (iii) Income and expenses, except depreciation and depletion, are converted at the average rate for the year.

Unrealized foreign currency translation gains/losses are excluded in determining net earnings for the year in which foreign exchange rates change.

- (d) Inventories are valued at the lower of cost (first-in, first-out) or net realizable value.
- (e) The Company follows the full cost method of accounting in respect to its oil and gas activities with one world wide pool of assets. All costs relating to the exploration for and development of oil and gas reserves are capitalized. Proceeds from disposal of properties are normally deducted from costs without recognition of gain or loss.
- (f) It is the policy of the Company to depreciate the cost of plant and equipment to its estimated residual value over the estimated useful lives of the assets as follows:

Buildings — at rates of 5% to 10% per annum mainly on a diminishing balance basis.

Drilling rigs — at a rate per drilling day designed to prorate original cost less a residual value of 30% over 3,000 drilling days.

Drill string — straight-line basis related to drilling activity.

Oil production equipment, oil and mineral leases and development expenditures — unit of production based on full cost method and estimated recoverable reserves.

Other equipment — mainly 20% to 30% per annum diminishing balance basis.

Repairs and maintenance and minor expenditures for renewals and betterments are charged directly to earnings. Major renewals and betterments are capitalized and the replaced units retired.

Except for intangible oil and mineral leases and development expenditures in respect of which the full cost method is followed, it is the policy of the Company to reduce the property accounts and related accumulated depreciation of the amounts included therein for property sold and any resultant gain or loss is included in earnings.



(g) Mobilization and start-up costs incurred on long-term drilling contracts in foreign countries are deferred and amortized over the terms of the contracts.

## 2. NOTES RECEIVABLE — DIRECTORS AND EMPLOYEES

Westburne holds notes (due in 1983) of directors and employees, including officers, which have arisen from subscriptions for shares of Westburne and one of its subsidiaries:

	March 31, 1982	March 31, 1981
6% notes receivable due on or before July 1, 1983 .....	\$126,000	\$126,000
Non-interest-bearing notes receivable due on or before May 1, 1983 .....	148,000	166,000
Non-interest-bearing loan due on or before March 16, 1986 .....	123,000	—
	<u>\$397,000</u>	<u>\$292,000</u>

## 3. FIXED ASSETS

	March 31, 1982		March 31, 1981	
	Cost	Net Book Value	Cost	Net Book Value
Land .....	\$ 3,777,000	\$ 3,777,000	\$ 3,339,000	\$ 3,339,000
Buildings .....	27,051,000	18,499,000	23,677,000	16,460,000
Drilling rigs .....	92,741,000	62,883,000	82,975,000	58,050,000
Drill string .....	22,037,000	10,392,000	18,146,000	8,190,000
Oil production equipment .....	15,732,000	9,370,000	13,679,000	8,500,000
Other equipment .....	46,472,000	23,781,000	38,843,000	21,350,000
Oil and mineral leases and development expenditures .....	128,696,000	99,780,000	117,642,000	97,535,000
Drilling equipment held for resale .....	—	—	603,000	603,000
	<u>\$336,506,000</u>	<u>\$228,482,000</u>	<u>\$298,904,000</u>	<u>\$214,027,000</u>

## 4. EXCESS OF COST OF INVESTMENTS IN SHARES OF SUBSIDIARIES OVER NET ASSETS AT DATE OF ACQUISITION

The unamortized excess of cost of investments in shares of subsidiaries over net assets at date of acquisition arises from the accounting for acquisitions of subsidiaries on a purchase basis.

Management is of the opinion that the amount of \$3,283,000 attributed to intangible assets pertaining to subsidiaries acquired prior to April 1, 1974 is of continuing value and accordingly does not contemplate any amortization of this amount. However, in accordance with generally accepted accounting practice, the excess cost of investments in shares of subsidiaries acquired after that date and allocated to intangibles, is being amortized over a period of forty years.

## 5. ASSETS PLEDGED

The Company has pledged certain of its accounts receivable as security for bank loans.

The Company has also granted a floating charge on certain assets as security for outstanding sinking fund debentures amounting to \$1,751,000 at March 31, 1982 and has granted mortgages secured by certain real property and improvements.



## 6. SHORT-TERM BORROWINGS

The Company has formal arrangements with domestic and foreign banks in respect of short-term borrowings. Details of short-term borrowings follow:

	March 31, 1982	March 31, 1981
Maximum amount of borrowings at any month end during year .....	\$199,999,000	\$168,240,000
Average amount of short-term borrowings during year .....	\$187,136,000	\$140,464,000
Average interest rate at end of year .....	18.50%	17.99%
Approximate average interest rate during year .....	19.03%	14.77%

## 7. LONG-TERM DEBT

	March 31, 1982	March 31, 1981
Sinking Fund Debentures		
Series A — 7% maturing March 15, 1987 .....	\$ 1,361,000	\$ 1,451,000
Series B — 7½% maturing August 1, 1982 .....	40,000	80,000
Series C — 8½% maturing March 31, 1989 .....	350,000	400,000
On May 31, 1982 the Series A, B and C sinking fund debentures were redeemed in accordance with the provisions of the trust deeds.		
Senior Notes		
9.90% due 1993 — \$50,000,000 U.S. repayable in equal annual installments of \$3,847,000 U.S. commencing August 1, 1981 .....	56,782,000	59,340,000
Bank loans		
Maturing from 1981 to 1992, with interest rates ranging from 17% to 20.25% .....	10,176,000	10,231,000
Mortgages, secured debentures, conditional sales contracts, etc.		
Maturing from 1981 to 2005, with interest rates ranging from 6.25% to 19% .....	12,198,000	14,637,000
Total long-term debt .....	80,907,000	86,139,000
Less amount due within one year .....	8,249,000	6,241,000
	<u>\$ 72,658,000</u>	<u>\$ 79,898,000</u>

The aggregate maturities and sinking fund requirements of long-term debt outstanding as at March 31, 1982 for the succeeding five years are as follows:

1983	\$8,249,000
1984	\$6,669,000
1985	\$6,154,000
1986	\$5,833,000
1987	\$5,849,000

The long-term bank loans include a \$10,000,000 loan which is a revolving line of credit up to that amount and is renewable annually. In the event that the credit is not renewed, it is converted to a term loan repayable in twenty-eight equal quarterly installments with interest at prime plus 1%. No provision has been made in the long-term debt maturities table for repayment of this loan in the next five years.



## 8. MINORITY INTEREST

Amounts making up minority interest are as follows:

	March 31, 1982	March 31, 1981
Preferred shares .....	\$1,589,000	\$1,910,000
Common shares and contributed surplus .....	602,000	627,000
Retained earnings .....	7,400,000	6,694,000
	<u>\$9,591,000</u>	<u>\$9,231,000</u>

## 9. SHARE CAPITAL

Westburne is permitted under the Canada Business Corporations Act to issue an unlimited number of first preferred shares, subordinated preferred shares and common shares.

Common shares (1)

	March 31, 1982		March 31, 1981	
	Shares	Amount	Shares	Amount
Issued beginning of year .....	10,458,818	\$90,634,722	7,772,440	\$ 5,629,554
Issued for cash .....	—	—	1,500,000	51,267,544
Issued in exchange for 1,480,973 common shares of Peyto Oils Ltd. ....	(1,600)	(45,500)	1,186,378	33,737,624
Issued end of year .....	<u>10,457,218</u>	<u>\$90,589,222</u>	<u>10,458,818</u>	<u>\$90,634,722</u>

(1) Exclusive of 1,237,960 shares owned by subsidiaries.

## 10. RETAINED EARNINGS

Long-term debt agreements impose various restrictions upon the payment of dividends by certain subsidiaries.

## 11. OTHER EXPENSES (REVENUES)

	Year ended March 31		
	1982	1981	1980
Other expenses (revenues)			
Interest — long-term debt .....	\$ 9,288,000	\$10,817,000	\$10,649,000
Other interest .....	34,564,000	20,969,000	14,065,000
Interest and other investment income (1) .....	(9,281,000)	(6,711,000)	(7,945,000)
Gain on sale of assets .....	(2,523,000)	(2,202,000)	(2,753,000)
	<u>\$32,048,000</u>	<u>\$22,873,000</u>	<u>\$14,016,000</u>

(1) Interest and other investment income includes equity share of earnings of \$485,000 of a 50% owned Australian drilling company, Westbridge Drilling Pty. Limited.



## 12. INCOME TAXES

Income tax expenses for the three years ended March 31, 1982 have varied from applying Canadian Federal and Provincial tax rates as follows:

	March 31, 1982					
	1982		1981		1980	
	Amount	%	Amount	%	Amount	%
Average Canadian income tax and rates .....	\$16,481,000	49.0	\$30,712,000	49.0	\$26,636,000	48.0
Difference in effective rate on (earnings) losses of foreign subsidiaries .....	8,112,000*	24.1	(1,203,000)	(1.9)	4,050,000*	7.3
Provincial tax credits on oil and gas income, capital gains reduction and other .....	(4,239,000)	(12.6)	(2,166,000)	(3.5)	(1,552,000)	(2.8)
Inventory inflation allowance .....	(2,111,000)	(6.3)	(1,975,000)	(3.1)	(1,552,000)	(2.8)
Increase due to amortization of excess cost of subsidiary allocated to oil and gas properties .....	2,298,000	6.8	2,337,000	3.7	—	—
	<u>\$20,541,000</u>	<u>61.0</u>	<u>\$27,705,000</u>	<u>44.2</u>	<u>\$27,582,000</u>	<u>49.7</u>

(\*) Arises as a result of losses on international operations (primarily in Algeria (1980 — Iran)) being non-deductible for income tax purposes.

Deferred income taxes are provided for on timing differences in the recognition of revenues and expenses for income tax and financial statement purposes, primarily relating to depreciation and depletion.

## 13. COMMITMENTS AND CONTINGENT LIABILITIES

(a) The Company has entered into lease agreements for premises and equipment and for various other assets. At March 31, 1982, future total minimum lease payments are:

1983	\$10,670,000
1984	8,240,000
1985	7,394,000
1986	6,097,000
1987	5,085,000
Thereafter	10,562,000
	<u>\$48,048,000</u>

Rent expense for the year ended March 31, 1982 was \$8,349,000.

The effect on net income if all non-capitalized financing leases were capitalized would not be significant.

(b) Contingent liabilities exist for guarantees and various suits and claims which have arisen in the normal course of business. In the opinion of management of the Company, the outcome of these contingencies will not have a materially adverse effect upon the Company's financial position.

## 14. PENSION AND RETIREMENT PLANS

The Company and its subsidiaries have several separate pension plans covering substantially all of their employees. The total pension expense for the plans was: 1982 — \$1,290,000, 1981 — \$1,459,000, 1980 — \$1,482,000, 1979 — \$1,331,000 and 1978 — \$1,864,000, and includes additional payments to accelerate the amortization of past service liabilities in the following amounts: 1979 — \$280,000, 1978 — \$400,000. Annually, the Company makes the maximum tax-deductible contribution to the plans.



A comparison as at January 1, 1982 of accumulated benefits and net assets for the Company's pension plans is presented below:

Actuarial present value of accumulated plan benefits:

Vested	\$24,942,000
Non-vested	1,190,000
	<u>\$26,132,000</u>
Net assets available for benefits	<u>\$29,136,000</u>

The assumed rate of return used in determining the actuarial present value of vested and non-vested accumulated plan benefits is 7% per annum, compounded annually. Net assets are stated at market value.

## 15. FOREIGN OPERATIONS

### (a) Algeria

The Company has been operating in Algeria since 1975, initially on a four year contract with subsequent one and two year extensions. This contract will not be renewed and the current extension expired on May 29, 1982. The four rigs have been released during the period November, 1981 to March, 1982 in order that the rigs can be dismantled, packaged and exported within the contract period as required. A provision for loss on termination of \$14,683,000 has been made to cover costs of termination pay for Algerian nationals, moving costs to port of export and on-going costs from the time the rigs ceased to operate. This loss on termination is not deductible for income tax purposes.

### (b) Iran

From 1975 to 1979, the Company conducted drilling operations in Iran under a contract with the Oil Service Company of Iran. Subsequent to the expiration of the contract on March 31, 1979, the Company sought to export from Iran the four drilling rigs and related equipment used in connection with the contract. While it succeeded in exporting the rigs, political turmoil precluded it from exporting certain of the related equipment, including camps, spare parts and heavy equipment and it incurred costs in exporting the rigs. In 1980, a non-recurring special provision of \$14,479,000 was made in respect of such losses. The Company made claims under the political risk and civil commotion insurance with respect to its losses and included as a reduction of the special provision recoveries of \$9,216,000 from such claims. The net loss of \$5,263,000 was not deductible for income tax purposes.

## 16. ACQUISITIONS

In January, 1980, Westburne acquired 51.3% of the outstanding shares of Peyto Oils Ltd. On May 1, 1980, Westburne made an offer to acquire all the remaining outstanding Peyto common shares either for cash at a price of \$22.75 per share or in exchange for common shares of Westburne at the rate of 0.8 of a Westburne common share for each common share of Peyto sent in for exchange. During the year ended March 31, 1981, Westburne was successful under the exchange offer in acquiring the remaining outstanding common shares of Peyto and now owns 100% of the outstanding common shares of Peyto Oils Ltd.

	Shares	Cost of Investment
Shares acquired for cash January, 1980 .....	1,469,890	\$33,954,000
Shares acquired for cash under the exchange offer .....	117,020	2,662,000
Shares acquired in exchange for 1,184,778 Westburne shares under the exchange offer .....	1,480,973	33,693,000
	<u>3,067,883</u>	<u>\$70,309,000</u>

The acquisition of Peyto Oils Ltd. has been accounted for on the purchase basis and the excess purchase price of \$55,154,000 has been allocated to oil and gas properties to be amortized on a unit-of-production basis.



## 17. RELATED PARTY TRANSACTIONS

Various officers, directors and employees of the Company were limited partners in Limited Partnerships, formed in prior years by subsidiaries of the Company, as vehicles for investment in oil and gas exploration and development. Employees as a group were permitted to acquire up to 10% of the various Limited Partnerships with each limited partner contributing an amount equal to his percentage interest of the total capital of the Limited Partnership. During the year ended March 31, 1981, the Company, for administrative and other reasons, decided it was advisable to acquire the interest of the limited partners so as to have 100% participation. The purchase price of \$1,210,000 paid for the limited partners' interests was determined principally by reference to evaluations prepared by independent oil and gas reservoir analysts.



## SUPPLEMENTAL FINANCIAL INFORMATION

The following data are provided to comply with certain disclosure required by the Securities and Exchange Commission (SEC) of the United States.

### A. SUMMARY OF DIFFERENCES BETWEEN CANADIAN AND UNITED STATES ACCOUNTING POLICIES (AUDITED)

- (a) The Company follows accounting principles generally accepted in Canada and differences exist between those generally accepted in Canada and those applicable in the United States with respect to the recognition and treatment of unrealized gains and losses arising on the translation of amounts stated in foreign currency and with respect to the full cost accounting method for oil and gas properties. The arms-length negotiations over the price per share to the Peyto shareholders resulted in a valuation for oil and gas properties that is substantially higher than the valuation under the S.E.C. rules. The limitation on capitalized costs of oil and gas properties under the S.E.C. rules would result in \$18,682,000 at March 31, 1982 and \$22,547,000 at March 31, 1981 of the Peyto purchase price net of amortization being allocated to goodwill instead of oil and gas properties. The effect on the consolidated balance sheet at March 31, 1982 and March 31, 1981 of this and the differences between generally accepted accounting principles in Canada and in the United States is summarized as follows:

	As Reported Under Canadian Accounting Principles	Increase (Decrease)	Under United States Accounting Principles
March 31, 1982			
Fixed assets including oil and gas properties . . . . .	\$336,506,000	\$ (11,529,000)	\$324,977,000
Accumulated depreciation and depletion . . . . .	108,024,000	6,694,000	114,718,000
Other assets . . . . .	445,062,000	116,000	445,178,000
Goodwill* . . . . .	—	18,682,000	18,682,000
Deferred income taxes . . . . .	24,884,000	393,000	25,277,000
Unrealized foreign currency translation loss . . . . .	10,329,000	(10,329,000)	—
Unrealized loss on foreign currency translation (separate item in shareholders equity (F.A.S.B. No. 52)) . . . . .	—	314,000	314,000
Retained earnings . . . . .	132,059,000	(9,833,000)	122,226,000
March 31, 1981			
Oil and gas properties . . . . .	\$106,035,000	\$ (25,087,000)	\$ 80,948,000
Goodwill* . . . . .	—	22,547,000	22,547,000
Unrealized foreign currency translation loss . . . . .	8,396,000	(8,396,000)	—
Retained earnings . . . . .	127,734,000	(10,936,000)	116,798,000

\* (Excess of cost of investment in shares of subsidiaries over net assets at date of acquisition less amount amortized).

- (b) In 1978, the Accounting Research Committee of the Canadian Institute of Chartered Accountants issued recommendations for accounting for foreign currency translation which were to have been applicable in Canada for fiscal periods commencing on or after December 1, 1978. Under these recommendations, unrealized exchange gains and losses arising on translation of long-term loans would have been amortized over the remaining terms of the loans rather than being carried as a balance sheet item until the gain or loss is realized. On February 23, 1979, the implementation of these recommendations was suspended for further study. Under United States generally accepted accounting principles and the provisions of Financial Accounting Standards Board (F.A.S.B.) Statement No. 8, unrealized gains or losses on foreign currency translations would be included in earnings. In December 1981 F.A.S.B. Statement No. 52 on foreign currency translation was issued to replace F.A.S.B. Statement No. 8. F.A.S.B. Statement No. 52 will be mandatory in 1983 with early adoption being optional for 1981 and 1982. The Company has opted for adoption in 1982 with the result that assets and liabilities of foreign operations are translated at current rates and the unrealized gain or loss would be shown as a separate item in the shareholders' equity section of the balance sheet.



The Company in using the full cost method of accounting for its oil and gas properties has one worldwide pool of assets. In the United States use of the full cost method would require that cost centers be established on a country-by-country basis. The difference between the two methods did not have a material effect on net earnings prior to April 1, 1979. For the year ended March 31, 1982 the application of the country-by-country full cost method would result in an additional write-off of \$5,589,000. This amount represents a write-down of full cost pools because of a required limitation on capitalized costs.

The effect on earnings applicable to common shares of the above differences between accounting principles generally accepted in Canada and those applicable in the United States is summarized as follows:

	Year ended March 31		
	1982	1981	1980
Earnings applicable to common shares			
Canadian accounting principles .....	\$11,675,000	\$33,044,000	\$25,801,000
Foreign currency translation (F.A.S.B. No. 8) .....	—	(800,000)	(2,757,000)
Foreign currency translation (F.A.S.B. No. 52) .....	(1,704,000)	—	—
Country-by-country full cost method .....	(5,589,000)	—	(2,540,000)
Earnings applicable to common shares United States accounting principles .....	<u>\$ 4,382,000</u>	<u>\$32,244,000</u>	<u>\$20,504,000</u>
Earnings per common share — United States accounting principles .....	<u>\$0.42</u>	<u>\$3.30</u>	<u>\$2.64</u>

#### B. LONG-TERM DEBT RESTRICTIONS (AUDITED)

Long-term debt instruments of certain subsidiaries contain covenants which restrict the distribution of funds to Westburne by way of dividends, loans, or advances. After giving retroactive effect to the May 31, 1982 redemption of a subsidiary's Sinking Fund Debentures, Series A, B and C (see Note 7 herein), the total net assets subject to restriction were \$65,759,000.

#### C. SELECTED QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

	(Thousands of Canadian Dollars except per share data)				
	June 30, 1981	Sept. 30, 1981	Dec. 31, 1981	Mar. 31, 1982 (1)	Full year
Year ended March 31, 1982:					
Operating revenues .....	\$307,930	\$344,483	\$342,342	\$298,126	\$1,292,881
Costs and expenses .....	297,968	331,237	329,788	312,061	1,271,054
Net earnings (loss) .....	7,327	8,501	6,962	(11,115)	11,675
Cash flow from operations .....	14,883	15,918	15,049	(3,178)	42,672
Net earnings per common share .....	\$0.70	\$0.81	\$0.67	\$(1.06)	\$1.12
Year ended March 31, 1981:					
Operating revenues .....	\$269,119	\$296,112	\$304,707	\$298,670	\$1,168,608
Costs and expenses .....	259,173	279,658	295,437	280,576	1,114,844
Net earnings .....	6,031	9,686	6,236	11,091	33,044
Cash flow from operations .....	12,257	17,563	13,574	19,407	62,801
Net earnings per common share .....	\$0.75	\$0.98	\$0.57	\$1.09	\$3.39

(1) Costs and expenses in the last quarter ended March 31, 1982 include a provision for loss on termination of a drilling contract in Algeria of \$14,683,000. Earnings and cash flows for the quarter are also reduced by the provision.



D. OIL AND GAS RESERVES AND HISTORICAL FINANCIAL DATA  
RELATED TO OIL AND GAS PRODUCING ACTIVITIES (UNAUDITED)

(a) Capitalized costs:

	Canada	United States	Other	Total
Year ended March 31, 1982:				
Proved properties .....	\$ 96,230,000	\$29,678,000	\$ —	\$125,908,000
Unproved properties .....	6,174,000	3,042,000	9,392,000	18,608,000
Total .....	<u>\$102,404,000</u>	<u>\$32,720,000</u>	<u>\$9,392,000</u>	<u>\$144,516,000</u>
Accumulated amortization .....	<u>\$ 26,828,000</u>	<u>\$ 5,403,000</u>	<u>\$3,158,000</u>	<u>\$ 35,389,000</u>
Year ended March 31, 1981:				
Proved properties .....	\$ 95,215,000	\$21,446,000	\$ —	\$116,661,000
Unproved properties .....	4,192,000	2,225,000	8,482,000	14,899,000
Total .....	<u>\$ 99,407,000</u>	<u>\$23,671,000</u>	<u>\$8,482,000</u>	<u>\$131,560,000</u>
Accumulated amortization .....	<u>\$ 20,557,000</u>	<u>\$ 2,383,000</u>	<u>\$2,421,000</u>	<u>\$ 25,361,000</u>

(b) Costs incurred:

	Year ended March 31, 1982			
	Canada	United States	Other	Total
Capitalized costs incurred:				
Property acquisition costs:				
Unproved .....	\$1,376,000	\$ 976,000	\$ —	\$2,352,000
Proved .....	—	4,000	—	4,000
Exploration costs .....	1,083,000	3,716,000	909,000	5,708,000
Development costs .....	1,873,000	4,839,000	—	6,712,000
Costs charged to expense:				
Production (lifting) costs .....	5,556,000	796,000	—	6,352,000
Depreciation and depletion .....	6,595,000	3,657,000	739,000	10,991,000
Year ended March 31, 1981				
	Canada	United States	Other	Total
Capitalized costs incurred:				
Property acquisition costs:				
Unproved .....	\$1,442,000	\$1,280,000	\$ —	\$2,722,000
Proved .....	—	9,000	—	9,000
Exploration costs .....	2,964,000	4,391,000	1,177,000	8,532,000
Development costs .....	1,971,000	5,095,000	—	7,066,000
Costs charged to expense:				
Production (lifting) costs .....	4,389,000	990,000	—	5,379,000
Depreciation and depletion .....	6,402,000	1,214,000	610,000	8,226,000
Year ended March 31, 1980				
	Canada	United States	Other	Total
Capitalized costs incurred:				
Property acquisition costs:				
Unproved .....	\$ 534,000	\$ 438,000	\$ 11,000	\$ 983,000
Proved .....	—	—	—	—
Exploration costs .....	2,870,000	1,606,000	1,369,000	5,845,000
Development costs .....	23,000	—	—	23,000
Costs charged to expense:				
Production (lifting) costs .....	1,800,000	127,000	—	1,927,000
Depreciation and depletion .....	1,671,000	439,000	609,000	2,719,000



D. OIL AND GAS RESERVES AND HISTORICAL FINANCIAL DATA  
 RELATED TO OIL AND GAS PRODUCING ACTIVITIES (UNAUDITED) (Continued)

(c) Net revenues:

	1982	1981	1980
Canada .....	\$14,331,000	\$14,252,000	\$7,052,000
United States .....	5,305,000	3,168,000	507,000
	<u>\$19,636,000</u>	<u>\$17,420,000</u>	<u>\$7,559,000</u>

(d) Estimated quantities of oil and gas reserves

	Canada		United States		Total	
	Oil(bbls.)	Gas(mcf)	Oil(bbls.)	Gas(mcf)	Oil(bbls.)	Gas(mcf)
Proved developed and undeveloped reserves:						
Balance March 31, 1979	4,339,000	5,717,000	—	—	4,339,000	5,717,000
Revision of previous estimates .....	(122,000)	338,000	—	—	(122,000)	338,000
Purchase of reserves .....	1,905,000	32,556,000	104,000	2,673,000	2,009,000	35,229,000
Extensions, discoveries, and other additions .....	—	1,601,000	—	—	—	1,601,000
Production .....	(433,000)	(616,000)	(4,000)	(7,000)	(437,000)	(623,000)
Balance March 31, 1980	5,689,000	39,596,000	100,000	2,666,000	5,789,000	42,262,000
Revision of previous estimates .....	137,000	2,242,000	187,000	(189,000)	324,000	2,053,000
Purchase of reserves .....	—	—	—	—	—	—
Extensions, discoveries, and other additions .....	106,000	1,114,000	31,000	420,000	137,000	1,534,000
Production .....	(599,000)	(1,955,000)	(56,000)	(343,000)	(655,000)	(2,298,000)
Balance March 31, 1981	5,333,000	40,997,000	262,000	2,554,000	5,595,000	43,551,000
Revision of previous estimates .....	(262,000)	(8,657,000)	30,000	1,595,000	(232,000)	(7,062,000)
Purchase of reserves .....	—	—	—	—	—	—
Extensions, discoveries, and other additions .....	9,000	297,000	80,000	181,000	89,000	478,000
Production .....	(525,000)	(2,033,000)	(101,000)	(583,000)	(626,000)	(2,616,000)
Balance March 31, 1982	<u>4,555,000</u>	<u>30,604,000</u>	<u>271,000</u>	<u>3,747,000</u>	<u>4,826,000</u>	<u>34,351,000</u>
Proved developed reserves:						
Balance March 31, 1979	4,339,000	3,921,000	—	—	4,339,000	3,921,000
Balance March 31, 1980	5,689,000	35,405,000	100,000	2,666,000	5,789,000	38,071,000
Balance March 31, 1981	5,333,000	36,824,000	262,000	2,554,000	5,595,000	39,378,000
Balance March 31, 1982	4,555,000	30,604,000	271,000	3,747,000	4,826,000	34,351,000



D. OIL AND GAS RESERVES AND HISTORICAL FINANCIAL DATA  
RELATED TO OIL AND GAS PRODUCING ACTIVITIES (UNAUDITED) (Continued)

(e) Estimated future net revenues

	Proved Developed and Undeveloped			Proved Developed		
	Canada	United States	Total	Canada	United States	Total
March 31,						
1983 .....	\$ 8,567,000	\$ 3,093,000	\$ 11,660,000	\$ 8,567,000	\$ 3,093,000	\$ 11,660,000
1984 .....	7,626,000	2,500,000	10,126,000	7,626,000	2,500,000	10,126,000
1985 .....	7,404,000	1,926,000	9,330,000	7,404,000	1,926,000	9,330,000
Thereafter .....	86,288,000	11,897,000	98,185,000	86,288,000	11,897,000	98,185,000
	<u>\$109,885,000</u>	<u>\$19,416,000</u>	<u>\$129,301,000</u>	<u>\$109,885,000</u>	<u>\$19,416,000</u>	<u>\$129,301,000</u>

The estimated future net revenues were computed by applying current prices, adjusted only for fixed and determinable contractual escalation, to the estimated future production of proved oil and gas reserves as of March 31, 1982, less estimated future expenditures (based on current costs) to be incurred in developing and producing the proved reserves, and assuming continuation of existing economic conditions.

(f) Present value of estimated future net revenues

The present value of the Company's estimated future net revenues from proved reserves of oil and gas discounted at ten percent is as follows:

	Proved Developed and Undeveloped			Proved Developed		
	Canada	United States	Total	Canada	United States	Total
March 31,						
1980 .....	\$ 51,952,000	\$ 7,234,000	\$ 59,186,000	\$ 49,488,000	\$ 7,234,000	\$ 56,722,000
1981 .....	63,680,000	11,348,000	75,028,000	61,319,000	11,348,000	72,667,000
1982 .....	53,528,000	12,188,000	65,716,000	53,528,000	12,188,000	65,716,000

(g) Reserve recognition accounting

Statement of Reserve Recognition Accounting ("RRA") Policies

Beginning in 1979, the Securities and Exchange Commission (SEC) required that companies present unaudited financial information on the basis of RRA. The accounting policies set forth below have been followed in preparing the RRA presentations.

Recognition of Assets and Earnings Under RRA.

Under RRA, an asset is recognized and earnings are recorded when proved reserves are added through exploration and development activities.

A dollar valuation (the "RRA valuation") of proved reserves is developed as follows:

- (1) Estimates are made of quantities of proved reserves and the future periods during which they are expected to be produced based on year-end economic conditions;
- (2) The estimated future production of proved reserves is priced on the basis of year-end prices except that future prices of gas are increased for fixed and determinable escalation provisions in contracts;
- (3) The resulting future gross revenue streams are reduced by estimated future costs to develop and to produce the proved reserves, based on year-end cost estimates; and
- (4) The resulting future net revenue streams are reduced to present value amounts by applying a 10% discount factor.



D. OIL AND GAS RESERVES AND HISTORICAL FINANCIAL DATA  
RELATED TO OIL AND GAS PRODUCING ACTIVITIES (UNAUDITED) (Continued)

As acknowledged by the SEC, this valuation procedure does not necessarily yield the best estimate of the fair market value of a company's oil and gas properties. An estimate of fair market value should also take into account, among other factors, the likelihood of future recoveries of oil and gas in excess of proved reserves and anticipated future prices of oil and gas and related development and production costs.

Subsequent revisions to the RRA valuation of proved reserves are included in RRA earnings as they occur. The estimated impact of major factors affecting annual changes in proved reserves based on year-end RRA valuations of proved reserves was developed and described below:

- (1) "New Field Discoveries and Extensions" represents proved reserves added from drilling exploratory and development wells;
- (2) "Increases in Prices of Oil and Gas, Net of Related Lifting Costs" represents the approximate effect of changes from one period to the next in the prices and lifting costs used in the RRA valuation calculation;
- (3) "Interest Factor — Accretion of Discount" is computed by applying 10 percent to the RRA valuation as of the beginning of the year in recognition of the increase resulting from the impact of the passage of time on the discounted cash flow approach to the valuation of the proved reserves; and
- (4) Revisions to estimates of proved reserves in prior years represents changes in quantities, rates of production and differences between beginning of the year valuations and actual proceeds or costs.

Exploration and development costs

The costs of acquiring unproved properties and drilling exploratory wells are deferred until the properties are evaluated and determined to be either productive or non-productive, at which time they are charged to expense. Other exploration costs are charged to expense as incurred. Costs of acquiring unproved properties aggregating \$5,497,000, \$5,584,000 and \$8,256,000 have been deferred at March 31, 1980, March 31, 1981 and March 31, 1982 respectively.

Estimated future costs to develop proved reserves are deducted in the RRA valuation of proved reserves. Subsequent revisions to estimated future development costs are included in revisions to reserves proved in prior years. Other development costs are charged to expense when related proved reserves are recognized.

Purchase and sales of proved reserves

Differences, when not significant, between the consideration paid or received and the RRA valuation of proved reserves purchased or sold are included in RRA operating results in the periods that the transactions occurred. The purchase of proved reserves (the Peyto acquisition) resulted in a significant excess of purchase price paid over the RRA valuation of proved reserves purchased. Such excess, which for United States accounting principles is allocated to goodwill, will be charged into the RRA summary of operations over the life of the reserves purchased.

Production and funds flow

Under RRA, because earnings are recognized when proved reserves are discovered and as the RRA valuation of proved reserves changes, no earnings are reported when oil and gas are produced. Consequently, RRA earnings may differ substantially from funds generated or required by current exploration, development, and producing operations.

Income taxes

The provision for income taxes has been calculated using the income tax rates as calculated after making provision for the tax base for oil and gas properties, deductions for depletion and provisions for non-allowable royalties and other expenses.

The RRA presentation is comprised of two tables for the year ended March 31, 1982 and March 31, 1981. (1) Summary of Operations and (2) Summary of Changes in the Present Value of Estimated Future Net Revenues from Proved Reserves.



D. OIL AND GAS RESERVES AND HISTORICAL FINANCIAL DATA  
 RELATED TO OIL AND GAS PRODUCING ACTIVITIES (UNAUDITED) (Continued)

SUMMARY OF OPERATIONS

Prepared on the basis of Reserve Recognition Accounting

	Year Ended March 31	
	1982	1981
Additions to proved reserves:		
New field discoveries and extensions .....	\$ 2,174,000	\$ 1,677,000
Revisions to reserves proved in prior years		
Revision to estimates .....	(7,847,000)	6,475,000
Increases in prices of oil and gas, net of related lifting costs .....	7,317,000	19,352,000
Interest factor — accretion of discount .....	7,502,000	5,919,000
Total revisions to proved reserves .....	6,972,000	31,746,000
Total additions to proved reserves .....	9,146,000	33,423,000
Related exploration and development costs .....	12,420,000	15,607,000
Additions to proved reserves in excess of related costs .....	(3,274,000)	17,816,000
Amortization of goodwill related to Peyto acquisition .....	1,917,000	1,948,000
Allocated corporate general and administrative expense .....	1,985,000	1,456,000
Allocated interest .....	3,193,000	2,025,000
RRA income before income taxes* .....	(10,369,000)	12,387,000
Provision for income taxes .....	—	2,623,000
Income from oil and gas producing activities on the basis of RRA .....	<u>\$(10,369,000)</u>	<u>\$ 9,764,000</u>
*The comparable amount included in the consolidated financial statements is ...	<u>\$ (579,000)</u>	<u>\$ 1,712,000</u>

SUMMARY OF CHANGES IN THE PRESENT VALUE OF  
 ESTIMATED FUTURE NET REVENUES FROM PROVED RESERVES

Prepared on the basis of Reserve Recognition Accounting

	Year Ended March 31	
	1982	1981
Balance beginning of year .....	\$ 75,028,000	\$ 59,186,000
Revisions to reserves proved in prior years .....	6,972,000	31,746,000
New field discoveries and extensions .....	2,174,000	1,677,000
Projected development costs incurred .....	(4,357,000)	(4,657,000)
Production, net of lifting costs .....	<u>(14,101,000)</u>	<u>(12,924,000)</u>
Balance end of year .....	<u>\$ 65,716,000</u>	<u>\$ 75,028,000</u>



## TEN YEAR SUMMARY

(Thousands of Canadian Dollars except per share data)

Year ended March 31	1982	1981	1980
<b>OPERATING</b>			
Operating revenues			
Construction equipment and supplies .....	\$1,040,808	\$ 895,408	\$ 752,784
Petroleum industry services and supplies .....	231,620	254,897	189,295
Oil and gas exploration and production .....	20,453	18,303	8,588
	1,292,881	1,168,608	950,667
Net earnings applicable to common shares .....	11,675	33,044	25,801
Per common share outstanding (2) (5)			
Basic earnings .....	1.12	3.39	3.32
Fully diluted earnings .....	1.12	3.39	3.32
Cash flow from operations .....	42,672	62,801	45,718
<b>DIVIDENDS</b>			
Per common share (3) .....	\$0.70	\$0.70	\$0.70
<b>FINANCIAL</b>			
Receivables .....	\$ 215,063	\$ 215,864	\$ 192,173
Inventories .....	187,428	174,537	159,049
Working capital .....	79,884	102,011	69,861
Capital expenditures (6) .....	49,542	84,539	71,098
Fixed assets, net of depreciation and depletion .....	228,482	214,027	163,875
Total assets .....	673,544	655,793	558,145
Long term debt .....	72,658	79,898	101,728
Redeemable preferred shares .....	—	—	—
Common shareholders' equity .....	227,974	223,695	115,459
Equity per common share (4) (5) .....	21.80	21.39	14.86
Number of common shares outstanding (5) .....	10,457,218	10,458,818	7,772,440

(1) Results of certain prior years have been restated to reflect adjustments to previously reported operating results.

(2) Based on weighted number of common shares outstanding during the year.

(3) Includes \$0.625 special dividend in 1979.

(4) Based on common shares outstanding at year end.

(5) After giving retroactive effect to the 2 for 1 split of the common shares effective August 31, 1979.

(6) Includes acquisition of Peyto Oils Ltd. in 1981 and 1980.



1979	1978	1977	1976	1975	1974	1973
\$ 426,118	\$ 341,222	\$ 311,436	\$ 274,665	\$ 249,273	\$ 189,164	\$ 140,597
183,140	135,345	105,698	78,353	57,090	43,657	36,768
6,689	6,099	5,361	4,928	4,125	2,509	1,728
615,947	482,666	422,495	357,946	310,488	235,330	179,093
23,935	15,943	8,870	8,610	9,317	4,937	3,863
3.14	2.18	1.27	1.30	1.45	0.80	0.64
3.08	2.05	1.14	1.10	1.19	0.66	0.54
41,965	29,059	21,067	20,631	16,729	11,397	9,572

\$ 1.00

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\$ 132,178	\$ 84,954	\$ 74,437	\$ 64,264	\$ 56,423	\$ 48,838	\$ 39,592
111,523	67,302	62,496	57,031	49,461	42,910	29,698
82,461	35,151	31,296	29,667	31,351	24,204	20,766
21,196	14,563	13,953	43,038	41,105	16,242	12,128
104,068	98,070	99,117	111,857	81,437	48,639	39,721
393,336	290,972	273,284	264,357	213,934	155,445	119,751
86,498	50,793	62,271	84,051	62,390	31,068	24,060
—	1,215	1,725	1,952	6,648	6,902	6,653
95,094	77,945	60,986	51,579	40,310	31,472	26,812
12.23	10.53	8.42	7.46	6.47	5.06	4.35
7,772,440	7,402,808	7,242,608	6,912,658	6,233,034	6,218,544	6,166,286



## DIRECTORS AND OFFICERS

### Directors

- \*†S. ABRAMOVITCH,  
*Executive Vice President.*
- ‡United Westburne Industries Limited,  
Montreal, Quebec
- †W. M. BOOTH,  
*Vice President,*  
Kenai Corp.,  
Diversified oil and gas activities  
Denver, Colorado
- JOHN H. COLEMAN,  
*President,*  
J.H.C. Associates Limited  
Financial consultants  
Toronto, Ontario
- \*LUCIEN CORNEZ,  
*Chairman,*
- ‡United Westburne Industries Limited,  
Montreal, Quebec
- \*W. J. CUMMER,  
*President,*  
Westburne International Industries Ltd.,  
Hamilton, Bermuda
- \*F. R. MATTHEWS, Q.C.,  
Partner of MacKimmie Matthews,  
Barristers & Solicitors,  
Calgary, Alberta
- D. E. McINNIS,  
*President,*
- ‡Engineering & Plumbing Supplies Ltd.,  
Calgary, Alberta
- J. DONALD MITCHELL,  
*President,*  
C. A. Fowler, Bauld and Mitchell Ltd.,  
Architects,  
Halifax, Nova Scotia
- \*P. J. PORTER,  
*President,*
- ‡Westburne Petroleum Services Ltd.,  
Calgary, Alberta

- JOSEPH RIMERMAN,  
*President,*  
Rayrow Realities Ltd.,  
Montreal, Quebec
- L. R. ROBERTS,  
*Vice-President — Finance and Treasurer,*  
Westburne International Industries Ltd.,  
Calgary, Alberta
- JEAN-PAUL SAILLANT,  
*President,*
- ‡Saillant Inc.,  
Plumbing & heating supplies,  
Quebec, Quebec
- \*J. A. SCRYMGEOUR,  
*Chairman of the Board,*  
Westburne International Industries Ltd.,  
Hamilton, Bermuda
- †D. N. STOKER,  
*Senior Vice President and Director,*  
Nesbitt, Thomson and Company Limited  
Investment dealers,  
Montreal, Quebec
- J. L. THOMPSON,  
*President,*
- ‡Westburne Central Supply Limited,  
Hamilton, Ontario
- \*D. W. WESTCOTT,  
*President,*
- ‡United Westburne Industries Limited,  
Vancouver, British Columbia
- \*P. D. WILLIAMS,  
*President*
- ‡Westburne Petroleum & Minerals Ltd.  
Calgary, Alberta
- \*Member of the Executive Committee*
- †Member of the Audit Committee*
- ‡Subsidiary company*

### Officers

- J. A. SCRYMGEOUR,  
*Chairman of the Board*
- LUCIEN CORNEZ,  
*Vice Chairman of the Board*
- W. J. CUMMER,  
*President*
- S. ABRAMOVITCH,  
*Executive Vice President*
- D. W. WESTCOTT,  
*Senior Vice President —*  
*Equipment and Supplies*
- P. D. WILLIAMS,  
*Senior Vice President —*  
*Exploration and Production*
- P. J. PORTER  
*Senior Vice President —*  
*Petroleum Services*
- L. R. ROBERTS,  
*Vice President — Finance and Treasurer*
- W. J. E. GILLETT,  
*Vice President — Controller*
- D. M. GRAVES,  
*Vice President — Administration*
- D. B. MUIR  
*Secretary*



# CORPORATE INFORMATION

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 Telephone (403) 233-6600

**Transfer Agent and Registrar**  
 Montreal Trust Company,  
 Vancouver, Calgary, Regina, Winnipeg,  
 Toronto and Montreal

The Royal Bank & Trust Company  
 New York, N.Y.

**Legal Counsel**  
 MacKimmie Matthews, Calgary, Alberta  
 Dunnington, Bartholow & Miller,  
 New York, N.Y.

**Auditors**  
 Touche Ross & Co.

**Stock Exchanges**  
 The Toronto Stock Exchange  
 The Montreal Stock Exchange  
 The Alberta Stock Exchange  
 The American Stock Exchange, Inc.  
 Ticker Symbol (WBI)

**Price Range of Common Shares**  
 Two fiscal years ended March 31, 1982

	Toronto Stock Exchange		American Stock Exchange	
	High (Canadian Dollars)	Low	High (U.S. Dollars)	Low
<b>1980</b>				
2nd Quarter .....	32½	27¼	29⅞	22⅝
3rd Quarter .....	36¼	31½	35⅞	26½
4th Quarter .....	30½	24⅜	30¾	21¼
<b>1981</b>				
1st Quarter .....	27	23½	23¼	18⅝
2nd Quarter .....	34¼	23¾	28½	19⅝
3rd Quarter .....	30¼	21½	24⅞	18
4th Quarter .....	28¾	21⅞	23⅞	18¼
<b>1982</b>				
1st Quarter .....	23¾	12⅞	19	10

**Form 10-K**

A copy of the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 1982, as filed with the U.S. Securities and Exchange Commission may be obtained without charge by writing to the Secretary of the Company, 300, 535 - 7th Avenue S.W., Calgary, Alberta, Canada T2P 0Y4.



