



Seaway Multi-Corp Limited

ANNUAL REPORT

For the Year Ended

December 31, 1982



Seaway Multi-Corp Limited

PRESIDENT'S REPORT

To The Shareholders

In 1982, company sales increased to \$42 million from \$36 million in 1981. This was due to a significant increase in the export market.

Net income was \$1.3 million in 1982 as compared to \$1.8 million for 1981. The drop was mainly due to increases in direct and operating costs. This income level is expected to be maintained for 1983.

In June 1982 the company concluded its offer to purchase the outstanding Series A Convertible Preference Shares. 75% of the Preference Shares were tendered and paid \$8 per share according to the terms of the offer.

Subsequent to the year end, the Cold Storage Division sold one of its building's realizing a net after tax gain of \$2.5 million. To replace and expand the cold storage capacity, a large addition is being built on the existing premises.

Payment of arrears of dividends on the preferred shares continued in 1982. Preferred dividends are now 9 quarters in arrears compared to 11 quarters at December 31, 1982.

Yours truly,

A handwritten signature in black ink, appearing to read "Ben Lundy". The signature is fluid and cursive, with a large initial "B" and a long, sweeping tail.

President

Toronto, Ontario
July 18, 1983

Seaway Multi-Corp Limited

CONSOLIDATED BALANCE SHEET December 31, 1982

ASSETS

	notes	1982	1981
Current			
Cash		\$ 271,169	\$ 138,018
Accounts receivable	2	4,249,452	4,857,129
Inventories		16,514,086	16,930,137
Prepaid expenses and sundry assets		899,044	914,749
		<u>21,933,751</u>	<u>22,840,033</u>
Note receivable	3	590,720	690,560
Property, plant and equipment	4	27,493,145	27,567,532
Other	5	883,125	819,225
		<u>\$ 50,900,741</u>	<u>\$ 51,917,350</u>

LIABILITIES

Current			
Bank indebtedness	6	\$ 8,639,536	\$ 7,396,953
Notes payable		224,000	313,500
Accounts payable and accrued liabilities		4,401,826	4,047,127
Income and other taxes payable		3,016,057	3,687,755
Current portion of long-term debt	8	1,108,227	1,886,564
		<u>17,389,646</u>	<u>17,331,899</u>
Long-term debt	8	12,443,288	10,485,861
Deferred income taxes		14,040	46,361
Minority interest	9	1,678,285	1,895,360
		<u>31,525,259</u>	<u>29,759,481</u>
Contingency	16		

SHAREHOLDERS' EQUITY

Capital and other equity accounts		19,375,482	22,157,869
		<u>\$ 50,900,741</u>	<u>\$ 51,917,350</u>

See accompanying notes

Approved on behalf of the Board

 B. Levy
Director

 K.P. Foreht
Director

Seaway Multi-Corp Limited

MANAGEMENT INFORMATION CIRCULAR

as at July 15th, 1983

RELATING TO THE MEETING OF SHAREHOLDERS OF SEAWAY MULTI-CORP LIMITED TO BE HELD ON AUGUST 30th, 1983

Solicitation of Proxies

This circular is furnished in connection with the solicitation of proxies by management of the Corporation for use at the meeting of shareholders to be held at the time and place and for the purposes set forth in the notice of meeting. The solicitation of proxies will be primarily by mail and the cost of solicitation will be borne by the Corporation.

Exercise of Discretion of Proxies

The shares represented by any proxy given to the designated persons will be voted or withheld from voting in accordance with the directions of the shareholder. **In the absence of any direction to the contrary, the Common Shares so represented will be voted on any ballot for the election of directors, and the appointment of auditors.** The enclosed form of proxy confers discretionary authority on the persons named therein with respect to matters not specifically mentioned in the notice of meeting but which may properly come before the meeting or any adjournment thereof. Management of the Corporation knows of no such matters other than routine matters incidental to the conduct of the meeting. If any further or other matters are brought before the meeting, it is intended to vote on such other business in such manner as the persons appointed as proxy then consider proper.

Appointment and Revocation of Proxies

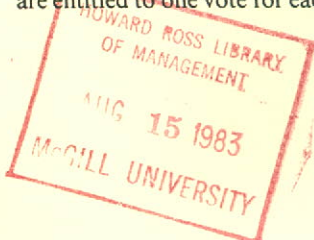
The persons specified in the enclosed form of proxy are officers of the Corporation. **Each shareholder has the right to appoint a person (who need not be a shareholder) to attend and act for him and on his behalf at the meeting or any adjournment thereof other than the persons specified in the enclosed form of proxy. Such right may be exercised by striking out the names of the specified persons and inserting the names of the shareholders' nominee in the space provided or by completing another appropriate form of proxy and, in either case, delivering the form of proxy to the Corporation prior to the holding of the meeting.**

A shareholder executing the enclosed form of proxy may revoke it at any time before it has been exercised. The Business Corporations Act, 1982, (Ontario) sets out a procedure for revoking proxies by depositing an instrument in writing to that effect with the Corporation or the Chairman of the meeting prior to exercise.

Voting Shares and Principal Holders Thereof

The share capital of the Corporation consists of 2 classes of shares, namely, Preference Shares with a par value of \$15 each, issuable in series, and Common Shares. On the date hereof there are outstanding 157,719 Convertible Preference Shares, Series A, and 1,347,458 Common Shares.

The only outstanding voting securities of the Corporation are Common Shares. Holders of Common Shares of record at the time of the meeting will be entitled to be present and to vote at the meeting. Holders of Common Shares are entitled to one vote for each Common Share held at such time.



Except as set forth below, the directors and senior officers of the Corporation know of no person beneficially owning, directly or indirectly, or exercising control or direction over, more than 10% of the voting rights attached to any class of voting securities of the Corporation.

<u>Shareholder</u>	<u>Ownership</u>	<u>Number of Common Shares</u>	<u>Percentage</u>
Mark A. Levy or entities controlled by or associated with him:			
Mark A. Levy	of record and beneficially	22,079	1.64
Empeaco Limited	of record and beneficially	121,305	9.00
Happyco Enterprises Limited	of record and beneficially	121,305	9.00
Jaylevy Limited	of record and beneficially	121,307	9.00
		385,996	28.64
Benjamin Levy or entities controlled by or associated with him:			
Benjamin Levy	of record and beneficially	3,625	0.27
Benlevy Corporation Limited	of record and beneficially	367,576	27.28
		371,201	27.55
Morris P. Levy or entities controlled by or associated with him:			
Morris P. Levy	of record and beneficially	29,237	2.17
Peplevy Corporation Limited	of record and beneficially	381,948	28.35
		411,185	30.52
Peter L. Levy	of record and beneficially	9,201	0.68
Howard Levy	of record and beneficially	9,001	0.68
Kenneth P. Foreht	of record and beneficially	9,001	0.68

Interests of Insiders in Material Transactions

The following persons are the beneficial owners of the principal amount of secured debentures and unsecured promissory notes set opposite their names. By virtue of these holdings, these persons have a material interest in the following transactions:

1. The agreement of all of the holders of \$3,057,111 aggregate principal amount of secured debentures of the Corporation to extend the maturity date of the debentures from January 31, 1983 to January 31, 1984 in consideration of an amendment to the provisions of the secured debentures to provide for interest based on the prime rate of the Canadian Imperial Bank of Commerce plus one percent.
2. The agreement of all of the holders of the unsecured promissory notes of the Company to extend the maturity date of such promissory notes from August 11, 1983 to August 11, 1984 in consideration of an amendment to the provisions of the promissory notes to provide for interest based on the prime rate of the Canadian Imperial Bank of Commerce.

Mark A. Levy, Benjamin Levy, Morris P. Levy, Harold Levy, Peter Levy and Howard Levy are directors and officers of the Corporation. Mark A. Levy and Morris P. Levy have a direct interest in the transaction by reason of their ownership of a portion of the securities described below. All of the above persons have an indirect interest in the transaction by reason of their beneficial ownership of securities of Benlevy Corporation Limited, Peplevy Corporation Limited, or Happyco Enterprises Limited. These three corporations have a direct interest in the transaction by reason of their holding as at December 31, 1982 of a portion of the securities described below. The three corporations are also the owners of the common shares of the Corporation as set out in this circular.

Seaway Multi-Corp Limited

COMMON SHARES

PROXY

SOLICITED BY MANAGEMENT FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON August 30, 1983

The undersigned common shareholder of Seaway Multi-Corp Limited (the "Corporation") hereby appoints Mark A. Levy, or failing him, Benjamin Levy, or instead of them as proxy for the undersigned with power of substitution, to attend and vote for and on behalf of the undersigned at the annual meeting of shareholders of the Corporation to be held on August 30, 1983 and at any adjournment or adjournments thereof in the same manner, to the same extent and with the same powers as if the undersigned were present at the said meeting or any adjournment or adjournments thereof and without limiting the general authorization and powers hereby granted, the persons named above are specifically directed to vote as follows:

VOTE , or WITHHOLD from voting, for the election of directors
 VOTE , or WITHHOLD from voting, for the appointment of auditors.

SIGNED this _____ day of _____, 1983.

 Signature of Shareholder



NOTE:

1. The shares represented by this proxy will be voted or withheld from voting in accordance with the foregoing instructions, on any ballot that may be called for.
2. This proxy confers authority for the above-named to vote in their discretion with respect to amendments or variations to the matters identified in the notice of meeting accompanying this proxy or other matters which may properly come before the meeting or any adjournments thereof.
3. Each shareholder has the right to appoint a person to represent him at the meeting other than the persons specified above. Such right may be exercised by striking out the names of the specified persons and by inserting in the blank space provided the name of the person to be appointed, who need not be a shareholder of the Corporation.
4. Please sign exactly as your name appears on the proxy. If the shareholder is a corporation, the proxy should be executed by duly authorized officers and the corporate seal affixed.

Seaway Multi-Corp Limited

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual meeting of the shareholders of SEAWAY MULTI-CORP LIMITED (the "Corporation") will be held in the Convention Hall of the Hotel Triumph, 2737 Keele Street, Downsview, Ontario, on the 30th day of August, 1983, at the hour of 10:00 o'clock in the forenoon (Toronto time) for the following purposes:

- (a) To receive and consider the consolidated financial statements of the Corporation and its subsidiaries for the year ended December 31, 1982 together with the report of the auditors thereon;
- (b) To elect directors;
- (c) To appoint auditors and authorize the directors to fix their remuneration;
- (d) To transact such other business as may properly come before the meeting or any adjournment or adjournments thereof.

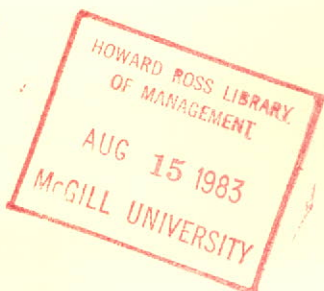
A copy of the annual report and management information circular accompany this notice. If you are not able to be present personally, kindly sign and return the form of proxy accompanying this notice in the envelope provided for this purpose.

DATED at Toronto the 5th day of August, 1983.

By Order of the Board of Directors,



W.P. ROSENFELD
Secretary



	<u>Debentures</u>	<u>Promissory Notes</u>
Happyco Enterprises Limited Suite 4800, Toronto Dominion Centre, Toronto, Ontario	\$ 530,331	\$ 61,500
Benlevy Corporation Limited Suite 3000, 20 Queen Street West, Toronto, Ontario	\$1,242,256	\$184,500
Peplevy Corporation Limited Suite 3000, 20 Queen Street West, Toronto, Ontario	\$ 20,411	\$ 7,573
Mark A. Levy 48 Forest Hill Road, Toronto, Ontario	\$ 4,107	NIL
Morris P. Levy 24 Browside Avenue, Toronto, Ontario	\$ 4,107	NIL

Election of Directors

The persons named in the enclosed form of proxy intend to vote for the nominees whose names are set forth below. Management does not contemplate that any of the proposed nominees will be unable to serve as a director but if that should occur for any reason prior to the meeting the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Each director will hold office until the next annual election of directors.

The following table sets forth the names of the nominees, all positions and offices with the Corporation presently held by them, their principal occupation, the year they became a director and the approximate number of voting securities of the Corporation beneficially owned, directly or indirectly, or over which control or direction is exercised by each of them as of the date hereof:

NOMINEES FOR ELECTION TO BOARD OF DIRECTORS

<u>Name and Position with the Corporation</u>	<u>Principal Occupation</u>	<u>Year Became Director</u>	<u>Common Shares held in Seaway Multi-Corp Limited (1)</u>
Mark A. Levy Chairman and Director	Chairman of the Board of Directors of the Corporation	1970	385,996 (2)
Benjamin Levy President and Director	President of the Corporation	1970	371,201 (2)
Morris P. Levy Executive Vice-President and Director	Executive Vice-President of the Corporation	1970	411,,185 (2)
Mark Speyer Vice-President and Director	Vice-President, Purchasing of the Corporation	1970	2,001
William P. Rosenfeld Secretary and Director	Barrister & Solicitor, Goodman & Goodman	1970	NIL
Harold J. Levy Director	Barrister & Solicitor	1970	1,144
Peter L. Levy Director	President, Levy Auto Parts Co. Limited	1970	9,201
Howard N. Levy Director	Senior Officer, Domestic Operations, Levy Auto Parts Company, a division of the Corporation	1972	9,001
Kenneth P. Foreht Vice-President and Director	Vice-President of the Corporation, President of Stellar Business Services Limited	1976	9,001
Allen S. Berg Director	President, Computer Methods (Canada) Ltd.	1982	NIL
Dr. Lance D. Levy	Physician	—	NIL
Benjamin Virgilio	President, A.G. Simpson Co. Ltd. manufacturer of auto parts, prior to 1982, Executive Vice-President	—	NIL

Notes

1. The information as to shares beneficially held or controlled, not being within the knowledge of the Corporation, has been furnished by the nominees.

2. For the shareholdings of the Corporation of entities controlled by Mark A. Levy, Benjamin Levy and Morris P. Levy, reference is made to the heading "Voting Shares and Principal Holders Thereof."

Directors and Officers Remuneration

The following table shows the remuneration paid by the Corporation, and its wholly-owned subsidiary for the year ended December 31, 1982 to the directors and officers:

	<u>Aggregate Remuneration</u>	<u>Pension Benefits</u>	<u>Other Benefits</u>
Directors (11)	\$ 18,000	NIL	NIL
Five Senior Officers.	941,000	\$9,000	\$9,000
	<u>\$959,000</u>	<u>\$9,000</u>	<u>\$9,000</u>

Indebtedness of Directors and Officers

On July 29, 1982, the Corporation made loans of \$72,000 each to Mark A. Levy, Morris P. Levy, Peter Levy, Kenneth P. Foreht and Howard N. Levy (directors and/or senior officers of the Corporation) in connection with the acquisition by them of an aggregate of 45,000 Common Shares of the Corporation. Each loan is evidenced by a promissory note, bears no interest and is repayable as to \$7,200 on July 29 in each of the years 1983, 1984, 1985 and 1986 and as to the balance of \$43,200 on July 29, 1987.

Directors' and Officers' Liability Insurance

The Corporation provides liability insurance for directors and officers of the Corporation and its subsidiaries in those capacities. The premium for the year ended December 31, 1982 was \$6,771 which was paid by the Corporation. The policy limit is \$5 million per year with a retention of \$10,000 per loss. The directors and officers of the Corporation and its subsidiaries as individuals are insured for losses arising from claims against them for certain of their acts, errors or omissions as such. The Corporation is insured against any loss arising out of any liability to indemnify a director or an officer.

Appointment of Auditors

Management proposes to nominate Messrs. Laventhol & Horwath as Auditors of the Corporation to hold office until the next annual meeting of the shareholders. **It is intended that the shares represented by proxies solicited by Management will be voted in favour of the appointment of Messrs. Laventhol & Horwath.** This firm was first appointed as Auditor of the Corporation on August 14, 1970, and has served since that date.

Approval by The Board of Directors

The board of directors of the Corporation has approved the contents and sending of this management information circular.



W.P. ROSENFELD
Secretary

Seaway Multi-Corp Limited

CONSOLIDATED STATEMENT OF INCOME Year ended December 31, 1982

	<u>notes</u>	<u>1982</u>	<u>1981</u>
Sales and revenues		\$ 42,790,456	\$ 36,901,847
Costs and expenses			
Cost of products sold		24,680,782	18,378,388
Other operating costs and expenses		12,142,891	10,981,518
Interest on long-term debt		2,122,998	2,338,285
Bank and other interest		1,350,394	1,399,251
Depreciation and amortization		569,503	524,147
		<u>40,866,568</u>	<u>33,621,589</u>
Income before income taxes		<u>1,923,888</u>	<u>3,280,258</u>
Income taxes			
Current		969,631	1,454,161
Deferred		35,880	22,801
		<u>1,005,511</u>	<u>1,476,962</u>
Income before undernoted		918,377	1,803,296
Minority interest		<u>106,435</u>	<u>123,227</u>
Income before extraordinary items		811,942	1,680,069
Extraordinary items	10	<u>512,871</u>	<u>124,563</u>
Net income	11	<u>\$ 1,324,813</u>	<u>\$ 1,804,632</u>

See accompanying notes

Seaway Multi-Corp Limited

CONSOLIDATED STATEMENT OF RETAINED EARNINGS Year ended December 31, 1982

	<u>note</u>	<u>1982</u>	<u>1981</u>
Balance (deficit), beginning of year		\$ (16,974,636)	\$ (18,131,239)
Net income		1,324,813	1,804,632
Amortization of appraisal excess	1	196,209	196,157
Dividends paid on Series "A" preference shares		<u>(370,737)</u>	<u>(844,186)</u>
Balance (deficit), end of year		<u>\$ (15,824,351)</u>	<u>\$ (16,974,636)</u>

See accompanying notes

Seaway Multi-Corp Limited

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY December 31, 1982

		<u>notes</u>	<u>1982</u>	<u>1981</u>
Capital stock				
Authorized		14 (a)		
2,145,534	Preference shares, \$15 par value, of which 1,645,834 have been designated as 4-1/2% cumulative, Series "A" preference shares, convertible on the basis of three preference shares for one common share and redeemable at par			
4,357,500	Common shares, without par value			
Issued				
157,719	Series "A" preference shares (1981 - 625,023)	14 (b)	\$ 2,365,785	\$ 9,375,345
1,347,458	Common shares		<u>9,882,642</u>	<u>9,882,642</u>
			12,248,427	19,257,987
Excess of appraised value of land and buildings over book value		1	19,680,278	19,874,518
Contributed surplus		14 (c)	3,271,128	—
Retained earnings (deficit)			<u>(15,824,351)</u>	<u>(16,974,636)</u>
			<u>\$ 19,375,482</u>	<u>\$ 22,157,869</u>

See accompanying notes

Seaway Multi-Corp Limited

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION Year ended December 31, 1982

	<u>1982</u>	<u>1981</u>
Funds provided by		
Operations		
Income before extraordinary items	\$ 811,942	\$ 1,680,069
Items not affecting working capital, principally depreciation, amortization and deferred income taxes	711,818	724,772
	1,523,760	2,404,841
Issue of long-term debt	3,738,432	—
Reduction of income taxes on application of prior years' losses	512,871	248,690
	<u>5,775,063</u>	<u>2,653,531</u>
Funds used for		
Purchase of preferred shares for cancellation	3,738,432	—
Retirement of long-term debt	1,681,165	1,352,241
Fixed and other assets	627,217	959,783
Acquisition of minority interest	194,540	680,899
Dividends paid to minority shareholders of subsidiary companies	127,001	123,227
Dividends paid on Series "A" preference shares	370,737	844,186
Extraordinary item	—	124,127
	<u>6,739,092</u>	<u>4,084,463</u>
Increase (decrease) in working capital	(964,029)	(1,430,932)
Working capital, beginning of year	<u>5,508,134</u>	<u>6,939,066</u>
Working capital, end of year	<u>\$ 4,544,105</u>	<u>\$ 5,508,134</u>

See accompanying notes

AUDITORS' REPORT

To the Shareholders of
Seaway Multi-Corp Limited

We have examined the consolidated balance sheet of Seaway Multi-Corp Limited as at December 31, 1982 and the consolidated statements of income, retained earnings (deficit), shareholders' equity 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, 1982 and the results of its operations and 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.

Toronto, Canada
April 21, 1983

Laventhol & Horwath

Chartered Accountants

Seaway Multi-Corp Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1982

1. SUMMARY OF ACCOUNTING POLICIES

Consolidation policy

The consolidated financial statements include the accounts of Seaway Multi-Corp Limited and all its subsidiaries.

Translation of foreign currencies

Amounts in foreign currencies have been translated into Canadian dollars at the rates of exchange in effect at the balance sheet date for current items and at the rates in effect at acquisition dates for noncurrent items. Operating income and expenses are translated at average rates during the year except for depreciation which is on the same basis as fixed assets. Gains or losses arising on translation are included in net income.

Inventories

Certain types of inventories approximating \$12 million, for which costs cannot be determined, have been valued on the basis of a percentage of historical selling prices. The other inventories have been valued at the lower of cost and net realizable value. This valuation is consistent with that used in preceding years.

Property, plant and equipment

Certain land and buildings are recorded at appraised values as of December 31, 1977, based on appraisals by General Appraisal of Canada Limited, dated March 8, 1978 and July 1, 1978, and E. Karl Farstad & Associates dated July 20, 1978. The excess of the appraised value over the book value is shown in the Statement of Shareholders' Equity. A portion of the appraisal excess applicable to buildings is being transferred annually to retained earnings in amounts equal to the annual depreciation provided on such appraisal excess. The current year's transfer amounts to \$196,209. Land and buildings acquired subsequent to 1977 and plant and equipment are recorded at cost. Depreciation is provided on the straight line basis at the following annual rates:

Buildings	2 1/2%
Machinery and equipment	10 - 20%

Deferred charges

Financing costs are being amortized over the terms of the related debt, over periods not exceeding 5 years.

2. ACCOUNTS RECEIVABLE

- (a) Included in accounts receivable is an amount of \$1,500,000 which is the minimum value placed by the insurers on the business interruption claim arising from the fire which occurred at the Canada Cycle and Motor Company Limited (C.C.M.), St. Jean factory on February 17, 1977. Rights to this claim were acquired by the company as a part of the consideration for the sale of C.C.M. in 1978. The company has claimed \$2,788,505 and the insurers have paid a portion of the amount receivable into court. The company is still in the process of legal action against the insurers and their agents and in the opinion of legal counsel, the company's claim of at least \$1,500,000 is well founded.
- (b) Accounts receivable also includes \$360,000, representing promissory notes from five directors, loaned for the purchase of 45,000 fully paid common shares of the company. The shares are held as security for the loans.

3. NOTE RECEIVABLE

The note is receivable over a period of 7 years with interest thereon at 9-1/2% per annum and is secured by a standby letter of credit from a Canadian chartered bank. The same bank has loaned this company an amount equal to the balance due on the promissory note on the security of the note and the standby letter of credit. In the event of default on the note or nonrenewal of the letter of credit, the proceeds of the letter of credit will be used to repay the loan in full. The current portion of the note receivable, amounting to \$99,840 (1981 - \$99,840) is included in prepaid expenses and sundry assets.

4. PROPERTY, PLANT AND EQUIPMENT

	<u>1982</u>	<u>1981</u>
Buildings, at appraised value.....	\$ 9,270,000	\$ 9,270,000
Building additions, at cost.....	244,578	243,364
Machinery and equipment, at cost.....	<u>4,668,944</u>	<u>4,207,030</u>
	14,183,522	13,720,394
Less accumulated depreciation.....	<u>4,562,827</u>	<u>4,023,075</u>
	9,620,695	9,697,319
Land, at appraised value.....	15,070,000	15,070,000
Land, at cost.....	<u>2,802,450</u>	<u>2,800,213</u>
	<u>\$ 27,493,145</u>	<u>\$ 27,567,532</u>

5. OTHER

	<u>1982</u>	<u>1981</u>
Net investment in lease, current portion of \$97,993 (1981 - \$44,891) included in prepaid expenses and sundry assets	\$ 189,098	\$ 261,223
Deferred financing costs, at cost less amortization.....	17,591	34,336
Share issue expenses	523,666	523,666
Sundry	<u>152,770</u>	<u>—</u>
	<u>\$ 883,125</u>	<u>\$ 819,225</u>

6. BANK INDEBTEDNESS

Accounts receivable and inventories are pledged as collateral for the bank indebtedness and the bank loan of \$3,420,000 included in long-term debt.

7. INCOME TAXES

The company and its subsidiaries have accumulated losses for income tax purposes in current and prior years amounting to approximately \$1,349,000 which may be used to reduce taxable income as follows:

\$135,000 to 1983
91,000 to 1984
30,000 to 1985
349,000 to 1986
744,000 to 1987

8. LONG-TERM DEBT

	<u>1982</u>	<u>1981</u>
Seaway Multi-Corp Limited		
Secured debentures, due January 31, 1984	\$ 3,057,111	\$ 4,044,343
Unsecured promissory notes, prime rate, due August 11, 1984	376,573	396,573
7-1/2% convertible unsecured sinking fund debentures, Series "A", maturing August 23, 1988 (Note 14)	300,000	300,000
Notes payable, prime rate plus 1-3/4%	114,614	416,852
Levy Industries Limited		
First mortgage loan, prime rate plus 2%, maturing October 30, 1984	1,014,000	1,026,000
Bank term loan, secured by pledge of note receivable, prime rate plus 7/8%, maturing November 30, 1989	690,560	790,400
W. & M. Holdings Limited		
9-1/2% first mortgage loan, maturing December 1, 1983	67,658	134,969
Levy-Russell Limited		
8% sinking fund debentures, Series "A" secured by first mortgage maturing November 15, 1982	—	400,000
12-3/4% chattel mortgage, due November 1, 1982	—	134,563
Conditional sales contracts	58,258	90,067
Bank loan, secured by real estate, prime rate plus 2-1/4%, maturing August 31, 1990	1,115,390	1,173,270
Bank loan, prime rate plus 3/4%, maturing May 31, 1992 (Note 6)	3,420,000	—
Drive Train Remanufacturing Limited		
Obligations under capital leases	21,498	35,178
Russell Industries Limited		
11-1/2% first mortgage loan, maturing February 1, 1985	1,642,768	1,670,305
Levy Service Industries Limited		
First mortgage loan, prime rate plus 2-1/4%, maturing August 31, 1990	1,673,085	1,759,905
	13,551,515	12,372,425
Less amounts due within one year	1,108,227	1,886,564
	<u>\$ 12,443,288</u>	<u>\$ 10,485,861</u>

The secured debentures bear interest at the bank prime rate. Subsequent to the year-end, the rate was increased to bank prime plus one percent. The company has pledged common shares of Levy Industries Limited as security.

The aggregate amount of principal payments required in each of the next five years is approximately as follows:

1983	—	\$1,108,000
1984	—	1,938,000
1985	—	2,468,000
1986	—	913,000
1987	—	937,000

9. MINORITY INTEREST

	<u>1982</u>	<u>1981</u>
Common shares	\$ 79,827	\$ 107,300
Preference shares	<u>1,598,458</u>	<u>1,788,060</u>
	<u>\$ 1,678,285</u>	<u>\$ 1,895,360</u>

10. EXTRAORDINARY ITEMS

	<u>1982</u>	<u>1981</u>
Expenses related to previously held subsidiary	\$ —	\$ (124,127)
Reduction of income taxes on application of prior years' losses	<u>512,871</u>	<u>248,690</u>
	<u>\$ 512,871</u>	<u>\$ 124,563</u>

11. INCOME PER COMMON SHARE

	<u>1982</u>		<u>1981</u>	
Common shares outstanding	<u>1,347,458</u>		<u>1,347,458</u>	
		<u>Per Share</u>		<u>Per Share</u>
Income before extraordinary items	\$ 811,942		\$ 1,680,069	
Preferred dividend requirement	<u>185,318</u>		<u>422,093</u>	
Income for common shareholders before extraordinary items	626,624	\$0.47	1,257,976	\$0.93
Extraordinary items	<u>512,871</u>	<u>0.38</u>	<u>124,563</u>	<u>0.09</u>
Net income for common shareholders	<u>\$ 1,139,495</u>	<u>\$0.85</u>	<u>\$ 1,382,539</u>	<u>\$1.02</u>

12. SEGMENTED INFORMATION (in thousands of dollars)	1982			1981		
	Automotive Parts	Cold Storage and Property	Total	Automotive Parts	Cold Storage and Property	Total
Sales and revenues	\$ 39,444	\$ 3,346	\$ 42,790	\$ 33,773	\$ 3,129	\$ 36,902
Operating income	\$ 5,218	\$ 179	\$ 5,397	\$ 6,805	\$ 212	\$ 7,017
Interest expense			3,473			3,737
Income taxes			1,006			1,477
Minority interest			106			123
Extraordinary items			(513)			(125)
			4,072			5,212
Net income			\$ 1,325			\$ 1,805
Identifiable assets	\$ 40,504	\$ 10,397	\$ 50,901	\$ 37,996	\$ 13,921	\$ 51,917
Depreciation, amortization	\$ 179	\$ 390	\$ 569	\$ 180	\$ 344	\$ 524
Capital expenditure	\$ 182	\$ 445	\$ 627	\$ 205	\$ 758	\$ 963
Export sales	\$ 30,565	\$ —	\$ 30,565	\$ 25,908	\$ —	\$ 25,908

The company operates two divisions. The automotive parts division includes rebuilding of major components for heavy duty and specialized vehicles, construction of vehicles and general repairs. The cold storage and property division provides services for the cold storage of produce and foodstuffs and rental of certain real estate.

13. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate direct remuneration paid by the company and its subsidiaries to the directors and senior officers of the company amounted to \$1,110,000 (1981 - \$714,000).

14. CAPITAL STOCK

(a) Reservations of common shares

(i) 15,000 common shares are reserved for the conversion privileges of the company's \$300,000 7½% convertible unsecured debentures at the rate of 50 common shares for each \$1,000 of debentures outstanding, exercisable at any time until August 23, 1988.

(ii) At December 31, 1982 there are 246,407 Series "A" warrants outstanding entitling the holders to acquire one common share of the company at a price of \$38 for each warrant held. The warrant privileges may be exercised at any time until February 28, 1989.

(b) As at December 31, 1982 dividends on the Series "A" preference shares are \$266,150 (ten quarters) in arrears.

(c) 467,304 Series "A" preference shares \$15 par value were purchased for cancellation in June 1982 at \$8 per share. The balance of \$7 per share is shown as a contributed surplus.

15. PENSION PLANS

Certain subsidiaries of the company maintain pension plans covering most of their employees. The total unfunded past service liability which has not been provided for at December 31, 1982 approximates \$202,000 and will be funded in varying amounts over a maximum of 11 years.

16. CONTINGENCY

Through administrative procedures a United States subsidiary has been suspended from U.S. Government contracting as have two directors and a former employee. This suspension arises from charges against a director and a former employee which also have been made against a non-existent company with a name similar to that of a subsidiary. Management believes that the matter will be effectively resolved without adverse effect on the company.

17. SUBSEQUENT EVENT

In January 1983 a subsidiary of the company sold certain of its land and buildings for \$3.5 million. The after tax, extraordinary gain of approximately \$2.5 million will be recorded in 1983.