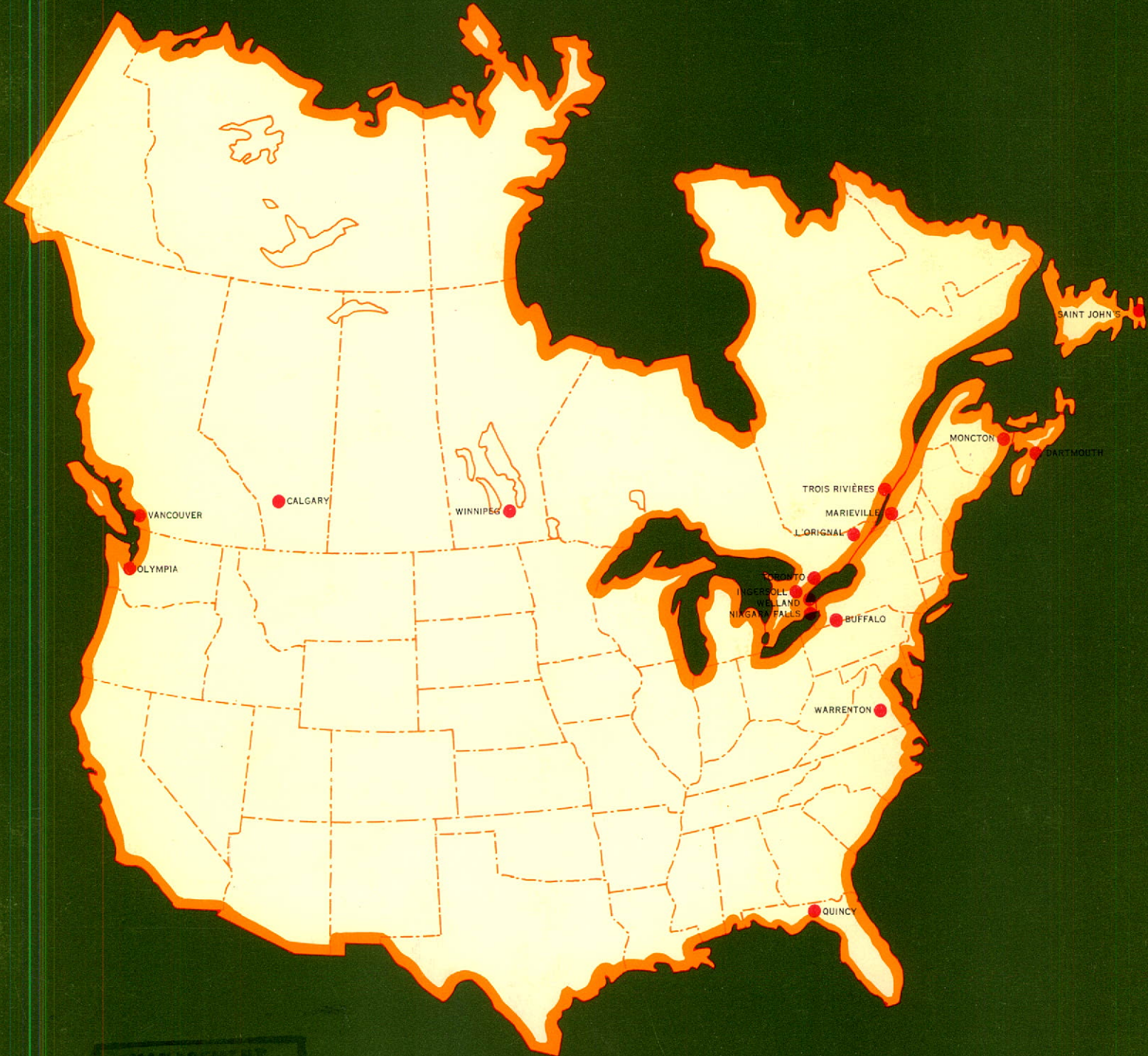


IVACO INDUSTRIES LIMITED ANNUAL REPORT 1973



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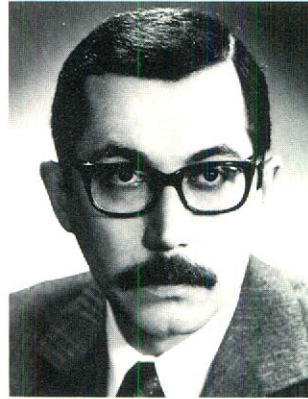
Board of Directors



ISIN IVANIER,
President,
Ivaco Industries Ltd.



PAUL IVANIER,
Executive Vice President,
Ivaco Industries Ltd.



SYDNEY IVANIER,
Vice President,
Ivaco Industries Ltd.



MICHAEL HERLING,
Vice President,
Ivaco Industries Ltd.



JACK KLEIN,
Vice President,
Ivaco Industries Ltd.



JOHN LOVERIDGE,
President,
Ingersoll Machine and
Tool Company, Limited.



EDWARD J. BUELL Jr.,
President,
The Niagara Wire Weaving
Company, Limited



ALAN S. GORDON,
Chairman,
Merrill Lynch,
Royal Securities Limited

Officers

ISIN IVANIER,
President

PAUL IVANIER,
Executive Vice President and
Secretary Treasurer

SYDNEY IVANIER,
Vice President

MICHAEL HERLING,
Vice President

JACK KLEIN,
Vice President

HEAD OFFICE:
800 Ouellette Street, Marieville, Quebec

TRANSFER AGENT AND REGISTRAR:
The Royal Trust Company in Montreal, Toronto,
Calgary, Vancouver and Halifax

AUDITORS:
Touche Ross & Co., Montreal, Quebec

LEGAL COUNSEL:
Byers, Casgrain & Stewart, Montreal, Quebec

SHARES LISTED:
Montreal Stock Exchange and Toronto Stock Exchange

FINANCIAL HIGHLIGHTS *



	1973	1972
SALES	\$90,183,102	\$53,948,539
NET EARNINGS	8,084,263	4,617,841
NET EARNINGS PER COMMON SHARE**	\$0.98	\$0.61
EXPENDITURE FOR PLANT & EQUIPMENT	14,648,297	6,931,938

*Results of Niagara are included only from date of consolidation, June 1, 1973.

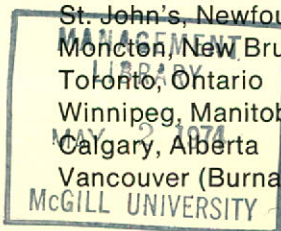
**Reflects retroactively the two-for-one stock split effective July 3, 1973.

Manufacturing plants:

Ivaco Rolling Mills	L'Orignal, Ontario
Industrial Fasteners Ltd.	Marieville, Quebec
Sivaco Wire & Nail Company	Marieville, Quebec
Sivaco Ontario Ltd.	Ingersoll, Ontario
Sivaco Maritimes Ltd.	Dartmouth, Nova Scotia
Quebec Wires Ltd.	Trois Rivières, Quebec
Ingersoll Machine and Tool Co. Ltd.	Ingersoll, Ontario
The Morrow Screw and Nut Co. Ltd.	Ingersoll, Ontario
Flylo Corporation Ltd.	Ingersoll, Ontario
The Niagara Wire Weaving Co. Ltd.	Niagara Falls, Ontario
The Niagara Wire Weaving Co. Ltd. (Research Center)	Welland, Ontario
New York Wire Mills Corp.	Buffalo, New York
Virginia Wire and Fabric Co.	Warrenton, Virginia
Niagara Wires Inc. (Southern)	Quincy, Florida
Niagara Wires Inc. (Pacific)	Olympia, Washington

Warehouses and Sales Offices:

- St. John's, Newfoundland
- Moncton, New Brunswick
- Toronto, Ontario
- Winnipeg, Manitoba
- Calgary, Alberta
- Vancouver (Burnaby), British Columbia





To our Shareholders:

March 29, 1974

1973 was the most successful year in your company's history. New records were achieved this year for sales, net earnings and earnings per share.

- Sales were \$90.1 million, up 67% from \$53.9 million in 1972.
- Net earnings were \$8,084,263, up 75% from \$4,617,841 in 1972.
- Net earnings per share were 98 cents up 61% from 61 cents in 1972.

The 1973 results include the operations of The Niagara Wire Weaving Company, Limited from June 1, 1973, the date of consolidation. All per share earnings reported reflect the 2-for-1 stock split which became effective in July 1973. Among the significant events of the year were the following:

- During the second half of 1973 further plant additions became operational at Marieville, Quebec for both Sivaco Wire & Nail Company and Industrial Fasteners Ltd.
- A production line for the manufacture of high quality oil tempered spring wire became operational at New York Wire Mills Corp. in May 1973.
- Expansion of manufacturing facilities at Ingersoll Machine and Tool Company, Limited was completed in the fall of 1973.
- Construction of our wire and nail plant at Dartmouth, N.S. was completed late last year. Production commenced in December 1973 on a one shift basis, with a second shift to be added by mid year.
- In May of 1973 we announced the successful completion of our tender offer to acquire control of The Niagara Wire Weaving Company, Limited. Since then the Fourdrinier wire weaving operation of Niagara's Warrenton, Virginia plant has been relocated to the enlarged Fourdrinier operation at Quincy, Florida. As a result, all of Niagara's Fourdrinier wire in the Eastern U.S.A. will be manufactured at one location at Quincy, Florida. At the same time installation of a new wire mill for the production of wire and welded wire fabric was started at Warrenton, Virginia and completed in record time. Production started towards the end of 1973 and the mill is now operating on a two shift basis.
- Construction of a new wire mill at Quincy, Florida for the production of wire and welded wire fabric has commenced and completion is expected later this year.
- During the year we announced that we are expanding capacity at our rolling mill at L'Orignal, Ontario with the addition of a no-twist-high-speed finishing mill. The mill is being built by Davy and United Engineering Co. Ltd. of Sheffield, England to plans and specifications of Morgan Construction Company of Worcester, Mass. When completed and installed during 1975 it will bring rated capacity of our rolling mill to 400,000 tons of wire rod per year.
- Construction of our melt and continuous steel casting billet plant at L'Orignal, Ontario is proceeding at a rapid pace. Completion is expected at year end and when in full operation it will have a casting capacity of approximately 275,000 tons of billets per year.

As a result of these moves, the Ivaco group of companies now consists of 15 manufacturing plants located across North America and employs more than 2,300 people.

Your management is aggressively pursuing further internal expansion plans that are now past the drawing board stage. At the same time we are also actively engaged in the pursuit of opportunities for growth through acquisition.

As we enter 1974, we are extremely pleased with the very strong demand for our products in North America and in other parts of the world. Although our products are exported today to more than 35 countries all over the world, we continue to consider North America as our prime and most rapidly growing market.

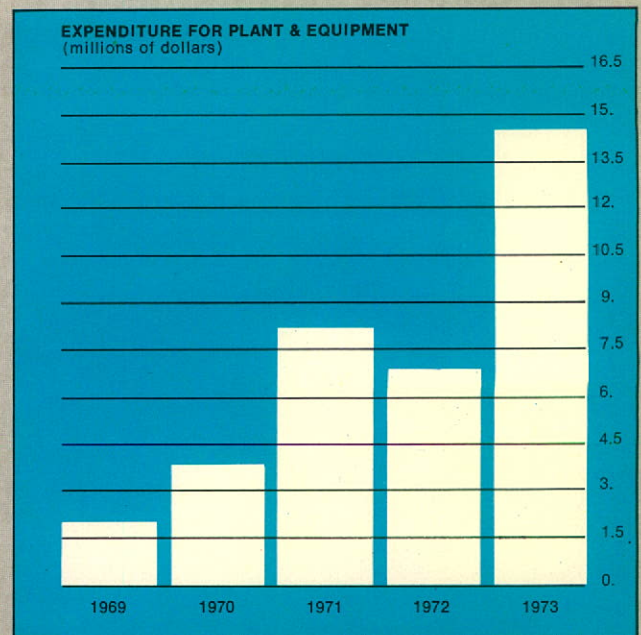
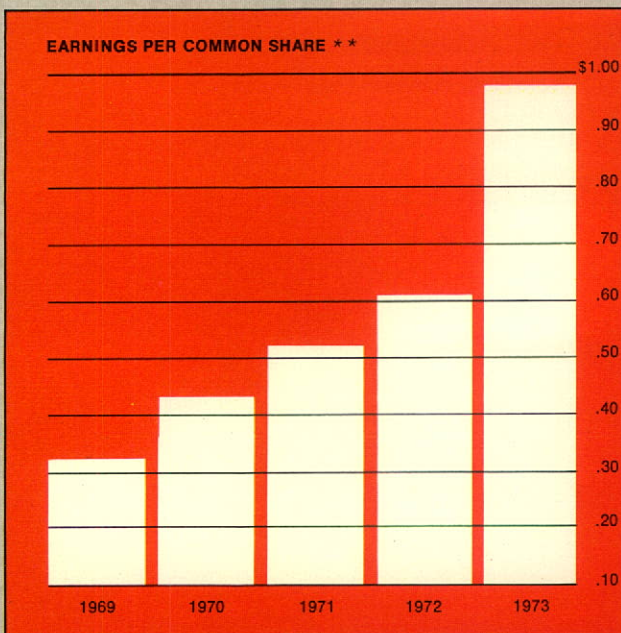
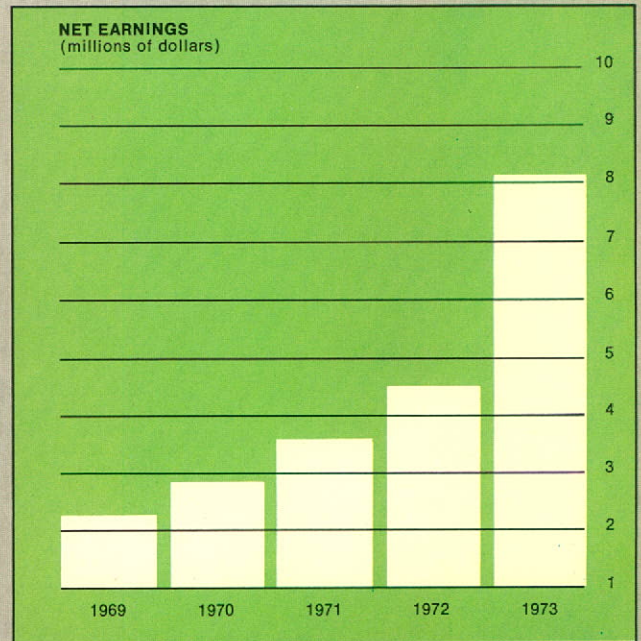
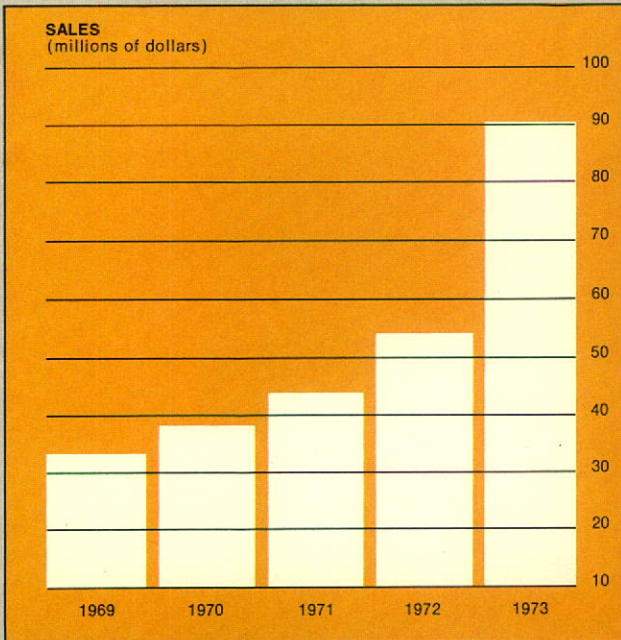
We look forward to 1974 with great confidence that it will be, once again, a year of continued growth for Ivaco Industries Limited.

Respectfully submitted on behalf of the Board of Directors.

PAUL IVANIER
Executive Vice President

ISIN IVANIER
President

growth at a glance*



*Representing on a retroactive basis the results of all subsidiaries excepting Niagara Wire for which results are included from date of consolidation, June 1, 1973.

**Reflects retroactively the two-for-one stock split effective July 3, 1973.

Ivaco products... serving the

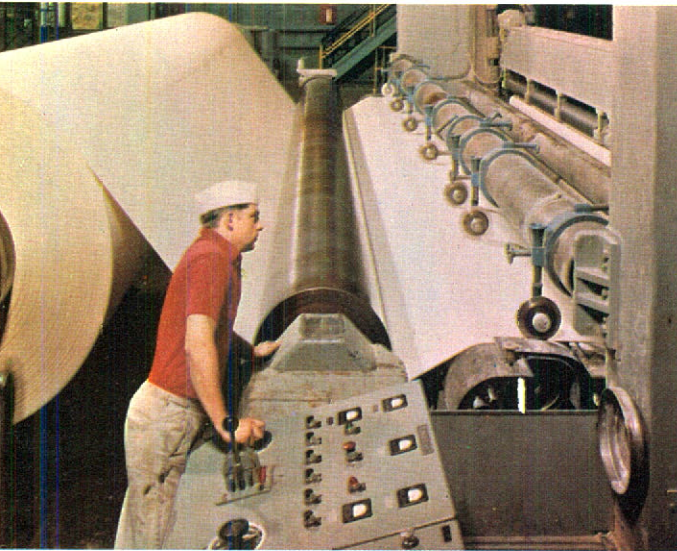
The Ivaco Group of companies manufacture products that are essential components of the world around us. As suppliers of basic components to a vast range of industries, serving a large variety of markets, your company is strategically positioned to take advantage of changing conditions across North America and throughout the world.

Your company produces the kind of things that are vital for the building of homes, highways, and bridges. They are essential for the operation of mines, farms, oil fields and paper mills. They form part of the manufacture of cars, appliances, pollution control systems, and all manner of industrial machinery and consumer products that one just cannot do without.

Most of the products your company makes become components to something else. The result, of course, is extraordinary diversity of end products, and for Ivaco, that means great stability of market demand.

Ivaco supplies these products to markets throughout North America and to more than 35 countries around the world.

Here, in brief, is where your company's products go:

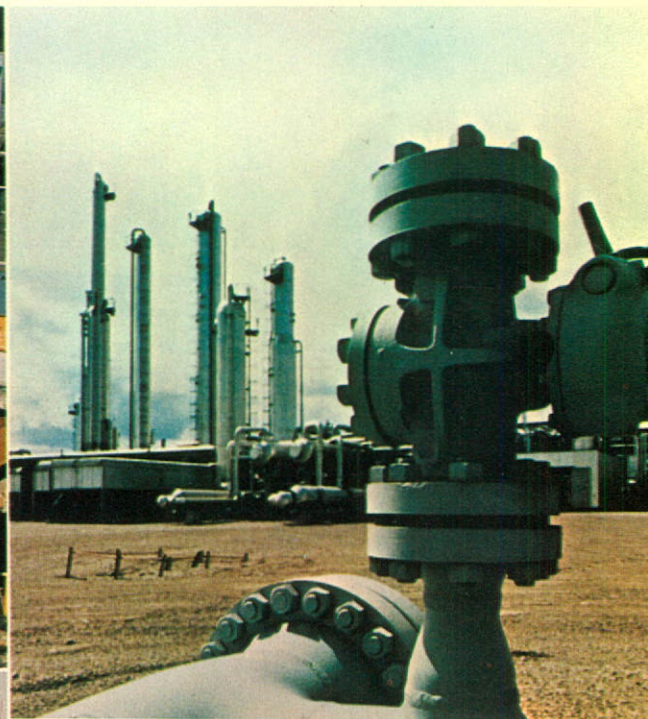


world's most fundamental industries

Wire Rod is a basic raw material for most members of the Ivaco Group. The company's own rolling mill at L'Original, Ontario produces most of the wire rod which, in turn, is used by many of our subsidiaries for the production of fasteners, nails, wire fabric and other wire products.

Wire is manufactured by your company in hundreds of different diameters and qualities and with finishes that include bright, galvanized and plastic coatings. It is consumed in massive quantities by a host of industries — automotive, appliances, furniture, construction, mining, and farming — to name a few — and the definite trend toward ever increasing sophistication in industrial demand is well suited to Ivaco's network of highly automated, quality control-oriented production centers.

Welded Wire Fabric is used as a reinforcing material in concrete highways, buildings and structures, and in concrete sewer and culvert pipes. It is used in airport runways and in mines for protection from falling rock. The rapidly expanding use of wire fabric in sewer pipes for pollution control programs has been, in large part, responsible for making wire fabric one of the fastest growing products in the Ivaco Group.



Ivaco products

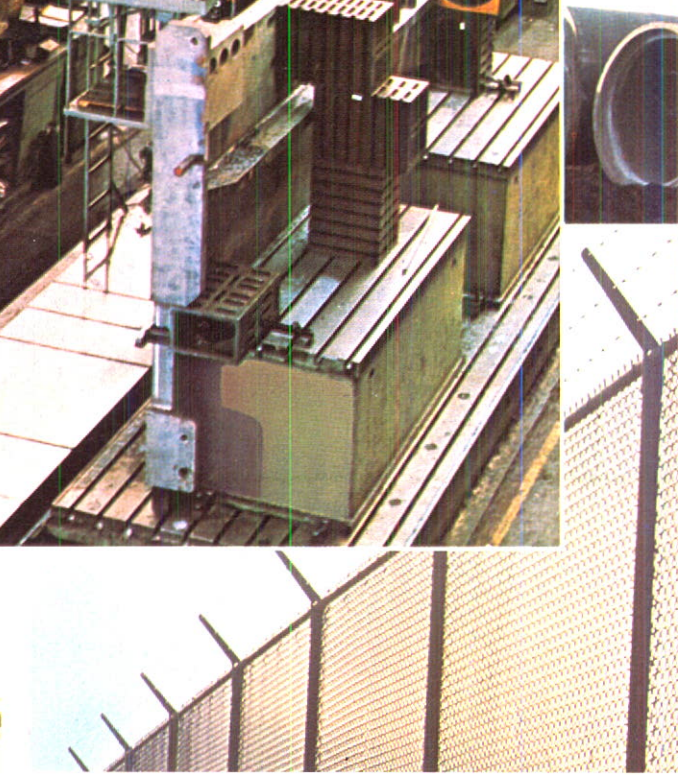
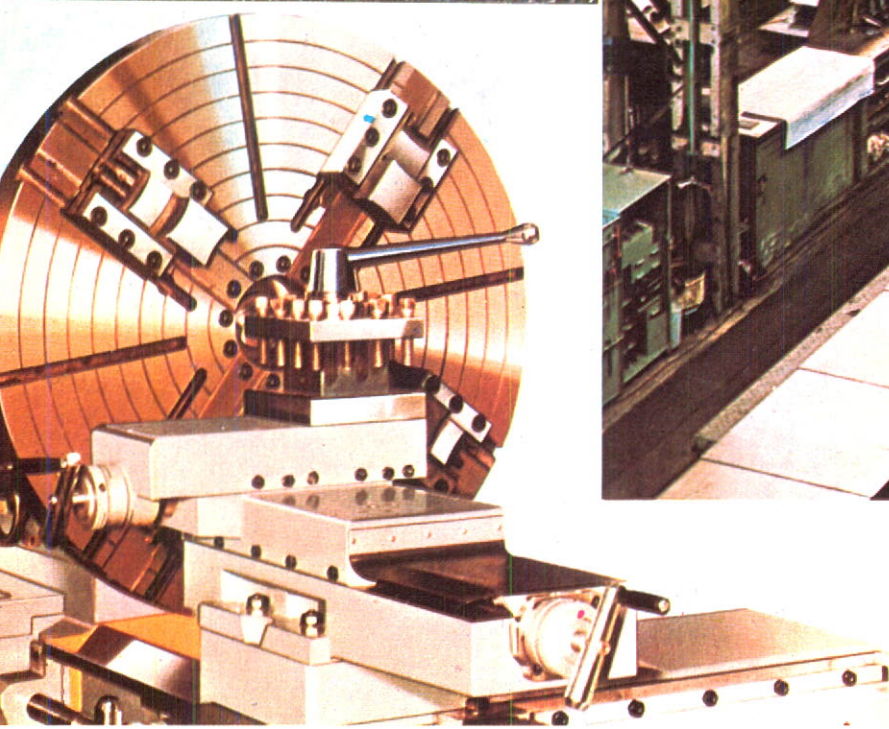
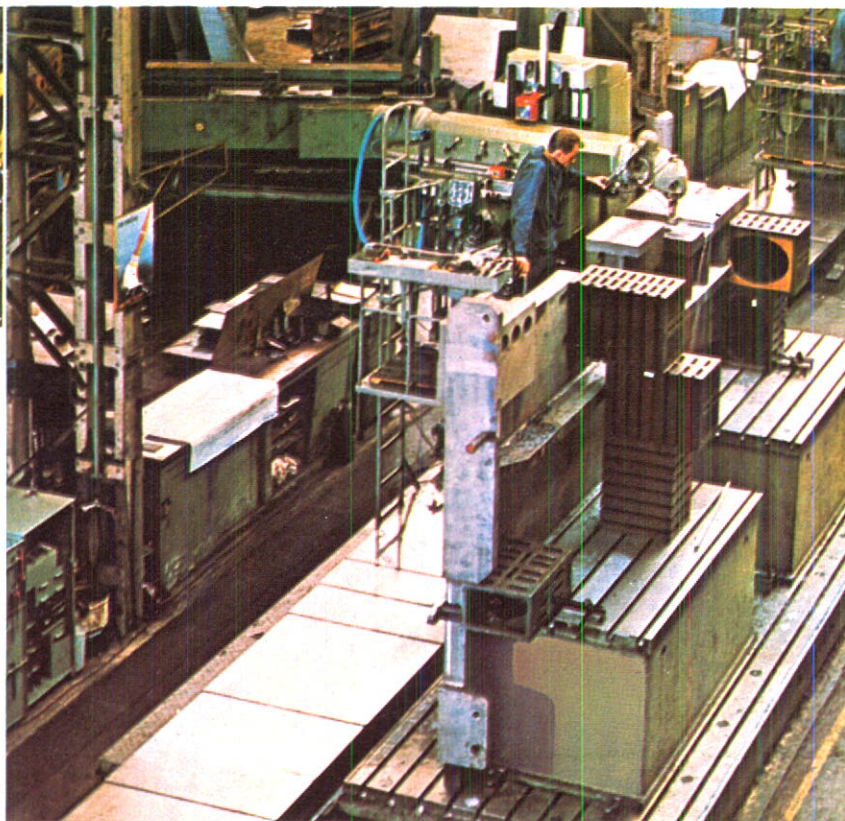
serving the world's most fundamental industries

Fasteners such as bolts, nuts and screws are used to hold together practically everything that is manufactured. Your company produces them for virtually everything that moves: (trains, ships, trucks, automobiles, snowmobiles, bicycles and baby carriages) and for things that don't: (bridges, refineries, skyscrapers and machinery).

Nails are as basic to construction and repair as wood itself. Your company produces nails in highly automated facilities in virtually every size and shape conceivable.

Fencing and Barbed Wire are fast growing lines. Your company produces a wide variety of fencing, in galvanized and plastic coated finishes, for residential, industrial and farm use.

Precision Machined Parts are manufactured in large volume and are supplied to the automotive, agricultural implement, recreational, marine and defense industries. They include steering gears, pumps, transmission chassis, parts for machine tools, just to name a few. They are manufactured to high standards of precision and quality.

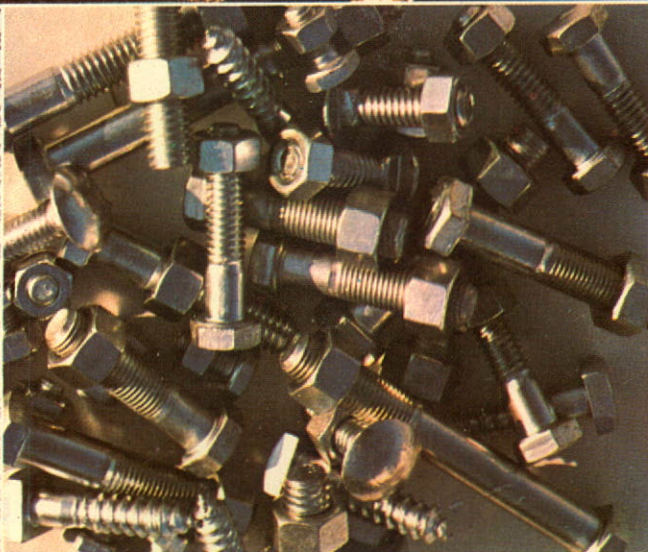
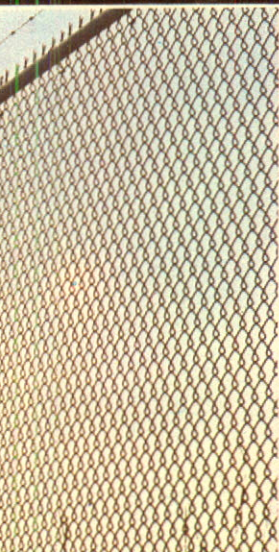
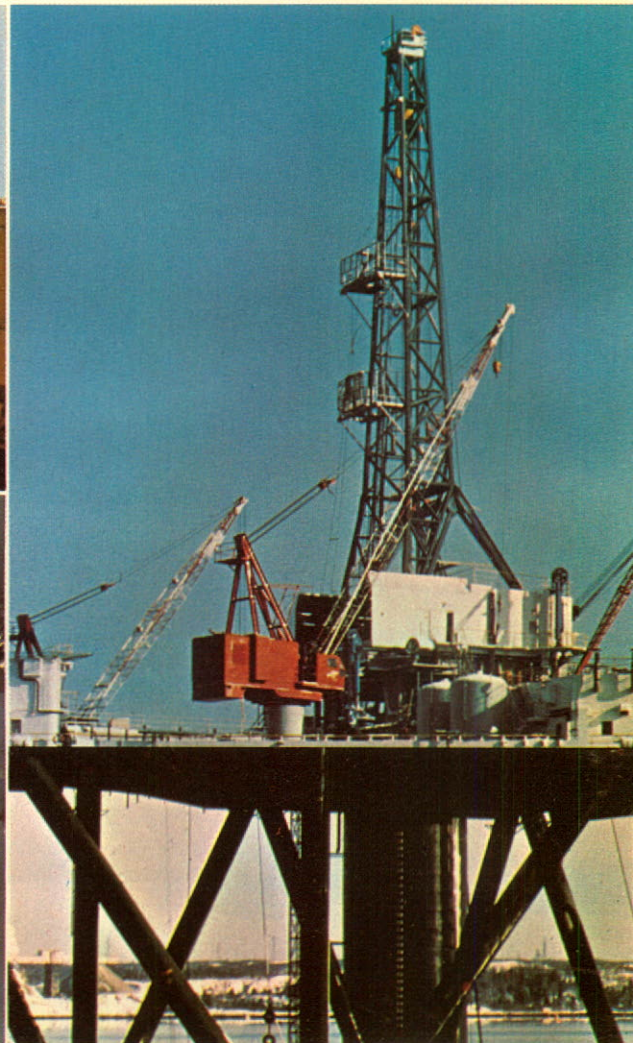


Axles and Suspension Systems are used in the manufacture of trucks and trailers for the transportation industry. Our patented "Sup-R-Ride" light axle has earned great market acceptance and is used extensively by leading manufacturers in Canada and the United States. Heavy axles for truck transports are also an important and growing part of the Ivaco Group of industrial products.

Fourdrinier Wires are consumed in vast quantities by virtually all of the world's high speed paper machines. Newsprint, magazine paper, packaging materials and boxboard are among the products that are formed on Fourdrinier wires. Your company produces them at strategically located sites across North America. In addition, your company is a leader in the development of synthetic Fourdrinier fabrics for paper machines.

These are the products that the members of the Ivaco Group make and sell throughout North America and to over 35 countries around the world.

Your company is proud to be a significant supplier to the world's most fundamental industries.





IVACO INDUSTRIES LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1973
(Note 1)

	<u>1973</u>	<u>1972</u>
Net sales	<u>\$90,183,102</u>	<u>\$53,948,539</u>
Costs and expenses exclusive of items listed below	<u>72,577,758</u>	42,853,533
Depreciation	<u>2,131,502</u>	1,364,139
Amortization	<u>241,119</u>	158,450
Interest on long term liabilities	<u>1,078,457</u>	682,957
Gain on disposal of fixed assets	<u>(29,875)</u>	(4,324)
	<u>75,998,961</u>	<u>45,054,755</u>
Earnings before income taxes	<u>14,184,141</u>	<u>8,893,784</u>
Provision for income taxes:		
Current	<u>2,998,743</u>	2,737,653
Deferred	<u>2,781,713</u>	1,408,453
	<u>5,780,456</u>	<u>4,146,106</u>
Net earnings before minority interests	<u>8,403,685</u>	4,747,678
Minority interests	<u>319,422</u>	129,837
Net earnings	<u>\$ 8,084,263</u>	<u>\$ 4,617,841</u>
Net earnings per common share (Note 8)	<u>\$0.98</u>	<u>\$0.61</u>



IVACO INDUSTRIES LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1973

(Note 1)

	<u>1973</u>	<u>1972</u>
WORKING CAPITAL, JANUARY 1	<u>\$13,110,588</u>	<u>\$ 9,677,987</u>
SOURCE OF FUNDS		
Net earnings	8,084,263	4,617,841
Charges to earnings not requiring the current outlay of funds		
Depreciation and amortization	2,372,621	1,522,589
Deferred income taxes	2,319,713	1,408,453
Funds from operations	<u>12,776,597</u>	<u>7,548,883</u>
Issue of common shares (Note 8)	137,666	63,171
Increase in minority interests	269,383	115,140
Increase in long term liabilities	3,767,758	7,576,840
Government grants on account of capital expenditures	<u>806,697</u>	<u>172,960</u>
	<u>17,758,101</u>	<u>15,476,994</u>
APPLICATION OF FUNDS		
Purchase of fixed assets	14,648,297 ✓	6,931,938 ✓
Cash held for investment (Note 4)	—	4,500,000 ✓
Redemption of preferred shares of subsidiary companies held by minority interests	250,900	152,000
Dividends declared — preferred	354,699 ✓	217,425 ✓
Other items	<u>746,520</u>	<u>243,030</u>
	<u>16,000,416</u>	<u>12,044,393</u>
INCREASE IN WORKING CAPITAL	1,757,685	3,432,601
Add: Working capital of The Niagara Wire Weaving Company, Limited at June 1, 1973 (Note 1)	<u>3,535,594</u>	—
WORKING CAPITAL, DECEMBER 31	<u>\$18,403,867</u>	<u>\$13,110,588</u>



IVACO INDUSTRIES LIMITED
AND SUBSIDIARY COMPANIES

ASSETS

	<u>1973</u>	<u>1972</u>
CURRENT:		
Cash	\$ 1,246,957	\$ 668,250
Marketable securities — at cost (market value \$1,032,262)	1,140,654	—
Accounts receivable	16,049,889	11,700,656
Inventories, valued at the lower of cost and net realizable value (Note 2)	24,918,301	22,266,986
Prepaid expenses	692,730	626,986
	<u>44,048,531</u>	<u>35,262,878</u>
 FIXED (at cost):		
Land	1,049,340	579,475
Buildings	12,917,008	6,873,902
Machinery and equipment	44,530,404	26,772,425
	<u>58,496,752</u>	<u>34,225,802</u>
Less: Accumulated depreciation (Note 3)	17,056,418	8,942,866
	<u>41,440,334</u>	<u>25,282,936</u>
Construction in progress (Note 4)	5,343,756	976,329
Cash held for investment (Note 4)	4,500,000	4,500,000
	<u>51,284,090</u>	<u>30,759,265</u>
 OTHER ASSETS:		
Investment — at equity (Note 5)	1,718,422	—
Cost of investments in subsidiary companies in excess of net assets at dates of acquisition, less amortization (Note 6)	3,732,421	2,858,434
Sundry assets (Note 6)	2,134,478	1,280,600
	<u>7,585,321</u>	<u>4,139,034</u>
 ON BEHALF OF THE BOARD:		
ISIN IVANIER, Director		
PAUL IVANIER, Director	<u>\$102,917,942</u>	<u>\$70,161,177</u>

AUDITORS' REPORT TO THE SHAREHOLDERS OF IVACO INDUSTRIES LIMITED.

We have examined the consolidated balance sheet of Ivaco Industries Limited and its subsidiary companies as at December 31, 1973 and the consolidated statements of earnings, retained earnings, contributed surplus and source and application of funds for the year then ended. For Ivaco Industries Limited and those subsidiaries of which we are the auditors, our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances. With respect to those subsidiaries of

CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 1973

(Note 1)

LIABILITIES

	<u>1973</u>	<u>1972</u>
CURRENT:		
Bank indebtedness — partly secured	\$ 10,706,410	\$ 9,683,003
Accounts payable and accrued liabilities		
Trade	10,491,116	9,000,571
Directors	228,985	774,000
Taxes payable	1,400,208	1,277,895
Current portion of deferred income taxes	462,000	—
Dividends payable — preferred	124,486	53,720
Current portion of long term liabilities	2,231,459	1,363,101
	<u>25,644,664</u>	<u>22,152,290</u>
 LONG TERM LIABILITIES (Note 7)	 18,558,384	 <u>14,736,876</u>
 DEFERRED INCOME TAXES	 8,330,180	 <u>5,746,188</u>
 MINORITY INTERESTS:		
Preferred shares	137,100	388,000
Common share equity	2,180,675	652,032
	<u>2,317,775</u>	<u>1,040,032</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK (Note 8)	23,798,144	10,835,298
CONTRIBUTED SURPLUS	2,260,198	1,371,460
RETAINED EARNINGS	22,008,597	14,279,033
	48,066,939	26,485,791
	<u>\$102,917,942</u>	<u>\$70,161,177</u>

which we are not the auditors, we have carried out such inquiries and examinations as we considered necessary in order to accept, for purposes of consolidation, the reports of the other auditors. In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1973 and the results of their operations and the source and application of their funds for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Montreal, Quebec.
March 20, 1974.

TOUCHE ROSS & CO.
Chartered Accountants.



IVACO INDUSTRIES LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1973
(Note 1)

	<u>1973</u>	<u>1972</u>
Balance, January 1	\$14,279,033	\$ 9,876,592
Add: Net earnings	<u>8,084,263</u>	<u>4,617,841</u>
	22,363,296	14,494,433
Increase of equity in subsidiary companies resulting from purchases of additional common shares and discount on redemption of preferred shares	<u>—</u>	<u>2,025</u>
	22,363,296	14,496,458
Deduct: Dividends declared — preferred	<u>354,699</u>	<u>217,425</u>
Balance, December 31	<u>\$22,008,597</u>	<u>\$14,279,033</u>

CONSOLIDATED STATEMENT OF CONTRIBUTED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1973

	<u>1973</u>	<u>1972</u>
Balance, January 1	\$ 1,371,460	\$ 1,198,500
Add: Government grants on account of capital expenditures	<u>888,738</u>	<u>172,960</u>
Balance, December 31	<u>\$ 2,260,198</u>	<u>\$ 1,371,460</u>

notes to consolidated financial statements

december 31, 1973

1. Basis of Reporting

Ivaco Industries Limited ("Ivaco") is incorporated under the Canada Corporations Act. These consolidated financial statements include the accounts of Ivaco and its subsidiary companies:

Industrial Fasteners Ltd.
Ingersoll Machine and Tool Company, Limited
and its subsidiary companies
New York Wire Mills Corp.
Sivaco Wire & Nail Company
Sivaco Ontario Ltd.
Sivaco Maritimes Ltd.
The Niagara Wire Weaving Company, Limited
and its subsidiary companies

The company acquired on May 18, 1973 (effective June 1, 1973 for purposes of consolidation) 90.4% of the outstanding common and Class B shares of The Niagara Wire Weaving Company, Limited for a total consideration of \$12,825,750, satisfied by the issuance of 876,314 common shares of the company as fully paid and non-assessable at a price of \$9.64 per share, and 87,620 Series B preferred shares of the company of the par value of \$50 each. This acquisition has been reflected using "purchase accounting" and the cost of the investment in excess of the net assets at the date of acquisition amounting to \$963,031 is being amortized over a 40 year period.

All material inter-company transactions have been eliminated. Transactions in foreign currencies have been expressed in Canadian funds using:

- Exchange rates prevailing at December 31, 1973 with respect to working capital,
- Average exchange rates for the period with respect to earnings,
- Exchange rates prevailing at the time of acquisition with respect to fixed assets.

2. Inventories

Inventories consist of:	1973	1972
Finished products	\$ 7,327,646	\$ 5,565,970
Work in process	3,859,501	1,813,727
Raw materials and supplies	13,731,154	14,887,289
	<u>\$24,918,301</u>	<u>\$22,266,986</u>

3. Depreciation Policy

Depreciation, based on the useful life of the assets, is computed on the straight line method by application of rates varying from 2½% to 30% on individual classes of tangible depreciable property.

4. Construction in Progress and Cash Held for Investment

These funds were received from the holders of the 9¼% First Mortgage Bonds and are restricted in that they can only be used for the construction and equipping of a melt shop and continuous billet casting facility at L'Orignal, Ontario. Construction of these facilities commenced in 1973. In December 1973 a subsidiary company entered into an undertaking whereby during 1974 it will borrow \$4,500,000 by way of First Mortgage Bonds. These bonds will bear interest at 9½% and will be repayable in annual instalments from 1976 to 1989. The proceeds, apart from \$581,000 to be used to retire the existing 6½% and 8% First Mortgage Sinking Fund Bonds, will finance in part the cost of the melt shop and continuous billet casting facility referred to above.

5. Investment — at Equity

A subsidiary company has a 30.8% interest in the Niagara International Centre Limited which is engaged in the operation of the Skylon Tower complex in Niagara Falls, Ontario. The investment is comprised of:

Shares and debentures	\$ 1,500,000
Equity in undistributed earnings	218,422
	<u>\$ 1,718,422</u>

The subsidiary company is a guarantor in the amount of \$726,666 for indebtedness of the Niagara International Centre Limited.

6. Other Assets

(a) The cost of the investments in subsidiary companies in excess of the net assets at the dates of acquisition is being amortized over a 40 year period.

(b) Particulars of sundry assets are:	1973	1972
Deferred pre-production expenses, less amortization	\$ 813,585	\$ 530,188
Deferred financing and organization expenses, less amortization	177,018	105,719
Investments, at cost	364,794	162,725
Patents and licenses, less amortization	300,576	213,123
Grants receivable	141,600	22,320
Deposits and other items	336,905	246,525
	<u>\$ 2,134,478</u>	<u>\$ 1,280,600</u>

7. Long Term Liabilities

Particulars of long term liabilities are:	1973	1972
First Mortgage Sinking Fund Bonds and Debentures		
— 6½%, payable in annual instalments to 1985	\$ 370,000	\$ 390,000
— 8%, payable in annual instalments to 1987	211,000	219,000
— 9¼%, payable in annual instalments from 1975 to 1987	4,500,000	4,500,000
— 9½%, due in monthly instalments to 1993	870,502	207,315
— 10½%, payable in annual instalments to 1985	1,300,000	1,400,000
Mortgages and secured loans, interest rates varying from 6%-9¼%, payable in varying instalments to 1993	1,367,766	1,307,311
Deferred accounts and note payable arising from purchase of machinery and equipment, interest rates varying from 5% to 12%, payable in varying instalments to 1979	2,365,335	1,232,811
Bank loans, partly secured by accounts receivable and inventories		
— Interest rates varying to 2% above prime rate, payable in varying instalments to 1979	3,310,100	833,600
— Interest rate at ¾% above prime rate, payable April 1975 with the company having the option prior to April 1974 to convert to a term loan maturing in 1979	3,000,000	3,000,000
Note payable to bank, secured, interest rate at 1½% above prime rate, payable in quarterly instalments of \$50,000 to March 1981 and the balance due June 1981	2,458,250	1,808,250
Carried forward	<u>\$19,752,953</u>	<u>\$14,898,287</u>

7. Long Term Liabilities (con't)	1973	1972
Brought forward	\$19,752,953	\$14,898,287
Non-interest bearing advances from the Government of Canada, payable in annual instalments to 1975	49,600	74,400
10½ % Loan from directors, payable in equal quarterly instalments to 1977	780,000	1,020,000
Forgivable Loan — Ontario Development Corporation	100,000	—
Non-interest bearing loans from directors, payable on or before July 26, 1975	107,290	107,290
	<u>20,789,843</u>	<u>16,099,977</u>
Less: Instalments due within one year included in current liabilities	2,231,459	1,363,101
	<u>\$18,558,384</u>	<u>\$14,736,876</u>

The aggregate amounts of payments due in the years ending December 31, 1975, 1976, 1977 and 1978, assuming conversion rights are exercised, are \$2,452,907, \$2,225,346, \$1,715,661 and \$1,424,837 respectively.

8. Capital Stock

(a) The common shares were split on a two for one basis July 3, 1973. Earnings per share and shares authorized and issued have been restated to give effect to the stock split.

(b) Particulars of the capital stock are:	1973	1972
Common shares, no par value:		
Authorized — 12,000,000 shares; issued and outstanding — 8,297,672 shares (1972 — 7,310,922 shares)	\$16,333,844	\$ 7,285,298
Preferred 6% cumulative, convertible shares, par value \$50 each:		
Series A — Non-voting authorized and issued — 80,000 shares; outstanding, after exercise of conversion rights — 62,000 shares (1972 — 71,000 shares)	3,100,000	3,550,000
Series B — Authorized 120,000 shares of which 87,620 voting shares have been issued pursuant to the acquisition of The Niagara Wire Weaving Company, Limited; outstanding, after exercise of conversion rights — 87,286 shares	4,364,300	—
	<u>\$23,798,144</u>	<u>\$10,835,298</u>

Series A preferred shares are redeemable after May 1, 1976 at the redemption price of 106% of the par value and are convertible into fully paid and non-assessable common shares on the following bases:

- (i) Prior to October 31, 1974 ten common shares for each preferred share.
- (ii) After October 31, 1974 and prior to April 30, 1978 eight common shares for each preferred share.
- (iii) After April 30, 1978 and prior to April 30, 1981 six and two-thirds common shares for each preferred share.

Series B preferred shares are redeemable after November 1, 1978 at the redemption price of 106% of the par value and are convertible into fully paid and non-assessable common shares on the following bases:

- (i) Prior to November 30, 1976 four common shares for each preferred share.
- (ii) After November 30, 1976 and prior to March 31, 1980 three and one-third common shares for each preferred share.
- (iii) After March 31, 1980 and prior to July 31, 1983 two and one-half common shares for each preferred share.

During the year 986,750 common shares were issued as follows:

- (i) 876,314 shares were issued pursuant to the acquisition of The Niagara Wire Weaving Company, Limited.
 - (ii) 90,000 shares were issued for \$450,000 upon conversion of 9,000 Series A preferred shares.
 - (iii) 19,100 shares were issued for \$137,666 pursuant to the stock option plan.
 - (iv) 1,336 shares were issued for \$16,700 upon conversion of 334 Series B preferred shares.
- (c) Under a stock option plan dated May 26, 1970, as amended on June 15, 1972, providing for the issuance of common shares to key executives and employees at a price equal to 90% of the trading price of the shares on the date of granting such options, the following stock options had been granted and exercised:

	OPTION PRICE			TOTAL OPTIONS
	\$3.69	\$4.09	\$8.42	
Options granted	45,700	2,500	30,000	78,200
Options exercised to January 1, 1973	40,800	2,000	1,600	44,400
Options exercised during the year	4,900	—	14,200	19,100
Options exercised to December 31, 1973	45,700	2,000	15,800	63,500
Options outstanding at December 31, 1973	—	500	14,200	14,700

Under the plan an additional 41,800 common shares (1972 — 1,800) are reserved for issuance.

- (d) The net earnings per common share of \$0.98 in 1973 and \$0.61 in 1972 have been calculated based on the average number of common shares outstanding during the year. If the outstanding 62,000 Series A convertible preferred shares had been converted into 620,000 common shares and the outstanding 87,286 Series B convertible preferred shares had been converted into 349,144 common shares, and if the 14,700 common shares relating to the outstanding stock options had been issued and outstanding for the 1973 year, fully diluted net earnings per common share would have been \$0.93 for the year.

If the results of operations of The Niagara Wire Weaving Company, Limited for the period from June 1, 1972 to December 31, 1972 were included in 1972 comparative figures, which was not the case, net earnings per common share for 1972 would have been \$0.63.

9. Directors' and Officers' Remuneration

The number of directors of the company was 8 (7 in 1972) and they received no remuneration as directors (none in 1972).

The number of officers of the company was 5 (5 in 1972). Their remuneration as officers of the company and its subsidiaries was:

from Sivaco Wire & Nail Company	\$228,800 (\$228,800 in 1972)
from Industrial Fasteners Ltd.	\$190,000 (\$110,000 in 1972)

The number of officers who were also directors of the company was 5 (5 in 1972).

Ivaco manufacturing plants



The Mariville, Quebec complex: Ivaco Industries Ltd. Headquarters; Sivaco Wire & Nail Co. and Industrial Fasteners Ltd.

▼ Ivaco Rolling Mills, L'Original, Ontario . . . and site of continuous steel casting billet plant now under construction.



The Niagara Wire Weaving Co. Ltd. main plant facing its partly owned Skylon Tower at Niagara Falls, Ontario. ▶



▼ Quebec Wires Ltd., Trois Rivières, Québec.

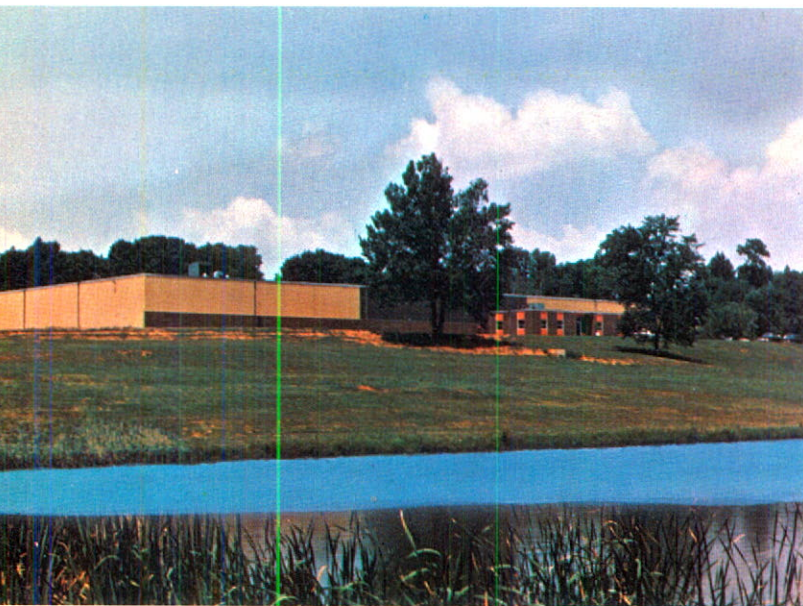


▼ Sivaco Ontario Ltd., Ingersoll, Ontario.





▲ Niagara Wires Inc. (Southern), Quincy, Florida.



▲ Virginia Wire and Fabric Co., Warrenton, Virginia.



▲ Niagara Wires Inc. (Pacific), Olympia, Washington.



▲ Niagara Wire Research Center, Welland, Ontario.

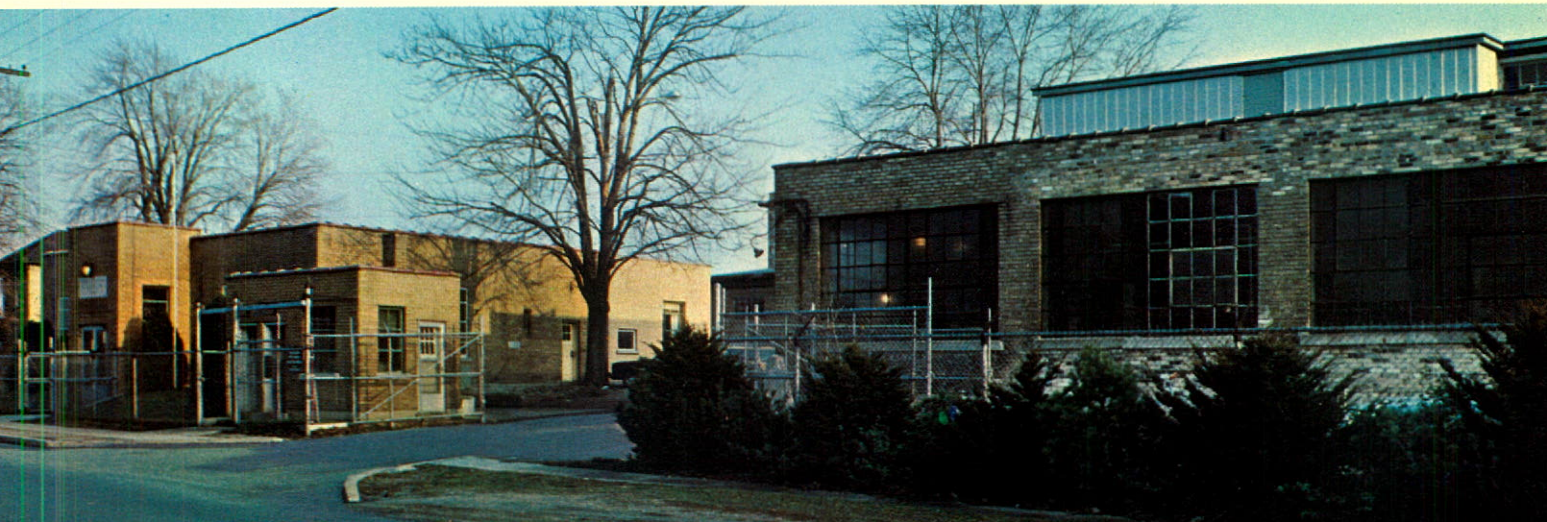


▲ The Morrow Screw and Nut Co. Ltd., Ingersoll, Ontario.



▲ Sivaco Maritimes Ltd., Dartmouth, Nova Scotia.

▼ Ingersoll Machine and Tool Co. Ltd., Ingersoll, Ontario.





IVACO INDUSTRIES LIMITED
AND SUBSIDIARY COMPANIES

FIVE YEAR FINANCIAL SUMMARY

(thousands of dollars)

(Note 1)

EARNINGS	1973	1972	1971	1970	1969
Net sales	\$90,183	53,949	43,242	38,517	33,989
Depreciation	\$ 2,132	1,364	1,040	922	817
Provision for income taxes	\$ 5,780	4,146	3,714	3,240	2,509
Net earnings	\$ 8,084	4,618	3,680	2,958	2,255
Net earnings per common share (Note 2)	\$ 0.98	0.61	0.52	0.43	0.32
Net earnings — percent of sales	9.0%	8.6%	8.5%	7.7%	6.6%
FINANCIAL POSITION					
Current assets	\$44,049	35,263	28,125	24,258	18,719
Current liabilities	\$25,645	22,152	18,447	16,828	12,627
Working capital	\$18,404	13,111	9,678	7,430	6,092
Expenditure for plant and equipment	\$14,648	6,932	8,303	4,037	2,164
Long term liabilities	\$18,558	14,737	7,160	4,961	2,316
Shareholders' equity	\$48,067	26,486	21,847	17,199	14,979

NOTES

1. Representing on a retroactive basis the results of all subsidiaries excepting The Niagara Wire Weaving Company, Limited for which results are included since June 1, 1973, the date of consolidation.
2. Reflects retroactively the 2 for 1 stock split effective July 3, 1973.

Si vous désirez recevoir un exemplaire français de ce rapport
veuillez en aviser le Secrétaire de la Compagnie en écrivant à
Les Industries Ivaco Limitée
800 rue Ouellette, Marieville, Québec.

IVACO