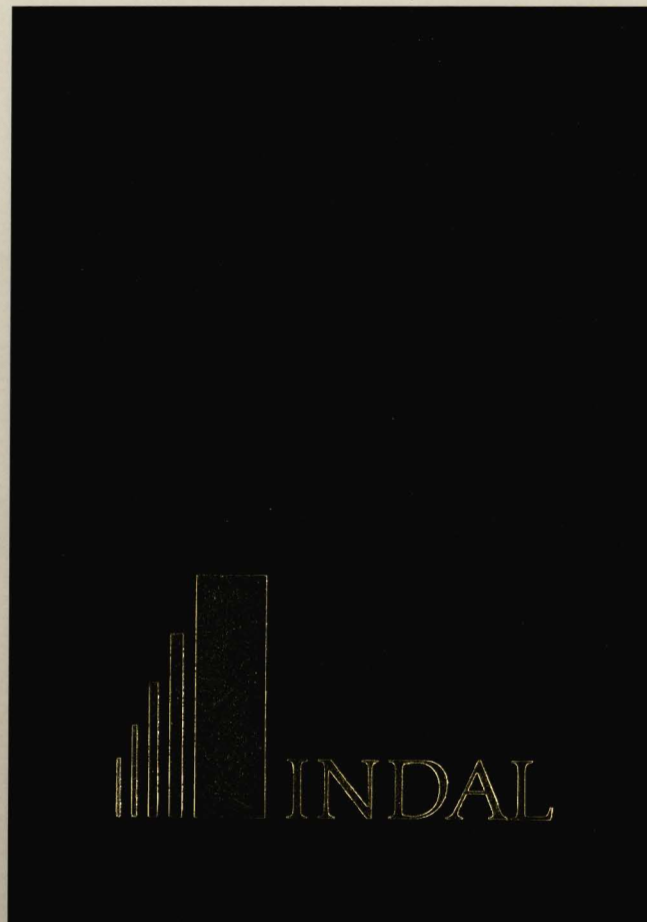


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Indal Limited 1984 Annual Report



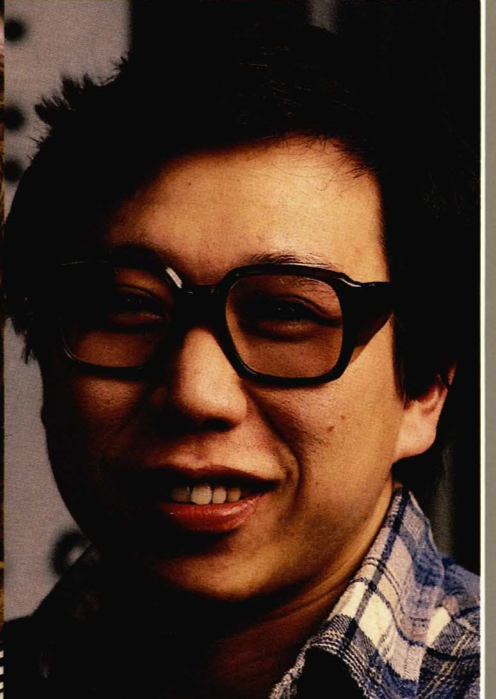
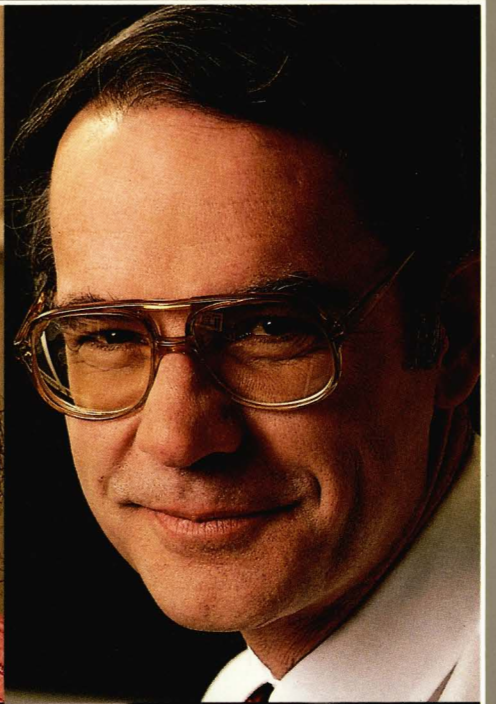
Indal Limited is a diversified industrial company with 23 operating subsidiaries and divisions in Canada and 16 in the United States. Founded in 1964 as a small extruder of aluminum and producer of cold rollformed metal products, it currently employs more than 7,000 people at over 60 locations in North America.

Indal subsidiaries and divisions extrude aluminum, cold rollform and stamp aluminum and steel, diecast zinc, temper and laminate glass and fabricate a broad range of metal, wood and glass products. The output of Indal's plants is sold principally to the following three markets: residential construction, which includes home improvement; non-residential construction; and industrial, which includes automotive and design engineering. Definitions of Indal's business terms can be found in the glossary on page 38 of the Annual Report.

Sixty-one percent of the common shares of Indal Limited are beneficially owned by R.T.Z. Pillar Limited, London, England, a wholly-owned subsidiary of The Rio Tinto-Zinc Corporation PLC, a world-wide mining and industrial company. The balance is held by institutional and individual investors, principally in Canada.

Contents

2	Highlights of the year
4	Report to the shareholders
6	Indal—past, present and future
8	Operations review
19	Financial review
21	Financial statements
33	Quarterly financial information
34	Ten year financial summary
36	Principal operating subsidiaries and divisions
38	Glossary
40	Shareholder information
41	Corporate directory



Highlights of the year

ended December 31, 1984

Financial

- Record sales and net earnings of \$835 million and \$33.5 million (\$1.41 per common share) respectively.
- These record results achieved despite the adverse effects of the Company's high-cost aluminum supply contract in the United States, continuing weakness in Western Canadian markets and costs and losses associated with operations sold or discontinued.
- Significant increases in contributions from all three of the Company's market segments.
- Issue of 3.0 million new common shares for \$31.9 million in cash, bringing the total number of shares outstanding to 24.3 million.
- Redemption at par of the Company's \$25.0 million floating rate retractable preferred shares.
- The strongest balance sheet in the Company's history with net borrowings of \$82.6 million at December 31, 1984 comprising only 27 % of the Company's total funding of \$304.6 million.

Operating

- DAF Indal Ltd. became the first company outside the United States ever to be granted validation for its management control system by the U.S. Navy, opening up to DAF Indal enhanced status in bidding for large contracts from the U.S. Government.
- Fabricated Steel Products Division maintained its high quality supplier-ratings with Ford Motor Company and with General Motors. Fabricated Steel has a Q1 quality rating with Ford and a Spear 2 quality rating with GM which places it, in terms of quality, among the top 20 % of each company's suppliers.
- Indal Wall Systems Ltd. obtained the contract to supply and install the aluminum window and curtainwall systems for Scotia Plaza, Campeau Corporation's 68-storey tower in the heart of Toronto's financial district.

Results of the year

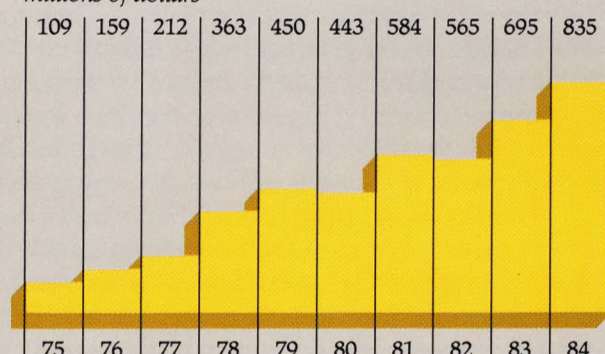
ended December 31, 1984

in thousands of dollars

	1984	1983	% change
Operations			
Sales	\$834,782	\$694,946	+ 20.1
Gross profit	211,746	173,567	+ 22.0
Percentage gross profit	25.4	25.0	+ 1.6
Net earnings	33,470	23,517	+ 42.3
Percentage return on common shareholders' equity	16.4	14.7	+ 11.6
Common share data			
Average number of shares outstanding (in thousands)	22,524	20,908	+ 7.7
Earnings per common share	\$1.41	\$1.03	+ 36.9
Dividends per common share	\$0.55	\$0.25	+ 120.0
Book value per common share	\$9.12	\$7.69	+ 18.6
Financial position			
Total assets	\$439,677	\$417,191	+ 5.4
Net borrowings	82,645	122,063	- 32.3
Common shareholders' equity	221,981	163,809	+ 35.5
Debt/equity ratio	0.37:1	0.65:1	—

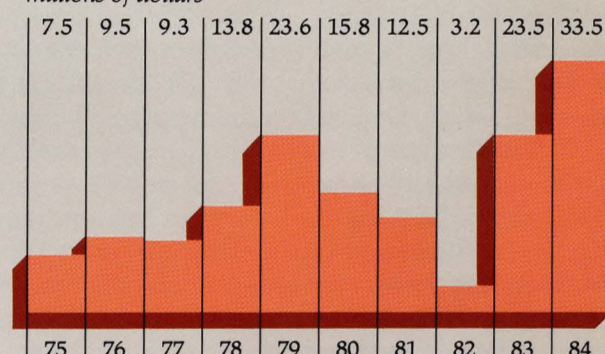
Sales

millions of dollars



Net earnings

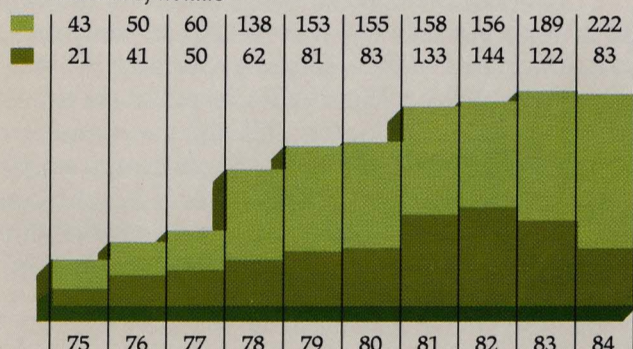
millions of dollars



Total funding

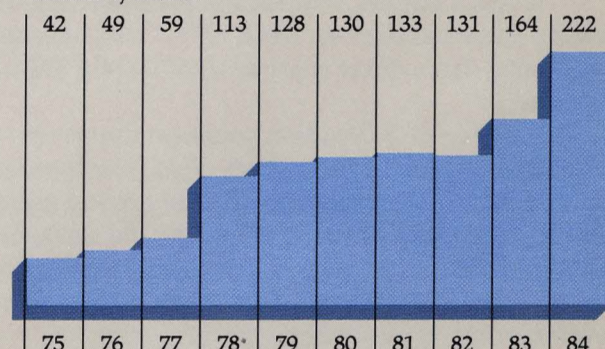
Shareholders' funds
Net borrowings

millions of dollars



Common shareholders' equity

millions of dollars



Report to the shareholders

Review of 1984

1984 marked the twentieth anniversary of the founding of your Company and it is a pleasure to report record sales and earnings for this milestone year. Another strong year for U.S. residential construction, an emphatic recovery in automotive markets and an increased contribution from design engineering provided the impetus for this result. Negative factors were the effects of weak Western Canadian construction markets, a significant provision for a doubtful account receivable and the fixed price metal supply contract, discussed in detail later in this Report. Sales for the year reached \$835 million and net earnings \$33.5 million (\$1.41 per common share) compared with \$695 million and \$23.5 million (\$1.03 per common share) respectively in 1983.

Although U.S. housing starts were at a level similar to 1983, increased market share enabled your Company's operations serving this market to achieve excellent results. Investments in Peachtree Doors' facility in Gainesville, Georgia and Better-Bilt Aluminum's plant in Prescott, Arizona showed improved returns. In the Canadian housing market, on the other hand, starts declined 17% from the 1983 level. The major activity was in the Ontario market, in which your Company is well represented, and in Quebec. Western provinces experienced very difficult conditions with Alberta starts in particular substantially below 1983 levels. Losses were incurred by all Western-based Canadian operations.

Non-residential markets for low-rise commercial buildings experienced a resurgence in 1984 as the relatively strong housing markets of the last two years in the United States and Ontario led to increased demand for shopping malls, strip stores and other commercial structures. This enabled glass and metal fabricating operations to record improved results. However, the extreme weakness of Western Canadian construction markets and an excess supply of available office space in North America led to a decline in performances by operations serving high-rise non-residential, industrial and agricultural construction markets.

It was a banner year for the automotive industry in North America, the best since 1979. Group companies supplying this market enjoyed significantly improved results.

An issue of 3.0 million common shares was made in August, raising \$31.9 million. This, combined with strict working capital control and improved earnings, resulted in your Company achieving the strongest balance sheet in its history. This balance sheet strength provides a solid foundation from which to expand your Company's activities.

The market price of prime aluminum ingot fell during the year from a high of U.S. \$0.73 per pound in January to a low of U.S. \$0.53 per pound in December. The negative effects in 1984 of your Company's disadvantageous U.S. aluminum supply contract were pronounced, costing it an estimated \$4.0 million net of tax relief (\$0.18 per share).

Legal proceedings for the recovery of a trade account receivable owed to the discontinued metal trading operation have been commenced and an after-tax provision of \$2.1 million representing the full value of the debt has been made in the 1984 financial statements.

Despite these problems, substantial progress was made in 1984 towards achieving further improvement in earnings. The unprofitable metal fabrication operation of Commercial Aluminum (Western) Division, in Alberta, was closed and the Deltaglass laminated glass operation sold, as it failed to meet expectations.

Outlook for 1985

A slowdown in the rates of economic growth in both the United States and Canada from real GNP increases of 6.9% and 4.7% respectively in 1984, is expected in 1985. Although interest rates have been increasing in recent weeks, it is unlikely that they will rise dramatically during the first six months of 1985. This should ensure another strong year for Indal's interest-sensitive U.S. residential construction and automotive markets. The Canadian economy is expected to continue its current course with the majority of activity centred in Ontario and Quebec and Western markets remaining very weak.

Housing starts in the United States and Canada are not expected to vary too much from 1984 levels. Mortgage rates in the United States are assumed likely to remain in the 13% to 14% range. Western Canadian housing markets will continue to be depressed.

The North American automotive industry is predicted to operate at close to capacity in 1985. The volume of orders already received by your Company's operations for the 1985 model year is consistent with this assessment.

Low-rise commercial construction should continue to increase but high-rise non-residential construction is not anticipated to show any improvement in 1985.

Free market prime aluminum prices are expected to increase marginally during 1985 and the competitive disadvantage inherent in the U.S. aluminum supply contract will continue. The volumes to be taken under this contract were renegotiated to a lower level during 1983, but your Company's profits will continue to be adversely affected during 1985.

Your Company is planning to spend a record amount on capital expenditures in 1985 to further upgrade existing facilities and to invest in additional capacity. Major projects currently underway include a further expansion of Peachtree Doors' plant in Gainesville, Georgia to accommodate production of a new wood window; additional tooling and equipment at Fabricated Steel Products Division's automotive stamping plant in Windsor, Ontario to provide for manufacture of new parts; and a major upgrade of manufacturing equipment at Indal Aluminum Gulfport's Mississippi extrusion plant. Many smaller projects are designed to help your Company achieve its stated objective of reducing operating costs by investing in technologically advanced production equipment.

Subsequent to the year-end, your Company has purchased a 70% interest in Lamilite Limited, a Canadian company which manufactures laminated glass for construction and automotive applications. Complementing existing activities, Lamilite introduces to Indal glass laminating expertise which can be applied elsewhere in the Group. It will make a positive contribution to profits in 1985.

Long-term strategy

In pursuit of profitable growth, your Company's strategy for the future might be characterized as further progress down the same road. The path charted so far is more fully explained later in this Report and it is management's firm belief that by continuing to blend the expansion of Indal's existing businesses with appropriate acquisitions and the start-up of new ventures, further substantial profitable growth can be generated.

The main thrust of this strategy will be the development of current activities by positioning your Company to respond quickly to the market's needs for new and cost-competitive products, improved quality and excellent service. These elements will stimulate increased market penetration and enable a wide geographic market to be served. Therefore, future capital expenditures will emphasize investment in new plant and state-of-the-art equipment, making particular use of advances in computerized technology.

As has been successfully done in the past, investment will also be made in businesses new to Indal but related to existing activities, either to complement your Company's present activities or to gain benefits from integration. Where appropriate, to provide an infusion of new talent and skills, the manufacturing base may be diversified through acquisition but only where your Company's key criteria, noted later in this Report, are met.

Finally, despite the progress that has been made in your Company's 20 year history, some retrenchment, reorganization or divestment is required to address those operations which have proved incapable of providing an acceptable return on investment. This program, which is underway, will be followed to a successful conclusion with attention directed towards strict cost control and the efficient management of assets.

Board change

It is with deep regret that we have to record the death in December 1984 of Mr. Donald J. McDonald, one of the original Directors of your Company. Don McDonald played a key role in the financing and development of Indal in its formative years and throughout his 20 years as a Director, and his contribution to the Board will be sorely missed.

Conclusion

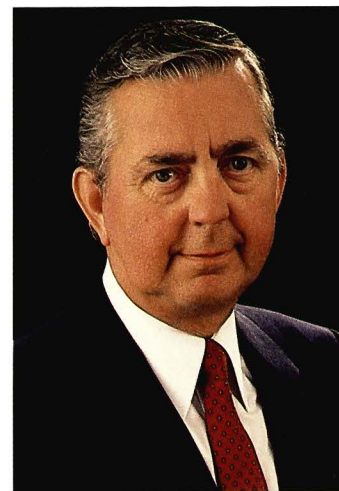
During 1984 your Company made important strides in achieving its stated short-term objective of improving earnings and, with the assistance of fairly stable North American economies during 1985, management is confident that this trend will continue.

Our sincere thanks go to our employees whose efforts during 1984 made a record year for your Company possible.

On behalf of the Board



Walter E. Stracey
Chairman of the Board and
Chief Executive Officer



J. Norman McKnight
President and
Chief Operating Officer

March 18, 1985

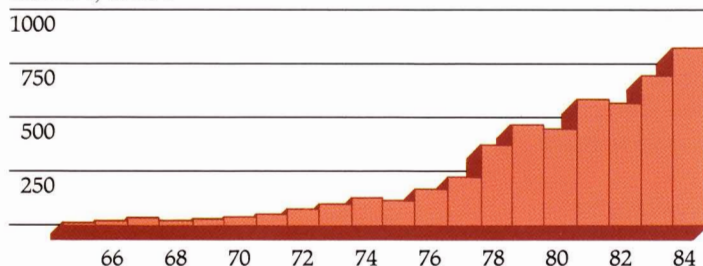
Indal – past, present and future

The first twenty years

Indal Limited was incorporated in Canada 20 years ago on October 9, 1964. Since then the Company has grown considerably, broadening the markets it serves, the products it makes and the manufacturing techniques it uses. This anniversary provides a worthwhile opportunity to reflect on this development, since the same strategies which were successful in the past will be vital elements in Indal's continuing expansion.

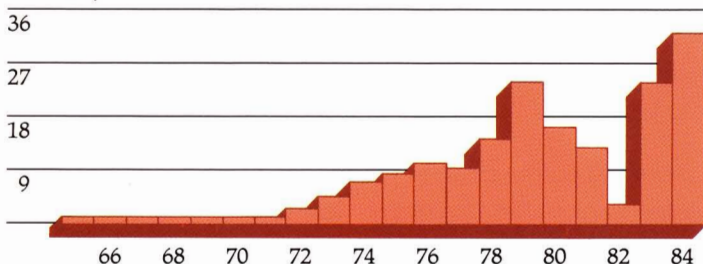
Sales

millions of dollars



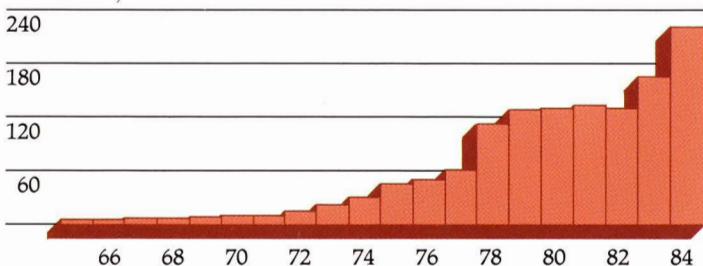
Net earnings

millions of dollars



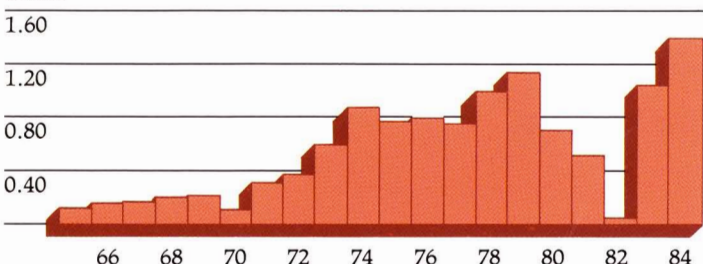
Common shareholders' equity

in millions of dollars



Earnings per common share

dollars



Corporate development

Stage 1

During Indal's early growth phase in Canada, the Company acquired and established a number of operations involved in manufacturing aluminum doors, windows and related products for the residential and non-residential construction and home improvement markets. These businesses stimulated further expansion of the original aluminum extrusion business. Gradually, geographic markets in Canada were broadened as the Company acquired or created productive capacity in those regions of the country not previously served.

Stage 2

A strong characteristic of Indal's growth has been an extension of activities into related areas. Initially, this occurred through the vertical integration process described in Stage 1 but was particularly evident in the second stage of expansion when the Company broadened its interests to include wood windows, insulated steel entry doors and insulated glass manufacturing. A further step was taken with the introduction of legislation requiring the use of tempered glass in new construction and certain home improvement products. Many of these products were manufactured by group companies and in 1974 Indal established its first glass tempering plant in Toronto.

Indal diversified its range of services in order to counter a strong dependence on the cyclical construction market. A key element was the acquisition of DAF Indal Ltd. in 1968, an aluminum fabricator specializing in design engineered products, especially those with marine applications. Another major step was taken in 1972 with the acquisition of Fabricated Steel Products Division, a steel fabricator manufacturing stampings for the automotive industry. Since joining Indal, the former has become the first company outside the United States to be "validated" for its management control system by the U.S. Navy, thereby opening up to DAF Indal Ltd. an enhanced status in bidding for U.S. Government contracts, while the latter has secured high supplier quality ratings from two of the major North American auto manufacturers.

Stage 3

For the first nine years the Company's interests were exclusively in Canada where a strong base of operations was developed. In the light of the size and proximity of the U.S. market and in keeping with the strategy of gradual expansion in related areas, it was logical for Indal to extend operations to the United States. The Company's initial step there was in 1973, when North American Die Casting Corp. was started in Fredericks-

burg, Virginia. Since then operations similar to most of those already established in Canada have been established in the United States.

The significance of these developments is highlighted by the fact that 61 % of sales and 54 % of operating profits in 1984 were generated in the United States while a further 16 % of sales was exported from Canada, mainly to the United States. In 1984, for the first time, the earnings contribution from U.S. operations exceeded that from Canadian operations.

Operating philosophy

Since its inception, Indal has followed the practice of granting a significant degree of autonomy to the management of its individual profit centres. Simultaneously, the Company has developed strong financial controls to monitor performance, thereby reducing its susceptibility to changing market conditions. This approach stimulates the true essence of business spirit in that management is actively involved in profit sharing arrangements tied directly to the performance of the operation for which it is responsible. It is believed that this philosophy is and will continue to be a very important contributing factor to the growth of the Company.

Acquisitions, new ventures and subsequent expansions

At the end of 1984, Indal owned 38 businesses, 24 of which were acquired (in most cases from the entrepreneurs who started them), while the remaining 14 were new ventures established by Indal. These statistics might tend to give the impression that most of the Company's growth has been through acquisitions but this would be misleading. It is extremely important to highlight the fact that 64 % of the Company's current sales and an even higher proportion of profits have resulted from internally-generated growth. What this means is that ventures started by Indal, or subsequent expansion of businesses acquired, have made the major contribution to the Company's bottom line.

This blending of acquisitions and new ventures to form a base which can be built upon has been and will continue to be another key strategy. While some acquisitions have not been as successful as originally anticipated, Indal has a high success ratio in assimilating and encouraging the growth of acquired companies. This is principally due to the adherence to three criteria:

- an acquisition prospect must have a sound track record of profitability.
- management must be willing to continue, preferably retaining a minority interest with the right to sell this to Indal under a predetermined formula based on future profits.
- the business must have good growth prospects.

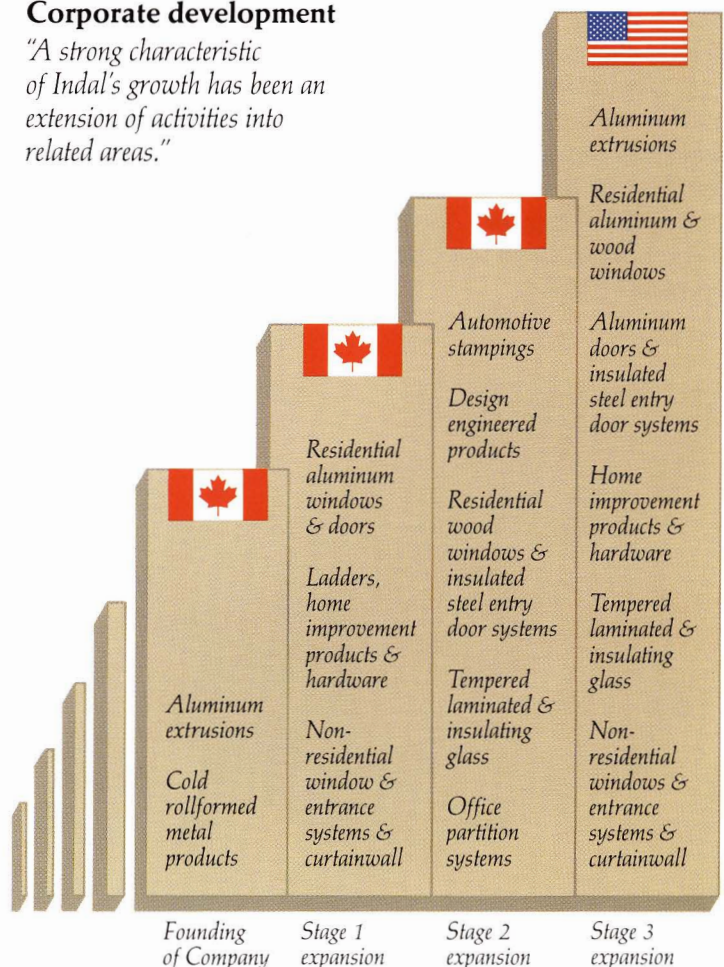
The future

Based on its firm foundation, Indal looks forward to the next 20 years with justifiable optimism. Through careful business planning, solid research and firmly-established acquisitions criteria, Indal looks to identify further opportunities for growth and expansion in the future. These include increased market penetration, wider geographic coverage, further integration and the introduction of new but related products and services.

These prospects, enhanced by the business experience accumulated over the past 20 years, present a bright outlook for the Company and its continuing success for the remainder of the 1980's and beyond.

Corporate development

"A strong characteristic of Indal's growth has been an extension of activities into related areas."

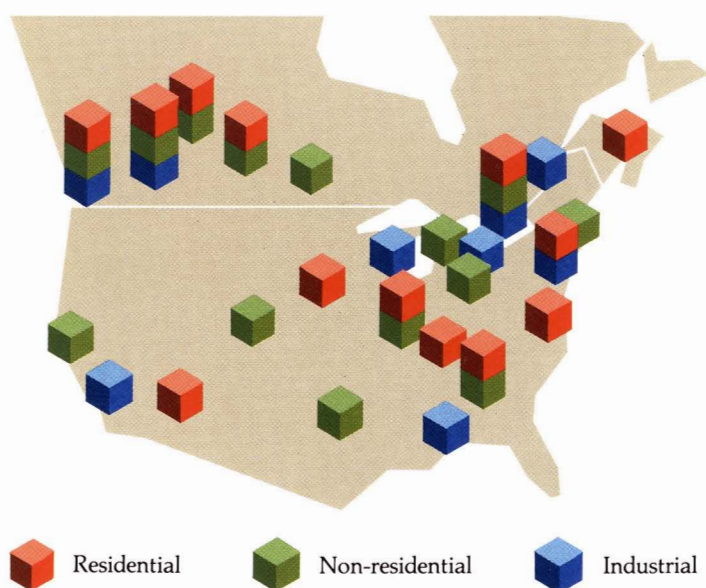


Operations review

Change in classes of business segmentation

In previous Annual Reports, Indal's business was divided into five segments: residential construction, home improvement and consumer, non-residential construction, industrial and other manufacturing products. In this Annual Report, the following amendments to this structure have been made: the residential construction and home improvement and consumer segments have been combined, because although these are different markets, the products sold to each are essentially the same. Industrial and other manufacturing segments have been combined, as again the definition for industrial products fits both segments. Following these amendments to the basis of the Company's segmented information, each operating unit has been assigned to only one of the segments, based upon the sales of its principal product.

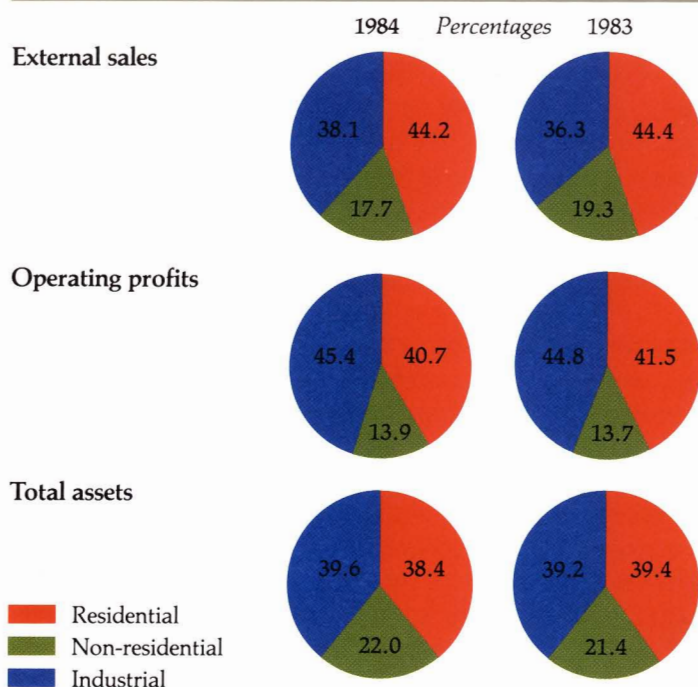
The changes made will enable more accurate information on business classes to be reported and the segments recognized now conform more closely with the internal management reporting and control structure of the Company. Comments on the performances of each segment of the Company's business are set out on pages 10-17.



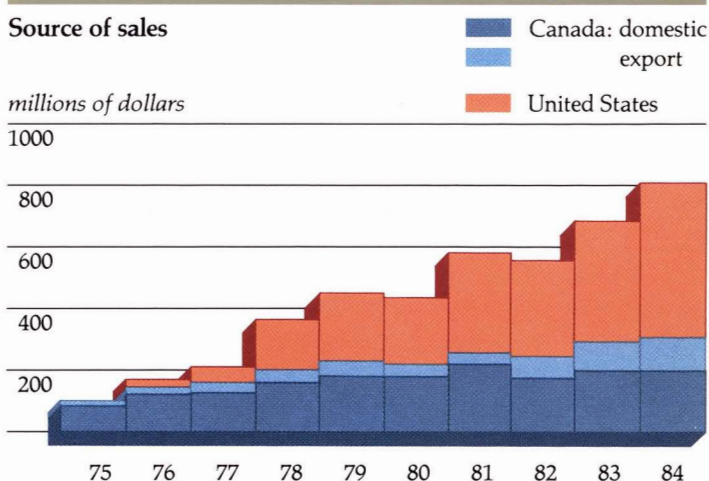
Brief overview of 1984

The profile of the Company's sales and profit contribution by industry segment remained broadly the same as in 1983. All segments showed substantial increases in sales and operating profits.

The accompanying charts depict the relative contributions of each industry segment to sales and operating profits and show the extent of investment in assets for each segment.



One interesting trend is the increasing level of sales made to the United States both by Canadian operations serving automotive and design engineering markets and by U.S.-based operations. In 1984, 40% of Canadian sales and 77% of total Company sales were destined for U.S. markets. The following chart illustrates this trend over the past ten years:



This level of representation in the United States places the Company in a strong position to take advantage of continuing economic recovery and the opportunities presented through the larger markets in that country.

Senior corporate management

From the left:

Peter Suurtamm
Vice-President,
Information Systems

Peter E. Wyatt
Vice-President, Controller

Peter G. Selley
Senior Vice-President,
Finance

A. M. Gordon Turnbull
Vice-President, Treasurer

Not in photograph
Andrew C. Deruchie
Manager, Internal Audit



James R. Webster
Vice-President,
Administrative Services

William J. MacDonald
Divisional Vice-President,
North American Extrusions
and Recycling

Robert H. R. Dryburgh
Divisional Vice-President,
North American Non-
Residential and Glass

S. Glen Abray
Divisional Vice-President,
North American Residential
and Consumer

Downie Brown
Vice-President,
Corporate Development



George A. Godwin
Corporate Counsel
and Secretary

Kerin H. S. Lloyd
Vice-President,
Technical Services

John D. Hillery
Vice-President,
Investments

Vincent J. Howcroft
Vice-President,
Administration

W. Lyle Muir
Administrator,
Risk Management and
Employee Benefits



Residential construction

Segmented financial data

External sales	\$ millions	199	239	229	309	369
	% increase					19.5
	% of total sales	44.7	40.9	40.5	44.4	44.2
		80	81	82	83	84

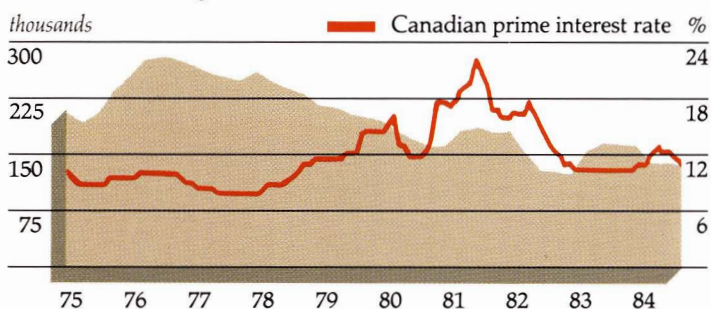
Operating profits	\$ millions	10.9	12.2	3.7	28.1	32.9
	% increase					17.3
	% of total operating profits	26.7	21.5	10.8	41.5	40.7
	% of profits to sales	5.5	5.1	1.6	9.1	8.9
		80	81	82	83	84

Canadian market

Review of 1984

The pronounced regional disparity in Canadian economic performance in 1984 was nowhere better illustrated than by activity in domestic residential construction markets. Total Canadian housing starts for the year of 135,000 units were significantly lower than predicted in 1983's Annual Report and 17% below 1983's activity.

Canadian housing starts



This poor performance was due principally to the extreme weakness of Western Canadian markets. The following table indicates the trend of residential construction activity by region over the past 5 years:

000s units	1980	1981	1982	1983	1984
Atlantic provinces.....	10.9	9.3	8.4	14.4	10.8
Quebec	29.2	29.6	23.5	40.3	41.9
Ontario	40.1	50.2	38.5	54.9	48.2
Prairie provinces.....	8.8	8.8	8.9	13.3	10.5
Alberta.....	32.0	38.5	26.8	17.1	7.3
British Columbia	37.6	41.6	19.8	22.6	16.2
	158.6	178.0	125.9	162.6	134.9

(Source: Canada Mortgage and Housing Corporation.)

While Eastern Canadian markets, particularly Ontario, remained relatively strong, Western Canadian markets weakened substantially, especially Alberta where new housing construction fell to 7,300 units from the buoyant level of 38,500 units recorded in 1981. The Company is well represented in both the Ontario and Alberta markets, and the results of the Canadian residential market segment reflect the uneven regional performance. Eastern Canadian operations enjoyed another good year, especially Alumiprime Division, Fasco Products Division, McKnight Window Industries Division and Peachtree Doors Canada Division. However, severe competition impaired the contribution from home improvement sales. All residential construction operations serving Alberta and British Columbia incurred losses. The problems of the Alberta market have been compounded by a net migration from that province which has left a large inventory of unsold homes, swollen by foreclosures by lenders. Management has implemented a program to streamline the Company's residential construction operations in Alberta in recognition of the unlikelihood of any significant recovery in that market in the foreseeable future.

Outlook for 1985

The outlook for the Canadian residential construction market in 1985 is for continuation of 1984's conditions. While the current level of interest rates may encourage more activity in Eastern Canada, Western markets are forecast to remain severely depressed as no major structural economic changes are foreseen for this region in 1985. Action either taken in 1984 or planned for 1985 should assist in reducing the Company's exposure to these market conditions but, overall, another poor year is anticipated for operations serving Western markets, especially Alberta. Indal will maintain a presence in this latter province, but on a scale commensurate with the lower market activity.

Peachtree Doors Inc. will complete a major expansion of its wood processing and window manufacturing plant in Gainesville, Georgia in 1985 to meet rapidly growing demand for the company's range of quality residential wood windows. Hoyt Stephens (opposite) is a lead assembler on the assembly line for Peachtree's new double-hung windows at Gainesville.





United States market

Review of 1984

U.S. housing starts reached 1.75 million in 1984, the level predicted in last year's Annual Report. Despite high mortgage interest rates which averaged 13%-14% during the year, demand for new housing was strong. In addition, homeowners spent record amounts on maintenance, repairs and property improvement. Mortgage interest deductibility for income tax purposes and widespread use of variable rate mortgages, cushioned the U.S. market from the worst results of high mortgage interest rates. Group operations serving this market produced record results due to improved capacity utilization and significantly increased market penetration. Earnings from Better-Bilt Aluminum's Prescott, Arizona plant and Peachtree Doors' Gainesville, Georgia plant increased. In addition, the installation of a new paint line in Better-Bilt Aluminum's Smyrna, Tennessee plant provided increased capacity, enabling this operation to handle higher volume. While competitive pressures increased, especially in the mass merchandiser and entry door markets, the effects of additional volume and more efficient production enabled margins to be maintained.

Regionally, Southern U.S. markets again experienced the most starts and the Company benefited from its strong presence in this area. The following table of annual housing starts by region illustrates this trend:

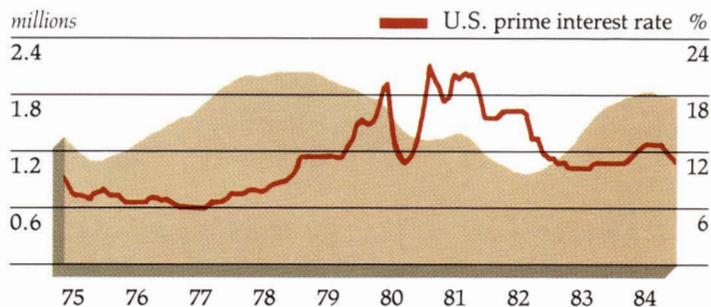
000s units	1980	1981	1982	1983	1984
Northeast	125.4	117.3	116.7	167.6	202.7
Midwest	218.1	165.2	149.1	217.9	242.9
South	642.7	561.6	591.0	935.2	864.6
West	306.0	240.0	205.4	382.3	434.6
Other	20.4	16.2	9.9	9.5	6.3
	1,312.6	1,100.3	1,072.1	1,712.5	1,751.1

(Source: U.S. Department of Commerce—Bureau of the Census.)

Although the Company's U.S. residential construction operations serve mainly national markets, they are largely based in the Southern region of the United States.

Better-Bilt Aluminum Products Co. installed a new high-capacity paint line in 1984 for electrostatically painting aluminum door and window sections at its Smyrna, Tennessee plant. Beverly Floyd (opposite) works as a racker on the new paint line.

U.S. housing starts



Outlook for 1985

Current indications are that 1985 will be another good year for residential construction in the United States. The current level of interest rates bodes well for the new housing market, already exhibiting considerable pent-up demand, and should continue to fuel demand for home improvement products. Home improvement market expenditures in the United States are estimated at \$50 billion annually, and a substantial portion of Indal's residential construction products are sold into this market. The level of housing starts in 1985 will reflect the level of interest rates. Assuming fairly stable rates, another 1.7-1.8 million start year is probable. With the capacity increases planned for 1985 added to those already completed, Indal is well placed to take advantage of any further improvement in market conditions.

A further expansion of Peachtree Doors' plant in Gainesville, Georgia is underway to accommodate the production of a new double-hung window, which will complement existing window lines and provide Peachtree with a full range of superior prime window products in the United States. Initial marketing tests related to this new product have been most encouraging and full scale production will begin in the second half of the year. In addition, Peachtree's door manufacturing facilities in Norcross, Georgia and St. Joseph, Missouri, have been reorganized to provide significantly greater capacity in 1985.

Non-residential construction

Segmented financial data

External sales	\$ millions	94	137	145	134	148
	% increase					10.5
	% of total sales	21.2	23.5	25.7	19.3	17.7
		80	81	82	83	84

Operating profits	\$ millions	13.2	20.6	17.8	9.3	11.2
	% increase					20.3
	% of total operating profits	32.3	36.4	51.9	13.7	13.9
	% of profits to sales	14.1	15.0	12.3	6.9	7.5
		80	81	82	83	84

Review of 1984

In Canada, the regional trend evident in residential construction was repeated for operations serving non-residential construction markets. In Western Canada, the market remained depressed, the result of poor economic conditions and an over-supply of office space. The earnings of Indal Wall Systems Ltd., while lower than in 1983 due to competitive pressures, were sustained at a satisfactory level through selective bidding on projects. However, in order to stem losses from low volumes, it was decided to close Commercial Aluminum (Western) Division in Calgary. To preserve a presence in this market, Commercial Aluminum Division in Toronto will continue to service selected accounts.

In Eastern Canada, low-rise commercial construction showed steady improvement as the year progressed, the result of two years of fairly buoyant residential construction.

Industrial and agricultural markets for rollformed products remained stagnant overall. An improvement in the second half of the year in Ontario was not matched in the West. In addition, the prolonged drought in the Prairie provinces severely curtailed demand for grain bins and cladding products. This necessitated further cost-cutting measures including the decision to sell a plant in Vancouver and relocate to smaller premises in 1985.

In the United States, commercial low-rise construction showed considerable improvement. Increased marketing effort, further expansion into custom-designed window systems and control of overheads enabled Tubelite Division to show a healthy increase in earnings. This result was achieved despite the continued use of high-cost aluminum taken under the unfavourable long-term metal supply contract.

Tempering operations continued to provide a satisfactory level of earnings despite severe competition, especially in U.S. West Coast markets. Strong regional demand in the Northeast and in Texas enabled Tempglass, Inc. and Tempglass Southern, Inc. to perform well. An expansion at Tempglass Eastern, Inc. in early 1984 provided extra capacity, enabling this operation to participate fully in improved conditions in its local market. The introduction of additional product lines, including insulating glass units, laminated products and spandrel glass products, helped sustain overall earnings from glass operations at a similar level to that of 1983.

During the year, the Company's holding in Delta-glass S.A. was sold to its Swiss partners.

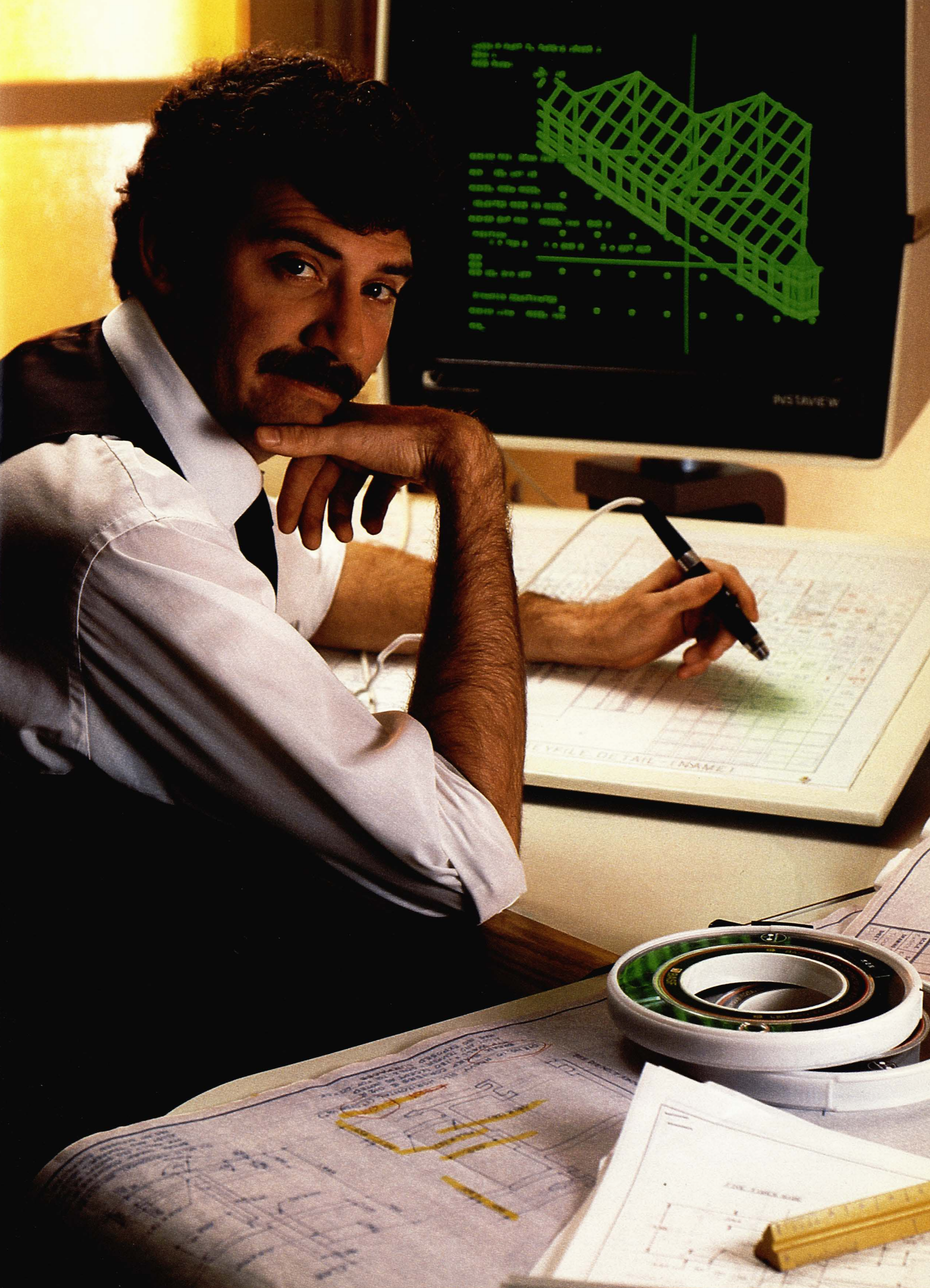
Outlook for 1985

Low-rise commercial and shopping mall construction is anticipated to continue the normal cyclical trend following two good years of residential construction in Eastern Canada and throughout the United States. While Western Canadian markets are not expected to recover substantially, the rationalization effected during 1984 will allow the markets to be serviced more profitably. Indal Wall Systems Ltd. currently has a substantial order backlog, much of which is scheduled to be delivered in late 1985 and 1986. This operation's efforts to expand beyond its traditional Western Canadian market have met with success, including the contract to supply and install the aluminum window and curtain-wall systems for Scotia Plaza, a 68-storey \$68 million office tower in the heart of Toronto's financial district.

The establishment of Indal Wall Systems Inc. in the United States has led to the procurement of contracts in St. Louis, Chicago and Minneapolis. Continuation of Tubelite Division's development in 1985, combined with the introduction of CAD equipment and the opening of a sales service centre in New York City, are steps anticipated to yield further improvement in the results of that division. Glass tempering operations will continue to emphasize service and quality as they expand their product range to produce similar or better profits in 1985.

Finally, the acquisition of a majority interest in Lamelite Limited in 1985 will further enhance the growth prospects of this segment.

The Tubelite Division of Indal Inc. in Reed City, Michigan, designs and supplies custom aluminum curtainwall and architectural window and entrance systems for non-residential development projects in major centres across the United States. David Haan (opposite), Systems Manager in Tubelite's CAD department, uses computer-assisted drafting as a tool in designing and specifying such systems.



Segmented financial data

External sales	\$ millions	150	208	191	252	318
	% increase					26.0
	% of total sales	34.1	35.6	33.8	36.3	38.1
		80	81	82	83	84

Operating profits	\$ millions	16.7	23.8	12.8	30.3	36.6
	% increase					20.9
	% of total operating profits	41.0	42.1	37.3	44.8	45.4
	% of profits to sales	11.1	11.4	6.7	12.0	11.5
		80	81	82	83	84

Review of 1984

This segment's operations completed a successful year. The North American automotive industry experienced its best year since 1979, producing 12.8 million vehicles. Operations serving this market enjoyed a commensurate increase in earnings. DAF Indal Ltd. continued to make a significant contribution to profits completing a second year of full production under the contract with the U.S. Navy for the supply of helicopter hauldown systems. Sales of hangar products and hauldown systems to other navies also increased.

Industrial markets for aluminum extrusions were mixed. Canadian profits from Indalex and Indalloy Divisions were satisfactory despite increases in material costs in 1984. This contrasts with the exceptionally favourable conditions under which 1983 supplies of aluminum in Canada were purchased. The startup of Indalex Division's new larger Montreal plant was delayed slightly but the plant is now in full production.

In the United States, while volumes were generally ahead of 1983, extrusion operations were burdened by the high cost of the U.S. aluminum supply contract. Demand for the basic extrusion shapes manufactured

by the operations in California and Mississippi tailed off in the second half of the year after a strong start. Demand for close tolerance, specialty extrusions and fabricated products was strong all year, generating improved earnings for Mideast Aluminum Industries Division. The CAD/CAM precision die manufacturing operation established during the year in the Chicago area has developed more slowly than expected but is producing dies within planned cost parameters.

Outlook for 1985

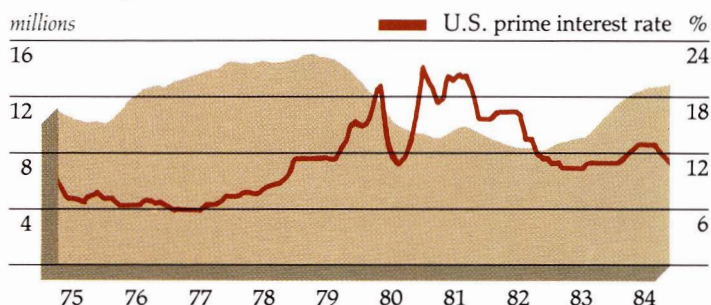
The current forecast for North American car and truck production is 13.5 million units which, if achieved, will require the industry to operate close to its capacity. Based upon releases for the 1985 model year already in hand, it does appear that another strong year for the industry will materialize. Fabricated Steel Products Division will purchase additional equipment in 1985 to accommodate production of new parts.

U.S. Navy contract sales will continue to provide the basic earnings stream for DAF Indal Ltd. but increased sales of other marine products—hangars and hauldown systems—are planned for 1985 and another good performance from this subsidiary is anticipated.

The outlook for operations providing extruded aluminum products is more difficult to predict. In Canada, demand is expected to increase, especially in Ontario and Quebec where two of Indalex's four Canadian plants are located. In the United States, demand for basic products is already showing signs of improvement on the West Coast and in the Southern States. On the West Coast, production from a recently installed, large diameter extrusion press should enhance earnings, as will a planned upgrade of the manufacturing equipment at the Gulfport, Mississippi operation. The high cost of prime aluminum supplies in the United States will remain a problem in 1985 as free market prices for the metal are not expected to increase significantly. This in turn will depress the rate of selling price increases and keep the operating margins of the Company's U.S. metal consuming operations below desired levels. However anticipated increases in volume will offset the impact of this situation to some extent.

On balance, another strong year is forecast for this segment.

North American car and truck production



Indal Tool Inc. was formed in Elgin, Illinois in 1984 to manufacture dies for Indal's extrusion plants in Canada and the United States. The company uses advanced computer-assisted technology in producing the dies. Heinz Heimann (opposite) is a die finisher at Indal Tool.





Financial review

The year 1984 proved to be a most successful one for Indal as significant improvements in earnings were achieved and its financial position was greatly strengthened.

As noted in detail in the "Operations Review" section of this Report, the basis of segmentation of the Company's business was amended in 1984. The information presented in the financial statements and other sections of this Report reflects the revised segment structure.

Earnings

First quarter earnings were better than anticipated, following the improving trend evident at the end of 1983, and set the tone for the rest of the year. The extremely rapid first half growth in the U.S. economy assisted this trend, especially in the residential construction and automotive sectors. A comparison of earnings by quarter with 1983's performance illustrates this:

<i>in millions of dollars</i>	1984	1983
Net earnings		
First quarter.....	\$ 3.1	\$ 0.8
Second quarter.....	9.0	6.2
Third quarter.....	11.9	8.3
Fourth quarter	9.5	8.2
	<u>\$33.5</u>	<u>\$23.5</u>

in dollars

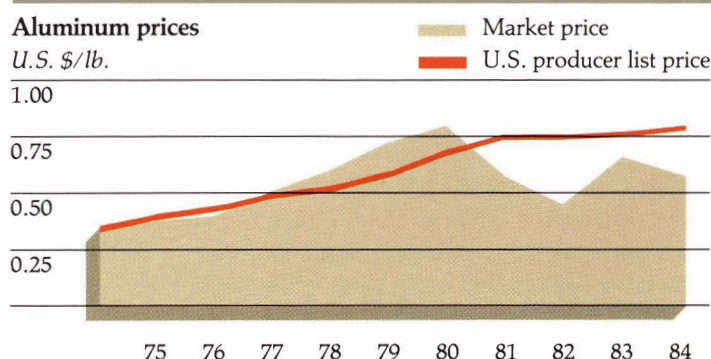
Earnings per share		
First quarter.....	\$0.13	\$0.01
Second quarter.....	0.40	0.28
Third quarter.....	0.50	0.38
Fourth quarter	0.38	0.36
	<u>\$1.41</u>	<u>\$1.03</u>

Although the rate of growth in the United States slowed appreciably in the second half of the year, normal seasonal increases in activity in the Company's markets in the final six months of 1984 ensured a substantial improvement in earnings compared with the previous year.

The Company's consolidated results show a marginal increase in gross profit as a percentage of sales compared to 1983. The favourable impact of higher volumes and declining costs for some raw materials

*I*ndal's corporate office in Toronto receives direct computer input of financial information from all of the Company's operating subsidiaries and divisions. Leslie Taylor (opposite) supervises consolidation of financial information received from subsidiaries and divisions.

were offset by the high cost of prime aluminum supplies in the United States and the resistance to selling price increases in many markets.



Operating expenses as a percentage of sales were appreciably lower than in 1983 due principally to lower interest expenses and the favourable impact of increased volume on administration costs. Moderating interest rates and improved cash generation, including the impact of the share issue in August, were the major influences in the reduction of interest expenses.

Selling and distribution expenses as a percentage of sales increased compared with 1983. This situation reflects an increased contribution to sales from U.S.-based operations, which generally cover larger geographic market areas and have correspondingly higher distribution and selling expenses.

Financial position

Net cash inflow showed a significant increase in 1984 as the following abbreviated statement illustrates:

<i>in millions of dollars</i>	1984	1983
Cash inflow from operations	\$79.2	\$60.0
Cash outflow		
Investment in fixed assets	30.5	15.9
Investment in working capital	(8.0)	35.8
Taxation payments	7.9	0.8
Dividends to shareholders	14.8	7.4
Other	1.8	(6.2)
	<u>47.0</u>	<u>53.7</u>
Net cash inflow before capital stock transactions	32.2	6.3
Issue of capital stock.....	32.2	16.0
Redemption of preferred shares	(25.0)	—
Net cash inflow	<u>\$39.4</u>	<u>\$22.3</u>

Key items in the improved cash generation in 1984 were higher earnings and much lower investment in working capital, despite the significant increase in sales. The consumption of excess prime aluminum inventories carried forward from 1983 contributed towards this improvement. However, working capital utilization generally showed improvement and will continue to be strictly managed. Dividends paid to common shareholders were increased during the year from \$0.25 per share in 1983 to \$0.55 per share in 1984. This represents a distribution of 39% of the Company's earnings attributable to common shareholders. The issue of 3.0 million new common shares in August 1984 raised \$31.9 million enabling the Company's \$25.0 million floating rate retractable preferred shares, Indal's most costly financing, to be redeemed.

The currency translation account, an element of shareholders' equity, showed a substantial increase in 1984. This account represents the cumulative increase in value in Canadian dollar terms of the Company's foreign net assets arising from exchange rate movements. During the year, the U.S. dollar, in Canadian dollar terms, increased in value from \$1.24 to \$1.32 giving rise to the bulk of the 1984 increase.

In 1984 the term of the Company's U.S. \$39.3 million loan was renegotiated until 1991, and a more favourable interest rate obtained. Towards the end of the year the interest rate on U.S. \$20.0 million of this loan was fixed at approximately 12½% until 1990 by way of interest-rate swaps.

The combination of the foregoing factors resulted in the strongest balance sheet in the Company's history as the following statistics show:

	1984	1983
Current ratio.....	2.7:1	2.6:1
Liquidity ratio.....	1.5:1	1.2:1
Working capital/sales %	20.2	25.7
Debt/equity ratio	0.37:1	0.65:1

At the end of the year, the Company had available for its use approximately \$150 million of unutilized, unsecured borrowing facilities which, combined with the strength of the Company's balance sheet at the end of 1984, will enable full advantage to be taken of any investment opportunities which may arise.

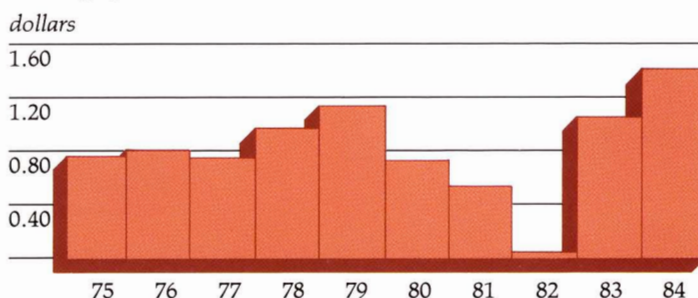
Reporting the effects of changing prices

In the 1983 Annual Report, the reasons for not reporting the effects of changing prices on the Company's results were explained and deserve repetition because they remained equally valid in 1984, as inflation moderated. In 1983 it was stated:

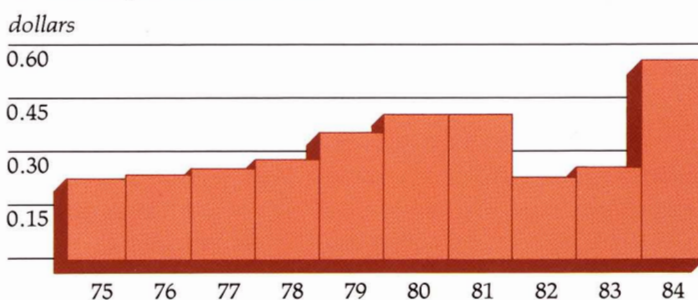
"The issues that have to be addressed in the area of inflation accounting are often hypothetical, open to very subjective judgement, or both, and the conclusions reached are consequently of questionable value. It seems that we do not yet have practical solutions to the many aspects of the inflation reporting problem and it may be, in fact, that there are no practical accounting solutions. In any event, it seems likely that further revisions of the current pronouncements will have to be made."

Indal's management remains firmly of the opinion that, for these reasons, there is little value in disclosure of financial data adjusted to reflect changing prices.

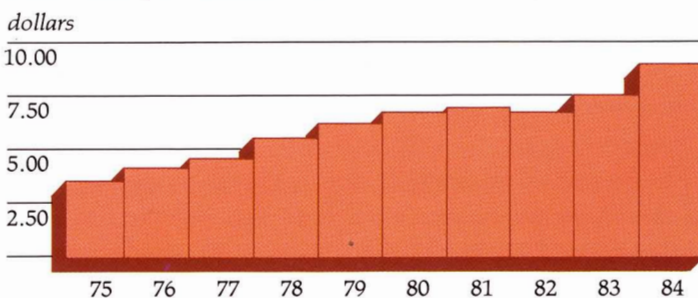
Earnings per common share



Dividends per common share



Book value per common share



The accompanying financial statements and all information in the Annual Report have been prepared by management and approved by the Board of Directors of the Company. The financial statements were prepared in accordance with accounting principles generally accepted in Canada. The significant accounting policies followed by the Company are set out on page 22.

Management is responsible for the accuracy, integrity and objectivity of the consolidated financial statements within reasonable limits of materiality and for the consistency of financial data included in the text of the Report.

To assist management in the discharge of these responsibilities, the Company maintains a system of internal control designed to provide reasonable assurance that its assets are safeguarded; that only valid and authorized transactions are executed; and that accurate, timely and comprehensive financial information is prepared. Management believes that the system is appropriate in terms of cost and risk to meet the objectives outlined. The Company's internal audit department, working under the direction of management, monitors the system of internal control to ensure that adequate standards are maintained.

The consolidated financial statements have been independently examined by Coopers & Lybrand on behalf of the shareholders, in accordance with generally accepted auditing standards. Their report outlines the nature of their examination and expresses their opinion on the consolidated financial statements of the Company.

The Company's Audit Committee is appointed by the Board of Directors annually and is comprised of non-management Directors. The Committee meets with management as well as with the internal and external auditors to satisfy itself that each group is properly discharging its responsibilities and to review the financial statements and the independent auditors' report. The Audit Committee reports its findings to the Board of Directors for consideration in approving the financial statements for presentation to the shareholders.

P. G. Selley
Senior Vice-President, Finance
February 20, 1985

Auditors' report to the shareholders

We have examined the consolidated balance sheet of Indal Limited as at December 31, 1984 and the consolidated statements of earnings and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1984 and the results of its

operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Coopers & Lybrand
Toronto, Ontario
February 11, 1985

Accounting standards

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all subsidiaries. The operating results and gains or losses on the disposal or discontinuance of an operation are included in "other income/(expenses)" in the consolidated statement of earnings and identified in a note to the consolidated financial statements. All material inter-company items and transactions are eliminated on consolidation. Acquisitions are consolidated from the date of acquisition.

Foreign currency translation

Assets and liabilities in foreign currencies are translated to Canadian dollars at the rate of exchange in effect at the year-end. Income and expenses in foreign currencies are translated to Canadian dollars at rates approximating the average rates of exchange during the year. Exchange differences arising on translation of the financial statements of foreign subsidiaries are taken to a currency translation account in the shareholders' equity section of the consolidated balance sheet.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is generally determined on a first-in, first-out basis.

Fixed assets

Fixed assets, including expenditures which improve or prolong the useful lives of the assets, are stated at cost. Fixed assets obtained through acquisitions are stated at the values assigned, based on appraisals, at date of acquisition.

Depreciation is computed on a straight-line basis at rates based on the estimated useful lives of the assets. Estimated useful lives range from twenty to forty years for buildings, eight to ten years for machinery and equipment, seven to ten years for office furniture and equipment, three to four years for motor vehicles and two to ten years for tools and dies. Leasehold improvements are amortized over the terms of the leases.

Maintenance and repair costs of a routine nature are expensed as incurred.

Capital leases

Leases that transfer substantially all the benefits and risks of ownership are capitalized. Other leases are accounted for as operating leases.

Goodwill

Goodwill resulting from acquisitions or agreements entered into prior to January 1, 1974 is not amortized. Goodwill resulting from acquisitions subsequent to January 1, 1974 is amortized on a straight-line basis, over its estimated life or forty years, whichever is less. Any goodwill remaining on the sale or discontinuance of an operation is written off in the year of sale or discontinuance.

Inter-segment sales

Inter-segment sales are accounted for at prices comparable to open market prices.

Long-term contracts

Sales and earnings relating to long-term construction and design engineering contracts are recognized on a percentage of completion basis. Full provision is made for estimated losses on contracts as soon as these are identified.

Deferred charges

Deferred charges are written off over periods not exceeding five years.

Income taxes

The deferral method is used in accounting for income taxes. Timing differences giving rise to deferred income taxes relate primarily to:

- depreciation and amortization—where the cumulative amounts claimed for income tax purposes differ from the amounts written off for accounting purposes.
- accounts receivable holdbacks—where amounts are not taxed until released.
- inventories—where values determined on the last-in, first-out method have been restated on consolidation on the first-in, first-out method.

The flow-through method is used to account for investment tax credits.

Earnings per common share

Earnings per common share are calculated after deducting dividends on preferred shares and using the weighted average number of shares outstanding during the year.

Fully diluted earnings per common share are computed as though outstanding stock options had been exercised at the beginning of the year.

Consolidated statements of earnings and retained earnings

for the year ended December 31, 1984

Indal Limited

in thousands of dollars

		1984	%	1983	%
Earnings					
	Sales	\$834,782	100.0	\$694,946	100.0
	Cost of sales	623,036	74.6	521,379	75.0
	Gross profit	211,746	25.4	173,567	25.0
	Expenses				
	Selling and distribution	81,023	9.7	66,302	9.5
	Administration	57,572	6.9	52,931	7.6
	Financial	10,969	1.3	14,373	2.1
		149,564	17.9	133,606	19.2
	Other income/(expenses) (note 2)	62,182	7.5	39,961	5.8
		(8,800)	(1.1)	159	—
	Earnings before income taxes (note 3)	53,382	6.4	40,120	5.8
	Income taxes (note 4)	18,832	2.3	15,525	2.2
	Earnings before minority shareholders' interests	34,550	4.1	24,595	3.6
	Minority shareholders' interests	1,080	0.1	1,078	0.2
	Net earnings	\$ 33,470	4.0	\$ 23,517	3.4
	Earnings per common share				
	Basic	\$1.41		\$1.03	
	Fully diluted	1.39		1.03	
Retained earnings					
	Balance—beginning of year	\$ 74,480		\$ 58,366	
	Net earnings	33,470		23,517	
		107,950		81,883	
	Dividends paid				
	Preferred shares	1,822		1,911	
	Common shares	12,644		5,321	
	Share issue expenses, net of tax	—		171	
		14,466		7,403	
	Balance—end of year	\$ 93,484		\$ 74,480	

Consolidated balance sheet

as at December 31, 1984

in thousands of dollars

1984

1983

Assets

Current assets

Cash.....	\$ 17,872	\$ 4,109
Accounts receivable.....	117,800	105,708
Inventories (note 5)	117,821	134,918
Other accounts receivable and prepaid expenses	9,293	9,805
Net assets of discontinued operation (note 2)	1,825	3,746
	<u>264,611</u>	<u>258,286</u>

Fixed assets (note 6)

Land.....	10,648	10,310
Buildings	64,314	58,248
Machinery and equipment	114,279	96,686
Leasehold improvements	6,779	5,940
Office furniture and equipment.....	9,216	7,531
Motor vehicles	8,402	7,495
	<u>213,638</u>	<u>186,210</u>
Accumulated depreciation	(81,136)	(68,270)
	<u>132,502</u>	<u>117,940</u>
Tools and dies—at cost, less amortization.....	5,785	4,838
	<u>138,287</u>	<u>122,778</u>

Intangible assets

Goodwill (note 7).....	36,779	35,111
Deferred charges, less amortization (note 8)	—	1,016
	<u>36,779</u>	<u>36,127</u>
	<u>\$439,677</u>	<u>\$417,191</u>

Signed on behalf of the Board:

W.E. Stracey, Director
P.G. Selley, Director

	1984	1983
Liabilities		
Current liabilities		
Bank advances	\$ —	\$ 5,237
Accounts payable	40,854	43,063
Other accounts payable and accrued charges	34,055	29,649
Income taxes payable	13,670	845
Other taxes payable	3,478	3,199
Deferred income taxes relating to current items	2,395	9,849
Current portion of long-term liabilities (note 9)	2,434	7,086
	<u>96,886</u>	<u>98,928</u>
Long-term liabilities less current portion (note 9)	98,083	113,849
Deferred income taxes	18,312	10,454
Minority shareholders' interests in subsidiary companies	4,415	5,151
	<u>217,696</u>	<u>228,382</u>

Shareholders' equity

Capital stock (note 10)		
Issued and fully paid		
1,000,000 floating rate preferred shares	—	25,000
24,334,122 (1983–21,291,022) common shares	114,553	82,386
Currency translation account (note 11)	13,944	6,943
Retained earnings	93,484	74,480
	<u>221,981</u>	<u>188,809</u>
	<u>\$439,677</u>	<u>\$417,191</u>

Consolidated statement of changes in financial position

for the year ended December 31, 1984

Indal Limited

in thousands of dollars

	1984	1983
Source of funds		
Operations:		
Earnings before income taxes	\$ 53,382	\$ 40,120
Items not affecting funds		
Depreciation and amortization of fixed assets	18,086	16,285
Amortization of goodwill	1,966	2,372
Amortization of deferred charges	1,636	1,245
Loss attributable to discontinued metal trading operation (note 2)	4,164	—
	79,234	60,022
Proceeds from sale of fixed assets	1,901	9,433
Issue of common shares (note 10)	32,167	16,023
Other	797	(1,926)
Total source of funds	114,099	83,552
Application of funds		
Working capital (excluding fund items)		
Accounts receivable and prepaid expenses	11,580	11,944
Inventories	(17,097)	39,597
Accounts payable, accruals and other taxes	(2,476)	(20,999)
Working capital of business sold	—	5,234
	(7,993)	35,776
Purchase of fixed assets	30,548	15,917
Redemption of preferred shares (note 10)	25,000	—
Additions to deferred charges (note 8)	599	740
Net investment in subsidiaries (note 1)	3,777	698
Taxation payments	7,900	755
Dividends		
Preferred shares	1,822	1,911
Common shares	12,644	5,321
Minority shareholders	384	180
Total application of funds	74,681	61,298
Increase in funds	39,418	22,254
Opening funds		
Bank advances (net of cash)	1,128	22,643
Long-term liabilities (including current portion)	120,935	121,674
Net borrowings—beginning of year	122,063	144,317
Closing funds		
Bank advances (net of cash)	(17,872)	1,128
Long-term liabilities (including current portion)	100,517	120,935
Net borrowings—end of year	\$ 82,645	\$122,063

Note: funds are defined as cash, bank advances and long-term liabilities. For the change in long-term liabilities see note 9.

Notes to consolidated financial statements

for the year ended December 31, 1984

Indal Limited

1. Investment in subsidiaries

During the year, the Company acquired additional equity in Peachtree Doors, Inc. (5.0%); Tempglass Southern, Inc. (5.0%) and disposed of its interest in Deltaglass S.A. (51.0%)

The net consideration paid in respect of these changes in holdings during the year amounted to \$3,777,000.

2. Other income/(expenses)

An analysis of other income/(expenses) is:

<i>in thousands of dollars</i>	1984	1983
Income/(loss) before income taxes attributable to operations sold or discontinued....	\$ (2,154)	\$ 581
Income/(loss) before income taxes attributable to discontinued metal trading operation	(4,164)	1,659
	(6,318)	2,240
Amortization of goodwill	(1,966)	(2,130)
Other	(516)	49
	<u>\$ (8,800)</u>	<u>\$ 159</u>

Income/(loss) attributable to operations sold or discontinued:

During the year, the investment in Deltaglass S.A. was disposed of and the business of Commercial Aluminum (Western) Division was discontinued. Comparative figures reflect the sale of the assets of Tennessee Building Products, Inc.

The operating results and losses on disposal or discontinuance of these operations were:

<i>in thousands of dollars</i>	1984	1983
Sales.....	\$ 2,240	\$ 18,755
Operating income/(loss)	(588)	692
Gain/(loss) on disposal or discontinuance.....	(1,566)	(111)
Income/(loss) from operations disposed of or discontinued.....	<u>\$ (2,154)</u>	<u>\$ 581</u>

Income/(loss) attributable to discontinued metal trading operation:

The current year losses attributable to the discontinued metal trading operation reflect full provision for an amount receivable from a customer who is being sued for non-payment of the debt.

The net assets of the discontinued metal trading operation, amounting to \$1,825,000 as at December 31, 1984, mainly represent pension refunds due and deferred tax debits.

3. Earnings before income taxes

Earnings before income taxes are stated after charging:

<i>in thousands of dollars</i>	1984	1983
Depreciation and amortization of fixed assets	\$ 18,086	\$ 16,285
Amortization of goodwill	1,966	2,130
Write-off of goodwill relating to operations sold	—	242
Amortization of deferred charges	1,636	1,245
Interest on bank advances.....	1,210	3,095
Interest on long-term liabilities.....	11,848	12,219

4. Income taxes

Income taxes based on earnings are:

in thousands of dollars

	1984	1983
Canadian		
Income tax payable	\$ 15,226	\$ 6,313
Deferred income tax	(3,944)	1,210
	<u>11,282</u>	<u>7,523</u>
Foreign		
Income tax payable	12,859	6,013
Deferred income tax	(5,309)	1,989
	<u>7,550</u>	<u>8,002</u>
Total		
Income tax payable	28,085	12,326
Deferred income tax	(9,253)	3,199
	<u>\$ 18,832</u>	<u>\$ 15,525</u>

Of the total amount of deferred income tax, \$592,000 (1983—\$829,000) relates to non-current items.

The Company's effective income tax rate is:

percentages

	1984	1983
Canadian corporate tax rate	45.1	45.2
Effect of higher foreign tax rates	1.7	3.3
Effect of financing and inventory allowances	(7.5)	(10.1)
Effect of non-deductible goodwill amortization and appraisal-surplus depreciation	1.9	3.6
Investment tax credits	(4.0)	(3.2)
Effect of recognition for tax purposes of foreign losses and investment tax credits	(2.3)	0.1
Adjustment of amounts previously provided	0.3	(1.1)
Other	0.1	0.9
	<u>35.3</u>	<u>38.7</u>

Deferred income tax arises from timing differences. The sources and tax effects of these timing differences and other movements through the deferred income tax account are:

in thousands of dollars

	1984	1983
Tax depreciation and amortization in excess of accounting depreciation and amortization	\$ 592	\$ 425
Accounts receivable holdbacks	(1,835)	946
Provision for bad debts and pension contributions not currently deductible for income tax purposes	(2,951)	—
Deferred recognition for income tax purposes of profit on long-term contracts	(3,142)	1,040
Inventories restated on the first-in, first-out method	(232)	379
Adjustment of amounts previously provided and other items	(1,685)	409
Deferred income tax provision for the year	<u>(9,253)</u>	<u>3,199</u>
Transfer to income tax payable in respect of income tax losses and investment tax credits recognized, and other adjustments	9,657	5,714
	<u>\$ 404</u>	<u>\$ 8,913</u>

5. Inventories

in thousands of dollars

	1984	1983
Raw materials.....	\$ 67,041	\$ 84,479
Work in process.....	29,248	28,713
Finished goods.....	21,532	21,726
	<u>\$117,821</u>	<u>\$134,918</u>

6. Leases

Assets financed by capital leases, accounted for and depreciated as company-owned facilities and included in fixed assets are:

in thousands of dollars

	1984	1983
Land and buildings.....	\$ 8,052	\$ 7,564
Machinery and equipment.....	6,007	6,408
	<u>14,059</u>	<u>13,972</u>
Accumulated depreciation.....	(4,932)	(4,740)
	<u>\$ 9,127</u>	<u>\$ 9,232</u>

Aggregate future minimum lease payments at December 31, 1984 are:

in thousands of dollars

	Capital leases	Operating leases
1985.....	\$ 1,322	\$ 8,700
1986.....	1,267	6,789
1987.....	1,242	5,585
1988.....	1,196	4,285
1989.....	994	3,036
Thereafter.....	12,342	12,297
Total minimum lease payments.....	18,363	40,692
Less: amount representing interest.....	7,317	—
	<u>\$ 11,046</u>	<u>\$ 40,692</u>

7. Goodwill

in thousands of dollars

	Prior to January 1, 1974	After January 1, 1974	1984	1983
Resulting from acquisitions or agreements entered into				
Balance—beginning of year.....	\$ 13,669	\$ 21,442	\$ 35,111	\$ 36,673
Additions.....	—	2,335	2,335	642
Amortization—continuing operations.....	(1,290)	(676)	(1,966)	(2,130)
Write-off—operations sold.....	—	—	—	(242)
Exchange rate adjustments.....	—	1,299	1,299	168
Balance—end of year.....	<u>\$ 12,379</u>	<u>\$ 24,400</u>	<u>\$ 36,779</u>	<u>\$ 35,111</u>

8. Deferred charges, less amortization

in thousands of dollars

	1984	1983
Balance—beginning of year.....	\$ 1,016	\$ 1,602
Additions.....	599	740
Amortization.....	(1,636)	(1,245)
Exchange rate adjustments.....	21	(81)
Balance—end of year.....	<u>\$ —</u>	<u>\$ 1,016</u>

9. Long-term liabilities

in thousands of dollars

	1984	1983
Long-term debt:		
U.S. \$39,324,000 unsecured bank term loan, repayable in increasing annual instalments between 1989 and 1991, with interest at LIBOR plus from 1/2% to 1% over the term of the loan. The Company has entered into separate interest rate swap agreements which effectively convert the interest cost on U.S. \$20,000,000 of this loan to a fixed rate of approximately 12 1/2% for five years.	\$ 51,908	\$ 48,762
U.S. \$35,000,000 unsecured bank revolving credit facility of a U.S. subsidiary with interest at U.S. prime or at from 3/4% to 7/8% over LIBOR or CD rate at the option of the subsidiary. The loan is also convertible to a five year term loan at the borrower's option	3,960	26,040
8 1/2% Sinking Fund Debentures, Series A, due March 15, 1993 secured by a charge on certain assets of the Company and the pledge of the shares of a Canadian subsidiary, with annual sinking fund repayments of \$259,000 in 1986, \$400,000 in 1987 and 1988 and \$550,000 from 1989 to 1992 with the balance of \$1,900,000 repayable on maturity	5,159	5,989
Mortgages maturing:		
Within 5 years, at from 8% to 14 3/4%	11,099	6,431
Within 5-10 years, at from 8 1/2% to 13 1/2%	1,184	3,485
After 10 years, at from 4% to 10%	3,322	4,065
10% Industrial Revenue Development Bonds repayable between 1991 and 1993	7,920	7,440
Other	4,919	7,923
Capital leases:	89,471	110,135
Manufacturing plant leases payable in varying monthly or annual instalments at interest rates of between 2% and 16%. At the end of each lease term the Company has the option to purchase the property on payment of a nominal sum	11,046	10,800
	100,517	120,935
Portion due within one year	2,434	7,086
	<u>\$ 98,083</u>	<u>\$113,849</u>

The change during the year in long-term liabilities, including the current portion, was:

in thousands of dollars

	1984	1983
Balance—beginning of year	\$120,935	\$121,674
New borrowings	19,639	14,792
Repayments	(43,541)	(13,391)
Reduction related to sale of Tennessee Building Products, Inc.	—	(2,583)
Exchange rate adjustments	3,484	443
Balance—end of year	<u>\$100,517</u>	<u>\$120,935</u>

Maximum repayments over the next five years are: 1985—\$2,434,000; 1986—\$8,278,000; 1987—\$2,604,000; 1988—\$2,683,000; and 1989—\$15,029,000.

10. Capital stock

Authorized share capital:

The authorized share capital of the Company consists of an unlimited number of preferred shares of no par value, issuable in series, and an unlimited number of common shares of no par value.

Changes during the year in issued capital stock:

Preferred shares:

The 1,000,000 cumulative floating rate preferred shares Series A were redeemed by the Company at their stated value of \$25 per share on December 3, 1984.

Common shares:

in thousands of units/dollars

	Shares	1984	1983
Balance—beginning of year	21,291	\$ 82,386	\$ 66,363
Treasury issue	3,000	31,934	15,675
Exercise of stock options.....	43	233	348
Balance—end of year	24,334	\$114,553	\$ 82,386

The weighted average number of shares outstanding in 1984 was 22,524,000 (1983—20,908,000).

Stock options:

At December 31, 1984 stock options were outstanding in respect of 277,300 common shares of the Company. These options are exercisable by members of senior management of the Company and its subsidiaries (some of whom are also Directors or Officers of the Company) at between \$4.56 and \$11.62½ per share and expire on various dates between 1985 and 1991.

11. Currency translation account

The movement in the currency translation account is principally the result of the movement in the exchange rate between the U.S. and Canadian dollars during the year.

12. Commitments and contingencies

Minority shareholders in four subsidiaries have the option to require the Company to purchase their shareholdings at prices based on the earnings of these companies. In respect of two subsidiaries, these options were not yet exercisable at December 31, 1984 and hence the total potential cost cannot be determined. For those subsidiaries in respect of which options were already exercisable, the cost based on earnings to December 31, 1984 would be approximately \$484,000.

A Canadian subsidiary of the Company has received federal and provincial income tax assessments totalling \$4,000,000 including interest and penalties in respect of the years 1971-1976. Certain of these assessments allege that additional income was earned in those years and the remainder allege that the subsidiary failed to withhold tax on amounts paid or credited to a non-resident corporation. These assessments are being resisted and no provision therefore has been made in the financial statements.

At December 31, 1984, capital commitments in respect of fixed asset additions amounted to \$7,000,000.

There were no material transactions during the year between the Company and related parties.

13. Pension plans

Various pension plans exist within the Company. Pension plan contributions charged to income during the year amounted to \$6,002,000 (1983—\$4,600,000). In addition to the normal annual cost, the 1984 figure reflects full provision for a deficit of \$6,579,000 in one plan, arising from a change in the actuarial method of calculating benefits, and full credit for a surplus of \$4,700,000 in a second plan, arising principally from an actuarial revaluation. The Company's pension plans are actuarially revalued at least every three years. The cost of normal pension fund contributions is provided and funded on a current basis. Provisions for this cost are adjusted to reflect the amounts of actuarial revaluation surpluses and deficiencies in the year in which they arise, and amounts funded are adjusted to reflect these surpluses and deficiencies over periods of up to ten years.

14. Segmented information (appendix 1)

Based on the products and operations of the Company, the classes of business as determined by the Directors are:

Residential construction products: For use in residential construction, including new housing and home improvement.

Non-residential construction products: For use in industrial, commercial, institutional and agricultural construction.

Industrial products: Principally for incorporation as a part or sub-assembly in industrial products.

Segmented information (appendix 1)

Indal Limited

in thousands of dollars/% of sales

Industry segments	Sales		Operating profit			
	1984	1983	1984	%	1983	%
Residential construction	\$369,139	\$309,191	\$32,917	8.9	\$28,060	9.1
Non-residential construction	155,309	141,111	11,175	7.2	9,290	6.6
Industrial	336,374	268,243	36,620	10.9	30,286	11.3
Consolidation eliminations	(26,040)	(23,599)	(3,826)	—	(2,206)	—
	<u>\$834,782</u>	<u>\$694,946</u>	<u>76,886</u>	<u>9.2</u>	<u>65,430</u>	<u>9.4</u>
Corporate expense			(10,446)	(1.2)	(9,996)	(1.4)
Interest expense			(13,058)	(1.6)	(15,314)	(2.2)
Earnings before income taxes			53,382	6.4	40,120	5.8
Income taxes			18,832	2.3	15,525	2.2
Earnings before minority shareholders' interests			<u>\$34,550</u>	<u>4.1</u>	<u>\$24,595</u>	<u>3.6</u>
	Capital expenditures		Depreciation and amortization		Identifiable assets	
	1984	1983	1984	1983	1984	1983
Residential construction	\$ 8,187	\$ 5,779	\$ 5,766	\$ 5,192	\$184,255	\$170,233
Non-residential construction	4,034	3,631	4,221	3,995	105,732	92,338
Industrial	17,592	5,918	7,073	6,107	190,333	169,504
Consolidation eliminations					(66,702)	(26,619)
					<u>413,618</u>	<u>405,456</u>
Net assets—discontinued operation					1,825	3,746
Corporate assets					24,234	7,989
					<u>\$439,677</u>	<u>\$417,191</u>
Geographic segments	Sales		Operating profit		Identifiable assets	
	1984	1983	1984	1983	1984	1983
Canada	\$340,519	\$313,960	\$ 36,965	\$ 36,998	\$191,084	\$176,825
United States	520,303	404,585	43,747	30,638	289,236	255,250
Consolidation eliminations	(26,040)	(23,599)	(3,826)	(2,206)	(66,702)	(26,619)
	<u>\$834,782</u>	<u>\$694,946</u>	<u>\$ 76,886</u>	<u>\$ 65,430</u>	<u>\$413,618</u>	<u>\$405,456</u>
External and inter-segment sales	External		Inter-segment		Total	
	1984	1983	1984	1983	1984	1983
Industry segments:						
Residential construction	\$368,897	\$308,757	\$ 242	\$ 434	\$369,139	\$309,191
Non-residential construction	148,028	133,971	7,281	7,140	155,309	141,111
Industrial	317,857	252,218	18,517	16,025	336,374	268,243
	<u>834,782</u>	<u>694,946</u>	<u>26,040</u>	<u>23,599</u>	<u>860,822</u>	<u>718,545</u>
Geographic segments:						
Canada	321,264	295,403	19,255	18,557	340,519	313,960
United States	513,518	399,543	6,785	5,042	520,303	404,585
	<u>\$834,782</u>	<u>\$694,946</u>	<u>\$26,040</u>	<u>\$23,599</u>	<u>\$860,822</u>	<u>\$718,545</u>

Canadian sales include exports of \$129,156,000 in 1984 (1983—\$102,181,000) primarily to the United States.

Quarterly financial information (unaudited)
for the year ended December 31, 1984

Indal Limited

in thousands of dollars

1984	Three months ended				Year ended
	March 31	June 30	September 30	December 31	December 31
Sales ⁽¹⁾	\$175,671	\$214,730	\$224,894	\$219,487	\$834,782
Gross profit ⁽¹⁾	39,752	52,484	58,357	61,153	211,746
Gross profit percentage ⁽¹⁾	22.6	24.4	25.9	27.9	25.4
Net earnings	3,105	8,965	11,916	9,484	33,470
Earnings per common share					
Basic	\$0.13	\$0.40	\$0.50	\$0.38	\$1.41
Fully diluted	0.13	0.39	0.50	0.37	1.39
Market price of common shares⁽²⁾					
High	\$13 ³ / ₄	\$12 ¹ / ₄	\$11 ⁷ / ₈	\$11 ³ / ₄	\$13 ³ / ₄
Low	11	10 ⁵ / ₈	10	10 ¹ / ₄	10
Number of shares traded⁽³⁾					
(in thousands)	744	380	460	590	2,174

in thousands of dollars

1983	Three months ended				Year ended
	March 31	June 30	September 30	December 31	December 31
Sales ⁽¹⁾	\$136,877	\$181,820	\$191,233	\$185,016	\$694,946
Gross profit ⁽¹⁾	30,864	43,223	51,475	48,005	173,567
Gross profit percentage ⁽¹⁾	22.5	23.8	26.9	25.9	25.0
Net earnings	774	6,234	8,339	8,170	23,517
Earnings per common share⁽⁴⁾					
Basic	\$0.01	\$0.28	\$0.38	\$0.36	\$1.03
Fully diluted	0.01	0.28	0.38	0.36	1.03
Market price of common shares⁽²⁾⁽⁴⁾					
High	\$9 ¹ / ₄	\$11 ¹ / ₂	\$13	\$13 ⁵ / ₈	\$13 ⁵ / ₈
Low	7 ³ / ₄	9	9 ³ / ₄	9 ³ / ₄	7 ³ / ₄
Number of shares traded⁽³⁾⁽⁴⁾					
(in thousands)	245	1,794	495	591	3,125

(1) Sales, gross profits and gross profit percentages for the first three quarters of the year have been restated to exclude figures for operations discontinued during the year.

(2) High/low market prices reflect prices quoted on The Toronto Stock Exchange.

(3) The number of shares traded reflects the combined volume of shares traded on the Toronto and Montreal stock exchanges.

(4) Figures have been restated to reflect the 2 for 1 stock split in May 1983.

Ten year financial summary

in millions of dollars

1984

1983

Earnings

Sales.....	\$835	\$695
Gross profit	212	174
Earnings before income taxes ⁽¹⁾	53.4	40.1
Net earnings.....	33.5	23.5
Preferred dividends	1.8	1.9
Common dividends.....	12.6	5.3

Performance statistics

Gross profit percentage	25.4%	25.0%
Net earnings as a percentage of sales	4.0%	3.4%
Sales/assets ratio	1.9	1.7
Return on total assets (based on net earnings)	7.6%	5.6%
Return on common shareholders' equity (based on net earnings after preferred dividends and on average opening and closing equity)	16.4%	14.7%

Common share data⁽²⁾

Earnings per common share	\$1.41	\$1.03
Dividends per common share	55¢	25¢
Book value per common share.....	9.12	7.69
Average number of common shares outstanding (in millions)	22.5	20.9

Assets

Working capital.....	168	159
Current ratio.....	2.7:1	2.6:1
Fixed assets	138	123
Total assets	440	417

Shareholders' equity

Preferred shareholders' equity	—	25
Common shareholders' equity	222	164
Number of common shares outstanding at year-end (in millions)	24.3	21.3

Cash flow

Funds from operations	79	60
Purchase of fixed assets	31	16
Depreciation of fixed assets	18	16

(1) Figures prior to 1984 have been restated to reflect the operating results and gains or losses on the disposal or discontinuance of operations sold or discontinued.

(2) Figures prior to 1983 have been restated to reflect the 2 for 1 stock split in May 1983. Figures prior to 1977 have also been restated to reflect the 2 for 1 stock split in that year.

(3) Percentages and ratios have been calculated using figures in thousands of dollars.

1982	1981	1980	1979	1978	1977	1976	1975
\$565	\$584	\$443	\$450	\$363	\$212	\$159	\$109
129	145	110	116	93	55	43	32
4.7	16.9	28.5	45.0	28.0	19.3	19.2	15.1
3.2	12.5	15.8	23.6	13.8	9.3	9.5	7.5
2.6	2.5	2.2	1.8	1.1	0.1	0.1	0.1
4.3	7.7	7.7	6.7	3.6	3.1	2.8	2.2
22.9%	24.8%	24.8%	25.8%	25.5%	25.9%	27.1%	29.1%
0.6%	2.2%	3.6%	5.2%	3.8%	4.4%	6.0%	6.8%
1.5	1.6	1.5	1.6	1.4	1.4	1.3	1.2
0.8%	3.5%	5.2%	8.1%	5.3%	6.3%	7.7%	7.9%
0.4%	7.6%	10.6%	18.1%	14.8%	17.1%	20.5%	20.6%
\$0.03	\$0.52	\$0.71	\$1.14	\$0.96	\$0.74	\$0.78	\$0.77
22.5¢	40¢	40¢	35¢	27.9¢	24.8¢	22.9¢	22.5¢
6.78	6.89	6.78	6.25	5.47	4.46	4.05	3.52
19.2	19.2	19.2	19.2	13.4	12.4	12.2	9.6
107	116	103	92	98	33	32	24
2.0:1	2.4:1	3.0:1	2.5:1	3.1:1	1.6:1	2.1:1	1.9:1
127	119	105	95	77	46	39	31
376	362	304	290	259	148	122	94
25	25	25	25	25	1	1	1
131	133	130	128	113	59	49	42
9.7	9.6	9.6	9.6	9.6	6.5	3.0	3.0
25	45	41	51	38	24	21	18
23	22	22	33	20	11	9	10
16	15	12	11	8	6	4	3

Principal operating subsidiaries and divisions

Canada

Residential

Alumiprime Division,
Toronto, Ont.
H. Lazar, President
*Aluminum prime windows and
patio doors*

Fasco Products Division,
Toronto, Ont.
J.E. Faveri, President
*Storm and patio door hardware
and aluminum home
improvement products*

Hialco Mfg. Division,
Port Coquitlam, Kelowna
and Nanaimo, B.C.
P. Houweling, President
*Aluminum prime windows and
patio doors*

Indal Products Division,
Toronto, Ont.
J.N. LeHeup, President
*Aluminum storm doors,
windows and other home
improvement products*

Indal Products Lite Metals
Division, Mississauga, Ont.
R.A. Englhardt,
Vice-President and
General Manager
Aluminum ladders

Indal Products Maritimes
Division, Amherst, N.S.
R.W. Janes, Vice-President
and General Manager
*Aluminum storm doors,
windows and other home
improvement products*

Lock-West Windows Ltd.
Airdrie, Alta.
(54% owned)
A.J. Rankin, Executive
Vice-President and
General Manager
Wood windows and patio doors

McKnight Window
Industries Division,
Toronto, Ont.
D.R. Williams, President
*Wood and vinyl windows
and doors*

Peachtree Doors Canada
Division, Toronto, Ont.
G.R. Kerr, President
*Residential insulated steel entry
door systems*

Ram Partitions Division,
Toronto, Ont.
A.W. Stokes, President
*Office panel systems, furniture
components and acoustic office
screens*

Western Aluminum
Products Division,
Calgary, Edmonton,
Medicine Hat and Red
Deer, Alta.; and Regina
and Saskatoon, Sask.
C.M. Kline, President
*Aluminum, vinyl and wood
prime windows, doors and
insulating glass units*

Non-residential

Airlite Glass Insulating
Division, Toronto, Ont.
J. Shapiro, President
Insulating glass units

Commercial Aluminum
Division, Toronto, Ont.
and Calgary, Alta.
B.R. Leaman, President
*Architectural aluminum store
fronts, entrances, window
systems and curtainwall*

C.R. Metal Products
Division, Toronto, Ont.
G. Berdan, President
Cold rollformed metal products

Eastland Metals Division,
Mississauga, Ont.
G.R. Grant, President
*Cold rollformed steel and
aluminum products including
industrial and agricultural
siding and roofing*

Indal Wall Systems Ltd.,
Winnipeg, Man.; Calgary
and Edmonton, Alta.; and
Toronto, Ont.
H.R. Resar, President
*Curtainwall, commercial and
institutional windows and
specialty architectural systems*

Lamilite Limited,
Orangeville, Ont.
(70% owned)
J.F. Sartain, President
Glass laminating

Tempglass Division,
Toronto, Ont.
I.R. Moore, President
Glass tempering and processing

Westland Metals Division,
Edmonton and Calgary,
Alta.; Richmond, B.C.;
and Regina and Saskatoon,
Sask.
R. Benson, Vice-President
and General Manager
*Cold rollformed steel and
aluminum products including
industrial and agricultural siding
and roofing, rainwater goods and
grain bins*

Industrial

DAF Indal Ltd.,
Mississauga, Ont.
M.R. Maynard, Chairman
G.R. Rutledge, President
and Chief Executive Officer
*Design engineering, structural
products, shipboard helicopter
hangars, helicopter hauldown
and rapid securing systems and
wind turbines*

Fabricated Steel Products
Division, Windsor, Ont.
J.R. Davidson, President
and Chief Executive
Officer
*Automotive stampings and
fabricated products*

Indalex Division,
Toronto, Ont.; Montreal,
P.Q.; Calgary, Alta.; and
Port Coquitlam, B.C.
K.B. Carruthers,
Executive Vice-President
*Aluminum extrusions, surface
finishing and fabricated products*

Indalloy Division,
Toronto, Ont.
L. Kozierok, President
*Aluminum recycling and billet
casting*

United States

Better-Bilt Aluminum Products Co.,
Smyrna, TN; and
Prescott, AZ
L.M. Moffatt, President
Aluminum patio and storm doors, aluminum prime and storm windows and aluminum screen doors
Kabinart Corporation,
Nashville, TN
(95% owned)
G. Boudoucies, President
Wood cabinets for kitchens and bathrooms

North American Die Casting Corp.,
Fredericksburg, VA
S.H. Ruderfer, President
Zinc diecast products
Peachtree Doors, Inc.,
Norcross, Gainesville and Atlanta, GA; and St. Joseph, MO (90% owned)
J.R. Hewell, Jr., President
Residential windows and doors
Replacement Products Industries Corporation,
Philadelphia, PA
R. Matyasik, President
Aluminum replacement windows

SealRite Windows, Inc.,
Lincoln, NE
D.L. Farnsworth,
President
Wood windows and patio doors

Indal Wall Systems Inc.
St. Louis, MO
H.R. Resar, President
Curtainwall, commercial and institutional windows and specialty architectural systems
Tempglass, Inc.,
Toledo, OH
I.D. Fintel, President and Chief Executive Officer
Glass tempering and processing

Tempglass Eastern, Inc.,
Norcross, GA
(95% owned)
J.G. Mulvanerty,
President
Glass tempering and processing
Tempglass Southern, Inc.,
Grand Prairie, TX
W.C. Metcalfe, President
Glass tempering and processing
Tempglass Western, Inc.,
Fremont, CA
R.B. Cobie, President
Glass tempering and processing

Tubelite Division of Indal Inc., Reed City, MI;
Atlanta, GA; Dallas, TX;
New York, NY; and
Denver, CO
P.J. Leonardi,
Vice-President and General Manager
Architectural and commercial aluminum extrusions and fabrication, revolving doors and aluminum doors and windows

Indal Aluminum Division of Indal Inc., City of Industry and City of Commerce, CA
J.B. Teets, President
Aluminum extrusions, recycling and billet casting, custom fabrication, proprietary products including weatherstripping, recreational vehicle trim and carpet trim

Indal Aluminum Gulfport Division of Indal Inc., Gulfport, MS
D.R. DeLano, President
Aluminum extrusions, recycling and billet casting and custom fabrication
Indal Tool Inc., Elgin, IL
A.K. Starrenberg,
General Manager
Aluminum extrusion dies

Mideast Aluminum Industries Division of Indal Inc., Dayton, NJ; and Mountaintop, PA
R.B. Sowers, Chairman and Chief Executive Officer
Aluminum extrusions, finishing and custom fabrication

Glossary

Manufacturing and production terms

Aluminum billet casting: pouring molten aluminum into long, vertical, cylindrical moulds which form the metal into log-shaped sections which are then cut into shorter lengths, called billets, for use in aluminum extruding.

Aluminum extruding: forcing preheated and softened aluminum billet horizontally through a steel die under pressure from a hydraulic ram. The aluminum takes on the shape of the die as it emerges from the press and is cut into lengths for use in fabrication processes.

Aluminum recycling: billet casting from sorted and remelted aluminum scrap.

CAD/CAM: Computer-aided design and computer-aided manufacturing systems which provide greater speed and precision for repetitive design, drafting and manufacturing tasks.

Die: a press tool, usually made of steel, which matches within very close tolerances either two or three dimensions of a metal product and which imparts its shape to the metal passing through the press process. An extrusion die has the form of the two-dimensional extruded section; a pressure-casting die has the complete form of a three-dimensional product.

Glass laminating: a method of making safety glass by sandwicheing and bonding an interlayer of clear, flexible material with two outer layers of plain or tempered glass. Can also be used to make multi-layer product for use as vandal-proof or bullet-resistant glass.

Glass tempering: passing sheets of glass through a high-temperature furnace and then air-cooling them rapidly. This strengthens the glass and changes its molecular structure so that if broken, it will shatter into a myriad of tiny, crystal-like and relatively harmless fragments.

Steel or aluminum cold rollforming: passing coiled sheets of steel or aluminum through a series of roller dies that form the metal into sections of various shapes, sizes and thicknesses for use in construction products and general manufacturing.

Steel stamping: placing and punching metal blanks in punch presses containing dies, so that the processed blanks, called stampings, have the shape of the die.

Zinc diecasting: molten zinc is forced under pressure into the cavities of moulds or dies that shape the metal to their pattern. Door handles, window locks and other hardware are made in this manner.

Product and market terms

Architectural products or systems: refers generally to the fabrication of large windows and entrance systems for commercial and industrial buildings.

Cladding: steel and aluminum sheet produced in a variety of profiles by cold rollforming for use as roofing and siding on agricultural, commercial and industrial buildings.

Curtainwall: windows, panels and frames assembled and affixed to the outer walls of multi-storey buildings.

Design engineering: products designed and engineered for custom applications.

Double-hung windows: windows consisting of two sashes which slide vertically past each other, held in any open position by balancing devices.

Glazing: glass installed in window and door frames.

Helicopter hauldown systems: systems engineered by DAF Indal Ltd. to link a hovering helicopter securely to the deck of a naval vessel shortly before touchdown, and, in the U.S. Navy application, to manoeuvre it along a track into the vessel's hangar. These systems are invaluable operating aids in rough weather.

Insulated steel entry doors: residential entry doors manufactured from stamped steel panels on a wood frame with a centre core of insulating material.

Insulating glass units: energy-efficient products comprising two or three sheets of glass separated by metal spacers and thoroughly sealed, for use in windows and doors.

Prime aluminum: aluminum made from alumina as opposed to secondary aluminum made from recycled scrap.

Prime windows: windows installed in new buildings or extensions to existing buildings.

Replacement windows: windows for installation in existing buildings to upgrade insulating characteristics and lower maintenance requirements.

Shipboard helicopter hangars: hangars to house helicopters on the decks of ships not normally of an aircraft-carrying type.

Spandrel glass: opaque glass produced by coating glass with paint, then passing it through a high temperature furnace to bake on the coating.

Thresholds: adjustable strips at the base of entry door frames, used to exclude air filtration.

Weatherstripping: plastic or metal strip used to reduce air filtration around door and window frames.

Wind turbines: wind-driven rotary blade systems producing the motive power for electrical generators.

Indal Wall Systems Ltd. obtained the contract in 1984 to supply and install the aluminum window and curtainwall systems for Scotia Plaza, Campeau Corporation's 68-storey tower in the heart of Toronto's financial district. Bruce Pickersgill, Campeau Corporation's Senior Director, Design and Construction (seated left) discusses the project at Campeau's offices in Toronto with (from left to right) Morris Boyle, Construction Manager of PCL Constructors Eastern Inc., general contractors to the project, Herb Resar, President of Indal Wall Systems Ltd. and Siegfried Schmarje, Project Manager of architects, The WZMH Partnership. In the background are illustrations of some of the interior and exterior elevations and a model of the tower complex.



Shareholder information

The Company

The Company was incorporated under the laws of Canada on October 9, 1964

Capital stock

At December 31, 1984 the issued capital stock of the Company comprised 24,334,122 fully paid common shares

Listing of stock

The common shares of the Company were listed on the Toronto and Montreal stock exchanges on March 24, 1969. The shares are listed on these exchanges under the stock symbol "ICL"

Transfer agents and registrars

The transfer agents and registrars for the common shares of the Company are The Royal Trust Company at its offices in Toronto, Montreal, Winnipeg, Calgary, Regina and Vancouver.

Principal issues of common shares

The principal issues of common shares since listing in 1969 have been:

		Shares
1972	Rights issue: 1 for 2 at \$9.75	479,059
1973	Rights issue: 1 for 3 at \$10.50	539,287
1975	Rights issue: 1 for 3 at \$9.25	752,098
1977	Stock split: 2 for 1	3,045,760
1978	Public issue at \$12.75	3,000,000
1983	Private placement at \$16.50	950,000
1983	Stock split: 2 for 1	10,631,911
1984	Private placement at \$10.65	3,000,000

Stock prices and volumes traded

The following table sets out the high and low closing prices of the Company's common shares on The Toronto Stock Exchange and the volumes of shares traded on the Toronto and Montreal stock exchanges over the past five years:

	High	Low	Volume
1980	\$ 9.13	\$ 5.75	3,289,000
1981	10.00	5.50	2,800,000
1982	7.75	4.75	1,820,000
1983	13.63	7.75	3,125,000
1984	13.75	10.00	2,174,000

Note: figures in the above table have been adjusted to reflect subsequent stock splits.

Investment data

The following table sets out the averages of the high and low closing prices of the Company's common shares on The Toronto Stock Exchange, the dividends paid per share and the average dividend yields based on these average share prices:

	Average share price	Dividends paid	Dividend yield %
1969	\$ 4.01	\$ 0.05	1.2
1970	2.16	0.05	2.3
1971	2.19	0.05	2.3
1972	3.26	0.07 ¹ / ₂	2.3
1973	3.12	0.15	4.8
1974	2.69	0.19 ¹ / ₂	7.3
1975	2.73	0.22 ¹ / ₂	8.2
1976	3.30	0.23	7.0
1977	4.22	0.24 ³ / ₄	5.9
1978	6.31	0.28	4.4
1979	6.78	0.35	5.2
1980	7.44	0.40	5.4
1981	7.75	0.40	5.2
1982	6.25	0.22 ¹ / ₂	3.6
1983	10.69	0.25	2.3
1984	11.87	0.55	4.6

Note: figures in the above table have been adjusted to reflect subsequent stock splits.

Financial calendar

Financial year-end:	December 31
Quarterly results:	late April, July and October
Quarterly reports:	late April, July and October
Annual figures:	mid-February
Annual report:	early April
Annual meeting:	early May
Dividend payments:	March 15, June 15, September 15 and December 15

1984 Annual Report

Additional copies of the 1984 Annual Report may be obtained from the Secretary, Indal Limited, 4000 Weston Road, Weston, Ontario M9L 2W8

1985 Annual Meeting

The 1985 annual meeting of the common shareholders of the Company will be held on May 8, 1985 at 4:00 p.m. in The Territories Room of The Royal York Hotel, 100 Front Street West, Toronto, Ontario.

Corporate directory

Directors

- Derek Edwards
Chairman and Chief Executive,
R.T.Z. Pillar Limited,
London, England,
an industrial holding company
- Michael M. Freeman
Finance Director,
R.T.Z. Pillar Limited,
London, England
- James R. Hewell, Jr.
President, Peachtree Doors, Inc.,
Atlanta, a residential window and
door manufacturing company
- Leo P. Larkin, Jr.
Partner, Rogers & Wells,
New York, Attorneys
- J. Ross LeMesurier
Company Director, Toronto
- G. Allan MacKenzie
Executive Vice-President,
Gendis Inc., Winnipeg,
a retailing and distributing company
- J. Norman McKnight
President and Chief Operating Officer,
Indal Limited, Toronto
- George H. Montague
Vice-President, TALcorp Limited,
Toronto, an investment company
- J. Derek Riley
Company Director, Winnipeg
- Alastair H. Ross
President, Allaro Resources Ltd.,
Calgary, an oil and gas
exploration company
- Simon B. Scott, Q.C.
Partner, Borden & Elliot,
Toronto, Barristers and Solicitors
- Peter G. Selley
Senior Vice-President, Finance,
Indal Limited, Toronto
- Walter E. Stracey
Chairman and Chief Executive Officer,
Indal Limited, Toronto

Officers and Senior Corporate Management

- △ Walter E. Stracey
Chairman and Chief Executive Officer
- △ J. Norman McKnight
President and Chief Operating Officer
- △ Peter G. Selley
Senior Vice-President, Finance
- S. Glen Abray
Divisional Vice-President,
North American Residential
and Consumer
- Downie Brown
Vice-President,
Corporate Development
- Andrew C. Deruchie
Manager, Internal Audit
- Robert H.R. Dryburgh
Divisional Vice-President,
North American Non-residential
and Glass
- △ George A. Godwin
Corporate Counsel and Secretary
- John D. Hillery
Vice-President, Investments
- Vincent J. Howcroft
Vice-President, Administration
- Kerin H.S. Lloyd
Vice-President, Technical Services
- William J. MacDonald
Divisional Vice-President,
North American Extrusions
and Recycling
- W. Lyle Muir
Administrator, Risk Management
and Employee Benefits
- Peter Suurtamm
Vice-President, Information Systems
- A.M. Gordon Turnbull
Vice-President, Treasurer
- James R. Webster
Vice-President, Administrative Services
- Peter E. Wyatt
Vice-President, Controller

Corporate Office

4000 Weston Road
Weston, Ontario M9L 2W8
Telephone (416) 743-1400
Telecopier (416) 746-1311
Telex 065-27290

Auditors

Coopers & Lybrand, Toronto
Chartered Accountants

Principal Bankers

The Toronto-Dominion Bank
Canadian Imperial Bank of
Commerce

General Counsel

Borden & Elliot, Toronto
Rogers & Wells, New York

