INDAL

1980 ANNUAL REPORT

Indal Limited

Indal Limited is a diversified North American industrial organization with 24 operating subsidiaries and divisions in Canada and 19 subsidiaries and divisions in the United States. Founded in 1964 as a small extruder of aluminum and producer of cold rollformed metal products, it now employs nearly 7,000 people at 80 plants, warehouses and sales offices located in Canada and the U.S. In January 1981, Indal acquired the assets of an aluminum extrusion and fabrication business in the United States, adding approximately Cdn. $100 million in sales revenue to the Group.

Indal companies extrude aluminum, temper glass and produce a broad range of metal and wood products for the residential and non-residential construction and the home improvement and consumer markets. Other manufacturing and processing operations include metal rollforming, the recycling of aluminum, the production of steel stampings and containers for the automotive industry and the fabricating of engineered aluminum products for government agencies and industrial customers. A metal trading company is also part of the Indal Group. Definitions for Indal business terms can be found in the Glossary on the inside back cover.

The output of Indal's Canadian and U.S. plants is sold mainly to the following markets: residential construction; home improvement and consumer; automotive and custom engineering; and agricultural, commercial and industrial construction. The major raw materials used are aluminum, lumber, steel, glass and zinc.

Approximately 57 percent of the common shares of Indal Limited is beneficially owned by R.T.Z. Industries Limited, London, England, which is 100 percent owned by The Rio Tinto-Zinc Corporation Limited, a world-wide mining and industrial organization. The balance of Indal's common shares, approximately 43 percent, is owned by individual and institutional investors in Canada and the United States.

Cover photo: Aluminum billet being pre-heated for the extrusion press at the recently completed Better-Bilt Aluminum Products Co. plant at Prescott, Arizona.

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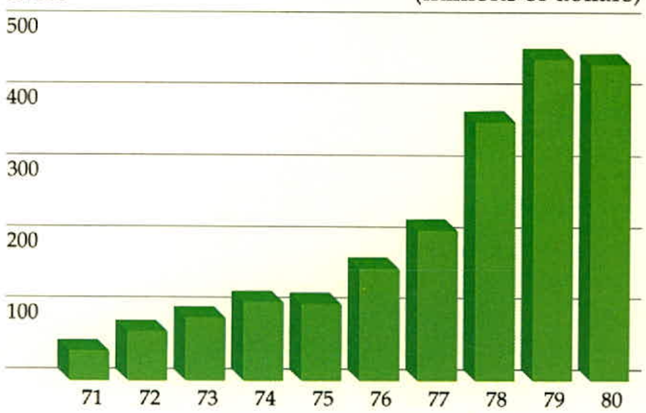
Financial highlights

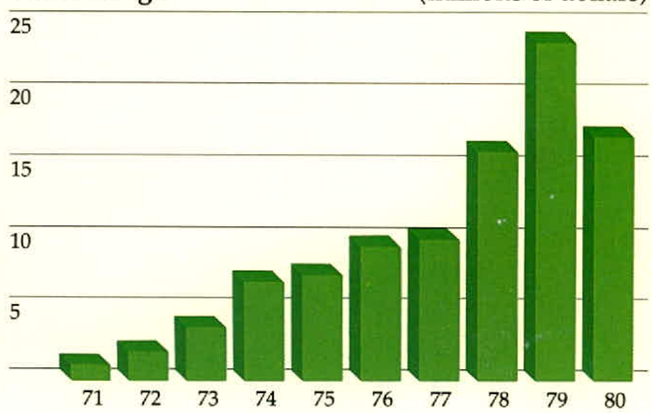
for the years ended December 31

		1980	1979	Change
		(in thousands of dollars)		
Operations:	Sales	**$442,577**	$450,085	−2%
	Gross profit	**109,632**	116,332	−6%
	Gross profit percentage	**24.8%**	25.8%	−4%
	Net earnings	**17,142**	23,666	−28%
	Preferred dividends paid	**2,194**	1,827	+20%
	Common dividends paid	**7,687**	6,707	+15%
	Return on common shareholders' equity	**11.8%**	19.0%	−38%
	Funds from operations	**33,042**	36,708	−10%
Common share data:	Average number of shares outstanding (in thousands)	**9,608**	9,579	–
	Book value per common share	**$13.55**	$12.81	+6%
	Earnings per common share	**$1.56**	$2.28	−32%
	Dividends per common share	**80¢**	70¢	+14%
Financial position:	Total assets	**303,823**	289,840	+5%
	Total borrowings, including bank advances	**84,216**	80,818	+4%
	Shareholders' equity	**155,309**	147,909	+5%

Sales (millions of dollars)



Net earnings (millions of dollars)



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Report to shareholders

Review of 1980

In 1980 your Company experienced the most difficult year in a decade. Net earnings fell by 28% to $17.1 million ($1.56 per share) compared with $23.7 million ($2.28 per share) in 1979. Sales were $443 million compared with $450 million in the previous year which, adjusting for inflation, represents a drop of about 12% in real terms.

Undoubtedly the major factor in your Company's results in 1980 was the effect of North American interest rates which rose in the first part of the year to 20% in April and fell to a 1980 low of 11% in August before again rising in December to 21½%. The unacceptably high level of interest rates in the early part of the year caused strong consumer resistance and adversely affected your Company's traditionally highest sales months. The impact on second and third quarter earnings was severe and it was only in the last four months of the year, following the mid year drop in interest rates and a resultant strengthening in North American residential construction, that business recovered and over 50% of the earnings for the year materialized in the fourth quarter.

The most serious market declines were in the residential construction and automotive sectors which in 1980 together comprised approximately 45% of your Company's total business. In the United States where your Company is heavily dependent on residential construction, housing starts declined to 1.3 million, a drop of 26% over the previous year. In Canada starts declined to 159,000, some 20% less than in 1979. In both countries the level of housing starts was lower than had been anticipated by management in last year's annual report.

Total car and truck production in North America was approximately 9.4 million units which was a decline of 28% over the previous year. This impacted even more seriously on your Company's earnings than these statistics would suggest since almost one-half of the components supplied by your Company are directed toward the production of trucks which in isolation experienced an unprecedented 42% downturn compared with 1979 levels.

In view of the severe economic conditions that affected these two markets during the year, most of your Company's operations serving them produced creditable results.

High interest rates resulted in a low level of consumer spending, adversely affecting home improvement and consumer markets. The demand for aluminum also eased during the year causing lower sales and pressure on margins and your Company's metal trading operations accordingly made a lower contribution to profits than had been expected.

Your Company's major market strength in 1980 was non-residential construction, with business investment in Canada rising by 7% in real terms. In addition to this market strength an improvement in efficiency at several locations produced excellent results from commercial markets. Other areas of strength were aluminum extrusion and recycling operations, which serve widely diversified markets, and glass operations which produce excellent quality tempered glass and continued to successfully penetrate the architectural market in North America.

Last year's annual report listed three objectives for 1980, namely, the improvement of marginal existing Group operations, continued internal expansion and the achievement of further diversification.

In reviewing progress towards these objectives, considerable improvements were made in a number of Group operations which have been producing unsatisfactory returns on investment. Action taken included product and managerial rationalization, the merger or sale of some smaller operations and the closure of two others. In certain existing operations which are fundamentally sound, the return of stronger markets is required before results reach a satisfactory level.

With regard to internal expansions, expenditures on fixed assets during 1980 were approximately $22 million and included a new aluminum fabricating plant in Prescott, Arizona, to serve the Southwest and Western U.S. markets and a new wood fabrication and wood window manufacturing facility in Gainesville, Georgia. These two expansions had a negative impact on earnings in 1980 during the start-up phase but will lay the groundwork for significant new market penetration and improved profitability over the long term. A new glass tempering furnace was added in Atlanta, Georgia, and a full year's production at the Grand Prairie, Texas plant generated an early contribution to Group profitability.

Diversification was achieved by your Company after several months of negotiation when it completed, in January 1981, the acquisition of three aluminum extrusion plants and one aluminum fabrication operation. These plants are located in the United States and serve non-residential construction, industrial, marine, military and transportation markets. These acquisitions, although currently generating a level of profitability less than that expected from similar businesses owned by your Company, hold considerable long-term growth potential and bring significant geographic and product diversification which will broaden the industrial base of your Company. A long-term supply commitment for aluminum has also been arranged to meet the raw material needs of these new operations.

Outlook for 1981

Interest rates surged again at the end of 1980 and have since dropped slightly. Most economists predict a gradual reduction to possibly the 15% range by mid 1981 and it is anticipated therefore, that despite the strong 1980 fourth quarter in most of Indal's markets, this second spiral will probably stall the economic recovery for at least the first part of 1981. Interest rates continue to be a major factor affecting the results of your Group.

A consensus of economic forecasts is that the Canadian economy will grow in real terms by only about ½% to 1% and in the U. S., forecasts are that GNP growth will be fairly flat. The most important economic indicators to your Company are housing starts, which in Canada are expected to rise to the 180,000 level and in the United States to between 1.4 and 1.5 million units. This forecast increase is based on the assumption of a gradual drop in interest rates as indicated above and a strong underlying demographic demand in North America which should continue for several years. Car and truck production, following the introduction of new models in mid 1981, should show a moderate rise to approximately 10.3 million units. Canadian business investment is expected to again show real growth which should benefit non-residential construction and industrial markets, although the rate of growth is likely to be less than in 1980. Metal trading activities should benefit from an improvement in demand later in 1981 as the economy recovers. Home improvement and consumer markets will be adversely affected by high interest rates in the first half of the year but a moderate recovery should take place in the second half as rates drop and as demand for energy saving products is stimulated by increasing energy costs.

Your Company plans capital expenditure of over $30 million in 1981 excluding the cost of the above-mentioned acquisition. This expenditure is mainly directed to further internal expansions, the continued upgrading of machinery and equipment and increases in productive capacity in those Group operations where sustained growth is expected.

From an operational point of view your Company goes into 1981 in a stronger position than it did a year ago with a number of previously marginal operations having been considerably improved.

Therefore, although it is considered that the strength of the 1981 results depends very much on the timing and extent of the anticipated drop in interest rates, for the reasons summarized above earnings are expected to be higher than in 1980.

Strategic objectives

The acquisition in January 1981 of the four operations mentioned earlier in this report, has to a large extent satisfied the need of your Company for diversification in order to lessen dependence on the cyclical residential construction market. Since these new operations are located in the United States it is anticipated that in 1981 your Company's dependence on residential construction in that country will fall to about 35% of sales from approximately 45% in 1980. The achievement of this diversification in no way indicates a desire on the part of your Company to abandon the important residential construction market but is simply designed to achieve a better balance in the various market sectors served. One of the major tasks of Group management during the coming year will be effecting the necessary improvements in these operations in order to reach the levels of profitability normally expected from similar plants within the existing Group.

As a result of past capital expenditure both on internal expansions and on acquisitions, your Group now has considerable spare capacity, much of it located in geographic areas in North America with high growth potential. In this connection your Group's strong presence in the United States sunbelt areas and also in Western Canada is particularly important. As the North American economy recovers and your Company's markets show returning strength, it will obviously be beneficial if this spare productive capacity is more fully utilized in order to achieve significant improvement in earnings per share. Therefore it is planned that present Group operations will further penetrate existing markets, enter new geographic areas and also develop additional new products in order to satisfy the above objective.

Further opportunities to invest in new businesses or to make acquisitions in areas of interest to your Company continue to arise. On a selective basis some of these opportunities will, from time to time, be pursued in order to strengthen your Group's presence in a particular region of North America, to further diversify, or to improve your Company's position in a particular market.

A stable supply of raw materials is also important to the security and profitability of the Group's various operations. While no immediate moves are anticipated, the possibility of partial backward integration into the supply of some of Indal's major raw materials continues to be considered in long range plans.

Summary

Despite the near term uncertainty referred to in this report it is considered that the longer term prospects for your Company are extremely good. Although there may be a divergence of opinion amongst economists as to the timing of an economic recovery, it cannot be doubted that the North American economy overall has the resilience to make a good recovery. Your Company is well placed both in the markets it serves and in the geographic areas in which it is located, to take full advantage of this upturn when it does occur. A combination of an improvement in the new operations acquired at the beginning of 1981, a continued emphasis on internal expansions and the beneficial effect of underlying demographic demand on some of your Group's markets causes management to be optimistic about prospects for future earnings growth.

1980 was a most difficult year for your Company and we would particularly like to express our thanks and appreciation to our employees, whose efforts made a major contribution to the Company during the year.

Walter E. Stracey
Chairman of the Board

Dermot G. Coughlan
President and Chief
Executive Officer

February 12, 1981

Corporate management

Top photo, left to right:
K. Anderas Eggen, Vice-President, Operations; Downie Brown, Vice-President, Corporate Development; Thomas A. Rosko, Vice-President, Operations; Jon N. LeHeup, Vice-President, Operations.

Bottom left, left to right:
Vincent J. Howcroft, Vice-President, Administration; Peter G. Selley, Vice-President, Finance; John D. Hillery, Vice-President, Corporate Counsel and Secretary; Kerin H. S. Lloyd, Vice-President, Manufacturing and Marketing Services.

Bottom right:, left to right:
Peter Suurtamm, Manager, Information Systems; A. M. Gordon Turnbull, Vice-President, Treasurer; George A. Godwin, Assistant Secretary.

Officers not shown in photographs:
J. Norman McKnight, Executive Vice-President, Canadian Operations; W. Lyle Muir, Administrator, Risk Management and Employee Benefits; Peter E. Wyatt, Controller.

Review of markets and operations

Introduction

This review will focus on the various markets in which Indal's divisions and subsidiaries operate so that shareholders can develop an assessment of the performance of the Company in which they have invested. For convenience, there is a glossary of technical terms on the inside back cover of this report.

To understand the variety of materials, processes, products and markets in which Indal is involved today, it is helpful to trace the Company's evolution from its inception in 1964 as a small aluminum extruder and cold rollformer of steel.

Growth

Indal's early growth in Canada was marked by geographic expansion and vertical integration, particularly as an aluminum fabricator. This was accomplished by blending new ventures and corporate acquisitions into a base from which growth, sponsored by product innovation and increased market penetration, could be generated.

In 1973, Indal launched its first venture in the United States and by following a similar strategy has created a presence there which, in terms of sales, will surpass Canadian-sourced business in 1981.

The latest step in this growth-oriented strategy was the purchase in January 1981 of three aluminum extrusion plants in Mississippi, Illinois and California servicing industrial, marine and military markets and an aluminum fabricating operation in Michigan servicing the non-residential construction market. These acquisitions offer long-term growth potential in businesses with which Indal is familiar and in which it has enjoyed considerable success. These purchases also generate geographic and product diversification and create opportunities for further growth while lessening dependence on the sizeable but cyclical housing market.

Diversification

The importance of diversification in achieving balanced progress has been recognized for some time. It was evident in the acquisition in 1972 of a steel-stamping and fabricating business serving the automotive industry. This operation has since been expanded quite significantly, as have many other businesses purchased over the years.

Innovation

Innovation and a commitment to new ventures have characterized several Indal investments. For instance, anticipation of changes in legislation governing the use of tempered glass in new construction and in Canadian homes prompted Indal to build a glass tempering plant in Toronto in 1974. Since then, four more plants have been successfully established in different regions of the United States.

Markets Served

Residential construction	$158.2	35.8%
Non-residential construction	$92.2	20.8%
Home improvement and consumer	$78.4	17.7%
Industrial	$97.9	22.1%
Other manufacturing	$15.9	3.6%
(in millions of dollars)	$442.6	100%

Integration

Although all trading between operations is conducted on an arm's length basis, a considerable degree of integration has been achieved and maintained. As an example, an Indal producer of aluminum doors could use aluminum extrusions, tempered glass and hardware produced by other Group companies.

Philosophy

Indal's management philosophy is to encourage operating autonomy at its 43 individual profit centres, supported by a comprehensive financial reporting system.

As a result of this development, while Indal still remains a processor or fabricator as opposed to a producer of raw materials, the Group is involved in five principal areas of business. The four manufacturing markets are defined as residential construction; non-residential construction; home improvement and consumer; and industrial. The fifth area of activity is metal trading.

Residential construction

Segmented financial data	1980	1979	Percentage change
	(in thousands of dollars)		
External sales	**$158,169**	$166,262	– 4.9%
Segment operating profit	**$ 10,257**	$ 18,740	–45.3%
% profit to sales	**6.5%**	11.3%	

Residential construction products: *used in all types of residential construction. Examples: doors, windows, cabinets and many manufactured components.*
Manufacturing processes: *principally aluminum extruding and recycling, wood profiling, fabricating and assembly, with some glass tempering, rollforming, stamping and die casting.*

Review of 1980

In a year when neither the Canadian nor the U.S. economy managed to achieve any real growth, this segment of your Company's business was hardest hit. Interest rates in the U.S. reached a peak of 20% in April, severely reducing house building in the first half of the year. Then, as rates declined, the strong underlying demand for new homes spurred a surge in activity that was particularly evident in the last four months of the year. Unfortunately, the reduction in rates was only temporary and, by December, new record highs had been set. Overall, North American housing starts in 1980 declined 25% from the previous year's level. Your Company's sales to this market, however, dropped only 15% in real terms (that is, after allowing for inflation) due to the protection afforded by its geographic diversity and increasing market penetration.

Housing starts in Canada fell to 159,000 from 197,000 in 1979, a drop of 20% marked by differing regional conditions. In contrast to other provinces, British Columbia enjoyed buoyant activity in which Indal participated. However, demand was poor in Ontario and the Prairies, your Company's other major Canadian markets. These conditions resulted in lower sales of doors and windows and put considerable pressure on margins. In summary, the Canadian residential construction market was the worst since 1967. However, the decline in profits in Canada was less significant than in the U.S.

Although a major downturn in U.S. housing starts had been expected in last year's report, the final figure of 1.3 million units, 26% less than in 1979, was worse than anticipated. Approximately 45% of Indal's sales in the U.S. were generated in this market, and the impact on profit margins was significant. The recession also highlighted areas where activity could not sustain the overhead burden and cost cutting programs were introduced in order to improve the return from certain operations.

Residential insulated steel entry door systems manufactured by Peachtree Doors, Inc. with plants in Atlanta and Gainesville, Georgia and St. Joseph, Missouri are sold throughout the United States.

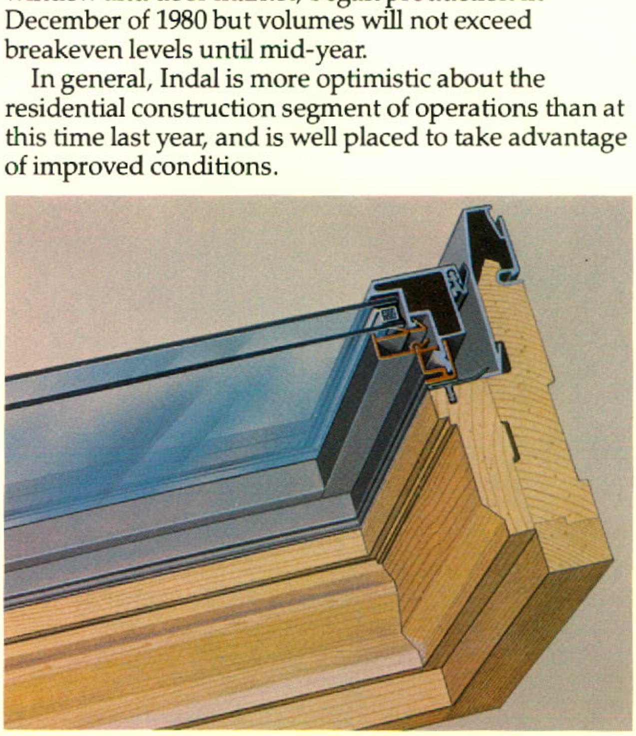
Future prospects

Although high interest rates offer little encouragement for the first quarter of 1981, their anticipated gradual reduction should spur increased activity later in the year. Housing starts in Canada are expected to reach the 180,000 level and, in the United States, 1.4 million to 1.5 million units. This indicates an increase of 12% in real terms in North America from which your Company will undoubtedly benefit. The only area of Indal's residential construction business that is expected to show no sign of recovery is Alberta, where your Company has a major market share. Differences between Federal and Provincial governments on oil pricing arrangements are expected to have an adverse impact on investment in Alberta, slowing the provincial growth rate to its lowest level in twenty years.

Forecasts from several sources indicate that the U.S. new housing needs in the 1980's require the building of an average of two million units yearly. Indal is therefore confident that the long term prospects in the residential construction market are good and that the creation of new capacity to cope with anticipated growth represents sound planning.

Considerable progress was made on two major expansions announced in last year's report. The new Gainesville, Georgia, plant which will make high-quality windows for the national U.S. market, and which also produces wood profiles used in the manufacture of entry doors and windows is now operational. The start-up phase of this expansion has been completed and the plant is expected to begin to contribute to profits in 1981. The Arizona plant, which will service the Southern and Western U.S. aluminum window and door market, began production in December of 1980 but volumes will not exceed breakeven levels until mid-year.

In general, Indal is more optimistic about the residential construction segment of operations than at this time last year, and is well placed to take advantage of improved conditions.



Peachtree's new residential windows feature maintenance-free aluminum on the outside and natural wood inside.

Non-residential construction

Segmented financial data	1980	1979	Percentage change
	(in thousands of dollars)		
External sales	**$92,161**	$79,991	+15.2%
Segment operating profit	**$13,912**	$10,436	+33.3%
% profit to sales	**15.1%**	13.0%	

Non-residential construction products: *supplied for ultimate use in industrial, agricultural, commercial or institutional construction, such as industrial cladding, grain bins, custom-size tempered glass, windows, curtain-walling, commercial entrances, and interior partitions.*

Manufacturing processes: *rollforming, glass tempering, extruding, fabrication and assembly.*

Review of 1980

The performance of your Company in this market is the highlight of an otherwise depressed year. The major contributor was glass tempering but record results were also registered by the relatively small operations specializing in commercial entrances and office panel systems. Not only were conditions good but a considerable degree of the profit growth reflected improvements in efficiency at several locations including the Winnipeg operation that encountered some difficulties in 1979.

In Canada, business investment in non-residential construction, excluding energy-related projects, grew by almost 7% in real terms. The growth rate was slower than in 1979 but was still strong. Indal's rollforming operations, which manufacture industrial and agricultural roofing and siding for both Western and Eastern Canadian markets, enjoyed another successful year. However, profits were affected by a pronounced weakness in the agricultural sector. This reduction was more than balanced by a strong performance from those subsidiaries which provide the commercial and institutional markets with entrance systems, curtain wall and insulating glass units.

A second aspect to your Company's success in this market was the continuing development of glass-tempering activities. Indal has five plants, one in Canada and four in the U.S., producing distortion-free safety glass for custom applications. A further furnace, the sixth within the Indal Group capable of producing large custom-sized sheets of glass, was installed in Atlanta, Georgia in July slightly behind schedule. In other areas, the plant in Toledo, Ohio, had the benefit of a second furnace for a full year and the Texas plant enjoyed considerable success in its first full year of operation. The California plant began to feel the impact of increasing competition in its market but still performed exceptionally well, while in Toronto, profits rose as custom business grew.

Future prospects

In Canada, investment in non-residential construction is expected to slow down, but real growth is still anticipated and conditions in the agricultural sector are likely to improve.

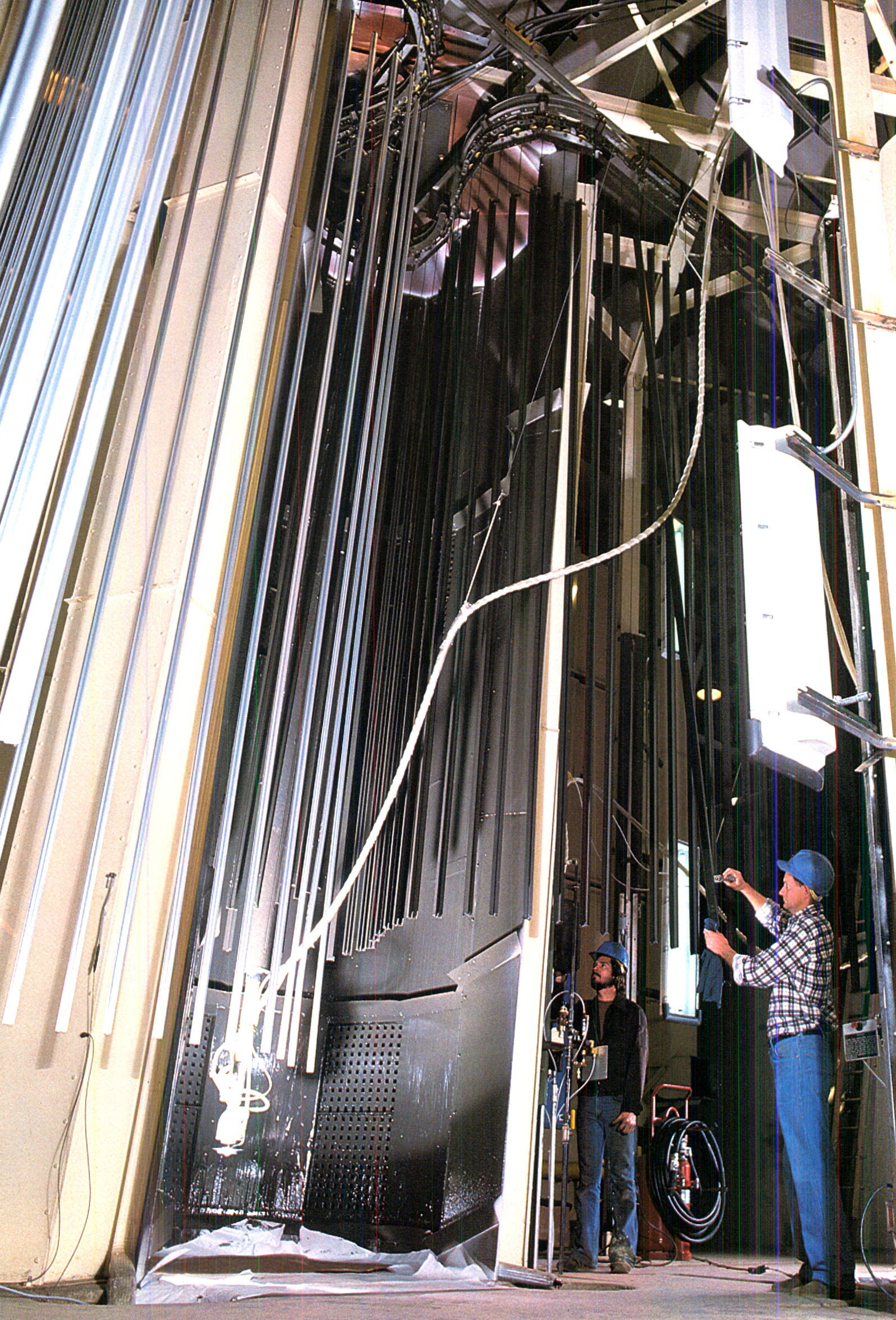
Indal's glass-tempering operations are expected to continue their penetration of current markets in 1981. Insulating glass units are now being manufactured in the Toledo plant and, if the concept is successful, it will be introduced elsewhere. Also, a new glass laminating process is being tested for potential use by all glass-tempering operations. Purchase of another furnace is planned in order to serve part of the Californian market not currently covered.

The recent purchase, mentioned in the introduction to this review, of a Michigan-based fabricator of architectural aluminum shapes, entrance systems and store fronts will mark Indal's entry into the U.S. market for these products. This will complement, on a larger scale, similar investments in Eastern and Western Canada. Profit margins for this business will not match the 1980 average for Indal's non-residential products segment but a favourable return on investment is nevertheless anticipated and sound prospects for growth exist.

The outlook for this segment of Indal's operations continues to be promising and it is hoped that the standard of performance achieved in 1980 can be maintained.

A Dominion Bronze welder at work on the curtain wall grid of an Olympia and York development in Calgary.

The reflective glass curtain wall of a Cadillac Fairview development in downtown Calgary was supplied and installed by Dominion Bronze Limited, Winnipeg, Manitoba.



Home improvement and consumer

Segmented financial data	1980	1979	Percentage change
	(in thousands of dollars)		
External sales	**$78,421**	$82,664	− 5.1%
Segment operating profit	**$ 4,292**	$ 5,990	−28.3%
% profit to sales	**5.5%**	7.2%	

Home improvement and consumer products: *supplied to mass merchandisers, lumber yards, and do-it-yourself outlets for use in home improvements. Examples are doors, windows, ladders, weatherstripping and thresholds, shower enclosures and many manufactured components, particularly extrusions.*

Manufacturing processes: *extruding, glass tempering, rollforming, wood profiling, stamping, fabrication and assembly.*

Review of 1980

In last year's report, when the outlook for 1980 was discussed, it was stated that "the expected downturn in housing starts should result in good overall market conditions as consumers remodel in preference to investing in new homes." Clearly, this was not the case. The principal customer for these products is the do-it-yourself homeowner or remodeller whose spending was stifled by the unprecedented high level of interest rates. This, in turn, created a very competitive market which forced profit margins down.

The Group continued to make progress towards its objective of improving trading performance through more effective management control. The action taken to restore the Philadelphia replacement window company to profitability was successful but continuing problems at the storm door and window operation in Toronto necessitated a management change. Reorganization was needed in the U.S. to stem losses that arose from screen and security door production. Profitable product lines have been assumed by Indal operations better placed to exploit their potential, but the unsuccessful security door product has been abandoned, and redundant manufacturing facilities have been closed. These changes should have a positive effect on profits from this segment of operations in 1981.

Sales of aluminum extruded components and tempered glass to Canadian manufacturers of home improvement products yielded satisfactory results in 1980, and price stability in the ladder market continued, providing an opportunity for additional profitable market penetration. Conversely, extremely competitive conditions in the storm door and window business compounded the management difficulties already discussed.

Aluminum door and window sections are electrostatically painted at the Prescott, Arizona plant of Better-Bilt Aluminum Products Co.

In the U.S., a further increase in Indal's share of the aluminum window and door market was achieved in the face of tough competition. Although margins were compressed, the broader customer base now established augurs well for the new plant in Arizona, which will also service the residential construction market.

Future prospects

Despite a disappointing 1980, management believes that a reduction of interest rates, together with heating cost increases, will further stimulate demand for energy-efficient home improvement products. At present, your Company's home improvement product sales constitute only a very small share of this growing North American market. However, with the creation of modern manufacturing facilities and innovative product lines, and by broadening the geographic markets served, Indal is well placed to participate in opportunities as these arise.

These factors and the improvement or elimination of those operations making unsatisfactory returns on investment should contribute to a significant improvement in the profitability of this segment of your Company's activities.

Replacement windows for the home improvement market are manufactured by Replacement Products Industries Corporation, Philadelphia, Pennsylvania.

Industrial

Segmented financial data	1980	1979	Percentage change
	(in thousands of dollars)		
External sales	**$97,883**	$102,011	− 4.0%
Segment operating profit	**$ 9,895**	$ 13,736	−28.0%
% profit to sales	**10.1%**	13.5%	

Industrial components: *supplied as a part or sub-assembly in an industrial or defence product, such as stampings and containers for the automotive industry, helicopter hauldown systems and other marine products for defence purposes, computer components, and miscellaneous industrial components.*

Manufacturing processes: *extruding and recycling, stamping, fabrication and assembly.*

Review of 1980

The decline in profits in this segment of activities largely reflects the depressed state of the North American automotive market. Truck and passenger car production fell by 28% to 9.4 million units, the lowest level in almost 20 years. Indal's plant at Windsor, Ontario which produces stampings and fabricated containers was particularly hard hit by a 42% reduction in North American truck production. While sales dropped significantly, the damage to profit margins was somewhat controlled by a well-managed program of overhead cost reduction.

Aluminum extrusion operations, which also serve residential and non-residential markets, achieved improved margins on slightly lower volumes through greater efficiency. A broadening of markets for recycled metal also contributed to profits, and metal supply, which was interrupted in 1979, returned to normal.

Increased sales and profits were achieved by the Canadian subsidiary which manufactures a range of specialized engineered products, including products for marine and defence applications. A project which has lasted several years culminating in the development of a helicopter hauldown system for the U.S. Navy was successfully completed. Terms for the production phase of the hauldown project are expected to be finalized soon and orders for 50 systems to be delivered over several years commencing in early 1983 are anticipated. Although much of this work is government sourced, the Indal group as a whole is less than 5% dependent on government contracts.

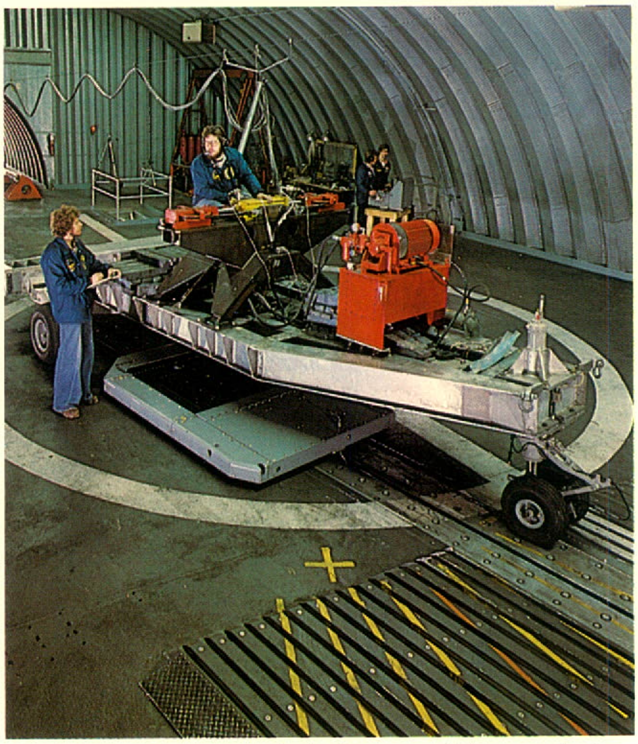
Future prospects

The 1981 outlook for Indal's operations serving industrial markets is positive. Automotive production will probably remain at current levels until the manufacture of 1982 models commences in mid-1981. Assuming the sales stimulus of a gradual reduction in interest rates, a rise in car and truck production to the level of 10.3 million units in 1981 is expected, and your Company will benefit as a result.

The three newly acquired aluminum extrusion plants in Mississippi, Illinois and California will increase sales to industrial markets and give Indal some much sought-after diversification. The extrusions produced are used in component form in a wide range of products including electrical, heating, lighting and power transmission systems, material-handling equipment, military vehicles, passenger cars and small marine craft.

Indal's traditional industrial extrusion markets are expected to continue to generate a satisfactory return, even if real growth in 1981 is slow. Although it may take some time for the new extrusion acquisitions to match the performance of existing operations, considerable progress should be made toward that objective during the year.

Beyond 1981 prospects are very promising. It is believed that the North American auto industry will enjoy a resurgence in business, if only because

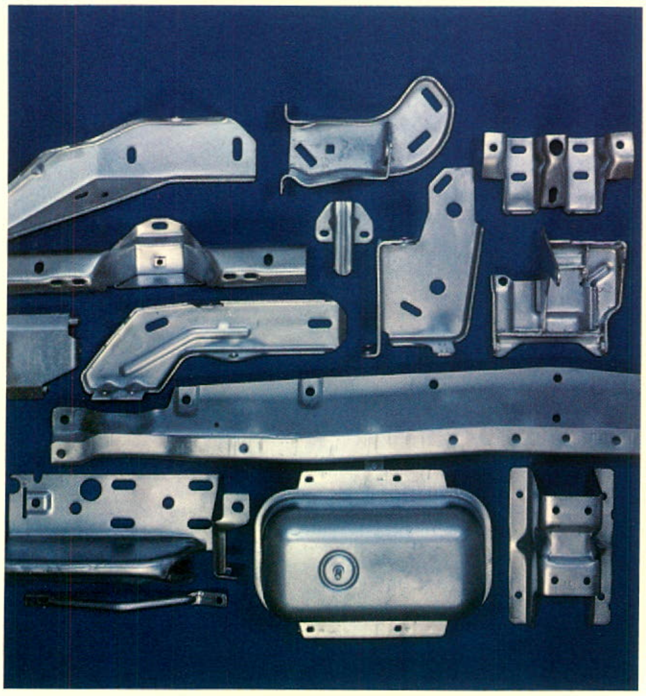


The helicopter Recovery Assist Secure and Traverse System is subjected to exhaustive stress testing at DAF Indal's Mississauga plant.

U.S. Navy helicopter prepares for landing during tests of the Recovery Assist Secure and Traverse (RAST) System developed and manufactured by DAF Indal Ltd., Mississauga, Ontario.


FORD
MERCURY

decisions to replace ageing vehicles with new fuel-efficient models cannot be postponed indefinitely. The helicopter hauldown contract referred to above, and the continuing development of wind-turbines and other innovative products, offer considerable growth potential in the area of design engineering. New opportunities can also be developed for aluminum extrusions, particularly in markets where Indal has previously had little involvement. These factors, together with a reduced dependence on automotive production, should enable your Group to enjoy profitable growth in its industrial markets.



A few of the many auto parts manufactured by Fabricated Steel Products (Windsor) Limited, Windsor, Ontario for the North American auto industry.

Fabricated Steel Products supplies chassis parts for Ford Motor Company's Escort/Lynx model range.

Metal trading

Segmented financial data	1980	1979
	(in thousands of dollars)	
External sales	**$210,926**	$323,998
Net earnings	**$ 1,237**	$ 2,764

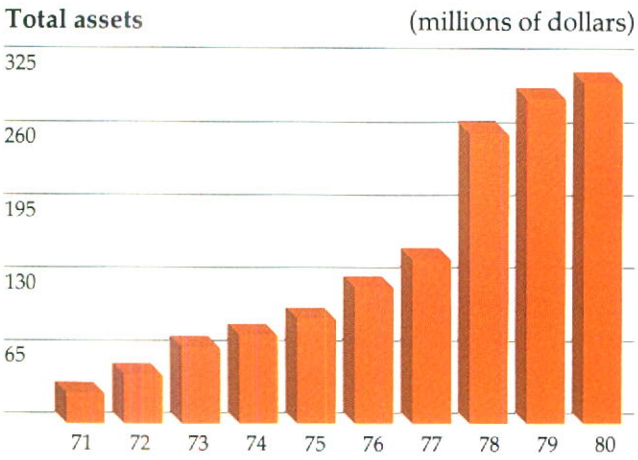
Metal trading may be described as the function of an intermediary in matching the supply and demand for metal, principally aluminum, by arranging contracts on a national or international basis between buyers and sellers. The metal trading company acts as principal in these transactions but is subject to considerable controls in order to limit risk exposure. It also provides an increasingly valuable service to other Indal operations in satisfying metal requirements.

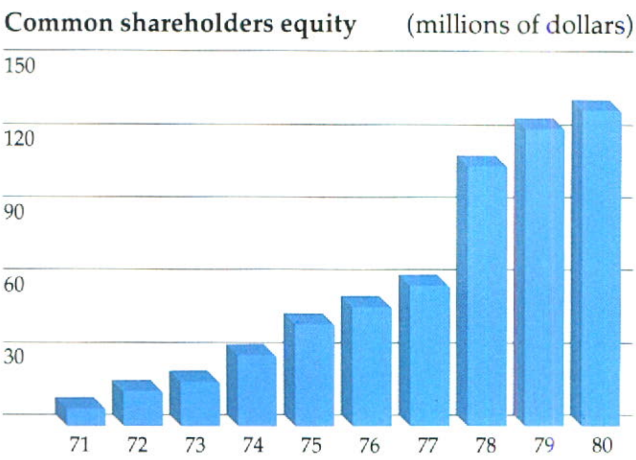
Contrary to conditions anticipated in last year's report, the depressed economic environment in North America caused demand for aluminum to ease and consequently sales volume has been light, creating an intensely competitive market.

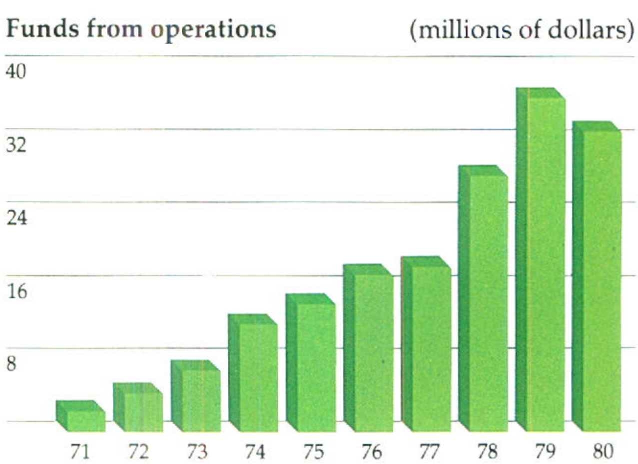
It is important to note that included in the net earnings for 1980 was an amount of approximately $1.0 million which represents the proceeds of an insurance policy arising from the death of the former president of the metal trading company. Succession management was in place and is expected to continue operations on a satisfactory basis.

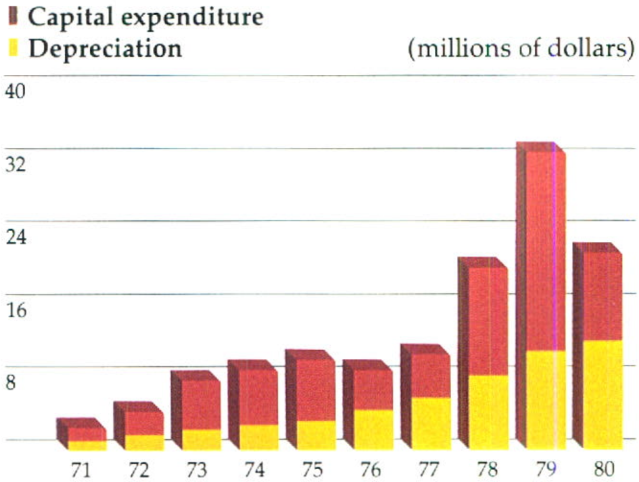
The first quarter of 1981 is not expected to show any improvement in demand but, as an economic recovery gathers strength later in the year, opportunities for increased trading should arise, benefiting earnings accordingly.

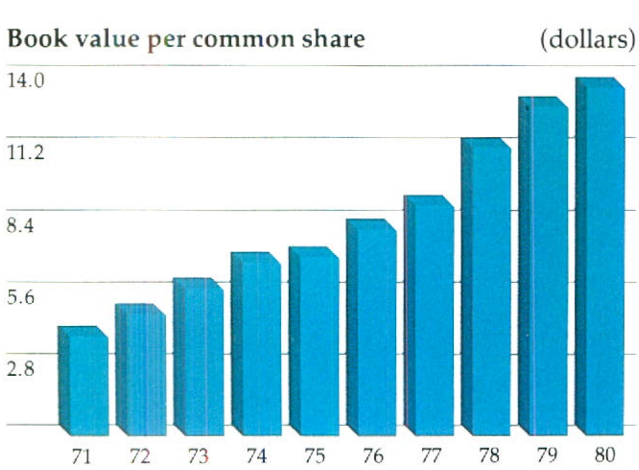
Financial charts

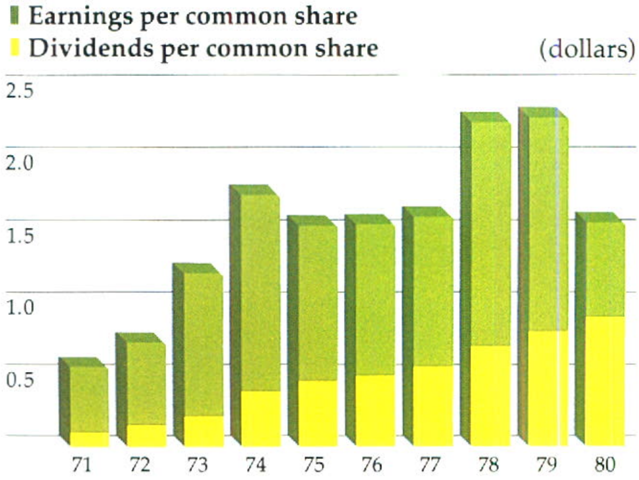












Financial review

Earnings

Sales were $443 million in 1980 compared with $450 million in 1979. The gross profit was $109.6 million (24.8% of sales) compared with $116.3 million (25.8% of sales) reflecting pressure on selling prices during the recession and the existence of spare productive capacity. Expenses were $82.3 million compared with $76.4 million, principally as a result of a $3.2 million increase in financial expenses. The exchange adjustment on net current assets was a favourable $1.1 million compared with an unfavourable $0.2 million in 1979, with the contribution to earnings in 1980 arising mainly because of the weakness of the Canadian dollar which lost 2 1/2 cents over the year. Income taxes were $10.9 million (38.7% of pretax earnings) compared with $16.1 million (41.2% of pretax earnings) in 1979. The reduction in the effective tax percentage is principally due to the high incidence in 1980 of investment tax credits arising in the United States. Net earnings from metal trading were $1.2 million, including the $1.0 million proceeds of a key-man life insurance policy, compared with a net contribution from trading in 1979 of $2.8 million. After minority shareholders' interests, net earnings were $17.1 million ($1.56 per share) compared with $23.7 million ($2.28 per share) in 1979.

Segmented information

The segmented information presented as part of the audited financial statements shows total segment operating profit of $38.3 million (8.7% of sales) compared with $50.3 million (11.2% of sales) in 1979. All industry segments followed the lower trend except non-residential construction products, where segment operating profit in 1980 was $13.9 million (15.1% of sales) compared with $10.4 million (13.0% of sales) in 1979. The geographic segmentation indicates that Canadian sales in 1980 were $227.0 million (51% of total sales) and that U.S. sales were $215.6 million (49% of total sales). These amounts and proportions are very similar to 1979. Canadian segment operating profits were $24.9 million (65% of total profit) compared with $29.2 million (58% of total profit) in 1979 and U.S. segment operating profits were $13.4 million (35% of total profit) compared with $21.1 million (42% of total profit). These geographic segment operating profit figures indicate the relatively greater effect the 1980 recession had on operating profits in the United States where residential construction has historically accounted for a much larger proportion of sales than in Canada.

Cash flow and balance sheet position

The cash flow of your Company in 1980 was much improved compared with 1979. Cash flow from operations declined from $36.7 million to $33.0 million but investment in fixed assets at $21.8 million was significantly lower than the $32.9 million of 1979 and additional investment in receivables and inventories fell to only $1.5 million compared with $15.7 million in 1979. Dividends paid to shareholders and shareholders in subsidiaries increased from $9.0 million to $10.5 million. The effect on cash flow was as follows:

(in millions of dollars)	**1980**	1979
Cash flow from operations	**$33.0**	$36.7
Investment in fixed assets	**21.8**	32.9
Investment in receivables and inventories	**1.5**	15.7
Dividends to shareholders	**10.5**	9.0
Other	**1.7**	(0.6)
	35.5	57.0
Net cash outflow	**2.5**	20.3
Net borrowings at beginning of year	**80.6**	60.3
Net borrowings at end of year	**$83.1**	$80.6

The net cash flow in 1980 was therefore an outflow of only $2.5 million compared with $20.3 million in 1979 and total net borrowings over the year rose from $80.6 million to only $83.1 million. Total assets at December 31, 1980 were $304 million compared with $290 million a year earlier, with the biggest increase arising in fixed assets as a result of capital expenditure ($21.8 million) being in excess of depreciation ($12.0 million). Total liabilities increased from $141.9 million to $148.5 million and shareholders' equity increased from $147.9 million to $155.3 million.

Summary of significant accounting policies

Accounting standards

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada and conform in all material respects with international accounting standards.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all subsidiaries except Rio Indal, Inc., a metal trading operation, which is accounted for by the equity method. 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 U.S. funds are translated to Canadian dollars at the rate of exchange in effect at the year-end. Income and expenses in U.S. funds are translated to Canadian dollars at a rate approximating the average rate of exchange during the year. The exchange adjustments on current assets and current liabilities are taken into income. The exchange adjustments on other assets and liabilities are deferred.

Inventories

Raw material inventories are valued at the lower of cost and replacement cost and other 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 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.

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 the lesser.

Deferred charges

Start-up and preproduction costs are amortized over periods of one to five years. Debenture issue expenses are amortized over the terms of the debentures. Patents and licences are amortized over their estimated useful lives.

Capital leases

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

Inter-segment sales

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

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 tax purposes differ from the amounts written off for accounting purposes.

Accounts receivable holdbacks — where amounts are not taxed until released.

Inventories — where values are determined on a last-in, first-out basis for tax purposes.

Investment tax credits are taken into income in full when claimed as a deduction from income taxes payable.

Earnings per 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, 1980

	1980	1979
	(in thousands of dollars)	
Earnings		
Sales	**$442,577**	$450,085
Cost of sales	**332,945**	333,753
Gross profit	**109,632**	116,332
Expenses		
Selling and distribution	**40,120**	38,851
Administration	**32,555**	31,070
Financial	**9,656**	6,488
	82,331	76,409
	27,301	39,923
Other income/(expense)	**(319)**	(608)
Exchange adjustment on net current assets (note 2)	**1,139**	(242)
Earnings before income taxes (note 3)	**28,121**	39,073
Income taxes (note 4)	**10,872**	16,114
Earnings from manufacturing operations	**17,249**	22,959
Earnings from metal trading accounted for by the equity method (note 6)	**1,237**	2,764
Earnings before minority shareholders' interests	**18,486**	25,723
Minority shareholders' interests	**1,344**	2,057
Net earnings	**$ 17,142**	$ 23,666
Earnings per common share		
Basic	**$ 1.56**	$ 2.28
Fully diluted (note 7)	**$ 1.54**	$ 2.25

Retained earnings		
Balance—beginning of year	**$ 56,977**	$ 41,845
Net earnings	**17,142**	23,666
	74,119	65,511
Dividends paid		
Preferred shares	**2,194**	1,827
Common shares	**7,687**	6,707
	9,881	8,534
Balance—end of year	**$ 64,238**	$ 56,977

Consolidated balance sheet

as at December 31, 1980

Assets	1980	1979
	(in thousands of dollars)	
Current assets		
Cash	$ 1,117	$ 219
Accounts receivable	67,569	62,384
Inventories (note 8)	80,387	82,925
Other accounts receivable and prepaid expenses	6,451	7,634
	155,524	153,162
Investment in non-consolidated subsidiary (note 6)	7,260	7,324
Fixed assets		
Land	8,470	7,329
Buildings	44,378	39,298
Machinery and equipment	71,694	60,382
Leasehold improvements	5,474	4,912
Office furniture and equipment	4,723	4,390
Motor vehicles	6,942	6,296
	141,681	122,607
Accumulated depreciation	39,617	30,564
	102,064	92,043
Tools and dies—at cost, less amortization	3,406	2,903
	105,470	94,946
Intangible assets		
Goodwill (note 10)	34,190	34,255
Deferred charges, less amortization (note 11)	1,379	153
	35,569	34,408
	$303,823	$289,840

Signed on behalf of the Board:

D. G. Coughlan, Director
P. G. Selley, Director

Liabilities

	1980	1979
	(in thousands of dollars)	
Current liabilities		
Bank advances	**$ 3,049**	$ 17,486
Accounts payable	**18,190**	17,772
Other accounts payable and accrued charges	**16,417**	18,531
Income and other taxes payable	**5,281**	4,175
Deferred income taxes relating to current items	**3,600**	1,000
Current portion of long-term liabilities (note 12)	**5,668**	7,311
	52,205	66,275
Long-term liabilities less current portion (note 12)	**75,499**	56,021
Deferred income taxes	**12,808**	11,753
Minority shareholders' interests in subsidiary companies	**8,002**	7,882
	148,514	141,931

Shareholders' equity

Capital stock (note 13)		
Issued and fully paid—		
1,000,000 floating rate preferred shares	**25,000**	25,000
9,615,789 (December 31, 1979—9,592,652) common shares	**66,071**	65,932
Retained earnings	**64,238**	56,977
	155,309	147,909
	$303,823	$289,840

Auditors' report to the shareholders

We have examined the consolidated balance sheet of Indal Limited as at December 31, 1980 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, 1980 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.

Toronto, Ontario
February 12, 1981

Coopers & Lybrand

Consolidated statement of changes in financial position

for the year ended December 31, 1980

	1980	1979
	(in thousands of dollars)	
Source of funds		
Operations—		
Earnings before minority shareholders' interests	$ 18,486	$ 25,723
Items not affecting funds—		
Depreciation and amortization of fixed assets	12,014	10,883
Amortization of goodwill	561	497
Amortization of deferred charges	234	574
Deferred income taxes	1,517	1,688
Earnings from metal trading, net of dividend received	230	(2,657)
	$ 33,042	$ 36,708
Proceeds of sale of shares to minority shareholder	80	—
Proceeds of sale of subsidiaries	—	1,839
Less: working capital of subsidiaries sold	—	(409)
Proceeds of sale of fixed assets	960	1,869
Increases in long-term liabilities	24,661	18,364
Investment by minority shareholders	—	255
Issue of common shares	139	220
Total source of funds	$ 58,882	$ 58,846
Application of funds		
Purchase of fixed assets	$ 21,792	$ 32,855
Additions to deferred charges	1,278	414
Purchase of additional equity in subsidiaries	927	3,798
Dividends—preferred shares	2,194	1,827
—common shares	7,687	6,707
Dividends to minority shareholders	634	466
Repayment of long-term liabilities	6,391	18,352
Other	1,547	(362)
Total application of funds	$ 42,450	$ 64,057
INCREASE/(DECREASE) IN WORKING CAPITAL	$ 16,432	$ (5,211)
Changes in elements of working capital		
Current assets—increase/(decrease)		
Cash	$ 898	$ (4,543)
Accounts receivable and prepaid expenses	4,002	2,226
Inventories	(2,538)	13,444
	$ 2,362	$ 11,127
Current liabilities—(increase)/decrease		
Bank advances and current portion of long-term liabilities	$ 16,080	$(16,488)
Accounts payable and accrued charges	1,696	1,684
Current income and other taxes payable and deferred	(3,706)	(1,534)
	$ 14,070	$(16,338)
NET INCREASE/(DECREASE) IN WORKING CAPITAL	$ 16,432	$ (5,211)
WORKING CAPITAL—BEGINNING OF YEAR	$ 86,887	$ 92,098
NET INCREASE/(DECREASE) DURING YEAR	16,432	(5,211)
WORKING CAPITAL—END OF YEAR	$103,319	$ 86,887

Notes to consolidated financial statements

for the year ended December 31, 1980

1. Acquisition of equity in subsidiaries

During 1980 the Company acquired additional equity in the following subsidiaries: Alamo Aluminum Corp. (15%), Empire Metal Products Corporation (21%), Peachtree Doors, Inc. (2.68%). The Company also sold a 1% interest in Better-Bilt Aluminum Products Co. for $80,000. The net consideration in respect of changes in holdings in subsidiaries during the year amounted to $847,000.

2. Foreign currency translation

Assets and liabilities of U.S. subsidiaries have been translated to Canadian dollars at the year-end rate of U.S. $1 = Cdn. $1.195 (1979 – U.S. $1 = Cdn. $1.16).

The net effect of exchange adjustments on translation of current assets and current liabilities, which are taken into income, is as follows:

	1980	1979
	(in thousands of dollars)	
Effect on earnings	$1,139	$(242)
Effect on earnings per share	12¢	(3¢)

Exchange adjustments on translation of non-current assets and non-current liabilities of U.S. subsidiaries have been deferred and are included in "Other accounts payable and accrued charges".

3. Earnings before income taxes

Earnings before income taxes are stated after charging:

	1980	1979
	(in thousands of dollars)	
Depreciation and amortization of fixed assets	$12,014	$10,883
Amortization of goodwill	561	497
Amortization of deferred charges	234	574
Interest on bank advances	3,019	2,319
Interest on long-term liabilities	6,813	6,065

4. Income taxes

Income taxes based on earnings are as follows:

	1980	1979
	(in thousands of dollars)	
Income taxes payable		
– Canada	$ 8,923	$ 8,661
– United States	(866)	5,307
	$ 8,057	$13,968
Deferred income taxes		
– Canada	$ 889	$ 1,468
– United States	1,926	678
	$ 2,815	$ 2,146
	$10,872	$16,114

Of the total amount of deferred income taxes, $1,517,000 (1979 – $1,688,000) relates to non-current items.

Deferred income taxes arise from timing differences. The sources of these differences and the tax effects thereof are as follows:

	1980	1979
	(in thousands of dollars)	
Tax depreciation and amortization in excess of accounting depreciation and amortization	$1,179	$1,847
Accounts receivable holdbacks	176	243
Inventories valued on a last-in, first-out basis for tax purposes	1,088	–
Other	372	56
	$2,815	$2,146

The Company's effective income tax rates are made up as follows:

	1980	1979
Canadian federal income tax rate	46.0%	46.0%
Federal income tax abatement	(10.0)	(10.0)
Federal income tax surcharge	1.6	–
Average provincial income tax rate	13.0	13.0
Manufacturing and processing tax credits	(4.3)	(4.3)
Investment tax credits	(1.1)	(2.3)
Inventory tax allowances	(3.3)	(2.0)
Reduced rate on capital gains	–	(0.5)
Other	(0.6)	(1.8)
	41.3%	38.1%
United States federal income tax rate	46.0%	46.0%
State income taxes, net of federal tax relief	10.5	4.5
Investment tax credits	(33.5)	(10.9)
Effect of goodwill amortization and depreciation of appraisal surplus	8.6	4.8
Other	1.3	2.5
	32.9%	46.9%
Average Canadian/U.S. rate	40.3%	41.0%
Non-taxable foreign exchange adjustment on net current assets	(1.6)	0.2
	38.7%	41.2%

5. Segmented information

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

(a) Residential construction products: products supplied for use in residential construction, including new housing and apartment buildings.

(b) Non-residential construction products: products supplied for ultimate use in industrial, commercial or institutional construction.

(c) Home improvement and consumer products: products supplied to mass merchandisers, lumber yards and do-it-yourself outlets for use in home improvements.

(d) Industrial components: products supplied for incorporation as a part or sub-assembly in an industrial product, including automotive products and design engineered products.

(e) Other manufacturing: products that do not fall into any other industry segment.

(f) Metal trading: the buying and selling of primary, secondary and scrap aluminum.

Segmented information in respect of manufacturing operations is set out in Appendix 1 and condensed financial statements of Rio Indal, Inc., the Company's metal trading subsidiary, are set out in note 6.

6. Rio Indal, Inc.

The business of Rio Indal, Inc., the Company's wholly-owned metal trading subsidiary, is subject to wide fluctuations in volume from day to day and the nature and size of the components of its financial statements, particularly within current assets and current liabilities, can consequently also vary widely from day to day. Consolidation of its financial statements can misrepresent the financial position of the Company and the constituent parts of the earnings statement and accordingly Rio Indal, Inc. is accounted for by the equity method.

Condensed financial statements of Rio Indal, Inc., translated into Canadian dollars, are as follows:

Statements of earnings and retained earnings
for the year ended December 31, 1980

	1980	1979
	(in thousands of dollars)	
Earnings		
Sales from metal trading	$211,404	$334,499
Gross profit	593	7,353
Expenses	316	1,924
	277	5,429
Proceeds of life insurance policy	1,001	–
Exchange adjustment on net current assets (note A [i])	175	293
Earnings before income taxes	1,453	5,722
Income taxes	216	2,568
Net earnings (note B)	$ 1,237	$ 3,154
Retained earnings		
Balance – beginning of year	$ 7,190	$ 4,143
Net earnings	1,237	3,154
Dividend paid	(1,467)	(107)
Balance – end of year	$ 6,960	$ 7,190

Balance sheet
as at December 31, 1980

	1980	1979
	(in thousands of dollars)	
Assets		
Current assets		
Cash and short-term deposits	$ 6,036	$ 14,574
Accounts receivable	29,589	65,875
Inventories	1,725	–
Other accounts receivable and prepaid expenses	213	145
	37,563	80,594
Fixed assets		
Leasehold improvements, office furniture and motor vehicles	231	224
Accumulated depreciation	159	161
	72	63
Deferred charges	–	185
	$ 37,635	$ 80,842
Liabilities		
Current liabilities		
Accounts payable	$ 30,284	$ 70,976
Income and other taxes payable	91	2,376
	30,375	73,352
Shareholder's equity		
Capital stock		
Authorized – 300 common shares of the par value of U.S. $1.00 each		
Issued and fully paid – 200 shares	1	1
Contributed surplus	299	299
Retained earnings	6,960	7,190
	7,260	7,490
	$ 37,635	$ 80,842

Statement of changes in financial position
for the year ended December 31, 1980

	1980	1979
	(in thousands of dollars)	
Source of funds		
Operations		
Net earnings	$1,237	$3,154
Items not affecting funds – Depreciation and amortization	202	33
Proceeds from sale of fixed assets	22	–
Total source of funds	1,461	3,187
Application of funds		
Purchase of fixed assets	48	–
Dividend	1,467	107
Total application of funds	1,515	107
Increase/(decrease) in working capital	$ (54)	$3,080

A. Notes to the financial statements of Rio Indal, Inc.

(i) Foreign currency translation
Assets and liabilities are translated to Canadian dollars at the rate of exchange in effect at the year-end. Income and expenses are translated to Canadian dollars at a rate approximating the average rate of exchange during the year. The exchange adjustments on current assets and current liabilities are taken into income. The exchange adjustments on other assets and liabilities are deferred.

(ii) Revenue recognition
Substantially all metal is purchased and sold by the company under contracts having fixed prices for future delivery. Substantially all metal sold is shipped directly from vendors to customers based on company release orders. Sales, accounts receivable, cost of sales and accounts payable are recorded simultaneously upon notification of shipments by the vendors or upon transfer of title to the metal in accordance with the specific terms of the purchase and sales contracts.

(iii) Sales to other Indal group companies, principally in Canada, were $478,000 (1979—$10,501,000).

B. Earnings accounted for by the equity method

The earnings of the company are incorporated in the consolidated statement of earnings of Indal Limited as follows:

	1980	1979
	(in thousands of dollars)	
Earnings from metal trading	**$1,237**	$3,154
Write-down by the parent company in the cost of shares, equivalent to annual amortization of goodwill	—	(390)
Earnings from metal trading accounted for by the equity method	**$1,237**	$2,764

7. Dilution of earnings per common share

Fully diluted earnings are $1.54 per share (1979—$2.25 per share) assuming that the potential proceeds of $1,370,000 (1979—$1,172,000) from the exercise of stock options would yield net income at 14% (1979—12%) less tax.

8. Inventories

	1980	1979
	(in thousands of dollars)	
Raw materials	**$ 51,063**	$ 53,661
Work in process	**12,036**	10,379
Finished goods	**17,288**	18,885
	$ 80,387	$ 82,925

9. Leases

Capital leases, accounted for and depreciated as company-owned assets and included in fixed assets at December 31, are as follows:

	1980	1979
	(in thousands of dollars)	
Land and buildings	**$ 11,413**	$ 11,079
Machinery and equipment	**5,294**	5,084
	16,707	16,163
Less: accumulated depreciation	**3,397**	2,930
	$ 13,310	$ 13,233

Aggregate future minimum lease payments at December 31, 1980 are as follows:

	Capital leases	Operating leases
	(in thousands of dollars)	
1981	$ 2,098	$ 5,455
1982	2,045	4,573
1983	2,030	3,773
1984	1,920	3,456
1985	1,886	2,757
Thereafter	16,205	12,901
Total minimum lease payments	26,184	32,915
Less: amount representing interest	12,478	—
	$ 13,706	$ 32,915

10. Goodwill

	Resulting from acquisitions or agreements entered into Prior to January 1, 1974	After January 1, 1974	Total
	(in thousands of dollars)		
Balance at January 1, 1980	$ 13,751	$ 20,504	$ 34,255
Additions	—	173	173
Amortization	—	(561)	(561)
Exchange rate adjustment	—	612	612
Adjustment arising on purchase of shares in a subsidiary under a deferred purchase agreement, based on profits to date	—	(122)	(122)
Other adjustments	—	(167)	(167)
Balance at December 31, 1980	$ 13,751	$ 20,439	$ 34,190

11. Deferred charges, less amortization

During the year, total expenditures capitalized in respect of deferred charges were $1,278,000 (1979—$414,000) and amortization written-off was $234,000 (1979—$574,000).

12. Long-term liabilities

	1980	1979
	(in thousands of dollars)	
8½% Sinking Fund Debentures, Series A, secured by a pledge of certain assets of the Company and shares of certain subsidiaries, due on March 15, 1993 with annual repayments by way of sinking fund of $300,000 in 1981 to 1984, $400,000 in 1985 to 1988 and $550,000 in 1989 to 1992	$ 6,695	$ 6,895
Mortgages maturing— within 5 years, at from 6% to 11¾%	2,700	3,478
within 5-10 years, at 8%	4,698	4,499
after 10 years, at from 2% to 12½%	7,139	7,417
7% Notes payable, secured by a pledge of shares of a U.S. subsidiary, repayable in three equal annual instalments of U.S. $2,942,500 commencing January 2, 1981	10,549	13,653
Prime plus ¼% unsecured revolving loan credit facility of U.S. $35,000,000. The Company has the option to extend the facility annually on December 31 or convert the amount in use to a five-year term loan at prime plus ¾%, repayable in 20 equal quarterly instalments	21,510	6,960
The loan agreement contains specific stipulations regarding consolidated long term borrowings and working capital ratio of U.S. subsidiaries.		
10% Industrial Revenue Development Bonds repayable in 1983	6,037	—
Other	8,133	8,252
Capital leases: (Note 9) Manufacturing plant leases payable in varying monthly or annual instalments at interest rates of between 6¾% and 9%. At the end of the lease terms the Company has the option to purchase the properties on payment of nominal sums	13,706	12,178
	81,167	63,332
Less: portion due within one year	5,668	7,311
	$ 75,499	$ 56,021

Repayments over the next five years are as follows:
(in thousands of dollars)

1981	$ 5,668
1982	6,590
1983	12,065
1984	2,520
1985	2,718

13. Capital stock

(a) Authorized share capital

The authorized share capital of the Company consists of the following:

An unlimited number of preferred shares of no par value, issuable in series.

An unlimited number of common shares of no par value.

(b) Preferred shares

There are issued and outstanding 1,000,000 cumulative floating rate preferred shares Series A with a stated value of $25 each. These preferred shares, which do not have general voting rights, carry a cumulative floating rate dividend equal to half the average Canadian bank prime rate plus 1½%. The shares are redeemable at the option of the Company at $26.25 per share prior to March 1, 1981 and thereafter at their stated value. The shares are retractable at their stated value, at the option of the holders, in 1988. In the event of a change in the income tax treatment of dividends, either the dividend rate will be increased or these preferred shares will be redeemed by the Company. The holders have agreed to accept term promissory notes of the Company in the event of a redemption pursuant to such a tax change.

(c) Change in issued capital stock

The change in issued capital stock during the year was as follows:

	Number of shares	Amount
Common shares December 31, 1979	9,592,652	$65,932,000
Exercise of stock options	23,137	139,000
December 31, 1980	9,615,789	$66,071,000

The weighted average number of shares outstanding in 1980 was 9,607,634 (1979—9,579,410)

(d) Stock options

At December 31, 1980 there were stock options outstanding in respect of 145,732 common shares (including 72,766 to officers some of whom are also directors of the Company) exercisable at between $4.45 and $13.725 per share. These options expire at various dates between 1981 and 1987.

14. Commitments and contingencies

(a) Minority shareholders in eight subsidiaries have the option to require the Company to purchase their shareholdings at prices based on the earnings of these companies. In respect of three subsidiaries these options were not yet exercisable at December 31, 1980 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, 1980 would be approximately $7,992,000.

(b) Indalex Limited, a wholly-owned subsidiary of the Company, has received federal and provincial income tax assessments totalling $2,700,000 including interest and penalties in respect of the calendar years 1971-1975. Certain of these assessments allege that additional income was earned in those years and the remainder allege that Indalex Limited failed to withhold tax on amounts paid or credited to a non-resident corporation of Canada. These assessments are being resisted and no provision therefore has been made in the financial statements of the Company. Indalex Limited expects to receive additional provincial income tax assessments amounting to approximately $130,000 in respect of the same years.

(c) Pension plans
Various retirement plans exist within the group. Contributions to plans for salaried and hourly employees charged to income were $2,437,000 including payments of $253,000 for past service costs as a result of the Company having voluntarily upgraded pension benefits. On the basis of valuations by the Company's actuaries in 1980, the remaining liability at December 31, 1980 with respect to unfunded past service benefits amounted to $1,884,000 which is being funded and charged to earnings at varying rates over periods ranging from two to twenty years.

(d) Capital commitments
At December 31, 1980, capital commitments in respect of fixed asset additions amounted to approximately $1,700,000.

(e) Related party transactions
There were no material transactions during the year between the Company and related parties.

15. Subsequent events

(a) On January 5, 1981, the Company, through its wholly-owned U.S. subsidiary, Indal Inc., acquired additional equity in the following subsidiaries: Tempglass, Inc. (30%) and Tempglass Western, Inc. (20%) for U.S. $2,850,000 in cash. The equity thus acquired was not subject to minority shareholder option rights.

(b) On January 30, 1981, the Company, through Indal Inc., purchased one aluminum fabricating plant located in Reed City, Michigan and three aluminum extruding plants located in Murphysboro, Illinois; Gulfport, Mississippi; and City of Industry, California from Consolidated Aluminum Corporation of St. Louis, Missouri. The purchase price was U.S. $8.5 million for fixed assets and approximately U.S. $31 million for receivables and inventories, in cash.

16. Comparative figures

Certain of the 1979 figures have been reclassified to conform to the 1980 financial statement presentation.

Segmented information

(in thousands of dollars)

Industry segments

	Residential construction products		Non-residential construction products	
	1980	1979	1980	1979
Sales to customers	$158,169	$166,262	$ 92,161	$ 79,991
Inter-segment sales	8,098	5,710	5,234	3,576
	$166,267	$171,972	$ 97,395	$ 83,567
Segment operating profit	$ 10,257	$ 18,740	$ 13,912	$ 10,436
General corporate expenses				
Interest expense				
Exchange adjustment on net current assets				
Earnings before income taxes				
Income taxes				
Earnings from manufacturing operations				
Earnings from metal trading accounted for by the equity method				
Earnings before minority shareholders' interests				
Identifiable assets	$134,908	$115,775	$ 56,527	$ 51,802
Investment in metal trading subsidiary accounted for by the equity method				
Corporate assets				
Capital expenditure	$ 8,850	$ 13,095	$ 2,951	$ 7,755
Depreciation and amortization of fixed assets	$ 4,326	$ 4,573	$ 2,512	$ 1,644

Geographic segments

Sales to customers
Transfers between geographic segments
Segment operating profit
General corporate expenses
Interest expense
Exchange adjustment on net current assets
Earnings before income taxes
Income taxes
Earnings from manufacturing operations
Earnings from metal trading accounted for by the equity method
Earnings before minority shareholders' interests
Identifiable assets

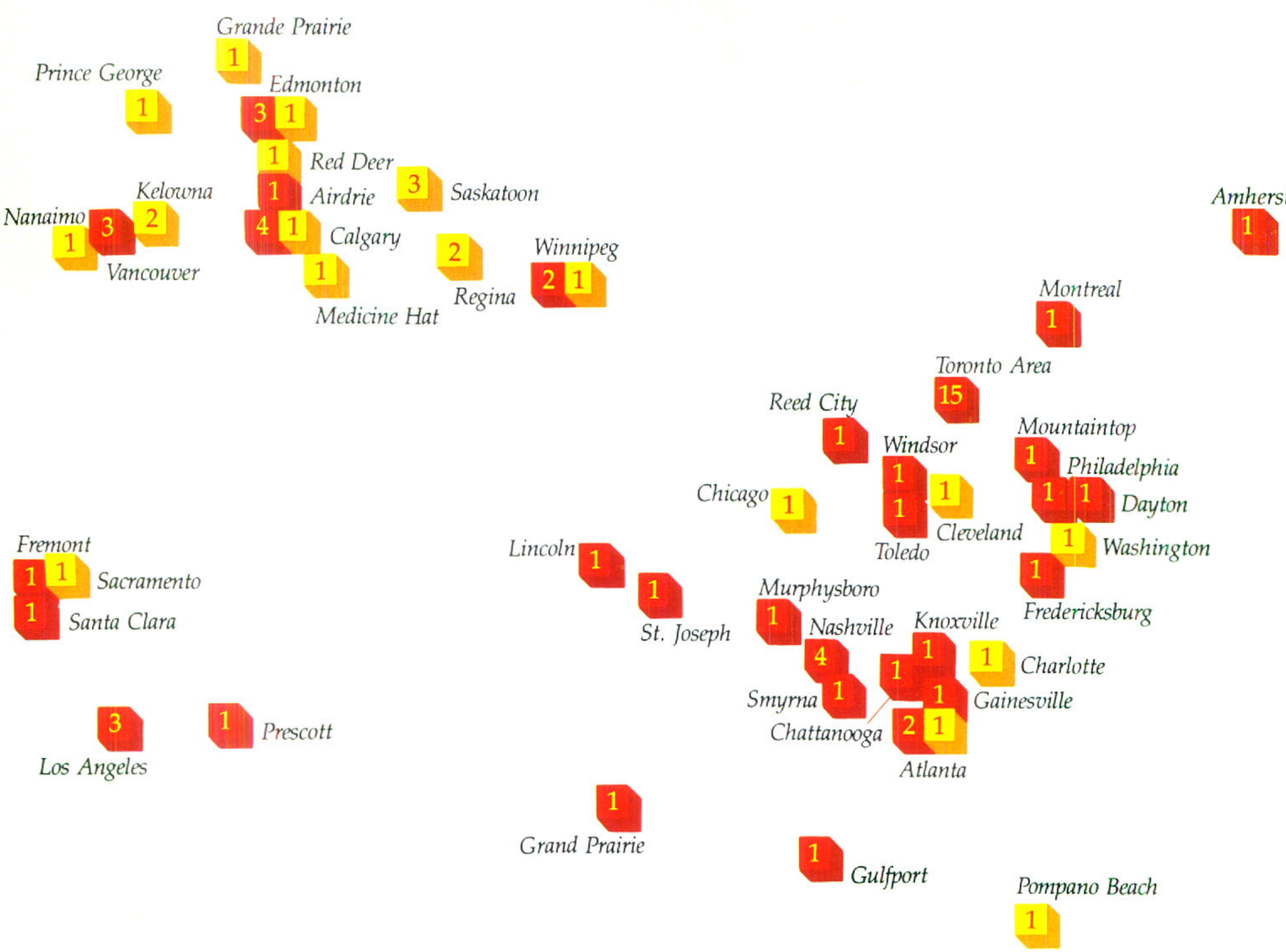
Canadian operations include export sales of $45,211,000 in 1980 (1979—$53,201,000) primarily to customers in the United States.

Home improvement and consumer products 1980	Home improvement and consumer products 1979	Industrial components 1980	Industrial components 1979	Other manufacturing 1980	Other manufacturing 1979	Consolidation eliminations 1980	Consolidation eliminations 1979	Consolidated 1980	Consolidated 1979
$ 78,421	$ 82,664	$ 97,883	$102,011	$ 15,943	$ 19,157	$ —	$ —	$442,577	$450,085
5,557	5,732	539	5,107	19,671	26,093	(39,099)	(46,218)	—	—
$ 83,978	$ 88,396	$ 98,422	$107,118	$ 35,614	$ 45,250	$(39,099)	$(46,218)	$442,577	$450,085
$ 4,292	$ 5,990	$ 9,895	$ 13,736	$ 2,562	$ 1,393	$ (2,610)	$ —	$ 38,308	$ 50,295
								(1,494)	(2,274)
								(9,832)	(8,706)
								1,139	(242)
								28,121	39,073
								10,872	16,114
								17,249	22,959
								1,237	2,764
								$ 18,486	$ 25,723
$ 57,464	$ 50,880	$ 60,387	$ 56,422	$ 15,732	$ 14,621	$(39,570)	$ (9,928)	$285,448	$279,572
								7,260	7,324
								11,115	2,944
								$303,823	$289,840
$ 5,425	$ 4,640	$ 3,805	$ 5,870	$ 685	$ 1,322				
$ 1,669	$ 2,035	$ 2,590	$ 2,313	$ 700	$ 670				

Canada 1980	Canada 1979	United States 1980	United States 1979	Consolidation eliminations 1980	Consolidation eliminations 1979	Consolidated 1980	Consolidated 1979
$226,993	$234,981	$215,584	$215,104	$ —	$ —	$442,577	$450,085
10,091	5,330	659	9,795	(10,750)	(15,125)	—	—
$237,084	$240,311	$216,243	$224,899	$(10,750)	$(15,125)	$442,577	$450,085
$ 24,934	$ 29,157	$ 13,374	$ 21,138	$ —	$ —	$ 38,308	$ 50,295
						(1,494)	(2,274)
						(9,832)	(8,706)
						1,139	(242)
						28,121	39,073
						10,872	16,114
						17,249	22,959
						1,237	2,764
						$ 18,486	$ 25,723
$131,249	$140,041	$154,199	$139,531			$285,448	$279,572

Locations of plants and warehouses/sales offices

Number of plants 58 *Number of warehouses/sales offices* 22



Summarized quarterly financial information (unaudited)

(in thousands of dollars)

1980	Three months ended				Year ended
	March 31	June 30	September 30	December 31	December 31
Sales	101,133	99,379	113,638	128,427	442,577
Gross profit	23,727	24,035	27,950	33,920	109,632
Gross profit percentage	23.5%	24.2%	24.6%	26.4%	24.8%
Net earnings	3,068	1,813	3,864	8,397	17,142
Earnings per common share					
Basic	$0.27	$0.13	$0.33	$0.83	$1.56
Fully diluted	$0.27	$0.13	$0.33	$0.81	$1.54
Market price of common shares(1)					
High	$13 3/8	$13 3/4	$16 7/8	$18 1/8	$18 1/8
Low	$12	$11 1/2	$13 1/2	$15	$11 1/2
Number of shares traded(2)	365,125	339,988	686,612	252,826	1,644,551

1979	Three months ended				Year ended
	March 31	June 30	September 30	December 31	December 31
Sales	94,001	114,512	123,771	117,801	450,085
Gross profit	22,621	29,898	33,190	30,623	116,332
Gross profit percentage	24.1%	26.1%	26.8%	26.0%	25.8%
Net earnings	2,828	5,237	7,651	7,950	23,666
Earnings per common share					
Basic	$0.25	$0.50	$0.75	$0.78	$2.28
Fully diluted	$0.25	$0.49	$0.73	$0.78	$2.25
Market price of common shares(1)					
High	$14 3/4	$16	$15 3/8	$14 1/4	$16
Low	$12 1/2	$14 1/8	$13 1/8	$11 1/8	$11 1/8
Number of shares traded(2)	337,023	461,989	226,564	455,772	1,481,348

(1) High/low market prices reflect prices quoted on the Toronto Stock Exchange.
(2) The number of shares traded reflects the combined volume of shares traded on the Toronto and Montreal Stock Exchanges.

Ten year financial summary

(in thousands of dollars)

Earnings	Sales – manufacturing operations
	Gross profit – manufacturing operations
	Earnings before income taxes – manufacturing operations
	Sales from metal trading, accounted for by the equity method[2]
	Earnings from metal trading
	Net earnings
	Preferred dividends paid
	Common dividends paid
Performance statistics	Gross profit percentage
	Net earnings as a percentage of sales
	Sales/assets ratio
	Return on total assets (based on net earnings)
	Return on common shareholders' equity (based on net earnings after preferred dividends and on average opening and closing equity)
Common share data	Earnings per common share (after preferred dividends)[4]
	Earnings per share growth
	Dividends paid per common share[4]
	Book value per common share
	Average number of common shares outstanding[4]
Assets	Working capital
	Current ratio
	Fixed assets
	Total assets
Shareholders' equity	Preferred shareholders' equity
	Common shareholders' equity
	Number of common shares outstanding at year end
Cash flow	Funds from operations
	Purchase of fixed assets
	Depreciation and amortization of fixed assets

(1) The 1971 figures have been adjusted to reflect the inclusion of Western Aluminum Products, a partnership in which the Company had a 50% interest.

(2) Sales from metal trading exclude sales to other group companies.

(3) The 1976 figures have been restated to reflect an inventory repurchase commitment of $8,982,000 originally recorded by way of a note.

(4) Figures prior to 1977 have been adjusted to reflect a two for one stock split in that year.

1980	1979	1978	1977	1976	1975	1974	1973	1972	1971
442,577	450,085	363,328	212,150	158,691	109,317	111,824	89,904	70,689	43,122[1]
109,632	116,332	92,545	55,031	42,993	31,775	30,859	21,819	16,214	10,142[1]
28,121	39,073	30,004	16,912	15,689	12,790	11,862	6,001	4,927	2,875[1]
210,926	323,998	161,322	226,176	236,404	109,349	75,741	36,229	—	—
1,237	2,764	157	1,170	1,364	816	1,154	840	—	—
17,142	23,666	16,126	10,007	9,474	7,480	7,037	3,855	2,098	1,163
2,194	1,827	1,101	68	72	77	83	87	93	98
7,687	6,707	3,640	3,066	2,782	2,187	1,594	661	410	191
24.8%	25.8%	25.5%	25.9%	27.1%	29.1%	27.6%	24.3%	22.9%	23.5%[1]
3.9%	5.3%	4.4%	4.7%	6.0%	6.8%	6.3%	4.3%	3.0%	2.7%
1.5	1.6	1.4	1.4	1.3	1.2	1.4	1.3	1.6	1.5
5.6%	8.2%	6.2%	6.8%	7.7%[3]	7.9%	8.9%	5.6%	4.7%	4.2%
11.8%	19.0%	18.1%	18.5%	20.5%	20.6%	29.0%	22.7%	19.7%	15.7%
$1.56	$2.28	$2.25	$1.60	$1.55	$1.54	$1.75	$1.21	$0.73	$0.56
(31.6)%	1.3%	40.6%	3.2%	0.6%	(12.0)%	44.6%	65.8%	30.4%	194.7%
80¢	70¢	55¾¢	49½¢	45⅞¢	45¢	38¾¢	21¼¢	15¢	10¢
$13.55	$12.81	$11.25	$9.02	$8.09	$7.03	$6.82	$5.81	$4.79	$3.92
9,607,634	9,579,410	6,664,146	6,226,159	6,060,116	4,809,244	3,975,534	3,126,630	2,770,632	1,911,346
103,319	86,887	92,098	32,587	32,270	24,002	13,416	5,675	5,127	3,475
3.0:1	2.3:1	2.8:1	1.6:1	2.1:1[3]	1.9:1	1.5:1	1.2:1	1.3:1	1.3:1
105,470	94,946	76,611	46,423	38,718	31,485	24,594	19,675	10,590	5,510
303,823	289,840	259,216	147,541	122,386[3]	94,277	79,441	68,730	44,606	27,874
25,000	25,000	25,000	1,083	1,167	1,250	1,333	1,417	1,500	1,583
130,309	122,909	107,557	58,300	49,279	42,280	29,497	18,473	14,715	7,496
9,615,789	9,592,652	9,558,688	6,464,412	3,045,760	3,008,592	2,164,749	1,590,162	1,535,912	955,818
33,042	36,708	28,208	18,222	17,348	14,105	11,883	6,836	4,327	2,348
21,792	32,855	20,166	10,606	8,880	10,033	8,025	7,755	4,350	2,582
12,014	10,883	8,231	5,764	4,431	3,254	2,827	2,363	1,789	1,125

Operating subsidiaries and divisions

Canada

	% of equity attributable to the Company	
AIRLITE GLASS INSULATING Division, Toronto J. Shapiro, President	100	Insulating glass units
ALUMIPRIME Division, Toronto H. Lazar, President	100	Aluminum prime windows and patio doors
COMMERCIAL ALUMINUM Division, Toronto B. R. Leaman, President	100	Architectural aluminum store fronts, entrances, window systems and curtainwall
COMMERCIAL ALUMINUM (WESTERN) Division, Calgary Edmonton, Saskatoon and Winnipeg L. Krause, General Manager	100	Architectural aluminum store fronts, entrances, window systems and curtainwall
C. R. METAL PRODUCTS Division, Toronto G. Berdan, President	100	Cold rollformed metal products
DAF INDAL LTD., Mississauga and Washington M. R. Maynard, Chairman G. R. Rutledge, President	100	Design engineering, structural products, shipboard helicopter hangars, helicopter hauldown and rapid securing systems and wind turbines
DOMINION BRONZE LIMITED, Winnipeg, Calgary and Edmonton R. H. R. Dryburgh, President	100	Curtainwall, commercial and institutional windows and specialty architectural systems
EASTLAND METALS Division, Mississauga C. H. Wilson, President	100	Cold rollformed steel and aluminum products including industrial and agricultural siding and roofing
FABRICATED STEEL PRODUCTS (WINDSOR) LIMITED, Windsor A. W. Eansor, President	100	Automotive parts and steel containers
FASCO PRODUCTS Division, Toronto J. E. Faveri, President	100	Storm and patio door hardware and aluminum home improvement products
HIALCO MFG. Division, Port Coquitlam, Kelowna and Nanaimo P. Houweling, President	100	Aluminum prime windows and patio doors
INDAL PRODUCTS Group J. W. Rooney, Executive Vice-President	100	
LITE METALS Division, Mississauga R. A. Englhardt, Vice-President and General Manager		Aluminum ladders
MARITIMES Division, Amherst R. W. Janes, Vice-President and General Manager		Aluminum storm doors and windows
REBMEC Division, Toronto J. W. Rooney, Executive Vice-President		Aluminum storm doors and windows, patio doors, mirror doors, shower doors and tub enclosures, and travel trailer components
INDALEX/INDALLOY Division, Toronto, Montreal, Calgary and Port Coquitlam W. J. MacDonald, President	100	Aluminum extrusions, surface finishing and fabricated products/aluminum recycling and billet casting
McKNIGHT WINDOW INDUSTRIES Division, Toronto D. R. Williams, President	100	Wood and vinyl windows and doors
PEACHTREE DOORS CANADA LTD., Toronto S. G. Abray, President	70	Residential insulated steel entry door systems and patio doors
RAM PARTITIONS Division, Toronto A. W. Stokes, President	100	Office panel systems and furniture components, and acoustic office screens
TEMPGLASS LIMITED, Toronto I.R. Moore, President	85	Glass tempering and processing
WESTERN ALUMINUM PRODUCTS Group C. M. Kline, President	100	
CALGARY Division, Calgary, Kelowna, Medicine Hat Red Deer and Saskatoon A. Hawrelak, Vice-President, Calgary Operations		Aluminum and wood prime windows, doors, insulating glass units and travel trailer components
EDMONTON Division, Edmonton, Prince George and Grande Prairie G. T. Newsham, Vice-President, Edmonton Operations		Aluminum and wood prime windows and doors
WINNIPEG Division, Winnipeg and Regina D. Yawching, General Manager		Aluminum and wood prime windows and doors
WESTLAND METALS Division, Richmond, Calgary, Edmonton, Saskatoon and Regina B. G. Harrison, President	100	Cold rollformed steel and aluminum products including industrial and agricultural siding and roofing, rainwater goods, grain bins and pre-engineered buildings
WESTWOOD WINDOWS LTD., Airdrie G. G. Orpe, President	70	Wood windows and patio doors

United States

	% of equity attributable to the Company	
ALAMO ALUMINUM CORP., Santa Clara and Sacramento, CA R. Hopper, President	100	Aluminum prime windows and patio doors
BETTER-BILT ALUMINUM PRODUCTS CO., Smyrna, TN and Prescott, AZ L. M. Moffatt, President	99	Aluminum patio and storm doors, aluminum prime and storm windows, and aluminum screen doors
INDAL ALUMINUM Division of Indal Inc., City of Commerce, City of Industry and Torrance, CA J. B. Teets, President	100	Aluminum extrusions and fabricated products, weatherstripping, thresholds and aluminum recycling and billet casting
INDAL ALUMINUM Division of Indal Inc., Murphysboro, IL D. Reeber, President	100	Aluminum extrusions, electrical conduit
INDAL ALUMINUM GULFPORT Division of Indal Inc., Gulfport, MS D. Delano, President	100	Aluminum extrusions, aluminum recycling and billet casting
KABINART CORPORATION, Nashville, TN G. Boudoucies, President	100	Wood cabinets for kitchens and bathrooms
MIDEAST ALUMINUM INDUSTRIES Division of Indal Inc., Dayton, NJ and Mountaintop, PA R. B. Sowers, President	100	Aluminum extrusions, fabricated products and anodizing
NORTH AMERICAN DIE CASTING CORP., Fredericksburg, VA S. H. Ruderfer, President	100	Zinc die cast products
PEACHTREE DOORS, INC., Norcross, Gainesville and Atlanta, GA, St. Joseph, MO and Pompano Beach, FL J.R. Hewell, Jr., President	79.7	Residential insulated steel entry door systems, patio doors and windows
REPLACEMENT PRODUCTS INDUSTRIES CORPORATION Philadelphia, PA R. Matyasik, President and General Manager	100	Aluminum replacement windows
RIO INDAL, INC., Cleveland, OH E. Henderson, President	100	Metal trading
SEALRITE WINDOWS, INC., Lincoln, NE and Chicago, IL P. Brown, President	95.2	Wood windows, patio doors and insulating glass units
TEMPGLASS, INC., Toledo, OH I. D. Fintel, President	100	Glass tempering and processing
TEMPGLASS EASTERN, INC., Atlanta, GA J. Mulvanerty, President	95	Glass tempering and processing
TEMPGLASS SOUTHERN, INC., Grand Prairie, TX W. C. Metcalfe, President	92.5	Glass tempering and processing
TEMPGLASS WESTERN, INC., Fremont, CA R. B. Cobie, President	90	Glass tempering and processing
TENNESSEE BUILDING PRODUCTS, INC., Nashville, Knoxville and Chattanooga, TN and TITAN BUILDING PRODUCTS Division, Charlotte, NC J. Fishel, President	100	Aluminum, wood and other building products
TENNESSEE GLASS COMPANY, Nashville, TN J. L. Soyars, Vice-President & General Manager	100	Retail glass sales and commercial glazing
TUBELITE Division of Indal Inc., Reed City, MI A. F. Styring, President	100	Architectural and commercial aluminum extrusions and fabrication, door closers, revolving doors and aluminum doors and windows

Corporate directory

Directors

■ **DERMOT G. COUGHLAN**
President and Chief Executive Officer, Indal Limited, Toronto

DEREK EDWARDS
Chairman and Chief Executive, Pillar Aluminium Limited, London, England, a manufacturer and distributor of aluminum and steel products

JAMES R. HEWELL, JR.
President, Peachtree Doors, Inc., Atlanta, a manufacturer of residential door and window products

■ **LEO P. LARKIN, JR.**
Partner, Rogers & Wells, New York, Attorneys

■ **J. ROSS LeMESURIER**
Vice-Chairman, Wood Gundy Limited, Toronto, an investment dealer

■■ **DONALD J. McDONALD**
Corporation Director, Toronto

GEORGE H. MONTAGUE
Vice-President, TALcorp Associates Limited, Toronto, an investment company

■ **JAMES A. PATERSON**
Chairman and Chief Executive, R.T.Z. Industries Limited, London, England, an industrial holding company

■ **J. DEREK RILEY**
Corporation Director, Winnipeg

SIMON B. SCOTT
Partner, Borden & Elliot, Toronto, Barristers and Solicitors

PETER G. SELLEY
Vice-President, Finance, Indal Limited, Toronto

■ **WALTER E. STRACEY**
Chairman, Indal Limited, Toronto

■ Member of the Executive Committee
■ Member of the Audit Committee

Officers

WALTER E. STRACEY
Chairman

DERMOT G. COUGHLAN
President and Chief Executive Officer

J. NORMAN McKNIGHT
Executive Vice-President, Canadian Operations

PETER G. SELLEY
Vice-President, Finance

DOWNIE BROWN
Vice-President, Corporate Development

K. ANDERAS EGGEN
Vice-President, Operations

JOHN D. HILLERY
Vice-President, Corporate Counsel and Secretary

VINCENT J. HOWCROFT
Vice-President, Administration

JON N. LeHEUP
Vice-President, Operations

KERIN H.S. LLOYD
Vice-President, Manufacturing and Marketing Services

THOMAS A. ROSKO
Vice-President, Operations

A.M. GORDON TURNBULL
Vice-President, Treasurer

GEORGE A. GODWIN
Assistant Secretary

W. LYLE MUIR
Administrator, Risk Management and Employee Benefits

PETER SUURTAMM
Manager, Information Systems

PETER E. WYATT
Controller

Corporate office

4000 Weston Road, Weston, Ontario M9L 2W8
Phone (416) 743-1400 Telex 065-27290

Auditors

COOPERS & LYBRAND
Chartered Accountants

Principal bankers

THE TORONTO-DOMINION BANK

CANADIAN IMPERIAL BANK OF COMMERCE

CITIBANK, N.A.

General counsel

BORDEN & ELLIOT, Toronto

ROGERS & WELLS, New York

Transfer agents and registrars

PREFERRED SHARES
INDAL LIMITED, Weston

COMMON SHARES
THE ROYAL TRUST COMPANY, Toronto, Montreal, Winnipeg, Calgary, Regina and Vancouver

Annual meeting

The annual meeting of the common shareholders of Indal Limited will be held on May 7, 1981 at 4:00 p.m. (local time) in the Library of the Royal York Hotel, 100 Front Street West, Toronto, Ontario.

Exchange listings

The common shares of Indal Limited (ticker symbol ICL) are listed on The Toronto Stock Exchange and the Montreal Stock Exchange.

Annual report

Copies of the Indal Limited 1980 Annual Report may be obtained by contacting the Secretary at the corporate office.

Printed in Canada

Glossary

Manufacturing and production terms

Billet casting

Pouring molten aluminum into long, vertical, cylindrical moulds which casts the metal into log-shaped sections. They are then sawn into billets of varying lengths, such as the one on the front cover of this report, for extruding (see below).

Cold rollforming

Passing coiled sheets of steel or aluminum through a series of roller dies that form the metal into various shapes. Cold rollformed sections can be produced in any number of shapes, sizes and thicknesses for use in construction products and general manufacturing.

Die

A forming tool of hard material, usually steel, which matches within very close tolerances either two or three dimensions of a finished product. For example, 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.

Extruding or extrusion of aluminum

Heated and softened aluminum billet is placed horizontally into a large hydraulic press and forced under great pressure by a ram through a steel die. The aluminum takes on the configuration of the die as it emerges from the press. Lengths of aluminum extrusions can be produced in many shapes.

Glass tempering

Passing sheets of glass through a high-temperature furnace followed by rapid air cooling. This not only strengthens the glass but changes its molecular structure. When broken it is reduced into a myriad of tiny, crystal-like and relatively harmless fragments instead of the long, dangerous slivers or shards of untempered broken glass. It is consequently ideally suited for applications where safety glass is required.

Metal stamping

Placing steel blanks in powerful punch presses containing dies. The metal, punched out under tremendous pressure, takes on the shape of the die and is referred to as a stamping.

Recycling of aluminum

Sorting aluminum scrap and casting it into logs (see Billet casting).

Wood profiling

Machine processing of lengths of wood to form shaped mouldings for use in products such as window frames and door jambs.

Zinc die casting

Zinc is melted in crucibles and then forced under pressure into the cavities of moulds or dies that shape the metal to their pattern. Hardware such as door handles and window locks are typical products 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.

Engineered aluminum products

Aluminum products that are designed and engineered for custom applications.

Glazing

Installing glass in window or door frames.

Helicopter hauldown systems

High-technology product 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 now being tested, to manoeuvre it along a track into the vessel's hangar. These systems are invaluable operating aids in rough weather.

Insulating glass units

Two or three sheets of glass are separated by metal spacers and thoroughly sealed, resulting in a much more energy-efficient product for use in windows and doors.

Replacement windows

Windows destined for installation in existing homes or buildings as a means of upgrading them with superior insulating characteristics and lower maintenance requirements.

Steel entry doors

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

Thresholds

Strips of aluminum at the base of entry door frames used to exclude drafts.

Weatherstrip

Plastic or metal strip used to reduce air infiltration around door and window frames.

Wind turbine

An electricity-generating device using wind power as a renewable energy source.

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