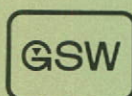


**FACTS IN BRIEF**

	<b>1983</b>	<b>1982</b>
<i>(\$000's except per share data)</i>		
Sales .....	<b>\$113,515</b>	\$90,471
Net Income—before extraordinary items .....	<b>5,248</b>	2,627
—after extraordinary items .....	<b>8,422</b>	2,627
Earnings per common share—before extraordinary items .....	<b>1.28</b>	.64
—after extraordinary items .....	<b>2.05</b>	.64
Annual dividend on common shares .....	<b>1,026</b>	451
Working Capital .....	<b>14,315</b>	12,856
Current ratio .....	<b>1.6 to 1</b>	1.7 to 1
Shareholders' equity .....	<b>36,093</b>	28,697



GSW Inc.  
Executive Offices  
Royal Bank Plaza  
South Tower  
Suite 2270  
P.O. Box 157  
Toronto, Ontario, Canada  
M5J 2J4

**SHARE TRANSFER AGENT**  
Common Shares, National  
Trust Company Limited

**BANK**  
The Bank of Montreal

**AUDIT**  
Clarkson Gordon

**ANNUAL SHAREHOLDERS MEETING**  
April 25, 1984  
Royal York Hotel  
British Columbia Room  
100 Front Street West  
Toronto, Ontario  
at 11:00 A.M.

Ce rapport annuel est  
disponible en français, sur  
demande. Adressez vos  
demandes à:  
GSW Inc.  
Royal Bank Plaza  
C.P. 157  
Toronto, Ontario, Canada  
M5J 2J4  
À l'attention de: Secrétaire

**BOARD OF DIRECTORS**

R.M. Barford  
A.H. Crockett  
H.B. Davis  
G.M. Farquharson, Q.C.  
M.R. Gardiner  
G.A. Jones  
D.S.R. Leighton  
R.A. Stevens

**DIRECTORS EMERITUS**

Miss M.P. Hyndman, O.C., Q.C.  
Mr. W.J. Bushnell  
Mr. J.K. Loudon  
Mr. Ben Wosk, C.M.

**OFFICERS**

R.M. Barford,  
*Chairman*  
R.A. Stevens,  
*President*  
W.R. Arbuthnot,  
*Vice-President*  
G.S. Dickson,  
*Sr. Vice-President,*  
*Corporate*  
D.G. Fixter,  
*Sr. Vice-President,*  
*Finance and Administration*  
M.O. Hickman,  
*Vice-President,*  
*Research and Development*  
F.O. Price,  
*Vice-President,*  
*Corporate*  
R.J. Thompson,  
*President,*  
*GSW Water Products Company*  
D.G. Woodrow,  
*President,*  
*GSW Building Products Company*  
G.M. Farquharson, Q.C.,  
*Secretary*  
W.D. Campbell,  
*Assistant Vice-President*

**VIEWSTAR INC.**

P. Hrivnak,  
*President*  
D.A. Barnes  
*Vice-President,*  
*Finance*

**REPORT OF THE BOARD OF DIRECTORS**

To the Shareholders:

**N**et income before extraordinary items in 1983 was \$5,248,000 or \$1.28 per share compared to \$2,627,000 or \$.64 per share in 1982. Extraordinary items brought total earnings in 1983 to \$8,422,000 or \$2.05 per share. There were no extraordinary items in 1982.

The company derived higher earnings in 1983 from its equity interest in Camco which continued its trend of profit improvement. GSW operations earned \$162,000, compared to \$25,000 in 1982.

**GSW OPERATIONS**

Sales in 1983 of \$113,515,000 were 25% higher than 1982. \$9,852,000 of the increase resulted from having a full year's sales for Viewstar Inc. in 1983. The remaining increase of \$13,192,000 represented a 16% increase in sales of Water Products and Building Products.

Although the North American markets for our products showed modest growth in 1983, they remain below their pre-recession levels. With continued under-utilization of capacity the competitive pressure on margins continued in 1983, particularly in water products.

Net income for the year from GSW operations amounted to \$162,000 or \$.04 per share compared to \$25,000 or \$.01 per share in 1982. A major improvement was achieved in our U.S. subsidiary's operating results in 1983 as the pre-tax operating loss was reduced from \$2,109,000 in 1982 to \$379,000 in 1983. U.S. results should turn positive in 1984 in response to further management initiatives. In Canada Viewstar Inc. reported a large fourth quarter loss which severely depressed GSW's overall results. The loss resulted from:

- Costs and manufacturing inefficiencies associated with relocation into a new manufacturing facility.
- Development and start-up costs for a new sound-control remote converter, a unique product in North America.
- Accelerated R & D effort on new terminals for reception of cable and satellite transmissions. These expenditures will be reduced in 1984.

The significant loss in Viewstar is not expected to carry over into 1984, as design and production difficulties have been largely overcome.

**CAMCO OPERATIONS**

Camco sales in 1983 were \$385,144,000, up 16% from 1982 sales of \$331,453,000 and net income was \$13,470,000 compared to \$6,506,000 in 1982. The 1983 annual report of Camco Inc. has been mailed to GSW shareholders.

GSW's portion of Camco's net income was \$5,086,000 or \$1.24 per GSW share in 1983 compared to \$2,602,000 or \$.63 per share in 1982.

On November 9, 1983, GSW and Canadian General Electric Company Limited jointly participated in a secondary offering of 1,500,000 common shares of Camco Inc. to the public and to Camco's employees to provide more broadly based ownership of Camco. GSW sold 600,000 shares and CGE sold 900,000 shares at \$8.00 per share. As a result, GSW's ownership of Camco is now 34% and CGE's ownership of Camco is 51%.

Concurrent with the public offering, GSW completed the sale of GSW appliance technology, patents and trade marks to Camco Inc. In addition, Camco initiated a dividend policy and the initial dividend received by GSW in 1983 amounted to \$.13 per Camco share and resulted in cash flow to GSW of \$520,000.

**CORPORATE DEVELOPMENTS**

a) *Board of Directors:*

On April 26, 1983 Mr. Ben Wosk retired as a Director of GSW. He has been appointed a Director Emeritus by the Board. Mr. Wosk served our company with wisdom and distinction since his election as a Director in 1966.

b) *Organization and Personnel*

In December 1983, a change in corporate structure was announced signalling further decentralization within GSW to improve customer service, enhance growth and improve profit performance.

D.G. Woodrow was appointed President of the GSW Building Products Company. Mr. Woodrow has responsibility for the Jackes-Evans Manufacturing Company in St. Louis, Missouri and the Building Products Company's operations in Hamilton, London, Barrie and Nobel, Ontario. He is located in St. Louis.

R.J. Thompson was appointed President of the GSW Water Products Company with its head office in Fergus, Ontario. This company includes all Fergus operations and the Barnes Pump Company in Bramalea, Ontario.

GSW Inc. now derives income from its Building Products, Water Products and Viewstar operations, and from its equity interest in Camco Inc.

c) *Corporate Liquidity*

With proceeds from the sale of appliance technology, patents and trade marks to Camco, and the sale of 600,000 shares of Camco to the public, your company has been able to pay off all outstanding borrowings and closed out 1983 with a very strong equity base. GSW has a firm foundation on which to build its future.

d) *Dividends*

On September 30, 1983 the annual dividend, which had been halved in 1982 to \$.11 per share, was increased to \$.25 per share.

**OUTLOOK**

During 1983 Company management continued its restrictions on expenditures as the North American economy recovered from its 1982 level. There were, however, some discretionary expenditures which were considered essential to the future growth of the company. Control of operating expenses remains a high priority for 1984 in our profit improvement programs. We believe there will be further modest improvement in general economic conditions which should provide some positive impetus to earnings.

The Board wishes to thank all of the company's employees for their contributions and dedication during 1983.

On behalf of the Board:



R.M. Barford,  
*Chairman.*



R.A. Stevens,  
*President.*

March 1, 1984



*Crimping ring cap components for superchimney*

**Operations review (\$000's)**

	<u>1983</u>	<u>1982</u>	<u>1981</u>
Sales .....	<b>\$44,692</b>	<b>\$39,590</b>	<b>\$37,916</b>
Operating income (loss) before interest and income taxes .....	<b>1,461</b>	<i>(939)</i>	<b>2,078</b>
Net Assets .....	<b>11,144</b>	<b>10,080</b>	<b>13,301</b>

**G S W BUILDING PRODUCTS COMPANY**

In 1983 the Building Products Company produced a major turn-around in profitability, particularly in the Jackes-Evans operations in the United States. Operating results before interest and income taxes improved from a loss of \$939,000 in 1982 to a profit of \$1,461,000 in 1983. The reduction in loss in the U.S.A. was \$1,730,000 and further improvement should carry over into 1984 as the economy continues its recovery.

Sales increased from \$39,590,000 in 1982 to \$44,692,000 in 1983. Share gains were recorded in those product lines which provide future growth potential, mainly heating goods and vinyl guttering. There was continued severe margin pressure on mature products such as galvanized ware and mail boxes.

Further progress was made in 1983 in the integration of Canadian

and United States operations. St. Louis, Missouri is now the North American headquarters for Building Products and a solid management team has been assembled.

GSW's growing participation in the United States market through Jackes-Evans' distribution was driven by increased marketing emphasis. Field sales efforts were strengthened by the addition of three Regional Sales Managers and new point of purchase merchandising aids. Improved customer service levels were realized through a telemarketing program and better communications. The new product introductions were well received. Canadian marketing efforts continue to produce strong market positions in most of our product lines.

The Research and Development Centre at Sheridan Park successfully assisted the Building Products

Company in the development of the new 2,100° superchimney. This is the most advanced all-fuel factory-built chimney in North America and was the first to pass new U.L. standards in the U.S.A. This product is manufactured in the Nobel Ontario plant.

The company realized the cost savings projected for 1983 from its new moulded seal for vinyl rain-goods fittings. In addition, a new capstock process for manufacturing brown vinyl guttering resulted in further cost reductions.

Late in 1983, a major capital expenditure program was initiated for 1984 completion to expand the vinyl product offering and to realize significant productivity and cost improvements. This will strengthen GSW's competitive position in vinyl guttering in both the U.S.A. and Canada.

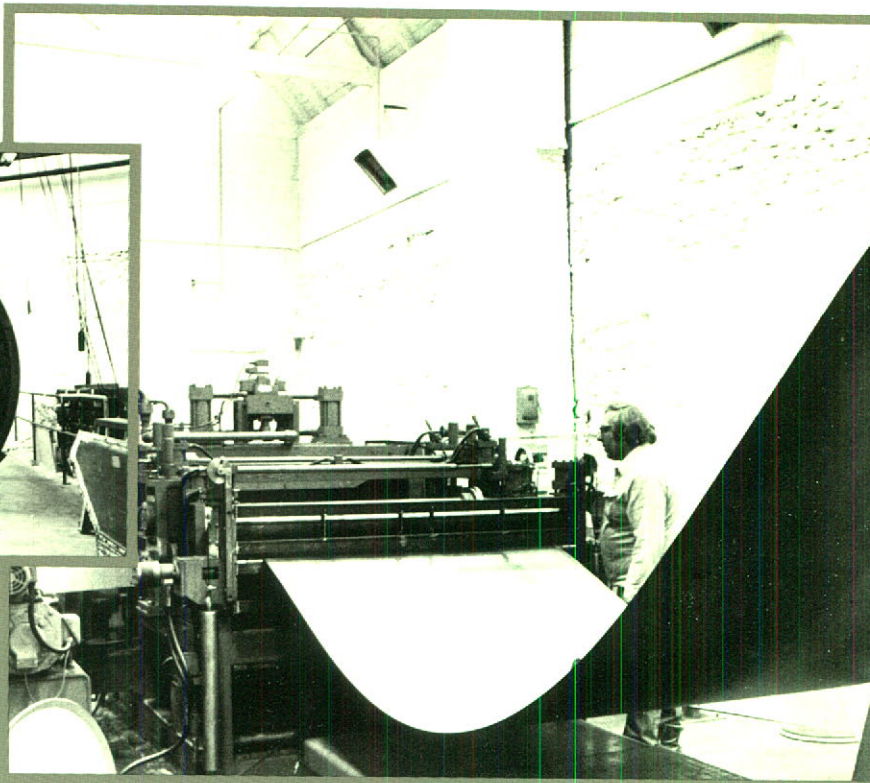
**Company Headquarters**  
4427 Geraldine Avenue,  
St. Louis, Missouri. 63115

**Manufacturing Locations**  
4427 Geraldine Avenue,  
St. Louis, Missouri. 63115  
281 Birch Avenue,  
Hamilton, Ontario. L8L 7X6  
26 Lorena Street,  
Barrie, Ontario. L4N 4P4  
2995 Page Street,  
London, Ontario. N6A 4L6  
Woods Road,  
Nobel, Ontario. P0G 1G0

**Building Products**  
Galvanized Ware  
Stove Pipe  
Waste Baskets  
Metal and Vinyl Roof Drainage  
Wood Circulators  
Wood Heaters  
Stove Boards  
All-Fuel Chimneys  
Mail Boxes  
Toilet Compartments  
Lockers and Gym Boxes



Powered travelling crane indexing steel coil



High capacity automatic shear line

**Operations review (\$000's)**

	<u>1983</u>	<u>1982</u>	<u>1981</u>
Sales .....	<b>\$48,565</b>	\$40,475	\$50,811
Operating income before interest and income taxes .....	<b>838</b>	1,531	3,547
Net Assets .....	<b>8,523</b>	9,050	10,088

**GSW WATER PRODUCTS COMPANY**

Operating profit before interest and income taxes declined from \$1,531,000 in 1982 to \$838,000 in 1983. The results reflect the extremely competitive market conditions which lowered margins, even in a period of market recovery.

Sales increased from \$40,475,000 in 1982 to \$48,565,000 in 1983. The company held its share position in domestic markets for pumps and water heaters. The domestic pump market reversed its four-year decline in 1983. Although water heater industry sales improved, they remained below their pre-recession levels. Export sales of wringer washers and components showed a modest increase.

During 1983, the company intensified its marketing efforts by expanding distribution of Barnes sewage and effluent pumps and Sta-Rite deep well submersibles. Improved pump cartons were designed to incorporate a unique capacity guide for ease of selection by consumers. Decorator colours were introduced on water heaters, and a new line of high efficiency water heaters was successfully marketed.

The Research and Development Centre played an active role in advancing a number of technical improvements and continues research into further energy saving developments for water heaters.

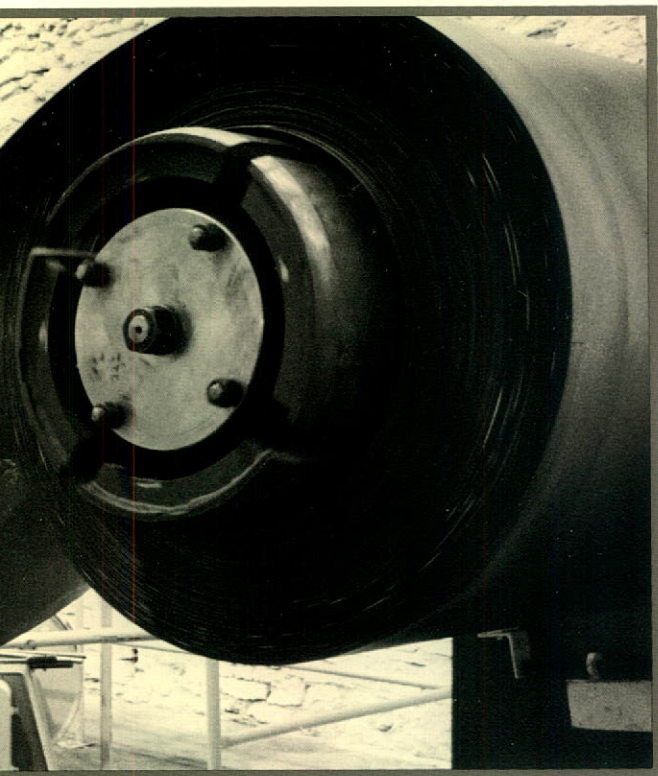
The importance of cost leadership and highest perceived value was reinforced in 1983. To achieve this, manufacturing productivity and efficiency will be increased by the addition of a new high-speed steel processing line and new machining centre for pump castings.

The company also improved the quality of production through more intensive in-process assurance measures and by establishing improved acceptable quality standards for components and materials from suppliers. Better sales coverage and close attention to customer service also helped to strengthen GSW's brand image.

**Company Headquarters**  
599 Hill Street West,  
Fergus, Ontario. N1M 2X1

**Manufacturing Locations**  
599 Hill Street West,  
Fergus, Ontario. N1M 2X1

**Water Products**  
Domestic Water Pumps  
Tanks and Accessories  
Sewage Pumps  
Effluent and General Purpose Pumps  
Engine Driven Contractor Pumps  
Electric and Gas Water Heaters  
Glass-Lined Range Boilers  
Storage Vessels  
Wringer Washers and Components



Completed converter assemblies racked for testing in burn-in room

**Operations review (\$000's)**

	<u>1983</u>	<u>1982</u>
Sales .....	<u>\$20,258</u>	<u>\$10,406</u>
Operating income (loss) before interest and income taxes .....	<u>(1,252)</u>	<u>500</u>
Net Assets .....	<u>1,700</u>	<u>1,626</u>

**VIEWSTAR INC.**

The company designs and manufactures cable television converters. The product line ranges from a simple block converter to a deluxe multi-functional remote converter with sound control. In Canada this product line is distributed exclusively by Philips Electronics Limited.

Operating loss for the full year 1983 amounted to \$1,252,000 compared to the profit of \$500,000 in 1982 for the part-year from June 1, the date of acquisition.

The 1983 loss was incurred in the fourth quarter due to the following:

- Costs and manufacturing inefficiencies associated with relocation into a new manufacturing facility.
- Development and start-up costs for a new sound-control remote converter.

- Accelerated R & D effort on new terminals for reception of cable and satellite transmissions.

The significant loss is not expected to carry over into 1984, as design and production difficulties with the new sound control converter have been largely overcome and shipments are being made to schedule. In addition, company management is implementing manufacturing overhead reductions and will be normalizing research and development expenditures.

During 1983, initial shipments of converters were made to the United States and further intensive efforts are underway to broaden distribution in that market.

Viewstar is continuing its research and development activities on technology innovations related to the reception of electronic signals.

**Company Headquarters**  
55 Milner Avenue,  
Scarborough, Ontario. M1S 2X1

**Manufacturing Locations**  
55 Milner Avenue,  
Scarborough, Ontario. M1S 2X1  
705 Progress Avenue, Unit 63,  
Scarborough, Ontario. M1H 2X1

**Viewstar Products**  
Converters for television

**CONSOLIDATED BALANCE SHEET**

GSW INC.

December 31, 1983 (with comparative figures at December 31, 1982)

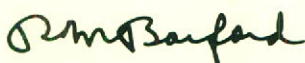
**Assets**

(\$000's)

	<u>1983</u>	<u>1982</u>
<i>Current:</i>		
Cash and short-term deposits .....	\$ 96	\$ 188
Accounts receivable .....	13,198	10,925
Inventories—		
Finished goods .....	7,979	6,152
Raw materials and work in process .....	15,570	12,299
Prepaid expenses .....	1,028	1,054
Total current assets .....	<u>37,871</u>	<u>30,618</u>
Investment in Camco Inc. (indicated market value — \$39,525) (note 3) .....	<u>15,847</u>	<u>13,776</u>
<i>Fixed:</i>		
Land, buildings and equipment .....	17,311	15,734
Less accumulated depreciation .....	<u>11,750</u>	<u>10,744</u>
Total fixed assets .....	<u>5,561</u>	<u>4,990</u>
Other assets (note 4) .....	<u>1,699</u>	<u>2,302</u>
Total assets .....	<u>\$60,978</u>	<u>\$51,686</u>

(See accompanying notes)

On behalf of the Board:


R.M. Barford,  
Chairman.

R.A. Stevens,  
President.



GSW INC. (Incorporated under the Canada Business Corporations Act)

**Liabilities and Shareholders' Equity**

(\$000's)

	<u>1983</u>	<u>1982</u>
<i>Current:</i>		
Accounts payable and accrued liabilities . . . . .	\$21,215	\$15,015
Income and other taxes payable . . . . .	2,341	597
Current portion of long-term debt . . . . .		2,150
<i>Total current liabilities</i> . . . . .	<u>23,556</u>	<u>17,762</u>
<i>Long-term:</i>		
Bank loans . . . . .		3,748
Other . . . . .	1,329	1,428
<i>Total long-term liabilities</i> . . . . .	<u>1,329</u>	<u>5,176</u>
<i>Minority interest in subsidiary</i> . . . . .		51
<i>Shareholders' equity:</i>		
Share capital (note 5) . . . . .	2,537	2,537
Retained earnings . . . . .	33,556	26,160
<i>Total shareholders' equity</i> . . . . .	<u>36,093</u>	<u>28,697</u>
<i>Total liabilities and shareholders' equity</i> . . . . .	<u>\$60,978</u>	<u>\$51,686</u>

(See accompanying notes)

**AUDITORS' REPORT**

To the Shareholders of GSW Inc.:

We have examined the consolidated balance sheet of GSW Inc. as at December 31, 1983 and the consolidated statements of income, 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.

Toronto, Canada,  
February 24, 1984.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1983 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.

*Clarkson Gordon*  
Chartered Accountants

**CONSOLIDATED STATEMENT OF INCOME**

GSW INC.

Year Ended December 31, 1983 (with comparative figures for 1982)

(\$000's)	1983	1982
Sales .....	<u>\$113,515</u>	<u>\$90,471</u>
Operating costs:		
Employee compensation including benefits .....	29,185	23,376
Materials, supplies, services and other costs .....	82,301	65,047
Depreciation and amortization .....	<u>982</u>	<u>956</u>
Total operating costs .....	<u>112,468</u>	<u>89,379</u>
Income from operations .....	<u>1,047</u>	<u>1,092</u>
Other items:		
Share of net income in Camco Inc. (note 3) .....	5,086	2,602
Interest expense—long-term .....	(520)	(876)
—other, net .....	(779)	(1,108)
Minority interest .....	<u>51</u>	<u>(51)</u>
	<u>3,838</u>	<u>567</u>
Income before income taxes .....	<u>4,885</u>	<u>1,659</u>
Income tax recoveries (note 6) .....	<u>363</u>	<u>968</u>
Net income before extraordinary items .....	<u>5,248</u>	<u>2,627</u>
Extraordinary items (note 7) .....	<u>3,174</u>	
Net income for the year .....	<u>\$ 8,422</u>	<u>\$ 2,627</u>
Earnings per common share:		
Before extraordinary items .....	\$ 1.28	\$ .64
After extraordinary items .....	\$ 2.05	\$ .64

(See accompanying notes)

**CONSOLIDATED STATEMENT OF RETAINED EARNINGS**

Year Ended December 31, 1983 (with comparative figures for 1982)

(\$000's)	1983	1982
Balance, beginning of year .....	\$26,160	\$23,984
Add net income for the year .....	<u>8,422</u>	<u>2,627</u>
	<u>34,582</u>	<u>26,611</u>
Deduct dividends of \$.25 per share (\$.11 in 1982) .....	<u>1,026</u>	<u>451</u>
Balance, end of year .....	<u>\$33,556</u>	<u>\$26,160</u>

(See accompanying notes)

**CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION**

GSW INC.

Year Ended December 31, 1983 (with comparative figures for 1982)

(\$000's)	<u>1983</u>	<u>1982</u>
<i>Source of funds:</i>		
Net income before extraordinary items .....	\$ 5,248	\$ 2,627
<i>Adjustments for non-cash items:</i>		
Share of net income in Camco Inc. ....	(5,086)	(2,602)
Depreciation and amortization .....	982	956
Deferred income taxes .....	(644)	(978)
Other .....	(51)	(263)
Total funds from operations .....	<u>449</u>	<u>(260)</u>
Proceeds on disposition of Camco Inc. shares, patents, trademarks and technology, net of selling costs and current income taxes (note 7)	<b>6,916</b>	
Dividend from Camco Inc. ....	<b>520</b>	
Decrease in inventories .....		3,959
Increase in accounts and taxes payable .....	<b>7,944</b>	
	<u>15,829</u>	<u>3,699</u>
<i>Application of funds:</i>		
Acquisition of subsidiary company .....		1,830
Dividends .....	<b>1,026</b>	451
Purchase of fixed assets .....	<b>1,553</b>	648
Increase in accounts receivable .....	<b>2,273</b>	1,096
Increase in inventories .....	<b>5,098</b>	
Decrease in accounts and taxes payable .....		443
Other, net .....	<b>73</b>	620
	<u>10,023</u>	<u>5,088</u>
Net increase (decrease) in funds .....	<u>\$ 5,806</u>	<u>\$ (1,389)</u>
<i>Analysis of change:</i>		
Decrease in cash .....	\$ (92)	\$ (1,181)
Decrease in note payable .....	<b>1,778</b>	
Decrease (increase) in bank loans .....	<b>4,120</b>	(208)
	<u>\$ 5,806</u>	<u>\$ (1,389)</u>

(See accompanying notes)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

GSW INC.

December 31, 1983

**1. Summary of significant accounting policies**

The following is a summary of the significant accounting policies followed in the preparation of the consolidated financial statements:

*(a) Principles of consolidation*

The financial statements include the accounts of the company and its subsidiaries on a consolidated basis and the accounts of Camco Inc. on an equity basis.

*(b) Inventory valuation*

Inventories are valued at the lower of cost and market. Cost is determined principally on a first-in, first-out basis. Cost includes material, labour and variable and fixed manufacturing overhead costs. No fixed manufacturing overhead costs are included in inventory valuation on quantities judged to be in excess of normal minimum inventory levels. Market value is net realizable value for finished goods and work in process, and replacement cost for raw materials.

*(c) Fixed assets and depreciation*

Fixed assets are stated at acquisition cost, including transportation and installation charges.

Generally, depreciation is determined using the declining balance method. This results in accumulated depreciation of approximately two-thirds of the cost of an asset during the first half of its estimated useful life. Depreciation rates used are principally 5% for buildings and 20% for equipment.

*(d) Product warranty costs*

Anticipated costs related to product warranty are recorded in the year in which the product is sold.

*(e) Pension plan costs (see also note 10)*

Costs relating to improvements in pension benefits granted by the company for employment in prior periods are amortized over fifteen years from the date such costs are established.

*(f) Goodwill*

Goodwill is amortized on a straight-line basis for a period not exceeding its estimated life.

*(g) Other significant policies*

Continuing research and development costs have been recognized as expenses when incurred.

Engineering, tooling and patent costs have been treated in a similar manner.

*(h) Foreign currency translation*

The basis of translation is the current rate method which translates all assets and liabilities at the rate in effect at the balance sheet date. For revenues and expenses, the current rate used is the rate which approximates the exchange rate in effect when the transaction occurred. Exchange and translation gains and losses are included in income currently.

**2. Change in accounting for development costs**

The company incurs costs on activities which relate to the development of new products. Certain of these costs have previously been deferred in accordance with the interpretation of specific criteria under generally accepted accounting principles.

At the year end the company's policies were re-evaluated to determine if the interpretation of these criteria was the most appropriate under the circumstances and whether it was consistent with other companies operating in a similar high technology environment. It was concluded that the method of accounting for development costs should be changed to interpret the criteria on a much more stringent basis under which interpretation, few, if any, development costs would qualify for deferment. This change in accounting has been applied prospectively, since the change does not materially affect the company's operating results.

**3. Camco Inc.**

The company owns 3,400,000 (34%) of the common shares of Camco Inc., with a market value at December 31, 1983 of \$39,525,000, based on the quoted price on the Toronto Stock Exchange. The real value of this investment may be more or less than that indicated by the market quotation.

On November 9, 1983 the company participated jointly with Canadian General Electric Company Limited (CGE) in a secondary offering of Camco shares to the public and to Camco employees under which GSW and CGE respectively sold 600,000 shares and 900,000 shares of Camco (see note 7). Prior to that, the company held 50% of the total votes and 40% of the total equity, while CGE held the remaining shares.

Set forth below is a summary of the financial position of Camco Inc. as at December 31, 1983 and a summary of the results of its operations for the year then ended.

**Summary of financial position**

(\$000's)	1983	1982
Cash and receivables . . . . .	\$ 70,570	\$ 60,206
Inventories . . . . .	72,996	64,424
Other current assets . . . . .	2,370	2,833
<b>Total current assets . . . . .</b>	<b>145,936</b>	127,463
Short-term bank borrowings . . . . .	7,744	6,206
Other current liabilities . . . . .	84,800	60,299
<b>Total current liabilities . . . . .</b>	<b>92,544</b>	66,505
Working capital . . . . .	53,392	60,958
Net fixed and long-term assets . . . . .	30,396	21,225
<b>Total fixed and long-term assets and working capital . . . . .</b>	<b>83,788</b>	82,183
Notes payable . . . . .	8,982	8,982
Term bank borrowings . . . . .	22,990	32,960
Other non-current liabilities . . . . .	5,205	5,800
<b>Total non-current liabilities . . . . .</b>	<b>37,177</b>	47,742
<b>Net assets . . . . .</b>	<b>\$ 46,611</b>	\$ 34,441
<b>GSW interest therein . . . . .</b>	<b>\$ 15,847</b>	\$ 13,776

**Summary of operations**

(\$000's)	1983	1982
Sales of products and services . . . .	<b>\$385,144</b>	\$331,453
Operating costs:		
Employee compensation . . . . .	117,224	102,040
Materials, supplies, services and other costs . . . . .	237,620	209,268
Depreciation . . . . .	3,541	2,460
Total operating costs . . . . .	<b>358,385</b>	313,768
Income from operations . . . . .	26,759	17,685
Financial expense, net . . . . .	(4,878)	(8,426)
Gain on sale of fixed assets . . . . .	1,454	
Income before income taxes . . . . .	23,335	9,259
Income taxes . . . . .	9,865	2,753
Net income for the year . . . . .	<b>\$ 13,470</b>	\$ 6,506
GSW equity interest included in statement of income . . . . .	<b>\$ 5,086</b>	\$ 2,602

**4. Other assets**

Other assets consist of: (\$000's)	1983	1982
Goodwill (note 7) . . . . .		\$ 625
Deferred product development costs (notes 2 and 7) . . . . .		698
Deferred income taxes (note 6) . . . . .	\$1,699	\$ 979
	<b>\$1,699</b>	<b>\$2,302</b>

**5. Share capital**

The authorized capital of the company consists of an unlimited number of Class "A" common shares without nominal or par value, an unlimited number of Class "B" subordinate voting shares without nominal or par value, and an unlimited number of preference shares without nominal or par value.

The details of issued share capital are as follows:

	Issued	Amount (\$000's)	
		1983	1982
Class "A" common . . . . .	1,308,783	\$ 770	\$ 770
Class "B" subordinated voting . . . . .	2,793,273	1,767	1,767
	4,102,056	<b>\$2,537</b>	<b>\$2,537</b>

The Class "A" shares are equal to the Class "B" shares in every respect except that the Class "A" shares have 100 votes per share and the Class "B" shares have one vote per share. A holder of Class "A" shares may at any time convert them into an equal number of Class "B" shares.

**6. Income taxes**

The company's provision for income taxes is made up as follows:

(\$000's)	1983	1982
Income taxes (recoveries based on combined statutory tax rates—Canadian federal and provincial—51% (1982—50%) . . . . .	\$ 2,715	\$ 2,188
U.S.A. federal and state—47% (1982—46.5%) . . . . .	(206)	(1,263)
	<b>2,509</b>	925

Decrease in income taxes resulting from—  
Share of net income from Camco

Inc. not taxable . . . . .	(2,594)	(1,301)
Manufacturing and processing profits	(10)	(49)
Inventory allowance . . . . .	(203)	(292)
Application of losses carried forward for a Canadian subsidiary . . . . .		(174)
Other items . . . . .	(65)	(77)
Income tax recoveries . . . . .	<b>\$ (363)</b>	<b>\$ (968)</b>

The company has U.S. losses for income tax purposes of \$3,740,000 which have been included in deferred income taxes. These losses expire as follows:

1996 — \$1,063,000 — 1997 — \$2,160,000  
1998 — \$517,000

**7. Extraordinary items**

During the year the company sold 600,000 of its common shares of Camco Inc. for cash of \$4,800,000 and certain patents, trademarks and technology, related to its former appliance business, to Camco Inc. for cash of \$4,000,000. These transactions, after reflecting costs of disposition of \$636,000 and income taxes of \$1,430,000, resulted in a gain on disposition of \$4,240,000.

Due to the operating results to date of the electronic products segment, the company has decided to write off the unamortized portions of goodwill and deferred product development costs recorded on the acquisition of this business in the amount of \$1,066,000.

The aggregate of the gains on disposition and these write offs is \$3,174,000.

**8. Acquisition of shares in a subsidiary**

Under the terms of the purchase agreement the company has the right to acquire the remaining shares of a 58% owned subsidiary over a seven year period commencing in 1984 at prices based on book values. In 1990, or in the event of the death of the President of the subsidiary, the company may be required to purchase these shares.

**9. Research and development**

Operating costs include expenditures for research and development of \$1,249,000 in 1983 (1982—\$504,000).

**10. Pension Plans**

There are a number of pension plans for present and retired employees of the company. Based upon the most recent actuarial valuations, the total estimated unamortized obligations of these plans as at December 31, 1983 amounted to approximately \$200,000.

**11. Lease commitments**

The company leases premises and equipment over various lease terms, generally up to five years. The annual rental payments for these operating leases is approximately \$600,000.

**12. Comparative figures**

Certain of the comparative figures have been reclassified to conform to the presentation adopted in the current year.

**13. Segmented information**

The company operates in three industries—water products, building products, and electronic products. Water products operations comprise pumps, water heaters and wringer washer machines; Building products comprise metal and

vinyl rain goods, lockers, waste disposal containers and wood burning stoves and accessories; and Electronic products comprise equipment for the reception and conversion of communications signals.

**A. Industry segments**

(000's)

	1983				1982			
	Water Products	Building Products	Electronic Products	Total	Water Products	Building Products	Electronic Products	Total
Sales .....	\$48,565	\$44,692	\$20,258	\$113,515	\$40,475	\$39,590	\$10,406	\$90,471
Segment operating profit (loss) .....	\$ 838	\$ 1,461	\$(1,252)	\$ 1,047	\$ 1,531	\$(939)	\$ 500	\$ 1,092
Share of net income in Camco Inc. ....				5,086				2,602
Interest expense .....				(1,299)				(1,984)
Minority interest .....				51				(51)
Income tax recoveries .....				363				968
Net income for the year before extraordinary items .....				\$ 5,248				\$ 2,627
Identifiable assets .....	\$17,846	\$18,519	\$ 6,275	\$ 42,640	\$15,725	\$15,473	\$ 4,031	\$35,229
Corporate assets .....				18,338				16,457
Total assets .....				\$ 60,978				\$51,686
Capital expenditures .....	\$ 462	\$ 390	\$ 658		\$ 54	\$ 357	\$ 237	
Depreciation and amortization .....	\$ 217	\$ 532	\$ 207		\$ 224	\$ 514	\$ 146	

**B. Geographical segments**

(000's)

	1983			1982		
	Canadian operations	U.S.A. operations	Total	Canadian operations	U.S.A. operations	Total
Sales to customers .....	\$91,998	\$21,517	\$113,515	\$72,073	\$18,398	\$90,471
Sales to other segments .....	4,084	503		1,958	699	
	\$96,082	\$22,020		\$74,031	\$19,097	
Segmented operating profit (loss) .....	\$ 1,426	\$(379)	\$ 1,047	\$ 3,201	\$(2,109)	\$ 1,092
Share of net income in Camco Inc. ....			5,086			2,602
Interest expense .....			(1,299)			(1,984)
Minority interest .....			51			(51)
Income tax recoveries .....			363			968
Net income for the year before extraordinary items .....			\$ 5,248			\$ 2,627
Identifiable assets .....	\$33,914	\$ 8,726	\$ 42,640	\$28,041	\$ 7,188	\$35,229
Corporate assets .....			18,338			16,457
Total assets .....			\$ 60,978			\$51,686

The Canadian operations of the company include export sales to customers of \$6,629,000 (1982-\$3,881,000).

**FIVE YEAR REVIEW***(In thousands except per share data)*

<b>Results for the Year</b>	<b>1983</b>	1982	1981	1980	1979
Net Sales . . . . .	<b>\$113,515</b>	\$90,471	\$88,727	\$69,710	\$61,997
Net Income					
— before share of Camco and extraordinary items	<b>162</b>	25	2,422	2,417	2,427
— share of net income in Camco Inc. . . . .	<b>5,086</b>	2,602	1,398	586	2,080
Net income before extraordinary items . . . . .	<b>5,248</b>	2,627	3,820	3,003	4,507
Extraordinary items . . . . .	<b>3,174</b>	—	—	—	—
Net income for the year . . . . .	<b>8,422</b>	2,627	3,820	3,003	4,507
Earnings per common share					
— before extraordinary items . . . . .	<b>1.28</b>	.64	.93	.73	1.10
— after extraordinary items . . . . .	<b>2.05</b>	.64	.93	.73	1.10
Dividends paid on common shares . . . . .	<b>1,026</b>	451	903	820	820
<b>Financial Highlights at Year-End</b>					
Working Capital . . . . .	<b>14,315</b>	12,856	18,290	17,108	10,351
Current Ratio . . . . .	<b>1.6 to 1</b>	1.7 to 1	2.1 to 1	2 to 1	1.9 to 1
Fixed assets at net book value . . . . .	<b>5,561</b>	4,990	4,658	4,671	3,208
Total assets . . . . .	<b>60,978</b>	51,686	50,177	47,829	34,270
Long term debt . . . . .	—	3,748	5,690	5,975	—
Shareholders' equity . . . . .	<b>36,093</b>	28,697	26,521	23,604	21,421
Common Shares outstanding . . . . .	<b>4,102</b>	4,102	4,102	4,102	4,102

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