



FACTS IN BRIEF

(\$000's except per share data)

	1984	1983
Sales	\$145,615	\$113,515
Net Income		
– before extraordinary items	5,550	5,248
– after extraordinary items	4,194	8,422
Earnings per common share		
– before extraordinary items	1.36	1.28
– after extraordinary items	1.02	2.05
Annual dividend on common shares	1,395	1,026
Working Capital	17,485	14,315
Current ratio	1.7 to 1	1.6 to 1
Shareholders' equity	36,077	36,093



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

SHARE TRANSFER AGENT

Common Shares, The National
Victoria and Grey Trust Company

BANK

The Bank of Montreal

AUDIT

Clarkson Gordon

ANNUAL SHAREHOLDERS' MEETING

April 24, 1985
Royal York Hotel
Alberta 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:
GWS 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
W. C. Garriock
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

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Chairman
R. A. Stevens,
President and Chief Executive Officer
W. R. Arbuthnot,
Vice-President
D. G. Fixter,
Sr. Vice-President,
Finance and Administration
M. O. Hickman,
Vice-President,
Research and Development
R. J. Thompson,
President,
GWS Water Products Company
D. G. Woodrow,
President,
GWS 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:

Net income in 1984 was \$5,550,000 or \$1.36 per common share, on the average number of shares outstanding during the year, compared with \$5,248,000 or \$1.28 per share in 1983 before extraordinary items. Net income after extraordinary items was \$4,194,000 or \$1.02 per share in 1984 compared with \$8,422,000 or \$2.05 per share in 1983.

While these are record operating earnings, a relatively low proportion is from GSW's operations. Over the past three years we have continued making investments and we are confident that we will realize the benefits of these programs in future years.

Net income from GSW's operations in 1984 increased to \$756,000 from \$162,000 in 1983. The company's earnings from its 34% equity interest in Camco Inc. were \$4,794,000 in 1984 compared with \$5,086,000 in 1983, when GSW held 40% for most of the year.

GSW Operations

Sales in 1984 of \$145,615,000 were \$32,100,000 higher than 1983. A large part of this increase was due to the April 1, 1984 acquisition of the John Wood water heater and tank business.

North American markets for our products showed uneven growth in 1984. Canadian housing starts finished below 1983 and below forecasts. Stable energy costs reduced the market for woodburning products and increased competitive activity.

Net income for the year from GSW operations amounted to \$756,000 or \$.19 per share compared to \$162,000 or \$.04 per share in 1983.

Building Products Company had an operating profit before interest and taxes, as shown in the segmented statement, of \$394,000 in 1984 compared to a profit in 1983 of \$1,461,000. The U.S. subsidiary continued its trend of improved results and recorded a profit of \$559,000 in 1984 compared to a loss of \$379,000 in 1983.

Water Products Company had a pre-tax operating profit before interest and taxes of \$2,611,000 in 1984 compared to \$838,000 in 1983, as a result of product cost improvements and overhead reduction programs.

Viewstar Inc. improved its operating results before interest and taxes from a loss of \$1,252,000 in 1983 to a profit of \$39,000 in 1984. As well as increasing its sales by 25% to \$25,378,000, the company continued its significant R & D effort on new consumer terminals for reception of cable and satellite.

Camco Operations

Camco sales in 1984 were \$412,554,000 up 7% from 1983 sales of \$385,144,000 and net income was \$14,099,000 compared to \$13,470,000 in 1983. The 1984 annual report of Camco Inc. has been mailed to GSW shareholders.

GSW's portion of Camco's net income was \$4,794,000 or \$1.17 per GSW share in 1984 compared to \$5,086,000 or \$1.24 per GSW share in 1983. The reduced share of Camco's income in 1984 is the result of the secondary offering of Camco shares in November 1983, by which GSW's equity interest in Camco was reduced from 40% to 34%.

Corporate Developments

a) Board of Directors:

On November 1, 1984, Mr. William C. Garriock was appointed a Director. Mr. Garriock is President and Chief Executive Officer of Miles Laboratories, Ltd. and we welcome his contribution.

b) Organization and Personnel:

On April 25, 1984, Mr. Robert A. Stevens, who was formerly President, was appointed President and Chief Executive Officer of the company.

During 1984 two Corporate Officers retired after serving the company with distinction for many years.

George S. Dickson joined the company in 1954 and held a succession of senior operating responsibilities leading to his appointment as Senior Vice-President Corporate.

Frank O. Price joined GSW's major appliance division in 1970 and held a number of senior operating and planning positions in GSW, including his most recent appointment as Vice-President, Corporate.

c) Acquisition of a Business:

On April 1, 1984, your company acquired the water heater and tank business of John Wood Mfg. Ltd. of Toronto, for many years a leading manufacturer supplying the Canadian residential and commercial markets. We believe this acquisition is an important step towards becoming North American cost competitive in the manufacture and distribution of water heaters.

d) Issuer Bid and Share Purchase:

On December 24, 1984 GSW acquired from its shareholders 110,137 GSW Class "A" Common shares at \$8.50 per share and 274,866 Class "B" Subordinate Voting shares at \$7.50 per share under the terms of an Issuer Bid dated December 3, 1984. The board believes this purchase constituted an attractive use of funds that should benefit the Company and its remaining shareholders by increasing earnings per share.

e) Term Financing:

During 1984, the company negotiated a revolving 13 month term bank credit of \$8,000,000, the proceeds of which were used in financing the purchase of the John Wood business and the purchase of GSW shares from shareholders.

f) Dividends:

On September 28, 1984 the annual dividend was increased to \$.34 per share from \$.25 per share in 1983.

Outlook

Your company has invested heavily in the development of new products and more efficient manufacturing processes. Foremost among these are vinyl guttering, class "A" factory built chimney, submersible pumps, energy efficient water heaters and consumer terminals for television reception. We believe the company is well positioned to take advantage of improved markets in a more stable economic environment.

The Board wishes to express its appreciation to all of the company's employees for their contributions to the 1984 achievements.

On behalf of the Board:

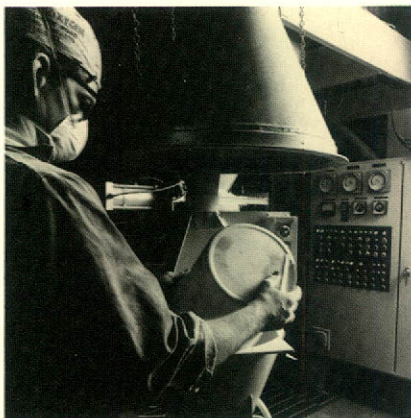


R. M. Barford,
Chairman.



R. A. Stevens,
President and Chief Executive Officer.

February 27, 1985.



Operating profit before interest and income taxes declined from \$1,461,000 in 1983 to \$394,000 in 1984. The Jackes-Evans operation in the United States continued its trend of improved results and recorded a profit of \$559,000 in 1984 compared to a loss of \$379,000 in 1983.

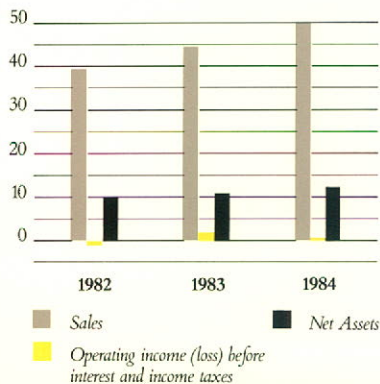
Sales increased from \$44,692,000 in 1983 to \$50,007,000 in 1984 with the U.S.A. operations providing a large part of the increase. The construction products in Canada also recorded sales growth including such major installations as the Toronto Y.M.C.A. Vinyl guttering continued its upward trend, however heating goods sales were somewhat soft and suffered margin pressure. Mature products such as galvanized ware and mail boxes declined further in 1984.

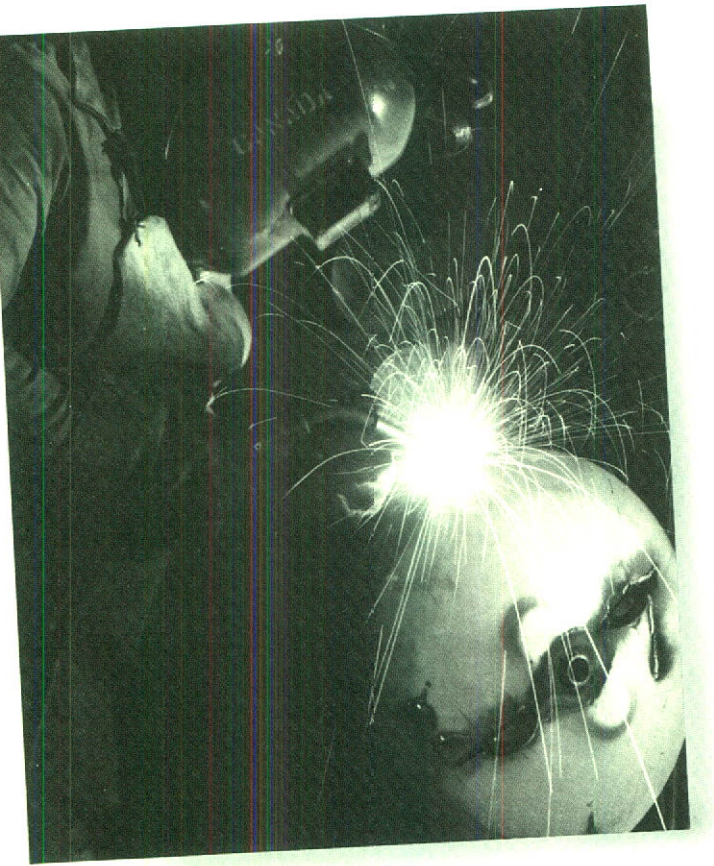
The company continued its investment in new products, and new processes to improve future productivity. In August 1984, a new 5 inch vinyl guttering system was introduced to complement the existing line of metal and vinyl rain carrying products. Further development work refined the new 2100 superchimney which was successfully introduced in 1984 after the initial design and development effort of 1983. Also approved in 1984 was a new minimum clearance wood stove for use in mobile homes, and a U. L. certified venting chimney for use with the stove.

In October the company brought on stream a new vinyl compounding centre at its Barrie plant, which will enhance productivity and yield large savings in material costs for vinyl products. Major programs are underway to reduce the manufacturing cost of Class "A" factory built chimney, as well as general overhead levels, particularly in Canada.

The Company continued its strong marketing efforts and its growing strength in the U.S.A. is largely due to a positively motivated team of sales agents. These independent reps are achieving regular gains under the direction of competent sales management. In 1985 an intensified customer service program should assist in achieving our objectives for continued growth.

Operations review in millions of dollars





Operating profit before interest and income taxes improved to \$2,611,000 in 1984 from \$838,000 in 1983. The results reflect product cost improvement and reductions in overhead.

Sales increased from \$48,565,000 in 1983 to \$70,230,000 in 1984. A large part of the increase resulted from the April 1, 1984 acquisition of the water heater and tank business of John Wood Mfg. Ltd. of Toronto. Our domestic markets for pumps and water heaters were buoyant in the early part of 1984 as housing activity was brisk, however demand slowed in the second half of the year as housing starts fell below anticipated levels. Wringer washer demand declined as a result of economic factors in export markets.

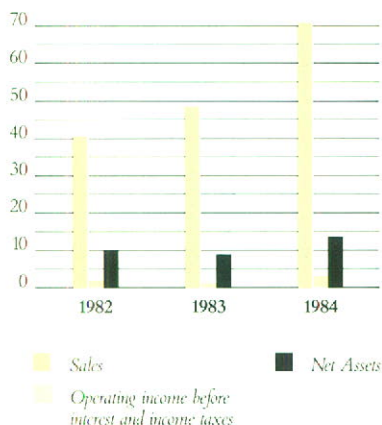
The acquisition of the John Wood water heater and tank business will enable the company to become more cost competitive in North American terms. The addition of the Wood line gives GSW the capability to service its growing customer base with the broadest range of commercial and domestic water heater and tank products available. The company will continue to market these products under the "GSW" and "John Wood" brands.

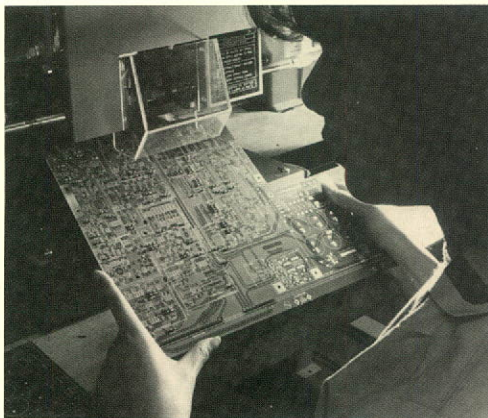
During 1984, the company reinforced its pump brands, "Beatty," "McDougall," "Barnes," "Sta-Rite" and "GSW" with greater support for the distributors by emphasizing total distribution efficiency. Expanded use of colour coded selection systems assist consumers and improve warehousing and display. By using high-volume vans and special rail cars, freight efficiencies have been achieved for water heaters.

Productivity improvements and product cost reductions were realized in 1984 as a result of achieving targets for the newly installed automatic shear line and pump machining centre. Other improvements resulted from an active Value Improvement Program which has the participation of a broad cross-section of company personnel.

Safety in the work-place continued to receive high management emphasis and the company's safety record improved over 1983, an award winning year.

Operations review in millions of dollars





Operating profit before interest and income taxes was modest at \$39,000 but represents a significant turnaround from the 1983 operating loss of \$1,252,000.

Sales volume increased from \$20,258,000 in 1983 to \$25,378,000 in 1984. This increase was primarily due to consumer acceptance of the innovative new sound control converter introduced in the last quarter of 1983. This product is the most advanced of its kind available in North America.

Converter sales in the United States also increased significantly over 1983, the initial year of export sales.

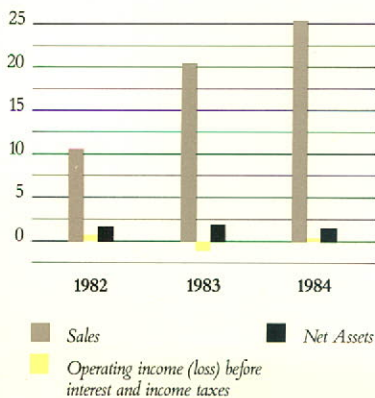
Heavy costs associated with the late 1983 production start up for the sound control converter were normalized early in the second quarter of 1984.

Rapid devaluation of the Canadian dollar during the year resulted in heavy exchange costs on components purchased in U.S. dollars. Increasing U.S. converter sales were helpful in minimizing the impact on operating income.

Marketing programs have been developed in conjunction with field testing for a new line of consumer satellite receivers. This product will be introduced to the North American market in the first half of 1985. Development work is continuing on a line of commercial satellite receivers as well.

The management structure was strengthened in Marketing, Manufacturing and Research and Development during 1984. With this new organization in place the company is well positioned to maximize opportunities for growth and improve profitability in the coming year.

Operations review in millions of dollars



Consolidated Balance Sheet

Year Ended December 31, 1984 (with comparative figures at December 31, 1983)

(\$000's)	1984	1983
Assets		
Current:		
Cash and short-term deposits		\$ 96
Accounts receivable	\$15,874	13,198
Inventories –		
Finished goods	9,259	7,979
Raw materials and work in process	16,823	15,570
Prepaid expenses	<u>1,038</u>	<u>1,028</u>
Total current assets	<u>42,994</u>	<u>37,871</u>
Investment in Camco Inc. (indicated market value – \$37,400) (note 3)	<u>19,281</u>	<u>15,847</u>
Fixed:		
Land, buildings and equipment	22,978	17,311
Less accumulated depreciation	<u>13,619</u>	<u>11,750</u>
Total fixed assets	<u>9,359</u>	<u>5,561</u>
Deferred income taxes (note 7)		1,699
Total assets	<u>\$71,634</u>	<u>\$60,978</u>

(See accompanying notes)

On behalf of the Board:



R. M. Barford,
Chairman



R. A. Stevens,
President and Chief Executive Officer

(\$000's)	1984	1983
Liabilities and Shareholders' Equity		
Current:		
Bank indebtedness	\$ 1,499	
Accounts payable and accrued liabilities	23,098	\$21,215
Income and other taxes payable	912	2,341
Total current liabilities	<u>25,509</u>	<u>23,556</u>
Long-term:		
Bank loan (note 4)	8,000	
Other	2,048	1,329
Total long-term liabilities	<u>10,048</u>	<u>1,329</u>
Shareholders' equity:		
Share capital (note 5)	2,298	2,537
Retained earnings	33,526	33,556
Foreign currency translation adjustment (note 2)	253	
Total shareholders' equity	<u>36,077</u>	<u>36,093</u>
Total liabilities and shareholders' equity	<u>\$71,634</u>	<u>\$60,978</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, 1984 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.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied, except for the change to the method of accounting for foreign currency recommended by the Canadian Institute of Chartered Accountants and described in note 2 to the financial statements, on a basis consistent with that of the preceding year.

Toronto, Ontario,
February 22, 1985.

Clarkson Gordon
Chartered Accountants

Consolidated Statement of Income

Year Ended December 31, 1984 (with comparative figures for 1983)

(\$000's)	1984	1983
Sales	<u>\$145,615</u>	<u>\$113,515</u>
Operating costs:		
Employee compensation including benefits	36,457	29,185
Materials, supplies, services and other costs	104,242	82,301
Depreciation	<u>1,872</u>	<u>982</u>
Total operating costs	<u>142,571</u>	<u>112,468</u>
Income from operations	<u>3,044</u>	<u>1,047</u>
Other items:		
Interest expense	(1,978)	(1,299)
Minority interest		51
	<u>(1,978)</u>	<u>(1,248)</u>
Income (loss) before income taxes	1,066	(201)
Income taxes (recoveries) (note 6)	<u>310</u>	<u>(363)</u>
Income before equity interest in Camco Inc.	756	162
Share of net income in Camco Inc. (note 3)	<u>4,794</u>	<u>5,086</u>
Net income before extraordinary items	5,550	5,248
Extraordinary items (note 7)	<u>(1,356)</u>	<u>3,174</u>
Net income for the year	<u>\$ 4,194</u>	<u>\$ 8,422</u>
Earnings per common share (note 5):		
Before extraordinary items	\$ 1.36	\$ 1.28
After extraordinary items	\$ 1.02	\$ 2.05

(See accompanying notes)

Consolidated Statement of Retained Earnings

Year Ended December 31, 1984 (with comparative figures for 1983)

(\$000's)	1984	1983
Balance, beginning of year	\$33,556	\$26,160
Add net income for the year	<u>4,194</u>	<u>8,422</u>
	37,750	34,582
Deduct:		
Dividends of \$.34 per share (\$.25 in 1983)	1,395	1,026
Purchase of shares for cancellation (note 5)	<u>2,829</u>	
Balance, end of year	<u>\$33,526</u>	<u>\$33,556</u>

(See accompanying notes)

Consolidated Statement of Changes in Financial Position

Year Ended December 31, 1984 (with comparative figures for 1983)

(\$000's)	1984	1983
Source of funds:		
Net income before share of net income in Camco Inc. and extraordinary items	\$ 756	\$ 162
Adjustment for non-cash items:		
Depreciation	1,872	982
Deferred income taxes	343	(644)
Other	<u>2,971</u>	<u>(51)</u>
	(518)	449
Change in other long-term liabilities	(518)	(99)
Net change in non-cash working capital balances related to operations	<u>(2,941)</u>	<u>599</u>
Cash provided by (used in) operations	(488)	949
Proceeds on disposition of Camco Inc. shares, patents, trademarks and technology, net of selling costs and current income taxes		6,916
Dividend from Camco Inc.	<u>1,360</u>	<u>520</u>
	<u>872</u>	<u>8,385</u>
Application of funds:		
Acquisition of business (note 8)	4,513	
Dividends	1,395	1,026
Purchase of fixed assets	1,491	1,553
Purchase of shares for cancellation (note 5)	<u>3,068</u>	<u>2,579</u>
	<u>10,467</u>	<u>2,579</u>
Net increase (decrease) in funds	<u><u>\$ (9,595)</u></u>	<u><u>\$ 5,806</u></u>
Analysis of change:		
Decrease in cash	\$ (96)	\$ (92)
Decrease in note payable		1,778
Decrease (increase) in bank loans	<u>(9,499)</u>	<u>4,120</u>
	<u><u>\$ (9,595)</u></u>	<u><u>\$ 5,806</u></u>

(See accompanying notes)

Notes to Consolidated Financial Statements

December 31, 1984

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 11)
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) *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.
- (g) *Foreign currency translation* – The accounts of self-sustaining foreign operations are translated using the current rate method, which translates assets and liabilities at the rate in effect at year-end and revenues and expenses at the average rate for the year. Unrealized translation gains and losses are deferred and included as a separate component of shareholders' equity.

2. Change in accounting for foreign currency translation

On January 1, 1984 the company adopted the recommendation of the Canadian Institute of Chartered Accountants relating to foreign currency translation as set out in note 1. Previously, unrealized translation gains and losses of self-sustaining foreign operations were included in current income. The effect of this change is that 1984 net income was reduced by \$253,000. This change in accounting has been applied prospectively.

3. Camco Inc.

The company owns 3,400,000 (34%) of the common shares of Camco Inc., with a market value at December 31, 1984 of \$37,400,000, 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.

Set forth below is a summary of the financial position of Camco Inc. as at December 31, 1984 and a summary of the results of its operations for the year then ended.

Summary of financial position

(\$000's)	December 31	
	1984	1983
Cash and receivables	\$ 71,058	\$ 70,570
Inventories	81,284	72,996
Other current assets	1,593	1,993
Total current assets	153,935	145,559
Short-term bank borrowings	8,715	7,744
Other current liabilities	70,826	84,800
Total current liabilities	79,541	92,544
Working capital	74,394	53,015
Net fixed and long-term assets	28,696	30,773
Total fixed and long-term assets and working capital	103,090	83,788
Notes payable	8,982	8,982
Term bank borrowings	30,400	22,990
Other non-current liabilities	6,998	5,205
Total non-current liabilities	46,380	37,177
Net assets	\$ 56,710	\$ 46,611
GSW interest therein	\$ 19,281	\$ 15,847

Summary of operations

(\$000's)	Year ended December 31	
	1984	1983
Sales of products and services	\$412,554	\$385,144
Operating costs:		
Employee compensation	119,761	117,224
Materials, supplies, services and other costs	262,471	237,420
Depreciation	4,185	3,741
Total operating costs	386,417	358,385

Summary of operations (continued)

(\$000's)	Year ended December 31	
	1984	1983
Income from operations	26,137	26,759
Financial expense, net	(4,969)	(4,878)
Gain on sale of fixed assets	1,576	1,454
Income before income taxes	22,744	23,335
Income taxes	8,645	9,865
Net income for the year	<u>\$ 14,099</u>	<u>\$ 13,470</u>
GSW equity interest included in statement of income	<u>\$ 4,794</u>	<u>\$ 5,086</u>

4. Bank borrowings

In December, 1984 the company entered into a bank borrowing agreement which provided in part for an \$8,000,000 unsecured line of credit for a period of thirteen months, such period automatically renewable monthly unless the bank gives notice of termination of the agreement. The agreement stipulates that the bank will not require payment before thirteen months. Interest on long-term debt was nil during 1984 (\$520,000 in 1983).

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 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.

The details of issued share capital are as follows:	Issued		Amount (\$000's)	
	1984	1983	1984	1983
Class "A" common	1,198,646	1,308,783	\$ 705	\$ 770
Class "B" subordinate voting	2,518,407	2,793,273	1,593	1,767
	<u>3,717,053</u>	<u>4,102,056</u>	<u>\$2,298</u>	<u>\$2,537</u>

On December 24, 1984, the company purchased for cancellation 110,137 Class "A" shares and 274,866 Class "B" shares. The purchase cost of these shares was \$3,068,000 including fees and expenses of \$71,000. Share capital has been reduced by \$239,000, which is the average paid in capital, and the balance of the purchase price has been charged to retained earnings.

Earnings per share have been computed based on the average number of shares outstanding during the year.

6. Income taxes

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

(\$000's)	1984	1983
Income taxes (recoveries) based on combined statutory tax rates -		
Canadian federal and provincial - 51% (1983 - 51%)	\$308	\$ 121
U.S.A. federal and state - 47% (1983 - 47%)	220	(206)
	528	(85)
Decrease in income taxes resulting from -		
Manufacturing and processing profits	(42)	(10)
Inventory allowance	(190)	(203)
Investment tax credits	(70)	(38)
Other items	84	(27)
Income taxes (recoveries)	<u>\$310</u>	<u>\$(363)</u>

At December 31, 1984 the company has tax losses in subsidiaries which have not been claimed for tax purposes and which will result in a tax recovery in future years of approximately \$1,600,000. If not utilized, these tax benefits will principally expire in 1997.

7. Extraordinary items

In 1984 the company has written off the tax benefit of losses previously recorded to the extent that such losses were not utilized in 1984 and for which recovery is not certain in the amount of \$1,356,000.

In 1983 the company had gains on disposition of common shares in Camco Inc. and on disposition of certain patents, trademarks and technology to Camco Inc. of \$4,240,000 after tax, and wrote off \$1,066,000 of goodwill and deferred product development costs related to the electronic products business.

8. Acquisition of a business

On April 1, 1984, the company acquired the water heater and tank business of John Wood Mfg. Ltd. for cash of \$4,513,000. The results of operations of this business have been included in the company results from that date. The acquisition has been accounted for using the purchase method as follows:

(\$000's)	
Equipment	\$ 4,112
Inventory, accounts receivable and other assets	6,945
Assumed liabilities	(6,544)
	<u>\$ 4,513</u>

9. Acquisition of shares in a subsidiary

During the year the company exercised its right under the terms of a purchase agreement and acquired 6% of the shares of a subsidiary, Viewstar Inc. The company now owns 64% of the subsidiary and has the right to acquire the remaining shares over the next six years 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.

10. Research and development

Operating costs include expenditures for research and development of \$1,470,000 in 1984 (1983 - \$1,249,000).

11. 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, 1984 amounted to approximately \$430,000.

12. 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 \$900,000.

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 products; and Electronic products comprise equipment for the reception and conversion of communications signals.

A. Industry segments

(\$000's)	1984				1983			
	Water Products	Building Products	Electronic Products	Total	Water Products	Building Products	Electronic Products	Total
Sales	\$ 70,230	\$50,007	\$ 25,378	\$145,615	\$48,565	\$44,692	\$20,258	\$113,515
Segment operating profit (loss)	\$ 2,611	\$ 394	\$ 39	\$ 3,044	\$ 838	\$ 1,461	\$ (1,252)	\$1,047
Interest expense				(1,978)				(1,299)
Minority interest				-				51
Income taxes				(310)				363
Share of net income in Camco Inc.				4,794				5,086
Net income for the year before extraordinary items				\$ 5,550				\$ 5,248
Identifiable assets	\$ 26,867	\$19,894	\$ 5,082	\$ 51,843	\$17,846	\$18,519	\$ 6,275	\$ 42,640
Corporate assets				19,791				18,338
Total assets				\$ 71,634				\$ 60,978
Capital expenditures	\$ 4,134	\$ 1,151	\$ 379		\$ 462	\$ 390	\$ 658	
Depreciation	\$ 878	\$ 670	\$ 293		\$ 217	\$ 532	\$ 207	

B. Geographical segments

(\$000's)	1984			1983		
	Canadian operations	U.S.A. operations	Total	Canadian operations	U.S.A. operations	Total
Sales to customers	\$118,657	\$26,958	\$145,615	\$91,998	\$21,517	\$113,515
Sales to other segments	4,598	324		4,084	503	
	\$123,255	\$27,282		\$96,082	\$22,020	
Segmented operating profit (loss)	\$ 2,485	\$ 559	\$ 3,044	\$ 1,426	\$ (379)	\$ 1,047
Interest expense			(1,978)			(1,299)
Minority interest			-			51
Income taxes			(310)			363
Share of net income in Camco Inc.			4,794			5,086
Net income for the year before extraordinary items			\$ 5,550			\$ 5,248
Identifiable assets	\$ 41,347	\$10,496	\$ 51,843	\$33,914	\$ 8,726	\$ 42,640
Corporate assets			19,791			18,338
Total assets			\$ 71,634			\$ 60,978

The Canadian operations of the company include export sales to customers of \$10,469,000 (1983 - \$6,629,000).

Five Year Review

(In thousands except per share data)

	1984	1983	1982	1981	1980
Results for the Year					
Net Sales	\$145,615	\$113,515	\$90,471	\$88,727	\$69,710
Net Income					
– before share of Camco and extraordinary items	756	162	25	2,422	2,417
– share of net income in Camco Inc.	4,794	5,086	2,602	1,398	586
Net income before extraordinary items	5,550	5,248	2,627	3,820	3,003
Extraordinary items	(1,356)	3,174	–	–	–
Net income for the year	4,194	8,422	2,627	3,820	3,003
Earnings per common share					
– before extraordinary items	1.36	1.28	.64	.93	.73
– after extraordinary items	1.02	2.05	.64	.93	.73
Dividends paid on common shares	1,395	1,026	451	903	820

Financial Highlights at Year-End

Working Capital	17,485	14,315	12,856	18,290	17,108
Current Ratio	1.7 to 1	1.6 to 1	1.7 to 1	2.1 to 1	2 to 1
Fixed assets at net book value	9,359	5,561	4,990	4,658	4,671
Total assets	71,634	60,978	51,686	50,177	47,829
Long term debt	8,000	–	3,748	5,690	5,975
Shareholders' equity	36,077	36,093	28,697	26,521	23,604
Common Shares outstanding at December 31 .	3,717	4,102	4,102	4,102	4,102

GSW BUILDING PRODUCTS COMPANY

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

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

GSW WATER PRODUCTS COMPANY

Company Headquarters

599 Hill Street West,
Fergus, Ontario. N1M 2X1

Manufacturing Locations

599 Hill Street West,
Fergus, Ontario. N1M 2X1

101 Hanson Street,
Toronto, Ontario. M4C 1A2

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

VIEWSTAR INC.

Company Headquarters

55 Milner Avenue,
Scarborough, Ontario. M1S 2X1

Manufacturing Locations

55 Milner Avenue,
Scarborough, Ontario. M1S 2X1

Products

Converters for television
Satellite Receivers



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