

FATHOM  
OCEANOLOGY  
LIMITED  
ANNUAL REPORT 1982

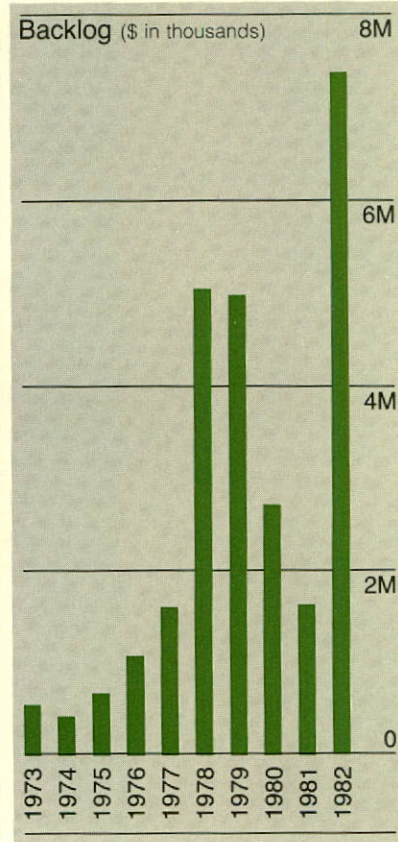
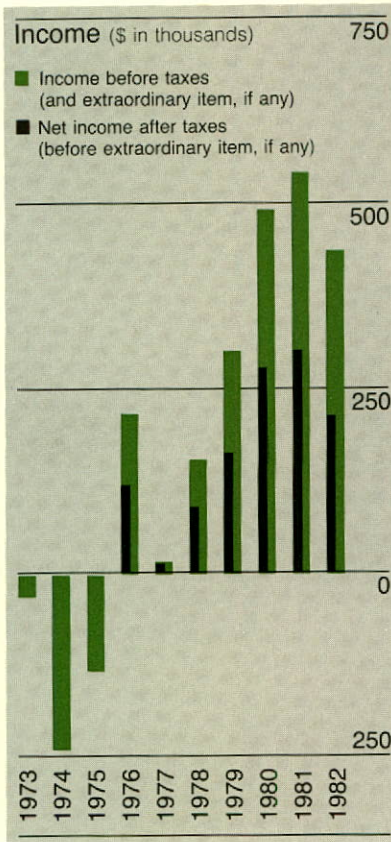
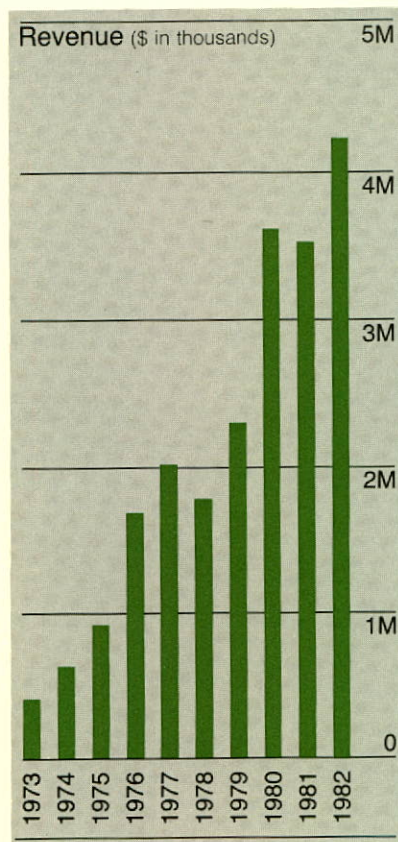






## Financial highlights

	1982	1981
<b>Revenue</b>	<b>\$4,253,000</b>	<b>\$3,537,000</b>
<b>Net income</b>	<b>\$ 214,000</b>	<b>\$ 308,000</b>
Per share	<b>\$0.11</b>	<b>\$0.16</b>
Fully diluted per share	<b>\$0.11</b>	<b>\$0.15</b>
<b>Backlog</b>	<b>\$7,400,000</b>	<b>\$1,632,000</b>
<b>Shareholders' equity</b>	<b>\$1,738,800</b>	<b>\$1,425,100</b>



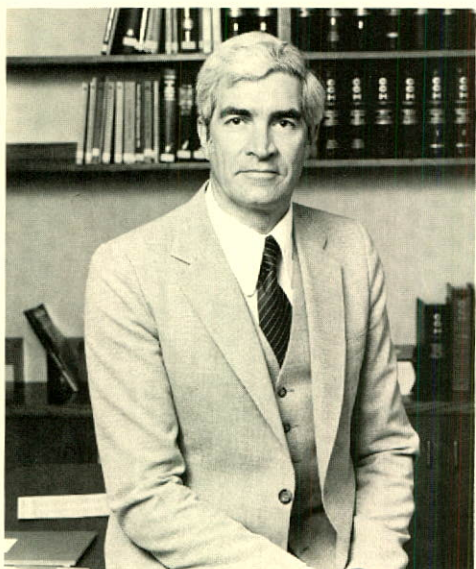
### Annual meeting

The new Fathom plant  
fifteen minutes west of  
Toronto International  
Airport.

The annual meeting of the shareholders of Fathom  
Oceanology Limited will be held in the Library Room of the  
Royal York Hotel, Toronto at 4:00 p.m. on the 28th day of July, 1982.



## President's report to the shareholders



**J. B. Stirling, P.Eng.**  
PRESIDENT &  
CHIEF EXECUTIVE  
OFFICER

In spite of the severe recessionary problems that have beset not only Canadian business in the past fiscal year, but business worldwide, Fathom's overall results must be considered a remarkable success. Your company has weathered this difficult period, and has shown considerable growth.

Revenue has been increased 20%, the backlog more than quadrupled, the assimilation of

Almondbury completed, and a new exciting company acquired; overall a satisfying achievement.

Unfortunately, not all the financial criteria were satisfactory. A lower income performance can be explained by the tough business climate, and the extraordinary expenses incurred to assimilate Almondbury, to pursue order opportunities, and to acquire a new company.

The pre-tax income for the company on a consolidated basis for the fiscal year ended March 31, 1982 was \$445,800, compared to \$540,100 in the prior year. On an after tax basis, income for this fiscal year amounted to \$213,800, compared to \$308,100 last year. On a per share basis this means an income of \$0.11 per share, down from \$0.16 per share last year. This reflects not only the lower net income, but also an increase in the number of shares in circulation from 1,982,966 to 2,028,562.

Total revenues for the company on a consolidated basis reached \$4,252,862, a new high and a 20% increase over the previous year. Beginning fiscal 1982 with an unusually low order backlog, the challenge facing management was to quickly convert last year's high proposal level into solid order bookings in order to accomplish respectable levels of profitability; the challenge was met, in spite of low first quarter revenues which resulted in our reporting a pre-tax loss of \$45,700 last June.

As a result of an intense marketing effort, the orders received for the fiscal year reached \$8,500,000 of new contract work. By comparison, the backlog of orders unfilled at the end of March 1982 exceeded \$7,400,000, as contrasted with \$1,632,000 reported a year before.

Our confidence level continues to be high, because the same level of sales activity is carrying on in the new fiscal year. We expect the results for the first quarter of fiscal 1983 to be very favourable.

Production cost gains achieved in prior years continue to contribute to our profitability, and a comparison of product costs in fiscal 1982 with the previous year indicates that we have been able to keep costs under control with few incremental differences observed.

Administration expenses however were much increased. This is a reflection of the start-up costs associated with the Almondbury acquisition, high marketing expenses, and the legal, accounting and other costs associated with the investigation and achievement of our current acquisition of Data Industries Inc.

With reference to the balance sheet, the current ratio is slightly reduced over last year end because of the effect of a large downpayment received for a major contract. However, our working capital has been held above \$1.2 million, comparable to last year. Fixed assets



have increased approximately 20% over last year and reflect the commencement of a major program designed to increase our manufacturing capability to keep pace with the level of orders received, and the business levels anticipated for future years.

In the next section of this report, we will outline for you some of the dimensions of our major orders and activities. These include the orders received for the Canadian Armed Forces, which have increased in significance in the last two years, and the export orders for Variable Depth Sonar (VDS) systems, always an important mainstay of the company's activities.

Increased competition on VDS systems has forced Fathom to be more vigilant about the risk to proprietary designs and engineering expertise, not all of which is covered by our patents. Consequently, on one NATO country opportunity we declined to bid, rather than lose our proprietary advantage because of a "rights to data" clause that was not negotiable.

Fathom stock, listed on the Toronto Stock Exchange since August of 1980, has not returned to the price levels high of last fiscal year. However, based on the TSE index, Fathom prices have stabilized at higher levels, which reflect a better performance than comparable stocks.

The increased activity of this year has returned the employment level in our Canadian facility to a record high. When we include the staff of the Almondbury and Fathom (U.K.) groups, and Data Industries, growth in the Fathom family is very substantial.

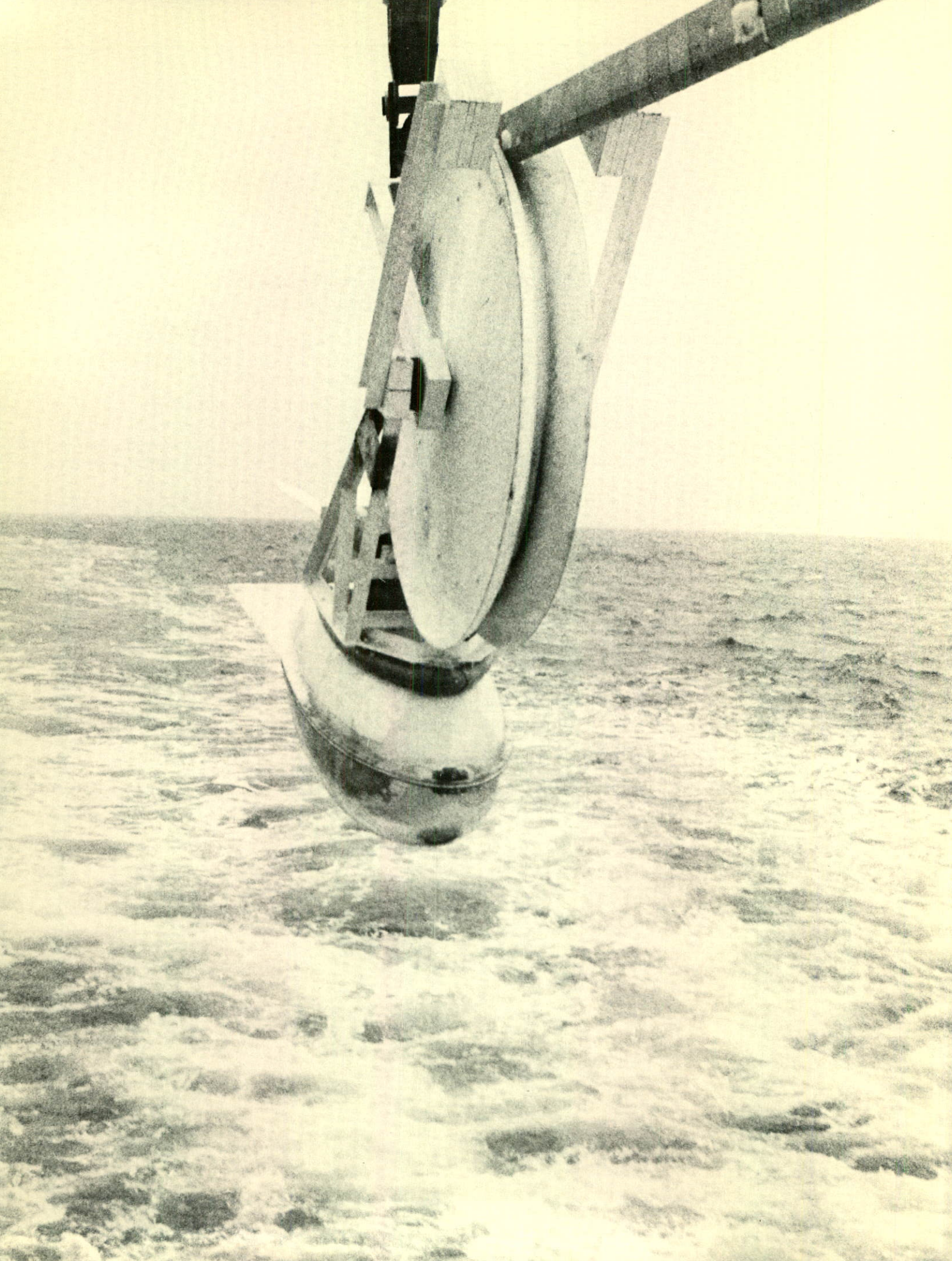
In the next year Fathom will move to new and expanded facilities to keep pace with the increased activity of this past year. A photograph of this yet to be occupied plant appears on the inside front cover of this report.

To the employees who worked so hard to achieve the results of this year we express our sincere thanks.



**John B. Stirling, P.Eng.**  
PRESIDENT AND CHIEF EXECUTIVE OFFICER







## Review of operations

FATHOM — In Canada



The Canadian operations centered just west of Toronto during fiscal 1982 matured significantly, the year concluding with a record backlog.

Traditionally, Fathom has concentrated upon the development and marketing of its own proprietary products. In so doing it has not only developed a strong engineering and marketing capability, but also a sophisticated manufacturing and quality assurance organization. This achievement was emphasized in the first half of the year when Fathom was awarded two important defence contracts, concerned with manufacturing only, both won in open competition because of the quality and competitiveness of its manufacturing group. The first of these contracts was the Canadian Navy Sonar Hull Outfit C5 awarded by the Department of Supply & Services during our first quarter. The second of these contracts was received under sub-contract from DAF Indal for production components associated with the Helicopter Haul Down Systems (R.A.S.T.) supplied by them to the U.S. Navy.

This proven capability to compete head-on in the defence industry in areas beyond our own proprietary markets is a milestone in the company's development.

This year also saw a marked strengthening of the engineering organization as the company geared up to meet an accelerating demand for Fathom towing systems for both submarine defence and mine counter-measures. In addition to an increase in staff in Canada, effective co-operation was developed in utilizing Almondbury staff in the United Kingdom on Canadian programs and Canadian staff on UK programs.

There is no overlap of capabilities of Canadian and UK engineering staffs. Essentially the Almondbury-based skills centre upon microprocessor technology, systems analysis and computer programming. Fathom Canada has its engineering strengths in marine, mechanical and hydraulic design.

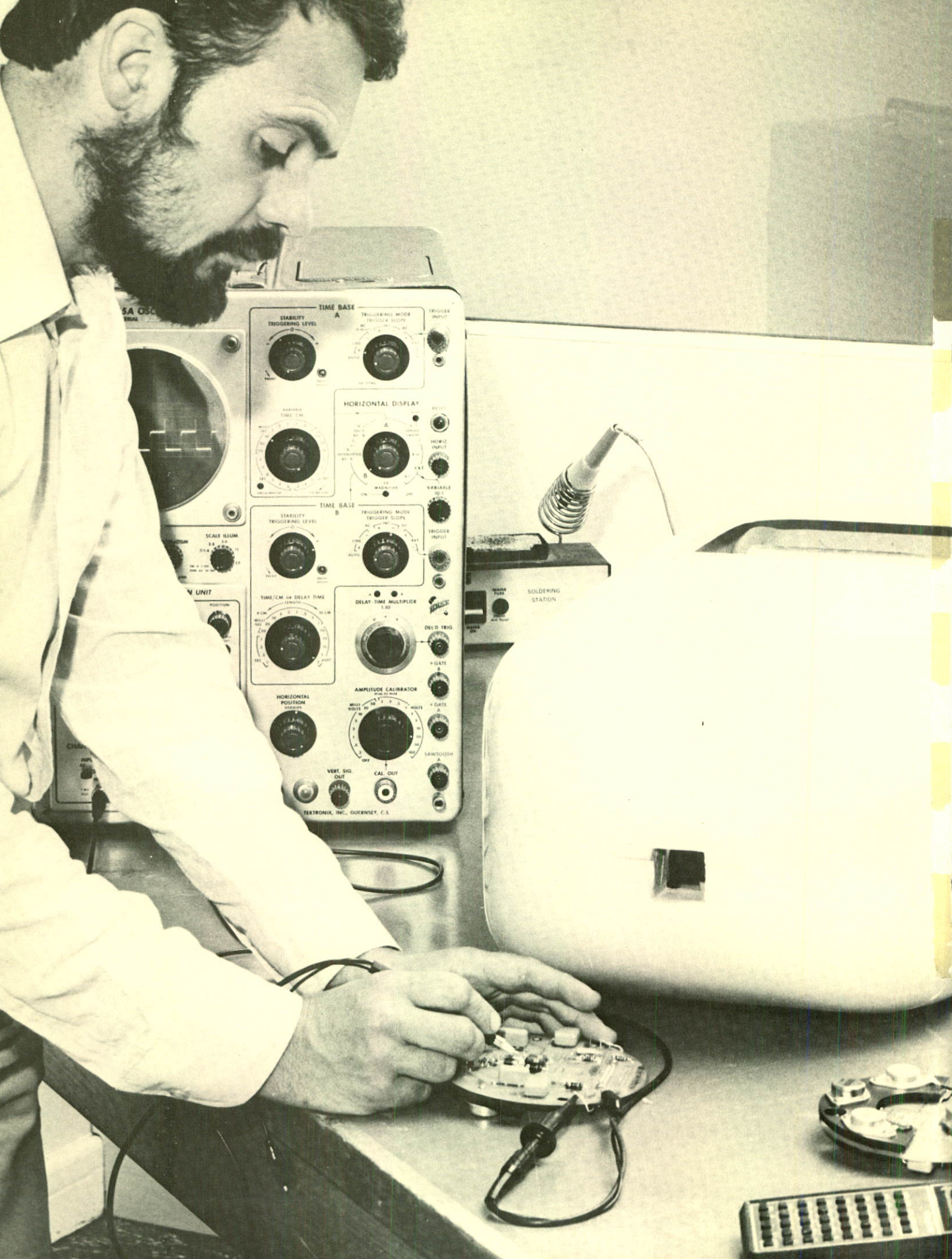
Four V.D.S. towing systems presently in the order backlog are of very advanced design. In particular, these units will be fitted with a microprocessor-based active motion compensation system which will offset the vertical stern excursions of the vessel in high seas and will thus prevent these wave-induced motions from upsetting the stability of the towed "fish" which carries the sonar. In consequence, submarine defence operations will continue in spite of deteriorating sea conditions, far beyond the constraints presently imposed by high seas.

A highlight of the last quarter of the year was the Fathom involvement in a U.S. Navy contract to define an advanced minehunting ship's sonar. This was an intensive conceptual design study in which Fathom teamed with Sperry Gyroscope Systems, in competition with three other powerful teams.

The year has shown considerable emphasis on defence equipment. The challenges involved have not only occupied engineering but also research and development groups in the need to break new technical ground in the defence oriented market.

Nevertheless, progress also continued in the important offshore oil and gas market. Of particular significance in this area was a teaming agreement achieved with Global Marine Development Inc. in California. The team was required to address the difficult problem posed by Aquitane (Canada) Ltd., (now Canterra Energy Ltd.) for drilling offshore in the Hudson Strait. This location has formidable environmental challenges including high currents in very deep water and a preponderance of icebergs passing through the strait and down the Labrador coast. The Fathom R&D study resulted in an improved, extra-low drag, PIPESTREAM™ fairing with special, rapid assembly-disassembly features for interfacing with the drill riser pipe. An ongoing phased program over the next two years is anticipated.







## Review of operations

ALMONDBURY — In United Kingdom



Last year in our annual report the acquisition of Almondbury Limited and our plans for Fathom Oceanology (U.K.) Limited were introduced. A year has passed, and the contribution of the United Kingdom group has justified our expectations. A beneficial effect on Fathom's operations was realized not only in the United Kingdom, but in the European and United States market as well.

It is important to review Almondbury's capability in relation to Fathom to appreciate how the two groups complement each other.

Almondbury since 1976 has provided an engineering consultancy service to government and industry in the ocean and marine technology environment. The solution to problems derives from a systems engineering capability, with one of the prominent disciplines being the ability to use mathematical modelling, for design and manufacturing support for underwater vehicles and payloads. Specific skills at Almondbury include physics, mechanical engineering, electronic design, mathematics, computer technology, hydrodynamics, engineering management, and commercial and military documentation.

In the "Fathom in Canada" section mention was made of Almondbury staff involvement in Fathom programs. Contributions in the areas of microprocessor-based controls, control software development, mathematical modelling to determine hydrodynamic stability, and project management have enabled Fathom to broaden its overall systems capability. A good example of this is the development of the microprocessor-based, active motion compensation system for V.D.S. towing systems. Another example is the contribution to the conceptual design study for an advanced minehunting ship's sonar.

While Almondbury has greatly enhanced Fathom's capability, the main activity this past year, and an ongoing one, has been to support the Ministry of Defence (Navy) in the United Kingdom on their important mine

counter-measures programs. This service covers "In Service Support" for the Hunt Class ships, and also advance studies for future-generation vessels and equipment.

To complement Almondbury's system engineering and software development capability, and to ensure a broad future revenue base from products sales, Almondbury will continue to develop and improve products that can be manufactured in the United Kingdom. Fathom Oceanology (U.K.) Limited has been established as a manufacturing arm of Almondbury-derived products and as an outlet for products from Fathom Canada.

As part of this thrust towards a product manufacturing capability, a specially configured undulating "fish" for the Royal Navy was recently delivered, and trials successfully completed. The assembly, calibration and setting-to-work was all carried out by Fathom U.K. staff. As facilities for manufacturing are expanded in the coming year, more of this type of activity will be carried out on our own premises.

In the commercial market, much of the year has been spent in making the name of Fathom known in the North Sea offshore operations and good contacts have been made both in the commercial sector and in academic institutions. As members of the Association of British Oceanic Industries, Almondbury is now receiving good presentation of our products in the United Kingdom. In order to capture this potential market, a full time marketing manager has been appointed.

In the coming year it will be difficult to precisely foresee the direction which the group will need to follow, but the progress made in the first year is encouraging, despite the geographic separation of Fathom and Almondbury. Almondbury and Fathom Oceanology (U.K.) Limited now feel a part of the Fathom family and look forward to the potential offered by the acquisition of Data Industries.







## Ocean Data Equipment

(Data Industries Inc.) In The United States



Data Industries Inc. and its Ocean Data Equipment Division became a wholly owned subsidiary of Fathom in April, 1982. It will contribute a microprocessor-based electronics capability, especially in "sonar"-type test equipment and oceanographic and laboratory instruments.

Founded in 1968, Ocean Data specialized in electronic equipment for the ocean environment. It also developed a family of impact line printers, used for data logging, which eventually became the major product.

The printer product line was subsequently sold to Northern Telecom, and enabled the founding partners of Ocean Data to concentrate on the ocean marketplace. Concentration provided the unique niche that complements Fathom, that is, a design, development, prototype manufacturing and testing capability for specialized test equipment. This covers submarine, surface ship, airborne data systems, oceanographic instruments and water quality and current measuring sensors for the military and commercial ocean marketplace.

Ocean Data concentrates primarily on the U.S. market, with foreign markets virtually untouched for their potential. Despite a slow-moving worldwide oceanographic market affected by the recessionary cutbacks, the increase in military naval spending has assured Ocean Data an order backlog entering fiscal 1983 of over \$1,000,000. A major portion of the backlog is in custom and specialized test equipment for sonar applications.

The anticipated development of Ocean Data's market beyond the United States in combination with Almondbury and Fathom is expected to accelerate sales and generate synergy through "turn-key" systems engineering capability in both commercial and military markets.

Ocean Data is located in Rhode Island, adjacent to its major customers, namely U.S. Navy centers, government departments, institutions and laboratories, major electronics systems

manufacturers, dredging companies, and nuclear power and utility plants.

The modern engineering and manufacturing facility contains a laboratory for development of complex electronic-based systems.

Examples of the major areas of development are:

- Data collection platform/satellite telemetry systems.
- Portable, and "In-Situ" water quality monitoring systems.
- On-line performance monitoring systems for submarines, surface ships and shore-based facilities.
- Computer-controlled acoustic measuring systems.
- Computer/microprocessor-controlled, instrumented oceanographic buoys.
- Oceanographic data logging, processing and display.
- Underwater instruments.

Close involvement with U.S. naval underwater research and development, with government departments and with larger electronic systems manufacturers, ensures that Ocean Data is in the forefront of oceanographic and marine research and development.

In instrumentation, Ocean Data has specialized in a general purpose, microprocessor-controlled instrument for measuring acoustic transducer characteristics under pulsed conditions.

An analogous instrument for checkout of shipboard electronic equipment is a microprocessor used to effect high speed transmission of data and generate simulated wave forms for spectrum analysis. Another instrument is a programmable digital waveform synthesizer.

One of the most successful products, a digital phase-angle-voltmeter with microprocessor controls, is employed in complex computerized performance monitoring of active sonar systems in the marine environment.



## Consolidated balance sheet

MARCH 31, 1982 (with comparative figures at March 31, 1981)

Assets	1982	1981
Current assets:		
Cash and short-term deposits	\$ 330,886	\$ 364,619
Accounts receivable	1,868,036	890,470
Costs and estimated earnings in excess of billings on uncompleted contracts	729,170	466,050
Inventory, at lower of cost and net realizable value	251,054	212,475
Prepaid expenses	62,185	49,795
Total current assets	3,241,331	1,983,409
Fixed, at cost:		
Equipment	667,095	496,563
Tooling	292,890	284,091
	959,985	780,654
Less accumulated depreciation	637,941	541,188
	322,044	239,466
Patents and leasehold improvements at amortized cost	24,212	40,102
Total fixed assets	346,256	279,568
Other:		
Loans to employees and officers (note 3)	113,029	
Goodwill (note 2)	107,408	
	220,437	
	<b>\$3,808,024</b>	<b>\$2,262,977</b>

On behalf of the Board:

K. R. Olsen, Director

John B. Stirling, Director



## Liabilities and Shareholders' Equity

	1982	1981
Current liabilities:		
Accounts payable and accrued charges	\$ 818,810	\$ 430,320
Billings in excess of costs and estimated earnings on uncompleted contracts	759,570	59,577
Income and other taxes payable — current	94,689	128,250
— deferred	339,200	157,500
Total current liabilities	2,012,269	775,647
Due to Ontario Development Corporation		8,228
Deferred income taxes	56,925	54,000
Total liabilities	2,069,194	837,875
Shareholders' equity:		
Share capital (note 4) —		
Issued:		
2,028,562 common shares (1981 — 1,982,966 shares)	1,082,588	945,993
Retained earnings	656,242	479,109
	1,738,830	1,425,102
	<b>\$3,808,024</b>	<b>\$2,262,977</b>

### AUDITORS' REPORT

To the Shareholders of Fathom Oceanology Limited:

We have examined the consolidated balance sheet of Fathom Oceanology Limited as at March 31, 1982 and the consolidated statements of income 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 March 31, 1982 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.

Mississauga, Canada,  
June 4, 1982.

*Clarkson Gordon*  
CHARTERED ACCOUNTANTS



## Consolidated statement of income and retained earnings

FOR THE YEAR ENDED MARCH 31, 1982 (with comparative figures for 1981)

	1982	1981
Contract revenue	\$4,252,862	\$3,537,060
Product costs	2,193,095	1,858,495
Gross profit	2,059,767	1,678,565
Other expenses (income):		
Administrative, marketing and general	1,534,974	1,029,563
Research and development	106,602	127,289
Interest income	(46,465)	(23,458)
Foreign exchange loss	18,848	5,035
	1,613,959	1,138,429
Income before income taxes	445,808	540,136
Income taxes (note 5)	232,000	232,000
Net income for the year	213,808	308,136
Retained earnings, beginning of year	479,109	170,973
	692,917	479,109
Premium paid on shares acquired and cancelled (note 4(c))	36,675	
Retained earnings, end of year	\$ 656,242	\$ 479,109
Income per share	\$0.11	\$0.16
Fully diluted income per share	\$0.11	\$0.15

(See accompanying notes)



## Consolidated statement of changes in financial position

FOR THE YEAR ENDED MARCH 31, 1982 (with comparative figures for 1981)

	1982	1981
Funds provided from:		
Operations —		
Net income for the year	\$ 213,808	\$ 308,136
Charges to operations not resulting in an outlay of funds:		
Depreciation and amortization	106,415	102,170
Amortization of goodwill	11,934	
Deferred income taxes	(5,080)	33,000
Funds provided from operations	327,077	443,306
Working capital assets acquired on purchase of Almondbury Limited (note 2)	40,410	
Less cash consideration paid	23,208	
Net funds provided from acquisition	17,202	
Issue of common shares	1,365	45,960
Total funds provided	345,644	489,266
Funds applied to:		
Acquisition of shares (note 4(c))	50,000	
Purchase of fixed assets	153,087	57,129
Decrease in long-term debt	8,228	13,257
Loans to employees and officers	113,029	
Total funds applied	324,344	70,386
Increase in working capital	21,300	418,880
Working capital, beginning of year	1,207,762	788,882
Working capital, end of year	\$1,229,062	\$1,207,762
Represented by:		
Current assets	\$3,241,331	\$1,983,409
Less current liabilities	2,012,269	775,647
	\$1,229,062	\$1,207,762



## Notes to consolidated financial statements

MARCH 31, 1982

### 1. Accounting policies

The consolidated financial statements include the accounts of the company and its wholly-owned subsidiaries, of which the principal operating units are Fathom Oceanology (U.K.) Limited and Almondbury Limited. These financial statements have been prepared in accordance with generally accepted accounting principles the more significant of which are summarized below:

#### (a) Contracts —

Profits on contracts are recorded using the percentage of completion method.

Complete provision is made for losses on contracts in progress when they become known. In the case of contracts extending over one or more years, revisions in cost and profit estimates, which can be significant, are reflected in the accounting period in which the relevant facts become known.

When the company enters into contracts with customers to develop and produce specialized equipment with the expectation that the Canadian government will share the specific development costs with the customer, the related government grants are accounted for as revenue by the company.

#### (b) Fixed assets —

Fixed assets are recorded at acquisition cost. Government grants and investment tax credits relating to specific fixed assets are deducted from the acquisition cost of those assets. Costs which extend the useful life of a fixed asset are capitalized. All other costs of repairs and maintenance are charged to operations as incurred.

Depreciation is recorded in the accounts on the declining balance basis at the following annual rates:

Equipment	20%
Tooling	33 $\frac{1}{3}$ %

The costs incurred for patents, including patents pending, are capitalized and amortized on a straight-line basis over a ten year period. Leasehold improvements are amortized on a straight-line basis over the term of the lease.

#### (c) Goodwill —

Goodwill, which represents the excess of the purchase price paid for the shares of Almondbury Limited over the underlying value of the net tangible assets acquired (as outlined in note 2 below), is being amortized on a straight-line basis over a ten-year period.

#### (d) Income taxes —

The company follows the tax allocation method of accounting for income taxes. Deferred income taxes result from claiming deductions for income tax purposes in advance of charging such amounts in the accounts.

#### (e) Research and development —

Research and development costs, excluding costs of patents and patents pending, are charged to operations as incurred. Where government grants are received for research and development projects initiated by the company for its own purposes, these grants are deducted from the research and development costs.

#### (f) Foreign exchange —

Certain of the companies' transactions occur in foreign currencies. Current assets and liabilities relating to these transactions have been translated into Canadian currency at the rate of exchange prevailing at the year end. Non-current assets and liabilities are translated at rates of exchange applicable at the dates acquired. Revenue and expenses have been translated at exchange rates prevailing on the date of such transactions. The exchange gains and losses arising on translation have been included in income for the year.



## 2. Acquisition

On April 1, 1981, the company acquired all of the issued and outstanding shares of Almondbury Limited (formerly Almondbury Development Company Limited), located in Yeovil, England for a total price of \$171,763. Almondbury Limited is an engineering consulting firm specializing in the development of sophisticated marine and related equipment.

The acquisition has been accounted for as a purchase and details of the net assets acquired and consideration given by the company are as follows:

Net assets acquired:		
Working capital		\$ 40,410
Fixed assets	\$ 20,016	
Less related deferred taxes	8,005	12,011
Net assets acquired		\$ 52,421
Consideration given:		
Cash		\$ 23,208
67,596 common shares issued*		148,555
Total consideration		171,763
Excess of consideration over net tangible assets acquired representing value of goodwill on acquisition		\$119,342

\*The value assigned to the common shares was determined using the weighted average price of the company's shares traded on the Toronto Stock Exchange for the 25 day trading period ending on April 7, 1981.

## 3. Loans to employees and officers

During the year the company introduced a plan to assist certain employees and officers to purchase up to 100,000 shares of the company on the open market with company financing by way of interest-free loans repayable over a five-year period. Under the plan the appointed trustee purchased 80,600 shares on behalf of 34

employees, including three officers, and loans totalling \$132,975 were provided to the participants to finance the purchases and remain outstanding at the year-end. Of this amount, \$19,946 is due in 1983 and accordingly has been included in accounts receivable under current assets on the balance sheet.

## 4. Share capital

During the year:

- 3,000 shares were issued for \$1,365 cash under the company's stock option plan;
- 67,596 shares were issued as partial consideration on the acquisition of Almondbury Limited for a total value of \$148,555 as explained in note 2; and
- the company cancelled 25,000 shares which it had acquired for \$50,000 cash. Of this amount \$13,325, being the assigned value of the shares, was applied to reduce share capital and the balance was charged to retained earnings.

At March 31, 1982, options issued in prior years to purchase up to 54,500 shares at prices ranging from \$0.455 to \$2.115 were outstanding. These options expire at various dates up to March, 1986.

## 5. Income taxes

One of the company's U.K. subsidiaries has losses for income tax purposes of approximately \$53,000 which are available to offset taxable income of future years.

## 6. Commitments

- Commitments under operating leases for computer and office equipment amount to approximately \$18,000 annually to 1986.
- Commitments for the lease of office and manufacturing facilities amount to approximately \$50,000 in 1983 and \$30,000 in 1984.



## 7. Contingent liabilities for Government of Canada grants

In previous years the company received grants of \$909,000 for the development of towing systems, of which \$650,000 may be repayable on the basis of future sales arising from the developed technology.

To March 31, 1982, no provisions have had to be made in the company's accounts with respect to the possible repayment of these grants.

## 8. Pension plans

Based on actuarial valuations of the company's pension plans the present value of the unfunded past service liability at March 31, 1982 amounted to approximately \$49,000 which the company intends to fund and charge to earnings at the rate of approximately \$8,900 annually over the next five years and \$3,800 for a further six years. Current service costs of \$12,820 have been charged to operations during the year.

## 9. Segmented information

The company operates in a single industry involving the supply and service of sophisticated marine equipment.

The company's operations are carried on in the geographic areas of Canada and the United Kingdom. Transactions between these geographic segments are accounted for at prices comparable to those charged to non-related parties.

Comparative information for the prior year has not been presented below as the United Kingdom operations were an insignificant part of the company's operations in 1981.

Export sales from the Canadian operations amounted to \$2,819,206 in 1982 (\$3,356,000 in 1981).

	Canada	United Kingdom	Elimination	Total
Contract revenue from outside customers	\$3,615,047	\$637,815		\$4,252,862
Transfers between geographic segments	20,017	22,700	\$ (42,717)	
Total revenue	<u>\$3,635,064</u>	<u>\$660,515</u>	<u>\$ (42,717)</u>	<u>\$4,252,862</u>
Segment operating profit (loss)	<u>\$ 958,161</u>	<u>\$(43,576)</u>		\$ 914,585
Deduct:				
General corporate expense				468,777
Income taxes				232,000
Net income				<u>\$ 213,808</u>
Identifiable assets	<u>\$3,410,571</u>	<u>\$117,770</u>		\$3,528,341
Corporate assets				279,683
Total assets				<u>\$3,808,024</u>

## 10. Subsequent event

Effective April 1, 1982 the company purchased all of the issued shares of Data Industries Inc. (a U.S. company). As consideration, the company paid U.S. \$300,000 cash, issued 50,000 common shares valued at Cdn. \$85,000 and issued a U.S. \$50,000 note payable with interest at 10% on December 9, 1982.

Contingent upon the performance of Data Industries Inc., additional consideration will be paid over a five-year period through the issue of a further 200,000 shares and cash payments aggregating U.S. \$150,000 together with interest at 10% per annum.

## 11. Comparative figures

Certain 1981 figures in these financial statements have been reclassified to conform with the presentation adopted in 1982.



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**Head office and plant**

863 Rangeview Road,  
Mississauga, Ontario,  
L5E 1H1  
Tel (416) 274-1551  
Telex 06-960226

**Subsidiary companies**

Almondbury Limited  
Fathom Oceanology (U.K.)  
Limited  
both located at Prestleigh House,  
Hendford, Yeovil, Somerset,  
England BA20 1UW

**†Data Industries Inc.**

located at 5 John Clarke Road,  
Middletown, R. I. 02840

Hale & Associates Limited,  
Mississauga, Ontario

**Transfer agent and registrar**

National Trust Company Limited,  
Toronto, Ontario and  
Calgary, Alberta

**Bankers**

Bank of Montreal,  
Toronto, Ontario  
Midland Bank Limited,  
Sherborne, England  
†Old Stone Bank, Providence, R.I.

**Auditors**

Clarkson Gordon,  
Mississauga, Ontario

**Legal counsel**

Blake, Cassels & Graydon,  
Toronto, Ontario

**Fathom Shares**

Fathom shares trade on the  
Toronto Stock Exchange under  
the symbol "FAM"

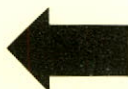
**New Address**

After August 1, 1982, the new  
head office address will be:

Fathom Oceanology Limited  
6760 Campobello Road,  
Mississauga, Ontario.  
L5N 2L8

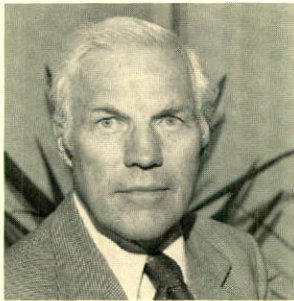
Tel: (416) 274-1551

†As of April 1, 1982.

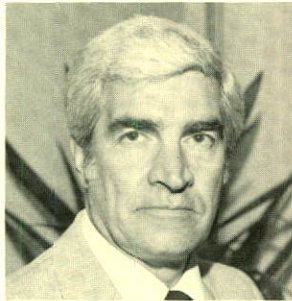




## Directors and officers



**K. R. Olsen**



**J. B. Stirling**



**N. E. Hale**



**J. M. Beresford**



**J. B. Foote**



**A. H. C. Lewis**



**D. W. Paterson**



**K. A. Powers**



**C. B. Symons**

### Directors

\* **K. R. Olsen**, Hudson Quebec Chairman, Fathom Oceanology Limited; President and Chief Executive Officer of AtconCorp. Inc.; and, Atlas Construction (1981) Inc.; Chairman, G. M. Gest Companies.

**J. B. Stirling**, Mississauga, Ontario  
President and Chief Executive Officer, Fathom Oceanology Limited

**N. E. Hale**, Mississauga, Ontario  
Vice President and Director of Research & Development, Fathom Oceanology Limited

**J. M. Beresford**, Ottawa, Ontario  
Vice President, Marinav Corp.

\* **J. B. Foote**, Campbellcroft, Ontario  
Industrial Commissioner and Manager, Chamber of Commerce, Port Hope, Ontario

\* **A. H. C. Lewis**, Toronto, Ontario  
Vice-President and Treasurer, Extendicare Limited

**D. W. Paterson**, Toronto, Ontario  
Vice President & Director, Wood Gundy Limited

\* **K. A. Powers**, Toronto, Ontario  
Business Consultant

**C. B. Symons**, Sherborne, Dorset, England  
Vice Chairman & Technical Director, Almondbury Limited

\* Member of the audit committee

### Officers

K. R. Olsen, Chairman  
J. B. Stirling, President and Chief Executive Officer  
N. E. Hale, Vice President and Director of R&D  
J. O. Empey, Vice President Manufacturing  
D. W. Fairles, Vice President Finance  
R. R. Walker, Vice President Marketing  
R. A. Donaldson, Secretary



## Capabilities, products and services of the Fathom companies

### **Fathom — in Canada**

#### **Capabilities**

Design, development, and manufacture of mechanical equipment for military and commercial service — ship-borne and offshore structures.

Leadership in cable towing systems, “faired” cable, and towed body technology.

“Vortex-shedding” suppression in offshore structures subjected to wave, tide and current action.

#### **Products**

Flexnose, Rigstream & Pipestream fairings, oceanographic winches; Tow Fish and Ray Fish towed bodies; Starstrake vortex shedding suppressors; sonar domes; variable depth sonar (VDS) handling equipment.

#### **Services**

Consulting engineering studies in hydrodynamics and ship-borne equipment.

FLEXNOSE, RIGSTREAM, PIPESTREAM, STARSTRAKE and CASCAN are registered trademarks of Fathom Oceanology Limited.

### **Almondbury — in the United Kingdom**

#### **Capabilities**

Systems engineering in the field of marine science.

Dedicated to leadership position in applied science consultancy for the ocean industry.

Capable of specialized design, prototype engineering, manufacture and testing for military and commercial applications.

“Turn-key” towed system design capability.

#### **Products**

Oceanographic towed bodies; chlorophyll “A” fluorometers; continuous plankton samplers.

#### **Services**

Consultants in physics, mechanical engineering, electronic design, mathematics and computing, hydrodynamics, engineering management, commercial and military documentation.

### **Ocean Data — in the United States**

#### **Capabilities**

Design, prototype development and manufacture of microprocessor-based oceanographic instruments, air-borne data systems, and custom test instruments for military and laboratory applications.

Expertise in measurement and data logging of ocean, lake, estuary and industrial waste water properties requiring precision, in-situ quality monitoring and environmental regulation.

Capability in data transmission from remote sensing and monitoring systems by radio frequency or satellite telemetry.

Expertise in development and application of specialized “sonar”-type test instruments.

#### **Products**

Digital conductivity, salinity, temperature and depth instruments; thermosalinographs; wave and liquid level gauges; oceanographic sensor assemblies; aqua monitors; general purpose measuring systems; water level monitoring and telemetry systems; in-situ recording current meters; hydrographic survey system data loggers; velocimeters.

#### **Services**

Consulting engineering in the development of specialized test equipment, data systems, instruments and water quality sensors.





Solving problems in depth