



***Enheat Inc.***

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***Annual Report 1987***

**On The Leading Edge**



**Of Aerospace Component Manufacturing**





*On the leading edge of technology for over thirty years, Enheat's Aircraft Division is known for its quality and on-time delivery. Ensuring our customers' complete satisfaction is the responsibility of every employee at Enheat. Commencing with estimating and continuing on through purchasing, engineering, tool making, machining, fabrication, packing and shipping - quality is paramount.*

*Attention to detail is a well worn phrase, but it is an extremely important part of our business. Utilizing a manufacturing area of over 165,000 sq. feet, Enheat's skilled craftsmen rank with the best. Our customer list is a true indication of our ability to produce on-time, high quality, sophisticated aircraft components and assemblies.*

**Some of our present customers and their products are:**

<i>Boeing A/C</i>	<i>707,747,767</i>	<i>Metal to metal bonding and forming</i>
<i>DeHavilland</i>	<i>Dash 8</i>	<i>Forming and floor panels</i>
<i>Lockheed A/C</i>	<i>CP-140(P3C)</i>	<i>Rudders, elevators, weapons bay doors</i>
<i>McDonnell Douglas</i>	<i>DC9 Super 80</i>	<i>Welded assemblies, butes, tubes, forming and butterfly fairings</i>
<i>Supply</i>	<i>CS2F (CP121)</i>	<i>Major repair and overhaul - wings, stabilizers,</i>
<i>&amp; Services Canada</i>		<i>elevators, flaps and doors.</i>





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# Shareholders

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British Columbia	10
Alberta	5
Saskatchewan	—
Manitoba	5
Ontario	62
Quebec	73
New Brunswick	117
Nova Scotia	38
Prince Edward Island	5
Newfoundland	—
Northwest Territories	1
Canada	316
United States	10
Other Countries	—
Total	326

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## Aircraft Division

**Sales:**

\$17.236 million

**Products:**

- Aircraft Components
- Repair and Overhaul

**Plant Space:**

165,000 sq. ft.

**Number of Employees:**

346

**Location:**

Amherst, Nova Scotia

## Enterprise Fawcett Inc.

**Sales:**

\$5.744 million

**Products:**

- Oil & Wood Ranges
- Warm Air Furnaces  
wood/coal/oil
- Ductwork
- Airtight Heaters

**Plant Space:**

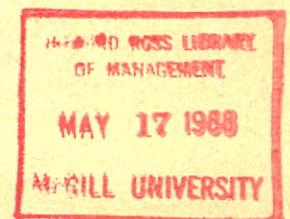
235,645 sq. ft.

**Number of Employees:**

98

**Location:**

Sackville, New Brunswick





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# Directors and Officers

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## Board of Directors

### G. Denton Clark

Chairman of the Board  
Imapro (1986) Corp.  
R.R. #3  
Summerside  
P.E.I. CIN 4J9

### \*H. Reuben Cohen, Q.C.

1111 Main Street  
Moncton, N.B.  
EIC 1H3

### C.W. Cole

Chairman and Chief  
Executive Officer,  
Central Capital  
Management Inc. and  
President, Central Capital  
Corporation  
c/o Central Trust Company  
1 First Canadian Place  
38th Floor, P.O. Box 38  
Toronto, Ontario  
M5X 1G4

### Leonard Ellen

Suite 1644  
5 Place Ville Marie  
Montreal, P.Q.  
H3B 2G2

### \*Peter A. Neuman

President  
Enheat Inc.  
Sackville, N.B.  
E0A 3C0

### †George T. Urquhart

Chairman, Board of Directors  
& Chief Executive Officer  
Enheat Inc.  
211 Bromley Ave., Apt. No. 2  
Moncton, N.B.  
EIC 5V5

### Robert A. Utting

President of R.A. Utting  
and Associates Inc.  
c/o The Royal Bank of Canada  
Head Office, Box 6001  
Montreal, P.Q.  
H3C 3A9

### Michel Vennat, Q.C.

Senior Partner  
Stikeman, Elliott  
Suite 3900  
1155 Dorchester Blvd. West  
Montreal 102, P.Q.  
H3B 3V2

### John W. Wilson

President  
Atlantic Industries (N.B.) Ltd.  
P.O. Box 570  
Sackville, N.B.  
E0A 3C0

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## Senior Officers

### Roger H. Hawthornthwaite

Vice-President & General Manager  
Aircraft Division

### Y. Paul Minocha

Vice-President, Finance  
& Secretary  
Enheat Inc.

### Peter A. Neuman

President  
Enheat Inc.

### D.I. Sweetapple

Executive Vice-President  
Enheat Inc.

### George T. Urquhart

Chairman  
Board of Directors  
& Chief Executive Officer

### Michel Vennat

Assistant Secretary

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## Audit Committee

### G. Denton Clark - Chairman

Peter A. Neuman  
Michel Vennat

### Head Office

Sackville, New Brunswick  
Tel: 506/536-1520 & 506/536-1160  
Telex No. 014-2288  
Fax No. 506/536-1820

### Bankers

The Royal Bank of Canada  
Sackville, New Brunswick

### Transfer Agents

Montreal Trust Company  
Montreal, Quebec  
Central Trust Co.  
Moncton, New Brunswick

### Registrars

Canadian Trust Company  
Montreal, Quebec  
Central Trust Co.  
Moncton, New Brunswick

### Auditors

Touche Ross & Co.  
Saint John, New Brunswick

### Stock Listing

Montreal Stock Exchange

\*Members of the Executive Committee  
†Chairman of the Executive Committee



# Letter to the Shareholders



The year 1987 was a record, marked with the achievement of new highs in every segment of our business. Net sales and operating revenue were \$22.98 million, 11.1% greater than 1986, and earnings, after provision for income taxes, almost doubled to \$2,843,000 from \$1,463,000 in 1986. This improvement in the Company's profitability was reflected in earnings per share of \$2.92 as compared to \$1.50 in 1986. Shareholders' Equity rose from \$5.5 million in 1986 to \$8.2 million in 1987.

The Company had no loans outstanding and ended the year with a surplus cash position of \$4,058,000.

The Board of Directors has declared a semi-annual dividend of 20¢ per share effective April 1, 1988. This follows dividends of 8¢ per share on October 1, 1986, 8¢ on April 1, 1987 and 10¢ on October 1, 1987.

The sharp improvement in profits in the Aircraft Division was achieved by increased gross margins, which resulted from improved productivity and other cost reduction programs. The Aircraft Division expects that sales and profitability will soften in the early part of the year, then show decided improvement as the year progresses. This division is committed to continued growth through improved productivity and vigorously pursuing new markets.

Enterprise Fawcett Inc. performed better than planned in 1987 and reported profit of \$147,000 against a breakeven situation in 1986. Further improvement is forecast for 1988.

On December 31, 1987 the Company entered into an agreement to purchase assets in the amount of \$2,200,000 representing a 22% interest in the Buck Lake Gas Plant.

Mr. George B. Robertson, Director of Enheat Inc. since 1979, resigned during 1987. The Board, on behalf of the shareholders, conveys their sincere thanks for his contribution and wishes him a happy retirement.

The Board of Directors acknowledges the loyalty and efforts of management and all employees who made 1987 a very successful year. It also expresses its appreciation for the continued support of its shareholders and customers.

A handwritten signature in black ink, appearing to read "George T. Urquhart". The signature is written in a cursive, flowing style with a large initial "G" and a long horizontal stroke extending to the left.

George T. Urquhart  
Chairman of the Board  
and Chief Executive Officer



# Historical Synopsis

(dollars in thousands except amounts per share)

For the year	1987	1986	1985	1984	1983	1982
Sales	22,980	20,693	16,477	16,913	15,505	16,173
Net Earnings (loss)	2,843	1,463	1,285	222	415	(380)
Dividends paid on Shares	176	78	—	—	—	—
Return on equity (loss)	30.15%	21.53%	24.00%	5.45%	8.5%	(8.5%)
Capital expenditure: Enheat	496	128	502	472	19	120
Buck Lake Gas Plant	2,200	—	—	—	—	—

## Per share

Net Earnings (loss)						
*"A" Subordinate Voting Shares	2.92	1.50	1.38	.24	.45	(.41)
*"B" Multiple Voting Shares	2.92	1.50	1.38	.24	.45	(.41)
Dividends paid on Shares	.18	.08	—	—	—	—
*Equity	9.69	6.97	5.76	4.38	5.27	4.82

## Year end position

Total Assets	16,851	13,100	10,868	11,139	11,930	11,767
Working capital	7,018	6,562	5,007	3,598	2,566	2,427
Shareholders' equity	9,430	6,795	5,357	4,072	4,906	4,490
Employees	455	428	364	375	284	399
Shareholders	326	332	291	324	377	399
*"A" Subordinate Voting Shares outstanding	648,100	650,400*	620,400	620,400	620,400	620,400
*"B" Multiple Voting Shares outstanding	325,200	325,200*	310,200	310,200	310,200	310,200

## Ratios

Working capital	2.06	2.14	2.02	1.58	1.38	1.37
Inventory turnover	3.25	3.16	2.06	2.15	1.85	2.03
Accounts receivable turnover	5.35	4.41	4.39	4.44	5.78	6.68

\*On August 1, 1986 all outstanding Class A and Class B shares were split. For each of Class A and Class B share, two Class A Subordinate Voting shares and one Class B Multiple Voting share were issued.

To show proper comparison Earnings per share and Equity per share, the number of shares outstanding has been adjusted to reflect the new share structure as though it had existed at the beginning of prior years.



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# Auditors' Report

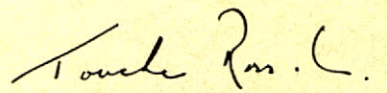
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**The Shareholders,  
Enheat Inc.**

We have examined the consolidated balance sheet of Enheat Inc. as at December 31, 1987 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, 1987 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.

Saint John, N.B.,  
February 16, 1988.

  
Chartered Accountants



# Consolidated Balance Sheet

## Assets

	1987	December 31 (thousands)	1986
<b>Current assets</b>			
Cash and interest-bearing deposits	\$ 4,058		\$ 8
Investment	—		1,871
Accounts receivable	4,296		4,693
Income taxes recoverable	—		683
Inventories - Note 2	5,195		4,969
Prepaid expenses	95		89
	13,644		12,313
<b>Long-term assets</b>			
Property, plant and equipment - Note 3	3,034		675
Non-operating fixed assets	—		48
Deferred income tax benefit - Note 4	—		64
Deferral in respect of pensions	173		—
	\$16,851		\$13,100

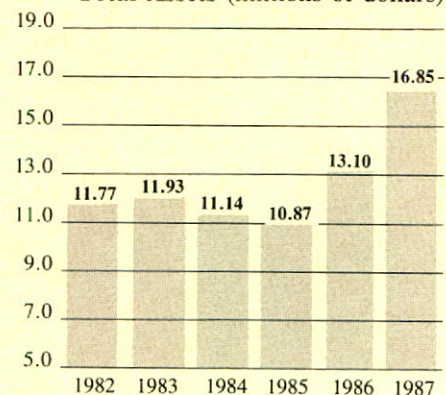
## Liabilities and Shareholders' Equity

	1987	December 31 (thousands)	1986
<b>Current liabilities</b>			
Bank indebtedness - Note 5	\$ —		\$ 137
Advances from affiliated companies - Note 6	2,748		2,800
Accounts payable	3,228		2,704
Advances on aircraft contracts	128		94
Income tax payable	488		—
Current portion of long-term debt - Note 7	34		16
	6,626		5,751
<b>Long-term liabilities</b>			
Advances on aircraft contracts	36		7
Long-term debt - Notes 7 and 8	512		547
Deferred income taxes - Note 4	247		—
	7,421		6,305
<b>Shareholders' equity</b>			
Capital stock - Note 9	1,127		1,129
Contributed surplus	122		122
Retained earnings	8,181		5,544
	9,430		6,795
	\$16,851		\$13,100

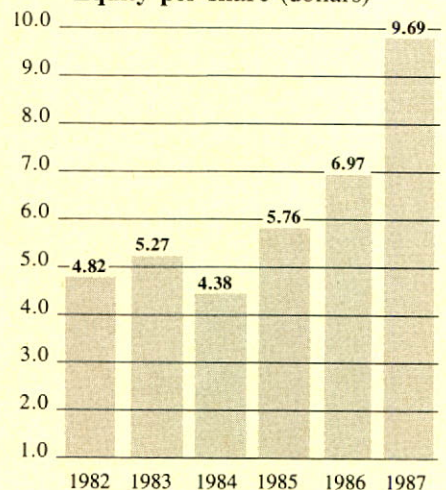
### On behalf of the Board

George T. Urquhart, Chairman of the Board and Chief Executive Officer  
Peter A. Neuman, President

Total Assets (millions of dollars)



Equity per share (dollars)

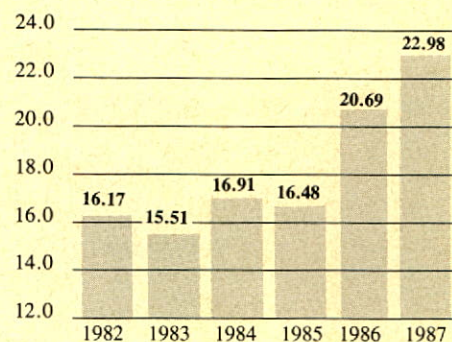




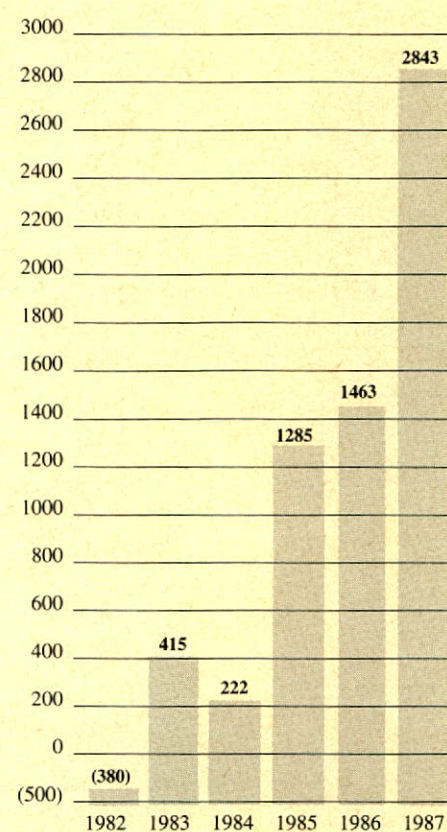
# Consolidated Statement of Income

	Year ended December 31	
	1987	1986
	(thousands)	
<b>Sales and revenue</b>		
Net sales and operating revenue	\$22,980	\$20,693
<b>Cost and expenses</b>		
Cost of sales and operating	16,879	15,679
Selling and administrative	2,455	2,225
Depreciation and amortization	141	142
Interest on long-term debt	10	12
Other interest	(91)	50
Gain on disposal of fixed assets	(56)	(117)
	19,338	17,991
Income before income taxes and extraordinary items	3,642	2,702
Provision for income taxes - Note 10		
Current	1,148	(415)
Deferred	496	1,654
	1,644	1,239
Net income before extraordinary items	1,998	1,463
<b>Extraordinary items</b>		
Gain on sale of investment in oil and gas exploration partnership net of taxes of \$645,000	15	—
Income tax benefit of capital losses arising on disposition of investments - Note 6	830	—
	845	—
<b>Net income for the year - Note 11</b>	<b>\$ 2,843</b>	<b>\$ 1,463</b>
<b>Consolidated Statement of Retained Earnings</b>		
Opening balance	\$ 5,544	\$ 4,159
Net income for the year	2,843	1,463
	8,387	5,622
Loss on redemption of capital stock - Note 9	30	—
Dividends	176	78
	206	78
<b>Ending balance</b>	<b>\$ 8,181</b>	<b>\$ 5,544</b>

Sales (millions of dollars)



Earnings (thousands of dollars)

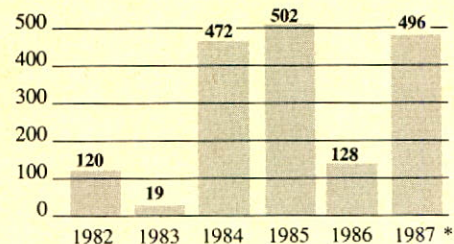




# Consolidated Statement of Changes in Financial Position

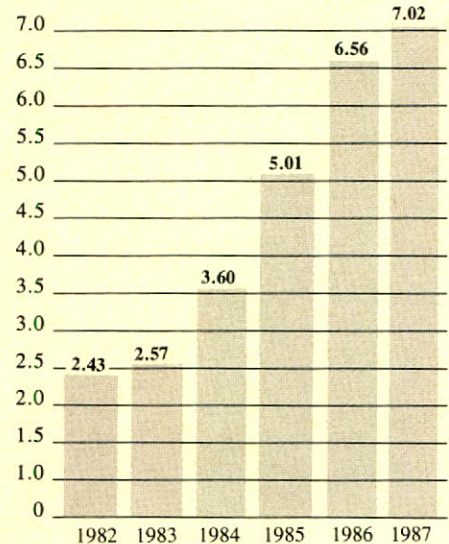
	Year ended December 31	
	1987	1986
	(thousands)	
<b>Changes in cash resources</b>		
Cash deficiency, beginning of year	\$(129)	\$(1,155)
<b>Cash provided by (used in) operations</b>		
Net income before taxes and extraordinary items	3,642	2,702
Non-cash charges to income	175	41
Changes in non-cash operating capital components	620	(338)
Net cash provided by (used in) operations	4,437	2,405
<b>Cash provided by (used in) investing activities</b>		
Purchase of fixed assets	(12,992)	(128)
Proceeds from disposal of fixed assets	9,916	174
Investment in oil and gas exploration partnership (Investment of \$3,500,000 less note payable of \$2,800,000)	—	(700)
Deferred charges	(173)	—
Proceeds on disposal of investment	2,531	—
Net cash provided by (used in) investing activities	(718)	(654)
<b>Cash provided by (used in) financing activities</b>		
Income taxes recovered (paid)	683	(711)
Government grants received	—	67
Change in long-term debt and advances	(6)	(56)
Issue of common shares	—	53
Dividends paid	(176)	(78)
Repurchase of shares	(33)	—
Net cash provided by (used in) financing activities	468	(725)
<b>Net decrease in cash deficiency during the year</b>	<b>4,187</b>	<b>1,026</b>
<b>Cash resources (deficiency), end of year</b>	<b>\$4,058</b>	<b>\$(129)</b>
Comprised of:		
Cash	\$4,058	\$ 8
Bank indebtedness	—	(137)
	\$4,058	\$ (129)
<b>Changes in working capital</b>		
Working capital, beginning of year	\$ 6,562	\$ 5,007
Net increase in working capital	456	1,555
Working capital, end of year	\$ 7,018	\$ 6,562

Capital Expenditure (thousands of dollars)



\* Does not include Buck Lake Gas Plant.

Working Capital (millions of dollars)





# Notes to the Consolidated Financial Statements

## 1. Accounting policies

The following is a summary of the major accounting policies used in the preparation of financial statements and other data presented in this report.

### Principles of consolidation

The consolidated financial statements include the accounts of the Company and those of its wholly-owned subsidiary, Enterprise Fawcett Inc.

### Depreciation

Depreciation is determined at rates which will reduce original cost to estimated residual value over the useful life of each asset. Depreciation on the majority of property, plant and equipment is computed on the diminishing balance method using the following rates:

Buildings	5%
Machinery and other equipment	20%
Automotive equipment	30%

All material profits and losses resulting from disposal of property, plant and equipment are included in income when realized and the carrying value of such assets is removed from the accounts.

### Aircraft Division

The Company's Aircraft Division recognizes revenue on both the completed-contract basis, and the percentage-of-completion basis, according to the terms of the applicable contract.

Income on certain long-term fixed-price commercial contracts is deferred to be offset against escalating costs in later years.

Initial tooling costs associated with new contracts are deferred until revenue is realized from the specific contracts to which they relate.

### Maintenance and repairs

Maintenance and repairs are charged to income as incurred. Renewals and replacements of a routine nature are also charged to income, while those expenditures which improve or extend the useful life of assets are capitalized and depreciated over their estimated useful life.

## Inventories

Inventories are valued at the lower of cost and net realizable value. Raw material cost is defined as purchased cost. Work-in-process, and finished goods cost represents direct labour, material and overhead incurred to date.

### Government assistance

Since the beginning of 1975 government grants receivable have been credited to the related fixed assets and are being amortized to income at the depreciation rates appropriate to the assets for which they were provided.

In years prior to 1975, government grants received in the amount of \$122,000 were credited directly to contributed surplus and have not been amortized.

### Investment tax credits

Investment tax credits are credited to the related fixed assets and are being amortized to income at the depreciation rates appropriate to the assets for which they were provided.

### Pension plans

The Company maintains defined benefit pension plans which cover substantially all of its employees. Valuation of assets is based on market values at December 31 of each year. The amounts contributed by the Company to the plans are established according to accepted actuarial procedures. Prior to 1987, the amount funded was also the pension expense for the year. In 1986 the Canadian Institute of Chartered Accountants published new standards for accounting for pension plans. As a result, starting in 1987 the amount expensed is determined on the accrual basis, which reflects the service of employees for the year rather than the amount contributed by the Company to the plans. Company pension contributions during the year in excess of the amounts on the income statement are recorded as a deferred charge on the balance sheet.

## 2. Inventories

	1987	December 31 1986
	(thousands)	
Raw materials	\$1,826	\$1,643
Work-in-process	2,093	1,920
Finished goods	1,276	1,406
	<u>\$5,195</u>	<u>\$4,969</u>



### 3. Property, Plant and Equipment

Property, plant and equipment and the related accumulated depreciation are classified as follows:

	December 31		December 31	
	1987	1986	1987	1986
	(thousands)			
	Cost	Accumulated depreciation	Net	Net
Land	\$ 48	\$ —	\$ 48	\$ 48
Buildings	299	145	154	148
Machinery and other equipment	2,158	1,526	632	479
Buck Lake Gas Plant	2,200	—	2,200	—
	<b>\$4,705</b>	<b>\$1,671</b>	<b>\$3,034</b>	<b>\$ 675</b>

### 4. Deferred income taxes

	Year ended December 31	
	1987	1986
	(thousands)	
Balance, January 1	\$ 64	\$ 67
Provisions for the year		
On income before income taxes	(496)	(1,654)
Benefit of investment tax credits applied to reduce the cost of related fixed assets	—	22
Benefit of capital loss carried forward	185	—
Income tax benefits applied to reduce the cost of the investment in an oil and gas exploration partnership	—	1,629
Balance, December 31	<b>\$ (247)</b>	<b>\$ 64</b>

### 5. Bank indebtedness

The Company's line of credit is secured by a general assignment of book debts, an assignment of inventories, a \$4,000,000 debenture and a \$2,000,000 debenture in favour of The Royal Bank of Canada.

### 6. Related party transactions

In 1987, the Company was charged management fees in the amount of \$200,000 by an affiliated company. The unpaid balance of these fees in the amount of \$116,665 is included in accounts payable.

During the year the Company purchased portfolio investments from an affiliated company at fair market value for \$2,012,286. These investments were subsequently sold to a non-affiliate for fair market value. The transaction resulted in a capital loss for tax purposes of \$3,254,000 the benefit of which has been recorded as an extraordinary item in the income statement.

On December 30, 1987, Enheat Inc. purchased all the shares of an affiliated company at a cost of \$10,298,874. The assets of the affiliate consisted of a Falcon 200 Jet Aircraft. On December 31, 1987, Enheat Inc. caused this affiliated company to be dissolved and resold the aircraft to another affiliated company for an amount equal to the original purchase price less the amount representing the investment tax credit benefit. Included in advances from affiliated companies is the amount of \$548,874, representing the net financing position at December 31, 1987.

On December 31, 1987, the Company entered into an agreement to purchase assets in the amount of \$2,200,000 representing a 22% interest in the Buck Lake Gas Plant (See Note 3). Interim financing was arranged with an affiliated company for one month and was repaid on February 4, 1988.

### 7. Long-term debt

	December 31	
	1987	1986
	(thousands)	
Loan from the Province of New Brunswick - Note 8	\$458	\$462
Other	88	101
	<b>546</b>	<b>563</b>
Less current portion:		
Loan from the Province of New Brunswick	19	3
Other	15	13
	<b>34</b>	<b>16</b>
	<b>\$512</b>	<b>\$547</b>

### 8. Loan from the Province of New Brunswick

Pursuant to an agreement dated June 26, 1984, Enterprise Fawcett Inc. acquired the assets of the former Enterprise Foundry Company Limited as of August 2, 1984 from the Province of New Brunswick, in consideration for \$500,000, which sum the Province agreed to lend to the Company.

The loan is interest free for the first seven years, and thereafter bears interest at the Provincial lending rate then in effect. For the first seven years the principal amount is to be repaid in annual installments equal to twenty percent of the net after-tax profits of Enterprise Fawcett Inc. Thereafter, the remaining principal balance of the loan, together with all interest thereon, shall be repaid by monthly blended payments of principal and interest with full payment to be made on or before December 31, 1994.

The loan is secured by a fixed and floating charge debenture on all the assets of the subsidiary, allowing for the priority of security under Section 178 of the Bank Act, and book debts.

The current installment of principal has been calculated to be approximately \$19,000 based on the after-tax profits of Enterprise Fawcett Inc. for its fiscal year ended August 31, 1987.



## 9. Capital stock

Authorized:

Class A Subordinate Voting shares - unlimited number without par value

Class B Multiple Voting shares - unlimited number without par value

Class C preferred shares - unlimited number without par value

Class D preferred shares - unlimited number without par value

Issued:

	1987	December 31 (thousands)	1986
648,100 Class A Subordinate Voting shares (1986-650,400 Class A shares)	\$ 751		\$ 753
325,200 Class B Multiple Voting shares (1986-325,200 Class B shares)	376		376
2 Class C preferred shares (1986-Nil)	—		—
	<hr/> \$1,127		<hr/> \$1,129

During the year the Company purchased for redemption on the open market 2,300 Class A Subordinate voting shares for \$33,100, resulting in a loss on redemption of \$30,432 which has been charged to retained earnings.

The Company also issued 2 Class C preferred shares for consideration of \$2.

## 10. Provision for income taxes

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

	1987	Year ended December 31 (thousands)	1986
Provision for income taxes based on combined basic Canadian federal and provincial income tax rate of 50.5% (1986-51%)	\$1,843		\$1,378
Increase (decrease) in taxes resulting from:			
Federal income tax surcharge	38		41
Manufacturing and processing profits deduction	(237)		(154)
Other	—		(26)
	<hr/> \$1,644		<hr/> \$1,239

## 11. Earnings per share

	Year ended December 31	
	1987	1986
Net income before extraordinary items		
- Class "A" Subordinate Voting shares	\$2.05	\$1.50
- Class "B" Multiple Voting shares	2.05	1.50
Net income for the year		
- Class "A" Subordinate Voting shares	2.92	1.50
- Class "B" Multiple Voting shares	2.92	1.50



## 12. Segmented information

(thousands) Industry segments	1987			1986		
	Aircraft Division	Enterprise Fawcett Inc.	Combined	Aircraft Division	Enterprise Fawcett Inc.	Combined
Trade sales	\$17,236	\$5,744	\$22,980	\$15,007	\$5,686	\$20,693
Income by segment	\$ 3,495	\$ 147	\$ 3,642	\$ 2,702	\$ —	\$ 2,702
Income taxes			1,644			1,239
Income before extra-ordinary items			1,998			1,463
Gain on sale of oil and gas partnership net of taxes of \$645,000			15			—
Income tax benefit of capital losses arising on disposition of investments			830			—
Net income			\$ 2,843			\$ 1,463
Identifiable assets	\$ 11,245	\$3,406	\$14,651	\$ 9,374	\$3,662	\$13,036
Buck Lake Gas Plant			2,200			—
Deferred tax benefits			—			64
Total assets			\$16,851			\$13,100
Capital expenditures	\$ 467	\$ 29	\$ 496	\$ 124	\$ 4	\$ 128
Buck Lake Gas Plant			2,200			
			\$ 2,696			
Depreciation expense	\$ 103	\$ 38	\$ 141	\$ 82	\$ 60	\$ 142
Export sales	\$ 1,794	\$ 51	\$ 1,845	\$ 2,170	\$ 63	\$ 2,233

The Aircraft Division of Enheat Inc. produces and repairs aircraft components for commercial and military customers. The subsidiary, Enterprise Fawcett Inc., manufactures and sells oil, wood and coal fired furnaces, ranges and heaters, and also distributes the Whirlpool brand of appliances. The Buck Lake Gas Plant was acquired on December 31, 1987 and accordingly had no reportable activity.

The Board of Directors has determined the classes of business disclosed above.

## 13. Government grant receivable

During 1985 the Company received \$218,000 representing 80% of the approved development incentive grant from the Department of Regional Industrial Expansion for eligible fixed assets acquired during 1984. The remaining portion of the grant, due no later than May 31, 1988, has been recorded as receivable. The full amount of the grant has been applied to reduce the cost of the related fixed assets.

## 14. Pension plans

The present value, as determined by the Company's actuaries, of pension benefits accrued to employees as at December 31, 1987 is \$3,220,000. The value of assets in the plans is \$3,200,000 at that date.





*Monarch Range*

First produced in 1924, still in production.

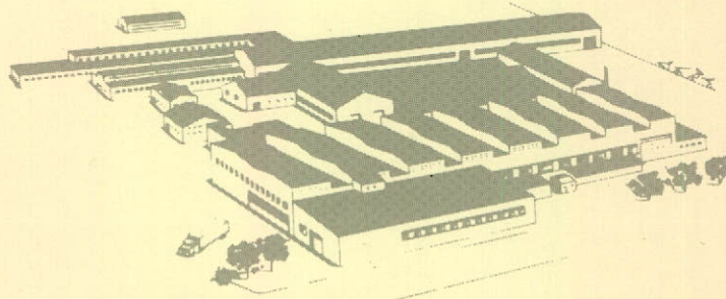


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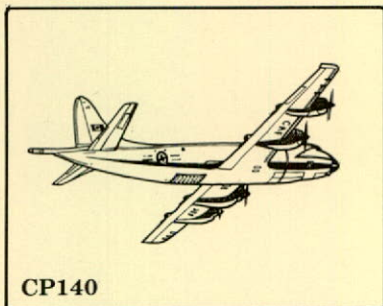
# Our Plants and Products

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## Aircraft Division and Enterprise Fawcett Inc.



**Aircraft Division**  
Offices and Plants Amherst, Nova Scotia



**CP140**

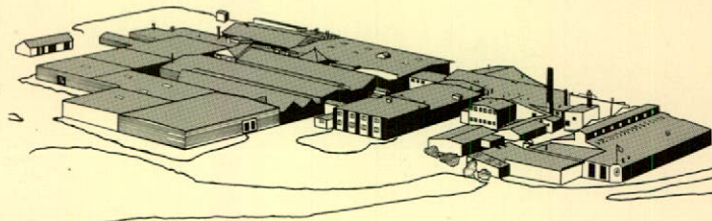


**MD-80**

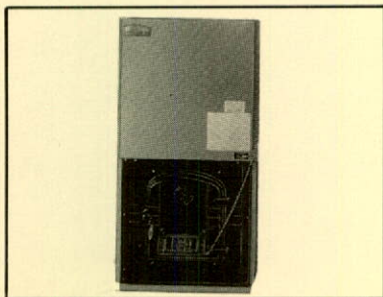


**Boeing 767**

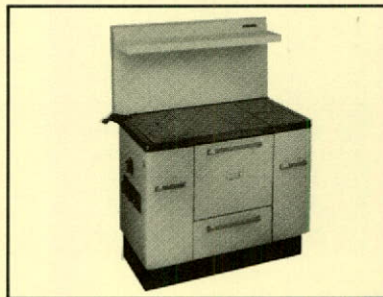
Advanced facilities for the manufacture of components, overhaul and maintenance of aircraft.



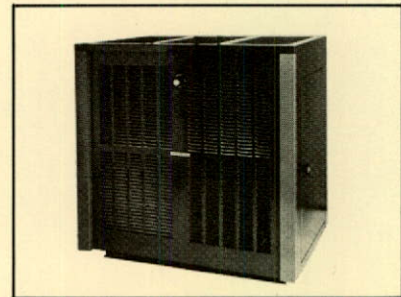
**Enterprise Fawcett Inc.**  
Plant and Enheat Corporate Offices Sackville, New Brunswick



**Furnaces** — Oil; Gas; Wood; Coal



**Ranges** — Oil; Wood; Coal; Multi-Fuel



**Heaters** — Oil; Wood; Coal