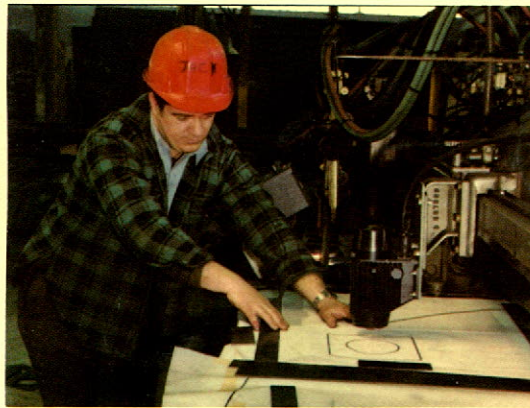
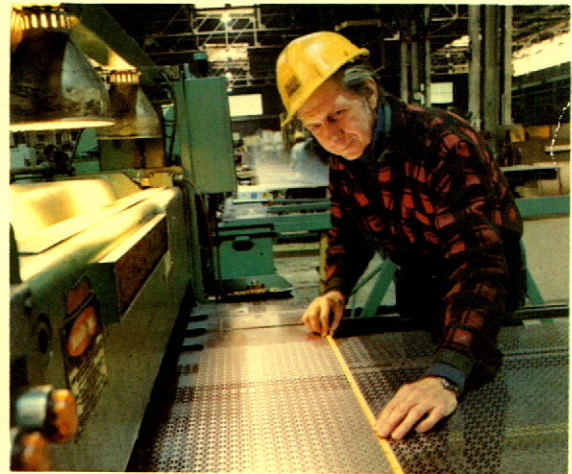


# Drummond Mc Call Inc.

## Annual Report 1981



**Since 1881  
a leader in  
Metal  
Products  
Distribution**

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The Annual Meeting of Shareholders of Drummond McCall Inc. will be held in Le Château Champlain hotel, Place du Canada, Montreal, Quebec, on Monday, the 26th day of April, 1982, at 11:30 a.m.

*On pourra se procurer le texte français de ce rapport annuel en s'adressant au secrétaire de la Société, case postale 219, Succursale A, Montréal, Québec H3C 2S4.*





## Financial Highlights

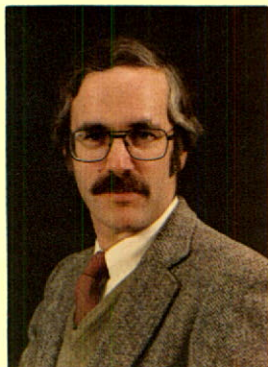
(In thousands of dollars except where noted by asterisk)

### ANNUAL RESULTS

	1981	1980
Sales	\$ 274,722	\$ 223,478
Earnings before Income Taxes	434	6,194
Earnings	430	3,924
Earnings per Share*	.12	1.15
Dividends per Share*	.75	.80
Shareholders' Equity per Share*	13.44	14.12
Return on Sales	.2%	1.8%
Return on Average Shareholders' Equity	.9%	8.1%
Total Assets	143,066	112,536
Long Term Debt	24,110	25,138
Working Capital	44,724	50,018

### QUARTERLY RESULTS

Quarter	Sales		Earnings (Loss) After Tax		Earnings (Loss) Per Share*	
	1981	1980	1981	1980	1981	1980
First	\$ 64,267	\$ 60,256	\$ 1,267	\$2,138	\$0.37	\$0.63
Second	71,842	58,604	572	364	0.16	0.11
Third	73,106	51,143	304	390	0.08	0.11
Fourth	65,507	53,475	(1,713)	1,032	(0.49)	0.30
Total	\$274,722	\$223,478	\$ 430	\$3,924	\$0.12	\$1.15



Derek A. Drummond



Jeffrey G. Marshall

### Directors' Report to Shareholders

Drummond McCall Inc. has just completed one of the most dramatic and demanding periods in its corporate history. During 1981, the year in which we celebrated the one hundred year association of the Drummond and McCall families with metal distribution in Canada, a major change in the ownership of the Corporation took place. In December 1981 Marshall Steel Ltd. acquired a controlling interest in Drummond McCall which has resulted in a restructuring of the Board of Directors and management team.

The change in management philosophy which will accompany the new structure will be reviewed later in this report.

The market for the Corporation's products was mixed through the first half of the year and weakened in the third and fourth quarters. With a corporate policy that resulted in maintaining volume in the face of weakening demand, earnings deteriorated considerably in the third quarter and major losses were incurred in the fourth quarter. Since reorder patterns tended to be based on maintaining sales volumes, we ended the year with a 40% increase in inventory levels while sales volume for the year increased only 23%. On the positive side, accounts receivable increased only 17%, truly an achievement in view of the continuing high level of interest rates.

The fourth quarter loss of \$1.7 million is the first loss suffered by Drummond McCall in any quarter since it went public in 1972. It might be of further interest to note that the Corporation has lost money

in only one year since its incorporation in 1913.

Results in British Columbia and the USA were particularly discouraging. During the year the Corporation acquired the current and fixed assets of Hunter and Havens Inc., of Bridgeport, Connecticut for over \$4 million. Results for this new acquisition were far below expectation. In fact, the total loss of our U.S. operations for the year amounted to over \$1.0 million, before absorption of any interest and head office expenses. Total interest paid increased by 51% from \$5.8 million to \$8.7 million due to higher interest rates and an increase in total short term and long term interest bearing indebtedness of 64% from \$43.1 million to \$70.7 million. While the long term portion declined slightly during the year, short term debt increased by 169% from \$17.0 million to \$45.6 million at year end. To put this situation in perspective, even to prevent interest costs from rising above 1981 levels, it would be necessary — based on to-day's interest rates — to reduce the 1981 year-end indebtedness an average of \$13.0 million for the entire year 1982.

Major factors in the reduction of working capital by \$5.3 million — from \$50.0 million to \$44.7 million — were the payment of cash dividends in excess of net earnings by more than \$1.6 million, and the acquisition of the Hunter and Havens fixed assets in May 1981 at a cost of \$1.9 million (\$1.6 million U.S.).

During 1981, the Corporation purchased an edger for the Hamilton warehouse and cut-to-length lines for the Vancouver and Montreal warehouses. These three units, which are major pieces of metal processing equipment, were being installed at year end and will significantly enhance our position in the flat rolled steel market. The total cost of capital expenditures in Canada in 1981 amounted to \$3.7 million.

Subsequent to the acquisition of approximately 51% of the common shares of the Corporation by Marshall Steel Ltd., six members of the Board of Directors resigned and were replaced by nominees of Marshall. On December 2, 1981, Mr. Derek A. Drummond was elected Chairman of the Board and Mr. Jeffrey G. Marshall, one of the Marshall nominees, was elected President. We would like to take this opportunity to thank those retiring Directors for their many years of contribution to the Corporation. In particular we would like to acknowledge the service and dedication of Mr. D.T.





Bourke who had been an employee of the Corporation for thirty years, and its President since 1972.

We extend a warm welcome to Messrs. C. Coulthard, R. Doré, C.D. Marshall, W.A. Marshall and M.L. Richards who were appointed as members of the Board on December 2, 1981.

On January 5, 1982, the formation of an Executive Management Committee was announced. It shall be the responsibility of this Committee to manage the operating affairs of the Corporation. Mr. J.G. Marshall will be Chairman of the Committee and the other members appointed are as follows:

- |                    |  |
|--------------------|--|
| Mr. H.G. Clancy    | - Vice-President,<br>Prairies Region             |
| Mr. H.R. Cleland   | - Vice-President,<br>Ontario Region              |
| Mr. C. Coulthard   | - Vice-President,<br>Corporate Planning          |
| Mr. M.G. Loucks    | - Assistant to the President                     |
| Mr. J.H.T. McBride | - Vice-President,<br>Quebec Region               |
| Mr. E.R. Orr       | - Vice-President,<br>U.S.A. and Atlantic Regions |
| Mr. G.W. Tolhurst  | - Vice-President,<br>Corporate Services          |
| Mr. B.H. Wepler    | - Vice-President and<br>Secretary-Treasurer      |
| Mr. B.H. Williams  | - Vice-President,<br>Western Region              |

The concept is strong regional representatives supported by centralized administrative personnel, meeting on a regular basis to implement and develop the strategies required to attain the objectives of the Corporation.

One of the major objectives of the Corporation is to substantially increase the return on shareholders' equity. In 1981 Drummond McCall earned 0.9% on shareholders' equity and has earned an average of 10.7% over the last five years.

The strategy to be implemented in the short term is one of consolidation. Since we cannot be all things to all people, Drummond McCall will concentrate its efforts in those locations and on those product lines where it can achieve our objective.

In order to develop a longer term strategy, our

participation in existing markets is being studied. A comprehensive review of our facilities and equipment will be undertaken to establish a set of investment alternatives consistent with our stated objective.

Drummond McCall is a metal processor and distributor. As such, we provide a service and we are judged on our ability to be flexible, innovative and efficient in providing that service. Our internal procedures are under review and are being measured with those three key performance factors in mind.

Your Board of Directors believes that the payment of dividends should be related to earnings. In view of the large loss in the fourth quarter of 1981 and the uncertain outlook for the near future, no dividend was declared in the first quarter of 1982. When earnings are at a level where a reasonable return on shareholders' equity is achieved, dividends will be paid and will be at rates which can be expected to be maintained, given relative stability of earnings.

At very few times in the Corporation's history has the immediate future held such uncertainty. To a significant degree, earnings in 1982 will be dependent on how quickly we can adjust to the reality of the market we face. With the achievements of our first one hundred years as evidence of our resilience the challenge of the future will become Drummond McCall's opportunity.

On behalf of the Board of Directors:

D.A. Drummond  
Chairman

J.G. Marshall  
President

February 23, 1982

# Drummond Mc Call Inc.

## Shareholders' Information

### Stock Market Trading Information

The Common Shares are listed for trading on the Toronto and Montreal Stock Exchanges.  
(Trading symbols: DRD.A and DRD.B)

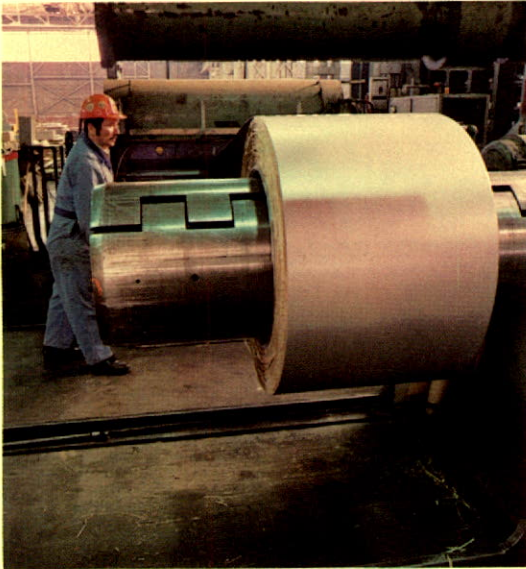
COMMON SHARES				
1981	HIGH	LOW	CLOSE	SHARES TRADED
	\$	\$	\$	
First Quarter	12½	10⅞	11⅞	24,673
Second Quarter	15⅜	10½	14	49,965
Third Quarter	14	10	12⅞	72,482
Fourth Quarter	14	8¼	13	749,170
Year 1981	15⅜	8¼	8¼	896,290
Year 1980	12¼	10	11¼	255,701

### Two Year Dividend Summary

	1981	1980
First Quarter	\$0.20	\$0.20
Second Quarter	0.20	0.20
Third Quarter	0.20	0.20
Fourth Quarter	0.15	0.20
Total for Year	\$0.75	\$0.80



## The Company



Drummond McCall is a leading processor and distributor of metals in Canada. Since opening for business in 1881, as a wholesaler from an office in Montreal, the Company has enjoyed steady growth and development as both new lines of ferrous and non-ferrous metals have been added to its product line and geographic diversification has been achieved with the addition of facilities across the country.

Beginning over a century ago with pig iron, the base of all ferrous metals, Drummond McCall today supplies carbon and alloy steels, stainless steel and chain in all grades and forms. As non-ferrous metals became essential to Canada's industrial development, aluminum, brass, copper and nickel products were added.

Distributing and stocking over 12,000 different items from locations across Canada and the north-eastern United States, Drummond McCall provides important benefits to customers which go far beyond simple procurement.

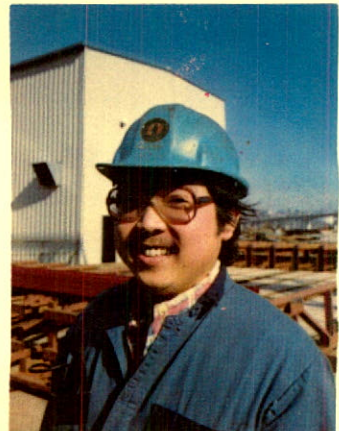
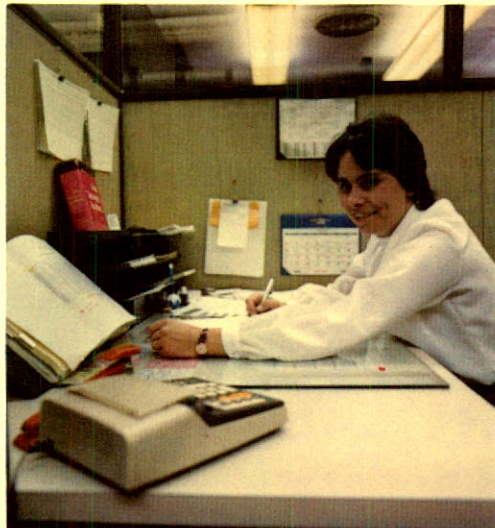
With its extensive supplies of metal on hand and on order Drummond McCall eliminates the need for its customers to provide space to maintain costly inventories.

As more and more metal consumers want their metal processed, Drummond McCall has developed the expertise to saw, flame cut, slit, shear, edge, clean and paint metal to individual specifications prior to shipment. These processing services have freed customers from the need to make capital outlays for equipment which often goes under-employed.

Drummond McCall, with its balanced, readily available inventories and processing equipment has become an extension of the operations of its thousands of customers across the country. Above all, it is the people at Drummond McCall who make the system work and it is for this reason they are pictorially featured in this annual report.

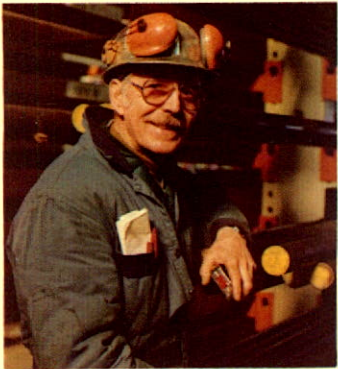


People are the





# key to service



**Ten Year Financial Review**

Thousands except where noted by asterisk

	1981	1980	1979
<b>Income and Related Data</b>			
Sales	\$274,722	\$223,478	\$210,827
Cost of Sales and Expenses	263,231	209,652	191,515
Depreciation	2,358	1,877	1,494
Interest	8,698	5,755	3,649
Income Taxes	5	2,270	5,996
Extraordinary Item	—	—	—
Net Earnings	430	3,924	8,173
Dividends	2,623	2,727	2,281
Earnings Reinvested in the Business	(2,193)	1,197	5,892
Net Earnings per Share*	.12	1.15	2.82
Dividends per Share — Regular*	.75	.80	.68
— Special or Extra*	—	—	.12
<b>Other Financial Data</b>			
Capital Expenditures	5,556	6,686	6,130
Fixed Assets — Net	29,200	26,002	21,194
Working Capital	44,724	50,018	42,727
Long-Term Debt	24,110	25,138	15,231
Deferred Income Taxes	2,760	2,632	2,110
Shareholders' Equity	47,442	48,785	46,820
Shareholders' Equity per Share*	13.44	14.12	13.84
Total Assets	143,066	112,536	120,835
Return on Sales	.2%	1.8%	3.9%
Return on Average Shareholders' Equity	.9%	8.1%	21.1%
Return on Average Total Assets	.3%	3.4%	8.0%
Average Number of Shares Outstanding	3,501	3,413	2,893





1978	1977	1976	1975	1974	1973	1972
\$149,181	\$102,299	\$92,539	\$90,956	\$103,441	\$75,545	\$54,980
138,428	95,231	86,513	80,303	85,918	65,871	50,681
1,191	969	905	859	628	590	566
2,444	1,251	1,120	827	285	426	456
2,923	1,814	1,782	4,281	8,383	4,320	1,594
526	—	—	—	—	—	—
4,721	3,034	2,219	4,686	8,227	4,338	1,683
2,483	1,414	1,408	1,406	1,404	1,009	710
2,238	1,620	811	3,280	6,823	3,329	973
1.66	1.08	.79	1.66	2.93	1.55	.60
.525	.50	.50	.50	.415	.315	.254
.35	—	—	—	.085	.045	—
1,393	510	799	4,786	1,841	654	286
16,557	16,356	13,122	13,228	9,301	8,088	8,025
34,409	23,743	26,734	26,861	18,828	12,754	11,531
14,925	6,450	7,975	9,400	1,000	600	2,700
1,819	1,538	1,504	1,147	760	717	690
34,452	32,214	30,488	29,662	26,370	19,525	16,165
12.15	11.35	10.83	10.55	9.38	6.96	5.78
82,948	68,022	49,477	50,250	43,809	33,759	27,639
3.2%	3.0%	2.4%	5.2%	8.0%	5.7%	3.1%
13.9%	9.7%	7.4%	16.7%	35.9%	24.3%	10.7%
6.3%	5.2%	4.4%	10.0%	21.2%	14.1%	6.2%
2,837	2,828	2,815	2,812	2,808	2,803	2,800

## Drummond Mc Call Inc.

### Consolidated Statement of Earnings

For the year ended December 31, 1981

	1981	1980
<b>Sales</b>	<u>\$274,721,850</u>	<u>\$223,477,419</u>
<b>Cost and Expenses</b>		
Cost of sales and expenses before the undernoted	263,231,157	209,651,659
Depreciation	2,357,892	1,877,342
Interest on long-term debt	3,544,100	2,414,162
Other interest	<u>5,154,346</u>	<u>3,340,571</u>
	<u>274,287,495</u>	<u>217,283,734</u>
<b>Earnings Before Income Taxes</b>	434,355	6,193,685
<b>Income Taxes</b>		
Current	(123,080)	1,747,034
Deferred	<u>127,742</u>	<u>522,804</u>
	<u>4,662</u>	<u>2,269,838</u>
<b>Net Earnings</b>	<u>\$ 429,693</u>	<u>\$ 3,923,847</u>
Earnings per common share	<u>\$0.12</u>	<u>\$1.15</u>

### Consolidated Statement of Retained Earnings

For the year ended December 31, 1981

	1981	1980
<b>Retained Earnings</b> at beginning of year	\$ 41,154,104	\$ 39,957,342
<b>Net Earnings</b>	<u>429,693</u>	<u>3,923,847</u>
	41,583,797	43,881,189
<b>Dividends on Common Shares</b> \$0.75 per share (1980 - \$0.80)	<u>2,623,094</u>	<u>2,727,085</u>
<b>Retained Earnings</b> at end of year	<u>\$ 38,960,703</u>	<u>\$ 41,154,104</u>

See accompanying notes to financial statements.



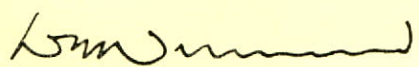


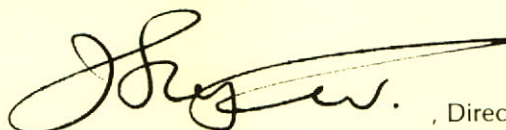
## Consolidated Balance Sheet

December 31, 1981

	1981	1980
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 37,118	\$ 41,890
Accounts receivable	39,115,067	33,405,471
Income taxes recoverable	894,000	—
Inventories	72,901,651	52,253,773
Prepaid expenses	530,510	297,818
	<u>113,478,346</u>	<u>85,998,952</u>
<b>Fixed Assets</b> , at cost less accumulated depreciation	29,200,154	26,002,446
<b>Share Purchase Plan Loans</b>	134,360	258,596
<b>Unamortized Long-Term Debt Issue Expense</b>	252,911	275,993
	<u>\$143,065,771</u>	<u>\$112,535,987</u>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current</b>		
Bank indebtedness	\$ 45,610,265	\$ 16,977,243
Accounts payable and accrued liabilities	21,625,578	15,842,986
Income and other taxes	502,871	2,186,189
Long-term debt maturing within one year	1,015,133	975,000
	<u>68,753,847</u>	<u>35,981,418</u>
<b>Long-Term Debt</b>	<u>24,110,368</u>	<u>25,137,509</u>
<b>Deferred Income Taxes</b>	<u>2,760,052</u>	<u>2,632,310</u>
<b>Shareholders' Equity</b>		
Stated capital	8,480,801	7,630,646
Retained earnings	38,960,703	41,154,104
	<u>47,441,504</u>	<u>48,784,750</u>
	<u>\$143,065,771</u>	<u>\$112,535,987</u>

Approved by the Board:

 , Director

 , Director

See accompanying notes to financial statements

## Drummond Mc Call Inc.

### Consolidated Statement of Changes in Financial Position

For the year ended December 31, 1981

	1981	1980
<b>Source of Funds</b>		
Net earnings	\$ 429,693	\$ 3,923,847
Depreciation	2,357,892	1,877,342
Amortization of long-term debt issue expense	23,082	20,805
Deferred income taxes	127,742	522,804
Funds from operations	<u>2,938,409</u>	<u>6,344,798</u>
Reduction of share purchase plan loans	404,496	6,662
Issue of long-term debt	—	10,881,950
Issue of shares		
Payment of dividends	569,895	502,731
Share purchase plan	280,260	265,258
	<u>4,193,060</u>	<u>18,001,399</u>
<b>Application of Funds</b>		
Business acquired (net of working capital)	1,875,877	—
Fixed assets	3,679,723	6,685,779
Reduction of long-term debt	1,027,141	975,000
Long-term debt issue expense	—	57,300
Dividends	2,623,094	2,727,085
Share purchase plan loans	280,260	265,258
	<u>9,486,095</u>	<u>10,710,422</u>
<b>Increase (Decrease) in Working Capital</b>	(5,293,035)	7,290,977
<b>Working Capital</b> at beginning of year	50,017,534	42,726,557
<b>Working Capital</b> at end of year	<u>\$ 44,724,499</u>	<u>\$ 50,017,534</u>
<b>Changes in Components of Working Capital</b>		
Increases (decreases) in current assets		
Cash	\$ (4,772)	\$ 11,593
Accounts receivable	5,709,596	(339,957)
Income taxes recoverable	894,000	—
Inventories	20,647,878	(13,242,180)
Prepaid expenses	232,692	167,881
	<u>27,479,394</u>	<u>(13,402,663)</u>
Increases (decreases) in current liabilities		
Bank indebtedness	28,633,022	(13,826,220)
Accounts payable and accrued liabilities	5,782,592	(5,494,530)
Income and other taxes	(1,683,318)	(1,822,890)
Long-term debt maturing within one year	40,133	450,000
	<u>32,772,429</u>	<u>(20,693,640)</u>
<b>Increase (Decrease) in Working Capital</b>	<u>\$ (5,293,035)</u>	<u>\$ 7,290,977</u>

See accompanying notes to financial statements





## Notes to Consolidated Financial Statements

December 31, 1981

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Principles of consolidation

The accompanying financial statements include the accounts of Drummond McCall Inc. and its wholly-owned subsidiaries, DMC Metals Inc. and Drummond McCall Metals Corp.

#### Inventories

Inventories are valued at the lower of average cost and net realizable value.

#### Fixed assets and depreciation

Fixed assets are recorded at cost. Depreciation is provided by the straight-line method at varying rates (ranging from 2½ % on buildings to 20% on mobile equipment) which are designed to amortize the cost of the assets over their estimated useful lives.

#### Income taxes

Income taxes include full provision for amounts currently payable and for those which have been deferred principally because of timing differences between depreciation for accounting purposes and capital cost allowances claimed for income tax purposes. Deferred income taxes on the balance sheet represent the accumulated amount of such deferrals.

#### Long-term debt issue expense

Expenses on the issue of long-term debt are amortized on a straight-line basis over the term of the related obligations.

#### Translation of foreign currencies

Amounts in foreign currencies are translated into Canadian dollars as follows: current assets, other than inventories, and current liabilities at the rate of exchange in effect at the balance sheet date; inventories, non-current assets, including related depreciation and amortization, and non-current liabilities at historical rates; income and expenses except depreciation and amortization at average rates for the period. The gains or losses resulting from these translations are included in the statement of earnings.

### 2. NEW ACQUISITION

On May 11, 1981 the Corporation, through a newly formed, wholly-owned United States subsidiary, Drummond McCall Metals Corp., acquired the assets and business of Hunter and Havens, Inc. of Bridgeport, Connecticut for a cash consideration of \$4,389,562. The assets acquired were as follows:

Working capital	\$2,513,685
Fixed assets	<u>1,875,877</u>
	<u>\$4,389,562</u>

### 3. FIXED ASSETS

	1981	1980
Land	\$ 2,519,141	\$ 2,270,510
Buildings and leasehold improvements	22,358,709	20,942,027
Equipment	<u>21,711,315</u>	<u>17,925,698</u>
	46,589,165	41,138,235
Less: Accumulated depreciation	<u>17,389,011</u>	<u>15,135,789</u>
	<u>\$29,200,154</u>	<u>\$26,002,446</u>

## Drummond Mc Call Inc.

### 4. LONG-TERM DEBT

	1981	1980
11½% Sinking Fund Debentures Series A due July 31, 1990	\$ 4,875,000	\$ 5,400,000
10¼ % Sinking Fund Debentures Series C due October 15, 1993	8,550,000	9,000,000
Floating Rate Sinking Fund Debentures Series D due June 10, 1995	10,000,000	10,000,000
Industrial Building Revenue Installment Note due to June 26, 1993 (US \$1,456,480)	1,700,501	1,712,509
	<u>25,125,501</u>	<u>26,112,509</u>
Less: Amounts due within one year	1,015,133	975,000
	<u>\$24,110,368</u>	<u>\$25,137,509</u>

The Series A, C and D Debentures are secured by a floating charge on assets.

The Series D Debentures bear interest at a floating rate of ¼ of 1% less than the prime rate of a Canadian chartered bank.

The Industrial Building Revenue Installment Note is guaranteed by the Corporation and repayable by the subsidiary commencing in 1982. The Note bears interest at 7% to 1984, then at 7¼ % to 1989 and thereafter at 75% of the lending bank's base rate and is secured by specific property, plant and equipment.

Sinking fund and other repayment requirements in the next five years are: 1982 - \$1,015,133; 1983 - \$1,135,531; 1984 - \$1,135,531; 1985 - \$1,135,531; 1986 - \$1,815,531.

### 5. SHAREHOLDERS' EQUITY

#### (a) Stated capital

	Authorized	Shares outstanding December 31	
		1981	1980
Preferred Shares	Unlimited	—	—
Common Shares	Unlimited		
Series A		3,340,747	2,931,393
Series B		188,245	523,720
		<u>3,528,992</u>	<u>3,455,113</u>

The Series A and Series B Common Shares are interconvertible at any time at the option of the holders on a one-for-one basis and rank equally in all respects. Payment of dividends on the Series B Common Shares may be in the form of stock dividends.

During 1980 the Corporation adopted an employee share purchase plan. Under the plan, 90,000 Series A Common Shares have been reserved for allotment during the period ending December 31, 1982. Employees, designated by the Board, may purchase their shares in the year of allotment at a price, also established by the Board, of not less than 90% of the market price on the date of acquisition. A total of 53,950 shares has been issued under the plan up to December 31, 1981.

Following is a summary of the changes in Common Shares for the years ended December 31, 1981 and 1980:

	1981		1980	
	Number	\$	Number	\$
Total outstanding at beginning of year	3,455,113	7,630,646	3,383,841	6,862,657
Shares issued				
Payment of dividends	46,879	569,895	44,322	502,731
Share purchase plan	27,000	280,260	26,950	265,258
	<u>73,879</u>	<u>850,155</u>	<u>71,272</u>	<u>767,989</u>
Total outstanding at end of year	<u>3,528,992</u>	<u>8,480,801</u>	<u>3,455,113</u>	<u>7,630,646</u>

#### (b) Dividend restrictions

The trust indentures securing the Series A, C and D Sinking Fund Debentures, and the covenants in connection with the Industrial Building Revenue Installment Note, place certain restrictions on the payment of dividends. The most restrictive of these requires that total dividend payments subsequent to December 31, 1977 be limited to the aggregate of \$5,000,000 and the consolidated net earnings and





the consideration received by the Corporation for shares of its capital stock subsequent to December 31, 1977. In addition, as long as the Industrial Building Revenue Installment Note is outstanding, the Corporation is required to maintain its consolidated net worth at at least \$28,000,000 plus 40% of the consolidated net earnings exclusive of any losses subsequent to December 31, 1978.

#### 6. INCOME TAXES

DMC Metals Inc. and Drummond McCall Metals Corp. have accumulated losses totalling \$1,743,000 which may be carried forward to reduce taxable income of those companies in future years. These losses may be utilized no later than:

1993 —	\$ 25,000
1994 —	45,000
1995 —	508,000
1996 —	<u>1,165,000</u>
	<u>\$1,743,000</u>

The potential future tax benefit relating to these losses has not been recorded in the accounts.

#### 7. PENSION PLAN

The Corporation has a trustee contributory pension plan. Based on the latest actuarial report, the value of the assets in the fund exceeds the value of pension benefits earned in respect of service up to December 31, 1981.

#### 8. BUSINESS OF THE CORPORATION

The Corporation is in one line of business — the processing and distribution of a wide range of ferrous and non-ferrous metal products. As sales to and assets in areas outside of Canada are less than 10% of total sales and assets respectively, segmented information by geographic region has not been provided.

## Auditors' Report

To the Shareholders of  
Drummond McCall Inc.:

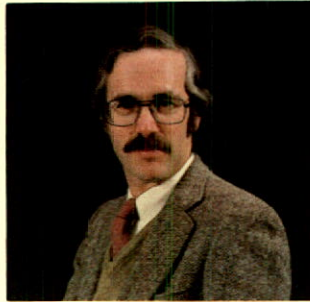
We have examined the consolidated balance sheet of Drummond McCall Inc. as at December 31, 1981 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, 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 Corporation as at December 31, 1981 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.

Price Waterhouse  
Chartered Accountants

Montreal, Quebec  
February 12, 1982

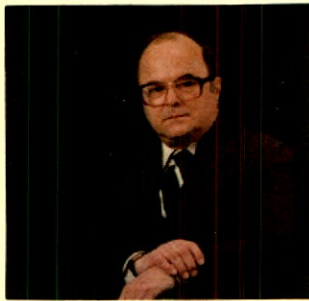
## Directors of the Corporation



**Derek A. Drummond**  
Professor of Architecture and  
Director of the School of Architec-  
ture, McGill University



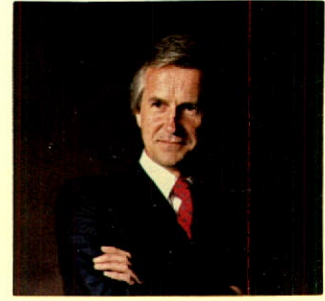
**Jeffrey G. Marshall**  
President of the Corporation



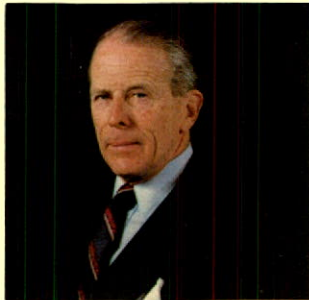
**Christopher Coulthard**  
Vice-President, Corporate Planning  
of the Corporation



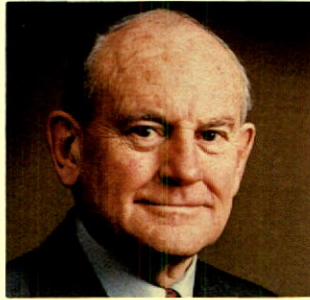
**Robert Després**  
Chairman of the Board of  
Atomic Energy of Canada Limited



**Raymond Doré**  
Chairman of The Interior  
Trust Company



**Alex D. Hamilton**  
Chairman of the Board and Chief  
Executive Officer of Domtar Inc.



**Roderick M. Hungerford**  
President of Flex-Lox Industries Ltd.



**Clarence D. Marshall**  
Chairman of Marshall Steel Ltd.



**Welsford A. Marshall**  
Vice-Chairman of Marshall Steel Ltd.



**A. David McCall**  
Director of the Corporation



**Michael L. Richards**  
Partner of Stikeman, Elliott, Tamaki,  
Mercier & Robb





## Executive Officers

**Derek A. Drummond**  
Chairman

**Jeffrey G. Marshall**  
President

**Christopher Coulthard (1)**  
Vice-President, Corporate Planning

**George W. Tolhurst (1)**  
Vice-President, Corporate Services

**Bruce H. Wepler**  
Vice-President and Secretary-Treasurer

**Ewan R. Orr (1)**  
Vice-President, U.S.A. and Atlantic Regions

**James H.T. McBride (1)**  
Vice-President, Quebec Region

**Hugh R. Cleland (1)**  
Vice-President, Ontario Region

**Hugh G. Clancy (1)**  
Vice-President, Prairies Region

**Barry H. Williams (1)**  
Vice-President, Western Region

**Robin J. Mayes**  
Controller and Assistant Secretary-Treasurer

## Head Office

5205 Fairway Street,  
Lachine, Quebec  
H8T 1C1  
Phone: (514) 631-4861

## Mailing Address

P.O. Box 219, Station A,  
Montreal, Quebec H3C 2S4

## Incorporation

Under the laws of Canada.

## Auditors

Price Waterhouse  
Montreal, Quebec

## Legal Counsel

Stikeman, Elliott, Tamaki, Mercier & Robb  
Montreal, Quebec

## Share Transfer Agent and Registrar

The Royal Trust Company  
Halifax, Montreal, Toronto, Winnipeg, Regina,  
Calgary, Vancouver

(1) Appointed January 5, 1982.

