

Annual Report 1984

DRG INC.



HOWARD ROSE LIBRARY
OF MANAGEMENT
APR 4 1985
MCGILL UNIVERSITY

Highlights

	1984	1983	% Change over 1983
Net sales	\$115,013,000	\$103,399,000	+ 11.2
Net income before extraordinary items	4,362,000	1,548,000	+ 181.8
Net income	5,459,000	1,548,000	+ 252.6
Net expenditures on fixed assets	2,658,000	2,467,000	+ 7.7
Dividends	1,761,000	1,653,000	+ 6.5
Working capital	22,780,000	17,830,000	+ 27.8
Shareholders' equity	40,194,000	36,496,000	+ 10.1
Payroll and benefits	33,453,000	31,366,000	+ 6.7
Average number of employees	1,114	1,121	- 0.6
<i>Per share</i>			
Net income before extraordinary items	\$ 1.21	\$ 0.43	+ 181.8
Net income	1.52	0.43	+ 252.6
Dividends	0.49	0.46	+ 6.5
Shareholders' equity	11.18	10.16	+ 10.0

DRG, A Responsible Company

Companies are complex structures made up of many parts. The several important elements in the makeup of DRG INC. all work together to maintain and enhance its enviable reputation.

There are three key elements: the effective use of manpower, of capital, and of materials so that the company gives strong evidence through its day-to-day operations that it is a good steward of these resources.

Also of primary significance are the constructive policies which give DRG people the training and the opportunities to develop and to advance within the organization. With their increasing skills, customers continue to be satisfied with DRG quality products and DRG service.

The Annual General Meeting of Shareholders will be held in the Centennial Ballroom, at the Inn on the Park, Leslie Street and Eglinton Avenue East, Toronto, at 11:30 a.m. on Wednesday April 24, 1985.

The Chairman's Message to Shareholders

In my 1983 report I stated that a top priority for 1984 was to regain the ground lost from the forced inactivity during our work stoppage in the last quarter of 1983.

We have come a long way in achieving our goal.

In addition to the return to profitability in the Flexible Packaging Division the contributions from Plastics, Specialty Advertising, and Envelopes including both DRG Globe and DRG Internationale were increased. The results at Sellotape and Stationery did not exceed 1983 levels, however, both units were profitable.

Market share was increased in some sectors including significant growth in exports to the United States.

Sales increased by 11.2% and profits before extraordinary items increased from 43¢ per share to \$1.21 per share. An extraordinary gain of 31¢ made our final profit \$1.52 per share.

During the year we generated a cash surplus of \$2,904,000 with a closing cash balance of \$8,113,000.

In August the quarterly dividend

was increased to 12½¢ per share, an increase of approximately 9%.

In 1984, DRG moved more fully into the age of high technology.

Historically, DRG has been a leader . . . first in quality, in service and in anticipating customer expectations. Each succeeding year brings accelerated changes and heightened demands to which DRG is responsive.

For example, in the previous 5 years your company embarked upon a \$26 million program of installing new equipment and retro-fitting others. With that program now in place, equipment in DRG plants ranks among the most sophisticated in North America. At DRG Packaging, for example, the micro chip computer in the new gravure press takes some six million measurements in a single minute of run with even the most minute changes outside specified limits adjusted, ensuring perfect runs. This is just one example among many where production has been speeded up and where diagnostic checks of equipment quickly identify sources of malfunction which can be rectified quickly.



The moves into higher technology are paying off. DRG is now one of the lowest cost producers in the industries served. Much of this improved performance can be attributed to the successful integration of the skills of our people making the most efficient use of the complex equipment.

DRG's product line is changing in response to developments in the market such as the greatly expanded use of courier envelopes, the rapidly growing demands for soft cookie and "brick-pack" coffee packaging, and paper products for the home computer market.

The size of our rigid plastics plant in Kitchener was doubled to meet the increased demand.

At his request Mr. Grant Horsey retired as Chairman of the Board. Mr. Horsey has been associated with DRG for 24 years, the last 22 as Chairman. We are fortunate to have his continued guidance and counsel as he carries on as a Director and member of the Executive Committee. In recognition of his services he was named Honorary Chairman.

Mr. A. S. (Tony) Fell, President and

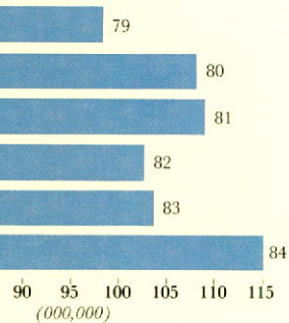
Chief Executive Officer of Dominion Securities Pitfield joined our Board in December. Mr. Fell is a director of a number of major companies and active in business and community affairs. He brings to our business the benefit of his wide knowledge and experience.

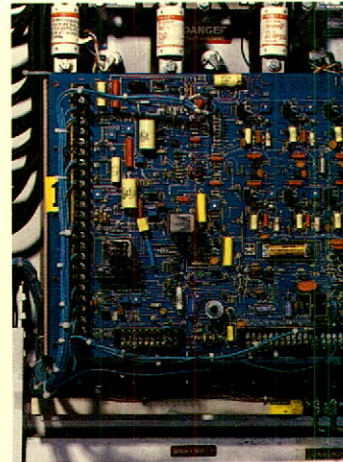
On behalf of the Board of Directors I express appreciation to all of our DRG people across Canada for their loyalty and efforts under extremely difficult business conditions and to our customers for their support.

For 1985 we can safely predict that every dollar of sales and every dollar of profit will be earned in difficult markets. However, given our technological advantages and the skills and aggressiveness for which DRG is noted we believe that the next twelve months will be a growth period for your company.



Net Sales





A small section of the circuitry which makes even the most minute corrective adjustments while the flexographic press is in operation.

Display panel of the electronic processor controlling one of our new rotogravure presses referred to in the Chairman's message.

Packaging

DRG Packaging has moved into the high-tech circles of the flexible packaging industry.

For the past five years, as part of the company's program to upgrade its technical capacity, high speed rotogravure and flexographic presses, a solventless laminator and finely accurate label cutters have come on stream together with retro-fitted older equipment. Today, DRG Packaging has one of the best equipped plants on this continent. Great credit can be given to the skill and adaptability of our people who are achieving the utmost in performance from the new equipment.

The major challenge of 1984 was to recover from the heavy losses of the 1983 strike. Following a slow start substantial progress has been made in regaining the lost business and in actively pursuing new marketing opportunities. Sales of packaging materials in 1984 established a historical high.

The beverage label volume was the best in our history due in part to the proliferation of bottle shapes and sizes and to industry marketing battles. Now bottlers are turning to metallized paper labels where DRG has a strong market position. DRG has modern presses to produce excellent print register at high speeds and cutting machines with the accurate cut tolerances demanded by the bottling industry.

Export business to the United States recorded the largest annual increase. Demand rose substantially for "brick-pack" coffee materials as well as for the soft

cookie market, both of which DRG is in a unique position to produce. It is planned to be even more aggressive in developing selected product markets in the United States in 1985.

The concerted efforts toward developing better teamwork throughout the Division are paying off. Closer working relationships have emerged and teamwork programs are in place with specific productivity targets to be achieved through individual cooperative efforts.

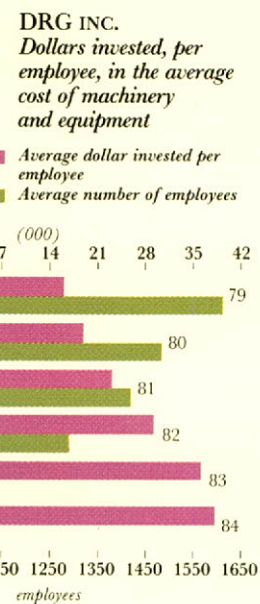
Plastics

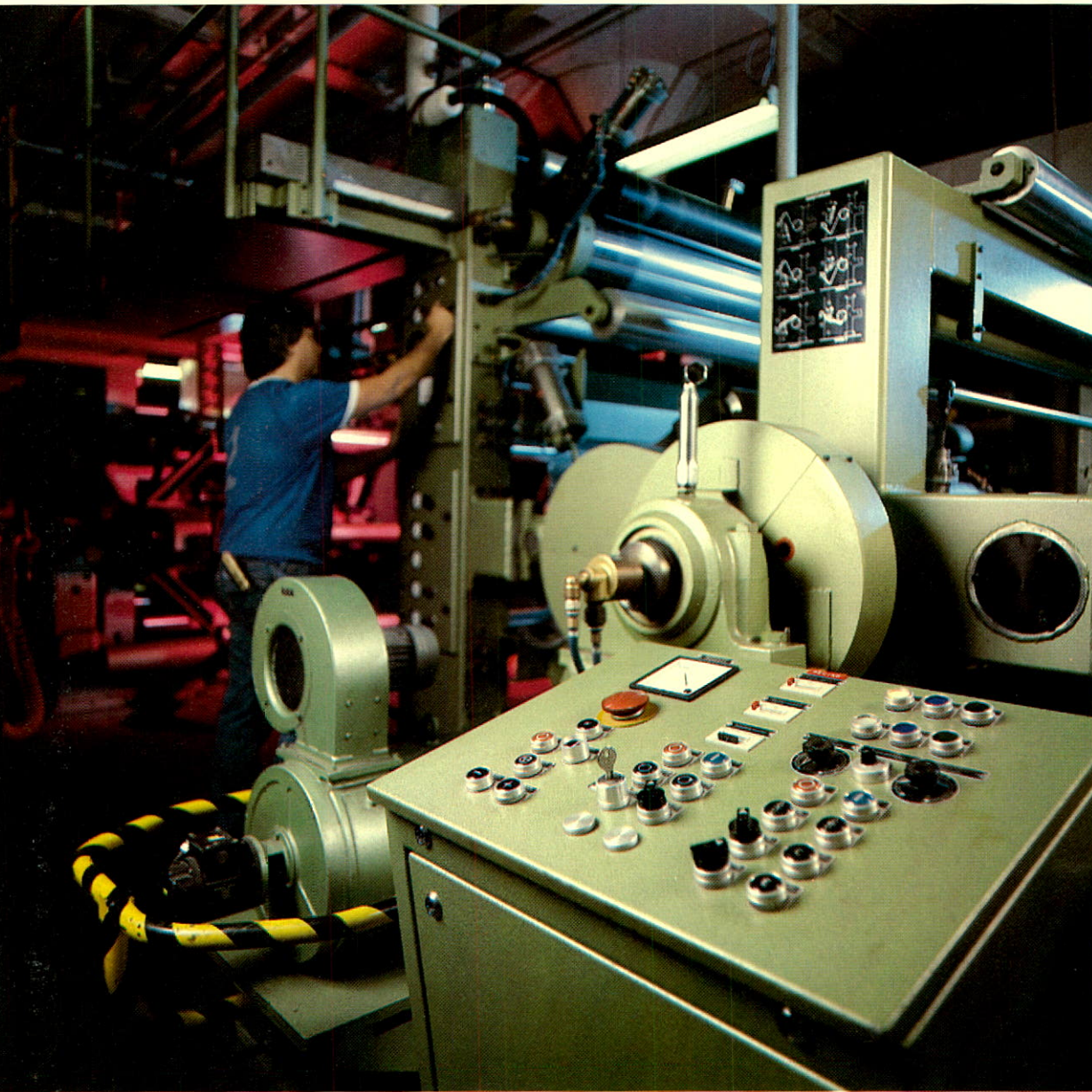
1984 was another year of growth for DRG Plastics with sales increasing by some 25%. The size of the manufacturing plant was doubled and new extrusion equipment installed which will provide opportunities to move into new product areas. DRG Plastic's broad product range continued to grow in categories such as juice cups, mushroom trays, cookie trays for regular and soft cookies, as well as trays for meals on aircraft.

Sellotape

Sellotape's 1984 sales increased by 6% over the previous year despite heavy competition. Spearheading this increase was a strong performance by consumer tapes due to broader exposure and acceptance among major retail and commercial stationery customers. Additional private label programs, together with Sellotape's emphasis on quality and service, will, it is expected, contribute to further sales growth in 1985. New product lines, together with expanded

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Operations control centre for the new flexographic press designed for high volume production of all types of flexible packaging.

One of the most recent high-tech installations produces odorless, distortion free laminations of film, largely for the food industry.

applications for existing lines, are targeted for the industrial tape division next year.

Specialty Advertising

1984 was a difficult yet challenging year for DRG Specialty Advertising. Sales were impacted adversely by the recession since the items sold come under discretionary spending. The year was dedicated to rebuilding the agent network and improving market strategy. Today "the lasting medium" is considered an essential component of publicity and sales campaigns of major national companies. The new sophistication of the marketplace requires new thinking and provides new opportunities.

Envelopes and Stationery

An improving economy and low inventory levels entering 1984 resulted in a record year for DRG Globe Envelopes.

Providing high levels of service to our customers and the introduction of innovative products, particularly for the courier market, produced a significant increase in sales and earnings.

Our employees, through their many ideas and suggestions continued to improve the productivity of our manufacturing operations.

With the enthusiastic support of the employees, a successful turnaround was achieved by the new management team

at DRG Enveloppe Internationale Inc. Both sales and earnings increased considerably.

New computer installations, including the introduction of manufacturing control systems, at Globe and Enveloppe Internationale will further improve service levels and efficiency during 1985.

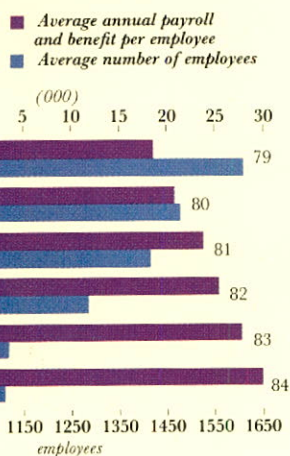
DRG Stationery Company is continuing to move into non seasonal product areas which are related mainly to the office of the future and to computers.

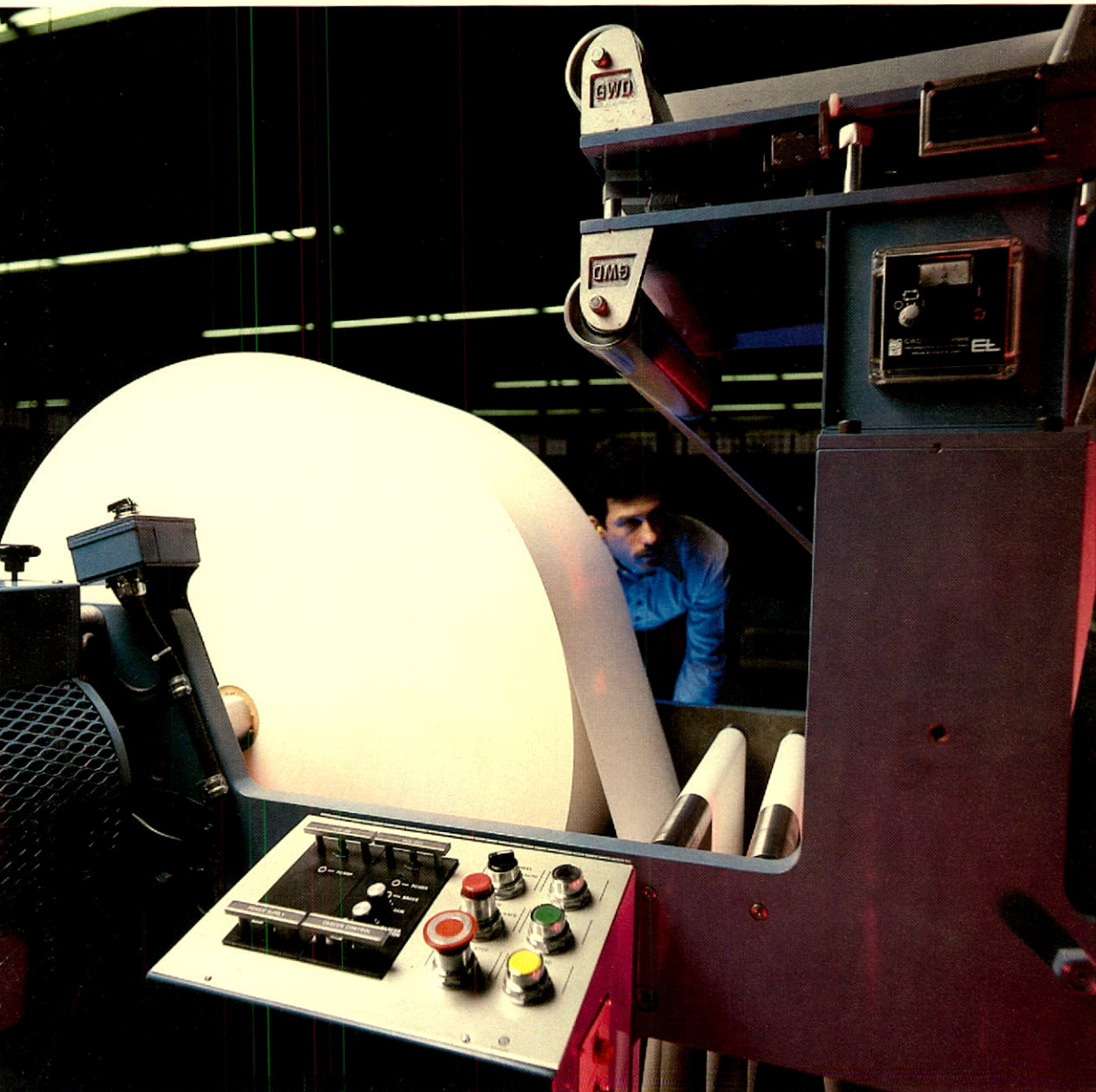
For the office, the CODE-A-TAB™ filing system conserves floor space and speeds up file retrieval by unique color codings for easy identification. Through seminars, consumer exhibitions and expert consulting advice this new addition to the product line is being marketed aggressively.

With the explosive growth of computers, there is ample opportunity to serve the personal computer market. For home, school and the entrepreneur, DRG Stationery has special retail packs of computer forms in a variety of sizes and styles, weights and paper types, while for the office executive there are binders for summary reports requiring individual attention.

Through the dedication of its staff across the country DRG Stationery is gaining more credibility and a stronger position in the market. New developments, particularly in the commercial field, will continue to be monitored so that products can be offered well in advance of competition.

DRG INC.
Average annual payroll and
benefits per employee





Retro-fitted guillotines now store extremely accurate cutting programs for different labels thereby reducing setup times and waste.

New equipment meets the demand for consumer-sized packages of computer print-out paper for personal computers.

Consolidated Statement of Income and Retained Earnings

for the year ended December 31

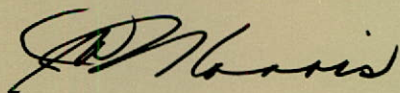
	1984	1983
<i>Net Sales</i>	\$115,013,000	\$103,399,000
Cost of goods sold	87,336,000	80,512,000
Selling and administrative expenses	18,408,000	18,059,000
Depreciation	3,168,000	3,161,000
	108,912,000	101,732,000
<i>Income before undernoted items</i>	6,101,000	1,667,000
Interest income (expense):		
Short-term notes, etc.	475,000	428,000
Term obligations	(22,000)	(16,000)
Other	—	(13,000)
	453,000	399,000
<i>Income before income taxes and extraordinary items</i>	6,554,000	2,066,000
<i>Income taxes</i>		
Current	2,009,000	329,000
Deferred	183,000	189,000
	2,192,000	518,000
<i>Net income before extraordinary items</i>	4,362,000	1,548,000
Extraordinary items (note 6)	1,097,000	—
<i>Net income</i>	5,459,000	1,548,000
Retained earnings, beginning of year	30,979,000	31,084,000
	36,438,000	32,632,000
<i>Dividends</i>		
Class A shares	1,173,000	1,101,000
Class B shares	588,000	552,000
	1,761,000	1,653,000
<i>Retained earnings, end of year</i>	\$ 34,677,000	\$ 30,979,000
<i>Net income per Class A and Class B share</i>		
—without extraordinary items	\$1.21	\$0.43
—including extraordinary items	\$1.52	\$0.43
<i>Dividends per Class A and Class B share</i>	\$0.49	\$0.46

Consolidated Statement of Financial Position

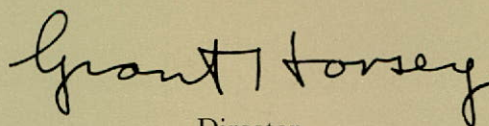
for the year ended December 31

	1984	1983
Current assets		
Cash and short-term notes	\$ 8,113,000	\$ 5,209,000
Accounts receivable	14,927,000	11,725,000
Inventories (note 2)	16,150,000	13,056,000
Mortgage receivable	—	1,333,000
Other	1,330,000	1,070,000
Total current assets	40,520,000	32,393,000
Current liabilities		
Accounts payable and accrued liabilities	14,932,000	13,345,000
Owing to affiliates	208,000	208,000
Income taxes payable	1,732,000	169,000
Other taxes payable	419,000	428,000
Dividends payable	449,000	413,000
Total current liabilities	17,740,000	14,563,000
Working capital	22,780,000	17,830,000
Fixed assets (note 3)		
At cost	55,537,000	54,640,000
Less: Accumulated depreciation	29,956,000	28,406,000
	25,581,000	26,234,000
Capital employed	\$48,361,000	\$44,064,000
Represented by:		
Deferred income taxes	8,167,000	7,568,000
Shareholders' equity		
Capital stock (note 5)	5,517,000	5,517,000
Retained earnings	34,677,000	30,979,000
	40,194,000	36,496,000
	\$48,361,000	\$44,064,000
Total assets	\$66,101,000	\$58,627,000

Approved by the Board



Director



Director

Consolidated Statement of Changes in Financial Position

for the year ended December 31

	1984	1983
<i>Cash from (used in) operating activities:</i>		
Net income before extraordinary items	\$ 4,362,000	\$ 1,548,000
Depreciation	3,168,000	3,161,000
Deferred income taxes	183,000	189,000
Non-cash working capital items	(2,068,000)	2,089,000
Total cash from operating activities	5,645,000	6,987,000
<i>Cash from (used in) investing activities:</i>		
Net expenditure on fixed assets	(2,658,000)	(2,467,000)
Net proceeds from extraordinary items	1,678,000	—
Total cash used in investing activities	(980,000)	(2,467,000)
<i>Cash used in financing activities:</i>		
Payment of dividends	(1,761,000)	(1,653,000)
Reduction of term obligations	—	(269,000)
Total cash used in financing activities	(1,761,000)	(1,922,000)
Total cash generated in the year	2,904,000	2,598,000
Cash resources, including short term notes, beginning of year	5,209,000	2,611,000
Cash resources, including short term notes, end of year	\$ 8,113,000	\$ 5,209,000

Auditors' Report

To the Shareholders of
DRG INC.:

We have examined the consolidated statement of financial position of DRG INC. as at December 31, 1984 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 December 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse
Chartered Accountants

Toronto, Canada
February 13, 1985.

Notes to Consolidated Financial Statements

December 31, 1984

1. Accounting policies **Accounting principles:** The financial statements are prepared on the historic cost basis in accordance with accounting principles generally accepted in Canada and conform in all material respects with International Accounting Standards.

Principles of consolidation: The financial statements include the accounts of DRG INC. (incorporated under the Canada Business Corporations Act) and DRG Enveloppe Internationale INC.

Inventories: Inventories have been valued at the lower of first-in, first-out cost and net realizable value.

Fixed assets: Land, buildings and equipment are stated at cost.

Depreciation: Depreciation is calculated in equal installments over the estimated useful lives of the respective assets, which are assessed and regularly reviewed by management and generally average the following:

Freehold buildings and leasehold land and buildings	40-50 years
Machinery and equipment—	
Production	10-14 years
Service	20 years
Office	10 years
Vehicles	5 years

Other: Research and development costs are generally expensed as incurred (1984—\$508,000; 1983—\$411,000).

2. Inventories

	1984	1983
Raw materials	\$ 4,711,000	\$ 4,698,000
Work in progress	3,102,000	2,579,000
Finished goods	8,337,000	5,779,000
	<u>\$16,150,000</u>	<u>\$13,056,000</u>

3. Fixed assets

	Cost	Accumulated depreciation	Net 1984	Net 1983
Land	\$ 858,000	\$ —	\$ 858,000	\$ 860,000
Buildings	10,341,000	4,321,000	6,020,000	6,306,000
Leasehold property	422,000	255,000	167,000	90,000
Machinery and equipment	43,916,000	25,380,000	18,536,000	18,978,000
	<u>\$55,537,000</u>	<u>\$29,956,000</u>	<u>\$25,581,000</u>	<u>\$26,234,000</u>

4. Income taxes

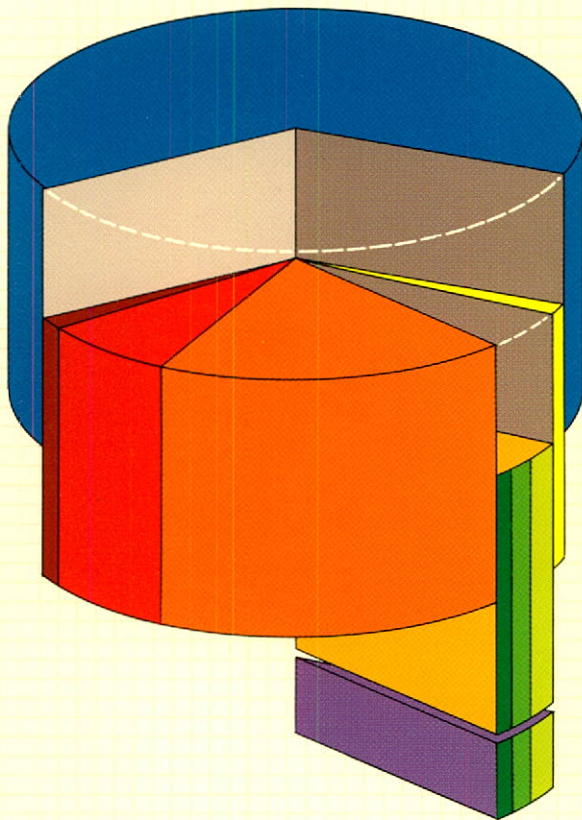
Deferred income taxes are provided for all significant timing differences in reporting income and expenses for financial statement and tax purposes. The timing differences arise substantially from differences in accounting and tax depreciation. Investment tax credits are accounted for by a reduction in the income tax provision in the year claimed.

The provision for income taxes before extraordinary items in the consolidated statement of income and retained earnings reflects a statement tax rate which is lower than the combined basic federal and provincial tax rate. A reconciliation of the two rates is as follows:

	1984	1983
Combined basic federal and provincial income tax rate	49.3%	50.2%
Manufacturing and processing profits deduction	(5.0)	(5.0)
Investment tax credits	(7.7)	(9.1)
Inventory allowance	(2.6)	(8.9)
Other	(.6)	(2.1)
Statement tax rate	<u>33.4%</u>	<u>25.1%</u>

		1984	1983
5. Capital stock			
	Authorized—		
	8,000,000 Class A subordinate voting shares		
	1,200,000 Class B shares		
	Issued—		
	2,393,700 Class A shares	\$3,853,000	\$3,853,000
	1,200,000 Class B shares	1,664,000	1,664,000
		<u>\$5,517,000</u>	<u>\$5,517,000</u>
	Each Class B share entitles the holder thereof to three votes and is convertible into one Class A share.		
6. Extraordinary items			1984
	Gain on sale of land and buildings, net of deferred income taxes of \$410,000		\$1,206,000
	Loss on closures of leased plant facilities, net of current tax reduction of \$42,000		(109,000)
			<u>\$1,097,000</u>
7. Operating leases	The following is a schedule of the future minimum payments at December 31, 1984 under operating leases entered into for more than one year:		
	Year ending December 31, 1985		\$ 547,000
	1986		425,000
	1987		361,000
	1988		254,000
	1989		174,000
	Aggregate for 1990 and beyond		93,000
			<u>\$1,854,000</u>
	The aggregate expense incurred during 1984 under all rental agreements amounted to approximately \$759,000 (1983—\$667,000).		
8. Pensions	The Company and its subsidiary have several trustee pension plans covering substantially all employees. Pension costs included in the consolidated statement of income and retained earnings represent contributions for current service. Based on the most recent actuarial valuations, there are no unfunded liabilities in the plans.		
	The cost of all company provided pension benefits amounted to \$850,000 in 1984 (1983—\$908,000).		
9. Related party transactions	During the year the Company, as a part of the worldwide DRG group, entered into transactions with various member companies. These transactions did not represent a significant portion of the Company's business during the year.		
10. Class of business	The directors have determined that the Company operates principally in one class of business as paper converters, based on the Standard Industrial Classification code.		

Cash flow and profit in 1984



The cash we created in 1984—and who benefited

■ In 1984 materials and services cost us	\$73,847,000
We turned them into DRG products which we sold to our customers for	
	\$115,013,000
Leaving us with \$41,166,000	
The value added by DRG which went to:	
■ Insurance, trust companies and others for the company's portion of employee pension and benefit plans	\$1,560,000
■ Federal and Provincial governments as income taxes and other compulsory contributions	\$9,235,000
■ Our employees after deducting income taxes and other compulsory government contributions	\$22,658,000
■ The business	\$5,952,000
■ Shareholders as dividends for their investment in the group	\$1,761,000
	\$41,166,000

How we used the cash available to the business

■ Cash available to the business from operations	\$5,952,000	
■ Net cash provided by extraordinary items	\$1,678,000	\$7,630,000
■ Increase in the amount we have invested in working capital other than cash	(\$2,068,000)	
■ Capital expenditure on new plant and machinery	(\$2,658,000)	\$4,726,000
■ Resulting in an increase in cash resources		\$2,904,000

6 Year Summary

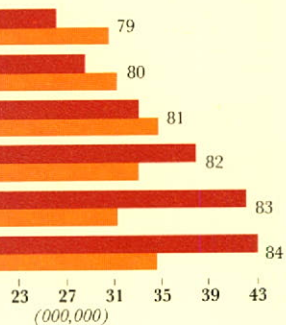
for the year ended December 31

		1984
Operating Results \$'000	Net sales	\$115,013
	Income before interest, taxes and extraordinary items	6,101
	Interest income <i>expense</i> (net)	453
	Net income before extraordinary items	4,362
	Extraordinary items	1,097
Cash \$'000	Total Cash from operating activities	5,645
	Cash from <i>used in</i> investing activities	
	Investment in fixed assets (net)	2,658
	Net proceeds from extraordinary items	1,678
	Total cash used in Investing activities	980
	Cash used in financing activities	
	Mortgage receivable	—
	Payment of dividends	1,761
	Reduction of term obligations	—
	Total cash used in financing activities	1,761
Increase <i>decrease</i> in cash resources	2,904	
Financial Position \$'000	Cash and short-term notes/ <i>bank indebtedness</i> (net)	8,113
	Other working capital	14,667
	Mortgage receivable—long-term	—
	Net fixed assets	25,581
	Capital employed	48,361
	Deferred income taxes	8,167
	Term obligations	—
	Shareholders' equity	40,194
		48,361
	Total assets	66,101
Per Share	Net income before extraordinary items	1.21
	Net income after extraordinary items	1.52
	Dividends	0.49
	Book value	11.18
	Market price—high	10.125
	Market price—low	8.00
Other Statistics	% Net income, before extraordinary items, to net sales	3.8%
	% Net income, before extraordinary items, to average shareholders' equity	11.4%
	% Net income, before extraordinary items, to average capital employed	9.4%
	Ratio of current assets/current liabilities	2.3:1
	% of total term debt to total assets	—
	Number of shares traded	174,225
	Average number of employees	1,114

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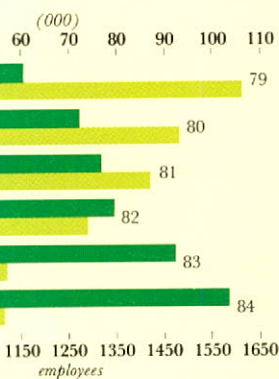
DRG INC.
Average cost of machinery and equipment against payroll and benefits

■ Average cost of machinery and equipment
■ Total annual payroll and benefits



DRG INC.
Annual sales per average number of employees

■ Sales per employee
■ Average number of employees



1983	1982	1981	1980	1979
\$103,399	\$102,534	\$108,932	\$107,809	\$ 98,145
1,667	2,173	6,659	8,687	4,091
399	270	450	258	450
1,548	1,395	4,349	5,273	2,355
—	—	1,095	—	—
6,987	7,692	5,578	13,961	3,666
2,467	5,533	10,074	5,361	2,415
—	—	2,622	—	—
2,467	5,533	7,452	5,361	2,415
—	1,333	1,333	—	—
1,653	1,653	1,653	1,437	1,437
269	159	362	533	224
1,922	479	3,348	904	1,661
2,598	1,680	5,222	7,696	410
5,209	2,611	931	6,153	1,543
12,621	14,710	17,036	14,052	20,092
—	—	1,333	—	—
26,234	26,928	24,096	17,554	14,074
44,064	44,249	43,396	37,759	32,623
7,568	7,379	6,109	3,901	3,135
—	269	428	790	256
36,496	36,601	36,859	33,068	29,232
44,064	44,249	43,396	37,759	32,623
58,627	58,049	57,413	52,203	43,523
0.43	0.39	1.21	1.47	0.66
0.43	0.39	1.51	1.47	0.66
0.46	0.46	0.46	0.40	0.40
10.16	10.18	10.26	9.20	8.13
9.50	7.00	10.25	8.50	7.00
6.50	4.25	5.875	5.125	5.00
1.5%	1.4%	4.0%	4.9%	2.4%
4.2%	3.8%	12.4%	16.9%	8.2%
3.5%	3.2%	10.7%	15.0%	7.3%
2.2:1	2.2:1	2.2:1	2.3:1	2.5:1
—	0.7%	1.1%	2.0%	1.1%
202,586	107,849	225,011	262,688	201,735
1,121	1,289	1,419	1,486	1,612

Directors and Officers

Directors

J. S. CAMM
†P. CASGRAIN, Q.C.
A. S. FELL
*W. G. HORSEY
†J. A. McCLEERY, F.C.A.
*†N. C. MORRIS
*J. L. STANFORD
*J. R. WARD, C.A.
J. M. WOOLEY

*Member of the Executive Committee

†Member of the Audit Committee

Officers

N. C. MORRIS
Chairman, President, and Chief
Executive Officer and Chief
Operating Officer for Envelope
and Stationery Division
J. L. STANFORD
Executive Vice-President and
Chief Operating Officer for
Packaging Division
J. R. WARD, C.A.
Vice-President Corporate Affairs
S. D. RANDALL
Controller

Auditors

Price Waterhouse, Toronto

Transfer Agents

The National Victoria and
Grey Trust Company
Montreal, Toronto and
Vancouver

Corporate Directory

DRG INC.

Head Office: (416) 443-0381
1470 Don Mills Road
Suite 301, Don Mills,
Ontario M3B 2X9

Packaging Division

DRG Packaging
DRG Plastics
DRG Specialty Advertising
DRG Sellotape
DRG Hospital Supplies

Main Office: (416) 421-1700
85 Laird Drive, Toronto M4G 3T8
Vancouver, Calgary, Winnipeg,
London, *Kitchener, Milton,
*Toronto, Kingston,
Montréal, Windsor, N.S.

Envelope and Stationery Division

DRG Globe Envelopes

Main Office: (416) 675-9370
400 Humberline Drive,
Toronto M9W 5T3
*Vancouver, *Edmonton,
Calgary, *Regina, *Winnipeg,
*London, *Toronto, Ottawa,
Montréal, *Moncton, Halifax.

DRG Enveloppe Internationale INC.

Head Office: (514) 256-1661
7000 rue Hochelaga,
Montréal H1N 1Y8
Québec, *Montréal.

DRG Stationery Company

Main Office: (416) 456-1900
71 Todd Road, Georgetown
L7G 4T4
Vancouver, Calgary, Winnipeg,
*Georgetown, Kitchener,
Montréal, Halifax.

*Plants

DRG INC.

*"The
Good Idea
Company"*

Selected Quarterly Financial Data

		Three Months Ended					
		Mar. 31	June 30	Sept. 30	Dec. 31	Total	
Net sales \$'000's	1984	\$25,830	\$30,820	\$28,810	\$29,553	\$115,013	
	1983	25,500	30,212	27,188	20,499	103,399	
	1982	23,945	28,255	24,100	26,234	102,534	
	1981	24,538	31,520	24,065	28,809	108,932	
	1980	25,960	28,460	25,564	27,825	107,809	
	1979	21,447	26,267	24,924	25,507	98,145	
Net income per Share before extraordinary items	1984	0.25	0.46	0.26	0.24	1.21	
	1983	0.07	0.39	0.20	(0.23)	0.43	
	1982	0.08	0.30	0.07	(0.06)	0.39	
	1981	0.32	0.58	0.07	0.24	1.21	
	1980	0.30	0.39	0.29	0.49	1.47	
	1979	0.10	0.27	0.16	0.13	0.66	
Working capital, less cash resources, as a percentage of annualized quarterly sales	1984	16.2	14.9	14.9	12.4	12.8	
	1983	15.6	13.5	14.9	15.4	12.2	
	1982	17.7	15.3	16.0	14.0	14.3	
	1981	16.2	13.2	18.5	14.7	15.6	
	1980	17.0	15.4	16.2	12.6	13.0	
	1979	26.2	22.6	23.8	19.7	20.5	

DRG INC.