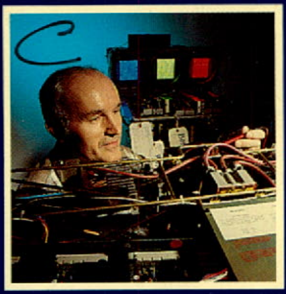

ELECTROHOME
ANNUAL REPORT 1987

MISSION AND COMMITMENTS

Our Mission:

To provide creative and technological solutions through the marketing and manufacturing of products and services for domestic Communication and selected world Industrial markets.

Our Commitments:

To provide quality services or products that conform to specified customer requirements. This is accomplished by establishing state-of-the-art capabilities through prudent investments in research and development, capital equipment and facilities.

To operate profitably on a decentralized basis with a blend of emerging, growing and mature strategic business units that address well defined markets.

To remain a Canadian controlled public company.

To provide an adequate return to shareholders, plus benefits to employees and the communities with which we are involved, through the mutual commitment of the Company and our people.

These commitments will be accomplished through the involvement, development and dedication of the Company's most important asset: our people.

Cover Photographs

The manufacture and inspection of new high technology data/graphics projection systems

Field winding of high quality AC motor product designs

Sophisticated microwave equipment provides broadcast link to main studios

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Electrohome Shareholders

As our 1987 Annual Report was going to press the Canadian Radio-televison and Telecommunications Commission (CRTC) announced a favourable decision in respect to our offer to purchase Sunwapta Broadcasting Limited of Edmonton, Alberta. Electrohome is extremely pleased with the CRTC's decision and arrangements are being made to close this transaction before the end of April, at which time the Company will operate two television and four radio stations.

There will be associated changes to reflect the new balance of Electrohome's corporate elements, communications, electronic and electrical and these will be acted upon as quickly as possible.

While the announcement will have no direct impact on first quarter 1988 results, scheduled for release at our Annual Meeting, the effect will be seen in subsequent periods. Additional information on the transaction and its longer term impact will be provided at our Annual Meeting. In the interim, we are delighted that the expansion of Electrohome's broadcast communications business which has long been planned will occur at an early date.

On behalf of the Board,

J.A. Pollock
Chairman and
Chief Executive Officer

Electrohome Shareholders

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On behalf of the Board,

J.A. Pollock
Chairman and
Chief Executive Officer

HIGHLIGHTS

(in thousands except per share amounts)	1987	1986
Sales and earnings		
Continuing operations		
Sales	**$122,137**	$125,126
Income (loss) before income taxes and extraordinary items	**(752)**	2,699
Income (loss) before extraordinary items	**(3,845)**	(494)
Discontinued operations		
Sales	**28,100**	35,479
Income (loss) before income taxes	**(1,485)**	(1,845)
Income (loss) for the year	**(1,072)**	(1,378)
Total Company		
Sales	**150,237**	160,605
Income (loss) before income taxes and extraordinary items	**(2,237)**	854
Income (loss) before extraordinary items	**(4,917)**	(1,872)
Extraordinary items	**(363)**	—
Income (loss) for the year	**(5,280)**	(1,872)
Fixed asset expenditures — total Company	**$ 5,194**	$ 4,786
Other financial highlights at year end		
Continuing operations		
Working capital	**$ 8,791**	$ 9,790
Fixed assets (net)	**24,469**	20,392
Total Company		
Working capital	**7,809**	18,644
Fixed assets (net)	**24,780**	23,309
Debt (long and short term)	**33,535**	22,765
Shareholders' equity	**27,319**	33,234

Earnings (loss) per class X and Y share

	1987		1986	
	Continuing operations	**Total Company**	Continuing operations	Total Company
Basic				
Before extraordinary items	**$(0.72)**	**$(0.91)**	$(0.10)	$(0.35)
After extraordinary items	**(0.78)**	**(0.98)**	(0.10)	(0.35)
Fully diluted				
Before extraordinary items	**(0.70)**	**(0.89)**	(0.10)	(0.35)
After extraordinary items	**(0.76)**	**(0.96)**	(0.10)	(0.35)

Quarterly information — continuing operations

	Sales		**Income (loss) before extraordinary items**		**Earnings (loss) per share-basic**	
	1987	1986	**1987**	1986	**1987**	1986
First quarter	**$ 28,610**	$ 31,789	**$ 208**	$ 903	**$ 0.04**	$ 0.16
Second quarter	**30,673**	34,205	**(348)**	717	**(0.07)**	0.13
Third quarter	**28,314**	26,902	**(2,520)**	(1,738)	**(0.46)**	(0.32)
Fourth quarter	**34,540**	32,230	**(1,185)**	(376)	**(0.23)**	(0.07)
	$122,137	$125,126	**$(3,845)**	$ (494)	**$(0.72)**	$(0.10)

DIRECTORS, OFFICERS AND SENIOR EXECUTIVES

Board of Directors

J.A. Pollock, Chairman
Chairman of the Board
President and Chief Executive Officer
Electrohome Limited

R.J. Collins-Wright
Chairman of the Board
President and Chief Executive Officer
Inglis Limited

G.S. Dembroski
Vice-Chairman and Director
Dominion Securities Pitfield Limited

D.H. Frederick+
Chairman of the Board,
President and Chief Executive Officer
Frederick Investment Corporation

W.A. Moeser*
Corporate Director

Barbara L. Steele*
Corporate Director

D.S. Sykes*+
Corporate Director

Dr. D.T. Wright*
President and Vice-Chancellor
University of Waterloo

W.A. Bean
Honorary Director

*Members of Audit Committee
+Will not act in 1988

Executive Committee

J.A. Pollock, Chairman

R.J. Collins-Wright

G.S. Dembroski

D.S. Sykes

Executive Management Committee

J.A. Pollock, Chairman

J.R. Boehmer

J.G. Gingerich

H.H. LaPier

W.D. McGregor

W.M. Nobbs

Officers, Group Vice-Presidents and Staff Directors

J.A. Pollock**
President, and Chief Executive Officer

J.G. Gingerich**
Chief Financial Officer and Treasurer

H.H. LaPier**
Vice-President, Electrohome Limited, and
Group Vice-President, Motors

W.D. McGregor**
Vice-President, Electrohome Limited, and
President, C A P Communications Limited

W.M. Nobbs**
Vice-President, Electrohome Limited, and
Group Vice-President, Electronics

J.R. Boehmer**
Director, Human Resources

R.D. Bolden**
Secretary and Assistant Treasurer

**Officers

Transfer Agents

Class X and Class Y Shares
Montreal Trust Company
Toronto, Montreal, Winnipeg

Preference Shares
National Trust Company Limited
Toronto, Montreal, Winnipeg, Vancouver

Solicitors

Clement, Eastman, Dreger, Martin & Meunier
Kitchener, Ontario

Auditors

Thorne Ernst & Whinney
Kitchener, Ontario

More changes took place in 1987, our 80th Anniversary year, than in any 12 month period in our history. These included four major and several minor strategic restructuring activities which, while costly and disruptive in the short term, will have a positive effect on the future.

In May, the Aabex Service Division was sold, and the sale of the Deilcraft Furniture Division was finalized later in December. These transactions effectively removed the Company from the Consumer marketplace.

Realignment and expansion programs were also initiated in other areas with the mid summer purchase of The Brinkley Motor Products Company, an AC motor manufacturer in Brinkley, Arkansas. In October, we announced an agreement to buy Sunwapta Broadcasting Limited of Edmonton, Alberta. The latter transaction requires the approval of the Canadian Radio and Television Commission (CRTC). With these changes, our efforts to concentrate on the Communications (Broadcasting) and Commercial Electronic and Electrical (Industrial) segments of the marketplace are complete.

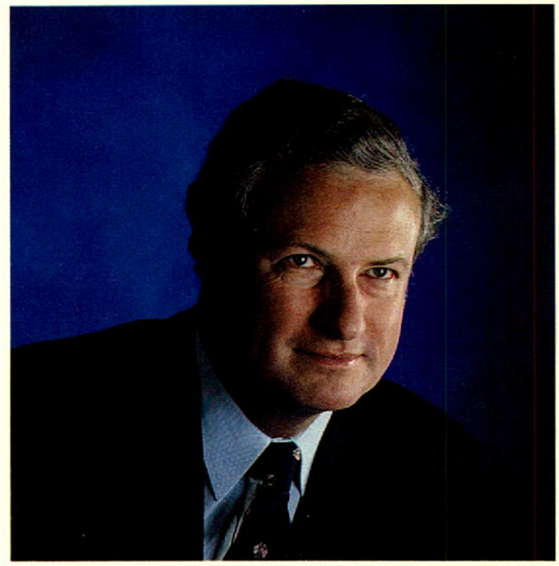
In addition to the aforementioned there was significant downsizing and change in other areas which are highlighted by employment levels that moved from 2,000 at the beginning of the year to 1,440 at the close. A resizing and decentralization of staff functions completed the broad range of strategic moves that were undertaken in 1987.

The significance of so many changes in a 12 month period makes it appropriate to report the 1986 and 1987 financial results on both a Continuing and Discontinued basis. While this format makes the interpretation of this year's statements and associated extensive notes somewhat more complex, it helps to explain the rationale for changes that were made.

Financial Results

Consolidated sales for Continuing operations in 1987 amounted to $122.1 million versus $125.1 million in 1986, a decline of two percent. There was an after-tax loss of $3.8 million (72 cents a share) in 1987. Discontinued operations, plus extraordinary items, increased this figure by an additional $1.5 million, making the overall 1987 loss $5.3 million (98 cents a share). In 1986 there were no extraordinary items. This meant that the loss for the year, including Discontinued operations, was $1.9 million (35 cents a share).

For the year just ended, retained earnings were off by approximately $5.9 million. This is the result of financing the operating loss, plus a modest dividend payment. Total debt at $33.5 million is an increase of $10.8 million over 1986. This increase was reversed early in



John A. Pollock, Chairman and Chief Executive Officer

1988 through the receipt of approximately $13 million associated with the sales of Deilcraft and associated warehouses.

Capital expenditures in 1987 rose marginally to $5.2 million compared to $4.8 million in 1986. This level of expenditure was required, despite downsizing, to keep operating facilities up-to-date and to improve productivity. Electronics, Broadcasting and Motors, have traditionally been major recipients of these funds. The same was true in 1987.

Research and development spending also increased to $5.3 million in 1987, up marginally from $5.0 million in 1986. This investment was focussed on the design of a number of new, innovative, higher technology products which are currently being introduced to niche markets around the world.

The Electronics and Motor Divisions are extremely dependent on international markets for success. In 1987, 64 percent of their revenue came from sales to 40 countries outside of Canada.

Business Segments

The **Electronics Division** is the largest of our three ongoing businesses. Results were mixed in 1987. Sales were down, based primarily on the late delivery of new microprocessor controlled color data/graphics and video projection systems. These world class designs did not reach the 'field' until December, too late to make a significant contribution to either revenue or profits. Additionally, the downsizing of circuit board operations, which included the phase-out of board assemblies, was not offset by increases at Lightning Circuits, Planar Circuits and Metal products.

REPORT TO SHAREHOLDERS

The Video Display sector, however, had a successful year. New product introductions, especially variable-scan monitors with screen sizes from 13 inches to 19 inches, favourably influenced the division's results late in the year.

Other changes which have enhanced the division's potential for 1988 included: the strengthening of its organization, additional focus on international sales to be handled by each business sector, the grouping of metal fabrication and circuit board operations into one business entity, the manufacture of higher technology multilayer boards at Planar, and the start of a new sector, Digital Video Systems, to sell advanced technology products to world markets.

The **Motor Division** also experienced a difficult year due to problems associated with change. The Brinkley acquisition, which was made in August, provided additional capacity for the manufacture of 3.3 inch shaded pole and permanent split capacitor AC motors. While increasing sales, it was not projected to achieve a profit until mid 1988.

This division has three motor manufacturing facilities. The Brinkley plant in Brinkley, Arkansas, specializes in AC production. All DC production as of early 1988 is located in Morristown, Tennessee. The Cambridge, Ontario plant manufactures AC motors, blowers and components for the Tennessee facility. A primary objective in 1988 is to provide adequate levels of plant loading at each operation. Programs are underway to increase market share for both AC and DC designs, and to aggressively pursue markets outside of North America.

C A P Communications Limited, our wholly owned broadcast subsidiary, had a successful year. Sales and profitability increased by approximately seven and eleven percent, respectively.

Capital expenditures at broadcasting again surpassed the $1.0 million mark. Major investments were made in computerized equipment for the newsroom, and upgrading the mobile van in order to permit high quality broadcasts from remote locations. C A P can take pride in the fact that its personnel and equipment were selected by the CTV network to provide coverage for the medal presentations at the Winter Olympics in Calgary.

The major story in Communications, however, was our agreement to purchase Sunwapta Broadcasting Limited in Edmonton. CRTC hearings to review this transaction were held on February 16, 1988 in Edmonton. A response is expected shortly after this report goes to print.

Sunwapta and C A P are similar in size and configuration with both having a history of excellence in performance and results. Together they will become the third largest unit in the CTV network. This $50 million acquisition will make broadcasting our largest area of investment.

Summary and Outlook

As stated in our third quarter report, results for the first nine months were unsatisfactory. Our optimism at that time, for the final quarter, did not materialize based on the delayed shipment of new products and one time expenses associated with our restructuring program.

At the same time, significant strategic progress was made in the actions relating to Aabex, Brinkley and Deilcraft, plus the pending purchase of Sunwapta. In addition, but subsequent to year end, the sale of a major warehouse building which had become surplus to our needs was completed.

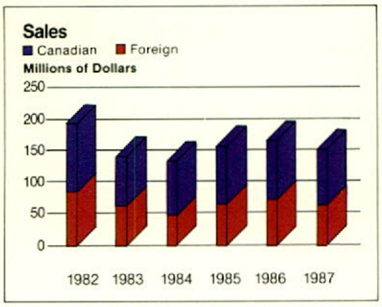
The withdrawal of Electrohome from the Consumer segment was done only after a great deal of thought and planning. The impact that changes of this nature would have on employees and dealers was a major consideration. In this regard we are confident that the businesses selected to carry on the traditions of Aabex and Deilcraft meet our criteria. Their commitment to the future is one of complete dedication, and their handling of people has been both fair and positive. As knowledgeable participants in the service and furniture industries we are confident that their abilities and business philosophy will bring success.

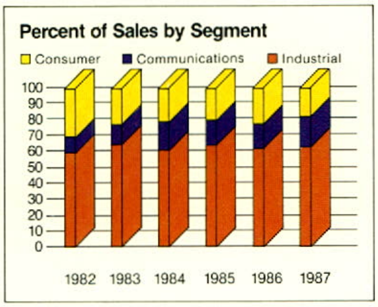
In closing, I would like to pay tribute to the dedication and years of service provided by two senior executives. Both retired late in 1987 after nearly 48 years of individual service. H.I. Eby, formerly Secretary Treasurer, stepped down in October and G.J. McDonnell, General Manager, Deilcraft, retired in December. In addition, retirements from our Board included D.S. Sykes, a long time executive and board member, as well as D.H. Frederick. The latter's decision was based on a potential business conflict. Their years of service and contributions have been greatly appreciated.

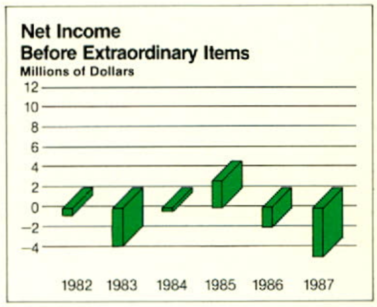
While the changes in the past twelve months have been difficult, we are convinced that they have been beneficial and have positioned our Company for meaningful improvement in all areas including an early return to profitability.

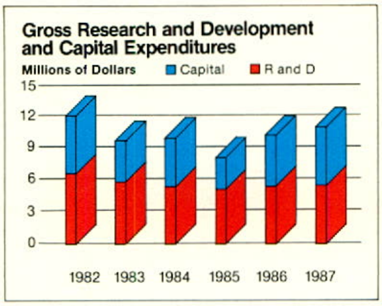
On behalf of the Board.

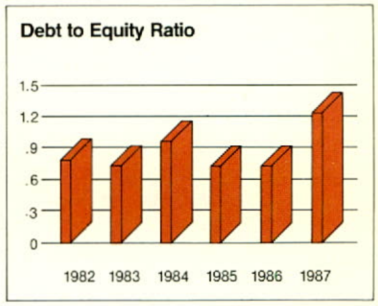
J.A. Pollock
Chairman, President and
Chief Executive Officer











**Results are for the total Company, including discontinued operations*

Total Company **Sales** decreased 6.5 percent in 1987 to $150.2 million. Contributing to this shortfall was the mid-year phase out of the Aabex Division in the Consumer segment which accounted for $8.1 million of the reduction. Sales for the Industrial segment decreased $5.0 million, or 5.1 percent. In the Electronics Division the shortfall is primarily attributable to operations which have been phased out, while the Motor Division experienced a sales increase, in most part reflecting the acquisition of Brinkley Motor Products. Sales in the Communications segment grew 7.4 percent or $2.0 million, the eleventh consecutive year of increased sales.

Foreign sales (mainly from the Industrial segment), accounted for 42.3 percent of total Company revenues, down marginally from 43.0 percent in 1986. World wide acceptance of the Company's products continues to make foreign sales a major contributor to overall revenues. The reorganization and ongoing introduction of new products capable of satisfying global markets support the planned increase in foreign sales for the years to follow.

The closure of the Aabex Division is reflected in the **Percentage of Total Sales by Segment** chart. It shows the Consumer segment decreasing to 18.7 percent in 1987 from 22.0 percent in 1986. The Industrial segment increased a percentage point while the Communications segment increased to 19.3 percent from 16.9 percent in the previous year. On a continuing operations basis the Industrial segment decreased 2.2 percentage points which was offset by an equal increase in the Communications segment.

Net Income Before Extraordinary Items shows a loss of $4.9 million compared to a loss of $1.9 million in 1986. These losses reflect the cost of restructuring and downsizing, as well as the impact of delays in new product introduction.

Gross Research and Development and Capital Expenditures increased to $10.9 million from $10.1 million in 1986. New product R & D was $5.7 million (before government grants) compared to $5.3 million in 1986. This demonstrates the Company's commitment to future product offerings even when Consolidated financial results are not satisfactory. Capital expenditures of $5.2 million, are up from the 1986 level of $4.8 million reflecting the need for modern facilities and equipment, which are vital to the Company's future successes.

The 1987 loss resulted in **Equity Per Common Share** dropping to $4.89 at December, 1987. This is down from $5.98 at December 1986.

The **Debt to Equity Ratio** increased at year end to 1.23:1 from .68:1 in 1986. This ratio is expected to improve substantially in early 1988 following the collection of the proceeds from the sale of the Deilcraft Furniture Division and associated warehouses. Debt is defined as long and short term bank debt, capital lease debt, and government loans. Equity is defined as total shareholders' equity as reported on the Balance Sheet.

INDUSTRIAL SEGMENT

The Industrial segment is made up of two divisions, Electronics and Motors. The segment is the largest of the businesses in which Electrohome is now involved. As a major player in Continuing operations, the segment accounted for almost 76 percent of Company sales in 1987. This is down slightly from the 78 percent attained in 1986.

Both Electronics and Motors are export oriented. Approximately 64 percent of their 1987 sales were derived from outside of Canada. This represents 49 percent of Continuing operations' sales.

The Industrial segment has traditionally received a major portion of the Company's total investment in research and development (R & D), as well as fixed assets. This was again the case in 1987. R & D expenditures amounted to $5.3 million for the year, up from $5.0 million in 1986. In addition, the segment's capital projects totalled $3.6 million in 1987, a $1.9 million gain over the prior year.

The two divisions utilize a number of facilities to handle their $93 million in sales. Electronics has its head office, engineering labs and manufacturing operations for video and metal products in Kitchener. Lightning and Planar Circuits have their operations in Niagara-on-the-Lake and St. Catharines respectively. There is also a high-tech video lab in Toronto, Ontario; a sales and service office in Ontario, California; a service office in Tonawanda, New York; and a sales office in the United Kingdom.

Motors has its head office, engineering labs, some manufacturing of AC motors and DC components, plus blower production, in Cambridge, Ontario. All DC manufacturing of complete motors is done in Morristown, Tennessee; while the remainder of the 3.3" AC production comes from Brinkley, Arkansas.

The two divisions, as stated in the Chairman's remarks, experienced considerable change over the past 12 months. While '87 results were for the most part unsatisfactory, 1988 is planned as a more rewarding period.

To achieve its mandate the **Electronics Division** was reorganized into four business sectors at year end. They are: Projection Products, Display Systems, Operations Services and Digital Video Systems.

Operations Services is comprised of Lightning and Planar Circuits and Metal Products. Circuit board assemblies were phased out in 1987. This, in part, contributed to the sales/profit erosion that took place during the year.

Digital Video Systems is a new business sector. An internal business spin-off, this move will explore new developments in videographic systems. Hospitals, financial institutions and airports are targeted as prime candidates for the sector's new high-tech designs. Before reaching sector status, however, Electrohome, along with another leading Canadian company, worked on the development and installation of a sophisticated videographic system for a major European customer.

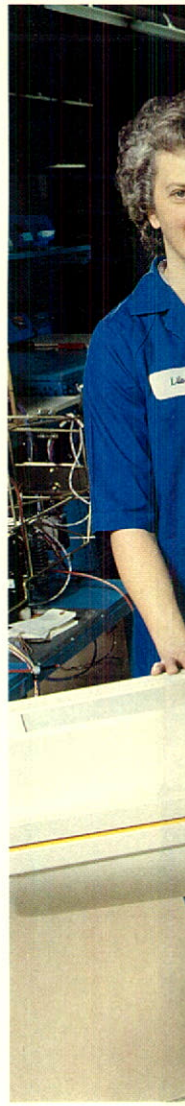
Projection Products, which manufactures and markets internationally state-of-the-art data/graphics and video projection systems (monochrome and color), had a mixed year in '87. Two advanced microprocessor-aided color projectors were introduced to dealers and distributors in July with shipping scheduled to commence in September. The interest generated by our sales groups earned extremely favourable market acceptance but was blunted when product delivery to the field was delayed until December. This also severely affected divisional sales and profit contributions.

Display Systems, on the other hand, did improve its performance, especially in the last four months of 1987. New Vari-Scan color monitors of larger screen sizes complemented earlier 13" product introductions. These advanced-technology display monitors, used for data/graphic and CAD/CAM applications, are highly rated by the computer industry. New designs will continue to come on stream in 1988. A distinctive 12-inch unit for financial market trading desks is expected to reach end-users by late spring.

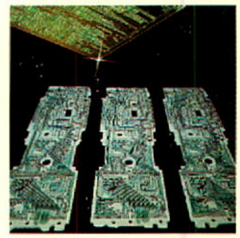
As to future prospects, the Operations Services sector reaffirmed its goal to improve its market share for high technology board designs during the coming year. Additional investments have been made in people and equipment to deliver multi-layer M.I.L. spec products. Metal fabricating, which just attained Z299.3 level quality standards, also has a positive outlook for sales in 1988.

The new sector, Digital Video Systems, will expand as the year progresses with new product introductions being developed to reach the market in 1989.

Projection Products, another sector that attained Z299.3 quality certification in 1987, had a healthy back-order position entering the new year. One projection product application sold at year end and being shipped during the first half is a 150 unit installation. It is the largest single-site projection installation in the world. Color



ELECTRONICS



Manufacturing state-of-the-art single and 3-lens data/graphics and video projection systems

A new, sophisticated videographic distribution system

Video display engineering of hi-tech Vari-Scan color monitors

Advanced double-sided printed circuit board designs

A new 19-inch, hi-res color Vari-Scan video display monitor data/graphics projection units will be installed at a specially constructed transportation control centre in Jacksonville, Florida. The huge, circular room will be a dispatch centre for a large U.S. railway. Controllers, located on two separate floors, will survey, monitor and dispatch trains based on the graphics information provided. The system covers many thousands of miles of track in the Eastern U.S. and Ontario.

Display Systems expects to continue its late-year advances in the development of new products and markets.

The Motor Division is the second major business in the Industrial segment. As noted in the Chairman's Report, 1987 was a difficult year. A modest sales increase came primarily from an August acquisition of the Brinkley Motor Products Company, of Brinkley, Arkansas.

The Brinkley operation is a manufacturer of 3.3'' AC shaded pole and permanent split capacitor (PSC) fractional horsepower motors. Primary applications for this type of motor are air-moving, heating and cooling products in the residential, commercial and computer industries.

Customers for the Motor Division's AC and DC designs, are primarily Original Equipment Manufacturers (O.E.M.'s) in the appliance and automotive industries. The Division also sells some product to after-market users including specialty 'package' product designs such as blowers and fans. While quantities sold to customers in the latter category are smaller than for O.E.M.'s this area has considerable potential.

With the Brinkley acquisition we have three large, modern motor production facilities.

The Brinkley plant is new, covers 90,000 sq. ft. and employs approximately 145 people engaged in AC motor manufacturing.

A second U.S. motor plant was opened in 1985. It is located in Morristown, Tennessee, and was formerly an Electrohome electronics production facility. The Morristown operation has 50,000 sq. ft. of modern manufacturing space and is used for DC motor production only. It employs approximately 150 people.

The third facility in Cambridge, Ontario, is the headquarters site for the Motor Division. It houses the general offices, engineering labs, and production operations in a 125,000 sq. ft. building. AC skeleton motors, componentry for both AC and DC designs, plus some package product manufacturing is done in Cambridge. Nearly 300 people are employed at this operation.

Actions taken over the past 18 months reaffirm Electrohome's commitment to the sub-fractional horsepower AC and DC motor business. Acquiring a synergistic AC motor manufacturer such as Brinkley permits expansion and specialization at the Division's other facilities in Cambridge and Morristown. DC manufacturing, which was shifted in its entirety to Tennessee, now focusses specifically on these designs, and is closer to the majority of its customers. 80 percent of our DC motor sales are in the United States. Potential longer term benefits may also accrue when decisions concerning free or freer trade are resolved.

Costs associated with these many changes, including the expansion of manufacturing operations, had a negative impact on 1987 results. However, progress is being made in all facilities and meaningful improvements should be achieved in 1988.

While the Brinkley acquisition included an experienced workforce and professional management, the costs of re-establishing market and product positions will mean that it will be mid-year before this new operation makes a contribution to profits.

There is no change, however, in the overall mandate for Brinkley, Morristown and Cambridge. Each must deliver new, cost efficient products in order to succeed. This is a key objective at all three operations. Productivity improvements must be achieved even though Statistical Process Control (SPC) quality standards, now in place, will move to the higher Z299.3 level as the year progresses.

With our recent expansion the Motor Division is operating below production capacity. It is a priority, therefore, for each operation to increase its plant loadings. This will be accomplished in concert with a number of new product introductions, the expansion of our share of market throughout North America, and in exporting.

The Industrial segment has been targeted for continued future growth. Capital and R & D expenditures, plus further strengthening of product development, marketing and sales management programs attest to this objective. While potential 1988 investments in the Communications segment may alter the normal percent of sales by business segments, it does not change the fact that Electrohome looks to the Industrial segment for renewed profitability and expansion.

Electromagnetic pick-up of motor shafts from a Vibra deburring machine

Engineering and test equipment for high quality AC motors

Final inspection and test of AC motor production

4-pole motor assemblies

Motor covers for either AC or DC motor designs

COMMUNICATIONS SEGMENT

C A P Communications Limited, a wholly owned subsidiary, operates the Communications arm of the Company. Its sales in 1987 were $29.0 million, with after-tax profits of $2.7 million, which is an increase of seven percent in sales and eleven percent in earnings over the previous year.

Its share of total Company sales amounted to 19 percent in 1987, an increase of approximately 2 percent, or $2.0 million, over 1986.

C A P operates a television and two stereo radio broadcasting stations, plus Video-Q, an in-store video advertising service. It has led all business segments in overall performance for the past six years. In doing so, the broadcast subsidiary has frequently outpaced the performance levels within the Canadian broadcast/communications industry.

CKCO-TV, the television station, reaches over 2.5 million viewers each week. The area served is approximately 33,000 square miles (86,000 sq. kilometers) and encompasses most of south western and central northern Ontario. Its main transmitter in Kitchener, Channel 13, covers the central region; it is linked to serving Channels 2 and 11 Georgian Bay and the Muskokas; and in the south west, Channel 42 which covers the Chatham/Sarnia/Windsor region. Each of these regions receive local news programs daily and other features of particular interest to their respective audiences. While more regionalized, the radio audiences of stations CKKW-AM and CFCA-FM reach a large and expanding audience in the south central area of Ontario.

Broadcasting is a capital intensive industry and the Company has paid careful attention to this requirement by providing annual budgets in excess of $1 million to keep in step with the rapid changes in broadcast technology.

As the geographic areas served are in the midst of one of North America's most competitive broadcast regions, programming excellence is a key objective. This is achieved, in part, by skilled professionals using modern equipment. New edit studios, two-way microwave links, studio cameras and computer graphics equipment are some of the state-of-the-art upgrades that were made prior to 1987. Last year $1.1 million was spent on newsroom computerization, retro-fitting the remote broadcast mobile van, TV/stereo conversions, and microwave extensions. Each enhanced broadcast performance.

As members of the CTV network, CKCO-TV is constantly challenged to meet high levels of programming excellence. CKCO broadcast crews and equipment were selected by CTV for participation at the "Best Ever" Winter Olympics in Calgary.

In addition to 'specials' such as the Olympics, regular CKCO-TV programming, produced or used by the network, includes ROMPER ROOM, the OKTOBERFEST parade and BLUE JAYS BANTER.

CKCO-TV's skilled staff, working in a modern building with state-of-the-art equipment, strive for improved programming each television season. In 1987 approximately 35 percent of its on-air content was originated by the station. CKCO's intensive and growing coverage of news, sports and public affairs, including Scan Newshour, The Ontario Report and Sunday AM, plus Blue Jay Banter are all achieving growing audiences. Popular children's programming including Tree House, Camp Caribou and Oopsy Daisy also received good audience ratings. In addition, through mobile equipment, events such as the Miss London Pageant, the Cambridge and Windsor Santa Claus Parades, the St. Catharines Polka Time Christmas Special, and local religious and drama events are presented. In many instances CKCO's Canadian content material, both studio and mobile productions, is sold to other affiliates or independent broadcasters.

The radio stations, CKKW-AM and CFCA-FM, also are attracting increased followings. CKKW's news, sports and public events coverage is excellent, although the loss of Blue Jay baseball in 1987 was a major change. CFCA's brand of middle-of-the-road music is enhanced by the use of digital audio and compact disc equipment. These assets, plus on-air personalities, helped add to 1987's successes.

As mentioned in the Chairman's message, Electrohome agreed, late in October, to acquire Sunwapta Broadcasting Limited of Edmonton. Sunwapta and C A P are very similar in size, in the range of broadcast services offered, and in financial performance. CRTC hearings were held on February 16, 1988 to consider the application. It is hoped that a favourable response will be forthcoming by April.

This acquisition could double the size of the Communications segment, and will provide approximately 40 percent of Company sales. Increased profits however, will be reduced by associated financial costs. By mid-year, if the acquisition is approved, Electrohome's largest investment will be in the field of broadcasting.

The Sunwapta acquisition represents a major change in Electrohome's direction and makeup and could provide the foundation for additional expansion.

BROADCASTING

Newsroom at C A P was further updated and computerized in 1988

CKCO-TV's crew was selected to bring viewers the medal presentations at the 1988 Winter Olympics

Newsmen and cameramen combine for professional on-the-spot news coverage

Compact disc equipment enhances CFCA's radio programming

The Dubner graphics unit serves to dramatize TV art for CKCO-TV programs

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

(in thousands except per share amounts)	December 25 1987	December 26 1986
Sales	**$122,137**	$125,126
Cost of sales, selling and administration expenses	**111,990**	113,432
Income before undernoted items	**10,147**	11,694
Research and development expenses net of government assistance of $49,000 ($201,000 in 1986)	**5,252**	4,797
Depreciation and amortization	**3,634**	3,353
Interest on long term debt	**960**	1,274
Other interest	**796**	233
Royalty income	**(555)**	(662)
	10,087	8,995
Income before undernoted items	**60**	2,699
CTV special assessment (Note 3)	**812**	—
Income (loss) before income taxes and extraordinary items	**(752)**	2,699
Income taxes (Note 4)	**3,093**	3,193
Income (loss) from continuing operations before extraordinary items	**(3,845)**	(494)
Income (loss) from discontinued operations (Note 5)	**(1,072)**	(1,378)
Income (loss) before extraordinary items	**(4,917)**	(1,872)
Extraordinary items (Note 6)	**(363)**	—
Income (loss) for the year	**(5,280)**	(1,872)
Retained earnings at beginning of year	**25,886**	28,369
	20,606	26,497
Discount on purchase for cancellation of preference shares	**10**	14
Dividends paid on preference shares	**(44)**	(47)
Dividends paid on class X shares	**(180)**	(180)
Dividends paid on class Y shares	**(399)**	(398)
	(613)	(611)
Retained earnings at end of year	**$ 19,993**	$ 25,886

Earnings (loss) per share

	1987		1986	
	Continuing operations	**Total Company**	Continuing operations	Total Company
Basic				
Before extraordinary items	**$(0.72)**	**$(0.91)**	$(0.10)	$(0.35)
After extraordinary items	**(0.78)**	**(0.98)**	(0.10)	(0.35)
Fully diluted				
Before extraordinary items	**(0.70)**	**(0.89)**	(0.10)	(0.35)
After extraordinary items	**(0.76)**	**(0.96)**	(0.10)	(0.35)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

(in thousands)	December 25 1987	December 26 1986
Assets		
Current assets		
Accounts receivable (Note 7)	**$32,061**	$21,121
Inventories (Note 8)	**16,718**	13,630
Income taxes recoverable	**530**	—
Prepaid expenses	**3,378**	2,540
Discontinued operations current assets	**498**	13,460
	53,185	50,751
Fixed assets (Note 9)		
Land, buildings, machinery, equipment and tooling	**56,756**	50,596
Less accumulated depreciation	**32,287**	30,204
	24,469	20,392
Discontinued operations fixed assets (net)	**311**	2,917
	24,780	23,309
Deferred income taxes	**544**	690
Other assets		
Intangible assets (Note 10)	**1,412**	1,477
Other assets (Note 11)	**3,638**	121
	5,050	1,598
	$83,559	$76,348

Liabilities		
Current liabilities		
Bank advances (Note 12)	**$21,937**	$11,322
Accounts payable and accrued liabilities	**19,321**	12,871
Income taxes payable	**—**	222
Provision for warranty expenses	**564**	701
Deferred revenue	**155**	158
Principal due within one year on long term debt	**1,919**	2,227
Discontinued operations current liabilities	**1,480**	4,606
	45,376	32,107
Long term debt (Note 12)	**9,679**	9,216
Other liabilities		
Discontinued operations other liabilities	**1,185**	1,791
Shareholders' equity		
Capital stock (Note 13)	**7,326**	7,348
Retained earnings	**19,993**	25,886
	27,319	33,234
	$83,559	$76,348

The accompanying notes form an integral part of these financial statements.
Approved by the Board

Director

Director

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

(in thousands)	December 25 1987	December 26 1986
Cash provided by (used for)		
Operations		
Cash flow from continuing operations (Note 14)	$ (360)	$ 2,705
Change in continuing operations non-cash working capital	(3,362)	6,591
Cash flow from discontinued operations	(804)	(840)
Change in discontinued operations non-cash working capital	(938)	(1,300)
	(5,464)	7,156
Financing		
Increase in long term debt	1,792	582
Reduction of long term debt	(1,850)	(1,969)
Purchase for cancellation of preference shares	(30)	(26)
Issue of common shares	18	105
	(70)	(1,308)
Investing		
Additions to fixed assets	(5,099)	(4,665)
Proceeds from sale of fixed assets	668	—
Acquisition of Brinkley Motor Products Company	(702)	—
Deposit on purchase of Sunwapta Broadcasting Limited	(500)	—
Cash outlay on winding-up of the printed circuit board assembly operation	(349)	—
Proceeds from sale of net assets of discontinued operations less costs of discontinuance	12,378	—
Account and note receivable taken back on sale of discontinued operations (Notes 7 and 11)	(10,854)	—
	(4,458)	(4,665)
Dividends	(623)	(625)
Increase (decrease) in cash	(10,615)	558
Cash (bank advances) at beginning of year	(11,322)	(11,880)
Cash (bank advances) at end of year	$(21,937)	$(11,322)

Auditors' Report

To the Shareholders of Electrohome Limited:

We have examined the consolidated balance sheet of Electrohome Limited as at December 25, 1987 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 25, 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.

Thorne Ernst & Whinney

Chartered Accountants
Kitchener, Canada
February 29, 1988

Year ended December 25, 1987

1. Summary of significant accounting policies

(a) *Basis of consolidation*

The consolidated financial statements include the accounts of all the subsidiary companies of Electrohome Limited, all of which are wholly owned.

(b) *Inventories*

Raw materials are valued at the lower of cost and replacement cost. Work in process and finished goods are valued at the lower of cost and net realizable value.

(c) *Fixed assets*

Fixed assets are stated at cost less applicable investment tax credits. Depreciation is provided on the straight line basis using the following annual rates:

Buildings	2.5% to 5.0%
Machinery and equipment	10.0% to 33.3%
Automotive equipment	20.0% to 25.0%

Depreciation of tooling is provided over the estimated useful lives of the assets not to exceed three years.

Capital leases are stated at fair market value at the time of inception of the lease. Assets under capital leases are depreciated at the same rates as purchased fixed assets.

(d) *Intangible assets*

The excess of cost over book value at dates of acquiring subsidiary companies is stated at cost less amortization. Amortization is provided on a straight line basis over forty years. Patents, rights, and trademarks are recorded at cost and amortized on a straight line basis over the lives of the respective assets.

(e) *Translation of foreign currencies*

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the balance sheet date. Resulting exchange adjustments are recorded in the statement of income.

For foreign operations, monetary items are translated at the year end exchange rate; all other balance sheet items are translated at historical exchange rates. The statements of income are translated at an average monthly exchange rate except depreciation and amortization which are translated at historical rates. Resulting exchange adjustments are recorded in the statements of income except exchange gains or losses on long term debt which are deferred and amortized over the remaining life of the debt.

2. Acquisition

Effective July 31, 1987 the Company acquired all of the outstanding shares of Brinkley Motor Products Company, which manufactures electric motors in Brinkley, Arkansas, for $333,000 cash plus the assumption of bank indebtedness of $369,000. The acquisition has been accounted for by the purchase method and the results of operations have been included from the date of acquisition. Details of the transaction are as follows:

Net assets acquired at assigned values (in thousands):

Non-cash working capital deficiency	$(1,946)
Fixed assets	3,258
Other liabilities	(610)
Net assets acquired	$ 702

3. CTV special assessment

During the year the Company received from CTV Television Network Ltd., (CTV) a special charge of $1,572,000 relating to feature films released by CTV to its affiliated stations. The cost is being charged to operations as the films are broadcast. For 1987, $812,000 has been charged to operations and the unamortized portion has been recorded in prepaid expenses.

4. Income taxes

A reconciliation of the Company's income tax expense for continuing operations is as follows:

	1987	1986
	(in thousands)	
Provision for (recovery of) income taxes payable on income (loss) before extraordinary items based on a combined basic federal and provincial income tax rate of 52.1% (1986 — 53.3%)	**$ (392)**	$ 1,439
Increase (decrease) in taxes resulting from:		
Losses for which the tax benefit has not been realized	**3,642**	1,792
Inventory allowance	**—**	(27)
Miscellaneous	**(157)**	(11)
Actual provision for income taxes	**$ 3,093**	$ 3,193

The Company has not recorded in its financial statements the income tax effect of losses and expenses which have not been claimed for tax purposes and which amount to $22,485,000. Of these losses and expenses, $17,184,000 have no expiry date and the remainder expire as follows:

1994 — $2,843,000; 2000 — $667,000; 2001 — $1,596,000; 2002 — $195,000.

The Company has not recorded in its financial statements investment tax credits of $967,000 which are available to reduce future income taxes payable. The investment tax credits expire as follows:

1988 — $369,000; 1996 — $195,000; 1997 — $390,000; 2000 — $13,000.

Year ended December 25, 1987

5. Discontinued operations

During the year the Company decided to sell or discontinue the operations of the AABEX Electronic Services Division, the Deilcraft Furniture Division and Video-Q Marketplace Television. Accordingly the assets, liabilities, income and expenses associated with these discontinued operations have been segregated in the Company's financial statements. The corresponding amounts for the year ended December 26, 1986 have also been segregated to conform with the presentation adopted for 1987. The results of the discontinued operations were as follows:

	1987	1986
	(in thousands)	
Sales	$28,100	$35,479
Cost of sales, selling and administration expenses	28,445	35,825
Income (loss) before undernoted items	(345)	(346)
Research and development expenses	367	347
Depreciation	242	538
Interest	531	614
	1,140	1,499
Income (loss) before income taxes	(1,485)	(1,845)
Recovery of income taxes	413	467
Income (loss) for the year	$ (1,072)	$ (1,378)

6. Extraordinary items

	1987	1986
	(in thousands)	
Discontinued operations:		
Net gain on sale of assets	$ 1,069	$ —
Termination costs and other costs of discontinuance	(1,145)	—
Costs of winding-up the printed circuit board assembly operation	(487)	—
Forgiveness of debt	200	—
	$ (363)	$ —

The costs of winding-up the printed circuit board assembly operation consist of employee termination costs and the loss on sale of assets. The results of the printed circuit board assembly operation have not been included in discontinued operations because the operation did not represent a distinct segment of the Company.

The forgiveness of debt arises from special arrangements which were made with creditors of Brinkley Motor Products Company after acquisition.

7. Accounts receivable

Accounts receivable include $8,000,000 being the current portion of the proceeds on the sale of the Deilcraft Furniture Division. This amount was received when due in early 1988.

8. Inventories	1987	1986
	(in thousands)	
Raw materials	$ 7,727	$ 6,042
Finished goods and work in process	8,991	7,588
	$16,718	$13,630

9. Fixed assets	1987	1986
	(in thousands)	
Land	$ 1,166	$ 1,134
Buildings	15,814	14,363
Machinery and equipment	37,292	32,866
Tooling	2,484	2,233
	56,756	50,596
Accumulated depreciation	32,287	30,204
	$24,469	$20,392

Included in the above amounts are assets under capital leases as follows:

	1987	1986
Cost	$ 5,449	$ 4,117
Accumulated depreciation	1,828	1,381
	$ 3,621	$ 2,736

10. Intangible assets	1987	1986
	(in thousands)	
Goodwill	$ 1,407	$ 1,467
Patents, rights and trademarks	5	10
	$ 1,412	$ 1,477

11. Other assets	1987	1986
	(in thousands)	
Long term note receivable	$ 2,854	$ —
Deposit	500	—
Deferred pension costs	192	—
Deferred costs on acquisition of bond	59	—
Deferred foreign exchange	33	121
	$ 3,638	$ 121

The long term note receivable represents the present value of a promissory note for $5,000,000 arising on the sale of the Deilcraft Furniture Division. The note is repayable at $150,000 each year for 5 years and at $550,000 each year for the following 4 years with the balance repayable at the end of the tenth year. $3,500,000 is interest free for the first five years and bears interest at bank prime rate for the remaining five years. $1,500,000 is interest free for ten years.

Year ended December 25, 1987

12. Bank advances and long term loans

Bank financing, including the term bank loan below is secured by debentures containing a fixed charge on real property, a floating charge on all other assets and a general assignment of receivables and inventories under the Bank Act.

Long term debt consists of the following:

	1987	1986
	(in thousands)	
Term bank loan	**$ 6,563**	$ 7,813
Other loans	**727**	500
Obligations under capital leases	**4,308**	3,130
	11,598	11,443
Less principal due within one year	**1,919**	2,227
	$ 9,679	$ 9,216

The term bank loan bears interest at Canadian bank prime rate plus 1/4 percent. The other loans bear interest at 5.75% per annum. The term bank loan and the other loans are repayable in the total amount of $1.3 million each year.

Total long term debt includes debt repayable in U.S. currency of $2,395,000.

The following is a schedule of future minimum lease payments under capital and operating leases together with the present value of the net lease payments at December 25, 1987:

	Capital leases	Operating leases
	(in thousands)	
1988	$ 1,015	$ 529
1989	830	258
1990	798	92
1991	745	19
1992	502	2
1993 to 2004	2,465	—
Total minimum lease payments	6,355	$ 900
Less amount representing interest (average rate 9.0%)	2,047	
Present value of net minimum lease payments	$ 4,308	

Of the present value of net minimum lease payments, $614,000 is due in 1988 and is included in principal due within one year on long term debt.

13. Capital stock

		1987	1986
		(in thousands)	
(a) Authorized			
87,498	Preference shares (87,898 in 1986)		
1,000	Common shares		
5,000,000	Class X participating shares		
10,000,000	Class Y non-voting participating shares		
Issued			
7,498	$5.75 cumulative preference shares (7,898 in 1986)	**$ 750**	$ 790
1,800,125	Class X shares	**2,137**	2,137
3,630,160	Class Y shares (3,626,660 in 1986)	**4,439**	4,421
		$ 7,326	$ 7,348

(b) Options to purchase shares were outstanding at December 25, 1987 under the management purchase plan, as follows:

Number of shares	Price per share	Date of expiry
Class Y		
18,500	$4.75	April 5, 1989
25,500	$7.13	April 25, 1990
23,500	$7.25	January 3, 1991
31,000	$6.75	March 10, 1992

During the year, 3,500 shares were issued for a cash consideration of $17,625.

14. Statement of changes in financial position

Cash flow from continuing operations consists of:

	1987	1986
	(in thousands)	
Income (loss) before extraordinary items	**$(3,845)**	$ (494)
Items not requiring cash		
Depreciation and amortization	**3,634**	3,353
Gain on sale of fixed assets	**(44)**	—
Change in deferred income taxes	**146**	(154)
Change in deferred bond costs	**(59)**	—
Change in deferred pension costs	**(192)**	—
	$ (360)	$ 2,705

Year ended December 25, 1987

15. Pension plan

The Company maintains a defined benefit pension plan which is available to all employees on a contributory or non-contributory basis. The plan provides pensions based on years of service, years of contribution, and final average earnings.

An actuarial report prepared during the year indicates that the present value of the accrued pension benefits and the net assets available to provide for these benefits, at market related values, as of December 25, 1987 were as follows:

Accrued pension benefits	$26,561,000
Pension fund assets	$27,047,000

Effective for 1987, in accordance with new recommendations of the C.I.C.A., the Company changed its accounting policy with respect to the determination of pension expense. In previous years, pension expense consisted of the amortization of past service pension contributions plus the amount of any funding in respect of current service. Commencing this year, pension expense consists of the aggregate of (a) the actuarially computed cost of pension benefits provided in respect of the current year's service, (b) imputed interest on the funding excess or deficiency and (c) the amortization over the expected average remaining service life of employees of (i) the unamortized past service pension contribution existing as at December 25, 1987, (ii) the funding excess or deficiency existing as at the date of the latest actuarial valuation and (iii) any experience gain or loss during the year. This change in accounting policy has not been applied retroactively and has had the effect of reducing pension expense for the current year by $273,000.

Pension expense for the total company amounted to $785,000 for the year ended December 25, 1987 ($948,000 in 1986).

The cumulative difference between the funding contributions and the amounts recorded as pension expense is reflected in "Other assets".

16. Commitments and contingencies

Outstanding letters of credit at December 25, 1987 amounted to $1,779,000 ($500,000 in 1986).

The Company has agreed, subject to Canadian Radio and Television Commission approval, to purchase Sunwapta Broadcasting Limited, an Edmonton broadcasting company for $50,000,000 cash. A refundable deposit of $500,000 has been placed in connection with the proposed acquisition which will be financed by long term bank debt.

17. Subsequent event

Subsequent to year end the Company has agreed to sell a warehouse and land for $5,500,000 with the gain on sale to be reflected in 1988.

Year ended December 25, 1987

18. Segmented information
Following are the results for the year by segment (in millions). A description of products and services from which the industry segments derive their revenue is provided under Facilities, Products and Services on the back cover of the annual report.

Industry segments	Total 1987	Total 1986	Industrial 1987	Industrial 1986	Communications 1987	Communications 1986
Sales	$122.1	$125.1	$ 93.1	$ 98.1	$29.0	$27.0
Segment operating income (loss)	$ 3.7	$ 6.4	$ (2.7)	$ —	$ 6.4	$ 6.4
Corporate expenses	4.4	3.7				
Income taxes	3.1	3.2				
Income (loss) from continuing operations before extraordinary items	$ (3.8)	$ (.5)				
Income (loss) from discontinued operations	(1.1)	(1.4)				
Income (loss) before extraordinary items	$ (4.9)	$ (1.9)				
Assets:						
Segment	$ 66.2	$ 55.3	$ 50.3	$ 40.8	$15.9	$14.5
Intersegment					8.3	4.3
					$24.2	$18.8
Corporate	16.6	4.6				
Discontinued operations	.8	16.4				
Consolidated	$ 83.6	$ 76.3				
Depreciation and amortization:						
Segment	$ 3.0	$ 2.9	$ 2.0	$ 1.9	$ 1.0	$ 1.0
Corporate	.6	.5				
Discontinued operations	.3	.5				
Consolidated	$ 3.9	$ 3.9				
Capital expenditures:						
Segment	$ 4.7	$ 2.7	$ 3.6	$ 1.7	$ 1.1	$ 1.0
Corporate	.4	1.7				
Discontinued operations	.1	.4				
Consolidated	$ 5.2	$ 4.8				

Geographic segments	Total 1987	Total 1986	Canadian operations 1987	Canadian operations 1986	United States operations 1987	United States operations 1986
Sales:						
External sales	$122.1	$125.1	$113.9	$118.5	$ 8.2	$ 6.6
Intersegment sales			5.8	8.7	7.7	6.5
			$119.7	$127.2	$15.9	$13.1
Income (loss) before extraordinary items	$ (3.8)	$ (.5)	$ (2.7)	$ .7	$ (1.1)	$ (1.2)
Identifiable assets	$ 82.8	$ 59.9	$ 75.1	$ 55.7	$ 7.7	$ 4.2
Sales:						
Domestic			$ 62.1	$ 60.4	$ 8.2	$ 6.6
Export			51.8	58.1	—	—
			$113.9	$118.5	$ 8.2	$ 6.6

Intersegment sales are accounted for at prices approximating open market prices for similar products and services.

TEN YEAR REVIEW

Results for the year (e) (in millions of dollars)	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978
Sales	**150.2**	160.6	154.4	134.8	142.1	196.3	232.2	184.0	128.7	98.2
Depreciation and amortization	**3.9**	3.9	3.5	3.7	3.4	3.2	2.2	1.7	1.7	1.8
Interest expense	**2.3**	2.1	2.8	2.9	2.3	4.8	4.2	4.2	4.5	4.1
Income (loss) before income taxes and extraordinary items	**(2.2)**	.8	5.5	2.8	(1.2)	.2	14.4	14.8	6.0	1.6
Income taxes	**2.7**	2.7	2.9	3.0	2.7	1.1	5.8	5.3	2.7	.9
Income (loss) before extraordinary items	**(4.9)**	(1.9)	2.6	(.2)	(3.9)	(.9)	8.6	9.5	3.3	.7
Extraordinary items	**(.4)**	—	1.4	1.4	—	—	—	6.3	1.6	—
Net income (loss)	**(5.3)**	(1.9)	4.0	1.2	(3.9)	(.9)	8.6	15.8	4.9	.7
Expenditures for fixed assets	**5.2**	4.8	3.1	4.5	3.9	5.7	5.3	3.3	1.3	.6
Year end position (in millions of dollars)										
Inventories	**16.7**	22.6	25.3	27.9	22.0	33.7	48.9	28.2	28.5	19.8
Fixed assets (net)	**24.8**	23.3	22.4	23.1	22.2	21.7	17.9	14.8	13.3	13.9
Total assets	**83.6**	76.3	82.4	79.1	70.7	82.8	102.9	70.3	67.2	54.7
Working capital	**7.8**	18.6	22.5	19.7	21.9	28.3	31.0	24.0	23.9	20.0
Debt (long and short term)	**33.5**	22.8	24.1	30.5	21.9	28.0	29.6	21.2	31.0	33.6
Total shareholders' equity	**27.3**	33.2	35.7	32.3	31.7	36.3	38.4	28.6	12.9	8.1
Performance statistics										
Current ratio	**1.17**	1.58	1.64	1.58	1.90	1.91	1.61	2.01	1.85	2.06
Debt over shareholders' equity	**1.23**	.68	.68	.94	.69	.77	.77	.74	2.41	3.75
Sales over total assets	**1.80**	2.10	1.87	1.70	2.01	2.37	2.26	2.62	1.92	1.80
Per Class X and Y share (a) (in dollars)										
Income (loss) before extraordinary items (b) (c)	**(.91)**	(.35)	.47	(.04)	(.73)	(.16)	1.66	2.05	.73	.13
Extraordinary items	**(.07)**	—	.26	.21	—	—	—	1.34	.34	.01
Dividends paid (d)	**.10**	.10	.10	.10	.10	.20	.10	—	—	—
Equity (b) (c)	**4.89**	5.98	6.44	5.81	5.71	6.54	6.89	5.79	2.43	1.35
Other information										
Class X and Y shares outstanding (year end — in thousands) (a)	**5,430**	5,427	5,409	5,400	5,400	5,400	5,398	4,685	4,568	4,490
Number of class X and Y shareholders	**1,075**	1,232	1,421	1,554	1,796	2,046	2,032	2,267	2,264	2,343
Number of employees (average)	**1,958**	2,185	2,190	2,269	2,148	2,347	2,739	2,561	2,418	2,018
Stock market pricing (in dollars)										
Class X										
High	**10.63**	14.25	9.00	6.00	9.25	12.00	21.50			
Low	**5.25**	6.88	4.10	2.30	3.90	4.60	9.75			
Class Y										
High	**9.50**	13.38	8.87	5.87	9.38	12.13	21.38			
Low	**3.75**	5.50	4.10	2.30	3.70	4.30	9.00			
Class A or B (Common in 1980) (a)										
High								11.67	4.09	3.42
Low								2.83	2.50	1.37

(a) The comparative figures have been restated to give effect to the 3 for 2 stock reclassification in 1981.
(b) After allowance for preference dividends.
(c) Before dilution for outstanding stock options.
(d) Class Y shares received a 10% premium in 1981 to 1987, inclusive.
(e) Results are for total Company including discontinued operations.

FACILITIES

Head Office
Electrohome Limited, 809 Wellington Street North, Kitchener, Ontario N2G 4J6

Industrial
Electronics Division Plant: Kitchener
Metal Stampings Plant: Kitchener
Lightning Circuits Plant: Niagara-on-the-Lake
Planar Circuits Plant: St. Catharines
Motor Division Plants: Cambridge, Ontario; Morristown, Tennessee; Brinkley, Arkansas
Sales Offices: Kitchener, Cambridge, St. Catharines, Niagara-on-the-Lake, Vancouver; Brinkley, Arkansas; Tonawanda, New York; Ontario, California; Cheshire, England
Service Offices: Kitchener; Tonawanda, New York; Ontario, California

Communications
Headquarters, Studios, Transmitter for CFCA Stereo FM Radio, CKKW Stereo AM Radio: Kitchener

CKKW Stereo AM, 1090: Kitchener

CFCA Stereo FM, 105.3: Kitchener

CKCO-TV, Channel 13, Western Ontario: Kitchener

CKCO-TV, Channel 12, Georgian Bay: Wiarton

CKCO-TV, Channel 42, Chatham/Sarnia: Wallaceburg

CKCO-TV, Channel 11, The Muskokas: Huntsville

PRODUCTS AND SERVICES

Industrial
Electronics:
Display Systems, Data Display Monitors, CRT Computer Terminal Displays, Surveillance Monitors, Professional Color and B & W Video Monitors, High Resolution "Vari-Scan' Color Monitors, Color Computer Graphics Video Displays, Large Screen Monochrome and Color Data/Graphics Projection Products, Large Screen color GRAPHICS and Video Projection Products, Single and Double-sided Printed Circuit Boards, Multi-Layer Circuit Boards, Metal Stamping and Fabricating

Motor:
Sub-fractional Horsepower Motors/AC and DC, Packaged Motor Products (Fans and Blowers)

Communications
Television Advertising
Television Commercial Production
Radio Advertising — AM and FM
Radio Commercial Production — AM and FM