IVACO

1993 ANNUAL REPORT

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FINANCIAL HIGHLIGHTS

THOUSANDS OF DOLLARS EXCEPT PER SHARE AMOUNTS

	1993	1992*
Sales	**$ 1,221,855**	$ 1,094,340
Operating earnings	**$ 92,203**	$ 43,114
Earnings (loss) from continuing operations before income taxes	**$ 16,472**	$ (48,104)
Earnings (loss) from continuing operations	**$ 2,498**	$ (36,407)
Net earnings (loss)	**$ 321**	$ (19,565)
Earnings (loss) per share**		
Continuing operations	**$ (0.53)**	$ (2.51)
Loss per share	**$ (0.63)**	$ (1.71)
Working capital	**$ 220,631**	$ 127,523
Net additions to fixed assets	**$ 17,632**	$ 6,972

* The 1992 figures have been reclassified to conform with the presentation adopted in 1993.

** Declared and undeclared preferred share dividends have been deducted in calculating per share amounts.

COMPANY PROFILE

Ivaco is a steel producer with annual steelmaking and rolling capacity in excess of two million tons. Steel is produced in modern electric furnace "midi" mills in Ontario, Georgia and Illinois and incorporates sophisticated alloy steels and a comprehensive range of carbon steels. The Company produces steel billets, hot rolled wire rods, hot rolled bars, strip and pipe. It is also a major manufacturer of steel products such as wire, welded wire fabric, nails, fasteners, wire ropes, cables, forgings and precision machined components.

Ivaco is also a substantial producer of plastic pipe and related products through 50%-owned IPEX, and, through 50%-owned Amercord Inc., it manufactures tire cord and tire bead. In addition, the Company fabricates and erects structural steel in both Canada and the U.S.

Ivaco has 50 plants of which 33 are in Canada, and 17 are in the United States. The Group employs approximately 7,000 people.

ANNUAL MEETING

The annual meeting of the Company will be held on May 26, 1994 at 10:00 a.m. at the Ritz-Carlton Hotel, Montréal, Québec.

Pour recevoir un exemplaire de la version française de ce rapport, veuillez écrire à Ivaco Inc., Place Mercantile, 770, rue Sherbrooke ouest Montréal (Québec) Canada H3A 1G1.

To Our Shareholders:

April 6, 1994

Your Company's operations improved dramatically in 1993. Sales were $1.22 billion, up 12% compared with the previous year. Pretax earnings for 1993 improved to $16.5 million from a loss of $48.1 million in 1992, an improvement of $64.6 million. During the same period cash provided by operating activities improved to $61.5 million up from $3.4 million in 1992.

Demand for many of your Company's products increased during the year as the North American economy began to strengthen. Some price increases, long overdue, were established for steel and some steel products. In fact, there was even a shortage of hot rolled wire rods in the U.S. during the year. These positive factors, however, were offset to a large degree, by huge increases in the price of steel scrap.

The principal determinant for the dramatic improvement in operating results stemmed from the success of disciplined programs in every business unit to improve productivity and to cut costs. The program initiated by top management penetrated and encompassed all levels of management and involved all ranks throughout the Corporation. It wasn't easy because the operating companies were not that fat to begin with. The success of the program is due to the innovative manufacturing applications developed by your Company's people and to the exacting examination of every phase of the manufacturing process by all of the operational teams. As a consequence, a multitude of cost cutting efficiencies, all put into place since 1991, have improved pretax results from continuing operations by some $98 million since the loss incurred in 1991. While this dramatic improvement reflects lower interest costs and favorable foreign exchange rates, a significant portion was contributed through the cost containment programs and innovative production methods.

Your Company's employees at every level, from management to the plant floor, deserve full credit for the dedication and commitment that made this possible. Their contribution is acknowledged with great appreciation.

Another very positive achievement in 1993 was the signing of realistic labor agreements at each of the Company's four largest units. The contracts are for three years without wage increases. The plants involved are the steelmaking and rolling mill operations at L'Orignal, Ontario; Cartersville and Atlanta, Georgia; and the SNW Québec and Infasco operations, both at Marieville, Québec.

Early in the second quarter of 1993, the United States Department of Commerce (the "DOC") announced that it would investigate allegations of dumping of hot rolled wire rods by a number of steel producers from around the world, including Ivaco and two other Canadian steelmakers, based on complaints made by five U.S. wire rod producers.

In Ivaco's opinion these allegations, which were made at a time when a shortage of wire rod existed in the U.S., were unfounded and incorrect, as they applied to the Company, and the antidumping claim was vigorously disputed.

The DOC's preliminary determination of a 9.62% estimated antidumping duty repudiated an earlier allegation by the five complaining U.S. producers that an extremely high antidumping duty should be applied to Ivaco. It is interesting to note that Ivaco's estimated duty rate was the lowest of all respondents to the allegations. The 9.62% estimated duty applies only to U.S. rod shipments made after November 29, 1993.

Ivaco is now waiting for the final determination of the estimated antidumping duty by the DOC and a determination by the United States International Trade Commission (the "ITC") whether in fact the U.S. wire rod producers have been injured. Both of these determinations are expected in the second quarter of this year.

Irrespective of the decision by the ITC on injury, it should be noted that Ivaco believes it is not dumping on an ongoing basis and appropriate actions have been taken which the Company expects, under present conditions, will likely result in all or most of the estimated antidumping duties deposited being eventually refunded with interest.

For most of the operating units in your Company, 1993 was a year of solid accomplishments. With the exception of Atlantic Steel and Canron's Structural Steel Division, all business groups generated profit from their ongoing operations. The Company continued to make progress toward ever tighter cost containment and higher productivity and made excellent progress toward refining the product mix to incorporate more sophisticated higher margin products.

At the Ivaco Rolling Mills complex at L'Orignal, both steelmaking and production of hot rolled wire rods were at virtual full capacity in 1993.

L'Orignal is an extraordinarily efficient steelmaking and rolling mill complex. It achieves high standards of productivity by specializing in one product category: wire rods, including such premium grades as high carbon, cold heading, and aluminum killed.

In the steelmaking plant, the modified single furnace operation introduced last year is now able to produce more steel than the two previous furnaces combined and tons produced per operating hour reached new highs.

The outlook is for continued improved results and increased production levels in 1994.

Atlantic Steel boosted output by 14% in 1993, improved productivity and reduced costs as well. Financial results were also substantially better and the loss is expected to be reduced further in 1994.

Laclede Steel, 49.8% owned by Ivaco, also markedly improved its operating activities in 1993. It initiated the rolling of skelp for its pipe mills from continuous cast slabs and substantially reduced energy and other costs. In addition, Laclede was able to negotiate a four year labor agreement at its Alton, Illinois steelmaking plant with only a minimal increase in wages.

Laclede's downstream pipe, wire, oil tempered wire, and chain plants also performed well in 1993.

The outlook is for much improved results in 1994.

The Wire and Wire Products Group, which had been particularly hard hit by the recession, reported an outstanding improvement in operating results during the year. It has completed a comprehensive internal restructuring and reduced costs significantly. It is now poised for continued profitable growth.

Among the key moves initiated or completed during the year were (i) the combination of the separately managed Sivaco and National Wire operations into one cohesive unit called the Sivaco/National Wire Group comprising seven manufacturing plants; (ii) strong expansion of product sales into the more complex higher margin grades without loss of traditional markets; and (iii) completion of preliminary plans for the introduction of important new products and significant product line extensions, such as the addition of wire drawing capacity at Toledo, Ohio, and Newnan, Georgia.

The outlook for the Sivaco/National Wire Group is strongly positive.

The Fastener Group has four modern production units and has consistently performed well. It has maintained profitability during the difficult conditions of the past three years and in 1993 it did even better than the year before.

There are many explanations for the success of the Fastener Group but key among them are continuous application of engineering creativity and thoughtful capital spending to enhance productivity. Another factor is the policy of carrying a comprehensive finished product inventory to enable the Company to deliver what is believed to be the highest level of customer service in the industry.

A number of new products were introduced during the year and equipment modernization, productivity and quality enhancement programs were continued at all four plants.

The outlook for the Fastener Group is for further increased sales and continued positive earnings in 1994.

The two other Company units which also manufacture very precise quality products from high carbon wire rods both delivered stronger results in 1993.

Wrights Canadian Ropes, of Vancouver, produces wire ropes for the logging, oil and gas exploration, mining and construction industries. There was a substantial increase both in logging and in petroleum exploration in Western Canada during the year, which more than offset the effects of weaker markets in Eastern Canada and the U.S. Pacific Northwest.

Wrights expects further improvement in 1994.

The second unit specializing in high carbon wire products is 50%-owned Amercord, of Lumber City, Georgia. Amercord is a major supplier of tire cord and tire bead to the manufacturers of automobile and truck tires. Amercord's sales, market share and earnings were all up substantially for the year.

Currently Amercord is undertaking a major capacity increase to boost production of tire bead and also to revamp tire cord production to increase the proportion of high tensile steel tire cord in the product mix.

The outlook is for continued successful growth.

Canron also delivered positive results for the year despite a loss in its structural steel business.

Canron holds a 50% interest in IPEX, which is the new name for the joint venture formed by the combination of Canron's plastic pipe business with that of Scepter Manufacturing.

IPEX is now believed to be one of the most efficient producers of plastic pipe and fittings in North America. Its 13 manufacturing plants and 11 distribution centers make it possible to offer very high levels of service.

As noted earlier, the steel fabrication and erection units continue to deal with extremely weak demand in the heavy construction sector. However, steps have been taken to reduce losses in this division very substantially in 1994. One particularly positive move in 1993 was the creation of a joint venture with a regional mechanical contractor in Ontario to combine their construction industry expertise for the provision of contract management services. Two significant contracts have already been awarded to the joint venture.

Canron's Ingersoll Machine and Tool Division reported a strong year in 1993. Both domestic and export markets are responding favorably to the Company's axle products and other lines.

Several significant financial moves have also been made which have strengthened the Company in an important way.

Firstly the Company completed the authorized $5 million second tranche of 9.5% convertible unsecured subordinated debentures.

The second was a private placement for a U.S. $70 million financing at the extremely attractive rate of 7.29% for a period of 10 ½ years. This transaction permitted the prepayment of bank debt and had a positive impact on working capital.

The third important financing transaction late in the year was the closing of a $19.5 million offering of three million units consisting of one Class A share and one half of a Class A share purchase warrant. The warrant is exercisable at $6.75 until December 29, 1995.

The positive cash provided by the Company's operations together with the results of the previously mentioned financial transactions had an overall positive impact on the Company's financial position: working capital increased to $220.6 million up from $127.5 million in the previous year; current bank indebtedness (net of cash held at year end) was reduced to $15.7 million from the $97.6 million level at the same time last year; and, long-term liabilities (excluding convertible debentures and exchangeable debentures) was $340.5 million compared to $299.4 million last year.

Ultimately, long term debt is expected to be reduced substantially not only through mandatory repayments but also through other initiatives.

Early in 1993, it was announced that PaineWebber Inc. of New York, had been retained to explore the possibility of locating a purchaser for your Company's interest in Laclede Steel which consists of 49.8% of the outstanding stock of Laclede and an option to acquire an additional 2.6%.

Your Company also intends to divest its surplus and highly valuable land holdings when values return to more realistic levels. These include the 125 acre site occupied by the Atlanta works of Atlantic Steel and a 40 acre redevelopment site in Metropolitan Toronto, along with several other valuable scattered land assets.

In early April 1994, the Company completed the issue and sale of 3,640,000 Class A Shares at $8.50 per share for an aggregate purchase price of $30,940,000. The issue was purchased as a bought deal by a group of underwriters led by ScotiaMcLeod Inc. and Gordon Capital Corporation. Proceeds of the issue were used to reduce indebtedness outstanding under Ivaco's revolving bank loans.

Capital expenditures, which were $17.6 million in 1993, will increase to the mid $30 million level in 1994. Most of these will be directed to a combination of increased capacity for products which are now running full out and for a multitude of productivity improvements that have a very short payback time frame.

The Company is acutely aware of and concerned about the omission of dividends. In particular and with reference to the Second Preferred shares, Ivaco will be looking at ways to deal with these arrears as the business climate improves, even though it is not expected that cash dividends will be reinstated in the near term.

In summary: the outlook is for a much improved year in 1994 for sales, net earnings and positive earnings per share.

On behalf of the Board of Directors:

ISIN IVANIER Chairman	PAUL IVANIER President and Chief Executive Officer

THE IVACO GROUP

STEELMAKING

Ivaco's Steelmaking Group responded vigorously and effectively to the generalized improvement in the North American business climate during 1993. Demand improved somewhat, especially so for hot rolled wire rods which are a substantial portion of Ivaco's production. Pricing improved markedly during the year, although, for the most part, the beneficial effects of the trend toward more rational pricing were offset by large increases for prices of scrap and other raw materials.

Notwithstanding, however, the difficulties arising from high scrap prices, all three steelmaking operations improved their operating results markedly through the continuation of their cost reduction programs, their sustained dedicated emphasis to achieve improved productivity, and economies of scale.

All three steelmaking units increased the tonnage produced and sold compared with the previous year.

The Steelmaking Group consists of:

— Ivaco Rolling Mills at L'Orignal, Ontario.
— Atlantic Steel at Cartersville and Atlanta, Georgia.
— Laclede Steel at Alton, Illinois.

All three steelmaking units are 100% electric furnace equipped and their combined annual capacity exceeds two million tons.

At L'Orignal, steelmaking is 100% continuous cast to produce predominantly premium grade billets for conversion to hot rolled wire rods at the adjacent high performance rod mill.

Atlantic Steel produces billets at the 100% continuous cast Cartersville plant and has rolling mills at both Cartersville and Atlanta.

Laclede Steel is 49.8%-owned by Ivaco. It produces steel at Alton, Illinois for conversion to pipe, bar stock, wire rod, and wire and a substantial and growing percentage of production is continuous cast.

The outlook for all three units in 1994 is for strong improvement in operating results.

IVACO ROLLING MILLS

The Ivaco Rolling Mills complex is a remarkably efficient steelmaking and rolling mill operation. Production at both of its plants is tightly focused, virtually exclusively, to a single category of end products: hot rolled wire rods.

This specialization results in significant economies of scale, permits very high standards of productivity and, at the same time, achieves optimum scheduling flexibility for the delivery of billets from the melt shop to the rolling mill and thus permits industry leadership for customer service. This integration between steelmaking and the rolling mill assures the ready availability of feed stock to the rolling mill and at the same time achieving minimum levels of inventory of finished billets.

One of the major benefits from this integration is the ability to deliver very high standards of customer service. In another move oriented toward customer service, steelmaking output has been designed to supply two-thirds of rolling capacity. This makes it possible to roll substantial quantities of special quality billets produced from virgin iron ore, which are purchased externally on a long-term contract basis for the production of rods having special metallurgical qualities.

Both plants operated at full capacity through 1993 and, as a result of productivity and other fine tuning undertakings, each is also expected to produce at similarly high levels in 1994.

It was noted in last year's annual report that dramatic cost savings in steelmaking had been obtained by the modification of one of the facility's two furnaces to increase its capacity and its efficiency. The project has been a major success. These modifications, combined with other operating efficiencies, have resulted in the single furnace now being able to produce more steel than the two furnaces combined could produce as recently as two years ago.

Among the changes were increased furnace transformer capacity to 45 MVA, the installation of oxy-fuel/air combustion technology, and the modification of hot metal ladles, all of which improved productivity and lowered production costs. The net result is that tons produced per furnace operating hour reached new highs in 1993. In fact, production plans for 1994 anticipate that tonnage from the one modified furnace will exceed the previous best on two furnaces by a meaningful percentage. Augmentation to laboratory equipment, including an advanced new spectrometer, also contributed to improved productivity and lower costs.

Among the significant consequences of these refinements were that energy, electrode and refractory consumption were at record lows per ton and yield from the operation was at a record high.

Combined with this extremely successful creative engineering to upgrade capacity and reduce cost per ton, the melt shop also continued to place major emphasis on product quality and to expand the proportion of total output represented by premium grades of steel billets. These include high carbon, cold heading, and aluminum killed steels, all of which command premium pricing.

In addition to continued high volume production of standard grades, the rod mill at L'Orignal produced a record high percentage of high quality, high margin products in 1993.

It continued to roll virtually all billets cast at the adjacent melt shop and augmented production by rolling a substantial tonnage of very high quality billets which are obtained from an external source on a long-term basis.

Improvements in operating practices continued to receive constant attention with resulting benefits in terms of cost reduction, productivity, and quality consistency.

In addition to continuing improvement to the on-line quality sensing devices on each of the mill's twin rolling lines, further automation of the shear beyond the roughing stands improved the feed to the intermediate stands and increased both productivity and yield.

Further improvements will be added in 1994.

Plans have been completed for important additional improvements to be installed during the regular maintenance shutdown this summer. These include new and heavier gears for the roughing mill and precision ring distributors to improve the quality of the coil package. The heavier gears in the roughing mill will provide greater speed control and will allow for improved quality of the final product. The ring distributors will spread the rod more evenly at the end of the controlled cooling lines and will permit more compact coils. The result of improving the quality of the coil package will create an immediate customer benefit because the tight, more precisely layered coil will feed rod more smoothly into downstream customers' manufacturing systems.

Both the melt shop and rolling mill have recognized the significance of certification by the International Organization for Standardization (ISO). Both units are well advanced toward achievement of the ISO 9002 certification, the recognized world quality standard.

The outlook for 1994 is record production for both steelmaking and rolling mill operations resulting in significant improvement over the profit levels achieved in 1993.

ATLANTIC STEEL

Atlantic Steel is an extremely well regarded customer-oriented producer which serves the U.S. Southeast from an ultramodern steelmaking facility at Cartersville, Georgia and with rolling mill operations at both Cartersville and nearby Atlanta.

In 1993, Atlantic increased its shipments by some 14% compared with the previous year. Shipments for the year were the third best in its history and as in previous recent years, an increased proportion of special chemistry and other higher grade products comprised the sales mix.

Equally important to the volume gains, the Company aggressively, and successfully, continued to realize important objectives within its long standing cost containment and quality improvement programs.

The steelmaking facility at Cartersville is world class. Among its features are an eccentric bottom tapping (EBT) electric furnace and continuous casting units capable of operating 10 separate strands either simultaneously or in a predetermined sequence. This unique continuous casting flexibility offers significant productivity benefits because it reduces or eliminates downtime whenever changes in billet size are required.

Productivity at its steelmaking facility in Cartersville was further enhanced during the year with the installation of a supersonic slag-door oxygen lance/burner on the EBT furnace. This innovation has effectively improved productivity and reduced consumption of electrodes, refractories and electrical power. Productivity was also improved at both plants through combining maintenance and technical support operations. In addition, automated flat-stacking equipment was installed late in the year at the 13" bar mill in Atlanta to improve service and packaging quality and to reduce handling costs.

Atlantic's Total Quality initiative will continue into 1994 with key activities involving internal and external audits of the Quality System. Several important new customers qualified Atlantic as a supplier due to favorable earlier audit results. As a result of this reinforced emphasis on quality, both internal and external product rejections decreased from previous levels in 1993. Emphasis continues on formatting the Quality System to ISO 9002 standards.

Strong sales gains were made during the year to cold finishers, fastener manufacturers, metal building producers and steel service centers.

An increase in the cost of scrap during the year was in the order of 55%, and price increases were implemented throughout the year in an attempt to keep up. This major cost increase, combined with a lessening in worldwide steel demand, particularly from China, made export shipments undesirable. Emphasis on international sales, therefore, was decreased as the year progressed, and volume that had been exported was redirected to domestic customers.

The general economic situation for Atlantic's products continues to look favorable for 1994, although scrap costs will continue to keep pressure on margins.

The aggressive cost-cutting program at Atlantic made a substantial contribution to its substantially improved financial results for 1993. Continuation of this cost-cutting program is expected to reduce the loss further in 1994.

LACLEDE STEEL

Laclede Steel is 49.8% owned by Ivaco. It is an efficient mid-sized electric furnace steelmaker and a large portion of its production is continuous cast. During 1993, Ivaco announced its willingness to divest its holding in Laclede.

One of Laclede's major strengths is that it produces steel at Alton, Illinois which is strategically located for efficient raw material and electric power delivery, and that most of the subsequent processing of the steel to finished products is undertaken at its other facilities advantageously placed elsewhere in relation to operating economies and markets. Laclede has been putting this strategic positioning into place through small, incremental steps for several years. The final phase was well underway or completed by year end. The Company believes that it is now in an excellent position to benefit from the improving market for steel anticipated for 1994.

Among the major accomplishments of the year was the signing of a four year labor contract at Alton which permits sufficient flexibility in manning requirements which will enable total labor costs to be reduced for the life of the contract.

Another very significant cost containment success was the equipment modification which gives Laclede the ability to continuously cast steel slabs to be used in the tubular product line. By year end, the process had been refined so that good quality slabs were being produced in large quantities at low cost. This new process replaces the much more energy and labor intensive ingot teeming process used previously.

Laclede has five major ranges of product. Special bar quality carbon and alloy bars and hot rolled wire rods are produced at Alton. Tubular goods, wire and chain products are manufactured at cost efficient facilities close to markets.

The Company is one of North America's largest pipe producers, and is probably the lowest cost producer in North America. It has tubular goods plants at the Fairless Works in

Bucks County, Pennsylvania; Benwood, West Virginia, and at Vandalia, Illinois.

Shipments of continuous weld pipe from the Fairless plant increased significantly in 1993. Laclede also successfully began production on the 18" mill at Fairless which supplied coils to the pipe mill and to outside customers.

The Benwood plant has been increasing its volume in each year since start-up in 1990 and expects further increases in 1994. Benwood expects to benefit substantially this year as a result of improved prices and lower cost of steel produced by the continuous cast process at the Alton plant.

The tubular finishing plant in Vandalia processes semi-finished pipe produced at Alton. It is a high efficiency, low cost operation which anticipates strong demand in 1994.

Laclede's wire operations are at Memphis, Tennessee and Fremont, Indiana. The Memphis operation specializes in cold drawn wire and the Fremont facility is one of the largest producers of oil tempered wire in the U.S. Production capacity has been increased markedly at Fremont in each of the last three years and Laclede is now able to serve all oil tempered wire customers with high quality wire in all size ranges. One major benefit of the large increases in capacity at Fremont is that volume economies are contributing to substantial cost reductions.

Laclede Chain continued to report increased sales and earnings in 1993. It manufactures at Maryville, Missouri and markets a wide variety of chain products throughout most of the United States.

The special quality and alloy bar business strengthened significantly during the second half of 1993. Strong demand has resulted from the increase in automotive manufacturing and further improvement in both volume and pricing is likely in 1994.

The previously announced High Temperature Metal Recovery System project for electric furnace flue dust has been taken over by Laclede from the initial contractor. Laclede has received a refund of US$13.6 million and title to the system which is being modified.

The outlook for 1994 is for much improved results.

WIRE AND WIRE PRODUCTS

The Sivaco/National Wire Group has successfully completed most of its comprehensive restructuring during this past year, and is now poised to make a significant difference in operating results.

During the three previous years, the SNW Group had faced substantially lower industry-wide demand and drastically reduced pricing resulting in lower returns. However, with only a modest improvement in the business climate, steps initiated in 1992 and applied throughout the past year have helped achieve substantially improved earnings from operations in 1993, resulting in a profit from ongoing operations for the first time since 1987.

The SNW Group is continuing its long-term plan to expand product sales into the upper ends of the market without loss of market share in the lower and intermediate ends. In 1993, considerably higher penetration of the premium quality segments of the market was accomplished.

A major restructuring move completed during the year, and one which has proven to be extremely beneficial, was the combination of the previously separately managed Sivaco and National Wire operations into one cohesive unit. The combined SNW Group consists of seven modern manufacturing plants and a fence distributor. The Company's production facilities are located in Florida, Georgia, Maryland, New York, Ohio, Ontario, and Québec, and accordingly, are strategically placed to provide superb service throughout the Eastern Seaboard, the Southeast and Midwest. The seven plants manufacture a broad range of bright and galvanized high carbon and low carbon wire, cold heading wire, nails, welded wire fabric, masonry reinforcement, and other fabricated wire products.

The largest plant is the SNW Québec facility at Marieville, Québec, which produces the widest range of wire and wire products. Among the premium grade high carbon wires are products for reinforcement of concrete pressure pipe; music wire, which is an industry term for a very high tensile grade used extensively in the automotive industry; roping wire for wire rope and cables; spring wire for bedding and upholstery; and galvanized armoring wire to protect undersea fiber optic cables.

While all of the special grades of steel wire are contributing meaningfully to increased penetration of high end markets, the high carbon heavy galvanized armoring wire is especially significant. Production and sale of this relatively new product increased substantially in 1993 and should increase again in 1994.

Capacity to produce the more sophisticated grades of high carbon wire was increased during the year by the addition of an ultra-modern 13 block high speed wire drawing unit.

Another important advance in terms of customer satisfaction has been the replacement of the traditional and bulky take-up carriers with automated direct spooling equipment for finished product on a number of production lines. This program will be extended significantly in 1994.

Both welded wire fabric and nails continue to represent important tonnage at Marieville despite the long standing weakness in the construction industries which are the major users of these products.

The rod processing and wire drawing plant at Ingersoll, Ontario continues to prosper. It has been working at full capacity for some time. This plant undertakes processing, cleaning, and annealing of wire rods.

Sivaco New York, near Buffalo, undertakes rod processing and the drawing of industrial and cold heading wire. In 1993, it increased sales of cold heading wire to the automotive, construction and appliance industries and the outlook for 1994 is for further improved sales.

The SNW Group's fence distributor, Bel-Air Fence, continues to report positive results and anticipates the same for 1994.

The five U.S. plants of the SNW Group have also improved productivity while at the same time, adding diversity to their product line.

At Baltimore, Maryland, the galvanizing line continues to operate near capacity, delivering excellent quality and increased productivity. Welded wire fabric and masonry reinforcement are expected to show some improvement since the building industry is showing signs of recovery.

In Toledo, Ohio, welded wire fabric for buildings, concrete pipe and roads has been the mainstay of this operation. Near the end of 1993, additional wire drawing equipment was installed for diversification into the wire industry. This can only add to the positive results that are consistently achieved in this plant.

The wire and mesh plant in Tampa, Florida has increased both its shipments and productivity in 1993. It is operating near capacity and the market continues to grow.

The Newnan, Georgia plant produced mostly welded wire fabric and masonry products until the middle of 1993 when additional wire drawing equipment was installed. Low and high carbon wire is now being sold with the emphasis in 1994 on continued penetration of the upper end high carbon markets. This additional machinery will double the capacity at this location without adding to the present building. Current plans call for a building expansion later in 1994 to house annealing furnaces for cold heading wire. This timed expansion will enable further penetration in all grades of wire in the South-Eastern U.S. market.

The outlook for the Sivaco/National Wire Group is for profitable operating results in 1994.

FASTENERS

Ivaco's Fastener Group, now operated as Ifastgroupe, continued to perform well in 1993. It had maintained profitability throughout the recession and posted improved results in 1993.

Ifastgroupe manufactures very large quantities of high quality bolts and nuts at four manufacturing divisions:

— Infasco in Marieville, Québec is one of the world's largest manufacturing facilities for high speed production of standard bolts and nuts;

— Ingersoll Fasteners, in Ingersoll, Ontario is a large producer of custom designed and specialty bolts and nuts;

— Infasco Nut, in Mississauga, Ontario makes a wide variety of both standard and specialty nuts;

— Galvano in Beloeil, Québec undertakes electrogalvanizing and hot dip galvanizing of both fasteners and nails.

Infasco is a very large scale, low-unit-cost manufacturer. Its 700,000 square foot manufacturing facility is extensively automated throughout the manufacturing cycle, where emphasis on productivity is matched by an equal commitment to product quality and customer service.

Customer service is a major component of Infasco's success. Its large master warehouse in Marieville supplies its many customers around the world and feeds regional warehouses across North America with tens of thousands of different types of fasteners. Infasco's capscrew product line was enlarged through the addition of an increased range of metric sizes, mechanically galvanized fasteners and Grade 5 yellow plated capscrews.

In 1993, Infasco took further steps to enhance its productivity, introduced some new products, reinforced its existing high standards of quality control, and made additional improvements for the protection of the environment.

To increase productivity, Infasco completed the design and construction of structural bolt and nut assembly equipment, continued its ongoing program of overhauling its manufacturing equipment, and installed additional bar coding labelling systems in its automated packaging department.

The introduction in 1992 of "soft drop" equipment was a pioneering effort toward solving the industry-wide problem of thread damage in the handling of large diameter bolts. Additional "soft drop" equipment was installed in 1993.

Among other quality focused developments, Infasco has installed several in-process statistical data collectors capable of transferring on a real time basis a large volume of physical and mechanical test results to a large capacity computer database.

Infasco continues its dedication to complying with environmental standards and, as part of this program, an in-plant oil storage and closed loop oil recuperation system was installed in 1993.

The Ifastgroupe divisions are committed to achieving International Organization for Standardization (ISO) 9000 accreditation and are taking the appropriate steps to obtain such certification.

The outlook for 1994 is for increased fastener demand, particularly in the United

States. Demand in Canada is also improving, although more slowly.

The continued economic recovery which became evident to a moderate extent prior to the beginning of the year, permitted Ingersoll Fasteners to build sales and production momentum. The significant sales increases which were obtained in both the Canadian and U.S. market places during 1993 were spread across all market segments, with the exception of sales to the automotive sector, which were relatively flat. Particularly significant were the sales increases booked by distributors servicing the large truck and farm machinery industries.

Deliveries to these two very healthy market segments continue to grow, especially for the supply of flanged bolts for frame assembly.

During 1993, Ingersoll Fasteners continued implementation of a Material Resource Planning (MRP) system. The raw material portion was completed, and the tool usage, estimating and ordering portions are to be completed this summer.

In terms of production capacity, two cold forming boltmakers were completely modernized and rebuilt during 1993 and a third unit is scheduled to be back on line in early 1994.

Among the cost reduction projects undertaken during the year, particularly positive results were obtained following the installation of a total fluids management program, which was also part of the Group's dedication to complying with environmental standards.

Ingersoll Fasteners expects continued increases in sales in 1994, particularly to the automotive tiered suppliers and distributors, and the general outlook remains very positive.

The Infasco Nut division also reported strong sales increases for 1993, particularly to the automotive sector, and this trend is expected to continue in 1994.

Infasco Nut reduced its unit manufacturing costs during the year through higher volume and improved efficiencies, particularly in the area of tooling utilization and performance. An ongoing scrap reduction program begun several years ago is continuing successfully.

Tapped nuts are now examined in real time by automated gauges; this markedly improved the quality of the nut tapping operation. New torque tension equipment has doubled Infasco Nut's capacity for the verification of locknuts.

Galvano's facility is dedicated to zinc barrel electroplating, zinc phosphating, and hot dip galvanizing of fasteners produced by Infasco. One of its five zinc plating lines is believed to be the most productive in the Western hemisphere. Productivity was further improved in 1993 by reducing plating time and optimizing plating cycles.

Galvano is also an industry leader for the application of hot dip galvanizing. In 1993, productivity was improved and significant cost containment objectives were achieved through a reduction in zinc consumption and a reduction in waste treatment expenses.

Capital spending in 1994 will be directed principally to productivity gains, product development and enhancement of quality.

The outlook for Ifastgroupe in 1994 is for continued profitability, and growth in sales.

DOCAP

Docap, is a distributor of fasteners and a wide variety of other products to the automotive aftermarket and also to a wide range of industrial and service industries. Its more than 25,000 products and breadth of operations have helped Docap become one of the best distribution networks in Canada.

1993 was a successful year for Docap. Sales volume increased substantially and modest positive earnings were achieved. A number of new lines were introduced during the year and product offerings will be further extended in 1994.

The comprehensive inventory control system installed last year has been a positive factor for cost containment, and even further benefits should be realized in 1994 through improved control of inventory levels.

The outlook is for improved performance for Docap in 1994.

WIRE ROPES, TIRE CORD AND TIRE BEAD REINFORCEMENT

Wire ropes and tire reinforcement products are all made from precise quality high carbon steel wire rods. Ivaco has two manufacturing units specializing in high carbon wire products: Wrights Canadian Ropes of Vancouver, B.C. and Amercord (50% owned) of Lumber City, Georgia.

Wrights produces quality wire ropes for use by the forestry, marine, oil and gas exploration, mining and construction industries. Its principal markets are in Western and Eastern Canada and the U.S. Pacific Northwest.

Wrights produces wire ropes at a modern plant near Vancouver and its dedication to quality has been recognized by the prestigious American Petroleum Institute through the award of its API-Q1 wire rope certification.

Market conditions in some of Wright's key areas began to strengthen as 1993 began. As a result, the Company's performance improved considerably. There was more active logging and associated marine activity in the Canadian Northwest and a large increase in petroleum exploration in the three western provinces. In fact, the high level of activity in the Western oil and gas exploration areas brought about a dramatic increase in demand for wire ropes. Offsetting those positive conditions, the pulp and newsprint industry, particularly in Eastern Canada, encountered difficult times, which, in turn reduced logging activity there. Some logging areas in the U.S. Northwest also faced reduced activity.

The Company's exports to New Zealand, begun several years ago, continued in 1993. This program has been successful and the Company is now reviewing the appointment of additional distributors in other major markets of the South Pacific.

Wrights reported significantly improved and profitable operating results in 1993 and the outlook is for further modest improvement in 1994.

Amercord, 50% owned by Ivaco, supplies tire cord and tire bead to virtually all of the U.S. manufacturers of automobile and truck tires. It also manufactures reinforcement wire drawn from high carbon steel wire rods for sale to the manufacturers of undersea fiber optic cables.

The year just past was extremely successful for Amercord. Sales, market share, and profitability were all up substantially.

The production of tire cord is the pinnacle of wire drawing technology. The cross sectional area of the hot rolled wire rods is reduced as much as 500 to 2000 times, to ultra fine thicknesses of 0.2 to 0.15 mm.

The wire is drawn through 30 or more steps, plated, heat treated, and preformed for the final twisting or bunching process to produce an exceptionally strong reinforcement for the tire. Tire bead, which reinforces the rim of the tire, is also an extremely compact and precision product, although the diameters of the wires used tend to be somewhat larger.

Currently, Amercord is in the process of increasing its capacity to produce tire bead by some 40% by the end of 1994 and also to refine the tire cord production process to permit rapid expansion of production of this high tensile steel product. Amercord already produces high tensile tire cord in substantial volume and anticipates that very soon in the foreseeable future this premium quality product will be the largest item in their product mix.

The outlook for Amercord is for very substantial growth in both sales and earnings in 1994.

CANRON

Canron holds a 50% interest in IPEX, the newly named joint venture formed by the combination of Canron's plastic pipe operations with those of Scepter Manufacturing. Canron also owns and operates the Canron structural steel business, and the Ingersoll Machine and Tool Division.

IPEX performed well in 1993 in the face of the extremely weak housing and general construction markets in Eastern Canada, and large increases in some raw material prices such as PVC resin. The level of construction in Western Canada remained relatively firm, which was a positive factor.

Sales remained constant and, as a result of meaningful gains in productivity and cost containment, earnings were above expectations.

IPEX has been transformed into one of the most efficient plastic pipe and plastic fittings producers in North America. It operates 13 manufacturing plants and 11 distribution centers across Canada. This wide geographic coverage, combined with the pricing competitiveness which is achieved through economies of scale and other productivity factors, makes it possible to provide very high levels of service to all of Canada's major municipal, utility, plumbing, electrical, industrial, and agricultural markets.

The outlook is for operating performance in 1994 to continue at the profitable levels achieved in 1993.

Canron's structural steel fabrication and erection businesses continued to be impacted negatively with extremely weak activity in the heavy construction sector. As a result, sales were down and operating losses were recorded.

Canron has steel fabrication plants at five locations in North America. Two are in the east: Ontario and New York State. The three in the west are in British Columbia, Alberta and Oregon.

Plant loadings were abnormally low at four of the locations throughout most of the year. Only Portland, Oregon was able to maintain a consistent workload. Buoyant construction activity in the Pacific Northwest attracted many bidders from outside the region, resulting in severe erosion of margins. Elsewhere within Canron, the amount of work bid remained low through the year and most of the work successfully achieved was awarded at or close to break-even.

Currently, construction market conditions are showing some signs of improvement in the U.S. The Western Canada commercial market is active while industrial construction remains depressed both in Eastern and Western Canada.

One positive development during the year was an agreement reached with Sheafer-Townsend, a mechanical contractor based in Hamilton, Ontario resulting in a construction services business being created to serve Eastern Canada. This construction contract management services enterprise is jointly owned and known as Canron/Sheafer-Townsend Inc. (CSTI).

CSTI was formed late in 1993 and two major industrial plant maintenance contracts have already been won. One of the major customer advantages offered by CSTI is that its available mechanical, electrical, millwright, boilermaker, and ironworker skills can be provided on a well managed, well co-ordinated basis.

Late in the year, Canron reorganized its steel fabrication, erection and construction services divisions to deal with the anticipated continuation of weak markets for fabricated structural steel and the growing opportunities in construction services.

Despite the positive expectations for CSTI, the remaining fabrication and erection divisions continue to face very difficult conditions so that, overall for the Structural Steel business, a loss is anticipated in 1994, which however is expected to be less than the loss incurred in 1993.

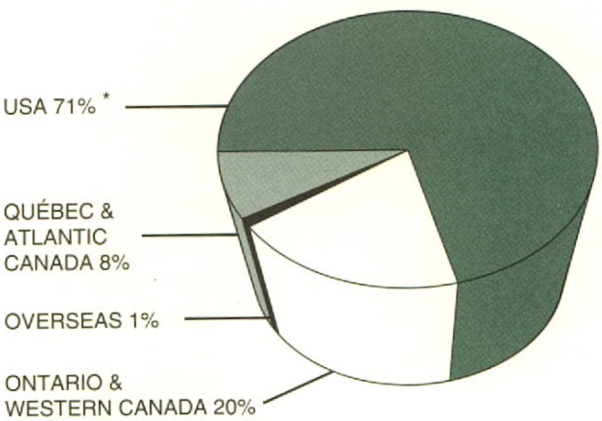
The Ingersoll Machine and Tool Division of Canron reported a strong year in 1993. Among the major factors were (i) the recovery in North American automobile manufacturing; (ii) the strong market acceptance of IMT's self-steering axles; (iii) broad expansion of the PC Drop Forge customer base; and (iv) continued fine tuning of the comprehensive cost containment programs.

Sales for the Ingersoll Machine and Tool Division were up substantially in 1993. The sales improvement covered almost all main product lines including self-steering and standard axles, and forgings.

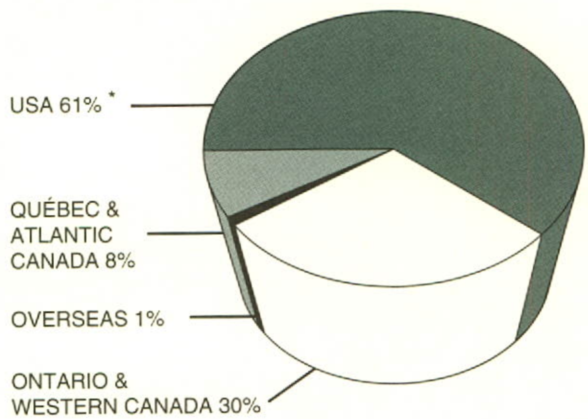
The outlook for the Ingersoll Machine and Tool Division is for moderately good results in 1994.

SALES DISTRIBUTION

1993



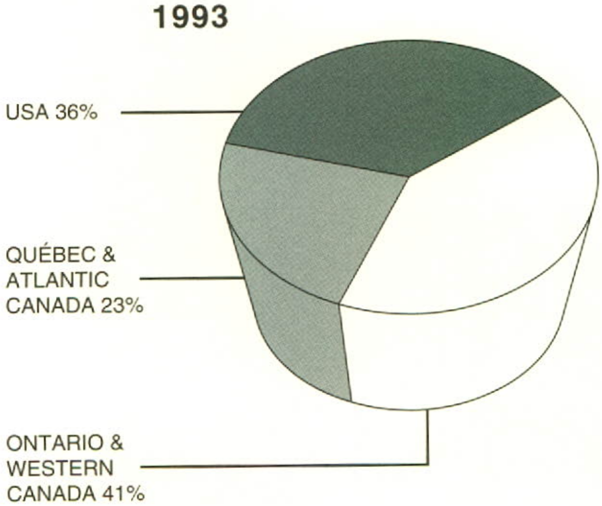
1992



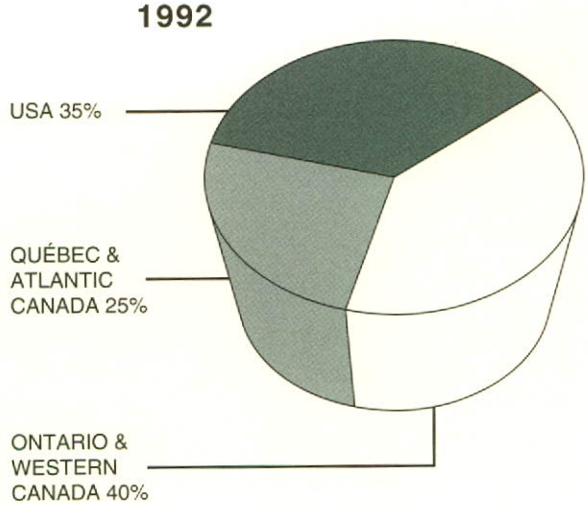
* Includes sales of U.S. operations and exports into the U.S. from Canadian operations.

FIXED ASSETS DISTRIBUTION

1993



1992



MANAGEMENT'S DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

(The 1992 figures have been reclassified to conform with the presentation adopted in 1993.)

In 1993 the Company reported operating earnings, before depreciation and amortization, of $92.2 million on sales of $1.22 billion as compared to operating earnings, before depreciation and amortization, of $43.1 million on sales of $1.09 billion for 1992. Earnings from continuing operations before income taxes for 1993 were $16.5 million compared with a loss of $48.1 million in 1992, an improvement of $64.6 million.

In 1993 the Company's provision for income taxes was $13.9 million reflecting an effective tax rate of 84.8%. This tax rate is significantly higher than the combined basic federal and provincial tax rate of 37.6%, largely due to operating losses of U.S. subsidiaries which have not been tax effected and which increased the effective tax rate by 50.4%.

During 1993, the Company reported after tax losses associated with operations which were previously discontinued amounting to $2.2 million or $0.10 per share, as compared to an after-tax gain of $16.8 million or $0.80 per share in 1992. The 1992 after-tax gain resulted from the sale of the business and operating assets of its wholly-owned Florida Wire and Cable Company and Canron's Tamper Corp.

The Company's steelmaking operations increased the tonnage produced and sold compared to 1992. Pricing improved markedly during the year, although, for the most part, the beneficial effects of the trend toward more rational pricing were offset by large increases for prices of scrap and other raw materials. Labor contracts at both Ivaco Rolling Mills and Atlantic Steel were signed for three years without wage increases. During 1993, Atlantic Steel boosted output by 14%, improved productivity and reduced costs. Laclede Steel, 49.8%-owned by Ivaco, notably improved its operating performance in 1993. It initiated the rolling of skelp for its pipe mills from continuous cast slabs and substantially reduced energy and other costs. In addition, Laclede was also able to negotiate a four year labor agreement at its Alton, Illinois steelmaking plant with only minimal wage increases.

Having successfully completed most of its comprehensive restructuring during 1993, the Sivaco/National Wire Group, which had been particularly hard hit by the recession, reported substantially improved earnings from operations in 1993, resulting in a profit from ongoing operations for the first time since 1987.

The Ifastgroupe consistently performed well throughout the recession and despite the continued weakness of the North American economy, posted improved 1993 results.

Wrights Canadian Ropes enjoyed an improved year in 1993 with sales and earnings up significantly from those achieved in 1992. Amercord, 50%-owned by Ivaco, substantially improved its sales, market share and earnings for the year.

IPEX, the newly named joint venture formed in 1992 by the combination of Canron's Plastic Pipe operations with those of Scepter Manufacturing Company Limited, showed similar sales in 1993, and as a result of meaningful gains in productivity and cost containment, earnings improved.

On account of the extremely weak activity in the heavy construction sector, Canron's Structural Steel Fabrication and Erection businesses continued to be impacted negatively. As a result, operating losses were recorded.

Canron's Ingersoll Machine and Tool Division reported a strong year in 1993. This can be attributed to both the domestic and export markets' response to its axle products and other lines.

1992 compared to 1991:

(The 1991 figures have been reclassified to conform with the presentation adopted in 1992 and 1993.)

The Company reported operating earnings, before depreciation and amortization, of $43.1 million on sales of $1.09 billion for 1992, up from operating earnings, before depreciation and amortization, of $21.9 million on sales of $1.12 billion for 1991; the loss from continuing operations before income taxes for 1992 was $48.1 million as compared to a loss of $81.6 million in 1991, an improvement of $33.5 million. The 1991 loss from continuing operations was restated to give retroactive effect for all of 1991 to the sale of the business of Florida Wire and Cable and Tamper Corp.

During 1992, the Company recorded gains totalling $20 million, less applicable taxes of $6.7 million, on the sale of the business and operating assets of Florida Wire and Cable Company and Canron's Tamper Corp. These gains and other net gains and losses associated with the discontinuance of other businesses amounted to a net gain of $16.8 million or $0.80 per share, and are shown as Gain (loss) from discontinued operations.

Ivaco Rolling Mills was running at virtual full capacity during 1992, and maintained a comprehensive cost reduction program which together allowed it to deliver substantially improved operating results, when compared to the previous year. Atlantic Steel also reported increased tonnage in 1992 over 1991. However, the domestic economy did not warrant full capacity operations and Atlantic continued to record significant losses, similar to those incurred in 1991.

Laclede Steel, 49.8%-owned by Ivaco, recorded a remarkable improvement in operating results during 1992. However, in the second quarter, Laclede recorded a one time net of tax special charge, the majority of which was non cash in nature, in connection with the restructuring of its wire operations and future processing costs for its electric furnace flue dust. Ivaco recorded, as equity in earnings (loss) of affiliated companies, $6.8 million representing its 49.8% share of this special charge in 1992.

Although sales volumes for the Company's wire and wire products during 1992 remained at similar levels to those of the previous year and despite the continuation of soft pricing, the losses within the Sivaco/National Wire Group were significantly lower than those of the previous year.

The Ifastgroupe also performed extremely well during 1992 despite the weakness of the North American economy.

Sales and operating income at Wrights Canadian Ropes were similar in 1992 to those achieved in 1991.

In July 1992, the Company completed the combination of Canron's Plastic Pipe business with the plastic pipe operations of Scepter Manufacturing Company Limited. The combined operation has resulted in a world class business and provided IPEX, the newly named joint venture, with one of the broadest product lines in the industry. Operating income in Canron's 50%-owned IPEX increased in 1992 compared with 1991.

Volume in Canron's Structural Steel Fabrication business was lower in 1992. With the exception of the Western U.S. operations, very little new work of any significance was commenced during the year. Operating losses were incurred in 1992 and steps were taken to bring overheads into balance with the level of activity anticipated for 1993.

Despite a reduction in demand from its traditional defense and automotive customers, Canron's Precision Machined Components business reported higher operating income compared with 1991.

FINANCIAL CONDITIONS, LIQUIDITY AND CAPITAL RESOURCES

Cash provided by operating activities was $61.5 million in 1993 compared with $3.4 million in 1992. Working capital provided from operations during 1993 was a positive $50 million, up significantly from a negative $1.2 million in 1992. This significant improvement of $51.2 million was due in large part to the reduction in the loss from continuing operations.

Working capital at December 31, 1993 was $220.6 million compared to $127.5 million in 1992. This increase was due in large part to: improved operating results during the year; completion of a private placement of U.S. $70 million Senior Notes at 7.29% for a term of 10 ½ years, the proceeds of which were used to prepay current bank indebtedness and other bank debt coming due over the next five years; and, the closing in December 1993 of a $19.5 million offering of three million units consisting of one Class A share and one half of a Class A share purchase warrant.

Investing activities during 1993 include net additions to fixed assets totalling $17.6 million, an increase of $10.6 million from the 1992 level of $7 million. This increase in capital expenditures in 1993 was a result of the ongoing plant modernization program which also helped, in part, to reduce operating costs.

Long-term liabilities (excluding convertible debentures and exchangeable debentures) increased to $340.5 million in 1993 as compared to $299.4 million in 1992. This increase was as a result of the abovenoted refinancing. The ratio of long-term liabilities to Shareholders' Equity was 43:57 compared to 41:59 at December 31, 1992.

In early 1993 the Company completed the authorized second tranche of $5 million principal amount of 9.5% convertible unsecured subordinated debentures due November 1997. On November 21, 1992, the Company had completed the private issue and sale of the initial $10 million principal amount.

As part of the Company's overall plan to reduce debt and strengthen its financial position, the Company announced on January 22, 1993 that it is exploring the possibility of disposing of its 49.8% interest in Laclede Steel Company. The expected strengthening of Laclede's operating performance in 1994 should help to facilitate the eventual achievement of a beneficial transaction.

In October 1992, in accordance with the terms of issue, the Company purchased for redemption 566,092 Series D Cumulative Redeemable Preferred Shares at $25 per share for a total cash consideration of $14.2 million.

In September 1991, as a result of lower earnings and to conserve cash for operating requirements, the Company announced that it had temporarily omitted payment of dividends on its Second Preferred shares Series 1, Series 2, Series 3 and on its Series 4 Exchangeable Second Preferred shares. Pursuant to the trust agreement, established at the time of issuance of the Series 4 Exchangeable Second Preferred shares, the trustee must pay pro rata to the holders, the amount of any cash dividends received on the Dofasco Inc. common shares during the previous three months. The amount of this payment is credited against any future amounts to be declared by the Company. At December 31, 1993, dividends of $31.8 million are in arrears on all of the above mentioned Second Preferred shares.

In early April 1994, the Company completed the issue and sale of 3,640,000 Class A Subordinate Voting Shares at $8.50 per share for an aggregate purchase price of $30,940,000. The proceeds were used to reduce indebtedness outstanding under Ivaco's revolving bank loans.

It is anticipated that Ivaco's 1994 cash requirements within the ordinary course of business, including capital expenditures, debt repayments and other capital repayments, will be met through internally generated funds and existing lines of credit.

OUTLOOK FOR 1994

The outlook for 1994 is for an improved year and for both positive net earnings and earnings per share as a result of the continuing cost reduction programs and the strengthening of economic conditions, particularly in the United States. For 1994, Atlantic Steel is expected to report a reduced loss compared to 1993, mainly because of its cost cutting program which is still underway and Canron's structural steel business is expected to continue to operate within the difficult economic conditions facing the construction industry. Most importantly, significant improvement in operating results is expected from each of the Company's other operating groups, and each of them is expected to be profitable in 1994.

Capital expenditures for 1994 are expected to increase to the mid $30 million level.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Thousands of dollars

AS AT DECEMBER 31		1993	1992
Current assets	Cash and short term investments	**$ 12,000**	$ —
	Accounts receivable	**148,727**	154,557
	Inventories (Note 2)	**317,700**	291,800
	Prepaid expenses	**6,441**	6,999
	Total current assets	**484,868**	453,356
Current liabilities	Bank indebtedness, secured	**27,697**	97,596
	Accounts payable and accrued liabilities		
	Trade and other	**192,326**	172,419
	Directors	**1,388**	513
	Current maturities of long-term liabilities	**42,626**	55,105
	Deferred income taxes	**200**	200
	Total current liabilities	**264,237**	325,833
Working capital		**220,631**	127,523
	Portfolio investments, at cost (Note 3)	**116,979**	116,987
	Investments, at equity (Note 4)	**75,924**	69,922
	Fixed assets (Note 5)	**469,683**	484,661
	Other assets (Note 6)	**55,941**	57,707
Total investment		**939,158**	856,800
	Deduct		
	Long-term liabilities (Note 7)	**340,478**	299,430
	Convertible debentures (Note 8)	**15,000**	10,000
	Exchangeable debentures (Notes 3 & 9)	**95,223**	95,223
	Accrued costs of pension plans (Note 10)	**17,088**	10,043
	Deferred income taxes	**28,590**	19,830
		496,379	434,526
Shareholders' equity		**$ 442,779**	$ 422,274
Represented by	Capital stock (Note 11)	**$ 431,222**	$ 411,624
	Retained earnings	**7,056**	9,142
	Cumulative translation adjustment	**4,501**	1,508
		$ 442,779	$ 422,274

See accompanying notes to consolidated financial statements.

On behalf of the Board

PAUL IVANIER, Director

ALBERT A. KASSAB, Director

CONSOLIDATED STATEMENTS OF EARNINGS

Thousands of dollars except per share amounts

YEARS ENDED DECEMBER 31	1993	1992
Net sales	**$1,221,855**	$1,094,340
Cost of sales and operating expenses	**1,129,652**	1,051,226
Operating earnings before:	**92,203**	43,114
Depreciation and amortization	**(43,784)**	(43,829)
Earnings (loss) from operations	**48,419**	(715)
Equity in earnings (loss) of affiliated companies (Note 4)	**5,738**	(2,973)
Net interest expense (Note 7)	**(37,685)**	(44,416)
Earnings (loss) from continuing operations before income taxes	**16,472**	(48,104)
Provision for (recovery of) income taxes (Note 12)	**13,974**	(11,697)
Earnings (loss) from continuing operations	**2,498**	(36,407)
Gain (loss) from discontinued operations (Note 14)	**(2,177)**	16,842
Net earnings (loss)	**$ 321**	$ (19,565)
Earnings (loss) per share		
Continuing operations	**$(0.53)**	$(2.51)
Loss per share	**$(0.63)**	$(1.71)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

Thousands of dollars

YEARS ENDED DECEMBER 31		**1993**	1992
Operating activities	Operations		
	Earnings (loss) from continuing operations	**$ 2,498**	$ (36,407)
	Depreciation and amortization	**43,784**	43,829
	Deferred income taxes	**9,457**	(10,912)
	Equity in (earnings) loss of affiliated companies	**(5,738)**	2,973
	Other items	**22**	(644)
	Working capital provided from (used in) operations	**50,023**	(1,161)
	Decrease in non-cash working capital items	**1,270**	19,724
	Other items	**10,250**	(15,147)
	Cash provided by operating activities	**61,543**	3,416
Cumulative translation adjustment		**2,508**	12,283
Financing activities	Dividends	**(1,724)**	(2,786)
	Additional long-term liabilities	**112,643**	60,972
	Repayment of long-term liabilities	**(89,671)**	(135,677)
	Convertible debentures	**5,000**	10,000
	Net proceeds from issue of capital stock	**18,416**	4,206
	Purchase of preferred shares	—	(14,152)
	Other items	**(3,471)**	(1,062)
	Cash provided by (used in) financing activities	**41,193**	(78,499)
Investing activities	Net additions to fixed assets	**(17,632)**	(6,972)
	Net additions to fixed assets from joint venture (Note 13)	—	(21,584)
	Proceeds from disposals of net assets	—	83,688
	Discontinued operations	**(6,190)**	10,682
	Other items	**477**	1,703
	Cash (used in) provided by investing activities	**(23,345)**	67,517
Bank indebtedness, net of cash	Decrease in bank indebtedness	**81,899**	4,717
	Balance at beginning of year	**(97,596)**	(102,313)
	Balance at end of year	**$ (15,697)**	$ (97,596)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

Thousands of dollars

YEARS ENDED DECEMBER 31	1993	1992
Balance at beginning of year	$ 9,142	$ 31,752
Add		
Net earnings (loss)	321	(19,565)
Gain on purchase of preferred shares	—	194
	9,463	12,381
Deduct		
Dividends on preferred shares	1,724	2,786
Flow through of Dofasco Inc. common dividend to Series 4, exchangeable second preferred shareholders (Note 11)	—	453
Costs relating to issue of capital stock net of income taxes of $401 thousand	683	—
	2,407	3,239
Balance at end of year	$ 7,056	$ 9,142

See accompanying notes to consolidated financial statements.

AUDITORS' REPORT

The Shareholders,
Ivaco Inc.

We have audited the consolidated statements of financial position of Ivaco Inc. as at December 31, 1993 and 1992 and the consolidated statements of earnings, retained earnings and changes in financial position for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1993 and 1992 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.

Montréal, Québec
February 28, 1994.

Deloitte & Touche
Chartered Accountants

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1993 and 1992

1. Significant Accounting Policies

The Company follows accounting principles generally accepted in Canada in the preparation of its consolidated financial statements.

Basis of Consolidation

The consolidated financial statements include the accounts of Ivaco Inc. and its subsidiaries. The excess of cost over net assets at the dates of acquisition is allocated to fixed assets and is being depreciated over the estimated useful lives of the respective fixed assets.

The equity method of accounting is used to account for investments in businesses in which the Company has a 20% to 50% ownership interest. The differences between the underlying book value of net assets at the dates of acquisition and the purchase price are being amortized over the estimated useful lives of the investees' fixed assets.

The proportionate consolidation method of accounting is used to account for the Company's interest in joint venture operations. This method of accounting brings into the consolidated financial statements, the Company's share of the specific assets, liabilities, sales and expenses of joint venture operations.

Foreign Exchange Translation

Foreign Operations

Assets and liabilities of foreign operations are translated into Canadian dollars at year-end exchange rates. Cumulative gains and losses on translation are deferred and included as a separate component of shareholders' equity. Income and expenses are translated at average exchange rates prevailing during the year.

Canadian Operations

Foreign monetary assets and liabilities of Canadian operations are translated into Canadian dollars at year-end exchange rates. Gains and losses are included in the determination of net earnings except for unrealized translation gains and losses on long-term liabilities which are deferred and are amortized over the remaining lives of the related items. Income and expenses are translated at average exchange rates prevailing during the year.

Inventories

Inventories are stated at the lower of cost (determined substantially on the first-in, first-out method) and net realizable value. Work-in-progress related to contracts for the fabrication and erection of structural steel is valued at costs incurred to date less progress billings and is included as a component of semi-finished inventories.

Fixed Assets and Depreciation

Fixed assets are stated at cost after deducting related investment tax credits and government grants. Interest costs related to major capital expenditures are capitalized during the period of construction. Depreciation is computed principally on the straight-line method over the estimated useful lives of the respective assets as follows:

Buildings	40 years
Steelmaking and rolling mill equipment	25 years
Manufacturing equipment	15 years

Deferred Preproduction and Development Costs

Certain costs relating to the start-up of new facilities and major plant additions, incurred prior to the commencement of commercial production, are deferred and amortized over periods of up to five years.

1. Significant Accounting Policies *(Continued)*

Research and development expenditures are expensed as incurred with the exception of costs related to the development of new products, processes and systems to the extent that their recovery can be reasonably assured. Such costs are deferred and amortized on commencement of operation or commercial production over appropriate future periods.

Earnings (loss) per Share

Earnings (loss) per Class A and Class B share are calculated after providing for declared and undeclared dividends on preferred shares and second preferred shares and dividing the total by the weighted average number of shares outstanding during the year. The weighted average number of shares outstanding was 21,971,597 (1992 — 20,981,904).

2. Inventories

	Thousands of dollars	
	1993	1992
Finished and semi-finished*	**$141,284**	$134,200
Raw materials and supplies	**176,416**	157,600
Total inventories	**$317,700**	$291,800

*Includes costs to date of uncompleted contracts for the fabrication and erection of structural steel of $20,727 (1992 — $20,249) less progress billings of $15,461 (1992 — $19,992).

3. Portfolio Investments

Pursuant to the terms of trust agreements, 2,975,721 common shares of Dofasco Inc. have been pledged to secure the exchange privileges attached to the exchangeable debentures and 2,986,500 common shares of Dofasco have been pledged to secure the exchange privileges attached to the exchangeable second preferred shares, Series 4.

4. Investments at Equity

	Thousands of dollars		
	Laclede Steel Company	Others	Total
Carrying value, December 31, 1991	$59,293	$13,514	$72,807
Share of net earnings (loss)	(3,900)	927	(2,973)
Dividends received	—	(500)	(500)
Other	(242)	830	588
Carrying value, December 31, 1992	55,151	14,771	69,922
Share of net earnings	3,669	2,069	5,738
Dividends received	—	(500)	(500)
Other	92	672	764
Carrying value, December 31, 1993	$58,912	$17,012	$75,924
Share of equity, December 31, 1993	$60,789	$16,866	$77,655

5. Fixed Assets

	Thousands of dollars					
	1993			1992		
	Cost	**Accumulated Depreciation**	**N.B.V.**	Cost	Accumulated Depreciation	N.B.V.
Land	**$ 31,839**	**$ —**	**$ 31,839**	$ 31,246	$ —	$ 31,246
Buildings	**160,872**	**51,988**	**108,884**	161,753	47,010	114,743
Machinery and Equipment	**678,181**	**349,221**	**328,960**	656,260	317,588	338,672
Total fixed assets	**$870,892**	**$401,209**	**$469,683**	$849,259	$364,598	$484,661

6. Other Assets

	Thousands of dollars	
	1993	1992
Net assets of discontinued operations, primarily real estate	**$32,848**	$32,880
Deferred preproduction and development costs and other deferred charges, less amortization	**5,693**	10,020
Deferred financing costs, less amortization	**7,190**	4,690
Deferred translation adjustment, less amortization	**2,905**	2,000
Loans to officers at prime interest rates	**6,289**	4,650
Other items	**1,016**	3,467
Total other assets	**$55,941**	$57,707

7. Long-Term Liabilities

	Thousands of dollars	
	1993	1992
Secured		
Debentures at 9.25% to 13.875% maturing in 1994	**$ 2,763**	$ 8,874
Industrial Revenue Bonds at 5% maturing to 1998 ($1.9 million U.S.; 1992 — $2.3 million U.S.)	**2,511**	2,898
Revolving Bank Loans maturing to 1998 of which $39.7 million (1992 — $43.6 million) are in U.S. funds*	**87,597**	130,194
Bank Term Loans maturing to 1998 of which $40 million (1992 — $30 million) are in U.S. funds*	**85,054**	72,800
Senior Notes at 7.29% maturing to 2004 ($70 million U.S.)	**92,519**	—
Mortgages principally at 10.1% maturing to 2010	**17,217**	18,627
Unsecured		
Notes principally at 8.2% maturing to 1995 ($5.5 million U.S.; 1992 — $8.4 million U.S.)	**7,227**	10,637
Revolving Bank Loan at prime rate, maturing to 1998	**26,000**	30,000
Bank Term Loans maturing to 2000 of which $0.5 million (1992 — $1 million) are in U.S. funds*	**37,011**	43,608
Others principally at 7.9% maturing to 1998 of which $7 million (1992 — $11.4 million) are in U.S. funds	**25,205**	36,897
	383,104	354,535
Less current maturities	**42,626**	55,105
Total long-term liabilities	**$340,478**	$299,430

Required payments of long-term liabilities over the next five years are:

$42.6 million in 1994; $45.2 million in 1995; $41.7 million in 1996; $125 million in 1997; and $34 million in 1998.

* These loans bear interest generally at the lower of prime rates, bankers' acceptance rates, or U.S. dollar LIBOR rates. The Company has negotiated fixed rates of interest averaging 10.49% on $30 million of such debt for periods of up to two years. The remainder of this debt aggregating $179.7 million bears interest at an average floating rate of 4.98% at December 31, 1993.

Interest expense on long-term liabilities, convertible debentures and exchangeable debentures amounted to $32,270,000 in 1993 (1992 — $36,119,000).

8. Convertible Subordinated Debentures

The 9.5% Convertible Subordinated Debentures, maturing on November 21, 1997, are convertible at the option of the holders at any time prior to maturity, into Class A subordinate voting shares at a conversion price of $3.25 per Class A share. After November 25, 1995 the Debentures are redeemable and retractable by the Company in specified circumstances.

9. Exchangeable Debentures

The exchangeable debentures are exchangeable at the option of the holders for 2,975,721 common shares of Dofasco Inc. and bear interest at a semi-annual rate equal to: (i) the cash dividends paid by Dofasco per Dofasco common share during the six calendar months immediately preceding the interest payment date divided by $32.00, expressed as a percentage, plus (ii) 2.5%.

10. Accrued Costs of Pension Plans

The Company and its subsidiaries have pension plans covering substantially all employees. The majority of the plans are defined benefit plans. The following is based on information at December 31:

	Thousands of dollars	
	1993	1992
Actuarial present value of accrued pension obligations	**$270,990**	$246,794
Less: Market value of pension fund assets	**(198,860)**	(174,885)
Accrued costs of pension plans and other amounts recorded in Consolidated Statements of Financial Position	**(17,436)**	(13,482)
Net unrecorded pension obligations	**$ 54,694**	$ 58,427

Pension expense for 1993 was $18 million (1992 — $18.1 million).

11. Capital Stock

Authorized

An unlimited number of preferred shares issuable in series, second preferred shares issuable in series, subordinated non-voting preferred shares, Class A subordinate voting shares (Class A shares) and Class B voting shares (Class B shares) — all without par value.

Issued and outstanding

	Number of shares		Thousands of dollars	
	1993	1992	**1993**	1992
Preferred shares				
$4.425 Series C	**161,650**	161,650	**$ 8,083**	$ 8,083
$2.50 Series D	**34,443**	34,443	**861**	861
$2.40 Series E	**384,385**	384,385	**9,610**	9,610
			18,554	18,554
Second preferred shares				
$2.00 Series 1	**1,353,873**	1,353,873	**33,847**	33,847
$2.00 Series 2	**1,871,939**	1,871,939	**46,798**	46,798
$2.25 Series 3	**997,752**	997,752	**24,944**	24,944
			105,589	105,589
Exchangeable second preferred shares Series 4 (Note 3)	**2,986,500**	2,986,900	**95,568**	95,581
Class A shares	**18,084,260**	14,870,374	**193,685**	173,466
Class B shares	**6,782,031**	6,962,717	**17,826**	18,434
			211,511	191,900
Total Capital Stock			**$431,222**	$411,624

11. Capital Stock *(Continued)*

Preferred Shares

The preferred shares are non-voting and each series of preferred shares ranks equally with all other series of preferred shares and ahead of the second preferred shares, subordinated non-voting preferred shares and Class A and Class B shares.

Series C

The $4.425 Series C cumulative redeemable preferred shares may be purchased by the Company on the open market at prices not exceeding the applicable redemption price of $50 per share. The Company will make all reasonable efforts to purchase 3,000 shares for cancellation on the open market in each calendar quarter. During the year, nil (1992 — 1,300) such shares were purchased and cancelled.

Series D

The $2.50 Series D cumulative redeemable preferred shares may be purchased by the Company on the open market at prices not exceeding the applicable redemption price. On October 1, 1992, in accordance with the terms of issue, the Company purchased 566,092 shares for redemption at $25 per share. The Company will make all reasonable efforts to purchase 7,200 shares for cancellation on the open market in each calendar quarter. During the year, nil (1992 — 2,400) such shares were purchased and cancelled.

Series E

The $2.40 Series E cumulative redeemable preferred shares may be purchased by the Company on the open market at prices not exceeding the applicable redemption price. The Company may redeem Series E preferred shares at $26 per share to October 1, 1994 decreasing by $0.25 for each year commencing thereafter up to and including September 30, 1997, and thereafter at $25 per share. On October 1, 1997 the Company will purchase for redemption, at $25 per share, all shares tendered at the option of each holder. The Company will make all reasonable efforts to purchase 8,500 shares for cancellation on the open market in each calendar quarter at prices not exceeding $25 per share. During the year, nil (1992 — 8,300) such shares were purchased and cancelled.

Second Preferred Shares

The second preferred shares rank equally with all other series of second preferred shares and after the preferred shares and ahead of the subordinated non-voting preferred shares and the Class A and Class B shares.

On September 4, 1991, the Company announced that it had temporarily omitted payment of dividends on the second preferred shares. As a result thereof and for so long as the dividends on the second preferred shares remain in arrears in the aggregate of eight calendar quarters, holders of second preferred shares are entitled to attend and vote at all meetings of shareholders of the Company. In addition, the Company will not pay any dividends on the Class A or Class B shares unless all accrued and unpaid dividends on the second preferred shares have been declared and paid or provided for.

Series 1

The $2.00 Series 1 cumulative redeemable second preferred shares may be purchased by the Company on the open market at prices not exceeding the applicable redemption price of $25 per share. The Company will make all reasonable efforts to purchase 13,538 shares for cancellation on the open market in each calendar quarter. During 1993 and 1992 no such shares were purchased and cancelled. No purchases and redemptions will be made while dividends are in arrears. Dividends of $6.8 million are in arrears at December 31, 1993.

11. Capital Stock *(Continued)*

Series 2

The $2.00 Series 2 cumulative redeemable second preferred shares may be purchased by the Company on the open market at prices not exceeding the applicable redemption price of $25 per share. The Company will make all reasonable efforts to purchase 18,719 shares for cancellation on the open market in each calendar quarter. During 1993 and 1992 no such shares were purchased and cancelled. No purchases and redemptions will be made while dividends are in arrears. Dividends of $9.3 million are in arrears at December 31, 1993.

Series 3

The $2.25 Series 3 cumulative redeemable second preferred shares may be purchased by the Company on the open market at prices not exceeding the applicable redemption price of $25 per share. The Company will make all reasonable efforts to purchase 9,977 shares for cancellation on the open market in each calendar quarter, at prices not exceeding $25 per share. During 1993 and 1992 no such shares were purchased and cancelled. No purchases and redemptions will be made while dividends are in arrears. Dividends of $5.6 million are in arrears at December 31, 1993.

Series 4, Exchangeable Second Preferred Shares

The Series 4 cumulative redeemable exchangeable second preferred shares are exchangeable, at the option of the holder, into one common share of Dofasco Inc. for each Series 4 exchangeable second preferred share. Dividends are determined by applying to $32 a quarterly rate equal to: (i) the cash dividends paid by Dofasco per common share of Dofasco during the three calendar months immediately preceding the dividend payment date divided by $32 expressed as a percentage, plus (ii) 1%.

On September 4, 1991, the Company announced that it had temporarily omitted payment of dividends on its second preferred shares including the Series 4 exchangeable second preferred shares. Pursuant to the trust agreement, established at the time of issuance of the Series 4 exchangeable second preferred shares, the trustee must pay pro rata to the holders, the amount of any cash dividends received on the Dofasco Inc. common shares during the previous three months. The amount of this payment shall be credited against any future amounts to be declared by Ivaco Inc. For so long as the dividends on the exchangeable second preferred shares remain in arrears in the aggregate of eight calendar quarters, holders of exchangeable second preferred shares are entitled to attend and vote at all meetings of shareholders of the Company. Dividends of $10.1 million are in arrears at December 31, 1993.

The Company may redeem Series 4 exchangeable second preferred shares at $33.50 per share to April 14, 1995, and thereafter at $32 per share, provided the market price of Dofasco common shares is greater than $40 at that time. No such redemption will be made while dividends are in arrears. During the year shareholders exchanged 400 (1992 — 5,500) such shares for common shares of Dofasco.

Class A Subordinate Voting and Class B Voting Shares

The Class A subordinate voting shares (Class A shares) carry one vote per share and the Class B voting shares (Class B shares) carry ten votes per share. The Class A shares have a dividend rate equal to 120% of any dividend declared on the Class B shares.

The Class A shares and the Class B shares are treated equally in the event of liquidation or in any subdivision or consolidation of either class. In the event an acquisition offer is made to holders of Class B shares and at least 50% of the Class B shares are tendered in acceptance of the offer and a similar offer is not made to holders of Class A shares then each Class A share will for purposes of the offer only be deemed to have been converted into a Class B share in order that the Class A shares will be treated equally with the Class B shares.

The Class B shares may be converted into an equal number of Class A shares at any time.

11. Capital Stock *(Continued)*

The following transactions occurred in the Class A shares and the Class B shares:

	Number of shares		Thousands of dollars	
	Class A	Class B	Class A	Class B
Balance at December 31, 1991	13,564,604	7,019,595	$168,917	$18,626
Conversion from:				
Class B to Class A	56,878	(56,878)	192	(192)
Shares issued during 1992:				
Employees' Stock Option Plan	3,167	—	10	—
Dividend reinvestment plan	46,161	—	141	—
Private placement	1,199,564	—	4,206	—
Balance at December 31, 1992	14,870,374	6,962,717	173,466	18,434
Conversion from:				
Class B to Class A	180,686	(180,686)	608	(608)
Shares issued during 1993:				
Employees' Stock Option Plan	23,834	—	81	—
Dividend reinvestment plan	9,366	—	30	—
Issued for cash	3,000,000	—	19,500	—
Balance at December 31, 1993	18,084,260	6,782,031	$193,685	$17,826

Warrants

On December 17, 1993, 1,500,000 Class A share purchase warrants were issued none of which were exercised as at December 31, 1993. Each warrant entitles the holder to purchase one Class A share at $6.75 until December 29, 1995.

Stock options

At December 31, 1993, options for 1,365,773 (1992 — 1,445,173) Class A shares granted under the employees' stock option plan, exercisable to 2002, were outstanding at $3.40 per share.

12. Income Taxes

The provision for (recovery of) income taxes is comprised of:

	Thousands of dollars	
	1993	1992
Current	**$ 4,517**	$ (785)
Deferred	**9,457**	(10,912)
	$13,974	$(11,697)

The effective rate of income taxes is as follows:

	1993	1992
Combined basic federal and provincial income tax rate	**37.6%**	39.9%
Income tax adjustments resulting from:		
Losses not tax effected	**50.4**	(9.9)
Other items	**(3.2)**	(5.7)
Effective income tax rate	**84.8%**	24.3%

Certain U.S. subsidiaries have accumulated losses, which have not been tax effected, of approximately $110.8 million (U.S. $83.9 million) which may be applied against future years' taxable income. These losses, which have not been tax effected, expire from 1998 to 2008.

13. Joint Venture Operations

The Company's 50% proportionate share of joint venture operations included in the consolidated financial statements before provision for income taxes is summarized below:

	Thousands of dollars	
	1993	1992
Assets	**$ 88,371**	$ 98,963
Liabilities	**$ 36,377**	$ 45,635
Net sales	**$114,344**	$ 52,813*
Expenses	**$ 98,773**	$ 46,610*

*Represents operations for six months.

14. Gain (loss) from Discontinued Operations

The gain (loss) from discontinued operations for 1993 and 1992 have been reported separately in the consolidated statements of earnings. During 1992 the Company sold the business and operating assets of its wholly-owned Florida Wire and Cable Company and Canron's Tamper Corp. which together were classified as discontinued. Summarized below are the results and provisions for the above mentioned operations and those operations which were previously discontinued.

	Thousands of dollars	
	1993	1992
Earnings (loss) before income taxes	**$(3,493)**	$ 4,575
Provision for (recovery of) income taxes	**(1,316)**	1,056
	(2,177)	3,519
Gain on sale of net assets, net of applicable income taxes of $6,624	**—**	13,323
Gain (loss) from discontinued operations	**$(2,177)**	$16,842

The net sales of the discontinued operations were $199 thousand in 1993 and $160.8 million in 1992.

The consolidated statements of financial position include the following amounts relating to the discontinued operations:

	Thousands of dollars	
	1993	1992
Current assets	**$ 304**	$ 433
Current liabilities	**(2,434)**	(1,371)
Fixed assets	**6,849**	6,737
Other assets	**32,848**	32,880
Long-term liabilities	**(8,275)**	(10,018)
Net assets	**$29,292**	$28,661

15. Transactions with Related Parties

From time to time the Company borrows short-term funds from directors who are senior officers of the Company and makes drawings available to them, all at the lower of prime rates and U.S. dollar LIBOR rates.

16. Comparative Figures

The 1992 figures have been reclassified to conform with the presentation adopted in 1993.

17. Segmented Information

The Company operates principally in Canada and the United States in two industry segments. The Company operates in its principal line of business and dominant segment as a steel producer and manufacturer of a wide variety of steel products. It also operates as a manufacturer of plastic pipe and fabricator and erector of structural steel.

Canadian sales to outside customers include export sales in 1993 of $396 million (1992 — $312 million) primarily to customers in the United States. Highlighted below is the breakdown of net sales, earnings from operations and identifiable assets by industry and geographic segments.

Industry Segment

Thousands of dollars

	1993			1992		
	Steel	Plastic Pipe and Fabrication/ Erection of Structural Steel	Consolidated	Steel	Plastic Pipe and Fabrication/ Erection of Structural Steel	Consolidated
Net sales	**$ 956,672**	**$265,183**	**$1,221,855**	$ 813,745	$280,595	$1,094,340
Operating earnings before:	**$ 74,041**	**$ 18,162**	**$ 92,203**	$ 27,553	$ 15,561	$ 43,114
Depreciation and amortization	**(36,506)**	**(7,278)**	**(43,784)**	(35,561)	(8,268)	(43,829)
Earnings (loss) from operations	**$ 37,535**	**$ 10,884**	**$ 48,419**	$ (8,008)	$ 7,293	$ (715)
Assets identifiable by segment	**$1,014,733**	**$188,662**	**$1,203,395**	$ 974,092	$208,541	$1,182,633
Net additions to fixed assets	**$ 12,804**	**$ 4,828**	**$ 17,632**	$ 4,223	$ 2,749	$ 6,972

Geographic Segment

Thousands of dollars

	1993			1992		
	Canada	U.S.A.	Consolidated	Canada	U.S.A.	Consolidated
Net sales	**$ 739,687**	**$482,168**	**$1,221,855**	$ 731,757	$362,583	$1,094,340
Operating earnings before:	**$ 99,210**	**$ (7,007)**	**$ 92,203**	$ 63,896	$(20,782)	$ 43,114
Depreciation and amortization	**(30,322)**	**(13,462)**	**(43,784)**	(32,040)	(11,789)	(43,829)
Earnings (loss) from operations	**$ 68,888**	**$(20,469)**	**$ 48,419**	$ 31,856	$(32,571)	$ (715)
Assets identifiable by segment	**$ 875,494**	**$327,901**	**$1,203,395**	$ 912,194	$270,439	$1,182,633

FINANCIAL SUMMARY

MILLIONS OF DOLLARS EXCEPT PER SHARE AMOUNTS

Operating Results	1993	1992*	1991	1990	1989	1988	1987
Net sales	**$1,221.9**	1,094.3	1,115.8	1,868.5	2,001.1	2,013.3	2,127.8
Operating earnings before:	**$ 92.2**	43.1	21.9	133.9	167.7	216.9	198.7
Depreciation and amortization	**$ 43.8**	43.8	45.6	55.0	51.8	56.9	56.7
Earnings (loss) from operations	**$ 48.4**	(0.7)	(23.7)	78.9	115.9	160.0	142.0
Earnings (loss) from continuing operations before income taxes	**$ 16.5**	(48.1)	(81.6)	12.2	57.1	108.3	89.0
Provision for (recovery of) income taxes	**$ 14.0**	(11.7)	(25.2)	0.1	20.9	41.5	42.1
Earnings (loss) from continuing operations	**$ 2.5**	(36.4)	(56.4)	7.2	28.2	55.6	39.9
Net earnings (loss)	**$ 0.3**	(19.6)	(59.4)	17.0	12.9	41.9	31.8
Earnings (loss) per share**							
Continuing operations	**$ (0.53)**	(2.51)	(3.71)	(0.76)	0.29	1.77	0.91
Earnings (loss) per share	**$ (0.63)**	(1.71)	(3.86)	(0.25)	(0.55)	1.03	0.46
Return on sales	**% 0.0**	(1.8)	(5.3)	0.9	0.6	2.1	1.5

Financial Position	1993	1992*	1991	1990	1989	1988	1987
Current assets	**$ 484.8**	453.3	533.1	620.7	951.8	970.2	913.4
Current liabilities	**$ 264.2**	325.8	354.9	369.3	466.1	464.3	441.8
Working capital	**$ 220.6**	127.5	178.2	251.4	485.7	505.9	471.6
Net additions to fixed assets	**$ 17.6**	7.0	24.7	39.6	68.0	89.8	88.5
Total assets	**$1,203.4**	1,182.6	1,296.6	1,411.8	1,838.2	1,853.9	1,764.7
Long-term liabilities	**$ 340.5**	299.4	356.7	355.7	550.6	508.2	449.8
Convertible debentures	**$ 15.0**	10.0	—	—	—	—	—
Exchangeable debentures	**$ 95.2**	95.2	95.2	95.2	95.2	95.2	95.2
Shareholders' equity	**$ 442.8**	422.3	446.9	535.5	548.2	577.3	581.7
Dividends	**$ 1.7**	3.2	19.1	33.0	34.0	34.1	34.2
Book value per share**	**$ 7.51**	8.32	10.35	14.65	15.76	16.91	16.48

* The 1992 figures have been reclassified to conform with the presentation adopted in 1993.

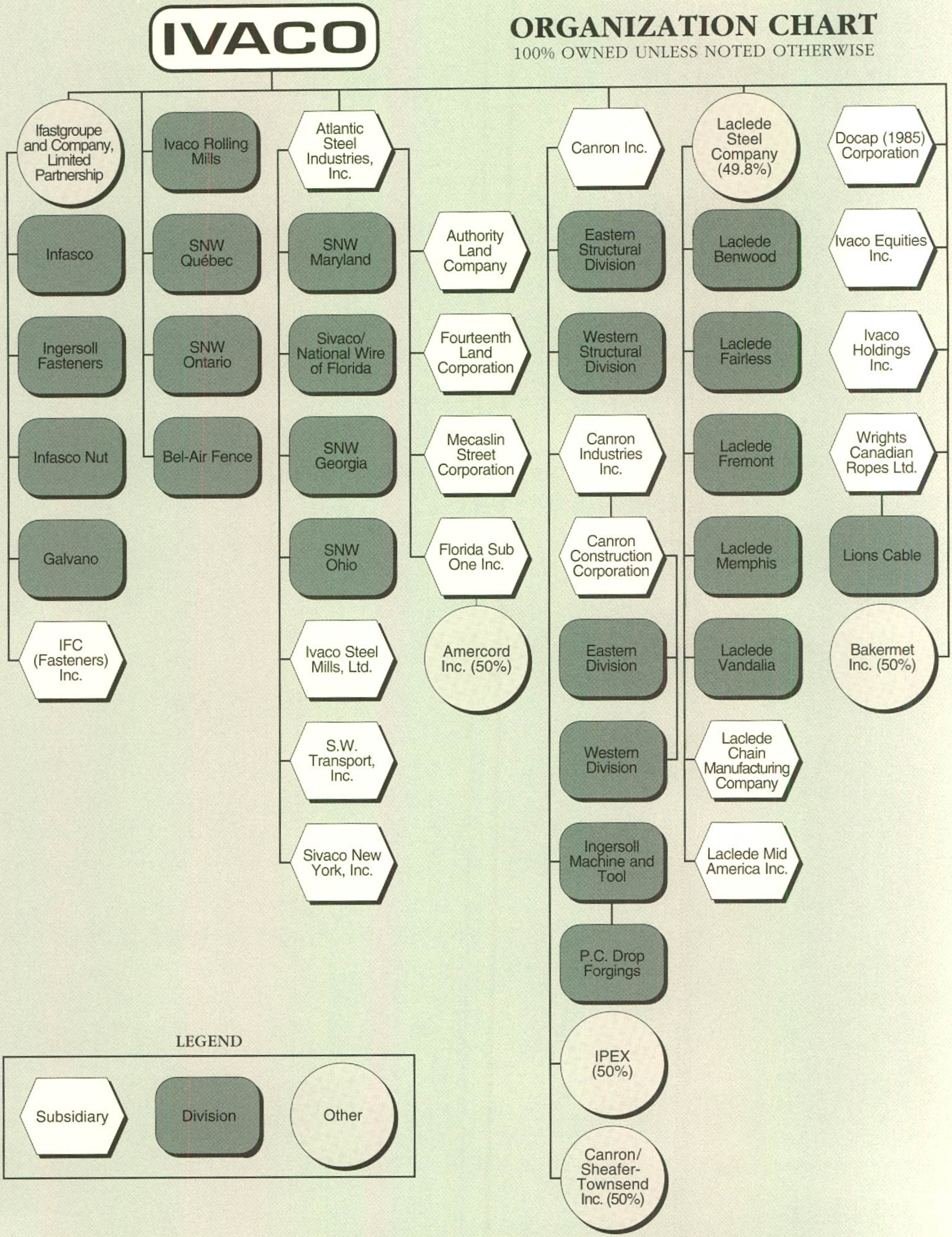
** Declared and undeclared preferred share dividends have been deducted in calculating per share amounts.

1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974
1,944.8	1,342.7	1,193.9	754.7	681.7	718.3	621.9	495.4	265.9	166.8	136.0	103.0	150.7
187.9	138.9	129.3	63.5	54.3	96.4	81.2	96.7	57.0	28.0	19.6	12.9	42.8
56.3	39.5	34.5	27.0	23.9	19.6	14.9	11.4	8.0	6.8	6.1	3.6	3.3
131.6	99.4	94.8	36.6	30.5	76.9	66.3	85.3	49.0	21.2	13.5	9.2	39.5
81.7	57.6	54.4	(0.3)	(25.7)	33.9	41.1	69.0	41.1	14.6	7.2	6.4	37.6
32.7	18.3	15.8	(5.9)	(15.3)	8.6	12.4	25.4	16.7	4.6	1.6	1.7	16.5
43.1	35.1	32.3	2.9	(9.9)	25.2	28.3	42.7	24.0	9.8	5.4	4.5	20.4
44.1	35.1	33.8	0.8	(9.9)	28.4	28.3	42.7	24.0	9.8	5.4	5.4	20.4
1.05	1.04	1.53	(0.17)	(1.20)	2.08	2.47	3.98	2.20	0.89	0.52	0.43	2.12
1.11	1.04	1.64	(0.34)	(1.20)	2.37	2.47	3.98	2.20	0.89	0.52	0.52	2.12
2.3	2.6	2.8	0.1	(1.5)	3.9	4.6	8.6	9.0	5.9	4.0	5.2	13.5

1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974
860.1	623.1	536.0	461.8	347.6	335.5	273.7	257.3	130.2	105.9	100.6	88.6	76.8
373.0	228.1	263.2	191.0	204.7	223.3	143.8	147.0	73.1	69.5	69.5	59.5	45.9
487.1	395.0	272.8	270.8	142.9	112.2	129.9	110.3	57.1	36.4	31.1	29.1	30.9
84.4	46.3	39.5	16.6	42.6	60.8	64.2	34.3	27.6	19.7	7.4	16.0	32.4
1,697.5	1,281.4	1,117.3	890.0	740.4	706.3	572.7	483.7	277.5	224.9	203.5	188.0	160.4
436.0	300.6	350.8	263.4	277.6	207.3	187.5	143.2	58.4	30.8	32.2	33.5	29.8
—	—	—	—	—	—	—	—	—	—	—	—	—
95.2	95.3	—	—	—	—	—	—	—	—	—	—	—
604.1	520.6	366.9	303.3	194.9	206.3	187.8	151.7	116.8	95.6	74.2	70.8	67.3
33.7	28.4	19.4	10.3	7.0	9.3	8.4	7.9	5.3	2.6	1.9	1.9	1.7
16.64	15.01	14.29	13.22	14.25	16.23	14.46	12.61	9.49	7.68	7.04	6.68	6.34

ORGANIZATION CHART

100% OWNED UNLESS NOTED OTHERWISE



DIRECTORY OF OPERATIONS

Amercord Inc.
Industrial Park
P.O. Box 458
Lumber City, Georgia 31549
912/363-4371
FAX: 912/363-4991
Steel tire cord, tire bead wire and armor wire for fiber optic cables

Atlantic Steel Industries, Inc.
1300 Mecaslin St. N.W.
Atlanta, Georgia 30318
P.O. Box 1714
Atlanta, Georgia 30301
404/897-4500
FAX: 404/897-4623
Hot rolled bars, reinforcing bars and wire rods

Atlantic Steel Industries, Inc.
384 Old Grassdale Road, N.E.
P.O. Box 1418
Cartersville, Georgia 30120
404/387-3300
FAX: 404/387-3327
Billets, hot rolled bars and reinforcing bars

Bakermet Inc.
2555 Sheffield Road
Ottawa, Ontario K1B 3V6
613/745-6000
FAX: 613/745-0692
Processing of scrap metal

Bel-Air Fence
400, rue Deslauriers
Saint-Laurent, Québec H4N 1V8
514/335-4455
FAX: 514/335-4495

2400, rue Chappe
Ancienne-Lorette
Québec, Québec G2E 4W6
418/871-1155
FAX: 418/871-2945
Distribution of fencing products and accessories

Canron Inc.
100 Disco Road
Rexdale, Ontario M9W 1M1
416/657-6400
FAX: 416/675-0366
Corporate Office

Canron Construction Corp.
Eastern Division
P.O. Box 421, Shaw Road
Conklin, New York 13748
607/723-4862
FAX: 607/723-4882
Structural steel fabrication and erection and construction services

Canron Construction Corp.
Western Division
4600 N.E. 138th Avenue
P.O. Box 30149
Portland, Oregon 97230
503/255-8634
FAX: 503/253-3907
Structural steel fabrication and erection and construction services

Canron Inc.
Eastern Structural Division
100 Disco Road
Rexdale, Ontario M9W 1M1
416/675-6400
FAX: 416/675-6522
Structural steel fabrication and erection and construction services

Canron Inc.
Western Structural Division
1168 Derwent Way
New Westminster, British Columbia
V3M 6E9
604/524-4421
FAX: 604/524-4465
Plants: Vancouver and
New Westminster, British Columbia; and Calgary, Alberta

Structural steel fabrication, open web steel joists; pressure vessels and tanks; erection and construction services

Docap (1985) Corporation
21 Fasken Drive
Etobicoke, Ontario M9W 5M2
905/675-7571
FAX: 905/675-6787
Distributors of automotive and industrial products

Ifastgroupe and Company, Limited Partnership
700, rue Ouellette
Marieville, Québec J3M 1P6
514/658-8741
FAX: 514/447-0114
Bolts, nuts and fastener products

Galvano
2620, rue Bernard-Pilon
Beloeil, Québec J3G 4S5
514/464-0547
FAX: 514/464-8553
Electro-galvanizing and hot dip galvanizing of fasteners and nails

I.F.C. (Fasteners) Inc.
700, rue Ouellette
Marieville, Québec J3M 1P6
514/658-8741
FAX: 514/447-0114
Bolts and nuts

Infasco
700, rue Ouellette
Marieville, Québec J3M 1P6
514/658-8741
FAX: 514/447-0114
Bolts, nuts and fastener products

Infasco Nut
7283 Torbram Road
Mississauga, Ontario L4T 1G8
905/677-8920
FAX: 905/677-6295
Nuts

Infatool
Ingersoll Street
P.O. Box 40
Ingersoll, Ontario N5C 3K3
519/485-4531
FAX: 519/485-2435
Dies and specialty tooling

Ingersoll Fasteners
390 Thomas Street
P.O. Box 40
Ingersoll, Ontario N5C 3K3
519/485-4610
FAX: 519/485-2435
Bolts, nuts and fastener products

Ingersoll Machine and Tool
347 King Street West
P.O. Box 250
Ingersoll, Ontario N5C 3K6
519/485-2210
FAX: 519/485-2163
Precision machined components and axles

IPEX
Head Office:
50 Valleybrook Drive
Don Mills, Ontario M3B 2S9
416/445-3400
FAX: 416/445-4461

Administrative Office:
1st Floor, Wing 3
Port of Montréal Building
Cité du Havre
Montréal, Québec H3C 3R5
514/861-7221
FAX: 514/876-8747

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Plastic pipe systems

Ivaco Rolling Mills
P.O. Box 322
L'Orignal, Ontario K0B 1K0
613/675-4671
FAX: 613/675-2714
Hot rolled wire rods and steel billets

Laclede Steel Company
One Metropolitan Square
211 North Broadway
St. Louis, Missouri 63102
314/425-1400
FAX: 314/425-1561
Head Office

Laclede - Alton Plant
P.O. Box 2576
Alton, Illinois 62002
618/474-2100
FAX: 618/474-2267
A53 continuous welded pipe, A135/A795 & A500 electric resistance weld pipe; hot rolled products, alloy and special quality bars, flat bars, narrow plate, strip, hot rolled wire rods, forging billets, and semi-finished products

Laclede - Benwood
Benwood Industrial Court
8th & McMechen Street
P.O. Box 10
Benwood, West Virginia 26031
304/233-5171
FAX: 304/233-5173
ERW Structural Tubing

Laclede Chain Manufacturing Company
One Metropolitan Square
211 North Broadway
St. Louis, Missouri 63102
314/425-1540
FAX: 314/425-1538

Plant: 2500 East First Street
P.O. Box 249
Maryville, Missouri 64468
816/562-2160
FAX: 816/562-2743
Chain manufacturing

Laclede - Fairless
Fairless Works
Fairless Hills, Pennsylvania 19030
215/736-6380
FAX: 215/736-6361
Continuous welded pipe

Laclede - Fremont
Feather Valley Road
P.O. Box 629
Fremont, Indiana 46737
219/495-5360
FAX: 219/495-2666
Oil tempered wire

Laclede - Memphis
1175 Harbor Avenue
P.O. Box 13207
Memphis, Tennessee 38113
901/948-7710
FAX: 901/774-8610
Industrial wire, cold heading, high carbon, annealed and plating quality wire

Laclede - Vandalia
1201 Janette Avenue
Vandalia, Illinois 62471
618/283-6000
FAX: 618/283-6003
Pipe finishing

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P.O. Box 100
Port Colborne, Ontario L3K 5V7
905/834-7211
FAX: 905/834-5094
Steel forgings – upset and drop

Sivaco / National Wire Group (SNW)
Overlook III, Suite 1900
2859 Paces Ferry Road
Atlanta, Georgia 30339
404/431-5100
FAX: 404/431-5102
Head Office

Sivaco / National Wire of Florida
1314 – 31st Street
Tampa, Florida 33605
813/248-4135
FAX: 813/248-3057
Wire and welded wire fabric

SNW Georgia
24 Herring Road
Newnan, Georgia 30265
404/253-6333
FAX: 404/253-3550
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SNW Maryland
8203 Fischer Road
Baltimore, Maryland 21222
410/477-1700
FAX: 410/388-0770
Wire, galvanized wire and welded wire fabric, masonry wall reinforcement products

Sivaco New York, Inc.
3937 River Road
P.O. Box 646
Tonawanda, New York 14151-0646
716/874-5681
FAX: 716/874-4440
Wire products and wire rod processing

SNW Ohio
832 North Lallendorf Road
Toledo, Ohio 43616
419/698-8037
FAX: 419/698-4325
Wire and welded wire fabric

SNW Ontario
330 Thomas Street
P.O. Box 220
Ingersoll, Ontario N5C 3K5
519/485-4150
FAX: 519/485-3039
Wire products and wire rod processing

SNW Québec
800, rue Ouellette
Marieville, Québec J3M 1P5
514/658-8741
FAX: 514/460-2744
Wire, welded wire fabric, galvanized wire and nails

Wrights Canadian Ropes Ltd.
2551 #6 Road
Richmond, British Columbia
V6V 1P3
604/273-4941
FAX: 604/273-3803
Wire ropes and cables

IVACO

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MONTRÉAL (QUÉBEC) CANADA H3A 1G1

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