IVACO

1994 annual report
IVACO Inc.

In Memoriam

The Board of Directors, Management and Staff of Ivaco mark with great sadness and regret the passing of the Company's Chairman and founder, Isin Ivanier, who died on September 21, 1994.

Mr. Ivanier was a steel executive and visionary who came to Canada from his native Romania in 1949 and commenced the manufacture of nails and wire shortly thereafter in Marieville, Québec.

He had a long and distinguished career as a steelmaker, businessman and philanthropist. His wise counsel is sadly missed by all his colleagues.

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FINANCIAL HIGHLIGHTS

THOUSANDS OF DOLLARS EXCEPT PER SHARE AMOUNTS

	1994	1993*
Sales	**$ 1,418,242**	$ 1,220,872
Operating earnings	**$ 122,731**	$ 92,366
Earnings from continuing operations before income taxes	**$ 45,013**	$ 16,685
Earnings from continuing operations	**$ 18,404**	$ 2,711
Net earnings	**$ 8,054**	$ 321
Earnings (loss) per share **		
Continuing operations	**$ 0.13**	$ (0.52)
Loss per share	**$ (0.25)**	$ (0.63)
Working capital	**$ 263,037**	$ 220,631
Net additions to fixed assets	**$ 33,559**	$ 18,146

* The 1993 figures have been reclassified to conform with the presentation adopted in 1994.

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

COMPANY PROFILE

Ivaco is a steel producer with annual steel-making and rolling capacity of more than two million tons located at Ivaco Rolling Mills in Ontario, Atlantic Steel in Georgia and at 49.8%-owned Laclede Steel in Illinois. Its products include steel billets, hot rolled bars and shapes, wire rod, wire, welded wire fabric, nails, fasteners, precision machined components, forgings, wire ropes and cables.

Ivaco also fabricates and erects structural steel. Through 50%-owned IPEX it manufactures plastic pipes and fittings, and through 50%-owned Amercord Inc. it manufactures tire cord and tire bead. The Ivaco Group has 51 plants, 33 of which are in Canada and 18 in the United States, and employs approximately 7,600 people.

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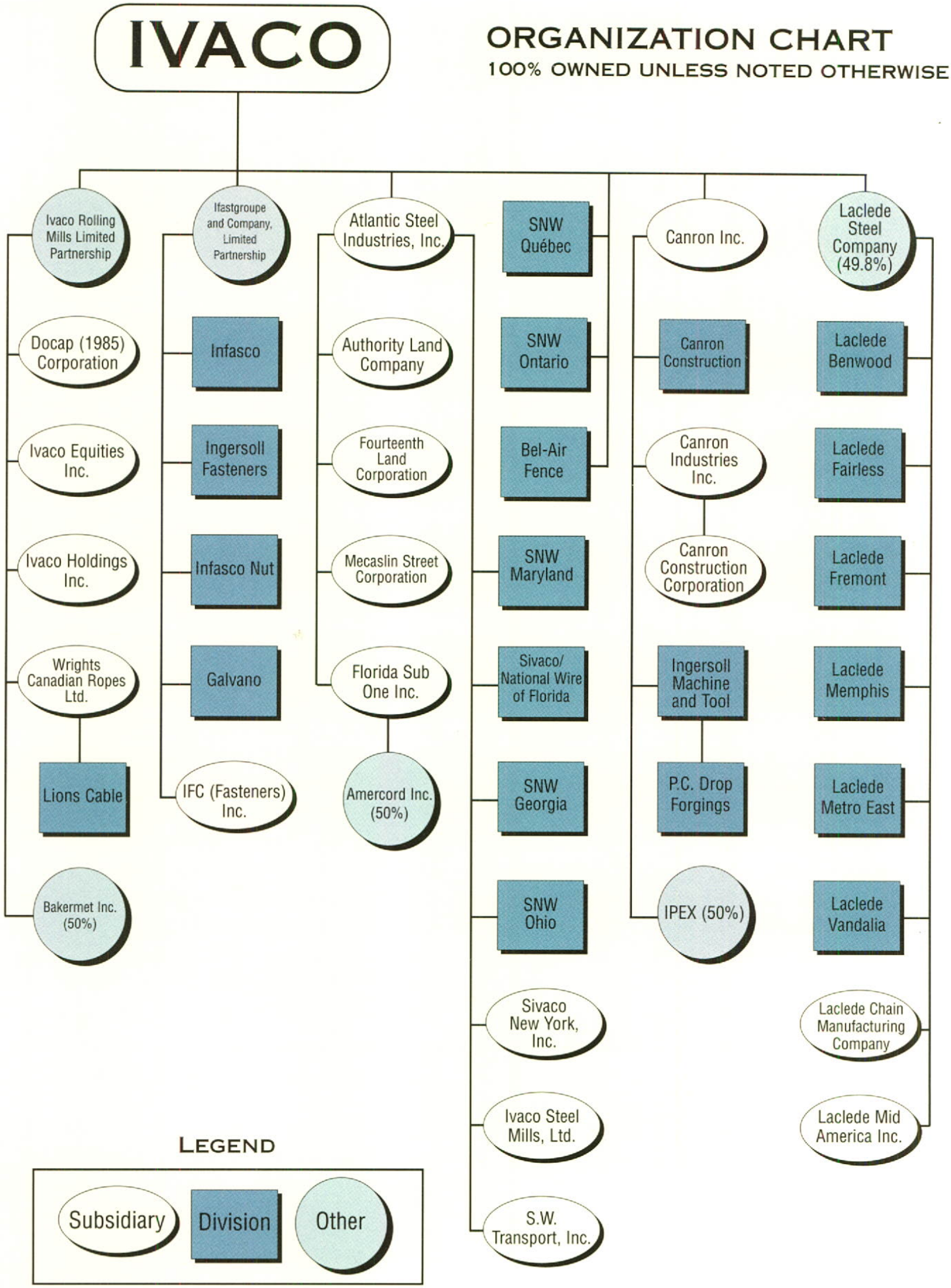
ORGANIZATION CHART
100% OWNED UNLESS NOTED OTHERWISE



To Our Shareholders:

April 6, 1995

In 1994, your Company successfully completed all the essential steps to achieve the dramatic transition, now in effect, toward a new era of growth and sustainable strong earnings. In the year just past, Ivaco increased its sales, strengthened its financial results, dealt decisively with all of the costs of restructuring initiated during the recession, and finalized its plans to resolve the dividend arrears on the Company's four series of Second Preferred Shares.

Perhaps even more important than the improved results of 1994, is the prospect that 1995 has started strongly and holds the promise of continuing to be a banner year.

Ivaco's operations have improved substantially in 1994. Sales strengthened to $1.42 billion from $1.22 billion in 1993, and both earnings from continuing operations and net earnings were up substantially. The improvement in net earnings was accomplished despite a charge of $10.4 million from discontinued operations. This one time charge includes $6.0 million related to the Company's share of environmental remediation costs following the divestiture of Florida Wire and Cable in 1992. The balance of the charge pertains to costs associated with other discontinued operations.

What is particularly gratifying about the positive improvement in the 1994 results is that they were achieved despite the quite difficult conditions which existed for several Ivaco companies during the fourth quarter of the year. A decided softening of performance had been anticipated, and the expectation communicated to shareholders, at the end of the strong third quarter. One of the principal causes for the soft fourth quarter was that a rapid escalation of scrap costs was underway for this important raw material and it became clearly evident late in the third quarter that these higher costs could not realistically be passed through to customers until early 1995. In addition, some of Ivaco's units traditionally undergo seasonal slowdowns during the fourth quarter. However, it is a pleasure to reaffirm that quite buoyant conditions have existed through the first quarter of 1995.

To put the successes achieved in 1994 into a proper perspective, it should be noted that many of the actions which resulted in better operating results had been initiated earlier — through the darkest days of the severe recession which began some three years before. Every single business unit was subjected to a disciplined review by senior management to provide detailed analysis of opportunities to enhance product mix, productivity, and cost containment. The result of this sweeping evaluation was a determined re-emphasis of the Ivaco mindset which, historically, has always been oriented to being the low cost producer.

Every single aspect of the manufacturing process in every one of Ivaco's operating units was analyzed in detail. While the overall strategy was found to be correct, the process identified a very large number of prospective efficiencies which could be put in place for relatively low capital expenditures, each having fast payback periods.

As shareholders know, all of Ivaco's steelmaking mills utilize steel scrap as their principal raw material. Scrap prices were at peak levels by the end of 1994 and were subject to great volatility during the year. Given the nature of the industry's selling practices, several months are sometimes required before such increased costs can be recovered. This situation created a particularly difficult problem for Atlantic Steel. However, conditions are in much improved balance since early in 1995.

One of the major successes achieved in 1994 was the satisfactory resolution of the problem resulting from allegations made by some U.S. manufacturers that several steel producers from around the world were dumping hot rolled wire rods into the United States. Early in the second quarter of 1993, the U.S. Department of Commerce announced that it would investigate these allegations.

At the time, Ivaco vigorously denied the allegations and inaugurated a comprehensive effort to demonstrate that they were unfounded and incorrect as far as Ivaco was concerned. In a preliminary determination, the U.S. Department of Commerce indicated that, if any antidumping duties were to be applied, the estimated duty to be imposed on Ivaco would be virtually a token of the rate alleged by the U.S. manufacturers and the lowest of all the respondents. The five U.S. wire rod producers which had made the original complaint to the Department of Commerce decided to withdraw their antidumping petition early in the second quarter of 1994. As a result, Ivaco paid no antidumping duties on its wire rod exports to the U.S.

Comforting as it is to know that the ultimate resolution of this issue fully vindicated Ivaco, it also should be noted that bringing it to a satisfactory conclusion was exceedingly time consuming for your senior management and a substantial cost burden.

Elsewhere in this report, all of the operating units are reviewed in some detail. All, with the exception of Atlantic Steel and Canron's structural steel unit, delivered profits from their ongoing operations for the year. And, every unit within the Ivaco Group entered the new year in robust condition with expectations of doing better in 1995.

The following reviews them briefly:

The Ivaco Rolling Mills complex at L'Orignal, Ontario continues to excel. Both the steelmaking plant and the rolling mill achieved record tonnage production and each refined its operations to deliver record productivity during the year.

As noted in last year's annual report, the steelmaking facility has made a major leap toward lower costs and higher productivity by modifying one of its two electric furnaces so that it could produce more steel in one furnace than was previously possible with two. In addition to the additional production, the benefits also included substantial reduction in energy, electrode and other costs. Several further significant productivity and quality enhancement improvements will be completed this year.

Atlantic Steel continued to make excellent progress in 1994 toward its twin goals of substantially reducing its costs and increasing productivity. However, a strong surge in scrap prices combined with a flood of low priced hot rolled wire rod imports into its main markets impacted the year end results negatively.

Nevertheless, Atlantic Steel operated at full capacity during the year and the several incremental mill upgrades completed recently have helped lower its steelmaking conversion costs, and a number of fast payback projects are planned in 1995 which should result in additional annual savings.

Atlantic expects to be at the breakeven level in this current year, a substantial improvement over the previous year.

Laclede Steel, 49.8%-owned by Ivaco, made significant successful progress in 1994, most particularly in the growth of its steel tubular business. Laclede has modified its continuous caster to produce larger size slabs for efficient rolling into skelp for the production of steel pipe. It is one of North America's largest steel pipe manufacturers and, because it is the only mill to make its own steel skelp, is a leader in low cost production.

Laclede is also a major manufacturer of Special Bar Quality steels, wire, oil tempered wire and chain.

Previously, Ivaco has announced a willingness in principle to consider divestiture of its interest in Laclede but your Company has made it abundantly clear that this is a long term strategic goal, one based on realization of the appropriate value. Laclede is continuing to show improvement in operating results and has a highly positive outlook for 1995.

The comprehensive restructuring of the Wire and Wire Products Group resulted in rigid cost cutting, plant modernizations, renewed emphasis on evolving the product mix to include more premium grade products, and the combination under a single management of the two separate Sivaco and National Wire operations into the Sivaco/National Wire Group (SNW). The first full year following the restructuring has been beneficial. SNW's continuing operations were profitable in 1994 and substantially improved earnings are anticipated in 1995.

The Fastener Group performed profitably in 1994. Each one of its four manufacturing units posted strong growth during the year and each expects further improvement this year.

The efficient manufacture and marketing of bolts and nuts is extremely complex. There are, literally, tens of thousands of different shapes, sizes, grades and finishes. The Fastener Group has developed a remarkable ability to schedule its inventory controls and production management to ensure that customer service and order fulfillment meet and exceed the industry's highest standards. During 1994, the Infasco unit, one of the world's largest producers of standard fasteners, expanded boltmaking capacity and installed a sophisticated in-line quality control system. Specialty fastener maker, Ingersoll Fasteners, also added new boltmaking capacity, augmented quality control resources, and further automated packaging. Infasco Nut, doubled its manufacturing space and assumed full production responsibility for cold formed standard and specialty nuts. Galvano, the plating and finishing unit, increased its already high productivity standards.

Wrights Canadian Ropes, which produces wire ropes, recorded increased margins during the year principally due to a more favorable product mix. One contributing factor was the strong oil and gas exploration industry which typically employs longer and larger diameter ropes than many other industries.

Amercord, 50%-owned by Ivaco is a large U.S. producer of tire cord and tire bead. Both products are exceptionally quality sensitive and both are made from wire drawn from high carbon wire rods. The Company had a profitable year, though not up to expectations as a result of strong competition from imports from Asia and Europe, and as a result of strikes at several customers' plants.

The Canron Group comprises three operating units. The Canron steel fabrication and erection business faced continued low levels of construction in both Canada and the U.S. and a loss resulted. However, several significant bidding successes have been achieved and the outlook for the Construction division is much improved for 1995.

The IPEX unit, 50%-owned by Canron, had an excellent year. IPEX completed a small but strategically important acquisition during the year and its strong performance in 1994 is expected to continue in 1995.

The third unit in the Canron Group is Ingersoll Machine and Tool. Both sales and earnings improved in 1994. Ingersoll's axles business remained strong through the year as did its forging operations. Both should deliver positive growth in the current year.

Your Company's financial position strengthened during the past year, and working capital increased to \$263.0 million at year end up from \$220.6 million in the previous year.

Among the significant financial events of the year were the successful bought deal placement of 3.6 million Class A Subordinate Voting Shares to raise gross proceeds of \$30.9 million and the private placement of U.S. \$45 million of debt repayable over a 10 year period at the attractive rate of 8.44%.

Also during the year, plans were finalized to deal as expeditiously as possible with the dividend arrears on the Company's four series of Second Preferred Shares. Your Board of Directors recognized that the improving economic conditions and the cumulative success of several years of dedicated cost containment would make it possible to seek shareholder approval for a plan to deal with the arrears and to reinstate dividends on the Second Preferred Shares.

In January of 1995, shareholders overwhelmingly approved the plan which permits the Company to pay the dividend arrears in cash, in newly created Series 5 Second Preferred Shares, in Class A Subordinate Voting Shares, or a combination thereof. As a result, Ivaco has paid approximately \$33.1 million in dividends on its Second Preferred Shares which represents 75% of the arrears. Of the \$33.1 million, \$8.5 million was paid in cash and the balance in Series 5 Second Preferred Shares.

It is intended that the remaining arrears will be paid in three equal instalments of \$3.7 million each over the next three years.

In addition, the Board has also declared the resumption of regular quarterly dividends on Second Preferred Shares and elected to make the first such payment entirely in cash. Your Board has indicated that payments of further regular quarterly dividends in 1995 on the Second Preferred Shares Series 1, 2, 3 and 4, will probably be paid in a combination of cash and shares.

LOOKING INTO THE FUTURE:

Your Company is sensitive to the success being achieved through its existing joint ventures. It is continuing its work to investigate possible joint ventures that identify synergies and which enhance shareholder value.

Some parts of Ivaco's valuable portfolio of surplus lands are beginning to attract the attention of prospective buyers. Ultimately, these land holdings, which include a 125 acre site near downtown Atlanta and a 40 acre redevelopment site in Metropolitan Toronto, are expected to be sold. It is not your Company's intent, however, to divest these and its other valuable properties hurriedly or at an inappropriate price. Given the strategic locations involved, patience will clearly be a virtue.

More normal effective tax rates are expected for 1995 from the very high levels of the past several years. The effective tax rate should be positively impacted in 1995, as U.S. operations return to breakeven levels.

The order backlog at almost all units is substantial and high levels of production are anticipated throughout the year. This combination of strong product demand, low unit cost of production, the more appropriate level of the Canadian dollar, all combine to indicate that Ivaco will have a banner year in 1995.

On behalf of the Board of Directors,

Paul Ivanier

Paul Ivanier
President and Chief Executive Officer

The Ivaco Group

STEELMAKING

Ivaco's Steelmaking Group performed successfully in 1994 despite the dual problems posed by (i) substantially higher prices for scrap and other raw materials, and (ii) a flood of offshore low priced imports of hot rolled wire rods into some market areas within the United States.

The satisfactory performance only partially reflected increased demand for product. The major reasons for the year's successes by the Group stemmed from operating efficiencies and gains in productivity resulting from the Company's continuing emphasis on cost reductions.

Each of the Company's three steelmaking units operated at or near capacity throughout the year.

The Steelmaking Group consists of:

— 100%-owned Ivaco Rolling Mills at L'Orignal, Ontario.

— 100%-owned Atlantic Steel at Cartersville and Atlanta, Georgia.

— 49.8%-owned Laclede Steel at Alton, Illinois, and downstream product plants in Pennsylvania, West Virginia, Tennessee, Indiana, Missouri and Illinois.

The combined capacity of the three steelmaking units exceeds two million tons per year, all via highly efficient electric furnace operations, and is 100% continuous cast for Ivaco Rolling Mills and Atlantic Steel and 70% at Laclede Steel.

The outlook for the Group is for continued strong improvement in 1995.

IVACO ROLLING MILLS

The steelmaking and rolling mill complex at L'Orignal, Ontario is a highly specialized and ultra efficient operation that is focused on a single family of end products: hot rolled wire rods.

The melt shop uses steel scrap as its main raw material to produce continuous cast steel billets in grades designed specifically to permit optimum productivity at the adjacent rolling mill. This close integration of steelmaking with the production of hot rolled wire rods achieves a number of significant benefits. These include scheduling flexibility for both mills, efficient delivery of feed-stock to the rolling mill, minimum levels of billet inventory, and, perhaps most importantly, industry leading standards for customer service.

Both steelmaking and rolling mill operations have been consistently focused on slowly evolving the product mix toward an ever higher proportion of value added, special chemistry wire rods. In 1994, this process continued successfully to the point where slightly more than 65% of production met these criteria and it is anticipated that this will continue to increase in 1995.

Both the melt shop and the rolling mill at L'Orignal achieved record tonnage production and record productivity in 1994.

The melt shop has continued to refine its already extraordinarily successful program of switching operations from two furnaces to a single furnace modified to very high performance standards.

In terms of steel plant productivity, the tons produced per furnace operating day have virtually doubled since 1990 despite the switch from two furnaces to one. In 1994, this key productivity yardstick advanced further from the previous year and the Company produced more tons on one furnace than had ever been produced on two. One major explanation for this significant advance is the achievement of shorter cycles in the time required per heat.

Equally significant has been the steady improvement in reduction of operating costs in terms of such factors as electrical energy and electrode consumption per ton produced. Kilowatt hours per ton of steel, including ladle furnace consumption, have been steadily cut since 1990 and were further reduced in 1994. Electrode consumption per ton, another major cost determinant, has similarly been reducing steadily since 1990 with a dramatic decrease following the transition to single furnace operations. Consistent with these advances in cost reductions and productivity, the L'Orignal steel plant has also significantly increased its yield of good billets from the steel scrap and other equivalents utilized for raw material.

Steps were undertaken at the steel plant to continuously increase the proportion of premium grades in the product mix. These include high carbon, high carbon alloys, welding grades, cold heading, and aluminum killed steels, all of which command premium pricing. Typical of the emphasis on premium grade steels, L'Orignal is believed to be the only continuous cast mill in North America producing a highly specialized high carbon silicon, manganese, and chrome alloy, a grade which is used in the manufacture of critical springs.

This thrust toward more sophisticated grades continued to employ a multitude of refinements to improve product quality, productivity, and to extend market penetration. In addition, three significant improvements undertaken are of a large scale and each of them has a short payback period.

The first is the installation of the ladle tapping turret which was conceived initially as part of a two year rolling environmental study aimed at reducing emissions of particulate matter. Following installation, the turret has contributed three additional benefits: productivity, quality, and safety. In terms of productivity and quality, the new turret, in addition to reducing tapping time, reduces nitrogen and oxygen pick up and results in a cleaner steel. Among the other positive benefits are reduced crane waiting periods with attendant lower diffusion of gases from the ladle, and substantially reduced splashing of hot steel during tapping. This both reduces maintenance costs and ensures safer conditions for those working on nearby equipment.

The second is the installation of electromagnetic stirring coils on each strand of the billet caster during the second quarter of 1995. These coils provide enhanced homogeneity to the steel particularly in higher carbon grades. Improved surface integrity on cold heading billet grades is also an expected benefit from this installation.

The third significant improvement is the upgraded billet conditioning system featuring automatic material handling and improved shot blasting equipment to remove scale from billets. The new system will not only increase billet conditioning capacity but will also increase the efficiency of the conditioning plant resulting in improved billet surface quality.

Emphasis on continuing toward greater productivity, product quality, and cost containment was also maintained in the rolling mill. New production and productivity records were set and the proportion of premium grade products continued at high levels.

In early 1994, North America faced a tight supply situation for hot rolled wire rods. As the year developed, a flood of imports of commodity grade products began to impact on some markets, particularly the southeast U.S. However, increased economic activity in Europe and Asia is now beginning to absorb much excess production capacity from newly exporting countries and as 1995 unfolds, market conditions have stabilized significantly, particularly for premium grades.

The rolling mill continues to achieve excellent results for rod rolled from its purchased billets program. This program permits the mill to roll billets produced from virgin iron ore. One of the program's principal suppliers, QIT Fer & Titane, is located less than 100 kilometers from the rolling mill.

The rod mill undertook two important production improvements during the year. It redesigned the roughing section of the mill and incorporated modifications to the roughing stands. This change has improved yield, productivity, and quality. The changes modified the pass design to relieve stresses on the steel and permit somewhat faster speeds on some special quality rods. One important benefit is that the mill can now produce larger quantities of high quality cold heading rods.

Another major improvement was the installation of ring distributors in the reforming tubs at the end of the rolling process. The new system distributes the finished rod more evenly, lowers the height of the coil, creates a denser package which reduces tangling and permits better stacking in transportation and in the customer's yard. Together these combine to offer higher productivity to the mill's customers and response has been excellent.

One highly beneficial aspect of the strongly focused thrust to improve productivity is that the billet to finished rod yield has greatly improved in recent years. It has increased by nearly 4% since 1990 and a further incremental improvement was achieved in 1994. It now exceeds 97%.

Both the steel plant and rod mill have made satisfactory progress toward ISO 9002 certification and the formal application should be completed well before the end of 1995. In the interval, the audits concerning quality assurance and quality control conducted by customers continue to produce positive response and clearly indicate that many critical elements of the ISO criteria are already being met.

On the environmental front, L'Orignal continues to maintain excellent performance and harmonious working relationships with all regulatory bodies. Among the initiatives in 1994, were the new ladle turret noted earlier, improved flue dust handling efficiency and strong outreach to the local community to increase understanding of the Company's environmental initiatives. This includes environmentally-oriented open house meetings for the residents of nearby communities and the purchase for recycling of some seven million beverage cans from local waste collection agencies.

Similarly, L'Orignal has identified quantifiable measures of performance to refine and improve health and safety in the mills. In 1994, this continuous commitment to health and safety helped further reduce total accident frequency.

The outlook for 1995 is for continued significant improvement in earnings.

ATLANTIC STEEL

Atlantic Steel experienced significant losses during 1994 resulting, for the most part, from increases in scrap prices and a surge of low priced hot rolled wire rod imports into its principal Southeastern U.S. markets. Notwithstanding this, shipments were at an all-time high. Also, negatively impacting 1994 results was Atlantic's share of environmental clean-up costs for offsite properties resulting from third party actions over a number of years.

The dramatic rise in scrap prices in the first half of the year outpaced, by a few months, the Company's ability to increase pricing correspondingly. However, scrap prices stabilized somewhat in the second half and some moderate pricing adjustments have been put in place.

Atlantic serves the Southeast, Midwest and Northwest U.S. from an ultra modern electric furnace steelmaking facility at Cartersville, Georgia. It has three rolling mills at Cartersville and Atlanta.

The Cartersville steelmaking plant utilizes two electric furnaces and is 100% continuous cast. It has two separate continuous casters with a total of 10 strands which can be operated in several different combinations so that furnace downtime can be eliminated during billet size changes. The main steelmaking furnace is a new and advanced technology eccentric bottom tapping (EBT) unit which, in addition to high productivity, is ideally designed for the production of premium grade steels.

During 1994, the EBT furnace was operated at full capacity throughout the year and, periodically, when product demand exceeded the capacity of the larger furnace, the second furnace was commissioned to augment production.

All three of the Company's rolling mills operated at full capacity for most of the year.

In early 1994, the Company commissioned automated flat stacking equipment at the 13" bar mill in Atlanta. The objective was to reduce handling costs while at the same time improving packaging quality and service to customers. This was a particularly timely installation in as much as this mill added a fourth crew early last spring and increased its normal production capability by some 50,000 tons. The new flat stacker has completely fulfilled expectations and the cost reduction associated with the installation exceeds U.S. $700,000 per year.

A large number of additional steps to increase productivity and reduce operating costs were implemented in 1994 and several additional cost saving investments are scheduled for completion in 1995.

Among the notable items are remote control of overhead cranes and a new automatic sampler system for the EBT furnace. The automated sampling system utilizes a remote controlled arm to deliver a consumable probe to a predetermined depth in the molten-steel to provide precise temperature recordings and samples for the chemistry laboratory. Savings of some U.S. $250,000 per year are being realized. Another major cost reduction program that was initiated during the year was a change in the transportation system for the movement of billets from the steel plant at Cartersville to the two rolling mills at Atlanta.

Continued emphasis has been placed on identifying incremental mill upgrades such as those which can combine cost reduction and improved product quality with short paybacks. Projects completed in 1994 and planned for 1995 can deliver payback as quickly as within a few months. The maximum payback time period in the plan for any project is two years.

Approximately 15 of these low budget, fast payback projects are on the books for 1995 and the estimated annual savings exceed U.S. $3.0 million.

Typical of the productivity and cost reduction achievements of the recent past are substantial improvements in EBT furnace operations. For example, in 1994 alone, the average tap to tap time for the EBT was reduced by some 11%, the billet tons per hour production increased by a remarkable 10% and electrode consumption in pounds per billet ton was also lowered by some 20%. Taken together, these efficiencies are expected to lower the annual conversion cost by approximately U.S. $3.0 million in 1995.

Meanwhile, Atlantic continues to emphasize production of high quality steel bars for various industries and service centers; special quality bars for fasteners, machinery, and cold finished bar producers; as well as hot rolled wire rods for the manufacture of wire, fencing, and welded wire fabric.

Typical of the important niche markets which Atlantic has developed, the demand for its proprietary Covan 55 product remained strong in 1994. Covan 55 is a high strength low alloy steel which provides both high strength and good working characteristics. Atlantic sells the product nationwide, solely to the metal building industry.

The Company is on schedule to fulfill the logical extension of its total quality management system by implementing the ISO 9002 quality system standards during 1995.

The outlook for the current year is for near breakeven operating results compared to the significant losses incurred in 1994.

LACLEDE STEEL

Laclede Steel achieved improved operating results in 1994. This resulted both from strong demand for its products and from the realization of productivity benefits following the restructuring and expansion of its tubular, wire, and other operations.

Laclede, which is 49.8%-owned by Ivaco, is a highly efficient electric furnace steelmaker with its head office at St. Louis, its steelmaking plant at nearby Alton, Illinois, and with finished products plants strategically located to serve its principal markets.

The Company has invested some U.S. $55 million since the beginning of this decade to restructure, reposition, and expand its major operations and meaningful benefits are now being realized. Among the Company's main products are continuous weld pipe and electric resistance weld tubing, Special Bar Quality (SBQ) and alloy steels, hot rolled wire rods, wire and oil tempered spring wire, and chain.

Steel tubular goods continue to generate the Company's highest sales volume. These products also effectively reflect the recent strategic direction changes which are beginning to develop so positively.

One major advance undertaken by Laclede is the modification of its continuous caster to permit the production of larger size steel slabs. The continuous cast slabs permit substantial savings for the rolling of the steel skelp used to produce tubular goods and this efficient, cost saving process now supplies skelp for some two-thirds of the Company's pipe operations.

Laclede is one of North America's largest steel pipe manufacturers and, because it is the only U.S. producer to make its own steel skelp, is probably the lowest cost producer. It finishes pipe and tubing at four plants. These are located at Alton, the Fairless Works in Bucks County Pennsylvania, Benwood, West Virginia and Vandalia, Illinois. This geographical diversification has made possible the provision of excellent service to customers and to rationalize optimum production costs despite relatively high start-up and learning curve costs at the relatively newly commissioned finished products plants. While learning curve costs have been high and the time required to achieve full efficiency has been longer than anticipated, excellent progress is now being achieved at all four finishing facilities.

Demand continued strongly in 1994 for Laclede carbon and alloy bar products as the Company continues to benefit from the strong U.S. automotive market.

Laclede is a major producer of wire and is especially strong in the field of oil tempered wire. Customer demand has been firm for virtually all wire products through 1994.

Oil tempered wire is a premium grade product which is made at both of Laclede's wire mills at Fremont, Indiana, and Memphis, Tennessee. The Company installed additional production capacity at Memphis this year in an attempt to keep up with customer demand which exceeded manufacturing capacity for most of the year.

Another of Laclede's value added product groups is welded steel chain manufactured, primarily, from hot rolled wire rods produced at the Alton steelmaking complex.

During 1994, the Company strengthened its marketing resources to increase the volume of sales to hardware and industrial customers. Traditionally, Laclede Chain has achieved its highest sales volumes during the winter season when demand for vehicle traction chain is strong. The strong new emphasis on product for which seasonal fluctuations are low is contributing to better manufacturing and inventory economics.

The rising cost of scrap and other raw materials impacted Laclede's earnings periodically through the year. However, appropriate price increases are beginning to hold and the outlook remains very positive for 1995.

WIRE AND WIRE PRODUCTS

In 1994, the Sivaco/National Wire Group (SNW) began to realize the anticipated significant benefits following its successful and comprehensive restructuring. As noted in last year's annual report, the North American wire and wire products industry had been ravaged by the industrial recession of the three previous years. In response, SNW undertook a comprehensive restructuring, through programs oriented to cost containment, emphasis on premium grade products, and plant modernization. These programs have been successfully implemented and the positive results should be felt in future years.

SNW is a wire and wire products producer which operates seven manufacturing plants and a successful fence distribution operation. Manufacturing is strategically located to serve both the entire Eastern Seaboard of the U.S. and Canada, and a major portion of central Canada and the U.S. Midwest. The seven plants manufacture an extensive range of products. These include bright and galvanized high carbon and low carbon wire, cold heading wire, welded wire fabric, masonry reinforcement, nails, processed wire rods, and other fabricated wire products.

Late in 1993, the Wire Group combined its two entities, Sivaco and National Wire, which previously had been managed separately, into a single, disciplined, and strongly focused operation. The first full year following the restructuring has provided clear evidence that the move was beneficial both to customers and the Company.

The largest unit is SNW Québec's 500,000 sq. ft. complex at Marieville, Québec. The Marieville plant produces a wide range of wire and wire products including a high proportion of premium grades. These include galvanized armoring wire for undersea fiber optic cables, high carbon roping wire for the stranding of wire ropes and cables, high carbon wires for concrete pressure pipe reinforcement and other similarly technically demanding applications, high tensile music spring wire and cold heading quality wire. SNW Québec is also a very large producer of galvanized wire. The plant has two highly automated galvanizing lines and production of this premium priced product remained at full production during the year. It also produces welded wire fabric.

The Marieville plant is also a large producer of nails with emphasis on the more demanding, higher quality categories such as machine quality for both collating and pallets.

The plant produced and delivered record tonnage in 1994 and coped effectively in a difficult pricing environment. It anticipates continued growth in 1995.

SNW's other Canadian plant, at Ingersoll, Ontario specializes in wire drawing and the cleaning and coating of wire rods, including annealing. It continued to prosper and perform at capacity in 1994 and is expected to continue doing so in the current year. Two additional annealing furnaces have been ordered and an additional crane for the acid cleaning line is also on order to increase capacity by 30%.

In the U.S., SNW has five plants supplying the East, Southeast and Midwest markets. They are located at Baltimore, Maryland; Newnan, Georgia; Tonawanda, New York; Toledo, Ohio; and Tampa, Florida.

At Baltimore, SNW produces a wide variety of galvanized wire and wire products such as welded wire fabric. One of the main features of the Baltimore plant is its efficient, large scale galvanizing line. This line was fully booked in 1994 and remains heavily booked well into 1995.

The newest manufacturing unit in SNW is located at Newnan, Georgia. It is a large, modern and well equipped facility producing wire, welded wire fabric and masonry products. The Newnan plant has installed substantial wire drawing capacity in the past two years to produce both high carbon and low carbon wire and is currently completing plans for a large scale expansion including a new acid cleaning line and annealing furnaces for cold heading wire and processed rods.

Near Buffalo, New York, SNW operates an efficient wire drawing and rod processing facility to serve Western New York and nearby states. In 1994, it successfully increased its sales of premium quality, cold heading wire. Continued growth in cold heading wire is planned for 1995.

Expanded wire drawing capacity has also been added to SNW's plant at Toledo, Ohio. This plant, like the Company's Tampa, Florida unit is a large producer of welded wire fabric.

One very significant aspect of the SNW restructuring has been a heightened sensitivity to customer needs. This begins with rigorous monitoring of every step in the production process. The result is a detailed computerized paper trail from the casting of the steel billet through to the finished product. It means that the Company's marketing experts can readily document their capability to assure both quality and consistency to customers and, equally important, permit the customers to set their own precise specifications for any product.

The outlook for SNW is for significantly improved operating results in 1995.

FASTENERS

Ifastgroupe performed extremely well in 1994 with each of its four manufacturing divisions posting meaningful growth.

The Company manufactures bolts and nuts in very large quantities in a multitude of sizes, types and grades for the automotive, construction, transportation, refining, processing and manufacturing industries. Its marketing reach extends to virtually every region of North America and to a large number of other markets worldwide.

The Company's four manufacturing units are:

— Infasco in Marieville, Québec with its 700,000 sq. ft. facility is one of the world's largest fastener manufacturing and warehousing complexes. Its mission is high speed, high quality, production of standard bolts and nuts.

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

— Infasco Nut in Mississauga, Ontario is the Company's specialist producer of cold formed standard and specialty nuts.

— Galvano in Beloeil, Québec produces high productivity zinc coatings for fasteners and nails.

All of the manufacturing units in Ifastgroupe share a common strategic culture – a Company-wide commitment emphasizing industry-leading engineering techniques to maximize productivity and quality control combined with leading edge customer service in the marketplace.

Ifastgroupe's customers for bolts and nuts consume tens of thousands of different fasteners, differentiated by type and grade of steel, size, shape, and finishing criteria. Managing the efficient manufacture and inventorying and prompt delivery of such immense numbers of different relatively small products is a task which few enterprises in the world can accomplish successfully on the scale undertaken by Ifastgroupe. Yet, Ivaco's Fastener Group consistently does it well and consistently continues to grow.

As noted earlier, the Infasco plant at Marieville operates on an extremely large scale. In this one plant alone, it manufactures and carries in inventory tens of thousands of different types of fasteners.

The principal raw material is hot rolled wire rods, all of which undergo automated cleaning, descaling, other processing, and, of course, quality assurance testing. Processed rod is moved efficiently to batteries of cold forming boltmakers and then on to heat treating, inspection, packaging and inventory. Infasco also manufactures hot forged nuts from hot rolled straight bars. It is all performed at high speed and is highly automated.

In 1994, Infasco expanded its already substantial boltmaking capacity by installing two new ultra modern multi-function machines and upgraded three high speed boltmakers.

It also substantially expanded its line of round headed bolts by retooling four transfer headers.

The existing sophisticated quality control system was further enhanced by the development of the first phase of a new image-based production in-line quality control system which provides noncontact measurements of bolt dimensions. Among other productivity and quality oriented steps taken during the year was the completion of a new atmosphere controlled multi-furnace rod annealing facility. It has been designed to achieve maximum flexibility of product mix.

The outlook is for continued strong growth and positive results.

Ingersoll Fasteners, the unit producing custom and specialized bolts and nuts, produced and shipped at record levels in 1994. Despite difficulties and delays in passing through increases in raw material costs to customers, Ingersoll reported a very successful year. Ingersoll's sales increases were spread over most of its principal marketing segments, with especially strong increases in the Original Equipment Manufacturer (OEM) and distributor customers.

During the year, Ingersoll completed the implementation of its comprehensive Material Resource Planning System which provides a strong tool for the management of raw materials, tool usage, estimating, and order fulfillment. It's working well.

In 1994, Ingersoll again enhanced production capacity by installing a high speed, four die boltmaker. This modern machine is designed to provide rapid changeover features based on computerized controls for powered settings to preset values from a database. A complete changeover can now be accomplished in less than one hour. The Company also continued its focus on quality by installing a high speed, three camera visual inspection system to undertake computer controlled sophisticated process control applications. It measures, inspects, sorts, gauges, evaluates, and classifies multiple separate parameters on parts at speeds exceeding 200 pieces per minute.

Also during the year, Ingersoll added automatic palletizing equipment and further automated the packaging department.

The outlook is for continued strong progress in 1995.

At the Infasco Nut Division, production of specialty nuts for the automotive sector, other manufacturing, and the large and diverse after market customer doubled during the year.

Infasco Nut moved to a modern new plant location during 1994 and, as a result, doubled its manufacturing space. The move was accomplished over a four month period managed so as to reduce the normal dislocations associated with a move and to permit maintenance of full production.

As part of the move, Infasco Nut has consolidated all of Ifastgroupe's cold formed nut production at the new plant. The new plant also made it possible to install an improved materials handling system which has contributed significantly to enhanced productivity.

The outlook for 1995 is for further positive growth.

The fourth unit in Ifastgroupe is the Galvano Division which also performed extremely well in 1994.

Galvano performs zinc barrel electroplating, zinc phosphating, and hot dip galvanizing of fasteners. It is strongly oriented to high speed, high quality, and high productivity zinc coating processes which add substantial value to premium quality fasteners.

In recent years, Galvano has implemented a large number of manufacturing improvements designed to reduce production costs, lower zinc consumption, and increase efficiency for waste treatment operations. This process continued through 1994 by improving the productivity of the electrogalvanizing lines while simultaneously enhancing product quality. Similarly, the hot dip galvanizing facility was improved to affect a reduction in zinc consumption and reduce costs associated with waste disposal.

The outlook for 1995 remains extremely positive.

Ivaco's Docap unit which distributes fasteners and a wide range of automotive and industrial products, reports through the Fastener Group. It ended a profitable 1994 with a sales increase of some 10%. From its headquarters in Toronto, Docap has put together one of Canada's best distribution networks. It is particularly strong in providing product to the automotive aftermarket, industrial and related markets.

It has a comprehensive computer inventory control system which was installed late in 1993 and is in the process of being expanded and improved as 1995 unfolds. It permits Docap to achieve high standards of order fill and also to maintain optimum levels of inventory for its stock of more than 26,000 individual items.

New products to enter the line in 1995 include hydraulic jacks with capacity up to 20 tons, standard utility knife blades and chain hoists. Several other products are also under consideration.

The outlook for Docap for 1995 is for continued positive earnings.

WIRE ROPES, TIRE CORD AND TIRE BEAD REINFORCEMENT

Premium grade high carbon hot rolled wire rods are the basic raw material for the manufacture of wire rope, tire bead and tire cord. All three of these products utilize wire drawn to precise specifications and combined under rigorous quality control into the finished products.

Ivaco has two manufacturing units specializing in these premium product areas. They are: Wrights Canadian Ropes, of Vancouver, B.C.; and 50%-owned Amercord, of Lumber City, Georgia.

WRIGHTS CANADIAN ROPES

As anticipated, Wrights improved in1994 on its profitable operations of the previous year. Dollar volume of sales was in line with 1993 but production mix was heavier in the more profitable lines. Together with an improvement in margins obtained following the depressed pricing in effect during the previous years of recession, this has brought about an improvement in the level of profitability.

The wire ropes produced by Wrights' Vancouver plant are used by the forestry, marine, oil and gas, mining and construction industries. Several of these industries, notably oil and gas exploration, forestry and, to a lesser extent, mining, substantially increased their activity in 1994.

The oil and gas exploration industry was particularly strong throughout the year which contributed to the more favorable product mix. Typically, this industry uses rope in longer lengths and, predominantly, larger diameters as compared with forestry, for example, which consumes wire ropes of varied diameter and frequently in shorter lengths.

The Company's principal markets are Western Canada, the Northwest U.S. and Eastern Canada. Most of the stronger demand was centered in Western Canada although Eastern Canada markets improved as the pulp and paper industry recovered from its recession. Modest improvement also occurred in the U.S. Northwest, propelled to some extent by the reduced value of the Canadian dollar.

In terms of manufacturing economics, Wrights' cost containment program progressed successfully in 1994.

Overseas export sales continued to grow.

The outlook for 1995 is for growth in sales and continued positive earnings.

AMERCORD

Amercord, 50%-owned by Ivaco, achieved a moderately profitable year in 1994 despite a competitive market of very low pricing from Asia and Europe. Volume was strong and the plant operated at near capacity most of the year, although strikes at several of its customers' plants reduced volumes somewhat during the second half.

The Company is one of the leading domestic suppliers in what is generally considered to be the most technically sophisticated and complex segment of the wire products industry. It converts high carbon hot rolled steel wire rods to supply tire cord and tire bead reinforcements to most North American manufacturers of auto and truck tires and also produces precision reinforcement wire to manufacturers of undersea fiber optic cables.

The Company's products require very high quality steel wire rod which is drawn and plated to such a fine size that its original cross section is reduced as much as 1,000 times to extremely tight tolerances. The accomplishment of this in large tonnages and at high speed demands engineering and quality assurance skills of a very high order. Currently, the Company is steadily increasing production of high tensile steel tire cord, a premium quality product which is rapidly gaining acceptance among tire manufacturers.

Tire cord is the steel reinforcement used in the carcass and wearing face of the tire while the tire bead reinforces the rim of the tire, another precision Amercord product produced in large quantities in somewhat larger diameters. The Company has nearly doubled bead capacity and has made major cost reductions during the past two years.

Demand for armoring wire was strong again in 1994. This is a healthy and growing market with major long-term potential as fiber optic cables proliferate the globe.

In addition to the Company's manufacturing and marketing successes in 1994, it also strengthened its R & D and management staff, focused its attention on process controls and productivity, and successfully completed an ISO 9000 quality systems pre-audit. Certification is anticipated in 1995.

The outlook is for positive operating results in 1995.

CANRON

Canron has three significant business operations of which two recorded strongly successful results in 1994 and the third, structural steel fabrication and erection, recorded a loss for the year. The two profitable operations are its 50%-owned IPEX joint venture which manufactures plastic pipe and fittings, and its Ingersoll Machine and Tool Division which produces forgings, axles, and precision machined parts.

STRUCTURAL STEEL

Structural steel fabrication and erection services operate from five locations. In the East, they are located in Ontario and New York state. In the West, the plants are in Alberta, British Columbia and Oregon.

This segment of Canron's business dealt decisively with the low level of construction activity in many of its markets during the first half of the year. Rigid cost containment programs were implemented including selective short-term plant shut-downs, reduced crewing and general reductions to overhead. Plans were taken, however, to maintain a critical mass of key engineering and production personnel on the anticipation of some significant construction industry revival later in 1994 and into 1995.

This has, in fact, occurred. New construction activity in both the North Eastern and North Western U.S. has become more buoyant and even Eastern Canada is showing some signs of improvement. As the year developed, Canron won several very significant contracts. These included three high profile assignments in New York City: a major hospital tower, a medical school, and the structural work at Grand Central Terminal. Other bidding successes included a large bridge in Ontario, and three sports projects: the Canucks hockey arena in Vancouver, the Veterans Memorial Arena in Spokane, Washington and the Seattle Center Coliseum.

The near term outlook for the Construction Division is much improved.

IPEX

Canron holds a 50% interest in IPEX which encountered exceptionally strong demand across all of its product sectors.

IPEX is a highly efficient manufacturer of plastic pipe and plastic fittings. It operates 13 production facilities across Canada and maintains a comprehensive network of distribution centers. Its principal customers are municipalities, utilities, and the plumbing, electrical, industrial and agricultural markets.

In 1994, IPEX achieved a meaningful increase in product volume and recorded stronger earnings.

The Company had to deal with large price increases for its major raw material, PVC resin, during the year. Improvements in pricing moderated the adverse effects of these higher costs, although price increases were kept to a minimum to inhibit substitution by customers of other materials.

Among the important expansion projects of the year was the acquisition of assets utilized for the design, manufacture and sale of rubber and synthetic gaskets. IPEX is a large user of these products.

IPEX achieved extremely strong performance in 1994 and the outlook is for continued improvement in 1995.

INGERSOLL MACHINE AND TOOL

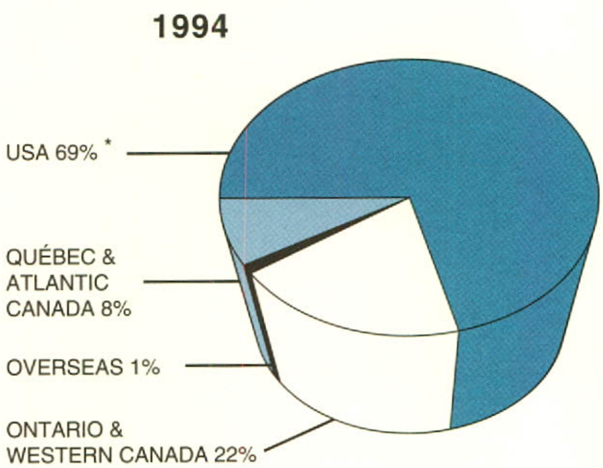
The Ingersoll Machine and Tool Division is a major producer of truck axles, precision machined parts, defense products, and, through P.C. Drop Forgings, of Port Colborne, Ontario, forged products for both OEM customers and further machining by Ingersoll.

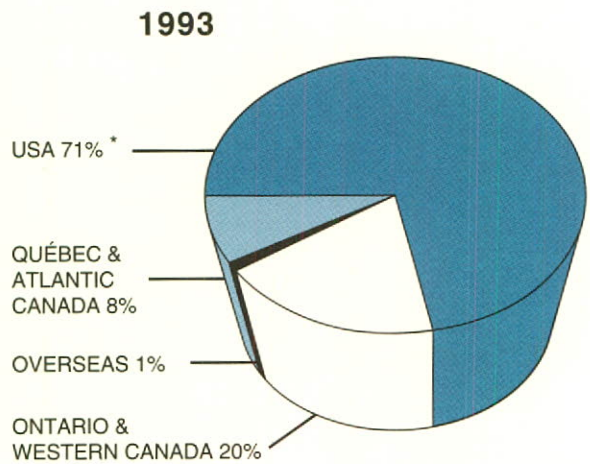
Both sales and earnings were up substantially in 1994. Sales and order backlog for both axles and forgings remained high throughout the year to a broad range of North American and export markets, reflecting both the general strong economic growth and the higher levels of activity in the automotive sector.

Axle production, for example, remained at full capacity for most of the year. In addition, the Division accepted four long-term major supply contracts during the year for precision machined parts.

The outlook for Ingersoll is for continued successful growth and profitable operations in 1995.

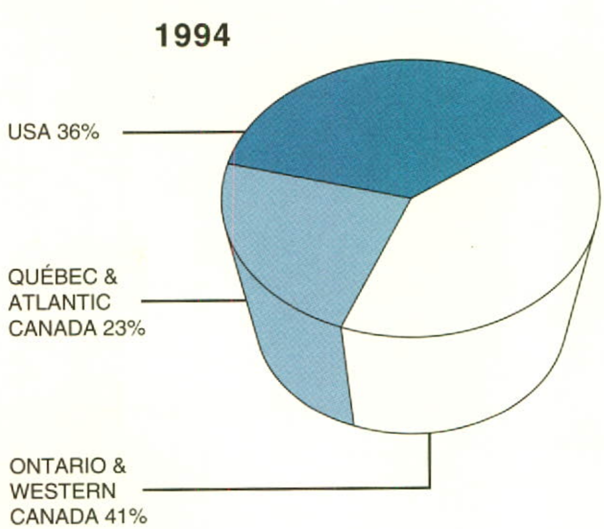
SALES DISTRIBUTION

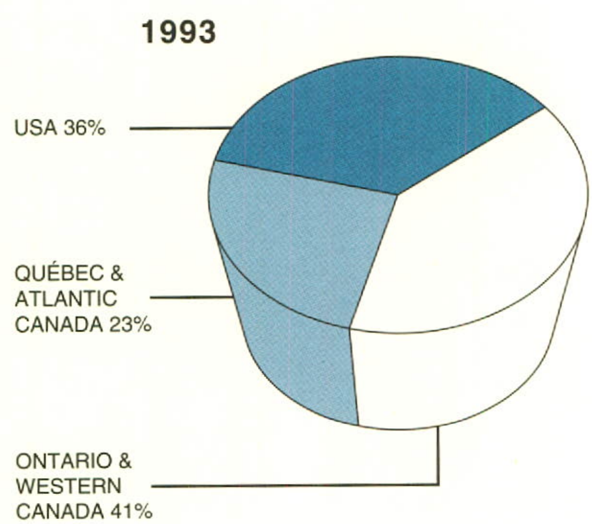




* Includes sales of U.S. operations and exports into the U.S. from Canadian operations.

FIXED ASSETS DISTRIBUTION





MANAGEMENT'S DISCUSSION AND ANALYSIS

OPERATIONS

1994 compared to 1993:

(The 1993 figures have been reclassified to conform with the presentation adopted in 1994.)

The Company's results improved substantially in 1994, due to the continued economic recovery throughout North America, improved demand and pricing for its products, and as well the benefits from the efficiencies achieved through far reaching cost containments, product mix improvements, and productivity increases implemented during the recession of the last three years. All of the Company's operating groups, with the exception of Atlantic Steel and Canron's structural steel unit, delivered profits from their ongoing operations for the year.

In 1994, the Company reported operating earnings before depreciation, amortization, and equity in earnings of affiliated companies of \$122.7 million, and earnings from continuing operations of \$18.4 million on sales of \$1.42 billion. These amounts compare favourably to operating earnings of \$92.4 million before depreciation, amortization, and equity in earnings of affiliated companies, and earnings from continuing operations of \$2.7 million on sales of \$1.22 billion for 1993.

In 1994, the Company's provision for income taxes was \$26.6 million reflecting an effective tax rate of 59.1%. This rate is higher than the combined basic federal and provincial tax rate of 36.9%, largely due to operating losses of U.S. subsidiaries which have not been tax effected and which increased the effective tax rate by 22.8%. In 1993, the provision for income taxes of \$14.0 million reflected an effective tax rate of 83.8%. The operating losses of U.S. subsidiaries which were not tax effected increased the effective tax rate in 1993 by 54.0%. At December 31, 1994, certain U.S. subsidiaries have accumulated losses which have not been tax effected of approximately \$154.0 million (U.S. \$109.8 million), which may be applied against future years' taxable income.

During 1994, the Company reported an after tax loss associated with discontinued operations of \$10.4 million or \$0.38 per share, as compared to a loss of \$2.4 million or \$0.11 per share, in 1993. Included in the 1994 amount is a charge of \$6.0 million relating to the Company's share of environmental remediation costs following the divestiture of Florida Wire and Cable in 1992. The balance of the 1994 charge and the amount incurred in 1993 are related to operations discontinued in previous years.

In 1994, the Company's steelmaking operations achieved record production, productivity, and shipments compared to 1993. Pricing improved markedly during the year, despite the dual problems posed by (i) substantially higher scrap prices and other raw materials, and (ii) a flood of offshore low priced imports of hot rolled wire rods into some market areas within the United States. The Ivaco Rolling Mills complex continued to excel reflecting in part the benefits achieved by modifying in 1993, one of its two electric furnaces so that it could produce more steel in one furnace than was previously possible with two. The benefits from this change have resulted in a substantial reduction in energy, electrode and other costs. Atlantic Steel operated at full capacity during the year and several incremental mill upgrades have helped lower its steelmaking conversion costs, and a number of fast payback projects are planned in 1995 which should result in additional annual savings. Laclede Steel, 49.8%-owned by Ivaco, achieved improved operating results in 1994. This resulted both from strong demand for its products and from the realization of productivity benefits following the restructuring and expansion of its tubular, wire, and other operations.

The Sivaco/National Wire Group was particularly hard hit by the recent industrial recession. However, it has benefited during the current year from the comprehensive restructuring undertaken in previous years which resulted in rigid cost cutting, plant modernizations, and renewed emphasis on evolving the product mix to include more premium grades. These actions together with an improvement in general economic conditions in North America have resulted in Sivaco/National Wire Group improving their profit from ongoing operations in 1994 compared to the previous year.

The Fastener Group performed extremely well throughout the year and each of its four manufacturing divisions expanded productive capacity, and posted meaningful growth in 1994.

Wrights Canadian Ropes which produces wire ropes and cables, enjoyed an improved year in 1994 due to a heavier product mix. One contributing factor was the strong oil and gas exploration industry. Amercord, 50%-owned by Ivaco, is a major supplier of tire cord and tire bead to the manufacturers of automotive and truck tires. Amercord's volumes were strong despite strikes at several of its customers' plants while earnings were moderately profitable for the year.

IPEX, which is 50%-owned by Canron Inc., achieved a meaningful increase in product volume and recorded stronger earnings in 1994 despite significant price increases for its major raw material, PVC resin.

Canron's Structural Steel Fabrication and Erection businesses continued to be impacted negatively by the extremely weak activity in the heavy construction sector. As a result, slightly reduced operating losses were recorded compared to 1993.

Canron's Ingersoll Machine and Tool Division reported increased sales and earnings for 1994. Sales and order backlogs for both axles and forgings remained high throughout the year.

1993 compared to 1992:

(The 1992 figures have been reclassified to conform with the presentation adopted in 1993 and 1994.)

The Company reported operating earnings, before depreciation, amortization, and equity in earnings of affiliated companies, of $92.4 million on sales of $1.22 billion for 1993, up from operating earnings, before depreciation, amortization, and equity in earnings of affiliated companies of $43.1 million on sales of $1.09 billion for 1992; earnings from continuing operations for 1993 were $2.7 million as compared to a loss from continuing operations of $36.4 million in 1992, an improvement of $39.1 million.

In 1993, the Company's provision for income taxes was $14.0 million reflecting an effective tax rate of 83.8%. This rate is 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 54.0%.

During 1993, the Company reported after tax losses associated with operations which were previously discontinued amounting to $2.4 million or $0.11 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 Florida Wire and Cable Company and Canron's Tamper Corp.

During 1993, 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. Furthermore, Atlantic

Steel boosted output by 14% in 1993, 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 without increases in wages.

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 results in 1993.

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, is a major supplier of tire cord and tire bead to the manufacturers of automotive and truck tires. Amercord's sales, market share and earnings were up substantially for the year.

IPEX, the 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.

FINANCIAL CONDITIONS, LIQUIDITY AND CAPITAL RESOURCES

Cash provided by operating activities was $50.7million in 1994 compared with $63.4 million in 1993. Working capital provided from operations during 1994 was $82.3 million, up significantly from $50.2 million in 1993. This significant improvement of $32.1 million was due in large part to the improvement in earnings from continuing operations.

Working capital at December 31, 1994 was $263.0 million compared to $220.6 million in 1993. This increase was due in large part to: improved operating results during the year; completion of a private placement of U.S. $45 million Senior Notes at 8.44% repayable over a term of 10 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 successful completion in April 1994 of a $30.9 million bought deal placement of 3.6 million Class A Subordinate Voting Shares.

During 1994, net additions to fixed assets were $33.6 million, an increase of $15.5 million from the 1993 expenditure level of $18.1 million. The increased level of capital expenditures in 1994 resulted from an upgrade and capacity expansion in the Ifastgroupe; installation at the Ivaco Rolling Mills complex of the ladle tapping turret in the melt shop, and redesign of the roughing mill section of the rod mill; and the continuing ongoing overall plant modernization program.

Long-term liabilities, excluding convertible and exchangeable debentures, were $337.9 million in 1994 as compared to $340.5 million in 1993. The ratio of long-term liabilities to Shareholders' Equity was 41:59 compared to 43:57 at December 31, 1993.

As part of the Company's overall plan to reduce debt and strengthen its financial position, the Company announced in early 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 1995 should help to facilitate the eventual achievement of a transaction beneficial to all parties.

On December 6, 1994, the Company conditionally declared a dividend on each of the four existing series of Second Preferred Shares in an aggregate amount of $33.1 million representing 75% of the dividend arrears that would be outstanding on such shares by January 16, 1995. The declaration of this dividend was subject to the condition that shareholders would approve the amendment of the Company's share provisions for each of the four existing series of Second Preferred Shares to permit dividends to be paid in cash, in newly created Series 5 Second Preferred Shares, in Class A Shares or in any combination of the foregoing. A further condition was that the number of Second Preferred Shares in respect of which shareholders' dissent was, in the opinion of the Board of Directors of the Company, de minimis, and if this was the case that the Company would file articles of amendment to this effect.

On January 24, 1995, the shareholders approved the amendments and the Company filed articles of amendment to this effect. On March 31, 1995 the Company made a payment of $33.1 million in respect of the dividend arrears on its existing Second Preferred Shares, comprised of $8.5 million in cash and $24.6 million in Series 5 Second Preferred Shares. It is intended that the remaining arrears will be paid in three equal instalments on or prior to March 31 in each of 1996, 1997 and 1998. On March 1, 1995 the Company declared regular quarterly dividends payable entirely in cash in April 1995 on its existing Second Preferred Shares.

It is anticipated that Ivaco's 1995 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 1995

The outlook for Ivaco in 1995 is for an exceptionally good year, as a result of expected improved operating results throughout all groups of the Company. In addition, 1995 is also expected to see the return to a more normal effective income tax rate from the extremely high levels experienced in recent years.

Capital expenditures planned for 1995 total approximately $49.0 million.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Thousands of dollars

AS AT DECEMBER 31		1994	1993
Current assets	Cash and short-term investments	**$ 18,573**	$ 12,000
	Accounts receivable	**195,058**	148,727
	Inventories (Note 2)	**352,519**	317,700
	Prepaid expenses	**5,315**	6,441
	Total current assets	**571,465**	484,868
Current liabilities	Bank indebtedness, secured	**23,508**	27,697
	Accounts payable and accrued liabilites		
	Trade and other	**243,206**	192,526
	Directors	**4,755**	1,388
	Current maturities of long-term liabilities	**36,959**	42,626
	Total current liabilities	**308,428**	264,237
Working capital		**263,037**	220,631
	Portfolio investments, at cost (Note 3)	**116,979**	116,979
	Investments, at equity (Note 4)	**82,298**	75,924
	Fixed assets (Note 5)	**472,106**	469,683
	Other assets (Note 6)	**66,389**	55,941
Total investment		**1,000,809**	939,158
	Deduct:		
	Long-term liabilities (Note 7)	**337,918**	340,478
	Convertible debentures (Note 8)	**15,000**	15,000
	Exchangeable debentures (Notes 3 & 9)	**95,223**	95,223
	Accrued costs of pension plans (Note 10)	**17,073**	17,088
	Deferred income taxes	**52,878**	28,590
		518,092	496,379
Shareholders' equity		**$ 482,717**	$ 442,779
Represented by	Capital stock (Note 11)	**$ 462,634**	$ 431,222
	Retained earnings	**11,878**	7,056
	Cumulative translation adjustment	**8,205**	4,501
		$ 482,717	$ 442,779

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	1994	1993
Net sales	**$1,418,242**	$1,220,872
Cost of sales and operating expenses	**1,295,511**	1,128,506
Operating earnings before:	**122,731**	92,366
Depreciation and amortization	**(45,397)**	(43,734)
Equity in earnings of affiliated companies (Note 4)	**5,526**	5,738
Earnings from operations before interest and other items	**82,860**	54,370
Net interest expense (Note 7)	**(37,847)**	(37,685)
Earnings from continuing operations before income taxes	**45,013**	16,685
Provision for income taxes (Note 12)	**26,609**	13,974
Earnings from continuing operations	**18,404**	2,711
Loss from discontinued operations (Note 14)	**(10,350)**	(2,390)
Net earnings	**$ 8,054**	$ 321
Earnings (loss) per share		
Continuing operations	**$ 0.13**	$ (0.52)
Loss per share	**$ (0.25)**	$ (0.63)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

		Thousands of dollars	
YEARS ENDED DECEMBER 31		**1994**	1993
Operating activities	Operations		
	Earnings from continuing operations	**$ 18,404**	$ 2,711
	Depreciation and amortization	**45,397**	43,734
	Deferred income taxes	**23,410**	9,457
	Equity in earnings of affiliated companies	**(5,526)**	(5,738)
	Other items	**611**	22
	Working capital provided from operations	**82,296**	50,186
	(Increase) decrease in non-cash working capital items	**(25,977)**	1,270
	Other items	**(5,610)**	11,985
	Cash provided by operating activities	**50,709**	63,441
Cumulative translation adjustment		**(1,621)**	199
Financing activities	Dividends	**(1,724)**	(1,724)
	Additional long-term liabilities	**81,336**	115,135
	Repayment of long-term liabilities	**(93,647)**	(89,671)
	Net proceeds from issue of capital stock	**29,533**	18,416
	Convertible debentures	**—**	5,000
	Other items	**(9,072)**	(5,356)
	Cash provided by financing activities	**6,426**	41,800
Investing activities	Net additions to fixed assets	**(33,559)**	(18,146)
	Discontinued operations	**(11,273)**	(5,685)
	Other items	**80**	290
	Cash used in investing activities	**(44,752)**	(23,541)
Bank indebtedness, net of cash	Decrease in bank indebtedness	**10,762**	81,899
	Balance at beginning of year	**(15,697)**	(97,596)
	Balance at end of year	**$ (4,935)**	$ (15,697)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

	Thousands of dollars	
YEARS ENDED DECEMBER 31	**1994**	1993
Balance at beginning of year	**$ 7,056**	$ 9,142
Add:		
Net earnings	**8,054**	321
	15,110	9,463
Deduct:		
Dividends on preferred shares	**1,724**	1,724
Flow through of Dofasco Inc. common dividend to Series 4, exchangeable second preferred shareholders (Note 11)	**599**	—
Costs relating to issue of capital stock net of income taxes of $498 (1993 - $401)	**909**	683
	3,232	2,407
Balance at end of year	**$11,878**	$ 7,056

See accompanying notes to consolidated financial statements.

AUDITORS' REPORT

To the Shareholders of
Ivaco Inc.

We have audited the consolidated statements of financial position of Ivaco Inc. as at December 31, 1994 and 1993, 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, 1994 and 1993, 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
March 1, 1995

Deloitte & Touche
Chartered Accountants

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1994 AND 1993

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 (determinated 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 amortized on commencement of operation or commercial production over appropriate future periods.

Deferred Financing Costs

Certain costs relating to new financings are deferred and amortized over the term of the related financing agreements.

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 27,647,812 (1993 - 21,971,597).

2. Inventories

	Thousands of dollars	
	1994	1993
Finished and semi-finished*	**$162,615**	$141,284
Raw materials and supplies	**189,904**	176,416
Total inventories	**$352,519**	$317,700

* Includes costs to date of uncompleted contracts for the fabrication and erection of structural steel of $13,208 (1993 - $20,727) less progress billings of $15,200 (1993 - $15,461).

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, 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 net earnings	4,311	1,215	5,526
Other	112	736	848
Carrying value, December 31, 1994	$63,335	$18,963	$82,298
Share of equity, December 31, 1994	$64,479	$18,981	$83,460

5. Fixed Assets

Thousands of dollars

	1994			1993		
	Cost	**Accumulated Depreciation**	**Net**	Cost	Accumulated Depreciation	Net
Land	**$ 30,261**	**$ —**	**$ 30,261**	$ 31,839	$ —	$ 31,839
Buildings	**166,913**	**58,300**	**108,613**	160,872	51,988	108,884
Machinery and equipment	**714,469**	**381,237**	**333,232**	678,181	349,221	328,960
Total fixed assets	**$911,643**	**$439,537**	**$472,106**	$870,892	$401,209	$469,683

6. Other Assets

	Thousands of dollars	
	1994	1993
Net assets of discontinued operations, primarily real estate	**$33,105**	$32,848
Deferred preproduction and development costs and other deferred charges, less amortization	**9,304**	5,693
Deferred financing costs, less amortization	**7,645**	7,190
Deferred translation adjustment, less amortization	**8,752**	2,905
Loans to officers at prime interest rates, due in 1997	**6,631**	6,289
Other items	**952**	1,016
Total other assets	**$66,389**	$55,941

7. Long-Term Liabilities

	Thousands of dollars	
	1994	1993
Secured		
Bank Term Loans maturing to 1997 of which $48.5 million (1993 - $40 million) are in U.S. funds*	**$106,684**	$ 85,054
Revolving Bank Loans maturing to 1998 of which $23 million (1993 - $39.7 million) are in U.S. funds*	**32,236**	87,597
Senior Notes at 7.29% maturing to 2004 ($70 million U.S.; 1993 - $70 million U.S.)	**98,126**	92,519
Industrial Revenue Bonds at 4.6% maturing to 2009 ($4.7million U.S.; 1993 - $1.9 million U.S.)	**6,581**	2,511
Mortgages averaging 9.9% maturing to 2010	**15,323**	17,217
Debentures at 9.25%, repaid in 1994	**—**	2,763
Unsecured		
Notes at 8.2% maturing in 1995 ($2.8 million U.S.; 1993 - $5.5 million U.S.)	**3,983**	7,227
Bank Term Loans maturing to 2000*	**29,900**	37,011
Senior Notes at 8.44% maturing to 2004 ($45 million U.S.)	**63,081**	—
Revolving Bank Loan at prime rate, repaid in 1994	**—**	26,000
Others averaging 5.1% maturing to 2000 of which $8.6 million (1993 - $7 million) are in U.S. funds	**18,963**	25,205
	374,877	383,104
Less current maturities	**36,959**	42,626
Total long-term liabilities	**$337,918**	$340,478

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

$37 million in 1995; $33.7 million in 1996; $136.9 million in 1997; $46.3 million in 1998; and $24.6 million in 1999.

*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 9.89% on $24.8 million of such debt for periods of up to two years. The remainder of this debt aggregating $144 million bears interest at an average floating rate of 7.58% at December 31, 1994.

Interest expense on long-term liabilities, convertible debentures and exchangeable debentures amounted to $33,596,000 in 1994 (1993 - $32,270,000).

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 maturing in 2010, 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, 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	
	1994	1993
Actuarial present value of accrued pension obligations	**$ 283,218**	$ 270,990
Less: Market value of pension fund assets	**(205,358)**	(198,860)
Accrued costs of pension plans and other amounts recorded in Consolidated Statements of Financial Position	**(20,885)**	(17,436)
Net unrecorded pension obligations	**$ 56,975**	$ 54,694

Pension expense for 1994 was $18.1 million (1993 - $18 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	
	1994	1993	**1994**	1993
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**	2,986,500	**95,568**	95,568
Class A shares	**21,962,230**	18,084,260	**225,441**	193,685
Class B shares	**6,680,111**	6,782,031	**17,482**	17,826
			242,923	211,511
Total capital stock			**$462,634**	$431,222

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 1994 and 1993 no 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 of $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 1994 and 1993 no 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 $25.75 per share to October 1, 1995, 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 1994 and 1993 no 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. (See Note 17 - Subsequent Event)

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 1994 and 1993 no such shares were purchased and cancelled. No purchases and redemptions will be made while dividends are in arrears. Dividends of $9.5 million are in arrears at December 31, 1994. (See Note 17 - Subsequent Event)

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 1994 and 1993 no such shares were purchased and cancelled. No purchases and redemptions will be made while dividends are in arrears. Dividends of $13.1 million are in arrears at December 31, 1994. (See Note 17 - Subsequent Event)

11. Capital Stock
(Continued)

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 1994 and 1993 no such shares were purchased and cancelled. No purchases and redemptions will be made while dividends are in arrears. Dividends of $7.9 million are in arrears at December 31, 1994. (See Note 17 - Subsequent Event)

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 second preferred share. During the year, no such shares (1993 - 400) were exchanged for common shares of Dofasco Inc. 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 is required to pay, on a pro rata basis to the holders, the cash amount of any dividends received on the Dofasco Inc. common shares as soon as practical after receipt thereof. 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 $13.7 million are in arrears at December 31, 1994. (See Note 17 - Subsequent Event)

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. No such redemption will be made while dividends are in arrears.

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 during 1993 and 1994 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, 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
Conversion from:				
Class B to Class A	101,920	(101,920)	344	(344)
Shares issued during 1994:				
Employees' Stock Option Plan	132,910	—	451	—
Dividend Reinvestment Plan	3,140	—	21	—
Issued for cash	3,640,000	—	30,940	—
Balance at December 31, 1994	21,962,230	6,680,111	$225,441	$17,482

Warrants

At December 31, 1994, 1,500,000 (1993 - 1,500,000) Class A share purchase warrants were outstanding. Each warrant entitles the holder to purchase one Class A share at $6.75 until December 29, 1995.

Stock Options

At December 31, 1994, options for 2,684,890 (1993 - 1,365,773) Class A shares granted under the Employees' Stock Option Plan were outstanding, including 1,449,200 options exercisable to 2004 at $7.50 per share, 10,000 options exercisable to 2004 at $7.19 per share and 1,225,690 options exercisable to 2002 at $3.40 per share.

12. Income Taxes

The provision for income taxes is comprised of:

	Thousands of dollars	
	1994	1993
Current	**$ 3,199**	$ 4,517
Deferred	**23,410**	9,457
	$26,609	$13,974

The effective rate of income taxes is as follows:

	1994	1993
Combined basic federal and provincial income tax rate	**36.9%**	37.6%
Income tax adjustments resulting from:		
Losses not tax effected	**22.8**	54.0
Other items	**(0.6)**	(7.8)
	59.1%	83.8%

Certain U.S. subsidiaries have accumulated losses, which have not been tax effected, of approximately $154 million (U.S. $109.8 million) which may be applied against future years' taxable income. These losses expire from 1998 to 2009.

13. Joint Venture Operations

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

	Thousands of dollars	
	1994	1993
Assets	**$103,378**	$ 88,371
Liabilities	**$ 44,238**	$ 36,377
Net sales	**$137,456**	$114,344
Expenses	**$117,390**	$ 98,773

14. Loss from Discontinued Operations

The loss from discontinued operations for 1994 and 1993 has been reported separately in the consolidated statements of earnings.

Summarized below are the results of the operations which were previously discontinued.

	Thousands of dollars	
	1994	1993
Loss before income taxes	**$(11,608)**	$(3,706)
Recovery of income taxes	**1,258**	1,316
Loss from discontinued operations	**$(10,350)**	$(2,390)

The net sales of the discontinued operations were $305 thousand in 1994 and $1,182 thousand in 1993.

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

	Thousands of dollars	
	1994	1993
Current assets	**$ 160**	$ 951
Current liabilities	**(6,090)**	(2,556)
Fixed assets	**6,871**	7,035
Other assets	**33,105**	32,848
Long-term liabilities	**(6,342)**	(8,275)
Net assets	**$27,704**	$30,003

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. Environmental Matters

The Company's operations are subject to numerous environmental laws, regulations and guidelines adopted by various governmental authorities in the jurisdictions in which the Company operates. Liabilities are recorded when environmental remediation obligations are either known or considered probable and can be reasonably estimated.

17. Subsequent Event

On December 6, 1994, the Company conditionally declared a dividend on each of the four existing series of second preferred shares in an aggregate amount of $33.1 million representing 75% of the dividend arrears that would be outstanding on such shares by January 16, 1995. The declaration of this dividend was subject to the conditions that shareholders would approve the amendment of the Company's share provisions for each of the four existing series of second preferred shares to permit dividends to be paid in cash, in newly created Series 5 second preferred shares, in Class A shares or in any combination of the foregoing, and that the number of second preferred shares in respect of which shareholders' dissent was, in the opinion of the Board of Directors of the Company, de minimis, and that the Company would file articles of amendment to this effect.

On January 24, 1995, the shareholders approved the amendments and the Company filed articles of amendment to this effect. As a result and because shareholders' dissent was de minimis, the Company will proceed with the payment of $33.1 million in dividends, in respect of the dividend arrears on its existing second preferred shares, and comprised of $8.5 million in cash and the balance in Series 5 second preferred shares. It is intended that the remaining arrears will be paid in three equal instalments on or prior to March 31 in each of 1996, 1997 and 1998.

18. Comparative Figures

The 1993 figures have been reclassified to conform with the presentation adopted in 1994.

19. 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 1994 of $473 million (1993 - $396 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 Segments		**1994**	Thousands of dollars		1993	
	Steel	Plastic Pipe & Fabrication/ Erection of Structural Steel	Consolidated	Steel	Plastic Pipe & Fabrication/ Erection of Structural Steel	Consolidated
Net sales	**$1,152,255**	**$265,987**	**$1,418,242**	$ 955,689	$265,183	$1,220,872
Operating earnings before:	**$ 101,081**	**$ 21,650**	**$ 122,731**	$ 74,203	$ 18,163	$ 92,366
Depreciation and amortization	**(38,309)**	**(7,088)**	**(45,397)**	(36,456)	(7,278)	(43,734)
Equity in earnings of affiliated companies	**5,526**	**–**	**5,526**	5,738	–	5,738
Earnings from operations	**$ 68,298**	**$ 14,562**	**$ 82,860**	$ 43,485	$ 10,885	$ 54,370
Assets identifiable by segment	**$1,107,872**	**$201,365**	**$1,309,237**	$1,014,733	$188,662	$1,203,395
Net additions to fixed assets	**$ 33,030**	**$ 529**	**$ 33,559**	$ 13,318	$ 4,828	$ 18,146

Geographic Segments		**1994**	Thousands of dollars		1993	
	Canada	U.S.A.	Consolidated	Canada	U.S.A.	Consolidated
Net sales	**$ 860,369**	**$557,873**	**$1,418,242**	$ 739,687	$481,185	$1,220,872
Operating earnings before:	**$ 132,485**	**$ (9,754)**	**$ 122,731**	$ 99,210	$ (6,844)	$ 92,366
Depreciation and amortization	**(31,845)**	**(13,552)**	**(45,397)**	(30,322)	(13,412)	(43,734)
Equity in earnings of affiliated companies	**1,111**	**4,415**	**5,526**	765	4,973	5,738
Earnings (loss) from operations	**$ 101,751**	**$ (18,891)**	**$ 82,860**	$ 69,653	$ (15,283)	$ 54,370
Assets identifiable by segment	**$ 949,733**	**$359,504**	**$1,309,237**	$ 875,494	$327,901	$1,203,395

FINANCIAL SUMMARY
MILLIONS OF DOLLARS EXCEPT PER SHARE AMOUNTS

Operating Results		**1994**	**1993***	**1992**	**1991**	**1990**	**1989**	**1988**
Net sales		**$1,418.2**	1,220.9	1,094.3	1,115.8	1,868.5	2,001.1	2,013.3
Operating earnings before:	$	**122.7**	92.4	43.1	21.9	133.9	165.9	215.7
Depreciation and amortization	$	**45.4**	43.8	43.8	45.6	55.0	51.8	56.9
Equity in earnings (loss) of affiliated companies	$	**5.6**	5.8	(3.0)	(5.1)	1.5	1.8	1.2
Earnings (loss) from operations	$	**82.9**	54.4	(3.7)	(28.8)	80.4	115.9	160.0
Earnings (loss) from continuing operations before income taxes	$	**45.0**	16.7	(48.1)	(81.6)	12.2	57.1	108.3
Provision for (recovery of) income taxes	$	**26.6**	14.0	(11.7)	(25.2)	0.1	20.9	41.5
Earnings (loss) from continuing operations	$	**18.4**	2.7	(36.4)	(56.4)	7.2	28.2	55.6
Net earnings (loss)	$	**8.1**	0.3	(19.6)	(59.4)	17.0	12.9	41.9
Earnings (loss) per share**								
Continuing operations	$	**0.13**	(0.52)	(2.51)	(3.71)	(0.76)	0.29	1.77
Earnings (loss) per share	$	**(0.25)**	(0.63)	(1.71)	(3.86)	(0.25)	(0.55)	1.03
Return on sales	%	**0.6**	0.0	(1.8)	(5.3)	0.9	0.6	2.1

Financial Position		**1994**	**1993***	**1992**	**1991**	**1990**	**1989**	**1988**
Current assets	$	**571.4**	484.8	453.3	533.1	620.7	951.8	970.2
Current liabilities	$	**308.4**	264.2	325.8	354.9	369.3	466.1	464.3
Working capital	$	**263.0**	220.6	127.5	178.2	251.4	485.7	505.9
Net additions to fixed assets	$	**33.6**	18.1	7.0	24.7	39.6	68.0	89.8
Total assets		**$1,309.2**	1,203.4	1,182.6	1,296.6	1,411.8	1,838.2	1,853.9
Long-term liabilities	$	**337.9**	340.5	299.4	356.7	355.7	550.6	508.2
Convertible debentures	$	**15.0**	15.0	10.0	—	—	—	—
Exchangeable debentures	$	**95.2**	95.2	95.2	95.2	95.2	95.2	95.2
Shareholders' equity	$	**482.7**	442.8	422.3	446.9	535.5	548.2	577.3
Dividends	$	**1.7**	1.7	3.2	19.1	33.0	34.0	34.1
Book value per share**	$	**7.36**	7.51	8.32	10.35	14.65	15.76	16.91

*The 1993 figures have been reclassified to conform with the presentation adopted in 1994.
**Declared and undeclared preferred share dividends have been deducted in calculating per share amounts.

1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975
2,127.8	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
197.5	186.6	138.5	128.8	63.5	54.4	96.4	81.2	96.7	57.0	28.0	19.6	12.8
56.7	56.3	39.5	34.5	27.0	23.9	19.6	14.9	11.4	8.0	6.8	6.1	3.6
1.2	1.3	0.4	0.5	3.0	(3.3)	2.7	0.8	—	—	—	—	—
142.0	131.6	99.4	94.8	39.5	27.2	79.5	67.1	85.3	49.0	21.2	13.5	9.2
89.0	81.7	57.6	54.4	(0.3)	(25.7)	33.9	41.1	69.0	41.1	14.6	7.2	6.4
42.1	32.7	18.3	15.8	(5.9)	(15.3)	8.6	12.4	25.4	16.7	4.6	1.6	1.7
39.9	43.1	35.1	32.3	2.9	(9.9)	25.2	28.3	42.7	24.0	9.8	5.4	4.5
31.8	44.1	35.1	33.8	0.8	(9.9)	28.4	28.3	42.7	24.0	9.8	5.4	5.4
0.91	1.05	1.04	1.53	(0.17)	(1.20)	2.08	2.47	3.98	2.20	0.89	0.52	0.43
0.46	1.11	1.04	1.64	(0.34)	(1.20)	2.37	2.47	3.98	2.20	0.89	0.52	0.52
1.5	2.3	2.6	2.8	0.1	(1.5)	3.9	4.6	8.6	9.0	5.9	4.0	5.2

1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975
913.4	860.1	623.1	536.0	461.8	347.6	335.5	273.7	257.3	130.2	105.9	100.6	88.6
441.8	373.0	228.1	263.2	191.0	204.7	223.3	143.8	147.0	73.1	69.5	69.5	59.5
471.6	487.1	395.0	272.8	270.8	142.9	112.2	129.9	110.3	57.1	36.4	31.1	29.1
88.5	84.4	46.3	39.5	16.6	42.6	60.8	64.2	34.3	27.6	19.7	7.4	16.0
1,764.7	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
449.8	436.0	300.6	350.8	263.4	277.6	207.3	187.5	143.2	58.4	30.8	32.2	33.5
—	—	—	—	—	—	—	—	—	—	—	—	—
95.2	95.2	95.3	—	—	—	—	—	—	—	—	—	—
581.7	604.1	520.6	366.9	303.3	194.9	206.3	187.8	151.7	116.8	95.6	74.2	70.8
34.2	33.7	28.4	19.4	10.3	7.0	9.3	8.4	7.9	5.3	2.6	1.9	1.9
16.48	16.64	15.01	14.29	13.22	14.25	16.23	14.46	12.61	9.49	7.68	7.04	6.68

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 fibre 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 merchant and special quality
bars and wire rod

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 merchant and special
quality 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 Division
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) 675-6400
Fax: (416) 675-0366
Corporate Office

Canron Construction Corporation
Eastern Division
P.O. Box 421, Shaw Road
Conklin, New York 13748
(607) 723-4862
Fax: (607) 723-4882

Western Division
4600 N.E. 138th Avenue
P.O. Box 30149
Portland, Oregon 97230
(503) 255-8634
Fax: (503) 253-3907
Structural steel fabrication,
erection and construction services

Canron Construction
Eastern Division
100 Disco Road
Rexdale, Ontario M9W 1M1
(416) 675-6400
Fax: (416) 675-6522
Structural steel fabrication,
erection and construction services

Canron Construction
Western Division
1168 Derwent Way
New Westminster, British Columbia
V3M 6E9
(604) 524-4421
Fax: (604) 524-4465
Plants: Vancouver and
New Westminster,
British Columbia; Calgary, Alberta
Structural steel fabrication, erection and
construction services; open web
steel joists; pressure vessels and tanks

Docap (1985) Corporation
21 Fasken Drive
Etobicoke, Ontario M9W 5M2
(416) 675-7571
Fax: (416) 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
Corporate Office

**Galvano
(Division of Ifastgroupe and
Company, Limited Partnership)**
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
(Division of Ifastgroupe and
Company, Limited Partnership)**
700, rue Ouellette
Marieville, Québec J3M 1P6
(514) 658-8741
Fax: (514) 447-0114
Bolts, nuts and fastener products

**Infasco Nut
(Division of Ifastgroupe and
Company, Limited Partnership)**
3990 Nashua Drive
Mississauga, Ontario L4V 1P8
(905) 677-8920
Fax: (905) 677-6295
Nuts

Infatool
(Division of Ifastgroupe and Company, Limited Partnership)
Ingersoll Street
P.O. Box 40
Ingersoll, Ontario N5C 3K3
(519) 485-4531
Fax: (519) 485-2435
Dies and specialty tooling

Ingersoll Fasteners
(Division of Ifastgroupe and Company, Limited Partnership)
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 Division
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) 861-7424

Plants: Saint-John, New Brunswick; St. Jacques, St. Laurent, St. Eustache and Laval, Québec; Rexdale, Scarborough, Toronto and Mississauga, Ontario; Weyburn, Saskatchewan; Edmonton, Alberta; and Langley, British Columbia
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, Ilinois 62002
(618) 474-2100
Fax: (618) 474-2267
Cold drawn wire, high carbon and oil tempered; 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) 233-5168
Fax: (304) 233-5173
Tubular products

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

Plant: 3865 Northwest St. Helens Road
Post Office Box 10636
Portland, Oregon 97210
(503) 224-8326
Fax: (503) 224-8358
Chain manufacturing

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) 428-4300
Fax: (215) 428-4308
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, annealed and plating quality wire

Laclede - Metro-East Processing
Washington Avenue & Race Street
Madison, Illinois 62060
(618) 452-3011
Fax: (618) 452-3012
Steel processing facility

Laclede - Vandalia
1201 Janette Avenue
Vandalia, Illinois 62471
(618) 283-6000
Fax: (618) 283-6003
Pipe finishing and shipping facility

P.C. Drop Forgings Division
837 Reuter Road
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
Corporate 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
Wire and welded wire fabric,
masonry wall reinforcement products
and masonry accessories

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) 460-3082
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

OFFICERS

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President and Chief Executive Officer

SYDNEY IVANIER
Senior Vice-President

MICHAEL HERLING
Senior Vice-President

ALBERT A. KASSAB
Senior Vice-President
and Chief Financial Officer

GEORGE GOLDSTEIN
Senior Vice-President

HUGH W. BLAKELY
Vice-President and Controller

GUY-PAUL MASSICOTTE
General Counsel and Secretary

MARIE BAILLARGEON
Assistant General Counsel and
Assistant Secretary

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The Molson Companies, Limited

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Canron Inc.

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MICHAEL HERLING
Senior Vice-President of the Company

PAUL IVANIER
President and Chief Executive
Officer of the Company

SYDNEY IVANIER
Senior Vice-President of the Company

ALBERT A. KASSAB
Senior Vice-President and
Chief Financial Officer of the Company

DONALD G. LAWSON
Chairman, Moss Lawson & Co. Limited

HERBERT B. McNALLY
Partner, Byers Casgrain

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The Montréal Exchange
The Toronto Stock Exchange

TRANSFER AGENT AND REGISTRAR

The R-M Trust Company in Montréal, Toronto, Calgary, Winnipeg, Regina, Vancouver and Halifax.

HEAD OFFICE

Place Mercantile
770, rue Sherbrooke ouest
Montréal (Québec) Canada H3A 1G1
Tel: (514) 288-4545
Fax: (514) 284-9429

ANNUAL MEETING

The annual meeting of the Company will be held on May 25, 1995 at 10:00 a.m. at the Ritz-Carlton Hotel, Montréal, Québec.

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