

NOMA

NOMA INDUSTRIES LIMITED

ANNUAL REPORT 1980



Sept. 10. 81

**1980 ANNUAL REPORT OF
NOMA INDUSTRIES LIMITED
AND SUBSIDIARIES**

Noma Industries is a group of Canadian owned companies specialized in the manufacture and marketing of a range of electrical and mechanical products for the consumer and industrial markets. Products are marketed in Canada, the U.S.A. and Europe.

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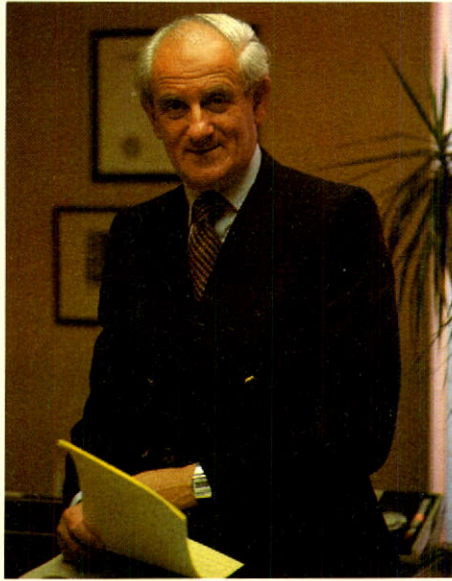
Annual Meeting

The annual meeting of shareholders will be held on Thursday, June 25, 1981 commencing at 11:30 a.m. in the Confederation Room No. 3 of the Royal York Hotel, Toronto.

NATIONAL DESIGN COUNCIL CHAIRMAN'S AWARD FOR DESIGN MANAGEMENT



This sculpture and an engraved plaque were presented to H. Thomas Beck, President and Chief Executive Officer of Noma Industries Limited by Denis Daly, Acting Chairman of the National Design Council in recognition of "the outstanding contribution by management in the use and promotion of good design practice". Further details of this Award are given on page 12 of this report.



To Our Shareholders:

Financial Highlights

Consolidated sales revenue during the 1980 fiscal year totalled \$84,199,000 compared to \$80,339,000 in 1979. However, the 1979 total included \$6,480,000 revenue from the sales of Toro products on a sub-contract which was discontinued in that year. When these are excluded from the 1979 figure the sales of Noma products in 1980 increased by 14%.

Net earnings for the year were the second highest in our history at \$2,597,000 (\$2.55 per share). While this is less than the level achieved in 1979 of \$3,158,000 (\$3.10 per share), it is worthy to note that earnings before tax and interest expense reached an all time high in 1980.

Interest expense increased substantially during the year as interest rates continued to climb to unprecedented levels. Our interest expense increased by \$1,304,000 — 56% over the 1979 figure of \$2,319,000 and was exacerbated by a carry over of inventory of snowblowing machines.

In 1980 the year end cost of copper settled at \$1.11 per lb. an 11% reduction from the 1979 year end cost, and consequently this resulted in a profit reduction of 7.2¢ per share. By comparison, the trend of rising prices of copper in 1979 resulted in an inflationary gain on our inventory investment which was reflected in a profit of 19¢ per share.

\$5,589,000 of working capital was provided in 1980, of which \$4,636,000 was used for the acquisition of fixed assets, \$580,000 in dividend payments, \$123,000 in new product development and \$80,000 to purchase an additional 5% interest in a subsidiary company and for other purposes. The balance, \$170,000, increased working capital to \$9,558,000.

During the year your company paid quarterly dividends aggregating 57¢ per share compared to 47.5¢ paid in the previous year.

Shareholders equity increased in 1980 to \$16,155,000 (\$15.88 per share) from \$14,138,000 (\$13.90 per share) in 1979.

We decided to increase our capital expenditures in 1980 to \$4.6 million by investing in a new production facility for the continuous casting of copper rod — the first of its kind in Canada. This new process is already at the pilot production stage and will be fully operational by mid 1981.

I am pleased to report that your Board of Directors was strengthened by the appointments in May 1980 of Mr. Norman E. Hardy, Chairman of John Labatt Limited; Mr. James F. Kay, Chairman of Dylex Limited; Mr. Lionel H. Schipper, Q.C., a partner of the law firm of Goodman & Goodman, and Mr. Siegfried Riemer, President of Cable Tech Company Limited, as Directors of Noma Industries Limited. I wish to acknowledge with gratitude their valued contributions to the conduct of your company's affairs during the past year. I also wish to thank Mr. Andrew Wedd, who retired last year as a Director of Noma, for his helpful advice and conscientious service over many years.

The consolidated results of 1980 are not as outstanding as those achieved in 1979. However, they represent achievements in an economic environment which has been difficult for many companies and industries.

Outlook

Based on initial results for the first quarter of 1981 which indicate a strengthening of sales of our products to OEM customers in the industrial market, there are encouraging prospects that this segment of our business will expand throughout the year.

For our range of Christmas products there was a good sell through of inventories at the retail levels last year and accordingly our prospects in this market appear to be good. In addition, the Noma Canada division expects strong demand for its cord sets and wire products during 1981.

Notwithstanding the difficulties experienced by our Canadian Garden Products division last year we expect its sales of winter and summer products to increase in 1981 particularly in export markets.

Our planned capital outlays for fiscal 1981 are \$2,500,000, approximately 50% of the total expended last year.

On behalf of the Board of Directors, I wish to thank all our employees for their perseverance and diligence throughout the year. I am also grateful to our shareholders, customers and suppliers for their continued support and service.

H. T. Beck
President
and Chief Executive Officer

REVIEW OF OPERATIONS

In order to comply with the requirements of Bill 101 of the Government of Quebec we have made changes to the name of those Noma companies which conduct business in Quebec.

Noma Lites Canada Limited has been changed to Noma Canada Inc. This company had another successful year and its new proprietary products have progressively contributed to increased profits. One of these products, the Noma Cord Caddy, received the 1981 Product Design Award of Excellence from the National Design Council. This is one of two awards presented to the Noma companies in recognition of our design work. Further details of these encouraging achievements are given elsewhere in this Report.

The manufacture of non-electric Christmas decorations by the Doubl*Glo/Fieldcraft Division acquired last year has not yet achieved its full potential and contributions to profit margins because of some delays and problems which often occur in relocations and consolidations of this kind. We believe that in 1981 progress in sales and improvements in manufacturing costs will be achieved.

Similarly, the Noma Display Division, now renamed as Noma Decor Inc., has made appropriate adjustments and changes to its product range to incorporate the "Astralite" products and business acquired last year. An improved production process initiated in 1980 should increase the productivity and profitability of this Division during the current year.

Beck Electric Manufacturing Company continues to address aggressively the market for specialized wiring harnesses in the electrical appliances and electronics industries. While the slow rate of growth in the appliance market is of some concern, there are good prospects of increasing our business with the electronics industry. This Division has developed a strong technical and production capability which is poised to take advantage of opportunities as they occur in these industrial sectors.

Cable Tech Wire Company Limited (now Cable Tech Company Limited) achieved satisfactory performance in 1980 notwithstanding wide and frequent changes in copper prices which occurred throughout the year. A major portion of the consolidated capital expenditures was allocated to this Division for the establishment of a facility for the continuous casting of copper rod. This casting process is described in the latter pages of this Report and is planned to be fully operational by the

second half of 1981. This facility is expected to improve further the productivity and profitability in the manufacture of Cable Tech's range of wire and cable.

1980 was a disappointing year for Outdoor Products Manufacturing Limited, (now renamed Canadiana Garden Products Inc.) as it was for most companies in the snowblower industry of North America. The lack of early snowfalls for the second consecutive year negated the movement of inventories by the distributors and retailers, and manufacturers were left with substantial stocks at the year end. However, the company achieved a significant increase in its export sales to the European and U.S. markets and was largely responsible for the consolidated exports of the Noma companies doubling from \$3,000,000 in 1979 to over \$6,000,000 in 1980. This is an encouraging result of the persistent marketing efforts by Canadiana.

In the U.S.A. the performance of Beck Electric Manufacturing Incorporated, showed an improving trend relative to the 1979 results. Reductions in overhead expense contributed to improved margins and some gains in productivity were also achieved. Our market share has fallen short of our expectations but we are taking action to correct this problem.

During 1980 emphasis has been given to the development and implementation of computerized manufacturing systems. Our team of systems designers have designed, developed and installed on line, interactive data processing systems at three of our manufacturing divisions. These form part of an integrated data processing network which has proven to be an effective tool for management in terms of cost savings, and efficiencies in control of inventories, production scheduling, accounting and most financial aspects of the overall manufacturing process.

Based on the performance and economies offered by these systems and our proven experience with them, we have formed a new subsidiary company, NETRON INC., for the purpose of developing and supplying Computer Aided Manufacturing Systems of this kind to other manufacturers.

In summary, Noma's operating divisions have displayed resourcefulness and tenacity in a business and economic environment where weakness and uncertainty have prevailed in many sectors. Initiatives have been taken in product development, utilization of technology and in marketing which will contribute to our progress in future years.

NOMA INDUSTRIES LIMITED

Auditors' Report

The Shareholders,
Noma Industries Limited.

We have examined the consolidated balance sheet of Noma Industries Limited as at December 31, 1980 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position

of the Company as at December 31, 1980 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Chartered Accountants

Toronto, Ontario,
April 16, 1981.

Consolidated Statement of Earnings

For the year ended December 31, 1980

	<u>1980</u>	<u>1979</u>
	(Thousands of dollars)	
Sales	\$84,199	\$80,339
Costs and expenses		
Cost of sales and selling and administrative expenses	74,589	71,315
Depreciation and amortization (Note 9)	2,074	1,521
Interest on long-term debt	807	777
Interest on other indebtedness	2,816	1,542
	<u>80,286</u>	<u>75,155</u>
Earnings before income taxes and minority interests	3,913	5,184
Income taxes (Note 10)	1,434	2,008
	2,479	3,176
Losses (earnings) attributable to minority interests	118	(18)
Net earnings	<u>\$ 2,597</u>	<u>\$ 3,158</u>
<hr/>		
Earnings per share	<u>\$2.55</u>	<u>\$3.10</u>

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Financial Position

For the year ended December 31, 1980

	<u>1980</u>	<u>1979</u>
	(Thousands of dollars)	
Funds provided by		
Net earnings	\$ 2,597	\$ 3,158
Items not affecting funds		
Depreciation and amortization (Note 9)	2,074	1,521
Deferred income taxes	106	128
(Losses) earnings attributable to minority interests	(118)	18
	<u>4,659</u>	<u>4,825</u>
Increase (decrease) in long-term debt	389	(283)
Discount arising on acquisition of subsidiary, attributed to goodwill	357	—
Minority interest in subsidiary acquired	184	—
	<u>5,589</u>	<u>4,542</u>
Funds used for		
Purchase of fixed assets	4,636	2,348
Acquisition of an additional 5% interest in a subsidiary company . . .	52	37
Goodwill arising on acquisitions	—	319
Deferred costs	123	548
Dividends	580	483
Other	28	(12)
	<u>5,419</u>	<u>3,723</u>
Increase in working capital	170	819
Working capital at beginning of year	9,388	8,569
Working capital at end of year	<u>\$ 9,558</u>	<u>\$ 9,388</u>

See accompanying notes to consolidated financial statements.

Consolidated Statement of Retained Earnings

For the year ended December 31, 1980

	<u>1980</u>	<u>1979</u>
	(Thousands of dollars)	
Balance at beginning of year	\$11,514	\$ 8,839
Net earnings	2,597	3,158
	<u>14,111</u>	<u>11,997</u>
Dividends	580	483
Balance at end of year	<u>\$13,531</u>	<u>\$11,514</u>

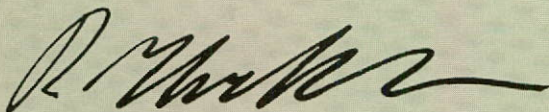
See accompanying notes to consolidated financial statements.

Consolidated Balance Sheet

as at December 31, 1980

ASSETS	1980	1979
	(Thousands of dollars)	
Current		
Cash	\$ 2,904	\$ 510
Accounts receivable	13,286	10,920
Inventories	26,827	19,162
Sundry assets and prepaid expenses	851	594
	<u>43,868</u>	<u>31,186</u>
Fixed (Note 2)	13,772	11,074
Other (Note 3)	1,153	1,495
	<u>\$58,793</u>	<u>\$43,755</u>
LIABILITIES		
Current		
Bank indebtedness (Note 4)	\$25,223	\$12,996
Accounts payable and accrued liabilities	6,874	6,124
Advances from customer (Note 5)	—	887
Income taxes payable	1,188	866
Current portion of long-term debt	1,025	925
	<u>34,310</u>	<u>21,798</u>
Deferred income taxes	2,019	1,913
Long-term debt (Note 6)	6,055	5,666
Minority interests in subsidiary companies	254	240
Commitments and contingencies (Note 7)		
	<u>42,638</u>	<u>29,617</u>
SHAREHOLDERS' EQUITY		
Capital stock (Note 8)	2,457	2,457
Retained earnings	13,531	11,514
Contributed surplus	167	167
	<u>16,155</u>	<u>14,138</u>
	<u>\$58,793</u>	<u>\$43,755</u>

On behalf of the Board



Director



Director

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1980

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Principles of consolidation

The consolidated financial statements include the accounts of the Company and all its subsidiary companies. All significant inter-company transactions are eliminated.

b. Inventories

Inventories of raw materials, work-in-process and finished goods are valued at the lower of cost, determined on a first-in, first-out basis, and net realizable value.

c. Depreciation and amortization

Fixed assets are depreciated on the straight-line basis at the following rates which are intended to extinguish the cost of these assets over their estimated useful lives:

Buildings	2½%
Machinery and equipment	10 %
Moulds, dies and tooling	25 %

Leasehold improvements are amortized over five years or the remaining period of the respective leases, whichever is the shorter period. Patent costs are amortized over a period of seventeen years.

d. Deferred development costs

Deferred development costs relate to the costs incurred by a subsidiary company for the development of new products. These costs are stated net of grants from the Federal Government. The net development costs are being amortized by reference to the estimated sales revenue to be derived therefrom.

e. Goodwill

Goodwill is amortized on a straight-line basis over forty years.

f. Income taxes

The provision for income taxes is computed on the allocation basis whereby provision is made for income taxes deferred by virtue of depreciation for income tax purposes exceeding that booked in the accounts. The Company uses the flow-through method in accounting for investment tax credits.

g. Foreign currency translation

All amounts in foreign currencies, including the accounts of the United States subsidiary company, are converted to Canadian dollars under the temporal method.

h. Impact of price changes

These financial statements do not reflect the impact of specific price changes or changes in the general level of prices.

2. FIXED ASSETS

	1980		1979
	Cost	Accumulated depreciation and amortization	Net book value
Buildings	\$ 3,849,000	\$ 894,000	\$ 2,955,000
Machinery, equipment and leasehold improvements	16,041,000	7,623,000	8,418,000
Moulds, dies and tooling	3,441,000	1,603,000	1,838,000
	23,331,000	10,120,000	13,211,000
Land	561,000	—	561,000
	<u>\$23,892,000</u>	<u>\$10,120,000</u>	<u>\$13,772,000</u>
			<u>\$11,074,000</u>

NOMA INDUSTRIES LIMITED

Notes to Consolidated Financial Statements (Continued)

3. OTHER ASSETS

	1980	1979
Notes receivable	\$ 34,000	\$ 30,000
Patents	51,000	34,000
Goodwill	506,000	883,000
Deferred development costs	528,000	548,000
Other deferred costs	34,000	—
	<u>\$1,153,000</u>	<u>\$1,495,000</u>

4. BANK INDEBTEDNESS

Bank indebtedness is secured by a general assignment of certain receivables and inventories.

5. ADVANCES FROM CUSTOMER

In 1979 the amount of \$887,000 was advanced by a customer to finance certain inventories of a subsidiary company. This was repaid in 1980.

6. LONG-TERM DEBT

	1980	1979
Term bank loans (a)	\$4,094,000	\$4,377,000
Mortgages on real property (b)	2,023,000	2,101,000
Equipment loan (c)	862,000	—
Others	101,000	113,000
	<u>7,080,000</u>	<u>6,591,000</u>
Less current portion :	1,025,000	925,000
	<u>\$6,055,000</u>	<u>\$5,666,000</u>

a. Interest is payable at $\frac{1}{4}\%$ to $\frac{3}{4}\%$ above prime interest rate. The security is a fixed charge on land, buildings and equipment and floating charges on all the assets of the Company and its subsidiary companies subject to priorities of mortgages and assignment of certain receivables and inventories.

b. \$ 979,000 with interest at $8\frac{3}{4}\%$, due December 1, 1992.
\$1,044,000 with interest at $10\frac{1}{8}\%$, due December 1, 1994.

c. The loan of U.S. \$722,000 is repayable in ten equal semi-annual installments commencing July 29, 1981 with interest at 8%.

The annual principal payments required in the next five years to meet the long-term obligations are:

1981	\$1,025,000
1982	1,119,000
1983	1,228,000
1984	1,279,000
1985	834,000

7. COMMITMENTS AND CONTINGENCIES

a. The total rentals paid for 1980 amounted to approximately \$797,000 under existing operating leases which are for various periods to 1993.

b. There were letters of credit outstanding at December 31, 1980 of approximately \$635,000.

c. The Company has agreed to acquire the entire 25% minority interest in two subsidiaries after December 31, 1983, at prices based on the future book values or pre-tax earnings of those companies.

The Company could also be required to purchase the remaining 10% of the outstanding shares in two other subsidiaries under certain conditions at prices based on those companies' future book values or earnings.

Notes to Consolidated Financial Statements (Continued)

8. CAPITAL STOCK

	Authorized		Issued	
	December 31,		December 31,	
	1980	1979	1980	1979
Class A special shares without par value	—	1,850,000	—	193,159
Class B special shares without par value			—	823,841
Common shares	<u>2,000,000</u>	<u>150,000</u>	<u>1,017,000</u>	<u>—</u>
	<u>2,000,000</u>	<u>2,000,000</u>	<u>1,017,000</u>	<u>1,017,000</u>

During 1980 the Articles of the Company were amended to reclassify and change all the issued and unissued Class A and Class B special shares into common shares without par value, on a share for share basis.

9. DEPRECIATION AND AMORTIZATION

	1980	1979
Depreciation	\$1,801,000	\$1,403,000
Amortization of		
Leasehold improvements	137,000	85,000
Patents	7,000	8,000
Goodwill	20,000	25,000
Deferred costs	<u>109,000</u>	<u>—</u>
	<u>\$2,074,000</u>	<u>\$1,521,000</u>

10. INCOME TAXES

The provision for income taxes has been reduced by \$525,000 (1979 — \$265,000) in respect of investment and employment tax credits and the inventory allowance. Non-capital losses for tax purposes approximating \$662,000 have been accumulated and may be carried forward and applied against future years' taxable income. Additionally, there are investment and job tax credits approximating \$365,000 available to subsidiary companies to reduce income tax provisions in future years. The expiry dates of these accumulated non-capital losses and tax credits are as follows:

	Non-capital losses	Investment and job tax credits
1981	\$ 79,000	\$ —
1983	73,000	73,000
1984	74,000	139,000
1985	436,000	130,000
1986	—	18,000
1987	<u>—</u>	<u>5,000</u>
	<u>\$662,000</u>	<u>\$365,000</u>

Notes to Consolidated Financial Statements (Continued)

11. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate remuneration of the ten (1979 – seven) directors and senior officers, as defined by The Business Corporations Act – Ontario, amounted to approximately \$522,000 (1979 – \$390,000).

12. SEGMENTED INFORMATION

The Company's 1980 operations are considered to consist of the following classes of business:

Components manufacturing – the manufacture of components and parts for sale to other manufacturers.
Consumer products – the manufacture or purchase for sale of consumer products.

	(Thousands of dollars)		
	Components Manufacturing	Consumer products	Consolidated
Sales to outside customers	\$25,677	\$58,522	\$84,199
Inter-segment sales	9,883	5	9,888
Total sales	<u>\$35,560</u>	<u>\$58,527</u>	<u>\$94,087</u>
Contribution before the undernoted	<u>\$ 3,427</u>	<u>\$ 4,109</u>	<u>\$ 7,536</u>
Interest expense			3,623
Minority interests			(118)
Income taxes			1,434
			<u>4,939</u>
Net earnings			<u>\$ 2,597</u>
Assets identified with segments	<u>\$16,552</u>	<u>\$42,241</u>	<u>\$58,793</u>
Capital expenditures	<u>\$ 2,072</u>	<u>\$ 2,564</u>	<u>\$ 4,636</u>
Depreciation and amortization	<u>\$ 1,014</u>	<u>\$ 1,060</u>	<u>\$ 2,074</u>

Comparative figures for 1979 are not available.

50 YEARS IN CANADA



This year Noma Canada Inc. of Scarborough, Ontario celebrates its golden anniversary as a Canadian entity. It was during the depression, in May, 1931, that the Company began the manufacture and distribution of Christmas lights in Canada. Since that time, the company has become a successful multi-product company and is now a major part of Noma Industries Limited.

The name NOMA is an acronym derived from the formation nearly 60 years ago by some 15 American Christmas lighting companies of the National Outfit Manufacturers Association. The Association has long been discontinued.

In 1926, when the association members merged their companies into Noma Electric Corporation, and later to Noma Electric Lights, Louis Szel was appointed its first sales manager. In 1930, he was sent to look over the situation in the Canadian market. These were the Depression years and business was far from booming. However, Louis Szel persevered. The Noma Electric Company Limited commenced operations in 1931 and subsequently established a dominant position in the market as a sole distributor of Canadian made lamps by negotiating exclusive contracts with both Canadian Westinghouse and Canadian General Electric.

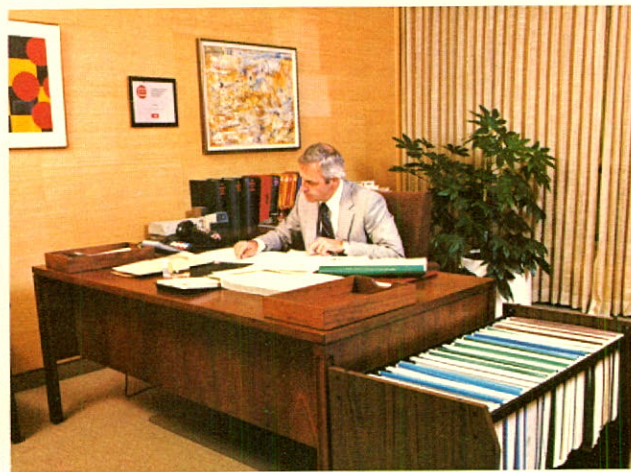
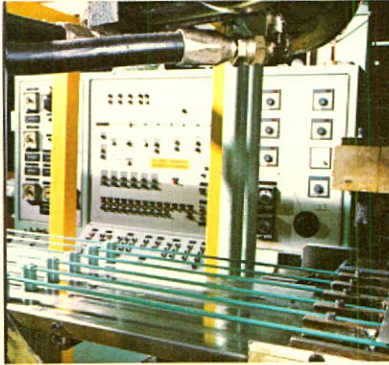
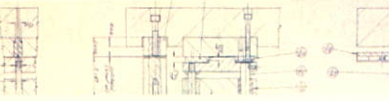
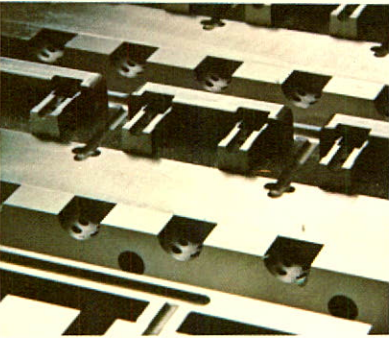
The company progressed for almost 30 years until the early 1960's when its performance and prospects began to decline. By 1962, losses were such that Ward Foods, which then owned Noma Lites Canada Limited, decided to sell the Canadian operation.

In 1963, Noma Lites Canada was purchased by Beck Electric Manufacturing Company, a family-owned business founded in 1950 by Mrs. Theresa Beck and her son, H. Thomas Beck.

The purchase of Noma Lites was a major step for the Becks but they quickly turned the company into a profitable operation by eliminating unprofitable lines and placing emphasis on good design and engineering of products and production processes. Rudy Koehler, who joined the Becks in 1956 and is now the President of Noma Canada Inc., orchestrated this approach by his very perceptive and practical development of the company. Today Noma Canada Inc. produces, in addition to Christmas lights, a wide range of electrical cord products, wire and cable and wiring harnesses for the consumer and industrial markets.

We take this opportunity of expressing our gratitude to the many customers and suppliers for their service and confidence which have contributed significantly to our progress.





At Design Canada's Second Annual Awards Presentation on March 5, 1981, your Company was delighted and honoured to receive the Chairman's Award for Design Management which is presented to a company considered to be outstanding in its development of good design policies and practices in industry.

On this occasion Noma also received a Design Canada Award for excellence in Product Design for the Noma Cord Caddy designed and produced by Noma Canada Inc.

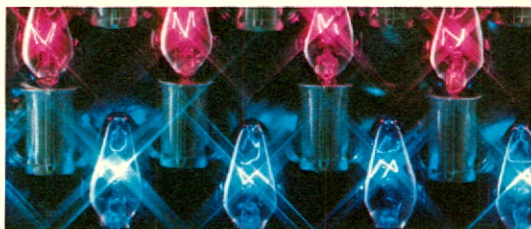
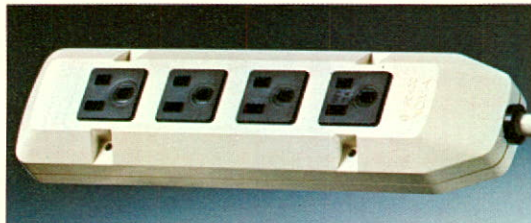
These Awards are particularly noteworthy in recognition of the long term commitment to good design in many facets of operations by the Noma group of companies. It is also especially gratifying to have been given such a high assessment by Design Canada's adjudication panel of professional designers.

In our submission to the National Design Council we illustrated the scope of design practiced by the Noma companies from design of products, tooling, manufacturing processes, packaging, advertising and marketing to the design of plants and facilities to provide safe and pleasant working environments.

These Awards are not only a compliment to management for its coordination of design functions but also a tribute to our employees who participate in many ways to the development of good design practices.

We are encouraged by these Awards to maintain our emphasis on product improvement through design and to pursue Design Canada's objective "to improve the competitiveness of Canadian industry by excellence in design."

PRODUCT DEVELOPMENT

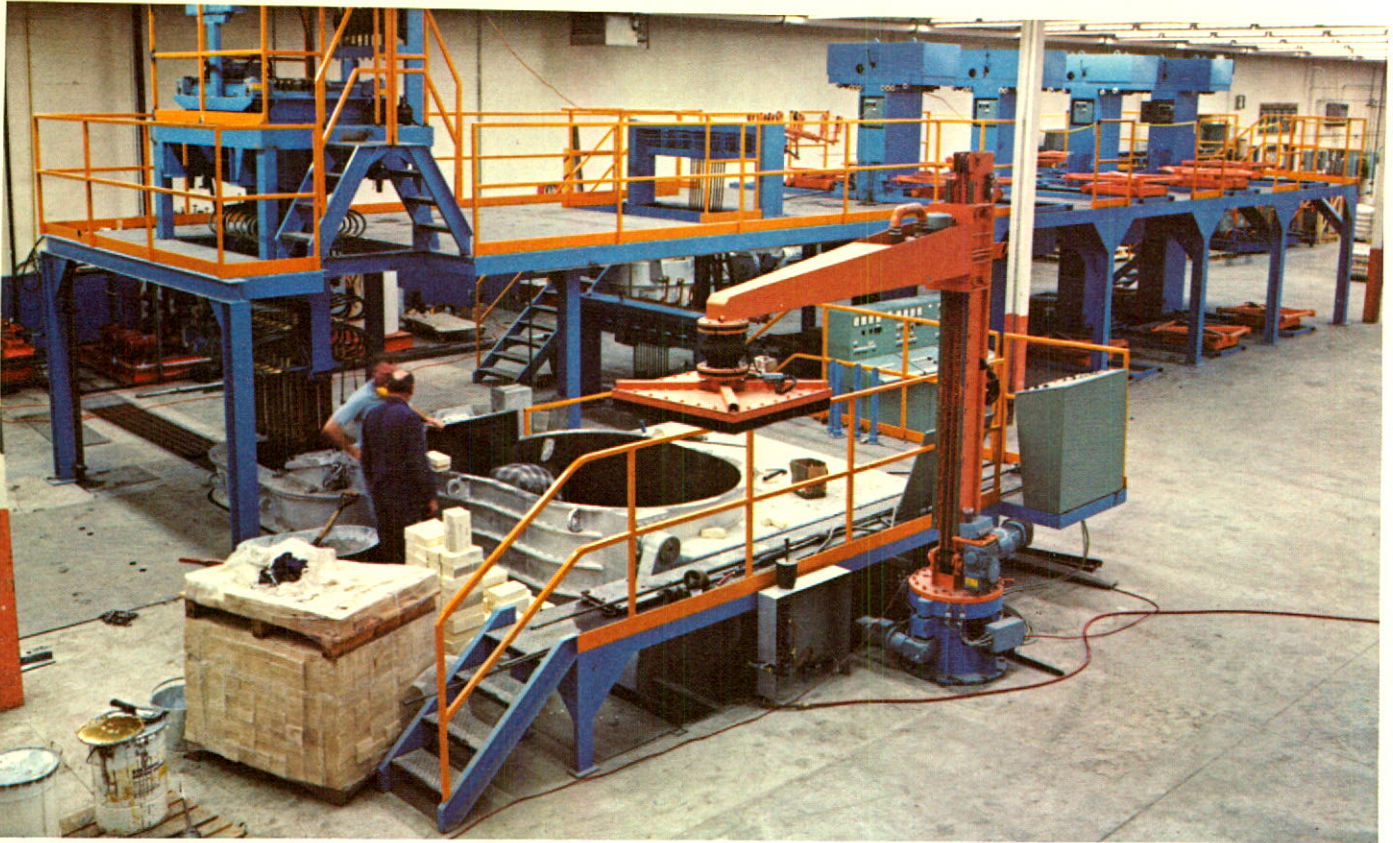


Illustrated here are some examples of products by Noma companies which result from design activities past and present. Top left is the award winning Cord Caddy, a self-storing extension cord housed in a handy carrying case. Next to it is the 521 Snowblower, a recent design by our Canadiana Garden Products division. This machine is as efficient at clearing snow as larger and more powerful machines and combines good performance and compact size at an economic price. Similarly the "Multi-Mode" lawnmowers result from product development at Canadiana. These snowblowers and lawnmowers are being marketed in Canada, the USA and Europe.

The Work Lights and Christmas lighting sockets are examples of earlier development work by Noma Canada Inc. The Christmas light sockets are manufactured by an automated process developed by Noma in the 1960's. This patented process has not since been equalled or bettered in efficiency, reliability and cost effectiveness. Below the Work Lights is the Noma Power Centre, another example of improved design of power cord products. The Power Centre and the Cord Caddy each have the distinctive Noma feature of a protective circuit breaker molded into the power plug.

A new range of decorated trees are now produced by the Noma Décor division by a more efficient process. Shown bottom right are examples of attractive artificial trees designed for the apartment and smaller homes market.

A new production process at Cable Tech Company Limited

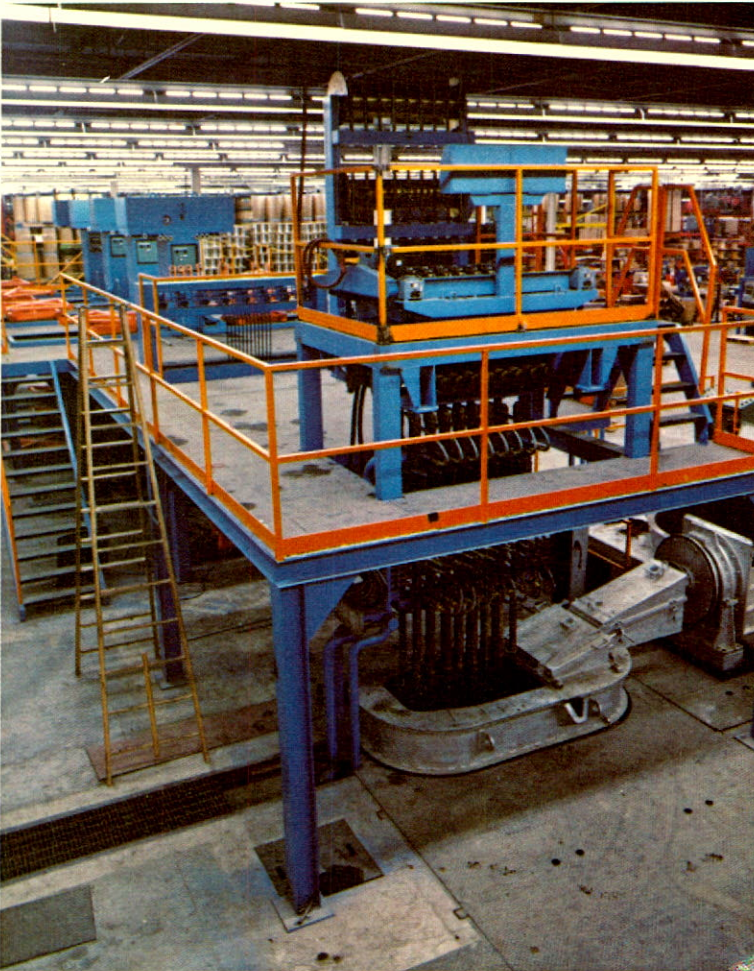


CONTINUOUS CASTING OF COPPER ROD

The traditional method of rolling copper wire bars to produce copper rod suitable for subsequent drawing and manufacture of electric wire and cable has been in use since the turn of the century.

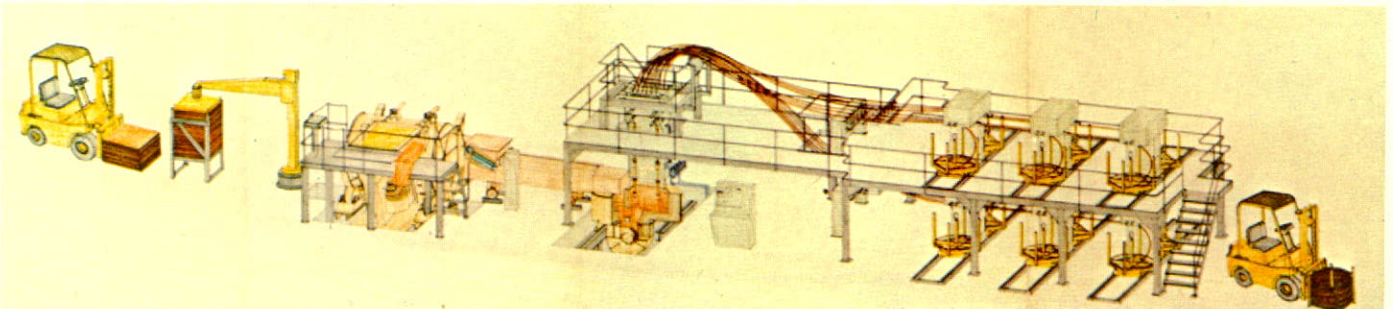
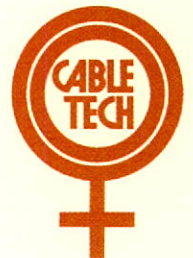
In recent years the technology of continuous casting of copper has been developed to such a degree that continuous casting systems are replacing the traditional rolling methods in many countries across the world.

Such a system is currently being installed at the Cable Tech Division of Noma Industries. This is the first continuous casting copper rod facility to be established in Canada on a commercial basis. Scheduled to be fully operational this year, it will produce high quality, oxygen free copper rod directly from electrolytic copper cathodes.



The continuous line operation is illustrated in the diagram. Copper cathodes are automatically loaded into a melting furnace. The molten copper is poured under atmospheric controlled conditions to a holding furnace where precise temperature and a constant level are maintained. Strands of copper rod of precise diameter are withdrawn through cooling dies and coiled into large and compact coils for further processing into electrical wire and cable.

The project is an example of the use by CableTech of advanced technology to upgrade the processing of a Canadian resource material and to improve efficiency in the manufacture of wire and cable.



FIVE YEAR FINANCIAL SUMMARY

(In Thousands of Dollars except per share data)

	1980		1979		1978		1977		1976	
SALES										
Consumer Products										
– Christmas	\$18,625	22%	\$13,153	16%	\$11,241	18%	\$ 9,970	22%	\$ 8,606	24%
– Others	39,897	47%	42,428	53%	30,243	51%	20,709	45%	15,094	42%
	58,522	69%	55,581	69%	41,484	69%	30,679	67%	23,700	66%
Components										
Manufacturing	25,677	31%	24,758	31%	18,249	31%	15,131	33%	12,518	34%
TOTAL	\$84,199	100%	\$80,339	100%	\$59,733	100%	\$45,810	100%	\$36,218	100%
Net Earnings Before Extraordinary Items	\$ 2,597		\$ 3,158		\$ 2,236		\$ 1,580		\$ 1,163	
Net Earnings	2,597		3,158		2,383		1,580		1,163	
Average Return on Shareholders' Equity	17.1%		24.6%		20.7%		16.7%		13.9%	
Fixed Asset Additions	\$ 4,636		\$ 2,348		\$1,533		\$1,387		\$1,365	
Depreciation and Amortization of Fixed Assets	1,938		1,488		1,312		1,230		1,094	
Total Assets	58,793		43,755		34,192		27,674		25,730	
Shareholders' Equity	16,155		14,138		11,463		10,117		8,802	
Earnings per share before Extraordinary items	\$2.55		\$3.10		\$2.20		\$1.55		\$1.14	
Earnings per share after Extraordinary items	\$2.55		\$3.10		\$2.34		\$1.55		\$1.14	
Dividends per share – regular	.57		.475		.36		.26		.20	
special	—		—		.66		—		—	
Shareholders' Equity per share	15.88		13.90		11.27		9.95		8.66	
Market Price Range - High	13.625		12.50		10.00		6.25		4.75	
- Low	9.00		9.12		5.50		4.40		3.75	

**NOMA INDUSTRIES LIMITED
AND SUBSIDIARIES**

Head Office

375 Kennedy Road
Scarborough, Ontario
M1K 2A3

Auditors

Touche Ross and Co., Toronto

Transfer Agent & Registrar

Montreal Trust Company

Stock Listing

Toronto Stock Exchange

Bankers

Canadian Imperial
Bank of Commerce
Mercantile Bank of Canada

Legal Counsel

Goodman and Goodman
Toronto

Directors

Mrs. Theresa Beck

*H. Thomas Beck

*Norman E. Hardy

James F. Kay

Rudolph A. Koehler

*Donald Rafelman

Siegfried Riemer

Lionel H. Schipper

* Member of the Audit Committee

Officers

Mrs. Theresa Beck,
Chairman
of the Board

H. Thomas Beck,
President
and Chief Executive Officer

Rudolph A. Koehler,
Executive Vice-President
and Secretary

Norman S. Eckler
Vice-President
Finance

Meinrad C. Meerkamper
Controller

**Operating Division
and Subsidiaries**

(100% owned unless otherwise indicated)

**Beck Electric Manufacturing
Company,**

Downsview, Ontario,
Ben Hoag,
Vice-President and
General Manager

Beck Electric Manufacturing Inc.,

(90%)
Stamford, Connecticut,
Seymour Jeruss,
President

Cable Tech Company Limited,

Stouffville, Ontario,
Siegfried Riemer,
President

Canadiana Garden Products Inc.,

(90%)
Brampton, Ontario,
William Czeban,
President

Double*Glo of Canada Limited,

(75%)
Fieldcraft Decorations Limited,

(75%)
Scarborough, Ontario,
Robert L. Weill,
President

Netron Inc.,

Scarborough, Ontario,
Alex Kisin,
President

Noma Canada Inc.,

Scarborough, Ontario,
Rudolph A. Koehler,
President

Noma Decor Inc.,

Downsview, Ontario

