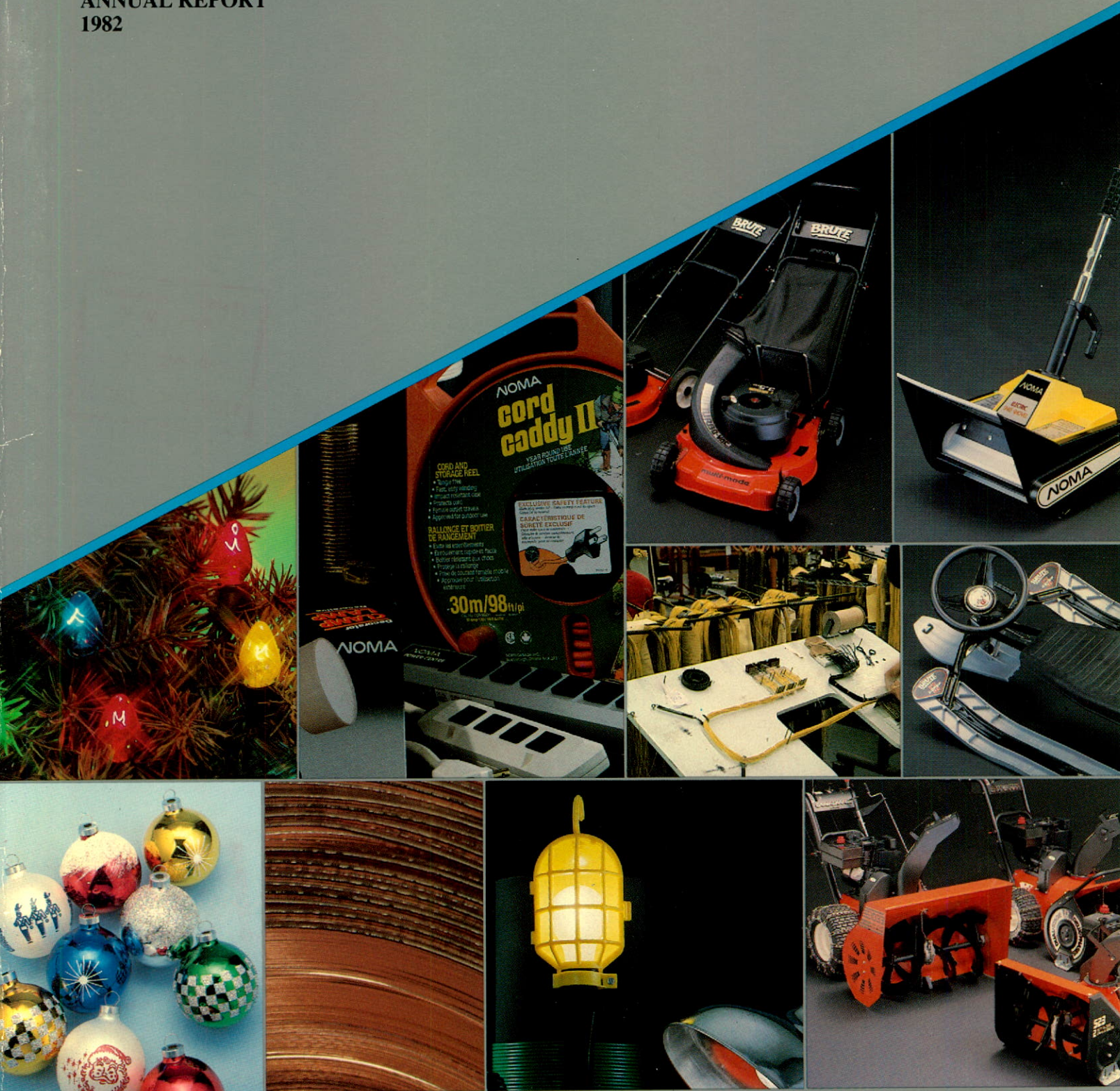


# NOMA

NOMA INDUSTRIES LIMITED  
ANNUAL REPORT  
1982





**1982 ANNUAL REPORT OF  
NOMA INDUSTRIES LIMITED AND SUBSIDIARIES**

**The Company**

Noma Industries Limited 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 USA and Europe.

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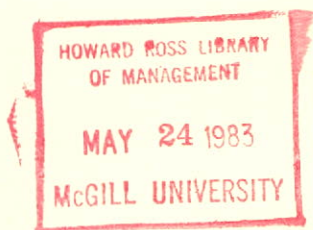
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**Financial Highlights**

	<u>1982</u>	<u>1981</u>
Sales . . . . .	<b>\$93,710,000</b>	\$91,796,000
Net Earnings . . . . .	<b>4,168,000</b>	2,807,000
Shareholders' Equity . . . . .	<b>21,760,000</b>	18,291,000
Return on Average Shareholders' Equity . . . . .	<b>20.8%</b>	16.3%
Shareholders' Equity per share . . . . .	<b>\$ 8.56</b>	\$ 7.19
Earnings per Class A share . . . . .	<b>\$ 1.65</b>	\$ 1.12
Dividends paid . . . . .	<b>\$ 699,000</b>	\$ 671,000

**Annual Meeting**

The Annual Meeting of Shareholders will be held on Monday, June 13, 1983 commencing at 11:00 a.m. in the Quebec Room of the Royal York Hotel, Toronto.



**Head Office**

375 Kennedy Road,  
Scarborough, Ontario  
M1K 2A3

**Auditors**

Touche Ross and Company,  
Toronto.

**Transfer Agent  
and Registrar**

Montreal Trust Company,  
Toronto.

**Bankers**

Canadian Imperial  
Bank of Commerce.  
Mercantile Bank of Canada.

**Legal Counsel**

Goodman and Goodman,  
Toronto.

**Stock Listing**

Toronto Stock Exchange.

**Officers**

Mrs. Theresa Beck,  
Chairman of The Board.  
(Deceased,  
December 21, 1982)

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.

**Directors**

Mrs. Theresa Beck,  
Chairman of the Board.

H. Thomas Beck,  
President and  
Chief Executive Officer,  
Noma Industries Limited.

Norman E. Hardy,  
Chairman of the Board,  
John Labatt Limited.

James F. Kay,  
Chairman of the Board,  
Dylex Limited.

Rudolph A. Koehler,  
President,  
Noma Canada Inc.

Donald Rafelman,  
President,  
Fallbrook Holdings Limited.

Siegfried Riemer,  
President,  
Cable Tech Company  
Limited.

Lionel H. Schipper, QC  
President,  
Schipper Enterprises  
Limited.



THERESA BECK 1901 - 1982

Theresa Beck's passing on December 21, 1982 was more than the loss of a Board Chairman, and co-founder. To many of our employees, customers and suppliers she was a friend, as well as an exemplary model for all to follow for a vigorous, successful and fulfilling life.

Throughout the years, since the founding of our company in 1950, with the changing phases that growth has necessitated, Theresa Beck always regarded company employees as family members. She knew most of the people at Kennedy Road, where she had her office, and many of the people at our other divisions. She knew them by name – and knew most of their children's names – as they shared their concerns with her. She genuinely cared and we knew it.

She demanded the best from all of us. Efficiency was her by-word. She was indefatigable, demanding and critical, yet she made more demands of herself than of anyone who worked with her.

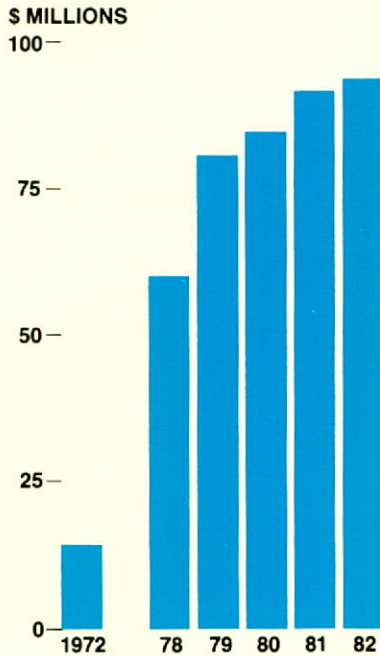
Two decades ago, at an age when many look to retirement, she fully endorsed the purchase of Noma Lites from its US owners, investing almost all of the capital that had been earned by the company over the previous 13 years. Not many people, at age 62, would risk that financial expense and then join vigorously to integrate and rapidly expand the new venture.

Beyond her activities in the company, Theresa Beck received national recognition and esteem. By her life style and achievements, she illustrated that a senior citizen need not become unproductive or a burden on society. She was at work every day, yet maintained a zest for a rich cultural life and participated in and encouraged the activities of charitable organisations. She visited Europe annually to keep well informed on business and world developments. She was one of the group of older persons who became an example of self-sufficiency and accomplishment.

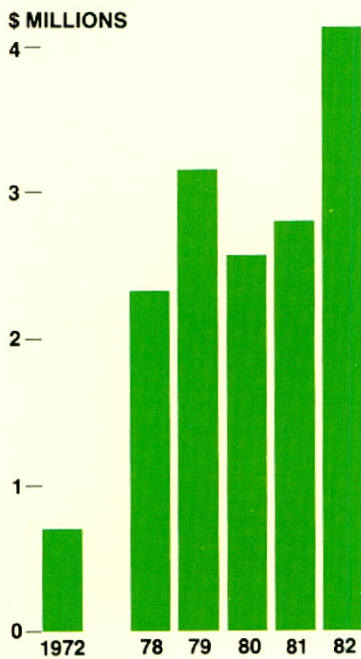
Her fairmindedness in dealing with people from all walks of life will be a continuing influence at Noma. It is a tradition she has given to all of us who had the privilege of working with her.

Her passing has left a void at Noma and yet because of the affection and loyalties she generated amongst us, she will be remembered with much respect by all who knew her.

### Sales Revenues



### Net Income



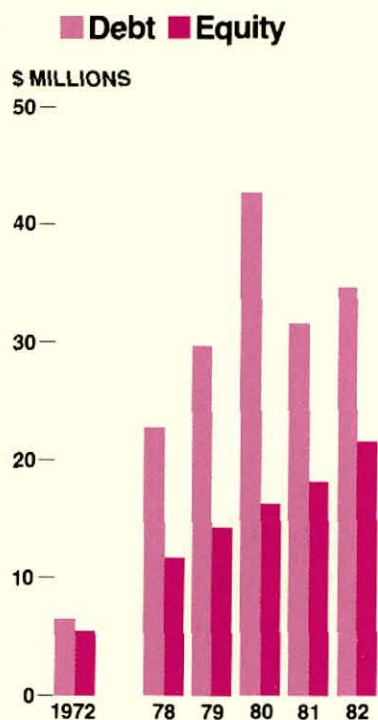
## President's Message



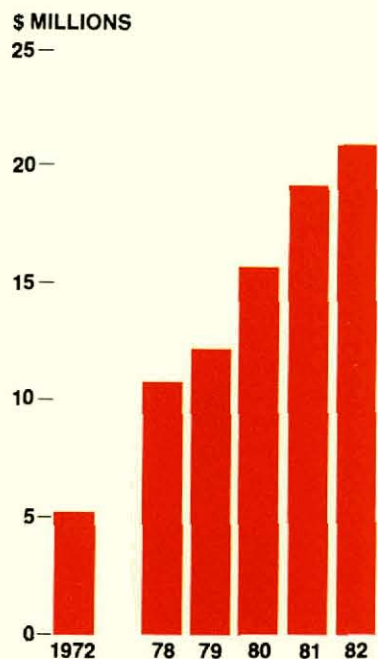
### To our Shareholders Financial Highlights 1982

Just over ten years ago, in October 1972, we made the first public offering of common shares of Noma Industries Limited. This was a major event in the history of our company which began in 1950, when my mother and I acquired IlSCO Industries, a small manufacturer of electrical cordsets. Growth and acquisitions followed during the 1950's and in 1963 a major step was taken – the acquisition of all the shares of Noma Lites Canada Ltd. from its U.S. parent company. Later, in 1972, Noma Industries Limited was established as a corporate entity to direct and control the growing family of manufacturing divisions and subsidiaries.

It now seems appropriate to review the progressive performance of the Noma companies, particularly over the last few years during which there have been dramatic changes in the national economy and economies throughout the world. We have given some graphical presentations of consolidated results over the last five years with a reference to that milestone year of 1972 when you expressed your confidence by investing in our company.



**Net Worth**

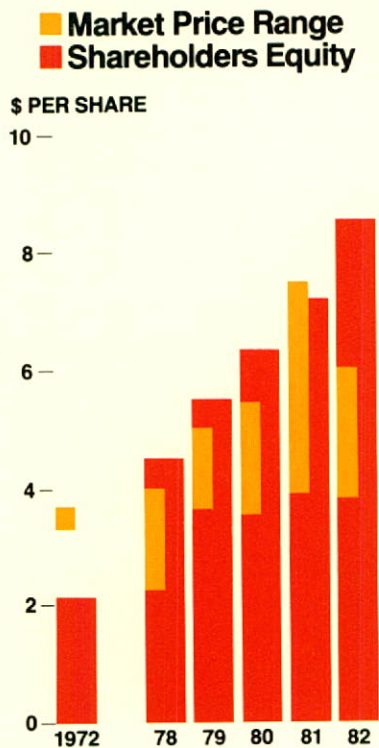
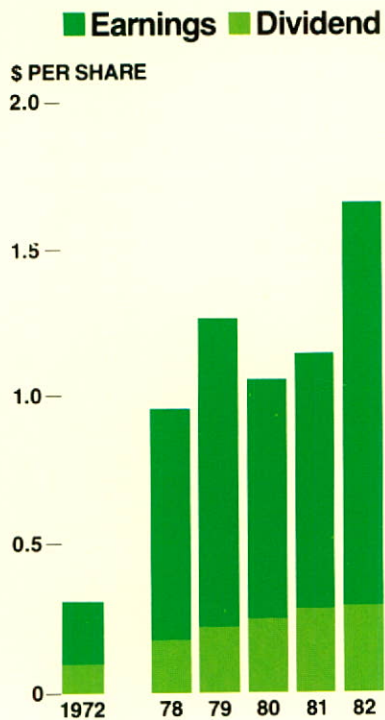


This spirit of confidence encouraged us to move ahead each year, to expand and diversify our products and markets and to make a sustained drive for improvements in efficiency and productivity in our manufacturing operations. Over the years we have steadily added plant capacity, made further acquisitions, developed our manufacturing technology and skills and increased our penetration in very competitive markets. These factors, plus the key disciplines of cost control and efficiency practised by our management, have enabled us to achieve some outstanding results in the recent and most difficult times of economic recession.

Our consolidated sales revenue in the 1982 fiscal year totalled \$93,710,000 – a 2% increase over the figure of \$91,796,000 recorded in 1981. This is the seventh consecutive year in which sales have shown growth.

Of greater significance is our net earnings after tax in 1982 – \$4,168,000 – by far the highest in the company’s history and which represent \$1.65 per Class A share and \$1.61 per Class B share. By comparison, net earnings per share in 1981 were \$1.12 per Class A share and \$1.08 per Class B share. Fluctuations in copper prices did not have any significant effect on our earnings in 1982. Also in 1982, the ratio of net earnings after tax to consolidated sales revenue improved to 4.4%. This is an encouraging upward trend from the 3% figure for the prior years 1980 and 1981.

I am also pleased to report a significant reduction in interest costs – from \$4,918,000 in 1981 to \$2,810,000 in 1982. This is the lowest they have been in recent years and was achieved by controlling our inventory levels throughout the year. I wish to underline the effectiveness of our control of inventories. Even though the 1982 year end inventory was \$1,400,000 less than the previous year, included in the 1982 figures were some \$2,000,000 of unusual items – acquisition of Kenlite inventory of Imperial Manufacturing Inc. and some early purchases of other components made to take advantage of changes in customs tariffs rates.



Our working capital improved from \$21,768,000 in 1981 to \$24,544,000 in 1982, an increase of \$2,776,000. Fixed asset purchases in 1982 were \$1,861,000, compared to the 1981 figure of \$2,165,000.

Shareholders' equity at December 31, 1982 increased to \$21,760,000 or \$8.56 per Class A or B share compared to \$7.19 per Class A or B share at the end of 1981. The debt to equity ratio also improved to 1.6 to 1 compared to 1.7 to 1 in 1981 and 2.6 to 1 in 1980. Return on average shareholders' equity increased to 20.8%, a significant improvement from 16.3% in 1981.

Earlier I mentioned the confidence which you, our shareholders, have expressed in our company beginning in 1972. Now, some ten years later, we have come through a very difficult year with outstanding results which followed many years of sustained growth. I believe that your confidence is well reflected by the conscientious performance of our companies and their management teams which are responsive and quick to adapt to change. I also mentioned implementation of stringent control of expenditures, effective control of inventories and production costs and a sustained drive for improved productivity which are some of the key factors practised by management and employees at all levels. In this regard, the performance of Canadiana Outdoor Products Inc. during 1982 is particularly noteworthy. This company has made persistent efforts over recent years to improve its efficiency, introduce new products and increase its market penetration in a highly competitive market during very difficult times of economic decline. They have achieved remarkable success which had a major and positive impact on our consolidated results for 1982.



## Outlook for 1983

There are a number of factors which encourage us to look for further growth and development of our company in 1983. Firstly, from the standpoint of the national economy, there are indications that the recession has bottomed and a slow but progressive recovery may be beginning. Secondly, our company is in a very strong financial position. Thirdly, we have begun to rationalize our US/Canada manufacturing operations and to further expand our product range and market penetration. Fourthly, there are indications that some of our traditional markets are strengthening relative to their weaknesses in 1982.

With respect to rationalization, we have transferred a substantial portion of our US manufacturing operations to Canada. This will provide improved efficiency and economies of scale in the manufacture of Christmas lighting strings and certain cord products for export to the US market.


Late last year we acquired assets of Imperial Manufacturing Inc. of Montreal. Noma's intention is to continue the manufacture and marketing of a range of electrical and mechanical products for the automotive market under the trade name Kenlite. The products include Ignition Wiring Sets, Battery Cables, Booster Starter Cables and Drive Shaft Centre Supports. We have integrated the manufacture and marketing of these products into our existing operational divisions and subsidiary companies. These new activities will begin to provide a contribution to our consolidated sales and profits of 1983 and create a stronger presence and an expanded product base in the market for automotive parts.

In our more traditional markets, there was a good sell-through of our Christmas products at the retail level in 1982 and therefore the prospects of another year of progress in this market are positive. The markets for electrical wire and cord products which were weak in 1982 are showing signs of recovery and some new products which we have introduced should add to our overall sales. Inventory levels at distributors and retailers are low and accordingly an upswing in consumer and industrial spending should flow through to the manufacturers.

In the market for outdoor products, poor snow conditions in the 1982/83 winter in Europe and North America will affect sales of snowblowers during the 1983/84 winter season but we are confident that increased market penetration with these products should produce comparable sales volume. Our exports of snowblowers to Europe reached a record level in 1982.

Overall, I am more confident in my outlook at this time than I was a year ago. However, the national economy is far from buoyant and we shall continue to be alert and to conduct the management of our company in the manner which brought us through 1982 so well. Noma's diversified range of products and markets makes it less vulnerable than some others in the current adverse economic environment.

I take this opportunity of expressing my sincere appreciation to our employees for their dedicated service and their contributions to our achievements. I am also grateful to our shareholders, customers and suppliers for their continued support.



H.T. Beck  
President and  
Chief Executive Officer

NOMA INDUSTRIES LIMITED

**Consolidated Statement of Earnings**

For the year ended December 31, 1982

	<u>1982</u>	<u>1981</u>
	(Thousands of dollars)	
<b>Sales</b> . . . . .	<u>\$93,710</u>	<u>\$91,796</u>
<b>Costs and expenses</b>		
Cost of sales and selling and administrative expenses . . . . .	81,692	80,207
Depreciation and amortization (Note 8) . . . . .	2,780	2,612
Interest on long-term debt . . . . .	2,413	1,925
Interest on other indebtedness . . . . .	397	2,993
	<u>87,282</u>	<u>87,737</u>
<b>Earnings before income taxes and minority interests</b> . . . . .	<u>6,428</u>	<u>4,059</u>
<b>Income taxes (Note 9)</b> . . . . .	<u>2,432</u>	<u>1,253</u>
<b>Earnings before minority interests</b> . . . . .	<u>3,996</u>	<u>2,806</u>
<b>Losses attributable to minority interests</b> . . . . .	<u>172</u>	<u>1</u>
<b>Net earnings</b> . . . . .	<u>\$ 4,168</u>	<u>\$ 2,807</u>

<b>Earnings per share</b>		
Class A . . . . .	\$1.65	\$1.12
Class B . . . . .	\$1.61	\$1.08

**Consolidated Statement of Retained Earnings**

For the year ended December 31, 1982

	<u>1982</u>	<u>1981</u>
	(Thousands of dollars)	
<b>Balance at beginning of year</b> . . . . .	\$15,834	\$13,698
<b>Net earnings</b> . . . . .	<u>4,168</u>	<u>2,807</u>
	<u>20,002</u>	<u>16,505</u>
<b>Dividends</b> . . . . .	699	671
<b>Balance at end of year</b> . . . . .	<u>\$19,303</u>	<u>\$15,834</u>

See accompanying notes to consolidated financial statements.

**Consolidated Statement of Changes in Financial Position**

For the year ended December 31, 1982

		<u>1982</u>	<u>1981</u>
		(Thousands of dollars)	
<b>Funds provided by</b>	Operations		
	Net earnings . . . . .	\$ 4,168	\$ 2,807
	Items not affecting funds		
	Depreciation and amortization . . . . .	2,780	2,612
	Deferred income taxes . . . . .	306	507
	Losses attributable to minority interests . . . . .	(172)	(1)
		<u>7,082</u>	<u>5,925</u>
	Increase in long-term debt . . . . .	-	9,149
		<u>7,082</u>	<u>15,074</u>
<b>Funds used for</b>	Purchase of fixed assets . . . . .	1,861	2,165
	Decrease in long-term debt . . . . .	1,638	-
	Dividends . . . . .	699	671
	Other . . . . .	108	28
		<u>4,306</u>	<u>2,864</u>
<b>Increase in working capital</b> . . . . .	<b>2,776</b>	<b>12,210</b>	
<b>Working capital at beginning of year</b> . . . . .	<b>21,768</b>	<b>9,558</b>	
<b>Working capital at end of year</b> . . . . .	<b><u>\$24,544</u></b>	<b><u>\$21,768</u></b>	

See accompanying notes to consolidated financial statements.


**Auditors' Report**

The Shareholders,  
Noma Industries Limited.

We have examined the consolidated balance sheet of Noma Industries Limited as at December 31, 1982 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, 1982 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.

Toronto, Ontario  
March 23, 1983.

  
Chartered Accountants

**Consolidated Balance Sheet**

As at December 31, 1982

		<u>1982</u>	<u>1981</u>
		(Thousands of dollars)	
<b>ASSETS</b>	<b>Current</b>		
	Cash and short-term notes . . . . .	\$ 9,626	\$ 3,342
	Accounts receivable . . . . .	12,083	9,854
	Inventories . . . . .	20,097	21,464
	Sundry assets and prepaid expenses . . . . .	771	609
		<u>42,577</u>	<u>35,269</u>
	<b>Fixed</b> (Note 2) . . . . .	12,910	13,573
	<b>Other</b> (Note 3) . . . . .	785	933
		<u>\$56,272</u>	<u>\$49,775</u>
<b>LIABILITIES</b>	<b>Current</b>		
	Bank indebtedness (Note 4) . . . . .	\$ 5,683	\$ 6,240
	Accounts payable and accrued liabilities . . . . .	9,623	5,883
	Income taxes payable . . . . .	1,717	245
	Current portion of long-term debt . . . . .	1,010	1,133
		<u>18,033</u>	<u>13,501</u>
	<b>Deferred income taxes</b> . . . . .	2,832	2,526
	<b>Long-term debt</b> (Note 5) . . . . .	13,566	15,204
		<u>34,431</u>	<u>31,231</u>
	<b>Minority interests in subsidiary companies</b> . . . . .	81	253
	<b>Commitments and contingencies</b> (Note 6) . . . . .		
<b>SHAREHOLDERS' EQUITY</b>	<b>Capital stock</b> (Note 7) . . . . .	2,457	2,457
	<b>Retained earnings</b> . . . . .	19,303	15,834
		<u>21,760</u>	<u>18,291</u>
		<u>\$56,272</u>	<u>\$49,775</u>

On behalf of the Board



Director



Director

See accompanying notes to consolidated financial statements.

## Notes to Consolidated Financial Statements

December 31, 1982

### 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. Basis of accounting

These financial statements are prepared on the historical cost basis and do not reflect the impact of specific price changes or changes in the general level of prices.

#### c. 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.

#### d. 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 . . . . .	2.5% per annum
Machinery and equipment . . . . .	10% per annum
Data processing equipment . . . . .	20% per annum
Moulds, dies and tooling . . . . .	25% per annum

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.

#### e. Deferred development costs

Deferred development costs relate to the costs incurred 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.

#### f. Goodwill

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

#### g. Income taxes

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

#### h. 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.

### 2. FIXED ASSETS

	(Thousands of dollars)			
		1982	1981	
	Cost	Accumulated depreciation and amortization	Net book value	Net book value
Buildings . . . . .	\$ 3,855	\$ 1,087	\$ 2,768	\$ 2,864
Machinery, equipment and leasehold improvements . . . . .	19,200	10,941	8,259	8,527
Moulds, dies and tooling . . . . .	4,265	2,943	1,322	1,621
	27,320	14,971	12,349	13,012
Land . . . . .	561	—	561	561
	<u>\$27,881</u>	<u>\$14,971</u>	<u>\$12,910</u>	<u>\$13,573</u>

Notes to Consolidated Financial Statements (Continued)

	<u>1982</u>	<u>1981</u>
<b>3. OTHER ASSETS</b>		
	(Thousands of dollars)	
Patents . . . . .	\$ 44	\$ 39
Goodwill . . . . .	488	502
Deferred development costs . . . . .	253	381
Other deferred costs . . . . .	—	11
	<u>\$785</u>	<u>\$933</u>

**4. BANK INDEBTEDNESS**

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

	<u>1982</u>	<u>1981</u>
<b>5. LONG-TERM DEBT</b>		
	(Thousands of dollars)	
Evergreen loan (a) . . . . .	\$10,000	\$10,000
Term bank loans (b) . . . . .	2,000	3,486
Mortgages on real property (c) . . . . .	1,845	1,938
Equipment loan (d) . . . . .	718	897
Others . . . . .	13	16
	<u>14,576</u>	<u>16,337</u>
Less current portion . . . . .	<u>1,010</u>	<u>1,133</u>
	<u>\$13,566</u>	<u>\$15,204</u>

- a. The Company has made certain bank borrowing arrangements which provide a line of credit for a period of two years, renewable every twelve months. Accordingly all such bank borrowings are classified as non-current liabilities. Financing may consist of bankers' acceptances and/or bank advances with interest rates related to market and bank prime. Bank borrowings are secured by a general assignment of certain accounts receivable and inventories.
- b. Interest is payable at 1/2% 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.
- c. \$877,000 with interest at 8<sup>3</sup>/<sub>4</sub>%, due December 1, 1992; \$968,000 with interest at 10<sup>1</sup>/<sub>8</sub>%, due December 1, 1994.
- d. The balance of the loan of US \$584,000 is repayable in seven equal semi-annual instalments due in 1986 with interest at 8%.

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

	(Thousands of dollars)
1983 . . . . .	\$ 1,010
1984 . . . . .	11,027
1985 . . . . .	928
1986 . . . . .	237
1987 . . . . .	148

**6. COMMITMENTS AND CONTINGENCIES**

- a. The Company is obligated under the conditions of operating leases for facilities involving current annual rentals as follows:

	(Thousands of dollars)
1983 . . . . .	\$690
1984 . . . . .	647
1985 . . . . .	554
1986 . . . . .	463
1987 . . . . .	258

**NOMA INDUSTRIES LIMITED**

**Notes to Consolidated Financial Statements (Continued)**

- b. There were forward purchase contracts and letters of credit outstanding at December 31, 1982 of approximately \$4,796,000.
- c. The Company has agreed to acquire the entire 25% minority interest in a subsidiary after December 31, 1983, at prices based on its future book value or pre-tax earnings. 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.
- d. The Company is committed to purchase machinery for approximately \$340,000.

**7. CAPITAL STOCK**

	<u>Authorized</u>		<u>Issued</u>	
	<u>December 31, 1982</u>	<u>1981</u>	<u>December 31, 1982</u>	<u>1981</u>
Class A non-voting shares, without par value (Note 12) . . . . .	7,000,000	7,000,000	1,594,282	1,580,282
Class B convertible voting shares, without par value . . . . .	7,000,000	7,000,000	948,218	962,218
Common shares, without par value . . . . .	100	100	—	—
	<u>14,000,100</u>	<u>14,000,100</u>	<u>2,542,500</u>	<u>2,542,500</u>

The Class A shares are entitled to a preferential non-cumulative quarterly dividend of one cent per share, thereafter dividends being paid equally on both Class A and Class B shares.

The Class B shares are convertible to Class A non-voting shares on a one to one basis.

**8. DEPRECIATION AND AMORTIZATION**

	<u>1982</u>	<u>1981</u>
	(Thousands of dollars)	
Depreciation . . . . .	\$2,402	\$2,232
Amortization of		
Leasehold improvements . . . . .	122	132
Patents . . . . .	8	7
Goodwill . . . . .	14	14
Deferred costs . . . . .	234	227
	<u>\$2,780</u>	<u>\$2,612</u>

**9. INCOME TAXES**

The provision for income taxes has been computed approximately as follows:

	<u>1982</u>	<u>1981</u>
	(Thousands of dollars)	
Income taxes on earnings before income taxes and minority interests, at 51.5% . . . . .	\$3,310	\$2,090
Less		
Manufacturing and processing allowance . . . . .	450	284
Investment and job tax credits . . . . .	183	103
Inventory allowance . . . . .	298	332
Other . . . . .	(53)	118
	<u>878</u>	<u>837</u>
Provision for income taxes . . . . .	<u>\$2,432</u>	<u>\$1,253</u>

Notes to Consolidated Financial Statements (Continued)

Non-capital losses for tax purposes of certain subsidiaries approximating \$55,000 have been accumulated and may be carried forward and applied against future years' taxable income. Additionally, there are investment and job tax credits approximating \$203,000 available to subsidiary companies to reduce income tax provisions in future years. The expiry dates of the accumulated non-capital losses and tax credits are as follows:

	<u>Non-capital losses</u>	<u>Investment and job tax credits</u>
	(Thousands of dollars)	
1984 . . . . .	\$—	\$ 3
1985 . . . . .	55	3
1986 . . . . .	—	1
1987 . . . . .	—	10
1991 - 1997 . . . . .	—	186
	<u>\$55</u>	<u>\$203</u>

10. SEGMENTED INFORMATION

The Company's 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)					
	<u>Components manufacturing</u>		<u>Consumer products</u>		<u>Consolidated</u>	
	<u>1982</u>	1981	<u>1982</u>	1981	<u>1982</u>	1981
Sales to outside customers . . . . .	<u>\$25,100</u>	\$30,033	<u>\$68,610</u>	\$61,763	<u>\$ 93,710</u>	\$ 91,796
Inter-segment sales . . . . .	<u>10,737</u>	11,642	<u>186</u>	4	<u>10,923</u>	11,646
Total sales . . . . .	<u>\$35,837</u>	\$41,675	<u>\$68,796</u>	\$61,767	<u>\$104,633</u>	\$103,442
Contribution before the undernoted . . . . .	<u>\$ 3,562</u>	\$ 4,765	<u>\$ 5,676</u>	\$ 4,212	<u>\$ 9,238</u>	\$ 8,977
Interest expense . . . . .					<u>2,810</u>	4,918
Minority interests . . . . .					<u>(172)</u>	(1)
Income taxes . . . . .					<u>2,432</u>	1,253
					<u>5,070</u>	6,170
Net earnings . . . . .					<u>\$ 4,168</u>	\$ 2,807
Assets identified with segments . . . . .	<u>\$18,925</u>	\$17,363	<u>\$37,347</u>	\$32,412	<u>\$ 56,272</u>	\$ 49,775
Capital expenditures . . . . .	<u>\$ 870</u>	\$ 1,463	<u>\$ 991</u>	\$ 702	<u>\$ 1,861</u>	\$ 2,165
Depreciation and amortization . . . . .	<u>\$ 1,293</u>	\$ 1,248	<u>\$ 1,487</u>	\$ 1,364	<u>\$ 2,780</u>	\$ 2,612

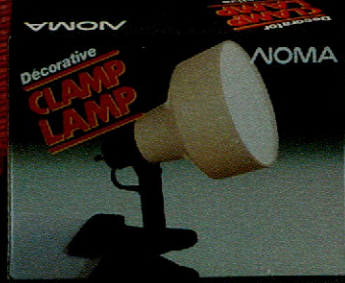
11. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate remuneration of the ten directors and senior officers, as defined by The Business Corporations Act — Ontario, amounted to approximately \$712,000 (1981 — \$536,000).

12. SUBSEQUENT EVENT

On January 28, 1983 the Company issued 169,500 Class A common shares for total consideration of \$847,500 as part of an employee share purchase plan.





**CORD AND STORAGE REEL**

- Tangle free
- Fast, easy insertion
- Impact resistant case
- Protects cord
- Fits all cord types
- Approved for outdoor use

**BALLONNE ET BOITIER DE RANGEMENT**

- Facile à utiliser
- Remplacement rapide et facile
- Boîtier résistant aux chocs
- Protège le cordon
- Convient pour utilisation extérieure
- Approuvé pour utilisation extérieure

**30m/98ft**

**EXCLUSIVE SAFETY FEATURE**

**CARACTÉRISTIQUES DE SÛRETÉ EXCLUSIVES**

## Review and Outlook of Operations

### **Noma Canada Inc.**

The markets for this company's range of products were depressed for the first nine months of 1982. As a result, total sales revenue of this company declined slightly from the record figure achieved in 1981. However, profit margins were maintained at reasonable levels and this, coupled with lower interest rates and persistent and well orchestrated efforts by sales, marketing and production personnel across the broad spectrum of products, resulted in a satisfactory pre-tax profit. Market reaction to the TV promotion of Christmas products was positive and this will be presented again in 1983 with expanded coverage.

In the non-Christmas product category, a range of attractively priced NOMA CLAMP LAMPS and the NOMA CORD CADDY II, a novel extension cord and reel, are some of the new products which are expected to add to sales and profits in 1983. Also, the KENLITE range of automotive wire products is expected to contribute profitable sales in its first year under our management. We expect record sales and satisfactory profits in 1983 for this division.

### **Noma Decor Inc.**

During 1982 this company's facilities for the production of artificial Christmas trees were further developed and 15,000 sq. ft. of warehousing space were added to the plant. Sales revenue and profits showed a modest improvement over 1981 in a market which was depressed and highly competitive.

During 1983 production facilities will be given some further fine-

tuning by the addition of some specialized and automated equipment and sales and profits are expected to improve.

### **Beck Electric Manufacturing Company**

Sales and profits of this division were adversely affected by the downturn of the major appliance industry. However, some gains were achieved in the automotive market as a result of persistent marketing efforts. Also the division has worked very closely with Canada's manufacturers of major domestic appliances and enhanced its performance and reputation as a competitive, conscientious and reliable supplier of electrical wiring harnesses. By such co-operation with these manufacturers at the engineering and procurement decision making levels, this division is assisting the Canadian appliance manufacturers to improve their costs, productivity and quality in the procurement of electrical components. A similar approach is being taken with respect to the manufacturers of automotive products. An increase in the major appliance industry output will have a positive impact on the results of this division, which has also begun to produce the KENLITE range of Ignition Wiring Sets, marketed through Noma Canada Inc., for the automotive after market.

### **Doubl\*Glo of Canada Limited Fieldcraft Decorations Limited**

These companies have been amalgamated corporately and now operate under the name of Doubl\*Glo of Canada Limited. Operations, which are the manufacture and wholesaling of a comprehensive line of non-electric

Christmas decorations, remains unchanged. The company continues to improve its productivity in manufacturing and to exercise careful control of production costs. Although the market was depressed in 1982, the company's net operating results showed an improvement over 1981. Emphasis will be placed on expanding market penetration.

### **Cable Tech Company Limited**

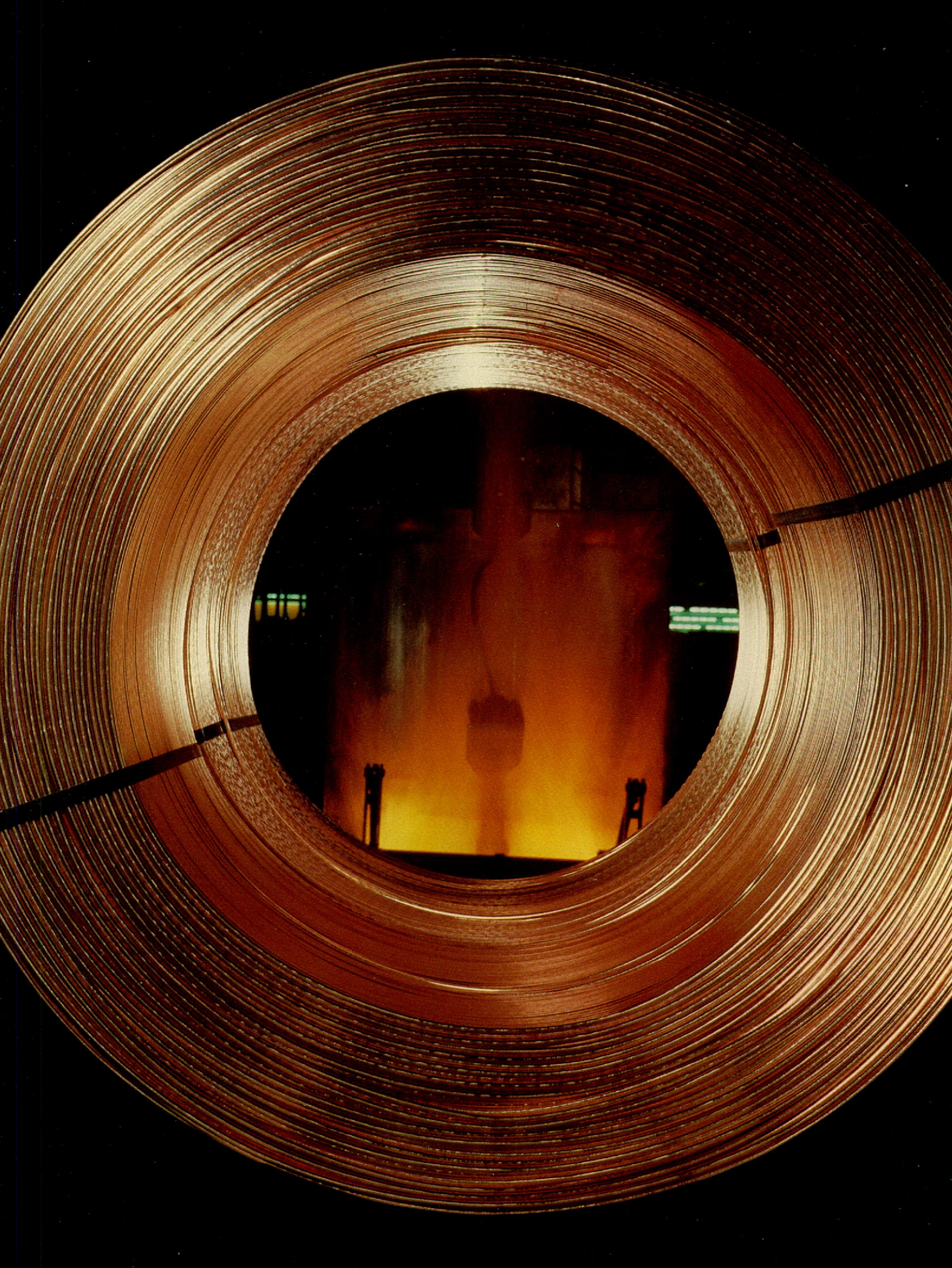
The weak demand for wire and cable products which persisted throughout 1982 reduced the sales of this company. While these figures were less than the outstanding results recorded in 1981, the company's contribution to the consolidated sales and profits for the Noma group was nevertheless significant. The problems experienced last year with the CONTINUOUS CAST COPPER SYSTEM have been resolved and the company is producing in volume, high quality, oxygen free copper rod. Efforts are now being concentrated on marketing this product in Canada and the USA. Unless current trends change, Cable Tech should achieve improved sales and profits in 1983.

*(Preceding Page)*

*Noma's Electrical Power Cord Products; results from over 30 years of manufacturing experience and continuous research, design and innovation to produce the best in quality & reliability.*

*(Facing Page)*

*High quality, oxygen free Continuous Cast Copper Rod is produced by our Cabletech division, a highly efficient manufacturer of electrical wire and cable which led the industry with the first commercial application of this technology in Canada.*



## Review and Outlook of Operations (Continued)

### Beck Electric Manufacturing Inc.

For our subsidiary company at Stamford, Connecticut, 1982 sales revenues were approximately the same as recorded in 1981 but higher operating costs led to unacceptable net results. A decision has been made to transfer substantially all the manufacturing facilities to Toronto and to concentrate the efforts of Beck Inc in the marketing and sale of Christmas lighting strings and selected cord products in the United States. This will provide a more efficient utilization of our manufacturing facilities and the economies of scale at the Canadian plant will have a positive impact on the consolidated results for 1983.

### Netron Inc.

Netron completed its first full year of operations in 1982 and during the year stepped up its development work on CAP (Computer Aided Programming). This is a comprehensive program of development of advanced software technology scheduled to extend over the next two years. The Federal Government is contributing 50% of the development costs incurred under the provisions of the Enterprise Development Program (Technology Innovation). Simultaneously, Netron has increased its marketing functions and staff to execute a coordinated marketing strategy for the CAP products as they emerge from the development work and for its more mature technology and expertise in Conversion Software Services and Turnkey Manufactur-

ing Systems. With regard to the latter two categories, orders are becoming more numerous and more firm and in addition, the response to the company's initial marketing promotions of CAP is positive and encouraging. During 1983, the prospects of Netron's future in software technology will become more specifically determined and quantified and it is expected that this division will contribute more significantly to our consolidated results in 1984.

### Canadiana Outdoor Products Inc.

Canadiana had a record year in terms of sales, profits, exports and marketing of a new product. The company took the initiative during the heavy snowfalls which occurred in the early months of 1982 to clear its inventories of snowblowers and simultaneously aggressively pursued the European market for these products. Export

sales to this market region were the highest in the company's history.

Later, at the beginning of the 1982/83 winter season, the company achieved outstanding success in the home market with its new product, the NOMA POWER SHOVEL. This product was promoted on national TV networks and proved the confidence of consumers in the NOMA name and reputation.

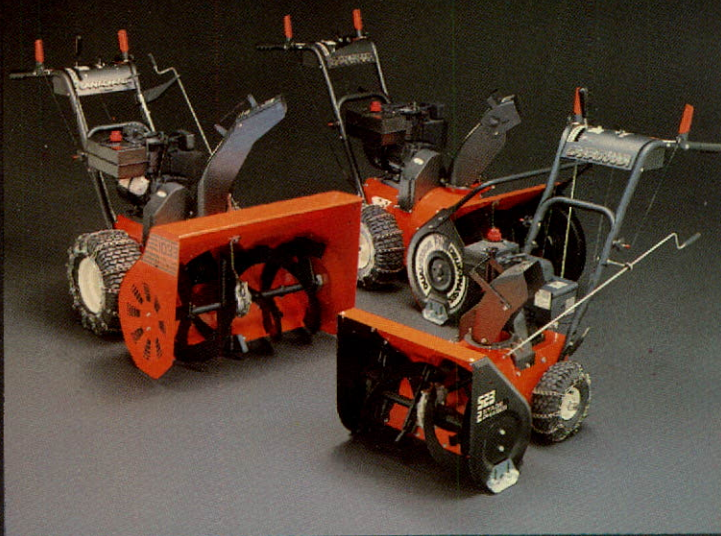
The company's summer product range has been extended by adding the FLYMO line of air-cushioned lawn mowers. These machines are manufactured at the Brampton plant under the terms of a licensing agreement between Canadiana and Flymo Limited of England which provides Canadiana with the exclusive marketing rights for these products in Canada.

During 1983 another new product will be marketed by Canadiana — SNO RACER — which is a unique snow sled designed for young people and has already received an award for the best new leisure product at the 1983 Canadian Hardware and Sporting Goods Show. New products and strong marketing should produce results in 1983 as good or better than achieved in 1982.



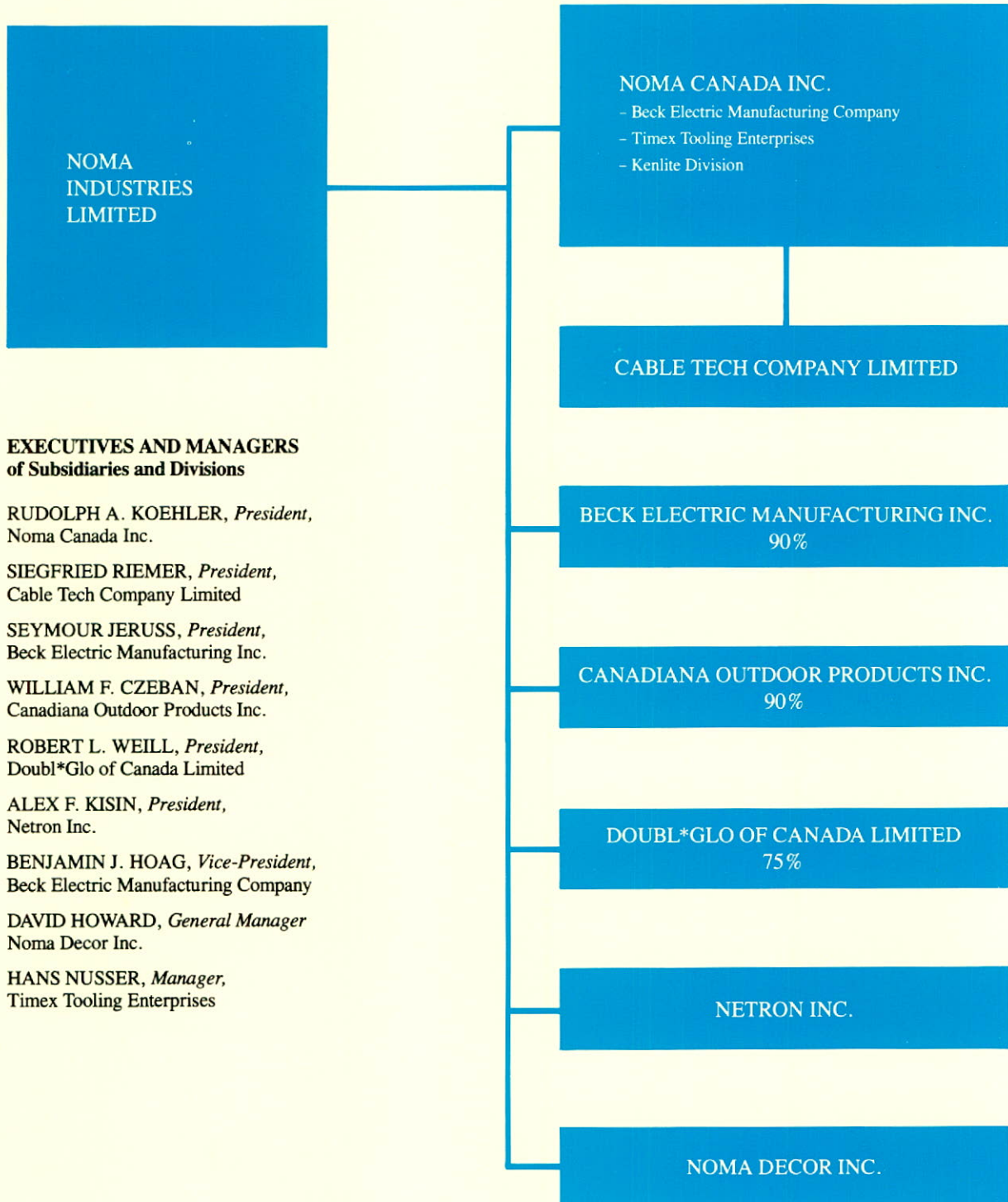
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*The range of products of Canadiana Outdoor Products Inc. and its marketing activities reflect the international orientation and success of this company in a very competitive field.*



## Corporate Structure

(Subsidiaries 100% owned unless indicated otherwise)



### EXECUTIVES AND MANAGERS of Subsidiaries and Divisions

RUDOLPH A. KOEHLER, *President*, Noma Canada Inc.

SIEGFRIED RIEMER, *President*, Cable Tech Company Limited

SEYMOUR JERUSS, *President*, Beck Electric Manufacturing Inc.

WILLIAM F. CZEBAN, *President*, Canadiana Outdoor Products Inc.

ROBERT L. WEILL, *President*, Doubl\*Glo of Canada Limited

ALEX F. KISIN, *President*, Netron Inc.

BENJAMIN J. HOAG, *Vice-President*, Beck Electric Manufacturing Company

DAVID HOWARD, *General Manager*, Noma Decor Inc.

HANS NUSSER, *Manager*, Timex Tooling Enterprises



## Notice of Special Meeting

NOTICE IS HEREBY GIVEN that a Special Meeting (the "Meeting") of shareholders of Norcen Energy Resources Limited (the "Company") will be held in Commerce Hall, Commerce Court West, King and Bay Streets, Toronto, Ontario on Tuesday, October 25, 1983 at 10:00 a.m. (local time), for the following purposes:

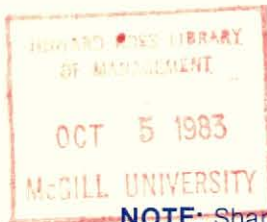
- (1) To consider and, if thought fit, to pass with or without variation a special resolution amending the Articles of the Company to:
  - (i) create a new class of shares to be designated as Voting Ordinary Shares;
  - (ii) create a new class of shares to be designated as Non-Voting Ordinary Shares; and
  - (iii) change each Common Share into one Voting Ordinary Share and one Non-Voting Ordinary Share and cancel any authorized but unissued Common Shares.
- (2) To transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The text of the special resolution to be submitted to the Meeting and a statement as to the rights of a dissenting shareholder are set out in Schedules "A" and "B" respectively to the attached Proxy Circular and Statement which together with such Schedules forms a part of this Notice.

DATED at Toronto, Ontario this 30th day of September, 1983.

By order of the Board of Directors

W.T. KILBOURNE  
Secretary



**NOTE:** Shareholders who are unable to attend the Meeting in person are requested to complete, date and sign the enclosed form of proxy and return it, in the envelope provided, to the Secretary of the Company, c/o National Trust Company, Limited, 18 King Street East, Toronto, Ontario M5C 1E4.







4600 Toronto-Dominion Centre Toronto, Ontario M5K 1E5

Edward G. Battle  
President and Chief Executive Officer

September 30, 1983

To the holders of  
First Preference and Common Shares of Norcen Energy Resources Limited:

You are invited to attend a Special Meeting of the holders of First Preference and Common Shares of Norcen Energy Resources Limited (the "Company") to be held in Commerce Hall, Commerce Court West, King and Bay Streets, Toronto, Ontario, on Tuesday, October 25, 1983 at 10:00 a.m.

The meeting has been called so that the shareholders may consider and vote on a special resolution to change the share capital of the Company by amending the Articles of the Company to create two new classes of shares to be designated "Voting Ordinary Shares" and "Non-Voting Ordinary Shares". The Articles of the Company would also be amended by changing each issued and outstanding Common Share into one Voting Ordinary Share and one Non-Voting Ordinary Share.

The assets of the Company have grown substantially in recent years. This growth has been financed from internally generated funds and from the issue of debt capital, without any significant issue of additional equity capital. The purpose of the proposed changes is to provide flexibility to the Company in attracting long-term capital, including equity capital, to finance the Company's operations and to facilitate acquisitions as favourable opportunities arise, without affecting the voting rights of existing shareholders. It is anticipated that future issues of participating equity will be primarily in the form of Non-Voting Ordinary Shares.

Your Board of Directors and the financial advisors of the Company, Wood Gundy Limited and Dominion Securities Ames Limited, believe the proposed amendments are in the best interest of the shareholders. The Board of Directors therefore recommends your approval of the special resolution and seeks your support at the forthcoming meeting of shareholders on October 25, 1983.

Please read carefully the enclosed material including the proposed attributes of the Voting Ordinary Shares and Non-Voting Ordinary Shares. We hope you will be able to attend. If not, please complete and return the enclosed Form of Proxy.

If you have any questions regarding the enclosed material, please contact the Secretary of the Company, 4600 Toronto-Dominion Centre, Toronto, Ontario M5K 1E5, (416) 947-4021.

Yours sincerely,

A handwritten signature in blue ink that reads "E. G. Battle". The signature is written in a cursive style with a large initial "E".

Edward G. Battle



## Proxy Circular and Statement

September 7, 1983

**This Proxy Circular and Statement is furnished in connection with the solicitation of proxies on behalf of the Board of Directors of Norcen Energy Resources Limited (the "Company") for use at a Special Meeting (the "Meeting") of shareholders of the Company called for October 25, 1983.**

This Proxy Circular and Statement and a form of proxy will be mailed to the shareholders on or about September 30, 1983. All dollar amounts herein are stated in Canadian dollars.

### Proxies

It is expected that the solicitation of proxies from the shareholders for use at the Meeting will be primarily by mail, but proxies may also be solicited personally by directors or regular employees of the Company. The cost of this solicitation will be borne by the Company. The Company will pay persons holding shares in their names or in those of their nominees for their reasonable expenses in sending solicitation material to their principals.

Each of the persons named in the enclosed form of proxy to represent shareholders at the Meeting is a director and/or officer of the Company. Each shareholder has the right to appoint some other person to represent him at the Meeting and may exercise this right by inserting such other person's name in the blank space provided in the enclosed form of proxy or by completing another form of proxy. A person so appointed to represent a shareholder at the Meeting need not be a shareholder.

To be voted at the Meeting, a proxy must be received by the Secretary of the Company or by the chairman of the Meeting prior to or at the Meeting. A shareholder who has given a proxy may revoke it by depositing another form of proxy bearing a later date or a form of revocation of proxy, signed by him or by his attorney authorized in writing, at the registered office of the Company at the address shown above, at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof or, as to any matter on which a vote has not already been cast pursuant to the authority conferred by the proxy, by depositing such form of

proxy or of revocation with the chairman of the Meeting at the Meeting or any adjournment thereof, or may revoke the proxy in any other manner permitted by law.

On any ballot that may be called for at the Meeting, all shares, in respect of which the persons named in the enclosed form of proxy have been appointed to act, will be voted or withheld from voting in accordance with the specifications made. If a specification is not made with respect to any matter, the shares will be voted on such matter as stated in this Proxy Circular and Statement. The form of proxy confers discretionary authority upon the persons appointed with respect to amendments to the matters identified in the notice of the Meeting and with respect to any other matters which may properly come before the Meeting.

The directors of the Company know of no matters to come before the Meeting other than the matters identified in the notice of the Meeting. If any matters which are not now known should properly come before the Meeting, the persons named in the enclosed form of proxy will vote on such matters in accordance with their best judgment.

### Change of Issued Common Shares into Voting and Non-Voting Shares and Other Amendments to Share Capital

The purpose of the Meeting is to consider and, if thought fit, to change the share capital of the Company. The authorized capital of the Company presently consists of 1,300,000 First Preference Shares issuable in series for a maximum consideration of \$132,500,000, an unlimited number of Second Preference Shares, an unlimited number of Junior Preference Shares and an unlimited number of Common Shares.

By resolution adopted on September 7, 1983, the Board of Directors authorized the submission to the shareholders of a special resolution authorizing the Company to apply for a Certificate of Amendment under the Canada Business Corporations Act amending the Articles of the Company to create two new classes of shares: a class of an unlimited number of shares to be designated Voting Ordinary

Shares, having attributes similar to the existing Common Shares except that the Voting Ordinary Shares would have the right to convert at any time on a one-for-one basis into Non-Voting Ordinary Shares; and a class of an unlimited number of shares to be designated Non-Voting Ordinary Shares, having attributes similar to the Voting Ordinary Shares except that the Non-Voting Ordinary Shares would not, except as required by the Canada Business Corporations Act, carry the right to vote and would only be convertible into Voting Ordinary Shares in the event of certain limited circumstances involving offers made to all or substantially all holders of Voting Ordinary Shares in Canada.

As well, the Articles would be amended so as to change each Common Share issued and outstanding as of 8:00 P.M. Toronto time on the effective date of the Certificate of Amendment in respect of the special resolution into one Voting Ordinary Share and one Non-Voting Ordinary Share and to cancel any authorized but unissued Common Shares. The text of the special resolution being submitted to the shareholders is set forth in Schedule "A" hereto.

### **Purpose**

The gross assets of the Company have grown from approximately \$1,222 million at the end of 1980 to approximately \$2,018 million at the end of July 1983. This growth in assets has been financed from internally generated funds and from the issue of debt capital, without the issue of any significant amount of additional equity capital. The Board of Directors is recommending this change in the share capital in order to maintain the Company's flexibility to attract capital from all sources at the most competitive costs for the purposes of financing the Company's operations and of facilitating possible acquisitions as favourable opportunities arise without affecting the voting rights of the present shareholders. Accordingly, holders of Voting Ordinary Shares, including the principal shareholder, would be able to maintain their voting percentage in the Company without additional investment when the Company issues Non-Voting Ordinary Shares in order to add equity capital or effect acquisitions.

The increase in the number of outstanding participating shares of the Company is expected to have the effect of broadening the market for shares of the Company and facilitating any future issuance of the Non-Voting Ordinary Shares. The Company expects that it will issue Non-Voting Ordinary Shares as its principal form of ordinary share equity to meet its future requirements for participating equity. If the special resolution is passed, the Company proposes to make an equity offering involving Non-Voting Ordinary Shares before year end provided that market and other conditions are appropriate. The distribution of the Non-Voting Ordinary Shares through the change to share capital, and the anticipated listing of such shares on the Toronto and Montreal stock exchanges, are expected to achieve liquidity for the Non-Voting Ordinary Shares.

The Company has no present plans or proposals for any acquisitions, mergers, or similar transactions.

Reference is made to "Shareholder Approval"

and to "Canadian Federal Income Tax".

### **Attributes of New Shares**

The proposed Voting Ordinary Shares and the Non-Voting Ordinary Shares would represent two new classes of share capital of the Company. There would be no limit on the number of shares of each class which may be issued from time to time nor would there be any limit on the total consideration for which the shares of either class could be issued. The two classes would rank equally with each other and after all Preference Shares with respect to priority on the payment of dividends and on a distribution of assets in the event of the dissolution of the Company. Each new class would share equally on a per share basis in the amount of any dividend paid and on any distribution on dissolution. The two new classes would be issuable at any time or from time to time by the Board of Directors without further shareholder approval.

The Voting Ordinary Shares would be different from the Non-Voting Ordinary Shares in that they would entitle the holder to vote on the basis of one vote for each Voting Ordinary Share. Holders of Non-Voting Ordinary Shares would be entitled to receive notice of, to attend and participate in discussions at, meetings of shareholders, but would not be entitled to vote except where required by law. By law the Non-Voting Ordinary Shares would generally carry the right to vote on certain fundamental changes, including an amalgamation or a sale of all or substantially all the assets of the Company, and on changes which affect the rights of Non-Voting Ordinary Shares as a class.

Voting Ordinary Shares would be convertible at the holder's option into Non-Voting Ordinary Shares, on a one-for-one basis, at any time.

Non-Voting Ordinary Shares would be convertible into Voting Ordinary Shares, on a one-for-one basis, in certain limited circumstances. If an offer is made to all or substantially all holders of Voting Ordinary Shares in Canada ("Offer"), the Non-Voting Ordinary Shares would for the purposes of the Offer only be convertible into Voting Ordinary Shares on a one-for-one basis. In order to perfect the conversion Non-Voting Ordinary Shares must be forwarded to the transfer agent of the Company for tendering under the Offer. In addition, the conversion would not be effective if: (i) at the same time an offer is made to all or substantially all holders of Non-Voting Ordinary Shares in Canada which provides a consideration per Non-Voting Ordinary Share at least equal in value to the consideration per Voting Ordinary Share under the Offer; or (ii) less than 50% of the Voting Ordinary Shares of record on the second last business day prior to the date the Offer is made, other than those owned or controlled by the offeror, or any associate, are tendered in acceptance of the Offer; or (iii) the Offer is not completed in accordance with its terms and Voting Ordinary Shares are not taken up under the Offer. Further, any Non-Voting Ordinary Shares tendered pursuant to the Offer but not taken up and paid for due to pro rating of tendered shares by the offeror will not be converted into Voting Ordinary Shares but will continue as Non-Voting Ordinary Shares.

The decision by a shareholder to hold Voting Ordinary Shares or Non-Voting Ordinary Shares will depend upon the individual investment criteria and circumstances of a particular shareholder. Factors which may influence such a decision and the possible advantages and disadvantages of holding Voting Ordinary Shares and Non-Voting Ordinary Shares may include liquidity, stock price ranges and resulting yields, conversion rights and voting rights. Should the market price of the Non-Voting Ordinary Shares be in excess of the price of the Voting Ordinary Shares due to greater liquidity or trading activity, then a holder of a Voting Ordinary Share might, at his option, decide to convert from Voting Ordinary Share status to Non-Voting Ordinary Share status to access that market.

The foregoing is a summary only and should be read in conjunction with the further details of the share provisions of both the Voting Ordinary Shares and the Non-Voting Ordinary Shares, including a complete description of the circumstances in which the Non-Voting Ordinary Shares would be convertible into Voting Ordinary Shares, as set out in the text of the special resolution attached hereto as Schedule "A".

### **Other Considerations**

It is anticipated that more Non-Voting Ordinary Shares than Voting Ordinary Shares will be issued for purposes of future equity financings or acquisitions. If this occurs, there will be more Non-Voting Ordinary Shares than Voting Ordinary Shares outstanding and there could develop a broader and more active trading market for the Non-Voting Ordinary Shares than for the Voting Ordinary Shares. Also the ability to freely convert Voting Ordinary Shares into Non-Voting Ordinary Shares (but not vice versa) could over time result in a decrease in the number of Voting Ordinary Shares outstanding.

If any shareholder, including the principal shareholder of the Company, does not dispose of any of its Voting Ordinary Shares, the effect over time could be to increase the percentage of the voting power of the Company held by such shareholder, without any increase in its equity investment. Any such shareholder of the Company could also increase its percentage of voting power, without increasing its investment, by disposing of its Non-Voting Ordinary Shares and accumulating additional Voting Ordinary Shares, or, alternatively, could maintain its present voting power while reducing its equity position by disposing of Non-Voting Ordinary Shares. The principal shareholder of the Company has advised the Company that it has no present intention to convert Voting Ordinary Shares into Non-Voting Ordinary Shares. To the extent that the voting power of the principal shareholder is increased, takeover attempts by third parties or proxy contests may be less likely.

The Board of Directors does not believe that there are presently any provisions in the Company's Articles or By-laws which could be deemed to have an anti-takeover effect and does not contemplate proposing any such provisions in the future. Nor is the Board of Directors aware of any existing or threatened effort to accumulate the Company's

shares or otherwise to take control of the Company.

The proposed amendments were approved by the Board of Directors, with five directors associated with the principal shareholder and one other director abstaining, as being in the best interests of the Company. Shareholders should however make an independent determination of the merits of the proposed amendments.

### **Shareholder Approval**

The special resolution attached as Schedule "A" must be passed by not less than 2/3 of the votes cast by the holders of First Preference Shares and Common Shares who vote in respect of the special resolution and in addition by not less than 2/3 of the votes cast by the holders of Common Shares voting separately, as a class, in respect of the special resolution. The authority conferred by common shareholders in the form of proxy will be utilized to vote both on the combined vote with preference shareholders and on the separate vote by common shareholders.

The persons named in the enclosed form of proxy intend to vote in favour of the special resolution at the Meeting unless the shareholder signing a form of proxy specifies that the form of proxy be voted against the resolution or withheld from voting.

The Company has been advised that the 9,643,250 Common Shares held by Labmin Resources Limited ("Labmin") will be voted in favour of the special resolution.

The Company expects to file the Articles of Amendment relating to the special resolution forthwith upon its approval by the shareholders of the Company. The Board of Directors may revoke the special resolution before it is acted upon without further approval of the shareholders if such revocation would, in the Board's opinion, be in the best interests of the Company.

### **Canadian Federal Income Tax**

The following is a general summary of the principal Canadian federal income tax consequences to shareholders of the proposed change in the share capital of the Company. The summary is based on the provisions of the Income Tax Act (Canada) and the Regulations thereunder enacted as of the date hereof and applies only to shareholders who hold their Common Shares as capital property. This summary is not exhaustive of all possible tax considerations and therefore shareholders may wish to consult their own tax advisors about their individual circumstances.

The Company has been advised by counsel that (i) the change of each issued and outstanding Common Share of the Company into one Voting Ordinary Share and one Non-Voting Ordinary Share will not result in the realization of a gain or loss to a shareholder; and (ii) the aggregate adjusted cost base to each shareholder of the Voting Ordinary Shares and Non-Voting Ordinary Shares received by him will equal the aggregate of the shareholder's adjusted cost bases of his Common Shares immediately prior to the change in capital with such aggregate adjusted cost base allocated between the

Voting Ordinary Shares and Non-Voting Ordinary Shares in proportion to their relative fair market values immediately after the change in capital becomes effective. The Company has requested an advance income tax ruling from the Department of National Revenue, Taxation to confirm the foregoing. The Company has also been advised by counsel that the conversion of a Voting Ordinary Share into a Non-Voting Ordinary Share or the conversion of a Non-Voting Ordinary Share into a Voting Ordinary Share will not result in a capital gain or loss to a shareholder.

### Share Certificates

The Company intends to issue and mail to the registered holders of record after the close of business on the effective date of the Certificate of Amendment certificates representing Non-Voting Ordinary Shares to which such shareholders will be entitled by reason of the change. **Presently outstanding certificates representing Common Shares should be retained by the holders thereof and should not be forwarded to the Company or to the transfer agent.** Such certificates shall be deemed to represent an equivalent number of Voting Ordinary Shares after the capital change.

### Listing and Transfer Agent

The Common Shares are currently listed for trading on the Montreal and Toronto stock exchanges. If the special resolution is passed by shareholders, the Company proposes to apply for the listing of the Voting Ordinary Shares and Non-Voting Ordinary Shares on such exchanges.

The transfer agent and registrar for the Voting Ordinary Shares and Non-Voting Ordinary Shares will be National Trust Company, Limited at its principal office in the cities of Toronto, Calgary, Montreal, Winnipeg, Regina and Vancouver. Morgan Guaranty Trust Company of New York will act as transfer agent and registrar in the city of New York.

### Right of Dissent

Pursuant to section 184 of the Canada Business Corporations Act, a holder of Common Shares is entitled to send to the Company a written objection ("Notice of Dissent") to the special resolution set forth in Schedule "A". In addition to any other rights

which such shareholder may have, upon the issuance of the Certificate of Amendment giving effect to the special resolution, a holder of Common Shares who complies with the dissent procedures set forth in section 184 is entitled to be paid by the Company the fair value of such Common Shares.

A shareholder may only claim under section 184 with respect to all Common Shares held by him on behalf of any one beneficial owner and which are registered in the name of the shareholder. A shareholder who wishes to invoke the provisions of section 184 must send a Notice of Dissent to the Company at or before the time fixed for the Meeting. The filing of such Notice of Dissent does not deprive such shareholder of his right to vote on the special resolution. A vote against the special resolution does not by itself constitute a Notice of Dissent. A vote in favour of the special resolution will deprive a shareholder of further rights pursuant to section 184. A summary of the procedure to be followed by a shareholder who wishes to exercise his right of dissent is set forth in Schedule "B". It is recommended that shareholders who wish to pursue rights of dissent consult their own legal advisors with respect to the relevant statutory provisions.

### Voting and Ownership of Shares

Only persons who are shareholders of record at the close of business on September 29, 1983, or who subsequently become shareholders and make a request to vote to the Secretary of the Company by the close of business on October 17, 1983, will be entitled to vote at the Meeting. On a ballot each First Preference Share and each Common Share will entitle the holder thereof to one vote. The Company has the following voting shares outstanding: 910 First Preference Shares, Series A, 75,414 First Preference Shares, Series B, and 27,991,005 Common Shares. A quorum at the Meeting will consist of shareholders present in person or represented by proxy holding not less than 25% of the shares entitled to be voted at the Meeting.

To the knowledge of the directors and officers of the Company, the following table shows the share ownership in the Company of each person that beneficially owns, or exercises control or direction over, more than 5% of the outstanding shares of any class of the Company's voting shares.

Name and address of beneficial owner	Class of shares	Number of shares	Percent of class	Percent of total voting shares
Caisse de dépôt et placement du Québec, Tour de la Bourse, Montreal, Québec	Common	1,680,000	6.00	5.99
Labmin Resources Limited, Commerce Court East, Toronto, Ontario	Common	9,643,250	34.45	34.36

Labmin, the Company's principal shareholder, is owned as to approximately 88% by Hollinger Argus Limited ("Hollinger Argus"), which in turn is owned as to approximately 93% by Dominion Stores Limited ("Dominion Stores"). Mr. Conrad M. Black and Mr. G. Montegu Black, through a group of private companies, control approximately 5% of Dominion Stores and approximately 97% of the voting shares of Argus Corporation Limited ("Argus Corporation"), which in turn owns, directly or indirectly, an additional approximately 40% of Dominion Stores. As a result, Mr. C. M. Black and Mr. G.

M. Black may be deemed to be "beneficial owners" of the shares of the Company held by Labmin and "control persons" of the Company within the meaning of United States securities laws.

To the knowledge of the directors and officers of the Company, the following tables present, respectively, the shares of the Company and its affiliates that are beneficially owned, or over which control or direction is exercised, by the Company's directors and officers as a group, and by the Company's directors as individuals.

Corporation	Class of shares	Number of shares	Percent of class
Norcen Energy Resources Limited <sup>(1)</sup>	Common <sup>(2)(3)</sup>	115,993	0.414
Coleman Collieries Limited	Preferred	10,000	0.282
Northern and Central Gas Corporation Limited	Second Preference	500	0.043
Argus Corporation Limited <sup>(4)</sup>	Common	27	0.001
	Class C Preference	4,261	0.063
Dominion Stores Limited <sup>(4)</sup>	Common	8,890	0.057
Hollinger Argus Limited <sup>(4)</sup>	Common	140	0.002
Labmin Resources Limited <sup>(4)</sup>	Common	2,400	0.058

<sup>(1)</sup> Apart from Mr. Conrad M. Black and Mr. G. Montegu Black, no director or officer beneficially owns, or exercises control over, more than 0.114% of the outstanding voting shares of any class of the Company.

<sup>(2)</sup> The table includes 33,424 Common Shares of the Company that would be issued upon the exercise of employees' "market growth" stock options. The number of shares issuable upon the exercise of stock options has been calculated on the basis of the September 6, 1983 market price of the Company's Common Shares of \$39.875. The holdings of Common Shares under the Employee Savings and Investment Plan are included as of August 31, 1983.

<sup>(3)</sup> The table excludes 85,817 Convertible Junior Preference Shares, 1981 Series, issued pursuant to the Preference Share Incentive Plan, which shares are non-voting and are held entirely by employees (including officers) of the Company. One-half of such preference shares are presently convertible into an aggregate of 71,246 Common Shares and the remainder of such preference shares would become convertible into an aggregate of 71,246 Common Shares during the next 2 years.

<sup>(4)</sup> The number of shares indicated represents the personal holdings of the Company's directors and officers.

	Norcen Energy Resources Limited <sup>(1)</sup>	Argus Corporation Limited	Dominion Stores Limited	Hollinger Argus Limited	Labmin Resources Limited
Robert F. Anderson	300				
Donald D. Barkwell <sup>(1)(3)</sup>	14,910				
Douglas G. Bassett <sup>(9)(10)</sup>		20	31		
Edward G. Battle <sup>(1)(3)(4)</sup>	31,865				
Conrad M. Black <sup>(2)(9)(10)</sup>			200		
G. Montegu Black <sup>(2)(9)(10)</sup>		83	1,126		100
Edmund C. Bovey, C.M. <sup>(4)(6)</sup>	13,344	83	125		100
Dixon S. Chant <sup>(10)</sup>		500	1,625		
E. Jacques Courtois, Q.C.	312				
Robert Després	25				
Fredrik S. Eaton <sup>(10)</sup>		14			
John R. Finlay, Q.C. <sup>(6-10)</sup>		417	725		
P. C. Finlay, Q.C. <sup>(6-9)</sup>	2,000	2,789	1,525	40	1,850
Frederick A. M. Huycke, Q.C. <sup>(9)</sup>	1,000				
J. Louis Lebel, Q.C.	1,200				
Richey B. Love, Q.C.					
Hon. W. John McKeag	161		1,000		
F. David Radler <sup>(2)(10)</sup>	545	85	2,027		
C. Bruce Ross <sup>(4)(7)(8)</sup>	500	270	506	100	350
Barbara J. Sparrow <sup>(5)</sup>	100				
John R. Yarnell	500				

(1) All holdings of Norcen shares set out in the above are Common Shares of the Company, and the number of such Common Shares shown includes Common Shares of the Company that would be issued upon the exercise of employees' stock options as follows: Mr. Barkwell, 8,777 and Mr. Battle, 8,777. The options are "market growth options" and the numbers of shares have been calculated based upon the market price of Common Shares of the Company on September 6, 1983 of \$39.875.

(2) A company of which Messrs. C. M. Black, G. M. Black and Radler are officers and/or directors owns 255 Common Shares of the Company.

(3) Mr. Barkwell and Mr. Battle also hold 12,045 and 16,562 Convertible Junior Preference Shares, 1981 Series of the Company, respectively.

(4) The information as to Common Shares of the Company does not include shares held by associates of Directors as follows: Mr. Battle, 100 Common Shares; Mr. Bovey, 100 Common Shares; and Mr. Ross, 100 Common Shares, as to which Messrs. Battle, Bovey and Ross, respectively, disclaim beneficial ownership.

(5) Mrs. Sparrow holds 500 Second Preference Shares, Series A of Northern and Central Gas Corporation Limited.

(6) Associates of Mr. J. R. Finlay and Mr. P. C. Finlay own 550 and 100 shares of Labmin, respectively, as to which Mr. J. R. Finlay and Mr. P. C. Finlay disclaim beneficial ownership.

(7) Associates of Mr. J. R. Finlay, Mr. P. C. Finlay and Mr. Ross own 445, 8,827 and 187 shares of Dominion Stores, respectively, as to which Mr. J. R. Finlay, Mr. P. C. Finlay and Mr. Ross respectively disclaim beneficial ownership.

(8) All holdings of Argus Corporation set out in the table above are Class C preference shares. In addition Mr. Bovey owns 27 common shares. Further, associates of Mr. J. R. Finlay own 10,917 Class C preference shares; associates of Mr. P. C. Finlay own 100 Class A preference shares and 14,905 Class C preference shares; and associates of Mr. Ross own 18 common shares and 57 Class C preference shares, as to which Mr. J. R. Finlay, Mr. P. C. Finlay and Mr. Ross respectively disclaim beneficial ownership.

(9) Mr. C. M. Black and Mr. G. M. Black are brothers, Mr. J. R. Finlay is the son of Mr. P. C. Finlay and Mr. Bassett and Mr. Huycke are cousins.



<sup>(10)</sup> Mr. C. M. Black and Mr. G. M. Black indirectly control Western Dominion Investment Company Limited ("WDI"), which, in turn, controls The Ravelston Corporation Limited. Mr. Radler is also an indirect shareholder of WDI. Messrs. C. M. Black, G. M. Black and Radler are directors of WDI and The Ravelston Corporation Limited. In addition, Messrs. Bassett, Chant, Eaton and J. R. Finlay are directors and shareholders directly or indirectly of The Ravelston Corporation Limited. (WDI, The Ravelston Corporation Limited and affiliated private companies are collectively hereafter referred to as "Ravelston".) Ravelston owns approximately 97% of the voting shares of Argus Corporation. Ravelston and Argus Corporation directly and indirectly own approximately 5% and 40%, respectively, of the voting shares of Dominion Stores. Dominion Stores owns approximately 93% of the voting shares of Hollinger Argus. Hollinger Argus owns approximately 88% of the voting shares of Labmin, which in turn, owns approximately 34% of the voting shares of the Company.

## Management Transactions

The Company maintains directors' and officers' liability insurance with a policy limit of \$20,000,000 aggregate per policy year. Under this insurance coverage, the Company is reimbursed for indemnity payments made on behalf of its directors and officers subject to a deductible of \$50,000 per occurrence. Individual directors and officers are also reimbursed for losses arising during the performance of their duties for which they are not indemnified by the Company subject to an individual deductible of \$5,000 and an aggregate deductible of \$10,000. The total premium paid by the Company for directors' and officers' liability insurance in respect of 1982 was \$21,000.

In 1981 the Company made interest-free loans to certain employees under the Employees' Stock Purchase Plan for purposes of assisting such employees to purchase newly issued Common Shares of the Company. These loans amounted to \$1,155,838 and were utilized to purchase a total of 38,384 Common Shares at a price of \$30.1125 per share (being the market value, as defined in the plan, at the time the loans were made). The loans are repayable through payroll deductions over 7 years and the Company will pay to each employee in years 6 and 7 a bonus equal to the amount of repayment required in those years, which in the aggregate constitutes 40% of the purchase price of the shares. Since January 1, 1982 the largest outstanding loan balance has been \$1,136,608 from 97 employees including 7 officers. Currently, there are loans outstanding to 51 employees totalling \$522,796 (20,428 shares) including 3 officers totalling \$43,308 (1,692 shares). The following indicates, for officers and one former officer with such loans in excess of \$10,000, the number of shares, the highest amounts of the loans outstanding since January 1, 1982 and the amounts outstanding as of the date hereof (a nil balance indicates repayment in full): Mr. K. L. Colby, Vice-President, Corporate Affairs 697 shares, \$20,551 and nil respectively; Mr. A. K. Davies, formerly Assistant Treasurer 382 shares, \$11,311 and nil respectively; Mr. A. S. G. Duguid, Treasurer 612 shares, \$18,121 and nil respectively; Mr. W. M. Newhouse, Vice-President, Production 650 shares, \$19,247 and \$16,637 respectively; Mr. M. Pedel, Assistant Treasurer 354 shares, \$10,482 and \$9,061 respectively and Mr. G. B. Singer, Vice-President, Accounting and Services 688 shares, \$20,372 and \$17,610 respectively.

In 1981 the Company made interest-free loans totalling \$4,893,100 (due in 1989) under the Preference Share Incentive Plan to 13 other

employees to assist them to purchase an aggregate of 97,862 Convertible Junior Preference Shares, 1981 Series, from the Company. The preference shares were issued at \$50.00 per share and are convertible into Common Shares at a price of \$30.1125 per Common Share (being the market price of the Common Shares at the time of grant as determined under the plan). The largest amount of loans outstanding under the plan since January 1, 1982 has been \$4,893,100 and as of the date hereof the amount outstanding is \$4,290,850 (85,817 shares). The following indicates the number of shares and the outstanding amount of each loan as of the date hereof (which is the same as the amount outstanding on January 1, 1982) for the indicated officer: Mr. D. D. Barkwell, Executive Vice-President, 12,045 shares, \$602,250; Mr. E. G. Battle, President and Chief Executive Officer, 16,562 shares, \$828,100; Mr. B. D. Cochrane, Senior Vice-President, 7,227 shares, \$361,350; Mr. J. J. Leroux, Senior Vice-President, Utilities, 9,033 shares, \$451,650; and each of Messrs. W. C. Hennenfent (Vice-President, Exploration), W. T. Kilbourne (Vice-President, Legal and Secretary), W. A. Loucks (Vice-President, Minerals), P. H. Palmer (Senior Vice-President, Administration and Comptroller), T. G. Sheeres (Vice-President, Finance) and A. L. Wood (Vice-President, Heavy Oil) 6,022 shares, \$301,100. One other employee has a total of 4,818 shares and loans totalling \$240,900. Two former employees had a total of 12,045 shares and loans totalling \$602,250, which are no longer outstanding.

Under the Employee Savings and Investment Plan, the Company makes contributions for the purchase of newly issued Common Shares of the Company (at market prices) for participating employees. In 1982 the Company contributed under the Savings Plan \$97,017 for all directors and officers as a group (17 persons) and \$1,484,224 for all other employees as a group (1,334 persons).

## Labrador Mining Acquisition

On July 28, 1983 the Company in effect acquired substantially all the natural resource and related assets of Hollinger Argus and Labrador Mining and Exploration Company Limited ("Labrador Mining"). The acquisition transactions included steps whereby the shareholders of Labrador Mining became holders of an equivalent number of shares of Labmin; certain assets of Hollinger Argus were acquired by Labrador Mining and all of the shares of Labrador Mining were then in effect transferred to Norcen for consideration of approximately \$324 million com-

prised of approximately \$9 million in cash and approximately \$315 million of Labrador Mining debt assumed by Norcen. Transaction values were based on reports from a group of three independent evaluators. The principal assets acquired by Norcen include a royalty interest in lands being mined by Iron Ore Company of Canada, a 10-1/2% common share interest in Iron Ore Company of Canada and a note payable to Labrador Mining by Brascan Limited which has an outstanding balance of \$61.8 million.

Upon completion of the acquisition transactions, Hollinger Argus made a cash offer to the shareholders of Labmin to acquire their Labmin shares at \$38.55 (U.S.) per share. Norcen tendered its 800,000 shares of Labmin to Hollinger Argus under the offer.

#### **10-K Report and Shareholder Proposals**

Upon written request by any shareholder to the Secretary of the Company, the Company will provide without charge a copy of the Company's 1982

Annual Report on Form 10-K filed with the United States Securities and Exchange Commission pursuant to the provisions of the United States Securities Exchange Act of 1934.

Shareholder proposals for inclusion in the proxy circular and statement and form of proxy relating to the 1984 annual meeting must be received at the offices of the Company at 4600 Toronto-Dominion Centre, Toronto, Ontario M5K 1E5 on or before January 16, 1984.

#### **Board Approval**

The Board of Directors has approved in substance the contents of this Proxy Circular and Statement and the sending of this Proxy Circular and Statement to shareholders.

September 7, 1983

W. T. KILBOURNE  
Secretary

# Schedule "A"

## TEXT OF SPECIAL RESOLUTION AMENDING THE ARTICLES OF NORCEN ENERGY RESOURCES LIMITED

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

A. The Articles of Norcen Energy Resources Limited (the "Company") be amended by:

1. Increasing the authorized capital of the Company by creating a class of an unlimited number of shares designated as Non-Voting Ordinary Shares and a class of an unlimited number of shares designated as Voting Ordinary Shares.
2. Changing each of the issued and outstanding Common Shares of the Company at 8:00 P.M. Toronto time on the effective date of the Certificate of Amendment in respect of this special resolution into one Non-Voting Ordinary Share and one Voting Ordinary Share.
3. Deleting the first two paragraphs of Schedule I to the Articles of the Company and in place thereof inserting the following:

The authorized capital of the Company shall consist of (i) 1,300,000 First Preference Shares, issuable in series, which shall not be issued for a price or consideration exceeding in the aggregate the sum of \$132,500,000, (ii) an unlimited number of Second Preference Shares (to be automatically redesignated as First Preference Shares upon such date as the above-mentioned class of 1,300,000 First Preference Shares is no longer authorized), issuable in series, (iii) an unlimited number of Junior Preference Shares, issuable in series, (iv) an unlimited number of Non-Voting Ordinary Shares and (v) an unlimited number of Voting Ordinary Shares. All authorized but unissued Common Shares of the Company are hereby cancelled and each preference share of the Company to which is attached a right to convert such preference share into a Common Share shall as of and from the date hereof be entitled upon such conversion to one Non-Voting Ordinary Share and one Voting Ordinary Share for each Common Share into which such preference share was heretofore expressed to be convertible.

The Directors in declaring, at any time or from time to time, a dividend on the Non-Voting Ordinary Shares or Voting Ordinary Shares, as the case may be, may provide for the payment of such dividend in the form of cash or stock; provided, however, that only the holders of Non-Voting Ordinary Shares or Voting Ordinary Shares, as the case may be, who, prior to the date of declaration, have elected to receive a stock dividend shall be entitled to payment of the dividend in the form of stock. A stock dividend shall be payable in shares of any class or series of the Company specified by the Directors and shall have a value, as determined or to be determined by the Directors, that is substantially equivalent, as of a date or period of days determined or to be determined by the Directors, to the amount of the applicable cash dividend. The Directors may determine that the shareholders who elect to receive a stock dividend shall receive cash in lieu of any fractional interests in shares to which they would otherwise be entitled as a result of such election. Shareholders shall be entitled to receive dividends in respect of any fractional interests in shares issued by way of stock dividends. Notwithstanding the foregoing, the Directors may provide that the right to elect to receive stock dividends shall be available only to holders of Non-Voting Ordinary Shares or Voting Ordinary Shares, as the case may be, whose addresses in the Company's books are in Canada or in Canada and in specified jurisdictions outside Canada.

4. Providing that the rights, privileges, restrictions and conditions attaching to the Non-Voting Ordinary Shares and the Voting Ordinary Shares shall be as follows:

#### 4(1) **Dividends**

(a) The Non-Voting Ordinary Shares and the Voting Ordinary Shares shall participate equally with each other as to dividends, and all dividends on such shares which the Directors may determine to declare and pay in respect of any fiscal year of the Company shall be declared and paid in equal amounts per share and at the same time on all such Non-Voting Ordinary Shares and Voting Ordinary Shares at the time outstanding, without preference or distinction.

(b) For the purpose of any stock dividend in the form of Non-Voting Ordinary Shares or Voting Ordinary Shares, each Non-Voting Ordinary Share and each Voting Ordinary Share shall be deemed to participate equally with each other as to such stock dividend notwithstanding that the stock dividend declared on one such class of shares is payable in Non-Voting Ordinary Shares or any combination of Non-Voting Ordinary Shares and Voting Ordinary Shares and on the other such class is payable in Voting Ordinary Shares or any combination of Voting Ordinary Shares and Non-Voting Ordinary Shares.

#### 4(2) **Dissolution**

In the event of any dissolution all the remaining property of the Company available for distribution to the holders of the Non-Voting Ordinary Shares and the Voting Ordinary Shares shall be paid or distributed equally, share for share, to the holders of the Non-Voting Ordinary Shares and the Voting Ordinary Shares, without preference or distinction.

#### 4(3) **Change in Number**

Neither the Non-Voting Ordinary Shares nor the Voting Ordinary Shares shall be increased in number by way of an amendment to the Articles of the Company, nor decreased in number by way of an amendment to the Articles of the Company, unless, contemporaneously therewith, the number of shares of the other class is changed in the same manner and in the same proportion.

#### 4(4) **Notice and Voting Rights**

(a) The holders of the Non-Voting Ordinary Shares shall be entitled to receive notice of, attend and speak at, any meeting of shareholders of the Company, except for a meeting of the holders of shares of another class, as such, or a meeting of the holders of shares of a particular series, as such.

(b) Except as required by the Canada Business Corporations Act, the holders of the Non-Voting Ordinary Shares shall not be entitled to vote at any meeting of shareholders of the Company.

(c) The holders of the Voting Ordinary Shares shall be entitled to receive notice of, attend, speak and vote at any meeting of shareholders of the Company, except for a meeting of the holders of shares of another class, as such, or a meeting of the holders of shares of a particular series, as such. The holders of the Voting Ordinary Shares shall be entitled to one vote for each Voting Ordinary Share held.

#### 4(5) **Conversion Rights**

(a) Each holder of a Voting Ordinary Share shall be entitled at his option, at any time and from time to time, (subject as hereinafter provided) to have all or any number of the Voting Ordinary Shares held by him converted into Non-Voting Ordinary Shares upon the basis of one (1) Non-Voting Ordinary Share for each Voting Ordinary Share in respect of which the conversion right is exercised. The conversion right provided for in this paragraph (a) shall be exercised by notice in writing given to the Transfer Agent accompanied by the certificate representing the Voting Ordinary Shares in respect of which the holder desires to exercise such right of conversion, and such notice shall be executed by the person registered on the books of the Company as the holder of the Voting Ordinary Shares or by his duly authorized attorney and shall specify the number of Voting Ordinary Shares which the holder desires to have converted. The holder shall pay any governmental or other tax imposed on, or in respect of, such conversion. Upon receipt by the Transfer Agent of such notice and certificate, the Company shall issue, or cause to be issued, to the holder so exercising the conversion right in respect of Voting Ordinary Shares, a certificate representing Non-Voting Ordinary Shares upon the basis above prescribed and in accordance with the provisions hereof. If less than all of the Voting Ordinary Shares represented by any certificate are to be converted, the holder shall be entitled to receive a new certificate representing the number of Voting Ordinary Shares represented by the original certificate which are not to be converted.

(b) (i) Subject to paragraph 4(5)(c) and the remaining provisions of this paragraph 4(5)(b), in the event of an Offer being made, each Non-Voting Ordinary Share shall, for the purposes of the Offer only and for no other purpose, be deemed to have been converted as of and on the last business day prior to the Offer Date into one (1) Voting Ordinary Share provided that in order to perfect conversion of a Non-Voting Ordinary Share into a Voting Ordinary Share in accordance with the provisions of this subparagraph 4(5)(b)(i) the certificate representing any such Non-Voting Ordinary Share must be delivered to the Transfer Agent no later than the business day immediately prior to the expiry date of the Offer together with any letter of transmittal or other documentation required by the Transfer Agent or under the Offer, in either case in duly executed and completed form. The Transfer Agent shall tender under the Offer a certificate representing all Non-Voting Ordinary Shares for which certificates have been duly delivered to the Transfer Agent in accordance with this subparagraph (b)(i).

(ii) As soon as practicable after the Offer Date, the Company shall forward to the Transfer Agent and to each holder of record of Non-Voting Ordinary Shares, and to each other holder whose address appears on the records of the Company of all securities of the Company which are convertible into, or exchangeable for, or which carry the right to purchase, Non-Voting Ordinary Shares, a copy of the Offer and all other material furnished by or on behalf of the Offeror to the holders of Voting Ordinary Shares in connection with the Offer unless the Offer and such other material have already been forwarded to each such holder by or on behalf of the Offeror, and a notice stating that each Non-Voting Ordinary Share has been deemed, for the purposes of the Offer only and for no other purpose, to have been converted into one (1) Voting Ordinary Share and that the certificate representing such Non-Voting Ordinary Shares must be delivered to the Transfer Agent in order to perfect such conversion.

(iii) Subject to paragraph 4(5)(c) hereof, if the Offeror takes up and pays for less than all of the shares tendered pursuant to the Offer, the Non-Voting Ordinary Shares which are tendered and not taken up and paid for by the Offeror pursuant to the Offer shall not be and shall not be deemed to have been converted into Voting Ordinary Shares in accordance with the provisions of this subparagraph 4(5)(b)(i).

(iv) Non-Voting Ordinary Shares deemed to have been converted into Voting Ordinary Shares in accordance with the provisions of this paragraph (b) and taken up and paid for by the Offeror pursuant to the Offer shall be deemed to be Voting Ordinary Shares for all purposes.

(c) Notwithstanding the foregoing provisions of paragraph 4(5)(b), Non-Voting Ordinary Shares which are not tendered pursuant to the Offer shall not be and shall not be deemed to have been converted into Voting Ordinary Shares and Non-Voting Ordinary Shares which are tendered pursuant to the Offer shall not be and shall not be deemed to have been converted into Voting Ordinary Shares, whether or not taken up and paid for under the Offer, in the event that:

(i) at the time the Offer is made, an offer which provides a consideration per Non-Voting Ordinary Share at least equal in value to the consideration per Voting Ordinary Share provided pursuant to the Offer, and otherwise on terms and conditions not less favourable than the terms and conditions contained in the Offer, is made to all or substantially all holders of Non-Voting Ordinary Shares whose last address on the records of the Company is in Canada; or

(ii) after the expiry date of the Offer the Transfer Agent certifies that less than 50% of the Voting Ordinary Shares of record at the close of business on the second business day prior to the Offer Date, other than Voting Ordinary Shares that are disclosed in the Offer to be beneficially owned, directly or indirectly, or over which control or direction is exercised, by or on behalf of the Offeror, or any associate of the Offeror, have been properly tendered pursuant to the Offer; or

(iii) the Offer is abandoned, withdrawn or expires and is not completed in accordance with its terms and Voting Ordinary Shares are not taken up and paid for by the Offeror pursuant to the Offer.

The Transfer Agent shall deliver the certificate called for by subparagraph 4(5)(c)(ii) to the Company as soon as practicable and in determining whether this certificate can be given, the Transfer Agent may rely upon information with respect to the Offer provided by the Offeror or by any agent of the Offeror.

#### 4(6) **Definitions and Interpretation**

(a) For the purposes of subsection 4(5) of these provisions:

(i) "Offer" means an offer to purchase, a solicitation of an offer to sell or an invitation to make an offer to sell Voting Ordinary Shares made by an Offeror to all or substantially all the holders of Voting Ordinary Shares whose last address on the records of the Company is in Canada and shall include any amended, supplemented or extended Offer and any Offer made through the facilities of a stock exchange on which the Voting Ordinary Shares are listed;

(ii) "Offeror" means any person or company, other than an agent, who makes an Offer, including the Company, and shall include any persons or companies who make an Offer or Offers acting jointly or in concert;

(iii) "Offer Date" means the date on which an Offer is made; and

(iv) "Transfer Agent" means the principal transfer agent for the Non-Voting Ordinary Shares and the Voting Ordinary Shares.

(b) In the event that the Offeror or any agent of the Offeror does not provide the information required by the Transfer Agent to determine whether the certificate called for by subparagraph 4(5)(c)(ii) of these provisions can be given, the Offeror shall be deemed not to be a bona fide purchaser for the purposes of the Canada Business Corporations Act of any shares taken up and paid for under the Offer and neither the Company nor the Transfer Agent shall in such circumstances be obliged to register a transfer of any such shares.

#### 4(7) **Rank**

Subject to the foregoing and the priority of any First, Second, Junior or other Preference Share of the Company, the Non-Voting Ordinary Shares and the Voting Ordinary Shares shall be entitled to dividends and the remaining property of the Company on dissolution and shall rank equally in all respects with each other.

4(8) **Stated Capital**

The amount of stated capital in the stated capital account maintained for the Common Shares at 8 P.M. Toronto time on the effective date of the Certificate of Amendment in respect of this special resolution shall be reduced to zero and one-half of such amount shall be added to the stated capital account maintained for the Non-Voting Ordinary Shares and one-half of such amount shall be added to the stated capital account maintained for the Voting Ordinary Shares.

B. The Company is hereby authorized to apply for a Certificate of Amendment under the Canada Business Corporations Act amending its Articles as set forth above and any director or any officer of the Company is hereby authorized to sign and deliver for and on behalf of the Company all such notices, documents and instruments, including Articles of Amendment, and to do such other acts and things as may be considered necessary or desirable to give effect to the foregoing.

C. Notwithstanding the foregoing, the Board of Directors of the Company may, without further approval of the shareholders of the Company, revoke this special resolution at any time before the Certificate of Amendment in respect of this special resolution becomes effective, provided that the Board of Directors is of the view that such revocation is in the best interests of the Company.

# Schedule “B”

## RIGHT OF DISSENT TO SPECIAL RESOLUTION

A shareholder who has sent a written objection to the Company (“Notice of Dissent”) no later than the termination of the Meeting and who has not voted for the special resolution may exercise his right of dissent, by conforming to the procedures set forth in section 184 of the Canada Business Corporations Act (the “Act”). The provisions of section 184 are summarized below.

Within ten (10) days following the adoption of the special resolution by shareholders, the Company is required to notify in writing each shareholder (a “Dissenting Shareholder”) who has duly filed a Notice of Dissent and has neither voted for the special resolution nor withdrawn his objection that the special resolution has been adopted. A Dissenting Shareholder must, within twenty (20) days after he receives notice of adoption of the special resolution, or, if he does not receive such notice, within twenty (20) days after he learns that the special resolution has been adopted, send to the Company a written notice (the “Demand for Payment”) containing his name and address, the number of Common Shares (the “Shares”) of the Company in respect of which he dissents (the “Dissenting Shares”) and a demand for payment of the fair value of such Dissenting Shares. Within thirty (30) days of the sending of his Demand for Payment, the Dissenting Shareholder must send the certificates representing the Dissenting Shares to the Company or to the transfer agent, National Trust Company, Limited. The Company or the transfer agent will endorse on the share certificates representing the Dissenting Shares a notice that the holder thereof is a Dissenting Shareholder and will forthwith return such share certificates to the Dissenting Shareholder. If the Dissenting Shareholder fails to send such certificates he forfeits the right to make a claim under section 184.

On sending a Demand for Payment to the Company, a Dissenting Shareholder ceases to have any rights as a holder of Shares of the Company except the right to be paid the fair value of the Dissenting Shares, unless:

- (i) the Dissenting Shareholder withdraws his Demand for Payment before the Company makes a written offer to pay (the “Offer to Pay”),
- (ii) the Company fails to send a timely Offer to Pay to the Dissenting Shareholder and the Dissenting Shareholder withdraws his Demand for Payment, or
- (iii) the directors of the Company revoke the special resolution,

in which case the Dissenting Shareholder’s rights as a holder of Shares of the Company are reinstated as of the date of transmission of the Demand for Payment.

Not later than seven (7) days following the later of the date (the “Effective Date”) of the Certificate of Amendment giving effect to the special resolution or the date on which the Company received a Demand for Payment, the Company must send to each Dissenting Shareholder who has sent a Demand for Payment, an Offer to Pay for the Dissenting Shares held by him an amount considered by the Board of Directors of the Company to be the fair value thereof accompanied by a statement showing the manner of determination of such fair value. Every Offer to Pay for Dissenting Shares must be on the same terms. The amount specified in an Offer to Pay accepted by a Dissenting Shareholder must be paid by the Company within ten (10) days of the acceptance thereof but any Offer to Pay will lapse if the Company does not receive an acceptance thereof within thirty (30) days after making such an Offer to Pay.

If an Offer to Pay is not made by the Company or if a Dissenting Shareholder fails to accept an Offer to Pay, the Company may, within fifty (50) days after the Effective Date or within such further period as a court may allow, apply to a court to fix a fair value for the Dissenting Shares of any Dissenting Shareholder. If the Company fails to so apply to a court, a Dissenting Shareholder may apply to a court for the same purposes within a further period of twenty (20) days or within such period as a court may allow. Any such application shall be made to the Supreme Court of the Province of Ontario, being the court which has jurisdiction in the place where the registered office of the Company is located, or if the Dissenting Shareholder resides in another province of Canada in which the Company carries on business, to the Supreme Court, Court of Queen’s Bench or Superior Court of such province, as the case may be.

A Dissenting Shareholder is not required to give security for costs in any such application to a court and all Dissenting Shareholders whose Dissenting Shares have not been purchased by the Company will be joined as parties and bound by the decision of the court. The Company will be required to notify each affected Dissenting Shareholder of the date, place and consequences of an application and of the rights of a Dissenting Shareholder to appear and be heard in person or by counsel. Upon such an application to a court, the court may determine whether any person is a Dissenting Shareholder who should be joined as a party and the court will fix a fair value for the Dissenting Shares of all Dissenting Shareholders whose Dissenting Shares have not been purchased by the Company. As well, a court may in its discretion allow a reasonable rate of interest on the amount paid to each Dissenting Shareholder from the Effective Date until the date of payment of the amount ordered by the court. The costs of any application to the court by the Company or a Dissenting Shareholder will be in the discretion of the court.

Dissenting shareholders will not have any other right under the Act to have their Common Shares appraised and to receive the fair value thereof.

The above is only a summary of the dissenting shareholder provisions of the Act which are technical and complex. It is suggested that any holder of Shares who wishes to avail himself of such right of dissent seek his own legal advice as failure to comply strictly with the statutory provisions may prejudice his right of dissent. Holders of Shares are also recommended to consult with their tax advisors as to the income tax consequences of the exercise of the right to dissent.



## NOMA INDUSTRIES LIMITED

### Five Year Financial Summary

(In Thousands of Dollars except per share data)

	1982		1981		1980		1979		1978	
<b>SALES</b>										
Consumer Products										
— Christmas	\$20,056	21%	\$20,691	22%	\$18,625	22%	\$13,153	16%	\$11,241	18%
— Others	48,554	52%	41,072	45%	39,897	47%	42,428	53%	30,243	51%
	<u>68,610</u>	<u>73%</u>	<u>61,763</u>	<u>67%</u>	<u>58,522</u>	<u>69%</u>	<u>55,581</u>	<u>69%</u>	<u>41,484</u>	<u>69%</u>
Components										
Manufacturing	25,100	27%	30,033	33%	25,677	31%	24,758	31%	18,249	31%
TOTAL	<u>\$93,710</u>	<u>100%</u>	<u>\$91,796</u>	<u>100%</u>	<u>\$84,199</u>	<u>100%</u>	<u>\$80,339</u>	<u>100%</u>	<u>\$59,733</u>	<u>100%</u>
Net Earnings Before Extraordinary Items	\$ 4,168		\$ 2,807		\$ 2,597		\$ 3,158		\$ 2,236	
Net Earnings	4,168		2,807		2,597		3,158		2,383	
Return on Average Shareholders' Equity	20.8%		16.3%		17.1%		24.6%		20.7%	
Shareholders' Equity	21,760		18,291		16,155		14,138		11,463	
Fixed Asset Additions	\$ 1,861		\$ 2,165		\$ 4,636		\$ 2,348		\$ 1,533	
Depreciation and Amortization of Fixed Assets	2,524		2,364		1,938		1,488		1,312	
Total Assets	56,272		49,775		58,793		43,755		34,192	
*Earnings per Class A share before Extraordinary items	\$ 1.65		\$ 1.12		\$ 1.04		\$ 1.26		\$ 0.89	
*Earnings per Class A share after Extraordinary items	1.65		1.12		1.04		1.26		0.95	
*Dividends per Class A share — regular special	0.29 —		0.28 —		0.24 —		0.21 —		0.16 0.26	
*Shareholders' Equity per share	8.56		7.19		6.35		5.56		4.51	
*Market Price Range — Class A High Low	6.00 3.80		7.50 3.90		5.45 3.60		5.00 3.65		4.00 2.20	

\*For comparative purposes, all per share data for years prior to 1981 have been restated to reflect a stock split.

