

**Noma
Industries
Limited**

**Annual Report
1983**

NOMA



Noma Industries Limited

Annual Report 1983

Financial Highlights

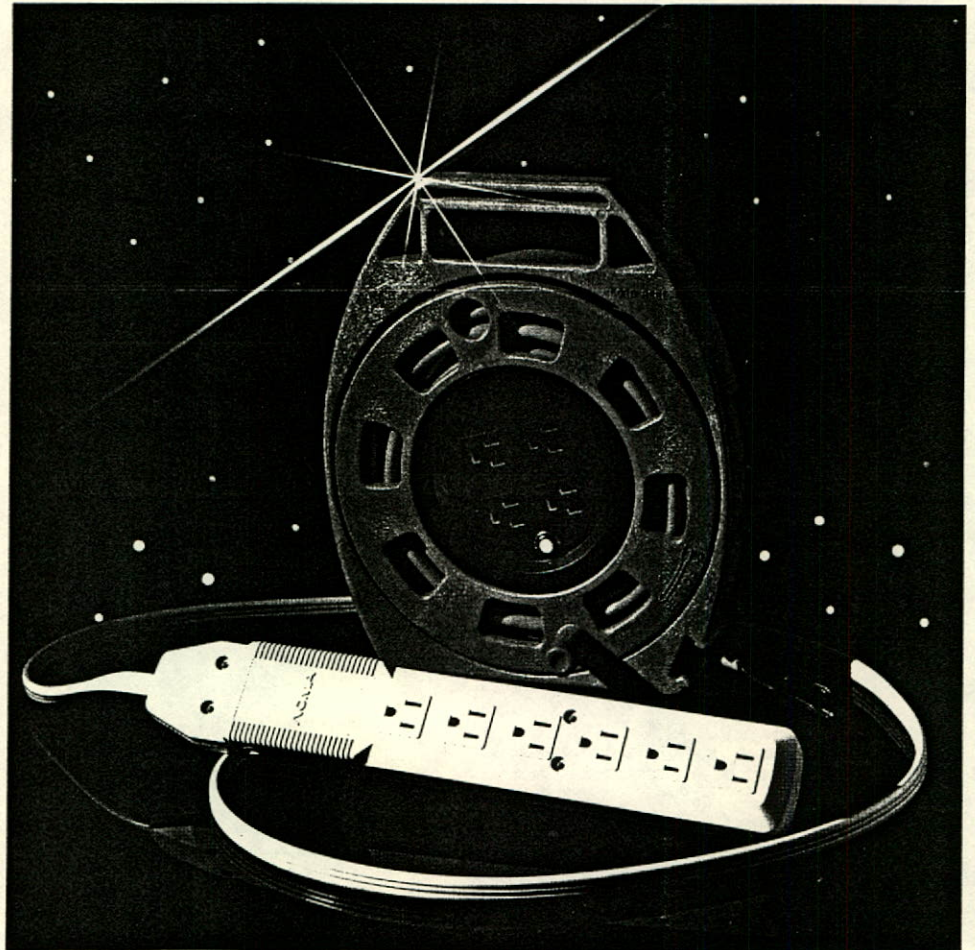
	1983	1982
Sales	\$108,961,000	\$93,710,000
Net Earnings	7,060,000	4,168,000
Shareholders' Equity	35,581,000	21,760,000
Return on Average Shareholders' Equity	25.7%	20.8%
Shareholders' Equity per share	\$ 11.25	\$ 8.56
Earnings per Class A share	\$ 2.49	\$ 1.65
Dividends paid	\$ 1,018,000	\$ 699,000

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Photo

An improved CORD CADDY and a new range of SLIM LINE POWER CENTRES are some of Noma's new products for 1984.

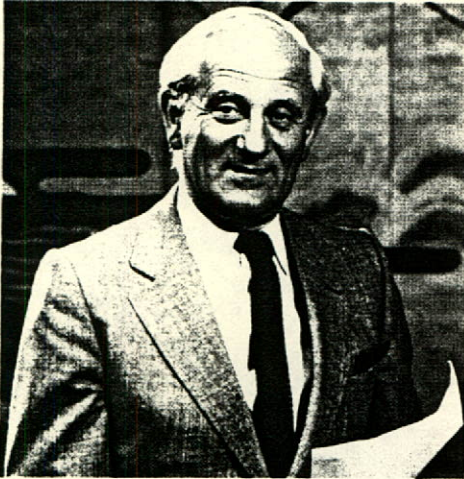


Annual Meeting

The Annual Meeting of Shareholders will be held on Monday, June 11, 1984 in the Quebec Room of the Royal York Hotel, Toronto commencing at 11:00 a.m.

Noma Industries Limited is a group of Canadian owned companies specializing in the manufacture and marketing of a range of electrical and mechanical products for the consumer and industrial markets. Products are marketed in Canada, the U.S.A. and Europe. The Noma group consists of 8 operating companies in the Toronto metropolitan region and 2 subsidiary companies in the U.S.A. The company has a national distribution and sales organization in Canada through 7 regional sales offices coast-to-coast and distributor networks in the U.S.A. and Europe. Noma's Shares are listed and traded on the Toronto Stock Exchange.

President's Message



Review of 1983

In my report to you last year I discussed the outstanding results which we achieved in 1982, a year of severe economic recession, and I expressed some degree of confidence that we could expect further progress in 1983 based on indicators that the national economy was improving.

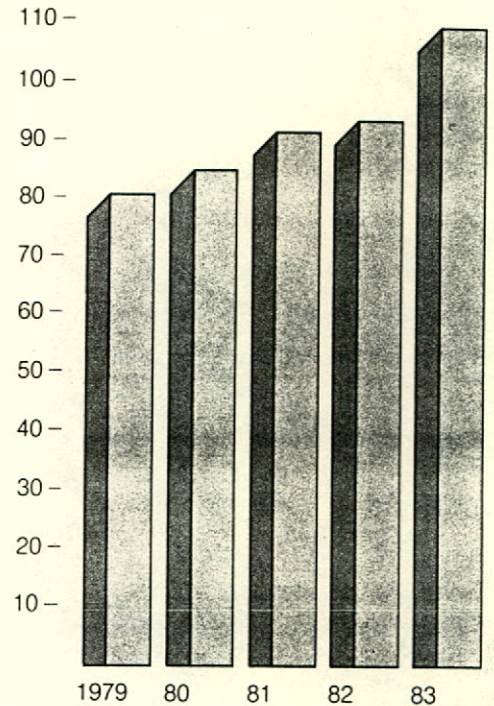
I am pleased to report that the markets for our range of products strengthened throughout 1983, particularly for our industrial products which we supply to the manufacturers of electrical appliances and to the automotive industry. There was also a sustained demand for our consumer products and a recovery in the market for our wire and cable products.

The upturn in our markets and our continued drive towards higher levels of efficiency and productivity enabled us to make substantial progress again in 1983. Our financial statements show consolidated sales revenue of \$108.9 million, an increase of 16% over the 1982 figure of \$93.7 million. Also our net earnings increased significantly by 69% from \$4.168 million in 1982 to \$7.060 million. Based on the average number of shares outstanding at December 31, 1983, this represents net earnings of \$2.49 per Class A share — an increase of over 50% when compared to the corresponding figure of \$1.65 for 1982. The ratio of net earnings to consolidated sales revenue also improved to 6.4% from 4.4% in 1982.

Shareholders' equity has increased to \$35.5 million as a result of an additional issue of Class A non-voting shares in August, 1983, an employees' Share Purchase Plan which was introduced in January, 1983 and net earnings of \$6.0 million after payment of dividends.

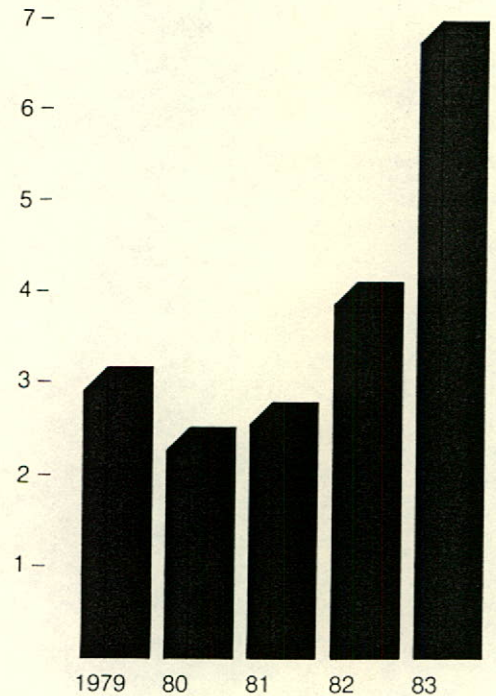
Sales Revenues

\$ millions



Net Income

\$ millions



The intent of the additional issue was to strengthen our balance sheet and increase the available public float thereby improving the liquidity of trading. Noma stock was relatively active on the Toronto Stock Exchange throughout the year and the price of shares increased to levels more appropriate to Noma's performance and earnings. Taking the additional stock issues into account, the return on the average equity reached a record 25.7%, up from 20.8% recorded in 1982.

With respect to dividends, commencing in May, 1983, we increased the quarterly dividend on Class A non-voting shares from 7¼¢ to 10¢. Thus, the dividends paid on Class A non-voting shares for the fiscal year ended December 31, 1983 amount to 37¼¢ per share, compared to 29¢ per share paid in 1982. Dividend payments amounted to \$1,018,000 in 1983, an increase of 45% from \$699,000 paid in 1982.

I am aware that there has been some critical comment in the Press recently about non-voting shares generally. With respect to Noma's Class "A" non-voting shares, I wish to emphasize that these shares in essence *become voting* shares in the event of an acceptable takeover offer for the Class "B" voting shares thus affording protection that all shareholders will be treated fairly. Furthermore holders of Class "A" Non-Voting shares are entitled to receive all financial reports, notices and attend shareholders' meetings.

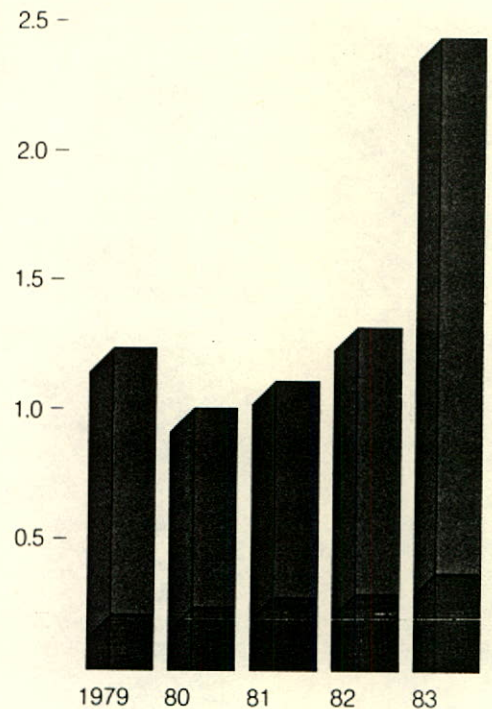
In the Prospectus which we published in August, 1983 we stated that the net proceeds of the additional issue of Class A non-voting shares would be applied to reduce bank indebtedness. I am pleased to report that from these proceeds and our earnings long term bank debt has been reduced by \$11.5 million as at December 31, 1983. We also stated that the proceeds would strengthen our ability to finance future acquisitions and investments. In this regard, I will comment briefly on recent developments.

In December, 1983 we completed the purchase of the business and certain assets of Noma World Wide Inc. of Forest Park, Chicago, Illinois a major distributor and manufacturer of Christmas lights and decorations in the U.S.A. The acquisition gives us a strong market presence in the U.S.A., the right to use the Noma trade name in the U.S.A. and an opportunity to expand our international marketing not only of Christmas products but also our other consumer products. We have continued this business under the name of Noma International Inc. and merged the activities of Beck Electric Manufacturing Inc. at West Port, Connecticut with the operations at Forest Park, Illinois. Mr. Seymour Jeruss has been appointed President of Noma International Inc. and will direct our restructured operations in the U.S.A. Mr. Bob Braasch who was with Noma World Wide for 21 years has been appointed Vice President and General Manager of Noma International Inc.

Also, during the last quarter of 1983, we set in motion plans to purchase an additional plant at Mack Avenue, Scarborough and to upgrade and expand certain manufacturing facilities in Canada. A more detailed report on these is given on page 7 by Mr. R.A. Koehler, Executive Vice President, in his Review of Operations. We have also purchased additional land adjacent to our Cabletech plant at Stouffville, Ontario for future expansion.

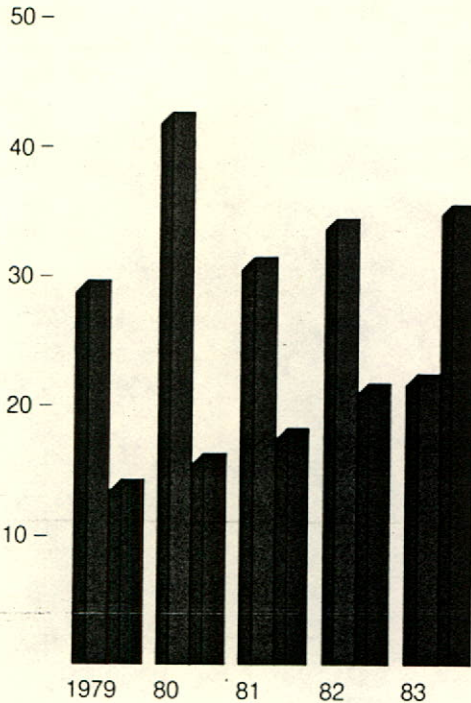
Earnings and Dividends

■ Earnings ■ Dividends
\$ per share



Debt/Equity

■ Debt ■ Equity
\$ millions



During 1983 our capital expenditures on equipment and tooling amounted to \$3.8 million. We also placed emphasis on the design and engineering of new and improved products as well as to some of our manufacturing processes. The latter included applications of robotics and electronic control technology. At the high end of the technology spectrum, our youngest operating company, Netron Inc., accelerated its pace in the development of its computer aided programming (C.A.P.).

The marketing and sales activities of our operating divisions continued to be strong and effective for all our major product categories and we increased TV advertising for consumer products. There were increased sales of our consumer cord products, there was a good sell through of our Christmas products at the retail level and our outdoor products again sold well in both North American and European markets. In the industrial market, our sales of wiring harnesses to the automobile producers expanded substantially and our sales of custom cord products to the manufacturers of power tools and electrical equipment remained strong throughout the year. In export markets, our sales exceeded \$10 million.

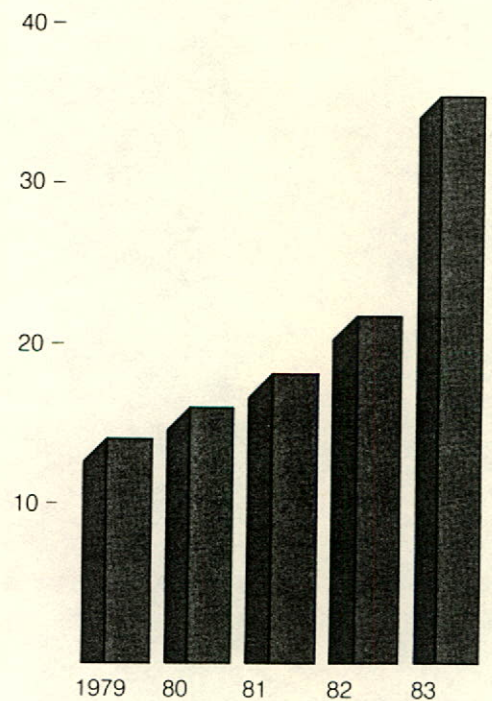
A challenging task was faced by Netron Inc. in marketing its C.A.P. technology and products. Persistent efforts brought favourable responses from commercial clients, the technical press and the data processing industry. Establishing credibility and professional references is a very important first step in this fast changing market of data processing technology.

Employment levels were up in several of our operating companies during 1983 as a result of the increased activity by all our operations, and the substantial upswing in our automotive and other OEM business. We also placed emphasis on hiring students during the summer months and responded to government initiated programs to stimulate employment. In addition, the research and development work at Netron Inc. has provided jobs for a number of young data processing graduates from Canadian universities.

With respect to internal affairs, Noma's Board of Directors was strengthened early in 1983 by the appointment of Mr. Barrie David Rose. Mr. Rose is Chairman and Chief Executive Officer of Androcan Inc., a Canadian management corporation and he brings to the Noma Board many years of business experience.

Net Worth

\$ millions



Outlook for 1984

While the views of various economists differ in some respects, there appears to be a consensus that the national economy will experience real but modest growth in 1984 although there is a degree of uncertainty in some sectors of the economy. Against this background, we expect Noma's progress in 1984 will be significant.

Our major markets for electrical cord products, automotive electrical wire and cable, outdoor products and Christmas lights and decorations continue to be strong and we shall be introducing some new consumer electrical products during the year. In addition, there will also be some new products by Canadiana Outdoor Products, Inc.

We plan a capital expenditure program of approximately \$7.0 million on a new plant, production equipment and tooling to provide for expansion and upgrading of our facilities. Related to this, and in keeping with our operating practice of developing specialized and efficient operating units, there will be some reorganization of the operations of Noma Inc. The production of custom power cords for the manufacture of electrical power tools and electrical appliances will be relocated from the Kennedy Road plant to the new plant at Mack Avenue, Scarborough to permit better focus and increased capacity as well as more responsive and better

service to our industrial customers for this category of products. This change will also provide space at the Kennedy Road plant for expansion of Noma Inc.'s consumer products.

This reorganization is accompanied by some changes in management staff and responsibilities. Mr. R.A. Koehler, President of Noma Inc. has recently announced that effective from March 5, 1984, Mr. Karl Meier, formerly Vice President, Marketing has been appointed Vice President and General Manager of Noma Inc. Mr. Doug Drew is appointed Vice President and General Manager of Noma Industrial Cords Company, the new facility at Mack Avenue, Scarborough. His previous position was Vice President, Manufacturing of Noma Inc. Mr. Dick Domingo, who for many years was the Materials Manager at our Kennedy Road plant has been appointed Manufacturing Manager of Noma Inc. All of these employees have demonstrated their abilities and performance over many years of service with the company.

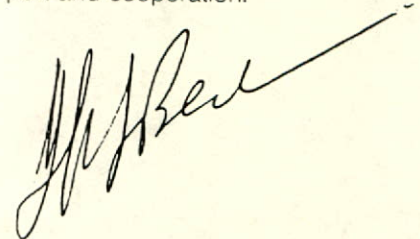
At Canadiana Outdoor Products, Inc. the production facilities will be upgraded by the utilization of robots and other automated equipment to provide more economic production at higher volumes.

In marketing, we will reinforce our position in national markets by additional TV advertising and through new products and marketing innovations. We shall also be addressing export markets for a number of our consumer products under the Noma brand name.

At the corporate management level, the corporate management staff will be relocated to a suite of offices at 4211 Yonge Street, Toronto. The purpose of this move is to provide corporate services from a more central location of our operations in the Toronto metropolitan region.

In summary, we expect further progress in 1984 by all our operating companies and an increase in our international business.

I take this opportunity of extending a warm welcome to our new shareholders. I also wish to express my sincere appreciation to our employees for their outstanding performance and service and my gratitude to all our shareholders, customers and suppliers for their support and cooperation.



H. Thomas Beck
President

Operating Companies

(100% owned unless otherwise indicated)

Operating Management

Each manufacturing company or division of the Noma group is an autonomous entity under the control and direction of a President or General Manager. These executives have complete authority and responsibility for the operations and profitability of their company or division and a substantial portion of their remuneration is directly related to the performance of their operations.

They are also responsible for the preparation of budgets, forecasts and periodic reviews of actual results for discussion with Corporate Management. The management structure of the operating companies and divisions are simple and effective and are organized to maintain close contact with employees and direct knowledge of day-to-day operations and of issues affecting their businesses.

Canada

Beck Electric Manufacturing Company	Benjamin J. Hoag, <i>Vice President and General Manager</i>	Downsview, Ontario, 100,000 sq. ft. <i>Electrical wiring harnesses for the automotive and electrical appliance industries.</i>
Cable Tech Company Limited	Siegfried Riemer, <i>President</i>	Stouffville, Ontario, 160,000 sq. ft. <i>Electrical wire and cable and copper rod.</i>
Canadiana Outdoor Products, Inc. (90%)	William F. Czeban, <i>President</i>	Brampton, Ontario, 144,000 sq. ft. <i>Power Lawnmowers, Snowblowers, Garden Tractors, Garden Tillers and related products.</i>
Doubl*Glo of Canada Limited (75%)	Robert L. Weill, <i>President</i>	Scarborough, Ontario, 60,000 sq. ft. <i>A comprehensive range of non-electric Christmas decorations for the Christmas tree and the home.</i>
Netron Inc. (50.1%)	Alex F. Kisin, <i>President</i>	Downsview, Ontario <i>Computer Aided Programming – CAP – an advanced technique and methodology for the automation of data processing software production.</i>
Noma Decor Inc.	David Howard, <i>General Manager</i>	Weston, Ontario, 96,000 sq. ft. <i>Artificial Christmas Trees</i>
Noma Inc.	Rudolph A. Koehler, <i>President</i>	Scarborough, Ontario, 262,000 sq. ft. – 2 plants <i>Christmas Lighting, Electrical Extension Cords, Specialty Cord Products, Industrial Power Cords, Battery Cables, Booster Cables and Electrical Wiring Components for automotive after market.</i>

U.S.A.

Beck Electric Manufacturing, Inc. (95%)	Seymour Jeruss, <i>President</i>	West Port, Connecticut Sales Office – Eastern Region of the U.S.A.
Noma International Inc. (90%)	Seymour Jeruss, <i>President</i>	Forest Park, Illinois, 152,000 sq. ft. <i>Christmas Lighting and Specialty Cord Products.</i>

Review and Outlook of Operations



Rudolph A. Koehler, Executive Vice President,
Noma Industries Limited

Prologue

1983 was a year in which further progress was achieved by our operating companies and divisions. In all our major divisions volume of business increased as markets recovered. Profitability also improved as measures introduced in 1982 were implemented and became effective throughout the year. For example, the production equipment for Christmas lighting strings and wire and cable products, which was transferred to our Canadian plants as part of the rationalization of our Canada/U.S. operations, has been effectively integrated into production operations at Noma Canada Inc. and Cable Tech Company Limited and provides increased capacity and economies of scale.

Also, installations of additional production equipment expansion of plant area and emphasis on marketing and product engineering at the Beck Electric Division resulted in almost a doubling of our business in electrical wiring harnesses supplied to the automotive and electrical appliance manufacturers.

The acquisition of the business of Noma World Wide Inc. late in the year provides the opportunity to further restructure our U.S. operations on a more expanded and profitable basis. This acquisition also provides the right to use the Noma name both sides of the border hence it is no longer necessary to differentiate with the name Noma Canada Inc. of our company at Scarborough, Ontario. Accordingly, this company's name has been changed to NOMA INC.

Noma Inc.

Sales of Christmas products in 1983 reached higher levels as the market recovered and as a result of TV advertising and persistent efforts by sales personnel which reinforced our strong position in this market. Also, sales of consumer cord products were up and the forecast target was achieved. Sales of cord products to industrial customers (OEM business) increased to a level

which makes it economically feasible to set up a separate division, Noma Industrial Cords Company, to deal with the business on a more specialized basis. An additional plant at Mack Avenue, Scarborough has been acquired for this purpose which will be equipped and become fully operational in its new premises during the second quarter of 1984.

Design and development of new products and upgrading of production equipment and tooling was again part of this company's activities during 1983. New products for the consumer market include a much improved CORD CADDY and a new range of SLIM LINE POWER CENTRES. These are now in production.

In the automotive after market, the Kenlite Division has re-established itself as a responsive and reliable supplier to both the Canadian and U.S. markets following the transition to the Noma group.

The outlook for Noma Inc. in 1984 is positive. The company has a very strong position in the Canadian national market and we expect additional sales to the U.S. market of Christmas lighting products and other non-Christmas consumer products. Stronger emphasis will also be placed on developing further the OEM business of custom electrical cord products in Canadian and export markets by the new Industrial Cords Company. Sales and bookings for the first 3 months of 1984 show a substantial increase over the corresponding period of 1983. A more significant contribution to consolidated sales and profits by the Kenlite Division is expected as its marketing and sales activities gather momentum.

Cable Tech Company Limited

In terms of both sales revenue and profits this company's contribution to consolidated results were significant and showed a marked increase over 1982 figures. The company responded vigorously to the growing industrial demand for its wire products and higher volumes resulted in more profitable utilization of production equipment in this capital intensive facility. Production and sales of copper rod to industrial customers in Canada and the U.S. reached new levels. This operation also contributes to the company's profitability and efficiency. Production engineering and technical innovations featured strongly in the company's activity during 1983 as additional equipment was installed and plant layout was expanded and improved. The prospects for 1984 indicates further progression by Cable Tech which has high productivity and efficiency in its specialized segment of the wire and cable industry.

Beck Electric Manufacturing Company

In addition to producing specialty industrial cord sets, this company manufactures electrical wiring harnesses predominantly for two industrial sectors, the automotive industry and the manufacturers of major electrical appliances such as stoves, refrigerators, freezers, washing machines and dryers. An extensive range of these internal wiring harnesses are produced by the division to precise specifications of the industrial customers. This requires first class product engineering and stringent control of quality, costs, production scheduling and delivery. This company's proven capability and the upturn in both the automotive and appliance industrial sectors during 1983, collectively produced outstanding results. The company recorded the largest increase in sales revenue of all our operating companies.

The wiring harnesses for the automotive industry is the major growth portion of the company's business and it is an approved supplier to General Motors, Ford and Chrysler. Beck Electric's capability and performance in this market was recently endorsed by a Supplier Excellence Award received from the Packard Division of General Motors Corporation which cited exemplary performance, superior quality and 100% audit record.

Canadiana Outdoor Products, Inc.

This company's performance in 1983 was again at a good level and closely matched its outstanding results of 1982. Its new products for the winter season, the NOMA POWER SHOVEL and the SNORACER which were promoted on TV, sold well in the Canadian and U.S. markets and the company's export of snowblowers was again strong. In summer products, the sales of FLYMO lawnmowers exceeded the forecast and sales of its more conventional range of lawnmowers were on target.

Towards the end of 1983 the company began a program of upgrading its production facilities through the application of robots and microelectronic control systems to key production functions. This equipment is being installed in 1984.

During 1984 we expect that Canadiana will continue to move forward. There will be improvements in productivity and some new products will be introduced for sale in both the domestic and export markets.

Netron Inc.

During 1983, Netron increased the pace of its development of Computer Aided Programming — CAP and stepped up its marketing of this unique technology. CAP has been evaluated by a number of software experts in industry and academia who consider the system to be state-of-the-art and one which offers to users very high productivity in terms of production, maintenance and reliability of software. Reaction by users confirms these opinions and state that CAP has enabled them to generate software programs in COBOL code in a fraction of the time required by the usual manual methods. CAP provides a means of automating software production, of establishing programming standards and yet is flexible enough to be modifiable and adaptive.

Throughout 1983, Netron has been very active in responding to enquiries and sales opportunities from a variety of business and industry sectors and more recently from agencies of the U.S. government. The latter has resulted in a purchase contract from the U.S. State Department for a CAP system and services. At present CAP is available only on WANG VS computer equipment and there is a demand that CAP be applied to IBM computer systems. Netron will carry out this task in 1984 and in addition focus its marketing on opportunities which have the best potential for commercial viability.

Doubl*Glo of Canada Limited

This company showed a marked improvement in its sales of Christmas decorations over 1982. Its marketing activities were more effective and there was better control of production costs which resulted in an improved bottom line. There is still room for further economies to be achieved in production and material costs which will be addressed in 1984. The outlook for this company is further increase in sales revenues and improvements in profits.

Noma Decor Inc.

Specialized and automated equipment was added to this company's production facilities during the year which contributed to higher levels of efficiency and productivity in the manufacture of artificial Christmas trees. Targeted sales and profits were achieved in 1983 and in 1984 we expect a further step of improved performance. The company's EASY TREE, sold under the Noma label, has become a successful product in the market place.

Beck Electric Manufacturing Inc.

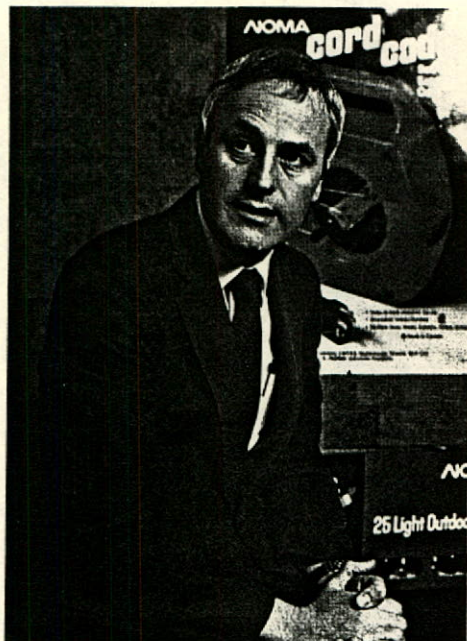
The manufacturing functions at Stamford, Connecticut were phased out during the year as production equipment for wire and cable and Christmas lighting strings were transferred to Canada. The company's financial results for 1983 included losses incurred in cord manufacturing for the first five months which have since been eliminated. In 1984 this company will act in concert with Noma International Inc.

Noma International Inc.

The acquisition of the business of Noma World Wide Inc. was completed in December, 1983. We shall continue the manufacturing and sales operations at the Forest Park, Illinois facility and our Sales Office and showroom at New York City will continue to be an integral part of our U.S. operations.

Noma International adds a new dimension to our market position in the U.S. for Christmas lighting products and for other Noma consumer products and provides potential for future expansion. We expect that this company will contribute significantly to our consolidated sales and earnings in 1984 and we are confident that the performance of this latest addition to our group of companies will be of similar standard to our other operating divisions.

Marketing



Karl Meier, Vice President and General Manager, Noma Inc.



Karl Meier and Robert Braasch, Vice President and General Manager, Noma International Inc. at Noma's showroom, New York City

Noma's marketing strategy and practices stem from the business approach developed by the company's founders, Mr. H. Thomas Beck and Mrs. Theresa Beck when they began manufacturing and marketing of electrical power cords in 1950. At that time, the Becks recognized the growth trend in the post war market for electrical household appliances, home entertainment equipment, electrical power tools for the home handyman and the consequent market for the essential accessory – the power cord.

The marketing and business strategy is based on the following principles:

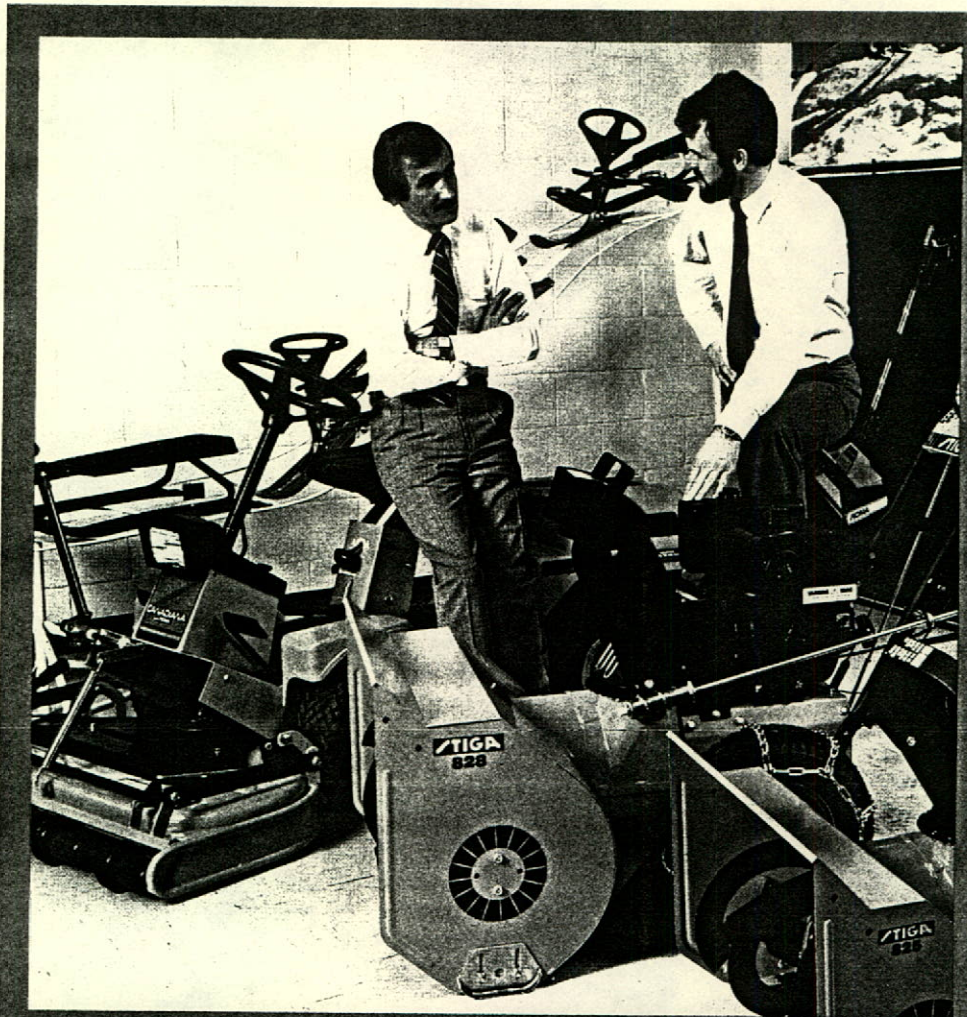
- establish a basic line of merchandise that can be sold in volume through major distribution channels.
- develop manufacturing techniques which provide a competitive cost advantage.
- design and produce products of quality that set a standard for the industry.
- provide a service level to customers better than that provided by competitors.
- be competitive in all products and markets.

For Noma's diversified range of consumer products the channels of distribution are similar – the major retail chains where mass merchandisers, hardware store groups and drug store chains dominate this market at the consumer level. Refinements and innovations in marketing have been developed and practised by Noma to address these market conditions. These include attractive packaging design, in-store merchandisers, service and assistance to customers in product selection, product mix, point of purchase aids, and in setting up store displays and national advertising in trade publications and by using TV media.

The marketing of Noma's industrial products requires a different approach with emphasis on product design and engineering, as well as fast and responsive service to the engineering and procurement departments of the industrial clients. It also requires particular attention to controls of quality, cost, production scheduling and delivery.

The international marketing of our outdoor products manufactured by Canadiana Outdoor Products, Inc. includes licensing and marketing agreements with producers in Europe. For example, certain products of FLYMO of Britain and STIGA AB of Sweden are manufactured by Canadiana and marketed in North America under the Noma brand name. Canadiana's snowblowers and the Noma Power Shovel are marketed in Europe under the brand names of major distributors.

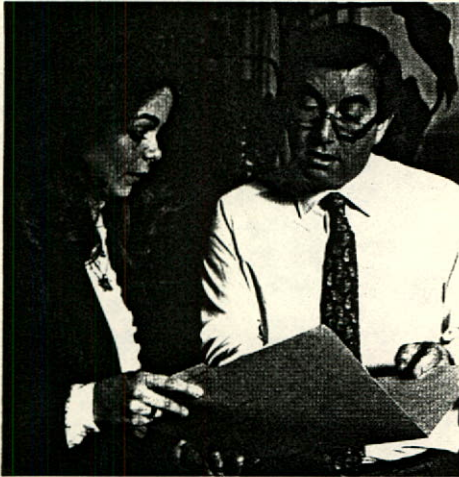
Marketing at Noma's operational companies is not an isolated or independent function. It is a cornerstone of a sound and effective business strategy and is practised by a team approach in concert with the sales and manufacturing functions and with sensitivity to the needs and requirements of customers, market trends and conditions.



William F. Czeban, President, Canadiana Outdoor Products, Inc., and Roger Andersson of Stiga AB, Sweden discuss marketing of snowblowers in Europe.

Ben Hoag, Vice President and General Manager, Shlomo Brenner, Vice President Operations, Beck Electric Manufacturing Company

Sales Management

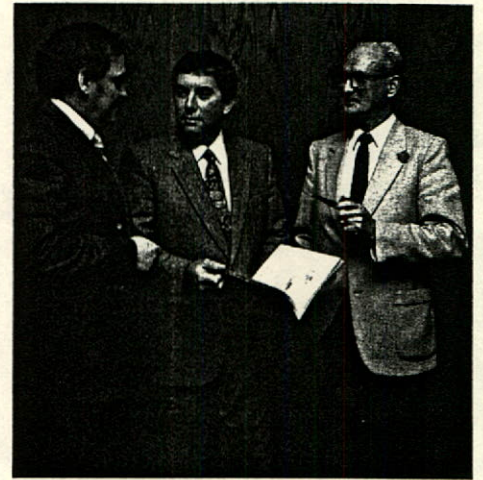


Stephen Dacks, Vice President Sales, Noma Inc., Cheryl Reeve, Sales Assistant, Noma Inc.

Sales management by the Noma operating companies places emphasis on the training and motivation of sales personnel to attain their business and career objectives and to encourage a sense of pride and cooperation within the Noma group. Of paramount importance is response and service to customers and, in this regard, there are incentives based on performance.

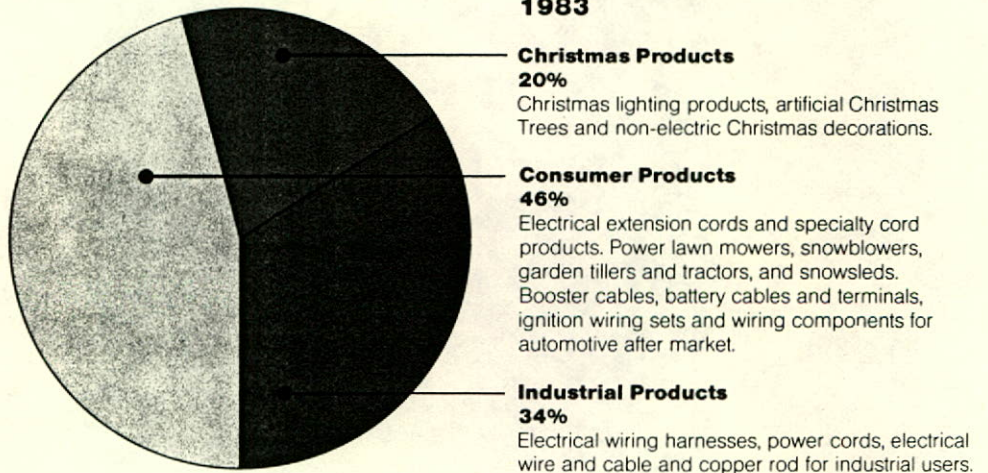
The structure is an autonomous one based on the different product groups of the operating companies and divisions. Overall, it encompasses:

- 7 Regional Sales Offices of Noma Inc. directed by 3 Regional Sales Managers across Canada which are also responsible for sales of the products of Noma Decor Inc. and Doubl*Glo of Canada Limited.
- Sales Managers and staffs of such companies as Cable Tech Wire Company and Canadiana Outdoor Products, Inc. work independently in their respective markets.
- In addition, there are specialized sales functions carried out by Beck Electric Manufacturing Company and the Noma Industrial Cords Company which address directly the manufacturers of automobiles, electrical appliances, power tools and other industrial clients respectively.
- Similarly, Netron Inc. has sales personnel specialized in addressing the market for its computer software products.



Bob Richard, Regional Sales Manager, Eastern Region, Stephen Dacks, Vice President Sales, Howard Whelan, National Accounts Manager

Sales Distribution 1983





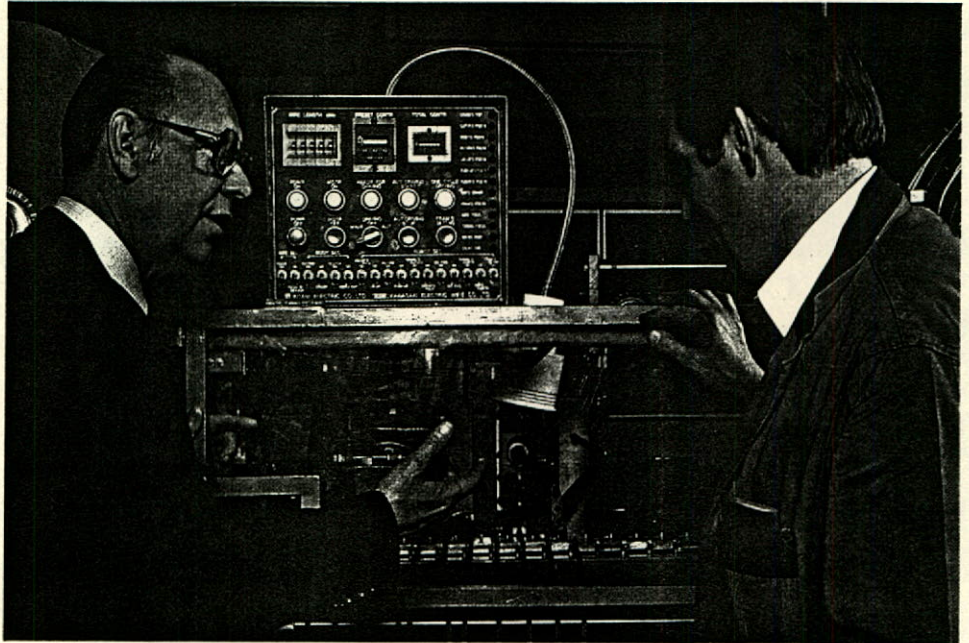
Sales Management includes maintaining a responsive dialogue with a diverse range of customers – major retail organizations, hardware chains, independent dealers and industrial equipment manufacturers and, in the case of Netron Inc., the data processing industry.

Sales conferences, promotions at trade fairs and exhibitions, advertising and display merchandising are also sales activities carried out on an integrated and coordinated basis with the marketing functions of Noma's operating companies.



Dino Steina, Regional Sales Manager, Western Region; Jacques Poirier, Key Accounts Supervisor, Eastern Region; Dave Browne, Ontario Sales Manager, Noma Inc.

Product and Technology Development



At Noma Inc., under Mr. Maddock's direction, engineering and development activities are carried out by a team of highly skilled engineers, designers and technicians dedicated to the development of new products and manufacturing technologies.

Using "state of the art" materials and a keen sense of innovative design, the team has recently produced two new CORD CADDIES, a new line of CLAMP LAMPS, a series of SLIM-LINE POWER CENTRES and several new artificial Christmas trees. These designs have received patent and design protection in most cases. One distinct advantage of this team approach results in products which are designed and developed to be produced by automatic means thereby resulting in better quality products for less cost.

The group embraces the Timex division under the direction of Mr. Hans Nusser and a machine building department headed up by Mr. Heinz Wollenzien. Models and prototypes are developed for evaluation and testing and subsequently, integrated systems for production purposes are constructed in the form of dies, molds and special computer controlled machines.

Bill Maddock, Vice President, Engineering and Development, Rudy Wittermund, Maintenance Manager, Noma Inc.



Mr. Maddock, who pioneered the design and development of our automatic Christmas Light String machines, continuously encourages the application of new technologies such as robotics and microelectronics among the Noma companies. Installations of this kind have been made at Noma Inc. and Canadiana Outdoor Products, Inc. in the past year and more are planned in the future.

The current emphasis of the group and a similar group at Cable Tech Wire Company, is directed toward increased productivity at all levels of manufacturing which includes industrial engineering and preventive maintenance activities.

At Netron Inc., Computer Aided Programming C.A.P. a technology, which provides automated production of data processing software and offers significant advantages in productivity and cost over conventional production methods, has been successfully applied to Wang VS computers. Further development is in progress to apply C.A.P. to IBM computer hardware systems.



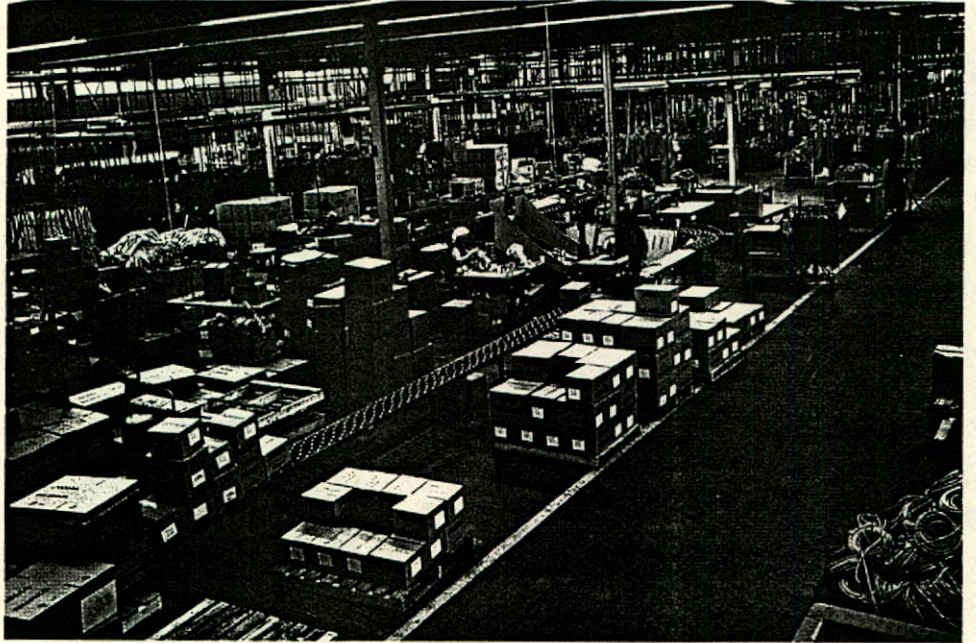
Bob Nash, Product Manager, Karl Meier, Vice President and General Manager, Bill Maddock, Noma Inc.

Alex Kisin, President, and Paul Bassel, Vice President, Netron Inc.

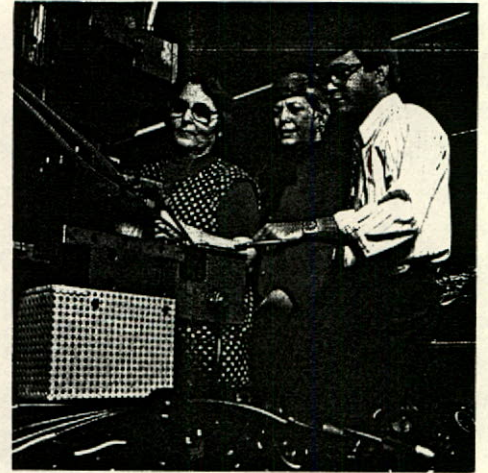
Production

Each operating division of the Noma group is specialized in its production and manufacturing functions which range from the capital intensive facility at Cable Tech Wire Company to the more labour intensive production operations at Beck Electric Manufacturing Company which produces electrical wiring harnesses. Common to all, however, is the continuous quest for higher levels of product quality and efficiency and productivity through innovations in design, production methods and equipment and the application of new technology.

The automated production of Christmas lighting strings by a fully integrated system is an example of Noma's thrust in the direction which began as early as the 1960's. The installation of the first commercial facility in Canada for the continuous casting of copper rod in 1980 at Cable Tech Wire Company was an innovative step in vertical integration at this plant. More recently this company has developed a method of producing reel-less packages of copper wire in 5000 lbs. units and 6000 lbs. packages of copper rod which provide economies in production costs and in transportation and storage costs to the users.



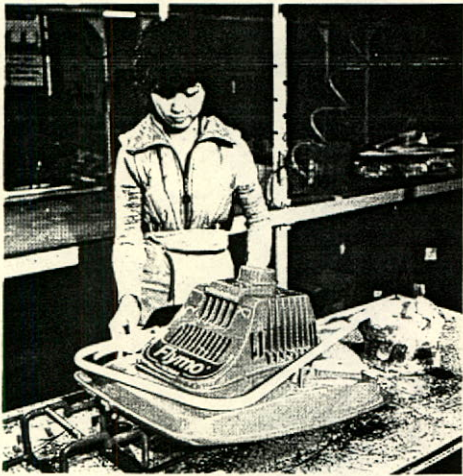
Dick Domingo, Manufacturing Manager, Noma Inc.
Doug Drew, Vice President and General Manager,
Noma Industrial Cords Company,



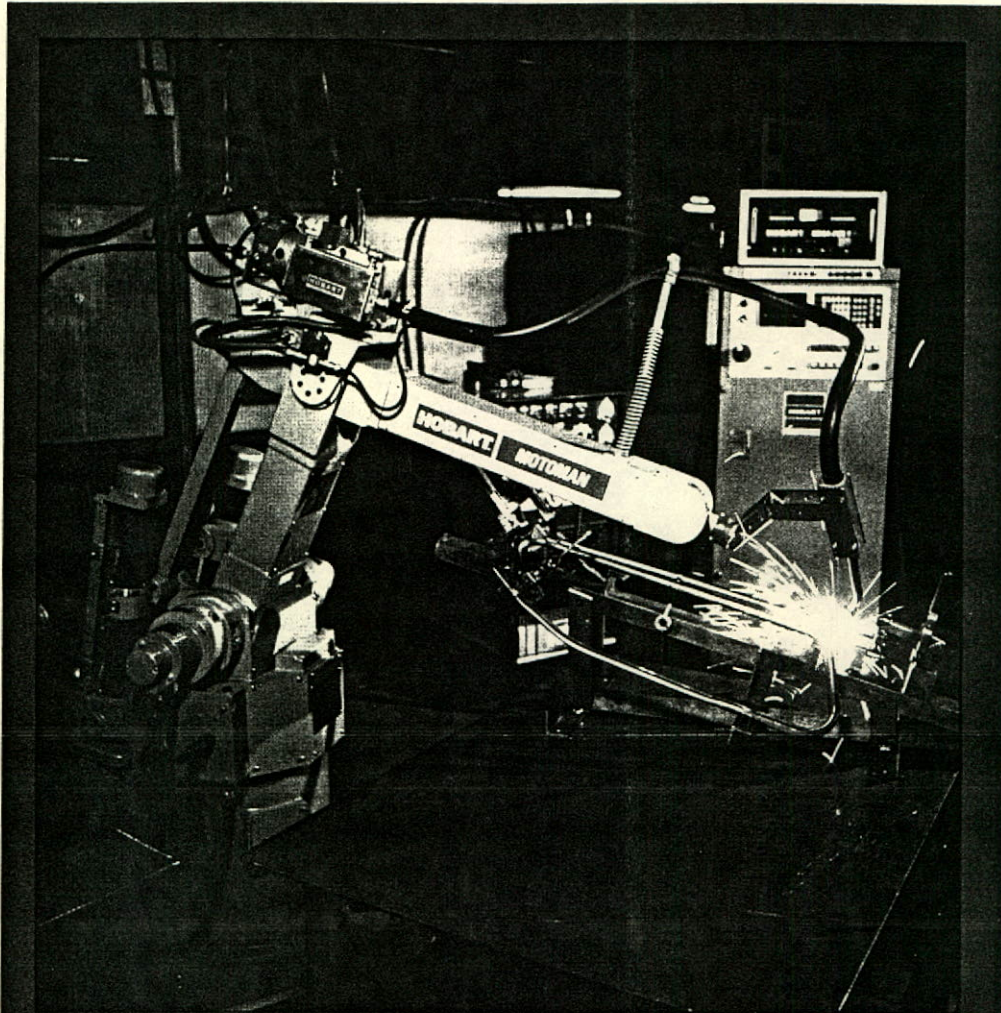
Marcella Iona, Production Operator, Carol Tufts,
Production Manager, Noma Industrial Cords
Company, Lee Samad, Production Manager,
Noma Inc.

Welding robots at Canadiana Outdoor Products, Inc., automated packaging at Noma Inc. and the application of microelectronic control devices to production equipment are examples of current activity among the Noma companies in pursuit of further improvements in production technology. Computerized management systems and Materials Requirement Planning are also utilized to control costs, inventories and materials purchasing.

While the application of automation and mechanization at Noma plants is of importance, we continue to keep in perspective the job and career opportunities of our production personnel. By advancing our production technology we become more internationally competitive which permits the expansion of our business and, in the overall, an increase in our employment.

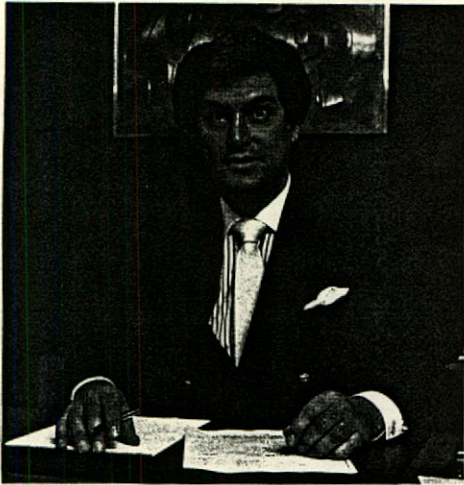


Nu Tram
Production Operator,
Canadiana Outdoor Products Inc.



John McLarty, Production Manager, Cable Tech
Company Limited, George Glover, Plant
Supervisor, Cable Tech Company Limited

Financial Management Group



Norman S. Eckler, Vice President Finance,
Noma Industries Limited

Structure

Noma Industries has a small but resourceful corporate finance and administration team which provides expert professional assistance to the operating divisions in such technical areas as taxation, government legislation and programmes, customs and excise matters, accounting and administration. They are also responsible for arranging and managing the financial affairs of the Noma group of companies at this corporate level. Dealings with bankers, other lenders, investors, and insurers etc., are negotiated at head office and the capital then distributed to the various operating subsidiaries and divisions.

The divisional management, thus free of these financial and administrative concerns, may devote their entire efforts to selling, manufacturing, and managing the assets entrusted to them to maximize the "return on capital employed". Each operating unit is viewed as a separate corporate investment and the single most significant criterion used by Noma in assessing performance is the "return on capital employed" (earnings before deduction of interest and income taxes expressed as a percentage of the total assets of the division less accounts payable). Any proposed new investment would be judged against the "return" achieved internally and other existing business opportunities without sacrificing the long term health of the business through continuous investment in equipment and technology.

Controls

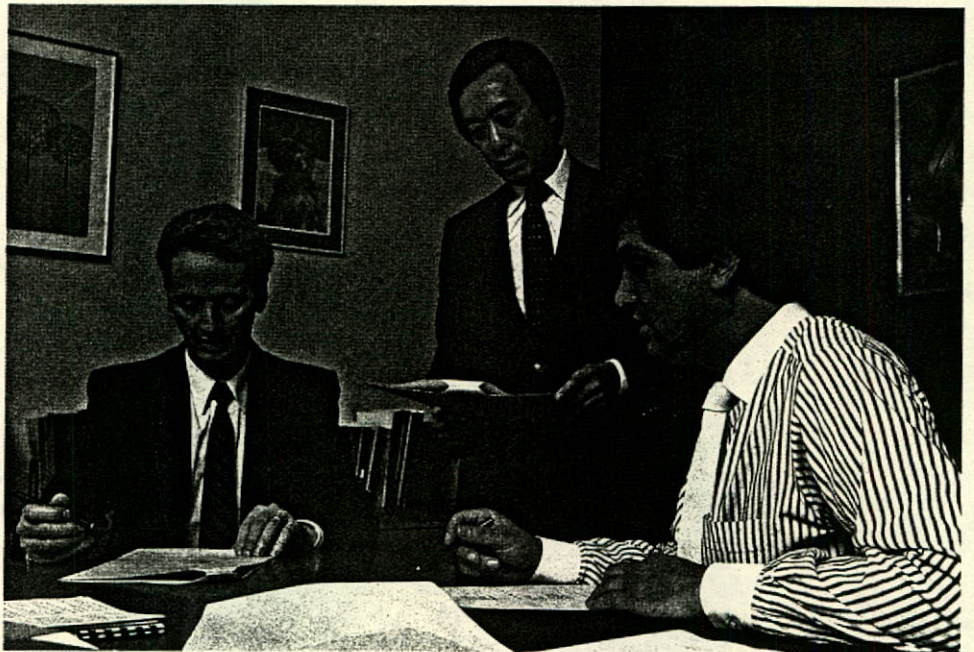
The management of each operating division is required to submit to corporate an annual budget detailing their business plans for the year, capital expenditures and financial requirements. Once these budgets are accepted and approved by head office, divisional management may set out independently in pursuit of their goals. The actual performance is monitored by monthly financial statements comparing operating results in detail to the budget and certain aspects of the business may be

reviewed more frequently. Such ratios as inventory turns, days of accounts receivable outstanding are also presented in a monthly report which is related to forecast and prior periods.

Financial Position

Net earnings set a new record for the second straight year by increasing 69% to \$7,060,000. This translated to an increase in earnings per Class "A" share of approximately 50% to \$2.49 based on a greater average number of Class "A" shares outstanding. Cash flow from operations increased by 38% to \$9,797,000.

Based on these operating results, the company at year end is in an excellent financial position with shareholders' equity of just over \$35.5 million and a debt to equity ratio of 2 to 3. Working capital, even after repayment of \$11.5 million of long-term debt is the highest in the company's history at approximately \$25 million. We consider this position to be a good financial base to support any business projects which management might propose to undertake in the immediate future.



Meinrad Meerkamper, Corporate Controller,
Stephen Kwong, Assistant Controller,
Noma Industries Limited

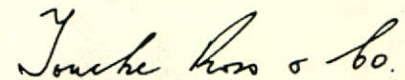
Consolidated Financial Statements December 31, 1983

Auditors' Report

The Shareholders, Noma Industries Limited.

We have examined the consolidated balance sheet of Noma Industries Limited as at December 31, 1983 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, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.


Chartered Accountants

Toronto, Ontario
March 16, 1984.

Noma Industries Limited**Consolidated Balance Sheet**

As at December 31, 1983

(Incorporated under The Business Corporations Act of Ontario)

Assets

	1983	1982
	(Thousands of dollars)	
Current		
Cash and short-term notes	\$ 3,824	\$ 9,626
Accounts receivable	16,202	12,083
Inventories	21,579	20,097
Sundry assets and prepaid expenses	1,039	771
	42,644	42,577
Fixed (Note 2)	14,379	12,910
Other (Note 3)	1,058	785
	\$58,081	\$56,272

Liabilities

1983 1982

(Thousands of dollars)

Current

Bank indebtedness (Note 4)	\$ 2,350	\$ 5,683
Accounts payable and accrued liabilities	12,648	9,623
Income taxes payable	2,107	1,717
Current portion of long-term debt	330	1,010

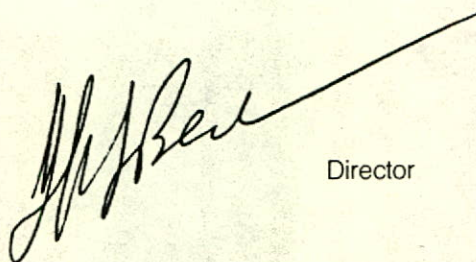
17,435 18,033**Deferred income taxes****2,887** 2,832**Long-term debt** (Note 5)**2,071** 13,566

22,393 34,431**Shareholders'
Equity****Minority interests in subsidiary companies****107** 81**Commitments and contingencies** (Note 6)**Capital stock** (Note 9)**10,236** 2,457**Retained earnings****25,345** 19,303

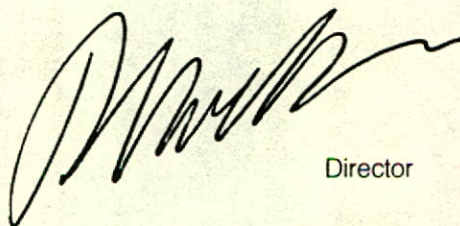
35,581 21,760

\$58,081 \$56,272

On behalf of the Board



Director



Director

See accompanying notes to consolidated financial statements.

Consolidated Statement of Earnings

For the year ended December 31, 1983

	1983	1982
	(Thousands of dollars)	
Sales	\$108,961	\$93,710
Costs and expenses		
Cost of sales and selling and administrative expenses	93,351	81,692
Depreciation and amortization (Note 7)	2,656	2,780
Interest on long-term debt	347	2,413
Interest on other indebtedness	1,011	397
	97,365	87,282
Earnings before income taxes and minority interests	11,596	6,428
Income taxes (Note 8)	4,510	2,432
Minority interests	26	(172)
	4,536	2,260
Net earnings	\$ 7,060	\$ 4,168
Earnings per share		
Class A		
Average number of shares outstanding	1,931,478	1,587,657
Earnings per share	\$2.49	\$1.65
Class B		
Average number of shares outstanding	916,397	954,843
Earnings per share	\$2.45	\$1.61

Consolidated Statement of Retained Earnings

For the year ended December 31, 1983

	1983	1982
	(Thousands of dollars)	
Balance at beginning of year	\$ 19,303	\$15,834
Net earnings	7,060	4,168
	26,363	20,002
Dividends	1,018	699
Balance at end of year	\$ 25,345	\$19,303

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Financial Position

For the year ended December 31, 1983

	1983	1982
	(Thousands of dollars)	
Funds provided by		
Net earnings	\$ 7,060	\$ 4,168
Items not affecting funds		
Depreciation and amortization	2,656	2,780
Deferred income taxes	55	306
Minority interests	26	(172)
Operations	9,797	7,082
Issuance of shares	7,779	—
	17,576	7,082
Funds used for		
Purchase of fixed assets, net of disposals	3,836	1,861
Decrease in long-term debt	11,495	1,638
Dividends	1,018	699
Other	562	108
	16,911	4,306
Increase in working capital	665	2,776
Working capital at beginning of year	24,544	21,768
Working capital at end of year	\$25,209	\$24,544
Analysis of changes in working capital		
Cash, net of bank indebtedness	\$ (2,469)	\$ 6,841
Accounts receivable	4,119	2,229
Inventories	1,482	(1,367)
Accounts payable	(3,025)	(3,740)
Income taxes payable	(390)	(1,472)
Other	948	285
Increase in working capital	\$ 665	\$ 2,776

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

December 31, 1983

1. 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 are converted to Canadian dollars as follows:

Monetary assets and liabilities are translated into Canadian dollars at the current rate of exchange at the balance sheet date, and income and expense items are translated at the average rate of exchange prevailing during the year. Gains and losses thereon are charged to operations. For U.S. subsidiaries, non-monetary assets and liabilities are translated at their historical exchange rate.

2. Fixed Assets

(Thousands of dollars)

	1983		1982	
	Cost	Accumulated depreciation and amortization	Net book value	Net book value
Buildings	\$ 4,284	\$ 1,186	\$ 3,098	\$ 2,768
Machinery, equipment and leasehold improvements	16,887	8,183	8,704	8,259
Moulds, dies and tooling	4,102	2,086	2,016	1,322
	25,273	11,455	13,818	12,349
Land	561	—	561	561
	\$25,834	\$11,455	\$14,379	\$12,910

3. Other Assets

1983 1982

(Thousands of dollars)

Patents	52	44
Goodwill	547	488
Deferred development costs	459	253
	\$ 1,058	\$ 785

4. Bank indebtedness

A loan of approximately U.S. \$940,000 to a U.S. subsidiary company is secured by the assets of that subsidiary. All other bank indebtedness of the company is unsecured.

5. Long-term debt

	1983	1982
	(Thousands of dollars)	
Mortgages on real property (a)	\$ 1,743	\$ 1,845
Equipment loan (b)	520	718
Non-interest bearing equipment loan (c)	128	—
Others	10	13
Evergreen loan	—	10,000
Term bank loans	—	2,000
	<u>2,401</u>	<u>14,576</u>
Less current portion	<u>330</u>	<u>1,010</u>
	<u>\$ 2,071</u>	<u>\$ 13,566</u>

a. \$820,000 with interest at 8¾% due December 1, 1992; \$923,000 with interest at 10½% due December 1, 1994.

b. The balance of the loan of U.S. \$417,280 is repayable in five equal semi-annual instalments due in 1986 with interest at 8%.

c. Non-interest bearing loan repayable over the period July 31, 1985 to July 31, 1987.

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

	(Thousands of dollars)	
1984	\$330	
1985	380	
1986	317	
1987	147	
1988	161	

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)	
1984	\$1,053	
1985	970	
1986	847	
1987	598	
1988	372	

b. There were letters of credit outstanding at December 31, 1983 of approximately \$1,968,000.

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 outstanding shares in three other subsidiaries under certain conditions at prices based on those companies' future book values or earnings.

7. Depreciation and amortization

	1983	1982
	(Thousands of dollars)	
Depreciation	\$ 2,212	\$ 2,402
Amortization of		
Leasehold improvements	155	122
Patents	9	8
Goodwill	16	14
Deferred costs	264	234
	<u>\$ 2,656</u>	<u>\$ 2,780</u>

8. Income taxes

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

	1983	1982
	(Thousands of dollars)	
Income taxes on earnings before		
income taxes and minority interests,		
at 51.5%	\$ 5,972	\$ 3,310
Less		
Manufacturing and processing		
allowance	812	450
Investment and job tax credits	281	183
Inventory allowance	347	298
Other	22	(53)
	<u>1,462</u>	<u>878</u>
Provision for income taxes	<u>\$ 4,510</u>	<u>\$ 2,432</u>

Investment and job tax credits of \$96,000 are available to certain subsidiary companies and expire at varying dates up to 1990.

9. Capital stock

	Authorized		Issued	
	December 31,		December 31,	
	1983	1982	1983	1982
Class A non-voting shares	7,000,000	7,000,000	2,268,532	1,594,282
Class B convertible voting shares	7,000,000	7,000,000	893,468	948,218
Common shares	100	100	—	—
	<u>14,000,100</u>	<u>14,000,100</u>	<u>3,162,000</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 are paid equally on both Class A and Class B shares. During the year 619,500 Class A non-voting shares were issued for a net aggregate consideration of \$7,779,000 after costs of issue. The Class B shares are convertible to Class A non-voting shares on a one to one basis.

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)					
	Components manufacturing		Consumer products		Consolidated	
	1983	1982	1983	1982	1983	1982
Sales to outside customers	\$36,532	\$25,100	\$72,429	\$68,610	\$108,961	\$ 93,710
Inter-segment sales	9,806	10,737	387	186	10,193	10,923
Total sales	<u>\$46,338</u>	<u>\$35,837</u>	<u>\$72,816</u>	<u>\$68,796</u>	<u>\$119,154</u>	<u>\$104,633</u>
Contribution before the undernoted	<u>\$ 6,769</u>	<u>\$ 3,562</u>	<u>\$ 6,185</u>	<u>\$ 5,676</u>	<u>\$ 12,954</u>	<u>\$ 9,238</u>
Interest expense					1,358	2,810
Minority interests					26	(172)
Income taxes					4,510	2,432
					<u>5,894</u>	<u>5,070</u>
Net earnings					<u>\$ 7,060</u>	<u>\$ 4,168</u>
Assets identified with segments	<u>\$22,937</u>	<u>\$18,925</u>	<u>\$35,144</u>	<u>\$37,347</u>	<u>\$ 58,081</u>	<u>\$ 56,272</u>
Capital expenditures	<u>\$ 2,189</u>	<u>\$ 870</u>	<u>\$ 1,647</u>	<u>\$ 991</u>	<u>\$ 3,836</u>	<u>\$ 1,861</u>
Depreciation and amortization	<u>\$ 1,237</u>	<u>\$ 1,293</u>	<u>\$ 1,419</u>	<u>\$ 1,487</u>	<u>\$ 2,656</u>	<u>\$ 2,780</u>

1983 export sales included above were \$10,190,000.

11. Subsequent event

On February 15, 1984 the Company purchased an industrial property for approximately \$1,800,000.

Five Year Financial Summary

(In Thousands of Dollars except per share data)

	1983	1982	1981	1980	1979
Sales					
Consumer Products					
– Christmas	\$ 21,759 20%	\$20,056 21%	\$20,691 22%	\$18,625 22%	\$13,153 16%
– Others	50,670 46%	48,554 52%	41,072 45%	39,897 47%	42,428 53%
	72,429 66%	68,610 73%	61,763 67%	58,522 69%	55,581 69%
Components					
Manufacturing	36,532 34%	25,100 27%	30,033 33%	25,677 31%	24,758 31%
Total	\$108,961 100%	\$93,710 100%	\$91,796 100%	\$84,199 100%	\$80,339 100%
Financial Data					
Net Earnings	\$ 7,060	\$ 4,168	\$ 2,807	\$ 2,597	\$ 3,158
Return on Average Shareholders' Equity	25.7%	20.8%	16.3%	17.1%	24.6%
Shareholders' Equity	\$ 35,581	\$21,760	\$18,291	\$16,155	\$14,138
Fixed Asset Additions	\$ 3,836	\$ 1,861	\$ 2,165	\$ 4,636	\$ 2,348
Depreciation and Amortization of Fixed Assets	2,367	2,524	2,364	1,938	1,488
Total Assets	58,081	56,272	49,775	58,793	43,755
Per Share Data					
*Earnings per Class A share	\$ 2.49	\$ 1.65	\$ 1.12	\$ 1.04	\$ 1.26
*Dividends per Class A share	0.3725	0.29	0.28	0.24	0.21
*Shareholders' Equity per share	11.25	8.56	7.19	6.35	5.56
*Market Price Range – Class A					
High	20.25	6.00	7.50	5.45	5.00
Low	5.37	3.80	3.90	3.60	3.65

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

Corporate Directory

Corporate Offices
4211 Yonge Street,
Willowdale,
Ontario
M2P 2A9

Directors

H. Thomas Beck,
President and Chief Executive Officer

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

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

Rudolph A. Koehler,
*Executive Vice President and
Secretary*

Donald Rafelman,
President, Fallbrook Holdings Limited

Siegfried Riemer,
*President, Cable Tech Company
Limited*

Barrie D. Rose,
*Chairman and Chief Executive Officer
Androcan Inc.*

Lionel H. Schipper, Q.C.
*President, Schipper Enterprises
Limited*

Officers

H. Thomas Beck,
President and Chief Executive Officer

Rudolph A. Koehler,
Executive Vice President

Norman S. Eckler,
Vice President, Finance

Meinrad C. Meerkamper,
Corporate Controller

Auditors

Touche Ross and Company, Toronto.

Bankers

Canadian Imperial Bank of Commerce
Barclays Bank of Canada
Continental Illinois National Bank and
Trust Company of Chicago

Legal Counsel

Goodman and Goodman, Toronto

Stock Listing

Toronto Stock Exchange

Transfer Agent and Registrar

Montreal Trust Company, Toronto

