

Noma
Industries
Limited

Annual Report
1984

NOMA

The background of the cover is a solid, deep blue. From the bottom left corner, a series of approximately 15 parallel white lines extend diagonally upwards and to the right. These lines are closely spaced and appear to originate from the bottom left, creating a sense of depth and movement. The lines are most prominent in the lower half of the page and seem to converge towards the right side, partially framing the word 'NOMA'.

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Annual Meeting

The Annual Meeting of Shareholders will be held on Wednesday, May 22, 1985 in the Confederation Rooms 5 and 6 at the Royal York Hotel, Toronto commencing at 11:00 a.m.

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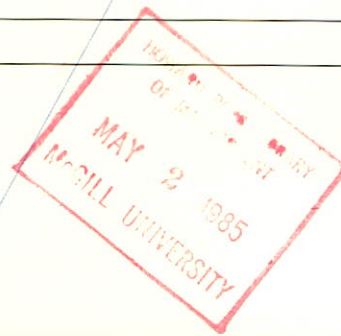
Noma Industries Limited is a group of Canadian owned companies specializing in the manufacture and marketing of a range of electrical and mechanical products for the consumer and industrial markets. Products are marketed in Canada, the U.S.A. and Europe. The Noma group consists of 9 operating companies 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.



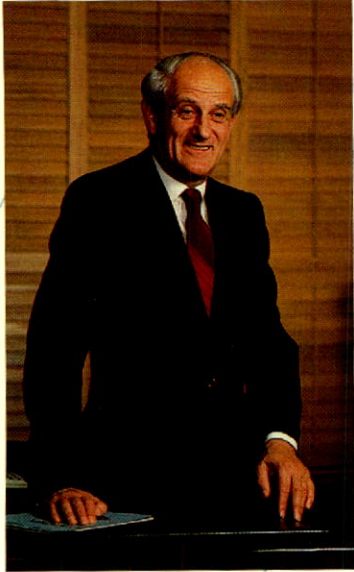
A new product for 1985.
The Noma electric
"SNOTROWER"

Financial Highlights	1984	1983
Sales	\$156,201,000	\$108,961,000
Net Earnings	\$ 11,409,000	\$ 7,060,000
Shareholders' Equity	\$ 45,286,000	\$ 35,581,000
Return on Average Shareholders' Equity	28.2%	25.7%
Shareholders' Equity per share	\$ 7.16	\$ 5.63*
Earnings per Class A share	\$ 1.81	\$ 1.25*
Dividends paid	\$ 1,704,000	\$ 1,018,000

*Restated to reflect stock split, July 1984.



Chairman's Message To Shareholders



Review of 1984

1984 was another outstanding year at Noma in which we achieved substantial increases in both sales revenues and earnings. Our consolidated financial statements show an increase in sales revenues of 43% from \$108.9 million recorded in 1983 to \$156.2 million. Net earnings in 1984 were \$11.4 million – up 62% from \$7.06 million achieved in 1983. Earnings per Class A share rose from \$1.25 in 1983 to \$1.81 – an increase of 45%. The figure for 1983 is restated to reflect the 2 for 1 stock split which occurred in July 1984. Dividends paid amounted to \$1,704,000, up by 67% from \$1,018,000 paid in 1983.

All our operating companies contributed to these record results. We strengthened our positions in national markets and exports by our Canadian based companies increased by 80% from \$10 million to \$18 million. In the U.S.A., Noma International Inc., which we acquired last year, made a promising start in its first year under our ownership by exceeding our expectations in sales and profit contribution.

Throughout the year our capital expenditures on new production equipment and plant facilities amounted to \$8.35 million. We also increased our expenditures on research and development of new products and production processes.

Co-operative agreements are a part of our strategic planning and, in this regard, Canadiana Outdoor Products Inc. has entered into an agreement with

Flymo Limited of England under the terms of which Canadiana will produce a range of air cushion Flymo power lawnmowers and other Flymo products at its Brampton, Ontario plant for the entire North American market.

We acquired the remaining 25% of the shares of Doubl*Glo of Canada Limited and thereby increased our ownership of this company to 100%.

The foregoing comments are a brief review of the results and events of 1984. More details are given in the Review of Operations by Mr. R. A. Koehler which follows. 1984 was a good year at Noma – the fifth year of sustained and accelerated performance by the companies which make up Noma Industries Limited and I believe that this is an appropriate time to explain how this came about.

Our manufacturing companies

Noma is a family of companies – 10 manufacturing companies or divisions, each of which operate in specialized fields. Several are leading manufacturers in their respective markets. Others are developing strong positions. Each of them run as an autonomous operation and each reflect the imprint of its own management – executives who have the entrepreneurial ability to organize and develop a manufacturing business which is sensitive and responsive to the dynamics and characteristics of the market. Some participated in the early development of Noma – others have come more recently and added strength and depth to the management team. We are committed to making teamwork a way of life at Noma.

Throughout these companies there are employees at all levels who take pride in their company's performance and contribute towards it. For example, there are those in the field whose paramount objective is to provide good value and prompt, reliable and conscientious service to customers. They are supported by others who are innovative in marketing, advertising and promotion. In production operations our employees find ways to control and manage inventories economically, and new methods to improve productivity and efficiency and to ensure quality and reliability of products, including the application of technology such as robots and microelectronics.

Our products

Noma companies, with the exception of Netron Inc., may be considered as traditional manufacturers which transform basic materials, through various manufacturing processes, into a wide range of products used by other manufacturers and by consumers. Christmas light sets, electrical wire and cable, power cords, cord caddies and power centres, power lawnmowers and snowblowers – these are typical of our consumer products which are sold to retail chain and department stores. Our industrial products include power cords and internal wiring harnesses for automobiles and electrical appliances and high quality copper rod. We also supply electrical wire and cable to electrical distributors.

At the corporate office our thrust is to bring into focus a business opportunity and to be the catalyst of the ensuing development by the appropriate operating company.

These are familiar products, none of which in today's world would be categorized as "high tech" but for which markets are perennial and substantial. And our companies have worked hard to achieve tangible benefits from diversification, to produce sustained results in sales and profits over time while dealing with products and markets which are cyclical and seasonal.

Corporate management

At the corporate offices our thrust is to bring into focus a business opportunity and to be the catalyst of the ensuing development by the appropriate operating company. An acquisition may provide an opportunity but we take care in selecting the right candidate for acquisition and then place emphasis on developing its potential. Integration and harmonization with existing operations are also objectives to be considered and accomplished without inhibiting the entrepreneurial style and autonomous operation of the company.

Also, within existing operations, business may have developed in a particular segment of the market where it becomes economically viable and more efficient to separate the appropriate manufacturing activity and form a specialized division or company for that purpose. Recent examples are the establishment of Noma Industrial Cords Company last year and our current expansion of Beck Electric Manufacturing Company.

To summarize – specialized manufacturing, diversification of products and markets,

compatible acquisitions and a continuous quest for improvements in productivity, reductions in production costs and for higher levels of quality in products and service – these are the guiding principles and characteristics of Noma's progress over the years which now provide us with strength and confidence to face the future.

Outlook for 1985

The Canadian economy expanded in 1984 by 4.7% in real terms, up from 3.3% for 1983. Economists are optimistic that this trend will become stronger in 1985. In the U.S.A. there is confidence that their recovery trend will continue in both the industrial and consumer markets. At Noma we are also optimistic. We are poised to address strongly both national markets with our diversified range of products and we expect an increase in our exports of outdoor products.

Our new plant in North Toronto for the manufacture of automotive wiring harnesses will be completed this year and will provide additional capacity for this growing segment of our business conducted by Beck Electric Manufacturing Company.

We plan a capital expenditure program of approximately \$10 million which includes the completion of the new automotive building, additional equipment at Canadiana Outdoor Products Inc., including a

new painting process, and additional building and equipment for the manufacture of electrical wire and cable at Cable Tech Company Limited.

A new acquisition

We have signed a letter of intent to purchase a controlling interest in Danbel Industries Inc. which is a group of companies engaged in the manufacture and distribution of a range of lighting fixtures and accessories and cabinet and other hardware products for the home improvement market. These products are marketed under such trade names as "Ohm-Rite", "Rab", "Circline", "Master Trak" and "VIVACON" through similar distribution channels to the consumer goods manufactured by Noma. This transaction, which we announced in principle last November, is planned to close during the first half of 1985. Danbel will provide added dimensions to our consumer products and markets.

Employees share purchase plan

This is also an appropriate time for me to pay tribute to our employees. The strength and performance of our companies stems in large measure from their conscientious and enthusiastic approach to their respective tasks. I am therefore pleased to announce that in 1985 we have put into effect our Employee Share Purchase Plan whereby any employee with a minimum of 2 years' service may subscribe through payroll deductions to purchase Noma Class A shares.

Appointment as President

It also gives me much pleasure to announce, on behalf of the Board of Directors, the appointment of Mr. R. A. Koehler as President of Noma Industries Limited. Rudy Koehler has been with our company in various capacities since 1956 and his continuous achievement and dedication have been instrumental in the development and performance of our family of companies. He has also consistently demonstrated a particular interest in the well-being of all employees.

At Noma we are confident that further progress will be achieved in 1985 provided that the economic environment continues to move in a positive direction.

In closing I wish to express my gratitude to all shareholders for your support, to our Board of Directors for their counsel and guidance, to our customers for their loyalty and to our suppliers for their service.



H. Thomas Beck
Chairman of the Board
and Chief Executive Officer

Review of Operations

We believe that the investment of capital, utilization of technology and optimizing the potential of our human resources are key factors in sustaining a competitive position in the international market place.

Prologue

1984 was a year of high activity among our operating companies and divisions. Some production facilities were reorganized, others were upgraded, construction of a new building was initiated and new production equipment was installed at several plants. There was also increased activity in the research and development of new products and processes.

Similarly, marketing and sales activities were at a high level and, as the overall volume of business increased throughout the year, production capacity became fully extended in some of our plants. Accordingly, plans were developed and measures taken to provide for future expansion in appropriate segments of our business.

In keeping with our operating philosophy, we continued

to emphasize productivity, efficiency and cost reduction through the investment of capital, utilization of technology and by optimizing the potential of our human resources. These we believe are key factors in sustaining a competitive position in the international market place. In facing up to the challenge, our employees continue to display considerable resourcefulness and adaptive capability.



R. A. Koehler,
President

Noma Industrial Cords Company

1984 was the startup year for this new manufacturing division. Operations commenced in April in a refurbished and modern plant of 60,000 sq. ft. and the company finished the year with a substantial increase in sales revenues. Profits were somewhat affected by some extraordinary and non-recurring expenses during this first operational year.

This company produces power supply cords which are sold to manufacturers of electric appliances and power tools and similar electrical products. This class of business requires highly responsive and first class product engineering and stringent controls of quality, cost, production scheduling and delivery. In responding to this market the company is developing state-of-the-art manufacturing technology and equipment to ensure lower costs and consistency in high quality products.

For 1985 the outlook is positive. We expect the company to strengthen its position in the domestic market and to achieve an increase in export business.

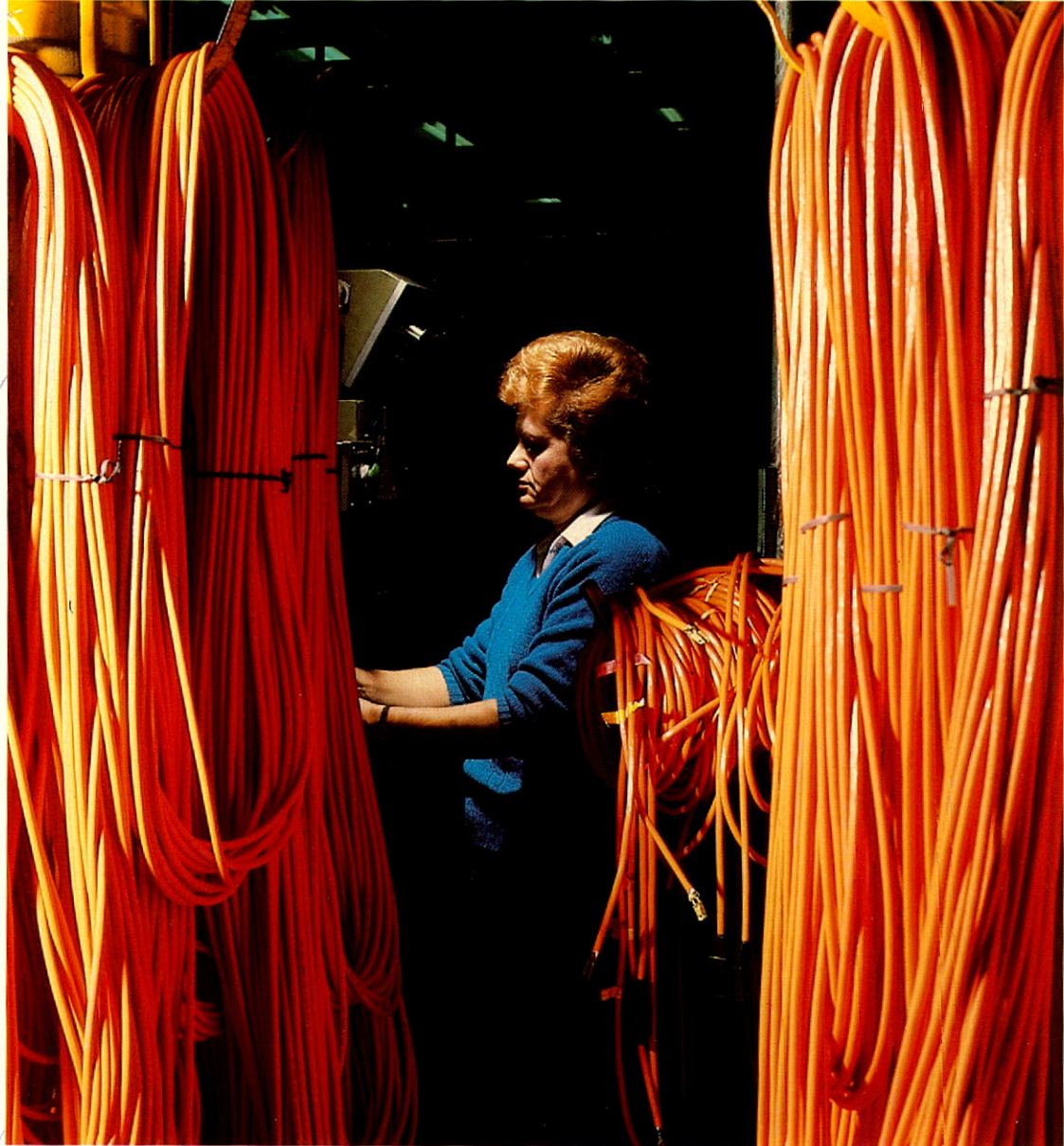


Noma Inc.

Early in the year there was a reorganization of the production facilities following the separation and transfer of the manufacture of industrial power cords to Noma Industrial Cords Company. The reorganization was accomplished without business interruption for customers and has resulted in better focus by managements on their respective sectors as well as increased capacity and efficiency in both plants.

In Christmas products the company's position in the market continued to be strong and was supported by national TV advertising and other promotional activities. Additional capacity for the production and export of Christmas lighting strings was well utilized throughout the year.

Consumer power cords, and specialty cord products such as Cord Caddies and Power Centres were other product sectors of continuing strength including exports to the U.S. market.



In the manufacture of the "KENLITE" range of automotive products for the after market the company achieved a significant increase in sales of cable products such as Booster Cables and Battery Cables and recently introduced a new range of "ULTRA MAG" ignition cable sets for domestic and foreign cars.

The company's outlook for 1985 indicates further growth overall, particularly in consumer cord products and automotive products. For the latter the company will be strengthening and expanding its national distribution. It is also expected that exports in 1985 will increase over 1984.

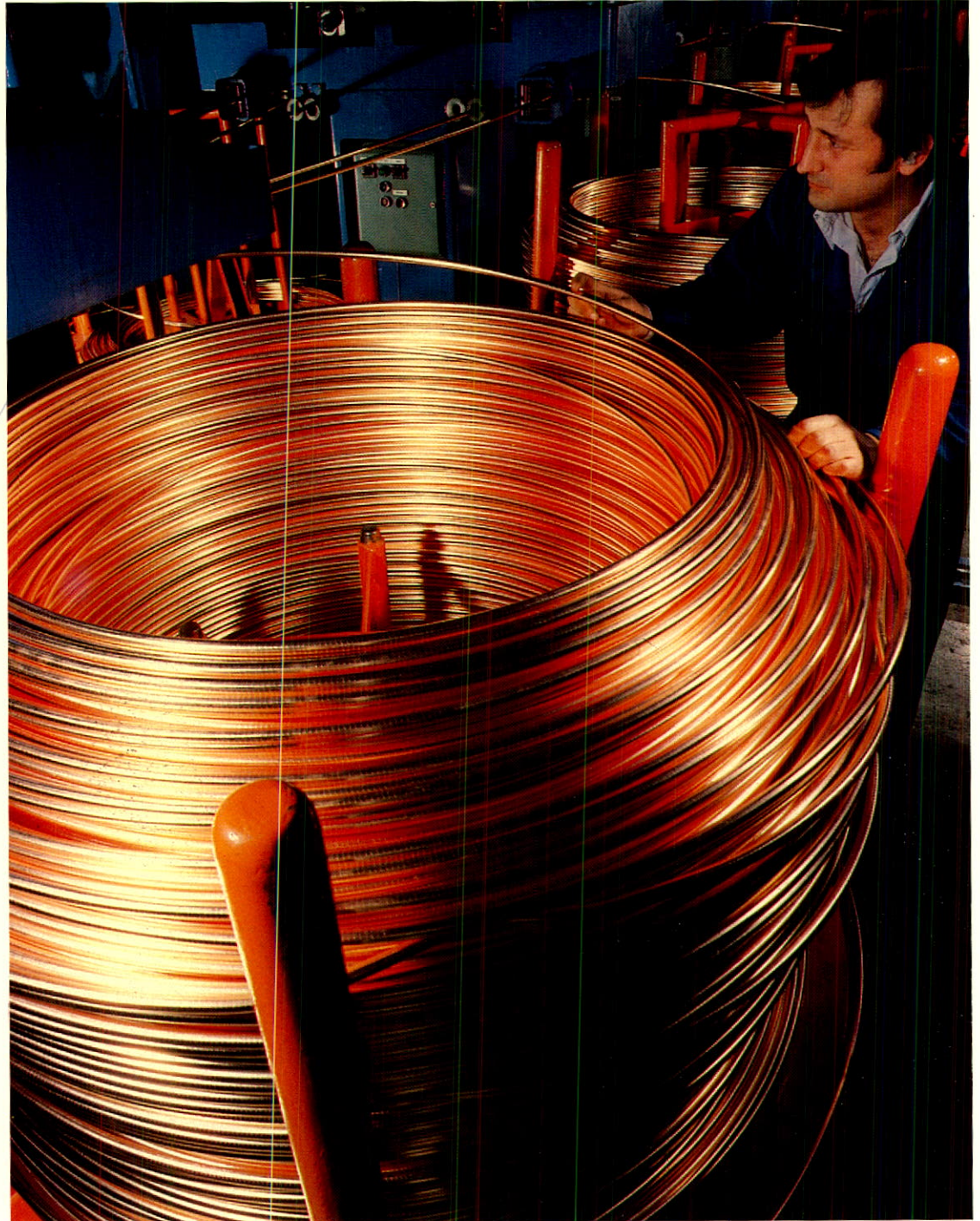
A typical work station for injection molding of power plugs to extension cords.

This company recorded another good year in 1984 in terms of sales revenues and profits and in addressing both the consumer and industrial markets.

Cable Tech Company Limited

This company recorded another good year in 1984 in terms of sales revenues and profits and in addressing both the consumer and industrial markets. There was also a significant increase in sales of wire and cable to electrical distributors. In addition, the company achieved a further increase in the sale of high purity copper rod to industrial customers in Canada and the U.S.A.

A computerized production control system and computerized monitoring of machine efficiencies were among the technical innovations and productivity aids implemented during the year. The company's production volume is now running at full capacity and consequently plans have been developed to expand facilities. During 1985, 80,000 sq. ft. of manufacturing and warehouse space will be added and more advanced equipment will be installed to enhance the company's productivity and technology base.



Production of continuous cast copper rod at Cable Tech Company Limited.

Capital expenditures in 1985 will provide the capacity and capability to respond to the expected growth in sales.

Canadiana Outdoor Products Inc.

For the third consecutive year Canadiana achieved substantial increases in sales revenues and profits and strengthened its position in both domestic and export markets.

The successful negotiation of a licensing and commercial agreement with Flymo Limited of England and its parent company Electrolux AB of Sweden complements the international orientation of Canadiana and adds new dimensions to its product base and to its North American marketing thrust.

Exports in 1984 grew significantly particularly of winter season products to the U.S.A. With respect to this market the company's marketing, sales and distribution organization was expanded in 1984 to provide coast-to-coast coverage in seven major market areas with central distribution based in the concentrated market area of Chicago.



During 1984 capital expenditures to provide new equipment for automation and mechanization of production operations and to equip 20,000 sq. ft. of additional and upgraded production facilities

totalled over \$2 million. These and additional capital expenditures in 1985 of \$2 million will provide the capacity and capability to respond to the expected growth in sales.

Lawnmower production at Canadiana Outdoor Products Inc.

A new plant will be brought into full operation during the first half of 1985.

Beck Electric Manufacturing Company

This company continues to stride forward in responding to requirements by the North American automobile manufacturers for electrical wiring harnesses used in the passenger cars and trucks. Business volume expanded significantly throughout the year and resulted in record performance. To cope with the increased production volume, additional space was rented on a temporary basis throughout the year and the plans for the construction of a new 92,000 sq. ft. building were expedited. This construction is nearing completion and the plant will be brought into full operation during the first half of 1985.

The outlook for 1985 is positive provided that the North American automobile manufacturers continue to do well. The company will be seeking to expand its market position and customer base through continuing discussions with potential clients such as foreign manufacturers of automobiles or automotive parts who are considering joint ventures or licensing arrangements in Canada.



Beck Electric Manufacturing Company produces a broad range of electrical wiring harnesses.

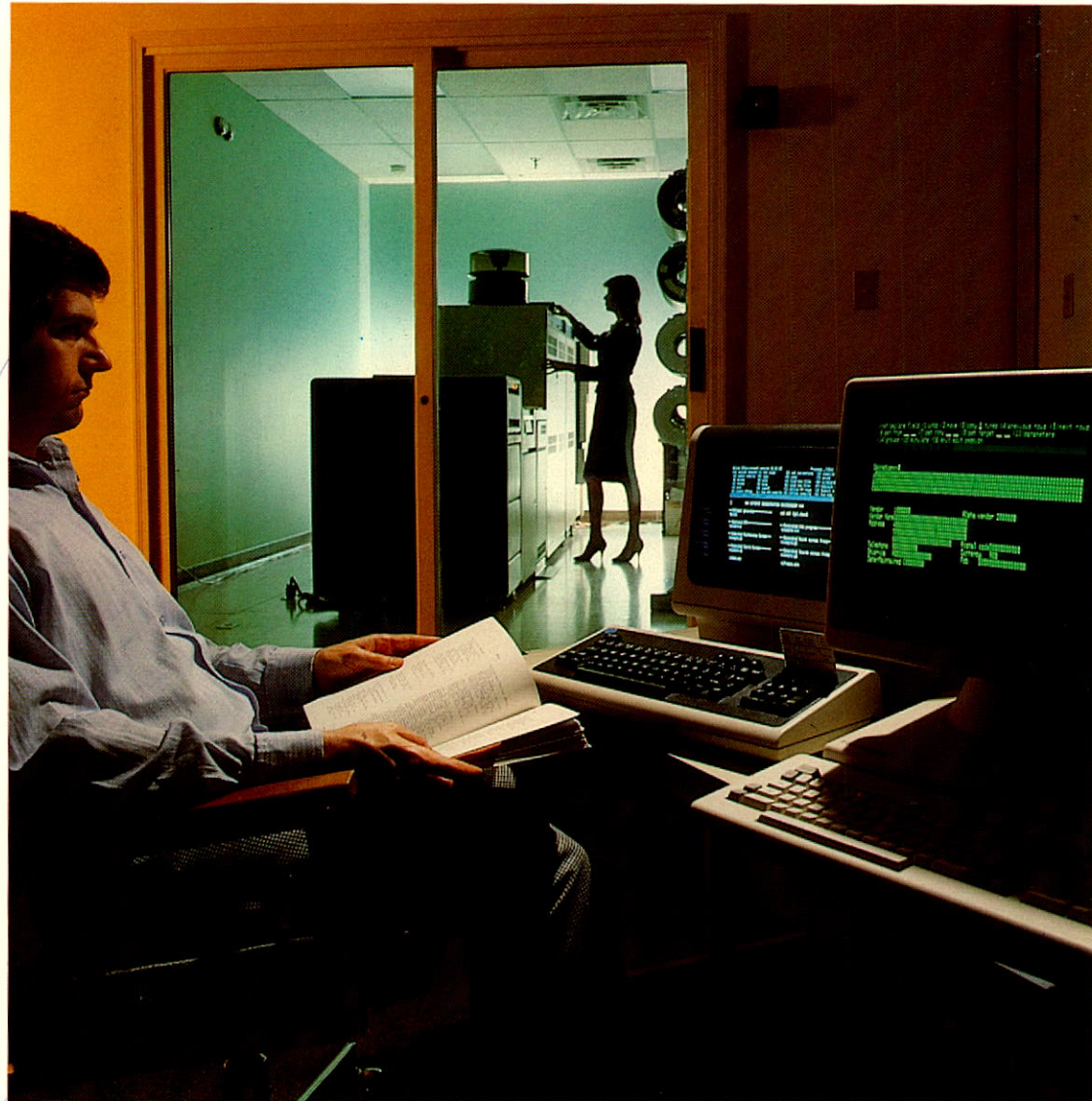
The outlook for 1985 is one of confidence and expansion.

Netron Inc.

During 1984 Netron achieved some significant and tangible results following its persistent efforts to market its range of Computer Aided Programming (CAP) products. Sales revenues doubled and the company recorded a profit from its operations. For the first time CAP products accounted for the majority of its sales. CAP was cited as a product of the year by Canadian "Executive" magazine.

The company achieved particular success in the U.S. market where its clients include such companies as the Allied Corporation, McDonnell Douglas and U.S. government departments such as the U.S. Postal Service and the Department of Agriculture.

The outlook for 1985 is one of confidence and expansion. Ongoing R & D services to Allied Canada Inc. will provide an opportunity to apply Netron's technology to technical and scientific fields, particularly those in which Allied is active such as the aerospace, chemicals, automotive and electronics sectors.



Netron will also further develop CAP for a broader range of computing machines and in particular for IBM equipment. In addition, the company will commence a 3-year research program on the

subject of artificial intelligence. The National Research Council will be contributing to the costs of this work under the terms of its Industrial Research Assistance Program.

The NOMA EASY TREE has been more widely accepted in the market and resulted in a significant increase in sales.

Noma International Inc.

During the first year of ownership by Noma Industries the company exceeded expectations in sales revenues and profits. This was due, in part, to the increased asset base available from Noma Industries but also the result of vigorous marketing and sales activities and improvements in productivity achieved in assembly and warehousing operations. Because of a substantial increase in demand in 1984 the U.S. market experienced shortages of Christmas lights. Good planning and early commitment enabled Noma International to respond promptly and satisfy customer's needs. As a direct result of this performance the company has secured additional business for 1985. This is a positive indication that further growth will be achieved.

Noma Decor Inc.

The program of modernization of production facilities begun in 1983 has been completed. Specialized machines and the utilization of computer control and robotics have resulted in higher levels of productivity and consistent quality.

With respect to its products, the NOMA EASY TREE has been more widely accepted in the market and resulted in a very significant increase in sales.



Noma Decor now has a highly automated and efficient facility for the manufacture of artificial Christmas trees. During 1985 the company will focus its attention on new product development with the objective of reinforcing its strong position in the market.

Double Glo of Canada Limited

Sustained efforts over the last three years and fine tuning in 1984 of production efficiency and control of material costs have resulted in increased sales and profits.

In addition, a start was made in presenting a new line of distinctive "high fashion" Christmas decorations and a commercial arrangement was concluded which augments the company's range of juvenile Valentine products.

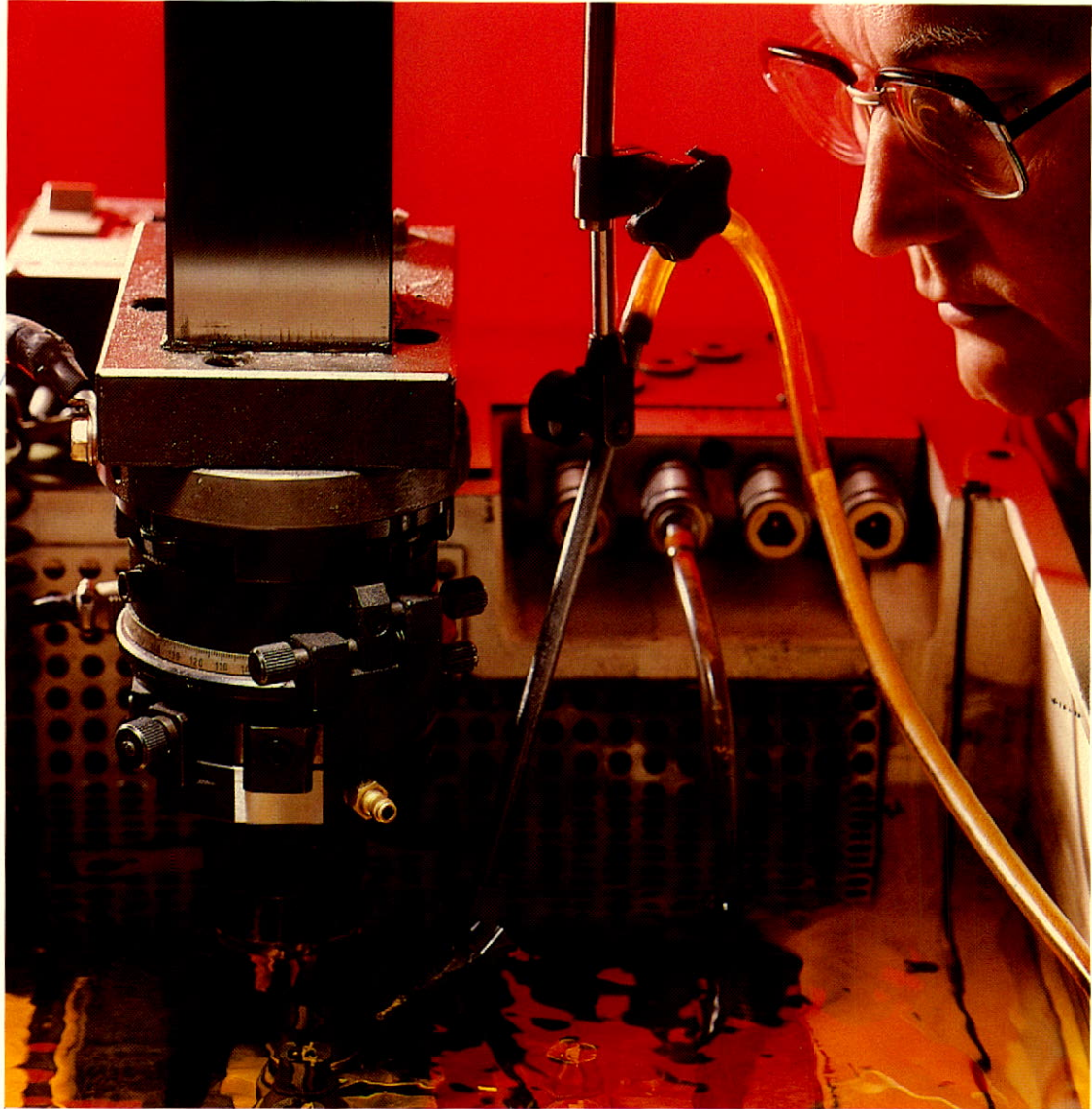
The company also placed emphasis on merchandising its range of products as opposed to a selling approach. This and its attention to providing the best in customer service has received a positive response from the market. Accordingly the outlook for 1985 is one of progress and further growth.

Noma Tooling Enterprises

Formerly known as Timex Tooling Enterprises, this facility specializes in the design, development and fabrication of precision tools and dies for our internal production requirements and for outside customers.

Under the direction of Mr. Hans Nusser, General Manager, a team of highly skilled and experienced craftsmen produce a variety of tooling items such as complex plastic injection molds and progressive stamping dies which are used extensively in our manufacturing processes.

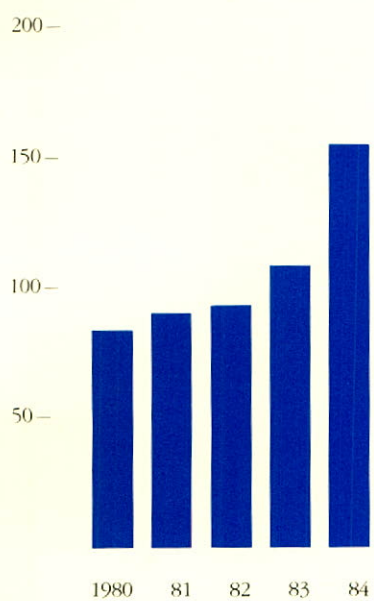
This facility, which is well equipped with state-of-the-art metal working machines, including Electrical Discharge Machining equipment, and the expertise of the personnel collectively provide a valuable technical resource to our manufacturing companies and, in addition, specialized services to industrial clients.



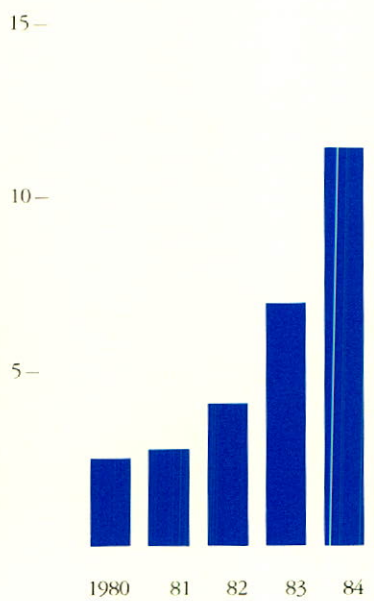
Electrical Discharge Machining (EDM) is an automatic and programmable method of high precision machining.

Financial Officer's Report

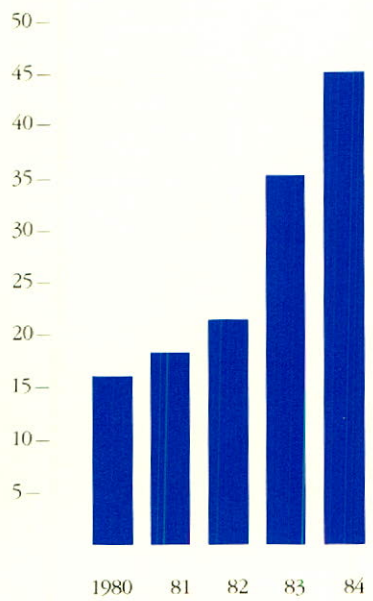
Sales Revenues
\$ Millions



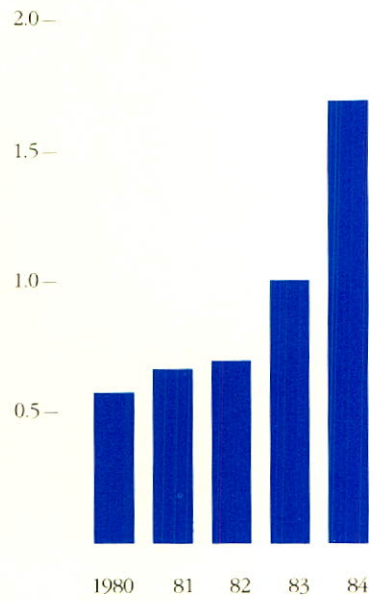
Net Earnings
\$ Millions



Net Worth
\$ Millions



Dividends
\$ Millions



The financial condition of the company is strong whether viewed from the operating trends of the Statement of Earnings or the picture presented by the Balance Sheet as at December 31, 1984. Sales and net earnings increased for the fifth consecutive year and the ratio of net earnings to sales has shown progression from a low of 3% in 1980 to a high of 7.3% in 1984. The return on average Shareholders' Equity also rose to a new record of 28% which is among the highest for a Canadian industrial public company.

The 1984 Operations generated \$15,401,000 of "Funds"

which more than accommodated the record levels of fixed asset purchases of \$8,350,000 (up \$4,500,000 from 1983) and dividend payments of \$1,704,000 (up approximately \$700,000 from 1983) such that working capital still increased by \$4,151,000. Out of the total capital expenditures approximately \$3,500,000 was spent on the acquisition of lands and buildings for expansion.

Earnings per share were calculated on the higher number of shares resulting from the two for one stock split in July 1984 with the 1983 per share data restated accordingly. The 1984 earnings per Class "A" non-voting share of \$1.81 and \$1.79 per Class "B" share are based on a total of 6,324,000 "A" and "B" shares outstanding. The 2 cent difference in earnings per share for each class results from the reservation of 2 cents of annual earnings for the cumulative

preferential dividend on the Class "A" shares.

With reference to the Balance Sheet, total assets at December 31, 1984 increased to \$82,045,000 and Shareholders' Equity increased by 27% to \$45,286,000. The total debt to equity ratio of .8 to 1 is up slightly from 1983. Fixed assets at net book value at December 31, 1984 stand at \$19,975,000 with long-term debt outstanding of only \$1,692,000.

The 1984 year end inventories of \$34,046,000 are higher than the figure recorded in 1983. However, the 1984 figure included approximately \$4,000,000 of planned early purchases of materials. When this amount is deducted, the turnover ratio when dividing sales by the year end inventory is 5.2 times, approximately the same ratio as 1983.

Our strong working capital and equity base will provide sufficient resources to finance the planned acquisition of Danbel Industries Inc. and the capital expenditure programme for 1985. Should long-term fixed interest rates and the debt market stabilize at an acceptable level, consideration would be given to financing our fixed assets with fixed rate term debt.

N. S. Eckler
Vice President, Finance

Noma
Industries
Limited

Consolidated Financial Statements

December 31, 1984

and

5 Year Financial Summary

Consolidated Financial Statements
December 31, 1984

Auditors' Report

**The Shareholders,
Noma Industries Limited.**

We have examined the consolidated balance sheet of Noma Industries Limited as at December 31, 1984 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, 1984 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 15, 1985.

Touche Ross & Co.
Chartered Accountants

Noma Industries Limited
Consolidated Balance Sheet

As at December 31, 1984

(Incorporated under the Ontario Business Corporations Act, 1982)


Assets	1984	1983
	(Thousands of dollars)	
Current		
Cash and short-term notes	\$ 263	\$ 3,824
Accounts receivable	24,881	16,202
Inventories	34,046	21,579
Sundry assets and prepaid expenses	1,411	1,039
	60,601	42,644
Fixed (Note 2)	19,975	14,379
Other (Note 3)	1,469	1,058
	\$82,045	\$58,081

Liabilities	1984	1983
Current		
Bank indebtedness	\$ 8,591	\$ 2,350
Accounts payable and accrued liabilities	18,202	12,648
Income taxes payable	4,045	2,107
Current portion of long-term debt	403	330
	31,241	17,435
Deferred income taxes	3,608	2,887
Long-term debt (Note 4)	1,692	2,071
	36,541	22,393
Minority interests in subsidiary companies	218	107
Commitments and contingencies (Note 5)		
Shareholders' Equity		
Capital stock (Note 6)	10,236	10,236
Retained earnings	35,050	25,345
	45,286	35,581
	\$82,045	\$58,081

On behalf of the Board



Director



Director

See accompanying notes to consolidated financial statements.

Consolidated Statement of Earnings

For the year ended December 31, 1984

	1984	1983
	(Thousands of dollars)	
Sales	\$156,201	\$108,961
Costs and expenses		
Cost of sales and selling and administrative expenses	132,000	93,351
Depreciation and amortization (Note 7)	3,160	2,656
Interest on long-term debt	187	347
Interest on other indebtedness	1,704	1,011
	137,051	97,365
Earnings before income taxes and minority interests	19,150	11,596
Income taxes (Note 8)	7,567	4,510
Minority interests	174	26
	7,741	4,536
Net earnings	\$ 11,409	\$ 7,060

Earnings Per Share

Class A		
Average number of shares outstanding	4,559,222	3,862,956*
Earnings per share	\$1.81	\$1.25*
Class B		
Average number of shares outstanding	1,764,778	1,832,794*
Earnings per share	\$1.79	\$1.23

*Restated for a two to one share split in 1984.

Consolidated Statement of Retained Earnings

For the year ended December 31, 1984

	1984	1983
	(Thousands of dollars)	
Balance at beginning of year	\$25,345	\$19,303
Net earnings	11,409	7,060
	36,754	26,363
Dividends	1,704	1,018
Balance at end of year	\$35,050	\$25,345

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Financial Position

For the year ended December 31, 1984

		1984	1983
(Thousands of dollars)			
Funds provided by	Operations		
	Net earnings	\$11,409	\$ 7,060
	Items not affecting funds		
	Depreciation and amortization	3,160	2,656
	Deferred income taxes	721	55
	Minority interests	111	26
		15,401	9,797
	Issuance of shares	-	7,779
		15,401	17,576
	Funds used for	Purchase of fixed assets, net of disposals	8,350
Decrease in long-term debt		379	11,495
Dividends		1,704	1,018
Other		817	562
		11,250	16,911
Increase in working capital		4,151	665
Working capital at beginning of year		25,209	24,544
Working capital at end of year		\$29,360	\$25,209
Analysis of changes in working capital			
Cash, net of bank indebtedness		\$(9,802)	\$(2,469)
Accounts receivable	8,679	4,119	
Inventories	12,467	1,482	
Accounts payable	(5,554)	(3,025)	
Income taxes payable	(1,938)	(390)	
Other	299	948	
Increase in working capital	\$ 4,151	\$ 665	

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

December 31, 1984

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 and in any event over a period not exceeding two years.

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.

b. 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. For integrated U.S. subsidiaries, non-monetary assets and liabilities are translated at their historical exchange rate.

Translation gains and losses are charged to operations, except in the case of self-sustaining U.S. subsidiaries where they are deferred.

2. Fixed Assets

(Thousands of dollars)

	1984		1983	
	Cost	Accumulated depreciation and amortization	Net book value	Net book value
Buildings	\$ 6,042	\$ 1,319	\$ 4,723	\$ 3,098
Machinery, equipment and leasehold improvements	18,655	7,881	10,774	8,704
Moulds, dies and tooling	3,785	1,393	2,392	2,016
	28,482	10,593	17,889	13,818
Land	2,086	-	2,086	561
	<u>\$30,568</u>	<u>\$10,593</u>	<u>\$19,975</u>	<u>\$14,379</u>

3. Other Assets

1984 1983

(Thousands of dollars)

Patents	62	52
Goodwill	743	547
Deferred development costs	664	459
	<u>\$ 1,469</u>	<u>\$ 1,058</u>

During the year the Company acquired the entire minority interest in a subsidiary for \$282,000. Of this purchase price \$219,000 has been allocated to goodwill.

4. Long-term debt

	1984	1983
	(Thousands of dollars)	
Mortgages on real property (a)	\$ 1,631	\$ 1,743
Equipment loan (b)	326	520
Non-interest bearing equipment loan (c)	128	128
Others	10	10
	<u>2,095</u>	<u>2,401</u>
Less current portion	403	330
	<u>\$ 1,692</u>	<u>\$ 2,071</u>

a. \$757,000 with interest at 8¾% due December 1, 1992; \$874,000 with interest at 10½%, due December 1, 1994.

b. The balance of the loan of U.S. \$250,368 is repayable in three 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)	
1985	403	
1986	323	
1987	147	
1988	161	
1989	177	

5. 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)	
1985	\$1,085	
1986	971	
1987	709	
1988	558	
1989	364	

b. There were forward purchase contracts and letters of credit outstanding at December 31, 1984 of approximately \$2,290,000.

c. The Company could be required to purchase the remaining minority shareholdings in three other subsidiaries under certain conditions at prices based on those companies' future book values or earnings.

d. The Company has signed a letter of intent to acquire, subject to verification, a 78% interest in Danbel Industries Inc. at book value effective January 1, 1985 with additional amounts payable based on future earnings in 1985 and 1986. The initial consideration will be satisfied by the issue of 100,000 Noma Class "A" Non-Voting shares with the balance in cash.

e. The Company is committed to purchases of fixed assets of approximately \$2,700,000 in 1985.

6. Capital stock

	Issued	
	December 31, 1984	1983
Class A non-voting shares, unlimited authorized number	4,581,380	4,537,064
Class B convertible voting shares, unlimited authorized number	1,742,620	1,786,936
	<u>6,324,000</u>	<u>6,324,000</u>

The Class A shares are entitled to a preferential non-cumulative quarterly dividend of one-half cent per share, thereafter dividends are 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. Comparative number of shares provided have been restated to reflect the two-for-one stock split approved June 1984.

7. Depreciation and amortization

	1984	1983
	(Thousands of dollars)	
Depreciation	\$ 2,622	\$ 2,212
Amortization of		
Leasehold improvements	132	155
Patents	4	9
Goodwill	23	16
Deferred costs	379	264
	<u>\$ 3,160</u>	<u>\$ 2,656</u>

8. Income taxes

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

	1984	1983
	(Thousands of dollars)	
Income taxes on earnings before income taxes and minority interests, at 51%	\$ 9,767	\$ 5,972
Less		
Manufacturing and processing allowance	1,341	812
Investment and scientific research tax credits	498	281
Inventory allowance	428	347
Other	(67)	22
	<u>2,200</u>	<u>1,462</u>
Provision for income taxes	<u>\$ 7,567</u>	<u>\$ 4,510</u>

Investment and scientific research tax credits of \$263,000 are available to certain subsidiary companies.

9. Segmented information

– Industry basis

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	
	1984	1983	1984	1983	1984	1983
Sales to outside customers	<u>\$46,424</u>	\$36,532	<u>\$109,777</u>	\$72,429	<u>\$156,201</u>	\$108,961
Inter-segment sales	<u>14,353</u>	9,806	<u>351</u>	387	<u></u>	<u></u>
Total sales	<u>\$60,777</u>	<u>\$46,338</u>	<u>\$110,128</u>	<u>\$72,816</u>		
Contribution before the undemoted	<u>\$ 9,333</u>	<u>\$ 6,769</u>	<u>\$ 11,708</u>	<u>\$ 6,185</u>	<u>\$ 21,041</u>	<u>\$ 12,954</u>
Interest expense					1,891	1,358
Minority interests					174	26
Income taxes					<u>7,567</u>	<u>4,510</u>
					<u>9,632</u>	<u>5,894</u>
Net earnings					<u>\$ 11,409</u>	<u>\$ 7,060</u>
Assets identified with segments	<u>\$30,624</u>	<u>\$22,937</u>	<u>\$ 51,421</u>	<u>\$35,144</u>	<u>\$ 82,045</u>	<u>\$ 58,081</u>
Capital expenditures	<u>\$ 5,320</u>	<u>\$ 2,189</u>	<u>\$ 3,030</u>	<u>\$ 1,647</u>	<u>\$ 8,350</u>	<u>\$ 3,836</u>
Depreciation and amortization	<u>\$ 1,559</u>	<u>\$ 1,237</u>	<u>\$ 1,601</u>	<u>\$ 1,419</u>	<u>\$ 3,160</u>	<u>\$ 2,656</u>

(Thousands of dollars)

– Geographic basis

	Canada	Outside Canada	Consolidated
	1984	1984	1984
Sales to outside customers	<u>\$134,423</u>	<u>\$21,778</u>	<u>\$156,201</u>
Inter-segment sales	<u>4,146</u>	<u>6</u>	
Total sales	<u>\$138,569</u>	<u>\$21,784</u>	
Net earnings	<u>\$ 10,446</u>	<u>\$ 963</u>	<u>\$ 11,409</u>
Assets identified with segments	<u>\$ 72,359</u>	<u>\$ 9,686</u>	<u>\$ 82,045</u>

In 1983, the operations of the Company outside Canada were not significant. Accordingly, comparative figures have not been disclosed as they are not considered meaningful.

Canadian sales included \$18,364,000 of export sales (\$10,190,000 in 1983).

Five Year Financial Summary

(In Thousands of Dollars except per share data)

	1984		1983		1982		1981		1980	
Sales										
Consumer Products										
– Christmas	\$ 41,547	26%	\$ 21,759	20%	\$20,056	21%	\$20,691	22%	\$18,625	22%
– Others	68,230	44%	50,670	46%	48,554	52%	41,072	45%	39,897	47%
	109,777	70%	72,429	66%	68,610	73%	61,763	67%	58,522	69%
Components										
Manufacturing	46,424	30%	36,532	34%	25,100	27%	30,033	33%	25,677	31%
Total	\$156,201	100%	\$108,961	100%	\$93,710	100%	\$91,796	100%	\$84,199	100%
Financial Data										
Net Earnings	\$ 11,409		\$ 7,060		\$ 4,168		\$ 2,807		\$ 2,597	
Return on Average Shareholders' Equity	28.2%		25.7%		20.8%		16.3%		17.1%	
Shareholders' Equity	\$ 45,286		\$ 35,581		\$21,760		\$18,291		\$16,155	
Fixed Asset Additions	\$ 8,350		\$ 3,836		\$ 1,861		\$ 2,165		\$ 4,636	
Depreciation and Amortization of Fixed Assets	\$ 2,754		\$ 2,367		\$ 2,524		\$ 2,364		\$ 1,938	
Total Assets	\$ 82,045		\$ 58,081		\$56,272		\$49,775		\$58,793	
Per Share Data*										
Earnings per Class A share	\$ 1.81		\$ 1.25		\$ 0.83		\$ 0.56		\$ 0.52	
Dividends per Class A share	0.275		0.186		0.145		0.14		0.12	
Shareholders' Equity per share	7.16		5.63		4.28		3.60		3.18	
Market Price Range										
Class A										
High	18.50		10.13		3.00		3.75		2.73	
Low	8.25		2.69		1.90		1.95		1.80	

* For comparative purposes, all per share data for years prior to 1984 have been restated to reflect stock splits.

Corporate Offices

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Directors

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*Chairman of the Board 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,
President

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,
*Chairman of the Board and
Chief Executive Officer*

Rudolph A. Koehler,
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,
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Stock Listing

Toronto Stock Exchange

Transfer Agent and

Registrar
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Beck Electric Manufacturing Company

Benjamin J. Hoag,
*Vice President and
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Cable Tech Company Limited

Siegfried Riemer,
President

Canadian Outdoor Products, Inc.

William F. Czeban,
President

Doubl*Glo of Canada Limited

Robert L. Weill,
President

Netron Inc.

Alex F. Kisin,
President

Noma Decor Inc.

Robert L. Weill,
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Noma Inc.

Karl Meier,
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Noma Industrial Cords Company

Douglas Drew,
*Vice President and
General Manager*

Noma Tooling Enterprises

Hans Nusser,
General Manager

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Seymour Jeruss,
President

Noma International Inc.
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*Vice President and
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