

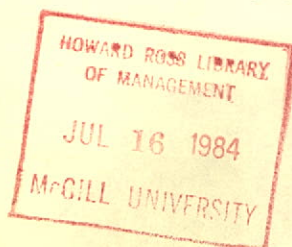


Seaway Multi-Corp Limited

ANNUAL REPORT

For the Year Ended

December 31, 1983



Seaway Multi-Corp Limited

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual meeting of the shareholders of SEAWAY MULTI-CORP LIMITED (the "Corporation") will be held in the Convention Hall of the Hotel Triumph, 2737 Keele Street, Downsview, Ontario, on the 31st day of July, 1984, at the hour of 10:00 o'clock in the forenoon (Toronto time) for the following purposes:

- (a) To receive and consider the consolidated financial statements of the Corporation and its subsidiaries for the year ended December 31, 1983 together with the report of the auditors thereon;
- (b) To elect directors;
- (c) To appoint auditors and authorize the directors to fix their remuneration;
- (d) To transact such other business as may properly come before the meeting or any adjournment or adjournments thereof.

A copy of the annual report and management information circular accompany this notice. If you are not able to be present personally, kindly sign and return the form of proxy accompanying this notice in the envelope provided for that purpose.

DATED at Toronto the 9th day of July, 1984.

By Order of the Board of Directors,



W.P. ROSENFELD
Secretary

Seaway Multi-Corp Limited

MANAGEMENT INFORMATION CIRCULAR

as at July 2nd, 1984

RELATING TO THE MEETING OF SHAREHOLDERS OF SEAWAY MULTI-CORP LIMITED TO BE HELD ON JULY 31st, 1984

Solicitation of Proxies

This circular is furnished in connection with the solicitation of proxies by management of the Corporation for use at the meeting of shareholders to be held at the time and place and for the purposes set forth in the notice of meeting. The solicitation of proxies will be primarily by mail and the cost of solicitation will be borne by the Corporation.

Exercise of Discretion of Proxies

The shares represented by any proxy given to the designated persons will be voted or withheld from voting in accordance with the directions of the shareholder. **In the absence of any direction to the contrary, the Common Shares so represented will be voted on any ballot for the election of directors and the appointment of auditors.** The enclosed form of proxy confers discretionary authority on the persons named therein with respect to matters not specifically mentioned in the notice of meeting but which may properly come before the meeting or any adjournment thereof. Management of the Corporation knows of no such matters other than routine matters incidental to the conduct of the meeting. If any further or other matters are brought before the meeting, it is intended to vote on such other business in such manner as the persons appointed as proxy then consider proper.

Appointment and Revocation of Proxies

The persons specified in the enclosed form of proxy are officers of the Corporation. **Each shareholder has the right to appoint a person (who need not be a shareholder) to attend and act for him and on his behalf at the meeting or any adjournment thereof other than the persons specified in the enclosed form of proxy. Such right may be exercised by striking out the names of the specified persons and inserting the names of the shareholders' nominee in the space provided or by completing another appropriate form of proxy and, in either case, delivering the form of proxy to the Corporation prior to the holding of the meeting.**

A shareholder executing the enclosed form of proxy may revoke it at any time before it has been exercised. The Business Corporations Act, 1982, (Ontario) sets out a procedure for revoking proxies by depositing an instrument in writing to that effect with the Corporation or the Chairman of the meeting prior to exercise.

Voting Shares and Principal Holders Thereof

The share capital of the Corporation consists of 2 classes of shares, namely, Preference Shares, issuable in series, and Common Shares. On the date hereof there are outstanding 157,719 Convertible Preference Shares, Series A, and 1,347,458 Common Shares.

The only outstanding voting securities of the Corporation are Common Shares. Holders of Common Shares of record at the time of the meeting will be entitled to be present and to vote at the meeting. Holders of Common Shares are entitled to one vote for each Common Share held at such time.

Except as set forth below, the directors and senior officers of the Corporation know of no person beneficially owning, directly or indirectly, or exercising control or direction over, more than 10% of the voting rights attached to any class of voting securities of the Corporation.

<u>Shareholder</u>	<u>Ownership</u>	<u>Number of Common Shares</u>	<u>Percentage</u>
Mark A. Levy or entities controlled by or associated with him:			
Mark A. Levy	of record and beneficially	22,079	1.64
Empeaco Limited	of record and beneficially	121,383	9.01
Happyco Enterprises Limited	of record and beneficially	121,383	9.01
Jaylevy Limited	of record and beneficially	121,383	9.01
		<hr/>	<hr/>
		386,228	28.67
Benjamin Levy or entities controlled by or associated with him:			
Benjamin Levy	of record and beneficially	3,625	0.27
Benlevy Corporation Limited	of record and beneficially	367,809	27.29
		<hr/>	<hr/>
		371,434	27.56
Morris P. Levy or entities controlled by or associated with him:			
Morris P. Levy	of record and beneficially	29,237	2.17
Peplevy Corporation Limited	of record and beneficially	382,211	28.36
		<hr/>	<hr/>
		411,448	30.53
Peter L. Levy	of record and beneficially	9,201	0.68
Howard Levy	of record and beneficially	9,001	0.68
Kenneth P. Foreht	of record and beneficially	9,001	0.68

Interests of Insiders in Material Transactions

The following persons are the beneficial owners of the principal amount of secured debentures set opposite their names. By virtue of these holdings, these persons have a material interest in the following transaction:

The agreement of all of the holders of \$3,057,111 aggregate principal amount of secured debentures of the Corporation to extend the maturity date of the debentures from January 31, 1984 to January 31, 1985.

Mark A. Levy, Benjamin Levy, Morris P. Levy, Harold Levy, Peter Levy and Howard Levy are directors and officers of the Corporation. Mark A. Levy and Morris P. Levy have a direct interest in the transaction by reason of their ownership of a portion of the securities described below. All of the above persons have an indirect interest in the transaction by reason of their beneficial ownership of securities of Benlevy Corporation Limited, Peplevy Corporation Limited, or Happyco Enterprises Limited. These three corporations have a direct interest in the transaction by reason of their holding as at December 31, 1983 of a portion of the securities described below. The three corporations are also the owners of the common shares of the Corporation as set out in this circular.

	<u>Debentures</u>
Happyco Enterprises Limited Suite 4800, Toronto Dominion Centre, Toronto, Ontario	\$ 530,331
Benlevy Corporation Limited Suite 3000, 20 Queen Street West, Toronto, Ontario	\$1,242,256
Peplevy Corporation Limited Suite 3000, 20 Queen Street West, Toronto, Ontario	\$ 20,411
Mark A. Levy 48 Forest Hill Road, Toronto, Ontario	\$ 4,107
Morris P. Levy 24 Browside Avenue, Toronto, Ontario	\$ 4,107

Election of Directors

The persons named in the enclosed form of proxy intend to vote for the nominees whose names are set forth below. Management does not contemplate that any of the proposed nominees will be unable to serve as a director but if that should occur for any reason prior to the meeting the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Each director will hold office until the next annual election of directors.

The following table sets forth the names of the nominees, all positions and offices with the Corporation presently held by them, their principal occupation, the year they became a director and the approximate number of voting securities of the Corporation beneficially owned, directly or indirectly, or over which control or direction is exercised by each of them as of the date hereof:

NOMINEES FOR ELECTION TO BOARD OF DIRECTORS

<u>Name and Position with the Corporation</u>	<u>Principal Occupation</u>	<u>Year Became Director</u>	<u>Common Shares held in Seaway Multi-Corp Limited (1)</u>
Mark A. Levy Chairman and Director	Chairman of the Board of Directors of the Corporation	1970	386,228 (2)
Benjamin Levy President and Director	President of the Corporation	1970	371,434 (2)
Morris P. Levy Executive Vice-President and Director	Executive Vice-President of the Corporation	1970	411,448 (2)
Mark Speyer Vice-President and Director	Vice-President, Purchasing of the Corporation	1970	1,200
William P. Rosenfeld Secretary and Director	Barrister & Solicitor, Goodman & Goodman	1970	NIL
Harold J. Levy Director	Barrister & Solicitor	1970	1,144
Peter L. Levy Director	President, Levy Auto Parts Co. Limited	1970	9,201
Howard N. Levy Director	Senior Officer, Domestic Operations, Levy Auto Parts Company, a division of the Corporation	1972	9,001
Kenneth P. Foreht Vice-President and Director	Vice-President of the Corporation, President of Stellar Business Services Limited	1976	9,001
Allen S. Berg Director	President, Computer Methods (Canada) Ltd.	1982	NIL
Dr. Lance D. Levy Director	Physician	1983	NIL
Heeny A. Levy	Architect Graduate Martin Poizner, Architect from June 1980 to September 1982, Architect Student, Bregman & Hamann Architects; prior and intervening periods, student	—	NIL

Notes

1. The information as to shares beneficially held or controlled, not being within the knowledge of the Corporation, has been furnished by the nominees.

2. For the shareholdings of the Corporation of entities controlled by Mark A. Levy, Benjamin Levy and Morris P. Levy, reference is made to the heading "Voting Shares and Principal Holders Thereof."

Directors and Officers Remuneration

The following table shows the remuneration paid by the Corporation, and its wholly-owned subsidiary for the year ended December 31, 1983 to the directors and officers:

	Aggregate Remuneration	Pension Benefits	Other Benefits
Directors (11)	\$ 15,600	\$ NIL	\$ NIL
Five Senior Officers.....	780,000	9,000	10,000
	<u>\$795,600</u>	<u>\$9,000</u>	<u>\$10,000</u>

Indebtedness of Directors and Officers

On July 29, 1982, the Corporation made loans of \$72,000 each to Mark A. Levy, Morris P. Levy, Peter Levy, Kenneth P. Foreht and Howard N. Levy (directors and/or senior officers of the Corporation), all of the Municipality of Metropolitan Toronto, in connection with the acquisition by them of an aggregate of 45,000 Common Shares of the Corporation. Each loan is evidenced by a promissory note, bears no interest and is repayable as to \$7,200 on July 29 in each of the years 1984, 1985 and 1986 and as to the balance of \$43,200 on July 29, 1987. The balance outstanding at December 31, 1983 for each such loan is \$64,800, for an aggregate of \$324,000.

Directors' and Officers' Liability Insurance

The Corporation provides liability insurance for directors and officers of the Corporation and its subsidiaries in those capacities. The premium for the year ended December 31, 1983 was \$6,771 which was paid by the Corporation. The policy limit is \$5 million per year with a retention of \$10,000 per loss. The directors and officers of the Corporation and its subsidiaries as individuals are insured for losses arising from claims against them for certain of their acts, errors or omissions as such. The Corporation is insured against any loss arising out of any liability to indemnify a director or an officer.

Appointment of Auditors

Management proposes to nominate Messrs. Laventhol & Horwath as Auditors of the Corporation to hold office until the next annual meeting of the shareholders. **It is intended that the shares represented by proxies solicited by Management will be voted in favour of the appointment of Messrs. Laventhol & Horwath.** This firm was first appointed as Auditor of the Corporation on August 14, 1970, and has served since that date.

Approval by The Board of Directors

The board of directors of the Corporation has approved the contents and sending of this management information circular.



W.P. ROSENFELD
Secretary

Seaway Multi-Corp Limited

COMMON SHARES PROXY

SOLICITED BY MANAGEMENT FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON July 31, 1984

The undersigned common shareholder of Seaway Multi-Corp Limited (the "Corporation") hereby appoints Mark A. Levy, or failing him, Benjamin Levy, or instead of them as proxy for the undersigned with power of substitution, to attend and vote for and on behalf of the undersigned at the annual meeting of shareholders of the Corporation to be held on July 31, 1984 and at any adjournment or adjournments thereof in the same manner, to the same extent and with the same powers as if the undersigned were present at the said meeting or any adjournment or adjournments thereof and without limiting the general authorization and powers hereby granted, the persons named above are specifically directed to vote as follows:

VOTE , or WITHHOLD from voting, for the election of directors

VOTE , or WITHHOLD from voting, for the appointment of auditors.

SIGNED this _____ day of _____, 1984.

Signature of Shareholder

NOTE:

1. The shares represented by this proxy will be voted or withheld from voting in accordance with the foregoing instructions, on any ballot that may be called for.
2. This proxy confers authority for the above-named to vote in their discretion with respect to amendments or variations to the matters identified in the notice of meeting accompanying this proxy or other matters which may properly come before the meeting or any adjournments thereof.
3. Each shareholder has the right to appoint a person to represent him at the meeting other than the persons specified above. Such right may be exercised by striking out the names of the specified persons and by inserting in the blank space provided the name of the person to be appointed, who need not be a shareholder of the Corporation.
4. Please sign exactly as your name appears on the proxy. If the shareholder is a corporation, the proxy should be executed by duly authorized officers and the corporate seal affixed.

Seaway Multi-Corp Limited

PRESIDENT'S REPORT

To The Shareholders

Company sales decreased to \$32 million in 1983 from \$42 million in 1982. This reduction contributed significantly to the operating loss for 1983.


The company's operating loss was more than offset by extraordinary gains, in particular the net gain of \$2.3 million on the sale of land and buildings. This resulted in a net income of \$325,000 for 1983.

Sales have also suffered through the first six months of 1984 but are expected to increase during the last six months of the year due to shipments of several large contracts.

Orders on hand and outstanding tenders indicate a return to improved sales and cash flow for 1985.

Regular dividend payments are anticipated to resume when cash flow permits.

Yours truly,

A handwritten signature in cursive script, appearing to read "Ben Long".

President

Toronto, Ontario
July 2, 1984

Seaway Multi-Corp Limited

CONSOLIDATED BALANCE SHEET December 31, 1983

ASSETS

	notes	1983	1982
Current			
Cash		\$ 35,385	\$ 271,169
Accounts receivable	2	5,518,088	4,249,452
Income taxes recoverable		713,869	—
Inventories		15,587,913	16,514,086
Prepaid expenses and sundry assets		860,912	899,044
		<u>22,716,167</u>	<u>21,933,751</u>
Note receivable	3	490,880	590,720
Property, plant and equipment	4	26,752,951	27,493,145
Other	5	726,981	883,125
		<u>\$ 50,686,979</u>	<u>\$ 50,900,741</u>

LIABILITIES

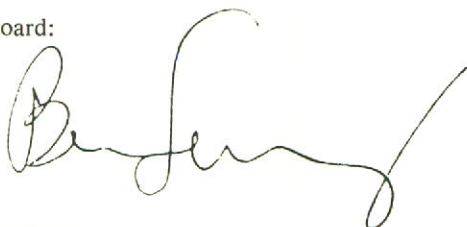
Current			
Bank indebtedness	6	\$ 12,030,908	\$ 8,639,536
Notes payable		224,000	224,000
Accounts payable and accrued liabilities		3,815,697	4,401,826
Income and other taxes payable		506,101	3,397,523
Current portion of long-term debt	8	2,329,864	1,108,227
Deferred income taxes		250,000	—
		<u>19,156,570</u>	<u>17,771,112</u>
Long-term debt	8	10,884,283	12,443,288
Deferred income taxes		174,315	14,040
Minority interest	9	1,671,458	1,678,285
		<u>31,886,626</u>	<u>31,906,725</u>
Contingencies	13		

SHAREHOLDERS' EQUITY

Capital and other equity accounts		18,800,353	18,994,016
		<u>\$ 50,686,979</u>	<u>\$ 50,900,741</u>

See accompanying notes

On behalf of the Board:



B. Levy
Director



K.P. Foreht
Director

Seaway Multi-Corp Limited

CONSOLIDATED STATEMENT OF INCOME Year ended December 31, 1983

	<u>notes</u>	<u>1983</u>	<u>1982</u>
Sales and revenues.....		\$ 32,420,884	\$ 42,790,456
Costs and expenses			
Cost of products sold.....		21,257,826	24,680,782
Other operating costs and expenses.....		11,599,888	12,142,891
Interest on long-term debt.....		1,514,473	2,122,998
Bank and other interest.....		1,540,069	1,350,394
Depreciation and amortization.....		557,430	569,503
		<u>36,469,686</u>	<u>40,866,568</u>
Income (loss) before income taxes.....		<u>(4,048,802)</u>	<u>1,923,888</u>
Income taxes			
Current (recovery).....		(1,300,828)	969,631
Deferred (recovery).....		(1,440)	35,880
		<u>(1,302,268)</u>	<u>1,005,511</u>
Income (loss) before undernoted.....		(2,746,534)	918,377
Minority interest.....		120,089	106,435
Income (loss) before extraordinary items.....		(2,866,623)	811,942
Extraordinary items.....	10	3,191,554	512,871
Net income.....		<u>\$ 324,931</u>	<u>\$ 1,324,813</u>
Earnings (loss) per common share			
Before extraordinary items.....		<u>\$ (2.20)</u>	<u>\$ 0.47</u>
After extraordinary items.....		<u>\$ 0.16</u>	<u>\$ 0.85</u>

See accompanying notes

Seaway Multi-Corp Limited

CONSOLIDATED STATEMENT OF DEFICIT Year ended December 31, 1983

	<u>notes</u>	<u>1983</u>	<u>1982</u>
Balance, beginning of year, as previously reported.....		\$ 15,824,351	\$ 16,974,636
Adjustment of prior years' income taxes	14	<u>381,466</u>	<u>381,466</u>
As restated		16,205,817	17,356,102
Add			
Dividends paid on Series "A" preference shares		<u>159,691</u>	<u>370,737</u>
		<u>16,365,508</u>	<u>17,726,839</u>
Deduct			
Net income		324,931	1,324,813
Amortization of appraisal excess	1	<u>187,945</u>	<u>196,209</u>
		<u>512,876</u>	<u>1,521,022</u>
Balance, end of year		<u>\$ 15,852,632</u>	<u>\$ 16,205,817</u>

See accompanying notes

Seaway Multi-Corp Limited

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY December 31, 1983

	notes	1983	1982
Capital stock			
Authorized			
2,145,534 Preference shares, without par value, of which 1,645,834 have been designated as cumulative, Series "A" preference shares, with a dividend rate of \$0.675 per share, convertible on the basis of three preference shares for one common share and redeemable at the issue price of \$15 per share	12		
4,357,500 Common shares, without par value			
Stated capital			
157,719 Series "A" preference shares	12	\$ 2,365,785	\$ 2,365,785
1,347,458 Common shares		9,882,642	9,882,642
		12,248,427	12,248,427
Excess of appraised value of land and buildings over book value	1	19,133,430	19,680,278
Contributed surplus	12	3,271,128	3,271,128
Deficit		(15,852,632)	(16,205,817)
		\$ 18,800,353	\$ 18,994,016

See accompanying notes

Seaway Multi-Corp Limited

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION Year ended December 31, 1983

	1983	1982
Funds provided by		
Operations		
Income (loss) before extraordinary items	\$ (2,866,623)	\$ 811,942
Items not affecting working capital, principally depreciation, amortization and deferred income taxes	830,165	711,818
	(2,036,458)	1,523,760
Proceeds on termination of pension plan in subsidiary	649,797	—
Issue of long-term debt	450,000	3,738,432
Net proceeds from sale of land and buildings	2,974,135	—
Reduction of income taxes on application of prior years' losses.....	145,540	512,871
	<u>2,183,014</u>	<u>5,775,063</u>
Funds used for		
Purchase of preferred shares for cancellation	—	3,738,432
Retirement of long-term debt	1,909,165	1,681,165
Fixed and other assets	597,913	627,217
Acquisition of minority interest	22,189	194,540
Dividends paid to minority shareholders of subsidiary companies.....	97,098	127,001
Dividends paid on Series "A" preference shares	159,691	370,737
	<u>2,786,056</u>	<u>6,739,092</u>
Decrease in working capital	603,042	964,029
Working capital, beginning of year	4,162,639	5,126,668
Working capital, end of year	<u>\$ 3,559,597</u>	<u>\$ 4,162,639</u>

See accompanying notes

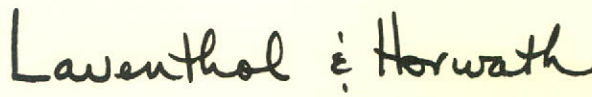
AUDITORS' REPORT

To the Shareholders of
Seaway Multi-Corp Limited

We have examined the consolidated balance sheet of Seaway Multi-Corp Limited as at December 31, 1983 and the consolidated statements of income, deficit, shareholders' equity 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 changes in 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, Canada
June 22, 1984


Chartered Accountants

Seaway Multi-Corp Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 1983

1. SUMMARY OF ACCOUNTING POLICIES

Consolidation policy

The consolidated financial statements include the accounts of Seaway Multi-Corp Limited and all its subsidiaries.

Translation of foreign currencies

Amounts in foreign currencies have been translated into Canadian dollars at the rates of exchange in effect at the balance sheet date for current items and at the rates in effect at acquisition dates for non-current items. Operating income and expenses are translated at average rates during the year, except for depreciation which is on the same basis as fixed assets. Gains or losses arising on translation are included in net income.

Inventories

Certain types of inventories approximating \$11 million, for which costs cannot be determined, have been valued on the basis of a percentage of historical selling prices. The other inventories have been valued at the lower of cost and net realizable value. This valuation is consistent with that used in preceding years.

Property, plant and equipment

Certain land and buildings are recorded at appraised values as at December 31, 1977. The excess of the appraised value over the book value is shown in the statement of shareholders' equity. A portion of the appraisal excess applicable to buildings is being transferred annually to retained earnings in amounts equal to the annual depreciation provided on such appraisal excess. The current year's transfer amounts to \$187,945. Land and buildings acquired subsequent to 1977 and plant and equipment are recorded at cost. Depreciation is provided on the straight-line basis at the following annual rates:

Buildings	2 ¹ / ₂ %
Machinery and equipment	10 - 20%

Deferred charges

Financing costs are being amortized over the terms of the related debt, such periods not exceeding 5 years.

2. ACCOUNTS RECEIVABLE

	1983	1982
Trade	\$ 2,694,088	\$ 2,389,452
Insurance claim (a)	1,500,000	1,500,000
Promissory notes (b)	324,000	360,000
Balance due on sale of land and buildings	1,000,000	—
	<u>\$ 5,518,088</u>	<u>\$ 4,249,452</u>

(a) The amount of \$1,500,000 is the minimum value placed by the insurers on the business interruption claim arising from the fire which occurred at the Canada Cycle and Motor Company Limited (C.C.M.), St. Jean factory on February 17, 1977. Rights to this claim were acquired by the company as a part of the consideration for the sale of C.C.M. in 1978. The company has claimed \$2,788,505 and the insurers have paid a portion of the amount receivable into court. The company is in the process of legal action against the insurers and their agents and in the opinion of legal counsel, the company's claim of at least \$1,500,000 is well founded.

(b) The amount of \$324,000 represents promissory notes from five directors, loaned in 1982 for the purchase of 45,000 fully paid common shares of the company. The shares are held as security for the loans.

3. NOTE RECEIVABLE

The note is receivable over a period of 6 years with interest thereon at 9-1/2% per annum and is secured by a standby letter of credit from a Canadian chartered bank. The same bank has loaned this company an amount equal to the balance due on the promissory note on the security of the note and the standby letter of credit. In the event of default on the note or nonrenewal of the letter of credit, the proceeds of the letter of credit will be used to repay the loan in full. The current portion of the note receivable, amounting to \$99,840 (1982 - \$99,840) is included in prepaid expenses and sundry assets.

4. PROPERTY, PLANT AND EQUIPMENT

	<u>1983</u>	<u>1982</u>
Buildings, at appraised values	\$ 8,810,000	\$ 9,270,000
Building additions, at cost	300,116	244,578
Machinery and equipment, at cost	4,901,130	4,668,944
	<u>14,011,246</u>	<u>14,183,522</u>
Less accumulated depreciation	5,061,990	4,562,827
	8,949,256	9,620,695
Land, at appraised values	14,900,000	15,070,000
Land, at cost	2,903,695	2,802,450
	<u>\$ 26,752,951</u>	<u>\$ 27,493,145</u>

5. OTHER

	<u>1983</u>	<u>1982</u>
Net investment in lease, current portion of \$70,299 included in prepaid expenses and sundry assets	\$ 187,186	\$ 189,098
Deferred financing costs, at cost less amortization	16,129	17,591
Share issue expenses	523,666	523,666
Sundry	—	152,770
	<u>\$ 726,981</u>	<u>\$ 883,125</u>

6. BANK INDEBTEDNESS

Accounts receivable and inventories are pledged as collateral for the bank indebtedness and the bank loan of \$3,365,000 included in long-term debt.

7. INCOME TAXES

The company and its subsidiaries have accumulated losses for income tax purposes in current and prior years amounting to approximately \$930,000 which may be used to reduce taxable income as follows:

\$ 91,000 to 1984
 30,000 to 1985
 244,000 to 1986
 151,000 to 1987
 414,000 to 1990

8. LONG-TERM DEBT

	<u>1983</u>	<u>1982</u>
Seaway Multi-Corp Limited		
Secured debentures, due January 31, 1985	\$ 3,057,111	\$ 3,057,111
Unsecured promissory notes, prime rate plus 1%, due August 11, 1984.....	208,573	376,573
7-1/2% convertible, unsecured sinking fund debentures, Series "A", maturing August 23, 1988 (Note 14).....	300,000	300,000
Notes payable, prime rate plus 1-3/4%	—	114,614
Levy Industries Limited		
First mortgage loan, prime rate plus 2%, maturing October 30, 1984.....	1,002,000	1,014,000
Bank term loan, secured by pledge of note receivable, prime rate plus 7/8%, maturing November 30, 1989	590,720	690,560
W. & M. Holdings Limited		
9-1/2% first mortgage loan	—	67,658
Levy-Russell Limited		
Conditional sales contracts	29,695	58,258
Bank loan, secured by real estate, prime rate plus 2%, maturing August 31, 1990	1,042,620	1,115,390
Bank loan, prime rate plus 3/4%, maturing May 31, 1992 (Note 6)	3,365,000	3,420,000
Drive Train Remanufacturing Limited		
Obligations under capital leases	6,039	21,498
Russell Industries Limited		
12-1/4% first mortgage loan, maturing February 1, 1985	1,598,459	1,642,768
Levy Service Industries Limited		
First mortgage loan, prime rate plus 2%, maturing August 31, 1990	2,013,930	1,673,085
	<u>13,214,147</u>	<u>13,551,515</u>
Less amounts due within one year	2,329,864	1,108,227
	<u>\$ 10,884,283</u>	<u>\$ 12,443,288</u>

The secured debentures bear interest at the bank prime rate plus 1%. The company has pledged common shares of Levy Industries Limited as security.

The aggregate amount of principal payments required in each of the next five years is approximately as follows:

1984	—	\$2,330,000
1985	—	5,106,000
1986	—	806,000
1987	—	831,000
1988	—	855,000

9. MINORITY INTEREST

	<u>1983</u>	<u>1982</u>
Common shares	\$ 74,602	\$ 79,827
Preference shares	1,596,856	1,598,458
	<u>\$ 1,671,458</u>	<u>\$ 1,678,285</u>

10. EXTRAORDINARY ITEMS

	<u>1983</u>	<u>1982</u>
Gain on sale of real property (net of deferred income taxes of \$411,715)	\$ 2,396,217	\$ —
Reduction of income taxes on application of prior years' losses	145,540	512,871
Gain on termination of pension plan in subsidiary	649,797	—
	<u>\$ 3,191,554</u>	<u>\$ 512,871</u>

11. SEGMENTED INFORMATION

(in thousands of dollars)

	<u>1983</u>			<u>1982</u>		
	Automotive Parts	Cold Storage and Property	Total	Automotive Parts	Cold Storage and Property	Total
Sales and revenues	\$ 29,355	\$ 3,066	\$ 32,421	\$ 39,444	\$ 3,346	\$ 42,790
Operating income (loss)	\$ (586)	\$ (409)	\$ (995)	\$ 5,218	\$ 179	\$ 5,397
Interest expense			3,054			3,473
Income taxes (recovery)			(1,302)			1,006
Minority interest			120			106
Extraordinary items			(3,192)			(513)
			<u>\$ (1,320)</u>			<u>\$ 4,072</u>
Net income			<u>\$ 325</u>			<u>\$ 1,325</u>
Identifiable assets	\$ 40,641	\$ 10,046	\$ 50,687	\$ 40,504	\$ 10,397	\$ 50,901
Depreciation, amortization	\$ 227	\$ 330	\$ 557	\$ 179	\$ 390	\$ 569
Capital expenditure	\$ 196	\$ 402	\$ 598	\$ 182	\$ 445	\$ 627
Export sales	\$ 20,669	—	\$ 20,669	\$ 30,565	—	\$ 30,565

The company operates two divisions: a plant for the cold storage of produce and foodstuffs and the automotive division which sells new parts and major components for heavy duty and specialized vehicles and builds shunter tractors for the moving of large containers in the railroad, shipping, transport, warehousing and other industries.

12. CAPITAL STOCK

(a) Reservations of common shares

- (i) 15,000 common shares are reserved for the conversion privileges of the company's \$300,000 7-1/2% convertible unsecured debentures at the rate of 50 common shares for each \$1,000 of debentures outstanding, exercisable at any time until August 23, 1988.
- (ii) At December 31, 1983 there are 246,407 Series "A" warrants outstanding entitling the holders to acquire one common share of the company at a price of \$38 for each warrant held. The warrant privileges may be exercised at any time until February 28, 1989.

(b) As at December 31, 1983 dividends on the Series "A" preference shares are \$212,920 (eight quarters) in arrears.

(c) Contributed surplus represents the difference between the issue price of preference shares cancelled in June, 1982 and the company's repurchase price.

13. CONTINGENCIES

Through administrative procedures a United States subsidiary has been suspended from U.S. Government contracting as have two directors and a former employee of the company. Management believes that the matter will be effectively resolved without any long term adverse effect on the company.

A United States Attorney is investigating certain shipments of material sold by a subsidiary of the company to the United States Government. The company understands that the concern is that the material may not have been in accordance with contractual requirements. Also, allegations have been made that a subsidiary of the company and certain individuals may have conferred benefits upon employees of the Canadian Department of National Defence while having dealings with that department. Since no specific complaints have yet been received from these agencies and the Department of National Defence, management is not in a position to determine what, if any, further developments may occur.

14. PRIOR YEARS' INCOME TAXES

Retained earnings at January 1, 1982 have been adjusted by \$381,466 for income tax re-assessments of a subsidiary for the years 1979 and 1980.

15. SUBSEQUENT EVENTS

In November 1983 a subsidiary of the company granted an option for the sale of certain land and buildings for \$1 million. The option was exercised and closing was completed on March 15, 1984. The sale did not result in any gain or loss.

