

## Consolidated Balance Sheets

<i>In thousands of Canadian dollars</i>	As at March 31,	
<i>(Unaudited)</i>	2000	1999 Restated
<b>ASSETS</b>		
<b>Current assets:</b>		
Accounts receivable	\$ 21,265	\$ 35,931
Due from related company	4,669	5,501
Inventories	15,067	14,299
Future tax asset	3,772	-
Prepaid expenses	1,217	4,410
	<u>45,990</u>	<u>60,141</u>
Investment in associated company	46,128	45,994
Property and equipment	162,760	159,746
Goodwill	76,729	79,776
	<u>\$ 331,607</u>	<u>\$345,657</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Bank indebtedness	\$ 4,196	\$3,839
Accounts payable and accrued charges	42,525	54,781
Dividends payable	1,285	1,285
Income and other taxes payable	45	607
Current portion of long-term debt	106	76
	<u>48,157</u>	<u>60,588</u>
Long-term debt	23,239	32,234
Future tax liability	35,896	-
Deferred income taxes	-	22,291
<b>Shareholders' equity</b>	<u>224,315</u>	<u>230,544</u>
	<u>\$ 331,607</u>	<u>\$345,657</u>

New accounting guidelines issued in Canada require the liability approach be adopted to account for income taxes. The company has adopted the new income tax accounting standard retroactively, effective January 1, 2000, without restating the financial statements of any prior periods as permitted under the standard. Application of the recommendation would not have materially affected net earnings or net earnings per share as previously reported for 1999. In total, the adoption of the standard results in a cumulative reduction to retained earnings at January 1, 2000 of \$7,819,000.

The company has adopted the new accounting guidelines for pension benefits prospectively from January 1, 2000. This application of the recommendation does not materially affect net earnings or net earnings per share as at and for the three months ended March 31, 2000.

In 1999, the Company elected to retroactively change the method used to account for post-retirement benefits other than pensions, and accordingly restated opening shareholders' equity. The impact of these changes is described in Note 14 to the company's 1999 Annual Financial Statements.

## Consolidated Statements of Earnings

<i>In thousands of Canadian dollars, except per share amounts (Unaudited)</i>	Quarter ended March 31,	
	2000	1999
<b>Sales</b>	\$ 130,753	\$ 138,903
<b>Earnings from operations</b>	4,654	3,320
Other income	33	226
<b>Earnings before interest and taxes</b>	<u>4,687</u>	<u>3,546</u>
Interest expense	587	600
<b>Earnings before income taxes</b>	<u>4,100</u>	<u>2,946</u>
Income taxes	1,805	1,115
<b>Net earnings for the period</b>	<u>\$ 2,295</u>	<u>\$ 1,831</u>
<b>Earnings per share</b>	\$ 0.11	\$ 0.09
Dividends per share declared	\$ 0.06	\$ 0.06
Weighted average number of shares (millions)	21.4	21.4

## Consolidated Statements of Cash Flows

<i>In thousands of Canadian dollars (Unaudited)</i>	Quarter ended March 31,	
	<b>2000</b>	1999
<b>CASH PROVIDED BY (USED IN):</b>		
<b>Operating activities</b>		
Net earnings for the period	\$ 2,295	\$ 1,831
Add (deduct) items not affecting cash:		
Depreciation	4,247	4,425
Amortization	761	789
Deferred income taxes		(1,473)
Undistributed earnings of associated companies		(226)
Changes in non-cash operating working capital	(17,357)	(7,810)
	<u>(10,054)</u>	<u>(2,464)</u>
<b>Financing activities</b>		
Dividends paid	(1,285)	(1,285)
Increase in long-term debt, net	9,277	5,360
	<u>7,992</u>	<u>4,075</u>
<b>Investing activities</b>		
Additions to property and equipment	(698)	(3,329)
	<u>(698)</u>	<u>(3,329)</u>
<b>Net increase in cash for the period</b>	<b>(2,760)</b>	<b>(1,718)</b>
Bank indebtedness, beginning of period	(1,436)	(2,121)
<b>Cash, net of bank indebtedness, end of period</b>	<b>\$ (4,196)</b>	<b>\$ (3,839)</b>