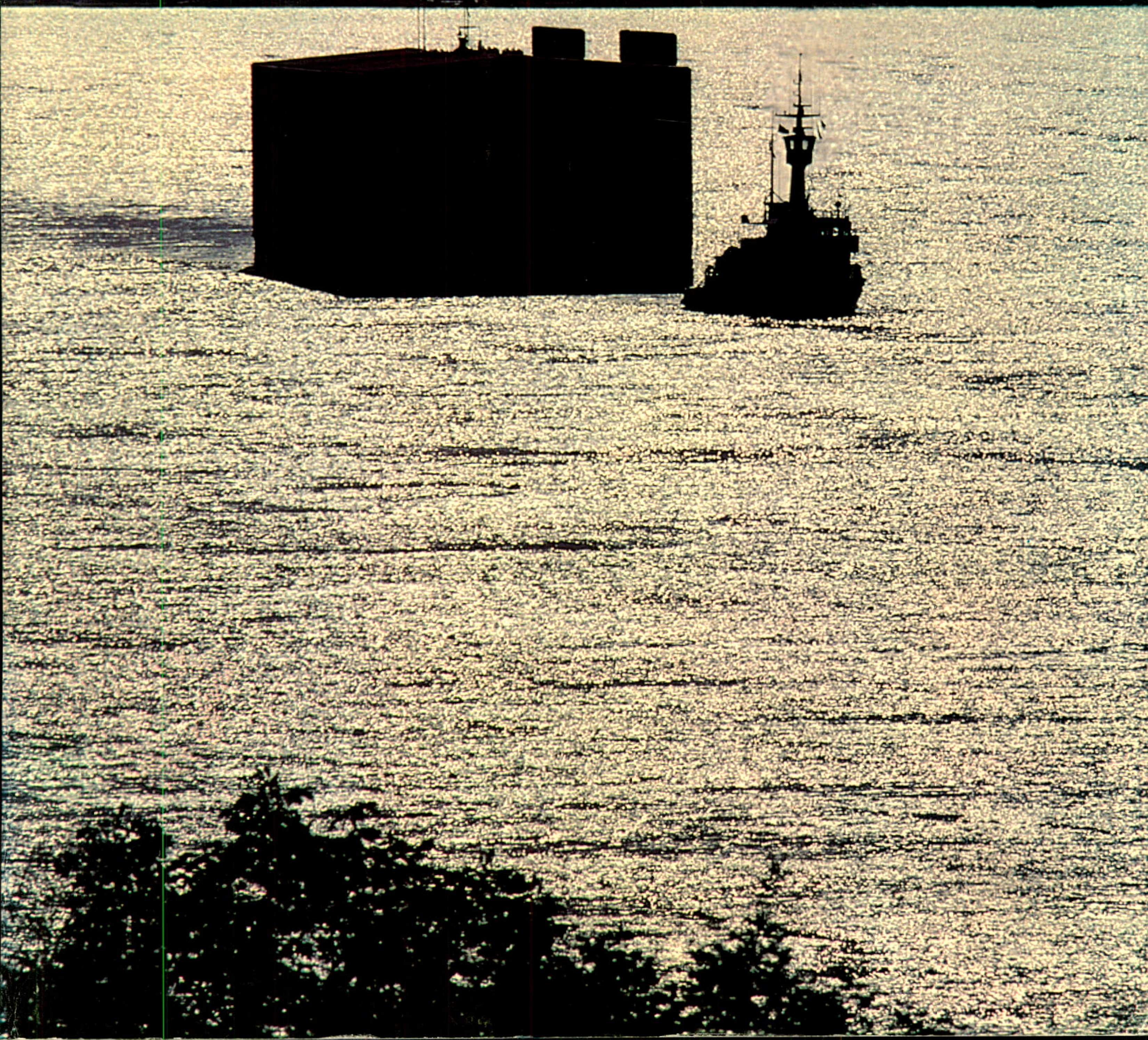



AMCA INTERNATIONAL LIMITED

ANNUAL REPORT 1981



AMCA INTERNATIONAL

AMCA NETHERLANDS
AMCA INTERNATIONAL

ATOMASTER
AMCA INTERNATIONAL

KOEHRING BANTAM
AMCA INTERNATIONAL

KOEHRING BENTON HARBOR
AMCA INTERNATIONAL

KOEHRING BOMAG
AMCA INTERNATIONAL

KOEHRING CANADA
AMCA INTERNATIONAL

CHERRY-BURRELL
AMCA INTERNATIONAL

KOEHRING CLYDE
AMCA INTERNATIONAL

KOEHRING CONSTRUCTION EQUIPMENT
AMCA INTERNATIONAL

CONTINENTAL SCREW
AMCA INTERNATIONAL

DB ENGINEERS & CONSTRUCTORS
AMCA INTERNATIONAL

DESA
AMCA INTERNATIONAL

DOMINION BRIDGE
AMCA INTERNATIONAL

KOEHRING EXCAVATORS
AMCA INTERNATIONAL

FENN
AMCA INTERNATIONAL

KOEHRING FINANCE
AMCA INTERNATIONAL

KOEHRING HUSCO
AMCA INTERNATIONAL

IMODCO
AMCA INTERNATIONAL

JANESVILLE
AMCA INTERNATIONAL

JESCO
AMCA INTERNATIONAL

KOEHRING
AMCA INTERNATIONAL

LITWIN
AMCA INTERNATIONAL

KOEHRING LORAIN
AMCA INTERNATIONAL

MANITOBA ROLLING MILLS
AMCA INTERNATIONAL

KOEHRING MENCK
AMCA INTERNATIONAL

MIDLAND SCREW
AMCA INTERNATIONAL

MONROE
AMCA INTERNATIONAL

KOEHRING MORGAN
AMCA INTERNATIONAL

ORBA
AMCA INTERNATIONAL

KOEHRING PEGASUS
AMCA INTERNATIONAL

KOEHRING PROVINCIAL
AMCA INTERNATIONAL

ROBB ENGINEERING
AMCA INTERNATIONAL

SPAN HOLDINGS
AMCA INTERNATIONAL

KOEHRING SPEEDSTAR
AMCA INTERNATIONAL

VARCO-PRUDEN BUILDINGS
AMCA INTERNATIONAL

WILEY
AMCA INTERNATIONAL

C

AMCA International is an operating company engaged principally in the design, engineering, manufacture, construction and marketing on a worldwide basis of the following steel-related products or services:

Construction Products – Compaction equipment; concrete finishing equipment; cranes and derricks; excavators; material handling and pile-driving equipment.

Engineering and Construction Services – Coal handling systems; marine vessels and equipment; offshore petroleum production and distribution systems; turnkey petroleum refineries, petrochemical and industrial plants; pre-engineered buildings; vehicular tunnel tubes.

Financial, Marketing and Licensing Services – Primarily to promote sales of Company-produced products, domestically and internationally.

Industrial Products – Aerospace and automotive components; food processing and packaging machinery; hydraulic components and systems; industrial fasteners; industrial and shipyard cranes; metal forming machinery; oil field equipment.

Special Products – Chain saws and powder-actuated tools; portable heating units; tree harvesting and other pulp and paper industry equipment.

Steel Products and Services – Steel production, distribution, fabrication and erection; energy products, services and systems related to the generation and transmission of electric power – fossil fuel, nuclear, hydroelectric and waste conversion.

A New Name and Identity System for our Family of Companies

On April 28, 1981 shareholders voted to change the corporate name from Dominion Bridge Company, Limited to AMCA International Limited.

As the Chairman stated during the annual meeting of shareholders, "The name Dominion Bridge has served us well. However, as we stand on the threshold of our 100th anniversary in 1982, we feel the time has come to adopt a name more in keeping with the substantially changed nature of our affairs in recent years – one that is not linked to any particular product such as bridges, which now comprise a fraction of annual sales – a name that is symbolic of our AMerican/CAnadian heritage – hence AMCA which we have been employing in our U.S. operations since the middle of the last decade." He went on to point out, "The Dominion Bridge name is being retained to identify certain operations in Canada."

In the intervening months, and related to the name change, the Company adopted and implemented throughout the corporation a new identification system which is displayed on the opposite page. It provides a strong sense of visual uniformity and tie to the parent company while retaining for each operating unit individuality within the markets it serves.

Cover: Unique floating lead-zinc processing plant is "tugged" down St. Lawrence River, beginning 3,000-mile voyage to Polaris mine on Little Cornwallis Island, 900 miles from North Pole. Longer than a football field and higher than a six-story building, plant was built by Company affiliate in Quebec in a joint venture for Cominco Ltd. Structure houses concentrator plant, offices and powerhouse. This is to be Canada's first commercial extraction of high Arctic mineral resources. Target is to produce 230,000 tons of concentrate a year.

AMCA International Limited

Financial Highlights*

(Stated in millions)

	1981	1980 (Restated)
Revenues	**$1573.0**	$1063.1
Operating income	**69.0**	45.2
Net income	**70.2**	48.8
Cash (net of short-term borrowings)	**75.8**	38.3
Total assets	**1212.4**	970.1
Long-term debt	**296.8**	163.4
Shareholders' equity	**368.4**	333.8

Per Share Data

(Stated in dollars)

	1981	1980 (Restated)
Operating income	**$ 2.56**	$ 1.69
Net income	**2.61**	1.82
Cash flow from operations	**3.29**	2.20
Dividends	**1.00**	0.85
Equity at year end	**13.70**	12.43

*All figures in this Annual Report for the years 1977 to present are stated in U.S. dollars, while 1976 and prior years are stated in Canadian dollars.

Per share data, except equity at year end, has been calculated based on the weighted average shares outstanding during the year.

Years 1977 through 1980 have been restated to adopt and comply with the provisions of United States Financial Accounting Standards Board Statement Number 52 (see Note 2 to the Consolidated Financial Statements).

Contents

Worker puts finishing touch to watertight end plate on one of 32 tunnel tubes being fabricated at Wiley Manufacturing yard in Maryland. Tubes will form new Interstate-95 vehicular tunnel under Baltimore Harbor. Completed double tubes (see inset photos) are side-launched into Susquehanna River. They are guided by tugboats down river to Chesapeake Bay where further work is done at prime contractor's outfitting site. As outfitting progresses the double tubes are sheathed in concrete, inside and out. As the weight of outfitting increases, sections settle deeper into the water. When finished, each section is lowered into prepared trench and secured to adjoining section.

Management's Report to Shareholders

K. S. Barclay
Chairman and
Chief Executive Officer

1981 was a significant year of continuing growth for AMCA International notwithstanding that, as predicted in last year's Annual Report to Shareholders, depressed economic conditions generally prevailed throughout the North American and international economies which the Company serves. Highlights included:

- Revenues, operating income, net income, earnings per share and year-end backlogs – all at record levels.
- Revenues and operating income in reaching new highs did so for the 14th year in a row. The former, at approximately $1.6 billion, was up 48 percent over 1980 while the latter, at $69 million, was up 52 percent over the $45.2 million earned in 1980.
- Net income of $70.2 million, versus $48.8 million in 1980, was up 44 percent with the increase reflecting the operating gain noted reduced by $2.3 million less income on the sale of facilities not fitting into future plans.
- Earnings per share of $2.56 before divestitures and $2.61 after, compared with $1.69 and $1.82 respectively a year ago, based on essentially the same number of shares outstanding.
- Dividends to shareholders were paid quarterly totaling $1.00 U.S. per share versus $1.00 Canadian in the previous year which represented about a 20 percent increase having regard to exchange rates at the time.
- Substantial new business booked exceeded by a wide margin that obtained in any prior year. As a result, the Company entered 1982 with a backlog of work to be completed of $868 million compared with $744 million a year ago.
- A continuing significant profit contribution from a number of our divisions or subsidiaries including Aerospace Division, AMCA Netherlands, Cherry-Burrell, Consumer Products Division, Eastern Hemisphere operations of Koehring-BOMAG, Koehring-Clyde, Koehring-Speedstar, Manitoba Rolling Mills, Marine Division, Koehring-Provincial, Western Canada Division and Varco-Pruden.
- A newly formed Aerospace Division, consisting of Fenn and Monroe, continued to address strong markets, particularly at Fenn where record bookings and backlog produced the highest profits and revenues in its history. With the formation of these two units into this new division we expect to have a stronger and more effective presence in the aerospace sector in years to come.
- A strong performance by our Consumer Products Division, also formed in 1981, and consisting of Atomaster (part of Koehring at the time of acquisition) and DESA. This was primarily due to high demand for Atomaster kerosene wick heaters. In late 1981, the Company divested the gasoline chain saw element of DESA's product line as this product was not considered attractive for the longer term. In the process, we reshaped this division with lower overhead and a strong presence in the markets served.
- Major growth during the year in the Company's international financing operations coupled with the related completion of a substantial financial restructuring which should facilitate further growth, provide necessary resources for AMCA International's manufacturing units to generate international sales and position our organization for further development via the acquisition route utilizing cash resources, if appropriate.
- With a full year of operations under our belt, the Koehring operations, acquired in September 1980, performed in a manner exceeding expectations and in the most difficult construction market in memory – largely because of niches carved out in a very competitive industry. An exceptional result was produced by Koehring-BOMAG based in West Germany which enjoys a world leadership role in compaction equipment.
- The Company's effort in recent years to position itself strategically in energy markets proved rewarding in 1981 as peak demand for oil field equipment and other energy products was encountered. Koehring-Clyde, IMODCO and Koehring-Speedstar contributed substantially to profits and turned into 1982 with strong backlogs in their markets which are still good but moderating. The Company also entered the oil field product business at Koehring-Morgan, traditionally a producer of overhead cranes, with the introduction of a line of pumpjacks and mudpumps. This business, still in the start-up phase, increases our presence in the energy field and should provide additional stability and earnings for Koehring-Morgan in the future.
- Expansion of our international-based marketing services business to encompass the furnishing of key components needed for the production of the oil field equipment referred to above.
- Formation of a Marine Division, consisting of IMODCO and Wiley, enabling the Company to take advantage of increased opportunities available in the marine industry and, in the process, positioning our organization to more effectively interact in the future with McDermott Incorporated through the previously announced joint venture with the latter company in Canada. In addition, the division successfully entered the yoke terminal market in 1981 with two unique systems, one in the United States and the other in Indonesia, and also quoted on a full offshore crude oil recovery and process plant.
- An improvement program at Manitoba Rolling Mills, completed in 1980, returned handsome dividends during 1981 with full capacity production and the sale of 250,000 tons of bar and structural sections and a further penetration of the special shapes market.
- Further diversification of our traditional Canadian businesses with the awarding of a $45 million contract for a coal preparation plant at Gregg River, Alberta.

- The successful start-up – on time and on budget – of Varco-Pruden's St. Joseph, Missouri manufacturing plant.
- The continuing redeployment of the Company's assets with the cessation of two businesses (rebar operations in Quebec City and steel service center operations in Montreal) and the sale of a small manufacturing plant in Sault Ste. Marie, Ontario.
- Significant changes were effected during the year in the Company's management structure with the appointment of two executive vice presidents at the corporate level and, as partly noted herein, by the creation of four new divisions at the operating level among other adjustments. These moves reflect the Company's continuing growth, and position the organization for further expansion in 1982 and beyond.
- The change in name of the Company and the implementation of a resulting corporate identity program as dealt with separately in this report.

Disappointments in 1981 included the following:

- An economic climate headlined by:
  - Continuing high interest rates which dampened demand for some products.
  - The strength of the U.S. dollar (supported by the aforementioned high interest rates) and the export problems such strength imposes on items manufactured in the United States.
  - An acceleration in unemployment levels and an accelerating slide into recession in the second half of 1981.
- The continuing problems experienced by our joint venture, Dominion Bridge-Sulzer Inc., extended 1980's strike-impacted results through 1981. Although this 51-percent-owned business booked significant new work during the year, volumes available in the marketplace were not sufficient in light of severe pricing competition. As a result, the organization faced an uphill battle throughout 1981. These factors, combined with contract complexities, major operating errors and misjudgments caused a substantial loss. Although a number of key changes have been implemented in recent months, market conditions dictate that 1982 will be a testing period for the new management. In the longer term, the Company continues to believe that there is an attractive potential for this partnership.
- Koehring-Morgan also incurred a significant loss notwithstanding good bookings which reflected heavy expenses incurred in the start-up of the new oil field related products commented upon above. These new lines should make a useful contribution to future profitability.
- We mentioned in last year's Annual Report the disappointing performance by the automotive sector of our operations. This trend continued in 1981 as the industry produced and sold substantially fewer automobiles than anticipated at the beginning of the year. We are currently emphasizing diversification in this area of operations and remain optimistic that moderate improvement in the automotive industry will be experienced in the latter part of 1982 and beyond.
- A freeze on capital expenditures by the middle range of petroleum refiners in the United States due to product surplus and the impact this had on certain markets we serve.
- Canadian National Energy Policy, along with federal/provincial differences over resource sharing, contributed to a major cutback in Western Canada drilling activity which resulted in a collapse of the market for pumpjacks.

If we turn to 1982 and the general business outlook in North America before briefly examining our particular circumstances, it is abundantly clear that the year is going to be a difficult one. Gross national product, on a constant dollar basis, in both the United States and Canada, is unlikely to be better than flat with deflators in the order of 7.2 percent and 9.7 percent respectively. There is nothing in the equation to suggest that any recovery from the depressed conditions of the past year, which accelerated through 1981, is in immediate prospect for Canada or the United States. The second half should start to show some improvement in the overall economy.

In the context of that unattractive general scenario, and whereas we perceive some particular operating problems in the early part of the year, management believes that our Company can continue to outperform the economy and stay on track with respect to the Company's objectives for the 1980's as elsewhere set forth in this Annual Report. We are reasonably well positioned currently reflecting the backlog circumstances described above. That basic condition will help to cushion the impact of rough times generally anticipated in the months ahead. It should be noted that further growth and diversification are in prospect should we choose to move forward on certain investment opportunities that we have some reason to feel may be available to us. That is very much a matter of timing which, in turn, is affected by many factors in the present marketplace.

To summarize, we believe that 1982 will see further growth and progress in our affairs albeit with some considerable difficulties to deal with in the first half.

We are grateful to our shareholders, Directors, customers, suppliers and employees at every level for their deeply appreciated contribution to the Company's success. We shall continue to work to warrant a continuation of that confidence.

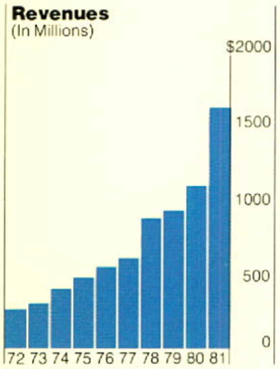
K. S. Barclay

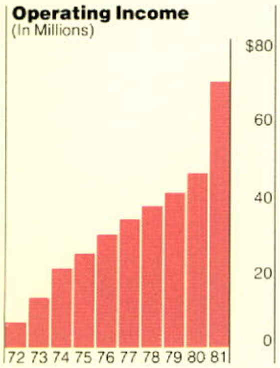
K. S. Barclay, Chairman and Chief Executive Officer

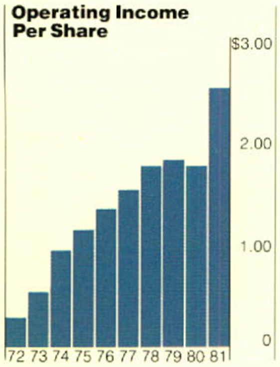
March 24, 1982

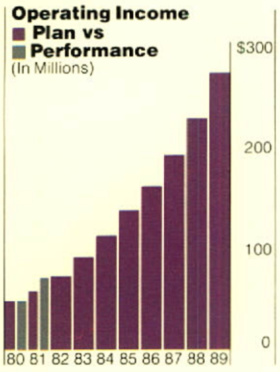
Operating Philosophy and Objectives

To meet increased demand for coal, mid-stream transfer techniques have been adopted to improve speed and efficiency while reducing vessel turnaround time. Barge- and pontoon-mounted Koehring-Clyde Whirley cranes are specified almost exclusively on the East and Gulf coasts of the United States for mid-stream transfer of coal and other cargo from river barges to ocean going ships.









Pre-1970, Company produced structural steel for Canadian market...by planned acquisitions and internal growth it now produces diverse industrial products and provides related services worldwide.

Philosophy: Acquire for balanced diversification...straddle industries and markets...avoid single nation/single industry dependence...avoid catastrophe...beat current business plan...organize for profit improvement.

Objectives: By the end of the 1980's – annual sales of at least $5 billion and operating income of not less than $270 million...continuing planned growth and development both internally and by selective, judiciously spaced acquisitions.

Philosophy

AMCA International, formed in 1882, was, through the first 87 years of its existence, essentially a structural steel fabricator serving the Canadian market. At the beginning of the 1970's the Company embarked on a program aimed at growth and diversification within the scope of its expertise – the design, engineering and manufacture of steel-based products and services marketed primarily to industrial customers.

That program has since produced substantial growth and diversification, largely in the major United States marketplace. As the 1980's commenced, the Company purchased the Koehring Company, adding many more manufacturing locations to its North American base and further strength to its international activities with new locations in Europe and elsewhere in the world.

The acquisition program, founded on the principle of balanced diversification, helps protect against economic cycles and product obsolescence while promoting participation in new markets and technologies. The overriding philosophy: maintain the broadest posture possible – straddle a number of industries and international markets – avoid the instability and unfavorable consequences invariably associated with single-industry/nation identification.

The Company allocates resources (men, money and materials) accordingly and invests for "return" – avoiding emotional attachments to any product or physical location – recognizing that each has its day in the sun. Continuing stress is placed on margins (profitability) and turnover (asset utilization relative to volume generated) to maximize return on investment. At any point in time, management is guided by three basic priorities: avoid catastrophe – meet and beat the current business plan – organize for future profit improvement.

Objectives

Prior to the beginning of the 1970's the Company was operating at an annual sales level of $168 million. Operating income was $4 million. Management set out to improve those results and to grow the organization through acquisitions and internally generated growth – with the objective of achieving $1 billion in sales by the end of the 1970's, generating income of $50 million net from operations (all as expressed in Canadian dollars at that time). These were ambitious goals and implied that, over the ten-year target period, the Company must increase sales and earnings at average annual compound rates of 20 percent and 30 percent respectively. In the final analysis, those objectives were met.

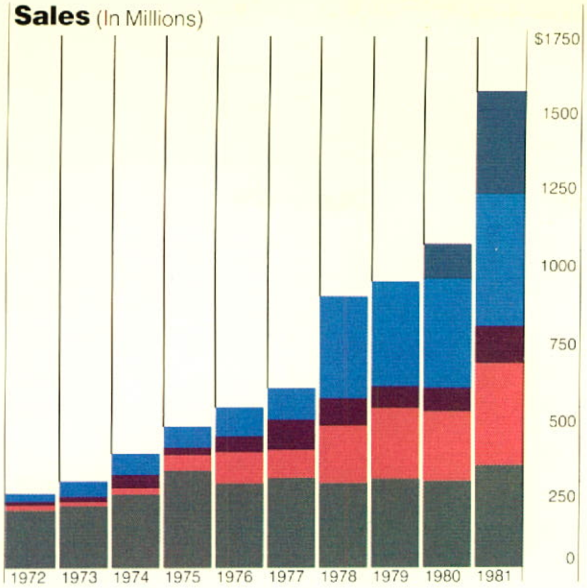
Over the course of the most recent ten-year period which concluded December 31, 1981, the Company:

- multiplied sales sixfold plus, and
- increased operating income more than elevenfold. While achieving those results, the Company:
- improved the quality of its earnings;
- developed an exceptionally capable management organization in its operations and at corporate staff levels;
- acquired industry strengtheners and entered new industries compatible with its basic skills;
- made the Company better known and more highly regarded;
- made significant progress in the vital area of return on shareholders' equity (20 percent in 1981).

Accordingly, and reflecting progress made, it is anticipated that consistent and continuing execution of the Company's plans will continue to provide an expanded range of industrial, steel-based products and services of quality for a widening spectrum of customers and prospects. As a result, and in the context of the preceding observations, the Company has worked out a broad strategy and related tactics for growth and development in the 1980's as it did at the beginning of the last decade. In essence, the Company has targeted to reach, by the end of this decade, sales exceeding $5 billion and operating income of at least $270 million. Good progress toward these new goals was achieved in 1980 and 1981 and is planned in 1982.

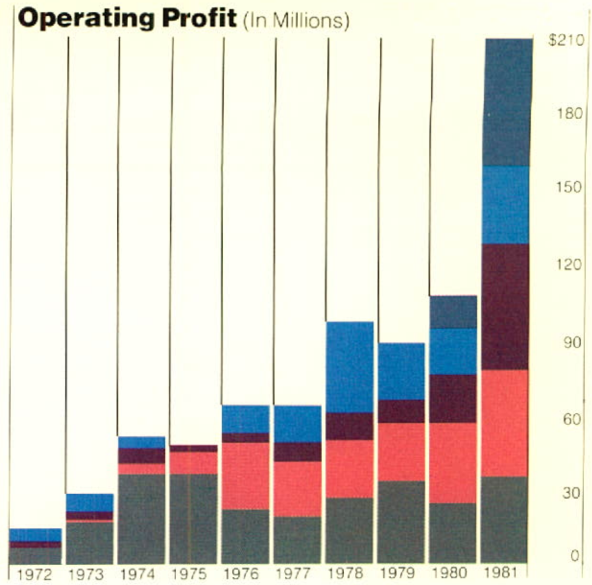
Sales and Operating Profit by Segment

Sales (In Millions)



- Construction Products
- Engineering and Construction Services
- Financial, Marketing, Licensing Services and Special Products
- Industrial Products
- Steel Products and Services

Operating Profit (In Millions)



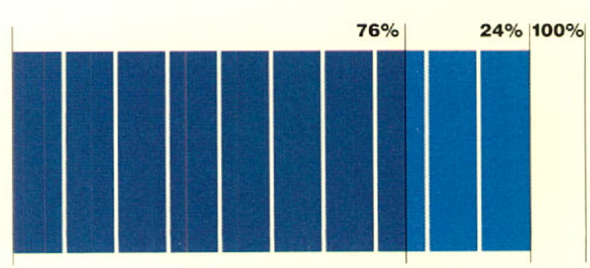
- Construction Products
- Engineering and Construction Services
- Financial, Marketing, Licensing Services and Special Products
- Industrial Products
- Steel Products and Services

		Construction Products		Engineering and Construction Services		Financial, Marketing, Licensing and Special Products		Industrial Products		Steel Products and Services		Total	
		$	%	$	%	$	%	$	%	$	%	$	%
Sales	1972	–	–	35	15	12	5	7	3	183	77	237	100
	1973	–	–	54	20	18	6	13	5	193	69	278	100
	1974	–	–	67	18	45	12	23	6	235	64	370	100
	1975	–	–	66	15	24	5	69	15	300	65	459	100
	1976	–	–	95	18	50	10	116	22	259	50	520	100
	1977	–	–	104	18	94	16	96	17	287	49	581	100
	1978	–	–	335	38	84	9	194	22	270	31	883	100
	1979	–	–	349	37	69	7	229	25	287	31	934	100
	1980	117	11	362	34	77	7	234	22	272	26	1,062	100
	1981	336	21	439	28	122	8	338	22	327	21	1,562	100
Operating Profit	1972	–	–	5	36	2	14	–	–	7	50	14	100
	1973	–	–	7	26	3	11	1	4	16	59	27	100
	1974	–	–	4	8	7	14	4	8	35	70	50	100
	1975	–	–	(1)	(2)	2	4	10	22	35	76	46	100
	1976	–	–	10	17	3	5	27	44	21	34	61	100
	1977	–	–	13	21	9	15	21	34	18	30	61	100
	1978	–	–	37	39	9	10	24	25	25	26	95	100
	1979	–	–	22	26	9	10	24	28	31	36	86	100
	1980	14	13	18	17	19	18	32	30	23	22	106	100
	1981	51	24	32	16	50	24	42	20	34	16	209	100

Operating profit by segment is further defined in Note 11 to the Consolidated Financial Statements. Years 1977 to present are stated in U.S. dollars, while 1976 and prior years are stated in Canadian dollars. Years 1977 through 1980 have been restated to adopt and comply with the provisions of the United States Financial Accounting Standards Board Statement Number 52 (see Note 2 to the Consolidated Financial Statements).

International Sales Distribution

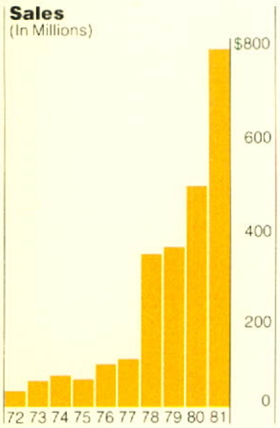
AMCA International sold 76 percent of its products and services within North America during 1981 while the balance of sales, 24 percent, were to customers in other areas around the world.

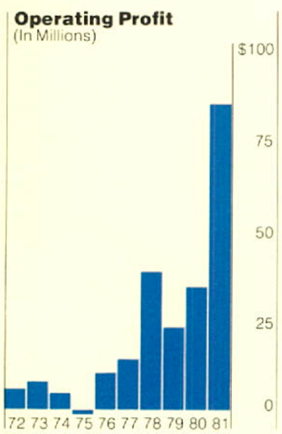


Construction Products and Engineering and Construction Services

Disposal of solid waste poses serious problems throughout the world. Sanitary landfills have proven to be a practical, economical, clean solution. BOMAG refuse compactors are recognized for their ability to compact, doze, crush and load. This 24-ton unit combines benefits of dense compaction with self-cleaning. Power steering and articulated wheels afford added safety and compacting characteristics.

Upgrading of existing facilities and construction of new refineries, including relatively small plants that afford better access to domestic markets, is target of Litwin Engineers & Constructors. At right are views of 33,000-barrels per day refinery, a Litwin project nearing completion in southern New Jersey.





Results: Sales of $775 million were 62 percent higher than for 1980. Operating profit of $83 million was up 159 percent. Excellent sales by Koehring-BOMAG, Koehring-Bantam, IMODCO and Varco-Pruden Buildings. Good construction levels at ORBA and JESCO. Continued profitable production of tunnel tubes at Wiley. Good potential from new products introduced including: Menck hydraulic hammer, Koehring mining shovel excavator and new line of Koehring-Bantam excavators and cranes.

Outlook: Economic malaise worldwide in construction activities expected to abate and increase demand after mid-1982. Hence sales and operating profits should be up moderately over 1981. Koehring-BOMAG should continue to hold worldwide leadership in compaction equipment and benefit from expected upturn in world economy and from introduction of new products and continued good markets in Middle East and Latin America. Improved operating performance also expected of other Koehring operations and Varco-Pruden Buildings as construction markets firm and interest rates stabilize. Marine activities should continue brisk level of 1981 with major tunnel tube project continuing at Wiley, IMODCO serving a continued high demand for petroleum products and DB/McDermott poised to reap future benefits of offshore energy work in Canadian waters. Litwin units view 1982 cautiously as oil markets continue volatile with policy of United States government toward regulation and synfuels still undecided.

BOMAG innovated the concept of vibrating power rollers for maximum compacting and smoothing of earth and asphalt surfaces. This 13.5-ton unit features tandem vibrating rollers and is especially suited for working large areas like highways and airport runways. Operator's platform is insulated from vibration.

Koehring-BOMAG

Manufactures compaction equipment, ranging from walk-behind plate to double-drum to large segmented wheel compactors, soil stabilizers, landfill refuse compactors and road rollers.

Koehring-BOMAG (Eastern Hemisphere)

Despite unfavorable economic conditions worldwide, the major West German operating unit of the Company exceeded planned shipments and profits by nearly 25 percent during 1981. Whereas products exported normally represent 60 percent of output, this year nearly 90 percent was exported. Smaller BOMAG operations in Great Britain, France and Austria experienced poor results while South African operations enjoyed an excellent year. West German successes were helped significantly by effective cost control and brisk sales in Middle East and Asian countries.

With sales both direct and through distributors in 120 nations, Koehring-BOMAG is well positioned to serve worldwide the construction industry's overall compaction equipment needs.

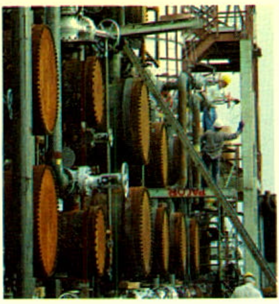
Promising great potential is a revolutionary Menck underwater hydraulic hammer which outmodes conventional steam-driven equipment and in the process reduces ram time by 60 percent and eliminates costly standby steam generators. While Menck hammers have been on the market for offshore applications for many years, onshore applications have only been introduced relatively recently with the rate of penetration to date in line with expectations.

Koehring-BOMAG (Western Hemisphere)

This unit (which primarily operates in North and South America and the Far East) suffered from the generally poor economic climate which impacted heavy construction projects resulting in less than expected earnings. Sales to Europe were also less than anticipated due to weakness in that sector and a strong U.S. dollar relative to European currencies.

The only countries which exceeded expectations were the oil producing nations of Latin America. The Japanese facility, Nippon BOMAG, met plan for 1981, assisted by a large contract from the government of Thailand for 134 compaction machines.

During the year production was curtailed at plants in Ohio, Wisconsin and Ontario to bring finished goods inventories into line with reduced demand in the marketplace.

Koehring Crane Division

Koehring manufactures a broad line of construction cranes in both hydraulic boom and lattice boom configurations – self-propelled, carrier- or crawler-mounted – and markets them under both Lorain and Bantam names. Business was adversely affected during 1981 by depressed conditions worldwide in the construction industry and by an eleven-week strike at Koehring-Lorain's Chattanooga, Tennessee facility. However, good performance in Koehring-Bantam cranes at Waverly, Iowa and a sound continuing balance between domestic and international business produced an acceptable overall profit performance in light of prevailing market conditions. A bright spot in 1981 was receipt of an order from the government of Indonesia for 25 rough terrain and four carrier-mounted hydraulic cranes.

The organization was adjusted in 1981 to centralize crane marketing and management in Chattanooga in keeping with similar changes made throughout the organization following the acquisition of Koehring. New product development activity was also increased to upgrade the crane line for the 1980's.

Koehring Excavator Division

The Koehring Excavator Division manufactures heavy duty hydraulic excavators as well as hydraulic and cable cranes in Milwaukee, Wisconsin and Waverly, Iowa and produces tree harvesting and wood processing machinery in Brantford, Ontario. (See Page 16 for comments on the latter.)

Demand for excavators in North America in 1981 was 35 percent below 1980, in turn about 30 percent below 1979, driving sales and earnings below desired levels. Nonetheless, the division operated profitably with good performance at Waverly and Brantford, somewhat offset by the Milwaukee large excavator operation where efforts are well underway to reduce costs to meet market conditions.

A completely redesigned product line was introduced in 1981 featuring 12 new crane and excavator models which were demonstrated to over 1,000 dealers and customers from around the world at *Progress 81*, a major Koehring promotion held in Milwaukee last June. Particularly significant was the introduction of a new 300,000-pound excavator especially suited for mining applications.

Although the excavator market is expected to remain in its current depressed state during 1982, the division anticipates further increases in market share, increased profitability and successful collaboration with Koehring-Morgan, as referenced elsewhere in this report, in the manufacture at Milwaukee of Morgan mud pumps.

The Litwin Companies

The Litwin Companies provide turnkey engineering and construction services for the petroleum and chemical processing industries as well as specialized materials handling systems and carry out general construction projects in North America and abroad.

The group has a unique niche in the industry coupled with a reputation for being reliable turnkey constructors who meet or beat promised delivery schedules at or below budget. During 1981 four large projects were completed with significant shared savings on each.

Litwin Engineers & Constructors

As a result of the virtual cessation of capital expenditures by the middle range of petroleum refiners, this unit had a relatively difficult year added to which a surplus of refined petroleum products in the United States caused further curtailment of refinery construction projects. A bright spot during 1981 was the joint venture established with Monenco Limited for the engineering, design, procurement and construction of a major vacuum gas/oil hydrocracking complex at Sarnia, Ontario, adjacent to Petrosar Limited's petrochemical plant which is one of the largest in North America. However, in recent developments, this project has been scaled back substantially by the owner, lending further confirmation to the existing surplus conditions.

Litwin S.A. (France)

As noted above, severe competition, tight money and a volatile and reduced market worldwide had a negative impact upon all segments of The Litwin Companies. Litwin S.A. suffered similarly. Backlog was helped by securing a major contract at year-end for design, engineering and construction of a $40 million varnishes plant. Indications are that other useful work may be awarded in the first half of 1982.

ORBA

This unit of The Litwin Companies has a worldwide reputation for its capabilities in providing turnkey engineering and construction services for bulk materials handling and transporting facilities as well as providing operating services at completed facilities. ORBA had a good year, modestly exceeding 1981 projections for both sales

Offshore California, single anchor leg mooring terminal began operation in 1981. Engineered and constructed by IMODCO, system interfaces with underwater pipelines to feed crude oil and gas to permanently moored storage and treatment vessel. Shuttle tankers transfer processed crude to shore-based refineries.

and earnings. During the year it completed a 25-acre, $33 million iron ore docking, transfer and storage facility at Toledo, Ohio. Some six million tons of ore will pass through the site annually, delivered by 1,000-foot, self-unloading Great Lakes ore carriers. Burgeoning activities involving conversion from oil- to coal-fueled power generating stations hold good future promise. In addition, ORBA expects to begin work shortly on several East Coast coal terminals and plans to increase its involvement in oil shale and slurry systems.

JESCO

This open shop contractor achieved its earnings plan during 1981, while winning contracts for a variety of construction and equipment installation projects throughout the Southeast United States including plant additions, refinery upgrading, electrical contracting on a waterway lock and design and construction of several manufacturing facilities. It was particularly successful in 1981 in further positioning itself as a merit shop contractor in the petroleum process industry.

The Marine Division

At midyear the Company announced formation of a Marine Division to serve the offshore construction industry more effectively by bringing together the IMODCO and Wiley units in the United States and DB/McDermott in Canada.

IMODCO

This unit designs, manufactures and markets offshore single point mooring (SPM) marine terminals for mooring, loading, unloading and transferring liquids and slurry-form cargoes. While IMODCO fell short of planned sales for the year, it exceeded budgeted profitability significantly. Two notable events transpired during 1981. IMODCO completed installation of its most sophisticated project to date – the Santa Ynez single anchor leg mooring yoke terminal. This deepwater system (494 feet) is the first SPM installed in United States waters. The second noteworthy event was receipt of a contract to manufacture a unique catenary anchor leg mooring yoke system for installation in offshore Indonesian waters.

Wiley

Designs and builds a variety of specialty marine vessels and is a leading United States fabricator of steel tunnel tubes. As indicated in last year's Annual Report, production of the gigantic, double, mile-long steel tubes for a new Interstate-95

Cranes and excavators manufactured by Bantam, Koehring and Lorain perform a spectrum of functions for the construction and mining industries. AMCA International ranks as one of the world's largest crane makers, serving numerous markets throughout North America and overseas. Bantam cranes and excavators are used for relatively lightweight tasks while Lorain tower cranes and hydraulic cranes meet assorted construction needs. The Koehring 1466 series, a mammoth hydraulic excavator or front shovel introduced in 1981 and shown in left and center inset photos on facing page, is designed for open-pit mining and big-volume, mass excavation jobs.

highway tunnel under Baltimore Harbor is the all-encompassing task still ongoing at the Wiley yard in Maryland and which produced sales and profits in 1981 as anticipated. At year-end, ten of the 32 double-tube sections required to complete the tunnel had been delivered to the tunnel site with final tube delivery scheduled for early 1983.

A key challenge in the next 12 months will be to replace the Baltimore project with comparable work for the middle 1980's.

DB/McDermott

This relatively new entity, a partnership with McDermott Incorporated, a leader in the field, was formed to provide the Canadian offshore energy industry with a full range of services including the engineering, fabrication and installation of offshore drilling and production facilities, the laying of subsea pipelines and a variety of ancillary services. During its first months of operation in 1981, DB/McDermott has been organizing and staffing to best serve the needs of the emerging Canadian offshore industry.

Varco-Pruden Buildings

This business manufactures buildings for non-residential applications and is a world leader in the concept of pre-engineered structures. Despite general sluggishness in the building industry due to high interest rates, this operating unit exceeded its sales target for the year by a modest amount although earnings fell short of plan. At the same time, Varco-Pruden Buildings increased its share of market and succeeded in making a deeper penetration into the industrial sector of the construction market.

Innovative marketing methods, including the use of network television, produced good results. The commercials were designed to further national awareness of the Varco-Pruden name while selling product and supporting the cadre of authorized Varco-Pruden builders. As a result, the unit increased its distribution base from 600 builders to more than 700 by year-end.

As announced in last year's Annual Report, a new frame plant was completed during the year and began production in St. Joseph, Missouri. It was in a start-up mode during the second half and is now supplying product to the Plains States, between the Mississippi River and the Rocky Mountains.

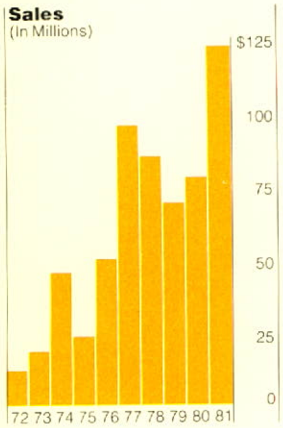
Two major new architectural wall panel products were announced during the year with production tooling for both installed in four Varco-Pruden plants during the fourth quarter.

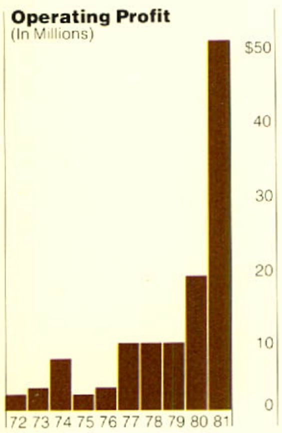

LORAIN
BANTAM
BANTAM
BANTAM
BANTAM

Financial, Marketing, Licensing Services and Special Products

Woodlands harvesting equipment, like feller-buncher at left, is made by Koehring Canada. Used by pulpwood and paper industries, these specialized machines can grip and saw trees up to 22 inches in diameter.

Remington® powder-actuated tool (right), used by contractors to fasten material to a concrete or block surface, is made by DESA Industries, part of the Consumer Products Division. DESA also manufactures electric chain saws (far right) for homeowners who make wood an alternative energy resource.





Results: Sales of $122 million were 58 percent higher than for 1980. Operating profit of $50 million was up 163 percent. International financing operations continued to be of major importance by providing significant assistance to many AMCA International units in their worldwide activities. Koehring Finance, in turn, realized record revenues and earnings based on strong demand for its services from the Koehring units and high interest rates. Span Holdings expanded its product line in the form of much needed components for the production of oil field apparatus. Sales of consumer space heaters were especially notable while powder-actuated tools for home and contractor applications reached new high levels. Koehring Canada's tree harvesting and pulpwood grinding equipment business achieved planned results despite a depressed market.

Outlook: Combined domestic and international financing activities will generate significant additional business and income during 1982. Bright outlook for Span Holdings as worldwide recession is expected to ease during 1982, bringing major construction projects back to a degree of normalcy and an upturn in sales of cranes and pre-engineered buildings. The formation, late in 1981, of a new marketing subsidiary in Switzerland will markedly enhance prospects for supply of new products to the Company's North American operating units and others.

The combining of Atomaster and DESA products under single, strong management, with resulting elimination of manpower redundancies, is expected to bring further progress and a turnaround in certain segments of these businesses that historically have tended toward weaker sales and profit positions.

The Company uses its financial resources to support international sales activities of all operating units. Availability of competitive financing is a valuable tool in worldwide marketing of Company products and engineering/construction services, particularly during periods of uncertain economic conditions.

AMCA Netherlands B.V.

From corporate headquarters in The Netherlands, and through branches and subsidiaries, AMCA Netherlands is engaged in a range of business activities including those normally associated with an international holding company, the licensing of proprietary patents and trademarks throughout the world and in providing specialized services – including steel expediting and related services – all in addition to its main activity of international financing.

During 1981, the financing arm provided important help to many in the AMCA International family of companies by making available in-depth expertise and funds to consummate certain major sales and further develop the growth of the particular operating unit and the Company as a whole.

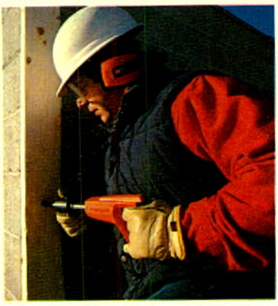
Since formation in 1979, AMCA Netherlands has grown rapidly and has become a significant profit center within the Company through its various monetary activities including the creative employment of available cash funds in markets around the world.

The services this unit makes available to all AMCA operating units enhance their individual and cumulative potential for profitable worldwide sales. In the process, AMCA Netherlands provides access to competitive international financing as a vital tool in the marketing of both industrial and consumer products and also licenses companies around the world to manufacture patented proprietary products.

A new marketing subsidiary was established in Switzerland late in 1981 to further assist AMCA units in the purchase of raw materials and in the sale of finished products.

Span Holdings Limited

Operating from headquarters in Nassau, Bahamas, Span owns, or has under license, rights to market throughout most of the world a variety of AMCA International high technology products. These include Varco-Pruden pre-engineered buildings, Koehring-Clyde Whirley cranes, ship deck equipment, hoists, derricks and barges. Span has also been a purchaser, from worldwide

sources, of raw steel and parts and components for resale in North America and elsewhere.

Despite a world economy in flux during 1981, Span was able to restore profitability in its raw materials business to the pre-1980 level. Conversely, 1981 saw continued low sales levels for pre-engineered buildings. However, Span was successful in establishing a number of new builder-distributors in various areas of the world and continued to be the largest single purchaser of Varco-Pruden buildings.

Koehring Finance Corporation
KFC provides a wide range of financial services to support the sale of Koehring products in North America.

Traditionally, KFC has provided financing for Koehring's dealers and distributors. In 1981, KFC commenced providing a broad variety of end user (retail) financing plans to assist Koehring in the sale of its products. In addition, KFC's continuing efforts to broaden its product line led to the development of a "leverage lease" program during 1981. With passage of the Economic Recovery Tax Act of 1981, this capability should clearly enhance the sales potential of the Koehring units now and in future years.

Consumer Products Division
This division was formed in mid-1981 in order to combine the Company's consumer oriented product lines under a single management. The division consists of two operations – Atomaster, headquartered in Kentucky, and DESA Industries, based in Illinois. Atomaster, a leading manufacturer and marketer of portable oil-fired and

As heating costs soar, homeowners seek new sources of area warmth. Particularly popular have been the line of kerosene and oil-fired heaters produced by Atomaster, a unit in the Company's Consumer Products Division. Sold under the Comfort Glow® and Koehring brand names are heaters for in-home use. These state-of-the-art units (see inset photos) are smoke- and odor-free, 99 percent fuel efficient and feature automatic shutoff systems should heater be jarred or tipped. Atomaster also manufactures forced air units under the Reddy Heater® and Master® brand names. These heaters provide efficient, convenient warmth in larger areas and fill special heating needs of contractors, farmers and tradesmen.

kerosene heaters for use in consumer, industrial, agricultural and construction sectors enjoyed an outstanding year in terms of both sales and profit growth. The major factor in this performance was consumer acceptance of Atomaster's new line of kerosene wick heaters sold under the Comfort Glow® and Sears brand names. DESA's results were considerably below expectations, primarily reflecting declining demand and increased competition in the gasoline end of the chain saw business. That segment of the product line was divested by year-end. Demand for DESA's remaining products – electric chain saws and powder-actuated tools and fasteners – remained at acceptable levels. A major cost reduction program was implemented as a consequence of the divestiture of the gasoline chain saw element and is expected to improve future operating results.

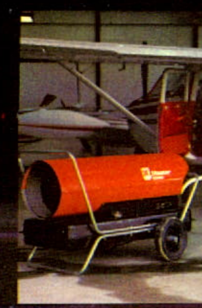
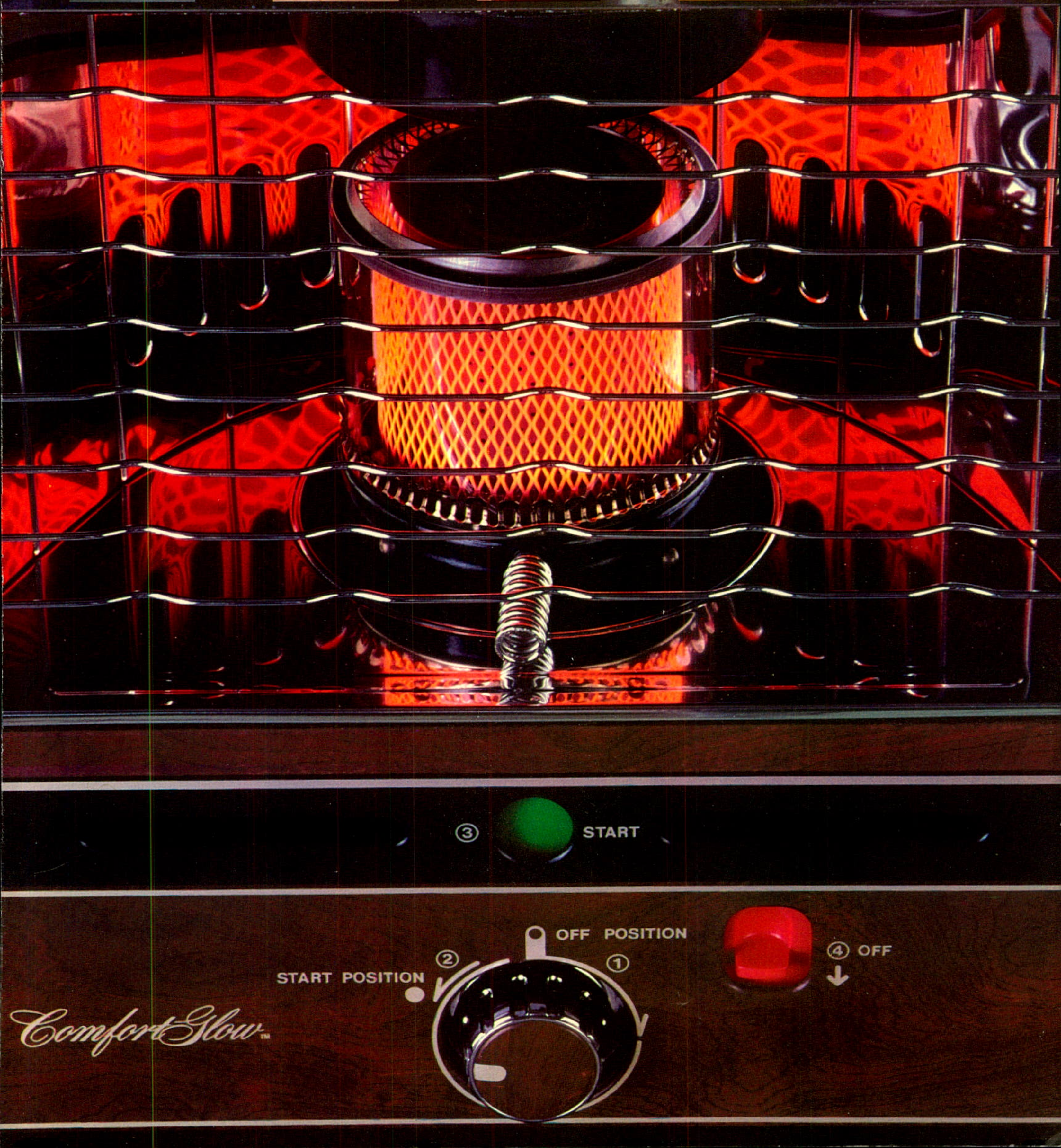
Koehring Canada (Woodlands)

This Canadian operating unit specializes in machinery for harvesting and processing of pulpwood. It manufactures and markets a line of machines for forest operations that mechanically cut, de-limb and stack pulpwood. Other products include paper mill machinery such as pulp grinders sold under the Waterous trade name. During 1981 a new disc-type cutting head was introduced for use in tree felling. It allows for cutting trees cleanly at ground level even in frozen conditions.

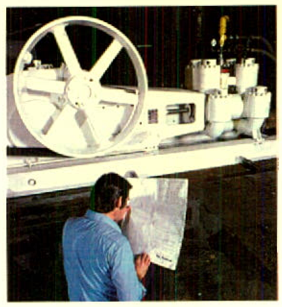
While market conditions were depressed, this unit virtually achieved planned levels of sales and earnings helped by good parts sales and excellent control of expenses. Special efforts will be made in 1982 to extend the marketing of this unit's product lines into the extensive forest harvesting regions of the Southeast and Northwest United States.




REDDY HEATER

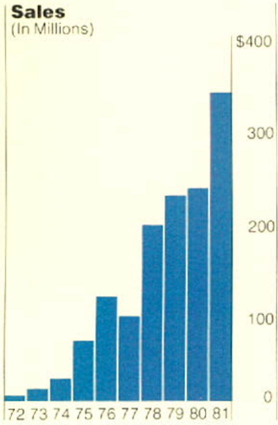


③ START
OFF POSITION
START POSITION ②
①
④ OFF
ComfortGlow™

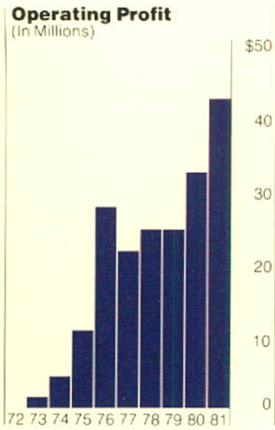
Industrial Products



Mud pump (left) built by Koehring-Morgan Petroleum Equipment, moves manufactured "mud" that acts as medium to carry cuttings to top of hole in which an oil well is being drilled. Koehring-Morgan's entrance into oil field equipment market provides greater utilization of facilities in Ohio plant.

Introduced in 1981, the Veetrac™ wire drawing machine, made by Fenn Manufacturing, is expected to revolutionize the industry. Capable of drawing high carbon steel rod into wire of various sizes at speed of over 3700 feet per minute, Veetrac essentially eliminates noise and air pollutants normally associated with wire drawing.





Results: Sales of $338 million were 44 percent higher than for 1980 while operating profit of $42 million was 31 percent higher. Sales were brisk in such sectors as Cherry-Burrell's food and beverage processing and packaging equipment, Koehring-Clyde Whirley cranes, aerospace components, special industrial cranes, and Koehring-Speedstar shallow well drilling equipment. Sales and earnings were down in automotive-related fasteners, padding and foam seating applications. Koehring-Morgan, although positioning itself well for the future, had an unsatisfactory year in a profitability sense and, as a result, produced a loss on operations.

Outlook: Results are expected to improve in 1982 if current depressed economic levels improve, as presently anticipated, later in the year. Energy markets softened late in 1981 but should firm somewhat by mid-1982. This projection, together with Koehring-Morgan Petroleum Equipment's plans to produce and market new oil field products, are grounds for some optimism in this sector of the Company's operations. Continued depressed automotive markets, as well as increased competition for Cherry-Burrell's products, will possibly prevent any significant improvement in those units. Aerospace operations at Fenn should continue to achieve good performance related, in part, to high backlogs while Monroe's pricing and backlog levels, which declined in 1981, are not expected to return to record 1980 levels until late 1982 or 1983.

Cherry-Burrell gable-top carton packaging machines handle various sizes of beverage containers in high-capacity, efficient filling process. Long a domestic leader in food processing and packaging equipment, Cherry-Burrell recently has achieved marked expansion in its international sales activity.

Cherry-Burrell

A major producer of fluid processing and packaging equipment for the dairy and beverage industries, Cherry-Burrell is a leading manufacturer of carton filling machines. Domestic and international carton filler markets were adversely affected during the year by high interest rates, the strength of the U.S. dollar and increased competition. For the sixth consecutive year since its acquisition, this unit exceeded the previous year's performance in sales and at the same time maintained the record level of earnings achieved in the previous year. A major factor in the outstanding performance was the increased penetration of international carton filler markets. It will be difficult to maintain that pace in 1982 with backlog somewhat lower than a year ago.

Koehring-Clyde

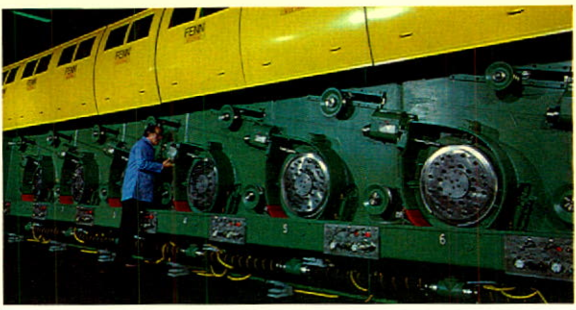
A manufacturer of revolving Whirley cranes and specialized equipment for lifting and pulling extremely heavy loads, Koehring-Clyde's sales and earnings approached record levels during 1981. The dramatic increase in coal exports from the United States created a surge as Koehring-Clyde Whirley cranes were specified almost exclusively on the East and Gulf coasts for mid-stream transfer of coal from river barges to ocean going ships.

Koehring-Clyde's offshore crane business also showed renewed strength, highlighted by a contract for a 2,200-ton unit for use by one of the major offshore construction firms. Also of significance in this market were several orders for retrofit packages enabling Clyde owners to upgrade the capacity of existing cranes.

The division entered 1982 with a near record backlog and with an excellent opportunity for another record-breaking performance.

Engineered Components Division

This division was formed during 1981 and consists of Janesville Products, manufacturer of padding and foam seating for the automotive industry; Continental Screw and Midland Screw, producers of specialty fasteners for the automotive, appliance and electronics industries. Results for these businesses were disappointing as a result of depressed market conditions prevailing in the automotive industry and manufacturing problems at fastener operations where a major manufacturing and overhead cost reduction program, coupled with a management reorganization, has been implemented to improve profitability. Janesville maintained its profitability despite less than attractive market conditions and started up a new



fiber padding plant in Oklahoma to serve the nearby General Motors assembly plant.

Aerospace Division

This new division consists of Monroe Forgings and Fenn Manufacturing, which manufacture and market products predominantly for the aerospace industry. Formation of this division should enable the Company to more fully capitalize on the growth projected for the aerospace sector during the balance of this decade. The division maintained the high level of profitability achieved in 1980 with Fenn's earnings rising substantially while Monroe's profits came down from the record level achieved in 1980. Monroe's bookings, backlog and margins were adversely affected by a decline in short-term demand for commercial jet engines. Fenn sales and earnings rose sharply, reflecting the positive effect of the manufacturing capacity expansion undertaken in 1980 as well as operational improvements instituted during 1981.

Koehring Fluid Power Division

The Fluid Power Division, formed during 1981, brings together the Company's hydraulic components businesses – hydraulic valves and cylinders, control valves, servo valves and simulators. These components and systems are used by a broad spectrum of equipment manufacturers (including intra-company) serving the construction, agriculture, automotive, mining and related industries. Depressed conditions during 1981 in these markets contributed to sales and earnings below planned levels but were mitigated substantially by good control of expenses and inventories.

Good progress was made to position the division in the forefront of its field as economic conditions improve. A new computer-controlled electronic-hydraulic control system was developed by Koehring-HUSCO and Koehring-Pegasus to provide improved productivity and reduced downtime for excavators and other construction equipment. In addition, Koehring-Pegasus continued to extend its line of servo valves for the growing market for industrial robots.

The Fluid Power Division units – Koehring-Benton Harbor, HUSCO and Pegasus – occupy a significant position in market segments served.

Koehring Production Systems Division

This division, formed during 1981, brings together the Company's industrial crane and materials handling capabilities (Koehring-Morgan and Koehring-Provincial) and its petroleum equipment and water and oil well drilling capabilities (Koehring-Morgan Petroleum Equipment and Koehring-Speedstar).

Notwithstanding a loss at Koehring-Morgan, the division had a strong year with increases in

Increasing foreign oil prices plus potentially unreliable supplies have caused producers to reexamine shallow production drilling which heretofore was too expensive to be worth the effort. Koehring-Speedstar has developed and introduced a drilling rig, the SS-60 (shown at right), especially suited to shallow production drilling for oil and gas, at existing fields or for exploring new leases. The new rig is highly portable and meets needs of drilling contractors who want a modern rig with maximum "up time." It's a system that moves in quickly, rigs up easily and punches holes down to over 6,000 feet in record time.

sales and profits due largely to the upswing in sales of shallow well drilling rigs from Koehring-Speedstar and to a strong performance at Koehring-Provincial. The introduction of new product lines at Koehring-Morgan, including oil field pumping units and mud pumps, and a resurgence in the latter part of 1981 of Koehring-Morgan's basic crane business present some attractive potential for 1982 and beyond if the work is executed in line with Koehring-Morgan's plans.

Koehring-Morgan

This unit continued to experience weak business conditions in its traditional steel markets in the first half of the year. Bookings and margins improved materially in the second half and are expected to do so at an accelerating rate during 1982. Koehring-Morgan is aggressively pursuing the major continuous casting modernization program currently underway in the United States steel industry and, with a strong year-end backlog, is expected to have its best performance in some years during 1982.

Koehring-Morgan Petroleum Equipment

This oilfield equipment business was begun in 1981 as a new endeavor at the Koehring-Morgan facilities in Alliance, Ohio. Both pumping unit and mud pump products were introduced to the field during the year and, although demand in the pumping unit market fell off in the second half as the recession deepened, management believes the future for these products, which are required by the energy industry, is encouraging.

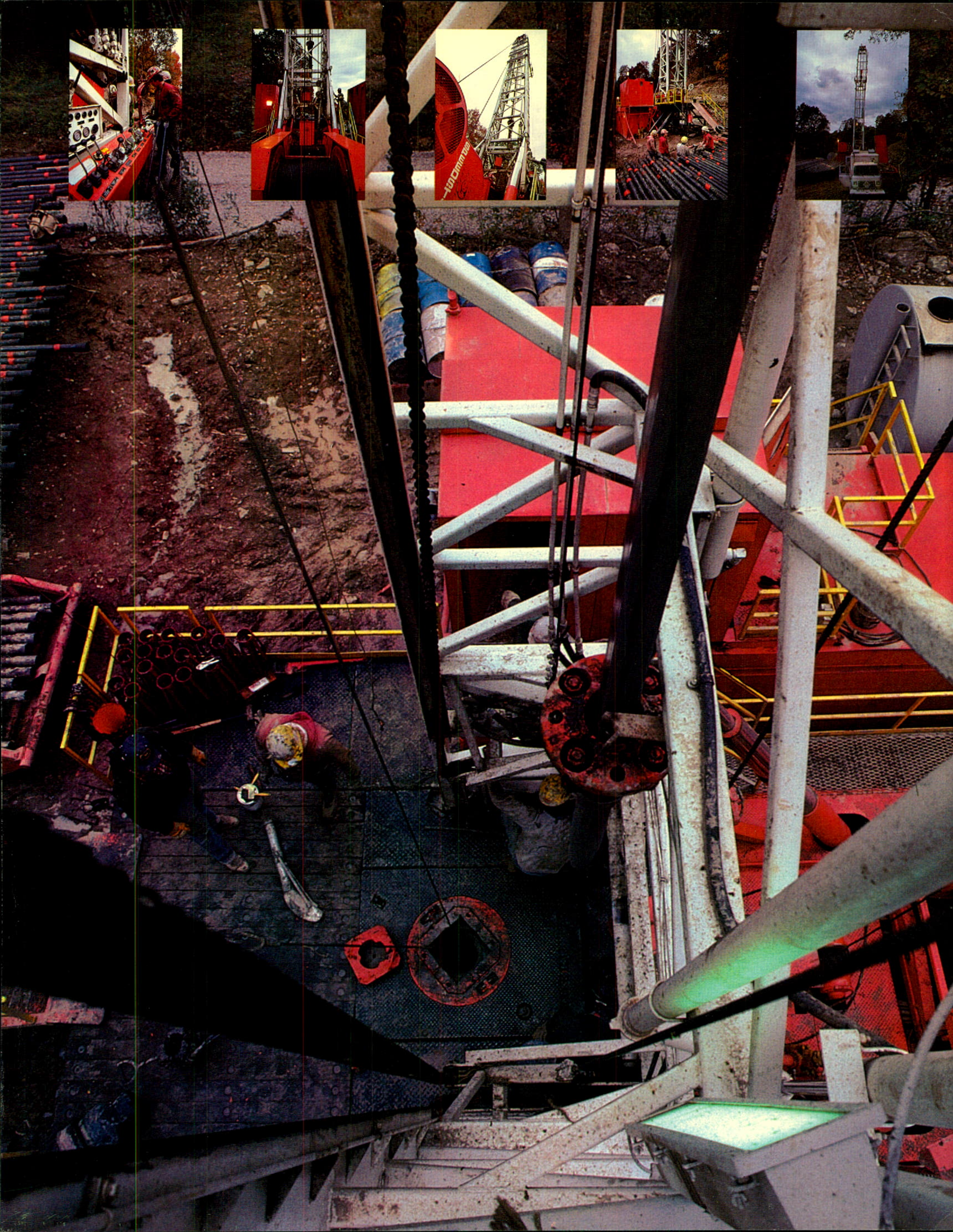
Major attention is being devoted to increasing production efficiency, minimizing start-up costs and eliminating some excessive inventory that built up during the introductory phase of these new product lines.

Koehring-Provincial

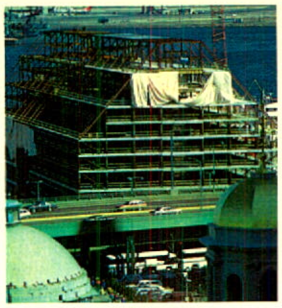
This Canadian unit had a record year in sales and profits with significant sales to the Canadian steel industry. In addition, Koehring-Morgan and Koehring-Provincial are together pursuing the United States industrial crane market, utilizing the combined engineering, manufacturing and marketing skills of both operating units. Results to date are encouraging.

Koehring-Speedstar

Koehring-Speedstar manufactures drilling equipment for water wells, shallow oil and gas wells and for oil and mineral exploration. Sales and profits for this unit were at record levels as a result of heavy demand for mobile oil well drilling rigs. Domestic demand for water well drilling equipment, on the other hand, was soft, offset to some degree by international activity.

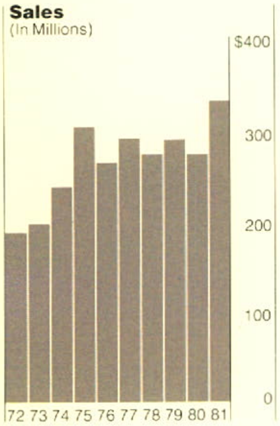


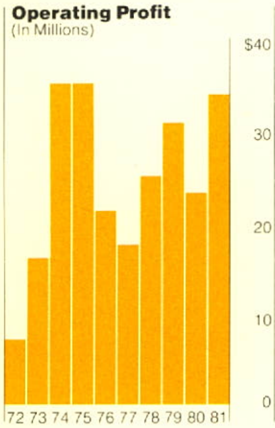
Steel Products and Services



Steel and erection services for Long Wharf Hotel on Boston's historic waterfront have been provided by Dominion Bridge-Sulzer, the Company's 51-percent-owned affiliate in Quebec.

Unusual building method is represented by Pashleth Creek Bridge, supplied by Dominion Bridge-Vancouver whose crews erected span over chasm 325 feet deep in British Columbia wilderness. Carrying mast was set on far side (see photo at right) and bridge, built on near side, was winched across. When complete, it will carry logging vehicles.





Results: Sales of $327 million were 20 percent higher than for 1980 while operating profit of $34 million was 48 percent higher. In Canada, as in the United States, continuing inflation, high interest rates, and a depressed construction industry had a detrimental effect on business generally during 1981. Prices for steel products were, as a result, down with heavy competition for the reduced demand.

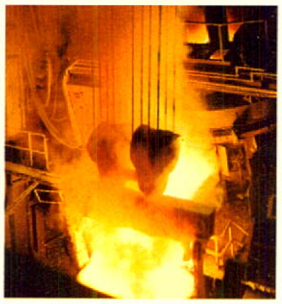
An especially disappointing year was experienced by Dominion Bridge-Sulzer.

Outlook: Although backlogs are 25 percent higher entering the year, 1982 results are expected to be about the same as 1981.

High interest rates and high inflation are expected to continue to dampen demand, particularly in Eastern Canada. Continuing resource development in Western Canada will cushion the impact on Western Canada.

Recent softened demand for steel products from our rolling mill and steel service centers is expected to continue in the first half of 1982. On the other hand, facility upgrading completed at the mill and at a number of fabricating plants during 1981 should help profitability during 1982.

Conversion of one of two 50-ton electric melt furnaces to ultra high power operation helped Manitoba Rolling Mills produce 250,000 tons of finished steel products during 1981. Tonnage is largest annual output in history of this plant.



The Company operates seven steel fabricating facilities, a steel rolling mill and eleven steel service centers in Canada and is a 51-percent partner in Dominion Bridge-Sulzer. The Company manufactures a wide variety of structural steel, plate and specialty steel products at its plants and offers a wide range of design, engineering and construction service capabilities across Canada.

Operations are subject to overall coordination from a central office in Canada and are divided into four divisions: Eastern Canada (with administrative offices in Toronto), Western Canada (Calgary), Manitoba Rolling Mills (Selkirk) and Dominion Bridge-Sulzer (Montreal).

Eastern Canada

Although the impact of an inflationary economy coupled with continued high interest rates had a marked impact, the year closed about on target for sales and earnings. With booking of a major contract for Ontario Hydro's new Darlington Generating Station, valued at $41 million, Eastern Canada operations had a cumulative total of contracts secured in 1981 amounting to a record $150 million. The Darlington contract, one of the largest of its kind ever placed in Canada, will last from 1982 to 1987.

Dominion Bridge-Sulzer Inc., a joint undertaking with Sulzer Brothers Limited of Switzerland, experienced a significant loss for the year. Poor operating performance was the main reason not helped by unattractive market conditions in Quebec. Major management changes have recently been implemented in this operation to address the problems.

On the brighter side, the new facilities for production of hydraulic products were completed and in operation at Montreal by year-end. This is the plant where the Straflo® turbine is being manufactured for the Bay of Fundy tidal power project at Annapolis Royal in Nova Scotia. Production is on schedule with the installation expected to be completed as planned early in 1983.

During the year the Eastern Canada Division was reorganized following the untimely death of J. R. Irwin, its senior officer. S. F. Angus, who had been general manager of Dominion Bridge–Ontario, became division vice president.

Western Canada

While operating units in Western Canada were also negatively impacted by continued inflation and high interest rates, both sales and earnings exceeded expectations for the year with the division successful in winning a number of highly attractive contracts. Units supplied 10,000 tons of steel for a potash mine; designed and built a major coal washing and loadout facility; supplied and erected steel for a coal-fired power generating station and fabricated transmission towers for the government of Kenya. Together these contracts were valued at over $85 million.

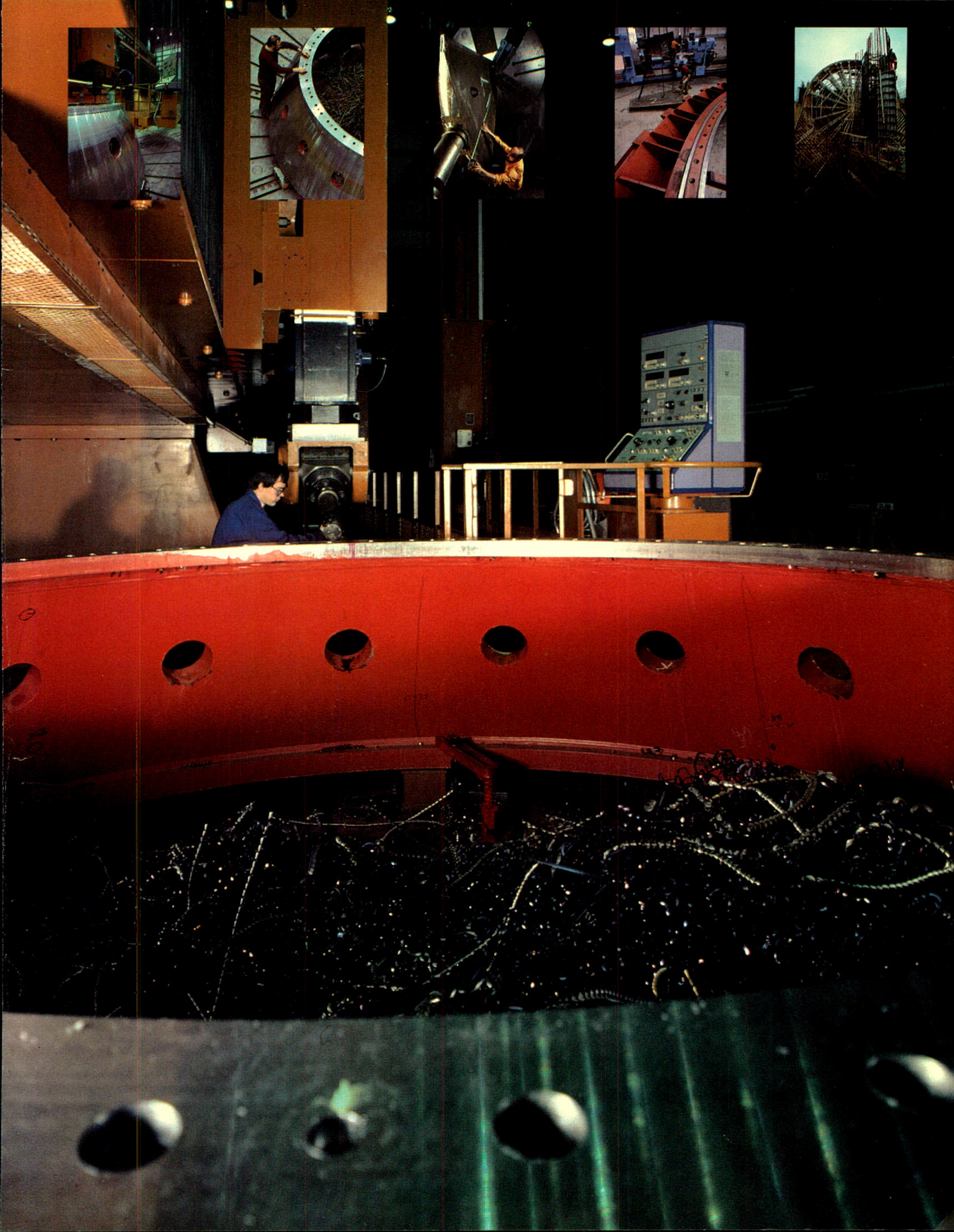
Major disappointments were the collapse of the Canadian market for oil field pumping units following introduction of the Federal Government's National Energy Policy and a prolonged strike in the forest industry which adversely affected orders for structural steel that would have been used in conjunction with construction projects involving wood product production.

The year closed on a positive note as operations in Western Canada entered 1982 with the largest backlog of work in the division's history.

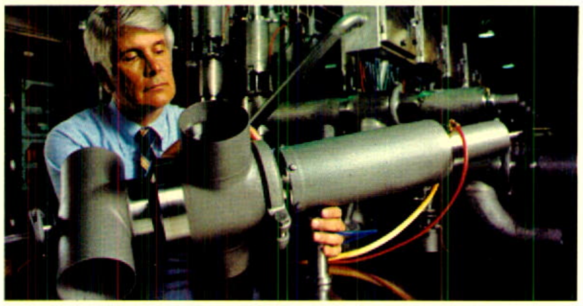
Components of 900-ton Straflo® hydraulic turbine (right) to be installed at Annapolis Royal, Nova Scotia tidal power generating station, are manufactured at Dominion Bridge-Sulzer, the Company's 51-percent-owned affiliate in Montreal. Precision machining of parts takes place in hydraulic shop opened in 1981. The turbine, measuring nearly 25 feet in diameter, will be shipped in sections later this year for installation in dike (shown in right inset) to harness flow of water entering and leaving Annapolis Basin. Water trapped at high tide will be released at low tide to generate an expected 50 million kilowatt hours of electricity a year. Turbine is at hub of pilot plant for massive Bay of Fundy tidal power project.

Manitoba Rolling Mills

MRM produces steel bar, rod, channel, light structural sections and special shapes for customers predominantly in the prairie provinces of Canada and in the Northwest United States. Full operation during 1981, including completed conversion of one of its two electric furnaces to high power, resulted in the largest annual output (250,000 tons) in the history of this facility. The mill was also successful in effecting a better balance in product mix related to total volume which contributed to record-breaking profits in 1981.

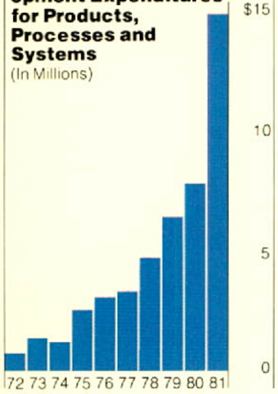


Profit Improvement

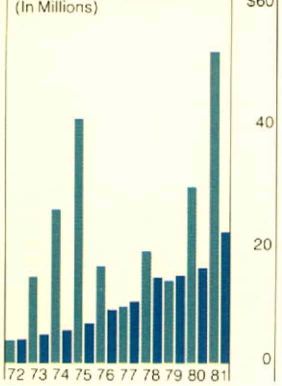


Product development by Company units to meet market needs is reflected by double block and bleed valve (DBBV) developed by Cherry-Burrell for use in beverage manifold distribution systems. This valve system combines functions of three valves into one. Cherry-Burrell is sole manufacturer of DBBV in the United States.

Research and Development Expenditures for Products, Processes and Systems
(In Millions)



Capital Expenditures
Depreciation
(In Millions)



Continuing profit improvement is a primary objective. Achievement of this objective is one of the accountabilities of each manager. Specific goals set annually are monitored at regular intervals to assure adequate efforts to reach and exceed them. Improved profits result from technology exchange, proprietary products development, quality assurance, new uses for computers and careful management of assets and capital investments.

The Company achieves improved profitability in a number of ways: Applied research and development, adoption of new manufacturing technologies, production of proprietary products, active quality assurance programs, effective computer utilization, judicious asset management and enlightened capital investment.

Research and Development

During 1981 the Company spent $14 million in major research and development programs which are expected to have a positive impact upon productivity and product development. Some of the research programs also have received funding support from the Canadian Government. Acquisition of certain advanced scientific equipment is facilitating these efforts.

Development of new products and the improvement of existing products, many incorporating the latest state-of-the-art technology in hydraulics, electronics and materials, has been a continuous activity in the operating units, thus helping assure the continuing strength of the Company's product lines.

Computer Utilization

Resources of the Corporate Computer Center in Memphis, Tennessee are utilized extensively by all operating units. Professional assistance provided by the staff is having a marked effect upon a growing number of functions throughout the Company.

Introduction of word processing technology has effected major changes in those offices where equipment has already been installed. The equipment, using display screens and keyboards, not only provides significant gains in productivity over even the most advanced alternatives, it has also made possible the electronic transmission of letters, memoranda and reports between properly equipped offices of the Company.

Productivity gains have also been realized at many units through implementation of computerized material planning, on-line information systems and computer-aided design and manufacturing systems.

Word processing equipment already operating at several Company locations has dramatically improved communications efficiency. When network is complete, system will allow high speed electronic transmission of both verbal and numerical documents throughout the Company. The system installed utilizes Continental fasteners.

Asset Management

The Company is dedicated to a program of optimizing return on assets by aggressively managing the investment which the Company has in any business unit. The key measurement of each unit and its management is the return achieved on net assets employed.

Capital Investment

Projected capital expenditures by any unit of the Company are carefully analyzed with respect to anticipated costs and associated benefits. In 1981 the Company invested $50 million, an increase of 80 percent over the prior year, reflecting the inclusion of the Koehring units and expansion of the Wiley, Koehring-BOMAG (Boppard) and Varco-Pruden (Missouri) facilities. Generally about one-third of these expenditures is aimed at reducing production costs, one-third represents replacement and modernization, and one-third is for increased capacity, improvement of safety, health and environmental conditions and to improve product quality. Major expenditures are audited after implementation to determine if anticipated benefits have been achieved and to help assure that related management actions are being implemented in a timely and effective way.

People: The Most Important Asset

***Dimension* telephone system provides maximum flexibility and efficiency in Company's phone communications. Built-in memory and speed calling capabilities allow individual employee-users to handle with ease functions previously requiring operator assistance. The system utilizes Continental fasteners.**

As stated many times, the Company's prime asset is its people. Fundamental to corporate strategy is the attraction, retention, development and replenishment of this basic asset. This is achieved through a variety of programs in recruiting, salaries, incentive compensation, fringe benefits, training, manpower development, employee relations and good working conditions.

Human Resources
The Company has a strong management team made up of highly qualified, experienced managers who have been selected through the Corporation's assessment and development processes. The organizational development program is in place to ensure that excellent managerial talent from within the Company will continue to be available. The management development process is supported by specialized executive training efforts such as the month-long executive development course conducted each year at The Amos Tuck School of Business Administration, Dartmouth College. These programs are sponsored to reinforce fundamental principles of management as well as to keep our management current on the latest proven methods of planning, organizing and directing our businesses.

Skills Training
During the year, the Company sponsored a series of training programs to upgrade the skills of our shop and office employees. The Corporate Training Center originated and conducted a number of courses tailored to Company needs. During 1981, a total of 700 employees took advantage of courses either at the Center or, in many instances, at operating locations.

Research in specialized electroslag welding of steel plate more than two inches thick is a measure of work accomplished at the Corporate Research Laboratory. Such welds are used in pressure vessel walls and require development of procedures to economically heat treat the weld zone rather than the entire vessel. The project is partially funded by the Canadian government.

Health and Safety
Employee health and safety is a continuing concern of the Company. At each plant location there are specialists who help assure that procedures are carefully followed for on-the-job safety.

Labor Relations
The Company experienced two major strikes at its manufacturing operations in the United States, both of which extended over a two-and-one-half month period. The first occurred at the Koehring-Lorain plant in Chattanooga, Tennessee and the second at the coal terminal operated by ORBA in Pride, Alabama. Eighteen collective bargaining agreements were renegotiated at manufacturing locations in the United States and Canada and there were no serious work stoppages at any of the Company's construction sites throughout North America.

Employees at Varco-Pruden and Janesville plants in Wisconsin and Oklahoma respectively voted to remain union-free in elections conducted by the National Labor Relations Board.

Another heavy bargaining year is scheduled for 1982 in manufacturing with five labor agreements expiring in Canada and ten in the United States. The construction industry in Canada will be bargaining new contracts in all provinces except Nova Scotia.

The excellent relationships which the Company enjoys with a large number of widely diversified labor unions should facilitate our efforts to increase productivity as we face the challenge of remaining competitive in world markets. The easing of both inflation and rising unemployment in the United States sector of our business should have a tempering impact on wage and benefit increases throughout 1982.

Quarter Century Club
There were 496 new members welcomed into the Quarter Century Club in 1981. The total number of club members has now reached nearly 3,800 which cumulatively represents almost 100,000 years of service to the Company and its customers.

Financial Review

Summary of Results

As elsewhere highlighted in this report to shareholders, 1981 was another good year. The accompanying financial statements provide detailed information about the Company and the contributions to operating income from continuing operations.

The Company achieved record revenues and net income, up 48 percent and 44 percent respectively, over 1980.

Operating income before gains on divestitures was up 52 percent over 1980 and at a record level for the 14th year in a row.

Earnings per share of $2.61 were up 43 percent from the 1980 level of $1.82. The weighted average number of common shares outstanding in 1981 and 1980 amounted to 26.9 million and 26.8 million respectively.

The Company began the year with a backlog of $744 million, obtained new business during 1981 at record rates, had record sales and entered 1982 with a backlog of work to be completed of $868 million – approximately 17 percent higher than a year ago. The latter has positive implications for 1982.

Financial Position

Return on average shareholders' equity increased to 20 percent during 1981, compared with 15.2 percent in 1980.

Shareholders' equity continued to grow, reflecting the record earnings, and was $13.70 per share at December 31, 1981, an increase of 10.2 percent over 1980.

During 1981, dividends were paid totaling $1.00 per share versus 85 cents ($1.00 Canadian) in 1980. This was the 69th year in a row that the Company paid dividends.

With the addition of the Revolving Credit Agreements mentioned below, the ratio of equity to long-term debt at December 31, 1981 was 1.2-to-1 compared with 2-to-1 a year earlier.

Working capital increased by $110 million in 1981 (influenced significantly by new Revolving Credit Agreements) and totaled $346 million at year-end, resulting in a current ratio of 1.68-to-1 compared to 1.55-to-1 a year ago. As on other occasions in the last decade, the Company has positioned liquid assets so as to be able to take advantage of acquisition opportunities when timing and other related factors are deemed to be appropriate. Excluding cash, working capital increased $30 million from year to year.

In 1981 and 1980, the Company's effective income tax rates were below statutory rates primarily due to lower tax rates associated with certain foreign operations, DISC benefits and investment tax credits.

Foreign Currency Translation

The Company changed its method of accounting for foreign currency translation in accordance with the provisions of United States Financial Accounting Standards Board Statement #52. Accordingly, all assets and liabilities were translated into U.S. dollars using current exchange rates and income statement items have been translated using the weighted average exchange rates for the year. The translation adjustment is now included as a component of shareholders' equity with gains and losses on actual foreign currency transactions included in income. Previously, certain assets and liabilities were translated at historical exchange rates and net *unrealized* gains and losses resulting from translation were reflected in the income statement currently. This revised accounting treatment addresses points made last year and more clearly portrays economic reality.

Financing

World capital markets continued in unpredictable fashion during 1981, with tremendous volatility experienced in interest rates and the availability of funds. The Company elected to arrange $220 million in new credit facilities as a result of continuing unsettled conditions. The new facilities provide the flexibility of raising funds at the Company's discretion.

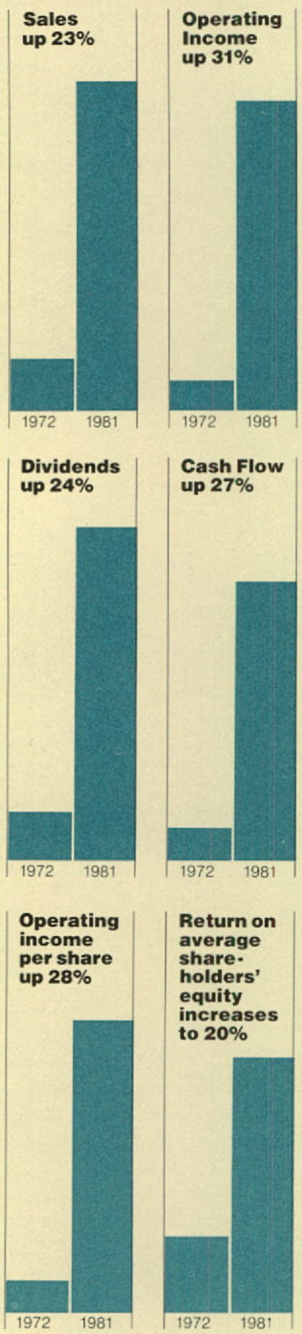
During 1981, long-term debt increased $133 million. The proceeds were used principally to support increased investments in working capital and fixed assets at the operating level. The increase in interest expense during the year is related to the inclusion of the debt associated with the Koehring acquisition in late 1980 for a full year, higher debt levels outstanding during 1981 and to the extremely high interest rates incurred for variable rate borrowings in the year.

The Company enters 1982 with approximately $355 million of unutilized borrowing capacity in addition to approximately $177 million in cash resources as detailed on the Consolidated Statement of Financial Position.

AMCA International will continue to seek opportunities to selectively enter world capital markets with the objective of raising capital to fund continually expanding activities. In addition, capital will continue to be generated from internal sources and, where consistent with the Company's strategic operating plan, by the prudent and selective disposition of any part of the asset base not producing adequate returns. The Company continues to believe that the latter is essential in optimizing return on invested capital, permitting as it does reinvestment of the proceeds in potentially higher growth alternatives.

Varco-Pruden buildings house manufacturing and storage operations at cane sugar plant in Hawaii. Manufacturing process breaks down bagasse, a fibrous residue from sugar cane processing, into a stable and easily transported biomass fuel. Pelletized fuel is used to generate electricity to run sugar cane factory. Storage building, 85 feet high to the ridge, is one of the largest pre-engineered metal A-frame buildings ever fabricated.

Ten Year Record of Annual Growth



Ten Year Statistical Summary

	1981	1980
Operating Results ($ Millions)		
Sales	**1,562**	1,062
Operating income before income taxes	**117**	70
Income taxes	**48**	25
Operating income	**69**	45
Gain on sale of assets – net of income tax	**1**	4
Net income	**70**	49
Dividends	**27**	23
Income retained	**43**	26
Financial Condition and Ratios ($ Millions)		
Working capital	**346**	235
Cash flow from operations	**88**	59
Net fixed assets	**198**	181
Depreciation	**21**	15
Additions to fixed assets	**51**	28
Long-term debt	**297**	163
Shareholders' equity	**368**	334
Return on average shareholders' equity %	**20.0**	15.2
Net income on sales %	**4.5**	4.6
Per Share Data ($)		
Sales	**58.15**	39.60
Operating income	**2.56**	1.69
Gain on sale of assets – net of income tax	**.05**	.13
Net income	**2.61**	1.82
Dividends	**1.00**	0.85
Income retained	**1.61**	.97
Cash flow from operations	**3.29**	2.20
Equity at year end	**13.70**	12.43
Shareholders and Employees		
Number of shareholders	**5,733**	5,810
Number of employees	**17,305**	16,235
Number of shares outstanding (thousands)	**26,891**	26,853

Data for all years has been adjusted to reflect the two-for-one stock subdivisions in November 1974, October 1976 and December 1979. Years 1977 through 1980 have been restated to adopt and comply with the provisions of United States Financial Accounting Standards Board Statement Number 52 (see Note 2 to the Consolidated Financial Statements).

Per share data, except equity at year end, has been calculated based on the weighted average shares outstanding during the year.

U.S. Dollars			Canadian Dollars				
1979	1978	1977	1976	1975	1974	1973	1972
934	883	581	520	459	370	278	237
63	68	52	51	39	36	21	12
23	32	19	22	15	16	9	6
40	36	33	29	24	20	12	6
13	–	–	–	4	–	–	6
53	36	33	29	28	20	12	12
17	11	9	10	9	6	4	4
36	25	24	19	19	14	8	8
263	171	107	104	88	73	77	68
51	52	45	40	37	32	19	10
106	124	128	108	102	70	51	42
14	14	10	9	7	6	5	4
13	18	9	16	40	25	14	4
115	139	104	31	32	20	22	10
309	198	181	161	142	123	109	101
20.9	19.0	19.3	19.0	18.2	17.1	11.0	6.1
5.7	4.1	5.7	5.6	5.3	5.4	4.2	2.5
40.06	41.42	27.29	24.45	21.65	17.48	13.14	11.28
1.72	1.69	1.55	1.36	1.14	0.94	0.55	0.28
.57	–	–	–	0.20	–	–	0.28
2.29	1.69	1.55	1.36	1.34	0.94	0.55	0.56
0.71	0.51	0.44	0.49	0.43	0.27	0.19	0.17
1.58	1.18	1.11	0.87	0.92	0.67	0.36	0.39
2.19	2.43	2.12	1.88	1.76	1.49	0.90	0.49
11.61	9.28	8.51	7.58	6.74	5.82	5.15	4.82
4,397	3,859	3,835	3,688	3,504	3,402	3,607	3,854
13,336	13,595	8,995	10,313	11,166	9,087	8,122	7,152
26,630	21,329	21,268	21,250	21,216	21,192	21,184	20,972

(Formerly Dominion Bridge Company, Limited)

Consolidated Statement of Income

Year ended December 31, 1981
(In thousands of U.S. dollars)

	1981	1980 Restated (Note 2)
Revenues:		
Sales	**$1,562,378**	$1,061,511
Equity in pre-tax earnings of unconsolidated subsidiaries and affiliates (Note 4)	**10,606**	1,602
	1,572,984	1,063,113
Costs and expenses:		
Cost of sales and operating expenses	**1,389,461**	967,333
Depreciation and amortization	**24,061**	18,139
Interest – net (Note 8)	**44,248**	7,345
Foreign currency transaction (gain) loss	**(1,986)**	283
	1,455,784	993,100
Operating income before income taxes	**117,200**	70,013
Provision for income taxes:		
Current	**47,166**	32,884
Deferred	**1,078**	(8,114)
	48,244	24,770
Operating income	**68,956**	45,243
Gain on sale of assets – net of income tax of $757 in 1981 and $965 in 1980	**1,274**	3,534
Net income	**$ 70,230**	$ 48,777
Earnings per share (Note 1):		
Operating income	**$2.56**	$1.69
Gain on sale of assets – net of income tax	**.05**	.13
Net income	**$2.61**	$1.82

Consolidated Statement of Retained Earnings

Year ended December 31, 1981
(In thousands of U.S. dollars)

	1981	1980 Restated (Note 2)
Balance at beginning of year		
As previously reported	**$248,414**	$223,966
Foreign currency translation adjustment (Note 2)	**7,012**	5,506
As restated	**255,426**	229,472
Net income	**70,230**	48,777
	325,656	278,249
Dividends (per share: 1981 – $1.00, 1980 – $.85)	**26,870**	22,823
Balance at end of year	**$298,786**	$255,426

See accompanying notes.

Consolidated Statement of Changes in Financial Position

Year ended December 31, 1981
(In thousands of U.S. dollars)

	1981	1980 Restated (Note 2)
Sources of working capital:		
Operations:		
Net income	**$ 70,230**	$ 48,777
Add (deduct) items not affecting working capital:		
Depreciation	**21,446**	15,389
Amortization	**2,615**	2,750
Increase (decrease) in deferred income taxes (noncurrent)	**1,154**	(1,768)
Pre-tax gain on sale of assets	**(2,859)**	(4,842)
Equity in net income of unconsolidated subsidiaries and affiliates	**(5,427)**	(765)
Other	**1,320**	(575)
Working capital provided from operations	**88,479**	58,966
Proceeds from long-term debt	**156,309**	–
Proceeds from sale of assets, net of working capital of $177 in 1981 and $2,540 in 1980	**10,182**	7,314
Issue of share capital	**327**	1,727
Other	**547**	7,942
Total working capital provided	**255,844**	75,949
Applications of working capital:		
Acquisition of net noncurrent assets of Koehring:		
Fixed assets	**–**	66,200
Investment in unconsolidated subsidiaries and affiliates	**–**	42,188
Assumption of long-term debt	**–**	(62,310)
Other	**–**	(13,689)
	–	32,389
Advances to unconsolidated subsidiaries	**9,502**	–
Decrease in deferred income taxes	**10,949**	–
Purchase of fixed assets	**50,517**	28,031
Payment of long-term debt	**23,985**	13,432
Dividends	**26,870**	22,823
Increase in other assets	**16,814**	4,326
Adjustment from translation of foreign currency	**6,720**	2,653
Total working capital applied	**145,357**	103,654
Increase (decrease) in working capital	**110,487**	(27,705)
Working capital at beginning of year		
As previously reported	**236,049**	262,811
Foreign currency translation adjustment (Note 2)	**(577)**	366
As restated	**235,472**	263,177
Working capital at end of year	**$345,959**	$235,472

See accompanying notes.

Consolidated Statement of Financial Position

December 31, 1981
(In thousands of U.S. dollars)

	1981	1980 Restated (Note 2)
Assets		
Current assets:		
Cash and short-term deposits	**$ 176,601**	$ 96,340
Accounts and notes receivable (Note 1)	**277,178**	220,980
Inventories (Note 5)	**392,788**	332,119
Other current assets	**9,152**	11,032
Total current assets	**855,719**	660,471
Investments in unconsolidated subsidiaries and affiliates (Note 4)	**69,010**	53,286
Fixed assets (Note 6)	**198,353**	180,883
Goodwill	**55,626**	57,196
Other assets	**33,667**	18,294
	$1,212,375	$970,130
Liabilities and Shareholders' Equity		
Current liabilities:		
Short-term borrowings	**$ 100,812**	$ 58,029
Accounts payable and accrued liabilities	**250,256**	218,940
Customer advances	**77,864**	58,373
Income taxes:		
Current payable	**19,035**	40,313
Deferred	**45,681**	34,248
Current installments on long-term debt	**16,112**	15,096
Total current liabilities	**509,760**	424,999
Long-term debt (Note 7)	**296,803**	163,393
Other deferred liabilities:		
Deferred income taxes	**22,962**	32,757
Pension plans	**10,205**	12,273
Other	**4,215**	2,920
	843,945	636,342
Shareholders' equity:		
Capital stock (Note 9)		
Issued – 26,890,722 shares (1980 – 26,852,922)	**93,343**	93,016
Retained earnings	**298,786**	255,426
	392,129	348,442
Equity adjustment from foreign currency translation (Note 2)	**(23,699)**	(14,654)
Total shareholders' equity	**368,430**	333,788
	$1,212,375	$970,130

On behalf of the Board
K.S. Barclay, Director
Dalton D. Ruffin, Director

See accompanying notes.

Notes to Consolidated Financial Statements

Year ended December 31, 1981
(In thousands of U.S. dollars)

1. Summary of significant accounting policies

Consolidation. All subsidiary companies, except the wholly-owned Koehring Finance Corporation ("KFC"), are consolidated and all significant intercompany accounts and transactions between consolidated companies have been eliminated. The investments in KFC and 50%-owned companies are recorded at equity in the underlying net assets and the applicable years' earnings or losses are included in consolidated income.

Construction contracts. For financial statement purposes, income on substantially all construction contracts is recognized on the percentage-of-completion basis; provision is made for the entire amount of expected losses, if any, in the period in which such losses are first determinable. Included in accounts receivable are unbilled receivables related to these contracts of $36,432 (1980–$24,608).

Goodwill. Goodwill is amortized using the straight-line method over a period not exceeding 40 years.

Inventories. Work-in-process related to construction contracts is stated at accumulated production costs less amounts charged to income based on the percentage-of-completion of individual contracts. Other inventories are stated at the lower of cost (average or first-in, first-out) or net realizable value.

Fixed assets. Property, plant and equipment are carried at cost including interest incurred during the construction period. Major renewals and betterments are capitalized; maintenance and repairs are expensed as incurred. Cost of property sold or otherwise disposed of and related accumulated depreciation are removed from the accounts at the time of disposal and any resulting gain or loss is included in income.

Depreciation of plant and equipment is determined principally on a straight-line basis over the estimated useful lives of the assets.

Income taxes. Deferred income taxes are provided to record the income tax effect of timing differences in reporting transactions for financial statement and income tax purposes. Such timing differences relate principally to depreciation of fixed assets and the reporting of income on construction contracts.

Provisions have not been made for taxes on undistributed income of foreign subsidiaries inasmuch as such income is being reinvested abroad.

Earnings per share. Earnings per share are calculated based on the weighted average shares outstanding during the year (1981–26,868,547 shares; 1980–26,802,589 shares).

2. Foreign currency translation

During 1981, the Company changed its method of accounting for foreign currency translation whereby all assets and liabilities are translated to U.S. dollars using current exchange rates and income statement items are translated using weighted average exchange rates for the year. The translation adjustment is included as a component of shareholders' equity. Gains and losses on foreign currency transactions are included in income. Previously, certain assets and liabilities were translated at historical exchange rates and net unrealized gains and losses resulting from translation were reflected in the income statement currently.

This change in accounting, which had no material effect on operating income, was applied retroactively and increased net income in 1981 and 1980 by $15,000 ($.56 per share) and $1,506 ($.06 per share), respectively. The effect of the change was to reduce shareholders' equity at January 1, 1980 by $5,971 which is reflected as an increase in retained earnings of $5,506 and a reduction for the cumulative adjustment from foreign currency translation of $11,477. The consolidated financial statements for 1980 have been restated to reflect this change in accounting method.

The following table shows the changes in the equity adjustment from foreign currency translation for the years ended December 31, 1981 and 1980:

	1981	1980
Balance at beginning of year	**$14,654**	$11,477
Net effect of currency translation adjustments	**9,045**	3,177
Balance at end of year	**$23,699**	$14,654

Notes to Consolidated Financial Statements
Year ended December 31, 1981
(In thousands of U.S. dollars)
(continued)

3. Acquisition

Effective September 1, 1980, all of the stock of Koehring Company, an international manufacturer of specialized equipment and machinery for the construction and natural resources industries, was acquired for approximately $136,000 cash, which did not exceed the fair value of the net assets acquired.

This acquisition has been accounted for as a purchase and results of operations from the date of acquisition have been included in the consolidated statement of income.

If the above acquisition had been made at January 1, 1980, the unaudited pro forma consolidated net sales and net income of the Company would have been $1,367,000 and $64,000 in 1980. The unaudited pro forma earnings per share would have been $2.39.

4. Investments in unconsolidated subsidiaries and affiliates

Included in the caption "Investments in unconsolidated subsidiaries and affiliates" in the consolidated statement of financial position is an investment in a wholly-owned finance subsidiary, Koehring Finance Corporation, and its affiliate of $50,608 and $34,304 at December 31, 1981 and 1980, respectively.

Condensed statements of financial position and income of Koehring Finance Corporation and its affiliate are as follows:

Statement of Financial Position	December 31, 1981	December 31, 1980
Assets		
Cash	**$ 1,069**	$ 6,049
Receivables	**181,749**	158,695
Other assets	**7,509**	2,719
Total assets	**$190,327**	$167,463
Liabilities and shareholders' equity		
Short-term debt	**$112,969**	$109,385
Accounts payable and accrued liabilities	**6,997**	2,321
Long-term debt	**19,753**	21,453
	139,719	133,159
Shareholders' equity (represented by subordinated notes of $14,503 and $5,000 and an investment of $36,105 and $29,304 at December 31, 1981 and 1980, respectively)	**50,608**	34,304
Total liabilities and shareholders' equity	**$190,327**	$167,463

Statement of Income	Year ended Dec. 31, 1981	Four months ended Dec. 31, 1980
Interest and finance income		
Affiliated companies	**$17,598**	$3,595
Other	**19,853**	4,717
	37,451	8,312
Expenses		
Interest	**22,557**	5,432
Other	**1,670**	150
	24,227	5,582
Income before income taxes	**13,224**	2,730
Income taxes	**6,435**	1,377
Net income	**$ 6,789**	$1,353

KFC is solely engaged in financing the sale of Koehring equipment to distributors and end users. Koehring has agreed to repurchase any contracts that become in default and to pay finance charges to KFC at such rates as will result in KFC's annual net earnings before interest expense and income taxes being equal to 150% of interest expense of KFC for such fiscal year.

5. Inventories

	1981	1980
Work-in-process	**$130,616**	$ 91,091
Steel and other supplies	**195,601**	169,096
Finished products	**66,571**	71,932
	$392,788	$332,119

6. Fixed assets

	Cost	Accumulated depreciation and amortization	Net
December 31, 1981			
Land	**$ 8,634**	**$ -**	**$ 8,634**
Plant	**84,266**	**25,874**	**58,392**
Machinery and equipment	**177,067**	**73,101**	**103,966**
Property under capital leases	**12,975**	**2,280**	**10,695**
Construction in progress	**16,666**	**-**	**16,666**
	$299,608	**$101,255**	**$198,353**
December 31, 1980			
Land	$ 9,370	$ –	$ 9,370
Plant	76,004	21,402	54,602
Machinery and equipment	145,576	57,348	88,228
Property under capital leases	12,890	1,308	11,582
Construction in progress	17,101	–	17,101
	$260,941	$ 80,058	$180,883

7. Long-term debt

	1981	1980
Revolving credit bank notes	**$152,809**	$ –
10.25% debentures due 1984	**30,000**	30,000
9% debentures due 1986	**25,000**	25,000
6.5% sinking fund debentures Series A due 1986	**-**	1,280
	207,809	56,280
Debt of subsidiary companies		
Note payable to bank, at interest rate of 1.25% above the rate of the Federal Reserve Bank of New York, due in installments through 1984	**10,000**	14,000
9.5% note payable to insurance company due in installments through 1992	**32,100**	35,000
6.95% note payable to insurance company due in installments through 1989	**19,230***	21,297*
9% notes payable to insurance companies due in installments through 1997	**7,435***	7,372*
Notes payable in Deutschemarks (DM) to banks at interest rates varying from 7.75% to 12.375% due in installments through 1988 (DM 11,093)	**5,013***	7,599*
Other notes payable at interest rates varying from 5.36% to 18.5% due in installments through 2004	**20,058***	26,101*
Obligations under capital leases (Note 10)	**11,270***	10,840*
	105,106	122,209
	312,915	178,489
Less installments due in one year	**16,112**	15,096
	$296,803	$163,393

Notes to Consolidated Financial Statements
Year ended December 31, 1981
(In thousands of U.S. dollars)
(continued)

7. Long-term debt (continued)

*Long-term debt assumed by the Company upon the acquisition of Koehring Company was reduced by $5,249 and $6,336 at December 31, 1981 and 1980, respectively, representing the unamortized discount based on an imputed interest rate of 11%.

During 1981, the Company entered into revolving credit agreements with a group of banks which provide that the Company may borrow up to $120,000. The outstanding loan balances as of September 1, 1984 will convert into term loans repayable in 16 equal quarterly installments commencing on December 1, 1984. Interest is payable until September 1, 1984 based, at the Company's option, on each bank's prime rate, U.S. base rate in Canada or the London Interbank Offering Rate ("Libor") plus ½ of 1%. The weighted average interest rate during 1981 was 17.4%. The term loans will bear interest at the Company's option based on each bank's prime rate plus ¼ of 1%, U.S. base rate in Canada or the Libor rate plus ⅝ of 1%. $52,809 was outstanding under these agreements at December 31, 1981.

Also during 1981, the Company entered into revolving credit agreements with two banks which provide that the Company may borrow up to $100,000 and may convert the outstanding loan balances at August 1, 1984 or, with the consent of the banks, at any subsequent anniversary date through August 1, 1996, into term loans repayable in equal semi-annual installments from the date of conversion through August 1, 1996. Interest is payable until August 1, 1984 based, at the Company's option, on each bank's prime rate, U.S. base rate in Canada or the Libor rate plus ½ of 1%. The weighted average interest rate during 1981 was 16.4%. The term loans will bear interest at the Company's option based on each bank's prime rate plus varying percentages from ¼ to ⅝ of 1%, U.S. base rate in Canada or the Libor rate plus varying percentages from ⅝ to 1%. $100,000 was outstanding under these agreements at December 31, 1981.

The revolving credit agreements and the loan agreements relating to subsidiary companies contain certain covenants with respect to working capital, net worth, leases, indebtedness, the payment of dividends and other items. The Company has complied with all provisions of these agreements.

Future principal payments on long-term debt are as follows (assuming that the revolving credit agreements are converted into term loans at the dates indicated above):

1983	$ 13,080
1984	46,766
1985	31,047
1986	54,320
1987	29,282
Thereafter	122,308
	$296,803

8. Interest expense–net

	1981	1980
Interest on long-term debt	**$28,087**	$15,559
Interest on short-term debt and financing charges from unconsolidated subsidiary	**38,550**	11,055
Interest income	**(20,789)**	(19,269)
Interest capitalized on fixed assets	**(1,600)**	–
	$44,248	$ 7,345

9. Capital stock (in Canadian dollars)

The Company is incorporated under the Canada Business Corporations Act and is authorized to issue an unlimited number of common and preferred shares of no par value.

At December 31, 1981, employee stock options were outstanding with respect to 1,185,450 shares exercisable at various dates through February 1991 at prices ranging from $6.875 to $20.375 per share and totalling $15,144,000. Exercise of these options would not materially dilute earnings per share. Officers of the Company held 994,450 of the total options outstanding at December 31, 1981. In 1981, 37,800 shares were issued for $389,538 cash.

10. Long-term lease commitments

The Company leases machinery, transportation equipment, office, warehouse and manufacturing facilities for periods up to twenty-five years.

The following is an analysis of the property under capital leases by major classes:

	Asset balances (Note 6) at December 31, 1981	1980
Classes of property		
Manufacturing facilities	**$ 8,085**	$ 8,085
Other	**4,890**	4,805
	12,975	12,890
Less accumulated amortization	**2,280**	1,308
	$10,695	$11,582

Future minimum lease payments under all leases at December 31, 1981 are:

	Capital leases	Operating leases
1982	$ 2,731	$ 6,420
1983	2,300	5,249
1984	2,188	3,808
1985	1,997	2,627
1986	1,763	1,972
Subsequent to 1986	14,404	3,121
Total minimum lease payments	25,383	$23,197
Less amount representing interest	14,113	
Present value of minimum lease payments	$11,270	

Total rental expense for all operating leases for the years ended December 31, 1981 and 1980 was $13,465 and $11,270, respectively.

11. Business segments

The Company operates in the following industry segments:

Construction Products. Compaction equipment; concrete finishing equipment; cranes and derricks; excavators; material handling and pile-driving equipment.

Engineering and Construction Services. Coal handling systems; marine vessels and equipment; offshore petroleum production and distribution systems; turnkey petroleum refineries, petrochemical and industrial plants; pre-engineered buildings; vehicular tunnel tubes.

Financial, Marketing, Licensing Services and Special Products. Chain saws and powder-actuated tools; portable heating units; tree harvesting and other pulp and paper industry equipment and services to promote sales of Company-produced products, domestically and internationally.

Industrial Products. Aerospace and automotive components; food processing and packaging machinery; hydraulic components and systems; industrial fasteners; industrial and shipyard cranes; metal forming machinery; oil field equipment.

Steel Products and Services. Steel production, distribution, fabrication and erection; energy products, services and systems related to the generation and transmission of electric power – fossil fuel, nuclear, hydroelectric and waste conversion.

11. Business segments
(continued)

	Year ended December 31, 1981						
		Sales					
	Assets	Gross	Inter-segment	Net	Segment operating profit	Capital expenditures(2)	Depreciation and amortization(2)
Industry segment							
Construction Products	$ 238,071	$ 336,234	$ 128	$ 336,106	$ 51,292	$ 9,863	$ 4,120
Engineering and Construction Services	179,958	441,135	2,216	438,919	31,700	12,355	3,566
Financial, Marketing, Licensing Services and Special Products	430,730	149,699	27,512	122,187	49,790(1)	3,022	1,778
Industrial Products	208,276	343,574	5,471	338,103	41,951	7,275	7,078
Steel Products and Services	225,048	328,849	1,786	327,063	33,875	7,423	4,552
Eliminations	(289,185)	–	–	–	(17,028)	–	–
	992,898	$1,599,491	$37,113	$1,562,378	$191,580	$39,938	$21,094
Corporate	201,075						
Investments in unconsolidated subsidiaries and affiliates (excluding Koehring Finance Corporation)	18,402						
Total assets	$1,212,375						
Geographic segment							
Canada	$ 266,277	$ 399,042	$10,489	$ 388,553	$ 42,792		
United States	542,657	980,141	22,692	957,449	107,779		
Europe	439,467	178,357	1,978	176,379	51,223		
Other	77,364	67,509	27,512	39,997	7,368		
Eliminations	(332,867)	–	–	–	(17,582)		
	$ 992,898	$1,625,049	$62,671	$1,562,378	$191,580		

Reconciliation of segment operating profit to net income

Segment operating profit	$191,580
Corporate expenses	(33,260)
Unallocated net interest expense	(38,502)
Equity in pre-tax earnings of unconsolidated subsidiaries and affiliates (excluding Koehring Finance Corporation)	(2,618)
Operating income	117,200
Income taxes	(48,244)
Gain on sale of assets – net of income tax	1,274
Net income	$ 70,230

(1) Includes interest and financing income of $35,904 with no related sales.
(2) Capital expenditures and depreciation and amortization exclude $10, 579 and $2,967, respectively, of corporate amounts.

11. Business segments
(continued)

	Year ended December 31, 1980						
		Sales					
	Assets	Gross	Inter-segment	Net	Segment operating profit	Capital expendi-tures(2)	Deprecia-tion and amortiza-tion(2)
Industry segment							
Construction Products	$242,832	$ 117,160	$ –	$ 117,160	$13,785	$ 3,196	$ 2,048
Engineering and Construction Services	161,563	364,102	2,377	361,725	18,531	12,341	2,756
Financial, Marketing, Licensing Services and Special Products	195,698	87,763	11,230	76,533	19,266(1)	1,065	971
Industrial Products	153,111	236,848	2,577	234,271	31,668	4,473	5,195
Steel Products and Services	168,313	272,197	375	271,822	22,883	6,560	4,433
Eliminations	(94,431)	–	–	–	(9,810)	–	–
	827,086	$1,078,070	$16,559	$1,061,511	$96,323	$27,635	$15,403
Corporate	124,062						
Investments in unconsolidated subsidiaries and affiliates (excluding Koehring Finance Corporation)	18,982						
Total assets	$970,130						
Geographic segment							
Canada	$211,299	$ 303,948	$ 2,242	$ 301,706	$27,143		
United States	415,437	643,939	8,958	634,981	57,035		
Europe	279,686	100,806	1,442	99,364	18,682		
Other	23,558	35,577	10,117	25,460	2,640		
Eliminations	(102,894)	–	–	–	(9,177)		
	$827,086	$1,084,270	$22,759	$1,061,511	$96,323		
Reconciliation of segment operating profit to net income							
Segment operating profit					$96,323		
Corporate expenses					(15,039)		
Unallocated net interest expense					(10,143)		
Equity in pre-tax earnings of unconsolidated subsidiaries and affiliates (excluding Koehring Finance Corporation)					(1,128)		
Operating income					70,013		
Income taxes					(24,770)		
Gain on sale of assets – net of income tax					3,534		
Net income					$48,777		

(1) Includes interest and financing income of $13,530 with no related sales.
(2) Capital expenditures and depreciation and amortization exclude $396 and $2,736, respectively, of corporate amounts.

Intersegment and interregional sales are accounted for at prices which the Company believes approximate market. The Canadian operations include export sales, primarily to customers in the United States and Africa, of $36,216 and $18,571 in 1981 and 1980, respectively.

Notes to Consolidated Financial Statements
Year ended December 31, 1981
(In thousands of U.S. dollars)
(continued)

12. Pension plans

The Company and its subsidiaries have pension plans covering substantially all employees. Pension expense was $7,674 and $5,810 in 1981 and 1980, respectively. It is the Company's policy to fund pension costs accrued. Benefits under certain German pension plans, in accordance with applicable laws, have not been funded. The accrued costs not being funded ($6,266 and $7,106 at December 31, 1981 and 1980, respectively) are included in long-term liabilities.

A comparison of accumulated plan benefits and plan net assets for the pension plans of the Company and its subsidiaries at January 1, 1981 and 1980 is as follows:

	1981	1980
Actuarial present value of accumulated plan benefits:		
Vested	**$127,034**	$119,136
Nonvested	**11,525**	10,874
	$138,559	$130,010
Net assets available for benefits	**$169,621**	$147,075

The weighted average assumed rates of return used in determining the actuarial present value of accumulated plan benefits were 7.4% and 7.6% in 1981 and 1980, respectively.

13. Transactions with related parties

Transactions with related companies during the years ended December 31, 1981 and 1980 were as follows:

	1981	1980
Sales of various products	**$21,500**	$13,000
Purchases of raw materials	**46,600**	41,200

14. Contingent liabilities

A number of claims and lawsuits seeking unspecified damages and other relief are pending against the Company. It is impossible at this time for the Company to predict with any certainty the outcome of such litigation. However, management is of the opinion, based upon information presently available to it, that it is unlikely that any liability, to the extent not provided for through insurance or otherwise, would be material in relation to the Company's consolidated financial position.

15. Name change

During the year, the Company obtained a Certificate of Amendment of Charter authorizing the change of the Company's name from Dominion Bridge Company, Limited to AMCA International Limited.

Auditors' Report

To the Shareholders of
AMCA International Limited

We have examined the consolidated statement of financial position of AMCA International Limited as at December 31, 1981 and the consolidated statements of income, 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, 1981 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, after giving retroactive effect to the change, with which we concur, in the method of accounting for foreign currency translation as explained in Note 2 to the consolidated financial statements.

Arthur Young & Company
Chartered Accountants

Montreal, Canada
February 1, 1982

Consolidated Statement of Income by Quarters*

(Unaudited, in thousands of dollars except per share data)	1981				1980			
	December	September	June	March	December	September	June	March
Revenues								
Sales	**$438,238**	**$408,230**	**$374,454**	**$341,456**	$372,826	$257,054	$226,355	$205,276
Pre-tax earnings of unconsolidated subsidiaries and affiliates	**665**	**2,401**	**3,790**	**3,750**	2,349	(762)	95	(80)
	438,903	**410,631**	**378,244**	**345,206**	375,175	256,292	226,450	205,196
Costs and Expenses								
Cost of sales and operating expenses	**387,763**	**361,329**	**332,610**	**307,759**	338,298	235,711	206,749	186,575
Depreciation and amortization	**6,550**	**6,302**	**5,925**	**5,284**	5,896	4,572	3,778	3,893
Interest – net	**20,106**	**10,428**	**8,254**	**5,460**	4,248	3,016	(25)	106
Foreign currency transaction (gain) loss	**1,429**	**(595)**	**(1,385)**	**(1,435)**	(758)	381	350	310
	415,848	**377,464**	**345,404**	**317,068**	347,684	243,680	210,852	190,884
Operating Income Before Income Taxes	**23,055**	**33,167**	**32,840**	**28,138**	27,491	12,612	15,598	14,312
Income taxes	**7,267**	**14,056**	**14,150**	**12,771**	9,710	4,770	5,135	5,155
Operating Income	**15,788**	**19,111**	**18,690**	**15,367**	17,781	7,842	10,463	9,157
Gain on sale of assets – net of income tax	**–**	**–**	**–**	**1,274**	–	–	–	3,534
Net income	**$ 15,788**	**$ 19,111**	**$ 18,690**	**$ 16,641**	$ 17,781	$ 7,842	$ 10,463	$ 12,691
Per Share Data								
Revenues	**$ 16.31**	**$ 15.19**	**$ 13.94**	**$ 12.71**	$ 13.91	$ 9.59	$ 8.45	$ 7.65
Operating income	**.59**	**.71**	**.69**	**.57**	.66	.29	.39	.35
Net income	**.59**	**.71**	**.69**	**.62**	.66	.29	.39	.48
Dividends	**.25**	**.25**	**.25**	**.25**	.22	.21	.21	.21

*1980 and the first three quarters of 1981 have been restated to adopt and comply with provisions of United States Financial Accounting Standards Board Statement Number 52 (see Note 2 to the Consolidated Financial Statements).

Per share data has been calculated based on the weighted average shares outstanding during the year.

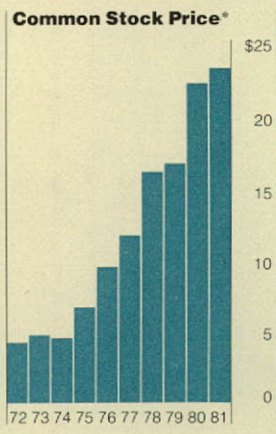
Stock Information

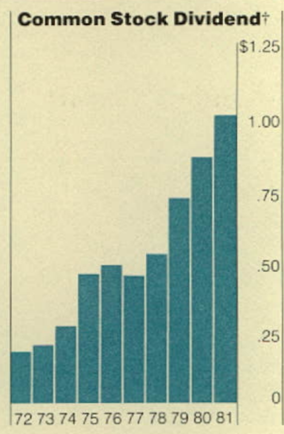
Stock Exchanges
Montreal, Toronto

Transfer Agent
The Royal Trust Company (Montreal, Toronto, Winnipeg, Regina, Calgary and Vancouver)

Registrar
Montreal Trust Company (Montreal, Toronto, Winnipeg, Regina, Calgary and Vancouver)

Stock Ownership
The Algoma Steel Corporation, Limited owns approximately 43 percent of the Company's outstanding common stock. Canadian Pacific Enterprises Limited owns approximately nine percent of the Company's outstanding common stock.





*Canadian Dollars Per Share. Toronto Stock Exchange close at end of December.

†Dividends converted to U.S. dollars for purposes of this chart. The apparent reduction in dividends in 1977 resulted from the manner in which the Company chose to pay the increase allowed by the Canadian Anti-Inflation Board in late 1976.

Data has been adjusted to reflect the two-for-one stock subdivisions in November 1974, October 1976 and December 1979.

Principal Subsidiary Companies, Divisions and Operating Management

Principal Subsidiary Companies

AMCA International Corporation
Hanover, New Hampshire

AMCA Netherlands B.V.
Amstelveen, The Netherlands

Amtel, Inc.
Providence, Rhode Island

Koehring Company
Brookfield, Wisconsin

Span Holdings Limited
Nassau, Bahamas

Operating Management

Aerospace Division
J.A. Mancini, Chairman
M.L. Hansen, President

Fenn Manufacturing
Newington, Connecticut
M.L. Hansen, President

Monroe Forgings
Rochester, New York
J.A. Mancini, President

AMCA Netherlands B.V.
Amstelveen, The Netherlands
Fribourg, Switzerland
R.J.A. Fricker, Managing Director
D.R. Phillips, Managing Director
D.E.L. Walsh, Managing Director

Span Holdings S.A.
Fribourg, Switzerland
R.W. Johnson,
Managing Director

Cherry-Burrell
Cedar Rapids, Iowa
G.J. Remus, President

Consumer Products Division
Bowling Green, Kentucky
D.S. Vitale, President

Atomaster
Bowling Green, Kentucky
D.S. Vitale, General Manager

DESA Industries
Park Forest, Illinois
D.L. Keown, Manager
Mississauga, Ontario
J.M. Kelly, General Manager

DB Engineers & Constructors
Montreal, Quebec
H.R. Williams, Vice President
Calgary, Alberta
W.W. Ward, Vice President

Dominion Bridge –
Eastern Canada Division
Toronto, Ontario
S.F. Angus, Vice President

Dominion Bridge – Ontario
Toronto, Ontario
P.G. Sherrard, Manager

Robb Engineering
Amherst, Nova Scotia
M.R. Golec, General Manager

Dominion Bridge –
Western Canada Division
Calgary, Alberta
K.R. Ebbern, Vice President

Dominion Bridge – Alberta
Calgary, Alberta
G.R. Bell, General Manager

Dominion Bridge –
Saskatchewan
Regina, Saskatchewan
G.C. Koch, General Manager

Dominion Bridge – Vancouver
New Westminister, British Columbia
A.M. Parker, General Manager

Dominion Bridge – Winnipeg
Winnipeg, Manitoba
M.P. Schioler, General Manager

*Dominion Bridge-Sulzer Inc.
Lachine, Quebec
A.H. Francis, President

Engineered Components Division
Cleveland, Ohio
R.C. Minesinger, President

Continental Screw
New Bedford, Massachusetts
G.A. Andrews, General Manager

Midland Screw
Chicago, Illinois
A.D. Bancroft, General Manager

Janesville Products
Norwalk, Ohio
M.E. French, President

Koehring Company
Brookfield, Wisconsin
V.L. Martin,
Executive Vice President
(Group Vice President, AMCA)
K.H. Schwamborn,
Executive Vice President
(Group Vice President, AMCA)

BOMAG Compaction &
General Equipment –
Eastern Hemisphere
F.J. Olzinger, President

Koehring G.m.b.H.
(BOMAG & Menck)
Boppard, West Germany
F.J. Olzinger, General Manager

BOMAG (Austria)
Wien-Siebenhirten, Austria
P. Wodrazka, General Manager

BOMAG (France)
Bretigny sur Orge, France
D. Leclercq, General Manager

BOMAG (Great Britain)
Larkfield, Kent,
United Kingdom
A.J. Ferris, General Manager

BOMAG (South Africa)
Kempton Park, Transvaal,
South Africa
P.E. Scholtz, General Manager

BOMAG Compaction &
General Equipment –
Western Hemisphere
W. Kuettner, President

BOMAG (Canada)
Mississauga, Ontario
R.J. Patterson, General Manager

BOMAG (U.S.A.)
Springfield, Ohio
M. Rudolph, General Manager

Nippon BOMAG
Koga-City, Japan
T. Ohta, President

Koehring Construction Equipment
Port Washington, Wisconsin
Dayton, Ohio
D.R. Axtell, General Manager

Koehring-Clyde
Duluth, Minnesota
J.C. Hession, President

Koehring Excavators
Milwaukee, Wisconsin
G.D. Herr, President

Koehring-Bantam
Waverly, Iowa
R.P. Fackler, General Manager

Koehring Canada
Brantford, Ontario
D. Evans, General Manager

Koehring Excavators
Milwaukee, Wisconsin
R.E. Burton, Vice President

Koehring Finance Corporation
Brookfield, Wisconsin
R.C. Lackenbauer, President

Koehring Fluid Power
Brookfield, Wisconsin
J.T. Lesko, President

Koehring-Benton Harbor
Benton Harbor, Michigan
R.R. Golze, General Manager

Koehring-HUSCO
Waukesha, Wisconsin
C.B. Blackburn,
General Manager

Koehring-Pegasus
Troy, Michigan
W.G. Gerow, General Manager

Koehring-Lorain
Chattanooga, Tennessee
R.E. Arceci, President

Koehring Production Systems
Alliance, Ohio
J.R. Stadelman, President

Koehring-Morgan Engineering
Alliance, Ohio
G.L. Everhard, Vice President

Koehring-Morgan
Petroleum Equipment
Alliance, Ohio
M.L. Goldberg, Vice President

Koehring-Provincial
Niagara Falls, Ontario
G.D. Robertson, Vice President

Koehring-Speedstar
Enid, Oklahoma
R. Biegler, President

The Litwin Companies
Houston, Texas
H. Katz, Chairman
R.L. Bradley, President

JESCO, Inc.
Fulton, Mississippi
T.E. Staub, President

Litwin Engineers &
Constructors, Inc.
Houston, Texas
Wichita, Kansas
R.L. Bradley, President

Litwin Corporation
Houston, Texas
J.E. Rhorer, President

Litwin S.A.
Puteaux, France
M. Plot, President

ORBA Corporation
Fairfield, New Jersey
A.T. Yu, President

Manitoba Rolling Mills
Selkirk, Manitoba
R.R. Robertson, President

Marine Division
Charleston, South Carolina
P.J. Gwyn, President

IMODCO
Los Angeles, California
B. Frankel, President

Wiley Manufacturing
Port Deposit, Maryland
P.P. Loftus, General Manager

*DB/McDermott Company
Calgary, Alberta
C.R. McMurry, Manager

*ROTEK, Inc.
Aurora, Ohio
R.A. Pierfelice, President

Span Holdings Limited
Nassau, Bahamas
G.A. Law, Chairman
P.G. Wassitsch, President

Varco-Pruden Buildings
Memphis, Tennessee
R.C. Kelley, President

Varco-Pruden Buildings
Pine Bluff, Arkansas
W.R. Triplett, Vice President

Varco-Pruden Buildings
Turlock, California
W.H. Howell, Vice President

Varco-Pruden Buildings
St. Joseph, Missouri
J.W. Drake, General Manager

Varco-Pruden Buildings
Kernersville, North Carolina
D.L. Stockburger, Vice President

Varco-Pruden Buildings
Evansville, Wisconsin
R.T. Ammerman, Vice President

*Joint venture company

Products and Services

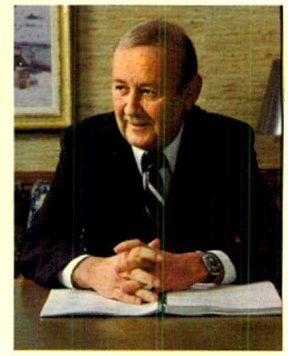
Construction Products	Engineering and Construction Services	Financial, Marketing and Licensing Services	Industrial Products	Special Products	Steel Products and Services	
		•				**AMCA Netherlands B.V.** – international financial services
				•		**Atomaster** – portable heaters
•						**Koehring-Bantam** – hydraulic excavators
			•			**Koehring-Benton Harbor** – hydraulic valves & cylinders
•						**Koehring-BOMAG** – light & heavy duty compaction & stabilization equipment
				•		**Koehring Canada** – pulpwood harvesting & paper mill machinery
			•			**Cherry-Burrell** – food & beverage processing & packaging equipment
			•			**Koehring-Clyde** – Whirley cranes, specialized heavy duty lifting & pulling equipment
•						**Koehring Construction Equipment** – general construction & material handling equipment (Skytrak forklifts; Master concrete trowels, vibrators, alternators)
			•			**Continental Screw** – threaded & non-threaded fasteners
				•		**DESA** – chain saws, construction & do-it-yourself tools
	•				•	**DB Engineers & Constructors** – engineering & construction services
	•					**DB/McDermott** – engineering & construction services for Canadian offshore energy industry
					•	**Dominion Bridge** – fabricated industrial steel products & equipment; structural steel, buildings & bridges; steel service centers
	•				•	**Dominion Bridge-Sulzer** – fabricated industrial steel products especially for electric utility applications including hydraulic turbines; structural steel; construction services
•						**Koehring Excavators** – hydraulic excavators & cable cranes
			•			**Fenn** – metal forming machines; precision aerospace components
		•				**Koehring Finance** – financing assistance for purchase of company products and services
			•			**Koehring-HUSCO** – control valves
	•					**IMODCO** – offshore marine terminals
			•			**Janesville** – foam products & non-woven padding for autos & trucks
	•					**JESCO** – commercial, industrial & process industry construction & millwright services
	•					**Litwin Europe** – engineering & construction services to worldwide petroleum & chemical processors
	•					**Litwin U.S.** – design & construction services for oil refineries/chemical plants
•						**Koehring-Lorain** – light & heavy duty hydraulic, friction, latice boom cranes
					•	**Manitoba Rolling Mills** – rolling mill products; bar & light structural steel sections
•						**Koehring-Menck** – pile driving & related equipment
			•			**Midland Screw** – threaded & non-threaded fasteners
			•			**Monroe** – alloy metal forged rings, bars & discs
			•			**Koehring-Morgan** – industrial overhead traveling cranes, steel mill equipment, oil field equipment
	•					**ORBA** – design, construction, operation of dry bulk material handling systems
			•			**Koehring-Pegasus** – servo valves & load simulators
			•			**Koehring-Provincial** – industrial overhead traveling cranes & gantry cranes
			•			**ROTEK** – industrial bearing systems
		•				**Span Holdings** – international purchasing, marketing, consulting & licensing services
			•			**Koehring-Speedstar** – well drilling machines
	•					**Varco-Pruden Buildings** – pre-engineered non-residential buildings
	•					**Wiley** – barges, self-propelled vessels, dredges & tunnel tube fabrication

Directors

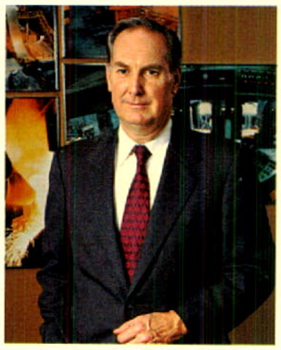
***K.S. Barclay**
Chairman and Chief Executive Officer
AMCA International Limited

****Robert W. Campbell**
Chairman and Chief Executive Officer
PanCanadian Petroleum Limited

***Michael D. Dingman**
President, Chairman and Chief Executive Officer
Wheelabrator-Frye, Inc.



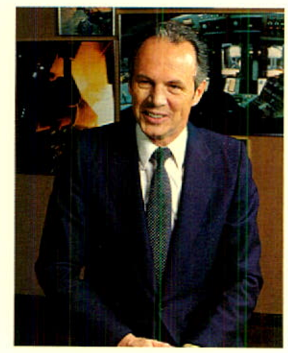
Jack Hatcher
President and Chief Operating Officer
AMCA International Limited



***John Macnamara**
Chairman and Chief Executive Officer
The Algoma Steel Corporation, Limited

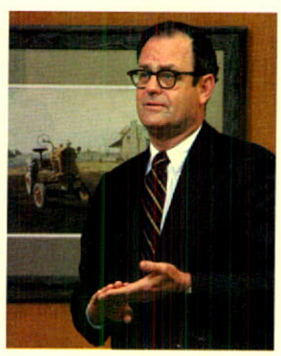
†‡**Brian R.B. Magee**
Honorary Chairman
A.E. LePage Limited

John R. Meyer
Vice Chairman
Union Pacific Corporation



Peter M. Nixon
President and Chief Operating Officer
The Algoma Steel Corporation, Limited

James E. Robison
President
Lonsdale Enterprises, Inc.



†‡**Dalton D. Ruffin**
Regional Vice President
Wachovia Bank and Trust Company, N.A.

Ian D. Sinclair
Chairman and Chief Executive Officer
Canadian Pacific Enterprises Limited

***W.J. Stenason**
President
Canadian Pacific Enterprises Limited

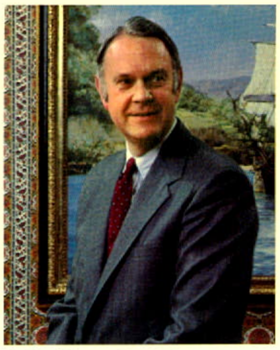
†‡**H. Heward Stikeman, Q.C.**
Senior Partner
Stikeman, Elliott, Tamaki, Mercier and Robb

*Member:
Executive Committee
†Member:
Management Resources and Remuneration Committee
‡Member:
Audit Committee

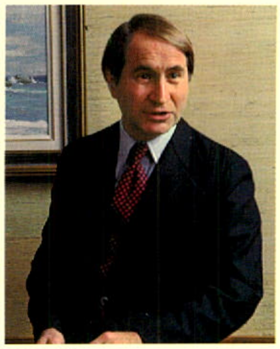
**Appointed Vice Chairman, Canadian Pacific Enterprises Limited, February 1982

Officers

A.B. Bjornsson
Senior Vice President

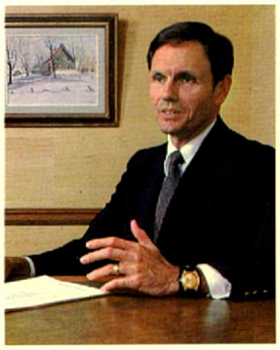


R.E. Chamberlain
Group Vice President

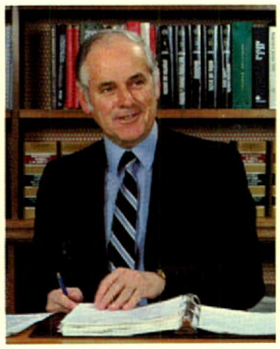


R.H. Elman
Group Vice President

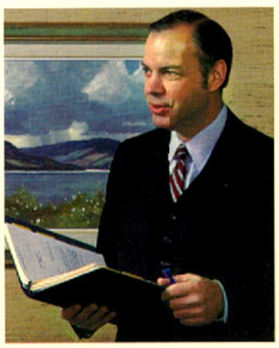
W.R. Holland
Executive Vice President



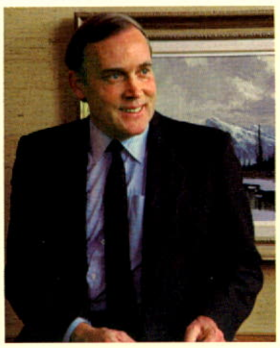
V.L. Martin
Group Vice President



J.B. Phelan
Group Vice President



F.H. Roland
Senior Vice President



K.H. Schwamborn
Group Vice President

F.J. Stevenson
Executive Vice President

J.B. Twombly
Group Vice President

Principal Corporate Officers

K.S. Barclay
Chairman and
Chief Executive Officer

J. Hatcher
President and
Chief Operating Officer

W.R. Holland
Executive Vice President

F.J. Stevenson
Executive Vice President

Senior Corporate Officers

A.B. Bjornsson
Senior Vice President

R.E. Chamberlain
Group Vice President

R.H. Elman
Group Vice President

V.L. Martin
Group Vice President

J.B. Phelan
Group Vice President

F.H. Roland
Senior Vice President
(Treasurer)

K.H. Schwamborn
Group Vice President

J.B. Twombly
Group Vice President

Other Corporate Officers

B.J. Barbour
Vice President

J.A. Davis
Vice President,
General Counsel
(Secretary)

J.H. Frost
Vice President

R.A.C. Henry
Assistant Secretary

E.J. McDonald
Controller

D.E. Reed
Assistant Treasurer

R.A. Reid
Vice President

H.S. Tamaki
Vice President

M. Train
Vice President

M.J. Ucci
Vice President

AMCA International Limited
1155 Dorchester Boulevard West
Montreal, Quebec H3B 4C7

The Company was initially incorporated as Dominion Bridge Company, Limited in 1882, reincorporated with the same name under the Companies Act of Canada on July 30, 1912 and continued under the Canada Business Corporations Act effective May 8, 1980. On June 1, 1981 the Company name was changed to AMCA International Limited.

Shareholders' Meeting
The annual meeting of shareholders will be held in the auditorium of The Royal Bank of Canada, Place Ville Marie, Montreal, on Tuesday, April 27, 1982 at 11:30 a.m.

Other Reports Available
Copies of previous annual reports and quarterly statements and the latest pictorial review *World of AMCA International* may be obtained by writing to the Assistant Secretary, AMCA International Limited, 1155 Dorchester Boulevard West, Montreal, Quebec H3B 4C7.

Autres rapports disponibles
On peut se procurer des copies des rapports annuels et des états financiers trimestriels antérieurs ainsi que de la plus récente édition de la revue illustrée *World of AMCA International* en s'adressant au secrétaire adjoint, AMCA Internationale Limitée, 1155 ouest, boulevard Dorchester, Montréal, Québec H3B 4C7.

Renovation of loading ramps and related terminal structure at Cape Tormentine, New Brunswick, used by car ferry that transits Northumberland Strait to Prince Edward Island, is a project of Robb Engineering. Robb, which also worked on original terminal adjacent to new facility (shown in left inset), supplied and erected structural steel for the expanded terminal. Robb Engineering and Dominion Bridge units continue to position Company as a Canadian leader in fabrication and erection of structural steel for energy and transportation industries.

AMCA International Limited

1155 Dorchester
Boulevard West
Montreal, Quebec
H3B 4C7