

**ANNUAL INFORMATION FORM  
FOR THE FISCAL YEAR ENDED MARCH 31, 2000**



**BEAMSCOPE CANADA INC.**

33 West Beaver Creek Road  
Richmond Hill, Ontario  
L4B 1L8

*Registered Head Office:*

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2nd Floor  
Toronto, Ontario  
M5R 1C2

**August 14, 2000**

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## **GENERAL**

In this Annual Information Form, references to the fiscal year 2000 refer to the one year period from April 1, 1999 up to and including March 31, 2000. The fiscal year 1999 refers to the one year period from April 1, 1998 up to and including March 31, 1999. The fiscal year 1998 refers to the one year period from April 1, 1997 up to and including March 31, 1998. The fiscal year 1997 refers to the one year period from April 1, 1996 up to and including March 31, 1997. References to the fiscal year 1996 refer to the 15 month period from December 31, 1995 up to and including March 31, 1996.

The information in this Annual Information Form is given as of August 14, 2000, unless otherwise indicated. All dollar amounts are stated in Canadian currency unless otherwise stated.

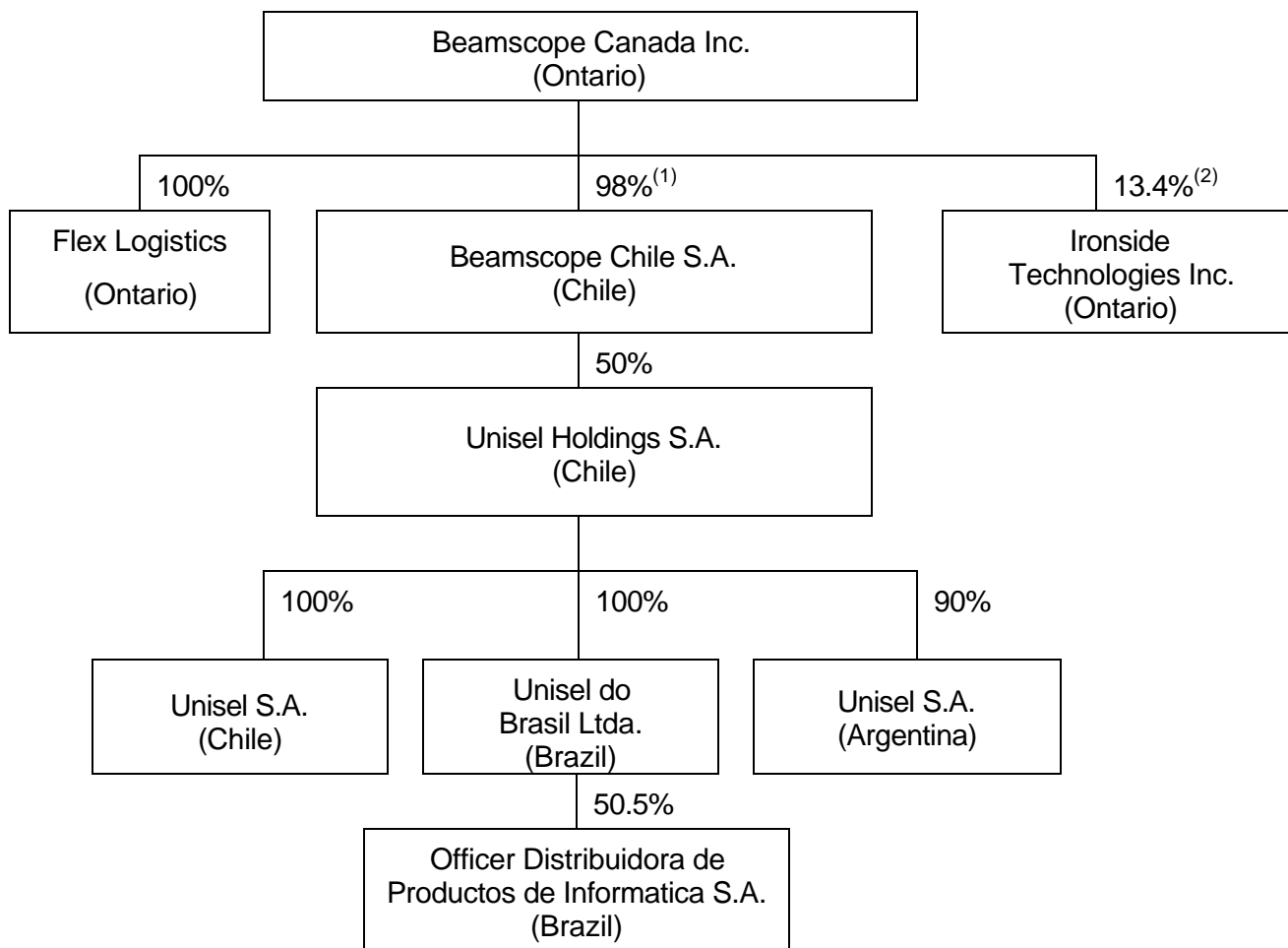
### ***INFORMATION INCORPORATED BY REFERENCE***

Beamscope Canada Inc.'s Review of Operations and Management's Discussion & Analysis for the year ended March 31, 2000, that appear on pages 8 to 13 in the Annual Report to Shareholders and the consolidated financial statements together with the notes thereto (the "Consolidated Financial Statements") appearing on pages 14 to 28 in the Subsequent Event Supplement to the Annual Report to Shareholders for the year ended March 31, 2000 (the "Annual Report Supplement"), are specifically incorporated herein by reference. Any part of the Annual Report not specifically incorporated herein by reference does not form part of this Annual Information Form.

### **ITEM 1 - NAME AND INCORPORATION**

Beamscope Canada Inc. was incorporated under the laws of the Province of Ontario on May 7, 1982. On October 29, 1993, prior to the completion of its initial public offering, Beamscope Canada Inc. was amalgamated under the *Business Corporations Act* (Ontario) with its then holding companies, L.W. Universal Holding Corporation and M.C. Universal Holding Corporation, and continued as Beamscope Canada Inc. ("Beamscope" or the "Company"). The principal facility of the Company is located at 33 West Beaver Creek Road, Richmond Hill, Ontario, L4B 1L8. The registered head office of the Company is located at 136 Yorkville Avenue, 2nd Floor, Toronto, Ontario, M5R 1C2, telephone (416) 966-0000, facsimile (416) 966-2700. The Company's website is [www.beamscope.com](http://www.beamscope.com).

The Company's Canadian business is carried out through Beamscope Canada Inc. The Company's Latin American business is carried out through a joint venture called Unisel Holdings S.A. ("Unisel Holdings"). Unisel Holdings is jointly controlled by Beamscope, through its Latin American holding company, Beamscope Chile S.A. ("Beamscope Chile"), and Sonda S.A., a private Chilean computer services company. Unisel Holdings has three operating subsidiaries: Unisel S.A. of Chile ("Unisel Chile"), Unisel S.A. of Argentina ("Unisel Argentina") and Unisel do Brazil Ltda. of Brazil ("Unisel Brazil"). Unisel Brazil has one operating subsidiary, Officer Distribuidora de Productos de Informatica S.A. of Brazil ("Officer").



(1) Miguel de la Fuente, who is a director and the general manager of Unisel Holdings S.A., owns 2% of Beamscope Chile S.A. and holds an option to purchase 8% of Beamscope Chile S.A. from Beamscope Canada Inc.

(2) On a fully-diluted basis.

## ITEM 2 - BACKGROUND AND DEVELOPMENT OF THE COMPANY'S BUSINESS

Beamscope was founded in 1982 after acquiring the exclusive Canadian rights to sell the "Beamscope", a television accessory that doubled the size of a television's viewing area. Beamscope entered the video game and home computer software market in 1983 and the home computer hardware market in 1985.

In 1987, Beamscope acquired the rights to distribute the Nintendo Entertainment System in Canada. The Company tripled its total sales volume between 1987 and 1989 and increased the number of storefronts across Canada that it serviced. After consumer demand for video entertainment products levelled off in 1989, the Company focused its efforts on the increasing consumer demand for home office products such as fax machines, modems and other computer hardware products.

In May 1991, Beamscope acquired the rights to distribute the IBM PS/1 (now known as the IBM Aptiva) line of computers to the retail marketplace in Canada. This endorsement from IBM,

combined with simultaneous growth in the small office/home office products market, enabled Beamscope to build its home office product line significantly.

In 1992, Beamscope began selling multimedia computer software. In March 1993, Sega of Canada authorized Beamscope as its first national distributor of Sega's first-party products in Canada.

In June 1993, Hewlett-Packard authorized Beamscope to distribute its LaserJet and DeskJet printers, scanners, fax machines, Omnibook and palmtop personal computers, calculators and accessories in Canada.

In November 1993, the Company completed its initial public offering. Net proceeds from the offering of approximately \$15 million were used to install new information systems, including an integrated distribution and inventory control system, to upgrade the Company's warehouse facilities and equipment, and as working capital.

In 1994, Beamscope became an authorized distributor in Canada of Microsoft's full line of software products, Creative Labs' multimedia products and Canon personal computers, printers and accessories. Also in 1994, the Company began distributing to Radio Shack stores across Canada.

In October 1994, Beamscope incorporated its first subsidiary, Beamscope Chile, to distribute home office, computer software and video game products to the Latin American market.

In February 1995, the Company completed a special warrant offering and received net proceeds of approximately \$14 million. These proceeds were used as working capital, to upgrade information systems and the Scarborough warehouse and office facility, to open a full-service distribution centre in Richmond, British Columbia, and to purchase the Company's main warehouse and office facility in Scarborough, Ontario, which the Company had previously leased. The balance of the proceeds of the offering were retained by the Company to fund possible future strategic business opportunities.

In 1995, the Company began distributing products from Lexmark and Samsung. In June 1995, Beamscope began shipping products to Toys "R" Us stores across Canada.

In July 1996, the Company expanded its presence in the Latin American market by forming a joint venture, called Sonda Beamscope S.A.. Sonda Beamscope S.A. comprised the operations of Unisel Chile (formerly Microcomputadores S.A. and the business of Beamscope Chile) and Unisel Argentina, both of which are distributors of computer hardware and software. On May 11, 1999, Sonda Beamscope S. A. was renamed Unisel Holdings S.A.

In November 1996, the Company acquired the business and assets of GTS Acquisitions Ltd. ("GTS"), one of the largest video entertainment distributors in Canada.

During 1996 and 1997, Beamscope assisted in the founding of and provided start up financing for Ironside Technologies Inc. ("Ironside"), a company that develops and markets business-to-business internet electronic commerce software. Later in 1997, Beamscope increased its investment in Ironside through its participation, along with two institutional investors, in a private placement of Ironside securities from treasury.

Also in 1997, the Company began distributing products from US Robotics and Kodak and concluded agreements with Acer, to distribute its retail personal computers and notebook lines,

and with Sony, to distribute its monitors, digital cameras, CD recordable drives, speakers and accessories.

In June 1997, Beamscope became the Canadian master distributor for ExpressVu's Dish Network DTH (direct-to-home) satellite television systems. Distribution to retailers and satellite agents began in August 1997.

In July 1997, the Company acquired the business and assets of S-Lan Bureautique and S-Lan Multimedia Inc. (together "S-Lan"), one of the largest distributors of French-language software in Quebec allowing the company to supply French-language software to many major Quebec-based retailers.

In September 1997, the Company sold its main office and warehouse facility in Scarborough, Ontario for proceeds equalling its net book value of \$2.2 million. Subsequently, Beamscope leased a 185,000 square foot office and warehouse facility in Richmond Hill, Ontario for a 10 year term. The Company relocated to the Richmond Hill facility on October 14, 1997. The sale and new lease were part of a plan to consolidate the Company's three Ontario distribution centres into one facility.

In October 1997, the Company completed a special warrants offering and received net proceeds of approximately \$23 million. The proceeds of the offering were used to reduce the Company's operating line of credit and for seasonal working capital requirements.

In December 1997, Unisel Holdings expanded its presence further into the South American markets by establishing a joint venture with Officer Distribuidora de Productos de Informatica S.A. ("Officer"), one of the largest computer products distribution companies in Brazil. Pursuant to the joint venture, Unisel Holdings indirectly acquired a 50% voting interest, and a 50.5% total equity interest, in Officer for approximately US\$5.2 million in cash. Pursuant to the joint venture agreement, Officer was renamed Unisel.

In June 1998, the Company acquired the business of Laing Marketing, an importer and distributor of private label video and P.C. accessory products, for cash and stock of approximately \$1 million.

In August 1998, the Company announced it would make a normal course issuer bid for up to 958,916 of its outstanding common shares through the facilities of The Toronto Stock Exchange. In fiscal 1999, a total of 459,600 common shares were repurchased by the Company for cancellation.

In September 1998, the Company increased its investment in Ironside by US\$1 million through a private placement.

In October 1998, the Company signed a new three-year agreement to expand its operating and term credit facilities to \$150 million (the "IBM Credit Facility"). The IBM Credit Facility is provided by the IBM Financing division of IBM Canada Limited and added \$110 million of new credit lines to the Company.

In August 1999, the Company announced it would make a normal course issuer bid for up to 792,612 of its outstanding common shares through the facilities of The Toronto Stock Exchange. In fiscal 2000, a total of 583,300 common shares were repurchased by the Company for cancellation.

In September 1999, the Company amended its financing facilities with the IBM financing division of IBM Canada Limited to include a long-term loan of \$15 million and a separate long-term project finance facility to support the core system replacement.

In October 1999, Beamscope invested an additional US\$1.5 million via a private placement in Ironside Technologies Inc. to bring its total investment to US\$5.15 million as at March 31, 2000 (before equity losses).

In December 1999, the Company entered into an agreement with Digital River Inc. to offer e-channel hosting services ("ECHO") to the Company's Canadian customers, allowing them in turn to offer on-line shopping to their customers without the large investment in infrastructure and logistics that would otherwise typically be required.

In January 2000, the Company launched Flex Logistics Inc., an independent third party logistics organization focused on providing a wide range of logistics services for suppliers, retailers and e-tailers both within and outside the industry.

In April 2000, Beamscope invested a further US\$1million in Ironside Technologies changing its ownership to 13.43% on a fully diluted basis.

On May 1, 2000, the Company closed its Montreal office and its Vancouver warehouse and centralized its call centre in the Richmond Hill facility.

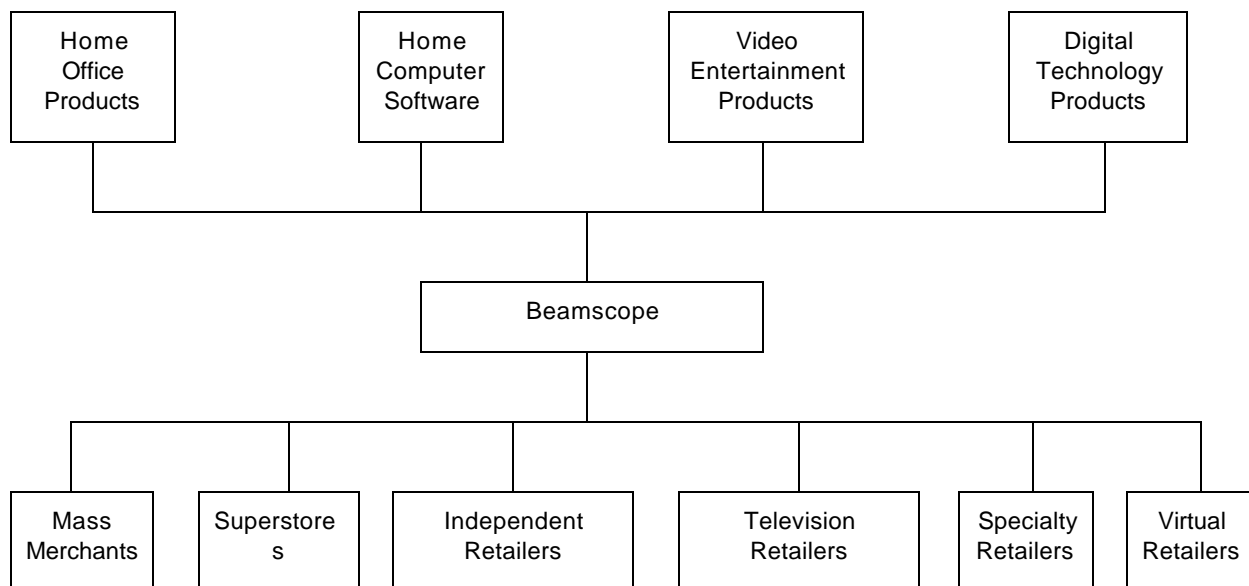
In July 2000, the Company implemented its JD Edwards World Software Enterprise Resource system, an information technology system aimed at enhancing controls, reducing costs and improving information management.

On August 14, 2000, the Company signed an agreement with Ingram Micro Inc. ("Ingram Micro") to sell certain of its computer hardware and software assets. The sale is expected to close on or about September 1, 2000, subject to due diligence, regulatory approval and various other conditions being satisfied. Proceeds will be used to pay down debt.

## ITEM 3 - BUSINESS OF THE COMPANY

### CANADIAN DISTRIBUTION OPERATIONS

The following summarizes Beamscope's Canadian product categories and distribution channel structure:



#### Products

Beamscope distributes products from four major categories - home office products (PC hardware), home computer software products, video entertainment products and digital technology products (including satellite receivers and dishes). Beamscope carries consumer packaged, brand-name, retail-oriented products that have an established consumer base and, in many cases, an established consumer awareness resulting from advertising by the manufacturers. Beamscope distributed over 6,500 different products, prior to the agreement with Ingram Micro.

The following table indicates the approximate percentage of the Company's total Canadian revenues derived from each of its four major product categories:

	<u>Fiscal 2000</u>	<u>Fiscal 1999</u>
Home office products	24%	23%
Home computer software products	29%	21%
Video entertainment products	33%	43%
Digital technology products	14%	13%

### *Home Office Products*

Beamscope is an authorized Canadian distributor of a broad range of home office PC hardware products including the IBM and Compaq line of personal computers, selected Hewlett-Packard printers, scanners, fax machines, calculators and accessories, Canon printers and accessories and Lexmark printers. This line of products, in addition to software, will be sold to Ingram Micro upon closing of the transaction.

### *Home Computer Software Products*

The Company markets its home computer software products in three categories: productivity (small office/home office) software, entertainment software and edutainment software. The Company's primary focus is marketing leading titles in each of these categories. Beamscope carries the products of approximately 30 software manufacturers, including Microsoft and Intuit in the productivity software category; Electronic Arts, Activision, Interplay, Lucas Arts, and Havas in the entertainment software category; and Mattel, Disney and Microsoft in the edutainment category. This line of products, in addition to home office products, will be sold to Ingram Micro upon closing of the transaction.

### *Video Entertainment Products*

Beamscope distributes all major platforms of video game hardware and first-party and third-party games software from more than 40 manufacturers. Beamscope is a national distributor for Nintendo, Sony and Sega products in Canada. Beamscope also distributes products from third-party manufacturers, including Acclaim, Electronic Arts, Ocean and Midway.

### *Digital Technology Products*

Digital technology is a newer product category for Beamscope. Consumer demand for digital technology products has grown significantly and Beamscope distributes a number of these products, including digital cameras, DVDs (digital video discs) and digital satellite television receivers, dishes and accessories. Currently, the most significant contributor to this category is the ExpressVu Dish Network DTH (direct-to-home) satellite television systems which the Company distributes through its customer network. Beamscope also distributes digital cameras for Fuji and Kodak, amongst others.

## **Customers and Distribution Channels**

In Canada, Beamscope sells primarily to the consumer and SOHO (small office/home office) markets through retailers. The Company segments its retail customers into four distinct channels: mass merchants, superstores, independent retailers and "virtual" retailers such as on-line Internet resellers.

Beamscope's customers range in size from one-store independent retailers to large national mass merchant stores. The Company's customers include audio electronics stores, computer product retailers, office product outlets, membership warehouse clubs, electronic superstores,

video stores, grocery, drug, record, photo and book stores, toy and hobby stores, discount mass merchants, national department store chains and on-line internet resellers.

The Company sells the bulk of its home office products and home computer software products through audio-electronics stores, office product outlets, electronics superstores and certain mass merchants. The Company sells its video entertainment products primarily through mass merchants and video chains, whereas its satellite television dishes are principally sold through electronics superstores, television retailers and some mass merchants.

In Canada, Beamscope has over 3,000 active customers. Its top five customers in fiscal 2000 accounted for approximately 39% of sales and its single largest customer represented approximately 9% of sales. Geographically, sales by the Canadian operations accounted for 72% of the Company's total sales.

### **Customer Service**

Beamscope focuses on providing retail, marketing and distribution expertise and superior customer service.

Beamscope believes that the key elements of its customer service strategy are:

- value-added sales and marketing focus
- maintaining adequate stock levels
- just-in-time delivery capability
- customer support
- product selection and plan-o-grams
- co-op advertising and promotional assistance and in-house art department
- product training
- electronic ordering capabilities (EDI)
- 24 hour access to Beamscope On-Line
- expedited warranty pass-through
- specialized labelling, product bundling and display service

Beamscope services its customers with telemarketers, including a call-centre for inbound telephone orders. Beamscope also assigns dedicated account managers to its national and key customers.

In Canada, Beamscope offers an Internet self-service on-line ordering system called Beamscope On-Line. This system provides customers with 24-hour access to Beamscope for order processing and information regarding Beamscope's products, promotions, inventory availability or pricing. Beamscope strives to be an industry leader in advanced systems and technology. The Company provides EDI (electronic data interchange) ordering, shipment notice and invoicing for many major customers.

The Company's warehouse and distribution facility in Richmond Hill, Ontario uses integrated distribution and inventory control systems that allow Beamscope to receive and fulfil customer orders.

The Company offers a variety of payment options including credit line, credit card payment and the services of third-party floor planning companies to certain customers.

The home computer software industry is driven by new product introductions. The shelf life of new products can, in some cases, be six months or less. In order to replenish and freshen their inventory, retailers require the ability to exchange products for newer releases. Beamscope offers its retail customers a 90-day stock balancing program for home computer software

products, which allows the customers to return slow moving products and exchange them for other products. Beamscope, in turn, receives stock balancing privileges from its home computer software suppliers.

## Supplier Relations

Suppliers benefit from Beamscope's distribution experience and network of retail customers. By using a distributor such as Beamscope, suppliers gain access to a large and diverse customer base, achieve rapid market visibility for their products and benefit from an efficient and cost effective distribution process.

Beamscope's supplier strategy is to deal with a select group of suppliers for whose products significant demand exists. The Company currently has less than 200 active suppliers, a number which is substantially fewer than that of Beamscope's major competitors and is considered by the Company to be a competitive distinction. Beamscope remains committed to its key ongoing suppliers. Beamscope believes that its focus on a select group of suppliers allows it to understand how to more effectively market and sell specific products.

Most of the products Beamscope distributes are subject to pull-through brand name marketing such as Sony and Nintendo.

Beamscope also provides cost-effective marketing and advertising assistance for its retail customers. For example, Beamscope hosts special days known as "event days" at which its sales representatives set up in-store promotions to create a special emphasis on a particular supplier or group of products.

In these respects, Beamscope believes it adds value and offers significant advantages to its suppliers.

The following is a list of Beamscope's principal suppliers, including those supplying the hardware and software business that are anticipated to be divested:

<i>Home Office Products</i>			
Acco/Kensington/Gravis Artec Belkin Components Canon	CH Products Compaq Hewlett-Packard IBM	KB Gear KDS Lexmark Logitech	Mad Catz Saitek Samsung SonySumdex

<i>Home Computer Software Products</i>			
Productivity (Small Office/Home Office) Software			
Intuit	MacMillan Publishing	Microsoft	Mattel
Edutainment Software			
Disney Interactive DK Interactive	Dreamcatcher Interactive Mattel	Havas	Microsoft

Entertainment Software			
3DO 989 Studios Acclaim Entertainment Activision	Eidos Interactive Electronic Arts Fox Interactive Gathering of Developers	Hasbro Interactive Havas Interplay Lucas Arts	Macmillan Canada Prima Publishing South Peak Infogrammes

<i>Video Entertainment Products</i>			
Acclaim Entertainment Activision American Softworks Capcom USA Eidos Interactive Electronic Arts Fox Interactive	Hasbro Interactive Infogrammes Interplay Productions Jaleco USA Konami Lucas Arts Majesco	Midway Namco New Kid Co. Nintendo of Canada Sega of America Sony Computer Entertainment	Tecmo THQ Titus Software UBI Soft Vatical Vic Tokai Working Designs

<i>Digital Technology Products</i>			
3Com Agfa Casio	Echostar Fuji Horizon	Kodak Philips	San Disk Ultima International

## **Associates**

At the end of fiscal 2000, Beamscope employed 324 associates (374 including temporary and contract staff). This number includes those that were located in the regional offices in Vancouver and Montreal prior to the closure of the Montreal office and the Vancouver warehouse.

On August 14, 2000, concurrent with the signing of the agreement with Ingram Micro, the Company gave notice of termination to 145 of its associates. This notice of termination is conditional on the completion of the transaction with Ingram Micro.

Over the past year, Beamscope's primary focus with respect to its associates was on organization transition and change management to prepare for the new JD Edwards World Software Enterprise Resource Planning System and for other changes required to improve profitability and reduce costs.

To increase the focus on profitability, new sales compensation plans were developed to align profitability with rewards and recognition. The goals of the program are to increase profitable sales, improve margins, reduce returns and to promote the sell through of a cross-section of product mix. This new plan rewards individual and team performance.

Beamscope's initiatives around organizational development, and streamlined organization structure and processes form the foundation on which to build upon in fiscal 2001.

## Facilities

The Company services its Canadian customers from its sales office and distribution facilities in Richmond Hill, Ontario and Brampton, Ontario. The main distribution facility is a 185,000 square foot office and warehouse facility in Richmond Hill. During the course of the year the Company closed its distribution facility in Richmond, British Columbia and opened its facility in Brampton, Ontario which it utilizes for Flex Logistics Inc. In addition to these facilities, the Company leased a 5,300 square foot office facility in Richmond Hill, Ontario to provide space for its Project Catalyst Team. This facility is in the process of being closed in August 2000. The Company also leases a 2,600 square foot corporate head office in Toronto, Ontario from which it manages investor relations, corporate development initiatives and other business matters.

## **LATIN AMERICAN OPERATIONS**

Unisel Chile, Unisel Argentina and Officer (collectively referred to herein as "Unisel") are each a major distributor, in their respective markets, of computer hardware and software to value-added resellers, systems integrators and retailers. The Latin American operations do not form part of the assets to be sold to Ingram Micro.

## Products

Unisel distributes brand-name computer hardware and software products from both international and local manufacturers. These manufacturers have primary responsibility for the marketing of these products. Unisel, as local distributor, assists the manufacturers with the implementation of local marketing and advertising programs.

Unisel's product strategy is to offer the key lines from major manufacturers in all markets it serves, currently Chile, Argentina and Brazil. In individual markets, the local operating company will also represent a number of other product lines where it has a competitive advantage and can provide superior service to its customers. Currently, in Latin America, Unisel offers more than 3,000 products to its customers.

The following table indicates the appropriate percentage of the Company's total Latin American revenues derived from each of its two major product categories:

	<u>Fiscal 2000</u>	<u>Fiscal 1999</u>
Computer Hardware products	81%	79%
Computer Software products	19%	21%

### *Computer Hardware Products*

Unisel is an authorized distributor in Chile, Argentina and Brazil of computer hardware products, including servers, personal computers, printers, monitors and accessories, from Hewlett-Packard, IBM and Compaq.

Unisel Chile also offers PCs, printers, network hardware, accessories and other products from Acer, Canon, Okidata, Iomega and others. Unisel Argentina offers network hardware, monitors, printers, accessories and other products from Cisco, Nortel, Networks, LG, Aopen, Samsung, NEC, Epson, Iomega, Creative Labs and others. Officer offers printers, notebook computers,

network hardware, monitors and other products from Epson, Okidata, Xerox, Toshiba, Sony, Philips and others.

### *Computer Software Products*

Unisel markets and distributes computer software in two principal categories: brand-name packaged computer software and licenses for the business market, and brand-name consumer-oriented packaged computer software aimed at retailers. Products in the latter category are similar to the computer software products offered by Beamscope in Canada and include productivity, entertainment and edutainment computer software.

In Chile and Argentina, Unisel is an authorized distributor for Microsoft, including the Microsoft Home line of retail software. In Chile, Argentina and Brazil, Unisel distributes products from Novell and Autodesk, and also distributes software products from Computer Associates. Unisel Chile also distributes computer software from Corel, Symantec, Wall Data and a full line of Spanish language retail-oriented computer software from several manufacturers, including Electronic Arts, Activision, Sierra and others. Unisel Argentina carries UNIX computer software from SCO and others. Officer also distributes computer software products from Cheyenne, Corel, Oracle, Wall Data, Netscape, Symantec, Sun Microsystems and others.

### **Customers, Distribution Channels and Customer Service**

Unisel's customers include value-added resellers, computer dealers, computer services companies and systems integrators who serve the corporate or business market, and all types of retailers. Unisel Chile's sales mix is approximately 70% to the corporate market and approximately 30% to the retail market. Unisel Argentina's sales mix is approximately 90% and 10% to the corporate and retail markets, respectively. Officer presently sells more than 95% of its products to the corporate market.

Unisel's retail customers in Chile, Argentina and Brazil include computer superstores, national mass merchants, hypermarkets and warehouse stores, electronics stores and home appliance and furnishings stores.

Unisel Chile has approximately 675 active customers and its top five customers represents approximately 26% of its total sales and its top customer represents 8% of sales. Unisel Argentina's and Officer Unisel's customer bases include approximately 2,500 and 3,800 active customers respectively, with the largest customer for each representing 9% and 2% of sales, respectively. The top 5 customers of Unisel Argentina represent 27% of sales and less than 5% of sales for Officer Unisel.

Beamscope believes that Unisel has achieved its success to date by providing value-added distribution and pre-sales and post-sales support. Unisel adapts its services to fit the special needs of its corporate and retail customer channels in each country in which it operates. The Company believes that the key elements of Unisel's customer service strategy are:

- customer support
- broad product selection and availability
- competitive pricing
- dealer and technical support
- efficient distribution process, convenient pick-up and prompt delivery
- sales and marketing staff with excellent product knowledge
- in-store merchandising for larger retail customers
- special bundling for retailers
- product training
- product warranty support
- an approach to solutions selling

## Supplier Relations

Unisel's strategy is to maintain excellent relations with a limited number of major suppliers for whom it believes it can add value. Like Beamscope, Unisel offers to its suppliers cost-effective marketing and distribution, and access to a diversified customer base.

Many of Unisel's suppliers do not have local operations in Chile, Argentina or Brazil. In such cases, Unisel's distribution network provides such suppliers with the opportunity to broaden the distribution of their products to purchasers in those markets.

The following is a list of Unisel's principal suppliers:

<i>Computer Hardware Product Suppliers</i>			
3Com	Compaq	Intel	Samsung
Acer	Compex	Interact	Seagate
Adobe System	Computone	Iomega	Sony
AGFA	Connectix	LG (Goldstar)	Toshiba
AMP	Creative Labs	Memory Card Tech.	Tripp Lite
APC	Daewoo	Microtek	Umax
Apple Computer	Digi Boards	Multitech	Viewsonic
Bay Networks	Dlink	NEC	Wangtek
Boca Research	Eicon Engetron	Nortel	Wyse/Link
Canon	Epson	Okidata	Xerox
Century	Hewlett-Packard	Philips	
Cisco	IBM		

<i>Computer Software Suppliers</i>			
Activision	Erbe/MCM	Mattel	SCO
Adeptec	Expert	Maxis	Sierra
Adobe	Friendware	Microbyte	Softkey
Arrayan Editores	FTP	Micronet	Sun Microsystems
Autodesk	Genius	Microprose	Sunsoft
CD Multimedia	Globalink	Microsoft	Symantec
Cheyenne	GT Interactive	Mindscape	Syracuse Language
Computer Associates	Icti-ROM	Multibrain	The Learning Company
Corel	Index	Netscape	Unlimited
Davidson	Interplay	New World Computing	Wall Data
Dr. Solomon's	Intuit	Novell	Watchguard
Eidos	Ionasoft	Oracle	Zeta Multimedia
Electronic Arts	Lodisoft	Point Control	
Emblem	Lotus	Prime Media	

## **Employees**

Unisel employs approximately 307 full-time employees, of which 78 are located in Chile, 89 are located in Argentina and 140 are located in Brazil. None of these employees are members of a union or a labour group.

## **Facilities**

Unisel Chile owns a 5,640 square feet office and distribution facility that is located in a prime industrial area in Santiago, Chile. In October 1997, Unisel Chile purchased land adjacent to the Santiago facility, which will allow it to approximately double the size of its office and warehouse facilities. The warehouse facility is 15,565 square feet.

Unisel Argentina owns a 20,300 square feet office building in Buenos Aires, Argentina and leases a 20,000 square foot nearby warehouse facility. Unisel Argentina's facilities are close to the central area of Buenos Aires, allowing for efficient customer pick-up and delivery. In addition, Unisel Argentina utilizes distribution space operated by Vidal, its principal transit carrier, in the cities of Cordoba and Mendoza, Argentina.

Officer leases a 16,600 square feet office and distribution facility in Sao Paulo, Brazil, located centrally to facilitate local customer pick-up and delivery. Also, Officer leases an 8,000 square foot warehouse facility in Alphaville, which is located near Sao Paulo. At both locations, suitable additional leased space is available for future expansion.

## **Risks of Foreign Operations**

The interests of the Company in Latin America may be affected in varying degrees by political or economic instability in Latin America. These risks include, but are not limited to: terrorism, military repression, and extreme fluctuations in currency exchange rates and high rates of inflation. The Company's Latin American operations may also be affected in varying degrees by such factors as government regulations (or changes thereto) with respect to export controls, income taxes, expropriation of property and repatriation of profits. The effect of these factors cannot be accurately predicted.

## ***FLEX LOGISTICS***

In January of 2000, Beamscope launched Flex Logistics, a new company serving the logistics and order fulfilment needs of North American industry. A separate operating company, currently 100% owned by Beamscope, Flex Logistics is positioned to offer U.S. and Canadian manufacturers, e-tailers and retailers a range of services to improve the effectiveness of their supply chains. These logistics services encompass order fulfilment, internet fulfilment, inventory control, reverse logistics and other special services. Distinct from Beamscope's Canadian distribution operations, Flex Logistics does not own inventory, does not engage in sales, marketing or merchandising and does not engage solely in serving the retail electronic entertainment market.

In August 2000, Flex and CANOE, Canada's leading Internet network, are expected to announce a strategic alliance. This alliance will provide CANOE's retailers with immediate fulfilment and distribution capabilities across Canada and ultimately, the United States and South America. CANOE is widely viewed as Canada's most comprehensive online network of content and products, with over 100 million page views and more than 5.3 million visitors every month.

### ***INVESTMENT IN IRONSIDE***

During 1996 and 1997, Beamscope assisted in the founding of and provided start-up financing for Ironside Technologies Inc. ("Ironside"). Ironside develops and markets business-to-business Internet commerce software. Ironside's principal software product, "Ironworks", is an Internet order entry program that links, in real time, to the host computer order management systems. This allows customers using the Ironworks system to take orders for their products through the Internet. Ironside derives a large portion of its revenue from software licensing, installation upgrades or add-ons, and product maintenance and support.

In July 1997, Ironside raised additional capital by completing a private placement of securities from treasury to Beamscope and two institutional investors for net proceeds of approximately \$7.6 million. The net proceeds of the offering have been used by Ironside to expand into the U.S. market by opening sales offices in major U.S. centres and by hiring sales and marketing personnel to promote Ironside and sell its products.

In September 1998, Beamscope invested an additional \$1.5 million in Ironside. Beamscope's investment in Ironside consists of Common, Class A and Class B Shares. During fiscal 1999, Beamscope began accounting for its share of Ironside losses and using the equity method of accounting.

In fiscal 1999, Ironside released six new or enhanced products and translated their software programs into 24 languages. Also, during fiscal 1999, Ironside's head office moved to the San Francisco area. In addition, they opened five new sales/support offices in key centres such as Los Angeles, Chicago, Atlanta, Boston and Minnesota. In the summer of 1999, Ironside opened their first sales/support office in England.

In fiscal 2000, Ironside announced the completion of the development of Ironworks for SAP, Ironside's integrated solution for the SAP installed base. Ironworks for SAP provides industry-leading performance, integration and time-to-market characteristics, enabling the world's largest enterprise resource planning (ERP) community to rapidly deliver world-class e-commerce capability.

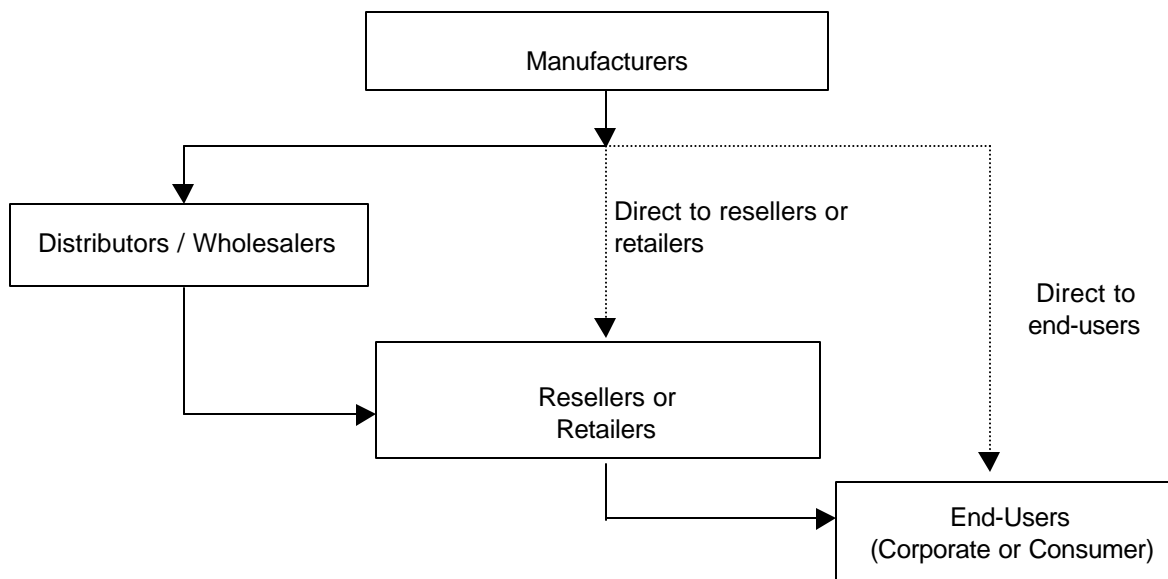
During fiscal 2000, Beamscope invested an additional \$2.2 million in Ironside to bring its total investment to \$4.7 million, net of equity losses. Strategic investors participated in the new round of financing, reducing Beamscope's fully diluted ownership from 24.65% at the end of fiscal 1999 to 14.29% at the end of fiscal 2000. Effective October 15, 1999, Beamscope no longer records its share of Ironside losses.

Subsequent to year-end, Ironside announced another round of financing that closed in April 2000. Beamscope invested a further \$1.5 million at that time, changing its ownership to 13.43% on a fully diluted basis.

## **INDUSTRY AND COMPETITION**

### **Industry**

As indicated in the chart below, the computer hardware, computer software, video entertainment and digital technology industries generally consist of (i) manufacturers who sell products to distributors, resellers, retailers or directly to end-users; (ii) distributors who sell products to resellers and retailers; and (iii) resellers and retailers who sell to other resellers and end-users. Distributors generally sell only to resellers and retailers and purchase a wide range of products in bulk directly from the manufacturers. Resellers include corporate resellers, value-added resellers and systems integrators.



Many manufacturers, facing declining product prices and increasing costs of selling directly to resellers or retailers, use distributors to sell some or all of their products. Resellers and retailers often rely on distributors for inventory management and credit, which reduces their need to stock large inventories and to maintain multiple lines of credit to finance working capital needs. Certain manufacturers are moving toward secondary sourcing and open sourcing whereby resellers and retailers can purchase the manufacturer's products from more than one source. The distributors that are the most efficient and provide the highest value through superior service and competitive pricing are in the best position to compete for a reseller's or retailer's business.

Industry participants tend to favour larger distributors who have access to financing and are able to achieve economies of scale, broad geographic coverage and have established vendor relationships.

The video entertainment industry is dominated by two major manufacturers, Nintendo and Sony. This year will be a transition year for the video entertainment industry. Sony is expected to release the Playstation II in October 2000, Nintendo's new game console is expected to be released in the first half of 2001 and Microsoft has announced the X-Box is expected to be released late in 2001. The Company expects that with the release of the new platforms there will be a boost in this business in the coming years.

Digital technology products, such as digital cameras and DVD, are becoming increasingly popular as a result of the growing interest in the Internet. Digital satellite television systems are also increasing in popularity. Direct-to-home satellite television systems are one of the fastest selling electronics products in the United States and, since receiving their regulatory approvals in Canada, have begun to impact the Canadian cable marketplace. The market for satellite television systems includes households that currently subscribe to cable and those without cable access. Satellite television systems offer better picture quality, more flexibility for the subscriber and more sophisticated use of features like parental blocking and on-line program listings than regular television provides.

Over the past several years, the growth rate of sales of information technology products in Latin America has significantly exceeded world-wide sales growth. The home computer market in Latin America is still in its infancy by comparison to the major North American and European markets and very few Latin American households have a home computer. The Company expects that the installed base of home computers in Latin American households will increase significantly in the near term, as the quality of available equipment improves and decreases in cost, and education and entertainment programs, including multimedia, improve in usability and availability.

## **Competition**

In Canada, Beamscope's major competitors in the home office products category are Ingram Micro, Merisel Canada, Supercom and certain manufacturers who choose not to sell through distributors. In the home computer software products category, the Company's competitors are Ingram Micro, Merisel Canada and certain manufacturers who choose not to sell through distributors. The two preceding categories are anticipated to be divested. In the video entertainment products category the Company competes with distributors such as Video One Canada Ltd and SJS Group Ltd. Competition for satellite dish distribution comes from other satellite dish distributors and manufacturers and from cable companies. In Latin America, Unisel's major competitors include Ingram Micro (formerly Computek), Computer 2000 (now owned by Tech Data), certain U.S. based distributors and regional distributors in Chile, Argentina and Brazil.

In the Flex Logistics business there are three major categories of competitors, two operating in the Canadian marketplace and one operating in the United States which service the Canadian marketplace. The two categories of competitors that operate in the Canadian marketplace are: (i) small third party logistics providers (3PL's) and/or transportation companies which typically have limited service offerings and which lack the information technology and infrastructure needed to service complex logistics solutions and (ii) top tier 3PL's such as Ryder Integrated Logistics, Livingston and Tibbett & Britten with worldwide organizations delivering complex solutions to large scale organizations. The competitors that operate from the U.S. are the

middle tier 3PL's with organizations such as Ditan and AMS Logistics. As the Company seeks out new products and markets, it may encounter increased competition from current competitors and/or from new competitors.

### **BUSINESS STRATEGY**

In Canada, Beamscope has begun a new strategy with the proposed divestiture of its hardware and software business. Assuming the completion of the sale to Ingram Micro, Beamscope will focus on rebuilding and repositioning the business for profitable growth in the video entertainment, accessories and satellite product distribution businesses, as well as in the new 3PL Flex Logistics business. With the proposed sale of hardware and software, overhead will be significantly reduced. The new JD Edwards Enterprise Resource Planning System gives the Company the platform it needs to streamline activities to reduce costs and better manage margins. In addition, the Company's investment in Ironside continues to show great potential.

In Latin America, Beamscope's goal is to position Unisel as a major distributor of high demand computer hardware and software products with a presence in all of the major South American markets. Beamscope's goal is to develop, through Unisel, strong relationships with manufacturers and software publishers and provide them with reputable, financially stable, well managed, cost effective distribution alternatives in these markets.

Unisel strives to replicate many of Beamscope's customer service and marketing strengths (including a diverse product selection), efficient ordering and delivery processes, and products and programs, and direct these at both the corporate and the consumer markets.

### **ITEM 4 - SELECTED CONSOLIDATED FINANCIAL INFORMATION**

The following selected consolidated financial information is derived from the consolidated financial statements of the Company and the accompanying notes for each of the years in the five year period ended March 31, 2000. This information should be read in conjunction with the Consolidated Financial Statements in the Annual Report Supplement and Management's Discussion and Analysis of Financial Conditions and Results of Operations contained in the Annual Report to the Shareholders.

	Year Ended March 31 2000	Year Ended March 31 1999	Year Ended March 31 1998	Year Ended March 31 1997	15 months Ended March 31 1996
	—	—			
	(in thousands of dollars, except for share amounts)				
Sales	\$584,289	\$608,022	\$535,347	\$327,122	\$332,438
Net income (loss) for the period	(16,503)	(20,941)	9,063	5,020	6,554
Net income (loss) per common share					
- basic	\$(1.49)	\$(1.79)	\$0.89	\$0.58	\$0.80
- fully diluted	N/A	N/A	0.77	0.51	0.73
Total assets	\$240,921	\$247,646	\$221,250	\$141,278	\$92,849
Long-term debt	303	15,784	13,538	11,548	-

During fiscal 2000, Beamscope recorded additional charges of \$5.9 million after-tax. These charges were mainly due to higher-than-historical inventory provisions, restructuring charges related to changes in Montreal and Vancouver and historical issues with a vendor.

A summary of unaudited consolidated financial information for each of the interim reporting periods in fiscal 2000 and 1999 is set forth below.

	<u>Fiscal Quarters – 2000</u>				<u>Fiscal Quarters – 1999</u>			
	<u>4th</u> <u>Qtr</u>	<u>3<sup>rd</sup></u> <u>Qtr</u>	<u>2<sup>nd</sup></u> <u>Qtr</u>	<u>1<sup>st</sup></u> <u>Qtr</u>	<u>4th</u> <u>Qtr</u>	<u>3rd</u> <u>Qtr</u>	<u>2nd</u> <u>Qtr</u>	<u>1<sup>st</sup></u> <u>Qtr</u>
	(in thousands of dollars, except per share amounts) (unaudited)							
Sales	\$120,285	\$205,596	\$148,800	\$109,608	\$121,043	\$202,589	\$149,987	\$134,403
Net income (loss) for the period	(10,443)	(810)	(2,138)	(3,112)	(6,929)	(16,680)	2,012	656
Net income (loss) Per common Share								
- basic	\$(0.94)	\$(0.07)	\$(0.19)	\$(0.27)	\$(0.60)	\$(1.42)	\$0.17	\$0.06
- fully diluted	N/A	N/A	N/A	N/A	N/A	N/A	0.15	0.05

The 4<sup>th</sup> quarter results in fiscal 2000 include a \$5.9 million restructuring charge, after-tax.

As indicated in the above consolidated financial information, the Company's business is somewhat seasonal, with the largest revenues traditionally occurring each year in its 3<sup>rd</sup> quarter.

## Dividends

The Company has no stated dividend policy and, except for a prohibition in the IBM Credit Facility on declaring a dividend during an Event of Default (as defined therein) or that would result in an Event of Default, and except as may be imposed by law, there is no restriction on the payment of dividends. Any future determination to pay cash dividends will be at the discretion of the board of directors of the Company and will depend on the Company's financial condition, results of operations, capital requirements and such other factors, as the board of directors deems relevant.

## ITEM 5 - MARKET FOR SECURITIES

The outstanding common shares of the Company are listed and posted for trading on The Toronto Stock Exchange under the symbol "BSP". The Company has no other outstanding classes of shares.

## ITEM 6 - DIRECTORS AND OFFICERS

The directors of the Company are elected at each annual meeting of shareholders and hold office until the next annual meeting of shareholders or until their successors are elected or appointed. The names and municipalities of residence of the directors and officers of the Company as of the date hereof, their respective principal occupations within the preceding five years, and the periods during which they have served as directors of the Company, if applicable, are set forth below.

### Directors

<b><i>Name and Municipality of Residence</i></b>	<b><i>Principal Occupation and Business</i></b>	<b><i>Director Since</i></b>
R. Ian Bradley <sup>(1)</sup> Mississauga, Ontario	Chief Financial Officer, Forbes Medi-Tech Inc.	N/A <sup>(2)</sup>
David Kassie <sup>(3)</sup> Toronto, Ontario	Chief Executive Officer, CIBC World Markets Inc., Chairman CIBC Capital Partners and Vice Chairman Canadian Imperial Bank of Commerce.	1993
Richard Padulo <sup>(3)</sup> Toronto, Ontario	President and Chief Executive Officer, Padulo Integrated Inc. (marketing, advertising and communications company)	1997
Thomas P. Reeves <sup>(4)</sup> Oakville, Ontario	President and Secretary, Beamscope Canada Inc.	1998
Larry Wasser <sup>(3)</sup> Toronto, Ontario	Chairman and Chief Executive Officer, Beamscope Canada Inc.	1982

- (1) Mr. Bradley was the Vice President, Finance and Administration of Dylex Limited from March 1999 to August 2000 and prior to that was an independent consultant from March 1997 to February 1999 and was the President and General Manager of Mattel Canada Inc. from January 1988 to February 1997.
- (2) Mr. Bradley was previously a director of the Company from 1993 to March 1996.
- (3) For the previous five years, each of these proposed nominees has been engaged in his current principal occupation.
- (4) Mr. Reeves was the President of Merisel Canada Inc. from 1994 to 1998.

### Officers

<b><i>Name and Municipality of Residence</i></b>	<b><i>Principal Occupation and Business</i></b>
Derek Anderson Bradford, Ontario	Vice President Marketing and Products Beamscope Canada Inc.
Lesley Bradshaw <sup>(1)</sup> Ajax, Ontario	Vice President, Human Resources Beamscope Canada Inc.

<b><i>Name and Municipality of Residence</i></b>	<b><i>Principal Occupation and Business</i></b>
William E. French <sup>(2)</sup> Rockwood, Ontario	Vice President, Sales Beamscope Canada Inc.
Eunice Lumsden <sup>(3)</sup> North York, Ontario	Vice President, Information Technology & e-Services Beamscope Canada Inc.
T. Lang Moffat <sup>(4)</sup> Campbellville, Ontario	Vice President, New Business Development Beamscope Canada Inc.
Thomas P. Reeves Oakville, Ontario	President and Secretary, Beamscope Canada Inc.
Jane Todd <sup>(5)</sup> Aurora, Ontario	Vice President, Finance and Chief Financial Officer Beamscope Canada Inc.
Larry Wasser Toronto, Ontario	Chairman and Chief Executive Officer, Beamscope Canada Inc.
David Yundt Oakville, Ontario	Vice President, Operations Beamscope Canada Inc.

- (1) Mrs. Bradshaw was the National Human Resources Manager at Rogers Cantel Inc. in the Cellular business from 1994 to 1995.
- (2) Mr. French was the Vice President of Sales for the Financial Services Industry sector at Bell Canada from 1996 to 1998, and was the Vice President of Sales for Southam Inc. from 1993 to 1996.
- (3) Mrs. Lumsden was the Vice President of Supply Chain Management & e-Commerce at Johnston Medical Products from 1997 to 1999, and was the Vice President of Information Management also at Johnston & Johnston from 1996 to 1997.
- (4) Mr. Moffat was the Vice President of Sales for Tyco Toys Canada Inc. from 1993 to 1994 and was the Director of Sales for Mattel Canada Inc. from 1991 to 1993.
- (5) Mrs. Todd was the Vice President and Chief Financial Officer at Azerty Inc. from 1996 to 1999, and was the Chief of Staff of the Planning Committee of Abitibi-Consolidated Inc. from 1995 to 1996.

To the knowledge of the Company, based on information provided by such persons, as of August 11, 2000 the directors and officers of the Company, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 1,227,068 Common Shares or approximately 11.1% of the outstanding Common Shares of the Company.

## **Committees**

The Company is required by law to have an audit committee which consists of the following members: David Kassie, Richard Padulo and Ian Bradley. The Company has a compensation committee which consists of the following members: David Kassie, Richard Padulo and Ian Bradley. The Company also has a Stock Option Committee, of which Larry Wasser is the sole member.

## ITEM 7 - ADDITIONAL INFORMATION

Upon request being made by any person to the Secretary of the Company, the Company will provide to that person the following:

- (a) if the securities of the Company are in the course of a distribution pursuant to a short form prospectus or a preliminary short form prospectus has been filed in respect of a distribution of the Company's securities:
  - (i) one copy of this Annual Information Form, together with one copy of any document, or the pertinent pages of such documents, incorporated by reference in this Annual Information Form;
  - (ii) one copy of the Company's consolidated financial statements for its financial year ended March 31, 2000 together with the accompanying report of the auditor and a copy of any interim financial statements of the Company subsequent to March 31, 2000;
  - (iii) one copy of the management information circular sent to the Company's shareholders in connection with the Company's most recently held annual meeting of shareholders; and
  - (iv) one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus that are not required to be provided under (i) to (iii) above; or
- (b) at any other time, one copy of any other documents referred to in (a)(i), (ii) and (iii) above.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and options to purchase securities, is contained in the management information circular sent to the Company's shareholders in connection with the Company's most recently held annual meeting of shareholders and additional financial information is provided in the Company's consolidated financial statements for the year ended March 31, 2000. A copy of any of such documents may be obtained from the Secretary of the Company, upon request.

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