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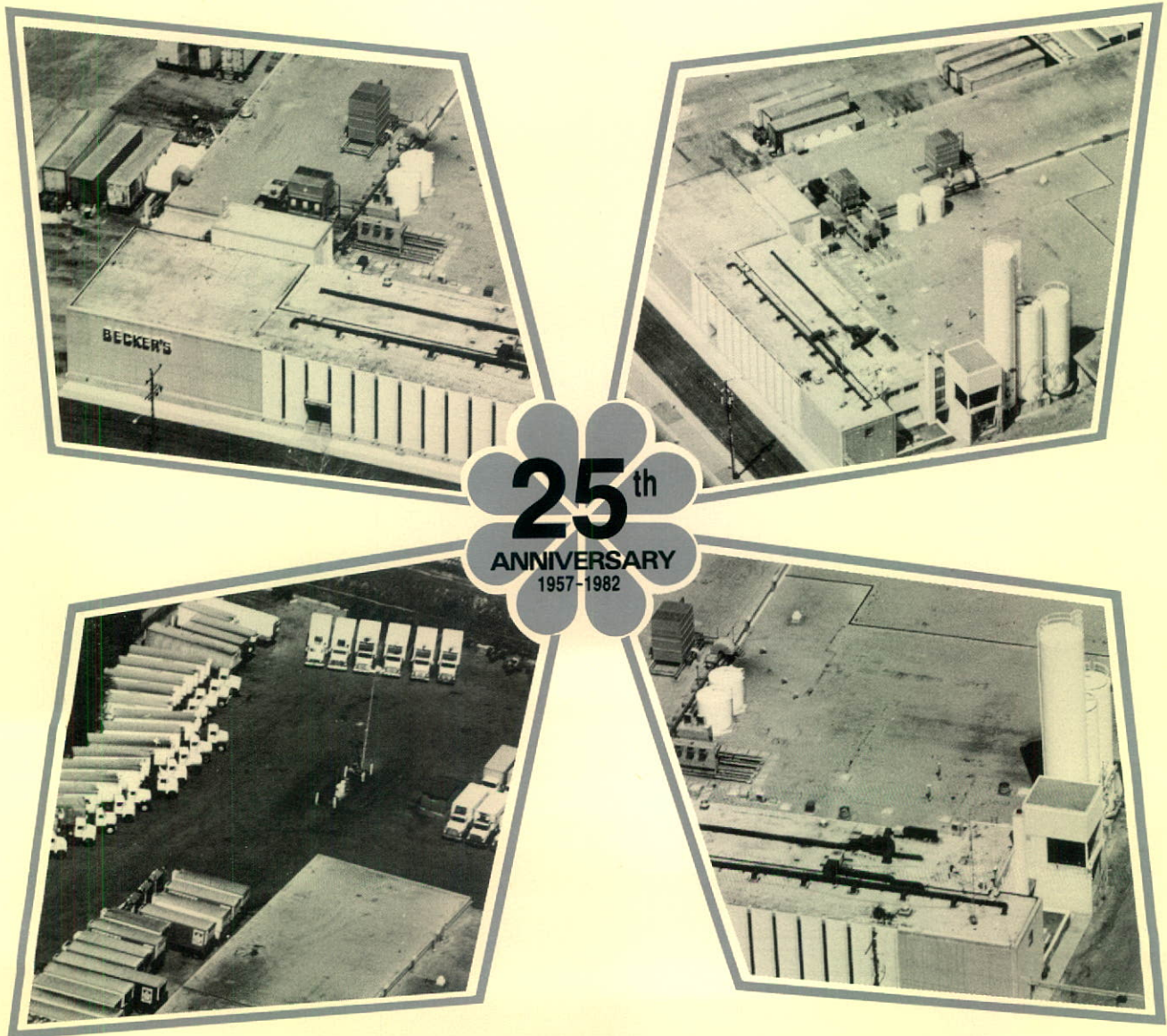
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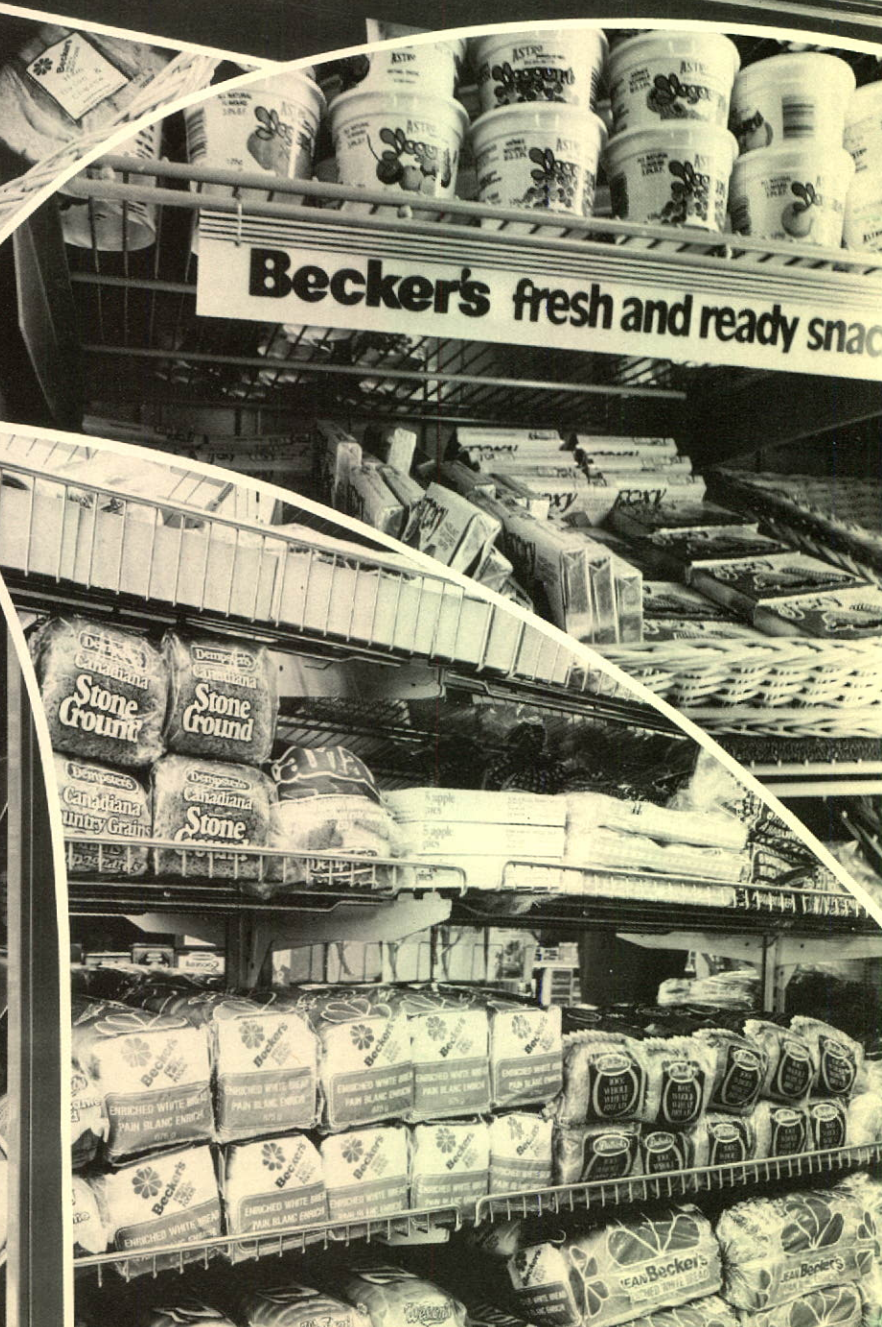
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Highlights of the year

Year Ended April 30

	1982 \$	1981 \$	Percentage Change
Sales	224,571,881	200,981,040	+ 11.7
Operating earnings	13,458,351	13,211,865	+ 1.9
Net earnings	4,878,542	5,023,506	- 2.9
Earnings per share	2.81	2.90	- 3.1
Long-term debt	5,866,500	1,478,343	+ 296.8
Shareholders' equity	29,545,749	25,601,455	+ 15.4
Shares Outstanding — Class A	5,675	5,675	
— Class B	1,187,610	1,179,610	+ .7
— Common	540,750	540,750	
Number of Stores	649	631	+ 2.9

Directors' report to the shareholders



Frank A. Bazos



Robert W. Lowe

We are pleased to submit herewith the Annual Report of the Becker Milk Company Limited for the year ended April 30, 1982.

This was a very special year for your Company as we now have concluded our first quarter century of operations.

It developed into a very trying year, exposing us to tumultuous conditions in our own industry and in the economy as a whole. We experienced extremely high interest rates, high unemployment, inflation at double digit levels and the attendant reductions of productivity and consumer spending.

We have of course seen it before, if perhaps not quite to the same degree. For some years now we have had occasion to comment on the difficulties of maintaining profitable operations in the face of our generally adverse economic conditions. This is a predicament which has challenged us all and the business community has tried various means to overcome the adversity.

In food retailing, as no doubt in many other areas of commerce, this has from time to time resulted in fiercely escalating competitive activities. We have recently seen many new promotional schemes, advertising campaigns and some fundamental changes in marketing strategies. There have been changes in the kind of merchandise offered, changes in physical facilities provided and in the type and level of service rendered.

Our market-place now has "no name" products and "no frills" stores, "box stores" under names we had not heard of before, stores where the customer has to bag the groceries and even stores where you have to bring your own bags.

In the end though, sooner or later, the competitive activity usually flares up in yet another one of supermarket price wars. In the quest of improving its market share, one of the chains inevitably launches another campaign, immediately resulting in retaliation as the other chains step in trying to outpace each other in the selected loss leaders.

During this twenty-fifth year of ours we were again exposed to one of these wars, a furious and extended one, which seemed to linger on well past the point where a truce appeared to have been declared.

This round involved, amongst other items, milk and soft drinks, which are relatively important in our product mix. It appears that the changes made over the past few years in our marketing plans and in the overall direction of the Company must have played a large part in minimizing, for us, the effects of the price war competition. All of us engaged in food retailing have recently felt some degree of loss of profitability and even if we were able to minimize the effect, it was not entirely eliminated.

Our operating results for the year do reflect the effects of the current recession, the last supermarket price war and the unfavourable weather conditions of the second half of our fiscal year.

The first six months of the year were very positive and the operating results were better than previously achieved for any other six month period. Then, at the end of October, 1981, business slowed down.

In our third quarter, profits were about one-half of prior year's figures for the corresponding period. Fortunately the last quarter of the year, although still down from the previous year, showed considerable improvement over the results of the current year's third quarter.

The overall effect was that our sales, which reached \$224,571,881 showed an increase of 12% from the year before. The net earnings for the year were \$4,878,542, in the circumstances a very gratifying figure, showing only a reduction of 3% from the record results achieved in the previous year.

Per share earnings, after allowing for Class "A" preference share dividends, were \$2.81 for the current year, compared to \$2.90 per share in 1981.

Our expansion, as related to the number of stores in operation, has still been relatively cautious and it reflects our current onerous business conditions and the high cost of money. The total number of stores has increased by a net of 18 new outlets to 649 stores as at April 30, 1982.

This represents an increase of less than 3% from a year ago. As it has become more and more usual, a number of stores was closed during the year in the interest of efficiency and profitability. Detailed figures on our Becker Country map again show a small net decrease in the number of stores in Metro Toronto area and moderate expansion in most other areas.

A development during the year was an arrangement whereby now our milk, ice cream and other Becker label products are being distributed to and sold by a small chain of stores, Scarborough Fair Convenience Stores Limited.

Discretion in capital expenditures is also reflected in our figures. There has been a reduction of over 10% in the level of capital expenditures during the year, despite the fact that the net new stores added was 50% higher than in the previous year. Also included in the current year's capital expenditures is still a substantial, potentially appreciating, investment in land and buildings acquired as store locations.

During the last few years the significant investments we made in land and buildings had resulted in capital expenditures in excess of the funds generated from operations. We have had funds available, at favourable terms, on a long term basis from our bankers but had operated for quite some time with just a very nominal amount of long term debt.

We have now, during the last year, made use of these funds. The draw-down of 5 million dollars has resulted in a positive working capital position as at April 30, 1982, compared to a negative position of over 2 million dollars in 1981.

Further term-loan funds are still available to us, should the need arise and there is also a very satisfactory arrangement for the availability of operational loans from The Royal Bank of Canada.

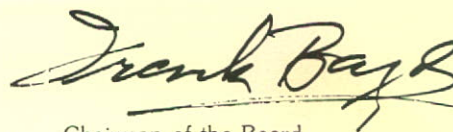
Twenty-five years ago we embarked upon a venture which presented a new marketing concept to Ontario — the jug milk store. It took time for us to gain acceptance by our potential customers and to gain experience and expertise.

This was achieved and we were able to build a dynamic business on a solid financial basis. As we grew and became successful, we were joined by others wishing to compete for a share of the newly developed market.

For a long time we had then been able to claim, with full justification, to be the leader for jug milk in Ontario. In our everchanging society and marketplace an evolution has taken place and the emphasis in our business is no longer on jug milk. We have recognized this and have adjusted to the new conditions.

We are now ready to start our second quarter century of operations, proud to still be Ontario's leader in our industry. We are confident that we will retain this leadership with the continued acceptance by our customers and through the support of our suppliers and the loyalty and willingness of our employees and associates.

Sincerely,



Chairman of the Board

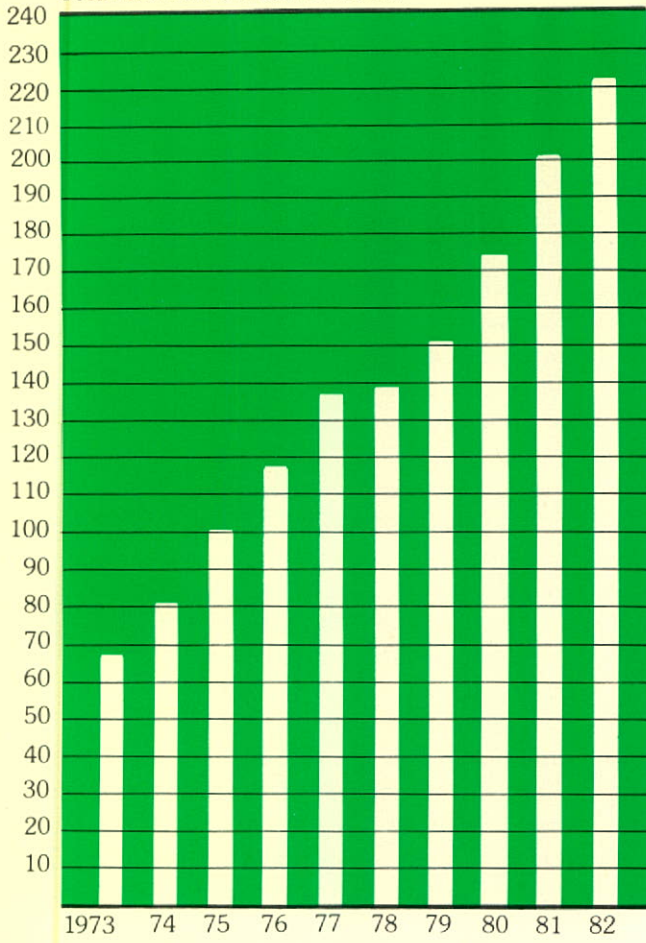


President

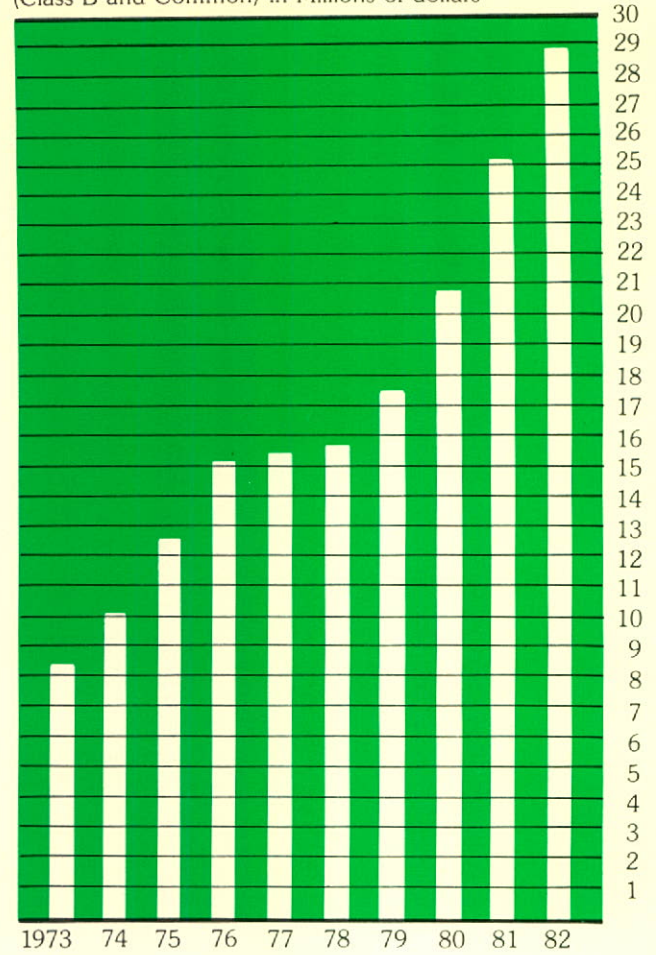
July 16, 1982

Financial position

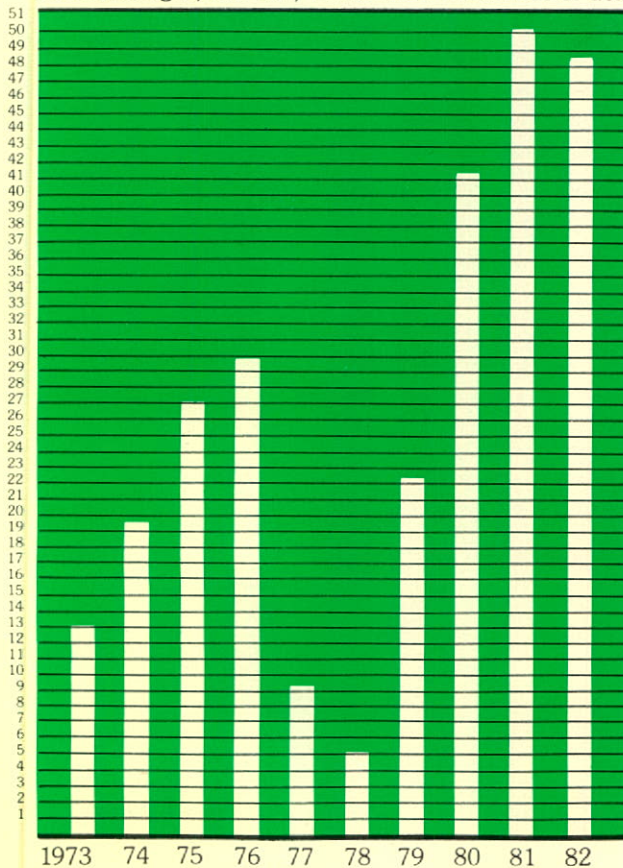
Total Sales in Millions of dollars



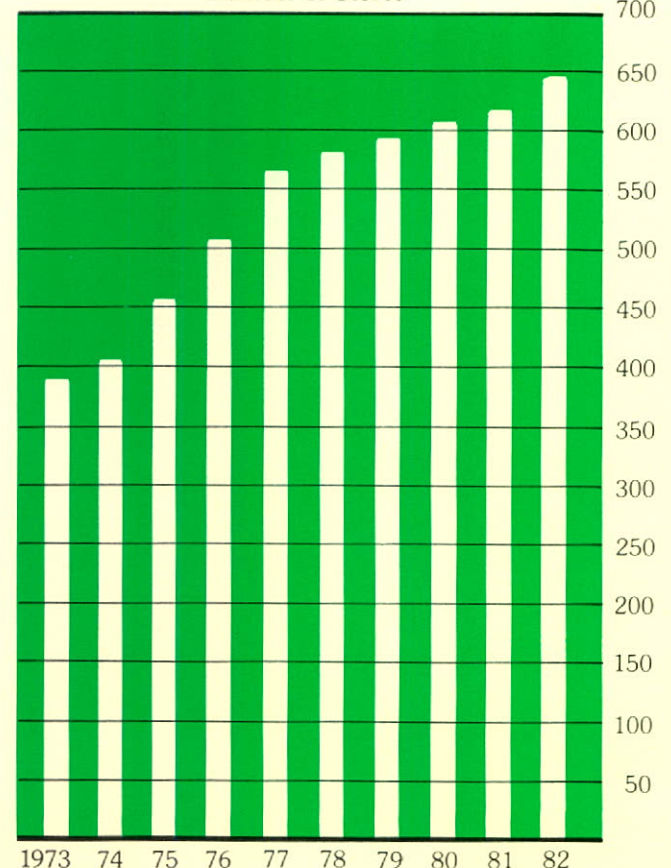
Shareholders' Equity
(Class B and Common) in Millions of dollars



Net Earnings (after tax) in Hundred Thousands of dollars



Number of Stores



The Becker Milk Company Limited and Subsidiary Companies

Consolidated Statement of Retained Earnings for the year ended April 30, 1982

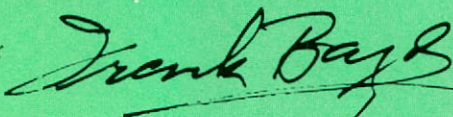
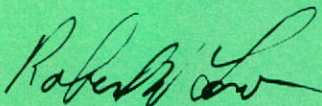
	1982 \$	1981 \$
Balance at beginning of year	24,166,212	20,036,936
Net earnings for the year	4,878,542	5,023,506
	29,044,754	25,060,442
Dividends — class A preference shares	34,050	34,050
— class B preference shares	652,285	589,805
— common shares	297,413	270,375
	983,748	894,230
Balance at end of year	28,061,006	24,166,212

Consolidated Statements of Earnings for the year ended April 30, 1982

	1982 \$	1981 \$
Sales — Note 1	224,571,881	200,981,040
Earnings before depreciation and amortization, interest charges and taxes on income	13,458,351	13,211,865
Depreciation and amortization	3,967,854	3,255,791
Interest charges on long-term debt	146,465	86,568
	4,114,319	3,342,359
Earnings before taxes on income	9,344,032	9,869,506
Provision for Income Taxes		
Current	4,538,825	4,708,700
Deferred	(73,335)	137,300
	4,465,490	4,846,000
Net earnings for the year	4,878,542	5,023,506
Earnings per class B and common shares	2.81	2.90

The Becker Milk Company Limited and Subsidiary Companies

Consolidated Balance Sheet
as at April 30, 1982

ASSETS	1982 \$	1981 \$
Current Assets		
Cash	60,015	56,715
Marketable securities — at cost	5,323	5,073
Accounts receivable	3,361,697	2,871,447
Inventories — Note 1	16,399,809	14,527,180
Prepaid expenses and deposits	523,401	762,606
Mortgages and loans receivable	113,248	37,728
	20,463,493	18,260,749
Investments		
Shares and advances to an affiliated company — at cost	52,072	33,550
Chattel mortgages receivable	82,969	108,203
Mortgages and loans receivable	373,075	94,886
	508,116	236,639
Less: Principal due within one year	113,248	37,728
	394,868	198,911
Fixed Assets — Note 1		
Assets	59,060,987	49,491,258
Less: Accumulated depreciation and amortization	23,695,569	20,307,905
	35,365,418	29,183,353
Other Assets		
Rent deposits	19,491	18,766
Progress draws on equipment and building construction	397,486	803,311
Other	916,367	753,639
	1,333,344	1,575,716
Approved on behalf of the Board:		
Director 		
Director 		
	57,557,123	49,218,729

The Becker Milk Company Limited and Subsidiary Companies

Consolidated Balance Sheet as at April 30, 1982

LIABILITIES	1982 \$	1981 \$
Current Liabilities		
Bank indebtedness — Note 2	3,773,978	6,585,343
Accounts payable and accrued charges	13,391,280	12,742,788
Dividends payable — Note 4	432,090	559,117
Loan payable — affiliated company	1,515,144	—
Deferred franchise income	124,855	100,520
Sundry mortgages and loans payable	588,155	223,207
Income and other taxes payable	573,681	88,097
	20,399,183	20,299,072
Long-Term Liabilities		
Bank loan — Note 2	5,000,000	—
Deferred franchise income — Note 1	293,076	291,617
Sundry mortgages and loans payable — Note 3	1,297,142	1,069,511
Other	657,513	632,039
	7,247,731	1,993,167
Less: Due within one year	1,213,010	323,727
	6,034,721	1,669,440
Deferred income taxes — Note 1	1,577,470	1,648,762
	28,011,374	23,617,274
SHAREHOLDERS' EQUITY		
Share Capital — Note 2		
Authorized		
8,000 — 6% cumulative class A preference shares with a par value of \$100 each, redeemable at par		
2,459,250 — non-voting, non-cumulative, participating class B preference shares without par value		
640,750 — common shares without par value		
Issued and Fully Paid —		
5,675 — class A share (last year 5,675)	567,500	567,500
1,187,610 — class B shares (last year 1,179,610)	916,955	867,455
540,750 — common shares (last year 540,750)	288	288
	1,484,743	1,435,243
Retained earnings — Note 4	28,061,006	24,166,212
	29,545,749	25,601,455
	57,557,123	49,218,729

The accompanying notes are an integral part of the financial statements.

The Becker Milk Company Limited and Subsidiary Companies

Consolidated Statement of Changes in Financial Position for the year ended April 30, 1982

	1982 \$	1981 \$
Funds were provided from		
Operations		
Net earnings for the year	4,878,542	5,023,506
Non-cash charges deducted in arriving at earnings, principally depreciation and deferred income taxes	3,840,453	3,291,574
	8,718,995	8,315,080
Increase in long-term liabilities	4,286,589	431,598
Sale of class B shares	49,500	—
Decrease in other assets	18,883	3,553
	13,073,967	8,750,231
Funds were applied to		
Fixed asset additions and progress draw billings, net of disposals	9,533,059	10,618,714
Increase in investments	195,957	60,740
Dividends	983,748	894,230
Purchase of goodwill	258,570	116,429
	10,971,334	11,690,113
Increase (decrease) in working capital	2,102,633	(2,939,882)
Working capital (deficiency) at beginning of year	(2,038,323)	901,559
Working capital (deficiency) at end of year	64,310	(2,038,323)

The Becker Milk Company Limited and Subsidiary Companies

Notes to Consolidated Financial Statements as at April 30, 1982

1. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accounts of the subsidiary companies have been included in the consolidation from the date of their acquisition.

Inventories

Inventories are valued at the lower cost and net realizable value. Cost is determined for processing and warehousing inventory on a first-in, first-out basis and for retail store inventories on a first-in, first-out basis applied by the retail inventory method.

Inventory values are as follows:

	April 30	
	1982 \$	1981 \$
Processing and warehousing	1,201,052	1,262,023
Store	15,198,757	13,265,157
	16,399,809	14,527,180
Fixed Assets		
Fixed assets are valued at cost and are classified as follows: —		
	1982 \$	1981 \$
Land	6,317,047	5,424,205
Buildings and leasehold improvements	19,739,952	15,477,991
Store, production, automotive and office equipment	33,003,988	28,589,062
	59,060,987	49,491,258
Less: Accumulated depreciation and amortization	23,695,569	20,307,905
	35,365,418	29,183,353

Depreciation has been calculated in accordance with the Company's established policy of amortizing the depreciable properties over their estimated useful life as follows:

Buildings	— 2½% per annum straight-line
Leasehold improvements	— 10% per annum straight-line
Automotive	— 30% per annum diminishing balance
Store, production and office equipment	— 10% per annum straight-line

Sales

Sales include sales by Company-owned stores and sales by the Company to its franchisees.

Franchise Income

Franchise fees are taken into income over the term of the franchise agreement.

Income Taxes

Income taxes are accounted for on the tax allocation method, whereby income taxes are fully provided on reported earnings at current tax rates. Reported earnings differ from taxable income because of timing differences, principally depreciation and franchise fee income.

The Becker Milk Company Limited and Subsidiary Companies

2. BANK INDEBTEDNESS

The Company's authorized loan from its bankers is \$7,000,000 term and \$8,000,000 revolving credit. Draw downs may be made against term loans to December 31, 1982 and must be repaid within ten years from the date of the draw down. To date \$5,000,000 has been drawn down against the term loan. Under this agreement capital and retained earnings must be maintained at not less than \$15,000,000.

Options granted to the Company's bankers to purchase 8,000 class B shares at \$6.19 per share were exercised during the year.

3. SUNDRY MORTGAGES AND LOANS PAYABLE

The principal amounts mature up to 1989 with various interest rates not exceeding 15¹/₄%.

The principal payments due in the next five years are as follows: —

	\$
1983	588,155
1984	120,703
1985	167,646
1986	368,734
1987	45,432

4. DIVIDENDS

On December 16, 1981, the Company declared a dividend of \$6 per share on its class A shares, being the dividend accruing from January 1, 1981 to December 31, 1981. This dividend totalling \$34,050 was paid on January 2, 1982. Dividends totalling 55¢ per share were declared on class B and common shares during the year.

5. REMUNERATION OF DIRECTORS AND OFFICERS

Expenses include \$985,073 (last year \$918,780) for remuneration of officers and \$19,000 (last year \$13,000) for directors.

6. LEASES

The total minimum rental liability under leases (excluding insurance, property taxes and certain other occupancy charges) for store locations, to the date of expiry or option, whichever occurs first amounts to \$28,391,984.

Future minimum lease payments required under these leases are as follows:

	\$
1983	5,912,192
1984	5,415,160
1985	4,803,381
1986	3,848,477
1987	2,658,139
later years	5,754,635

7. The accompanying auditors' report, dated June 23, 1982, is to be read in conjunction with the financial statements.

LANGLOIS, HAUCK & COMPANY

CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Shareholders of
The Becker Milk Company Limited
and its subsidiary companies:

We have examined the consolidated balance sheet of The Becker Milk Company Limited and its subsidiary companies as at April 30, 1982 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of The Becker Milk Company Limited and its subsidiary companies as at April 30, 1982 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.

Langlois, Hauck & Company
Chartered Accountants

Toronto, Ontario, June 23, 1982

The Becker Milk Company Limited
TEN YEARS OF
 Year ended

	1982	1981	1980	1979
	\$	\$	\$	\$
Sales	224,571,881	200,981,040	173,953,370	152,885,173
Earnings before depreciation and amortizations, interest and taxes on income	13,458,351	13,211,865	11,169,920	7,163,250
Depreciation and amortization	3,967,854	3,255,791	2,740,120	2,659,246
Interest	146,465	86,568	386,974	412,910
Taxes on income	4,465,490	4,846,000	3,878,000	1,825,000
Net earnings	4,878,542	5,023,506	4,164,828	2,266,094
Shareholders' equity (Note 1)	28,978,249	25,033,955	20,904,679	17,462,045
Shares outstanding (Note 1)	1,728,360	1,720,360	1,720,360	1,720,360
Net earnings per class B and common share (Note 2)	2.81	2.90	2.40	1.30
No. of stores (at end of fiscal year)	649	631	619	588
Net fixed asset additions	9,533,059	10,618,714	4,065,436	2,263,475

Notes

1. Combined Class B and Common.
2. Net earnings per share have been adjusted to allow for the current year Class "A" preference dividend. Dividends on Class "A" Shares from January 1, 1982, to April 30, 1982 amounting to \$11,350 have not been declared and/or allowed in computing the shareholders' equity.

and Subsidiary Companies
PROGRESS
 April 30

1978	1977	1976	1975	1974	1973
\$	\$	\$	\$	\$	\$
140,039,831	135,876,529	117,940,268	100,011,774	82,512,538	76,084,930
3,676,082	4,466,930	7,778,482	7,541,665	5,533,008	3,950,902
2,568,973	2,333,974	1,782,854	1,487,472	1,243,306	1,199,672
358,165	251,426	224,515	261,424	223,504	174,032
243,000	891,000	2,758,000	3,017,000	2,061,000	1,212,500
505,944	990,530	3,013,113	2,775,769	2,005,198	1,364,698
15,660,091	15,618,287	15,091,897	12,542,924	10,188,286	8,475,193
1,720,360	1,720,360	1,720,360	1,720,360	1,720,360	1,720,360
.27	.56	1.73	1.59	1.15	.77
580	564	517	451	412	392
3,221,729	4,579,681	6,240,916	4,225,499	1,750,575	2,324,134

Directors and officers



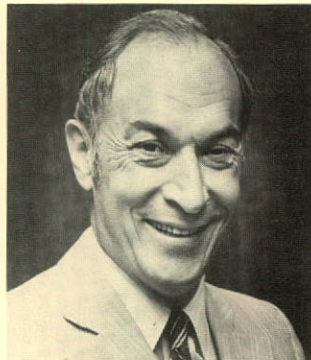
Frank A. Bazos



Robert W. Lowe



Geoffrey W. J. Pottow



E. S. Miles



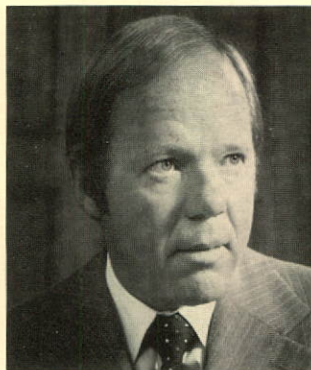
George Panos



Robert Bazos



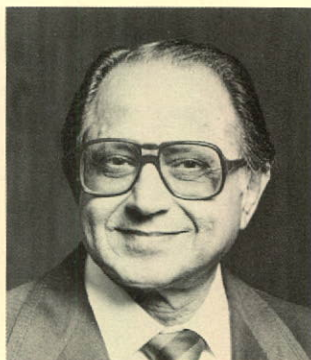
Arvi Magi



R. S. Paddon



Harold Keene



Raj Dargan

Board of Directors

Frank A. Bazos
Chairman of the Board
The Becker Milk Company Limited
Robert W. Lowe
President
The Becker Milk Company Limited
Geoffrey W. J. Pottow
Executive Vice-President
The Becker Milk Company Limited
Robert Bazos
President
Perrette Dairy Limited
R. S. Paddon
Queen's Counsel
E. S. Miles
Executive
George Panos
Vice-President
The Becker Milk Company Limited
Arvi Magi
Vice-President and
Secretary Treasurer
The Becker Milk Company Limited

Officers

Frank A. Bazos
Chairman of the Board
Robert W. Lowe
President
Geoffrey W. J. Pottow
Executive Vice-President
Robert Bazos
Vice-President

Arvi Magi
Vice-President and
Secretary Treasurer

George Panos
Vice-President
Harold Keene
Vice-President
Raj Dargan
Vice President

Registrar and Transfer Agent

The Royal Trust
Company, Toronto and
Montreal

Auditors

Langlois, Hauck &
Company, Toronto

Solicitors

Aird & Berlis

Stock Exchange Listing of Class "B" Shares

Toronto Stock Exchange

Head Office

671 Warden Ave.,
Scarborough, Ontario,
Canada

