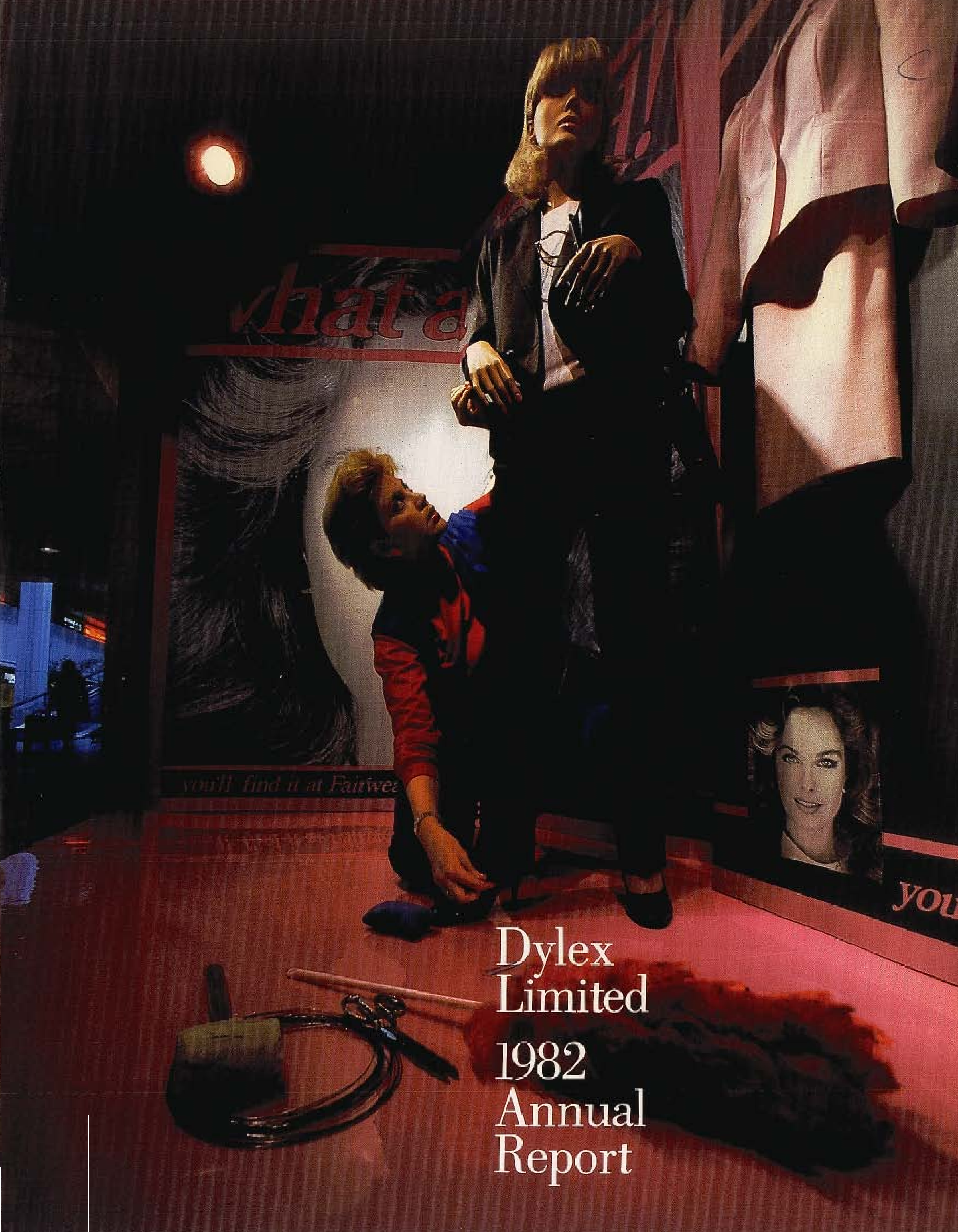


Dylex Limited 1982 Annual Report

Dylex, Canada's largest specialty fashion retailer, is represented in all major markets through 10 chains with 921 stores, each serving a specific segment of the men's, women's and family clothing businesses. The company has established a pre-eminent position in retailing, capturing close to 10 percent of total Canadian apparel sales. Several factors are responsible for the company's success. Its growth stems in large measure from merchandising innovation and adaptability to changing markets under the leadership of the dynamic and enterprising managers of its retail divisions. Above all, it reflects the efforts of the people in all the Dylex companies and affiliates.

Highlights

	1982	1981	1982	1981
	thousands of dollars except per share and ratio data		*percent change*	
Consolidated Results				
Net sales	**$549,127**	$495,358	**10.9**	18.8
Net earnings	**17,273**	16,500	**4.7**	36.9
Earnings per share	**$ 2.89**	$ 2.77		
Earnings per share after giving effect to stock dividend declared March 16, 1983	**$ 1.45**	$ 1.39		
Consolidated Financial Position				
Working capital	**$ 67,052**	$ 65,831		
Current ratio (current assets ÷ current liabilities)	**2.24:1**	2.08:1		
Inventory turnover (sales ÷ average inventory)	**3.6**	3.9		
Return on average equity (percent)	**16.7**	18.5		
Sales by Market				
Consolidated sales	**$549,127**	$495,358		
Associate sales	**338,961**	273,438		
Combined sales[1]	**$888,088**	$768,796	**15.5**	14.8
Retail	**$740,835**	$631,108	**17.4**	16.3
Fashion manufacturing	**172,056**	154,871	**11.1**	7.9
Sales between the groups	**(24,803)**	(17,183)	—	—
	$888,088	$768,796	**15.5**	14.8

[1] Combined sales include sales of associate companies (usually 50% owned). Their earnings are included as investment income.

Cover

Window displays have always been important in attracting customers to our stores and in recent years window design has become an art form which helps set Dylex stores apart from the competition. Caroline Brown puts the finishing touches on a Fairweather presentation.

Contents

Annual Meeting

The Annual Shareholders Meeting will be held at 11:30 a.m., Tuesday, June 14, 1983, in the Tudor Room, Royal York Hotel, 100 Front Street West, Toronto, Ontario, Canada

Report to Shareholders

During 1982 our company continued the impressive sales momentum it has maintained throughout its history and an extremely successful performance in the last quarter produced a profit increase for the fourth consecutive year. Indeed, as our 10-year financial summary shows, profits have increased at a compound rate of 16 percent over this period.

Net earnings were $17.3 million or $1.45 per share compared with $16.5 million or $1.39 per share in the preceding year. Earnings per share have been calculated after allowing for the stock dividend which doubled the shares outstanding in March 1983. Consolidated sales increased to $549 million. When the sales of our affiliates are included, total sales for companies under the Dylex umbrella amounted to $888 million compared with $769 million in 1981, an increase of 16 percent.

A year ago we said that the economy was sliding into its second recession in two years. Events proved that we understated the situation and merchandising conditions were the toughest the company has ever faced. In the light of these conditions we are particularly proud of our company's performance, not just with respect to profits and sales but also because we met, or made satisfactory progress in meeting, our corporate goals.

The economic environment in 1982 did not deter us from initiating some of our most significant expansion.

☐ We maintained an aggressive store opening policy and during the year 99 new stores were added, all in prime locations. We now have 921 stores, an increase of 10 percent over the previous year. Under construction in Mississauga, Ontario, and slated for completion in April 1983 is a new company-owned distribution centre. The 250,000 square foot facility will cost approximately $10.5 million and will effectively augment our existing distribution system.

☐ The minority 49.9 percent shareholding in Thrifty's was acquired in May 1982 with the result that the chain is now a wholly-owned subsidiary. During the second half of 1982 its results improved to the point that Thrifty's achieved a small profit for the year.

☐ The Big Steel Man chain was successfully separated from the Fairweather operation and the poor results of these chains in the first and second quarters were compensated by stronger second half performances.

☐ Subsequent to the year-end, Dylex reached agreement to acquire the 50 percent of the outstanding shares of Bi-Way not previously owned, with the result that it will become a wholly-owned subsidiary. The first 50 percent was acquired in 1978 and since then Bi-Way has grown to 97 stores with $200 million in sales and is the largest chain within the Dylex family.

This transaction will be paid for by way of an issue of 812,000 class A shares and involved the payment of a dividend from Bi-Way to its shareholders prior to closing — an agreement which was possible due to the confidence that the Bi-Way shareholders have in the strength of our company.

☐ On February 17, 1983, Dylex issued an additional two million class A shares (after stock dividend) through a private placement at a price of $12.75 per share. After the costs of the issue were deducted, proceeds of $24,750,000 were added to the $22.5 million cash on our January 29, 1983, balance sheet. This infusion of new liquidity ensures that the company will be in a very strong position to finance operating cash requirements over those cyclical periods when cash flow is at its lowest.

Corporate Goals

In 1976, we established a series of corporate goals. Despite the onerous business environment, 1982 presented us with the opportunity to mark our scorecard and to re-establish benchmarks for the rest of the decade.

☐ We said that we would continue to provide products that give the consumer good value. It would appear that we have succeeded and won substantial consumer acceptance. In 1978 we had a 7.2 percent market share of Canadian women's and men's wear retail sales. By 1982 this had grown steadily to 9.2 percent and 10.8 percent respectively.

☐ We would strive to double our retail sales over the five years following 1976. This would be achieved through increased productivity and the addition of new retail outlets. Our combined retail sales have grown from $246 million in 1976 to $741 million in 1982, a compound rate of 20 percent and one which doubles sales in less than four years.

With the change of Bi-Way from an affiliate to a wholly-owned company we obviously expect significant increases in consolidated sales. Total 1982 sales of all companies in the Dylex family (including affiliates and manufacturing) were $888 million. By the end of 1983 we expect that figure to approach $1 billion and continue to grow at a real rate of about five to eight percent in excess of the Consumer Price Index for clothing.

This growth in the past has been largely due to rapid store expansion within our key chains. With eight to 10 stores in virtually every shopping mall in Canada, there simply isn't any significant urban market which most of our chains haven't penetrated. Expansion in the years ahead will see greater emphasis on increasing existing store productivity; a move outside Ontario in our rapidly growing Bi-Way chain; and the continued expansion in our newer chains, Big Steel Man, B.H. Emporium, Rubys and L.A. Express.

☐ We targeted a 10 percent pre-tax return on sales at the divisional level. This target remains the most elusive of our goals and we have yet to achieve it in our retail divisions. With the continuation of our store productivity gains and the strengthening of consumer demand, I believe we are on the threshhold of accomplishing this goal. The manufacturing operations experienced a downturn in 1982 but we are confident that we will make the necessary changes that will result in our achieving the 10 percent return of two years ago. National Knitting is restructuring its knitting business to concentrate its activity in those areas with the most potential; Target Apparel has been substantially restructured as an integrated manufacturing unit serving the Big Steel Man chain and the results of our San Remo operation, opened last year, are better than we had anticipated.

☐ Rate of return on equity is an especially important factor and we set a goal of 20 percent. This year we achieved 16.7 percent which is understandably down from the prior year's high of 18.5 percent. We believe that this target is achievable and will be attained.

☐ We strive to retain our strong financial position which includes the maintenance of a working capital ratio of 2:1 or better and a level of debt, including lease obligations, which is easily supported by operations.

In 1982 our working capital ratio was 2.2:1, unchanged from the year after we first established our goals. Long-term debt and obligations under capital leases totalled $50 million which is 45 percent of our shareholders' equity. Our current strong cash position, excellent credit-worthiness and anticipated cash flow should enable the company to maintain these ratios through the next five years.

☐ Finally we said that we would develop a people planning program that would enable employees to both improve their skills and attain job satisfaction and would also ensure the availability of capable management in the future. It is now six years since we established these goals and our assets in terms of human resources have never been stronger. Throughout the organization are men and women who trained and developed in the Dylex system and, indeed, many are starting to reach our upper management levels.

In our past annual reports the company has attempted to illustrate the reasons for these successes and has pointed to factors such as aggressive merchandising, inventory and cost controls, effective asset and real estate management, and the company's management strength. As we mature, we find we must place more and more emphasis on the leadership qualities and dedication of our senior management, both at head office and running our various chains.

Dividend Policy

In keeping with the Board of Directors' policy of regularly reviewing the dividend rate to provide shareholders with the greatest direct benefit, the Board declared a stock dividend and increased the quarterly cash dividend. The stock dividend was paid on April 12, 1983, to shareholders of record on March 31, 1983, wherein one class A share was paid to shareholders for each class A or common share held. The quarterly cash dividend rate was increased commencing with the payment on March 31, to nine cents per share from 6.5 cents per share on a split basis.

Appreciation

On behalf of the Board of Directors, I express appreciation to all of our Dylex people whose dedication and skills produced an outstanding performance in 1982 under extremely difficult business conditions and thank our customers without whose support this success would not have been possible.

Wilfred Posluns
President

Toronto, Ontario
April 14, 1983

Profile of Dylex

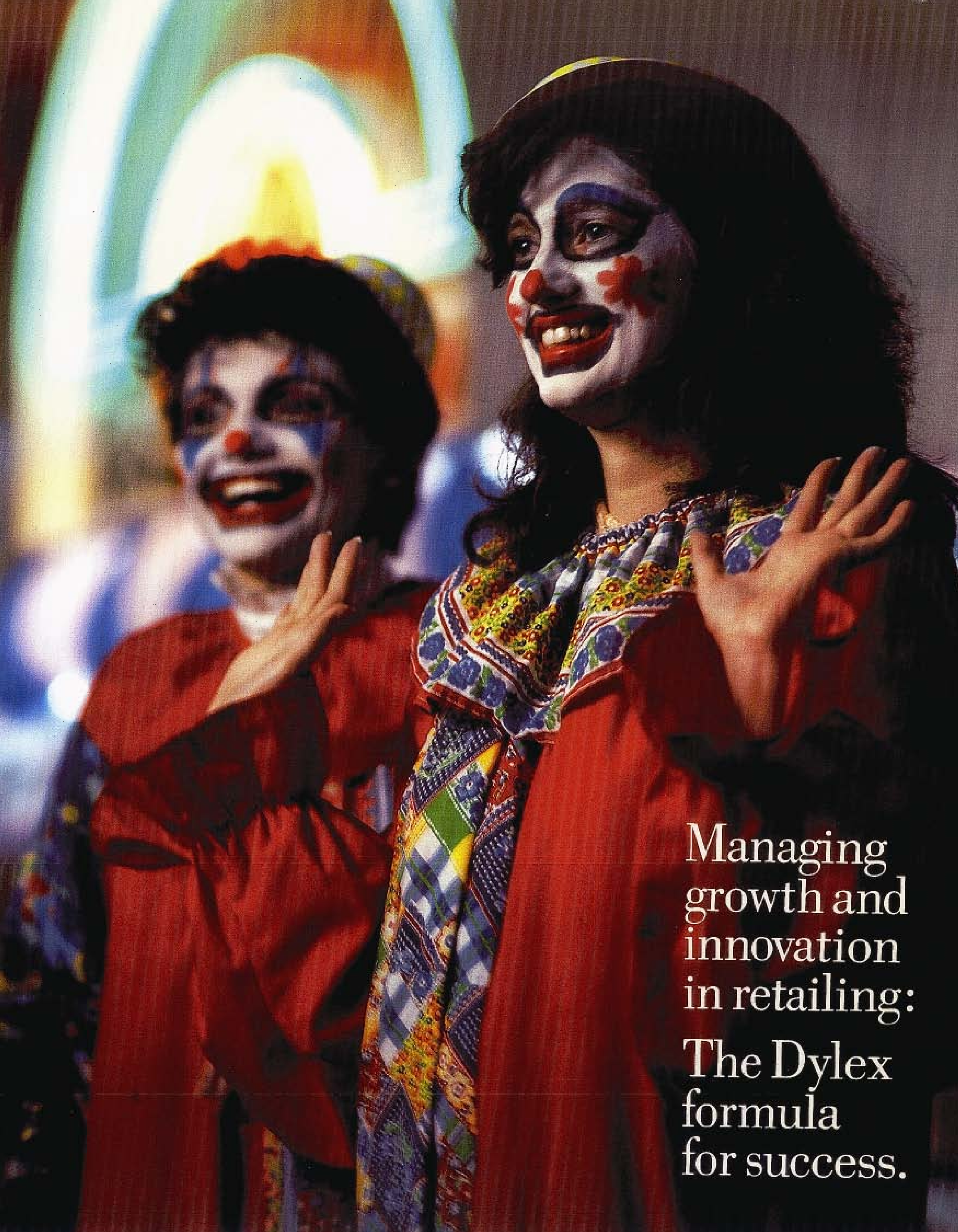
Retailing

	Market Coverage	Stores	Location	Average Size sq. ft.
Women's	**Fairweather** Latest in fashionable moderately priced women's clothing and accessories for the 15-30 age group.	118	Across Canada	5,800
	B.H. Emporium Value priced fashionable merchandise for the younger shopper.	18	Ontario, Alberta	1,700
	Braemar Selected lines of fashionable sportswear, dresses and coats.	19	Ontario, Alberta	3,800
	Suzy Shier/L.A. Express Medium priced fashionable merchandise for the younger market.	119	Across Canada	2,500
	Town and Country Medium priced contemporary coats, dresses and sportswear.	104	Across Canada	2,700
	Rubys/Feathers Fashionable moderately priced footwear.	34	Ontario	1,300
		412		
Men's	**Tip Top** Suits and accessories for the broad middle group of consumers.	165	Across Canada	3,900
	Big Steel Man Latest in fashionable moderately priced clothing for the younger man.	111	Across Canada	1,600
	Harry Rosen Quality and fashion for the professional and executive.	12	Ontario, Alberta, British Columbia	4,400
		288		
Family	**Thrifty's** Jeans, shirts, jackets and accessories for today's shopper.	124	Across Canada	2,000
	Bi-Way Low cost clothing and housewares for budget conscious consumers.	97	Ontario	9,200
		221		

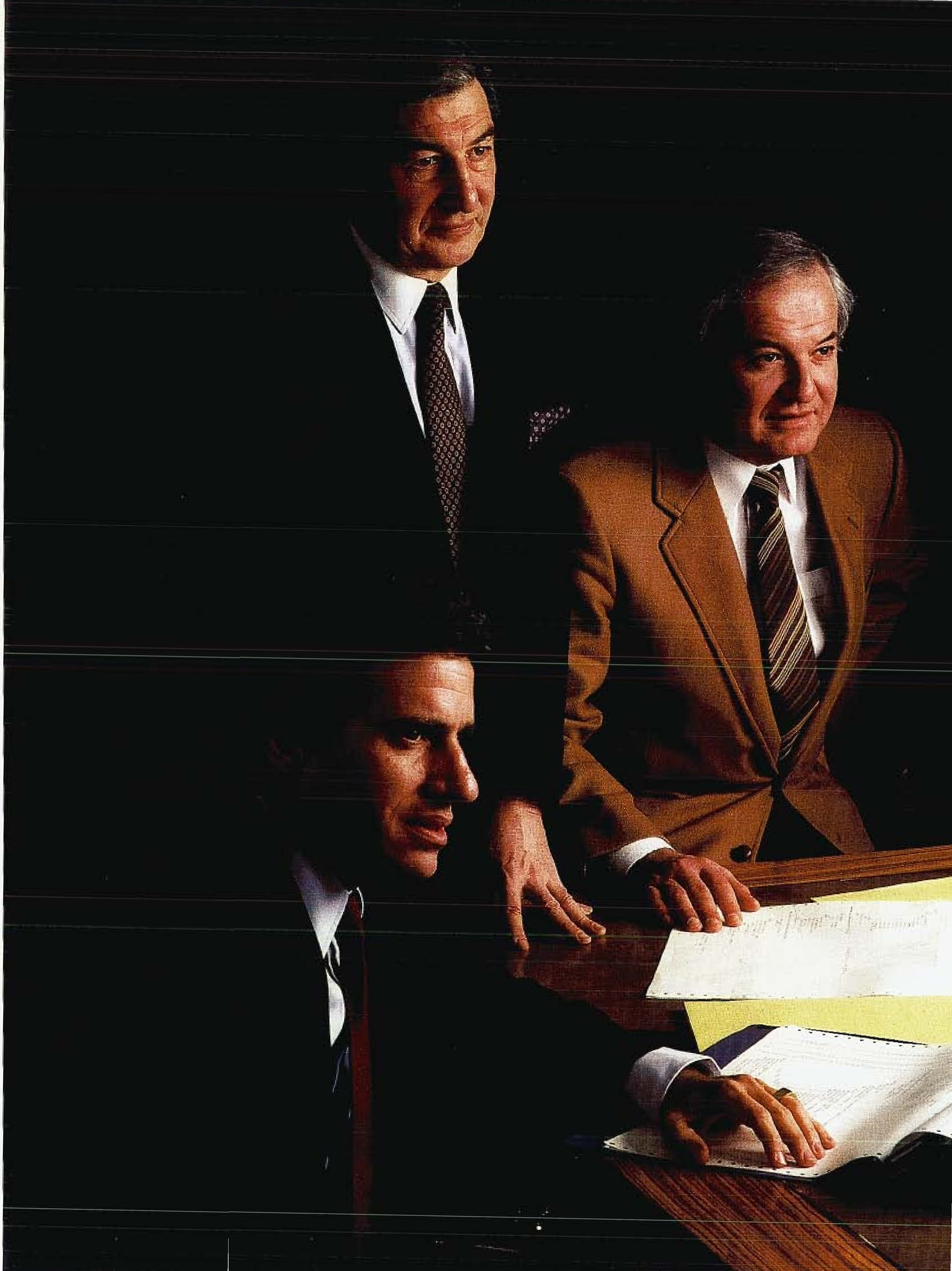
Manufacturing

	Products	Brand Names
Women's	Coats, knits, blouses, shirts, dresses, coordinates and children's coats	Thunder Bay, Young Canadian, New Editions, Nu-Mode, Posluns, Shapes, Picknit, Signature Collection
Men's	Shirts, sweaters, leisure wear, suits, sports coats, casual slacks and jackets.	Forsyth, Pierre Cardin, Club International, Leishman, Nino Cerruti, Henley, Target Apparel, Tobias, Angels Flight, San Remo, David Stewart

Vibrant colours, upbeat sound and lively activity create a successful merchandising environment in B.H. Emporium stores. "Bring on the clowns" is the theme as Sue Pierce and Bonnie Young entertain customers at a Saturday carnival.



Managing growth and innovation in retailing: The Dylex formula for success.



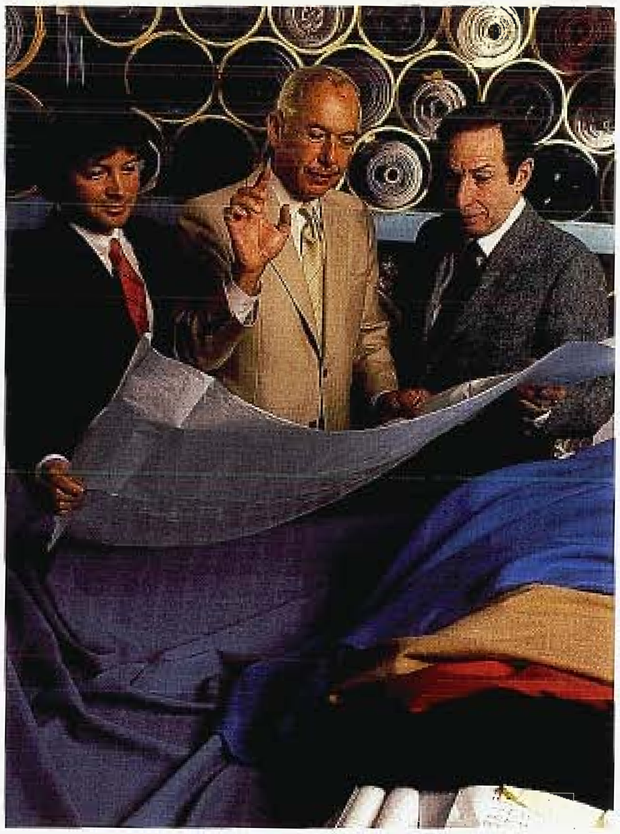
Success in the challenging, competitive world of retailing depends on many factors, but foremost among them is the quality of management. The company is fortunate that it has a team of dynamic, aggressive managers who are largely responsible for the success of its retail divisions. They are a special calibre of manager: they respond quickly to change, monitor all aspects of their business, and establish programs to train and develop people.

Dylex comprises a number of diverse retail divisions which have 10 chains operating under 13 different names ranging from a dozen to more than 150 outlets spread across the country. Each division acts as an autonomous unit, with the corporation providing the capital, central services and a forum for the interchange of ideas. This form of organization has encouraged initiative and the growth of expertise that results from specialization and the delegation of responsibility. In other words, each division has the advantage of being close to the market and remains sensitive to its needs, much like an independent retail chain.

Dylex provides its divisions with the capability to respond to opportunities within a stable financial environment. The Big Steel Man chain, which evolved from a Fairweather in-store boutique, has steadily grown to the point where, in 1982, it had sufficiently matured that it could stand alone as a separately managed division. This concept continued with the development of our B.H. Emporium units which also have emerged from the Fairweather chain.

Insights gained through a wealth of retail experience within the Dylex organization are shared between divisions and by senior corporate executives and the heads of the individual store chains. James Kay, chairman (centre) and Wilfred Posluns, president (right) discuss the business plan for the coming year with Irving Teitelbaum, president of Suzy Shier.

L.A. Express presents a unique fashion statement geared to smaller stores offering original styling from world markets at competitive price points. Dyann Klein (left) assists Susan Sargeant in matching earrings to her new dress.



Strong corporate support enables buyers to work closely with major suppliers and make long-term commitments. Irving Posluns (centre) and Jack Posluns (right), executive vice-presidents, discuss suit orders with Tip Top buyer Glenn Turnbull. <

Communication is a two-way practice at Dylex where training and improvement for management and staff is an ongoing activity and job promotion is used to motivate and reward performance. Tip Top co-general managers Don Evans (left) and Gord Edelstone (right) discuss issues in one of their regular meetings with regional managers. >

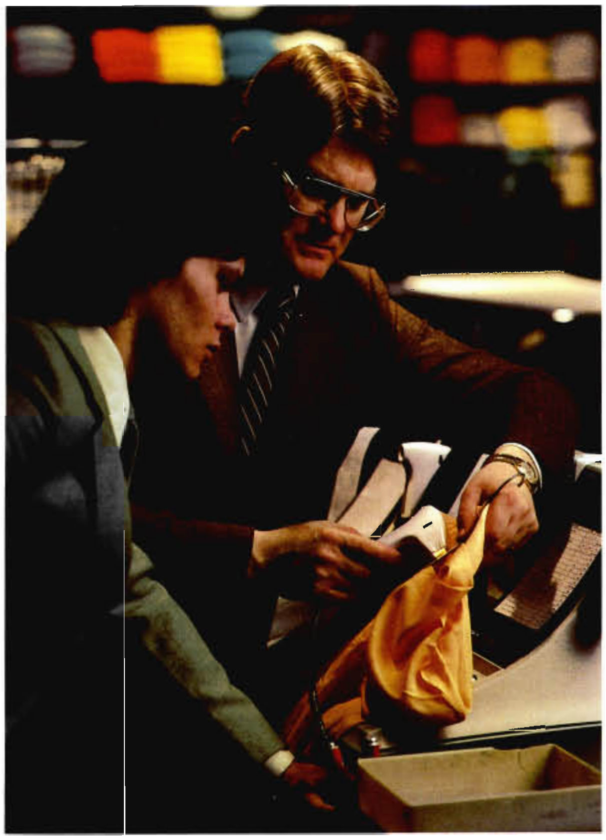
The partially-owned divisions are provided with the financial resources to expand at a faster rate than they would achieve on their own. Dylex provided Suzy Shier with the capital for its exceptional growth in the past several years. In Bi-Way's case, its growth was accelerated through the remerchandising of a large group of stores from a former company-owned chain.

The importance of corporate financial support is aptly described by Gord Edelstone, co-general manager of Tip Top. "A division such as Tip Top has the economic staying power provided by the corporate umbrella. We are able to make long-term commitments to major suppliers so that we can bring in quality items at excellent consumer prices."

In the 16 years of Dylex' existence the corporate group has developed a broad range of services. These can be supplied at much lower cost because of the economies of scale which are derived from servicing a large number of stores. For example, the national distribution centre receives goods from suppliers, sorts, tickets and readies them for display and ships them to the individual stores.

Another area where the divisions achieve greater strength from being part of a large organization is obtaining store locations. A central real estate division negotiates deals in prime shopping centres and other commercial locations. By being in a position to negotiate on leasing 30,000 square feet as opposed to 2,000 or 3,000 square feet, and from eight to 13 stores in any one new centre, more advantageous terms can be obtained from shopping centre owners and developers.


TIP TOP



Retail learning starts in the store where sales staff receive thorough training and continuous upgrading from supervisory personnel. Derek Parsons (right), Big Steel Man store operations manager, demonstrates the use of the optical character recognition (OCR) gun to sales clerk Terry Tomco. >

Involvement in all aspects of their business to ensure total understanding of goals and adherence to standards is the watchword of all division managers. Big Steel Man general managers Conrad LeDrew (centre) and David Beiles (right) review new merchandising plans with Philip Eames, visual presentation manager. <

Frequent one on one conversations and retailing conferences held quarterly facilitate the sharing of knowledge and experience across divisional lines. Don Evans, co-general manager of Tip Top, summed it up, "Dylex has created an environment such that each one of us feels quite confident to talk openly and freely with our counterparts. This means we have the opportunity to discuss possible solutions with some of the best retail minds in Canada." Experience gained through the company's in-house manufacturing operations gives buyers the knowledge needed to work with outside suppliers to obtain products that offer quality, value and style to satisfy customers' requirements.

Wilfred Posluns and James Kay each offers a wealth of experience to be shared with the divisions. According to Lionel Robins of Fairweather, "We have the benefit of another body of knowledge and another area of expertise, although we run our own business."

While much is achieved by the Dylex connection, it is the division which is the productive unit and each, as previously mentioned, is autonomous — a separate business. They differ in the markets they serve and the manner in which they approach retailing. If our divisional managers share one fundamental philosophy, it is that they must personally know all aspects of their operation; to be a "hands-on" manager in the very best sense of the word.

Harry Rosen has his own special style of management. Harry knows many of his customers and spends a good deal of time in his stores to maintain a high level of personal contact. His involvement is not only with the customers but with the store managers as well, and is an example of how a general manager can keep track of his operation. As he explains, "I touch base with them everyday, to find out what's happening. The manager or assistant manager tells me how the response to an ad has been, what's been selling and how things have been generally." This intimate knowledge of the business guides Harry Rosen in his decision making.

Town and Country is managed in a highly personalized manner by Nathan Gold. "We are careful with our buying — both in selection and quantity, we use special techniques such as steaming the garments before shipment to ensure freshness in appearance and, above all, I give my personal attention to costs and spending," he says. His many years in both manufacturing and retailing have made him an authority in the garment trade. A Canada wide operation such as Town and Country with some 100 stores requires more than just one man; therefore, the development of people is extremely important. Nathan strives to obtain a personal relationship with each employee, monitoring their progress and ensuring that each sales person is fashionably dressed as a Town and Country representative. The success of the chain is attributed to the customer service. By offering helpful advice, the sales staff has been successful in engendering customer loyalty, resulting in increased sales involving several items.

The management approach of the team of Mal Coven, Abe Fish and Russ Jacobson at Bi-Way is attention to

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Fairweather employees are highly motivated team workers and strive to achieve an outstanding degree of performance. In a training session, area supervisor Anna Zampero presents a new store plan to a staff meeting.

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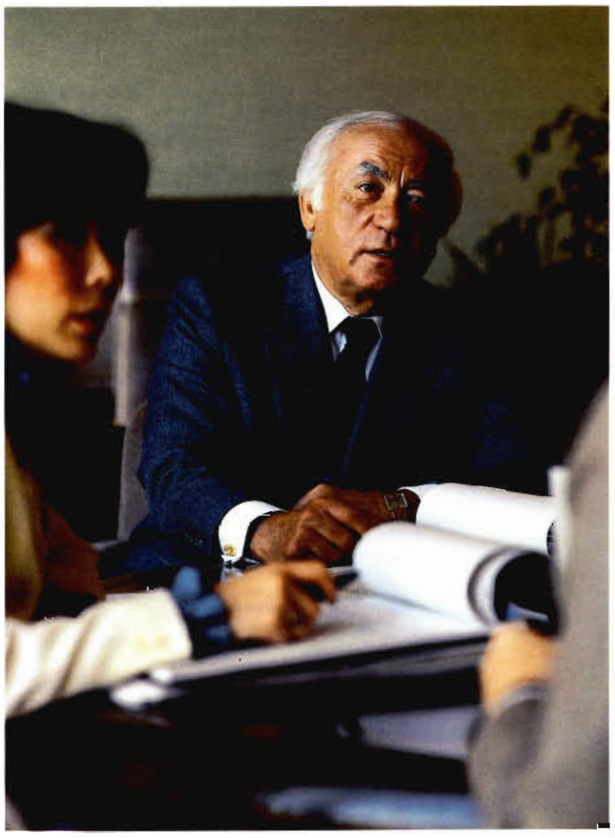
Town and Country is managed in a highly personalized manner with care in buying, special techniques in handling garments and close attention to costs and spending. Nathan Gold, president of Town and Country, reviews daily sales reports with administrative assistant Sara Chan.




WINDOW I
WINDOW II
WINDOW III
S/W
CASH
S/W
COATS

The retail divisions possess highly-developed skills in creating advertising messages that capture audience attention in all consumer media. Liz Walker, marketing manager, and Mark Steinberg, advertising co-ordinator, discuss the visual impact of a Christmas season poster. >

Retail managers retain a sensitive understanding of the market through personal contact, organizational feedback and market analysis and surveys. Fairweather general managers Irving Levine (left) and Lionel Robins make promotion plans for their exclusive Daniel Hechter designer line which gives Fairweather an edge in the market. <

fundamentals. They concentrate on the basics of their operation, buying to obtain the best quality at the best prices. The combination of low overhead and volume purchasing allows Bi-Way to offer exceptional value on first quality merchandise. Bi-Way managers play a key role in the day to day operation, stocking the stores and hiring the staff; in fact they provide the link to the market and help monitor the total operations.

Irving Teitelbaum, Irving Katsof and Stephen Gross monitor all aspects of Suzy Shier. They are in touch with what is fashionable and sought after in the marketplace and their sales people reflect this knowledge and enthusiasm. "We strive to present a unique fashion statement specifically geared to our smaller store and endeavour to offer original styling from world markets to give customers a different look than is generally available and at competitive price points," says Irv Teitelbaum. Originally a Quebec-based chain, Suzy Shier, since joining the Dylex team, has successfully expanded across Canada with 119 stores in nine provinces.

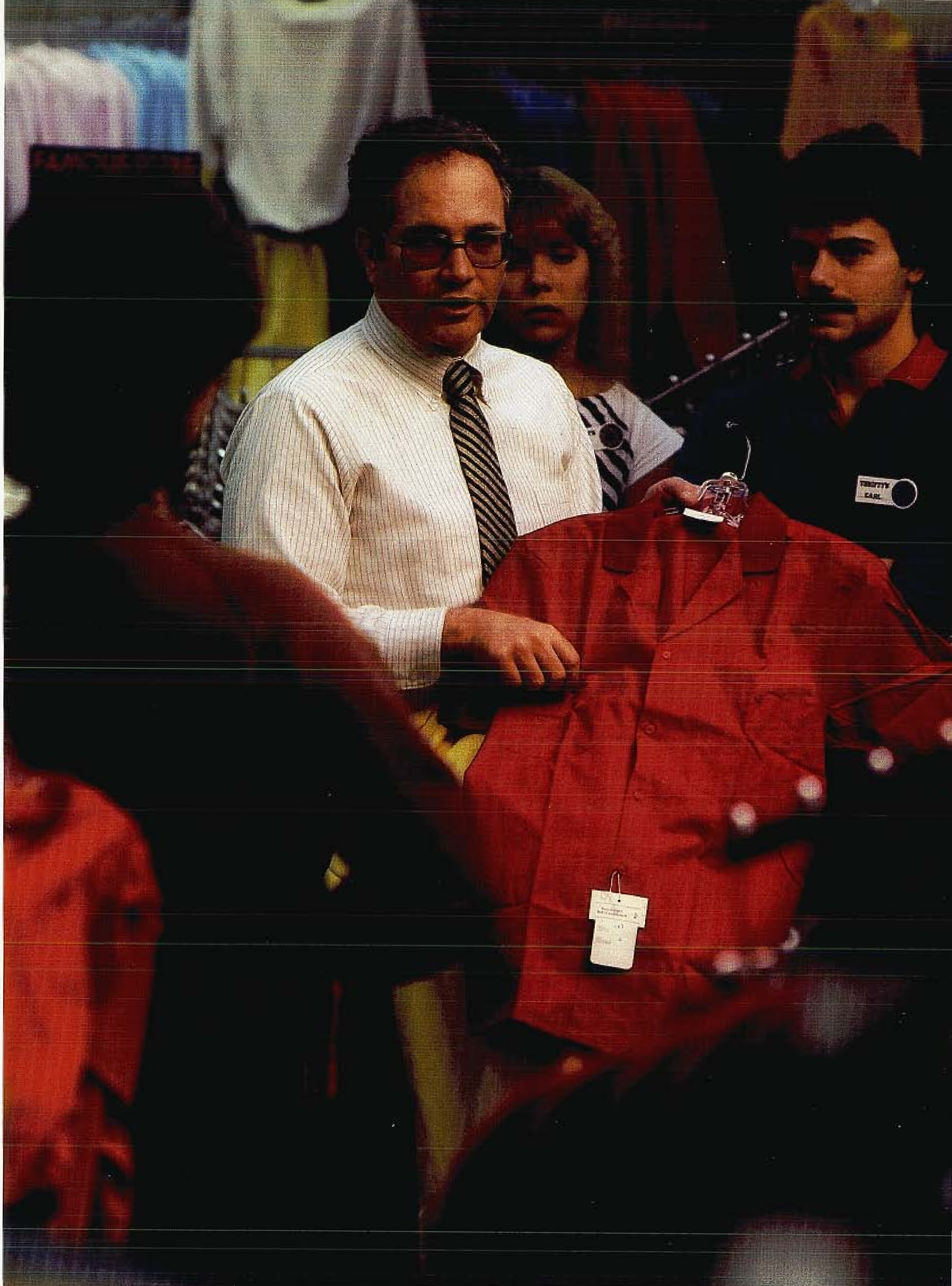
Thrifty's general manager, Charlie Diamond, is actively involved in his business. He communicates regularly with regional supervisors, is in the warehouse daily and is in constant touch with the buyers. Staff training is a high priority matter in striving to develop successful sales people and encourage management potential. "The business is really like an orchestra and everything has to be in harmony. It is important that our employees have a sense of belonging and of being part of the team."

Big Steel Man was established as a separately managed division this past year. General managers Conrad LeDrew and David Beiles are involved in all aspects of the business. David explains that "we want to ensure that everyone understands what we are, the kind of standards that we are looking for in the operation and what we expect of our people." By holding frequent meetings with area supervisors and managers, the message is carried down to the store level. This message is also communicated directly by David and Conrad to their suppliers. Market research bears out the fact that the chain's target customer looks to it as number one from an image standpoint and for fashion direction. More than selling clothes, Big Steel Man is selling a total look for its many customers.

Division managers all have a sensitive understanding of the marketplace. They constantly fine-tune their knowledge by extensive market analysis and surveys. As Lionel Robins of Fairweather explains, "We track our markets in a very sophisticated way and learn as much about them as possible. We went into junior sizes because this is the mass market, and we went after the biggest segment of that market in a special way that would appeal to them. Our research enables us to identify our customers, and our market share." Irving Levine and Lionel Robins manage Fairweather by example, by getting into the midst of their problems and working out the solutions. As a result, Fairweather employees are highly motivated team workers. "We work closely with our staff at all levels," says Irv, "and we are rewarded, because our

Bi-Way management works closely with suppliers to ensure that merchandise meets the standards customers are looking for and offers the best quality at value prices. Bi-Way store managers like Al Silverberg play a key role in the day-to-day operation of their stores and provide the vital link between the chain's buyers and the market. >

Divisional managers share one fundamental philosophy, that they must personally know all aspects of their operation, to be a "hands-on" manager in the very best sense of the word. Harry Rosen advises a regular customer on the choice of accessories. <



people strive to achieve a high degree of performance. They want to have it right for Lionel and me, because they know we'll move heaven and earth to have it right for them."

Even though Tip Top is a well established, mature division, general managers Gord Edelstone and Don Evans retain a hands-on approach to management. Gord and Don are surrounded by motivated and capable staff. As a large, long established organization, Tip Top has developed what can fairly be described as the most sophisticated reporting system in the industry. The monitoring of the Tip Top chain relies directly on the reports from the field supervisors. Don illustrates, "We start from the top to discuss issues and strategy and in turn the field organization and store managers receive direct information on the approach of the company." At Tip Top, communication is a two-way process and the value of employee initiative is well recognized.

The development of people is important to Gord and Don. Management training and improvement are accomplished through formal seminars and conferences. Tip Top's continuing development motivates its people and presents challenging careers.

Specialty retailers face pressures and opportunities on all sides. The Dylex management style and organizational structure lend themselves to rapid and effective reaction to situations as they develop within the retail environment. It is this combination to which the company owes much of its success and it is this combination which will enable it to meet the challenges of the '80s.

At Thrifty's, staff training has a high priority to develop successful sales people and encourage management potential. A constant flow of communications between management, store supervisors, buyers and the distribution centre maintains a flow of fresh merchandise into the stores. Charlie Diamond, general manager, works with staff on one of his regular field trips. <

While enjoying the backing of a large organization, each division remains close to the market and sensitive to its needs. Susan Morrison, Suzy Shier store manager and area supervisor, accessorizes a display of dresses. >

Review of Operations

Dylex' business activities are carried out through a number of divisions and companies. Some of these are wholly owned, such as the Tip Top and Fairweather retail chains and others like Suzy Shier are consolidated in the statements because they are more than 50 percent owned. Several, such as the Rubys and Town and Country chains, in which Dylex has a 50 percent interest or less, are treated as equity investments.

Combined Results

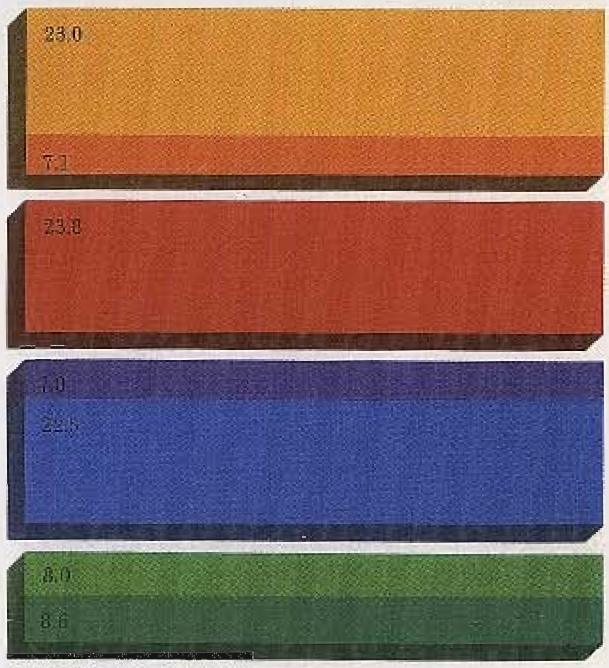
Under existing accounting rules a company cannot report as part of the consolidated statements the operating results of investments in which it has a significant influence but owns 50 percent or less of the shares. In order to highlight the total impact Dylex has on the Canadian market the following supplementary data incorporates the results of both the consolidated and non-consolidated operations. The profits for the non-consolidated operations are reported in the audited statements as investment income.

Dylex operations outperformed the overall market, recording combined sales increases of 15.5 percent and producing combined operating earnings approximately 10 percent higher than 1981. In a year when consumer confidence was extremely low, Dylex offered customers the merchandise they required at attractive values.

The National Distribution Centre provides a centralized facility at lower cost because of the economies of scale derived from servicing a large number of stores. Sharon Archer inspects Daniel Hechter merchandise which has been sorted and ticketed ready for sale in Fairweather stores.

Retailing and Manufacturing

percent of combined sales



Retailing

	Consolidated	Unconsolidated
Women's	Fairweather Suzy Shier (50.1%) Braemar B.H. Emporium	Town and Country (50%) Rubys/Feathers (50%)
Men's	Tip Top Big Steel Man Harry Rosen (51%) Canadian Clothiers* Target Apparel*	
Family	Thrifty's	Bi-Way (50%)

*Integrated manufacturing

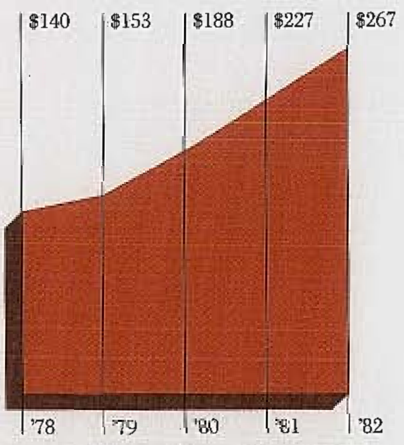
Manufacturing

Consolidated	Unconsolidated
Manchester Children's Wear National Knitting Nu-Mode Dress (75%) Paulman International (75%) Tobias Kotzin (70%) Irving Posluns Sportswear (75%) San Remo (75%)	Forsyth Group (33⅓%) Manchester Manufacturing Inc. (42%) Shane Knit (50%)

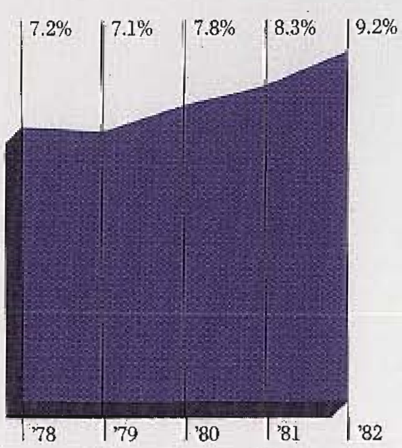
thousands of dollars	1982 Consolidated Sales	1982 Associate Sales	1982 Combined Sales	1982 Percent Change	1981 Consolidated Sales	1981 Associate Sales	1981 Combined Sales	1981 Percent Change
Women's Wear	$204,516	$ 62,868	**$267,384**	**17.6**	$176,311	$ 51,062	**$227,373**	**20.7**
Men's Wear	211,278	—	**211,278**	**17.0**	180,570	—	**180,570**	**20.8**
Family Wear	62,194	199,979	**262,173**	**17.5**	61,978	161,187	**223,165**	**9.0**
Manufacturing	79,981	92,075	**172,056**	**11.1**	81,198	73,673	**154,871**	**7.9**
Less Inter Group	(8,842)	(15,961)	**(24,803)**		(4,699)	(12,484)	**(17,183)**	
	$549,127	$338,961	**$888,088**	**15.5**	$495,358	$273,438	**$768,796**	**14.8**

Women's Wear Sales

millions



Women's Wear Market Share



Canadian Women's Wear

In Canada over the past year sales of women's wear increased 6.5 percent from $2.7 billion to $2.9 billion. The CPI (consumer price index) for women's wear rose 3.8 percent, the lowest increase in the past five years. The slackened sales growth and the need to move inventory restrained price increases. Strong Christmas sales failed to compensate for weak spring sales.

Dylex Women's Wear

Combined women's wear sales increased to $267.3 million from $227.3 million in 1981, an increase of 17.6 percent. Sales gains were primarily obtained in the second half of the year. Generally, Christmas sales were stronger than expected under the economic recession. Operating earnings (earnings before interest and corporate charges) were up approximately five percent from 1981 levels. Average productivity increased seven percent from $184 per square foot to $197 per square foot.

Fairweather, the largest of the women's wear chains, caters to fashion conscious women, typically in their twenties, providing its customers with fashionable merchandise at reasonable prices. During the year the division strengthened its fashion image through the establishment of in-store boutiques offering its exclusive Daniel Hechter designer label. Despite its aggressive, value-oriented, merchandising campaign and a competitive pricing policy, the six percent increase in sales was less than anticipated. The separation of the Big Steel Man chain disrupted merchandising activities and resulted in inventory imbalances. Spring sales in certain merchandise areas were soft and heavier than normal markdowns were taken although strong Christmas sales provided some offsetting gains in the final quarter. Sales per square foot were down slightly and the division's inventory turnover remained approximately the same as the previous year. Over the year, 13 Fairweather stores were opened bringing the total to 118 at year-end.

In an exciting environment reverberating with rock music, B.H. Emporium offers the styles that are in vogue with teenagers. Operated as part of the Fairweather division, B.H. Emporium is an excellent example of market specialization. Over the year the number of B.H. Emporium stores doubled to 18.

Suzy Shier stores are smaller than Fairweather's and have a greater concentration on fashionable sportswear. The marketing approach is lively and current advertising features customer endorsements. The chain achieved a sales increase of 39 percent over the previous year, surpassing the record growth of 35 percent in 1981. The growth in sales was largely due to the increase in the number of stores. Sales in existing stores were approximately 17 percent higher and sales productivity per square foot was 13 percent higher. Suzy Shier opened 26 stores during the year, increasing its total to 119.

This past year the division established a new operating name, L.A. Express, with two stores in Nova Scotia, two in Alberta and another in Ontario. The objective is to create a double presence for the division in prime mall locations. As with any new operation, experimentation with store design and merchandise selection will ultimately develop a unique identity for L.A. Express.

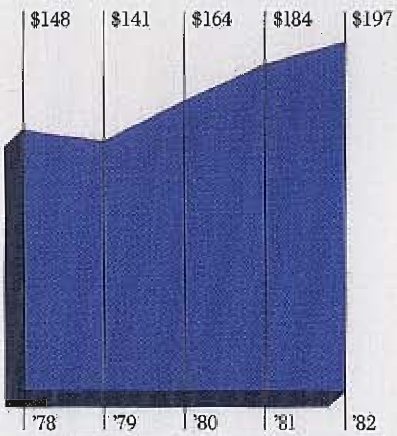
Town and Country during 1982 concentrated on strengthening its position in the market. The division's introduction of petite sizes has proven to be a success and these are now featured in all stores. This contributed to the 27 percent sales increase which was gained entirely from market penetration. As a consequence store productivity increased to $167 per square foot from $131 in 1981. These results made 1982 Town and Country's most successful year ever.

Town and Country and Braemar share the same market segment, the mature woman in her mid-twenties or older who is looking for stylish but traditional clothing. This is reflected in the ambience created by the stores' decor. The helpful sales staff emphasizes the total clothing needs of the customer rather than a single purchase.

Braemar expanded by six stores in 1982 to a total of 19. It continued to focus on value and quality and with the enlarged store base, sales increased by 35 percent. Inventory turnover remained at the same high level attained in 1981, with a slight increase in sales per square foot.

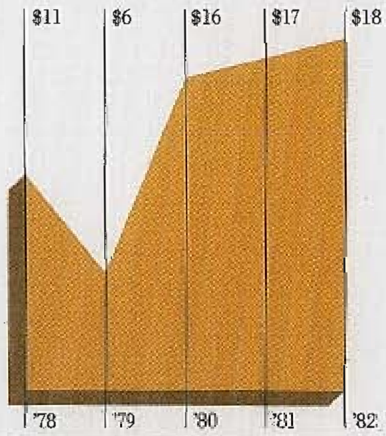
The 12 percent sales increase achieved by Rubys compares well with the 6.9 percent increase in the Canadian shoe market. Productivity increased three percent. The division offers moderately priced women's shoes through its Rubys stores and higher priced lines through the Feathers stores. There are 23 Rubys and 11 Feathers stores in the chain, a total increase of four over 1982.

Women's Wear Sales per Square Foot

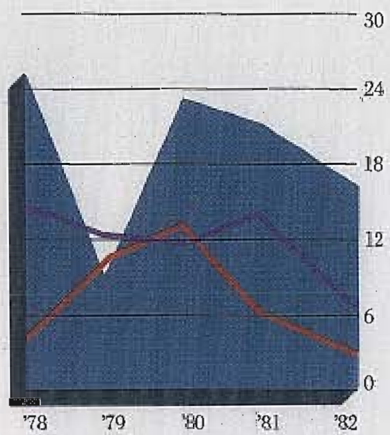


Women's Wear Operating Earnings

millions



Percent Increases in Women's Wear Sales and Prices



Dylex sales
Canadian sales
CPI—Women's Wear

Women's Wear Stores

	1982	1981	1980	1979	1978
British Columbia	29	22	23	22	17
Prairies	62	50	34	29	20
Ontario	244	215	199	192	170
Quebec	35	32	28	28	29
Atlantic	42	38	38	34	30
Total	412	357	322	305	266
Store openings	60	37	22	42	58
Store closings	5	2	5	3	—

Canadian Men's Wear

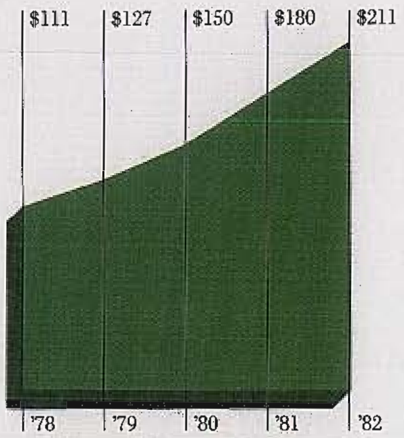
Total Canadian men's wear market sales declined approximately one percent from 1981 and amounted to $1.9 billion. The men's wear CPI rose five percent, which means real sales decreased approximately six percent.

Dylex Men's Wear

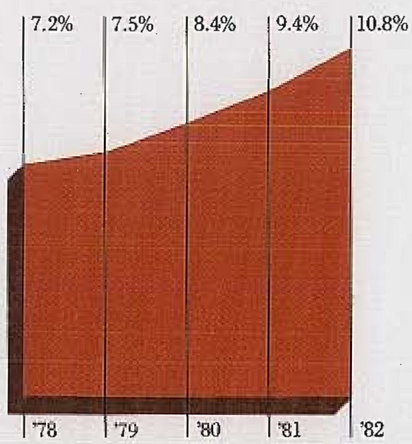
Compared with the performance of the Canadian market, Dylex men's wear gains were exceptional. As a segment, Dylex sales increased a total of 17.0 percent from $180.6 million to $211.3 million. This represents an increase in market share from 9.4 percent to 10.8 percent of the total

Men's Wear Sales

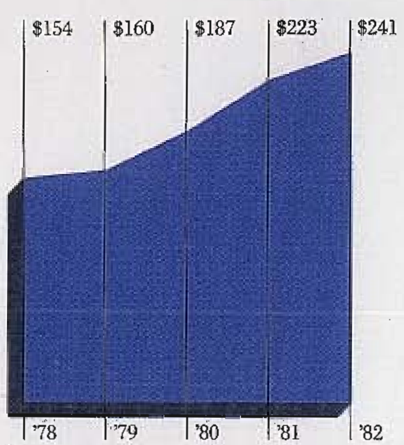
millions



Men's Wear Market Share



Men's Wear Sales per Square Foot



Canadian market. Overall sales productivity increased from $223 to $241 per square foot, an increase of eight percent.

Earnings for the segment were approximately equal to last year. Improved earnings in Tip Top and Harry Rosen were offset by declines in Big Steel Man and Target Apparel. Traditionally Dylex has reported the integrated manufacturers as part of the men's retail segment. In the past year Target Apparel, the integrated manufacturer for the Big Steel Man division, incurred losses from high inventory markdowns as it attempted to expand beyond its captive customer by selling directly to outside retailers. Because of economic conditions, the market was not as large as anticipated and Target found itself in an overstocked inventory position. The division has since discontinued its outside business and it is expected that the losses incurred are of a one-time nature.

Profits in the Big Steel Man division also declined as a result of its establishment as a separate division. Although results were lower than had been anticipated, the division succeeded in returning a significant profit.

Big Steel Man continued its dramatic sales growth with an increase of 27 percent, representing a major gain in market share. The division's well defined marketing plan, consisting of upbeat advertising, store-by-store profiling and extensive market research, was an important factor behind the success. The focus on quality and value, the very fashionable clothing targeted at the young man and the careful selection and training of personnel all contributed to the sales success. Overall sales productivity increased 16 percent. Ten new stores were added and one closed bringing the chain total to 111.

Offering the consumer stylish but traditional suits and sportswear, Tip Top serves the broad middle segment of the men's wear market. Merchandising stresses the division's private labels, including Henley, Leishman and Tip Top, and has extended the younger end of its market through the Club International label. Club International suits are trimmer fitting and tapered dress shirts are offered in an array of colours. Tip Top makes a strong fashion statement through its exclusive Nino Cerruti designer label, which has introduced the stores to men for whom style is of paramount importance.

The marketing approach stresses value and quality and its established sense of solidity and tradition. In order to better serve each demographic group, Tip Top fine tunes its inventory through an extensive individual store profiling plan.

Largely through store openings, Tip Top increased its sales by 10 percent. In addition, it achieved the highest return on sales in the men's wear sector. Inventory levels remained proportional to the previous year, allowing for the increase in the number of stores. Inventory turns improved marginally. In 1982, 12 new Tip Top stores were opened bringing the total number to 165. Sales per square foot increased by five percent. The division maintained its solid earnings performance.

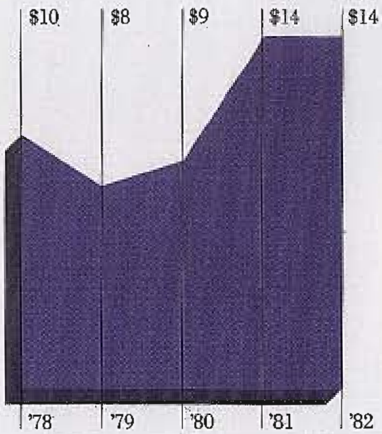
The Harry Rosen name has become synonymous with quality and represents the top of the line in men's wear, serving professionals and executives. The highly personalized marketing approach and uniquely merchandised stores reflect the well established market position.

The Harry Rosen operation expanded to 12 stores with the opening of the Pacific Centre, Vancouver, store. A store in Rideau Centre, Ottawa, was opened in early 1983. A new direction for Harry Rosen has been the opening of women's boutiques in two Toronto stores and in the new Ottawa store.

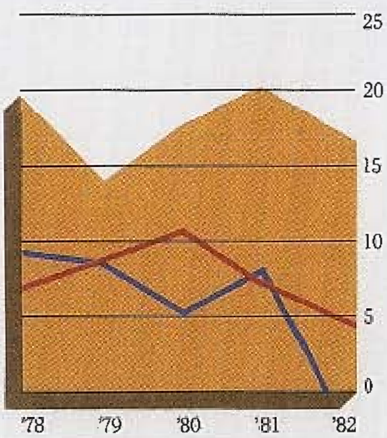
Sales increased 28 percent over 1981, the largest portion of the increase coming from new stores. Existing store sales increased about nine percent and overall store productivity increased eight percent. Divisional earnings remain strong.

Men's Wear Operating Earnings

millions



Percent Increases in Men's Wear Sales and Prices



Men's Wear Stores

	1982	1981	1980	1979	1978
British Columbia	35	31	32	30	28
Prairies	66	62	53	47	41
Ontario	126	114	108	104	97
Quebec	29	31	29	30	33
Atlantic	32	30	29	27	25
Total	288	268	251	238	224
Store openings	24	23	17	17	25
Store closings	4	6	4	3	5

Family Wear

Combined sales of Dylex family wear chains increased 17.5 percent from $223.2 million to $262.2 million and earnings rose to $17 million from $10 million in 1981, representing a seven percent return on sales. Overall sales productivity increased from $216 to $241 per square foot.

The Bi-Way chain continues to prosper, showing sales increases of more than 20 percent over 1981. Bi-Way caters to the needs of the average Canadian family providing everything from clothing to disposable diapers and cleaning products to prepackaged food at discounted prices. The division utilizes weekend newspaper inserts as its main advertising medium and relies on high volumes and low overheads to provide it with a lower mark-on requirement and hence its competitive edge. It is imperative to the division's profitability that costs be controlled rigidly. The division has increased volumes substantially in the former Family Fair stores taken over in 1981. As a result store productivity increased by 16.2 percent and earnings achieved record levels, establishing Bi-Way as one of the most productive and profitable chains within Dylex. The total number of stores increased to 97 from 84.

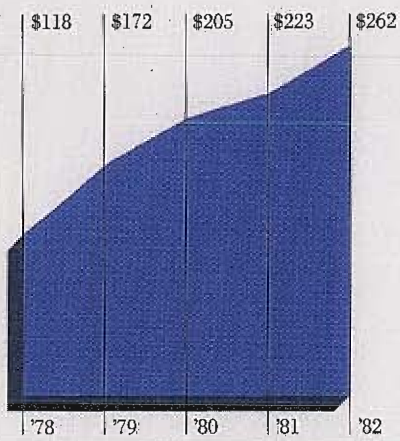
Since the end of the fiscal year Dylex has reached agreement to acquire the remaining 50 percent ownership of Bi-Way Stores. The Bi-Way management team is remaining with the operation and the acquisition will not change the merchandising policies.

In May 1982 Thrifty's became a wholly-owned subsidiary. As a result of Thrifty's poor performance in recent years and through discussion with the former partners, it was jointly agreed that Dylex should acquire the outstanding 49.9 percent of the shares. Sales for the year increased marginally and overall productivity increased two percent. Thrifty's results turned from a loss to a small profit.

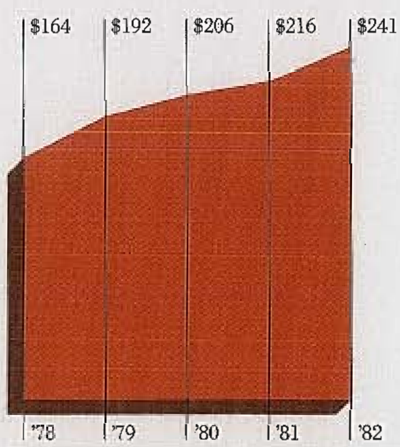
The jeans market has stabilized over the past year, designer jeans having given way to more traditional stonewashed styles and over-dyed fabrics. Thrifty's is stressing its image as a traditional place to purchase basic jeans and emphasizing a total apparel concept by offering co-ordinating tops and a selection of contemporary casual fashions such as sweats and rugger pants.

Family Wear Sales

millions

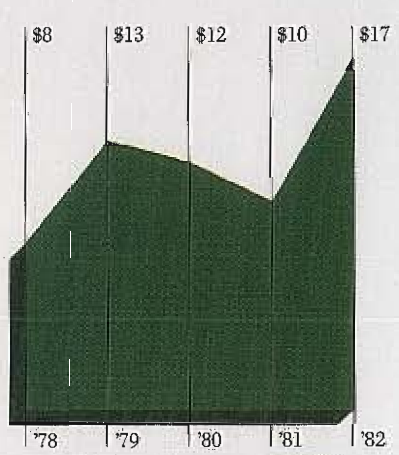


Family Wear Sales per Square Foot



Family Wear Operating Earnings

millions



Family Wear Stores

	1982	1981	1980	1979	1978
Bi-Way Stores					
Total (Ontario)	97	84	84	75	63
Store openings	13	4	10	12	32
Store closings	—	4	1	—	1
Thrifty's Stores					
British Columbia	16	16	16	14	13
Prairies	38	37	33	29	26
Ontario	52	58	56	55	53
Atlantic	18	18	17	15	14
Total	124	129	122	113	106
Store openings	2	10	10	8	11
Store closings	7	3	1	1	1

Dylex Manufacturing

	1982	1981
	thousands of dollars	
Combined sales	$172,056	$154,871
Operating earnings	$ 9,877	$ 12,996
Increase in sales	11.1%	7.9%
Return on sales	5.7%	8.4%

Combined Dylex manufacturing sales were up 11.1 percent, with the increase largely due to sales from San Remo, Forsyth and Irving Posluns Sportswear. As a segment, manufacturing earnings declined substantially over the year primarily due to a general decline in margins. Forsyth's sales of men's shirts and leisure wear products were substantially higher than in 1981. Tobias Kotzin, a U.S. based manufacturer of men's casual slacks and jackets, suffered an 18 percent decline in sales and a commensurate decline in earnings.

Dylex' newest men's wear manufacturer, San Remo, was successfully launched. The division manufactures men's sweaters and tops and sells largely to retailers outside the Dylex group. Paulman International, a manufacturer of men's suits for outside retailers, obtained a higher profit on reduced sales in comparison to 1981.

Dylex women's wear manufacturing consists of six divisions manufacturing coats and dresses. Manchester Children's Wear, a manufacturer of children's and women's coats, experienced a decline of approximately seven percent in sales. The manufacturing divisions face stiff competition not only from other Canadian manufacturers, but also from Asian and European suppliers. National Knitting is restructuring its manufacturing activity to concentrate on the design and sewing operations. The division is contracting its knitting requirements and it will continue to supplement manufacturing activities through its importing operations.

Irving Posluns was restructured as a 75 percent owned joint venture in late 1981. With the completion of a modernization plan, the division attained more normal sales and production levels.

Nu-Mode, a 75 percent owned dress manufacturer, increased sales by approximately four percent. The division concentrated on reducing costs and close monitoring of production and as a result it had an excellent year. The smaller Shane Knit and Manchester Manufacturing Inc. obtained sales at approximately 1981 levels.

Financial Review

The previous review was developed around an analysis of combined sales and results in order to show the total impact of Dylex on the Canadian market. In the information that follows the analysis is based on consolidated results, focussing on the performance of Dylex as a consolidated entity over the past year.

Interest Costs

	1982	1981	Percent Change
	thousands of dollars		
Long-term debt	$ 3,047	$ 3,920	22.3
Capital lease obligations	4,279	3,613	18.4
Other interest	394	(4,115)	n/a
	$ 7,720	$ 3,418	125.9

Interest costs were higher by $4.3 million or 126 percent as a result of higher inventory levels for much of the year, a substantial increase in foreign purchasing requiring earlier payment terms and a difference in classification of capital lease obligations.

Lower prime rates, 350 basis points below last year, contributed to the sharp drop in long-term debt interest. The average interest rate paid in 1982 was 12.7 percent compared with 16.4 percent in 1981. Approximately 65 percent of long-term debt is based on floating rates.

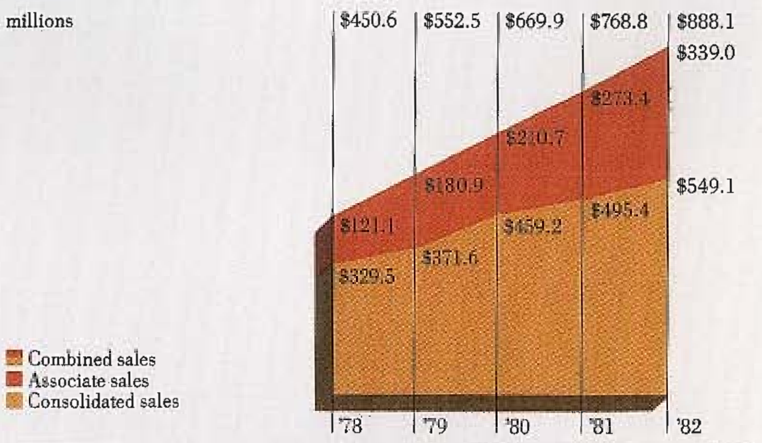
Capital lease obligations include interest costs calculated at rates in effect at the drawing down of the funding. In instances of floating rate leases, if interest rates increase or decrease from rates in effect at drawdown, interest rate adjustments are incurred. In 1981, the floating rate adjustment was charged to operating earnings and amounted to $900,000. The adjustment in 1982 was included in the interest costs arising from capital lease obligations. The average comparable interest rate on capital lease obligations was 13.8 percent in 1982 and 15.4 percent in 1981. At year-end, 22 percent of lease obligations were at floating rates.

Other interest represents net interest expense or revenue for the year. In 1982, working capital requirements were such that we incurred net interest costs. A year earlier we had net interest revenue.

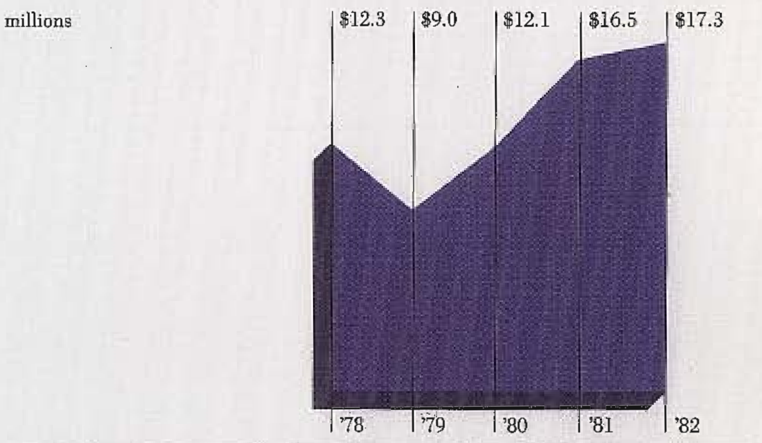
Corporate Charges

Corporate charges include cost of head office administration, donations, corporate secretarial, legal and real estate services. These costs were approximately equal in both years and include substantial computer conversion costs in both 1982 and 1981.

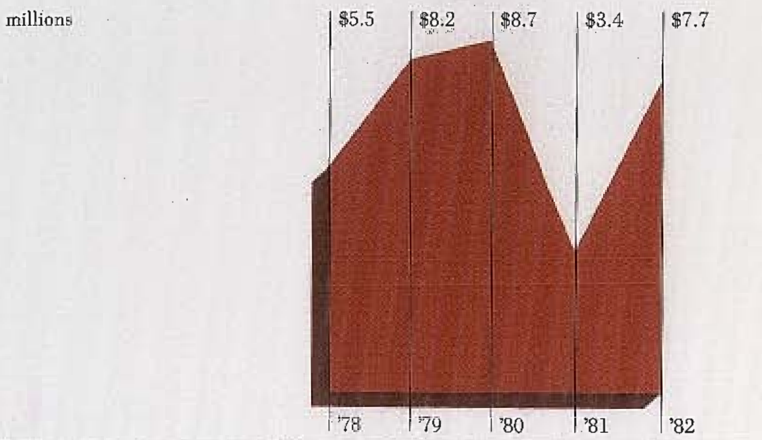
Sales



Net Earnings



Interest Costs



Taxes

The consolidated tax rate decreased to 41.2 percent (detailed below) from 46.5 percent a year ago, primarily due to an increased impact of the three percent inventory allowance and a greater proportion of earnings before taxes being subjected to lower foreign taxes.

	1982	1981
Basic Canadian federal tax rate	46.0%	46.0%
Federal income tax abatement	(10.0)	(10.0)
Manufacturing and processing tax credits	(0.6)	(0.9)
Federal surtax	1.8	1.8
Investment tax credits	(0.4)	(0.5)
Average provincial tax rate	13.7	13.7
Inventory allowance	(6.5)	(4.4)
Other	(1.1)	0.1
Effective Canadian income tax rate	42.9%	45.8%
Effective Canadian and foreign combined income tax rate	41.2%	46.5%

Deferred income taxes of $3.7 million are primarily due to:

1. timing differences in regard to the recognition of certain tax benefits associated with an R & D investment contract; and
2. timing differences between depreciation, amortization and capital cost allowance of various long-term assets.

Investment Income

	1982	1981
	thousands of dollars	
Sales		
retail	$262,847	$212,249
fashion manufacturing	92,075	73,673
	$354,922	$285,922
Net earnings	$ 13,809	$ 11,318
Dylex share	$ 6,801	$ 5,164

Investment income increased by 31.7 percent due to increases in the earnings of Town and Country and Bi-Way. Manufacturing earnings were lower than 1981.

Events Subsequent to Year End

Following the year end, Dylex strengthened its balance sheet through the private placement of two million class A shares (after stock dividend) at an issue price of $12.75. Total consideration received by the company amounted to $24.7 million after deducting the costs of the issue. In May, the remaining 50% of the Bi-Way shares are to be acquired effective January 30, 1983, for a consideration of 812,000 Dylex class A shares and after payment of a dividend to Bi-Way shareholders approximately equal to the equity at date of takeover. Dylex subsequently reinvested its dividend back into the newly acquired subsidiary.

The pro-forma condensed balance sheet of Dylex, after giving effect to both of the above transactions, is detailed below:

Dylex Limited
Pro-Forma Balance Sheet — **January 29, 1983**

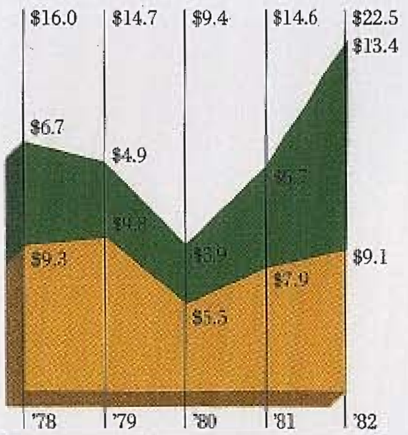
	(millions of dollars)
Assets	
Cash	$ 59
Inventory	103
Other current assets	20
	182
Non current assets	106
	$288
Liabilities and Net Worth	
Accounts payable	$ 67
Other current liabilities	15
	82
Non current liabilities	60
Shareholders' equity	146
	$288

Minority Interest – subsidiary earnings

Minority interest in subsidiary earnings reflects the partners' share of the consolidated subsidiaries — Suzy Shier, Harry Rosen, Tobias Kotzin and Paulman International. The increased earnings from Harry Rosen and Suzy Shier were offset by declines in Tobias Kotzin and Thrifty's prior to the purchase of the remaining shares in May 1982.

Capital Expenditures

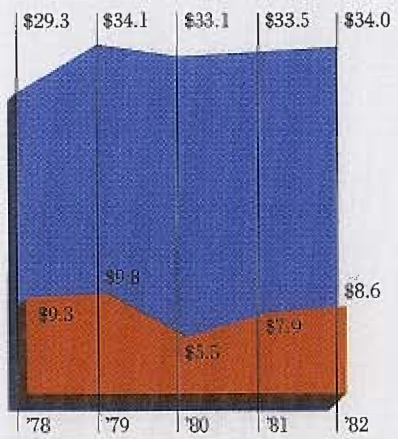
millions



Fixed assets
Leased assets

Capitalized Finance Leases

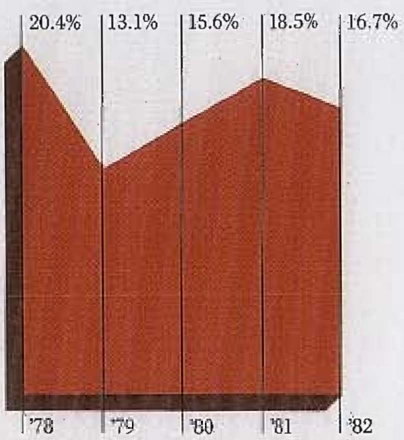
millions



Total outstanding
Additions in year

Return on Equity

Percent



Cash and Short-term Deposits

This comprises net investment in Government of Canada Treasury Bills and deposit certificates with major Canadian and United States banks and other high interest bearing securities. Dylex' cash position declined from $30.5 million to $22.5 million as detailed below:

Cash flow analysis	1982	1981
	thousands of dollars	
Cash provided by:		
Cash from operations	$ 27,910	$ 30,174
Increase in current liabilities	—	2,200
Increase in long-term debt	—	224
Increase in obligations under capital leases (net)	2,528	—
Other	548	146
Issue of class A shares	—	900
	30,986	33,644
Cash used for:		
Decrease in long-term debt	7	—
Decrease in current liabilities	7,096	—
Increase in current assets other than cash	2,119	15,807
Leased assets under capital lease	9,117	7,884
Acquisition of minority interest in Thrifty's	3,086	—
Fixed assets	13,413	6,714
Decrease in obligations under capital leases	—	2,063
Dividends		
Dylex shareholders	3,107	2,917
Minority interest	635	550
Increase in investments	400	2,433
	38,980	38,368
Decrease in cash	$ 7,994	$ 4,724

Accounts Receivable

Accounts receivable did not change significantly. Retail receivables include balances due from bank credit card sales and layaway purchases by customers.

	1982	1981
	thousands of dollars	
Retail	$ 2,954	$ 2,778
Fashion manufacturing	9,459	9,966
Other	1,542	2,252
	$ 13,955	$ 14,996

Other receivables include such items as advances to contractors for the construction of store facilities to be leased in 1983 and amounts due from associate companies.

Inventories

Inventories rose 3.5 percent to $79.8 million, an increase substantially less than that of the previous year.

	1982	1981
	thousands of dollars	
Retail	$ 62,235	$ 60,269
Fashion manufacturing	17,553	16,804
	$ 79,788	$ 77,073
Increase in inventory		
retail	3.3%	19.4%
fashion manufacturing	4.5%	23.7%
Turnover		
retail (at retail level)	3.6	4.0
fashion manufacturing	3.3	3.7
overall	3.6	3.9

Retail inventories in general remained relatively constant to 1981 levels, after allowance for new store openings. Increases in inventory levels within the integrated manufacturing units, particularly earlier in the year, account for the slight decline in turnover.

The manufacturing inventory increase reflects the addition of San Remo and a substantial increase in Irving Posluns inventory. Although there were other changes the net effect of these changes was inconsequential.

Notes and Other Investments

Notes and Other Investments includes an investment in a research and development contract which has provided tax deductions resulting from research and development expenditure in 1982 and will provide guaranteed royalties over the coming years.

The note receivable from Strathearn House Group Limited in the amount of $1.8 million which became due in February 1983 was renegotiated and Dylex agreed to extend the note until April 1984.

Investments in Associate Companies

Investments include the original cost of the companies in which Dylex owns 50 percent or less. Each year adjustments are made for the corporation's share of the earnings, less any dividends received. The adjustments for the current year are as follows:

	1982	1981
	thousands of dollars	
Balance, beginning of year	$ 23,173	$ 22,853
Dylex' portion of the earnings of associate companies	6,801	5,164
Increase in advances	153	14
	30,127	28,031
Less: Dividends received from associate companies	2,062	4,858
Balance, end of year	$ 28,065	$ 23,173

The financial position of the associate companies is summarized below:

	1982	1981
	thousands of dollars	
Current assets	$ 93,015	$ 90,190
Current liabilities	58,108	59,200
Working capital	34,997	30,990
Fixed assets	16,734	14,928
Other assets net of liabilities	(4,764)	(8,157)
Shareholders' equity	$ 46,967	$ 37,761

Fixed Assets

Approximately $13.4 million was invested in fixed assets during 1982. The largest portion of that total is an investment in land, buildings and equipment for a larger second national distribution centre in Mississauga, Ontario. The remaining amount includes capital expenditures for manufacturing divisions, store renovations, company owned plant, point-of-sale computer equipment and the acquisition of store leases.

	1982	1981
	thousands of dollars	
Land	$ 4,528	$ 2,430
Buildings	13,415	9,888
Equipment and leasehold improvements	28,998	27,001
	46,941	39,319
Accumulated depreciation	12,077	12,346
	$ 34,864	$ 26,973

Leased Assets

Dylex leases most of the store equipment and fixtures required to open a new outlet. A typical Fairweather store may cost more than $300,000 and the smaller Tip Top and Suzy Shier stores may exceed $175,000.

In accordance with the accounting requirements of the Canadian Institute of Chartered Accountants, leases are considered to be capital if the lease term covers 75 percent of the economic life, the present value of lease payments exceeds 90 percent of the original cost of the assets, or the contract contains a bargain purchase option. Store equipment and fixture leases signed over the past few years qualify under the rules and have been capitalized. Leases for retail locations do not meet the requirements and have been expensed.

Leased assets under capital leases increased $9.1 million compared with $7.9 million the preceding year. The capitalized amounts are amortized at the same rates that would be used if the assets were owned by the company.

Long-term Liabilities

Long-term liabilities include obligations under capital leases and long-term debt as follows:

	1982	1981
	thousands of dollars	
Obligations under capital leases		
Minimum lease payments	$ 47,567	$ 45,124
Less: amounts representing imputed interest at rates in effect at drawdowns	13,583	11,582
Present value of obligations under capital leases	33,984	33,542
Due within one year	7,873	9,959
	$ 26,111	$ 23,583
Long-term debt		
Amounts outstanding	24,689	24,682
Due within one year	943	929
	23,746	23,753
Total obligations under capital leases and long-term debt	$ 49,857	$ 47,336

Total long-term liabilities increased by $2.5 million during the year principally as a result of a lower proportion of capital lease obligations falling due within the next year.

During the year new lease obligations totalling $9.5 million were arranged at fixed rates for a period of six years with a residual balance payable at the end of the lease term.

The ratio of debt to equity improved from last year as follows:

	1982	1981
	thousands of dollars	
Long-term liabilities	$ 49,857	$ 47,336
Shareholders' equity	$110,627	$ 96,462
Debt/Equity ratio	0.45:1	0.49:1

Shareholders' Equity

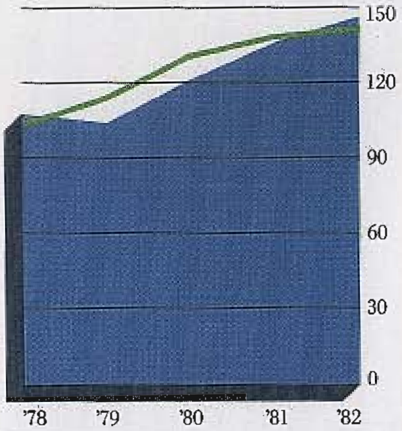
	1982	1981
	thousands of dollars	
Shareholders' equity	$110,627	$ 96,462
Shares outstanding (thousands, after stock dividend)	11,952	11,952
Book value per share (after stock dividend)	$ 9.26	$ 8.07
Return on shareholders' equity (average equity)	16.7%	18.5%

There were 1,390 shareholders at the year-end, compared with 1,521 the previous year. During the year 12,764 common shares and 1,149,590 class A shares were traded.

Inflation

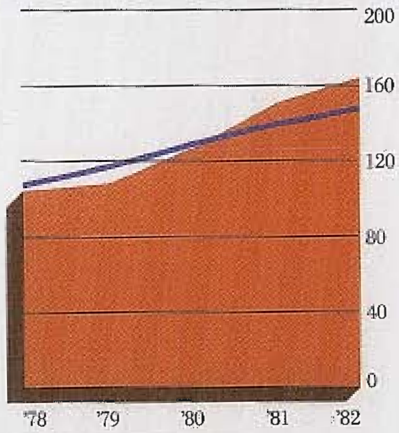
The Canadian Institute of Chartered Accountants issued its recommendation in December 1982 on the supplementary reporting of the effects of changing prices on reported financial statements. This recommendation calling for additional inflation adjusted reporting is to become effective in 1983. We have measured the impact of our increase in retail productivity (sales per square foot) in each of the main retail groups against the changes in the Consumer Price Index (CPI) over the past five years in order to show Dylex' performance measured against price inflation.

Women's Wear Division
Comparison of Inflation and Productivity



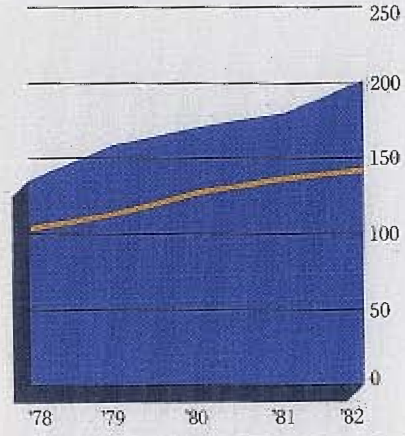
Sales per square foot*
Price index*
*Index 1977=100

Men's Wear Division
Comparison of Inflation and Productivity



Sales per square foot*
Price index*
*Index 1977=100

Family Wear Division
Comparison of Inflation and Productivity



Sales per square foot*
Price index*
*Index 1977=100

Consolidated Statement of Earnings

For the year ended January 29, 1983

Dylex Limited

	Jan. 29, 1983	Jan. 30, 1982
	thousands of dollars	
Sales		
Retail	$ 477,988	$ 418,859
Fashion manufacturing	71,139	76,499
Net sales	$ 549,127	$ 495,358
Earnings from operations before the following charges	$ 39,279	$ 37,923
Depreciation and amortization	11,935	10,926
Amortization of goodwill	137	137
Interest on long-term debt	3,047	3,920
Interest on capital lease obligations	4,279	3,613
Other interest (income)	394	(4,115)
	19,792	14,481
Earnings before income taxes	19,487	23,442
Income taxes	8,020	10,900
	11,467	12,542
Income from investments (note 5)	6,801	5,164
Minority interest in subsidiaries' earnings	(995)	(1,206)
Net earnings	$ 17,273	$ 16,500
Earnings per share	$ 2.89	$ 2.77
Earnings per share after giving effect to stock dividend declared March 16, 1983 (note 13)	$ 1.45	$ 1.39

Consolidated Statement of Retained Earnings

For the year ended January 29, 1983

	Jan. 29, 1983	Jan. 30, 1982
	thousands of dollars	
Balance, beginning of year	$ 70,211	$ 56,606
Net earnings	17,273	16,500
Transfer from appraisal excess	22	22
	87,506	73,128
Dividends		
Common shares (52¢ per share; 1982 — 49¢ per share)	419	398
Class "A" shares (52¢ per share; 1982 — 49¢ per share)	2,688	2,519
	3,107	2,917
Balance, end of year	$ 84,399	$ 70,211

Consolidated Statement of Financial Position

(Incorporated under the laws of Canada)

Dylex Limited

	Jan. 29, 1983	Jan. 30, 1982
	thousands of dollars	
Current assets		
Cash and short-term deposits	$ 22,555	$ 30,549
Accounts receivable (note 3)	13,955	14,996
Inventories (note 4)	79,788	77,073
Prepaid expenses	1,934	1,269
Notes and other investments due within one year	2,775	2,995
	121,007	126,882
Current liabilities		
Accounts payable	42,528	44,451
Income and other taxes payable	2,611	5,712
Long-term debt due within one year	943	929
Obligations under capital leases due within one year	7,873	9,959
	53,955	61,051
Working capital	67,052	65,831
Other assets		
Investments in associate companies (note 5)	28,065	23,173
Notes and other investments	4,665	4,531
Fixed assets (note 6)	34,864	26,973
Leased assets under capital leases (note 8)	34,642	35,896
Goodwill at cost less amortization	798	823
Assets employed	$ 170,086	$ 157,227
Financed by —		
Other liabilities		
Long-term debt (note 9)	$ 23,746	$ 23,753
Obligations under capital leases (note 7)	26,111	23,583
Deferred income taxes	3,727	3,124
Minority interest	5,875	10,305
	59,459	60,765
Shareholders' equity		
Capital stock (note 10)		
Common shares	1,692	1,710
Class "A" shares	22,991	22,973
Excess of appraised value of fixed assets over cost	1,545	1,568
Retained earnings	84,399	70,211
	110,627	96,462
Capital employed	$ 170,086	$ 157,227

Approved on behalf of the board

J. F. Kay, Director

W. Posluns, Director

Consolidated Statement of Changes in Financial Position

Dylex Limited

For the year ended January 29, 1983

	Jan. 29, 1983	Jan. 30, 1982
	thousands of dollars	
Source of funds:		
Net earnings	$ 17,273	$ 16,500
Depreciation and amortization	5,111	4,786
Amortization of leased assets under capital leases	6,961	6,277
Income from investments (net of dividends received)	(4,739)	(306)
Increase in deferred income taxes	2,309	1,711
Minority interest in subsidiaries' earnings	995	1,206
Funds provided by operations	27,910	30,174
Increase in obligations under capital leases (net)	2,528	—
Disposal of fixed assets	548	146
Issue of Class "A" shares	—	900
Increase in long-term debt (net)	—	224
	30,986	31,444
Use of funds:		
Fixed assets	13,413	6,714
Leased assets under capital leases	9,117	7,884
Acquisition of minority interest (note 2)	3,086	—
Increase in investments in associate companies	266	126
Dividend to minority interest	635	550
Dividends	3,107	2,917
Increase in notes and other investments	134	2,307
Decrease in obligations under capital leases (net)	—	2,063
Decrease in long-term debt	7	—
	29,765	22,561
Increase in working capital	$ 1,221	$ 8,883
Analysis of changes in working capital		
Cash and short-term deposits	$ (7,994)	$ (4,724)
Accounts receivable	(1,041)	222
Inventories	2,715	13,017
Accounts payable	1,923	(902)
Income and other taxes payable	3,101	799
Other (net)	2,517	471
Increase in working capital	$ 1,221	$ 8,883

Notes to Consolidated Financial Statements
as at January 29, 1983

1. Accounting policies
Principles of consolidation The Consolidated Financial Statements include the accounts of all divisions and subsidiaries of Dylex Limited as well as the Company's share of the assets, liabilities, sales and expenses of its unincorporated joint ventures. All significant inter-company transactions have been eliminated.

Where 50% or less of the outstanding common shares of associate companies are held, the investment is initially recorded at cost and adjusted annually to show the Company's share of earnings and dividends.

Inventories Retail inventories are valued, using the retail inventory method, at the lower of cost and net realizable value, less normal profit margins. Manufacturing inventories are valued at the lower of cost (principally on a first-in, first-out basis) and net realizable value.

Fixed assets Fixed assets are recorded at cost, except for the Company's property at 637 Lake Shore Boulevard West, Toronto, which is at 1967 appraised value. The appraisal excess is being transferred to retained earnings at the rate used for the depreciation of buildings.

Depreciation is designed to amortize the fixed assets on a straight-line basis over their estimated useful lives at the following annual rates:

Buildings	2½%
Building renovations	20%
Equipment and leasehold improvements	10-20%
Automotive	25%

When fixed assets are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is recorded in the Consolidated Statement of Earnings.

Leases Certain long-term lease transactions relating to the financing of store and other equipment are accounted for as capital leases. Assets recorded under capital leases are amortized on a straight-line basis using rates that are consistent with similar Company-owned assets. Obligations recorded under capital leases are reduced by rental payments net of imputed interest.

Foreign currency translation The accounts of the foreign subsidiary are translated into Canadian dollars as follows:

a. current assets and current liabilities at exchange rates in effect at year end
b. other assets and liabilities at historical rates
c. revenue and expense at average annual rates, except depreciation and amortization which are translated at rates used to translate the related assets.

Both realized and unrealized exchange gains and losses are included in earnings.

Goodwill The excess of purchase price over the fair market value of the net assets of subsidiaries and associates is being amortized on a straight-line basis over a period not exceeding forty years. Goodwill on acquisitions prior to March 31, 1974, was written off to retained earnings.

Pension Plan The Dylex pension plan is a unit benefit career average plan which, based on actuarial reviews, has no unfunded liability for either past or future service benefits. All current costs are expensed as incurred.

Store opening costs All costs associated with the opening of new stores are expensed as incurred.

2. Acquisition of minority interest in Thrifty Riding and Sport Shop Limited
On May 29, 1982, the Company's subsidiary, Thrifty Riding & Sport Shop Limited, acquired for cancellation the 49.9% of its shares owned by outside interests with the result that the subsidiary is now 100% owned by Dylex Limited. This acquisition has been accounted for using the purchase method as follows:

	thousands of dollars
Working capital	$ 5,617
Other assets	7,258
	12,875
Long-term debt	3,276
Adjusted book value as at May 29, 1982	$ 9,599
49.9% minority interest thereon	$ 4,790
Cash consideration given	3,086
Excess of minority interest acquired over consideration given	$ 1,704

This excess value has been attributed to "leased assets under capital leases" in the consolidated financial statements and their carrying value was reduced by $3,410,000 with a corresponding $1,706,000 adjustment of deferred taxes. The excess is being amortized over a 48 month period, the average term remaining on these leases.

3. Accounts receivable

	1983	1982
	thousands of dollars	
Retail	$ 2,954	$ 2,778
Fashion manufacturing	9,459	9,966
Other	1,542	2,252
	$ 13,955	$ 14,996

4. Inventories

	1983	1982
	thousands of dollars	
Retail	$ 62,235	$ 60,269
Fashion manufacturing	17,553	16,804
	$ 79,788	$ 77,073

5. Investments in associate companies

	Percentage ownership
Bi-Way Stores Limited (see below)	50%
Brody's Town & Country (1967) Limited	50%
Drug World Limited	50%
Shane Knit Limited	50%
The Shoe Shoppe Limited	50%
Manchester Manufacturing Inc.	42%
Forsyth Trading Company — partnership	33⅓%

The Company is negotiating to buy the remaining 50% of the outstanding shares of Bi-Way Stores Limited in exchange for Class "A" shares of the Company and other considerations.

6. Fixed assets

	1983	1982
	thousands of dollars	
Land	$ 4,528	$ 2,430
Buildings	13,415	9,888
Equipment and leasehold improvements	28,998	27,001
	46,941	39,319
Accumulated depreciation	12,077	12,346
	$ 34,864	$ 26,973

7. Lease commitments

The future minimum lease payments under capital and operating leases that have initial or remaining non-cancellable terms in excess of one year as at January 29, 1983, are as follows:

	Capital leases	Operating leases
	thousands of dollars	
1984	$ 13,765	$ 24,894
1985	10,408	24,677
1986	8,174	24,374
1987	6,312	23,444
1988	4,825	22,971
Thereafter	4,083	140,350
Total minimum lease payments	47,567	$260,710
Less amount representing imputed interest at rates varying from 9.95% to 17.0%	13,583	
Present value of obligations under capital leases	33,984	
Due within one year	7,873	
Long-term obligations under capital leases	$ 26,111	

Aggregate rentals paid on operating leases for property and equipment leases for the year ended January 29, 1983, amounted to $31,580,000 (1982 — $27,824,000).

8. Leased assets under capital leases

	1983	1982
	thousands of dollars	
Capital leases	$ 66,825	$ 62,893
Accumulated amortization	32,183	26,997
	$ 34,642	$ 35,896

9. Long-term debt

	1983	1982
	thousands of dollars	
Notes payable		
10% loan, due May 8, 1985 (U.S. $4,600,000 — 1981 $4,800,000)	$ 5,203	$ 5,498
10% debenture due February 26, 1989	653	653
Term bank loans payable at floating interest rates (approximately bank prime rate)		
Due January 22, 1987	2,500	2,500
Due January 27, 1987	6,000	6,000
Finance company notes secured by chattel mortgages	1,504	1,462
First mortgages on buildings		
Due December 31, 1986, at a floating interest rate (approximately U.S. prime bank rate, U.S. $5,500,000)	6,954	6,559
9½% due December 1, 1997	539	555
10½% due May 15, 1999	698	714
Other, principally landlord loans	638	741
	24,689	24,682
Due within one year	943	929
	$ 23,746	$ 23,753

Principal repayments within the next five years are as follows:

1984	$ 943
1985	1,894
1986	6,242
1987	12,897
1988	229

10. Capital stock

Authorized 6,000,000 Common shares without par value (convertible into Class "A" shares on a one-for-one basis). 20,000,000 Class "A" participating preference shares, without par value. 1,000 Class "B" non-participating preference shares, without par value.

Issued	1983	1982
	thousands of dollars	
805,617 Common shares (1982 — 812,707)	$ 1,692	$ 1,710
5,169,949 Class "A" shares (1982 — 5,162,859)	$ 22,991	$ 22,973

During the year, 7,090 Common shares were converted into Class "A" shares.

11. Related party transactions

a. *Associate companies* In the normal course of business the Company purchases merchandise from and sells merchandise to its associate companies. During the year, these purchases and sales amounted to $12,215,000 (1982 — $12,484,000) and $1,862,000 (1982 — $1,693,000) respectively. As at January 29, 1983, accounts receivable included $475,000 (1982 — $432,000) due from these companies and accounts payable included $587,000 (1982 — $950,000) due to them.

b. *Affiliate* As at January 29, 1983, Strathearn House Group Limited, an affiliate, was indebted to Dylex Limited in the amount of $1,788,000 (1982 — $2,072,000) represented by a 7% partially secured note. This note, which was due February 15, 1983, was extended to April 5, 1984 and is repayable in equal monthly instalments on a 15 year amortization basis. Interest on this note during the year amounted to $134,000 (1982 — $151,000). The note is included in the financial statements under the caption of Notes and Other Investments.

c. *Other related company* The Company engages the services of a company, which is effectively controlled by senior officers and directors of Dylex Limited, to act on its behalf as a general contractor for the purpose of furnishing and fixturing some of its retail outlets. That company recovers its costs from Dylex Limited and receives a flat fee of $60,000 per annum for its services.

12. Contingent liabilities

The Company has contingent liabilities to a maximum extent of $1,500,000 arising from the Key Employee Stock Plan and together with others has guaranteed the bank loans and equipment lease obligations of associate companies.

The amounts outstanding under these contingencies at January 29, 1983, were $3,223,000 against which the Company holds indemnities for $1,025,000.

13. Subsequent events

i. On February 17, 1983, the Company issued 1,000,000 Class "A" shares at a share price of $25.50 through a private placement. Total consideration received by the Company amounted to $24,725,000 after deducting the costs of the issue.

ii. On March 16, 1983, the Company declared a stock dividend wherein one Class "A" share will be issued for each Class "A" and Common share outstanding on March 31, 1983.

14. Segmented results

	Retailing		Manufacturing		Adjustments		Consolidated	
thousands of dollars	1983	1982	1983	1982	1983	1982	1983	1982
Sales	$477,988	$418,859	$ 79,981	$81,198	$ (8,842)	$ (4,699)	$549,127	$495,358
Operating earnings	28,163	25,557	2,713	5,124	—	—	30,876	30,681
Interest (net)	—	—	—	—	—	—	7,720	3,418
Corporate charges	—	—	—	—	—	—	3,669	3,821
Earnings before income tax	—	—	—	—	—	—	19,487	23,442
Assets at year end	125,116	121,090	34,739	43,271	64,186	53,917	224,041	218,278
Capital expenditures and assets under capital leases for the period	20,316	12,421	1,893	1,885	321	292	22,530	14,598
Depreciation and amortization	10,253	8,714	907	1,318	775	894	11,935	10,926

Auditors' Report

To the Shareholders of
Dylex Limited

We have examined the consolidated statement of financial position of Dylex Limited as at January 29, 1983 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 Company as at January 29, 1983 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.

Toronto, Canada
March 24, 1983

Wm. Eisenberg & Co.
Chartered Accountants

Ten Year Summary

Years ended January following	1982	1981	1980
Consolidated operating results	*thousands of dollars except per share and ratio data*		
Retail sales	$477,988	418,859	395,515
Fashion manufacturing sales	79,981	81,198	67,921
Inter-group sales	(8,842)	(4,699)	(4,199)
Net sales	$549,127	495,358	459,237
Net earnings before extraordinary items	$ 17,273	16,500	12,050
Earnings per share before extraordinary items			
1st quarter	$ 0.01	0.13	(0.03)
2nd quarter	0.05	0.20	0.05
3rd quarter	0.36	0.39	0.44
4th quarter	1.03	0.67	0.56
Total[1]	$ 1.45	1.39	1.02
Balance sheet analysis			
Total working capital	$ 67,052	65,831	56,948
Total assets	$224,041	218,278	201,067
Shareholders' equity[2]	$110,627	96,462	81,979
Financial analysis			
Working capital ratio	2.2	2.1	2.0
Book value per share[1]	$ 9.26	8.07	6.92
Asset turnover	2.5	2.4	2.4
Inventory turnover[3]	3.6	3.9	3.7
Return on equity — percent	16.7	18.5	15.6
Shareholders Information			
Number of shareholders	1,390	1,521	1,440
Average shares outstanding ('000)[1]	11,952	11,902	11,852
Dividends per share[1]	$ 0.26	0.25	0.20
Class "A" shares			
— high[1]	$ 13¼	9⅝	8
— low[1]	$ 6½	6¼	4½
Retail Information[4]			
Sales			
Consolidated	$477,988	418,859	395,515
Associate	262,847	212,249	147,187
Total	$740,835	631,108	542,702
Sales by market			
Women's	$267,384	227,373	188,402
Men's	211,278	180,570	149,504
Family	262,173	223,165	204,796
Total	$740,835	631,108	542,702
Number of stores	921	838	779
Store space at year-end ('000 sq. ft.)	3,420	3,140	2,992
Average store space during year ('000 sq. ft.)	3,307	3,077	2,916
Sales per square foot			
Women's	$ 197	184	164
Men's	241	223	187
Family	241	216	206
Total retail	$ 224	205	185

[1] Adjusted for effect of stock dividend declared March 16, 1983 (note 13).

[2] Goodwill on acquisitions prior to 1974 has been written off. Results for 1978 and subsequent years reflect the capitalization of leased assets (prior year's figures have not been adjusted).

1979	1978	1977	1976	1975	1974	1973
334,195	299,488	249,446	223,197	187,625	148,298	107,446
44,068	34,835	25,416	24,700	23,941	25,488	27,124
(6,671)	(4,811)	(3,577)	(3,662)	(3,355)	(2,495)	(2,016)
371,592	329,512	271,285	244,235	208,211	171,291	132,554
9,045	12,272	8,541	7,274	7,424	5,242	4,466
0.04	0.11	0.08	0.09	0.07	0.06	0.05
0.01	0.08	0.06	0.08	0.08	0.06	0.05
0.40	0.40	0.28	0.25	0.26	0.16	0.13
0.31	0.45	0.31	0.20	0.23	0.17	0.15
0.76	1.04	0.73	0.62	0.64	0.45	0.38
45,840	42,073	37,943	29,982	26,916	22,556	17,848
178,286	135,232	101,334	91,787	84,618	72,290	66,938
72,299	65,297	55,059	46,839	40,876	34,654	30,228
1.9	1.8	2.2	1.9	1.8	1.8	1.6
6.10	5.51	4.65	4.02	3.51	2.98	2.60
2.2	2.3	2.8	2.8	2.7	2.5	2.1
3.0	3.1	3.1	3.2	2.9	2.7	2.4
13.1	20.4	16.8	16.6	19.7	16.2	16.7
1,812	1,936	2,279	2,592	2,683	2,869	2,743
11,852	11,852	11,652	11,652	11,652	11,652	11,652
0.20	0.165	0.1125	0.1125	0.10	0.07	0.06
8 1/8	7 3/8	4 1/4	4 1/8	4 3/8	3 5/8	6 3/8
4 1/2	4	3 1/4	2 3/4	2 1/8	1 1/2	2 3/4
334,195	299,488	249,446	223,197	187,625	148,298	107,446
117,519	70,240	25,431	22,361	18,663	16,750	12,710
451,714	369,728	274,877	245,558	206,288	165,048	120,156
153,188	140,462	111,755	103,174	89,824	70,223	47,346
126,927	111,411	93,233	80,306	65,658	55,500	44,177
171,599	117,855	69,889	62,078	50,806	39,325	28,633
451,714	369,728	274,877	245,558	206,288	165,048	120,156
634	569	466	408	361	292	246
2,865	2,592	2,091	1,900	1,789	1,612	1,385
2,735	2,347	1,986	1,833	1,705	1,501	1,145
141	148	135	132	128	121	113
160	154	148	150	141	127	124
192	164	121	106	85	73	70
163	155	135	130	117	106	101

[3] Sales divided by average inventory at estimated selling price. Retail and manufacturing inventories were adjusted by theoretical gross margins to arrive at estimated sales value.

[4] All retail information reflects the results of both subsidiaries which are consolidated and associates (Town and Country, Bi-Way, and Rubys) which are not consolidated.

Dylex Representation in the 20 Largest Metropolitan Areas

Major shopping centres by metropolitan areas with population in thousands	Women's Wear							Men's Wear				Family Wear		
	Fairweather	*Suzy Shier/ L.A. Express*	*Town & Country*	*Braemar*	*B.H. Emporium*	*Rubys/ Feathers*	***Total***	*Tip Top*	*Big Steel Man*	*Harry Rosen*	***Total***	*Thrifty's*	*Bi-Way*	***Total***
Canada (24,195)														
Toronto (2,907)	25	17	29	10	5	24	**109**	28	22	9	**61**	26	43	**69**
Downtown	▲	▲	▲	▲		▲		●	●	●		■	■	
Eaton Centre	▲	▲	▲	▲		▲		●	●	●		■		
Mississauga Square One	▲	▲	▲	▲		▲		●	●			■	■	
Scarborough Town Centre	▲	▲	▲	▲	▲	▲		●	●	●		■		
Yorkdale	▲	▲	▲	▲		▲		●	●	●		■		
Sherway Gardens	▲	▲	▲	▲		▲		●	●	●		■		
Fairview Mall	▲	▲	▲		▲	▲		●	●	●		■		
Oakville Place	▲	▲	▲	▲	▲			●	●	●		■		
Bramalea City Centre	▲	▲	▲			▲		●	●			■	■	
Hillcrest Mall	▲	▲	▲	▲		▲		●	●			■		
Warden Woods	▲	▲			▲	▲			●			■	■	
Shoppers World Brampton	▲	▲	▲	▲		▲		●	●			■		
Montreal (2,831)	1	11	1	—	—	—	**13**	13	1	—	**13**	—	—	—
Downtown		▲	▲					●						
Les Galeries D'Anjou		▲						●						
Les Promenades St. Bruno		▲						●						
Le Carrefour Laval	▲	▲						●	●					
Place Versailles		▲						●						
Centre Laval								●						
Place Vertu								●						
Fairview Pointe Claire								●						
Vancouver (1,205)	12	3	6	—	—	—	**21**	11	10	1	**22**	13	—	**13**
Pacific Centre	▲							●	●	●	●	■		
Park Royal	▲		▲					●	●			■		
Coquitlam Centre	▲		▲					●	●			■		
Lansdowne Park	▲	▲	▲					●	●			■		
Surrey Place	▲	▲						●	●			■		
Guildford Town Centre	▲		▲					●	●			■		
Brentwood	▲	▲						●	●			■		
Lougheed	▲							●	●			■		
Ottawa-Hull (751)	7	3	3	2	—	3	**18**	7	8	—	**11**	2	—	**2**
Downtown-Ottawa	▲		▲			▲		●	●			■		
Bayshore Shopping Centre	▲	▲	▲					●	●			■		
St. Laurent Shopping Centre	▲		▲			▲		●	●					
Billings Bridge Shopping Centre	▲		▲			▲		●	●					
Les Galeries du Hull	▲	▲						●	●					
Place du Centre	▲							●	●					
Edmonton (647)	8	8	2	1	4	—	**23**	10	8	1	**18**	8	—	**8**
Kingsway Gardens	▲	▲	▲					●	●			■		
Southgate Mall	▲	▲						●	●					
Londonderry Mall	▲							●	●			■		
Edmonton Centre	▲							●	●			■		
West Edmonton	▲	▲		▲	▲			●	●	●		■		
Heritage Mall	▲	▲			▲			●	●			■		
Northwood Mall	▲	▲			▲			●	●					

Major shopping centres by metropolitan areas with population in thousands	Women's Wear							Men's Wear				Family Wear		
	Fairweather	*Suzy Shier/ L.A. Express*	*Town & Country*	*Braemar*	*B.H. Emporium*	*Rubys/ Feathers*	***Total***	*Tip Top*	*Big Steel Man*	*Harry Rosen*	***Total***	*Thrifty's*	*Bi-Way*	***Total***
Winnipeg (592)	5	4	3	—	—	—	**12**	7	5	—	**12**	8	—	**8**
St. Vital	▲	▲	▲					●	●			■		
Polo Park	▲	▲						●	●			■		
Quebec City (574)	4	5	—	—	—	—	**9**	7	6	—	**13**	—	—	—
Place Laurier	▲	▲						●	●					
Galeries du Capitale	▲	▲						●	●					
Place Fleur de Lys	▲	▲						●	●					
Les Galeries Chagnon		▲						●						
Calgary (566)	7	5	—	—	1	—	**13**	8	7	—	**15**	8	—	**8**
Chinook Centre	▲	▲						●	●			■		
Market Mall	▲							●	●			■		
Sunridge	▲	▲						●	●			■		
Toronto Dominion Centre	▲	▲						●	●			■		
Hamilton (543)	6	3	3	3	1	2	**18**	5	5	—	**10**	4	12	**16**
Centre Mall	▲							●	●			■		
Limeridge Mall	▲	▲		▲				●	●			■		
Burlington Mall	▲		▲	▲		▲		●	●				■	
Lloyd D. Jackson Square	▲	▲	▲	▲				●	●			■		
St. Catharines-Niagara (311)	1	4	2	1	—	1	**9**	2	1	—	**3**	2	5	**7**
Pen Centre	▲	▲		▲		▲		●	●			■		
Kitchener (290)	4	2	5	—	1	—	**12**	5	4	—	**9**	4	6	**10**
Fairview Park	▲		▲					●	●			■	■	
London (280)	4	3	4	—	—	2	**13**	2	3	—	**5**	4	4	**8**
Downtown	▲	▲	▲			▲			●			■	■	
Westmount Mall	▲	▲	▲					●	●			■		
Whiteoaks Mall	▲	▲	▲					●	●			■		
Halifax (278)	6	6	5	—	—	—	**15**	6	6	—	**10**	4	—	**4**
Mic Mac Mall	▲	▲	▲					●	●			■		
New Penhorn Centre	▲	▲						●	●					
Windsor (243)	1	1	3	1	1	2	**9**	1	1	—	**2**	2	3	**5**
Devonshire Mall	▲	▲	▲	▲	▲	▲		●	●			■	■	
Victoria (231)	2	1	1	—	1	—	**5**	3	2	—	**5**	2	—	**2**
Tillicum Mall	▲	▲						●	●					
Regina (171)	1	1	1	—	—	—	**3**	3	1	—	**4**	3	—	**3**
Sudbury (153)	1	2	1	—	—	—	**4**	2	1	—	**3**	1	1	**2**
St. John's (153)	3	2	2	—	—	—	**7**	3	2	—	**5**	3	—	**3**
Avalon Mall	▲	▲	▲					●	●			■		
Village Mall	▲	▲	▲					●	●			■		
Saskatoon (146)	1	—	—	—	—	—	**1**	3	1	—	**4**	2	—	**2**
Oshawa (145)	1	1	1	1	—	1	**5**	1	1	1	**3**	1	4	**5**
Oshawa Centre	▲	▲	▲	▲		▲		●	●	●		■	■	

▲ *Women's Wear* ● *Men's Wear* ■ *Family Wear*

Retail Stores by Location

January 29, 1983

Women's	*Total*	*Fairweather*	*B.H. Emporium*	*Braemar*	*Suzy Shier/ L.A. Express*	*Town & Country*	*Rubys/ Feathers*
British Columbia	**29**	15	1	—	4	9	—
Alberta	**42**	18	5	1	16	2	—
Saskatchewan	**6**	3	—	—	2	1	—
Manitoba	**13**	5	—	—	5	3	—
Ontario	**245**	56	12	18	51	74	34
Quebec	**35**	7	—	—	27	1	—
New Brunswick	**17**	5	—	—	5	7	—
Nova Scotia	**19**	7	—	—	7	5	—
Newfoundland	**6**	2	—	—	2	2	—
Total	**412**	118	18	19	119	104	34

Men's	*Total*	*Tip Top*	*Big Steel Man*	*Harry Rosen*
British Columbia	**35**	21	13	1
Alberta	**43**	24	18	1
Saskatchewan	**10**	8	2	—
Manitoba	**13**	8	5	—
Ontario	**126**	64	52	10
Quebec	**29**	22	7	—
New Brunswick	**11**	6	5	—
Nova Scotia	**15**	8	7	—
Newfoundland	**6**	4	2	—
Total	**288**	165	111	12

Family	*Total*	*Thrifty's*	*Bi-Way*
British Columbia	**16**	16	—
Alberta	**21**	21	—
Saskatchewan	**7**	7	—
Manitoba	**10**	10	—
Ontario	**149**	52	97
Quebec	—	—	—
New Brunswick	**8**	8	—
Nova Scotia	**6**	6	—
Newfoundland	**4**	4	—
Total	**221**	124	97
Total retail stores	**921**		

Combined Retail Sales by Region

January 29, 1983

thousands of dollars	Women's		Men's		Family	
	1982	1981	**1982**	1981	**1982**	1981
Atlantic	**$ 23,770**	$ 18,946	**$ 20,154**	$ 16,399	**$ 8,627**	$ 7,378
Quebec	**17,205**	17,015	**26,609**	22,490	**—**	—
Ontario	**167,042**	142,562	**99,189**	83,308	**230,099**	193,254
Prairies	**40,725**	33,500	**45,779**	41,571	**19,248**	18,012
British Columbia	**18,642**	15,350	**19,547**	16,802	**4,199**	4,521
Total	**$267,384**	$227,373	**$211,278**	$180,570	**$262,173**	$223,165

Corporate Information

Directors
Kenneth Axelrod
Daniel W. Casey*
Jerome A. Corngold
Malcolm Coven
James F. Kay
Samuel F. Kay
David Korn C.A.
Irving Levine
Sydney Loftus
Irving Posluns
Jack Posluns
Wilfred Posluns*
Lionel Robins
Harry Rosen
Schuyler M. Sigel Q.C.
William H. Singer
Hubert J. Stitt Q.C.*
Irving Teitelbaum
Henry Zagdanski
Arthur H. Zaldin Q.C.*

*Member of the Audit Committee

Officers
James F. Kay
Chairman
of the Board

Wilfred Posluns
President

Jack Posluns
Executive
Vice-President
& Treasurer

Irving Posluns
Executive
Vice-President

Kenneth Axelrod
Vice-President
Manchester Clothing

David Beiles
Vice-President
Big Steel Man

Joel Cooper
Vice-President
Braemar

Jerome A. Corngold
Vice-President
Tobias Kotzin

Gordon Edelstone
Vice-President
Tip Top

Don Evans
Vice-President
Tip Top

Michael Goulais
Vice-President
Retail Development

Conrad LeDrew
Vice-President
Big Steel Man

Irving Levine
Vice-President
Fairweather

Sydney Loftus
Vice-President
Dylex Real Estate

Mickey Maklin
Vice-President
Management Information
Services

Paul Mancini
Vice-President
Canadian Clothiers

Lionel Robins
Vice-President
Fairweather

Harry Rosen
Vice-President
Harry Rosen Men's Wear

Donald Williams
Secretary

Henry Zagdanski
Vice-President
Nu Mode Dress

Head Office
637 Lake Shore
Boulevard West,
Toronto, Ontario
M5V 1A8

**Transfer agent
and registrar**
National Trust
Company Limited

Auditors
Wm. Eisenberg & Co.
Chartered Accountants

Listed on
Toronto Stock Exchange
Montreal Stock Exchange

In Memoriam
It is with deep sorrow that we record the passing on September 5, 1982, of Louis H. Posluns, Honourary Chairman of the Board. Mr. Posluns was Chairman of the company when it was founded in 1967. His many years of experience provided Dylex with meaningful insights and invaluable contributions throughout his career as a "senior statesman" in the manufacturing and retail areas of the garment industry. Mr. Posluns' warmth and wisdom will be long remembered by all of us at Dylex.

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Limited

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