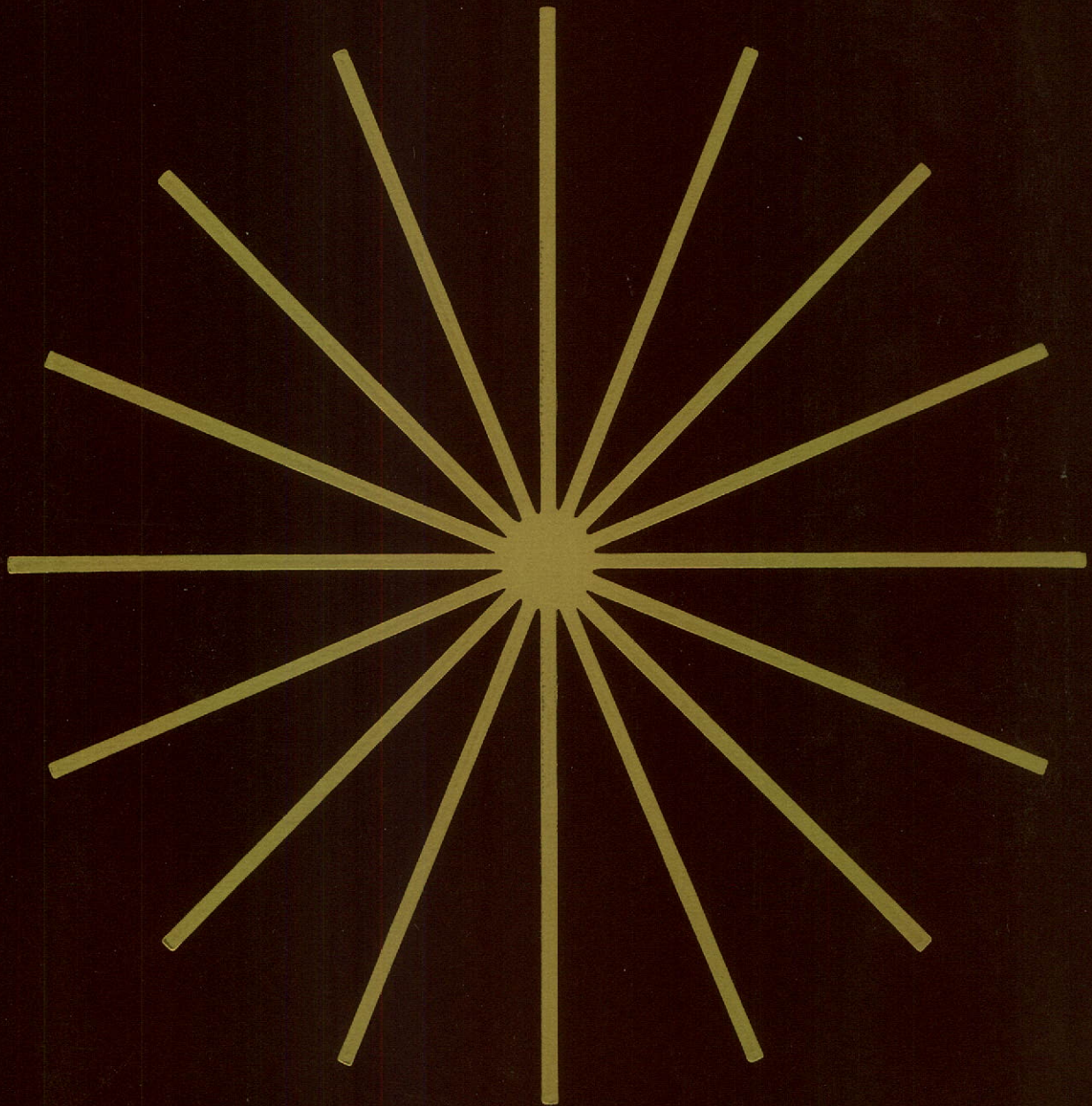


**ANNUAL  
REPORT  
FOR THE  
TWELVE MONTHS  
ENDED  
JANUARY 31, 1982**

**Dominion Citrus & Drugs Ltd.**



*"In business you never get a second chance to make a first impression"*

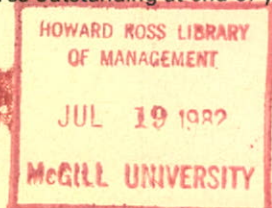


# Dominion Citrus & Drugs Ltd.

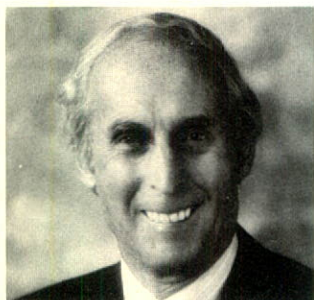
## FINANCIAL RECORD AND HIGHLIGHTS

	1982	1981	1980	1979	1978
<b>Sales</b>					
Drug Division	\$ 87,153,390	\$ 81,674,354	\$ 72,602,457	\$61,993,150	\$55,880,917
Produce Division	53,522,259	46,518,589	39,580,270	36,718,170	32,572,534
	<b>140,675,649</b>	128,192,943	112,182,727	98,711,320	88,453,451
<b>Net Income</b>					
Drug Division	1,036,299	1,268,063	730,919	1,032,286	1,001,952
Produce Division	1,088,378	957,208	756,881	644,831	418,073
	<b>2,124,677</b>	2,225,271	1,487,800	1,677,117	1,420,025
Per Share	1.24	1.30	.88	1.01	.87
<b>Dividends Paid</b>	<b>494,472</b>	426,329	423,641	384,765	310,175
Per Share	.29	.25	.25	.23	.19
<b>Shareholders' Equity</b>	<b>13,580,000</b>	11,965,000	10,113,000	8,997,000	7,581,000
Per Share (1)	7.90	6.96	5.95	5.35	4.64
<b>Average Number of Shares Outstanding</b>	<b>1,720,000</b>	1,708,000	1,692,000	1,667,000	1,632,500
<b>Working Capital</b>	<b>9,268,000</b>	8,069,000	6,619,000	5,691,000	5,159,000
<b>Current Ratio</b>	<b>1.40:1</b>	1.34:1	1.33:1	1.33:1	1.37:1
<b>Capital Expenditures</b>	<b>1,296,000</b>	867,000	573,000	1,222,000	1,114,000
<b>NUMBER OF DRUG OUTLETS OPERATED AND SERVICED AT END OF YEAR</b>					
Woolco Stores	106	101	95	86	80
Woolworth Stores	8	8	8	6	6
Free standing	1	1	1	1	1
	<b>115</b>	110	104	93	87

Note 1 — Based on net shares outstanding at end of year.



# Dominion Citrus & Drugs Ltd.



## To the Shareholders:

On behalf of the Board of Directors, we are pleased to submit the Annual Report for your Company for the fiscal year ended January 31, 1982. Consolidated sales were \$140,675,649, up from \$128,192,943. This represents an increase of approximately 10% over the fiscal year ended January 31, 1981. Consolidated net income was \$2,124,677 or \$1.24 per share, down from \$2,225,271 or \$1.30 per share.

## Drug Division

The sales of the Drug Division were \$87,153,390, which represents an increase of 7% over sales in the previous fiscal year and net profits were \$1,036,299, down from \$1,268,063.

Like other Canadian retailers, the operations of the Drug Division were adversely affected by poor economic conditions and high interest rates. However, in spite of these conditions, we are pleased to report that the Drug Division was able to maintain its gross profit margins and control expenses.

Our priorities for the current year will be to stimulate sales through aggressive promotional programs; to continue to control our expenditures; and improve our inventory turns.

Last year we stated our intention to expand into full-line, full-service, retail drug stores. We are pleased to announce that we will be opening our first such store in July of this year and we will continue to open additional stores in the future, as the opportunities arise.

During 1981, the Drug Division continued its expansion program by opening five new outlets in Woolco Department Stores. In 1982, two additional

outlets will be opened, one in Markham, Ontario and the other in Kelowna, British Columbia.

## Produce Division

The sales of the Produce Division were \$53,522,259 in the fiscal year ended January 31, 1982, which represents an increase of 15% over last year and profits for the year were \$1,088,378, an increase of \$131,170.

During the last quarter of the fiscal year, the operations of the Produce Division at the Ontario Food Terminal were severely affected by a prolonged strike by the truck drivers and warehousemen. The strike was settled in the latter part of February, 1982 and operations have returned to normal.

In spite of the strike, all of the companies in the Produce Division reported increased sales and profits for the fiscal year ended January 31, 1982. Your Company is fortunate that the trend of Canadians to increase their consumption of fresh fruits and vegetables continues unabated, notwithstanding inflation and poor economic conditions. We believe that this augurs well for the Produce Division.

As we look to the future, for both divisions, we are confident of our ability to respond to the challenges and opportunities facing us. Our own strengths and capabilities to deal with changing conditions remain considerable, and our financial position is strong. We are also fortunate to have a highly-talented and efficient staff dedicated to providing quality service. We extend our sincere thanks for the endeavours made on behalf of your Company by its employees and look forward to their continued support in the coming years.

Yours very truly,

MICHAEL BLIDNER, *President*

JACK AUSTIN, *Vice-President*

# Dominion Citrus & Drugs Ltd.

## SEGMENTED INFORMATION

January 31, 1982

Operating segments	Drug Division		Produce Division		Consolidated*	
	1982	1981	1982	1981	1982	1981
	\$	\$	\$	\$	\$	\$
<b>Sales</b>						
Outside customers	87,153,390	81,674,354	53,522,259	46,518,589	140,675,649	128,192,943
<b>Operating expenses</b>						
Operating	83,520,143	77,977,552	51,821,099	44,942,861	135,341,242	122,920,413
Depreciation	394,431	384,283	465,230	382,643	859,661	766,926
	<u>83,914,574</u>	<u>78,361,835</u>	<u>52,286,329</u>	<u>45,325,504</u>	<u>136,200,903</u>	<u>123,687,339</u>
<b>Segment operating income</b>	3,238,816	3,312,519	1,235,930	1,193,085	4,474,746	4,505,604
<b>Income deductions</b>						
Inter-segment interest*	1,147,284	743,785	(1,147,284)	(743,785)	—	—
Other interest	708,233	721,671	373,836	173,662	1,082,069	895,333
Income taxes	347,000	579,000	921,000	806,000	1,268,000	1,385,000
	<u>1,036,299</u>	<u>1,268,063</u>	<u>1,088,378</u>	<u>957,208</u>	<u>2,124,677</u>	<u>2,225,271</u>
<b>Net earnings</b>						
	<u>31,103,885</u>	<u>29,383,820</u>	<u>5,999,941</u>	<u>6,372,046</u>	<u>37,103,826</u>	<u>35,755,866</u>
<b>Identifiable assets</b>						
	<u>580,094</u>	<u>302,444</u>	<u>716,210</u>	<u>564,830</u>	<u>1,296,304</u>	<u>867,274</u>
<b>Capital expenditures</b>						

\*Inter-segment transactions have been eliminated in the consolidated column.

**Stores in which Jack Austin Drugs operates Drugs, Prestige Cosmetics and Health and Beauty Aids departments.**

**Ontario Stores (Woolco)**

Agincourt Shopping Mall,  
3850 Sheppard Avenue East,  
Agincourt, Ontario

Harwood Place Centre,  
314 Harwood Ave. South,  
Ajax, Ontario

St. George Road and Highway 24,  
Brantford, Ontario

173-81 Colborne Street,  
Brantford, Ontario

1000 Island Mall,  
Parkdale Ave. & Windsor Drive,  
Brockville, Ontario

80 - 96 Main Street,  
Cambridge, Ontario

Chatham Place,  
801 St. Clair Street Extension,  
Chatham, Ontario

Brookdale Avenue and 7th Street,  
Cornwall, Ontario

Elliot Lake Commercial Centre,  
Commercial Centre and Ontario Street,  
Elliot Lake, Ontario

Honeydale Mall,  
5555K Dundas Street West,  
Etobicoke, Ontario

Hamilton Mountain Shopping Centre,  
Upper James and Fennell Streets,  
Hamilton, Ontario

Fairview Park Shopping Centre,  
Kitchener, Ontario

Frontenac Mall Shopping Centre,  
R.R. #7, Kingston, Ontario

Argyle Shopping Mall,  
1925 Dundas Street East,  
London, Ontario

Oakridge Mall,  
1201 Oxford Street West,  
London, Ontario

White Oaks Mall,  
1105 Wellington Road South,  
London, Ontario

Square One Shopping Centre,  
100 City Centre Drive,  
Mississauga, Ontario

\*Trafalgar Village Mall  
125 Cross Ave.,  
Oakville, Ontario

Lincoln Fields Shopping Centre,  
1350 Richmond Road,  
Ottawa, Ontario

Meadowvale Town Centre,  
2900 Aquitane Ave.,  
Mississauga, Ont.

North Gate Square Mall  
1500 Fisher St.,  
North Bay, Ont.

1642 Merivale Road,  
& Viewmount Drive,  
Ottawa, Ontario

Grey County Mall Shopping Centre,  
Highway #21,  
Owen Sound, Ontario

Lambton Mall Shopping Centre,  
London Road,  
Sarnia Township, Ontario

345 Queen Street East,  
Sault Ste. Marie, Ontario

Eastgate Mall,  
75 Centennial Parkway,  
Stoney Creek, Ontario

65 Albert Street,  
Stratford, Ontario

Lincoln Mall Shopping Centre,  
549 Welland Avenue,  
St. Catharines, Ontario

New Sudbury Shopping Centre,  
Barrydowne and LaSalles Boulevard,  
Sudbury, Ontario

Norfolk Mall,  
400 Simcoe Street,  
Tillsonburg, Ontario

179 - 3rd Avenue,  
Timmins, Ontario

Timmins Square Shopping Centre,  
1500 Riverside Drive,  
Timmins, Ontario

Dufferin Mall,  
900 Dufferin Street,  
Toronto, Ontario

North Park Shopping Centre,  
1305 Lawrence Avenue West,  
Toronto, Ontario

Thorncliffe Market Place,  
45 Overlea Boulevard,  
Toronto, Ontario

Seaway Mall,  
880 Niagara Street,  
Welland, Ontario

Morningside Mall,  
225 Morningside Avenue,  
West Hill, Ontario

2295 Sheppard Avenue West,  
Weston, Ontario

Crossroads Shopping Centre,  
Highway #2 and Thicksen Road,  
Whitby, Ontario

Towne & Counrye Square,  
6220 Yonge Street,  
Willowdale, Ontario

Gateway Shopping Plaza,  
Dougall Road,  
Windsor, Ontario

1950 Lauzon Road,  
Windsor, Ontario

Blandford Square Shopping Centre,  
Highway #2, Innerkip Road,  
Woodstock, Ontario

**Ontario Stores (Woolworth)**

56 - 76 Bayfield Street,  
Barrie, Ontario

25 - 1st Street,  
Collingwood, Ontario

Mississauga and Andrew Streets,  
Orillia, Ontario

180 Prince Street,  
Pembroke, Ontario

**Quebec Stores (Woolco)**

705 Nord Avenue Dupont,  
Alma, Quebec

Centre Regional Manicovagan,  
Baie Comeau, Quebec

Taschereau Shopping Centre,  
Brossard, Quebec

LaGalerie Du Cap and Barkoff Street,  
Cap-de-Madeleine, Quebec

141 Rue Racine East,  
Chicoutimi, Quebec

Place Du Royaume Shopping Centre,  
Chicoutimi, Quebec

Les Galeries Drummond,  
Drummondville, Quebec

Centre St. Anne,  
Giffard, Quebec

Granby Plaza,  
Granby, Quebec

Les Galeries Joliette Shopping Centre,  
Firestone Boulevard,  
Joliette, Quebec

\*Stores opened during 1981

Les Galeries Jonquiere  
Shopping Centre,  
Range St. Francois &  
DuCentenaire Blvd.,  
Jonquiere, Quebec

Kirkland Plaza,  
Kirkland, Quebec

LeCavalier Shopping Centre,  
LaSalle, Quebec

1660 LeCorbusier Boulevard,  
Laval (Montreal), Quebec

20 East Trans-Canada Road,  
Levis, Quebec

Centre De'Achats Centreville,  
Longueuil (Met.), Quebec

\*Les Galerie Da La Capital  
Shopping Centre,  
Rue Due Vallon & Blvd. La Capital  
Quebec City, Quebec

Les Galeries Rive Nord,  
100 Brien Blvd.,  
Repentigny, Quebec

Rock Forest Shopping Centre,  
Rock Forest (Sherbrooke), Quebec

Place Rosemere,  
401 Labelle Blvd.,  
Rosemere, Quebec

Les Galeries Montagnaise,  
Blvd. Laure,  
Sept Isles, Quebec

Les Galeries Richelieu,  
St. Jean, Quebec

Centre Langelier,  
St. Leonard, Quebec

Tracy Plaza,  
Tracy, Quebec

Trois Rivieres Shopping Centre,  
Trois Rivieres, Quebec

Centre Valleyfield,  
Valleyfield, Quebec

Le Bazar Shopping Centre,  
Ville St. Laurent, Quebec

### **Saskatchewan Stores (Woolco)**

Towne & Country Mall,  
1235 Main Street North,  
Moose Jaw, Saskatchewan

South Hill Shoppers Mall,  
299 - 2nd Avenue West,  
Prince Albert, Saskatchewan

Southland Mall Shopping Centre,  
2715 Gordon Road,  
Regina, Saskatchewan

353 North Albert Street,  
Regina, Saskatchewan

8th Street East and Acadia Drive,  
Saskatoon, Saskatchewan

300 Confederation Park,  
Saskatoon, Saskatchewan

### **Manitoba Stores (Woolco)**

Brandon Shoppers Mall,  
1440 - 18th Street,  
Brandon, Manitoba

Portage LaPrairie Mall,  
Saskatchewan Avenue & 624th Street,  
Portage LaPrairie, Manitoba

Crossroads Shopping Centre,  
1580 Regent Avenue West,  
Transcona, Manitoba

Garden City Square Shopping Centre,  
845 Leila Avenue,  
Winnipeg, Manitoba

Grant Park Plaza,  
1080 Grant Avenue,  
Winnipeg, Manitoba

Unicity Mall,  
3605 Portage Avenue & Knox Street,  
Winnipeg, Manitoba

St. Vital Shopping Centre,  
1225 St. Mary's Road,  
Winnipeg, Manitoba

### **Manitoba Stores (Woolworth)**

Dauphin Market Place,  
1-1450 Main Street South,  
Dauphin, Manitoba

City Centre Mall,  
Mystery Lake Road and  
Thompson Drive,  
Thompson, Manitoba

### **Alberta Stores (Woolco)**

\*Deerfoot Mall (#5)  
901-64th Ave. N.E.  
Calgary, Alberta

MacLeod Mall Shopping Centre,  
9650 MacLeod Trail,  
Calgary, Alberta

Marlborough Mall,  
3835 Memorial Drive N.,  
Calgary, Alberta

Northland Village Shopping Centre,  
5111 - 37th Street N.W.,  
Calgary, Alberta

37th Street and 12th Avenue, S.W.,  
Calgary, Alberta

#1 Capilano Shopping Mall,  
98th Avenue and Terrace Road,  
Edmonton, Alberta

Centennial Village Shopping Centre,  
170th Street and Stoney Plain Road,  
Edmonton, Alberta

\*Heritage Mall (#5)  
2323-111th Street  
Edmonton, Alberta

Londonderry Mall,  
137th Avenue & 66th Street,  
Edmonton, Alberta

College Mall Shopping Centre,  
Mayor Magrath Drive and 20th Avenue,  
Lethbridge, Alberta

Parkland Mall Shopping Centre,  
6375 - 50th Avenue,  
Red Deer, Alberta

St. Albert Shopping Centre,  
375 St. Albert Trail,  
St. Albert, Alberta

### **Alberta Stores (Woolworth)**

450 - 3rd Street, S.E.,  
Medicine Hat, Alberta

Wetaskiwin Mall,  
3720 - 56th Street,  
Wetaskiwin, Alberta

### **British Columbia Stores (Woolco)**

300 Lougheed Mall,  
Burnaby, B.C.

\*West Oaks Mall,  
32700 South Fraserway,  
Clearbrook, B.C.

Sa-Hali Centre,  
180 - 945 Columbia Street West,  
Kamloops, B.C.

Country Club Mall,  
100-3200 Island Highway,  
Nanaimo, B.C.

925 Marine Drive,  
North Vancouver, B.C.

Pine Centre Shopping Mall,  
2999 Massey Drive,  
Prince George, B.C.

Guildford Shopping Centre,  
Hollyroad & Hjorth,  
Surrey, B.C.

Waneta Plaza Shopping Centre,  
Highway #3,  
Trail, B.C.

3601 Douglas Street,  
Victoria, B.C.

1000 Lakeside Drive,  
Nelson, B.C.

275 West Green Ave.,  
Penticton, B.C.

### **Free Standing Store**

Haliburton Pharmacy,  
Haliburton, Ontario.

# Dominion Citrus & Drugs Ltd.

## CONSOLIDATED BALANCE SHEET

as at January 31, 1982

### ASSETS

	<u>1982</u>	<u>1981</u>
<b>Current Assets</b>		
Cash	\$ 166,525	\$ 171,085
Marketable securities	199,271	336,142
Accounts receivable	7,267,272	7,221,139
Inventories — retail stores	19,986,345	18,771,032
— warehouses	4,693,258	4,923,555
Prepaid expenses and sundry assets	163,450	141,851
	<u>32,476,121</u>	<u>31,564,804</u>
<b>Fixed Assets (Note 2)</b>	<b>4,211,832</b>	<b>3,711,072</b>
<b>Other Assets (Note 3)</b>	<b>415,873</b>	<b>479,990</b>
	<u><u>\$37,103,826</u></u>	<u><u>\$35,755,866</u></u>

Approved on Behalf of the Board of Directors:

  
Director

  
Director



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**LIABILITIES**

	<u>1982</u>	<u>1981</u>
<b>Current Liabilities</b>		
Bank indebtedness (Note 4)	\$ 5,111,357	\$ 6,704,406
Accounts payable	17,243,231	15,637,366
Notes payable (Note 5)	731,977	495,777
Income taxes payable	121,232	397,897
Current portion of long term debt (Note 6)	—	260,000
	<u>23,207,797</u>	<u>23,495,446</u>
<b>Deferred Income Taxes</b>	<u>316,047</u>	<u>295,047</u>

**SHAREHOLDERS' EQUITY****Capital Stock (Note 7)****Authorized**

6,040,000 shares without par value

**Issued**

1,768,240 shares (1981 — 1,765,520 shares)

**Retained Earnings**

Less: 50,280 shares acquired and held for future disposition, at cost  
(1981 — 45,240 shares)

295,763	283,994
<u>13,416,113</u>	<u>11,785,908</u>
<u>13,711,876</u>	<u>12,069,902</u>
131,894	104,529
<u>13,579,982</u>	<u>11,965,373</u>
<u>\$37,103,826</u>	<u>\$35,755,866</u>

See accompanying notes to financial statements.

# Dominion Citrus & Drugs Ltd.

## CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

for the year ended January 31, 1982

	<u>1 9 8 2</u>	<u>1 9 8 1</u>
<b>Sales</b>	<b>\$ 140,675,649</b>	<b>\$ 128,192,943</b>
<b>Income before the following</b>	<b>5,334,407</b>	<b>5,272,530</b>
Depreciation and amortization	859,661	766,926
Interest on long term debt	33,311	74,638
Other interest	1,048,758	820,695
	<u>1,941,730</u>	<u>1,662,259</u>
<b>Income before income taxes</b>	<b>3,392,677</b>	<b>3,610,271</b>
Income taxes — current	1,247,000	1,426,500
— deferred (recovery)	21,000	(41,500)
	<u>1,268,000</u>	<u>1,385,000</u>
<b>Net income for the year</b>	<b>2,124,677</b>	<b>2,225,271</b>
<b>Retained earnings, beginning of year</b>	<b>11,785,908</b>	<b>9,986,966</b>
	<u>13,910,585</u>	<u>12,212,237</u>
<b>Dividends</b>	<b>494,472</b>	<b>426,329</b>
<b>Retained Earnings, end of year</b>	<b>\$ 13,416,113</b>	<b>\$ 11,785,908</b>
<b>Average number of shares outstanding</b>	<b>1,720,000</b>	<b>1,708,000</b>
<b>Earnings per share (Note 8)</b>	<b>\$ 1.24</b>	<b>\$ 1.30</b>

See accompanying notes to financial statements.

# Dominion Citrus & Drugs Ltd.

## CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

for the year ended January 31, 1982

	<u>1 9 8 2</u>	<u>1 9 8 1</u>
<b>Source of working capital</b>		
Net income for the year	<b>\$2,124,677</b>	\$2,225,271
Items not affecting working capital		
Depreciation and amortization	<b>859,661</b>	766,926
Deferred income taxes (recovery)	<b>21,000</b>	(41,500)
Provided from operations	<b>3,005,338</b>	2,950,697
Issuance of capital stock	<b>16,380</b>	53,600
	<u><b>3,021,718</b></u>	<u>3,004,297</u>
<b>Use of working capital</b>		
Additions to fixed assets, net	<b>1,286,260</b>	847,274
Purchase of other assets	<b>10,044</b>	20,000
Dividends	<b>494,472</b>	426,329
Shares of the company acquired and held for future disposition	<b>31,976</b>	—
Reduction of long term debt	—	260,000
	<u><b>1,822,752</b></u>	<u>1,553,603</u>
<b>Increase in working capital</b>	<b>1,198,966</b>	1,450,694
<b>Working capital, beginning of year</b>	<b>8,069,358</b>	6,618,664
<b>Working capital, end of year</b>	<b>\$9,268,324</b>	\$8,069,358

See accompanying notes to financial statements.

## AUDITORS' REPORT

*To the Shareholders of  
Dominion Citrus & Drugs Ltd.*

We have examined the consolidated balance sheet of Dominion Citrus & Drugs Ltd. as at January 31, 1982 and the consolidated statements of income and 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 31, 1982 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Toronto, Ontario  
April 3, 1982*

Starkman, Kraft, Rothman, Berger & Grill  
Chartered Accountants

# Dominion Citrus & Drugs Ltd.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

January 31, 1982

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### 1. Summary of significant accounting policies

#### (a) *Principles of consolidation*

These consolidated financial statements include the accounts of the company and its subsidiary companies, all of which are wholly owned. The activities of the companies are as follows:

##### Produce division

Dominion Citrus & Drugs Ltd.  
The Tomato King Co. (Division of Dominion Citrus & Drugs Ltd.)  
Dominion Farm Produce Limited  
Skrow's Produce (1971) Ltd.  
Country Fresh Packaging Company Ltd.  
Lousana Produce Limited

##### Drug Division

Jack Austin Drugs Limited  
Fern Distributors (Division of Jack Austin Drugs Limited)  
Jack Austin Pharmacy (Alberta) Limited  
Jack Austin Pharmacy (Saskatchewan) Limited  
Jack Austin Drugs (B.C.) Ltd.

At the balance sheet date the drug division operated or serviced 106 outlets in Woolco Department Stores, 8 outlets in Woolworth Department Stores and 1 free standing store. The sales for the drug division include sales of both operated and serviced outlets to show total sales under administration of the drug division.

#### (b) *Marketable securities*

Marketable securities are stated at the lower of cost and market.

#### (c) *Inventories*

Warehouse inventories are valued at the lower of cost and net realizable value with cost determined generally on a first-in, first-out basis. The valuation of retail store inventories is determined by the retail inventory method which prices the majority of items at normal selling prices and reduces the amounts so determined to the lower of cost and net realizable value by applying normal profit margins.

#### (d) *Fixed assets*

These assets are stated at cost. Depreciation is being provided by the following methods and rates:

Buildings	— 5% on the declining balance
Warehouse and office equipment	— 20% on the declining balance
Mobile equipment	— 30% on the declining balance
Leasehold improvements	— Over the term of the lease on a straight-line basis

#### (e) *Licence agreements*

The licence agreements are stated at amortized cost. They are being amortized using the straight-line method over a five year period.

#### (f) *Goodwill*

Pre-1974 goodwill in the amount of \$ 171,000 is not being amortized, since in the opinion of management it has continuing value.

Goodwill acquired after 1974 is being amortized over a five year period.

(g) *Deferred computer development costs*

Expenditures on programming and development of the on-line pharmacy computer system have been deferred and are being amortized over the estimated life of the system.

(h) *Leasehold interest*

Leasehold interest is stated at amortized cost. It is being amortized using the straight-line method over a ten year period.

(i) *Deferred income taxes*

The company follows the tax allocation basis of accounting for income taxes, whereby tax provisions are based on accounting income and taxes relating to timing differences between accounting and taxable income are deferred.

**2. Fixed assets**

	1982		1981	
	Cost	Accumulated Depreciation	Net	Net
Land	\$ 362,908	\$ —	\$ 362,908	\$ 362,908
Buildings	1,511,346	366,169	1,145,177	1,154,729
Plant and equipment	3,427,005	1,708,366	1,718,639	1,228,491
Mobile equipment	1,774,660	1,018,730	755,930	698,441
Leasehold improvements	510,627	281,449	229,178	266,503
	<u>\$7,586,546</u>	<u>\$3,374,714</u>	<u>\$4,211,832</u>	<u>\$3,711,072</u>

**3. Other assets**

These assets are comprised as follows:

	1982	1981
Goodwill	\$186,000	\$190,000
Deferred computer development costs	91,206	120,023
Leasehold interest	108,667	124,967
Licence agreements	30,000	45,000
	<u>\$415,873</u>	<u>\$479,990</u>

**4. Bank indebtedness**

Bank loans in the amount of \$3,526,500 are due on demand with interest payable at the prime bank lending rate. These loans are secured by marketable securities and a general assignment of book debts.

**5. Notes payable**

The company has received various loans for which it has signed promissory notes, payable on demand. The loans bear interest at the prime bank lending rate. They have been received from parties related to principal shareholders and/or directors of the company.

**6. Long term debt**

	1982	1981
Term bank loan at prime rate plus 1%, secured by collateral first mortgage on 30 Rayette Road	—	\$260,000
Less: Current portion	—	260,000
	<u>\$ —</u>	<u>—</u>

# Dominion Citrus & Drugs Ltd.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

January 31, 1982

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### 7. Capital stock

The following is an analysis of stock options outstanding as at January 31, 1982:

\$2.75 per share, expiring during 1982	1,800
\$3.25 per share, expiring during 1982	4,880
\$4.50 per share, expiring during 1984	39,640
\$4.675 per share, expiring during 1984	3,000
\$4.95 per share, expiring during 1985	9,000
\$4.40 per share, expiring during 1986	21,800
	<u>80,120</u>

Of the options outstanding, 73,440 are to be issued from shares held by the company for that purpose, if available. During the year, 4,480 options were exercised for a total value of \$16,380, including 1,760 shares issued out of the shares held by the company (1981 — 20,720 shares). In addition, 6,800 shares were purchased at a cost of \$31,976 and 3,800 options expired and/or terminated.

### 8. Earnings per share

Earnings per common share for 1981 and 1982 are based on the weighted average of shares outstanding during the year. No material dilution of earnings per share would result if all outstanding options were exercised.

### 9. Contingencies and commitments

(a) The minimum total annual rentals payable under licence agreements expiring from 1982 to 1987 amount to approximately \$3,800,000 including certain occupancy costs (exclusive of additional rent payable based on a percentage of gross sales).

(b) Minimum annual rentals for the next five years on long term property leases in effect at January 31, 1982 are:

1983	\$ 141,000
1984	\$ 132,000
1985	\$ 81,000
1986	\$ 69,000
1987	\$ 63,000

(c) Subsequent events include the opening of new stores which are in the normal course of business. It is management's policy to write off the cost of new store openings in the year incurred.

### 10. Directors' and senior officers' remuneration

Total remuneration paid or payable during the period to directors and senior officers as defined by The Business Corporations Act, 1970 (Ontario) amounted to \$715,000 (1980 — \$662,000).

### 11. Segmented information

Financial information relating to segments of the company's business is presented on page 3.

# Dominion Citrus & Drugs Ltd.

## Directors

**Jack Austin**  
**Ben Blidner\***  
**Michael Blidner**  
**Joseph Frieberg\***  
**Max Goldhar, C.A.\***  
**Harold Hertzman**  
**Harry Izen**  
**Duff Scott\***  
**Norman Radke**  
**Harold Soupcoff, C.A.\***  
**Louis E. Soupcoff\***

## Officers

**Michael Blidner**, *President*  
**Harold Soupcoff, C.A.**, *Executive Vice-President*  
**Jack Austin**, *Vice-President*  
**Louis E. Soupcoff**, *Secretary-Treasurer*

## PRODUCE DIVISION

**Ben Blidner**  
*Vice-President, Chief Purchasing Agent and  
President of Skrow's Produce*

**Harry Izen**  
*Vice-President, Chief Purchasing Agent and  
Vice-President of Skrow's Produce*

**Jack Roth**  
*President Lousana Holdings  
and Purchasing Agent*

**Jess Zelikovitz**  
*President of Country Fresh Packaging Company and  
Purchasing Agent*

**Maurice Cohen**  
*President of Dominion Farm Produce*

**Steve Weiss, C.A.**  
*Comptroller*

\* Member — Audit committee

## DRUG DIVISION

**Jack Austin**  
*President and Chief Executive Officer*

**Harold Soupcoff, C.A.**  
*Executive Vice-President*

**Norman Radke**  
*Senior Vice-President and General Manager*

**Gregory Real**  
*Vice-President, Health and Beauty Aids Operations  
Marketing and Buying*

**Richard Sevazlian**  
*Vice-President, Pharmaceutical Operations*

**Louis Kirshenblatt**  
*Secretary-Treasurer and Director of Store Development*

**Dennis Breault**  
*Director of Personnel and Human Resources*

**Sydney Shrott**  
*Vice-President of Corporate Development and  
Public Relations*

**Edward Rotman, C.A.**  
*Comptroller*

## Transfer Agent and Registrar

Guaranty Trust Company of Canada  
Toronto, Ontario

## Auditors

Starkman, Kraft, Rothman, Berger & Grill  
Toronto, Ontario

## Bankers

Canadian Imperial Bank of Commerce  
Toronto, Ontario  
Toronto-Dominion Bank  
Toronto, Ontario

## Head Office

Ontario Food Terminal  
The Queensway  
Toronto, Ontario M8Y 1H8

## Listed

The Toronto Stock Exchange

