GENERAL DISTRIBUTORS OF CANADA LTD.

ANNUAL REPORT

FISCAL YEAR ENDED

JANUARY 31, 1982

GENERAL DISTRIBUTORS OF CANADA LTD.

Through subsidiaries, the Company participates in the Canadian merchandising business.

General Distributors of Canada Ltd. owns 51% of Sony of Canada Ltd., a joint venture between the Company and Sony Corporation, Tokyo, to distribute all Sony products in Canada.

As of February 1, 1982, the Company has two wholly-owned electronic product distribution divisions, Cam Gard Supply which operates through 10 branches across Canada, and Jana Electronics.

Through ownership of all the voting shares of Metropolitan Stores of Canada Limited, the Company operates 281 junior department and family clothing stores across Canada. These retail outlets have a broad geographic base and operate under the names "Metropolitan", "Greenberg", and "Saan".

The company acquired a 73% interest in Miller Electronics Ltd., a retail chain merchandising consumer electronic home entertainment products through 18 outlets in Alberta and British Columbia.

CONTENTS **PAGE**

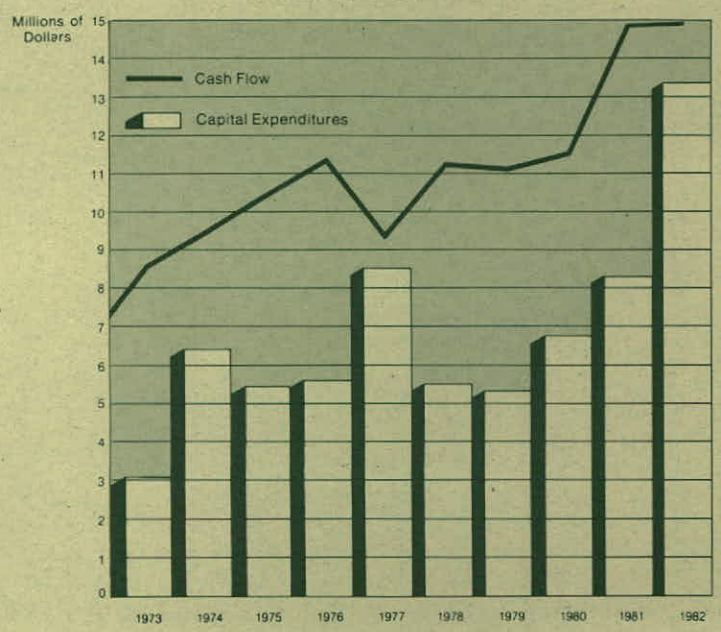
The Annual Meeting of Shareholders will be held Friday, April 30, 1982 at 11:00 a.m. at the Westin Hotel, Winnipeg, Manitoba

COMPARATIVE FINANCIAL HIGHLIGHTS

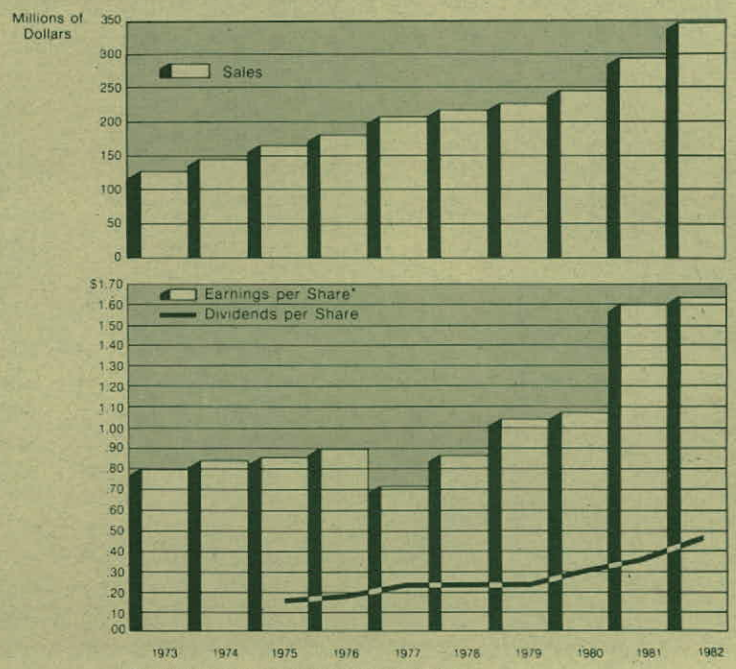
(in thousands of dollars, except per share data)

Year ended January 31	1982	1981
Sales	**$349,758**	$293,477
Earnings - Operations	**10,125**	9,828
- Extraordinary	**1,381**	—
Dividends	**2,971**	2,219
Cash Flow	**14,989**	14,885
Capital Expenditures	**13,327**	8,275
Working Capital	**38,507**	26,198
Shareholders' Equity	**62,162**	**53,179**
Per Common Share:		
Earnings - Regular	**1.64**	1.60
- Extraordinary	**.23**	—
Dividends	**.48**	.36
Shareholders' Equity	**10.01**	8.64
Quarterly Earnings per Share:		
1st Quarter	**.25**	.05
2nd Quarter	**.24**	.22
3rd Quarter	**.62**	.54
4th Quarter	**.53**	.79

Cash Flow and Capital Expenditures



Sales, Earnings per Share and Dividends



*excludes extraordinary income and special dividends

REPORT TO SHAREHOLDERS

It is a pleasure to report that record sales and earnings were achieved for the fifth consecutive year. It was in late 1975 that our joint venture with Sony Corporation, Tokyo was finalized resulting in our 51% equity in Sony of Canada Ltd. Since 1976 General Distributors has consistently experienced growth in both sales and earnings. During this 5 year period sales growth averaged 11% per annum and earnings grew at an 18% average annual rate. In the year ended January 31, 1982 our consolidated sales rose to $349,758,000, representing a 19% increase over the prior year. Consolidated net earnings rose to $10,125,000 ($1.64 per share), a 3% increase over the prior year's earnings of $9,828,000 ($1.60 per share). In addition there was an extraordinary gain of $1,381,000 ($0.23 per share) arising from the sale of a property.

In the past year, the combined sales of our three established retail chains grew at a rate of 22% through the first three quarters while the sales of our electronic products distribution companies performed at a 24% growth rate. In the fourth quarter, sales in the electronic products group sustained this growth rate. The growth in sales of the retail chains, however, slowed, in part due to unusually warm weather throughout the country prior to Christmas which affected sales of seasonal merchandise. The arrival of cold weather in late December and January permitted the clearance of winterwear stocks, but it was with the sacrifice of substantially reduced margins. This latter fact severely impacted our earnings for the final quarter, but did permit us to achieve desired inventory levels which left the way open for the purchase of new inventory for the 1982 sales year.

In the past year, the level of interest rates severely influenced the cost of doing business. While our average outstanding borrowings during the year rose by approximately 8%, our interest costs rose by 49% to $12,065,000. We were successful in absorbing this additional cost, although it significantly curtailed the growth in our earnings.

OIL & GAS

The company's oil and gas exploration and development activity, in partnership with Trimac Limited through Tripet Resources Limited, was somewhat dampened during 1981 by the uncertainty over government energy policies and pricing agreements. Expenditures by Tripet in 1981 dropped slightly to approximately $6,000,000.

Approximately $1,700,000 was expended in the Hudson's Bay Oil and Gas Program through participation in seventeen exploratory and development wells in British Columbia, Alberta and Saskatchewan. This program resulted in four heavy oil wells and an equal number containing gas.

Thirteen exploratory and step-out wells were drilled in Alberta in 1981 resulting in five oil wells and one gas well. This program, along with associated seismic operations and land acquisition, cost approximately $1,800,000.

Tripet acquired a 30% working interest in a one-hundred-and-five well shallow gas program in the Cessford area of Alberta. Results were better than expected and production should commence in 1982 under an existing gas sales contract. Tripet's share of costs approximated $2,000,000.

During 1981 Tripet acquired land interests varying from 16 ⅔% to 25% in five exploratory oil plays in northern Alberta which will be tested with wells in 1982. A total of $500,000 was spent on land acquisition.

Outside consultants credit Tripet holdings with proved reserves of 545,000 STBbls of oil and natural gas liquids and 20,194 MMcf of natural gas.

During 1981, cash flow generated from producing operations out of General Distributor's 50% interest in Tripet properties was $439,600. During 1982 some modest improvements should be realized, but in 1983 substantial gains are expected.

ELECTRONICS

Sales in the total electronics division increased by 23% over the prior year, a very satisfactory rate of growth in view of the economic environment of the past twelve months. Most important, however, was the fact that operating profits increased 35% before deduction of interest costs.

Sony of Canada Ltd. continues to set the pace in sales and earnings growth in this division. Through this venture we are the beneficiary of the intensive research and development efforts for which Sony has always been recognized. In the past year, Sony has announced and demonstrated a number of new products incorporating technological break-throughs which will be introduced to the marketplace in the very near future. Included among these new products are the 'Mavica System', a magnetic video still camera; the Sony High Definition Video System; the most recent 'Watchman', a small flat-screen television tiny enough to fit into a pocket or a purse; and 'Pro-Feel' the component video/audio system.

During 1981, sales of video recorders (VTR's) more than doubled over the prior year. It is expected that a similar increase in sales can be achieved in 1982, making this product the greatest dollar volume earner in the Sony product line. Keeping pace with the sales of Betamax VTR's are sales of Betamax cassettes where statistics have shown that an average of twelve cassettes are sold for each VTR.

In the business products area, Sony has introduced a lightweight, highly portable video camera called the 'Video in Camera', for use in the broadcast industry. By integrating the camera with the recorder in a single portable unit capable of delivering excellent picture quality, this product will greatly enhance the mobility and maneuverability of electronic news gathering. The marketing prospects for this and other new business products are very exciting.

In 1982, we are planning for volume growth in Sony products exceeding 25%.

Jana Electronics, a marketing division involved in supplying electronic consumer products to some of the leading department stores and retail chains, is beginning to increase in importance to the General Distributors family of companies. Through buying facilities which have long been established in Japan and other far eastern countries, Jana is able to service these accounts with proprietary product as well as with product bearing the Jana name.

Progress is being made in the streamlining of the Cam Gard Supply division. During the past year branches in Kamloops, B.C. and Fredericton, N.B. were closed. The company's buying offices were transferred to Toronto and a central buying system supported by on-line data processing has been installed to achieve greater efficiency in stock control and

turnover. We are looking for growth in sales and improved results in this division during 1982.

RETAIL CHAINS

Sales of our retail chains rose from $222,719,000 to $263,026,000, an increase of 18%. Included in this increase are sales of $8,740,000 provided by the Miller Electronic stores for the six month period from August 1, 1981 when the chain was acquired.

The Saan Stores chain continued to provide the most growth of the three softlines chains. A total of 12 new stores were opened and two stores enlarged during the year. Three new stores are planned to be opened in the first quarter of 1982 with a minimum of 7 further stores to be opened throughout the rest of the year.

Greenberg Stores met its plans for 1981 by opening five new stores while closing one unprofitable store. For 1982, the opening of a further 5 new stores is planned.

For Metropolitan Stores the year was one of continued progress in streamlining the operations. The program of equipping all stores with electronic point-of-sales registers was substantially completed. Fifteen of the stores equipped with the new registers are now polled nightly to transmit daily transaction results directly to our computer centre in Montreal. During 1982, polling facilities will be extended to a further number of stores. During the year two new Metropolitan Stores were opened and two unprofitable stores were closed. In 1982 the chain plans to open at least 2 new stores, while continuing efforts to increase the productivity and profitability of existing units.

The acquisition of Miller Electronics Ltd. gave us our fourth retail chain. The chain consisted of 13 stores operating primarily in the Vancouver, Calgary and Edmonton markets retailing consumer electronic products. As a long standing Sony dealer, Millers had built up a solid management group and a well established presence in the marketplace. We have been concerned for some time that the distribution of Sony products through our established dealership network had left some gaps in the marketplace where Sony products did not have adequate exposure or representation. The acquisition of this chain now provides us with the vehicle to expand into areas where Sony is under-represented.

Since acquisition, the Miller chain has opened a further 5 stores and now operates a total of 18 stores. Our plans for 1982 tentatively provide for the opening of a number of new locations.

Our combined retail operations at January 31, 1982 comprised 299 stores operating on 4,036,000 sq. ft. of net retail space. This represents a net addition of 34 stores and 155,000 sq. ft. The number of stores, by chain, are as follows:

	This Year	Last Year
Greenberg	50	46
Metropolitan	94	94
Saan	137	125
Miller	18	—
	299	265

REAL ESTATE

Construction of the new Sony of Canada office and warehouse in Richmond, B.C., servicing British Columbia, is now complete. In line with the continued growth of Sony, a new 120,000 sq. ft. distribution centre, to be located in Ontario is planned for construction during 1982.

The renovation of our former Metropolitan building in Ottawa as part of the major Rideau Centre development project is now underway. Construction is currently in progress with the opening of the Centre scheduled in 1983. Our building is being expanded to provide 33,000 sq. ft. of prime leaseable retail space. The potential net revenues from this property will contribute significantly to our earnings from real estate operations.

Several other projects affecting prime locations owned by the company are in process of negotiation. It is our aim to improve the profitability of the company over the long term through the best use of our real estate properties.

CORPORATE

As of February 1, 1982, the company performed a minor reorganization of its corporate structure by the amalgamation of two wholly-owned subsidiaries, Cam-Gard Supply Ltd. and Gendis Business Services Inc. with General Distributors of Canada Ltd. Both Cam Gard and Gendis Business Services continue to operate as divisions of General Distributors.

OUTLOOK

Management is optimistic about the future notwithstanding the currently depressed state of the economy.

The continued gravitation of our society towards in-home entertainment systems provides a market in which Sony products are pre-eminent. The potential for growth is exciting as new product offerings will be introduced during 1982 to augment those products presently experiencing strong market demand.

Our retail chains offer the balance of quality to price in their merchandise. As the marketplace becomes increasingly competitive, we are confident of our ability to retain and increase our market share.

We are making a major commitment to the development and implementation of more sophisticated data processing systems to upgrade and provide the means to handle expected growth. The increased application of computer power to support our merchandising operations is recognized as the most significant remaining strategy to achieve improved productivity and, therefore, profitability in a very competitive marketplace.

* * *

The directors are aware of the difficult economic conditions in all sectors of the economy and wish to express to our suppliers, managers and all employees, in all locations, appreciation for their continuing efforts and dedication to the growth of the company.

Albert D. Cohen
President and Chief Executive Officer

GENERAL DISTRIBUTORS OF CANADA LTD.

CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS

FOR THE YEAR ENDED JANUARY 31, 1982.

(thousands of dollars)

	1982	1981
	$	$
SALES	349,758	293,477
COSTS AND EXPENSES		
Cost of goods sold, selling, general and administrative expenses	314,566	262,453
Depreciation, amortization and depletion	4,752	4,074
Interest on long-term debt	2,947	2,362
Other interest	9,118	5,717
	331,383	274,606
EARNINGS BEFORE INCOME TAXES, MINORITY INTEREST AND EXTRAORDINARY ITEM	18,375	18,871
PROVISION FOR INCOME TAXES		
Current	7,695	7,944
Deferred	404	916
	8,099	8,860
EARNINGS BEFORE MINORITY INTEREST AND EXTRAORDINARY ITEM	10,276	10,011
MINORITY INTEREST IN EARNINGS OF SUBSIDIARY CORPORATIONS	151	183
EARNINGS BEFORE EXTRAORDINARY ITEM	10,125	9,828
EXTRAORDINARY GAIN ON SALE OF LAND (After income taxes of $315,000)	1,381	—
NET EARNINGS FOR THE YEAR	11,506	9,828
RETAINED EARNINGS — BEGINNING OF YEAR	47,480	39,871
	58,986	49,699
Dividends—		
Preferred	15	13
Common	2,956	2,206
	2,971	2,219
RETAINED EARNINGS — END OF YEAR	56,015	47,480
EARNINGS PER COMMON SHARE		
Basic earnings per common share —		
Earnings before extraordinary item	$1.64	$1.60
Net earnings for the year	$1.87	$1.60
Fully diluted earnings per common share —		
Earnings before extraordinary item	$1.54	$1.47
Net earnings for the year	$1.74	$1.47

GENERAL DISTRIBUTORS OF CANADA LTD.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED JANUARY 31, 1982

(thousands of dollars)

	1982 $	1981 $
SOURCE OF FUNDS		
Provided from operations	**14,989**	14,885
Issue of common shares	**481**	2
Proceeds from sale of fixed assets	**2,036**	332
Repayment of long-term notes receivable	**—**	2,205
Increase in long-term debt	**12,014**	—
Investment by minority shareholders	**271**	—
	29,791	17,424
USE OF FUNDS		
Additions to fixed assets	**13,327**	8,275
Redemption of preferred shares	**500**	348
Purchase of preferred shares of subsidiary corporation	**332**	139
Dividends paid by subsidiary corporation to minority interest	**172**	185
Cash dividends	**2,505**	1,862
Reduction of long-term debt	**—**	3,410
Purchase of 6½% first mortgage sinking fund bonds	**115**	825
Increase in investments	**531**	—
	17,482	15,044
INCREASE IN WORKING CAPITAL	**12,309**	2,380
WORKING CAPITAL — BEGINNING OF YEAR	**26,198**	23,818
WORKING CAPITAL — END OF YEAR	**38,507**	26,198
Working capital is represented by:		
Current assets	**127,523**	97,832
Current liabilities	**89,016**	71,634
	38,507	26,198

CONSOLIDATED BALANCE SH

(thousands of dollars)

ASSETS	1982 $	1981 $
CURRENT ASSETS		
Cash	**491**	1,373
Receivables	**19,789**	17,874
Due from Sony of Canada Ltd.	**4,570**	385
Inventories	**100,773**	76,665
Prepaid expenses	**1,900**	1,535
	127,523	97,832
FIXED ASSETS		
Land	**8,195**	7,850
Buildings, fixtures and equipment (note 4)	**29,249**	25,874
Leasehold improvements	**5,580**	3,872
Petroleum and natural gas properties	**9,641**	6,724
	52,665	44,320
OTHER ASSETS		
Miscellaneous investments	**877**	346
Goodwill (note 6)	**2,122**	2,156
	2,999	2,502
	183,187	144,654

SIGNED ON BEHALF OF THE BOARD

Director

Director

ORS OF CANADA LTD.

EET AS AT JANUARY 31, 1982

LIABILITIES	**1982**	1981
	$	$
CURRENT LIABILITIES		
Bank advances	**14,793**	15,286
Notes payable	**20,000**	12,300
Shareholders' advances	**5,883**	5,278
Accounts payable and accrued liabilities	**46,262**	34,089
Income and other taxes	**1,644**	4,199
Current portion of long-term debt	**434**	482
	89,016	71,634
LONG-TERM DEBT (Note 5)	**25,887**	13,989
DEFERRED INCOME TAXES	**3,380**	3,029
MINORITY INTEREST IN SUBSIDIARY CORPORATIONS	**2,742**	2,823
	121,025	91,475
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Note 7)	**6,147**	5,699
RETAINED EARNINGS	**56,015**	47,480
	62,162	53,179
	183,187	144,654

GENERAL DISTRIBUTORS OF CANADA LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JANUARY 31, 1982

1. SUMMARY OF ACCOUNTING POLICIES

a) Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in Canada, conforming in all material respects to International Accounting Standards. No procedures have been adopted to reflect either specific price changes or changes in the general level of prices.

b) Principles of consolidation

The consolidated financial statements include the accounts of the corporation and all subsidiary corporations. Significant subsidiary corporations include:

Metropolitan Stores of Canada Limited
Metropolitan Stores (MTS) Ltd.
Greenberg Stores Limited
Saan Stores Ltd.
Cam-Gard Supply Ltd. (*)
Miller Electronics Ltd.

(* Amalgamated with General Distributors of Canada Ltd. on February 1, 1982)

The purchase method has been used to account for all acquisitions. The assets and liabilities of subsidiary corporations are included at their recorded values in the subsidiary corporations' accounts and goodwill, representing the excess of cost of shares over net book value at the date of acquisition, remains unamortized on the balance sheet.

Proportionate consolidation on a line-by-line basis is used to account for the corporation's equity interest in joint venture companies. This method of accounting brings into the consolidated financial statements the corporation's pro rata share of the specific assets, liabilities, revenue and expenses of the joint venture companies, namely Sony of Canada Ltd. and Tripet Resources Limited. The amount of the purchase price of the equity interest attributable to goodwill in one of the joint venture companies is being amortized on a straight line basis over 10 years.

c) Inventories

The basis of valuation of inventories, for the junior department and family clothing stores, is at the lower of cost and net realizable value determined principally by the retail method of accounting. Sony and other electronic products are valued at the lower of cost (generally the average cost method) and net realizable value.

d) Fixed assets and depreciation, amortization and depletion

Buildings, fixtures and equipment and leasehold improvements are capitalized at cost.

Depreciation is provided for at the following annual rates:

Buildings	— 5% declining balance basis
Furniture, fixtures and equipment	— 20% declining balance basis
Automotive and computer equipment	— 30% declining balance basis

Amortization of leasehold improvements is provided for on a straight line basis over the term of the lease plus one renewal option period.

The full-cost method of accounting is used for petroleum and natural gas properties wherein all costs related to the exploration for and development of oil and gas reserves are capitalized. Such costs include lease acquisition costs, geological and geophysical expenditures, lease rentals on undeveloped properties, cost of drilling both productive and non-productive wells, and all technical and administrative overhead directly associated with exploration and development.

Depletion of petroleum and natural gas properties is calculated on the unit of production method based on estimated reserves.

e) Foreign exchange

Current assets except inventories, and current liabilities are translated into Canadian dollars at January 31 exchange rates. Inventories, non-current assets and non-current liabilities are translated into Canadian dollars at the exchange rates prevailing when the assets were acquired or the liabilities incurred. Translation gains and losses are included in determining net earnings in the year.

f) Earnings per common share

The calculation of the earnings per common share is based on the weighted monthly average number of shares outstanding during the respective fiscal years.

The fully diluted earnings per common share calculation is based on the assumption that share purchase warrants were exercised at the beginning of the year and the funds received therefrom were invested at an annual rate of 19.1% (the corporation's average cost of borrowing during the year).

2. JOINT VENTURES

The following amounts included in the consolidated financial statements represent the corporation's proportionate interest in joint ventures:

	1982 ($000)	1981 ($000)
Assets	59,965	40,705
Liabilities	32,279	18,626
Revenue	73,829	54,061
Expenses	69,897	51,754

3. ACQUISITIONS

As of August 1, 1981, the corporation effectively acquired 73% of the outstanding shares of Miller Electronics Ltd., a retail stores chain, and all of the shares of Dan International Agencies Ltd., a real estate holding company. The acquisition consisted of:

	($000)
Assets acquired	6,246
Liabilities assumed	(4,992)
Minority Interest	(100)
Purchase Cost	1,154
Consideration given:	
Cash	1,100
Promissory Notes	54
	1,154

The results of operations of the acquired companies from August 1, 1981 have been included in the statement of earnings.

4. FIXED ASSETS

Buildings, fixtures and equipment and related accumulated depreciation are classified as follows:

	1982			1981
	Cost ($000)	Accumulated depreciation ($000)	Net ($000)	Net ($000)
Buildings	21,716	7,990	13,726	12,709
Fixtures and equipment	41,735	26,212	15,523	13,165
	63,451	34,202	29,249	25,874

5. LONG-TERM DEBT

	Current portion		Long-term portion	
	1982 ($000)	1981 ($000)	1982 ($000)	1981 ($000)
Mortgages payable at rates of interest ranging from 6¾% to 11¾% having maturity dates ranging from 1984 to 1989	136	123	1,049	742
Share of Sony of Canada Ltd. notes payable with interest at ⅜ of 1% above bank prime rate, repayable $127,500 semi-annually, 1982 to 1984	255	255	382	637
Note payable with interest at ½ of 1% above lender's cost of funds, repayable over five years commencing six months after notice given by either the corporation or the lender.	—	—	16,000	12,000
Notes payable with interest varying between ⅜ and ½ of 1% above the rate for bankers acceptances, repayable over five years commencing after notice given by the corporation	—	—	8,000	—
Other	43	104	456	610
	434	482	25,887	13,989

The portion of long-term debt payable in each of the next five years is as follows:

	($000)
Year ending January 31, 1983	434
1984	493
1985	831
1986	229
1987	100

6. GOODWILL

	1982 ($000)	1981 ($000)
From acquisitions prior to April 1, 1974	1,993	1,993
From acquisitions after March 31, 1974 — net of amortization of $213,000 (1981 — $179,000)	129	163
	$2,122	$2,156

7. CAPITAL STOCK

a) Authorized:

Under the articles of continuance the corporation is authorized to issue an unlimited number of Class A, Class B, and Class C shares. The Class A shares and the Class B shares are voting, convertible into one another on a share-for-share basis and rank equally in all respects except that in the case of the Class B shares the directors of the corporation may specify that the dividend, in whole or in part, shall be by way of a stock dividend of fully paid and non-assessable Class C shares.

The Class C shares are entitled to a fixed cumulative dividend at the rate of $.60 per share per annum and are redeemable at $10 per share.

b) Issued and fully paid:

	Number of shares			
	1982	1981	1982 ($000)	1981 ($000)
Class A	5,164,017	5,211,429	4,956	4,642
Class B	1,023,544	916,044	983	816
	6,187,561	6,127,473	5,939	5,458
Class C	20,766	24,126	208	241
			6,147	5,699

During the current year:

i) the holders of 127,600 Class A shares converted their shares into Class B shares and the holders of 20,100 Class B shares converted their shares into Class A shares,

ii) share purchase warrants were exercised for the purchase of 60,088 Class A shares for a total consideration of $481,000, and

iii) 46,601 Class C shares were issued as dividends on Class B shares for a total consideration of $466,000 and 49,961 Class C shares were redeemed at $10 per share.

c) As at January 31, 1982, warrants were outstanding to purchase 865,773 Class A shares at a price of $8.00 per share, exercisable to May 31, 1983.

8. COMMITMENTS

a) Property and equipment leases:

Rentals paid on property and equipment leases for the year ended January 31, 1982 amounted to $12,219,000 (1981 — $11,486,000). Minimum annual rentals in subsequent years (exclusive of additional amounts based on percentage of sales, taxes, insurance and other occupancy charges) on long-term property leases, the longest of which will expire in the year 2003, in effect at January 31, 1982 are:

	Minimum annual rental ($000)
Year ending January 31, 1983	10,236
1984	9,831
1985	9,419
1986	8,953
1987	8,593

b) Petroleum and natural gas venture:

Under the terms of a joint venture agreement with Trimac Limited, operated by Tripet Resources Limited, the corporation is committed to invest approximately $12,000,000 through to the end of 1982. To January 31, 1982, approximately $8,500,000 has been invested.

9. RELATED PARTY TRANSACTIONS

The corporation pays interest on shareholders' advances at ½ of 1% below the chartered banks' prime rate. During the year interest paid on shareholders' advances amounted to $1,003,000.

10. SEGMENTED INFORMATION

Segmented results on consolidated operations	Retail		Electronics		Real Estate and Oil and Gas		Inter-segment Eliminations		Total	
	1982 ($000)	1981 ($000)	1982 ($000)	1981 ($000)	1982 ($000)	1981 ($000)	1982 ($000)	1981 ($000)	1982 ($000)	1981 ($000)
Sales	263,026	222,719	85,640	69,678	1,092	1,080			349,758	293,477
Inter-segment sales	—	—	2,680	—	6,516	5,481	(9,196)	(5,481)	—	—
Total revenue	263,026	222,719	88,320	69,678	7,608	6,561	(9,196)	(5,481)	349,758	293,477
Segment operating profit	20,564	19,260	7,477	5,363	1,774	1,445	(220)	—	29,595	26,068
General corporate income									845	882
Interest expense									(12,065)	(8,079)
Minority interest									(151)	(183)
Income taxes									(8,099)	(8,860)
Extraordinary gain									1,381	—
Net income									11,506	9,828
Identifiable assets	95,908	79,395	53,390	39,096	26,289	23,614			175,587	142,105
Corporate assets									7,600	2,549
Total assets									183,187	144,654
Capital expenditure	6,684	3,962	1,829	491	4,146	3,727				
Depreciation, amortization and depletion	3,409	2,950	418	412	706	579				

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of General Distributors of Canada Ltd. as at January 31, 1982 and the consolidated statements of earnings 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 corporation 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.

March 19, 1982
Winnipeg, Canada

Coopers & Lybrand
CHARTERED ACCOUNTANTS

CONSOLIDATED FINANCIAL INFORMATION

Ten Year Review

(in thousands of dollars, except per share data)

Year ended Jan. 31,	1982	1981	1980	1979
Operating Results				
Sales	**349,758**	**293,477**	**246,622**	**231,266**
Retail	263,026	222,719	189,248	176,408
Electronics (1)	85,640	69,678	56,621	54,192
Real Estate and Oil & Gas (2)	1,092	1,080	753	666
Operating Profits	**30,440**	**26,950**	**20,196**	**16,131**
Retail	20,564	19,260	12,530	9,312
Electronics	7,257	5,363	4,576	5,743
Real Estate and Oil & Gas (2)	1,774	1,445	1,145	346
Corporate Income (2)	845	882	1,945	730
Interest	12,065	8,079	8,283	4,723
Income Taxes	8,099	8,860	5,089	4,839
Minority Interest	151	183	201	212
Operating Earnings	10,125	9,828	6,624	6,357
Extraordinary Items	1,381	—	—	4,033
Net Earnings	11,506	9,828	6,624	10,390
Dividends Paid	2,971	2,219	1,842	11,824
Earnings Retained	8,535	7,609	4,782	(1,434)
Cash Flow	14,989	14,885	11,669	11,134
Capital Expenditures	13,327	8,275	6,808	5,366
Financial Position				
Total Invested Capital	**94,171**	**73,020**	**68,861**	**65,314**
Long-Term Debt	25,887	13,989	18,224	20,039
Deferred Taxes	3,380	3,029	2,113	1,423
Minority Interest	2,742	2,823	2,965	3,312
Shareholders' Equity	62,162	53,179	45,559	40,540
Per Common Share (3)				
Earnings — operations	1.64	1.60	1.08	1.04
— extraordinary	.23	—	—	0.66
Dividends — regular	.48	0.36	0.30	0.23
— special	—	—	—	1.70
Shareholders' Equity	10.01	8.64	7.40	6.62
Other				
Number of Shareholders	772	857	885	896
Share Price (4) — High	20	16	9⅝	9½
— Low	12½	7¾	7	5⅝
Warrant Price — High	12	8¼	3.15	2.50
— Low	5	2.50	1.65	1.01

Notes:

(1) From November 1, 1975 electronics sales include only 51% of the sales of Sony of Canada Ltd.

(2) Sales and operating profits from Real Estate and Oil & Gas operations and Corporate Income have been shown separately for those years where this information is available.

(3) Per share data adjusted for a two-for-one share split effective June 20, 1973.

(4) Approximate due to rounding after share split.

(5) For Canadian capital gains tax purposes, the Valuation Day value of General Distributors of Canada Ltd. common shares on December 22, 1971 was $7.94.

1978	1977	1976	1975	1974	1973
217,899	**206,402**	**188,262**	**170,509**	**147,211**	**128,299**
170,170	162,171	137,167	114,205	96,439	87,153
47,239	44,231	51,095	56,304	50,772	41,146
490	—	—	—	—	—
13,696	**14,639**	**17,874**	**18,160**	**15,754**	**14,095**
8,274	9,298	11,948	10,094	8,814	7,831
4,291	5,341	5,926	8,066	6,940	6,264
446	—	—	—	—	—
685	—	—	—	—	—
3,700	3,117	2,226	2,847	1,394	1,128
4,397	5,653	7,776	7,923	7,188	6,204
261	1,515	2,349	2,113	2,000	1,913
5,338	4,354	5,523	5,277	5,172	4,850
—	219	—	253	—	—
5,338	4,573	5,523	5,530	5,172	4,850
1,409	1,562	1,103	919	—	—
3,929	3,011	4,420	4,611	5,172	4,850
11,204	9,386	11,250	10,296	9,438	8,710
5,543	8,537	5,733	5,423	6,385	3,015
62,846	**62,559**	**56,939**	**52,133**	**45,624**	**40,595**
16,420	8,687	6,021	4,485	4,033	5,057
974	—	—	991	750	681
3,479	15,829	15,886	16,047	14,847	14,056
41,973	38,043	35,032	30,610	25,994	20,801
0.87	0.71	0.90	0.86	0.84	0.80
—	0.04	—	0.04	—	—
0.23	0.23	0.18	0.15	—	—
—	0.02	—	—	—	—
6.85	6.21	5.71	4.99	4.24	3.40
902	953	976	1,016	1,123	1,114
7⅜	8⅞	9	10⅞	18⅛	17½
5½	6¼	5¾	5⅜	9	9
2.00	—	—	—	—	—
0.95	—	—	—	—	—

PRINCIPAL SUBSIDIARY COMPANIES
(wholly-owned unless otherwise indicated)

SONY OF CANADA LTD. (51%)
(Canadian distributor of Sony products)

METROPOLITAN STORES OF CANADA LIMITED
(Property holding company)

METROPOLITAN STORES (MTS) LTD.
(Junior department stores)

GREENBERG STORES LIMITED
(Family clothing stores)

SAAN STORES LTD.
(Family clothing stores)

MILLER ELECTRONICS LTD. (73%)
(Retail Electronic Entertainment Products)

As of February 1, 1982 Cam-Gard Supply Ltd. and Gendis Business Services Inc. amalgamated with General Distributors of Canada Ltd.

BOARD OF DIRECTORS

** THE HON. S. RONALD BASFORD, P.C., Q.C.
Partner, Davis and Company

* EDSON BOYD, F.C.A.
Corporation Director

* ALBERT D. COHEN
President, General Distributors of Canada Ltd.

HARRY B. COHEN
Vice-President, General Distributors of Canada Ltd.

JOHN C. COHEN
Vice-President, General Distributors of Canada Ltd.

JOSEPH H. COHEN
Vice-President, General Distributors of Canada Ltd.

* MORLEY M. COHEN
Chairman & President,
Metropolitan Stores of Canada Limited

* SAMUEL N. COHEN
Vice-Chairman, Metropolitan Stores of Canada Limited

** G. RICHARD HUNTER, Q.C.
Partner, Pitblado & Hoskin

FRED H. McNEIL
Corporation Director

CARL O. NICKLE
President, Conventures Limited

** G. D. B. POFF, C.A.
Vice-President Finance & Assistant Secretary,
General Distributors of Canada Ltd.

* Members of the Executive Committee
** Members of the Audit Committee

CORPORATE INFORMATION

Head Office
1370 Sony Place
Winnipeg, Manitoba, R3C 3C3
204-284-7160

Registrar and Transfer Agent
The Canada Trust Company,
230 Portage Ave.,
Winnipeg, Manitoba.

Auditors
Coopers & Lybrand
Richardson Building,
One Lombard Place,
Winnipeg, Manitoba.

Exchange Listing
Toronto Stock Exchange
— class A and B shares
— share purchase warrants

GENERAL DISTRIBUTORS OF CANADA LTD. CORPORATE OFFICERS

ALBERT D. COHEN
President & Chief
Executive Officer

HARRY B. COHEN
Vice-President

JOSEPH H. COHEN
Vice-President

JOHN C. COHEN
Vice-President

MORLEY M. COHEN
Vice-President

SAMUEL N. COHEN
Vice-President & Treasurer

H. MURRAY HESELTON, C.A.
Vice-President

G. ALLAN MACKENZIE
Vice-President

PATRICK J. MATTHEWS, C.A.
Vice-President Corporate Planning

G. D. B. POFF, C.A.
Vice-President Finance &
Assistant Secretary

N. PAUL CLOUTIER
Secretary

WILLIAM POUNDER, R.I.A.
Comptroller

Cam Gard Supply division

G. ALLAN MACKENZIE
Chairman

GERRY K. KREBS
President

EARL BARRY
Executive Vice-President

Gendis Business Services division

ALBERT D. COHEN
President

W. BULLER, C.A.
Vice-President

F. DEN OUDEN
Vice-President

Jana Electronics division

D. JOHNSON
President

P. BOYECHKO
Vice-President

SENIOR OFFICERS OF PRINCIPAL SUBSIDIARIES AND ASSOCIATED CORPORATIONS

Sony of Canada Ltd.

ALBERT D. COHEN
Chairman & Chief
Executive Officer

BRYAN E. MARTIN
President & Chief Operating Officer

MASARU OKUMURA
Executive Vice-President

ARTHUR N. DEMASSON
Senior Vice-President

JOSEPH H. COHEN
Vice-President

HISASHI NAKAJIMA
Vice-President

EDWIN W. WESSON
Vice-President

DOUGLAS G. WILLOX
Vice-President

G. D. B. POFF, C.A.
Treasurer

N. PAUL CLOUTIER
Secretary

HISASHI SAKAE
Assistant Secretary

Metropolitan Stores of Canada Limited

MORLEY M. COHEN
Chairman & President

SAMUEL N. COHEN
Vice-Chairman

H. MURRAY HESELTON, C.A.
Vice-President, Comptroller
& Assistant Secretary

N. PAUL CLOUTIER
Secretary

R. KEITH FRASER
Assistant Secretary

Metropolitan Stores (MTS) Ltd.
Les Magasins Metropolitains (MTS) Ltee

MORLEY M. COHEN
Chairman & Chief Executive Officer

CHARLES F. COHEN
President & Chief Operating Officer

J. R. ASCOLI
Vice-President

G. AYOUB
Vice-President

J. DANILITION
Vice-President

J. A. LEDDA
Vice-President

R. B. ROBERTSON
Vice-President

H. MURRAY HESELTON, C.A.
Treasurer and Assistant Secretary

N. PAUL CLOUTIER
Secretary

H. KINSELLA, C.A.
Comptroller

Greenberg Stores Limited
Magasins Greenberg Limitee

MORLEY M. COHEN
Chairman & Chief
Executive Officer

NORMAN RADUN
President & Chief Operating Officer

DANIEL F. COHEN
Executive Vice-President

H. GROVER
Vice-President Merchandise

R. KEITH FRASER
Treasurer

N. PAUL CLOUTIER
Secretary

Saan Stores Ltd.

SAMUEL N. COHEN
President & Chief Executive Officer

SHELDON ALTMAN
Executive Vice-President
& Chief Operating Officer

N. PAUL CLOUTIER
Secretary

Miller Electronics Ltd.

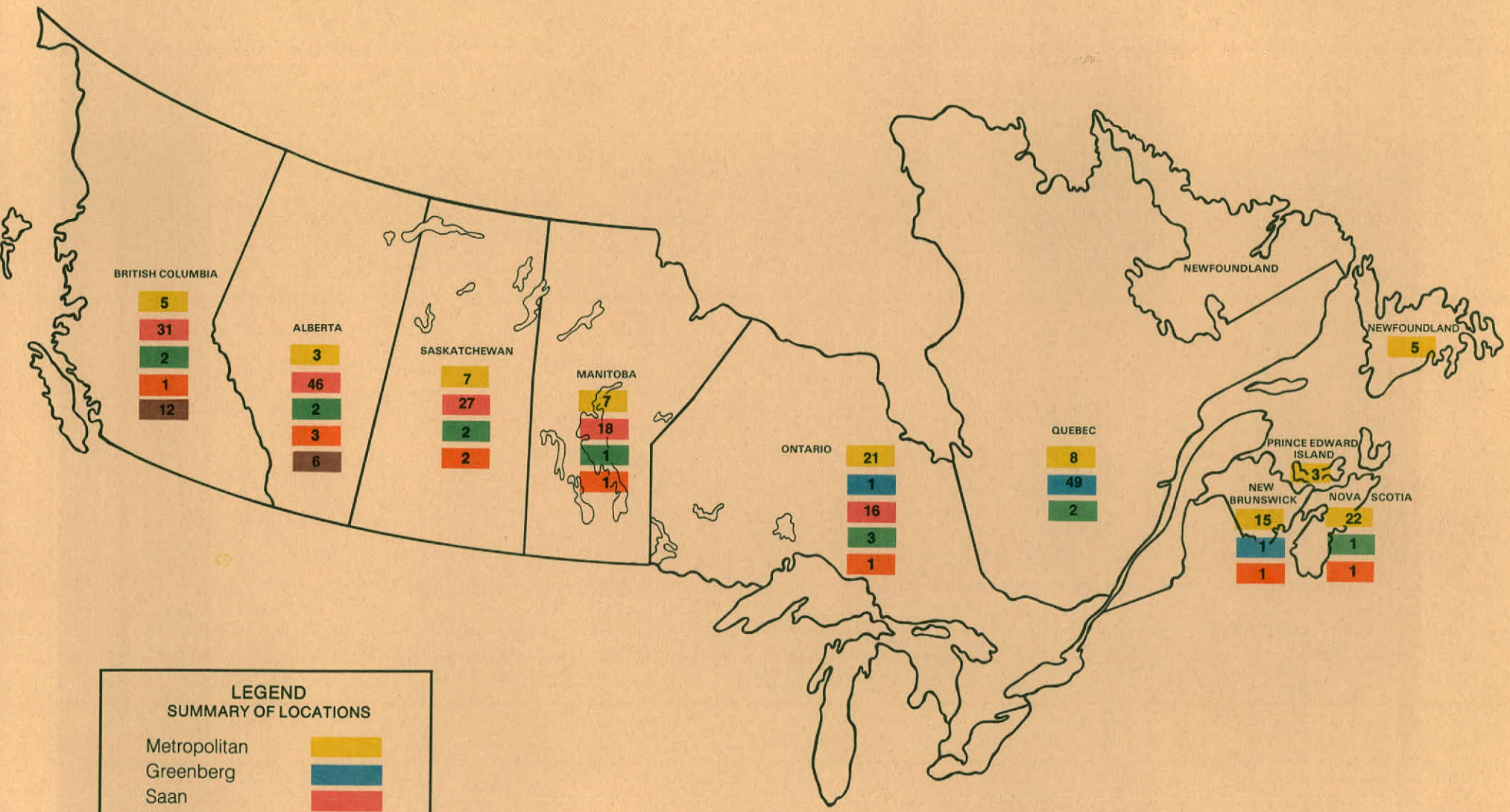
JOSEPH H. COHEN
Chairman

M. E. MILLER
President & Chief Executive Officer

N. RINGMA
Vice-President Operations

F. HUBER
Vice-President

N. PAUL CLOUTIER
Secretary



LEGEND
SUMMARY OF LOCATIONS

- Metropolitan
- Greenberg
- Saan
- Sony
- Cam Gard
- Miller Electronics

GD