The Molson Companies Limited 1983

Annual Report

Contents

Financial Highlights	1
Directors' Report	2
Operating Review	
Brewing	6
Chemical Specialties	8
Retail and Distribution	10
Financial Section	
Financial Review	12
Allocation of Revenues	15
Responsibilities for Financial Statements	16
Auditors' Report to the Shareholders	16
Consolidated Financial Statements and Notes	17
Segmented Financial Information and Inflation Accounting	24
Operating and Financial Record	26
Directors and Officers	27
Operating Management	28

Annual Meeting

The annual meeting of the shareholders will be held in the Salon Viger at Le Chateau Champlain, Montreal, Quebec, on June 29, 1983 at 11:30 a.m. EDT.

Rapport annuel

Si vous désirez recevoir ce rapport en français veuillez vous adresser au Secrétaire, case postale 1600, Place d'Armes, Montréal, Québec H2Y 3L3.

THE MOLSON COMPANIES

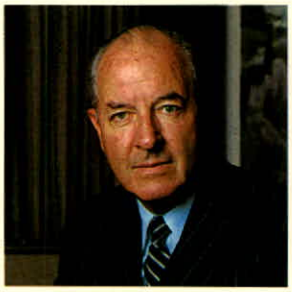
From the founding of the original brewery in Montreal by John Molson in 1786, The Molson Companies Limited has grown to become a diversified Canadian company employing 11,100 people across Canada and abroad. As one of Canada's oldest business enterprises, the Molson organization has built its success on providing products and services of high quality and superior value to its customers.

Financial Highlights

	1983	1982*
Operations ($ millions):		
Revenues	**$1,764.2**	$1,655.6
Earnings before extraordinary item	**62.9**	54.6
Per share ($):		
Earnings before extraordinary item		
—Basic	**4.44**	3.87
—Fully diluted	**4.11**	3.64
Dividends	**1.48**	1.44
Financial position ($ millions):		
Working capital	**224.1**	163.4
Total assets	**934.6**	855.9
Long-term debt	**246.6**	219.3
Shareholders' equity	**354.7**	321.8
Key Ratios:		
Return on shareholders' equity	**18.5%**	17.7%
Net debt/equity ratio	**32:68**	45:55
Current ratio	**1.8:1**	1.6:1

*1982 figures have been restated to conform with 1983 presentation

Directors' Report to Shareholders



D. G. Willmot,
Chairman of the Board

J. T. Black,
President and Chief Executive Officer

We are pleased once again to be able to report that the Corporation's sales and earnings for fiscal year 1983 reached record levels. Consolidated revenues for fiscal year 1983 increased seven per cent to \$1.764 billion from \$1.656 billion last year. Total net earnings for the year, before deducting an extraordinary loss of \$1.5 million, were \$62.9 million, an increase of 15 per cent over last year's \$54.6 million.

Basic earnings per share before extraordinary item were \$4.44 compared to \$3.87 last year. On a fully diluted basis, earnings per share before extraordinary item were \$4.11 compared to \$3.64 last year.

This year's increase in net earnings resulted from a combination of higher earnings from operations and reduced net interest expense. Molson Breweries, Diversey Corporation and Beaver Lumber all contributed to the increase in earnings from operations despite recessionary conditions in Canada and other countries in which we do business. Net interest expense of \$27.3 million was 28 per cent lower than last year, due to significantly reduced levels of borrowing and the gradual decline in interest rates which occurred during the year.

The lower levels of borrowing reflect the positive results of management efforts in each of our businesses to reduce capital employed through improved asset management. The Corporation's strong financial position was further enhanced during the year by the reduction of \$98.5 million in our total net debt which contributed in turn to a significantly improved 32:68 net debt/equity ratio.

The annual dividend rate was increased from \$1.44 to \$1.52 per share, effective January 1, 1983.

In reporting our earnings for fiscal year 1983, we have adopted the Canadian Institute of Chartered Accountants' new recommendation covering foreign currency translation, and have restated 1982 figures for comparative purposes. The impact of this change in accounting policy on our financial results is discussed fully in the Financial Review section of this Annual Report and in our Consolidated Financial Statements.

Strategic Overview

The economic recession has been the most difficult period that business has faced in many years. Although economic conditions have improved recently, it will still be some time before the economies of Canada and other industrialized countries return to healthier rates of growth. However, it is gratifying to be able to state that the Corporation weathered the recession reasonably well and, in each of the past two fiscal years, has achieved record earnings.

As economic conditions improve, it is our intention to further develop our major businesses through the concentration of capital where it will increase market penetration, improve productivity and enhance overall profitability. It follows, therefore, that we will be prepared, as we have in the past, to disengage from those businesses that are not able to earn a consistent and adequate return on capital employed, or are not of sufficient size to contribute significantly to our earnings in the years ahead.

Consistent with this strategic framework, the sale of the business and assets of Seaway/Midwest Ltd., our public warehousing and distribution subsidiary, was completed at year end to Livingston International Inc. of Tillsonburg, Ontario, a major international firm with operations in the same industry.

In addition, we have concluded that our commercial and retail business supplies operation and its education supplies subsidiary will not be able to contribute significantly to our future growth and profitability. Accordingly, we have sold the Montreal area commercial business supplies component of Willson Office Specialty Ltd., and have decided to progressively divest the remainder of these businesses as suitable opportunities present themselves.

As a consequence of the decisions regarding these businesses, the results of the operations of Seaway/Midwest Ltd. and Willson Office Specialty Ltd., and their net assets, have been included in the consolidated financial statements as "discontinued operations".

Operating Highlights

Combined domestic and export sales of Molson Breweries of Canada Limited increased 12 per cent to $1.024 billion, and accounted for 58 per cent of the Corporation's total sales in the past year. Brewing net operating income was significantly ahead of last year, due primarily to the combined impact of price increases, enhanced internal productivity and efficiency, and lower cost increases in raw materials and commodities.

In Canada, brewing industry sales volume declined during the year. Molson Breweries sales volume in Canada was 7.2 million hectolitres, a reduction of 4.4 per cent from the previous year, and our national market share was approximately one share point lower. Molson shipments to the United States declined 9.5 per cent to 1.1 million hectolitres, largely because Molson's greatest market penetration has been in the economically depressed northeastern region.

Sales of the Chemical Specialties Group accounted for 24 per cent of the Corporation's total in the past year, and increased three per cent to $422.1 million. Net operating income also improved, largely due to higher earnings in the United States and some parts of Europe. Diversey's reported sales and net operating income were affected also by changes during the year in foreign currency values relative to the Canadian dollar. Information on the impact of such changes in the past year is contained in the Operating Review section of this Annual Report.

Sales of Beaver Lumber Company Limited accounted for 18 per cent of the Corporation's total sales, and decreased six per cent from last year to $307.2 million, as a result of the closure of 34 uneconomic stores and the franchising of eight stores during the year. However, net operating income improved over the previous year despite the major one-time costs associated with the store closures. While Beaver Lumber's earnings are still less than satisfactory, the strong sales and earnings recovery during the latter half of the year was encouraging. A continuation in the recovery of residential construction, combined with Beaver Lumber's lower overhead levels, should lead to considerable earnings improvement in the coming year.

Sales of Willson Office Specialty decreased 20 per cent to $83.5 million, reflecting in part the closure during the previous year of Willson's office furniture and design operation. A net operating loss resulted from a sharp decline in the sales to commercial customers of business and office supplies, which outweighed a modest improvement in Willson's retail operations and another successful year for Moyer Education Supplies.

Sales revenues of Seaway/Midwest Ltd. increased four per cent to $38.4 million and net operating income also improved.

More details on the performance of each of our businesses will be found in the Operating Review and Financial Review sections of this Annual Report.

Capital Expenditures

The planned rate of capital expenditures was reduced somewhat during the year, with $40.6 million having been spent on capital projects, compared to $67.3 million the previous year. The Brewing Group accounted for the major portion of this capital spending, with $24.3 million being spent primarily for improvements at the Montreal, Edmonton, Lethbridge and Regina breweries. Diversey capital spending was $15.0 million, primarily for automatic dispensing and transportation equipment at various locations. In the coming year, total capital expenditures of $71 million are planned, the major portion of which will form part of our long-range program of productivity and technological improvements in our Brewing operations.

Capital Structure

At the Annual Meeting on June 29, 1983, shareholders will be asked to approve the redesignation of our Class "A" shares to Class "A" non-voting shares. This change is required solely to meet the current listing policies of the Montreal, Toronto and Vancouver Stock Exchanges on which our shares are listed for trading, and does not alter in any way the existing rights of the Class "A" shareholders.

Also at this Meeting, shareholders will be asked to approve a two-for-one split of both the Class "A" and Class "B" shares of the Corporation.

Directors and Management

The Board of Directors met seven times during the year, in Toronto, Montreal and at a special meeting in Regina where the Board once again took the opportunity to meet with business and civic leaders and local shareholders. A similar meeting is planned for Edmonton in the coming year.

A number of senior management changes also occurred during the year. Of particular note were the following appointments involving broadly experienced members of the Molson organization:

- Eric H. Molson as Deputy Chairman of the Board of Directors;
- John P. Rogers as Executive Vice President and Chief Operating Officer of the Corporation;
- Dan V. Pleshoyano as Executive Vice President, Brewing Group and President, Molson Breweries of Canada Limited.

Peter B. Stewart, Executive Vice President, Corporate Services, and Secretary of the Corporation did not stand for re-election to the Board of Directors at the last Annual Meeting, and the resulting vacancy was filled by the election of Mr. Rogers to the Board.

Outlook

In the past few months there have been signs of a sustained, if modest, improvement in the Canadian and other industrialized economies. We are confident that the experience gained by directing and managing the growth of the businesses of the Corporation in the difficult operating circumstances of the past two years will stand us in good stead as external conditions improve.

The intense competition and far-reaching changes within the Canadian brewing industry that have marked recent years will have an impact on the performance of our Brewing Group. We will require, perhaps more than ever before, skill and resourcefulness in marketing and brand development in Canada, and in the selective penetration and reinforcement of the U.S. market, in order to achieve continued Brewing sales and earnings growth.

In the Chemical Specialties Group, which derives approximately 80 per cent of its sales from outside of Canada, we will continue to address a variety of growth opportunities around the world. The improvement in the U.S. market will be further developed, and efforts in Europe will be concentrated on maintaining Diversey's steady growth in that area.

The prospects for substantial improvement in the earnings performance of Beaver Lumber are good, and will be enhanced by the recovery of the economy generally and of residential construction in particular. We will continue our efforts to improve the profitability of Willson Office Specialty while exploring opportunities for divestment.

In summary, we have completed the 1983 fiscal year in a strong financial position and we are confident that the sales and earnings of the Corporation will continue to grow in the year ahead.

On behalf of the Board:

D. G. Willmot
Chairman of the Board

J. T. Black
President and Chief Executive Officer

May 25, 1983

Operating Review

BREWING GROUP

Molson Breweries of Canada Limited

Founded in Montreal in 1786, Molson is the oldest established brewing company in North America, producing and marketing 23 brands of beer in Canada, and distributing 4 brands of beer to 41 U.S. states.

Facilities: Breweries in Vancouver, Edmonton, Lethbridge, Regina, Prince Albert, Winnipeg, Barrie, Toronto, Montreal, St. John's, with a combined capacity of more than 10 million hectolitres.

Sales volume: 8.3 million hectolitres

Employees: 4,100

Sales revenues: $1.024 billion

CHEMICAL SPECIALTIES GROUP

Diversey Corporation

Established in 1923, Diversey is a leading world-wide organization which markets chemical specialty products and dispensing systems to industrial, institutional and commercial users in over 100 countries. Its products include cleaning and sanitizing compounds, bactericides, lubricants, laundry detergents, metal finishing products and water treatment chemicals.

Facilities: 45 plants in 35 countries

Employees: 4,700

Sales revenues: $422 million

RETAIL AND DISTRIBUTION GROUP

Beaver Lumber Company Limited

Founded in 1906, Beaver Lumber is the major lumber, building materials and related hard goods dealer in Canada, serving the "do-it-yourself" consumer market, and commercial and farm customers.

Facilities: 183 stores from Quebec to British Columbia, of which 112 are company-owned and 71 are franchises.

Employees: 1,500

Sales revenues: $307 million

Willson Office Specialty Ltd.

Willson Office Specialty is a leading Canadian commercial and retail distributor of office and education products, business supplies and related office furniture.

Facilities: Commercial business supplies offices in major centres across Canada; Moyer school and education supplies operation; 64 retail stationery (Willson) and 13 educational supplies (Teachers') stores from Quebec to British Columbia.

Employees: 700

Sales revenues: $84 million

Seaway/Midwest Ltd.*

Seaway/Midwest is a major Canadian public warehousing and distribution company.

Facilities: 22 warehouses, comprising more than 3 million square feet of space, and cartage facilities in 8 major Canadian centres.

Employees: 700

Sales revenues: $38 million

*Sold March 30, 1983

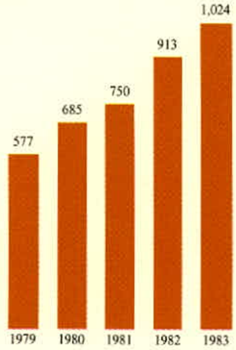
MOLSON ACROSS CANADA AND ABROAD

	Sales of Continuing Operations ($ Millions)	Capital Employed ($ Millions)	Shareholders	Employees
World Totals	$1,752.8	$578.3	8,831	11,100
Canada Totals	$1,286.6	$421.2	8,508	7,000
% of World Total—Canada	73%	73%	96%	63%
% of Canada Total—West	28%	33%	28%	29%
% of Canada Total—Ontario	43%	40%	44%	40%
% of Canada Total—Quebec	27%	25%	25%	28%
% of Canada Total—Atlantic	2%	2%	3%	3%

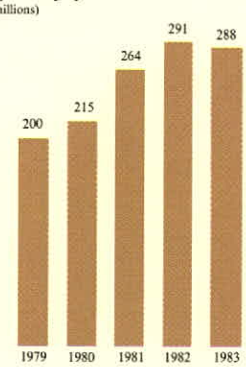
Brewing Group

Since 1786, people have been enjoying their favourite Molson beer . . . with a meal or on its own with friends. Molson brews 23 brands of beer for the Canadian market and exports 4 brands to the United States.

Sales revenues
($ millions)



Capital employed
($ millions)



Sales revenues of Molson Breweries of Canada Limited increased 12 per cent over last year to $1.024 billion and net operating income improved by 21 per cent. This favourable financial performance resulted from a combination of price increases, internal productivity improvements including water and energy conservation, and economies in packaging, bottling and distribution costs. In addition, cost increases in raw materials and commodities were lower than expected.

The Canadian brewing industry is characterized by intense competition in a mature market and there are a number of serious challenges facing the industry which will have a bearing on the growth of volume, revenues and costs. Total volume growth will be limited over the next several years, largely due to slower growth in the young adult segment of the population and to the negative influence of increased taxation on the price competitiveness of beer in relation to other alcoholic beverage products. In addition, growth in revenues will be affected by increased price competition in those provinces where open pricing practices have been instituted, and by the influence of federal and provincial restraint programs.

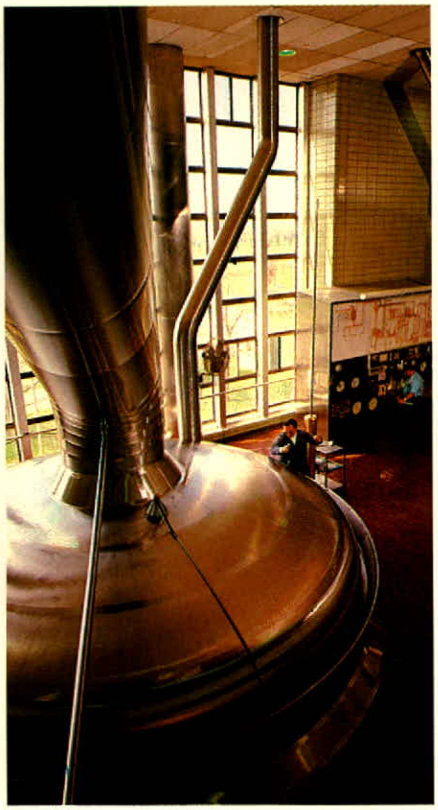
At the same time, upward pressures on costs can be expected as the result of moves toward special packaging for competitive reasons, and industry reaction to the liberalizing of marketing activities in certain provinces.

The net result of these and other concerns is an industry in which previous patterns of growth in revenues and earnings will become increasingly difficult to sustain.

In Canada, during our fiscal year ended 31 March, 1983, brewing industry volume was down 1.2 per cent from the previous year, reflecting volume declines in all of the major markets in the country. Molson volume declined 4.4 per cent to 7.2 million hectolitres, resulting in an overall reduction in national market share of approximately one share point. The bulk of both the industry and Molson's volume decrease occurred in Quebec and Alberta, markets in which we have traditionally held a major share. Encouraging gains in market share, on the other hand, were achieved in Ontario and British Columbia. We have recently introduced Export Light in Ontario and Molson Malt in Alberta and British Columbia, bringing to 23 the number of brands which we produce for the Canadian market.

Molson shipments to the United States declined 9.5 per cent to 1.1 million hectolitres, primarily because Molson's largest market is in the northeastern states where the recession has been felt more deeply than in the rest of the country. However, our recent expansion

Through the application of the latest production techniques to the ancient art of brewing, each of the 4,100 employees at our 10 breweries across Canada is committed to providing the famous quality, flavour and freshness that people expect from Molson.



moves into newer markets, such as Texas and California, are meeting with favourable results, and Molson continues to be the second largest international supplier to the U.S. imported beer market. Molson brands are now available in 41 states, four more than was the case at this time last year.

Capital spending in fiscal year 1983 was $24.3 million, primarily for improvements at the Montreal, Edmonton, Lethbridge and Regina breweries. During the coming year, capital expenditures of $53 million are planned. This spending will encompass projects already underway as well as a major new brewhouse in Montreal and storage additions in both Montreal and Barrie. Much of our capital spending over the next few years will be for the installation and application of state-of-the-art technology to ensure the continued high quality of our products, and the installation of new equipment in a number of our breweries to further increase productivity.

During the year, a new two-year industry-wide labour agreement was negotiated in Ontario which reflects a collective recognition of the need for restraint. Since year end, a similar agreement has been reached in British Columbia and the labour agreements covering our other breweries across the country are in the process of being negotiated. With the exception of Quebec, all of the negotiations are being conducted on an industry-wide basis.

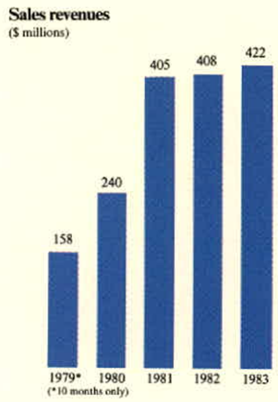
The Montreal Canadiens Hockey Club experienced a successful regular season, but once again met with difficulties in the Stanley Cup playoffs. We are very much aware of the unique position which the Canadiens occupy in Canada's hockey heritage and have initiated a number of senior management changes designed to restore the Club to its traditional level of success. In another major area of sports involvement, Molson will relinquish ownership of its soccer franchise Le Manic de Montréal at the end of the present soccer season to enable the club to become Canada's national team, with a permanent base in Montreal and playing schedules involving the North American Soccer League and other international play. We will continue to have a promotional association with the team and are confident the establishment of "Team Canada" will contribute to Canada's success in world soccer competition.

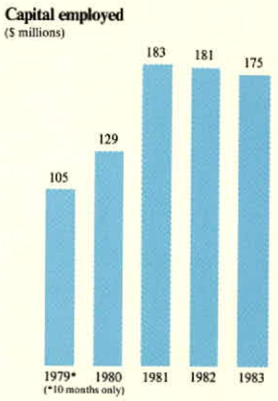
During the year, a number of appointments were made from the ranks of experienced personnel within our management team in order to adapt our organization to the changes that are taking place in the marketplace. These appointments included the strengthening of our national marketing, production and administrative functions and the naming of new regional presidents in British Columbia, Alberta and Saskatchewan.

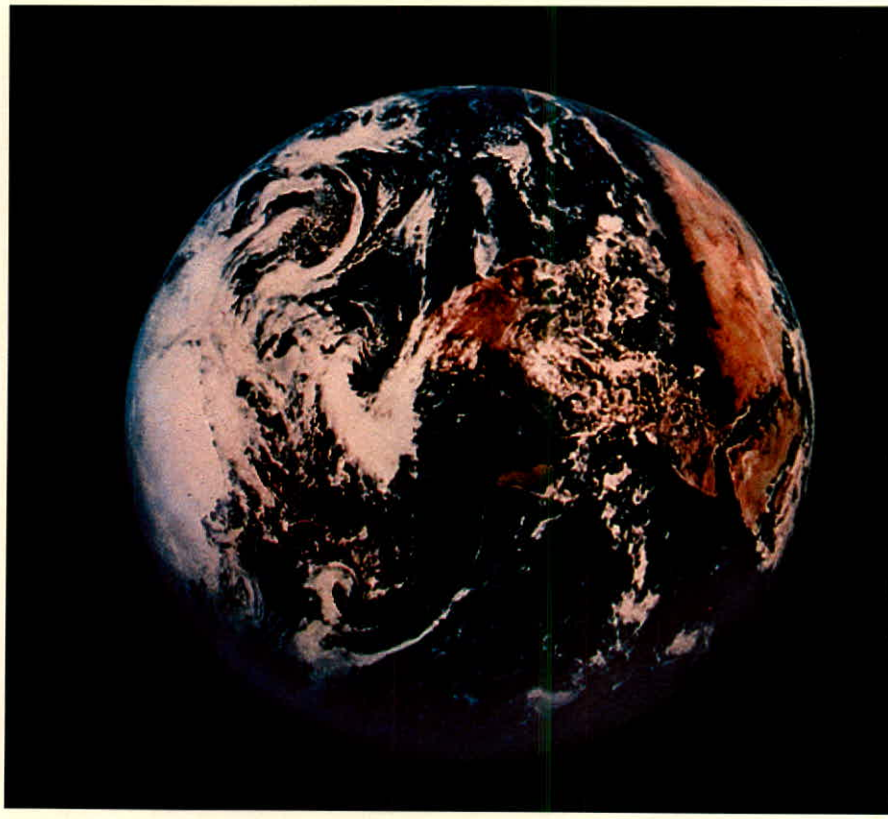
The performance of our Brewing Group in the coming year will be related in many respects to the overall prosperity of the Canadian brewing industry and its ability to meet the challenges facing it. For our part, we will continue to do our best to help find solutions to the industry's problems, and we are confident of our ability to deal successfully with those challenges over which we ourselves have some degree of control. We will be aggressive in our marketing, competitive in our pricing strategies, and unsparing in our pursuit of improved productivity. We are optimistic that these efforts will result in a continuation of Molson Breweries' long record of sales and earnings growth.

Chemical Specialties Group

Diversey is a world of people, a system of service . . . whose strength is based on an established sales and service reputation for meeting its customers' needs in over 100 countries around the world.







Diversey Corporation completed its fifth year as part of the Molson organization with sales revenues of $422 million, an increase of 3.4 per cent over the previous year. Net operating income rose 16 per cent to $18.8 million.

Diversey has 4,700 employees around the world, approximately half of whom are involved in sales and service activities. Working closely with customers to identify their needs, Diversey provides a wide range of cleaning, sanitizing, lubricating and finishing products and dispensing systems to a number of major industries, encompassing:

- ☐ food processing, including dairies, beverages;
- ☐ food service, including hotels, hospitals, restaurants;
- ☐ laundries, including both on-premise and commercial facilities;
- ☐ industrial, including metal treatment, pulp and paper, and transportation.

Due to the basic nature of the operations of many of its customers, Diversey tends to be less affected by cyclical movements in the economy than many other businesses. However, it is fair to say that the depth of the recession just experienced has had an adverse impact even on the fundamental industries that Diversey serves.

In comparing Diversey's year-to-year results as expressed in Canadian dollars, it should also be recognized that fluctuations in foreign currency values have a major impact on Diversey since over 80 per cent of its sales revenues are derived from outside of Canada. For the second successive year, the negative impact of foreign exchange rate declines was relatively significant. If exchange rates had remained at the average level of the previous year, it is estimated that sales revenues for the year would have been $18 million higher and net operating income $2.5 million greater.

Sales revenues in North America, which accounted for 46 per cent of Diversey's total, were up four per cent over last year and net operating income improved substantially. The performance of Diversey Wyandotte in the United States, which accounted for all of the improvement in North American net operating income, was encouraging although further improvement in profit margins is still required. The integrated U.S. operation is now beginning to yield the benefits that were anticipated when Wyandotte was acquired in 1980, and has achieved improved efficiencies, as well as adding to Diversey's capabilities in important markets such as commercial and on-premise laundries. In Canada, Dairies, hospitals, restaurants and bakeries are only a few of the hundreds of industrial, institutional and commercial users of Diversey's wide range of chemical specialty products and dispensing systems.

sales revenues remained at last year's level but earnings decreased slightly. In both the U.S. and Canada, Diversey's major strengths are in the institutional dishwashing and laundry segments as well as the food and beverage industry.

Sales revenues in Europe, which accounted for 40 per cent of Diversey's total, were up 3.5 per cent over last year. Performance in the United Kingdom improved following a cost reduction program that was initiated in the previous year. Diversey operations in Spain and Italy each had a good year, while the companies in Denmark and Germany also registered improvement. In France, Diversey operations had a difficult year with depressed results, but steps have been taken to restore the performance of this company. Diversey is well established in Europe with strength in a number of markets including in particular the institutional, agricultural and food processing segments.

Diversey operations in Latin America and the Caribbean, which accounted for nine per cent of sales revenues, experienced difficulties even though sales were up five per cent over the previous year. Volatile economic conditions, including high rates of inflation and relatively low levels of business activity, hampered the performance of Diversey companies in Brazil and Venezuela, the two major operations in this region, both of which reported reduced net operating income.

Sales revenues in the Asia and Pacific region, accounting for five per cent of Diversey's total, were slightly below last year's level and earnings were depressed throughout the area. Both Latin America and the Asia and Pacific region, while still relatively small as a proportion of total sales, continue to have considerable growth potential over the longer term. However the realization of this growth will depend, in large part, on the stability of the economy and the pace of economic and industrial development in those regions.

An integral part of Diversey's growth strategy is the continued enhancement of its technological leadership in anticipating and meeting its customers' requirements. In this regard, research and development activities have been intensified and greater research expenditures have been committed over the longer term. An additional element in this strategy is the expansion of product and service capability through the acquisition of complementary businesses. Two such acquisitions were made during the year. The first was Beta Technology, Inc. of Santa Cruz, California, which had been Diversey's major supplier of automatic detergent dispensing equipment. Late in the year, Perolin Company, Inc. of the United States and its Canadian subsidiary, Perolin-Bird Archer Ltd., were acquired to provide Diversey with an expanded operating base in the growing North American water treatment market.

Given the relatively stable nature of its business, Diversey's performance in the coming year will not be as directly affected as will our other businesses by the rate and extent of the worldwide economic recovery. Nevertheless, we anticipate continued improvement in the important North American market, particularly in the United States, moderate growth in European operations, and positive developments in other parts of the world. As a result, we are confident that Diversey's record of steady growth in sales and earnings will continue in the year ahead.

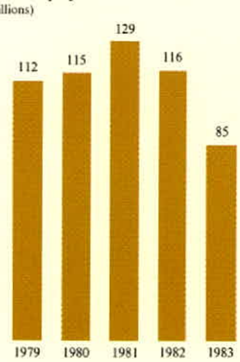
Retail and Distribution Group

Customers know they can rely on the experienced personnel of Beaver Lumber to help them meet their home improvement needs with lumber and building materials, and a wide range of related merchandise.

Beaver Lumber Company Limited

Sales revenues
($ millions)

Capital employed
($ millions)



Beaver Lumber Company Limited

Sales revenues of Beaver Lumber Company Limited declined six per cent for the past year to $307.2 million. Total system sales, which includes franchised store operations, decreased one per cent to $410.2 million. After adjusting for the closure during the year of 34 uneconomic stores, however, total system sales were four per cent ahead of last year.

The continuing efforts of Beaver Lumber's management to reduce capital employed and to control costs and expenses yielded very encouraging results for the second consecutive year. Net operating income, while still short of satisfactory, improved over the previous year despite having to absorb the major one-time costs associated with store closures and the overhead reduction program. Beaver now has a well-balanced regional network of 183 company-owned and franchised stores with a significantly reduced cost base and, as a result, is strongly positioned to take full advantage of the recovery in the Canadian economy.

Beaver Home Centres, serving the "do-it-yourself" market primarily in major urban areas, performed well during the year. In the latter half of the year especially, lower interest and mortgage rates contributed to substantial signs of recovery in this market, with evidence that previously deferred major purchases and home improvement projects are being undertaken once again. In the last six months of the year, Beaver Home Centre sales were at their highest sustained level in some time.

Beaver Building Centres, which serve mainly smaller and rural markets, pursued a program during the year of re-emphasizing their basic marketing thrust towards lumber and building materials. Conditions in the Building Centre markets continued to be difficult, but sales momentum picked up in the latter part of the year, as residential construction activity started to increase.

Beaver Lumber remains committed to its franchising and joint venture program which has also contributed to the reduced levels of capital employed over the past two years. Although the pace of franchising slowed during the year due to economic conditions, eight additional stores were franchised, bringing the total to 71 at year end. It is also important to note that the franchised stores have generally weathered the recession successfully, which attests to the fundamental strength of this program.

On balance, with the improvement in results that has been evident in recent months, the prospects for Beaver Lumber are increasingly positive. With the elimination of uneconomic or marginal operations

Willson Office Specialty serves the retail business supplies market through 64 stores located in urban centres across Canada.

For 100 years, Moyer Education Supplies has been the leading Canadian distributor of high quality educational products for use in both the classroom and the home.

and the reduction in its cost base, Beaver should be able to attain substantially better results in the year ahead.

Willson Office Specialty Ltd.

Sales revenues of Willson Office Specialty Ltd. decreased 20 per cent for the year to $83.5 million, with an improvement in retail operations being more than offset by a considerable reduction in sales of business supplies to commercial customers. This year's sales levels were also affected by Willson's withdrawal late last year from the office furniture and space planning business. Willson registered a net operating loss for the year.

The decline in performance of Willson's Business Supplies operation reflected the depth of the economic recession over the past year as businesses across Canada attempted to reduce their own costs through reductions in overhead expenses and personnel. These cutbacks were particularly felt in such formerly high-growth regions as British Columbia and Alberta. As a result, revenues from the sale of commercial business supplies were down 16 per cent from the previous year.

Willson retail stores were not as severely affected by economic conditions, however, with sales up eight per cent over last year. In large part, this reflects the strength of Willson's network of 64 retail stores across the country, which are well positioned to serve the retail stationery and business supplies market in major urban areas.

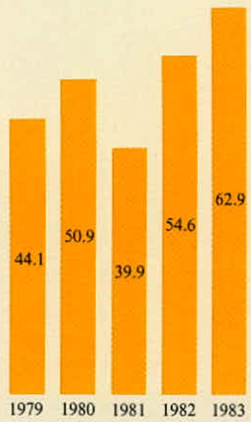
Sales revenues of Moyer Educational Supplies, a subsidiary of Willson which serves the educational market through 13 Teachers' retail stores and a national catalogue operation, increased five per cent over last year, and net operating income was at its highest level in history. Moyer has been a leader in this business for 100 years and continued future growth is expected as the interest in teaching aids and other educational products for use in both schools and the home more than offsets the gradual decline in the young student population.

In the coming year, Willson will continue to reduce costs and expenses in order to achieve a return to profitability. As part of the overall strategic direction of the Corporation, we have also begun to explore opportunities to sell the Willson businesses in whole or in part. Given Willson's distinct lines of business (commercial business supplies, retail stationery and education supplies) and the local and regional competitive nature of its markets, it is likely that some or all of the parts of Willson will be divested during the current year.

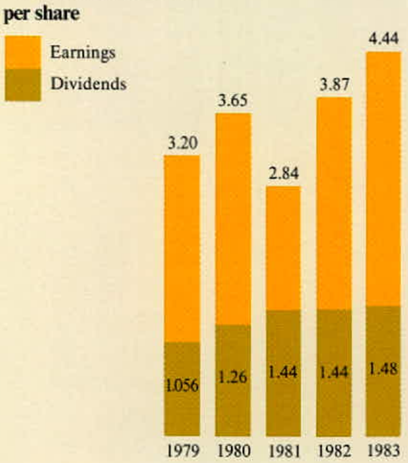
Seaway/Midwest Ltd.

Sales revenues of Seaway/Midwest Ltd. were up four per cent over last year and net operating income also showed substantial improvement. However, since a continuing involvement in the public warehousing and distribution business did not coincide with the long-term strategic objectives of the Corporation, the opportunity was taken at year end to sell for cash the business and assets of Seaway/Midwest Ltd. to Livingston International Inc. of Tillsonburg, Ontario.

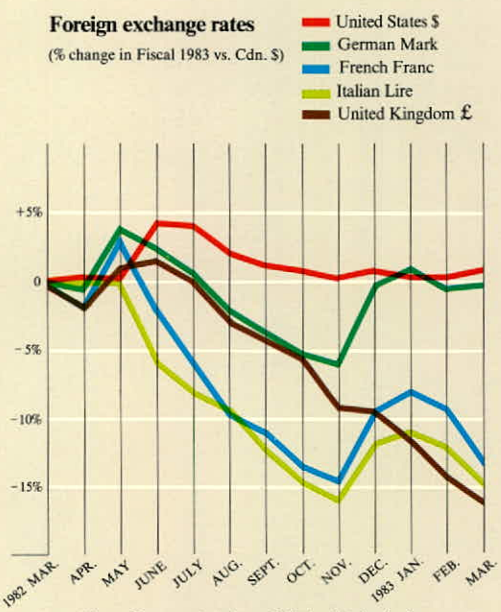
Earnings before extraordinary item
($ millions)



Earnings and dividends per share



Foreign exchange rates
(% change in Fiscal 1983 vs. Cdn. $)



*A negative percentage change indicates that the foreign currency has weakened in relation to the Canadian dollar.

Earnings

Total revenues for the year ended March 31, 1983 increased 6.6% to $1,764.2 million from last year's $1,655.6 million. Earnings for this fiscal year were $62.9 million, or $4.44 per share, before an extraordinary loss of $1.5 million or 11 cents per share, compared to last year's $54.6 million, or $3.87 per share. The extraordinary loss was the net result of provisions for loss on the planned sale of Willson Office Specialty Ltd. and a gain realized on the sale of Seaway/Midwest Ltd. in March 1983.

On a fully diluted basis, earnings per share before extraordinary item for 1983 were $4.11, an increase of 13% over last year's $3.64. Net earnings for the year after the extraordinary item were $61.4 million, or $4.02 per share fully diluted.

To reflect the fact that Seaway/Midwest has been sold and our intention to divest Willson Office Specialty in the near future, those businesses have been included in our financial statements as "discontinued operations". This is further explained in Note 3 to the Consolidated Financial Statements. This accounting treatment emphasizes the ongoing or "continuing" operations of the Corporation. Earnings from continuing operations for the year ended March 31, 1983 were $64.3 million, or $4.54 per share compared to $54.1 million, or $3.84 per share in the same period last year.

Cost of sales, selling and administrative costs at $1,297.8 million for the year increased by only 3.8% over last year, compared to an increase in sales of 6.4%. Included in cost of sales, selling and administrative costs in fiscal year 1983 were provisions of $6.5 million for losses from residual investments in businesses previously divested. The sales and earnings performance of each business is discussed in the Operating Review on pages 5 through 11 of this Annual Report, and further commentary can be found under Segmented Financial Information on page 14.

A key factor contributing to the increase in earnings in fiscal year 1983 was a 28% decline in net interest expense from $37.8 million in fiscal year 1982 to $27.3 million in 1983. This decline was due principally to the substantial reduction in the level of net debt during the fiscal year, while lower interest rates were also a factor.

During the year the Corporation adopted the new Canadian Institute of Chartered Accountants' accounting rules covering the translation to Canadian dollars of assets and liabilities situated outside Canada. In summary, the new accounting rules require the translation of all foreign assets and liabilities to Canadian dollars at the fiscal year-end rates of exchange. The new accounting policy requires that fluctuations in the value of these foreign assets and liabilities be applied against shareholders' equity on the balance sheet as "unrealized foreign currency translation losses". However, in the case of countries with a history of hyper-inflation such as Brazil, the effect of changes in value is charged against current year's earnings.

In previous fiscal years, long-term assets and liabilities were translated at rates of exchange applicable on dates of acquisition. Current assets and liabilities were formerly translated at the year-end exchange rates and the unrealized gain or loss was taken to earnings.

This change in accounting policy was adopted retroactively and accordingly, comparative figures for fiscal year 1982 have been restated. The effect of the change in accounting policy was to remove from earnings unrealized foreign exchange losses, thereby increasing 1982 earnings by $1.7 million, or 12 cents per share, and 1983 earnings by $2.9 million, or 21 cents per share.

Although unrealized gains and losses arising from fluctuations in foreign exchange rates are now removed from current year's earnings, changes in exchange rates continue to have a significant effect on reported earnings of the Corporation. The sales and earnings of our foreign operations were translated into Canadian dollars at the average exchange rates for the year, which in fiscal year 1983 were well below the rates in place one year earlier. A graph illustrating the percentage change of certain major currencies versus the Canadian dollar is shown on page 12. Had exchange rates remained unchanged from 1982 levels, it is estimated the Corporation's sales for fiscal year 1983 would have increased $13.3 million, and net earnings would be higher by $2.3 million, or 16 cents per share.

The consolidated tax rate on Molson earnings in fiscal year 1983 was 42.1% compared to the unusually low rate of 36.5% last year. Last year benefited from higher levels of inventory allowances, investment tax credits and U.S. foreign tax credits, while the tax rate in fiscal year 1983 was increased by a higher level of non tax deductible provisions.

Financial Position

Total assets of the Corporation as at March 31, 1983 were $934.6 million, up from $855.9 million last year due to the growth in cash and short-term investments which resulted from the Corporation's stronger financial position.

Total capital employed decreased during the year by $67.9 million to $578.3 million at March 31, 1983, reflecting management's success in both reducing the levels of inventories and receivables, and the divestment of Seaway/Midwest. This reduction, together with increased cash flow from operations and reduced levels of capital spending, resulted in net debt declining by $98.5 million during fiscal year 1983 to $166.3 million.

Net debt is defined as short and long-term debt less cash and short-term investments, and is made up as follows:

($ Millions)	1983	1982
Short-term debt	$ 55.7	$ 53.0
Long-term debt	246.6*	219.3
Total debt	302.3	272.3
Less: Cash and short-term investments	136.0	7.5
Net debt	$166.3	$264.8

*Includes a five year, evergreen, bank standby facility of $50 million, in support of commercial paper borrowings.

Total debt of $302.3 million includes $55.0 million of commercial paper borrowings which were re-invested in short-term securities at favourable yields.

The reduction in net debt, coupled with the decline in interest rates during the latter part of fiscal year 1983, has resulted in considerably lower net interest expense and an interest coverage of 5.2 times compared to 3.3 times last year. In addition, the net debt to equity ratio has improved from 45:55 last year to 32:68 as at March 31, 1983.

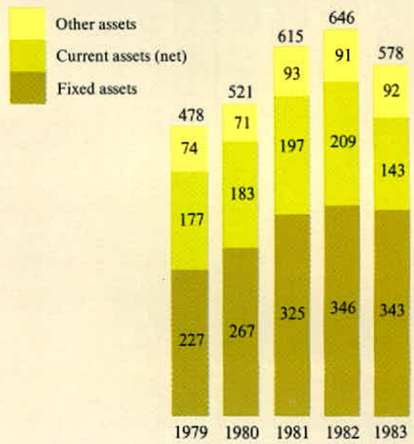
As mentioned earlier in this review, the adoption of a new accounting policy for foreign currency translation has resulted in "unrealized foreign currency translation losses" being applied against the shareholders' equity section of our Consolidated Balance Sheet.

As at March 31, 1983, these unrealized losses amounted to $17.6 million and represented declines in the Canadian dollar value of assets situated outside Canada, principally in Europe and South America. Most of these unrealized losses arose in the past two years, during which time for example, in relation to the Canadian dollar, the value of the U.K. pound decreased by 31%, the French franc by 29%, the Spanish peseta by 35%, and the Venezuelan bolivar by 45%.

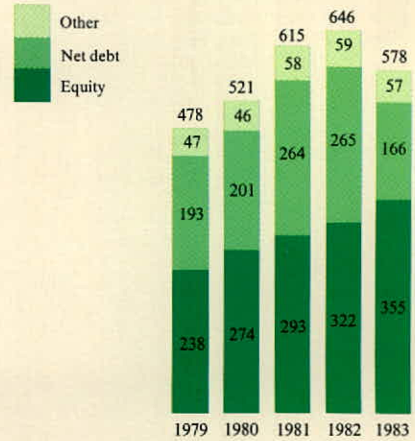
These unrealized foreign currency translation losses will fluctuate over time as foreign exchange rates change. Should the Canadian dollar decline in value in future against these currencies, unrealized gains will result thereby reducing the present cumulative amount of unrealized losses.

During the year the return on shareholders' equity increased to 18.5% from last year's 17.7%. This improvement is due to higher earnings and to the reduction in shareholders' equity resulting from the unrealized foreign currency translation losses referred to above.

Capital employed
($ millions)



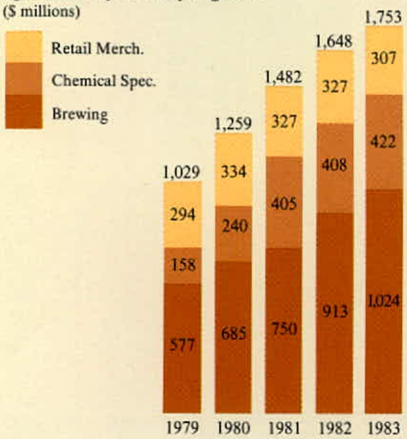
Financed by
($ millions)



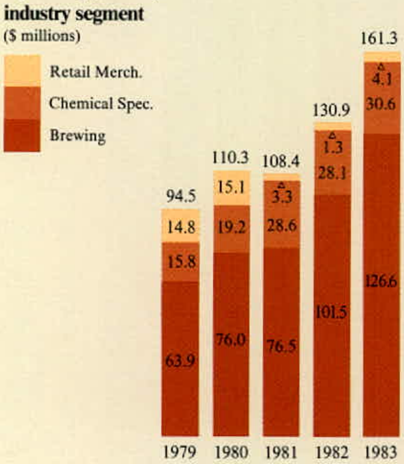
Return on shareholders' equity (average)
(Per cent)

Financial Review

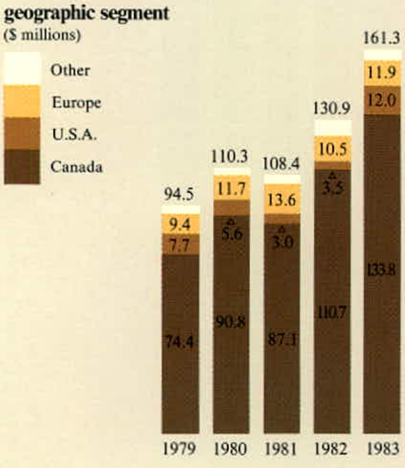
Sales of continuing operations by industry segment
($ millions)



Operating profit by industry segment
($ millions)



Operating profit by geographic segment
($ millions)



Segmented Financial Information

Financial information, which analyzes the Corporation's continuing operations by both industry and geographic segments, is presented on pages 24 and 25 of this Annual Report.

Industry Segments

Brewing sales increased by 12% to $1,023.5 million and segment operating profit increased from $101.5 million last year to $126.6 million in fiscal year 1983. Capital employed in Brewing operations declined slightly from $291.2 million last year to $288.3 million as at March 31, 1983.

Chemical Specialties sales in Canadian dollars grew by 3% to $422.1 million and, in spite of the adverse effects of fluctuations in foreign exchange rates, segment operating profit increased to $30.6 million from $28.1 million last year. The increase in profit margin was due to stronger performance in the United States and a slight improvement in Europe. Capital employed in Chemical Specialties operations declined during the year from $180.6 million to $174.5 million, due to the effect of a stronger Canadian dollar. This reduction, together with an increase in net operating income, resulted in an increase in the after tax, pre-interest return on capital employed for Chemical Specialties to 10.6% from 8.9% last year.

The Retail Merchandising segment consists of the operations of Beaver Lumber Company Limited. The "discontinued" operations of Seaway/Midwest and Willson Office Specialty have been excluded. Sales of this segment declined slightly, but the segment operating profit increased considerably from $1.3 million last year to $4.1 million in 1983. In addition, capital employed in Retail Merchandising operations declined by 26% from $115.6 million last year to $85.0 million.

Geographic Segments

Of the Corporation's total sales, $1,286.6 million were in Canada, compared to $1,200.1 million last year. Segment operating profit in Canada increased 21% to $133.8 million due to the higher earnings in Brewing and Retail Merchandising. At the same time, total identifiable assets decreased from $578.8 million last year to $565.3 million as at March 31, 1983.

The U.S.A. segment includes the operations of Diversey Wyandotte Corporation and Martlet Importing Co., which distributes Molson beer in the United States. Sales revenues in the U.S.A. at $236.8 million were up by 5% and operating profit at $12.0 million increased significantly over last year's $3.5 million. Sales and profit in the U.S.A. benefited from a stronger U.S. dollar and the profit margins of both Diversey Wyandotte and Martlet improved considerably.

It should be noted that the economic benefit to Molson of U.S. beer sales is substantially greater than the amount included in the U.S.A. geographic segment. Operating profit in the U.S.A. is after charging a mark-up on the beer exported by our breweries in Quebec, Ontario and British Columbia and a royalty of $5.0 million for the use of Molson trademarks, etc. The financial effect of both the mark-up and the royalty are included in the Canada segment.

Operations in Europe showed signs of improvement, with a slight growth in sales and some improvement in profit margins. As mentioned earlier in this Annual Report, the impact of foreign exchange rate fluctuations has depressed the results of our European operations, as well as being the main reason for the reduction in total identifiable assets.

Operations in Latin America, the Far East, Africa and the Middle East, have also been adversely affected by declines in foreign currency values, as well as reduced profit margins in certain countries. Sales increased 4%, while operating profit declined to $3.6 million in fiscal year 1983 from $6.2 million last year.

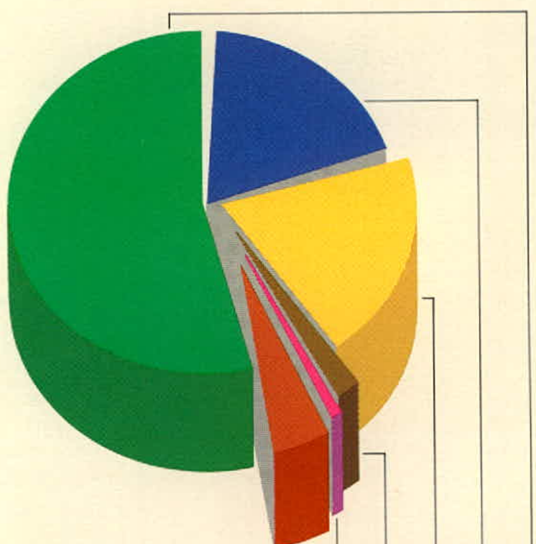
Allocation of Revenues

The following chart illustrates how Molson's fiscal year 1983 revenues were allocated. The data include some estimates and are unaudited.

Of the $1,764 million in total revenues for fiscal year 1983, approximately 95 per cent was returned to the various sectors of the economies around the world in which Molson has business operations. The profile of our businesses around the world can be seen from the data on page 5 of this Annual Report and from the Segmented Financial Information on pages 24 and 25. Molson revenues were used as follows in fiscal year 1983:

- □ Companies and individuals that supplied Molson businesses with goods and services were paid approximately $956 million which was 54 per cent of total revenues.
- □ Over 11,100 employees across Canada and around the world received $336 million, or approximately 19 per cent of total revenues, in wages, salaries and benefits.
- □ Governments at all levels received tax payments from various Molson companies totalling $334 million, or some 19 per cent of total revenues.
- □ Net interest payments of debt used to finance our businesses declined to $27 million, which was approximately two per cent of total revenues in 1983.
- □ Shareholders received dividends of $21 million, as a return on their investments in the Corporation. This represented approximately one per cent of total revenues.

After these expenditures, $90 million, or five per cent of total revenues was retained in the business as shareholders' equity to finance the future growth of the Corporation. The revenue retained in the business consists of the funds provided from business operations as shown in the Consolidated Statement of Changes in Financial Position on page 19 of the Annual Report, less dividends paid to shareholders.



	1983	
	$ millions	%
Payments to suppliers	956	54
Wages, salaries and benefits	336	19
Tax payments to governments	334	19
Interest payments	27	2
Dividends	21	1
Retained in the business	90	5
Total revenues	1,764	100

Responsibilities for Financial Statements

The accompanying consolidated financial statements have been prepared by management and approved by the Board of Directors of the Corporation. Management is responsible for the information and representations contained in these financial statements and other sections of this Annual Report. The financial statements have been prepared in accordance with generally accepted accounting principles in Canada. The major accounting policies followed by the Corporation are set out on page 20 of this Annual Report.

To assist management in discharging these responsibilities, the Corporation maintains an effective system of internal control which is designed to provide reasonable assurance that its assets are safeguarded; that transactions are executed in accordance with management's authorization; and that the financial records form a reliable base for the preparation of accurate and timely financial information. In addition, the Corporation's Internal Audit function regularly performs audits of the internal control system, the findings and recommendations of which are acted upon by management.

Coopers & Lybrand, the Corporation's external auditors, are appointed by the shareholders. They independently review the Corporation's system of internal control and perform the necessary tests of accounting records and procedures to enable them to report their opinion as to the fairness of the consolidated financial statements and their conformity with generally accepted accounting principles.

The Board of Directors ensures that management fulfills its responsibilities for financial reporting and internal control. The Board exercises this responsibility through an Audit Committee composed of five Directors. The Audit Committee meets periodically with management and with the external and internal auditors, to review audit recommendations and any matters which the auditors believe should be brought to the attention of the Board of Directors. The Audit Committee also reviews the consolidated financial statements and recommends their approval to the Board of Directors for issuance to the shareholders.

Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of The Molson Companies Limited as at March 31, 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 Corporation as at March 31, 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, after giving retroactive effect to the change in method of accounting for foreign currency translations as described in Note 2, on a basis consistent with that of the preceding year.

May 24, 1983

Coopers & Lybrand

Chartered Accountants

Consolidated Statement of Earnings

(Dollars in thousands, except for per share amounts)

Year ended March 31	1983	1982*
Revenues		
Sales of continuing operations (note 3)	**$1,752,804**	$1,648,056
Other income	**11,351**	7,565
	1,764,155	1,655,621
Costs and expenses		
Cost of sales, selling and administrative costs	**1,297,795**	1,250,111
Brewing excise and sales taxes	**291,796**	251,150
Depreciation	**34,037**	29,100
Net interest expense (note 5)	**27,273**	37,762
	1,650,901	1,568,123
Earnings before income taxes	**113,254**	87,498
Income taxes	**47,700**	31,900
	65,554	55,598
Minority interest	**1,210**	1,474
Earnings from continuing operations	**64,344**	54,124
Earnings (loss) from discontinued operations (note 3)	**(1,470)**	461
Earnings before extraordinary item	**62,874**	54,585
Extraordinary item (note 3)	**(1,500)**	—
Net earnings	**$ 61,374**	$ 54,585
Earnings per share (note 4)		
From continuing operations		
Basic	**$4.54**	$3.84
Fully diluted	**$4.20**	$3.61
Before extraordinary item		
Basic	**$4.44**	$3.87
Fully diluted	**$4.11**	$3.64
After extraordinary item		
Basic	**$4.33**	$3.87
Fully diluted	**$4.02**	$3.64

Consolidated Statement of Retained Earnings

(Dollars in thousands)

Year ended March 31	1983	1982*
Retained earnings — beginning of year	**$ 270,785**	$ 236,497
Net earnings	**61,374**	54,585
	332,159	291,082
Dividends		
Cash	**20,217**	18,899
Stock	**771**	1,398
	20,988	20,297
Retained earnings — end of year	**$ 311,171**	$ 270,785

*1982 figures have been restated to conform with 1983 presentation

Consolidated Balance Sheet

(Dollars in thousands)

As at March 31	1983	1982*
Assets		
Current assets		
Cash and short-term investments	**$136,044**	$ 7,505
Accounts receivable	**152,472**	157,767
Inventories (note 6)	**184,554**	202,786
Prepaid expenses	**17,480**	17,690
Net assets of discontinued operations (note 3)	**9,630**	32,817
	500,180	418,565
Investments (note 7)	**44,075**	39,821
Fixed assets (note 8)	**342,677**	345,782
Intangible assets	**47,668**	51,707
	$934,600	$855,875
Liabilities		
Current liabilities		
Bank indebtedness and short-term notes	**$ 49,430**	$ 47,100
Accounts payable	**162,512**	153,771
Taxes payable	**52,444**	43,335
Dividends payable	**5,405**	5,080
Current instalments on long-term debt	**6,326**	5,873
	276,117	255,159
Long-term debt (note 9)	**246,565**	219,306
Deferred income taxes	**47,233**	48,960
Deferred liabilities	**6,159**	5,264
Minority interest	**3,842**	5,428
	579,916	534,117
Shareholders' equity		
Capital stock (note 10)	**61,135**	58,502
Retained earnings (note 2)	**311,171**	270,785
Unrealized foreign currency translation losses (note 2)	**(17,622)**	(7,529)
	354,684	321,758
	$934,600	$855,875

*1982 figures have been restated to conform with 1983 presentation

Signed on Behalf of the Board: Director

Director

Consolidated Statement of Changes in Financial Position

Year ended March 31	1983	(Dollars in thousands) 1982*
Source of funds		
Earnings from continuing operations	**$ 64,344**	$ 54,124
Items not affecting funds –		
Depreciation and amortization	**37,804**	32,437
Deferred income taxes	**(931)**	5,521
Gain on sale of fixed assets	**(3,866)**	(4,297)
Earnings allocated to minority shareholders	**1,210**	1,474
Other	**2,112**	(636)
Funds provided from continuing operations	**100,673**	88,623
Funds provided from discontinued operations	**9,884**	4,690
Decrease (increase) in working capital excluding cash items	**47,241**	(5,318)
Proceeds from –		
Sale of fixed assets	**7,851**	9,189
Sale of businesses	**9,458**	529
Disposal of investments	**910**	2,759
Issue of capital stock	**1,862**	183
Total source of funds	**177,879**	100,655
Use of funds		
Cash dividends	**20,217**	18,899
Investment in fixed assets	**40,560**	67,269
Additions to investments	**8,806**	4,423
Business acquisitions	**6,167**	4,684
Reduction of minority interest	**3,429**	2,835
Other	**203**	3,557
Total use of funds	**79,382**	101,667
Net funds provided (used) during year	**$ 98,497**	$ (1,012)
Net debt (note 12)		
At beginning of year	**$264,774**	$263,762
Net funds provided (used) during year	**98,497**	(1,012)
Net debt at end of year	**$166,277**	$264,774

*1982 figures have been restated to conform with 1983 presentation

Notes to Consolidated Financial Statements

1. ACCOUNTING POLICIES

Consolidation

The accounts of all subsidiaries are consolidated except for the net assets of discontinued operations which are disclosed as described in note 3.

Inventories

Inventories are valued at the lower of cost and net realizable value except for retail lumber inventories, which are valued at the lower of cost and replacement cost. Cost is determined on a first-in, first-out basis.

Investments

Investments in companies over which the Corporation exercises significant influence are carried on the equity method. Other investments are carried on the cost basis.

Fixed assets

Fixed assets are carried at cost less accumulated depreciation. Depreciation is provided on the straight-line method, principally at annual rates of 2½% for buildings and from 10% to 20% for equipment.

Intangible assets

Intangible assets include principally goodwill and hockey franchises. Goodwill is amortized on a straight-line basis over periods not exceeding forty years. The hockey franchises are not amortized as the Corporation believes there has been no decrease in their value.

Income taxes

Deferred income taxes represent amounts deferred to future years due to the earlier deduction of certain expenses, principally depreciation, for tax purposes.

2. CHANGE IN ACCOUNTING POLICY

During the year, the Corporation adopted the recommendation of the Canadian Institute of Chartered Accountants related to the translation into Canadian dollars of foreign currency assets and liabilities. As a result, those assets and liabilities are translated at March 31 rates. The differences between translating at March 31 rates and the exchange rates on the date of acquisition have been included in shareholders' equity as "unrealized foreign currency translation losses". Earnings of foreign operations are translated at average rates of exchange during the year.

In previous years, current assets and current liabilities were translated at the March 31 rate with unrealized foreign exchange gains and losses charged to earnings. Other balance sheet accounts and related depreciation were translated at the rate of exchange on the date of acquisition.

The effect of this change in accounting policy was an increase in 1983 net earnings by $2,943,000 or $0.21 per share (1982—$1,738,000 or $0.12 per share). Opening retained earnings for 1982 have not been restated as the effect would not be material.

Unrealized foreign currency translation losses increased to $17,622,000 as at March 31, 1983 from $7,529,000 in 1982 as a result of the continued strengthening of the Canadian dollar against most major currencies.

3. DISCONTINUED OPERATIONS

On March 30, 1983, the Corporation sold Seaway/Midwest Limited and related companies in the public warehousing and distribution business to Livingston International Inc. for cash. In addition, it has been decided to sell the Willson Office Specialty Ltd. business. It is expected that this planned disposition will be substantially completed during fiscal year 1984.

Accordingly, the net assets of these businesses have been separated on the consolidated balance sheet as "net assets of discontinued operations" and the results of the businesses have been separately disclosed in the consolidated statement of earnings as "earnings (loss) from discontinued operations". Furthermore the net loss on sale of these businesses has been reflected as an extraordinary item in the 1983 net earnings of the Corporation.

Net assets of discontinued operations

The net assets of discontinued operations represent Willson Office Specialty at March 31, 1983. The change during the year reflects the sale of Seaway/Midwest, the reduction of working capital in Willson Office Specialty, and the writedown of remaining assets to estimated realizable value. These net assets consist of the following:

(Dollars in thousands)	1983	1982
Working capital, excluding cash items	**$ 8,194**	$ 27,124
Fixed assets	**3,587**	9,294
Bank indebtedness and capital lease obligations	**(2,291)**	(3,987)
Other assets and liabilities	**140**	386
	$ 9,630	$ 32,817

Notes to Consolidated Financial Statements

Earnings (loss) from discontinued operations

The results of discontinued operations were as follows:

(Dollars in thousands)	1983	1982
Sales	**$121,834**	$141,316
Cost and expenses		
Cost of sales, selling and administrative costs	**123,077**	139,132
Depreciation	**1,802**	2,123
	(3,045)	61
Income taxes recoverable	**1,575**	400
Earnings (loss) from discontinued operations	**$ (1,470)**	$ 461

Extraordinary item

The extraordinary loss of $1,500,000 in fiscal year 1983 (net of income taxes recoverable of $3,700,000) reflects the gain on sale of Seaway/Midwest and the provision for loss on sale of Willson Office Specialty. The provision for loss includes the write-down of net assets to their estimated realizable values, estimated costs of disposal and future operating losses up to the estimated date of sale.

4. EARNINGS PER SHARE

Earnings per share are calculated based on the weighted average number of shares outstanding during the year (1983 – 14,180,000 shares; 1982 –14,091,000 shares). Earnings per share on a fully diluted basis are calculated by increasing the number of issued shares as if all the Convertible Subordinated Debentures had been converted to Class "A" shares at the beginning of the year, and by adjusting reported net earnings to remove the after tax effect of the 8½% interest payable on the Convertible Subordinated Debentures.

5. NET INTEREST EXPENSE

(Dollars in thousands)	1983	1982
Interest on long-term debt	**$ 23,566**	$ 26,074
Other interest	**10,218**	13,284
	33,784	39,358
Less: short-term investment income	**6,511**	1,596
Net interest	**$ 27,273**	$ 37,762

6. INVENTORIES

(Dollars in thousands)	1983	1982
Finished goods	**$118,914**	$136,042
Work in process	**9,477**	9,587
Raw materials and supplies	**43,529**	47,324
Returnable bottles	**12,634**	9,833
	$184,554	$202,786

7. INVESTMENTS

(Dollars in thousands)	1983	1982
Mortgages and loans, at cost	**$ 22,664**	$ 14,251
Investments, on equity method	**11,233**	10,769
Other investments, at cost less provision for losses of $8.0 million (1982–$1.5 million)	**10,178**	14,801
	$ 44,075	$ 39,821

8. FIXED ASSETS

(Dollars in thousands)	1983	1982
Land	**$ 29,122**	$ 29,394
Buildings	**202,611**	202,211
Equipment	**346,256**	320,724
	577,989	552,329
Accumulated depreciation	**235,312**	206,547
	$342,677	$345,782

Properties under capital leases

Properties under capital leases entered into after March 31, 1979 are included in fixed assets. These properties which consist of vehicles and equipment are depreciated on the straight-line method using the rates of depreciation applied to fixed assets. At March 31, 1983 leased properties were $8,086,000 net of accumulated depreciation of $6,283,000 (1982–$10,384,000 net of accumulated depreciation of $4,831,000).

Capital leases entered into prior to April 1, 1979

Certain leases entered into prior to April 1, 1979 and accounted for as operating leases, have the characteristics of capital leases. If these leases had been accounted for as capital leases, fixed assets and long-term debt as at March 31, 1983 would have increased by $52,355,000 (1982–$55,272,000) and $58,058,000 (1982–$60,133,000) respectively and net earnings would have been reduced by $317,000 (1982–$323,000).

Notes to Consolidated Financial Statements

9. LONG-TERM DEBT

(Dollars in thousands)	1983 Current	1983 Total	1982 Current	1982 Total
Sinking Fund Debentures:				
8¼% maturing in 1991	$ –	$ 30,299	$ –	$ 32,782
8¼% maturing in 1995	900	24,600	900	25,500
Convertible Subordinated Debentures 8½% maturing in 2000 (1)	–	74,975	–	75,000
Term loans (2)	–	97,006	–	63,404
Note payable 9% maturing in 1989	1,536	10,753	1,536	12,291
Obligations under capital leases	2,573	8,986	2,640	10,886
Other	1,317	6,272	797	5,316
	$ 6,326	252,891	$ 5,873	225,179
Current instalments		6,326		5,873
		$246,565		$219,306

(1) The 8½% Convertible Subordinated Debentures are convertible at the holder's option into Class "A" shares until September 30, 1990, at a price of $38.125 per share, subject to adjustments in certain events.

(2) Term loans represent revolving credit agreements which are floating rate obligations currently bearing interest from 9% to 9¾% and supported by bank five year term loan facilities. These loans include $50,000 of commercial paper borrowings. Of the total of $97,006, $47,006 (1982–$63,404) is repayable in U.S. dollars.

The aggregate maturities of long-term debt, excluding capital leases, during the next five years are: 1984–$3,753,000; 1985–$7,819,000; 1986–$10,893,000; 1987–$10,209,000; 1988–$4,064,000.

The change during the year in long-term debt, including current instalments, was as follows:

(Dollars in thousands)	1983	1982
Balance at beginning of year	$225,179	$226,240
Additions–commercial paper	50,000	–
–other	4,278	4,621
Repayments	(25,956)	(7,343)
Effect of changes in foreign exchange rates	(610)	1,661
Balance at end of year	$252,891	$225,179

Lease obligations

The following table represents minimum rental payments due on all lease commitments together with the present value of the obligations under those capital leases entered into after March 31, 1979. Properties leased include warehouses, retail stores and sports arenas.

(Dollars in thousands)	Capital leases entered into after March 31, 1979	Other leases	Total
1984	$ 3,923	$ 11,808	$ 15,731
1985	3,169	11,840	15,009
1986	2,527	11,287	13,814
1987	1,730	8,907	10,637
1988	739	8,466	9,205
Thereafter	397	89,735	90,132
Total minimum rental payments	12,485	$142,043	$154,528
Less: Imputed interest	3,499		
Obligations under capital leases	$ 8,986		

10. CAPITAL STOCK

Authorized

The Corporation is authorized to issue:

(a) an unlimited number of Class "A" non-voting shares without nominal or par value (the "Class "A" shares");

(b) an unlimited number of Class "B" common shares without nominal or par value (the "Class "B" shares");

(c) an unlimited number of preference shares without nominal or par value, which shall rank in priority to the Class "A" and Class "B" shares and may be issued from time to time in series with the designation, rights, privileges, restrictions and conditions attaching to each series as and in the manner set out in its Articles.

The holders of the Class "A" shares are entitled, voting separately as a class on the basis of one vote per share, to elect annually three members of the Board of Directors of the Corporation. Subject to applicable law, the holders of the Class "A" shares do not otherwise have a right to vote at meetings of shareholders but are entitled to notice of and to attend all shareholders' meetings except class meetings of the holders of another class of shares. The holders of the Class "B" shares are entitled to one vote per share at all meetings of shareholders.

In each fiscal year, the holders of the Class "A" shares are entitled to receive non-cumulative dividends aggregating $0.20 per share before any dividends may be paid on the Class "B" shares, no further dividends can be paid to the holders of the Class "A" shares until dividends aggregating $0.20 per share have been declared or paid on the Class "B" shares, and thereafter the Class "A" shares and the Class "B" shares participate equally as to all dividends declared.

Notes to Consolidated Financial Statements

In the event of the liquidation, dissolution or winding-up of the Corporation, the holders of the Class "A" shares and the holders of the Class "B" shares would be entitled to share equally, share for share, in all distributions of the assets of the Corporation.

Issued and outstanding

At March 31, the following shares were issued and outstanding:

	1983		1982	
	Shares	**Amount**	Shares	Amount
Class "A"	**9,132,527**	**$51,919,000**	9,018,619	$49,286,000
Class "B"	**5,091,269**	**9,216,000**	5,091,269	9,216,000
	14,223,796	**$61,135,000**	14,109,888	$58,502,000

During the year, the following shares were issued:

	1983		1982	
	Shares	**Amount**	Shares	Amount
Class "A"				
Employee stock option purchases	**64,000**	**$ 1,625,000**	7,500	$ 183,000
Stock dividends (1)	**28,011**	**771,000**	51,860	1,398,000
Conversions (2)	**655**	**25,000**	–	–
Acquisition of minority interest (3)	**21,242**	**212,000**	–	–
	113,908	**$ 2,633,000**	59,360	$ 1,581,000

(1) Issued in payment of dividends under Shareholders' Optional Stock Dividend Plan.

(2) Issued on conversions of Convertible Subordinated Debentures.

(3) Issued in payment for shares in a subsidiary company.

Stock options

At March 31, 1983, the following options to employees to purchase Class "A" shares were outstanding:

Expiry date	Option price	Shares
April 27, 1986	$26.10	29,000
February 22, 1987	$24.75	3,000
		32,000

Shares reserved at March 31, 1983:

For Employee stock options	– Class "A"	183,400
	– Class "B"	5,400
For Optional stock dividends	– Class "A"	124,953

11. SEGMENTED FINANCIAL INFORMATION

Segmented Financial Information which analyzes the continuing operations of the Corporation by industry and geographic segments is provided on pages 24 and 25 of this report.

The principal activities of each industry segment are as follows:

Brewing

The production and marketing of beer throughout Canada and the distribution of beer in the United States.

Chemical Specialties

The marketing of chemical specialty products and dispensing systems to industrial, institutional and commercial users in over 100 countries. Its products include cleaning and sanitizing compounds, bactericides, lubricants, laundry detergents, metal finishing products and water treatment chemicals.

Retail Merchandising

The retailing in Canada of lumber, building materials and related hard-goods to the consumer and commercial building trade.

12. ADDITIONAL INFORMATION

Pension plans

The funding requirements for current service pension costs, based on actuarial determinations, are charged to earnings. Past service costs are being charged to earnings and funded over periods not exceeding 15 years. The unrecorded unfunded pension liability for past service pension costs amounted to $12,000,000 as at March 31, 1983 (1982–$13,500,000).

Related party transactions

The Corporation purchases malt from Canada Malting Co., Limited in which it held a 14% interest at March 31, 1983. These malt purchases are made in the normal course of business and on terms and conditions applicable to unrelated parties. In 1983, purchases amounted to $42,303,000 (1982–$50,781,000). The amount payable to Canada Malting Co., Limited as at March 31, 1983 was $2,317,000 (1982–$1,825,000).

Net debt

Net debt includes bank indebtedness and short-term notes, long-term debt (including current instalments), less cash and short-term investments.

Segmented Financial Information and Inflation Accounting

The Financial Information by Industry and Geographic Segments which follows provides certain basic data about our continuing business operations, and forms part of our audited consolidated financial statements.

The Additional Financial Information by Industry Segment on page 25 relates the net operating income of each segment to capital employed stated at net book value and at estimated replacement cost. This additional information does not form part of the financial statements and has not been audited.

Commentary on segmented information can be found in the Financial Review on page 14 of this Annual Report.

Replacement Cost Data

There have been many studies of the effects of inflation on business results and the methods whereby businesses could report the impact of changing prices and cost levels on their operations. The Canadian Institute of Chartered Accountants has recently issued recommendations entitled "Reporting the Effects of Changing Prices". These recommendations have not been implemented in this report.

Replacement cost information should be used with caution, since the data is by nature subjective and methods can and do vary from one corporation to another.

The data for capital employed at estimated replacement cost was developed on a basis consistent with prior years, and calculated by either applying an index to prior years data or using one of the following methods:

Land—Stated at net book value as shown on the consolidated balance sheet.

Buildings—Replacement costs were estimated using one of the following methods:

Cost per unit of output—An engineering estimate based on production capacities of existing plants.

Unit cost method—Estimated current building cost per square foot for the size and type of building which would replace the existing facility.

Indexing method—National and provincial cost indices published by a leading business publication firm applied to detailed cost records.

Equipment—Replacement costs were estimated using one of the following methods;

Cost per unit of output—An engineering estimate based on production capacities of existing plants.

Direct pricing—Current prices of equipment manufacturers.

Accumulated depreciation—Calculated on the replacement costs of buildings and equipment at the same rate used in the consolidated balance sheet.

Working capital, investments and other assets—Stated at net book value as shown on the consolidated balance sheet.

To calculate return on average capital employed at estimated replacement cost, net operating income has been adjusted to recognize higher depreciation charges. Since this adjustment was not made in the past, 1982 comparative figures have been restated.

Segmented Financial Information (Audited)

(Dollars in millions)

	Consolidated		INDUSTRY SEGMENTS: Brewing		Chemical Specialties		Retail Merchandising	
	1983	1982*	**1983**	1982*	**1983**	1982*	**1983**	1982*
Sales of continuing operations	**1,752.8**	1,648.1	**1,023.5**	913.3	**422.1**	408.3	**307.2**	326.5
Inter-segment sales	**–**	–	**–**	–	**3.2**	2.1	**–**	–
			1,023.5	913.3	**425.3**	410.4	**307.2**	326.5
Segment operating profit (1) (2)	**161.3**	130.9	**126.6**	101.5	**30.6**	28.1	**4.1**	1.3
Identifiable assets	**765.4**	787.7	**401.5**	389.9	**235.5**	245.7	**128.4**	152.1
Net assets of discontinued operations	**9.6**	32.8						
Corporate assets	**159.6**	35.4						
Total assets	**934.6**	855.9						
Capital expenditures	**40.6**	67.3	**24.3**	48.0	**15.0**	18.2	**1.3**	1.1
Depreciation	**34.0**	29.1	**20.8**	16.7	**10.2**	8.9	**3.0**	3.5

	Consolidated		GEOGRAPHIC SEGMENTS: Canada		U.S.A. (6)		Europe		Other	
	1983	1982*	**1983**	1982*	**1983**	1982*	**1983**	1982*	**1983**	1982*
Sales of continuing operations	**1,752.8**	1,648.1	**1,286.6**	1,200.1	**236.8**	225.8	**162.2**	157.8	**67.2**	64.4
Inter-segment sales	**–**	–	**71.6**	76.0	**0.4**	1.1	**0.2**	1.1	**–**	–
			1,358.2	1,276.1	**237.2**	226.9	**162.4**	158.9	**67.2**	64.4
Segment operating profit (1) (2)	**161.3**	130.9	**133.8**	110.7	**12.0**	3.5	**11.9**	10.5	**3.6**	6.2
Identifiable assets	**765.4**	787.7	**565.3**	578.8	**71.6**	57.0	**88.0**	102.2	**40.5**	49.7

*1982 figures have been restated to conform with 1983 presentation.

Additional Financial Information by Industry (Unaudited)

(Dollars in millions)

	Consolidated		Brewing		Chemical Specialties		Retail Merchandising	
	1983	1982*	**1983**	1982*	**1983**	1982*	**1983**	1982*
Sales of continuing operations	**1,752.8**	1,648.1	**1,023.5**	913.3	**422.1**	408.3	**307.2**	326.5
Segment operating profit (1) (2)	**161.3**	130.9	**126.6**	101.5	**30.6**	28.1	**4.1**	1.3
Income taxes (3)	**(63.5)**	(49.5)	**(51.1)**	(39.3)	**(11.8)**	(11.9)	**(0.6)**	1.7
Net operating income (4)	**97.8**	81.4	**75.5**	62.2	**18.8**	16.2	**3.5**	3.0
Capital employed at net book value (5)	**547.8**	587.4	**288.3**	291.2	**174.5**	180.6	**85.0**	115.6
Return on average capital employed	**17.2%**	14.0%	**26.1%**	22.4%	**10.6%**	8.9%	**3.5%**	2.4%
Capital employed at estimated replacement cost	**858.4**	854.3	**583.2**	543.2	**181.8**	185.9	**93.4**	125.2
Return on average capital employed at estimated replacement cost (7)	**8.2%**	6.8%	**8.8%**	7.6%	**9.9%**	8.1%	**2.3%**	1.7%

Notes

1. Segment operating profit is sales of continuing operations less expenses which are directly attributable to each segment. Segment expenses do not include corporate items, net interest expense, income taxes, and minority interest.

Segment operating profit is reconciled in total to earnings from continuing operations through the table of Additional Financial Information by Industry and the "Reconciliation of net operating income and earnings".

2. The effect of the change in accounting policy with respect to foreign currency translation was an increase in Chemical Specialties 1983 segment operating profit by $2.9 million (1982–$1.7 million).

3. Income taxes in the consolidated statement of earnings of $47.7 million (1982–$31.9 million) includes income taxes applicable to the industry segments of $63.5 million (1982–$49.5 million) less amounts applicable to net interest and corporate items of $15.8 million (1982–$17.6 million).

4. Net operating income is after charging income taxes at the rate applicable to each segment.

5. Capital employed at net book value of each segment consists of directly identifiable assets less current liabilities, exclusive of short-term borrowings and corporate items.

6. U.S.A. segment operating profit is after charging both a markup on beer imported from Canada and a royalty of $5.0 million (1982–$4.8 million) for the use of Molson trade marks, etc., pursuant to existing contractual agreements.

7. Return on average capital employed at estimated replacement cost is calculated by adjusting net operating income to recognize higher depreciation charges.

Reconciliation of net operating income and earnings

(Dollars in millions)	**1983**	1982*
Net operating income (4)	**97.8**	81.4
Corporate items	**(20.8)**	(5.6)
Net interest	**(27.3)**	(37.8)
Income tax on net interest and corporate items (3)	**15.8**	17.6
Minority interest	**(1.2)**	(1.5)
Earnings from continuing operations	**64.3**	54.1

Reconciliation of capital employed and total assets

(Dollars in millions)	**1983**	1982*
Capital employed at net book values (5)	**547.8**	587.4
Corporate items	**20.9**	26.0
Net assets of discontinued operations	**9.6**	32.8
Total capital employed	**578.3**	646.2
Accounts payable	**162.5**	153.8
Taxes payable	**52.4**	43.3
Dividends payable	**5.4**	5.1
Cash and short-term investments	**136.0**	7.5
Total assets	**934.6**	855.9

*1982 figures have been restated to conform with 1983 presentation.

Operating and Financial Record

	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974
Operations ($ millions)										
Sales Revenues										
Brewing	**1,023.5**	913.3	749.5	685.2	577.0	489.3	442.2	408.1	357.1	296.2
Chemical Specialties	**422.1**	408.3	405.1	239.7	157.8	–	–	–	–	–
Retail Merchandising	**307.2**	326.5	327.2	334.2	294.3	266.7	261.8	232.2	211.8	174.6
Sales of continuing operations	**1,752.8**	1,648.1	1,481.8	1,259.1	1,029.1	756.0	704.0	640.3	568.9	470.8
Other	**–**	–	134.6	131.4	167.8	195.9	185.0	171.1	171.4	145.3
Total sales revenues	**1,752.8**	1,648.1	1,616.4	1,390.5	1,196.9	951.9	889.0	811.4	740.3	616.1
Depreciation	**34.0**	29.1	27.7	22.7	20.8	18.2	16.7	15.2	13.3	11.5
Net interest expense	**27.3**	37.8	30.4	19.9	17.1	10.6	12.3	12.1	13.3	7.5
Earnings before income taxes	**113.3**	87.5	71.6	87.3	77.2	49.1	44.5	40.0	33.8	37.7
Income taxes	**47.7**	31.9	30.1	34.6	31.9	17.9	18.2	16.2	13.8	15.6
Net earnings										
Before extraordinary item	**62.9**	54.6	39.9	50.9	44.1	30.9	26.0	23.5	19.6	21.8
After extraordinary item	**61.4**	54.6	37.9	50.9	44.1	33.0	26.0	23.6	18.6	21.9
Funds provided from operations	**110.6**	93.3	75.3	75.7	64.9	50.2	43.3	43.1	35.9	37.6
Financial ($ millions)										
Working capital	**224.1**	163.4	154.9	89.1	97.2	119.1	102.8	98.9	92.4	104.2
Current ratio	**1.8:1**	1.6:1	1.5:1	1.3:1	1.4:1	1.8:1	1.8:1	1.8:1	1.7:1	2.1:1
Investment in fixed assets	**40.6**	67.3	70.7	53.5	40.8	28.6	24.9	22.9	35.0	32.8
Total assets	**934.6**	855.9	863.6	706.1	630.1	462.4	437.8	421.3	407.0	345.3
Long-term debt	**246.6**	219.3	221.7	107.7	113.1	88.0	94.0	98.1	100.3	79.6
Shareholders' equity	**354.7**	321.8	293.4	274.0	237.9	204.3	183.6	168.9	156.3	150.0
Return on shareholders' equity (average)	**18.5%**	17.7%	14.0%	19.9%	19.9%	15.9%	14.8%	14.5%	12.8%	15.1%
Net debt: equity ratio	**32:68**	45:55	50:50	42:58	45:55	40:60	45:55	47:53	51:49	42:58
Net interest coverage	**5.2:1**	3.3:1	3.4:1	5.4:1	5.5:1	5.6:1	4.6:1	4.3:1	3.5:1	6.0:1
Per share ($)										
Earnings										
Before extraordinary item										
–Basic	**4.44**	3.87	2.84	3.65	3.20	2.25	1.90	1.72	1.43	1.60
–Fully diluted	**4.11**	3.64	2.76	–	–	–	–	–	–	–
After extraordinary item										
–Basic	**4.33**	3.87	2.70	3.65	3.20	2.41	1.90	1.72	1.36	1.60
–Fully diluted	**4.02**	3.64	2.62	–	–	–	–	–	–	–
Dividends	**1.48**	1.44	1.44	1.26	1.056	.888	.832	.80	.80	.80
Shareholders' equity	**24.94**	22.80	20.88	19.59	17.15	14.92	13.41	12.34	11.41	10.98
Other										
Number of shares outstanding (thousands)	**14,224**	14,110	14,051	13,988	13,871	13,692	13,692	13,692	13,690	13,667
Number of shareholders	**8,831**	9,471	9,823	10,394	11,151	11,819	12,457	13,199	13,656	14,134
Number of employees	**11,100**	12,500	13,200	12,500	12,300	10,300	10,800	11,000	11,200	10,900

Directors and Officers

Directors

W. R. Allen, Toronto
Barrister and Solicitor

Dr. L. I. Barber, Regina
President and Vice Chancellor,
University of Regina

R. M. Barford, Toronto
President,
Valleydene Corporation Limited

Jean Béliveau, Montreal
Senior Vice President,
Corporate Affairs,
Club de Hockey Canadien, Inc.

J. T. Black, Toronto
President and Chief Executive Officer

J. P. Gordon, Toronto
Chairman and Chief Executive Officer,
Stelco Inc.

Donald Harvie, Calgary
Chairman, The Devonian Group

T. E. Ladner, Vancouver
Partner, Ladner Downs,
Barristers and Solicitors

A. G. McCaughey, Toronto
President and Chief Executive Officer,
North American Life Assurance Company

E. H. Molson, Montreal
Deputy Chairman of the Board

Hon. H. deM. Molson, Montreal
Honorary Chairman of the Board

Charles Perrault, Montreal
President, Perconsult Ltd.

Gérard Plourde, Montreal
Chairman of the Board, UAP Inc.

J. D. Riley, Winnipeg
Director, United Canadian Shares Limited

J. P. Rogers, Toronto
Executive Vice President and
Chief Operating Officer

R. D. Stuart, Chicago
Chairman of the Board,
The Quaker Oats Company

D. G. Willmot, Toronto
Chairman of the Board

Honorary Directors

Frank M. Covert, Halifax
Roger Létourneau, Quebec
N. E. Whitmore, Regina

Board of Directors

There are currently 17 members of the Board, five of whom are officers of the Corporation and 12 of whom are outsiders. Each year seven regular meetings are scheduled and special meetings may be called from time to time.

Committees of the Board:

Executive Committee

D. G. Willmot, Chairman
J. T. Black
Donald Harvie
T. E. Ladner
E. H. Molson
Hon. H. deM. Molson
Gérard Plourde

Audit Committee

J. D. Riley, Chairman
Dr. L. I. Barber
T. E. Ladner
E. H. Molson
R. D. Stuart

Management Resources and Compensation Committee

D. G. Willmot, Chairman
R. M. Barford
J. T. Black
J. P. Gordon
E. H. Molson
Hon. H. deM. Molson
Gérard Plourde

Pension Fund Committee

Charles Perrault, Chairman
W. R. Allen
Jean Béliveau
A. G. McCaughey
J. D. Riley
J. P. Rogers

Officers

Hon. H. deM. Molson
Honorary Chairman of the Board

D. G. Willmot
Chairman of the Board

E. H. Molson
Deputy Chairman of the Board

J. T. Black
President and Chief Executive Officer

J. P. Rogers
Executive Vice President and
Chief Operating Officer

A. L. Keyworth
Executive Vice President,
Retail and Distribution Group

D. V. Pleshoyano
Executive Vice President,
Brewing Group

L. R. Sinclair
Executive Vice President,
Chemical Specialties Group

Morgan McCammon
Executive Vice President

P. B. Stewart
Executive Vice President,
Corporate Services and Secretary

S. L. Hartley
Senior Vice President, Finance

C. R. Cook
Vice President, Administration
and Associate Secretary

I. A. Cross
Vice President

K. A. F. Gates
Vice President, General Counsel

W. J. Gluck
Vice President, Corporate Development

D. V. M. Hull
Vice President, Controller

D. H. Stanley
Vice President, Personnel

K. L. Merson
Treasurer

I. D. Fraser
Assistant Treasurer

Shirley A. Hoffman
Assistant Secretary

J. F. Osterman
Assistant Secretary

L. J. Régimbal
Assistant Secretary

Operating Management

BREWING GROUP

1555 Notre Dame Street East,
Montreal, Quebec

D. V. Pleshoyano, Executive Vice President

Molson Breweries of Canada Limited
Montreal, Quebec

M. McCammon, Chairman of the Board

D. V. Pleshoyano, President

H. H. Brace, Senior Vice President, Business Development

H. J. Moran, Senior Vice President, Marketing

N. M. Seagram, Senior Vice President, Administration

R. L. Bowman, Vice President and Counsel

T. C. Broden, Vice President and Director, Production Services

C. Harari, Vice President, Industrial Relations

A. L. Jones, Vice President and Director, Special Projects

J. L. Kappele, Vice President and Director, Engineering Services

K. Laursen, Vice President, Personnel

J. F. Osterman, Vice President, Controller

D. R. Thompson, Vice President, Marketing

A. Tranchemontagne, Vice President, Brand and Market Development

Z. Valyi, Vice President, Production

Molson Newfoundland Brewery Limited
St. John's, Newfoundland

R. I. McKenzie, President

La Brasserie Molson du Québec Limitée
Montreal, Quebec

J. J. Allard, President

P. Falardeau, Vice President and Director of Planning

L. J. Régimbal, Vice President, Administration and Secretary

G. Richer, Vice President, Personnel

R. L. Weaver, Vice President, Production

Molson's Brewery (Ontario) Limited
Toronto and Barrie, Ontario

D. A. Barbour, President

G. A. Jupp, Vice President, Public Affairs

R. K. Kitamura, Vice President, Personnel

A. O. Kullgren, Vice President, Marketing

D. B. Macaskill, Vice President, Administration and Secretary

F. C. Mann, Vice President, Operations

Molson's Western Breweries (1976) Limited
Calgary, Alberta

T. M. Sterling, President

W. J. Bradley, Vice President, Production

B. J. Lavell, Vice President, Administration

J. S. Martin, Vice President, Personnel

J. R. Winter, Vice President, Marketing

British Columbia: J. G. Beach, President

Alberta: H. R. Deeks, President

Saskatchewan: G. S. Burkett, President

Manitoba: D. Henderson, President

Molson Breweries International
Montreal, Quebec

H. H. Brace, President

G. Regan, Vice President and President, Martlet Importing Co. Inc., Great Neck, New York

J. P. Thomson, Vice President, International Marketing

Club de Hockey Canadien, Inc.
Montreal, Quebec

M. McCammon, Chairman of the Board

R. Corey, President

S. Savard, Managing Director

J. Béliveau, Senior Vice President, Corporate Affairs

G. Grundman, Vice President, Operations-Administration

F. Steer, Vice President, Finance

Le Club de Soccer Manic de Montréal Inc.
Montreal, Quebec

M. McCammon, President

R. Samson, Executive Vice President and Managing Director

J. Burelle, Vice President, Operations

CHEMICAL SPECIALTIES GROUP

201 City Centre Drive
Mississauga, Ontario

L. R. Sinclair, Executive Vice President

Diversey Corporation
Mississauga, Ontario

J. Perry, President

J. J. Nicholson, Vice President, Finance and Control

Dr. M. W. Pemberton, Vice President, Technology & Industry Development

J. E. Walker, Vice President, Personnel

E. C. Trimble, Secretary & Legal Counsel

Regional General Management

A. E. Preston, Senior Vice President, Europe, Africa and Middle East Region

- J. L. Ruiz-Valeta, Group Vice President—France, Italy and Spain
- A. Ashforth—United Kingdom
- J. Breynaert—France, Belgium, Portugal, Morocco, Ivory Coast, Senegal, Cameroon and Reunion
- R. Bracco—Italy
- A. Galsgaard—Denmark, Norway, Sweden and Finland
- D. Obstoj—Germany, Netherlands and Austria

J. C. Pick, Senior Vice President, North America Region

- J. A. Jamer—Sanitary Products
- J. Kirkham—United States
- J. Kane—Canada
- W. H. Paul—UBA Chemical Industries
- R. Tresidder—Bird Archer, Ltd.

N. A. Nuwar, Vice President, Latin America and Caribbean Region

- A. De Martino—Venezuela
- W. Kong—Jamaica
- I. Lewis—Guatemala
- O. Motta—Brazil, Argentina and Chile

J. D. Taylor, Vice President, Asia Pacific Region

- C. Chai—Singapore and Thailand
- R. H. Gardiner—Australia, New Zealand and Fiji
- E. A. Richards—Hong Kong and Philippines

RETAIL AND DISTRIBUTION GROUP

2 International Boulevard,
Rexdale, Ontario

A. L. Keyworth, Executive Vice President

Beaver Lumber Company Limited
Willowdale, Ontario

A. L. Keyworth, Chairman and President

J. C. Bingleman, Vice President, Business Development

W. D. Darlington, Vice President, Merchandising and Distribution

R. G. Richter, Vice President, Personnel

S. P. Baker, Vice President, Administration

W. J. Mann, Divisional Vice President, British Columbia

A. M. Sibbald, Divisional Vice President, Home Centres

J. W. Baird, Divisional Vice President, Ontario Building Centres

M. C. Manto, Divisional Vice President, Western Building Centres

Willson Office Specialty Ltd.
Mississauga, Ontario

D. K. Wilson, President

D. H. Kerry, Vice President, Administration and Personnel

G. E. Metcalfe, Executive Vice President and General Manager, Moyer Education

M. A. Risso, Executive Vice President and General Manager, Willson Office Specialty

CORPORATE INFORMATION

The Molson Companies Limited
Incorporated under the laws of Canada

Registered office: 1555 Notre Dame Street East,
Montreal, Quebec H2L 2R5

Executive office: 2 International Boulevard,
Rexdale, Ontario M9W 1A2

Registrar: National Trust Company, Limited,
Halifax, Montreal, Toronto, Winnipeg, Regina, Calgary and Vancouver.

Transfer Agent: The Royal Trust Company,
Halifax, Montreal, Toronto, Winnipeg, Regina, Calgary and Vancouver.

Auditors: Coopers & Lybrand

Printed in Canada