STANDARD BRANDS LIMITED

1980 ANNUAL REPORT

CONTENTS

Company Profile: Standard Brands Limited is one of Canada's foremost food and beverage manufacturers with annual sales of more than $450 million. It is a wholly owned subsidiary of Standard Brands Incorporated, New York, and has been a growing part of the Canadian business scene since 1929. Many of its products are market leaders based on a tradition of quality that began more than 128 years ago.

Throughout this Annual Report product references in italics (body copy) and roman type (captions) represent trade names, trade marks or brand names owned by or associated with Standard Brands Limited.

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Secrétaire
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1, rue Dundas ouest
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A dedication to quality

This Report on our 51st year in business highlights the many measures we take to safeguard the quality consumers have come to expect from Standard Brands' products. It's a tradition that began in the last century and is nurtured daily through every step of the buying, manufacturing and distribution processes. The final measure of quality is made by our millions of customers across Canada. It is their judgment that determines our success.

Quality is our most appreciated ingredient.


Entre
Amis
THE
CANADIAN LIQUEUR

Many of our most popular products originate in Canada and are attuned to contemporary tastes. Entre Amis, *our distinctive whisky based liqueur and* Pot of Gold *Chocolates, elegantly packaged in a rainbow are two such examples.*

1980: The year in brief

1980 was a year influenced by a sluggish economy, further complicated by volatile money and commodity markets. Despite these difficulties, the Company registered an increase in sales to $468 million and net income rose $1.2 million to $15.2 million. In addition, the Company generated an internal cash flow of $20.2 million.

During 1980 the Company concluded a $30 million long-term financing arrangement which contributed to the significant increase in net working capital of $39.4 million. This increased liquidity will afford the Company the financial flexibility to meet its future growth expectations.

Financial Highlights

From the Financial Statements:	1980	1979
(Thousands of Dollars)		
Net Sales	**468,110**	400,544
Net Income	**15,250**	14,070
Working Capital	**110,335**	70,891
Capital Investment	**9,313**	9,340
Shareholders' Equity	**138,994**	126,444

Other Financial Highlights:

	1980	1979
Per Capita Sales	**$21.05**	$18.33
Analysis of Gross Revenue Dollar		
Materials	**48.9%**	50.6%
Other Operating Expenses	**25.5%**	23.5%
Paid to Employees	**12.0%**	12.0%
Income, Sales & Excise Taxes	**9.1%**	9.6%
Net Income	**3.0%**	3.3%
Depreciation	**1.5%**	1.0%

The President's Report

In 1980 we entered our sixth decade as one of Canada's major manufacturers and marketers of food and beverage products. It was a strong, balanced year for Standard Brands Limited despite the most serious Canadian economic downturn in 25 years.

For the 14th consecutive year, Standard Brands Limited achieved sales and earnings records. Sales were $468 million, a 17% improvement over 1979. Net income rose by $1.2 million to $15.2 million.

Many factors contributed to our 1980 success. These included the sound positioning of the Company at the year's outset, and the strength of the brand name products we offer for sale across Canada.

We began 1980 in a strong competitive position throughout all of our operating divisions. This provided momentum and confidence that continued throughout the year. Successful cost management enabled us to substantially increase our consumer advertising investment and build on the strength of our major brand franchises. The end result was that all divisions contributed to our financial growth in 1980.

Double digit inflation continued to challenge our resourcefulness, as did generally higher costs of raw materials, labour and energy. The decline of the Canadian dollar added to the pressures of a volatile world commodity market. This further challenged our ability to improve productivity while maintaining our quality standards and competitive position in the market place.

Despite these challenges, we strengthened our competitive position in 1980. Company-wide Cost Improvement Programmes generated productivity improvements. Capital expenditures of $9.3 million were an integral part of these programmes. Over the past five years we have invested over $40 million, not only to improve and expand our facilities in all regions of the country, but also to respond to environmental needs in the communities where we operate.

We continued to invest in the vital area of our employees' well being by introducing improvements in Company paid benefits. During the year we introduced a complete dental coverage plan for our employees and their families. Our tuition-aid programme was extended to a 100% Company paid plan to encourage employees to further their education. Retired employees' pension benefits were increased in 1980 and a new major medical plan was developed for them.

We must also comment on the efforts made by the Company and its employees toward improved quality assurance for consumers who buy a Standard Brands' product or service. This Company's success is built upon more than half a century of quality products. We are committed to guarding this reputation in every aspect of our business.

Over the past few years, the Company has responded to changing business, economic and competitive conditions by reorganizing our plants, facilities and management structure. Newly acquired companies have been blended into the Standard Brands' family. New objectives and strategies have been established for successful growth in the decade of the 80's.

Today the Company is divisionalized into five basic business profit centres: Standard Brands Food Company which encompasses Consumer and Pet Food products; Lowney Inc. which includes Confectionery and Snack Foods; Standard Brands Food Service Division which services the food away from home market; the Wines and Spirits Division; and the Fleischmann Company, which is responsible for Baking Ingredients.

John R. MacDonald
President and Chief Executive Officer
Standard Brands Limited

Each business profit centre operates autonomously on a daily basis to assure fast response to changing market conditions, but is closely monitored through an effective management reporting system. Economies of scale are achieved through centralization of corporate resource functions of Finance, Corporate Planning, Distribution, Personnel, Industrial Relations, Legal, Engineering, Technical Services and Commodity Purchasing.

This structure has proven to be successful in providing flexibility for growth while retaining effective management control of our resources and overall corporate direction. It is interesting to note that in 1980 we had essentially the same number of people as in 1970, even though Company sales quadrupled during the decade.

1980 was one of the Company's more active years, in terms of the introduction of new products and the restaging of older, more familiar products. As consumers change their attitudes, life-styles and tastes, so we must change our products to keep pace with new needs and wants.

Competitive endeavours must also be anticipated and met. Last year all of our operating divisions performed well in an often perplexing environment. There were many highlights.

The *Fleischmann's* family of Corn Oil and Salt Free margarines was joined by new *Fleischmann's* Sunflower Oil margarine, reinforcing *Fleischmann's* quality image and reputation as Canada's most popular premium margarine brand. *Blue Bonnet* margarine was reformulated to further increase consumer taste appeal. Together these brands improved our position as the country's leading manufacturer of margarines.

Continued growth of our *Dr. Ballard's* and *Miss Mew* brands, coupled with the introduction of *Dr. Ballard's Puppy Plus*, Canada's first specially formulated canned puppy food, further strengthened our position as the nation's leading supplier of pet foods.

Spiralling raw material costs and product shortages, resulted in higher retail prices and reduced consumer purchases in the confectionery market. Through effective planning and by offering the right combination of quality and consumer value, Lowney Inc., our Confectionery and Snack Foods Division registered market share gains on bars and boxed chocolates. At *Planters*, a multi-million dollar plant modernization program was completed. *Planters* continues to be Canada's favourite line of nuts.

Led by wines, white spirits and liqueurs our Wines and Spirits group continued to improve its market share position. McGuinness Distillers celebrated the 75th anniversary of its entry into the Canadian wines and spirits industry by expanding its extensive line of *McGuinness* liqueurs and registered record sales results. *Silhouette* Vodka, gained strong consumer acceptance in the premium vodka market and became the first Canadian vodka to enter the U.S. market. Calona Wines maintained its leadership in developing new standards of excellence for Canadian table wines with the introduction of *Festspiel* and *Haut Villages* white wines.

Our Food Service Division became truly national in scope with the integration of Dickson's Food Services Ltd's Western Canada operations. As almost half of every dollar spent on food in Canada is now spent on meals away from home, our national leadership position in the food service coffee market provides a growing and important balance to our strength in the retail grocery products industry.

In Baking Ingredients, the *Fleischmann's* name and "yeast" have become almost synonymous to the Canadian baking industry over the past 100 years. The reason is quality, and in 1980, *Fleischmann's* Yeast continued to increase its sales and market share position as Canada's number one yeast manufacturer.

We believe that our results in 1980 were, in part, attributable to the efficiency and flexibility of our corporate organizational structure.

During the year, Peter A. K. Wood was appointed President, Wines and Spirits Division. He was formerly Executive Vice-President of the Division. Simon Gulden, General Counsel and Secretary was appointed a Vice-President of the Corporation. Subsequent to year-end, Ronald A. Adlam was appointed Vice-President, Planning for the Corporation.

The Board was pleased to welcome George C. Hitchman as a Director. Mr. Hitchman is a Director of the Bank of Nova Scotia.

We are proud to honour Nora Bechthold of Calgary, as the first recipient of the Gaëtan C. Morrissette Achievement award established in the name of the Company's first and current Chairman of the Board. The award will be presented annually to an employee whose "job performance, leadership, enthusiasm, innovation and dedication to the Company and community involvement exemplifies Standard Brands' standards."

To our employees, our customers and our suppliers, the Board of Directors of Standard Brands Limited expresses its appreciation for making 1980 another successful year in the growth of the Company.

John R. MacDonald
President and Chief Executive Officer
Standard Brands Limited

Home Economist Jane Carman monitors baking quality at our new Product Resource Centre in Toronto.

Quality assurance demands unceasing vigilance in every facet of our operations

Not only does every product that we produce have to meet a variety of strict government regulations, every Standard Brands product has to meet and exceed our own stringent standards through every stage of the production and marketing process.

These stages vary considerably when you consider that Standard Brands covers the spectrum from slowly aged distilled spirits to nutritionally balanced foods for dogs and cats.

In our *Dr. Ballard's* laboratories, biochemists, nutritionists and food processing technicians constantly seek improved formulas for our pet foods. Fortunately the days when pets were fed table scraps as their daily diet are fast becoming memories. Today, *Dr. Ballard's* cat food and canned dog foods are certified by the Canadian Veterinary Medical Association, the only brands to gain this certification. Quality works, when you work at it. At Standard Brands we work at it.

To our 3,000 employees, quality is an integral part of their everyday responsibilities, and many of these employees are fully engaged in quality control and quality assurance.

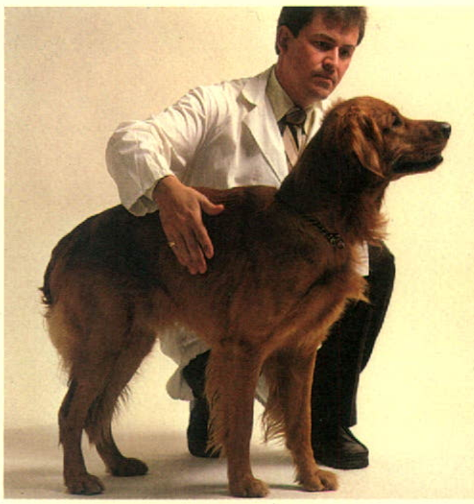
They assure the consistency and freshness of our *Fleischmann's* and *Blue Bonnet* margarines.

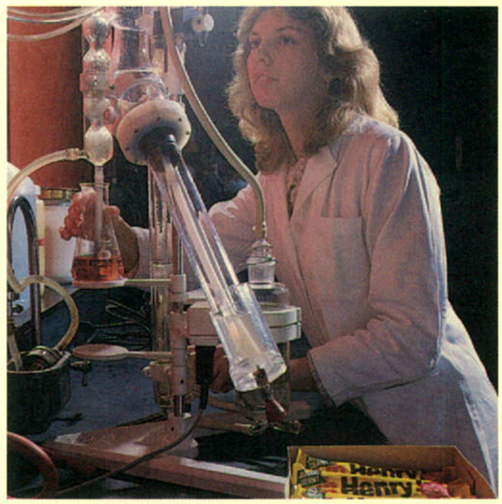
They guard the bouquet and clarity of our growing *Calona* wines with a sommelier's skill.

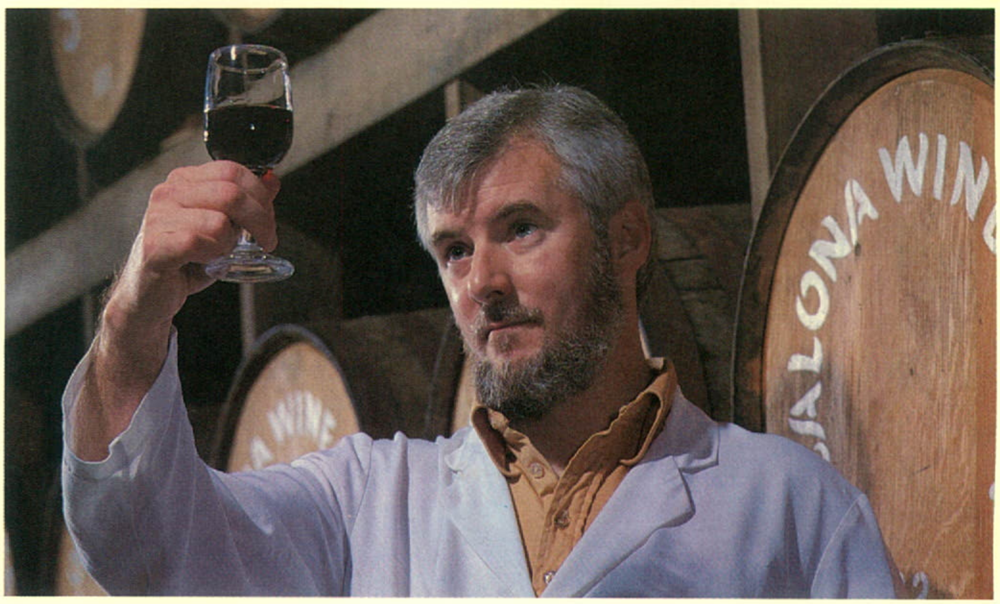
They subject our packaging containers and materials to more abuse than any consumer ever would, to make sure our products reach the public intact and fresh.

Every day in our analytical and microbiological laboratories we test, retest and analyze. At our *Moirs* box chocolate facility in Dartmouth quality control isn't one step in making Canada's most popular chocolates, it's every step.

When consumers purchase and repurchase, we know we've done our job well. Quality is our most appreciated ingredient.







Top left: Dr. Ballard's *safeguards its industry leadership through continuous kennel testing and stringent quality control.*

Top right: Skilled personnel oversee every step of our Moirs *and* Lowney *chocolate manufacturing.*

Right: A new barrel of Calona *table wine displays its clarity to a staff oenologist.*

We're just as fussy about selecting items on our shopping list as our customers are

We shop the world for the natural ingredients needed to make our hundreds of different products.

Our buyers are there when the new coffee crop is harvested in Brazil, Colombia, Africa and Central America. We buy tons of selected coffee beans to roast and blend for our *Chase & Sanborn* retail brands and for our many brands in the foodservice industry. As Canada's largest supplier of coffee to restaurants and caterers, our reputation is on the line with every cup. Quality first is our buyers' motto.

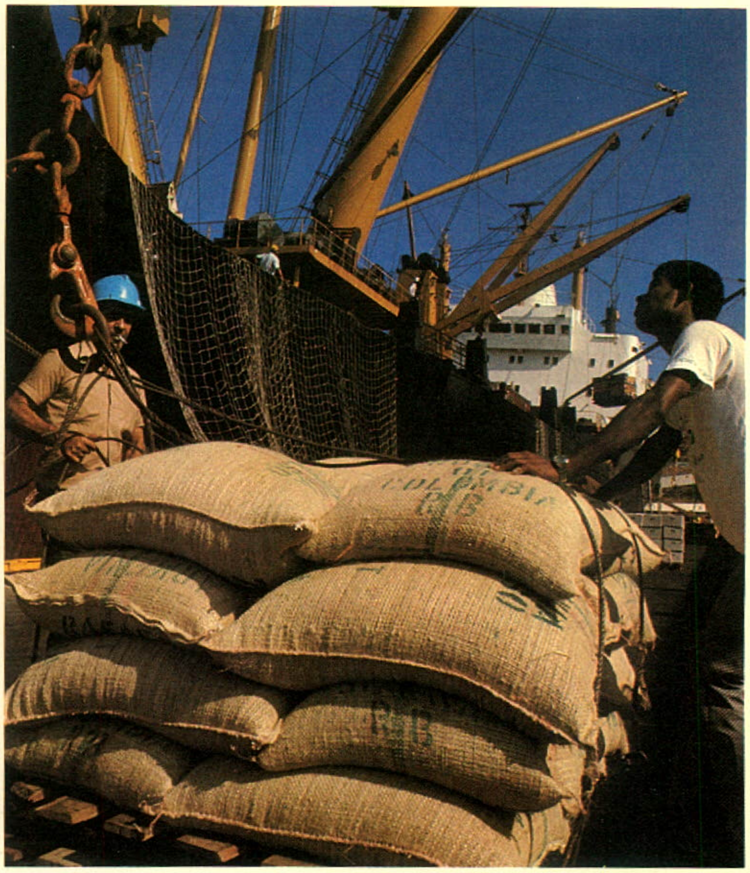
Harvest time is year-round for commodities. Cashew nuts from Indonesia are at their prime in the Spring. Filberts ripen in September in Turkey. We choose our cocoa beans from Africa in early Winter, and our corn from Central Canada. Before Fall's first frost the grapes for our imported wines are selected from the vineyards of Europe. Our *Calona* wines are blended from the best varieties of Okanagan Valley grapes harvested at their peak in September.

Our buyers search for more than one-crop quality and availability. There must be consistent quality, in volume, crop after crop, year after year for such basic ingredients as sugar, oils, and grains.

Quite often natural disasters affect a crop we've counted on, such as the U.S. drought in 1980 that wiped out half of their peanut supply. Political unrest can suddenly stop a supply source overnight. Iran no longer exports pistachio nuts. Last year we bought our *Planters* supply from California.

Wherever we shop, we shop for quality. Although our product ingredients come from many countries world-wide, the products our customers buy come from us.

Our commodity buyers source Canada and the world for continuing supplies of the quality ingredients that become part of every Standard Brands' product.


COLOMBIA

Successful margarine marketing depends on continuous product improvement, even when you're the leader

In 1980 we enlarged our family of premium quality *Fleischmann's* margarines with the addition of a new Sunflower Oil margarine. We also reformulated our *Blue Bonnet* margarines. We put every product in attractive new packaging and achieved our most successful year ever. Even when you are Canada's leading margarine manufacturer, continuous product improvement and quality consistency are necessary for success in the marketplace.

Competition is the catalyst of leadership.


Fleischmann's
à base
d'huile de
tournesol
Fleischmann's
3 lb 1.36 kg
TWELVE ¼ LB SQUARES
Fleischmann's
2 lb 907 g
EIGHT ¼ LB SQUARES
Fleischmann's
Fleischmann's
Made from
100% Pure
Corn Oil
Faite d'huile
de maïs
100% pure
MARGARINE
Fleischmann's
Made from
100% Pure
Corn Oil
Faite d'huile
de maïs
100% pure
MARGARINE
1 lb 454 g
QUATRE CARRÉS DE ¼ LB
Fleischmann
Faite d'huile
de maïs 100% pure
MARGARINE
Fleischmann's
Made from 100%
Pure Corn Oil
Faite d'huile de
maïs 100% pure
NON SALÉE
(douce)
SALT FREE
(sweet)
MARGARINE
Keep Refrigerated
Garder au frais
Faite d'huile de maïs 100% pure
40% Polyinsaturées
18% Saturées
Fleischmann's
NON SALÉE
(douce)
1 lb 454 g
Fleischmann's
Made from
100% Pure Corn Oil
Faite d'huile
de maïs 100% pure
MARGARINE
Keep Refrigerated
Garder au frais
Fleischmann's
1 lb 454 g
Fleischmann's
Contient
de l'huile
de tournesol*
55% Polyinsaturées
25% Saturées
Contains
Sunflower Oil*
55% Polyunsaturates
25% Saturates
FAITE DE
84% D'HUILE DE TOURNESOL
ET 16% D'HUILES VÉGÉTALES
*MADE FROM
84% SUNFLOWER OIL AND
16% VEGETABLE OILS
MARGARINE
Contient
de l'huile de tournesol*
Fleischmann's
Contains
Sunflower Oil*

Chase & Sanborn *is now a family of coffees with a delicious type for every taste.*

Our Consumer Foods Division, led by *Fleischmann's* and *Blue Bonnet* margarines, performed strongly in 1980

Fleischmann's margarine has, for many years, been recognized as the margarine for people who believe in a healthy lifestyle that combines sensible eating with regular exercise. That's one of the reasons *Fleischmann's* is Canada's most popular premium quality margarine brand.

In 1980, the original *Fleischmann's* Corn Oil, and *Fleischmann's* Salt Free margarines were joined by new *Fleischmann's* Sunflower Oil margarine. Consumers now have a full family of premium *Fleischmann's* margarines from which to choose. To provide for easier identification and shopper selection of the various family members, all *Fleischmann's* packaging was redesigned to provide clear individual product identities and stronger visual impact on the store shelf.

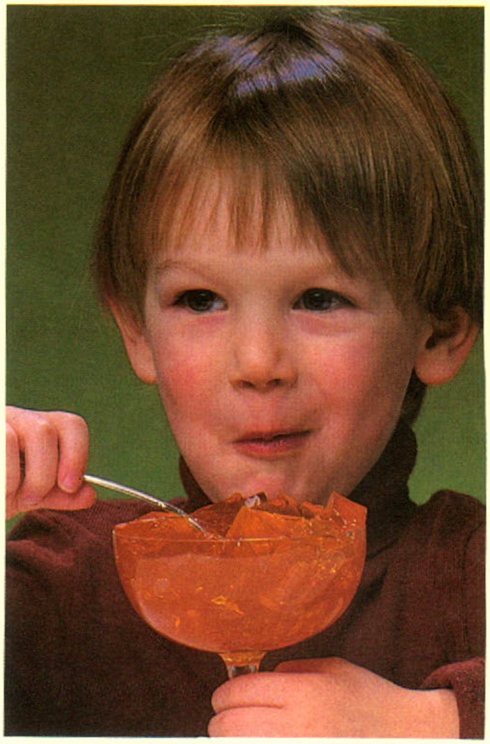
Blue Bonnet margarine, always a strong contender in the intermediate priced segment of the market, was reformulated to give the consumer an even better tasting product. Additionally, *Blue Bonnet's* packaging was modernized and heavy television advertising support was provided for the brand throughout the year. The result was a significant volume increase for *Blue Bonnet* which strengthened the Division's overall leadership position in the margarine market.

The year had many highlights for the Consumer Foods Division:

- The *Chase & Sanborn* line of coffees was expanded with a new Instant Decaffeinated joining the Regular Instant and Roasted forms nationally. This broadened consumer choice, coupled with a favourable competitive environment, led to significant volume and market share gains for the *Chase & Sanborn* business in 1980.
- In the baking aids market, *Fleischmann's* Yeast, *Magic* Baking Powder and *Chipits* Baking Chips all maintained their market leadership positions. These brand names have become synonomous with quality and have been the first choice of Canadians for generations.
- In the dessert market, *Royal* Jelly Powders and *Royal* Instant Puddings registered significant volume gains nationally. Test marketing continued on *Fast & Fancy* no-bake desserts. The line was completely repackaged to provide greater consumer taste appeal and stronger flavour identity.
- *Planters* Peanut Oil, which enjoys a very favourable reputation amongst gourmet chefs, continued to grow in 1980. The brand has benefitted significantly from the increasing popularity of Chinese wok cooking, for which it is particularly well suited.
- A new Product Resource Centre was opened at the Eaton Centre in Toronto. It represents a major investment and commitment to the continued improvement of our products and will be a valuable resource for the development of new product and preparation ideas in the years ahead.

1980 was a tough and challenging year for the food industry, generally, and food processors particularly. Among the industry's many problems are the ongoing shift to away-from-home eating, the proliferation of no-name products, and the intense competition amongst the dominant grocery chains. Margins in both the retail food and food processing industries continue to be poor relative to the total Canadian manufacturing sector, a reflection of the fact that Canadians enjoy bargain priced food in comparison with almost every other country in the world. Within this environment, we take considerable pride in the fact that our major brands continued to grow and prosper in 1980, which is indicative of the importance of quality and reliability to the Canadian consumer.

The chef's favourite: Planters *Peanut Oil.*



Youth-appeal is a Royal *tradition.*

The better care and feeding of pets continued to be the major thrust of our Pet Food Division and its flagship brand, *Dr. Ballard's*

Dr. Ballard's reputation for quality contributed to further sales and market share gains in 1980. As the market leader, the Division continued to focus on providing pets with the optimum balance of taste and nutrition in their daily diets.

With leadership comes responsibility, not only to pets, but also to their owners who place their trust in us every time they choose a *Dr. Ballard's* product. To help safeguard this trust, we maintain stringent quality control systems. Additionally, *Dr. Ballard's* products are independently monitored and tested by the Canadian Veterinary Medical Association to ensure compliance with their nutritional standards. *Dr. Ballard's* is the only C.V.M.A. certified brand in Canada and all *Dr. Ballard's* cat food and dog foods proudly carry the official C.V.M.A. certification seal on their labels.

The pet food market is one of the largest and fastest growing segments of the retail food industry. About one half of Canadian families own a dog or a cat, and these pets are increasingly being treated like family members. This is reflected in the pet owner's growing concern for the health and feeding of his pet.

In 1980, a new information programme was developed for vets, breeders and kennel owners to explain the nutritional benefits of *Dr. Ballard's* products. A specially equipped van travelled to more than 50 dog shows and other pet events during the year, where on-the-spot counselling was provided on pet feeding and care. The response was so positive that the programme will be continued in 1981.

Other highlights in 1980, include:

- Expanded distribution of the Division's industry leading range of pet food flavours and types contributed to volume gains on both *Dr. Ballard's* canned cat and dog foods.
- *Dr. Ballard's Puppy Plus*, a specially formulated food for puppies was developed and introduced into Ontario and Quebec. *Puppy Plus* combines the nutritional balance puppies need for healthy growth during their first year, with the meaty flavour and taste they love. Like all *Dr. Ballard's* dog foods, *Puppy Plus* is certified by the C.V.M.A.
- *Miss Mew*, the Division's entry in the premium canned cat food market, maintained its leadership position in 1980. An important reason for this success was the introduction of the unique new Salmon Dinner and *Meaty Masterpiece* flavours, which expanded *Miss Mew's* line to thirteen.
- In its first full year as a part of our Pet Food Division, sales of the *Romar* line of pet foods exceeded expectations. *Romar's* high quality reputation with professional breeders and kennel owners has served to complement the traditional retail grocery strength of *Dr. Ballard's*, and is providing growth opportunities for both brands.

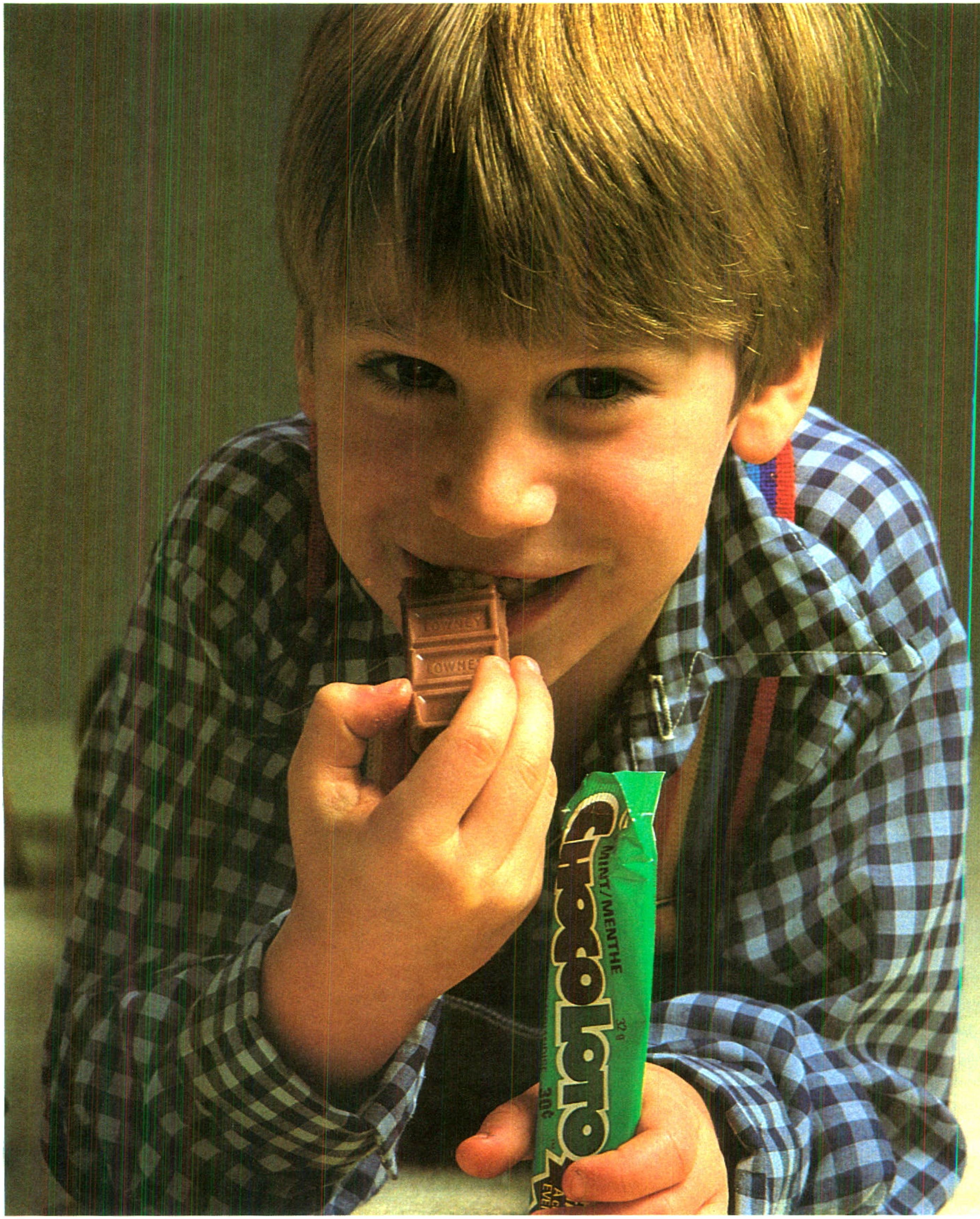
Significant to the Division's success in 1980 was the full utilization of the expanded *Dr. Ballard's* manufacturing plant in Mississauga, Ontario. This major facility is the largest and most modern pet food plant in Canada, and, as such, is the cornerstone of our network of regional pet food plants. It provides stringent quality control resources and systems as well as comprehensive research and development laboratories to assure continuation of *Dr. Ballard's* tradition of innovative leadership.

The Miss Mew success story continues with new flavours and sizes.

Above: A familiar name to professional breeders.

Right: In 1980, Dr. Ballard's introduced Canada's first canned pet food specially formulated for puppies. Its sales are growing well, and so are the puppies.


NEW!
Dr.Ballard's
DOG FOOD
Puppy Plus
100% complete and balanced nutrition with extra protein and calcium
NOUVEAU!
Dr Ballard
NOURRITURE POUR CHIENS
Toutou Plus
Puppy Plus



ChocoLoto : *A new bar with prize appeal in every package and taste appeal in each of its three flavours.*

Confectionery Products gain market share with bars in the forefront

Lowney Inc., our Confectionery and Snack Foods Division enjoyed significant market share gains in 1980. The Division effectively met the challenges of a changing industry characterized by volatile commodity costs, commodity shortages and intense competitive activity.

Chocolate bar prices rose from 30¢ to 35¢ in 1980 due to spiralling commodity costs, particularly on sugar, and peanuts. Industry sales declined, however our Confectionery group was able to remain highly competitive recording sales and market share gains.

The Division retained its basic operating strategy of offering quality products plus added consumer value. Changing consumer wants and needs were identified. As a result many familiar products were extensively updated and a number of new products developed and introduced.

Oh Henry!, the biggest chocolate bar in its price category solidified its #2 position in the market place. With its size and taste appeal, *Oh Henry!* could well become the leader.

Other key Lowney's brands such as *Cherry Blossom*, *Glosettes* and *Eat-More* registered market share gains both regionally and nationally. Larger sizes and new packaging improved the taste appeal, product freshness, value and consumer appeal of these brands. The *Caravan* bar was reformulated, repackaged and successfully relaunched in response to changing consumer taste preferences for liquid caramel centre bars.

Moirs Pot of Gold and *Almondillos* led the way to market share advances in box chocolates. An important part of their 1980 sales success was the most extensive consumer advertising support programme in our history.

The Division markets the widest range of box chocolate selections available in Canada. In 1980, many more Canadians discovered the assurance of quality, taste and value that has been a *Moirs* tradition for over one hundred years.

During the year a number of new products were introduced:

- Lowney's capitalized on the high consumer interest in lotteries by introducing *ChocoLoto* bars. The bars were introduced in three flavours in Ontario. *ChocoLoto* wrappers offered both instant prizes and participation prizes as an extra consumer value. Exceptional sales results followed our most successful launch of the year. *ChocoLoto* will be available nationally in 1981.
- Late in the year, we entered the growing premium chocolate mint market by introducing *Ovation*, a uniquely shaped and packaged chocolate coated mint stick. A prestige confectionery, *Ovation* was launched under the world-famous *Droste* label. Initial consumer acceptance was excellent.
- To meet expanding consumer demand for quality with value we introduced *Personal Choice*, an economical box chocolate assortment featuring popular chocolate centres and jellies. Results during its introductory Christmas gift giving season met expectations.

The economic difficulties that faced the confectionery industry and our Division over the past years show few signs of abating. Commodity costs will continue to swing widely. Availability of raw materials is also chancy with politics, climate and other potentially disruptive factors always present.

Our Division's strategy of responding to changing consumer needs with quality products and added value is working well. Although industry volume in 1980 was soft, we continued to strengthen our market share position on both bars and box chocolates. It's a winning strategy that will be continued.

Our new and unique chocolate coated mint stick with the world-famous Droste *label.*

The largest bar in its category continued to grow in sales.


PLANTERS
Dry Roasted
peanuts
PLANTERS
Mixed Nuts
350 g
50% peanuts
PLANTERS
SESAME
NUT MIX
Sesame Sticks, Peanuts, Cashews
325 g

Led by *Planters* nuts, our snack foods group continued its share growth despite major supply shortages

In 1980 severe drought conditions in the U.S. created industry supply shortages as the normal peanut crop was cut in half. Faced with significant increases in commodity costs and retail prices, we still managed to improve our market share, strengthening *Planters* #1 position.

We also recorded strong performance by *Beaver* nuts in Ontario, and had a successful year with *Pine Tree*, our British Columbia based company.

In achieving record dollar volume and share gains for the year, *Planters* and its affiliated companies concentrated on expanding distribution, and consolidating gains made during the group's major new product expansion in 1978 and 1979.

- During the year, *Planters* multi-million dollar plant modernization programme was completed in Toronto. This greatly improved our production capacity and reduced energy consumption.
- *Pine Tree* successfully expanded its self-serve Fruit and Nut Mix lines from B.C. into selected Western Canada and Ontario supermarkets. Consumer response was excellent.
- *Mr. Peanut*, *Planters* long-time live symbol appeared extensively at events and parades across Canada. The *Planters* brand franchise was also supported by increased consumer advertising.

As Canadians trend toward a more relaxed, health conscious life-style, they are also looking for more nutrition in the snack foods they buy–packaged snacks that are fun to eat, and fun to serve.

Our snack foods group is in the forefront of this trend with an extensive line of quality products, made under the most modern conditions, and utilizing the latest in electronic sorters, energy-efficient roasters, and precise, high-speed packaging equipment.

At *Planters* we're very serious about being Canada's favourite nuts.

Left: Partytime is Planters *time right across Canada. Fun to eat, fun to serve,* Planters *is Canada's favourite nut.*

Above: Beaver Nuts *is one of our most popular regional brands.*

Left: New bulk displays let customers pick their own Pine Tree *fruit and nut mixes.*

Home grown wines win Canadian acceptance with Calona Wines in the forefront

Over the past five years, the market for Canadian Wines has undergone unprecedented change and growth. Calona Wines has made a significant contribution to this growth in developing and bringing to market new brands of fine Canadian wines.

Supported by a five year new product development programme, Calona's leadership in introducing fine Canadian table wines began with the award winning *Sommet Rouge* and *Sommet Blanc* labels. In the last two years, *Schloss Laderheim*, another Calona entry, has been Canada's fastest growing wine.

In 1980, Calona maintained its leadership in developing new standards of excellence for Canadian table wines. Two new wines were introduced–*Festspiel* and *Haut Villages*. Both these white table wines have achieved strong initial acceptance.

In the past three years, Calona Wines, with its growing list of British Columbia wines, has doubled its total volume. In 1980, this rapid growth has led to another record volume and profit year.

Calona continues to concentrate on regional markets most economically served from our Kelowna, B.C. location. In our home province of British Columbia, Calona Wines is the industry leader by a wide margin. Calona is also making rapid share advances in other Western provinces and Ontario, as more and more Canadians discover the quality and variety of Calona's selection. With Calona's leadership, Canadians are discovering that home grown wines offer a fine quality, but inexpensive meal accompaniment or a light beverage alternative.

In response to skyrocketing demand, major investments in new capacity are taking place at Calona's winery in the Okanagan Valley. An investment of one million dollars will result in:

- New, larger facilities for warehousing
- Expanded cooperage for aging wines
- A new computer system to monitor all processes of wine manufacture from blending right through to shipping.

With an impressive range of wines for every taste, Calona is well positioned for future growth. Currently industry growth is concentrated in table wines, and this is the area where Calona is strongest, with its specially vinted and thoroughly tested new entries, which have kept pace with the emerging taste trends of Canadians.

Our focus will continue to be on developing new and better wines for the Canadian consumer.

Calona's wine list continues to expand in taste and selection with many fine new entries.

Two award-winning ways from Calona to accompany a fine meal.

At Calona we grow a wine for every taste.

Our Spirits Group celebrated its 75th Anniversary with its most successful operating year ever

McGuinness: *The country's broadest line of liqueurs.*

Our Canadian whisky–a 75 year tradition of quality.

Famous labels identify the select brands that we import.

In 1980, McGuinness Distillers established record sales and profitability levels. It was also the 75th Anniversary of *McGuinness'* entry into the Canadian wine and spirits industry.

The Division's Agency operation had a successful year despite the price volatility of its imported brands. A major reason for this was the continued strength of strongly supported, world famous brands such as *Martini & Rossi* and *Blue Nun*. In total, the extensive choice offered by the Agency's line of imported beers, spirits and wines appeals to virtually every taste and budget.

In 1980, McGuinness continued its tradition of responding to changing times through the introduction and expansion of carefully selected new premium brands into growing market segments.

- *Silhouette* Vodka continued to grow strongly in the Canadian premium vodka market. It was also introduced to the U.S. market late in 1980, becoming the first Canadian vodka to enter this major marketplace.
- Based on the successful 1979 introduction of *Don "Q"* White Rum, the largest selling rum brand in Puerto Rico, *Don "Q"* Gold Rum, a companion product, was introduced in 1980.
- With liqueurs continuing as the fastest growing segment of the spirits market, we introduced new entries such as Chocolate Cherry, Amaretto & Brandy, *Monsard* Orange & Brandy and *Yukon Jack*. All gained strong initial consumer support.
- Late in the year, our Agency operation introduced the *Giacondi* line of Italian red and white wines. These wines represent a new standard of value in everyday table wines. The successful introduction was supported by extensive advertising.

In summary, our Wines & Spirits Division had its most successful year ever in 1980. With basic strengths in virtually every segment of both the wines and spirits markets in Canada, it continues to be in an excellent position to capitalize and respond quickly to changing consumer tastes and lifestyles. The Division's commitment to new product development and quality products promises excellent potential for future growth.

Right: Good taste with a light touch.


710 ml
SERRALLES
SINCE 1865
DON Q
40% alc./vol.
WHITE RUM/RHUM BLANC
Blended in Canada under licence from
Mélange au Canada sous licence de
Destileria Serralles, Inc.
Ponce, Puerto Rico
710 ml
Silhouette
Vodka
quality and delicate taste
Toronto, Canada
Toronto, Weyburn

When Canadians enjoy coffee away from home it's probably made from one of our brands. Last year we served an industry-leading 1.3 billion cups through our food service customers.

Food Service Division strengthens position in the fastest-growing segment of the Canadian Food Industry

The average Canadian now spends nearly one out of every two food dollars on meals away from home. Restaurants, fast-food outlets, catering establishments and institutions by the thousands service this growing market. The role of our Food Service Division is to supply the foodservice industry. Our key to success continues to be quality products backed by personal attention and service.

Last year, over 1.3 billion cups of the Division's coffee were served to consumers by our customers as we strengthened our leadership of the food-service coffee market.

In 1980, we expanded our scope of operations nationally with the integration of Dickson's Food Service Ltd's Western Canada operations into the Division. As a result, the Division became a truly national operation with strong sales, service and warehousing capabilities from coast to coast.

The Food Service Division offers the widest range of coffee blends in the industry under such trade names as: *Chase & Sanborn, Club, Melrose, Mojabo, Mellocup, Becharas, EZE Brew,* and *Dickson's.*

The Division had a record year in both sales and market penetration despite a tough economic climate. It is a tribute to our sales force, the largest in the foodservice industry, that the Division recorded sales gains and acquired many significant new national accounts.

Although the Division's primary strength is coffee, it continued to expand its foodservice distribution of such items as *Fleischmann's* and *Blue Bonnet* margarines, *Royal* desserts, *Planters* Peanut Oil, and other related food products.

Planters Peanut Oil regained its position as a major sales and profit contributor due in part to the preference of professional chefs for high quality oil for frying.

We registered significant growth and acceptance of *Fleischmann's* margarine portion packs.

In terms of investment in our most important resource, people, the Division continued with its commitment to extensive field training programmes to assure our continued superiority in the sales function.

Investments were made in 1980 to upgrade our roasting, grinding and packaging lines at the Club Coffee Company plant in Toronto and the Melrose Foods Company plant in Winnipeg. The head office of Dickson's Food Service Ltd., was expanded and upgraded and new computer facilities installed.

To be successful in the foodservice industry, a company must deliver more than just quality products. A company must also provide a consistent level of service and personal contact to ensure that its customers are always able to serve quality end products to their customers.

Quality of service and products is vital to the success of our Food Service Division. We are committed to continue with our professional formula of high standards in both products and customer service.

We supply the widest range of quality coffee blends in the foodservice industry.

The Fleischmann Company has been part of Canada's daily bread for more than a century and sales are still rising

Although Canadians are now eating less bread, they're eating more rolls and specialty breads. In 1980 The Fleischmann Company, our Baking Ingredients Division, again increased its market share in yeast, baking's basic ingredient. Over the past 100 years, *Fleischmann's* and "yeast" have become almost synonymous to the Canadian baking industry. The reason is quality.

Each pound of *Fleischmann's* Bakers' Yeast contains billions of living cells and is highly perishable by nature. Distribution must take place speedily and under refrigeration at all times to ensure optimum freshness and quality performance.

Fleischmann's Bakers' Yeast is produced in our plants at LaSalle and Calgary for quick distribution to bakers across Canada. In 1980, The Fleischmann Company invested more than $1 million in capital improvements as part of a continuing program to maintain *Fleischmann's* quality without compromise.

Fleischmann products are not yeast alone but cover a broad range of ingredients, specially formulated to meet the baker's needs. These include dough improvers, baking powders, shortenings, malt syrups and specialty products. For the home baking market, we make *Fleischmann's* Active Dry Yeast for distribution by our Food Company Division.

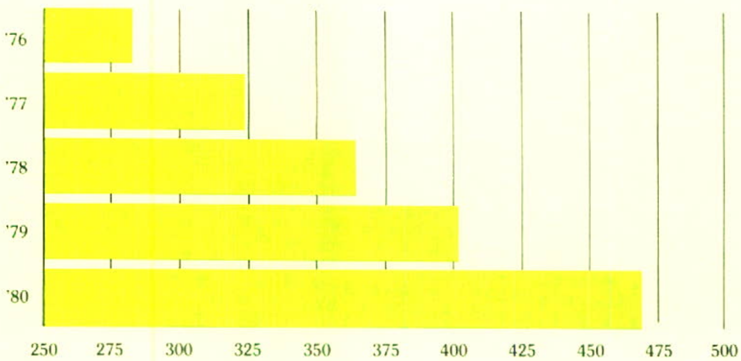
In today's highly automated baking industry, each part of the baking process is timed to the split-second. The yeast must give fast-rising performance and precise fermentation. Quality-made *Fleischmann's* is Canada's first choice by professional bakers and by home cooks. Quality is all that we sell. It's all that we've ever sold.

The baker's choice for over 100 years.

Financial Report

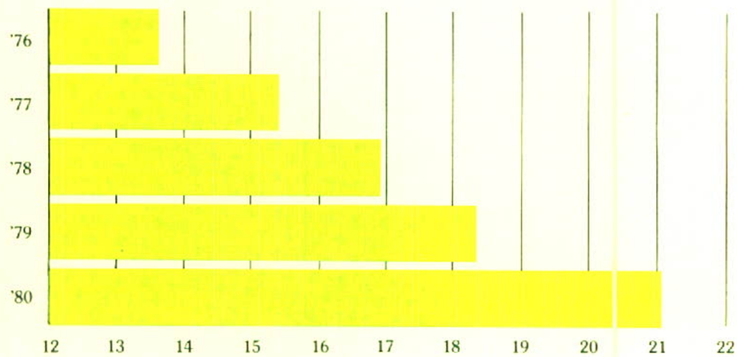
Five Year Financial Review

NET SALES
(millions of dollars)



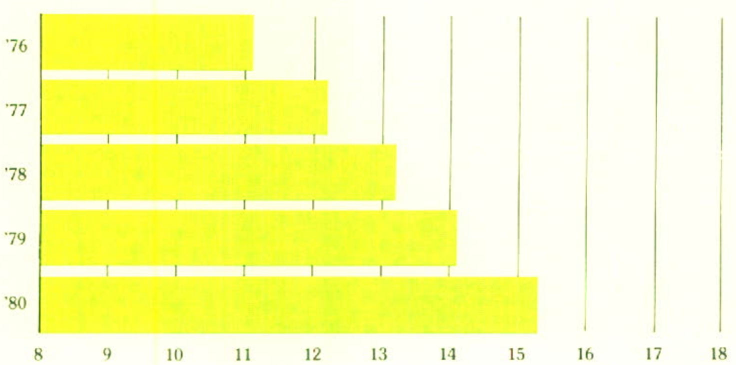
Net Sales set a record high of $468.1 million, an increase of 16.9% over 1979. 1980 was the 21st year of consecutive annual increases. Each business segment contributed to the increase, with consumer products reaching $356.6 million, up 16.7%, and food ingredients at $111.5 million, up 17.4%. During the past five years sales have grown at an annual compound rate of 13.5%.

PER CAPITA SALES
(dollars)



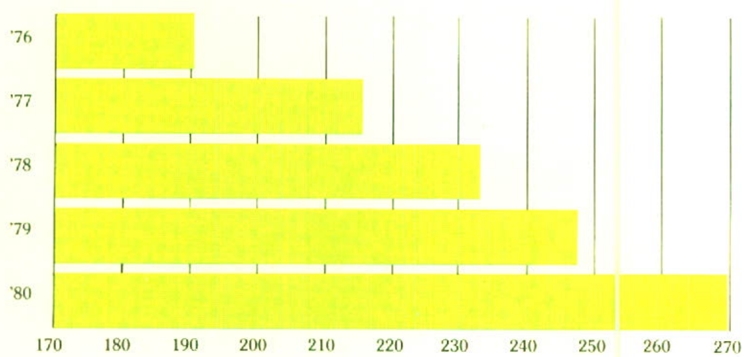
Per Capita Sales (gross sales divided by the average population) grew by 14.8% during the year to $21.05. Since 1976, the average annual compound growth has been 11.5%. This consistent growth attests to the continued appeal and acceptance of the Company's broad range of products.

NET INCOME
(millions of dollars)



Net Income increased 8.4% to a new high of $15.2 million or 3.3% of net sales. 1980 was the 14th consecutive year of increase, and was a result of the Company's ability to prosper during all phases of the economic cycle because of the diversity of its products and widespread market base. The annual compound rate of growth has been 8.4% since 1976.

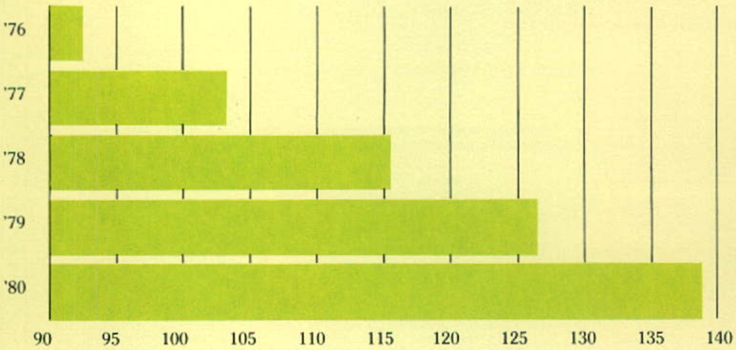
TOTAL ASSETS
(millions of dollars)



Total assets reached $269.6 million, an increase of $22.5 million from the 1979 level. The Company's working capital and liquidity position have strengthened significantly during the year, and current assets as a percentage of all assets were 62.8%, compared with 59.6% last year and 57.7% in 1976.

The present asset structure places the Company in an excellent position to capitalize upon future opportunities.

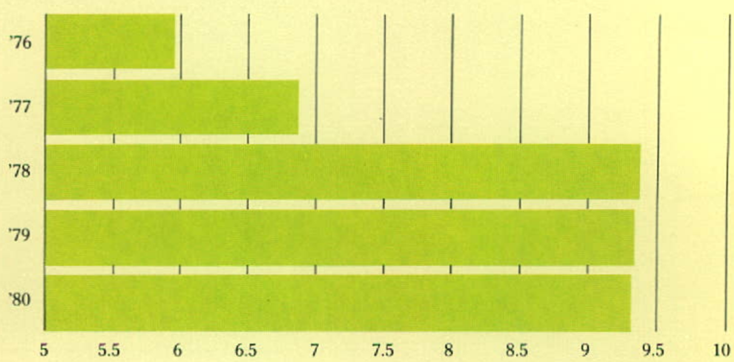
SHAREHOLDERS' EQUITY
(millions of dollars)



Shareholders' equity grew 9.9%, to $139 million, and was $12.6 million greater than in 1979. The annual growth rate compounded since 1976 has been 10.9% and was achieved by continual re-investment of a substantial proportion of the Company's profits in Canada.

The shareholders' investment provides the financial base from which the Company continues to grow.

CAPITAL EXPENDITURES
(millions of dollars)

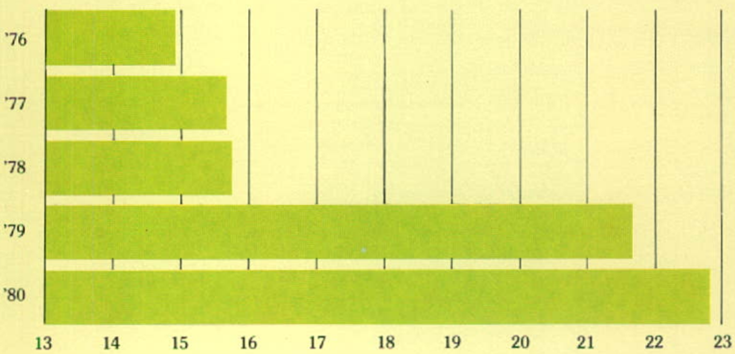


Capital expenditures totalled $9.3 million during 1980 and $40.9 million over the past five years.

Major projects during 1980 included the completion of the consolidation and expansion of pet food manufacturing in Ontario and a capacity increase at Calona Wines.

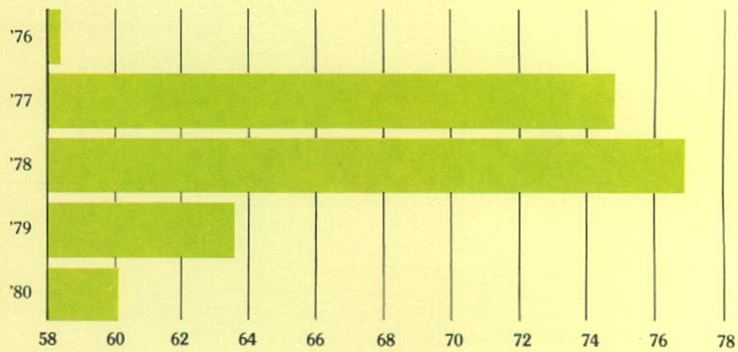
The consistent commitment of funds to such projects will ensure that the Company will meet the demands imposed by future growth.

WORKING CAPITAL FROM OPERATIONS
(millions of dollars)



The Company's operations generated working capital of $22.8 million, a $1.2 million increase over 1979. This increase was primarily due to a corresponding increase in after-tax operating income. Over the past five years, working capital provided from operations has grown at an annual rate of 11.2%.

TOTAL DEBT
(millions of dollars)



Total debt, comprised of short-term borrowings, indebtedness payable during the next twelve months and long term indebtedness, totalled $60.1 million at year end, and was $3.5 million less than 1979. During the year a $30 million debenture financing was concluded. Over the past five years, total assets, including a 1976-1979 distilled spirits inventory commitment, have grown by $ 79.5 million while total indebtedness grew by only $1.7 million.

Consolidated Statement of Income and Retained Earnings

Standard Brands Limited
and Subsidiaries
for the years ended
December 31, 1980 and 1979
(in thousands of dollars)

	1980	1979
NET SALES	**$468,110**	$400,544
Cost of products sold	**358,411**	312,316
GROSS MARGIN	**$109,699**	$ 88,228
Selling, administrative and other expenses	**83,695**	65,724
INCOME BEFORE TAXES	**$ 26,004**	$ 22,504
Provision for taxes on income	**10,754**	8,434
NET INCOME	**$ 15,250**	$ 14,070
RETAINED EARNINGS, beginning of year	**102,513**	91,443
	$117,763	$105,513
Dividends paid	**2,700**	3,000
RETAINED EARNINGS, end of year	**$115,063**	$102,513

The accompanying notes are an integral part of these consolidated financial statements.

To the Shareholders,
Standard Brands Limited

We have examined the consolidated balance sheets of STANDARD BRANDS LIMITED (incorporated under the Canada Business Corporations Act) AND SUBSIDIARIES as of December 31, 1980 and 1979, and the related consolidated statements of income and retained earnings and changes in financial position for the years then ended. Our examinations were 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, the accompanying consolidated financial statements present fairly the financial position of STANDARD BRANDS LIMITED AND SUBSIDIARIES as of December 31, 1980 and 1979 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles consistently applied during the periods.

January 30, 1981 Arthur Andersen & Co.

Consolidated Statement of Changes in Financial Position

Standard Brands Limited
and Subsidiaries
for the years ended
December 31, 1980 and 1979
(in thousands of dollars)

	1980	1979
FUNDS INTERNALLY GENERATED:		
Working capital from operations:		
Net income	$ 15,250	$ 14,070
Depreciation of buildings and equipment and amortization of goodwill	6,050	4,584
Other non-fund charges	2,329	384
Deferred income taxes	(822)	2,608
	$ 22,807	$ 21,646
Funds invested in (generated from) working capital:		
Accounts receivable	$ 443	$ (2,169)
Inventories and prepaid expenses	9,065	4,547
Accounts payable and accrued expenses	(3,768)	(9,230)
Income and other taxes	(3,808)	(4,295)
Account with parent and affiliates	632	(1,149)
	$ 2,564	$ (12,296)
NET FUNDS INTERNALLY GENERATED	$ 20,243	$ 33,942
OTHER USES (SOURCES) OF FUNDS:		
Additions to property, plant and equipment—net	$ 8,810	$ 8,977
Cost of acquisitions (Note 5)	—	11,553
Reduction of long-term debt	1,853	400
Dividends	2,700	3,000
Net proceeds from new long-term debt (Note 4)	(29,726)	—
Recovery of other assets	(961)	(660)
	$ (17,324)	$ 23,270
NET GENERATION OF FUNDS	$ 37,567	$ 10,672
FUNDS (cash and short-term investments, net of short-term borrowings):		
—beginning of year	(21,986)	(32,658)
—end of year	$ 15,581	$ (21,986)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

Standard Brands Limited
and Subsidiaries

December 31, 1980 and 1979
(in thousands of dollars)

ASSETS	1980	1979
CURRENT ASSETS:		
Cash and short-term investments	$ 15,581	$ 1,623
Accounts receivable	43,751	44,269
Due from parent and affiliates	757	125
Inventories (Note 2)	107,173	97,245
Income taxes recoverable	—	1,391
Prepaid expenses	2,020	2,609
Total current assets	$169,282	$147,262
PROPERTY, PLANT AND EQUIPMENT, at cost:		
Land	$ 1,207	$ 1,182
Buildings	31,930	30,908
Machinery and equipment	73,098	69,462
	$106,235	$101,552
Less—accumulated depreciation	44,338	40,812
	$ 61,897	$ 60,740
GOODWILL, at cost less accumulated amortization of $3,512 in 1980 and $2,781 in 1979 (Note 1c)	$ 38,406	$ 39,132
	$269,585	$247,134

Approved on behalf of the Board:

G. Morrisette .... Director

J. R. MacDonald .... Director

LIABILITIES AND SHAREHOLDERS' EQUITY	1980	1979
CURRENT LIABILITIES:		
Short-term borrowings (Note 3)	$ —	$ 23,609
Current maturities of long-term debt (Note 4)	1,918	973
Accounts payable and accrued expenses	50,563	38,762
Inventory financing obligation (Note 2)	—	8,978
Income and other taxes	6,466	4,049
Total current liabilities	$ 58,947	$ 76,371
LONG-TERM DEBT (Note 4)	$ 58,165	$ 30,018
DEFERRED INCOME TAXES	$ 13,479	$ 14,301
SHAREHOLDERS' EQUITY:		
Share capital		
Authorized—		
One class of shares unlimited as to number and consideration		
Issued and outstanding—		
77,600 shares of no par value	$ 23,931	$ 23,931
Retained earnings	115,063	102,513
	$138,994	$126,444
	$269,585	$247,134

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

Standard Brands Limited
and Subsidiaries
December 31, 1980 and 1979

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) These consolidated financial statements are prepared in accordance with generally accepted accounting principles as formalized by the recommendations of the Canadian Institute of Chartered Accountants. These accounting principles have been applied on a consistent basis during the periods.
b) Depreciation is charged on plant and equipment on a straight-line basis over the estimated useful lives of the assets.
c) Goodwill acquired after September, 1970 is being amortized over a period not to exceed forty years. Goodwill acquired prior to October, 1970, relating to regional pet food brands, is being amortized over a period of twenty years commencing in 1980. Other goodwill acquired prior to October, 1970 of $18,799,000 is not being amortized.
d) During the year, the Company modified the application of certain accounting policies. While these changes were individually immaterial to the financial statements, the cumulative effect was a one time $1,197,000 reduction in net income for the year ended December 31, 1980.

2. INVENTORIES

Inventories are carried at the lower of cost or net realizable value and consist of:

	(in thousands of dollars) 1980	1979
Finished goods	**$ 34,225**	$ 31,225
Work in process (principally maturing spirits)	**46,225**	41,081
Raw materials and packaging supplies	**26,723**	24,939
	$107,173	$ 97,245

In 1980, the Company accelerated the repayment of the inventory financing obligation in respect of distilled spirits which it was required to complete by December 31, 1984.

3. SHORT-TERM BORROWINGS

As of December 31, 1979, short-term borrowings consisted of the following:

	(in thousands of dollars)
Bank loans	$ 600
Commercial paper outstanding and held by:	
—Standard Brands Incorporated	20,009
—Other	3,000
	$ 23,609

To meet seasonal working capital requirements, the Company maintains unsecured lines of credit from Canadian chartered banks aggregating $54,000,000. These lines of credit were available throughout 1980 and 1979 to support commercial paper and for other corporate purposes.

4. LONG-TERM DEBT

As of December 31, 1980 and 1979, long-term debt consisted of the following:

	(in thousands of dollars) 1980	1979
14% Sinking fund debentures due March 15, 2000, guaranteed by Standard Brands Incorporated with sinking fund payments of $1,725,000 annually beginning 1984	**$ 30,000**	$ –
9.75% Sinking fund debentures due December 15, 1997, guaranteed by Standard Brands Incorporated with sinking fund payments of $1,000,000 annually beginning 1981	**25,000**	25,000
10% Promissory note maturing in five equal successive annual instalments between 1981 and 1985	**2,000**	2,000
7.50% Secured debentures due 1987	**998**	1,140
Other, including mortgages on certain properties carrying interest rates ranging between 5%-12%	**2,085**	2,851
	$ 60,083	$ 30,991
Less—current maturities	**1,918**	973
	$ 58,165	$ 30,018

5. CHANGES IN OPERATIONS

a) During 1980, the Company decided to discontinue certain minor Consumer Products lines. A charge to net income amounting to $668,000 was made to reduce the carrying value of the assets associated with these product lines to net realizable value.

b) On March 22, 1979, the Company acquired 100% of the outstanding shares of Dickson's Food Services Ltd. for a cost of $5,456,000 and in addition made advances for working capital financing of $4,596,000. The net assets acquired consisted of $8,407,000 tangible assets, $5,471,000 goodwill, less $8,422,000 liabilities.

c) On October 22, 1979, the Company acquired the business and goodwill of Romar Pet Supplies for a total cost of $1,371,000.

d) On December 27, 1979, the Company purchased the minority interest in its subsidiary, Central Canadian Distilling Corp. Ltd. for a total cash consideration of $130,000.

6. PENSION PLANS

The Company contributes to several pension plans, covering substantially all eligible employees. Contributions were charged to expense and amounted to $2,106,000 in 1980 and $1,450,000 in 1979, including amortization of past service costs which were not significant. Based on the most recent independent actuarial valuations, pension fund assets in each plan exceeded vested benefits.

7. INTEREST

Interest expense, net of interest income, for the years ended December 31, 1980 and 1979 was as follows:

	(in thousands of dollars) 1980	1979
Interest expense:		
Short-term borrowings	**$ 1,125**	$ 4,620
Long-term debt	**6,285**	3,137
	$ 7,410	$ 7,757
Less—interest income	**1,198**	330
	$ 6,212	$ 7,427

8. CAPITAL LEASES, LEASE COMMITMENTS AND RENT EXPENSE

Assets and obligations under leases which qualify as "Capital Leases" but which were acquired prior to January 1, 1979 amount to $4,890,000 as at December 31, 1980. The effect of capitalizing the aforementioned leases would have been an increase in 1980 net income of approximately $21,000.

Rent expense under non-cancelable operating lease commitments totalled $2,757,000 for 1980, and based upon present commitments will amount to $2,017,000 in 1981. Commitments beyond 1981 amount to $8,198,000 and extend to 1995.

9. BUSINESS SEGMENTS

The Company is engaged in two main lines of business; Consumer Products and Food Ingredients Products. Consumer Products include packaged foods, confectionery products, pet foods and wines and spirits products which are manufactured and/or sold for the most part under advertised brand names through groceries, supermarkets, confectionery stores and Provincial Liquor Board outlets. Food Ingredients Products include mainly coffee and oil-based products sold to hotels and restaurants, and yeast and other baking ingredients sold to bakeries. The following schedule presents information about the Company's business segments:

Business Segments	(in thousands of dollars) 1980	1979
Segment sales:		
Consumer Products	**$356,647**	$305,620
Food Ingredients Products	**111,463**	94,924
	$468,110	$400,544
Segment operating profit:		
Consumer Products	**$ 25,924**	$ 24,618
Food Ingredients Products	**12,384**	10,273
	$ 38,308	$ 34,891
General corporate expense—net	**4,894**	4,630
Interest expense	**7,410**	7,757
Income taxes	**10,754**	8,434
Net income	**$ 15,250**	$ 14,070
Identifiable assets:		
Consumer Products	**$211,953**	$198,197
Food Ingredients Products	**43,067**	45,164
Corporate	**14,565**	3,773
Total assets	**$269,585**	$247,134
Capital expenditures:		
Consumer Products	**$ 7,045**	$ 7,581
Food Ingredients Products	**1,901**	1,705
Depreciation and amortization:		
Consumer Products	**$ 4,160**	$ 3,196
Food Ingredients Products	**1,661**	1,176

10. TRANSACTIONS WITH RELATED PARTIES

a) The Company is wholly owned by Standard Brands Incorporated of New York, U.S.A.

b) The Company sells to and purchases from its parent and affiliates various products. These transactions aggregated approximately $9,400,000 in 1980.


IMPORTED
GIACONDI
PRODUCT OF ITALY PRODUIT D'ITALIE
VINO ROSSO da TAVOLA
Italian Red Table Wine/ Vin de table rouge Italien
Produced and bottled by/Produit et mis en bouteille par CIERREVI
Représenté par/Represented by McGuinness Agencies, Toronto, Canada
IMPORTED
GIACONDI
PRODUCT OF ITALY PRODUIT D'ITALIE
VINO BIANCO da TAVOLA
Vin de table blanc
Produit et mis en bouteille par CIERREVI
Represented by McGuinness Agencies

From the vineyards of Italy comes Giacondi, *fine red and white table wines of exceptional value.*

It's always a happy occasion when Almondillos *join in. These unique taste treats combine caramel, chocolate and almonds deliciously.*

Corporate Officers

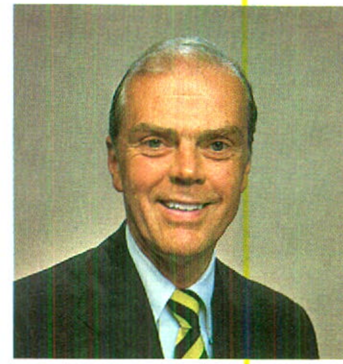
CORPORATE MANAGEMENT COMMITTEE

John R. MacDonald
Ronald A. Adlam
J. Boyce Donaldson
H. John Greeniaus
Simon Gulden
Edwin J. Korhonen
Peter A. K. Wood
Raymond F. Wright

Gaëtan C. Morrissette
Chairman of the Board

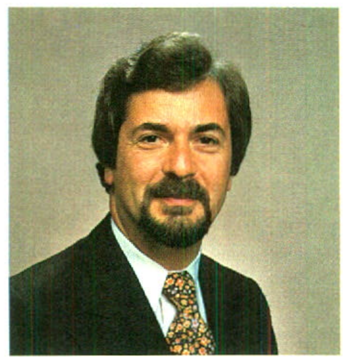
John R. MacDonald
President & Chief Executive Officer

Ronald A. Adlam
Vice-President, Planning

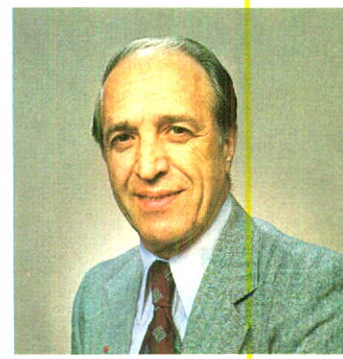


J. Boyce Donaldson
Vice-President, Operations.

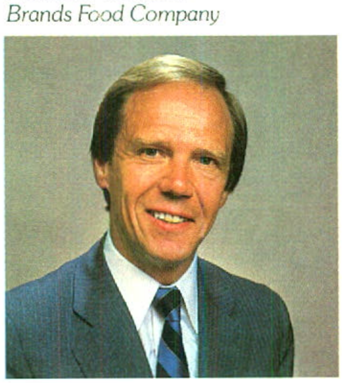
H. John Greeniaus
Vice-President
President, Standard Brands Food Company



Simon Gulden
Vice-President, General Counsel and Secretary



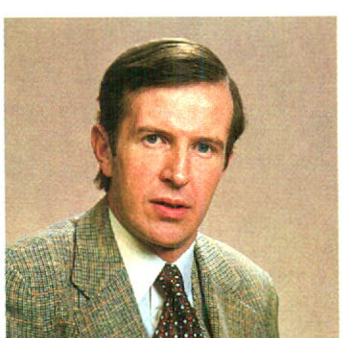
Samuel Ippolito
Assistant Treasurer



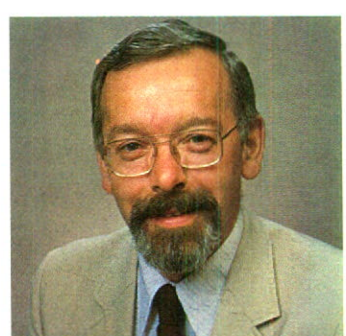
Edwin J. Korhonen
Vice-President
President, Lowney Inc.

Margo A. Lake
Assistant Corporate Secretary

M. Robert Langille
Comptroller



Peter F. Winstanley
Treasurer



Peter A. K. Wood
Vice-President.
President, Wines & Spirits Division

Raymond F. Wright
Vice-President, Finance

Board of Directors

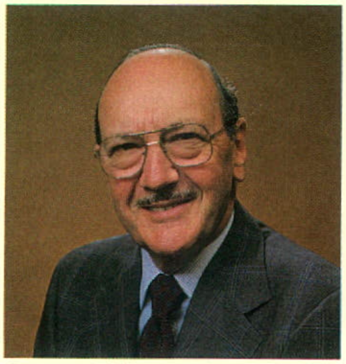
DIRECTORS' COMMITTEES

Executive Committee
John R. MacDonald *Chairman*
Matthew S. Hannon, Q.C. *Secretary*
Frank M. Covert, Q.C.
Dr. David S. R. Leighton
Gaëtan C. Morrissette

Audit Committee
Ben Wosk, C. M. *Chairman*
Matthew S. Hannon, Q.C. *Secretary*
Frank M. Covert, Q.C.
Dr. David S. R. Leighton

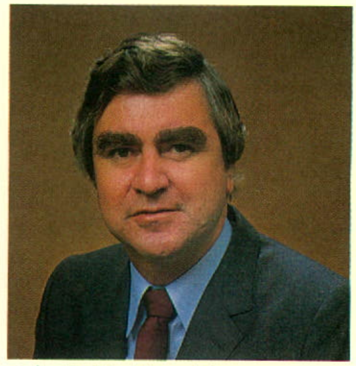
Compensation Committee
C. Richard Sharpe *Chairman*
Matthew S. Hannon, Q.C. *Secretary*
Mme Jeannine Guillevin-Wood
John T. Johnson, Q.C.

Nominating Committee
Frank M. Covert, Q.C. *Chairman*
Matthew S. Hannon, Q.C. *Secretary*
Dr. David S. R. Leighton
John R. MacDonald
Gaëtan C. Morrissette

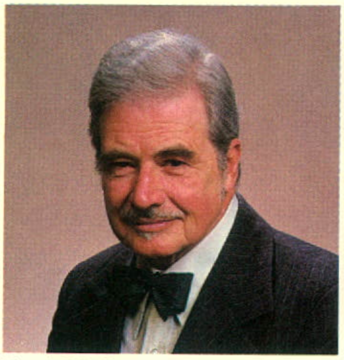


Gaëtan C. Morrissette,
Montreal, Quebec.
Chairman of the Board,
Standard Brands Limited

Martin F. C. Emmett,
Greenwich, Connecticut.
President,
Standard Brands Incorporated

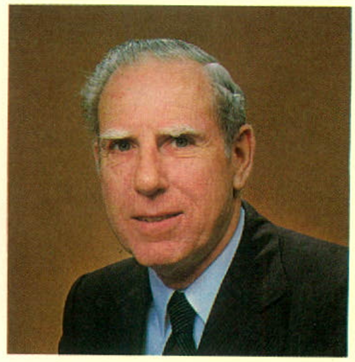


John R. MacDonald,
Toronto, Ontario.
President and Chief Executive Officer,
Standard Brands Limited

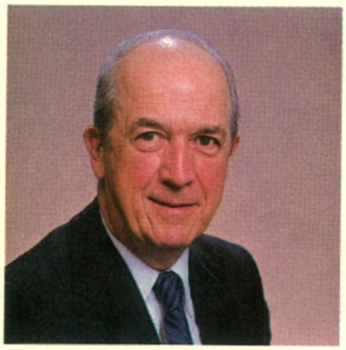


Frank M. Covert, O.B.E., Q.C.,
Halifax, Nova Scotia.
Partner,
Stewart, MacKeen & Covert

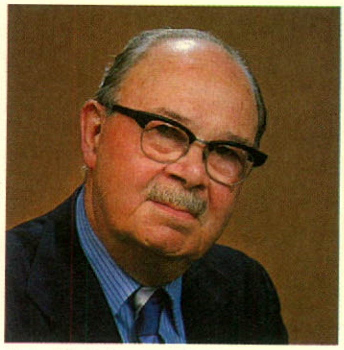
Jeannine Guillevin-Wood,
Outremont, Quebec.
President,
Guillevin International Inc.



Matthew S. Hannon, Q.C.,
Montreal, Quebec.
Partner, Ogilvy, Renault

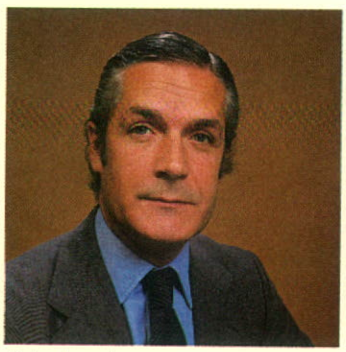


George C. Hitchman,
Toronto, Ontario.
Director, The Bank of Nova Scotia



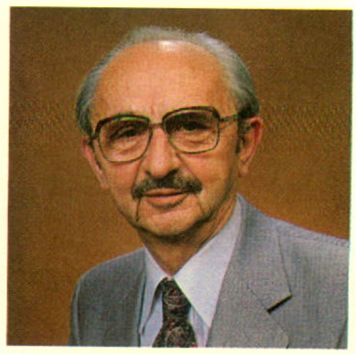
John T. Johnson, Q.C.,
Toronto, Ontario.
Partner, Borden & Elliot

Dr. David S. R. Leighton,
Banff, Alberta.
Director, The Banff Centre



John Loudon,
London, England.
Director,
N. M. Rothschild & Sons Ltd.

C. Richard Sharpe,
Toronto, Ontario.
Chairman of the Board and
Chief Executive Officer,
Simpsons-Sears Limited



Ben Wosk, C. M.
Vancouver, British Columbia.
President and
Chief Executive Officer,
Wosk's Limited

The momentum of change

There are few industries that are changing as rapidly as the food and beverage industries. This momentum of change has spawned a major market for Canadian table wines. It has encouraged a significant consumer trend to sensible, health oriented foods. It has stimulated unique new products and diversification. Change is a vital ingredient for profitable growth.

At Standard Brands we believe in change if it is for the better. Better quality. Better packaging. Better value for our customers. These kinds of change create their own momentum. The momentum of sales.

DIRECTORY OF MANUFACTURING LOCATIONS

Nova Scotia	
Bridgetown	*Distilled Spirits*
Dartmouth	*Confectionery*
Quebec	
Gentilly	*Pet Foods*
LaSalle	*Yeast, Coffee, Tea, Desserts and Baking Ingredients*
Sherbrooke	*Confectionery*
Ontario	
Don Mills	*Coffee*
Etobicoke	*Distilled Spirits*
Mississauga	*Pet Foods*
Scarborough	*Margarines*
Toronto	*Nuts & Snack Products*
Manitoba	
St. Boniface	*Pet Foods*
Winnipeg	*Coffee*
Saskatchewan	
Weyburn	*Distilled Spirits*
Alberta	
Calgary	*Margarines & Yeast*
Calgary	*Pet Foods*
British Columbia	
Kelowna	*Wines & Distilled Spirits*
Richmond	*Consumer Food Products*
Richmond	*Pet Foods*
Vancouver	*Nuts & Snack Products*
Vancouver	*Coffee & Food Service Products*

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