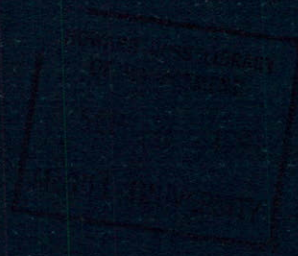


1991 Annual Report

“Product quality is the cornerstone of our enterprise.
It will be our legacy and it will be our future.”

John Kinder Labatt (1803-1866)
Founder of the Company



 **JOHN LABATT**

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Directors

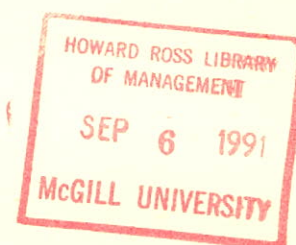
Management

Shareholders' Information

Financial Highlights

(in millions, except per share and other data)

	1991	1990	1989
Operating Results			
Gross sales	\$5,370	\$5,274	\$5,424
Net earnings	109	169	135
Funds provided from operations	254	280	280
Common share dividends	59	55	51
Acquisitions, capital expenditures and other investments	315	314	280
Financial Position			
Working capital	\$ 321	\$ 556	\$ 544
Total assets	3,138	2,946	2,757
Non-convertible long-term debt	416	544	533
Convertible debentures and shareholders' equity	1,676	1,644	1,398
Per Common Share Data			
Fully diluted net earnings	\$ 1.03	\$ 1.78	\$ 1.60
Fully diluted funds provided from operations	2.62	3.09	3.09
Dividends	0.77	0.73	0.685
Convertible debentures and common shareholders' equity	15.07	14.81	13.90
Other Data			
Working capital ratio	1.4	1.9	1.8
Net debt/equity ratio, fully diluted	22:78	16:84	12:88
Fully diluted return on common equity	6.7%	12.4%	11.9%
Interest coverage	4.8x	8.2x	3.7x



Corporate Organization

Brewing

Labatt Breweries of Canada	National: Labatt's Blue, Labatt's 50, Budweiser, John Labatt Classic, Labatt's Lite, Carlsberg, Carlsberg Light, Labatt's Dry. Regional: Blue Star, Keith's, Schooner, Oland's Export, Légère, Labatt .5, Labatt's Blue Light, Crystal, Club, Kokanee, Lucky Lager
Labatt International Brands	Specialty: IPA, Guinness, Twistshandy. Import: Michelob, Tuborg, Birra Moretti
Labatt's USA	Import: Labatt's Blue, Labatt's Blue Light, Labatt's 50, Labatt Dry, Birra Moretti. Domestic: Rolling Rock, Rolling Rock Light
Labatt Breweries of Europe	Labatt's Canadian Lager, Rolling Rock, Birra Moretti, Sans Souci

Food

Ault Foods	Sealtest, Silverwood, Light n' Lively, Dallaire, Royal Oak, Copper Cliff, Lactantia, Balderson, Black Diamond
Johanna Dairies	Johanna, Tuscan, Abbotts, Lehigh, Green Spring, Ssips, La Yogurt
Everfresh	Everfresh, Rich n' Ready, Wagner
Ogilvie Mills	Ogilvie, Five Roses, Miracle Feeds
JLFoods	Chef Francisco, Crestar Foods, Delicious Foods, Omstead Foods, Oregon Farms, Halls European Foods

Entertainment

The Sports Network (TSN)	English language sports programming
Le Réseau des sports (RDS)	French language sports programming
TSN Enterprises	Sale of satellite services
Dome Productions	Television and video post-production facility at Toronto's SkyDome
Skyvision Entertainment	Production of television programming
Supercorp Entertainment	Creative production services for the Canadian advertising industry
International Talent Group (ITG)	Rock music talent agency
BCL Entertainment Corp.	Rock concert promotions and merchandising
Toronto Blue Jays Baseball Club	American League baseball team

Labatt Breweries of Canada is the only national brewer that is predominantly Canadian-owned. The division operates 12 breweries across the country, producing 35 different brands of ale and lager. Eight brands are marketed nationally while the others are sold on a regional basis.

Labatt International Brands is in the business of marketing premium and specialty beers and wines to both the Canadian and international markets. **Labatt's USA** comprises Labatt Importers and Latrobe Brewing Company. Labatt Importers

distributes Labatt products to 47 states; its *Labatt's Blue* brand is the fifth-largest selling imported beer. Latrobe Brewing produces premium beers and markets them in 45 states.

Labatt Breweries of Europe has two operating components—Labatt Brewing UK and Birra Moretti. The former maintains partnerships with 10 regional brewers in the United Kingdom for the brewing and distribution of *Labatt's Canadian Lager*. Birra Moretti is Italy's fourth-largest brewing operation.

Ault Foods is one of Canada's largest integrated dairy companies. Ault markets milk, yogourt, cheese and butter under various brand names across the country. **Johanna Dairies** is one of the largest dairy operations in the northeastern United States. As well as processing milk, Johanna produces yogourt and fruit juices.

Everfresh is a beverage company that produces fruit juices and drinks for sale to markets in Canada and the central United States. **Ogilvie Mills** operates John Labatt's grain processing

businesses. Its principal activity is the milling and sale of flour to bakeries, pasta manufacturers and industrial food processors. Ogilvie is also one of the world's leading producers of wheat starch and wheat gluten. **JLFoods** produces and markets frozen and refrigerated foods to the foodservice and retail markets throughout the United States and Canada.

The Entertainment Group has continued to expand its activity. The Broadcast Group comprises television and broadcast related activities such as: **The Sports Network**, **TSN Enterprises**, **Le Réseau des sports**, **Dome Productions** and **Skyvision Entertainment**.

Supercorp Entertainment, through a number of subsidiaries, is prominent in audio production and post-production, sound recording, and animated and live-action commercial production.

International Talent Group, with offices in New

York City and Los Angeles, specializes in the representation of contemporary rock music artists for live performances. **BCL Entertainment** is a leader in international rock concert promotions through Concert Productions International. In addition, John Labatt has been part owner of the **Toronto Blue Jays Baseball Club** of the American League East Division since the Club's formation in 1977.

To Our Shareholders



Sidney M. Oland
President and Chief Executive Officer

Peter N.T. Widdrington
Chairman of the Board

John Labatt Limited is in the midst of a carefully considered transition. With the acquisitions and divestitures made during the past three years, we are reshaping the Company so that it can continue to compete effectively in a changing world and provide shareholders with long-term earnings growth.

Significant, non-recurring charges, taken in a year when slower economic activity affected virtually all our businesses, were a major element of the disappointing financial results for fiscal 1991. We expect that fiscal 1992 will see a meaningful earnings recovery due to the reorganization activities and capital investments we have undertaken during the past year, as well as to the generally anticipated economic recovery. Our commen-

tary on the fiscal year ended April 30, 1991 can be found in Management's Discussion and Analysis of operations beginning on page 28 of this Report.

The strategic repositioning of John Labatt is not complete. Nevertheless we believe it is important that shareholders have an understanding of the goals toward which senior management is guiding the company during this transition.

As we see it

The context in which John Labatt's businesses compete continues to change rapidly. Complex, trade-related issues in Canada, as well as other domestic and international factors, present significant challenges and opportunities to the Company.

We have given considerable attention to dealing with international and domestic trade issues that have the potential to affect our businesses. Our objective in the various negotiations currently underway is to ensure that the domestic environment provides equal opportunity for all participants through well-considered and appropriately timed changes. At the same time, we have encouraged the Canadian Government to challenge the discriminatory policies of other countries and the dumping practices of certain American brewers. We are pleased with the Government's initiatives in these areas.

Early in 1991, the Canadian Government and six provinces, representing more than 80% of the country's population, signed an agreement to remove barriers to interprovincial trade in beer. The barriers will be removed progressively during the 1990s, and many provinces are beginning to institute changes. An orderly passage to a system that is consistent with international trade requirements will ensure that the domestic beer industry is not disadvantaged as it adjusts to the challenges of international competition.

As Canada proceeds toward more open trade, John Labatt will continue to work with provincial and federal trade authorities to address international trade opportunities and issues. In particular, we will pay close attention to those issues raised by the General Agreement on Tariffs and Trade (GATT) negotiations and the North American free trade discussions.

A level playing field in trade, however, is not the only change affecting our businesses. Economies of scale and technology have become extremely important in gaining and sustaining a cost advantage in businesses such as brewing and dairy. Thus, large brewing and food processing companies increasingly are looking beyond their home borders for new sources of growth. Since the capabilities required for successful operations—competitive technology, cost efficiency and marketing skills—are transportable, the internationalization of markets is a trend that will continue.

Our strategic direction

With increased international competition comes the need for an especially sharp focus on core businesses. In order for John Labatt to serve the best long-term interests of shareholders it must become an organization of fewer, larger businesses.

In last year's Annual Report, we stated that

management would focus on the following strategy:

- "Pursue major international growth initiatives primarily by building on the Company's strengths in Brewing.
- Rationalize the Food businesses to achieve improved results in fiscal 1991 and maximize resources for better returns longer term.
- Divest smaller, non-strategic operations.
- Expand the Company's Broadcast and Entertainment businesses."

We took steps toward each of these goals during fiscal 1991, and they remain the basis of our strategy for this year and for the foreseeable future.

In Canada, our Brewing group will continue to seek improved operating efficiencies and increased national market share. Outside Canada, brewing spearheads our international strategy. We have the production, packaging, research and marketing expertise, as well as a long tradition of dealing with national and regional brands, that are necessary to capture a meaningful share of international brewing markets.

The Food group remains the focus of our "fewer, larger" strategy. We are structuring the group to emphasize its core dairy businesses, and this has resulted in the divestiture of non-strategic operations. As we see it, "focus" does not simply mean "for sale." We do intend to take—and we have taken—advantage of opportunities that will augment our core dairy businesses.

Expansion of our Entertainment group by means of acquisitions or alliances is an important objective for John Labatt. We are committed to building on the group's already substantial skills in event management, sports and rock concert rights acquisition, program packaging and television production and post-production services. The results of this development work will continue to emerge over the next several years.

Progress towards our goals

During fiscal 1991, we undertook a number of actions that moved the Company closer to its goals.

Brewing: In Canada, we restructured our brewing management by organizing into complementary provincial and national teams. The result will be a more effective decision-making process that brings our provincial management teams closer to their customers, while providing the national structure for strategy and marketing

required to meet the competitive challenges of the 1990s.

Our marketing platform has been repositioned to reflect the current lifestyles of our customers. Some of these marketing initiatives are highlighted in the Profile section beginning on page 7 of this Report. We also maintained our association with highly visible, leisure events such as major league baseball, Canada Cup hockey and Formula 1 racing. Such events are excellent support for Brewing's marketing efforts in building brand awareness in Canada and, increasingly, in other countries.

In our view, success in brewing will result from competing aggressively, yet prudently, in international markets. In the United States, we have continued to build on our strengths, in the import and super premium beer markets. In the United Kingdom, we have continued to expand our innovative network of associations with local brewers. A partner-brewer arrangement established in fiscal 1991 with Allied Breweries introduces Labatt Brewing UK products to an additional 450 pubs. As well, during fiscal 1991, we carefully considered major international acquisitions, including Bond Brewing of Australia and Cruz del Campo of Spain. Neither could be acquired at a price or on terms that offered an acceptable balance of risk and return. Our continuing search will be governed by our determination to ensure our shareholders receive good value.

Food: The Food group made significant strides towards its goals in fiscal 1991. Ault sold its Manitoba dairy assets and added to its core lines with the acquisition of Neilson Dairy's ice cream business and Maple Leaf Foods' dairy operations. The purchases included two well-established brands—*Häagen-Dazs* ice cream and *Black Diamond* cheese.

Johanna Dairies took important steps during the year to improve the productivity of its operations and distribution system. Its renewed emphasis on service and quality will be a key component of the company's long-term profitability.

Subsequent to year-end, the proposed merger of the flour and related businesses of Ogilvie Mills and Maple Leaf Mills was cancelled. The conditions under which the Competition Bureau would have approved the transaction were so onerous as to severely limit the commercial viability of the venture. We are now re-examining the strategic and commercial alternatives for our

flour and starch businesses.

We also announced, subsequent to year-end, our intention to sell JLFoods. The divestiture is a major step in refocusing John Labatt's financial and management resources on its core brewing, dairy and entertainment businesses. As part of our strategy to sell smaller, non-strategic holdings, we also announced after year-end our intention to sell the Miracle Feeds business, a division of Ogilvie Mills. Proceeds from both sales will be used to advance the strategic plans of the Company.

Entertainment: The Entertainment group continued to expand during the year through small acquisitions by Supercorp Entertainment and International Talent Group and new ventures in the broadcast area. The group is developing new business despite a difficult economic environment and should make important contributions over the long term to both our earnings and marketing efforts.

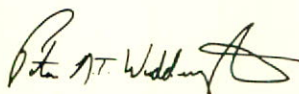
Looking ahead

We see a John Labatt company that is comprised of fewer, larger businesses that are well positioned to be successful in selected international markets. The actions we have taken will be key factors in the meaningful earnings recovery we anticipate at John Labatt during fiscal 1992. We are confident that our strategy will provide shareholders with sustained, long-term value.

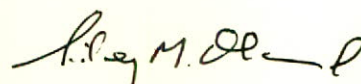
Marcel Bélanger, O.C., was appointed an Honorary Director of the Company at the 1990 Annual General Meeting of Shareholders. We thank Mr. Bélanger for his dedication during 18 years of active service to the Board of Directors, particularly for his valued counsel as Chairman of the Audit Committee.

The loyalty of our 16,700 employees during this time of transition is greatly appreciated. We thank them for their outstanding efforts in securing the ongoing success of John Labatt.

On behalf of management and the Board,



Peter N.T. Widdrington
Chairman of the Board



Sidney M. Oland
President and Chief
Executive Officer

June 21, 1991

Company Profile

The tradition of excellence established in John Labatt's early years still guides our business today."

Sidney M. Oland

President and Chief Executive Officer

Brewing



LABATT'S BEER BREWING COMPANY LTD., LONDON, VANCOUVER, EDMONTON,
TORONTO, WINNIPEG, TORONTO, MONTREAL, SAINT JOHNS, HALIFAX,
OTTAWA, CANADA • UNION MADE • RETURN FOR REFUND

BEER • BIÈRE

341 ml 5%



Labatt's
Blue



Budweiser

Budweiser is one of Canada's fastest-growing brands with more than 4% of the national beer market. Bud's success is due in part to a very consistent brand marketing campaign focused on the "Bud Man" theme. Budweiser is very popular in Quebec — the province accounts for 50% of the brand's national volume — where it was repositioned in the summer of 1990 as the "rock 'n roll" brand. Labatt has also launched Bud Light in several Canadian markets.





Labatt Dry

Early in fiscal 1991, Labatt launched a very aggressive campaign to reposition Labatt Dry, which encompassed point-of-sale merchandising and a new, painted-label bottle. The repositioning included the most talked about advertising in a number of years — the “La” campaign — which resulted in excellent brand awareness with consumers.

Carlsberg Light

Carlsberg Light has been successfully positioned as “A Different Light” for younger beer drinkers who appreciate the image and taste of a high-quality, international beer. The brand responded very well to the introduction of its painted-label bottle, gaining consumer acceptance in several key markets.





Rolling Rock

Our Latrobe Brewing Company produces the Rolling Rock and Rolling Rock Light brands and markets them throughout the United States and exports them to Europe. The brands achieved a 12% volume increase in a flat domestic market, propelling Latrobe Brewing's sales to an all-time record in fiscal 1991. Latrobe has become an important niche player in the U.S. super-premium market.

Labatt's Imports



In the United States, the growth of Labatt's imported brands continued with a small volume increase this past year, despite an overall decrease in the Canadian segment of the market. Labatt's Blue now ranks as the fifth-largest selling import beer. New packaging for the Labatt's USA product line will be introduced in the fall of 1991.





Labatt's Canadian Lager

During fiscal 1991, volume gains pushed Labatt's Canadian Lager to the top ten in the England/Wales draught-standard lager market. New, taller bottles, complemented by exceptional graphics and an innovative, twist-off cap, will strengthen Labatt's position in the growing packaged segment of the market in the United Kingdom.

Birra Moretti

Birra Moretti places strong emphasis on advertising support for its key brands. Moretti's "Talking Label" campaign was instrumental in more than doubling brand awareness with consumers. Sans Souci has become the premium-priced, youth brand in the company's portfolio. Its campaign uses Italy's leading rock star, Zucchero, as the brand's advertising spokesman.



*F*ood







Sealtest

Ault is a leading processor of fluid milk in Canada, providing consumers with a broad range of milk and milk-based products. Sealtest is one of the company's best known brands.

Häagen-Dazs

During 1991, Ault acquired the Canadian license for Häagen-Dazs, the super-premium ice cream. This high quality brand stands alone with an 89% share of the super-premium ice cream segment and is the only nationally branded ice cream in this category. Ault intends to commit strong marketing and merchandising support to build the super-premium segment in Canada.



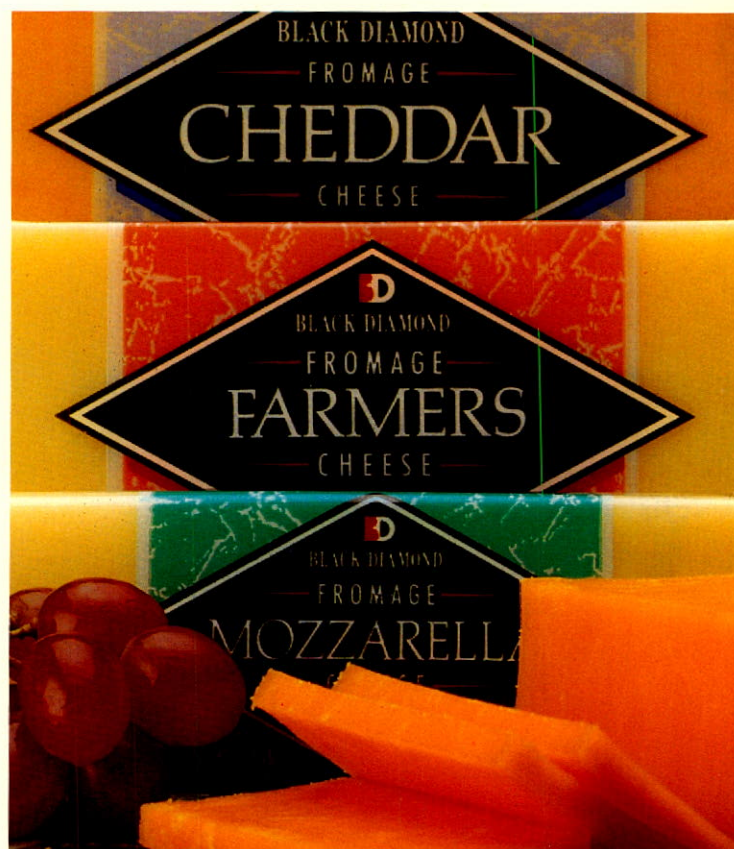
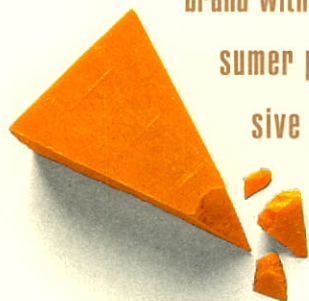


Light n' Lively

Light n' Lively Fruit On The Bottom yogurt is a leading brand in its category in the important Ontario market. Light n' Lively's diet offering is also a leading brand in the rapidly expanding diet segment. Both products offer consumers exceptional taste combined with low calories.

Black Diamond

In December 1990, Ault Foods acquired the well-known Black Diamond cheese brand. Ault intends to support the continuing success of the brand with television advertising, consumer promotions and an aggressive feature activity program.





Drumstick

Drumstick Sundae Cones are Canada's largest-selling, premium novelty product. The 140 ml, ice cream and wafer product is larger than most competitive sundae cones and is manufactured with top-quality ingredients. Drumsticks are available in four flavours.

Everfresh

Everfresh Sparkling mineral water with pure fruit juice is Everfresh's award-winning beverage. The brand is now the leading carbonated fruit juice drink in Canada, and sales in the United States are expected to climb sharply as the product wins favour with health-conscious consumers.





Johanna

Johanna Dairies processes, markets and distributes a range of retail dairy products in the northeastern United States. Table milk is the core business of the company, and is offered under a variety of labels such as the Johanna brand pictured here. Johanna is committed to service and quality.

La Yogurt

Johanna's La Yogurt brand offers an extensive product line in a variety of flavours and sizes.



The line includes stirred yogourts, diet products, and the popular "fruit on the bottom" variety.



*E*ntertainment





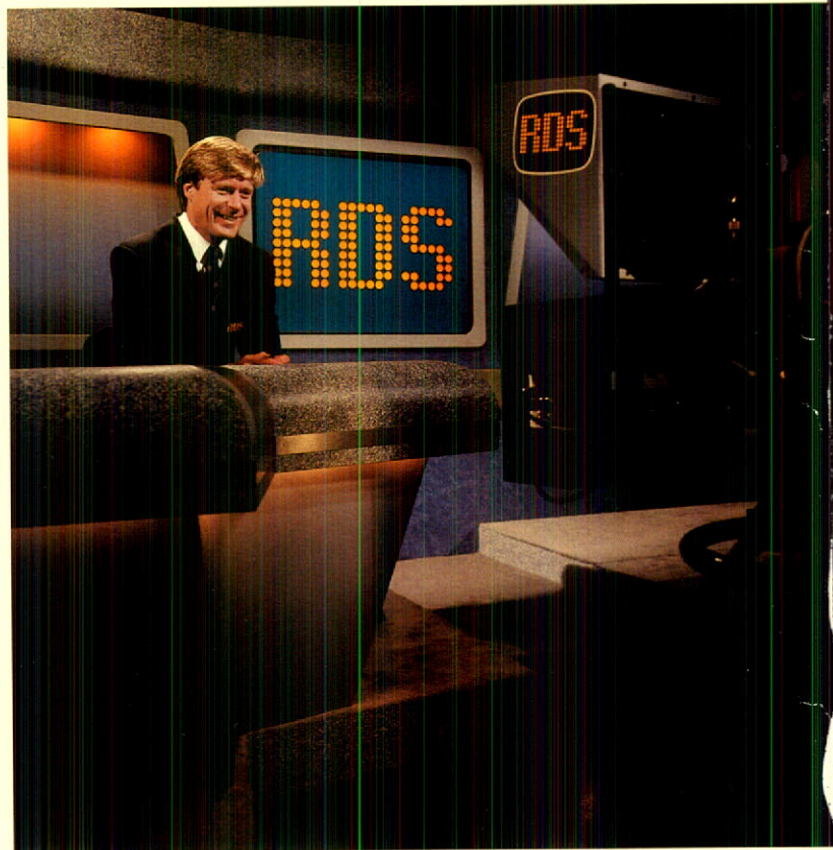


The Sports Network

TSN is the most successful specialty television service in Canada. Its English language, all-sports programming is delivered primarily via cable to a national subscriber base of 5.9 million. TSN provides its viewers with extensive coverage of key events and a wide variety of sports programming chosen to meet the interests of Canadian viewers.

Le Réseau des sports

RDS is French language, all-sports specialty television programming serving 1.6 million households. RDS serves the Quebec market with a full schedule of professional and amateur sporting events, featuring 25% Quebec-based programming.





Skyvision Entertainment

Skyvision Entertainment is a new division of the Broadcast Group, responsible for the creation, development and production of television shows and movies for the world television market. Skyvision has moved quickly to position itself as a leader in using the latest technology to provide programming for the exciting high-definition television format.

Toronto Blue Jays

The Toronto Blue Jays are the only major league team to have achieved a win/loss record of better than .500 in each of the past eight seasons. In the club's short, 15-year history, the Blue Jays have won two American League East Division championships. Last year, the team and its loyal fans set an all-time, major league attendance record of 3.9 million.





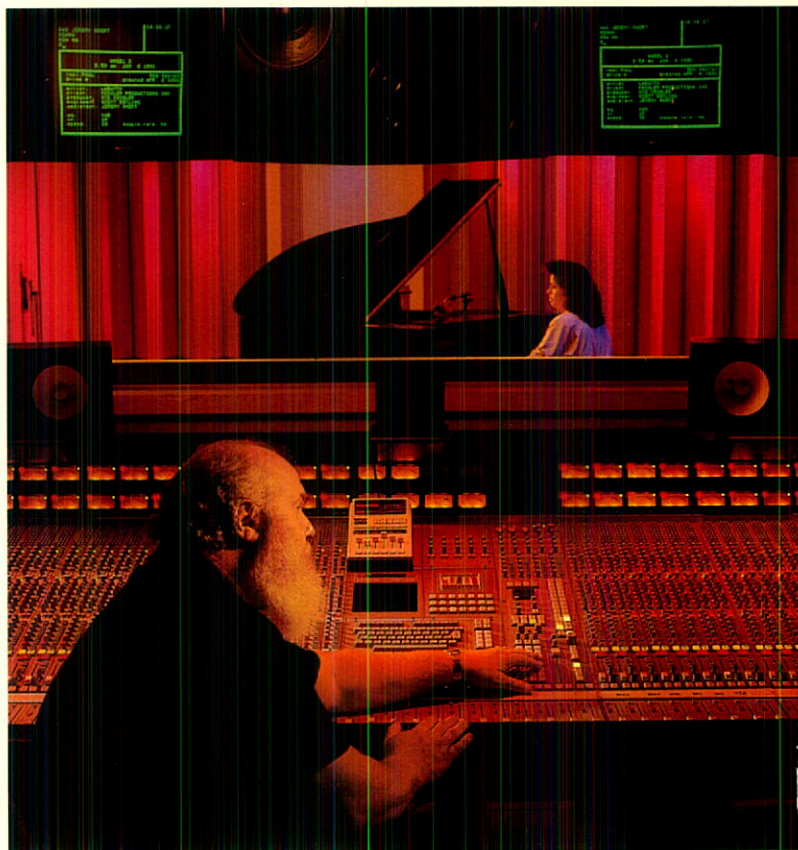
BCL Entertainment

During fiscal 1991, BCL continued to consolidate its leadership position in international rock concert promotion. The company successfully staged the Rolling Stones' Urban Jungle tour in Europe, David Bowie's Sound and Vision tour in Europe, and the North American tour, Born at the Right Time, by Paul Simon pictured here.

Supercorp Entertainment



The control room of Studio 6 shown at right is an integral part of the new facilities at Sounds Interchange, a division of Supercorp. A recent expansion has virtually doubled the capacity at Sounds and provided four new digital editing suites. A new mixing theatre is currently being used to mix the new Imax film of the Rolling Stones' Steel Wheels tour.



Financial Report

Fiscal 1991 has been a year of challenge and transition at John Labatt.”

Sidney M. Oland

President and Chief Executive Officer

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Segment Highlights

Financial Information

Brewing

<i>(\$ millions)</i>	1991	1990	1989	1988	1987	1986
Gross sales	\$2,043	\$1,920	\$1,818	\$1,633	\$1,487	\$1,333
Assets employed	727	717	516	527	429	387
Capital expenditures	104	98	78	75	55	51
Depreciation and amortization	60	52	43	39	33	27
Earnings before interest and taxes	109	174	157	140	121	94
Labatt's domestic volume — millions of hl	8.3	8.5	8.5	8.4	8.4	8.1
Labatt's worldwide volume — millions of hl	11.5	11.2	10.3	9.4	8.9	8.5

Food

<i>(\$ millions)</i>	1991	1990	1989	1988	1987	1986
Gross sales	\$3,327	\$3,354	\$3,606	\$3,474	\$2,786	\$2,261
Assets employed	1,519	1,233	1,111	1,508	1,244	732
Capital expenditures	87	108	160	118	99	51
Depreciation and amortization	90	82	84	75	58	44
Earnings before interest and taxes	90	90	106	155	146	132

Entertainment

<i>(\$ millions, unaudited)</i>	1991	1990	1989	1988	1987	1986
Revenues	\$666	\$698	\$332	\$163	\$58	\$48
Labatt's share of revenues	375	370	177	93	37	29

Readers should note that financial information for the Entertainment group is not reported as a separate segment. Results for the broadcast businesses of the Entertainment group are allocated and reported as part of the segmented financial results of the Brewing and Food groups shown above. The unaudited revenues of the Entertainment group shown here include the revenues of both the broadcast and the partly owned businesses of the Entertainment group.

Operating Highlights

Fiscal 1991 was a difficult year. Industry volume in Canada declined 1.3% due to a recessionary economy and growing cross-border purchases by consumers. Labatt's average national market share declined from 42.2% last year to 41.8% for fiscal 1991 but recovered during the fourth quarter to 42.1%.

Brewing's international businesses in the United States and Europe continued to enjoy strong expansion, with volumes up 9% in the United States and 33% in Europe. Group earnings were down due to one-time charges and lower volumes in the Canadian operation.

Strategic Outlook

Fiscal 1992 results are expected to recover significantly. Efforts are focused on increasing domestic market share and expanding sales volumes in the United States and Europe. Non-recurrence of last year's one-time charges, as well as the generally anticipated economic recovery, should also improve results. In Canada, new marketing campaigns for major brands and a more effective operating structure are expected to produce positive results. Strategically, the group will continue to direct its efforts toward expanding its brewing business in the United States and Europe, and pursuing additional international market development opportunities.

Group results benefited from good performance at Ault and JLFoods, and from improvement at Johanna. These were partly offset by sharply lower results at Ogilvie, as well as major, one-time provisions for potential asset write-downs. Ault's business was expanded with two significant acquisitions: the purchase of the *Black Diamond* cheese business from Maple Leaf Foods and the purchase of the Neilson Dairy ice cream business, including the *Häagen-Dazs* brand license for Canada. The latter purchase secures Ault's leading position in the Canadian ice cream market.

Food operations are expected to show improved results in fiscal 1992 as industry conditions improve. Ogilvie's results should recover somewhat from last year's very depressed level. Ault's operations will benefit from last year's acquisitions. At Johanna, further rationalization and cost efficiencies should improve results. Restructuring of the Food group continues to be a major priority in John Labatt's strategic repositioning. Subsequent to year-end, John Labatt announced its intention to explore the sale of JLFoods and the Miracle Feeds division of Ogilvie Mills.

The broadcast businesses within the Entertainment group continued to perform well. TSN enjoyed particularly strong results; its subscriber base has now grown to 5.9 million. BCL and Supercorp had a difficult year, with revenues constrained by the effects of the recession in their principal markets. In particular, BCL experienced sharply lower results, substantially lowering the overall contribution from partly owned businesses. The Toronto Blue Jays, however, set a major league attendance record, though earnings were reduced by the settlement of a league grievance.

Anticipated improvements in business conditions should help the Entertainment group deliver better results for fiscal 1992. BCL's results, in particular, should show recovery. The broadcast businesses are expected to continue to perform very well.

Management's Discussion and Analysis of Results of Operations and Financial Condition

Introduction

The following discussion and analysis provide a review, on a basis comparable to fiscal 1990, of the activities, results, and financial condition of John Labatt Limited for the year ended April 30, 1991. This discussion and analysis should be read in conjunction with the Consolidated Financial Statements and accompanying Notes.

We have summarized the results of our segments in Note 20 to the Consolidated Financial Statements. Readers should note that financial information for the Entertainment group is not reported as a separate segment. Results of the broadcast businesses of the Entertainment group are allocated and reported as part of the segmented financial results of the Brewing and Food groups, while the Entertainment partly owned businesses are included in the results of partly owned businesses.

Overview

Results for the year ended April 30, 1991 were down sharply from the previous year. Net earnings were \$109 million compared to record earnings of \$169 million reported in fiscal 1990. Fully diluted earnings per share were \$1.03 versus \$1.78 a year ago.

The earnings setback is attributable to two main causes: non-recurring items and lower contributions from Labatt Breweries of Canada and Ogilvie Mills.

Non-recurring items of \$61 million net, before tax, account for the majority of the shortfall. These include provisions related to the management restructuring of Labatt Breweries of Canada, provisions for unusually high bad-debt exposure at Johanna Dairies and provisions for ongoing restructuring. In addition, in the partly owned businesses, a major non-recurring item was the Blue Jays' share of the league's grievance settlement.

Lower contributions from Labatt Breweries of Canada and Ogilvie Mills also reduced earnings.

Earnings were down in the Canadian brewing operations as industry volume declined 1.3% due to unseasonable weather during much of the prime summer selling season and to increased cross-border shopping by consumers. As well, Labatt's average national market share fell to 41.8% from 42.2% a year ago. Results from Ogilvie Mills were adversely affected by lower wheat pricing in Canada and poor economic conditions affecting international starch and gluten markets.

Earnings also reflect the ongoing expense of the Company's commitment to substantial market development, particularly for our brewing operations in the United States and Europe.

While the results for the year are disappointing, we anticipate a good earnings recovery in fiscal 1992. Earnings are expected to rebound due to the absence of last year's major one-time charges and due to new business initiatives and the generally anticipated economic recovery.

The planned sales of JLFoods and the Miracle Feeds division of Ogilvie Mills announced subsequent to year-end would add substantially to the cash resources of the Company. This, together with a strong financial position, will provide John Labatt with the financial resources to pursue its strategic objectives.

Results of Operations

John Labatt Limited is a company whose principal businesses are in the brewing, food and entertainment industries. The Company competes in the international marketplace.

Brewing

Brewing operations are comprised of:

- Labatt Breweries of Canada
- Labatt's USA
- Labatt Breweries of Europe

Labatt Breweries of Canada

Labatt Breweries of Canada is the only national brewer that is predominantly Canadian-owned. The company produces and markets 35 national and regional brands for sale in Canada, including the country's best-selling brand, *Labatt's Blue*, and exports products for sale in 20 other countries.

National brands are *Labatt's Blue*, *Labatt's 50*, *Labatt's Lite*, *John Labatt Classic*, *Labatt's Dry*, and the licensed brands *Budweiser*, *Carlsberg*, and *Carlsberg Light*. In addition, important regional brands are *Blue Star* in Newfoundland, *Keith's*, *Oland's Export* and *Schooner* in the Maritimes, *Légère* and *Labatt .5* in Quebec, *Labatt's Blue Light* and *Crystal* in Ontario, *Club* in Manitoba, *Kokanee* in Alberta, and *Kokanee* and *Lucky Lager* in British Columbia.

Earnings for fiscal 1991 were lower. Results were hurt primarily by one-time charges for a management restructuring, as described below. As well, sales volume was down 2% on a year-over-year basis, reflecting our share of an industry volume decline of 1.3% and a 0.4 point reduction in Labatt's average national market share.

Two factors were prominent in the industry decline: unseasonable weather during much of the company's prime summer selling period and increasing cross-border purchases by Canadian consumers. In addition, the industry has been under pressure in British Columbia as a result of the dumping of certain American brands of discount beer in that market.

The reduction in Labatt's market share also contributed to lower earnings. Our national market share for the year was an average 41.8%, down 0.4 point from fiscal 1990, though, in the fourth quarter, share had recovered to 42.1%. While our share was under some pressure in the important Ontario market, it stabilized in the

fourth quarter. Labatt share positions showed growth in the significant Quebec, British Columbia and Alberta markets.

Labatt's Blue is Canada's most popular beer.

A new *Blue* advertising campaign, titled *Now You're Laughing*, was launched in May 1991 and has been very well received. The new *Blue* painted-label bottle launched in calendar year 1990 has been a success with consumers in Ontario, British Columbia and New Brunswick. In addition, *Budweiser* maintained its leadership as Canada's best-selling licensed beer.

During the past year, Labatt Breweries of Canada launched new advertising and marketing programs for most of its national brands. *Labatt's Dry* was converted to a tall-neck, painted-label bottle and supported by the popular "La" advertising campaign. *Labatt .5*, a new, low-alcohol beer, was successfully launched in Quebec. *Kokanee*, a major regional brand in British Columbia was well received in Alberta in its first full year of province-wide distribution.

A major initiative during the year was the reorganization of Labatt's marketing and administration functions to enable the operation to manage more effectively in the rapidly changing business environment in Canada. The new structure, organized around provincial and national teams, eliminated layers of regional management. Labatt's now has a centralized structure to deal with key strategic issues; the new structure also improves the company's effectiveness in each provincial market. The reorganization was designed to ensure that the company continues to be attuned and responsive to its customers.

Three-year labour contracts were signed in all provinces except Manitoba and parts of Quebec.

Management has focused considerable attention and effort toward the successful resolution of international and domestic trade issues relating to the brewing industry. During fiscal 1991, the Federal Government and six provinces representing more than 80% of the country's population signed an agreement to remove barriers to inter-provincial trade in beer. The Maritime provinces and Manitoba are not parties to this agreement and therefore are not bound by it. The agreement calls for the barriers to trade to be removed progressively with listing and pricing practices that discriminate against out-of-

province beer to be eliminated by 1992 and 1995, respectively. Labatt believes that this timetable will allow the provinces involved to change their regulatory systems in a way that will ensure that domestic brewers are not disadvantaged by the liberalization of domestic trade policies.

Internationally, activity continued during the year with respect to challenges of Canadian regulatory practices by the European Community (EC) and the United States under the General Agreement on Tariffs and Trade (GATT). Brewing industry and union representatives have been working closely with federal and provincial government officials to advance Canada's position in the GATT proceedings by demonstrating the acceptability under GATT of the many complex provincial policies and practices across Canada that regulate the brewing industry. It is too early to predict the ultimate outcome of these GATT proceedings. The Company considers that some progress has been achieved during the year in negotiations on the EC challenge and on addressing the challenge by the United States.

The 1988 GATT panel report on the EC complaint found that some provincial liquor board practices were not consistent with Canada's commitments under GATT. As a result, negotiations between the Canadian Government and the EC have taken place, with many issues well on the way to resolution. The final negotiations are expected to conclude after the report of the GATT panel on the U.S. complaint is issued. The latter panel was initiated when the United States filed a GATT complaint alleging discriminatory practices still existed in various provinces relating to the pricing, listing and distribution of beer. The panel's report is expected by September 1991.

A separate action was filed by Canada with GATT in 1991 requesting that a dispute settlement panel be established to investigate U.S. federal and state practices that result in structural impediments to sales of imported beer in the United States, and which therefore violate U.S. obligations under GATT. A GATT panel was recently appointed and will, in due course, report on the legitimacy of these practices.

In 1991, a complaint was filed by British Columbia brewers, alleging that certain American brewers were dumping beer into that market. A preliminary decision by Revenue Canada in June 1991, which confirmed that dumping had taken place, imposed provisional anti-dumping duties to remedy the situation.

The Canadian International Trade Tribunal is now inquiring as to whether or not the dumping is injurious. Should the Tribunal rule that it is injurious to the Canadian industry, the anti-dumping duties will remain in place for up to five years, unless extended. The decision is expected in October 1991.

International and domestic trade issues will continue to be a focus at John Labatt during fiscal 1992. The Company's objective in all these negotiations and proceedings is to ensure that the domestic regulatory environment provides a level playing field for all participants, while seeking to alleviate discriminatory practices in other countries which impede access to Labatt products.

Fiscal 1992 efforts will focus on market share gains and further productivity programs. In May 1991, Labatt initiated new marketing and promotional programs aimed at strengthening the appeal of Labatt brands to consumers. Coupled with the 1991 management restructuring, they are intended to improve the company's national market share in fiscal 1992. In addition, productivity programs will be aggressively pursued.

Labatt's USA

Labatt's USA imports and markets the *Labatt's Blue*, *Labatt's Blue Light*, *Labatt's 50* and *Labatt's Dry* brands from Canada, the *Birra Moretti* brand from Labatt's Italian breweries, and the *Clausthaler* brand, a non-alcoholic beer imported from Germany.

Latrobe Brewing Company produces the *Rolling Rock* and *Rolling Rock Light* brands and markets them throughout the United States. Latrobe is an important niche player in the super-premium market.

Labatt's USA has grown from a small importing company in 1985 with sales of 0.4 million hl (0.3 million barrels) to a significant importer and brewer with sales of over 1.5 million hl (1.3 million barrels) this past year. It has been one of the few growth companies in an industry that has been relatively flat for the past few years.

Labatt's USA achieved a 9% volume increase for fiscal 1991. *Labatt's Blue* now ranks as the fifth-largest selling import beer in the United States. Labatt brands were up marginally, even

though sales of Canadian imports generally were down. In addition, *Rolling Rock* brands achieved a 12% volume growth in a flat domestic market. Latrobe Brewing enjoyed a record year, with sales of 0.8 million hl (0.7 million barrels).

The outlook for fiscal 1992 is for continued growth but at a moderately slower rate due to an expected decline in industry sales caused by pricing pressures, notably the January 1991 increase in excise tax. A number of programs to be initiated in the new fiscal year should favourably affect results. These include the introduction of new packaging graphics for the entire family of Labatt's brands, scheduled to be introduced to consumers in the fall of 1991, the aggressive expansion of *Rolling Rock Light* across the United States and the addition of new brands to the Specialty Import Division of Labatt's USA. In addition, steps will be taken to expand production capacity at the Latrobe plant by approximately 25% over the next two years to support *Rolling Rock* sales growth.

Labatt Breweries of Europe

Overall volume of Labatt Breweries of Europe increased 33% to 1.6 million hl. The division made significant progress during the year in building a consumer franchise in the United Kingdom and Italy. Financial results from Labatt Breweries of Europe, however, reflect the ongoing major expenses of the company's commitment to substantial business development.

Fiscal 1992 volume is expected to grow strongly.

United Kingdom

Since its introduction to the United Kingdom in February 1988, *Labatt's Canadian Lager*, produced in partnership with a number of regional brewers, has achieved sizable market share.

Fiscal 1991 marked the third consecutive year of progress at Labatt Brewing UK. This was achieved despite a changing and challenging business and regulatory environment. Total sales volume increased 8% over last year. *Labatt's Canadian Lager* is now among the top ten brands in the England/Wales draught-standard lager market.

Gains in distribution have been accomplished in both the draught and packaged segments of

the market. New brewing and distribution partners include Allied Breweries and Bass Ireland, respectively. In addition, Labatt products are now sold in most major supermarkets and retail chains in the United Kingdom. The *Rolling Rock* brand, imported from Latrobe, Pennsylvania, has also met with strong consumer acceptance.

Changes in the industry continue as a result of the Mergers and Monopolies Commission requirements. These regulatory changes require some brewers to restructure their holdings between brewing and retailing operations. The industry restructuring is expected to result in the divestiture by national brewers of approximately 10,000 tied pubs on a timetable to be completed by November 1992.

Italy

Fiscal 1991 saw the completion of major organizational changes within Birra Moretti. The integration of the Prinz Brau Breweries into Birra Moretti is virtually complete. Moretti is now a national company with brewing operations in north, central and southern Italy and a single national sales force and distribution network. The key brands, *Birra Moretti* and *Sans Souci*, are now available throughout Italy.

During fiscal 1991, Moretti initiated major marketing and distribution investment programs. The result was a 29% increase in sales volume over the previous year, on a comparable basis. *John Labatt Classic*, imported from Canada, is in the early launch phase; results to date have been encouraging.

Industry volume is up 6% over last year and growth is expected to continue. Our ongoing investment in facilities, marketing and distribution at Moretti should enable the Italian operation to make significant profit contributions in the future.

Food

Food operations are comprised of:

- Ault Foods
- Johanna Dairies
- Everfresh
- Ogilvie Mills
- JLFoods

John Labatt is proceeding with the proposed divestiture of JLFoods and Miracle Feeds in a continuing major restructuring of the Company. Our strategy is to focus on fewer, larger businesses in the brewing, dairy and entertainment industries. During fiscal 1992, these planned sales would generate substantial cash resources, providing the means for John Labatt to take important steps toward its strategic objectives.

Ault Foods

Ault Foods is one of Canada's largest dairy operations. Ault produces and markets a complete line of dairy and industrial milk products in Ontario and Quebec, and, in addition, markets certain of its products in the Maritimes, western Canada and internationally.

Ault's dairy operations are organized into fluid, refrigerated, frozen and food-service divisions, and account for approximately two-thirds of Ault's sales. These divisions market fresh table milk and related products, including cream, yogourt, cottage cheese, sour cream, ice cream, frozen novelties and juices. Products are marketed under major brand names such as *Sealtest*, *Silverwood*, *Light n' Lively*, *Dallaire*, *Royal Oak* and *Copper Cliff*. Popular frozen product brands include *Parlour*, *Häagen-Dazs*, *Oh Henry!*, *Drumstick*, *Fruit Fantasy*, *J. Higby's Yogourt* and *Eskimo Pie*.

Industrial milk products account for approximately one-third of Ault's sales. These products include high-quality butter and cheeses marketed under the *Lactantia*, *Black Diamond* and *Balderson* brand names. Ault also supplies cheese and other products to food manufacturers for further processing and to retailers for their brand-name and private-label businesses. The company exports cheese, butter, whey powder, skim milk powder and custom-blended dairy products to many countries.

Ault achieved strong sales and earnings

growth in fiscal 1991. Ault performed very well against stiff competition in the retail milk market and despite the continuing, industry-wide decline of industrial milk volume due to supply restrictions imposed by provincial marketing boards. Strong results in Ault's ice cream business in particular contributed to the company's good performance.

Ault's market position was further developed during this past year. In addition to the first full year of national distribution for *Pure & Simple*, Ault's low-fat butter, the company arranged to have its ice cream and novelty products franchised in western Canadian markets through co-operative arrangements with regional dairies. String mozzarella cheese and other product extensions were also successfully brought to market during the year.

The company made two important acquisitions that will strengthen its core operations.

In January 1991, Ault acquired Maple Leaf Foods' dairy business, including *Black Diamond* cheese. While the acquisition does not provide Ault with large incremental sales volume, it does protect existing volume and gives Ault access to retail margins.

Ault also acquired the Neilson Dairy ice cream business—including the Canadian license for the prestigious *Häagen-Dazs* brand—thereby increasing Ault's market share. The acquisition will allow Ault to capitalize on the substantial investment it has made during the past two years in plant and processing technology at its London, Ontario ice cream plant. Ault is now the producer of many of Canada's leading ice cream and novelty products.

Trade issues continue to create uncertainty for Canadian dairy processors

as the Canadian Government postponed action on a GATT panel ruling which found that Canadian restrictions on the importation of yogourt and ice cream from the United States contravened the GATT. Reciprocity is not available to Canadian yogourt and ice cream producers due to the special terms under which the United States joined the GATT.

The Canadian Government has said that negotiations relating to implementation of this GATT ruling will be deferred pending completion of the current Uruguay Round of GATT talks. As the current talks have been extended without a definite completion date, it is unclear

when these negotiations will commence.

While Ault is committed to being a cost-effective, competitive dairy, the risk to all Canadian dairy processors is that imports of U.S. yogurt and ice cream could be allowed without sufficient adjustment for the difference in U.S. and Canadian regimes for income protection for milk producers. This currently results in Canadian milk processors paying an estimated 35% to 40% more for raw milk than their American counterparts.

Ault's commitment to invest in plant productivity and market development is beginning to show in improved profitability and market share. Market share was maintained or increased this past year in nine of the ten major product categories in which Ault competes.

Research and development activities, focused on applying technology to add value to the company's products, continued at high levels during the year. Ault has developed innovative fat-substitution technology that will be instrumental in the development of low-fat products.

Johanna Dairies

Johanna Dairies is the largest table milk processor in the northeastern United States. It markets a range of retail dairy products under the *Johanna*, *Tuscan*, *Abbotts*, *Lehigh* and *Green Spring* labels. Packaged drinks and yogurt are manufactured and sold under the *Ssips* and *La Yogurt* brand names.

Johanna's broad customer base includes supermarket and convenience store chains, wholesalers and dairy distributors, independent grocery stores and many food-service accounts. The primary distribution areas are Metropolitan New York, New Jersey, Pennsylvania, Maryland and the District of Columbia.

Fiscal 1991 results from operations showed progress; however, major provisions for bad debts and further rationalization of the business reduced results. The provision for potentially uncollectible accounts receivable resulted primarily from the rationalization of the company's dealer distribution network and the effect of the recession on other Johanna customers.

Johanna achieved some progress in intensely competitive markets. Volumes in the milk business were down. Margins remained under pressure for most of the year, but improved later in the year due to decreasing raw milk, packaging

and fuel costs. Cost-saving programs in processing and distribution helped Johanna's results, particularly in the juice and yogurt businesses.

Rationalization in the Metropolitan New York marketplace continued for the first half of the year. Johanna's plant closings in New York City at the end of the last fiscal year reduced the company's exposure to this difficult market. The company also took a provision for the potential loss on a small, non-strategic operation to be sold.

Improved earnings are expected for Johanna in fiscal 1992. Raw milk supplies are forecast to be adequate and the marketplace is showing signs of stabilization. The longer-term outlook for improved profitability is enhanced by initiatives currently underway to improve the quality of operations and service.

Everfresh

Everfresh produces and markets fruit juices, fruit drinks and sparkling mineral water with pure fruit juice in regional North American markets. The company operates production facilities in Windsor, Ontario; Warren, Michigan and Chicago, Illinois. Products are marketed through an extensive sales and distribution network that includes distributors, brokers and Everfresh's own distribution system.

Results improved marginally in fiscal 1991, despite competitive markets and margin pressures.

Everfresh continued to implement a number of programs and initiatives to position the company for better profitability. The company completed the consolidation of brands under the *Everfresh* label. *Everfresh Sparkling mineral water with pure fruit juice* sold very well in Canada and the United States after its introduction. During 1990, this new line was awarded the distinction of "Grocery Product of the Year" by the Grocery Products Manufacturers of Canada, and was named first runner-up as international beverage of the year in the prestigious "Sial d'Or" awards in Paris.

Everfresh anticipates improved sales and contribution in fiscal 1992 due to the continuing success of its new product line.

Ogilvie Mills

Ogilvie Mills' principal activity is the milling and sale of flour to bakers, pasta and biscuit producers, and industrial food processors. The company mills the well-known *Five Roses* brand of flour in Canada, and exports flour directly and through government foreign-aid programs. In addition, Ogilvie is a major manufacturer and marketer of oat products sold to the breakfast cereal and bakery industries throughout Canada and the United States, one of the world's largest producers of wheat starch and gluten and a major participant in the North American livestock feed business.

Fiscal 1991 results were down substantially due to very difficult industry conditions in both the flour milling and starch and gluten operations.

The flour operations experienced significant margin loss due to continued excess industry capacity and the May 1990 loss of the Winnipeg oatmill due to fire. As well, depressed mill by-product prices resulting from high global wheat production reduced competing feed-grain prices.

Lower starch margins due to forward wheat positions in a sharply declining grain market affected Ogilvie's earnings. In addition, the recession had a dramatic effect on the construction, paper and corrugated box industries, slowing sales and further depressing margins on the starch and gluten business. Excess European gluten inventories resulted in major global price reductions. As well, start-up costs were incurred at the new, automated oatmill in Midland which was in the final commissioning stages.

Results for fiscal 1992 are expected to show improvement, primarily due to the generally anticipated economic recovery, better gluten prices, the commercialization of new, value-added industrial starches, plant rationalizations and expense reductions. Nevertheless, flour operations are likely to experience another difficult year as wheat-based products were brought under free trade in May 1991.

Subsequent to year-end, John Labatt and Maple Leaf Foods cancelled their agreement to merge their milling and baking interests.

The agreement was cancelled because the conditions under which the federal Competition Bureau would have approved the transaction were so onerous that the commercial benefits of the merger would have been severely constrained. John Labatt is now re-evaluating the strategic options for the business.

JLFoods

JLFoods produces and markets a variety of frozen foods to the food service industry, primarily in North America. Its products enjoy leading market shares in many market segments.

JLFoods major operations include Chef Francisco (frozen soups), Crestar Foods, formerly Pasquale (pizza), Delicious Foods (coated products), Omstead Foods (coated products), Oregon Farms (bakery products/pasta) and Hall's European Foods (pizza).

JLFoods performed well in fiscal 1991. Despite recessionary conditions in the United States affecting the food industry, JLFoods' earnings rebounded strongly.

Progress in new food service market segments strengthened JLFoods' leadership position in frozen soups, coated products and snack pizza-bagels. New formulation and packaging were developed to expand soup sales into non-commercial segments. As well, new chain-restaurant accounts resulted in increased sales for coated products and new warehouse-club and food-service distributor placements were achieved for the *Bagel Bites* line.

The retail frozen bread dough business and the Pasquale Foods franchise restaurant business were sold. The Pasquale name was sold with the franchise and the remaining JLFoods' U.S. pizza operation was renamed Crestar Foods. Overall, U.S. pizza volumes and margins declined. This was due to strong competition from distributors and home-delivery pizza operations that kept prices low. Pizza sales in Europe, however, continued to expand rapidly.

JLFoods continued to expand and upgrade its production facilities. A new *Bagel Bites* production facility was completed in Fort Myers, Florida, and work began on a new pizza production facility in the United Kingdom. Additional capacity for coated-food products was added at the Grand Island, Nebraska plant.

JLFoods anticipates good growth in fiscal 1992. The company's core products are well positioned in high-growth food categories and market segments.

Following the divestitures noted above, which are expected to occur during the 1992 fiscal year, the Food group's operational focus will be primarily towards its dairy businesses. The Food group results for fiscal 1992 will be affected by the timing and terms of the proposed divestitures.

Entertainment

The Entertainment group is comprised of the following businesses:

Broadcast businesses	Ownership (%)
The Sports Network	100
Le Réseau des sports	70
TSN Enterprises	100
Dome Productions	100
Skyvision Entertainment	100
Partly owned businesses	
Supercorp Entertainment	69
International Talent Group	50
BCL Entertainment	45
Toronto Blue Jays Baseball Club	45

The Entertainment group expanded its activities in fiscal 1991, collectively generating total revenues of \$666 million, with the Company's share being \$375 million. Together, these companies employ approximately 2,000 full- and part-time employees.

The Sports Network (TSN)

TSN is an English language, all-sports, Canadian specialty television programming service. It is delivered to consumers primarily via cable and has a national subscriber base of 5.9 million. This base is comprised of 60% basic cable subscribers and approximately 40% of those receiving TSN in low-priced, discretionary tiers. TSN is now available to 98% of all basic cable subscribers in English Canada.

In accordance with its public broadcasting license, TSN dedicates more than 50% of its 24-hour broadcast day to Canadian programming. More than 75% of TSN's total programming expenditures are spent on Canadian programs, including amateur sports. TSN continues its extensive use of Canadian freelance talent and independent producers.

TSN has become the most successful specialty television service in Canada. Its share of television tuning exceeds that of all other English Canadian specialty broadcast services. As the recognized leader of television sports coverage in Canada, TSN will continue to provide its viewers with extensive coverage of key events and a unique variety of sports programming specifically chosen to meet the interests of English-speaking Canadian viewers.

Le Réseau des sports (RDS)

RDS delivers the same high-quality professional sports programming in French as TSN does in English. RDS is a French language, all-sports, Canadian specialty television programming service available in eastern Canada. It has more than 1.6 million subscribers, and is available to virtually all subscribers of basic cable services in the province of Quebec. RDS' programming is designed to appeal to the Quebec market; 25% of its schedule is devoted to coverage of programs produced in Quebec or acquired from producers carrying on business in Quebec.

TSN Enterprises (TSNE)

TSNE's main business activity is the purchase and sale of satellite services to Canadian broadcasters.

TSNE also holds a 25% partnership interest in Canada's newest pay-per-view television service which will launch in eastern Canada on September 1, 1991. TSNE will provide the network operations services for this new venture.

The pay-per-view business is a partnership formed by Astral Bellevue Communications, Rogers Pay Per View and TSNE. It was licensed by the CRTC in early 1991 to offer a special cable channel for viewers wishing an opportunity to select exclusive sports and entertainment events.

Dome Productions

Dome Productions is a state-of-the-art television and video post-production facility located at Toronto's SkyDome. It is well positioned to provide television production facilities for all events staged at SkyDome, as well as video post-production packaging and computer graphics services to commercial television, film and video clientele anywhere in the world. The company has been the post-production house for major television series such as *Counter Strike*, *Top Cops*, *Friday the 13th*, *War of the Worlds* and *Kids in the Hall*.

Dome Productions continued its management and operation of Telesat, Canada's only High Definition Television (HDTV) mobile truck. During 1991, HDTV product was produced for customers in Japan, the United States and Canada. Since winning the right to manage North America's first HDTV mobile production unit, 24 events have been produced using Dome's facility.

Skyvision Entertainment

Skyvision Entertainment was launched in January 1991 to take advantage of the expertise and reputation already developed in the field of HDTV by Dome Productions. Skyvision will create, develop, produce and co-produce top-quality television programming for Canadian and international customers on its own and through joint ventures. The company will also be active in syndication as its program base expands.

Skyvision has already secured a pilot with the ABC Television network in the United States for a potential new television series entitled *Police File*, and is working on another series, *Stars of Courage*, that has been well received by Canadian and U.S. conventional broadcasters.

Supercorp Entertainment

Supercorp Entertainment is prominent in audio production and post-production, sound recording, and animated and live-action commercial production.

Four new state-of-the-art studios were opened in Toronto in fiscal 1991, making Supercorp one of the largest recording facilities in the world. Operations and results continued to be adversely affected by the downturn in the commercial production industry. Nevertheless, Supercorp's strength relative to competitors helped the company to increase market share in most of its operating sectors.

In fiscal 1991, Supercorp completed acquisitions that significantly diversified its operations. The purchase of Michael Daniel expanded Supercorp's U.S. commercial film production capability, and the acquisition of HYPN made Supercorp Canada's largest supplier of media planning and buying services.

During the year, John Labatt invested additional equity in Supercorp, increasing the Company's ownership from 50% to 69%.

International Talent Group (ITG)

ITG specializes in the representation of contemporary rock music artists for live performances. The company operates from offices in New York City and Los Angeles.

ITG had a successful year in fiscal 1991. The company's revenues benefited from a strong concert touring season for the ITG roster of artists. The tours included Phil Collins, David Bowie and Depeche Mode, which were among the top-15 grossing North American tours of this past year.

ITG expanded its business base during the year, acquiring a 50% interest in Camden Artists, a Los Angeles-based motion picture/television talent agency.

BCL Entertainment

BCL Entertainment is a leader in international rock concert promotions and is active in merchandising-related promotional products.

During fiscal 1991, BCL continued to consolidate its leadership position with the successful promotion of the Rolling Stones' *Urban Jungle* tour in Europe, David Bowie's *Sound and Vision* tour, the Paul Simon North American tour, *Born at the Right Time*, and an arena tour of the hit musical, *Cats*.

BCL had a disappointing year financially. Results were reduced by the combined effects of the recession and cost pressures associated with increased competition, notably in merchandising.

Toronto Blue Jays Baseball Club

The Toronto Blue Jays are an American League baseball club.

The Blue Jays enjoyed a very successful 1990 season. The Club finished second in the American League East Division with 86 wins and 76 losses, and trailed the first-place Boston Red Sox by only two games at season-end. An all-time attendance record of 3.9 million was achieved by the team in its first full season in the SkyDome. The Club enjoyed sell-out attendance for 66 of its 81 home games.

The 1991 earnings contribution from the Toronto Blue Jays was largely negated by its share of the grievance settlement between the major league owners and players.

Consolidated Financial Results

The following discussion and analysis addresses key items on John Labatt Limited's Consolidated Financial Statements.

Year-over-year consolidated net earnings were down 36%. Net earnings were \$109 million compared to the record earnings of \$169 million reported in fiscal 1990.

The Company's reduced earnings are attributable to two main causes: non-recurring items and lower contributions from certain operations.

Non-recurring charges accounted for the majority of the shortfall. These include a provision related to the management restructuring of Labatt Breweries of Canada, provisions at Johanna Dairies for unusually high bad debts, and the write-down of certain redundant assets at JLFoods and Johanna Dairies, and total \$75 million before tax. One-time charges were partially reduced, however, by gains recorded on the disposition of Ault Foods' Manitoba dairy assets and on the sale of the JLFoods' bread dough operations in the United States. In the results of partly-owned businesses, a major non-recurring item was the Blue Jays' share of the league's grievance settlement. At a net effect of \$0.48 per share, these non-recurring items account for approximately two-thirds of the drop in fully diluted earnings per share.

Lower operating contributions from Labatt Breweries of Canada and Ogilvie Mills also affected results. Earnings from Canadian brewing operations fell as domestic industry volume declined 1.3% due to unseasonable weather and increased cross-border purchases by consumers. In addition, Labatt Breweries of Canada's average national market share for the year fell 0.4 points to 41.8%. Ogilvie Mills' contribution was adversely affected in fiscal 1991 by significantly lower wheat pricing in Canada, the impact of forward wheat contracts and poor economic conditions affecting international starch and gluten markets, primarily in the paper and construction industries.

Lower earnings from partly owned businesses, primarily BCL Entertainment, also affected the consolidated results of the Company.

It is important to note that consolidated earnings for fiscal 1991 include the substantial expenses—notably advertising and promotion—of John Labatt's ongoing commitment to market development. These costs were at high levels again this past year, particularly for our brewing operations in the United States and Europe.

Gross sales edged forward 2% above those of fiscal 1990. In the Brewing segment, strong sales growth was achieved by our international operations in Italy, the United Kingdom and the United States. Domestic brewing operations, which represent the largest single component of John Labatt sales, were limited by a 1.3% decline in industry volume and a small decline in national market share.

Food segment sales were down slightly from those of fiscal 1990. Ault Foods' sales increased, in part due to its newly acquired ice cream and cheese businesses. Segment sales, however, were constrained by recession-related conditions in dairy markets in the northeastern United States that led to lower revenues at Johanna. As well, JLFoods was affected by lower sales at Crestar Foods.

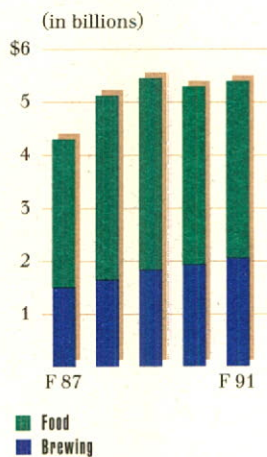
In the Entertainment group, revenues of the broadcast businesses showed strong growth, largely due to The Sports Network's first full year on basic cable.

Interest expense grew by \$8 million, a significant increase over last year. The acquisitions and capital expenditures undertaken during fiscal 1990 and 1991 could not all be funded from operations. Consequently, short-term debt levels and the corresponding interest expense were both substantially higher in 1991. Interest expense was exacerbated during the first nine months of the fiscal year by the prolonged high level of short-term interest rates in Canada.

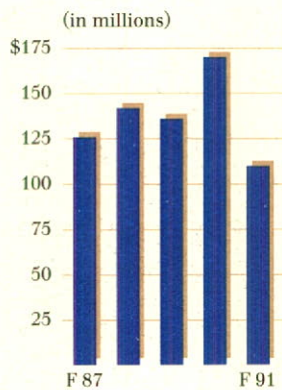
The year-over-year increase in interest expense was partially offset by the full year benefit of the reduction in short term borrowings resulting from the application of the proceeds of the prior year's \$150 million preferred shares placement.

The above factors resulted in a 32% decline in pre-tax earnings. In the past, the Company's expansion into new markets has been supported by growth in its base operations. This allowed John Labatt to grow without a significant impairment of current earnings. In fiscal 1991, however, the costs of building our brewing business in Italy, as well as those of an accelerated pace of

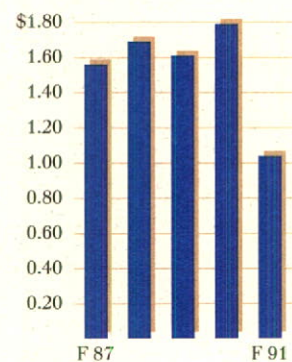
Sales



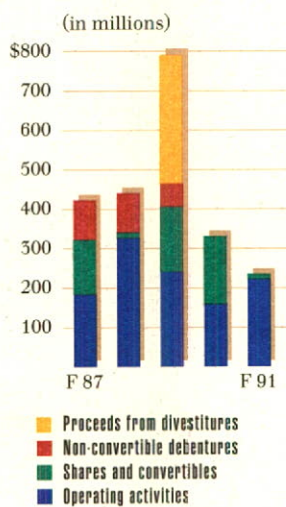
Net Earnings



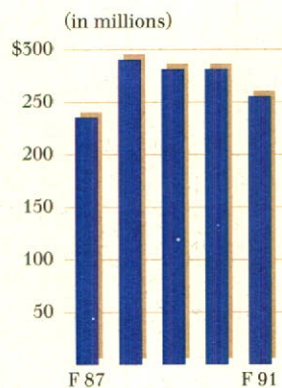
Fully Diluted Net Earnings Per Share



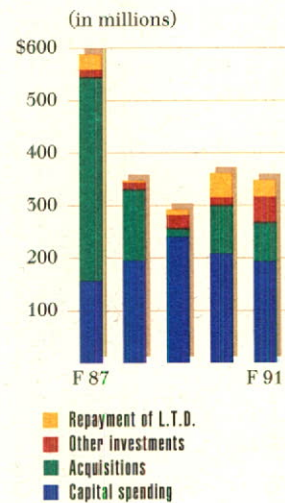
Sources of Cash



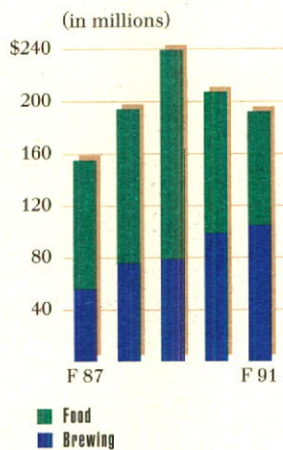
Funds from Operations



Uses of Cash

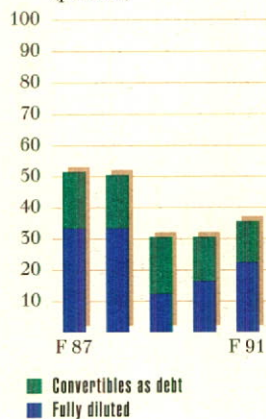


Capital Spending



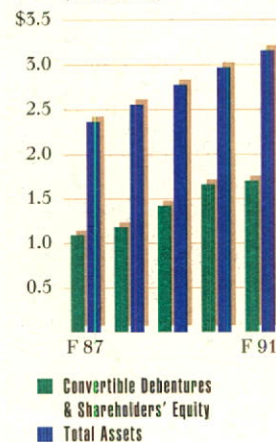
Debt as Percentage of Capitalization

(percent)



Total Assets vs Convertible Debentures & Shareholders' Equity

(in billions)



brewing volume growth in the United Kingdom and the United States, came at a time when our Canadian brewing operation's results were hampered by management restructuring, industry volume decline and market share softness. While business building and restructuring will support the long-term growth of John Labatt, their combined effect in 1991 contributed to the substantial setback in earnings.

Tax expense as a percentage of pre-tax income was marginally higher at 31.6% in fiscal 1991.

The Company's overall tax rate is expected to further increase in fiscal 1992 due to a shift in the mix of income among different jurisdictions.

Contribution from partly owned businesses declined sharply from the previous year. BCL accounted for the major share of the \$9 million drop in earnings from partly owned businesses.

Fully diluted earnings per common share were \$1.03, down from \$1.78 a year ago. This drop reflects the \$60 million decline in net earnings (\$0.67 per share earnings reduction) and the full annual impact of the additional preferred share dividends related to the November 1989 preferred share issue.

While the results for the year were disappointing, we anticipate a good earnings recovery in fiscal 1992, as discussed in the Outlook on page 41.

Liquidity and Capital Resources

John Labatt has maintained a conservative balance sheet in order to have the financial capacity to fund its expansion without causing liquidity concerns. The last few years have seen considerable expenditures for investments in market development, capital expenditures and acquisitions that have necessitated both debt and preferred share financings.

We expect that the divestitures that are planned for the 1992 fiscal year will add significantly to John Labatt's cash resources. We anticipate that we will use these additional resources to fund the Company's strategic growth in core businesses.

Cash from operating activities before changes in working capital was 9% below a year ago due to lower net earnings. Charges for depreciation and amortization rose during this period of high capital spending and acquisition activity; this reduced earnings but did not affect cash. Similarly, the decline in the contribution from partly owned businesses had no cash impact.

Cash from operations after working capital changes increased \$63 million over a year ago. Non-cash working capital, excluding increases due to acquisitions, increased by \$35 million. This was in contrast to fiscal 1990 when \$124 million was consumed by working capital needs.

Overall inventories grew by \$47 million as a result of recent acquisitions by Ault. There was some reduction in receivables, reflecting, in part, the addressing of concerns with regard to uncollectible accounts at Johanna. On balance, the Company has high-quality receivables attributable to its association in Canada with provincial liquor boards and Brewers' Retail, as well as major customers, such as grocery retailers, throughout North America.

With regard to accounts payable, the Company purchases the majority of its raw materials from major suppliers such as provincial milk marketing boards and the Canadian Wheat Boards; terms are not negotiable. Acquisition-related activities increased accounts payable, while taxes payable declined as the final installments relating to earlier dispositions were settled.

Capital spending continues to represent a large demand on corporate funds. In fiscal 1991, capital investment amounted to \$191 million. Labatt Breweries of Canada made additional investment in expanding the Montreal brewing operations and the fermentation process at the Toronto plant. Ault, with John Labatt's second-largest capital program, finalized its Ontario ice cream plant expansion. Investments in new brewing capacity in Italy were strategically important, although not of the same magnitude as investments in Canada.

Acquisitions, net of divestitures, amounted to \$74 million during the year. The two major purchases this year were made by Ault Foods—Neilson Dairy's ice cream business and Maple Leaf Foods' *Black Diamond* cheese business.

No major financing was undertaken during the year. In January 1992, John Labatt's \$100 million, 9.5% debentures mature; the \$100 million has been classified on the balance sheet as the current portion of long-term debt. The Company will redeem the debentures at maturity from cash resources from operations, proceeds of planned divestitures or by refinancing.

Dividends paid to both common and preferred shareholders increased. The quarterly dividend per common share was increased to \$0.195 at the Board meeting held on September 6, 1990. This amount represented a 5.4% increase over the quarterly dividend per share paid during the previous fiscal year. Accordingly, an additional \$4.0 million of common dividends were distributed to shareholders.

As a general guideline, Labatt's objective is to pay to shareholders dividends representing approximately 40% of its previous year's fully diluted earnings on a per-share basis. In view of the expected earnings recovery in fiscal 1992, a reduction in the per-share dividends to be paid to common shareholders is not anticipated.

Total preferred share dividends were higher than those paid in fiscal 1990. This was a result of the issuance of \$150 million of Series 2 Preferred Shares during the second half of fiscal 1990. The dividend rate on the Series 2 Preferred Shares is tied to market interest rates. Declining interest rates during fiscal 1991 resulted in an average dividend rate per share that was lower than in the previous fiscal year. The Series 1 Preferred Shares carry a fixed annual dividend rate of 7.85%.

In fiscal 1991, total cash requirements exceeded internally generated cash by \$199 million. These cash demands were met primarily through an increase in short-term borrowings in order to avoid additional long-term financing at high interest rates.

John Labatt has established credit lines in excess of \$650 million, a portion of which supports the Company's two commercial paper programs of \$200 million in Canada and US\$200 million in the United States. These programs provide a cost-effective financing source for the Company. Our conservative balance sheet has resulted in high-quality commercial paper ratings and therefore access to lower-cost, short-term funding. The ability to access short-term funds readily, whether through commercial paper or various established banking relationships around the world, affords John Labatt the opportunity to advantageously time the placement of longer-term financing.

John Labatt has relatively low debt levels on its balance sheet. Even with the increase in short-term borrowings in fiscal 1991, the Company's debt-to-equity ratio was 22:78 on a fully diluted basis. This relatively low level of debt results in a strong capital structure, particularly at a time when economic conditions are difficult. The Company has the ability to increase its borrowings to finance the acquisition of strategic business opportunities as they are identified.

The impact of foreign currency exchange on the Company's balance sheet was not significant. The value of the U.S. dollar, on a year-over-year basis, remained relatively constant at C\$1.16. The investments in Italy and the United Kingdom are effectively protected against changes in their asset value due to currency movements through the use of currency swaps and local borrowings. Investments in the United States are partially hedged through the same means. As John Labatt increases its business activities in foreign jurisdictions, its practice will be to manage and hedge its exposures as much as is practical in the circumstances.

Inflation had little impact during the year.

The Company operates primarily in North America where inflation is presently relatively low and the overall impact on the business is not material.

John Labatt's longer-term corporate financial objectives are:

Annual growth in fully diluted earnings per share of	15%
Return on equity, fully diluted	15%
Dividend payout as percent of the prior year's fully diluted earnings per share	40%

With the earnings setback of the past year, the first two financial objectives were not met. Nonetheless, management remains committed to achieving these objectives over the longer term.

Outlook

In fiscal 1992, John Labatt expects a good earnings recovery, renewed growth momentum and further progress strategically. Results should improve substantially due to the non-recurrence of last year's major one-time charges, business initiatives put in place, and the generally anticipated economic recovery.

In Brewing, the restructuring of the Canadian operations and the new marketing campaigns for the Company's major brands are expected to produce market share growth and stronger earnings. International operations should benefit from further strong volume growth and business expansion.

Consistent with the Company's strategic direction, the Food businesses will concentrate on the dairy segment.

The Entertainment group is also expected to produce better results this year as a recovering economy will encourage a more normal level of activity for this diversified group.

Capital expenditures will be approximately at the same level in fiscal 1992 as the \$191 million in fiscal 1991. The expenditures will be committed for production expansion and productivity increases, primarily in the brewing and dairy businesses. The Company expects to fund these expenditures from operations.

As discussed, John Labatt is going through a carefully considered business repositioning and expects to emerge as a stronger company, better positioned to build its business internationally. John Labatt's strategic goals are to pursue international growth initiatives in brewing, to be comprised of fewer, larger food businesses, to divest non-strategic operations and to expand its entertainment businesses. The Company has taken significant steps in these directions already and plans to make further progress in fiscal 1992. Management's belief is that this carefully considered strategy will provide shareholders with sustained, long-term growth in John Labatt's earnings.

Six-Year Review

(in millions, except per share and other data)

1991 1990 1989 1988 1987 1986

Operating Results

Gross sales	\$5,370	\$5,274	\$5,424	\$5,107	\$4,273	\$5,594
Group earnings before interest and taxes	199	264	263	295	267	226
Interest expense	41	33	69	67	45	40
Net earnings	109	169	135	141	125	101
Funds provided from operations	254	280	280	289	234	201
Common share dividends	59	55	51	45	40	32
Capital expenditures	191	206	238	193	154	102
Acquisitions and other investments	124	108	42	149	403	62
Proceeds from divestitures	—	—	328	—	—	—

Financial Position

Working capital	\$ 321	\$ 556	\$ 544	\$ 228	\$ 205	\$ 339
Fixed assets	1,257	1,181	1,002	992	837	673
Total assets	3,138	2,946	2,757	2,538	2,355	1,785
Non-convertible long-term debt	416	544	533	482	378	287
Convertible debentures	272	277	289	291	295	175
Shareholders' equity	1,404	1,367	1,109	867	771	676
Convertible debentures and shareholders' equity	1,676	1,644	1,398	1,158	1,066	851
Debt/equity ratios						
— includes convertible debentures as equity	22:78	16:84	12:88	33:67	33:67	21:79
Interest coverage	4.8x	8.2x	3.7x	4.4x	5.9x	5.6x

Data Per Common Share

Fully diluted net earnings	\$ 1.05	\$ 1.78	\$ 1.60	\$ 1.68	\$ 1.55	\$ 1.38
Common share dividends	0.77	0.73	0.68½	0.62	0.54¾	0.50½
Convertible debentures and common shareholders' equity	\$15.07	\$14.81	\$13.90	\$13.01	\$12.06	\$10.22

Other Data

Return on average shareholders' equity and convertible debentures	6.7%	12.4%	11.9%	13.5%	13.7%	14.2%
Net earnings as a percentage of gross sales	2.0%	3.2%	2.5%	2.8%	2.9%	2.8%
Working capital ratio	1.4	1.9	1.8	1.3	1.3	1.6
Common shares outstanding (in millions)	76.6	75.8	74.6	73.8	72.7	71.9
Number of shareholders	13,380	14,408	13,999	14,838	13,160	12,006
Number of employees	16,700	16,500	16,000	17,900	16,200	14,200

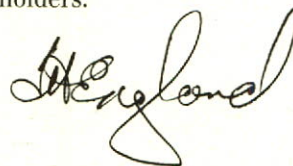
Management's Responsibility for Financial Statements

The accompanying consolidated financial statements were prepared by the management of the Company who are responsible for the integrity and objectivity of the information contained in the financial statements. The statements have been prepared by qualified personnel in accordance with policies and procedures established by management and conform to generally accepted accounting principles.

In management's opinion, these statements fairly reflect the financial position of the Company, the results of its operations and the changes in its financial position. The Company's procedures and related internal control systems are designed to provide assurance that accounting records are reliable and to safeguard the Company's assets.

Ernst & Young, Chartered Accountants, as the Company's external auditors, have audited the consolidated financial statements and their report is presented below. Their opinion is based upon an examination conducted in accordance with generally accepted auditing standards and a review of the Company's accounting policies and procedures and internal control systems. Based upon the evaluation of these systems, the external auditors conduct appropriate tests of the Company's accounting records and obtain sufficient audit evidence to provide reasonable assurance that the financial statements are presented fairly, in all material respects, in accordance with generally accepted accounting principles.

The Audit Committee, none of the members of which are officers of the Company, meets quarterly to review the Company's financial statements before recommending the statements to the Board of Directors for approval. It also reviews, on a continuing basis, reports prepared by both the internal and external auditors of the Company on the Company's accounting policies and procedures and internal control systems. The Committee recommends the appointment of the Company's external auditors, who are appointed annually by the Company's shareholders.



J. H. England, Vice-President, Finance

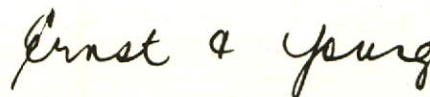
Auditors' Report

To the Shareholders of John Labatt Limited

We have audited the consolidated balance sheets of John Labatt Limited as at April 30, 1991 and 1990 and the consolidated statements of earnings, retained earnings and changes in financial position for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 1991 and 1990 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.



Chartered Accountants

London, Canada
June 21, 1991

Consolidated Statements of Earnings

Year Ended April 30, (\$ in millions, except per share data)	1991	1990
Revenue		
Gross sales	\$5,370	\$5,274
Less: Excise and sales taxes	610	593
	4,760	4,681
Operating costs and expenses		
Cost of sales, selling and administration	4,350	4,283
Depreciation and amortization	150	134
Interest expense (note 2)	41	33
Non-recurring items, net (note 3)	61	—
	4,602	4,450
Earnings before income taxes	158	231
Income taxes (note 4)		
Current	57	91
Deferred	(7)	(19)
	50	72
Earnings before partly owned businesses	108	159
Share of net earnings in partly owned businesses	1	10
Net earnings	\$ 109	\$ 169
Net earnings after preferred dividends, per common share (note 5)		
Basic	\$ 1.10	\$ 2.00
Fully diluted	\$ 1.03	\$ 1.78

See accompanying notes

Consolidated Statements of Retained Earnings

Year Ended April 30, (\$ in millions)	1991	1990
Balance, beginning of year	\$801	\$706
Net earnings	109	169
	910	875
Preferred shares issue costs	—	(1)
Dividends		
Preferred shares	(25)	(18)
Common shares	(59)	(55)
\$0.77 per share fiscal year 1991 (\$0.73 in 1990)		
Balance, end of year	\$826	\$801

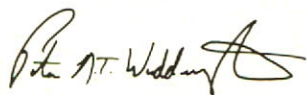
See accompanying notes

Consolidated Balance Sheets

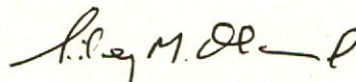
As at April 30, (\$ in millions)	1991	1990
Assets		
Current assets		
Short-term investments	\$ 500	\$ 300
Accounts receivable (note 6)	409	418
Inventories (note 7)	444	397
Prepaid expenses	81	69
	1,254	1,184
Property, plant and equipment (note 8)	1,257	1,181
Other assets (note 9)	647	581
	\$5,138	\$2,946
Liabilities		
Current liabilities		
Bank advances and short-term notes	\$ 244	\$ 45
Accounts payable	519	473
Taxes payable	27	84
Long-term debt due within one year	123	26
	913	628
Non-convertible long-term debt (note 10)	416	544
Deferred income taxes	133	130
	1,462	1,502
Convertible Debentures and Shareholders' Equity		
Convertible debentures (note 11)	272	277
Shareholders' equity		
Share capital (note 12)		
Preferred shares	300	300
Common shares	308	295
Retained earnings	826	801
Cumulative translation adjustment	(50)	(29)
	1,404	1,367
	1,676	1,644
	\$5,138	\$2,946

See accompanying notes

On behalf of the Board



P.N.T. Widdrington, Director



S.M. Oland, Director

Consolidated Statements of Changes in Financial Position

Year Ended April 30, (\$ in millions)	1991	1990
Operations		
Net earnings	\$ 109	\$ 169
Net charges to earnings which do not reduce funds	145	111
Funds provided from operations	254	280
Changes in non-cash working capital (note 14)	(35)	(124)
Cash provided from operations	219	156
Investment Activities		
Additions to fixed assets, net	(191)	(206)
Acquisitions and divestitures, net (note 15)	(74)	(92)
Other investments, net	(50)	(16)
Cash used for investment activities	(315)	(314)
Financing Activities		
Issue of common shares (note 12)	13	22
Issue of preferred shares (note 12)	—	150
Net decrease in non-convertible and convertible debentures	(52)	(46)
Cash (used for) provided from financing activities	(19)	126
Dividends paid to shareholders	(84)	(73)
Decrease in net cash	(199)	(105)
Net cash surplus, beginning of year	255	360
Net cash surplus, end of year	\$ 56	\$ 255
Net cash surplus, end of year		
Short-term investments	\$ 300	\$ 300
Bank advances and short-term notes	(244)	(45)
	\$ 56	\$ 255

See accompanying notes

Notes to the Consolidated Financial Statements

1. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with accounting principles generally accepted in Canada and conform in all material respects with International Accounting Standards. Significant accounting policies observed in the preparation of the financial statements are summarized below.

Principles of consolidation

The consolidated financial statements include the accounts of all subsidiary companies. The results of operations of subsidiaries acquired or sold during the year are included from or to their respective dates of acquisition or sale.

Foreign currency translation

The accounts of foreign subsidiaries are translated into Canadian dollars on the following basis:

Income and expenses – at average exchange rates prevailing during the year

Assets and liabilities – at the exchange rate in effect at the balance sheet date

Adjustments arising on translation of foreign subsidiaries' balance sheets are deferred and reported as the cumulative translation adjustment, a separate component of shareholders' equity. Exchange gains or losses on long-term monetary liabilities denominated in foreign currencies and currency swap agreements that are designated as hedges of net investments in foreign subsidiaries are also recorded in the cumulative translation adjustment.

Net earnings per common share

Net earnings per common share is calculated by deducting dividends applicable to preferred shares from net earnings and dividing the result by the monthly average number of shares outstanding during the year.

Fully diluted net earnings per common share is calculated assuming that the convertible debentures and common share options outstanding at the end of the year had been converted to common shares or exercised at the later of the beginning of the year or at the date of issuance.

Short-term investments

Short-term investments are carried at cost which approximates market value.

Inventories

Inventories, other than returnable containers, are valued at the lower of cost and net realizable value, cost being determined on a first-in, first-out basis. Returnable containers are valued at redemption price or at amortized cost not exceeding replacement cost.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, generally at rates of 2½% for buildings, 10% for machinery and equipment and 20% for vehicles.

The Company capitalizes interest costs on major construction projects when the period of construction exceeds one year. Capitalization of interest ceases once operations commence at the facility. Interest capitalized at April 30, 1991 and 1990 was not material.

Income taxes

The Company follows the deferral method of tax allocation accounting.

Investment tax credits arising from the acquisition of fixed assets are applied to reduce the cost of those fixed assets.

Pension expenses

The pension expenses charged to operations reflect both current service costs and the amortization of experience gains and losses. Unrecognized gains and losses are amortized over the expected average remaining service lives of the employee groups covered by the plans. Pension expenses are certified by independent actuaries.

Note 1 continued

Research and development expenses

Research and development expenses amounting to \$8 million in 1991 (\$8 million in 1990) were charged to earnings as incurred.

Intangible assets

Goodwill and other proprietary rights are amortized using the straight-line method over the lesser of their estimated useful lives and forty years. Amortization expense was \$16 million in 1991 (\$15 million in 1990).

Long-term investments

Investments in companies and partnerships over which the Company has significant influence ("partly owned businesses") are accounted for using the equity method. At April 30, 1991, the unamortized balance of goodwill arising from the acquisition of partly owned businesses amounted to \$28 million (\$29 million in 1990).

Investments in other companies are carried at the lower of cost and net realizable value. Income from these investments is recognized when dividends are received.

2. Interest Expense

(in millions)	1991	1990
Long-term debt	\$ 49	\$ 53
Convertible debentures	16	16
Short-term debt	10	1
Income from short-term investments	(34)	(37)
	\$ 41	\$ 33

3. Non-Recurring Items

During the year, the Company incurred non-recurring charges totalling \$75 million primarily relating to the restructuring of the Company's activities, net of gains totalling \$14 million realized on the sale of certain operations.

4. Income Taxes

The effective income tax rate is comprised of the following:

	1991	1990
Combined basic federal, provincial and state income tax rates	45.8%	45.8%
Manufacturing and processing deduction	(2.8)	(2.8)
Capital gains and non-taxable income	(9.4)	(9.8)
	31.6%	31.2%

5. Net Earnings Per Common Share

The number of shares used in calculating net earnings per common share is as follows:

(in millions)	1991	1990
Basic	76.18	75.09
Fully diluted	91.26	90.71

6. Accounts Receivable

The Company has entered into an agreement giving it the right, on a continuing basis, to sell accounts receivable which the Company continues to administer. At April 30, 1991, the Company administered \$90 million (\$90 million in 1990) of outstanding accounts receivable sold under this agreement.

7. Inventories

(in millions)	1991	1990
Finished and in process	\$317	\$251
Materials and supplies	103	116
Containers	24	30
	\$444	\$397

8. Property, Plant and Equipment

(in millions)	1991	1990
Property	\$ 47	\$ 45
Plant and equipment	1,985	1,798
	2,032	1,843
Accumulated depreciation	(775)	(662)
	\$1,257	\$1,181

9. Other Assets

(in millions)	1991	1990
Investments in and advances to partly owned businesses	\$123	\$113
Investments in and advances to other companies	92	55
Loans to employees under share purchase plans	21	18
Goodwill, licences, trademarks and other proprietary rights	405	388
Unamortized debt financing expense	6	7
	\$647	\$581

Investments in partly owned businesses include the following equity interests:

	1991	1990
Canada		
BCL Entertainment Corp.	45%	45%
Supercorp Entertainment (50% voting)	69	50
Canada Malting Co. Limited	20	20
Auscan Closures Canada and Company, Limited	50	50
Toronto Blue Jays Baseball Club	45	45
McGavin Foods Limited (50% voting)	60	60
NLCT Holdings, formerly Allelix Crop Technologies	30	30
United States		
International Talent Group	50%	50%
International		
Catelli-Primo Limited, Trinidad	—	46%
Labatt (Eldridge Pope) Pubco Limited, U.K.	50%	—

During the year, the Company disposed of its interest in Catelli-Primo Limited. Also during the year, NLCT Holdings, a general partnership, sold its assets and operations to third parties. These dispositions did not have a material impact on results in 1991.

10. Non-Convertible Long-Term Debt

(in millions)	1991	1990
Sinking fund debentures		
7 ³ / ₈ % Series F to mature April 15, 1992	\$ 1	\$ 1
9 ¹ / ₂ % Series G to mature September 1, 1990	—	10
8 ¹ / ₂ % Series H to mature March 1, 1993	10	10
9 ¹ / ₄ % Series I to mature March 15, 1994	12	12
11 ³ / ₈ % Series J to mature October 1, 1999	28	31
9 ¹ / ₂ % debentures to mature January 21, 1992	100	100
10 ¹ / ₂ % debentures to mature July 30, 1995	116	117
10 ³ / ₈ % debentures to mature April 21, 1998	100	100
Note issuance facility (a)	58	59
Bank term loan to mature June 30, 2003, at discounted amount	26	26
	451	466
Other long-term liabilities	88	104
	539	570
Less: Portion due within one year, included in current liabilities	123	26
	\$ 416	\$544

The above balances include long-term debt of \$228 million at April 30, 1991 (\$237 million in 1990) denominated in United States dollars, translated at the rate of exchange at the balance sheet date. In addition, the Company has entered into currency swaps that effectively convert \$100 million of long-term debt to debt denominated in United States dollars. These United States dollar exposures have been designated as a hedge of the Company's investment in subsidiaries in the United States.

Included in other long-term liabilities is \$15 million (\$20 million in 1990) of minority interest in consolidated subsidiaries.

Maturities and sinking fund requirements for the years ending April 30, 1992 through 1996 are: \$123 million, \$98 million, \$18 million, \$8 million and \$123 million, respectively.

The sinking fund debentures are secured by a floating charge on the undertaking, property and assets of John Labatt Limited. At April 30, 1991, the Company had satisfied all of the covenants under the trust deed relating to the sinking fund debentures.

(a) The Company has arranged a US\$50 million floating rate note issuance facility with a consortium of financial institutions. Under this facility, which provides access to the Euro-Commercial Paper Market until May 12, 1997, funds can be raised at market interest rates through the issue of unsecured notes.

11. Convertible Debentures

The convertible debentures are reported under the heading of "Convertible Debentures and Shareholders' Equity" on the balance sheets to reflect the permanent nature of this capital. This presentation is supported by the long maturities, the low initial interest rates, an indication by many of the holders of these debentures that they intend to convert in the future, and the Company's intention to ultimately have them converted to equity.

The convertible debentures are unsecured obligations and are subordinated to all other indebtedness of the Company.

Note 11 continued

Particulars of the convertible debentures are as follows:

Adjustable Rate Debenture	Maturity date	Conversion price per share	Minimum interest rate	Balance (in millions)	
				1991	1990
1983	June 16, 2003	\$11.25 (a)	6%	\$ 40	\$ 40
1986	February 28, 2006	\$17.875 (b)	6%	107	112
1987	April 1, 2007	\$27.00 (c)	5%	125	125
				\$272	\$277

The 1983 debentures are convertible into common shares of the Company, at the holder's option, prior to maturity or, if a date is fixed for redemption, on or before the last business day preceding the date fixed for redemption. The 1986 and 1987 debentures are convertible into common shares of the Company, at the holder's option, on or before the last business day preceding the earlier of (i) the maturity date and (ii) the date fixed for redemption, if any.

- (a) Should the Company fix an interest rate of 6½%, the conversion price becomes \$13.4375. The debentures are redeemable at par plus accrued interest.
- (b) Should the Company fix an interest rate of 7%, the conversion price becomes \$20.00. The debentures are redeemable at par plus accrued interest.
- (c) After April 1, 1992, should the Company fix an interest rate of 6%, the conversion price becomes \$30.00 per share. These debentures are redeemable at par plus accrued interest after April 1, 1992, and are redeemable at any time prior to April 1, 1992 at 105% of par plus accrued interest, if at least 85% of the original principal amount of the debentures had been converted. On April 1, 2007, the Company has the option to retire any debentures then outstanding by issuing common shares of equivalent fair market value to the debenture holders.

12. Share Capital

Authorized and issued

The authorized capital stock of the Company is as follows:

- 4,000,000 preferred shares issuable in series, of which 300 consist of a series designated as "Series 1 Preferred Shares" and 150 consist of a series designated as "Series 2 Preferred Shares".
- An unlimited number of common shares of no par value.

Preferred Shares

During fiscal 1990, the Company issued a \$150 million private placement of 150 Series 2 Preferred Shares. The dividend rate on the shares is a floating rate per annum equal to 72% of the 30-day bankers' acceptance rates, compounded monthly, payable quarterly, until December 31, 1994.

Also issued and outstanding are \$150 million of Series 1 Preferred Shares. The dividend rate on the shares is fixed until March 31, 1994 at 7.85% per annum, payable quarterly.

Subsequent to the expiry of the initial five year term for both the Series 1 and Series 2 Preferred Shares (March 31, 1994 and December 31, 1994, respectively), the dividend rate will be established by negotiation between the Company and the holders of the two series. Should an agreement not be reached, a bid solicitation procedure involving investment dealers will be used; if no bids are accepted, a monthly auction procedure will take place.

The preferred shares are redeemable by the Company on or after the respective initial five year terms at par plus any accrued and unpaid dividends.

Note 12 continued

Common Shares

The changes in issued and fully paid common shares of the Company are as follows:

(in millions)	1991		1990	
	Shares	Amount	Shares	Amount
Issued and outstanding, beginning of year	75.79	\$295	74.63	\$273
Issued under employee share purchase and option plans	0.45	8	0.46	9
Issued as a result of debenture conversions	0.28	4	0.68	12
Issued under shareholder dividend reinvestment plan and stock dividend election program	0.04	1	0.02	1
Issue of common shares	0.77	13	1.16	22
Issued and outstanding, end of year	76.56	\$308	75.79	\$295

13. Shares Available for Share Purchase and Option Plans

Details of common shares allotted to employees under share purchase or option plans are as follows:

	1991		1990
	By-Law No. 3	By-Law "P" (1987)	By-Law "P" (1987)
Unissued common shares designated for allotment under By-Law No. 3 or its predecessor, now designated By-Law "P" (1987)	3,000,000	3,000,000	3,000,000
Issued	(160,000)	(1,245,229)	(979,229)
Under option	(135,000)	(156,500)	(182,500)
Reserved for 1989 employee share purchase plan	—	(215,810)	(294,768)
Shares available	2,705,000	1,382,461	1,543,503

During the year By-Law "P" (1987) was replaced by the current By-Law No. 3. No further shares can be allotted under By-Law "P" (1987). The 1989 employee share purchase plan under By-Law "P" (1987) matures in July 1991. The 1991 employee share purchase plan was not set up as at April 30, 1991.

Shares under option to employees under By-Law No. 3 and previous By-Laws as of April 30, 1991, are as follows:

Plan	Number of shares	Price per share	Expiry date
1983 Share option	17,000	10.75	October 1993
1984 Share option	4,000	9.71	June 1994
1985 Share option	26,000	13.59	June 1995
1986 Share option	45,500	22.23	December 1996
1987 Share option	82,500	22.68	November 1997
1988 Share option	5,000	22.17	March 1999
1989 Share option	69,000	21.80	February 2000
1990 Share option	135,000	22.11	January 2001
	384,000		

Note 13 continued

Of the 384,000 shares under option, there are 49,500 under option to officers of the Company. Under these plans, the individuals are entitled to purchase the shares over periods of up to 10 years.

As at April 30, 1991, loans to employees for shares purchased under option and share purchase plans were: officers — \$20 million (\$17 million in 1990) and other employees — \$1 million (\$1 million in 1990). The number of shares related to these loans was 1,147,511 (1,096,228 in 1990).

14. Changes in Non-Cash Working Capital

(in millions)	1991	1990
Decreases (increases) in current assets		
Accounts receivable	\$ 9	\$(111)
Inventories	(47)	(52)
Prepaid expenses	(11)	(9)
Increases (decreases) in current liabilities		
Accounts payable	46	5
Taxes payable	(57)	40
Less: Non-cash working capital relating to acquisitions, divestitures and unusual items, net	25	5
	\$(35)	\$(124)

15. Acquisitions and Divestitures

During the year, the Company made the following business acquisitions and divestitures:

Effective December 31, 1990, the Company acquired certain assets and the operations of the Neilson Dairy ice cream division of George Weston Limited.

Effective February 1, 1991, the Company acquired the assets and operations of the dairy division of Maple Leaf Foods Inc. (formerly Canada Packers Inc.).

Effective July 23 1990, the Company sold certain Ault Foods Dairy assets and operations located in the province of Manitoba.

Effective October 26, 1990, the Company sold the assets and operations of Dakota Bake-N-Serv, the bread dough business of the JLFoods group.

Details of the combined assets acquired, net of assets divested, accounted for using the purchase method, are as follows:

(in millions)	Current	Non-current	Total
Identifiable assets acquired			
at assigned values	\$25	\$16	\$41
Liabilities assumed	—	—	—
Identifiable net assets acquired	25	16	41
Excess of purchase price over assigned values of identifiable tangible assets	—	33	33
	\$25	\$49	\$74

During fiscal 1990, the Company made the following business acquisitions:

Effective June 3, 1989, the Company acquired a 77.5% share interest in Birra Moretti, S.p.A., a regional brewer located in Northern Italy and a 77.5% share interest in Prinz Brau, S.p.A., a brewer located in Central Italy.

Effective June 15, 1989, the Company acquired the assets and operations of the cheese producing division of Aliments Delisle Ltée., a Quebec-based manufacturer of dairy products.

Note 15 continued

Effective July 1, 1989, the Company acquired Woodstone Foods Ltd., a Portage La Prairie, Manitoba producer of pea fibre, starch and protein.

Effective August 9, 1989, the Company acquired Hall's European Foods Ltd., a Lancashire, England distributor of a component pizza program.

Details of the combined assets acquired, accounted for using the purchase method, are as follows:

(in millions)	Current	Non-current	Total
Identifiable assets acquired			
at assigned values	\$11	\$107	\$118
Liabilities assumed	(8)	(57)	(65)
Identifiable net assets acquired	3	50	53
Excess of purchase price over assigned values of identifiable tangible assets	—	39	39
	\$3	\$89	\$92

16. Operating Leases

The Company has entered into long-term operating leases, substantially all of which will be discharged within 10 years. Fixed rental expense for 1991 was \$36 million (\$27 million in 1990).

Future annual fixed rental payments for the years ending April 30, 1992 through 1996 are: \$35 million, \$29 million, \$26 million, \$21 million and \$17 million, respectively. In aggregate, fixed rental payments for years subsequent to 1996 amount to \$28 million.

17. Pension Plans

The Company has retirement programs which provide benefits based on employee years of service and, in some instances, employee earnings. Based on the most recent actuarial valuations, using the accrued benefit method and management's best estimates, the funded status of the Company's defined benefit pension plans was as follows:

(in millions)	1991	1990
Estimated present value of pension plan obligations	\$392	\$355
Market value of pension plan assets	\$396	\$368

Registered pension plans are funded through contributions which are determined by actuarial valuations performed in accordance with generally accepted actuarial principles.

18. Related Party Transactions

In the normal course of business, the Company entered into transactions with affiliates and partly owned businesses on competitive commercial terms similar to those with unrelated parties. Transactions with affiliates other than the Company's subsidiaries and partly owned businesses are reviewed regularly by the Company's Business Conduct Review Committee.

At April 30, 1991, the Company held \$258 million (\$258 million in 1990) of marketable securities of affiliates. The total income earned on these marketable securities during the year was \$25 million (\$23 million in 1990).

19. Loan Guarantees

At April 30, 1991, one of the Company's partly owned businesses had outstanding \$22 million of indebtedness which was guaranteed by the Company.

20. Segmented Financial Information

Information by class of business

The classes of business are as follows:

The Brewing segment comprises the brewing activities in Canada, the United States and Italy, the sale in other countries of beers brewed in Canada, the United States and Italy, and the marketing in the United Kingdom of lager produced and distributed under agreements with United Kingdom brewers.

The Food segment comprises the production and sale of dairy products, food products and fruit juices, primarily in Canada and the United States.

Wholly and majority-owned Entertainment operations and relevant corporate expenses are allocated to the two business segments. Partly owned businesses are not allocated.

The following is a summary of key financial information by business segment for the years ended April 30, 1991 and 1990.

(in millions)	1991		1990	
		Gross sales		Gross sales
Brewing		\$2,043		\$1,920
Food		3,327		3,354
		\$5,370		\$5,274
	Depreciation & amortization	Earnings before interest & tax	Depreciation & amortization	Earnings before interest & tax
Brewing	\$ 60	\$ 109	\$ 52	\$ 174
Food	90	90	82	90
	\$150	199	\$134	264
Interest expense		(41)		(33)
Earnings before income taxes		\$ 158		\$ 231
	Fixed asset additions, net	Net assets employed	Fixed asset additions, net	Net assets employed
Brewing	\$104	\$ 727	\$ 98	\$ 717
Food	87	1,319	108	1,233
	\$191	2,046	\$206	1,950
Short-term investments		300		300
Investments in partly owned businesses		123		113
Current liabilities other than bank advances and short-term notes		669		583
Total assets per consolidated balance sheets		\$3,138		\$2,946

Note 20 continued

Information by geographic segment

The Company operates principally in the geographic areas of Canada and the United States. Geographic segmentation is determined on the basis of the business location where the sale originates.

Operations in the United Kingdom and Italy did not constitute reportable geographic segments and are included in the Canadian segment below. Corporate expenses are allocated to the two geographic segments. Partly owned businesses are not allocated.

The following is a summary of key financial information by geographic segment for the years ended April 30, 1991 and 1990.

(in millions)	1991		1990	
		Gross sales		Gross sales
Canada		\$3,585		\$3,372
United States		1,785		1,902
		\$5,370		\$5,274
	Depreciation & amortization	Earnings before interest & tax	Depreciation & amortization	Earnings before interest & tax
Canada	\$ 97	\$ 188	\$ 86	\$ 240
United States	55	11	48	24
	\$150	199	\$134	264
Interest expense		(41)		(35)
Earnings before income taxes		\$ 158		\$ 231
	Fixed asset additions, net	Net assets employed	Fixed asset additions, net	Net assets employed
Canada	\$158	\$1,291	\$158	\$1,092
United States	33	755	48	858
	\$191	2,046	\$206	1,950
Short-term investments		300		300
Investments in partly owned businesses		123		113
Current liabilities other than bank advances and short-term notes		669		583
Total assets per consolidated balance sheets		\$3,138		\$2,946

21. Subsequent Events

Disposal of JLFoods

In May, 1991, the Company announced its intention to sell the assets and operations of the wholly owned JLFoods group, which includes the operations of Chef Francisco, Crestar Foods (formerly Pasquale), Delicious Foods, Omstead Foods, Oregon Farms and Hall's European Foods.

As at April 30th, 1991, the net carrying value of the assets to be sold was approximately \$420 million.

Corporate Information

“*T*he relationship between commerce and community is a delicate balance.”

John Kinder Labatt (1803-1866)
Founder of the Company

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Corporate Responsibility

Throughout its history John Labatt Limited has endeavoured to conduct itself as a responsible member of the community, working to enhance the quality of life we enjoy. John Labatt remains committed to community support and environmental responsibility through direct financial contributions and through organization and funding of programs.

The Environment

John Labatt recognizes the urgent need for, and is committed to, responsible environmental management and the conservation of resources. This past year the Board of Directors adopted policies and approved management procedures with respect to environmental protection. The policies include the following:

- The Company shall adopt all necessary standards to ensure that its facilities and operations meet or exceed the requirements of all applicable laws and regulations.
- The Company shall co-operate with all levels of government to develop environmental standards and regulations based on sound and economically achievable technologies.
- The Company will incorporate sound environmental consideration in engineering design and long-term planning.
- The Company will communicate and promote environmental awareness to employees, customers and the general public.

"Labatt People in Action" is a program through which the Company provides funds to not-for-profit organizations to hire students for the summer. The 1991 Program is focused on groups that deal with the protection of the environment. Funding has been extended to groups involved in projects as varied as a national program for reforestation and a river clean-up in the Annapolis Valley. Funding has also been provided to educational projects dealing with issues such as recycling and composting.

Employee Service

The J.H. Moore Awards for Excellence is a John Labatt program through which we recognize employees and members of employees' families who have made outstanding contributions to their communities.

The Peter Hardy Matching Gift Program was initiated to encourage personal donations by employees to charitable groups. Under this program John Labatt matches employees' charitable donations.

Corporate Donations

John Labatt has a record of assisting charitable and not-for-profit organizations that contribute to a better community. On the basis of total giving (\$4 million in 1991) John Labatt sets a standard that is recognized across Canada. Contributions are distributed among diverse sectors of the charitable community such as health and welfare, education, culture, sports and community projects.

One of the most successful fund-raising events sponsored by John Labatt continues to be the Labatt Blue Light 24-Hour Relay. This event is now staged in most major centres in Canada, raising money for important community programs. It is estimated that in 1990 more than \$3.5 million was raised through such events for a variety of worthy causes.

The Imagine Campaign

In 1988, John Labatt became a major corporate sponsor of the Imagine Campaign. The Company's \$500,000 contribution spearheaded the initiation of this national project aimed at increasing volunteer activity and philanthropy. Modeled on the *Participation* campaign, its main objective is to get Canadians participating financially and as volunteers in the not-for-profit sector. The Imagine Campaign is designed to develop awareness by Canadians about these issues and will continue on a national basis for five years.

John Labatt has been a major leader in the area of philanthropy and as such our sponsorship of the Imagine Campaign is in line with our philosophy of corporate responsibility to the community. Along with fellow major sponsors Imperial Oil, Royal Bank and the McConnell Foundation, John Labatt believes that the Imagine Campaign can encourage individual volunteerism and generosity.

Directors

Peter F. Bronfman ^{1, 4}

Toronto, Ontario
Edper Enterprises Ltd.

Jack L. Cockwell ^{1, 2, 5}

Toronto, Ontario
President, Brascan Limited

Charles Diamond ^{3*, 5}

Vancouver, British Columbia
President, B.C. Turf Ltd.

J. Trevor Eyton, O.C., Q.C. ^{1*, 5*}

Toronto, Ontario
Chairman, Brascan Limited

Eric F. Findlay ^{6, 7}

Toronto, Ontario
Chairman of the Board and Chief Executive Officer,
Silcorp Limited

Peter F. Hannam ^{1, 2, 4}

Guelph, Ontario
President, First Line Seeds Ltd.

Francine Harel Giasson ^{4, 6, 7*}

Montreal, Quebec
Associate Professor and Director of Programs,
École des Hautes Études Commerciales

Melvin M. Hawkrigg ^{1, 4, 7}

Waterdown, Ontario
Chairman, Trilon Financial Corporation

Gordon F. Hughes, O.C. ^{2, 3}

Windsor, Nova Scotia
Chairman, Ocean Company Limited

David B. Jenkins ^{3, 5}

Duxbury, Massachusetts
Chairman and Chief Executive Officer,
Shaw's Supermarkets, Inc.

Mervyn L. Lahn ^{1, 2*}

London, Ontario
Corporate Director

Dr. Maurice J. LeClair, C.C. ^{2, 4*, 6}

Montreal, Quebec
Vice-Chairman,
Canadian Imperial Bank of Commerce

Alexander J. MacIntosh, Q.C. ^{3, 5}

Toronto, Ontario
Partner, Blake, Cassels & Graydon

Sidney M. Oland ¹

Toronto, Ontario
President and Chief Executive Officer,
John Labatt Limited

Jaime Ortiz-Patiño ²

Geneva, Switzerland
Chairman, President and Chief Executive Officer,
Patiño Properties Limited Bermuda

Herbert C. Pinder ^{6, 7}

Saskatoon, Saskatchewan
President, Saskatoon Trading Company Limited

Samuel Pollock, O.C. ^{6*, 7}

Montreal, Quebec
Chairman and President,
Carena Bancorp Equities Ltd.

Robin B. Smith ^{2, 6}

Centerport, New York
President and Chief Executive Officer,
Publishers Clearing House

George S. Taylor ^{4, 6}

St. Marys, Ontario
Executive Vice-President, John Labatt Limited

Jean Denis Vincent ^{5, 6}

Montreal, Quebec
President and Chief Executive Officer,
General Trustco of Canada Inc.

Peter N.T. Widdrington ^{1, 5}

London, Ontario
Chairman of the Board, John Labatt Limited

William P. Wilder ^{1, 6}

Toronto, Ontario
Corporate Director

Honorary Directors

Marcel Bélanger, O.C., F.C.A.

John B. Cronyn

Edwin A. Goodman, O.C., Q.C.

Norman E. (Peter) Hardy

Wallace F. Read

Board Committees

Denotes Member of:

- ¹ Executive Committee
- ² Audit Committee
- ³ Business Conduct Review Committee
- ⁴ Environmental Protection and Product Integrity Committee
- ⁵ Management Resources and Compensation Committee
- ⁶ Pension Investment Advisory Committee
- ⁷ Public Responsibility Committee
- * Committee Chairman

John Labatt Management

Peter N.T. Widdrington
Chairman of the Board

Sidney M. Oland*
President and
Chief Executive Officer

George S. Taylor*
Executive Vice-President

Senior Corporate Management

Robert F. Dolan*
Vice-President, Human Resources

John L. Dunwell*
Vice-President, Technical Operations

W. James Emmerton*
Vice-President and General Counsel

J. Herbert England*
Vice-President, Finance

Lorne C. Stephenson*
Vice-President, Corporate Affairs

Neal Blackburn
Vice-President, Engineering Services

R. Bruce Fraser
Vice-President, Corporate Planning & Development

Frank Canis
Treasurer

Ian Reece
Corporate Controller

Joanne Rusnell
Corporate Secretary

Kenneth Rosenthal
Vice-President, Law, John Labatt Inc.

* Denotes Member of
Management Committee

Division Management

Labatt Breweries of Canada

John F. Morgan*
President

David A. Barbour
Executive Vice-President, Marketing

Robert A. Binnendyk
President, West and Gen. Mgr., Alberta

Marcel Boisvert
President, Quebec

Philip C. Carter
Senior Vice-President, Marketing Services

Joseph F. Clark
Executive Vice-President, Public Affairs

Michael H. Conde
President, Labatt International Brands

J. Michael Hill
Executive Vice-President, Finance

Lawrence J. Macauley
Executive Vice-President, Operations

J. Roderick McLeod
President, Atlantic and Gen. Mgr., Nova Scotia

Hugo Powell
President, Ontario

Timothy C. Vauthier
Executive Vice-President, Human Resources

Labatt's USA

Richard R. Fogarty*
President

Robert H. Barghaus
Vice-President, Finance and Administration

William Lewis
Vice-President, Sales

Albert W. Spinelli
Vice-President, Operations

Richard J. Vassos
Vice-President, Marketing

Labatt Breweries of Europe

Bruce E. Peer*
President

William Bourne
General Manager, Birra Moretti SpA

John Council
Director – Operations

John Diakiw
Director – Marketing

John Eckmire
Vice-President, Development

Michael Izza
Director – Finance

Robert J. Kemble
Managing Director, Labatt UK

Luigi Menazzi Moretti
President, Birra Moretti SpA

Ault Foods

Graham P. Freeman*
Chairman and Chief Executive Officer

Serge Bragdon
President, Fluid Division Quebec

Axel Breuer
Corporate Vice-President, Finance

Dr. Mahmoud M. Eino
President, International Operations

Ian Ferguson
President, Frozen Division

Richard D. Innes
President, Industrial Division

D. Lawrence Morden
Corporate Vice-President, Human Resources

Wayne E. Newson
President, Central Canada Dairies

Lino Sienna
President, Refrigerated Products Division

Johanna Dairies

John W. Andersen*
President and Chief Executive Officer

Robert A. Facchina
President, Metro Milk Division

Donald E. Herr
President, Pennsylvania Milk Division

Colin Kagel
Vice-President, Human Resources

Gary M. Knight
President, Warehouse Division

Dorothy M. Reap
Vice-President Finance and C.F.O.

Keith Wimbush
Vice-President and Corporate Counsel

Ogilvie

Terrence McDonnell
President

Mark C. Alexander
Vice-President, Human Resources

Yves Bertrand
Vice-President, Finance and Administration

Robert J. Dunn
President, Starch/Specialty Products Division

John Neufeld
Vice-President, Logistics

Richard Patenaude
Vice-President, Engineering

Lawrence W. Smith
Vice-President and Gen. Mgr.,
Frozen Bakery Division

Everfresh

Michael H. Conde
President and Chief Executive Officer

Andrew J. Brennan
Vice-President, Sales and Marketing

Patrick G. Crowley
Vice-President, Finance and Information Services

Tom Gworek
General Manager, Broker Business U.S.

Paul Marcotte
Vice-President and Gen. Mgr., Canada

James M. Pratt
Vice-President, Operations

Cheryl Yannello
Vice-President, Human Resources

Entertainment Group

Thomas R. Errath*
President, Entertainment Group &
Vice-President, Marketing, John Labatt

Broadcast Group

Gordon Craig
President and Chief Executive Officer
Broadcast Group

Joanne McKenna
Executive Vice-President, Broadcast Group &
Vice-President and Gen. Mgr., TSN Enterprises

Robert Bleasby
Vice-President and Gen. Mgr., Dome Productions

Gérald Janneteau
President and Gen. Mgr., Le Réseau des sports

Cindy R. McNichol
Vice-President, Human Resources
Broadcast Group

Brian Ross
Vice-President and Gen. Mgr.,
Skyvision Entertainment

Jim Thompson
Vice-President and Gen. Mgr., The Sports Network

Shareholders' Information

Head Office

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Tel: (519) 667-7500
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Executive Offices

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130 Adelaide St. West
Suite 3400
P.O. Box 105
Toronto, Ontario
M5H 3P5
Tel: (416) 865-6000
Fax: (416) 865-6074

Stock Symbol

LBT

Stock Exchanges

Montreal, Toronto, Winnipeg, Alberta, Vancouver

Transfer Agent and Registrar

The Royal Trust Company — Halifax, Montreal,
Toronto, Winnipeg, Regina, Calgary, Vancouver

Auditors

Ernst & Young, Chartered Accountants, London,
Ontario

Common Shareholders

As of April 30, 1991, 12,941 Canadian residents
held 97% of John Labatt common shares.

A regional summary of shareholders is shown in
the following table:

	Number of Shareholders	Percent of Shareholders
Atlantic	447	3.3
Quebec	1,543	10.0
Ontario	9,336	69.8
West	1,815	13.6
Total Canada	12,941	96.7
Non-Residents	439	3.3
Total	13,380	100.0

Pour obtenir la version française du présent
rapport, écrire au secrétaire de John Labatt Limitée,
451 Ridout St. North, P.O. Box 5870, London,
Ontario, N6A 5L3

Dividends

An increase from 18.5¢ per share to 19.5¢ per
share in the quarterly dividend paid on common
shares was announced at the September, 1990
Annual Meeting. During fiscal 1991, \$59 million
or \$0.77 per common share was paid in dividends
to common shareholders, up from \$55 million or
\$0.73 per share in fiscal 1990.

Quarterly Payment History

(cents per common share)

	Fiscal Quarters				Fiscal
	July	Oct.	Jan.	April	Year
1987	12.75	14.00	14.00	14.00	54.75
1988	14.00	16.00	16.00	16.00	62.00
1989	16.00	17.50	17.50	17.50	68.50
1990	17.50	18.50	18.50	18.50	73.00
1991	18.50	19.50	19.50	19.50	77.00

John Labatt Limited Common Share

Market Price History On Fiscal Year Basis

(\$ per common share)

	Low	High	April 30 Year-End
1987	20 ¹ / ₄	27 ¹ / ₄	24 ⁵ / ₈
1988	20 ¹ / ₈	29 ³ / ₄	23 ⁷ / ₈
1989	20 ⁵ / ₈	24 ³ / ₈	22 ³ / ₄
1990	20 ¹ / ₂	27 ¹ / ₂	20 ⁵ / ₈
1991	18 ⁵ / ₈	26	23 ¹ / ₈

Shareholders' Inquiries

The Royal Trust Company operates a telephone
information line for inquiries regarding change
of address, stock transfer, registered sharehold-
ings, dividends and lost certificates, which can
be reached by dialing toll-free 1-800-387-0825.
Shareholders in Toronto or outside Canada should
telephone (416) 981-8997.

Correspondence should be addressed to:

The Royal Trust Company
Corporate Trust Services
P.O. Box 7010
Adelaide Street Postal Station
Toronto, Ontario M5C 2W9





John Labatt Limited

Head Office

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