Annual Report 1980

provigo Inc.

Contents

Highlights	1
Report to the Shareholders	2-3
Provigo Inc. and its Subsidiaries (excluding M. Loeb, Limited and its Subsidiaries)	4-5
M. Loeb, Limited and its wholly-owned Subsidiaries (excluding Horne & Pitfield Foods Limited and its Subsidiaries)	6-7
Horne & Pitfield Foods Limited and its Subsidiaries	8-9
National Drug and Chemical Company of Canada Limited and its Subsidiaries	10
Financial Graphs	12
Consolidated Financial Statements	13-20
Auditors' Report	20
Organization Chart of the Provigo Group of Companies	21
Ten Year Summary	22-23
Directors and Corporate Officers	24

Provigo Inc. is primarily engaged, through its subsidiaries, in the wholesale and retail distribution of food, and also pharmaceuticals and general merchandise throughout Canada and part of the U.S.A. On an annual basis, sales exceed $2.3 billion.

Annual Meeting

The Annual General Meeting of Shareholders will be held at The Ritz-Carlton Hotel, Gold and Grey Room, 1228 Sherbrooke Street West, Montreal, on Wednesday, May 21, 1980 at 4:00 P.M.

Vous pouvez obtenir la copie française de ce rapport en vous adressant au Secrétaire, Provigo Inc., 800, boulevard Dorchester ouest, Montréal, Québec H3B 1Y2

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Highlights

Financial Results	1980	1979
Sales	**$2 314 407 000**	$2 036 569 000
Net operating income	**20 446 000**	16 982 000
Other income	**870 000**	654 000
Gain (loss) on foreign exchange	**(245 000)**	11 000
Minority interest	**(1 436 000)**	(3 308 000)
Net income before extraordinary items	**19 635 000**	14 339 000
Extraordinary items	**(1 602 000)**	(297 000)
Net income	**$ 18 033 000**	$ 14 042 000
Earnings per common share:		
Income before extraordinary items	**$4.29**	$3.38
Net income for the year	**$3.90**	$3.30
Dividends paid per common share	**95¢**	49.5¢
Common shares outstanding, at year end	**4 320 273**	3 771 672
Preferred shares ($25) outstanding, at year end	**1 000 000**	1 000 000
Market price range — common stock	**$21 3/4-$32**	$14-$22

Financial Position		
Current assets	**$238 859 000**	$219 665 000
Current liabilities	**202 246 000**	186 293 000
Fixed assets (net)	**99 055 000**	80 138 000
Total assets	**362 633 000**	318 636 000
Long-term debt	**48 225 000**	38 142 000
Shareholders' equity	**97 135 000**	72 831 000
Funds from operations	**$ 33 780 000**	$ 27 089 000

Statistical Data		
Number of employees	**7 747**	7 545
Distribution network		
Distribution centres	**44**	46
Cash & Carry depots and agencies	**82**	81
Affiliated members — major banners	**1 452**	1 552
Convenience store franchises	**343**	300
Top Valu Gasmarts	**67**	50
Corporate stores		
Conventional supermarkets	**67**	66
Square footage	**1 100 850**	1 061 600
Discount stores	**20**	18
Square footage	**271 400**	279 000
Drugstores	**9**	9
Square footage	**42 550**	42 550

Report to the Shareholders

We are pleased to report to you the results of Provigo's tenth year of operations.

During the year, the Canadian economy was sluggish, the increase in the gross national product being held to 2.9%, and although this was considered to be a modest performance, it was in fact slightly better than originally expected. Inflation persisted as well, resulting in increases of 9.1% in the consumer price index and of 13.2% for food prices.

Nevertheless, the Provigo group achieved new levels of success. Sales for the fiscal year ended January 26, 1980 increased by 13.6% to $2 314 407 000 compared to $2 036 569 000 a year earlier. Net profit before extraordinary items reached $19 635 000 compared to $14 339 000 the previous year. After payment of dividends on the preferred non-participating shares, the earnings per common share reached $4.29 compared to $3.38 in 1979-80.

The Company has modified its policy concerning the amortization of goodwill: amounts acquired before April 1974 will be written off over a period of 40 years beginning January 28, 1979; goodwill acquired after April 1974 will be amortized over periods of 20 to 40 years depending on its nature. Gains and losses resulting from the sale of fixed assets will now be presented under the heading "other income" instead of the previous practice of reporting them as extraordinary items.

Following the approval on June 14, 1979 by the shareholders of M. Loeb, Limited ("Loeb"), the amalgamation between Loeb and Loebex Limited, a subsidiary of Provigo Inc., was effected, resulting in more than 1 700 shareholders of Loeb receiving 458 601 common shares of Provigo Inc., on the basis of one common share of Provigo for two common shares of Loeb. Provigo now holds 100% of the common shares of M. Loeb, Limited.

In July 1979, the quarterly dividend was increased to 25¢ per common share, equivalent to $1.00 per year. Since 1962, the Company has paid to holders of common shares, 74 consecutive dividends.

At year end, working capital amounted to $36 613 000, with a ratio of current assets to current liabilities of 1.2:1. Shareholders' equity was $97 135 000 for a book value per common share of $16.70. Expenditures for fixed assets were $27 million compared with $25 million a year earlier, and the current year's budget for this purpose is $34 million.

During the year, the Board of Directors concluded an agreement for the private placement with a financial institution of $20 000 000 sinking fund debentures, Series D. Dated November 1, 1979 and maturing May 1, 2000, these debentures carry an interest rate equivalent to the bank prime rate, payable half-yearly. An amount of $10 000 000 was issued November 16, 1979 and the balance will be issued on May 1, 1980.

For several months now, you have no doubt been noticing Provigo's new corporate identification mark on our many trucks, and more recently with the publication of the Annual Report. While maintaining the pioneering spirit first created in 1970, our logo has been modified to reflect both the Company's evolution and its image for the eighties. This trade mark is now beginning to appear on private label packaging, stationery, business cards and other applicable areas.

Mr. Jean Boiteau, founder of Jato supermarkets in Quebec City, decided to retire as Executive Vice President, Retail Operations effective at the end of the year. He remains a member of the Board of Directors and a member of the Executive Committee until the next Annual Meeting. We wish to express our sincerest thanks and appreciation to Mr. Boiteau for his services and the leading role that he has played in the organization and evolution of the Retail Division. His loyalty, experience and judgment have been invaluable, whether in managing the operations or as a member of the Executive Committee and the Board of Directors.

A few months ago, Mr. Pierre Arbour resigned from his position as a Director and member of the Audit Committee. The Board of Directors regretfully accepted his resignation. We thank him for his participation and collaboration.

The Board of Directors has decided to increase the number of directors from ten to fifteen. This by-law, enabling the Board to reflect both the Company's geographically expanded operations and its national character, will be presented for your approval at the Annual General Meeting. This change will allow for the election of chief executives of our major subsidiaries to the Board of Directors and give them a role in decisions on the evolution of the Provigo group of companies.

As a result of the amalgamation of The Provincial Bank of Canada and Bank Canadian National, Mr. Guy St-Germain had to resign in order to conform with the Bank Act. With the increase in the number of directors, however, Mr. St-Germain will stand for election at the next Annual Meeting.

At the corporate level, two important appointments occurred during the year. Mr. Richard Constantineau, previously General Manager, Retail Operations in the Quebec City region, became Vice President, Retail Operations. Mr. Claude Dufour was named Vice President, Meat Operations, and continues as the Division's General Manager.

Throughout the Company, we count on the competence and devotion of its executives and employees to ensure an efficient management structure. Through both general management planning and specific programs, we aim at a consistent development of our human resources, an essential element in the Company's growth.

In 1980, inflation will probably persist, and one can expect food prices to increase but at a lesser rate than in 1979. Higher costs of energy, transportation, labour, packaging and borrowing will continue, however, to fuel the inflationary pressures on goods and services.

One can also expect the increase in the gross national product in 1980 to be 1%, distinctly weaker than in 1979. Thus the combination of these pressures makes this year, and perhaps the years to come, a period that will pose great challenges to business and society.

At this point, we look to the future with a cautious optimism since our principal activities, food and pharmaceutical distribution, are basic needs for the consumer and are therefore less vulnerable to economic fluctuations. In addition to the economic considerations, the rapid socio-demographic changes expected for the 80's will continue to require that we, as wholesalers and distributors, remain always alert to new thinking. The constant formation of new consumer segments that exhibit divergent tastes and interests will require a continual implementing of different modes of distribution. Provigo will be developing varied store and distribution formats that will take into account these trends and respond to the needs of the modern consumer in a business context.

We wish to express our gratitude and thanks to all those who participated in another year of success and progress for the Company, particularly to our employees whose collaboration is essential and to our vast clientele, which is our "raison d'être".

Antoine Turmel
Chairman of the Board
and Chief Executive Officer

Pierre H. Lessard
President and Chief Operating Officer

April 18, 1980.

Montreal

Provigo Inc.

and its subsidiaries, excluding
M. Loeb, Limited and its subsidiaries

Highlights	1980	1979	% Increase
Financial Results			
Sales	**$837 615 000**	$711 814 000	17.7
Net operating income	**8 403 000**	6 999 000	20.1
Other income	**7 000**	115 000	—
Net income	**$ 8 410 000**	$ 7 114 000	18.2
Statistical Data			
Number of employees	**3 700**	3 570	
Distribution network			
Distribution centres	**9**	10	
Cash & Carry depots	**33**	33	
Affiliated members: Provigain; Provibec; Provipop	**657**	665	
Convenience stores: Provi-Soir franchises	**140**	110	
Corporate stores			
Conventional supermarkets: Provigain; Jato; Aubaines Alimentaires	**46**	45	
Square footage	**790 000**	757 000	
Discount food stores: AVA	**9**	10	
Square footage	**176 000**	201 500	

Review

The subsidiaries and divisions included in this section, operating throughout Quebec, experienced a good year. In fact, sales rose 17.7%, a rate higher than both the price index and the industry average, indicating that we have increased our share of Quebec's food market. The net income rose 20.1% despite relentless increases in all costs, notably salaries, energy and interest. Capital spending amounted to $18 958 000 of which $11 692 000 was spent for land and construction of facilities, and $7 266 000 for equipment. Of the $14 200 000 budget for capital expenditures in 1980-81, $6 600 000 will be invested in land and buildings.

Because of the increased cost of borrowing, certain projects could be delayed or cancelled outright. Only those investments yielding superior returns will be retained, and a thorough review of each will be made during the year. As real estate development now absorbs the greatest part of the budget for capital expenditures, we will concentrate our efforts towards building service-type shopping centres.

Operations

Provigo (Distribution) Inc.

Our wholesale operations are managed through Provigo (Distribution) Inc. The distribution network consists of seven major warehouses within four large administrative divisions: Montreal, Sherbrooke, Quebec and Chicoutimi. These divisions, in addition to supplying retailers, provide voluntary group services mainly to affiliates under the Provibec and Provipop banners.

For the fourth consecutive year, independent retailers increased their share of the Quebec market. Their position is presently 58.8%. This is due to three factors: the retailers' drive and determination, making them "entrepreneurs" in the real sense of the word; the services provided to affiliates and franchisees, giving them a competitive opportunity against the large corporate chains; the permit to sell beer, cider and wine. This trend reflects the excellent work that has been achieved by the wholesalers and the retailers to better serve consumers.

Two other specialized centres complete the wholesale network. These are the Meat Division situated in the City of Laval and the Produce Division in Ville Vanier. Both realized a very good year. The Meat Division completed a $1 000 000 reorganization of the plant's physical facilities. This project has increased its productive capacity, allowing for increases in the domestic clientele and in the export business. The Produce Division adhered to its development plans and achieved meaningful progress.

During the year, the regional distribution centre in Quebec City was enlarged by 53 000 square feet, bringing its total area to approximately 200 000 square feet. Provigo (Distribution) Inc. amalgamated the operations of the Mauricie and Victoriaville areas, to provide increased services for clients and to rationalize operating costs. Mr. Edouard Massé, previously the Director in Trois-Rivières, has succeeded Mr. Raoul Courtois who retired as Director of the Victoriaville operation. Mr. Courtois, a veteran of 35 years in the food business, has been a devoted colleague and a loyal manager. We express our sincerest thanks for his numerous and invaluable services to the Company.

Provigo (Retail) Inc.

During the year, the responsibility for the Provigain affiliates was aligned along with the corporate stores under this division to assure better co-ordination of the marketing programs and technical services. The Company continued its policy of establishing independently owned supermarkets in local shopping centres. Under this formula, some 15 projects have been completed and have proved successful, and several other similar ones are under way. The recruiting drive for new affiliates received additional emphasis during the year and has already generated favourable results.

The Retail Division opened a new Provigain supermarket of 33 000 square feet in Boucherville, located in "Les Promenades Montarville", a shopping centre of 130 000 square feet developed and 100% owned by the Company. This is our first corporate store equipped with electronic cash registers and optical scanners connected on-line with our central computer. This new experience has been very well received by consumers and provides a multitude of additional data.

There are now 55 corporate stores, as follows: 30 Provigain, 11 Jato, 5 Aubaines Alimentaires and 9 AVA.

Following the appointment of Mr. Richard Constantineau to the Head Office as Vice President of Retail Operations, Mr. Jacques Daigle was appointed General Manager of Provigo (Retail) Inc., Quebec Division.

Provi-Soir Inc.

This division experienced an excellent year. The number of units increased from 110 to 140, of which 63 are free standing and 77 are twinned with self-serve gasoline stations. The

Quebec City

publicity and promotion campaigns across Quebec have resulted in a marked increase in both sales and customer count. The convenience store network fulfils a definite need in our society by being located within the neighbourhood and open fourteen hours a day, seven days a week. The articles most commonly required — food, confectionery, tobacco, beer, cider, wine, newspapers, magazines, and often petroleum products — are available at reasonable prices. These stores continue to become more popular, and the Provi-Soir program should maintain its rapid growth rate in the coming years.

Outlook

In the wholesale sector, the Chicoutimi Division will proceed with the reorganization of its distribution centres and the construction of a new 7 000 square foot freezer. These changes will provide additional capacity for a broader variety of products and will improve service to our clientele. The wholesale divisions are emphasizing more strongly their services to retailers, especially with regard to affiliates. Two Cash & Carry depots will be relocated during the year, one in Jonquière and another in Joliette.

For the current year, efforts by the Retail Division will be concentrated on the establishment of more independently owned supermarkets. Seven new units are expected to open in 1980-81.

Most of the AVA warehouse markets will be converted to conventional supermarkets and several of these will be sold to independent retailers. These changes are being made in order to consolidate the corporate retail stores and to maximize the impact of our marketing policies. Publicity campaigns and services to retailers will be expanded and will lead to further gains in market share.

The Provi-Soir stores are also looking forward to another successful year. The existing units are expected to progress and management's plans are to open 28 new units raising the number of stores to 168 by the end of the 1981 fiscal year.

We believe that the new marketing strategies, the development programs and the recruiting drive will produce positive results for Provigo and its subsidiaries.

M. Loeb, Limited

and its wholly-owned subsidiaries, excluding Horne & Pitfield Foods Limited and its subsidiaries

Highlights

	1980	1979	% Increase
Financial Results			
Sales	**$714 366 000**	$647 331 000	10.4
Net operating income	**3 154 000**	2 519 000	25.2
Gain (loss) on foreign exchange	**200 000**	(247 000)	—
Net income before extraordinary items	**3 354 000**	2 272 000	47.6
Extraordinary items	**(1 602 000)**	(334 000)	—
Net income (note)	**$ 1 752 000**	$ 1 938 000	(9.6)

Note: Before the net financing costs of the investments in shares of Horne & Pitfield Foods Limited and National Drug and Chemical Company of Canada Limited

	1980	1979
Statistical Data		
Number of employees	**1 894**	1 870
Canadian distribution network		
Distribution centres	**7**	7
Cash & Carry depots	**31**	30
Affiliated members: IGA; MM	**244**	230
Convenience stores: Pinto franchises	**110**	115
Top Valu Gasmarts	**67**	50
U.S.A. distribution network		
Distribution centres	**1**	2
Cash & Carry depots	**1**	1
Corporate stores		
Conventional supermarkets: IGA	**9**	10
Square footage	**116 000**	123 700
Warehouse markets and discount food stores	**11**	8
Square footage	**95 400**	77 500

Review

For M. Loeb, Limited, January 26, 1980 was the end of a year of consolidation and expansion. It was not an easy year for the Company, but we believe that the approach taken, as reflected by the results, shows that we are moving towards an interesting future. Sales reached a new peak, resulting in a very satisfying level of earnings.

Operations

Canadian Food Divisions

Expansion combined with improved profitability was the thrust in the five Food divisions operating in Ontario and Quebec.

The largest Loeb division, Ottawa, which services stores in Eastern Ontario and Western Quebec, had another highly successful year. During the past two years, the vast majority of IGA stores were completely renovated to conform to the new and higher standards which have been developed. This program will be continued during 1980 and two new IGA stores will be opened in greater Ottawa.

The London Division, which services Southwestern Ontario, carried out a plan of reorganization during 1979. In the coming year, it is planned to transfer the seven corporate IGA stores to independent ownership, while the brand new 32 000 square foot IGA store to be opened in the downtown shopping centre in Tillsonburg will highlight the growth activities in this area in 1980.

The Sherbrooke Division, which services the Eastern Townships in the Province of Quebec, continued its growth program throughout the year. Two new IGA stores were opened and 12 stores joined the Mini-Marché program.

The Sudbury Division, servicing the vast area of Northern Ontario, grew steadily throughout the year. Three IGA stores were remodelled and enlarged, and two additional stores entered the IGA program in 1979.

The Amos Division, serving Northwestern Quebec, experienced an excellent year. During the year, several stores were renovated in order to improve the image of IGA in this area. As well, the Company acquired a local wholesale operation and completed plans for two more new IGA stores which will open in the near future.

By year end, these five divisions in total served Canadian consumers through 155 IGA stores, 97 Pinto stores, 89 MM stores and 11 Warehouse Market/Box stores. Plans are in place to continue the emphasis on developing these three franchise groups, since the success of independent retailers operating within a strong program has established the ability to withstand the pressures emanating from corporate chains.

In Ontario, unlike Quebec, the inability of independently owned food stores to sell beer and wine has been a serious handicap to independents. Discussions, however, continue with the Ontario Government and it is our belief that in 1980, legislation could be passed to enable independently owned Ontario food stores to sell Ontario wines. This will be an effective step forward not only to ensure the survival of the vitally important independent entrepreneur in that Province, but also to enable further growth.

Food and Drug Division

In Montreal, the Company operates under the name of Georges Painchaud, a wholesale distributor of food and pharmaceutical products. This division experienced a very good year. Service to drug stores in the metropolitan Montreal area received the major emphasis. This program is functionning well, resulting in the pharmaceutical sector contributing about 50% of this division's total sales. During 1979, PromoPrix, a group of franchised drug stores, was created. It is anticipated that 75 stores will be operating under this banner by the end of 1980. In addition, this division services 13 Pinto stores and 8 Cash & Carry warehouses.

Top Valu Gasmarts

Top Valu Gasmarts experienced another year of rapid growth. Seventeen new stations and two carwashes were brought into the group. This format has proved itself to be very popular, as reflected by the larger number of sales within this vast market and by the record levels in both sales and earnings.

Ottawa

Loeb Variety Sales
Loeb Variety Sales had a difficult year and was in a loss position at year end. However, steps taken to correct this situation were bearing fruit and at time of writing, this division has experienced four consecutive periods of profit, auguring well for 1980-81.

Shoppers City
The Shoppers City Division, operating two shopping centres in Ottawa and a major centre and smaller plaza in Southwestern Ontario, improved its profits by over 50%.

Eastern U.S. Operations
In M. Loeb Corporation, an important decision was implemented, and the chronic loss warehouse operation in Landover, Maryland was closed. While this gave rise to an extraordinary one time loss of $1 602 000, the drain on operating profits has ceased.

The two remaining Eastern U.S. profit centres — the military supply warehouse in Tidewater, Virginia and the large Cash & Carry warehouse in Washington D.C. — continue to be profitable and will be expanded and developed.

Personnel
Development of Loeb employees continues to receive high priority. Under the leadership of the Human Resources department, management training programs were attended by many of our middle to senior management personnel. This development program, combined with external seminars and courses, will continue to receive maximum attention, since the future growth and profitability of the Company depend upon the people trained today.

Outlook
We believe that the trend developing during 1979 will continue into 1980 and the years to come.

IGA, of course, remained the basic strength of Loeb in Canada; and working closely with IGA Canada, of which we are a major shareholder, the image and service level of stores within this franchise has improved dramatically. Advertising and promotional programs are frequently featured now from coast to coast.

Capital expenditures for 1980-81 are budgeted at $3 400 000 compared with $3 619 000 in 1979-80.

Horne & Pitfield Foods Limited
and its subsidiaries

Highlights	1980	1979	% Increase
Financial results			
Sales — Horne & Pitfield	**$262 819 000**	$228 296 000	15.1
Sales — Market Wholesale	**323 617 000**	293 650 000	10.2
Total Sales	**$586 436 000**	$521 946 000	12.4
Net operating income	**8 053 000**	6 588 000	22.2
Other income	**720 000**	358 000	—
Gain (loss) on foreign exchange	**(445 000)**	258 000	—
Minority interest	**—**	(66 000)	—
Net income	**$ 8 328 000**	$ 7 138 000	16.7
Statistical data			
Number of employees	**1 461**	1 405	
Canadian distribution network			
Distribution centres	**8**	8	
Cash & Carry depots	**6**	6	
Affiliated members: IGA; MM; Mayfair; Triple S	**319**	348	
Convenience stores: Red Rooster franchises	**93**	75	
U.S. distribution network			
Distribution centres	**7**	7	
Cash & Carry depots	**9**	9	
Corporate stores			
Conventional supermarkets: IGA	**12**	11	
Square footage	**194 850**	181 100	

Review
Despite inflationary pressures in both Canada and the United States, record sales and earnings were again achieved by both Horne & Pitfield Foods Limited and Market Wholesale Grocery Co.

During the year, there was an improvement in the value of the Canadian dollar compared to the U.S. dollar, resulting in a foreign exchange loss of $445 000. Last year was credited with a gain of $258 000.

Horne & Pitfield Foods Limited

Operations
The major reason for the sales increase of 15.1% for the year was the continued expansion and improvement of the franchise retail programs operated by the Company, more particularly with IGA supermarkets and Red Rooster convenience stores. During the year, three new IGA stores were opened, six were renovated, one was expanded, and one was relocated in new and larger premises. At year end, the IGA group was made up of 72 independently owned and operated units and 12 corporate operations. On average, there was one new Red Rooster store opened every 20 days for a total of 93 independent units at year end, 15 of which have self-serve gasoline pumps.

During the year, the Company disposed of its 50% interest in Canadian Shopping Malls which own shopping centres located in Blairmore, Hanna, Cardston and Innisfail, Alberta. The Company retained its 50% interest in a 20 000 square foot centre in Two Hills, Alberta, and purchased land in Beaverlodge, Alberta, for the development of a strip centre which will include a new 9 000 square foot IGA supermarket. The free standing IGA supermarket properties which the Company owns in Fort Nelson and Chetwyn, B.C., and Morinville, Slave Lake, Three Hills and Breton, Alberta, will all be developed or expanded during 1980-81.

The operations of C. W. Boon & Company Limited, a wholly-owned subsidiary, were relocated in a new 28 500 square foot warehouse, complete with walk-in coolers, freezers and a sandwich kitchen. These new facilities have enabled the Company to expand in the field of institutional food and vending, a rapidly growing segment of the food industry.

Construction of the planned new distribution centre in Bonnyville has been deferred for the present; construction on a new 325 000 square foot facility in Edmonton commenced in October and is expected to be fully operational by January of 1981.

Outlook
Planning for fiscal 1981 includes three new IGA stores, the relocation of five units in new and enlarged premises, the expansion of four and the renovation of five others. The development of the Red Rooster program of convenience stores will continue at a rapid pace with twenty additional stores planned. An experimental "Box store" will be opened during the year; and "scanning" will be introduced at North Town IGA in Edmonton in order to offer improved services to customers and afford Company personnel the opportunity to develop expertise in this newest "front end" innovation. A new 11 000 square foot Cash & Carry will be opened in the northeast sector of Calgary.

The fiscal 1981 budget for capital expenditures is $14 300 000 compared with actual expenditures of $3 817 000 for the year just ended.

Market Wholesale Grocery Co.

Operations
During the year, the Company completed the reorganization plan to implement new operating procedures, and this was the main factor in the improvement of operations for the year. The modernization of the delivery fleet continued but will not be completed until 1980-81. The site selection and leasing programs developed for independent retailers gained momentum during the year, and good progress was made in expanding the customer base.

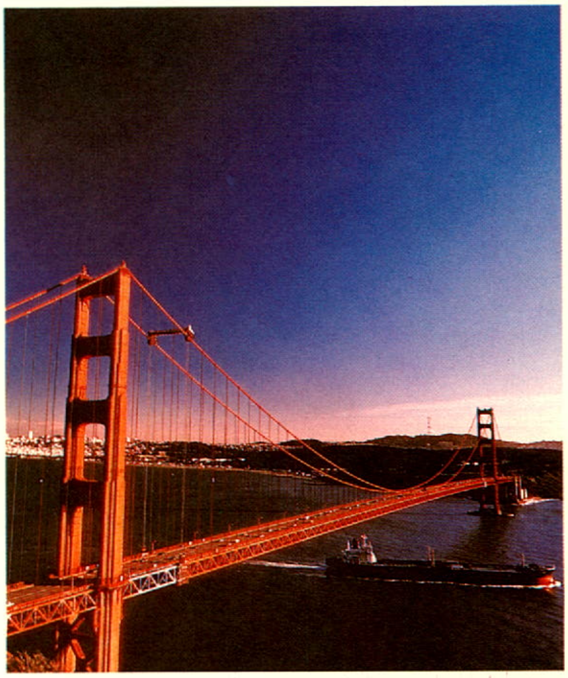
Outlook

A new IBM 4331 computer is now being installed and will provide a memory capacity thirty times greater than the present system and serve to further strengthen management controls and services offered to customers. Existing computer programs are also being upgraded with particular emphasis on those required to support "scanning" at the retail level which is expected to increase substantially. A study is also planned to determine the marketability of a voluntary franchise program for independent retailers. Land assembly and servicing is presently taking place as part of the plan to replace the present Santa Rosa warehouse with an expanded modern facility of 247 000 square feet.

The fiscal 1981 budget for capital expenditures is $1 700 000 compared with actual expenditures of $323 000 for the year just ended.

The almost unbelievably high interest rate, the recession and double digit inflation in the United States together with the substantially higher rate of interest and increasing inflation in Canada make accurate predictions almost impossible.

We do, however, expect fiscal 1981 to be another year of considerable growth and development.



San Francisco

Edmonton

National Drug and Chemical Company of Canada Limited
and its subsidiaries

Highlights

	1980	1979	% Increase
Financial Results			
Sales	**$183 970 000**	$160 437 000	14.7
Net operating income	**1 236 000**	1 122 000	22.9
Other income	**143 000**	23 000	—
Net income	**$ 1 379 000**	$ 1 145 000	20.5
Statistical data			
Number of employees	**692**	700	
Distribution network			
Distribution centres	**12**	12	
Agencies	**2**	2	
Voluntary group members	**237**	307	
Corporate drugstores			
Good Neighbor Drug Mart	**9**	9	
Square footage	**42 550**	42 550	

Review
This report focuses on a very interesting year in the Company's history. The acquisition of the TOP Drug Mart distribution operation of Toronto strengthened the Company's position in the Ontario market.

National-Drugs Limited (Prairie Division) continued to lag behind other operations throughout the year and was a major cause of containment in the growth of sales and earnings. In order to have the complete freedom necessary to solve the problem and to reorganize the operations of this subsidiary, your Directors approved, on October 29, 1979, a program to acquire the minority interests of the subsidiary National-Drugs Limited, for a total amount of $498 400. National Drug and Chemical now owns all of the assets of its former subsidiary and assumed all of its liabilities as of January 26, 1980.

The quality and performance of the corporate activities rose markedly in the past year. The continued development of efficient computer programs, further warehouse mechanization, and more emphasis on effective asset management have contributed greatly to the favourable trend in controlling expenses.

Operations
Good Neighbor Drug Mart
Good Neighbor Drug Mart, the corporately owned retail drug chain located in the Maritime provinces, had a lower operating performance caused by several of its stores. Increased competition created pressure on margins at all locations, and it is expected that this condition will continue in 1980. To help improve efficiency, a central buying and warehousing operation was established in Halifax. Plans for 1980 include the opening of two or three new stores, and we expect an upward trend for the existing stores.

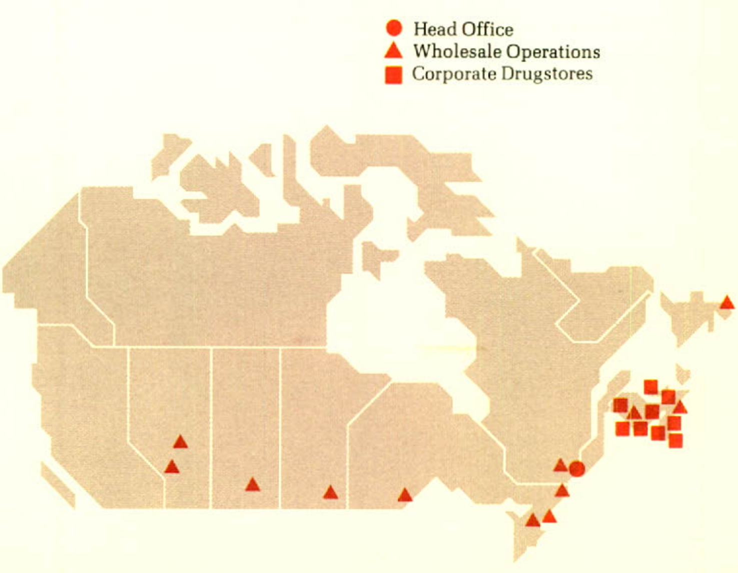
Voluntary Groups
The Associated Retail Pharmacists (ARP) stores are located in Alberta, Saskatchewan, Manitoba and the Maritimes. During 1979, operational changes were made in the program to position it for growth. The plans for 1980 are to heighten consumer awareness of our group through an improved store identification program and to create a value/service image with better advertising and new support programs. Additional voluntary groups will be launched in selected parts of Ontario and Newfoundland.

Laurentian Agencies
The consumer products sales and marketing division achieved good growth during the year, and this pattern is expected to continue with the addition of new product lines and the favourable growth in demand for existing products.

Outlook
While the present business climate is uniquely uncertain, some trends visible today seem likely to play an important role in our future. With the increased cost of small shipments, pharmaceutical manufacturers who sell direct-to-retail will need additional supply points to minimize the total cost of distribution, warehousing, transportation, and inventory carrying costs. We continue to feel that the wholesale distribution of pharmaceuticals and health products will gain prominence over direct sales by pharmaceutical manufacturers.

Those wholesalers who run the most efficient shops, cultivate the strongest retail customers, provide the best and most needed services, offer the most complete merchandising packages, and keep a tight grip on warehousing and delivery costs attract the most business volume. With these objectives in mind, our time and effort are spent developing and implementing plans to increase both sales and profits.

Capital expenditures for the past year amounted to $357 000, and the amount budgeted for the coming year is $316 000.

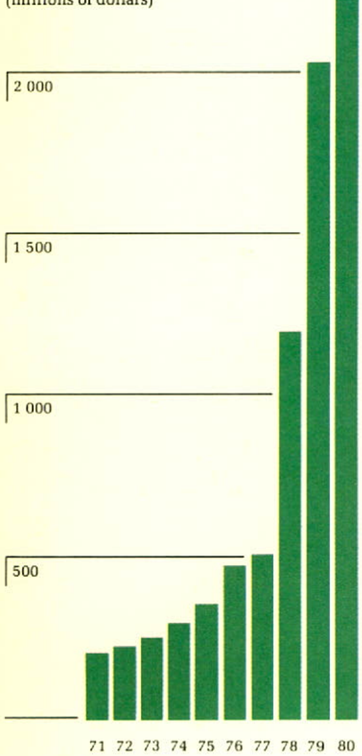


Les Promenades Montarville — Shopping Mall (Boucherville)

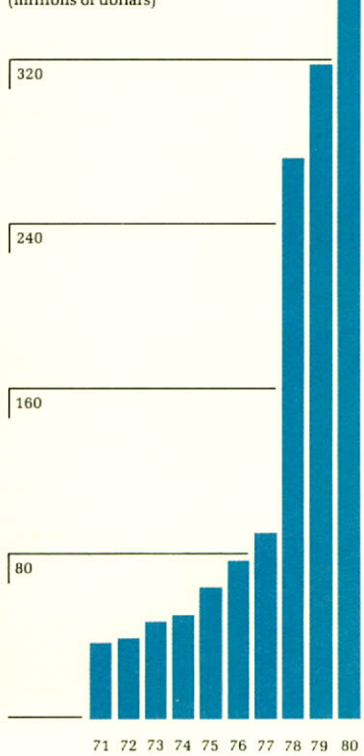
The new distribution centre of Horne & Pitfield Foods Limited (Edmonton)

The newest IGA supermarket (Ottawa)

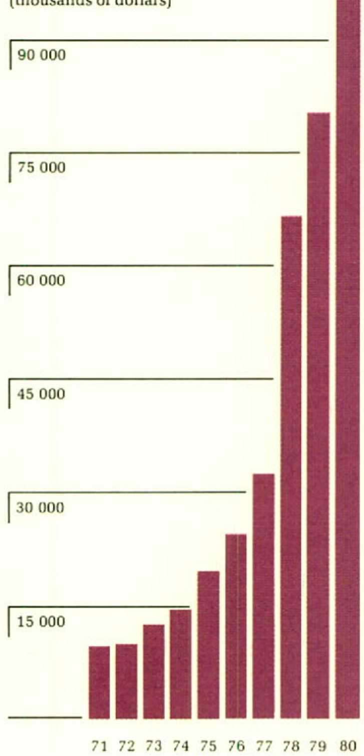
Net Sales
(millions of dollars)



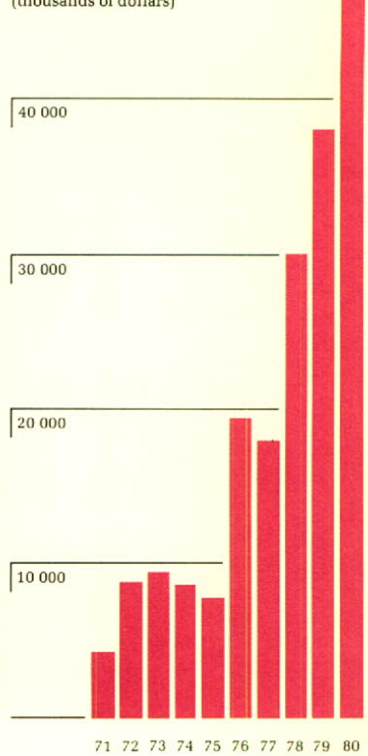
Total Assets
(millions of dollars)



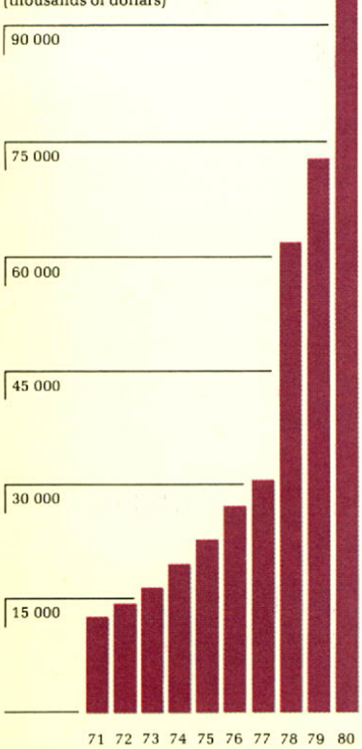
Fixed Assets (net)
(thousands of dollars)



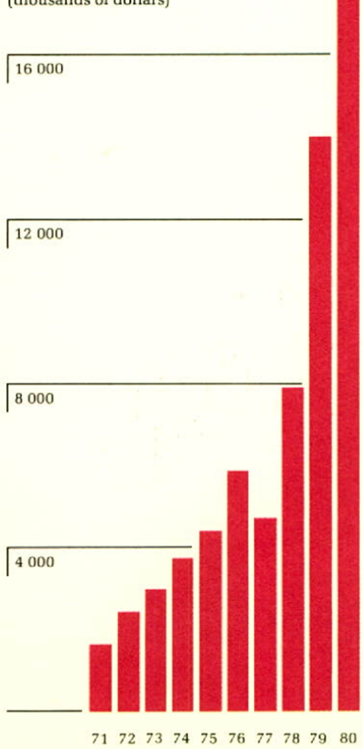
Long Term Debt
(thousands of dollars)



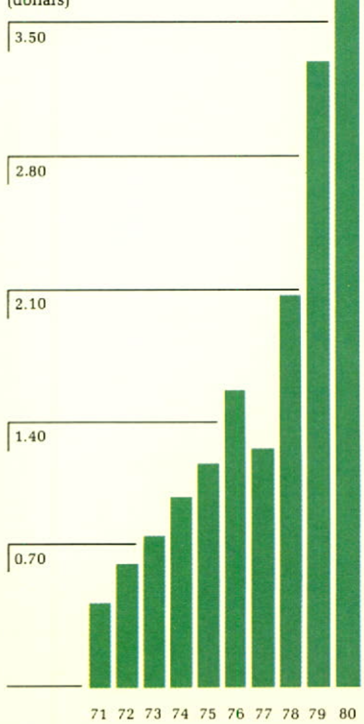
Shareholders' Equity
(thousands of dollars)



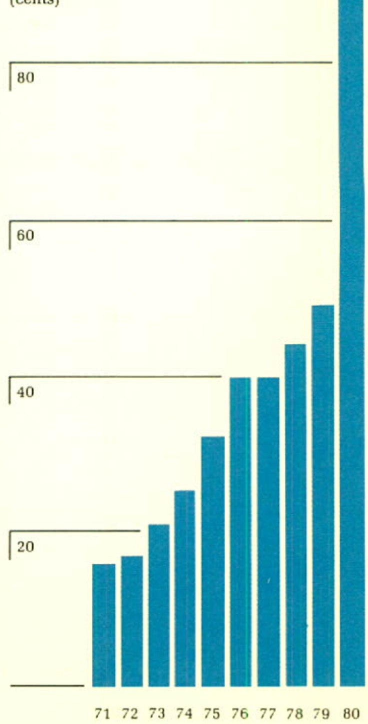
Net Income
(thousands of dollars)



Net Earnings per Common Share
(dollars)



Dividends per Common Share
(cents)



Consolidated Statement of Income

Year ended January 26, 1980

	1980	1979
	(thousands of dollars)	
Net sales	**$2 314 407**	$2 036 569
Cost of sales and operating expenses	**2 256 348**	1 988 980
Operating income before depreciation, amortization and interest	**58 059**	47 589
Depreciation, amortization and interest:		
Depreciation	**9 520**	7 994
Amortization of goodwill	**399**	110
Interest and amortization of deferred long-term debt expenses	**6 482**	3 452
Other interest	**6 284**	4 308
Investment income	**(1 266)**	(696)
	21 419	15 168
Operating income before income taxes	**36 640**	32 421
Income taxes (note 8):		
Current	**13 778**	14 443
Deferred	**2 416**	996
	16 194	15 439
Income before the following items	**20 446**	16 982
Other income (note 9)	**870**	654
Gain (loss) on translation of foreign currencies	**(245)**	11
Minority interest	**(1 436)**	(3 308)
Income before extraordinary items	**19 635**	14 339
Extraordinary items (note 10)	**(1 602)**	(297)
Net income for the year	**$ 18 033**	$ 14 042
Earnings per common share (note 11):		
Income before extraordinary items	**$4.29**	$3.38
Net income for the year	**$3.90**	$3.30

Consolidated Statement of Retained Earnings

Year ended January 26, 1980

	1980	1979
	(thousands of dollars)	
Balance, beginning of year	**$ 42 564**	$ 31 822
Add net income for the year	**18 033**	14 042
	60 597	45 864
Deduct:		
Dividends paid on preferred shares	**1 896**	1 433
Dividends paid on common shares (95¢ per share in 1980; 49.5¢ in 1979)	**3 879**	1 867
	5 775	3 300
Balance, end of year	**$ 54 822**	$ 42 564

See accompanying notes

Consolidated Balance Sheet
January 26, 1980

Assets	1980	1979
	(thousands of dollars)	
Current assets:		
Cash and deposit certificates	**$ 7 312**	$ 5 332
Accounts receivable	**83 942**	79 491
Merchandise inventories	**142 969**	130 000
Prepaid expenses	**3 226**	4 130
Assets held for realization, at cost	**1 410**	712
Total current assets	**238 859**	219 665
Investments, at cost:		
Marketable securities (quoted market value $7 468 000; 1979 — $4 605 000)	**7 306**	3 277
Long-term receivables and other	**2 883**	3 501
	10 189	6 778
Fixed assets (note 3):		
Land, buildings and equipment, at cost	**135 974**	111 392
Less accumulated depreciation	**45 511**	39 740
	90 463	71 652
Leasehold improvements, at cost less amortization	**8 592**	8 486
	99 055	80 138
Other assets, at cost less amortization:		
Goodwill	**12 548**	9 721
Deferred rentals	**1 706**	2 000
Deferred long-term debt expenses	**276**	334
	14 530	12 055
	$362 633	$318 636

On behalf of the Board:

Antoine Turmel, Director

Pierre H. Lessard, Director

Liabilities and Shareholders' Equity	**1980**	1979
	(thousands of dollars)	
Current liabilities:		
Cheques issued and outstanding — net	**$ 18 670**	$ 20 150
Bank loans and acceptances (note 4)	**40 463**	39 745
Accounts payable and other liabilities	**120 004**	108 262
Notes payable	**2 000**	1 800
Income and other taxes payable	**16 411**	11 395
Current portion of long-term obligations under capital leases	**226**	—
Current portion of long-term debt	**4 472**	4 941
Total current liabilities	**202 246**	186 293
Long-term obligations under capital leases (note 5)	**3 179**	—
Long-term debt (note 6)	**48 225**	38 142
Deferred credits:		
Deferred income taxes	**4 693**	2 228
Other deferred credits	**284**	311
	4 977	2 539
Minority interest	**6 871**	18 831
Shareholders' equity:		
Capital stock (note 7) —		
Authorized:		
2 000 000 First preferred shares of a par value of $25 each		
7 000 000 Common shares without par value		
Issued and outstanding:		
1 000 000 Preferred shares, Series A	**25 000**	25 000
4 320 273 Common shares (1979 — 3 771 672)	**17 313**	5 267
	42 313	30 267
Retained earnings	**54 822**	42 564
	97 135	72 831
	$362 633	$318 636

See accompanying notes

Consolidated Statement of Changes in Financial Position

Year ended January 26, 1980

	1980	1979
	(thousands of dollars)	
Source of funds:		
Income before extraordinary items	**$ 19 635**	$ 14 339
Charges not affecting working capital —		
Depreciation and amortization	**9 977**	8 163
Deferred income taxes	**2 465**	996
Minority interest	**1 436**	3 308
Net decrease in deferred rentals and other deferred credits	**267**	283
Funds from operations	**33 780**	27 089
Decrease in investments	**553**	881
Sale of fixed assets	**1 863**	3 585
Net increase in long-term obligations under capital leases	**3 179**	—
Increase in long-term debt	**14 109**	14 424
Issue of common shares	**12 046**	126
Total source of funds	**65 530**	46 105
Application of funds:		
Increase in investments	**3 964**	3 720
Purchase of fixed assets	**27 230**	25 231
Fixed assets under capital leases	**3 070**	—
Increase in goodwill	**3 226**	—
Decrease in long-term debt	**4 026**	6 336
Decrease in minority interest	**13 396**	6 577
Dividends paid on preferred and common shares	**5 775**	3 300
Costs related to the termination of certain operations of a subsidiary	**1 602**	—
Net costs related to the reorganization of certain subsidiaries	**—**	443
Total applications of funds	**62 289**	45 607
Increase in working capital	**3 241**	498
Working capital, beginning of year	**33 372**	32 874
Working capital, end of year	**$ 36 613**	$ 33 372

See accompanying notes

1. Summary of significant accounting policies

(a) Consolidation

The consolidated financial statements include the accounts of Provigo Inc. (the "Company") and all of its subsidiaries. The Company owns 100% of the outstanding common shares of M. Loeb, Limited (see note 12) which, in turn, owns 55.7% of the outstanding common shares and 28.9% of the outstanding preferred shares of National Drug and Chemical Company of Canada Limited and 100% of the outstanding shares of Horne & Pitfield Foods Limited. All other subsidiaries of the Company are wholly owned.

(b) Translation of foreign currencies

The accounts of the subsidiaries in the United States have been translated to Canadian dollars on the following basis:

Current assets and current liabilities, at the year-end exchange rate; all other assets and liabilities, at the exchange rate prevailing at the acquisition or transaction date; revenues and expenses (other than depreciation which is translated at the rate applicable to the related fixed assets), at the average exchange rate for the year. Foreign exchange gains or losses arising from translation are included in the statement of income.

(c) Merchandise inventories

Inventories are valued at the lower of cost and net realizable value.

(d) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation.

The Company follows the policy of capitalizing assets leased from others with respect to capital leases entered into after January 27, 1979 (see note 2).

Fixed assets are depreciated using the straight-line method at annual rates of 2½% and 5% for buildings and of 10% and 12½% for equipment, except those of National Drug and Chemical Company of Canada Limited which are depreciated using the diminishing balance method at annual rates of 5% for buildings and 20% for equipment. Automotive equipment is depreciated using the diminishing balance method at an annual rate of 30%. Leasehold improvements are amortized over the term of the related leases plus the first renewal option period, if any.

(e) Goodwill

Goodwill is amortized on a straight-line basis over periods of 20 or 40 years depending on its nature (see note 2).

(f) Deferred long-term debt expenses

Issuance expenses and discount on long-term debt are amortized using the straight-line method over the term of the related debt.

(g) Income taxes

Income taxes are accounted for on the tax allocation basis. Under this basis, timing differences arising between the time of recognition of certain revenue and expense items in the computation of accounting income and their recognition in the computation of taxable income, give rise to deferred income taxes.

2. Changes in accounting policies

During the year, in accordance with a recent recommendation of the Canadian Institute of Chartered Accountants, the Company adopted the policy of capitalizing assets leased from others with respect to capital leases entered into after January 27, 1979 and which transfer to the Company substantially all the benefits and risks incident to ownership of the assets. On this basis of accounting, the leased assets so capitalized are initially recorded as fixed assets at the lower of the discounted value of future rentals payable and the fair value of the leased assets at that date. Further, on this basis of accounting, the related lease obligations are initially recorded as liabilities at the same amount, with such amounts being reduced over the lease terms as rental payments are made.

Commencing January 28, 1979, the Company has adopted the policy of amortizing all of its goodwill. Previously, only goodwill acquired since April 1974 was amortized.

Those changes had no material effect on the net income for the year.

3. Fixed assets

			1980	1979
	Cost	Accumulated depreciation	Net book value	Net book value
		(thousands of dollars)		
Land	$ 10 955	$ —	$ 10 955	$ 8 552
Buildings	46 991	7 396	39 595	29 181
Equipment	74 958	37 943	37 015	33 919
Fixed assets under capital leases	3 070	172	2 898	—
	$135 974	$ 45 511	90 463	71 652
Leasehold improvements			8 592	8 486
			$ 99 055	$80 138

4. Bank loans and acceptances

The assets of M. Loeb, Limited and certain assets of its subsidiaries have been pledged as security against current and long-term bank loans and acceptances aggregating $28 623 000 (1979 — $27 219 000).

5. Obligations under capital leases

The obligations under capital leases were determined using interest rates varying from 11.25% to 12.75%. Minimum lease payments under these leases amount to $10 653 000 including $7 248 000 of interest, and are as follows: 1981 — $571 000; 1982 — $596 000; 1983 — $570 000; 1984 — $542 000; 1985 — $426 000; 1986 and thereafter — $7 899 000. The interest charged to income in 1980, relating to these obligations, amounts to $229 000 and is included in interest on long-term debt.

6. Long-term debt

	1980 (thousands of dollars)	1979
Provigo Inc.:		
8¼% Serial debentures, maturing July 15, 1981	**$ 750**	$ 1 125
6% Sinking fund debentures, Series A, maturing January 15, 1985	**547**	557
9½% Sinking fund debentures, Series B, maturing July 15, 1991	**2 000**	2 000
11¼% Sinking fund debentures, Series C, maturing November 1, 1995	**10 000**	10 000
Sinking fund debentures bearing interest at bank prime rate, Series D, maturing May 1, 2000	**10 000**	—
Notes bearing interest at bank prime rate and maturing in 1983 and 1984	**5 775**	3 177
Note bearing interest at bank prime rate plus ½%, payable in 25 quarterly instalments of $384 000 beginning July 1, 1982 and by a final instalment of $400 000 on September 1, 1988	**10 000**	9 000
Provigo (Retail) Inc.:		
6¼% Sinking fund debentures, Series A, maturing March 15, 1980	**549**	573
Market Wholesale Grocery Co.:		
9% Promissory note, payable in U.S. dollars and maturing April 1, 1981 (U.S. $1 426 000)	**1 631**	2 737
Bank loan bearing interest at bank prime rate plus ¼%, payable in U.S. dollars and maturing October 1, 1983 (U.S. $3 000 000) (see note 4)	**3 326**	3 328
National Drug and Chemical Company of Canada Limited:		
6% Sinking fund debentures, Series A, maturing May 1, 1983	**600**	700
Bank loans maturing at various dates (see note 4)	**2 599**	3 850
Notes, mortgages and other long-term borrowings maturing at various dates to 1992	**4 920**	6 036
	52 697	43 083
Less instalments due within one year included in current liabilities	**4 472**	4 941
	$48 225	$38 142

Minimum annual instalments on long-term debt due in the next five years are approximately as follows: 1981 — $4 472 000; 1982 — $2 758 000; 1983 — $3 837 000; 1984 — $7 559 000; 1985 — $5 664 000.

The trust deed relating to the Series D debentures provides for the issue of $20 000 000 of debentures, of which $10 000 000 were issued during the year and $10 000 000 will be issued on or about May 1, 1980.

7. Capital stock

(a) The holders of the Series A preferred shares are entitled to receive a quarterly preferential cumulative cash dividend equal to one half of the bank prime rate plus 1½%. In addition, the Company is obligated to redeem for cancellation 125 000 such shares, at their par value, on March 1 of each of the years 1981 to 1988 inclusive.

(b) At January 26, 1980, the Company had reserved 26 000 common shares for issuance under purchase options of which 15 000 are represented by outstanding options granted to senior officers and which are exercisable as follows: up to October 24, 1980 — 3 000 shares at the price of $6.30 per share; up to September 30, 1982 — 12 000 shares at the price of $8.10 per share. During the year, options on 82 000 shares at the price of $6.30 per share and options on 8 000 shares at the price of $8.10 per share were exercised for a total cash consideration of $581 000.

(c) During the year, the Company issued 458 601 common shares in connection with the acquisition of the minority interest in a subsidiary (see note 12).

8. Income taxes and losses carried forward

Income taxes in 1980 of the Canadian companies have been reduced by $1 559 000 ($1 479 000 in 1979) as a result of claiming the 3% inventory allowance. Certain companies have accumulated tax losses available to reduce their future income taxes, to 1987, by approximately $3 900 000. This potential tax benefit has not been reflected in the accounts.

9. Other income

Other income consists of net gains on sales of fixed assets less related income taxes of $668 000 in 1980 and $317 000 in 1979. Previously this type of income was classified as extraordinary items.

10. Extraordinary items

	1980 (thousands of dollars)	1979
Costs related to the termination of certain operations of M. Loeb Corporation, a United States subsidiary	**$(1 602)**	$ —
Costs related to the reorganization of certain subsidiaries, less income taxes	**—**	(355)
Net gain on purchase of preferred shares held by minority shareholders of a subsidiary	**—**	58
	$(1 602)	$ (297)

The results of the terminated operations of M. Loeb Corporation included in the consolidated statement of income are summarized below:

	1980 (thousands of dollars)	1979
Sales	**$45 616**	$34 613
Cost of sales and operating expenses	**46 774**	36 629
Operating loss	**$ 1 158**	$ 2 016

11. Earnings per common share

Earnings per common share have been computed by dividing the income for the year, after deducting dividends of $1 981 000 relating to 1980 on the Series A preferred shares ($1 577 000 in 1979), by the weighted average number of common shares outstanding during the year.

The exercise of the options referred to in note 7(b) would not have a material dilution effect.

12. Purchase of the minority interest in a subsidiary

As of June 16, 1979, the Company (Provigo) acquired all of the outstanding common shares not already held by it (19.7%) of M. Loeb, Limited (Loeb) in consideration of the issue of 458 601 common shares of Provigo, being an equivalent cash consideration of $11 465 000. Immediately prior to this transaction, Loeb had redeemed all of its outstanding preferred shares. As a result of these transactions, Loeb became a wholly-owned subsidiary of Provigo.

The increase in Provigo's interest in Loeb has been accounted for as a purchase and the excess of cost over the book value of the corresponding minority interest at the date of acquisition amounting to $2 732 000 was added to goodwill.

13. Commitments and contingent liabilities

At January 26, 1980:

(a) Total basic commitments of the Company under long-term leases amounted to $112 017 000, after deducting sub-leases of $85 445 000. The net annual rentals under these leases due in the next five years are approximately as follows: 1981 — $10 330 000; 1982 — $9 628 000; 1983 — $9 219 000; 1984 — $7 830 000; 1985 — $7 179 000.

Had the Company given a retroactive effect to the capitalization of properties under capital leases entered into before January 28, 1979, the following items would have been reflected in the balance sheet:

	1980 (thousands of dollars)
Current assets	**$ 627**
Non-current assets	**39 897**
	$ 40 524
Current lease obligations	**$ 2 523**
Non-current lease obligations	**44 580**
	$ 47 103

The capitalization would not have a material effect on the net income for the year.

(b) The Company had commitments amounting to approximately $7 886 000 with respect to capital expenditures.

(c) The Company had guaranteed various loans aggregating $10 388 000 at that date.

14. Pension plans

(a) At January 26, 1980, the unfunded obligation of the Company in respect of past services under a pension plan for the benefit of key-employees was estimated by independent actuaries at $670 000, present value, and will be funded and charged to income at the rate of $73 000 per annum until 1990 and $40 000 per annum from 1991 to 1993.

(b) Certain subsidiaries participate in other pension plans. The most recent actuarial report (January 1979) shows no unfunded liability.

15. Remuneration of directors and officers

The aggregate direct remuneration paid during the year to the directors and senior officers of the Company amounts to $989 000.

16. Subsequent event

On February 13, 1980, the Company issued $5 800 000 of 10¾% first mortgage sinking fund debenture maturing March 1, 2000. This amount was used to reduce bank loans.

17. Comparative figures

Certain of the 1979 comparative figures were reclassified in order to conform to the presentation adopted in 1980.

Auditors' Report

To the Shareholders of Provigo Inc.:

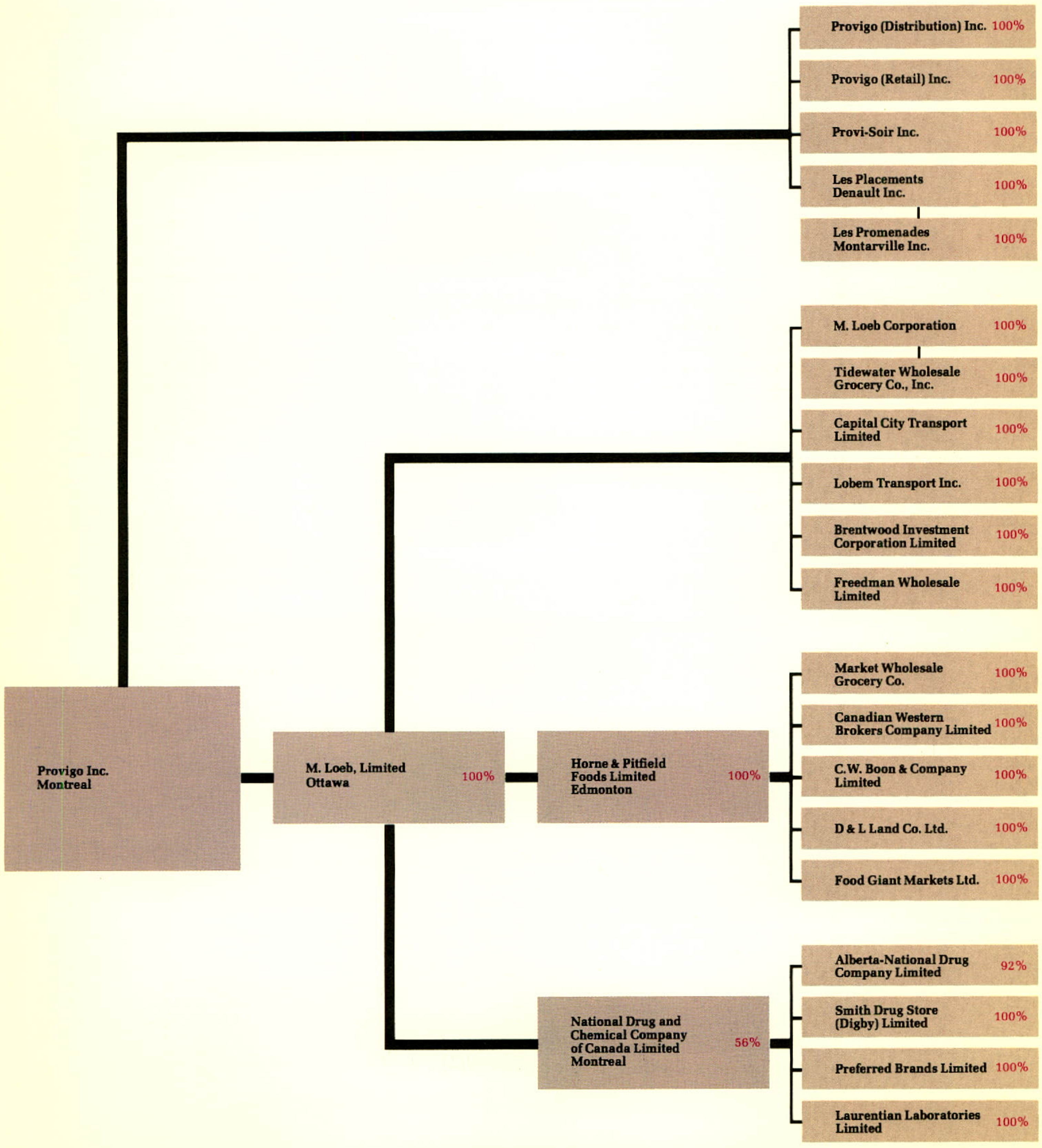
We have examined the consolidated balance sheet of Provigo Inc. as at January 26, 1980 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended and have obtained all the information and explanations we have required. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us, and as shown by the books of the company, these consolidated financial statements are drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at January 26, 1980 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles which, except for the changes in accounting policies described in note 2, have been applied on a basis consistent with that of the preceding year.

Montreal, Canada
April 3, 1980.

Clarkson Gordon
Chartered Accountants

Organization Chart of the Provigo Group of Companies



Ten Year Summary

		1980	1979
Operating results (thousands of dollars)	Sales	**$2 314 407**	2 036 569
	Cost of sales and operating expenses	**2 256 348**	1 988 980
	Operating income before the following items:	**58 059**	47 589
	Investment income	**(1 266)**	(696)
	Depreciation	**9 520**	7 994
	Amortization of goodwill	**399**	110
	Interest and amortization of long-term debt expenses	**6 482**	3 452
	Other interest	**6 284**	4 308
	Operating income before income taxes	**36 640**	32 421
	Income taxes	**16 194**	15 439
	Income before the following items	**20 446**	16 982
	Other income (1)	**870**	654
	Gain (loss) on foreign exchange	**(245)**	11
	Minority interest	**(1 436)**	(3 308)
	Net income before extraordinary items	**19 635**	14 339
	Extraordinary items (1)	**(1 602)**	(297)
	Net income for the year	**18 033**	14 042
	Dividends paid on common shares	**3 879**	1 867
Financial position (thousands of dollars)	Working capital	**$ 36 613**	33 372
	Fixed assets	**99 055**	80 138
	Total assets	**362 633**	318 636
	Long-term debt	**48 225**	38 142
	Shareholders' equity	**97 135**	72 831
Performance	Earnings per common share:		
	Income before extraordinary items (1)	**$4.29**	3.38
	Net income for the year	**$3.90**	3.30
	Dividends per common share	**95.0¢**	49.5¢
	Return on average common shareholders' equity:		
	Before extraordinary items (1)	**29.4%**	30.1%
	After extraordinairy items	**26.8%**	29.4%
Common shares outstanding	at year end (in thousands)	**4 320**	3 772

(1) See note 9 to the Consolidated Financial Statements for the year ended January 26, 1980.

1978	1977	1976	1975	1974	1973	1972	1971
1 201 953	512 220	478 139	360 233	301 124	251 966	222 558	209 035
1 174 688	498 299	462 675	348 235	291 898	244 547	216 276	203 631
27 265	13 921	15 464	11 998	9 226	7 419	6 282	5 404
(431)	(247)	(398)	(155)	(198)	(165)	(148)	(205)
5 050	2 547	2 137	1 516	1 173	1 050	868	864
104	104	93	—	—	—	—	—
2 336	1 766	948	747	813	793	637	411
3 415	1 083	1 530	862	221	116	306	684
16 791	8 668	11 154	9 028	7 217	5 625	4 619	3 650
7 940	4 162	5 569	4 703	3 676	2 776	2 417	1 975
8 851	4 506	5 585	4 325	3 541	2 849	2 202	1 675
80	246	347	121	253	128	—	—
307	—	—	—	—	—	—	—
(1 148)	—	—	—	—	—	—	—
8 090	4 752	5 932	4 446	3 794	2 977	2 202	1 675
(133)	—	—	—	—	26	262	—
7 957	4 752	5 932	4 446	3 794	3 003	2 464	1 675
1 669	1 499	1 499	1 218	954	784	633	596
32 874	8 384	14 457	6 793	8 422	7 815	8 638	3 378
66 486	32 296	24 218	19 483	14 650	12 619	9 865	9 624
272 784	90 357	76 644	63 888	50 472	46 602	38 719	37 312
30 054	17 961	19 456	7 825	8 661	9 595	8 838	4 420
61 963	30 650	27 397	22 964	19 736	16 618	14 377	12 719
2.12	1.27	1.58	1.19	1.01	0.80	0.59	0.45
2.08	1.27	1.58	1.19	1.01	0.80	0.66	0.45
44.5¢	40¢	40¢	32.5¢	25.5¢	21¢	17¢	16¢
23.5%	16.4%	23.6%	20.8%	20.9%	19.2%	16.3%	13.7%
23.1%	16.4%	23.6%	20.8%	20.9%	19.4%	18.2%	13.7%
3 752	3 748	3 748	3 748	3 748	3 739	3 731	3 726

Provigo Inc.

Directors

**Marcel Bélanger, C.A.
**Jean Boiteau
Claude Genest
*Jean-Louis Lamontagne
*Pierre H. Lessard, C.A.
*René Provost
*Gaston Roy
*Antoine Turmel

*Member of the Executive Committee
**Member of the Audit Committee

Major Bankers
National Bank of Canada
The Toronto-Dominion Bank
The Royal Bank of Canada
The Mercantile Bank of Canada
Union Bank-California

Auditors
Clarkson Gordon

Registrars and Transfer Agents
General Trust of Canada
Montreal
Guaranty Trust, Toronto

Head Office
800 Dorchester Boulevard West
Montreal, Quebec H3B 1Y2

Officers

Antoine Turmel
Chairman of the Board and Chief Executive Officer

René Provost
Vice Chairman of the Board and Director of Corporate Affairs

Pierre H. Lessard, C.A.
President and Chief Operating Officer

Jean-Louis Lamontagne
Executive Vice President, Wholesale Operations

Richard Constantineau
Vice President, Retail Operations

Claude Dufour
Vice President, Meat Operations

H. Paul Gobeil, C.A.
Vice President, Finance and Administration, and Treasurer

Jacques Lesage
Vice President, Human Resources

Jean-Claude Merizzi
Vice President, Planning and Business Development

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