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STEDMAN BROS., LIMITED

136-152 PORTLAND STREET

TORONTO, CANADA

March 24, 1964.

To the Shareholders of Stedman Bros., Limited:

The directors of the Company have pleasure in submitting for your approval the Annual Report of the Company, together with the Balance Sheet, the Statement of Profit and Loss and the Auditors' Report covering the operations of the Company for the year ending December 31, 1963.

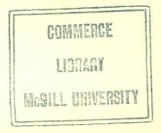
The results for the year show an increase in volume and in net profit. During the year \$871,000 was spent on improvements and new construction. On December 31, 1963, there were 139 Company operated stores and 201 Associate stores individually owned and operated.

Merchandising trends are changing very rapidly; Food Stores, Discount Stores, Shopping Plazas are all striving for the consumer dollar. The year 1963 has been one of keen competition.

Earnings per share after taxes of \$1.52 compares favorably with the earnings of \$1.45 per share in 1962.

On behalf of the directors, I wish to express their thanks for the loyal support of the staff during 1963.

G. H. STEDMAN, Chairman of the Board.



STEDMAN BROS., LIMITED

INCORPORATED UNDER THE LAWS OF CANADA

BALANCE SHEET

December 31, 1963

(with comparative figures as at December 31, 1962) (Cents omitted)

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ASSETS

ABBETS		
Current assets:	1963	1962
Cash		\$ 3,648,953
Receivable from MacLeod's Limited		
Accounts receivable, less allowance for doubtful accounts		1,048,935
Merchandise inventories, at not more than the lower of cost or market	7,357,857	6,595,883
Advance payments on merchandise	57,317	124,257
Life insurance, cash surrender value	10,055	9,840
Prepaid insurance and expenses	113,572	45,981
	\$12,468,897	\$11,473,849
Fixed assets, at cost:		
Land and buildings		\$ 4,281,325
Furniture, fixtures and leasehold improvements	5,199,749	4,775,819
	e 0 000 146	\$ 9,057,144
T A 14.11 4.11	\$ 9,928,146	
<u>Less:</u> Accumulated depreciation	4,712,798	4,180,338
	\$ 5,215,348	\$ 4,876,806
	\$17,684,245	\$16,350,655
LIABILITIES	,	
LIABILITIES	1963	1962
	1963	1962
Current liabilities:		
Current liabilities: Accounts payable and accrued expenses	\$ 977,872	\$ 993,862
Current liabilities: Accounts payable and accrued expenses. Income taxes payable.	\$ 977,872 969,567	\$ 993,862 1,019,086
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Current liabilities: Accounts payable and accrued expenses. Income taxes payable. Dividend payable. 6% Mortgage, payable \$2,000 annually until fully paid. Shareholders' equity:	\$ 977,872 969,567 152,688 \$ 2,100,127 \$ 12,000	\$ 993,862 1,019,086 152,688 \$ 2,165,636 \$ 14,000
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Current liabilities: Accounts payable and accrued expenses. Income taxes payable. Dividend payable. 6% Mortgage, payable \$2,000 annually until fully paid. Shareholders' equity: Capital stock: Authorized: 1,500,000 common shares without nominal or par value Issued: 1,221,504 shares.	\$ 977,872 969,567 152,688 \$ 2,100,127 \$ 12,000 \$ 2,112,127	\$ 993,862 1,019,086 152,688 \$ 2,165,636 \$ 14,000 \$ 2,179,636
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Contingent liability:

Customer's notes sold to an associated company, \$219,452.

Approved on behalf of the Board.

S. W. STEDMAN, Director

GEO. H. STEDMAN, Director

STEDMAN BROS., LIMITED

STATEMENT OF INCOME

Year ended December 31, 1963

(with comparative figures for the year ended December 31, 1962) (Cents omitted)

	1963	1962
Profit on operations before the undernoted items\$	4,474,707	\$ 4,254,438
Deduct:		
Allowance for depreciation	538,862	518,838
Employees' pension fund, net	55,182	52,340
Remuneration of directors:		
Salaried	62,496	46,090
Non-salaried	2,200	1,200
Taxes on income	1,957,000	1,865,000
\$	2,615,740	\$ 2,483,468
Net income for year\$	1,858,967	\$ 1,770,970

STATEMENT OF RETAINED EARNINGS

Year ended December 31, 1963

(with comparative figures for the year ended December 31, 1962) (Cents omitted)

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	1963	1962
Retained earnings at beginning of year	. \$13,876,218	\$12,716,154
Net income for year Profit (loss) on disposal of fixed assets	. 1,858,967	1,770,970 (16)
Deduct:	\$15,735,566	\$14,487,108
Dividends		\$ 610,752 138
	458,249	610,890
Retained earnings at end of year	\$15,277,317	\$13,876,218

AUDITORS' REPORT

To the Shareholders of Stedman Bros., Limited:

We have examined the balance sheet of Stedman Bros., Limited, as at December 31, 1963 and the statements of income and retained earnings for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence 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, the accompanying balance sheet and related statements of income and retained earnings are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at December 31, 1963 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada. January 30, 1964.

THORNE, MULHOLLAND, HOWSON & McPHERSON, Chartered Accountants.

STEDMAN BROS., LIMITED

ANNUAL REPORT

FOR THE

Year Ending 31st December, 1963

OFFICERS:

GEORGE H. STEDMAN	Chairman of the Board
S. P. WOOLEVER	Presiden
	retary-Treasurer & Vice-President
	VDirector
G. T. HUMBLE	Director
A. ROSS POYNTZ	Director
F. W. DAVIDSON	Director
	Director
	Director
D. MAY	Director
	Director
	Director
	Asst. Secretary-Treasure

STOCK TRANSFER AGENTS:

GUARANTY TRUST COMPANY OF CANADA 366 Bay Street Toronto.

BANKERS:

THE BANK OF NOVA SCOTIA
Toronto