

Dylex Diversified (1967) **Ltd.**

Report to Shareholders

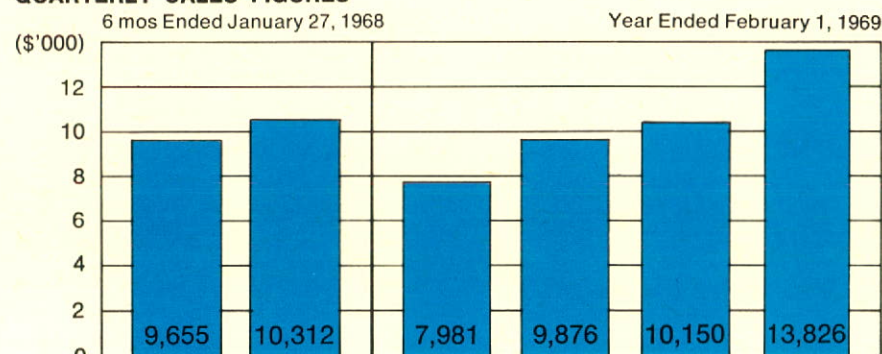
Six Month Fiscal Period Ended February 1, 1969.

Financial Highlights

	6 months ended February 1, 1969 (\$'000)	6 months ended January 27, 1968 (\$'000)
Sales	23,976	19,967
Earnings	1,048	351
Earnings per share	0.52	0.24*
Cash flow	1,346	631
Cash flow per share	0.66	0.43*
Working capital	13,497	3,965
Average no. of shares outstanding	2,027	1,480

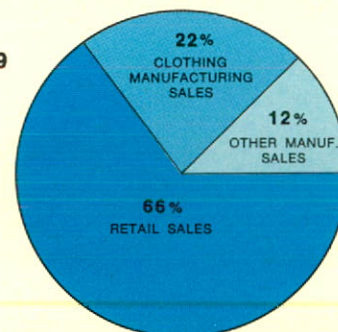
*after stock split and based on average number of shares outstanding

QUARTERLY SALES FIGURES



SALES FOR THE PERIOD OF AUGUST 4, 1968 to FEBRUARY 1, 1969

SALES (\$'000)	
RETAIL	15,700
CLOTHING	
MANUFACTURING	5,300
OTHER MANUFACTURING	2,900
TOTAL SALES	23,900



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President's Report

To Our Shareholders:

This report reviews operations of our Company for the six months ended February 1, 1969. Our year-end was changed from August 3 to February 1 to ensure an accurate and complete picture of all our operations, including recent acquisitions.

Financial Developments

As can be seen in the highlights on the opposite page, total sales increased 20 per cent over the same period in 1967. Earnings increased 199 per cent and earnings per share rose to \$0.52.

Working capital increased to \$13,497,-000 from \$3,965,000 in the same period the previous year.

In November, 1968, we completed a capital reorganization whereby shareholders received three newly created Class 'A' shares and one common share for each common share held. This will provide wider distribution for our shares and facilitate future growth.

In December, our Company, through its fiscal agents, placed privately 300,000 Class 'A' shares for a net return to the treasury of \$5,550,000 or \$18.50 per share, the approximate market price at that time.

A \$1,850,000 mortgage was arranged with the Royal Trust Company on our property at Lake Shore Boulevard West, Toronto. This mortgage more accurately reflects the present-day market value of the building, appraised at \$2,750,000.

Acquisitions

In August, all capital stock of Harry Rosen Men's Wear Limited was acquired in exchange for 19,000 pre-split common shares of Dylex. Mr. Rosen has taken a senior executive position with our Company and is now introducing his highly successful marketing techniques into all men's wear operations.

In November, two additional major acquisitions were completed. We acquired all shares of Fashion Council and its 10 Ontario stores. Its founders, Lionel Robins and Irving Levine, whose styling and merchandising flair made Fashion Council a leader in women's fashions, are developing new programs for our Fairweather chain which is now being merged with Fashion Council. This will keep our Company in the forefront of Canada's fashion world.

Dylex also purchased the assets of Nu-Mode Dress Company, a well-known and successful manufacturer of ladies' apparel. Henry Zagdanski, president of Nu-Mode, has taken an active position with the Company. His intuitive understanding of fashion trends will add new dimensions to our operations.

Our most recent acquisition was the purchase in February, 1969, of the chain of seven Valu Fair stores. Valu Fair is a health and beauty aids merchandising concern aimed at price-conscious shoppers. S. J. Hirsch and

R. H. McPherson, who conceived Valu Fair, have joined the Dylex team. Their knowledge will be used to introduce Valu Fair departments into our Family Fair stores and for the introduction of additional Valu Fair outlets.

Our Company exchanged 450,000 Class 'A' shares for Fashion Council and Nu-Mode and 4,000 Class 'A' shares for Valu Fair.

Review and Forecast

Results for the six months under review reflect the continuing success of our reorganization program.

The Tip Top Tailor restructuring, involving image, merchandising, personnel, cost control and profit margins has had positive results and we anticipate further gains in the future.

With the merging of Fairweather and Fashion Council, some rationalization is anticipated affecting several Fairweather stores. The locations of these stores are better suited to lower-priced merchandising and they will be switched to Family Fair stores.

The addition of these stores to the Family Fair chain, plus the introduction of Valu Fair departments, will put this division on the threshold of major growth.

Our Ladies' and Men's Wear Manufacturing Groups are showing the first impact of additional profit contribution as a result of bringing new plants on stream, which have cut costs and raised efficiencies.

The Consumer & Industrial Products Group is moving ahead. We are expanding the Plastics Division plant and increasing plant capacity by 50 per cent.

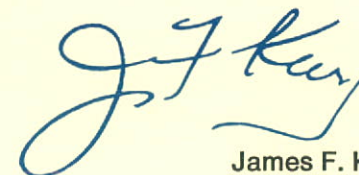
Our Company is now moving out of the period of heavy expense brought about by our massive re-organization program. Problems do exist, but I am confident that these will be overcome as we enter a period of consolidation that will lead to higher sales and earnings. We are nearing the end of a loss-carry-forward position during which time we paid no income taxes. This enabled us to execute substantial re-development and expansion programs.

As we enter a full tax period, we expect that our profit centre concept, our success in securing exceptional managerial talent and our rational acquisition policy will ensure growth and profitable results.

Appreciation

I would like, on behalf of the Board, to extend a special word of thanks to our employees. Their loyalty and untiring effort has been a vital factor in our success.

On behalf of the Board of Directors,



James F. Kay
President

March 19, 1969



Dylex Diversified (1967) Ltd. and Subsidiary Companies

Consolidated Statement of Earnings

	6 Months Ended February 1 1969	12 Months Ended August 3 1968	6 Months Ended January 27 1968 (unaudited)
Net Sales	\$23,976,658	\$37,823,552	\$19,967,000
Earnings from operations before deducting the undernoted items	1,810,583	1,986,602	870,000
Remuneration of directors, as directors, officers or employees	142,454	175,435	43,000
Depreciation and amortization	253,185	440,344	266,000
Amortization of deferred charges	44,748	28,482	14,000
Interest on long term debt	177,384	190,758	62,000
Other interest	132,755	344,936	120,000
	<u>750,526</u>	<u>1,179,955</u>	<u>505,000</u>
	1,060,057	806,647	365,000
Income from investments	8,287	—	—
	<u>1,068,344</u>	<u>806,647</u>	<u>365,000</u>
Provision for income taxes (note 14)	50,224	10,211	14,000
Net earnings from operations	<u>1,018,120</u>	<u>796,436</u>	<u>351,000</u>
Equity in earnings of Dylex Acceptance Corporation Limited	2,438	—	—
Net earnings before extraordinary items	<u>1,020,558</u>	<u>796,436</u>	<u>351,000</u>
Gain or (loss) on sale of fixed assets	27,095	(24,713)	—
Loss on sale of investment	—	(60,000)	—
Net earnings for the period	<u>\$ 1,047,653</u>	<u>\$ 711,723</u>	<u>\$ 351,000</u>
Earnings per share*	\$0.52 (6 Mos.)	\$0.45 (12 Mos.)	\$0.24 (6 Mos.)

Consolidated Statement of Retained Earnings

	6 Months Ended February 1 1969	12 Months Ended August 3 1968
Retained earnings at beginning of period	\$ 3,692,645	\$ 2,980,922
Add: Net earnings for the period	1,047,653	711,723
	<u>4,740,298</u>	<u>3,692,645</u>
Less: Deferred income taxes payable prior period (note 13)	41,000	—
Retained earnings at end of period	<u>\$ 4,699,298</u>	<u>\$ 3,692,645</u>

*Based on average common and class "A" shares outstanding and allowing for stock split.

Consolidated Statement of Source and Application of Funds

	6 Months Ended February 1 1969	12 Months Ended August 3 1968
SOURCE OF FUNDS		
Net earnings for the period	\$ 1,047,653	\$ 711,723
Charges not involving cash outlay:		
Depreciation and amortization	253,185	440,344
Amortization of deferred charges	44,748	28,482
Increase in equity of wholly-owned subsidiary	(2,438)	—
Funds generated from operations	1,343,148	1,180,549
Reduction in mortgages and other investments	36,739	175,259
Disposal of fixed assets	357,593	110,164
Increase in long term debt—mortgage proceeds	1,850,000	—
—other	20,000	2,880,386
Issue of capital stock	10,865,828	6,393,480
Deferred income taxes assumed on acquisition	15,684	—
	<u>14,488,992</u>	<u>10,739,838</u>
APPLICATION OF FUNDS		
Increase in mortgages and other investments	10,915	223,750
Additions to fixed assets	1,187,828	3,526,041
Excess of assets acquired over book values	3,547,994	4,192,787
Increase in deferred charges	129,424	62,999
Reduction in long term debt — mortgage		
redeemed	825,787	—
— other	698,230	580,400
	<u>6,400,178</u>	<u>8,585,977</u>
INCREASE IN WORKING CAPITAL	<u>\$ 8,088,814</u>	<u>\$ 2,153,861</u>
Working capital at end of period	\$13,497,409	\$ 5,408,595
Working capital at beginning of period	5,408,595	3,254,734
	<u>\$ 8,088,814</u>	<u>\$ 2,153,861</u>

Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of Dylex Diversified (1967) Ltd., as at February 1, 1969 and the consolidated statements of earnings, retained earnings and source and application of funds for the six month period then ended. Our examination of the financial statements of Dylex Diversified (1967) Ltd., and those subsidiaries of which we are the auditors 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. We have relied on the reports of the auditors who have examined the financial statements of the other subsidiaries.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at February 1, 1969 and the results of their operations and the source and application of their funds for the six month period then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario
March 14, 1969

WM. EISENBERG & CO.
Chartered Accountants

Dylex Diversified (1967) Ltd. and Subsidiary Companies

Consolidated Balance Sheet as at February 1, 1969

ASSETS

	February 1 1969	August 3 1968
CURRENT ASSETS		
Cash	\$ 267,664	\$ 70,389
Deposit certificates	505,000	—
Marketable securities (market value \$32,200)	35,704	—
Accounts receivable	4,439,176	3,952,022
Inventories (note 3)	12,199,897	9,490,246
Prepaid expenses	251,738	362,112
Advances to wholly-owned acceptance company	2,208,039	163,788
	<u>19,907,218</u>	<u>14,038,557</u>
INVESTMENTS AND LOANS RECEIVABLE		
Investment in subsidiary (note 1)	2,538	100
Mortgages and other investments — at cost	64,193	90,017
Advances to key employees to purchase shares (note 4)	1,191,576	1,212,160
	<u>1,258,307</u>	<u>1,302,277</u>
FIXED ASSETS		
Land (note 5)	1,150,870	1,150,870
Buildings (note 5)	2,744,553	2,733,903
Machinery, equipment and leasehold improvements — at cost	7,385,146	6,156,230
	<u>11,280,569</u>	<u>10,041,003</u>
Less: Accumulated depreciation	4,690,848	4,028,332
	<u>6,589,721</u>	<u>6,012,671</u>
OTHER ASSETS		
Excess of cost of assets acquired over book values (note 7)	7,740,781	4,192,787
Deferred charges (note 8)	132,676	48,000
	<u>7,873,457</u>	<u>4,240,787</u>
	<u>\$35,628,703</u>	<u>\$25,594,292</u>

The accompanying notes are an integral part of the Financial Statements.

LIABILITIES

CURRENT LIABILITIES

	February 1 1969	August 3 1968
Bank loans (note 9)	\$ 959,210	\$ 4,062,387
Accounts payable and accrued liabilities	4,213,923	3,598,025
Taxes payable	347,492	405,608
Long term liabilities due within one year	889,184	563,942
	<u>6,409,809</u>	<u>8,629,962</u>

LONG TERM LIABILITIES

Notes payable (note 10)	1,579,773	2,210,171
Mortgages payable (note 10)	1,942,811	966,430
Bank loan — key employee stock plan (note 4)	1,191,576	1,212,160
	<u>4,714,160</u>	<u>4,388,761</u>

DEFERRED INCOME TAXES

56,684	—
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SHAREHOLDERS' EQUITY

CAPITAL STOCK (note 11)

Authorized		
3,000,000 common shares without par value		
10,000,000 class "A" participating preference shares without par value		
1,000 class "B" non-participating preference shares without par value		
Issued and fully paid (note 12)		
464,000 common shares	1,952,327	6,993,480
2,142,000 class "A" shares	15,906,981	—
EXCESS of appraised value over cost (note 5)	1,889,444	1,889,444
RETAINED EARNINGS	4,699,298	3,692,645
	<u>24,448,050</u>	<u>12,575,569</u>
APPROVED ON BEHALF OF THE BOARD	<u>\$35,628,703</u>	<u>\$25,594,292</u>
J. F. KAY, <i>Director</i>		
W. POSLUNS, <i>Director</i>		

Dylex Diversified (1967) Ltd. and Subsidiary Companies

Notes to Consolidated Financial Statements as at February 1, 1969

1. Principles of Consolidation

The accompanying financial statements consolidate the accounts of all subsidiary companies except for Dylex Acceptance Corporation Limited, a wholly-owned finance company which is not consolidated because of the different nature of its business. The investment in this subsidiary is carried on the consolidated balance sheet at cost plus the Company's share of undistributed net earnings since incorporation.

2. Fiscal Year End

The Company has changed its fiscal year end from the Saturday closest to July 31 to the Saturday closest to January 31 effective February 1, 1969.

3. Inventories

The inventories are valued at the lower of cost or net realizable value except for retail lines not manufactured by the Company which are valued at lower of cost or net realizable value less normal profit margins.

4. Key Employee Stock Plan

75,000 common shares and 100,000 Class "A" participating preference shares have been allocated to the trustees of the Company's Key Employee Stock Plan to be issued to full time key employees of the Company at a price not exceeding a 15% discount from market at the time of allotment. As at February 1, 1969, 75,000 common shares have been issued to key employees, 5,726 of which were issued during the current period. To facilitate the purchase of these shares by key employees the Company borrowed \$1,553,000 from its bankers (\$1,191,576 as at February 1, 1969) to be repaid over a period of ten years.

5. Property Appraisal

On December 29, 1967, the property at 637 Lakeshore Boulevard West, Toronto, was appraised by W. H. Bosley & Co. Ltd. at a value of \$2,750,000. As a result of this appraisal the value of this property has been increased resulting in an excess of appraised value over depreciated cost of \$1,889,444.

6. Acquisitions

At a shareholders' meeting on November 27, 1968 the following acquisitions were approved:

All the issued shares of Harry Rosen Men's Wear Limited for 19,000 common shares of the Company (before stock split).

All the issued shares of the Fashion Council group of corporations for 211,110 Class "A" preference shares of the Company.

The purchase of the assets and undertakings of Nu-Mode Dress Company and assumption of its liabilities for 238,890 Class "A" preference shares of the Company.

7. Excess of Cost of Assets Acquired over Book Values

The above acquisitions (Note 6) have resulted in an increase in the excess of cost of assets acquired over book values amounting to \$3,547,994 during the six month fiscal period ended February 1, 1969.

8. Deferred Charges

This amount is being amortized at different rates depending upon the nature of the expense incurred.

9. Bank Loans

Bank loans are secured by a general assignment of book debts and inventories and by a 6% demand bond in the amount of \$2,500,000. The bankers also hold as collateral security all the issued shares of the following wholly-owned subsidiaries: Ackron Plastics Limited, Plasti-Pak Containers Limited and The Family Fair Stores Limited.

10. Long Term Debt

Notes payable

7% subordinated promissory notes, final payment due December 27, 1971	\$1,220,000
Other notes (secured \$32,087)	359,773
	<u>\$1,579,773</u>

Mortgages payable

9¼% First Mortgage, final payment due October 15, 1973	\$1,806,542
Other mortgages	136,269
	<u>\$1,942,811</u>

11. Capital Stock

On November 28, 1968 supplementary letters patent were obtained increasing the authorized capital of the Company by 10,000,000 Class "A" participating preference shares without par value with restricted voting rights and 1,000 Class "B" non-participating preference shares without par value. Each common share was subdivided into one common share without par value and three Class "A" participating preference shares.

12. Change in Capital Stock

Common Shares	Issued	
Balance August 3, 1968	439,274	\$ 6,993,480
Key Employee Stock Plan (Note 4)	5,726	160,328
Acquisitions (Note 6)	19,000	655,500
Subdivision of shares November 28, 1968 (Note 11)	—	(5,856,981)
Balance February 1, 1969	<u>464,000</u>	<u>\$ 1,952,327</u>
Class "A" Preference Shares		
Subdivision of shares November 28, 1968 (Note 11)	1,392,000	5,856,981
Acquisitions (Note 6)	450,000	4,500,000
Issued for Cash at \$18.50 net per share	300,000	5,550,000
Balance February 1, 1969	<u>2,142,000</u>	<u>\$15,906,981</u>

The 300,000 Class "A" preference shares issued for cash represents a private distribution. These shares were issued at a price of \$19.00 per share less a brokerage commission of 50 cents per share.

13. Deferred Income Taxes

Deferred income taxes have been provided in respect of capital cost allowances claimed for income tax purposes in excess of amounts recorded in the accounts. An amount of \$41,000 pertaining to prior years has accordingly been charged to retained earnings.

14. Provision for Income Taxes

This represents the amounts payable by subsidiary companies. No other income taxes were payable due to the application of the losses carried forward from prior years. The Company has an estimated loss carry-forward of approximately \$220,000 which can be deducted from future profits for tax purposes.

15. Long Term Leases

The minimum annual rentals on all leased property and equipment amount to approximately \$2,063,000. The total minimum rentals payable after February 1, 1974 is approximately \$8,653,000.

16. Remuneration of Directors and Officers

Directors, as such, received no remuneration. The aggregate remuneration paid to 17 senior officers as defined by The Securities Act, 1966 (Ontario), including the executive officers, amounted to \$235,905.

17. Contingent Liability

The Company is contingently liable as guarantor of bank loans of up to \$60,000 of one of the Company's suppliers.

Events Subsequent to Year End

The Company has acquired all the shares of Macsam Investments Limited for 4,000 Class "A" Preference Shares of Dylex Diversified (1967) Ltd. Subject to the fulfillment of certain conditions the Company has also agreed to acquire the businesses as going concerns of Cadillac Lumber and Building Products Limited and of Sandy's Department Store.



Louis H. Posluns



Irving Posluns



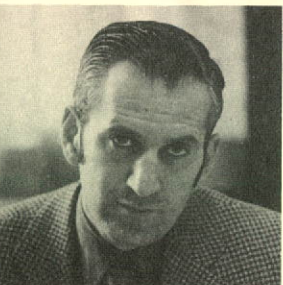
Wilfred Posluns



Jack Posluns



William Singer



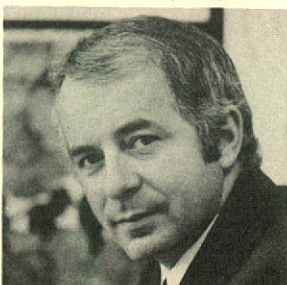
Harry Rosen



Henry Zagdanski



Lionel Robins



Irving Levine

Dylex Diversified (1967) Ltd.

A Company Profile

Dylex Diversified (1967) Ltd. is a multi-faceted, growth-oriented company. The rapidly expanding Dylex operation has emphasized the manufacturing and retailing of consumer goods. It has 16 subsidiaries and employs about 3,000 people. Over 100 men's and women's retail clothing stores are spreading the Dylex influence on fashion across Canada.

A unique manufacturing plant, engineered to produce a high level of performance, has given the company what is believed to be the largest and most efficient clothing capability in the country.

The company's success to date leads management to believe that its concepts and talents could be successfully applied to almost any business area. Thus the company is actively seeking further acquisitions to strengthen and logically diversify operations. Dylex continues to be guided by its belief that the combined expression of entrepreneurial courage, managerial discipline and adequate capital resources is the essence of success. In line with this philosophy, Dylex will continue to place heavy emphasis on managerial potential when considering further acquisitions. Earnings and growth potential will be viewed as equally important.

As such, Dylex seeks to both acquire and build exceptional management that can derive optimum advantages from the strength of a multi-faceted business operation.

TIP TOP TAILORS

Kurly
Kate

fashion
council

Nu-Mode
DRESS COMPANY

SINGER
LIGHTING

Fairweather





Clothing Manufacturing Group: _____

This fast-growing group, consisting of Canadian Clothiers, manufacturers of men's suits including the high fashion Botany 500 and Leishman lines; Irving Posluns Sportswear; Jack Posluns and Company; Junior Deb; and the Nu-Mode Dress Co., has continued its trend toward increased use of automation begun in the first half of 1968.

With the heavy emphasis on automation has come a continuing increase in productivity and efficiency at all manufacturing plants.

A substantial reorganization of operations in the Canadian Clothiers plant is expected to make it more effective and profitable.

Irving Posluns Sportswear, Jack Posluns and Co., and Junior Deb are all expected to maintain the very satisfactory profit margins that they have been recording for the past several years. Nu-Mode Dress Co. will continue to realize a healthy profit margin.

The Clothing Manufacturing Group is expected to continue in its pace-setting role as a national leader in the garment manufacturing business.





An automated conveyor system speeds production at the Lake Shore plant.

Quality control and proper storage is a major undertaking requiring constant checking.

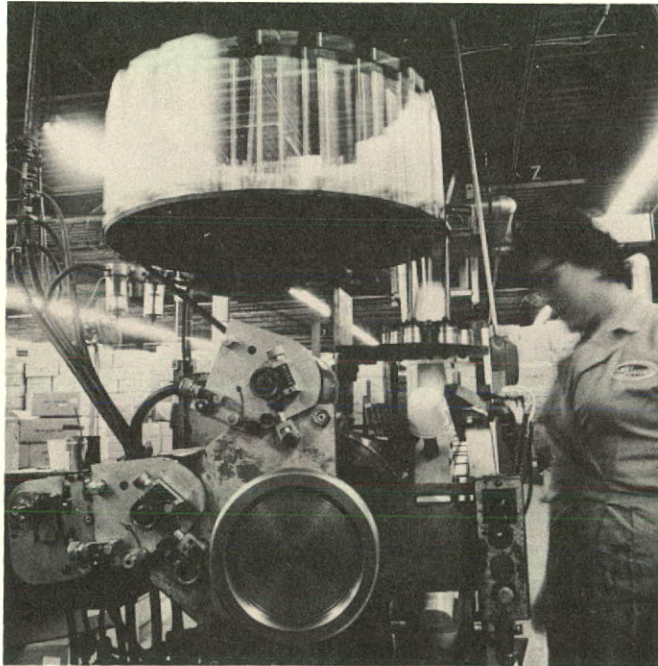
Introduction of a unique grading machine ensures maintenance of quality while improving efficiency.

Properly trained employees are a major concern at Dylex where a school provides the latest in clothing manufacturing techniques.

Despite trends to automated manufacturing, hand tailoring still plays a vital part in the production of high-quality garments.



Consumer and Industrial Products Group:



Plastics Manufacturing Division

A special streamlining of its operations has been undertaken to enable the Plastics Division to keep pace with a rapidly rising demand for plastic products.

This group is comprised of two fast-growing plastics companies whose products are finding excellent acceptance in home, industry and institutional use.

Plasti-Pak Containers Limited, manufacturers of rigid plastic food containers for the packaging of margarine, yogurt, honey and other foods, continues to serve several of the largest food processing companies in Ontario.

Ackron Plastics Limited produces clear polyethylene film that is widely used in the construction industry. This unit also manufactures a fast-growing and popular line of garbage bags for both home and industrial use. These garbage bags, the division's newest and most popular products, are sold through leading non-food chains and convenience stores across the nation.



Consumer Products Manufacturing Division

The well-known and widely accepted Kurly Kate products produced by this division have been extended to include a line of colored garbage bags produced in close co-operation with the Plastics Manufacturing Division.

Other popular Kurly Kate products currently being sold in leading supermarkets, grocery and convenience stores across Canada include: pot cleaners, metal scouring sponges, scour cloths, and chemically treated cloths of many kinds.



Home Furnishing Division

This division manufactures the famous line of Singer Lighting products. Management anticipates increases in sales and volume of production this year, and is actively seeking new product lines of compatible items to ensure future expansion.

Singer has for years been recognized as one of the quality brand names in the medium-priced lamp and shade field. The fine Singer line of products now includes table and floor lamps, lamp shades, wrought iron room dividers, book stands, picture frames and prints.

An exclusive line of sculptured table lamps designed especially for Singer has been the latest addition to its product line.

These popular home products are sold in leading department and home furnishing stores across Canada.



Retail Group:



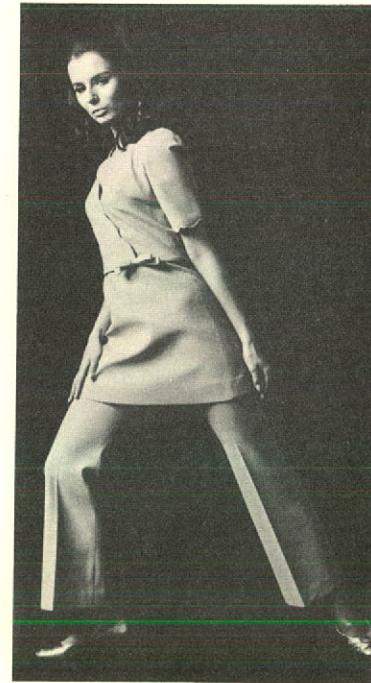
Women's and Family Retail Divisions

An exciting new dimension was added to the Dylex operation with the acquisition of the successful chain of Fashion Council stores, purchased in November, 1968, from its founders, Irving Levine and Lionel Robins.

Levine and Robins are outstanding merchandisers who built the ten-store chain into what is considered to be the style setter for ladies' fashion stores in Canada. Under their management, Fashion Council consistently recorded encouragingly high profit margins. To take advantage of the Levine and Robins flair for styling and merchandising, Fashion Council has been merged with Dylex' 21-store Fairweather chain. It is expected that the same merchandising ingenuity that brought about such success to Fashion Council will increase the profits of the higher-volume Fairweather chain. This combined retail women's wear operation should also enjoy an increasingly influential role in the Canadian fashion world.

A significant change in the Fairweather division's marketing strategy calls for a dramatic new merchandising program based on fashions that are selected for maximum volume appeal, presented in a unique atmosphere, and advertised in an imaginative way to increase turnover.

Because of their locations, some Fairweather stores do not lend themselves to this sort of upgrading. These stores, therefore, will become part of the Family Fair chain.





There are currently eight Family Fair stores in the Dylex Retail Group. These low-priced, "bargain center" type operations are meeting enthusiastic acceptance from budget-conscious consumers. The 39 stores in the Women's and Family Retail Division are strategically located in major consumer centers in three provinces.

Fairweather has 18 stores throughout Ontario with seven located in Toronto; two in Quebec (Montreal and Quebec City); and a single store serving Winnipeg, Manitoba.

Eight Fashion Council stores are in the Toronto area with others located in St. Catharines and Burlington. Two new Fashion Council stores are scheduled to open in Moncton, New Brunswick and Halifax, Nova Scotia.

Family Fair operates eight stores in Ontario; two are in Toronto, and the others are in Burlington, Kitchener, Sault Ste. Marie, Welland, Belleville and Sarnia.





Men's Retail Division

One of the most prominent and successful men in the Canadian world of gentlemen's fashion, Harry Rosen, has added his name, his business and his merchandising powers to the Dylex organization.

It is expected that Rosen will soon begin applying some of his exciting merchandising techniques to the 61 Tip Top stores.

Harry Rosen, the Canadian "Mr. Fashion" of the men's apparel world, is certain to spark this division to new heights of fashion influence.



In keeping with the company's resolve to improve the profit picture of the Tip Top chain, a complete reorganization was carried out resulting in changes ranging from major innovations in store layout to significant revisions in the approach to cost control at the store level. This reorganization is also expected to play an important role in the improvement of the chain's performance.

Largest chain in the Dylex operation, Tip Top has 61 stores serving nine provinces. These include: 33 stores in Ontario; 8 in Quebec; 6 in Alberta; 4 in Nova Scotia; 4 in British Columbia; 2 in Manitoba; 2 in New Brunswick; 1 in Saskatchewan; and 1 in Newfoundland.



Central Services Group: _____

Dylex has established a Central Services Group to supply vital "common denominator" services to all divisions.

In keeping with the company's determination to maximize profits and operating efficiency, each section operates as a separate profit center levying charges for services which are competitive with outside sources in both cost and capability.

Dylex Acceptance Corporation

Dylex Acceptance Corporation provides a complete consumer credit service fully competitive with outside firms and its performance compares favorably with others in the industry.

Real Estate and Development

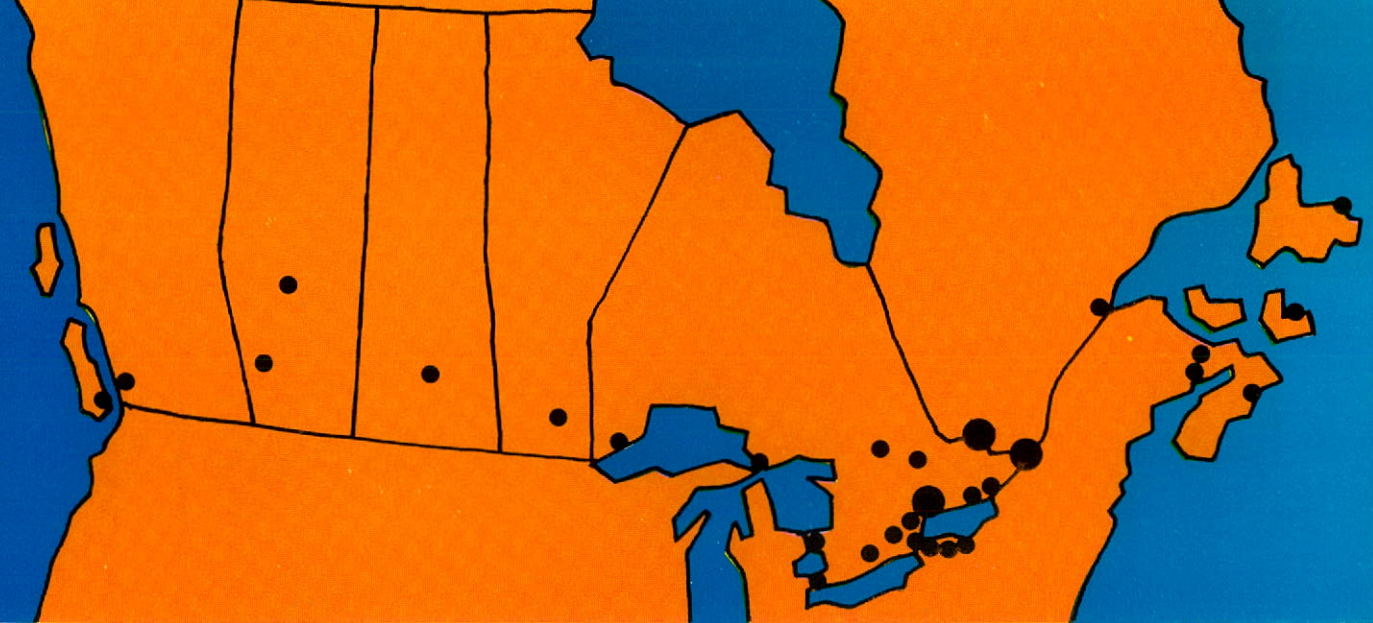
This unit investigates and advises on new plant and store sites and oversees planning, development and layout for the company and its subsidiaries.

Personnel

A competent personnel section is maintained for control of records, for recruitment, for labor relations and for the administration of the company's benefits plan.

Personnel development service is available from this section for employee training and performance evaluation.





TIP TOP STORES

NEWFOUNDLAND: *St. John's*. NOVA SCOTIA: *Dartmouth, Halifax (2), Sydney*. NEW BRUNSWICK: *Moncton, Saint John*. QUEBEC: *Montreal (3), Pointe Claire, Plaza Laval, Quebec, Ste. Foy, Chicoutimi*. ONTARIO: *Belleville, Brantford, Burlington, Fort William, Guelph, Hamilton (2), Kingston, Kitchener/Fairview, Kitchener, London, North Bay, Ottawa (5), St. Catharines (2), Sarnia, Sault Ste. Marie, Sudbury, Windsor*. TORONTO: *Bathurst/Lawrence, Bloor, Cedarbrae, Cloverdale, College, Dufferin, Dundas, Shoppers World, Yorkdale, Yonge*. SASKATCHEWAN: *Regina*. MANITOBA: *Winnipeg (2)*. ALBERTA: *Calgary (2) Calgary Chinook, Edmonton, Edmonton Westmount, Edmonton Bonnie Doon*. BRITISH COLUMBIA: *Victoria, Vancouver, Vancouver Richmond, Vancouver Brentwood*.

FAIRWEATHER STORES

ONTARIO: *Hamilton, Ottawa (3), Toronto (7), Burlington, Oshawa, Kingston, Sudbury, London, Kitchener, St. Catharines*. QUEBEC: *Ville D'Anjou, Québec*. MANITOBA: *Winnipeg*.

FAMILY FAIR STORES

ONTARIO: *Toronto (2), Kitchener, Welland, Burlington, Sault Ste. Marie, Sarnia, Belleville*.

FASHION COUNCIL

BRAEMAR — ONTARIO: *Toronto (5), Burlington, St. Catharines*. **LAURA LEE** — ONTARIO: *Toronto*. **LEADING LADY** — ONTARIO: *Toronto*. **FOUR WINDS** — ONTARIO: *Toronto*.

HARRY ROSEN MEN'S WEAR

ONTARIO: *Toronto*.

DIRECTORS

L. H. Posluns
J. F. Kay
W. Posluns
I. Posluns
J. Posluns
S. F. Kay
D. Korn
B. Dunkelman, D.S.O.
L. Weinberg
A. H. Zaldin, Q.C.
H. J. Stitt

EXECUTIVE OFFICERS

L. H. Posluns, Chairman of the Board
J. F. Kay, President
I. Posluns, Executive Vice-President
J. Posluns, Executive Vice-President
W. Posluns, Secretary and Treasurer

TRANSFER AGENT

National Trust Company, Limited

REGISTRAR

Canada Permanent Trust Company

AUDITORS

Wm. Eisenberg & Co., Chartered Accountants

BANKERS

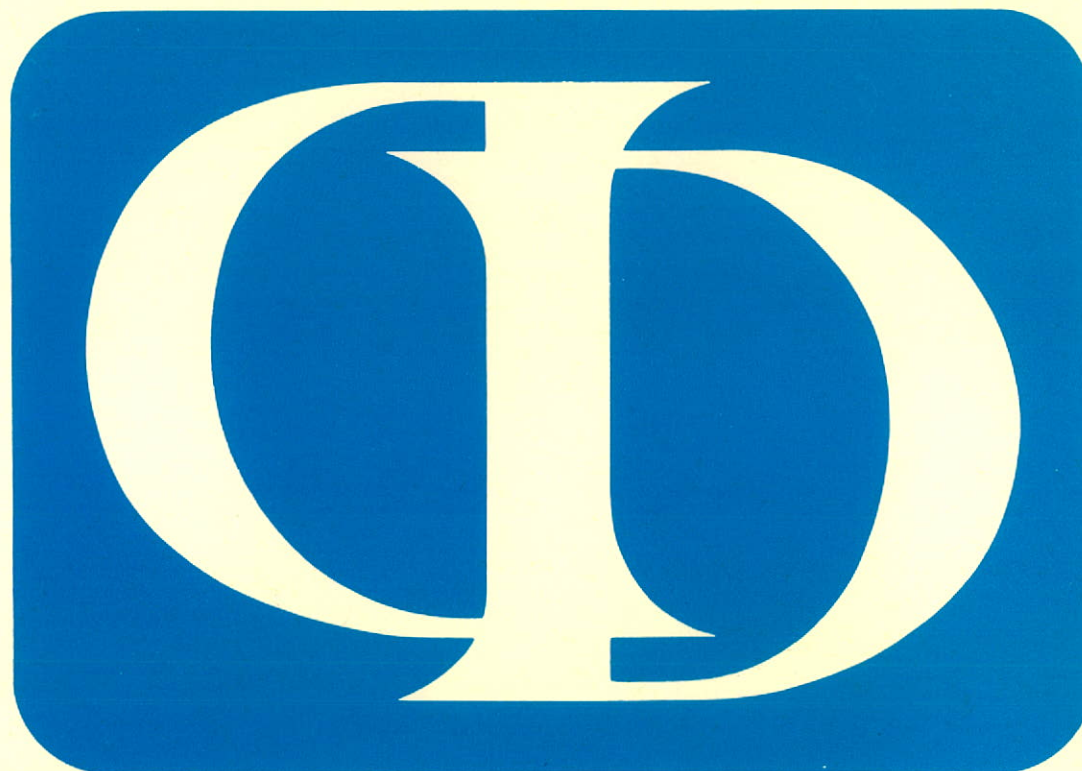
Bank of Montreal

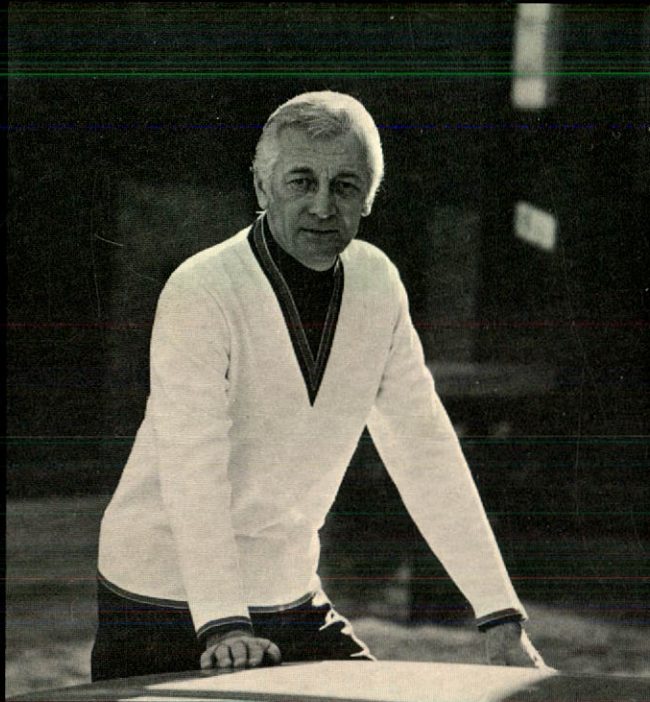
LISTED ON

Toronto Stock Exchange

HEAD OFFICE

637 Lake Shore Boulevard West, Toronto, Canada





Dylex Diversified (1967) Ltd.

HEAD OFFICE

637-657 Lake Shore Boulevard West,
Toronto, Canada

