Consumers Distributing

Annual Report 1980

Financial Highlights ($000's)

	52 Weeks Ended Jan. 31/81	52 Weeks Ended Feb. 2/80[1]
Sales		
Canada	$ 377,919	$ 344,112
United States	253,013	209,745
	$ 630,932	$ 553,857
Net Income	$ 8,430	$ 8,427
Earnings per share	$ 1.16	$ 1.17
Shares Outstanding – Average	7,254,568	7,226,249
Working Capital	$ 62,409	$ 55,989
Showrooms		
Canada	197	200
United States	99	86
	296	286

1. Figures re-stated to reflect changes in method of foreign currency translation and treatment of rebates and allowances.

Cover photo shows the exciting new look of a totally redesigned and refurbished Toronto showroom, part of a company wide program to upgrade our stores. The specially fixtured jewellery section, with handsome showcases and wall-to-wall carpeting and the dramatic use of new graphics and store design have substantially improved sales in the stores which have already been renovated. The cover photo was taken after the store was closed to show the total effect and the black and white photo (left), shows the same store shortly after opening for business.

Five Year Comparative Summary ($000's)

	52 Weeks Ended Jan. 31/81	52 Weeks Ended Feb. 2/80[5]	53 Weeks Ended Feb. 3/79	52 Weeks Ended Jan. 28/78	52 Weeks Ended Jan. 29/77
Sales					
Ontario	**N/A**	N/A	N/A	106,762	87,316
National[1]	**N/A**	N/A	N/A	107,106	90,929
Total Canada	**377,919**	344,112	267,612	213,868	178,245
United States[3]	**253,013**	209,745	76,631	–	–
	630,932	553,857	344,243	213,868	178,245
Share of net earnings of Consumers "National"[1]	**N/A**	N/A	N/A	1,738	585
Earnings before taxes	**11,177**	13,161	23,702	6,988	1,973
Income taxes	**2,747**	4,734	11,560	2,156	642
Net income	**8,430**	8,427	12,142	4,832	1,331
Tax-paid dividends	**–**	–	2,767[4]	–	–
Taxable dividends	**1,451**	1,160	401	–	–
Working capital	**62,409**	55,989	42,128	16,206	9,961
Total assets	**213,817**	241,540	170,890	81,980	48,437
Shareholders' equity	**81,950**	74,777	59,991	26,116	18,319
Shares outstanding					
actual	**7,277,288**	7,237,438	6,691,688	5,046,196	4,456,196
average	**7,254,568**	7,226,249	5,762,094	4,453,673	4,456,196
Earnings per share	**$1.16**	$1.17	$2.11	$1.08	30¢
Tax paid dividends per share	**–**	–	54¢[4]	–	–
Taxable dividends per share	**20¢**	16¢	6¢	–	–
Showrooms					
Ontario	**N/A**	N/A	N/A	84	84
National[1]	**N/A**	N/A	N/A	77	76
Total Canada	**197**	200	169	161	160
United States[3]	**99**	86	70	–	–
	296	286	239	161	160

1. On January 27, 1978, the company increased its ownership in Consumers "National" to 100%. Prior to that time, "National" was a 50% owned subsidiary of Consumers Distributing Company Limited.
2. Net income excludes extraordinary gains or losses and up to January 28, 1978, includes only the 50% share of "National" earnings.
3. Effective August 26, 1978, the company acquired 70 stores in the United States from the May Department Stores Company.
4. Includes special dividend of 48 cents per share.
5. Figures re-stated to reflect changes in method of foreign currency translation and treatment of rebates and allowances.

To our Shareholders

Despite difficult economic conditions, our Canadian division produced an outstanding performance in terms of operating profits, but these were eroded by the lack of profitability on the part of our U.S. operations.

Sales for the 52 weeks ended January 31, 1981, were $630,932,000 compared with $553,857,000 for the 52 weeks ended February 2, 1980. Profits for the latest year were $8,430,000 or $1.16 per share compared with $8,427,000 or $1.17 for the previous fiscal year, as re-stated. Shares outstanding at January 31, 1981 were 7,277,288 compared with 7,237,438 at February 2, 1980.

Sales from Canadian stores were $377,919,000 and sales from United States operations stated in Canadian dollars, were $253,013,000.

As the financial results indicate, earnings were flat compared to the previous year but total company sales increased substantially. In management's opinion the Canadian operation will continue to maintain its level of performance in the current and coming years, although its growth in terms of new store openings will be slower in view of our already commanding position in the Canadian market.

During fiscal 1981 we reaped the benefits of the successful conversion to profitable Consumers Distributing outlets of the remaining 30 stores acquired in fiscal 1980 from Cardinal Distributors. The earnings of the Canadian division were greatly improved over the previous year with this significant contribution from the Quebec operations.

This past year, total company emphasis was placed on liquidity and the result is a significantly strengthened balance sheet with bank borrowings at less than half the level of the previous year, and substantial increases in shareholders' equity and working capital.

In the United States, we experienced a soft retail climate. Store-for-store sales were lower in the fourth quarter than in the year earlier period. This coupled with reduced gross margins brought about by severe competition and high interest costs resulted in an operating loss for the year by the U.S. division.

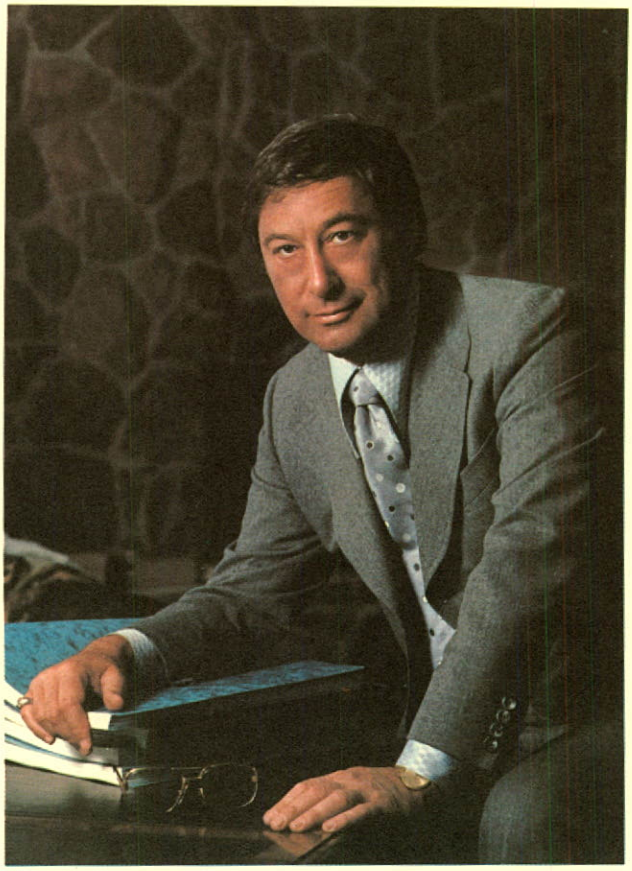
Undoubtedly, the company's future growth is in the United States where, with a population of about 10 times that of Canada, there is virtually unlimited potential for our catalogue showroom retailing concept which has already gained acceptance in that country.

An aggressive personnel development program is now being launched in the United States. Management is confident that this will have the effect of translating the growing sales from our U.S. operations into meaningful profits. Senior management attention, under my personal guidance, will be applied to the U.S. division with special emphasis on the east coast operations.

Once stronger and more effective management techniques are implemented, together with improved controls and procedures, satisfactory levels of profitability will be achieved. Subject to economic conditions, our United States operations should continue to expand at an increasing rate and contribute in substantial measure over the next several years to total company profits.

The 1980s are proving to be a period in the retailing industry when constant attention to marketing and business strategies is more necessary than ever before. Market share, sales gains and profit margins are subject to volatile consumer attitudes, shifting demographics, sharply rising costs of operations and merchandise, high financing costs for inventory and expansion, and changing competitive strategies of other major retailers.

Outlook



Currently, interest rates remain at high levels, and there is concern about rising levels of inflation in Canada and the United States. Management proposes to rely on merchandise selection and pricing to build sales in both countries. The strengthened balance sheet places the company in an excellent position to secure the required capital for expansion – largely in the United States – when economic conditions improve.

The Canadian division is placing emphasis on jewellery as an area of sales growth. By the end of this year, 60 stores will have been re-designed to include jewellery boutiques. In the stores where the changeover has been made over the past two years, the dramatic "new look", with carpeting, dropped ceiling and specially trained sales clerks have resulted in higher jewellery sales than in the regular type of showroom.

At January 31, 1981, the company operated 197 stores across Canada, and 99 stores in the United States. Present plans call for an additional four stores to be opened in Canada in fiscal 1982, and five more stores in California.

Appreciation

On behalf of the Board of Directors, I commend our employees for their efforts and dedication. We also appreciate the support of our suppliers who share in the continued growth of the company.

Jack Stupp
Chairman of the Board and
Chief Executive Officer

Toronto
May 15, 1981

Statement of Income and Retained Earnings

	Fifty-two weeks ended January 31, 1981	Fifty-two weeks ended February 2, 1980 (Restated) (Note 18)
	(In Thousands of Dollars)	
Sales	**$630,932**	$553,857
Costs and expenses:		
Cost of sales and operating expenses	**601,093**	523,610
Interest expense, including interest on long-term debt and obligations under capital leases of $3,315,000 (1980 – $3,321,000)	**12,545**	7,465
Depreciation and amortization (Note 9)	**6,073**	4,822
	619,711	535,897
Income before undernoted items and income taxes	**11,221**	17,960
Cost relating to acquisition (Note 10)	**44**	4,799
Income before income taxes	**11,177**	13,161
Income taxes (Note 11)	**2,747**	4,734
Net income	**8,430**	8,427
Retained earnings, beginning of year (as restated) (Note 18)	**32,408**	25,141
	40,838	33,568
Dividends	**1,451**	1,160
Retained earnings, end of year	**$ 39,387**	$ 32,408
Earnings per share (Note 12)	**$ 1.16**	$ 1.17

See accompanying notes.

Balance Sheet

	January 31, 1981	February 2, 1980 (Restated) (Note 18)
	(In Thousands of Dollars)	
Assets		
Current:		
Cash	**$ 262**	$ 242
Income taxes recoverable	**—**	2,616
Sundry amounts receivable	**5,086**	5,436
Inventory	**154,105**	181,102
Prepaid expenses and sundry assets	**6,371**	8,332
	165,824	197,728
Fixed assets (Note 2)	**42,659**	38,331
Other assets (Note 3)	**1,071**	960
Favourable leases, at cost less accumulated amortization of $326,000	**1,514**	1,698
Goodwill, at cost less accumulated amortization of $222,000	**2,749**	2,823
	$213,817	$241,540
Liabilities		
Current:		
Bank indebtedness (Note 4)	**$ 26,371**	$ 62,537
Accounts payable and accrued liabilities	**71,119**	72,505
Dividends payable	**363**	362
Income taxes payable	**221**	—
Current portion of obligations under capital leases	**1,657**	892
Current portion of long-term debt	**1,015**	1,408
Deferred income taxes	**2,669**	4,035
	103,415	141,739
Obligations under capital leases (Note 5)	**20,115**	15,952
Long-term debt (Note 6)	**6,616**	8,080
Deferred income taxes	**547**	751
Deferred foreign exchange adjustment	**1,174**	241
Contingent liability (Note 19)		
Shareholders' Equity		
Capital stock (Note 7)	**42,563**	42,369
Retained earnings	**39,387**	32,408
	81,950	74,777
See accompanying notes.	**$213,817**	$241,540

On behalf of the Board:

JACK STUPP (Director)

PETER M. C. ONIONS (Director)

Statement of Changes in Financial Position

	Fifty-two weeks ended January 31, 1981	Fifty-two weeks ended February 2, 1980 (Restated) (Note 18)
	(In Thousands of Dollars)	
Financial resources were provided by:		
Net income	**$ 8,430**	$ 8,427
Items not affecting working capital:		
Depreciation and amortization	**6,073**	4,822
Deferred income taxes	**(204)**	(124)
Loss on disposal of fixed assets	**554**	790
Working capital provided from operations	**14,853**	13,915
Issue of shares under Employees Stock Option Plan	**194**	76
Working capital arising from difference in opening and closing foreign currency translation rates	**590**	(787)
Working capital (substantially inventory) arising on purchase of the catalogue showroom assets of Cardinal Distributors Limited	**–**	11,707
Issue of shares and long-term debt for purchase of assets of Cardinal Distributors Limited	**–**	17,518
Long-term debt arising from capitalization of leased assets	**5,820**	1,375
	21,457	43,804
Financial resources were used for:		
Purchase of assets of Cardinal Distributors Limited	**–**	17,518
Payment of dividends	**1,451**	1,160
Reduction in obligations under capital leases	**1,657**	892
Reduction in long-term debt	**1,464**	1,408
Increase in fixed assets	**9,930**	8,047
Other assets	**535**	291
	15,037	29,316
Increase in working capital	**6,420**	14,488
Working capital, beginning of year	**55,989**	41,501
Working capital, end of year	**$62,409**	$55,989

See accompanying notes.

1. Summary of significant accounting policies:

Inventory:

Inventory is valued at the lower of cost and net realizable value; cost being determined on a first-in, first-out basis.

Catalogue costs:

The costs of the company's annual catalogue are charged to earnings over its one year life based upon seasonal sales patterns. Similarly, the costs of supplementary catalogues and promotional material are charged to earnings over the period during which they are in effect.

Fixed Assets:

Equipment and leasehold improvements are recorded at cost. The company capitalizes financing leases. Depreciation and amortization are provided on a straight-line basis at rates which are designed to write off the assets over their estimated useful lives as follows:

Office, warehouse and showroom equipment	5% and 10%
Leasehold improvements	Term of lease
Automotive equipment	10% and 20%
Assets under capital leases:	
Buildings	2.5% or term of lease
Equipment	5%, 10% and 20%

Favourable leases:

The company is amortizing the cost of favourable leases over the average remaining term of those leases.

Goodwill:

The company is amortizing the goodwill over 40 years.

Pre-opening costs:

Pre-opening costs for new stores are amortized over 24 months for new stores in the company's established markets and over 36 months for other locations, commencing with the month after the date of opening.

Income taxes:

The company follows the tax allocation method of providing for income taxes. Under this method deferred income taxes result from claiming for income tax purposes capital cost allowances in excess of depreciation and amortization recorded in the accounts, and from writing off for income tax purposes deferred charges and other costs in the year incurred.

Foreign currency translation:

The company has adopted the current rate method for translation of foreign currency transactions. Under this method all balance sheet accounts, with the exception of shareholders' equity, are translated at the rate of exchange in effect at that date.

Revenues and expenses are translated at average exchange rates prevailing during the period. Realized exchange gains and losses are included in operations.

Unrealized gains resulting from translation are shown in the balance sheet as ''Deferred foreign exchange adjustment''.

Fiscal year:

In conformity with retail industry practice, the fiscal year end of the company ends on the Saturday closest to January 31.

2. Fixed assets:

	Cost	Accumulated depreciation and amortization	Net 1981	Net 1980
	(In Thousands of Dollars)			
Office, warehouse and showroom equipment	$23,636	$ 9,016	$14,620	$15,090
Leasehold improvements	12,529	4,228	8,301	7,908
Automotive equipment	2,665	1,615	1,050	1,250
Assets under capital leases	25,556	6,868	18,688	14,083
	$64,386	$21,727	$42,659	$38,331

3. Other assets:

	January 31, 1981	February 2, 1980
	(In Thousands of Dollars)	
Deferred charges, less amounts amortized:		
Pre-opening costs relating to new stores	$ 670	$584
Financing expenses	—	5
Sundry	401	371
	$1,071	$960

4. Bank indebtedness:

As security for the bank indebtedness, the bankers have been given a collateral floating charge on all the assets of the company. The company has also given its bankers an assignment of a life insurance policy in the amount of $5,000,000.

5. Leases:

Future minimum payments under capital leases and the present value of the net minimum lease payments as at January 31, 1981 are as follows:

	(In Thousands of Dollars)
1982	$ 4,137
1983	4,137
1984	4,221
1985	3,748
1986	3,329
Thereafter	19,896
	39,468
Amount representing interest	17,696
Present value of net minimum lease payments	21,772
Less current portion	1,657
	$20,115

Operating leases:

Premises and equipment rental for the fifty-two weeks ended January 31, 1981 amounted to $14,904,000.

Minimum rentals payable under long-term operating leases for premises and equipment in effect as at January 31, 1981 (excluding insurance, property taxes and certain other occupancy charges) are as follows:

	(In Thousands of Dollars)
1982	$13,251
1983	12,773
1984	11,381
1985	9,167
1986	9,053
Thereafter	64,642

Lease obligations in the United States have been translated at the rate in effect at the balance sheet date.

The company has issued a Series B bond to indemnify the Oshawa Group Limited, an original guarantor under certain of its leases. The maximum amount which the company could be held liable for under this indemnification amounts to $7,500,000.

6. Long-term debt:

	January 31, 1981	February 2, 1980
	(In Thousands of Dollars)	
Series A bond bearing interest at 1% over the bank prime lending rate, repayable on January 1, 1982	$ 500	$1,500
First promissory note repayable in equal monthly payments without interest to February 1, 1989. This note has been discounted at an imputed interest rate of 13%	831	887
Second promissory note bearing interest at 1% over the bank prime lending rate, repayable over 7 years based upon a 10-year amortization schedule	6,300	7,101
	7,631	9,488
Less current portion	1,015	1,408
	$6,616	$8,080

On February 5, 1979, the company purchased certain of the assets of the catalogue showroom operation of Cardinal Distributors Limited. In 1981 the second promissory note payable which arose on this purchase was reduced by current payments of $252,000 as well as the following adjustments:

• Arbitration settlement of inventory values	$435,000
• Other adjustments	114,000
	$549,000

The other adjustments of $114,000 had no effect on the current year's income, as they were reflected as amounts receivable in the prior year.

The aggregate amounts of principal repayment of long-term debt are as follows:

	(In Thousands of Dollars)
1982	$1,015
1983	628
1984	695
1985	1,131
1986	3,747
Thereafter	415
	$7,631

7. Capital stock:

Authorized:

12,000,000 Common shares, no par value

	January 31, 1981		February 2, 1980	
	Number of shares issued	Amount (In Thousands of Dollars)	Number of shares issued	Amount (In Thousands of Dollars)
Balance, beginning of year	7,237,438	$42,369	6,691,688	$33,283
Issued to acquire assets of Cardinal Distributors Limited	—	—	530,000	9,010
Issued under Employee Stock Option Plan	39,850	194	15,750	76
Balance, end of year	7,277,288	$42,563	7,237,438	$42,369

8. Segmented information:

The company operates in what is considered to be a single business, namely the sale of general merchandise through retail stores supported by the distribution of catalogues featuring such merchandise.

The company operates in two distinct geographic regions.

(1) Canadian segmented information relates to the 197 stores the company operates in Canada from the Maritimes to Alberta;

(2) United States segmented information relates to the 99 stores the company operates in the States of California, Connecticut, Nevada, New Jersey and New York.

	Fifty-two weeks ended January 31, 1981 (In Thousands of Dollars)		
	Canada	United States	Combined
Sales	$377,919	$253,013	$630,932
Operating profit (loss)	$ 25,910	$ (238)	$ 25,672
Interest expense			12,545
General corporate expense			1,950
			14,495
Income before taxes			11,177
Income taxes			2,747
Net income			$ 8,430
Total assets	$126,687	$ 85,874	$212,561

9. Depreciation and amortization:

	Fifty-two weeks ended January 31, 1981	Fifty-two weeks ended February 2, 1980
	(In Thousands of Dollars)	
Depreciation and amortization of fixed assets	$5,391	$4,391
Amortization of deferred charges	423	261
Amortization of goodwill	74	74
Amortization of favourable leases	185	96
	$6,073	$4,822

10. Cost relating to acquisition:

The cost relating to acquisition represents the additional net cost incurred related to the 1980 purchase of assets from Cardinal Distributors Limited, referred to in Note 6, and consists of the following:

• Costs of arbitration	$204,000	
• Losses on disposal of certain redundant computer and showroom equipment	351,000	$555,000
Less recoveries:		
• Arbitration settlement of inventory values	435,000	
• Reduction of interest relating to adjustment of second promissory note	76,000	511,000
		$ 44,000

11. Income tax expense:

In computing income for tax purposes, the company deducted a 3% inventory allowance which had the effect of reducing the income tax expense and thereby increasing net income by approximately $2,761,000 (1980 – $1,788,000).

12. Earnings per share:

Earnings per share are calculated using the weighted daily average of shares outstanding during the respective fiscal years (1981 – 7,254,568; 1980 – 7,226,249).

Fully diluted earnings per share which would result if all the employee stock options were exercised would be $1.15 in the current year (1980 – $1.15).

13. Stock options and reservations of shares:

In connection with the company's Employee Stock Option Plan, 225,000 common shares have been reserved. At January 31, 1981 there were options outstanding to purchase 200,250 shares over the next five years, exercisable at the following price ranges:

	Number of shares
From \$ 3.00 to \$ 8.75	102,600
From \$ 9.00 to \$15.00	94,200
From \$15.00 to \$29.25	3,450
	200,250

14. Trust deed:

The Series A and Series B bonds have been issued under a trust deed which includes a floating charge over all the assets of the company ranking second only to the security provided to the bankers.

15. Dividend restrictions:

The company is restricted from declaring or paying dividends:

(i) under the terms of the bank loan agreement, without the prior written consent of its bankers, and

(ii) under the terms of the trust deed securing the Series A and Series B bonds, if after the declaration of the dividend the working capital is less than \$10 million or the shareholders' equity is less than \$20 million.

16. Remuneration of directors and senior officers:

The aggregate direct remuneration paid by the company to directors and senior officers of the company for the fifty-two weeks ended January 31, 1981 was \$1,351,000 (fifty-two weeks ended February 2, 1980 – \$998,000).

Amounts due from senior officers aggregating \$310,000 are included in prepaid expenses and sundry assets. These amounts are secured by mortgages.

17. Related party transactions:

The company obtains legal services from the firm in which two directors of the company are partners. Payment for such services in the year ended January 31, 1981 amounted to \$280,000.

18. Changes in accounting policies:

During the current year, the company made the following changes in its accounting policies:

(a) Rebates and allowances received from suppliers:
Prior to the current year these rebates and allowances were reflected as income in the period in which they were received or receivable. Commencing in the 1981 fiscal year, these amounts have been treated as reductions of either merchandise costs or catalogue costs according to the nature of the specific rebate or allowance.

(b) Foreign currency translation:
Prior to the current year the company followed the temporal method translation of foreign currency transactions. Commencing in the 1981 fiscal year, the company adopted the current rate method for translation of foreign currency transactions. (Note 1)

As a result of these changes, which have been applied retroactively, the adjustments to retained earnings and net income are as follows:

	Year ended January 31, 1981	Year ended February 2, 1980
	(In Thousands of Dollars)	
Retained earnings, beginning of year:		
As previously reported	\$ 35,079	\$ 26,708
Cumulative adjustments, net of tax:		
Rebates and allowances	(1,857)	(1,275)
Foreign currency translation	(814)	(292)
As restated	\$32,408	\$25,141
Net income:		
Adjustments, net of tax:		
Rebates and allowances	\$ (188)	\$ (582)
Foreign currency translation	654	(522)
Net income increase (decrease)	\$ 466	\$ (1,104)

19. Contingent liability:

On January 10, 1979, the Chairman, who also acts as President and Chief Executive Officer of the company, and two other persons not employed by the company were charged with conspiring to affect the public market price of the shares of the company during the years 1977, 1978 and 1979, contrary to the Criminal Code of Canada. The company has not been charged or named as a co-conspirator nor have any claims arising from the alleged conspiracy been made against the company. The possible adverse financial effects upon the company, if any, arising from the charge described above and the evidence relating thereto, whether because of claims against the company or otherwise, cannot be determined.

Auditors' Report

LAVENTHOL & HORWATH

CHARTERED ACCOUNTANTS

To the Shareholders of
Consumers Distributing Company Limited

We have examined the balance sheet of Consumers Distributing Company Limited as at January 31, 1981 and the statements of income and retained earnings and changes in financial position for the year then ended. 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, these financial statements present fairly the financial position of the company as at January 31, 1981 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 applied, after giving retroactive effect to the changes in accounting policies as explained in Note 18 to the financial statements, on a basis consistent with that of the preceding year.

Laventhol + Horwath

Chartered Accountants.

Toronto, Ontario,
April 10, 1981.

Corporate Directory January 31, 1981

Directors:

RICHARD BAIN, Barrister and Solicitor, Toronto

L. S. D. FOGLER, Q.C., Barrister and Solicitor, Toronto

A. J. LATNER, President, Greenwin Construction Company, Toronto

BENJAMIN B. LEVITT, Consultant, New York, N.Y.

GEORGE S. MANN, President, Unicorp Financial Services, Toronto

PETER M. C. ONIONS, Vice-President, Finance, Toronto

HARRY O. SCHLOSS, JR., Consultant, St. Louis, Missouri

R. I. SCOLNICK, Chairman of the Board and Chief Executive Officer, United Tire & Rubber Company Limited, Toronto

HARRY SOLOMON, President, Exquisite Form Brassiere Limited, Toronto

H. ARNOLD STEINBERG, Executive Vice-President, Finance and Development, Steinberg Inc., Montreal

JACK STUPP, Chairman of the Board and Chief Executive Officer, Toronto

LILLIAN STUPP, Toronto

JAMES WALSH, Consultant, St. Louis, Missouri

Officers:

JACK STUPP, Chairman and Chief Executive Officer

MICHAEL HABERMAN, Vice-President, Marketing & Merchandising

PETER M. C. ONIONS, Vice-President, Finance

ROBERT G. PETRIE, Vice-President and Chief Financial Officer

REGINALD J. ROBERTSON, Vice-President, Development

ROBERT M. WEAVER, Vice-President, North American Operations

MICHAEL HEDLEY, Treasurer

PETER M. SULLIVAN, Controller

L. S. D. FOGLER, Q.C., Secretary

United States:

JORGEN PETERSEN, Executive Vice-President

PAUL HAINES, Vice-President, East Coast Operations

GERRY SCOTT, Vice-President, West Coast Operations

WAYNE UNGER, Vice-President, Management Information Systems

RICHARD E. ZEMP, Vice-President, Administration

Transfer Agent and Registrar

Guaranty Trust of Canada

Auditors

Laventhol & Horwath, Toronto

Principal Bankers

Bank of America
Bank of Montreal
Citibank, N.A.
National Bank of Canada

Stock Listing

The Toronto Stock Exchange

Head Office

62 Belfield Road, Rexdale (Toronto) Ontario
M9W 1G2

Regional Offices

205 Campus Plaza, Edison, New Jersey 08817
1961 Stearman Avenue, Hayward, California 94545

Distribution Centres

6700 Northwest Drive, Mississauga, Ontario
120 Northfield Avenue, Edison, New Jersey
1961 Stearman Avenue, Hayward California

The Annual Meeting of Shareholders
will be held July 7, 1981, at 2 p.m.
in the Ridout Room of the Board of Trade, Toronto

297 Catalogue Showrooms in North America (May 15, 1981)

Alberta (18)
Calgary (8)
Edmonton (8)
Lethbridge
Red Deer

Manitoba (10)
Brandon
Winnipeg (9)

New Brunswick (5)
Bathurst
Fredericton
Moncton (2)
Saint John

Newfoundland (2)
St. John's (2)

Nova Scotia (6)
Bedford
Dartmouth (2)
Halifax
New Glasgow
Sydney

Prince Edward Island (1)
Charlottetown

Quebec (66)
Montreal (35)
Charlesbourg (2)
Chateauguay
Chicoutimi (2)
Drummondville
Gatineau
Granby
Hull
Jonquiere
Levis
Quebec City (5)
Rosemere (2)
St-Bruno
St. Eustache
St. Hyacinthe
St. Jean
St. Jerome (2)
St. Therese
Sept Iles
Shawinigan
Sherbrooke (2)
Trois Rivieres
Valleyfield

Saskatchewan (6)
Regina (2)
Moose Jaw
Prince Albert
Saskatoon (2)

Ontario (84)
Toronto (19)
Barrie
Belleville
Bramalea
Brampton
Brantford
Brockville
Burlington (2)
Cambridge
Chatham
Cornwall
Georgetown
Guelph (2)
Hamilton (6)
Kingston
Kitchener
London (6)
Mississauga (2)
Niagara Falls
North Bay
Oakville
Orangeville
Orillia
Oshawa (2)
Ottawa (7)
Owen Sound
Peterborough
Pickering
Richmond Hill
St. Catharines (2)
St. Thomas
Sarnia
Sault Ste. Marie
Stratford
Sudbury (2)
Thunder Bay
Timmins
Waterloo
Welland
Whitby
Windsor (3)
Woodstock

Connecticut (5)
Hamden
Norwalk
Stamford
Torrington
Waterbury

New Jersey (15)
Bricktown
Florham Park
Hazlet
Kinnelon
Ramsey
Roselle
South Orange
South Plainfield
Tenafly
Toms River
Totowa
Wayne
W. Long Branch
(Eatontown)
Westwood
Woodbridge

New York (25)
Brooklyn (2)
Cortlandt
(Peekskill)
Carle Place
Centereach
Central Islip
Commack
Coram
East Meadow
Eastchester
Hicksville
Huntington
Massapequa
Melville
Merrick
Oceanside
Pearl River
Plainview
Queens (4)
Smithtown
West Babylon
West Islip

California (53)
Antioch
Capitola
Chico
Clovis
Colma
Concord
Dublin
Fairfield
Fremont
Fresno (2)
Gilroy
Hayward
Lancaster
Larkspur
Los Gatos
Merced
Millbrae
Modesto
Mountain View
Oakland (2)
Pleasant Hill
Rancho Cordova
Redding
Redwood City
Roseville
Sacramento (3)
Salinas
San Bruno
San Francisco (5)
San Jose (4)
San Mateo (2)
San Pablo
Santa Clara
Santa Maria
Santa Rosa
Sunnyvale
Terra Linda
Vallejo
Visalia
Walnut Creek
Woodland

Nevada (1)
Sparks

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