

# Imasco Annual Report 1982



Imasco Limited operates through four divisions.

**Imperial Tobacco**, Canada's largest tobacco company, manufactures and distributes a complete range of tobacco products. **Hardee's Food Systems** operates and licenses a system of fast food restaurants principally in the United States.

**Imasco Retail** is responsible for the operation of retail outlets which specialize in prescription drugs, health and beauty aids, tobacco products and gifts, dry cleaning and sporting goods. **Imasco Foods** manufactures, processes, and distributes a variety of food products.

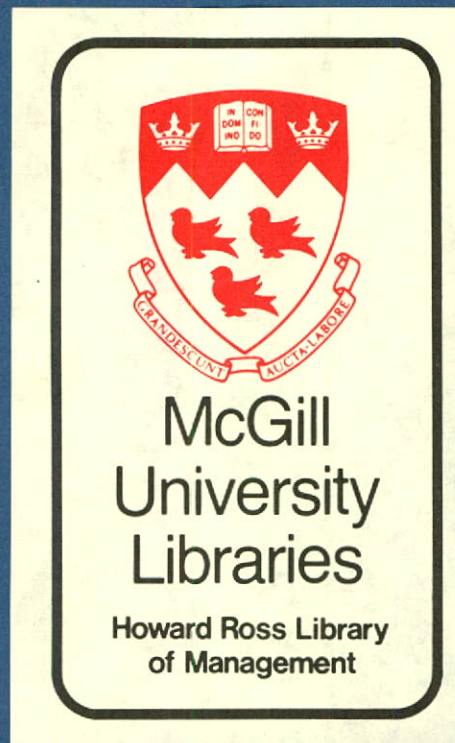


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The Annual Meeting of Shareholders will be held June 23, 1982 at 10 h 30 at the Queen Elizabeth Hotel, 900 Dorchester Blvd. West, Montréal, Québec.

Si vous désirez recevoir le rapport annuel en français, veuillez communiquer avec:  
Le secrétaire  
Imasco Limitée  
4, square Westmount  
Montréal, Canada  
H3Z 2S8





**Consolidated Financial Results at a Glance****March 31**

| (thousands of dollars)             | <b>1982</b> | <b>1981</b> | <b>%</b> |
|------------------------------------|-------------|-------------|----------|
| System-wide sales                  | 3,853,785   | 2,264,940   | 70       |
| Revenues                           | 2,190,756   | 1,423,707   | 54       |
| Operating earnings                 | 246,974     | 159,543     | 55       |
| Earnings before extraordinary item | 124,176     | 89,550      | 39       |
| Earned per common share —          |             |             |          |
| before extraordinary item          |             |             |          |
| basic                              | \$5.56      | \$4.27      | 30       |
| fully diluted                      | \$5.26      | \$4.25      | 24       |
| Dividends per common share         | \$1.40      | \$1.20      | 17       |
| Working capital                    | 254,691     | 172,349     | 48       |
| Total assets                       | 1,315,117   | 1,086,363   | 21       |
| Shareholders' equity               | 593,870     | 512,348     | 16       |

**Imperial Tobacco**

|                    |           |         |    |
|--------------------|-----------|---------|----|
| Revenues           | 1,120,240 | 952,923 | 18 |
| Operating earnings | 156,040   | 123,248 | 27 |

**Restaurant**

|                    |         |        |   |
|--------------------|---------|--------|---|
| Revenues           | 646,063 | 88,658 | * |
| Operating earnings | 49,901  | 3,621  | * |

\* 1981 — two months

**Retail**

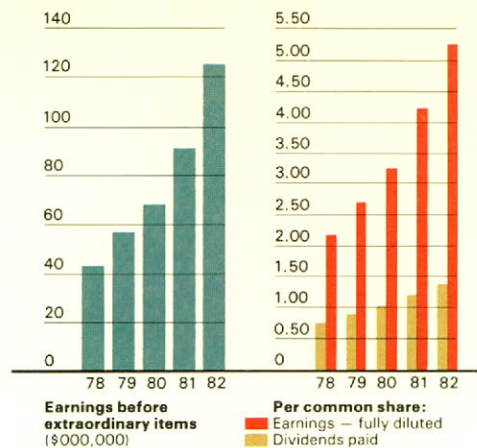
|                    |         |         |    |
|--------------------|---------|---------|----|
| Revenues           | 286,426 | 271,320 | 6  |
| Operating earnings | 27,147  | 22,455  | 21 |

**Food**

|                    |         |         |    |
|--------------------|---------|---------|----|
| Revenues           | 175,213 | 141,893 | 23 |
| Operating earnings | 13,886  | 10,219  | 36 |



## To our Shareholders



The past year has been marked by steady growth in all operating divisions of the Corporation. In this year of progress, sales and earnings have reached new records.

Consolidated earnings for the year ended March 31, 1982, before an extraordinary loss, were \$124,176,000. This is an increase of 39% over the \$89,550,000 earned last year. Earnings per common share were \$5.56 basic and \$5.26 fully diluted. Earnings per common share last year were \$4.27 basic and \$4.25 fully diluted.

Net earnings, after taking account of the extraordinary loss of \$4,663,000 were \$119,513,000. The extraordinary loss occurred in the first quarter and resulted from the disposal of our investment in PoP Shoppes International Inc.

### Acquisition

In March 1982, Hardee's Food Systems, Inc. purchased Burger Chef Systems, Inc. from General Foods Corporation for a cash payment of U.S. \$43,500,000. This acquisition confirms and extends our commitment to the restaurant industry in the United States.

### Financing

In January 1982 the Corporation issued in Europe U.S. \$50,000,000 15½% debentures at a price of \$99.50, due January 1989. Proceeds of this issue were used to repay indebtedness of the Corporation.

### Dividends

At the Board of Directors meeting held on May 12, 1982 the quarterly dividend on common shares was increased to 40 cents or \$1.60 annually, effective with the dividend payable June 30, 1982.

### Stock Dividend Plans

Last year the Corporation offered stock dividends in lieu of cash to holders of both common and preferred shares. Some 1,900 holders of common shares and some 200 holders of preference shares have opted to receive stock dividends.

### Investments

The Corporation holds approximately 18% of the common shares of Canada Northwest Energy Ltd. Canada Northwest Energy's net earnings were \$12,339,000, up 49%, for its fiscal year ended September 30, 1981. For the six months ended March 31, 1982 net earnings were \$5,281,000 compared with \$5,262,000 for the comparable period in the prior year.

During the four years ending with fiscal 1981 we accounted for our investment in Canada Northwest Energy Ltd. under the equity method in our financial statements.

As a result of an investment in Canada Northwest by TransAlta Utilities Corp., Calgary, Alberta, our holding has been reduced to approximately 18%. During this fiscal year we ceased to account for this investment under the equity method.

### Foreign Investment Review Act

Under the terms of this Act, Imasco is deemed to be a "non-eligible person" and is required to obtain approval for the acquisition of certain Canadian businesses and the establishment of new ones. Imasco has filed an application for an opinion from the Minister of Industry, Trade and Commerce that Imasco not be considered a non-eligible person. Without a favourable response to this application continued growth of the Corporation in Canada will be extremely difficult.

### Board of Directors

Mr. John H. Coleman will retire from the Board of Directors at the Annual Meeting of Shareholders on June 23, 1982. Mr. Coleman has served as a director since 1973 and was the first non-executive director elected to our Board.



Paul Paré,  
Chairman and  
Chief Executive Officer

His dedication to the affairs of the Corporation and his contribution to their direction will be missed. On behalf of the shareholders we extend to him our sincere thanks and our warmest wishes.

Mr. Rowland C. Frazee, Chairman and Chief Executive Officer, The Royal Bank of Canada, will be nominated for election to the Board at the Annual Meeting.

### Outlook

The three major problems facing Canada in the coming year are inflation, high interest rates and unemployment.

There are some hopeful signs that these three economic malignancies will subside somewhat in the coming year and that the country will return to a healthy pattern of growth.

Despite the general economic slowdown we look for a continuance of the trend of the past several years, with growth in sales and earnings in all divisions of Imasco.

### Canada in 1982

Interesting as the debate on the constitution was, exciting as the prospect is of having it finally here in Canada, it is nevertheless a relief to have most of the debate and the excitement behind us. Now, perhaps, we can get on to some of the other concerns that are of immense importance to the country. We still have with us high inflation, unemployment, low productivity, an enormous burden of public debt, and a dollar that is declining in value in the international market.

There is a pall of gloom hanging over the country, a seeming pessimism about our abilities to solve our prob-



lems. Among our leaders, both federal and provincial, there appears to be an unhealthy tendency to look over the fence for scapegoats. The provinces are accused of mishandling their affairs and are threatened with a reduction of transfer payments from Ottawa. The federal government is accused of responsibility for the provinces' predicament and of now refusing to help extricate them. In the private sector, some enterprises are thought to be making too much money and must be the subject of enquiry.

The demands of labour are said to be unrealistic and contributing to a loss of export trade, overpricing of goods, business failures and unemployment. The tendency to blame someone or something else is becoming epidemic in Canada.

Québec refuses to allow Newfoundland power lines over provincial territory. Newfoundland will not develop the Hibernia oil field until a more profitable agreement is reached with Ottawa. Several provinces now restrict the right of other Canadians to work in their provinces. Alberta cuts its oil production in a battle with Ottawa for more money. The federal government deplores all these acts of regionalism. But in the name of economic nationalism it enacts a National Energy Policy that discourages domestic oil production and supports a Foreign Investment Review Act that seems to discourage foreign investment in Canada.

If there is no one who should be blamed for our problems, certainly there is no one who may be credited with the solutions to them. This is not to say that there is a shortage of candidates for the position of saviour. We are told that a tight money policy will reduce, if not abolish, inflation. High interest rates and unemployment are but symptoms of the disease of inflation and will disappear with the cure. A major cause of inflation is government spending and this must be reduced. Reputable theorists also tell us that the main problem now is the recession. The economy needs stimulation through government spending, and inflation should be limited by price and wage controls or "guidelines".

Studies show that average Canadians still believe in the traditional democratic institutions of our society. They believe in parliament, the rule of law, freedom of movement, free speech, the right to privacy and the ownership of property. They believe in themselves, in their future, and they believe Canada is the best country in the world in which to live.

Many people are doubtful of the ability of our leaders to solve our problems and help us realize the country's potential for greatness.

Canadians are a people dedicated to peaceful compromise. Perhaps because we are a people forced to live with natural extremes of geography and climate, we are doubly distressed when we encounter extremes in areas

where we should be able to exercise control, such as the economy and political relations. We believe in compromise rather than confrontation, in restraint rather than recalcitrance. We know we have the resources in this country, both human and material, to enable us to fulfil any reasonable aspirations we might have to affluent nationhood. With proper development and management we should have much more than enough for ourselves, enabling us to share our wealth with nations that are less favoured.

The interminable quarrelling over who is entitled to how much of what is sapping the moral energy of the nation and leaving us unfit to take up the burdens that are properly ours.

The people of Canada are as ready to shoulder their responsibilities as they have always been. They know the problems are great and not susceptible of easy solution. Nor will they willingly accept any solution which places a greater burden on one group than on another. They are looking now for leadership with which they can identify and sympathize; for a plan of action they can understand, subscribe to and put into action; for an end to small-minded animosity; for understanding, magnanimity, and a return to that largeness of spirit which they believe is the true expression of Canadianism.

In times of great difficulty there is often a tendency to find fault with our institutions and call for their reform — another attempt to look for scapegoats. But if we served our institutions as well as they have served us, we perhaps should not find ourselves so insecure. Our task now is to find, encourage and support those men who can put aside rancor and ideological prejudice and concentrate on the practical solutions to the very real problems that block our access to the future Canada deserves.

On behalf of the Board of Directors

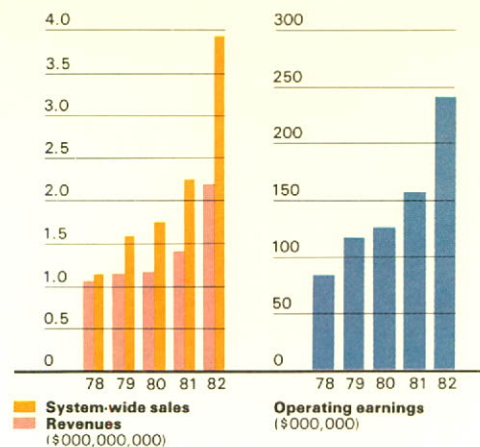


Montréal,  
May 12, 1982

**Paul Paré,**  
Chairman and  
Chief Executive Officer



## Report on operations



**F**iscal 1982 established record sales, revenues and operating earnings.

System-wide sales of \$3.85 billion were 70% over those of last year, reflecting in part the inclusion of Hardee's for a full 12 months. System-wide sales include sales by franchised restaurants and retail stores.

Revenues were \$2.19 billion, up 54% from last year. Revenues exclude sales by franchised outlets but include franchise fees and other income from franchises.

Operating earnings, before administration, interest and income taxes, were \$246,974,000, an increase of 55% over last year's \$159,543,000. The inclusion of Hardee's for the full year, compared with two months last year, accounts for approximately one-half of the increase. Excluding Hardee's, operating earnings increased 26%.

### Imperial Tobacco

Imperial Tobacco continued to achieve significant gains in sales, operating earnings and market share. Sales were \$1.12 billion, up 18%, and operating earnings amounted to \$156,040,000, an increase of 27%. Market share of domestic cigarette shipments was 49%, compared with 46.5% last year.

The increase in operating earnings is primarily attributable to the increase in cigarette volume but also reflects productivity and efficiency improvements associated with the capital expenditure programme.

Domestic cigarette unit shipments by Canadian manufacturers for the 12 months ended March 31, 1982 amounted to 66.2 billion. The average annual increase over the past three years is approximately 1.5%.

Imperial Tobacco unit sales totalled 32.5 billion cigarettes, an increase of 1.7 billion cigarettes or 5.5%. The minor reduction in the rate of increase as compared with last year's is attributable to inventory adjustments by wholesalers and retailers.

During the year, there were two increases in sales and excise taxes levied by the federal government. In October 1981 a price increase equivalent to 4 cents per pack of 20 regular cigarettes at retail was introduced by Imperial Tobacco to recover the effect of inflation. These increases together with the tax increases announced by a number of provinces have had the effect of increasing the average cost of cigarettes to the Canadian consumer by approximately 20% during fiscal 1982. Sales and excise taxes vary considerably from province to province, but on average represent approximately 55% of the retail selling price.

Capital expenditures amounted to \$17,272,000 during the year compared with \$18,791,000 last year. These

expenditures are part of a \$120 million, five-year programme announced last year to replace virtually all cigarette making and packing machinery with the latest highspeed equipment. When completed, the cigarette manufacturing capability of Imperial Tobacco will have been approximately doubled.

Capital employed by Imperial Tobacco amounted to \$384,092,000 as at March 31, 1982, an increase of

\$58,042,000 or 18% over the prior year. Inventories, including leaf tobacco purchased for export, increased by \$60,065,000. Inventories are at peak levels at year end, reflecting the completion of annual leaf purchases. The difference between this peak inventory requirement and the lowest level occurring in September amounts to approximately \$100 million.

### Restaurant

Hardee's results in fiscal 1982, the first full year of consolidation, were most encouraging. System-wide sales were \$1.37 billion, representing an increase of 18% over the prior year.

Revenues for the year amounted to \$646,063,000 and earnings from operations were \$49,901,000. Fiscal 1981 revenues and earnings represented only two months' results. It should be noted that these figures reflect the Canadian dollar equivalent of U.S. dollars.

The revenues and earnings for fiscal 1982 reflect increases over the preceding year of approximately 18%. This improvement in operating performance was achieved despite adverse weather conditions in January and February 1982 and a generally depressed economy in the United States.

Average system-wide restaurant volumes during the year were approximately U.S. \$660,000, up 10%. This increase reflects the continued success of the Hardee's menu expansion programme, particularly with respect to its biscuit breakfast.

The acquisition of Burger Chef in March 1982 for U.S. \$43.5 million significantly increases our overall market share in the United States. The total number of restaurants increased from 1,338 to 2,165 and includes the addition of 250 company-owned and 450 franchised Burger Chef restaurants. Efforts in fiscal 1983 will be concentrated in the initial conversion of company-owned Burger Chef restaurants, and Hardee's originally planned development of new company-owned restaurants has been reduced.

Capital expenditures in fiscal 1982 amounted to \$64,587,000 and included the opening of 54 new Hardee's restaurants. In addition, 73 franchised outlets were opened.



L. Edmond Ricard,  
President and  
Chief Operating Officer



Capital employed at March 31, 1982 including the Burger Chef assets was \$415,826,000 compared with \$299,833,000 last year.

#### **Retail**

Despite unfavourable economic conditions that affected the retail community in general for much of fiscal 1982, the operating performance of Imasco Retail was generally satisfactory.

System-wide sales totalled \$1.22 billion, up 20%; revenues amounted to \$286,426,000, or 6% over those of last year. Earnings from operations were \$27,147,000, an increase of 21%.

The drug store business is the most significant activity within the retail segment, representing in excess of two-thirds of retail earnings and capital employed.

Shoppers Drug Mart continued to record satisfactory gains in sales and earnings in Canada, in particular in the Ontario and western markets. Ontario, with 192 outlets, including 19 Top Drug Mart stores, represents approximately 50% of the division's drug stores in Canada.

Operations in Québec and Florida produced disappointing results in fiscal 1982. A concentrated effort is being made to improve both margins and costs.

The UCS Group, consisting of 657 outlets, showed reasonable improvement over 1981. During the year 25 units were added to the group.

The Collegiate/Arlington sporting goods operation showed a marked improvement and recorded a modest profit. The positive results were aided in part by a generally excellent winter season across Canada. Continued emphasis is being given to increasing sales per square foot, reducing inventories and improving margins. The prospects of achieving satisfactory earnings in fiscal 1983 are encouraging.

Capital expenditures during the year amounted to \$21,321,000 compared with \$17,796,000 last year. A substantial part of these expenditures was for store openings and represents furniture and fixtures and leasehold improvements. Working capital and other cash outlays associated with store openings amounted to an additional \$7,600,000.

Capital employed in retail totalled \$193,214,000 at March 31, 1982, an increase of \$17,640,000 during the year. Inventories increased by \$3,091,000 and net fixed assets by \$10,848,000.

#### **Food**

Operating results in the Food Division improved considerably over last year, with sales of \$175,213,000 and earnings from operations of \$13,886,000, representing increases of 23% and 36%.

Results include the operations of two acquisitions,

Biscuits Lido and Anco Cheese, made in the latter half of fiscal 1981. Excluding these acquisitions, sales and earnings would have shown increases of approximately 12% and 9%.

The Taillefer meat processing division produced earnings which were in line with expectations and considerably higher than in fiscal 1981, a year when results were adversely affected by a four-week strike. The biscuit and candy companies, Viau, Montmagny and Lido, continued to enjoy significant gains in earnings, primarily through improved margins. The cheese division, acquired in September 1980, produced satisfactory earnings that were in line with expectations. Grissol, the bread specialty company, experienced some difficulties in start-up of the new manufacturing facilities and its earnings were approximately the same as last year.

Capital expenditures in the Food Division in fiscal 1982 amounted to \$3,525,000 compared with \$6,001,000 last year.

Capital employed at year end was \$54,163,000, up \$1,957,000 or 4% from last year.

#### **Outlook**

Despite a generally depressed economic outlook for much of fiscal 1983, satisfactory operating results are expected from all divisions.

Capital expenditures will be up some 15% in fiscal 1983, associated primarily with the capital programme of Imperial Tobacco.

On behalf of the shareholders and the directors, it is my privilege to thank the officers and employees of our head office and our four divisions for their contribution to the success of the Corporation in the past year. In these difficult times, we count more than ever on their dedication, skill and hard work to maintain our progress.



**L. Edmond Ricard,**  
President and  
Chief Operating Officer



## Imperial Tobacco



Imperial Tobacco is the largest tobacco enterprise in Canada. Its operations encompass leaf tobacco buying and processing and the manufacture and distribution of a complete range of tobacco products. These include cigarettes, cigars, fine cut tobaccos for roll-your-own cigarettes, pipe tobacco, plug chewing tobacco and snuff.

### Cigarettes

For the sixth consecutive year Imperial Tobacco maintained its upward sales trend and increased its share of total industry sales of cigarettes.

For fiscal 1982 Imperial's share of the cigarette market was 49%, compared with 46.5% in the previous year and this growth trend is continuing. In a market growing at about 2% a year, Imperial's sales have grown at approximately 7% a year over the past five years and have shown an increase of 12 market share points.

Imperial's success is largely the result of its dominance of the "light" cigarette market. This segment now represents 38% of all cigarette sales in Canada and more than half of these sales are made up of Imperial Tobacco brands. Of the top 10 cigarette brands in Canada, five are Imperial's, including three of the top four. These three are Player's Light Regular, Player's Filter Regular and du Maurier Regular. Player's Light Regular is the top selling cigarette in Canada.

The success of these brands is the result of good marketing research to determine what the smoker wants; good research and development to develop the product; efficient manufacturing to produce the cigarettes to specifications; and marketing and sales programmes to convince the smoker that what he is looking for is available from Imperial Tobacco.

In addition to the top selling brand mentioned above, Imperial also markets in the light category, du Maurier Special Mild, Matinée Extra Mild, Medallion, Peter Jackson Extra Light, Matinée Special Filter and du Maurier Light.

The acceptance of light cigarettes in Québec has lagged behind the other provinces. This pattern is now changing and a growing number of smokers in Québec are switching to light products. Imperial's success with these brands in the rest of the country could well be repeated in Québec over the next several years.

### Cigars, pipe tobacco, fine cut and snuff

Imperial continues to be the market leader in the sale of cigars, pipe tobacco, and fine cut tobacco for roll-your-own cigarettes. However, changing consumer habits over the years have had a depressing effect on sales of most of these products. Sales of cigars and pipe tobacco continue

to decline moderately year by year. Imperial maintains a high share of these sales — 89% for cigars — and even increased its share of the pipe tobacco market in the year.

On the other hand, sales of fine cut tobacco are on the increase, reflecting the current depressed economic situation in Canada and recent tax increases on cigarettes. Imperial continues to serve this market with such popular brands as Player's Light cigarette tobacco and recently introduced a new brand, Matinée Extra Mild.

The popularity of wet snuff, or smokeless tobacco, has increased in the United States and is showing signs of growth in Canada. Imperial Tobacco imports and distributes three brands, Copenhagen, Happy Days and Skoal.

### New sales offices

Serving the wholesale and retail community to ensure the availability of fresh products across Canada is an essential part of Imperial's business. Two new sales offices were opened in fiscal 1981 in Calgary and Ottawa/Hull, bringing to seven the number of sales offices and distribution centres in Canada.



Jean-Louis Mercier,  
President, Imperial Tobacco  
Limited

### Export market

The company now exports such cigarette brands as du Maurier and Matinée King Size and Matinée Extra Mild King Size. These marketing activities are concentrated in vacation areas popular with Canadians or where Canadians have emigrated and settled in large numbers.

General Cigar Company exports Old Port, Reas, White Owl, Ricardo and House of Lords to over 30 countries around the world.

### New technology

The increasing demand for the company's products has placed some strain on manufacturing capacity and an accelerated programme is under way to expand production facilities. The investment plans announced in last year's annual report are proceeding on schedule. New highspeed cigarette making and packaging machinery is being installed as rapidly as it can be obtained.

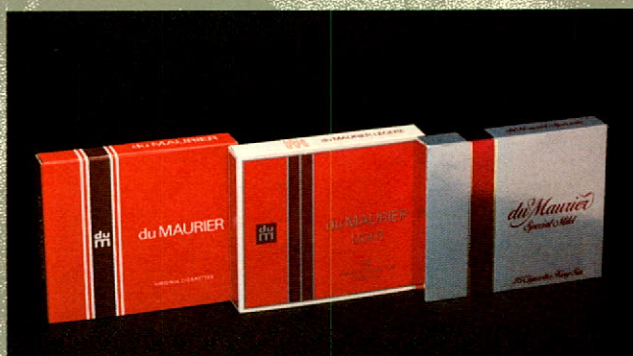
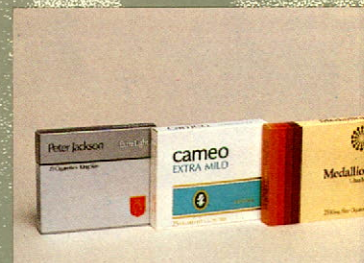
### Leaf tobacco

The 1981 Ontario flue-cured leaf tobacco crop amounted to 220 million pounds and was sold at an average price of \$1.52 a pound compared with \$1.42 last year. Imperial Tobacco purchased 94 million pounds of which 22 million pounds are for export.

### Industrial relations

In October 1981 Imperial Tobacco increased all salaries and wages by 3% in tangible appreciation of the contribution of all employees to the success of the company. This increase was in addition to those made under the collective agreement to the approximately 2,300 hourly paid

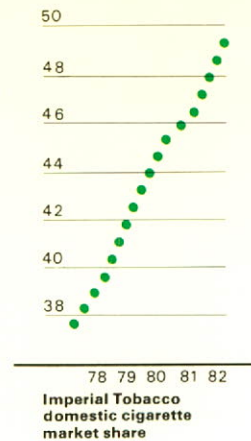












employees and to the increases given to the 1,100 salaried employees.

In July 1982 collective agreements with employees at six plants in Ontario and Québec will expire. The plants are situated at Guelph and Aylmer in Ontario, and at Montréal, Ville Lasalle, Joliette and Québec City in Québec.

#### **Marketing public relations**

Imperial Tobacco sponsors and supports some of the most important events in golf, tennis, and equestrian competitions, and the performing arts of music, theatre and dance in Canada.

##### *Canadian Open Golf Championship*

The Canadian Open Golf Championship is recognized as one of the important tournaments by the Professional Golfers Association. Prize money is \$425,000. This event is televised by both the CBC English and French networks and by CBS in the U.S.A. The 73rd Canadian Open will be presented this year at the Glen Abbey Golf Club, Oakville, Ontario, July 26 to August 1.

##### *Peter Jackson Classic*

This championship on the Ladies Professional Golfers Association schedule has gained international recognition. Prize money is \$200,000 with the winner receiving \$30,000. In 1982 the Peter Jackson Classic will be held at the St. George's Golf and Country Club, Toronto, Ontario, June 28 to July 4.

##### *Peter Jackson Champions*

The Peter Jackson Champions Golf Tournament was held for the first time in British Columbia in 1981. This \$200,000 prize money event attracted the best of the Professional Golfers Association Seniors Tour.

The Peter Jackson Champions Tournament will be presented this year at the St. Charles Country Club in Winnipeg, June 22 to 27.

##### *Player's Challenge*

Last year, the newly created women's tennis championship, the Player's Challenge, was run separately from the Player's International Tennis Championship. The event was given national television coverage on the CTV network.

In 1982, the Player's Challenge will be played at Jarry Stadium in Montréal, Québec, August 14 to 22, and telecast nationally.

##### *Player's International*

This tournament, now among the richest tennis tournaments in the world with prize money increased to \$350,000, is scheduled for August 7 to 15 at the National Tennis Centre, York University, Toronto. It will be televised nationally by the CTV network and will also be telecast in the U.S., Australia and possibly in Japan.

##### *du Maurier equestrian events*

The du Maurier Cup for jumping and the du Maurier Inter-

national dressage competitions are another facet of Imperial Tobacco's sports promotions. These events will take place this year at Spruce Meadows, Calgary, Alberta. The du Maurier Cup will be held on June 6, and will offer \$15,000 in prize money. The du Maurier International will take place on September 12 and will offer \$75,000 in prize money, making it the biggest purse in the world for such a competition. Both events will be televised nationally on CBC-TV.

##### *du Maurier Performing Arts*

Since its inception in 1971, the du Maurier Council for the Performing Arts has become one of the largest single sources of non-government funding for the performing arts in Canada. Over the past 12 years, Imperial Tobacco has, through the du Maurier Council, contributed more than \$3 million in cash grants to performing companies across Canada, supporting every facet of the performing arts — dance, opera, theatre, symphony and contemporary music.

In 1977, the du Maurier Council expanded its arts support programme by establishing "The du Maurier Search for Stars", a nationwide audition programme for individual performing artists in both classical and contemporary fields of performance. The "Search" has since become an important talent development program, in which hundreds of individuals are auditioned annually by an adjudication panel which travels across Canada to select Canada's future stars. Winners receive a substantial du Maurier cash bursary, and national television exposure on the CBC TV network.



## Hardee's Food Systems

**T**

he Restaurant Division consists of Hardee's Food Systems, Inc. and Burger Chef Systems, Inc. which was acquired in March 1982.

Hardee's Food Systems is a fast service family restaurant chain of 1,465 restaurants in 35 states in the U.S., mainly in the southeast states, middle Atlantic states, mid-west states, and in several foreign countries. The company owns and operates 555 restaurants and independent licensees own and operate 910 restaurants.

Burger Chef Systems is also a fast service family restaurant chain of approximately 700 restaurants in 27 states in the U.S. The company operates 250 restaurants and licensees operate 450 restaurants, mainly in the mid-west.

The Restaurant Division operates and franchises 2,165 restaurants and represents the fifth largest fast service restaurant chain in the United States.

Plans call for the gradual conversion of the company-owned Burger Chef restaurants to Hardee's over the next two to three years. This will enable Hardee's to achieve significant expansion in its present and future market territories.

Hardee's enjoyed excellent performance in the first three quarters of fiscal 1982, despite the depressed condition of the U.S. economy and its impact upon the restaurant industry as a whole. Fourth quarter results for Hardee's were weakened to some extent owing to severe weather in January and February in many of Hardee's market areas. Sales, however, have improved significantly since and the outlook remains favourable for Hardee's and its operations in the coming year.

System-wide restaurant volumes increased approximately 10% last year and currently average \$660,000 per unit. Hardee's has been among a very select group of fast service restaurant chains that have been able to exhibit real growth in average unit volumes over the past three years.

During the past year, Hardee's added 54 company-owned restaurants and licensees added 73. This represented approximately a 9% growth in the total number of restaurants.

Hardee's manufacturing and distribution facilities, which account for approximately 85% of all products purchased and utilized within the Hardee's restaurant chain, continued to grow rapidly in 1982. A new distribution centre is under construction in Salisbury, North Carolina, which will permit the continued servicing of the Hardee's group.

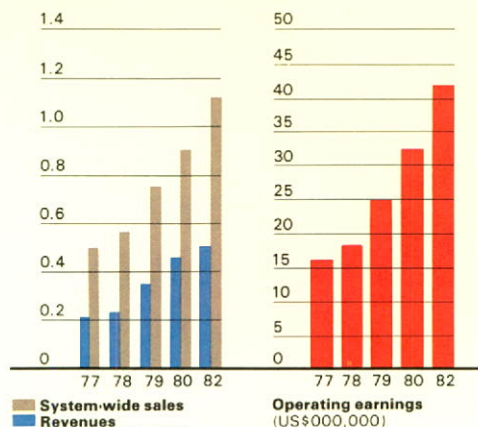
Hardee's key corporate objective has continued to be the increase of restaurant volumes at an above average rate.

This has been accomplished through the redesign of many business elements, the creation and use of a unique marketing programme and the continued development of high quality new products. Several menu items have been added in recent years and Hardee's is currently considering expanding and broadening its menu. During the first quarter of fiscal 1983, Hardee's will introduce a bacon cheeseburger in all of its restaurants. This follows the successful extension of Hardee's homemade biscuit breakfast programme under the banner of Rise n' Shine Biscuits, and the chicken filet sandwich.

The acquisition of Burger Chef and its addition to the restaurant group adds an important element of strength to Hardee's long term growth prospects. The majority of Burger Chef company-owned restaurants, as indicated in the map on the opposite page, operate in markets in which Hardee's was not present. This will enable Hardee's to extend its operations broadly and quickly. This rapid growth will permit economies of scale in marketing and sales promotion programmes over time and contribute to above average growth in average restaurant volumes.

Another objective of the Restaurant Division is to accelerate growth in the number of franchised restaurants. To this end several programmes have been developed, including equipment leasing, insurance and other financial services, and unique franchising concepts.

The company is now well situated to share fully in future industry and consumer spending growth. The combination of quality products, fast service, attractive buildings, innovative and effective marketing programmes, support facilities, and the expansion into new markets places Hardee's advantageously for continuing success and achievement of its goals and objectives in the 1980s.

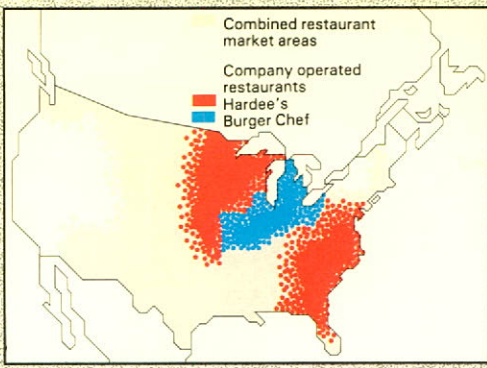


The years 1977-1980 represent fiscal years ended October 31.

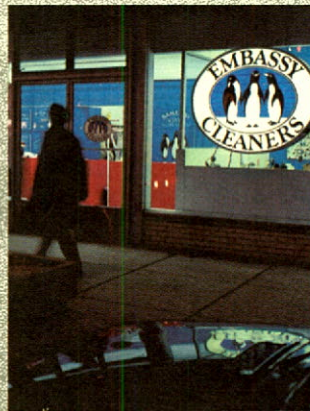
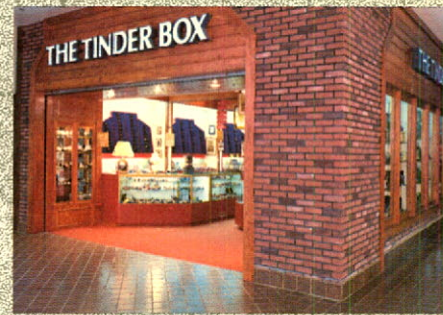
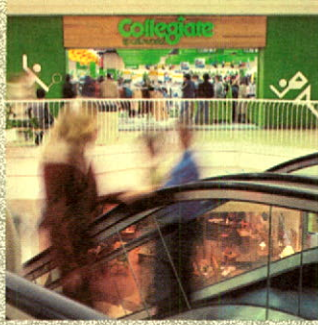


Jack A. Laughery,  
Chairman of the Board,  
President and Chief Executive Officer  
Hardee's Food Systems, Inc.











## Imasco Retail

Imasco Retail comprises a group of specialty retailing entities located in Canada and the United States.

Shoppers Drug Mart provides a wide range of marketing and management services to a group of 440 retail drug outlets which operate under the names Shoppers Drug Mart, Top Drug Mart and Pharmaprix. As of March 31, 1982, 398 were situated in Canada and 42 in the United States, principally in Florida. Pharmaprix operates only in Québec and provides services to a group of 37 subscribing pharmacies. Another subsidiary, Embassy Cleaners, owns and operates a chain of 109 dry cleaning stores in Ontario.

The UCS Group operates tobacco shops, gift stores and convenience stores in hotels, airports and shopping centres, traditional street stores, and tobacco departments in Woolco department stores in Canada. As of March 31, 1982 there were 458 outlets in The UCS Group in Canada and the United States. The UCS Group also has a chain of 199 specialty tobacco shops, both franchised and company-owned in the United States.

Collegiate/Arlington is a chain of 38 sporting goods stores in Canada.

Retail operations employ directly some 5,400 persons, and through franchisees approximately 11,000, who serve the public in 985 outlets in Canada and 259 in the U.S.

### Shoppers Drug Mart

Shoppers Drug Mart, through its unique system of franchising associates, enables the pharmacist to benefit from the strength of a large group while retaining his professional independence. The head office provides the economies associated with volume buying, advertising assistance, nationally recognized in-house brand name products such as Life and PharmaVie, training programmes for associates and their staffs at the Koffler Academy, and many other services that help the associate succeed as a professional pharmacist and independent business man. At the same time he has the autonomy and flexibility in his day-to-day operations to enable him to meet the particular demands of his own community and profit from local opportunities.

Shoppers' carefully thought out expansion programme endeavours to ensure that stores will be opened only in areas where detailed studies have indicated a high probability of success within a minimum period. In the last five years the number of stores has grown from 349 to 440.

### Embassy Cleaners

Embassy Cleaners is a chain of company-owned dry clean-

ing stores situated in southern Ontario and principally in Toronto. In fiscal 1982, 11 stores were opened. Since 1978 the group has grown from 75 to 109 stores.

### Collegiate/Arlington

Collegiate/Arlington is the largest chain of sporting goods stores in Canada, carrying most types of equipment and clothing in great variety for sports of all seasons. The stores operate under the name of Arlington Sports in Québec and Collegiate Sportsworld in other provinces.

A new store design, tested in fiscal 1981, was successfully introduced in nine stores in fiscal 1982. In these stores, customer acceptance was evidenced by increased sales per square foot. The remaining stores will be converted to the new design within the next 12 months.

Since 1978, the number of stores has increased from 21 to 38 stores situated in Québec, Ontario, Manitoba, Alberta and British Columbia.

### The UCS Group Limited

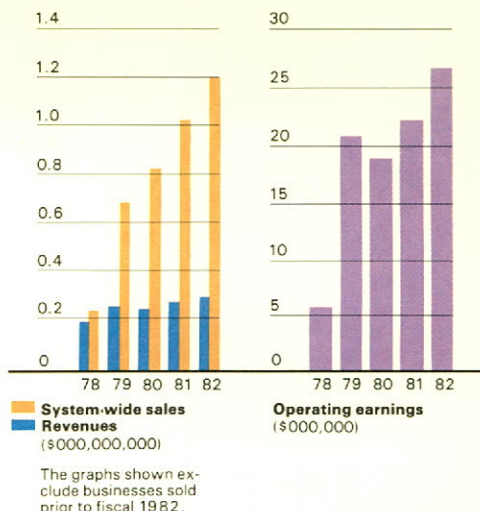
The UCS Group is one of Canada's largest retailers of non-food convenience items. The largest volume of sales is in such items as tobacco products, smokers' sundries, confectionery, newspapers, books and magazines. In Canada the Group operates 287 tobacco stores, gift shops and newsstands in major hotels, shopping centres and airports, and 153 smoke shops in Woolco Department Stores.

In April 1982, the Group acquired the seven-store chain of Cavalier China and Gift Shops in Calgary, Alberta. Cavalier retails fine quality china, crystal and gifts.

The Tinder Box is a chain of 199 company-owned and franchised specialty tobacco shops located in many major shopping malls throughout the U.S. These shops offer an extensive selection of pipes, cigars, tobacco and quality gift items.

Under the name Piccadilly Place, the Group has begun a concentrated effort to extend operations into hotel newsstand locations in the U.S. There are now 18 units and an additional 14 are planned for fiscal 1983.

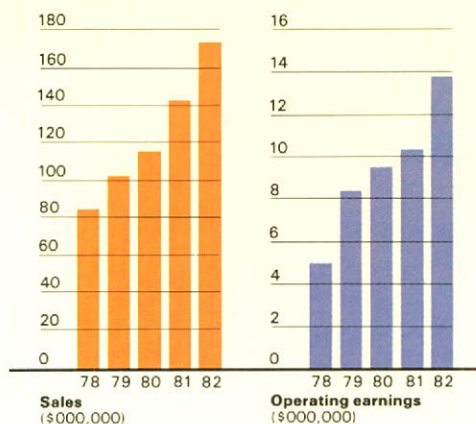
Since 1978 the number of units in The UCS Group has grown from 545 to 657.



Anthony I. Kalhok  
President, Imasco Retail Inc.



## Imasco Foods



The graphs shown exclude businesses sold prior to fiscal 1982.

Imasco Foods comprises a group of Canadian food companies, marketing its products nationally under a number of trademarks.

### Anco

Anco manufactures a variety of cheeses, among them Anfleure, Anfrom, Camembert, Brie and St-Paulin. The products are manufactured at the company's plant in St. Hyacinthe, Québec, La Fromagerie de Corneville. Anco also imports a wide range of cheeses from Europe and distributes its products from warehouses in Montréal, Québec, Toronto, Ottawa and Vancouver.

Wide recognition of Anco's quality has won the company an increase in sales of 17% over the previous year, equal to three times that of the industry as a whole.

In 1981 Anco won several major awards for its cheeses in the soft-ripened category. At the Canadian National Exhibition, Toronto, Anfleure won first prize; second prize was won by its Grand Camembert. At the Royal Winter Fair, Ottawa, Anfrom was declared Grand Champion as the top quality product among all categories. Anfrom also won first prize in its own category and St-Paulin took second prize.

Cheese sales in Canada are expected to continue to increase and Anco should capture a major share of this growth.

### Grissol

Grissol manufactures dry bread products, including melba toast, breadsticks, stuffing, croutons, rusks and snack foods, and dry soup mixes under the name Loney. Many of these items are produced in a variety of flavours. Loney has recently introduced a dry, no-salt-added mix for chicken noodle soup to meet a growing demand for low-sodium foods. Grissol products are made at the division's recently modernized plant at Ste. Martine, Québec.

The recent installation of new equipment has enabled Grissol to manufacture "biscotte française", or rusks, the only company in Canada to do so. Grissol's share of the Canadian market for melba toast, breadsticks and rusks is now approximately 50%.

### Taillefer

The Taillefer processed meat division produces some 150 items. Principal products are ham, bacon, wieners, bologna, sausages and a variety of charcuterie products such as pâtés, cretons, head cheese, boudin, rillettes and tourtières, the traditional Québec meat pies.

Taillefer is also pursuing a programme to extend its markets with emphasis on western Canada. Several new products of general appeal were introduced during the year,

among them frozen items such as quiche lorraine and chicken pot pie, which are expected to gain wide acceptance.

### Unico

Unico specializes in Italian-style food items, including vegetable oil, olives, tomato paste, pasta, cheese, soups and sauces. Unico's major product is sunflower oil, one of the largest selling cooking and salad oils in Canada. Now available in a three-litre plastic container, sales continue to increase. Unico oil is a 100% Canadian product and highly popular among both home and commercial users.

Many of Unico's products are imported. Each is selected for the quality that has long been associated with the company name and reputation.

### Viau

Viau, together with Biscuits Montmagny and Biscuits Lido, manufactures a wide range of sweet biscuits and candies, including the ever popular chocolate Whippets. The three operating companies were merged into one division of Imasco Foods in 1982. The group comprises the largest operation of its kind in Québec, with a share of market of approximately 35%. Seven of its biscuit brands now rank among the top 20. These brands are Village, Petit Beurre, Royal, Vénus and Bear Paws by Viau, and Goglu and Ti-Coq by Lido. With the recent introduction by Viau of Maxime, a chocolate-covered, raspberry-filled biscuit, an eighth should soon be added to the list. Current plans are to extend markets in the rest of Canada.

Imasco Foods employs 1,900 persons in 22 plants and offices situated in Québec, Ontario and British Columbia. Of these, 1,300 are represented by 14 unions. In June and July 1982 labour contracts will expire at Anco, Montréal, and Taillefer, Magog, Québec, and at Unico, Concord, Ontario covering some 450 employees.

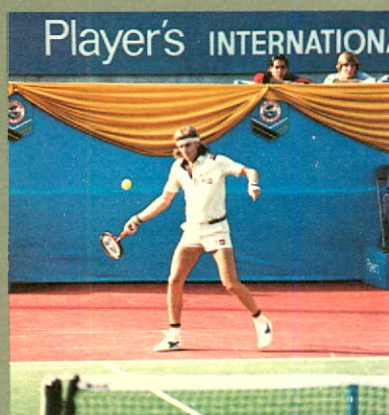


Yves Hudon,  
President, Imasco Foods  
(1980) Limited











**I**masco and the companies in the group continued long standing programmes of social service to their communities.

Action was at two levels, corporate and divisional. At the corporate level Imasco allocated over \$1,200,000 in donations among more than 1,000 cultural, public health, educational, recreational, youth assistance and community organizations during the year.

The Corporate Donations Committee, which administers these donations, consists of corporate officers and representatives from operating divisions.

Imasco marked the United Nations International Year of the Disabled in Canada with the establishment of a \$100,000 National Scholarship Fund. Income from the Fund will assist students in Canadian universities who incur additional educational costs because of their disability. This programme received the cooperation of the Association of Universities and Colleges in Canada which administers the Fund. It follows a similar special donation of \$50,000 to the Educational Fund of the Canadian Association of Paediatric Surgeons in 1980 to mark the United Nations International Year of the Child.

In addition to a substantial budget for community relations projects, Imperial Tobacco sponsored national and international sports events and continued to be one of the largest non-government supporters of the performing arts in Canada. Details of these activities will be found in the Imperial Tobacco divisional report.

Hardee's donations totalled \$200,000 in 1982, and included \$50,000 to United Fund appeals. Cultural and sports activities received \$40,000 while the individual restaurants cooperated in local fund raising campaigns for the American Cancer Society, March of Dimes, UNICEF, Muscular Dystrophy and Cerebral Palsy associations.

In the Food Division, Anco sponsored local receptions for the Diabetes Foundation and assisted with the 1981 Miss Grey Cup Contest, and Taillefer was active in support of the City of Magog's Festival des Couleurs and the dramatic Traversée du Lac Memphremagog.

The Retail Division donated \$250,000 on a five-year pledge of \$1,250,000 to the Imasco/Canadian Development Corporation Foundation for pharmaceutical research and development in Canada.

The Shoppers Drug Mart/Pharmaprix/Top Drug Mart group was especially active with timely and innovative national programmes benefiting community sports and senior citizens. Sponsorship of special school presentations by the Ron Satok Foundation for the Disabled was a feature of the year. Ron Satok, a blind artist, exemplifies personal victory over a serious disability.

Shoppers Drug Mart stores also play an active role in

encouraging youth to participate in community sports. A majority of Shoppers Drug Mart stores sponsor three community teams in activities ranging from hockey, soccer, baseball and ringette, to swimming, figure skating and snowmobiling. Posters and calendars, illustrating sports skills, are distributed through the stores and are complemented at the regional and national levels by support of sports association programmes that include tournaments, championships, sports camps and schools. This year Shoppers sponsored the first Annual Women's National Hockey Championship which was played in Brantford, Ontario, April 1 to 4.

In 1978, Shoppers Drug Mart became the first corporate sponsor in Canada of the Jerry Lewis Telethon for Muscular Dystrophy. Shoppers Drug Mart has remained one of the most active corporate supporters of the Telethon since then. Similarly, all stores are involved in Carnation Day for multiple sclerosis, Daffodil Day for cancer, public programmes of awareness and support for research in leukemia, lung diseases and for a variety of emergency relief funds. Publicity for major drives is provided through space allotted in the monthly advertising flyers and by in-store posters. Additionally, Shoppers Drug Mart stores act as collection sites for major fund drives in the community.

Collegiate/Arlington Sports sponsored many local juvenile sports teams including the Oshawa Junior A hockey championship.

More important than any dollar contributions or sponsorships is the positive attitude of hundreds of individual employees to community service. These individuals may count on the support of Imasco and its associated companies in their activities.

Finally, Imasco's support of the democratic political process found expression in contributions totalling \$48,700 to federal and provincial political parties which, along with other organizations such as the Council for Canadian Unity, stand for democratic government, a united Canada and a strong private sector.



**Consolidated Statement of Earnings**

|  | <b>1982</b>          | <b>1981</b> |
|--|----------------------|-------------|
|  | Thousands of dollars |             |
| Revenues                                 | 2,190,756            | 1,423,707   |
| Sales and excise taxes                   | 530,186              | 458,243     |
|  | 1,660,570            | 965,464     |
| Operating costs                          | 1,413,596            | 805,921     |
| Operating earnings                       | 246,974              | 159,543     |
| Corporate expenses                       | 10,885               | 9,634       |
| Interest — net                           | 35,600               | 18,128      |
|  | 200,489              | 131,781     |
| Equity in income of associated companies | —                    | 9,290       |
| Earnings before income taxes             | 200,489              | 141,071     |
| Income taxes                             | 76,313               | 51,521      |
| Earnings before extraordinary item       | 124,176              | 89,550      |
| Extraordinary item                       | 4,663                | —           |
| Net earnings                             | 119,513              | 89,550      |
| Earnings per common share:               |                      |             |
| Before extraordinary item                |                      |             |
| basic                                    | \$5.56               | \$4.27      |
| fully diluted                            | \$5.26               | \$4.25      |
| After extraordinary item                 |                      |             |
| basic                                    | \$5.34               | \$4.27      |
| fully diluted                            | \$5.06               | \$4.25      |

**Consolidated Statement of Retained Earnings**

|                                      |          |          |
|--------------------------------------|----------|----------|
| Retained earnings, beginning of year | 329,835  | 266,317  |
| Net earnings                         | 119,513  | 89,550   |
| Dividends                            |          |          |
| cash                                 | (36,431) | (26,032) |
| common shares                        | (1,560)  | —        |
| Retained earnings, end of year       | 411,357  | 329,835  |



**Imasco Limited**

March 31, 1982

**Consolidated Balance Sheet**

**1982      1981**

Thousands of dollars

*Current assets*

|                               |                |                |
|-------------------------------|----------------|----------------|
| Cash and term deposits        | 36,799         | 44,331         |
| Accounts and notes receivable | 110,513        | 96,178         |
| Inventories                   | 461,526        | 390,173        |
| Prepaid expenses              | 13,170         | 6,547          |
| <b>Total current assets</b>   | <b>622,008</b> | <b>537,229</b> |

*Current liabilities*

|  |         |         |
|--|---------|---------|
| Bank and other short term loans                      | 153,911 | 178,536 |
| Accounts payable and accrued liabilities             | 160,010 | 114,522 |
| Income, excise and other taxes                       | 43,489  | 45,189  |
| Current portion of long term debt and capital leases | 9,907   | 26,633  |

|                                  |                |                |
|----------------------------------|----------------|----------------|
| <b>Total current liabilities</b> | <b>367,317</b> | <b>364,880</b> |
|----------------------------------|----------------|----------------|

|                        |                |                |
|------------------------|----------------|----------------|
| <b>Working capital</b> | <b>254,691</b> | <b>172,349</b> |
|------------------------|----------------|----------------|

*Other assets*

|                                     |         |         |
|-------------------------------------|---------|---------|
| Investments in associated companies | —       | 11,206  |
| Other investments and receivables   | 92,242  | 62,403  |
| Fixed assets                        | 494,976 | 377,492 |
| Deferred charges                    | 26,913  | 16,744  |
| Goodwill                            | 78,978  | 81,289  |

|                           |                |                |
|---------------------------|----------------|----------------|
| <b>Total other assets</b> | <b>693,109</b> | <b>549,134</b> |
|---------------------------|----------------|----------------|

|  |                |                |
|--|----------------|----------------|
| <b>Excess of assets over current liabilities</b> | <b>947,800</b> | <b>721,483</b> |
|--|----------------|----------------|

*Other liabilities*

|  |         |         |
|--|---------|---------|
| Long term debt                             | 278,412 | 153,936 |
| Long term obligations under capital leases | 32,601  | 31,462  |
| Deferred income taxes                      | 42,917  | 23,737  |

|                                |                |                |
|--------------------------------|----------------|----------------|
| <b>Total other liabilities</b> | <b>353,930</b> | <b>209,135</b> |
|--------------------------------|----------------|----------------|

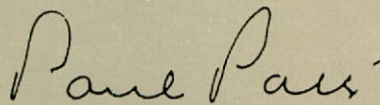
|  |                |                |
|--|----------------|----------------|
| <b>Excess of assets over liabilities</b> | <b>593,870</b> | <b>512,348</b> |
|--|----------------|----------------|

*Shareholders' equity*

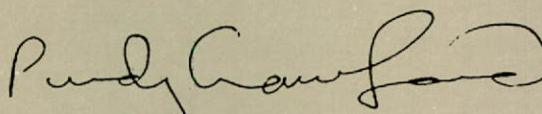
|                   |         |         |
|-------------------|---------|---------|
| Capital stock     | 182,513 | 182,513 |
| Retained earnings | 411,357 | 329,835 |

|                                   |                |                |
|-----------------------------------|----------------|----------------|
| <b>Total shareholders' equity</b> | <b>593,870</b> | <b>512,348</b> |
|-----------------------------------|----------------|----------------|

Approved  
by the Board,



Paul Paré, Director



Purdy Crawford, Q.C., Director



**Consolidated Statement  
of Changes  
in Financial Position**

|  | <b>1982</b>          | <b>1981</b> |
|--|----------------------|-------------|
|  | Thousands of dollars |             |
| <i>Source of funds</i>                 |                      |             |
| Earnings before extraordinary item     | 124,176              | 89,550      |
| Non-fund items                         | 67,351               | 20,358      |
| Funds provided from operations         | 191,527              | 109,908     |
| Issuance of series B preference shares | —                    | 104,525     |
| Long term debt                         | 128,215              | —           |
| Other investments and receivables      | 9,900                | 2,623       |
| Sale of fixed assets                   | 9,056                | 1,713       |
| Total source of funds                  | 338,698              | 218,769     |
| <i>Application of funds</i>            |                      |             |
| Purchase of businesses                 | 66,038               | 101,138     |
| Working capital acquired               | —                    | (8,637)     |
|  | 66,038               | 92,501      |
| Fixed assets                           | 106,705              | 53,686      |
| Dividends                              | 37,991               | 26,032      |
| Long term debt                         | 8,812                | 42,641      |
| Obligations under capital leases       | 1,449                | 925         |
| Other investments and receivables      | 30,488               | 6,358       |
| Investments in associated companies    | —                    | 6,531       |
| Deferred charges                       | 6,110                | 5,863       |
| Unrealized foreign exchange            | (1,237)              | (555)       |
| Total application of funds             | 256,356              | 233,982     |
| <i>Working capital</i>                 |                      |             |
| Increase (decrease) in working capital | 82,342               | (15,213)    |
| Beginning of year                      | 172,349              | 187,562     |
| End of year                            | 254,691              | 172,349     |

**Auditors' Report**

To the Shareholders of Imasco Limited

We have examined the consolidated balance sheet of Imasco Limited as at March 31, 1982 and the consolidated statements of earnings, retained earnings and of 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 consolidated financial statements present fairly the financial position of the corporation as at March 31, 1982 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 on a basis consistent with that of the preceding year.

Deloitte Haskins & Sells  
Chartered Accountants  
Montréal, Canada

May 10, 1982



## Notes to the Consolidated Financial Statements

(all tabular figures are in thousands of dollars)

### 1. Summary of accounting policies

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada and reflect the following policies:

#### a) Basis of consolidation

The consolidated financial statements include the accounts of all subsidiaries. Acquisitions are accounted for as purchases and the results of operations of acquired businesses are included from their effective dates of acquisition. Goodwill and related costs arising from acquisitions of subsidiaries are capitalized and amortized, on a straight-line basis, over their estimated useful lives not exceeding 40 years.

#### b) Foreign exchange

Foreign currency amounts are translated into Canadian dollars on the following basis: Current assets, current liabilities, other investments and receivables, deferred charges and non-current liabilities at exchange rates in effect at year end.

Fixed assets and goodwill at exchange rates in effect at the relevant acquisition dates.

Earnings accounts at average exchange rates for the year, except that provisions for depreciation and amortization of goodwill are translated at rates used to translate the related assets.

Net unrealized gains or losses arising on translation of foreign currency amounts are deferred.

#### c) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined substantially as follows:

Imperial Tobacco: Average cost

Retail: Retail inventory method

Food: First-in, first-out

Restaurant: First-in, first-out.

#### d) Other investments and receivables

Investments and receivables are shown at cost or have been reduced to their estimated realizable value.

#### e) Fixed assets

Fixed assets are stated at cost. Depreciation is calculated on the straight-line basis over the estimated useful lives of the assets. The estimated useful lives of the principal classes of assets range from 14 to 40 years for buildings and from 5 to 20 years for equipment.

Leasehold improvements are amortized on a straight-line basis over the lesser of the estimated useful lives of the assets or the term of the respective leases.

Leases which meet certain criteria are designated as capital leases and are recorded as if the corporation had acquired the related assets through debt financing. Leased property under capital leases is amortized on a straight-line basis over the estimated useful lives of the assets.

#### f) Deferred charges

Deferred charges are stated at cost less amortization accumulated on a straight-line basis. The amortization periods for the principal elements of deferred charges are:

- Financing expense — term of the issue to which they relate;
- Retail drug store opening costs — three years, commencing in the second year of operation;
- Restaurant and other retail store opening costs — first year of operation;
- Restaurant and retail leases acquired — term of the lease;
- Other deferred charges — one to ten years.

#### g) Income taxes

Income taxes are accounted for using the tax allocation basis under which income taxes are provided in the year transactions affect net income regardless of when such transactions are recognized for tax purposes. Timing differences giving rise to deferred income taxes relate primarily to claiming capital cost allowances for income tax purposes in excess of depreciation recorded in the financial statements. The impact of the federal investment tax credit is reflected in earnings in the year during which the related expenditures are made.



**2. Segmented financial information**

Financial information is presented according to the following industry segments.

Imperial Tobacco — manufactures and distributes a complete range of tobacco products.

Restaurant — operates, licenses, supplies and services a system of fast service restaurants primarily in the United States.

Retail — retail operations which specialize in prescription drugs, health and beauty aids, tobacco products and gifts, dry cleaning and sporting goods.

Food — manufactures and distributes a variety of food products.

**Industry segments**

|   | <b>Consolidated</b> |             |
|---|---------------------|-------------|
|   | <b>1982</b>         | <b>1981</b> |
| Revenues  |                     |             |
| Sales   | 2,163,702           | 1,412,622   |
| Franchise fees and other income   | 64,240              | 42,172      |
| Interdivisional <sup>2</sup>  | (37,186)            | (31,087)    |
|   | 2,190,756           | 1,423,707   |
| Operating earnings  | 246,974             | 159,543     |
| Capital employed <sup>3</sup>   |                     |             |
| Net assets  | 968,317             | 772,374     |
| Goodwill  | 78,978              | 81,289      |
|   | 1,047,295           | 853,663     |
| Inventories   |                     |             |
| Finished goods  | 157,584             | 133,733     |
| Raw materials and leaf tobacco  | 303,942             | 256,440     |
|   | 461,526             | 390,173     |
| Net fixed assets  | 494,976             | 377,492     |
| Depreciation and amortization expense   |                     |             |
| Fixed assets  | 43,597              | 19,507      |
| Capital leases  | 1,815               | 232         |
| Goodwill  | 2,311               | 1,347       |
| Deferred charges  | 3,525               | 1,905       |
|   | 51,248              | 22,991      |
| Capital expenditures  | 106,705             | 53,686      |
| Reconciliation of capital employed<br>and excess of assets over current liabilities |                     |             |
| Capital employed  | 1,047,295           | 853,663     |
| Corporate assets  | 70,788              | 61,000      |
|   | 1,118,083           | 914,663     |
| Less: Corporate current liabilities   | 170,283             | 193,180     |
| Excess of assets over current liabilities   | 947,800             | 721,483     |



| Imperial Tobacco |         | Restaurant <sup>4</sup> |         | Retail  |         | Food    |         |
|------------------|---------|-------------------------|---------|---------|---------|---------|---------|
| 1982             | 1981    | 1982                    | 1981    | 1982    | 1981    | 1982    | 1981    |
| 120,240          | 952,923 | 626,281                 | 85,844  | 241,968 | 231,962 | 175,213 | 141,893 |
| —                | —       | 19,782                  | 2,814   | 44,458  | 39,358  | —       | —       |
| —                | —       | —                       | —       | —       | —       | —       | —       |
| 120,240          | 952,923 | 646,063                 | 88,658  | 286,426 | 271,320 | 175,213 | 141,893 |
| 156,040          | 123,248 | 49,901                  | 3,621   | 27,147  | 22,455  | 13,886  | 10,219  |
| 384,092          | 326,050 | 374,787                 | 257,719 | 157,102 | 138,371 | 52,336  | 50,234  |
| —                | —       | 41,039                  | 42,114  | 36,112  | 37,203  | 1,827   | 1,972   |
| 384,092          | 326,050 | 415,826                 | 299,833 | 193,214 | 175,574 | 54,163  | 52,206  |
| 65,182           | 54,446  | 26,593                  | 17,478  | 54,220  | 51,129  | 11,589  | 10,680  |
| 291,273          | 241,944 | 7,659                   | 9,252   | —       | —       | 5,010   | 5,244   |
| 356,455          | 296,390 | 34,252                  | 26,730  | 54,220  | 51,129  | 16,599  | 15,924  |
| 73,644           | 64,535  | 324,222                 | 227,656 | 69,326  | 58,478  | 27,784  | 26,823  |
| 7,693            | 6,279   | 24,478                  | 3,480   | 9,331   | 8,042   | 2,095   | 1,706   |
| —                | —       | 1,815                   | 232     | —       | —       | —       | —       |
| —                | —       | 1,075                   | 177     | 1,090   | 1,080   | 146     | 90      |
| 1,023            | 335     | 1,128                   | 310     | 901     | 751     | 473     | 509     |
| 8,716            | 6,614   | 28,496                  | 4,199   | 11,322  | 9,873   | 2,714   | 2,305   |
| 17,272           | 18,791  | 64,587                  | 11,098  | 21,321  | 17,796  | 3,525   | 6,001   |

1. Other than the Restaurant segment, operations outside of Canada are not significant in the whole.

2. Interdivisional transactions consist of sales from Imperial Tobacco to Retail at normal selling prices.

3. Capital employed consists of directly identifiable assets, at net book value, less the current liabilities of each segment exclusive of short term borrowings and corporate items.

4. Revenues and earnings for fiscal 1981 of the restaurant segment are for the two months from January 29, 1981, when Hardee's Food Systems, Inc. became a wholly owned subsidiary, to March 31, 1981.



|   | 1982     | 1981    |
|---|----------|---------|
| <b>3. Acquisition</b>   |          |         |
| On March 10, 1982, the Corporation acquired the shares of Burger Chef Systems, Inc., for \$52,679,000 (U.S. \$43,500,000). The company operates and licenses a system of fast service restaurants in the United States. Details of this acquisition are as follows: |          |         |
| Fixed assets  | 59,276   |         |
| Other assets  | 5,192    |         |
| Excess of current liabilities over current assets.  | (13,359) |         |
| Non-current liabilities   | (2,442)  |         |
| Net assets acquired   | 48,667   |         |
| Covenant not to compete (3 year amortization)   | 4,012    |         |
| Total consideration in cash   | 52,679   |         |
| <b>4. Interest expense — net</b>  |          |         |
| Interest on long term debt and capital leases   | 18,522   | 11,187  |
| Other interest expense — net  | 21,544   | 11,221  |
| Income from other investments   | (4,859)  | (2,546) |
| Loss (gain) on securities transactions  | 393      | (1,734) |
|   | 35,600   | 18,128  |
| Interest on promissory notes classified as term loans (note 7) is included in other interest expense  |          |         |
| <b>5. Other investments and receivables</b>   |          |         |
| Investments   | 46,357   | 27,343  |
| Receivables   | 45,885   | 35,060  |
|   | 92,242   | 62,403  |

Investments include \$ 20,000,000 variable rate (1982 average — 14.5%) second preference shares of BAC Cosmetics Inc. (a related company) and, as at March 31, 1982, an investment in shares of Canada Northwest Energy Ltd. carried at a value of \$ 11,206,000 (approximate market value \$30,000,000). Until March 31, 1981, the Corporation's investment in 20% of the common shares of Canada Northwest Energy Ltd. was accounted for on the equity method. Subsequent to that date, the Corporation's holding was reduced to 18% and reclassified on the balance sheet

under the caption other investments and receivables.

In January 1982, the Corporation invested in a scientific research investment contract which is carried at a net cost of \$13,454,000 after deducting special tax reductions arising from the resource allowance for income tax purposes. The net cost is being amortized against guaranteed royalty income to be received from 1983 to 1987.

Receivables consist primarily of notes due from retail drug store franchisees which are non-interest bearing with no fixed maturity.



|   | 1982    | 1981     |
|---|---------|----------|
| <b>6. Fixed assets</b>                                      |         |          |
| Land  | 58,212  | 36,576   |
| Buildings   | 157,437 | 117,302  |
| Equipment   | 323,095 | 272,803  |
| Leasehold improvements                                      | 149,231 | 103,983  |
|   | 687,975 | 530,664  |
| Accumulated depreciation                                    | 215,068 | 175,791  |
|   | 472,907 | 354,873  |
| Leased property under capital leases                        | 37,926  | 36,661   |
| Accumulated amortization                                    | 15,857  | 14,042   |
|   | 22,069  | 22,619   |
| Net fixed assets  | 494,976 | 377,492  |
| <b>7. Long term debt</b>                                    |         |          |
| Debentures — 15 1/2% due January 1989*                      | 61,355  | —        |
| Sinking fund debentures                                     |         |          |
| 8 1/2% Series A due March 1991                              | 23,450  | 24,500   |
| 10 7/8% Series B due August 1995                            | 23,100  | 24,300   |
| 10 1/4% Series C due October 1990*                          | 22,088  | 23,688   |
| 9% due July 1992  | 6,176   | 6,873    |
|   | 74,814  | 79,361   |
| Notes payable   |         |          |
| 7 7/8% due February 1982*                                   | —       | 17,766   |
| 10 3/4% payable in 10 annual instalments beginning in 1985* | 49,084  | 47,376   |
| 9 1/4% payable in 11 annual instalments beginning in 1983*  | 13,498  | 13,028   |
| 9 3/4% payable in annual instalments to 1986*               | 3,559   | 4,116    |
|   | 66,141  | 82,286   |
| Term loans*   | 56,483  | —        |
| Other long term obligations*                                | 30,162  | 19,140   |
|   | 288,955 | 180,787  |
| Less: Sinking fund debentures held in Treasury              | (2,840) | (1,778)  |
| Payments due within one year                                | (7,703) | (25,073) |
|   | 278,412 | 153,936  |

\* All or partly payable in U.S. dollars.

Required principal payments and sinking fund provisions during the next five years, excluding term loans, are: 1983, \$7,703,000; 1984, \$13,925,000; 1985, \$9,891,000; 1986, \$15,972,000; 1987, \$15,104,000.

The net book value of properties securing mortgage and other debt obligations at March 31, 1982 was approximately \$27,100,000.

Term loans consist of unsecured promissory notes maturing within one year and are supported by non-cancellable bank term credit facilities of \$125,000,000 to 1986. Promissory notes outstanding at March 31, 1982 amounted to \$210,394,000 with an average rate of interest of 14.8%, and have been classified as short term loans - \$153,911,000, and long term loans \$56,483,000, based on repayments anticipated within the year.



|  | 1982   | 1981                                     |                       |
|--|--|--|-----------------------|
| <b>8. Capital stock</b>  |  |  |                       |
| The authorized capital consists of:  |  |  |                       |
| a) 1,650,000 6% cumulative preference shares.  | 2,825,000 Series B preference shares, with an annual cumulative dividend of \$ 3.06, were authorized having a stated value of \$ 37.00, convertible into common shares on a one-for-one basis until 1991 and redeemable after March 1, 1984 at varying prices from \$ 37.00 to \$ 38.85. |  |                       |
| b) An unlimited number of preference shares, issuable in series, with the stated value of each series to be fixed by the Board of Directors.   |  |  |                       |
| c) An unlimited number of common shares.   |  |  |                       |
| Issued and outstanding:  |  |  |                       |
| 1,191,888 6% preference shares   | 5,800  | 5,800                                    |                       |
| 2,825,000 Series B preference shares   | 104,525  | 104,525                                  |                       |
| 20,703,074 Common shares   | 72,188   | 72,188                                   |                       |
|  | 182,513  | 182,513                                  |                       |
| Weighted average number of shares outstanding used in the determination of earnings per common share are:  |  |  |                       |
| Basic  | 20,703,074   | 20,703,074                               |                       |
| Fully diluted  | 23,528,074   | 20,977,805                               |                       |
| Each year the Corporation makes an offer of unissued common shares to certain employees to enable them to benefit from the tax legislation of the Province of Quebec. A total of 14,510 shares were issued under this offering for a price per share of \$42.00.   |  |  |                       |
| During the year, 40,602 common shares were issued in payment of quarterly dividends under the Shareholders' Stock Dividend Plan at an average stated value per share of \$ 38.42.  |  |  |                       |
| During the year, 55,112 common shares were purchased for cancellation at an average cost of \$ 39.36.  |  |  |                       |
| <b>9. Dividends</b>  |  |  |                       |
| 6% preference shares   | 348  | 348                                      |                       |
| Series B preference shares   | 8,658  | 840                                      |                       |
| Common shares  | 28,985   | 24,844                                   |                       |
|  | 37,991   | 26,032                                   |                       |
| Dividends for the year ended March 31, 1982 consisted of cash payments of \$36,431,000 and of 40,602 common shares with an aggregate stated value of \$ 1,560,000. These shares were issued under the Shareholders' Stock Dividend Plan which entitles shareholders of all classes of shares to receive common shares in lieu of cash dividends. |  |  |                       |
| The trust agreements relating to the Series A, B and C sinking fund debentures contain restrictions regarding the payment of dividends on common shares. At March 31, 1982, \$317,556,000 of retained earnings was free from such restrictions.  |  |  |                       |
| <b>10. Operating lease commitments</b>   |  |  |                       |
| The Corporation has commitments with respect to real estate leases, most of which are for terms of   |  |  |                       |
| from 5 to 20 years. The minimum annual commitment under such leases is approximately as follows:   |  |  |                       |
|  | Rental commitment  | Rental commitment assumed by franchisees | Net rental commitment |
| 1983   | 43,881   | 26,530                                   | 17,351                |
| 1984   | 41,888   | 25,921                                   | 15,967                |
| 1985   | 39,716   | 25,278                                   | 14,438                |
| 1986   | 37,485   | 24,350                                   | 13,135                |
| 1987   | 35,155   | 23,421                                   | 11,734                |
| The minimum annual rental commitment as listed above does not give effect to escalation and percentage-of-sales clauses in certain of the leases. Net rentals under leases, including escalation and percentage-of-sales payments, amounted to \$22,621,000 in 1982 and \$ 14,711,000 in 1981.   |  |  |                       |
| In addition, the Corporation has operating lease commitments for equipment, which are for terms of 1 to 5 years, with an annual rental of approximately \$ 7,800,000.  |  |  |                       |



|   |        |   |
|---|--------|---|
| <b>11. Capital lease commitments</b>  |        |   |
| The Corporation has commitments with respect to property in the restaurant segment recorded under   |        | leases expiring on various dates through the year 2000. The minimum annual commitment under such leases is approximately as follows:  |
| 1983  | 6,582  |   |
| 1984  | 6,442  |   |
| 1985  | 6,343  |   |
| 1986  | 6,307  |   |
| 1987  | 6,236  |   |
| 1988 and thereafter   | 36,260 |   |
| Total minimum commitment  | 68,170 |   |
| Less: Imputed interest  | 33,365 |   |
| Payments due within one year  | 2,204  |   |
| Long term obligations under capital leases  | 32,601 |   |
| <b>12. Extraordinary item</b>   |        |   |
| In July 1981, the investment in preference shares of PoP Shoppes International Inc. was exchanged for a cash payment of \$ 250,000 and a  |        | \$ 1,000,000 five-year promissory note from Venturetek Inc., its parent company. This transaction resulted in the extraordinary loss of \$ 4,663,000.   |
| <b>13. Other information</b>  |        |   |
| a) The current service costs of various pension and retirement plans are charged to earnings as they accrue. There was no unfunded liability for past service benefits as at March 31, 1982.      |        | d) The Corporation has provided guarantees to various banks in respect of borrowing by retail franchises, associates and licensees. The total of these guarantees at March 31, 1982 was \$36,522,000 of which the outstanding indebtedness of the franchisees was \$24,000,000. |
| b) Research and development costs charged to earnings during the year amounted to \$3,289,000 (1981 - \$ 2,908,000).  |        |   |
| c) B.A.T Industries p.l.c., through the ownership of shares of the Corporation, is defined as a related party. Transactions with B.A.T Industries p.l.c. and/or its subsidiaries were as follows: |        |   |
|   |        | <b>1982</b> <b>1981</b>   |
| i) Payment of fees for research and development, marketing and manufacturing services   | 1,021  | 1,016   |
| ii) Export sales of leaf tobacco  | 8,093  | 5,203   |
| iii) Dividend income from BAC Cosmetics Inc.  | 2,903  | 2,113   |
| iv) Purchases of materials  | 7,808  | 5,742   |



**Statistical Highlights**  
**Five Year Review**  
**for years ended March 31**

|  | 1982      | 1981      | 1980      | 1979      | 1978      |
|--|-----------|-----------|-----------|-----------|-----------|
| Thousands of dollars, except "per common share" statistics |           |           |           |           |           |
| <i>Operations</i>  |           |           |           |           |           |
| System-wide sales  | 3,853,785 | 2,264,940 | 1,721,809 | 1,586,748 | 1,070,687 |
| Revenues   | 2,190,756 | 1,423,707 | 1,150,538 | 1,161,526 | 1,049,421 |
| Depreciation   | 45,412    | 19,739    | 13,178    | 11,984    | 8,050     |
| Operating earnings   | 246,974   | 159,543   | 127,531   | 114,378   | 83,369    |
| Corporate expenses   | 10,885    | 9,634     | 7,424     | 6,584     | 5,729     |
| Interest   | 35,600    | 18,128    | 13,308    | 11,339    | 7,955     |
| Equity income  | —         | 9,290     | 4,554     | 407       | 879       |
| Income taxes   | 76,313    | 51,521    | 43,125    | 40,455    | 27,486    |
| Earnings before extraordinary items                        | 124,176   | 89,550    | 68,228    | 56,407    | 43,078    |
| Net earnings after extraordinary items                     | 119,513   | 89,550    | 68,228    | 57,721    | 40,734    |
| Earnings per common share                                  |           |           |           |           |           |
| before extraordinary items,                                |           |           |           |           |           |
| basic  | 5.56      | 4.27      | 3.30      | 2.82      | 2.21      |
| fully diluted  | 5.26      | 4.25      | 3.27      | 2.70      | 2.21      |
| <i>Dividend record</i>                                     |           |           |           |           |           |
| On preference shares                                       | 9,006     | 1,188     | 418       | 1,281     | 348       |
| On common shares   | 28,985    | 24,844    | 20,640    | 16,016    | 13,921    |
| Per common share   | 1.40      | 1.20      | 1.00      | 0.82      | 0.72      |
| <i>Funds provided</i>                                      |           |           |           |           |           |
| From operations  | 191,527   | 109,908   | 88,356    | 76,074    | 54,896    |
| <i>Capital expenditures</i>                                |           |           |           |           |           |
| On fixed assets  | 106,705   | 53,686    | 37,102    | 31,055    | 17,170    |
| <i>Financial position</i>                                  |           |           |           |           |           |
| Current assets   | 622,008   | 537,229   | 405,592   | 386,403   | 354,351   |
| Current liabilities  | 367,317   | 364,880   | 218,030   | 193,407   | 138,258   |
| Working capital  | 254,691   | 172,349   | 187,562   | 192,996   | 216,093   |
| Fixed assets (before depreciation)                         | 725,901   | 567,325   | 212,771   | 179,980   | 140,584   |
| Fixed assets (less depreciation)                           | 494,976   | 377,492   | 116,955   | 93,826    | 70,221    |
| Total assets   | 1,315,117 | 1,086,363 | 677,257   | 607,077   | 478,821   |
| Long term debt   | 278,412   | 153,936   | 96,921    | 99,967    | 95,511    |
| Excess of assets over liabilities                          | 593,870   | 512,348   | 344,305   | 297,974   | 232,876   |
| <i>Shareholders' equity</i>                                |           |           |           |           |           |
| Preference shareholders                                    | 110,325   | 110,325   | 5,800     | 17,483    | 5,800     |
| Common shareholders  | 483,545   | 402,023   | 338,505   | 280,491   | 227,076   |
| Per common share   | 23.36     | 19.42     | 16.35     | 13.96     | 11.74     |



**Statistical Highlights —  
Continuing Operations  
Five Year Review  
for years ended March 31**

|  | 1982      | 1981      | 1980    | 1979    | 1978    |
|--|-----------|-----------|---------|---------|---------|
| Thousands of dollars, except "number of outlets" |           |           |         |         |         |
| <i>Imperial Tobacco</i>                          |           |           |         |         |         |
| Sales  | 1,120,240 | 952,923   | 826,665 | 741,405 | 655,010 |
| Sales and excise taxes                           | 530,186   | 458,243   | 396,934 | 363,180 | 330,258 |
| Operating earnings                               | 156,040   | 123,248   | 99,137  | 78,839  | 68,322  |
| Inventories                                      | 356,455   | 296,390   | 260,960 | 228,835 | 191,554 |
| Fixed assets — net                               | 73,644    | 64,535    | 52,349  | 41,108  | 31,898  |
| Depreciation expense                             | 7,693     | 6,279     | 5,213   | 4,509   | 3,330   |
| Capital expenditures                             | 17,272    | 18,791    | 16,998  | 14,208  | 9,572   |
| <i>Retail</i>                                    |           |           |         |         |         |
| System-wide sales                                | 1,223,170 | 1,016,796 | 807,320 | 674,314 | 218,085 |
| Revenues: sales                                  | 241,968   | 231,962   | 204,779 | 221,855 | 198,276 |
| franchise fees                                   | 44,458    | 39,358    | 31,270  | 27,237  | 1,164   |
| Operating earnings                               | 27,147    | 22,455    | 18,968  | 21,691  | 6,312   |
| Inventories                                      | 54,220    | 51,129    | 52,626  | 42,432  | 44,738  |
| Fixed assets — net                               | 69,326    | 58,478    | 49,410  | 39,964  | 12,296  |
| Depreciation expense                             | 9,331     | 8,042     | 6,473   | 5,020   | 1,783   |
| Capital expenditures                             | 21,321    | 17,796    | 15,970  | 12,903  | 3,045   |
| Number of outlets                                |           |           |         |         |         |
| Pharmacies                                       | 440       | 417       | 391     | 365     | 64      |
| Tobacco, sundry and gift                         | 657       | 631       | 594     | 560     | 545     |
| Sporting goods                                   | 38        | 36        | 27      | 25      | 21      |
| Dry cleaners                                     | 109       | 99        | 88      | 84      | —       |
|  | 1,244     | 1,183     | 1,100   | 1,034   | 630     |
| Company-owned                                    | 629       | 609       | 547     | 502     | 471     |
| Licensed   | 615       | 574       | 553     | 532     | 159     |
|  | 1,244     | 1,183     | 1,100   | 1,034   | 630     |
| <i>Food</i>                                      |           |           |         |         |         |
| Sales  | 175,213   | 141,893   | 116,019 | 101,474 | 83,011  |
| Operating earnings                               | 13,886    | 10,219    | 9,426   | 8,258   | 5,072   |
| Inventories                                      | 16,599    | 15,924    | 12,690  | 10,948  | 8,677   |
| Fixed assets — net                               | 27,784    | 26,823    | 15,196  | 12,754  | 11,028  |
| Depreciation expense                             | 2,095     | 1,706     | 1,492   | 1,200   | 1,132   |
| Capital expenditures                             | 3,525     | 6,001     | 4,134   | 3,094   | 1,811   |

Note: The above divisional statistical highlights exclude the operating results of businesses sold prior to fiscal 1982.

|   |           |         |         |         |         |
|---|-----------|---------|---------|---------|---------|
| Thousands of U.S. dollars, except "number of restaurants" |           |         |         |         |         |
| <i>Restaurant<sup>1</sup></i>                             |           |         |         |         |         |
| System-wide sales   | 1,141,000 | 922,300 | 750,000 | 564,600 | 496,400 |
| Revenues:   |           |         |         |         |         |
| Sales: Company restaurants                                | 336,464   | 262,522 | 204,280 | 154,753 | 130,776 |
| Other   | 184,165   | 157,484 | 140,186 | 94,229  | 75,405  |
| Service and licence fees                                  | 16,445    | 13,252  | 11,067  | 8,662   | 7,299   |
| Operating earnings  | 42,001    | 32,981  | 25,025  | 18,888  | 16,531  |
| Inventories   | 27,913    | 22,313  | 19,846  | 16,145  | 10,213  |
| Fixed assets — net  | 264,917   | 173,025 | 133,369 | 96,259  | 48,743  |
| Depreciation expense                                      | 21,707    | 15,893  | 11,866  | 8,837   | 5,319   |
| Capital expenditures                                      | 52,421    | 60,764  | 52,614  | 33,893  | 15,429  |
| Number of restaurants                                     |           |         |         |         |         |
| Company-owned   | 805       | 484     | 449     | 417     | 357     |
| Licensed  | 1,360     | 820     | 782     | 708     | 665     |
|   | 2,165     | 1,304   | 1,231   | 1,125   | 1,022   |

<sup>1</sup> Represents Hardee's Food Systems, Inc. which became a wholly owned subsidiary January 29, 1981. Statistical highlights prior to the year ended March 31, 1982 are for the years ending October 31, 1980, 1979, 1978 and 1977.



| Directors   | Officers  | Head Office                                       |
|---|---|---|
| Paul Paré <sup>1, 3, 4</sup><br>Chairman and Chief Executive Officer,<br>Imasco Limited                             | Paul Paré, Chairman and Chief Executive<br>Officer                      | 4 Westmount Square<br>Montréal, Canada<br>H3Z 2S8 |
| John H. Coleman <sup>2, 3, 4</sup><br>President, J.H.C. Associates Limited  | L. Edmond Ricard, President and Chief<br>Operating Officer              | Telephone (514) 937-9111<br>Telex 05 24176        |
| H. Purdy Crawford, Q.C. <sup>1, 2</sup><br>Partner, Osler, Hoskin & Harcourt  | Roger S. Ackman, Vice-President and<br>General Counsel                  |   |
| Roderick C. Foster, C.A.<br>Vice-President and Chief Financial<br>Officer, Imasco Limited                           | Victor M. Drury, Vice-President, Public<br>Affairs                      |   |
| Yves Hudon<br>President, Imasco Foods (1980) Limited  | Roderick C. Foster, C.A., Vice-President<br>and Chief Financial Officer |   |
| Anthony I. Kalhok<br>President, Imasco Retail Inc.  | Matthews Glezos, Vice-President and<br>Treasurer                        |   |
| Peter Kilburn <sup>1, 3</sup><br>Honorary Chairman, Greenshields<br>Incorporated                                    | William J. Harris, Vice-President,<br>Administration                    |   |
| Murray B. Koffler, C.M. <sup>4</sup><br>Chairman, Shoppers Drug Mart Limited  | Bernard W. Matte, Vice-President,<br>Corporate Development              |   |
| Jack A. Laughery<br>Chairman of the Board, President and<br>Chief Executive Officer, Hardee's Food<br>Systems, Inc. | Noël Pérusse, Vice-President, Industry<br>Relations                     |   |
| Jean-Louis Mercier<br>President, Imperial Tobacco Limited   | Paul K. Ryan, F.C.I.S., Vice-President and<br>Secretary                 |   |
| L. Edmond Ricard <sup>1</sup><br>President and Chief Operating Officer,<br>Imasco Limited                           | John N. Economides, Assistant Treasurer                                 |   |
| Jean H. Richer, C.M. <sup>2</sup><br>Chairman, Canac Consultants Limited  | G. Michael Martin, C.A., Assistant<br>Comptroller                       |   |
|   | Rita Tahhan, Assistant Secretary  |   |

<sup>1</sup> Member of the Executive Committee

<sup>2</sup> Member of the Audit Committee

<sup>3</sup> Member of the Salary Committee

<sup>4</sup> Member of the Nominating Committee



## Operating divisions

### ■ Imperial Tobacco Limited

3810 St. Antoine Street West  
Montréal, Québec  
H4C 1B5

*Manufactures and distributes cigarettes, fine cut tobaccos, pipe tobaccos, chewing tobaccos and snuff.*

L. Edmond Ricard, Chairman of the Board  
Jean-Louis Mercier, President  
Wilmat Tennyson, Executive Vice-President

Clifford Warren, Executive Vice-President  
Robert C. Bégin, C.A., Vice-President  
Marius Dagneau, Vice-President  
E. Peter Gage, Vice-President  
Robertson M. Gibb, Vice-President  
André Laporte, Vice-President  
Claude Mercier, Vice-President  
William J. Ross, Vice-President  
Roland Bouchard, Secretary  
John Gerlich, Comptroller

### General Cigar Company Limited

Montréal, Québec

*Manufactures and distributes cigars.*

### Imperial Leaf Tobacco

#### Division of Imasco Limited

John Street North  
Aylmer, Ontario  
N5H 2R8

*Purchases and processes leaf tobacco for Imperial Tobacco and for export.*

### ■ Restaurant Division

*Operates and licenses 2,165 fast service restaurants principally in the U.S.*

#### Hardee's Food Systems, Inc.

1233 North Church Street  
Rocky Mount, North Carolina, 27801  
U.S.A.

Jack A. Laughery, Chairman of the Board,  
President and Chief Executive Officer  
Spruill G. Bunn, Executive Vice-President,  
Operations

Richard F. Sherman, Executive Vice-  
President, Administration  
Hugh Todd, Jr., President, Fast Food  
Merchandisers

#### Burger Chef Systems, Inc.

3500 DePauw Blvd.  
Indianapolis, Indiana, 46268 U.S.A.  
John E. Martin, President

### ■ Imasco Retail Inc.

Royal Bank Plaza  
North Tower, Suite 2000  
Toronto, Ontario  
M5J 2J2

L. Edmond Ricard, Chairman  
Anthony I. Kalhok, President  
John J. Ruffo, Executive Vice-President

#### The UCS Group

50 Overlea Blvd.  
Toronto, Ontario  
M4H 1B9

*A chain of 458 retail tobacco and gift shops.*

Norman Latowsky, President

#### The Tinder Box International, Ltd.

1723 Cloverfield Blvd.  
Santa Monica, California, 90404 U.S.A.  
*A group of 199 licensed and company-owned retail specialty tobacco shops in the United States.*

Laurence H. Simpson, President

#### Collegiate/Arlington

800 Tapscott Road  
Toronto, Ontario  
M1X 1A4

*A chain of 38 retail sporting goods stores.*

John J. Ruffo, President  
Robert D. Cardwell, Executive Vice-President

#### Shoppers Drug Mart

225 Yorkland Blvd.  
Toronto, Ontario  
M2J 4Y7

Top Drug Mart, Toronto, Ontario  
Pharmaprix, Montréal, Québec  
*A group of 440 licensed and company-owned drug stores operating in Canada and the United States.*

Murray B. Koffler, C.M., Chairman  
Jack Gwartz, President

#### Embassy Cleaners

133 Wynford Drive  
Toronto, Ontario  
M3C 1K1

*A chain of 109 dry cleaning stores in Ontario.*

Emile Haick, President

### ■ Imasco Foods (1980) Limited

4945 Ontario Street East  
Montréal, Québec  
H1V 1M2

*Manufactures and distributes a variety of food products through several divisions.*

Anco: *specialty cheese products.*

Grissol: *bread specialties;*

Loney: *dry soup mixes and soup bases;*

Taillefer: *prepared meat products;*

Unico: *Italian food products;*

Viau, Lido, Montmagny: *biscuits and candies;*

L. Edmond Ricard, Chairman of the Board  
Yves Hudon, President

Yves Bertrand, C.A., Vice-President,  
Secretary and Treasurer

Pierre Denault, Vice-President

Raymond Denis, Vice-President

Romuald Frenette, Vice-President

Robert C. Nadeau, Vice-President

Edward C. Pasquale, Jr., Vice-President

Gérald Pelletier, Vice-President

### ■ Imasco B.V.

Amsterdam, Netherlands  
Fribourg Branch  
30 St. Pierre Street

1700 Fribourg, Switzerland

*Finances associated businesses.*

John Macnab, Managing Director



## Corporate Information

Incorporated under Federal Charter April 3, 1912

Continued under the Canada Business Corporations Act August 6, 1976

|                                 |  |
|---------------------------------|--|
| Auditors                        | Deloitte Haskins & Sells<br>Chartered Accountants<br>1 Place Ville-Marie<br>Montréal, Canada<br>H3B 2W3  |
| Transfer agent and registrar    | Montreal Trust Company, Halifax, Montréal, Toronto, Winnipeg, Regina, Calgary, Vancouver   |
| Stock exchange listings         | Montréal, Toronto and Vancouver  |
| Banks                           | The Royal Bank of Canada<br>Canadian Imperial Bank of Commerce<br>The Bank of Nova Scotia<br>National Bank of Canada<br>Bank of Montreal<br>The Continental Bank<br>Morgan Guaranty Trust Company of New York<br>Bank of America<br>First Union National Bank, Charlotte, N.C.<br>First National Bank of Chicago   |
| Financial calendar<br>1982/1983 | Fiscal Year End:<br>March 31<br><br>Interim reports mailed:<br>August, November, February<br><br>Dividend dates:<br>Common shares<br>Series B preference shares<br>Quarterly; June, September, December, March<br>6% preference shares<br>Semiannually; September, March<br><br>Sinking Fund Debentures<br>8 1/2% Series A, due March 1991, interest payable<br>March 15, September 15<br>10 7/8% Series B,<br>due August 1995, interest payable February 1,<br>August 1<br>10 1/4% Series C, due October 1990,<br>interest payable April 22, October 22<br><br>Debentures<br>15 1/2% due January 1989, interest payable<br>January 15 |







