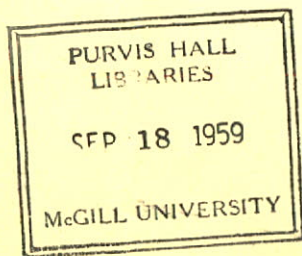


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LOB LAWS

Annual Report 1959

4



Anniversary

Annual Report

LOBLAW GROCETERIAS CO., LIMITED
FOR THE FISCAL YEAR ENDED MAY 30, 1959



board of directors

JUSTIN M. CORK

WM. E. CORK

G. E. HUFFMAN

D. L. McCLOCKLIN

R. G. MEECH, Q.C.

G. C. METCALF

K. B. PALMER Q.C.

executive officers

JUSTIN M. CORK
Chairman of the Board

GEORGE C. METCALF
President

R. G. MEECH, Q.C.
Vice-President, Secretary and Treasurer

G. E. HUFFMAN
Vice-President and General Manager



Loblaws Fortieth Anniversary year coincided with the opening of the St. Lawrence Seaway by Her Majesty Queen Elizabeth.

During Her Majesty's Canadian tour, Loblaws was greatly honoured by her visit to the Loblaws store in the Golden Mile Shopping Centre, Toronto where she talked with Loblaws President George C. Metcalf and Store Manager Nelson Mariner.



Her Majesty's visit had particular significance for Loblaws. The Royal Yacht Britannia and destroyer escort entered Toronto Harbour through the Western Gap, which is directly adjacent to the Loblaw Head Office.







L O B L A W G R O C E T E R I A S C O . ,

P R E S I D E N T ' S R E P O R T T O S H A R E H O L D E R S

It is a great pleasure to report that, in this fortieth year of its operation, your Company maintains its leadership in this highly competitive Canadian retail food business.

For the sixteenth consecutive year, Loblaw Groceterias Co., Limited, has established new high records in both net earnings and total sales volume.

SALES AND EARNINGS

In the year ended May 30, 1959, consolidated net earnings totalled \$9,382,749—an increase of 6.6% over last year's record \$8,804,084.

Canadian retail sales amounted to \$372,007,546—representing an increase of 14.3% over the previous year's total of \$325,346,316. Net profit applicable to Canadian retail operations for year ended May 30, 1959,

was \$7,812,944 or 2.10% of sales.

FINANCIAL

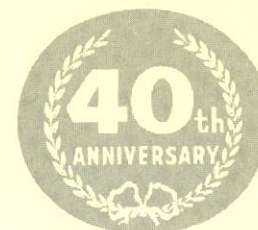
Total assets of the Company have increased to \$228,830,418 as at May 30, 1959. Working capital of \$25,795,146 compares with \$10,279,551 at May 31, 1958.

During the year ended May 30, 1959, the Company successfully marketed 335,000 First Preference shares at par value \$30. This was Series B of the Authorized 1,500,000 Cumulative Redeemable First Preference shares.

EXPANSION

The Company's aggressive expansion program continues at a vigorous pace.

L I M I T E D a n d s u b s i d i a r y c o m p a n i e s



The development of our Western Canada territory dominated the activities in the past year. Twenty large ultra-modern Loblaw supermarkets are now in operation in the important cities of Winnipeg, Edmonton, Calgary, Lethbridge, Moose Jaw. Three of these are in huge shopping centres. Many more are under construction, including a large market in the new Burnaby Shopping Centre in Vancouver.

We are constantly improving our position in the fast-growing Ontario market, with new strategic sites, desirable re-location or enlargement and modernization of established premises.

APPRECIATION

It is very appropriate to express our sincere thanks to those who made

possible this most successful year in our history. For the loyal and constant efforts of our employees, the continuing support of our shareholders, the helpful service of our suppliers and the confidence of our many customers, the Management and Directors of the Company are deeply grateful.

CHALLENGE OF THE FUTURE

This great country continues to provide boundless opportunities for growth and prosperity. A bright prospect for our essential food industry is unquestioned.

Your Company has the enthusiastic organization and inspired leadership to surge forward to still greater achievements.

Sincerely,


President

September 9, 1959

L O B L A W G R O C E T E R I A S C O . ,

Incorporated under the laws of Ontario

consolidated balance

assets

CURRENT ASSETS:

Cash - - - - -	\$ 5,370,948	
U.S. Government treasury bills and municipal bonds, at cost (approximately market value) - - - - -	5,882,336	
Accounts receivable, less allowance for doubtful accounts - - - - -	9,384,235	
Properties held for sale under lease-back arrangements, at cost - - - - -	5,869,238	
Merchandise inventories at the lower of cost or market - - - - -	65,493,835	
Due from employees re pension fund - - - - -	439,322	\$ 92,439,914

INVESTMENT IN SHARES OF NATIONAL TEA CO., AT COST

(Quoted value \$47,466,000) - - - - -		43,484,659
---------------------------------------	--	------------

FIXED ASSETS, AT COST:

Land - - - - -	14,680,024	
Buildings - - - - -	20,217,561	
Equipment and improvements - - - - -	76,467,327	
Motor vehicles - - - - -	6,162,480	
	102,847,368	
Less Accumulated depreciation - - - - -	41,748,767	61,098,601
		75,778,625

OTHER ASSETS:

Preference shares, Loblaw Leased Properties Limited, at cost - - - - -	9,117,500	
Deferred charges to operations - - - - -	3,529,302	
Mortgages receivable - - - - -	521,570	
Deferred accounts receivable, less allowance for doubtful accounts - - - - -	1,062,060	
Note receivable (secured) - - - - -	2,896,787	
Goodwill - - - - -	1	17,127,220
		<u>\$228,830,418</u>

auditor's report

To the Shareholders of LOBLAW GROCETERIAS CO., LIMITED.

We have examined the consolidated balance sheet of Loblaw Groceterias Co., Limited and subsidiary companies as at May 30, 1959 and the consolidated statements of income and retained earnings for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied upon the reports of auditors of certain subsidiaries whose accounts have not been reviewed by us.

In our opinion, the above consolidated balance sheet and accompanying consolidated statements of income and retained earnings, supplemented by the notes thereto, fairly present the combined financial position of Loblaw Groceterias Co., Limited and subsidiary companies as at May 30, 1959 and the results of their operations for the year ended on that date.

Toronto, Canada,
August 10, 1959.

THORNE, MULHOLLAND, HOWSON & MCPHERSON
Chartered Accountants

L I M I T E D a n d s u b s i d i a r y c o m p a n i e s

sheet May 30, 1959

liabilities

CURRENT LIABILITIES:

Bank loans and overdrafts	- - - - -	\$12,381,274	
Notes payable	- - - - -	8,112,571	
Accounts payable and accrued liabilities	- - - - -	38,135,293	
Dividends payable	- - - - -	893,322	
Income taxes payable	- - - - -	4,543,808	
Long term debt due within one year	- - - - -	<u>2,578,500</u>	\$ 66,644,768

MORTGAGES PAYABLE	- - - - -		672,028
LONG TERM DEBT (see note 3)	- - - - -		58,737,629
REAL ESTATE CARRYING CHARGE RESERVE (see note 6)	- - - - -		3,502,392
DEFERRED TAXES ON INCOME OF SUBSIDIARY COMPANIES	- - - - -		1,268,213

MINORITY INTERESTS:

Preferred and common shares and proportion of surplus of subsidiaries	- - - - -		18,501,275
---	-----------	--	------------

SHAREHOLDERS' EQUITY:

Capital stock (see note 7)

Authorized:

1,493,605 First Preference shares, par value \$30.00 each, issuable in series
 (of which 6,679 shares were purchased and cancelled during year)
 577,515 Second Preference shares (redeemable) without par value
 600,000 Common shares without par value

Issued:

651,926 \$1.50 Cumulative Redeemable First Preference shares, Series A	- - - - -	19,557,780	
335,000 \$1.60 Cumulative Redeemable First Preference shares, Series B (issued during year for cash)	- - - - -	10,050,000	
445,056 Second Preference shares	{	7,179,422	
508,300 Common shares	{		
Retained earnings	- - - - -	40,979,625	
Contributed surplus arising from sale of capital stock at a premium, less premium on shares purchased for cancellation	- -	<u>1,737,286</u>	79,504,113
			<u>\$228,830,418</u>

The accompanying notes are an integral part of this statement and should be read in conjunction therewith.

Approved on behalf of the Board.

G. C. METCALF, *Director.*

R. G. MEECH, *Director.*

LOBLAW GROCETERIAS CO., LIMITED and subsidiary companies

consolidated statement of income YEAR ENDED MAY 30, 1959

Income from all operations before taking into consideration the undernoted items and after the application against rental expense of applicable portion of real estate carrying charge reserve - - - - -		\$29,481,678
<i>Add:</i>		
Dividends received from National Tea Co. less U.S. withholding tax thereon - - - - -	\$ 1,305,335	
Income from other investments - - - - -	197,325	1,502,660
		<u>30,984,338</u>
<i>Deduct:</i>		
Allowance for depreciation - - - - -	7,811,198	
Interest on sinking fund bonds and debentures - - - - -	2,268,271	
Interest on other long term debt - - - - -	551,441	10,630,910
Income before taxes thereon - - - - -		<u>20,353,428</u>
Taxes on income - - - - -		8,298,263
		<u>12,055,165</u>
<i>Deduct:</i>		
Income earned prior to date of acquisition by subsidiary companies acquired during the current year - - - - -	717,919	
Minority interest in income - - - - -	1,954,497	2,672,416
NET INCOME FOR YEAR - - - - -		<u>\$ 9,382,749</u>

consolidated statement of retained earnings YEAR ENDED MAY 30, 1959

Retained earnings at beginning of year - - - - -		40,618,711
Net income for year - - - - -		9,382,749
Profit on sale of real estate - - - - -		532,657
		<u>50,534,117</u>
<i>Deduct:</i>		
Dividends, First Preference shares, Series A - - - - -	\$ 982,786	
Dividends, First Preference shares, Series B - - - - -	402,000	
Dividends, Second Preference shares - - - - -	950,195	
Dividends, Common shares - - - - -	1,085,220	
Expenses re sale of First Preference shares, Series B - - - - -	351,033	
Transferred to real estate carrying charge reserve - - - - -	532,657	
Consolidated goodwill written off - - - - -	5,250,601	9,554,492
RETAINED EARNINGS AT END OF YEAR - - - - -		<u>\$40,979,625</u>

LOBLAW GROCETERIAS CO., LIMITED and subsidiary companies

notes to consolidated financial statement YEAR ENDED MAY 30, 1959

- The accounts of Loblaw Inc., a U.S. corporation, are reflected at par of exchange.
- The taxes on income, as shown in the consolidated statement of income, are after a reduction of approximately \$591,000 because of the intention of the company and certain subsidiary companies to claim for tax purposes depreciation to the extent of approximately \$1,185,000 in excess of the amount provided for the year in the accounts. The net accumulated amount to date by which taxes otherwise payable have been so reduced is approximately \$2,443,000.

3. Long term debt:

Notes payable:

Due 1959 to 1960 - - - - -	\$ 250,000
Due 1961 to 1964 - - - - -	2,475,000
Due 1965 to 1968 - - - - -	2,000,000
Due 1969 to 1977 - - - - -	5,400,000
Due 1978 - - - - -	1,000,000

\$11,125,000

Less Due December 31, 1959 included in current liabilities 125,000 \$11,000,000

Mortgages payable:

Payable in quarterly instalments of \$25,000 each - -	1,975,000
Payable in quarterly instalments of \$20,000 each - -	1,120,000
Payable in quarterly instalments of \$15,625 each - -	1,203,129
Payable in annual instalments of \$17,000 each - -	51,000

\$ 4,349,129

Less Due within one year included in current liabilities 239,500 4,109,629

4¾% Twenty Year Sinking Fund debentures maturing March 1, 1973 and March 1, 1974 less \$900,000 due March 1, 1960 included in current liabilities - - - 12,200,000

4% Debentures, Series C:

Serial debentures maturing October 15, 1959 to 1965 less \$400,000 due October 15, 1959 included in current liabilities - - - - -	\$ 2,400,000
Sinking Fund debentures maturing October 15, 1975 less \$80,000 due October 15, 1959 included in current liabilities - - - - -	7,680,000

10,080,000

4¾% Sinking Fund debentures, Series D (convertible into Class A shares of Loblaw Companies Limited) maturing October 1, 1976 less \$360,000 due October 1, 1959 included in current liabilities 10,920,000

6% Sinking Fund debentures, Series E (carrying warrants to purchase Class A shares of Loblaw Companies Limited) maturing September 1, 1977 less \$320,000 due September 1, 1959 included in current liabilities - - - - - 7,360,000

6% Sinking Fund debentures of a subsidiary company (carrying warrants to purchase shares of the subsidiary company) maturing November 1, 1977 less \$68,000 due November 1, 1959 included in current liabilities - - - - - 2,800,000

4% First Mortgage Serial bonds of a subsidiary company maturing September 1, 1962 less \$86,000 due September 1, 1959 included in current liabilities - - - - - 268,000

\$58,737,629

- There are contracts outstanding for the further expansion of the retail facilities of the company and its subsidiaries, the total amount of which, although substantial, cannot accurately be determined at this time.
- The aggregate minimum rentals (exclusive of taxes, insurance and other occupancy charges to be paid by the company and its subsidiaries) under long term leases (extending beyond five years from balance sheet date) in effect at May 30, 1959 for each of the periods shown, are as follows:

1960-64	\$51,199,257	1975-79	\$ 19,089,838
1965-69	40,033,175	1980-84	11,635,908
1970-74	30,265,250	After 1984	3,059,037
Total minimum rent liability			<u>\$155,282,465</u>

During the year, certain properties were sold for an aggregate consideration of \$12,000,000 and long term leases were entered into with respect to the same properties.

- The Real Estate Carrying Charge Reserve originates from the excess of sale price over depreciated cost of certain properties sold and is being amortized over the periods of long term leases entered into by the companies on the respective properties. Additions of \$532,657 were credited to the reserve during the year and amortization charges amounted to \$460,989.
- During the year, the company purchased for cancellation 6,679 \$1.50 First Preference shares at a cost of \$203,033, the premium of \$2,663 being charged to contributed surplus.

The \$1.50 Cumulative Redeemable First Preference shares, Series A, carry a cumulative preferential dividend of \$1.50 per share, have a priority on winding up of \$33.50 per share, together with all unpaid preferential dividends, may be purchased for cancellation at market value but not exceeding \$35.00 and costs of purchase and all unpaid preferential dividends and are redeemable at \$35.00 per share, together with all unpaid preferential dividends. The company is obligated to apply to the retirement of the \$1.50 Cumulative Redeemable First Preference shares, Series A, an amount not exceeding \$200,000 in each fiscal year of the company, provided that such shares are available for purchase at a price not exceeding \$33.50 per share.

The \$1.60 Cumulative Redeemable Preference shares, Series B, carry a cumulative preferential dividend of \$1.60 per share, have a priority on winding up of \$30.00 per share, together with all unpaid preferential dividends, may be purchased for cancellation at market but not exceeding \$31.50 and costs of purchase and all unpaid preferential dividends and are redeemable at \$31.50 per share, together with all unpaid preferential dividends. The company is obligated to apply to the retirement of the \$1.60 Cumulative Redeemable First Preference shares, Series B, an amount not exceeding \$100,000 in each fiscal year of the company commencing in 1959, provided that such shares are available for purchase at a price not exceeding \$30.00 per share.

- The trust indenture and indentures supplemental thereto, under which the debentures of the company and subsidiary companies were issued, contain restrictions on the payment of cash dividends and the redemption, reduction or purchase of capital stock.

Her Majesty waves goodbye as she leaves
Loblaws Golden Mile Store.



ANNUAL REPORT

**LOBLAW COMPANIES
LIMITED**

FOR THE FISCAL YEAR ENDED MAY 30, 1959

LOBLAW COMPANIES LIMITED and subsidiary companies

board of directors

JUSTIN M. CORK

WM. E. CORK

G. E. HUFFMAN

D. L. McCLOCKLIN

R. G. MEECH, Q.C.

G. C. METCALF

K. B. PALMER Q.C.

executive officers

JUSTIN M. CORK
Chairman of the Board

GEORGE C. METCALF
President

R. G. MEECH, Q.C.
Vice-President, Secretary and Treasurer

G. E. HUFFMAN
Vice-President and General Manager

LOBLAW COMPANIES LIMITED and subsidiary companies

PRESIDENT'S REPORT TO SHAREHOLDERS

Net profit of \$7,826,666 for the fiscal year ended May 30, 1959, exceeded last year's record of \$7,555,826 by 3.6%.

After payment of dividends on the Redeemable Preferred shares of \$2.40 per share totalling \$1,048,108, the balance of \$6,778,558 is equal to \$3.06 per share on increased number of shares outstanding. Combined Class A and Class B shares outstanding at May 30, 1959, totalled 2,279,002. The combined shares outstanding at May 31, 1958 totalled 2,157,447 shares. The 1959 earnings of \$3.06 per share are calculated on the average number (2,218,225) combined Class A and B shares outstanding for the year.

Most of the additional shares were issued as a result of conversion of the 4¾% Series D Convertible Debentures of Loblaw Groceterias Co., Limited.

Dividends of 40¢ per share were paid in the year on both Class A and Class B shares.

Total earnings derived from the Loblaw Groceterias Co., Limited shares owned by the Company included profits of National Tea Co., only to the extent of dividends received.

Earnings of National Tea Co. continued to increase, reaching \$4.03 per share for year 1958, as compared with \$3.76 per share the previous year.

A pro forma calculation consolidating net earnings of National Tea Co. shares owned by Loblaw Groceterias Co., Limited, indicates that earnings of the combined Class A and Class B shares would be equal to \$3.84 per share for year ended May 30, 1959.

Net earnings for the previous fiscal year ended May 31, 1958, were \$3.02 per share on the combined Class A and Class B shares then outstanding. The pro forma calculation on the broadened base for year ended May 31, 1958 indicated combined earnings to be \$3.60 per share.

At May 30, 1959, your Company owned 97.7% of the Second Preference and 97.4% of the Common shares of Loblaw Groceterias Co., Limited.

Sincerely,


President

September 9, 1959

L O B L A W C O M P A N I E S L I

Incorporated under the laws of Canada

assets

consolidated balance

CURRENT ASSETS:

Cash - - - - -	\$ 5,755,788	
U.S. Government treasury bills and municipal bonds, at cost (approximately market value) - - - - -	5,882,336	
Accounts receivable, less allowance for doubtful accounts - - - - -	9,384,235	
Properties held for sale under lease-back arrangements, at cost - - - - -	5,869,238	
Merchandise inventories at the lower of cost or market - - - - -	65,493,835	
Due from employees re pension fund - - - - -	439,322	\$ 92,824,754

INVESTMENT IN SHARES OF NATIONAL TEA CO., AT COST

(Quoted value \$47,466,000) - - - - -		43,484,659
---------------------------------------	--	------------

FIXED ASSETS, AT COST:

Land - - - - -		14,680,024
Buildings - - - - -	\$20,217,561	
Equipment and improvements - - - - -	76,467,327	
Motor vehicles - - - - -	6,162,480	
	102,847,368	
Less Accumulated depreciation - - - - -	41,748,767	61,098,601
		75,778,625

OTHER ASSETS:

Preference shares, Loblaw Leased Properties Limited, at cost - - - - -	9,117,500	
Deferred charges to operations - - - - -	3,529,302	
Mortgages receivable - - - - -	521,570	
Deferred accounts receivable, less allowance for doubtful accounts - - - - -	1,062,060	
Note receivable (secured) - - - - -	2,896,787	
Organization and financing expenses - - - - -	250,175	
Goodwill - - - - -	1	17,377,395
		<u>\$229,465,433</u>

auditor's report

To the Shareholders of LOBLAW COMPANIES LIMITED

We have examined the consolidated balance sheet of Loblaw Companies Limited and subsidiary companies as at May 30, 1959 and the consolidated statements of income and retained earnings for the year ended on that date, and we have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied upon the reports of auditors of certain subsidiaries whose accounts have not been reviewed by us.

In our opinion, the above consolidated balance sheet and accompanying consolidated statements of income and retained earnings, supplemented by the notes thereto, are properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of Loblaw Companies Limited and subsidiary companies as at May 30, 1959, and the results of their operations for the year ended on that date according to the best of our information and the explanations given us and as shown by the books of the companies.

Toronto, Canada,
August 10, 1959

THORNE, MULHOLLAND, HOWSON & MCPHERSON
Chartered Accountants

M I T E D a n d s u b s i d i a r y c o m p a n i e s

sheet May 30, 1959

l i a b i l i t i e s

C U R R E N T L I A B I L I T I E S :

Bank loans and overdrafts - - - - -	\$12,381,274	
Notes payable - - - - -	8,112,571	
Accounts payable and accrued liabilities - - - - -	38,137,269	
Dividends payable - - - - -	881,032	
Income taxes payable - - - - -	4,544,156	
Long term debt due within one year - - - - -	<u>2,578,500</u>	\$ 66,634,802

MORTGAGES PAYABLE - - - - - 672,028

LONG TERM DEBT (see note 3) - - - - - 56,454,629

REAL ESTATE CARRYING CHARGE RESERVE (see note 6) - - - - - 3,502,392

DEFERRED TAXES ON INCOME OF SUBSIDIARY COMPANIES - - - - - 1,268,213

M I N O R I T Y I N T E R E S T S :

Preferred and common shares and proportion of surplus of subsidiaries - - - - - 49,343,388

S H A R E H O L D E R S ' E Q U I T Y :

C a p i t a l s t o c k (s e e n o t e 7) :

A u t h o r i z e d :

- 1,000,000 Preferred shares having a par value of \$50.00 each, issuable in series
- 2,500,000 Class A shares without par value
- 3,000,000 Class B shares without par value

I s s u e d (s e e n o t e 8) :

437,613 \$2.40 Cumulative Redeemable Preferred shares - - - - -	21,880,650	
299,059 Class A shares }		
1,979,943 Class B shares }	18,109,322	
Retained earnings - - - - -	<u>11,600,009</u>	51,589,981
		<u>\$229,465,433</u>

The accompanying notes are an integral part of this statement and should be read in conjunction therewith.

Approved on behalf of the Board.

G. C. METCALF, *Director.*

R. G. MEECH, *Director.*

LOBLAW COMPANIES LIMITED and subsidiary companies

consolidated statement of income YEAR ENDED MAY 30, 1959

Income from all operations before taking into consideration the undernoted items and after the application against rental expense of applicable portion of Real Estate Carrying Charge Reserve - - - - -		\$29,444,779
<i>Add:</i>		
Dividends received from National Tea Co. less U.S. withholding tax thereon - - - - -	\$ 1,305,335	
Income from other investments - - - - -	197,325	1,502,660
		<u>30,947,439</u>
<i>Deduct:</i>		
Allowance for depreciation - - - - -	7,811,198	
Interest on sinking fund bonds and debentures - - - - -	2,194,849	
Interest on other long term indebtedness - - - - -	551,441	10,557,488
Income before taxes thereon - - - - -		20,389,951
Taxes on income - - - - -		8,298,263
		<u>12,091,688</u>
<i>Deduct:</i>		
Income earned prior to date of acquisition by subsidiary companies acquired during the current year - - - - -	717,919	
Minority interest in income - - - - -	3,547,103	4,265,022
NET INCOME FOR YEAR - - - - -		<u>\$ 7,826,666</u>

consolidated statement of retained earnings YEAR ENDED MAY 30, 1959

Retained earnings at beginning of year - - - - -		\$ 11,171,810
Net income for year - - - - -		7,826,666
Profit on sale of real estate - - - - -		532,657
		<u>\$ 19,531,133</u>
<i>Deduct:</i>		
Dividends, Preferred shares - - - - -	\$ 1,048,108	
Dividends, Class A shares - - - - -	97,996	
Dividends, Class B shares - - - - -	791,626	
Expenses re sale of First Preference shares Series B, Loblaw Groceries Co., Limited - - - - -	341,802	
Premium on preference shares purchased for cancellation - - - - -	2,598	
Transferred to Real Estate Carrying Charge Reserve - - - - -	532,657	
Consolidated goodwill written off - - - - -	5,116,337	7,931,124
RETAINED EARNINGS AT END OF YEAR - - - - -		<u>\$11,600,009</u>

LOBLAW COMPANIES LIMITED and subsidiary companies

notes to consolidated financial statement YEAR ENDED MAY 30, 1959

1. The accounts of Loblaw Inc., a U.S. corporation, are reflected at par of exchange.
2. The taxes on income, as shown in the consolidated statement of income, are after a reduction of approximately \$591,000 because of the intention of the company and certain subsidiary companies to claim for tax purposes depreciation to the extent of approximately \$1,185,000 in excess of the amount provided for the year in the accounts. The net accumulated amount to date by which taxes otherwise payable have been so reduced is approximately \$2,443,000.

3. Long term debt of subsidiary companies:

Notes payable:

Due 1959 to 1960 - - - - -	\$ 250,000
Due 1961 to 1964 - - - - -	2,475,000
Due 1965 to 1968 - - - - -	2,000,000
Due 1969 to 1977 - - - - -	5,400,000
Due 1978 - - - - -	1,000,000
	<u>\$11,125,000</u>

Less Due December 31, 1959 included in current liabilities 125,000 \$11,000,000

Mortgages payable:

Payable in quarterly instalments of \$25,000 each - -	1,975,000
Payable in quarterly instalments of \$20,000 each - -	1,120,000
Payable in quarterly instalments of \$15,625 each - -	1,203,129
Payable in annual instalments of \$17,000 each - -	51,000
	<u>\$ 4,349,129</u>

Less Due within one year included in current liabilities 239,500 4,109,629

4¾% Twenty Year Sinking Fund debentures maturing March 1, 1973 and March 1, 1974 less \$900,000 due March 1, 1960 included in current liabilities - - - 12,200,000

4% Debentures, Series C:

Serial debentures maturing October 15, 1959 to 1965 less \$400,000 due October 15, 1959 included in current liabilities - - - - -	2,400,000
Sinking Fund debentures maturing October 15, 1975 less \$80,000 due October 15, 1959 included in current liabilities - - - - -	7,680,000
	<u>10,080,000</u>

4¾% Sinking Fund debentures, Series D, (convertible into Class A shares of Loblaw Companies Limited) maturing October 1, 1976 less \$360,000 due October 1, 1959 included in current liabilities - - - - - 8,637,000

6% Sinking Fund debentures, Series E (carrying warrants to purchase Class A shares of Loblaw Companies Limited) maturing September 1, 1977 less \$320,000 due September 1, 1959 included in current liabilities - - - - - 7,360,000

6% Sinking Fund debentures (carrying warrants to purchase shares of a subsidiary company) maturing November 1, 1977 less \$68,000 due November 1, 1959 included in current liabilities - - - - - 2,800,000

4% First Mortgage Serial bonds maturing September 1, 1962 less \$86,000 due September 1, 1959 included in current liabilities - - - 268,000

\$56,454,629

4. There are contracts outstanding for the further expansion of the retail facilities of Loblaw Groceterias Co., Limited and its subsidiaries, the total amount of which, although substantial, cannot accurately be determined at this time.

5. The aggregate minimum rentals (exclusive of taxes, insurance and other occupancy charges to be paid by the company's subsidiaries) under long term leases (extending beyond five years from balance sheet date) in effect at May 30, 1959 for each of the periods shown, are as follows:

1960-64	\$51,199,257	1975-79	\$ 19,089,838
1965-69	40,033,175	1980-84	11,635,908
1970-74	30,265,250	After 1984	3,059,037
Total minimum rent liability			<u>\$155,282,465</u>

6. The Real Estate Carrying Charge Reserve originates from the excess of sale price over depreciated cost of certain properties sold and is being amortized over the periods of long term leases entered into by the companies on the respective properties. Additions of \$532,657 were credited to the reserve during the year and amortization charges amounted to \$460,989.

7. The Class A shares carry a non-cumulative preferential dividend after payment of dividend on the preferred shares of 25¢ per share per annum and participate equally with the Class B shares after payment of 25¢ per share on the latter.

8. The consideration received for the issue of capital stock of the company during the year was as follows:

1,641 Second Preference shares of Loblaw Groceterias Co., Limited for 1,641 \$2.40 Cumulative Redeemable Preferred shares and 658 Class A shares.

\$2,609,000 4¾% Debentures, Series D, of Loblaw Groceterias Co., Limited for 117,405 Class A shares.

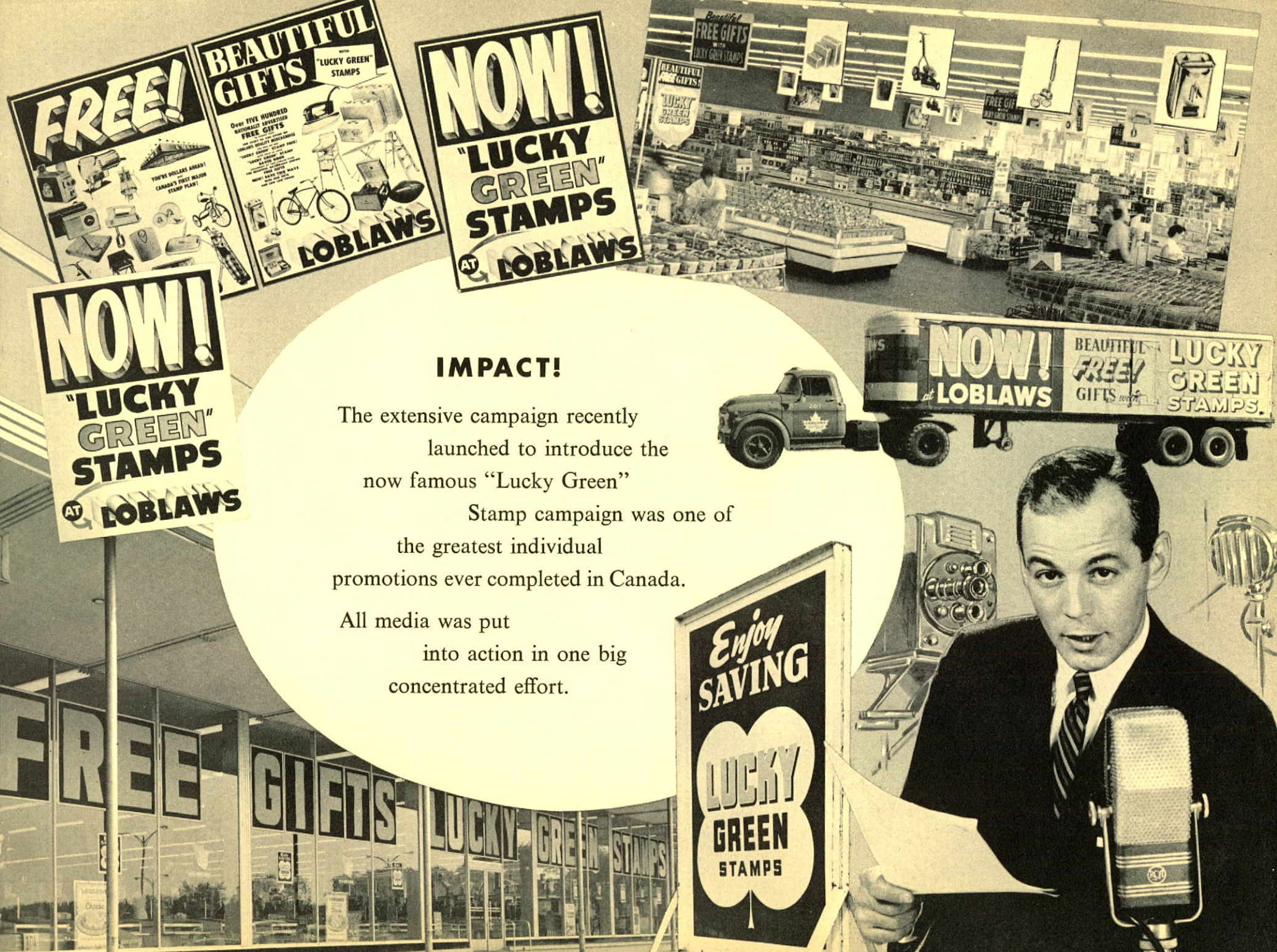
\$37,000 cash for \$1,480 Class A shares.

503 Common shares of Loblaw Groceterias Co., Limited for 2,012 Class B shares.

9. The trust indenture and indentures supplemental thereto, under which the debentures of Loblaw Groceterias Co., Limited and subsidiary companies were issued, contain restrictions on the payment of cash dividends and the redemption, reduction or purchase of capital stock by those companies.

10. The 4¾% Sinking Fund debentures, Series D, of Loblaw Groceterias Co., Limited are convertible at the holders' option into Class A shares of Loblaw Companies Limited. Loblaw Companies Limited has covenanted to reserve a maximum of 540,000 of its Class A shares for issuance upon conversion of the said debentures. The 6% Sinking Fund debentures, Series E, of Loblaw Groceterias Co., Limited have attached thereto share purchase warrants entitling the holders to purchase Class A shares of Loblaw Companies Limited. Loblaw Companies Limited has covenanted to reserve 160,000 Class A shares for issuance upon exercise of such share purchase warrants.





IMPACT!

The extensive campaign recently
launched to introduce the
now famous "Lucky Green"

Stamp campaign was one of
the greatest individual
promotions ever completed in Canada.

All media was put
into action in one big
concentrated effort.



Miss "Lucky Green"