

**JOHN
LABATT**

ANNUAL REPORT 1984



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HIGHLIGHTS

(in millions except per share and other data)

	1984	1983	% Change
Operating results			
Gross sales	\$2,449.5	\$2,225.0	+ 10.1
Earnings before bottle write-off and extraordinary item	86.4	72.7	+ 19.0
Net earnings	66.7	69.2	- 3.5
Cash flow from operations	123.1	131.1	- 6.1
Common share dividends	24.9	21.3	+ 17.2
Capital expenditures, acquisitions and additional investment in partly-owned businesses	155.1	74.4	+108.5
Financial position			
Working capital	\$ 241.5	\$ 253.1	- 4.6
Total assets	1,185.6	953.3	+ 24.4
Long-term debt	289.2	249.5	+ 15.9
Shareholders' equity	449.3	383.2	+ 17.3
Per share data			
Fully diluted earnings before bottle write-off and extraordinary item	\$ 2.51	\$ 2.26	+ 11.1
Fully diluted net earnings	1.99	2.16	- 7.9
Cash flow from operations	4.34	4.80	- 9.6
Dividends	.87 ^{1/4}	.78	+ 11.9
Shareholders' equity	15.29	13.92	+ 9.8
Other data			
Return on average equity before bottle write-off and extraordinary item	20.8%	20.3%	
Number of common shareholders	11,727	10,325	
Number of employees	10,500	9,000	

JOHN LABATT

John Labatt is a broadly-based, Canadian-owned company carrying on business in three major industrial groups: Brewing, Packaged Food and Agri Products.

The principal operating divisions and products within the three major groups are as follows:

Group	Division	Products
Brewing	Labatt Brewing	beer, ale, malt liquor and stout
	Labatt Importers	sale of beer and ale in the United States
Packaged Food	Catelli	pasta, jams, marmalades, pickles, soups, sauces, packaged flour, puddings, table and maple syrup, processed meats, condiments and fresh mushrooms
	Chef Francisco	prepared frozen foods in the United States
	Chateau-Gai	wine in Canada
	LaMont	wine and brandy in the United States
	Holiday Juice	fruit juices and drinks in Canada and the United States
Agri Products	Ault Foods	cheese, butter, fluid milk, cultured products, ice cream, powders and other milk products
	Ogilvie	flour, starch, gluten, other milled grain products and livestock feeds

In addition, John Labatt has a number of partly-owned business investments accounted for on the equity basis as follows:

Partly-owned Businesses	Interest	Products and Activities
McGavin Foods Limited	60% equity, 50% voting share interest	baked goods in western Canada
Toronto Blue Jays Baseball Club	45% partnership interest	American League baseball
Catelli-Primo Limited	46.4% share interest	packaged food in Trinidad
Casco Company	30% partnership interest	sweeteners, starch and oil derived from corn
Allelix Inc.	30% partnership interest	biotechnology
Canada Malting Co., Limited	14.2% share interest	malt for brewing and distilling industries

LETTER TO SHAREHOLDERS

Dear Shareholders:

On behalf of the Board of Directors and Management of John Labatt Limited we are pleased to report that the fiscal year ended April 30, 1984, was another year of solid progress. Your Company maintained and built upon the strength of its business base and financial position, launched significant beer marketing initiatives, and expanded the Agri and Packaged Food operations with important add-on acquisitions. Also, the Company's interest in Zymaize was restructured through a new partnership arrangement.

Gross sales for fiscal 1984 reached \$2.45 billion, an increase of 10.1% over the prior year. Earnings before bottle write-off and extraordinary item at \$86.4 million were well ahead of last year's earnings of \$72.7 million. On a fully diluted basis, earnings per share before bottle write-off and extraordinary item were \$2.51 per share, up from \$2.26 per share the previous year.

A bottle write-off reduced net earnings by \$19.7 million, or 52¢ per share, representing the after-tax impact of the recognition of a large surplus of obsolete compact beer bottles. In the face of strong competitive pressures, Labatt undertook a major program to upgrade packaging. The surplus was a direct result of this program which included the introduction of new Labatt beer bottles with the innovative twist-off cap feature. The new packaging has been welcomed by the consumer. In an extremely competitive period for the industry, these innovative initiatives provide new marketing opportunities for the Company and further strengthen Labatt's leadership position in the Canadian beer market.

Net earnings after the bottle write-off were \$66.7 million or \$1.99 per share fully diluted compared to \$69.2 million or \$2.16 per share fully diluted last year. Results last year included an extraordinary loss of \$3.5 million or 10¢ per share on the disposition of Laura Secord.

Earnings before short-term investment income, interest and income taxes for fiscal 1984 were \$170.0 million versus the \$154.0 million reported last year.

The Brewing Group recorded solid brand performance in major markets despite an increasingly competitive environment. Major new marketing initiatives were implemented along with continued emphasis on operating cost efficiencies.

The Packaged Food Group recorded strong earnings for fiscal 1984, up considerably from results reported last year. Group results reflect improved earnings from Catelli, strong growth at Chef Francisco and a lower loss from United States wine operations.

The Agri Group also achieved good growth due mainly to higher earnings from grain operations. Ault's performance was restrained by shortages of industrial milk, but the newly acquired Silverwood and Royal Oak dairy operations provided some offset.

Results from John Labatt's partly-owned business investments, while showing a loss for the year, were improved compared to the loss reported last year.

Business Development

The Company made very significant progress by implementing major new marketing efforts, strengthening the business base with important add-on acquisitions, and entering new business ventures.

The Brewing Group's most significant initiative was the major commitment to new stylized bottles for Labatt's main brands. Other initiatives included the very successful launch of "John Labatt Classic" in the important Ontario market and the launch of "Blue Light", as well as stepped-up advertising and market support programs.

While these new marketing efforts required some earnings trade-off for fiscal 1984 and may continue to do so for the near term, they reflect Labatt's continued commitment to maintain its leading market position.

The Packaged Food Group was strengthened with the acquisition, in early fiscal 1984, of Delicious Foods of Grand Island, Nebraska, and Holiday Juice, a Windsor, Ontario, company.

The Delicious Foods acquisition further strengthens Chef Francisco's business base, as its line of specialty frozen vegetables complements Chef Francisco's growing business with the United States food service market. The Holiday Juice company in turn provides a well fitting extension to the Packaged Food Group's business base. Holiday Juice offers a quality line of fruit juices and drinks and has strong distribution in the Canadian market. In addition, Catelli, the Group's largest division, continued to expand its strong market position with several new products, including national distribution of a line of premium quality "Old-Fashioned Spaghetti Sauces". The Laura Secord line of aseptically packed yogurts continued to enjoy good consumer acceptance.

The Agri Products Group business base was significantly expanded in fiscal 1984 with Ault's acquisition of the Silverwood and Royal Oak dairy businesses. These acquisitions further complement Ault's strong presence in the dairy business. The Silverwood line of quality products is well respected by consumers and represents a strong addition to Ault's product offering. The acquisitions also brought to Ault new capacity in important market areas in Manitoba and Ontario.

In addition, Labatt restructured its participation in the corn wet milling industry by acquiring Redpath's interest in Zymaize during the year and by entering, as of April 1, 1984, a new partnership with the Canada Starch Company.

The new partnership, Casco Company, is comprised of a 70% interest by Canada Starch and a 30% interest by John Labatt. This restructured participation consolidates the respective strengths of Zymaize and Canada Starch and will provide the new partnership with improved market scope, capacity utilization and earnings potential.

During fiscal 1984, the Company applied to the Canadian Radio-television and Telecommunications Commission for a licence to operate a national specialty sports program service. The application was approved on April 2, 1984, and the new network is expected to be operational in early fiscal 1985. The Sports Network, or TSN as it will be known, will broadcast nationally 24 hours a day and feature a full range of sports programming. Losses anticipated from TSN in the early years of operation represent an important investment in Canadian sports programming, an area of interest to Labatt for many years. TSN significantly improves and enhances Labatt's interest in this area.

John Labatt has the financial resources to support the strong market position and needs of its major businesses and to continue to pursue opportunities for growth in both Canada and in the United States. At the same time, management will maintain its focus on improving the profitability of operations through continuing attention to new product opportunities and emphasis on cost efficiencies and productivity.

Financial Position

Fiscal 1984 was another year of significant improvement in John Labatt's financial position. Shareholders' equity at \$449.3 million increased by 17.3%. Return on average shareholders' equity for fiscal 1984, before the provision for bottle write-off, was 20.8% compared to 20.3% in fiscal 1983. This marked the fifth consecutive year of improvement in return on average shareholders' equity.

Funds generated from operations of \$142.8 million, before the provision for bottle write-off, showed an \$11.7 million increase over last year. Funds from operations of \$123.1 million, net of the bottle write-off, plus issue of \$50.0 million adjustable rate convertible debentures early in fiscal 1984, and other sources, provided the Company with a total of \$200.0 million of additional working capital to support major capital expenditures, acquisitions and investments during fiscal 1984. The acquisitions of Silverwood and Royal Oak dairies, Delicious Foods Inc. and Holiday Juice Ltd., absorbed \$58.7 million of the working capital generated. Additionally, working capital was used primarily to finance substantial fixed asset additions of \$70.7 million and to provide \$25.7 million to restructure and support our investment in partly-owned businesses. The \$211.7 million working capital expenditures provide the Company with an improved capital base to support continued growth.

At year-end the Company had a net cash position of \$34.4 million.

The working capital ratio remained strong at 1.67. The number of days' sales in accounts receivable at 26 and the number of days' sales in inventory at 61 increased slightly due to changes in the business mix as a result of the acquisitions.

Dividends

The quarterly dividend paid on common shares was increased in September 1983 to 22¹/₂¢ per share from 19³/₄¢ per share. During fiscal 1984, \$24.9 million or 87¹/₄¢ per share was paid in dividends to common shareholders, up from \$21.3 million or 78¢ per share in fiscal 1983. Per share figures are adjusted for the 2 for 1 share split approved at last year's annual meeting.

Management

The Company was saddened during the year by the death of Mr. J. Maurice Legault, a Senior Vice-President of the Company. Mr. Legault had a distinguished career with John Labatt spanning 30 years and made a particularly important contribution to the Company's growth in Quebec. He will be greatly missed.

Shareholders

As of April 30, 1984, 11,350 Canadian residents located across Canada held 98.3% of John Labatt's shares. A regional summary of shareholders is shown in the following table:

	Number of Shareholders	Percent of Shareholders
Atlantic	436	3.7
Quebec	1,892	16.1
Ontario	6,611	56.4
Western	2,411	20.6
Total Canada	11,350	96.8
Non-Residents	377	3.2
Total Shareholders	11,727	100.0

Board of Directors

During fiscal 1984, Mr. B.G. Brighton retired from the Board. Mr. Brighton, a former Senior Executive of John Labatt, has served the Company over many years as an Officer and a Director.

Mr. P.E. Lippincott, Chairman, President and Chief Executive Officer of Scott Paper Company of Philadelphia, was welcomed as a new member to the Board of John Labatt.

Corporate Responsibility

By providing financial assistance to non-profit organizations across Canada, John Labatt again carried on a tradition of community involvement, which has been a part of this Company since its earliest days. Financial assistance was provided through either the "Corporate Contributions Program" or the "Labatt's People in Action" program.

Total contributions for the year were \$1.7 million and of this amount 50% was provided to health and welfare programs, 25% to education projects, 15% to cultural groups and 10% to civic and sports programs.

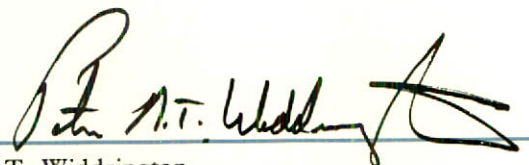
Outlook

The uncertain economic outlook generally, as well as intensely competitive market conditions in the brewing industry, will continue to represent a considerable challenge. John Labatt is well positioned and has the resources to respond to this challenge and to maintain and build upon its strong business base. During fiscal 1985, the Company's efforts will continue to be focused on maintaining important market positions, on sound upgrading of plant and equipment, and on achieving further productivity gains in all business segments.

Net earnings for fiscal 1985 will show improvement, although performance may be impacted by a slow-paced economic environment and the need to support and maintain strong market positions in all business segments.

Tribute

We express our appreciation to all employees for their continued dedication and contribution toward the success of the Company. We also thank our customers and suppliers for their continued loyalty and valued association.



P.N.T. Widdrington
President and Chief Executive Officer



N.E. Hardy
Chairman of the Board
June 29, 1984

GROUP SUMMARY

(in thousands)

Operating Results

Gross sales

	1984	1983	1982	1981	1980
Brewing	\$ 984,218	\$ 937,991	\$ 827,323	\$ 650,519	\$ 603,138
Packaged Food	491,521	494,437	470,583	440,663	409,329
Agri Products	973,750	792,554	779,349	404,535	329,314
	\$2,449,489	\$2,224,982	\$2,077,255	\$1,495,717	\$1,341,781

Earnings before interest

and income taxes

Brewing	\$ 83,981	\$ 83,543	\$ 68,052	\$ 46,089	\$ 42,228
Packaged Food	28,029	21,383	23,626	20,885	16,899
Agri Products	58,008	49,076	47,042	30,841	27,636
	170,018	154,002	138,720	97,815	86,763

Income on short-term investments

11,149 5,646 8,064 — —

Interest

(32,684) (30,397) (37,925) (25,666) (24,664)

Income taxes

(58,223) (51,322) (47,649) (29,580) (25,935)

Earnings before the following

90,260 77,929 61,210 42,569 36,164

Share of earnings (losses)

of partly-owned businesses

(3,831) (5,272) (3,674) 2,107 1,700

Minority interest

— — (128) (112) (109)

Earnings before bottle write-off

and extraordinary item

86,429 72,657 57,408 44,564 37,755

Provision for bottle write-off

(19,700) — — — —

Extraordinary item

— (3,500) (3,500) (3,200) (1,508)

Net earnings

\$ 66,729 **\$ 69,157** **\$ 53,908** **\$ 41,364** **\$ 36,247**

Capital Expenditures

and Acquisitions

Brewing	\$ 43,107	\$ 24,416	\$ 22,175	\$ 15,359	\$ 24,094
Packaged Food	34,850	20,769	19,230	11,548	22,933
Agri Products	51,451	11,887	66,311	19,883	12,959
Total	\$ 129,408	\$ 57,072	\$ 107,716	\$ 46,790	\$ 59,986

THE BREWING GROUP

Industry volume (000 hl.)
Labatt domestic volume (000 hl.)
Market share

(in thousands)

Gross sales
Assets employed
Capital expenditures
Depreciation and amortization
Earnings before interest
and income taxes

1984	1983	1982	1981	1980
20,412	20,135	20,515	19,534	20,682
7,177	7,407	7,676	7,073	7,617
35.2%	36.8%	37.4%	36.2%	36.8%
\$984,218	\$937,991	\$827,323	\$650,519	\$603,138
244,594	207,766	217,529	227,997	206,545
43,107	24,416	22,175	15,359	24,094
17,745	17,113	16,405	15,425	11,672
\$ 83,981	\$ 83,543	\$ 68,052	\$ 46,089	\$ 42,228

The Brewing Group consists of Labatt Brewing in Canada and Labatt Importers in the United States.

Labatt Brewing markets 35 brands of quality beer, ale, malt liquor and stout. The Company's national brands include "Labatt's Blue", "Labatt's 50", "Budweiser" and "Labatt Lite", which account for the majority of the Company's beer sales. These are supplemented by important regional brands such as "Keith's" in Nova Scotia, "Club" in Alberta and "Kokanee" in British Columbia.

Labatt Brewing operates twelve plants across Canada, which are located in St. John's, Halifax, Saint John, Montreal, Toronto, London, Kitchener, Winnipeg, Saskatoon, Edmonton, Creston and New Westminster, with a total brewing capacity of 9.6 million hectolitres.

Labatt Importers markets several of Labatt's products in 32 states in the United States through a number of independent distributors.

In fiscal 1984, the Brewing Group achieved sales of \$984.2 million compared to \$938.0 million last year. Earnings before interest and taxes were \$84.0 million versus \$83.5 million reported last year. The continued wide popularity of Labatt's national brands combined with solid regional brand performance and good success of new brand introductions such as "John Labatt Classic" and

"Blue Light", helped to maintain Labatt's leadership position in the Canadian beer market. During this past year, Labatt Brewing launched major marketing initiatives, including an important commitment to the new style bottle for its major brands.

Labatt Brewing

The Canadian brewing industry volume grew by 1.4% compared to fiscal 1983. This growth reflects a combination of favourable weather conditions during the key summer months and a return to generally improved economic conditions in Canada during the year.

Labatt widened its lead over its largest competitor during this past year, achieving a market share of 35.2%.

Early in the fiscal year, "John Labatt Classic", a new premium beer, was launched in a distinctive green bottle and met with very positive consumer response.

In order to pursue its commitment to maintain its leadership position in the Canadian market and, in the face of strong competitive pressures, Labatt undertook a packaging upgrade program. Late in fiscal 1984 and early fiscal 1985, several of the Company's national brands were converted to new bottles featuring innovative twist-off caps. Labatt is

the first brewer in Canada to offer this new feature.

In recognition of this marketing initiative, John Labatt wrote off a major portion of its share of the industry bottle float as a one-time charge to earnings in fiscal 1984.

Early consumer response has been very encouraging and has resulted in Labatt share growth late in the fiscal year, with the national year-end market share being slightly higher than fiscal 1983 year-end share position. The Company anticipates this latest initiative will have a long-term favourable impact on both market share and industry volume.

"Labatt's Blue" continues to be the largest selling brand in Canada and was strengthened by the successful launch of "Blue Light" in the important Ontario market. In a number of markets, regional brands such as "Keith's" in Nova Scotia, "Club" in Alberta and "Kokanee" in British Columbia continue to make a significant contribution to Labatt's market position.

An integral part of the Labatt marketing program involved major promotions across Canada. During fiscal 1984, Labatt sponsored the Labatt Brier, the Labatt Grand Prix, and Team Canada Hockey. Television advertising rights to Blue Jays Baseball, the American and National League Baseball Playoffs, the World Series, the Superbowl and Monday Night NFL Football provide excellent opportunities for the Company to advertise its products.

Throughout the year, the Company continued its emphasis on cost control and productivity improvements in operations.

Major studies were initiated in each region to review the efficiency and effectiveness of all programs and operations. Many of the studies were reaching conclusion near the end of the fiscal year and will result in significantly improved efficiency in many operating areas. Automation and expansion programs continued in many regions.

In fiscal 1985, Labatt's expects the industry to continue to be highly competitive. The Company remains committed to protecting and building on a history of innovation, ensuring the Canadian beer consumer is offered the high quality products expected of Canada's leading brewer. Productivity and cost control improvements will also be emphasized in the price sensitive fiscal 1985 environment.

Labatt Importers

The division markets Labatt's beer and ale through independent distributors in 32 states of the United States. During fiscal 1984, the beer industry in the United States faced tough competitive market conditions marked by slow volume growth and aggressive price competition. Labatt's achieved some volume growth aided by its major market expansion program which was fully completed during this past fiscal year. Labatt's beer and ale brands are now available in all major United States import markets. "Labatt's Blue" and "Labatt's 50" continue to account for the majority of the Company's sales in these markets.

In fiscal 1985, Labatt Importers anticipates further growth.

THE PACKAGED FOOD GROUP

(in thousands)

	1984	1983	1982	1981	1980
Gross sales	\$491,521	\$494,437	\$470,583	\$440,663	\$409,321
Assets employed	250,110	246,820	221,632	216,634	233,910
Capital expenditures and acquisitions	34,850	20,769	19,230	11,548	22,930
Depreciation and amortization	10,355	9,578	7,991	8,475	7,580
Earnings before interest and income taxes	\$ 28,029	\$ 21,383	\$ 23,626	\$ 20,885	\$ 16,880

The Packaged Food Group consists of five operating divisions: Catelli, Chateau-Gai and Holiday Juice in Canada and Chef Francisco and LaMont in the United States.

In fiscal 1984, the Packaged Food Group achieved much improved overall results, as earnings of \$28.0 million compared favourably to the \$21.4 million reported last year. Catelli, the Group's largest contributor, further increased its strong earnings level and Chateau-Gai and Chef Francisco achieved good earnings growth. Holiday Juice, a fruit juice company acquired by Labatt during the year, also made a positive contribution to Group results. Difficult market conditions for bulk wines continued in the United States and resulted again in a loss at LaMont.

Catelli and Holiday Juice are well positioned within their respective industries and management anticipates an improvement in both sales and earnings for these divisions in fiscal 1985. Chef Francisco continues to strengthen its position as an important supplier to the United States food service industry and looks with confidence to further strong earnings growth. Chateau-Gai's performance for fiscal 1985 will be impacted by the continued strong competition from foreign low-priced wines. LaMont's performance remains very dependent upon market conditions and, while some improvement is anticipated, LaMont is not expected to contribute to earnings in fiscal 1985.

Catelli

Catelli produces and markets a wide range of grocery products in Canada and in the United States.

In Canada, the division is the leading producer of pasta, aseptic puddings, spaghetti sauces and has, on a regional basis, significant market shares in other product lines. Catelli's product line also includes pickles, jams, marmalades, table syrups, maple syrups, ready-to-serve soups, packaged flour and other cereal-based products. In addition, fresh mushrooms are produced and marketed in Quebec through grocery retail outlets. The division is also a major supplier to the retail food trade for a variety of custom-packed products.

Catelli's United States operations in New England produce and market soups, quality processed meats and specialty condiments.

Catelli's seven Canadian plants are located in Montreal, Carignan and Saint-Hyacinthe, Quebec; Lethbridge, Alberta; and Toronto and Delta, Ontario. The four United States facilities are located in Manchester, New Hampshire; Portland, Maine; and Essex Junction, Vermont.

The grocery products industry in Canada continued to face general market softness during fiscal 1984 due to unfavourable economic conditions. Despite difficult market conditions, Catelli achieved market share gains in most of its product categories in fiscal 1984 and further improved upon its strong earnings base. Results were also aided by good gains at Catelli's fresh mushroom operation, Terra, and by a strong rebound in Catelli's maple syrup business. Catelli's United States operations in New England, however, experienced adverse market conditions. Raw material cost pressures also had some negative impact on overall results.

Catelli expanded its product line and markets during fiscal 1984. A line of Catelli brand "Old Fashioned Spaghetti Sauces" in three varieties was launched in Ontario and western Canada, responding to market segmentation opportunities. Consumer acceptance to date has been very favourable. The new aseptically packed "Laura Secord" yogurts were expanded successfully on a national basis. Catelli thereby continues to bring innovation to this aseptic category by installing the first Canadian plastic aseptic packaging line at its Scarborough, Ontario, plant.

In outlook, Catelli anticipates a continuation of soft market conditions, but is well positioned to achieve further sales and earnings gains in fiscal 1985.

Chef Francisco

Located in the United States, Chef Francisco produces a variety of frozen food products for the food service industry and the retail grocery trade. Frozen soups, specialty frozen vegetables, cakes and other frozen baked goods are sold to the food service industry, while under "Oregon Farms" brand name, frozen baked goods are marketed through the retail grocery trade across the United States. Chef Francisco operates four plants located in Eugene, Oregon; King of Prussia, Pennsylvania; Clarksville, Arkansas; and Grand Island, Nebraska.

Chef Francisco achieved substantial sales and earnings growth in fiscal 1984 over the previous year's strong performance. Results reflected continued strong demand in the food service industry for Chef Francisco's line of frozen soups and frozen sweet potato products. Also, the Delicious Foods operation in Nebraska, acquired in early fiscal 1984, complements Chef Francisco's line of frozen vegetables for the food service industry and made a strong contribution to overall results. In addition, Chef Francisco achieved good productivity gains in all of its plant operations.

The food service industry in the United States enjoyed further strong volume rebound during fiscal 1984, aided by the vigorous economic recovery in the United States over the past eighteen months. Chef Francisco's food service volumes continued to significantly outpace industry performance as a result of new products and continuing efforts to provide a consistently high level of customer service.

The retail grocery business also improved in fiscal 1984, although not as strongly. The frozen baked goods segment within that market, however, continued to decline and Chef Francisco's "Oregon Farms" cake business shared in that decline. Chef Francisco tested "Oregon Farms" frozen condensed soups to the retail trade in several markets across the United States over the past year. Consumer interest is indicated and distribution of the soups will be expanded to additional markets in the coming year.

Chef Francisco anticipates further sales and earnings growth in fiscal 1985, based upon continuing strong demand for its line of food service products, particularly soups and frozen specialty vegetables, as these products cater to the faster growth segments of the food service industry in the United States.

Chateau-Gai

Under the "Chateau-Gai" label, a variety of wines is produced from wineries located in Scoudouc, New Brunswick; Niagara Falls, Ontario; and Calgary, Alberta; and under the "Casabello" label from a winery in Penticton, British Columbia.

Chateau-Gai strengthened its position within the Canadian wine industry during the first half of the year. The division gained market share through effective sales and advertising programs, good market demand for its "Alpenweiss" and "Capistro" family of wines, and the launch of several new products.

The "San Gabriel Mini-Cask" wines, introduced early in the year, and the more recent launch of "Gala Mini-Keg" enjoyed good consumer acceptance. Chateau-Gai has also just launched "Canada Cooler", a wine and citrus juice blend, and other new product entries are planned.

However, competition from foreign wines on a price basis, particularly in the important Ontario market, intensified during the second half of the year, which constrained Chateau-Gai's sales and earnings performance for the year.

In outlook, Chateau-Gai and the industry are concerned about the continuing negative impact of foreign low-priced wine competition which has created very difficult conditions for Canadian wine producers.

LaMont

The LaMont winery, located in California, is engaged primarily in the production and sale of wine sold in bulk to several major wine marketers in the United States. LaMont also produces and sells wine and brandy under several proprietary labels and custom packs wine under private labels for large volume wholesale and retail customers.

LaMont's result showed some improvement over the prior year; however, a loss was again incurred. Adverse market conditions caused by a major surplus of California wine and increasing pressure from European imports at depressed prices, due to a similar surplus of wine in Europe's major producing countries, continued during fiscal 1984. These conditions, coupled with a relatively flat market over the past two years, caused continued weakness in demand and prices for California wine.

The negative conditions affecting the bulk wine market are expected to continue for some time and, as a result, the LaMont operation is not expected to contribute to earnings in fiscal 1985.

Holiday Juice

Holiday Juice, located in Windsor, Ontario, was acquired by Labatt in early fiscal 1984. The company is one of the leading producers of fruit juices in Canada and caters through distributors to the food service and wholesale markets in Canada and in the United States.

The company's major brands in Canada are "EverFresh", "Mr. Pure" and "H.J.", while in the United States the company's products are marketed under the "J.Z." brand and under private labels. Sales to the United States are concentrated in Michigan and Illinois.

During fiscal 1984, Holiday Juice achieved strong sales growth and expanded its product line with new flavours and innovative packaging.

The division anticipates further market expansion in fiscal 1985 and expects to achieve good sales.

THE AGRI PRODUCTS GROUP

(in thousands)

	1984	1983	1982	1981	1980
Gross sales	\$973,750	\$792,554	\$779,349	\$404,535	\$329,311
Assets employed	232,477	165,935	185,562	135,252	108,491
Capital expenditures and acquisitions	51,451	11,887	66,311	19,883	12,951
Depreciation and amortization	14,432	11,662	10,349	5,209	4,671
Earnings before interest and income taxes	\$ 58,008	\$ 49,076	\$ 47,042	\$ 30,841	\$ 27,631

The Agri Products Group consists of Ault Foods and Ogilvie Flour. Earnings before interest and income taxes for the Group in fiscal 1984 improved by 18.2% to \$58.0 million on sales of \$973.8 million.

The earnings gain for the Group is attributable in part to the positive impact of important acquisitions made by Ault over the recent past, including Silverwood and Royal Oak Dairy during fiscal 1984. However, Ault's sales and earnings were seriously constrained by industry milk supply shortages during this past year.

Ogilvie contributed most of the Group's earnings growth for fiscal 1984 as all of its grain-based operations achieved improved sales and earnings for the year. Domestic flour volumes were strong, and good U.S. market demand for starch, gluten and feed products also contributed to Ogilvie's improved performance for the year.

In outlook, the Agri Products Group anticipates further earnings gains in fiscal 1985, as Ault expects to achieve further productivity benefits and milk supply is expected to be improved. Ogilvie operations expect to maintain the strong performance level recorded for this past year.

Ault Foods

Ault Foods, a broadly-based dairy company, is one of Canada's leading processors of dairy products, with "Sealtest" and "Silverwood" representing its two largest retail brand names. Major products include fluid milk products, creams, yogurt, cottage cheese, sour cream, citrus products, ice cream, frozen novelties and other dairy and frozen products. These branded products are sold extensively through grocery chains, convenience stores and independent grocers in Ontario, Quebec, Manitoba and the Maritimes. In addition, many products are sold to restaurants and other members of the food service industry. The division is also a major manufacturer of Canadian cheeses, butter, evaporated and condensed milk, whey powder and skim milk powder. The majority of these products are sold in Canada to large food manufacturers and retailers for further processing or private label distribution. In addition, Ault exports a variety of dairy products to many countries.

Ault operates a total of twenty-one plants which are strategically located across Ontario, Quebec and in Manitoba in order to take full advantage of milk supply availability and to service these diverse markets efficiently. Ontario facilities are situated in Winchester, Toronto, London, Hamilton, Ottawa, Mitchell, Napanee, New Dundee, Windsor, Copper Cliff, North Bay, Balderson and Thornloe, while Quebec operations are located in Montreal, Rouyn and Laverlochère, and a Manitoba operation in Winnipeg.

Complementing several years of aggressive expansion and acquisitions, which substantially broadened Ault's business and customer base, the division during fiscal 1984 made a further significant acquisition by purchasing Silverwood Dairies of London and Royal Oak Dairy of Hamilton. The expanded operation in Ontario and Quebec, and now also Manitoba, provide Ault with an expanded customer base, better market coverage and greater production flexibility.

In fiscal 1984, Ault's sales and earnings were seriously constrained by milk supply shortages. Ault's industrial milk receipts in Ontario declined 13% from the prior year's level, which impacted Ault's ability to produce cheddar cheese and other related products. Sales and earnings growth, however, was achieved as a result of the favourable impact from the acquisition of the Silverwood and Royal Oak dairy businesses. In addition, distribution, production and administrative integration efficiencies had a positive impact on earnings performance.

Ault anticipates a return to strong sales and earnings growth in fiscal 1985, as the division expects the important supply of industrial milk receipts to be improved.

Ogilvie

The division represents all of the Company's grain processing operations.

Ogilvie's major activity is flour milling, supplying many bakeries, pasta and biscuit producers as well as a number of other industrial food processors. The "Five Roses" brand of family flour is milled by Ogilvie and marketed nationally by Catelli. Ogilvie also exports flour through the supply of government foreign aid requirements and by selling directly to a number of other nations. The division, in addition, is a leading producer of wheat starch and gluten. Wheat starch is used in the food processing, corrugating, textile, paper, mining, building products and adhesives industries, and is sold mainly in Canada. Wheat gluten, a protein additive, is used in the food processing, cereal and pet food industries, and is sold domestically and internationally, with the United States representing the major market.

The third element of Ogilvie's business is its livestock feed operation. Food and beverage industry by-products are purchased from a number of plants in Canada and the United States and sold as feeds to the livestock industry.

Ogilvie's seven plants are located in Montreal and Candiac, Quebec; Midland, Strathroy and Thunder Bay, Ontario; Winnipeg, Manitoba; and Medicine Hat, Alberta.

Earnings at Ogilvie were significantly improved in fiscal 1984 due mainly to increased sales volumes for all of its grain-based products.

Cost efficiencies resulting from higher volumes and productivity improvements at the five flour mills and two starch plants also contributed to the favourable results.

Domestic flour volumes were marginally below the prior year's levels, as the overall market showed some softness towards year-end. This was more than offset by increased volumes supplied to World Food Aid programs and improvements in direct international sales.

Wheat gluten sales volumes improved throughout the year in both the domestic and export areas. Wheat starch sales to major customers in textile, paper and corrugating industries steadily increased through the year as the economic recession eased in these industries. Ogilvie's position in the starch and gluten processing area was very favourable versus a year earlier.

The livestock feed operations continued to show strong growth performance in sales and earnings. Sales volume in Canada was close to last year's level but improvements were achieved from efficiencies in purchasing and distribution. Sales volume in the United States was sharply up from last year due to a good increase in market penetration and a more favourable environment as the agricultural sector showed improved stability.

In fiscal 1985, Ogilvie expects to continue the strong results achieved this past year.

John Labatt has a number of partly-owned businesses of which the major ones are Casco Company and McGavin Foods. Other partly-owned business investments include a 30% interest in Allelix, a joint venture with Canada Development Corporation and the Government of Ontario in the area of biotechnology; a 45% partnership interest in the Toronto Blue Jays, an American League baseball club; a 14.2% interest in Canada Malting, Canada's major supplier of malt for the brewing and distilling industries; and a 46.4% interest in Catelli-Primo, a packaged food manufacturer in Trinidad.

In fiscal 1984, the Company's investments in partly-owned businesses recorded improved performance. Loss for the year of \$3.8 million compared favourably to the prior year's loss of \$5.3 million.

Casco Company

Labatt restructured its investment in the corn wet milling industry during fiscal 1984. The restructuring consisted of two separate transactions. In the first transaction, Labatt acquired Redpath Industries' 50% interest in Zymaize.

In the second transaction, Labatt entered into a new corn wet milling partnership agreement with the Canada Starch Company effective April 1, 1984. The new partnership, Casco Company, consists of Canada Starch's two corn wet milling plants located in Port Colborne and Cardinal, Ontario, and John Labatt's plant in London, Ontario.

The new partnership provides for a 70% participating interest by Canada Starch and 30% by John Labatt. The new partnership now has the capability and scope to be able to compete more effectively in the corn wet milling industry on a North American basis.

During fiscal 1984, prior to the newly formed partnership, the Zymaize operation achieved substantially higher sales in its established products as well as significant added volume from completion of new capacity for the higher concentrate syrup.

Zymaize's first year sales of higher concentrate syrup, particularly to the United States market, were stronger than expected as market demand in the United States stepped up due to the expanded approval of the product for use in soft drinks.

The Zymaize operation, as a result of strong sales, achieved higher capacity utilization as well as solid productivity performance during fiscal 1984.

While margin levels improved somewhat over the prior year, market prices for Zymaize products continued to be constrained by the world price of sugar which remained at very low levels and, as a result, Zymaize continued to operate at a loss. Labatt's share of that loss for fiscal 1984 was \$5.3 million.

McGavin Foods

McGavin Foods is the largest bakery in Western Canada, operating throughout British Columbia, Alberta, Saskatchewan and Manitoba. A wide variety of breads, rolls and specialty baked goods is produced for grocery stores, restaurants and other members of the food service industry from bakeries located in Langley, British Columbia; Edmonton and Calgary, Alberta; Regina, Saskatchewan; and Winnipeg, Manitoba. John Labatt's partner in McGavin Foods is Maple Leaf Mills.

Earnings at McGavin during fiscal 1984 showed some recovery from the adverse results reported last year. However, earnings continued to be constrained by poor market conditions, particularly in the food service industry which services the British Columbia forest and Alberta oil and gas industries. In addition, strong price competition from other Canadian and United States bakers continued to impact results in these markets as well as in Saskatchewan and Manitoba. To offset volume declines and to strengthen the Company's position for renewed profitability, McGavin implemented major cost reduction programs over the past two years. To ensure that McGavin has the ability to compete successfully in the future, a new bakery and distribution centre in Edmonton was completed during this past year and production of donuts, English muffins and bread is now on stream.

In fiscal 1985, McGavin anticipates further earnings recovery as the company is now in a position to more effectively and efficiently compete in the western Canadian baking industry.

Allelix

Allelix is a joint venture established in 1981 to develop and pursue commercial opportunities arising from advances in biotechnology. John Labatt's partners in Allelix are Canada Development Corporation and the Government of Ontario.

In the prior fiscal year, Allelix's new research and administrative facilities in Mississauga, Ontario, were completed and key senior management appointments were made.

During fiscal 1984, Allelix recruited a team of top level scientists from around the world. The research team is now operational and effort is currently underway on several major research projects.

RESPONSIBILITY FOR FINANCIAL STATEMENTS

Management

The accompanying consolidated financial statements of John Labatt were prepared by management of the Company in conformity with generally accepted accounting principles applied on a basis consistent with the preceding year.

The Company is responsible for the integrity and objectivity of the information contained in the financial statements. The preparation of financial statements necessarily involves the use of estimates requiring careful judgement in those cases where transactions affecting a current accounting period are dependent upon future events.

The Company's accounting procedures and related internal control systems are designed to provide assurance that accounting records are reliable and to safeguard the Company's assets. The accompanying consolidated financial statements have been prepared by qualified personnel in accordance with policies and procedures established by management, and in management's opinion, these statements fairly reflect the financial position of the Company, the results of its operations and the changes in its financial position within reasonable limits of materiality and within the framework of the accounting policies outlined in Note 1 to the Consolidated Financial Statements.

External Auditors

Clarkson Gordon, Chartered Accountants, as the Company's external auditors appointed by the shareholders, have examined the consolidated financial statements for the year ended April 30, 1984, and their report is presented on page 24.

Their opinion is based upon an examination conducted in accordance with generally accepted auditing standards and a review of the Company's accounting systems and procedures and internal controls. Based upon the evaluation of these

systems, the external auditors conduct appropriate tests of the Company's accounting records and obtain sufficient audit evidence to provide reasonable assurance that the financial statements are presented fairly in accordance with generally accepted accounting principles.

Audit Committee

The Audit Committee, a majority of whose members are non-management Directors, meets quarterly to review the Company's financial statements before their submission to the Board of Directors for approval. The Audit Committee also reviews, on a continuing basis, reports prepared by both the internal and external auditors of the Company relating to the Company's accounting policies and procedures and internal control systems. The Audit Committee meets regularly with both the internal and external auditors, without management present, to review their activities and to consider the results of their audits. The Audit Committee makes a recommendation as to the appointment of the Company's external auditors, who are elected annually by the Company's shareholders.

CONSOLIDATED STATEMENT OF EARNINGS

For the Year Ended April 30, 1984
(with comparative amounts for the year ended April 30, 1983)

(in thousands except per share amounts)

	1984	1983
Revenue		
Gross sales	\$2,449,489	\$2,224,982
Less excise and sales taxes	316,551	296,270
	2,132,938	1,928,712
Operating costs		
Cost of products sold	1,414,663	1,252,398
Selling and administrative expenses	511,335	487,964
Depreciation and amortization	42,532	38,353
Interest — long-term	28,765	25,948
— short-term	3,919	4,449
	2,001,214	1,809,112
Operating income	131,724	119,600
Investment and sundry income	16,759	9,651
Income before taxes	148,483	129,251
Income taxes — current	56,385	46,329
— deferred	1,838	4,993
	58,223	51,322
Earnings before share of net losses of partly-owned businesses	90,260	77,929
Share of net losses of partly-owned businesses	(3,831)	(5,272)
Earnings before bottle write-off and extraordinary item	86,429	72,657
Provision for bottle write-off (note 2)	(19,700)	
Earnings before extraordinary item	66,729	72,657
Extraordinary item		(3,500)
Net earnings	\$ 66,729	\$ 69,157
Earnings per common share (note 1)		
Before bottle write-off	\$3.04	\$2.66
Before extraordinary item	\$2.35	\$2.66
Net earnings	\$2.35	\$2.53
Fully diluted earnings per common share (note 1)		
Before bottle write-off	\$2.51	\$2.26
Before extraordinary item	\$1.99	\$2.26
Net earnings	\$1.99	\$2.16

See accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Year Ended April 30, 1984
(with comparative amounts for the year ended April 30, 1983)

(in thousands)	1984	1983
Sources of working capital		
From operations		
Earnings before extraordinary item	\$ 66,729	\$ 72,657
Net charges to earnings which do not reduce working capital	56,378	58,477
	123,107	131,134
Issue of adjustable rate convertible subordinated debentures	50,000	
Issue of common shares (note 5)	24,322	4,490
Proceeds on disposal of fixed assets	2,620	2,799
Proceeds on disposal of Laura Secord, net of working capital		23,665
	200,049	162,088
Uses of working capital		
Dividends – common	24,933	21,272
Additions to fixed assets	70,680	53,048
Acquisition of subsidiary companies, net of working capital acquired (note 8)	58,728	4,024
Investment in partly-owned businesses	25,705	17,313
Net decrease in long-term debt	18,890	5,556
Due from employees under share purchase and option plans	11,987	
Other	727	62
	211,650	101,275
Increase (Decrease) in working capital	(11,601)	60,813
Changes in non-cash working capital		
Accounts receivable	(15,106)	(33,382)
Inventories	(45,009)	2,360
Accounts payable	83,308	12,302
Taxes payable	(21,034)	13,931
Other	(5,035)	581
	(2,876)	(4,208)
Net increase (decrease) in cash	(14,477)	56,605
Cash (net of short-term borrowings) at end of year	34,365	48,842
Working capital at end of year	\$241,451	\$253,052

See accompanying notes

CONSOLIDATED BALANCE SHEET

April 30, 1984

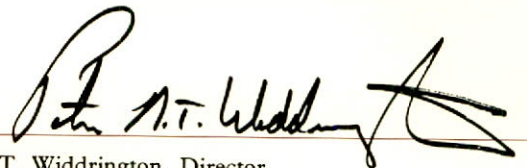
(with comparative amounts as at April 30, 1983)

(in thousands)	1984	1983
Assets		
Current		
Short-term investments	\$ 129,454	\$ 84,227
Accounts receivable	196,744	181,638
Inventories (note 1)	246,739	201,730
Prepaid expenses	27,770	19,863
	600,707	487,458
Investments and other assets		
Investment in partly-owned businesses (note 3)	64,792	49,568
Investment in other companies	5,425	5,286
Mortgages, loans and advances	3,694	3,799
Due from employees under share purchase and option plans (note 5)	13,277	1,290
	87,188	59,943
Fixed at cost		
Land	27,969	20,789
Buildings and equipment	681,321	566,766
	709,290	587,555
Less accumulated depreciation	291,074	253,769
	418,216	333,786
Unamortized debt financing expense	3,562	3,277
Goodwill, licences and trade marks (note 1)	75,921	68,873
	\$1,185,594	\$953,337


See accompanying notes

	1984	1983
Liabilities		
Current		
Bank advances and short-term notes	\$ 95,089	\$ 35,385
Accounts payable	240,554	157,246
Taxes payable	16,788	37,822
Long-term debt due within one year	6,825	3,953
	359,256	234,406
Long-term debt (note 4)	289,172	249,530
Deferred income taxes	87,869	86,222
Shareholders' Equity		
Share capital (note 5)		
Authorized		
4,000,000 preferred shares		
Common shares of no par value		
in unlimited amount		
Issued and outstanding		
29,376,811 common shares		
(27,532,678 at April 30, 1983)	130,608	106,286
Retained earnings	318,689	276,893
	449,297	383,179
	\$1,185,594	\$953,337

On behalf of the Board



P.N.T. Widdington, Director



N.E. Hardy, Director

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

*For the Year Ended April 30, 1984
(with comparative amounts for the year ended April 30, 1983)*

(in thousands except per share amounts)

	1984	1983
Balance, beginning of year	\$ 276,893	\$ 229,008
Net earnings	66,729	69,157
	343,622	298,165
Dividends		
— common		
(87 ¹ / ₄ ¢ per share 1984)		
(78¢ per share 1983)	24,933	21,272
Balance, end of year	\$ 318,689	\$ 276,893

See accompanying notes

AUDITORS' REPORT

To the Shareholders of
John Labatt Limited.

We have examined the consolidated balance sheet of John Labatt Limited as at April 30, 1984 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at April 30, 1984 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.

London, Canada.
June 5, 1984.

Clarkson Gordon
Chartered Accountants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

April 30, 1984

Note 1 – Accounting Policies

The financial statements have been prepared in accordance with generally accepted accounting principles in Canada, and also conform in all material respects with International Accounting Standards. Significant accounting policies observed in their preparation are summarized below:

Principles of Consolidation

The consolidated financial statements include the accounts of all subsidiary corporations. The results of operations of subsidiaries acquired or sold during the year are included from or to their respective dates of acquisition or sale.

Foreign Currency Translation

Foreign currency amounts are translated into Canadian dollars on the following basis:

Cash, accounts receivable, and all current liabilities	— at the rates of exchange in effect at the balance sheet date
All other assets, related depreciation and amortization, and other liabilities	— at historical rates of exchange
Income and expenses other than depreciation and amortization	— at average exchange rates prevailing during the year

Gains and losses arising on the translation of foreign currencies are included in earnings.

Net Earnings per Common Share

Earnings per common share have been calculated using the weighted monthly average number of shares outstanding during the year.

Fully diluted earnings per common share have been calculated on the assumption that the convertible subordinated debentures and common share options outstanding at the end of the year had been converted to common shares or exercised at the beginning of the year or at date of issuance.

The number of shares used in calculating earnings per common share are as follows:

	1984	1983
Basic	28,394,605	27,347,156
Fully diluted	37,364,554	34,978,208

Effective September 30, 1983, the corporation's common shares were split two for one. All comparative 1983 common share balances are restated to reflect the stock split.

During the year the corporation converted all Class A and Class B convertible common shares into one class of common shares. In addition, the shareholders approved the dividend reinvestment and stock dividend election programs, which allow shareholders to use dividends to purchase common shares and to receive stock dividends in lieu of cash dividends.

Inventories

Inventories, other than containers, are valued at the lower of cost and net realizable value, cost being determined on a first-in, first-out basis. Containers are valued at redemption price or at amortized cost which does not exceed replacement cost. Inventory values are as follows:

(in thousands)	1984	1983
Finished and in process	\$168,699	\$134,355
Materials and supplies	60,324	49,516
Containers	17,716	17,859
	\$246,739	\$201,730

Investments

Partly-owned businesses are companies and partnerships in which the corporation has significant influence, and are accounted for using the equity method of accounting.

Investments in other companies are carried at cost and income is recognized when dividends are received.

Fixed Assets

Fixed assets are recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, generally at rates of 2¹/₂% for buildings, 10% for machinery and equipment, and 20% for vehicles.

Short-term Investments

Short-term investments are carried at cost which approximates market value.

Unamortized Debt Financing Expense

Debt financing expenses are amortized over the term of the issue to which they relate.

Goodwill, Licences and Trade Marks

Goodwill and other intangible assets acquired prior to May 1, 1974, are carried in the accounts at cost without amortization. Goodwill and other intangible assets acquired after April 30, 1974, are being amortized by charges to earnings over the lesser of their estimated useful lives and forty years. Amortization expense was \$2,034,000 in 1984 and \$2,184,000 in 1983.

The amounts of goodwill and other intangible assets consist of:

(in thousands)	1984	1983
Licences and trade marks	\$15,517	\$15,517
Purchased goodwill	10,088	9,947
Excess of purchase price of shares of certain subsidiary companies over assigned value of net assets acquired	59,884	50,943
	85,489	76,407
Less accumulated amortization	9,568	7,534
	\$75,921	\$68,873
Portion of above amount acquired after April 30, 1974 which is subject to amortization	\$49,959	\$40,877

Income Taxes

The corporation follows the deferral method of tax allocation accounting. Future income tax recoveries relating to losses are provided for only when it is virtually certain in the loss year that earnings in future years will be sufficient to make such recoveries possible.

The effective tax rate was comprised of the following:

	1984	1983
Combined basic federal and provincial income tax rate	48.8%	48.6%
Manufacturing and processing deduction	(4.9)	(4.9)
3% inventory allowance and investment tax credits	(3.4)	(3.1)
Non-taxable income, net of non-allowable expenses	(1.3)	(0.9)
	39.2%	39.7%

Research and Development Costs

Research and development costs amounting to \$6,273,000 in 1984 (\$4,808,000 in 1983) have been charged to earnings as incurred.

Note 2 – Provision for Bottle Write-off

The \$19,700,000 provision for bottle write-off (net of applicable income tax recoveries of \$16,100,000) relates to the costs associated with the Brewing Group disposing of the obsolete bottles in conjunction with the introduction of new bottles in several provinces. This provision, net of amounts written off at the year-end, is included in Accounts payable.

Note 3 – Partly-owned Businesses

During the year, the corporation restructured its investment in the corn wet milling industry by purchasing Redpath Industries' 50% interest in Zymaze Company and forming a new partnership called Casco Company. The new partnership has 70% participation by Canada Starch Company and 30% participation by the corporation.

Investments in partly-owned businesses include the following:

	% Equity Interest
Canada	
Allelix Inc.	30.0
Canada Malting Co., Limited	14.2
McGavin Foods Limited (50% voting)	60.0
Toronto Blue Jays Baseball Club	45.0
Casco Company	30.0
Trinidad	
Catelli-Primo Limited	46.4

A summary of changes in these investments is as follows:

(in thousands)	1984	1983
Investment, beginning of year	\$49,568	\$45,577
Add		
Additional investment	25,705	17,313
	75,273	62,890
Less		
Share of net losses	3,831	5,272
Dividends and other distributions received	6,650	8,050
Investment, end of year	\$64,792	\$49,568

Note 4 – Long-term Debt

Particulars of debentures payable and other long-term debt are as follows:

(in thousands)	1984	1983
Sinking fund debentures		
6 ¹ / ₄ % Series D to mature June 15, 1987	\$ 502	\$ 2,306
6 ¹ / ₄ % Series E to mature October 1, 1989	1,624	1,624
7 ¹ / ₈ % Series F to mature April 15, 1992	2,625	3,325
9 ¹ / ₄ % Series G to mature September 1, 1990	19,096	20,249
8 ¹ / ₄ % Series H to mature March 1, 1993	22,910	24,030
9% Series I to mature March 15, 1994	24,346	25,647
11 ¹ / ₈ % Series J to mature October 1, 1999	40,000	40,000
9 ¹ / ₂ % Convertible Subordinated Debentures to mature June 1, 1995	8,734	17,548
11% Convertible Subordinated Debentures to mature June 1, 2001	79,935	79,978
Adjustable rate convertible subordinated debentures to mature June 16, 2003	50,000	
Term bank loan repayable July 1, 1984, to June 30, 2003, at discounted amount	26,083	26,016
	275,855	240,723
Advances, mortgages and other long-term liabilities	16,146	11,927
Obligations under capital leases	3,996	833
	295,997	253,483
Less portion due within one year included in current liabilities	6,825	3,953
	\$289,172	\$249,530

The term bank loan, repayable July 1, 1984, to June 30, 2003, had rates of interest to maturity significantly below market rates at the date of assumption. The principal balance of this loan was \$35,987,000 (\$32,000,000 U.S.) at April 30, 1984, and \$36,550,000 (\$32,500,000 U.S.) at April 30, 1983. However, for financial reporting purposes this principal balance has been discounted based on an interest rate of 10³/₈% to an amount of \$26,083,000 (\$23,142,000 U.S.) at April 30, 1984, and \$26,016,000 (\$23,134,000 U.S.) at April 30, 1983. Earnings of the corporation reflect interest expense calculated at a rate of 10³/₈% on this discounted amount. The assets of certain subsidiary companies in the United States have been pledged as security for this term bank loan.

Maturities and sinking fund requirements for the years ending April 30, 1985, through 1989 are \$6,825,000; \$8,647,000; \$9,755,000; \$9,629,000; and \$10,349,000, respectively.

The 9¹/₂% convertible subordinated debentures are convertible at the holder's option on or before the earlier of June 1, 1985, or the last business day prior to redemption, into common shares of the corporation at a conversion price of \$9.125 per share.

The 11% convertible subordinated debentures are convertible at the holder's option on or before the earlier of June 1, 1991, or the last business day prior to redemption, into common shares of the corporation at a conversion price of \$15.8125 per share.

The adjustable rate convertible subordinated debentures pay a minimum interest rate of 6% and are convertible at the holder's option on or before the earlier of June 16, 2003, or the last day of business prior to redemption, into common shares of the corporation at a conversion price of \$22.50 per share until December 15, 1986, and \$26.875 per share thereafter.

The sinking fund debentures are secured by a floating charge on the undertaking, property and assets of John Labatt Limited. At April 30, 1984, the corporation had satisfied all of the covenants under the trust deed relating to the debentures, including the provision whereby dividends paid by the corporation subsequent to April 30, 1979, may not exceed consolidated net earnings, as defined in the trust deed, earned subsequent to that date plus \$25,000,000.

Long-term debt denominated in foreign currencies, translated at historical rates of exchange, amounted to \$33,071,000 at April 30, 1984 (\$31,720,000 at April 30, 1983). If translated at the rates of exchange in effect at the balance sheet dates, these obligations would have amounted to \$37,056,000 at April 30, 1984 (\$34,473,000 at April 30, 1983).

Note 5 – Share Capital

The corporation has been continued under the Canada Business Corporations Act. The corporation is a constrained share corporation whereby the total number of voting shares outstanding, as defined in the corporation's articles, to be held by non-residents and their associates, is restricted to 20% and the number to be held by any single non-resident and his/her associates is restricted to 10%.

Common Shares

Under the provisions of the Canada Business Corporations Act and the corporation's articles, an unlimited number of common shares may be issued.

Preferred Shares

There are 4,000,000 authorized preferred shares available for future issue with conditions and preferences as determined by the Board of Directors.

Shares Available for Share Purchase and Option Plans

Details of unissued common shares for allotment to employees under share purchase or option plans as of April 30, 1984, are as follows:

Under option	285,600
Issued	1,772,002
Reserved for employee share purchase plan maturing in August 1985	240,450
Shares available for future use	1,201,948
	<u>3,500,000</u>

Details of shares under option to employees, as of April 30, 1984, are as follows:

Plan	Number of shares	Price per share	Expiry Date
1979 Share Option	203,600	10.875	December 1989
1983 Share Option	82,000	21.508	October 1993
	<u>285,600</u>		

Of the 285,600 shares under option there are 111,200 under option to officers of the corporation.

Under these plans, the individuals are entitled to purchase the shares and pay for them over periods of up to 10 years. The following schedule sets out details of amounts due from employees under these plans:

(in thousands)	1984	1983
Officers	\$11,544	\$ 1,168
Other employees	1,733	122
	<u>\$13,277</u>	<u>\$ 1,290</u>
Number of shares	<u>740,672</u>	<u>74,633</u>

Shares Converted, Issued and Redeemed

The changes in the corporation's issued shares were as follows:

(\$ in thousands)	1984		1983	
	Shares	Amount	Shares	Amount
Issued and outstanding, beginning of year	27,532,678	\$106,286	27,072,638	\$101,796
Issued under employee share purchase and option plans	851,542	14,958	210,444	2,201
Issued as a result of conversions of 9% Convertible Subordinated Debentures at \$9.125 per share	965,801	8,812	247,634	2,260
Issued as a result of conversions of 11% Convertible Subordinated Debentures at \$15.8125 per share	2,717	43	1,390	22
Issued to effect acquisition of Dominion Dairies Limited			572	7
Issued under shareholder dividend reinvestment plan and stock dividend election program	24,073	509		
	1,844,133	24,322	460,040	4,490
Issued and outstanding, end of year	29,376,811	\$130,608	27,532,678	\$106,286

Note 6 – Leases, Commitments and Guarantees

Operating Leases

The corporation has entered into long-term operating leases substantially all of which will be discharged within 13 years. Fixed rental expense for 1984 was \$6,049,000 (\$8,057,000 in 1983). Future annual fixed rental payments for years ending April 30 are as follows:

1985	\$5,966,000
1986	5,207,000
1987	4,812,000
1988	4,375,000
1989	3,777,000

In aggregate, fixed rental payments for subsequent years amount to \$3,560,000.

Capital Leases

Assets leased by the corporation subsequent to May 1, 1979, under agreements which transfer substantially all of the benefits and risks of ownership of the assets to the corporation are accounted for as capital leases.

At April 30, 1984, fixed assets acquired under capital leases, net of accumulated depreciation, amounted to \$4,317,000 (\$758,000 in 1983).

Future lease payments required under capital leases at April 30, 1984, for years ending April 30, are as follows:

1985	\$1,269,000
1986	1,210,000
1987	962,000
1988	548,000
1989	287,000
1990 and thereafter	1,065,000
Total future minimum lease payments	5,341,000
Less imputed interest	1,345,000
Present value of minimum lease payments	\$3,996,000

Commitment

The corporation is committed to provide net funding of approximately \$10,000,000 to Allelix Inc. in varying amounts from 1985 to 1991.

Contingent Liability

Casco Company, a partnership with Canada Starch Company Inc., had total liabilities, net of partners' loans, of approximately \$80,000,000 at April 30, 1984. The corporation, along with Canada Starch Company Inc., is contingently responsible for these liabilities.

Note 7 – Pension Plans

The corporation contributes to its pension plans the amounts necessary to provide defined retirement incomes for the participants. Past service costs relating to improved benefits are funded and charged to earnings over periods not exceeding 15 years. Current service costs are funded and charged to earnings as they accrue.

Based on the most recent actuarial valuations, the corporation's unfunded obligations under pension plans were \$9,717,000 at December 31, 1983 (\$3,494,000 at December 31, 1982).

Note 8 – Acquisitions

During the year, the corporation acquired for cash Royal Oak Dairy of Hamilton and the dairy business of Silverwood Industries Limited which are fluid milk, ice cream and other dairy related products processors with operations in Ontario, Western Quebec and Manitoba; Delicious Foods Inc. of Grand Island, Nebraska, a processor of frozen breaded vegetables; and Holiday Juice Ltd. of Windsor, a processor of fruit juices and fruit drinks.

Details of the combined net assets acquired, accounted for under the purchase method, are as follows:

(in thousands)	Current	Non-Current	Total
Identifiable assets acquired at assigned values	\$45,858	\$57,897	\$103,755
Less liabilities assumed	34,920	8,110	43,030
Identifiable net assets acquired	10,938	49,787	60,725
Excess of purchase price over assigned values of identifiable assets		8,941	8,941
Purchase price	\$10,938	\$58,728	\$69,666

Note 9 – Remuneration of Directors and Officers

During 1984 the total remuneration paid to fifteen of the corporation's directors, as directors, was \$230,000.

The corporation's seventeen officers received remuneration totalling \$3,312,000. The three officers who served as directors received no additional remuneration as directors.

Note 10 – The Company Act (British Columbia)

The Company Act (British Columbia) requires consolidated financial statements to include the names of every subsidiary corporation but permits the circulation within the province of statements which do not so comply.

These consolidated financial statements include the accounts of all subsidiary corporations. However, they do not include the names of such subsidiary corporations and, to that extent, they do not comply. A list of all of the subsidiaries of the corporation is available for inspection at the corporation's registered office in British Columbia.

Note 11 – Information by Class of Business

The classes of business of the corporation are as follows:

Brewing comprises the corporation's brewing activities in Canada and the sale of Canadian-made beer and ale in the United States.

Packaged Food includes operations that manufacture and distribute grocery food products and wines in Canada and the United States.

Agri Products includes operations that process agricultural and dairy products into basic foods.

The following is a summary of key financial information by business segment for the years ended April 30, 1984 and 1983.

(in thousands)	1984		1983	
	Gross sales	Inter-segment sales	Gross sales	Inter-segment sales
Brewing	\$ 984,218	\$ 1,341	\$ 937,991	\$ 1,107
Packaged Food	491,521		494,437	
Agri Products	973,750	43,492	792,554	45,030
	\$2,449,489	\$ 44,833	\$2,224,982	\$ 46,137

(in thousands)	Capital expenditures	Depreciation & amortization	Capital expenditures	Depreciation & amortization
Brewing	\$ 43,107	\$ 17,745	\$ 24,416	\$ 17,113
Packaged Food	21,084	10,355	20,769	9,578
Agri Products	6,489	14,432	7,863	11,662
	\$ 70,680	\$ 42,532	\$ 53,048	\$ 38,353

(in thousands)	Contribution	Assets employed	Contribution	Assets employed
Brewing	\$ 83,981	\$ 244,594	\$ 83,543	\$207,766
Packaged Food	28,029	250,110	21,383	246,820
Agri Products	58,008	232,477	49,076	165,935
	170,018	727,181	154,002	620,521
Interest	(32,684)		(30,397)	
Income on short-term investments	11,149		5,646	
Income before taxes	\$ 148,483		\$ 129,251	
Short-term investments		129,454		84,227
Investment in partly-owned businesses		64,792		49,568
Current liabilities other than bank advances and short-term notes		264,167		199,021
Total assets per consolidated balance sheet		\$1,185,594		\$953,337

Note 12 – Related Party Transactions

Through subsidiaries, the corporation enters into transactions with certain of its partly-owned businesses for the purchase and sale of products in the normal course of business. These transactions include sales of flour, pasta and packaged food products to both McGavin Foods Limited and Catelli-Primo Limited, the purchase of malt from Canada Malting Co., Limited and of starch, glucose, high fructose syrup and brewer's adjunct from Casco Company. Set out below are the amounts of these transactions for 1984 and 1983:

<i>(in thousands)</i>	1984	1983
Sales to McGavin Foods Limited and Catelli-Primo Limited	\$ 9,631	\$11,360
Purchases from Canada Malting Co., Limited and Casco Company	38,689	40,213

Amounts receivable from and payable to partly-owned businesses at April 30, 1984 and 1983 in respect of the aforementioned transactions were not material.

During the year the corporation sold a \$30,000,000 principal amount of adjustable rate convertible subordinated debentures and concurrently sold an additional \$20,000,000 of these debentures to Brascan Limited, the corporation's principal shareholder.

From time to time, the corporation purchases marketable securities at normal market terms. Of total transactions of \$1.9 billion during the year, those with affiliates amounted to \$104 million. At the year-end the corporation held \$75 million of marketable securities of affiliates. The total income received on marketable securities of affiliates during the year amounted to \$4.7 million.

In the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario, the corporation distributes beer through entities which are jointly owned by the corporation and other Canadian brewers. Each brewer's interest in these distribution companies is based upon its market share in the respective provinces, and all costs of such distribution companies are reimbursed by the brewers based upon their relative market shares.

REPORT ON THE EFFECTS OF CHANGING PRICES

During fiscal 1984 the inflation rate was approximately 5.0%. This level is still sufficiently high to distort traditional financial statements which reflect costs at historical dollar values. These distortions in the reporting of financial results have led to an increasing belief that traditional financial statements in historical dollar values should be supplemented by financial information that illustrates the effects of changing prices.

In December, 1982, the Canadian Institute of Chartered Accountants issued recommendations on reporting the effects of changing prices. John Labatt has published supplementary information on the effects of changing prices for several years, and this year has disclosed certain additional information so as to comply with the recommendations.

Current cost financial statements should be used with caution as they are still experimental in nature, are based on subjective assumptions and estimates, and there is still no consensus on how the data can be used to evaluate company performance. Nevertheless, current cost financial statements can give an indication of the effects of inflation on reported earnings and on the current cost of assets employed.

In restating reported results to a current cost basis, specific adjustments have been made in the financial results disclosed herein. Explanations of these adjustments are as follows:

Note (A)

Cost of products sold on a current cost basis is \$7.0 million higher than on an historical cost basis. This reflects the cost of inventory sold during the year at current cost instead of historical cost. Current cost was determined by re-pricing inventory cost components to approximate replacement cost on sale date.

Note (B)

Depreciation and amortization on a current cost basis are \$30.0 million higher than the amount based on historical cost. This reflects depreciation expense calculated consistently with the Company's established policy but on the current cost of fixed assets instead of historical cost. The current cost of fixed assets is based on recent professional appraisals approximating reproduction cost, which are updated to year-end values using specific price indexes.

Note (C)

A hedge against the impact of changing prices is provided to the extent that John Labatt will be able to partially finance asset replacement with debt obligations. The impact of current cost on earnings is reduced in proportion to the debt financing during the year. The financing adjustment realized is \$9.9 million (\$8.6 million in 1983). The financing adjustment, applicable to both realized and unrealized current cost increases in 1984, is \$13.8 million (\$12.9 million in 1983).

Note (D)

Current cost adjustments are not recognized by tax legislation. Accordingly, the income tax provision for current cost income is the same as for historical cost income.

Note (E)

The share of net losses of partly-owned businesses has been increased to reflect the adjustments outlined in Notes (A), (B) and (C).

Note (F)

The 1983 comparative results were determined by converting the 1983 current cost results into equivalent 1984 dollars by increasing all dollar amounts by 5.1% representing the change in the average Consumer Price Index (C.P.I.) during fiscal 1984.

Note (G)

The increase in the current cost of inventories and fixed assets in 1984 was \$51.8 million (\$48.5 million in 1983). If the rate of price change of these assets had been the same as the change in the C.P.I. during the year, the increase would have been \$54.0 million (\$57.2 million in 1983). This indicates that the current cost of these assets has been below the average general rate of inflation as measured by the C.P.I.

Note (H)

During periods of inflation, entities holding net monetary assets lose purchasing power and, conversely, entities with net monetary liabilities gain purchasing power. The Company had net monetary liabilities at April 30, 1984, of \$318.5 million as compared to \$214.3 million at the end of 1983. Therefore, a holding gain of \$12.4 million (\$17.7 million in 1983) accrued to the Company. Earnings before the bottle write-off and extraordinary item do not reflect this general purchasing power gain but reflect the effects of debt financing in specific price terms through applying the debt financing adjustment described in Note (C) above.

Current cost earnings before the bottle write-off and extraordinary item at \$58.5 million reflect an increase of \$3.8 million or 6.9% from 1983 constant dollar current cost results. Return on average equity before the bottle write-off and extraordinary item for 1984 was 7.8%. This was marginally above the 7.7% achieved in 1983 and consistent with the increase in historical cost return from 20.3% to 20.8%.

John Labatt believes that sound management of working capital, an orientation to cash flow, and focus on productivity are important priorities in counteracting the impact of inflation on the business. By focusing attention on these areas, John Labatt has been able to achieve superior performance in real terms.

SUMMARY OF RESULTS ADJUSTED FOR EFFECTS OF CHANGING PRICES (Unaudited)

For the Year Ended April 30, 1984
(with comparative amounts for the year ended April 30, 1983)

(in millions except per share amounts)		Historical Cost Dollars 1984	Current Cost Dollars 1984	1983 (Note F)
Net Sales		\$2,132.9	\$2,132.9	\$2,024.3
Operating costs				
Cost of products sold	Note A	1,414.7	1,421.7	1,320.0
Selling and administrative expenses		511.3	511.3	512.2
Depreciation and amortization	Note B	42.5	72.5	64.1
Interest		32.7	32.7	25.9
		2,001.2	2,038.2	1,922.2
Operating income		131.7	94.7	102.1
Investment and sundry income		16.7	16.7	4.2
		148.4	111.4	106.3
Financing adjustment	Note C		9.9	8.6
Income before taxes		148.4	121.3	114.9
Income taxes	Note D	58.2	58.2	53.8
Earnings before share of net losses of partly-owned businesses		90.2	63.1	61.1
Share of net losses of partly-owned businesses	Note E	(3.8)	(4.6)	(6.4)
Earnings before bottle write-off and extraordinary item		86.4	58.5	54.7
Provision for bottle write-off		(19.7)	(19.7)	
Earnings before extraordinary item		\$ 66.7	\$ 38.8	\$ 54.7
Fully diluted earnings per common share before bottle write-off and extraordinary item		\$ 2.51	\$ 1.76	\$ 1.79
Assets and equity				
Inventory		\$ 246.7	\$ 248.2	\$ 212.0
Fixed assets (Net)		418.2	743.6	676.5
Shareholders' equity		449.3	776.2	728.6
Return on average equity before bottle write-off and extraordinary item		20.8%	7.8%	7.7%
Increase in current cost amounts of inventory and fixed assets	Note G		\$ 51.8	\$ 48.5
Effect of general inflation			54.0	57.2
Excess of effect of general inflation over the increase in current cost			\$ 2.2	\$ 8.7
Gain in general purchasing power from having net monetary liabilities	Note H		\$ 12.4	\$ 17.7

FIVE YEAR REVIEW

(in millions except per share and other data)

	1984	1983	1982	1981	1980
Operating Results					
Gross sales	\$2,449.5	\$2,225.0	\$2,077.3	\$1,495.7	\$1,341.8
Depreciation and amortization	42.5	38.4	34.7	29.1	23.9
Interest expense	32.7	30.4	37.9	25.7	24.7
Income taxes	58.2	51.3	47.6	29.6	25.9
Earnings before unusual and extraordinary items	86.4	72.7	57.4	44.6	37.8
Net earnings	66.7	69.2	53.9	41.4	36.2
Cash flow from operations	123.1	131.1	118.1	82.1	67.5
Common share dividends	24.9	21.3	19.4	16.6	15.3
Capital expenditures, acquisitions and additional investment in partly-owned businesses	\$ 155.1	\$ 74.4	\$ 144.5	\$ 50.6	\$ 62.2

Financial Position

Working capital	\$ 241.5	\$ 253.1	\$ 192.2	\$ 151.6	\$ 135.1
Fixed assets	418.2	333.8	328.1	270.6	268.9
Total assets	1,185.6	953.3	905.5	723.0	672.1
Long-term debt	289.2	249.5	255.0	177.1	187.0
Shareholders' equity	449.3	383.2	330.8	282.6	253.7
Total capitalization	\$ 798.8	\$ 674.0	\$ 674.5	\$ 604.0	\$ 568.1

Per Common Share Data

Earnings					
Before unusual and extraordinary items	\$ 3.04	\$ 2.66	\$ 2.14	\$ 1.74	\$ 1.51
Net earnings	2.35	2.53	2.01	1.61	1.45
Fully diluted earnings					
Before unusual and extraordinary items	2.51	2.26	1.85	1.61	1.38
Net earnings	1.99	2.16	1.75	1.49	1.33
Cash flow from operations	4.34	4.80	4.39	3.20	2.70
Common share dividends	.87 ^{1/4}	.78	.72	.65	.62
Shareholders' equity	15.29	13.92	12.22	10.93	9.98
Price range — high	25 ^{1/8}	22 ^{1/8}	14 ^{5/8}	14 ^{3/4}	13 ^{1/4}
— low	\$ 17 ^{5/8}	\$ 12 ^{1/8}	\$ 11 ^{5/8}	\$ 10 ^{5/8}	\$ 10 ^{1/8}

Other Data

Return on average equity before unusual and extraordinary items	20.8%	20.3%	18.7%	16.6%	15.7%
Earnings before unusual and extraordinary items as a percent of sales	3.53%	3.27%	2.76%	2.98%	2.81%
Working capital ratio	1.67	2.08	1.79	1.75	1.76
Net debt/equity ratio	.58	.53	.81	.92	1.02
Net borrowings as a percent of total capitalization	32.8%	30.4%	39.6%	43.0%	46.0%
Common shares outstanding (in thousands)	29,377	27,533	27,073	25,868	25,424
Number of shareholders	11,727	10,325	11,146	11,410	12,365
Number of employees	10,500	9,000	11,000	10,400	13,100

M. Bélanger,
Quebec, Quebec
President, Gagnon et
Bélanger Inc.
Elected 1972

P.F. Bronfman,
Toronto, Ontario
Chairman of the Board
Edper Investments Ltd.
Elected 1979

J.B. Cronyn,
London, Ontario
Corporate Director
Elected 1959

C. Diamond,
Vancouver,
British Columbia
President, B.C. Turf Ltd.
Elected 1981

J.T. Eyton,
Toronto, Ontario
President and
Chief Executive Officer
Brascan Limited
Elected 1979

E.A. Goodman,
Toronto, Ontario
Partner,
Goodman & Goodman
Elected 1966

A.S. Graydon,
Meaford, Ontario
President,
Parham Investments
Limited
Elected 1952-54 and 1955

N.E. Hardy,
London, Ontario
Chairman of the Board
John Labatt Limited
Elected 1966

G.F. Hughes,
Windsor, Nova Scotia
President,
Ocean Company Limited
Elected 1973

M.L. Lahn,
London, Ontario
President and Chief
Executive Officer
Canada Trustco Mortgage
Company
Elected 1978

Directors

P.E. Lippincott
Philadelphia, Pennsylvania
Chairman, President and
Chief Executive Officer
Scott Paper Company
Elected 1983

A.J. MacIntosh,
Toronto, Ontario
Partner,
Blake, Cassels & Graydon
Elected 1967

J. Ortiz-Patiño,
Geneva, Switzerland
President and Chief
Executive
Patiño Investments S.A.
Elected 1980

H.C. Pinder,
Saskatoon, Saskatchewan
President
Saskatoon Trading
Company Limited
Elected 1977

S. Pollock,
Montreal, Quebec
Chairman and President
Carena-Bancorp Inc.
Elected 1981

W.F. Read,
London, Ontario
Senior Vice-President
John Labatt Limited
Elected 1970

P.N.T. Widdrington,
London, Ontario
President and Chief
Executive Officer
John Labatt Limited
Elected 1973

W.P. Wilder,
Toronto, Ontario
Chairman of the Board
The Consumers' Gas
Company Ltd.
Elected 1970

Committees of the Board

Executive Committee

Chairman: N.E. Hardy;	Function: During intervals between meetings of the Board of Directors, the Executive Committee has all the powers of the Board except those powers that are required by legislation or Company by-law to be exercised by the Board itself.
J.T. Eyton, E.A. Goodman, A.S. Graydon, M.L. Lahn, A.J. MacIntosh, P.N.T. Widdrington	

Audit Committee

Chairman: M. Bélanger;	Function: Reviews financial information intended for publication, and the adequacy thereof, before such information is submitted to the Board. It also reviews, on a continuing basis, control procedures in effect throughout the Company.
M.L. Lahn, A.J. MacIntosh, J. Ortiz-Patiño, P.N.T. Widdrington	

Management Resources and Compensation Committee

Chairman: N.E. Hardy;	Function: Reviews manpower planning and the performance of management personnel and makes recommendations to the Board concerning executive compensation.
J.T. Eyton, E.A. Goodman, A.J. MacIntosh	

Pension Investment Advisory Committee

Chairman: C. Diamond;	Function: Reviews and makes recommendations with respect to the funding of employee pension benefits, selection of investment managers and funding vehicles, investment return objectives and investment strategies, and performance of each pension fund within the organization.
E.A. Goodman, G.F. Hughes, P.E. Lippincott, W.P. Wilder	

Public Responsibility Committee

Chairman: P.F. Bronfman;	Function: Reviews Company policies and practices concerning the physical, social and political environment, specifically those concerning labour, equal employment opportunity, consumer protection, public relations, charitable donations and government relations. It also reviews the impact of proposed legislation which may have social implications for the Company.
J.B. Cronyn, H.C. Pinder, S. Pollock, W.F. Read	

Corporate Officers

N.E. Hardy,
Chairman of the Board

P.N.T. Widdrington,
President and
Chief Executive Officer

W.F. Read,
Senior Vice-President

R.B. Fraser,
Vice-President,
Corporate Development

R.L. Hooley,
Vice-President,
Personnel Resources

Operating Division:

Labatt Brewing

***S.M. Oland,**
President
G.P. Freeman,
Executive Vice-President

R.A. Binnendyk,
Vice-President,
Distribution, Purchasing
& Public Affairs

G.W. Canning,
Vice-President and
General Manager,
British Columbia

P. Desjardins,
Vice-President and
General Manager,
Quebec Region

J.L. Dunwell,
Vice-President,
Production and Technical

D.C. Kitts,
Vice-President,
Administration and
General Counsel

G.S. Taylor,
Vice-President,
Finance & Treasurer

G.E. Wilson,
Vice-President,
Engineering Services

W.J. Emmerton,
Secretary

J.H. England,
Vice-President and
General Manager,
Prairie Region

T.R. Errath,
Vice-President, Marketing

J.R. McLeod,
Vice-President,
Atlantic Region

J.F. Morgan,
Vice-President and
General Manager,
Ontario Region

A.J. Phillips,
Vice-President,
Business Development

J.J. Ranson,
Vice-President, Personnel

R.G. Vaux,
Vice-President, Finance

Labatt Importers:

***E.G. Bradley,** Chairman

Catelli:

***J.F. Ronald,** President

Chateau-Gai:

M.H. Condé, President

Holiday Juice:

D.F. Kotwicki, President

Chef Francisco:

F. Elsener, President

LaMont:

E.G. Bradley, Chairman and President

Ault Foods:

***K.H. Henry,**
President

S.F. Ault,
Vice-President &
General Manager,
Ault Milk

G.R. Barnes,
President,
Ault Dairies

Dr. M. Eino,
Vice-President,
Manufacturing

J.C. Henry,
Director of personnel

N. Lafrenière,
Senior Vice-President,
Ault North East

D.E. Rooney,
Vice-President, Finance

D.R. Stacey,
President,
Stacey Brothers

C.T. White,
President, Royal Oak

Ogilvie:

****G. Saint-Pierre,**
President

J.F. Blakney,
Executive Vice-President

The Sports Network:

G. Craig,
President and General Manager

Stock Exchanges:

Montreal, Toronto, Winnipeg, Alberta, Vancouver

Transfer Agents:

The Canada Trust Company, Halifax, Montreal,
Toronto, Winnipeg, Regina, Calgary, Vancouver

The Canadian Imperial Bank of Commerce Trust
Company, New York, U.S.A.

Registrars:

The Royal Trust Company, Halifax, Montreal, Toronto,
Winnipeg, Regina, Calgary, Vancouver

Bank of Montreal Trust Company, New York, U.S.A.

Auditors

Clarkson Gordon, Chartered Accountants
London, Ontario

For further information please write:

Investor Relations
John Labatt Limited
P.O. Box 5870, Terminal A
London, Ontario
N6A 5L3

*Individuals are also Vice-Presidents and Officers of John Labatt.

**Individual is also Senior Vice-President and Officer of John Labatt.

