National Food Products Corporation

REPORT TO THE STOCKHOLDERS

YEAR ENDED
DECEMBER 31, 1930
NATIONAL FOOD PRODUCTS CORPORATION

DIRECTORS

S. W. Allen
L. Benedict
H. C. Bohack
P. M. Chandler
A. G. Deane
J. A. W. Iglehart
Geo. deB. Keim
H. C. Phelan
A. M. Scarry
Geo. F. Trommer

L. H. Windholz

OFFICERS

H. C. Phelan .......................................................... President
L. H. Windholz ................................................... Vice-President
R. Leonard .......................................................... Vice-President
H. Williams, Jr. .................................................. Secretary and Treasurer
R. H. Marshall .................................................... Comptroller
E. J. Hall .......................................................... Assistant Secretary and Assistant Treasurer

TRANSFER AGENT
Empire Trust Company
New York City

REGISTRAR
Trust Company of North America
New York City
To the Stockholders of
National Food Products Corporation:

May 8, 1931

Submitted herewith is the Annual Report of your Corporation for the fiscal year ended December 31st, 1930, including statement of the Income Account for the period, Balance Sheet as of December 31st, 1930 and your Company’s Auditors’ Certificate.

Your Corporation’s principal investments as at December 31st, 1930 were divided according to book cost approximately as follows:

<table>
<thead>
<tr>
<th>Investment</th>
<th>Per Cent of Total Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>H. C. Bohack Co., Inc., Common Stock</td>
<td>20.70%</td>
</tr>
<tr>
<td>D. Pender Grocery Co., Class “B” Stock</td>
<td>17.40%</td>
</tr>
<tr>
<td>Southern Grocery Stores, Inc., Class “A” and Class “B” Stocks</td>
<td>13.50%</td>
</tr>
<tr>
<td>Old Dominion Ice Co. and Subsidiary</td>
<td>4.50%</td>
</tr>
<tr>
<td>Other Miscellaneous Investments</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

In other words about 85% of the Total Investment was in the Grocery Chain Store field.

Virtually all of the first three named investments are pledged as collateral security for the $2,500,000 par value 6% Bonds of your Corporation sold in 1929 to provide in part the cash necessary in connection with the acquisition of Southern Grocery Stores, Inc. securities and for the payment of bank loans and other obligations of the Corporation.

The Indenture securing the 6% Bonds of your Corporation contains a provision requiring the Corporation to always keep the market value (as defined in the Indenture) of the pledged collateral at 160% of the par value of the outstanding Bonds. The declining earning power of the pledged collateral raised an issue between the Trustee and your Corporation as to the market value of such collateral. Your Directors found it necessary, in order to settle this issue and thereby avoid a claim that the Corporation had defaulted in respect of this provision, to deposit in escrow with the Trustee $200,000 in cash to meet the interest and Sinking Fund requirements on the Bonds for the year 1931. To accomplish this purpose and thereby to protect the other investments of your Corporation, the latter sold after the close of the year the investment in and advances to Old Dominion Ice Company and Richmond Ice Company, Inc. (the subsidiary of Old Dominion Ice Company). The consideration received (consisting of approximately $200,000 in cash and the balance in securities of the purchasing company) was approximately $375,000 less than the cost thereof to your Corporation and consequently a Reserve Account to this extent was created by a corresponding charge to Surplus Account as of December 31st, 1930.

In this manner your Board of Directors has provided the Corporation with an extended period for the rehabilitation of the earning power of the Southern and Pender Companies. In this connection the results of operation of these two Companies in 1931 show improvement over the corresponding periods in 1930. The comparative figures as reported by these Companies are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended Mar.31, 1931</th>
<th>Three Months Ended Mar.31, 1930</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southern Grocery Stores, Inc.</td>
<td>$58,804</td>
<td>$37,950</td>
</tr>
<tr>
<td>D. Pender Grocery Company</td>
<td>2,407</td>
<td>52,284*</td>
</tr>
</tbody>
</table>
*Denotes deficit.

The Management Personnel of Southern Grocery Stores, Inc., and D. Pender Grocery Company have expressed themselves as being encouraged over the outlook for a continued improvement for the remainder of 1931 over the same period in 1930.

The showing made by the Bohack Company even under the adverse conditions affecting the Chain Store Grocery business in 1930 was highly creditable. Its system was expanded by more than 200 stores and notwithstanding the general trend of business above referred to its earnings were only slightly less than those of 1929. Beginning in February 1931 the regular annual dividend rate on the Common Stock of the Bohack Company was increased from $2.50 to $4.00 per share per annum.

Respectfully submitted

By Order of the Board of Directors

HUNTER C. PHELAN, President.
# NATIONAL FOOD PRODUCTS CORPORATION

## INCOME ACCOUNT

For the Year Ended December 31, 1930

### Income:

- Dividends on Investments: $86,194.50
- Interest on Advances to Subsidiary Company: $29,834.96
- Interest on Bank Balances: $1,238.68

**Total Income:** $117,268.14

### Deduct:

- Loss on Sale of Investment Securities (Net): $6,961.96
- Interest Paid: $148,360.93
- Premiums on Life Insurance: $13,949.35
- Salaries, Transfer Agency Fees and Other Expenses: $43,634.73

**Total Deduction:** $212,906.97

### Net Loss:

$95,638.83
NATIONAL FOOD PRO:

Balance

As at December

ASSETS

Investments (Estimated Market or Appraised Value $4,716,259.39):

Subsidiary Company at Cost (Value as of November 1, 1930 as appraised by American Appraisal Co. $2,450,000.00) .................. $2,725,047.77

Subsidiary Company (including Advances)—Value based on subsequent Sale Price .............................................. 456,754.39

Other Companies, including Controlled Company, at Cost (Estimated Market Value $1,810,505.00) ................................. 2,614,943.16

(Of the above Investments, Securities of a cost of $4,942,872.49 and a Market Value of $4,081,875.00 are pledged as Collateral to Gold Bonds).

Cash in Banks .............................................. 35,835.68

Notes Receivable ........................................ 92,677.16

Accounts Receivable ..................................... 2,250.00

Prepaid Expenses ........................................ 5,004.67

Organization Expenses ................................... 75,173.21

$6,007,686.04
**PRODUCTS CORPORATION**

**Balance Sheet**

**December 31, 1930**

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable and Sundry Accruals</td>
<td>$4,748.40</td>
</tr>
<tr>
<td>Accrued Interest on Gold Bonds</td>
<td>24,500.00</td>
</tr>
<tr>
<td>Fifteen Year Collateral Trust 6% Sinking Fund Convertible Gold Bonds, Series “A”—due May 1, 1944</td>
<td>2,450,000.00</td>
</tr>
</tbody>
</table>

**Capital Stock:**

- **Class “A” Stock without Par Value (entitled on Liquidation to $35.00 per Share and redeemable at $50.00 per Share):**
  - Authorized and Issued, 75,000 Shares.
- **Class “B” Stock without Par Value:**
  - Authorized, 1,000,000 Shares.
  - Issued and Outstanding, 230,665.48 Shares
    - (361,040 Shares reserved for Outstanding Warrants; 245,000 Shares reserved for Conversion of Bonds)
    - Total Capital Stock: $3,053,413.92

**Surplus:**

- **Paid-in:**
  - Balance at December 31, 1929: $887,149.89

- **Less Operating Deficit:**
  - Earned Surplus at December 31, 1929: $99,005.87
  - Add: Miscellaneous Adjustments (Net): 6,383.67
    - Total Less Operating Deficit: 105,389.54

- **Deduct:**
  - Provision for Loss on Investment sold in 1931: 375,000.00
  - Cash Dividend on Class “A” Stock: 46,876.88
    - Net Loss for Year ended December 31, 1930: 316,487.34

- **Contingent Liabilities as Guarantor of Obligations of Subsidiary and Other Company ($186,500.00 secured by Guarantee):** $199,500.00

- **Note:** Dividends on Class “A” Stock are unpaid since February 14, 1930.

- **Total:** $6,007,686.04
To the Stockholders of the
National Food Products Corporation.

We have examined the books and accounts of National Food Products Corporation for the year ended December 31, 1930, and certify that the accompanying Balance Sheet and Income Account have been prepared therefrom.

The securities representing the investments were confirmed by inspection or by acknowledgments from the custodians. As to those which are carried at cost values no provision has been made for depreciation of $1,079,485.93 to the estimated market or appraised values indicated.

Subject to the above, the accompanying Balance Sheet and Income Account, in our opinion, present the financial condition of the Corporation as at December 31, 1930, and the result of the operations for the year.

Peat, Marwick, Mitchell & Co.

New York, N. Y.
April 11, 1931.