This report and the financial statements contained herein are submitted for the general information of the stockholders of the company as such, and are not intended as an offer to sell, or a solicitation of an offer to buy any of the securities of any of the companies mentioned herein.
NATIONAL FOOD PRODUCTS CORPORATION

DIRECTORS
Ralph P. Buell
Percy M. Chandler
Edward K. Dunn
John M. Foster
Hunter C. Phelan
Russell B. Stearns
George F. Trommer

OFFICERS
P. M. Chandler..................................................Chairman, Board of Directors
H. C. Phelan........................................................President
R. Leonard.........................................................Vice-President
H. Williams, Jr..................................................Secretary and Treasurer
Joseph Seitz......................................................Assistant Secretary and Assistant Treasurer

TRANSFER AGENT
Empire Trust Company
New York City

REGISTRAR
Trust Company of North America
New York City
April 30, 1935.

To the Stockholders

National Food Products Corporation:

There is submitted herewith the Annual Report of your Corporation for the year ended December 31, 1934, including financial statements and the Certificate of Messrs. Peat, Marwick, Mitchell & Co., accountants and auditors, in connection therewith.

No changes were made in the investment holdings during the year. Your directors have, however, created a reserve of $263,768.42 for depreciation in the value of Sundry Securities thereby reducing the investment value thereof as shown by the balance sheet to $3,000. Sundry Securities consist of stocks in United States Stores Corporation, United States Dairy Products Corporation and James Butler Grocery Company. United States Dairy Products Corporation and James Butler Grocery Company have both filed proceedings in bankruptcy under Section 77-B of the Federal Bankruptcy Act.

Major investments of your Corporation are represented by the following securities:

<table>
<thead>
<tr>
<th>Security</th>
<th>Percent of Total Issue</th>
</tr>
</thead>
<tbody>
<tr>
<td>21,500 Shs. H. C. Bohack Co., Inc. Common Stock</td>
<td>20.37</td>
</tr>
<tr>
<td>43,380 Shs. D. Pender Grocery Company Class &quot;B&quot; Stock</td>
<td>66.67</td>
</tr>
<tr>
<td>60,000 Shs. Southern Grocery Stores, Inc. Class &quot;A&quot; Stock</td>
<td>100.00</td>
</tr>
<tr>
<td>51,000 Shs. Southern Grocery Stores, Inc. Class &quot;B&quot; Stock</td>
<td>90.60</td>
</tr>
</tbody>
</table>

Condensed financial and operating statements for the year 1934 (in the case of H. C. Bohack Co., Inc., for the fiscal year ended January 31, 1935) based upon annual reports of each of the above companies, are hereinafter submitted. Upon request the complete published annual reports of these companies will be mailed stockholders of National Food Products Corporation desiring such additional information as they may contain.

H. C. BOHACK CO., INC.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$30,768,548</td>
<td>$30,103,359</td>
</tr>
<tr>
<td>Consolidated Net Earnings available for dividends on stocks of Bohack Realty Corporation and H. C. Bohack Co., Inc.</td>
<td>$181,885</td>
<td>256,946</td>
</tr>
<tr>
<td>Consolidated Current Assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash in Banks and on Hand</td>
<td>714,422</td>
<td>686,499</td>
</tr>
<tr>
<td>Inventories</td>
<td>2,526,513</td>
<td>2,302,383</td>
</tr>
<tr>
<td>Other Current Assets</td>
<td>374,267</td>
<td>593,102</td>
</tr>
<tr>
<td>Total</td>
<td>$3,615,212</td>
<td>$3,521,984</td>
</tr>
<tr>
<td>Consolidated Current Liabilities</td>
<td>1,272,348</td>
<td>1,543,821</td>
</tr>
<tr>
<td>Net Working Capital</td>
<td>$2,342,864</td>
<td>$1,978,163</td>
</tr>
</tbody>
</table>

Net earnings for the fiscal year ended January 31, 1935 were insufficient to cover annual dividend requirements of $285,500 upon the outstanding issues of First and Second Preferred Stocks of H. C. Bohack Co., Inc. and the Preferred Stock of Bohack Realty Corporation, consequently, only $107,375 of First Preferred and no Second Preferred and Common dividends were declared during the period. Therefore, no income was derived from your Corporation's investment in the Common Stock of H. C. Bohack Co., Inc. As at January 31, 1935 there was an accumulation of such Preferred dividends amounting to $249,500.
D. PENDER GROCERY COMPANY

Fiscal Year Ended
Dec. 29, 1934 Dec. 30, 1933

Sales.. $14,050,798 $11,840,876

Net Earnings Available for Dividends.. $199,280 $125,047

Current Assets:
Cash in Banks and on Hand.. $225,721 $180,635
Inventories.. $1,646,513 $1,468,696
Other Current Assets.. $128,477 $126,025

Total.. $2,000,711 $1,775,356

Current Liabilities.. $679,516 $474,039

Net Working Capital.. $1,321,195 $1,301,317

A dividend of 50c. per share was paid upon the Class “B” Stock of D. Pender Grocery Company during 1934. National Food Products Corporation’s income was $21,690 from this source.

SOUTHERN GROCERY STORES, INC.

Fiscal Year Ended
Dec. 29, 1934 Dec. 30, 1933

Sales.. $14,824,258 $13,057,660

Net Earnings Available for Dividends.. $241,943 $182,744

Current Assets:
Cash in Banks and on Hand.. $211,548 $150,853
Inventories.. $1,411,567 $1,306,718
Other Current Assets.. $82,958 $163,675

Total.. $1,706,073 $1,621,246

Current Liabilities.. $259,340 $285,575

Net Working Capital.. $1,446,733 $1,337,671

Dividends of $120,000 were received by your Corporation during the year from a payment on account of accumulated dividends upon the Class “A” Stock of Southern Grocery Stores, Inc. The balance in arrears at the close of the year was $148,500.

The Income Account of your Corporation for the year ended December 31, 1934 which includes only cash dividends received upon its investment in D. Pender Grocery Company and Southern Grocery Stores, Inc., shows a deficit of $19,028.54. These cash dividends were at a rate substantially less than the earnings applicable to such investments during the year. The deficit for the year is after having made provision for the entire interest charges of $125,280 upon your Corporation’s outstanding $2,088,000 par value 6% Collateral Trust Bonds, whereas, $1,888,000 par value are subject to the Adjustment Agreement under which only 3% or $56,640 of interest charges were paid in cash, the balance thereof having been settled in full during 1932 by the delivery of 3% Five Year Notes maturing May 1, 1937. On a cash basis, therefore, there was an excess of actual receipts over actual disbursements of approximately $37,000. The difference is accounted for by a reduction in the amount of dividends received on the Class “A” Stock of Southern Grocery Stores, Inc. and the elimination of dividends on the Common Stock of H. C. Bohack Co., Inc., such reductions being only partially offset by dividends received on holdings of D. Pender Grocery Company Class “B” Stock and reduction in expenses of $3,320.48.

During the year $36,000 par value 5 Year 3% Notes were purchased for Treasury Account, in response to a call for tenders thereof, at a price of 60% of the face value thus reducing the amount of such notes outstanding at the close of the year to $152,800. Also, $50,000 par value of 6% Collateral Trust Bonds were delivered to the Trustee, for cancellation on account of sinking fund payments due May 1 and November 1, 1934. This delivery was made from bonds heretofore acquired and held in escrow under the Adjustment Agreement to meet sinking fund requirements and did not affect the net amount of bonds publicly held.

Respectfully submitted,

HUNTER C. PHelan,
President.
### NATIONAL FOOD PROD

#### BALANCE
As at December

#### ASSETS

**Investments:** (See Note 1)

- **Subsidiary and Controlled Companies—at cost (value as appraised by The American Appraisal Company as at March 31, 1934, $3,534,339.26)**: $3,775,083.02
- **Other Investment—at cost (quoted market price at December 31, 1934, $193,500.00)**: $1,275,180.61
- **Sundry Securities—at amount determined by Board of Directors**: $3,000.00

**Total Investments (of which $5,052,263.63 pledged)**: $5,053,263.63

- **Cash in Banks and on Hand**: $39,123.03
- **Restricted Bank Balance**: $8,733.98
- **Note Receivable of former subsidiary—due June 29, 1935**: $4,615.00
- **Other Notes Receivable, less reserve of $84,984.67 (1,073 shares of Class “A” and 10,742 shares of Class “B” Stock of National Food Products Corporation held as collateral)**: $6,444.00

**Deferred Charges:**

- **Portion of interest to May 1, 1935 prepaid by delivery of 3% Coupon Notes, per contra, on $1,888,000.00 Bonds deposited as at December 31, 1934, subject to Adjustment Agreement dated August 1, 1932**: $18,880.00
- **Life Insurance Premiums and Taxes Prepaid**: $3,479.09

**NOTE 1:** The investments indicated as pledged, together with insurance policies aggregating approximately $855,000.00 carried on the lives of executives of the Corporation and/or its subsidiary and controlled companies, comprise the collateral to the Fifteen Year 6% Sinking Fund Bonds.

**Total:** $5,134,538.73
LIABILITIES

Accounts Payable and Sundry Accruals .......................................................... $1,794.17
Accrued Interest on 3% Coupon Notes and on Bonds deposited
and not deposited ......................................................................................... 14,496.00

Fifteen Year Collateral Trust 6% Sinking Fund
Convertible Bonds, Series “A” due May 1, 1944
(See Note 1) ............................................................................................... $2,250,000.00

Less: Treasury Bonds held in Escrow for future
Sinking Fund Requirements—at par ........................................................... 162,000.00

(At December 31, 1934, $1,888,000.00 of bonds were deposited and are subject
To Adjustment Agreement dated August 1, 1932 modifying interest
payments at 2% per annum to May 1, 1933; 3% per annum to May 1,
1935; and 6% thereafter.)

Coupon Notes, 3%—due May 1, 1937 .............................................................. 188,800.00
Less: Notes held in Treasury—at par ............................................................ 36,000.00

Capital Stock:
$7.00 Preferred Stock without par value:
Authorized, 5,000 shares.
Outstanding, none

Class “A” Stock—$1.00 par value (entitled in involuntary
liquidation to $35.00 per share and redeemable at $50.00
per share):
Original Issue (Cumulative Dividends in
arrears from February 15, 1930 to November 14, 1934 of $11.875 per share—
$890,625.00):
Authorized and Issued, 75,000 shares .... 75,000.00
Series of 1932 (Cumulative Dividends in
arrears from November 30, 1932 to November 14, 1934 of $4.896 per share—
$167,894.56):
Authorized, 37,500 shares.
Issued and Outstanding, 34,288 shares .... 34,288.00

Class “B” Stock—50 cents par value:
Authorized, 1,000,000 shares.
Issued and Outstanding, 337,815.48 shares..... 168,907.74 278,195.74
(353,527 shares reserved for outstanding warrants and
139,200 shares reserved for conversion of bonds)

Surplus, per attached statement:
Capital Surplus ......................................................................................... 2,580,226.35
Earned Surplus from January 1, 1933 ............ 19,026.47 2,599,252.82

Contingent Liability as guarantor of principal and interest on $167,000.00 of
6½% Sinking Fund Gold Notes due July 1, 1936 of a former subsidiary
(counter-agreement of indemnity obtained from purchasing company,
United States Dairy Products Corporation now pending reorganization
under Section 77-B of Federal Bankruptcy Act)—Sinking Fund installment
thereon of $4,000.00 due July 1, 1934 unpaid as at December 31, 1934.

$5,134,538.73
NATIONAL FOOD PRODUCTS CORPORATION

INCOME ACCOUNT

For the Year ended December 31, 1934

Income:

Dividends from Subsidiary and Controlled Companies—
60,000 shares Southern Grocery Stores, Inc.
Class “A” Stock .................................................. $120,000.00
43,380 shares D. Pender Grocery Company
Class “B” Stock .................................................. 21,690.00

Deduct:

Premiums on Life Insurance ........................................ 10,886.00
Salaries, Taxes, Transfer Agency Fees and Other Expenses .......... 12,644.48
Compensation and Expenses of Protective Committee for 6%
    Collateral Trust Bonds ....................................... 5,729.06

Net Income before Interest Charges ................................ $112,430.46

Interest on 6% Collateral Trust Bonds:
    Paid in cash .................................................. $68,640.00
    Paid by delivery in 1932 of 3% Coupon Notes .......... 56,640.00

Interest on 3% Coupon Notes .................................. 5,619.00
Other Interest ................................................... 560.00

Net Loss ......................................................... $ 19,028.54
NATIONAL FOOD PRODUCTS CORPORATION

SURPLUS ACCOUNTS

For the Year ended December 31, 1934

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Surplus as at December 31, 1933</td>
<td>$2,842,114.77</td>
</tr>
<tr>
<td>Add: Reduction in Bond Adjustment Plan Expense</td>
<td>1,880.00</td>
</tr>
<tr>
<td></td>
<td>$2,843,994.77</td>
</tr>
<tr>
<td>Less: Reserve for Revaluation of Sundry Securities established pursuant to</td>
<td>263,768.42</td>
</tr>
<tr>
<td>resolution of Board of Directors</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Surplus as at December 31, 1934</td>
<td>$2,580,226.35</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Earned Surplus as at December 31, 1933</td>
<td>$22,980.01</td>
</tr>
<tr>
<td>Discount on 3% Coupon Notes repurchased for Treasury</td>
<td>15,075.00</td>
</tr>
<tr>
<td></td>
<td>$38,055.01</td>
</tr>
<tr>
<td>Deduct: Net Loss for Year ended December 31, 1934</td>
<td>19,028.54</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Earned Surplus as at December 31, 1934</td>
<td>$19,026.47</td>
</tr>
</tbody>
</table>
To the Board of Directors,

National Food Products Corporation,
New York, N. Y.

We have made an examination of the Balance Sheet of National Food Products Corporation as at December 31, 1934, and of the Profit and Loss and Surplus Accounts for the year 1934. In connection therewith, we examined or tested accounting records of the Company and other supporting evidence and obtained information and explanations from officers and employees of the Company; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

The securities representing the investments were confirmed by inspection or by acknowledgment from the holder; the investments in subsidiary and controlled companies and the other investment are stated at cost which was $1,322,424.37 in excess of their appraised value or quoted market price as indicated on the Balance Sheet. Sundry securities are carried at a net amount of $3,000.00 after deduction of a reserve of $263,768.42 which has been provided from Capital Surplus pursuant to resolution of the Board of Directors.

In our opinion, based upon such examination and subject to the foregoing qualifications, the accompanying Balance Sheet and related Income and Surplus Accounts fairly present, in accordance with accepted principles of accounting consistently maintained by the Company during the year under review, its position at December 31, 1934 and the results of its operations for the year.

Peat, Marwick, Mitchell & Co.

New York, N. Y.
April 2, 1935.