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.
To the Stockholders:

The annual report of your Corporation for the year 1943, together with Financial Statements and the Accountants' Report in connection therewith, is respectfully submitted herewith.

The income of the Corporation consisted solely of dividends from its controlled company, Colonial Stores Incorporated, 61% of the common stock of which is owned by your Corporation. This income, amounting to $149,590.00, was approximately 42% of the earnings applicable to your Corporation's investment in that Company, and was the same as the amount received from that source last year.

Net Income as reported herein, after allowing for expenses of $13,939.15 and estimated Federal Income Taxes of $5,393.86, amounted to $130,256.99—which compares with net income as reported for the year 1942 of $122,803.36. After deducting dividends paid during 1943 upon the Class “A” Stock in the amount of $23,691.00, the remaining balance of net income of $106,565.99 was equivalent to $1.69 for each share of Class “B” Stock outstanding at the close of the year. Pursuant to the provisions of the Corporation’s Charter, 70% of such income, equivalent to approximately $1.18 per Class “B” share, has been appropriated to the sinking fund for the retirement of Class “A” shares. Regular semi-annual dividends aggregating $1.00 per share were paid upon the Class “A” Stock, and two dividends of 20¢ each per share were paid upon the Class “B” Stock.

During the year 3,207 shares of the Corporation’s Class “A” Stock were reacquired for sinking fund retirement through the application of all but $4,874.00 of the $68,041.01 available for this purpose as of December 31, 1942, and which latter amount was represented by $68,023.45 appropriated for this purpose by the Board of Directors out of 1942 earnings and $17.56 ‘balance applicable to prior years. This stock, the average cost of which was approximately $19.677 per share, will in due course, through appropriate action of your Board of Directors, be retired. The outstanding amount of Class “A” Stock will accordingly be reduced and thereupon Capital Surplus will be increased by the difference between the average cost and the par value ($20.00) of the Class “A” shares so retired, or $972.99.

There will be appropriated out of 1943 earnings prior to March 31, 1944 the sum of $74,596.19 for retirement of Class “A” Stock.
The following income account of Colonial Stores Incorporated for the fiscal year ended January 1, 1944, as condensed from the Accountants’ Reports of that Corporation, is presented for information of stockholders. A copy of this Corporation’s 1943 Annual Report will, upon request, be mailed to any stockholder of National Food Products Corporation.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>$90,900,794</td>
</tr>
<tr>
<td>Net Income, before Provision for Income and Excess Profits Taxes</td>
<td>2,161,581</td>
</tr>
<tr>
<td>Provision for State and Federal Income and Excess Profits Taxes, estimated (less post-war refund, $108,000)</td>
<td>1,443,000</td>
</tr>
<tr>
<td>Net Income, carried to Earned Surplus</td>
<td>$ 718,581</td>
</tr>
</tbody>
</table>

The foregoing net income was equivalent to over 5.2 times the annual dividend requirements on the 5% Preferred Stock Series “A” now outstanding, and approximately $2.37 per share on the presently issued number of shares of Common Stock.

As of the close of the year 440 stores were in operation, including 73 supermarkets, which compared with 517 stores, including 73 supermarkets, in operation at the end of the year 1942.

The Annual Report of the H. C. Bohack Company for the fiscal year ending January 31, 1943 is not available at the date hereof. The Treasurer of the Company, however, advises that sales for the year amounted to $48,834,546, as compared with $39,700,785 for the previous year, but that net income after provision for Federal Income Taxes would be somewhat lower. Four quarterly dividends aggregating $4.00 per share were paid during the year on the 7% Cumulative First Preferred Stock-being $3.00 per share less than the regular 7% dividend. Dividend arrears on the 30,000 shares of First Preferred Stock outstanding at the end of the year amounted to $60.75 per share. Until these arrears are liquidated either in cash or as result of a recapitalization plan, no dividend payments on the Common Stock may be expected. The Company at the close of the year operated a total of 377 stores-of which 68 were supermarkets.

Respectfully submitted,

BY ORDER OF THE BOARD OF DIRECTORS,

RUSSELL B. STEARNS,

President.
NATIONAL FOOD PRODUCTS CORPORATION

BALANCE SHEET

As of December 31, 1943

ASSETS

INVESTMENTS (Note 1):

Common Stock of Colonial Stores Incorporated (a controlled company)—
149,590 shares .......................................................... $2,454,127.20
Common Stock of H. C. Bohack Co. Inc.-21,500 shares .................. 1,275,180.61
Common Stock of P. H. Butler Company —216½ shares ............... 54,635.00

Less Reserve for Investments, per accompanying statement ............. 3,783,942.81

INVESTMENTS (net)-( Note 1) ........................................ 1,325,952.08

Cash in Banks and on Hand (including $79,470.19 to be applied to the retirement of Class A Stock, per contra) ......................... 166,880.09

$1,492,832.17

NOTE 1: The amount at which investments are carried does not purport to be the market or realizable value of such investments, but represents cost to the Corporation in cash and securities, less the remaining balance of a reserve of $2,500,000.00 established by the Board of Directors on December 7, 1938. The indicated value of the investments based on quoted market prices at December 31, 1943 amounted to approximately $2,556,000.00 as compared with $1,678,000.00 at December 31, 1942.
**NATIONAL FOOD PRODUCTS CORPORATION**

**BALANCE SHEET**

As of **December 31, 1943**

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**LIABILITIES**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable and Accrued Expenses</td>
<td>$3,029.16</td>
</tr>
<tr>
<td>Provision for Federal Income Tax (subject to review by Treasury Department)</td>
<td>$873.30</td>
</tr>
<tr>
<td>Liability for Retirement of Class A Stock through Sinking Fund</td>
<td>$142,637.20</td>
</tr>
<tr>
<td>Less Cost of Voting Trust Certificates for 3,207 shares of Class A Stock reacquired during year and held for retirement</td>
<td>63,167.01</td>
</tr>
<tr>
<td></td>
<td>79,470.19</td>
</tr>
<tr>
<td></td>
<td>88,372.65</td>
</tr>
</tbody>
</table>

**CAPITAL STOCK AND SURPLUS:**

**CLASS A STOCK**, 5% **Cumulative**—$20.00 par value (redeemable at, and having a preference in liquidation of $20.00 per share plus accrued dividends-dividends paid to November 1, 1943):  
Authorized 25,628 shares.  
Issued, less retired, 25,627 shares  
$512,540.00

**CLASS B STOCK**—$1.00 par value:  
Authorized, 65,000 shares.  
Issued 64,730 shares  
Less in Treasury 1,698 shares  
Outstanding 63,032 shares  
63,032.00

**SURPLUS**, per accompanying statement:  
Capital Surplus  
$620,784.66  
Earned Surplus from December 8, 1938 (including $284,356.08 applied or to be applied to retirement of Class A Stock)  
350,740.06  
971,524.72  
$1,547,096.72

Deduct Amount to be applied to Retirement of Class A Stock  
142,637.20  
1,404,459.52  
$1,492,832.17
STATEMENT OF INCOME
For the Year ended December 31, 1943

INCOME:
  Dividends from Colonial Stores Incorporated
    (a controlled company) ...........................................
    $149,590.00

EXPENSES:
  Salaries ................................................... $8,300.00
  Legal and Audit Fees ........................................ 1,561.14
  Transfer Agency Fees ........................................... 643.43
  Compensation and Expense of Voting Trustees ................. 726.19
  Directors’ Fees and Expenses ................................ 760.66
  Taxes (other than Federal income tax) ......................... 1,003.09
  General Expenses ............................................. 944.64

  Net Income before Federal Income Tax ............................ 135,650.85

  Provision for Federal Normal Income Tax and Surtax-subject to review by Treasury Department (No excess profits tax payable) ............... 5,393.86

          NET INCOME ................................................... $130,256.99

EARNED SURPLUS FROM DECEMBER 8, 1938

  Earned Surplus as of December 31, 1942 .......................... $269,387.47
  Net Income for the year ended December 31, 1943 ..................... 130,256.99

  $399,644.46

  DEDUCT DIVIDENDS PAID:
    Class “A” Stock-$1.00 per share ................................ $23,691.00
    Class “B” Stock- 40c per share ................................ 25,213.40

    48,904.40

  Earned Surplus as of December 31, 1943 ............................. $350,740.06
CAPITAL SURPLUS

Capital Surplus as of December 31, 1942 ................................................... $ 620,782.66

Add:
Credit resulting from expiration of capital stock scrip ...................................... 2.00

Capital Surplus as of December 31, 1943 ................................................... $ 620,784.66

RESERVE FOR INVESTMENTS

Balance as of December 31, 1943 ................................................................. $2,457,990.73

ACCOUNTANTS’ REPORT

To the Board of Directors,

National Food Products Corporation,
Boston, Mass.

We have examined the Balance Sheet of National Food Products Corporation as of December 31, 1943 and the Statements of Income, Surplus and Reserve for Investments for the year then ended. In connection therewith, we have examined or tested accounting records of the Corporation and other supporting evidence, by methods and to the extent we deemed appropriate. The investments were confirmed by inspection and the cash in banks and on hand by certificates from the depositaries or by count. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying Balance Sheet and related Statements of Income, Surplus and Reserve for Investments present fairly the position of National Food Products Corporation at December 31, 1943 and the results of its operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

Boston, Mass.
February 21, 1944.
NATIONAL FOOD PRODUCTS CORPORATION
24 FEDERAL STREET
BOSTON, MASSACHUSETTS

OFFICERS

Russell B. Stearns . . . . . . . . . . . . . . . . . . . . . . . . . . . President
E. K. Dunn* . . . . . . . . . . . . . . . . . . . . . . . . . . . . Vice-President
T. Stockton Matthews . . . . . . . . . . . . . Vice-President and Treasurer
C. T. Williams, Jr. . . . . . . . . . . . . . . . . . . . . . . . . . . . Secretary
Edwin C. Gibbons . . . . . . . . . . Assistant Secretary and Assistant Treasurer
M. May . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . Assistant Secretary and Assistant Treasurer

*On leave of absence.

DIRECTORS

P. M. Chandler
J. M. Foster
G. F. Herbert
T. Stockton Matthews
H. C. Phelan
Russell B. Stearns
C. T. Williams, Jr.

AUDITORS

Peat, Marwick, Mitchell & Co.

TRANSFER AGENT
BALTIMORE NATIONAL BANK
BALTIMORE, MD.