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

BALANCE SHEET

As of December 31, 1946

ASSETS

INVESTMENTS (See Note "1"):

Common stock of Colonial Stores Incorporated (a controlled Company)—
309,282 shares.......................................................... $2,665,207.95

Common stock of H. C. Bohack Company, Inc.—21,500 shares............ 1,275,180.61

Common stock of P. H. Butler Company—216 shares..................... 54,508.82

3,994,897.38

Cash in banks and on hand............................................. 229,587.57

3,224,484.95

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. The quoted market value of the investments at December 31, 1946 aggregated approximately $8,783,000.00 as compared with $6,439,000.00 at December 31, 1945.
NATIONAL FOOD PRODUCTS CORPORATION

BALANCE SHEET
As of December 31, 1946

LIABILITIES

Bank loan (payable on demand)—(See Note "2") ........................................ $ 350,000.00
Accounts Payable and accrued expenses .................................................. 15,460.22
Provision for Federal income tax (subject to review by Treasury Department) ... 20,907.97

386,368.19

CAPITAL STOCK AND SURPLUS:

CAPITAL STOCK:
  Authorized, 325,000 shares of common stock of the par value of $1.00 each.
  Issued, 314,495 shares ........................................ $ 314,495.00

SURPLUS, per accompanying statement:
  Capital surplus ........................................ $2,747,540.73
  Earned surplus from December 8, 1938 780,111.03 3,527,651.76

3,842,146.76

Less Treasury stock—4,030 shares, at par value 4,030.00 3,838,116.76

$4,224,484.95

Note 2: Demand Loan; Interest at 1½% per annum payable monthly.
# STATEMENT OF INCOME

For the Year ended December 31, 1946

**INCOME:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends:</td>
<td></td>
</tr>
<tr>
<td>Colonial Stores Incorporated (a controlled company)</td>
<td>$394,880.06</td>
</tr>
<tr>
<td>P. H. Butler Company</td>
<td>129.60</td>
</tr>
<tr>
<td>Total Dividends</td>
<td>395,009.66</td>
</tr>
<tr>
<td>Interest</td>
<td>5.58</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>$395,015.24</td>
</tr>
</tbody>
</table>

**EXPENSES:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>9,724.19</td>
</tr>
<tr>
<td>Legal and audit fees</td>
<td>15,069.93</td>
</tr>
<tr>
<td>Transfer agency fees</td>
<td>1,735.16</td>
</tr>
<tr>
<td>Directors' fees and expenses</td>
<td>909.81</td>
</tr>
<tr>
<td>Taxes (other than Federal income tax)</td>
<td>761.82</td>
</tr>
<tr>
<td>Interest on bank loan</td>
<td>5,789.36</td>
</tr>
<tr>
<td>General expenses</td>
<td>2,507.67</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>36,497.94</td>
</tr>
<tr>
<td>Net Income, before Federal Income Tax</td>
<td>358,517.30</td>
</tr>
<tr>
<td>Provision for Federal Normal Income Tax and Surtax</td>
<td>20,435.48</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>$338,081.82</td>
</tr>
</tbody>
</table>

**EARNED SURPLUS FROM DECEMBER 8, 1938**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of December 31, 1945</td>
<td>$536,329.71</td>
</tr>
<tr>
<td>Net income for the year ended December 31, 1946</td>
<td>338,081.82</td>
</tr>
<tr>
<td><strong>Deduct</strong> Cash dividends paid (at the rate of 30 cents per share based on revised capitalization)</td>
<td>874,411.53</td>
</tr>
<tr>
<td><strong>Balance as of December 31, 1946</strong></td>
<td>$780,111.03</td>
</tr>
</tbody>
</table>
CAPITAL SURPLUS

Balance as of December 31, 1945 .................................................. $3,078,855.48

Deduct:

Excess of cost over par value of 4,134 common shares pur-
chased, of which 4,030 shares held in treasury ................. $ 79,718.75

Amount transferred to capital stock (as approved by stockholders
in special meeting dated August 12, 1946) equal to $1.00 per
share for 251,596 shares issued as a common stock dividend,
on the basis of 4 shares for each share of common stock
outstanding .......................................................... 251,596.00 331,314.75

Balance as of December 31, 1946 .................................................. $2,747,540.73

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ACCOUNTANTS’ REPORT

To the Board of Directors,

NATIONAL FOOD PRODUCTS CORPORATION,
BOSTON, MASSACHUSETTS

We have examined the balance sheet of National Food Products Corporation
as of December 31, 1946 and the statements of income and surplus 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. We inspected the investment securities. We confirmed
the cash in banks by certificates from the depositaries and counted the cash fund.
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 and surplus present fairly the position of National Food Products Corporation
at December 31, 1946 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, Massachusetts.
March 11, 1947.
NATIONAL FOOD PRODUCTS CORPORATION
24 Federal Street
BOSTON 10, MASSACHUSETTS

Officers
RUSSELL B. STEARNS .................. 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

Directors
J. M. FOSTER H. C. PHelan
G. F. HERBERT ELLIS D. SLATER
T. STOCKTON MATTHEWS RUSSELL B. STEARNS
JAMES W. MOSS C. T. WILLIAMS, JR.

Auditors
PEAT, MARWICK, MITCHELL & CO.

Transfer Agent
BALTIMORE NATIONAL BANK
BALTIMORE, MD.