NATIONAL FOOD PRODUCTS CORPORATION

Annual Report

1955
NATIONAL FOOD PRODUCTS CORPORATION

Annual Report

For the Year Ending December 31, 1955

March 30, 1956.

During the year 1955 your Corporation added 2,500 shares to its holdings of Colonial Stores Incorporated common stock and 3,000 shares to its holdings of H. C. Bohack Co. Inc. common stock, and increased its investment in Everywoman’s Magazine, Inc. in the amount of $25,000. These acquisitions were financed in part by additional bank borrowings.

Dividends received from Colonial Stores Incorporated were $804,160 as compared with $801,660 last year — the increase being due to the additional shares owned.

Dividends received from H. C. Bohack Co. Inc. were $176,850 as compared with $148,350 last year — the increase being due to the ownership of the additional shares and an increase in the dividend rate.

Total gross income amounted to $983,469.60, including a small amount of interest received from Everywoman’s Magazine, Inc. Expenses were $27,181.80 as compared with $23,956.19 for the previous year. Provisions for Federal Income Taxes amounted to $69,090.45 as compared with $66,868.70 for 1954.

Net income, after expenses and taxes, amounted to $887,197.35, as compared with $907,875.65 for last year. Earnings for 1954 included profit on sale of investments of $46,940.54.

Quarterly dividends of 50¢ per share and an extra dividend of 10¢ per share were paid during the year to stockholders. The total of such distribution was $811,576.50.

The number of common shares outstanding as of December 31, 1955 was 386,465 — the same number as at the close of last year.

Based on the quoted market values as of the year end for common shares of Colonial Stores Incorporated and H. C. Bohack Co. Inc., the indicated market value of the shares owned by your Corporation was $28,674,880, an increase of over $7,000,000 as compared with the 1954 year-end valuation.

During the year your directors approved the mergers of Albers Super Markets, Inc., operating 66 supermarkets in southern Ohio, and Stop and Shop Enterprises, with 14 supermarkets in Indianapolis and Louisville, into Colonial Stores Incorporated — adding materially to Colonial’s assets, sales and earnings.

As a result of the issuance of 442,934 shares of Colonial’s common stock in connection with these mergers, and the issuance of certain additional shares in connection with the Company’s Profit Sharing and Stock Option Plans, the percentage of ownership of your Corporation of the
common stock of Colonial Stores Incorporated declined from approximately 49% as of a year ago to approximately 32%.

On March 23, 1955, Mr. Joseph Seitz, President of Colonial Stores Incorporated, was elected to the Board of Directors of your Corporation to fill the vacancy caused by the death of Mr. Roger Preston.

COLONIAL STORES INCORPORATED

The financial report of Colonial Stores Incorporated for the year 1955 reflects the acquisition, through merger, of the property and business of Albers Super Markets, Inc. and Stop and Shop Enterprises. 1955 sales amounted to $380,009,045.

After expenses and provision for taxes on income, profits were $5,458,896. Earnings per share on common stock outstanding at the year end (1,262,635 shares) amounted to $4.17.

At the 1955 year end, the Corporation had 432 self-service stores in operation in 11 states.

The Board of Directors, at its meeting held on February 8, 1956, recommended and voted to submit to the Stockholders’ Annual Meeting on March 26, 1956 a proposal for a common stock split of two shares for one and adopted a new policy for the distribution of future dividends payable partly in cash and partly in common stock. This policy is subject to change if earnings, business and other conditions should, in the Board’s opinion, make a change desirable. The proposed quarterly cash rate on the split shares is 27½¢ a share — the initial dividend payable June 1, 1956. A 2% stock dividend is also proposed to be paid at the end of each fiscal year, subject to such change as the Directors deem desirable.

A copy of the annual report of Colonial Stores Incorporated is enclosed for your information.

H. C. BOHACK CO. INC.

The following is a brief summary of the results of the operations of H. C. Bohack Co. Inc., as reported by them, for the fiscal year ending January 28, 1956 as compared with the fiscal year ending January 29, 1955:

<table>
<thead>
<tr>
<th></th>
<th>1955</th>
<th>1954</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Sales</td>
<td>$140,236,308</td>
<td>$135,497,370</td>
</tr>
<tr>
<td>Net Earnings</td>
<td>2,183,542</td>
<td>1,731,325</td>
</tr>
<tr>
<td>Earned per share of Common Stock.</td>
<td>4.60</td>
<td>3.53</td>
</tr>
<tr>
<td>Dividends paid per share of Common Stock</td>
<td>2.00</td>
<td>1.72½</td>
</tr>
</tbody>
</table>

At the end of the fiscal year, the Company had in operation a total of 184 stores, of which 147 are complete self-service markets.

Respectfully yours,

RUSSELL B. STEARNS,
President.
To the Board of Directors

NATIONAL FOOD PRODUCTS CORPORATION:

We have examined the balance sheet of National Food Products Corporation as of December 31, 1955 and the related statements of income and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

We inspected the investment securities, confirmed the cash in banks by certificates from the depositaries and counted the cash fund.

In our opinion, the accompanying balance sheet and statements of income and surplus present fairly the financial position of National Food Products Corporation at December 31, 1955 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PEAT, MARWICK, MITCHELL & CO.

January 19, 1956.
# NATIONAL FOOD PRODUCTS CORPORATION

## Balance Sheet

**December 31, 1955**

### Assets

#### Investments at cost:

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common stock of Colonial Stores Incorporated (a controlled company)</td>
<td>$3,326,700.50</td>
</tr>
<tr>
<td>403,330 shares.</td>
<td></td>
</tr>
<tr>
<td>Common stock of H. C. Bohack Co. Inc., 89,000 shares.</td>
<td>$1,442,606.53</td>
</tr>
<tr>
<td>* Other.</td>
<td>125,000.00</td>
</tr>
<tr>
<td>* Quoted market value, $28,674,880.00</td>
<td></td>
</tr>
</tbody>
</table>

| Cash in banks and on hand.                                                 | 54,540.06          |

**Total Assets:** $4,948,847.09
NATIONAL FOOD PRODUCTS CORPORATION

Balance Sheet

December 31, 1955

LIABILITIES

Notes payable to bank, due on demand ........................................ $ 255,000.00
Accounts payable and accrued expenses. ..................................... 4,081.56
Federal income tax payable, subject to review by Treasury Department. . . 69,090.45

CAPITAL STOCK AND SURPLUS:

CAPITAL STOCK:

Authorized, 500,000 shares of common stock of the par value of $1.00 each.

Issued, 391,790 shares. ...................................................... $ 391,790.00

SURPLUS, per accompanying statement:

Capital surplus. .................................................. $3,412,810.62
Earned surplus from December 8, 1938... 821,399.46 4,234,210.08

4,626,000.08

Less treasury stock, 5,325 shares, at par value. ......................... 5,325.00 4,620,675.08

$4,948,847.09
NATIONAL FOOD PRODUCTS CORPORATION

Statement of Income

Year Ended December 31, 1955

INCOME:

Dividends:

Colonial Stores Incorporated (a controlled company) .................... $804,160.00
H. C. Bohack Co. Inc.............................................. 176,850.00

981,010.00

Interest .......................................................... 2,459.60

983,469.60

EXPENSES:

Salaries .......................................................... $11,503.53
Legal and audit fees ................................................ 1,416.05
Transfer agency fees ............................................. 2,599.24
Directors’ fees and expenses ..................................... 1,100.00
Taxes (other than Federal taxes on income) ...................... 812.20
Interest on bank loans ............................................ 6,458.12

Generalexpenses ................................................ 3,292.66 27,181.80

Net Income before Federal income taxes ......................... 956,287.80

Federalincometaxes ............................................... 69,090.45

NET INCOME: ................................................... $887,197.35
NATIONAL FOOD PRODUCTS CORPORATION

Statement of Surplus

Year Ended December 31, 1955

Capital Surplus

Amount at December 31, 1954 and December 31, 1955. ........................................... $3,412,810.62

Earned Surplus from December 8, 1938

Amount at December 31, 1954. ................................................................. $ 745,778.61
Net income for the year ........................................................................... 887,197.35

$1,632,975.96

Deduct:

Cash dividends paid, $2.10 per share. ....................................................... 811,576.50
Amount at December 31, 1955. ................................................................. $ 821,399.46

$4,234,210.08
NATIONAL FOOD PRODUCTS CORPORATION
24 FEDERAL STREET
BOSTON 10, MASSACHUSETTS

Officers

Russell B. Stearns
President

Edward K. Dunn
Vice-President and Treasurer

C. T. Williams, Jr.
Secretary

Allison M. Berry
Assistant Secretary and Assistant Treasurer

M. May
Assistant Secretary and Assistant Treasurer

Directors

Edward K. Dunn

Joseph Seitz

John M. Foster
Ellis D. Slater

James W. Moss
Russell B. Stearns

Hunter C. Phelan
C. T. Williams, Jr.

Auditors

Peat, Marwick, Mitchell & Co.

Transfer Agent

Fidelity-Baltimore National Bank & Trust Company

Baltimore, Maryland