NATIONAL

FOOD PRODUCTS CORPORATION

Annual Report

1958
Total income received during the 1958 fiscal year amounted to $1,114,375.00 as compared with $1,083,073.40 for 1957.

Net income amounted to $964,327.13 after deducting expenses of $37,567.55, Federal Income Taxes estimated at $75,615.53 and a loss on exchange of securities of $36,864.79—net income for 1957 was $979,700.64.

Regular cash dividends of $1.10 per share were paid during the year and, in addition, an extra dividend of 5¢ per share was paid on December 10, 1958. Total cash dividends amounted to $923,664.20 for the year. In addition to the dividends paid in cash, the Directors on November 5, 1958 declared a 2% stock dividend payable on January 23, 1959 to stockholders of record January 9, 1959.

The bank loan incurred early in 1958 was reduced by $50,000.00, leaving a loan of $175,000 at the year end.

Since 1950 your corporation has had an investment in Everywoman’s Magazine, Inc., publishers of a magazine which was distributed in supermarkets of various chains throughout the country. In 1958 this corporation was merged into The Family Circle, Inc., a corporation publishing a similar magazine. As a result of this merger, a loss of $36,864.79 was incurred. Consequently, Investments appearing under the heading “Other” have been reduced accordingly to reflect this loss. Your corporation retains an investment in The Family Circle, Inc.
At the year end your corporation owned 851,250 shares of Colonial Stores Incorporated Common stock, including 12,000 shares purchased for cash on January 31, 1958 and 16,455 shares received on January 17, 1958 as a stock dividend. Colonial’s Directors declared a stock dividend of 2% on November 5, 1958—payable January 23, 1959 to stockholders of record January 9, 1959. The total number of shares of Colonial Stores Incorporated Common stock held as of the date of this report amounts to 868,275.

Colonial’s sales for the 1958 fiscal year amounted to $437,132,213 and earnings per share were reported as $1.74, cash dividends of $1.10 per share were paid and a stock dividend of 2% was paid. The 1958 annual report of Colonial Stores Incorporated is enclosed.

At the year end your corporation owned 89,000 shares of El. C. Bohack Co. Inc. Common stock. Bohack’s sales for its fiscal year ended January 31, 1959 amounted to $161,404,495 and earnings per share were reported to be approximately $2.95, cash dividends of $2.00 per share were paid. A copy of the Bohack annual report will be sent to any stockholder upon request.

Respectfully submitted,

[Signature]

President.
THE BOARD OF DIRECTORS

NATIONAL FOOD PRODUCTS CORPORATION:

We have examined the balance sheet of National Food Products Corporation as of December 31, 1958 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, 1958 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.

Boston, Mass.
January 19, 1959
NATIONAL FOOD PRODUCTS CORPORATION

Balance Sheet

DECEMBER 31, 1958

ASSETS

INVESTMENTS AT COST:

Common stock of Colonial Stores Incorporated (a controlled company)
851,250 shares (note 1) ................................................................. $3,623,725.30

Common stock of H. C. Bohack Co. Inc. 89,000 shares. ................. 1,442,606.53

Other .......................................................................................... 90,733.82

$5,157,065.65

CASH IN BANKS AND ON HAND.................................................... 69,490.60

$5,226,556.25

*Quoted market value, $24,606,187.50.
NATIONAL FOOD PRODUCTS CORPORATION

Balance Sheet

DECEMBER 31, 1958

LIABILITIES

Note payable to bank, due on demand ........................................ $ 175,000.00
Accounts payable and accrued expenses ....................................... 7,908.06
Federal taxes on income, estimated ........................................... 75,615.53
Amounts reserved for payments to holders of pre-reorganization securities (note 2) 93,202.70

Capital stock and surplus :
Capital stock :
  Authorized 1,000,000 shares of common stock of the par value of $1.00 each.
  Issued 809,458 shares. ......................................................... $ 809,458.00
  To be issued as stock dividend January 23, 1959, 16,063 shares
    (note 3). ................................................................. 16,063.00
  $ 825,521.00
Surplus, per accompanying statement :
  Capital surplus (note 3) ................................................. $2,957,892.62
  Earned surplus ........................................................... 1,097,694.34
  $4,881,107.96

Less treasury stock, 6,278 shares, at par value .............................. 6,278.00
  $5,226,556.25

Notes to Financial Statements

(1) On January 23, 1959 the corporation received an additional 17,025 shares as a 2% stock dividend from its investment in Colonial Stores Incorporated.

(2) The United States District Court for the District of Maryland has directed June 30, 1961 to be the last day on which holders of unexchanged pre-reorganization securities may convert such securities to common shares of the corporation and receive such other beneficial interests to which such holders are entitled under the 1938 Plan of Reorganization. These interests have been provided for in the financial statements of the corporation in the account "Amounts reserved for payments to holders of pre-reorganization securities" and by the reservation of 8,442 shares of capital stock which are included in the total issued and outstanding shares.

(3) The stockholders have approved the charging of present and future stock dividends against capital surplus in the amount of the aggregate par value of full shares issued in connection therewith to the extent that such stock dividends are issued for the purpose of reflecting similar stock dividends received from Colonial Stores Incorporated.
NATIONAL FOOD PRODUCTS CORPORATION

Statement of Income

Year Ended December 31, 1958

Income:

Dividends:
- Colonial Stores Incorporated (a controlled company) ................. $ 936,375.00
- H. C. Bohack Co. Inc ........................................ 178,000.00

expenses:

Salaries .......................................................... $12,139.21
Legal and audit fees ........................................ 4,905.23
Transfer agency fees ......................................... 6,366.25
Directors’ fees .................................................. 750.00
Taxes (other than Federal taxes on income) ........................ 974.77
Interest on bank loans ...................................... 6,760.77
General expenses ............................................. 5,671.32
Bad debt ........................................................... 36,864.79

Net income before Federal taxes on income ......................... 1,039,942.66

Federal taxes on income, estimated ................................ 75,615.53
Net income ................................................................ $ 964,327.13

See accompanying notes to financial statements.
NATIONAL FOOD PRODUCTS CORPORATION

Statement of Surplus

Year Ended December 31, 1958

CAPITAL SURPLUS

Amount at beginning of year. .............................................. $2,985,007.62

Deduct:
Par value of 16,063 shares to be issued pursuant to stock dividend on the basis of one share for each fifty shares issued and outstanding at January 9, 1959 (note 3). .................................................. $16,063.00
Excess of cost over par value of 550 shares of capital stock purchased and held in the treasury .................................................. 11,052.00

Amount at end of year. .......................................................... $2,957,892.62

EARNED SURPLUS

Amount at beginning of year. .................................................. $1,057,031.41
Net income for the year. ....................................................... 964,327.13
Cash dividends paid, $1.15 per share ....................................... 923,664.20

Amount at end of year. .......................................................... $1,097,694.34

See accompanying notes to financial statements.
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
John M. Foster
James W. Moss
Hunter C. Phelan

Joseph Seitz
Ellis D. Slater
Russell B. Stearns
C. T. Williams, Jr.

Auditors

Peat, Marwick, Mitchell & Co.

Transfer Agent

Fidelity-Baltimore National Bank
Baltimore, Maryland