NATIONAL
FOOD PRODUCTS CORPORATION

Annual Report
1959
NATIONAL FOOD PRODUCTS CORPORATION

Annual Report

FOR THE YEAR ENDING DECEMBER 31, 1959

March 4, 1960.

For the fiscal year ending December 31, 1959 the total income received in dividends and interest amounted to $1,075,383.61 as compared with $1,114,375.00 for the year 1958.

In accordance with a vote of the Board of Directors, the Corporation's entire investment in shares of the H. C. Bohack Co. Inc. were sold in May, 1959. The net proceeds after payment of commissions and expenses amounted to $3,352,315.11 and resulted in a long term gain of $1,909,708.58. Taxes payable with respect to this gain have been accrued in the amount of $490,353.98.

Promptly following the sale of the H. C. Bohack Co. Inc. Common stock the Note Payable to Bank was paid and the balance of cash was invested in short term government securities. No determination as to the final application of the funds has been made.

Net income, excluding this capital gain and tax obligation related thereto, as set forth in the Statement of Income, amounted to $948,153.56 after deducting expenses of $31,989.34 and Federal Income Taxes estimated at $95,240.71 as compared with net income for 1958 of $964,327.13.

Regular cash dividends of $1.10 per share were paid during the year and, in addition, an extra dividend of 5c was paid on December 10, 1959. Total cash dividends amounted to $941,375.59 for the year.
Colonial Stores Incorporated did not pay the 2% stock dividend on its Common shares as heretofore. Your Directors accordingly took no action with respect to a stock dividend on shares of National Food Products Corporation.

The Directors of Colonial Stores Incorporated at their February 1960 meeting reduced the Common stock quarterly dividend from 27½¢ to 20¢ per share. This reduction, they stated, was made in order to bring the payment more in line with 1959 earnings and to strengthen the Company's competitive position by conserving funds for its development and growth. Your Directors, at their meeting the same day, reduced the quarterly dividend on the Common stock of the National Food Products Corporation by the same amount.

At the year end your corporation owned 868,275 shares of Colonial Stores Incorporated Common stock representing 31.52% of the total Colonial Common stock outstanding at its fiscal year end.

Colonial's sales for the 1959 fiscal year amounted to $450,748.917 and earnings per share were reported as $1.13, after certain non-recurring charges-$1.31 before such charges. Cash dividends of $1.10 per share were paid during the year. The 1959 annual report of Colonial Stores Incorporated is enclosed.

Respectfully submitted,

[Signature]

President.
Accountants' Report

THE BOARD OF DIRECTORS

NATIONAL FOOD PRODUCTS CORPORATION:

We have examined the balance sheet of National Food Products Corporation as of December 31, 1959 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 or confirmed by correspondence 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, 1959 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, MARWICH, MITCHELL & Co.

Boston, Mass.
January 27, 1960
### NATIONAL FOOD PRODUCTS CORPORATION

#### Balance Sheet

**December 31, 1959**

**ASSETS**

In Investments at Cost:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common stock of Colonial Stores Incorporated (a controlled company)</td>
<td>$3,623,725.30</td>
</tr>
<tr>
<td>United States Government securities maturing in less than one year.</td>
<td>2,958,481.26</td>
</tr>
<tr>
<td>Other</td>
<td>90,733.82</td>
</tr>
<tr>
<td><strong>Total Investments at Cost</strong></td>
<td><strong>$6,672,940.38</strong></td>
</tr>
</tbody>
</table>

Accrued Interest Receivable: 19,664.67

Cash in Banks and on Hand: 45,649.24

**Total Assets:** $6,738,254.29

*Quoted market value, $19,645,451.75.

**NOTE:** 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.
NATIONAL FOOD PRODUCTS CORPORATION

Balance Sheet

DECEMBER 31, 1959

LIABILITIES

Accounts payable and accrued expenses. ........................................ $  9,363.70

Federal taxes on income, estimated. ............................................. $  585,594.69

  Less United States Government securities. ............................... 243,800.00  341,794.69

Amounts reserved for payments to holders of pre-reorganization securities. ........ 102,909.87

Capital stock and surplus :

  Capital stock:

    Authorized 1,000,000 shares of common stock of the par value of $1.00 each.

    Issued 825,521 shares. .................................................. 825,521.00

Surplus, per accompanying statement :

  Capital surplus. ...................................................... 2,941,787.12

  Earned surplus. ........................................................ 2,523,826.91  5,465,614.03

                            ........................................ 6,291,135.03

Less treasury stock, 6,949 shares, at par value ................. 6,949.00  6,284,186.03

                           .................................................. 6,738,254.29
NATIONAL FOOD PRODUCTS CORPORATION

Statement of Income

Year Ended December 31, 1959

Income:

Dividends:
- Colonial Stores Incorporated (a controlled company) $955,102.50
- H. C. Bohack Co. Inc. 44,500.00

Interest on United States Government securities 75,781.11

Total Income 1,075,383.61

Expenses:

Salaries 12,149.16
Legal and audit fees 1,408.12
Transfer agency fees 7,528.27
Directors' fees 950.00
Taxes (other than Federal taxes on income) 1,059.05
Interest on bank loans 2,729.51
General expenses 6,165.23

Total Expenses 31,989.34

Net income before Federal taxes on income and special credit 1,043,394.27

Federal taxes on above income 95,240.71

Net income before special credit 948,153.56

Special credit—gain on sale of investment in H. C. Bohack Co. Inc. less related Federal taxes of $490,353.98 1,419,354.60

Net income and special credit 2,367,508.16
# NATIONAL FOOD PRODUCTS CORPORATION

## Statement of Surplus

**Year Ended December 31, 1959**

### CAPITAL SURPLUS

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount at beginning of year.</td>
<td>$2,957,892.62</td>
</tr>
<tr>
<td>Less excess of cost over par value of 671 shares of capital stock purchased and held in the treasury</td>
<td>16,105.50</td>
</tr>
<tr>
<td><strong>Amount at end of year.</strong></td>
<td>$2,941,787.12</td>
</tr>
</tbody>
</table>

### EARNED SURPLUS

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount at beginning of year.</td>
<td>1,097,694.34</td>
</tr>
<tr>
<td>Net income for the year (including special credit of $1,419,354.60).</td>
<td>2,367,508.16</td>
</tr>
<tr>
<td></td>
<td>3,465,202.50</td>
</tr>
<tr>
<td>Cash dividends paid, $1.15 per share.</td>
<td>941,375.59</td>
</tr>
<tr>
<td><strong>Amount at end of year.</strong></td>
<td>$2,523,826.91</td>
</tr>
</tbody>
</table>
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
Partner
Robert Garrett & Sons
Baltimore, Maryland

JOHN M. FOSTER
Partner in the law firm of
Ropes, Gray, Best, Coolidge & Rugg
Boston, Massachusetts

JAMES W. MOSS
Senior Partner
Preston, Moss & Company
Boston, Massachusetts

HUNTER C. PHELAN
Director
National Bank of Commerce
Norfolk, Virginia

JOSEPH SEITZ
President
Colonial Stores Incorporated
Atlanta, Georgia

EVELYN SLATER
Chairman
Emery Air Freight Corporation
New York, N. Y.

RUSSELL B. STEARNS
Chairman
Colonial Stores Incorporated
Atlanta, Georgia

C. T. WILLIAMS, JR.
Vice President
C. T. Williams & Company, Inc.
Baltimore, Maryland

Auditors

PEAT, MARWICK, MITCHELL & CO.

Transfer Agent

FIDELITY-BALTIMORE NATIONAL BANK
Baltimore, Maryland