

**British
Columbia
Packers
Limited**

**50th
Annual
Report**

1977



British Columbia Packers Limited, operating on the Pacific coast, is engaged in the catching, processing and marketing of a wide range of fish and seafood products for both domestic and export consumption.

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Chairman's Report



R. I. Nelson, *Chairman*

It is a pleasure to present the Fiftieth Annual Report of British Columbia Packers Limited. The Company was incorporated in May, 1928, although a predecessor company commenced operation in 1870.

Company sales reached a record high level of \$213,293,000 in 1977, and net income of \$8,296,000 was the second highest in history. The working capital position improved to \$36,388,000 and short-term borrowing was substantially reduced. Additions to fixed assets of \$7,147,000 largely comprised equipment designed to increase efficiency or to produce new products. Improved results were largely attributable to favourable market conditions and satisfactory production levels for the Company's principal products. The President's Report, which follows, includes details on the Company's various operations.

The Company continued its significant involvement in the economy and in society. During the year, over \$60,000,000 in value of fish was purchased from some 4000 fishermen, and wages and salaries exceeding \$40,000,000 were paid to 3500 employees. Many of these returns were to residents of small communities along the British Columbia coast. Taxes on income, and on properties exceeded \$7,000,000. In addition, export sales of approximately \$85,000,000 made a positive contribution to Canada's balance of payments position.

Dividends of \$1,178,000 were paid in 1977, the balance of income having been required for reinvestment in the business. These dividends represent less than 1/10 of a cent per pound of fish landed by the Company, and cannot be considered adequate in relation to the investment and the risks involved.

During the year a number of Company executive appointments were announced: Mr. J. S. Shelley, Vice-President — Production, B.C. Operations; Mr. J. S. Wilson, Vice-President and Secretary; Mr. Brian F. Causey, C.A., Assistant Vice-President, Finance; Mr. Morley W. Chang, C.A., Treasurer; and Mrs. Sheila J. Grand-Scrutton, Assistant Secretary.

It is with sadness that we report the recent deaths of two retired Officers and Directors of the Company: Mr. K. F. Fraser and Mr. G. M. Ferguson. Both served the Company long and well and contributed substantially to its earlier development.

The Canadian 200-mile Fisheries Zone was declared on January 1, 1977. Although it will have a minor effect on protecting the fisheries resources of British Columbia, similar declarations by many other coastal states will result in a re-allocation of world fishing effort and open up new opportunities for British Columbia fishery products, particularly in Japan.

It was announced during the year that the Government program to double production of British Columbia salmon is definitely to proceed. It is hoped that productive elements of the program will now be implemented without delay, and that the expected results will benefit all levels of our economy.

An amended Fisheries Protection Act enacted in 1977 will provide additional protection to our fisheries resources without unreasonably affecting the operations of other industries. As the Company shares the desire of all British Columbians to protect and preserve their environment, it is hoped that the risks of oil spills can be minimized while assuring necessary energy needs.

The outlook for 1978 is encouraging. Markets for most fishery products remain firm and production of the major species is expected to be at least average. Inventories are in balance to service the domestic market until the next production season, and a new food herring fishery developed in late 1977 is expected to further contribute to results in future years.

The Company will continue its policy of emphasizing development of new markets in order to obtain the highest-possible value for its products, and to meet the requirements of the consumer.

Negotiations with fishermen for prices of roe herring and net-caught salmon take place during the first part of 1978. Current agreements covering wages for shoreworkers and tendermen in British Columbia expire on April 15 this year, the day after the expiry of Anti-Inflation Board Guidelines. If new agreements can be reached without serious interruption to operations, and if fish landings develop as forecast, 1978 can be another productive year for the Company and for others associated with the Industry.

The Board of Directors expresses its appreciation to its many loyal fishermen and employees, to its suppliers and the buyers of its products, and to the fisheries research and management staffs on whose able work the health of our fisheries resources depends.

Richard I. Nelson
Chairman of the Board
and Chief Executive Officer

Richmond, B.C.
February 15, 1978



E. L. Harrison, J. B. Buchanan, N. K. Nelson



F. L. Jones, E. S. Turnill

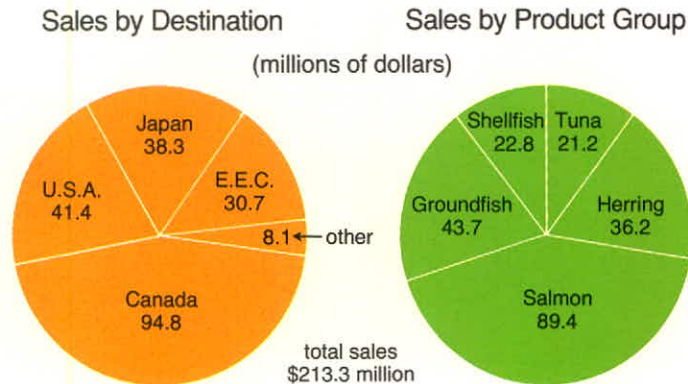


J. S. Wilson, J. S. Shelley, B. F. Causey,
S. J. Grand-Scrutton, M. W. Chang

President's Report

Typical of most years, some operations in 1977 exceeded expectations while others were disappointing. In each operating area, the fisheries resources exhibit natural changes in abundance from year to year, while markets react to broader or different forces. The natural variations in raw material supply require a quick response in processing and marketing terms. The highly seasonal demands placed on staff require people with dedication and innovative qualities.

The two charts below reflect, for 1977, segments of the Company's market by product group and by destination. In 1977 the Company purchased from fishermen and processed approximately 130 million pounds of fish of all species available in its area of operation. In addition, other seafood products in various forms were purchased for further processing and for distribution in Canadian or United States markets.



The following comments relate to the year under review for specific operations in which the Company has a major interest.

BRITISH COLUMBIA

Salmon

Industry landings totalled 134 million pounds — an average year. Arising from a shift in demand, an increasing proportion of most species is being frozen (rather than canned) and in 1977 this proportion approached 30%. Markets remained firm, but processor margins were depressed by vigorous competition for fish and the resulting high prices paid to fishermen. As the outlook is for increasing supplies of salmon and strong markets, the Company's heavy involvement in this basic resource is being maintained. A map of the British Columbia coast showing Company operating locations is presented on page 19 of this report.

The Company sells its frozen salmon and other products under the "Rupert Brand" label in both domestic and foreign markets. Canned salmon, together with a family of other canned seafood products is sold in Canada under the "Clover Leaf" and "Paramount" labels. Quantities of canned salmon which are in excess of domestic requirements are exported to other markets, and approximately 30% of the Company's 1977 pack will be exported.

Herring

Approximately 80,000 tons of roe herring were landed by the industry in the spring of 1977 and a further 20,000 tons of food herring in the fall. The yield of finished products from these fisheries was particularly high, resulting in good processing margins. Export market values for these products have grown because of restricted fishing on similar species in Europe and Asia, and because of favourable shifts in exchange rates which occurred during 1977. The Company has upgraded acquiring and processing facilities for this species in recognition of the important contributions to earnings and the healthy status of the resource.

Groundfish

This fishery, although statistically less significant to the industry, is an important "fill-in" between the salmon and herring seasons. As a result of Canada's declaration of a 200-mile Fisheries Management Zone, it is expected that landings of groundfish will increase over time and that suitable markets will be available. Accordingly, the Company's capability in this segment will be upgraded as growth develops.



Paramount Boat Basin at Steveston, B.C. where over 400 vessels are moored and serviced.



Salmon seiner making a set.



Aerial view of Boat Basin and service area, rebuilt and enlarged during 1977.



Brailing salmon into a drum seiner.



Fresh Fish unloading facilities, Imperial Plant, Steveston, B.C.



Fish Packer enroute to fishing grounds. This vessel, and two others like it were added to the fleet during 1977.

UNITED STATES

Salmon

Alaskan salmon returns are recovering after several years of reduced landings, and the Company's "Nelbro" canning operation at Naknek in Bristol Bay was again conducted successfully. This remote operation, which is entirely devoted to one exciting fishery, is both seasonal and cyclical. Its success clearly demonstrates the necessity for investment in adequate preparation and attention to detail in advance of the highly variable returns of raw material.

Shellfish

Coast Oyster Company, with plants in the states of Washington (Willapa and Gray's Harbours) and California (Eureka) also conducted a successful operation in 1977. Oysters from local production are sold domestically in fresh, frozen and canned form. Supply is augmented by imports of other raw materials. The natural catch of oyster seed in the summer of 1977 was well above normal levels and this, combined with controlled hatchery seed production, ensures the availability of future stocks for several years at least.

Groundfish

The Company operates a groundfish re-processing, storage and distribution facility in Southern California, and also markets through offices in Northern California and Chicago. Products are sold under the "Rupert's Certi-Fresh" label, principally to retail markets in these regions. Operations in 1977 did not achieve a satisfactory return on investment, and to correct this situation modifications are now underway to upgrade plant facilities and distribution programs.

CAPITAL EXPENDITURES

Capital Expenditures of \$7.1 million for 1977 were applied to improvements in continuing operations.

Fish acquiring units	\$3.4 million
Fishermen's services	1.3 million
Processing facilities	2.4 million
	<hr/>
	\$7.1 million

Funds applied annually to repairs and maintenance of Company facilities exceed these amounts. Capital and maintenance programs are on schedule, but because of the nature of these assets, heavy demands on available funds will continue if production is to be maintained and new opportunities exploited.

DISCONTINUED OPERATIONS

During 1977 the Company sold its remaining interests in groundfish facilities in the Atlantic Provinces. Two herring plants (at Isle aux Morts, Newfoundland and at Lower East Pubnico, Nova Scotia) have been leased to an affiliated company which has other fish processing operations in the region. Although the long-term prospects for marine resources adjacent to these provinces are encouraging, it is the Company's opinion that they will be most effectively harvested and processed by integrated operators having depth in local management.

A shrimp processing facility in Texas, purchased in 1974 and operated under the name of Sea Breeze, Inc., was closed in 1977. This decision was taken because of the inordinate amount of additional funds that would have been required to improve the plant and to raise inventories to a level at which the operation could have become economic.

PARTLY-OWNED OPERATIONS

United Oilseed Products Ltd. is a rapeseed crushing operation in Lloydminster, Alberta in which the Company holds a one-third interest. Partners in this venture are United Grain Growers Limited, Mitsubishi Corporation Tokyo and Nisshin Oil Mills Limited, Tokyo. Although the plant is performing to capacity and the output is of a high quality, certain business factors continue to frustrate its financial performance. High raw material costs, discriminatory freight rates and depressed world markets for competing products are a discouraging background against which to hope for a fast recovery of operating results.

Mar Fishing Company, Inc. is a Philippine corporation in which the Company holds a 30 percent interest. This operation is in an exploratory stage, during which tuna is being purchased from local fishermen and frozen aboard two Company-owned vessels. Quantities purchased are increasing as techniques improve, and during this phase the unprocessed frozen fish is being sold into world markets. Majority interest in this venture is held by Marcopper Mining Corporation, a Philippine company affiliated with the "Placer Group" of Vancouver.

GENERAL

A brief history of the Company and its operations is included in another section of this report. Throughout this period of history the marine resources on which these operations are based have managed to survive, and in more recent years there has been a growing awareness on the part of the public and the government of the importance of these common property assets.

Government resource management techniques are improving, and must continue to improve in order to protect and develop both existing and new fisheries zones. Likewise corporate management must also continue to improve its performance in fulfilling obligations to producers, consumers, employees, investors and the public in general.

J. B. Buchanan
President and Chief
Operating Officer



Adams River Salmon Spawning Beds, where life ends and begins again for millions of Salmon.



CLOVER LEAF brings nutritious seafood products to consumers around the world.

Consolidated Statement of Income and Retained Earnings

British Columbia Packers Limited
53 weeks ended January 1, 1978
and 52 weeks ended December 26, 1976
(in thousands of dollars)

	1977	1976
Sales	\$213,293	\$177,172
Expenses		
Cost of sales (note 7)	173,232	147,037
Selling and administrative	20,468	16,298
Depreciation	2,722	2,904
Interest		
Long-term debt	1,216	312
Other	2,624	4,065
	200,262	170,616
Operating income	13,031	6,556
Gain on disposal of fixed assets	1,392	1,212
	14,423	7,768
Income taxes		
Current	5,433	2,795
Deferred	56	453
	5,489	3,248
Income before the undernoted	8,934	4,520
Minority interests	2	(1)
Share of losses of partly owned companies	895	1,020
	897	1,019
Income before extraordinary items	8,037	3,501
Extraordinary items (note 5)	259	88
Net income	8,296	3,589
Retained earnings at beginning of period	35,191	32,195
	43,487	35,784
Deduct dividends		
Class 'A' shares at \$.75 per share	7	8
Class 'B' shares at \$2.00 (1976 — \$1.00) per share	1,171	585
	1,178	593
Retained earnings at end of period	\$42,309	\$35,191
Earnings per issued 'A' and 'B' share		
Income before extraordinary items	\$13.52	\$5.89
Net income	\$13.95	\$6.04

Consolidated Statement of Changes in Financial Position

British Columbia Packers Limited
53 weeks ended January 1, 1978
and 52 weeks ended December 26, 1976
(in thousands of dollars)

	1977	1976
Source of working capital		
Operations	\$ 9,889	\$ 7,276
Proceeds on disposal of fixed assets	6,297	1,852
Long-term debt incurred	—	10,000
Reduction of investments	127	20
	16,313	19,148
Application of working capital		
Additions to investments	1,120	1,046
Additions to fixed assets	7,147	1,881
Reduction of long-term debt	2,548	753
Dividends	1,178	593
Other	—	140
	11,993	4,413
Increase in working capital	4,320	14,735
Working capital at beginning of period	32,069	17,334
Working capital at end of period	\$36,389	\$32,069

Consolidated Balance Sheet

British Columbia Packers Limited
(Incorporated under the laws of Canada)
as at January 1, 1978
and December 26, 1976
(in thousands of dollars)

Assets	1977	1976
Current assets		
Cash	\$ 77	\$ 141
Accounts receivable		
Trade and advances to fishermen	22,609	21,489
Affiliated companies	847	1,374
Inventories		
Product	50,831	53,789
Materials and supplies	7,418	8,103
Prepaid expenses	374	531
	82,156	85,427
Investments and long-term receivables (note 2)	1,380	1,282
Fixed assets, at cost		
Buildings, machinery and equipment	59,531	60,917
Less accumulated depreciation	36,721	39,118
	22,810	21,799
Land	1,497	1,598
	24,307	23,397
	\$107,843	\$110,106

Approved by the Board

R. I. Nelson, Director

F. L. Jones, Director

Liabilities	1977	1976
Current liabilities		
Bank indebtedness (note 3)	\$ 9,057	\$ 11,038
Notes payable	13,437	26,456
Accounts payable		
Trade and accrued liabilities	15,065	11,007
Affiliated companies	81	83
Income taxes payable	4,554	3,015
Deferred income taxes	1,012	1,006
Current portion of long-term debt	2,561	753
	45,767	53,358
Long-term debt (notes 3 and 4)	10,897	13,445
Deferred foreign exchange adjustment	108	100
Deferred income taxes	4,539	3,791
Minority interest in subsidiaries	80	78
Shareholders' Equity		
Capital Stock		
Authorized		
781,988 convertible non-voting non-redeemable class 'A' shares without par value, entitled to annual cumulative dividends of \$.75 per share		
781,988 class 'B' shares without par value		
Issued		
	<u>Class 'A'</u>	<u>Class 'B'</u>
At December 26, 1976	10,088	584,528
Converted during year	(1,347)	1,347
At January 1, 1978	<u>8,741</u>	<u>585,875</u>
Retained earnings (note 4)	42,309	35,191
	46,452	39,334
	\$107,843	\$110,106

Commitments and contingent liabilities (note 6)

Notes to Consolidated Financial Statements

British Columbia Packers Limited
January 1, 1978

1. Significant accounting policies

(a) Basis of presentation

The financial statements consolidate the accounts of British Columbia Packers Limited and all its subsidiary companies.

(b) Advances to fishermen

As is the practice in the industry the company makes advances to fishermen to assist them in the financing of their operations, boats and gear, the repayment of which is dependent, in large measure, upon the catch of fish in future seasons. In the absence of fixed repayment terms it is impractical to segregate these advances into current and long-term portions.

(c) Inventories

Inventories of product are valued at the lower of cost and net realizable value and inventories of materials and supplies are valued at the lower of cost and replacement cost.

(d) Long-term investments

Investments in partly owned companies are accounted for by the equity method. Other investments are accounted for by the cost method.

(e) Deferred foreign exchange adjustment

All U.S. balances have been translated at a rate approximating the current rate. The resulting net gain on the translation of long-term debt of the Canadian companies and the company's equity in the U.S. subsidiaries has been deferred until realized and is shown in the balance sheet as 'Deferred foreign exchange adjustment'.

(f) Depreciation

Depreciation is computed on the straight-line basis over the expected useful life of the assets at rates varying from 2½% to 25%.

(g) Income taxes

The company follows the tax allocation method in which the major timing difference relates to fixed assets and inventories. The accumulated total of such income tax deferrals is reflected in the balance sheet as 'Deferred income taxes'.

Certain subsidiary companies have unutilized losses for income tax purposes aggregating \$1,625,000, the tax effect of which has not been recognized in the accounts. Such losses are available as deductions from incomes up to 1984.

2. Investments and long-term receivables

	1977	1976
	(in thousands of dollars)	
United Oilseed Products Ltd. (33⅓% owned)		
Shares, at cost	\$1,900	\$ 833
Advances	700	782
	<u>2,600</u>	<u>1,615</u>
Mar Fishing Company, Inc. (30% owned)		
Shares, at cost	203	203
	<u>2,803</u>	<u>1,818</u>
Less company's share of operating losses to date	<u>1,915</u>	<u>1,020</u>
	888	798
Other items	492	484
	<u>\$1,380</u>	<u>\$1,282</u>

The company's advances to United Oilseed Products Ltd. are subordinated to certain bank advances of that company to a maximum of \$11,655,000 (see note 6).

3. Bank security

Bank indebtedness is secured by assignment of accounts receivable and inventories.

4. Long-term debt

	1977	1976
	(in thousands of dollars)	
Term bank loan, due October 2, 1982, bearing interest at 1% above the prime lending rate	\$10,000	\$10,000
First mortgage bonds		
Series 'B' — 6½% sinking fund bonds, due May 1, 1983 (\$2,250 U.S.)	2,394	2,704
Series 'C' — 6½% sinking fund bonds, due May 1, 1983 (\$750 U.S.)	798	901
Other long-term debt (secured)	266	593
	<u>13,458</u>	<u>14,198</u>
Less current portion	<u>2,561</u>	<u>753</u>
	<u>\$10,897</u>	<u>\$13,445</u>

Principal instalments payable on long-term debt in the next five years are approximately \$2,500,000 annually. The first mortgage bonds are secured by a specific mortgage on the company's fixed assets and by a floating

charge on its other assets and undertakings. The provisions of the Deeds of Trust and Mortgage contain certain restrictions including the prohibition of dividends if consolidated net working capital (as defined) is less than \$14,000,000 immediately after declaration or payment.

5. Supplementary information

	1977	1976
	(in thousands of dollars)	
(a) Extraordinary items		
Income tax reduction realized on application of prior years' losses	—	\$490
Gain (loss) on disposition of processing operations	<u>\$259</u>	<u>(402)</u>
	<u>\$259</u>	<u>\$ 88</u>

(b) Disposition of processing operations

During the year the company sold its plants at Harbour Breton, Newfoundland and at Clark's Harbour, Nova Scotia. The shrimp operation in Texas was closed, and negotiations are currently taking place for disposal of the remaining property at Port Lavaca, Texas at a price approximately equal to book value.

(c) Remuneration of directors and senior officers

No remuneration was paid to the twelve directors of the company as directors. Aggregate remuneration of \$845,881 was paid to fourteen officers of the company, six of whom are also directors.

6. Commitments and contingent liabilities

The company rents buildings, equipment and facilities under lease agreements with expiry dates from 1978 to 1991. In 1977, annual rentals under these agreements amounted to approximately \$750,000.

Contingent liabilities and commitments, relating mainly to bills under discount and third party guarantees, amount to approximately \$1,655,000. In addition, the company has guaranteed one-third of the \$11,655,000 term bank loans owing by United Oilseed Products Ltd., and one-third of a \$4 million bank line of credit granted to the same company. It is anticipated that the company will be required to make additional advances of approximately \$700,000 to United Oilseed Products Ltd. during 1978.

A U.S. subsidiary is a defendant in four lawsuits alleging that it together with other commercial packers in the Bristol Bay area of Alaska has violated U.S. Federal anti-trust laws during the 1970-1974 seasons relating to the purchase price of salmon. These lawsuits are in the

initial discovery phase and it is not possible at this time to determine what exposure, if any, the subsidiary might have for damages and what legal fees and costs will be incurred in the litigation. The company is of the opinion that any liabilities which might arise in these actions will not materially affect the consolidated financial position as at January 1, 1978.

7. Government assistance

The Canadian government has established various plans to provide assistance to the groundfish industry. As a result, the company received \$127,513 (1976 — \$927,469) during the year and cost of sales was reduced accordingly. The major portion of these payments was received on the condition that certain prices paid to fishermen be maintained during the period to which these programs applied.

8. Anti-inflation program

The company's Canadian operations are subject to the Anti-Inflation Act which imposes restraints on profit margins, prices, employee compensation and dividends.

9. Subsequent event

In February 1978, the company sold certain foreshore properties in Steveston and realized a gain, net of income taxes, of approximately \$800,000.

Auditors' Report

To the Shareholders of
British Columbia Packers Limited

We have examined the consolidated balance sheet of British Columbia Packers Limited as at January 1, 1978 and the consolidated statements of income and retained earnings and changes in financial position for the 53 weeks then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at January 1, 1978 and the results of its operations and the changes in its financial position for the period then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Vancouver, B.C.
February 10, 1978

Norm Reddell & Co.
Chartered Accountants

Five Year Review

British Columbia Packers Limited
(in thousands of dollars)

	1977	1976	1975	1974	1973
Sales and Income					
Sales	\$213,293	\$177,172	\$144,943	\$161,689	\$153,774
Depreciation	2,722	2,904	3,130	3,017	2,657
Interest	3,840	4,377	4,365	5,400	2,100
Taxes on income	5,489	3,248	25	1,354	8,931
Income before extraordinary items	8,037	3,501	30	1,565	9,343
per issued share	13.52	5.89	.05	2.63	15.71
Extraordinary items	259	88	—	—	—
Net income	8,296	3,589	30	1,565	9,343
per issued share	13.95	6.04	.05	2.63	15.71
Dividends	1,178	593	592	1,175	1,318
Class 'A' shares	.75	.75	.75	.75	.75
Class 'B' shares	2.00	1.00	1.00	2.00	2.25
Financial Position					
Current assets	82,156	85,427	70,318	80,207	78,551
Current liabilities	45,767	53,358	52,983	63,091	56,440
Working capital	36,389	32,069	17,335	17,116	22,111
Fixed assets — net	24,307	23,397	25,322	27,008	21,959
Long-term debt	10,897	13,445	4,198	4,985	4,917
Shareholders' equity	46,452	39,334	36,338	36,900	36,509
Total assets	107,843	110,106	96,916	108,333	100,685

Brief History of British Columbia Packers Limited

Although the present Company was not incorporated until May 18, 1928, its connections can be traced back to 1870, when Alexander Ewen opened the first salmon cannery in British Columbia on the banks of the Fraser River near New Westminster.

As would be expected, early fishing and canning operations were very primitive. Salmon were caught by small rowboats or sailboats using drift gillnets. Canning was entirely a hand operation including butchering the fish, filling the cans and even making the cans and boxes. Capacity of the canneries was very small, and the early years saw the construction of a large number of plants. Many of these failed after a season or two, but some became the nucleus of present-day coastal communities. As the local market was severely limited, most of the pack was shipped to the United Kingdom by sailing ship — a voyage that could take as long as five months.

Fishing soon expanded along the entire length of the British Columbia coast and became increasingly effective as thousands of new boats entered the fishery. Early

Sailboats leaving Imperial Cannery for the salmon fishing grounds. 1900.





Making salmon cans. 1900.

concern for the conservation of the resource was shown by the construction and operation of a salmon hatchery near New Westminster in 1883. This hatchery was the forerunner of the numerous enhancement projects that have been built in recent years and are planned for the future.

A fishermen's union was organized in 1899 and in 1900 the Fraser River Cannery Association was formed. The first industry strike began on July 8, 1900 and lasted for three weeks. It set the pattern for the often turbulent relations that have existed between union and cannery through the years.

In 1902, a syndicate organized the British Columbia Packers Association and purchased 42 canneries and two cold storages. Included in the purchase was Alexander Ewen's cannery and Mr. Ewen became the first President of the Association.

The following years saw significant improvements in industry technology. Automatic butchering machines and the sanitary can were introduced. Sailboats gave way to power boats and the purse seine method of fishing was initiated.



Loading canned salmon for Britain. Imperial Cannery, Steveston, B.C. 1898.

In 1908, rights to the CLOVER LEAF label were obtained (first introduced to Canadian housewives in 1887) and it has been used continuously since that time as a principal brand of quality canned seafoods. It rapidly became a market leader and through the policy of providing high quality consistent supplies, it has held this position through the years.

Between 1925 and 1928, the Association acquired three other important British Columbia fishing operations: Wallace Fisheries Limited, Gosse Packing Company, and Millerd Packing Company. In 1928, the new larger operation was re-incorporated as British Columbia Packers Limited, the present Company.

Having scarcely completed the fusion of these companies, the business was hit by the Depression of the early 1930's. Reacting to these difficult times, a far-reaching program of plant concentration and product diversification was carried out. As a result, while many of its competitors failed, British Columbia Packers Limited emerged as Canada's leading fishing company.

During World War II, the Industry's capacity was devoted almost entirely to the production of canned salmon and

herring for the British Ministry of Food. After the war, Britain imposed severe restrictions on the import of canned salmon. Through extensive advertising and promotional activities however, the industry was able to successfully market the majority of its pack domestically.

In 1954, with the acquisition of Coast Oyster Company (Washington) and Freeman's Certi-Fresh, Inc. (California) the Company expanded its operations to the United States. In 1963, Nelbro Packing Company was organized to operate a salmon cannery at Bristol Bay in Alaska. These companies have grown through the years and continue in operation today.

The Company entered the Canadian Atlantic fisheries in 1960 by leasing a groundfish plant at Harbour Breton in Newfoundland. This plant was subsequently purchased, and by 1970 the Company had constructed three more plants on the Atlantic Coast, becoming a leading factor in the herring fishery there. Unfortunately, the herring resource entered a period of natural decline and in 1977 the Company sold its interests in the Atlantic region.

In 1960, British Columbia Packers Limited acquired Nelson Bros. Fisheries Limited, a major company specializing in salmon and herring products. The operations of these two companies were combined in 1969 and the consolidation of their facilities and personnel have resulted in an organization which is unparalleled in the industry today.

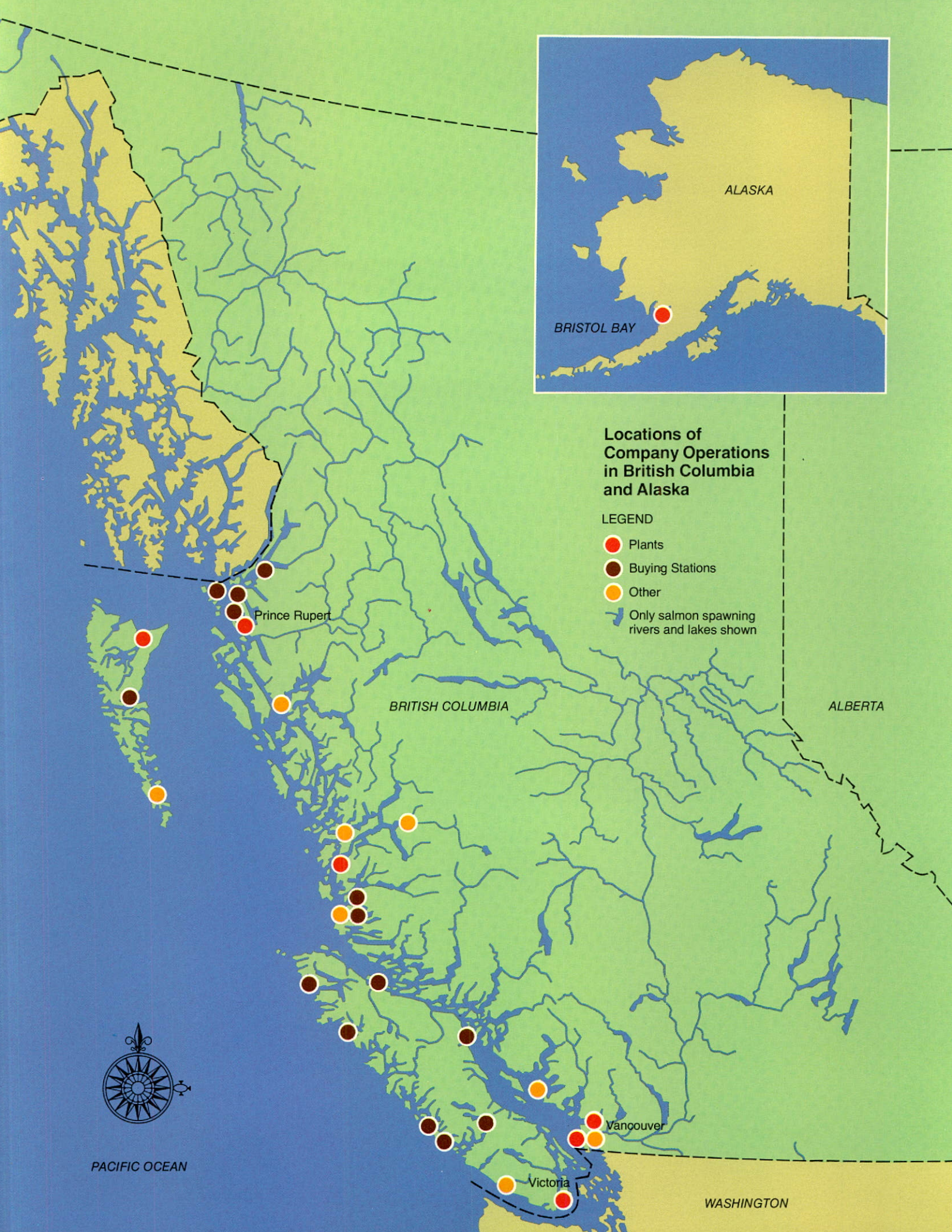
Beginning in 1971, British Columbia Packers Limited pioneered the production of British Columbia herring roe for the Japanese market. Herring roe subsequently became one of the industry's most valuable exports, providing also the basis for thousands of new jobs.

Although the Company, and the Industry, were built on the basis of the salmon resource, other species such as herring, halibut, groundfish and shellfish are now harvested and processed. These products broaden the activities in an otherwise highly-seasonal industry and contribute to a more complete utilization of the resources, and to steadier employment.

Throughout its history the Company has provided an important source of income for many people, particularly those living in isolated communities. A high proportion of its fishermen and employees has been, and continues to be, Native Indians.

From the beginning, the Company has been fortunate in the high quality of the people with whom it has been associated. Through their combined efforts and imagination the Company has reached its position as a leader in the Industry, with an exciting future.





Directors

J. Bruce Buchanan
Richard J. Currie
Edward L. Harrison
Mark Hoffman
F. Lewis Jones, C.A.
George C. Metcalf
Richard I. Nelson
David A. Nichol
S. Simon Reisman
Eric S. Turnill
W. Galen Weston
James S. Wilson

Officers

Richard I. Nelson
Chairman of the Board and
Chief Executive Officer
Edward L. Harrison
Vice-Chairman
J. Bruce Buchanan
President and Chief Operating Officer
F. Lewis Jones, C.A.
Vice-President, Finance
Eric S. Turnill
Vice-President, Planning
Lorne C. Hume
Vice-President, Philippine Operations
Paterson A. Todd
Vice-President, Marketing
Norman K. Nelson
Vice-President, Pacific Operations
J. Stuart Shelley
Vice-President, Production —
B.C. Operations
James S. Wilson
Vice-President and Secretary
Morley W. Chang, C.A.
Treasurer
Sheila J. Grand-Scrutton
Assistant Secretary
Brian F. Causey, C.A.
Assistant Vice-President, Finance
Albert Florkow
Controller

Head Office

4300 Moncton Street, Richmond, B.C.

Mailing Address

P.O. Box 5000, Vancouver, B.C. V6B 4A8

**Registrar and
Transfer Agent**

The Canada Trust Company
Vancouver and Toronto

Auditors

Thorne Riddell & Co.
Vancouver, B.C.

Subsidiary Companies

British Columbia Packers Newfoundland
Limited
B.C. Packers (Quebec) Limited
Bay Point Oyster Farms
Brunswick Development Corporation Ltd.
Canadian Packing Company Limited
Coast Oyster Company
Coast Oyster Company of California
Humboldt Oyster Co.
McCallum Sales Ltd.
McCallum Seafoods Ltd.
Nelbro Packing Company
Nelson Bros. Fisheries Limited
North American Testing Ltd.
The Packers Steamship Company Limited
Queen Charlotte Cannery Limited
Rupert's Certi-Fresh Foods, Inc.
Rupert's International Sales Corporation
Sea Breeze, Inc.
Sea Breeze Foods, Inc.
Willapa Oyster Farms

