

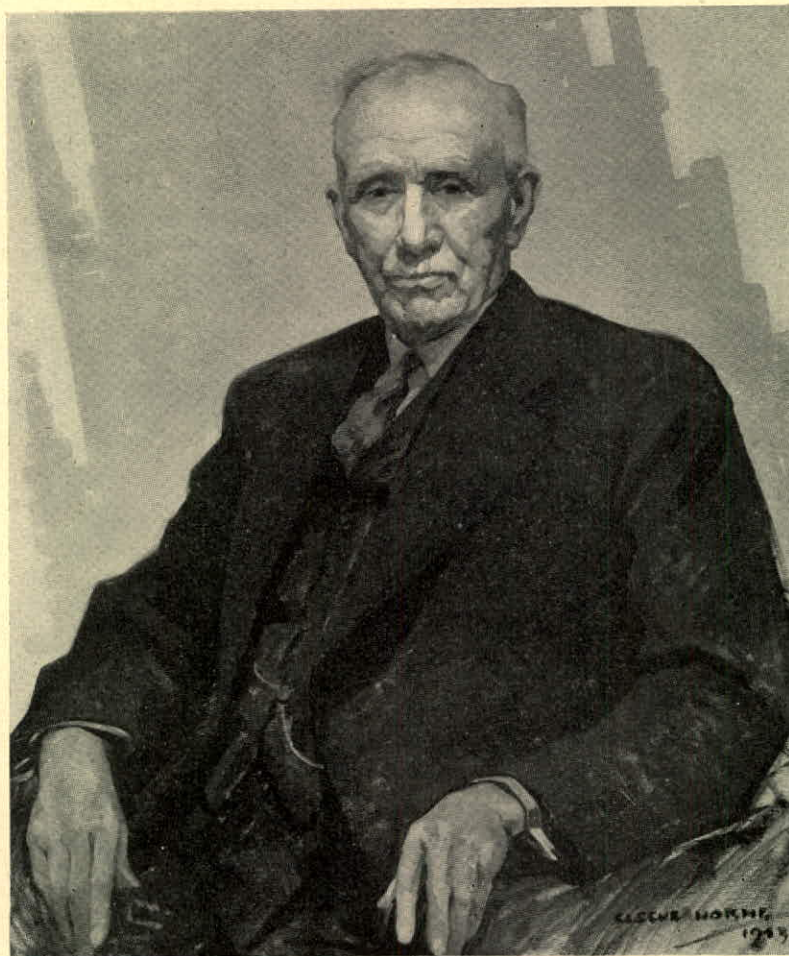
18th ANNUAL REPORT

AS AT 29TH MARCH, 1945



CANADA PACKERS LIMITED





*

The Directors record with deep grief the death
on May 17th, 1945, of

MR. W. T. HARRIS

Mr. Harris had been Senior Vice-President of Canada Packers
Limited since the organization of the Company in 1927

*

CANADA PACKERS LIMITED

OFFICERS

President

J. S. McLEAN

*Vice-President and
Treasurer*

S. G. BROCK

*Vice-President and
General Manager*

N. J. McLEAN

Secretary

Assistant Treasurer

Assistant Secretary

C. WADGE

A. J. E. CHILD

F. E. HAWKINS

DIRECTORS

S. G. BROCK

W. R. CARROLL

J. P. LABERGE

A. L. LAING

H. M. MURRAY

R. N. McKECHNIE

J. S. McLEAN

N. J. McLEAN

C. C. POLKINGHORNE

G. A. SCHELL

C. WADGE

F. A. WIGGINS

Plants at

TORONTO

MONTREAL

HULL

PETERBOROUGH

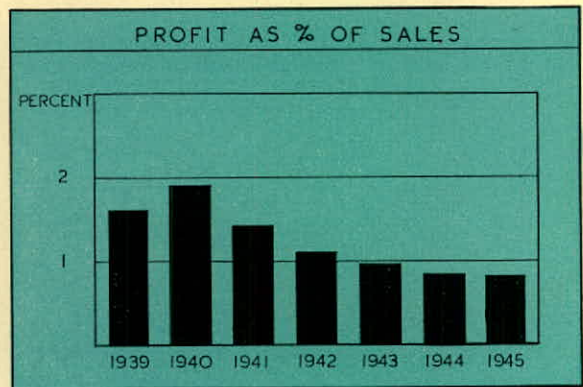
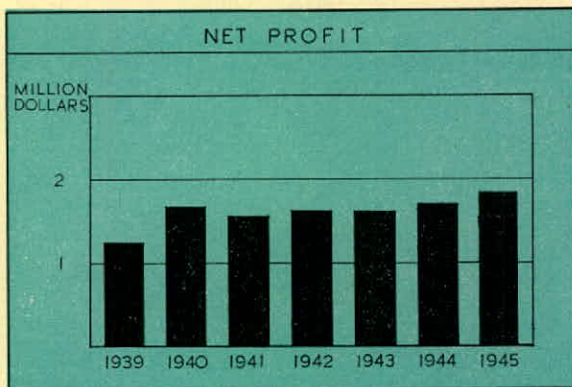
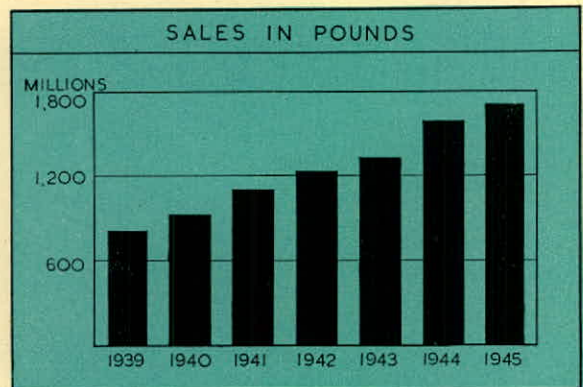
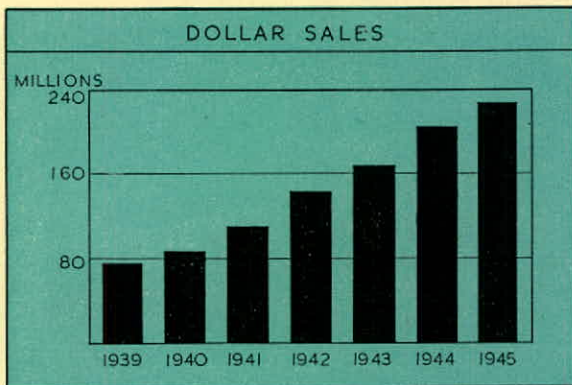
WINNIPEG

EDMONTON

VANCOUVER

C A N A D A P A C K E R S

COMPARATIVE STATISTICS



REPORT TO SHAREHOLDERS

THE eighteenth year of Canada Packers Limited closed March 29th, 1945.

It was the sixth war year. Both volume and result of operations were determined largely by war conditions.

In each year since the beginning of the war, dramatic increases have been achieved in Live Stock and general Agricultural production. These were reflected in corresponding increases in volume of Packinghouse operations.

In the year under review the increase in volume continued, but at a reduced pace.

The following table sets up, for the last pre-war year (ended March 1939),—and for the war period, the record of Canada Packers' operations in terms of:—

- A. Dollar Sales
- B. Weight of product sold
- C. Net Profit
- D. Profit as percentage of Sales
- E. Profit per pound

TABLE NO. 1

Year Ended	A Dollar Sales	B Weight of Product Sold	C Net Profit	D Profit as % of Sales	E Profit per Pound
March 1939	\$ 77,225,732	800,763,592 lbs.	\$1,238,736	1.6%	1/6¢
March 1940	88,205,639	913,251,116	1,667,809	1.9	1/5
March 1941	110,291,839	1,091,263,352	1,555,028	1.4	1/7
March 1942	144,509,292	1,228,029,942	1,611,465	1.1	1/8
March 1943	169,141,671	1,328,616,840	1,611,418	.95	1/8
March 1944	206,155,938	1,582,932,568	1,687,587	.82	1/9
March 1945	228,398,111	1,698,326,055	1,824,811	.80	1/9
INCREASE					
1945 over 1939	196%	112%	47%		
1945 over 1944	11%	7%	8%		

WARTIME INVENTORY RESERVE

Following World War I, losses of the deflation period (1920-21) wiped out the wartime profits of most Canadian Packing companies. So severe were those losses that ultimately they made necessary a widespread reorganization of the Industry.

By reason of inflation-control measures erected during World War II, it is hoped that post-war losses will this time be much less severe. Nevertheless, at some stage following the war, deflation losses seem inevitable. Prices of Live Stock products have advanced to levels which,—it would seem,—can not be permanently maintained.

This view is supported by the following table, which compares present prices with those of 1939.

TABLE NO. 2

**COMPARISON PRICES LIVE STOCK PRODUCTS
1945 AND 1939**

	Average March 1945	Average March 1939
Good Steers, live, Toronto - - - - -	\$11.54	\$ 6.78
Hogs, B-1 dressed, Toronto - - - - -	19.42*	12.25
Lambs, live, Toronto - - - - -	14.95	9.10
Chickens, Milk Fed A, Toronto - - - - -	.35	.24½
Eggs, "A" Large, Toronto - - - - -	.35	.21½
Creamery Butter, Toronto - - - - -	.43½*	.21¾
Cheese, f.o.b. factory, Ontario - - - - -	.23*	.11

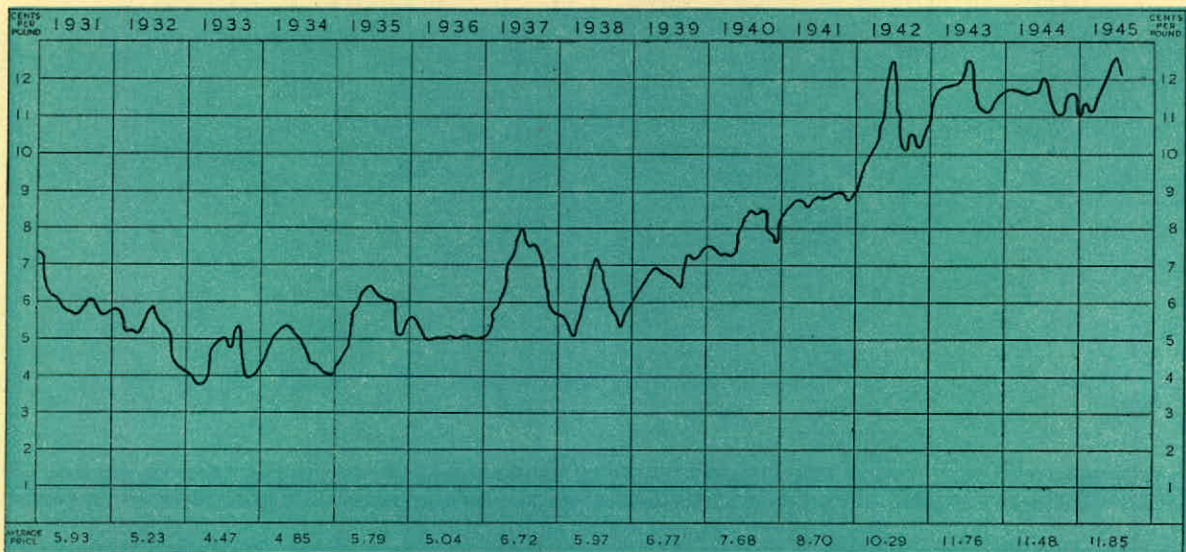
*Subsidies, Federal plus Provincial, included in 1945 prices—

Hogs—\$1.62 per 100 lbs.

Butter—8½¢ per lb.

Cheese—3¢ per lb.

**GOOD STEERS—1050 POUNDS DOWN, TORONTO
AVERAGE MONTHLY PRICE**



To meet the anticipated Inventory losses, in each war year a sum has been set aside as Wartime Inventory Reserve. That sum for the year under review was \$581,000.00. The total reserve set up during the war period has been:—

<u>YEAR ENDED</u>									
March 1940	-	-	-	-	-	-	-	-	\$ 579,000.00
March 1941	-	-	-	-	-	-	-	-	380,000.00
March 1942	-	-	-	-	-	-	-	-	1,310,000.00
March 1943	-	-	-	-	-	-	-	-	650,000.00
March 1944	-	-	-	-	-	-	-	-	500,000.00
March 1945	-	-	-	-	-	-	-	-	581,000.00
Total	-	-	-	-	-	-	-	-	\$4,000,000.00

This total of four million dollars may be too much or too little. No one at present can tell. It is hoped it may prove too much, in which case a portion of it will ultimately be transferred to the Profit and Loss Account. That all of it might be needed may be seen from the following facts:—

1. To convert this year's Inventory (March 29, 1945) to the price basis of the last pre-war year (March 30, 1939), a reserve would be required of - - - - - \$5,600,000

2. In the deflation years following World War I,—(1920-21), the four companies now comprising Canada Packers, made a combined loss of - - - - - \$5,500,000

Upon all the sums set aside as Wartime Inventory Reserve, full Income Taxes have been paid, and except that they may be needed to offset post-war Inventory losses, these sums might properly be treated as profits.

Had this course been followed, and had no Inventory Reserve been set up, Columns C, D, E in Table No. 1 would have appeared as follows:—

TABLE NO. 3

<u>Year Ended</u>	<u>Profit</u>	<u>Profit as Percentage of Sales</u>	<u>Profit per Pound</u>
March 1939	\$1,238,736	1.6%	1/6¢
March 1940	2,246,809	2.5	1/4
March 1941	1,935,028	1.8	1/6
March 1942	2,921,465	2.0	1/4
March 1943	2,261,418	1.3	1/6
March 1944	2,187,587	1.1	1/7
March 1945	2,405,811	1.1	1/7

DISTRIBUTION OF SALES DOLLAR

On Page 19 appears the Profit and Loss Statement for the year.

Below, (in Table 4), this statement is reproduced in somewhat simplified form, and alongside, in the same form, the Profit and Loss Statement for the last pre-war year, ended March 1939.

TABLE NO. 4

The statements show the distribution of each - - - - - \$1.00 of Sales.

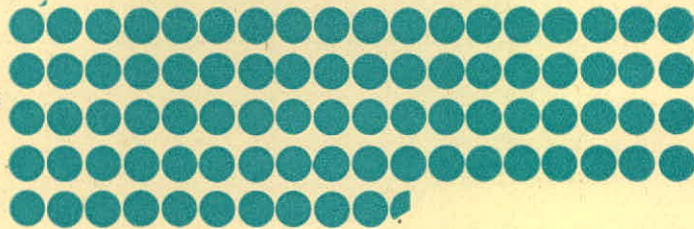
Out of each dollar of Sales in the respective years, the following sums were paid:—

	<u>1945</u>	<u>1939</u>
To Producers, chiefly for live stock - - - - -	82 $\frac{1}{8}$ ¢	80 $\frac{3}{8}$ ¢
To Employees (salaries, wages and bonus) - - - - -	7 $\frac{1}{8}$	8 $\frac{7}{8}$
To Service Organizations - - - - -	3 $\frac{7}{8}$	4 $\frac{1}{8}$
To Suppliers - - - - -	3 $\frac{1}{8}$	2 $\frac{3}{8}$
To Bondholders - - - - -	—	$\frac{1}{4}$
Taxes - - - - -	1 $\frac{3}{4}$	$\frac{3}{4}$
	<hr/>	<hr/>
Total paid to persons other than Shareholders -	98 $\frac{5}{8}$ ¢	97 $\frac{1}{4}$ ¢
Set aside for Depreciation - - - - -	$\frac{3}{8}$	1 $\frac{1}{8}$
	<hr/>	<hr/>
	99 ¢	98 $\frac{3}{8}$ ¢
Remainder—retained for the benefit of Shareholders - -	1 ¢	1 $\frac{5}{8}$ ¢
Set aside for Wartime Inventory Reserve - - - - -	$\frac{1}{4}$	—
	<hr/>	<hr/>
Remainder,—Net Profit - - - - -	$\frac{3}{4}$ ¢	1 $\frac{5}{8}$ ¢
Paid to shareholders as dividends - - - - -	$\frac{3}{8}$	$\frac{3}{4}$
	<hr/>	<hr/>
Balance retained as Working Capital for extension and improvement of the business - - - - -	$\frac{3}{8}$ ¢	$\frac{7}{8}$ ¢
	<hr/>	<hr/>

DISTRIBUTION OF SALES DOLLAR, 1945

TO PRODUCERS
FOR LIVE STOCK, ETC.

82 $\frac{1}{3}$ ¢



TO EMPLOYEES

7 $\frac{1}{3}$ ¢



TO SERVICE
ORGANIZATIONS

3 $\frac{7}{8}$ ¢



TO SUPPLIERS

3 $\frac{1}{3}$ ¢



TAXES

1 $\frac{3}{4}$ ¢



DEPRECIATION

$\frac{3}{8}$ ¢



WARTIME INVENTORY
RESERVE

$\frac{1}{4}$ ¢



NET PROFIT

$\frac{3}{4}$ ¢



CAPITAL STRUCTURE

During the year, effect was given to the plan of subdividing the Shares, announced in the last Annual Report. The Capital structure of the Company is now as follows:—

Bonds - - - - -	None
'A' Shares, carrying a cumulative preferential dividend of \$1.50 per share - - - -	400,000 shares
Amount of dividend - - - - -	\$600,000
'B' Shares, upon which is paid a present dividend of 50¢ per share - - - - -	800,000 shares
Amount of dividend - - - - -	\$400,000
Total Dividend - - - - -	\$1,000,000

. . .

WAR AND POST-WAR PLANT EXTENSION

During the war years, due to greatly increased volume, the strain upon the physical equipment of the plants has been severe. Plant extension has necessarily been held to a minimum, but expenditure for upkeep has been much increased.

Sums charged to Fixed Capital during the war period are revealed by the following:—

Fixed Assets (Balance Sheet 1945) - - - - -	\$23,720,750
Fixed Assets (Balance Sheet 1939) - - - - -	\$21,636,385
Additions to Fixed Assets during war period - - - - -	\$ 2,084,365

Plans have already been completed for a substantial programme of plant replacement and extension in the post-war period. So far as possible, construction will be delayed until a slackening occurs in general industrial activity.

. . .

Following the close of the war in Europe, it is appropriate that this Report should deal with two main subjects:—

1. A review of the performance of the Packing Industry during the war period.
2. An estimate of the outlook for Live Stock in the post-war years.

1. THE WARTIME RECORD OF THE PACKING INDUSTRY

The first, and paramount duty of the Industry was that it manage to process the greatly increased deliveries of Live Stock. That this was not a simple matter, is evident from the following comparison of inspected slaughtering for the years 1944 and 1939:—

TABLE NO. 5

NUMBER OF ANIMALS PROCESSED, INSPECTED HOUSES

	1944	1939	Increase
Hogs - - - - -	8,766,441	3,628,369	142%
Cattle - - - - -	1,354,104	872,574	55%
Sheep and Lambs - -	949,096	786,274	21%
Calves - - - - -	660,556	679,922	- 3%

Increase in Total weight of meat produced 113%*

Considering that plant capacity in 1939 was in scale approximately with then marketings, the task of coping with this enormous increase in volume was a difficult one.

Substantial extensions in plant were, of course, necessary; but in the main the handling of the increased deliveries was achieved by 'adjustments', especially by increase in numbers of personnel and of shifts. Proof that the job was effectively done lies in the fact that only in two short periods throughout the 5½ years, was the flow of Live Stock slowed up, due to congestion at the plants.

Next to the obligation of processing this great increase of volume, was that of doing the job at a reasonable margin of profit.

In respect of profit, the facts are not available for the total Industry. Canada Packers is the largest single unit, and its results probably fairly indicate those of the Industry as a whole.

A comparison has already been given (Table No. 4) of the years 1939 and 1945. But a comparison of the six-year *war* period with the six-year *pre-war* period gives a more complete picture. This is presented in the following table, No. 6.

*Average warm dressed weight of animals killed:—

	1944	1939
Hogs - - - - -	165.4 lbs.	150.4 lbs.
Cattle - - - - -	502.1	466.2
Sheep and Lambs - -	43.5	42.3
Calves - - - - -	119.2	106.6

Authority: Meat Board., Ottawa.

TABLE NO. 6

COMPARISON OF OPERATING RESULTS
 6 year pre-war period, 1934-1939 inclusive,
 and 6 year war period, 1940-1945 inclusive

		Pre-war Period 1934 - 1939	War Period 1940 - 1945	Percentage Increase
Average Sales	a.	\$68,057,735	\$157,783,748	132%
Average Profit before Taxes	b.	1,696,369	3,857,794	127%
Average Taxes	c.	379,985	2,198,108	478%
Average Net Profit (after Taxes)	d.	1,316,384	1,659,686	26%
Average Net Profit as percentage of Sales (d as to a)		1.9%	1.05% decrease	45%

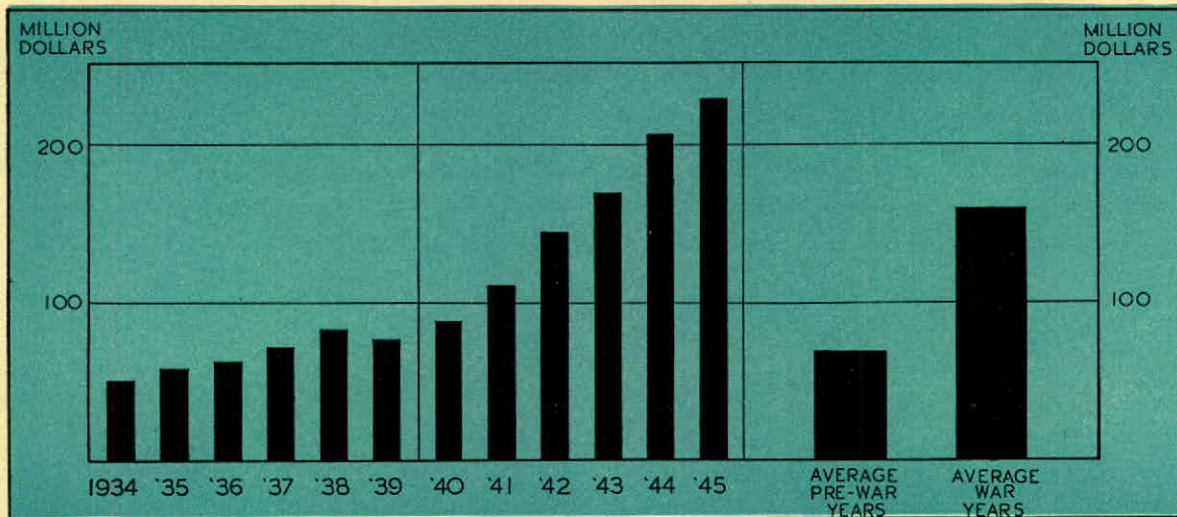
In summary, therefore, the record is as follows:—

The essential job of processing increased deliveries of Live Stock was accomplished without block, and without invoking financial assistance from the Government.

Many war contracts involved large advances by the Government for plant. And in most cases the contracts provided for a profit (before taxes) of 5 per cent.

The profit of the Packing Industry (before taxes) was approximately 2.45 per cent.

DOLLAR SALES
 SIX PRE-WAR YEARS—SIX WAR YEARS



Of this, 1.4 per cent was returned to the Government, as Income and Excess Profits Tax, leaving a net profit to the Industry of 1.05 per cent.

2. OUTLOOK FOR LIVE STOCK IN THE POST-WAR YEARS

The increase in Canadian Live Stock production was a vital factor in the Allied war effort. Credit for this achievement belongs entirely to the Canadian Farmer. The Packing Industry can claim no part of it. The Packer is simply the processing element in the Live Stock Industry. His volume is determined entirely by the numbers of Live Stock brought to market.

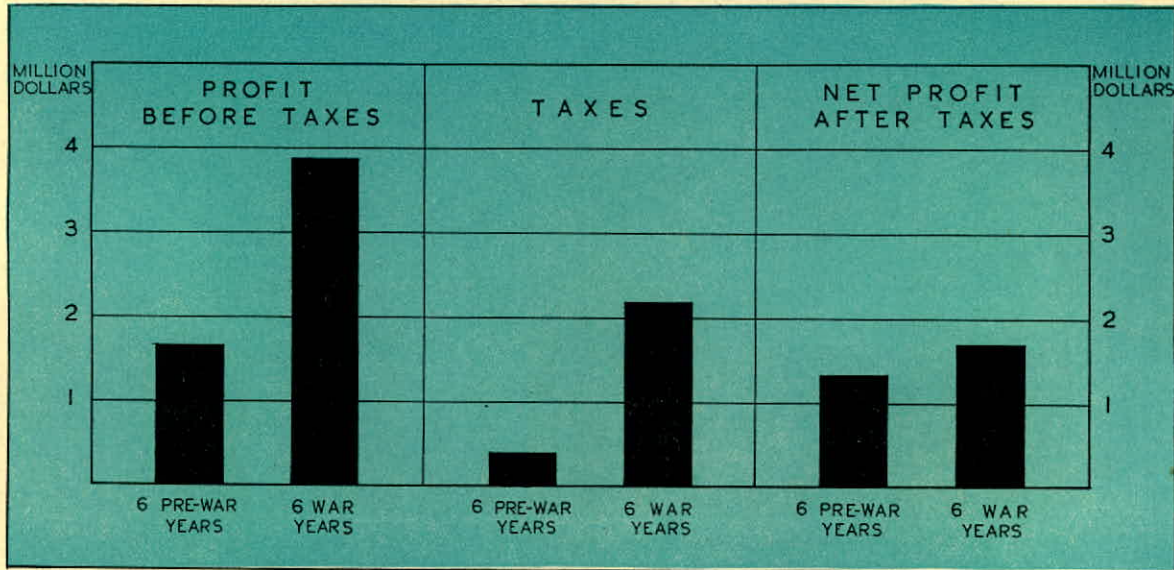
Cattle and Hog populations are now at levels much higher than those of any pre-war date. When war demand is over, the surplus will be such that, unless outlets can be maintained much larger than those of the pre-war period, the increased production in itself might become a threat to the level of Live Stock prices.

What, then, is the prospect for Live Stock prices in the post-war years?

Concerning the period immediately ahead, there is no doubt. The outlet is assured. Great Britain has already contracted to buy (at present prices) all the Beef and all the Pork product which Canada can ship, up to the end of 1946.

As to the period 1947 forward, the problems of Cattle and Hogs must be considered separately.

AVERAGE PROFITS AND TAXES
SIX PRE-WAR YEARS—SIX WAR YEARS



CATTLE

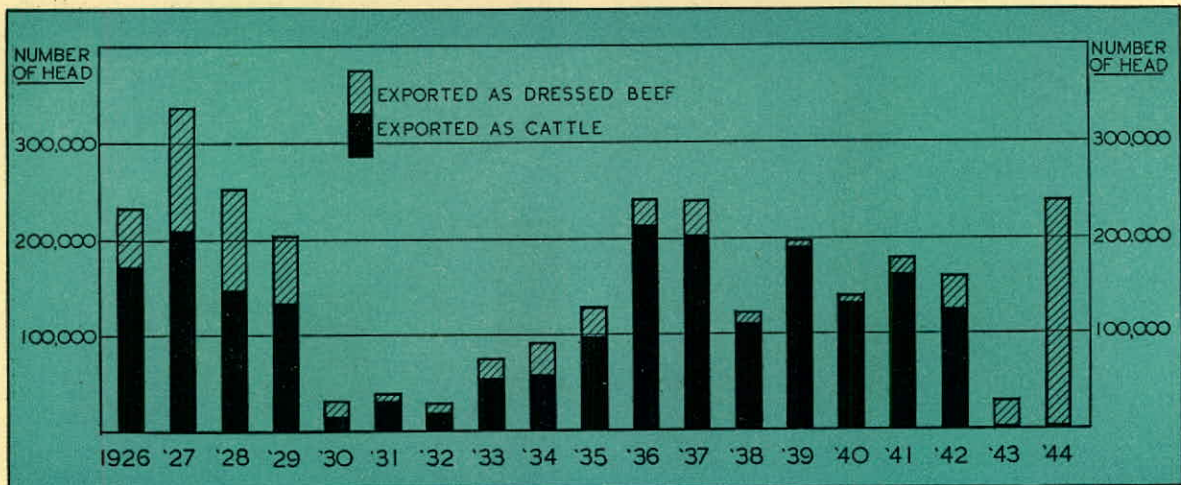
Cattle production in Canada has always been limited by the fact that production costs are higher than in Southern hemisphere countries, especially Argentina, Brazil and Australasia. For this reason, Canada has not, in the past, been able to compete in the open Beef markets of the world. The chief open market has been Great Britain.

However, though excluded from the open markets, Canada has had a measure of preference in the chief protected market, viz. United States. To that country, until wartime controls diverted the flow, Canada shipped about 200,000 Cattle yearly. And her production of Cattle was regulated roughly to meet Canadian domestic requirements, plus the 200,000 head shipped to United States.

On July 1st, 1942, for reasons of war expediency, an embargo was placed against this movement of Canadian Beef Cattle to United States. Thereafter, the flow of Canada's surplus Beef was to Great Britain. During 1944, shipments of Beef totalled 106,000,000 lbs. And during 1945, it is expected shipments will be substantially heavier.

However, Great Britain cannot be counted upon as a permanent market for Canadian Beef. When world supplies catch up with world demand, it seems certain Canada will again find herself unable to compete with Beef from Southern hemisphere countries. It is hoped that Canada's outlet to United States by that time will have been reopened, and possibly enlarged. That outlet has always been, and will again be, of vital importance to the Canadian Cattle Producer.

**CANADIAN EXPORTS OF BEEF CATTLE AND BEEF
(BASIS 450 LBS. BEEF PER HEAD)**



In the long run it may be necessary that Canada adjust her Cattle population to the same principle as in the pre-war period:—that of meeting domestic requirements for Beef, plus agreed shipments to United States.

But this does not mean returning to the numbers of 1939. Canadian requirements will be much heavier than in the pre-war years. Per capita consumption of Beef has advanced from 53.2 lbs. in 1939 to 61.7 lbs. in 1944. And if purchasing power permitted, Canada's Beef consumption could easily advance to 70 lbs. per capita. (In 1943 it actually reached 69.3 lbs.) Out of the war has come a new understanding of the nutritional value of meats as a protective food, also a new concept of the importance to the nation of maintaining its chief asset, viz. the health of its citizens, at the highest possible level.

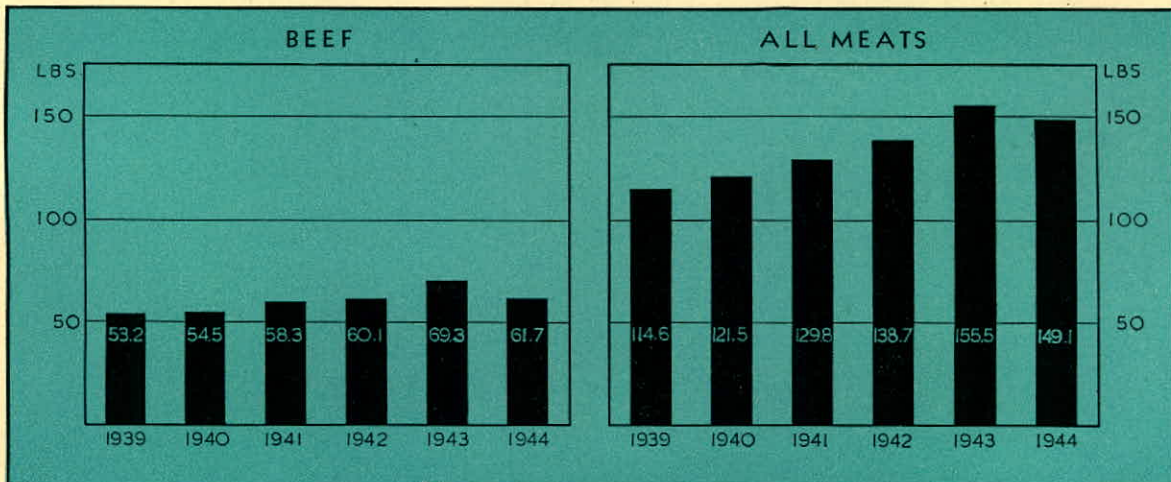
An enlightened National policy should see to it that the experience of the '30's shall not be repeated, when great stores of unsaleable food depressed its Agriculture, while at the same time a large section of its population went undernourished. The establishment of a high internal standard of nutrition would in itself be an important safeguard of the welfare of Canadian Agriculture.

. . .

HOGS

As a Hog producer, Canada's position is fundamentally different from that in respect of Cattle. For Canada can produce Bacon Hogs as cheaply as any other country, and

PER CAPITA CONSUMPTION OF MEAT IN CANADA BY CIVILIANS



therefore can meet all comers in the world markets. As in the case of Beef, the chief open market is Great Britain.

The end of the war finds Canada the chief producer of Bacon type Hogs. In 1944, Canadian production was probably equal to that of all other countries combined.

In the past, Canada's position on the British Bacon market has been a subsidiary one. The leading position was held by Denmark. In the immediate pre-war period Denmark shipped to Great Britain approximately double the quantity shipped by Canada, and received a price approximately 8 shillings per cwt. higher than that paid for Canadian Bacon.

The responsibility for this situation lay entirely with Canada.

Canadian Bacon was inferior in quality to Danish.

And Canadian shipments were irregular.

Three conditions are necessary if Canada, in the post-war period, is to retain first position on the British market.

1. Shipments must be in substantial quantity,—at least 400,000,000 lbs. yearly.
2. These shipments must be in even weekly volume,—i.e. approximately 8,000,000 lbs. per week.
3. Above all, the Bacon must be at least equal in quality to Bacon from any other source.

In the British Bacon market, the war has presented to Canada an opportunity she never had before. When (in 1940) Danish and other Continental shipments to Great Britain were cut off, an appeal was made to the Canadian Farmer to fill this gap. His response was such that Canadian exports were stepped up from 186,000,000 lbs. in 1939 to,—

1940	-	-	-	-	-	-	-	344,000,000 lbs.
1941	-	-	-	-	-	-	-	461,000,000 lbs.
1942	-	-	-	-	-	-	-	525,000,000 lbs.
1943	-	-	-	-	-	-	-	560,000,000 lbs.
1944	-	-	-	-	-	-	-	692,000,000 lbs.

To-day, Canada stands first as the source of Bacon for the British market.

But she can retain that position only upon the three conditions mentioned above. And it is imperative that Canada begin at once to put herself in a position to fulfil those conditions.

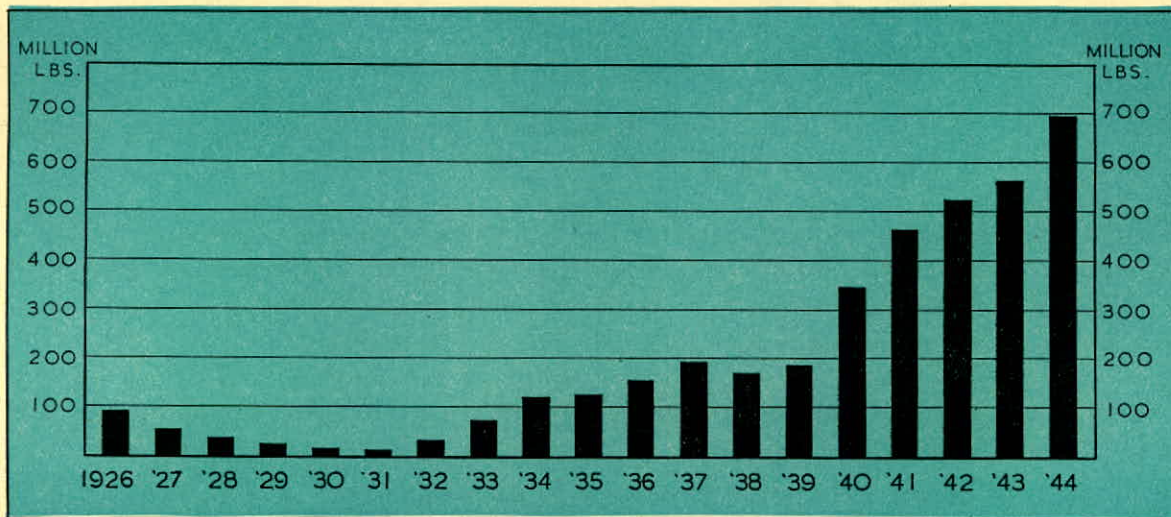
Fortunately, she may have the benefit of a period of grace. For Danish Bacon will probably not come to Great Britain for a period of many months, as it will be urgently needed on the Continent.

It is unfortunate that at this juncture deliveries of Hogs in Canada are light. For the first seven months of 1945 (January to July, inclusive), Hogs processed at inspected plants have totalled - - - - - 3,624,499
 The corresponding number for 1944 was - - - - - 5,648,956
 A decrease of - - - - - 2,024,457
 or 35.8 per cent.

This decrease has been due chiefly to shortage of manpower on the farms. That shortage is likely to be relieved within the next four or five months. The breeding season for Hogs is now at hand. Farmers can feel reasonably sure that by farrowing time of Hogs bred now, the acute labour shortage will be past.

Canada cannot export 8 million pounds of Bacon weekly unless breedings are stepped up at once. In Ontario and Quebec the prospect for breedings is encouraging. For in these Provinces a good feed crop seems assured.

EXPORTS OF BACON, CANADA TO GREAT BRITAIN



However, the key area is the West. If Canada is to produce the essential numbers of Hogs, most of them must come from the Prairie Provinces. Unfortunately, the crop on the Prairies is not encouraging. Certain areas will be short of feed.

It is important that those farmers who have feed should understand the issues at stake. To hold first place on the British Bacon market is the key objective in Canadian agricultural policy. A consideration of the basic facts makes this clear.

Canada produces, and must continue to produce, a large total surplus of farm products. That surplus must be sold abroad. It follows, therefore, that the surplus should be converted into those products in which Canada can compete in the open markets of the world. Of these, the two chief products are Wheat and Bacon. In respect of Wheat, Canada's position is assured. She produces the highest grade Wheat and her cost of production is competitive.

However, if Canada's agricultural surplus were produced mostly in the form of Wheat, world markets could not absorb it. That became clear in 1929. Therefore, another large surplus outlet is necessary. The only other world product which Canada can produce in competition with all comers is Bacon.

For the first time in her history, Canada holds first position in the great open market for Bacon,—viz. Great Britain. But Canada cannot retain that position unless she contrives to ship approximately 8 million pounds of Bacon weekly. If she succeeds in holding first place as a Wheat exporter (which she can) and at the same time in retaining her present position in the British Bacon market, Canada will have an assured outlet for her total farm surplus.

. . .

These are the facts which make it so important to increase Hog breedings during the coming months,—particularly in Western Canada.

A further fact is of almost equal importance. The maintenance of Bacon shipments at the 8 million pound (weekly) level would in itself become an invaluable aid to cattle prices. For such a scale of Bacon exports, by reducing the quantities of Pork product available in Canada, would thereby increase domestic demand for Beef.

In this report, it has already been pointed out that a high domestic demand is the chief prop to Cattle prices in Canada.

. . .

The Directors feel that reference must be made in this Report to the recent strike of Canada Packers' employees. The Report goes to the printers in advance of the arbitration hearings. Therefore, comment must be confined to non-controversial aspects of the incident.

The strike began at Toronto on July 17th with a walkout of a group of the Cattle Killing Division. On one point there is no dispute. This walkout was in contravention of the agreement between the Company and the Union. Had the grievance procedure been invoked at once, the point at issue would have been settled without difficulty.

It happened that the National Officers of the Union were not immediately available, and by reason of the delay, a secondary point of controversy intervened. This secondary issue is to be dealt with by the Arbitration Tribunal, and cannot here be discussed. On this secondary issue all the employees of the Company's Toronto plants walked out.

Later, employees at the Peterborough, Winnipeg, Edmonton, and Vancouver plants declared sympathetic strikes. In each case the sympathetic strike was called without any discussion as to the right or wrong of the points at issue at Toronto. The dispute was threatening to spread almost to the whole Packing Industry of Canada when The Honourable Charles Daley, Minister of Labour for Ontario, suggested a plan of arbitration to which both the Union and Company agreed.

The Company concedes without reserve the right of employees to be represented by the Union of their choice. Also, that an obligation rests upon the Company to take all reasonable steps towards co-operation with the Union. When difficulties arise, which from time to time are inevitable, the Company pledges itself immediately to invoke the various steps of grievance procedure, and to implement promptly the decisions arrived at. Such action will not avoid a sudden flare-up, unless the Union is also able and willing similarly to invoke the grievance procedure step by step, and to enforce upon its members the decisions arrived at.

The fact that an incident, which should have been adjusted in a half-hour, blew up into a strike which threatened to close most of the packing plants in Canada, suggests that more clear-cut safeguards should exist for quick and sure adjustment of disputes. It is hoped the pending arbitration proceedings will result in the adoption of such safeguards.

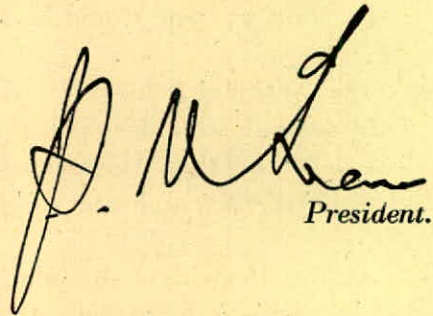
The strike cost the Company approximately \$300,000.00.

Loss of wages to employees was approximately \$165,000.00.

C A N A D A P A C K E R S L I M I T E D

The Company has continued its policy of distributing to employees of all ranks, a substantial portion of its profits.

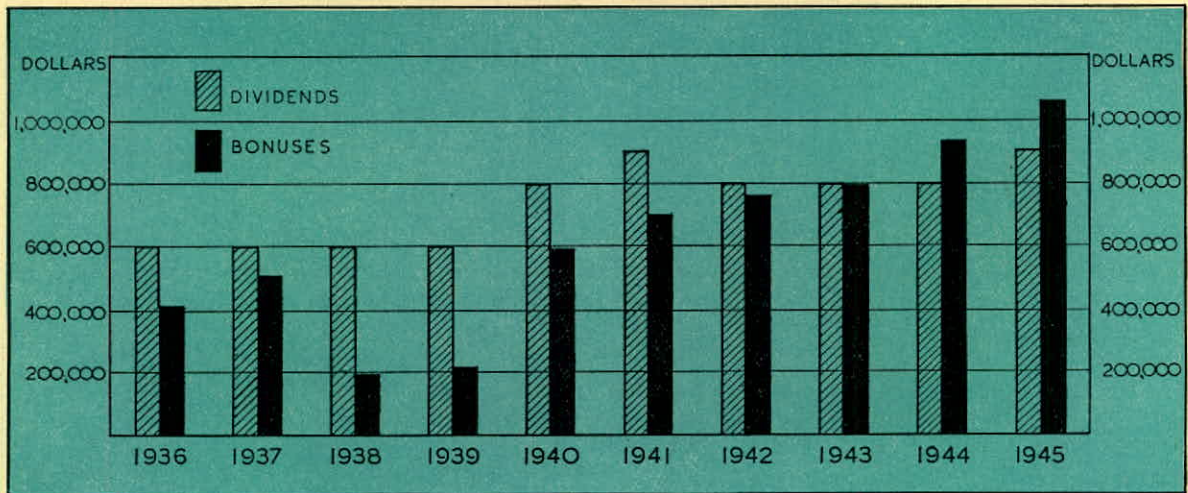
The Bonus distributed for the year under review was	- - - -	\$1,060,000.00
Dividends to Shareholders were	- - - -	\$ 900,000.00
Total Bonuses distributed in the last ten years have been	- - -	\$6,168,000.00
Dividends to Shareholders in the same period	- - -	\$7,400,000.00



President.

Toronto, August 10th, 1945.

DIVIDENDS TO SHAREHOLDERS — BONUSES TO EMPLOYEES
FISCAL YEARS 1936 TO 1945



C A N A D A P A C K E R S L I M I T E D

and its Subsidiaries

STATEMENT OF CONSOLIDATED PROFIT AND LOSS

FOR THE YEAR ENDING 29th MARCH, 1945

		PERCENTAGE TO SALES
Invoice value of Sales, delivered - - - - -	\$236,645,228	
Less Transport Charges - - - - -	8,247,117	
	<hr/>	
Value of Sales—F.O.B. plants - - - - -	\$228,398,111	100%
Cost of Live Stock and all other Products - -	\$188,077,369	82.35%
Salaries, Wages and Bonus - - - - -	16,781,541	7.35
Expenses—Selling, Advertising, Repairs and General Operating Costs - - - - -	8,737,211	3.82
Cost of Materials and Packages - - - - -	7,579,668	3.32
Provision for Taxes:		
Municipal Taxes, etc. - - - - -	\$ 241,407	
Income and Excess Profits Taxes (less refundable portion \$550,000) -	3,657,624	
	<hr/>	
	3,899,031	1.71
Provision for Wartime Inventory Reserve - -	581,000	.25
Provision for Depreciation of Fixed Assets -	934,173	.41
	<hr/>	
	226,589,993	99.21%
Profit from Operations - - - - -	\$ 1,808,118	.79%
Income from Investments - - - - -	\$ 16,514	
Profit on disposal of Investments and Properties -	179	
	<hr/>	
	16,693	.01
Net Profit for the Year - - - - -	<u>\$ 1,824,811</u>	<u>.80%</u>
NOTE: The expenditure for the year includes the following:		
Directors' fees - - - - -	Nil	
Remuneration to Executive Officers and Directors	\$160,000	
Legal Fees and Expenses - - - - -	19,708	

STATEMENT OF CONSOLIDATED EARNED SURPLUS

Balance at credit 30th March, 1944 - - - - -		\$ 11,272,440
Net Profit for the year - - - - -		1,824,811
		<hr/>
Dividends paid or payable for the year:		\$ 13,097,251
\$1.00 each per Share paid on 3rd July and 2nd October, 1944, on the 200,000 Common Shares previously issued - - - - -	\$400,000	
75c per Share on 400,000 Class A Shares payable 2nd April, 1945 -	300,000	
25c per Share on 800,000 Class B Shares payable 2nd April, 1945 -	200,000	
	<hr/>	
		900,000
Balance at credit 29th March, 1945 - - - - -		<u>\$ 12,197,251</u>

CONSOLIDATED BALANCE SHEET

(Incorporated under the
AND ITS SU
AS AT 29th

<u>ASSETS</u>		
Cash on hand -	\$	38,800
Investments:		
Dominion of Canada Victory Loan Bonds at cost -	\$	2,029,685
Other Bonds and Shares at book value which is less than market value -	941,305	2,970,990
Accounts Receivable:		
Usual Trade Accounts (after provision for losses) -	\$	6,395,081
Government Accounts -	2,503,351	
Balances Receivable from Employees for Victory Loan Bonds purchased on their behalf (secured) -	171,443	9,069,875
Inventories:		
Products, Materials and Supplies on hand and in transit—as determined and certified by the Management and valued at the lower of cost or market, after deduction of Inventory Reserves -		12,543,879
Life Insurance (cash surrender value) -		546,800
Prepaid Expenses -		111,952
Sundry Advances, Mortgages, Deposits, Balances Receivable and Advances to Employees for Expenses, etc. -		134,483
Total Current -		\$ 25,416,779
Investments in and Advances to and from Subsidiary Companies not consolidated herein, less reserve:		
Investments -	\$	2,140,000
Less Current Accounts (net) -	448,737	1,691,263
Portion of Taxes refundable under the Excess Profits Tax Act -		890,000
Fixed Assets—Land, Buildings, Leasehold, Plant and Equipment -		23,720,750
Fixed Assets which have been appraised are shown at their depreciated appraisal values, and other fixed assets are shown at not exceeding cost.		
The appraisals were made by—		
Dominion Appraisal Company Limited—31st March, 1927		
Canadian Appraisal Company Limited—31st March, 1919, October, 1919 and 30th September, 1922.		
American Appraisal Company—1st October, 1919.		
Goodwill -		1
	\$	<u>51,718,793</u>

AUDITORS' REPORT

We have examined the Consolidated Balance Sheet of Canada Packers Limited and its subsidiaries as at 29th ended on that date, in which are incorporated the returns from the Branches certified by Branch Officials. We did not make however, carry out, in a manner and to the extent which we considered sufficient, a review of the Company's system

We report that in our opinion, based upon our examination, the above Consolidated Balance Sheet and the related correct view of the state of the Companies' affairs at 29th March, 1945 and of the results of their operations for the year returns from Branches. We received all the information and explanations we required.

As required by the Dominion Companies Act, 1934, Section 114, we report that no portion of the Net Profit for the Canada Packers Limited.

Toronto, Canada, 9th July, 1945.

O F C A N A D A P A C K E R S L I M I T E D

Dominion Companies Act)

S U B S I D I A R I E S

MARCH, 1945

LIABILITIES

Borrowings from Bankers and Others (secured \$1,845,000) - - -	\$6,345,621	
Accounts Payable and Accrued Charges - - - - -	4,325,173	
Provision for Income, Sales, Municipal and Other Taxes - - -	5,179,362	
Dividends Payable on Class A and B Shares, 2nd April, 1945 - -	500,000	
Total Current - - - - -		\$16,350,156
Funds Held in Trust - - - - -		416,441
Provision for Depreciation of Fixed Assets - - - - -		15,647,340
Surplus on Appraisals - - - - -		5,669,321
Capital:		
Authorized and Issued:		
400,000 Class A Shares of no par value } - - - - -	\$1,438,284	
800,000 Class B Shares of no par value } - - - - -		
(NOTE: The 200,000 Common Shares of no par value previously authorized and issued were sub-divided into the above 1,200,000 Shares during the year.)		
Earned Surplus Account - - - - -	12,197,251	13,635,535

On behalf of the Board

J. S. McLEAN, *Director*

S. G. BROCK, *Director*

\$51,718,793

TO THE SHAREHOLDERS

March, 1945, and the related statements of consolidated Profit and Loss and consolidated Earned Surplus for the year a detailed audit of the transactions as the Company maintains an internal Audit Department for this purpose. We did, of accounting procedure and control, and of the reports of the audit conducted by the internal Audit Department. statements of consolidated Profit and Loss and consolidated Earned Surplus have been drawn up so as to exhibit a true and ended on that date, according to the best of our information, the explanations given us and as shown by the books and year ending 29th March, 1945, of the subsidiary companies not consolidated herein has been included in the accounts of

CLARKSON, GORDON, DILWORTH & NASH, *Chartered Accountants.*

TOTAL CANADA HOG GRADINGS

CALENDAR YEAR	EASTERN CANADA	WESTERN CANADA	TOTAL
1926	1,644,940	1,109,565	2,754,505
1927	1,770,949	1,077,439	2,848,388
1928	1,699,184	1,140,966	2,840,150
1929	1,491,889	1,230,999	2,722,888
1930	1,228,871	1,111,865	2,340,736
1931	1,329,268	1,326,012	2,655,280
1932	1,555,697	1,586,173	3,141,870
1933	1,556,807	1,628,397	3,185,204
1934	1,324,634	1,713,521	3,038,155
1935	1,360,801	1,608,510	2,969,311
1936	1,879,392	1,866,106	3,745,498
1937	2,125,731	1,800,579	3,926,310
1938	1,989,911	1,249,887	3,239,798
1939	2,082,490	1,618,571	3,701,061
1940	2,797,458	2,652,168	5,449,626
1941	2,853,793	3,362,414	6,216,207
1942	2,473,843	3,754,320	6,228,163
1943	2,656,066	4,491,480	7,147,546
1944	3,168,358	5,694,820	8,863,178
1945*	1,439,674*	2,295,330*	3,735,004*

*7 months

TOTAL CANADA SLAUGHTERINGS AT INSPECTED ESTABLISHMENTS

CALENDAR YEAR	CATTLE	CALVES	SHEEP AND LAMBS	SWINE
1926	739,822	374,175	545,769	2,491,425
1927	733,357	414,675	618,057	2,540,342
1928	699,384	415,990	638,752	2,547,024
1929	701,866	414,781	725,004	2,353,161
1930	602,017	376,237	745,119	1,926,325
1931	592,036	371,076	820,891	2,242,765
1932	553,342	383,449	788,222	2,722,825
1933	654,000	438,428	868,679	2,802,377
1934	804,290	542,842	854,222	2,871,980
1935	789,711	586,851	861,228	2,805,825
1936	920,228	602,616	830,975	3,562,534
1937	923,961	702,405	821,758	3,802,141
1938	859,260	676,579	801,679	3,137,203
1939	872,574	679,922	786,274	3,628,369
1940	889,898	703,779	763,982	5,454,930
1941	1,004,101	719,168	830,963	6,273,951
1942	970,315	666,645	825,288	6,195,850
1943	1,021,334	594,385	889,269	7,173,550
1944	1,354,104	660,556	949,096	8,766,441
1945*	833,314*	500,783*	322,417*	3,624,499*

*7 months

EXPORTS OF BACON, CANADA TO GREAT BRITAIN

CALENDAR YEAR	POUNDS	IN TERMS OF HOGS
1926	90,843,600	757,030
1927	53,059,100	442,159
1928	37,078,600	308,988
1929	25,822,900	215,191
1930	13,011,400	108,428
1931	10,961,700	91,347
1932	30,693,400	255,778
1933	71,524,700	596,039
1934	119,707,600	997,565
1935	124,327,900	1,036,065
1936	154,768,800	1,289,740
1937	192,058,700	1,600,488
1938	169,463,600	1,412,188
1939	186,473,000	1,553,941
1940	344,147,100	2,867,892
1941	460,800,200	3,840,002
1942	524,951,900	4,374,599
1943	560,304,800	4,669,207
1944	692,310,300	5,769,252
1945*	311,383,600*	2,552,300*

*7 months

CASH INCOME FROM THE SALE OF FARM PRODUCTS

	CASH INCOME FROM SALE OF LIVE STOCK EXCLUDING POULTRY	CASH INCOME FROM FARM PRODUCTS	DIRECT† GOVERNMENT PAYMENTS	TOTAL INCLUDING DIRECT GOVERN- MENT PAYMENTS
1926	\$193,253,000	\$ 957,558,000		\$ 957,558,000
1927	194,538,000	934,038,000		934,038,000
1928	210,445,000	1,063,774,000		1,063,774,000
1929	214,904,000	926,659,000		926,659,000
1930	157,747,000	632,112,000		632,112,000
1931	111,789,000	445,088,000		445,088,000
1932	79,844,000	383,515,000		383,515,000
1933	83,761,000	696,551,000		696,551,000
1934	111,507,000	485,288,000		485,288,000
1935	130,020,000	511,300,000		511,300,000
1936	155,064,000	578,238,000		578,238,000
1937	194,991,000	645,742,000		645,742,000
1938	164,273,000	664,317,000		664,317,000
1939	185,368,000	722,334,000	\$ 1,686,000	724,020,000
1940	245,288,000	765,845,000	9,691,000	775,536,000
1941	320,925,000	914,039,000	29,478,000	943,517,000
1942	372,786,000	1,100,942,000	54,944,000	1,155,886,000
1943	447,975,000	1,402,065,000	31,991,000	1,434,056,000
1944	514,870,000	1,799,055,000*	17,958,000	1,817,013,000

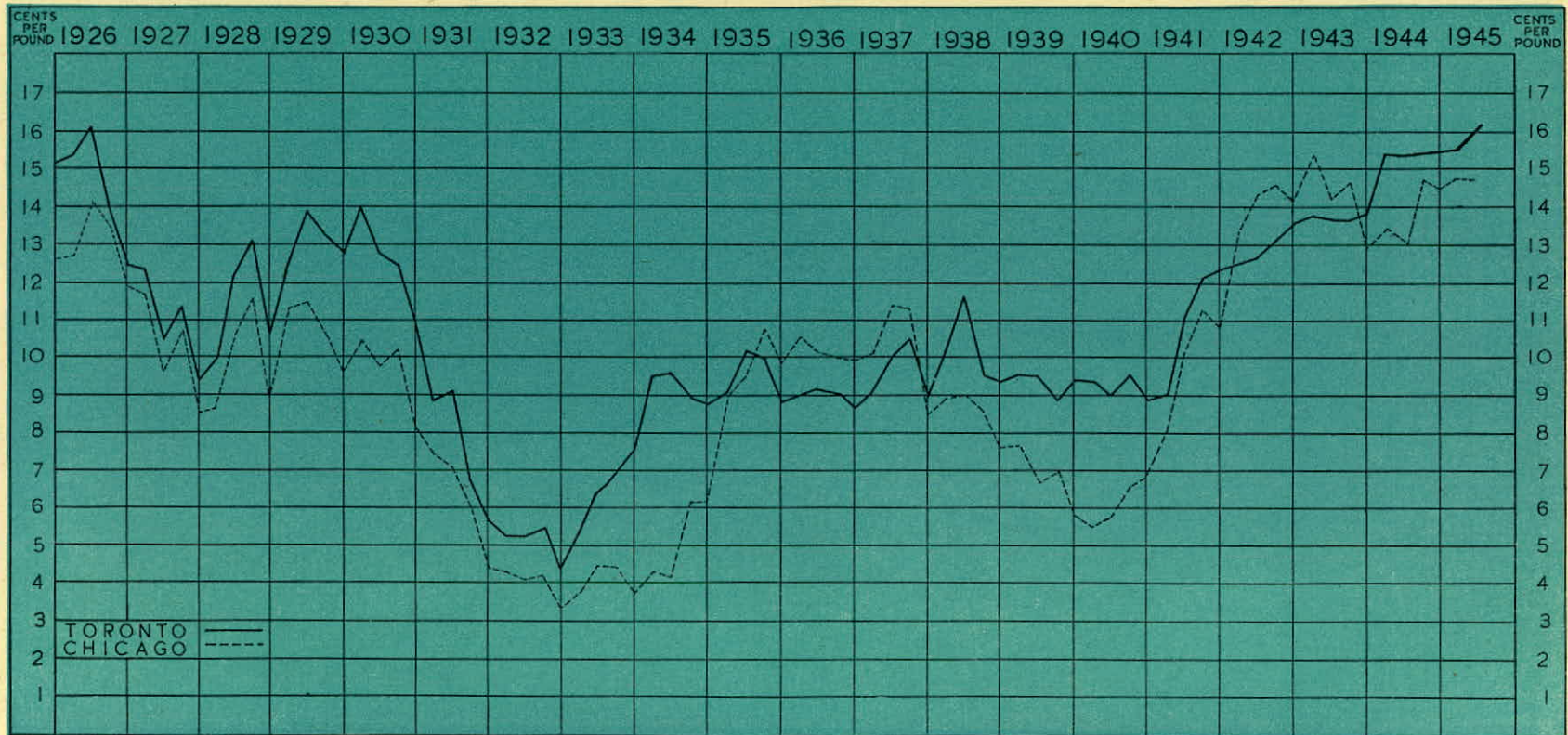
*Includes \$47,319,000 paid on Wheat Participation Certificates from the 1940, 1941 and 1942 crops.

†Includes payments made under the Wheat Acreage Reduction Act, the Prairie Farm Assistance Act and the Prairie Farm Income Act.

(Other farm subsidies paid by Dominion and Provincial Governments are included under "Cash Income from Farm Products".)

COMPARATIVE LIVE HOG PRICES

TORONTO* AND CHICAGO TOP GRADES



*Since July, 1939, Hogs on the Toronto Market have been bought on a dressed (rail grade) basis. From that date, the live price has been arrived at by conversion from the dressed price of Grade A Hogs, assuming a yield of 75%. Bonuses are included in the price.

