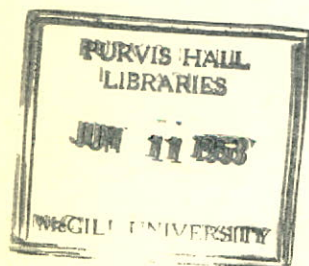


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CANADA MALTING CO.
LIMITED

ANNUAL REPORT



FOR THE YEAR ENDED DECEMBER 31, 1949

ANNUAL REPORT

CANADA MALTING CO., LIMITED

Board of Directors

ERIC S. CLARKE	WALTER C. LAIDLAW
J. E. GRANT	LEIGH M. McCARTHY
CARR HATCH	GORDON McMILLAN, K.C.
JOHN P. HEIGHTON	C. H. S. MICHIE
ANDREW RANKINE	

Executive Officers

LEIGH M. McCARTHY	CHAIRMAN OF THE BOARD
ERIC S. CLARKE	PRESIDENT AND MANAGING-DIRECTOR
WALTER C. LAIDLAW	VICE-PRESIDENT
CARR HATCH	VICE-PRESIDENT IN CHARGE OF SALES
GEORGE J. WILLIAMS	SECRETARY
JOHN McCLATCHIE	TREASURER

Transfer Agent

THE TORONTO GENERAL TRUSTS CORPORATION
TORONTO, ONT. - - MONTREAL, QUE.

Registrar

MONTREAL TRUST COMPANY
TORONTO, ONT. - - MONTREAL, QUE.

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS OF
CANADA MALTING CO., LIMITED

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1949

The Board of Directors submits herewith the Annual Report of your Company together with the Balance Sheet and Statement of Profit and Loss and Earned Surplus for the twelve months ended December 31, 1949, as certified by the Auditors of the Company, Messrs. Price, Waterhouse & Co.

Profits in 1949 amounted to \$966,335.52 as compared with \$732,567.24 in 1948, being approximately \$4.85½ per share. In the previous year, profits equalled \$3.68 per share.

Domestic shipments of malt were lower than in 1948. However, additional export business was obtained, with the result that total shipments for 1949 were greater than in any previous year.

The operating profit was improved materially by the substantial increase in export business. Another factor was the exchange profits realized on contracts already existing prior to the devaluation of the Canadian dollar, which item is of a non-recurring nature.

In view of the favourable results, it was considered a suitable time to increase the provision for depreciation, keeping in mind that the Company's expansion program was completed while building costs were at a very high level.

Bank advances are greater than in 1948, this being due to larger inventories at higher costs. The working capital of your Company shows an improvement of approximately \$1,000,000.00. During the period under review, the First (Closed) 2½% Serial Debentures outstanding were reduced by \$400,000.00.

With higher barley prices and larger inventories, it was considered advisable to increase the inventory reserve by \$200,000.00.

Export markets are now highly competitive, and numerous sterling area markets are no longer open to us owing to currency restrictions. With higher barley prices ruling in Canada, it would appear that the 1949 results of your Company's operations must be recognized as exceptional.

Capital expenditures during the year were small. All plants have been maintained in proper operating condition.

Your Directors wish to express again their appreciation of the loyalty, efficiency and co-operation of the officers, staff and employees of the Company throughout the year.

On behalf of the Board of Directors

ERIC S. CLARKE,
President and Managing Director.

CANADA MALTING
BALANCE SHEET AS OF

ASSETS

CURRENT ASSETS:

Cash on hand	\$	2,300.00	
Marketable securities, at cost		301,432.90	
(Quoted market value \$585,947.50)			
Accounts receivable, less reserve		1,278,439.09	
Refundable portion of excess profits tax recoverable in 1950		114,944.27	
Inventories, as determined and certified to by responsible officers of the com- pany:			
Malt, barley, etc.—on the basis of the lower of approximate cost or market, less reserve	\$	12,722,060.74	
Operating supplies—on the basis of cost		196,923.63	
		12,918,984.37	
			\$14,616,100.63

OTHER ASSETS:

Prepaid insurance, taxes, etc.	\$	41,165.69	
Grain Exchange Seats and Memberships in Clearing Associations, less amounts written off		19,451.00	
Refundable portion of excess profits tax recoverable in 1951		113,316.36	
		173,933.05	

FIXED ASSETS, based on appraised depreciated values, as reported by Canadian Appraisal Company Limited as at June 25, 1927, plus subsequent additions, at cost:

Land	\$	261,021.31	
Buildings	\$	4,871,452.59	
Plant and equipment		4,944,747.43	
		\$ 9,816,200.02	
Less—Reserve for depreciation		5,329,576.58	
		4,486,623.44	
			4,747,644.75
			\$19,537,678.43

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have examined the balance sheet of Canada Malting Co., Limited as at [blank] for the year ended on that date and have obtained all the information and explanation and other supporting evidence and such other procedures as we considered appropriate.

In our opinion, the above balance sheet and related statement of profit and loss of the state of the company's affairs as at December 31, 1949, and the results of the information and the explanations given to us and as shown by the books of the company

TORONTO, March 2, 1950.

G CO., LIMITED

DECEMBER 31, 1949

LIABILITIES

CURRENT LIABILITIES:

Bank advances (partially secured)	\$7,668,354.61	
Accounts payable and accrued liabilities	565,213.57	
Reserve for taxes on income	690,003.54	
First (Closed) Serial Debentures due July 1, 1950	400,000.00	
		<u>\$9,323,571.72</u>

RESERVE AGAINST FUTURE DECLINE IN INVENTORY VALUES 500,000.00

FIRST (CLOSED) 2½% SERIAL DEBENTURES:

Maturing \$400,000 annually on July 1, 1950 - 1952 secured by a first floating charge on the property and assets	\$1,200,000.00	
Less—Amount maturing in 1950 included in current liabilities	400,000.00	
		<u>800,000.00</u>

CAPITAL STOCK AND SURPLUS:

Capital Stock—no par value		
Authorized—200,000 shares		
Issued—198,972 shares	\$4,441,960.00	
Capital Surplus (no change during the year)	797,676.01	
Earned Surplus, as per statement attached	3,674,470.70	
		<u>8,914,106.71</u>

Approved on behalf of the Board:

W. C. LAIDLAW, Director

L. M. McCARTHY, Director

\$19,537,678.43

December 31, 1949, and the related statement of profit and loss and earned surplus
ons which we required. Our examination included such tests of the accounting records
in the circumstances.

loss and earned surplus are properly drawn up so as to exhibit a true and correct view
company's operations for the year ended on that date, according to the best of our

PRICE, WATERHOUSE & CO.,
Chartered Accountants.

CANADA MALTING CO., LIMITED

COMPARATIVE STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS
FOR THE YEARS ENDED DECEMBER 31, 1948 AND 1949

PROFIT AND LOSS

	1948	1949
Profit from operations before providing for the under-noted charges	\$1,981,737.93	\$2,771,832.14
DEDUCT—		
Directors' fees	\$ 2,000.00	\$ 2,000.00
Legal fees and remuneration of executive officers and salaried directors	93,467.07	82,943.75
Debenture interest	45,000.00	35,000.00
Provision for depreciation	500,000.00	650,779.66
	\$ 640,467.07	\$ 770,723.41
	\$1,341,270.86	\$2,001,108.73
DEDUCT—Provision for taxes on income (including, in 1948, \$44,789.46 for taxes on inventory reserve)		
	614,906.48	865,447.22
	\$ 726,364.38	1,135,661.51
ADD—Income from investments	37,741.45	30,600.11
Profit on securities sold	68,461.41	73.90
	\$ 832,567.24	\$1,166,335.52
DEDUCT—Appropriation for reserve against future decline in inventory values	100,000.00	200,000.00
	\$ 732,567.24	\$ 966,335.52
PROFIT CARRIED TO EARNED SURPLUS	\$ 732,567.24	\$ 966,335.52

EARNED SURPLUS

Balance at beginning of year	\$2,766,632.91	\$3,121,992.60
ADD—Adjustment of income and excess profits taxes for prior years	120,222.45	83,572.58
	\$2,886,855.36	\$3,205,565.18
ADD—Profit for the year	732,567.24	966,335.52
	\$3,619,422.60	\$4,171,900.70
DEDUCT—Dividends paid (\$2.50 per share)	497,430.00	497,430.00
	\$3,121,992.60	\$3,674,470.70
BALANCE AT END OF YEAR	\$3,121,992.60	\$3,674,470.70

CANADA MALTING CO., LIMITED

Malthouses and Elevators

Montreal, Que.

Winnipeg, Man.

Toronto, Ont.

Calgary, Alta.

Port Arthur, Ont.

Executive Offices

TORONTO - ONTARIO

