



HOWARD ROSS LIBRARY  
OF MANAGEMENT  
APR 2 1984  
MCGILL UNIVERSITY

*“Daily Tradition” by Claire Offen is one in a series of Canadiana paintings reproduced by Corporate Foods Limited.*

Corporate Foods Limited is a leading manufacturer and distributor of bakery products, primarily bread and rolls, in the Ontario market, with investments in other bakery companies. The Company also manufactures and distributes nationally, under the Gainsborough brand, a line of frozen breakfast and pastry products. In Ontario, where the Company began business in 1911, plants are located at Toronto (3), London and Ottawa. The Company has the broadest distribution of variety breads and rolls of any bakery operating in Ontario, selling under the brand names Dempster’s, Bamby, Sunshine and Toastmaster and is also a major supplier of private label brands. In addition, the Company is licensee of Arnold, Brownberry, Hollywood and Sun•Maid Raisin breads.

The Company’s stock is traded on the Toronto Stock Exchange. Maple Leaf Mills Limited, a Canadian Pacific Enterprises Company, owns 62.9% of the common shares.

**Directors**

Norman T. Currie  
R. G. Dale  
R. S. DeMone  
L. D. Irwin  
A. H. James  
W. T. Murchie  
J. A. Schollar

**Senior Management**

Norman T. Currie  
President and Chief Executive Officer  
R. H. Bonus,  
Senior Vice-President  
J. G. Foy  
Vice-President, Employee Relations  
L. D. Irwin  
Vice-President and Secretary  
P. A. Nelson  
Vice-President, Technical Services  
E. van Wijk  
Vice-President, Sales and Marketing

**Financial Management**

T. A. Burns,  
Manager, Internal Audit  
E. K. Kunz  
Manager, Information Systems  
L. J. Palko,  
Corporate Controller

**Production**

C. J. Czerny, Plant Manager, Etobicoke  
J. N. Hennessy, Plant Manager, Ottawa  
G. B. Hicks, Plant Manager, Toronto  
F. Leithinger  
Manager, Equipment Repair Centre  
W. J. Lewicki, Manager, Production  
A. H. Telfer, Plant Manager, Toronto  
A. A. Vesely, Production Controller  
W. J. Worotny, Plant Manager, London

**Sales and Marketing**

M. P. Brogden  
Area Sales Manager, London  
J. L. Chizick, Director, Marketing  
W. I. Fraser, General Sales Manager  
N. V. Lever  
Area Sales Manager, Ottawa  
F. J. MacEachern  
Area Sales Manager, Central West  
R. J. Maddalena  
Sales Manager, National Accounts  
T. Maddison  
Area Sales Manager, Windsor  
A. VanPatter  
Area Sales Manager, Central East  
E. E. Quigley, Manager,  
Distribution Services

W. F. Stubbs

Sales Manager,  
Frozen Product Group  
R. R. Williamson  
Area Sales Manager, Central

**Purchasing**

M. J. MacIsaac, Manager, Purchasing

**Auditors**

Clarkson Gordon, Toronto

**Registrars and Transfer Agents**

Canada Permanent Trust Company,  
Toronto, Montreal, Winnipeg

**Debenture Trustee**

Canada Permanent Trust Company,  
Toronto

**Head Office**

1243 Islington Avenue, Toronto, Ontario  
M8X 2W1

**Annual Meeting**

The Annual and Special General Meeting of the shareholders of Corporate Foods Limited will be held at the Royal York Hotel, Confederation Rooms 4 and 5, 100 Front Street West, Toronto, Ontario, on Thursday, April 19, 1984 at 10:00 o'clock in the forenoon.



# Highlights

	1983	1982	1981
<b>Financial</b>			
Sales .....	\$92,127,223	\$89,515,797	\$88,312,355
Net earnings for the period .....	4,458,769	3,751,521	3,119,456
Funds provided from current operations .....	4,652,583	4,077,297	3,657,221
Capital expenditures .....	2,740,634	1,140,176	1,744,497
Working capital .....	5,075,582	3,957,234	2,164,228
Long-term debt (non-current portion) .....	4,695,101	4,644,433	5,419,254
Shareholders' equity .....	19,222,601	16,334,694	13,700,272
Return on invested capital .....	17.6	17.2	16.2
Return on shareholders' equity .....	23.2	22.9	22.8
<b>Per common share</b>			
Net earnings before extraordinary item .....	\$ 13.20	\$ 11.77	\$ 9.75
Net earnings after extraordinary item .....	14.03	11.77	9.75
Funds provided from current operations .....	14.65	12.81	11.47
Dividends .....	4.80	3.35	2.15
Shareholders' equity .....	57.51	48.28	39.86
<b>Statistical data</b>			
Number of preferred shareholders .....	105	124	128
Number of common shareholders .....	244	275	283
Number of preferred shares outstanding .....	25,000	25,000	25,000
Number of common shares outstanding .....	312,940	312,940	312,940

**Quarterly sales and net earnings (unaudited)**  
(dollars in thousands except per share)

	Sales			Net earnings			Net earnings per common share		
	1983	1982	1981	1983	1982	1981	1983	1982	1981
1st quarter	\$19,783	\$19,280	\$19,220	\$ 924	\$ 625	\$ 480	\$ 2.90	\$1.94	\$1.48
2nd quarter	20,439	20,530	20,530	829	865	773	2.59	2.71	2.41
3rd quarter	20,890	20,859	21,666	889	814	910	2.79	2.55	2.95
4th quarter	31,015	28,847	26,896	1,817	1,448	956	5.75	4.57	2.91
	<u>\$92,127</u>	<u>\$89,516</u>	<u>\$88,312</u>	<u>\$4,459</u>	<u>\$3,752</u>	<u>\$3,119</u>	<u>\$14.03</u>	<u>\$11.77</u>	<u>\$9.75</u>



## Directors' Report

### To Our Shareholders:

We are pleased to report another record profit year – the third in succession.

Net earnings, before an extraordinary item, for the 53 weeks which ended December 31, 1983, were \$4,200,561, or \$13.20 per common share compared with \$3,751,521, or \$11.77 per common share for the 52 weeks which ended December 25, 1982. This is a 12% increase.

After including the extraordinary item of \$258,208, net earnings for 1983 were \$4,458,769 or \$14.03 per share. There was no extraordinary item in 1982.

Net sales amounted to \$92,127,000 for 1983 compared with \$89,516,000 for the previous year.

Net earnings from our wholly owned Ontario operations for the 53 week period contributed \$2,425,561 to the

total compared with \$2,535,498 for the previous year. As percentages of net sales, these amounted to 2.6% and 2.8% respectively.

Equity in the income of other bakery companies increased to \$1,775,000 from \$1,216,023 in 1982 and included income from the three Toronto bakeries in which Corporate Foods acquired a 49% interest at mid-year. This increase more than offset the shortfall in net earnings from Ontario operations.

The results from our Ontario operations reflect the competitive conditions that prevailed in this market throughout 1983. We maintained our volume, but in order to do so, increased sales discounts and promotional expenses with the consequences on net earnings from Ontario operations noted above.

Gainsborough Kitchens, our frozen pastry

division, recorded an outstanding year in both volume and earnings. The division introduced three new frozen products during the year – Baked Croissants, Vol-au-Vent Pastry Shells and Private Label Whipped Topping. Gainsborough continues to represent an important and growing segment of the total business of Corporate Foods.

Our company acquired 49% of Dough Delight Ltd., Baker's Bakery Limited and Roteela Ltd., all located in Toronto, in June last year. These companies are leading producers and marketers of Frozen Croissants and Pita Bread – both of which have high growth potential among specialty bakery products.

Our investment in these companies, is producing excellent results and new products are being introduced to meet the growing needs of in-store bakeries and



food service customers. The companies also supply Gainsborough Kitchens and Dempster's with specialty products.

We directed our sales and marketing programs throughout 1983 to improving and repositioning our product categories. Our product line now concentrates on Dempster's, Sunshine and Bamby brands together with our specialty licensed brands - Arnold, Hollywood, Brownberry and Sun•Maid. The latter two, introduced in 1983, are receiving strong consumer acceptance.

We have added regular and sandwich white breads to our flagship Dempster brand in order to offer our customers a more complete product selection.

Achieving broad product distribution and maintaining the highest level of customer satisfaction are essential ingredients in sales success. Corporate Foods continues

to make good progress in both respects: customer concerns and complaints receive the highest priority and we are especially gratified to report that, for the fourth year in a row, they have been reduced.

The company's concern for its relationships with customers reflects our awareness of the importance of our function in helping meet their dietary requirements. Today's consumers have informed and serious interest in nutrition and are aware of the importance of bakery products in a well balanced diet. We recognize that we are providing not just bread and rolls, but nutrition to a segmented market with each segment having its own preferences.

To meet these requirements, we have steadily increased our investments in product research and development and in

the assurance of continued product quality.

Customer satisfaction and the quality of customer service are main determinants of a successful corporate year. Equally important in this respect is the efficiency of operations throughout the company. For the fourth successive year, and by all criteria, productivity has increased, company wide.

From 1979 to the end of 1983, plant efficiency - measured on the basis of pounds per manhour - improved by 25%.

In the bakery operations, continued improvements are underway using planned processing changes and micro-electronics. These developments contribute to lower unit costs; but, most importantly, enable us to enhance product quality through the more precise control they afford over all production operations. Excellent progress has been made



Gainsborough

in the introduction of micro-computers in all plants for the control of production standards on a shift basis.

We continue to make significant investments in new equipment. During 1983, fixed assets purchased – including those acquired under capital leases – amounted to \$2.7 million compared with \$1.1 million in 1982. In the past ten years, Corporate Foods has purchased more than \$16 million in fixed assets. We are dedicated to sustaining the level of plant investment necessary to ensure the optimum in plant efficiency. This is essential in an industry as competitive as ours.

Working capital increased to a new high, standing at \$5.0 million December 31, 1983 compared with \$3.9 million at the end of the previous year. Our total long

term debt, at \$4.7 million, remained at about the same level as last year.

Dividend payments per common share were increased during the year as follows:

	1982	1983
First Quarter	\$ .65	\$ .90
Second Quarter	.65	1.00
Third Quarter	.65	1.00
Fourth Quarter	.75	1.00
Extra (assigned to applicable year)	.90	.50
	<u>\$3.60</u>	<u>\$4.40</u>

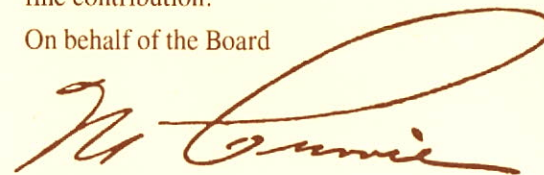
For 1983, dividend payments represent approximately 33% of earnings before the extraordinary item.

On February 7, 1984, the Board of Directors recommended that the Articles of Incorporation of the company be amended to change the authorized number of common shares to an unlimited number without par value and to sub-

divide each of the existing common shares of the company into 10 common shares. These changes are subject to the approval of the shareholders at the Annual and Special Meeting.

The success in maintaining, for Corporate Foods Limited, the leading position in this highly competitive industry is mainly attributable to the support and the efforts of the employees and dealers of the Company. We sincerely thank them for their continuing fine contribution.

On behalf of the Board



President and Chief  
Executive Officer  
February 21, 1984

# CORPORATE FOODS LIMITED

(Incorporated under the laws of Ontario)

## Balance Sheet

December 31, 1983

(with comparative figures as at December 25, 1982)

### Assets

	1983	1982
<b>Current:</b>		
Short-term deposits .....	\$ 2,825,620	\$ 1,987,480
Accounts receivable .....	9,206,066	8,722,250
Inventories .....	2,347,223	2,043,078
Prepaid expenses .....	299,669	214,430
	<u>14,678,578</u>	<u>12,967,238</u>
<b>Investments:</b>		
Shares of other bakery companies (note 5(a)) .....	6,410,413	4,781,186
Mortgages and note receivable (note 5(b)) .....	522,251	629,469
	<u>6,932,664</u>	<u>5,410,655</u>
<b>Fixed assets (note 2) .....</b>	<u>13,641,087</u>	<u>13,063,991</u>
<b>Goodwill .....</b>	<u>1,118,346</u>	<u>1,188,247</u>
	<u>\$36,370,675</u>	<u>\$32,630,131</u>

(See accompanying notes to financial statements)

On behalf of the Board:

Norman T. Currie, Director

William T. Murchie, Director

### Auditors' Report

#### To the Shareholders of Corporate Foods Limited:

We have examined the balance sheet of Corporate Foods Limited as at December 31, 1983 and the statements of earnings and retained earnings and changes in financial position for the fifty-three week period 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 financial statements present fairly the financial position of the company as at December 31, 1983 and the results of its operations and the changes in its

financial position for the fifty-three week period then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Toronto, Canada,  
February 16, 1984.

*Clarkson Gordon*  
*Chartered Accountants*





## Liabilities and Shareholders' Equity

	1983	1982
<b>Current:</b>		
Bank indebtedness .....	\$ 1,251,552	\$ 1,098,063
Accounts payable and accruals .....	5,906,431	5,414,800
Current income taxes payable .....	188,074	398,435
Payable to parent company .....	719,263	651,949
Dividends payable on preference shares .....	17,188	17,188
Long-term debt - current portion .....	249,000	369,618
Obligations under capital leases - current portion .....	627,446	396,951
Deferred income taxes .....	644,042	663,000
	<u>9,602,996</u>	<u>9,010,004</u>
<b>Long-term liabilities:</b>		
Long-term debt (note 3) .....	2,242,147	2,583,613
Obligations under capital leases (note 4) .....	2,452,954	2,060,820
Deferred income taxes .....	2,849,977	2,641,000
	<u>7,545,078</u>	<u>7,285,433</u>
<b>Shareholders' equity:</b>		
<b>Share capital (note 8) -</b>		
Issued and outstanding:		
25,000 preference shares .....	1,225,000	1,225,000
312,940 common shares .....	133,748	133,748
	<u>1,358,748</u>	<u>1,358,748</u>
<b>Retained earnings:</b> .....	17,863,853	14,975,946
	<u>19,222,601</u>	<u>16,334,694</u>
	<u>\$36,370,675</u>	<u>\$32,630,131</u>



(See accompanying notes to financial statements)

CORPORATE FOODS LIMITED

Statement of Earnings and Retained Earnings

For the fifty-three weeks ended December 31, 1983

(with comparative figures for the fifty-two weeks ended December 25, 1982)

	1983	1982
<b>Revenues:</b>		
Sales .....	\$92,127,223	\$89,515,797
Interest and other income .....	606,161	359,376
	<u>92,733,384</u>	<u>89,875,173</u>
<b>Expenses:</b>		
Cost of sales .....	75,135,831	72,514,568
Selling and administrative expense .....	10,511,824	10,237,959
Depreciation and amortization .....	2,139,178	1,762,089
Interest on long-term debt and on capital lease obligations .....	454,990	581,059
	<u>88,241,823</u>	<u>85,095,675</u>
Earnings before income taxes .....	4,491,561	4,779,498
<b>Income taxes (note 7):</b>		
Current .....	1,876,000	2,357,000
Deferred .....	190,000	(113,000)
	<u>2,066,000</u>	<u>2,244,000</u>
Earnings before extraordinary item and equity in income of other bakery companies .....	2,425,561	2,535,498
Equity in income of other bakery companies (note 5) .....	1,775,000	1,216,023
	<u>4,200,561</u>	<u>3,751,521</u>
Extraordinary item (note 6) .....	258,208	
<b>Net earnings for the period</b> .....	4,458,769	3,751,521
Retained earnings, beginning of period .....	14,975,946	12,341,524
	<u>19,434,715</u>	<u>16,093,045</u>
<b>Dividends</b> – preference shares .....	68,750	68,750
– common shares .....	1,502,112	1,048,349
	<u>1,570,862</u>	<u>1,117,099</u>
Retained earnings, end of period .....	\$17,863,853	\$14,975,946
<b>Earnings per common share before extraordinary item</b> .....	\$13.20	\$11.77
<b>Earnings per common share after extraordinary item</b> .....	<u>\$14.03</u>	<u>\$11.77</u>



(See accompanying notes to financial statements)

## CORPORATE FOODS LIMITED

## Statement of Changes in Financial Position

For the fifty-three weeks ended December 31, 1983

(with comparative figures for the fifty-two weeks ended December 25, 1982)

	1983	1982
<b>Funds provided:</b>		
Operations (excluding other bakery companies) .....	\$4,652,583	\$4,077,297
Dividends from other bakery companies .....	437,500	473,491
Proceeds from redemption of preferred shares of another bakery company .....	55,860	55,860
Proceeds from sale of fixed assets .....	75,812	54,927
Proceeds from sale of extraordinary item (note 6) .....	398,535	
Reduction of mortgage receivable .....	6,908	5,859
Reduction of notes receivable .....	105,560	
Proceeds from sale of investment (note 5(b)) .....		703,534
Less long-term portion of note receivable .....		(539,350)
Total funds provided .....	5,732,758	4,831,618
<b>Funds used:</b>		
Purchases of fixed assets (including assets acquired under capital leases) .....	2,740,634	1,140,176
Less portion financed by capital lease obligations .....	(1,372,455)	(8,838)
Reduction of long-term debt and obligations under capital leases .....	1,327,782	790,175
Dividends .....	1,570,862	1,117,099
Investment in other bakery companies (note 5(a)) .....	347,587	
Total funds used .....	4,614,410	3,038,612
<b>Increase in working capital .....</b>	1,118,348	1,793,006
<b>Working capital, beginning of period .....</b>	3,957,234	2,164,228
<b>Working capital, end of period .....</b>	\$5,075,582	\$3,957,234

# Notes to Financial Statements

December 31, 1983

## 1. Accounting policies

- (a) Accounting for other bakery companies –  
The company accounts for its investment in other bakery companies in which ownership is 50% or less on the equity basis, whereby it recognizes in the accounts its proportionate share of those companies' earnings since acquisition rather than when realized through dividends.
- (b) Inventories –  
Inventories, consisting primarily of ingredients and supplies are valued at the lower of cost, as determined using the first-in, first-out (FIFO) method, and replacement cost.
- (c) Goodwill –  
Goodwill, representing the excess cost of the company's investment over the underlying value of the net assets acquired is amortized over periods ranging from fifteen to twenty years. Goodwill amortization of \$69,901 (\$32,114 in 1982) is included in depreciation and amortization expense and \$17,600 (\$9,000 in 1982) is included in equity in income of other bakery companies.
- (d) Fixed assets –  
Fixed assets are initially recorded at cost and include certain leases, which in substance are purchases of fixed assets capitalized at the present value of their net minimum lease payments (note 4). Depreciation of owned and leased fixed assets is calculated on the straight-line basis at rates designed to amortize the cost over their estimated useful lives as follows:
- |                            |   |            |
|----------------------------|---|------------|
| Buildings                  | – | 2%         |
| Automotive equipment       | – | 20%        |
| Bakery and other equipment | – | 7½% - 33⅓% |
- (e) Income taxes –  
The company follows the tax allocation method of accounting for income taxes whereby timing differences may occur when revenues and expenses are recognized in the accounts in one period but are taxed or claimed for tax purposes in another period. The tax effect of these timing differences is recorded as "deferred income taxes".
- (f) Foreign currency translation –  
Amounts which are receivable in foreign currencies are translated at the rate of exchange in effect at the balance sheet date. Revenues and

expenses denominated in foreign currencies are translated at the rate of exchange in effect on the transaction date. Foreign exchange gains or losses are reflected in income, and are not significant.

- (g) Pension plans –  
The company has voluntary pension plans providing retirement benefits to its employees. Current service costs of pension benefits are expensed as incurred. In addition past service costs of approximately \$180,000 relating to changes in pension benefits in the current year have been charged to operations on a current basis.

## 2. Fixed assets

Fixed assets, including those owned and those recorded under capital lease, are comprised as follows:

	<u>Cost</u>	<u>Accumulated depreciation and amortization</u>	<u>Net book value</u>	
			<u>1983</u>	<u>1982</u>
<b>Owned:</b>				
Land	\$ 1,096,248		\$ 1,096,248	\$ 1,002,860
Buildings	5,334,578	\$ 1,942,082	3,392,496	3,537,143
Automotive equipment	137,353	73,280	64,073	76,637
Bakery and other equipment	15,104,571	9,048,611	6,055,960	6,046,921
	<u>21,672,750</u>	<u>11,063,973</u>	<u>10,608,777</u>	<u>10,663,561</u>
<b>Leased:</b>				
Automotive equipment	777,585	524,250	253,335	230,648
Bakery and other equipment	4,368,686	1,589,711	2,778,975	2,169,782
	<u>5,146,271</u>	<u>2,113,961</u>	<u>3,032,310</u>	<u>2,400,430</u>
	<u>\$26,819,021</u>	<u>\$13,177,934</u>	<u>\$13,641,087</u>	<u>\$13,063,991</u>

During the year, the company reviewed its fixed assets and estimated that fully depreciated bakery and other equipment owned by the company with an original cost of \$1,757,759 were no longer in service, and accordingly the cost and an equal amount of accumulated depreciation has been removed from the accounts. There is no effect on net earnings for the period.



### 3. Long-term debt

	<u>1983</u>	<u>1982</u>
Notes payable, prime bank lending rate plus 1/2% due September 1, 1983		\$ 130,000
9 1/2% mortgage payable		95,079
8 1/2% Series "A" sinking fund debentures, due December 15, 1988	\$2,491,147	2,728,152
	<u>2,491,147</u>	<u>2,953,231</u>
Less current portion included in current liabilities	249,000	369,618
	<u>\$2,242,147</u>	<u>\$2,583,613</u>

Under the terms of a trust indenture, the sinking fund debentures are secured by a floating charge on the assets of the company, and the company is restricted from declaring common share dividends if net current assets fall below \$400,000 after such declaration or if consolidated net assets are less than twice the amount of all long-term debt excluding capital lease obligations and deferred income taxes. Consolidated net assets are defined to include shareholders' equity plus deferred income taxes.

Debenture sinking fund instalments over the next five years are as follows:

1984	-	\$ 249,000
1985	-	279,000
1986	-	303,000
1987	-	329,000
1988	-	1,331,147

### 4. Leases

(a) Payments under capital leases (including both principal and interest) are as follows:

1984	-	\$ 876,170
1985	-	892,437
1986	-	881,195
1987	-	714,195
1988	-	344,703
Subsequent years	-	<u>18,500</u>
		3,727,200
Less interest component	-	<u>646,800</u>
Net total		<u>\$3,080,400</u>

Interest rates on capital leases have a weighted average of 9.5%.

(b) The company also leases property and equipment under agreements which are classified as operating leases. Minimum annual rentals under these leases over the next five years are as follows:

1984	-	\$758,789
1985	-	583,874
1986	-	412,767
1987	-	307,119
1988	-	109,511

### 5. Investment in other bakeries

(a) During the year the company acquired a 49% interest in three other bakery companies. The purchase price of these investments is subject to an upward adjustment payable August 31, 1986, based on earnings of the companies over a three-year period ending August 31, 1985. When such costs are determined the additional payments will be added to investment in other bakeries.

(b) Included in the equity in income of other bakery companies in 1982 is an amount of \$91,023 (net of income taxes of \$50,000) which represents the gain on the disposal of the company's interest in a Barbados bakery. The sale price, which is denominated in Barbados currency, is payable over five years in equal amounts and is interest bearing. Payment of the outstanding balance is guaranteed by a Canadian chartered bank. The portion of this receivable due after one year (\$439,000) is included in mortgages and note receivable.

### 6. Extraordinary item

During the year, the company disposed of certain fixed assets having a net book value of \$75,327 for proceeds of \$398,535. The resulting gain of \$258,208 (net of income taxes of \$65,000) has been included as an extraordinary item.

## 7. Income taxes

A reconciliation comparing income taxes calculated at the Canadian statutory rate to the amount provided in the accompanying statements is as follows:

	<u>1983</u>	<u>1982</u>
Income taxes at Canadian statutory rate (including provincial income taxes)	\$2,315,000	\$2,476,000
Reduction (increase) in taxes applicable to:		
Manufacturing and processing profits credit	242,000	259,000
Inventory allowance	22,000	21,000
Investment tax credits	28,000	37,000
Others	<u>(43,000)</u>	<u>(85,000)</u>
Total income tax provision	<u>\$2,066,000</u>	<u>\$2,244,000</u>

## 8. Share capital and related subsequent event

<b>Authorized</b>	<b>Issued and Outstanding</b>	<b>Value of Consideration received</b>
Preferred shares:		
50,000 shares issuable in series - 25,000 Series A, \$2.75 cumulative redeemable	25,000 shares	\$1,225,000
Common shares:		
1,000,000 shares	312,940 shares	<u>133,748</u>
		<u>\$1,358,748</u>

Preferred shares are non-voting and redeemable at \$52.75.

Subsequent to the year end, on February 7, 1984, the Board of Directors recommended the articles of incorporation of the company be amended to increase the authorized common shares of the company to an unlimited number and to sub-divide each of the issued and outstanding common shares into ten common shares. These changes are subject to the approval of the shareholders.

## 9. Segmented information

The company operates primarily in a single industry consisting of the manufacture and sale of bakery products.

## 10. Related party transactions

A significant portion of cost of sales includes flour purchases, substantially all of which are purchased from the parent company.



## Five Year Comparison

	1983	1982	1981	1980	1979
Sales .....	\$92,127,223	\$89,515,797	\$88,312,355	\$79,571,346	\$63,969,959
Operating profit before the following .....	7,085,729	7,122,646	6,417,176	3,526,604	2,994,114
Depreciation and amortization .....	2,139,178	1,762,089	1,675,964	1,557,064	1,068,021
Interest on long-term debt .....	454,990	581,059	831,756	784,569	582,579
Income tax – current .....	1,876,000	2,357,000	1,266,000	(26,500)	(71,000)
– deferred .....	190,000	(113,000)	574,000	510,500	615,000
Earnings before equity in income of other bakery companies .....	2,425,561	2,535,498	2,069,456	700,971	799,334
Equity in income of other bakery companies .....	1,775,000	1,216,023	1,050,000	801,000	821,634
Net earnings before extraordinary item .....	4,200,561	3,751,521	3,119,456	1,501,971	1,620,968
Extraordinary item .....	258,208				
Net earnings .....	<u>\$ 4,458,769</u>	<u>\$ 3,751,521</u>	<u>\$ 3,119,456</u>	<u>\$ 1,501,971</u>	<u>\$ 1,620,968</u>
Number of common shares outstanding .....	312,940	312,940	312,940	312,940	312,940
Earnings per common share before extraordinary item .....	\$13.20	\$11.77	\$9.75	\$4.58	\$4.96
Earnings per common share after extraordinary item .....	\$14.03	\$11.77	\$9.75	\$4.58	\$4.96
Dividends declared per common share .....	\$ 4.80	\$ 3.35	\$2.15	\$2.00	\$1.80

