

Annual General Meeting
241 th MARCH 19418

The National Breweries Limited

990 NOTRE DAME STREET W., MONTREAL









G. C. CUSHING

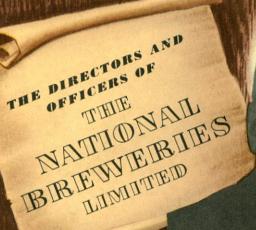








A. D. JOHNSTON C. H. HANSON











H. G. SCHUCK



NORMAN J. DAWES

Board of Directors

C. C. GARDNER

*HON. C. C. BALLANTYNE, C. H. GORDON P.C. (C)

J. D. Hudson

*A. A. MAGEE, K.C., C.B.E.

HON. DONAT RAYMOND

HON. ALPHONSE RAYMOND

*L. A. EKERS

G. C. Cushing

*J. C. Cushing

*NORMAN J. DAWES

W. TAYLOR-BAILEY

*Member of Executive Committee

NORMAN J. DAWES President and Managing-Director L. A. EKERS . Vice-President and Assistant to the President J. C. Cushing Executive Vice-President J. D. Hudson Vice-President A. D. Johnston Vice-President and Secretary C. H. Hanson Vice-President and Director of Sales J. A. Desrochers Director of Finance L. J. Scott Director of Production H. G. Schuck Technical Director A. E. SARGENT. Director of Engineering C. C. GARDNER Director of Industrial Relations

Transfer Agent THE ROYAL TRUST COMPANY Montreal and Toronto

Registrar MONTREAL TRUST COMPANY Montreal and Toronto

Auditors CREAK, CUSHING & HODGSON

Bankers BANK OF MONTREAL

The Directors' Report ?

TO THE SHAREHOLDERS OF THE NATIONAL BREWERIES LIMITED

Your Board of Directors take pleasure in presenting the Annual Report of your Company for the year 1947, being the 157th year of the oldest of our plants and the 39th year of the present corporation. We are grateful to be able to record another year of progress for your Company and trust that the report will be found satisfactory.



EARNINGS AND DIVIDENDS

Earnings for the year amounted to \$3,096,213, equal to \$4.02 a share on the Common Stock after paying \$1.75 a share on the Preferred Stock. These earnings are higher than the reported earnings of the past two years but are not strictly comparable because of the inclusion this year of the accounts of Mount Royal Importers, Inc., and Black Horse Ale, Inc., our United States subsidiaries.

FINANCIAL POSITION

Current Assets of \$12,201,023 exceed Current Liabilities of \$3,804,575 by \$8,396,448, an improvement in our working capital position over the end of 1946 of \$1,347,788. Here again this improvement is due in part to the inclusion of the figures of our United States subsidiaries. That

part of the refundable portion of the Excess Profits Tax which is due prior to March 31st, 1948, amounting to \$160,496 has been included with the Accounts Receivable.

During the year certain appropriations have been made. Following the policy of the Company to maintain the funds of the National Breweries Pension Fund Society on a sound actuarial basis at all times, a contribution of \$200,000 was made to this Society. This amount, together with our previous payments into the Pension Fund, makes a total of over \$4,000,000 which the Company has subscribed for pensions since 1941. Because of to-day's high cost of raw materials, it was decided to add to our Inventory Reserves and consequently an amount of \$200,000 was appro-



priated to provide for future decline in inventory values. Because many of the fixed assets which will have to be replaced within the next two or three years were purchased at prices considerably below those of to-day, it was considered wise to appropriate the sum of \$500,000 as a provision for the increased cost of their replacement.

You will find in the pages which follow, tabulations and graphic presentations giving statistical data and comparisons with prior years which we hope you will find an interesting feature of the report.

TAXES

Taxes continue to be a heavy burden on your Company. During the past year we have paid in taxes and duties \$20,920,891 to various governments and taxing authorities; this represented 53% of the total expenses in the year, compared with 55% in the year 1946 and 39% in 1939.

In spite of increased taxes and expenses, and contrary to the general trend, we have not increased the prices of our products. The costs of raw materials, salaries, wages and taxes have gradually been mounting, and it is only because of higher volume of sales that we have been able to absorb these; we are now reaching a point where, if taxes and costs are not substantially lowered, prices will have to be increased.

PRODUCTION AND DISTRIBUTION

Owing to rearrangements and additions to plants and buildings, we were able to produce and market more beer than in 1946; this increase would have been somewhat greater had the bottle shortage of 1946 not carried over into 1947. At the end of the year there still was not any evidence of any

YESTERDAY

This was a typical scene in a late eighteenth century brewery. Brew kettles were hand-made. Men did their work in knee-breeches. The overseers wore three-cornered hats. It took long hours to produce only a fraction that modern methods make possible in any brewery operated by your Company, today.

general falling off in the demand for malt beverages, but there was evidence of the supply exceeding the demand in a few places.

In the export markets, especially those in the sterling area, we felt the effects of the "dollar crisis", government regulation of exchange forcing us to curtail or discontinue our shipments. In the United States we broadened our distribution by entering other states, but there was some falling off in the volume; in that country we sell only "Black Horse" products and to associate the name

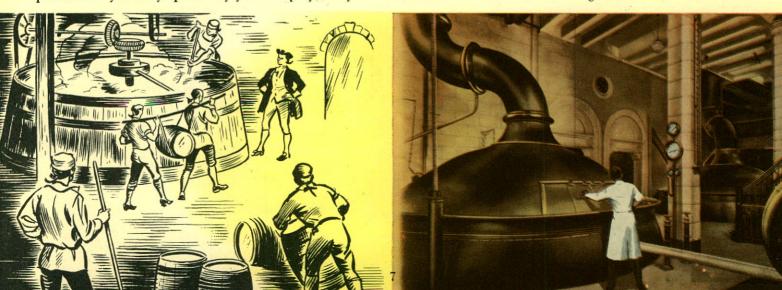


of the Company more closely with that of the product, we changed the name of the corporation from Mount Royal Importers, Inc., to Black Horse Ale, Inc., still retaining our claims to the name of the former company.

During the year we maintained our buildings and equipment in the best possible condition but there are many instances where the wear and tear of the past war years is reaching the stage where

WARDIOT

Here is a section of the Dow Brewhouse with its huge copper kettles, each having a capacity of 16,000 gallons. Because of its very nature, a brewery such as this has to be one of the cleanest industrial plants in the world; as immaculate as a diet kitchen. Even the air in the cooling room is filtered.



equipment should be replaced. These replacements are scheduled for delivery during the current year.

PLANT ADDITIONS AND BETTERMENTS

We regret that we are unable to report as much progress in our building programme as was anticipated in our report for 1946. This was due to



shortage of building materials and to our inability to clear land where the erection of new buildings has been planned. One project, the extension of the storage building at Boswell Brewery, will be completed by the middle of this year and will add materially to the capacity of that plant. We contemplate undertaking two further major projects—construction of a new bottling building at Dow Brewery and a new brewhouse at Dawes Black Horse Brewery. If conditions warrant, these two buildings will be started during the year 1948.

INDUSTRIAL RELATIONS

Once again because of the importance we attach to this phase of the Company's operations, a special section of the report has been devoted to industrial relations. Your Directors are deeply grateful for the loyalty and co-operation shown by all personnel of the Company during the year, and wish to record their sincere appreciation of the efforts of all those connected with the Company.

Relations with the Unions in the Company's plants have been excellent; no major grievances required settlement and those grievances which did arise were handled expeditiously and to the satisfaction of all concerned. Wages of hourly rated employees were increased five cents per hour and the salaries of salaried employees were in-

creased ten dollars per month on June 1st, 1947. A further increase of eight cents per hour and fifteen dollars per month to these two groups of employees went into effect on January 1st, 1948.

The number of employees on the rolls of the Company and its wholly-owned subsidiaries was 2,423, compared with 2,346 at the end of 1946.

MANAGEMENT

There have been no changes during the year in the personnel of the Company's Directors and principal officers.

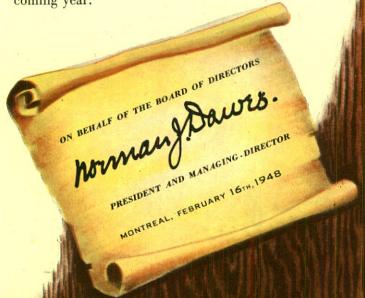
OWNERSHIP OF THE COMPANY

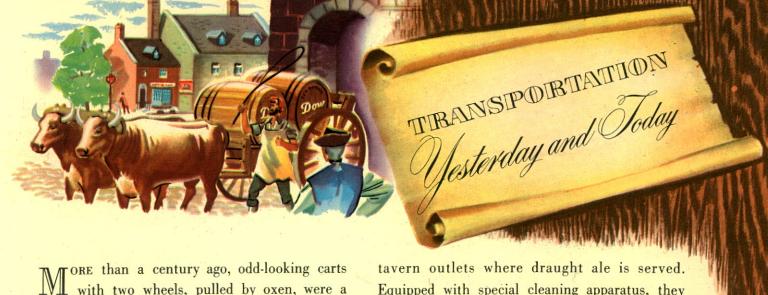
The number of issued shares in both Preferred and Common Stock of your Company has remained unchanged since 1930. The total number of shareholders exceeds 6,300, with the average holding per shareholder approximately 100 shares.



THE FUTURE

We are confident that we are well equipped, both financially and from the point of view of competent personnel, to surmount any of the difficulties with which we may be faced during the coming year.





with two wheels, pulled by oxen, were a familiar sight on the streets of Montreal. The carts were laden with casks of ale, sold to Canadians, many of whose descendants still choose the products made by the pioneering units of your Company because of their flavour and quality.

Oxen, in turn, were replaced by horses; then came motor vehicles. But for several years after their advent, your Company continued to use horses for short haul deliveries-an inherent tradition. "In pace with the times", deliveries are made, today, with a fleet of modern trucks and other motorized units.

Over 130 motor vehicles leave the Montreal garage, daily. About 50 of these have specially designed open bodies to take care of City runs. Another group, consisting of trucks, trailers and flat trailers handle freight operations. Others, called "pool trucks" are on call from the various plants and used for special work. Panel trucks service Equipped with special cleaning apparatus, they are manned by experts in their particular work.

A smaller fleet of motor vehicles serves Quebec City and adjacent parts of Province. For long hauls, a fleet of highway vans and tractors, operating out of Montreal, speeds delivery to various warehouses and agencies in Quebec and Ontario.

The Transport Department is also responsible for all incoming goods and supplies. To facilitate the handling of these and expedite shipments from Montreal to outside points, a freight terminal located on St. James Street West, not far from the Breweries, was leased a few years ago. It now serves for all outgoing and incoming shipmentssaving time and increasing efficiency. Without this Central Terminal, hauls would have to be made to and from regular freight terminals of Montreal. As a result, these hauls have been shortened considerably.





more, world-wide. Regular shipments to the troops on all territories of war have also contributed to the popularity of our

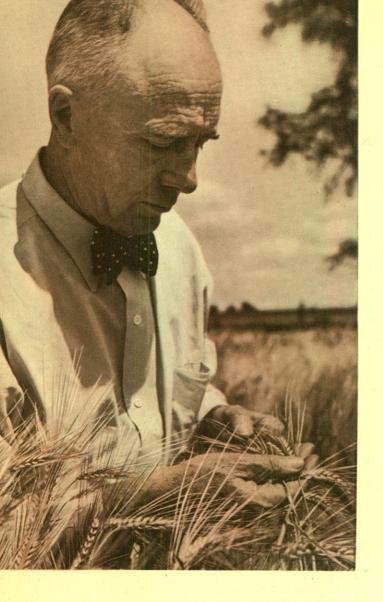
brands. During the African Campaign, many a desert fighter found relaxation, amid torrid surroundings with a Dawes "Black Horse" Ale.

Because of demand in the domestic market, since 1939, export sales have been generally curtailed. However, looking forward to the time when increased production facilities would be available, and acquiring these whenever available, your Company has kept in constant touch with foreign markets which offer the best prospects for future development. Listed on the

opposite page are countries to which regular "token" shipments are now being made; they are also "keyed" on the map.

It is understandable that the current "dollar crisis" has halted shipment of our products to certain parts of the Commonwealth; markets in "soft currency" countries are also unobtainable at the present time. It is to be hoped, however, that restrictions in many of these markets will be lifted, within a reasonable period, so that your Company can fully develop its export trade.







THE WORLD'S FINEST

In the brewing process, we use only that malt derived from Canadian-grown barley. Because Canadian barley is the world's finest, a premium price is paid.

For many years, your Company has lent all practical aid to leading Canadian agricultural colleges by subsidizing research work on barley. We have also assisted farmers to grow barley from improved seed.

A recent outstanding result of the assistance rendered by your Company is the development, after twenty-five years of research by a brilliant Canadian scientist, of a barley suitable for malting and brewing called "Montcalm". Growers of Canadian hops have also been encouraged and assisted.

Your Company is also actively associated with "The Barley Improvement Institute of Canada", organized to co-ordinate and manage the overall barley programme. This includes: plant breeding; scholarships; a service laboratory; distribution of malting barley seed; administration of the \$25,000 National Barley Contest; and participation in educational and extension work to still further improve the quality and quantity of malting barley in Canada.

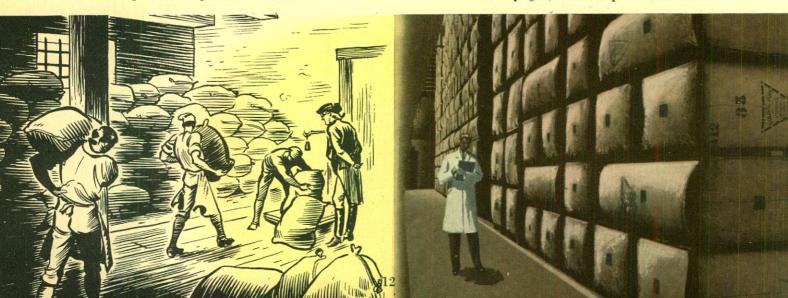
YESTERDAY

The selection and blending of hops has always been of great importance to the art of brewing. A century and a half ago, there were times when it was impossible to carry on brewing operations, because hops from Europe failed to arrive.



TODDAY

Today, adequate hop storage for the breweries operated by your Company assures a steady supply; and the correct blend of hops for the brewing process. Your Company purchases the finest Canadian hops; also hops grown in other parts of the world.



HOW

Your Company

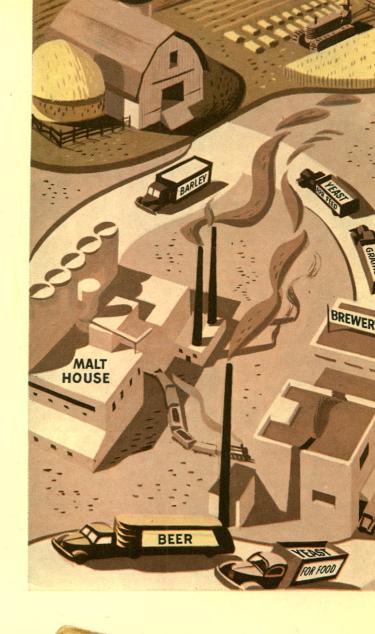
SERVES THE FARMER

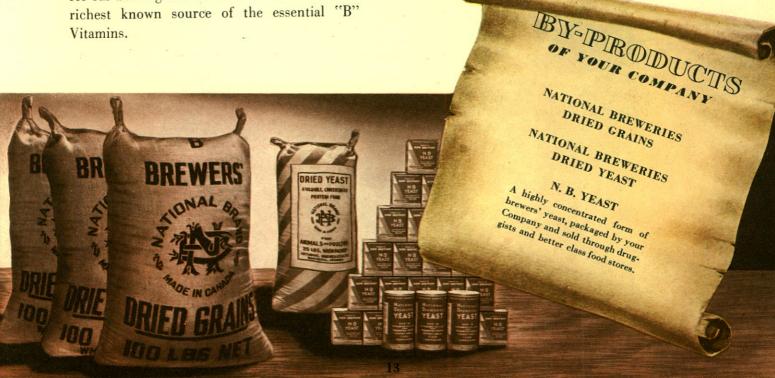
Elsewhere in this report, a description is given of the famous Dawes "Black Horses". In addition to its contribution to Canadian livestock progress, assistance to improve the already high quality of Canadian barley and encouragement given Canadian hop growers, your Company serves the farmer in other ways.

When the malted barley is received at the brewery, only that part is extracted that will produce a product of the finest quality and flavour. After the grains are dried, they are returned to the farm as a valuable adjunct to stock feed. Brewers' dried grains have a high nutritive value and good keeping qualities. In the feeding of milch cows, their pronounced effect on the quality and flow of milk is widely recognized.

Your Company maintains pure yeast cultures to provide the yeast required for brewing. The yeast cells multiply during the fermenting process, after which the surplus yeast is removed and dried.

This by-product called brewers' dried yeast is in steady demand by manufacturers of scientifically balanced feeds for farm animals; also for fur bearing and domestic animals. It is the richest known source of the essential "B" Vitamins.





HOW EACH DOLLAR WAS SPENT DURING THE YEAR UNDER REVIEW



TAXES AND DUTIES 48.9¢

This figure represents that portion of the 1947 gross income dollar paid in taxes and duties — approximately half of every dollar received by your Company during the year. In addition to large Federal taxes, it includes taxes levied by Provincial Governments and Municipalities.



MATERIALS AND SUPPLIES 16.9¢

Materials and supplies accounted for the second largest portion of the total income dollar. Malt, hops, bottles, crowns, labels, cartons, wooden cases; these are a few of the numerous items purchased extensively by your Company, year after year, contributing to employment in many varied industries.



wages, salaries and benefits. . 14.2¢

Those who work for the Company received this part of the total income dollar in the form of wages, salaries and benefits. The amount paid to employees has steadily increased over the years, as shown elsewhere in this Report. In 1947, 14.2% of gross income went into payrolls and benefits.



OTHER OPERATING EXPENSES . . . 11.6¢

Classified under this heading are the many other expenses essential to the operations of your Company, such as: selling, delivery and administration costs; heat, lighting, telephone and other "housekeeping" bills; advertising, printing, travelling expenses and additional items too numerous to tabulate.



PLANT MAINTENANCE 3.5¢

Since it is necessary to provide for tomorrow's needs as well as today's in the operation of a business, allowance must be made to replace worn-out equipment and keep buildings and machinery in good repair. The above portion of the dollar was applied in this way.



dividends paid 3.8¢

More than 6,000 men and women have invested in National Breweries. Their money bought the lands, buildings and equipment. For each dollar of sales, the return on their investment is shown above. In effect, shareholders and employees are working partners.

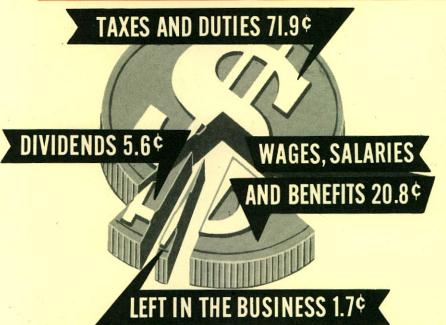


LEFT IN THE BUSINESS 1.1¢

Every year, it is necessary to set aside a certain sum of your Company's earnings, whenever possible, to provide for future growth and the continuance of operations; also, to assure payrolls and dividends. After meeting all expenses, the balance of the income dollar, as shown, was re-invested in the business.



DISTRIBUTION OF AVAILABLE INCOME



After providing for Materials and Supplies, Other Operating Expenses and Plant Maintenance—necessary expenses in connection with your Company's operations—how was the Available Income Dollar distributed? As shown by the pictograph, 71.9¢ of the Available Income Dollar was absorbed by Taxes and Duties. 20.8¢ went to employees. Shareholders had a return on their investment of 5.6¢. For purposes of future security, employees and shareholders alike, 1.7¢ was left in the business.







EARNINGS • TAXES • DIVIDENDS

Year	Taxes and Duties	Earnings Available — for Dividends	Dividends		Retained in	
			Preferred	Common	or Withdrawn from the Business	
*1939	\$ 3,890,164	\$1,833,855	\$194,250	\$1,442,744	\$180,025	
1940	5,405,688	1,480,053	194,250	1,442,744	184,972	
1941	8,347,080	2,026,332	194,250	1,442,744	108,399	
1942	13,393,640	1,949,972	194,250	1,442,744	635,718	
1943	10,722,514	1,698,763	194,250	1,442,744	90,707	
1944	13,820,771	1,887,328	194,250	1,442,744	760,451	
1945	17,865,584	2,384,190	194,250	1,442,744	51,659	
1946	19,190,635	2,709,439	194,250	1,442,744	796,593	
†1947	20,916,525	3,096,213	194,250	1,442,744	487,118	

^{*}Figures from 1939 to 1944 do not include those of Frontenac Breweries Limited. The accounts of this subsidiary were consolidated with those of the parent company, for the first time, in 1945.

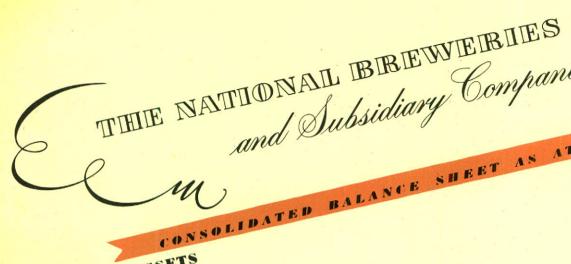
WORKING CAPITAL

Year	Current Assets	Current Liabilities	Working Capital	
*1939	\$ 7,693,874	\$ 542,874	\$7,151,000	
1940	8,166,355	940,868	7,225,487	
1941	9,993,881	2,543,184	7,450,697	
1942	11,273,633	3,153,336	8,120,297	
1943	11,752,352	3,292,380	8,459,972	
1944	12,149,468	4,760,736	7,388,732	
1945	10,761,879	4,280,779	6,481,100	
1946	9,936,400	2,887,740	7,048,660	
†1947	12,201,023	3,804,575	8,396,448	

^{*}See note above.

[†]Figures for 1947 include those of Black Horse Ale, Inc., and Mount Royal Importers, Inc.

[†]See note above.



ASSETS	278
	1,251,376
	2,044,661
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OTHER ASSETS Refundable Portion of Excess Profits Tax Refundable Portion of Excess Reserve Miscellaneous Investments, less Reserve Miscellaneous Prepaid Expenses, etc.	\$20,310,080
Refundable Portion of Excess Proms Refundable Portion of Excess Reserve Miscellaneous Investments, less Reserve Deferred Charges, Prepaid Expenses, etc. Goodwill, Trade Marks, etc.	\$20,02
Delett Trade Marks,	
Goodwin,	

Approved on behalf of the Board: C. C. BALLANTYNE Directors



COMMON:

Authorized: 960,000 shares of no par value. 721,372 shares . .

Issued:

EARNED SURPLUS (Including refundable portion of Excess Profits Tax)

Note: Commitments for plant expansion contracted for to date \$785,000. The accounts of the United States subsidiaries are included at par of exchange.

Audited in accordance with our report of this date. CREAK, CUSHING & HODGSON. Chartered Accountants.

500,000

2,775,000

13,230,505

\$20,310,080

7,820,220

Montreal, 9th February 1948.

The National Breweries Limited and Subsidiary Companies \

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 1947

Profit from Operations		\$ 4,972,794
(After deducting Depreciation \$278,838, remuneration to Executive Officers \$138,	374,	
Directors Fees \$11,140, Legal Fees \$15,950)		
Income from Investments		129,382
		5,102,176
DEDUCT:		
Provision for Income and Excess Profits Taxes		
Net Profit for the year transferred to Surplus Account		\$ 3,096,213
	A distribution	
CONSOLIDATED EARNED SURPLUS A	ACCOUNT	
		\$ 7,333,102
Balance at 1st January 1947.		
(After adjustment arising from the consolidation of the accounts of the remaining subsidiary Company)		
App:		
Net Profit for the year as per Consolidated Profit and Loss Account .		3,096,213
		\$10,429,315
DEDUCT:	A (7.795	
Amount written off Fixed Assets less profit on disposals	. \$ 67,735	
Contribution to The Pension Fund Society of The National Breweries	200,000	
Limited	AT THE RESIDENCE OF THE PARTY O	
Provision for future decline in Inventory values	Marie Committee of the	
Provision for increased cost of replacing Fixed Assets	The second second	045 505
D. C. I Division I	194,250	967,735
Preferred Dividends		
Common Dividends		
		1,636,994
Adjustment of prior years' taxes, etc.	TAIL -	4,366
On the second se		2,609,095
Balance at 31st December 1947		\$ 7,820,220
Datablee at 01st December 1711		

AUDITORS' REPORT TO THE SHAREHOLDERS 1947 is properly drawn up so as to exhibit a

We have examined the books of The National Breweries Limited and subsidiary Companies for the year ended 31st December 1947 and have obtained all the information and explanations which we have required.

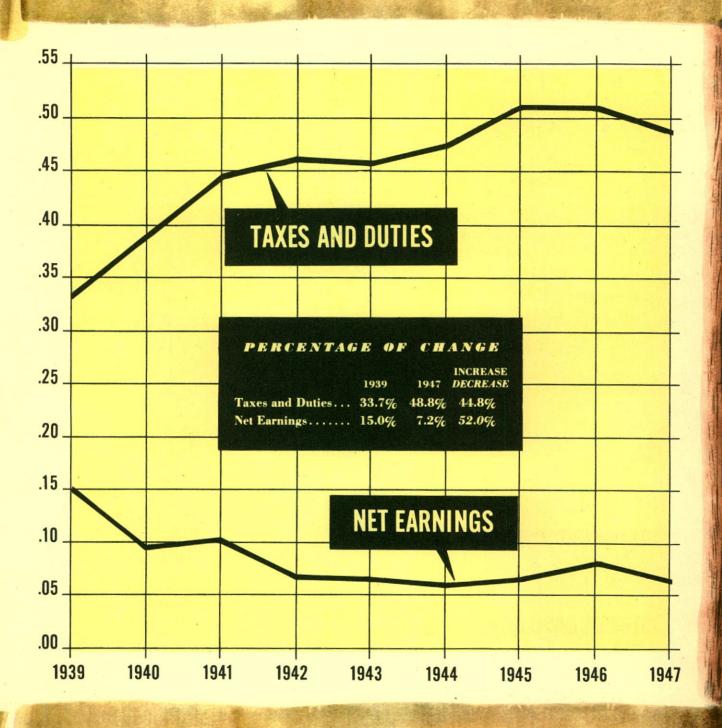
In our opinion, the accompanying Consolidated Balance Sheet as at 31st December

true and correct view of the combined affairs of The National Breweries Limited and subsidiary Companies according to the best of our information and the explanations given to us and as shown by the books of the Companies. CREAK, CUSHING & HODGSON,

Chartered Accountants. Auditors.

Montreal, 9th February 1948

TREND OF TAXES AND DUTIES AND OF NET EARNINGS IN RELATION TO EACH DOLLAR OF GROSS INCOME



It will be noted that in relation to each dollar of gross' income, from 1939 to 1947, Taxes and Duties have increased 44.8% while Net Earnings have decreased 52% within the same period.

During certain years, after dividends have been paid, nothing remained for re-investment in the business. On the contrary, heavy withdrawals had to be made to meet Pension Fund requirements. NUMBER OF EMPLOYEES

COMPARED WITH

NUMBER OF SHAREHOLDERS

WAGES, SALARIES AND BENEFITS COMPARED WITH DIVIDENDS PAID TAXES AND DUTIES PAID

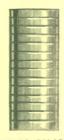
(1939 AND 1947)

PER SHARE OF COMMON STOCK



During 1947, 6300 shareholders of The National Breweries Limited made it possible for an average of 2423 employees to benefit from steady employment. The Shareholders, citizens in every walk of ife, own the Company.

\$6,065,409



WAGES, SALARIES AND BENEFITS



SHAREHOLDERS

AND BENEFITS

But while the shareholders greatly outnumber employees, they received in dividends (the return on their investment) an amount of only \$1,636,994, compared with \$6,065,409, covering wages, salaries and benefits received by employees, a difference

\$6.15



193



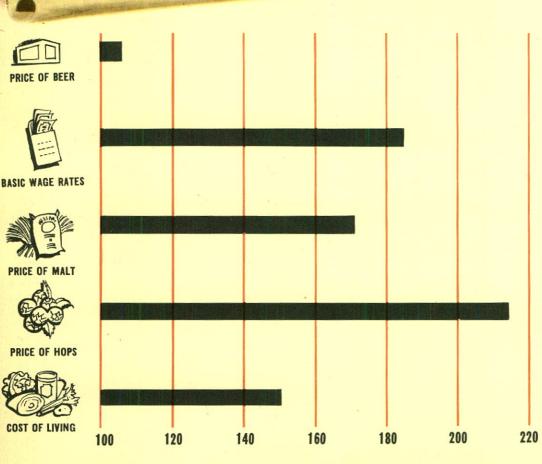
\$29.00

1947

Note that, since 1939, the tax burden per share of common stock has increased from \$6.15 to \$29.00. This is an interesting contrast, inasmuch as an amount of \$6,400.00, contributed by the shareholders, represents the investment made per employee.

TREND OF BEER PRICES, BASIC WAGE RATES, COST OF RAW MATERIALS AND COST OF LIVING (1939 TO 1947)

in the employees' favor of \$4,428,415.



TWILL be noted, by the accompanying chart, that from 1939 to 1947 the price of beer, taxes excluded, has increased only 4.7%. This figure is based on the selling price to dealer of one dozen (large) in the city of Montreal.

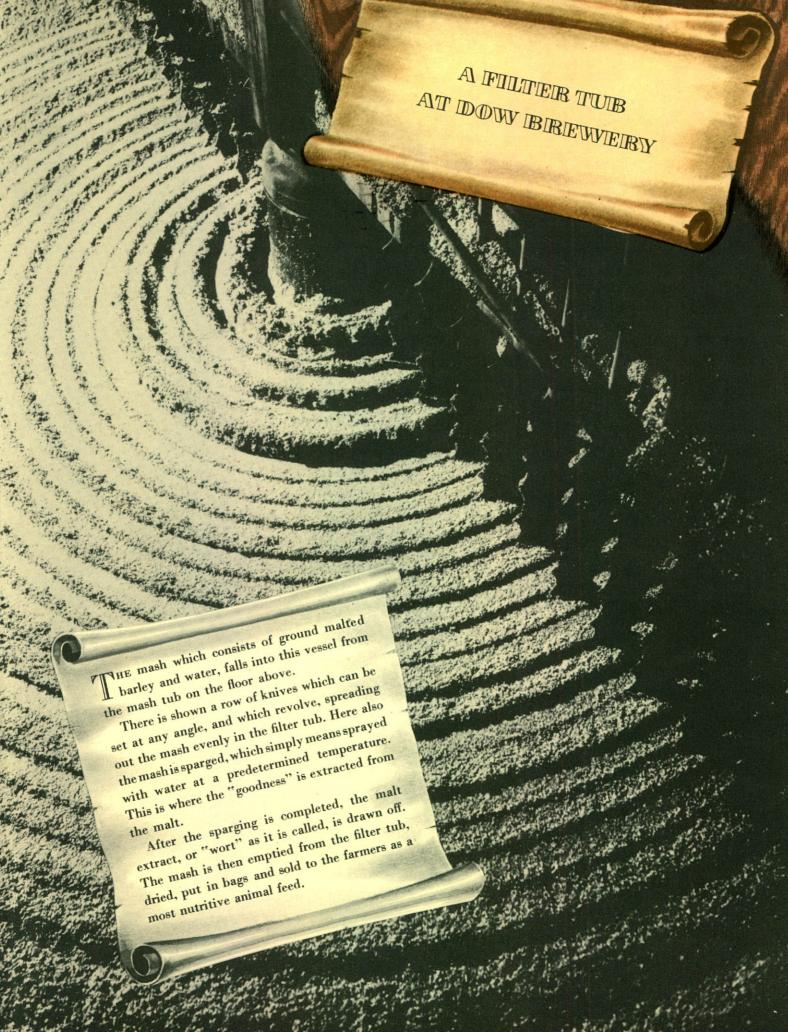
By comparison, costs of manufacture, the price of raw materials and essential supplies of every nature, have increased enormously. Since 1939, basic wage rates have advanced 84.2%. The price of malt has jumped 70.5%; and hops, 114.4%.

In face of great difficulties, including the heavy tax burden, it is evident that your Company has kept its selling prices at the lowest possible levels. Only mounting sales volume and sound sales policies could make this possible.

1939 Index shown as 100

20

1939





SICKNESS BENEFITS

Early in 1947, we revised our sickness benefit plan providing for more liberalized benefits for employees absent from work due to illness or because of a non-occupational accident. The entire cost of this plan, as in past years, is borne by your Company.

EMPLOYEE RELATIONS

Your Management's relations with employees and their representatives have been most satisfactory throughout the year. Our labour agreements with the National Breweries Employees' Union and the National Union of Operating Engineers of Canada, which between them represent all the hourly-rated employees of the Company, were renewed in December for another year. The major change in these new contracts was the substantial increase in wages.

Regular meetings were also held between the Office Employees' Committee and Management when many matters of mutual interest were discussed.

During the year, salaried employees received similar wage increases to those granted to the hourly-rated employees.

MEDICAL SERVICES

During the year under review, periodic health examinations, discontinued during the war, were reintroduced. In all, the medical staff consists of one doctor on full time, one doctor on part time, and a staff of eight nurses. The Medical Department handled in excess of 43,000 employee visits, an all-time record.

Many employees have already undergone their periodic health examination. The value of these examinations lies in the fact that employees are able to correct minor disabilities before they become serious or chronic.

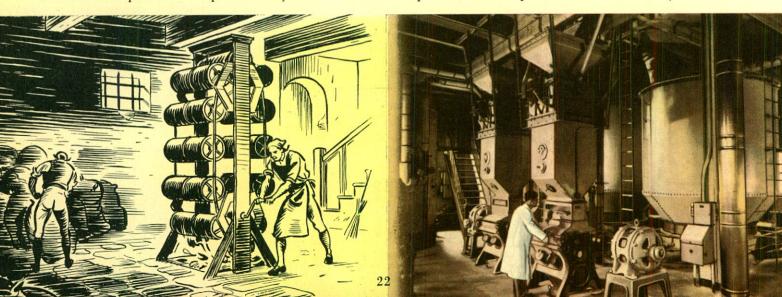
During the year, the medical facilities were further extended to include a diagnostic examination for employees suffering from visual defects. The cost of such special examinations is borne by your

YESTERDAY

The old-fashioned malt dryer was one piece of equipment in the 19th century brew house. It was used to check the sprouting of the barley after the elements of barley, essential for brewing, had been developed. Malt is "sprouted barley".

TODDAYY

In mills like this, operated by your Company, malt is ground. This is followed by a mashing process in which the ground malt is mixed with water so essential elements can be extracted. In this operation, exact temperatures must be accurately controlled.



Company. Financial assistance to employees requiring dental treatments is also included in our health maintenance programme.

QUARTER CENTURY CLUB

The membership of the Quarter Century Club is now 323, in connection with which 36 became eligible during the year under review. Gold watches with chains are presented to male employees and gold wrist watches or silver salvers to female employees who have completed twenty-five years of continuous service. Such employees also receive a vacation of three weeks with pay each year. Upon the completion of forty years' service with the Company, male employees are presented with a suitably engraved gold penknife. On page 25, photographs of the twenty-five oldest active employee members are shown with reference made to the oldest active executive employee members.

SAFETY

Your Company places the greatest emphasis on "safety." Every effort is made to provide safe working conditions and to train employees in developing safe working habits. To this end, a Safety Engineer was appointed during the year on a full-time basis. Statistics already indicate the soundness of this move, and it is expected that an enviable "low accident" record will result from this appointment. First-aid training was conducted in the plants and offices during the year, and eighty-nine employees qualified as first-aid attendants.

NEW EMPLOYEES

Several new employees were taken on during the year and every effort was made to make them "feel at home" as soon as possible. "On the job" training for such employees assists them in becoming proficient at their job in a short period of time.

PERFORMANCE RATING PLAN

During the year, we revised our Performance Rating Plan for salaried employees—formerly known as the Merit Rating Plan—incorporating in the new plan several improvements found through experience. This plan calls for a periodic objective analysis of the work performance of employees, and the results thus obtained assist employees in their future development and progress within the Company. Reference is also made to these periodic reports

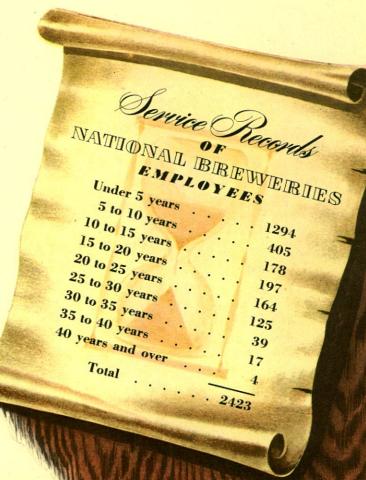
when merit increments are being considered. In 1948, it is our intention to extend this plan to include all employees.

CAFETERIAS

All Company cafeterias had a very busy year with each one serving more meals than in 1946. Although certain price adjustments were made during the year, our policy of providing wholesome, nourishing meals at a very reasonable cost was continued. As in the past, your Company paid a considerable portion of the total cost of cafeteria operations.

HOSPITAL, SURGICAL, AND MEDICAL BENEFITS

The Quebec Hospital Service Association Blue Cross Plan is available to all employees of your Company. During the year under review, the plan was broadened to include surgical care and medical aid in addition to hospitalization benefits for which the Blue Cross made provisions in former years. To enable employees to obtain such benefits at a minimum cost, your Company makes regular contributions on their behalf.



CANADA SAVINGS BONDS

The second issue of Canada Savings Bonds was sold to employees through our Payroll Department. It is of interest to note that employee subscriptions to the second issue exceeded subscriptions to the first by approximately 10%.

EMPLOYEE SUGGESTION SYSTEM

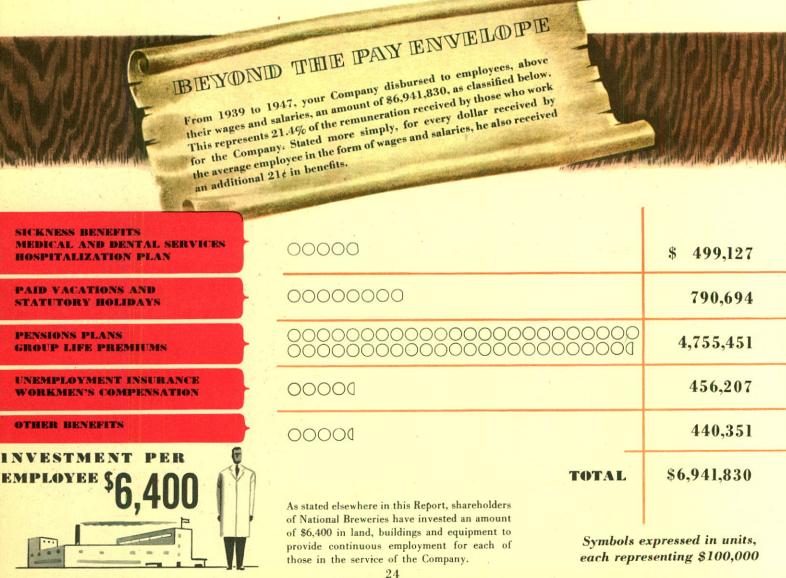
All employees are encouraged to submit their ideas for the improvement of any phase of your Company's operations. Accepted suggestions are granted cash awards. During the year, considerable time was spent in revising our Suggestion System in order to expedite the handling of the ever increasing number of suggestions being received.

EMPLOYEE WELFARE AND SECURITY

Every effort is made to provide for the welfare and security of employees through comprehensive plans for a retirement income, life insurance, sickness benefits, hospital services, emergency loans, and other benefits. These plans represent a substantial cost to your Company as is indicated elsewhere in this report. In addition to this, your Company was able to provide steady employment for all its employees throughout the entire year.

"THE REVIEW"

Through the pages of this bilingual publication, employees are kept informed on the various activities going on within the plants and offices. Changes in policies, promotions, employee activities, industry news, and other matters of general interest all appear in the magazine. The *Review*, which commenced its eleventh volume in December, is mailed to the home address of employees as all members of their families, obviously, have a direct interest in your Company and its activities.





Figures in brackets denote number of years of service.



Tr you have ever visited the little village of Verchères, about 17 miles from Montreal by highway, you will remember the imposing monument erected to one of the greatest Canadian heroines, Madeleine de Verchères, whose defence of the palisade against the Iroquois, during the regime of Frontenac, is an epic in our history.

Just outside the village, the famous "Black Horses" are stabled. This string of black Percheron stallions has been maintained by your Company since 1930, in the interests of the farmer and for the advancement of breeding.

Since inception of the string, these superb animals, which include many of the most celebrated Percherons in Canada, have sired over 19,000 foals. They have provided Quebec farmers with a valuable breeding service—without comparison anywhere—and have greatly improved the standard of draught horses in the Province.

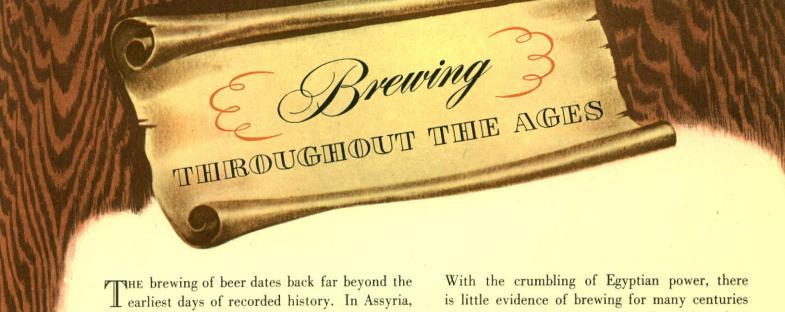
This novel and important contribution to Canadian livestock progress was initiated in 1930.

Before the age of motor transport, only black horses had been used for short haul deliveries of Dawes "Black Horse" Ale—an old tradition in the service. To perpetuate this tradition your Company founded its own stud and, for years, the "Black Horses" have been internationally famous.

During 1947, the "Black Horses" were awarded an impressive array of prizes wherever shown in competition at leading Fairs and Exhibitions. As examples: in Quebec City and Ottawa, "Black Horses" were adjudged "First in class, Senior and Grand Champion"; and at the C.N.E. and Royal Winter Fair, Toronto, "Black Horses" won "First in aged class, Senior and Grand Champion".

"Black Horses" have paraded before grand stands from Boston, Mass., to Brandon, Man., and, as feature attractions, have invariably evoked great applause from spectators. Their influence for the standards of horse breeding which may eventually extend throughout the Dominion is widely acknowledged.





The brewing of beer dates back far beyond the earliest days of recorded history. In Assyria, 5,000 years ago, beer was regarded as a remedy for sleepless nights. Cuneiform writings of Babylon show that brewing was a major industry; that barley-malt was used in the brew, much of which was "exported" to neighboring lands. Partial payment of wages was made in the form of beer. Price was strictly enforced: "not to exceed six measures of grain for five measures of beer".

Beer was likewise the most favored beverage in ancient Egypt. Temple organizations brewed beer in quantity to be consumed at religious festivals. In many urns taken from excavated Egyptian tombs, solids have been found of the beer intended to accompany the departed, as one assurance of comfort in the "beyond".

YESTERDAY

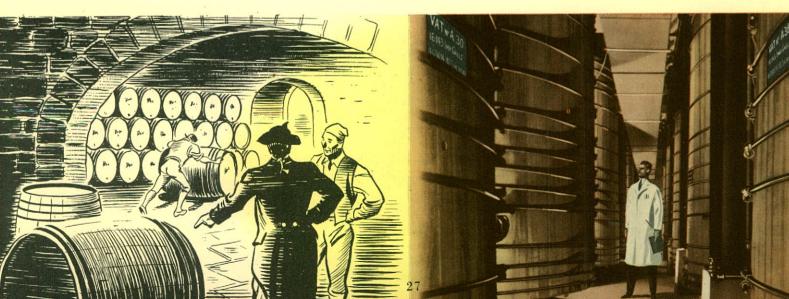
This could have been a part of the original Dow Brewery, back in 1790. Beer was stored in barrel casks, placed on skids in arched caves beneath the ground. These caves or cellars were sectioned off to make them as air-tight as possible.

With the crumbling of Egyptian power, there is little evidence of brewing for many centuries although, in reference to the Teutonic tribes, Thacitus the Roman writer states: "their drink is a liquid prepared from barley or wheat, brought by fermentation to the semblance of wine". But not until medieval times does the "brewmaster" appear once again.

As early as the 7th century, English inns were known as "Ale Houses". Hops, as an essential ingredient in brewing, were first adopted by English brewers in the 16th century. With the times, brewing methods have advanced from the primitive to scientific. But beer has continued to be the favorite beverage of any organized and settled society where the chief occupation has been agriculture.

TODAY

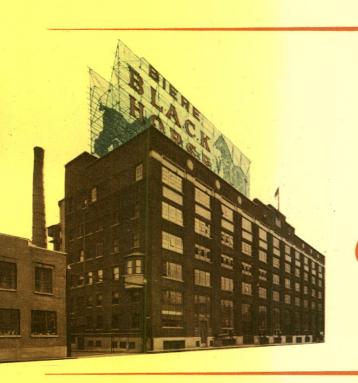
The modern Aging Room! In huge wooden storage vats such as these, your Company's products are aged and matured under ideal conditions. When filled to capacity, the storage vats in the Dow Brewery contain tens of millions of glasses of ale.



THE OPERATING UNITS OF YOUR COMPANY

A REPORT ON EXPANSION PROGRESS MADE DURING THE YEAR

The programme covering expansion and modernization carried out by your Company during the year included new construction, and considerable installation of new equipment. The scarcity of building materials, of course, caused delays in construction work; for the same reason, installation of equipment for which your Company had contracted was in some cases behind schedule. It is expected, however, that by midsummer of 1948, the efforts made to increase production substantially will be fully accomplished.





Installation was made to provide for additional fermenting and ale storage capacities. A second yeast dryer, an electric boiler and carbon dioxide reclaiming equipment were purchased; also additional automatic bottle packing and carton sealing equipment.

Illustration (left) depicts label as used when the brewery was known as "J. P. & T. A. Dawes", the site being at Lachine.



Fermenting and ale storage capacities were increased; and a new wort cooler room commenced. Carbon dioxide reclaiming equipment is being installed and a new Cemco beer filler has been put in operation. Additional hop storage capacity is under construction.

Illustration (left) shows how the original Dow Brewery appeared when the original owner established business in Laprairie.

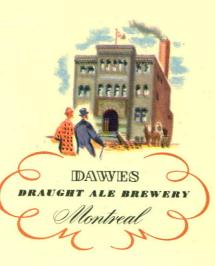
During the year under review, automatic carton packing and sealing units were installed. Carbon dioxide reclaiming equipment was purchased. Changes were made in the fermenting room to permit more flexibility in production.

This brewery is named in honor of Count Frontenac, intrepid Governor of New France, whose statue (as shown) is on the façade of the Legislative Building, Quebec.



In Dawes Draught Ale Brewery, reconditioning of the brew kettles, essential to the manufacture of our products, was carried out and carbon dioxide reclaiming equipment was purchased.

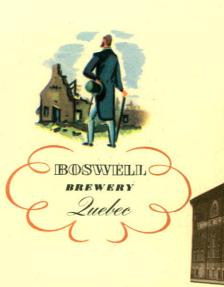
Formerly the Ekers Brewery, illustration (right) shows the building which the founder of the business occupied in 1845.





The extension to the ale storage building was almost completed and additional ale storage capacity provided. New rectangular stainless steel fermenters were obtained. Other acquirements included carbon dioxide reclaiming equipment and automatic carton packing and sealing units.

Illustration (right) depicts the founder surveying the ruins of the Intendant's Palace, the site on which the present brewery stands.





IN THE INTEREST OF THE PUBLIC ACTIVITIES CONDUCTED BY THE NATIONAL BREWERIES LIMITED

"COURTESY OF THE ROAD:" Your Company's drivers have precise instructions to render assistance to motorists in trouble on the road and have received special training to cope with such emergencies.

This company policy has earned widespread recognition and appreciation. "Motorists in distress" are towed to the nearest garage if necessary; in case of injury, first-aid is rendered. Your Company is justly proud of its low accident record. Every year, the Province of Quebec Safety League presents "No Accidents" Medallions to a large number of our chauffeurs, operating in the Cities of Montreal and Quebec.

PUBLIC WELFARE: Every employee is encouraged to share in the activities of his community where his efforts will help promote any worthy cause. Representatives of your Company throughout the country have shown, in many ways, their interests in public welfare, lending their assistance to charity drives and organizing sports activities. To

YESTERDAY

In the old days, a bottle of ale was opened by pulling out the cork. The corking process was slow and tedious, done almost completely by hand, an interesting contrast to the modern sealing technique in the plants of your Company, today.

employees such as these, whose thoughts are "in the interest of the public", your Company lends its entire support.

SERVICE CLUBS: All employees are encouraged to join Service Clubs and the generous contribution of their time which they have made to the various welfare societies, is evidence of their interest in this respect.

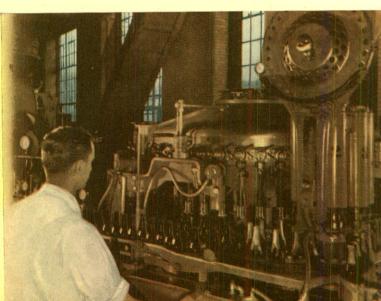
ST. JOHN AMBULANCE BRIGADE: Members of the Norman J. Dawes Division No. 19 continue to be detailed throughout the winter season, at weekly intervals, for duty in the Laurentians and on the Mount Royal. They are also present at many public gatherings.

YOUTH MOVEMENT WORK: A number of employees are active in this movement and financial assistance is rendered by your Company to aid such groups and organizations of a similar nature whose work is so clearly devoted to the interests of the community.

TODAY

Ninety quarts a minute! Ale bottled by a bronze Filling Machine, with a silver-plated ale tank. Every bottle is filled to the same height and immediately capped under heavy pressure, sealing and protecting the delicious flavour until it reaches you.







PUBLICITY

During the year under review, and currently appearing, a programme of advertising is being conducted by your Company on behalf of the various products, with results that have proved most satisfactory:

DAWES BLACK HORSE BREWERY

"Canada's Finest": A series of advertisements with this general caption is designed to bring attention to the services rendered by those who serve the public. Dignified and simple in expression, "Black Horse" advertisements have been well received everywhere.

DOW BREWERY

"The Dow Award": This campaign of advertising, in tribute to those who have performed heroic acts, has proved itself one of the most successful to appear in the Canadian Press. Since its inauguration in April, 1946, the Award has been presented to 84 persons. It includes an illuminated citation and a \$100 Canada Savings Bond. Winners are selected by The Dow Award Committee, a group of leading Canadian newspaper men, from recommendations made by a nationally known news organization.

BOSWELL BREWERY

"The Boswell Cartoons": This series is unique as it has appeared for over 22 years without a change in the original format. Possibly, this particular series of advertisements may be the oldest from the standpoint of continuity in Canada. The long life it has enjoyed can be taken as an indication of its steady popularity.

FRONTENAC BREWERIES LIMITED

"Be Kind to Animals": This engaging series of advertisements, based on an ever popular theme, was chosen with the belief it would perform a service to thousands of animal lovers. Following the appearance of the first advertisements, favorable comment made it evident that this campaign was worthily serving its purpose.





(Continued from inside front cover)

are eight feet thick in some places. Some of the vaults in which Talon's brewers aged their brews are used, today, as a "Reception Room"; others, for storage.

Through succeeding generations, however, the brewery founded by Talon was to experience many changes of fortune. In 1672, Frontenac arrived at Quebec to commence his term as Governor. Shortly afterwards, he converted the brewery into a Military prison.

In 1686, upon the foundation of the original brewery, a Palace for the Intendants of the French colony was erected. It was destroyed by fire in 1713 and reconstructed; again damaged by fire in 1726 and 1727.. But it remained the "Palace" until the fall of New France.

In 1775, the early part of the American Revolutionary War, the buildings were seized and held by Arnold's attacking troops. During the battle and seige, the superstructure of the building was almost entirely destroyed, but the vaults, far below street level, remained intact.

One can picture Joseph Knight Boswell, after his arrival from Ireland to establish himself as a brewer in Quebec City, surveying the ruined superstructure with the conviction that it would serve the purpose he had in mind—admirably. In 1844, he acquired the site and on the same location, erected the brewery that still bears his name. It became one of the operating units of your Company in 1909.



The colorful history associated with "The King's Brewery" has largely influenced the format in the preparation of this brochure and the illustrations throughout "The Directors Report" depict in miniature, events connected with it.



Jean Talon
THE GREAT INTENDANT



