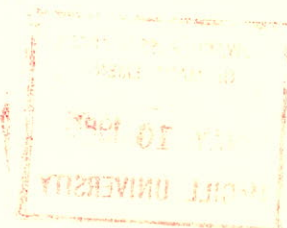


Maple Leaf Mills
Limited

Annual Report
1983

C





Maple Leaf Mills Limited

Directors

| | |
|---------------|-----------------|
| R. G. Dale | J. F. Hankinson |
| R. S. DeMone | J. W. Kerr |
| S. E. Eagles | J. H. Panabaker |
| L. Y. Fortier | W. G. Wilson |

Officers

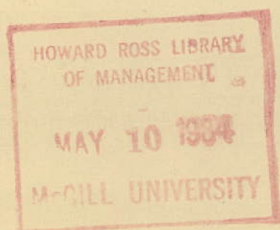
| | |
|------------------|--|
| R. G. Dale | Chairman of the Board |
| R.S. DeMone | President and Chief Executive Officer |
| A. H. James | Executive Vice-President |
| W. E. Paterson | Senior Vice-President, International Operations |
| J. J. Wigle | Senior Vice-President, Finance |
| G. B. Ballantyne | Vice-President, Rendering Operations |
| J. W. Cargill | Vice-President, Administration |
| W. F. Carroll | Vice-President, Grain |
| R. N. Kernohan | Vice-President, Flour |
| H. G. Jones | Vice-President, Poultry |
| J. W. MacDonald | Vice-President, Grocery Products |
| V. J. Malta | Vice-President, Masterfeeds |
| W. G. Milliken | Vice-President, Commodity Trading |
| D. D. Brown | Corporate Controller |
| J. A. Bagg | Assistant Corporate Controller |
| R. J. Mogg | Assistant Corporate Controller |
| R. E. Lennox | Secretary-Treasurer |
| P. Kriwoy | Assistant Secretary |
| G. S. MacLean | Assistant Secretary |

Associated Companies Officers

- N. T. Currie, President and Chief Executive Officer,
Corporate Foods Limited
- D. Devine, President and Chief Executive Officer,
McGavin Foods Limited
- D. G. Hickingbottom, President and Chief Executive
Officer, Eastern Bakeries Limited
- D. G. Ottaway, President and Chief Executive Officer,
Maple Leaf Monarch Company

Head Office

2300 Yonge Street
Toronto, Ontario M4P 1E4





Robert G. Dale



Robert S. DeMone

On behalf of the Board of Directors.

A handwritten signature in dark ink, appearing to read "R. G. Dale".

Robert G. Dale
Chairman of the Board

A handwritten signature in dark ink, appearing to read "R. S. DeMone".

Robert S. DeMone
President and Chief Executive Officer

March 9, 1984

Sales and earnings reached record levels in 1983. Sales exceeded \$1 billion for the first time and net earnings of \$15.1 million were \$2.7 million (22%) higher than in 1982. Earnings before extraordinary items were up \$3.5 million (31%) as there were no such items in 1983.

Sales and earnings in both the Agricultural and the Flour and Other Food segments improved over 1982. Within these segments all divisions, except Masterfeeds and Grocery Products, achieved higher sales and earnings.

AGRICULTURAL PRODUCTS

Acreage reduction programmes in the United States and weather played an important part in the fortunes of our Agricultural Products segment. A cold, wet spring resulted in lower sales and earnings from crop inputs in the second quarter. An exceptionally hot, dry summer followed, reducing corn and soybean crop yields throughout most of North America, driving up prices for grains and other proteins. This created favourable grain merchandising opportunities for our recently established Geneva office and problems and opportunities for other operations.

Strong protein and tallow prices in the second half of the year enabled the Rendering Division to reach record sales and earnings in 1983. As well, the efficiencies resulting from the amalgamation of Gordon Young Limited were fully achieved.

In spite of higher feed costs, our Poultry Division's earnings were higher largely as a result of the acquisition of the poultry business of the United Co-operatives of Ontario. Per capita consumption of poultry is increasing steadily and the Company has positioned itself in the important Ontario market to capitalize on this trend.

Our Grain Division's earnings recovered somewhat from the depressed level of 1982 as the Ontario wheat crop, which failed in 1982, was at a more normal level in 1983. While earnings from crop inputs and from the corn and soybean handle were disappointing, strict cost control measures were successful in partly offsetting these weather-related negatives. Given reasonable weather conditions, we look for this Division to continue its earnings recovery in 1984.

The Masterfeeds Division again operated at a loss in 1983 in spite of continuing efforts to pare down the operation to a profitable core. A combination of reduced meat consumption and improved feed-to-meat conversion from more efficient feed formulations and genetics has resulted in over-capacity in the industry and margins which are inadequate to cover rising costs.

Our International Division's Caribbean operations in Barbados and St. Vincent produced satisfactory earnings. A final payment under a management contract for the flour mill in Haiti was received in 1983.

Maple Leaf Monarch Company had another difficult year but was successful in further reducing its operating loss. Improved earnings from its oil importation business and operating cost economies more than offset the impact of continued weakness in oil milling and refining results.

FLOUR AND OTHER FOOD PRODUCTS

The acquisition of Phenix Flour Limited was of strategic importance to our Flour Division as it provided both new business and balanced our productive capacity with our market share across Canada. In 1984 we will install new family flour packaging equipment in Phenix and thereby achieve transportation economies. In Western Canada two major projects were completed at our Calgary mill location. The most modern automated bakery mix plant in North America and a completely remodelled 5,500 cwt per day milling unit were put into operation late in the year. This largely completes a seven year program under which we purchased and upgraded the Calgary flour mill, entered the bakery mix business in a major way and rationalized our flour milling operations by the closure of three mills. The Flour Division is the cornerstone of the Company and it has been vastly strengthened over the past several years in order to remain so.

Grocery Products Division faced severe competition in holding its family flour market share. In spite of volume, productivity and earnings improvements in its dessert and beverage lines, overall divisional earnings fell from the record level of 1982.

Our Associated Bakeries as a group had a record year and directly contributed \$4.8 million to net earnings compared with \$4.2 million in 1982. Both Corporate Foods Limited and Eastern Bakeries Limited continue to successfully introduce new specialty bread products and are market leaders in their respective areas of operations. Corporate Foods has also entered the fast growing fresh and frozen croissant market by acquiring an equity position in Dough Delight Ltd. in Ontario. The difficult market conditions which persist in Western Canada are still depressing the earnings of McGavin Foods Limited.

APPOINTMENTS

Senior organization changes, effective January 1, 1984, included the appointment of Robert S. DeMone as Chief Executive Officer of the Company with Robert G. Dale continuing as Chairman of the Board, Allan H. James as Executive Vice-President, W. Fenton Carroll as Vice-President — Grain, Robert N. Kernohan, Vice-President — Flour and William G. Milliken, Vice-President — Commodity Trading.

SUMMARY

We are proud of the overall earnings level achieved in 1983 in a difficult economy and volatile commodity markets. Such results could not have been accomplished without the dedication and hard work of loyal and supportive officers and employees throughout the Company, and their efforts are greatly appreciated. Our management and staff are working together on Quality of Work Life, Health and Safety and other programmes which in the long run will improve productivity and make Maple Leaf an even better place in which to work. Prospects for 1984 appear generally favourable.



Auditor's Report

To the Shareholder of
Maple Leaf Mills Limited:

We have examined the consolidated balance sheet of Maple Leaf Mills Limited as at December 31, 1983 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse

Chartered Accountants

February 16, 1984
Toronto, Canada

Consolidated Financial Statements

for the year ended December 31, 1983

Consolidated Statement of Earnings

for the year ended December 31, 1983

(000's omitted)

| | 1983 | 1982 |
|--|-------------|-----------|
| Sales and revenues: | | |
| Sales and operating revenues | \$1,021,378 | \$905,676 |
| Interest, investment and other income | 6,397 | 4,682 |
| Equity in net earnings of associated companies | 3,489 | 2,379 |
| | 1,031,264 | 912,737 |
| Costs and expenses: | | |
| Cost of sales and operating expenses | 911,633 | 801,120 |
| Selling and administrative expenses | 61,679 | 60,214 |
| Depreciation and amortization | 14,402 | 12,898 |
| Interest on long-term debt | 11,782 | 11,695 |
| Interest on short-term debt | 3,893 | 4,237 |
| Minority interest | 2,547 | 2,189 |
| | 1,005,936 | 893,353 |
| Earnings before income taxes | 25,328 | 19,384 |
| Income taxes (note 8) | 10,200 | 7,800 |
| Earnings before extraordinary items | 15,128 | 11,584 |
| Extraordinary items | — | 800 |
| Net earnings | \$ 15,128 | \$ 12,384 |

Consolidated Statement Retained Earnings

for the year ended December 31, 1983

(000's omitted)

| | 1983 | 1982 |
|--|----------|----------|
| Retained earnings at beginning of year | \$22,156 | \$16,517 |
| Net earnings | 15,128 | 12,384 |
| | 37,284 | 28,901 |
| Dividends | 6,900 | 6,745 |
| Retained earnings at end of year | \$30,384 | \$22,156 |



Consolidated Balance Sheet

December 31, 1983 (000's omitted)

Assets

| | 1983 | 1982 |
|---|-----------|-----------|
| Current: | | |
| Short-term deposits and investments, at cost which approximates market | \$ 11,709 | \$ 6,964 |
| Due from affiliated company | 311 | 4,183 |
| Accounts receivable | 70,806 | 57,384 |
| Inventories (note 2) | 92,069 | 73,573 |
| Prepaid expenses | 1,706 | 1,671 |
| Total current assets | 176,601 | 143,775 |
| Investments in associated companies (note 3) | 21,869 | 19,203 |
| Property and equipment (note 4) | 174,311 | 156,437 |
| Other assets | 9,839 | 10,153 |
| | \$382,620 | \$329,568 |

Maple Leaf Mills Limited

Liabilities

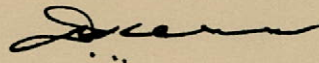
| | 1983 | 1982 |
|--|-----------|-----------|
| Current | | |
| Bank indebtedness | \$ 18,083 | \$ 15,978 |
| Due to affiliated companies | 18,084 | 7,383 |
| Accounts payable and accrued liabilities | 69,157 | 47,126 |
| Income and other taxes payable | 2,204 | 4,130 |
| Long-term debt maturing within one year | 6,107 | 3,890 |
| Dividends payable | 3,000 | 2,500 |
| Total current liabilities | 116,635 | 81,007 |
| Long-term debt (note 5) | 89,563 | 85,108 |
| Accrued pension costs (note 6) | 2,596 | 2,669 |
| Deferred income taxes | 29,602 | 26,297 |
| Minority interest in subsidiaries: | | |
| Preference shares | 1,225 | 1,225 |
| Common shares | 10,262 | 8,753 |
| | 11,487 | 9,978 |
| Shareholder's equity: | | |
| Share capital (note 7) | 102,353 | 102,353 |
| Retained earnings | 30,384 | 22,156 |
| | 132,737 | 124,509 |
| | \$382,620 | \$329,568 |

On behalf of the Board:

Director
R.S. DeMone



Director
J. W. Kerr





Consolidated Statement of Changes in Financial Position

for the year ended December 31, 1983
(000's omitted)

| | 1983 | 1982 |
|--|----------|----------|
| Source of funds: | | |
| Earnings before extraordinary items | \$15,128 | \$11,584 |
| Depreciation and amortization | 14,402 | 12,898 |
| Other | 264 | (639) |
| Funds from operations | 29,794 | 23,843 |
| Long-term debt issued | 11,051 | 13,095 |
| Investments realized | 1,660 | 2,900 |
| Sale of property and equipment | 2,304 | 1,166 |
| | 44,809 | 41,004 |
| Application of funds: | | |
| Acquisition of subsidiaries (note 9) | 12,668 | 2,779 |
| Property and equipment | 19,064 | 21,494 |
| Long-term debt | 7,427 | 4,475 |
| Dividends | 6,900 | 6,745 |
| Other | 1,552 | 259 |
| | 47,611 | 35,752 |
| (Decrease) increase in working capital | (2,802) | 5,252 |
| Working capital at beginning of year | 62,768 | 57,516 |
| Working capital at end of year | \$59,966 | \$62,768 |

Notes to Consolidated Financial Statements

December 31, 1983

1 Summary of accounting policies

(a) Basis of consolidation —

The consolidated financial statements include the accounts of all subsidiaries, and also the company's proportionate share of the accounts of Maple Leaf Monarch Company, a 50%-owned unincorporated joint venture.

The principal subsidiaries and the company's interest therein are set out below:

| | |
|--------------------------|------|
| Corporate Foods Limited | 63% |
| Eastern Bakeries Limited | 69% |
| Maple Leaf Mills Inc. | 100% |
| Phenix Flour Limited | 100% |

Investments in associated companies are accounted for by the equity method.

The principal associated companies and the company's direct and indirect interest therein are set out below:

| | |
|------------------------------------|-----|
| Barbados Mills Limited | 40% |
| East Caribbean Flour Mills Limited | 40% |
| McGavin Foods Limited | 40% |
| Unipain Inc. | 25% |

(b) Inventories —

Grains held for resale, and other inventories where applicable, are valued on the basis of market prices at December 31, including appropriate adjustments for open purchase and sales contracts as well as futures contracts, to effectively state these inventories at the lower of cost and replacement cost. All other inventories are valued at the lower of cost and net realizable value. The company hedges certain commodity transactions and inventories to minimize risk due to market fluctuations.

(c) Depreciation —

Depreciation is calculated on the straight-line basis. The rates used, as set out below, are estimated to be sufficient to depreciate the cost of the assets over their useful lives:

| | |
|-------------------------|-------------------|
| Buildings | 2%– 5% per annum |
| Machinery and equipment | 6%–33% per annum |
| Automotive equipment | 10%–25% per annum |

(d) Pension costs —

Pension costs for current service are charged to earnings and funded as they accrue. Past service costs relating to changes in pension benefits and in actuarial assumptions are amortized and funded over periods not exceeding fifteen years.

(e) Income taxes —

Income taxes are accounted for by the tax allocation method, whereby tax provisions are based on accounting income and taxes relating to timing differences between accounting and taxable income are deferred. Investment tax credits are accounted for using the flow-through method.

(f) Foreign exchange —

Current assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates in effect at December 31. Non-current assets and liabilities are translated at historical rates of exchange. Revenues and expenses are translated at the average rates of exchange prevailing for the year. Gains and losses resulting from translation are included in income.

2 Inventories

| | 1983 | 1982 |
|------------------------------|-----------------|-----------------|
| | (000's omitted) | |
| Grains held for resale | \$15,192 | \$14,731 |
| Material held for production | 45,617 | 33,630 |
| Finished products | 31,260 | 25,212 |
| | \$92,069 | \$73,573 |

3 Investments in joint venture and associated companies

(a) Maple Leaf Monarch Company —

Summary financial information relating to Maple Leaf Monarch Company is as follows:

| | Company's proportionate share | |
|--------------------------|----------------------------------|-----------------|
| | 1983 | 1982 |
| | (000's omitted) | |
| Current assets | \$30,919 | \$19,741 |
| Fixed assets | 25,115 | 26,100 |
| | 56,034 | 45,841 |
| Less current liabilities | 27,045 | 17,027 |
| Equity | \$28,989 | \$28,814 |
| Revenues | \$107,666 | \$85,705 |
| Loss before income taxes | \$ 140 | \$ 520 |

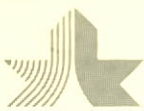
(b) Associated companies —

Summary financial information relating to associated companies as a group is as follows:

| | 1983 | | 1982 | |
|--------------|--------------------------|-----------|--------------------------|-----------|
| | Company's Total Share | | Company's Total Share | |
| | (000's omitted) | | | |
| Assets | \$116,983 | \$ 42,064 | \$106,459 | \$ 37,871 |
| Equity | 58,848 | 21,869 | 50,591 | 19,203 |
| Revenues | 325,734 | 123,208 | 346,848 | 147,528 |
| Net earnings | 10,921 | 3,489 | 7,643 | 2,379 |

4 Property and equipment

| | 1983 | | | 1982 |
|-----------------------|------------------|-----------------------------|------------------|------------------|
| | Cost | Accumulated depreciation | Net | Net |
| | (000's omitted) | | | |
| Land and improvements | \$ 20,808 | \$ 987 | \$ 19,821 | \$ 19,179 |
| Buildings | 96,635 | 25,533 | 71,102 | 63,983 |
| Equipment | 156,611 | 73,223 | 83,388 | 73,275 |
| | \$274,054 | \$99,743 | \$174,311 | \$156,437 |



5 Long-term debt

| | 1983 | 1982 |
|--|-----------------|-----------------|
| | (000's omitted) | |
| Maple Leaf Mills Limited — | | |
| 10% Note Payable to mature May 15, 1986 | \$ 3,000 | \$ 4,000 |
| 17.95% Note Payable to Canadian Pacific Securities Limited due November 15, 1987 | 12,500 | 12,500 |
| 16.575% Note Payable to Canadian Pacific Securities Limited due April 15, 1989 | 12,500 | 12,500 |
| Bank term debt to mature January 31, 1988 (interest not to exceed prime rate) | 10,000 | 10,000 |
| 12.075% Note Payable to Canadian Pacific Securities Limited due May 15, 1990 | 10,000 | — |
| 11 ⁵ / ₈ % Sinking Fund Debentures to mature August 1, 1995 | 14,887 | 15,863 |
| 11% Subordinated Sinking Fund Debentures to mature December 31, 1998 (U.S. \$21,996,000) | 25,449 | 26,954 |
| Corporate Foods Limited — | | |
| 8 ¹ / ₂ % Sinking Fund Debentures to mature December 15, 1988 | 2,510 | 2,756 |
| Obligations under capital leases maturing 1984 to 1989, interest rates average approximately 9 ¹ / ₂ % | 3,080 | 2,346 |
| Other | 1,744 | 2,079 |
| | 95,670 | 88,998 |
| Less long-term debt maturing within one year | 6,107 | 3,890 |
| | \$89,563 | \$85,108 |

Estimated annual repayment requirements in the next five years are:

| | (000's omitted) | |
|------|-----------------|----------|
| 1984 | — | \$ 6,107 |
| 1985 | — | 6,825 |
| 1986 | — | 6,718 |
| 1987 | — | 18,346 |
| 1988 | — | 4,379 |

6 Pension costs

Pension expense totalled \$3,100,000 for the year (\$3,400,000 in 1982). During the year, certain pension benefits were improved thereby giving rise to additional unfunded past service obligations of approximately \$250,000. Based on the most recent independent actuarial valuation of the company's plans, and subsequent improvements in benefits, unfunded past service obligations at December 31 consisted of the following amounts:

| | 1983 | 1982 |
|------------------------------------|-----------------|----------------|
| | (000's omitted) | |
| Accrued in current liabilities | \$ 900 | \$ 400 |
| Accrued in non-current liabilities | 2,596 | 2,669 |
| To be amortized | 2,600 | 3,100 |
| | \$6,096 | \$6,169 |

7 Share capital

| | 1983 | 1982 |
|----------------------------------|------------------|-----------|
| | (000's omitted) | |
| Common shares without par value: | | |
| Authorized — 1,000,000 shares | | |
| Issued — 220,500 shares | \$102,353 | \$102,353 |

8 Income taxes

Income taxes charged to earnings in 1983 include deferred taxes of \$2,817,000 (\$726,000 in 1982).

The following table reconciles the statutory federal and provincial income tax rate to the consolidated effective tax rate on earnings before income taxes:

| | 1983 | 1982 |
|--|--------------|-------|
| Combined basic federal and provincial income tax rate | 50.0% | 51.1% |
| Minority interest | 5.1 | 5.8 |
| Equity in net earnings of associated companies | (7.0) | (6.3) |
| 3% Inventory allowance | (3.8) | (4.6) |
| Manufacturing and processing tax credit | (4.0) | (3.9) |
| Investment tax credit | (2.5) | (3.1) |
| Other | 2.5 | 1.2 |
| Effective tax rate | 40.3% | 40.2% |

9 Acquisitions

Effective July 31, 1983 the company acquired Phenix Flour Limited, which operates a flour mill in Montreal, and on May 9, 1983 acquired a poultry operation, for a total cash consideration of \$21,609,000. These acquisitions have been accounted for using the purchase method and accordingly the results of operations of the acquired companies from the dates of acquisition have been included in the consolidated statement of earnings.

The net assets acquired at assigned values are summarized as follows:

| | (000's omitted) | |
|---|-----------------|-----------------|
| Total assets (including current assets of \$10,847) | | \$24,915 |
| Less: | | |
| Current liabilities | \$1,906 | |
| Long-term debt | 875 | |
| Deferred income taxes | 525 | 3,306 |
| | | \$21,609 |

10 Comparative figures

Certain comparative figures have been reclassified to conform with the 1983 presentation, including a change to carry forward the deferred income taxes of acquired companies.

11 Commitments

The company leases property and equipment under agreements which are classified as operating leases. Annual future minimum rentals under operating leases approximate \$2,700,000.

12 Related party transactions

The company is a wholly owned subsidiary of Canadian Pacific Enterprises Limited.

(a) Canadian Pacific companies

Some of the company's products are transported by CP Rail at published tariff rates.

The company has a loan agreement with Canadian Pacific Securities Limited to obtain up to \$30,000,000 for working capital requirements. This agreement provides for a demand line of credit with interest at the prime rate and a revolving line of credit with loan terms of up to one year with interest based on the lender's cost. The company also participates in a centralized banking system with Canadian Pacific Enterprises Limited.

(b) Other

In the normal course of business, the company provides management and technical assistance to several companies,

including certain associated companies. During the year revenues from these companies accounted for approximately 3% (7% in 1982) of consolidated revenues. Sales to and purchases from Maple Leaf Monarch Company amounted to \$23,932,000 (\$21,977,000 in 1982) and \$3,517,000 (\$8,369,000 in 1982) respectively.

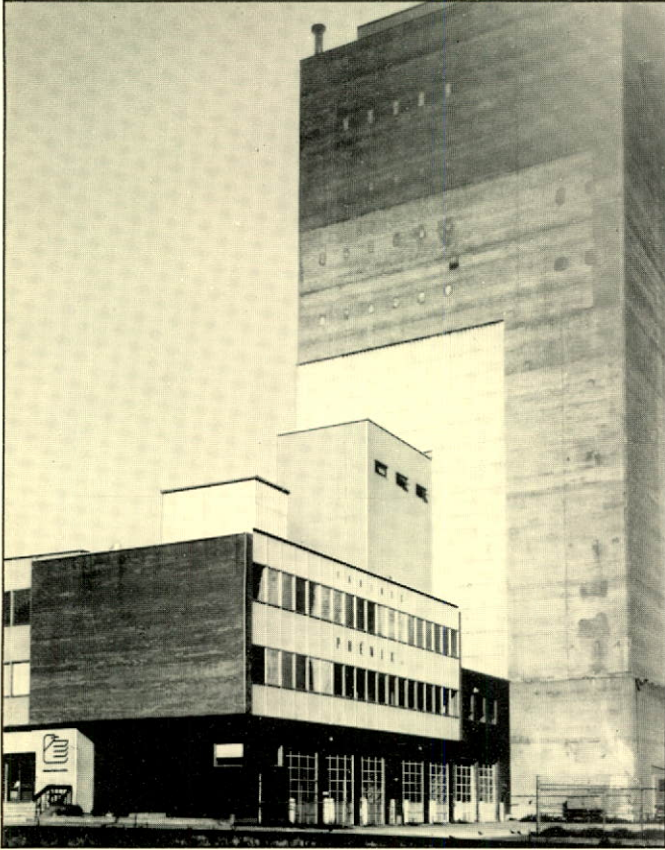
13 Segment information

Segment information is shown in the following table. The agricultural products segment includes the production of animal and poultry feeds, rendering animal and poultry by-products, merchandising grain and operating grain elevators, providing management assistance to associated companies overseas, and processing oil seeds through Maple Leaf Monarch Company. The flour and other food products segment includes the production of flour, consumer grocery products and bakery products.

| Segment Information (000's omitted) | | | | | | | | |
|---|-----------|-------------|---------------|-------------|------------------|----------------------|--------------|--|
| 1983 | Assets | SALES | | | Operating Profit | Capital Expenditures | Depreciation | |
| | | Gross | Inter-segment | Net | | | | |
| Agricultural products | \$208,466 | \$694,406 | \$4,641 | \$689,765 | \$18,589 | \$6,275 | \$8,348 | |
| Flour & other food products | 148,475 | 338,386 | 6,773 | 331,613 | 28,373 | 12,742 | 5,857 | |
| Corporate | 3,810 | | | | | 47 | 197 | |
| Investments in associated companies | 21,869 | | | | | | | |
| | \$382,620 | \$1,032,792 | \$11,414 | \$1,021,378 | \$46,962 | \$19,064 | \$14,402 | |
| 1982 | | | | | | | | |
| Agricultural products | \$182,478 | \$602,888 | \$5,064 | \$597,824 | \$14,588 | \$14,940 | \$8,018 | |
| Flour & other food products | 119,831 | 315,378 | 7,526 | 307,852 | 26,824 | 6,182 | 4,747 | |
| Corporate | 8,056 | | | | | 372 | 133 | |
| Investments in associated companies | 19,203 | | | | | | | |
| | \$329,568 | \$918,266 | \$12,590 | \$905,676 | \$41,412 | \$21,494 | \$12,898 | |
| Reconciliation of segment operating profit to net earnings: | | | | | 1983 | 1982 | | |
| | | | | | (000's omitted) | | | |
| Business segment operating profit | | | | | \$46,962 | \$41,412 | | |
| Equity in earnings of associated companies | | | | | 3,489 | 2,379 | | |
| General corporate expenses | | | | | (6,901) | (6,286) | | |
| Interest expense | | | | | (15,675) | (15,932) | | |
| Minority interest | | | | | (2,547) | (2,189) | | |
| Income taxes | | | | | (10,200) | (7,800) | | |
| Extraordinary items | | | | | — | 800 | | |
| Net earnings | | | | | \$15,128 | \$12,384 | | |

Export sales of \$139,000,000 (\$116,000,000 in 1982) are included in the above sales figures. Intersegment sales are made at prices similar to those charged to unaffiliated customers.

Included in the 1983 figures are assets of \$11,048,000 (\$7,570,000 in 1982), gross sales of \$168,684,000 (\$144,310,000 in 1982), net sales of \$161,315,000 (\$119,146,000 in 1982), and an operating loss of \$670,935 (\$565,000 profit in 1982) relating to U.S. operations.



PHENIX FLOUR MILL, MONTREAL

The Phenix Flour Mill, acquired in July 1983, has a daily capacity of over 8000 bags of flour. This mill has a different construction concept in that the milling units are situated on top of the finished product storage area. This facility has become the administrative centre of the Flour Division's Eastern Region.



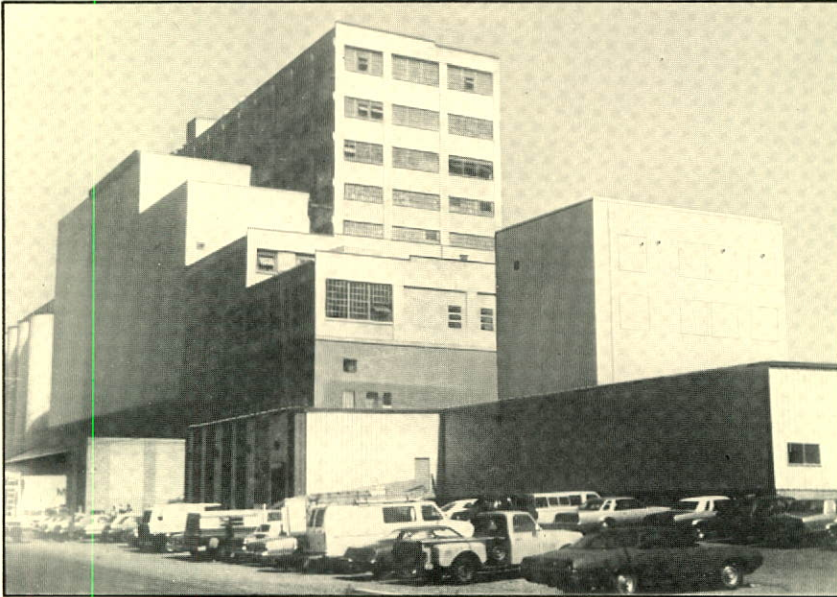
PETERSBURG POULTRY PROCESSING PLANT

Acquired in May of 1983 from United Co-operatives of Ontario, this modern processing plant serves the fresh and frozen chicken and turkey retail and food service markets, as well as supplying the developing further processed markets. Petersburg is strategically located in Southern Ontario near to the supply of live birds and the markets for the processed poultry products.



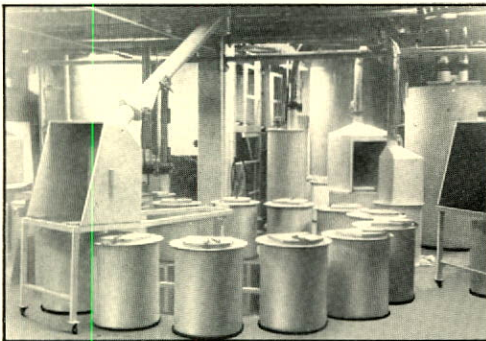
NEW HAMBURG HATCHERY

Also acquired in May 1983 as part of the U.C.O.'s poultry business, this modern hatchery provides 12,000,000 day-old chicks annually. This facility will become an integral part of the Poultry Division's hatchery operations in Ontario.



CALGARY FLOUR MILL

With the upgrading and remodelling of the milling units over the past several years, the Calgary flour mill has become the Flour Division's most modern milling facility. With a daily capacity of approximately 15,000 bags of flour, it serves the domestic market of the Western Region of the Flour Division and produces the majority of the Division's export commitments.



CALGARY BAKERY MIX PLANT

Incorporated within the Calgary complex, shown at the top of this page, is the most modern, automated bakery mix manufacturing plant in North America. Its two computer operated production lines provide a full range of bulk mixes for the baking industry.

