

STEDMAN BROS., LIMITED

27 WELLINGTON ST. WEST

TORONTO, CANADA

March 12th, 1945

TO THE SHAREHOLDERS OF STEDMAN BROS. LIMITED:

The Directors of Stedman Bros. Limited beg to submit for your consideration the Annual Statement, together with the Profit and Loss Account, covering the operations for the year ending December 31, 1944.

The results of the year show a slight increase in volume and a corresponding increase in profit before taxation.

The year has been the most difficult since the beginning of the war. Our problem is not the sale of merchandise, but the obtaining of it. This, together with the constant change in personnel, due to the fact that we are not considered an essential industry, has made our task most difficult.

During the year we established a pension policy, to which both the Company and the staff will contribute, by which we hope to provide some security reward for those who serve the Company long and faithfully.

You have already been advised, through the press, that the regular dividend of 75 cents per share on the Preferred shares and a dividend of 25 cents, plus a bonus of 50 cents on the Common Shares, has been declared, both payable April 2nd.

The year 1945 opened somewhat quieter than 1944, due to the unusual conditions created by excessive snow. More recent weeks show a slight gain. The year's result will largely depend on the war and its progress.

In common with most business concerns, we are planning for after the war. We all recognize that the war and its needs must come first, but if full employment (which we all desire) is to become a reality, there must not only be planning, but a united effort and confidence between all citizens and all sections of our country, especially if we are to successfully solve the many difficult problems ahead.

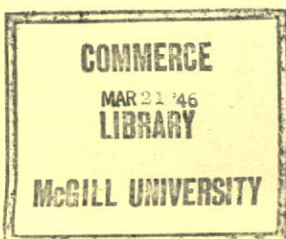
From the public statements of our own leaders, as well as those from other countries, International trade will be a problem of outstanding importance. If we are to participate in this trade, we must recognize that the purchasing power and the conditions under which our customers live will be the determining factor. This fact will, no doubt, compel us to modify some of our views.

On behalf of the Directors and Shareholders, I would like to express to our staff our appreciation and thanks for their loyal service.

Yours very truly,

S. W. STEDMAN,

Chairman of the Board.



STEDMAN BROS., LIMITED

BALANCE SHEET AS AT DECEMBER 31st, 1944

ASSETS		
Cash on Hand and in Banks		\$ 772,873.59
Dominion of Canada Bonds		223,000.00
Accounts Receivable	\$ 350,311.35	
Less: Reserve for Bad Debts	5,000.00	
		345,311.35
Inventories at Cost	\$ 870,927.36	
Less: Reserve for Warehouse Profit on Store Inventories	\$ 49,911.81	
Reserve for Increased Prices re Excess Profits Tax	103,169.59	
		153,081.40
		717,845.96
Cash Surrender Value of Life Insurance		16,363.20
Real Estate	\$ 235,437.98	
Less: Reserve for Depreciation	30,245.14	
		205,192.84
Furniture and Fixtures	\$ 418,043.85	
Less: Reserve for Depreciation	335,531.18	
		82,512.67
Loans to Employees and Advances re Purchase Dominion of Canada Bonds		14,769.35
Refundable Portion of Excess Profits Tax		167,476.28
Prepaid Expenses and Other Assets		4,747.69
Trade Creditors (Prepayment of Merchandise)		5,185.36
Goodwill		1.00
Investment in wholly owned subsidiary Company		\$2,555,279.29
		58,300.00
		\$2,613,579.29

LIABILITIES		
Reserves:		
Income Tax for 1940	\$ 23,262.02	
Income Tax for 1941	61,890.80	
Income Tax for 1942	51,846.14	
Income Tax for 1943	53,786.07	
Income Tax for 1944 (after Prepayment of \$465,000.00)	27,422.58	
		\$ 218,207.61
Salaries	12,600.00	
Preferred Dividend 1½%	4,500.00	
Common Dividend 25 cents per share	22,500.00	
		\$ 257,807.61
Reserve for Real Estate		205,192.84
Capital Stock:		
Preferred—6,000 Shares, Par Value \$50.00 per Share	\$ 300,000.00	
Common—90,000 Shares, No Par Value	1.00	
		300,001.00
Surplus—Earned	\$1,683,101.56	
Deferred	167,476.28	
		1,850,577.84
		\$2,613,579.29

AUDITOR'S CERTIFICATE

I have examined the above Balance Sheet of Stedman Bros., Limited, as at December 31st, 1944, and report that, in my opinion, it is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs, according to the best of my information and the explanations given me, and as shown by the books of the Company.

All my requirements, as Auditor, have been complied with.

S. W. STEDMAN, *Chairman of the Board.*
GEO. W. STEDMAN, *President.*

C. J. PARKER, C.A.

STEDMAN BROS., LIMITED

GENERAL INCOME AND EXPENDITURE ACCOUNT

for the year ended December 31st, 1944

Net Operating Profit for year before Provision for Depreciation and Income Tax.....		\$ 822,787.75
Provision for Depreciation.....	\$ 43,257.72	
Dominion Income Taxes.....	492,422.58	
		535,680.30
Net Profit for year carried forward to Earned Surplus Account ..		\$ 287,107.45

The total of the amount paid for the year ended December 31st, 1944, as salaries, bonuses, fees, or other remuneration to the counsel, solicitors, or other legal advisers of the Company, also to the Executive Officers of the Company, including the President, Managing Director, and any other Directors, who hold salaried employment or office with the Company was \$47,117.65.

Fees of Directors, not holding salaried employment in the Company were \$300.00.

EARNED SURPLUS ACCOUNT

as at December 31st, 1944

Surplus, forward January 1st, 1944.....		\$1,579,381.72
Add: Increase in Cash Surrender Value of Life Insurance, plus Accrued Dividends.....	\$ 2,735.50	
Transfer from Profit and Loss Account.....	287,107.45	
		289,842.95
		\$1,869,224.67
Less: Life Insurance Premiums Paid.....	\$ 3,662.25	
Loss on Investments.....	439.25	
Adjustment on Reserve for Real Estate.....	29,021.61	
		33,123.11
		\$1,836,101.56
Preference Dividends:		
Paid April 1st, 1944.....	\$ 4,500.00	
Paid July 1st, 1944.....	4,500.00	
Paid October 1st, 1944.....	4,500.00	
Payable January 2nd, 1945.....	4,500.00	
		\$ 18,000.00
Common Dividends:		
Paid April 1st, 1944.....	\$ 67,500.00	
Paid July 1st, 1944.....	22,500.00	
Paid October 1st, 1944.....	22,500.00	
Payable January 2nd, 1945.....	22,500.00	
		135,000.00
		153,000.00
Balance of Earned Surplus, December 31st, 1944, Carried to Balance Sheet.....		\$1,683,101.56

DEFERRED SURPLUS ACCOUNT

as at December 31st, 1944

Surplus, forward January 1st, 1944.....		\$ 107,272.75
Add: Refundable Portion 1944 Excess Profits Tax		60,203.53
Balance of Deferred Surplus, December 31st, 1944, Carried to Balance Sheet.....		\$ 167,476.28

STEDMAN BROS., LIMITED

ANNUAL REPORT FOR THE Year Ending 31st December, 1944

OFFICERS:

SAMUEL W. STEDMAN..... *Chairman of the Board*
GEORGE H. STEDMAN *President and Managing Director*
CLARENCE R. PETTIT..... *Executive Vice-President*
and Secretary-Treasurer
DOUGLAS J. MACDONALD..... *Vice-President*
GEO. T. HUMBLE..... *Director*

STOCK TRANSFER AGENTS:

GUARANTY TRUST COMPANY OF CANADA
70 Richmond Street West
Toronto

BANKERS:

BANK OF TORONTO
Toronto