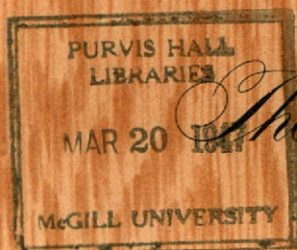


Corporation
file
Stack

REPORTING YOUR COMPANY'S OPERATIONS FOR 1946



The National Breweries Limited



The National Breweries Limited

OPERATING

DAWES BLACK HORSE BREWERY

DAWES BLACK HORSE ALE
DAWES CREAM PORTER

BOSWELL BREWERY

BOSWELL ALE

FRONTENAC BREWERIES LIMITED

(Subsidiary Company)

FRONTENAC BLUE LABEL LAGER

DAWES DRAUGHT ALE BREWERY

DAWES BLACK HORSE DRAUGHT ALE

DOW BREWERY

DOW ALE
DOW CROWN STOUT

MOUNT ROYAL IMPORTERS INCORPORATED

NEW YORK, N.Y.

(Subsidiary of Frontenac Breweries Limited)



The Head Office

38th
Annual Report

OF THE DIRECTORS


FOR THE YEAR ENDED DECEMBER 31st, 1946



Annual General Meeting
March 26th, 1947

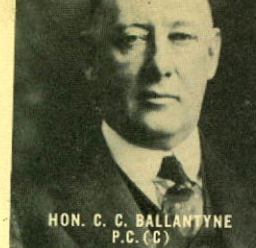
THE NATIONAL BREWERIES LIMITED

990 NOTRE DAME STREET W., MONTREAL

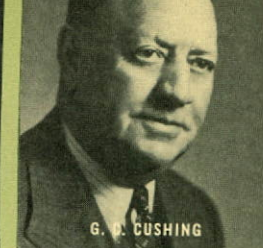


*A Section of the
Dow Brewhouse*

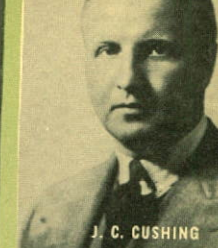
THE DIRECTORS AND OFFICERS OF THE NATIONAL BREWERIES LIMITED



HON. C. C. BALLANTYNE
P.C. (C)



G. C. CUSHING



J. C. CUSHING



L. A. EKERS



C. H. GORDON



J. D. HUDSON



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



HON. DONAT RAYMOND



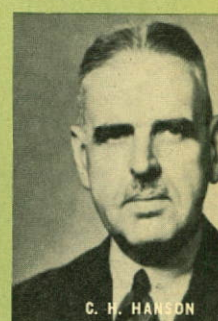
HON. ALPHONSE RAYMOND



W. TAYLOR-BAILEY



A. D. JOHNSTON



C. H. HANSON



J. A. DESROCHERS



L. J. SCOTT



H. G. SCHUCK



A. E. SARGENT



C. C. GARDNER



Board of Directors

- | | |
|-------------------------------------|----------------------------|
| *HON. C. C. BALLANTYNE,
P.C. (C) | C. H. GORDON |
| G. C. CUSHING | J. D. HUDSON |
| *J. C. CUSHING | *A. A. MAGEE, K.C., C.B.E. |
| *NORMAN J. DAWES | HON. DONAT RAYMOND |
| *L. A. EKERS | HON. ALPHONSE RAYMOND |
| | W. TAYLOR-BAILEY |

*Member of Executive Committee

Officers

- | | |
|----------------------------|--|
| 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 President's Message

TO THE SHAREHOLDERS OF THE NATIONAL BREWERIES LIMITED:

The year 1946 will be remembered as the first full year of operations following the Second World War. It is also the 156th year of continuous operation of the oldest unit of the Company, and this Report covers the 38th year of the present Corporation. The accounts are presented on the same basis as those for 1945, namely, consolidat-



ing the accounts of Frontenac Breweries Limited, but excluding those of Mount Royal Importers, Incorporated.

EARNINGS AND DIVIDENDS

Earnings for the year amounted to \$2,709,439, an increase of \$325,249 over 1945.

Earnings on the Common Stock for the year, after paying dividends of \$1.75 per share on the Preferred Stock, amounted to \$3.49 a share, compared with \$3.03 a share in 1945.

FINANCIAL POSITION

The balance sheet continues to show the Company's strong financial position. Current Assets of \$9,936,400 exceed Current Liabilities of \$2,887,740 by \$7,048,660, a ratio of more than 3 to 1 and an increase in working capital over a year ago of \$567,560. The refundable portion of excess profits tax now amounts to \$1,309,130, an

increase of \$58,330. Earned surplus has increased \$796,593 to \$6,471,766 after deducting Pension Fund contributions of \$255,209. These contributions maintain our pension requirements on a sound actuarial basis.

TAXES

Your Company, along with industry in general, benefitted from the moderate reduction in profits taxes for the year, but taxes continue to be a heavy burden, amounting to \$19,190,635; this represents 55% of total expenses, compared with 54% in 1945 and 39% in 1939. During the past ten years, taxes, license fees and duties paid and provided for, amounted to \$108,888,545 in comparison with amounts of \$37,650,852 paid out to, or for, employees and \$16,369,940 in dividends to shareholders.

PRODUCTION AND DISTRIBUTION

Glass bottles replaced barley malt in 1946 as the governing factor in regulating the volume of



production from our five breweries. A strike which forced the shutting down of the one plant in Canada producing soda ash, a vital material in the manufacture of glass, prevented the manufacture of any new bottles for more than three

months; as a consequence, we had to rely on the prompt return of used bottles to maintain our output. By the end of the year the flow of new glass into our plants had not returned to normal.

Early in the year the threat of an enforced curtailment in the supply of barley malt, similar to that experienced in the United States, failed to materialize. The National Barley Contest, sponsored by the brewing industry through the Dominion Brewers Association, did a great deal to revive the interest in growing the superior grades of Canadian barley for malting purposes and, thereby, ensure sufficient quantities for the industry.

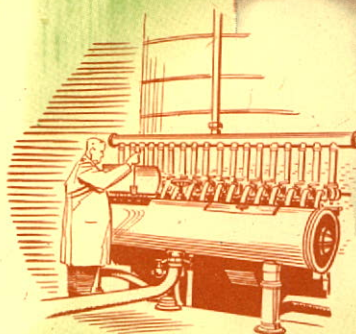
Despite the above and many other difficulties, our sales volume was slightly in excess of that



for 1945. Once again every effort was made to provide equitable distribution of the available supply and we believe that our customers were satisfied that they received their full share. Continuing our policy of shipping to those foreign markets where we have been established, a small percentage of our output was exported, but we have always looked upon the home market as having first consideration in the formulation of our sales policies.

PLANT ADDITIONS AND BETTERMENTS

During the year, a number of plant re-arrangements were made which enabled us to increase our output slightly. Owing to the scarcity of building materials, however, we were unable to launch our building programme, so that net additions of a capital nature amounted to only



The most scientific brewing methods and knowledge, gained through long experience, give our brewers complete control of every step in the processes.

\$338,370. It is confidently expected that a good start on this programme will be made during 1947.

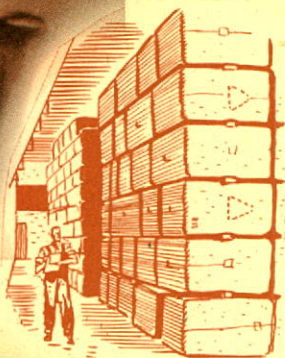
INDUSTRIAL RELATIONS

Your Directors attach such importance to industrial relations that it was decided to devote a special section of the Report to this phase of the Company's operations.

Relations between the employees and management were marred, somewhat, by the strike which affected our four Montreal plants during the early part of the year. The strike followed rejection by the Regional War Labour Board for Quebec of the Union's application for wage increases. Under the circumstances, the strike was illegal inasmuch as it contravened the Wartime Wages Control Order and the Quebec Labour Relations Act. Because of this fact and the acts of violence which it initiated, the Union's certification was cancelled by the Labour Relations Board and it was no longer recognized as the bargaining agent for our employees. All plants continued to operate



The policies of our Company are moulded in such a way that justice and consideration will be assured to those who work for us.



at reduced output during the strike; at the end of a few weeks the majority of employees had returned to work and normal operations had been resumed.

The number of employees on the rolls of the Company and its wholly-owned subsidiaries at the



end of 1946 was 2,346, compared with 2,205 at the end of 1945. The Directors and the Management deeply appreciate the splendid loyalty and devotion to duty of these employees.

MANAGEMENT

There have been few changes during the year in the personnel of the Company's management. Mr. H. G. Schuck, who has been with the Com-

pany for more than thirty-five years, and who will retire early next year, has relinquished his position as Director of Production but will remain as Technical Director until the date of his retirement. The position of Director of Production has been filled by Mr. L. J. Scott, who was formerly Director of Planning and Methods.

OWNERSHIP OF THE COMPANY

Your Company is owned by more than 6,400 shareholders, which means that the average holding per shareholder is somewhat in excess of 100



shares. It is interesting to note that quite a high percentage of the shares are held by Estates, Beneficent and Charitable Institutions.

FUTURE CONSIDERATIONS

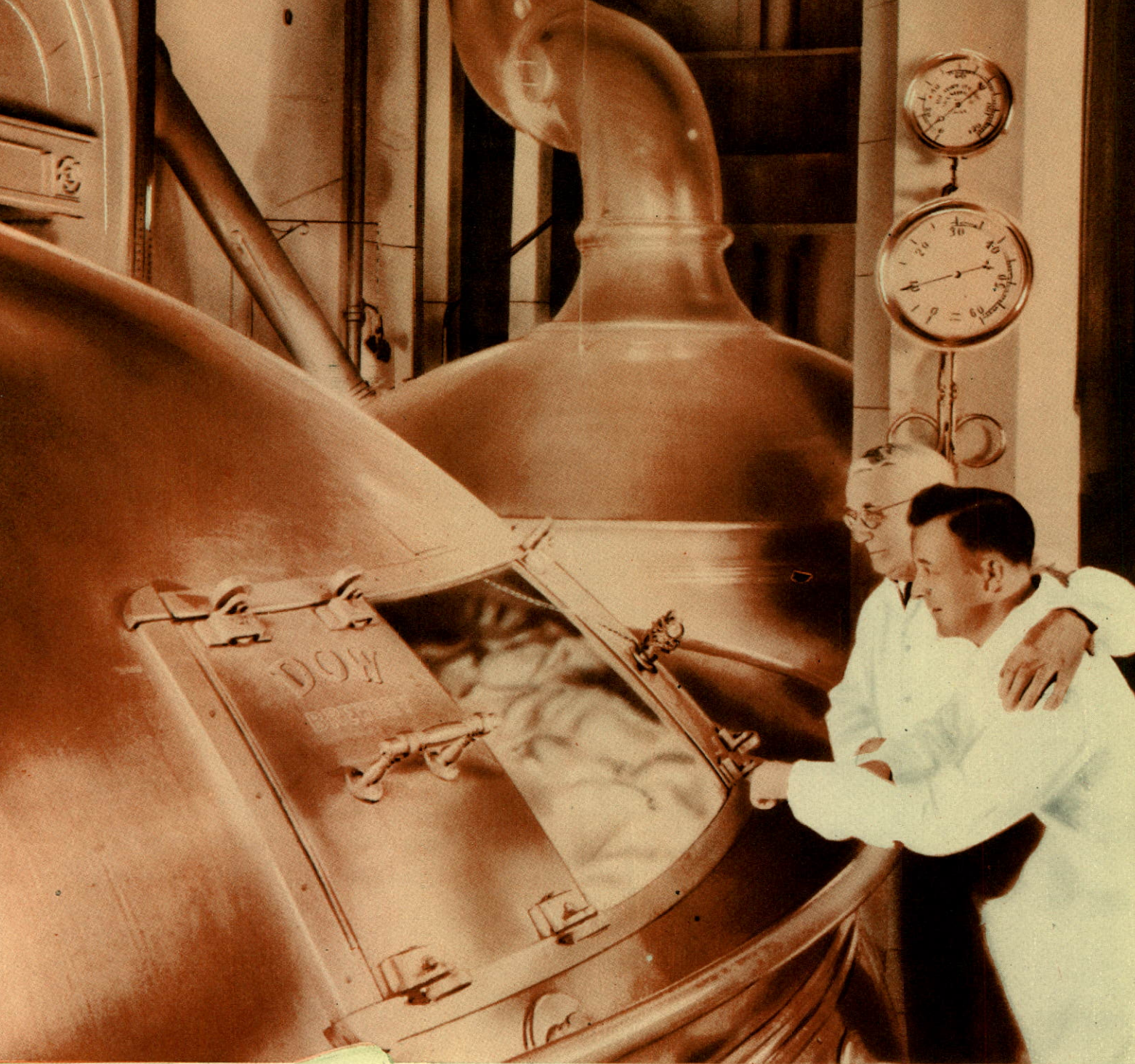
Based on past operations and experience, and without attempting to look too far into the future, we are confident that the Company will contribute in an important way to future employment and prosperity. The expansion programme which we are undertaking will ensure that there will be an adequate supply of the Company's products, which continue to enjoy wide public acceptance.

On behalf of the Board of Directors,

Norman J. Dawes.

President and Managing-Director.

Montreal, February 6th, 1947

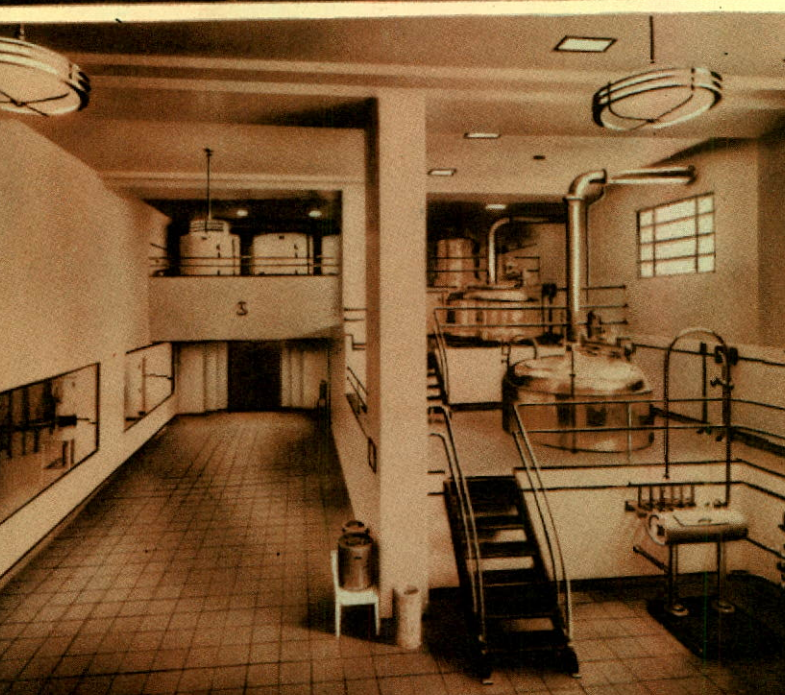


From
GENERATION
to
GENERATION



Records show that family service with the Company is traditional. This is true, not only in branches of the business where special knowledge and training are required, but right through the entire personnel.

There are a number of cases where members of the fourth generation are in the service of the Company. The older employees are ever ready to pass on to younger people the knowledge they have acquired through years of experience.



SOME *Brewing* FACTS

The Brewing Industry, in which your Company plays a most prominent part, is an important factor in the economic life of Canada. The annual cost of materials purchased by the industry is currently in excess of \$20,000,000; wages and salaries exceed \$15,000,000; while taxes and duties are among the highest paid by any industry.

Wherever possible, National Breweries purchases materials and equipment in Canada. Your Company has done much to make possible the purchase of domestic raw materials by subsidizing research work on barley in agricultural colleges; and by encouraging farmers to grow barley from improved seed. Today, Canadian malting barley is the finest the world produces.

Your Company attaches such importance to barley-malt of the highest quality that premium prices are paid to farmers for barley suitable for our brews. We have also encouraged and assisted Canadian hop growers.

(TOP) *A field of Canadian barley.*
(MIDDLE) *A field of hops.*

THE PILOT PLANT

The "Pilot Plant" is a complete brewery in miniature, where 25-barrel brews can be produced and studied under conditions identical with those existing in the actual plants of your Company. This plant is one of the best on the continent and, in addition to being of great practical use, is a show-place which never fails to impress visitors.

The by-products of your Company's operations are Brewers' Dried Grains and Yeast.

One of the arts of brewing is to extract from the malted barley only that which will produce a product of the finest quality and flavour. The grains are then dried and returned to the farm in the form of high grade animal feed.

One reason for the purity and quality of our products is the fact that we maintain pure yeast cultures from which we obtain the yeast required for brewing. During the fermenting process, the yeast cells multiply and, after fermentation, the surplus yeast is removed and dried.

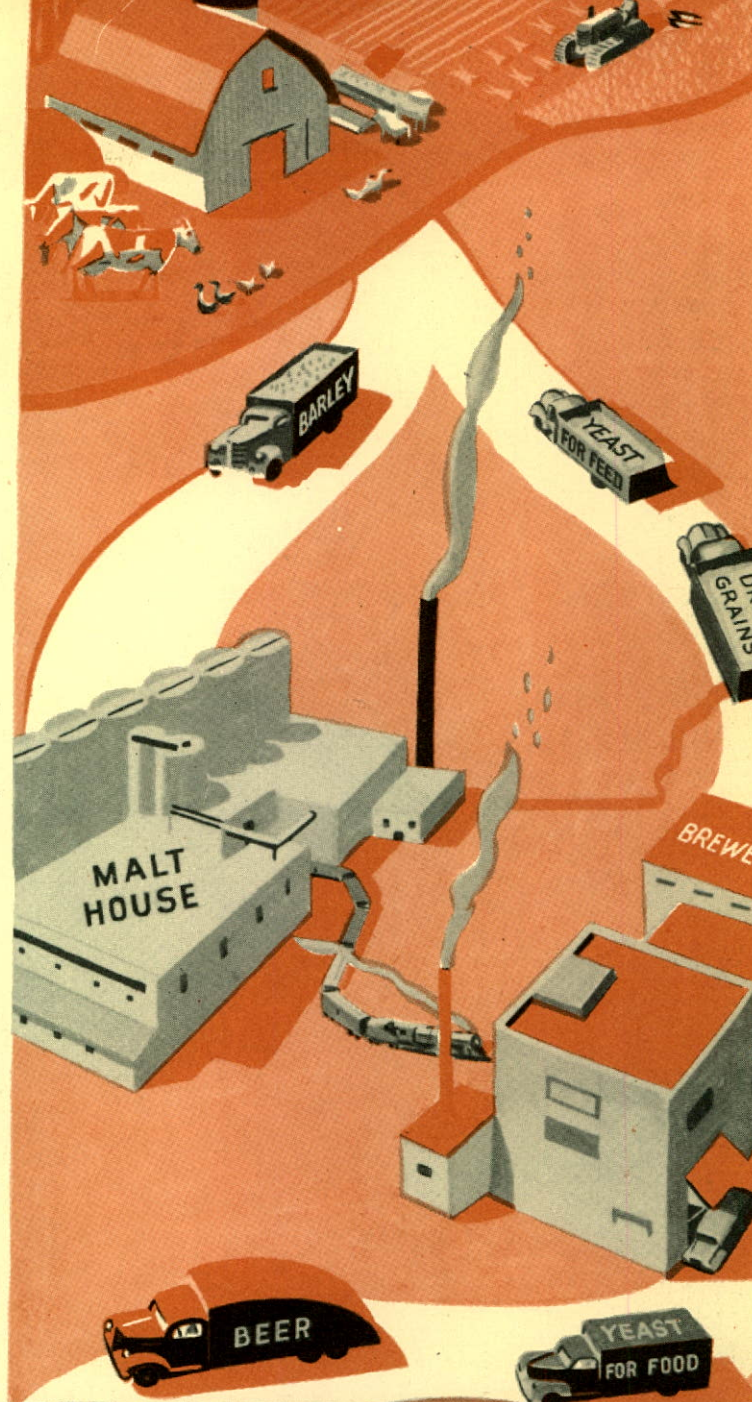
Brewers' Yeast is the richest known source of the essential "B" Vitamins and is widely prescribed by physicians for those with a Vitamin B deficiency. It is in great demand by manufacturing chemists; also by manufacturers of scientifically balanced animal feeds.

A highly concentrated form of Brewers' Yeast prepared and packaged by your Company is known as "N.B. Yeast". It is sold through druggists and better class food stores.

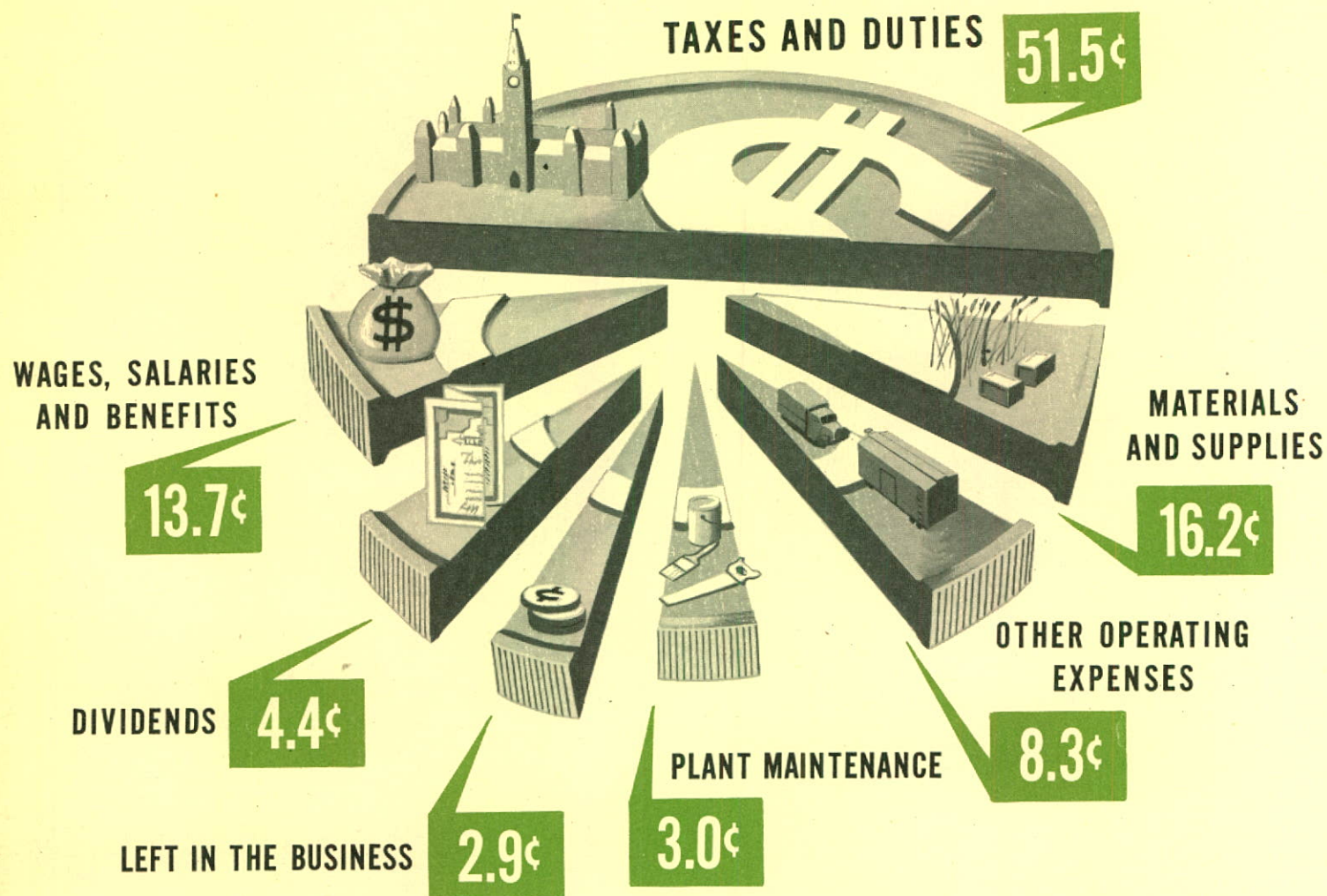
Your Company is also an extensive purchaser of industrial products. Machinery, building supplies, crowns, bottles, labels, cartons, wooden cases, barrels, paint, automotive parts and equipment, coal, etc., form but a small part of the supplies we buy each year.

THE FAMOUS BLACK HORSES

Since 1930, your Company has maintained a string of black Percheron stallions—internationally known as the Dawes "Black Horses"—in the interests of the farmer and for the advancement of breeding. Since the inception of the string, these splendid animals have sired nearly 19,000 foals. During 1946, as in former years, they won high acclaim at leading Fairs and Exhibitions.



HOW EACH DOLLAR WAS SPENT IN 1946



The above pictograph shows how each dollar received by your Company in 1946 was expended:

TAXES AND DUTIES: Payments to the Federal and Provincial Governments and to Municipalities absorbed more than half of every dollar your Company received — 51.5¢.

MATERIALS AND SUPPLIES: Malt, hops and other supplies took 16.2¢ of the income dollar.

WAGES AND SALARIES: The share, including benefits, of those employed by your Company was 13.7¢.

PLANT MAINTENANCE: Building and machinery maintenance, repairs and depreciation accounted for 3¢.

OTHER OPERATING EXPENSES: Other production, selling, delivery and administration costs amounted to 8.3¢.

DIVIDENDS: More than 6,000 people have invested their money in The National Breweries Limited. The return on their investment amounted to 4.4¢ for each dollar of sales.

LEFT IN THE BUSINESS: After paying all expenses, a balance of the income dollar, amounting to 2.9¢ remained. This money will be used for the replacement of equipment, for plant expansion and for maintenance work which could not be done during the war years.

TREND OF TAXES AND DUTIES PAID IN RELATION TO NET EARNINGS

1939 1940 1941 1942 1943 1944 1945 1946

NET
AFTER
TAXES
AND
DUTIES
(1946)



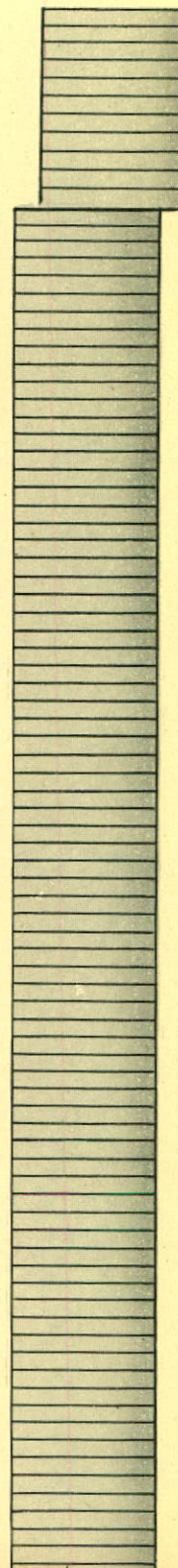
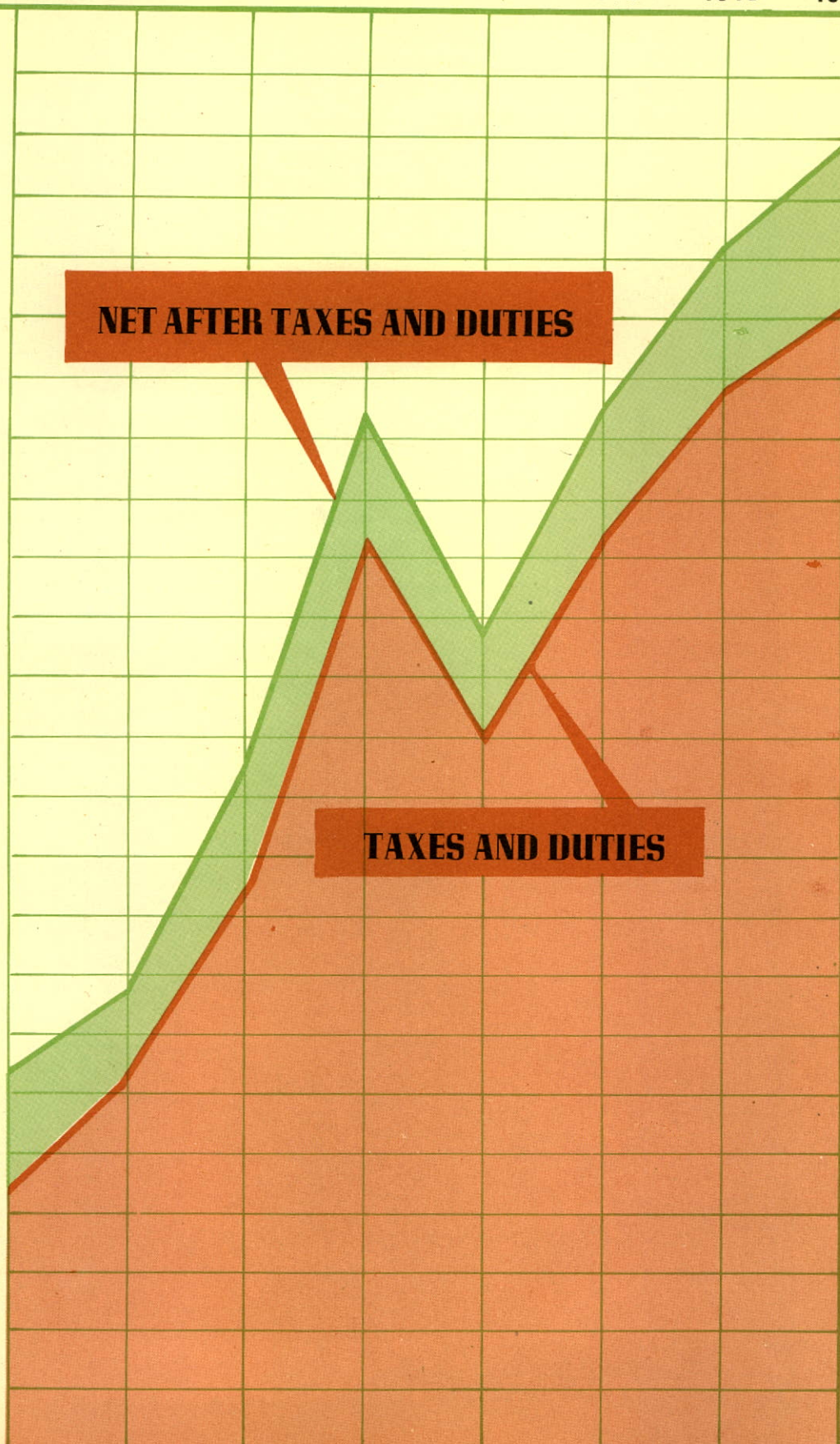
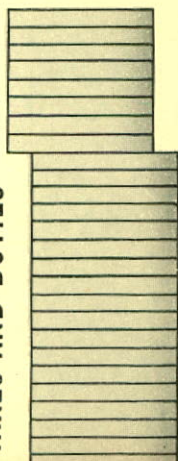
NET AFTER TAXES AND DUTIES

TAXES AND DUTIES

NET
AFTER
TAXES
AND
DUTIES
(1939)



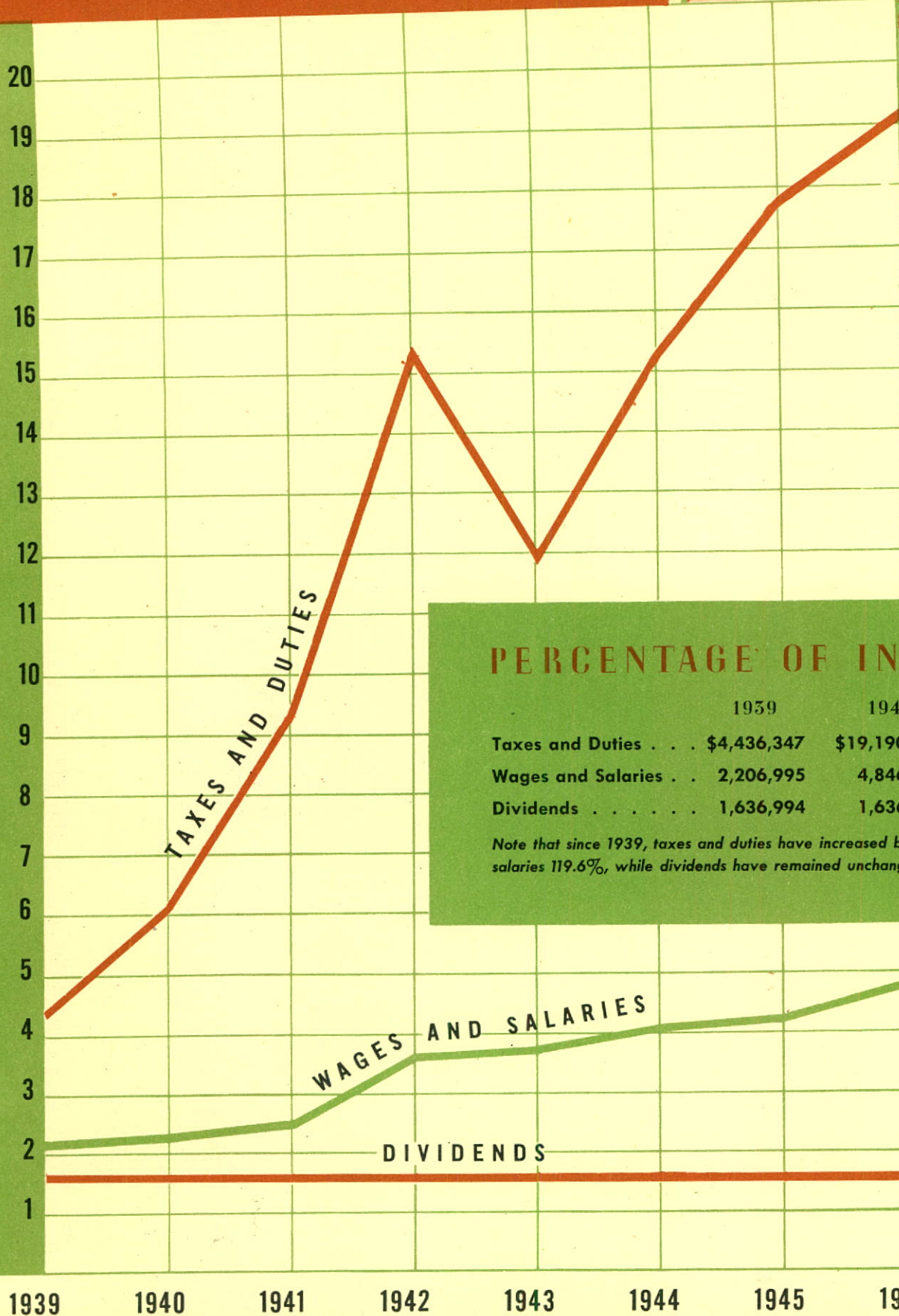
NET EARNINGS
TAXES AND DUTIES



TAXES AND DUTIES PAID 1939-1946 COMPARED WITH WAGES AND DIVIDENDS



MILLIONS OF DOLLARS



PERCENTAGE OF INCREASE

	1939	1946	INCREASE
Taxes and Duties . . .	\$4,436,347	\$19,190,635	332.6%
Wages and Salaries . .	2,206,995	4,846,446	119.6%
Dividends	1,636,994	1,636,994	none

Note that since 1939, taxes and duties have increased by 332.6%, wages and salaries 119.6%, while dividends have remained unchanged.



THE NATIONAL BREWERIES LIMITED

EARNINGS • TAXES • DIVIDENDS

YEAR	TAXES AND DUTIES	EARNINGS AVAILABLE FOR DIVIDENDS	DIVIDENDS		RETAINED IN OR WITHDRAWN FROM THE BUSINESS
			PREFERRED	COMMON	
*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

*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

*See note above.

TAXES AND DUTIES PAID IN 1939 AND 1946

**PER
EMPLOYEE**

\$2,860



1939

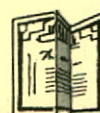
\$8,424



1946

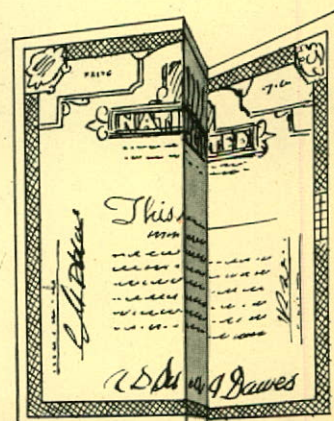
**PER SHARE
OF
COMMON
STOCK**

\$6.15



1939

\$26.60



1946

VAT No A 30
6-143 Imp Galls.
476034 182 Cub. Inches

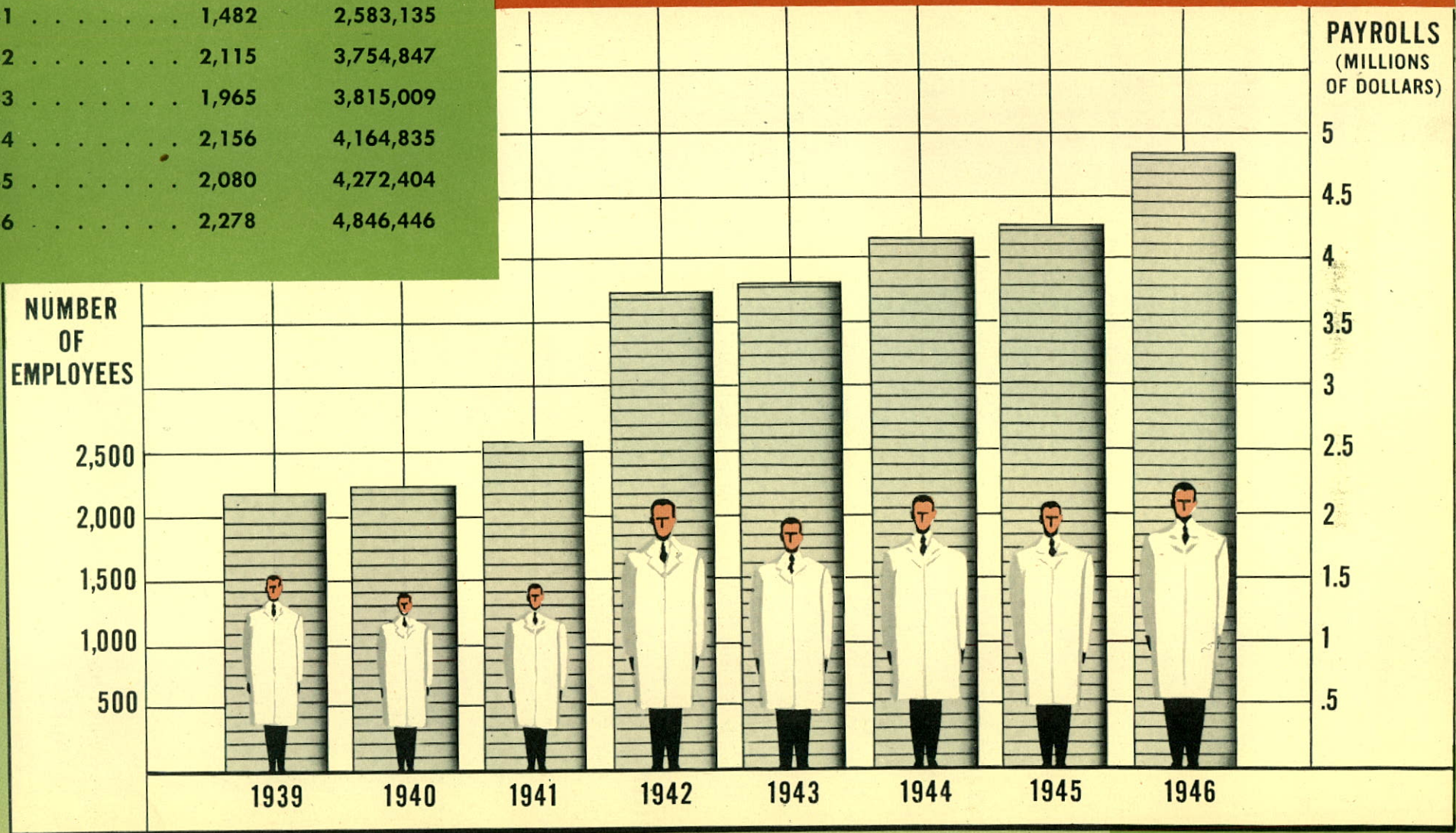
VAT No A 36
6-143 Imp Galls.
476034 182 Cub. Inches

Storage Vats

All products of your Company are
thoroughly aged and matured
under ideal conditions.

YEAR	NUMBER OF EMPLOYEES	TOTAL PAYROLLS
1939	1,551	\$2,206,995
1940	1,404	2,254,923
1941	1,482	2,583,135
1942	2,115	3,754,847
1943	1,965	3,815,009
1944	2,156	4,164,835
1945	2,080	4,272,404
1946	2,278	4,846,446

EMPLOYEES AND PAYROLLS



Note that while the number of employees has increased by 46.87%, from 1939 to 1946, payrolls have increased by 119.6%.

INVESTMENT PER
EMPLOYEE \$4,600



THE NATIONAL BEER

and Subsidiaries

FRONTENAC BREWERY

CONSOLIDATED BALANCE SHEET

ASSETS

CURRENT ASSETS

Cash	\$ 608,481	
Accounts Receivable	1,488,590	
(Less provision for Doubtful Accounts)		
Stocks of Beer, Malt, Hops, Supplies and Containers	4,493,414	
(As determined and certified by responsible officials of the Company and valued at cost and not above market, less Reserve)		
Investments	3,345,915	
(Dominion of Canada Bonds and other Marketable Securities at cost less Reserve. Approximate market value \$3,687,430)		
		\$ 9,936,400

FIXED ASSETS

Real Estate, Buildings, Machinery and Equipment, etc.	14,621,893	
(Valued on the basis of appraisals made in 1912 and 1913 by the Canadian Appraisal Co. Ltd., Putnam & Nesbitt; and Putnam & Robertson, with subsequent additions at cost, less amounts written off).		
Less Depreciation Reserves	8,750,300	
		5,871,593

OTHER ASSETS

Refundable Portion of Excess Profits Tax	1,309,130	
Miscellaneous Investments less Reserve	161,490	
Investment in Subsidiary Company not consolidated—Shares	25,000	
Deferred Charges, Prepaid Expenses, etc.	344,040	
Goodwill, Trade Marks, etc.	1	
		1,839,661
		<u>\$17,647,654</u>

Approved on behalf of the Board:

NORMAN J. DAWES }
J. D. HUDSON } *Directors*

EWERIES LIMITED

ry Company

WERIES LIMITED

AS AT DECEMBER 31ST, 1946

LIABILITIES

CURRENT LIABILITIES

Accounts Payable \$ 1,373,806

Taxes 1,513,934

\$ 2,887,740

Amount due to Subsidiary Company not consolidated 102,863

CAPITAL STOCK

PREFERRED:

Authorized—160,000 shares, \$25.00 par value \$ 4,000,000

Issued—111,000 shares 2,775,000

COMMON:

Authorized—960,000 shares of no par value

Issued—721,372 shares 5,410,285

EARNED SURPLUS. 6,471,766

(Including refundable portion of Excess Profits Tax)

11,882,051

NOTE: *Commitments for plant expansion work
contracted for to date, \$1,388,000*

\$17,647,654

Audited in accordance with our Report of this date.

CREAK, CUSHING & HODGSON,

Chartered Accountants.

Auditors.

Montreal, February 6th, 1947.

THE NATIONAL BREWERIES LIMITED

and Subsidiary Company

FRONTENAC BREWERIES LIMITED

CONSOLIDATED PROFIT AND LOSS AND SURPLUS ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 1946

PROFIT AND LOSS ACCOUNT

Profit from Operations	\$4,837,273
(After deducting depreciation \$281,679, remuneration to executive officers \$134,740, Directors' Fees \$7,040, Legal Fees \$34,945).	
Income from Investments	123,857
Deduct:	4,961,130
Provision for Income and Excess Profits Taxes	2,251,691
Net Profit for the year transferred to Surplus Account	<u>\$2,709,439</u>

SURPLUS ACCOUNT

Balance at 1st January 1946	\$5,675,173
Add:	
Net adjustment of prior years' taxes, etc.	57,775
Add:	5,732,948
Net Profit for the year from Profit and Loss Account	2,709,439
Profit on sale of Investments	39,884
Deduct:	8,482,271
Preferred Dividend	\$ 194,250
Common Dividend	1,442,744
	1,636,994
Pension Fund Contributions	255,209
Amount written off Fixed Assets less profit on disposals	118,302
	2,010,505
Balance at 31st December 1946	<u>\$6,471,766</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

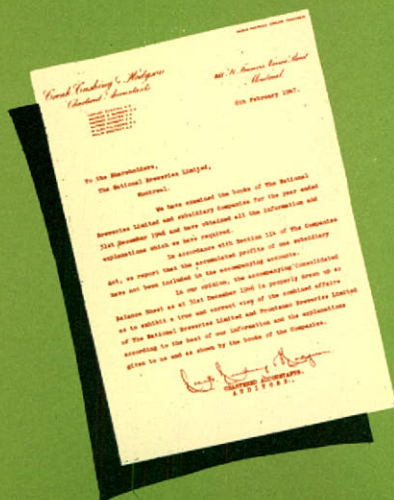
We have examined the books of The National Breweries Limited and subsidiary Companies for the year ended 31st December 1946 and have obtained all the information and explanations which we have required.

In accordance with Section 114 of The Companies Act, we report that the accumulated profits of one subsidiary have not been included in the accompanying accounts.

In our opinion, the accompanying Consolidated Balance Sheet as at 31st December 1946 is properly drawn up so as to exhibit a true and correct view of the combined affairs of The National Breweries Limited and Frontenac Breweries Limited 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, 6th February, 1947.



Some Employee Activities

A varied programme of sporting and social activities is arranged under the sponsorship of The National Breweries Employees' Association. On this page are "action shots" of some of these events.

(RIGHT) The Hobby Show, in which employees and members of their families exhibit their hobbies and handicraft, is held annually. Shown are some of last year's winners inspecting the third prize—a scale model of a Dow truck.

(BELOW) Bowling is a popular employee pastime in which three hundred members of the bowling league take part, each week, during the winter season.

(BOTTOM LEFT) The annual golf tournament is another highlight of Association activities. Here is one foursome, waiting to "tee off."

(BOTTOM RIGHT) Card parties are held regularly in the Company Reception Rooms. Employees of the various plants and offices, accompanied by their wives, get together in this way for a social evening.



The Human Side of the Balance Sheet

A REPORT ON EMPLOYEE BENEFITS, ACTIVITIES AND SERVICES



COLLECTIVE AGREEMENTS

During the year under review, two collective agreements were concluded between the representatives of the employees and the management of your Company.

On August 5, 1946, your Company signed an agreement with The National Union of Operating



Engineers of Canada (CCL) covering the power plant employees of the four Montreal Breweries. This contract resulted in a reduction in hours worked per week by these employees, without any loss in their weekly earnings.

During the last week of December 1946, after two months of negotiation, your Company signed

a contract with the National Breweries Employees' Union, an independent organization, incorporated under the laws of the Province of Quebec. This Union is recognized as the sole bargaining agent for all production and maintenance employees of the Company, except the power plant personnel in Montreal. This new agreement with the National Breweries Employees' Union includes an improved vacation plan, shift premiums and the new schedule of wage rates which were in effect prior to the signing of the contract.

When the age of retirement comes, employees are assured of security through the benefits of the Company Pension Plan.



JOB EVALUATION — WORK SCHEDULES

Your Company spares no effort in its attempt to pay fair and equitable wages and salaries to its employees.

During 1946, a complete revision of the Job Evaluation was undertaken by the management in co-operation with representatives of the employees. This resulted in the correction of inequalities and the simplification of the plan.

Concurrent with this revision, the number of hours worked per employee each week was reduced without any reduction in the take-home pay.

These revisions became effective on October 1, 1946, with the increases in wage rates being made retroactive to July 1.

EMPLOYEES' ASSOCIATION

The Employees' Association, which is now in its 27th year of operation, provides its members with a well diversified programme of activity. Feature events of the programme include: the



annual oyster party, a hobby show, wrestling and boxing shows, card parties, dances, bowling, hockey and softball games.

MEDICAL SERVICES

The medical programme of your Company is based on the modern concept of industrial medical practice—preventive medicine.

In addition to the Chief Medical Officer, our Montreal staff includes seven registered nurses. A medical service also operates in the Boswell



The health of employees is a major consideration of your Company and all are encouraged to take advantage of the medical services provided.

Brewery where a registered nurse is employed full-time and a physician on a part-time basis. Employees are encouraged to take advantage of the medical services provided by your Company and to consult with the doctors on problems of health.

Applicants for employment undergo a complete physical examination. A striking example of the value placed on our pre-placement chest x-ray and follow-up procedure was demonstrated in a recent survey conducted by the Montreal Anti-Tuberculosis League: 1,909 chest x-rays of our employees failed to reveal a single case of active tuberculosis.

The medical department is an aid in placing employees in positions for which they are physically fitted; also in reducing lost time and absence from work due to illness and injuries. If an employee is ill, he is visited, at home, by one of the Company's nurses so that he may have the advantage of consulting a trained nurse and receiving practical advice.

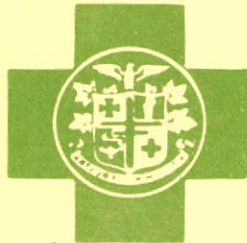
The Company's health maintenance programme also includes part payment of dental fees.

SICKNESS BENEFITS

Employees granted leave of absence due to illness have been in receipt of sickness benefits, the cost of which is borne by your Company.

HOSPITAL SERVICES

The "Blue Cross" Hospital Service Plan enables employees and their families to receive any necessary hospital care through small payroll deductions.



In order to give this service to employees at the lowest possible cost, your Company pays one-half of the premium.

**BEYOND THE
PAY ENVELOPE
\$5,898,957**

Over and above the wages and salaries paid to employees, from 1939 to 1946, your Company has disbursed an amount of \$5,898,957 on their behalf.

These benefits, "beyond the pay envelope", include: Sickness Benefits, Paid Holidays and Vacations, Contributions to the Old Retirement Plan and to the New Pension Plan, Group Life Insurance Premiums, Medical and Dental Services, Military Allowances, Unemployment Insurance, Hospitalization Plan, Workmen's Compensation Insurance.

RETIREMENT INCOME AND LIFE ASSURANCE PLAN

The Retirement Income and Life Assurance Plan, is operating in a most satisfactory manner. This plan is financed on a contributory basis, with the employees paying approximately one-half of the current premiums and your Company paying the other half. The full cost of past service benefits was paid entirely by your Company.



VACATIONS WITH PAY

On January 1, 1946, revisions were made covering vacations with pay. Through these changes, hourly-rated employees were given one week's holiday with pay after one year of service; two weeks with pay after ten years of service; three weeks with pay after twenty-five years of service.

A further revision was made at the end of the year, whereby the length of service requirements for two weeks paid vacation was reduced to five years. The wishes of an employee with regard to his vacation period are respected insofar as operating conditions permit.

EDUCATIONAL PROGRAMME

Financial assistance to employees who wish to register for special courses related to our industry is the policy of your Company. Many employees have taken advantage of these courses which include: accounting, auditing and credit, foreign languages, mechanics, mathematics and other technical subjects. A certain number of our employees have also joined study groups of the

Junior Board of Trade and the Chambre de Commerce des Jeunes.

QUARTER CENTURY CLUB

Gold watches are presented to male employees and silver salvers to female employees on completing twenty-five years of continuous service. They also become eligible for membership in the Quarter Century Club.

This organization now has 296 members, 24 of whom become eligible for membership during the year under review. All Quarter Century Club members receive a vacation of three weeks with pay each year.

COMPANY CAFETERIAS

Company cafeterias are operated under the supervision of a fully qualified dietician. Every effort is made to provide wholesome, well-balanced



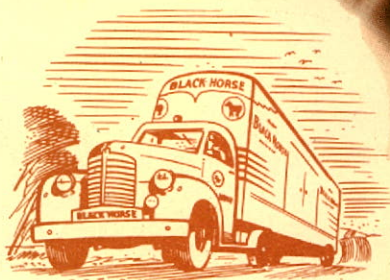
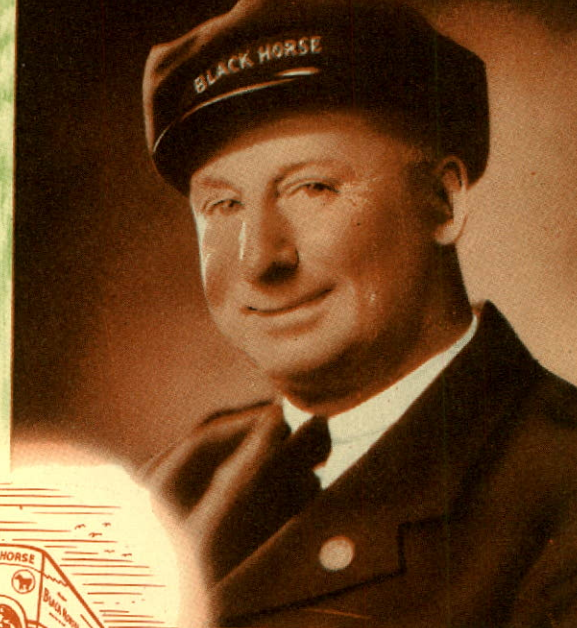
meals at low prices. As an indication of the popularity of our cafeterias, a total of 456,965 meals were served during the year.

JOB SECURITY

In its effort to provide steady employment, your Company has been most successful. During the year, no employee had to experience a layoff due to work shortage.

LOANS TO EMPLOYEES

In cases of emergency, such as illness in the family, your Company has continued its policy of granting loans, without interest, to employees.



National Breweries chauffeurs have long maintained a safety record that is second to none in the Dominion. Personal pride is taken in safe driving and in showing the "courtesies of the road".

Repayment of these loans is made in small amounts through payroll deductions.

THE "REVIEW"

The Company-employee magazine commenced its 10th volume in December.

This bilingual publication is published monthly in the interests of the employees. Through its pages, an effort is made to provide information with regard to changes within the Company or in Company policies.

Employee activities are reported and factual information pertaining to the brewing industry is presented in a non-technical manner. The magazine is mailed to the home address of the employee as it is believed that all members of an employee's family have a definite interest in the Company and its activities.



ACTIVITIES

in the Public Interest

ST. JOHN AMBULANCE BRIGADE

The Norman J. Dawes Division No. 19, St. John Ambulance Brigade, has been carrying out its duties in a most commendable way. This Division meets each week on the Company's premises for instruction and practice. Members of the Unit are detailed throughout the winter season, at weekly intervals, for duty in the Laurentians and on Mount Royal. They also do duty at public gatherings, parades, etc.

VISITS TO DISABLED VETERANS



Through the co-operation of the National Breweries Ladies Employees' Association, regular visits are made to veterans, sick or disabled, due to war service, in Military Hospitals, Montreal District.

Comforts, books and materials suitable for occupational therapy are provided by the visitors. During the festive season, Christmas trees were set up in Company plants, and employees were invited to place gifts under them for hospitalized veterans. The response was most generous and on Christmas Eve, members of the Association delivered the gifts.

YOUTH MOVEMENT WORK

A number of employees are prominent in the various Youth Movements, two of them being District Commissioners in the Boy Scouts Association while another is President of the Board of Directors of l'Association Athlétique Nationale de la Jeunesse. Others are devoting much of their spare time acting as instructors or leaders in various Boys' Clubs.

To further this practical work, financial assistance is rendered by your Company to aid Youth organizations and groups of a similar nature whose work is devoted to the interests of the community.

PUBLIC ADDRESSES

Numerous requests were made, throughout the year, to a number of National Breweries Executives to act as speakers at various public and professional gatherings.

EDUCATIONAL PUBLICATIONS



During 1944 and 1945, your Company sponsored a course of lectures at McGill University dealing with Human Relations in Industry. Following arrangements with the University, these lectures were printed, at the expense of the Company, in book form, as part of McGill University "Monograph Series".

Distribution of these volumes was handled by the Company, copies being sent to all leading Universities and Public Libraries in Canada and The United States; also to meet numerous requests from those engaged, directly or indirectly, in Industrial Relations work. It is the considered opinion of many authorities that this factual material on human relations is of an outstanding character.

CHARITY DRIVE WORKERS

The services of Company employees have been in great demand in connection with the various charity drives and other activities in community interest: to act as canvassers, organizers and speakers. Advertising space has been consistently donated in connection with Community Service campaigns and additional support has been rendered through our radio programmes.

"COURTESY OF THE ROAD"

Safety, and "Courtesy of the Road", are two subjects on which National Breweries' drivers have received meticulous instruction.

To assist "motorists in distress" is a cardinal principle. This assistance takes the form of getting cars back on the road, in case of mishap; towing them to the nearest garage, if necessary. In the case of injured persons, first-aid is rendered. This public service has received the highest praise.

Company drivers had a cumulative total at the end of 1945 of 520 years without accident of a serious nature. This is one of the finest records in the Dominion.



Your Company

In 1909, following negotiations between representatives of the individual breweries concerned, The National Breweries Limited came into existence. Inevitably, many different leaders of the Industry were actively occupied with these negotiations, each contributing to the final result. Among those chiefly responsible in founding the new company was our President, Mr. Norman J. Dawes. His son, the Manager of the Dow Brewery, is of the fifth generation of the Dawes family in the brewing industry.

Behind the community of interests that led to the organization of your Company, there resided an ancient tradition with its roots deeply planted in Canadian industrial history, some of them going back to the birth of Canada as the colony of New France in the days of Louis XIV. The brewing of fine ales closely followed the first Canadian industries: fishing, fur trading and agriculture.

Through succeeding generations, these pioneer brewers have deeded to their several successors the same traditions and high ideals, fundamental to the continuing policies of National Breweries, today.

On the following pages, the operating units of your Company are illustrated.

Dawes Black Horse Brewery

MONTREAL

THOMAS DAWES came to Canada in 1811 and founded, at Lachine, the brewery which ranks second in years of establishment among the operating units of The National Breweries Limited.

In 1916, the old Dawes Brewery was closed and the plant transferred to its present location between St. Maurice and St. Paul Streets, Montreal. It is the largest brewery operated by your Company and its entire production consists of bottled ales and porters.

Mr. Andrew J. Dawes, uncle of our President, and grandson of the founder of the Dawes Brewery, was the first President of The National Breweries Limited.

(BELOW) *The Bottling House*

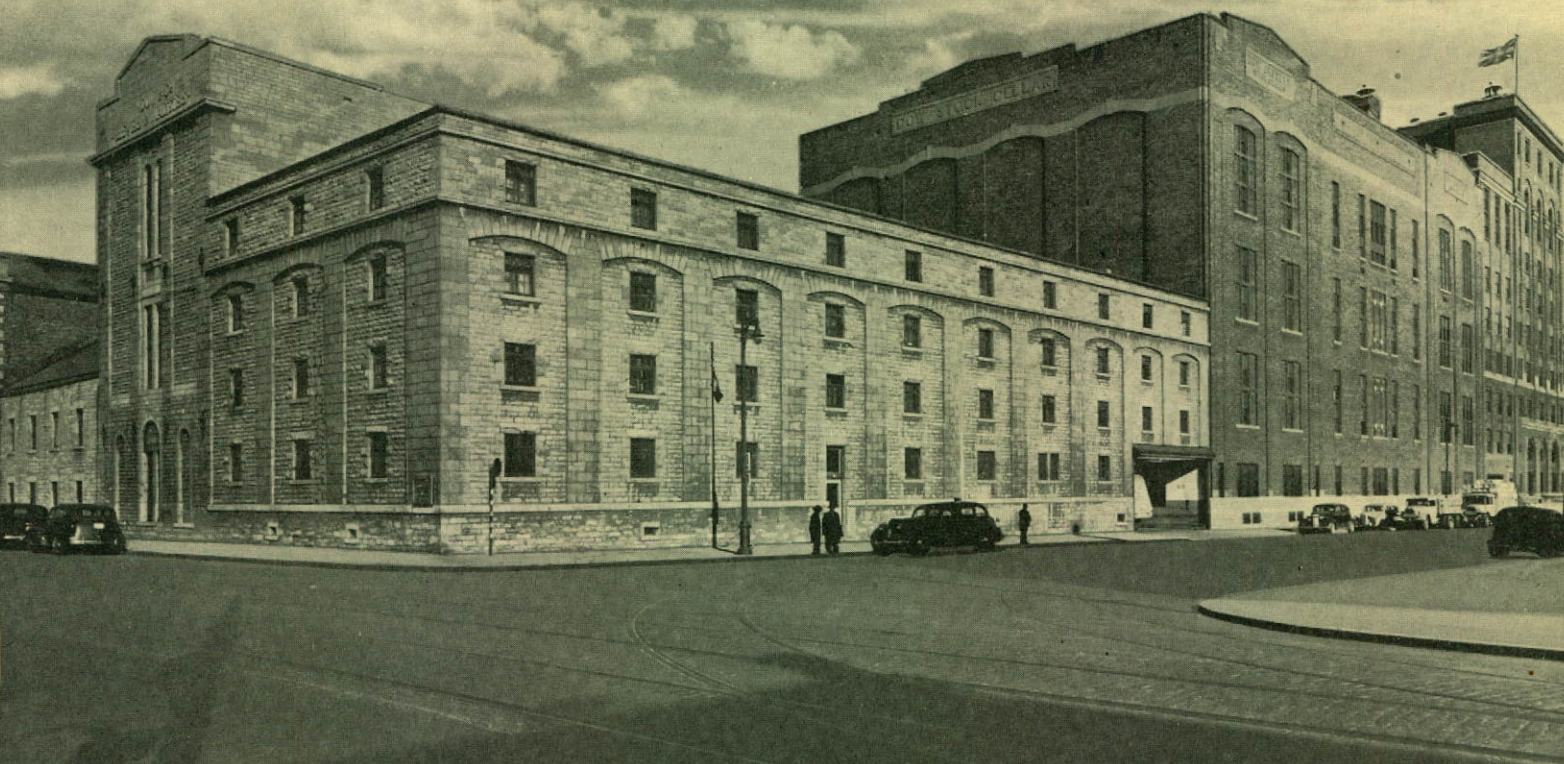


DOW BREWERY, oldest of the operating units of The National Breweries Limited, was established at Laprairie in 1790. The brewery was named after William Dow, one of its founders, after it had been moved to its present site, at the corner of Notre Dame and Colborne Streets, Montreal, in 1808.

Inevitably, down through the years, there have been many successive additions to the original plant which remains today as part of the greatly enlarged Dow Brewery.

Dow Brewery

MONTREAL



Frontenac Brewery

MONTREAL

YOUNGEST of the units in our organization, founded in 1912, the Frontenac Brewery is situated in the "North End" of Montreal at 5930 deGaspé Street. It is thoroughly modern in all respects and picturesque in outward appearance.

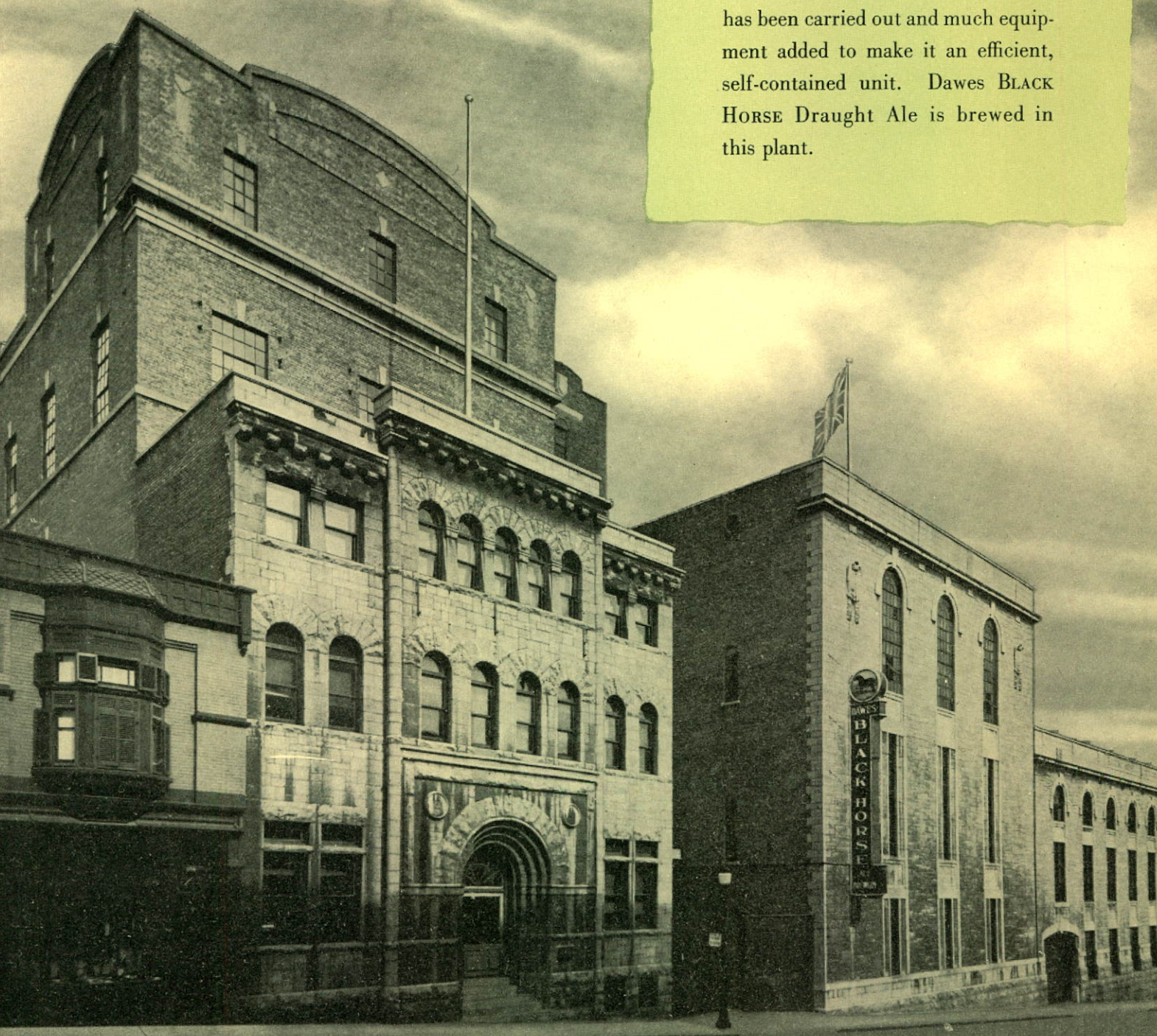
The location of this brewery greatly facilitates shipping by rail; and a private siding is maintained.



*Dawes
Draught Ale
Brewery*
MONTREAL

DAWES Draught Ale Brewery, situated at 2115 St. Lawrence Boulevard, Montreal, was formerly the Ekers Brewery, fourth in years of service among the National Breweries group. It was established in 1845.

Known by its present name since 1931, extensive interior remodelling has been carried out and much equipment added to make it an efficient, self-contained unit. Dawes BLACK HORSE Draught Ale is brewed in this plant.



Boswell Brewery

QUEBEC

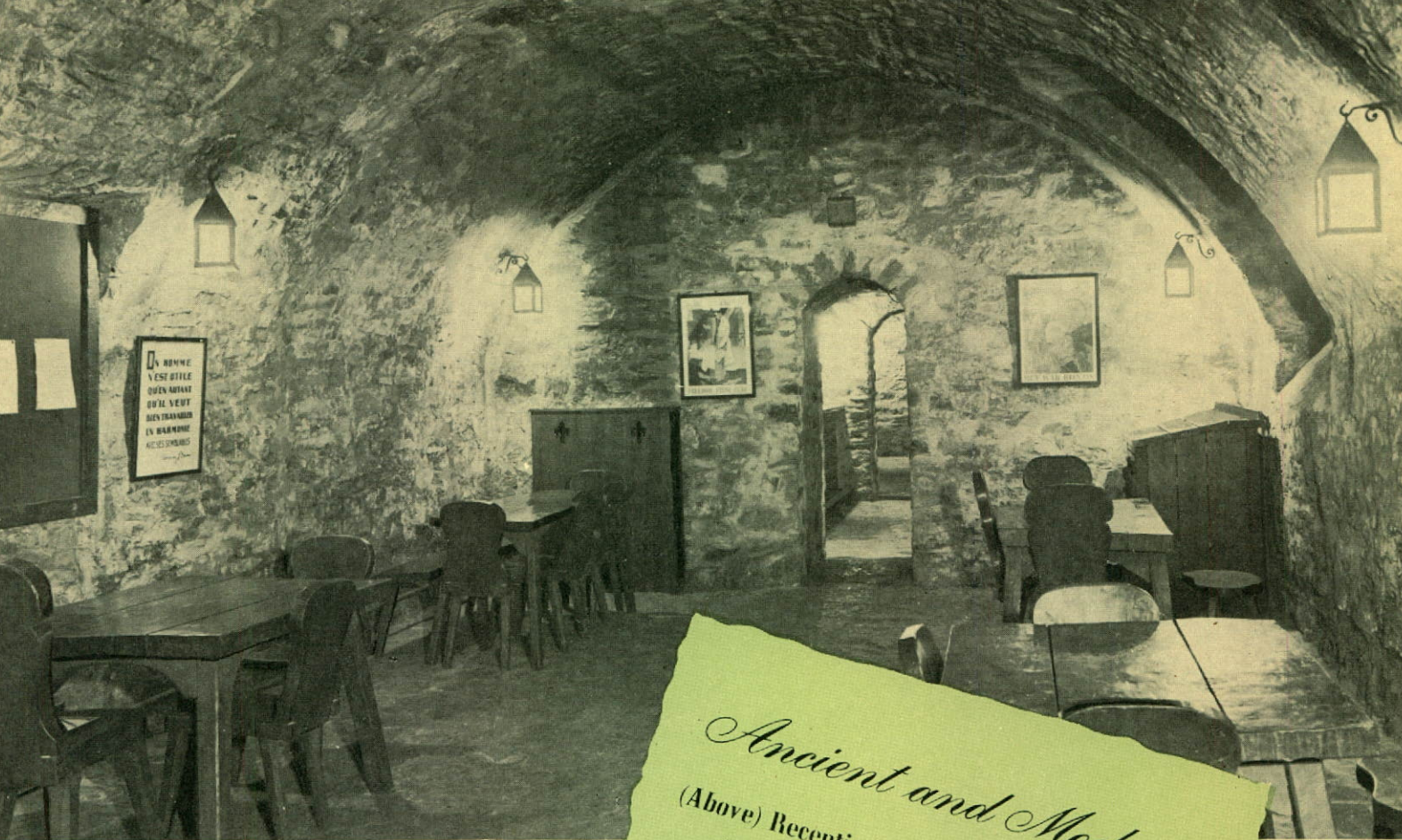
BOSWELL BREWERY, of Quebec City, has a direct link with early Canada, as a portion of the present building stands on the foundations of Canada's first commercial brewery which was founded by the Intendant Talon, in 1668.

The brewery built by Talon became, in turn, a military prison and then a palace for the Intendants which it remained until the defeat of Montcalm in 1759. During Arnold's attack on Quebec during the American Revolutionary War, the superstructure was ruined.

The Boswell Brewery dates back to 1844; when Joseph Knight Boswell acquired the site and established himself as a brewer in Quebec City. Some of the vaults in which Talon's brewers aged their brews are now used as a "Reception Room"; others are used for storage.

Third in years of establishment among the units of The National Breweries Limited, the products of this brewery are sold in both bottles and barrels. A private garage is maintained to service Company trucks and cars which operate out of Quebec City.





Ancient and Modern

(Above) Reception room at Boswell Brewery.

(Below) Reception Room at Dawes
Black Horse Brewery.

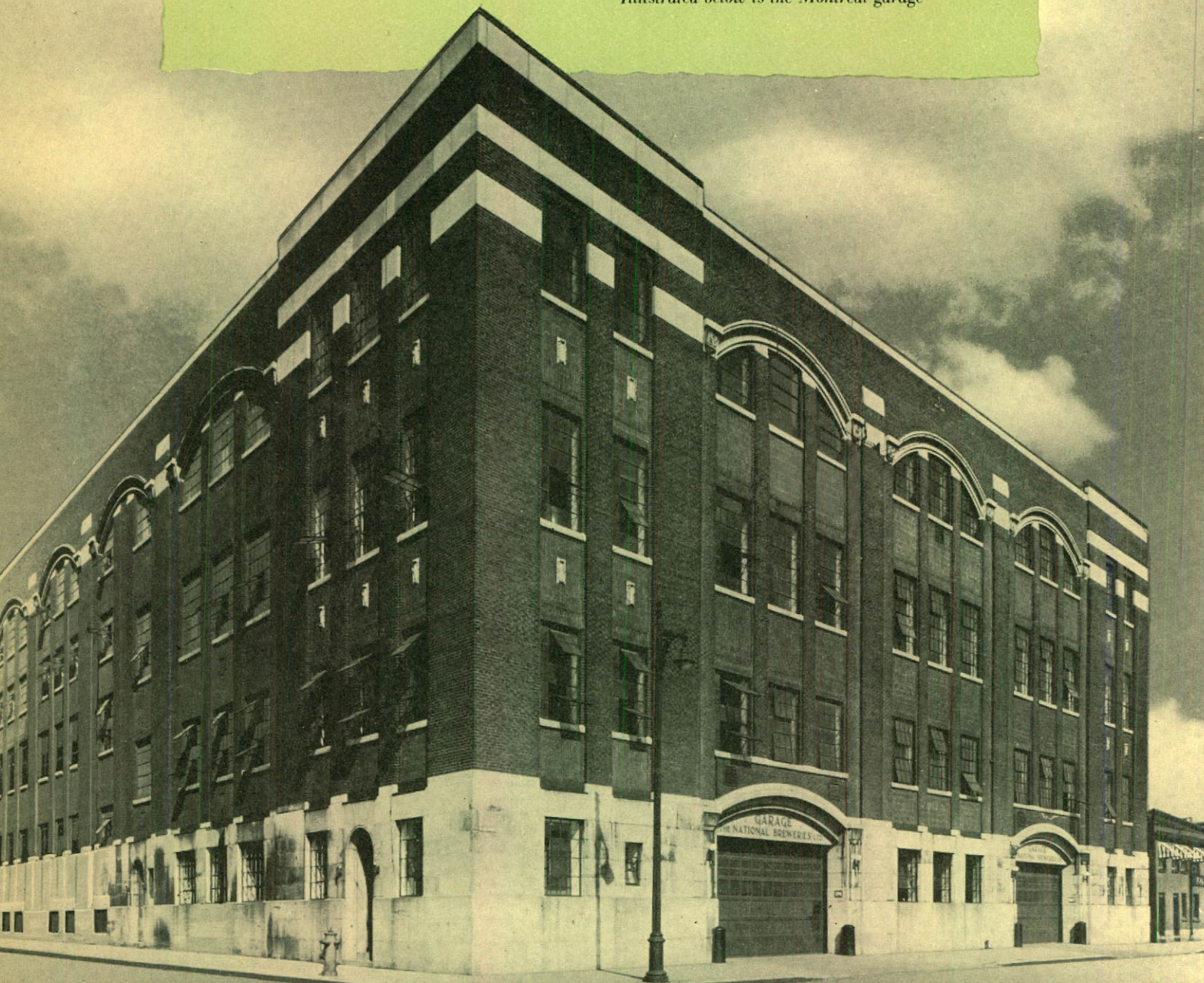


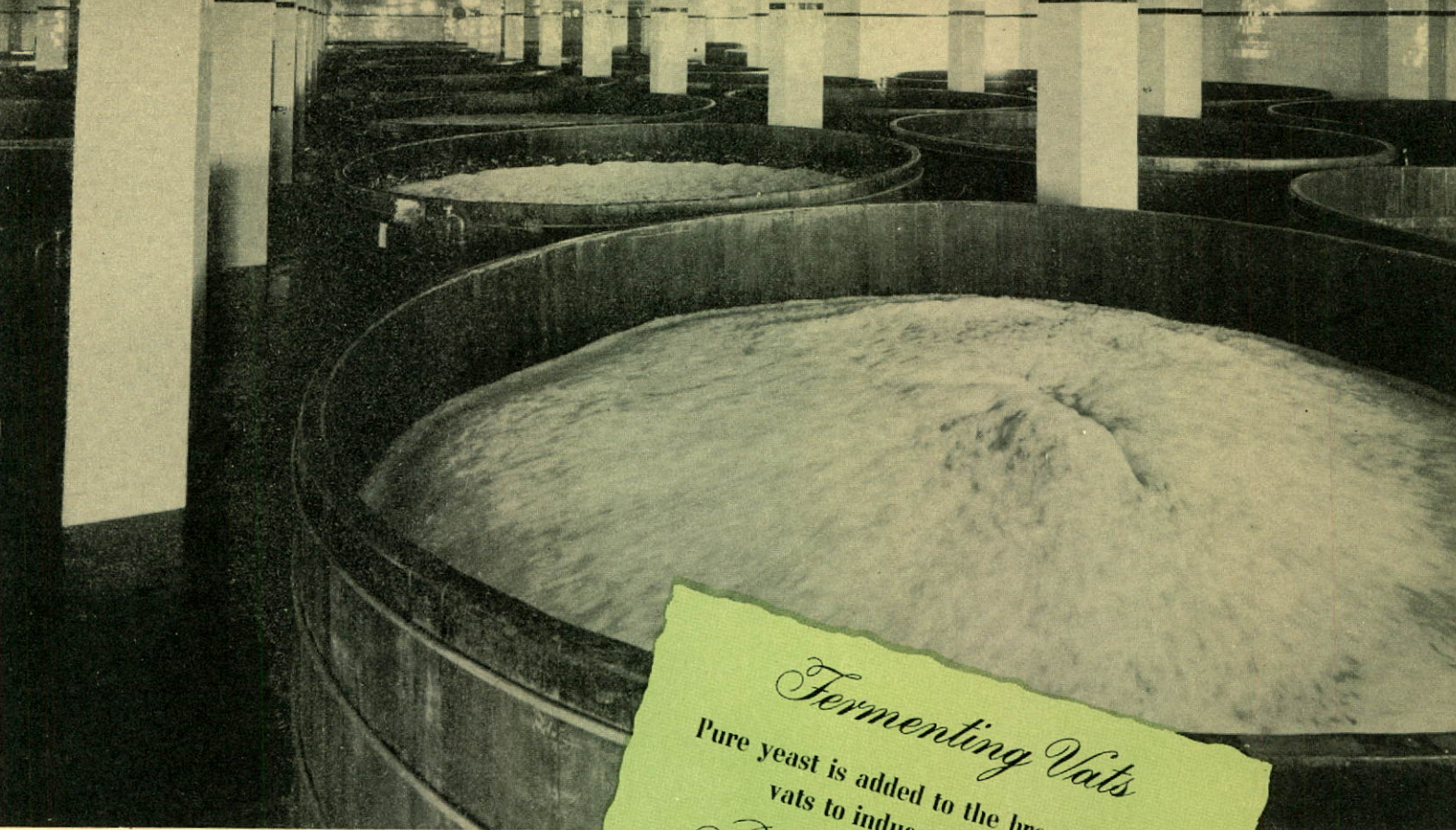
Transport Department

In former years, all harness and waggons were made in Company shops. Today, truck-bodies are built and all automotive and mechanical equipment are overhauled or repaired by this department.

The building, like all other company premises, is equipped with modern rest rooms, showers, etc., for the comfort of employees.

Illustrated below is the Montreal garage





Fermenting Vats

Pure yeast is added to the brews in these vats to induce fermentation.

Bottle Inspection

Inspecting bottles for flaws after thorough washing and sterilization.



