

FEDERAL GRAIN L.

First Annual Report of the Directors

YEAR ENDED JULY 31, 1930

TO THE SHAREHOLDERS:

Your Directors submit herewith the First Annual Report of the business and affairs of the Company for the fiscal year ended July 31st, 1930, together with the Financial Statement certified by your Auditors, Messrs. George A. Touche & Company.

Operating Profits for the year were \$66,443.90. After payment of Bond Interest of \$255,000.00 and Preferred Dividend of \$195,000.00, a loss of \$383,556.10 for the year resulted before charging depreciation.

The period under review has been a difficult one. Small crops, lack of demand for Canadian grains, and declining markets contributed to operating difficulties. Failure, however, of the former management to sell grains as purchased was also a substantial factor in the disappointing results of the year's operations.

At the time of the amalgamation of the various constituent companies of Federal Grain Limited considerable surplus accounts existed. Application is now being made under the provisions of the Companies' Act for Supplementary Letters Patent confirming a By-law transferring to Surplus Account \$750,000 of such surpluses of the original constituent companies.

A Debenture issue of \$1,000,000 has been created recently and pledged to the Company's Bankers as additional security for current crop advances.

Your Directors look forward to the future with confidence. Our country elevators are well located, and a substantial increase in volume of business this year is anticipated for country and terminal elevators.

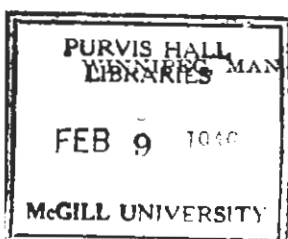
Subsequent to the close of the year's operations, Mr. James Stewart resigned as Chairman of the Board of Directors and as a Director of the Company. Your Board also accepted the resignations of Mr. A. C. Michael as General Manager, and Mr. F. W. Riddell as Directors of the Company. These vacancies on the Board of Directors were filled through the appointment of Messrs. A. Thomson, W. A. Anderson and J. R. Murray, all gentlemen of long experience in the grain trade.

All your Directors retire at the ensuing Annual General Meeting and are eligible for re-election.

For the Directors,

J. C. GAGE,

President.



FEDERAL GRAIN LIMITED

BALANCE SHEET AT 31st JULY, 1930

STATEMENT I.

ASSETS		LIABILITIES
Office and with Paying Agents, etc.....	\$ 18,243.27	SUNDRY CREDITORS:
ACCOUNTS AND ADVANCES RECEIVABLE, ETC., (LESS RESERVES):		Bank Loans and Overdrafts.....
General.....	\$ 1,262,676.48	Miscellaneous.....
Officers of the Company (secured).....	12,354.21	\$ 851,557.57
Employees.....	15,007.47	667,808.56
Prepaid Expenses.....	32,914.69	<u>\$ 1,519,366.13</u>
	<u>1,322,952.85</u>	First Mortgage Sinking Fund Gold Bonds
Grain and Other Inventories less stored grain, as certified by responsible officials.....	60,032.01	Authorized.....
Loans secured by Mortgages on Country Elevators.....	70,128.57	Issued, Class A 6%, maturing 1st August, 1949.....
OTHER DEBTORS	192,924.71	4,250,000.00
(Negotiations are in progress for the settlement of this account by taking over the debtor company)		CAPITAL:
STOCKS AND BONDS:		Authorized
Federal Grain Ltd. Bonds purchased in anticipation of Sinking Fund—Par \$123,500.00 at cost.....	113,353.75	40,000 6½% Cumulative Preference Shares of \$100.00 each, redeemable at the option of the Company
Sundry, at Market Value 31st July, 1930.....	149,244.00	160,000 Class A Common Shares of No Par Value
	<u>262,597.75</u>	40,000 Class B Common Shares of No Par Value
Memberships, at cost.....	207,900.00	Issued and fully paid
PROPERTIES, AT COST:		30,000 Preferred Shares.....
Terminal and Country Elevators, Coal Sheds, Dwellings, Warehouses, Buildings under construction (including advances to Builders), Automobiles, Furniture and Miscellaneous Equipment.....	8,166,262.02	200,000 Common Shares.....
DEFERRED CHARGES:		Amount apportioned as Capital.....
Organization Expenses.....	84,768.85	<u>4,250,000.00</u>
	<u>\$10,385,810.03</u>	SURPLUS:
		Per Statement II.....
		366,443.90
		CONTINGENT:
		In respect of Bank Loan of Lake Shippers' Clearance Association.....
		Drafts under Discount.....
		Cost of completing Elevators under construction.....
		Uncalled balance on Shares purchased.....
		11,000.00
		1,527.35
		3,000.00
		2,000.00
		Approved on behalf of the Board.
		H. E. SELLERS, A Director.
		A. H. WILLIAMSON, A Director.
		<u>\$10,385,810.03</u>

AUDITORS' REPORT

We have examined the foregoing Balance Sheet of Federal Grain, Limited, with the books and vouchers relating thereto, and in accordance with the provisions of the Companies Act (Dominion) we report to the Shareholders that we have obtained all the information and explanations we have required.

We further report as follows:—1. No allowance has been made for depreciation. 2. The apportionment of the consideration received for No Par Value Stock as between Capital (\$1,250,000) and Surplus (\$750,000) has been made by by-law of the Directors under Section 9, Subsection 8, of the Companies Act as amended 1930, ratified by the Shareholders, and does not become fully effective until Supplementary Letters Patent are obtained.

Subject to the foregoing, in our opinion the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs at 31st July, 1930, according to the best of our information and the explanations given to us, and as shown by the books of the Company.

Winnipeg, 4th October, 1930.

GEORGE A. TOUCHE & CO.,

Chartered Accountants.

Auditors.

SURPLUS ACCOUNT

STATEMENT II.

For the Year Ended 31st July, 1930

Amount apportioned as Surplus.....	\$750,000.00
Profit for year after deduction of Operating Expenses (without providing for Depreciation).....	66,443.90
	<u>\$816,443.90</u>
Less Bond Interest.....	\$255,000.00
Less Preferred Dividends Paid.....	195,000.00
	<u>450,000.00</u>
Balance to Balance Sheet Statement I.....	<u>\$366,443.90</u>

FEDERAL GRAIN LIMITED

Notice of Annual Meeting

TO THE SHAREHOLDERS:

NOTICE IS HEREBY GIVEN that the Annual Meeting of the shareholders of FEDERAL GRAIN LIMITED will be held at 810 Grain Exchange Building, in the City of Winnipeg, Canada, on Thursday, the 30th day of October, 1930, at the hour of 3 o'clock p.m., for the purpose of receiving and considering the report of the directors of the company, and the balance sheet and statement of income and expenditure and auditor's report for the past fiscal year, electing directors for the ensuing year, appointing auditors, and transacting such other business as may properly come before the meeting.

DATED the 15th day of October, 1930.

By Order of the Board,

E. W. NEVILLE,

Secretary.

To the Holders of Class "B" Shares—Common Stock—Federal Grain Limited.

If you are unable to be present at the above mentioned Meeting, kindly sign the enclosed proxy and mail same to the Secretary, Federal Grain Limited, 811 Grain Exchange, Winnipeg, Manitoba.

DIRECTORS

J. C. GAGE, *President*

H. E. SELLERS, *Vice-President and Managing Director*

W. A. ANDERSON

H. D. K. SELLERS

A. THOMSON

J. R. MURRAY

J. H. McDONALD

H. J. SYMINGTON

A. H. WILLIAMSON

Secretary: E. W. NEVILLE

Treasurer: G. A. LAWRENCE

Registrar - - - - THE ROYAL TRUST COMPANY, Toronto, Montreal and Winnipeg.

Transfer Agents - { THE MONTREAL TRUST COMPANY, Toronto and Montreal;
THE NORTHERN TRUSTS CO., Winnipeg.

Auditors - - - - GEORGE A. TOUCHE & COMPANY.