MONSANTO CHEMICAL COMPANY

GENERAL OFFICES

SAINT LOUIS

CABLE ADDRESS
MONSANTO-ST. LOUIS

July 25, 1934.

TO THE STOCKHOLDERS OF
MONSANTO CHEMICAL COMPANY:

Shipments of our products continued in good volume during the current second quarter, net earnings for that period being $704,918. Apportionment to the 864,000 shares outstanding results in approximately 81½c a share. Net earnings for the half year of 1934 are $1,379,035 or approximately $1.59½ a share. Giving retroactive effect to the one hundred per cent stock distribution of 1934, comparable earnings of the first half of 1933 were 98c a share.

Current earnings are stated as shown by the company's books of account without verification by independent Certified Accountants.

No undistributed earnings of controlled companies not consolidated are included in the accompanying Statement of Consolidated Income.

Edgar M. Queeny

President.

MONSANTO CHEMICAL COMPANY AND SUBSIDIARY COMPANIES

Comparative Consolidated Balance Sheets at June 30, 1934, and December 31, 1933

ASSETS

	June 30, 1934	December 31, 1933	Increase Decrease
Current Assets:			
Cash and U. S. Certificates	$ 2,327,977.25	$ 2,055,361.85	$ 272,615.40
Marketable Securities at Market	316,950.48	250,281.25	66,669.23
Customers' Notes and Accounts Receivable, Less Reserve	1,664,786.51	1,590,405.93	74,380.58
Miscellaneous Accounts Receivable	64,885.95	67,430.36	*2,544.41*
Inventories	3,209,359.73	3,227,824.03	*18,464.30*
	$ 7,583,959.92	$ 7,191,303.42	$392,656.50
Other Assets:			
Due from Officers and Employees			
On Purchases of Stock and Monsanto, Illinois Bonds	$ 62,543.53	$ 73,025.21	*$ 10,481.68*
Advances	16,712.34	20,125.29	*3,412.95*
Investments in Controlled Companies	797,466.67	799,073.30	*1,606.63*
Miscellaneous Investments	496,997.89	455,041.72	41,956.17
Frozen Deposits and Stocks in Banks, Less Reserve	15,839.28	15,839.28	
	$ 1,389,559.71	$1,363,104.80	$26,454.91
Plant Property:			
Land	$ 1,254,381.28	$ 1,249,972.48	$ 4,408.80
Buildings	3,333,119.63	3,250,652.33	82,467.30
Machinery and Equipment	10,198,282.10	9,630,431.71	567,850.39
	$14,785,783.01	$14,131,056.52	$654,726.49
Patents and Processes:	$2.00	$2.00	
Deferred Charges:			
Prepaid Items	$ 156,001.37	$ 122,887.83	$ 33,113.54
Other		11,700.00	*11,700.00*
	$ 156,001.37	$ 134,587.83	$ 21,413.54
	$23,915,306.01	$22,820,054.57	$1,095,251.44

LIABILITIES

	June 30, 1934	December 31, 1933	Increase Decrease
Current Liabilities:			
Accounts Payable	$ 805,798.90	$ 1,089,864.35	*$284,065.45*
Accrued Accounts	255,995.73	231,611.82	24,383.91
Estimated Income Taxes	557,164.48	553,286.07	3,878.41
	$ 1,618,959.11	$1,874,762.24	*$255,803.13*
Funded Debt:			
First Mortgage 5½% Sinking Fund Gold Bonds, due November 1, 1942; Annual Sinking Fund Requirement, $80,000.00	$ 993,000.00	$ 1,073,000.00	*$80,000.00*
Less—In Treasury	43,000.00	42,500.00	500.00
	$ 950,000.00	$ 1,030,500.00	*$80,500.00*
Reserves:			
Depreciation and Obsolescence	$5,175,237.47	$ 4,893,846.75	$281,390.72
For Redemption of Returnable Containers	565,850.68	552,219.50	13,631.18
For Fluctuations of Exchange	234,298.05	234,298.05	
For Contingencies	309,223.96	204,238.48	104,985.48
	$ 6,284,610.16	$ 5,884,602.78	$400,007.38
Capital Stock and Surplus:			
Capital Stock—			
Authorized 1,250,000 Shares of $10.00 Each; Outstanding at June 30, 1934, 864,000 Shares, Including 30,843 Shares Held for Exchange of Stock of Predecessor Corporation	$ 8,640,000.00	$ 4,320,000.00	$4,320,000.00
Paid-in Surplus	1,073,063.03	5,389,206.04	*4,316,143.01*
Earned Surplus acquired from predecessor Corporation	2,366,713.26	2,718,058.14	*351,344.88*
Earned Surplus	2,981,960.45	1,602,925.37	1,379,035.08
	$15,061,736.74	$14,030,189.55	$1,031,547.19
	$23,915,306.01	$22,820,054.57	$1,095,251.44

Notation.—Current Assets and Liabilities of the British subsidiary have been converted at $4.85 per £.

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MONSANTO CHEMICAL COMPANY
AND PREDECESSOR CORPORATION
AND SUBSIDIARY COMPANIES

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Statement of Consolidated Income for the Six Months Ended June 30, 1934, and 1933, and Comparison

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	Six Months ended June 30, 1934	Six Months ended June 30, 1933	Increase *Decrease*
Gross Profit from operations before Depreciation and Obsolescence	$3,208,202.55	$2,257,767.06	$950,435.49
Deduct:			
Selling and administrative expenses	$ 845,837.26	$ 621,803.83	$224,033.43
Depreciation and obsolescence	447,390.41	416,771.10	30,619.31
Research expenses	175,000.78	187,873.60	*12,872.82*
Total	$1,468,228.45	$1,226,448.53	$241,779.92
Net Profit from Operations	$1,739,974.10	$1,031,318.53	$708,655.57
Other Income:			
Interest Earned	$ 14,224.91	$ 19,693.19	*$ 5,468.28*
Other	113,797.19	97,570.49	16,226.70
Total	$ 128,022.10	$ 117,263.68	$ 10,758.42
Gross Income	$1,867,996.20	$1,148,582.21	$719,413.99
Income Charges:			
Bond Interest	$ 27,591.69	$ 42,473.74	*$ 14,882.05*
Other Charges	180,004.06	98,257.89	81,746.17
Total	$ 207,595.75	$ 140,731.63	$ 66,864.12
Net Income before provision for income taxes	$1,660,400.45	$1,007,850.58	$652,549.87
Provision for income taxes	$ 281,365.37	$ 168,902.99	$112,462.38
Net Income transferred to Surplus	$1,379,035.08	$ 838,947.59	$540,087.49
Per Share of Outstanding Stock	$1.59½	*.98	

Notation.—The earnings of the British Subsidiary have been converted for the six months ended June 30, 1934 at $4.85 per £, and for the six months ended June 30, 1933, at $3.40 per £.

* On basis comparable to June 30, 1934

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MONSANTO CHEMICAL COMPANY AND SUBSIDIARY COMPANIES

Statement of Consolidated Paid-In Surplus June 30, 1934

Paid-In Surplus December 31, 1933	$5,389,206.04
Net premium on purchases and sales of treasury stock and scrip	3,856.99
	$5,393,063.03
Appropriation of Paid-In Surplus for 100% Stock Distribution on April 30, 1934	$4,320,000.00
Paid-In Surplus June 30, 1934	$1,073,063.03

Statement of Consolidated Earned Surplus Acquired from Predecessor Corporation June 30, 1934

Earned Surplus Acquired from Predecessor Corporation December 31, 1933		$2,718,058.14
Deduct:		
Dividends paid during the six months ended June 30, 1934	$351,000.00	
Expenses incident to the incorporation of Monsanto Chemical Company in the State of Delaware	344.88	351,344.88
Earned Surplus Acquired from Predecessor Corporation June 30, 1934		$2,366,713.26

Statement of Consolidated Earned Surplus June 30, 1934

Consolidated Earned Surplus December 31, 1933	$1,602,925.37
Add—Net Income for the six months ended June 30, 1934	1,379,035.08
Earned Surplus, June 30, 1934	$2,981,960.45