MONSANTO CHEMICAL COMPANY

GENERAL OFFICES

SAINT LOUIS

October 28, 1936.

TO THE STOCKHOLDERS OF
MONSANTO CHEMICAL COMPANY:

Sales and net earnings for the third quarter of 1936 constituted an all-time peak. Net earnings were $1,195,269. After deducting the part that was applicable to minority interest and subsidiary preferred dividends, the balance was equivalent to $1.04 per share on 1,114,410 shares now outstanding. For the corresponding quarter of 1935, net earnings were $932,088 which, after similar deductions, amounted to 89½c per share on the 987,876 shares which were then outstanding.

Net earnings for the first nine months of the current year totalled $3,337,693, which netted $2.897 per share. This compares favorably with $2,866,813, for the corresponding period of 1935 or $2.765 per share on the smaller number of shares outstanding at the end of that period. No allowance has been made out of the 1936 earnings for possible tax liability on undistributed profits.

An unaudited balance sheet as of September 30, 1936, compared with that of December 31, 1935, as well as an unaudited income account for the first nine months of this year are detailed on the inside and reverse of this folio.

Edgar M. Queeny

President.

DSW 331278

STLCOPCB4056058

MONSANTO CHEMICAL COMPANY AND SUBSIDIARY COMPANIES

INCORPORATED IN DELAWARE

Comparative Consolidated Balance Sheets at September 30, 1936, and December 31, 1935

ASSETS

	September 30, 1936	December 31, 1935	Increase / *Decrease*
CURRENT ASSETS:			
Cash and marketable securities	$ 8,715,001.53	$ 3,685,082.53	$5,029,919.00
Receivables, less reserve	2,971,549.59	2,794,105.75	177,443.84
Inventories — at the lower of cost or market	5,425,807.52	5,165,088.61	260,718.91
	$17,112,358.64	$11,644,276.89	$5,468,081.75
OTHER ASSETS:			
Due from officers and employes on purchases of capital stock	$ 201,679.25	$ 128,062.00	$ 73,617.25
Miscellaneous investments	704,550.10	877,894.36	*173,344.26*
	$ 906,229.35	$ 1,005,956.36	*$ 99,727.01*
CAPITAL ASSETS:			
Phosphate deposits	$ 422,466.11	$ 62,399.01	$ 360,067.10
Land	1,653,366.33	1,512,204.83	141,161.50
Buildings	6,118,780.84	5,638,157.39	480,623.45
Machinery and equipment	18,270,376.48	15,833,477.41	2,436,899.07
	$26,464,989.76	$23,046,238.64	$3,418,751.12
PATENTS AND PROCESSES	$ 1.00	$ 1.00	—
DEFERRED CHARGES	$ 273,970.07	$ 143,192.02	$ 130,778.05
Total	$44,757,548.82	$35,839,664.91	$8,917,883.91

LIABILITIES

	September 30, 1936	December 31, 1935	Increase / *Decrease*
CURRENT LIABILITIES:			
Accounts payable	$ 1,645,334.80	$ 1,470,673.31	$174,661.49
Accrued items	403,926.10	328,159.59	75,766.51
Estimated income taxes	943,743.39	814,159.20	129,584.19
	$ 2,993,004.29	$ 2,612,992.10	$380,012.19
RESERVES:			
Depreciation, obsolescence and depletion	$ 8,521,120.38	$ 7,785,573.78	$735,546.60
For redemption of returnable containers	585,572.33	548,677.39	36,894.94
For relocation and revaluation of properties, etc.	555,489.75	565,133.97	*9,644.22*
For fluctuations of exchange	234,298.05	234,298.05	—
For contingencies	392,681.52	382,255.16	10,426.36
	$ 10,289,162.03	$ 9,515,938.35	$773,223.68
CAPITAL:			
Preference shares of British subsidiary—5½%, redeemable and cumulative of £1 each; authorized 500,000 shares; outstanding 400,000 shares	$ 1,940,000.00	$ 1,940,000.00	$ —
Minority interest in American subsidiary	389,057.80	342,085.34	46,972.46
Common stock — Authorized 1,250,000 shares of $10.00 each			
Outstanding (September 30, 1936: 1,114,410 shares; December 31, 1935: 999,123 shares)	11,144,100.00	9,991,230.00	1,152,870.00
Surplus applicable to common stock:			
Paid-in surplus	8,286,983.40	3,388,291.83	4,898,691.57
Earned surplus	9,715,241.30	7,775,076.40	1,940,164.90
Earned surplus acquired from predecessor corporation	—	274,050.89	*274,050.89*
	$31,475,382.50	$23,710,734.46	$7,764,648.04
Total	$44,757,548.82	$35,839,664.91	$8,917,883.91

NOTES: No provision has been made for possible Federal surtax on 1936 undistributed net income.

The assets and liabilities of the British Subsidiary have been converted at $4.85 per £.

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MONSANTO CHEMICAL COMPANY
AND SUBSIDIARY COMPANIES

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Statement of Consolidated Income for the Nine Months Ended September 30, 1936

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GROSS PROFIT		$6,756,975.45
DEDUCT:		
Selling and administrative expenses	$2,134,098.16	
Research expenses	665,333.04	2,799,431.20
NET PROFIT		$3,957,544.25
OTHER INCOME		175,142.25
GROSS INCOME		$4,132,686.50
INCOME CHARGES		122,039.72
NET INCOME BEFORE PROVISION FOR INCOME TAXES		$4,010,646.78
PROVISION FOR INCOME TAXES		672,953.31
NET INCOME		$3,337,693.47
DEDUCT:		
Portion of net income applicable to minority interest in American subsidiary		46,972.46
NET INCOME TRANSFERRED TO EARNED SURPLUS		$3,290,721.01

NOTES: No provision has been made for possible Federal Surtax on undistributed net income.

The earnings of the British Subsidiary have been converted at $4.85 per £.

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