THE SWANN CORPORATION AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1934

		AMOUNT	%
ASSETS			
CURRENT ASSETS:-			
CASH ON HAND AND IN BANKS		260,380.55	3.87
CUSTOMERS' NOTES AND ACCOUNTS RECEIVABLE, (LESS RESERVE $ 37,721.56)		393,015.99	5.85
MISCELLANEOUS ACCOUNTS RECEIVABLE		3,733.79	.06
INVENTORIES		841,227.36	12.52
CASH VALUE OF LIFE INSURANCE POLICIES ON LIFE OF OFFICERS		42,593.75	.63
MARKETABLE SECURITIES		5,870.00	.09
INTEREST RECEIVABLE		151.25	-
TOTAL CURRENT ASSETS		1,546,972.69	23.02
DUE FROM OFFICERS AND EMPLOYEES		7,742.52	.12
INVENTORIES:-			
SWANN FERTILIZER COMPANY		2,264.01	.03
MISCELLANEOUS INVESTMENTS		56.81	-
TOTAL INVESTMENTS		2,320.82	.03
PLANT PROPERTY:-			
LAND		180,093.27	2.68
BUILDINGS		1,383,183.56	20.58
MACHINERY AND EQUIPMENT		2,349,056.04	34.96
NEW CONSTRUCTION		51,801.98	.77
TOTAL PLANT PROPERTY		3,964,134.85	58.99
UNDEVELOPED POWER SITES		1,182,338.74	17.59
PATENTS AND PROCESSES		1.00	-
OPTION PAYMENTS		37.00	-
DEFERRED CHARGES:-			
PREPAID ITEMS		13,009.63	.19
OTHER DEFERRED CHARGES		3,930.89	.06
TOTAL DEFERRED CHARGES		16,940.52	.25
TOTAL ASSETS		6,720,488.14	100.00
LIABILITIES			
CURRENT LIABILITIES:-			
NOTES PAYABLE:-			
BANK		250,000.00	3.72
ACCOUNTS PAYABLE		131,034.29	1.95
FEDERAL AND STATE INCOME TAXES		66,990.90	1.00
MISCELLANEOUS ACCRUED ACCOUNTS		19,009.65	.28
DIVIDENDS DECLARED AND UNPAID		10,724.50	.16
TOTAL CURRENT LIABILITIES		477,759.34	7.11
NOTES AND INTEREST PAYABLE:-			
NOTES AND INTEREST PAYABLE OF HIWASSEE POWER CO.		309,541.66	4.60
RESERVES:-			
DEPRECIATION FIXED CAPITAL		1,896,159.61	28.21
INTEREST ON ADVANCES TO WATER POWER COMPANIES		336,509.15	5.01
CONTINGENCIES		31,990.00	.48
TOTAL RESERVES		2,264,658.76	33.70
CAPITAL STOCK:-			
PREFERRED:-			
SUBSIDIARY COMPANIES (HELD BY OUTSIDE INTEREST)			
PROVIDENT CHEMICAL WORKS 1,354 SHARES		135,400.00	2.02
THE ILIFF-BRUFF CHEMICAL CO. 682 SHARES		68,200.00	1.01
WILCKES,MARTIN,WILCKES CO. 5,000 SHARES		500,000.00	7.44
COMMON - THE SWANN CORPORATION:-			
CLASS A 208,868 SHARES) CLASS B 300,000 SHARES)		1,963,514.83	29.22
TOTAL CAPITAL STOCK		2,667,114.83	39.69
SURPLUS:-			
CAPITAL SURPLUS		142,257.82	2.11
EARNED SURPLUS AFTER CHARGES	462,676.93		
ADD: NET INCOME FOR THE YEAR	396,478.80	859,155.73	12.79
TOTAL SURPLUS		1,001,413.55	14.90
TOTAL LIABILITIES		6,720,488.14	100.00
RATIO - CURRENT ASSETS TO CURRENT LIABILITIES		3.24	
CONTINGENT LIABILITIES:-			
WILCKES, MARTIN, WILCKES COMPANY'S PREFERRED DIVIDENDS ON CUMULATIVE PREFERRED STOCK-21 MONTHS @ $2,500.00 PER MONTH		52,500.00	

FEBRUARY 12, 1935

THE SWANN CORPORATION AND SUBSIDIARY COMPANIES

STATEMENT OF CONSOLIDATED INCOME, FOR THE YEARS ENDED DECEMBER 31, 1934 AND 1933, AND COMPARISON

	YEAR ENDED DECEMBER 31, 1934	YEAR ENDED DECEMBER 31, 1933	INCREASE DECREASE
GROSS PROFIT FROM OPERATIONS, BEFORE DEPRECIATION AND OBSOLESCENCE	$1,898,471.65	$1,808,755.14	$ 89,716.51
DEDUCT:			
SELLING AND ADMINISTRATIVE EXPENSES .	$ 763,404.24	$ 829,700.05	$-66,295.81
DEPRECIATION AND OBSOLESCENCE	220,511.16	218,368.90	2,142.26
RESEARCH EXPENSES	149,413.74	152,202.27	- 2,788.53
TOTAL	$1,133,329.14	$1,200,271.22	$-66,942.08
NET PROFIT FROM OPERATIONS	$ 765,142.51	$ 608,483.92	$156,658.59
OTHER INCOME:			
INTEREST EARNED	$ 1,671.29	$ 1,948.07	$- 276.78
OTHER	33,386.47	33,259.49	126.98
TOTAL	$ 35,057.76	$ 35,207.56	$- 149.80
GROSS INCOME	$ 800,200.27	$ 643,691.48	$156,508.79
INCOME CHARGES	$ 336,730.57	$ 231,886.44	$104,844.13
NET INCOME, BEFORE PROVISION FOR INCOME TAXES	$ 463,469.70	$ 411,805.04	$ 51,664.66
PROVISION FOR INCOME TAXES	66,990.90	32,765.30	34,225.60
NET INCOME FOR THE YEAR TRANSFERRED TO SURPLUS	$ 396,478.80	$ 379,039.74	$ 17,439.06

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