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THE HAMILTON COTTON CO., Limited
HAMILTON, ONTARIO
And Its Subsidiary
TRENT COTTON COMPANY LIMITED

EIGHTH ANNUAL REPORT
For Year Ending December 28th, 1935.

February 26th, 1936.

To the Shareholders:

The Directors submit herewith the Eighth Annual Report and Financial Statement of the Company, as at December 28th, 1935. For more accurate accounting control the Company has adopted thirteen accounting periods of four weeks each. This explains the closing date of December 28th.

After pricing inventories at market value or lower, providing for all manufacturing, selling, administrative expenses and depreciation, the gross profits for the year were \$156,956.57. From this has been deducted Bond Interest, Directors' Fees and Reserve for Income Tax, leaving a net profit of \$85,841.57.

During the year three quarterly dividends were paid on account of Preferred Stock Dividends in arrears, amounting to \$28,518.00. Surplus now stands at \$421,624.92 as compared with \$366,055.13 last year.

Owing to a reduced rate of operation, earnings were proportionately lower. This was due, no doubt, to hesitancy on the part of the trade to make commitments in face of the unsettled condition of the raw cotton market.

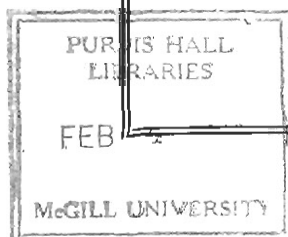
Our forward bookings at the present time are satisfactory and we look for a better output this year.

The physical condition of your plants has been well maintained, and changes in equipment are being made, when it can be seen that such changes will result in improved operation. Ample provision has been made for depreciation.

Your Directors wish again to express their appreciation for the loyal co-operation of the staff.

By Order of the Board,

ALAN V. YOUNG,
President.



THE HAMILTON COTTON CO., Limited

And Its Subsidiary

TRENT COTTON COMPANY LIMITED

BALANCE SHEET AS AT 28th DECEMBER, 1935

ASSETS

Current Assets:—			
Cash in Bank and on Hand.....	\$	142,332.16	
Accounts and Bills Receivable.....		211,115.81	
Deposits with Fire Insurance Co.....		15,624.59	
Stock on hand.....		468,558.50	837,631.06
Deferred Expenses.....			16,679.49
Fixed Assets:—			
Real Estate, Buildings, Machinery and Equipment.....		2,767,530.01	
Less Reserve for Depreciation.....		1,017,171.66	1,750,358.35
Miscellaneous Securities (Book Value).....			3,992.62
			<u>\$2,608,661.52</u>

Approved on behalf of Directors,
ALAN V. YOUNG, Director.
JAMES V. YOUNG, Director.

AUDITORS' CERTIFICATE

We have examined the books and accounts of The Hamilton Cotton Co., Limited, and its subsidiary, Trent Cotton Company Limited, for the year ended 28th December, 1935.

We certify that all our requirements as Auditors have been complied with, and that, 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 combined affairs of the Company and its wholly owned Subsidiary, Trent Cotton Company, Limited, according to the best of our information and the explanations given to us and as shown by the books of these Companies.

The Stock on hand is taken at cost or market, whichever is lower, and is certified by the management.

The Real Estate, Buildings, Machinery and Equipment are shown at appraisal value by Lockwood, Greene & Co., of Boston, dated 5th April, 1928, and subsequent additions at cost.

Hamilton, Ontario, 28th January, 1936.

C. S. SCOTT & CO.,
Chartered Accountants.

LIABILITIES

Current Liabilities:—			
Accounts Payable.....	\$	69,421.66	
Accrued Wages, etc.....		30,826.02	
Bond Interest Accrued.....		11,178.75	
Bank Loan.....		15,000.00	
Provision for Federal and Other Taxes (estimated).....		25,250.17	151,676.60
Secured Notes Trent Cotton Co., Ltd., due May 1st, 1939.....			85,000.00
First Mortgage Sinking Fund Gold Bonds Series A. due 1st April,			
1948—5½%.....		1,000,000.00	
Less redeemed through Sinking Fund or held for redemption.....		220,000.00	780,000.00
Capital:—			
20,000 Cumulative Con. Sinking Fund Preferred			
Shares Issued.....		600,000.00	
Less redeemed and cancelled.....		29,640.00	570,360.00
20,000 Common Shares.....			600,000.00
Capital Surplus.....		156,090.59	
Distributable Surplus.....		265,534.53	421,624.92
			<u>\$2,608,661.52</u>

NOTE —The dividends on the Cumulative Convertible Sinking Fund Preference Shares are in arrears from 1st October, 1932, and on 31st December, 1935, amounted to \$125,578.00.

THE HAMILTON COTTON CO., Limited

And Its Subsidiary

TRENT COTTON COMPANY LIMITED

SCHEDULE "A"

SURPLUS ACCOUNT

Balance as at 28th December, 1934.....		\$366,055.13
DEDUCT:—		
Loss on Bonds Purchased for Redemption.....	\$ 535.00	
Federal Taxes for period prior to 1935.....	1,218.78	1,753.78
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		364,301.35
Add Profits for year to 28th December 1935 as per Schedule "B"	85,841.57	
Less Dividends paid on Cumulative Con. Sinking Fund		
Preferred Shares.....	28,518.00	57,323.57
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		<u>\$421,624.92</u>

SCHEDULE "B"

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR YEAR ENDED 28th DECEMBER, 1935

Net Operating Profit after Depreciation, Management and		
Executive Salaries, etc.*.....		\$155,805.11
Income from Investments.....		1,151.46
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		156,956.57
DEDUCT:—		
Bond Interest.....	\$ 44,715.00	
Provision for Federal and Other Taxes.....	25,000.00	
Directors' Fees.....	1,400.00	71,115.00
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		<u>\$ 85,841.57</u>

*Provision for Depreciation of Fixed Assets at same rates as last year amounted to \$99,324.81, and the Executive remuneration to \$29,700.06.