PLAINTIFF'S EXHIBIT
CFB-19

CHICAGO FIRE BRICK COMPANY

Accountants' Report

Financial Statements - September 30, 1961

PEAT, MARWICK, MITCHELL & CO.

CERTIFIED PUBLIC ACCOUNTANTS

Chicago Fire Brick
Annual Reports and
Insurance 000044

PEAT, MARWICK, MITCHELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
111 WEST MONROE STREET
CHICAGO 3, ILLINOIS

ACCOUNTANTS' REPORT

The Board of Directors
Chicago Fire Brick Company:

We have examined the balance sheet of Chicago Fire Brick Company as of September 30, 1961 and the related statements of earnings and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of earnings and retained earnings present fairly the financial position of Chicago Fire Brick Company at September 30, 1961 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

Chicago, Illinois
November 29, 1961

Exhibit A

CHICAGO FIRE BRICK COMPANY

Balance Sheet

September 30, 1961 with comparative figures for 1960

Assets	1961	1960
Current assets:		
Cash	$ 125,582.44	76,994.43
Receivables:		
Trade accounts and notes	255,001.14	374,622.14
Refundable federal income taxes	7,400.00	-
Other	8,629.66	7,689.09
	271,030.80	382,311.23
Less allowance for doubtful receivables	10,000.00	10,000.00
Net receivables	261,030.80	372,311.23
Excess of accumulated costs on contracts in process (1961 - $6,416.58, 1960 - $139,889.60) over related progress billings	6,357.18	15,601.60
Inventories, at cost (first-in, first-out), not in excess of replacement market:		
Materials for resale	135,834.20	109,551.50
Finished goods	35,961.77	24,794.66
Raw materials and supplies	36,943.48	30,771.47
Total inventories	208,739.45	165,117.63
Prepaid expenses	6,521.13	6,430.40
Total current assets	608,231.00	636,455.29
Investments:		
Mortgage note receivable due in monthly installments of $515.00, including interest at 4-1/2%, less current installments	29,161.67	33,921.79
Investment in stock of wholly-owned subsidiaries, at cost (note):		
The Wellsville Fire Brick Company	206,050.07	206,050.07
New Florence Fire Brick Company	53,850.00	53,850.00
Miscellaneous real estate and equipment, at cost less accumulated depreciation, 1961 - $1,795.00, 1960 - $1,529.07	21,632.92	21,898.85
Cash surrender value of life insurance	13,667.28	12,762.42
Total investments	324,361.94	328,483.13
Property, plant, and equipment, at cost less depreciation:		
Land	121,190.23	121,190.23
Buildings and improvements	490,263.11	485,568.03
Machinery and equipment	269,982.03	242,151.97
Automobiles and trucks	78,771.72	93,767.58
Furniture and fixtures	28,743.54	26,316.85
	988,950.63	968,994.66
Less accumulated depreciation	449,931.52	422,534.07
Net property, plant, and equipment	539,019.11	546,460.59
	$ 1,471,612.05	1,511,399.01

Liabilities	1961	1960
Current liabilities:		
Note payable to bank	$ 80,000.00	65,000.00
Accounts payable	124,455.16	116,644.84
Due to The Wellsville Fire Brick Company, net	88,347.28	132,939.22
Accrued expenses:		
Salaries, wages, and commissions	21,972.89	25,317.80
Property and sales taxes	30,609.01	24,952.06
Payroll taxes	2,461.50	2,015.90
Interest	-	1,033.31
Excess of progress billings on contracts in process (1961 - $826.00, 1960 - $ 27,541.93) over related accumulated costs	826.00	2,681.50
Federal income taxes, estimated	-	5,244.01
Total current liabilities	348,671.84	375,828.64
Long-term debt:		
3% notes payable to stockholders, due September 30, 1964	89,200.00	89,200.00
4% note payable to New Florence Fire Brick Company, due September 30, 1965	40,000.00	40,000.00
Total long-term debt	129,200.00	129,200.00
Deferred profit on sale of real estate	17,100.37	19,390.37
Stockholders' equity:		
Capital stock, no par value. Authorized 10,000 shares; issued 9,268 shares, at stated value	370,720.00	370,720.00
Additional paid-in capital	240,527.04	240,527.04
Retained earnings	370,342.80	380,682.96
	981,589.84	991,930.00
Less treasury stock - 66 shares, at cost	4,950.00	4,950.00
Net stockholders' equity	976,639.84	986,980.00
	$ 1,471,612.05	1,511,399.01

See accompanying note to financial statements.

Chicago Fire Brick
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Exhibit B

CHICAGO FIRE BRICK COMPANY

Statement of Earnings

Year ended September 30, 1961
with comparative figures for 1960

	1961	1960
Net sales	$ 1,934,267.03	1,892,506.48
Cost of sales	1,426,258.72	1,348,574.88
Gross profit	508,008.31	543,931.60
Engineering, warehousing, and delivery; selling; and administrative and general expenses	533,427.45	534,282.85
Operating profit (loss)	(25,419.14)	9,648.75
Other income, less other deductions	12,279.98	7,034.68
Earnings (loss) before federal income taxes	(13,139.16)	16,683.43
Federal income taxes (refund)	(7,400.00)	6,000.00
Net earnings (loss)	$ (5,739.16)	10,683.43

Exhibit C

Statement of Retained Earnings

Year ended September 30, 1961
with comparative figures for 1960

	1961	1960
Balance at beginning of year	$ 380,682.96	379,201.53
Net earnings (loss) for the year	(5,739.16)	10,683.43
	374,943.80	389,884.96
Dividends paid, 1961 - $.50 per share; 1960 - $1.00 per share	4,601.00	9,202.00
Balance at end of year	$ 370,342.80	380,682.96

See accompanying note to financial statements.