PLAINTIFF'S EXHIBIT

CFB-11

CHICAGO FIRE BRICK COMPANY

Accountants' Report

Financial Statements - September 30, 1969

PEAT, MARWICK, MITCHELL & CO.

CERTIFIED PUBLIC ACCOUNTANTS

Chicago Fire Brick
Annual Reports and
Insurance 000001

PEAT, MARWICK, MITCHELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
111 WEST MONROE STREET
CHICAGO, ILLINOIS 60603

The Board of Directors
Chicago Fire Brick Company:

We have examined the balance sheet of Chicago Fire Brick Company as of September 30, 1969 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, 1969 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.

December 9, 1969

CHICAGO FIRE BRICK COMPANY

Balance Sheet

September 30, 1969 with comparative figures for 1968

Assets	1969	1968
Current assets:		
Cash	$ 174,288	260,596
Certificates of deposit	500,000	250,000
Receivables:		
Trade accounts	700,165	543,891
Due from subsidiaries	-	9,232
Current maturities of notes receivable	26,400	13,000
Other	12,577	6,447
	739,142	572,570
Less allowance for doubtful receivables	50,000	30,000
Net receivables	689,142	542,570
Inventories, at lower of cost (first-in, first-out) or market:		
Materials for resale	358,598	314,320
Finished goods	66,230	85,534
Raw materials and supplies	239,647	130,871
Total inventories	664,475	530,725
Prepaid expenses	18,985	13,900
Total current assets	2,046,890	1,597,791
Investments and other assets:		
Investment in stock of wholly-owned subsidiaries, at book value of underlying net assets:		
The Wellsville Fire Brick Company	2,336,940	2,209,702
New Florence Fire Brick Company	188,304	188,781
C & W Refractories Limited, including advances: 1969, $40,549; 1968, $33,857	50,040	44,735
Notes receivable, noncurrent:		
Installment note receivable on sale of property	84,000	88,000
5% trade note receivable	18,565	-
Miscellaneous real estate and equipment, at cost less accumulated depreciation: 1969, $7,552; 1968, $6,203	29,342	29,541
Cash surrender value of life insurance (beneficial value $25,000)	15,175	14,725
Prepaid federal income tax (note 1)	9,500	-
Total investments and other assets	2,731,866	2,575,484
Property, plant, and equipment, at cost:		
Land	102,320	102,320
Buildings and improvements	669,762	630,188
Machinery and equipment	522,319	464,830
Automobiles and trucks	158,648	123,545
Furniture and fixtures	54,785	52,142
	1,507,834	1,373,025
Less accumulated depreciation (note 2)	768,075	687,650
Net property, plant, and equipment	739,759	685,375
	$ 5,518,515	4,858,650

Liabilities and Stockholders' Equity	1969	1968
Current liabilities:		
Notes payable:		
4% installment loans on automobiles	$ -	4,0
Current maturities of long-term debt	40,806	8
Accounts payable:		
The Wellsville Fire Brick Company	380,901	200,3
Trade and other	217,657	119,1
Accrued expenses:		
Salaries, wages, and commissions	115,494	98,1
Property, payroll, and sales taxes	35,258	34,2
Interest	-	30,7
Federal income taxes	207,296	202,9
Total current liabilities	997,412	690,4
Long-term debt:		
Equipment purchase contract under lease payable in monthly installment of $88.64, including finance charges, through March 1974, less $806 due in one year	2,820	3,6
4% notes payable to New Florence Fire Brick Company, due $100,000 November 13, 1973 and $40,000 September 30, 1970, less current maturities	100,000	140,0
Net long-term debt	102,820	143,6
Unrealized profit in inventory purchased from subsidiary (note 1)	89,000	71,5
Stockholders' equity:		
Capital stock, no par value. Authorized 10,000 shares; issued 9,268 shares, at stated value	370,720	370,7
Additional paid-in capital	522,428	522,4
Retained earnings	3,441,085	3,064,8
	4,334,233	3,958,0
Less treasury stock - 66 shares, at cost	4,950	4,9
Total stockholders' equity	4,329,283	3,953,0
	$ 5,518,515	4,858,6

See accompanying notes to financial statements.

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Statement of Earnings

Year ended September 30, 1969
with comparative figures for 1968

	Amount		Percentage of net sales	
	1969	1968	1969	1968
Net sales:				
Manufactured products	$ 3,022,259	2,378,054	57.03%	53.67
Resale material	2,276,726	2,052,826	42.97	46.33
	5,298,985	4,430,880	100.00	100.00
Cost of sales:				
Manufactured products	1,647,953	1,290,684	54.53	54.27
Resale material, including $1,446,326 purchased from subsidiary; $1,296,758 in 1968	1,831,224	1,649,985	80.43	80.38
	3,479,177	2,940,669	65.66	66.37
Gross profit:				
Manufactured products	1,374,306	1,087,370	45.47	45.73
Resale material	445,502	402,841	19.57	19.62
	1,819,808	1,490,211	34.34	33.63
Operating expenses:				
Engineering, warehousing, and delivery	275,189	233,087	5.19	5.26
Selling	469,265	436,679	8.86	9.86
Administrative and general	393,220	328,525	7.42	7.41
	1,137,674	998,291	21.47	22.53
Operating profit	682,134	491,920	12.87	11.10
Other income (deductions), net:				
Rentals received	9,155	9,120	.17	.21
Less expenses of rental property, including depreciation - 1969, $2,315; 1968, $2,579	7,206	7,787	.13	.18
	1,949	1,333	.04	.03
Purchase discounts, commissions, and other income, net	21,612	14,912	.41	.34
Interest income, less interest expense	24,534	7,700	.46	.17
	48,095	23,945	.91	.54
Earnings before federal income tax and equity in earnings of wholly-owned subsidiaries	730,229	515,865	13.78	11.64
Federal income tax	370,000	260,000	6.98	5.87
Net earnings before equity in earnings of wholly-owned subsidiaries	360,229	255,865	6.80%	5.77
Equity in earnings (loss) of wholly-owned subsidiaries:				
The Wellsville Fire Brick Company	131,571	72,061		
New Florence Fire Brick Company	4,224	3,563		
C & W Refractories Limited	(1,387)	11,235		
Increase in unrealized profit in inventory (net of federal income taxes in 1969)	(8,000)	(6,500)		
	126,408	80,359		
Net earnings	$ 486,637	336,224		
Net earnings per share outstanding	$ 52.51	36.54		

See accompanying notes to financial statements.

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Statement of Retained Earnings

Year ended September 30, 1969
with comparative figures for 1968

	1969	1968
Balance at beginning of year	$ 3,064,872	2,802,264
Net earnings for year	486,637	336,224
	3,551,509	3,138,488
Less cash dividends paid - $12.00 a share in 1969; $8.00 a share in 1968	110,424	73,616
Balance at end of year	$ 3,441,085	3,064,872

See accompanying notes to financial statements.