PLAINTIFF'S EXHIBIT

CFB-14

CHICAGO FIRE BRICK COMPANY

Accountants' Report

Financial Statements - September 30, 1966

PEAT, MARWICK, MITCHELL & CO.

CERTIFIED PUBLIC ACCOUNTANTS

Chicago Fire Brick
Annual Reports and
Insurance 000017

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, 1966 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, 1966 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 2, 1966

Chicago Fire Brick
Annual Reports and

CHICAGO FIRE BRICK COMPANY

Balance Sheet

September 30, 1966 with comparative figures for 1965

Assets	1966	1965
Current assets:		
Cash	$ 552,262	209,040
Receivables:		
Trade accounts and notes	445,066	409,511
Current maturities of notes receivable, including $50,400 from subsidiary	63,120	50,400
Other	5,706	10,590
	513,892	470,501
Less allowance for doubtful receivables	20,000	15,000
Net receivables	493,892	455,501
Accumulated costs on contracts in process	5,800	3,657
Inventories, at cost (first-in, first-out) or market:		
Materials for resale	262,463	276,776
Finished goods	57,124	71,528
Raw materials and supplies	95,421	68,341
Total inventories	415,008	416,645
Prepaid expenses	24,120	14,997
Total current assets	1,491,082	1,099,840
Investments and other assets:		
Investment in stock of wholly-owned subsidiaries, at book value of underlying net assets:		
The Wellsville Fire Brick Company	2,113,901	2,068,434*
New Florence Fire Brick Company	190,570	194,018*
5-1/2% note receivable from The Wellsville Fire Brick Company, noncurrent maturities	35,800	86,200
Installment note receivable on sale of property, noncurrent maturities	96,000	-
4-1/2% mortgage note receivable, noncurrent maturities	2,127	8,050
Miscellaneous real estate and equipment, at cost less accumulated depreciation: 1966, $4,265; 1965, $3,307	28,739	22,172
Cash surrender value of life insurance (beneficial value $25,000)	13,800	13,072
Total investments and other assets	2,480,937	2,391,946
Property, plant, and equipment, at cost:		
Land	102,320	121,190
Buildings and improvements	480,901	570,975
Machinery and equipment	402,854	331,208
Automobiles and trucks	98,365	88,656
Furniture and fixtures	44,861	39,660
	1,129,301	1,151,689
Less accumulated depreciation	582,797	578,059
Net property, plant, and equipment	546,504	573,630
	$ 4,518,523	4,065,416

Liabilities and Stockholders' Equity	1966	1965
Current liabilities:		
Notes payable:		
Bank, unsecured	$ -	75,0
4% installment loans on automobiles	5,817	15,9
Current maturities of long-term debt	50,400	50,4
Accounts payable:		
The Wellsville Fire Brick Company	168,124	120,6
Other	184,113	125,8
Accrued expenses:		
Salaries, wages, and commissions	72,712	69,6
Property, payroll, and sales taxes	31,502	44,3
Interest	19,785	14,3
Federal income taxes	229,542	79,9
Total current liabilities	761,995	596,0
Long-term debt:		
5-1/2% installment bank note payable $4,200 monthly to June 10, 1968, less $50,400 current maturities (note 2)	35,800	86,2
3% notes payable to stockholders	-	81,2
4% notes payable to New Florence Fire Brick Company, due $100,000 November 13, 1968 and $40,000 September 30, 1970	140,000	140,0
Net long-term debt	175,800	307,4
Reserve and deferred items:		
Reserve for unrealized profit in inventory purchased from subsidiary	56,233	86,0
Deferred federal income tax resulting from adoption of guideline lives	3,300	6,3
Deferred profit on sale of real estate	4,462	7,3
Total reserve and deferred items	63,995	99,6
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	2,628,535	2,174,0
	3,521,683	3,067,2
Less treasury stock - 66 shares, at cost	4,950	4,9
Total stockholders' equity	3,516,733	3,062,2
	$ 4,518,523	4,065,4

*1965 figures restated - see note 1.
See accompanying notes to financial statements.

CHICAGO FIRE BRICK COMPANY

Statement of Earnings

Year ended September 30, 1966
with comparative figures for 1965

	1966	1965
Net sales	$ 3,422,345	2,938,345
Cost of sales	2,260,138	2,048,426
Gross profit	1,162,207	889,919
Engineering, warehousing, and delivery; selling; and administrative and general expenses	809,301	720,604
Operating profit	352,906	169,315
Other income, less other deductions	1,864	5,485
Earnings before federal income tax and extraordinary gain	354,770	174,800
Federal income tax	154,000	77,000
Net earnings before equity in earnings of wholly-owned subsidiaries and extraordinary gain	200,770	97,800
Equity in earnings of wholly-owned subsidiaries:		
The Wellsville Fire Brick Company	49,799	140,297*
New Florence Fire Brick Company	1,852	3,463*
Decrease (increase) in reserve for unrealized profit in inventories	29,856	(22,907)
	81,507	120,853
Net earnings before extraordinary gain	282,277	218,653
Extraordinary gain on sale of property, less $71,000 applicable federal income tax	209,003	-
Net earnings	$ 491,280	218,653

Depreciation and amortization of plant and equipment included in costs and expenses amounted to $68,308 for the year ended September 30, 1966 and $58,442 for the year ended September 30, 1965.

*1965 figures restated - see note 1.

See accompanying notes to financial statements.

Chicago Fire Brick
Annual Reports and

CHICAGO FIRE BRICK COMPANY

Statement of Retained Earnings

Year ended September 30, 1966
with comparative figures for 1965

	1966	1965
Balance at beginning of year	$ 2,174,063	1,969,213
Net earnings for year	491,280	218,653*
	2,665,343	2,187,866
Less cash dividends paid - $4.00 a share in 1966; $1.50 a share in 1965	36,808	13,803
Balance at end of year	$ 2,628,535	2,174,063

See accompanying notes to financial statements.

*1965 figure restated - see note 1.

CHICAGO FIRE BRICK COMPANY

Notes to Financial Statements

September 30, 1966

(1) During the year, the company's two wholly-owned subsidiaries received proceeds under a condemnation award in addition to those received in 1965, and recorded substantially all proceeds (net of applicable litigation expenses) as a reduction in bases of mineral rights purchased to conform to the federal income tax treatment. Consequently, equity in earnings of the subsidiaries for 1965 has been retroactively decreased $19,335.

(2) Under the terms of the 5-1/2% long-term note agreement, the company has agreed, among other things, to maintain an excess of current assets over current liabilities of at least $250,000. At September 30, 1966, current assets exceeded current liabilities by approximately $730,000.

(3) Contributions under a pension plan adopted during the year totalled $16,706 for the year ended September 30, 1966. The unfunded past service liability as of September 30, 1966 is estimated by independent actuaries at approximately $70,000.

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