CHICAGO FIRE BRICK COMPANY

Accountants' Report

Financial Statements - September 30, 1968

PEAT, MARWICK, MITCHELL & CO.

CERTIFIED PUBLIC ACCOUNTANTS

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, 1968 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, 1968 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.

November 21, 1968

CHICAGO FIRE BRICK COMPANY

Balance Sheet

September 30, 1968 with comparative figures for 1967

Assets	1968	1967
Current assets:		
Cash	$ 260,596	448,548
Certificates of deposit	250,000	-
Receivables:		
Trade accounts	543,891	355,866
Due from subsidiaries	9,232	8,842
Current maturities of notes receivable, including $35,800 from subsidiary in 1967	13,000	46,744
Other	6,447	3,626
	572,570	415,078
Less allowance for doubtful receivables	30,000	20,000
Net receivables	542,570	395,078
Inventories, at cost (first-in, first-out) or market:		
Materials for resale	314,320	287,632
Finished goods	85,534	72,282
Raw materials and supplies	130,871	120,260
Total inventories	530,725	480,174
Prepaid expenses	13,900	23,306
Total current assets	1,597,791	1,347,106
Investments and other assets:		
Investment in stock of wholly-owned subsidiaries, at book value of underlying net assets:		
The Wellsville Fire Brick Company	2,209,702	2,141,973
New Florence Fire Brick Company	188,781	190,118
C & W Refractories Limited, including advances: 1968, $33,857; 1967, $47,701	44,735	47,343
Notes receivable, noncurrent:		
Installment note receivable on sale of property	88,000	92,000
6% trade note receivable	-	6,000
Miscellaneous real estate and equipment, at cost less accumulated depreciation: 1968, $6,203; 1967, $5,181	29,541	28,496
Cash surrender value of life insurance (beneficial value $25,000)	14,725	14,275
Total investments and other assets	2,575,484	2,520,205
Property, plant, and equipment, at cost:		
Land	102,320	102,320
Buildings and improvements	630,188	620,994
Machinery and equipment	464,830	435,345
Automobiles and trucks	123,545	109,264
Furniture and fixtures	52,142	45,481
	1,373,025	1,313,404
Less accumulated depreciation	687,650	615,840
Net property, plant, and equipment	685,375	697,564
	$ 4,858,650	4,564,875

Liabilities and Stockholders' Equity	1968	1967
Current liabilities:		
Notes payable:		
4% installment loans on automobiles	$ 4,033	8,8
Current maturities of long-term debt	806	35,8
Accounts payable:		
The Wellsville Fire Brick Company	200,340	202,3
C & W Refractories Limited	-	4,6
Trade and other	119,155	181,0
Accrued expenses:		
Salaries, wages, and commissions	98,165	78,9
Property, payroll, and sales taxes	34,269	37,72
Interest	30,722	25,23
Federal income taxes	202,964	93,26
Total current liabilities	690,454	667,92
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	3,626	-
4% notes payable to New Florence Fire Brick Company, due $100,000 November 13, 1968 (extended to November 13, 1973) and $40,000 September 30, 1970	140,000	140,00
Net long-term debt	143,626	140,00
Reserve and deferred items:		
Reserve for unrealized profit in inventory purchased from subsidiary	71,500	65,0
Deferred profit on sale of real estate	-	1,4
Total reserve and deferred items	71,500	66,4
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	3,064,872	2,802,2
	3,958,020	3,695,
Less treasury stock - 66 shares, at cost	4,950	4,
Total stockholders' equity	3,953,070	3,690,
	$ 4,858,650	4,564,

Note - Contributions under a pension plan totalled $22,870 for the year ended September 30, 1968. The unfunded past service liability as of September 30, 1968 is estimated by indepe actuaries at approximately $54,000.

CHICAGO FIRE BRICK COMPANY

Statement of Retained Earnings

Year ended September 30, 1968
with comparative figures for 1967

	1968	1967
Balance at beginning of year	$ 2,802,264	2,628,535
Net earnings for year	336,224	228,941
	3,138,488	2,857,476
Less cash dividends paid - $8.00 a share in 1968; $6.00 a share in 1967	73,616	55,212
Balance at end of year	$ 3,064,872	2,802,264

See note to balance sheet.