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ANNUAL REPORT

1956

LUFKIN FOUNDRY & MACHINE COMPANY

LUFKIN, TEXAS

DIRECTORS

A. E. CUDLIPP
S. W. HENDERSON, JR.
J. H. KURTH, JR.
E. L. KURTH
L. A. LITTLE
E. P. TROUT
W. W. TROUT
JACQUES WIENER
ELI WIENER

OFFICERS

WALTER W. TROUT.....PRESIDENT
J. H. KURTH, JR.....VICE PRESIDENT
A. E. CUDLIPP.....VICE PRESIDENT
L. A. LITTLE.....VICE PRESIDENT
E. P. TROUT.....VICE PRESIDENT
M. L. WILKINSON.....SECRETARY
W. A. KIRKLAND.....TREASURER
H. L. DYER.....ASSISTANT SECRETARY

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Consolidated Financial Statement

Lufkin Foundry & Machine Co.
Lufkin Foundry & Machine Co., International
Lufkin Machine Co., Ltd., Canada

December 31, 1956

Assets

Current	
Cash on Hand & in Banks	$ 1 166 617 26
Accounts Receivable	2 106 333 97
Notes Receivable	3 099 891 14
Merchandise Inventory	6 370 486 84
	12 743 329 21
Other	
Corporation Stock	51 719 49
Organization Expense	2 639 63
	54 359 12
Fixed	
Real Estate	230 073 17
Plant & Equipment - Net	3 427 986 80
	3 658 059 97
Total Assets	$ 16 455 748 30

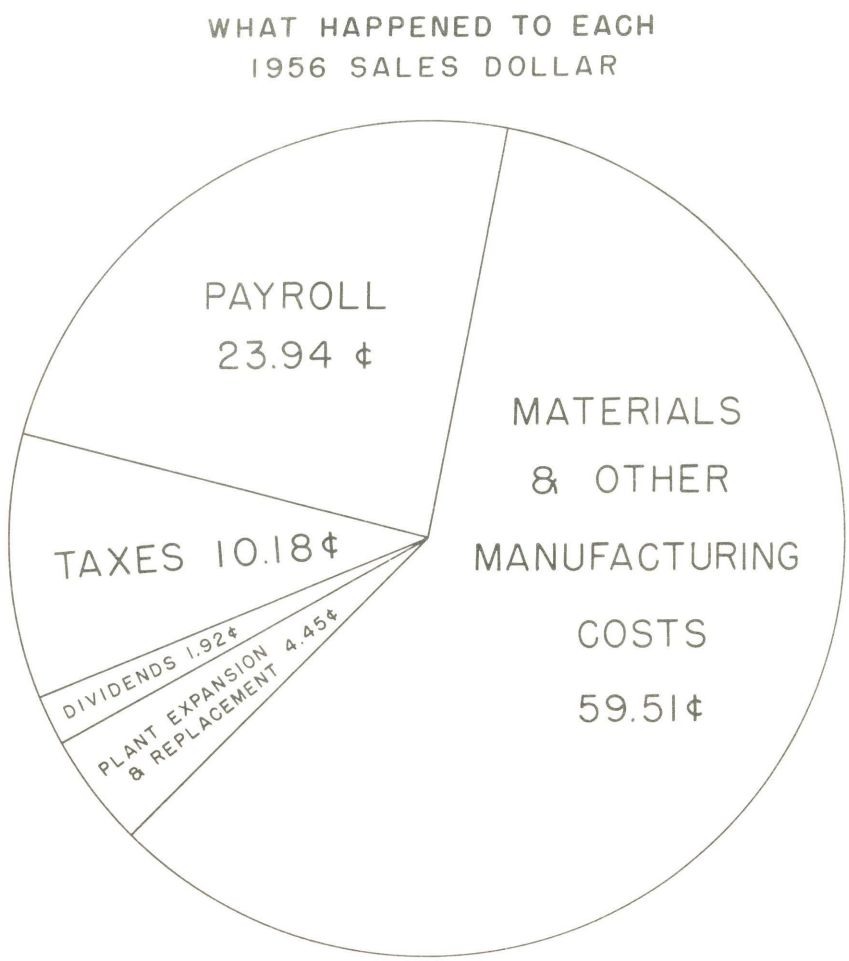
Liabilities & Capital

Current	
Notes Payable	675 000 00
Accounts Payable	754 997 05
Payroll	54 111 16
Accrued Interest	7 680 12
Accrued Taxes	160 920 23
Income Tax 1956 Net	2 269 141 75
Accrued Expenses	2 275 36
	3 924 125 67
Capital	
Capital Stock 85,00 Shares $100. Par	8 500 000 00
Surplus Earned	4 031 622 63
	12 531 622 63
Total Liabilities & Capital	$ 16 455 748 30

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Consolidated Profit & Loss for Year 1956

PROFIT FROM SALES—after deducting cost of sales, selling and administrative expenses but before provision for depreciation.	$5,637,521.53
DEPRECIATION	
Depreciation of plant and equipment	370,419.94
Profit from operations	$5,267,101.59
OTHER INCOME	388,449.61
Net profit before income taxes	$5,655,551.20
PROVISION FOR U.S. AND CANADIAN INCOME TAXES	2,725,759.23
Net profit for the year	$2,929,791.97



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TO THE STOCKHOLDERS:

We are submitting herewith our Balance Sheet and Profit and Loss Statement for the year 1956.

The book value of the stock is approximately $147.00 per share, which includes approximately $6.00 per share in surplus of our two subsidiary companies, Lufkin Foundry and Machine Company International and Lufkin Machine Company Limited. This compares with a consolidated book value of $121.00 a year ago.

The ratio of current assets to current liabilities is 3.25. The company has no long-term indebtedness. The parent company sales totaled $26,431,000.00. Sales of subsidiary companies are not included because of some interdepartmental transactions.

Sales volume increased over the previous year 22% which contributed substantially to our profit improvement. Every major department shared in this increased volume. While our industrial gear business is still not a major item, this volume was doubled over the previous year, and we expect this part of our business to grow substantially in the future.

The total number of people employed is now 1444, an increase of 87 during 1956.

During the year, substantial expenditures for plant and equipment were made. Part of this covered the completion of our new two-acre structural steel and welding shop, as well as an addition to our Trailer Plant. A large part, however, was spent for new machine tools, some of which replaced obsolete equipment, and others to increase capacity and efficiency.

It is the opinion of management that additional substantial capital investments should be made over the next two years, and such a program will be recommended to our Board of Directors.

It must be realized that unsettled world conditions make forecasting hazardous, but we are optimistic for the future and are expecting a larger sales volume in 1957.

Respectfully submitted,

Walter W. Trout
President

February 4, 1957