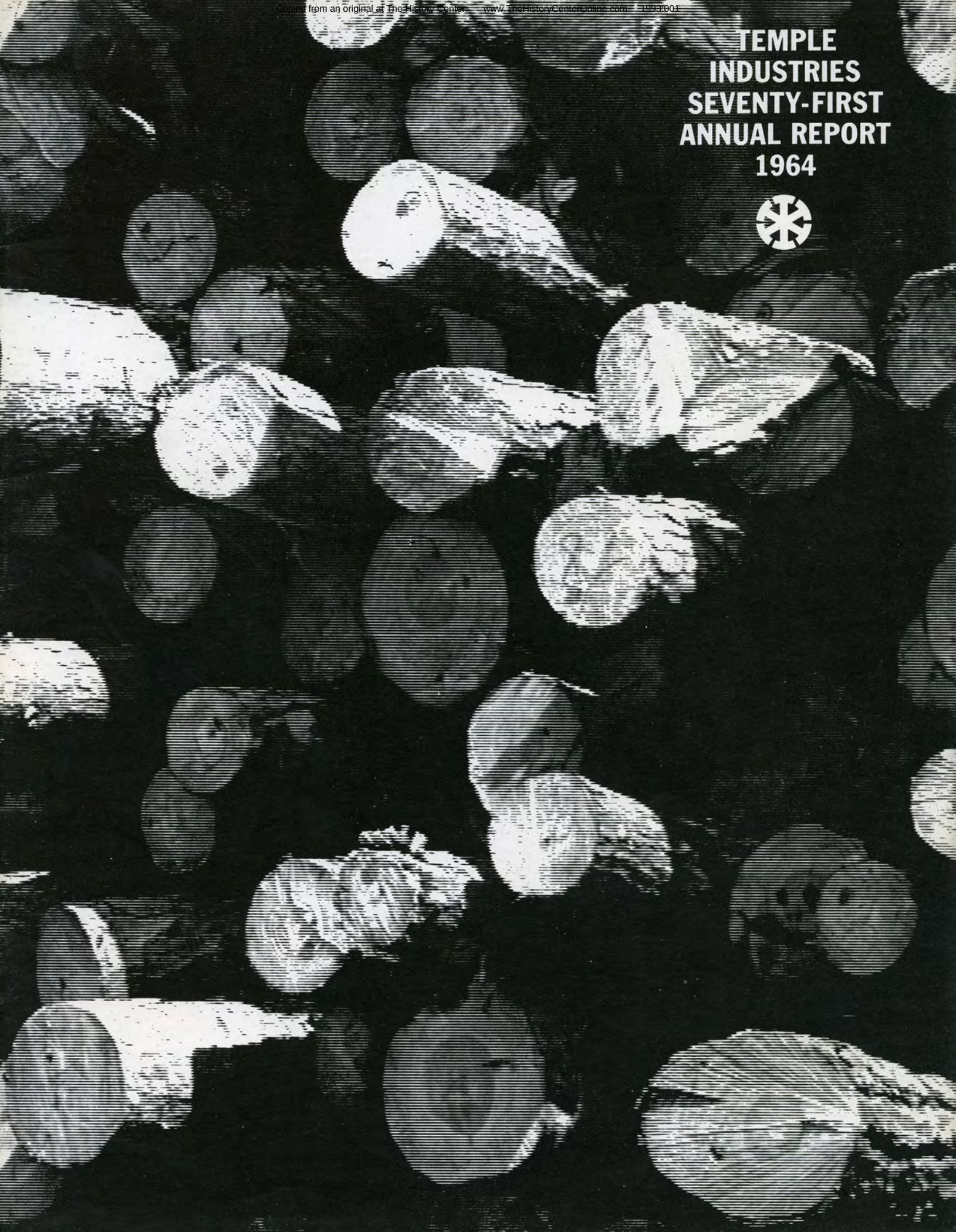
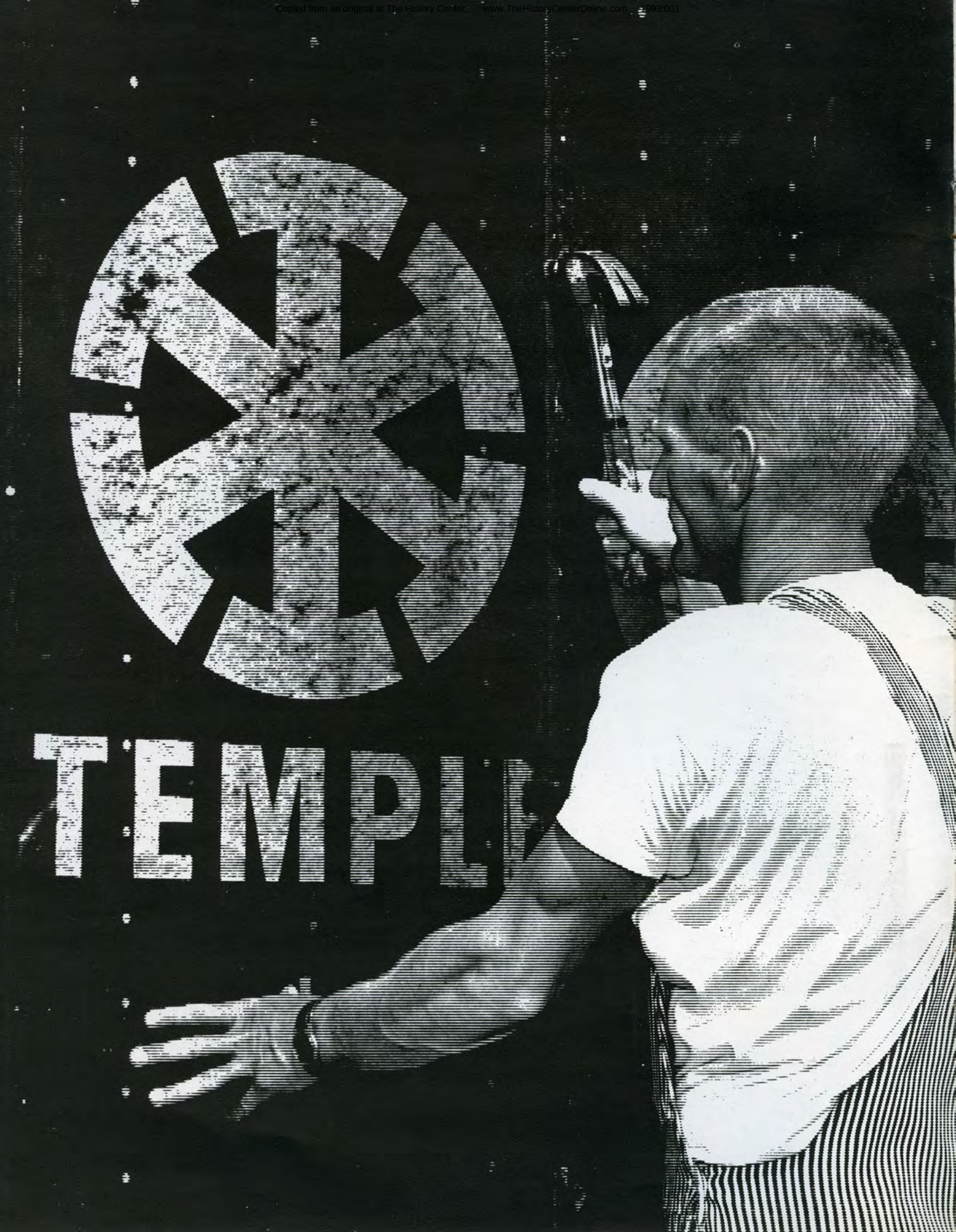
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TEMPLE INDUSTRIES SEVENTY-FIRST ANNUAL REPORT 1964



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Homebuilding and apartment projects provide a ready market for Temple insulating sheathing

TO OUR SHAREHOLDERS:

Substantial accomplishments of our manufacturing divisions are obscured by the severe losses experienced in the reorganization and partial liquidation of The Great Texas Lumber Company and its subsidiaries.

Although sales of The Great Texas Lumber Company, our retailing subsidiary, were reduced approximately $3,500,000, total sales of the entire Company were only $1,240,000 less than 1963. The small decrease in overall sales was the result of continued growth in our manufacturing operations.

Manufacturing operations for 1964 yielded a net profit of $2,665,000 before taxes, which was a record for that Division.

Management has essentially completed the reorganization and retrenchment of The Great Texas Lumber Company and its subsidiaries as approved by the Board of Directors at its meeting in December, 1963. However, losses incurred in accomplishing this objective reduced our overall profit to $724,000 before taxes and $569,000 after taxes. The loss in retail operations was $1,995,000 comprised of the following:

$600,000 from satisfaction or completion of unfavorable contracts and obligations to which we were committed;

$260,000 loss in liquidation of operations terminated;

$480,000 from uncollectible or disputed accounts;

$320,000 from a write-down of inventories, properties and investments; and,

$335,000 operating losses attributable largely to excessive expenses occurring as a result of the activities listed above.

All recognizable charge-offs allowed by our auditors were set up against the year 1964. The number of operating units in the Retail Division was reduced to 25, and the Central Office was moved to Diboll, Texas. Surplus properties resulting from this contraction are being liquidated and may subsequently yield a profit.

Current operations of the Retail Company are modestly profitable and conservative practices and policies are being followed. We are of the opinion that the balance sheet of Great Texas Lumber Company represents a sound statement of its assets and liabilities. We are also of the opinion that the personnel and organization retained in that operation are loyal, capable and eager to demonstrate its profitability.

On the brighter side, almost all of our older major operations achieved budgeted increases and profits. Fiberboard increased its profit by over 23%, in spite of lower product selling prices. Hardwood lumber profits were up over 30%—hardwood flooring 40%. Furniture Parts showed a small increase in profit, while the seat plant, the laminating plant and the treating plant were less profitable than previously. Other operations performed approximately as in the preceding year.

Competition is intense for most of our products and prices

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in almost all cases are below the level of a year ago. Nevertheless, profits from the Southern Pine Lumber Company operations exceeded those of a year earlier by almost 10%.

Our new particleboard plant began operation in June and produced a loss for the year 1964 while markets were being developed. Additional cut-up and remanufacturing facilities are being installed and will be in operation in April, 1965. These additional facilities will allow us to devote our capacity to the more profitable segments of the market. Prospects for a successful operation in 1965 are good.

The Southern Pine Plywood Company, a joint venture with U. S. Plywood Corporation, produced its first southern yellow pine plywood in August, 1964. Initial start-up costs were somewhat higher than expected and the plant has lost money on initial operations up to the present time. As the joint venture's fiscal year ends April 30, 1965, such losses will be reflected in our 1965 statement.

Temple Industries took over plant management responsibility from U. S. Plywood in March, 1965. As operating skills have improved and as "debugging" has progressed, costs have begun to decline and are expected to approach the budgeted forecast soon. The product is excellent and has been received well in the market. We are hopeful that sufficient profits will be realized in the second half of 1965 to offset initial losses. No problems have presented themselves other than those which are common to the start-up of a major new facility.

In February, Temple Industries purchased all outstanding stock of Texas Gypsum Company, making this company a wholly-owned subsidiary. This company manufactures gypsum wallboard and has an annual capacity of 85,000,000 square feet on a ½" basis. Texas Gypsum owns leases on gypsum quarries in southern Oklahoma where it mines its raw material. These deposits are of exceptional purity (96 to 98% pure) and are abundant and accessible.

The problems accompanying the retrenchment and reorganization of The Great Texas Lumber Company have put a severe strain on almost all management personnel for the past year and one-half. The task has been hard, the financial loss large, and the results less than hoped for. Nevertheless, the end is in sight and we take some satisfaction from the fact that we have maintained an over-all profit in both of the years wherein these unusual losses were sustained.

We would like to express our thanks to the loyal, devoted and unselfish employees, directors and stockholders who have shared our burden throughout this difficult year.

W Temple Webber
Chairman of the Board

Arthur Temple
President

Temple studs and dimension add strength to buildings throughout a large part of the United States

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TEMPLE INDUSTRIES, INC. and subsidiaries

Consolidated Statements of Earnings and Retained Earnings

CONSOLIDATED STATEMENT OF EARNINGS

	YEAR ENDED DECEMBER 31, 1964	1963
Net sales	$32,002,046.50	$33,242,436.54
Cost of goods sold	24,958,433.03	25,448,142.77
GROSS PROFIT FROM SALES	$ 7,043,613.47	$ 7,794,293.77
Operating expenses	$ 7,055,677.91	$ 6,686,566.67
	$ (12,064.44)	$ 1,107,727.10
Income from land rentals and oil leases	$ 244,193.59	$ 411,384.69
Profit on sales of property and investments	630,884.01	304,839.02
Interest income	262,438.29	208,190.49
Dividends received	57,587.20	75,969.00
Other income	56,744.77	136,617.69
	1,251,847.86	1,137,000.89
	$ 1,239,783.42	$ 2,244,727.99
Interest expenses	$ 457,880.11	$ 284,413.23
Other expenses	57,242.73	82,944.13
	515,122.84	367,357.36
NET EARNINGS BEFORE TAXES	$ 724,660.58	$ 1,877,370.63
Provision for Federal taxes on earnings—Estimated—Note 7	155,532.87	651,855.64
NET EARNINGS FOR THE YEAR—NOTE 6	$ 569,127.71*	$ 1,225,514.99

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

	1964	1963
Balance at beginning of year—Note 6	$18,348,277.62	$17,958,627.38
Net adjustment for prior years	(40,617.86)	(17,799.75)
	$18,307,659.76	$17,940,827.63
Net earnings for the year	$ 569,127.71	$ 1,225,514.99
Less dividends declared	654,452.00	818,065.00
	$ (85,324.29)	$ 407,449.99
Balance at end of year—Note 6	$18,222,335.47	$18,348,277.62

The accompanying notes to financial statements are an integral part of this statement.

*See Exhibit "A" for details showing basis of consolidation for the year ending December 31, 1964

Orders for pine plywood sheathing like this have demonstrated the ready market for Temple plywood—made in Texas' first plywood plant.

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TEMPLE INDUSTRIES, INC. and subsidiaries

Consolidated Statements of Financial Condition

ASSETS	DECEMBER 31 1964	1963
Current Assets:		
Cash	$ 1,439,369.17	$ 1,779,141.29
Notes and accounts receivable (Less allowance for possible losses—1964—$147,948.51; 1963—$168,152.50)	4,228,712.62	5,592,126.21
Inventories at lower of cost or market	5,310,305.24	6,254,985.33
Real estate for resale and construction contracts in progress—Note 3	818,239.93	1,069,785.00
Prepaid expenses	306,256.11	126,206.79
TOTAL CURRENT ASSETS	$12,102,883.07	$14,822,244.62
Investments and advances—At cost:		
Marketable securities—Note 3	$ 146,641.13	$ 166,213.01
Subsidiaries not consolidated—Notes 1 and 4	1,686,932.52	1,154,928.52
Related companies—Note 4	5,902,311.53	3,955,888.05
Land—Note 3	51,667.73	51,667.73
TOTAL INVESTMENTS	$ 7,787,552.91	$ 5,328,697.31
Property, Plant and Equipment at Cost:		
Buildings, machinery and equipment—Notes 3 and 6	$24,902,509.48	$22,261,835.13
Less accumulated depreciation	11,601,074.46	10,652,469.43
	$13,301,435.02	$11,609,365.70
Land and timber at cost less provision for timber depletion—Note 5	$ 3,095,303.97	$ 3,161,767.18
TOTAL PROPERTY, PLANT AND EQUIPMENT	$16,396,738.99	$14,771,132.88
Other assets, including notes receivable due after one year	$ 1,170,507.28	$ 1,914,495.08
TOTAL ASSETS	$37,457,682.25	$36,836,569.89

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LIABILITIES AND SHAREHOLDERS' EQUITY	DECEMBER 31 1964	1963
Current Liabilities:		
Notes payable due within one year—Note 3	$ 738,304.98	$ 3,471,350.60
Accounts payable, including customers' credit balances	647,944.43	1,301,390.93
Dividends payable	409,032.50	572,645.50
Accrued Accounts:		
Provision for taxes and expenses	672,782.88	892,510.58
Provision for Federal taxes on earnings—Note 7	129,124.03	413,857.66
TOTAL CURRENT LIABILITIES	$ 2,597,188.82	$ 6,651,755.27
Other Liabilities:		
Notes payable due after one year—Notes 3 and 8	$ 8,457,507.96	$ 3,655,887.00
TOTAL LIABILITIES—NOTE 9	$11,054,696.78	$10,307,642.27
Shareholders' Equity:		
Common stock—Authorized 850,000 shares of $10.00 par value; issued and outstanding 818,065 shares	$ 8,180,650.00	$ 8,180,650.00
Retained earnings—Note 6	18,222,335.47	18,348,277.62
TOTAL SHAREHOLDERS' EQUITY	$26,402,985.47	$26,528,927.62
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$37,457,682.25	$36,836,569.89

The accompanying notes to financial statements are an integral part of this statement.

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TEMPLE INDUSTRIES, INC. and subsidiaries

Five Year Summary–Consolidated Statement of Earnings

years ended December 31

	1964	1963	1962	1961	1960
Net sales	$32,002,000	$33,242,400	$27,609,900	$22,581,200	$19,733,400
Other income (Net)	1,251,800	1,137,000	980,100	660,800**	579,800
TOTAL	$33,253,800	$34,379,400	$28,590,000	$23,242,000	$20,313,200
Cost and Expenses:					
Cost of goods sold and expenses except expenses listed below	$30,279,400	$30,567,000	$24,401,200	$19,663,700	$16,873,100
Depreciation	1,289,700	1,218,300*	1,193,700*	1,166,800	1,067,400
Depletion of company timber	255,700	131,800	124,500	188,900	195,600
Purchased timber and logs	335,600	272,300	311,900	226,000	760,200
Property taxes	368,800	312,600	306,100	290,200	278,600
Federal income taxes—Estimated	155,500	651,800	611,400	506,500**	300,000
TOTAL COST AND EXPENSES	$32,684,700	$33,153,800	$26,948,800	$22,042,100	$19,474,900
NET EARNINGS	$ 569,100	$ 1,225,600	$ 1,641,200	$ 1,199,900**	$ 838,300
Dividends declared	654,400	818,100	818,100	818,100	245,400
EARNINGS RETAINED IN THE BUSINESS	(85,300)	407,500*	823,100*	381,800	592,900

*The investment tax credit of $42,000.00 in 1963 and $43,100.00 in 1962, deducted in recording the property and equipment acquired in 1963 and 1962, has been restored in the foregoing statements.

**Excludes special profit item of $5,976,696.10 and $1,494,000.00 in Federal income taxes applicable.

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TEMPLE INDUSTRIES, INC. and subsidiaries

Five Year Summary–Consolidated Statements of Financial Condition

At December 31

ASSETS

	1964	1963	1962	1961	1960
Current Assets:					
Cash	$ 1,439,400	$ 1,779,100	$ 2,494,300	$ 2,629,600	$ 1,457,200
Receivables—Net	4,228,700	5,592,200	4,117,700	4,321,300	2,539,300
Inventories	5,310,300	6,255,000	5,263,400	4,942,000	5,085,800
Real estate for resale	818,200	1,069,800	370,100	353,400	719,100
Prepaid expenses	306,300	126,200	204,600	281,600	132,500
TOTAL CURRENT ASSETS	$12,102,900	$14,822,300	$12,450,100	$12,527,900	$ 9,933,900
Investments and advances—At Cost:					
Marketable securities	$ 146,600	$ 166,200	$ 318,000	$ 281,900	$ 626,100
Subsidiaries not consolidated and related companies	7,589,300	5,110,800	4,058,900	1,318,300	901,900
Land	51,700	51,700	67,000	67,000	
TOTAL INVESTMENTS	$ 7,787,600	$ 5,328,700	$ 4,443,900	$ 1,667,200	$ 1,528,000
Property, Plant and Equipment:					
Buildings, machinery and equipment	$24,902,500	$22,261,800*	$21,502,200*	$20,228,900	$18,739,600
Less accumulated depreciation	11,601,100	10,652,500	9,962,400	8,873,000	8,166,700
	13,301,400	11,609,300	11,539,800	11,355,900	10,572,900
Land and timber	3,095,300	3,161,800	3,564,600	3,509,900	3,623,000
TOTAL PROPERTY, PLANT AND EQUIPMENT	$16,396,700	$14,771,100	$15,104,400	$14,865,800	$14,195,900
Other assets	1,170,500	1,914,500	1,124,900	862,100	1,732,800
TOTAL ASSETS	$37,457,700	$36,836,600	$33,123,300	$29,923,000	$27,390,600

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities:					
Notes payable	$ 738,300	$ 3,471,400	$ 1,483,900	$ 1,292,300	$ 551,300
Accounts payable	647,900	1,301,400	543,700	278,600	602,300
Dividends payable	409,000	572,600	572,600	327,200	245,400
Accrued expenses	672,800	892,500	539,000	306,900	273,100
Provision for Federal taxes on earnings	129,200	413,900	199,900	1,800,500	100,000
TOTAL CURRENT LIABILITIES	$ 2,597,200	$ 6,651,800	$ 3,339,100	$ 4,005,500	$ 1,772,100
Long-term notes payable	$ 8,457,500	$ 3,655,900	$ 3,627,800	$ 659,300	$ 5,254,100
TOTAL LIABILITIES	$11,054,700	$10,307,700	$ 6,966,900	$ 4,664,800	$ 7,026,200
Deferred income			$ 17,100	$ 7,100	$ 38,200
Shareholders' equity	26,403,000	26,528,900*	26,139,300*	25,251,100	20,326,200
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$37,457,700	$36,836,600	$33,123,300	$29,923,000	$27,390,600
Shareholders' equity per share outstanding as of December 31	$ 32.42	$ 32.43	$ 31.90	$ 30.88	$ 24.85
Dividends paid per share	1.00	1.00	.70	.90	.30
Ratio of current assets to current liabilities	4.66	2.23	3.73	3.13	5.61

*Net earnings, $55,600.00 of The Great Texas Lumber Company (Formerly Temple Builders Supply) for the period October 19, 1959 to December 31, 1961 were added to shareholders' equity at January 1, 1962.

The investment tax credit of $42,000.00 in 1963 and $43,100.00 in 1962, deducted in recording the property and equipment acquired in 1963 and 1962, has been restored in the foregoing statement.

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TEMPLE INDUSTRIES, INC. and subsidiaries

Consolidated Statements of Earnings

For the year ended December 31, 1964

EXHIBIT "A"

	TEMPLE INDUSTRIES INC.	THE GREAT TEXAS LUMBER COMPANY AND SUBSIDIARIES	WOODWARD, INC.	FLEISHEL LUMBER COMPANY	ELIMINATIONS	CONSOLIDATED
Net sales	$16,865,900	$11,851,100	$ 1,461,600	$ 3,615,000	$ (1,791,600)	$32,002,000
Cost of goods sold	12,414,800	9,829,200	1,150,600	3,355,500	(1,791,600)	24,958,500
GROSS PROFIT FROM SALES	$ 4,451,100	$ 2,021,900	$ 311,000	$ 259,500		$ 7,043,500
Operating expenses	$ 2,746,800	$ 3,819,600	$ 254,800	$ 234,400		$ 7,055,600
NET INCOME (LOSS) FROM OPERATIONS	$ 1,704,300	$ (1,797,700)	$ 56,200	$ 25,100		$ (12,100)
Income from land rentals and oil leases	244,200					244,200
Profit (loss) in sales of property and investments	676,600	(46,000)	500	(200)		630,900
Interest income	303,500	103,200	1,600	500	(146,300)	262,500
Dividends received	57,600					57,600
Other income (losses)	90,800	(61,300)	24,900	2,300		56,700
	1,372,700	(4,100)	27,000	2,600	(146,300)	1,251,900
	3,077,000	(1,801,800)	83,200	27,700	(146,300)	1,239,800
Interest expense	375,500	194,000	34,700		(146,300)	457,900
Other expenses	35,700		18,800	2,700		57,200
	411,200	194,000	53,500	2,700	(146,300)	515,100
NET EARNINGS (LOSS) BEFORE TAXES	$ 2,665,800	$ (1,995,800)	$ 29,700	$ 25,000		$ 724,700
Provision for federal taxes on income—Estimated	150,000			5,500		155,500
NET EARNINGS (LOSS) FOR THE YEAR	$ 2,515,800	$ (1,995,800)	$ 29,700	$ 19,500		$ 569,200

Intercompany Eliminations:

Sales	$ 1,791,600
Interest	146,300
TOTAL	$ 1,937,900

The new Temple particleboard plant's output has been welcomed by America's furniture manufacturers

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TEMPLE INDUSTRIES, INC. and subsidiaries

Notes To Consolidated Financial Statements

December 31, 1964

NOTE 1 — PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include all active subsidiaries that were wholly owned at January 1, 1964 except a corporation dealing in real estate (Scotch Investment Company), a small newspaper publishing company and a company dealing in oil properties. These companies were not included in the consolidation because of the diversity of their operations. A controlling interest in Texlam, Inc., a small company engaged in the manufacture of laminated beams, was acquired March 1, 1964. This Company has also been omitted from the consolidation because it operated less than one year as a subsidiary.

Intercompany profits remaining in inventories at the beginning and end of the year are relatively insignificant and have not been eliminated. Intercompany sales totaling $1,791,619.73 in 1964 and $2,026,246.22 in 1963 have been eliminated from sales and cost of goods sold. Intercompany interest income and expense of $146,307.99 for the year ended December 31, 1964 was considered material and was therefore eliminated.

NOTE 2 — EVENTS SUBSEQUENT TO DECEMBER 31, 1964

On February 1, 1965 Texas Gypsum Company became a wholly-owned subsidiary of Temple Industries, Inc. as a result of the purchase of an additional 50.1% of the outstanding stock for $200,100.00.

NOTE 3 — ASSETS PLEDGED AS COLLATERAL FOR NOTES PAYABLE

At December 31, 1964, the following assets were pledged as collateral for notes payable in the amounts shown below:

ASSETS PLEDGED	AMOUNT OF ASSETS PLEDGED	AMOUNT OF NOTES PAYABLE
Real estate held for resale	$ 70,588.32	$ 54,100.00
Land, buildings and retail yard sites (Net of accumulated depreciation)	797,747.77	366,801.36
Land sold under a contract of sale that did not convey title to the land— Cost of land charged off in recording sale	None	8,766.78

Marketable securities in the amount of $118,125.32 are pledged to savings and loan associations to secure payment of loans made to customers and employees for purchase of houses from the Company.

NOTE 4 — SUBSIDIARIES NOT CONSOLIDATED AND RELATED COMPANIES

At December 31, 1964, investments in subsidiaries not consolidated and other related companies aggregated $5,007,744.05; the related equities in their net assets, based on the most recent financial statements available, aggregated $4,541,253.58; and advances totaled $2,576,000.00.

NOTE 5 — CONDEMNATION SUITS ON LAND

A number of condemnation suits involving 9,377.65 acres of the Company's land have been filed by the United States Government. The amount to be paid for this land has not been finally determined.

NOTE 6 — REVISION OF FINANCIAL STATEMENTS OF 1963

During the years ended December 31, 1962 and 1963, the Company treated the investment tax credits allowable in the amounts of $45,119.98 and $41,962.54 respectively as a reduction in the cost of equipment purchased. A change in the Internal Revenue Code by the Revenue Act of 1964 permits the inclusion of the Investment Tax Credit as part of the depreciable tax basis of equipment purchased; therefore, the investment tax credit deducted in 1962 and 1963 has been restored to the amounts stated for equipment on the December 31, 1963 statement of financial condition. The statement of earnings for the year ended December 31, 1963, has also been revised to reflect this change.

NOTE 7 — PROVISION FOR FEDERAL TAXES ON EARNINGS

The Consolidated Companies elected to file a consolidated income tax return for the year ended December 31, 1963, and will file a similar return for the year ended December 31, 1964. The inclusion in the consolidated income tax return of subsidiaries not consolidated in the accompanying financial statements will reduce federal taxes on earnings by approximately $58,000.00 for the year ended December 31, 1964. This reduction in federal taxes has been reflected in the financial statements.

Agents of the Internal Revenue Service are examining the federal income tax returns of two of the Consolidated Companies for the year ended December 31, 1962. No material increase in the tax liability of the Companies is expected to result from this examination.

NOTE 8 — LONG-TERM NOTES AND RESTRICTIONS ON RETAINED EARNINGS

Notes payable due after one year include $8,000,000.00 which is unsecured, bears interest at the rate of 5% per annum and has a principal maturity of $616,000.00 annually beginning December 31, 1966. The related loan agreement has certain provisions regarding the payment of dividends, additional borrowed capital, pledged assets, earnings ratios, current ratios, property acquisitions or disposals, additional investments, minimum number of acres of land, quantities of standing timber, and a provision permitting a demand for payment of the notes if certain covenants of the loan agreement are violated. Under the terms of the loan agreement, earnings from which cash dividends may be declared subsequent to December 31, 1964 amounted to approximately $1,100,000.00 plus earnings subsequent to that date.

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As of December 31, 1964, the Company had technically violated certain of the above covenants in amounts summarized as follows:

Pledging assets	$ 6,975.00
Borrowing additional capital	56,250.00
Guaranteeing customers' notes sold with recourse	1,045,091.50
Guaranteeing obligations of another Company	900,000.00

The holders of the notes have waived their recourse for all of these violations until June 30, 1965 and have orally indicated to the management that a permanent waiver will be granted for certain violations which cannot be eliminated by that time.

NOTE 9 — COMMITMENTS AND CONTINGENCIES

The Consolidated Companies were contingently liable as guarantors or endorsers at December 31, 1964 as follows:

As endorsers of notes sold to finance companies and others in the amount of $1,107,000.00.

As guarantors of notes payable of related companies and subsidiaries not consolidated in the amount of $1,194,000.00.

One of the Consolidated Companies is committed to purchase land from an unconsolidated subsidiary at a cost of $105,000.00.

A related company, Texas Gypsum Company, Inc., is currently engaged in litigation to recover damages from six (6) defendants for alleged violations of the Federal "Anti-Trust" Laws. A motion for a counter claim, filed by one of the defendants in this action, against Texas Gypsum Company, Inc., named Temple Industries, Inc., The Great Texas Lumber Company (a consolidated subsidiary) and others as co-defendants. This motion was denied by the Federal District Court in December, 1964. After this motion was denied, this same defendant filed a new lawsuit against Texas Gypsum Company, Inc., and again named Temple Industries, Inc., The Great Texas Lumber Company, and others as co-defendants. This new suit claims $2,450,000.00 as damages against the defendants. Temple Industries, Inc., and The Great Texas Lumber Company intend to deny any liability in this suit. In the opinion of management, based on information received from the Company's counsel, the ultimate disposition of this suit should not result in any significant payment by the Companies.

A suit has been filed against The Great Texas Lumber Company and five other parties for approximately $250,000.00 alleging damages in connection with the construction and financing of an apartment project constructed by Great Texas Building Components (a wholly owned subsidiary of The Great Texas Lumber Company). The Company's counsel believes that the Company has a good and valid defense in this suit.

ADDENDA ADDED BY MANAGEMENT OF TEMPLE INDUSTRIES, INC.

On March 18, 1965, attorneys for Temple Industries, Inc. and The Great Texas Lumber Company advised us that the lawsuits filed by American Gypsum Company, as set out in note 9, above, as a part of our financial statement, had been settled without liability to either company.

We were also advised that Texas Gypsum Company's suit to recover damages from six (6) defendants, described in note 9, above, as part of our financial statement, was being dismissed by agreement and a cash settlement would be paid Texas Gypsum Company.

AXLEY & RODE
Certified Public Accountants
LUFKIN, TEXAS

March 4, 1965

Board of Directors

Temple Industries, Inc., Diboll, Texas

We have examined the consolidated statement of financial condition of Temple Industries, Inc. and Subsidiaries as of December 31, 1964 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 consolidated statement of financial condition and statements of earnings and retained earnings present fairly the financial position of Temple Industries, Inc. and Subsidiaries at December 31, 1964 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Axley & Rode

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