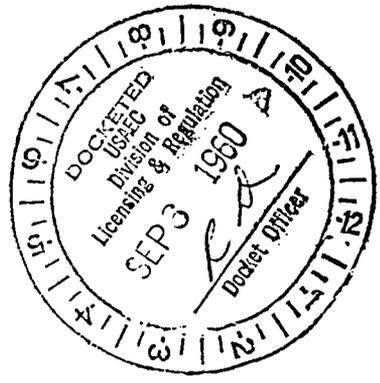


DOCKET NO. 70-90
70-139

ENGELHARD INDUSTRIES, INC.

J. L. G.
EXECUTIVE OFFICES
113 ASTOR STREET
NEWARK 2, N. J.
BIGELOW 3-0030



August 31, 1960
Ref.: Docket Nos. 70-90
70-139

Mr. Lyall Johnson
Chief, Licensing Branch
U. S. Atomic Energy Commission
Div. of Licensing & Regulation
Washington 25, D. C.

Dear Mr. Johnson:

In reply to your letter of July 27th to our Mr. Mittendorf of the D. E. Makepeace Division of Engelhard Industries, Inc., we are pleased to enclose three copies of our Consolidated Financial Statement as of June 30, 1960.

If there is any question about this statement, please address your questions to the undersigned.

Very truly yours,
ENGELHARD INDUSTRIES, INC.

R. P. Pasley
R. P. Pasley
Treasurer

RPP/o
Enc.

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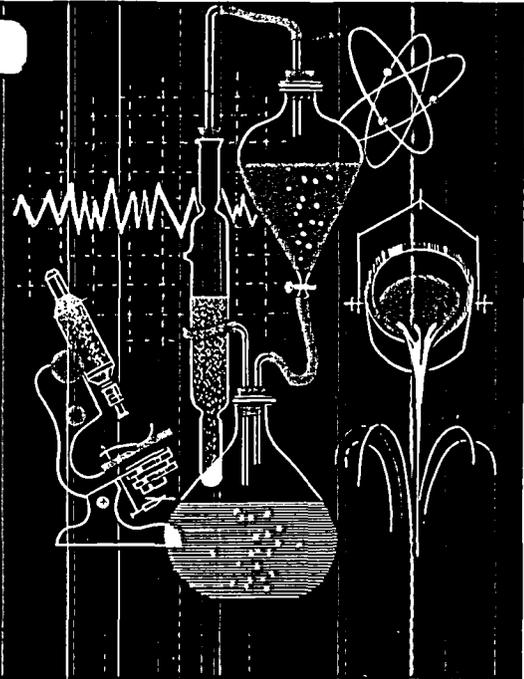
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BUCKET NO.

ENGELHARD

INDUSTRIES, INC.

*Chairman's Report
for the period ending
June 30, 1960*



August 22, 1960

To the Stockholders:

Your Company was incorporated on March 14, 1960. Thereafter, in accordance with a Purchase Agreement dated March 29, 1960, between your Company and Engelhard Hanovia, Inc., the latter company transferred to Engelhard Industries, Inc. its precious metals business and certain other manufacturing operations, and your Company commenced actual operations as of April 1, 1960.

Sales for the three months ended June 30, 1960 amounted to \$28,195,199 and earnings after taxes were \$783,887 or 39¢ per share.

Although your Company commenced operations on April 1, 1960, the financial statements presented herein include a consolidated income statement giving results for the six months ended June 30, 1960. This statement includes, on a pro-forma basis, operations for the three months ended March 31, 1960. Also presented herein is a statement of financial condition as of June 30, 1960. These statements are unaudited and subject to year-end adjustment.

On the pro-forma basis as outlined, net sales of Engelhard Industries, Inc. for the first six months of 1960 were \$67,016,194. Net income after taxes was \$1,789,304, equivalent to 89¢ per share of common stock outstanding as of June 30, 1960.

Because of the character of the Company's business, orders of a substantial nature frequently are worked on in one calendar quarter, with delivery and billing made in subsequent quarters. This, and other factors, may produce results for interim quarterly periods that are not necessarily indicative of results on an annual basis. However, assuming that general business conditions remain on a relatively stable basis, the Com-

pany believes that operations for the balance of the year will be at satisfactory levels in both sales and earnings. The Company's foreign operations are showing substantial growth and further progress is expected in this area. Prices in the precious metals market remained steady at generally high levels and supplies continue adequate for the Company's needs. The market value at June 30, 1960 of the Company's precious metal inventories was approximately \$8,500,000 in excess of the book value of these inventories.

On June 2, 1960, the Company sold 400,000 shares of its common stock in a public offering at a price of \$23 per share, the net proceeds of the issue being approximately \$8,400,000. Of this amount \$5,000,000 has been applied to the reduction of short term domestic borrowings and \$2,000,000 to the reduction of long term bank debt. The balance was applied to the improvement of the Company's working capital position. Consolidated working capital at June 30, 1960 amounted to \$25,267,242.

In accordance with the Company's intentions, as stated in the Prospectus relating to the public offering, the Company has applied for a listing of its shares on the New York Stock Exchange. The Company has been informed by the New York Stock Exchange that the listing has been approved to be made effective on or about September 7.

On August 10, your Board of Directors declared a quarterly dividend of 20¢ per share payable October 10 to stockholders of record as of September 15.

On this occasion of my first report to public shareholders, may I express my appreciation of your confidence in our organization.

Very truly yours,

CHARLES W. ENGELHARD, *Chairman of the Board*

Engelhard Industries, Inc. and Subsidiaries

Statement of Consolidated Financial Condition

As of June 30, 1960

WORKING CAPITAL:

CURRENT ASSETS:

| | |
|----------------------------|---------------------|
| Cash | \$ 3,423,014 |
| Accounts Receivable | 12,916,639 |
| Inventories | 30,638,954 |
| Other Current Assets | 831,341 |
| | <u>\$47,809,948</u> |

LESS:

CURRENT LIABILITIES:

| | |
|--|---------------------|
| Notes Payable to Banks (including current maturities of long term debt and foreign bank overdrafts) | \$14,311,122 |
| Accounts Payable | 4,087,052 |
| Other Current Liabilities | 4,144,532 |
| | <u>\$22,542,706</u> |

| | |
|-----------------------|---------------------|
| Working Capital | <u>\$25,267,242</u> |
|-----------------------|---------------------|

OTHER ASSETS:

| | |
|--|---------------------|
| Property, Plant & Equipment, Less Depreciation | \$14,065,240 |
| Miscellaneous Assets | 342,827 |
| | <u>\$39,675,309</u> |

OTHER LIABILITIES AND MINORITY INTEREST:

| | |
|---|---------------------|
| Long Term Bank Debt—Non Current | \$ 5,700,000 |
| Mortgage Indebtedness—Non Current | 517,582 |
| Minority Interest in Foreign Subsidiaries | 85,840 |
| | <u>\$ 6,303,422</u> |

| | |
|----------------------------|---------------------|
| Stockholders' Equity | <u>\$33,371,887</u> |
|----------------------------|---------------------|

REPRESENTED BY:

| | |
|--|---------------------|
| Common Stock, par value \$1 per share: | |
| Authorized — 4,000,000 shares* | |
| Outstanding — 2,005,490 shares | \$ 2,005,490 |
| Capital Paid-In in excess of Par Value | 30,582,510 |
| Earned Surplus | 783,887 |
| | <u>\$33,371,887</u> |

*100,000 shares reserved for employee options.

Engelhard Industries, Inc. and Subsidiaries

Statement of Consolidated Income *(See Note Below)*

Six Months Ended June 30, 1960

| | |
|--|----------------------------|
| NET SALES | \$67,016,194 |
| COST OF SALES | <u>57,689,603</u> |
| GROSS PROFIT | 9,326,591 |
| SELLING, ADMINISTRATIVE AND GENERAL EXPENSES | <u>5,290,409</u> |
| OPERATING PROFIT | 4,036,182 |
| INTEREST EXPENSE (NET) | 598,588 |
| | <u>3,437,594</u> |
| OTHER INCOME (NET) | <u>137,963</u> |
| INCOME BEFORE TAXES & MINORITY INTERESTS | 3,575,557 |
| PROVISION FOR TAXES ON INCOME: | |
| United States | 1,288,100 |
| Foreign | 489,831 |
| MINORITY STOCKHOLDERS' SHARE OF NET INCOME OF FOREIGN SUBSIDIARIES | <u>8,322</u> |
| | <u>1,786,253</u> |
| NET INCOME <i>(See Note Below)</i> | <u><u>\$ 1,789,304</u></u> |
| PER SHARE OF COMMON STOCK <i>(See Note Below)</i> | <u>\$.89</u> |

NOTE: Since Engelhard Industries, Inc. began operations as of April 1, 1960, the above income statement is pro-forma as to the three months ended March 31, 1960. Of the earnings of \$1,789,304 for the six months ended June 30, 1960, \$1,005,417 represents pro-forma earnings for the period January 1 to March 31, 1960, and \$783,887 (\$.39 per share) represents the earnings of the Company since April 1, 1960, which earnings are reflected in the earned surplus figure as of June 30, 1960 in the accompanying Statement of Financial Condition.

ENGELHARD
I N D U S T R I E S , I N C .
EXECUTIVE OFFICES:
113 ASTOR STREET · NEWARK 2, NEW JERSEY

RECEIVED
SEP 2 1960
U. S. ATOMIC ENERGY COMMISSION
Division of
Licensing & Regulation