

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF NORTH CAROLINA
RALEIGH DIVISION**

IN RE:

CHAPTER 11

LEE BRICK & TILE COMPANY,

CASE NO. 12-04463-8-RDD

Debtor.

**DISCLOSURE STATEMENT OF
LEE BRICK & TILE COMPANY**

NOVEMBER 15, 2012

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**DISCLOSURE STATEMENT OF
LEE BRICK & TILE COMPANY**

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DISCLOSURE STATEMENT OF LEE BRICK & TILE COMPANY

I INTRODUCTION

A. PURPOSE OF DISCLOSURE STATEMENT

Lee Brick & Tile Company (the “Debtor”) is providing this Disclosure Statement (the “Disclosure Statement”) to all of its known creditors as of June 15, 2012, pursuant to Section 1125 of the Bankruptcy Reform Act of 1978 (Pub. L. 95-958), as amended, 11 U.S.C. Sections 101 et seq. (the “Code”), in order to permit each such creditor to make an informed judgment in exercising his right to vote on the Debtor’s Plan of Reorganization dated November 15, 2012 (the “Plan”), described below. The Disclosure Statement is being furnished to all known creditors to inform them about the Plan and their rights with respect thereto.

The purpose of this Disclosure Statement is to provide such information as would enable a hypothetical, reasonable investor typical of the Classes being solicited to make an informed judgment on the Plan. The material herein contained is intended solely for that purpose and is only for the use of known creditors of the named Debtor. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan.

B. SOURCE OF INFORMATION

Except as expressly indicated, the portions of this Disclosure Statement describing the Debtor, its business and the Plan have been prepared from information, materials, and reports furnished by the Debtor. No representations concerning the Debtor or the Plan are authorized by the Debtor other than as set forth in this Disclosure Statement. Any representations or inducements made by any other person to secure your vote other than those contained herein should not be relied upon.

Great effort has been taken by the Debtor to be accurate in this Disclosure Statement in all material respects, but the Debtor is not able to warrant or represent that the information contained herein is without inaccuracy. The Debtor believes, however, that the contents of this Disclosure Statement are complete and accurate.

C. FILING OF REORGANIZATION CASE

On June 15, 2012, the Debtor, Lee Brick & Tile Company, filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of North Carolina as case number 12-04463-8-RDD. The Debtor is a family-owned business whose family ownership stretches back multiple generations. Currently, the Debtor has sixteen shareholders.

Upon the filing of its petition for reorganization, the Debtor became a “debtor-in-possession” under the Code and has operated its businesses from that time until the present.

D. MANNER OF VOTING ON PLAN

Each creditor entitled to vote on the Plan may cast his vote for or against the Plan by completing, dating and signing the Ballot for Accepting or Rejecting the Plan (the “Ballot”) to be mailed to creditors upon approval by the Court of this Disclosure Statement.

Only those votes that actually accept or reject the Plan will be counted.

E. CONFIRMATION OF THE PLAN

1. **Solicitation of Acceptances.** The Disclosure Statement is intended to assist creditors whose claims are impaired in evaluating the Plan and in determining whether to accept or reject the Plan. Under the Code, acceptance or rejection of the Plan may not be solicited unless a copy of the Disclosure Statement after approval by the Court is furnished prior to or concurrently with such solicitation.

2. **Creditors Entitled To Vote on Plan.** Only the votes of classes of creditors whose claims are impaired by the Plan will be counted in connection with confirmation of the Plan. Generally, and subject to the specific provisions of Section 1124 of the Code, this includes any creditor who, under the Plan, will receive less than payment in full in cash of the allowed amount of their respective claim on the “Effective Date” as defined in the Plan. The classes of claims that are impaired by the Plan are the Class 4 claim of Capital Bank, Class 5 claim of Wells Fargo Advisors 9925, Class 6 claim of Wells Fargo Advisors 3517, Class 7 claim of BB&T Loan Services, Class 8 claim of First Bank, Class 9 claim of Capital Bank Unsecured Deficiency Claim, Class 10 claims of Unsecured Creditors, Class 11 claims of Shareholder Interests. Accordingly, the holders of said impaired Classes are entitled to vote on the Plan.

The Ballot to be mailed to creditors upon Court approval of this Disclosure Statement is not a proof of claim. The schedules of claims against the Debtor can be inspected at the Court.

In determining acceptance of the Plan, votes will be counted only if submitted by a creditor whose claim is scheduled by the Debtor as undisputed and non-contingent and liquidated, or who, prior to Confirmation, has filed with the Court a proof of claim that has not been disallowed, disqualified or suspended prior to computation of the vote on the Plan.

3. **Acceptances Necessary To Confirm Plan.** At the confirmation hearing to be set for the Plan, the Court must determine, among other things, whether the Plan has been accepted by Classes 4 through 11, claimants whose claims or interests are impaired by the Plan. An impaired class will be deemed to have accepted the Plan if: (i) at least two-thirds in amount and (ii) more than one-half in number of the allowed claims of Class members who have voted on the Plan have voted to accept it. Creditors that have several claims in the same class are entitled to only one vote. If there is less than unanimous acceptance of the Plan by any impaired Class holders of claims, each non-accepting Class will be deemed to have accepted the Plan only if the Court determines that under the Plan members of that Class will receive property of a value

(as of the Effective Date) that is not less than the amount such Class members would receive or retain if the Debtor was liquidated under Chapter 7 of the Code as of the Effective Date.

The Court may confirm the Plan, even if the Plan is not accepted by all the impaired Classes provided the Court finds that the Plan (1) was accepted by at least one impaired Class and (2) does not discriminate unfairly against and is fair and equitable as to all non-accepting impaired Classes. Section 1129, the “cram-down” provision of the Code, provides that unless all members of the non-accepting impaired Classes receive the full value of their respective claims that no Class with junior liquidation priority may receive anything on account of that Class's pre-petition claim(s). The Debtor intends to rely on these “cram-down” provisions, if necessary, in seeking confirmation of the Plan.

DEBTOR BELIEVES THAT THE PLAN IS FEASIBLE AND IN THE BEST INTEREST OF THE DEBTOR AND EACH CLASS OF CREDITORS.

**II
NATURE OF DEBTOR’S BUSINESS**

Lee Brick & Tile Company is a North Carolina corporation, with its principal office located in Sanford, North Carolina. The Debtor was founded in 1946 and has historically been one of the leading brick manufacturers in North Carolina. The Company has four manufacturing facilities in Sanford, which were installed in 1972 (Plant 1), 1982 (Plant 2), 1998 (Plant 3) and 2006 (Plant 4). Currently, the Debtor manufactures the majority of its bricks at Plant 3 and Plant 4. The Debtor’s real and personal property associated with Plant 4 is encumbered by a lien in favor of Capital Bank; however, the real property collateral of the Capital Bank relating to Plant 4 encompasses only the 37 acres on which the actual Plant 4 manufacturing facility is located. The collateral of Capital Bank does not include any of the real property surrounding the actual Plant 4 manufacturing facility where the “feedstock” inventory utilized in Plant 4 operations is located. The Debtor’s real and personal property comprising Plant 1, Plant 2 and Plant 3 are unencumbered.

The Debtor’s business operation involves manufacturing bricks. The Debtor’s fiscal year ends on November 30th of each calendar year. Attached to this Disclosure Statement as **Exhibit 1** and incorporated herein as if fully set forth at length are the Debtor’s compiled Financial Statements and Supplementary Information for the years ended November 30, 2011 and November 30, 2010.

Prior to the filing of this Chapter 11 proceeding, the Debtor attempted to restructure its obligations to Capital Bank on a long-term basis. The Debtor was not able to achieve such long-term restructuring.

**III
OPERATIONS UNDER CHAPTER 11**

During the Chapter 11 case, the Debtor, as debtor-in-possession, has successfully continued its regular operations post-petition and has continued to maintain and preserve its real

property assets. The Debtor has operated in accordance with the terms and provisions of the cash collateral order entered by the Court on August 23, 2012 (the "Cash Collateral Order"). The terms and provisions of the Cash Collateral Order have been continued with the consent of the parties through the date of any Confirmation Hearing on the Debtor's Plan of Reorganization. Pursuant to the terms and provisions of the Cash Collateral Order, the Debtor has provided information to Capital Bank and the Bankruptcy Administrator's Office regarding the brick inventory of the Debtor and the accounts receivable of the Debtor.

The Debtor has also been required to file Monthly Operating Reports with the Bankruptcy Court. These reports are on file in this case with the United States Bankruptcy Court Clerk's office. Don W. Perry will continue as President of the Reorganized Debtor under the terms of Debtor's Plan of Reorganization, after Plan Confirmation, for Plan implementation, consummation and operational purposes.

The Debtor intends to continue its manufacturing and sales operations. Depending on the demand and sales for particular types of brick, the Debtor currently shifts its operations between Plant 3 and Plant 4, and intends to do so for the foreseeable future. In order to conserve costs and expenses while the Debtor continues its efforts to increase its sales, the Debtor intends to cease production during certain winter months. Currently, the Debtor intends to cease production during January and February of 2013.

IV SUMMARY OF PLAN OF REORGANIZATION

The following is a brief summary of certain provisions of the Plan and is qualified in its entirety by the full text of the Plan. **This Summary Should Not Be Relied On For Voting Purposes In Lieu Of A Thorough And Comprehensive Review Of The Actual Plan Itself. The Summary Does Not Purport To Be Complete. Creditors And Equity Interest Holders Are Urged To Read The Plan To Ascertain The Effect Of The Plan On Their Claims And Interests And The Other Provisions Of The Plan. Creditors And Equity Interest Holders Are Further Urged To Consult With Their Attorneys, Tax Advisors, Financial Consultants, Or Other Professionals In Order To Understand More Fully The Plan Or The Effect Of The Plan As To Their Particular Situation.**

Creditors are urged to read carefully the full text of the Plan. The Plan, if confirmed, will be binding on the Debtor, its creditors and any other affected parties.

Treatment of Claims

Debtor's Plan of Reorganization classifies claims into 11 Classes of creditors. The first three classes relate to costs of administration and priority claims under the Bankruptcy Code, and the treatment of each is governed by specific provisions of the Bankruptcy Code. Classes 4 through 8 relate to classes that are treated as secured creditor classes. Class 9 relates to the Unsecured Deficiency Claim of Capital Bank. Class 10 relates to allowed unsecured creditor claims. Class 11 relates to Shareholder Interests.

The Class 9 unsecured deficiency claim of Capital Bank is classified separately from the remaining Class 10 unsecured claims based on the substantial and legitimate differences in such claims. Capital Bank is a secured creditor with a right to elect under 11 U.S.C. §1111(b)(2) to be treated as fully secured by the Debtor. This is a right that the Class 10 claimants do not have. The Class 10 claimants are trade creditors that have an expectation of being repaid within a relatively short time period. In addition, the treatment of the two classes are different as well. Under the Plan, Class 9 is entitled to receive a higher interest rate than Class 10. Additionally, Class 9 benefits from the existence of the LOC Reserve (as defined in Section 1.23 of the Plan).

The Plan provides for the payment of all allowed, non-insider creditor claims in full. Any deferred payments are subject to an applicable interest rate component, such that each creditor will receive the present value of its respective claim in full.

The following claims are treated as **not impaired**:

A. Class 1 (Administrative Claims) is comprised of costs and expenses of administration as defined in paragraph 1.1 of the Plan.

The Plan provides that any Class 1 administrative claims shall be paid in cash in full on the Effective Date or upon entry of an Order allowing such Administrative Claim, whichever is later, except that professional fees and expense reimbursements shall be paid in cash in full upon entry of an Order allowing the same, or pursuant to any agreement between the Debtor and the holder of a Class 1 Allowed Claim.

B. Class 2 (Priority Claims) is comprised of claims entitled to priority under Sections 507(a)(3), 507(a)(4), 507(a)(5), 507(a)(6), or 507(a)(7) of the Bankruptcy Code, if any.

The Plan provides that any Class 2 priority claims will be paid in cash in full within (20) days of the Effective Date.

C. Class 3 (Tax Claims) is comprised of all liquidated unsecured tax claims of governmental units against the Debtor or its property entitled to priority under Section 507(a)(8) of the Code.

The Plan provides that all Class 3 tax claims entitled to priority under Section 507(a)(8) of the Code will be paid in full over a period ending not later than five (5) years after the Petition Date (which is the same date the order for relief was entered) in deferred cash payments having a value, as of the Effective Date, equal to the allowed amount of such respective claim(s).

The following claims are treated as **impaired**:

D. Class 4 (Capital Bank) is comprised of secured claim of Capital Bank in the amount of \$8,500,000.00 (which represents the value of its collateral set forth below), as evidenced by a Promissory Note dated September 22, 2005 in the original principal amount of \$20,000,000.00, together with a Change In Terms Agreement dated March 28, 2008 in the

original principal amount of \$18,202,028.77 and a Change In Terms Agreement dated December 22, 2009 in the original principal amount of \$15,579,053.25, and secured by:

(i) a first priority security interest in the 37.69 acre easement and building known as Plant #4 and Grinding Room, which is a portion of Debtor's Real Property, as reflected by that Construction Deed of Trust Securing Future Advances executed by the Debtor in favor of Capital Bank dated September 23, 2005 and recorded on September 23, 2005 in Book 00993, Page 0417 of the Lee County Register of Deeds; and

(ii) a UCC-1 Financing Statement No. 20050093737H filed August 29, 2005 (the "Financing Statement") with the North Carolina Secretary of State and recorded in Book 00993, Page 0430, Lee County Register of Deeds, with the collateral being "All plant equipment, fixtures, and inventory proceeds now owned or hereafter acquired all accessions, additions, replacements, and substitutions relating to any of the foregoing; all records of any kind relating to any of the foregoing; all proceeds relating to any of the foregoing (including insurance, general intangibles and other accounts proceeds) by Debtor for Plant #4 located at 37.69-acre portion of the larger 309.50 acre tract located on the west side of US Highway 15/501, approximately 1.50 miles north of its intersection with US Highway 1, Sanford, NC 27330."

The Plan provides that the Class 4 claims of Capital Bank shall be treated as follows:

(a) Capital Bank shall have an allowed secured claim in the amount of \$8,500,000.00 (the "Capital Bank Indebtedness").

(b) Capital Bank shall retain its liens in the Plant #4 Personal Property, as defined in paragraph 1.27, and in the Plant #4 Real Property, as defined in paragraph 1.28.

(c) The Capital Bank "Principal Balance", as defined in Paragraph 4.4, shall accrue no interest from the Petition Date to the Confirmation Date;

(d) The outstanding balance of the Class 4 Capital Bank Indebtedness, shall be calculated on a non-default basis as of the Confirmation Date (the "Capital Bank Aggregate Balance");

(e) The Capital Bank Aggregate Balance shall be amortized for twenty-five (25) years at the fixed simple interest rate of 4.5% per annum with payments made on a quarterly basis with the first payment due on March 31, 2013;

(f) No pre-payment penalty shall apply to the repayment of the Capital Bank Class 4 secured claim;

(g) The outstanding balance of the Capital Bank Aggregate Balance shall be due and payable seven years from the Effective Date.

(h) **Alternative Option.** In lieu of the treatment set forth above, Capital Bank may elect treatment as afforded by Section 1111(b) of the Bankruptcy Code by written notice delivered to Debtor's counsel prior to: (1) the conclusion of the hearing on the Disclosure Statement, or (2) if the Disclosure Statement is conditionally approved and a final hearing on the Disclosure Statement is not held, by the date set by the Court for filing objections to the Disclosure Statement. In the event such an election is timely made:

(i) The claim of Capital Bank shall be deemed an allowed secured claim, secured by the existing liens of Capital Bank in the Plant #4 Personal Property, as defined in paragraph 1.27, and in the Plant #4 Real Property, as defined in paragraph 1.28;

(ii) The portion of such claim determined to be secured within the meaning of Section 506(a) shall: (a) bear simple interest at the fixed rate of 4.5% per annum, and (b) be paid in equal monthly installments commencing on the first day of the calendar month following the Effective Date based upon an amortization schedule of thirty (30) years, and continuing thereafter until paid in full. The total of the stream of payments under this repayment schedule will exceed the amount of the Capital Bank's Section 1111(b) Allowed Secured Claim;

(iii) The total payments made on the secured portion of such claim shall be equal to the present value of the secured portion of such claim, and the payment of such amount shall be in full and complete satisfaction of any and all administrative, secured, or unsecured claims against the Debtor or property of the Debtor.

E. Class 5 (Wells Fargo Advisors 9925) is comprised of the secured claim of Wells Fargo Advisors, having an approximate balance at Petition Date totaling \$686,017.42, secured by a Securities Account ending in 9925 with a balance as of May 31, 2012 in the amount of \$1,335,406.55.

The Plan provides that the Class 5 claims of Wells Fargo Advisors 9925 shall be treated as follows:

(a) Wells Fargo Advisors shall retain its secured creditor rights in the Lee Brick & Tile FS-CG & I Account;

(b) Wells Fargo Advisors will continue to be paid in the same monthly manner, and consistent with the same interest rate provisions in effect on the Petition Date;

(c) Notwithstanding anything in the account/relationship documents between Wells Fargo Advisors and the Debtor to the contrary, and notwithstanding any provisions of this Plan to the contrary, Wells Fargo Advisors shall not liquidate or satisfy the margin account balance, other than as provided in (a) and (b) above, for a time period of 24 months from the Effective Date.

F. Class 6 (Wells Fargo Advisors 3517) is comprised of the secured claim of Wells Fargo Advisors, having an approximate balance at Petition Date totaling \$303,491.05, secured by

a Securities Account ending in 3517 with a balance as of May 31, 2012 in the amount of \$671,479.70.

The Plan provides that the Class 6 claims of Wells Fargo Advisors 3517 shall be paid as follows:

(a) Wells Fargo Advisors shall retain its secured creditor rights in the Lee Brick & Tile Self Directed Account;

(b) Wells Fargo Advisors will continue to be paid in the same monthly manner, and consistent with the same interest rate provisions in effect on the Petition Date;

(c) Notwithstanding anything in the account/relationship documents between Wells Fargo Advisors and the Debtor to the contrary, and notwithstanding any provisions of this Plan to the contrary, Wells Fargo Advisors shall not liquidate or satisfy the margin account balance, other than as provided in (a) and (b) above, for a time period of 24 months from the Effective Date.

G. Class 7 (BB&T Loan Services) is comprised of the secured claim of Branch Banking & Trust Company ("BB&T"), having an approximate balance at Petition Date in the amount of \$23,245.64 (per Proof of Claim No. 3), as evidenced by a Retail Installment Sale Contract dated October 14, 2011 in the original principal amount of \$25,705.00, secured by a lien on the title to a 2009 Chevrolet Traverse, VIN #IGNER23D89S176826, owned by the Debtor.

The Plan provides that the Class 7 claims of BB&T Loan Services shall be paid as follows:

(a) BB&T shall retain its security interest as evidenced by its lien on the title on Debtor's 2009 Chevrolet Traverse;

(b) The BB&T loan shall be decelerated, as necessary, and treated as a current, non-default loan, with application of the contract, non-default, rate of interest through the Effective Date;

(c) The outstanding balance of the Class 7 BB&T claim shall be calculated on a non-default basis as of the Effective Date (the "BB&T Aggregate Balance");

(d) Debtor shall commence making payments on the Class 7 claim following the third full month after the Effective Date ("Payment Start Date"). The Promissory Note Maturity Date (the "Extended Maturity Date") shall be extended by twelve (12) months. The BB&T Aggregate Balance shall be reamortized on the Payment Start Date through the Extended Maturity Date in equal monthly payments (the "New Class 7 Monthly Payment"). Thereafter, Debtor shall make the New Class 7 Monthly Payments until the Extended Maturity Date. On the Extended Maturity Date, any outstanding balance under BB&T Aggregate Balance shall be due and payable in full;

- (e) No pre-payment penalty shall apply to the repayment of the BB&T Class 7 Claim.

H. Class 8 (First Bank) is comprised of the secured claim of First Bank, having an approximate balance at Petition Date in the amount of \$21,937.11 (per Proof of Claim No. 4), as evidenced by a Promissory Note dated October 14, 2011 in the original principal amount of \$24,900.20, secured by a lien on the title to a 2012 Chevrolet Equinox, VIN #2GNALBEK0C1146352, owned by the Debtor.

The Plan provides that the Class 8 claims of First Bank will be treated as follows:

- (a) First Bank shall retain its security interest as evidenced by its lien on the title on Debtor's 2012 Chevrolet Equinox;
- (b) The First Bank loan shall be decelerated, as necessary, and treated as a current, non-default loan, with application of the contract, non-default, rate of interest through the Effective Date;
- (c) The outstanding balance of the Class 8 First Bank claim shall be calculated on a non-default basis as of the Effective Date (the "First Bank Aggregate Balance");
- (d) Debtor shall commence making payments on the Class 8 claim following the third full month after the Effective Date ("Payment Start Date"). The Promissory Note Maturity Date (the "Extended Maturity Date") shall be extended by twelve (12) months. The First Bank Aggregate Balance shall be reamortized on the Payment Start Date through the Extended Maturity Date in equal monthly payments (the "New Class 8 Monthly Payment"). Thereafter, Debtor shall make the New Class 8 Monthly Payments until the Extended Maturity Date. On the Extended Maturity Date, any outstanding balance under First Bank Aggregate Balance shall be due and payable in full;
- (e) No pre-payment penalty shall apply to the repayment of the First Bank Class 8 Claim.

I. Class 9 (Capital Bank Unsecured Deficiency Claim) is comprised of all general unsecured allowed claims of Capital Bank consisting of its deficiency claim, arising from its Class 4 Secured Claim being undersecured. This claim represents the difference between Capital Bank's claim at the Petition Date as set out in its Proof of Claim, Claim #1 filed on June 27, 2012, in the amount of \$13,395,490.39, less its allowed Class 4 \$8,500,000.00 secured claim (\$4,895,490.39).

The Plan provides that the Class 9 claims of Capital Bank be treated as follows:

- (a) The Capital Bank Unsecured Deficiency Claim shall accrue interest at the federal judgment rate as of the Effective Date, plus one percent (1%);

(b) Debtor shall pay to Capital Bank beginning on the first anniversary of the Effective Date, seventy-five percent (75%) of its Net Operating Income, as defined in Paragraph 1.25;

(c) Until the Class 9 claim is paid in full, Debtor shall make a minimum payment to Capital Bank, including in the calculation credit any application of the Net Operating Income payment pursuant to subparagraph (b) above, as follows:

1st - 4th payment years - \$100,000.00 each year;
5th - 9th payment years - \$250,000.00 each year;
10th-14th payment years - \$300,000.00 each year.

If necessary, such payment shall be made from the LOC Reserve.

(d) Any outstanding unpaid balance of the Capital Bank Unsecured Deficiency Claim shall be paid in full on the fifteenth anniversary of the Effective Date.

(e) In the alternative, and at the sole election of Capital Bank, Capital Bank may elect to receive in full satisfaction of the Class 9 Capital Bank Unsecured Deficiency Claim the amount of two million dollars (\$2,000,000.00) in full satisfaction of its Class 9 claim (the "Payoff Election"). Such Payoff Election must be made by Capital Bank within thirty (30) days of the Plan Effective Date. In the event Capital Bank timely makes the Payoff Election, the \$2,000,000.00 payment in full satisfaction of the Class 9 claim will be made within 150 days of the Payoff Election date.

(f) In the event Capital Bank makes the election contained in 11 U.S.C. §1111(b) with respect to its Class 4 claim, it shall have no Class 9 claim.

J. Class 10 (Unsecured Creditors) is comprised of all general unsecured Allowed Claims of whatever nature and description against the Debtor.

The Plan provides that the Class 10 claims of general unsecured allowed claims shall be paid on a 100% of allowed claims, from Net Operating Income in twelve (12) equal monthly installments, with the first installment being paid thirty (30) days from the Effective Date. The Class 10 unsecured claims shall accrue interest at the federal judgment rate as provided in 28 U.S.C. §1961.

K. Class 11 (Shareholder Interests) is comprised of all ownership interests of the shareholders of the corporation.

The Plan provides that the Class 11 claims of Shareholder Interests shall be retained and preserved, subject and subordinate to Debtor's compliance with the treatment provisions for Class 4, 5, 6, 7, 8, 9, and 10 creditors. Subject to such subordination, the Reorganized Debtor reserves the right and authorization to issue any preferred stock or debt equity instrument in support or recognition of any stockholder contribution by way of the LOC Reserve defined in paragraph 1.23, or otherwise.

V

SOURCE OF FUNDING FOR PLAN AND METHOD OF DISTRIBUTIONS

A. **Source of Funding for Plan.** Payments provided under the terms of the Plan shall be made from those monies remaining after satisfaction of Class 1, Class 2, and Class 3, and after debt service payments as otherwise provided in the Plan, and after payment of normal operating expenses and retention of sufficient operating reserve of the Reorganized Debtor, derived from the following sources: (i) Debtor's Cash on Hand at Effective Date; (ii) net sale proceeds from any other Retained Assets designated for sale as provided in the terms of this Plan; (iii) revenues from the business operations of the Reorganized Debtor; (iv) net proceeds from Debtor's collection of accounts receivable and tax refunds, if any; (v) net proceeds from recoveries of Designated Litigation, if any, and (vi) voluntary capital contributions from shareholders or loans from a shareholder(s) made on a basis subordinate to the interests of Class 4, 5, 6, 7, 8, 9, and 10 allowed claims.

B. **Retention of Properties and Continuation of Business Operations.** The Reorganized Debtor shall retain all properties, both real and personal. The Reorganized Debtor shall continue its business operations in regular course of its business.

C. **Method of Distribution.** The Reorganized Debtor shall make all disbursements to creditors under the Plan. The Disbursing Agent shall make periodic disbursements to Class 10 creditors consistent with the provisions of paragraph 6.7 of the Plan.

D. **Designated Litigation.** Debtor shall continue or commence any causes of action, any collection actions or Bankruptcy Causes of Action in the Bankruptcy Court, as practicable and in its sole discretion, necessary in furtherance of its Plan implementation and Means of Execution provisions. Litigation costs, fees and expenses incurred pursuant to these Designated Litigation provisions, shall be treated as, and be deemed to be, a Class 1 Cost of Administration Expense and paid from funds on hand retained by the Reorganized Debtor, or from available Net Operating Income or litigation recoveries.

E. **Procedure for Payment of Professional Fees and Expense Reimbursement.** Current counsel for the Debtor and Reorganized Debtor, and the current Court approved accountants for the Debtor and Reorganized Debtor shall not be subject to the fee application process for services rendered post-confirmation in furtherance or implementation of the confirmed Plan.

F. **Exemption from Transfer Taxes.** Pursuant to section 1146(c) of the Bankruptcy Code, the issuance, transfer or exchange of notes or equity securities under the Plan, the creation of any mortgage, or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any instrument of transfer under, in furtherance of, or in connection with the Plan, including, without limitation, deeds, or bills of sale or assignments of personal property executed in connection with any of the transactions contemplated under the Plan, will not be subject to any stamp, real estate transfer, mortgage recording, sales, use or other similar tax. All sale transactions consummated by the Debtor and approved by the Bankruptcy Court on and after the Petition Date through and including the Effective Date, including, without

limitation, the sale by the Debtor of owned property pursuant to section 363(b) of the Bankruptcy Code and the assumption, assignment and sale by the Debtor of unexpired leases of non-residential real property pursuant to section 365(a) of the Bankruptcy Code, will be deemed to have been made under, in furtherance of, or in connection with the Plan and, thus, will not be subject to any stamp, real estate transfer, mortgage recording or other similar tax. In addition, each of the relevant state or local governmental officials or agents will forego the collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment consistent with the applicable provisions of this Plan.

G. **Right to Reopen Case after Entry of Final Decree.** The Reorganized Debtor shall have the right to reopen the Case after the entry of a Final Decree, automatically without cost, upon the filing of a Motion to Reopen, in his discretion, for the sole limited purpose of (i) approval of a sale free and clear of liens of the Real Property designated for sale under this Plan, (ii) approval of a long term capital lease(s) of the real Property, (iii) entry of any order in aid of consummation of the Plan, or a sale or lease contemplated in the confirmed Plan of Reorganization, and (iv) approval of an extension of the Initial Marketing Period pursuant to Paragraph 7.3 of the Plan.

H. **No Representations or Warranties Concerning Tax Attributes/Consequences.** Neither Debtor nor the Reorganized Debtor make any representations or warranties to any creditor of the Debtor concerning the tax consequence of confirmation of this Plan of Reorganization, the effect of this Chapter 11 case, or as to the status of tax attributes of the Debtor or Reorganized Debtor.

VI MODIFICATION OF PLAN

A. **Modification Prior to Confirmation.** Modifications to the Plan may be proposed in writing by the Debtor, at any time before the Confirmation Date, provided that such plan, as modified meets the requirements of Sections 1122 and 1123 of the Code, and the Debtor shall have complied with Section 1125 of the Code.

B. **Modification After Confirmation.** The Plan may be modified at any time after the Confirmation Date and before its Substantial Consummation, if such Plan, as modified, meets the requirements of Sections 1122 and 1123 of the Code, and the Bankruptcy Court, after notice and hearing, confirms such Plan, as modified, under Section 1129 of the Code and the circumstances warrant such modification.

C. **Deemed Acceptance or Rejection of Modification.** A holder of a claim or interest that has accepted or rejected the Plan shall be deemed to have accepted or rejected, as the case may be, the Plan as modified, unless such holder files a notice to the contrary, within the time period for such notice fixed by the Court.

VII FEDERAL INCOME TAX CONSEQUENCES

A. Federal Income Tax Consequences to Creditors and Equity Holders. The Debtor believes that the following discussion generally sets forth the Federal income tax consequences to creditors upon confirmation and consummation of the Plan. No ruling has been sought or obtained by the Debtor from the Internal Revenue Service ("IRS") with respect to any of these matters. The following discussion of Federal income tax consequences is not binding on the IRS and is general in nature. No statement can be made herein with respect to the particular Federal income tax consequences to any creditor.

AS A RESULT OF THE COMPLEXITY OF THE APPLICABLE PROVISIONS OF THE INTERNAL REVENUE CODE, EACH CREDITOR AND EQUITY HOLDER IS URGED TO CONSULT ITS OWN TAX ADVISOR IN ORDER TO ASCERTAIN THE ACTUAL TAX CONSEQUENCES TO IT, UNDER FEDERAL AND APPLICABLE STATE AND LOCAL LAWS, OF CONFIRMATION AND CONSUMMATION OF THE PLAN.

There are certain anticipated U.S. Federal Income Tax consequences of the transactions proposed by the Plan to the Debtor and holders of Claims and interests that are impaired under the Plan. This summary is provided for informational purposes only and is based on the Tax Code, Treasury regulations promulgated thereunder, judicial authorities, and current administrative rulings and practice, all as in effect as of the date hereof and all of which are subject to change or differing interpretations, possibly with retroactive effect. It does not address all aspects of federal income taxation that may be relevant to the Debtor or to a particular holder of a Claim or interest in light of its particular facts and circumstances or to certain types of holders of Claims subject to special treatment under the Tax Code.

Creditors and equity holders may be taxed on distributions they receive from the estate. The amount of the income or gain, and its character as ordinary income or capital gain or loss, as the case may be, will depend upon the nature of the claim of each particular creditor. The method of accounting utilized by a creditor for Federal income tax purposes may also affect the tax consequences of a distribution. In general, the amount of gain (or loss) recognized by any such creditor distributee will be the difference between (i) the creditor's basis for Federal income tax purposes, if any, in the claim and (ii) the amount of the distribution received. Whether the distribution will generate ordinary income or capital gain will depend upon whether the distribution is in payment of a claim or an item which would otherwise generate ordinary income on the one hand or in payment of a claim which would constitute a return of capital.

B. Federal Income Tax Consequences to the Debtor.

1. Cancellation of Debt Income.

Under the Tax Code, a U.S. taxpayer generally must include in gross income the amount of any cancellation of debt ("COD") income realized during the taxable year. COD income is the amount by which the indebtedness discharged exceeds any consideration given in exchange

therefor, subject to certain statutory or judicial exceptions that can apply to limit the amount of COD income (such as where the payment of the cancelled debt would have given rise to a tax deduction). COD income also includes the discharge of any interest that has been previously accrued but remains unpaid at the time the indebtedness is discharged. It is possible that COD income could be realized, but Debtor is unable to further quantify or project any such COD amount in light of uncertain and undetermined variables.

VIII ASSUMPTION OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

Except as provided in this Article, Debtor accepts and assumes all unexpired leases and executory contracts unless specifically rejected by separate Court order or by the provisions of the Plan.

IX REDUCTION OF NOTICE PERIOD

The notice period applicable to service of any notices on the creditors otherwise applicable, pursuant to the provisions of the Code or the Plan, including any notice of hearing on application or allowance of compensation of professional persons pursuant to Section 330 of the Code, are reduced to a fourteen (14) day period, inclusive of the three (3) days for mailing pursuant to Rule 9006(f) of the Bankruptcy Rules with the exception of any applicable notice period relating to modification of the Plan prior to or after confirmation pursuant to Sections 1122 and 1123 of the Code. If no objections are filed in writing with the Court within said fourteen (14) day notice period, any said motion may be allowed by the Court without the necessity of further notice or hearing.

X FINANCIAL INFORMATION

Attached to this Disclosure Statement are certain Exhibits providing financial information that is an integral part of this Disclosure Statement. Unless otherwise indicated, valuations referenced in this Disclosure Statement represent Debtor's opinions of value.

The Debtor filed its Schedule of Assets and Liabilities and Statement of Financial Affairs at or shortly after the Petition Date, as well as monthly operating reports from the Petition Date forward. The monthly reports, the Schedule of Assets and Liabilities, and the Statement of Financial Affairs may be inspected by interested parties in order to obtain a broader financial picture of the Debtor and the Debtor's estate. These may be examined on-line through PACER or in the office of the Clerk of Court.

Debtor believes that its cash flow from continued operations is sufficient to pay all creditors 100% of allowed claims. Debtor believes that its Plan is reasonable and feasible. Attached hereto as **Exhibit 2**, and incorporated herein as if fully set forth at length is a 5-year Cash Flow Estimate for the Debtor's operations. The Debtor believes that its operations for the balance of the Plan term will meet or exceed these projections.

Attached hereto as **Exhibits 3 and 4**, respectively, and incorporated herein as if fully set forth at length are a Brick Inventory Summary as of November 1, 2012 and Accounts Receivable Reconciliation as of October 31, 2012.

**CREDITORS ARE URGED TO READ CAREFULLY THE FULL TEXT
OF THE FOLLOWING PERTINENT ATTACHMENTS:**

- (1) Exhibit 1- 2010 & 2011 Financial Statements
- (2) Exhibit 2 - 5-Year Annual Cash Flow Estimate
- (3) Exhibit 3 - Brick Inventory Summary, November 1, 2012
- (4) Exhibit 4 - Accounts Receivable Reconciliation, October 31, 2012
- (5) Exhibit 5 - Statement of Inapplicability of Liquidation Analysis

DATED: November 15, 2012

LEE BRICK & TILE COMPANY

By: s/Don W. Perry
Don W. Perry, President

Exhibit 1

Lee Brick and Tile Company

Financial Statements and
Supplementary Information

Years Ended November 30, 2011 and 2010

LEE BRICK AND TILE COMPANY

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DIXON HUGHES GOODMAN^{LLP}
Certified Public Accountants and Advisors

INDEPENDENT ACCOUNTANTS' REPORT

Lee Brick and Tile Company
Sanford, North Carolina

We have compiled the accompanying balance sheets of Lee Brick and Tile Company as of November 30, 2011, and the related statements of operations, changes in stockholders' equity, and cash flows for the year then ended. We have not audited or reviewed the 2011 financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The accompanying 2010 financial statements of Lee Brick and Tile Company were previously reviewed by us and we stated that we were not aware of any material modifications that should be made to those statements in order for them to be in conformity with accounting principles generally accepted in the United States of America in our report dated January 19, 2011, but we have not performed any procedures in connection with that review engagement since that date.

As discussed in Note A, certain conditions indicate that the Company may be unable to continue as a going concern. The accompanying financial statements do not include any adjustments to the financial statements that might be necessary should the Company be unable to continue as a going concern.

Dixon Hughes Goodman LLP

January 19, 2012

LEE BRICK AND TILE COMPANY
BALANCE SHEETS
November 30, 2011 and 2010

ASSETS	2011 (Compiled)	2010 (Reviewed)
CURRENT ASSETS		
Cash and cash equivalents	\$ 137,099	\$ 406,966
Certificates of deposit	10,000	10,000
Marketable securities - available for sale	2,531,803	3,375,332
Accounts and notes receivable:		
Trade	755,690	999,491
Other	1,939	624
Allowance for doubtful accounts	(50,000)	(50,000)
Inventories:		
Finished brick	2,630,664	2,769,120
Brick in process	172,747	191,620
Prepaid expenses	187,371	283,634
TOTAL CURRENT ASSETS	6,377,313	7,986,787
PROPERTY, PLANT AND EQUIPMENT - at cost	57,296,089	58,202,822
Less accumulated depreciation	34,805,647	33,131,055
	<u>22,490,442</u>	<u>25,071,767</u>
OTHER ASSETS		
Investments - at cost	3,488	3,488
Cash value of life insurance	140,391	131,714
Loan origination fees - net	32,183	48,275
Property held for investment	216,809	216,809
	<u>392,871</u>	<u>400,286</u>
	<u>\$ 29,260,626</u>	<u>\$ 33,458,840</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 13,005,504	\$ 1,675,519
Accounts payable - trade	175,937	210,953
Margin balances payable	992,089	-
Accrued expenses	72,401	61,653
TOTAL CURRENT LIABILITIES	14,245,931	1,948,125
LONG-TERM DEBT	40,812	12,709,547
STOCKHOLDERS' EQUITY		
Common stock - \$1 par value - authorized 275,000 shares - issued and outstanding 133,000 shares	133,000	133,000
Additional paid-in capital	1,021,877	948,508
Retained earnings	14,178,967	17,916,374
Accumulated other comprehensive income -		
Net unrealized gain (loss) on marketable securities	(359,961)	(196,714)
	<u>14,973,883</u>	<u>18,801,168</u>
	<u>\$ 29,260,626</u>	<u>\$ 33,458,840</u>

LEE BRICK AND TILE COMPANY
STATEMENTS OF OPERATIONS
Years Ended November 30, 2011 and 2010

	2011 (Compiled)	2010 (Reviewed)
SALES	\$ 6,033,799	\$ 6,986,316
DELIVERY INCOME	340,856	339,272
SALES PLUS DELIVERY INCOME	6,374,655	7,325,588
RETURNS, ALLOWANCES AND DISCOUNTS	8,541	9,927
NET SALES	6,366,114	7,315,661
COST OF SALES	8,240,169	8,685,297
GAIN ON SALE OF PROPERTY PLANT, AND EQUIPMENT	39,486	15,700
	<i>465,236</i>	<i>5,582,83</i>
	<i>No depreciation or inventory</i>	
GROSS LOSS	(1,834,569)	(1,353,936)
DELIVERY EXPENSES	448,974	484,559
SELLING EXPENSES	641,221	693,952
ADMINISTRATIVE EXPENSES	899,724	1,005,378
LOSS FROM OPERATIONS	(3,824,488)	(3,537,825)
OTHER INCOME (EXPENSE) - NET	87,081	1,332,284
NET LOSS	\$ (3,737,407)	\$ (2,205,541)
NET LOSS PER SHARE	\$ (28.10)	\$ (16.58)
BOOK VALUE PER SHARE	\$ 112.59	\$ 141.36

THE BRICK AND TILE COMPANY
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
Years Ended November 30, 2011 (Compiled) and 2010 (Reviewed)

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Total
BALANCE, NOVEMBER 30, 2009	\$ 133,000	\$ 875,139	\$ 20,653,915	\$ 597,767	\$ 22,259,821
Comprehensive loss:					
Net loss	-	-	(2,205,541)	-	(2,205,541)
Other comprehensive income (loss):					
Unrealized holding gains on securities arising during the year - net	-	-	-	259,330	259,330
Reclassification adjustment for realized net gains on securities sold				(1,053,811)	(1,053,811)
Total comprehensive loss					(3,000,022)
Proceeds from economic grant	-	73,369	-	-	73,369
Dividends paid	-	-	(532,000)	-	(532,000)
BALANCE, NOVEMBER 30, 2010	133,000	948,508	17,916,374	(196,714)	18,801,168
Comprehensive loss:					
Net loss	-	-	(3,737,407)	-	(3,737,407)
Other comprehensive income (loss):					
Unrealized holding losses on securities arising during the year - net	-	-	-	(207,050)	(207,050)
Reclassification adjustment for realized net losses on securities sold	-	-	-	43,803	43,803
Total comprehensive loss					(3,900,654)
Proceeds from economic grant	-	73,369	-	-	73,369
BALANCE, NOVEMBER 30, 2011	<u>\$ 133,000</u>	<u>\$ 1,021,877</u>	<u>\$ 14,178,967</u>	<u>\$ (359,961)</u>	<u>\$ 14,973,883</u>

LEE BRICK AND TILE COMPANY
STATEMENTS OF CASH FLOWS
Years Ended November 30, 2011 and 2010

	2011 (Compiled)	2010 (Reviewed)
OPERATING ACTIVITIES		
Net loss	\$ (3,737,407)	\$ (2,205,541)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	2,642,648	2,737,080
Gain on sale of property, plant and equipment	(39,486)	(15,700)
(Gain) loss on sale of marketable securities	43,803	(1,053,811)
(Increases) decreases in assets:		
Accounts and notes receivable	242,486	(158,106)
Inventories	157,329	(382,189)
Prepaid expenses	96,263	(32,644)
Increases (decreases) in liabilities:		
Accounts payable and accrued expenses	967,821	(24,030)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>373,457</u>	<u>(1,134,941)</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,140)	(21,569)
Decrease in certificates of deposit	-	200,000
Proceeds from sale of property, plant and equipment	49,000	15,700
Proceeds from sale of marketable securities	1,002,967	5,220,372
Purchase of marketable securities	(366,488)	(3,087,964)
(Increase) decrease in cash value of officers' life insurance	(8,677)	13,357
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>672,662</u>	<u>2,339,896</u>
FINANCING ACTIVITIES		
Dividends paid	-	(532,000)
Principal payments on long-term debt	(1,389,355)	(1,193,987)
Paid-in capital - economic grant	73,369	73,369
NET CASH USED BY FINANCING ACTIVITIES	<u>(1,315,986)</u>	<u>(1,652,618)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(269,867)	(447,663)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>406,966</u>	<u>854,629</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 137,099</u>	<u>\$ 406,966</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 692,867</u>	<u>\$ 760,309</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Change in net unrealized gain (loss) on marketable securities	<u>\$ (207,500)</u>	<u>\$ 259,330</u>
The Company incurred long-term debt in the amount of \$50,605 when it purchased two vehicles in 2011		

See accompanying notes and accountants' compilation report.

LEE BRICK AND TILE COMPANY
NOTES TO FINANCIAL STATEMENTS
November 30, 2011(Compiled) and 2010 (Reviewed)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations and Going Concern

The Company is a nationwide retail and wholesale distributor of manufactured brick products. Substantially all products are manufactured at its Sanford, North Carolina location.

The Company incurred net losses of approximately \$3,737,407 and \$2,205,541 for the years ended November 30, 2011 and 2010, respectively. Cash provided (used) for operations was approximately \$373,000 in 2011 and (\$1,134,941) in 2010. The Company suspended its monthly principal payment on one of its installment note(s) payable in September, 2011 and is attempting to negotiate a refinancing of the payment terms on the note. The Company has a cash balance of approximately \$137,000 as of November 30, 2011.

Based on its current operating plan, the Company's existing working capital may not be sufficient to meet the cash requirements to fund its planned operating expenses, capital expenditures, and working capital requirements through November 30, 2012, without additional sources of cash and/or the deferral, reduction or elimination of significant planned expenditures. The Company may need to raise significant additional funds to continue its operations. In the absence of positive cash flows from operations, the Company may be dependent on its ability to secure additional funding through the issuance of debt or equity instruments. If adequate funds are not available, the Company may be forced to significantly curtail its operations or to obtain funds through entering into additional collaborative agreements or other arrangements that may be on unfavorable terms.

These factors raise doubt about the Company's ability to continue as a going concern. The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. This basis of accounting contemplates the recovery of the Company's assets and the satisfaction of liabilities in the normal course of business. In addition, these financial statements do not include any adjustments to the specific amounts and classifications of assets and liabilities, which might be necessary should the Company be unable to continue as a going concern. The Company is taking expense reduction measures to conserve cash and has retained a mortgage consulting firm to explore strategic alternatives.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and, if applicable, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The more significant of these is allowance for doubtful accounts and depreciable lives of property, plant and equipment.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers all highly liquid cash instruments and debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash equivalents are carried at cost which approximates fair value.

Inventory Valuation

Inventories consisting of material, labor and manufacturing overhead are valued at the lower of average cost or market. Market is determined to be selling price less an allowance for normal profit.

LEE BRICK AND TILE COMPANY
NOTES TO FINANCIAL STATEMENTS
November 30, 2011(Compiled) and 2010 (Reviewed)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoiced date. Unpaid accounts receivable with invoice dates over 30 days old incur interest charges at 1.5% each month. Accounts receivable in the amount of \$112,034 are 90 days past due and are still accruing interest.

Accounts receivable are stated at the amount invoiced to the customer plus any accrued and unpaid interest. Customer account balances with invoices dated over 30 days old are considered delinquent. Interest continues to accrue on delinquent accounts. Interest accruals cease at the time the account is determined worthless.

The carrying amount of accounts receivable is reduced by an allowance that reflects management's best estimate of the amounts that will not be collected. Management reviews each accounts receivable balance that exceeds 90 days from the invoice date and, based on an assessment of current credit worthiness, estimates the portion, if any, of the balance that will not be collected. Additionally, management applies a five-year weighted-average of write-offs to the aggregate remaining accounts receivable to estimate a general allowance covering those amounts.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Expenditures for maintenance and repairs are charged to operations as incurred; expenditures for significant renewals and betterments are capitalized. When property, plant and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period.

Depreciation

The cost of property, plant and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is determined principally by the straight-line method for financial reporting and by accelerated methods for income tax purposes.

Financial Instruments

The Company's financial instruments are cash and cash equivalents, accounts receivable, marketable securities, accounts payable, notes payable, and long-term debt. The recorded values of cash and cash equivalents, accounts receivable, marketable securities and accounts payable approximate their fair values based on their short-term nature. The recorded values of notes payable and long-term debt approximate their fair values, as interest approximates market rates.

Marketable Securities - Available for Sale

Marketable securities - available for sale consist of equity stock held for an indefinite period. Marketable securities are carried at fair value determined by quoted market prices. Realized gains and losses, determined using the first-in, first-out method, are included in earnings; unrealized holding gains and losses are reported as a separate component of accumulated other comprehensive income in stockholders' equity. Non-temporary losses are charged to operations.

LEE BRICK AND TILE COMPANY
NOTES TO FINANCIAL STATEMENTS
November 30, 2011(Compiled) and 2010 (Reviewed)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

Fair value as defined under generally accepted accounting principles is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability. Generally accepted accounting principles establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Revenue Recognition

Sales are recorded when products are shipped to customers. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded. In instances where products are configured to customer requirements, revenue is recorded upon the successful completion of the Company's final test procedures and the customer's acceptance.

Shipping and Delivery

Shipping and delivery billed to customers is included as a component of revenue. Costs associated with shipping and delivery are shown as a separate item in the statements of operations.

Life Insurance

The Company's investment in corporate owned life insurance policies is recorded in other assets in the balance sheets. The net life insurance expense is included in "administrative expenses" in the statements of income.

Income Taxes

The Company, with the consent of its shareholders, has elected S-corporation status effective April 1, 1990. In lieu of corporate income taxes, earnings and losses after that date are included in the income tax returns of the shareholders; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Company has determined that it does not have any material unrecognized tax benefits or obligations as of November 30, 2011. Tax positions must meet a recognition threshold of more-likely-than-not in order for the benefit of those tax positions to be recognized in the Company's financial statements. The Company has determined that it does not have any material unrecognized tax benefits or obligations as of November 30, 2011. Fiscal years ending on or after September 30, 2008 remain subject to examination by federal and state tax authorities.

Reporting Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income (loss) and other gains and losses affecting shareholders' equity that, under generally accepted accounting principles, are excluded from net income (loss). For the Company, such item consists of unrealized gains and losses on marketable equity investments.

LEE BRICK AND TILE COMPANY
NOTES TO FINANCIAL STATEMENTS
November 30, 2011(Compiled) and 2010 (Reviewed)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

Advertising costs are charged to operations when incurred. Advertising expense for the years ended November 30, 2011 and 2010 was \$7,546 and \$8,096, respectively.

NOTE B - CONCENTRATIONS OF CREDIT RISK FOR CASH HELD AT BANKS AND ACCOUNTS RECEIVABLE

The Company maintains cash balances at several banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000.

The Company sells its goods nationally to customers operating in the construction industry, which is susceptible to changes in economic cycles.

The Company monitors the ongoing credit worthiness of its customers and obtains security or guarantees, if necessary.

NOTE C - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	2011	2010	Depreciable lives
Land	\$ 3,453,583	\$ 3,453,583	
Land improvements	3,471,165	3,471,165	10-20 years
Buildings	10,498,832	10,498,832	31-40 years
Manufacturing equipment	38,603,169	38,870,551	5-10 years
Delivery equipment	1,040,809	1,680,160	3-7 years
Office equipment	228,531	228,531	5-10 years
Total	<u>\$ 57,296,089</u>	<u>\$ 58,202,822</u>	

NOTE D - MARKETABLE SECURITIES

The following is a summary of the Company's investment in marketable securities consisting of equity stocks available for sale at November 30, 2011 and 2010, all of which are classified as current in the financial statements.

	2011	2010
Cost	\$ 2,891,764	\$ 3,572,046
Gross unrealized gains	196,170	100,779
Gross unrealized losses	<u>(556,131)</u>	<u>(297,493)</u>
Fair value	<u>\$ 2,531,803</u>	<u>\$ 3,375,332</u>

LEE BRICK AND TILE COMPANY
NOTES TO FINANCIAL STATEMENTS
November 30, 2011(Compiled) and 2010 (Reviewed)

NOTE D - MARKETABLE SECURITIES (Continued)

The following table shows the Company's investments' gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at November 30, 2011. The Company reviews its marketable equity holdings in publicly traded companies on a regular basis to determine if any security has experienced an other-than-temporary decline in fair value. The Company considers the investee company's cash position, earnings and revenue outlook, stock price performance, liquidity and management ownership, among other factors, in its review. If it is determined that an other-than-temporary decline exists in a marketable equity security, the Company writes down the investment to its market value and records the related write-down as an investment loss in its Statement of Operations.

	<u>Less Than 12 Months</u>		<u>12 Months or More</u>		<u>Total</u>	
	<u>Fair value</u>	<u>Unrealized losses</u>	<u>Fair value</u>	<u>Unrealized losses</u>	<u>Fair value</u>	<u>Unrealized losses</u>
Description of securities:						
Common stock	<u>\$ 231,888</u>	<u>\$ 24,205</u>	<u>\$ 1,227,567</u>	<u>\$ 531,926</u>	<u>\$ 1,459,455</u>	<u>\$ 556,131</u>

Results of operations for 2011 and 2010 include realized gains and losses on the sale of marketable securities as follows:

	<u>2011</u>	<u>2010</u>
Gross realized gains	\$ -	\$ 1,435,992
Gross realized losses	<u>(43,803)</u>	<u>(382,181)</u>
Net realized gains (losses)	<u>\$ (43,803)</u>	<u>\$ 1,053,811</u>

NOTE E - LONG-TERM DEBT

Long-term debt at November 30, 2011 and 2010 consists of the following:

	<u>2011</u>	<u>2010</u>
Installment note payable – used in connection with construction of new plant; interest payable only at 4.95% to March 22, 2010 then monthly installments of \$195,825 which includes principal and interest to 2013 then a balloon payment of \$10,018,269; collateralized by a deed of trust	\$ 12,996,076	\$ 14,385,066
Installment note payable in 60 monthly installments of \$504 including interest at 6.49%; collateralized by a vehicle	25,340	-
Installment note payable in 60 monthly installments of \$471 including interest at 5.00%; collateralized by a vehicle	<u>24,900</u>	<u>-</u>
	13,046,316	14,385,066
Less current maturities	<u>13,005,504</u>	<u>1,675,519</u>
Long-term debt	<u>\$ 40,812</u>	<u>\$ 12,709,547</u>

LEE BRICK AND TILE COMPANY
NOTES TO FINANCIAL STATEMENTS
November 30, 2011(Compiled) and 2010 (Reviewed)

NOTE E - LONG-TERM DEBT (Continued)

Scheduled maturities of long-term debt outstanding at November 30, 2011 for the succeeding years ending November 30 are as follows:

2012	\$ 13,005,504
2013	9,596
2014	10,163
2015	10,764
2016	10,289

One of the installment notes payable was in default at November 30, 2011 due to nonpayment of required principal payments, therefore the remaining balance of \$12,996,076 has been classified as a current maturity.

Interest costs incurred and charged to operations for the years ended November 30, 2011 and 2010 totaled \$693,005 and \$758,740, respectively.

NOTE F - RETIREMENT PLAN

The Company maintains a 401(k) retirement plan. The plan covers all employees that are at least twenty-one years old and have at least three months of service. The Company did not match employee's contributions to the plan for the year ended November 30, 2011. The Company recognized \$4,487 and \$116,273 of expense associated with the plan for the years ended November 30, 2011 and 2010, respectively.

NOTE G - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company accounts for certain financial assets and liabilities at fair value. The Company is now required to provide additional disclosures about the fair value measures. Fair value is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company utilizes market data or assumptions that market participants would use to price the asset or liability. Generally accepted accounting principles establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions. As required, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement required judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

LEE BRICK AND TILE COMPANY
NOTES TO FINANCIAL STATEMENTS
November 30, 2011(Compiled) and 2010 (Reviewed)

NOTE G - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The following table sets forth by level the fair value hierarchy of the Company's financial assets and liabilities accounted for at fair value on a recurring basis as of November 30, 2011 and 2010.

	<u>Assets (Liabilities) at Fair Value as of November 30, 2011</u>		
	Quoted Prices in		
	Active Markets	Significant Other	Significant
	For Identical	Observable	Unobservable
	Assets	Inputs	Inputs
	(Level 1)	(Level 2)	(Level 3)
Assets:			
Marketable securities - available-for-sale	\$ 2,411,896	\$ -	\$ 119,907

	<u>Assets (Liabilities) at Fair Value as of November 30, 2010</u>		
	Quoted Prices in		
	Active Markets	Significant Other	Significant
	For Identical	Observable	Unobservable
	Assets	Inputs	Inputs
	(Level 1)	(Level 2)	(Level 3)
Assets:			
Marketable securities - available-for-sale	\$ 2,480,738	\$ 774,687	\$ 119,907

The Company has approximately \$147,099 of cash as of November 30, 2011, which was not classified as a Level as prescribed.

Level 3 Gains and Losses

The table below sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the year ended November 30, 2011:

Balance, beginning of year	\$ 119,907
Unrealized gains/(losses)	-
Purchases, sales, issuances and settlements (net)	-
Balance, end of year	<u>\$ 119,907</u>

NOTE H - MARGIN BALANCES

The Company maintains margin accounts with Wells Fargo Advisors which have margin balances payable of \$992,089 at November 30, 2011, and are payable on demand. The margin accounts are secured by marketable securities. The margin balances bear interest at 2.75%

NOTE I- SUBSEQUENT EVENTS

The Company evaluated the effect subsequent events would have on the financial statements through January 19, 2012, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

LEE BRICK AND TILE COMPANY
SUPPLEMENTAL SCHEDULES OF OPERATIONS AND RETAINED EARNINGS
Years Ended November 30, 2011 and 2010

	Year Ended November 30, 2011 (Compiled)		Year Ended November 30, 2010 (Reviewed)	
	Amount	Per M brick	Amount	Per M brick
SALES	(26,469,901 brick)		\$ 6,033,799	
DELIVERY INCOME			(29,544,386 brick)	
SALES PLUS DELIVERY INCOME			\$ 6,986,316	
LESS:			339,272	
Returns and allowances			7,325,588	
Discounts	\$ 1,340			
NET SALES	7,201		9,927	
			7,315,661	\$ 247.62
COST OF SALES:				
Inventory, finished brick, beginning of year	\$ 3,404,287		\$ 3,676	
Cost of brick manufactured	7,941,883		6,251	
Purchases for resale	11,424,398			
Inventory, finished brick, end of year	78,228		12,713,245	
	3,377,495		3,404,287	
Lower of cost or market adjustment			(623,661)	
Cost of sales	193,266		8,685,297	293.98
	8,240,169	311.30		
GAIN (LOSS) ON SALE OF PROPERTY, PLANT AND EQUIPMENT	39,486	1.49	15,700	0.53
GROSS LOSS	(1,834,569)	(69.31)	(1,353,936)	(45.83)
DELIVERY EXPENSES	448,974	16.96	484,559	16.40
SELLING EXPENSES	641,221	24.23	693,952	23.49
ADMINISTRATIVE EXPENSES	899,724	33.99	1,005,378	34.03
LOSS FROM OPERATIONS	(3,824,488)	(144.49)	(3,537,825)	(119.75)
OTHER INCOME (EXPENSE) - NET	87,081	3.29	1,332,284	45.10
NET LOSS	(3,737,407)	(141.20)	(2,205,541)	(74.65)
RETAINED EARNINGS, BEGINNING OF YEAR	17,916,374		20,653,915	
	14,178,967		18,448,374	
LESS DIVIDENDS (\$4.00 per share for 2010)	-		532,000	
RETAINED EARNINGS, END OF YEAR	\$ 14,178,967		\$ 17,916,374	

See accountants' compilation report.

LEE BRICK AND TILE COMPANY

SUPPLEMENTAL SCHEDULES OF DELIVERY INCOME (LOSS) - NET

Years Ended November 30, 2011 and 2010

	2011 (Compiled)	2010 (Reviewed)
Income - gross receipts from Company-owned trucks	\$ 336,440	\$ 332,386
Income - gross receipts from outside haulers	4,416	6,886
Total delivery income	340,856	339,272
Operating expenses:		
Company-owned trucks:		
Salaries and wages	174,634	210,856
Gas, oil, grease and tires	128,564	98,348
Repairs	86,422	80,914
Miscellaneous	1,648	976
Taxes	30,282	36,878
Depreciation	21,122	45,267
Telephone	4,595	3,973
Retirement plan expense	-	5,727
Outside haulers' trucks:		
Commissions	1,707	1,620
Total delivery expenses	448,974 37,414	484,559
Delivery income (loss) - net	\$ (108,118)	\$ (145,287)

LEE BRICK AND TILE COMPANY
SUPPLEMENTAL SCHEDULE OF COST OF BRICK MANUFACTURED
Year Ended November 30, 2011 (Compiled)

ACCUMULATION

	Quarrying and grinding			Machining and hacking			Drying and burning			Unloading		
	Quantity (thousands)	Cost	Per M	Quantity (thousands)	Cost	Per M	Quantity (thousands)	Cost	Per M	Quantity (thousands)	Cost	Per M
ACCUMULATION												
Cost transferred from preceding department:												
Brick in process, beginning of year												
Processed this year												
Total												
Departmental cost:												
Brick in process, beginning of year												
Cost incurred this year												
Total												
CUMULATIVE COST FOR TOTAL DISPOSITION												
Transfers to next department												
Inventory in process, end of year:												
Quantity												
Cost in preceding department												
Cost in this department												
Total												
Finished brick unloaded:												
On hand -												
No. 1 brick												
Shipped												
Total												
TOTAL DISPOSITION												

(A) Adjusted for ending in-process inventory - 50% completed.

(B) Adjusted for finished brick on cars at November 30, 2011

Quantities have been adjusted to the nearest thousand and cost per thousand to the nearest cent.

LEE BRICK AND TILE COMPANY

SUPPLEMENTAL SCHEDULE OF MANUFACTURING COSTS BY DEPARTMENTS

Year Ended November 30, 2011 (Compiled)

	Total	Quarrying and grinding	Machining and hacking	Drying and burning	Unloading
Direct costs:					
Labor	\$ 879,159	86,015	\$ 291,958	\$ 144,586	\$ 356,600
Per M brick	34.31	3.33	11.31	5.69	13.98
Gas and fuel used	742,719	-	-	742,719	-
Per M brick	29.21	-	-	29.21	-
Total	1,621,878	86,015	291,958	887,305	356,600
Per M brick	63.52	3.33	11.31	34.90	13.98
Manufacturing overhead:					
Departmental:					
Supplies	212,782	1,984	75,185	3,432	132,181
Heat, lights and water	26,115	26,115	-	-	-
Taxes	108,657	18,642	33,488	16,551	39,976
Depreciation	2,067,613	354,194	372,580	1,068,173	272,666
Gas, oil, grease and tires	7,857	972	6,885	-	-
Repairs	138,995	21,267	66,469	19,286	31,973
Stockpiling	174,279	174,279	-	-	-
Miscellaneous	3,550	3,550	-	-	-
General	3,645,085	588,459	1,997,400	989,226	70,000
Total	6,384,933	1,189,462	2,552,007	2,096,668	546,796
Per M brick	248.74	46.05	98.78	82.43	21.48
TOTAL COSTS	\$ 8,006,811	\$ 1,275,477	\$ 2,843,965	\$ 2,983,973	\$ 903,396
PER M BRICK	312.26	49.38	110.09	117.33	35.46

LEE BRICK AND TILE COMPANY
SUPPLEMENTAL SCHEDULES OF MANUFACTURING OVERHEAD - GENERAL
Years Ended November 30, 2011 and 2010

	2011 (Compiled)	2010 (Reviewed)
Salaries and wages	\$ 926,316	\$ 1,078,203
Supplies	16,404	15,432
Heat, lights and power	300,973	338,225
Taxes	370,114	383,170
Insurance	657,700	677,974
Depreciation and amortization	515,662	536,033
Gas, oil, grease and tires	89,003	68,172
Repairs - general	39,625	47,606
Miscellaneous	9,290	18,501
Travel and seminars	10,788	11,282
Telephone	11,273	12,805
Freight and express	2,354	6,534
Uniforms and laundry	2,542	3,306
Retirement plan expense	-	42,953
Meals and entertainment	36	103
Interest	693,005	758,740
	<u>\$ 3,645,085</u>	<u>\$ 3,999,039</u>

LEE BRICK AND TILE COMPANY
SUPPLEMENTAL SCHEDULES OF SELLING EXPENSES
Years Ended November 30, 2011 and 2010

	2011 (Compiled)	2010 (Reviewed)
Salaries	\$ 414,478	\$ 459,681
Taxes	42,827	43,575
Supplies	16,875	14,514
Travel and seminars	26,623	19,851
Telephone	31,369	30,416
Advertising	7,546	8,097
Depreciation	20,324	22,075
Repairs	6,422	5,821
Miscellaneous	2,702	2,937
Research and development	4,500	287
Retirement plan expense	-	14,122
Meals and entertainment	6,513	6,902
Dues and subscriptions	35,116	36,310
Postage	20,423	21,625
Gas, oil, grease and tires	4,737	7,739
Commissions paid	766	-
	<u>\$ 641,221</u>	<u>\$ 693,952</u>

LEE BRICK AND TILE COMPANY
SUPPLEMENTAL SCHEDULES OF ADMINISTRATIVE EXPENSES
Years Ended November 30, 2011 and 2010

	2011 (Compiled)	2010 (Reviewed)
Salaries - officer	\$ 170,265	\$ 194,065
Salaries - others	117,589	144,856
Supplies	15,145	19,365
Heat, lights and power	9,994	9,657
Taxes	67,856	72,964
Depreciation	17,929	21,378
Repairs	11,824	5,281
Miscellaneous	27,818	26,991
Travel and seminars	20,104	18,988
Telephone	11,363	8,675
Postage	3,660	4,543
Professional fees	171,807	106,962
Dues and subscriptions	41,108	36,452
Donations	3,826	22,658
Bad debts - net of recoveries	35,611	78,989
Directors' fees	144,000	144,000
Employee benefits	4,818	26,866
House repairs and upkeep	12,835	22,275
Retirement plan expense	4,487	31,872
Meals and entertainment	7,685	8,499
Penalties	-	42
	<u>\$ 899,724</u>	<u>\$ 1,005,378</u>

LEE BRICK AND TILE COMPANY

SUPPLEMENTAL SCHEDULES OF OTHER INCOME (EXPENSE) - NET

Years Ended November 30, 2011 and 2010

	2011 (Compiled)	2010 (Reviewed)
Other income:		
Dividends and interest on investments	\$ 91,439	\$ 84,296
Service charges and other	24,408	32,641
Gain (loss) on sale of marketable securities	(43,803)	1,053,811
Miscellaneous	151,092	216,036
Total other income	223,136	1,386,784
Other expense:		
Investment expenses	44,594	54,017
Miscellaneous	91,461	483
Total other expenses	136,055	54,500
	<u>\$ 87,081</u>	<u>\$ 1,332,284</u>

LEE BRICK AND TILE COMPANY
SUPPLEMENTAL SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT AND ACCUMULATED DEPRECIATION
Year Ended November 30, 2011 (Compiled)

	Property, plant and equipment			Accumulated depreciation			Undepreciated balance
	Balance December 1, 2010	Additions	Reductions	Balance November 30, 2011	Additions	Reductions	November 30, 2011
Land	\$ 3,453,583	\$ -	\$ -	\$ 3,453,583	\$ -	\$ -	\$ 3,453,583
Quarrying and grinding:							
Land improvements	11,975	-	-	11,975	599	-	11,973
Buildings	1,800,569	-	-	1,800,569	48,087	-	1,346,040
Equipment	4,997,422	2,835	179,226	4,821,031	305,508	179,226	1,055,384
Machining and hacking							
Land improvements	8,205	-	-	8,205	410	-	6,130
Equipment	7,467,113	-	-	7,467,113	372,170	-	1,735,932
Drying and burning:							
Kilns	9,620,133	-	-	9,620,133	350,000	-	1,720,832
Equipment - other	9,746,539	-	-	9,746,539	718,173	-	3,407,172
Unloading -							
Equipment	4,442,315	-	23,121	4,419,194	272,666	23,121	1,241,404
Manufacturing - indirect							
Land improvements	3,409,668	-	-	3,409,668	139,317	-	2,151,492
Buildings	8,182,198	-	-	8,182,198	195,036	-	5,278,857
Equipment	2,381,406	644	68,179	2,313,871	165,217	67,815	722,083
Selling -							
Equipment	214,923	51,267	51,602	214,588	20,324	51,602	66,161
General and administrative:							
Land improvements	42,017	-	-	42,017	279	-	817
Buildings	516,065	-	-	516,065	14,144	-	234,089
Equipment	228,531	-	-	228,531	3,504	-	6,900
Delivery -							
Equipment	1,680,160	-	639,351	1,040,809	21,122	630,200	63,564
Total	\$ 58,202,822	\$ 54,746	\$ 961,479	\$ 57,296,089	\$ 2,626,556	\$ 951,964	\$ 22,490,442

See accountants' compilation report.

LEE BRICK

11/15/12

Annual Cash Flow Estimate

Excludes Cash Held in S.T. Investments

Exhibit 2

Unaudited

Week Ended/Month:		2013 1st Qtr	2013 2nd Qtr	2013 3rd Qtr	2013 4th Qtr	2013 Total
Cash Receipts:						
	Sales Receipts	\$ 1,209,100	\$ 1,677,150	\$ 1,804,617	\$ 1,689,633	\$ 6,380,500
	Other Cash Receipts	-	-	-	-	-
	Total Cash Receipts	\$ 1,209,100	\$ 1,677,150	\$ 1,804,617	\$ 1,689,633	\$ 6,380,500
Disbursements:						
Payroll	Transfers to Payroll (Net)	\$ 310,694	\$ 430,067	\$ 430,067	\$ 430,067	\$ 1,600,894
	Payroll Taxes	120,846	168,910	168,910	168,910	627,576
	Employee 401K	14,003	14,003	14,003	14,003	56,014
	401K Pass Through (Distribution)	-	-	-	-	-
	Employee Health & Life Insurance	141,107	141,107	141,107	141,107	564,428
	Child Support Payments	353	353	353	353	1,413
	Chapter 13 Payments	7,621	7,621	7,621	7,621	30,484
MFG Exp.	Gas for Vehicles	49,608	80,554	55,801	49,912	235,875
	Repairs & Maintenance	24,400	61,395	61,395	61,395	208,584
	Supplies	68,580	85,714	85,714	85,714	325,721
	Freight & Postage	2,302	2,302	2,302	2,302	9,206
	Risk Insurance	80,673	53,782	107,566	80,673	322,694
	Property Taxes	-	-	137,466	168,012	305,478
	Brick Purchases for Resale	1,294	1,294	1,294	1,294	5,174
	Utilities	143,739	316,339	316,339	316,339	1,092,757
Selling	Transfer to Tax Acct (Sales Tax)	32,257	32,257	32,257	32,257	129,026
	Travel & Entertainment	1,569	1,569	1,569	1,569	6,274
	Sales Expenses	13,634	13,634	13,634	13,634	54,536
	Service Charges (Visa Fees)	1,687	1,687	1,687	1,687	6,749
G & A	IT Services	14,169	14,169	14,169	11,169	53,677
	Payments to Secured Creditors	2,924	2,924	2,924	2,924	11,697
	Bankruptcy Fees	6,500	6,500	6,500	6,500	26,000
	Permits, Dues & Subscriptions	14,329	14,329	14,329	14,329	57,316
	Debt Service	50,000	150,000	150,000	150,000	500,000
	Other Expenses	9,255	9,255	9,255	9,255	37,022
Total Cash Disbursements		\$ 1,111,544	\$ 1,609,764	\$ 1,776,261	\$ 1,771,025	\$ 6,268,595
	Cash Flow, Net	\$ 97,556	\$ 67,386	\$ 28,356	\$ (81,392)	\$ 111,905
	Cash Recap:					
	Beginning Cash	\$ 224,170	\$ 321,726	\$ 389,112	\$ 417,468	\$ 224,170
	Add: Cash Receipts	1,209,100	1,677,150	1,804,617	1,689,633	6,380,500
	Less: Cash Disbursements	(1,111,544)	(1,609,764)	(1,776,261)	(1,771,025)	(6,268,595)
	Ending Cash	\$ 321,726	\$ 389,112	\$ 417,468	\$ 336,075	\$ 336,075
	Change in Cash Position	\$ 97,556	\$ 67,386	\$ 28,356	\$ (81,392)	\$ 111,905

LEE BRICK

Annual Cash Flow Estimate

Excludes Cash Held in S.T. Investments

Unaudited

11/15/12

Week Ended/Month:		2014 1st Qtr	2014 2nd Qtr	2014 3rd Qtr	2014 4th Qtr	2014 Total
Cash Receipts:						
	Sales Receipts	\$ 1,331,133	\$ 1,904,700	\$ 1,995,266	\$ 1,856,400	\$ 7,087,499
	Other Cash Receipts	-	-	-	-	-
	Total Cash Receipts	\$ 1,331,133	\$ 1,904,700	\$ 1,995,266	\$ 1,856,400	\$ 7,087,499
Disbursements:						
Payroll	Transfers to Payroll (Net)	\$ 316,908	\$ 438,668	\$ 438,668	\$ 438,668	\$ 1,632,912
	Payroll Taxes	123,263	172,288	172,288	172,288	640,127
	Employee 401K	14,283	14,283	14,283	14,283	57,132
	401K Pass Through (Distribution)	-	-	-	-	-
	Employee Health & Life Insurance	176,384	176,384	176,384	176,384	705,536
	Child Support Payments	360	360	360	360	1,440
	Chapter 13 Payments	7,773	7,773	7,773	7,773	31,092
MFG Exp.	Gas for Vehicles	52,088	84,582	58,590	52,407	247,667
	Repairs & Maintenance	25,132	63,237	63,237	63,237	214,843
	Supplies	70,638	88,285	88,285	88,285	335,493
	Freight & Postage	2,371	2,371	2,371	2,371	9,484
	Risk Insurance	83,094	55,396	110,793	83,094	332,377
	Property Taxes	-	-	131,787	161,073	292,860
	Brick Purchases for Resale	1,332	1,332	1,332	1,332	5,328
	Utilities	150,926	332,156	332,156	332,156	1,147,394
Selling	Transfer to Tax Acct (Sales Tax)	32,902	32,902	32,902	32,902	131,608
	Travel & Entertainment	1,600	1,600	1,600	1,600	6,400
	Sales Expenses	13,907	13,907	13,907	13,907	55,628
	Service Charges (Visa Fees)	1,721	1,721	1,721	1,721	6,884
G & A	IT Services	261,393	11,393	11,393	11,393	295,572
	Payments to Secured Creditors	2,983	2,983	2,983	2,983	11,932
	Bankruptcy Fees	6,630	6,630	6,630	6,630	26,520
	Permits, Dues & Subscriptions	14,616	14,616	14,616	14,616	58,464
	Debt Service	150,000	150,000	150,000	150,000	600,000
	Other Expenses	9,441	9,441	9,441	9,441	37,764
	Total Cash Disbursements	\$ 1,519,745	\$ 1,682,308	\$ 1,843,500	\$ 1,838,904	\$ 6,884,457
	Cash Flow, Net	\$ (188,612)	\$ 222,392	\$ 151,766	\$ 17,496	\$ 203,042
	Cash Recap:					
	Beginning Cash	\$ 336,075	\$ 147,463	\$ 369,855	\$ 521,621	\$ 336,075
	Add: Cash Receipts	1,331,133	1,904,700	1,995,266	1,856,400	7,087,499
	Less: Cash Disbursements	(1,519,745)	(1,682,308)	(1,843,500)	(1,838,904)	(6,884,457)
	Ending Cash	\$ 147,463	\$ 369,855	\$ 521,621	\$ 539,117	\$ 539,117
	Change in Cash Position	\$ (188,612)	\$ 222,392	\$ 151,766	\$ 17,496	\$ 203,042

LEE BRICK

11/15/12

Annual Cash Flow Estimate

Excludes Cash Held in S.T. Investments

Unaudited

Week Ended/Month:		2015 1st Qtr	2015 2nd Qtr	2015 3rd Qtr	2015 4th Qtr	2015 Total
Cash Receipts:						
	Sales Receipts	\$ 1,108,350	\$ 1,956,567	\$ 2,522,400	\$ 2,088,301	\$ 7,675,618
	Other Cash Receipts	-	-	-	-	-
	Total Cash Receipts	\$ 1,108,350	\$ 1,956,567	\$ 2,522,400	\$ 2,088,301	\$ 7,675,618
Disbursements:						
Payroll	Transfers to Payroll (Net)	\$ 323,247	\$ 447,441	\$ 447,441	\$ 447,441	\$ 1,665,570
	Payroll Taxes	125,729	175,735	175,735	175,735	652,934
	Employee 401K	14,569	14,569	14,569	14,569	58,276
	401K Pass Through (Distribution)	-	-	-	-	-
	Employee Health & Life Insurance	190,495	190,495	190,495	190,495	761,980
	Child Support Payments	367	367	367	367	1,468
	Chapter 13 Payments	7,928	7,928	7,928	7,928	31,712
MFG Exp.	Gas for Vehicles	53,650	87,120	60,348	53,979	255,097
	Repairs & Maintenance	25,886	65,134	65,134	65,134	221,288
	Supplies	72,757	90,934	90,934	90,934	345,559
	Freight & Postage	2,443	2,443	2,443	2,443	9,772
	Risk Insurance	85,587	57,058	114,117	85,587	342,349
	Property Taxes	-	-	126,393	154,480	280,873
	Brick Purchases for Resale	1,371	1,371	1,371	1,371	5,484
	Utilities	155,454	342,121	342,121	342,121	1,181,817
Selling	Transfer to Tax Acct (Sales Tax)	33,561	33,561	33,561	33,561	134,244
	Travel & Entertainment	1,632	1,632	1,632	1,632	6,528
	Sales Expenses	14,185	14,185	14,185	14,185	56,740
	Service Charges (Visa Fees)	1,755	1,755	1,755	1,755	7,020
G & A	IT Services	266,620	11,620	11,620	11,620	301,480
	Payments to Secured Creditors	3,043	3,043	3,043	3,043	12,172
	Bankruptcy Fees	-	-	-	-	-
	Permits, Dues & Subscriptions	14,909	14,909	14,909	14,909	59,636
	Debt Service	150,000	150,000	150,000	150,000	600,000
	Other Expenses	9,630	9,630	9,630	9,630	38,520
Total Cash Disbursements		\$ 1,554,818	\$ 1,723,051	\$ 1,879,731	\$ 1,872,919	\$ 7,030,519
	Cash Flow, Net	\$ (446,468)	\$ 233,516	\$ 642,669	\$ 215,382	\$ 645,099
	Cash Recap:					
	Beginning Cash	\$ 539,117	\$ 92,649	\$ 326,165	\$ 968,834	\$ 539,117
	Add: Cash Receipts	1,108,350	1,956,567	2,522,400	2,088,301	7,675,618
	Less: Cash Disbursements	(1,554,818)	(1,723,051)	(1,879,731)	(1,872,919)	(7,030,519)
	Ending Cash	\$ 92,649	\$ 326,165	\$ 968,834	\$ 1,184,216	\$ 1,184,216
	Change in Cash Position	\$ (446,468)	\$ 233,516	\$ 642,669	\$ 215,382	\$ 645,099

LEE BRICK

11/15/12

Annual Cash Flow Estimate

Excludes Cash Held in S.T. Investments

Unaudited

Week Ended/Month:		2016 1st Qtr	2016 2nd Qtr	2016 3rd Qtr	2016 4th Qtr	2016 Total
Cash Receipts:						
	Sales Receipts	\$ 1,204,266	\$ 1,989,167	\$ 2,425,866	\$ 2,491,300	\$ 8,110,599
	Other Cash Receipts	-	-	-	-	-
	Total Cash Receipts	\$ 1,204,266	\$ 1,989,167	\$ 2,425,866	\$ 2,491,300	\$ 8,110,599
Disbursements:						
Payroll	Transfers to Payroll (Net)	\$ 329,712	\$ 456,390	\$ 456,390	\$ 456,390	\$ 1,698,882
	Payroll Taxes	128,243	179,250	179,250	179,250	665,993
	Employee 401K	14,861	14,861	14,861	14,861	59,444
	401K Pass Through (Distribution)	-	-	-	-	-
	Employee Health & Life Insurance	205,735	205,735	205,735	205,735	822,940
	Child Support Payments	374	374	374	374	1,496
	Chapter 13 Payments	8,086	8,086	8,086	8,086	32,344
MFG Exp.	Gas for Vehicles	55,260	89,734	62,159	55,599	262,752
	Repairs & Maintenance	26,663	67,088	67,088	67,088	227,927
	Supplies	74,940	93,662	93,662	93,662	355,926
	Freight & Postage	2,516	2,516	2,516	2,516	10,064
	Risk Insurance	88,155	58,770	117,541	88,155	352,621
	Property Taxes	-	-	121,269	148,217	269,486
	Brick Purchases for Resale	1,412	1,412	1,412	1,412	5,648
	Utilities	160,117	352,385	352,385	352,385	1,217,272
Selling	Transfer to Tax Acct (Sales Tax)	34,232	34,232	34,232	34,232	136,928
	Travel & Entertainment	1,664	1,664	1,664	1,664	6,656
	Sales Expenses	14,469	14,469	14,469	14,469	57,876
	Service Charges (Visa Fees)	1,789	1,789	1,789	1,789	7,156
G & A	IT Services	271,952	11,852	11,852	11,852	307,508
	Payments to Secured Creditors	3,103	3,103	3,103	3,103	12,412
	Bankruptcy Fees	-	-	-	-	-
	Permits, Dues & Subscriptions	15,207	15,207	15,207	15,207	60,828
	Debt Service	150,000	150,000	150,000	150,000	600,000
	Other Expenses	9,822	9,822	9,822	9,822	39,288
Total Cash Disbursements		\$ 1,598,312	\$ 1,772,401	\$ 1,924,866	\$ 1,915,868	\$ 7,211,447
	Cash Flow, Net	\$ (394,046)	\$ 216,766	\$ 501,000	\$ 575,432	\$ 899,152
Cash Recap:						
	Beginning Cash	\$ 1,184,216	\$ 790,170	\$ 1,006,936	\$ 1,507,936	\$ 1,184,216
	Add: Cash Receipts	1,204,266	1,989,167	2,425,866	2,491,300	8,110,599
	Less: Cash Disbursements	(1,598,312)	(1,772,401)	(1,924,866)	(1,915,868)	(7,211,447)
	Ending Cash	\$ 790,170	\$ 1,006,936	\$ 1,507,936	\$ 2,083,368	\$ 2,083,368
	Change in Cash Position	\$ (394,046)	\$ 216,766	\$ 501,000	\$ 575,432	\$ 899,152

LEE BRICK

11/15/12

Annual Cash Flow Estimate

Excludes Cash Held in S.T. Investments

Unaudited

Week Ended/Month:		2017 1st Qtr	2017 2nd Qtr	2017 3rd Qtr	2017 4th Qtr	2017 Total
Cash Receipts:						
	Sales Receipts	\$ 1,369,066	\$ 1,989,167	\$ 2,425,866	\$ 2,491,300	\$ 8,275,399
	Other Cash Receipts	-	-	-	-	-
	Total Cash Receipts	\$ 1,369,066	\$ 1,989,167	\$ 2,425,866	\$ 2,491,300	\$ 8,275,399
Disbursements:						
Payroll	Transfers to Payroll (Net)	\$ 336,306	\$ 465,517	\$ 465,517	\$ 465,517	\$ 1,732,857
	Payroll Taxes	130,808	182,835	182,835	182,835	679,313
	Employee 401K	15,159	15,159	15,159	15,159	60,636
	401K Pass Through (Distribution)	-	-	-	-	-
	Employee Health & Life Insurance	222,194	222,194	222,194	222,194	888,776
	Child Support Payments	381	381	381	381	1,524
	Chapter 13 Payments	8,247	8,247	8,247	8,247	32,988
MFG Exp.	Gas for Vehicles	56,918	92,425	64,024	57,266	270,633
	Repairs & Maintenance	27,464	69,101	69,101	69,101	234,767
	Supplies	77,188	96,472	96,472	96,472	366,604
	Freight & Postage	2,592	2,592	2,592	2,592	10,368
	Risk Insurance	90,801	60,534	121,068	90,801	363,204
	Property Taxes	-	-	116,400	142,266	258,666
	Brick Purchases for Resale	1,454	1,454	1,454	1,454	5,816
	Utilities	164,920	362,957	362,957	362,957	1,253,791
Selling	Transfer to Tax Acct (Sales Tax)	34,917	34,917	34,917	34,917	139,668
	Travel & Entertainment	1,698	1,698	1,698	1,698	6,792
	Sales Expenses	14,758	14,758	14,758	14,758	59,032
	Service Charges (Visa Fees)	1,825	1,825	1,825	1,825	7,300
G & A	IT Services	277,391	12,089	12,089	12,089	313,658
	Payments to Secured Creditors	3,166	3,166	3,166	3,166	12,664
	Bankruptcy Fees	-	-	-	-	-
	Permits, Dues & Subscriptions	15,511	15,511	15,511	15,511	62,044
	Debt Service	150,000	150,000	150,000	150,000	600,000
	Other Expenses	10,019	10,019	10,019	10,019	40,076
	Total Cash Disbursements	\$ 1,643,717	\$ 1,823,851	\$ 1,972,384	\$ 1,961,225	\$ 7,401,177
	Cash Flow, Net	\$ (274,651)	\$ 165,316	\$ 453,482	\$ 530,075	\$ 874,222
	Cash Recap:					
	Beginning Cash	\$ 2,083,368	\$ 1,808,717	\$ 1,974,033	\$ 2,427,515	\$ 2,083,368
	Add: Cash Receipts	1,369,066	1,989,167	2,425,866	2,491,300	8,275,399
	Less: Cash Disbursements	(1,643,717)	(1,823,851)	(1,972,384)	(1,961,225)	(7,401,177)
	Ending Cash	\$ 1,808,717	\$ 1,974,033	\$ 2,427,515	\$ 2,957,590	\$ 2,957,590
	Change in Cash Position	\$ (274,651)	\$ 165,316	\$ 453,482	\$ 530,075	\$ 874,222

LEE BRICK
Annual Cash Flow Estimate
Excludes Cash Held it S.T. Investments
Unaudited

Week Ended/Month:		2013 Total	2014 Total	2015 Total	2016 Total	2017 Total
Cash Receipts:						
	Sales Receipts	\$ 6,380,500	\$ 7,087,499	\$ 7,675,618	\$ 8,110,599	\$ 8,275,399
	Other Cash Receipts	-	-	-	-	-
	Total Cash Receipts	\$ 6,380,500	\$ 7,087,499	\$ 7,675,618	\$ 8,110,599	\$ 8,275,399
Disbursements:						
Payroll	Transfers to Payroll (Net)	\$ 1,600,894	\$ 1,632,912	\$ 1,665,570	\$ 1,698,882	\$ 1,732,857
	Payroll Taxes	627,576	640,127	652,934	665,993	679,313
	Employee 401K	56,014	57,132	58,276	59,444	60,636
	401K Pass Through (Distribution)	-	-	-	-	-
	Employee Health & Life Insurance	564,428	705,536	761,980	822,940	888,776
	Child Support Payments	1,413	1,440	1,468	1,496	1,524
	Chapter 13 Payments	30,484	31,092	31,712	32,344	32,988
MFG Exp.	Gas for Vehicles	235,875	247,667	255,097	262,752	270,633
	Repairs & Maintenance	208,584	214,843	221,288	227,927	234,767
	Supplies	325,721	335,493	345,559	355,926	366,604
	Freight & Postage	9,206	9,484	9,772	10,064	10,368
	Risk Insurance	322,694	332,377	342,349	352,621	363,204
	Property Taxes	305,478	292,860	280,873	269,486	258,666
	Brick Purchases for Resale	5,174	5,328	5,484	5,648	5,816
	Utilities	1,092,757	1,147,394	1,181,817	1,217,272	1,253,791
Selling	Transfer to Tax Acct (Sales Tax)	129,026	131,608	134,244	136,928	139,668
	Travel & Entertainment	6,274	6,400	6,528	6,656	6,792
	Sales Expenses	54,536	55,628	56,740	57,876	59,032
	Service Charges (Visa Fees)	6,749	6,884	7,020	7,156	7,300
G & A	IT Services	53,677	295,572	301,480	307,508	313,658
	Payments to Secured Creditors	11,697	11,932	12,172	12,412	12,664
	Bankruptcy Fees	26,000	26,520	-	-	-
	Permits, Dues & Subscriptions	57,316	58,464	59,636	60,828	62,044
	Debt Service	500,000	600,000	600,000	600,000	600,000
	Other Expenses	37,022	37,764	38,520	39,288	40,076
Total Cash Disbursements		\$ 6,268,595	\$ 6,884,457	\$ 7,030,519	\$ 7,211,447	\$ 7,401,177
	Cash Flow, Net	\$ 111,905	\$ 203,042	\$ 645,099	\$ 899,152	\$ 874,222
	Cash Recap:					
	Beginning Cash	\$ 224,170	\$ 336,075	\$ 539,117	\$ 1,184,216	\$ 2,083,368
	Add: Cash Receipts	6,380,500	7,087,499	7,675,618	8,110,599	8,275,399
	Less: Cash Disbursements	(6,268,595)	(6,884,457)	(7,030,519)	(7,211,447)	(7,401,177)
	Ending Cash	\$ 336,075	\$ 539,117	\$ 1,184,216	\$ 2,083,368	\$ 2,957,590
	Change in Cash Position	\$ 111,905	\$ 203,042	\$ 645,099	\$ 899,152	\$ 874,222

LEE BRICK

11/15/12

Annual Cash Flow Estimate

Excludes Cash Held it S.T. Investments

Unaudited

Week Ended/Month:		5 Year Total
Cash Receipts:		
	Sales Receipts	\$ 37,529,615
	Other Cash Receipts	-
	Total Cash Receipts	\$ 37,529,615
Disbursements:		
Payroll	Transfers to Payroll (Net)	\$ 8,331,115
	Payroll Taxes	3,265,943
	Employee 401K	291,502
	401K Pass Through (Distribution)	-
	Employee Health & Life Insurance	3,743,660
	Child Support Payments	7,341
	Chapter 13 Payments	158,620
MFG Exp.	Gas for Vehicles	1,272,024
	Repairs & Maintenance	1,107,409
	Supplies	1,729,303
	Freight & Postage	48,894
	Risk Insurance	1,713,245
	Property Taxes	1,407,363
	Brick Purchases for Resale	27,450
	Utilities	5,893,031
Selling	Transfer to Tax Acct (Sales Tax)	671,474
	Travel & Entertainment	32,650
	Sales Expenses	283,812
	Service Charges (Visa Fees)	35,109
G & A	IT Services	1,271,895
	Payments to Secured Creditors	60,877
	Bankruptcy Fees	52,520
	Permits, Dues & Subscriptions	298,288
	Debt Service	2,900,000
	Other Expenses	192,670
Total Cash Disbursements		\$ 34,796,195
	Cash Flow, Net	\$ 2,733,420
Cash Recap:		
	Beginning Cash	\$ 224,170
	Add: Cash Receipts	37,529,615
	Less: Cash Disbursements	(34,796,195)
	Ending Cash	\$ 2,957,590
	Change in Cash Position	\$ 2,733,420

Exhibit 3

Lee Brick Company

11/15/12

Total Brick Inventory - All Plants

In "Actual" Bricks not Standard Brick Equivalents (SBE)

Plants 1, 3 & 4:

Date	Beginning Brick Unit Inventory	Add: Bricks Produced	Moved From Plant 3 to Plant 1	Less: Brick Shipments	Ending Brick Unit Inventory	Inc(Dec) from 6/15/12
06/15/12					9,039,031	-
06/28/12	9,039,031	1,365,500	-	(1,253,898)	9,150,633	111,602
07/05/12	9,150,633	644,376	-	(484,404)	9,310,605	271,574
07/12/12	9,310,605	256,540	-	(492,102)	9,075,043	36,012
07/19/12	9,075,043	620,310	-	(452,682)	9,242,671	203,640
07/26/12	9,242,671	529,350	-	(431,348)	9,340,673	301,642
08/02/12	9,340,673	616,876	-	(398,065)	9,559,484	520,453
08/09/12	9,559,484	142,460	-	(364,112)	9,337,832	298,801
08/16/12	9,337,832	610,050	337,950	(462,224)	9,823,608	784,577
08/23/12	9,823,608	412,640	330,190	(341,560)	10,224,878	1,185,847
08/30/12	10,224,878	756,000	-	(400,692)	10,580,186	1,541,155
09/06/12	10,580,186	682,500	-	(337,099)	10,925,587	1,886,556
09/13/12	10,925,587	632,000	-	(605,176)	10,952,411	1,913,380
09/20/12	10,952,411	668,304	-	(534,526)	11,086,189	2,047,158
09/27/12	11,086,189	737,856	-	(572,086)	11,251,959	2,212,928
10/04/12	11,251,959	-	-	(339,466)	10,912,493	1,873,462
10/11/12	10,912,493	762,048	-	(467,551)	11,206,990	2,167,959
10/18/12	11,206,990	756,000	-	(348,318)	11,614,672	2,575,641
10/25/12	11,614,672	756,000	-	(442,017)	11,928,655	2,889,624
11/01/12	11,928,655	759,780	-	(356,982)	12,331,453	3,292,422

Totals	11,708,590	668,140	(9,084,308)
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Actual Count	Nov 1	12,623,216
Difference	Nov 1	291,763

Note: Units exclude splits, solids and step corners

Lee Brick Company

11/15/12

Plant 4 Inventory

In "Actual" Bricks not Standard Brick Equivalents (SBE)

Plant 4:

Date	Beginning Brick Unit Inventory	Add: Bricks Produced	Less: Brick Shipments	Ending Brick Unit Inventory	Inc(Dec) from 6/15/12
06/15/12				3,781,805	-
06/28/12	3,781,805	1,365,500	(654,878)	4,492,427	710,622
07/05/12	4,492,427	644,376	(274,892)	4,861,911	1,080,106
07/12/12	4,861,911		(218,088)	4,643,823	862,018
07/19/12	4,643,823		(180,726)	4,463,097	681,292
07/26/12	4,463,097		(213,100)	4,249,997	468,192
08/02/12	4,249,997		(145,406)	4,104,591	322,786
08/09/12	4,104,591		(107,968)	3,996,623	214,818
08/16/12	3,996,623		(170,596)	3,826,027	44,222
08/23/12	3,826,027		(133,906)	3,692,121	(89,684)
08/30/12	3,692,121		(153,280)	3,538,841	(242,964)
09/06/12	3,538,841		(111,462)	3,427,379	(354,426)
09/13/12	3,427,379		(136,510)	3,290,869	(490,936)
09/20/12	3,290,869		(212,702)	3,078,167	(703,638)
09/27/12	3,078,167		(255,958)	2,822,209	(959,596)
10/04/12	2,822,209	-	(105,718)	2,716,491	(1,065,314)
10/11/12	2,716,491	762,048	(147,702)	3,330,837	(450,968)
10/18/12	3,330,837	756,000	(118,462)	3,968,375	186,570
10/25/12	3,968,375	756,000	(186,900)	4,537,475	755,670
11/01/12	4,537,475	759,780	(154,926)	5,142,329	1,360,524
Totals		5,043,704	(3,683,180)		

Actual Count	Nov 1	4,712,430
Difference	Nov 1	(429,899)

Note: Units exclude splits, solids and step corners

Lee Brick Company
Plant 1 & 3 Inventory

11/15/12

In "Actual" Bricks not Standard Brick Equivalents (SBE)

Plants 1 & 3:

Beginning Brick Unit Inventory	Beginning Brick Unit Inventory	Add: Bricks Produced	Moved From Plant 3 to Plant 1	Less: Brick Shipments	Ending Brick Unit Inventory	Inc(Dec) from 6/15/12
06/15/12					5,257,226	-
06/28/12	5,257,226	-		(599,020)	4,658,206	(599,020)
07/05/12	4,658,206	-		(209,512)	4,448,694	(808,532)
07/12/12	4,448,694	256,540		(274,014)	4,431,220	(826,006)
07/19/12	4,431,220	620,310		(271,956)	4,779,574	(477,652)
07/26/12	4,779,574	529,350		(218,248)	5,090,676	(166,550)
08/02/12	5,090,676	616,876		(252,659)	5,454,893	197,667
08/09/12	5,454,893	142,460		(256,144)	5,341,209	83,983
08/16/12	5,341,209	610,050	337,950	(291,628)	5,997,581	740,355
08/23/12	5,997,581	412,640	330,190	(207,654)	6,532,757	1,275,531
08/30/12	6,532,757	756,000	-	(247,412)	7,041,345	1,784,119
09/06/12	7,041,345	682,500	-	(225,637)	7,498,208	2,240,982
09/13/12	7,498,208	632,000	-	(468,666)	7,661,542	2,404,316
09/20/12	7,661,542	668,304	-	(321,824)	8,008,022	2,750,796
09/27/12	8,008,022	737,856	-	(316,128)	8,429,750	3,172,524
10/04/12	8,429,750	-	-	(233,748)	8,196,002	2,938,776
10/11/12	8,196,002	-	-	(319,849)	7,876,153	2,618,927
10/18/12	7,876,153	-	-	(229,856)	7,646,297	2,389,071
10/25/12	7,646,297	-	-	(255,117)	7,391,180	2,133,954
11/01/12	7,391,180	-	-	(202,056)	7,189,124	1,931,898
Totals		6,664,886	668,140	(5,401,128)		

Actual Count	Nov 1	7,910,786
Difference	Nov 1	518,964

Note: Units exclude splits, solids and step corners

Exhibit 4

Lee Brick & Tile Company
AR Reconciliation - per Aging

10/31/12

(Dollars in Thousands)	Plant 4	Plants 1, 2 & 3	Total
Accounts Receivable:			
Balance at 6/15/12	\$ 306	\$ 675	\$ 981
Invoiced 6/19 - 6/30	\$ 147	\$ 128	\$ 275
Invoiced 7/1 - 7/25	193	231	424
Estimated Sales Tax, Freight		111	111
Total Invoices	\$ 340	\$ 470	\$ 810
Collected 6/15 - 6/30	\$ (31)	\$ (180)	\$ (211)
Collected 7/1 - 7/25	(190)	(414)	(604)
Total Collections	\$ (221)	\$ (594)	\$ (815)
Outstanding A/R 7/25/12	\$ 425	\$ 551	\$ 976
Invoiced 7/26- 7/31	\$ 39	\$ 39	\$ 78
Invoiced 8/1 - 8/31	158	296	454
Estimated Sales Tax, Freight		(72)	(72)
Total Invoices	\$ 197	\$ 263	\$ 460
Collected 7/26- 7/31	\$ (23)	\$ (71)	\$ (94)
Collected 8/1 - 8/31	(273)	(367)	(640)
Total Collections	\$ (296)	\$ (438)	\$ (734)
Outstanding A/R 8/31/12	\$ 326	\$ 376	\$ 702
Invoiced 9/3-9/28	\$ 210	\$ 301	\$ 511
Collected 9/3-9/28	(150)	(216)	(366)
Other	1	19	20
Outstanding A/R 9/28/12	\$ 387	\$ 480	\$ 867
Invoiced 10/1 - 10/31	\$ 157	\$ 315	\$ 472
Collected 10/1 - 10/31	(211)	(415)	(626)
Other	(1)	25	24
Outstanding A/R 10/31/12	\$ 332	\$ 405	\$ 737

EXHIBIT 5

STATEMENT OF INAPPLICABILITY OF LIQUIDATION ANALYSIS

The Plan proposes to pay all creditors in full with interest. Because of this, no liquidation analysis is required.