

DETREX CORPORATION
QUARTERLY INFORMATION AND DISCLOSURE STATEMENT

For Fiscal Quarter ended June 30, 2015

All information contained in this Information and Disclosure Statement has been compiled to fulfill the disclosure requirements of OTC Markets Group, Inc. The captions contained herein correspond to the sequential format as set forth in the disclosure guidelines.

Item 1 The Exact Name of the Issuer and the Address of its Principal Executive Offices.

Detrex Corporation
24901 Northwestern Highway, Suite 410
Southfield, MI 48075
Telephone: (248) 358-5800
Facsimile: (248) 799-7192
Website: www.detrex.com

Investor Relations Contact for the Issuer:

Thomas E. Mark
Detrex Corporation
24901 Northwestern Highway, Suite 410
Southfield, MI 48075

Telephone: (248) 358-5800
Facsimile: (248) 799-7192

Item 2 Shares Outstanding.

A. Quarter ended June 30, 2015:

- (i) Authorized – 4,000,000 common at par value \$2.00 per share and 1,000,000 preferred at par value \$2.00 per share.
- (ii) Outstanding – 1,675,939 common stock. No preferred stock outstanding.
- (iii) Free Trading – 1,659,179 common.
- (iv) Shareholders - 140 common of record with the Company's transfer agent.

Item 3 Interim Financial Statements

See Below

DETREX CORPORATION
CONSOLIDATED BALANCE SHEETS

| | UNAUDITED <u>June 30, 2015</u> | AUDITED <u>December 31, 2014</u> |
|---|-----------------------------------|-------------------------------------|
| <u>ASSETS</u> | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 1,714,360 | \$ 1,778,331 |
| Accounts receivable (net of allowance for uncollectible accounts of \$29,500 in 2015 and \$30,000 in 2014) | 5,200,900 | 4,697,086 |
| Inventories | | |
| Raw materials | 2,490,646 | 1,836,648 |
| Finished goods | 2,629,442 | 3,608,489 |
| Total Inventories | 5,120,088 | 5,445,137 |
| Prepaid expenses and other | 7,154 | 391,017 |
| Refundable income taxes | 301,000 | 301,000 |
| Deferred income taxes | 292,000 | 292,000 |
| Total Current Assets | 12,635,502 | 12,904,571 |
| Land, buildings, and equipment-net | 9,224,584 | 9,396,600 |
| Deferred income taxes | 1,224,238 | 1,224,238 |
| Other assets | 535,994 | 472,235 |
| Total Assets | <u>\$ 23,620,318</u> | <u>\$ 23,997,644</u> |
| <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u> | | |
| Current Liabilities: | | |
| Current portion of long-term debt | 1,230,000 | 1,230,000 |
| Accounts payable | 1,386,847 | 1,757,842 |
| Current portion of environmental reserve | 685,000 | 685,000 |
| Accrued compensation | 375,687 | 302,349 |
| Other accruals | 1,871,705 | 1,659,134 |
| Total Current Liabilities | 5,549,239 | 5,634,325 |
| Long-term debt, net of current portion | 2,502,500 | 3,117,500 |
| Environmental reserve, net of current portion | 1,120,913 | 1,295,672 |
| Accrued pension | 3,627,258 | 3,666,314 |
| Equity: | | |
| Common capital stock, \$2 par value, authorized 4,000,000 shares, outstanding 1,675,939 shares | 3,351,878 | 3,351,878 |
| Additional paid-in capital | 881,730 | 881,730 |
| Retained earnings | 17,960,384 | 17,423,809 |
| Accumulated other comprehensive income | (11,373,584) | (11,373,584) |
| Total Equity | 10,820,408 | 10,283,833 |
| Total liabilities and equity | <u>\$ 23,620,318</u> | <u>\$ 23,997,644</u> |

DETREX CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | Capital Stock | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Total |
|------------------------------|--------------------------|---|------------------------------|--|---------------|
| Balance at December 31, 2014 | \$ 3,351,878 | \$ 881,730 | \$ 17,423,809 | \$ (11,373,584) | \$ 10,283,833 |
| Net Income (Loss) | | | 1,374,545 | | 1,374,545 |
| Dividends | | | (837,970) | | (837,970) |
| Balance at June 30, 2014 | \$ 3,351,878 | \$ 881,730 | \$ 17,960,384 | \$ (11,373,584) | \$ 10,820,408 |

DETREX CORPORATION

CONSOLIDATED UNAUDITED STATEMENT OF OPERATIONS

| | Three Months Ended June 30 | | Six Months Ended June 30 | |
|--|-------------------------------|--------------------------|-----------------------------|--------------------------|
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| Net sales | \$ 9,955,021 | \$ 9,731,690 | \$ 20,896,891 | \$ 19,918,491 |
| Cost of sales | 6,780,482 | 6,824,573 | 14,391,141 | 13,766,063 |
| Selling, general and administrative expenses | 1,824,065 | 1,715,145 | 3,732,654 | 3,734,017 |
| Provision for depreciation and amortization | 340,017 | 336,933 | 680,034 | 676,083 |
| Provision for environmental expense | - | - | - | - |
| Other expense | 12,758 | 10,988 | 20,509 | 22,911 |
| Interest expense | <u>27,767</u> | <u>54,445</u> | <u>51,163</u> | <u>108,683</u> |
| Income before income taxes | 972,932 | 789,606 | 2,021,390 | 1,610,734 |
| Provision for income taxes | <u>311,338</u> | <u>268,466</u> | <u>646,845</u> | <u>547,649</u> |
| Net income from continuing operations | 661,594 | 521,140 | 1,374,545 | 1,063,085 |
| Discontinued Operations: | | | | |
| Settlement (loss) on sale of Subsidiary, net of tax | <u>-</u> | <u>(304,139)</u> | <u>-</u> | <u>(304,139)</u> |
| Net income | <u>\$ 661,594</u> | <u>\$ 217,001</u> | <u>\$ 1,374,545</u> | <u>\$ 758,946</u> |
| Basic earnings (loss) per common share shareholders: | | | | |
| From continuing operations | \$ 0.39 | \$ 0.31 | \$ 0.82 | \$ 0.63 |
| From discontinued operations | <u>-</u> | <u>(0.18)</u> | <u>-</u> | <u>(0.18)</u> |
| Net earnings per share | <u>\$ 0.39</u> | <u>\$ 0.13</u> | <u>\$ 0.82</u> | <u>\$ 0.45</u> |
| Fully diluted earnings (loss) per common share shareholders: | | | | |
| From continuing operations | \$ 0.38 | \$ 0.30 | \$ 0.80 | \$ 0.61 |
| From discontinued operations | <u>-</u> | <u>(0.18)</u> | <u>-</u> | <u>(0.18)</u> |
| Net earnings per share | <u>\$ 0.38</u> | <u>\$ 0.12</u> | <u>\$ 0.80</u> | <u>\$ 0.43</u> |
| Weighted average shares outstanding: | | | | |
| Basic | 1,675,939 | 1,675,939 | 1,675,939 | 1,675,939 |
| Effects of dilutive stock options | <u>50,648</u> | <u>53,582</u> | <u>50,648</u> | <u>53,582</u> |
| Diluted | <u>1,726,587</u> | <u>1,729,521</u> | <u>1,726,587</u> | <u>1,729,521</u> |

DETREX CORPORATION

CONSOLIDATED UNAUDITED STATEMENTS OF CASH FLOWS

| | Six Months Ended | |
|--|---------------------|--------------------|
| | <u>June 30</u> | |
| | <u>2015</u> | <u>2014</u> |
| Cash Flows from Operating Activities: | | |
| Net income | \$ 1,374,545 | \$ 758,946 |
| Adjustments to reconcile net income to net cash from operating activities: | | |
| Income from discontinued operations | - | 304,139 |
| Depreciation and amortization | 680,034 | 676,083 |
| Loss on disposal of assets | 25,002 | 22,998 |
| Uncollectible receivable provision | 12,471 | - |
| Pension Expense | (16,942) | (116,080) |
| Deferred income taxes | - | (502,288) |
| Changes to operating assets and liabilities that provided (used) cash: | | |
| Accounts receivable | (516,285) | (974,451) |
| Inventories | 325,049 | 27,650 |
| Prepaid expenses and other | 230,023 | 200,901 |
| Other assets | 125,868 | (103,317) |
| Accounts payable | (370,995) | (228,321) |
| Environmental | (174,759) | (397,968) |
| Pension contributions | (22,114) | (3,114) |
| Other accruals | 250,121 | 467,562 |
| Net cash provided from continuing operating activities | <u>1,922,018</u> | <u>132,740</u> |
| Cash Flows from Investing Activities: | | |
| Capital expenditures | <u>(533,019)</u> | <u>(278,360)</u> |
| Net cash (used in) continuing investing activities | <u>(533,019)</u> | <u>(278,360)</u> |
| Net cash provided from discontinued investing activities | - | 2,135,625 |
| Net cash provided from (used in) investing activities | <u>(533,019)</u> | <u>1,857,265</u> |
| Cash Flows from Financing Activities: | | |
| Payments on long-term debt, net | (615,000) | (1,427,500) |
| Dividends paid | (837,970) | (837,970) |
| Net cash (used in) continuing financing activities | <u>(1,452,970)</u> | <u>(2,265,470)</u> |
| Net (decrease) in cash and cash equivalents | (63,971) | (275,465) |
| Cash and cash equivalents - Beginning of period | 1,778,331 | 1,206,544 |
| Cash and cash equivalents - End of period | <u>\$ 1,714,360</u> | <u>\$ 931,079</u> |

Item 4

Management's Discussion and Analysis of Financial Condition and Results of Operations.

Results from continuing operations for the quarter ended June 30, 2015 and 2014 are summarized below: (\$ in charts are in thousands)

| | Qtr ended June 30, 2015 | | Qtr ended June 30, 2014 | |
|-------------------------------|----------------------------|-------|----------------------------|-------|
| | \$ | % | \$ | % |
| The Elco Corporation | | | | |
| Net sales | 9,955 | 100.0 | 9,732 | 100.0 |
| Gross margin | 3,175 | 31.9 | 2,907 | 29.9 |
| Selling, general and admin | 1,489 | 15.0 | 1,382 | 14.2 |
| Depreciation and Amortization | 339 | 3.4 | 336 | 3.5 |
| Elco pre-tax income | 1,347 | 13.5 | 1,189 | 12.2 |
| Detrex Corporation | | | | |
| Selling, general and admin | 335 | 3.4 | 333 | 3.4 |
| Depreciation and amortization | 1 | - | 1 | - |
| Environmental provision | - | - | - | - |
| Other (income) expense, net | 38 | 0.4 | 65 | 0.7 |
| Total pre-tax income | 973 | 9.7 | 790 | 8.1 |

Second quarter net sales of \$10.0 million represent a year-over-year improvement resulting from gains in several product lines and improving sales of a product that tends to fluctuate in volume from month to month. Gross margins were higher as a result of higher volume and favorable sales product mix.

Combined selling, general and administrative expenses increased by \$.1 million compared to the period a year ago, due to increased personnel and legal expenses.

| | YTD | | YTD | |
|-------------------------------|---------------|-------|---------------|-------|
| | June 30, 2015 | | June 30, 2014 | |
| | \$ | % | \$ | % |
| The Elco Corporation | | | | |
| Net sales | 20,897 | 100.0 | 19,918 | 100.0 |
| Gross margin | 6,506 | 31.1 | 6,152 | 30.9 |
| Selling, general and admin | 2,990 | 14.3 | 2,930 | 14.7 |
| Depreciation and Amortization | 678 | 3.2 | 674 | 3.4 |
| Elco pre-tax income | 2,838 | 13.6 | 2,548 | 12.8 |
| Detrex Corporation | | | | |
| Selling, general and admin | 743 | 3.6 | 804 | 4.0 |
| Depreciation and amortization | 2 | - | 3 | - |
| Environmental provision | - | - | - | - |
| Other (income) expense, net | 72 | 0.3 | 130 | 0.7 |
| Total pre-tax income | 2,021 | 9.7 | 1,611 | 8.1 |

For the year to date, net sales increased 4.9% to \$20.9 million compared to the same period in 2014. Gross margins increased by \$0.4 million compared to the prior year period. The increase is largely the result of improving sales of a product line that tends to fluctuate in volume from month to month and gains in several other product lines.

Selling, general and administrative expenses were about the same year-over-year at \$3.7 million. The Elco SG&A increase reflects higher personnel costs. Whereas, the Detrex selling, general and administrative expenses decreased by \$.6 million compared to the period year ago, largely due planned spending reductions for corporate expenses. The other expense amount largely represents the interest expense recorded on the company's credit facility.

Liquidity and Financial Condition

Working capital at June 30, 2015 was \$7.1 million, compared to \$7.3 million at December 31, 2014. The Company believes that it has adequate cash flow and bank credit availability to fund its operations. Capital spending through the first six months of 2015 totaled \$533,019. The Company has no off balance sheet lending arrangements.

Item 5 Legal Proceedings

None

Item 6 Defaults Upon Senior Securities

None

Item 7 Other Information

None

Item 8 Exhibits

None

Item 9 Certifications

See attached

CFO AND CEO CERTIFICATIONS

I, Thomas E. Mark, President and CEO and currently performing the duties of the CFO, certify that:

- a) I have reviewed this quarterly disclosure statement of Detrex Corporation;
- b) Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement;
- c) Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for the periods presented in this disclosure statement; and

WHEREFORE, the undersigned has executed this Certification on this 3rd day of August, 2015.

Certified by: Thomas E. Mark
Thomas E. Mark
President and CEO