

DETREX CORPORATION
QUARTERLY INFORMATION AND DISCLOSURE STATEMENT

For Fiscal Quarter ended March 31, 2016

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 March 31, 2016:

- (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 – 1,697,939 common stock. No preferred stock outstanding.
- (iii) Free Trading – 1,680,960 common.
- (iv) Shareholders - 134 common of record with the Company's transfer agent.

Item 3 Interim Financial Statements

See Below

DETREX CORPORATION
CONSOLIDATED BALANCE SHEETS

	UNAUDITED <u>March 31, 2016</u>	AUDITED <u>December 31, 2015</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 955,635	\$ 1,531,267
Accounts receivable (net of allowance for uncollectible accounts of \$36,000 in 2016 and \$30,000 in 2015)	4,334,910	4,219,224
Inventories		
Raw materials	2,487,750	1,738,569
Finished goods	2,971,359	3,415,128
Total Inventories	5,459,109	5,153,697
Income taxes receivable	1,492,365	1,256,432
Prepaid expenses and other	344,272	450,536
Deferred income taxes	205,000	205,000
Total Current Assets	12,791,291	12,816,156
Land, buildings, and equipment-net	8,967,244	9,144,362
Deferred income taxes	84,000	84,000
Other assets	125,216	283,212
Total Assets	<u>\$ 21,967,751</u>	<u>\$ 22,327,730</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current Liabilities:		
Revolving credit facility	400,000	-
Current portion of long-term debt	1,230,000	1,230,000
Accounts payable	1,955,930	1,677,045
Current portion of environmental reserve	255,000	255,000
Accrued compensation	132,574	355,316
Other accruals	688,614	903,575
Total Current Liabilities	4,662,118	4,420,936
Long-term debt, net of current portion	1,580,000	1,887,500
Environmental reserve	1,479,977	1,501,610
Accrued pension and other	3,762,921	3,723,231
Equity:		
Detrex Corporation Shareholders Equity		
Common capital stock, \$2 par value, authorized 4,000,000 shares, outstanding 1,697,939 shares in 2016 and 1,675,939 in 2015	3,395,878	3,351,878
Additional paid-in capital	716,180	881,730
Retained earnings	17,859,765	18,049,933
Accumulated other comprehensive income (loss)	(11,489,088)	(11,489,088)
Total equity	10,482,735	10,794,453
Total liabilities and equity	<u>\$ 21,967,751</u>	<u>\$ 22,327,730</u>

DETREX CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
UNAUDITED

	Capital Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance at December 31, 2014	\$ 3,351,878	\$ 881,730	\$18,049,933	\$(11,489,088)	\$10,794,453
Net Income			234,317		234,317
Stock Options Exercise	44,000	(165,550)			(121,550)
Dividends			(424,485)		(424,485)
Balance at March 31, 2015	\$ 3,395,878	\$ 716,180	\$ 17,859,765	\$(11,489,088)	\$ 10,482,735

DETREX CORPORATION

**CONSOLIDATED UNAUDITED STATEMENT OF OPERATIONS
UNAUDITED**

	Three Months Ended <u>March 31</u>	
	<u>2016</u>	<u>2015</u>
Net sales	\$ 8,940,636	\$ 10,941,870
Cost of sales	6,161,529	7,610,659
Selling, general and administrative expenses	2,042,270	1,908,589
Provision for depreciation and amortization	345,680	340,017
Provision for environmental expense	-	-
Other income expense	15,009	7,751
Interest expense	<u>21,122</u>	<u>26,396</u>
Income before income taxes	355,026	1,048,458
Provision for income taxes	<u>120,709</u>	<u>335,507</u>
Net Income	<u>\$ 234,317</u>	<u>\$ 712,951</u>
Basic earnings per share:	\$ 0.14	\$ 0.43
Fully diluted earnings per share:	\$ 0.14	\$ 0.41
Weighted average shares outstanding:		
Basic	1,697,939	1,675,939
Effects of dilutive stock options	<u>6,973</u>	<u>51,705</u>
Diluted	<u>1,704,912</u>	<u>1,727,644</u>

DETREX CORPORATION

CONSOLIDATED UNAUDITED STATEMENTS OF CASH FLOWS UNAUDITED

	Three Months Ended March 31	
	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Net income	\$ 234,317	\$ 712,951
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	345,680	340,017
Loss on disposal of assets	12,509	11,751
Uncollectible receivable provision	-	12,471
Pension Expense (recovery)	41,247	74,248
Changes to operating assets and liabilities that provided (used) cash:		
Accounts receivable	(115,686)	(1,273,049)
Inventories	(305,412)	45,479
Prepaid expenses and other	106,264	108,710
Other assets	157,997	(32,253)
Accounts payable	278,885	486,046
Environmental Spending	(21,633)	(126,334)
Pension contributions	(1,557)	(20,557)
Other accruals	(673,637)	330,920
Net cash provided from (used in) operating activities	<u>58,974</u>	<u>670,400</u>
Cash Flows from Investing Activities:		
Capital expenditures	(181,071)	(232,237)
Proceeds from sale of fixed assets	-	-
Net cash (used in) total investing activities	<u>(181,071)</u>	<u>(232,237)</u>
Cash Flows from Financing Activities:		
Borrowings (Payment) on credit facilities - net	92,500	(307,500)
Excess tax benefits from stock option exercise and stock option redemption	345,950	-
Stock option redemption	(610,500)	-
Proceeds from exercise of stock options	143,000	-
Dividends paid	(424,485)	(418,985)
Net cash (used in) total financing activities	<u>(453,535)</u>	<u>(726,485)</u>
Net (decrease) in cash and cash equivalents	(575,632)	(288,322)
Cash and cash equivalents at beginning of period	1,531,267	1,778,331
Cash and cash equivalents at end of period	<u>\$ 955,635</u>	<u>\$ 1,490,009</u>

Item 4

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

Results from continuing operations for the quarter ended March 31, 2016 and 2015 are summarized below: (\$ in charts are in thousands)

	Qtr ended Mar 31, 2016		Qtr ended Mar 31, 2015	
	\$	%	\$	%
The Elco Corporation				
Net sales	8,941	100.0	10,942	100.0
Gross margin	2,779	31.1	3,331	30.4
Selling, general and admin	1,469	16.4	1,501	13.7
Depreciation and Amortization	344	3.8	339	3.1
Elco pre-tax income	953	10.6	1,479	13.6
Detrex Corporation				
Selling, general and admin	573	6.4	408	3.8
Depreciation and amortization	1	-	1	-
Other expense, net	24	0.2	22	0.2
Total pre-tax income	355	4.0	1,048	9.6

First quarter 2016 revenues of \$8.9 million improved from the fourth quarter 2015 level of \$8.2 million and were below the \$10.9 million in the year ago first quarter. The weak sales in the last two quarters reflect poor industrial demand, specifically from the metalworking and energy markets. The weakness has been particularly pronounced in the Americas. The earnings were impacted by lower sales volume, partially offset by reduced manufacturing costs.

The overall selling, general and administrative expenses increased from the prior period a year ago due to increased legal fees. The other expense amount represents the interest expense recorded on the company's credit facility.

Liquidity and Financial Condition

Working capital at March 31, 2016 and December 31, 2015 was \$8.1 million and \$8.4 million, respectively. The Company believes that it has adequate cash flow and bank credit availability to fund its operations. Capital spending through the first three months of 2016 totaled approximately \$181,000. The Company has no material 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 16th day of May, 2016.

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