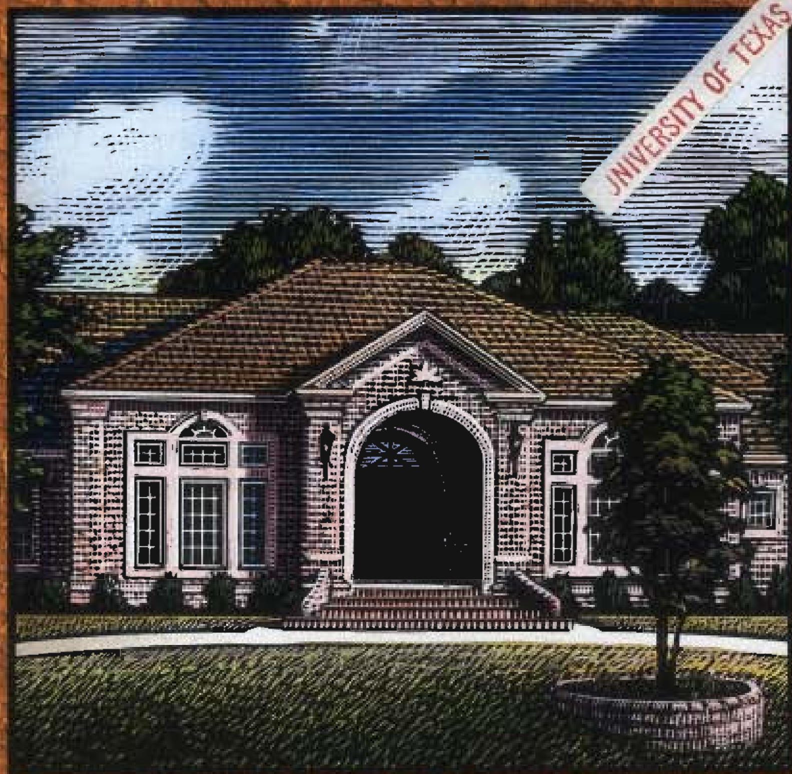
JUSTIN INDUSTRIES



1993 ANNUAL REPORT

Financial Highlights

	1993	%Change	1992	%Change	1991	%Change
Net Sales	**$ 474,931**	**+ 4.8**	$ 453,267	+ 23.1	$ 368,350	+ 22.7
Income from Continuing Operations*	**36,035**	**+ 33.0**	27,093	+220.5	8,453	+ 11.6
Net Income	**37,141**	**+ 37.1**	27,093	+ 40.9	19,233	+ 163.7
Earnings Per Share from Continuing Operations*	**1.29**	**+ 31.6**	.98	+206.3	.32	+ 10.3
Earnings Per Share	**1.33**	**+ 35.7**	.98	+ 34.2	.73	+ 160.7
Return on Shareholders' Equity*	**23.2%**	**+ 9.4**	21.2%	+178.9	7.6%	+ 6.9
Capital Expenditures**	**17,278**	**+ 43.9**	12,006	+ 12.6	10,666	- 15.7
Working Capital	**185,193**	**+ 12.4**	164,822	+ 8.7	151,588	+ 2.9
Total Assets	**346,680**	**+ 9.6**	316,368	+ 6.9	295,947	+ 1.0
Long-Term Debt	**88,504**	**- 11.8**	100,362	- 13.5	116,040	- 7.0
Shareholders' Equity	**188,803**	**+ 21.6**	155,270	+ 21.7	127,549	+ 14.8
Book Value Per Share	**6.95**	**+ 20.9**	5.75	+ 17.0	4.92	+ 14.2
Cash Dividends Per Share	**.16**	**+ 14.3**	.14	+ 3.7	.135	—
Average Number of Shares Outstanding	**27,953**	**+ .7**	27,772	+ 5.3	26,382	- .1

**continuing operations before cumulative effect on prior years of change in accounting for income taxes*
***continuing operations*

in thousands, except per share data

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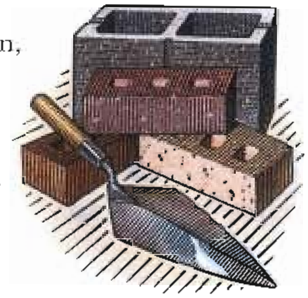
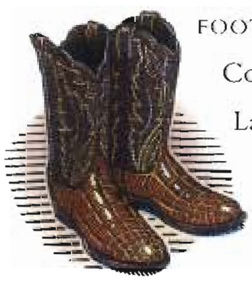
CORPORATE PROFILE

Justin Industries, headquartered in Fort Worth, Texas, is a leader in each of its principal businesses:

BUILDING MATERIALS—with Acme Brick Company, one of the nation's largest producers of face brick; Featherlite Building Products Corporation, the Southwest leader in manufactured concrete building products; and Tradewinds Technologies, Inc., producer of Tradewinds evaporative coolers for home and light commercial applications.





FOOTWEAR—consisting of Justin Boot Company, Nocona Boot Company, and Tony Lama Company, whose products give Justin Industries a national identity as the preeminent producer of quality western boots.

Northland Publishing, a distinguished publisher of western and southwestern Americana, art, and Native American culture, is also part of Justin Industries.

Justin Industries common stock is traded in the Nasdaq National Market System using the symbol "JSTN."

TO OUR SHAREHOLDERS

Justin Industries continued to post new records in both sales and earnings in 1993. Consolidated net sales increased for the seventh consecutive year to a new high of $474.9 million, and the 1993 net income of $37.1 million (which includes an additional $1.1 million due to a required accounting change) reflects an increase of 37 percent over 1992. Shareholders' equity in the company increased by 22 percent, reaching $189 million at the close of the year.

Key to the company's success in 1993 was the Building Materials segment, with the pace set by Acme Brick Company's outstanding performance. Acme posted a banner year due to strong levels of brick shipments and sales of purchased products, reflecting residential construction growth in the company's markets, as well as improved pricing coupled with the efficiencies of increased production. Featherlite Building Products Corporation and Tradewinds Technologies, Inc. likewise contributed to the year's achievement, recording gains in both sales and earnings. Featherlite's success was attributable to further progress in improving cost efficiency, increased sales volume and market share, and a renewal of non-residential construction, especially institutional buildings, such as schools, where concrete block is a major component. Tradewinds' unique evaporative cooling system continues to gain consumer acceptance, adding to revenue and earnings, and with the introduction of a new line of larger commercial units and a new single inlet unit designed for home use, further increases should be realized in 1994.

While Building Materials' activity surged to levels not seen since 1984–85, Footwear sales relaxed somewhat from the 20 percent annual growth rates of prior years. Footwear results in 1993 were affected by the tentative level of sales seen by other footwear manufacturers and throughout the apparel industry, as retail customers were apparently apprehensive of the strength of the economy, the prospects of higher taxes, and workforce reductions in many industries. Earnings from Footwear operations contributed strongly to the company's overall profitability, with gains expected in 1994 and subsequent years when all of the synergistic benefits of the formation of Footwear Management Company are realized. This organization—which brings together under one management structure the operations of Justin Boot Company (including its Chippewa division), Nocona Boot Company, and Tony Lama Company—will coordinate advertising and promotional activities, purchasing, customer-related functions, and other tasks, while continuing to capitalize on the individual brand identities of Justin, Nocona, Tony Lama, and Chippewa products.

Additional domestic market share and distribution of footwear products to foreign markets will be major objectives in 1994. Long-term growth, especially in our core markets, continues as our credo in the Footwear business, as we emphasized in our letter to you in the 1992 annual report.

Justin Industries' financial condition was further strengthened in 1993. Cash generated from operations enabled the company to reduce interest-bearing debt by $16 million during the year, bringing indebtedness to the lowest level in over three years.

Capital expenditures in 1993 were up $5.3 million from the prior year, and it is expected that 1994 will see a further substantial increase, primarily at Acme Brick Company, where one new brick plant is planned for construction. The new plant, in one of the company's key market areas, will add much-needed capacity at relatively low unit costs. A second key plant is targeted for major improvements to increase its efficiency and enhance product quality.

Ben J. Fortson, who has ably served as a director of the company since 1991, has decided to not stand for reelection at the next annual meeting of shareholders. Mr. Fortson indicated that the responsibilities and time constraints in his own business led him to make this decision. We appreciate his contributions to the company and its shareholders.

For 1994, we expect another strong year in the Building Materials area, with Acme Brick Company leading the way with its robust market share, and continued growth in its purchased products operations. We also expect that continued growth in non-residential construction will enable Featherlite to contribute at a meaningful level.

In the Footwear group, growth is expected to be maintained at an acceptable level in our core business area, with added revenue gained from further improvements in marketing the four major product lines: Justin, Tony Lama, Nocona and Chippewa.

Justin Industries is poised in all segments of our business to capitalize on our past investments, hard work, and experienced and dedicated workforce. Although some uncertainties exist, especially concerning the growth of the economy in 1994, we are prepared to take the actions required to continue the company's success.

John Justin

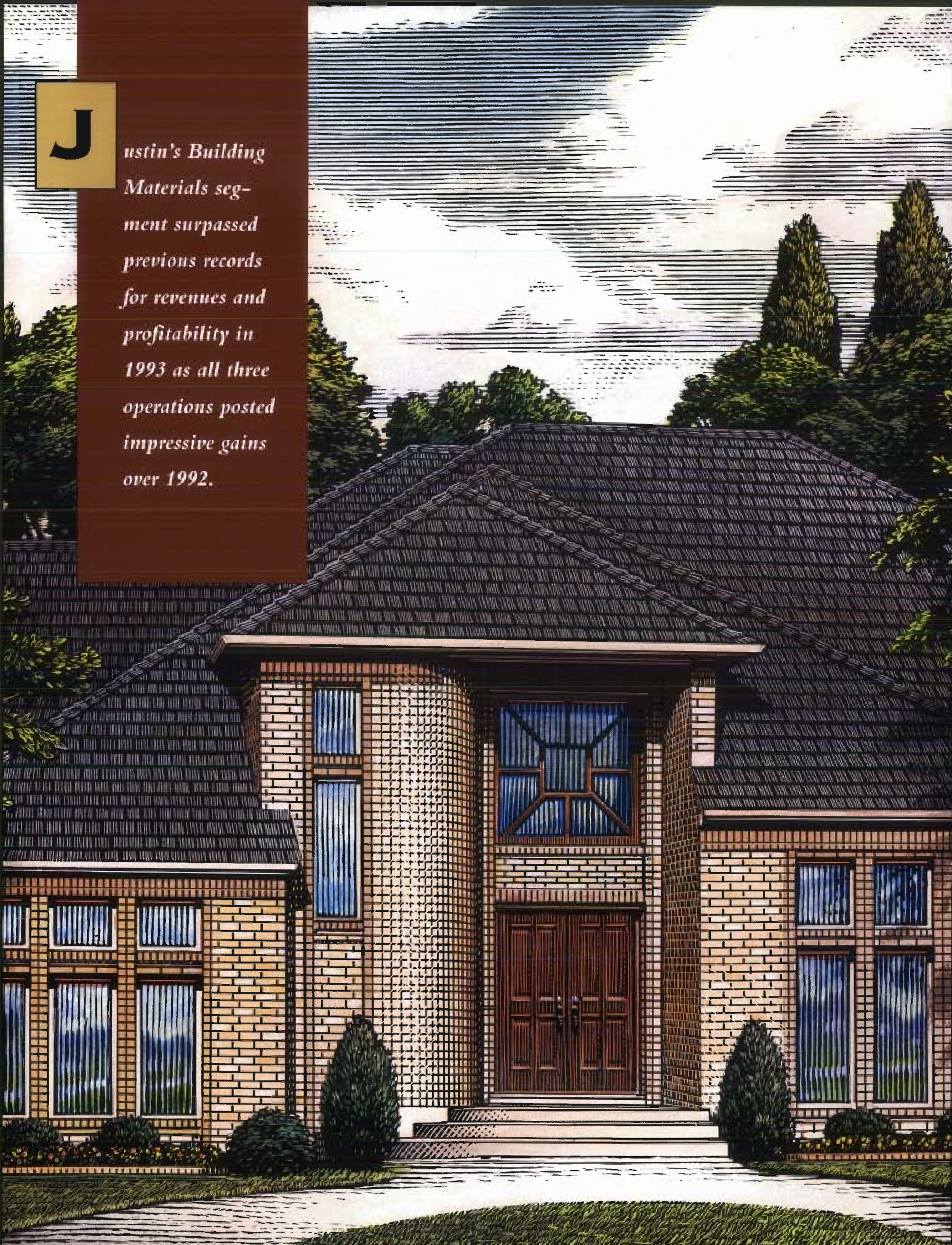
JOHN JUSTIN
Chairman and Chief Executive Officer

J. T. Dickenson

J. T. DICKENSON
President and Chief Operating Officer

January 27, 1994

Justin's Building Materials segment surpassed previous records for revenues and profitability in 1993 as all three operations posted impressive gains over 1992.



Report on Operations

BUILDING MATERIALS

Acme completed its 102nd year in business, establishing a new all-time record volume for bricks shipped.

JUSTIN INDUSTRIES' BUILDING MATERIALS segment surpassed previous records for revenues and profitability in 1993 as all three operations—Acme Brick Company, Featherlite Building Products Corporation, and Tradewinds Technologies, Inc.—posted impressive gains over 1992.

Acme completed its 102nd year in business, establishing a new all-time record volume for bricks shipped, exceeding the prior record set in 1992. With manufacturing plants operating at or near capacity and delivery capability well utilized, it was possible to continue firming prices, resulting in all-time record profits. Acme's purchased products division also set new records for sales through the company's seven-state retail distribution system. Significant gains were achieved for ceramic tile, glass block, bagged goods, fireplace equipment, glazed products, mortar color, and pavers. High-quality new products are continually being added to the purchased products category, giving Acme the opportunity to increase sales when brick manufacturing is at capacity.

With a market share in Acme's sales territory estimated at over 50 percent, constant attention to advertising and brick promotional programs is essential. Publicity and advertising continued to establish Acme's brand awareness among architects, homebuilders, and consumers. One of the current advertising campaigns features Pro Bowl quarterback Troy Aikman as spokesman for Acme in all of its major markets.

Brick profit margins rose dramatically in 1993. While higher selling prices were the primary reason for margin gains, cost controls also positively affected earnings. Natural gas fuel, a major manufacturing cost component, was significantly reduced in 1993. This reduction has been the result of not only an ongoing energy management program, but also operating all facilities at virtual full capacity, and realizing the effects of new fuel-efficient facilities constructed in the last seven years. While fuel costs have risen during the same period, efficiencies have minimized their impact. Ongoing programs of equipment maintenance and upgrades are important elements of effective production management. Capital improvements continue at existing facilities throughout the system. One of the more significant items was the replacement of existing brick extruders at the Denton plant with the largest available state-of-the-art machines. These additions will provide lower operating costs per brick produced as well as increased operating efficiencies.

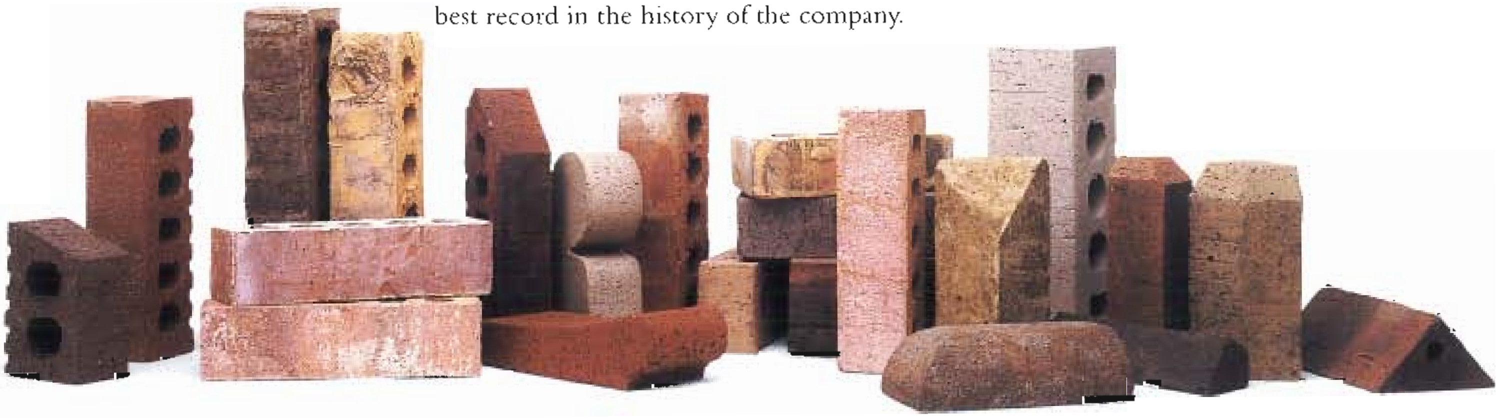
Residential housing starts rose in Acme's market territory in 1993, and further gains are anticipated in 1994. To meet demand, production levels will be increased where possible, and both delivery capability and the purchased products division will be expanded.

Featherlite Building Products Corporation had its best year since 1986.

Featherlite Building Products Corporation had its best year since 1986, as non-residential construction levels increased in most of the company's market. Non-residential construction in 1993 was made up largely of institutional building, such as that of schools and prisons, and commercial "low-rise" construction, such as that of retail outlets, manufacturing facilities, and warehouses. Institutional construction has steadily increased in recent years and was again a significant part of the market in 1993. An increase in construction along the Mexican border, where business activity has increased in anticipation of NAFTA, also contributed to the market improvement.

Featherlite continually searches for ways to grow profitably. During 1993, construction of a new concrete mix bagging operation in El Paso was completed, more than doubling capacity. This addition will solidify Featherlite's position as the leading supplier of bagged goods in the El Paso and southern New Mexico area. A concrete brick and paver machine will be added to this facility in 1994, further enhancing its product line. The new machine will enable the El Paso location to offer popular colors and textures of brick, pavers, and patio stones at competitive prices.

In an effort to improve product quality and service to customers, and to enhance the working environment, Featherlite embarked on a program of total quality management (TQM) during 1993. Through a partnership with customers, employees, and suppliers, Featherlite's goal is to achieve total customer satisfaction by providing the highest quality products and services. A key element to the success of the TQM program is the inclusion of employees in the decision-making process as it involves their jobs. The area of workplace safety provides a good example of how successful this program can be. Safety committees made up of non-management personnel have elevated safety awareness to new heights. In 1993, there were only two lost-time accidents in all of Featherlite's twelve locations, the best record in the history of the company.



Texas Quarries, Featherlite's architectural limestone division, continues to improve profit margins through selective bidding and increased efficiency of its operations. Additions and improvements to its manufacturing facilities were made during 1993, including a new high-speed limestone slabbing saw. This new saw replaced old and inefficient gangsaws, increased production capacity, and improved flexibility for production scheduling. Split-face limestone automation was also installed, increasing production capacity by 75 percent and lowering labor costs.

Featherlite begins 1994 with an optimistic outlook. Forecasts for growth of non-residential construction are good. With its continued emphasis on market share, product quality, and production efficiency, Featherlite should have a very successful 1994.

At Tradewinds, plant productivity improvements, lower operating costs, and increased unit sales enabled the company to achieve record profitability in 1993.

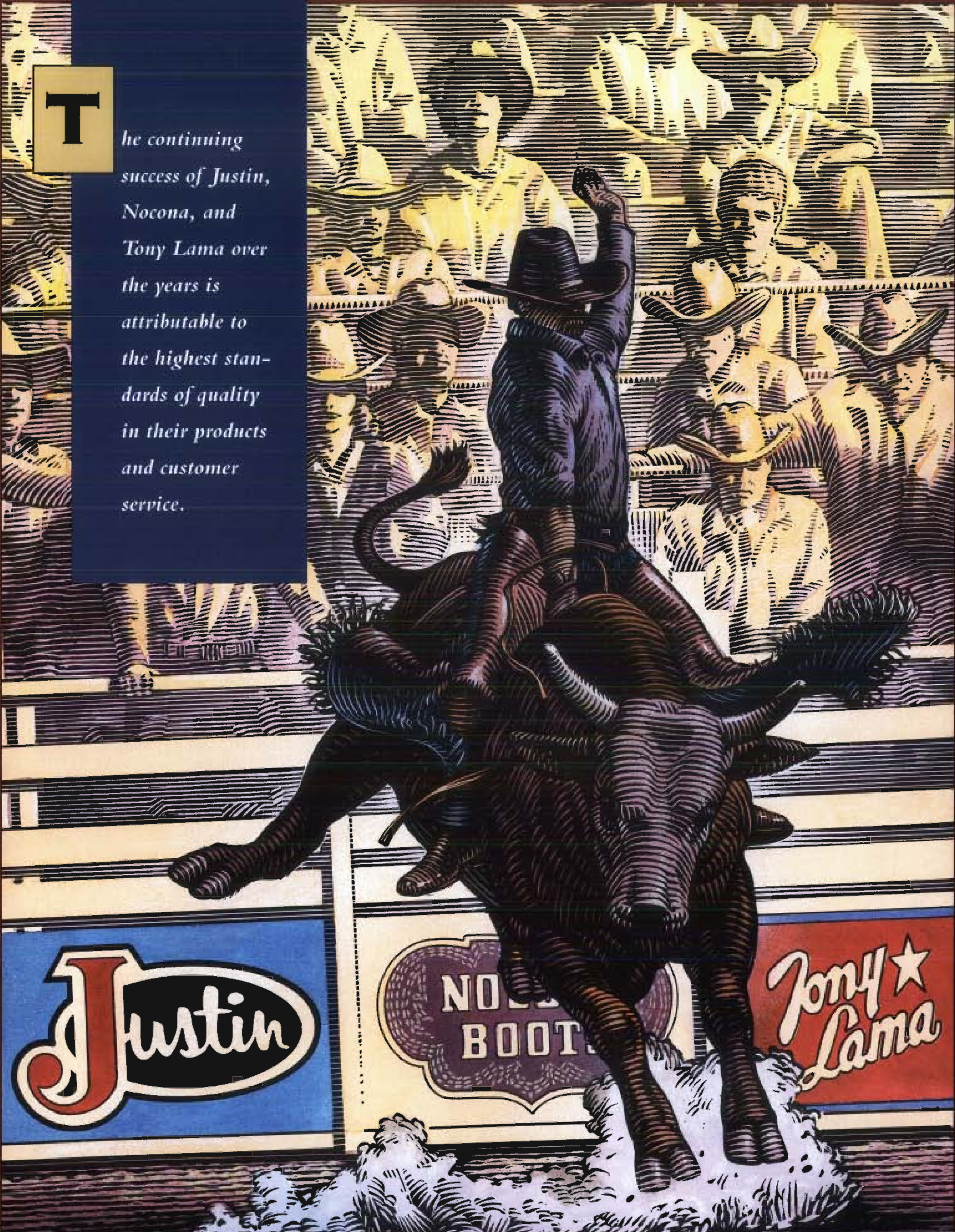
At Tradewinds Technologies, Inc., plant productivity improvements, lower operating costs, and increased unit sales enabled the company to achieve record profitability in 1993. Increases in unit sales were attributed primarily to the retail segment of the market. Continued advertising and promotion by Tradewinds and its distributors have created more visibility and consumer awareness. Consumer trends toward purchases of more durable and lower maintenance products also helped bolster sales. Purchases for government buildings and housing authorities also increased in 1993.

Continued promotion of evaporative cooling as an alternative to conventional air conditioning and as a practical solution to the indoor air-quality issue has begun to be supported by utilities and regulatory agencies. As the indoor air-quality (or sick building) issue continues to draw more attention, evaporative cooling equipment will become more important to the design and construction of both residential and commercial structures.

Tradewinds recently introduced a new line of larger commercial units. These new units range from 8,000 to 18,000 CFM (cubic feet per minute) and are designed for both retro-fit and new commercial buildings. These units have generated significant customer interest and are expected to bolster sales in 1994.

The company has continued to stress quality and service in order to support its distinction of being the maker of the highest quality evaporative air conditioning product on the market. The non-rust, low-maintenance features of the Tradewinds units have no equal in competitive products. With the expanded product line and a firm backlog of orders, Tradewinds' prospects for 1994 are very encouraging.

The continuing success of Justin, Nocona, and Tony Lama over the years is attributable to the highest standards of quality in their products and customer service.



Report on Operations

FOOTWEAR

Effective product development programs are essential for maintaining Justin Industries' leadership position in the western boot industry.

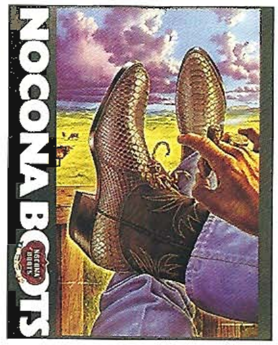
JUSTIN INDUSTRIES' FOOTWEAR operations, consisting of Justin Boot Company, Nocona Boot Company, and Tony Lama Company, experienced a challenging year in 1993. Changing market conditions in the western boot and apparel business, along with caution in retail spending nationally, contributed to a flattening of the double-digit growth rates of recent years.

While the popularity of country and western music and apparel continued to expand in 1993, consumer concerns over higher taxes and the uncertain direction of the national economy had a softening effect on retail in general. During the year, the footwear and apparel industries were no exception; however, the steady and reliable demand for the companies' products in the core western markets offset any weakness experienced elsewhere and enabled the Footwear group to achieve record-high sales once again for 1993.

The continuing success of Justin, Nocona, and Tony Lama over the years is attributable to the highest standards of quality in their products and customer service. Each company continually strives to achieve improvements in all areas of operations. In manufacturing, for example, further equipment upgrades were made in 1993 to improve production efficiencies. At Tony Lama, plans are underway to install a "transporter" system in the factory to improve efficiency and reduce cost. This state-of-the-art system has previously been installed in certain Justin factories. During 1993, Nocona continued its move to a modular manufacturing concept. In addition, a new leather-cutting system was installed, resulting in significant material yield gains and cost savings. Programs on safety, ergonomics, and environmental awareness are reviewed regularly to further enhance their effectiveness.

Advertising and promotional programs develop and maintain customer awareness of Justin's Footwear brands and encourage dealers to sell the companies' products.

Effective product development programs are essential for maintaining Justin Industries' leadership position in the western boot industry. Constant attention to styling and new leathers are key elements of these programs at all three companies. In 1993, Justin, Nocona, and Tony Lama introduced soft tanned leathers to bring a new texture and visual appeal to the product lines. Along with distressed rugged leathers, these new styles quickly became top-selling products. Other new leathers and styles are currently being test-marketed with very encouraging results. To capitalize on the growth of the leisure shoe market, Justin expanded its Chippewa line and doubled production. Chippewa experienced exceptional growth in 1993, and the outlook for future gains is positive. The lower-priced Diamond J line has been redesigned for 1994 to include some of the new high-demand leathers used in other products.



Advertising and promotional programs develop and maintain customer awareness of Justin's Footwear brands and encourage dealers to sell the companies' products. A key element of this strategy is participation and visibility at rodeos and other sporting events. The "Justin Healer" medical and rehabilitation program is nationally recognized for its outstanding work. This fully equipped mobile sports medicine facility travels the rodeo circuit, tending to the needs of injured contestants. Justin is also the proud sponsor of the Cowboy Crisis Fund, which has been established to assist needy cowboys. Nocona's trademark "Let's Rodeo" is displayed through its January 1994 sponsorship of the IPRA Longhorn World Championship Rodeo. Tony

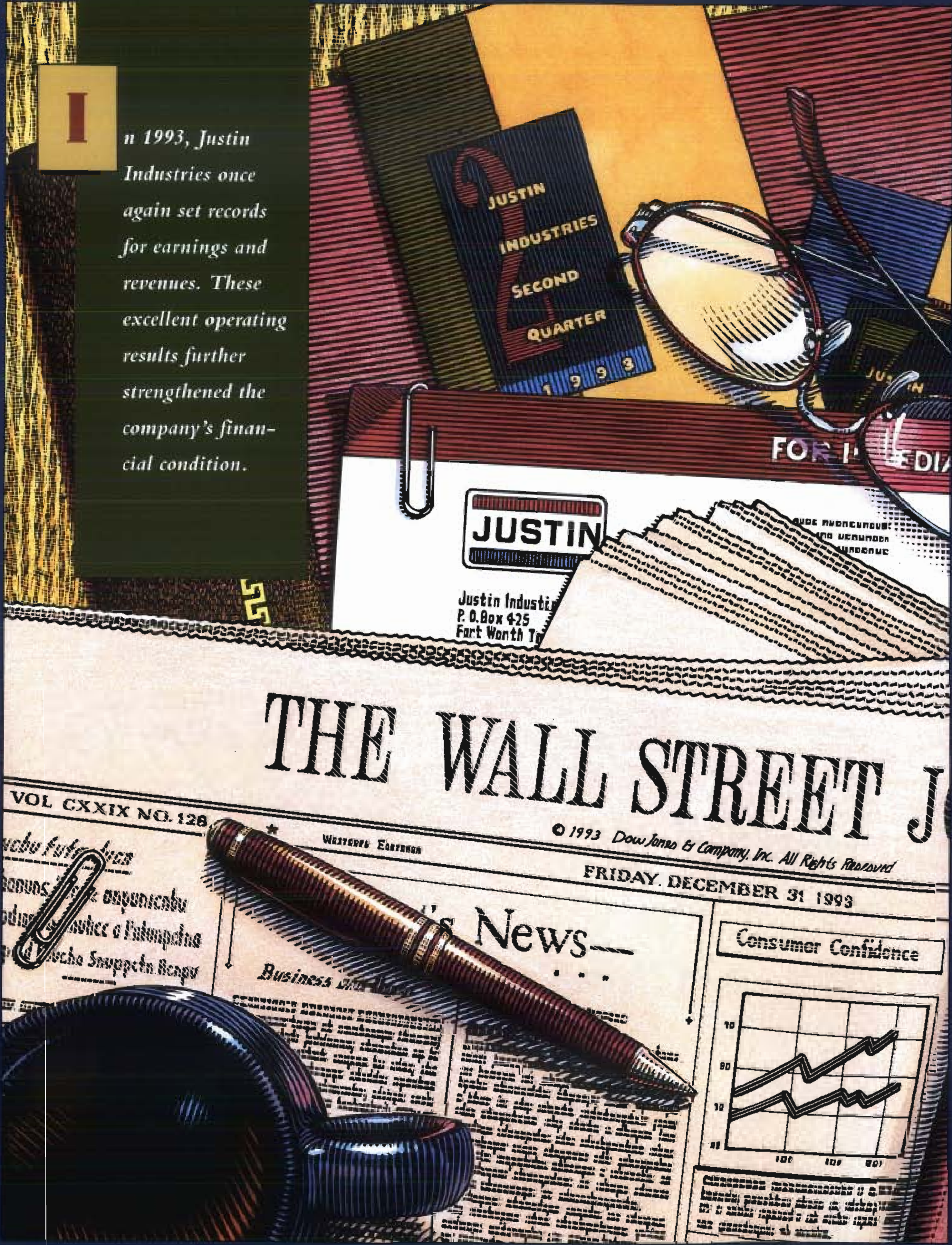
Lama has received favorable consumer reaction to its highly successful "Lama Vision" video replay screens, which travel the major rodeo circuits throughout the country. In another innovative effort at promoting the Tony Lama name, the company now sponsors the Tony Lama Human Performance Center for Motor Sports, a mobile facility providing on-site conditioning and rehabilitation training to drivers, crews, and officials at NASCAR and Indycar series auto racing events. The companies also participate heavily with dealers in cooperative newspaper, billboard, radio, and television advertising programs.

Studies are ongoing to maximize efficiencies while maintaining the identity and integrity of the separate brand names and products.

To provide additional coordination among the companies, to capitalize on available synergies, and to facilitate the implementation of long-range goals and objectives of the Footwear group, several organizational changes were made during 1993. Frank Scivetti, president of Tony Lama since its acquisition in 1990, was promoted to chief executive of the Footwear segment. Also, actions have been taken to coordinate advertising and promotion, purchasing, and certain customer-related functions. In addition, studies are ongoing in other operational areas to maximize efficiencies while maintaining the identity and integrity of the separate brand names and products. Justin, Nocona, and Tony Lama have developed strategic plans individually and as a group to help assure their continued success. Among the components of their long-term strategic plans are steps to improve profit margins by further development of synergies; additional penetration of domestic markets; and coordinated promotion and distribution of footwear to foreign countries.

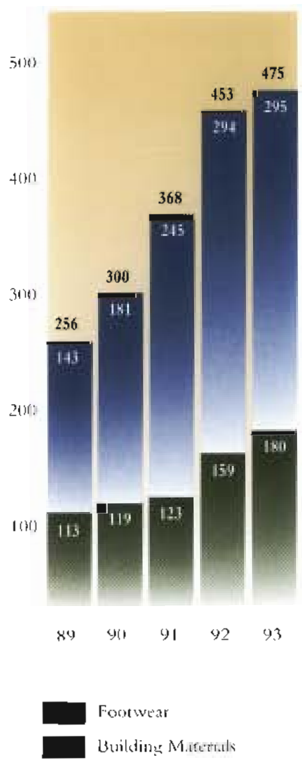
The Justin Industries Footwear operations are managed by a focused group of talented individuals, and with the benefit of a hard-working and dedicated group of employees, the future of this segment is bright.

In 1993, Justin Industries once again set records for earnings and revenues. These excellent operating results further strengthened the company's financial condition.



FINANCIAL DISCUSSION

Net Sales by Line of Business
(millions of dollars)



Justin Industries once again set records for revenues and earnings in 1993 as the company's Building Materials segment provided operating profits almost double those of 1992 and significantly greater than the previous high in 1984 when construction levels were at their peak. Results in the company's Footwear operations were relatively unchanged in 1993 from the all-time highs established in 1992. While Footwear sales were slightly above the prior year, operating profits declined 5%.

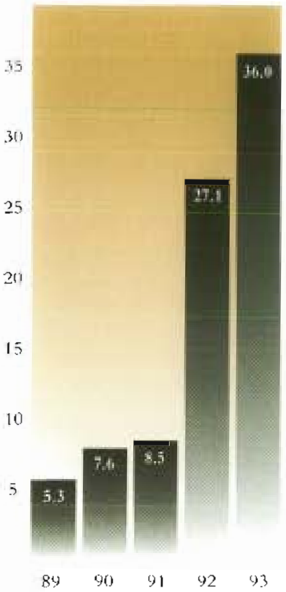
The table on page 30, "Quarterly Financial Data," presents summarized operating results for each quarter in the two years ended December 31, 1993. As noted, earnings increased in each quarter in 1993 and were also significantly ahead of the comparable quarter in 1992. These results follow the normal seasonal pattern of the company's businesses. As with earnings, revenues increased each quarter in 1993, and with the exception of the fourth quarter, exceeded the comparable quarterly periods of 1992. In 1993, quarterly revenues in the Building Materials segment exceeded those of 1992 by 12–14%. While Footwear revenues in the first and second quarter of 1993 exceeded the comparable periods of 1992, uncertain retail markets resulted in lower sales in the last half of 1993 versus the prior year.

Operations

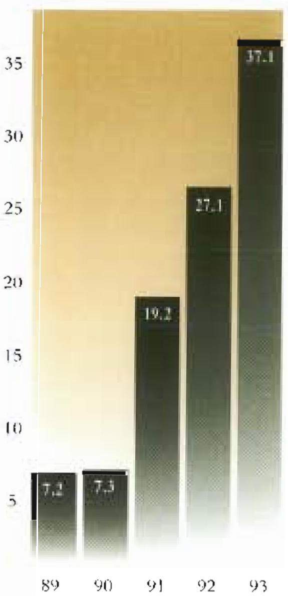
In 1993, consolidated net sales of $474.9 million represented an increase of 4.8% over 1992. Revenues of $453.3 million in 1992 were 23.1% above those recorded in 1991.

Revenues in the company's Building Materials segment reached $179.7 million in 1993, up 13.2% over the prior year, following an increase of 29.1% in 1992 over 1991. All three Building Materials businesses—Acme Brick Company, Featherlite Building Products Corporation, and Tradewinds Technologies, Inc.—posted sales gains in 1993. Acme's sales improved 14.7% in 1993 over 1992 as unit

Income from Continuing Operations (before effect of accounting change)
(millions of dollars)



Net Income
(millions of dollars)



brick shipments increased 1.4% and average pricing rose almost 11%. In addition, sales of purchased products grew approximately 15% in 1993. Acme's revenue gains in 1992 of 33% over the previous year were due to selling 25% more brick than in 1991 at prices approximately 6% in excess of the prior year. Featherlite's revenues grew almost 9% in 1993 over 1992, following a 20% gain in 1992 from the prior year. Featherlite's gains in both years are attributable to rising unit concrete block sales as pricing has remained virtually unchanged over the last few years. Tradewinds, which represents only about 3% of segment sales, has realized modest revenue gains over the last few years due to increased unit cooler sales.

Following five consecutive years of double-digit Footwear revenue growth, sales in this segment in 1993 increased less than 1% over 1992. An increase of almost 2% in the number of pairs sold was offset by a slightly lower average selling price in 1993. The lower price was due to more rapid growth in the Chippewa line, which is generally priced lower than western boots. In 1992, Footwear sales exceeded those of the prior year by 20%. Approximately 16% of this increase was due to additional unit sales, with the remainder from average price increases and product mix changes.

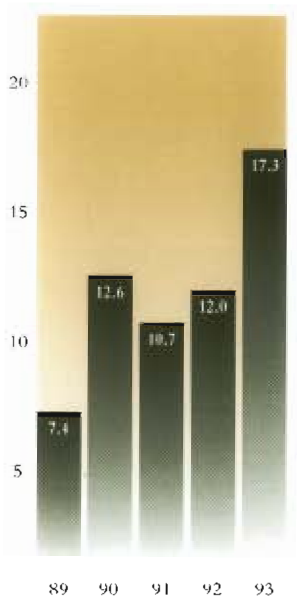
Justin Industries' Building Materials business operates primarily in an eight-state region in the central and southwestern United States, while Footwear segment sales are made to customers nationwide.

As a percentage of net sales, cost of goods sold was 66.2%, compared with 69.3% in 1992 and 70.8% in 1991. The significant improvement in the last two years is primarily attributable to the Building Materials operations. Rising levels of residential construction over the last few years have enabled the company's brick operations to gradually increase selling prices during this period. These price increases have greatly increased gross profit margins as the costs of manufacturing brick in 1993 were generally unchanged from 1992. In 1993, the Building Materials' gross profit margin increased to 39.4% from 31.7% in 1992 and 30.9% in 1991. Brick pricing has been the primary reason for the increase, although in 1993, both Featherlite's and Tradewinds' margins improved, due mainly to volume gains, following two years of relatively unchanged gross profit levels.

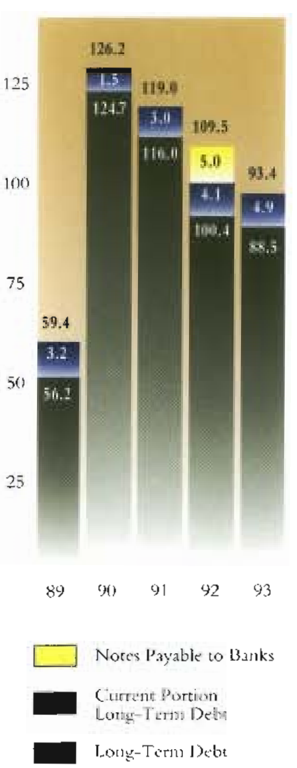
Footwear gross profit margins were 30.3% in 1993, 30.2% in 1992, and 28.3% in 1991. Gross profit margins in 1993 changed little from the prior year as sales volume was relatively flat. The improvement in 1992's gross profit margin from 1991 was due to gains at Tony Lama resulting from changes in manufacturing systems.

Selling, general, and administrative expenses were 21.2% of net sales in 1993, compared to 20.2% in 1992 and 22.8% in 1991. The increase in 1993 was due mainly to increased expenditures in Footwear operations for promotion and cooperative advertising programs with dealers while 1992's decline was attributable to that year's significant increase in revenues. While selling costs generally fluctuate with sales levels, administrative expenses are primarily fixed in nature. Included in such costs in 1991 were approximately $1.1 million of expenses incurred to defend and settle litigation related to a hostile takeover attempt of the company.

Capital Expenditures
Continuing Operations
(millions of dollars)



Interest-Bearing Debt
(millions of dollars)



Interest expense in 1993 was $4.0 million compared to $5.2 million in 1992 and $9.5 million in 1991. The declining costs over this period are due to reduced borrowing levels and lower prevailing interest rates. The average effective interest rate on interest-bearing debt in 1993 was 3.9%, compared with 4.6% in 1992 and 6.8% in 1991. Note 5 to the Consolidated Financial Statements on page 22 describes the company's borrowing arrangements.

Income tax expense from continuing operations as a percentage of pre-tax income was 35.7% in 1993, 36.1% in 1992, and 38.4% in 1991. The federal statutory tax rate was increased to 35% in 1993 from 34% in 1992 and 1991. See Note 8 to the Consolidated Financial Statements on page 25 for a reconciliation of the actual tax rate to the federal statutory tax rate and other information relating to income tax.

In the first quarter of 1993, the company adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." This statement, issued in 1992, established new financial accounting reporting standards for the effect of income taxes that result from the company's activities during the current and preceding years. A credit to net income of $1.106 million was realized in 1993, resulting from the cumulative effect of the change in accounting for income taxes under the new statement.

Inflation has not had a significant impact on the company's operations in recent years; however, the company attempts to recover any cost increases through improvements to its manufacturing processes and through price increases where competitively feasible.

Financial Condition, Cash Flow, and Liquidity

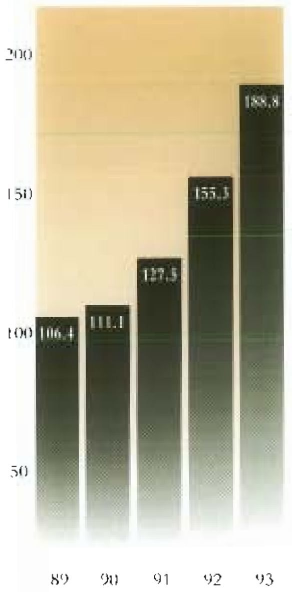
Excellent operating results and continued emphasis on asset management generated further strengthening of the company's financial condition in 1993. At year-end 1993, interest-bearing debt had declined to $93.4 million, the lowest level since September 1990, just prior to the acquisition of Tony Lama Company. Shareholders' equity grew to $188.8 million from $155.3 million at the end of 1992. The reduced debt levels and increased equity resulted in significant reductions in the company's debt-to-equity ratios. The ratio of long-term debt to equity stood at .47 to 1 at year-end 1993 compared to .65 to 1 at December 31, 1992. Working capital at year-end 1993 reached $185.2 million, bringing the current ratio to 4.4 to 1 versus 4.0 to 1 in the previous year.

In 1993, net cash provided by operating activities totaled $42.8 million, compared to $18.7 million and $7.3 million in 1992 and 1991, respectively. The major uses of cash flow provided from operating activities were to reduce debt levels, increase working capital, invest in capital equipment, and pay dividends. Among the more significant additions to fixed assets in 1993 was the mid-year expansion of the Denton, Texas, brick plant. This addition to Acme's largest plant added approximately 3% to total brick production capacity. The company plans to increase capital spending again in 1994 to further add brick manufacturing capacity, upgrade sales locations, and enhance production efficiency in the Footwear operations.

For the second consecutive year and third time in the last four years, dividends were increased. The 1993 increase in rate was approximately 14% and reflects management's optimistic outlook towards the prospects of continued success in the company's operations. Management and the Board of Directors regularly review dividend rates, and changes are considered based on the company's current and expected operating results and financial condition.

The company's primary source of cash is from operations. In addition, the company has credit facilities available from commercial banks. The company believes that its borrowing arrangements are adequate to support its requirements for the foreseeable future. Unused lines of credit available to the company at December 31, 1993, were $42 million.

Shareholders' Equity
(millions of dollars)



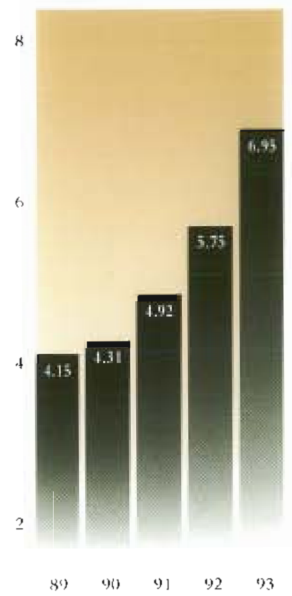
Backlogs

The company maintains information on sales backlogs in order to plan for future production levels and to project sales volume. At December 31, 1993, the backlog for clay brick was $26.0 million, compared with $21.9 million at year-end 1992. The sales backlog for Footwear products at year-end 1993 was $15.9 million, compared with $18.8 million in 1992.

Management's Responsibility for the Financial Statements

The Consolidated Financial Statements for Justin Industries, Inc. and its subsidiaries are prepared by the company in conformity with consistently applied, generally accepted accounting principles. Management selects appropriate accounting principles, makes necessary estimates, and uses its judgment to ensure the objectivity, accuracy, and integrity of the data presented. The company has established and maintains systems of management reporting and internal controls that are designed to provide reasonable assurance that company policies are followed and that company assets are safeguarded. These systems are constantly monitored and revised where necessary to meet changing requirements and to strengthen controls while maintaining a cost-effective method of providing credible and timely information necessary to the operations of Justin Industries.

Book Value Per Share
(dollars)



The Board of Directors carries out its oversight responsibility for the financial statements through its Audit Committee. This committee is composed of directors who are neither officers nor employees of the company. The committee meets periodically with the independent auditors and representatives of management to assure that each is carrying out its responsibilities. To ensure the integrity of the Audit Committee function, the company's outside auditors have complete access to the committee, without company representatives present. The results of their audits and their reviews of the adequacy of internal controls and the quality of financial reporting are freely discussed during these conferences.

Balance Sheet Trends

Percent of Total Assets

Assets:	**1993**	1992	1991	1990	1989
Receivables	**22%**	26%	24%	25%	24%
Inventories	**42**	41	41	40	37
Property, plant, and equipment	**23**	24	27	29	31
All other assets	**13**	9	8	6	8
	100%	100%	100%	100%	100%

Liabilities and Equity:

Interest-bearing debt	**27%**	35%	40%	43%	28%
All other liabilities	**19**	16	17	19	22
Equity	**54**	49	43	38	50
	100%	100%	100%	100%	100%

Operating Trends

Percent of Net Sales

	1993	1992	1991	1990	1989
Net sales	**100.0%**	100.0%	100.0%	100.0%	100.0%
Cost of sales	**66.2**	69.3	70.8	70.4	71.1
Gross profit	**33.8**	30.7	29.2	29.6	28.9
Operating expenses	**22.0**	21.4	25.4	25.9	25.9
Income taxes	**4.2**	3.3	1.4	1.2	.9
Income from continuing operations	**7.6**	6.0	2.4	2.5	2.1
Discontinued operations	**—**	—	2.8	(.1)	.7
Cumulative effect on prior years of change in accounting for income taxes	**.2**	—	—	—	—
Net income	**7.8%**	6.0%	5.2%	2.4%	2.8%

Five-Year Analysis of Sales and Operating Profit from Continuing Operations by Product Lines

(in thousands of dollars)

	1993		1992		1991		1990		1989	
	Amount	**Percent**	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Building Materials:										
Net sales	**$179,740**	**38%**	$158,808	35%	$123,004	33%	$118,943	40%	$113,662	44%
Operating profit	**31,445**	**48**	16,423	31	4,979	18	3,698	17	604	4
Footwear:										
Net sales	**295,191**	**62**	294,459	65	245,346	67	181,370	60	142,707	56
Operating profit	**34,168**	**52**	36,054	69	22,934	82	17,748	83	15,650	96
Totals:										
Net sales	**$474,931**	**100%**	$453,267	100%	$368,350	100%	$300,313	100%	$256,369	100%
Operating profit	**$ 65,613**	**100%**	$ 52,477	100%	$ 27,913	100%	$ 21,446	100%	$ 16,254	100%
Less interest and parent company operations	**9,583**		10,080		14,180		10,173		8,541	
Income from continuing operations before income taxes and cumulative effect on prior years of change in accounting for income taxes	**$ 56,030**		$ 42,397		$ 13,733		$ 11,273		$ 7,713	

Consolidated Balance Sheet

In Thousands of Dollars, Except Share Data, at December 31,	1993	1992
Assets		
Current assets:		
Cash	$ 10,587	$ 2,393
Accounts receivable, less allowance for doubtful accounts of $3,014 and $3,054, respectively	76,966	82,464
Inventories	145,274	128,197
Federal and state income taxes	5,750	3,944
Prepaid expenses	1,517	1,941
Total current assets	240,094	218,939
Investments and other assets, at cost	20,793	14,270
Assets held for sale	5,523	6,615
Property, plant, and equipment, at cost:		
Land	16,658	16,735
Buildings and equipment	196,575	184,946
Construction in progress	2,206	520
	215,439	202,201
Less accumulated depreciation	135,169	125,657
Net property, plant, and equipment	80,270	76,544
	$ 346,680	$ 316,368
Liabilities and Shareholders' Equity		
Current liabilities:		
Notes payable to banks	$ —	$ 5,000
Trade accounts payable	16,088	14,467
Accrued payroll items	7,702	6,952
Accrued insurance	14,594	11,442
Accrued state and local taxes	1,784	2,244
Other accrued expenses	8,742	8,966
Dividends payable	1,086	945
Current portion of long-term debt	4,905	4,101
Total current liabilities	54,901	54,117
Long-term debt, less current portion	88,504	100,362
Deferred income taxes	14,472	6,619
Shareholders' equity:		
Voting preferred stock, $2.50 par value; 1,000,000 shares authorized—Series Two convertible, 100 shares issued and outstanding	—	—
Common stock, $2.50 par value; 100,000,000 shares authorized, 27,869,888 and 13,934,944 shares issued, respectively	69,674	34,837
Capital in excess of par value	17,047	16,510
Retained earnings	108,038	110,072
Treasury stock, at cost, 713,402 and 435,535 shares, respectively	(5,956)	(5,899)
ESOP loan guarantee	—	(250)
Total shareholders' equity	188,803	155,270
	$ 346,680	$ 316,368

See accompanying notes.

Consolidated Statement of Income

In Thousands of Dollars, Except Share Data, for Years Ending on December 31,	1993	1992	1991
Net sales	$ 474,931	$ 453,267	$ 368,350
Costs and expenses:			
Cost of goods sold	314,431	313,961	260,968
Selling, general, and administrative expenses	100,465	91,695	84,167
Interest expense	4,005	5,214	9,482
	418,901	410,870	354,617
Income from continuing operations before income taxes and cumulative effect on prior years of change in accounting for income taxes	56,030	42,397	13,733
Income taxes	19,995	15,304	5,280
Income from continuing operations before cumulative effect on prior years of change in accounting for income taxes	36,035	27,093	8,453
Discontinued operations:			
Income from discontinued operations, net of taxes of $527	—	—	955
Gain on sale of discontinued operations, net of taxes of $4,931	—	—	9,825
Income from discontinued operations	—	—	10,780
Cumulative effect on prior years of change in accounting for income taxes	1,106	—	—
Net income	$ 37,141	$ 27,093	$ 19,233
Earnings per share:			
Continuing operations before cumulative effect on prior years of change in accounting for income taxes	$ 1.29	$ .98	$ .32
Discontinued operations	—	—	.41
Cumulative effect on prior years of change in accounting for income taxes	.04	—	—
	$ 1.33	$ .98	$ .73

See accompanying notes.

Consolidated Statement of Shareholders' Equity

In Thousands of Dollars, Except Share Data, for Years Ending on December 31, 1993, 1992, and 1991	Preferred stock	Common stock	Capital in excess of par value	Retained earnings	Treasury stock	ESOP loan guarantee
Balance January 1, 1991	$ —	$ 23,225	$ 12,359	$ 82,528	$ (6,227)	$ (750)
Purchase of 5,068 shares of stock for treasury	—	—	—	—	(72)	—
Issuance of 43,815 shares of stock from treasury upon exercise of stock options	—	—	50	—	403	—
Repayment of ESOP debt	—	—	—	—	—	250
Net income	—	—	—	19,233	—	—
Cash dividends declared — $.135 per share	—	—	—	(3,450)	—	—
Balance December 31, 1991	—	23,225	12,409	98,311	(5,896)	(500)
Issuance of 4,644,789 shares in connection with a 3-for-2 stock split effected in the form of a 50% stock dividend	—	11,612	—	(11,612)	—	—
Purchase of 161,336 shares of stock for treasury	—	—	—	—	(5,276)	—
Issuance of 691,714 shares of stock from treasury upon exercise of stock options	—	—	4,101	—	5,273	—
Repayment of ESOP debt	—	—	—	—	—	250
Net income	—	—	—	27,093	—	—
Cash dividends declared — $.14 per share	—	—	—	(3,720)	—	—
Balance December 31, 1992	—	34,837	16,510	110,072	(5,899)	(250)
Issuance of 13,934,944 shares in connection with a 2-for-1 stock split effected in the form of a 100% stock dividend	—	34,837	—	(34,837)	—	—
Purchase of 92,355 shares of stock for treasury	—	—	—	—	(1,886)	—
Issuance of 250,023 shares of stock from treasury upon exercise of stock options	—	—	537	—	1,829	—
Repayment of ESOP debt	—	—	—	—	—	250
Net income	—	—	—	37,141	—	—
Cash dividends declared — $.16 per share	—	—	—	(4,338)	—	—
Balance December 31, 1993	**$ —**	**$ 69,674**	**$ 17,047**	**$108,038**	**$(5,956)**	**$ —**

See accompanying notes.

Consolidated Statement of Cash Flows

In Thousands of Dollars for Years Ending on December 31,	1993	1992	1991
Cash Flows from Operating Activities:			
Net income	$ 37,141	$ 27,093	$ 19,233
Adjustments to reconcile net income to cash provided by operating activities:			
Cumulative effect of change in accounting method for income taxes	(1,106)	—	—
Depreciation	13,473	13,837	12,818
Provision for losses on accounts receivable	1,004	1,613	1,564
Gain on sale of property, plant, and equipment	(589)	(327)	(201)
Deferred income taxes	(2,566)	(3,188)	(901)
Gain on sale of discontinued operations, net of taxes	—	—	(9,825)
Changes in current assets and liabilities:			
(Increase) decrease in accounts receivable	4,494	(14,254)	(1,758)
Increase in inventories	(17,077)	(7,850)	(7,307)
(Increase) decrease in other current assets	3,042	(1,263)	1,392
Increase (decrease) in accounts payable and accrued expenses	4,839	3,057	(7,723)
Effect of adoption of SFAS No. 109	107	—	—
Net cash provided by operating activities	42,762	18,718	7,292
Cash Flows from Investing Activities:			
Proceeds from the sale of property, plant, and equipment	1,080	664	484
Purchase of property, plant, and equipment	(17,278)	(12,006)	(11,017)
(Increase) decrease in investments and other assets (including reclassifications)	1,151	(178)	195
Payment for purchase of business, net of cash acquired	—	—	(1,500)
Proceeds from sale of discontinued operations	—	—	20,000
Net cash provided by (used in) investing activities	(15,047)	(11,520)	8,162
Cash Flows from Financing Activities:			
Borrowings	41,058	30,000	55,500
Repayment of borrowings	(56,862)	(39,389)	(65,261)
Dividends paid	(4,197)	(3,639)	(3,447)
Purchase of treasury stock	(1,886)	(5,276)	(72)
Proceeds from exercise of stock options	2,366	9,374	453
Net cash used in financing activities	(19,521)	(8,930)	(12,827)
Net increase (decrease) in cash	8,194	(1,732)	2,627
Cash at beginning of year	2,393	4,125	1,498
Cash at end of year	$ 10,587	$ 2,393	$ 4,125
Supplemental Disclosures of Cash Information:			
Cash paid during the year for:			
Interest	$ 4,335	$ 4,995	$ 8,813
Income taxes, net of refunds	$ 17,801	$ 17,899	$ 1,269
Supplemental Schedule of Non-Cash Investing and Financing Activities:			
Purchase of business (See Note 3):			
Fair value of assets acquired	$ —	$ —	$ 4,527
Cash paid for assets and related costs	—	—	(1,500)
Subordinated debt issued	—	—	(2,927)
Liabilities assumed	$ —	$ —	$ 100
Decrease in ESOP loan guarantee	$ (250)	$ (250)	$ (250)

See accompanying notes.

Notes to Consolidated Financial Statements

Years ending on December 31

1. Summary of Significant Accounting Policies

A summary of the company's significant accounting policies is presented to assist the reader in evaluating the financial statements and other information contained in this report. Certain reclassifications have been made in December 31, 1992 and 1991 amounts to conform with the 1993 presentation.

Principles of Consolidation. The consolidated financial statements include the accounts of the company and its subsidiaries. All material intercompany accounts and transactions are eliminated upon consolidation.

Inventories. Inventories are valued at the lower of cost or market. Finished products and work-in-process are costed using an average cost method, while raw materials and manufacturing supplies are costed on the first-in, first-out method.

Property, Plant, and Equipment. Depreciation is computed principally by the straight-line method for financial reporting purposes. The annual depreciation provision has been based upon the following estimated lives:

Buildings	10 to 33 years
Equipment	3 to 20 years

Revenue Recognition. Revenue from sale of manufactured products is recognized primarily upon passage of title to the customer, which generally coincides with physical delivery and acceptance. Revenue from large, long-term contracts, included in discontinued operations, was recognized by the percentage-of-completion method.

Earnings Per Share. Earnings per share is determined by dividing net income by the average number of common shares outstanding, plus common stock equivalents. Common stock equivalents include shares issuable under outstanding stock options reduced by shares assumed to be purchased from the proceeds of such options upon exercise and the effect of the possible conversion of the voting preferred stock. Earnings per share, as presented, is both primary and fully diluted.

Pension and Employee Benefit Plans. The company and its subsidiaries have pension plans for the benefit of substantially all employees. Benefits are primarily based on years of service and the employees' average compensation during the last five years of employment. The company's policy is to fund pension cost accrued, but not in excess of the maximum allowable deduction for federal income tax purposes.

Proceeds from common stock issued pursuant to the company's employee stock option plans are credited to common stock or treasury stock and capital in excess of par value at the time an option is exercised. No charges are made against income in accounting for stock options.

The company has no postretirement health benefits and, therefore, realizes no effect from recent accounting requirements under Statement of Financial Accounting Standards (SFAS) No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions."

Statement of Cash Flows. For purposes of reporting cash flows, cash includes cash on hand and unrestricted time deposits that have an original maturity of three months or less.

2. Discontinued Operations

On November 27, 1991, the company entered into an agreement to sell substantially all of the net assets of its subsidiary, Ceramic Cooling Tower Company, for $20,000,000. The sale was completed on December 31, 1991. The company will continue to be liable for certain warranty and other claims. Management believes adequate provision has been made to cover such future obligations. In December 1987, the company adopted a plan to discontinue operations of its precast/prestressed concrete business (Featherlite Precast Corporation) and its earthmoving and road-building equipment business (MEGA Equipment Company).

Phase-out costs incurred in 1993 and 1992 related to discontinued operations and charged to reserves amounted to approximately $272,000 and $337,000, respectively, net of taxes. At December 31, 1993, management estimates that no additional reserves are necessary since the estimated gain on disposal of remaining assets is sufficient to absorb costs incurred in excess of previous estimates and future phase-out costs associated with the remaining assets.

At December 31, 1993 and 1992, identifiable assets of all discontinued operations amounted to $4,992,000 and $5,455,000, respectively. Such assets remaining at December 31, 1993, relate primarily to the net realizable value of idled facilities and long-term notes receivable. It is the company's intent to sell the idled facilities to third parties. Revenues from discontinued operations in 1993, 1992, and 1991 amounted to $0, $0, and $14,563,000, respectively.

Assets held for sale represents certain properties from discontinued operations and facilities no longer used in other businesses.

3. Acquisition

On October 7, 1991, the company purchased the brick manufacturing operations of Elgin-Butler Brick Company. The total purchase price of the acquisition was approximately $4,527,000. Operations of the business, which are immaterial to consolidated operations, are included in the Consolidated Statement of Income from date of acquisition.

4. Inventories

Inventories include the following:
(in thousands of dollars)

	1993	1992
Finished products	**$103,261**	$ 94,485
Work-in-process	**9,971**	9,847
Raw materials and supplies	**32,042**	23,865
	$145,274	$128,197

5. Borrowings

Long-term debt consists of the following:
(in thousands of dollars)

	1993	1992
Revolving credit loans	**$ 40,000**	$ 46,000
Term loan	**30,000**	33,000
Industrial Revenue Bonds	**18,745**	19,555
Notes payable to banks	**4,500**	5,500
Other, unsecured	**164**	408
	93,409	104,463
Less current portion	**4,905**	4,101
	$ 88,504	$100,362

The company may borrow up to a total of $72,000,000 in revolving credit loans pursuant to an agreement among five commercial banks originally entered into in May 1989. The revolving credit loans are repayable beginning in April 1996 when outstanding amounts are converted to term loans payable over four years. The conversion date may be extended annually for an additional twelve months by consent of all participating banks.

The $30,000,000 term loan is an agreement among four commercial banks providing for annual principal reductions that began in November 1992 of $2,000,000, increasing $1,000,000 each year thereafter until 1998 when the final payment is due.

Borrowings under the revolving credit and term loan agreements bear interest at rates determined on certain margins based on prime, certificates of deposit, and Eurodollar auction rates. Interest on all of these borrowings at December 31, 1993 was based on Eurodollar auction rates in effect at the time of origination plus 62.5 basis points and averaged 4%. Interest rate margins may fluctuate in increments of 12.5 basis points based on attaining certain quarterly funded debt-to-equity ratios stipulated in the loan agreements. The loans are unsecured; however, the loan agreements contain certain minimum requirements for working capital, cash flow from operations, and tangible net worth, redemption of outstanding stock, and change in control of the company. As of December 31, 1993, the company was in compliance with all such requirements and restrictions.

The Industrial Revenue Bonds are payable in varying amounts through 2014, plus interest at fixed rates of 6.5% to 7.1% and varying rates based on certain indices (approximately 3.3% at December 31, 1993), secured by property, plant, and equipment with a net book value of approximately $13,466,000. In certain circumstances, the company may be required to purchase up to $16,250,000 of its Industrial Revenue Bonds prior to their maturity. In such circumstances, the company may borrow the purchase price under long-term standby letter of credit agreements and also has the right to resell the bonds.

Notes payable to banks are unsecured borrowings due in varying amounts through 1995. Interest is based on fixed and floating rates ranging from 4.0% to 4.9% at December 31, 1993.

Notes payable to banks included in current liabilities in 1992 were unsecured borrowings due in 1993 pursuant to a $10,000,000 one-year credit facility from a commercial bank. Interest was based on the Eurodollar auction rate plus 62.5 basis points and was 4.125% at December 31, 1992.

At December 31, 1992, the Justin Industries, Inc. Employee Stock Ownership Plan (ESOP) had a loan of $250,000 outstanding to a commercial bank. The loan was for the purchase of shares of common stock of the company in the open market. The company guaranteed repayment of the loan through contributions to the ESOP. As a result of this guarantee, the indebtedness was considered a liability of the company at December 31, 1992, and therefore was included in other long-term debt with a corresponding amount, classified as ESOP loan guarantee, reflected as a separate reduction of shareholders' equity. The loan was paid in 1993.

The aggregate maturities of long-term debt through 1998 are as follows: 1994, $4,905,000; 1995, $9,928,000; 1996, $13,103,000; 1997, $20,741,000; and 1998, $21,493,000.

At December 31, 1993, unused lines of credit for short-term, revolving, and term credit agreements were approximately $42,000,000. Outstanding standby letters of credit at December 31, 1993, amounted to approximately $22,932,000.

Since interest rates on the majority of the company's borrowings float with prevailing market rates, the fair value of such debt approximates carrying value at December 31, 1993 and 1992. Based on fixed interest rates currently available to the company for bank loans and industrial revenue bonds with similar terms and maturities, the fair value of fixed rate borrowings approximates carrying value at December 31, 1993 and 1992.

6. Shareholders' Equity

On April 27, 1993 the shareholders approved an increase in the number of authorized shares of common stock from 20 million to 100 million. The average number of shares outstanding used to calculate earnings per share was 27,953,000 in 1993, 27,772,000 in 1992, and 26,382,000 in 1991. All per share data and applicable share data have been restated to reflect a 2-for-1 stock split on May 18, 1993.

The company has options to purchase its common stock under qualified incentive stock option plans and non-qualified stock option agreements (the Plans) with certain of its employees. The Plans, as amended, provide for the granting of either incentive stock options or stock options that are not qualified under the Internal Revenue Code, at the discretion of the Compensation Committee of the Board of Directors. The Plans, as amended, provide for exercise of stock options without regard to the sequence of dates of original grants. All outstanding stock options are non-qualified and expire over a period of ten years. Options are granted at the fair market value at the date of grant and vest over a five-year period. Stock option activity, as adjusted for the 2-for-1 stock split on May 18, 1993, is summarized as follows:

	1993	1992	1991
Outstanding at January 1	**1,542,856**	2,667,114	2,441,604
Granted	**152,250**	272,600	364,050
Canceled	**(38,206)**	(13,408)	(7,095)
Exercised	**(250,023)**	(1,383,450)	(131,445)
Oustanding at December 31	**1,406,877**	1,542,856	2,667,114
Exercise price per share	**\$2.42–\$18.00**	\$2.42–\$18.00	\$2.22–\$5.42
Aggregate purchase price (in thousands)	**\$ 11,201**	\$ 10,637	\$ 10,630
Exercisable options outstanding	**641,787**	568,160	1,633,780

At December 31, 1993, 1,003,750 additional shares were reserved for future grants.

The preferred stock is convertible into 2,826 shares of common stock at December 31, 1993. The Board of Directors is empowered to set the dividend, redemption, and liquidation rights pertaining to the preferred stock and to establish the voting rights and any special rights or restrictions.

One Common Stock Purchase Right is outstanding for each share of common stock. Following Board of Directors approval, the rights will be exercisable at an exercise price of \$13.33 if a person or group acquires 20% or more of the company's common stock or announces a tender offer that would result in ownership of 30% or more of the common stock. The rights may be redeemed at five cents per right at any time before a 20% position has been acquired. The rights expire on October 6, 1999.

7. *Retirement Plans*

The following table sets forth the funded status and amounts recognized in the company's balance sheet at December 31, 1993 and 1992 related to the company's pension plans: (in thousands of dollars)

	1993	1992
Actuarial present value of benefit obligations:		
Vested	**\$ 39,009**	\$ 31,515
Non-vested	**1,786**	1,358
	\$ 40,795	\$ 32,873
Projected benefit obligations for sevice rendered to date	**\$(48,917)**	\$(38,401)
Plan assets at fair value	**72,732**	73,352
Plan assets in excess of projected benefit obligations	**23,815**	34,951
Unrecognized net gain from past experience different from that assumed and effects of changes in assumptions	**(14,040)**	(24,873)
Prior service cost not yet recognized in net periodic pension cost	**547**	668
Unrecognized net asset at January 1, 1985 being recognized over 15 years	**(4,745)**	(5,536)
Prepaid pension cost	**\$ 5,577**	\$ 5,210

Plan assets at December 31, 1993, are invested primarily in listed stocks and bonds or cash equivalents. The company's own common stock accounts for approximately 20% of plan assets at December 31, 1993.

Net pension credit includes the following components: (in thousands of dollars)

	1993	1992	1991
Service cost—benefits earned during the period	**\$ 1,731**	\$ 1,400	\$ 1,322
Interest cost on projected benefit obligations	**3,439**	2,960	2,724
Actual return on plan assets	**(4,857)**	(19,174)	(11,062)
Net amortization and deferral	**(671)**	14,033	6,011
Net pension credit	**\$ (358)**	\$ (781)	\$ (1,005)

The weighted-average discount rates used in determining the actuarial present value of the projected benefit obligations were 7.5% in 1993 and 8.5% in 1992. The rate of increase in future compensation was 4.5% in 1993 and 5.5% in 1992. The expected long-term rate of return on assets was 9% for all years.

Contributions to the plans, limited by federal income tax regulations, for 1993, 1992, and 1991, were \$9,400, \$9,500, and \$10,000, respectively.

The company also has an Employee Stock Ownership Plan (ESOP) for the benefit of substantially all employees. Eligible employees may contribute up to the lesser of 15% of their compensation or the maximum amount authorized by the company ($8,994 in 1993, $5,000 in 1992 and 1991). During 1993, contributions by "highly compensated" and "non-highly compensated" employees, as defined by the Internal Revenue Code, were matched 25% and 50%, respectively, up to 5% of total compensation. In 1992 and 1991, 50% of the amount contributed by all employees was matched by the company, up to 5% of total compensation. Pursuant to Internal Revenue Service Regulation 401(k), the employees' contributions are on a pre-tax basis. For 1994, employees may contribute up to the lesser of 15% of their compensation or the maximum allowable amount under IRS regulations ($9,240).

The amount of company contributions made to the ESOP and charged to expense was $896,000, $830,000, and $667,000 in 1993, 1992, and 1991, respectively.

8. *Income Taxes*

During the first quarter of 1993, the company adopted SFAS No. 109, "Accounting for Income Taxes," effective January 1, 1993. Under SFAS No. 109, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. As of January 1, 1993, the company recognized a one-time benefit to consolidated income of $1,106,000 for the change in accounting for income taxes from the deferred method to the liability method, as required by SFAS No. 109. As permitted under the new rules, the financial statements for 1992, 1991, and prior years have not been restated.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the company's deferred tax assets and liabilities as of December 31, 1993 are as follows: (in thousands of dollars)

Deferred tax assets:	
Insurance and claims accruals	$ 5,255
Asset valuation allowances	3,198
Other	471
Discontinued operations	303
	$ 9,227
Deferred tax liabilities:	
Intangible assets	$ 4,567
Depreciation	8,556
Employee benefit plans	1,349
Total continuing operations	14,472
Discontinued operations	431
	$ 14,903

Significant components of the provision for income taxes from continuing operations are as follows:

	Liability Method	Deferred Method	
	1993	1992	1991
Current	$ **22,735**	$ 18,603	$ 5,497
Deferred	**(2,740)**	(3,299)	(217)
Total income tax expense	$ **19,995**	$ 15,304	$ 5,280

In addition, the company recognized income tax benefits of $1,420,000, $4,535,000, and $107,000 in 1993, 1992, and 1991, respectively, upon the exercise by employees of non-qualified stock options. Such benefits were recognized as an increase in shareholders' equity when realized.

The components of the provision for deferred income taxes for the years ended December 31, 1992 and 1991 (prior to adoption of SFAS No. 109) are as follows: (in thousands of dollars)

	1992	1991
Depreciation methods	$ (871)	$ (878)
Employee benefit plans	438	323
Asset valuation allowances	(512)	640
Installment sales	—	(474)
Insurance and claims accruals	(2,426)	—
Other items	72	172
Total continuing operations	(3,299)	(217)
Discontinued operations	111	(684)
Total deferred taxes	$ (3,188)	$ (901)

In August 1993, the U. S. Congress enacted an increase in the statutory federal income tax rate from 34% to 35% retroactive to January 1, 1993. Therefore, in the third quarter of 1993, the company recognized a charge of approximately $220,000 to account for the impact of such increased rate on deferred income taxes. A reconciliation of the statutory federal income tax rate and the effective tax rate related to continuing operations follows:

	Liability Method	Deferred Method	
	1993	1992	1991
Statutory tax rate	**35.0**	34.0	34.0
State taxes	**.3**	1.9	4.5
Federal income tax rate increase	**.4**	—	—
Other	**—**	.2	(.1)
Effective tax rate	**35.7**	36.1	38.4

In October 1990, the company acquired all of the outstanding shares of common stock of Tony Lama Company, Inc. (Tony Lama). The adoption of SFAS No. 109 in the first quarter of 1993, as noted above, resulted in a restatement of certain assets and liabilities of Tony Lama, as this rule requires the recognition of deferred taxes previously netted against these assets and liabilities. As a result, other assets and deferred taxes increased by approximately $6.3 million upon adoption of the new standard.

In connection with the acquisition of Tony Lama, the company acquired a tax net operating loss carryforward. During 1992, the company utilized approximately $2,945,000 of this carryforward. As a result, Tony Lama's net assets' values at date of acquisition were adjusted by $1,001,000 in 1992. None was utilized in 1993. Approximately $802,000 of the acquired carryforward is available to offset future taxable income. The carryforward will expire in 2004. Future utilization of such carryforward will also be recognized through adjustment of the value of acquired net assets.

9. Financial Information by Product Lines

The five-year analysis of sales and operating profit from continuing operations by product lines on page 17, as it pertains to the last three years, is an integral part of the company's consolidated financial statements. A discussion of the company's products and business is located on pages 5 to 11. The following additional information is presented by industry segments:
(in thousands of dollars)

	Identifiable Assets	Depreciation Expense	Capital Expenditures
1993			
Building Materials	**$ 110,310**	**$ 8,175**	**$ 11,232**
Footwear	**210,839**	**5,035**	**5,931**
Corporate assets	**20,539**	**263**	**115**
Discontinued operations	**4,992**	**—**	**—**
Total	**$ 346,680**	**$ 13,473**	**$ 17,278**
1992			
Building Materials	$ 104,300	$ 9,005	$ 6,892
Footwear	193,319	4,595	4,969
Corporate assets	13,294	237	145
Discontinued operations	5,455	—	—
Total	$ 316,368	$ 13,837	$ 12,006
1991			
Building Materials	$ 103,147	$ 7,932	$ 7,268
Footwear	173,609	4,043	3,377
Corporate assets	13,499	363	21
Discontinued operations	5,692	480	351
Total	$ 295,947	$ 12,818	$ 11,017

10. Lease Commitments

At December 31, 1993, approximate future minimum rental commitments for all noncancelable operating leases are as follows: (in thousands of dollars)

1994	$ 3,242
1995	2,794
1996	2,092
1997	1,553
1998	644
Thereafter	603
	$ 10,928

Total rent expense for all operating leases amounted to approximately $3,359,000, $3,350,000, and $3,748,000, in 1993, 1992, and 1991, respectively.

Commitments under capital leases are not significant.

Report of Ernst & Young

Independent Auditors

Board of Directors
Justin Industries, Inc.

We have audited the accompanying consolidated balance sheets of Justin Industries, Inc. as of December 31, 1993 and 1992, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1993. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Justin Industries, Inc. at December 31, 1993 and 1992, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1993, in conformity with generally accepted accounting principles.

As discussed in Note 8 to the financial statements, in 1993 the company changed its method of accounting for income taxes.

Ernst + Young

Fort Worth, Texas
January 27, 1994

ELEVEN-YEAR FINANCIAL SUMMARY

Years ending on December 31,	1993	1992	1991	1990
Summary of operations: (see note)				
(in thousands of dollars)				
Net sales:				
Building Materials	**179,740**	158,808	123,004	118,943
Footwear	**295,191**	294,459	245,346	181,370
	474,931	453,267	368,350	300,313
Operating profit:				
Building Materials	**31,445**	16,423	4,979	3,698
Footwear	**34,168**	36,054	22,934	17,748
	65,613	52,477	27,913	21,446
Selected costs and expenses:				
Cost of goods sold	**314,431**	313,961	260,968	211,559
Selling, general, and administrative	**100,465**	91,695	84,167	70,666
Interest	**4,005**	5,214	9,482	6,815
Depreciation	**13,473**	13,837	12,338	10,164
Income taxes	**19,995**	15,304	5,280	3,697
Income:				
From continuing operations (before accounting change in 1993)	**36,035**	27,093	8,453	7,576
Net income	**37,141**	27,093	19,233	7,293
Income per share:				
From continuing operations (before accounting change in 1993)	**1.29**	.98	.32	.29
Net income	**1.33**	.98	.73	.28
Dividends declared per share	**.16**	.14	.135	.135
Capital expenditures*	**17,278**	12,006	10,666	12,646
Year-end statistics: *(in thousands of dollars)*				
Working capital	**185,193**	164,822	151,588	147,307
Net property, plant, and equipment	**80,270**	76,544	78,750	84,653
Total assets	**346,680**	316,368	295,947	292,923
Long-term debt	**88,504**	100,362	116,040	124,724
Shareholders' equity	**188,803**	155,270	127,549	111,135
Key financial ratios:				
Pre-tax profit margin (%)*	**11.80**	9.35	3.73	3.75
Income—return on sales (%)*	**7.59**	5.98	2.29	2.52
Return on shareholders' equity (%)*	**23.21**	21.24	7.61	7.12
Return on assets (%)*	**10.87**	8.85	2.87	3.00
Effective income tax rate (%)*	**35.7**	36.1	38.4	32.8
Ratio of long-term debt to shareholders' equity	**.47:1**	.65:1	.91:1	1.12:1
Ratio of total interest-bearing debt to shareholders' equity	**.49:1**	.70:1	.93:1	1.14:1
Ratio of current assets to current liabilities	**4.4:1**	4.0:1	4.4:1	4.1:1
Shareholders' statistics:				
Number of shareholders	**9,484**	5,301	4,965	4,886
Average number of shares outstanding (in thousands)	**27,953**	27,772	26,382	26,412
Book value per share	**6.95**	5.75	4.92	4.31
Dividends as a percent of net income	**11.7**	13.7	17.9	47.1
Market price of common stock:				
High	**25⅜**	19	6	5⅞
Low	**11¾**	5⅝	3⅝	3⅜

**Continuing Operations (before accounting change in 1993)*

Note: Per share income amounts have been computed on the average number of common and common equivalent shares outstanding during each year and include preferred stock as common share equivalents. Book value per equivalent share of common stock has been computed on the number of common shares outstanding at December 31. All per share information has been adjusted for the 3-for-2 stock splits in 1984, 1989,

1989	1988	1987	1986	1985	1984	1983
113,662	108,864	113,204	119,104	134,454	139,750	133,561
142,707	123,455	109,662	101,195	103,892	91,525	82,914
256,369	232,319	222,866	220,299	238,346	231,275	216,475
604	4,369	6,685	7,437	17,861	22,969	17,199
15,650	12,223	10,184	9,946	9,997	8,204	6,820
16,254	16,592	16,869	17,383	27,858	31,173	24,019
182,365	164,596	154,600	148,503	158,231	153,172	152,893
60,251	54,590	53,590	57,682	53,565	48,751	41,613
6,402	4,574	4,369	4,140	4,975	4,347	6,111
10,003	10,263	10,152	10,218	8,839	8,236	8,505
2,432	2,696	3,121	4,131	8,980	10,200	6,317
5,281	5,954	7,382	5,843	16,131	13,861	10,739
7,198	7,469	752	5,033	15,050	13,720	7,685
.21	.24	.29	.22	.61	.52	.39
.28	.30	.03	.19	.57	.52	.28
.10	.09	.09	.09	.09	.065	—
7,405	8,681	4,540	5,922	30,047	11,987	5,076
97,983	105,114	90,206	87,407	78,873	67,421	70,841
64,261	67,682	75,205	80,362	84,743	62,357	64,591
211,308	214,403	219,013	224,608	231,119	199,863	173,105
56,238	69,590	70,509	69,489	68,089	64,154	57,054
106,431	98,687	92,938	96,321	95,382	84,053	75,563
3.01	3.72	4.71	3.47	10.54	10.40	7.88
2.06	2.56	3.31	2.08	6.77	5.99	4.96
5.35	6.41	7.66	4.81	19.19	18.34	15.83
2.48	2.75	3.33	2.01	7.49	7.43	5.79
31.5	31.2	29.7	40.0	35.8	42.4	37.0
.53:1	.71:1	.76:1	.72:1	.71:1	.76:1	.76:1
.56:1	.73:1	.79:1	.75:1	.77:1	.82:1	.83:1
3.5:1	3.9:1	2.9:1	2.8:1	2.4:1	2.6:1	3.2:1
5,091	4,309	4,063	4,018	4,150	4,064	3,983
25,668	25,134	25,408	26,218	26,358	26,640	27,502
4.15	3.98	3.76	3.78	3.71	3.25	2.80
35.1	29.5	296.7	45.5	15.3	12.7	—
5⅝	3⅞	3⅞	4⅝	4⅜	3½	3⅜
3⅜	2⅝	2¼	2⅞	3⅛	2½	2½

and 1992, and a 2-for-1 stock split in 1993. Operating profit for the business segments is income before interest, allocation of parent-company overhead expenses, and income taxes.

SHAREHOLDER INFORMATION

Annual Meeting

The annual meeting of shareholders will be held on Friday, March 18, 1994, at the Fort Worth Club Building, twelfth floor, 306 West Seventh Street, Fort Worth, Texas, at 10:30 A.M. All shareholders are cordially invited to attend and are urged to be represented by proxy if unable to attend.

Dividend Reinvestment and Shareholder Savings Program

Any shareholder of record may have dividends automatically reinvested, or make voluntary investments in the company's common stock through a service offered by Society National Bank. For additional information, contact Vice President Finance, Justin Industries, Inc., P. O. Box 425, Fort Worth, Texas 76101 (817) 336-5125; or Society National Bank, c/o Society Shareholder Services, 1201 Elm Street, 32nd Floor, Dallas, Texas 75270 (800) 527-7844 or (214) 871-8844.

Form 10-K/10-Q

Investors who wish to receive a copy of the company's annual report on Form 10-K or quarterly 10-Q reports filed with the Securities and Exchange Commission, or other shareholder mailings, may obtain them upon request to Investor Relations, Justin Industries, Inc., P. O. Box 425, Fort Worth, Texas 76101 (817) 336-5125.

Stock Listing

Justin Industries, Inc., common stock is traded over the counter using the symbol "JSTN." Justin Industries common stock is included in the Nasdaq National Market System.

Stock Transfer and Dividend Disbursing Agent

Society National Bank, c/o Society Shareholder Services, 1201 Elm Street, 32nd Floor, Dallas, Texas 75270 (800) 527-7844 or (214) 871-8844.

Independent Auditors

Ernst & Young, 500 Throckmorton Street, Suite 2200, Fort Worth, Texas 76102.

Executive Offices

Justin Industries, Inc., 2821 West Seventh Street, Fort Worth, Texas 76107 (817) 336-5125.

Quarterly Financial Data

The following table presents summarized quarterly operating results for the two-year period ending December 31, 1993.

Unaudited—In thousands, except per share data

Quarter Ended

	1993				1992			
	3/31	6/30	9/30	12/31	3/31	6/30	9/30	12/31
Net sales	$110,105	$116,068	$118,328	$130,430	$ 97,296	$104,502	$112,895	$138,574
Gross profit	34,176	38,868	41,740	45,716	28,806	32,166	36,222	42,112
Income before cumulative effect on prior years of change in accounting for income taxes	5,626	7,864	9,806	12,739	3,107	5,270	7,495	11,221
Net income	6,732	7,864	9,806	12,739	3,107	5,270	7,495	11,221
Per share*:								
Before cumulative effect on prior years of change in accounting for income taxes	.20	.28	.35	.46	.12	.19	.27	.40
Net income	.24	.28	.35	.46	12	.19	.27	.40
Dividends paid	.035	.04	.04	.04	.033	.035	.035	.035

**All per share amounts have been adjusted to reflect a 2-for-1 stock split effective May 18, 1993.*

Market Makers

as of January 27, 1994

Bear, Stearns & Co., Inc.
Dean Witter Reynolds, Inc.
First Southwest Company
Herzog, Heine, Geduld, Inc.
Jefferies & Company, Inc.
Lehman Brothers, Inc.
Mayer & Schweitzer, Inc.
Merrill Lynch, Pierce, Fenner & Smith, Inc.
Mitchum Jones & Templeton, Inc.
Nash Weiss/Div. of Shatkin Inv.
PaineWebber, Inc.
The Principal/Eppler, Guerin & Turner
Rauscher Pierce Refsnes, Inc.
Sherwood Securities Corp.
Smith Barney Shearson, Inc.
Southwest Securities, Inc.
Sutro & Company
Troster Singer Corp.

Market Price of Common Stock*

Year Quarter	Price: High	Low	Close
1991			
1	4 1/4	3 5/8	4 1/2
2	4 1/2	3 1/2	3 3/4
3	4 5/8	3 3/4	4 5/8
4	6	4 1/2	6
1992			
1	10 1/2	5 5/8	9 7/8
2	14 1/4	9	12 3/8
3	14 1/2	11 5/8	12 1/4
4	19	11 7/8	18 1/2
1993			
1	25 3/8	17 5/8	24 3/4
2	24 7/8	16 1/2	17 1/2
3	22 1/4	15	18
4	19	11 1/4	14 3/4

**All prices have been adjusted to reflect a 2-for-1 stock split effective May 18, 1993.*

DIRECTORS

JOHN JUSTIN
Chairman and Chief Executive Officer of Justin Industries

J. T. DICKENSON
President and Chief Operating Officer of Justin Industries

BEN J. FORTSON
Oil and Gas Producer

BAYARD H. FRIEDMAN
Investment Advisor

MARVIN GEARHART
Chairman of the Board of Rock Bit International, Inc.

ROBERT E. GLAZE
Personal Investments

DEE J. KELLY
Shareholder and Director of the law firm of Kelly, Hart & Hallman

JOSEPH R. MUSOLINO
Vice Chairman of NationsBank of Texas

JOHN V. ROACH
Chairman, President, and Chief Executive Officer of Tandy Corporation

DR. WILLIAM E. TUCKER
Chancellor of Texas Christian University

COMMITTEES

Audit Committee

BAYARD H. FRIEDMAN
ROBERT E. GLAZE
DR. WILLIAM E. TUCKER

Compensation Committee

BAYARD H. FRIEDMAN
MARVIN GEARHART

OFFICERS

JOHN JUSTIN
Chairman of the Board and Chief Executive Officer

J. T. DICKENSON
President and Chief Operating Officer

RICHARD J. SAVITZ
Vice President Finance and Treasurer

JON M. BENNETT
Vice President Administration and Secretary

EDWARD L. STOUT, JR.
Vice President Brick Operations and President Acme Brick Company

JUDY B. HUNTER
Controller

W. O. BURROUGH
Assistant Treasurer

PLANT LOCATIONS

● ACME BRICK COMPANY
Bennett, Texas
Bridgeport, Texas
Denton, Texas
Elgin, Texas
Garrison, Texas
McQueeney, Texas
San Felipe (Houston), Texas
Fort Smith, Arkansas
Malvern, Arkansas
Perla, Arkansas (2)
Kanopolis, Kansas
Weir, Kansas
Jamestown, Louisiana
Oklahoma City, Oklahoma
Tulsa, Oklahoma
Concrete Block
Baton Rouge, Louisiana

● TRADEWINDS TECHNOLOGIES, INC.
Phoenix, Arizona

● FEATHERLITE BUILDING PRODUCTS CORPORATION
Concrete Block
Abilene, Texas
Amarillo, Texas
Austin, Texas
Beaumont/Port Arthur, Texas
Dallas, Texas
El Paso, Texas
Lubbock, Texas
San Antonio, Texas
d/b/a VOLCANIC CINDER COMPANY
Volcanic Cinders
New Mexico
d/b/a TEXAS QUARRIES
Architectural Stone
Cedar Park, Texas

● JUSTIN BOOT COMPANY
Fort Worth, Texas
Cassville, Missouri (2)
Sarcoxie, Missouri
Carthage, Missouri

○ NOCONA BOOT COMPANY
Nocona, Texas

● TONY LAMA COMPANY
El Paso, Texas

● NORTHLAND PUBLISHING COMPANY, INC.
Flagstaff, Arizona

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1993

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________________ to ________________

Commission file number 0-3041

JUSTIN INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

Texas (State or other jurisdiction of incorporation or organization)	75-0102185 (I.R.S. Employer Identification No.)
2821 West 7th Street, Fort Worth, Texas (Address of principal executive offices)	76107 (Zip Code)
Registrant's telephone number, including area code:	(817) 336-5125

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
None	None

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, $2.50 Par Value

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within 60 days prior to the date of filing.

$246,064,910 as of February 15, 1994

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

27,174,075 Common Shares as of March 18, 1994

DOCUMENTS INCORPORATED BY REFERENCE

Parts I, II, and IV incorporate certain information by reference from the Annual Report to Shareholders for the year ended December 31, 1993. Part III incorporates information by reference from the Proxy Statement for the Annual Meeting of Shareholders held on March 18, 1994.

PART I

ITEM 1. BUSINESS

Justin Industries, Inc. ("Justin") and its subsidiaries are herein collectively and/or singly referred to as the "company". The company where specifically indicated has incorporated by reference certain information contained in its 1993 Annual Report to Shareholders. Other references made to that report are for information purposes only and the information in the Annual Report to Shareholders is not deemed incorporated in this Form 10-K.

GENERAL DEVELOPMENT OF BUSINESS

Justin's business origins can be traced back to 1879, when H. J. Justin began making boots at Spanish Fort, Texas on the Chisholm Trail. Justin was incorporated under the laws of the State of Texas on April 26, 1916, as Acme Brick Company, the successor to an Illinois company incorporated in 1891. In August 1968, the company changed its name to First Worth Corporation and created a division, later incorporated with the name "Acme Brick Company" ("Acme"), to handle the company's business relating to brick, concrete block, concrete panels, and prestressed concrete structural components. The company changed its name in October 1972 to Justin Industries, Inc.

In 1968, Justin purchased for cash and promissory notes all the outstanding Common Stock of Louisiana Concrete Products, Inc. ("Louisiana Concrete"). Also during 1968, Justin acquired the net assets or the outstanding stock of six additional small firms in the concrete products field for cash and shares of Justin Common Stock. The operations of Louisiana Concrete and the six small firms were combined with the concrete products operations of Featherlite Building Products Corporation and Featherlite Precast Corporation (whose acquisition is discussed below).

In December 1968, Justin acquired all of the outstanding common stock of Justin Belt Company, Inc., H. J. Justin & Sons, Inc., and its subsidiary, Justin Leathergoods Company, which companies were reorganized in 1984 to be known as the "Justin Boot Company" ("Justin Boot"). Justin Boot's stock was acquired in exchange for Justin Common Stock and Justin voting Preferred Stock (subsequently converted into shares of Justin Common Stock). The acquisition of Justin Boot was treated as a pooling of interests for accounting purposes.

In May 1973, Justin acquired all of the outstanding common stock of Northland Publishing Company, Inc. ("Northland") in exchange for shares of Justin Common Stock. The acquisition was accounted for as a purchase. In April 1974, Justin acquired for cash all the outstanding capital stock of Sanford Brick Corporation ("Sanford"), Sanford, North Carolina. The acquisition was accounted for as a purchase. On April 30, 1984, all of the common stock of Sanford was sold.

In August 1976, Justin acquired 62.6% of the outstanding common stock of Kingstip, Inc. ("Kingstip") for cash and effective January 31, 1977, acquired the remaining 37.4% of Kingstip's capital stock in exchange for shares of Justin Common Stock. The acquisition was accounted for as a purchase. Through 1983, all operations of Kingstip were conducted through its subsidiary, The Featherlite Corporation. Effective December 31, 1983, these operations were reorganized into two distinct operating entities, Featherlite Building Products Corporation and Featherlite Precast Corporation.

Ceramic Cooling Tower Company ("CCT") was incorporated by Justin in 1968, as an outgrowth of Acme's operations in the design and sale of water cooling systems. Effective December 31, 1991, the net assets and business of CCT were sold for $20 million cash.

In June 1981, Justin issued shares of Justin Common Stock for all the outstanding common stock of Nocona Boot Company ("Nocona").

In September 1984, the company's Featherlite Building Products Corporation subsidiary purchased all of the common stock of Gulde Block and Brick, Inc. for cash.

In 1985, the company acquired the operations of four additional companies for cash and the assumption of certain liabilities. These acquisitions were Chippewa Shoe Company, Builders Block Company, Inc., RLI, Inc. (name changed to Tradewinds Technologies, Inc. ("Tradewinds")), and MEGA Equipment Company.

In 1986, the company acquired the operating assets of Parr Block Company for cash and notes.

Pursuant to a tender offer and subsequent merger effective October 15, 1990, the company acquired all of the outstanding shares of Tony Lama Company, Inc. ("Tony Lama") at a price of $9.00 per share in cash with the aggregate purchase price for such shares and related costs totalling approximately $18,787,000. Tony Lama is in the business of designing, manufacturing, and selling western style boots and leather accessories. The acquisition was accounted for as a purchase.

On October 7, 1991, the company purchased the brick manufacturing assets of Elgin-Butler Brick Company for cash and subordinated notes totalling approximately $4,527,000.

In December 1987, the company made the decision to discontinue operations of two of its businesses, Featherlite Precast Corporation (manufacturers of precast/prestressed concrete components) and MEGA Equipment Company (distributor of John Deere construction and utility earthmoving equipment). Both of these companies were more severely affected by the cyclical nature of the building industry and it was felt that Justin and its shareholders would be better served by concentrating the company's resources in its remaining core group of businesses. In 1988, the operations of MEGA Equipment Company and two of the three Featherlite Precast Corporation plants were sold to third parties.

Justin's continuing operations are in two principal business areas: (i) manufacture and sale of building materials, which includes the operations of Acme, Featherlite Building Products Corporation, and Tradewinds, and (ii) manufacture and sale of footwear products, which includes the operations of Justin Boot, Nocona and Tony Lama.

FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS (LINES OF BUSINESS)

A five year analysis of sales and operating profit contribution by industry segment is presented on page 17 of the company's 1993 Annual Report to Shareholders and additional financial information, including identifiable assets, by industry segment is included in Note 9 of Notes to Consolidated Financial Statements on page 26 of the shareholders' report. Such information is hereby incorporated by reference.

NARRATIVE DESCRIPTION OF BUSINESS

The following information is presented in addition to the information included in the Report on Operations contained on pages 5 through 11 of the company's 1993 Annual Report to Shareholders, which is incorporated herein by reference.

Manufacture and Sale of Building Materials

The building materials segment includes clay brick manufactured and sold under the name Acme Brick for use in residential and commercial construction. The primary market for Acme Brick is the Central and Southwest United States where distribution is mainly through company operated sales offices. Acme also distributes through independent dealerships in other parts of the United States. Acme is one of the largest manufacturers of face brick in the United States.

Other products in the company's building materials segment include concrete block manufactured and sold under the trade name Featherlite Building Products and cut limestone manufactured under the name Texas Quarries. The primary markets for these products are in Texas and its neighboring states.

The company also represents other manufacturers as a distributor of such items as clay brick, glass block, glazed and unglazed tile and masonry units, fireplace equipment, masonry cleaners, masonry saws, wall reinforcements, masonry tools, masonry cement, and purchased used brick for resale.

Tradewinds manufactures a unique line of premium quality evaporative coolers used primarily for central residential cooling and light commercial and spot cooling.

In the states of Texas, Louisiana, Arkansas, Oklahoma, New Mexico, Kansas, Tennessee, and Missouri, Acme and Featherlite market their building materials through approximately 300 full-time company sales employees serving architects, contractors, home builders, and others in the construction market. These direct sales comprise the majority of the company's building materials sales. In the other states, sales are made principally through independent distributors and dealers. The majority of these building materials manufactured by the company are utilized within a 250 mile radius of the plant where they are produced. Tradewinds' coolers are sold by direct sales personnel in selected major markets and by distribution elsewhere.

Manufacture and Sale of Footwear Products

Footwear operations include the design, manufacture and distribution of men's, women's, and children's western style, safety, work and sports boots and shoes, primarily for sale in the United States under the trade names "Justin®", "Nocona®", "Tony Lama®", "Chippewa®", and Diamond "J®".

Justin Boot Company, headquartered in Fort Worth, Texas, started business in 1879 as H. J. Justin & Sons, Inc. The company owns and operates footwear manufacturing plants in Fort Worth, Texas, Cassville, Sarcoxie, and Carthage, Missouri. Nocona Boot Company, headquartered in Nocona, Texas, started business in 1925 and owns and operates its boot manufacturing plant in Nocona. Tony Lama Company, Inc., headquartered in El Paso, Texas, was established in 1911. The company owns and operates a western boot manufacturing plant in El Paso, Texas.

The company's footwear products are marketed by company salesmen and independent sales representatives who are compensated on a commission basis. Sales are made throughout the United States to a network of approximately 7,000 authorized retail outlets and dealers such as western goods stores, department stores, chain stores, and mail order houses. Footwear products are sold in the general price range of other medium to high quality lines and are manufactured using a wide range of leathers.

Other

Northland's primary activity is publishing books about the history and art of the West. Many of these books have won awards for fine design, printing, and binding in major book competitions including the Western Heritage Awards at the National Cowboy Hall of Fame. Northland's books are marketed by company personnel and through independent sales representatives covering the entire United States.

RAW MATERIALS

The principal raw materials for the company's brick are clay and shale mined from company-owned or leased properties. The company has developed adequate clay reserves located at or near plant sites to supply its needs for the foreseeable future. Other raw materials used in the building materials operations, such as cement, aggregate, and additives, are purchased by the company in the open market and appear to be readily available for the foreseeable future from numerous domestic suppliers. Materials for evaporative coolers are purchased in the open market or manufactured to the company's specifications and all appear to be readily available for the foreseeable future from numerous suppliers.

The company consumes large quantities of natural gas and other combustible fuels in the drying and firing of its clay products. In periods of severe cold weather and occasionally at other times, the company's natural gas supplies have been limited by its suppliers at certain locations. The company believes it will be able to obtain an adequate supply of energy in the future to meet its requirements.

The primary raw material used in the footwear product line is finished leather. Finished leather, which is readily available, is purchased from various tanneries in the United States and from tanneries in foreign countries and their representatives in the United States. Inventories are maintained to meet production requirements. Other raw materials incidental to the production of these products such as thread, tacks, staples, buckles, and clasps appear to be readily available for the foreseeable future from numerous domestic suppliers.

PATENTS AND TRADEMARKS

Many of the company's products and processes are patented. In addition, most of the company's products are marketed under registered trademarks.

SEASONAL NATURE OF BUSINESS

Demand for building materials and evaporative coolers is seasonal, with sales during periods of warm weather representing a higher than average proportion of total yearly sales while sales of footwear products are generally highest in the fourth quarter.

WORKING CAPITAL REQUIREMENTS

It is the company's policy to increase inventory levels during periods when production capabilities exceed sales. The company may also from time to time increase its inventory of raw materials in its footwear business segment to assure itself of an adequate supply of such raw materials.

Historically, funds required for working capital have been generated from operations and from borrowings from commercial banks.

SIGNIFICANT CUSTOMERS

No material part of the company's business is dependent upon a single customer or upon a few customers, the loss of any one or more of whom would have a material adverse effect on the company's business.

BACKLOG OF ORDERS AT END OF FISCAL YEAR

An analysis of backlog orders is presented on page 16 of the company's 1993 Annual Report to Shareholders, which is incorporated herein by reference. In accordance with industry practice, unfilled orders for clay brick and footwear products are generally cancelable by customers at any time and for this reason may not be considered firm backlog in the traditional sense, despite the fact that in the past orders have been canceled only infrequently. Substantially all unfilled orders are expected to be filled within one year.

COMPETITION

The business environment in which the company operates is highly competitive in the areas of price, service, and product quality. Unless otherwise indicated below, the company's relative competitive position within its product lines and market areas is not readily available due to constant changes in the number and identity of competitors and types of competitive products.

In the building materials segment, competition includes other suppliers of brick and concrete products, as well as suppliers of diverse alternative building materials such as steel, aluminum, glass, plastic, and wood products. There are numerous manufacturers of various types of brick and concrete products in the United States, virtually all of which operate on a regional or local basis. In every geographical area served by the company, there are numerous competitors in all significant building product lines. The company is one of the largest face brick manufacturers in the United States and the largest in the Southwest. There are numerous plants manufacturing concrete products in the area in which the company owns and operates plants. Tradewinds' evaporative coolers compete with approximately ten other major manufacturers, two of which currently have approximately 70 percent of the market. None of the competition, however, manufactures coolers constructed of injection molded polypropylene material.

The company's western style boots and other footwear products compete with approximately 25 other major manufacturers of high quality merchandise, and many more manufacturers of lesser quality footwear.

RESEARCH ACTIVITIES

In the normal course of business, the company conducts research and development activities to improve existing products and to develop new products within its current product lines. These activities include developing new styles, effective use of new materials, and developing new manufacturing techniques. The amount spent during each of the last three fiscal years on these activities did not exceed one percent of the company's total operating revenues.

ENVIRONMENT

There are numerous federal, state, and local statutes, regulations and ordinances regulating discharge of materials into the environment or otherwise relating to the protection of the environment, including those concerning clean air, water, and waste disposal. In management's opinion, none of these will materially affect the company's earnings or competitive position and should not require any material increase in capital expenditures.

EMPLOYEES

The company had 5,106 employees in its operations as of December 31, 1993.

The number of employees by job position at December 31, 1993, was as follows:

	Building Materials	Footwear	Parent and Other	Total
Production	1,346	2,489	3	3,838
Sales	571	331	7	909
Administrative, Engineering, Clerical, and Other	135	192	32	359
	2,052	3,012	42	5,106

FOREIGN OPERATIONS

Footwear products are marketed in foreign countries, primarily Canada, Western Europe, and Japan. Foreign operations are not material to consolidated operations.

ITEM 2. PROPERTIES

Information concerning the company's principal production facilities is as follows:

The company's current annual brick manufacturing capacity is approximately 775 million brick. The company's 16 operating brick plants are located on approximately 6,000 acres of land, which includes associated clay mining operations. The plants have individual production capacities ranging from 16.5 million to 128 million brick each year.

The company's concrete operations include 8 concrete block plants operated by Featherlite and one plant operated by Acme on tracts of land ranging from 5 acres to 24 acres. In addition, Featherlite operates a limestone mill on a 36 acre tract of land and owns 62 acres of volcanic cinder mines and leases mining rights on 2,100 acres of land for quarrying architectural limestone.

Tradewinds manufactures its evaporative coolers in Phoenix, Arizona, in a leased facility containing approximately 90,000 square feet.

The footwear manufacturing facilities consist of 7 plants and related warehouses containing approximately 784,000 square feet, located on land owned by the company. These plants have a designed capacity to produce in excess of 3 million pair of footwear annually.

The company's corporate administrative headquarters in Fort Worth, Texas, is contained in 26,000 square feet of modern office facilities.

The company owns various interests in oil and gas mineral leases in Texas, Oklahoma, Louisiana, and Arkansas. Revenues received to date from these interests have not and are not anticipated to have a material effect on consolidated revenues.

ITEM 3. LEGAL PROCEEDINGS

The company is involved in various claims and lawsuits incidental to its business. In the opinion of management, these claims and lawsuits in the aggregate will not have a material adverse effect on the company's consolidated financial statements.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of the company's security holders during the last quarter of its fiscal year ended December 31, 1993.

EXECUTIVE OFFICERS

Certain information regarding the executive officers is as follows:

Name	Age	Employed by Company In	Date First Appointed an Officer	Title
John Justin	77	1936	December 1969	Chairman of the Board and Chief Executive Officer
J. T. Dickenson	64	1974	September 1983	President and Chief Operating Officer
Richard J. Savitz	47	1979	March 1982	Vice President-Finance and Treasurer
Jon M. Bennett	62	1969	December 1979	Vice President-Administration and Secretary
Edward L. Stout, Jr.	68	1949	March 1974	Vice President-Brick Operations
Judy B. Hunter (1)	35	1990	October 1990	Controller, Assistant Treasurer

There are no family relationships among any of the above officers and there are no known arrangements or understandings between any executive officer and any other person pursuant to which any of the above named persons was selected as an officer.

(1) For more than five years prior to her employment with the company, Ms. Hunter was employed by Ernst & Young, Fort Worth. She was a senior manager.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

Incorporated by reference from the 1993 Annual Report to Shareholders, pages 28, 29, and 30.

As of February 15, 1994, there were 1,731 common shareholders of record. In addition, approximately 2,263 shareholders are participants in the Justin Industries, Inc. Employee Stock Ownership Plan.

Dividends declared for the most recent two fiscal years are as follows:

Quarter Ended	Cash Dividend Declared
3/31/92	--- (a)
6/30/92	$.07 (a)
9/30/92	$.035
12/31/92	$.035
3/31/93	$.04
6/30/93	$.04
9/30/93	$.04
12/31/93	$.04

(a) No dividends were declared in the first quarter, and two dividends were declared in the second quarter of 1992 since the regular first quarter Board of Directors' meeting was not held until April 2, 1992.

ITEM 6. SELECTED FINANCIAL DATA

Incorporated by reference from the 1993 Annual Report to Shareholders, pages 28 and 29.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Incorporated by reference from the 1993 Annual Report to Shareholders, pages 13 through 17.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated balance sheets of the company at December 31, 1993 and 1992 and the consolidated statements of income, shareholders' equity, and cash flows for the years 1993, 1992, and 1991 and the report of independent auditors thereon, and the company's unaudited quarterly financial data for the two-year period ended December 31, 1993 are incorporated by reference from the 1993 Annual Report to Shareholders, pages 18 through 27 and page 30.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF REGISTRANT

Incorporated herein by reference from the company's definitive proxy statement for the Annual Meeting of Shareholders held March 18, 1994 ("Proxy Statement"), pages 3, 4 and 7.

Information regarding the executive officers is included in Part I.

ITEM 11. EXECUTIVE COMPENSATION

Incorporated herein by reference from the Proxy Statement, pages 7 through 12.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required as to security ownership is incorporated herein by reference from the Proxy Statement, pages 5 and 6.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Incorporated herein by reference from the Proxy Statement, page 14.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) 1. **Financial Statements**

	Reference	
	Form 10-K	**Annual Report to Shareholders (page)**
Data incorporated by reference from attached Annual Report to Shareholders of Justin Industries, Inc.:		
Report of independent auditors		27
Consolidated balance sheet at December 31, 1993 and 1992		18
For the years ended December 31, 1993, 1992, and 1991:		
Consolidated statement of income		19
Consolidated statement of shareholders' equity		19
Consolidated statement of cash flows		20
Notes to consolidated financial statements		21-26

2. **Financial Statement Schedules**

Report of Independent Auditors and Consent of Independent Auditors	S-1	
Schedules for years ended December 31, 1993, 1992, and 1991:		
V - Property, plant, and equipment	S-2	
VI - Accumulated depreciation, depletion, and amortization of property, plant, and equipment	S-3	
VIII - Valuation and qualifying accounts	S-4	
IX - Short-term borrowings	S-5	
X - Supplementary income statement information	S-6	

All other schedules and compliance information have been omitted since the required information is not present or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the financial statements and the notes thereto.

3. **Exhibits**

Exhibit No.	Description
3.1	Articles of Incorporation of Registrant, as amended (incorporated by reference to the Registrant's Current Report on Form S-8 dated March 22, 1994)
3.2	By-Laws of Registrant, as amended (incorporated by reference to the Registrant's Current Report on Form 8-K dated September 7, 1990)
4.1	Rights Agreement dated as of October 6, 1989 between Registrant and Team Bank, as Rights Agent (incorporated by reference to Registrant's Registration Statement on Form 8-A dated October 10, 1989)
4.2	First Amendment to Rights Agreement dated as of October 4, 1990 between Registrant and Ameritrust Texas, N.A., as successor Rights Agent (incorporated by reference to Registrant's Amendment No. 1 on Form 8 to Registration Statement on Form 8-A dated October 4, 1990)
10.1	Registrant's 1981 Stock Option Plan*
10.2	Registrant's 1984 Incentive Stock Option Plan*
10.3	Registrant's 1992 Stock Option Plan (incorporated by reference from the company's definitive proxy statement for the Annual Meeting of Shareholders held on April 3, 1992)
10.4	Registrant's Deferred Compensation Plan*
10.5	Form of Registrant's Special Executive Benefit Program*
10.6	Registrant's Supplemental Executive Retirement Plan of 1992 (incorporated by reference to Registrant's 1992 Annual Report on Form 10-K)
10.7	Registrant's Employee Stock Ownership Plan, as restated January 1, 1989 (incorporated by reference to the Registrant's Current Report on Form S-8 dated March 22, 1994)
10.8	Employment Agreement dated as of September 15, 1989 between Registrant and John S. Justin, Jr.*
10.9	Form of Severance Agreement dated March 23, 1990 between Registrant and its executive officers*
10.10	Form of Severance Agreement dated March 23, 1990 between Registrant and certain of its officers and employees*
10.11	Revolving Loan Agreement between Registrant, NationsBank of Texas, N.A. (formerly NCNB Texas National Bank) as Administrative Lender and the several banks listed on the signature pages thereof, as amended in the First and Second Amendments through June 9, 1990*
10.12	Third Amendment to the Revolving Loan Agreement dated as of December 3, 1990 among Registrant, NationsBank of Texas, N.A. (formerly NCNB Texas National Bank), Bank One, Texas, N.A. (formerly Team Bank), Citibank, N.A., The Bank of New York and Texas Commerce Bank--Fort Worth, N.A. (incorporated by reference to Registrant's Current Report on Form 8-K dated December 3, 1990)
10.13	Fourth Amendment to the Revolving Loan Agreement dated as of December 31, 1991 among Registrant, certain subsidiaries of the Registrant, NationsBank of Texas, N.A., as Administrative Lender, NationsBank of Texas, N.A., Bank One, Texas, N.A. (formerly Team Bank), Citibank, N.A., The Bank of New York and Texas Commerce Bank, National Association (successor by merger to Texas Commerce Bank--Fort Worth, N.A.) (incorporated by reference to Registrant's 1991 Annual Report on Form 10-K)

Exhibit No.	Description
10.14	Fifth Amendment to the Revolving Loan Agreement dated as of May 1, 1992 among Registrant, certain subsidiaries of the Registrant, NationsBank of Texas, N.A., as Administrative Lender, NationsBank of Texas, N.A., Bank One, Texas, N.A. (formerly Team Bank), Citibank, N.A., The Bank of New York and Texas Commerce Bank, National Association (successor by merger to Texas Commerce Bank--Fort Worth, N.A.) (incorporated by reference to Registrant's 1992 Annual Report on Form 10-K)
10.15	Sixth Amendment to the Revolving Loan Agreement dated as of December 31, 1993 among Registrant, certain subsidiaries of the Registrant, NationsBank of Texas, N.A., as Administrative Lender, NationsBank of Texas, N.A., Bank One, Texas, N.A., Citibank, N.A., The Bank of New York and Texas Commerce Bank, National Association
10.16	Term Loan Agreement dated as of December 3, 1990 among the Registrant, NationsBank of Texas, N.A. (formerly NCNB Texas National Bank), Bank One, Texas, N.A. (formerly Team Bank), Citibank, N.A. and Texas Commerce Bank--Fort Worth, N.A. (incorporated by reference to Amendment No. 4 to Registrant's Schedule 14D-9 dated December 6, 1990)
10.17	First Amendment to the Term Loan Agreement dated as of December 31, 1991 among Registrant, certain subsidiaries of the Registrant, NationsBank of Texas, N.A., as Administrative Lender, NationsBank of Texas, N.A., Bank One, Texas, N.A. (formerly Team Bank), Citibank, N.A. and Texas Commerce Bank, National Association (successor by merger to Texas Commerce Bank--Fort Worth, N.A.) (incorporated by reference to Registrant's 1991 Annual Report on Form 10-K)
10.18	Second Amendment to the Term Loan Agreement dated as of May 1, 1992 among Registrant, certain subsidiaries of the Registrant, NationsBank of Texas, N.A., as Administrative Lender, NationsBank of Texas, N.A., Bank One, Texas, N.A. (formerly Team Bank), Citibank, N.A. and Texas Commerce Bank, National Association (successor by merger to Texas Commerce Bank--Fort Worth, N.A.) (incorporated by reference to Registrant's 1992 Annual Report on Form 10-K)
10.19	Third Amendment to the Term Loan Agreement dated as of December 31, 1993 among Registrant, certain subsidiaries of the Registrant, NationsBank of Texas, N.A., as Administrative Lender, NationsBank of Texas, N.A., Bank One, Texas, N.A., Citibank, N.A. and Texas Commerce Bank, National Association
13	Annual report to shareholders for the year ended December 31, 1993
21	Subsidiaries of the Registrant
23	Report of Independent Auditors and Consent of Independent Auditors (included herein at page S-1)
99.1	Financial statements required by Form 11-K for registrant's Employee Stock Ownership Plan for the year ended December 31, 1993

* Incorporated by reference to Registrant's Amendment No. 1 on Form 8 to Annual Report on Form 10-K dated August 23, 1990.

(b) **Reports on Form 8-K**

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

JUSTIN INDUSTRIES, INC.
(Registrant)

By: /S/ JOHN JUSTIN
John Justin
Chairman of the Board and Chief Executive Officer
March 18, 1994

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

/S/ JOHN JUSTIN
John Justin
Chairman of the Board and
Chief Executive Officer
March 18, 1994

/S/ BAYARD H. FRIEDMAN
Bayard H. Friedman
Director, March 18, 1994

/S/ J. T. DICKENSON
J. T. Dickenson
Director, President and Chief Operating Officer
March 18, 1994

/S/ DEE J. KELLY
Dee J. Kelly
Director, March 18, 1994

/S/ RICHARD J. SAVITZ
Richard J. Savitz
Vice President-Finance, Principal
Finance and Accounting Officer
March 18, 1994

/S/ JOSEPH R. MUSOLINO
Joseph R. Musolino
Director, March 18, 1994

/S/ MARVIN GEARHART
Marvin Gearhart
Director, March 18, 1994

/S/ JOHN V. ROACH
John V. Roach
Director, March 18, 1994

/S/ ROBERT E. GLAZE
Robert E. Glaze
Director, March 18, 1994

/S/ WILLIAM E. TUCKER
William E. Tucker
Director, March 18, 1994

REPORT OF INDEPENDENT AUDITORS

We have audited the consolidated financial statements of Justin Industries, Inc. as of December 31, 1993 and 1992, and for each of the three years in the period ended December 31, 1993, and have issued our report thereon dated January 27, 1994, incorporated by reference in this Annual Report (Form 10-K). Our audits also included the financial statement schedules listed in Item 14(a) of the Annual Report (Form 10-K). These schedules are the responsibility of the company's management. Our responsibility is to express an opinion based on our audits.

In our opinion, the financial statement schedules referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

/S/ ERNST & YOUNG

Fort Worth, Texas
January 27, 1994

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Justin Industries, Inc. of our report dated January 27, 1994, included in the 1993 Annual Report to Shareholders of Justin Industries, Inc.

We also consent to the incorporation by reference in the Registration Statement (Form S-8 No. 33-11915) pertaining to the Justin Industries, Inc. 1981 Stock Option Plan and the Justin Industries, Inc. 1984 Incentive Stock Option Plan and in the related Prospectus of our reports dated January 27, 1994, with respect to the consolidated financial statements and schedules of Justin Industries, Inc. included or incorporated by reference in this Annual Report (Form 10-K) for the year ended December 31, 1993.

We also consent to the incorporation by reference in the Registration Statement on Form S-8 pertaining to the Justin Industries, Inc. Employee Stock Ownership Plan and in the related Prospectus of our reports (a) dated January 27, 1994, with respect to the consolidated financial statements and schedules of Justin Industries, Inc. included or incorporated by reference in this Annual Report (Form 10-K) for the year ended December 31, 1993 and (b) dated March 10, 1994, with respect to the financial statements of Justin Industries, Inc. Employee Stock Ownership Plan included as Exhibit 99.1 to this Annual Report (Form 10-K) for the year ended December 31, 1993.

We also consent to the incorporation by reference in the Registration Statement (Form S-8 No. 33-61776) pertaining to the Justin Industries, Inc. 1992 Stock Option Plan and in the related Prospectus of our reports dated January 27, 1994, with respect to the consolidated financial statements and schedules of Justin Industries, Inc. included or incorporated by reference in this Annual Report (Form 10-K) for the year ended December 31, 1993.

/S/ ERNST & YOUNG

Fort Worth, Texas
March 21, 1994

JUSTIN INDUSTRIES, INC.
CONSOLIDATED

SCHEDULE V - PROPERTY, PLANT, AND EQUIPMENT

Years Ended December 31,
(in thousands of dollars)

	Balance at Beginning of Year	Additions at Cost (1)	Retirements or Sales	Transfers & Reclassi-fications	Balance at Close of Year
1991:					
Land	$ 19,713	$ 1,227	$ 8	$ (2,493)	$ 18,439
Buildings & Equipment:					
Buildings & Leasehold Improvements	45,074	4,833	676	(259)	48,972
Machinery & Equipment	115,692	9,098	5,241	(663)	118,886
Office Furniture & Fixtures	10,090	808	1,842	-	9,056
Unfinished Improvements	2,630	(1,498)	-	-	1,132
	173,486	13,241	7,759	(922)	178,046
	$ 193,199	$ 14,468	$ 7,767	$ (3,415)	$ 196,485
1992:					
Land	$ 18,439	$ 62	$ 5	$ (1,761)	$ 16,735
Buildings & Equipment:					
Buildings & Leasehold Improvements	48,972	1,251	184	(563)	49,476
Machinery & Equipment	118,886	10,168	2,878	51	126,227
Office Furniture & Fixtures	9,056	1,137	956	6	9,243
Unfinished Improvements	1,132	(612)	-	-	520
	178,046	11,944	4,018	(506)	185,466
	$ 196,485	$ 12,006	$ 4,023	$ (2,267)	$ 202,201
1993:					
Land	$ 16,735	$ 174	$ 230	$ (21)	$ 16,658
Buildings & Equipment:					
Buildings & Leasehold Improvements	49,476	3,184	440	558	52,778
Machinery & Equipment	126,227	11,434	3,069	(489)	134,103
Office Furniture & Fixtures	9,243	800	302	(47)	9,694
Unfinished Improvements	520	1,686	-	-	2,206
	185,466	17,104	3,811	22	198,781
	$ 202,201	$ 17,278	$ 4,041	$ 1	$ 215,439

(1) 1991 additions include $3,451 of property, plant, and equipment acquired in the acquisition of Elgin-Butler Brick Company.

JUSTIN INDUSTRIES, INC.
CONSOLIDATED

SCHEDULE VI - ACCUMULATED DEPRECIATION, DEPLETION, AND AMORTIZATION OF PROPERTY, PLANT, AND EQUIPMENT

Years Ended December 31,
(in thousands of dollars)

	Balance at Beginning of Year	Additions Charged to Expense (1)	Retirements or Sales	Transfers & Reclassi- fications	Balance at Close of Year
1991:					
Land	$ 271	$ 5	$ -	$ (1)	$ 275
Buildings & Equipment:					
Buildings & Leasehold					
Improvements	21,130	2,764	500	57	23,451
Machinery & Equipment	78,906	9,253	3,936	(292)	83,931
Office Furniture & Fixtures	8,239	796	1,699	1	7,337
	108,275	12,813	6,135	(234)	114,719
	$ 108,546	$ 12,818	$ 6,135	$ (235)	$ 114,994
1992:					
Land	$ 275	$ 5	$ -	$ 75	$ 355
Buildings & Equipment:					
Buildings & Leasehold					
Improvements	23,451	2,649	168	380	26,312
Machinery & Equipment	83,931	10,377	2,587	51	91,772
Office Furniture & Fixtures	7,337	806	931	6	7,218
	114,719	13,832	3,686	437	125,302
	$ 114,994	$ 13,837	$ 3,686	$ 512	$ 125,657
1993:					
Land	$ 355	$ 5	$ -	$ -	$ 360
Buildings & Equipment:					
Buildings & Leasehold					
Improvements	26,312	2,784	310	77	28,863
Machinery & Equipment	91,772	9,861	2,939	(453)	98,241
Office Furniture & Fixtures	7,218	823	301	(35)	7,705
	125,302	13,468	3,550	(411)	134,809
	$ 125,657	$ 13,473	$ 3,550	$ (411)	$ 135,169

(1) The company's 1991 balance sheet has been restated for certain of these reclassifications.

JUSTIN INDUSTRIES, INC.
CONSOLIDATED

SCHEDULE VIII - VALUATION AND QUALIFYING ACCOUNTS

Years Ended December 31,
(in thousands of dollars)

	Balance at Beginning of Year	Additions Charged to Income	Deductions (1)	Balance at End of Year (2)
Reserve Deducted from Related Assets:				
1991:				
Doubtful Accounts	$ 2,558	$ 1,564	$ 1,470	$ 2,652
1992:				
Doubtful Accounts	$ 2,652	$ 1,613	$ 1,211	$ 3,054
1993:				
Doubtful Accounts	$ 3,054	$ 1,004	$ 1,044	$ 3,014

(1) Accounts written off, less recoveries.

(2) The reserve for doubtful accounts is deducted from accounts receivable in the financial statements.

JUSTIN INDUSTRIES, INC.
CONSOLIDATED

SCHEDULE IX - SHORT-TERM BORROWINGS

Years Ended December 31,

Category of Aggregate Short-Term Borrowings	Balance at End of Period (000 omitted)	Weighted Average Interest Rate	Maximum Amount Outstanding During the Period (000 omitted)	Average Amount Outstanding During the Period (000 omitted)	Weighted Average Interest Rate During the Period (2)
1991:					
Notes Payable to Banks (1)	$ -	- %	$ 16,500	$ 8,325	6.8%
1992:					
Notes Payable to Banks (1)	$ 5,000	4.125%	$ 8,000	$ 6,255	4.5%
1993:					
Notes Payable to Banks (1)	$ -	- %	$ 12,500	$ 7,742	3.9%

(1) Notes payable to banks represent unsecured borrowings generally for periods up to 90 days pursuant to credit arrangements with commercial banks.

(2) Computed using the total interest expense on short-term indebtedness during the year as a percentage of the daily average amount outstanding during the year.

JUSTIN INDUSTRIES, INC.
CONSOLIDATED

SCHEDULE X - SUPPLEMENTARY INCOME STATEMENT INFORMATION

Years Ended December 31,
(in thousands of dollars)

	Amounts Charged to Operations in		
	1993	**1992**	**1991**
Maintenance and Repairs	$ 12,822	$ 11,599	$ 9,865
Depreciation	$ 13,473	$ 13,837	$ 12,818
Advertising Expense	$ 14,494	$ 12,712	$ 10,063

Note: For the three years presented, the amounts for amortization of intangible assets, pre-operating costs, and similar deferrals, royalties, and taxes other than payroll and income are less than 1% of total sales. The information presented above is for continuing operations.

JUSTIN
INDUSTRIES, INC

2821 WEST SEVENTH STREET BOX 425 FORT WORTH, TEXAS 76101 817 336-5125

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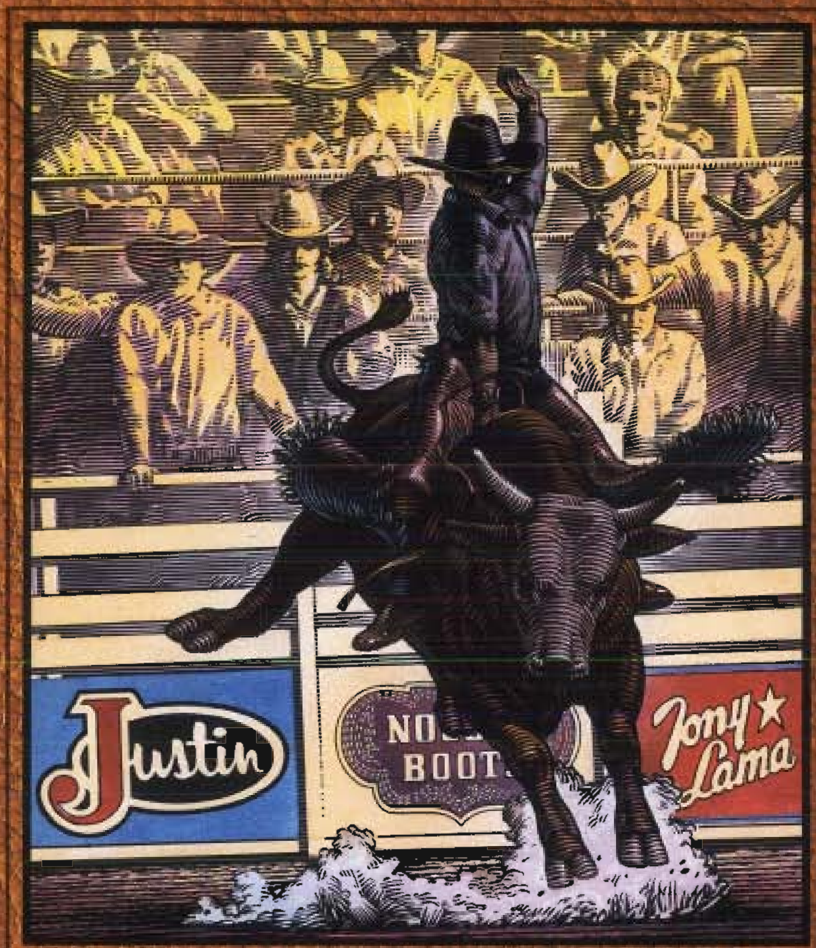

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FORT WORTH, TEXAS 76101 / (817) 336-5125