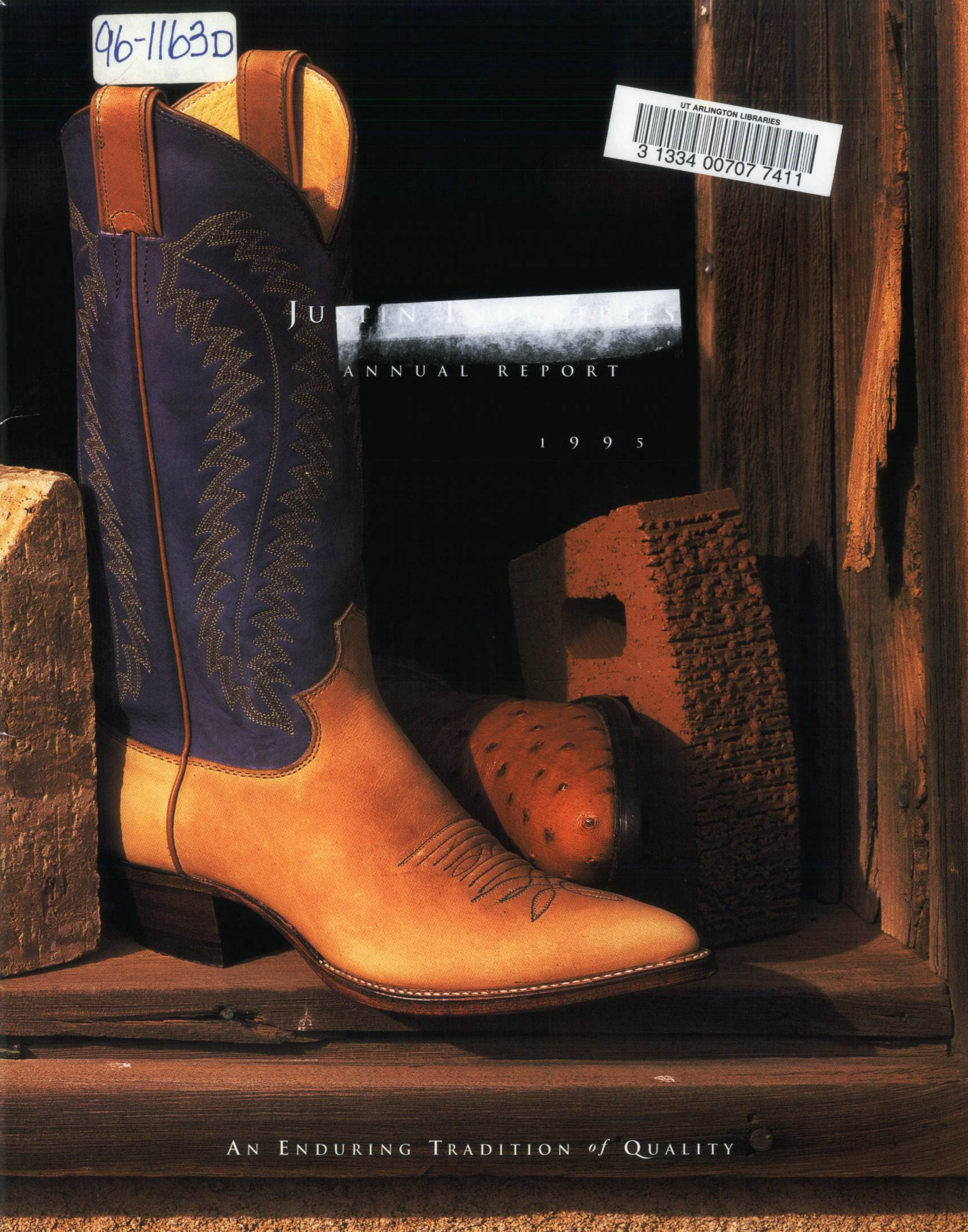
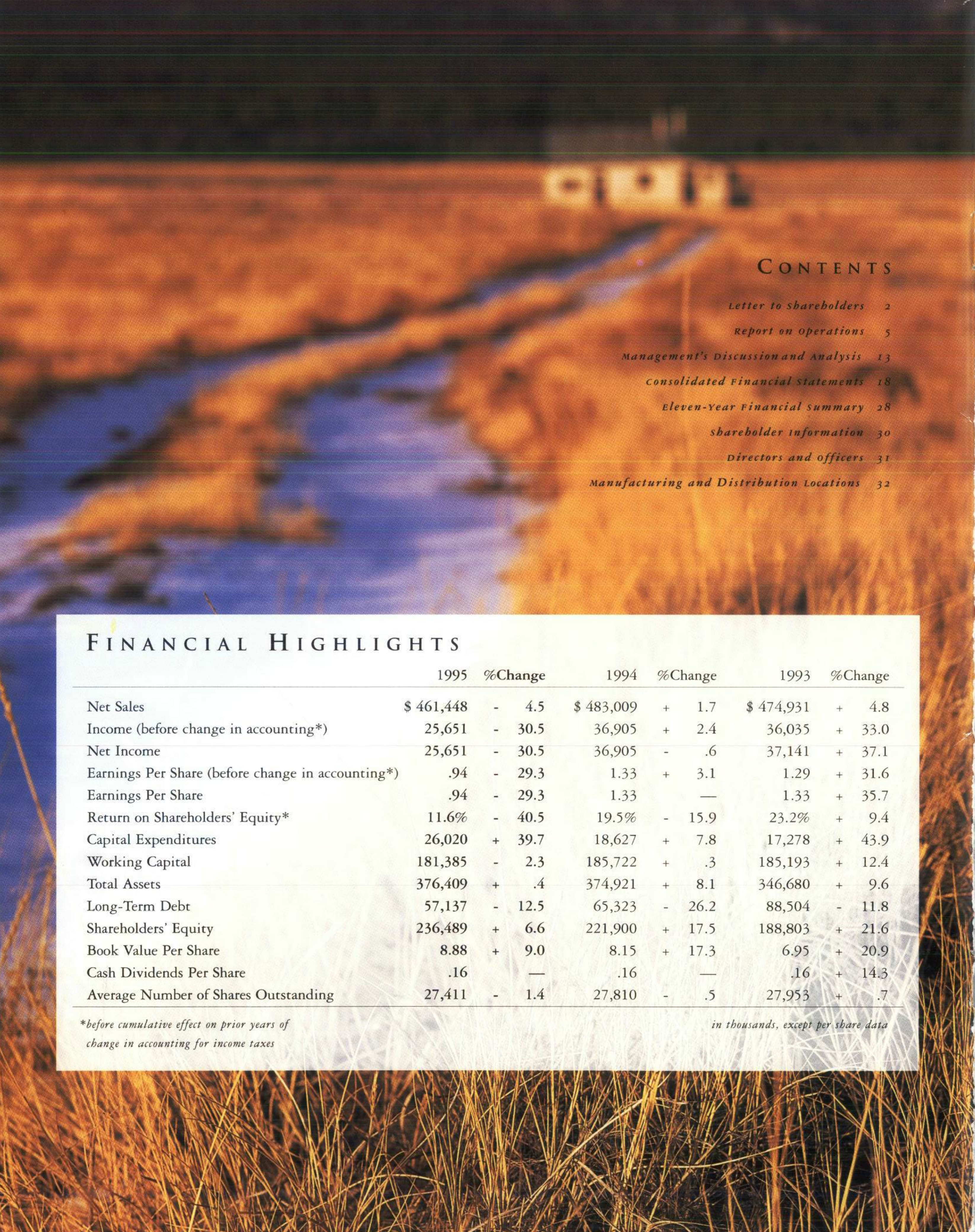


Justin Industries

ANNUAL REPORT

1995

An Enduring Tradition *of* Quality



Contents

Financial Highlights

	1995	%Change		1994	%Change		1993	%Change	
Net Sales	$ 461,448	-	4.5	$ 483,009	+	1.7	$ 474,931	+	4.8
Income (before change in accounting*)	25,651	-	30.5	36,905	+	2.4	36,035	+	33.0
Net Income	25,651	-	30.5	36,905	-	.6	37,141	+	37.1
Earnings Per Share (before change in accounting*)	.94	-	29.3	1.33	+	3.1	1.29	+	31.6
Earnings Per Share	.94	-	29.3	1.33		—	1.33	+	35.7
Return on Shareholders' Equity*	11.6%	-	40.5	19.5%	-	15.9	23.2%	+	9.4
Capital Expenditures	26,020	+	39.7	18,627	+	7.8	17,278	+	43.9
Working Capital	181,385	-	2.3	185,722	+	.3	185,193	+	12.4
Total Assets	376,409	+	.4	374,921	+	8.1	346,680	+	9.6
Long-Term Debt	57,137	-	12.5	65,323	-	26.2	88,504	-	11.8
Shareholders' Equity	236,489	+	6.6	221,900	+	17.5	188,803	+	21.6
Book Value Per Share	8.88	+	9.0	8.15	+	17.3	6.95	+	20.9
Cash Dividends Per Share	.16		—	.16		—	.16	+	14.3
Average Number of Shares Outstanding	27,411	-	1.4	27,810	-	.5	27,953	+	.7

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

in thousands, except per share data

Corporate Profile

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

BUILDING MATERIALS—including *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; *American Tile Supply Company*, a major Texas distributor of ceramic and marble floor and wall tile; 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 western boots, and quality work and sport footwear.

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

January 24, 1996

This was a very challenging year for Justin Industries. While net income of $25.7 million ($.94 per share) was the fourth highest in our history, it was below our expectations. Revenues of $461.4 million were also less than we had hoped for.

We are quite pleased with the achievements of our Building Materials companies, spearheaded by Acme Brick Company and Featherlite Building Products Corporation. Both companies were able to capitalize on their strengths as leaders in the brick and block manufacturing industries, with strong unit sales and solid prices adding up to an excellent year.

For our Footwear segment, 1995 was not a benchmark year. Reduced levels of consumer spending across the spectrum of retail business took a toll on western boots, along with apparel, consumer electronics, and a myriad of other products. Adding to the dilemma, rising raw material costs narrowed our margins, which were already affected by an excess of footwear products competing for a reduced amount of consumer dollars. We have curtailed production in order to maintain appropriate levels of inventory to service our dealers' needs and will continue to monitor demand and adjust our output through 1996, conceivably through further consolidation of manufacturing facilities.

The western boot business, while performing below our hopes in 1995, is far from extinct. Unit sales, although tracking below the peak years of 1992–93, were substantially ahead of the trough of the last down-cycle, due to the broadening of the market for this universally appealing footwear.

The consolidation of administrative activities in the Footwear segment is now coming to full fruition, and the final result will achieve our major objectives of reducing overhead expenses and improving our service to customers. We expect that 1996 will see these objectives fully realized, and appreciable cost reductions will accrue.

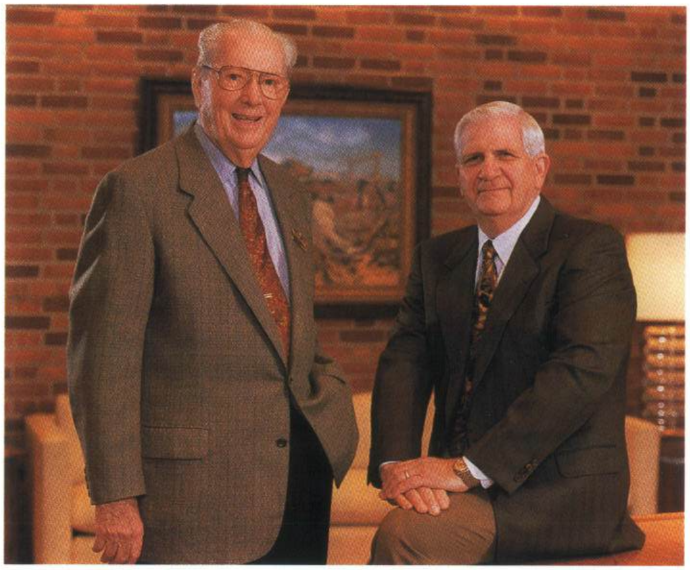
Acme Brick Company's newest brick plant will open in 1996, at the site of the "Mother Church" at Bennett Community near Millsap, Parker County, Texas, about forty-five miles west of Fort Worth. It was on these acres that George Bennett, founder of Acme Brick, discovered a valuable deposit of shale and began producing high-quality brick in 1891. Acme's new plant will feature the longest tunnel kiln continuous feed process west of the Mississippi, adding 8 percent to the company's total production and helping to assure our dominant position in the North Texas market for quality building material.

Featherlite Building Products Corporation will undertake a major expansion and reconfiguration of its Dallas Block Plant, adding new buildings and forming equipment to enable the company to produce a wider range of products, including paving block, at improved efficiency. Located in west Dallas, the plant has a long record of success, and, upon completion of this additional investment, will be prepared to compete even more vigorously for a wider range of building products sales.

Featherlite's products, including its unique Texas Quarries limestone, will be featured in the performing arts center now under construction in downtown Fort Worth. This center is the only such facility under construction in the world at this time and when completed will be a jewel in the crown of North Texas.

Justin Industries' already solid financial position strengthened further in 1995, with shareholders' equity growing 7 percent to $236.5 million and total interest-bearing debt declining 7 percent to $73.6 million at year-end. These improvements were realized while spending $7.3 million to acquire 677,000 shares of treasury stock.

The value of our common stock, as measured by market trading during 1995, has been quite restrained, no doubt because of the limitation on our growth rates. We are certainly desirous of seeing higher market prices for our stock, along with paying regular dividends to our investors. We strongly believe that shareholder value will be enhanced by careful attention to our long-range plans, which include maintaining strength in our balance sheet, investing wisely in capital assets for future growth, and continuing to develop the new products and services that will be required for the markets of 1996 and beyond.



For 1996, we do not have a great deal of optimism that we will grandly exceed 1995's financial performance. Early reports from western-wear markets are that retailers were generally disappointed with the level of holiday sales, compared to past years when sales boomed during the Christmas period, and consequently will be filling shelf space at a reduced level.

On the positive side, if interest rates remain at an attractive level for builders and home buyers and demand for housing continues, our building materials companies should continue to enjoy good results. But all of the early part of 1996, and probably the ensuing many months, will depend on reasonable solutions to political struggles and the following presidential campaign and election. Much of your company's future will be determined by these upcoming economic and political events.

We thank you for your investment in the Company and for your confidence in its management team. And finally, we express our continued gratitude to our excellent employees and our board of directors.

John Justin

JOHN JUSTIN
Chairman and Chief Executive Officer

J.T. Dickenson

J. T. DICKENSON
President and Chief Operating Officer

Report on Operations

Building Materials

Acme Brick Company

American Tile Supply Company

Featherlite Building Products Corp.

Tradewinds Technologies, Inc.

Justin Industries' Building Materials segment was again the major profit contributor for the Company in 1995. Improved levels of commercial construction helped offset a slower year in home building, enabling this division to post outstanding earnings, almost equal to the record high set in 1994.

ACME BRICK COMPANY'S primary sales territory experienced a decline in residential construction in 1995. Historically, a drop in construction forces downward pressure on selling prices of building materials, and while unit brick shipments fell approximately 10 percent in 1995, Acme was able not only to maintain but actually increase average prices modestly during the year. As a result, Acme had the second most profitable year in its 104-year history, narrowly missing the all-time record established in 1994.

In 1995, Acme continued efforts to establish intrinsic value for its products, contributing to the company's strong performance this year. Acme's long-term commitment to home builders and home buyers was reinforced by the continuing program of imprinting brick with the Acme logo and by introducing their exclusive One Hundred Year Limited Guarantee. Radio and print ads, billboards, numerous point-of-sales materials, and elaborate presentation packets featuring football star Troy Aikman were used to introduce the guarantee in Acme's major markets. Additionally, a successful publicity campaign placed Acme's message in twenty-four regional and national publications, and customers can now access additional information about Acme Brick Company at its Internet address, http://www.acmebrick.com.

Acme also took a leading role in a Texas-wide brick marketing council program educating consumers on the impermanence of certain competitive building materials. Also in 1995, Acme's team of registered engineers gave over two hundred presentations to universities and architectural firms on the latest technology in masonry construction.

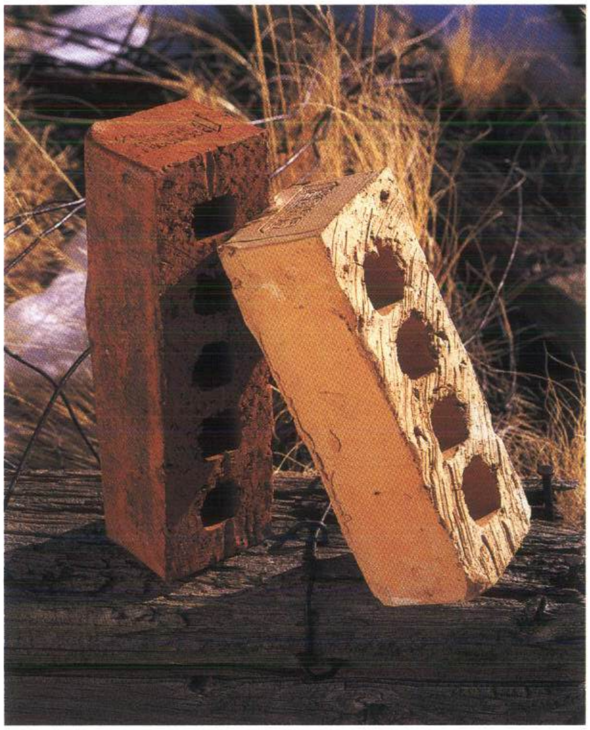
Construction of the new state-of-the-art brick plant at Bennett, Texas, progressed well in 1995. With start-up scheduled for late April 1996, this plant will add 8 percent to Acme's total capacity.

Periodic kilns are used to produce about one-fifth of Acme's brick output, with the remainder produced from continuous process tunnel kilns. While the periodic kiln technology is used primarily in older plants, it enables the production of unique brick products that yield premium prices and also have the capability to remain cost effective even at widely varying levels of production. New programmable logic controllers and simplified combustion systems have been developed and recently installed in these plants to improve fuel efficiency, safety, and overall performance.

One of the company's goals is to use applied technology wherever possible, and this year that resulted in the incorporation of new raw material analysis equipment. Similar equipment has been installed at the research and production service facility in Denton, Texas, and is enabling evaluation of new and prospective raw materials, and the control and quality assurance of existing raw materials and product mixes. Also, at the Denton laboratory, a new software system has been installed that greatly improves analysis of clay reserves and assists in the development of efficient mining plans for clay withdrawal.

New maintenance systems were installed at most plants during 1995 to improve efficiency and lower costs. These systems monitor repair expenses and schedule preventive maintenance for individual pieces of equipment.

The company continued its outstanding safety performance in 1995, setting the pace for the brick industry. Acme's incidence of lost-time injuries is dramatically better than the national average. Not only do the company's employees have a working environment with minimal risk of injury, but the company realizes cost savings from the continuing focus on safety.



Acme Brick Company has closely followed its long range strategic plan and eagerly anticipates the challenges of 1996 and following years.

AMERICAN TILE SUPPLY COMPANY completed its first full year as a member of the Justin Industries' Building Materials family. Acquired in August 1994, American Tile offers the largest selection of premier domestic and European tile in the Southwest. To expand its leadership role, two new sales locations have been opened in Houston, giving the company its first entry into that large market. In addition, property was purchased in far-north Houston for the construction of another sales facility. Also in 1995, a new distribution location was opened in the Fort Worth–Dallas area, bringing the total number of sales locations in operation to seventeen.

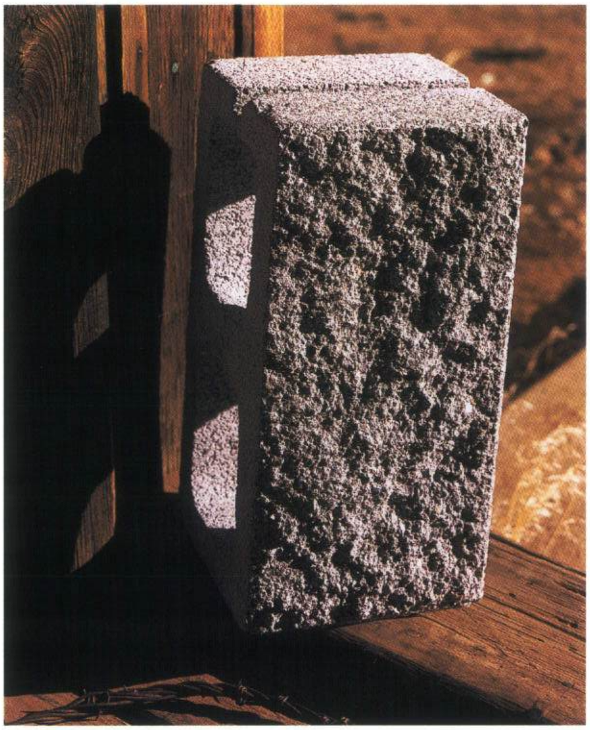
The first phase of an inventory stocking system for smaller markets was begun in 1995 when American Tile acquired a unique delivery vehicle. Currently used on a scheduled route from West Texas to Louisiana, the forty-five-foot-long trailer is equipped with vinyl sides that open accordion-style to allow easy off-loading of inventory. This new delivery concept allows smaller sales offices to offer a wider selection of tile with delivery time of only a few days.

The outlook for growth in the tile business is very good. While still behind worldwide average use, the United States' tile usage per capita has doubled since the early 1980s and is expected to continue growing. American Tile Supply is well positioned to take advantage of this anticipated growth.

FEATHERLITE BUILDING PRODUCTS CORPORATION recorded another year of sales and earnings growth in 1995. With the continued strong commercial construction market, most of Featherlite's production facilities operated at historically high levels. Optimum production rates, along with improved prices, led to record earnings.

The company is dedicated to upgrading its facilities in order to meet the growth potential of its markets and to achieve greater manufacturing efficiency and flexibility. Featherlite completed the installation of a new, fully automated plant at its location just north of Austin in Round Rock, Texas, in 1995. This new plant has proven to be much superior to non-automated facilities in operating ease and efficiency. In 1996, a major expansion will begin at the Dallas location with the installation of a state-of-the-art facility capable of producing a variety of concrete masonry products including block, pavers, and landscape products. This expansion will position Featherlite to continue its dominance in the Fort Worth–Dallas concrete block market and to aggressively market other, more profitable, specialty concrete products.

Texas Quarries, Featherlite's architectural limestone division, also had an outstanding year in 1995. The quality of workmanship of Texas Quarries limestone is the focus of its employees, and Texas Quarries' products are the standard by which others are judged. Capital improvements in equipment and facilities in recent years helped to enhance the already excellent quality of its product and to expand volume potential. Those improvements allowed this operation to craft over 50 percent more stone than in any previous year. With good backlogs going into 1996, Texas Quarries is poised for another excellent year.



Featherlite completed the third year of its Total Quality Management program. With the help of ad hoc committees comprised of employees and management working together, many goals were reached in 1995 that helped Featherlite attain the success it has enjoyed. Featherlite and its employees are committed to the quality of its products, services, and total operations.

TRADEWINDS TECHNOLOGIES, INC.'s evaporative cooler sales in both the wholesale and retail segments were hampered by unusually cool weather in 1995. With lower revenues, profits dipped slightly for the year. Product quality, durability, and ease of maintenance continue to be important in the consumer's buying decision, however, and for these reasons Tradewinds coolers continue to gain market acceptance.

Responding to requests from contractors and homeowners, a new residential model, the TS571 large side-draft, was introduced in 1995. This product opens a new market segment in large residential and commercial projects requiring side-draft units with higher output. Tooling was completed in February and first-year sales were on target. Also during the year, further product development continued for the single inlet evaporative cooler, resulting in a sturdier and easier-to-assemble design.

Tradewinds continued its aggressive advertising, telemarketing, and direct mail campaigns, which have strengthened the Tradewinds brand recognition in all markets. Specifications have been written for several large public sector and privately owned projects for 1996.

Tradewinds expects to be well positioned for growth in unit sales and profitability in 1996 because of quality products and expansion in retail outlets within key markets, as well as enhancement of the product line.

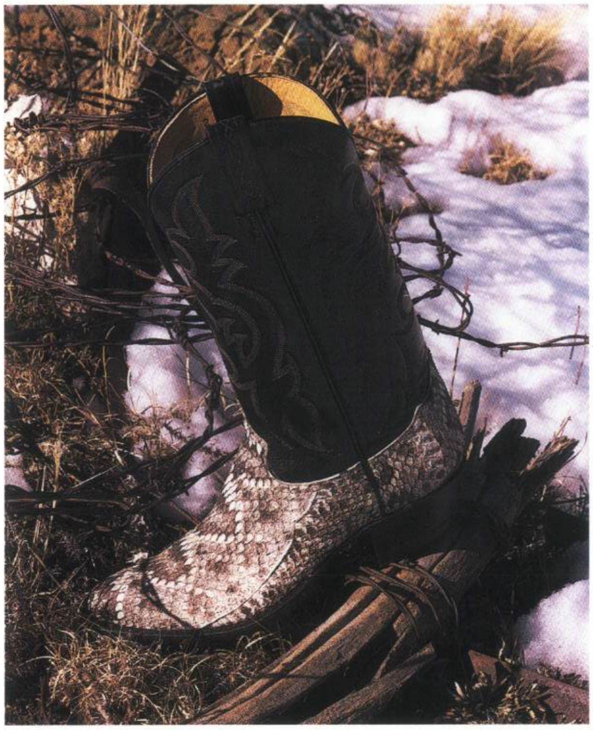

NOCONA BOOTS
JUSTIN

Report on Operations

FOOTWEAR

Justin Industries' Footwear group experienced its second consecutive year of revenue declines. Hoped-for improvements in business conditions did not materialize, and margins were negatively affected by the reduced sales volume and the expense of reorganizing production facilities and administrative functions.

As 1995 unfolded, it became increasingly apparent that retail apparel sales could be expected to decline over the course of the year. This trend was particularly noticeable in the "big ticket" segment of apparel, of which western boots are a part. Industry-wide sales of boots and other apparel continued to edge downward as western specialty shops experienced a decrease in consumer spending. Justin Industries' Footwear group, however, was able to maintain or improve its market share.



The outlook for 1996 is encouraging, as there has been renewed interest in western apparel and accessories, not only domestically, but also in the European market. Trends in Europe generally foretell fashions in the United States. There is a developing trend in the ladies' market as fashion editors and designers incorporate the "western look" in layouts where the models display western boots with upscale, non-western attire. Exposure is also coming from traditionally non-western designers who are using western accessories with their clothing lines.

Western boots have become a staple of the casual wardrobe of fashion-conscious individuals; therefore, the downturn the Footwear operations experienced over the last two years is considered to be temporary, and should turn around as the divisions continue to produce boots with the highest standards of quality, up-to-date styling, and competitive pricing.

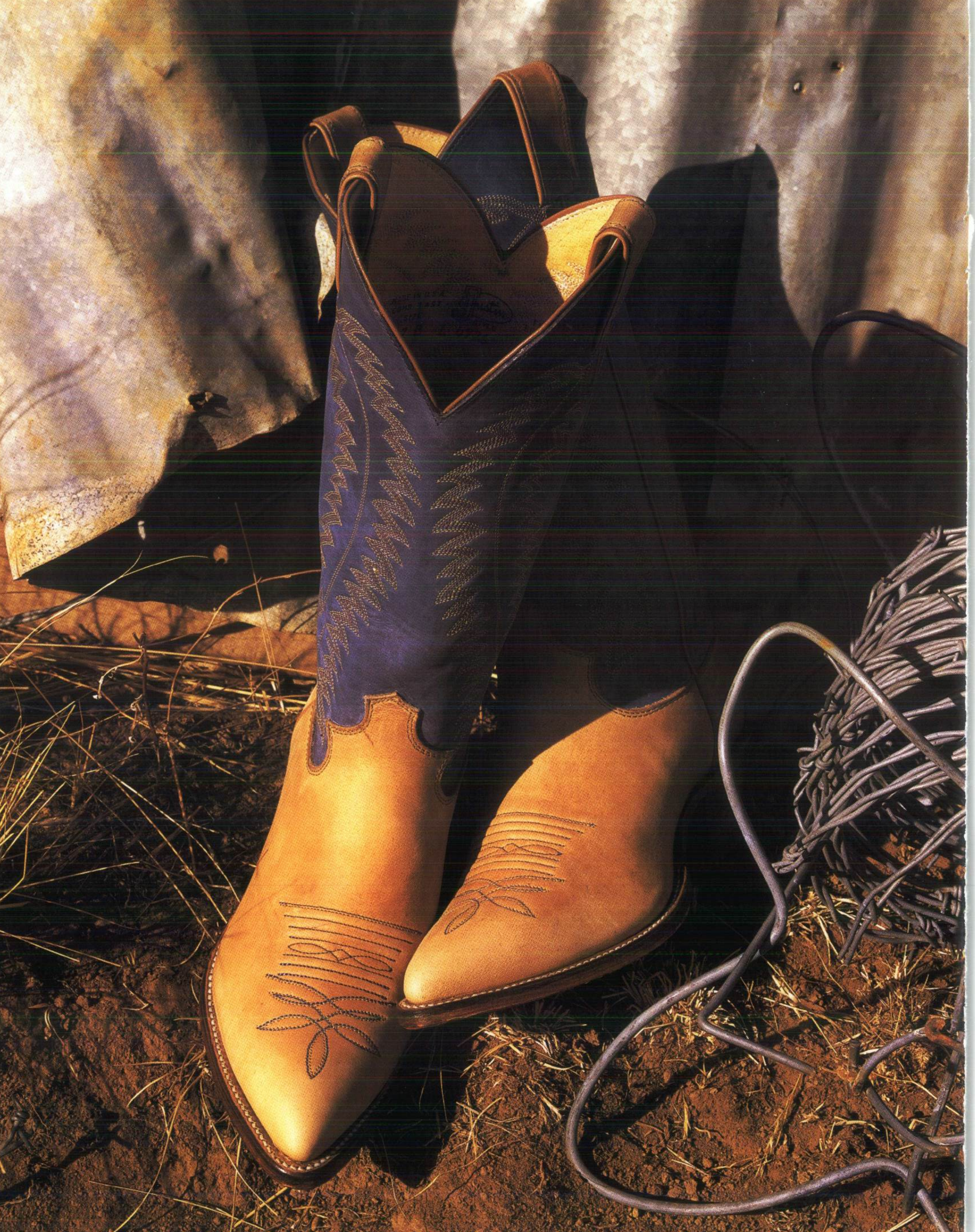
Each of Footwear's branded boot divisions—Justin, Nocona, and Tony Lama—is seeking to make the most of existing markets by continuing to diversify into new product categories and new market niches. The Tony Lama division has

Justin Boot Company

Nocona Boot Company

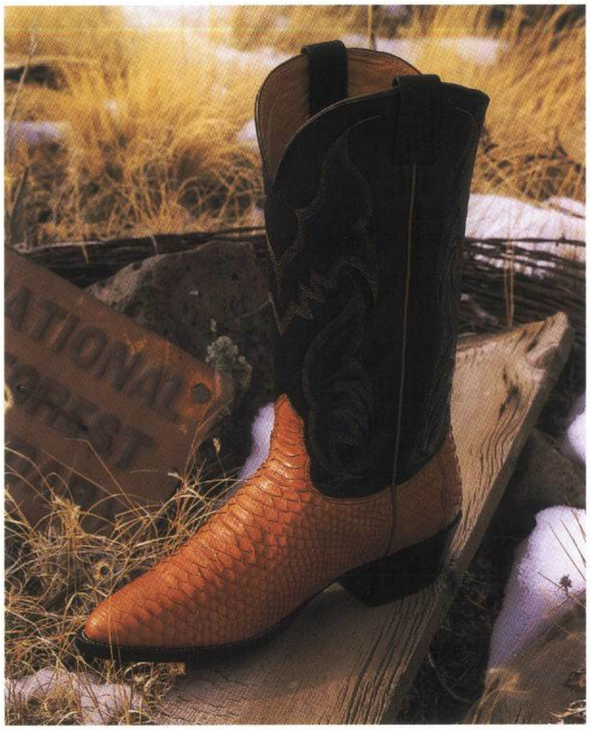
Tony Lama Company

Chippewa Shoe Company



introduced a line of children's cowboy boots that has been well received, and complements the established line of Justin children's ropers and lacers.

The Justin division has further developed a category of functional and casual footwear, with a variety of styles of "Specialty Ropers and Lacers" designed to capture a share of the fastest growing segment of the boot business. In addition, Justin has been focusing on assisting retailers with visual merchandising by providing more sophisticated fixtures, intended to better display products at the critical point of sale, as well as differentiating and highlighting Justin's own brands.



At Nocona, the introduction of the new "Fit Wall" concept has been exceptionally successful. As the smallest division in the Footwear group, Nocona has been disadvantaged by a relative lack of shelf space, a less-than-adequate representation of styles, and lower visibility. The Nocona Fit Wall "store within a store" enables a retailer to purchase at least one pair of every style boot, to be displayed along with samples of every size (from 3AAA to 15EEE), in one section of the store. Consumers are then able to select the styles of their choice in their own particular sizes, with delivery guaranteed within three weeks. This marketing effort has moved the Nocona brand to the forefront of the thirty-nine stores that were utilizing this technique by the end of 1995, and has resulted in increased sales of Nocona boots in each of these locations. In 1996, 111 additional independently owned stores are scheduled to begin using the Fit Wall concept.

Sales of Footwear products in Europe have thus far been short of expectations. However, the company continues to believe that the market has very good potential, and therefore more aggressive advertising and promotional programs are planned for 1996. Moreover, the marketing thrust that has previously been focused entirely on fashion issues has been expanded. There is significant equestrian activity in Europe, particularly in Germany, Italy, and France. Initial incursions into these markets have been encouraging, and the company intends to develop this opportunity further.

Footwear operations reacted to the slowdown in mainstream retail by reducing production and employee levels at the plants in 1995. Inventory levels were lowered during the year and a key goal is to further improve inventory turnover by matching production of finished goods to consumer demand in 1996.

While western boots experienced declines in unit shipments in 1995, sales of Chippewa shoe products were relatively unchanged from 1994. Chippewa has been able to generate demand by positioning the brand as the premier quality utilitarian footwear available in the market today. Chippewa's marketing efforts have emphasized outdoor lifestyles. New product programs have been developed for 1996 to expand the line and increase business.

The administrative consolidation of Footwear operations started in 1994 was completed in late 1995, and the efficiencies gained by eliminating redundant activities will benefit the Company's future earnings through reduced overhead expenses. Analysis of other activities is ongoing to develop further cost savings and improve all aspects of Footwear operations.


JOURNAL.
The Jet Set
Rolls-Royce's Victory
75 CENTS

Management's Discussion *and* Analysis

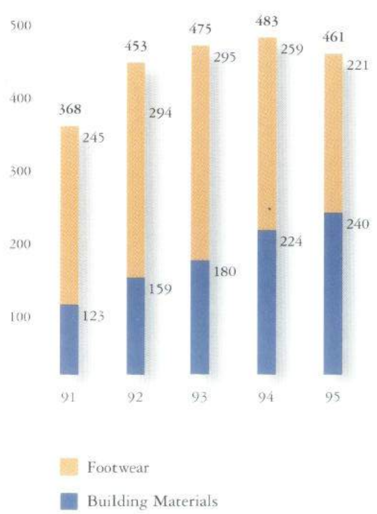
Following five consecutive years of increased profitability, earnings for Justin Industries declined in 1995, as both of the Company's business segments, Building Materials and Footwear, experienced lower profitability. While Building Materials' profits were only 6% below the record high of 1994, Footwear's declined about 60% from the previous year, as weak consumer spending on apparel and similar goods depressed sales of western boots. Footwear earnings were also impacted by costs associated with the now-completed reorganization of administrative functions and workforce reductions. Net income of $25.7 million, while less than the previous three years, was the fourth highest in the Company's history.

operations

Consolidated net sales in 1995 were $461.4 million, a decrease of 4.5% from 1994. Revenues of $483 million in 1994 were 1.7% above those of 1993.

In the Building Materials segment, revenues in 1995 increased for the seventh consecutive year to $240.1 million, a new high. This amount was 7.1% greater than 1994 net sales. Total Building Materials sales in 1994 of $224.2 million were 24.7% above 1993. The Building Materials group includes Acme Brick Company and its subsidiary American Tile Supply Company (acquired in August 1994), along with Featherlite Building Products Corporation and Tradewinds Technologies, Inc. Net sales at Acme (including American Tile) increased 7.4% in 1995 from 1994 due to the inclusion of American Tile revenues for a full year, versus only five months in 1994. Acme's revenues would have declined 6.6% in 1995 had American Tile been excluded in all years. In 1995, Acme sold 10.3% fewer brick than in 1994 due to lower levels of residential construction in its market areas. The average selling price, however, was 3.6% greater in 1995 than 1994. Sales of purchased products at Acme (excluding American Tile) declined 4% in 1995. Acme's total revenues in 1994 were 26.7% above 1993. Of this increase, 16.1% related to existing operations, with the remainder resulting from the acquisition of American Tile. Among the components of Acme's 1994 revenue growth were unit brick sales gains of 6.2%, growth in the average selling price of 7.7%, and an almost 20% gain in the sale of purchased products (excluding American Tile).

Net Sales by Line of Business
(millions of dollars)



Featherlite's revenues increased 7.6% in 1995, following a 19.3% gain in 1994. Featherlite has benefited from increasing levels of commercial construction in Texas. Gains in both years are attributable to increased revenues of all product lines, which include concrete block, cut limestone, and purchased products. In addition, the average selling price of concrete block products has increased in each of the last two years.

Tradewinds sold fewer evaporative coolers in 1995 as wet weather conditions prevailed for much of their selling season, resulting in a 6% decline in sales. Tradewinds represents only 2% of segment revenues.

Footwear revenues declined to $221.4 million in 1995, down 14.5% from 1994's net sales of $258.8 million. Sales in 1994 were 12.3% below the record high of $295.2 million set in 1993. In

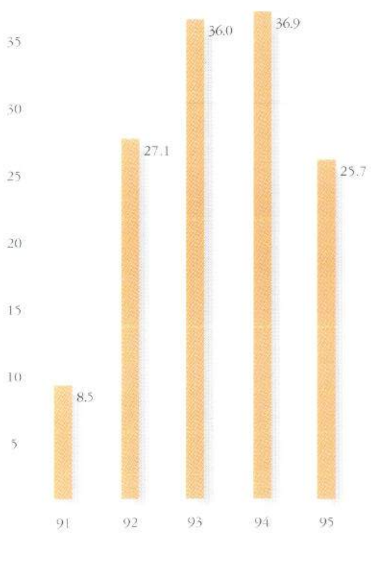
1995, unit sales of footwear products were 19.8% below those of 1994, while the average selling price increased 6.5% in 1995.

Unit shipments in 1994 were approximately 15% less than 1993, while the average selling price in 1994 increased 2.5% over that of 1993. The western boot business is not only seasonal in nature, but is also cyclical in that sales are subject to trends in men's and women's fashions as well as consumer spending patterns in general. Since mid-1993, sales of the Company's footwear products have declined on a quarterly as well as an annual basis. The slowness has been in all western boot lines, with a greater reduction in the more fashion-sensitive ladies' segment. As noted above, average selling prices have increased since 1993. Changes in the product mix have brought about higher average prices as the percentage of exotic skin boot sales has grown.

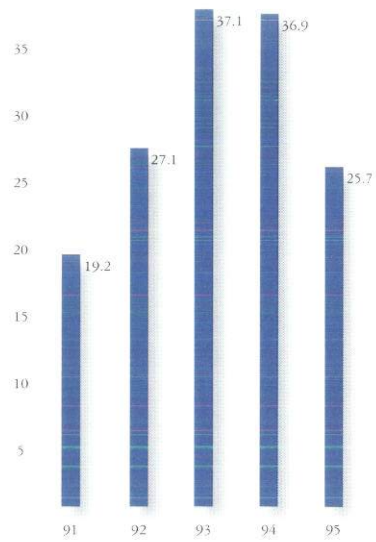
Justin Industries' Building Materials business operates primarily in a seven-state region in the central and southwestern United States, while Footwear segment sales are made to customers nationwide.

As a percentage of sales, cost of sales was 65.2% in 1995, compared to 65.1% in 1994 and 66.2% in 1993. Consolidated gross profit margins were relatively unchanged in 1995 from 1994 because of the higher percentage of Building Materials sales in 1995; however, individually the two business segments realized lower gross margins in 1995. Gross profit margins in the Building Materials segment were 41.2% in 1995, 41.7% in 1994, and 39.4% in 1993. Product mix is a major factor in margin fluctuation. Brick is the highest margin product in the Company, and although gross profit margins in the brick business were higher in 1995 due to the above-mentioned pricing gains, brick revenues decreased both in actual dollars and as a percentage of Building Materials sales, as Featherlite reached new revenue highs and American Tile Supply contributed twelve months of revenues versus only five in 1994. Featherlite's margins also improved in 1995 as concrete block were sold at higher average prices than in the previous year. The overall improvement in the Building Materials' gross profit margin in 1994 from 1993 was due to significant brick volume and pricing gains at Acme, resulting from increased levels of residential construction. Acme's manufacturing costs have remained about the same over the last three years as production levels have been at or near capacity. In 1994, Featherlite's gross profit margin was less than in 1993 due to product mix and higher maintenance costs. Tradewinds' margins declined slightly in 1995 due to volume.

INCOME FROM CONTINUING OPERATIONS
(before effect of accounting change in 1993)
(millions of dollars)



NET INCOME
(millions of dollars)



Footwear gross profit margins were 27.9% in 1995, 29.0% in 1994, and 30.3% in 1993. As revenues have declined over the last two years, production levels have been lowered. As a result, gross profit margins have been adversely affected. In addition, 1995 margins were impacted by approximately $700,000 in costs incurred with the reconfiguration of the Fort Worth Justin Boot plant. Expenses were related to the temporary closure of the plant, workforce reductions, and changes to production lines to accommodate more efficient manufacturing techniques.

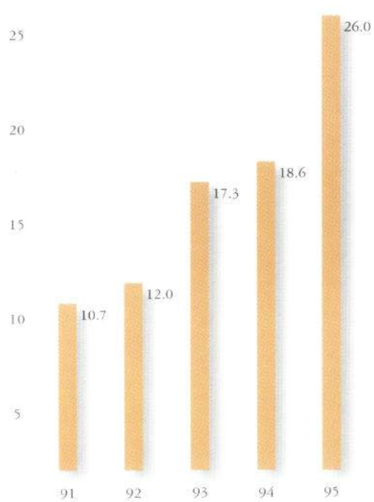
Selling, general, and administrative expenses as a percentage of net sales were 25.0% in 1995 versus 22.1% in 1994. The total of these expenses increased approximately $8.6 million in 1995 from the prior year. Approximately $6 million of the increase resulted from including American Tile for the full year versus the five months in 1994. Also in 1995, advertising costs were $2.8 million more than in 1994, and the Footwear segment spent approximately $2 million in 1995 to complete the consolidation of administrative departments. Footwear sales commissions were lower in 1995 because of reduced volume. The increase in selling, general, and administrative costs in 1994 from 1993 was primarily due to the August 1994 acquisition of American Tile and general inflation. In addition, approximately $500,000 of costs were incurred in 1994 in connection with the Footwear administrative consolidation.

Due to the decrease in interest rates during 1995, the discount rate used to determine the Company's pension obligations as of December 31, 1995, and the related expense for 1996, has been reduced. The effect on 1996 income should be minimal, however, due to the higher-than-expected return on assets in 1995.

Interest expense in 1995 was $5.03 million, compared to $4.06 million in 1994 and $4 million in 1993. Interest rates on most of the Company's borrowings are based on short-term money market indices, and while total interest-bearing indebtedness has declined almost $36 million since 1992, interest rates have risen as the Federal Reserve Bank adjusted the discount rate. As a result, the Company's average effective interest rate was 6.3% in 1995 compared to 4.7% in 1994 and 3.9% in 1993. Note 4 to the Consolidated Financial Statements on page 22 describes the Company's borrowing arrangements.

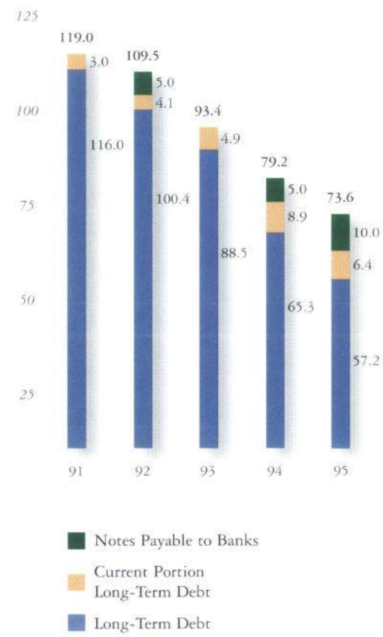
Income tax expense, as a percentage of pre-tax income, was 36.2% in 1995, 35.8% in 1994, and 35.7% in 1993. The federal statutory rate was 35% for all three years. See Note 7 to the Consolidated Financial Statements on page 25 for a reconciliation of the actual tax rate to the federal statutory tax rate and other information relating to income tax.

CAPITAL EXPENDITURES
Continuing Operations
(millions of dollars)



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.

INTEREST-BEARING DEBT
(millions of dollars)



The table on page 30, Quarterly Financial Data, presents summarized operating results for each quarter in the two years ended December 31, 1995. The Company's businesses are seasonal in nature, with Building Materials operations generating greater activity in the second and third quarters and Footwear operations accelerating in the third and fourth. As a result, first quarter earnings are generally the lowest, with the fourth quarter usually producing the highest. In 1995, each three-month period's earnings were less than the comparable 1994 quarter, as Footwear profitability was down due to weaker revenues.

The Company's Building Materials operations are dependent on levels of construction activity which are influenced somewhat by interest rates. Changes in interest rates therefore can affect the Company's future earnings prospects.

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 increases in price where competitively feasible.

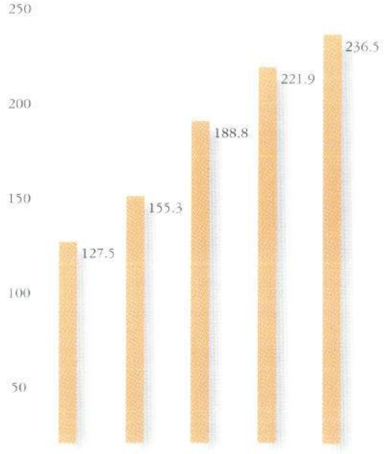
Financial Condition, Liquidity and Capital Resources

The Company's financial condition strengthened further in 1995 due to another solid earnings performance, as well as to continued focus on the goal of leverage ratio improvement through reduced borrowings and equity growth. In 1995, borrowings were lowered $5.7 million, and equity increased $14.6 million. As a result, the ratio of total interest-bearing debt to shareholders' equity declined to .31:1 at December 31, 1995, from .36:1 a year earlier. The ratio of long-term debt to equity was lowered from .29:1 at December 31, 1994, to .24:1 at year-end 1995.

The Balance Sheet Trends table on page 17 reflects the percentage relationship of the major asset, liability and equity accounts to total assets. In 1995, total assets increased .4% to $376.4 million. Working capital of $181.4 million at December 31, 1995 was $4.3 million less than a year ago, although the current ratio improved to 3.6:1 from 3.5:1 at year-end 1994.

Net cash provided by operating activities totaled $37.8 million in 1995, compared to $45.7 million in 1994 and $42.8 million in 1993. In addition to paying down debt, significant usages in 1995 included capital additions, treasury stock purchases, and cash dividends. The Company spent $26 million in 1995 for fixed asset additions. Approximately 70% of these expenditures were by Acme Brick for upgrading production equipment and distribution facilities, as well as initial construction costs for its new plant west of Fort Worth. Approximately $11 million will be spent in the first half of 1996 to complete the new brick plant. During the year, the Company spent $7.3 million to purchase 677,000 shares of treasury stock pursuant to a one-million-share repurchase program.

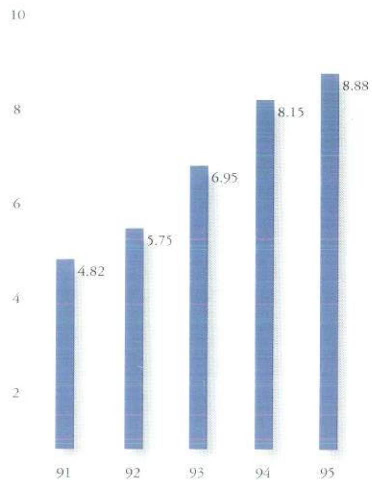
Shareholders' Equity
(millions of dollars)



Dividends for the year were unchanged from 1994 at $.16 a share and totaled $4.3 million.

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. During 1995, the Company reduced its revolving credit facility from $72 million to $52 million. Unused lines of credit available to the Company at December 31, 1995, were approximately $50 million.

Book Value Per Share
(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, 1995, the backlog for clay brick was $16.5 million, compared with $21.2 million at year-end 1994. The sales backlog for Footwear products at year-end 1995 was $8.3 million, compared with $13.0 million in 1994.

Balance Sheet Trends

Percent of Total Assets

ASSETS:	1995	1994	1993	1992	1991
Receivables	21%	22%	22%	26%	24%
Inventories	42	43	42	41	41
Property, plant, and equipment	26	23	23	24	27
All other assets	11	12	13	9	8
	100%	100%	100%	100%	100%
LIABILITIES AND EQUITY:					
Interest-bearing debt	19%	21%	27%	35%	40%
All other liabilities	18	20	19	16	17
Equity	63	59	54	49	43
	100%	100%	100%	100%	100%

Operating Trends

Percent of Net Sales

	1995	1994	1993	1992	1991
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	65.2	65.1	66.2	69.3	70.8
Gross profit	34.8	34.9	33.8	30.7	29.2
Operating expenses	26.1	23.0	22.0	21.4	25.4
Income taxes	3.1	4.3	4.2	3.3	1.4
Income from continuing operations	5.6	7.6	7.6	6.0	2.4
Discontinued operations	—	—	—	—	2.8
Cumulative effect on prior years of change in accounting for income taxes	—	—	.2	—	—
Net income	5.6%	7.6%	7.8%	6.0%	5.2%

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

(in thousands of dollars)

	1995		1994		1993		1992		1991	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Building Materials:										
Net sales	$240,094	52%	$224,213	46%	$179,740	38%	$158,808	35%	$123,004	33%
Operating profit	42,107	82	44,600	66	31,445	48	16,423	31	4,979	18
Footwear:										
Net sales	221,354	48	258,796	54	295,191	62	294,459	65	245,346	67
Operating profit	9,234	18	22,871	34	34,168	52	36,054	69	22,934	82
Totals:										
Net sales	$461,448	100%	$483,009	100%	$474,931	100%	$453,267	100%	$368,350	100%
Operating profit	$ 51,341	100%	$ 67,471	100%	$ 65,613	100%	$ 52,477	100%	$ 27,913	100%
Less interest and parent company operations	11,137		9,995		9,583		10,080		14,180	
Income from continuing operations before income taxes and cumulative effect on prior years of change in accounting for income taxes	$ 40,204		$ 57,476		$ 56,030		$ 42,397		$ 13,733	

CONSOLIDATED BALANCE SHEET

In Thousands of Dollars, Except Share Data, at December 31,	1995	1994
ASSETS		
Current assets:		
Cash	$ 2,180	$ 6,071
Accounts receivable, less allowance for doubtful accounts of $3,340 and $3,219, respectively	78,213	82,266
Inventories	158,330	160,894
Federal and state income taxes	9,800	8,387
Prepaid expenses	2,155	1,953
Total current assets	250,678	259,571
Other assets, at cost	24,195	24,367
Assets held for sale	4,879	5,523
Property, plant, and equipment, at cost:		
Land	18,558	17,204
Buildings and equipment	222,576	208,513
Construction in progress	11,069	3,935
	252,203	229,652
Less accumulated depreciation	155,546	144,192
Net property, plant, and equipment	96,657	85,460
	$ 376,409	$ 374,921
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes payable to banks	$ 10,000	$ 5,000
Trade accounts payable	14,152	19,087
Accrued payroll items	11,786	11,775
Accrued insurance	15,283	15,839
Accrued state and local taxes	2,141	2,769
Other accrued expenses	8,424	9,359
Dividends payable	1,071	1,089
Current portion of long-term debt	6,436	8,931
Total current liabilities	69,293	73,849
Long-term debt, less current portion	57,137	65,323
Deferred income taxes	13,490	13,849
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 shares issued	69,674	69,674
Capital in excess of par value	16,800	16,959
Retained earnings	161,932	140,593
Treasury stock, at cost, 1,234,585 and 637,237 shares, respectively	(11,917)	(5,326)
Total shareholders' equity	236,489	221,900
	$ 376,409	$ 374,921

See accompanying notes.

CONSOLIDATED STATEMENT *of* INCOME

In Thousands of Dollars, Except per Share Data, for Years Ending on December 31,	1995	1994	1993
Net sales	$ 461,448	$ 483,009	$ 474,931
Costs and expenses:			
Cost of goods sold	300,842	314,661	314,431
Selling, general, and administrative expenses	115,370	106,814	100,465
Interest expense	5,032	4,058	4,005
	421,244	425,533	418,901
Income before income taxes and cumulative effect on prior years of change in accounting for income taxes	40,204	57,476	56,030
Income taxes	14,553	20,571	19,995
Income before cumulative effect on prior years of change in accounting for income taxes	25,651	36,905	36,035
Cumulative effect on prior years of change in accounting for income taxes	—	—	1,106
Net income	$ 25,651	$ 36,905	$ 37,141
Earnings per share:			
Before cumulative effect on prior years of change in accounting for income taxes	$ .94	$ 1.33	$ 1.29
Cumulative effect on prior years of change in accounting for income taxes	—	—	.04
	$ .94	$ 1.33	$ 1.33

See accompanying notes.

CONSOLIDATED STATEMENT *of* SHAREHOLDERS' EQUITY

In Thousands of Dollars, Except Share Data, for Years Ending on December 31, 1995, 1994, and 1993	Preferred stock	Common stock	Capital in excess of par value	Retained earnings	Treasury stock	ESOP loan guarantee
Balance January 1, 1993	$ —	$ 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)	—	—
Issuance of 157,668 shares of stock from treasury upon exercise of stock options	—	—	537	—	(57)	—
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)	$ —
Issuance of 76,165 shares of stock from treasury upon exercise of stock options	—	—	(88)	—	630	—
Net income	—	—	—	36,905	—	—
Cash dividends declared — $.16 per share	—	—	—	(4,350)	—	—
Balance December 31, 1994	$ —	$ 69,674	$ 16,959	$ 140,593	$(5,326)	$ —
Purchase of 677,000 shares of stock for treasury	—	—	—	—	(7,259)	—
Issuance of 79,652 shares of stock from treasury upon exercise of stock options	—	—	(159)	—	668	—
Net income	—	—	—	25,651	—	—
Cash dividends declared — $.16 per share	—	—	—	(4,312)	—	—
Balance December 31, 1995	$ —	$ 69,674	$ 16,800	$ 161,932	$(11,917)	$ —

See accompanying notes.

CONSOLIDATED STATEMENT *of* CASH FLOWS

In Thousands of Dollars for Years Ending on December 31,	1995	1994	1993
Cash Flows from Operating Activities:			
Net income	$ 25,651	$ 36,905	$ 37,141
Adjustments to reconcile net income to cash provided by operating activities:			
Cumulative effect of change in accounting method for income taxes	—	—	(1,106)
Depreciation	14,742	13,852	13,473
Provision for losses on accounts receivable	1,347	866	1,004
Gain on sale of property, plant, and equipment	(167)	(122)	(589)
Deferred income taxes	(1,198)	(3,190)	(2,566)
Changes in current assets and liabilities:			
(Increase) decrease in accounts receivable	2,706	(1,624)	4,494
(Increase) decrease in inventories	2,564	(7,398)	(17,077)
(Increase) decrease in other current assets	(776)	(240)	3,042
Increase (decrease) in accounts payable and accrued expenses	(7,043)	6,628	4,839
Effect of adoption of SFAS No. 109	—	—	107
Net cash provided by operating activities	37,826	45,677	42,762
Cash Flows from Investing Activities:			
Proceeds from the sale of property, plant, and equipment	261	841	1,080
Purchase of property, plant, and equipment	(26,020)	(18,627)	(17,278)
(Increase) decrease in other long-term assets	803	(115)	1,151
Payment for purchase of business, net of cash acquired	—	(9,332)	—
Net cash used in investing activities	(24,956)	(27,233)	(15,047)
Cash Flows from Financing Activities:			
Borrowings	41,000	57,500	41,058
Repayment of borrowings	(46,681)	(76,655)	(56,862)
Dividends paid	(4,330)	(4,347)	(4,197)
Purchase of treasury stock	(7,259)	—	—
Proceeds from exercise of stock options	509	542	480
Net cash used in financing activities	(16,761)	(22,960)	(19,521)
Net increase (decrease) in cash	(3,891)	(4,516)	8,194
Cash at beginning of year	6,071	10,587	2,393
Cash at end of year	$ 2,180	$ 6,071	$ 10,587
Supplemental Disclosures of Cash Information:			
Cash paid during the year for:			
Interest	$ 5,129	$ 4,105	$ 4,335
Income taxes, net of refunds	$ 16,140	$ 23,286	$ 17,801
Supplemental Schedule of Non-Cash Investing and Financing Activities:			
Purchase of business:			
Fair value of assets acquired	$ —	$ 17,757	$ —
Cash paid for assets and related costs	—	(9,332)	—
Subordinated debt issued	—	(5,000)	—
Liabilities assumed	$ —	$ 3,425	$ —
Decrease in ESOP loan guarantee	$ —	$ —	$ (250)

See accompanying notes.

NOTES *to* CONSOLIDATED FINANCIAL STATEMENTS

Years ending on December 31

1. *Summary of Significant Accounting Policies*

NATURE OF OPERATIONS. Justin Industries, Inc. (the "Company") is a manufacturing and distribution company whose principal lines of business are 1) building materials—including face brick, concrete block, and floor and wall tile; and 2) footwear products, primarily western-style boots. Based on 1995 revenues, the two segments are approximately equal in size. Building materials are sold directly through Company sales offices primarily in a seven-state area consisting of Texas, Oklahoma, Arkansas, Louisiana, Kansas, Missouri, and Tennessee. Approximately 60% of Building Materials' sales are in Texas. Building Materials' sales are dependent upon construction levels within market areas served with face brick sales specifically influenced by housing starts. Footwear products are sold primarily through independent western-wear retailers in the United States, with approximately 30% of sales in Texas.

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. Certain reclassifications have been made in December 31, 1994 and 1993, amounts to conform with the 1995 presentation.

USE OF ESTIMATES. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 20 years
Equipment	3 to 15 years

INTANGIBLES RESULTING FROM BUSINESS ACQUISITIONS. Intangible assets resulting from business acquisitions consist of trademarks/tradenames and the excess of the acquisition cost over the fair value of the net assets of businesses acquired. Intangibles are amortized on a straight-line basis over 40 years. As of December 31, 1995 and 1994, intangibles were $14.9 million and $15.2 million, respectively, net of accumulated amortization of $1.3 million and $.9 million, respectively.

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.

ADVERTISING. The Company's policy is to expense advertising costs as incurred. Total advertising expense for the years ended December 31, 1995, 1994, and 1993, was $16,999,000, $14,242,000, and $15,020,000, respectively.

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.

The Company grants stock options for a fixed number of shares to employees with an exercise price equal to the fair value of the shares at the date of grant. The Company accounts for stock option grants in accordance with APB Opinion No. 25, *Accounting for Stock Issued to Employees*, and, accordingly, recognizes no compensation expense for the stock option grants. 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.

The Company has no postretirement health benefits and, therefore, realized 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.

IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS. In March 1995, the Financial Accounting Standards Board issued SFAS No. 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of*, which requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. SFAS No. 121 also addresses the accounting for long-lived assets that are expected to be disposed of. The Company will adopt SFAS No. 121 in the first quarter of 1996 and, based on current conditions, does not believe the effect of adoption will be material.

2. *Acquisition*

Effective August 1, 1994, the Company purchased American Tile Supply Company and its related companies ("American Tile") for a total purchase price of approximately $16,000,000. American Tile distributes floor and wall tile primarily in Texas. Operations of the business are included in the Consolidated Statement of Income from date of acquisition.

3. *Inventories*

Inventories include the following:
(in thousands of dollars)

	1995	1994
Finished products	$ 121,835	$ 124,340
Work-in-process	6,068	6,834
Raw materials and supplies	30,427	29,720
	$ 158,330	$ 160,894

4. *Borrowings*

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

	1995	1994
Revolving credit loans	$ 22,000	$ 21,000
Term loan	21,000	26,000
Industrial Revenue Bonds	17,515	17,900
Note payable to bank	3,000	4,500
Subordinated notes payable	—	4,750
Other, unsecured	58	104
	63,573	74,254
Less current portion	6,436	8,931
	$ 57,137	$ 65,323

The Company may borrow up to a total of $52,000,000 in revolving credit loans pursuant to an agreement among four commercial banks originally entered into in May 1989. The revolving credit loans are repayable beginning in April 1998, when outstanding amounts are converted to term loans payable over three years. The conversion date may be extended annually for an additional twelve months by consent of all participating banks.

The $21,000,000 term loan is an agreement among three 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 the London Interbank Offered Rate ("LIBOR"). Interest on all of these borrowings at December 31, 1995, was based on LIBOR in effect at the time of origination plus 50 basis points, and averaged 6.2%. 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 as to working capital, cash flow from operations, tangible net worth, redemption of outstanding stock, and change in control of the Company. As of December 31, 1995, 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 6.6% and varying rates based on certain indices (approximately 5.3% at December 31, 1995), secured by property, plant, and equipment with a net book value of approximately $13,629,000. 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.

During 1995, subordinated notes payable to American Tile's former shareholders were paid off prior to maturity.

Note payable to bank is an unsecured borrowing due in 1997. Interest is based on LIBOR plus 50 basis points, and was 6.3% at December 31, 1995.

Notes payable to bank included in current liabilities in 1995 are unsecured borrowings due in 1996 pursuant to a $10,000,000 one-year credit facility from a commercial bank. Interest is based on LIBOR plus 50 basis points and was 6.2% at December 31, 1995.

The aggregate maturities of long-term debt through 2000 are as follows: 1996, $6,436,000; 1997, $10,407,000; 1998, $11,827,000; 1999, $7,493,000; and 2000, $7,493,000.

At December 31, 1995, unused lines of credit for short-term, revolving, and term credit agreements were approximately $50,000,000. Outstanding standby letters of credit at December 31, 1995, amounted to approximately $21,995,000.

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, 1995 and 1994. 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, 1995 and 1994.

5. *Shareholders' Equity*

The average number of common shares outstanding plus common stock equivalents used to calculate earnings per share was 27,411,000 in 1995; 27,810,000 in 1994; and 27,953,000 in 1993.

The Company has outstanding 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 amended Plans also 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 is summarized as follows:

	1995	1994	1993
Outstanding at January 1	**1,481,286**	1,406,877	1,542,856
Granted	**160,600**	155,300	152,250
Canceled	**(25,370)**	(2,680)	(38,206)
Exercised	**(92,449)**	(78,211)	(250,023)
Oustanding at December 31	**1,524,067**	1,481,286	1,406,877
Exercise price per share	**$2.42–$18.00**	$2.42–$18.00	$2.42–$18.00
Aggregate purchase price (in thousands)	**$13,283**	$12,376	$11,201
Exercisable options outstanding	**1,001,717**	841,394	641,787

At December 31, 1995, approximately 713,000 additional shares were reserved for future grants under these Plans.

In September 1995, the Board of Directors adopted, subject to the approval of the shareholders at the annual meeting in April 1996, a non-employee directors stock option plan that permits the issuance of up to 200,000 shares of common stock to directors who are not employees of the Company. Under this plan, options to purchase common stock at the fair market value on the date of the grant are granted to each non-employee director annually. As of December 31, 1995, no options have been granted under this plan.

The preferred stock is convertible into 2,826 shares of common stock at December 31, 1995. 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, a) 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; or b) the rights may be redeemed at $.05 per right at any time before a 20% position has been acquired. The rights expire on October 6, 1999.

6. Retirement Plans

The following table sets forth the plans' funded status and amounts recognized in the Company's balance sheet at December 31, 1995 and 1994, related to the Company's pension plans: *(in thousands of dollars)*

	1995	1994
Actuarial present value of benefit obligations:		
Vested	$ 46,768	$ 35,233
Non-vested	2,742	2,088
	$ 49,510	$ 37,321
Projected benefit obligations for service rendered to date	$ (56,629)	$ (44,191)
Plan assets at fair value	80,717	66,477
Plan assets in excess of projected benefit obligations	24,088	22,286
Unrecognized net gain from past experience different from that assumed and effects of changes in assumptions	(13,282)	(11,349)
Prior service cost not yet recognized in net periodic pension cost	(1,114)	(1,229)
Unrecognized net asset at January 1, 1985, being recognized over 15 years	(3,163)	(3,954)
Prepaid pension cost	$ 6,529	$ 5,754

Plan assets at December 31, 1995, are invested primarily in listed stocks and bonds or cash equivalents. The Company's own common stock accounts for approximately 13.3% of plan assets at December 31, 1995.

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

	1995	1994	1993
Service cost—benefits earned during the period	$ 1,903	$ 2,347	$ 1,731
Interest cost on projected benefit obligation	3,864	3,531	3,439
Actual (return) loss on plan assets	(16,590)	4,125	(1,337)
Net amortization and deferral	10,048	(10,180)	(4,191)
Net pension credit	$ (775)	$ (177)	$ (358)

The weighted-average discount rates used in determining the actuarial present value of the projected benefit obligations were 7.25% in 1995 and 9.0% in 1994. The rate of increase in future compensation was 4% in 1995 and 4.5% in 1994. The expected long-term rate of return on assets was 9% for all years above.

Contributions to the plans, limited by federal income tax regulations, were $0 in 1995 and 1994 and $9,400 in 1993.

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 ($9,240 in 1995 and 1994, and $8,994 in 1993). In 1995 and 1994, 50% of the amount contributed by all employees was matched by the Company, up to 5% of total compensation. In 1993, contributions by "highly compensated" and "non-highly compensated" employees, as defined by the Internal Revenue Code (IRC), were matched 25% and 50%, respectively, up to 5% of total compensation. Pursuant to Internal Revenue Service Regulation 401(k), the employees' contributions are on a pre-tax basis. For 1996, employees may contribute up to the lesser of 15% of their compensation or the maximum allowable amount under IRS regulations ($9,500).

The amount of Company contributions made to the ESOP and charged to expense was $1,239,000, $1,260,000, and $896,000 in 1995, 1994, and 1993, respectively.

7. *Income Taxes*

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 liabilities and assets as of December 31, 1995 and 1994, are as follows:
(in thousands of dollars)

	1995	1994
Deferred tax assets:		
Insurance and claims accruals	$ 6,495	$ 6,539
Asset valuation allowances	5,092	4,225
Employee benefit plans	216	318
Other	830	712
	$ 12,633	$ 11,794
Deferred tax liabilities:		
Intangible assets	$ 4,265	$ 4,412
Depreciation	7,716	8,137
Employee benefit plans	1,509	1,300
	$ 13,490	$ 13,849

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

	1995	1994	1993
Current	$ 15,751	$ 23,761	$ 22,561
Deferred	(1,198)	(3,190)	(2,566)
Total income tax expense	$ 14,553	$ 20,571	$ 19,995

In addition, the Company recognized income tax benefits of $192,000, $221,000, and $1,420,000 in 1995, 1994, and 1993, respectively, upon employees' exercise of non-qualified stock options. Such benefits were recognized as an increase in shareholders' equity when realized.

A reconciliation of the statutory federal income tax rate and the effective tax rate follows:

	1995	1994	1993
Statutory tax rate	35.0%	35.0%	35.0%
State taxes	1.8	1.2	.3
Federal income tax rate increase	—	—	.4
Other	(.6)	(.4)	—
Effective tax rate	36.2%	35.8%	35.7%

In connection with the acquisition of Tony Lama, the Company acquired a tax net operating loss carryforward. None of the carryforward was utilized in 1995, 1994, or 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 be recognized through adjustment of the value of acquired net assets.

During 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.

8. 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
1995			
Building Materials	$ 150,440	$ 9,595	$ 23,013
Footwear	198,870	4,910	2,990
Corporate assets	22,220	237	17
Assets held for sale	4,879	—	—
Total	$ 376,409	$ 14,742	$ 26,020
1994			
Building Materials	$ 135,857	$ 8,616	$ 14,725
Footwear	211,126	5,008	3,825
Corporate assets	22,415	228	77
Assets held for sale	5,523	—	—
Total	$ 374,921	$ 13,852	$ 18,627
1993			
Building Materials	$ 110,310	$ 8,175	$ 11,232
Footwear	210,839	5,035	5,931
Corporate assets	20,008	263	115
Assets held for sale	5,523	—	—
Total	$ 346,680	$ 13,473	$ 17,278

Assets held for sale relate primarily to idled facilities.

During 1995, the Footwear segment implemented and completed a program to reduce general and administrative costs on a long-term basis. Costs of approximately $2,000,000 were incurred in 1995 associated with this reorganization.

9. Commitments

At December 31, 1995, approximate future minimum rental commitments for all noncancellable operating leases are as follows:
(in thousands of dollars)

1996	$ 3,605
1997	2,719
1998	1,513
1999	664
2000	315
Thereafter	615
	$ 9,431

Total rent expense for all operating leases amounted to approximately $4,682,000, $3,976,000, and $3,359,000 in 1995, 1994, and 1993, respectively.

The Company began construction of a new brick manufacturing facility during 1995. Approximately $11 million will be spent in the first half of 1996 to complete the facility, which will increase brick production capacity by approximately 8%.

Report of Ernst & Young LLP

Independent Auditors

Board of Directors
Justin Industries, Inc.

We have audited the accompanying consolidated balance sheets of Justin Industries, Inc. as of December 31, 1995 and 1994, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1995. 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, 1995 and 1994, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles.

As discussed in Note 7 to the financial statements, in 1993 the Company changed its method of accounting for income taxes.

Ernst + Young LLP

Fort Worth, Texas
January 24, 1996

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.

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.

ELEVEN-YEAR FINANCIAL SUMMARY

Years ending on December 31,	1995	1994	1993	1992
SUMMARY OF OPERATIONS: (see note)				
(in thousands of dollars)				
Net sales:				
Building Materials	240,094	224,213	179,740	158,808
Footwear	221,354	258,796	295,191	294,459
	461,448	483,009	474,931	453,267
Operating profit:				
Building Materials	42,107	44,600	31,445	16,423
Footwear	9,234	22,871	34,168	36,054
	51,341	67,471	65,613	52,477
Selected costs and expenses:				
Cost of goods sold	300,842	314,661	314,431	313,961
Selling, general, and administrative	115,370	106,814	100,465	91,695
Interest	5,032	4,058	4,005	5,214
Depreciation	14,742	13,852	13,473	13,837
Income taxes	14,553	20,571	19,995	15,304
Income:				
From continuing operations (before accounting change in 1993)	25,651	36,905	36,035	27,093
Net income	25,651	36,905	37,141	27,093
Income per share:				
From continuing operations (before accounting change in 1993)	.94	1.33	1.29	.98
Net income	.94	1.33	1.33	.98
Dividends declared per share	.16	.16	.16	.14
Capital expenditures*	26,020	18,627	17,278	12,006
YEAR-END STATISTICS: *(in thousands of dollars)*				
Working capital	181,385	185,722	185,193	164,822
Net property, plant, and equipment	96,657	85,460	80,270	76,544
Total assets	376,409	374,921	346,680	316,368
Long-term debt	57,137	65,323	88,504	100,362
Shareholders' equity	236,489	221,900	188,803	155,270
KEY FINANCIAL RATIOS:				
Pre-tax profit margin (%)*	8.71	11.90	11.80	9.35
Income—return on sales (%)*	5.56	7.64	7.59	5.98
Return on shareholders' equity (%)*	11.56	19.55	23.21	21.24
Return on assets (%)*	6.83	10.23	10.87	8.85
Effective income tax rate (%)*	36.2	35.8	35.7	36.1
Ratio of long-term debt to shareholders' equity	.24:1	.29:1	.47:1	.65:1
Ratio of total interest-bearing debt to shareholders' equity	.31:1	.36:1	.49:1	.70:1
Ratio of current assets to current liabilities	3.6:1	3.5:1	4.4:1	4.0:1
OTHER STATISTICS:				
Average number of shares outstanding (in thousands)	27,411	27,810	27,953	27,772
Book value per share	8.88	8.15	6.95	5.75
Dividends as a percent of net income	16.8	11.8	11.7	13.7
Market price of common stock:				
High	12 1/8	16 3/4	25 3/8	19
Low	9 1/2	9 3/4	11 3/4	5 5/8

**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

1991	1990	1989	1988	1987	1986	1985
123,004	118,943	113,662	108,864	113,204	119,104	134,454
245,346	181,370	142,707	123,455	109,662	101,195	103,892
368,350	300,313	256,369	232,319	222,866	220,299	238,346
4,979	3,698	604	4,369	6,685	7,437	17,861
22,934	17,748	15,650	12,223	10,184	9,946	9,997
27,913	21,446	16,254	16,592	16,869	17,383	27,858
260,968	211,559	182,365	164,596	154,600	148,503	158,231
84,167	70,666	60,251	54,590	53,590	57,682	53,565
9,482	6,815	6,402	4,574	4,369	4,140	4,975
12,338	10,164	10,003	10,263	10,152	10,218	8,839
5,280	3,697	2,432	2,696	3,121	4,131	8,980
8,453	7,576	5,281	5,954	7,382	5,843	16,131
19,233	7,293	7,198	7,469	752	5,033	15,050
.32	.29	.21	.24	.29	.22	.61
.73	.28	.28	.30	.03	.19	.57
.135	.135	.10	.09	.09	.09	.09
10,666	12,646	7,405	8,681	4,540	5,922	30,047
151,588	147,307	97,983	105,114	90,206	87,407	78,873
78,750	84,653	64,261	67,682	75,205	80,362	84,743
295,947	292,923	211,308	214,403	219,013	224,608	231,119
116,040	124,724	56,238	69,590	70,509	69,489	68,089
127,549	111,135	106,431	98,687	92,938	96,321	95,382
3.73	3.75	3.01	3.72	4.71	3.47	10.54
2.29	2.52	2.06	2.56	3.31	2.08	6.77
7.61	7.12	5.35	6.41	7.66	4.81	19.19
2.87	3.00	2.48	2.75	3.33	2.01	7.49
38.4	32.8	31.5	31.2	29.7	40.0	35.8
.91:1	1.12:1	.53:1	.71:1	.76:1	.72:1	.71:1
.93:1	1.14:1	.56:1	.73:1	.79:1	.75:1	.77:1
4.4:1	4.1:1	3.5:1	3.9:1	2.9:1	2.8:1	2.4:1
26,382	26,412	25,668	25,134	25,408	26,218	26,358
4.92	4.31	4.15	3.98	3.76	3.78	3.71
17.9	47.1	35.1	29.5	296.7	45.5	15.3
6	5⅞	5⅝	3⅝	3⅞	4⅝	4⅝
3⅝	3⅝	3⅜	2⅝	2¼	2⅞	3⅛

shares outstanding at December 31. All per share information has been adjusted for the 3-for-2 stock splits in 1989 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 Thursday, April 11, 1996, 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 KeyCorp Shareholder Services, Inc., 1201 Elm Street, Suite 5050, 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 trades on the Nasdaq National Market tier of The Nasdaq Stock Market under the symbol "JSTN."

Stock Transfer and Dividend Disbursing Agent

Society National Bank, c/o KeyCorp Shareholder Services, Inc., 1201 Elm Street, Suite 5050, Dallas, Texas 75270 (800) 527-7844 or (214) 871-8844.

Independent Auditors

Ernst & Young LLP, 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, 1995.

Unaudited — In thousands, except per share data

Quarter Ended

	1995				1994			
	3/31	6/30	9/30	12/31	3/31	6/30	9/30	12/31
Net sales	$113,654	$109,918	$112,421	$125,455	$109,891	$114,894	$119,692	$138,532
Gross profit	38,951	39,276	39,811	42,568	36,995	41,149	43,173	47,031
Net income	5,268	6,034	5,778	8,571	6,669	9,452	9,440	11,344
Per share:								
Net income	.19	.22	.21	.32	.24	.34	.34	.41
Dividends paid	.04	.04	.04	.04	.04	.04	.04	.04

Market Makers

as of January 24, 1996

Dean Witter Reynolds, Inc.
Equitable Securities Corp.
First Southwest Company
Gruntal & Co., Inc.
Herzog, Heine, Geduld, Inc.
Jefferies & Co., Inc.
Knight Securities L.P.
Mayer & Schweitzer, Inc.
Merrill Lynch, Pierce, Fenner and Smith, Inc.
Nash Weiss/Div. of Shatkin Inv.
PaineWebber, Inc.
Parker/Hunter, Inc.
Principal Financial Securities
Sherwood Securities Corp.
Smith Barney, Inc.
Southwest Securities, Inc.
Troster Singer Corp.

Market Price of Common Stock

Year Quarter	Price High	Price Low	Price Close
1993			
1	25 ⅝	17 ⅝	24 ¾
2	24 ⅞	16 ½	17 ½
3	22 ¼	15	18
4	19	11 ¾	14 ¾
1994			
1	16 ¾	13	14
2	15	11 ½	12
3	13 ¾	10	12 ⅞
4	13 ¾	9 ¾	11 ⅞
1995			
1	12 ⅛	9 ½	9 ⅝
2	12	9 ⅝	11
3	11 ⅝	10 ½	11
4	11 ⅝	9 ⅞	11

Directors

JOHN JUSTIN
Chairman and Chief Executive Officer of Justin Industries

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

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 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

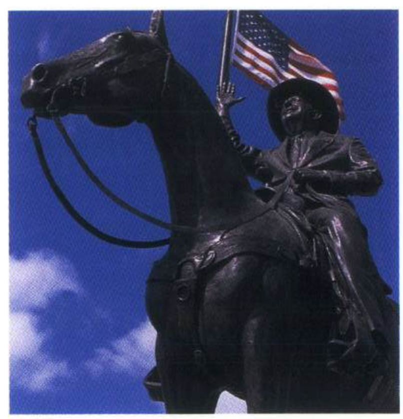
JON M. BENNETT
Vice President Administration and Secretary

EDWARD L. STOUT, JR.
Vice President Brick Operations

FRANK A. SCIVETTI
Vice President Footwear Operations

JUDY B. HUNTER
Controller

W. O. BURROUGH
Assistant Treasurer



On January 8, 1996, John Justin was singularly honored with the unveiling of a life-size bronze, appropriately titled *The Chairman*, to commemorate his years of leadership of the Fort Worth Livestock Show and Rodeo, which observes its centennial year in 1996. The economic growth of Fort Worth, North and West Texas, and Justin Industries has been due in no small measure to the annual Livestock Show and Rodeo and its visitors, exhibitors, performers, and patrons.

IDAHO
WYOMING
ARIZONA
NEW MEXICO
TEXAS
SONORA
CHIHUAHUA
COAHUILA
NUEVO LEON
ZACATECAS
GUAM
AMERICAN SAMOA
PRINCIPAL ISLANDS OF HAWAII

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, 1995

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.

$297,939,940 as of February 28, 1996

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

26,631,503 Common Shares as of March 20, 1996

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, 1995. Part III incorporates information by reference from the Proxy Statement for the Annual Meeting of Shareholders to be held on April 11, 1996.

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 1995 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 totaling approximately $18,787,000. Tony Lama is in the business of designing, manufacturing, and selling western style boots. 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 totaling approximately $4,527,000.

Effective August 1, 1995, the Company purchased American Tile Supply Company and its related companies ("American Tile") for cash and subordinated notes totaling approximately $16 million. American Tile distributes floor and wall tile primarily in Texas. The acquisition was accounted for as a purchase.

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, American Tile, 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 1995 Annual Report to Shareholders and additional financial information, including identifiable assets, by industry segment is included in Note 8 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 1995 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.

Acme and Featherlite also represent other manufacturers as distributors 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.

Since August, 1994, this segment also includes the sale of ceramic and marble floor and wall tile through American Tile Supply distribution centers in Texas.

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, American Tile, and Featherlite market their building materials through approximately 480 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 the 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 primary trade names of "Justin®", "Nocona®", "Tony Lama®", "Chippewa®", "Sport Lace-R®", 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. Administrative functions of the three companies are centralized in Fort Worth, 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 6,500 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 throughout the 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 1995 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 five 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 20 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 4,481 employees in its operations as of December 31, 1995.

The number of employees by job position at December 31, 1995, was as follows:

	Building Materials	Footwear	Parent and Other	Total
Production	1,383	1,659	3	3,045
Sales	539	213	5	757
Administrative, Engineering, Clerical, and Other	439	202	38	679
	2,361	2,074	46	4,481

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 began construction on a new brick manufacturing facility that is scheduled for completion in the second quarter of 1996. This facility will add approximately 8% to the total brick manufacturing capacity of the company.

The company's tile distribution centers operate out of 11 leased facilities, consisting of approximately 167,000 square feet of showroom, office and warehouse space, and one owned showroom/warehouse facility containing 30,000 square feet.

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, one of which is currently not operating, 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, 1995.

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	79	1936	December 1969	Chairman of the Board and Chief Executive Officer
J. T. Dickenson	66	1974	September 1983	President and Chief Operating Officer
Richard J. Savitz	49	1979	March 1982	Vice President-Finance and Treasurer
Jon M. Bennett	64	1969	December 1979	Vice President-Administration and Secretary
Edward L. Stout, Jr.	70	1949	March 1974	Vice President-Brick Operations
Frank A. Scivetti	53	1982	March 1995	Vice President-Footwear Operations
Judy B. Hunter	37	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.

PART II

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

Incorporated by reference from the 1995 Annual Report to Shareholders, pages 28, 29, and 30.

As of February 28, 1996, there were 1,758 common shareholders of record. In addition, approximately 2,617 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
3/31/94	$.04
6/30/94	$.04
9/30/94	$.04
12/31/94	$.04
3/31/95	$.04
6/30/95	$.04
9/30/95	$.04
12/31/95	$.04

ITEM 6. SELECTED FINANCIAL DATA

Incorporated by reference from the 1995 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 1995 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, 1995 and 1994 and the consolidated statements of income, shareholders' equity, and cash flows for the years 1995, 1994, and 1993 and the report of independent auditors thereon, and the company's unaudited quarterly financial data for the two-year period ended December 31, 1995 are incorporated by reference from the 1995 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 to be held April 11, 1996 ("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 9 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 7 and 8.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Incorporated herein by reference from the Proxy Statement, page 16.

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, 1995 and 1994		18
For the years ended December 31, 1995, 1994, and 1993:		
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, 1995, 1994, and 1993:		
II - Valuation and qualifying accounts	S-2	

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, 1995)
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 Justin Industries, Inc. 1996 Non-Employee Director Stock Option Plan (incorporated by reference from the company's definitive proxy statement for the Annual Meeting of Shareholders to be held on April 11, 1996)
10.4	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)
10.5	Registrant's Deferred Compensation Plan*
10.6	Form of Registrant's Special Executive Benefit Program*
10.7	Registrant's Supplemental Executive Retirement Plan of 1992 (incorporated by reference to Registrant's 1992 Annual Report on Form 10-K)
10.8	Registrant's Employee Stock Ownership Plan, as restated January 1, 1989 (incorporated by reference to Registrant's 1994 Annual Report on Form 10-K)
10.9	First Amendment to the Registrant's Restated Employee Stock Ownership Plan, effective July 1, 1995 (incorporated by reference to Registrant's 1994 Annual Report on Form 10-K)
10.10	Second Amendment to the Registrant's Restated Employee Stock Ownership Plan, effective August 1, 1995 (incorporated by reference to Registrant's 1994 Annual Report on Form 10-K)
10.11	Employment Agreement dated as of December 14, 1995 between Registrant and John S. Justin, Jr. (incorporated by reference to Registrant's 1994 Annual Report on Form 10-K)
10.12	Form of Severance Agreement dated March 23, 1990 between Registrant and certain of its executive officers*
10.13	Form of Severance Agreement dated March 23, 1990 between Registrant and certain of its officers and employees*
10.14	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*

Exhibit No.	Description
10.15	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)
10.16	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)
10.17	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)
10.18	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 (incorporated by reference to Registrant's 1993 Annual Report on Form 10-K)
10.19	Seventh Amendment to the Revolving Loan Agreement dated as of July 24 1995 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., The Bank of New York, and Texas Commerce Bank, National Association
10.20	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)
10.21	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)
10.22	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)
10.23	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 (incorporated by reference to Registrant's 1993 Annual Report on Form 10-K)
10.24	Fourth Amendment to the Term Loan Agreement dated as of July 24, 1995 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., and Texas Commerce Bank, National Association

Exhibit No.	Description
13	Annual report to shareholders for the year ended December 31, 1995
21	Subsidiaries of the Registrant
23	Report of Independent Auditors and Consent of Independent Auditors (included herein at page S-1)
27	Financial Data Schedules

* 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 15, 1996

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 15, 1996

/S/ BAYARD H. FRIEDMAN
Bayard H. Friedman
Director, March 15, 1996

/S/ J. T. DICKENSON
J. T. Dickenson
Director, President and Chief Operating Officer
March 15, 1996

/S/ DEE J. KELLY
Dee J. Kelly
Director, March 15, 1996

/S/ RICHARD J. SAVITZ
Richard J. Savitz
Vice President-Finance, Principal
Finance and Accounting Officer
March 15, 1996

/S/ JOSEPH R. MUSOLINO
Joseph R. Musolino
Director, March 15, 1996

/S/ MARVIN GEARHART
Marvin Gearhart
Director, March 15, 1996

/S/ JOHN V. ROACH
John V. Roach
Director, March 15, 1996

/S/ ROBERT E. GLAZE
Robert E. Glaze
Director, March 15, 1996

/S/ WILLIAM E. TUCKER
William E. Tucker
Director, March 15, 1996

REPORT OF INDEPENDENT AUDITORS

We have audited the consolidated financial statements of Justin Industries, Inc. as of December 31, 1995 and 1994, and for each of the three years in the period ended December 31, 1995, and have issued our report thereon dated January 24, 1996, incorporated by reference in this Annual Report (Form 10-K). Our audits also included the financial statement schedule listed in Item 14(a) of the Annual Report (Form 10-K). This schedule is the responsibility of the company's management. Our responsibility is to express an opinion based on our audits.

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

/S/ ERNST & YOUNG LLP

Fort Worth, Texas
January 24, 1996

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 24, 1996, included in the 1995 Annual Report to Shareholders of Justin Industries, Inc.

We also consent to the incorporation by reference in the a) 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; b) Registration Statement (Form S-8 No. 33-52783) pertaining to the Justin Industries, Inc. Employee Stock Ownership Plan and in the related Prospectus; and c) 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 24, 1996, with respect to the consolidated financial statements and schedule of Justin Industries, Inc. included or incorporated by reference in this Annual Report (Form 10-K) for the year ended December 31, 1995.

/S/ ERNST & YOUNG LLP

Fort Worth, Texas
March 15, 1996

JUSTIN INDUSTRIES, INC.
CONSOLIDATED

SCHEDULE II - 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:				
1993:				
Doubtful Accounts	$ 3,054	$ 1,004	$ 1,044	$ 3,014
1994				
Doubtful Accounts	$ 3,014	$ 866	$ 661	$ 3,219
1995				
Doubtful Accounts	$ 3,219	$ 1,347	$ 1,226	$ 3,340

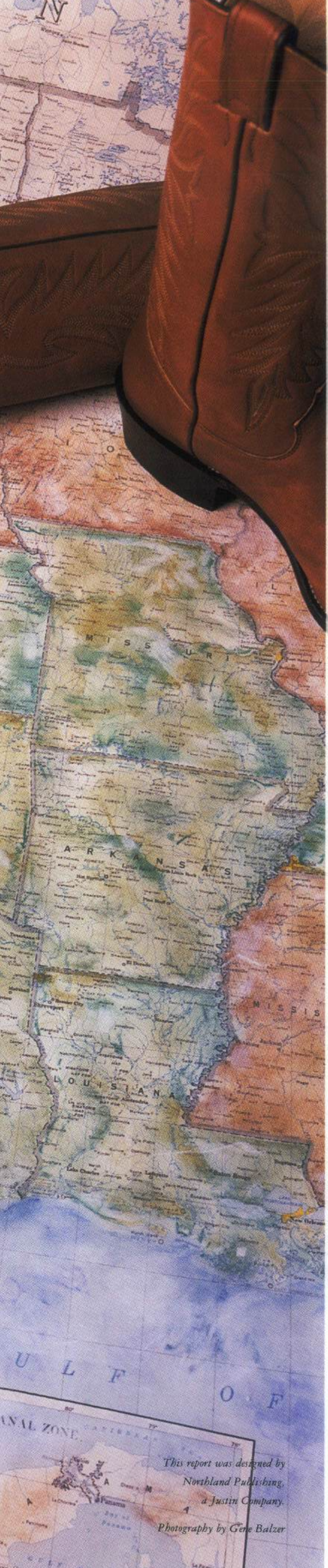
(1) Accounts written off, less recoveries.

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

JUSTIN
INDUSTRIES, INC.

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

Manufacturing *and* Distribution Locations



This report was designed by Northland Publishing, a Justin Company.

Photography by Gene Balzer

Acme Brick Company

Manufacturing—Brick

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

Manufacturing—Concrete Block

Baton Rouge, Louisiana

Distribution

Abilene, Texas
Amarillo, Texas
Austin, Texas
Beaumont, Texas
Dallas, Texas
Denton, Texas
Fort Worth, Texas
Houston, Texas
Longview, Texas
Lubbock, Texas
Midland, Texas
San Antonio, Texas
Texarkana, Texas
Wichita Falls, Texas
Alexandria, Louisiana
Baton Rouge, Louisiana
Lafayette, Louisiana
Lake Charles, Louisiana
Monroe, Louisiana
New Orleans, Louisiana
Shreveport, Louisiana
Fort Smith, Arkansas
Little Rock, Arkansas
Russellville, Arkansas
Springdale, Arkansas
Joplin, Missouri
Springfield, Missouri
St. Louis, Missouri
Oklahoma City, Oklahoma
Tulsa, Oklahoma
Kansas City, Kansas
Wichita, Kansas
Memphis, Tennessee (2)

American Tile Supply Company

Distribution

Austin, Texas
Dallas, Texas, area (8)
Fort Worth, Texas, area (2)
Houston, Texas, area (2)
Longview, Texas
San Antonio, Texas, area (2)

Featherlite Building Products Corporation

Manufacturing—Concrete Block

Abilene, Texas
Amarillo, Texas
Austin, Texas, area
Beaumont/Port Arthur, Texas
Dallas, Texas
El Paso, Texas
Lubbock, Texas
San Antonio, Texas

Manufacturing—Architectural Stone

Cedar Park, Texas
(d/b/a Texas Quarries)

Distribution

Corpus Christi, Texas
Midland, Texas
Las Cruces, New Mexico

Tradewinds Technologies, Inc.

Phoenix, Arizona

Justin Boot Company

Manufacturing

Fort Worth, Texas
Carthage, Missouri
Cassville, Missouri (2)
Sarcoxie, Missouri

Nocona Boot Company

Manufacturing

Nocona, Texas

Tony Lama Company

Manufacturing

El Paso, Texas

Northland Publishing Company, Inc.

Flagstaff, Arizona


JUSTIN
INDUSTRIES, INC.
2821 West Seventh Street • Box 425
Fort Worth, Texas 76101 • 817-336-5125