98-1004

M. H. DETRICK COMPANY ASBESTOS TRUST

Financial Statements

December 31, 2007

FILED
UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
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INDEPENDENT AUDITORS' REPORT

To the Trustee and Trust Advisory Committee
M. H. Detrick Company Asbestos Trust
Leeds, Alabama

We have audited the special-purpose statement of net claimants' equity of the M. H. Detrick Company Asbestos Trust (A Delaware Business Trust) as of December 31, 2007, and the related special-purpose statements of changes in net claimants' equity and of cash flows for the year then ended. These financial statements are the responsibility of the Trustee. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared to comply with the Trust agreement as discussed in Note 2, and are not intended to be a presentation of financial statements in conformity with accounting principles generally accepted in the United States of America. The special-purpose methods discussed in Note 2 includes significant interpretations made by the Trustee based on court orders, bankruptcy filings, Trust Advisory Committee decisions and bankruptcy attorney opinions.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the net claimants' equity of the M. H. Detrick Company Asbestos Trust as of December 31, 2007, and the changes in net claimants' equity and cash flows for the year then ended, on the basis of accounting described in Note 2.

This report is intended solely for the Trustee, the Court, the Trust Advisory Committee and M. H. Detrick Company and is not intended to be and should not be used by anyone other than these specified parties.

Barfield, Murphy, Shank & Smith, P.C.

Birmingham, Alabama
March 26, 2008

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M. H. DETRICK COMPANY ASBESTOS TRUST
Special-Purpose Statement of Net Claimants' Equity
December 31, 2007

Assets

Cash and cash equivalents	$ 1,822,640
Investment - M. H. Detrick Company	1
Prepaid expenses	833
Prepaid federal income tax	4,884
	$ 1,828,358
Net Claimants' Equity	$ 1,828,358

See notes to financial statements.

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M. H. DETRICK COMPANY ASBESTOS TRUST
Special-Purpose Statement of Changes in Net Claimants' Equity
Year ended December 31, 2007

Net claimants' equity - beginning of year	$ 2,117,054
Additions to net claimants' equity	
M. H. Detrick Company note receivable interest	14,995
Investment income	96,698
Loss on sale of investments	(20,842)
	90,851
Deductions from net claimants' equity	
Claims	294,312
Operating and claims resolution expenses	77,698
Federal income tax expense	7,537
	379,547
Net claimants' equity - end of year	$ 1,828,358

See notes to financial statements.

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M. H. DETRICK COMPANY ASBESTOS TRUST
Special-Purpose Statement of Cash Flows
Year ended December 31, 2007

Operating activities	
Net reduction in net claimants' equity	$ (288,696)
Adjustments to reconcile net reduction to net cash used in operating activities	
Gain on sale of assets	20,842
Changes in operating assets and liabilities	
Prepaid expenses	1,250
Prepaid federal income tax	(4,884)
Accrued interest receivable	41,811
Accrued expenses	(11,747)
Net cash used in operating activities	(241,424)
Investing activities	
Proceeds from sale of investments	3,376,360
Net redemption of commercial paper	16,141,276
Purchase of investments	(17,804,962)
Net cash provided by investing activities	1,712,674
Financing activities	
Payment received - M. H. Detrick note receivable	270,000
Net cash provided by financing activities	270,000
Net increase in cash and cash equivalents	1,741,250
Cash and cash equivalents - beginning of year	81,390
Cash and cash equivalents - end of year	$ 1,822,640

See notes to financial statements.

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M. H. DETRICK COMPANY ASBESTOS TRUST
Notes to Financial Statements
December 31, 2007

NOTE 1 - DESCRIPTION OF THE TRUST

Nature of Organization

The M. H. Detrick Company Asbestos Trust (the Trust), organized pursuant to the laws of the state of Delaware (Delaware Business Trust), was established pursuant to the M. H. Detrick Company Third Amended Joint Plan of Reorganization (the Plan). The Trust was formed to assume Detrick's liabilities with respect to any and all Asbestos Bodily Injury Claims and Demands and Asbestos Property Damage Claims and Demands (cumulatively Claims and Demands) in such a way that all holders of Claims and Demands are treated in a substantially equivalent manner. Upon establishment of the Plan, the Trust assumed liability for existing and future asbestos health and property damage claims. The Trust had initial funding and will receive ongoing fixed and contingent funding as described below. The Trust's funding is dedicated solely to the settlement of asbestos health and property damage claims and the related costs thereto, as defined in the Plan. The Trust was established on August 21, 2002.

Funding of the Trust

Initial sources of funds as described in the Plan are as follows:

i. All outstanding shares of Detrick common stock.
ii. Detrick's asbestos related insurance coverage with a value of approximately $2,479,000.
iii. Detrick shall pay all of its income in to the Trust less a sufficient amount of operating capital to maintain successful business operations.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Trust's special-purpose financial statements are prepared using accounting methods that differ from accounting principles generally accepted in the United States of America (GAAP). The special-purpose accounting methods were adopted in order to better communicate to the beneficiaries of the Trust the amount of equity available for payment of current and future claims. This basis of presentation is the Trust agreement and significant interpretations made by the Trustee based on court orders, bankruptcy filings, Trust Advisory Committee decisions and bankruptcy attorney opinions. These special-purpose accounting methods are enumerated as follows:

i. The financial statements are prepared using the accrual basis of accounting, except as noted in the following items.
ii. Distributions received from Detrick and any insurance proceeds will be recorded directly to Net Claimants' Equity when received. Settlement payments to settle asbestos health claims will be recorded as reductions of Net Claimants' Equity.

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M. H. DETRICK COMPANY ASBESTOS TRUST
Notes to Financial Statements
December 31, 2007
(Continued)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Presentation - Continued

iii. The cost of any non-income producing assets (if any), which will be exhausted during the life of the trust, will be expensed as incurred. This includes fixed assets and software development.
iv. The liability for unpaid claims will only be recorded if the claim has been approved for payment but not yet paid. No liability will be recorded for any un-filed claims or filed claims that have not been approved for payment. Net Claimants' Equity represents funding available to pay present and future claims on which no fixed liability has been recorded.
v. The recorded value of the closely held manufacturing company has not been determined; therefore a nominal value of $1 has been presented. The value will not be changed due to the lack of any objective means to measure changes in value. This investment is seen as temporary and available to satisfy claims so the accounts of the company will not be consolidated. Distributions from the company will be recorded as additions to Net Claimants' Equity.

Use of Estimates

The preparation of financial statements in conformity with the special-purpose accounting methods described above requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions to net claimants' equity during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Trust considers all instruments with an original maturity of three months or less to be cash and cash equivalents for purposes of classification in the statement of net claimants' equity and the statement of cash flows.

The Trust maintains cash depository accounts which, at times, may exceed federally insured limits. These amounts represent actual account balances held by financial institutions at the end of the period, and unlike the balance reported in the financial statements, the account balances do not reflect timing delays inherent in reconciling items such as outstanding checks and deposits in transit. The Trust has not experienced losses in such accounts.

M. H. Detrick Distributions

M. H. Detrick makes annual distributions (as described in IRS Code section 468B) to the Trust out of current earnings and profits, when available. These annual distributions are reported as additions to net claimants' equity. There were no distributions received in 2007.

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M. H. DETRICK COMPANY ASBESTOS TRUST
Notes to Financial Statements
December 31, 2007
(Continued)

NOTE 3 - INVESTMENTS

Proceeds from sales of debt securities for the year ended December 31, 2007 totaled $3,376,360. Gross gains and losses totaling $6,822 and $27,664, respectively, were realized on those sales in 2007.

NOTE 4 - LITIGATION

The Trustee is not aware of any non-asbestos related litigation, claims or assessments against the Trust.

NOTE 5 - CLAIMS

As of December 31, 2007, the Trust had completed the first open claim filing period. The Trust received approximately 36,800 claims during the open claim filing period from February 25, 2007 to April 26, 2007. Checks in the amount of $8 each were issued to approximately 36,780 claimants on a first-in first-out basis, in settlement of claims. The payment of claims was limited due to the availability of funds; therefore, no other claims were approved for payment in 2007. Claim checks that were not cashed were forwarded to a pre determined charity. It is believed that all existing and future bodily injury claims will greatly exceed current and expected future available funds from all sources. It is currently anticipated that all future bodily injury claims will receive a payment of $8 on a first-in first-out basis, to the extent of available funds, in settlement of the claims.

Claims and demands are handled based on procedures implemented by the Trust. These procedures are collectively referred to as the Asbestos-Related Claims Resolution and Distribution Procedures. When sufficient funds become available to pay claims, the Trust pays claimants a fixed payment amount as determined by the Trustee and approved by the Trust Advisory Committee.

The Distribution Procedures contain procedures for the distribution of the Trust's limited assets. Under the Distribution Procedures, the Trust may periodically re-evaluate its anticipated annual sources and uses of cash until the last projected future claim has been paid. Due to the limited assets of the Trust these procedures are currently restricted to a fixed payment amount per claim in full satisfaction of each claim.

NOTE 6 - RELATED PARTY TRANSACTIONS

The Trust pays quarterly fees to M. H. Detrick Company for administrative services. The amounts paid for the year ended December 31, 2007 totaled $7,000.

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M. H. DETRICK COMPANY ASBESTOS TRUST
Notes to Financial Statements
December 31, 2007
(Continued)

NOTE 7 - INCOME TAXES

For Federal income tax purposes, Detrick has elected for the assets of the Trust to be taxed as a *Designated Settlement Fund.* Income and expenses associated with these assets of the Trust are taxed in accordance with Section 468B of the Internal Revenue Code. Under this Code section all transfers from Detrick and all insurance proceeds to be utilized in the settlement of asbestos related claims are not considered taxable income, and all claim settlement payments are non-deductible. The Trust incurred a current federal tax liability of $7,537 for the year ended December 31, 2007.

NOTE 8 - SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for income taxes totaled $12,421 during the year ended December 31, 2007.

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SUPPLEMENTAL INFORMATION

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

To the Trustee and Trust Advisory Committee
M. H. Detrick Company Asbestos Trust
Leeds, Alabama

Our report on our audit of the basic special-purpose financial statements of the M. H. Detrick Company Asbestos Trust (A Delaware Business Trust) for 2007 appears on page 3. That audit was conducted for the purpose of forming an opinion on the basic special-purpose financial statements taken as a whole. The schedule of operating and claim resolution expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Barfield, Murphy, Shank & Smith, P.C.

Birmingham, Alabama
March 26, 2008

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M. H. DETRICK COMPANY ASBESTOS TRUST
Schedule of Operating and Claims Resolution Expenses
Year ended December 31, 2007

Accounting	$	5,695
Administrative		7,000
Advertising		6,665
Co-Trustee fees		3,750
Investment broker		9,413
Legal and professional		23,549
Meals and entertainment		74
Miscellaneous		170
Postage		250
Telephone and internet		1,174
Travel		533
Trustee fees		15,000
Website development		4,425
	$	77,698

See independent auditors' report on supplemental information.

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