

RARITAN RIVER RAIL ROAD COMPANY

DIRECTORS

C. P. O'Rourke, Jr.	Philadelphia, PA
D. A. Swanson	Newark, NJ
R. V. Wadden	Philadelphia, PA

OFFICERS

D. A. Swanson	President	Newark, NJ
R. G. Kipp	Vice Pres. & Gen. Mgr.	South Amboy, NJ
D. R. Powell	Secretary	Philadelphia, PA
B. D. Wellmon	Treasurer	Philadelphia, PA

REGISTERED OFFICE

170 John Street

South Amboy, NJ 08879

To the Stockholders:

The Board of Directors submits herewith the ninetieth annual report of the Company, showing results of operation and various statistical data for the year 1977, together with comparative income statement for the year and balance sheet as of December 31, 1977, compared with December 31, 1976.

D. A. Swanson
President

RARITAN RIVER RAIL ROAD COMPANY

INCOME STATEMENT

YEAR ENDING DECEMBER 31, 1977

	<u>1977</u>	<u>1976</u>	<u>Inc. or Dec.</u>	<u>%</u>
Revenues:				
Freight	\$ 1,044,124	\$ 1,181,875	D-\$ 137,751	11.65
Switching	32,041	18,763	I- 13,278	70.76
Demurrage	107,707	125,033	D- 17,326	13.85
Other	<u>7,247</u>	<u>16,879</u>	D- 9,632	57.06
Total Revenues	\$ 1,191,119	\$ 1,342,550	D-\$ 151,431	11.27
Operating Expenses:				
Maintenance of Roadway (Excluding depreciation)	\$ 207,307	\$ 274,271	D-\$ 66,964	24.41
Maintenance of Equipment (Excluding depreciation)	124,798	133,210	D- 8,412	6.30
Depreciation				
Roadway	8,006	8,005	I- 1	0.01
Equipment	4,152	4,957	D- 805	16.23
Transportation	604,811	597,570	I- 7,241	1.21
General	95,895	95,620	I- 275	0.28
Taxes				
Payroll, Property, Other	165,696	182,282	D- 16,586	9.09
Other Operating Expenses	(<u>20,246</u>)	(<u>5,013</u>)	D- <u>15,233</u>	<u>303.87</u>
Total Operating Expenses	\$ 1,190,419	\$ 1,290,902	D-\$ 100,483	7.78
Operating Income	\$ 700	\$ 51,648	D-\$ 50,948	98.64
Other Income and Expense				
Interest Income	\$ 12,104	\$ 21,418	D-\$ 9,314	43.48
Lease Rental Income	-	-		-
Miscellaneous Income	<u>45,359</u>	<u>38,401</u>	I- <u>6,958</u>	<u>18.12</u>
Total Other Income	\$ 57,463	\$ 59,819	D-\$ 2,356	3.93
Income Before Taxes	58,163	111,467	D- 53,304	47.82
Provision for Income Taxes	36,450	-	I- 36,450	
Net Income	21,713	111,467	D- 89,754	80.52

RARITAN RIVER RAIL ROAD COMPANY

ASSETS

	<u>1977</u>	<u>1976</u>		<u>Inc. or Dec.</u>
Current:				
Cash	\$ 122,397	\$ 107,508	I-\$	14,889
Temporary Cash Investments	170,000	268,803	D-	98,803
Special Deposits	3,601	3,674	D-	73
Accounts Receivable				
Other Accounts and Notes				
Receivable	161,597	256,065	D-	94,468
Materials and Supplies	56,829	70,838	D-	14,009
Other Current Assets	80,164	60,341	I-	19,823
Total Current Assets	\$ 594,588	\$ 767,229	D-\$	172,641
 Properties:				
Roadway, Buildings and				
Land	\$ 1,586,820	\$ 1,586,820		-
Equipment	699,805	699,805		-
Capitalized Leases	-	-		-
Other Property	75,675	75,675		-
Sub-total	2,362,300	2,362,300		-
Less Accumulated				
Depreciation	989,018	976,860	I-\$	12,158
Net Properties	1,373,282	1,385,440	D-	12,158
 Other Assets:				
Intangibles, Misc.,				
Other Assets	37,847	-	I-	37,847
Total Other Assets	37,847	-	I-	37,847
Total Assets	2,005,717	2,152,669	D-	146,952

RARITAN RIVER RAIL ROAD COMPANY

LIABILITIES

	<u>1977</u>	<u>1976</u>	<u>Inc. or Dec.</u>
Current:			
Accounts and Wages Payable	\$ 179,791	\$ 178,602	I-\$ 1,189
Accrued Liabilities	54,880	245,278	D- 190,398
Federal Income Tax Accrual	15,680	-	I- 15,680
Other Taxes Accrued	16,594	13,585	I- 3,009
Deferred Income Tax	-	-	-
Notes Payable			
Banks, Trade, Directors, Officers, Employees, etc.	-	-	-
Total Notes Payable	\$ -	\$ -	-
Other Current Liabilities	-	-	-
Current Portion of Long-term Debt	-	-	-
Total Current Liabilities	\$ 266,945	\$ 437,465	D-\$ 170,520
Long-term Debt			
Net of Current Portion	-	-	-
Less Unamortized Discount	-	-	-
Equipment Obligations	-	-	-
Total Long-term Debt	-	-	-
Total Advances from Affiliates	-	-	-
Other Non-current Liabilities	<u>46,076</u>	<u>44,221</u>	I- <u>1,855</u>
Total Liabilities	\$ 313,021	\$ 481,686	D-\$ 168,665

SHAREHOLDERS' EQUITY

Capital Stock:			
Preferred			
(100,000 shares, \$10 stated value)	\$ 1,000,000	\$ 1,000,000	-
Less: Held in Treasury (920 shares)	<u>9,200</u>	<u>9,200</u>	-
Preferred Stock Outstanding	\$ 990,800	\$ 990,800	-
Common			
(25,000 shares, \$1 stated value)	<u>25,000</u>	<u>25,000</u>	-
Total Capital Stock	\$ 1,015,800	\$ 1,015,800	-
Retained Earnings:			
Balance at beginning of period	\$ 655,183	\$ 893,468	D-\$ 238,285
From income for the period	21,713	111,467	D- 89,754
Less dividends paid	-	<u>349,752</u>	I- <u>349,752</u>
Retained Earnings at end of Period	<u>\$ 676,896</u>	<u>\$ 655,183</u>	I-\$ <u>21,713</u>
Total Shareholders' Equity	\$ 1,692,696	\$ 1,670,983	I-\$ 21,713
Total Liabilities and Shareholders' Equity	\$ 2,005,717	\$ 2,152,669	D-\$ 146,952

RARITAN RIVER RAIL ROAD COMPANY

STATEMENT OF RETAINED INCOME - UNAPPROPRIATED

	<u>1977</u>	<u>1976</u>	<u>Inc. or Dec.</u>
Balance, January 1	\$ 635,756	\$ 874,041	D-\$ 238,285
Add:			
Net Income for the Year	<u>21,713</u>	<u>111,467</u>	D- <u>89,754</u>
	\$ 657,469	\$ 985,508	D-\$ 328,039
Deduct:			
Dividends Paid	<u>-</u>	(<u>349,752</u>)	I- <u>349,752</u>
Balance, December 31	\$ 657,469	\$ 635,756	I-\$ 21,713

COMPARATIVE STATEMENT - MISCELLANEOUS ITEMS

	<u>1977</u>	<u>1976</u>	<u>Inc. or Dec.</u>
Net Income per Share	\$.87	\$ 4.46	D-\$ 3.59
Operating Ratio	90.8%	85.4%	I- 5.4%
Revenue Per Ton	\$ 2.91	\$ 2.40	I-\$.51
Per Ton Mile	37.56¢	31.4¢	I- 6.16¢
Revenue Cars Handled	7,686	9,726	D- 2,040

MILEAGE

Main Stem	12.63	12.63	-
Branch Lines	<u>4.60</u>	<u>4.60</u>	-
Total Main Stem	17.23	17.23	-

OTHER TRACKS

Second Main Tracks	1.00	1.00	-
Spurs and Sidings	<u>14.01</u>	<u>14.01</u>	-
Total All Tracks	32.24	32.24	-

EQUIPMENT

Locomotives-Diesel Electric	6	6	-
Freight Cars	106	106	-
Work Equipment	3	3	-

RARITAN RIVER RAIL ROAD COMPANY

CONDENSED STATEMENT OF FREIGHT TRAFFIC - NET TONS

	<u>1977</u>	<u>1976</u>	Inc. or Tons	Dec. %
Products of Agriculture	46	534	D- 488	91.4
Ores and Concentrates	67,590	93,181	D-25,591	27.5
Clay, Sand and Gravel	1,701	2,394	D- 693	28.9
Bakery Goods	74,077	78,656	D- 4,579	5.8
Lumber	3,786	1,138	I- 2,648	232.7
Woodpulp	48,816	47,172	I- 1,644	3.5
Newsprint	852	1,836	D- 984	53.6
Paper Tissue	26,079	22,637	I- 3,442	15.2
Sanitary Pads	7,351	7,017	I- 334	4.7
Gases	20,821	23,045	D- 2,224	9.6
Titanium Dioxide	5,161	26,438	D-21,277	80.5
Acids, N.O.S.	3,940	5,915	D- 1,975	33.4
Sulphuric Acid	28,112	28,058	I- 54	0.2
Synthetic Plastic	15,010	11,905	I- 3,105	26.1
Paint and Lacquer	1,855	1,894	D- 39	2.0
Nitrocellulose	5,763	6,799	D- 1,036	15.2
Gasoline and Oils	661	156	I- 505	323.4
Cement and Lime	375	1,310	D- 935	71.4
Brick and Tile	3,575	2,545	I- 1,030	40.5
Steel	27,209	72,979	D-45,770	62.7
Toys and Games	1,103	1,022	I- 81	7.9
Scrap or Waste Material	1,381	2,864	D- 1,483	51.8
Containers, Empty	2,401	2,172	I- 229	10.5
All Other Carloads	<u>51,239</u>	<u>51,142</u>	I- <u>97</u>	<u>0.2</u>
TOTAL TRAFFIC	398,904	492,809	D-93,905	19.1