



the technical materiel corporation  
1984  
annual report

## directors . . .

**R.H. dePASQUALE**  
Chairman

**E.J. HOFMANN**

## officers . . .

**F. BUDETTI**

**G.W. JENNINGS**

**D.C. MacDONALD**

**E.J. HOFMANN**  
President

**FRANK BUDETTI**  
Vice President

**RAY H. dePASQUALE**  
Treasurer

**RUTH S. TAYLOR**  
Secretary

## business highlights . . .

	<b>FISCAL YEAR</b>	
	<b>1984</b>	<b>1983</b>
Net Sales . . . . .	\$1,980,924	\$2,900,623
Net Profit . . . . .	392,517	578,927
Current Assets . . . . .	3,512,709	3,576,768
Current Liabilities . . . . .	935,196	1,111,764
Working Capital . . . . .	2,577,513	2,465,004
Current Ratio . . . . .	3.76 to 1	3.2 to 1
Property, Plant, and Equipment, Net . . . . .	207,612	521,381
Stockholders' Equity . . . . .	1,960,123	1,566,458
Net Profit per Share . . . . .	.14	.20
Book Value per Share . . . . .	.69	.55
Stockholders . . . . .	5,171	5,268
Number of Shares of Stock Outstanding . . . . .	2,847,704	2,847,704

Technical Materiel Corporation common stock has had a very limited market and the price range for the two preceding years has been 1/8 to 7/8.

## message from the president . . .



Sometimes it is easier to see where you are when shown where you've been. Long term debt has been reduced from \$1,419,927 to \$825,000. Selling, general and administrative expense, due to rigid control, have been measurably reduced and at the same time our current ratio has improved to 3.76 to 1.00.

Sales in the 83/84 fiscal were hurt by delays on the part of suppliers, particularly in the last quarter. Predictably, however, this has increased our backlog for the new fiscal to twice its former level. Results for the first quarter of the new fiscal have been excellent so that we can look forward to a good year.

The improvement in this annual demonstrates the latent worth of your corporation. The officers and directors look forward to further improvement.

*Eugene J. Hofmann*  
President

The Technical Materiel Corporation hereby declares itself an Equal Opportunity Employer. The Company realizes that all individuals, regardless of race, color, creed, religion, sex or national origin should be afforded the opportunity of seeking employment with the Company and should not be discriminated against during their employment with the Company.

# operations . . .

## STATEMENT OF INCOME AND DEFICIT For the Years Ended September 30, 1984 and 1983

	1984	1983
Net sales .....	\$ 1,980,924	\$ 2,900,623
Cost of sales .....	<u>1,135,912</u>	<u>1,659,818</u>
Gross profit .....	<u>845,012</u>	<u>1,240,805</u>
Operating Expenses:		
Engineering and development .....	161,843	281,041
Selling, general and administrative .....	<u>575,310</u>	<u>711,124</u>
	<u>737,153</u>	<u>992,165</u>
Income from operations .....	<u>107,859</u>	<u>248,640</u>
Other Income (Expenses):		
Interest .....	(167,010)	(196,906)
Gain on sale of property .....	444,672	441,043
Other, net .....	<u>11,460</u>	<u>90,975</u>
	<u>289,122</u>	<u>335,112</u>
Net income before provision for taxes on income and extraordinary item .....	396,981	583,752
Provision for taxes on income .....	<u>147,040</u>	<u>208,243</u>
Net income before extraordinary item .....	249,941	375,509
Extraordinary item:		
Utilization of net operating loss carryforward .....	<u>142,576</u>	<u>203,428</u>
Net income .....	392,517	578,937
Deficit, beginning of year .....	<u>(5,712,399)</u>	<u>(6,291,336)</u>
Deficit, end of year .....	<u>(\$5,319,882)</u>	<u>\$(5,712,399)</u>
Net income per common share before extraordinary item .....	\$ .09	\$ .13
Extraordinary item .....	<u>.05</u>	<u>.07</u>
Net income per common share .....	<u>\$ .14</u>	<u>\$ .20</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

# financial position . . .

## STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Years Ended September 30, 1984 and 1983

	1984	1983
<b>SOURCES OF WORKING CAPITAL:</b>		
Operations:		
Income before extraordinary item . . . . .	\$ 249,941	\$ 375,509
Add: depreciation of property, plant, and equipment as not requiring use of funds . . . . .	31,153	30,290
Less: gain on sale of land, building and equipment	<u>(444,672)</u>	<u>(441,043)</u>
	(163,578)	( 35,244)
Extraordinary item . . . . .	<u>142,576</u>	<u>203,428</u>
Working capital provided by operations . . . . .	(21,002)	168,184
Sale of land, buildings, and other property . . . . .	<u>743,200</u>	<u>1,137,036</u>
	<u>722,198</u>	<u>1,305,220</u>
<b>APPLICATIONS OF WORKING CAPITAL:</b>		
Reduction of mortgage notes payable . . . . .	419,927	199,445
Reduction of mortgage payable to officer . . . . .	175,000	200,000
Purchase of property, plant and equipment . . . . .	15,910	19,745
Translation adjustments . . . . .	<u>(1,148)</u>	<u>(3,696)</u>
	609,689	415,494
Increase in working capital . . . . .	112,509	889,726
Working capital, beginning of year . . . . .	<u>2,465,004</u>	<u>1,575,278</u>
Working capital, end of year . . . . .	<u>\$2,577,513</u>	<u>\$2,465,004</u>
<b>DETAILS OF CHANGES IN WORKING CAPITAL:</b>		
Increase / (decrease) in current assets:		
Cash . . . . .	\$ (11,657)	\$ (5,270)
Accounts receivable . . . . .	(86,455)	(74,810)
Inventories . . . . .	46,299	(259,715)
Prepaid expenses . . . . .	<u>(12,246)</u>	<u>4,266</u>
	<u>(64,059)</u>	<u>(355,529)</u>
Increase / (decrease) in current liabilities:		
Notes payable to bank . . . . .	(200,000)	(561,000)
Current installments to mortgage notes payable . . . . .	(10,440)	(70,324)
Demand notes payable to officer . . . . .	—	60,000
Accounts payable . . . . .	26,935	(428,076)
Accrued taxes and expenses . . . . .	<u>6,937</u>	<u>(225,855)</u>
	<u>(176,568)</u>	<u>(1,225,255)</u>
Increase in working capital . . . . .	<u>\$ 112,509</u>	<u>\$ 889,726</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**BALANCE SHEET**  
**September 30, 1984 and 1983**

**ASSETS**

	<b>1984</b>	<b>1983</b>
<b>CURRENT ASSETS:</b>		
Cash .....	\$ 62,168	\$ 73,825
Accounts receivable - \$229,692 in 1984 and \$254,896 in 1983 from the U.S. and foreign governments, net of progress payments of \$8,689 in 1984 and \$139,970 in 1983 .....	286,670	373,125
Inventories, at the lower of cost or market, net of \$580,000 reserve for obsolescence .....	3,124,569	3,078,270
Prepaid expenses .....	39,302	51,548
Total current assets .....	3,512,709	3,576,768
<b>PROPERTY, PLANT AND EQUIPMENT, at cost</b>		
Land .....	71,817	189,997
Building and building equipment .....	406,800	793,614
Machinery and equipment .....	1,203,283	1,190,573
	1,681,900	2,174,184
Less accumulated depreciation .....	1,474,290	1,652,803
	207,610	521,381
	<b>\$3,720,319</b>	<b>\$4,098,149</b>

*The accompanying Notes to Financial Statements are an integral part of this statement.*

**BALANCE SHEET**

**September 30, 1984 and 1983**

**LIABILITIES AND STOCKHOLDERS' EQUITY**

	<b>1984</b>	<b>1983</b>
<b>CURRENT LIABILITIES:</b>		
Notes payable to bank . . . . .	\$ 450,000	\$ 650,000
Current portion of mortgage note payable . . . . .	25,000	35,440
Demand notes payable to officer . . . . .	370,000	370,000
Accounts payable, trade . . . . .	51,637	24,702
Accrued taxes and expenses . . . . .	<u>38,559</u>	<u>31,622</u>
Total current liabilities . . . . .	935,196	1,111,764
<b>LONG TERM DEBT:</b>		
Mortgage note payable . . . . .	—	419,927
Mortgage payable to officer . . . . .	<u>825,000</u>	<u>1,000,000</u>
	<u>825,000</u>	<u>1,419,927</u>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>STOCKHOLDERS' EQUITY:</b>		
Common stock, par value 12½¢ per share:		
Authorized-4,000,000; issued-2,847,704 shares . . . . .	355,963	355,963
Capital surplus . . . . .	6,924,042	6,924,042
Deficit . . . . .	(5,319,882)	(5,712,399)
Translation adjustment . . . . .	<u>—</u>	<u>(1,148)</u>
	<u>1,960,123</u>	<u>1,566,458</u>
	<u>\$ 3,720,319</u>	<u>\$ 4,098,149</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

1. The Company is predominantly engaged in the engineering and manufacture of single sideband radio communications equipment, including field installation, servicing and maintenance. Products are distributed worldwide through the Company's own sales personnel and authorized outside representatives.

2. During the year ended September 30, 1984 a reduction in investments in subsidiaries of \$663,000 was recorded to reflect the dissolution of Telecom Realty Corp. The remaining investment, in the Company's Canadian subsidiary, was eliminated during the 1983-1984 fiscal year, pursuant to a resolution of the Board of Directors to discontinue the operations of TMC (Canada) Limited.

3. At September 30, 1984 and September 30, 1983, approximately \$2,000,000 of the company's inventories represented items which were purchased or manufactured in prior fiscal years as replacement parts for government contracts and are currently being used for increased government business.

In the opinion of the management, inventory quantities are not excessive in relation to the Company's requirements for anticipated future production and spare parts shipments, and with respect to slow-moving inventories, adequate provisions have been made.

Cost of inventories, as summarized below, is determined principally on the basis of the average cost method:

	1984	1983
Finished goods . . . .	\$1,157,098	\$1,169,866
Work in process . . . .	416,789	428,337
Raw materials . . . . .	2,130,682	2,060,067
	3,704,569	3,658,270
Less reserve for obsolescence . . . . .	580,000	580,000
	\$3,124,569	\$3,078,270

4. Depreciation has been provided on the basis of the estimated useful lives of the depreciable assets using generally the straight-line method and rates of 2½% for buildings and building equipment, and 10% to 33⅓% for machinery and equipment.

5. During September 1984 the Corporation sold one of its buildings, resulting in a gain of \$444,672. The mortgage remaining on the building was repaid.

Notes payable to officer at September 1983 were reduced \$150,000 by repayment from proceeds of the building sale. The remaining liability of \$850,000 was converted into a mortgage note bearing interest at 9 per cent. Semi-annual payments of \$25,000 are required to amortize principal for ten years, after which a balloon payment of \$375,000 is due.



**NOTES TO FINANCIAL STATEMENTS**

6. No allowance for doubtful accounts has been established because historically, accounts which become uncollectible are relatively immaterial and are charged directly to expense.

The Company has no minimum lease commitments under non-cancellable leases.

7. Computations of per share amounts are based on the weighted average number of shares of common stock outstanding during each period.

8. Income tax expense contains a charge in lieu of federal and New York State franchise taxes that would have been required to be paid had the Company not been able to utilize its net operating loss carryforward. The tax benefits of such utilization are shown as an extraordinary item.

Net operating loss carryforwards aggregating \$607,901 are available to offset future years' income, and expire \$443,321 in 1993, and \$164,580 in 1994. In addition, unused investment credits aggregating \$8,586 are available, the bulk of which expire 1993 to 1999.

9. Sales to United States government agencies aggregated \$1,484,861 for the year ended September 30, 1984 and \$1,993,466 for 1983.

**accountant's report . . .**

Board of Directors  
The Technical Materiel Corporation  
Mamaroneck, New York

The accompanying balance sheet of THE TECHNICAL MATERIEL CORPORATION at September 30, 1984 and 1983, and the related statements of income and deficit and changes in financial position for the years then ended were not audited by us and, accordingly, we do not express an opinion on them.

MARSHALL GRANGER & COMPANY  
Mamaroneck, New York  
December 14, 1984

# history . . .

## THE TECHNICAL MATERIEL CORPORATION

The Technical Materiel Corporation is a world-wide supplier of electronic communications equipment designed to meet the stringent requirements of professional communicators in a wide variety of military services, government agencies, the United Nations, and commercial communications companies around the world. As an example, the WWV Time and Frequency Standard Transmission from the U.S. National Bureau of Standards Radio Station at Fort Collins, Colorado, is entirely from TMC-Transmitters, as are those from the Time and Frequency Standards Radio Station CHU in Canada.

Our equipment can now be found in each of the five continents and in over 140 countries. TMC equipments are today used as important strategic links of the NATO, SEATO networks, as the major missile ranges, NASA installations and the Early Warning Radar Sites.

In the United States, the equipment has been purchased by such large and well-known users as General Electric, Rockwell International, Pan American Airlines, American Telephone and Telegraph, Aeroneutronic-Ford, Boeing, Lockheed, General Dynamics, Radio Corporation of America, International Telephone and Telegraph, Marconi, Western Electric, Raytheon Corporation, United Nations, etc. Research laboratories are using TMC equipment, including Bell Labs, Columbia Smithsonian Institute, etc. Private commercial operating companies using TMC equipment in the communications business include Mobile Marine Company, RCA Communications, Radio Free Europe, and T.R.T. Telecommunications Corporation.

In the European and Middle East area, the following is a partial listing of our customers using equipment manufactured by The Technical Materiel Corporation:

1. Military forces in the countries of:  
Norway, Denmark, Holland, Germany, Belgium, France, Switzerland, Italy, Spain, Portugal, Greece, Turkey, Great Britain, Morocco, Algeria, Nigeria, Pakistan.
2. NATO Procurement agencies of the following countries:  
Norway, Holland, Belgium, Germany, France, Italy, Greece, Turkey.
3. Government PTT departments of the following countries:  
Switzerland, Spain, Portugal, Italy, Greece, Turkey, Morocco, Saudi Arabia, Pakistan, Bangladesh.
4. Government Civil Aviation and other Departments of the following countries: Belgium, France, Spain, Greece, Turkey, Italy, Pakistan, Algeria, Saudi Arabia, Suriname.

TMC equipment has been operated in the Arctic, the Antarctic, the desert, underground, in submarines, on surface ships and on floating icebergs. For the U.S. Mercury and Apollo Projects, TMC provided equipment to assure constant communications between the tracking stations throughout the world.

## history . . .

TMC has made a specialty of the design and manufacture of equipment providing voice, radio, tele-type, data and other forms of transmission. We specialize in complete communications systems, and are able to provide individual items or whole stations completely designed to suit a particular application. We are especially proud of our line of transmitters, which range from 100 watts to 200,000 watts PEP output, and can provide AM, CW, MCW, FAX, FSK, ISB, DSB, and SSB facilities to a high degree of carrier stability in synthesized versions with optional computer control. We are currently producing automated and removable systems in products which include diversity systems and multiplex tone terminal equipment. For the specialized field of VLF, we have developed some of the most sophisticated transmitting and receiving equipment available.

Almost all of TMC equipments are manufactured with components meeting Joint Army-Navy Specifications (JAN/MIL), and corresponding military nomenclature designations for TMC products are indicated in our specifications.

Further, TMC's research and development program, including projects contracted through universities and private research groups, has significantly contributed to the development of new equipment for single sideband operation. Indisputably, existing high-frequency systems are converting today to sideband for reasons of spectrum conservation and/or multi-channel capability, effective increase in transmitted power, greater communications reliability available in SSB products for both transmission and reception, etc. We proudly offer a diversified equipment line to meet virtually all needs of high frequency stations, including standard AM or SSB emission.

The TMC Field Engineering Department provides installation supervision and field engineering, and has had considerable experience in the design, layout and installation of large communications systems. This group is thoroughly familiar with all phases of communications, including receiving-transmitting stations, the design and operation of message centers, antenna fields, traffic control and planning, and other related items.

We regularly assist in the planning and/or implementation of existing or new communication systems and feel our experience and background should be helpful in providing modern, up-to-date radio facilities.

In the space of thirty years TMC has created a tradition of quality and a reputation for service in the world of professional communications, where the search for efficiency and reliability within the most forward state of the art is constantly pursued.

The whole resources of The Technical Materiel Corporation are at the disposal of its customers.

