



*File copy
do not remove*

THE TECHNICAL MATERIEL CORPORATION 1991 ANNUAL REPORT

directors . . .

Ray H. de PASQUALE
Chairman

Frank BUDETTI

Neil H. de PASQUALE

George W. JENNINGS

Sandra E. MacDONALD

officers . . .

Neil H. de PASQUALE
President

Ray H. de PASQUALE
Treasurer

Frank BUDETTI
Vice President

Ruth S. TAYLOR
Secretary

business highlights . . .

	1991	1990	1989
Net Sales	723,387	1,123,274	686,237
Net Profit (Loss)	(781,890)	(531,970)	(240,561)
Current Assets	1,648,584	2,255,788	2,842,341
Current Liabilities	1,867,651	1,635,979	1,614,610
Working Capital	(219,067)	619,809	1,227,731
Current Ratio	0.9-TO-1	1.4-TO-1	1.8-TO-1
Property, Plant and Equipment (Net)	156,199	174,213	148,261
Stockholders' Equity	(512,868)	269,022	800,992
Net Profit (Loss) per Share	(0.27)	(0.19)	(0.08)
Book Value per Share	(0.18)	0.09	0.28
Stockholders of Record	4,961	4,980	4,980
Shares of Stock Outstanding	2,847,704	2,847,704	2,847,704

The Technical Materiel Corporation's common stock has had a very limited market and the price range for the the three preceding years has been 1/8 to 1/2.

operations . . .

Statement of Operations and Deficit

For the Years Ended September 30, 1991, 1990 and 1989

	1991	1990	1989
Net Sales	\$ 723,387	\$ 1,123,274	\$ 686,237
Cost of Sales	<u>500,753</u>	<u>660,350</u>	<u>488,937</u>
Gross Profit	<u>222,634</u>	<u>462,924</u>	<u>197,300</u>
Operating Expenses:			
Engineering and Development	43,409	39,961	34,544
Selling, General and Administrative	<u>284,298</u>	<u>215,485</u>	<u>209,290</u>
	<u>327,707</u>	<u>255,446</u>	<u>243,834</u>
Income (Loss) from Operations	<u>(105,073)</u>	<u>207,478</u>	<u>(46,534)</u>
Other Income (Expense):			
Interest	(178,116)	(195,664)	(196,769)
Other, Net	<u>2,968</u>	<u>19,016</u>	<u>5,408</u>
	<u>(175,148)</u>	<u>(176,648)</u>	<u>(191,361)</u>
Income (Loss) Before Provision for Taxes and Extraordinary Item	(280,221)	30,830	(237,895)
Provision for Taxes:	<u>1,669</u>	<u>14,800</u>	<u>2,666</u>
Income (Loss) Before Extraordinary Item	<u>(281,890)</u>	<u>16,030</u>	<u>(240,561)</u>
Extraordinary Item:			
Writedown of inventory to market value (Less applicable income taxes of \$12,000 in 1990)	<u>500,000</u>	<u>548,000</u>	<u>—</u>
Net Loss	<u>(781,890)</u>	<u>(531,970)</u>	<u>(240,561)</u>
Deficit, Beginning of Year	<u>(7,010,983)</u>	<u>(6,479,013)</u>	<u>(6,238,452)</u>
Deficit, End of Year	\$ <u>(7,792,873)</u>	\$ <u>(7,010,983)</u>	\$ <u>(6,479,013)</u>
Income(Loss) per Common Share before Extraordinary Item	\$ (.0990)	\$.0056	\$ (0.084)
Extraordinary Item	<u>(.1756)</u>	<u>(.1924)</u>	<u>—</u>
Net Loss per Common Share	\$ <u>(.2746)</u>	\$ <u>(.1868)</u>	\$ <u>(0.084)</u>

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

financial position . . .

Statement of Cash Flows

For the Years Ended September 30, 1991, 1990 and 1989

	1991	1990	1989
OPERATING ACTIVITIES			
Net Loss	\$ (781,890)	\$ (531,970)	\$ (240,561)
Adjustments to reconcile net loss to net cash used by operating activities:			
Depreciation	32,051	26,014	19,883
Changes in operating assets and liabilities			
Decrease (increase) in accounts receivable	98,941	113,457	(128,689)
Decrease in inventories and prepaid expenses	485,647	504,754	51,973
Increase in accounts payable and accrued expenses	111,672	26,369	131,390
NET CASH USED IN OPERATING ACTIVITIES	<u>(53,579)</u>	<u>138,624</u>	<u>(166,004)</u>
INVESTING ACTIVITIES			
Purchases of property, plant and equipment	<u>(14,037)</u>	<u>(51,966)</u>	<u>(6,038)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(14,037)</u>	<u>(51,966)</u>	<u>(6,038)</u>
FINANCING ACTIVITIES			
Proceeds from loans	45,000	--	150,000
Repayment of loans	<u>--</u>	<u>(55,000)</u>	<u>--</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>45,000</u>	<u>(55,000)</u>	<u>150,000</u>
 INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	 (22,616)	 31,658	 (22,042)
 <u>CASH AND CASH EQUIVALENTS, beginning of year</u>	 <u>35,264</u>	 <u>3,606</u>	 <u>25,648</u>
 <u>CASH AND CASH EQUIVALENTS, end of year</u>	 <u>\$ 12,648</u>	 <u>\$ 35,264</u>	 <u>\$ 3,606</u>
Supplemental disclosures of cash flow information:			
Cash paid for interest	\$ 65,250		
Cash paid for taxes	2,749		

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

assets . . .

BALANCE SHEET

September 30, 1991, 1990 and 1989

Assets

	1991	1990	1989
CURRENT ASSETS			
Cash	\$ 12,648	\$ 35,264	\$ 3,606
Accounts Receivable	93,525	192,466	305,923
Inventories, at the Lower of Cost or Market	1,521,144	1,996,229	2,513,721
Prepaid Expenses	<u>21,267</u>	<u>31,829</u>	<u>19,091</u>
TOTAL CURRENT ASSETS	<u>1,648,584</u>	<u>2,255,788</u>	<u>2,842,341</u>
PROPERTY, PLANT AND EQUIPMENT, At Cost			
Land	71,817	71,817	71,817
Building and Building Equipment	408,400	408,400	408,400
Machinery and Equipment	<u>1,319,753</u>	<u>1,305,716</u>	<u>1,253,750</u>
	1,799,970	1,785,933	1,733,967
Less: Accumulated Depreciation	<u>1,643,771</u>	<u>1,611,720</u>	<u>1,585,706</u>
	<u>156,199</u>	<u>174,213</u>	<u>148,261</u>
	\$ <u>1,804,783</u>	\$ <u>2,430,001</u>	\$ <u>2,990,602</u>

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

liabilities . . .

BALANCE SHEET

September 30, 1991, 1990 and 1989

Liabilities and Stockholders' Equity

	1991	1990	1989
CURRENT LIABILITIES			
Current Portion of Mortgage Note Payable	\$ 275,000	\$ 200,000	\$ 150,000
Demand Notes Payable to Officer	1,280,000	1,235,000	1,290,000
Accounts Payable, Trade	312,651	200,472	174,395
Accrued Taxes and Expenses	—	507	215
TOTAL CURRENT LIABILITIES	<u>1,867,651</u>	<u>1,635,979</u>	<u>1,614,610</u>
 LONG TERM DEBT			
Mortgage Payable to Officer	<u>450,000</u>	<u>525,000</u>	<u>575,000</u>
 STOCKHOLDERS' EQUITY			
Common Stock, Par Value, \$0.125 per share:			
Authorized: 4,000,000; Issued: 2,847,704	355,963	355,963	355,963
Capital Surplus	6,924,042	6,924,042	6,924,042
Deficit	<u>(7,792,873)</u>	<u>(7,010,983)</u>	<u>(6,479,013)</u>
	<u>(512,868)</u>	<u>269,022</u>	<u>800,992</u>
	\$ <u>1,804,783</u>	\$ <u>2,430,001</u>	\$ <u>2,990,602</u>

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

notes to financial statements . . .

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

The Company does not maintain an allowance for doubtful accounts in connection with accounts receivable because, historically, accounts which become uncollectible are relatively immaterial and are charged directly to expense.

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

	1991	1990	1989
Finished Goods	\$ 299,665	339,170	495,546
Work In Process	232,735	279,660	177,820
Raw Materials	<u>988,744</u>	<u>1,377,398</u>	<u>1,840,355</u>
	<u>\$ 1,521,144</u>	<u>1,996,228</u>	<u>2,513,721</u>

Fixed assets are stated at cost. 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 2.5% for buildings and building equipment, and 10% to 33.33% for machinery and equipment.

2. Notes payable to officer are payable on demand and bear interest at the prime rate.

3. Notes payable to officer at September 1983 of \$850,000 were converted into a mortgage note bearing interest at 9 percent. Semi-annual payments of \$25,000 are required to amortize principal for ten years, after which a balloon payment of \$375,000 is due. Principal payments for the years ended September 1991, 1990, 1989 and 1988 were not made, with the approval of the mortgage holder.

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

The corporation's federal income tax returns for the years ended September 30, 1988 and subsequent are subject to review by the United States Treasury Department.

There were no other known contingent liabilities of material amount at the balance sheet date.

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

Net operating loss carryforwards aggregating \$3,660,916 are available to offset future years' income, and expire \$364,749 in 1993, \$164,580 in 1994, \$1,406,750 in 2001, \$170,415 in 2003, \$240,561 in 2004, \$531,970 in 2005 and \$781,890 in 2006. In addition, unused investment credits aggregating \$8,769 are available, the bulk of which expire 1993 to 2001.

6. Sales to United States government agencies aggregated \$385,575 for the year ended September 30, 1991; \$755,677 for 1990 and \$293,414 for 1989.

accountants' report . . .

*Board of Directors
The Technical Materiel Corporation
Mamaroneck, New York*

Gentlemen:

The accompanying balance sheets of The Technical Materiel Corporation at September 30, 1991, 1990 and 1989, and the related statements of operations and deficit and cash flows 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
January 8, 1992*

Principal Financial Contact

Mr. Ray H. de Pasquale
Chairman of the Board
The Technical Materiel Corporation
700 Fenimore Road
Mamaroneck, New York 10543-2301

corporate information . . .

Corporate Center

700 Fenimore Road
Mamaroneck, New York 10543-2300
Telephone: 914-698-4800
Facsimile: 914-698-4805

Common Stock

Traded Over-The-Counter
Kidder, Peabody and Company
20 Exchange Place
New York, New York 10005
212-510-5366 or 212-510-5560

Price Range:

TMC Common Stock has a very limited market and the price range for the three preceding years has been 1/8 to 1/2.

Transfer Agents and Registrar

American Stock Transfer Company
99 Wall Street
New York, New York 10005

background . . .

The Technical Materiel Corporation is in the business of communication engineering. We make it possible for people and machines to communicate with one another by designing, developing and assembling over 400 high-quality products that are used throughout the world. These products meet the demand for professional communications that process high volumes of voice and data traffic on a continuous basis. The equipment designs are based on solid-state technology: large-scale integrated circuits with solid-state memory devices and diode-transistor logic modules are used extensively. This results in economically-priced products of top professional quality that operate for many years at low cost, giving customers the greatest possible value in performance and reliability.

The range of our products encompasses the simple to the complex, from basic connectors to RF transmission systems, from single equipment to highly-complex command/control computers. A few of our product groups are listed as follow:

Communication Systems	Computer Hardware/Software
Transceivers	RF and Digital Connectors
Transmitters and Receivers	Switching Patch Panels
RF Antenna Couplers	Audio/Frequency-Shift Products
Security/Remote Control	Tools and Test Equipment

Since 1947 when TMC was first organized as a supplier of electronic equipment to the U.S. Armed Forces, the focus of the company has been on providing customers throughout the world with the type of equipment they need to clearly and efficiently communicate. Our customers include not only the best-known names in communications, but both U.S. and foreign governments. In fact, TMC equipment is currently operating in over 140 countries.

TMC employees pride themselves on the fine workmanship that goes into each product manufactured. This pride is best evidenced by the long service life of the equipment, which is normally more than 30 years. We purposely build into the assembly process many tests to detect even minor flaws. Our success in maximizing the value we give our customers is measured by consistent repeat business we receive from a loyal clientele.

In addition to the extensive product line, TMC also offers a full spectrum of engineering services. They include the following:

System Engineering	Training and Publications
Software Development	Site Preparation and Design
Service and Installation	Spare Parts Support
Program Management	Network Design

Since support of the customer is primary, TMC maintains a professional staff of engineers - all with many years of practical experience - who are on-call to provide critical services should they be needed. These people train customer technicians "on the job" so that operating equipment is assured a long, trouble-free service life. It is all part of the corporation's aim of bringing to the customer the best possible value for the investment made in TMC equipment.

TMC's technical and production facilities are located in Mamaroneck, New York - approximately 30 miles north of New York City - adjacent to the New England Thruway (Interstate 95). Product engineering, manufacturing, sales and administrative services are located in the same building. The production facility is totally integrated and support functions are all computerized. For more information, write to TMC Customer Service at the headquarters location.

The Technical Materiel Corporation
700 Fenimore Road
WESTCHESTER NY 10543-2300
Mamaroneck, New York 10543-2300

FEB

5

PM

1992



U.S. POSTAGE



0.25

H METER 10543

N.Y. 105

FEB

5

1992

PM

6520 2020800000

FEB

5

PM

1992

RUTH S TAYLOR
304 FENIMORE RD - APT 14B
MAMARONECK NY 10543