

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1996

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: 0-1665

EXTECH CORPORATION

(Exact name of small business issuer as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

36-2476480
(I.R.S Employer
Identification No.)

90 Merrick Avenue, East Meadow, New York
(Address of principal executive offices)

11554
(Zip Code)

(516) 794-6300
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year,
if changed since last report)

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. (X) Yes () No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents
and reports required to be filed by Sections 12, 13 or 15(d) of the Securities
Exchange Act of 1934 subsequent to the distribution of securities under a plan
confirmed by a court. ()Yes () No

APPLICABLE ONLY TO CORPORATE ISSUERS:

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

5,591,367 shares as of October 31, 1996

This document consists of 10 sequentially numbered pages.

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PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

EXTECH CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET
(UNAUDITED)

September 30, 1996

ASSETS

- - - - -	
CURRENT ASSETS:	
Cash and cash equivalents	\$1,084,534
Accounts receivable	58,382
Notes and other receivables	67,706
Inventories	4,728
Prepaid expenses and other current assets	263,660

Total current assets	1,479,010
	=====
PROPERTY AND EQUIPMENT, net	167,690

OTHER ASSETS:	
Operating equipment, net	14,210
Deposits	10,000

Total other assets	24,210

	\$1,670,910
	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Accounts payable	\$ 6,693
Accrued expenses	103,706
Debentures payable	154,200
Accrued taxes payable	10,711

	275,310

MINORITY INTEREST

560

STOCKHOLDERS' EQUITY:

Common Stock, \$.01 par value; authorized, 10,000,000 shares; issued and outstanding, 5,591,367 shares	55,914
Capital in excess of par	5,264,950
Deficit	(3,925,824)

1,395,040

\$1,670,910

=====

See notes to condensed consolidated financial statements.

EXTECH CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Nine months ended September 30,	
	1996	1995
Revenues:		
Rooms	\$ 735,275	\$ 697,069
Other	17,366	51,617
Interest	27,543	13,855
	-----	-----
Total revenues	780,184	762,541
	-----	-----
Costs and expenses:		
General, administrative and sundry	382,863	274,944
Departmental	234,336	229,428
Depreciation and amortization	38,676	38,312
Energy costs	12,157	14,303
Lease rentals	146,168	141,278
Marketing	18,582	18,815
Property operation and maintenance	17,872	11,583
Provision for bad debt	1,800	3,840
	-----	-----
	852,454	732,503
	-----	-----
Net (loss) income	\$ (72,270)	\$ 30,038
	-----	-----
Income per common share:		
Net (loss) income	\$ (.02)	\$.01
	-----	-----
Weighted average number of common shares outstanding	3,781,148	2,391,367
	-----	-----

See notes to condensed consolidated financial statements.

EXTECH CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three months ended September 30,	
	1996	1995
Revenues:		
Rooms	\$ 229,113	\$ 244,398
Other	4,975	25,985
Interest	12,502	5,703
	-----	-----
Total revenues	246,590	276,086
	-----	-----
Costs and expenses:		
General, administrative and sundry	175,176	94,123
Departmental	82,829	80,728
Depreciation and amortization	12,844	12,770
Energy costs	4,846	4,731
Lease rentals	44,937	48,502
Marketing	5,382	6,738
Property operation and maintenance	7,446	2,851
Provision for bad debt	600	1,740
	-----	-----
	334,060	252,183
	-----	-----
Net (loss) income	\$ (87,470)	\$ 23,903
	-----	-----
	=====	=====
Income per common share:		
Net (loss) income	\$ (.02)	\$.01
	-----	-----
	=====	=====
Weighted average number of common shares outstanding	5,591,367	2,391,367
	-----	-----
	=====	=====

See notes to condensed consolidated financial statements.

EXTECH CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine months ended September 30,	
	1996	1995
Cash flows from operating activities:		
Net (loss) income	\$(72,270)	\$ 30,038
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	38,676	38,312
Provision for bad debts	1,800	3,840
Decrease (increase) in assets:		
Accounts receivable	(7,761)	(12,774)
Inventories	2,462	2,920
Prepaid expenses and other current assets	(256,773)	27,501
Notes receivable	(28,526)	4,168
Other assets	(1,407)	(3,961)
Deposits	(10,000)	-0-
Increase (decrease) in liabilities:		
Accounts payable	3,137	107
Accrued expenses	(35,795)	(22,822)
Accrued taxes payable	10,711	11,072
	(355,746)	78,401
Net cash(used in)provided by operating activities	(355,746)	78,401
Cash flows from investing activities:		
Purchases of property and equipment	(4,676)	(615)
Net cash (used in) investing activities:	(4,676)	(615)
Cash flows from financing activities:		
Proceeds from issuance of stock	800,000	-0-
Net cash provided by financing activities	800,000	-0-
Net increase in cash and cash equivalents	439,578	77,786
Cash, beginning of period	644,956	482,359
Cash, end of period	\$1,084,534	\$ 560,145

See notes to condensed consolidated financial statements.

EXTECH CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 1996 AND 1995 (UNAUDITED)

1. The Condensed Consolidated Balance Sheet as of September 30, 1996, the Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 1996 and 1995 and the Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 1996 and 1995 have been prepared by the Company without audit. In the opinion of the Company, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to present fairly its financial position as of September 30, 1996, results of operations for the three and nine months ended September 30, 1996 and 1995 and cash flows for the nine months ended September 30, 1996 and 1995. This report should be read in conjunction with the Company's Annual Report on Form 10-KSB for the year ended December 31, 1995.

2. The results of operations and cash flows for the nine months ended September 30, 1996 are not necessarily indicative of the results to be expected for the full year.

EXTECH CORPORATION AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OR
PLAN OF OPERATION

NINE MONTHS ENDED SEPTEMBER 30, 1996 AND 1995

Results of Operations:

The Company's net loss for the nine months ended September 30, 1996 was \$72,270 as compared to a net income of \$30,038 for the nine months ended September 30, 1995. Such loss was primarily the result of increased general, administrative and sundry expenses of \$107,919 (primarily due to a \$54,810 increase in professional fees relating to, among other matters, the transactions discussed below under "Recent Developments", a \$24,375 increase in officers compensation expense, and a one-time appraisal fee of \$10,000) as well as decreased other revenues of \$34,251 (primarily due to the receipt during the 1995 period of \$19,214 in royalty income with respect to the Company's pipe harness clamp and \$13,468 as a final distribution of proceeds from the sale of the Chicago Executive House Hotel, as compared to no revenue from such sources in 1996). Such increased expenses and decreased other revenues were offset by increased room revenues of \$38,206 and increased interest income of \$13,688.

Liquidity and Capital Resources:

As of September 30, 1996, the Company had \$1,084,534 in cash and cash equivalents and a working capital surplus of \$1,203,700. As of December 31, 1995, the Company had \$644,956 in cash and cash equivalents and a working capital surplus of \$453,377. The increase in cash and cash equivalents and working capital surplus was primarily the result of an \$800,000 equity investment made in June 1996 by the President and Chairman of the Board of the Company and another investor.

The Company did not have any material commitments for capital expenditures as of September 30, 1996.

Recent Developments:

In February 1996, concurrently with the execution of a letter of intent providing for the acquisition of Phone America International, Inc. ("Phone America"), the Company loaned \$50,000 to Transcends Telecom Corporation ("Transcends"), a wholly-owned subsidiary of Phone America. The note evidencing the loan (the "Note") was payable in August 1996 and the payment thereof was secured by, among other things, a security interest in the accounts receivable of Transcends. As a result of a default in payment by Transcends (which, the Company has been advised, has since discontinued operations), the Company has foreclosed its security interest in such accounts receivable which, the Company believes, exceed the amount due under the Note. No assurance can be given as to the collectibility of such accounts receivable.

In July 1996, the Company entered into an agreement for the purchase of a professional sports team for a purchase price of \$850,000. The consummation of the purchase was subject to, among other conditions, league approval of both the transaction and the relocation of the team to Long Island. Upon execution of the agreement, the Company paid to the seller, as a deposit, the sum of \$250,000, which amount was repayable in the event the transaction was not consummated (other than as a result of a material default by the Company). Due to the inability to obtain league approval, the agreement was terminated and, in October 1996, the Company was repaid the \$250,000 deposit.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

None

Item 2. CHANGES IN SECURITIES

None

Item 3. DEFAULTS UPON SENIOR SECURITIES

None

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

Item 5. OTHER INFORMATION

None

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

3(a) Certificate of Incorporation, as amended 1

3(b) By-laws, as amended 2

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(b) Reports on Form 8-K

None

1 Denotes document filed as an exhibit to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1993 and incorporated herein by reference.

2 Denotes document filed as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1989 and incorporated herein by reference.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EXTECH CORPORATION

Dated:

By: /s/ Morton L. Certilman

MORTON L. CERTILMAN
President (Chief
Operating Officer and
Principal Financial
Officer)

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	Dec-31-1996	Jan-01-1996	Sep-30-1996
	0		
			1,084,534
	0		
	126,088		
	0		
	4,728		
	1,479,010		
			263,660
	0		
	1,670,910		
275,310			
			154,200
0			
	0		
			55,914
			1,339,126
1,670,910			
			0
	780,184		
			0
			467,791
	0		
	1,800		
0			
	(72,270)		
	0		
(72,270)			
	0		
	0		
			0
			(72,270)
			(.02)
			0