

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 MARCH 31, 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

36-2476480

(State or other jurisdiction
of incorporation or organization)

(I.R.S Employer
Identification No.)

90 Merrick Avenue, East Meadow, New York

11554

(Address of principal executive offices)

(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.

2,391,367 shares as of April 17, 1996

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

EXTECH CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET
(UNAUDITED)

March 31, 1996

ASSETS

CURRENT ASSETS:

| | |
|-----------------------------|------------|
| Cash and cash equivalents | \$ 683,877 |
| Accounts receivable | 39,732 |
| Notes and other receivables | 76,258 |
| Inventories | 8,056 |
| Prepaid expenses | 6,405 |
| | ----- |
| Total current assets | 814,328 |
| | ----- |

PROPERTY AND EQUIPMENT, NET

192,958

OTHER ASSETS:

| | |
|--------------------------|--------------|
| Operating equipment, net | 11,388 |
| | ----- |
| | \$ 1,018,674 |
| | ===== |

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

| | |
|-----------------------|----------|
| Accounts payable | \$ 5,779 |
| Accrued expenses | 135,219 |
| Debentures payable | 154,200 |
| Accrued taxes payable | 15,759 |
| | ----- |
| | 310,957 |
| | ----- |

MINORITY INTEREST

560

STOCKHOLDERS' EQUITY:

| | |
|---|-------------|
| Common Stock, \$.01 par value; authorized, 10,000,000 shares; issued and outstanding, 2,391,367 shares | 23,914 |
| Capital in excess of par | 4,496,950 |
| Deficit | (3,813,707) |
| | ----- |
| | 707,157 |
| | ----- |
| | \$1,018,674 |
| | ===== |

See notes to condensed consolidated financial statements.

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

| | Three months ended March 31, | |
|---|---------------------------------|------------|
| | 1996 | 1995 |
| | ----- | |
| Revenues: | | |
| Rooms | \$ 301,611 | \$ 281,010 |
| Other | 6,663 | 6,684 |
| Interest | 6,187 | 3,384 |
| | ----- | |
| Total revenues | 314,461 | 291,078 |
| | ----- | |
| Costs and expenses: | | |
| General, administrative and sundry | 101,069 | 96,832 |
| Departmental | 80,782 | 84,830 |
| Depreciation and amortization | 12,987 | 12,771 |
| Energy costs | 4,635 | 4,652 |
| Lease rentals | 62,185 | 54,956 |
| Marketing | 7,791 | 6,444 |
| Property operation and maintenance | 4,565 | 4,746 |
| Provision for bad debt | 600 | 1,200 |
| | ----- | |
| | 274,614 | 266,431 |
| | ----- | |
| Net income | \$ 39,847 | \$ 24,647 |
| | ===== | ===== |
| Income per common share: | | |
| Net income | \$.02 | \$.01 |
| | ===== | ===== |
| Weighted average number of common shares outstanding | 2,391,367 | 2,391,367 |
| | ===== | ===== |

See notes to condensed consolidated financial statements.

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

| | Three months ended March 31, | |
|---|---------------------------------|-----------|
| | 1996 | 1995 |
| | ----- | |
| Cash flows from operating activities: | | |
| Net income | \$ 39,847 | \$ 24,647 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 12,987 | 12,771 |
| Provision for bad debts | 600 | 1,200 |
| Decrease (increase) in assets: | | |
| Accounts receivable | 12,089 | 2,996 |
| Inventories | (866) | 1,746 |
| Prepaid expenses | 482 | 37,335 |
| Notes receivable | (37,078) | -0- |
| Other assets | 1,415 | (1,926) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 2,223 | 7,848 |
| Accrued expenses | (4,282) | (24,866) |
| Accrued taxes payable | 15,759 | 14,394 |
| | ----- | |
| Net cash provided by operating activities | 43,176 | 76,145 |
| | ----- | |

| | | |
|---|------------|------------|
| Net cash (used in) investing activities: | | |
| Purchases of property and equipment | (4,255) | (515) |
| | ----- | ----- |
| Net cash (used in) investing activities: | (4,255) | (515) |
| | ----- | ----- |
| Net increase in cash and cash equivalents | 38,921 | 75,630 |
| Cash, beginning of period | 644,956 | 482,359 |
| | ----- | ----- |
| Cash, end of period | \$ 683,877 | \$ 557,989 |
| | ===== | ===== |

See notes to condensed consolidated financial statements.

EXTECH CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 1996 AND 1995 (UNAUDITED)

1. The Condensed Consolidated Balance Sheet as of March 31, 1996, the Condensed Consolidated Statements of Operations for the three months ended March 31, 1996 and 1995 and the Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 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 March 31, 1996, results of operations for the three months ended March 31, 1996 and 1995 and cash flows for the three months ended March 31, 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 three months ended March 31, 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
THREE MONTHS ENDED MARCH 31, 1996 AND 1995

RESULTS OF OPERATIONS:

THREE MONTHS ENDED MARCH 31, 1996 COMPARED TO 1995:

The Company's net income for the three months ended March 31, 1996 was \$39,847 as compared to a net income of \$24,647 for the three months ended March 31, 1995. Such increased income was primarily the result of increased room revenues (\$301,611 during the first quarter of 1996 as compared to \$281,010 during the first quarter of 1995).

LIQUIDITY AND CAPITAL RESOURCES:

As of March 31, 1996, the Company had \$683,877 in cash and cash equivalents. As of such date, the Company had a working capital surplus of \$503,371. The Company did not have any material commitments for capital expenditures as of March 31, 1996.

PROSPECTS:

On May 14, 1996 the Company and Phone America International, Inc. ("Phone America") mutually agreed not to pursue a non-binding letter of intent whereby the Company would have acquired Phone America. The Company is presently exploring other business opportunities outside of the hotel industry. (See Item 5 "OTHER INFORMATION").

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

On May 14, 1996 the Company and Phone America, an interexchange telecommunications carrier, mutually agreed not to pursue a non-binding letter of intent pursuant to which the Company would have acquired Phone America.

The Company's \$50,000 loan to Phone America, which was made contemporaneously with the execution of the letter of intent and which is payable upon demand on or after August 26, 1996, will continue in full force and effect according to its terms.

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

27 Financial Data Schedule

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.

(b) REPORTS ON FORM 8-K

None

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: May 15, 1996

By: /s/ Morton L. Certilman

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

3-MOS

DEC-31-1996
MAR-31-1996
683,877
0
115,990
0
8,056
814,328
192,958
0
1,018,674
310,957
0
23,914
0
0
683,243
301,611
314,461
0
274,614
0
0
0
39,847
0
0
0
0
39,847
0
0

1,018,674