

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, 1995

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 (I.R.S Employer
of incorporation or organization) 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 October 17, 1995

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PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

EXTECH CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET
(UNAUDITED)

Sept. 30, 1995

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 560,145
Accounts receivable	65,502
Note receivable - net	51,847
Inventories	8,784
Prepaid expenses	15,930

Total current assets	<u>702,208</u>
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PROPERTY AND EQUIPMENT, net

213,193

OTHER ASSETS:

Operating equipment, net	14,940
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\$ 930,341

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LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Accounts payable	\$ 4,295
Accrued expenses	114,195
Debentures payable	154,200
Accrued taxes payable	11,072

283,762

MINORITY INTEREST

560

STOCKHOLDERS' EQUITY:

Common Stock, \$.01 par value;
authorized 10,000,000 shares;

2,391,367 shares	23,914
Capital in excess of par	4,496,950
Deficit	(3,874,845)

	646,019
	\$ 930,341

See notes to condensed consolidated financial statements.

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

	Nine months ended Sept. 30,	
	1995	1994
Revenues:		
Rooms	\$ 697,069	\$ 661,194
Other	51,617	74,426
Interest	13,855	6,977
Total revenues	<u>762,541</u>	<u>742,597</u>
Costs and expenses:		
General, administrative and sundry	274,944	256,153
Departmental	229,428	222,481
Depreciation and amortization	38,312	39,254
Energy costs	14,303	12,963
Lease rentals	141,278	195,961
Marketing	18,815	15,880
Property operation and maintenance	11,583	17,493
Provision for bad debt	3,840	(285,500)
	<u>732,503</u>	<u>474,685</u>
Net income	\$ 30,038 =====	\$ 267,912 =====
Income per common share:		
Net income	\$.01 =====	\$.11 =====
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 OPERATIONS
(UNAUDITED)

	Three months ended Sept. 30,	
	1995	1994
Revenues:		
Rooms	\$ 244,398	\$ 182,185
Other	25,985	53,600
Interest	5,703	2,759
Total revenues	276,086	238,544
Costs and expenses:		
General, administrative and sundry	94,123	80,512
Departmental	80,728	73,314
Depreciation and amortization	12,770	13,146
Energy costs	4,731	3,814
Lease rentals	48,502	53,559
Marketing	6,738	4,682
Property operation and maintenance	2,851	6,925
Provision for bad debt	1,740	(288,500)
	252,183	(52,548)
Net income	\$ 23,903	\$ 291,092
Income per common share:		
Net income	\$.01	\$.12
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)

	Nine months ended Sept. 30,	
	1995	1994
Cash flows from operating activities:		
Net income	\$ 30,038	\$267,912
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	38,312	39,254
Provision for bad debts	3,840	(285,500)
Decrease (increase) in assets:		
Accounts Receivable	(12,774)	9,311
Inventories	2,920	3,631
Prepaid Expenses	27,501	(14,990)
Notes Receivable	4,168	(21,714)
Other assets	(3,961)	(276)
Increase (decrease) in liabilities:		
Accounts payable	107	(1,963)
Accrued expenses	(22,822)	(79,055)
Accrued taxes payable	11,072	9,207
	78,401	(74,183)
Net cash provided by (used in) operating activities		
Net cash (used in) investing activities:		
Purchases of property and equipment	(615)	(2,048)
Net cash (used in) investing activities:	(615)	(2,048)
Net increase in cash and cash equivalents	77,786	(76,231)
Cash, beginning of period	482,359	493,392
Cash, end of period	\$ 560,145	\$417,161

See notes to condensed consolidated financial statements.

EXTECH CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 1995 AND 1994
(UNAUDITED)

1. The Condensed Consolidated Balance Sheet as of September 30, 1995, the Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 1995 and 1994 and the Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 1995 and 1994 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, 1995, results of operations for the three and nine months ended September 30, 1995 and 1994 and cash flows for the nine months ended September 30, 1995 and 1994. This report should be read in conjunction with the Company's annual report on Form 10-KSB for the year ended December 31, 1994.

2. The results of operations and cash flows for the nine months ended September 30, 1995 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, 1995 AND 1994

Results of operations:

Nine months ended September 30, 1995 compared to 1994:

The Company's net income for the nine months ended September 30, 1995 was \$30,038 as compared to a net income of \$267,912 for the nine months ended September 30, 1994. The decrease in net income was primarily due to a \$285,500 reversal in the allowance for bad debts in the 1994 period. Excluding such reversal, the Company would have experienced a loss of \$17,588 for the nine months ended September 30, 1994. The Company's operations were profitable for the nine months ended September 30, 1995, as compared to the 1994 period, primarily due to a retroactive adjustment in the calculation of the annual rental obligation for the International Airport Hotel (the "Hotel") effective January 1, 1994 (such adjustment not being reflected in the Company's financial statements until the fourth quarter of 1994). Prior to such adjustment, the rent expense was equal to the greater of approximately \$154,000 or 30% of annual gross revenues, as defined. In 1994, the annual rental was retroactively adjusted to equal the greater of approximately \$169,000 or 20% of annual gross rentals, as defined. As a result, rent expense for the Hotel was \$141,278 for the nine months ended September 30, 1995 as compared to \$195,961 for the nine months ended September 30, 1994 (unadjusted for the retroactive reduction).

Three months ended September 30, 1995 compared to 1994:

Revenues from the Hotel increased by \$62,213 during the three months ended September 30, 1995 as compared to 1994. The Company believes that such increase was primarily the result of a general increase in travel. Other Revenues decreased by \$27,615 during the three months ended September 30, 1995 as compared to the 1994 period due to higher royalties on the Company's specialized clamping device in the earlier period. Costs and expenses increased by \$304,731 during the third quarter of 1995 as compared to the 1994 period generally due to the reversal in the bad debt allowance as described above with respect to the nine months ended September 30, 1994.

Liquidity and Capital Resources:

As of September 30, 1995, the Company had \$560,145 in cash and cash equivalents. As of such date, the Company had a working capital surplus of \$418,446. The Company did not have any material commitments for capital expenditures as of September 30, 1995.

Reference is made to Item 5 of Part II of this Form 10-QSB for a discussion of the status of the obligations owed by Robeson Industries Corp. ("Robeson") to the Company.

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

In February 1993, the Company entered into a Subscription and Stock Purchase Agreement (the "Subscription Agreement") with Robeson pursuant to which the Company agreed to purchase from Robeson, subject to the conditions set forth therein, (i) approximately 15% of the issued and outstanding shares of capital stock of Robeson and (ii) all of the outstanding shares of capital stock of Robeson's wholly-owned Hong Kong subsidiary, Robeson Industries Hong Kong Ltd. ("Hong Kong") (the "Hong Kong Shares").

In May 1993, the Company advised Robeson that it was terminating the Subscription Agreement due to the nonfulfillment of certain of the conditions to the obligation of the Company to consummate the transactions contemplated thereby. The Company also made demand upon Robeson for repayment of the principal amount of \$320,000 loaned by the Company during 1992 and 1993, together with interest thereon, as well as reimbursement of expenses incurred by the Company in connection with the Subscription Agreement.

Subsequently, in May 1993, Robeson filed a petition for bankruptcy under Chapter 11 of the Bankruptcy Act with the United States Bankruptcy Court for the District of New Jersey (the "Court"). In September 1993, the Company filed a proof of claim in such proceeding as a secured creditor to recover the approximate amount of \$534,000.

Pursuant to a Plan of Reorganization of Robeson (the "Plan") approved by the Court, in September 1994, in consideration of the \$320,000 in loans made by the Company to Robeson and other recoverable expenses, the reorganized Robeson issued to the Company a promissory note (the "Note") in the principal amount of \$385,000.

The Note provided for the payment of interest at the rate of 8% per annum and the repayment of principal in 48 consecutive monthly installments. Such installments covered an aggregate of 5% of the principal amount of the Note during the initial six months, an additional 7.5% thereof during the following six months, an additional 37.5% thereof during the following 12 months, an additional 25% thereof during the following 12 months and the final 25% thereof during the last 12 months of the Note. Pursuant to the Plan, payment of the Note was secured by a pledge of all the outstanding shares of capital stock of Hong Kong (the "Hong Kong Stock"). In addition, pursuant to the Plan, the Company received a nominal minority equity interest in Robeson.

The first three payments under the Note were received by the Company in October, November and December 1994. Effective January 1995, Robeson ceased making payments under the Note. In March 1995, the Company demanded full payment of the Note, foreclosed its security interest with respect to the Hong Kong Stock and purchased such shares at an auction sale.

In September 1995, the Company agreed to cancel the Note in consideration for the issuance by Robeson of a new promissory note in the principal amount of \$125,000 (the "New Note"). The New Note provides for interest at the rate of 8% per annum and is payable in 27 consecutive monthly installments of \$5,000. The Company has

received the initial two installments due under the New Note.

Item 6. EXHIBITS AND 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: November 10, 1995

By: /s/ Morton L. Certilman
MORTON L. CERTILMAN
President (Chief
Operating Officer and
Principal Financial Officer)

