

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-KSB

(Mark One)

- (x) ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the fiscal year ended December 31, 1997
- () TRANSITION REPORT UNDER 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

(Name of small business issuer in its charter)

Delaware 36-2476480
(State or other jurisdiction of (I.R.S Employer
incorporation or organization) Identification No.)

90 Merrick Avenue, East Meadow, New York 11554
(Address of principal executive offices) (Zip Code)

Issuer's telephone number (516) 794-6300

Securities registered under Section 12(b) of the Exchange Act:

Title of each class	Name of each exchange on which registered
none	

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, \$.01 par value
(Title of class)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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. Yes X No .

Check if disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB.(X)

State issuer's revenues for its most recent fiscal year: \$996,618

State the aggregate market value of the voting stock held by non-affiliates computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within the past 60 days: \$1,797,321 as of March 25, 1998

(ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Check whether the issuer has filed all documents and reports to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes No .

(APPLICABLE ONLY TO CORPORATE REGISTRANTS)

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 5,591,367 shares outstanding as of March 25, 1998

DOCUMENTS INCORPORATED BY REFERENCE
None

PART I

ITEM 1. DESCRIPTION OF BUSINESS

(a) Business Development

(i) International Airport Hotel

EXTECH Corporation (the "Company" or "EXTECH"), through a wholly-owned subsidiary, IAH, Inc. ("IAH"), operates the International Airport Hotel in San Juan, Puerto Rico (the "Hotel"). The Hotel is located on the site of the San Juan International Airport (the "Airport") and occupies the third and fifth floors of the main terminal building. In addition to its 57 guest rooms, the Hotel has a lobby area. The Hotel caters generally to commercial and tourist travelers in transit. IAH also operates a video game room on the terminal level of the Airport. Reference is also made to Item 6 hereof for additional information regarding the Hotel.

The Hotel is marketed through brochures, local advertising and in-airport advertising. Its operations are highly seasonal, with the disproportionate share of its revenues being generated during the first several months of the calendar year. Approximately 10% of the total room sales for the Hotel for 1997 were attributable to one customer.

The Hotel is the only hotel actually located on the site of the Airport. As such, it has little direct competition for the tourist trade or commercial travelers seeking only sleeping accommodations at the Airport. The Puerto Rico Ports Authority (the "Ports Authority"), the owner of the Hotel, had authorized the construction of an additional hotel in the parking lot of the Airport; however, the Ports Authority has advised IAH that it has abandoned its plan to construct such hotel and instead has determined to upgrade and expand the Hotel. No assurance can be given, however, that an additional hotel or hotels will not be developed at the site of, or near, the Airport, in which case IAH could encounter significant competition with respect to the operations of the Hotel.

On July 22, 1988, IAH entered into a lease agreement with the Ports Authority pursuant to which the Ports Authority granted IAH a lease to operate the Hotel for five years until June 30, 1993, plus, at the option of IAH, an additional five year term to end June 30, 1998 (subject to agreement as to the rental amount payable, which the parties agreed to negotiate in good faith).

In 1992, in accordance with the lease agreement, IAH exercised its right for a five year extension of its lease. At the time, the Ports Authority was uncertain as to whether it wished to build a new hotel in the parking lot of the Airport or upgrade the existing Hotel (located in the Airport terminal) and, therefore, requested that IAH accept a 30 month extension of the then existing term. IAH agreed to a 30 month extension and signed a supplemental lease agreement with the Ports Authority in May 1992 extending the lease term to December 31, 1995. IAH is of the belief that, pursuant to the supplemental lease agreement, it retained the option to continue the lease for a period of five years to December 31, 2000.

In July 1993, the Assistant Director of Operations of the Ports Authority forwarded to IAH a letter containing the terms of a proposed ten year lease extension which IAH approved, signed and returned to the Ports Authority. Although the letter setting forth the terms of the extension agreement with IAH does not make the Ports Authority's approval conditional upon the approval of its Board of Directors, the Ports Authority has taken such position and, since Board of Directors approval was not obtained, the Ports Authority takes the position that the extension is not in effect. IAH is of the belief that a ten year agreement has been entered into between IAH and the Ports Authority pursuant to the foregoing or that, alternatively, it exercised its right to extend the term of the lease to December 31, 2000.

Based upon IAH's refusal to acknowledge that, effective January 1, 1996, it occupied the Hotel on a month-to-month basis, in February 1996, the Ports Authority requested that IAH vacate, surrender and deliver the premises by February 29, 1996. Following the receipt of such request, IAH brought an action in the Superior Court of San Juan, Puerto Rico for declaratory judgment and possessory injunction against the Ports Authority with respect to the Hotel. The action seeks a declaratory judgment that, among other alternatives, IAH exercised an option with respect to its lease for the Hotel for an extension of the term of five years commencing on January 1, 1996 or that the Ports Authority executed a new lease agreement for a ten year period commencing on such date.

In seeking to protect its interests under the original lease agreement, as extended, in April 1997, IAH purchased a bank certificate of deposit in the amount of \$40,000 and pledged it to the Ports Authority as security for the payment of amounts due under the lease agreement, as required by the terms thereof (but which previously had not been delivered).

(ii) Dealers Choice Automotive Planning, Inc.

In November 1997, the Company entered into a non-binding letter of intent with respect to the acquisition of all of the issued and outstanding Common Shares of Dealers Choice Automotive Planning, Inc. ("DCAP") as well as interests in certain entities affiliated with DCAP. DCAP and such affiliates are privately-held and are engaged primarily in the retail automotive, motorcycle, and boat casualty and liability insurance business, having an aggregate of 52 wholly-owned, joint venture and franchise locations in the New York metropolitan area.

The letter of intent provides that, in consideration for the shares of DCAP and interests in such affiliates, EXTECH will issue shares of its Common Stock constituting a substantial minority interest in EXTECH. In addition, the letter of intent contemplates that management of DCAP, together with Morton L. Certilman, President of EXTECH, and Jay M. Haft, Chairman of the Board of EXTECH, will purchase, in the aggregate, the 1,800,000 shares of EXTECH Common Stock owned by Sterling Foster Holding Corp. (see Item 11 hereof) as well as other shares of Common Stock from EXTECH, with the result that the shareholders of DCAP would own approximately one-half of the outstanding shares of Common Stock of EXTECH. It is contemplated that the purchases by the DCAP shareholders will be made following loans of funds by EXTECH and Messrs. Certilman and Haft for such purposes.

Simultaneously with the signing of the letter of intent, EXTECH loaned \$325,000 to DCAP. The note evidencing the loan (the "\$325,000 Note") is payable in installments commencing on April 21, 1998 and ending no later than September 30, 1998. In March 1998, EXTECH loaned an additional \$114,000 to DCAP. The note evidencing the loan (the "\$114,000 Note" and together with the \$325,000 Note, the "DCAP Notes") is payable on September 30, 1998. The payment of the principal amounts of the DCAP Notes, together with interest at the rate of 10% per annum, is secured by a pledge of the shares of DCAP and certain of its affiliates and, with respect to the \$114,000 Note, by the personal guarantees of the DCAP shareholders. It is contemplated that, upon the signing of a definitive agreement with respect to the contemplated acquisition, EXTECH will lend to DCAP up to an additional \$311,000.

The consummation of the transaction is subject to the satisfaction of a number of conditions, including certain third party and governmental approvals and the negotiation and execution of a mutually acceptable definitive agreement among the parties. No assurances can be given that the acquisition will take place upon the terms described above or otherwise.

(iii) Pipe Harness Clamp

The Company holds a patent for a specialized clamping device (the "Pipe Harness Clamp") designed to connect principally underground pipe lines of similar and dissimilar materials. In July 1991, the Company and an unrelated third party (the "Licensee") entered into a License and Royalty Agreement (the "License Agreement") pursuant to which the Licensee was granted the exclusive right to manufacture, use, market and sell (either directly or on the Licensee's behalf) the Pipe Harness Clamp.

The License Agreement provides that, among other matters, the Licensee will pay royalty payments for the license of the Pipe Harness Clamp in an amount equal to 5% of Net Sales (as defined in the License Agreement) of the Pipe Harness Clamp until such time as the aggregate amount of the royalty payments total \$1,000,000 and thereafter an amount equal to 2.5% of Net Sales of the Pipe Harness Clamp (the "Net Sales Royalty"). The License Agreement also provides that the Licensee will pay a percentage of royalty payments that are payable to the Licensee pursuant to a certain License and Technical Assistance Agreement (the "Technical Assistance Agreement"). The Company is to receive, for each twelve month period that the Technical Assistance Agreement is in effect, 23.68% of all amounts in excess of \$100,000 received by the Licensee in accordance with the terms of the Technical Assistance Agreement (the "Technical Assistance Royalty"), the aggregate of which payments to the Company shall not exceed \$1,480,000. Since inception of the License Agreement, the Company has received an aggregate of approximately \$179,891 in Technical Assistance Royalty payments pursuant to the License Agreement (none of which was accrued during 1997), but has received no Net Sales Royalty payments. No assurances can be given regarding the commercial marketability of the Pipe Harness Clamp.

(iv) Robeson Industries Corp.

In February 1993, the Company entered into a Subscription and Stock Purchase Agreement (the "Subscription Agreement") with Robeson Industries Corp. ("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 "Original Robeson Note") in the principal amount of \$385,000. The Original Robeson Note provided for the payment of interest at the rate of 8% per annum and the repayment of principal in 48 consecutive monthly installments of varying amounts. Pursuant to the Plan, payment of the Original Robeson Note was secured by a pledge of the Hong Kong Shares. In addition, pursuant to the Plan, the Company received a nominal minority equity interest in Robeson.

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

In September 1995, the Company agreed to cancel the Original Robeson Note in consideration for the issuance by Robeson of a new promissory note in the principal amount of \$125,000 (the "New Robeson Note"). The New Robeson Note provides for interest at the rate of 8% per annum and was payable in 27 consecutive monthly installments of principal and interest of \$5,000. The Company has received monthly installments sporadically under the New Robeson Note, but not on a current basis. The balance of the New Robeson Note at December 31, 1997 was \$59,500.

(v) Phone America International, Inc.

In February 1996, the Company announced that it had entered into a non-binding letter of intent to acquire Phone America International, Inc. ("Phone America"), an interexchange telecommunications carrier engaged in the design, development and marketing of prepaid telephone calling cards and other telephone products.

Concurrently with the execution of the letter of intent, the Company loaned \$50,000 to Transcends Telecom Corporation ("Transcends"), a wholly-owned subsidiary of Phone America, for working capital purposes. The note evidencing the loan (the "Transcends Note") was payable on or after August 26, 1996 upon 30 days notice. Payment of the principal amount of the Transcends Note, together with interest at the rate of 10% per annum, was secured by a pledge of certain shares of Phone America Common Stock as well as by a lien on accounts receivable of Transcends.

Subsequent to February 1996, the Company decided not to consummate the foregoing transaction due to Phone America's excessive funding requirements. Thereafter, in November 1996, following the discontinuance of operations by Transcends and Phone America, Transcends defaulted on its note and the Company foreclosed on its security interest in Transcends' accounts receivable. The Company obtained a peaceful surrender of the accounts receivable and, pursuant to collection proceedings brought against the account debtors, as of December 31, 1997, had collected an aggregate of approximately one-half of the principal amount of the Transcends Note.

(vi) Other Business Opportunities

During 1996 and 1997, the Company explored a number of business opportunities in connection with the acquisition and/or operation of sports franchises and negotiated acquisition agreements in connection therewith. However, no transactions were consummated.

(vii) General

The Company was incorporated in the State of Delaware on August 25, 1961. The Company's principal executive offices are located at 90 Merrick Avenue, East Meadow, New York 11554, and its telephone number at such office is (516) 794-6300.

(b) Business of Issuer

(i) International Airport Hotel

Reference is made to Items 1(a)(i) and 2 hereof.

(ii) Dealers Choice Automotive Planning, Inc.

Reference is made to Item 1(a)(ii) hereof.

(iii) Pipe Harness Clamp

Reference is made to Item 1(a)(iii) hereof.

(iv) Other Business Opportunities

Reference is made to Item 1(a)(vi) hereof.

(v) Number of Employees

As of December 31, 1997, the Company and its subsidiaries employed 17 persons.

ITEM 2. DESCRIPTION OF PROPERTY

The executive offices of the Company are located at 90 Merrick Avenue, East Meadow, New York where approximately 200 square feet of space are occupied on a month-to-month basis at a monthly rental of \$500.

The Hotel is leased by IAH from the Ports Authority. The annual rental obligation for the Hotel equals the greater of \$169,400 or 20% of annual gross revenues, as defined. Total rent expense under the lease amounted to \$181,178 for 1997 as compared to \$189,610 for 1996.

Reference is made to Item 1(a)(i) hereof for a discussion of certain pending litigation with regard to IAH's lease rights in the Hotel.

ITEM 3. LEGAL PROCEEDINGS

Reference is made to Item 1(a)(i) hereof for a discussion of certain pending litigation with regard to the Hotel.

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

Not applicable.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

(a) Market Information

The Company's Common Stock is traded in the over-the-counter market on the National Association of Securities Dealers' Bulletin Board under the symbol "EXTH". The following table sets forth, for the periods indicated, the high and low closing bid prices for the Company's Common Stock as reported by the National Quotation Bureau, Inc.:

1997 Calendar Year	High	Low
First Quarter	\$ 1/2	\$ 3/8
Second Quarter	1/2	1/2
Third Quarter	1-1/4	1/2
Fourth Quarter	1-5/16	11/16

1996 Calendar Year	High	Low
First Quarter	\$1/4	\$1/16
Second Quarter	7/16	1/4
Third Quarter	7/16	3/8
Fourth Quarter	3/8	3/8

The above quotations reflect interdealer prices, without retail mark-up, mark-down or commission, and may not necessarily represent actual transactions.

(b) Holders

As of March 25, 1998, there were 3,015 record holders of the Company's Common Stock.

(c) Dividends

The Company has neither declared nor paid any cash dividends on its Common Stock during its two most recent fiscal years and the Board of Directors does not contemplate the payment of dividends in the foreseeable future. Any decisions as to the future payment of dividends will depend on the earnings and financial position of the Company and such other factors as the Board of Directors deems relevant.

(d) Recent Sales of Unregistered Securities

Not applicable.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Results of Operations:

In 1997, the Company had total revenues of \$996,618 and a net loss of \$143,992 as compared to revenues of \$1,118,647 and a net loss of \$5,099 for 1996.

Room rental and other departmental revenue for the Hotel decreased by \$39,705 (4.09%) during 1997. The net profit for the Hotel, on a "stand-alone" basis, was \$96,876 in 1997 as compared to \$109,322 in 1996.

Interest income increased by \$27,567 from 1996 to 1997 due to the receipt in June 1996 of \$800,000 in funds from a private placement of Common Stock. See Item 12 hereof.

No royalty income was earned during 1997 with respect to the Pipe Harness Clamp as the required revenue threshold for the payment of royalties was not met. See Item 1(a)(iii) hereof.

In 1997, the Company incurred costs and expenses of \$1,136,616 as compared to \$1,119,090 in 1996, representing an increase of \$17,526. The increase was attributable primarily to an increase in bad debt and energy costs and was offset by a decrease in corporate and sundry, departmental, and lease rental costs and expenses.

Reference is made to Item 1(a)(i) hereof for a discussion of a certain litigation with the Ports Authority with regard to the Hotel. Reference is also made to Item 1(a)(ii) hereof for a discussion regarding the contemplated acquisition of DCAP and related entities.

Liquidity and Capital Resources:

As of December 31, 1997, the Company had \$1,040,389 in cash and cash equivalents as compared to \$1,318,121 in 1996, representing a decrease of \$277,732. Such decrease was primarily the result of the \$325,000 loan made in November 1997 to DCAP as discussed under Item 1(a)(ii) hereof.

As of December 31, 1997, the Company had a working capital surplus of \$1,150,732 and, except as described in Item 1(a)(ii) hereof, had no material commitments for capital expenditures.

Reference is made to Items 1(a)(ii), (iv) and (v) hereof for a discussion of the status of (i) certain notes in the principal amounts of \$325,000 and \$114,000 issued by DCAP to the Company in November 1997 and March 1998, respectively, (ii) a certain note in the principal amount of \$125,000 issued by Robeson to the Company in September 1995 and (iii) a certain note in the principal amount of \$50,000 issued by Transcends to the Company in February 1996.

Reference is also made to Item 1(a)(i) hereof for a discussion of certain litigation with the Ports Authority with regard to the Hotel.

ITEM 7. FINANCIAL STATEMENTS

The financial statements required by this Item 7 are included in this Annual Report on Form 10-KSB following Item 13 hereof.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There were no changes in accountants due to disagreements on accounting and financial disclosure during the twenty-four month period ended December 31, 1997.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

Directors and Executive Officers

The following table sets forth the positions and offices presently held with the Company by each Director and executive officer, his age and the year from which such person's service on the Company's Board of Directors dates:

Name	Age	Position and Offices held held with the Company	Director Since
Jay M. Haft	62	Chairman of the Board	1989
Morton L. Certilman	66	President and Director	1989
Leon Lapidus	53	Director	1989
Brian K. Ziegler	43	Secretary and Treasurer	--

Jay M. Haft has served as the Company's Chairman of the Board since October 1989. Mr. Haft has been engaged in the practice of law for more than the past five years and serves as counsel to Parker Duryee Rosoff & Haft. He was previously a senior corporate partner of such firm (1989- 1994). Mr. Haft is a strategic and financial consultant for growth stage companies. He is active in international corporate finance, mergers and acquisitions, as well as in the representation of emerging growth companies. He has actively participated in strategic planning and fund raising for many high-tech companies, leading edge medical technology companies and technical product, service and marketing companies. Mr. Haft is a Managing General Partner of Gen Am "1" Venture Fund, an international venture capital fund. Mr. Haft is also a Director of numerous public and private corporations, including Robotic Vision Systems, Inc., Noise Cancellation Technologies, Inc., Encore Medial Corporation, Viragen, Inc., PC Service Source, Inc., DUSA Pharmaceuticals, Inc., Oryx Technology Corp., CCA Companies and Thrift Management, Inc., all of whose securities are traded in the over-the-counter market, and serves as Chairman of the Board of Noise Cancellation Technologies, Inc. Mr. Haft is a member of the Florida Commission for Government Accountability to the People, Co- President of the Dade Venue of the Miami Ballet and a Director of the Concert Association of Florida. Mr. Haft received B.A. and LL.B. degrees from Yale University.

Morton L. Certilman has served as the Company's President since October 1989. Mr. Certilman has been engaged in the practice of law for more than the past five years and is a member of the law firm of Certilman Balin Adler &

Hyman, LLP. Mr. Certilman is Chairman of the Long Island Regional Planning Board and the Northrop/Grumman Master Planning Council, and is a Director of the Long Island Association, the New Long Island Partnership and the Long Island Sports Commission. Mr. Certilman has lectured extensively before bar associations, builders' institutes, title companies, real estate institutes, banking and law school seminars, The Practicing Law Institute, The Institute of Real Estate Management and at annual conventions of such organizations as the National Association of Home Builders, the Community Associations Institute and the National Association of Corporate Real Estate Executives. He is a member of the faculty of the American Law Institute/American Bar Association, as well as the Institute on Condominium and Cluster Developments of the University of Miami Law Center. Mr. Certilman has written various articles in the condominium field, is the author of the New York State Bar Association Condominium Cassette and the Condominium portion of the State Bar Association book on "Real Property Titles", and is the editor of the New York Land Report. Mr. Certilman is a member of the Advisory Board of First American Title Insurance Company of New York and the American College of Real Estate Lawyers. Mr. Certilman received an LL.B. degree, cum laude, from Brooklyn Law School.

Leon Lapidus has been the President of the Mibro Group, a privately held importer, packager and distributor of hardware, for more than the past five years. Mr. Lapidus received a B.A. degree from Hunter College and an M.B.A. degree from the Bernard M. Baruch College of the City of New York. Mr. Lapidus is the brother-in-law of Mr. Haft.

Brian K. Ziegler has been engaged in the practice of law for more than the past five years and is a member of the law firm of Certilman Balin Adler & Hyman, LLP. Mr. Ziegler received a B.S. degree, cum laude, from the Wharton School of the University of Pennsylvania, and a J.D. degree and an LL.M. degree in Taxation from the University of Miami School of Law. Mr. Ziegler is the son-in-law of Mr. Certilman.

Each Director will hold office until the next Annual Meeting of Stockholders and until his successor is elected and qualified, or until his earlier resignation or removal. Each executive officer will hold office until the next regular meeting of the Board of Directors following the next Annual Meeting of Stockholders and until his successor is elected or appointed and qualified, or until his earlier resignation or removal.

Section 16(a) Beneficial Ownership Reporting Compliance

To the Company's knowledge, based solely on a review of the copy of a Form 4 furnished to the Company and written representations that no other reports were required during the fiscal year ended December 31, 1997, all Section 16(a) filing requirements applicable to the Company's officers, Directors and 10% stockholders were complied with.

ITEM 10. EXECUTIVE COMPENSATION

(a) Summary Compensation Table

The following table sets forth certain information concerning the compensation of Morton L. Certilman, President of the Company, for the fiscal years ended December 31, 1995, 1996 and 1997. No other person who served as an executive officer of the Company as of December 31, 1997 had a total salary and bonus for the year then ended in excess of \$100,000.

Name and Principal Position	Annual Compensation		
	Year	Salary	All Other Compensation
Morton L. Certilman President	1997	\$150,000	-0-*
	1996	\$101,250	-0-*
	1995	\$ 50,000	-0-*

* Excludes fees payable during 1995, 1996 and 1997 by the Company to Certilman Balin Adler & Hyman, LLP, a law firm of which Mr. Certilman is a member.

(b) Option Grants

No grants of stock options were made to Mr. Certilman during the fiscal year ended December 31, 1997.

(c) Aggregated Option Exercises and Fiscal Year-End Option Value

Mr. Certilman did not exercise any options during the year ended December 31, 1997 and held no options as of such date.

(d) Long-Term Incentive Plan Awards

No awards were made to Mr. Certilman during the fiscal year ended December 31, 1997 under any long-term incentive plan.

(e) Compensation of Directors

Each Director is entitled to receive a \$500 fee for each Directors' meeting he attends. In addition, Directors are reimbursed for travel expenses incurred in connection with attendance at such meetings.

(f) Employment Contracts, Termination of Employment and Change-in-Control Arrangements

Reference is made to Item 1(a)(ii) hereof for a discussion regarding the contemplated acquisition of DCAP and related entities.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information as of March 25, 1998 regarding the beneficial ownership of the Company's shares of Common Stock by (i) each person who is known by the Company to beneficially own or exercise voting or dispositive control over more than 5% of the Company's Common Stock, (ii) each present Director and (iii) all of the Company's present executive officers and Directors as a group. Reference is made to Item 1(a)(ii) hereof for a discussion regarding the contemplated acquisition of DCAP and related entities. No adjustments have been made to the table set forth below to give effect to the contemplated acquisition.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Approximate Percentage of Class
Morton L. Certilman..... The Financial Center at Mitchel Field 90 Merrick Avenue East Meadow, New York	2,611,893(1)(2)(3)	46.7%
Adam R. Lieberman..... 1 Bay Club Drive Bayside, New York	1,800,000(2)(4)	32.2%
Jay M. Haft..... 201 S. Biscayne Blvd. Suite 3000 Miami, Florida	905,393(1)(5)	16.2%
Leon Lapidus..... 111 Sinnott Road Scarborough Ontario M1L 4S6 Canada	20,000	*
All executive officers and Directors as a group (4 persons).....	3,537,286(3)(5)(6)	63.3%

* Less than 1%.

- (1) Messrs. Certilman and Haft have previously filed a Schedule 13D and amendments thereto under the Securities Exchange Act of 1934, as amended, with respect to their respective equity interests in the Company. In view of their intention to consult with each other with respect to the acquisition, voting and disposition of their respective shares, Messrs. Certilman and Haft may be deemed a group. Accordingly, the group of Messrs. Certilman and Haft beneficially owns 3,517,286 shares of Common Stock. Such amount represents approximately 62.9% of the outstanding shares of Common Stock of the Company. However, each of Messrs. Certilman and Haft independently makes his own decisions with respect to the acquisition, voting and disposition of the shares of Common Stock directly owned by him. Further, neither Mr. Certilman nor Mr. Haft has any economic interest in the shares of Common Stock directly owned by the other.
- (2) Pursuant to a certain Amended and Restated Voting Trust Agreement, dated as of December 30, 1996, between Sterling Foster Holding Corp. ("SFHC") and Mr. Certilman, as voting trustee (the "Voting Trust Agreement"), SFHC transferred voting control over all 1,800,000 shares of Common Stock of the Company it presently owns to Mr. Certilman during the three year term of the Voting Trust Agreement.
- (3) Includes 1,800,000 shares held by Mr. Certilman pursuant to the Voting Trust Agreement and 360,000 shares held in a retirement trust for his benefit.
- (4) The shares are registered in the name of SFHC; Mr. Lieberman is the beneficial owner of these shares by reason of his position as President and sole stockholder of SFHC.
- (5) Includes 12,500 shares held in a retirement trust for the benefit of Mr. Haft.
- (6) Includes 5,000 shares held in a retirement trust for the benefit of an executive officer and 20,000 shares held by such executive officer's wife. Such executive officer disclaims beneficial ownership of the shares owned by his wife.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Pursuant to a certain Subscription Agreement, dated June 3, 1996, by and between the Company, Mr. Certilman, Mr. Haft, and SFHC, the Company issued 3,200,000 shares of Common Stock at a price of \$0.25 per share (the "Offering") for a total subscription price of \$800,000. Of such amount, \$450,000 was paid by SFHC for the purchase of 1,800,000 shares and \$175,000 was paid by each of Mr. Haft and Mr. Certilman for the purchase of 700,000 shares each. The proceeds of the Offering were intended to be used in connection with the business opportunities described in Item 1(a)(vi) hereof.

As described in Item 1(a)(ii) hereof, the Company has entered into a letter of intent with respect to the acquisition of all of the issued and outstanding Common Shares of DCAP as well as interests in certain entities affiliated with

DCAP. Four of such affiliated entities are one-half owned by Mr. Certilman's daughter; however, her interest in such entities is not contemplated to be purchased, and no shares of EXTECH Common Stock or other consideration is to be issued to her in connection with the acquisition.

Certilman Balin Adler & Hyman, LLP, a law firm of which Mr. Certilman is a member, serves as counsel to the Company. It is presently anticipated that such firm will continue to represent the Company and/or its affiliates and will receive fees for its services at rates and in amounts not greater than would be paid to unrelated law firms performing similar services.

ITEM 13. EXHIBITS, LIST AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit Number	Description of Exhibit
-------------------	------------------------

3(a) Certificate of Incorporation, as amended(1)

(b) By-laws, as amended(2)

9 Amended and Restated Voting Trust Agreement, dated December 30, 1996, among Sterling Foster Holding Corp. and Morton L. Certilman, as voting trustee(3)

10(a) Agreement, dated July 22, 1988, between the Ports Authority and IAH(1)

10(b) Resolution of Board of Directors of Ports Authority, dated August 10, 1994, regarding rental obligation of the Hotel(4)

10(c) Amended and Restated 1990 Stock Option Plan(1)

10(d) License and Royalty Agreement, dated July 1991, among the Company, IFTI Capital Appreciation Management Corporation, and NPS Products, Inc.(5)

10(e) Subscription Agreement, dated as of June 3, 1996, between Mr. Certilman, Mr. Haft, SFHC and the Company (6)

10(f) \$325,000 Promissory Note, dated November 26, 1997, from DCAP to the Company

10(g) \$114,000 Promissory Note, dated March 20, 1998, from DCAP to the Company

21 Subsidiaries of the Registrant(4)

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-KSB for the year ended December 31, 1989 and incorporated herein by reference.
 - (3) Denotes document filed as an exhibit to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1996 and incorporated herein by reference.
 - (4) Denotes document filed as an exhibit to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1994 and incorporated herein by reference.
 - (5) Denotes document filed as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1991 and incorporated herein by reference.
 - (6) Denotes document filed as an exhibit to the Company's Current Report on Form 8-K for an event dated June 3, 1996 and incorporated herein by reference.
- (b) Reports on Form 8-K

No report on Form 8-K was filed by the Company during the last quarter of the fiscal year ended December 31, 1997.

EXTECH CORPORATION AND SUBSIDIARIES

REPORT ON AUDITS OF
CONSOLIDATED FINANCIAL STATEMENTS

TWO YEARS ENDED DECEMBER 31, 1997

INDEX

	Page
Independent auditors' report	F-2
Consolidated balance sheet	F-3
Consolidated statements of operations	F-4
Consolidated statement of stockholders' equity	F-5
Consolidated statements of cash flows	F-6
Notes to consolidated financial statements	F-7 - F-10

CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Certified Public Accountants

Board of Directors and Stockholders
EXTECH CORPORATION
East Meadow, New York

We have audited the accompanying consolidated balance sheet of EXTECH CORPORATION and Subsidiaries as of December 31, 1997 and the related consolidated statements of operations, stockholders' equity and cash flows for each of the years in the two-year period ended December 31, 1997. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of EXTECH CORPORATION and Subsidiaries as of December 31, 1997 and the results of their operations and their cash flows for each of the years in the two-year period ended December 31, 1997 in conformity with generally accepted accounting principles.

/s/ Holtz Rubenstein & Co., LLP
HOLTZ RUBENSTEIN & CO., LLP

Melville, New York
March 20, 1998

EXTECH CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 1997

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$1,040,389
Accounts receivable, net of allowance for doubtful accounts of approximately \$1,700	36,500
Notes receivable, net of allowance for doubtful accounts of approximately \$35,000 (Note 4)	355,316
Inventories	6,122
Prepaid expenses and other current assets	15,958

Total current assets	1,454,285

PROPERTY AND EQUIPMENT, net (Note 3) 118,856

OPERATING EQUIPMENT, net 9,191

RESTRICTED CERTIFICATE OF DEPOSIT (Note 5) 40,000

\$1,622,332

=====

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Accounts payable	\$ 1,487
Accrued expenses (Notes 6 and 7)	147,866
Debentures payable (Note 8)	154,200

Total current liabilities	303,553

MINORITY INTEREST 560

COMMITMENT AND CONTINGENCY (Note 11)

STOCKHOLDERS' EQUITY: (Note 12)

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	(4,002,645)
	1,318,219

\$1,622,332

=====

See notes to consolidated financial statements

EXTECH CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended December 31,	
	1997	1996
REVENUES: (Note 14)		
Rooms	\$ 895,238	\$ 936,976
Other operating departments	34,991	32,958
Interest, net	66,389	38,822
Royalty income	-	109,891
	-----	-----
Total revenues	996,618	1,118,647
	-----	-----
COSTS AND EXPENSES:		
Administrative and general	123,366	124,697
Bad debt (recovery)	13,421	(21,174)
Corporate and sundry (Note 9)	343,189	352,812
Departmental	372,217	380,711
Depreciation and amortization	52,185	51,544
Energy costs	23,197	14,285
Lease rentals (Note 11)	181,178	189,610
Property operation and maintenance	27,863	26,605
	-----	-----
Total costs and expenses	1,136,616	1,119,090
	-----	-----
LOSS BEFORE INCOME TAXES	(139,998)	(443)
INCOME TAXES (Note 10)	3,994	4,656
	-----	-----
NET LOSS	\$ (143,992)	\$ (5,099)
	=====	=====
BASIC LOSS PER COMMON SHARE (Note 13)	\$ (.026)	\$ (.001)
	-----	-----
WEIGHTED AVERAGE NUMBER OF SHARES OF COMMON STOCK OUTSTANDING (Note 13)	5,591,367	4,236,176
	=====	=====

See notes to consolidated financial statements

EXTECH CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

	Common Stock Shares	Amount	Capital in Excess of Par	Deficit	Total
Balance, January 1, 1996	2,391,367	\$ 23,914	\$4,496,950	\$(3,853,554)	\$ 667,310
Issuance of stock	3,200,000	32,000	768,000	-	800,000
Net loss for the year	-	-	-	(5,099)	(5,099)
	-----	-----	-----	-----	-----
Balance, December 31, 1996	5,591,367	55,914	5,264,950	(3,858,653)	1,462,211
Net loss for the year	-	-	-	(143,992)	(143,992)
	-----	-----	-----	-----	-----
Balance, December 31, 1997	5,591,367	\$ 55,914	\$5,264,950	\$(4,002,645)	\$1,318,219
	=====	=====	=====	=====	=====

See notes to consolidated financial statements

EXTECH CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	1997	1996
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (143,992)	\$ (5,099)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	52,185	51,544
Bad debts	13,421	(20,948)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	12,891	1,830
Prepaid expenses and other assets	107,137	(114,802)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	22,398	(17,457)
	64,040	(104,932)
Net cash provided by (used in) operating activities	64,040	(104,932)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(16,091)	(175)
Notes receivable - net	(285,681)	(21,728)
Purchase of restricted certificate of deposit	(40,000)	-
	(341,772)	(21,903)
Net cash (used in) investing activities	(341,772)	(21,903)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of common stock	-	800,000
	-	800,000
Net cash provided by financing activities	-	800,000
Net (decrease) increase in cash and cash equivalents	(277,732)	673,165
Cash and cash equivalents, beginning of year	1,318,121	644,956
Cash and cash equivalents, end of year	\$1,040,389	\$1,318,121

See notes to consolidated financial statements

EXTECH CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1997 AND 1996

1. Summary of Significant Accounting Policies:

a. Description of business

The Company's operations are within one industry as lodging sales and related revenues accounted for substantially all revenues during the two-year period ended December 31, 1997.

b. Principles of consolidation

The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries and a 90% owned inactive subsidiary. All intercompany transactions and balances have been eliminated.

c. Inventories

Inventories, consisting of merchandise and supplies, are stated at the lower of cost or market. Cost is determined on a first-in, first-out basis.

d. Property and equipment

Property and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are being amortized using the straight-line method over the remaining term of the lease.

e. Concentration of credit risk

The Company invests its excess cash in deposits and money market accounts with major financial institutions and has not experienced losses related to these investments.

f. Statement of cash flows

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments with a maturity of three months or less, as well as bank money market accounts, to be cash equivalents.

g. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

h. Reclassifications

Certain reclassifications have been made to the consolidated financial statements for the year ended December 31, 1996 to conform with the classifications used in 1997.

2. Supplementary Information - Statement of Cash Flows:

Cash paid for income taxes was \$4,918 and \$7,141 during the years ended December 31, 1997 and 1996, respectively.

3. Property and Equipment:

At December 31, 1997, property and equipment consists of the following:

Furniture, fixtures and equipment	\$378,494
Leasehold improvements	133,696

	512,190
Less accumulated depreciation and amortization	393,334

	\$118,856
	=====

4. Notes Receivable:

a. In 1994, pursuant to a Plan of Reorganization, Robeson Industries Corp. ("Robeson") issued a promissory note to the Company for prior advances. Robeson ceased making payments on this note in January 1995. In September 1995, the Company canceled the note and Robeson issued a new note for \$125,000 payable in 27 monthly installments of \$5,000 with interest at 8% per annum. Robeson has made 15 payments under the note and is currently delinquent on the remaining payments. The balance on the note at December 31, 1997 was \$59,500.

b. In November 1997, the Company signed a letter of intent related to the purchase of all of the issued and outstanding common shares of Dealers Choice Automotive Planning Inc. ("DCAP") as well as interests in certain entities affiliated with DCAP. In consideration for the acquisition, the Company will issue to the shareholders of DCAP and affiliated entities shares of the Company's common stock.

Additionally, the Company advanced \$325,000 to DCAP with principal payments of \$20,000, in addition to interest, due on each of April 21, 1998, May 21, 1998 and June 21, 1998. The remaining principal is due the latter of (i) July 21, 1998 or (ii) six months from the date the Company and DCAP agree not to complete the purchase, but no later than September 30, 1998. This note bears interest at 10% per annum and is secured by all of the shares of DCAP.

On March 20, 1998, the Company lent an additional \$114,000 to DCAP. Upon execution of the purchase agreement, the Company has agreed to lend an additional \$311,000.

5. Restricted Certificate of Deposit:

In April 1997, as requested by the lease, the Company purchased a bank certificate of deposit and pledged it to the Puerto Rico Ports Authority ("Ports Authority") as security for payment of amounts due under the lease agreement.

6. Accrued Expenses:

At December 31, 1997, accrued expenses consist of the following:

Rent	\$ 59,883
Professional fees	39,868
Payroll and related costs	15,022
Deferred compensation (Note 7)	14,963
Room tax	7,770
Other	10,360

	\$147,866
	=====

7. Deferred Compensation:

The Company has an agreement to pay special compensation to certain employees who at the date of retirement have accumulated 20 years of uninterrupted service. Maximum amount payable per employee is \$3,000. There are seven employees covered by this plan, four of them with 15 years of accumulated service. Compensation is accrued pro-ratably from the inception of the plan to the date each employee is eligible for benefits. At December 31, 1997, approximately \$15,000 has been accrued.

8. Debentures Payable:

In 1971, the Company, pursuant to a plan of arrangement, issued a series of debentures which matured in 1977. As of December 31, 1997, \$154,200 of these debentures have not been presented for payment. Accordingly, this balance has been included as a current liability in the accompanying consolidated balance sheet. Interest has not been accrued on the remaining debentures payable. In addition, no interest, penalties or other charges have been accrued with regard to any escheat obligation of the Company.

9. Related Party Transaction:

During the years ended December 31, 1997 and 1996, the Company leased its corporate office facility from a partnership of which a stockholder/officer is a member. Rent expense amounted to \$6,000 for each of the years ended December 31, 1997 and 1996.

10. Income Taxes:

The 1997 and 1996 income of IAH, Inc., a wholly-owned subsidiary has been calculated excluding the loss of EXTECH, as it is separately taxed under the laws of Puerto Rico. A provision of approximately \$4,000 and \$4,700, respectively, has been made for this tax liability.

For federal income taxes, the Company has net operating loss carryforwards of approximately \$991,000 available to offset future taxable income which expire in various years from 2005 through 2011. In addition, the Company has general business tax credit carryforwards available to reduce future income taxes of approximately \$33,000. If not utilized, these credits are scheduled to expire in various amounts through 2010. The Company incurred operating losses during the past six years and losses are expected in the early subsequent periods. As a result, the Company has not recorded a deferred tax asset in 1997 due to the fact that a 100% valuation allowance would be needed.

11. Commitment and Contingency:

IAH, Inc. leases the International Airport Hotel (the "Hotel") property pursuant to an operating lease with the Ports Authority, which expired in December 1995. As discussed below, IAH is of the belief that pursuant to a supplemental lease agreement, it retained the option to continue the lease for a period of five years to December 31, 2000, which right it exercised, or alternatively, that the Ports Authority executed a new lease agreement for a ten year term commencing on January 1, 1996. The lease agreement provides for the annual rental payments to be equal to the greater of \$169,400 or 20% of the annual gross revenues, as defined, effective January 1, 1994. Total rent expense under this lease amounted to approximately \$181,000 for 1997 and \$190,000 for 1996.

11. Commitment and Contingency: (Cont'd)

Based upon IAH's refusal to acknowledge that, effective January 1, 1996, it occupied the Hotel on a month-to-month basis, in February 1996, the Ports Authority requested that IAH vacate, surrender and deliver the premises by February 29, 1996. Following the receipt of such request, IAH brought an action in the Superior Court of San Juan, Puerto Rico for declaratory judgment and possessory injunction against the Ports Authority with respect to the Hotel. The action seeks a declaratory judgment that, among other alternatives, IAH exercised an option with respect to its lease for the Hotel for an extension of the term of five years commencing on January 1, 1996 or that the Ports Authority executed a new lease agreement for a ten year period commencing on such date. During the year, certain settlement negotiations took place. Management is of the opinion that the Company will prevail on the declaratory judgment; therefore, management will vigorously defend its position.

12. Stockholders' Equity:

a. Stock options

The Company maintains a stock option plan which provides for the granting of options to individuals rendering service to the Company to purchase up to 300,000 shares of common stock of the Company. Such options may be either incentive stock options or non-statutory stock options. No options are outstanding as of December 31, 1997.

b. Common shares reserved

Stock Option Plan	300,000
	=====

13. Loss Per Share:

In the fourth quarter of 1997, the Company adopted Financial Accounting Standards Board Statement No. 128, "Earnings Per Share" ("Statement 128"), which simplifies the standards for computing earnings per share previously used to make them comparable to international standards. The Company's net loss per share was calculated by dividing net income by the weighted average number of common shares outstanding. Prior period loss per share did not require restatement.

14. Major Customer:

Sales to a major customer approximated 10% and 27% of total room sales for the years ended December 31, 1997 and 1996, respectively.

15. Fair Value of Financial Instruments:

The methods and assumptions used to estimate the fair value of the following classes of financial instruments were:

Current Assets and Current Liabilities: The carrying amount of cash, current receivables and payables and certain other short-term financial instruments approximate their fair value.

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EXTECH CORPORATION

Dated: March 31, 1998

By: /s/ Morton L. Certilman
Morton L. Certilman
President

In accordance with the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signatures	Capacity	Date
/s/ Jay M. Haft Jay M. Haft	Chairman of the Board of Directors	March 31, 1998
/s/ Morton L. Certilman Morton L. Certilman	President and Director (Principal Executive, Financial and Accounting Officer)	March 31, 1998
/s/ Leon Lapidus Leon Lapidus	Director	March 31, 1998

November 26, 1997

\$325,000

PROMISSORY NOTE

FOR VALUE RECEIVED, DEALERS CHOICE AUTOMOTIVE PLANNING COMPANY, a New York corporation (the "Maker"), having an address as indicated under its name, hereby promises to pay to the order of EXTECH CORPORATION, a Delaware corporation ("Extech"), at its offices at 90 Merrick Avenue, East Meadow, New York 11554 or at such other place as the holder hereof may from time to time designate in writing, in immediately available New York funds, the principal sum of THREE HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$325,000), together with interest on the outstanding principal balance from November 28, 1997 at the rate of ten percent (10%) per annum. The principal amount of this Note shall be payable as follows: Twenty Thousand Dollars (\$20,000) on each of April 21, 1998, May 21, 1998 and June 21, 1998, with the remaining principal amount hereof (the "Final Installment") being payable on July 21, 1998. Notwithstanding the foregoing, in the event the Maker, Extech, Kevin Lang ("Lang") and Abraham Weinzimer ("Weinzimer") mutually agree in writing not to enter into a definitive agreement for the acquisition by Extech from Lang and Weinzimer of, among other things, all of the outstanding shares of capital stock of the Maker pursuant to the provisions of a certain letter of intent of even date among the parties, then the Final Installment shall be payable on the later of July 21, 1998 or six (6) months from the date the Maker, Extech, Lang and Weinzimer so agree not to enter into such agreement, but in no event shall the Final Installment be payable later than September 30, 1998. Accrued interest on this Note shall be payable with each principal payment.

The payment of all amounts due under this Note is secured by a pledge of all of the shares of the Maker and certain affiliated corporations owned by Lang and Weinzimer pursuant to a Pledge Agreement of even date among Lang, Weinzimer and Extech (the "Pledge Agreement").

In the event (a) the Maker shall (i) fail to make any payment due hereunder, (ii) admit in writing its inability to pay its debts as they mature; (iii) make a general assignment for the benefit of creditors; (iv) be adjudicated a bankrupt or insolvent; (v) file a voluntary petition in bankruptcy or a petition or an answer seeking an arrangement with creditors; (vi) take advantage of any bankruptcy, insolvency or readjustment of debt law or statute or file an answer admitting the material allegations of a petition filed against it in any proceeding under any such law; or (vii) have entered against it a court order approving a petition filed against it under the Federal Bankruptcy Act; or (b) there shall be a breach of any representation, warranty, covenant or other agreement set forth in the Pledge Agreement or that certain letter of intent of even date by and among the Maker, Lang, Weinzimer and Extech and such breach shall continue unremedied for a period of sixty (60) days following notice thereof, then and in each and every such event, Extech may, by written notice to the Maker, declare the entire unpaid principal amount of this Note then outstanding plus accrued interest to be forthwith due and payable ("Accelerate Payment") whereupon the same shall become forthwith due and payable. Notwithstanding the foregoing, Extech shall not have the right to Accelerate Payment based upon a breach of a representation set forth in the Pledge Agreement if such breach relates solely to the right of Lang or Weinzimer to pledge to Extech the shares of one or more of the entities set forth on Schedule A attached hereto.

The Maker may prepay the principal amount of this Note, in whole or in part, from time to time, without premium or penalty, provided that the Maker pays all interest accrued with regard to the principal prepaid to the date of prepayment.

If the Maker shall fail to pay when due, whether by acceleration or otherwise, all or any portion of the principal amount hereof, any such unpaid amount shall bear interest for each day from the date it was so due until paid in full at the rate of twenty-four percent (24%) per annum, payable on demand.

Notwithstanding anything to the contrary contained in this Note, the rate of interest payable on this Note shall never exceed the maximum rate of interest permitted under applicable law.

This Note may not be waived, changed, modified or discharged orally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

Should the indebtedness represented by this Note or any part thereof be collected at law or in equity, or in bankruptcy, receivership or any other court proceedings (whether at the trial or appellate level), or should this Note be placed in the hands of any agent or attorneys for collection upon default or maturity, the Maker agrees to pay, in addition to all other amounts due and payable hereunder, all reasonable costs and expenses of collection or attempting to collect this Note, including reasonable attorneys' fees.

The Maker and any endorsers hereof, for themselves and their respective representatives, successors and assigns, expressly (a) waive presentment, protest, notice of dishonor, notice of non-payment, notice of maturity, notice of protest, diligence in collection, and the benefit of any applicable exemptions, including, but not limited to, exemptions claimed under insolvency laws, and (b) consent that Extech may release or surrender, exchange or substitute any property or other collateral or security now held or which may hereafter be held as security for the payment of this Note, or may release any guarantor, or may extend the time for payment or otherwise modify the terms of payment of any part of the whole of the debt evidenced hereby.

Any notice, demand or request relating to any matter set forth herein shall be in writing and shall be deemed effective when hand delivered, when mailed, postage prepaid, by registered or certified mail, return receipt requested, or by overnight mail or courier, or when sent by facsimile transmission to any party hereto at its address stated herein or at such other address of which it shall have notified the party giving such notice in writing as aforesaid.

Extech shall be entitled to assign all or any portion of its right, title and interest in and to this Note at its sole discretion without notice to the Maker, provided that the Maker shall continue to make payments required hereunder to Extech until it has received notice of change of payee for payments as provided herein.

Notwithstanding any other provision of this Note, all payments made hereunder shall be applied first to payment of sums payable hereunder other than interest and principal, secondly, interest on the principal balance outstanding hereunder from time to time, and thirdly to principal.

This Note shall be governed by, and construed in accordance with, the laws of the State of New York, excluding conflict of law principles thereof.

DEALERS CHOICE AUTOMOTIVE
PLANNING INC.

By: /s/ Abraham Weinzimer
Abraham Weinzimer, Vice President
Address: 2545 Hempstead Turnpike
Suite 100
East Meadow, New York 11554

CORPORATE ACKNOWLEDGMENT

STATE OF NEW YORK)
) ss.:
COUNTY OF NASSAU)

On November 26, 1997, before me personally came Abraham Weinzimer to me known, who, by me duly sworn, did depose and say that deponent is the Vice President of Dealers Choice Automotive Planning Inc., the corporation described in, and which executed the foregoing Note, and that deponent signed his name by order of the Board of Directors of such corporation.

Notary Public

SCHEDULE A

A DCAP Brokerage, Inc.
Payments Inc.
Diversified Coverage Asset Planning Inc.
Intandem Corporation
DCAP Agency, Inc.
Fulton Street, Inc.
FASK Agency Inc.
DCAP Flushing, Inc.
DCAP Hicksville, Inc.
DCAP Manhattan Inc.
A DCAP Services, Inc.
The Manhattan Agency Inc.
The Yonkers Agency Ltd.
DCAP Peekskill, Inc.
DCAP East Meadow, Inc.
DCP Garden City Park Inc.
DCAP Oceanside, Inc.
DCAP Hari, Inc.
DCAP Woodhaven, Inc.
The Bronx Agency Inc.
The White Plains Agency Inc.
DCAP Woodside Inc.
DCAP Seaford, Inc.
DCAP Brentwood Inc.
DCAP Queens Agency Inc.
AADCAP Greenbrook Inc.

March 20, 1998
\$114,000

PROMISSORY NOTE

FOR VALUE RECEIVED, DEALERS CHOICE AUTOMOTIVE PLANNING INC., a New York corporation (the "Maker"), having an address as indicated under its name, hereby promises to pay to the order of EXTECH CORPORATION, a Delaware corporation ("Extech"), at its offices at 90 Merrick Avenue, East Meadow, New York 11554 or at such other place as the holder hereof may from time to time designate in writing, in immediately available New York funds, the principal sum of ONE HUNDRED FOURTEEN THOUSAND DOLLARS (\$114,000), together with interest on the outstanding principal balance from the date hereof at the rate of ten percent (10%) per annum. The principal amount of this Note shall be payable on September 30, 1998. Accrued interest on this Note shall be payable with the principal payment.

The payment of all amounts due under this Note is guaranteed by Kevin Lang ("Lang") and Abraham Weinzimer ("Weinzimer") pursuant to a Guaranty of even date, which Guaranty is secured by a pledge of all of the shares of the Maker and certain affiliated corporations owned by Lang and Weinzimer pursuant to a Pledge Agreement dated as of November 26, 1997 among Lang, Weinzimer and Extech (the "Pledge Agreement").

The Maker agrees that the proceeds of the loan from EXTECH evidenced by this Note shall be used solely for employee payroll purposes (the "Use of Proceeds").

In the event (a) the Maker, Lang or Weinzimer shall (i) fail to make any payment due hereunder, (ii) admit in writing its or his inability to pay its or his debts as they mature; (iii) make a general assignment for the benefit of creditors; (iv) be adjudicated a bankrupt or insolvent; (v) file a voluntary petition in bankruptcy or a petition or an answer seeking an arrangement with creditors; (vi) take advantage of any bankruptcy, insolvency or readjustment of debt law or statute or file an answer admitting the material allegations of a petition filed against it or him in any proceeding under any such law; or (vii) have entered against it or him a court order approving a petition filed against it or him under the Federal Bankruptcy Act; or (b) there shall be a breach of any representation, warranty, covenant or other agreement set forth in this Note, the Pledge Agreement or that certain letter of intent dated November 26, 1997 by and among the Maker, Lang, Weinzimer and Extech and such breach shall continue unremedied for a period of sixty (60) days following notice thereof (except that there shall be no notice requirement in the event of any breach of the Maker's covenant with respect to the Use of Proceeds), then in each and every such event, Extech may, by written notice to the Maker, declare the entire unpaid principal amount of this Note then outstanding plus accrued interest to be forthwith due and payable ("Accelerate Payment") whereupon the same shall become forthwith due and payable. Notwithstanding the foregoing, Extech shall not have the right to Accelerate Payment based upon a breach of a representation set forth in the Pledge Agreement if such breach relates solely to the right of Lang or Weinzimer to pledge to Extech the shares of one or more of the entities set forth on Schedule A attached hereto.

The Maker may prepay the principal amount of this Note, in whole or in part, from time to time, without premium or penalty, provided that the Maker pays all interest accrued with regard to the principal prepaid to the date of prepayment.

If the Maker shall fail to pay when due, whether by acceleration or otherwise, all or any portion of the principal amount hereof, any such unpaid amount shall bear interest for each day from the date it was so due until paid in full at the rate of sixteen percent (16%) per annum, payable on demand.

Notwithstanding anything to the contrary contained in this Note, the rate of interest payable on this Note shall never exceed the maximum rate of interest permitted under applicable law.

This Note may not be waived, changed, modified or discharged orally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

Should the indebtedness represented by this Note or any part thereof be collected at law or in equity, or in bankruptcy, receivership or any other court proceedings (whether at the trial or appellate level), or should this Note be placed in the hands of any agent or attorneys for collection upon default or maturity, the Maker agrees to pay, in addition to all other amounts due and payable hereunder, all reasonable costs and expenses of collection or attempting to collect this Note, including reasonable attorneys' fees.

The Maker and any endorsers hereof, for themselves and their respective representatives, successors and assigns, expressly (a) waive presentment, protest, notice of dishonor, notice of non-payment, notice of maturity, notice of protest, diligence in collection, and the benefit of any applicable exemptions, including, but not limited to, exemptions claimed under insolvency laws, and (b) consent that Extech may release or surrender, exchange or substitute any property or other collateral or security now held or which may hereafter be held as security for the payment of this Note, and/or may release any guarantor, and/or may extend the time for payment and/or otherwise modify the terms of payment of any part or the whole of the debt evidenced hereby.

Any notice, demand or request relating to any matter set forth herein shall be in writing and shall be deemed effective when hand delivered, when mailed, postage prepaid, by registered or certified mail, return receipt requested, or by overnight mail or courier, or when sent by facsimile transmission to any party hereto at its address stated herein or at such other address of which it shall have notified the party giving such notice in writing as aforesaid.

Extech shall be entitled to assign all or any portion of its right, title and interest in and to this Note at its sole discretion without notice to the Maker, provided that the Maker shall continue to make payments required hereunder to Extech until it has received notice of change of payee for payments as provided herein.

Notwithstanding any other provision of this Note, all payments made hereunder shall be applied first to payment of sums payable hereunder other than interest and principal, secondly, interest on the principal balance outstanding hereunder from time to time, and thirdly to principal.

The Maker acknowledges and agrees that the obligations under this Note are unconditional and are not subject to any defense, counterclaim, or right of offset or setoff.

This Note shall be governed by, and construed in accordance with, the laws of the State of New York, excluding conflict of law principles thereof.

DEALERS CHOICE AUTOMOTIVE
PLANNING INC.

By: /s/ Kevin Lang
Kevin Lang, President
Address: 2545 Hempstead Turnpike
Suite 100
East Meadow, New York 11554
Telecopier Number: (516) 735-7379

CORPORATE ACKNOWLEDGMENT

STATE OF NEW YORK)
) ss.:
COUNTY OF NASSAU)

On March 20, 1998, before me personally came Kevin Lang to me known, who, by me duly sworn, did depose and say that deponent is the President of Dealers Choice Automotive Planning Inc., the corporation described in, and which executed the foregoing Note, and that deponent signed his name by order of the Board of Directors of such corporation.

Notary Public

SCHEDULE A

A DCAP Brokerage, Inc.
Payments Inc.
Diversified Coverage Asset Planning Inc.
Intandem Corporation
DCAP Agency, Inc.
Fulton Street, Inc.
FASK Agency Inc.
DCAP Flushing, Inc.
DCAP Hicksville, Inc.
DCAP Manhattan Inc.
A DCAP Services, Inc.
The Manhattan Agency Inc.
The Yonkers Agency Ltd.
DCAP Peekskill, Inc.
DCAP East Meadow, Inc.
DCP Garden City Park Inc.
DCAP Oceanside, Inc.
DCAP Hari, Inc.
DCAP Woodhaven, Inc.
The Bronx Agency Inc.
The White Plains Agency Inc.
DCAP Woodside Inc.
DCAP Seaford, Inc.
DCAP Brentwood Inc.
DCAP Queens Agency Inc.
AADCAP Greenbrook Inc.

Year

	Dec-31-1997	
	Jan-01-1997	
	Dec-31-1997	
	1	1,040,389
	0	
	428,516	
	36,700	
	6,122	
	1,454,285	512,190
	393,334	
	1,622,332	
303,553	0	
0	0	
	0	
	55,914	
	1,262,304	
1,622,332	0	
	996,618	0
	1,136,616	
	0	
	0	
0	(139,998)	
	3,994	
(143,992)	0	
	0	
	0	
	(143,992)	
	(.026)	
	0	