

## ANNUAL REPORT of the

### INDUSTRIAL NUCLEONICS CORPORATION

Industrial Nucleonics Corporation completed its fifth year on April 30, 1955. As indicated by the accompanying financial statements, it was the best year the corporation has experienced. Sales of \$1,740,529 were slightly more than double those of a year earlier, and at that level a profit of \$121,000 was realized. Profitable operations should continue since the present backlog stands at slightly over \$3,000,000.

The increase in business realized in the past year is a reflection of much wider acceptance by industry of automatic controls using our AccuRay measuring, controlling, computing, and monitoring systems. We presently have production equipment under automatic control in the following industries.

- Metals - Cold Roll
- Paper
- Plastics
- Rubber - Tire Fabrics
- Cigarette
- Impregnation Processes

In the cigarette industry we have received orders from three of the six major companies. Liggett & Myers Tobacco Company is currently widely advertising on TV, Radio, and through newspapers that "Only Chesterfield is made the modern way - with AccuRay." This is the "greatest cigarette improvement in 30 years." This business is volume business which should continue for at least another two years. Currently the two historical suppliers to the cigarette industry are our competition, but we seem to be getting the lion's share of the business.

In the coming year we plan to continue to build our selling and research organizations. Our sales department now covers the country fairly well with perhaps the exception of the South and Canada. The country is divided into territories with each district having a service organization working with sales. Industrial Nucleonics Corporation is making its reputation on the quality and reliability of its equipment. The ability to service and maintain equipment which is controlling a vital operation gives your company a competitive advantage.

Historically, we have spent just under 20% of each sales dollar in engineering and research. This has paid off through the creation of new products. We intend to continue to increase our staff and facilities. Several new products are under consideration which will continue to expand the use of our AccuRay automatic control systems in other industries.

Industrial Nucleonics Corporation on April 30, 1955, was employing 206 men and women. With their help, great advances were made last year.

Attached are this year's income statement and balance sheet according to our books and compared with earlier years. The current figures are being audited by Arthur Andersen & Company, and if their report varies significantly from the figures presented here, it will be forwarded to all stockholders.

The Indenture of the \$350,000 Sinking Fund Debentures sold in June of 1953, provided that, beginning with the fiscal year ending April 30, 1955, and thereafter, twenty per cent of the net income will be paid into a Sinking Fund for the retirement of the Debentures by lot. Since the net income for the past year is \$121,000 (subject to receipt of the audit report of Arthur Andersen & Company), approximately \$24,000 Debentures will be called by lot prior to August 1, 1955.

*W. E. Chope*

President

Columbus, Ohio  
June 24, 1955

INDUSTRIAL NUCLEONICS CORPORATIONComparative Balance SheetAs of April 30, 1955 and 1954

<u>A S S E T S</u>	A p r i l 3 0 ,	
	1955 (per books)	1954 (per audit)
<b>CURRENT ASSETS:</b>		
Cash	\$ 54,451	\$ 9,793
Accounts receivable (net)	186,695	119,974
Inventories	342,210	282,139
Prepaid expenses	16,157	12,571
Total current assets	\$ 599,513	\$ 424,477
<b>EQUIPMENT LEASED TO CUSTOMERS (net)</b>	\$ 54,128	\$ -
<b>FIXED ASSETS:</b>		
Machinery and equipment	\$ 30,495	\$ 14,286
Furniture and fixtures	20,495	13,858
Demonstrators	-	27,824
	\$ 50,990	\$ 55,968
Less- Allowance for depreciation	13,883	9,336
	\$ 37,107	\$ 46,632
Leasehold improvements (net)	14,723	5,536
Total fixed assets	\$ 51,830	\$ 52,168
Total assets	\$ 705,471	\$ 476,645
	=====	=====
<u>L I A B I L I T I E S</u>		
<b>CURRENT LIABILITIES:</b>		
Notes payable	\$ 142,881	\$ 106,998
4% sinking fund debentures	24,000	-
Accounts payable	157,237	131,001
Accrued salaries, wages, taxes, interest, etc.	68,081	62,200
Total current liabilities	\$ 392,199	\$ 300,199
<b>LONG-TERM LOANS</b>	\$ 397,401	\$ 416,028
<b>DEFERRED INCOME - LEASE EQUIPMENT</b>	\$ 34,148	\$ -
<b>CAPITAL STOCK AND SURPLUS:</b>		
Common stock-\$.10 par value; authorized 125,000 shares; issued and outstanding 98,995	\$ 9,895	\$ 9,895
Paid-in surplus	161,310	161,310
Earned surplus (deficit)	(289,482)	(410,787)
Total capital stock and surplus	\$(118,277)	\$(239,582)
Total liabilities	\$ 705,471	\$ 476,645
	=====	=====

INDUSTRIAL NUCLEONICS CORPORATION

Comparative Statement of Profit and Loss

For The Years Ended April 30, 1955, 1954, 1953, 1952 and 1951

	Year Ended April 30,				
	1955*	1954	1953	1952	1951
SALES	\$1,740,529	\$ 829,976	\$ 416,874	\$694,708	\$ -
COST OF SALES	772,505	366,816	205,460	296,359	-
Gross income	\$ 968,024	\$ 463,160	\$ 211,414	\$398,349	\$ -
<b>OPERATING EXPENSES:</b>					
Selling and administrative	\$ 586,676	\$ 403,187	\$ 359,745	\$195,116	\$ 16,057
Research and development	229,019	192,348	163,698	80,018	35,996
	\$ 815,695	\$ 595,535	\$ 523,443	\$275,134	\$ 52,053
Net profit (loss) from operations	\$ 152,329	\$(132,375)	\$(312,029)	\$123,215	\$(52,053)
INTEREST EXPENSE	31,024	17,552	14,005	5,935	53
Net profit (loss) before Federal income taxes	\$ 121,305	\$(149,927)	\$(326,034)	\$117,280	\$(52,106)
Provision for Federal income taxes	-	-	(32,500)**	32,500	-
Net profit (loss) for the year	\$ 121,305	\$(149,927)	\$(293,534)	\$ 84,780	\$(52,106)

\* Per books

\*\* Recovery of previous year's Federal income tax.