1953-1954 ANNUAL REPORT of the INDUSTRIAL NUCLEONICS CORPORATION

To Our Stockholders:

The year ending April 30, 1954 was the fourth for your company. It was an extremely busy year in which annual sales reached $841,550, or more than double the previous year's sales. The company continued to be the dominant factor in the American radiation gauge and control industry, doing an estimated 75% of the yearly dollar-volume in radiation gauge sales. Development work done during the year to increase the application of the company's products, outside the rubber, plastics and special papers industries, should have the effect of increasing the company's share of this market.

In accomplishing a sales increase of more than 100% over the previous year, selling and research expense rose only 15%, This increase was due mainly to the development work necessary for the perfection of new products in the radiation gauge and control field and the promotion required to introduce these new products to the market. It had been hoped that the sales volume of standard products together with that of new products would be sufficient to carry the increased selling and research expenses, and this year, selling and research expense rose only 15%.

This increase was due mainly to the development work necessary for the perfection of new products in the radiation gauge and control field and the promotion required to introduce these new products to the market. It had been hoped that the sales volume of standard products together with that of new products would be sufficient to carry the increased selling and research expenses, and this hope was very nearly realized. The net loss for the year was $141,861, a substantial improvement over the operating deficit incurred during the previous year.

New Products and Markets

The year, 1954, saw the successful entry of your company into two new markets, The first was the application and sale of measurement and control equipment to the metals industry with the concentration on steel. The second was the development and sale of measurement and control equipment for wide, high-volume paper machines.

Four of the major steel companies are currently using our steel gauges in conjunction with their sheet producing equipment. Two of these installations have received wide publicity. The Republic Steel installation, incorporating our automatic control on a cold roll mill, has been lauded as making possible a 50% improvement in the uniformity of steel. This is the first time to our knowledge that a cold roll mill has successfully been put on automatic control. Armco Steel Corporation has also publicized gauges of our manufacture which are measuring the amount of zinc-coated steel in their galvanizing line. In a widely distributed advertisement, they say, "Here, for the first time, is an atomic radiation gauge for determining the weight and distribution of zinc and other metallic coatings on steel."

Total sales to the steel industry in 1954 amounted to approximately $50,000, However, this does not tell the whole story. In the two months since April 30, 1954, the end of the fiscal year, deliveries and orders for the steel industry approximated $150,000.

In the paper industry, until developments by your company solved the problem of measuring across wide sheets, radiation gauge measurement and control had been limited to the small paper machines. These developments, together with the successful incorporation of automatic controls on paper and box board machines, have greatly increased the market for radiation gauges and controls in the paper industry.

Your company is continuing to work with cigarette manufacturers and now has a number of cigarette making machines under automatic control. In direct competition with equipment produced by other manufacturers, the AccuRay cigarette gauge and controller has proved to be the most effective device presently available. Shortly after the conclusion of the 1953-54 fiscal year, a very substantial order for AccuRay cigarette gauge and controller units was placed by a major cigarette company. These units are now being manufactured and will be installed during the coming fiscal year.

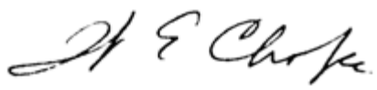
A number of new gauges have been developed for the rubber industry. It is now possible for a tire manufacturer to measure and control not only the ply which goes into the tire side wall, but also to measure and control units was placed by a major cigarette company.

General

On the basis of orders received after the end of the 1953-54 fiscal year and the many additional inquiries received and quotations issued, it is expected that the operations of the Industrial Nucleonics Corporation will be at a profitable level for the year ending April 30, 1955, Your company's backlog of orders on August 1, 1954, for instance, amounted to $1,118,455 as compared with a backlog of $246, 858 on the same date last year. There has been a tremendous increase in industry's acceptance of radiation gauges and automatic controls during recent months, and your company has the product line and know-how to maintain its leadership in this field.

Attached are the income statement and balance sheet for the past year, and, for comparative purposes, those of earlier years. The figures for all years except 1953-54 are audited. These latest figures are currently being audited by Arthur Andersen & Co., and consequently, those presented are per our books. If the final audit varies significantly from the figures presented, it will be forwarded to all stockholders.

The progress made by your company in 1954 can, to a great extent, be attributed to the efforts of the able and loyal employees of the Industrial Nucleonics Corporation. With their help, the coming year should be the best yet.



President

Columbus, Ohio

August 17, 1954

[NOTE: This 1953-54 report was the third annual report issued to the public by Industrial Nucleonics. The historic report was scanned and word processed from the original typed report that is displayed after the profit and loss page. Rev 4/27/2020]

INDUSTRIAL NUCLEONICS CORPORATION

Balance Sheet - April 30, 1954

(Per Books)

ASSETS

CURRENT ASSETS:			
Cash		$ 9,793	
Accounts receivable (net)		120,314	
Inventories		289,341	
Prepaid expenses		14,731	
Total current assets			$434,179
FIXED ASSETS:			
Machinery and equipment	$ 14,286		
Furniture and fixtures	13,858		
Demonstrators	63,875		
	$ 92,019		
Less - Allowance for depreciation	42,465		
Leasehold improvements (net)	$ 49,554		
	5,049		$ 54,603
			$488,782

LIABILITIES, CAPITAL STOCK AND SURPLUS

CURRENT LIABILITIES:			
Notes payable		$ 106,998	
Accounts payable		132,905	
Accrued salaries, wages, taxes, interest, etc.		64,368	
Total current liabilities			$ 304,271
LONG-TERM LOANS			416,028
CAPITAL STOCK AND SURPLUS:			
Common stock-$.10 par value; authorized 125,000 shares; issued and outstanding 98,995 shares		$ 9,895	
Paid-in surplus		161,310	
Earned surplus (deficit]		(402,722)	
Total capital stock and surplus			$ (231,517)
			$ 488,782

INDUSTRIAL NUCLEONICS CORPORATION
Comparative Statement of Profit and Loss
For the years ended April 30, 1954, 1953, 1952 and 1951

	Year ended			
	1954*	1953	1952	1951
SALES	$ 841,550	$ 416,874	$ 694,708	---
COST OF SALES	367,670	205,460	296,359	
Gross income	$ 473,880	$ 211,414	$ 398,349	
OPERATING EXPENSES				
Selling and administrative	$ 403,715	$ 359,745	$195,116	$ 16,057
Research and development	$ 192,617	163,698	80,018	35,996
	$ 596,332	$ 523,443	$275,134	$ 52,053
Net profit (loss) from operations	$(122,452)	$(312,029)	$123,215	$(52,053)
INTEREST EXPENSE	19,409	14,005	5,935	53
Net profit (loss) before Federal Income Taxes	$(141,861)	$(326,034)	$ 117,280	$(52,106)
Provision for Federal Income Taxes	----	(32,500)**	32,500	----
Net profit (loss) for the year	$ (141,861)	$(293,534)	$ 84,780	$(52,106)

*Per Books

**Recovery of previous year's Federal income Tax

ANNUAL REPORT of the

INDUSTRIAL NUCLEONICS CORPORATION

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General

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H E Cholpe

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