

ANNUAL STATEMENT
MANHATTAN ELECTRICAL SUPPLY COMPANY, Inc.
DECEMBER 31, 1928

March 9, 1929.

To the Stockholders:

I submit balance sheet and income account of your company for the year ended December 31, 1928.

In explanation of this statement a reviewal of the changes which took place in your company during the past five years will be helpful. Prior to 1926, your company was engaged primarily in the manufacture of dry cell batteries which business it sold during that year. This necessitated a realignment of its various departmental forces, and made it necessary to venture into other fields.

During the year 1927, the principal acquisition was that of the Troy Laundry Machinery Company, the second largest manufacturer of laundry machinery. After a year of careful investigation and analysis of this company's affairs and the potentialities of the field, a drastic reorganization was decided upon early in 1928. It was found necessary to refine and add to its line of equipment and to make it possible to carry out this policy of expansion your Board of Directors deemed it in the interest of its shareholders to suspend the payment of dividends.

The work of reorganization and the extra expenses incident thereto have been referred to in previous letters to stockholders. In September, 1928, you were also advised of the policy of the Board with respect to the writing off of various deferred development expenses and other intangible items and the accompanying profit and loss statement reflects the carrying out of that policy.

While the work of reorganization is not as yet complete, the affairs of your company rest on a much firmer foundation and the effect of such work of reconstruction is now being reflected in a greater volume of business. While sales for 1928 show an increase of only \$424,000. your company closed its fiscal year with unfilled orders in excess of \$1,000,000.

All bank loans were liquidated during the year, resulting in a greatly improved current position. As of December 31st, total current assets amounted to \$5,461,123. and current liabilities to \$1,033,472. or a ratio of 5.28 to 1 which, in comparison with 1927 shows a vast improvement.

Respectfully submitted,

By order of the Board of Directors,

R. H. BROWN, President.

MANHATTAN ELECTRICAL SUPPLY CO., INC.

CONSOLIDATED BALANCE SHEET

AT DECEMBER 31, 1929

ASSETS

CURRENT ASSETS:

Cash in Banks and on Hand		\$	437,832.72
Notes and Trade Acceptances Receivable due within one year	\$ 403,493.43		
Notes and Trade Acceptances due subsequent to 1929	33,437.58		
	<u>\$ 436,931.01</u>		
Less Reserve	97,989.12		338,941.89
Notes Receivable reserved against certain obligations of the Company			81,370.00
Accounts Receivable	\$2,273,100.18		
Less Reserve	63,051.85		2,210,048.33
Accounts Receivable from Officers and Employees			29,507.88
Accrued Interest Receivable			78,911.14
Marketable Securities at Cost			62,050.74
Deposits with Insurance Agents and to secure Bids			54,922.45
Inventories at Cost			2,167,538.37
TOTAL CURRENT ASSETS			\$5,461,123.52

Fifteen Year Convertible Sinking Fund 6½% Gold Debentures of Company, acquired and available for resale at cost	\$ 20,200.10		
Add accrued interest	775.00		20,975.10
Mineral Rights, Leaseholds, etc.			1,063,615.32

FIXED ASSETS:

Real Estate		\$ 363,249.99	
Buildings	\$1,560,488.55		
Machinery and Equipment	1,918,247.58		
Delivery Equipment and Autos	20,724.98		
Furniture and Fixtures	131,652.67		
Sprinkler and Water Systems	22,559.11		
	<u>\$3,653,672.89</u>		
Less: Reserve for Depreciation	1,627,372.45	2,026,300.44	
Patterns and Drawings	643,293.05		
Less: Reserve for Depreciation	58,500.00	584,793.05	2,974,343.48

DEFERRED CHARGES:

Prepaid Rent, Insurance, Interest, Taxes, etc.	49,108.75		
Special Advertising	62,500.00		
Unamortized Expenses, 6½% Bond Issue	473,677.13		585,285.88

GOOD-WILL, PATENTS, TRADE MARKS, ETC., OF

PARENT COMPANY AND SUBSIDIARIES			3,495,688.89
			<u>\$13,601,032.19</u>

CERTIFICATE OF AUDIT

We have examined the books and records of the MANHATTAN ELECTRICAL SUPPLY CO., INC., and a Balance Sheet has been prepared. We certify that this Balance Sheet, in our opinion, correctly sets forth the consolidated financial position of the company at the date shown.

New York, March 7, 1929.

PLY CO., INC. AND SUBSIDIARIES

BALANCE SHEET

PER 31ST, 1928

LIABILITIES AND CAPITAL

CURRENT LIABILITIES:

Notes and Trade Acceptances Payable.....	\$ 143,870.00
Accounts Payable	715,512.91
Other Accruals	131,353.38
Advance Payments on Contracts.....	42,736.37

Total Current Liabilities..... \$1,033,472.66

FUNDED DEBT:

Fifteen Year Convertible Sinking Fund 6½% Gold Debentures, due January 1, 1943.....	\$2,850,000.00
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CAPITAL STOCK:

Authorized—	
250,000 shares of no par value	
Issued and Outstanding—	
162,500 shares	9,348,360.00

SURPLUS:

Capital	\$686,945.45
Earned (in Deficit).....	317,745.92
	369,199.53

CONTINGENT LIABILITY AT DECEMBER 31, 1928:

Customers' Paper Discounted by Banks and Discount Companies	\$1,537,453.89
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\$13,601,032.19

ARTHUR YOUNG & CO. AUDITORS

LY CO. SUBSIDIARIES as at December 31, 1928, from which the above Consolidated Balance Sheet
with the financial position at December 31, 1928.

ARTHUR YOUNG & CO.

CONSOLIDATED STATEMENT OF INCOME AND PROFIT AND LOSS
YEAR ENDED DECEMBER 31st, 1928

Sales (Net)	\$9,669,770.37
Cost of Sales.....	6,994,081.88
Gross Profit	<u>\$2,675,688.49</u>
Interest, Cash Discount and Miscellaneous Income Received	312,124.38
	<u>\$2,987,812.87</u>
Selling, Administrative and General Expenses.....	2,383,477.93
Profit before Depreciation, bond interest and extraordinary losses	\$ 604,334.94
Depreciation	<u>227,019.67</u>
	<u>\$ 377,315.27</u>
Interest on Bonds.....	192,357.12
Profit before extraordinary losses.....	<u>\$ 184,958.15</u>
Extraordinary Losses:	
Upkeep of idle plant.....	\$ 78,826.51
Inventory write-offs for obsolescence, etc.....	352,038.70
Development expenses written off.....	333,506.98
Special depreciation and obsolescence of machinery.....	33,670.72
Patent rights abandoned.....	26,756.90
Loss from sales, dismantling etc. of fixed assets.....	62,978.82
Expense of moving and rearranging plants.....	21,618.65
Amortization of Bond Discount and expense.....	60,545.20
	<u>\$969,942.48</u>
Deduct	
Reserve for Contingencies.....	\$41,163.75
Profit on sale of securities.....	1,514.61
	<u>42,678.36</u>
Total extraordinary losses.....	<u>927,264.12</u>
Balance in Deficit, charged to Surplus.....	<u><u>\$ 742,305.97</u></u>

CONSOLIDATED EARNED SURPLUS ACCOUNT

Balance at January 1st, 1928.....	\$765,277.70
Less Adjustments for taxes, etc. of prior periods	15,717.65
	<u>\$749,560.05</u>
Dividends paid	325,000.00
	<u>\$424,560.05</u>
Profit for year before extraordinary losses.....	\$184,958.15
Extraordinary losses	<u>927,264.12</u>
	<u>742,305.97</u>
Balance in Deficit, December 31st, 1928.....	<u><u>\$317,745.92</u></u>

ANNUAL STATEMENT
MANHATTAN ELECTRICAL SUPPLY COMPANY, INC.
DECEMBER 31, 1929

March 6, 1930.

To the Stockholders:

I submit Balance Sheet and Income Account of your Company for the year ended December 31st, 1929.

Earnings for the year amounted to \$326,219.01 as compared with a loss of \$742,305.97 in the previous year. Taking into consideration the substantial amounts spent on engineering development and on the reorganization of one of your subsidiaries, all of which expenses have been absorbed as incurred, this result is all the more gratifying.

You will recall that profits for the first six months were \$67,093.70. The profits for the third quarter were \$178,509.71, and it was confidently expected that profits for the last quarter would be equal to those of the first nine months. The depression, however, greatly affected the sales of your subsidiaries, as it did those of most manufacturers, so that, after inventory write-offs, profits amounting to \$80,615.60 were made.

In consonance with its policy of maintaining clean inventories, further generous write-offs have been made and the Company can now assure its stockholders, after having written off \$2,117,621.26 since November, 1926, the time when the present management came into office, that its inventories are clean and further write-offs will not be necessary.

The consolidated balance sheet again shows an improvement with total current assets of \$5,723,281.38 and current liabilities of \$791,901.86, a ratio of 7.22 to 1, as compared with a ratio of 5.28 to 1 in 1928. The financial condition of the Company has been further improved by a reduction of \$268,500.00 during the year in its bonded indebtedness. In previous letters to stockholders, reference has been made to the policy of charging off items of deferred expense, and the amount of \$473,677.13 of bond discount and expense has been written off during the past year.

While the depression felt during November and December was severe, a decided improvement is making itself felt at this time, and there is no doubt in the mind of the management that the outcome for the future is encouraging.

Respectfully submitted,

By order of the Board of Directors,

RICHARD H. BROWN, President.

MANHATTAN ELECTRICAL SUPPLY

CONSOLIDATED BALANCE SHEET

AT DECEMBER 31, 1930

ASSETS

CURRENT ASSETS:

Cash in Banks and on Hand		\$ 420,249.86
Notes and Trade Acceptances Receivable Due within one year	\$ 811,170.26	
Notes and Trade Acceptances due subsequent to 1930....	333,227.63	
	<u>\$ 1,144,397.89</u>	
Less Reserve	81,846.16	1,062,551.73
Accounts Receivable	\$ 1,782,635.73	
Less Reserve	67,836.71	1,714,799.02
Accounts Receivable—Employees		38,987.61
Accrued Interest Receivable		133,995.15
Deposits with Insurance Agents and to secure Bids		50,749.53
Inventories at Cost		2,301,948.48
Total Current Assets		<u>\$ 5,723,281.38</u>

INVESTMENTS— Stocks, Bonds and Mortgages at Cost 114,343.02

MINERAL RIGHTS, LEASEHOLDS, ETC. 1,056,680.10

FIXED ASSETS:

Real Estate	\$ 458,092.94	
Buildings	\$1,550,275.59	
Machinery and Equipment	1,997,868.13	
Delivery Equipment and Autos	39,622.80	
Furniture and Fixtures	156,362.31	
Sprinkler and Water Systems	22,559.11	
	<u>\$3,766,687.94</u>	
Less: Reserve for Depreciation	1,759,950.73	2,006,737.21
Patterns and Drawings	701,684.32	
Less Reserve for Depreciation	122,829.24	578,855.08
		<u>3,043,685.23</u>

DEFERRED CHARGES:

Prepaid Rent, Insurance, Interest, Taxes, etc.....	93,160.90	
Special Advertising	37,500.00	130,660.90

GOOD-WILL, PATENTS, TRADE MARKS, ETC. OF PARENT COMPANY
AND SUBSIDIARIES

3,487,774.80
\$13,556,425.43

CERTIFICATE

We have examined the books and records of the MANHATTAN ELECTRICAL SUPPLY
Consolidated Balance Sheet has been prepared. There is a Contingent Liability for Customers
which, we certify that this Balance Sheet, in our opinion, correctly sets forth the consolidated financial

New York, March 4, 1930.

PLY CO., INC. AND SUBSIDIARIES

BALANCE SHEET

ER 31ST, 1929

LIABILITIES AND CAPITAL

CURRENT LIABILITIES:

Notes and Trade Acceptances Payable	\$	153,784.74
Notes Payable Other Than Within One Year		75,000.00
Accounts Payable		405,029.98
Other Accruals		128,015.14
Advance Payments on Contracts		30,072.00

Total Current Liabilities	\$	791,901.86
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FUNDED DEBT:

Fifteen Year Convertible Sinking Fund 6½% Gold De-		
bentures, due January 1, 1943	\$	2,625,000.00
Less: Gold Debentures in Treasury.....		66,500.00
		2,558,500.00

CAPITAL STOCK:

Authorized—		
250,000 shares of no par value.		
Issued and Outstanding—		
185,000 shares		9,967,110.00

SURPLUS:

Capital	\$	642,807.40
Earned (in Deficit)		403,893.83
		238,913.57

\$13,556,425.43

IFIC AUDITORS

CAL CO., INC., AND SUBSIDIARIES as at December 31, 1929, from which the above
r. Capital Discounted by Banks and Discount Companies amounting to \$1,825,118.32, subject to
nsolvent position at December 31, 1929.

ARTHUR YOUNG & CO.

CONSOLIDATED STATEMENT OF INCOME AND PROFIT AND LOSS
YEAR ENDED DECEMBER 31ST, 1929

Sales (Net)	\$10,157,189.35
Cost of Sales	<u>7,481,883.20</u>
Gross Profit	\$ 2,675,306.15
Interest, Cash Discount and Miscellaneous Income Received.....	452,266.24
	<u>\$ 3,127,572.39</u>
Selling, Administrative and General Expenses	<u>2,270,126.07</u>
Profit before Depreciation, Bond Interest and Amortization, etc.....	\$ 857,446.32
Depreciation	<u>255,504.71</u>
	\$ 601,941.61
Interest on Bonds	<u>182,780.00</u>
Net Operating Profit	\$ 419,161.61
Deduct:	
Upkeep of idle plant	\$35,958.88
Amortization of bond discount and expense.....	<u>56,983.72</u>
	92,942.60
Net Profit for Year carried to Surplus Account	<u>\$ 326,219.01</u>

CONSOLIDATED EARNED SURPLUS ACCOUNT

Balance in Deficit at January 1st, 1929.....	\$ 317,745.92
Less Adjustments for taxes, etc., of prior periods	<u>4,326.49</u>
	\$ 313,419.43
Add Net Profit for Year	<u>326,219.01</u>
	\$ 12,799.58
Deduct: Balance of Unamortized Bond Discount and Expense written off	<u>416,693.41</u>
Balance in Deficit, December 31st, 1929	<u>\$ 403,893.83</u>