

1952-1953 ANNUAL REPORT of the INDUSTRIAL NUCLEONICS CORPORATION

[NOTE: This 1952-53 report was the second 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 page 6. Rev 4/26/2020]

To Our Stockholders: GENERAL

The year ending April 30, 1953 was the third for the Industrial Nucleonics Corporation. The year was not successful as far as sales and profit were concerned, yet it was highly successful for other reasons.

To review, in the first year of its existence Industrial Nucleonics Corporation designed and engineered a beta gauge. In the second year ending on April 30, 1952 approximately \$700,000 worth of gauges were sold to a number of companies principally in the rubber, plastics, and paper industries. Over sixty per cent of these sales were made by two officials of the company, with the majority being made in Ohio and nearby states. The only gauge made at that time by Industrial Nucleonics Corporation was limited in usefulness largely to measuring the products of the tire, medium weight plastic, paper board, and box board industries. Studies of the potential market for beta gauges revealed that the gauges could be applied to many other processes if additional designs were available.

In May, 1952 \$500,000 was raised to accomplish the following objectives:

- (a) Training an integrated sales force, with company sales representatives in the major market areas.
- (b) Developing automatic controls for processes employing beta gauges.
- (c) Developing gauges similar to the first gauge, but with the ability to measure lighter and heavier sheets.
- (d) Developing a gauge which would measure the weight of surface coatings.

These objectives have been largely met, in some cases even more successfully than we had hoped.

To properly organize the sales department, however, took considerable time and effort. This was apparent in the first six months (May 1, 1952 to October 31, 1952) when sales were \$103,854. In contrast the sales for the second six months were \$311,710, and we are entering our fourth year with a backlog of over \$300, 000 in orders. The majority

of our sales representatives have now spent nine months in their territories and their concentrated and continuing efforts are bearing fruit. During the year the majority of the sales were to the rubber and plastics industries. However, within the plastics industry a number of new type installations were made which will broaden our market.

New Products

Last year saw the introduction of a number of new products. Our efforts were concentrated first on designing an automatic control which would eliminate the necessity for the operator to constantly observe the gauge trace. This we now have and presently we have orders for eighteen automatic controls, which sell for approximately \$3, 000 each. The large proportion of all orders for new gauges include automatic controls. So far we are the only producer of beta gauges with automatic control.

Second, our efforts on new products were directed towards broadening the line of gauges. Until recently, our gauge would measure only the range indicated below. We now can offer gauges measuring the full range from the thinnest paper to one inch of steel.

Range of Present Gauge Line

Type of Gauge	Examples of Materials Measured	Thickness Range in Inches
Thin Materials Gauge	Paper	.0004" to .030",
	Plastic Film and sheet	.001" to .020"
Original AccuRay Beta Gauge	Aluminum Sheet	.00025" to .080"
	Plastic Sheet	.0025" to .160"
	Rubber Tire Fabric	.002" to .210"
	Paper Board	.009" to .040"
Extended Range Gauge	Cork Floor Tile	.1" to .63"
	Steel	0" to .040"
Heavy Materials Gauge	Glass	.16" to .87"
	Tire Tread	.125" to 5.00"
	Steel	.020" to .50"

These new developments will greatly increase the market for our beta gauges. Only one of our competitors attempts to offer gauges to measure the lightest sheets, and neither can offer a gauge for the heavier materials. Actually our gauge for heavy materials will compete directly with industrial X-ray machines. The beta gauge is cheaper to buy, much more reliable, and requires negligible maintenance in contrast with the expense of X-ray tubes and the necessity of having a maintenance engineer.

We have just announced a new gauge known as a reflection gauge for measuring surface coatings, one of which has been operating for some time in the research department of a large steel company. An order for a number of these gauges was recently placed by the American Rolling Mills Company. Considering the enthusiasm expressed by the representatives of other steel companies that saw the gauge at an exhibition in the office of William Blair and Company in Chicago, there should be a good market for this product.

In addition to the above new products, there have been several mechanical refinements on our present gauge which either made it more useful to our present customers, or made it suitable to new applications. Typical is a special long bracket with extremely high tolerance to temperature variations which permits us to measure very wide sheets.

As general accessories to our present line of gauges, a series of computers and positioners have been developed. The computers make it possible to take the readings from several gauges and present the ratio between these readings on one recorder. The positioners automatically schedule the places across the sheet which are to be measured so that they are measured in the proper sequence and for the proper length of time. Both these devices increase the applicability of the gauges to certain processes.

We shall continue to concentrate on broadening our line of gauges. At present we are limited to the many processes producing, converting or coating sheet materials. However, with our present technical and engineering know-how we see many additional types of gauges for new fields where there is a real need. In addition, as the company's reputation grows, we find that companies are coming to us with their problems. We can foresee, in the near future, our gauges selling in the chemical, soap, cigarette, dairy products, and other industries.

Financial

Attached is a summary of our income statement for the last three years and a balance sheet for the year ending April 30, 1953. The reason for the poor sales for the past year has been mentioned earlier.

In addition, I would like to point out that in 1953, selling expense comprised three-fourths of the selling and administrative expense. These funds, devoted primarily to the enlargement and education of the sales staff, are already bearing fruit. We can introduce new products with confidence that we have a good sales force. The research and engineering expense was quite large for a company our size, but it must be so in a new company in a pioneering industry. Our new products are good evidence that the money was well spent.

Conclusion

Our stockholders have been, and can be very useful to us with top level introductions. Top management quickly appreciates the dollar savings and improvement in quality through the use of a beta gauge. In contrast, the lower echelon is often hesitant to stick their neck out.

Our efforts in the past, and the bright future ahead of us exists mainly because of the devotion, imagination and energy of our employees. To them we all owe our thanks.

President

Columbus, Ohio

June 15, 1953

INDUSTRIAL NUCLEONICS CORPORATION

Comparative Statement of Profit and Loss

For the years ended April 30, 1953, 1952 and 1951

	<u>Year ended April 30</u>			
	<u>1951</u>	<u>1952</u>	<u>1953*</u>	
<u>SALES</u>	--	\$ 694,707.85	\$415, 564.22	
<u>COST OF SALES</u>	--	\$296. 358.82	\$209, 299.59	
Gross income	--	\$ 398, 349.03	\$ 206,265.63	
<u>OPERATING EXPENSES</u>				
Selling and administrative	\$16,057.06	\$195,115.56	\$354, 042.03	
Research and development	<u>\$35,996.09</u>	<u>\$ 80,018.94</u>	<u>\$162,920.96</u>	
	<u>\$52,053.15</u>	<u>\$275,134.50</u>	<u>\$516,962.96</u>	
Net profit (loss) from operations	\$(52,0530.15)	\$123,214.53	\$(310,697.36)	
<u>INTEREST EXPENSE</u>		<u>52.50</u>	<u>5,934.46</u>	<u>14.942.32</u>
Net profit (loss) before				
Federal Income Taxes	\$(52,105.65)	\$117,280.07	\$(325,639.68)	
Provision for Federal				
Income taxes		<u>32,500.00</u>	<u>(32,500.00)**</u>	
Net profit (loss) for the year	<u>\$(52,105.65)</u>	<u>\$85,780.07</u>	<u>\$(293,139.68)</u>	

*Per books

** Recovery of previous year's Federal Income Tax

INDUSTRIAL NUCLEONICS CORPORATION

Balance Sheet - April 30, 1953 (Per Books)

ASSETS

CURRENT ASSETS:

Cash	\$	40,017.94	
Account receivable (net)		140, 564.07	
Inventories		211,311.13	
Prepaid Expenses		<u>7,809.63</u>	
Total current assets			\$ 399,702.77

FIXED ASSETS:

Machinery and equipment	\$	12, 503.79	
Furniture and fixtures		12,943. 52	
Demonstrators		<u>63, 874.83</u>	
		\$89,322.14	
Less - Allowance for depreciation		<u>10,807.17</u>	
Leasehold improvements (net)		78,514.97	
		<u>6, 30.28</u>	<u>84,645.25</u>
			<u>\$484, 348.02</u>

LIABILITIES, CAPITAL STOCK AND SURPLUS

CURRENT LIABILITIES

Notes Payable	\$	54,000.00	
Accounts payable		44,133.23	
Accrued salaries, wages, taxes, interest, etc.		<u>47,017.34</u>	
Total current liabilities			\$145,150.57

LONG TERM LOANS

428.458.11

CAPITAL STOCK AND SURPLUS

Common stock-\$.10 par value:

authorized 125,000 shares; issued

and outstanding 99,000 shares \$ 9,900.00

Paid-in surplus 161,309.60

Earned surplus (deficit) (260,465.26)

Total capital stock and surplus \$ (89,255.66)

Less – Treasury stock (at cost) 5.00 (89,260.66)

\$484,348.02

(ORIGINAL 1952-1953 ANNUAL REPORT)

ANNUAL REPORT of the INDUSTRIAL NUCLEONICS CORPORATION

To Our Stockholders:

General

The year ending April 30, 1953 was the third for the Industrial Nucleonics Corporation. The year was not successful as far as sales and profit were concerned, yet it was highly successful for other reasons.

To review, in the first year of its existence Industrial Nucleonics Corporation designed and engineered a beta gauge. In the second year ending on April 30, 1952 approximately \$700,000 worth of gauges were sold to a number of companies principally in the rubber, plastics, and paper industries. Over sixty per cent of these sales were made by two officials of the company, with the majority being made in Ohio and nearby states. The only gauge made at that time by Industrial Nucleonics Corporation was limited in usefulness largely to measuring the products of the tire, medium weight plastic, paper board, and box board industries. Studies of the potential market for beta gauges revealed that the gauges could be applied to many other processes if additional designs were available.

In May, 1952 \$500,000 was raised to accomplish the following objectives:

- (a) Training an integrated sales force, with company sales representatives in the major market areas.
- (b) Developing automatic controls for processes employing beta gauges.
- (c) Developing gauges similar to the first gauge, but with the ability to measure lighter and heavier sheets.
- (d) Developing a gauge which would measure the weight of surface coatings.

These objectives have been largely met, in some cases even more successfully than we had hoped.

To properly organize the sales department, however, took considerable time and effort. This was apparent in the first six months (May 1, 1952 to October 31, 1952) when sales were \$103,854. In contrast, the sales for the second six months were \$311,710, and we are entering our fourth year with a backlog of over \$300,000 in orders. The majority

of our sales representatives have now spent nine months in their territories and their concentrated and continuing efforts are bearing fruit. During the year the majority of the sales were to the rubber and plastics industries. However, within the plastics industry a number of new type installations were made which will broaden our market.

New Products

Last year saw the introduction of a number of new products. Our efforts were concentrated first on designing an automatic control which would eliminate the necessity for the operator to constantly observe the gauge trace. This we now have and presently we have orders for eighteen automatic controls, which sell for approximately \$3,000 each. The large proportion of all orders for new gauges include automatic controls. So far we are the only producer of beta gauges with automatic control.

Second, our efforts on new products were directed towards broadening the line of gauges. Until recently, our gauge would measure only the range indicated below. We now can offer gauges measuring the full range from the thinnest paper to one inch of steel.

Range of Present Gauge Line

Type of Gauge	Examples of Materials Measured	Thickness Range in Inches
Thin Materials Gauge	Paper Plastic Film and Sheet	.0004" to .030" .001" to .020"
Original AccuRay Beta Gauge	Aluminum Sheet Plastic Sheet Rubber Tire Fabric Paper Board	.00025" to .080" .0025" to .160" .002" to .210" .009" to .040"
Extended Range Gauge	Cork Floor Tile Steel	.1" to .63" 0" to .040"
Heavy Materials Gauge	Glass Tire Tread Steel	.16" to .87" .125" to 5.00" .020" to .50"

These new developments will greatly increase the market for our beta gauges. Only one of our competitors attempts to offer gauges to measure the lightest sheets, and neither can offer a gauge for the heavier materials. Actually our gauge for heavy materials will compete directly with industrial X-ray machines. The beta gauge is cheaper to buy, much more reliable, and requires negligible maintenance in contrast with the expense of X-ray tubes and the necessity of having a maintenance engineer.

We have just announced a new gauge known as a reflection gauge for measuring surface coatings, one of which has been operating for some time in the research department of a large steel company. An order for a number of these gauges was recently placed by the American Rolling Mills Company. Considering the enthusiasm expressed by the representatives of other steel companies that saw the gauge at an exhibition in the office of William Blair and Company in Chicago, there should be a good market for this product.

In addition to the above new products, there have been several mechanical refinements on our present gauge which either made it more useful to our present customers, or made it suitable to new applications. Typical is a special long bracket with extremely high tolerance to temperature variations which permits us to measure very wide sheets.

As general accessories to our present line of gauges, a series of computers and positioners have been developed. The computers make it possible to take the readings from several gauges and present the ratio between these readings on one recorder. The positioners automatically schedule the places across the sheet which are to be measured so that they are measured in the proper sequence and for the proper length of time. Both these devices increase the applicability of the gauges to certain processes.

We shall continue to concentrate on broadening our line of gauges. At present we are limited to the many processes producing, converting or coating sheet materials. However, with our present technical and engineering know-how we see many additional types of gauges for new fields where there is a real need. In addition, as the company's reputation grows, we find that companies are coming to us with their problems. We can foresee, in the near future, our gauges selling in the chemical, soap, cigarette, dairy products, and other industries.

Financial

Attached is a summary of our income statement for the last three years and a balance sheet for the year ending April 30, 1953. The reason for the poor sales for the past year has been mentioned earlier. In addition,

I would like to point out that in 1953, selling expense comprised three-fourths of the selling and administrative expense. These funds, devoted primarily to the enlargement and education of the sales staff, are already bearing fruit. We can introduce new products with confidence that we have a good sales force. The research and engineering expense was quite large for a company our size, but it must be so in a new company in a pioneering industry. Our new products are good evidence that the money was well spent.

Conclusion

Our stockholders have been, and can be very useful to us with top level introductions. Top management quickly appreciates the dollar savings and improvement in quality through the use of a beta gauge. In contrast, the lower echelon is often hesitant to stick their neck out.

Our efforts in the past, and the bright future ahead of us exists mainly because of the devotion, imagination and energy of our employees. To them we all owe our thanks.

President

Columbus, Ohio
June 15, 1953

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

	<u>Year ended April 30</u>		
	<u>1951</u>	<u>1952</u>	<u>1953 *</u>
<u>SALES</u>	--	\$ 694,707.85	\$ 415,564.22
<u>COST OF SALES</u>	--	296,358.82	209,299.59
Gross income	-	\$ 398,349.03	\$ 206,265.63
 <u>OPERATING EXPENSES</u>			
Selling and administrative	\$ 16,057.06	\$ 195,115.56	\$ 354,042.03
Research and development	35,996.09	80,018.94	162,920.96
	<u>\$ 52,053.15</u>	<u>\$ 275,134.50</u>	<u>\$ 516,962.99</u>
Net profit (loss) from operations	\$ (52,053.15)	\$ 123,214.53	\$ (310,697.36)
 <u>INTEREST EXPENSE</u>	 52.50	 5,934.46	 14,942.32
Net profit (loss) before Federal Income Taxes	\$ (52,105.65)	\$ 117,280.07	\$ (325,639.68)
Provision for Federal Income Taxes	-	32,500.00	(32,500.00)**
Net profit (loss) for the year	<u>\$ (52,105.65)</u>	<u>\$ 84,780.07</u>	<u>\$ (293,139.68)</u>

* Per books

** Recovery of previous year's Federal Income Tax

INDUSTRIAL NUCLEONICS CORPORATION

Balance Sheet - April 30, 1953

(Per Books)

ASSETS

CURRENT ASSETS:

Cash	\$ 40,017.94	
Accounts receivable (net)	140,564.07	
Inventories	211,311.13	
Prepaid Expenses	<u>7,809.63</u>	
Total current assets		\$ 399,702.77

FIXED ASSETS:

Machinery and equipment	\$ 12,503.79	
Furniture and fixtures	12,943.52	
Demonstrators	<u>63,874.83</u>	
	\$ 89,322.14	
Less - Allowance for depreciation	<u>10,807.17</u>	
	\$ 78,514.97	
Leasehold improvements (net)	<u>6,130.28</u>	84,645.25
		<u>\$ 484,348.02</u>

LIABILITIES, CAPITAL STOCK AND SURPLUS

CURRENT LIABILITIES:

Notes payable	\$ 54,000.00	
Accounts payable	44,133.23	
Accrued salaries, wages, taxes, interest, etc.	<u>47,017.34</u>	
Total current liabilities		\$ 145,150.57

LONG-TERM LOANS

428,458.11

CAPITAL STOCK AND SURPLUS:

Common stock-\$.10 par value; authorized 125,000 shares; issued and outstanding 99,000 shares	\$ 9,900.00	
Paid-in surplus	161,309.60	
Earned surplus (deficit)	(260,465.26)	
Total capital stock and surplus	<u>\$ (89,255.66)</u>	
Less - Treasury stock (at cost)	<u>5.00</u>	(89,260.66)
		<u>\$ 484,348.02</u>