SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-KSB

[ ] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

[X] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from January 1, 1998 to June 30, 1998

Commission file number 0-9040

METRO-TEL CORP.
(Name of small business issuer in its charter)

Delaware	11-2014231
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
290 N.E. 68th Street, Miami, Florida 33138	95035
(Address of principal executive offices)	(Zip Code)

Issuer's telephone number, including area code: 305-754-4551

Securities registered under Section 12(b) of the Exchange Act: Common Stock, $.025 par value

Securities registered under Section 12(g) of the Exchange Act: None

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 there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B 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]

Steiner's - Atlantic Corp's revenues for the six months ended June 30, 1998 was $7,834,709 and for the year ended December 31, 1997 was $14,249,441. The foregoing does not include the revenues of Metro-Tel Corp.

The aggregate market value as at January 21, 1999 of the Common Stock of the issuer, its only class of voting stock, held by non-affiliates was approximately $20,625,000 calculated on the basis of the closing price of such stock on the Chicago Stock Exchange on that date. Such market value excludes shares owned by all executive officers and directors (but includes shares owned by their spouses); this should not be construed as indicating that all such persons are affiliates.

The number of shares outstanding of the issuer's Common Stock as at January 21, 1999 was 6,875,000.

DOCUMENTS INCORPORATED BY REFERENCE

NONE

Transitional Small Business Disclosure Format Yes [ ] No [X]

FORWARD LOOKING STATEMENTS

Certain statements in this Report under the captions "Item 1. Business," "Item 2. Properties" and "Item 6. Management's Discussion and Analysis of Financial Condition and Results of Operations," and elsewhere in this Report constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). Such forward- looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual result, performance or achievements of the Company, or industry trends and results, to be materially different from any future results, trends, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other factors include, among others, the following: general economic and business conditions; industry conditions and trends, including supply and demand; fluctuations in the prices for telecommunication and dry- cleaning industry products; competition; changes in business strategy or development plans; availability, terms and deployment of debt and equity capital; relative values of the United States currency to currencies in the countries in which the Company's customers and competitors are located; availability of qualified personnel; changes in, or the failure to comply with, government regulations; the ability of certain of the Company's customers and suppliers and others to successfully and timely complete their Year 2000 compliance programs. These and certain other factors are discussed from time to time in this Report and from time to time in other Company reports hereafter filed with the Securities and Exchange Commission. The Company does not assume an obligation to update the factors discussed in this Report. and other factors referenced in this Report.

When used in this Report, the words "may", "will, "expect," anticipate," "continue," "estimate," "project," "intend", "strategy" and "pro forma" and similar expressions are intended to identify forward-looking statements regarding events, conditions and financial trends that may affect the Company's future plans of operations, business strategy, operating results and financial position. Any forward looking statements are not guarantees of future performance and are subject to risks and significant uncertainties and that actual results may differ materially from those included within the forward-looking statements as a result of various factors.

INTRODUCTION

On November 1, 1998, Steiner-Atlantic Corp. ("Steiner") was merged (the "Merger") with and into, and became a wholly-owned subsidiary of, Metro-Tel Corp. ("Metro-Tel" and collectively with Steiner, the "Company"). As a result of the Merger, the Company has added Steiner's operations as a supplier of dry cleaning, industrial laundry equipment and steam boilers to Metro-Tel's operations as a manufacturer and seller of telephone test and customer premise equipment.

All periodic reports heretofore filed by the Company with the Securities and Exchange Commission have reflected only the operations and financial statements of Metro-Tel Corp. on a stand-alone basis.

For financial accounting (but not corporate law) purposes, the Merger is treated as a "reverse acquisition" of Metro-Tel by Steiner utilizing the "purchase" method of accounting. As a result, all financial statements of the Company included in this and future periodic reports filed by the Company but covering periods prior to November 1, 1998 will reflect only the results of operations, financial position and cash flows of Steiner on a stand-alone basis. All consolidated financial statements of the Company for periods commencing November 1, 1998 will, in addition, include the results of operations, financial position and cash flows of Metro-Tel from and after that date.

Subsequent to the Merger, the Company elected to adopt Metro-Tel's June 30 fiscal year rather than Steiner's December 31 fiscal year. Accordingly, this Transition Report on Form 10-KSB is being filed pursuant to Rule 13a-10(b) of the Securities Exchange Act of 1934 to file audited financial statements of Steiner as of December 31, 1997 and June 30, 1998 and for the years ended December 31, 1996, December 31, 1997 and six months ended June 30, 1998.

PART 1

Item 1. Business

General

Founded in 1960, Steiner is a supplier of dry cleaning equipment, industrial laundry equipment and steam boilers, offering over 30 lines of commercial systems to customers in South Florida, the Caribbean and Central and South American markets ("Latin America"). Steiner's services include: (1) designing and planning "turn-key" laundry and/or dry cleaning systems to meet the layout, volume and budget needs of a variety of institutional and retail customers, (2) supplying replacement equipment and parts to its customers, (3) providing warranty and preventative maintenance through factory-trained technicians and service managers, (4) selling its own line of dry cleaning systems to customers in the United States, the Caribbean and Latin America; and (5) selling process steam systems and boilers.

Founded in 1963, Metro-Tel has been engaged in the manufacture and sale of telephone test and customer premise equipment utilized by telephone and telephone interconnect companies in the

installation and maintenance of telephone equipment. Through internal research and development and through acquisition, Metro-Tel has added various product lines to its telephone test and customer premise product lines.

Steiner's Operations

History. Steiner was founded in 1960 by William K. Steiner. Steiner initially operated as a distributor of dry cleaning systems and boilers, and as a rebuilder of laundry, dry cleaning and boiler equipment. Steiner expanded in 1972 when it began distributing institutional laundry equipment to hotels, motels and hospitals. In 1980, Steiner began importing dry cleaning systems from an English manufacturer, and four years later, Steiner developed a relationship with an Italian manufacturer of dry cleaning systems. In 1990, Steiner established its own branded product line with the introduction of an updated dry cleaning system under the Aero-Tech label, substantially all of which is currently manufactured exclusively for Steiner in Italy.

Steiner's laundry equipment includes washers and dryers, including coin-operated machines, boilers, water reuse and heat reclamation systems, flatwork ironers and automatic folders. Steiner's dry cleaning equipment includes dry cleaning machines, garment presses, finishing equipment, and sorting and distributing conveyors. Steiner's marketing staff sells to a customer base that includes franchise and independent drycleaners, hotels, motels, hospitals, cruise lines, nursing homes, governmental institutions and distributors.

Product Lines. Steiner offers a broad line of over 30 laundry and dry cleaning systems and boilers and over 1,000 accessory parts. Steiner's products are manufactured by a number of suppliers. Steiner also markets a complete line of dry cleaning equipment under its Aero-Tech trademark. Steiner's product lines are positioned and priced to appeal to customers in the high-end, mid-range and value priced markets. Suggested prices for most of Steiner's products range from approximately $5,000 to $50,000. Steiner's product line offers its customers a "one-stop shop" for laundry and dry cleaning systems, boilers and accessories.

In 1990, Steiner introduced its own line of dry cleaning equipment, marketed under the Aero-Tech brand name, manufactured exclusively for Steiner in Italy. Steiner does not have a formal contract with its Italian manufacturer, but relies on its long-standing relationship with it. Steiner collaborates in the design and closely monitors the quality of the manufactured product and believes its Aero-Tech systems exceed the environmental regulations set by safety and environmental regulatory agencies. Steiner must place its orders with its Italian manufacturer prior to the time Steiner has received all of its orders. However, because of Steiner's close working relationship with its Italian manufacturer, Steiner can adjust orders rapidly and efficiently to reflect a change in customer demands.

According to its arrangement with its manufacturer, Steiner purchases dry cleaning systems from its manufacturer in Italian lire. However, in the case of a substantial decline in the value of the U.S. dollar against the Italian lire or the implementation of custom duties, import controls or trade barriers with Italy, Steiner has the ability to have its Aero-Tech line manufactured by other international suppliers. Imports into the United States are affected by the cost of transportation, the imposition of import duties and increased competition from greater production demands abroad. The United States and Italy may, from time to time, impose new quotas, duties, tariffs or other restrictions or adjust prevailing quotas, duty or tariff levels, which could affect Steiner's margins on its Aero-Tech systems. United States customs duties presently are approximately 1% of invoice cost on dry cleaning systems.

Sales, Marketing and Customer Support. Steiner's laundry and dry cleaning equipment products are marketed in the United States, the Caribbean, Mexico and other Latin American countries. Steiner employs seven sales executives to market its products in South Florida and the international markets. Aero-Tech products are sold by the same seven sales executives. Steiner supports its products by representative advertising in trade publications, participating in trade shows and engaging in regional promotions and sales incentive programs. A substantial portion of Steiner's equipment sales are obtained by telephone and fax inquiries originated by the customer or by Steiner and significant repeat sales are derived from existing customers.

Steiner seeks to become the single supplier of laundry and dry cleaning equipment to each of its customers. Steiner currently offers over 30 lines of commercial laundry, dry cleaning and boiler systems, along with a comprehensive parts inventory consisting of over 1,000 parts and accessories. Steiner's product lines are offered under a wide range of price points to address the needs of a diverse customer base. By providing "one-stop" shopping, Steiner believes it is better able to attract and support potential customers who can choose from Steiner's broad product line.

Steiner seeks to establish customer satisfaction by offering (1) an on-site training and preventive maintenance program performed by factory trained technicians and service managers; (2) design and layout assistance; (3) maintenance of a comprehensive parts and accessories inventory and same day or overnight availability; and (4) competitive pricing. Steiner provides a toll-free support line to resolve customer service problems and estimates that it resolves approximately 75% of the service inquiries on the first call.

Steiner trains its sales and service employees to provide service and customer support. Steiner uses specialized classroom training, instructional videos and vendor sponsored seminars to educate employees about product information. In addition, Steiner's technical staff has prepared comprehensive training manuals, written in English and Spanish, relating to specific training procedures. Steiner's technical personnel are continuously updated and retrained as new technology is developed. Steiner monitors service technicians' continued educational experience and fulfillment of requirements in order to evaluate their competence. All of Steiner's service technicians receive service bulletins, service technicians' tips and continued training seminars.

Customers and Markets. Steiner's customer base consists of approximately 350 customers in the United States, the Caribbean and Latin America. Steiner's customers include dry cleaning chains and institutions, cruise lines, and government agencies. No customer accounted for more than 10% of Steiner's revenues on a stand-alone basis during Steiner's fiscal years ended December 31, 1996 and 1997 or the six months ended June 30, 1998.

The following table sets forth the approximate geographic distribution of Steiner's sales for the six months ended June 30, 1998:

	Revenues	% of Total
United States	$5,316,711	68.6%
Latin America	$1,217,397	15.7%
Caribbean	$1,147,918	14.8%
Other	$ 65,295	.9%
Total	$7,747,321	100%

Sources of Supply. Steiner purchases laundry and dry cleaning systems, boilers and other products from a number of manufacturers, none of which accounted for more than 20% of its purchases for the years ended December 31, 1996 and 1997 and the six months ended June 30, 1998. Steiner has established long-standing relationships with many of the leading laundry, dry cleaning and boiler manufacturers. Steiner's management believes these supplier relationships provide Steiner with a substantial competitive advantage, including exclusivity in certain products and areas and favorable prices and terms. Therefore, the loss of a major vendor relationship could affect Steiner's business. Historically, Steiner has not experienced difficulty in purchasing desired products from its suppliers and believes it has good working relationships with its suppliers.

Competition. The laundry and dry cleaning equipment distribution business is highly competitive and fragmented with over 100 full-line or partial-line equipment distributors in the United States. Steiner's management believes that no distributor supplies more than 6% of the market and that substantially all such distributors are independently owned and, with the exception of several regional distributors, operate primarily in local markets. Competition is based on price, product quality, delivery and support services provided by the distributor to the customer. In South Florida, Steiner's principal domestic market, Steiner's primary competition is derived from two full-line distributors which operate out of the Miami area. In the export market, Steiner primarily competes with a wholesale distributor located in the Northeast and anticipates increased competition from other distributors, as the export market grows. As Steiner expands the sale of its Aero-Tech line to its distributors on a national level, it competes with over a dozen manufacturers of dry cleaning equipment whose products are distributed nationally. Steiner competes by offering an extensive product selection, value-added services, such as product inspection and quality assurance, toll-free

customer support line, reliability, warehouse location, price and, with the Aero-Tech line, competitive special features and exclusivity.

Metro-Tel's Operations.

History. The Metro-Tel was incorporated under the laws of the State of Delaware on June 30, 1963. Since its inception, Metro-Tel has been engaged in the manufacture and sale of telephone test and customer premise equipment utilized by telephone and telephone interconnect companies in the installation and maintenance of telephone equipment. Through internal research and development and through acquisition, Metro-Tel has added various product lines to its telephone test and customer premise product lines.

Product Lines. The following table sets forth the approximate net sales of each of the Metro- Tel's two products lines and of its other products and services, as a group, and the percentages which such sales bear to total net sales of Metro-Tel on a stand-alone basis during each of the two years ended June 30, 1998:

Year Ended June 30,	
1998	1997

	Amount	%	Amount	%
	(dollars in thousands)			
Telephone Test Equipment	$3,582	93%	$3,602	93%
Customer Premise Equipment	83	2%	121	3%
Other Products and Services	174	5%	160	4%
	$3,839	100%	$3,883	100%

The downsizing of the Regional Bell Operating Companies ("RBOCs" during the past several years has reduced the number of Telecom craft personnel who are potential users of Metro-Tel's test equipment and, accordingly, Metro-Tel's sales. To reduce the impact that has occurred as a result of the downsizing of the RBOCs, through research and development, Metro-Tel has begun introducing new products aimed at reducing its dependence on the RBOCs and is entering into new markets, principally the public utility and data industry, for its existing and new products.

Telephone Test Equipment. Metro-Tel manufactures and sells a line of telephone test equipment which includes portable test sets, which are designed for use in locating high resistance faults resulting from moisture in exchange cables and by cable splicers on exchange and toll cables for identification of cable wires and other tone-testing purposes; linemen's rotary and/or touch-tone

testing handsets and portable line test sets for use by telephone installers, repairmen and central office personnel; hand and pole exploring coils which are used in cable fault finding; solid state conversion amplifier kits; Volt-Ohmmeter test sets; and Cable Hound(R), a portable electronic unit that locates and determines the depth of underground cable and metal pipes primarily for the telephone, utility and construction industries.

In addition, Metro-Tel manufactures a line of transmission test equipment used in telephone company central office installations by operating companies, long distance telephone resellers and large companies who own their own networks. Among these products are digital and analog rack-mounted test systems, portable transmission test sets, remote test systems and fiber optic test sets.

Customer Premise Equipment. Metro-Tel manufactures and markets a line of telephone station and peripheral products, including telephone call sequencers (which answer calls on up to 12 incoming unattended lines, provide the caller with an appropriate message and place the calls in queue until answered by an attendant) and a line of digital announcers (which provide a pre-programmed message with the ability to ring through at the end of the message if so desired by the caller). This product line also includes a series of specialty telephone products, including call diverters (call forwarding devices used both by end-users and in telephone company central offices), speed dialers, specialty telephones and amplified handsets for the hearing impaired.

In addition, Metro-Tel has begun distributing a line of Channel Service Units/Data Service Units (CSU/DSU) for the data industry. These devices are used to terminate a digital channel on a customer's premises and enable computer data to be transmitted and received at high speeds over the telephone line without the use of a modem.

Other Products and Services. In addition, Metro-Tel sells a variety of accessory products, primarily head sets and alligator clips. Metro-Tel also sells spare parts for its product lines and provides repair services for its products.

Methods of Distribution. Metro-Tel presently sells its products through its own regional sales managers and sales representatives who assist Metro-Tel's national telephone equipment distributors. Sales managers are presently based in Georgia and California. In addition, Metro-Tel maintains an in-house sales staff at its facilities in Milpitas, California.

Principal Customers. Metro-Tel is not dependent upon any single customer. However, North Supply Company, a national distributor of telephone products, accounted for approximately 15% and 19% of Metro-Tel's net sales for the years ended June 30, 1998 and 1997, respectively, but less than 10% of the consolidated revenues on a pro forma basis, assuming the Merger had been completed at the beginning of the applicable year. Metro-Tel believes that, should it for any reason lose this distributor, Metro-Tel would not be adversely impacted since these sales would be absorbed by other distributors.

Sources of Supply. The basic materials used in the manufacture of Metro-Tel's telephone test equipment and telephone station and peripheral telephone equipment consist of electronic components. Metro-Tel utilizes many suppliers and is not dependent on any supplier. Its raw materials generally are readily available from numerous suppliers.

Competition. Competition is high with respect to each of Metro-Tel's product lines. However, as the products contained in such lines are varied and similar products contain varying features, neither Metro-Tel nor any of its competitors is a dominant factor in any product line market, except for linemen's test sets for which Dracon, a division of Harris Corporation, is dominant.

The principal method of competition for each of Metro-Tel's products is price and product features, with service and warranty having a relatively less significant impact. Metro-Tel believes its product lines are competitively priced. Many of Metro-Tel's competitors have greater financial resources and have more extensive research and development and marketing staffs than Metro-Tel.

Research and Development. Metro-Tel is regularly engaged in the design of new products and improvement of existing products for all of its telecommunication equipment products lines amount specifically allocated and research and development activities in fiscal 1998 and 1997, principally salaries, was $228,755 and $238,061, respectively. All research and development is Metro-Tel sponsored, except for products designed for Metro-Tel by unaffiliated third parties compensated by either a lump-sum payment or on a royalty basis.

Metro-Tel intends to continue its policy of reviewing potential acquisitions of new product lines, additional products for its existing product lines and the enhancement of its production and distribution capabilities. Such acquisitions could lead to the issuance of notes, use of the general working capital of Metro-Tel and/or issuance of shares of Metro-Tel's capital stock.

Patents and Trademarks

The Company is the owner of United States service mark registrations for the names Aero- Tech, Logitrol, Petro-Star, Aqua Star and Enviro-Star which are used in connection with its laundry and dry cleaning business lines. The Company intends to use and protect these or related service marks, as necessary. The Company believes its trademarks and service marks have significant value and are an important factor in the marketing of its products.

The Company has obtained a number of patents and has a number of trademarks which are used to identify its telephone test and customer premise product lines. No patent or trademark is considered to be material to the Company's telecommunication's product lines. The Company also pays royalties to third parties under arrangements permitting the Company to manufacture various items in its product lines.

Compliance with Environmental and Other Government Laws and Regulations

Over the past several decades in the United States, federal, state and local governments have enacted environmental protection laws in response to public concerns about the environment. A number of industries, including the dry cleaning and laundry equipment industry, are subject to these evolving laws and implementing regulations. As a supplier to the industry, the Company serves customers who are primarily responsible for compliance with environmental regulations. Among the federal laws that the Company believes are applicable to the industry, are the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), which provides for the investigation and remediation of hazardous waste sites; The Resource Conservation and Recovery Act of 1976, as amended ("RCRA"), which regulates generation and transportation of hazardous waste as well as its treatment, storage and disposal; and the Occupation Safety and Health Administration Act ("OSHA"), which regulates exposure to toxic substances and other health and safety hazards in the workplace. Most states and a number of localities have laws that regulate the environment which are at least as stringent as the federal laws. In Florida, environmental matters are regulated by the Florida Department of Environmental Protection which generally follows the Environmental Protection Agency's ("EPA") policy in the EPA's implementation of CERCLA and RCRA and closely adheres to OSHA's standards.

Certain of the Company's customer premise equipment products that connect to public telephone networks need Federal Communications Commission (or, in the case of foreign sales, the equivalent agency in the foreign country in which they will be sold) approval prior to their sale. The Company does not believe that compliance with Federal, state and local environmental and other laws and regulations which have been adopted have had, or will have, a material effect on its capital expenditures, earnings or competitive position.

Employees

The Company currently employs 61 employees on a full-time basis, of whom 3 are executive management, 15 are sales and marketing, 13 are administrative and clerical, 7 are engineers and technicians, 19 are engaged in production and 4 are in warehouse support. Of the Company's employees, 29 are employed exclusively with respect to the Company's laundry and dry cleaning equipment operations, 30 are employed exclusively with respect to the Company's telecommunications equipment operations and the remainder currently divide their time between the two operations. None of the Company's employees are subject to a collective bargaining agreement, nor has the Company experienced any work stoppages. The Company believes that its relations with employees are excellent.

Foreign and Government Sales

Steiner's export sales of the Company's laundry and dry cleaning business were approximately $2,400,000 (or 31.4% of this Steiner's revenues for the six month period ended June 30, 1998). Such export sales were made principally to Latin America and the Caribbean. See "--Steiner's

Operations-Customers and Markets". Most of Steiner's export sales require the customer to make payment in United States Dollars.

Metro-Tel's export sales of the Company's telephone test and customer premise equipment were approximately $252,000 (6.5% of this business line's revenues) and $189,000 (4.9% of this Metro-Tel's line's revenues) in the years ended June 30, 1997 and 1998, respectively. Such export sales were made principally to Europe, Canada and South America. Some of Metro-Tel's export sales are made through distributors and agents. All of Metro-Tel's sales also require the Company to make payment in United States dollars. Accordingly, foreign sales of Steiner and Metro-Tel may be affected by the strength of the United States dollar relative to the currencies of the countries in which their customers and competitors are located. Revenues from sales to the United States government (none of the contracts relating thereto being subject to renegotiation of profits or termination at the election of the government) are immaterial.

Item 2. Properties.

The Company's executive offices and the main distribution center for its laundry and dry cleaning equipment products are housed in three leased adjacent facilities totaling approximately 47,000 square feet in Miami, Florida. The Company believes its facilities are adequate for its present needs and that suitable space would be available to accommodate its future needs. The Company currently has three separate leases on its facilities in Miami, Florida and a lease for its facility in Milpitas, California. The following table sets forth certain information concerning the leases at these facilities:

Facility	Approximate Sq. Ft.	Expiration
Miami, Florida (1)	27,000	October 2004
Miami, Florida	8,000	Month to Month
Miami, Florida (2)	12,000	December, 1999
Milpitas California	21,500	March, 2002

(1) Leased from William K. Steiner, a director of the Company. The lease includes a right to renew for term at a rent to be agreed upon by the parties.

(2) Lease contains one three-year lease extension with adjustments for changes in the Consumer Price Index.

Item 3. Legal Proceedings.

Not applicable.

Item 4. Submission of Matters to a Vote of Security Holders

As reported in the Company's Quarterly Report or Form 10-QSB for the quarter ended September 30, 1998, at the Company's 1998 Annual Meeting of Stockholders held on October 29, 1998, the Company's stockholders:

(a) Approved and adopted an Agreement and Plan of Merger, dated as of July 1, 1998 (the "Merger Agreement"), among Metro-Tel, Metro-Tel Acquisition Corp. ("Subsidiary"), Steiner, William K. Steiner and Michael S. Steiner, pursuant to which, subsequent to the Meeting, Subsidiary, a newly formed wholly-owned subsidiary of Metro-Tel, was merged with and into Steiner, as a result of which, among other things, Steiner became a wholly-owned subsidiary of

Metro-Tel, the stockholders of Steiner became owners of approximately 69% of the outstanding shares of the

Company's Common Stock and a majority of the members of the Company's Board of Directors now consists of designees of Steiner, by a vote of 1,436,079 shares in favor and 42,848 shares against, with 2,248 shares abstaining and 460,365 broker non-votes;

(b) Approved and adopted a proposal to amend the Company's Certificate of Incorporation to increase the number of shares of Common Stock which the Company is authorized to issue from 6,000,000 shares to 15,000,000 shares, by a vote of 1,434,111 shares in favor and 45,793 shares against, with 2,860 shares abstaining and 458,776 broker non-votes;

(c) Approved and adopted a proposal to amend the Company's 1991 Stock Option Plan to increase the number of shares of Common Stock which the Company is authorized to issue thereunder from 250,000 shares to 850,000 shares, by a vote of 1,401,367 shares in favor and 66,820 shares against, with 12,219 shares abstaining and 461,134 broker non-votes; and

(d) Reelected the Company's then existing Board of Directors by the following votes:

	Votes	
	For	Withheld
Michael Epstein	1,906,379	35,161
Lloyd Frank	1,906,379	35,161
Venerando J. Indelicato	1,905,657	35,883
Michael Michaelson	1,906,379	35,161

Pursuant to the Merger Agreement, in addition to William K. Steiner and Michael S. Steiner, Stuart Wagner and David Blyer were designated by Steiner to serve on the Company's Board of Directors. Venerando Indelicato and Lloyd Frank continue to serve as directors of the Company and, in accordance with the Merger Agreement, Michael Epstein and Michael Michaelson have resigned as directors of the Company.

PART II

Item 5. Market for the Common Equity and Related Stockholder Matters.

The Company's Common Stock has been traded on the Chicago Stock Exchange under the symbol "MTF" since January 11, 1999 and has been quoted on the Nasdaq Electronic Bulletin Board under the symbol MTRO since January 7, 1999. Prior thereto, the Company's Common Stock was quoted on the Nasdaq Stock Market-Small Cap Market. The following table sets forth the high and low bid prices for the Company's Common Stock for each quarterly period in the period July 1, 1997 through January 8, 1998, as reported by Nasdaq, and thereafter the high and low sales prices for the Company's Common Stock as reported by the Chicago Stock Exchange. The Nasdaq quotations are without retail markups, markdowns or commissions and may not represent actual transactions.

	High	Low
Fiscal 1997		
First Quarter	1 1/4	1
Second Quarter	1 1/4	1
Third Quarter	1 1/4	1 1/16
Fourth Quarter	1 1/8	5/8
Fiscal 1998		
First Quarter	1 3/8	11/16
Second Quarter	11/2	7/8
Third Quarter	1 3/8	5/8
Fourth Quarter	1 3/4	25/32
Fiscal 1999		
First Quarter	1 3/8	7/8
Second Quarter	3 9/16	5/8
Third Quarter (through January 25, 1999)	3 3/16	2 3/4

No dividends have been paid on the Company's Common Stock during either of the last two fiscal years. Steiner is a party to a Loan and Security

Agreement with a commercial bank, loans under which are guaranteed by the Company and secured by substantially all of the assets of the Company. Among other things, this agreement provides that the Company may not declare or pay dividends if such payment would likely cause it to fail to maintain a specific consolidated debt service ratio and ratio of consolidated liabilities to tangible net worth.

As of January 25, 1999 there were approximately 959 holders of record of the Company's Common Stock.

Item 6. Management's Discussion and Analysis of Steiner's Financial Condition and Results of Operations

General

On November 1, 1998 Steiner was merged with and into and became a wholly-owned subsidiary of the Company. As set forth in Note 9 in the accompanying financial statements of Steiner, for financial reporting purposes the Merger is treated as the acquisition of the Company by Steiner and is accounted for under the purchase method of accounting. Accordingly, the Company's reported results of operations for all periods prior to November 1, 1998 reflect only the results of operations of Steiner.

Therefore, results of operations and financial position of Metro-Tel (reflected in periodic reports filed by Metro-Tel covering periods ended prior thereto) and of Steiner (reflected herein and in the Company's proxy statement dated October 5, 1998) prior to November 1, 1998 are not comparable to the consolidated results of operations of the Company subsequent to such date which will reflect the results of Metro-Tel (only since such date) and Steiner (for the entire period). Furthermore, the following discussions and analyses concerns the results of operations and financial position of Steiner on a stand-alone basis as of and for the six months ended June 30, 1997 and 1998. Accordingly, it is not necessarily indicative of the Company's (including Steiner's and Metro-Tel's) results on a consolidated basis that are to be expected for a full year.

Results of Operations

Comparison of Six Months Ended June 30, 1998 and June 30, 1997

Net sales increased by $1,235,875 (19.0%) during the six month period ending June 30, 1998 from the same period of 1997. Sales of dry cleaning equipment decreased by 12.2% due to a decrease in the number of dry cleaning plants being opened. This decrease was offset by increases in sales of laundry equipment (65.6%), coin laundry equipment (16.9%) and spare parts (11.5%).

Commissions and other income increased by $14,674 (20.2%) during the six month period of 1998 compared to the same period of 1997.

Steiner's gross profit margin, expressed as a percentage of net sales, decreased during the first six months of 1998 to 26.3% from 28.9% for the same period of 1997. The decrease is mostly attributable to the change in the mix of product sales.

Selling, general and administrative expenses increased by $245,660 (15.4%) during the six month period of 1998, but as a percentage of net sales revenues decreased to 23.8% from 24.5% during the same period of 1997. This increase was primarily due to increases in salaries (10.3%), telephone expenses (61.0%) professional fees (22.8%), conventions (64.4%), maintenance and repairs (102.8%), commissions (127.6%) and bad debt expenses of $79,730. These increases were mostly

offset by reductions in insurance (3.6%) advertising (9.7%), travel and promotion (12.8%) and computer (44.2%).

Other income increased by $144,030 (from $19,851 to $163,881), mostly due to an increase in management fees from an affiliated company. Steiner believes that interest expense will increase as a result of increased borrowings to fund a cash distribution to shareholders prior to completion of the Merger and its new and expanded and revolving credit and term loan agreement discussed below.

Comparison of Years Ended December 31, 1997 and December 31, 1996.

Net sales increased by $235,815 (1.7%) in 1997 over 1996. Sales of dry cleaning equipment decreased by 16.4% due to a decrease in the number of dry cleaning plants being opened. This decrease in sales of dry cleaning equipment was offset by increases in sales of laundry equipment (4.3%), coin laundry equipment (32.6%) and spare parts (16.8%).

Steiner's gross profit margin, expressed as a percentage of net sales, decreased to 26.6% in 1997 from 28.2% in 1996. The decrease in gross profit margin is mainly attributable to the change in the mix of product sales.

Commissions and other income decreased by $2,091 (1.3%) in 1997 over 1996.

Selling, general and administrative expenses increased in 1997 by $76,076 (2.2%) and as a percentage of net sales to 24.6% from 24.5% in 1996. This increase was primarily due to increases in salaries (2.0%), payroll taxes (23.4%), commissions (14.1%) and a one time loss associated with an international transaction. These increases were largely offset by reductions in telephone expense (17.4%), depreciation and amortization (13.5%), convention expenses (55.7%), postage and freight (55.2%) and maintenance and repairs (35.7%).

Other income decreased by $120,665 (60.4%) in 1997 over 1996, mainly due to a reduction in management fee income associated with an affiliated company.

Financial Position and Liquidity

For the six month period ending June 30, 1998, Steiner's cash increased by $196,059. Of the cash generated by operating activities ($1,573,579), $444,193 was derived from net income and $15,621 was derived from non-cash expenses for depreciation and amortization along with $79,730 for bad debt expense. Additional cash from operating activities was provided by a decrease in inventories ($197,145), a decrease in accounts and lease receivables ($235,331) and a decrease in other assets ($65,526). Steiner's cash also increased due to an increase in accounts payable and accrued expenses ($450,940) and customer deposits ($85,093). Cash of $15,043 was used by Steiner in investing activities to purchase capital assets. Cash of $1,362,477 was used by Steiner in financing activities for the repayment of debt ($100,000) and to fund a cash distribution to shareholders ($1,937,477) which offset new borrowing of $500,000 from Steiner's line of credit plus $175,000 borrowed from a related company.

On November 2, 1998, Steiner entered into a new loan agreement with the same commercial bank used in its prior financing. (See Note 11 to the Financial Statements of Steiner for the six months ended June 30, 1998 and 1997). Steiner paid off the outstanding balances on its prior line of credit and term loan with the proceeds from the new loan. The new loan includes a line of credit of $2,250,000 (limited by a borrowing base related to eligible accounts receivable and inventories of Steiner) and a term loan of $2,400,000. Borrowing under the new agreement bear interest at the bank's prime rate of 2.75% per annum above the one month LIBOR Market Index Rate. The line of credit is due on the earlier of November 2, 1999 or demand. The term loan is due January 2002. The term loan requires monthly payments of $40,000 plus interest, commencing January 1999, with a $960,000 balloon payment in January 2002. Steiner's obligations under the line of credit and term loan are guaranteed by Metro-Tel and secured by pledges of substantially all of Steiner's and Metro-Tel's present and future assets and property, excluding real estate. The agreement requires the maintenance of certain financial ratios and contains other restrictive covenants.

Year 2000 Compliance

The Company believes that its internal management information systems, billing, payroll and other information services are Year 2000 compliant. The Company has already upgraded its software programs and carried out certain tests of its accounts payable and accounts receivable files which are date sensitive and found all systems to operate properly. The Company is not linked by computer with any of its customers or vendors. Orders are received and purchase orders are sent by telecopy, telephone, in person or by mail. None of these methods are date sensitive.

New Accounting Pronouncements

In June 1997, the Financial Accounting Standards Board issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," which Steiner will adopt as required for all periods beginning after December 15, 1997. This statement requires the disclosure of certain information about operating segments in the financial statements. It also requires that public companies report certain information about their products and services, the geographic areas in which they operate and their major customers.

The new standard is effective for financial statements for periods beginning after December 15, 1997 and requires comparative financial information for earlier years to be restated. Disclosure is not required for interim periods during the first year. The adoption of this new standard is not expected to have a significant impact on Steiner's financial statements.

SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," establishes accounting and reporting standards for derivative instruments and hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. The statement applies to all entities and is effective for all fiscal quarters of fiscal years beginning after June 15, 1999. The Company did not engage in derivative instruments or hedging activities in any periods presented in the financial statements.

Item 7. Financial Statements
- ------- --------------------

Steiner-Atlantic Corp.
Index to Financial Statements

Report of Independent Certified Public Accountants

Board of Directors and Shareholders
Steiner-Atlantic Corp.
Miami, Florida

We have audited the accompanying balance sheets of Steiner-Atlantic Corp. as of December 31, 1997 and June 30, 1998 and the related statements of income, shareholders' equity and cash flows for each of the two years in the period ended December 31, 1997 and for the six months ended June 30, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Steiner-Atlantic Corp. at December 31, 1997 and June 30, 1998, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 1997 and for the six months ended June 30, 1998, in conformity with generally accepted accounting principles.

Miami, Florida BDO Seidman, LLP
November 13, 1998

Steiner-Atlantic Corp.
Balance Sheets

<TABLE>
<CAPTION>

	December 31, 1997	June 30, 1998

<S> <C> <C>

Assets		
Current assets		
Cash and cash equivalents	$ 632,331	$ 828,390
Accounts receivable (Note 7)	1,214,523	981,432
Current portion of lease receivables (Notes 2 and 7)	193,562	161,007
Inventories	3,108,303	2,911,158
Other current assets (Note 6)	116,653	67,238
Total current assets	5,265,372	4,949,225
Lease receivables - due after one year (Notes 2 and 7)	214,177	148,651
Property and equipment, at cost - net of accumulated depreciation and amortization (Note 3)	147,039	146,461
	$ 5,626,588	$ 5,244,337
Liabilities and Shareholders' Equity		
Current liabilities		
Line of credit (Note 5)	$ 500,000	$ 1,000,000
Accounts payable and accrued expenses (Note 6)	869,035	1,494,975
Customer deposits	304,278	389,371
Current portion of term loan (Note 5)	200,000	200,000
Total current liabilities	1,873,313	3,084,346
Term loan, less current portion (Note 5)	316,613	216,613
Total liabilities	2,189,926	3,300,959
Commitments (Notes 6, 8 and 9)		
Shareholders' equity Common stock, $.50 par value: Authorized shares - 600,000; issued and outstanding 339,500 shares	169,750	169,750
Retained earnings	1,448,950	1,448,950
Undistributed shareholders' earnings	1,817,962	324,678
Total shareholders' equity	3,436,662	1,943,378
	$ 5,626,588	$ 5,140,584

</TABLE>

See accompanying summary of significant accounting policies and notes to financial statements.

Steiner-Atlantic Corp.
Statements of Income

<TABLE>
<CAPTION>

<S> <C> <C> <C> <C>

	Year ended December 31		Six months ended June 30	
	1996	1997	1997	1998
			(Unaudited)	
Revenues:				
Net Sales	$ 13,857,817	$ 14,093,632	$ 6,511,446	$ 7,747,321
Commissions and other income	157,900	155,809	72,714	87,388
Total	14,015,717	14,249,441	6,584,160	7,834,709
Cost of sales	9,953,041	10,344,113	4,628,985	5,712,805
Selling, general and administrative expenses (Note 6)	3,398,345	3,474,421	1,595,932	1,841,592

Total	13,351,386	13,818,534	6,224,917	7,554,397
Operating Income	664,331	430,907	359,243	280,312
Other Income (Expense):				
Interest income	138,426	100,158	55,591	40,390
Management fee income (Note 6)	145,000	40,000	-	150,000
Interest expense	(83,543)	(60,940)	(35,740)	(26,509)
Total Other Income	199,883	79,218	19,851	163,881
Net Income	$ 864,214	$ 510,125	$ 379,094	444,193
Net income per share	$ 2.55	$ 1.50	$ 1.12	$ 1.31
Weighted average number of shares of common stock outstanding	339,500	339,500	339,500	339,500
Pro forma amounts (unaudited):				
Net income	$ 864,214	$ 510,125	$ 379,094	444,193
Provision for income taxes (Note 4)	329,935	195,555	144,722	170,939
Pro forma net income (unaudited)	$ 534,279	$ 314,570	$ 234,372	$ 273,254
Pro forma net income per share (unaudited)	$ 1.57	$ .93	$ .69	$ .80
Weighted average number of shares of common stock outstanding	339,500	339,500	339,500	339,500

</TABLE>

See accompanying summary of significant accounting policies and notes to financial statements.

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Steiner-Atlantic Corp.
Statements of Shareholders' Equity
For the years ended December 31, 1996 and 1997
and for the six months ended June 30, 1998

<TABLE>
<CAPTION>

	Common Stock	Retained Earnings	Undistributed Shareholders' Earnings	Total Stockholders' Equity
<S>	<C>	<C>	<C>	<C>
Balance at December 31, 1995	$ 169,750	$ 1,448,950	$ 1,813,623	$ 3,432,323
Distributions	-	-	(770,000)	(770,000)
Net income	-	-	864,214	864,214
Balance at December 31, 1996	169,750	1,448,950	1,907,837	3,526,537
Distributions	-	-	(600,000)	(600,000)
Net income	-	-	510,125	510,125
Balance at December 31, 1997	169,750	1,448,950	1,817,962	3,436,662
Distributions	-	-	(1,937,477)	(1,937,477)
Net income	-	-	444,193	444,193
Balance at June 30, 1998	$ 169,750	$ 1,448,950	$ 324,678	$ 1,943,378

</TABLE>

See accompanying summary of significant accounting policies and notes to financial statements.

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Steiner-Atlantic Corp.
Statements of Cash Flows

<TABLE>
<CAPTION>

	Years ended December 31,		Six months ended June 30,	
	1996	1997	1997 (Unaudited)	1998
<S>	<C>	<C>	<C>	<C>
Cash provided by operating activities:				
Net income	$ 864,214	$ 510,125	$ 379,094	$ 444,193
Adjustments to reconcile net income to net cash provided by operating activities:				
Bad debt expense	19,414	21,799	-	79,730
Depreciation and amortization	40,064	34,643	14,622	15,621
Net changes in operating assets and liabilities:				
(Increase) decrease in:				
Accounts and lease receivables	331,387	(373,356)	(91,154)	235,331
Inventories	(185,972)	73,249	69,903	197,145
Other assets	167,718	(14,845)	(80,488)	65,526
Increase (decrease) in:				
Accounts payable and accrued expenses	(89,415)	70,597	131,436	450,940
Customer deposits	(35,138)	124,406	243,442	85,093
Cash provided by operating activities	1,112,272	446,618	666,855	1,573,579
Cash used for investing activities:				
Loan to affiliate	-	(50,000)	-	-
Capital expenditures	(23,850)	(30,406)	-	(15,043)
Cash used for investing activities	(23,850)	(80,406)	-	(15,043)
Cash used for financing activities:				
Borrowings (repayments) under line of credit (net)	(300,000)	500,000	-	500,000
Payments on term loan	(183,334)	(216,720)	(116,666)	(100,000)
Cash distributions to shareholders	(770,000)	(600,000)	(200,000)	(1,937,477)
Borrowings from shareholder	250,000	-	-	-
Repayment of loan from shareholder	(250,000)	-	-	-
Borrowings from related company	-	-	-	175,000
Cash used for financing activities	(1,253,334)	(316,720)	(316,666)	(1,362,477)
Increase (decrease) in cash and cash equivalents	(164,912)	49,492	350,189	196,059
Cash and cash equivalents at beginning of period	747,751	582,839	582,839	632,331
Cash and cash equivalents at end of period	$ 582,839	$ 632,331	$ 933,028	$ 828,390
Supplemental Information:				
Cash paid for:				
Interest	$ 83,543	$ 60,940	$ 35,740	$ 26,509

</TABLE>

See accompanying summary of significant accounting policies and notes to financial statements.

Steiner-Atlantic Corp.
Summary of Significant Accounting Policies
Unaudited with respect to the six months ended June 30, 1997

Nature of Business Steiner-Atlantic Corp. ("Steiner") sells commercial and industrial laundry and dry cleaning equipment, boilers and replacement parts.

Steiner primarily sells to customers located in the United States, the Caribbean and Latin America.

Inventories Equipment inventories are valued at the lower of cost (determined on the specific identification basis) or market. Replacement part inventories are valued at the lower of cost or market determined on the first-in first-out method.

Property, Equipment and Depreciation

Property and equipment are stated at cost. Depreciation and amortization are calculated on the accelerated or straight-line methods for financial reporting purposes and the accelerated method for income tax purposes over lives of five to seven years for furniture and equipment and the life of the lease for leasehold improvements.

Income Taxes

Steiner has elected to be taxed as an S Corporation under applicable provisions of the Internal Revenue Code. Under such election, shareholders include Steiner's income in their own federal income tax returns. Accordingly, Steiner is not subject to income taxes.

The pro forma provisions for income taxes and net income assume that Steiner was subject to income tax.

For the purpose of the pro forma provision for income taxes, Steiner has adopted the provisions of Statement of Financial Accounting Standards (SFAS) 109, Accounting for Income Taxes for all periods presented. Under the asset and liability method of SFAS 109, deferred taxes are recognized for differences between financial statement and income tax bases of assets and liabilities.

Statement of Cash Flows

For purposes of this statement, cash equivalents include all highly liquid investments purchased with original maturities of three months or less.

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.

Earnings

Per Share Net income and pro forma net income per share are based on the weighted average number of shares of common stock outstanding during each period.

Fair Value of Financial Instruments

The Company's financial instruments consist principally of cash, accounts receivable, leases receivables, accounts payable and accrued expenses, line of credit and term loan. The carrying amounts of such financial instruments as reflected in the balance sheet approximate their estimated fair value as of December 31, 1997 and June 30, 1998. The estimated fair value is not necessarily indicative of the amounts the Company could realize in a current market exchange or of future earnings or cash flows.

New Accounting Pronouncements

In June 1997, the Financial Accounting Standards Board issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," which Steiner will adopt as required for all periods beginning after December 15, 1997. This statement requires the disclosure of certain information about operating segments in the financial statements. It also requires that public companies report certain information about their products and services, the geographic areas in which they operate and their major customers.

The new standard is effective for financial statements for periods beginning after December 15, 1997 and requires comparative financial information for earlier years to be restated. Disclosure is not required for interim periods during the first year. The adoption of this new standard is not expected to have a significant impact on Steiner's financial statements.

SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," establishes accounting and reporting standards for derivative instruments and hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. The statement applies to all entities and is effective for all fiscal quarters of fiscal years beginning after June 15, 1999. The Company did not engage in derivative instruments or hedging activities in any periods presented in the financial statements.

Interim Financial Statements

The financial statements for the six months ended June 30, 1997 are unaudited. In the opinion of management, such financial statements include all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of financial position and the results of operations. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year.

1. General

On July 1, 1998, Metro-Tel Corp. ("Metro-Tel") and Steiner-Atlantic Corp. ("Steiner") entered into a merger agreement, whereby Metro-Tel will acquire all the issued and outstanding shares of capital stock of Steiner in exchange for 4,720,954 shares of Metro-Tel. In addition, Metro-Tel will issue up to 500,000 shares of its common stock or grant options for the purchase of up to 500,000 shares of its common stock to shareholders and employees of Steiner. On November 1, 1998, the transaction was consummated.

For financial accounting purposes, this transaction will be accounted for as a reverse acquisition of Metro-Tel by Steiner.

2. Lease Receivables

Lease receivables result from customer leases of equipment under arrangements which qualify as sales-type leases. At June 30, 1998, annual future lease payments, net of deferred interest ($57,164 at June 30, 1998), due under these leases are as follows:

Year ending June 30,	
1999	$ 161,007
2000	68,026
2001	41,659
2002	24,016
2003	12,628
Thereafter	2,322
	$ 309,658

3. Property and Equipment

Major classes of property and equipment consist of the following:

	December 31, 1997	June 30, 1998
Furniture and equipment	$ 433,535	$ 448,578
Leasehold improvements	237,682	237,682
Total cost	671,217	686,260
Less accumulated depreciation and amortization	524,178	539,799
	$ 147,039	$146,461

4. Income Taxes (Unaudited)

The following are the components of pro forma income tax provision:

	Year Ended December 31, 1996	1997	Six Months Ended June 30, 1997	1998
Current				
Federal	$ 279,616	$ 189,074	$ 131,487	$ 143,910
State	47,864	32,366	22,508	24,536
	327,480	221,440	153,995	168,446
Deferred				
Federal	2,096	(22,102)	(7,918)	2,129
State	359	(3,783)	(1,355)	364
	2,455	(25,885)	(9,273)	2,493
Total	$ 329,935	$ 195,555	$ 144,722	$ 170,939

The pro forma provision for income taxes represents the estimated income taxes that would have been reported had Steiner not been an S Corporation and had been subject to Federal and state income taxes.

The reconciliation of pro forma income tax computed at the United States federal statutory tax rate of 34% to the proforma provision for income taxes is as follows:

	Year Ended December 31,		Six Months Ended June 30,	
	1996	1997	1997	1998
Tax at the United States statutory rate	$ 293,833	$ 173,443	$ 128,892	$ 153,826
State income taxes, net of federal benefit	31,827	18,865	13,961	16,374
Other	4,275	3,247	1,869	739
Total	$ 329,935	$ 195,555	$ 144,722	$ 170,939

If Steiner was subject to income taxes, a deferred tax liability would be recorded, through a charge to operations, for the tax effect of cumulative temporary differences between financial and tax reporting. Such deferred tax liability results principally from temporary differences relating to the allowance for doubtful accounts and depreciation and would have amounted to approximately $20,000 at June 30, 1998 had Steiner been subject to federal and state taxes at such date.

5. Credit Agreement

The credit agreement with a commercial bank includes a line of credit of $2,250,000 and a term loan initially of $1,000,000. At December 31, 1997 and June 30, 1998, Steiner had available lines of credit (including outstanding letters of credit)in the amount of $1,750,000 and $1,250,000. respectively, and owed $516,613 and $416,613, respectively, under the term loan. The term loan is due in 60 monthly payments of $16,667, plus interest through August 2000. The line of credit is due on demand and is available for working capital purposes and the issuance of import letters of credit and bankers acceptances. Borrowings under the agreement bear interest at the prime rate (8 1/2% at December 31, 1997 and June 30, 1998), are collateralized by all of Steiner's assets, and are personally guaranteed by the shareholders. The agreement requires maintenance of certain financial ratios and contains other restrictive covenants. On November 2, 1998, Steiner refinanced its line of credit and term loan (see Note 11).

At December 31, 1997 and June 30, 1998, Steiner had outstanding letters of credit aggregating approximately $35,000 and $0, respectively.

6. Related Party Transactions

During the years ended December 31, 1996 and 1997 and the six months ended June 30, 1997 and 1998, Steiner charged management fees of $145,000, $40,000, $0 and $150,000, respectively, to a company under common ownership. At December 31, 1997, $50,000 is due from such company and is included in other current assets in the accompanying balance sheet. During 1998, the related company made a non-interest bearing advance of $325,000, payable on demand, to Steiner. At June 30, 1998, $175,000 is due to such company and is included in accounts payable and accrued expenses in the accompanying balance sheet.

Steiner leases warehouse and office space from a shareholder under an operating lease which expires in October 2004, with an option to renew for an additional 10 year period. Minimum future rental commitments under this lease approximate $90,000 per annum through October 2004.

7. Concentrations of Credit Risk

Steiner places its excess cash in overnight deposits with a large national bank. Concentration of credit risk with respect to trade and lease receivables is limited due to a large customer base. Trade and lease receivables are generally collateralized with equipment sold.

8. Commitment

Steiner leases additional warehouse space under two operating leases. One lease is on a monthly basis and the other lease expires in December 1999, with an option to renew for an additional three year period. Minimum future rental commitments under these leases approximate $50,000 a year. Rent expense, including rentals paid to related parties, aggregated $138,768 and $141,700 for the years ended December 31, 1996 and 1997 and $71,650 and $70,850 for six months ended June 30, 1997 and 1998, respectively.

9. Deferred Compensation Plan

Steiner adopted a participatory deferred compensation plan wherein it matches employee contributions up to 1% of an eligible employee's yearly compensation. All employees are eligible to participate in the plan after one year of service. Steiner provided for $7,368 and $10,792 for the years ended December 31, 1996 and 1997 and $5,260 and $5,735 for the six months ended June 30, 1997 and 1998, respectively, in contributions. The plan is tax exempt under Section 401(k) of the Internal Revenue Code.

10. Export Sales

Net sales includes export sales to nonaffiliated customers as follows for the years ended December 31, 1996 and 1997 and for the six months ended June 30, 1997 and 1998:

Year Ended December 31,		Six Months Ended June 30,	
1996	1997	1997	1998
		(Unaudited)	

Caribbean	$ 1,345,301	$ 1,793,076	$ 365,591	$ 1,147,918
Latin America	1,314,838	1,595,797	500,976	1,217,397
Other	381,528	560,639	245,256	65,295
	$ 3,041,667	$ 3,949,512	$ 1,111,823	$ 2,430,610

11. Subsequent Events

On November 2, 1998, Steiner entered into a new loan agreement with the same commercial bank used in its current financings. Steiner paid off the outstanding balances on the existing line of credit and term loan with the proceeds from the new loan. The new loan includes a line of credit of $2,250,000 and a term loan of $2,400,000. Borrowings under the agreement bear interest at 2.75% per annum above the one month LIBOR Market Index Rate. The line of credit is due on the earlier of November 2, 1999 or demand. The term loan is due January 2002. The term loan requires monthly payments of $40,000 plus interest, commencing January 1999 with a $960,000 balloon payment in January 2002. The agreement requires maintenance of certain financial ratios and contains other restrictive covenants.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

On January 4, 1999, the Company selected BDO Seidman, LLP ("BDO Seidman") to replace Grant Thornton LLP ("Grant Thornton") as the Company's independent public accountants. BDO Seidman has acted as independent accountants for Steiner, which became a wholly-owned subsidiary of the Company pursuant to the Merger. The Company believes that the change to BDO Seidman as the Company's independent accountants will centralize the audit of the Company's and Steiner's consolidated financial statements. The decision to change auditors was approved by the Audit Committee of the Board of Directors.

Grant Thornton's report on the financial statements of the Company for each of the past two fiscal years did not contain any adverse opinion or disclaimer of opinion and was not qualified or modified as to uncertainty, audit scope or accounting principles.

During the Company's two most recent fiscal years, and the subsequent interim period through January 4, 1999, there were no disagreements with Grant Thornton on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Grant Thornton, would have caused Grant Thornton to make reference to the subject matter of the disagreements in connection with their audit report with respect to financial statements of the Company either individually or consolidated with Steiner.

During the Company's two most recent fiscal years, and the subsequent interim period through January 4, 1999, Grant Thornton did not advise the Company of any of the items listed in Item 304(a)(1)(iv)(B) of Regulations S-K.

PART III

Item 9. Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act.

The following information is presented with respect to the background of each of the directors and executive officers of the Company:

Michael S. Steiner, 43, has been President and Chief Executive Officer of the Company since the effectiveness of the Merger on November 1, 1998 and of Steiner since 1988. Mr. Steiner has been a director of the Company since the effectiveness of the Merger on November 1, 1998.

William K. Steiner, 68, has been Chairman of the Board of Steiner since he founded Steiner in 1960. Mr. Steiner has been a director of the Company since the effectiveness of the Merger on November 1, 1998.

Venerando J. Indelicato, 65, was President of the Company from December 1967 until October 31, 1998 and has been Treasurer and Chief Financial Officer of the Company since December 1969.

Lloyd Frank, 73, has been a member of the law firm of Parker Chapin Flattau & Klimpl since 1977. Mr. Frank has been a director of the Company since 1977. The Company retained Parker Chapin Flattau & Klimpl during the Company's last fiscal year and is retaining that firm during the Company's current fiscal year. Mr. Frank is also a director of Park Electrochemical Corp.

David Blyer, 38, has served as a director of the Company since the effectiveness of the Merger on November 1, 1998. Mr. Blyer has been Chief Executive Officer and President of Vento Software, since he co-founded that company in 1994. Vento Software develops software for specialized business application. Before founding Vento Software, Mr. Blyer served as Senior Account Manager of the South Florida and Caribbean regions for Tandem Computers.

Stuart Wagner, 67, has served as a director of the Company since the effectiveness of the Merger on November 1, 1998 and has been retained as a consultant for Diversitech Corp. since 1997. From 1975 to 1997, Mr. Wagner served as President of Wagner Products Corp., a manufacturer and distributor of products in the HVAC industry, a company which he founded.

Mr. Michael S. Steiner is the son of Mr. William K. Steiner. There are no other family relationships among any of the directors and executive officers of the Company. All directors serve until the next annual meeting of stockholders and until the election and qualification of their respective successors. All officers serve at the pleasure of the Board of Directors.

The following information is presented with respect to the background of each person who is not an executive officer but who is expected to make a significant contribution to the Company:

Osvalso Rubio, 36, serves as Vice President and Director of Sales for the Export Department of Steiner since joining Steiner in May 1993.

Ronald London, 66, serves as Vice President and primarily overseas sales of the retail Dry-cleaning Equipment Department of Steiner since joining Steiner in September 1992.

Jerry Kotacka, 54, serves as Corporate Secretary and Director of Sales of the Laundry Equipment Department of Steiner since joining Steiner in June 1983.

Howard Perera, 46, has served as the Company's Director of Engineering, engaged in the design and development of new telecommunications products since joining the Company in September 1993.

Jon D. Robinette, 41, has, since July 1995, served as General Manager of the Company's telecommunications operations, responsible for managing and coordinating operations in the Company's Milpitas, California facility. Prior thereto, Mr. Robinette served as Operations Manager for the Company's telecommunications operations from October 1984.

Item 10. Executive Compensation.

The following table sets forth information concerning the compensation of Venerando J. Indelicato, Metro-Tel's Chief Executive Officer and Richard Wildman, Metro-Tel's Executive Vice President, Metro-Tel's only executive officers prior to the Merger whose cash compensation exceeded $100,000 during the Company's year ended June 30, 1998, for services in all capacities to Metro-Tel during the years ended June 30, 1998, 1997 and 1996.

<TABLE>
<CAPTION>

Name and Principal Position	Annual Compensation Year	Annual Compensation Salary	Long-Term Compensation Options#	All Other Compensation
<S>	<C>	<C>	<C>	<C>
Venerando J. Indelicato	1998	$172,676(1)	--	$9,000(2)
President and Chief	1997	$172,676	--	$9,000
Executive Officer	1996	$172,640	--	$9,000
Richard Wildman	1998	$152,423(3)	--	$9,000(2)
Executive Vice President	1997	$ 94,711	50,000	$5,038

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</TABLE>

(1) The Company is a party to an employment agreement with Mr. Indelicato which, as amended in connection with the Merger, provides for a revised annual salary of $175,000 commencing October 30, 1998, subject to increase and bonuses in the discretion of the Company's Board of Directors. Mr. Indelicato's employment agreement may be terminated by him or by the Company at any time after December 31, 1999 on 90 days notice.

(2) "All Other Compensation" for fiscal 1998 includes (i) $6,000, representing the Company's contribution allocated to Messrs. Indelicato and Wildman under the Company's Profit Sharing Plan in fiscal 1998 and (ii) $3,000, which was the Company's matching contribution in fiscal 1998 to Messrs. Indelicato's and Wildman's deferred compensation under the Company's Profit Sharing Plan pursuant to Section 401(k) of the Internal Revenue Code of 1986, as amended.

(3) The Company is a party to a letter agreement with Mr. Wildman pursuant to which Mr. Wildman has been serving as Executive Vice President of the Company at an annual salary of $150,000. Mr. Wildman resigned as Executive Vice President effective January 29, 1999.

Since November 1, 1998, the effective date of the Merger, Michael S. Steiner has received an annual salary at the rate of $175,000 from the Company. During the years ended December 31, 1995, 1996 and 1997 and for the six months ended June 30, 1998, Michael Steiner received a salary from Steiner at the rate of $150,000 per year. During those periods each of Michael Steiner (Steiner's Chief Executive Officer) and William Steiner (Chairman of the Board of Directors of Steiner) were paid bonuses of 400,000, 400,000, 400,000 and 200,000, respectively, which were withheld for tax payments. As a result of the Merger, these bonuses will no longer be paid.

1998 Fiscal Year-End Option Values

No options were granted to Mr. Indelicato or Mr. Wildman during Metro-Tel's year ended June 30, 1998 and neither Mr. Indelicato nor Mr. Wildman acquired shares upon the exercise of stock options during Metro-Tel's year ended June 30, 1998. The following table contains information concerning the number and value, at June 30, 1998, of unexercised options held by Messrs. Indelicato and Wildman:

Name	Number of Unexercised Options Held at Fiscal Year-End (Exercisable/ Unexercisable)	Value of Unexercised In-the-Money Options Held at Fiscal Year-End (Exercisable/ Unexercisable)(1)
Venerando J. Indelicato	50,000/0	$14,125/$0
Richard Wildman	12,500/37,500	$ 4,297/$12,891

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(1) At fiscal year end, the market value of such shares (the mean between the low bid and high asked quotations on the Nasdaq Stock Market) exceeded the exercise price of the underlying shares.

Compensation of Directors

Each non-employee director receives a fee of $5,000 per annum. Directors are also reimbursed for out-of-pocket expenses incurred in connection with performing their duties. In the event that the Board of Directors holds more than four meetings during a fiscal year in addition to its meeting held on the date of the Annual Meeting of Stockholders, each director receives $750 for each such additional meeting such director attends.

Pursuant to the Company's 1994 Non-Employee Director Stock Plan, each non-employee director of the Company serving on August 24, 1994 was granted an option to purchase 10,000 shares of the Company's Common Stock and each person who subsequently becomes a non-employee director is also to be granted an option to purchase 10,000 shares of the Company's Common Stock at an exercise price equal to 100% of the fair market value of the Company's Common Stock on the date of grant. Each option is for a term of ten years and vests over a four-year period commencing one year after the date of grant (with vesting credit given for any service on the Board of Directors prior to the date of grant). In accordance with this Plan, Messrs. David Blyer and Stuart Wagner were each granted options to purchase 10,000 shares of the Company's Common Stock upon becoming directors on November 1, 1998, the effective date of the Merger.

Item 11. Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information, as at December 31, 1998, with respect to the shares of Common Stock which are beneficially owned by (i) any person (including any "group", as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934), who is known to the Company to be the beneficial owner of more than five percent of the Company's outstanding Common Stock, (ii) the executive officers of the Company named in the Summary Compensation Table under the caption "Executive Compensation", below, (iii) each director of the Company and (iv) all executive officers and directors of the Company as a group:

Beneficial Owner	Amount and Nature of Beneficial Ownership (1)	Percent of Class (2)
Michael S. Steiner 290 N.E. 68 Street Miami, Florida 33138	2,360,477	34.3%
William K. Steiner 290 N.E. 68 Street Miami, Florida 33138	2,360,477	34.3%
Venerando J. Indelicato 12307 Marblehead Drive Tampa, FL 33626	259,150(3)	3.7%
Richard Wildman	23,750(4)	*
Lloyd Frank	32,625(5)	*
David Blyer	-0-	*
Stuart Wagner	-0-(6)	*
Executive officers and directors as a group (7 persons)	5,036,479(7)	72.2%

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1. Except as noted in the following footnotes, all beneficially owned shares are owned with sole voting and investment power.

2. Asterisk indicates less than one percent.

3. Includes 432 shares owned jointly with his wife, Madeline Indelicato, and 50,000 shares which are not outstanding but which are subject to issuance upon exercise of presently exercisable options granted to Mr. Indelicato under the Company's 1991 Stock Option Plan. Excludes 136,219 shares (2.0% of the Company's

outstanding Common Stock) owned beneficially by his wife, as to which Mr. Indelicato disclaims beneficial ownership.

4. Includes 18,750 shares which are not outstanding but which are subject to issuance upon exercise of the portion of options granted to Mr. Wildman under the Company's 1991 Stock Option Plan which are presently exercisable within 60 days.

5. Includes 20,000 shares which are not outstanding but which are subject to issuance upon exercise of presently exercisable options granted pursuant to stock option contracts between the Company and Mr. Frank as non-employee director which were approved by stockholders and 10,000

shares which are not outstanding but which are subject to issuance upon exercise of presently exercisable options granted pursuant to the Company's 1994 Non-Employee Director Stock Option Plan. Excludes 21,494 shares owned by Mr. Frank's wife, as to which Mr. Frank disclaims beneficial ownership.

6. Excludes 5,000 shares owned by Mr. Wagner's wife, as to which Mr. Wagner disclaims beneficial ownership.

7. Includes 98,750 shares which are not outstanding but which are subject to issuance upon exercise of the portion of options which are presently exercisable or exercisable within 60 days after December 31, 1998. Excludes 162,713 shares (2.4% of the Company's outstanding Common Stock) owned by spouses of certain executive officers and directors, as to which each such executive officer and director disclaims beneficial ownership.

Item 12. Certain Relationships and Related Transactions.
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During the years ended December 31, 1996 and 1997 and the six months ended June 30, 1998, Steiner charged management fees of $145,000, $40,000 and $175,000, respectively, to a company under common ownership. In addition, at June 30, 1997, $75,000 was due to Steiner from that company. During the years ended December 31, 1996 and 1997 and the six months ended June 30, 1998, the related company made non-interest bearing advances of $17,423, $50,000 and $325,000, payable on demand, to Steiner. At June 30, 1998, $175,000 was due to that company. The advance has been subsequently repaid.

Steiner leases warehouse and office space from William K. Steiner under a lease which expires in October 2004, with an option to renew the lease for a ten year period. The lease provides for an annual rental of $83,200. In addition, the Company is obligated to pay sales tax on the rent, real estate taxes, utilities, insurance and certain other expenses for the facility. Steiner and the Company believe the terms of this lease are at least as favorable as could be obtained from unaffiliated third parties.

Prior to the Merger, Steiner was taxed under subchapter S under the Internal Revenue Code of 1986, as amended, pursuant to which all of the profits of Steiner have

been recognized directly by Michael Steiner, President, Chief Executive Officer and a stockholder of Steiner, and William Steiner, the other stockholder of Steiner. During the years ended December 31, 1996 and 1997 and the six months ended June 30, 1998, Steiner paid to each of Michael Steiner and William K. Steiner $385,000, $300,000 and $968,739 as "subchapter S distributions", which represented amounts needed to pay taxes on Steiner's current earnings, reimburse them for taxes paid in prior years and other distributions of profits.

Item 13. Exhibits and Reports on Form 10-KSB.

(a) Exhibits

2(a) Agreement of Merger dated as of July 1, 1998 among the Company, Metro-Tel Acquisition Corp., Steiner-Atlantic Corp., William K. Steiner and Michael S. Steiner. Incorporated by reference to Exhibit A of the definitive Proxy Statement of the Company filed with the Commission on October 5, 1998 (File No. 0-9040).

3(a)(1) Certificate of Incorporation of the Company, as filed with the Secretary of State of the State of Delaware on June 30, 1963. (Incorporated by reference to Exhibit 4.1(a) to the Company's Current Report on Form 8-K dated (date of earliest event reported) October 29, 1998.)

3(a)(2) Certificate of Amendment to the Certificate of Incorporation of the Company, as filed with the Secretary of State of the State of Delaware on March 27, 1968. (Incorporated by reference to Exhibit 4.1(b) to the Company's Current Report on Form 8-K dated (date of earliest event reported) October 29, 1998.)

3(a)(3) Certificate of Amendment to the Certificate of Incorporation of the Company, as filed with the Secretary of State of the State of Delaware on November 4, 1983. (Incorporated by reference to Exhibit 4.1(c) to the Company's Current Report on Form 8-K dated (date of earliest event reported) October 29, 1998.)

3(a)(4) Certificate of Amendment to the Certificate of Incorporation of the Company, as filed with the Secretary of State of the State of Delaware on November 5, 1986. (Incorporated by reference to Exhibit 4.1(d) to the Company's Current Report on Form 8-K dated (date of earliest event reported) October 29, 1998.)

3(a)(5) Certificate of Change of Location of Registered Office and of Agent, as filed with the Secretary of State of the State of Delaware on December 31, 1986. (Incorporated by reference to Exhibit 4.1(e) to the Company's Current Report on Form 8-K dated (date of earliest event reported) October 29, 1998.)

3(a)(6) Certificate of Ownership and Merger of Design Development Incorporated into the Company, as filed with the Secretary of State of the State of Delaware on June 30, 1998. (Incorporated by reference to Exhibit 4.1(f) to the Company's Current Report on Form 8-K dated (date of earliest event reported) October 29, 1998.)

3(a)(7) Certificate of Amendment to the Company's Certificate of Incorporation as filed with the Secretary of State of the State of Delaware on October 30, 1998. (Incorporated by reference to Exhibit 4.1(g) to the Company's Current Report on Form 8-K dated (date of earliest event reported) October 29, 1998.)

4(a)(1) Loan and Security Agreement dated November 2, 1998 between Steiner-Atlantic Corp. and First Union National Bank. (Incorporated by reference to Exhibit 4.2(a) to the Company's Current Report on Form 8-K dated (date of earliest event reported) October 29, 1998.)

4(a)(2) Guaranty and Security Agreement dated November 2, 1998 by the Company in favor of First Union National Bank. (Incorporated by reference to Exhibit 4.2(b) to the Company's Current Report on Form 8-K dated (date of earliest event reported) October 29, 1998.)

10(a)(1)(i) Lease dated April 1, 1991 between the Company and CB Institutional Fund VII with respect to the Company's facilities at 240 South Milpitas Boulevard, Milpitas, California. (Exhibit 10(a)(2) to the Company's Annual Report on Form 10-K for the year ended June 30, 1991, File No. 0-9040).

*10(a)(1)(ii) Second Amendment to Lease dated November 1, 1998 between the Company and The Realty Associates Fund III, L.P. (successor-in-interest to CB Institutional Fund VII) with respect to the Company's facilities at 240 South Milpitas Boulevard, Milpitas, California.

*10(a)(2) Lease dated October 6, 1995 between Steiner and William, K. Steiner with respect to Steiner's facilities located 290 N.E. 68th Street, 297 N.E. 67st and 277 N.E. 67 St. Miami, Florida.

10(b)(1)(i+) Employment Agreement dated July 1, 1981 between the Company and Venerando J. Indelicato. (Exhibit 10(b)(1)(i) to the Company's Annual Report on Form 10-KSB for the year ended June 30, 1995, File No. 0- 9040).

10(b)(1)(ii)+ Amendment No. 1 dated July 1, 1983 to the Employment Agreement dated July 1, 1981 between the Company and Venerando J. Indelicato.

(Exhibit 10(b)(1)(ii) to the Company's Annual Report on Form 10-KSB for the year ended June 30, 1995, File No. 0-9040).

*10(b)(1)(iii)+ Amendment No. 2 dated October 30, 1998 to the Employment Agreement dated July 1, 1981 between the Company and Venerando J. Indelicato.

10(b)(2)+ Letter agreement dated August 29, 1996 between the Company and Richard A. Wildman, a former executive officer of the Company. (Exhibit 10(b)(2) to the Company's Annual Report on Form 10-KSB for the year ended June 30, 1997, File No. 0-9040).

10(c)(1)+ The Company's 1991 Stock Option Plan, as amended. (Incorporated by reference to Exhibit 99.3 to the Company's

Current Report on Form 8-K dated (date of earliest event reported) October 29, 1998.)

10(c)(2)(a)+ The Company's 1984 Non-Employee Director Stock Option Plan, as amended. (Exhibit 10(d)(2) to the Company's Annual Report on Form 10-K for the year ended June 30, 1987, File No. 0-9040).

10(c)(2)(b)+ The Company's 1994 Non-Employee Director Stock Option Plan. (Exhibit A to the Company's Proxy Statement dated October 14, 1994 used in connection with the Company's 1994 Annual Meeting of Stockholders, File No. 0-9040).

10(c)(3)+ Form of Stock Option Agreement dated June 25, 1991 entered into between the Company and each of Sheppard Beidler (option has since expired), Lloyd Frank and Michael Michaelson, together with a schedule identifying the details in which the actual agreements differ from the exhibit filed herewith. (Exhibit 10(c)(4) to the Company's Annual Report on Form 10-K for the year ended June 30, 1991, File No. 0- 9040).

10(c)(4)+ Form of Stock Option Agreement dated May 4, 1993 entered into between the Company and each of Sheppard Beidler, Lloyd Frank and Michael Michaelson, together with a schedule identifying the details in which the actual agreements differ from the exhibit filed herewith. (Exhibit 10(c)(4) to the Company's Annual Report on Form 10-KSB for the year ended June 30, 1993, File No. 0-9040).

*27 Financial Data Schedule.

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* Filed herewith. All other exhibits are incorporated herein by reference to the filing indicated in the parenthetical reference following the exhibit description.

+ Management contract or compensatory plan or arrangement.

(b) Reports on Form 8-K

None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

METRO-TEL CORP.

Dated: February 16, 1999

By: /s/ Michael S. Steiner

Michael S. Steiner
President and Chief Executive Officer

Pursuant to the requirements of 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.

<TABLE>
<CAPTION>

Signature	Capacity	Date
/s/ Michael S. Steiner - ------------------------ Michael S. Steiner	President, Chief Executive Officer (Principal Executive Officer) and Director	February 16, 1999
/s/ William K. Steiner - ------------------------ William K. Steiner	Director	February 16, 1999

/s/ Venerando J. Indelicato
- ------------------------ Chief Financial Officer February 16, 1999
Venerando J. Indelicato (Principal Financial and Accounting
Officer) and Director

/s/ Lloyd Frank
- ------------------------ Director February 16, 1999
Lloyd Frank

- ------------------------ Director February 16, 1999
Stuart Wagner

- ------------------------ Director February 16, 1999
David Blyer

</TABLE>

EXHIBIT INDEX

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

2(a)(1) Agreement of Merger dated as of July 1, 1998 between the Company and Steiner- Atlantic Corp. (Exhibit 2.01 to the Company's Current Report on Form 8-K dated July 6, 1998).

3(a)(1) Copy of Certificate of Incorporation of the Company, as filed with the Secretary of State of the State of Delaware on June 30, 1963. (Exhibit 1.1 to the Company's Registration Statement on Form 10, File No. 0-9040).

3(a)(2) Copy of Certificate of Amendment to the Certificate of Incorporation of the Company, as filed with the Secretary of State of the State of Delaware on March 27, 1968. (Exhibit 1.2 to the Company's Registration Statement on Form 10, File No. 0-9040).

3(a)(3) Copy of Certificate of Amendment to the Certificate of Incorporation of the Company, as filed with the Secretary of State of the State of Delaware on November 4, 1983. (Exhibit 3(a)(3) to the Company's Annual Report on Form 10- KSB for the year ended June 30, 1995, File No. 0-9040).

3(a)(4) Copy of Certificate of Amendment to the Certificate of Incorporation of the Company, as filed with the Secretary of State of the State of Delaware on November 5, 1986. (Exhibit 3(a)(4) to the Company's Annual Report on Form 10- KSB for the year ended June 30, 1995, File No. 0-9040).

3(a)(5) Copy of Certificate of Change of Location of Registered Office and Agent, as filed with the Secretary of State of the State of Delaware on December 31, 1986. (Exhibit 3(a)(5) to the Company's Annual Report on Form 10-KSB for the year ended June 30, 1995, File No. 0-9040).

3(b)(1) Copy of By-Laws of the Company. (Exhibit 3(b)(1) to the Company's Annual Report on Form 10-KSB for the year ended June 30, 1996, File No. 0-9040).

10(a)(1)(i) Lease dated April 1, 1991 between the Company and CB Institutional Fund VII with respect to the Company's facilities at 240 South Milpitas Boulevard, Milpitas, California. (Exhibit 10(a)(2) to the Company's Annual Report on Form 10-K for the year ended June 30, 1991, File No. 0-9040).

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10(b)(2)+ Letter agreement dated August 29, 1996 between the Company and Richard A. Wildman. (Exhibit 10(b)(2) to the Company's Annual Report on Form 10-KSB for the year ended June 30, 1997, File No. 0-9040).

10(c)(1)+ The Company's 1991 Stock Option Plan. (Exhibit 10(c)(1) to the Company's Annual Report on Form 10-KSB for the year ended June 30, 1996, File No. 0- 9040).

10(c)(2)(a)+ The Company's 1984 Non-Employee Director Stock Option Plan, as amended. (Exhibit 10(d)(2) to the Company's Annual Report on Form 10-K for the year ended June 30, 1987, File No. 0-9040).

10(c)(2)(b)+ The Company's 1994 Non-Employee Director Stock Option Plan. (Exhibit A to the Company's Proxy Statement dated October 14, 1994 used in connection with the Company's 1994 Annual Meeting of Stockholders, File No. 0-9040).

10(c)(3)+ Form of Stock Option Agreement dated June 25, 1991 entered into between the Company and each of Sheppard Beidler (option has since expired), Lloyd Frank and Michael Michaelson, together with a schedule identifying the details in which

the actual agreements differ from the exhibit filed herewith. (Exhibit 10(c)(4) to the Company's Annual Report on Form 10-K for the year ended June 30, 1991, File No. 0-9040).

10(c)(4)+ Form of Stock Option Agreement dated May 4, 1993 entered into between the Company and each of Sheppard Beidler, Lloyd Frank and Michael Michaelson, together with a schedule identifying the details in which the actual agreements differ from the exhibit filed herewith. (Exhibit 10(c)(4) to the Company's Annual Report on Form 10-KSB for the year ended June 30, 1993, File No. 0-9040).

*27 Financial Data Schedule.

- --------------------

* Filed herewith. All other exhibits are incorporated herein by reference to the filing indicated in the parenthetical reference following the exhibit description.

\+ Management contract or compensatory plan or arrangement.

EX-10(a)(1)(ii)

SECOND AMENDMENT TO LEASE

This Second Amendment to Lease ("Amendment"), dated for reference purposes only as November 1, 1998, is made and entered into by and between THE REALTY ASSOCIATES FUND III, L.P. (successor-in-interest to CB Institutional Fund VII) ("Landlord"), and METRO-TEL CORP., a Delaware corporation (collectively, "Tenant").

RECITALS

A. Landlord's predecessor-in-interest and Tenant entered into that certain Industrial Real Estate lease dated April 1, 1991 ("Original Lease") for certain Premises commonly known as 240 S. Milpitas Boulevard, Milpitas, California, which Original Lease has been amended pursuant to the terms of that certain first Amendment to Lease dated as of December 5, 1995 ("First Amendment"). For purposes of this Amendment, the term "Lease" shall mean the Original Lease as amended by the First Amendment. The capitalized terms used and not otherwise defined herein shall have the same meanings and definitions as set forth in the Lease.

B. The Lease Term is presently scheduled to expire on March 31, 1999. Landlord and Tenant desire to extend the Lease Term pursuant to the terms and conditions set forth below.

NOW, THEREFORE, for valuable consideration, the receipt and adequacy of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. Extension of Term. Landlord and Tenant acknowledge that the Lease Term is presently scheduled to expire on March 31, 1999. The Term is hereby extended for a period of three (3) years ("Extension Term"), commencing on April 1, 1999 and, unless sooner terminated pursuant to the terms of the Lease, expiring on March 31, 2002. Such extension shall be on and subject to all the terms and conditions of the Lease, as amended by this Amendment (and the term "Lease Term" as used in the Lease shall be deemed to include the Extension Term), and Landlord shall have no obligation to provide any Premises improvements or any allowances therefor.

2. Base Rent. The Base Rent payable by Tenant under the Lease during the Extension Term shall be as follows:

Months	Base Rent
April 1, 1999 - September 30, 2000	$13,976.95 per month
October 1, 2000 - March 31, 2002	$15,052.10 per month

3. Option to Extend Term.

3.1 Grant of Option. Landlord hereby grants to Tenant one (1) option (referred to hereinafter as the "Option") to extend the Lease Term for an additional consecutive term of two

(2) years (hereinafter called the "Extension") commencing on the day immediately following the expiration of the Extension Term, on the same terms and conditions as set forth in the Lease (as amended by this Amendment), except that the Base Rent shall be the amount determined as set forth below. The Option shall be exercised only by written notice delivered to Landlord not more than nine (9) months and not less than six (6) months prior to the expiration of the Extension Term. If Tenant fails to deliver to Landlord written notice of the exercise of the Option within the time period prescribed above, the Option shall lapse and there shall be no further right to extend the Term of the Lease. The Option

shall be exercisable by Tenant on the express conditions that (i) at the time of the exercise of the Option, and thereafter at all times prior to the commencement of the Extension, a default by Tenant shall not have occurred and be continuing under the Lease, and (ii) Tenant has not been ten (10) or more days late in the payment of any rent under the Lease more than a total of three (3) times during the Lease Term. If Tenant properly exercises the Option, "Lease Term", as used herein and in the Lease, shall be deemed to include the Extension, unless specified otherwise herein or in the Lease.

3.2 Personal Option. The Option is personal to Metro-Tel Corp., and shall not be assignable or transferable to any assignee of Tenant or any sublessee of all or any portion of the Premises, whether voluntarily or involuntarily or whether by operation of law or otherwise. If Tenant subleases or assigns or otherwise transfers any interest under the Lease prior to the exercise of the Option, the Option shall lapse. If Tenant subleases or assigns or otherwise transfers any interest of Tenant under the Lease after the exercise of the Option but prior to the commencement of the Extension, the Option shall lapse and the Lease Term shall expire as if the Option was not exercised.

3.3 Calculation of Base Rent. The Base Rent payable by Tenant under the Lease during the Extension shall be increased, as of the commencement of the Extension (hereinafter called the "Extension Rental Adjustment Date") to the "Fair Market Value" of the Premises, determined in the following manner: Not later than one hundred (100) days prior to the Extension Rental Adjustment Date, Landlord and Tenant shall meet in an effort to negotiate, in good faith, the Fair Market Value of the Premises as of the Extension Rental Adjustment Date. If Landlord and Tenant have not agreed upon the Fair Market Value of the Premises at least ninety (90) days prior to the Extension Rental Adjustment Date, the Fair Market Value shall be determined by the following appraisal method:

(i) If Landlord and Tenant are not able to agree upon the Fair Market Value of the Premises within the time period described above, then Landlord and Tenant shall attempt to agree in good faith upon a single appraiser not later than seventy-five (75) days prior to the Extension Rental Adjustment Date. If Landlord and Tenant are unable to agree upon a single appraiser within such time period, then Landlord and Tenant shall each appoint one appraiser not later than sixty-five (65) days prior to the Extension Rental Adjustment Date, and Landlord and Tenant shall each give written notice to the other of such appointment at the time of such appointment. Within ten (10) days thereafter, the two appointed appraisers shall appoint a third appraiser. If either Landlord or Tenant fails to appoint its appraiser and to give written notice thereof to the other party within the prescribed

time period, the single appraiser appointed shall determine the Fair Market Value of the Premises. If both parties fail to appoint appraisers within the prescribed time period, then the first appraiser thereafter selected by a party (such selection to be by written notice thereof to such appraiser and the other party) shall determine the Fair Market Value of the Premises. Each party shall bear the cost of its own appraiser and the parties shall share equally the cost of the single or third appraiser if applicable. All appraisers shall have at least five (5) years' experience in the appraisal of commercial/industrial real property in the area in which the Premises are located and shall be members of professional organizations such as MAI or its equivalent.

(ii) For the purposes of such appraisal, the term "Fair Market Value" shall mean the price that a ready and willing tenant would pay, as of the Extension Rental Adjustment Date, as monthly rent, to a ready and willing landlord of property comparable to the Premises if such property were exposed for lease on the open market for a reasonable period of time and taking into account all of the purposes for which such property may be used. If a single appraiser is chosen, then such appraiser shall determine the Fair Market Value of the Premises. Otherwise, the Fair Market Value of the Premises shall be the arithmetic average of the two (2) of the three (3) appraisals which are closest in amount, and the third appraisal shall be disregarded.

Landlord and Tenant shall instruct the appraiser(s) to complete their determination of the Fair Market Value not later than thirty (30) days prior to the Extension Rental Adjustment Date. If the Fair Market Value is not determined prior to the Extension Rental Adjustment Date, then Tenant shall continue to pay to Landlord the Base Rent applicable to the Premises immediately prior to the Extension Rental Adjustment Date until the Fair Market Value is determined. When the Fair Market Value of the Premises is determined, Landlord shall deliver notice thereof to Tenant, and Tenant shall pay to Landlord, within ten (10) days after receipt of such notice, the difference between the Base Rent actually paid by Tenant to Landlord for the period after the Extension Rental Adjustment Date and the new Base Rent determined hereunder effective as of the Extension Rental Adjustment Date. In no event shall the Base Rent payable by Tenant during the Extension be reduced below the Base Rent payable by Tenant under the Lease immediately prior to the Extension Rental Adjustment Date.

4. Security Deposit. Landlord and Tenant acknowledge that Landlord is currently holding the sum of $9,676.35 as the Security Deposit under the Lease. The Security Deposit is hereby increased from $9,676.35 to $15,052.10. Concurrently with Tenant's execution of this Amendment, Tenant shall pay to Landlord the sum of $5,375.75, which amount shall be applied by Landlord toward such increased Security Deposit.

5. Brokers. Tenant warrants and represents to Landlord that neither Tenant nor any of its representatives have had any dealings with any real estate broker, agent or finder in connection with the subject matter of this Agreement, and that Tenant knows of no real estate broker, agent or finder who is or might be entitled to a commission or fee in connection with the subject matter of this Agreement. Tenant shall defend, indemnify and hold Landlord and its agents harmless from and

against any and all liabilities or expenses (including attorneys' fees and costs) arising out of or in connection with claims made by any broker or individual for commissions or fees related to the use or alleged use of the services of such broker or individual by Tenant or its representatives in connection with the subject matter of this Amendment. The foregoing defense, indemnity and hold harmless obligation of Tenant shall survive the expiration or sooner termination of the Lease.

6. General.

6.1 Effect of Amendment; Ratification. Except as otherwise modified by this Amendment, the Lease shall remain unmodified and in full force and effect. In the event of any conflict or inconsistency between the terms and conditions of the Lease and the terms and conditions of this Amendment, the terms and conditions of this Amendment shall prevail.

6.2 Attorneys' Fees. The provisions of the Lease respecting payment of attorney's fees shall also apply to this Amendment.

6.3 Counterparts. If this Amendment is executed in counterparts, each counterpart shall be deemed an original.

6.4 Authority to Execute Amendment. Each individual executing this Amendment on behalf of a partnership or corporation represents that he or she is duly authorized to execute and deliver this Amendment on behalf of the partnership and/or corporation and that this Amendment is binding upon the corporation or partnership in accordance with its terms.

6.5 Governing Laws. This Amendment and any enforcement of the agreements and modifications set forth above shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date and year first above written.

LANDLORD:

THE REALTY ASSOCIATES FUND III, L.P.

By: Realty Associates Fund III GP, Limited Partnership (its general partner)

By: Realty Fund III GP, Inc. (its general partner)

By:

TENANT:

METRO-TEL CORP. a Delaware corporation

By:
Name:
Its:

By:
Name:
Its:

EX-10(a)(2)

Business Lease

This Agreement, entered into this 6th day of October, 1995 between William Steiner hereinafter called the lessor or landlord, party of the first part, and Steiner-Atlantic Corp. of the County of Dade and State of Florida hereinafter called the lessee or tenant, party of the second part:

Witnesseth, that the said lessor or landlord does this day lease unto said lessee, and said lessee does hereby hire and take as tenant __________________ under said lessor the following described premises: (Describe type of property, address, etc.)

290 N.E. 68th St., 297 N.E. 67th St., 277 N.E. 67th St., Miami, Florida 33138

(Comprising 3 contiguous warehouses)

situate in Miami State of Florida, to be used and occupied by the lessee as Warehouse and Offices for the term of Ten years, subject and conditioned on the provisions of clause ten of this lease beginning the 1st day of November 1995, and ending the 31 day of October, 2004, at and for the agreed total rental of See below Dollars, payable as follows:

Monthly rental of $6,933.34, plus Sales Tax

all payments to be made to the lessor on the first day of each and every month in advance without demand at the office of 3900 Island Blvd., PH 7, Aventura, FL 33160 in the City of ____________________ or at such other place and to such other person, as the lessor may from time to time designate in writing.

The following express stipulations and conditions are made a part of this lease and are hereby assented to by the lessee:

FIRST: The lessee shall not assign this lease, nor sublet the premises, or any part thereof nor use the same, or any part thereof, nor permit the same, or any part thereof, to be used for any other purpose than as above stipulated, nor make any alterations therein, and all additions thereto, without the written consent of the lessor, and all additions, fixtures or improvements which may be made by lessee, except movable office furniture, shall become the property of the lessor and remain upon the premises as a part thereof, and be surrendered with the premises at the termination of this lease.

SECOND: All personal property placed or moved in the premises above described shall be at the risk of the lessee or owner thereof, and lessor shall not be liable for any damage to said person property, or to the lessee arising from the bursting or leaking of water pipes, or from any act of negligence of any co-tenant or occupants of the building or of any other person whomsoever.

THIRD: That the tenant shall promptly execute and comply with all statutes, ordinances, rules, orders, regulations and requirements of the Federal, State and City Government and of any and all their Departments and Bureaus applicable to said premises, for the correction, prevention, and abatement of nuisances or other grievances, in, upon, or connected with said premises during said term; and shall also promptly comply with and execute all rules, orders and regulations of the applicable fire prevention codes for the prevention of fires, at Lessee's own cost and expense.

FOURTH: In the event the premises shall be destroyed or so damaged or injured by fire or other casualty during the Life of this agreement, whereby the same shall be rendered untenantable, then the lessor shall have the right to render said premises tenantable by repairs within ninety days therefrom. If said premises are not rendered tenantable within said time, it shall be optional with either party hereto to cancel this lease, and in the event of such cancellation, the rent shall be paid only to the date of such fire or casualty. The cancellation herein mentioned shall be evidenced in writing.

FIFTH: The prompt payment of the rent for said premises upon the dates named, and the faithful observance of the rules and regulations printed upon this lease, and which are hereby made apart of this covenant, and of such other and further rules or regulations as may be hereafter made by the lessor, are the conditions upon which the lease is made and accepted and any failure on the part of the lessee to comply with the terms of said lease, or any of said rules and regulations now in existence, or which may be hereafter prescribed by the lessor, shall at the option of the lessor, work a forfeiture of this contract, and all of the rights of the lessee hereunder.

SIXTH: If the lessee shall abandon or vacate said premises before the end of the term of this lease, or shall suffer the rent to be in arrears, the lessor may, at his option, forwith cancel this lease or he may enter said premises as the agent of the lessee, without being liable in any way therefor, and relet the premises with or without any furniture that may be, therein, as the agent of the lessee, at such price and upon such terms and for such duration of time as the lessor may determine, and receive the rent therefor, applying the same to the payment of the rent due by these presents, and if the full rental herein provided shall not be realized by lessor over and above the expenses to lessor in such re-letting, the said lessee shall pay any deficiency, and if more than the full rental is realized, lessor will pay over to said lessee the excess of demand.

SEVENTH: Lessee agrees to pay the cost of collection and ten per cent attorney's fee on any part of said rental that may be collected by suit or by attorney, after the same is past due.

EIGHTH: The lessee agrees that he will pay all charges for rent, gas, electricity or other illumination, and for all water used on said premises, and should said charges for rent, light or water

herein provided for at any time remain due and unpaid for the space of five days after the same shall have become due, the lessor may at its option consider the said lessee tenant at sufferance and the entire rent for the rental period then next ensuing shall at once be due and payable and may forwith be collected by distress or otherwise.

NINTH: The said lessee hereby pledges and assigns to the lessor all the furniture, fixtures, goods and chattels of said lessee, which shall or may be brought or put on said premises as security for the payment of the rent herein reserved, and the lessee agrees that the said lien may be enforced by distress foreclosure or otherwise at the election of the said lessor, and does hereby agree to pay attorney's fees of ten percent of the amount so collected or found to be due, together with all costs and charges therefore incurred or paid by the lessor.

TENTH: The lessor, or any of his agents, shall have the right to enter said premises during all reasonable hours, to examine the same to make such repairs, additions or alterations as may be deemed necessary for the safety, comfort or preservation thereof, or of said building, or to exhibit said premises, and to put or keep upon the doors or windows thereof a notice "FOR RENT" at any time within thirty (30) days before the expiration of the lease. The right of entry shall likewise exist for the purpose of removing placards, signs, fixtures, alterations, or additions, which do not conform to this agreement, or to the rules and regulations of the building.

ELEVENTH: Lessee hereby accepts the premises in the condition they are in at the beginning of this lease and agrees to maintain said premises in the same condition, order and repair as they are at the commencement of said term, excepting only reasonable wear and tear arising from the use thereof under this agreement, and to make good to said lessor immediately upon demand, any damage to water apparatus, or electric lights or any fixture, appliances or appurtenances of said premises, or of the building, caused by any act or neglect of lessee, or of any person or persons in the employ or under the control of the lessee.

TWELFTH: It is expressly agreed and understood by and between the parties to this agreement, that the landlord shall not be liable for any damage or injury by water, which may be sustained by the said tenant or other person or for any other damage or injury resulting from the carelessness, negligence, or improper conduct on the part of any other tenant or agents, or employees, or by reason of the breakage, leakage, or obstruction of the water, sewer or soil pipes, or other leakage in or about the said building.

THIRTEENTH: If the lessee shall become insolvent or if bankruptcy proceedings shall be begun by or against the lessee, before the end of said term, the lessor is hereby irrevocably authorized at its option, to forwith cancel this lease, as for a default. Lessor may elect to accept rent from such receiver, trustee, or other judicial officer during the term of their occupancy in their fiduciary capacity with affecting lessor's rights as contained in this contract, but no receiver, trustee or other judicial officer shall ever have any right, title or interest in or to the above-described property by virtue of this contract.

FOURTEENTH: Lessee hereby waives and renounces for himself and family any and all homestead and exemption rights he may have now, or hereafter, under or by virtue of the constitution and laws of this State, or of any other State, or of the United States, as against the payment of said rental or any portion hereof, or any other obligation or damage that may accrue under the terms of this agreement.

FIFTEENTH: This contract shall bind the lessor and its assigns or successors, and the heirs, assigns, personal representatives, or successors as the case may be, of the lessee.

SIXTEENTH: It is understood and agreed between the parties hereto that time is of the essence of this contract and this applies to all terms and conditions contained herein.

SEVENTEENTH: It is understood and agreed between the parties hereto that written notice mailed or delivered to the premises leased hereunder shall constitute sufficient notice to the lessee and written notice mailed or delivered to the office of the lessor shall constitute sufficient notice to the lessor, to comply with the terms of this contact.

EIGHTEENTH: The rights of the lessor under the foregoing shall be cumulative, and failure on the part of the lessor to exercise promptly any rights given hereunder shall not operate to forfeit any of the said rights.

NINETEENTH: It is further understood and agreed between the parties hereto that any charges against the lessee by the lessor for services or for work done on the premises by order of the lessee or otherwise accruing under this contract shall be considered as rent due and shall be included in any lien for rent due and unpaid.

TWENTIETH: It is hereby understood and agreed that any signs or advertising to be used, including awnings, in connection with the premises leased hereunder shall be first submitted to the lessor for approval before installation of same.

TWENTY-FIRST: RADON GAS NOTIFICATION (the following notification may be required in some states): Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings. Additional information regarding radon and radon testing may be obtained from your county public health unit.

TWENTY-SECOND: This is a Triple Net Lease. Lessee shall be responsible for payment of all real estate taxes, insurance premiums and costs (property damage at replacement cost and liability insurance of $1,000,000), and maintenance and repair costs.

In Witness Whereof, the parties hereto have executed this instrument for the purpose herein expressed, the day and year above written.

Signed, sealed and delivered in the presence of:

- ---------------------------------- --------------------------------------
Witness Signature (as to Lessor) Lessor Signature

- ---------------------------------- --------------------------------------
Printed Name Printed name

- ---------------------------------- --------------------------------------
Witness Signature (as to Lessor) Post Office Address

- ----------------------------------
Printed Name By:----------------------------------
Lessee Signature

- ----------------------------------
Witness Signature (as to Lessee)

Printed Name

- ----------------------------------
Printed Name

- ---------------------------------- Post Office Address
Witness Signature (as to Lessee)

- ----------------------------------
Printed Name

STATE OF)
COUNTY OF) I hereby Certify on this day, before me,
----------------------- an officer duly authorized to administer oaths and take acknowledgments, personally appeared

known to me to be the person ______________ described in and who executed the foregoing instrument, who acknowledged before me that _____________ executed the same, and an oath was not taken. (Check one:) |_| Said person(s) is/are personally known to me. |_| Said person(s) provided the following type of identification:____.

NOTARY RUBBER STAMP SEAL Witness my hand and official seal in the County and State last aforesaid this __________ day of ______, A.D. 19___

Notary Signature

Printed Name

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